



Centre for Labour, Employment and Work

CLEW RESEARCH UPDATE: Researching Living Wage in New Zealand and Beyond

Dr. Christian Yao, Victoria Business School HR lecturer and CLEW researcher

A 'living wage' (LW) is defined as a wage or salary that enables meaningful participation in society beyond mere subsistence through, for example, recreation, supporting a family, and saving for the future. LW is a shift of focus to 'decent' income levels that are more concerned with quality-of-life than basic subsistence offered by minimum wages. However, there is an absence of empirical evidence and agreement on what actual economic value constitutes a living wage in different contexts.

Victoria Business School HR lecturer and CLEW researcher, Dr. Christian Yao, is a member of a research team examining pay issues faced by the New Zealand workforce. The team comprises leading New Zealand scholars in the fields of Industrial Relations, Organisational Psychology and Human Resource Management and includes Professor Jane Parker, Professor Jim Arrowsmith, Professor Stu Carr and Professor Jarrod Harr. Christian is also an executive board member of Massey People, Organisation, Work and Employment Research (MPOWER) group (co-led by Professors Jane Parker and Jim Arrowsmith) in which the LW research project is based.

Over the past two years, the research team has undertaken national, online surveys of managers and employees in New Zealand workplaces. One specific sub-project, led by Dr. Christian Yao, examines 606 employees' perspectives of pay quality with a relevance to their work capabilities and job satisfaction. Both unique features and shared themes surfaced, including the finding that employees' perceived wage satisfaction increased significantly between an annual income of NZD\$30,000 and NZD\$40,000, suggesting a pivot income range in which people move from self-assessed 'survival' to perceived 'decent' income. Further analysis reveals not just cost-of-living but perceived job security and fairness as salient in relation to wages. These emerging themes emphasise the importance of personal and contextual connections between the perceived impact of wages on personal, family and organisational well-being. In terms of policy, the study suggests that interventions based on a living rather than subsistence minimum wage have the potential to release wider in-work and social benefits through enhanced capabilities and satisfaction. The results draw attention to the notion of an income 'step-change' in relation to personal and family satisfaction, which has implications for organisational practice as well as theoretical understanding of a living wage.

This research project was presented at the British Universities Industrial Relations Association (BUIRA) 2016 Conference in Leeds and Dr. Christian Yao was also invited to speak with Professor Jane Parker at 2016 NZ HR Conference in Te Papa next month. Some findings from the research were published in a special issue of *Labour & Industry: A journal of the social and economic relations of work* and more publications are in process.

“This is a great opportunity for research collaboration on an emerging global ER/HR issue within New Zealand between scholars from both CLEW (Victoria University of Wellington) and MPOWER (Massey)” said Dr. Christian Yao. The team has now expanded the project working with leading researchers from South Africa, Japan, Europe and China with an aim to explore this important issue in different contexts.

For more information about the project, please contact Dr. Christian Yao: Christian.yao@vuw.ac.nz