

The 'Working Poor' in the Context of the South African Labour Market

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RESEARCH INITIATIVE

- Motivation
- The role of wages in household income, poverty and inequality
- Focus on the 'working poor'

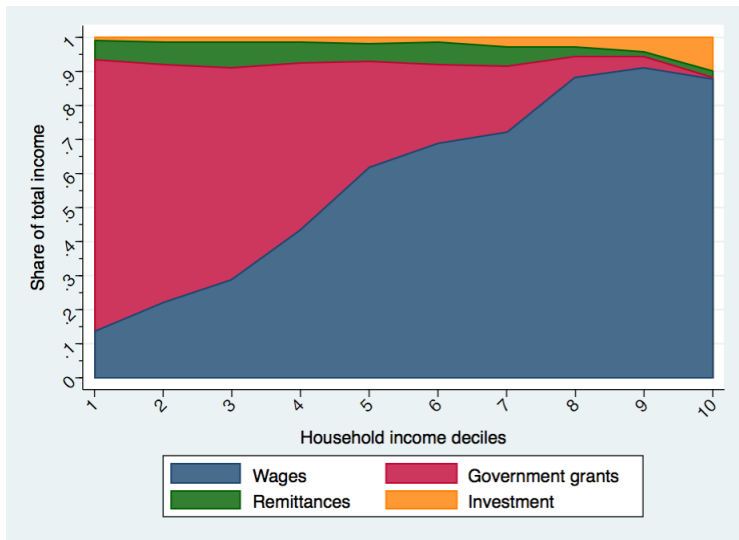
- Society characterised by a very high levels of inequality, poverty
- Large proportion of workers earning 'low wages' and can be thought of as 'working poor'
- Which groups would be affected by a given NMW?
- Understanding who would be affected (and how) by a NMW is essential in the developing debate

Datasets used in this analysis

- PALMS (2003-2012) for trends
- NIDS Wave 3 (2012) for household welfare
- LMDSA (2014) for current labour market analysis

The role of wages in household income and poverty

The role of wages in household income (p. 9)



Poverty and wages

	No earner in HH	Earner in HH
Non-poor	11.87	49.99
Poor	88.13	50.01
	100	100

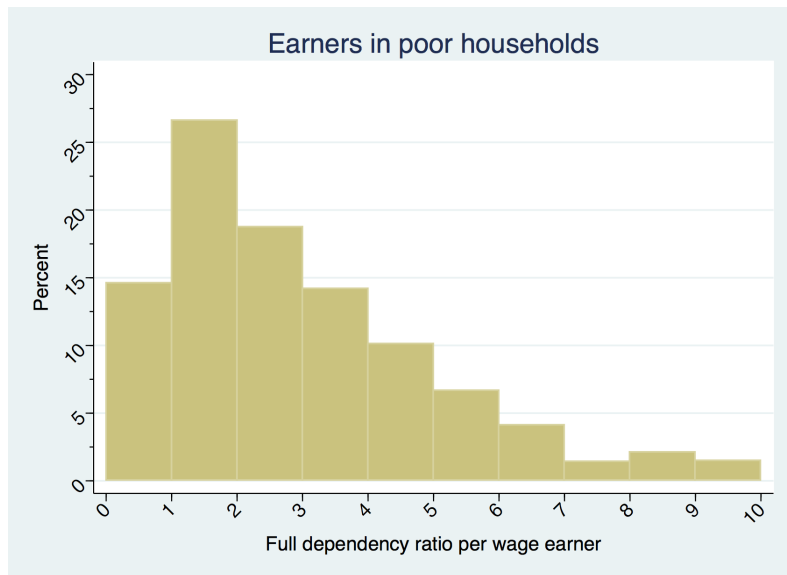
Source: Own calculations from NIDS Wave 3 dataset.

Poverty and race

Population group	Non-poor	Poor	
African	29.25	70.75	100
Coloured	43.22	56.78	100
Asian/Indian	79.53	20.47	100
White	95.94	4.06	100

Source: Own calculations from NIDS Wave 3 dataset.

The role of wages in household poverty (p. 13)



Creating a 'working-poor' line

- Want to have some threshold below which we consider wage earners to be 'working poor'
- Different international approaches
- Central question: What wage level would it take, on average, to bring a household living below the poverty line which has at least one worker, up to the poverty line?
 - Take total number of dependents into account
 - Which poverty line to choose?
 - Take depth of poverty into account
- Get the line from NIDS and take it to the QLFSs

Working poor lines for different poverty lines

Poverty line	Poverty line (2015)	Working poor line
Budlender et al.	1 319	4 125
Özler upper	1 365	4 189
StatsSA upper	960	3 042

Source: Own calculations from NIDS Wave 3 dataset.

Composition of poor workers across different categories

Industry	Percent	Number
Agriculture	9.59	522 500
Mining	1.33	72 459
Manufacturing	11.93	649 746
Utilities	0.53	28 719
Construction	8.32	453 004
Trade	20.43	1 113 021
Transport	5.73	312 192
Finance	12.87	701 174
Services	17.36	945 417
Domestic services	11.91	648 657
Total	100	

Composition of poor workers across different categories

Private/Public	Percent	Number
Private	87.80	4 778 188
Public	12.20	664 162
Total	100	

Race	Percent	Number
African	80.51	4 386 905
Coloured	12.56	684 292
Asian/Indian	1.84	100 007
White	5.09	277 059
Total	100	

Gender	Percent	Number
Male	53.82	2 932 174
Female	46.18	2 516 089
Total	100	

Source: Own calculations from LMDSA 2014 dataset.

Proportions above and below working-poor line by different categories

Industry	Above line	Below line	
Agriculture	10.40	89.60	100
Mining	77.06	22.94	100
Manufacturing	50.75	49.25	100
Utilities	68.87	31.13	100
Construction	36.86	63.14	100
Trade	39.77	60.23	100
Transport	52.46	47.54	100
Finance	52.65	47.35	100
Services	61.19	38.81	100
Domestic services	4.82	95.18	100

Source: Own calculations from LMDSA 2014 dataset.

End

Thank you