

International Labour Organisation's Global Wage Report, 2018-19

According to International Labour Organisation's Global Wage Report, 2018-19, the average world labour force participation rate stands at about 62% of the working-age population, with approximately 3.3 billion individuals engaged in employment. Among all who are employed, some 54%, that is, 1.8 billion, are wage and salaried workers, which represents an increase of some 760 million wage and salaried workers compared to 25 years ago.

Global Wage Report appears in a context of slow growth in average wages in developed economies. In some countries this growth has taken place in circumstances of relatively slow economic growth, whereas in other countries it has occurred in spite of accelerating economic recovery and declining unemployment rates. There are multiple possible explanations for subdued wage growth in these latter countries, ranging from slow productivity growth to the intensification of global competition, the decline in the bargaining power of workers, the inability of unemployment statistics to adequately capture slack in the labour market, and an uncertain economic outlook which may have discouraged firms from raising wages.

In low- and middle-income economies, growth in average wages has generally been more robust, but with much diversity across countries and regions. While wages have increased rapidly over the past decade in some countries, most particularly in China, in many other countries average wages remain low and insufficient to adequately cover the needs of workers and their families. Overall, in low- and middle-income economies, an estimated 50% of all wage earners continue to work in the informal economy, either in the informal sector or as informal workers in the formal sector.

The global real wage growth in 2017 was not only lower than in 2016, but fell to its lowest growth rate since 2008, remaining far below the levels obtaining in 2006 or 2007, before the global financial crisis.



Source: PHD Research Bureau compiled from ILO Global Wage Report, 2018-19. Note: 2017 figures are preliminary estimates as national estimates are not yet available for all countries.

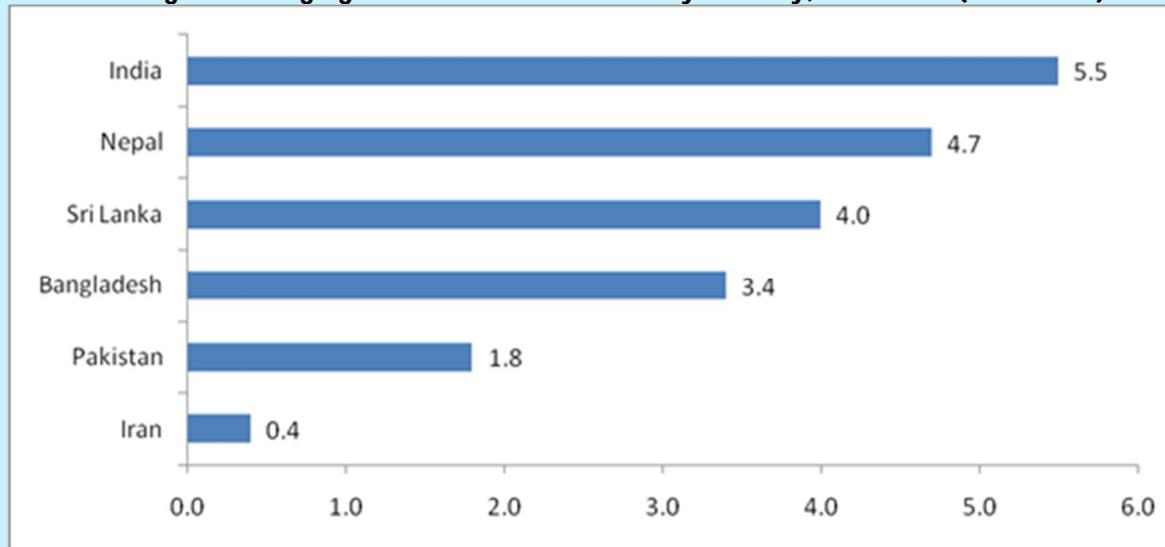
Further, emerging G20 economies, showed the marked and continuing rising trajectory of China, where average real wages almost doubled between 2008 and 2017. In fact, all emerging G20 countries except Mexico experienced significant positive growth in average real wages over this period. Wage growth continues in Saudi Arabia, India and Indonesia, whereas in Turkey it declined to around 1% in 2017.

Outlook for India

- Workers in Asia and the Pacific have enjoyed the highest real wage growth among all regions over the period 2006–17, with countries such as China, India, Thailand and Viet Nam leading the way.

- Among South Asian countries, India is leading with highest average real wage growth of 5.5% over 2008-17, followed by Nepal (4.7%), Sri Lanka (4%), Bangladesh (3.4%), Pakistan (1.8%) and Iran (0.4%).

Average real wage growth in Southern Asia by country, 2008–17 (% Growth)



Source: PHD Research Bureau compiled from ILO Global Wage Report, 2018-19

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