

**In 2018 the global unemployment rate was 5%, indicating a general recovery from the 2009 financial crisis. However, despite an increase in the number of people with jobs, half of the world's population continue to live below the poverty line, living on less than US\$2 a day (UN, 2019). While having a job should reflect the ability to move out of poverty, data reveals that having a job does not automatically mean that ability to enjoy a decent life (UN, 2019).**

Globally more than 700 million workers do not earn enough to bring themselves and their families out of poverty (UN, 2019). Indeed “inadequate income is a strong predisposing condition for an impoverished life...” (Sen, 1999, p. 87) as a low income not only means living in financial hardship, but also of being deprived of what is intrinsically valuable, a dignified and decent life.



## What is a Living Wage?

A living wage is a wage rate that:

- ensures that those who have full-time employment and their families will not live in poverty and will have all the necessities of living (i.e. food, shelter, clothing, transportation, and healthcare) (Clary, 2009; Devinat, 2013)
- permits workers to enjoy a decent life as it facilitates access to resources beyond mere subsistence levels (Doorey, 2015)
- enables dignified involvement in work and society (UNDP, 2014)
- makes life more than just bearable but where capabilities are nurtured and enabled (Carr et al., 2016).
- allows workers to not just meet their basic needs but also attain more capabilities or freedoms and opportunities to make choices (Carr, 2013) and to function in ways that they intrinsically value (Carr, 2017).

## Measuring Living Wage

The living wage is usually calculated based on the official poverty threshold for a family with three/four members (Devinatz, 2013; Rossi & Curtis, 2013) with the poverty threshold determined by the cost of living in an area. Some methods compute for the living wage from a cost of living perspective include determining self-sufficiency standards, identifying budget for basic personal needs and/ or the basic family budget among others (Rossi & Curtis, 2013). These methods determine living wage based on a basket of goods and services deemed necessary by a family living above the poverty line in a specified community (Werner & Lim, 2016). This ‘basket’ includes food, cost of rents and utilities, as well as health care, child care and transportation expenses (Rossi & Curtis, 2013). Although these methods provide a direct and objective way of calculating for living wage, these fall short in individual workers varied situations and preferences, such as those without fixed income or working hours (Werner & Lim, 2016). These calculations exclude savings, pensions, and non-material needs.

Another capability approach determines living wage based on what is intrinsically important for the individual worker and their freedoms to achieve and enjoy (Sen,1999; Carr, 2016). From a psychological lens, capabilities perspective has inherent value to people, and concerns the factors that make-up a good life, and consists of 11 dimensions:



### Housing and Quality of Neighborhood

A safe place to live that is clean and strong, with electricity, water and toilet facilities, and where you.



### Psychological/ Mental Health and Emotional Well-Being

Giving importance to oneself; alertness, calmness and peace; able to make personal decisions, handle problems and face changes; gaining respect from family and others.



### Employment and Quality of Working Life

Regular, permanent and legal employment; a safe place to work where one experiences gainful employment and good relations with bosses and peers.



### Religion and Spiritual Life

Opportunity to worship, pray, give alms to the church, and do good to others.



### Savings, Wealth and Assets

Having a house and lot, appliances, savings and being free from debt.



### Information and Knowledge

Ability to read and write, finish college, study in a good school and learn through different means; ability to use one's education.



### Social Relationships

Being with one's spouse, child/children, friends, and enjoying the love of relatives and friends.



### Government Performance

A country that is peaceful, crime-free, with good public service and stable economy, where citizens are united, and there are equal justice and opportunities to everyone.



### Leisure and Spare Time Activities

Time to rest, relax, and have fun with loved ones.



### Political Participation

Knowing what is happening in the country, voting in the election, joining community organizations, and being free to express political opinion.



### Physical Health

Freedom from sickness and disability; ability to exercise regularly and eat nutritious food; enough sleep, and a long life.

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