

Navigating the Living Wage Journey: Challenges and Strategies

Mini Study Methodology

In March 2024, WorldatWork conducted a study with 140 respondents which included HR, Total Rewards and Compensation professionals to explore the complexities, strategies, and challenges of implementing living wages.



A living wage is typically defined as the minimum income necessary for a worker to meet their basic needs, including housing, food, healthcare, and other essentials, based on the cost of living in a specific area. This calculation often considers factors such as family size and local economic conditions, making it a more comprehensive and location-specific measure compared to the minimum wage.

Promoting living wages is a profound commitment, requiring aligned compensation and careful pay structure management, balancing equity, finances, regulations, and market conditions.

1. The Global Living Wage Coalition. "What is a Living Wage?"
2. WorldatWork

Familiarity with Living Wage Concept

Familiarity (%)

I am very familiar with the concept.

I have a general understanding of what a living wage is.

I have heard of living wages, but I'm not clear on the details.

0% 10% 20% 30% 40% 50% 60%

Organizational Commitment to Living Wages

Currently Paying Living Wages



Not Considering Paying Living Wages



Evaluating/Implementing Policies



Unsure of Stance



Implementing living wages balances financial stability with improved recruitment, retention, and reduced absenteeism.

Senior Manager, Total Rewards



There's no right answer—living wage is complex and varies by industry, and needs careful consideration of market conditions and employee needs.

Senior Manager, Compensation

Top Structural Challenges to Implementing Living Wages



Budget limits living wage.



Market pressures prevent transition.



Fairness: Unequal pay by location.



Determining living wage is complex.



Unclear living wage benefits/processes.

Participants noted a few key focus areas within their organizations:

- **Core Value Commitment:** Paying a living wage is an integral part of many organizations' pay strategies and operational philosophies.
- **Adapting to Variables:** Regular pay reviews, use of tools like the MIT calculator, and adjusting to market conditions help maintain living wage standards in a dynamic economy.
- **Strategic Leadership and Impact:** Proactive strategic planning focused on enhancing talent acquisition, retention, and organizational outcomes.

Motivations to Adopt Living Wages

Attracting Talent

Reducing Turnover

Improving Employee Well-being

Enhancing Employee Engagement and Productivity

Fulfilling Corporate Social Responsibility

Other

No observed benefits at the moment

0% 20% 40% 60% 80%