

# International Labour Review

## SPECIAL ISSUE LOW-PAID WORK IN EMERGING ECONOMIES

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- 141 [Low-wage work: A global perspective](#) Sangheon LEE and Kristen SOBECK
- This article provides a global overview of trends in low pay and policies for reducing its incidence. The special issue it introduces follows up on “Low-wage work in Europe and the United States” (Vol. 148 (2009), No. 4), the focus here being on Brazil, China, India, the Republic of Korea and South Africa. After examining the definition and estimation of low pay, the authors give particular attention to two policies accounting for variations in cross-country trends: collective bargaining and minimum wages. To address low pay effectively, they argue, minimum wages must be set within a certain range on account of threshold effects.
- KEYWORDS: LOW WAGES, WAGES, WAGE POLICY, TREND, DEVELOPED COUNTRIES, DEVELOPING COUNTRIES.
- 157 [Low-paid workers in urban China](#) Quheng DENG and Shi LI
- Using CHIP and RUMCI data for 1995, 2002, 2007 and 2008, this article estimates the extent of low pay among local and rural-migrant workers in urban China. Based on a threshold of two-thirds of median hourly wages, it finds that a high overall proportion of urban employees are low-paid. While incidence remained relatively stable among locals between 1995 and 2008, it declined for migrants from 2002 to 2007, though the latter were still much more likely to be in low-paid jobs. After investigating the determinants and welfare implications of low pay, the authors conclude with an argument for subsidized training, stricter minimum wage enforcement and firm-level wage bargaining.
- KEYWORDS: LOW WAGES, WAGE DIFFERENTIAL, MIGRANT WORKER, WAGE DETERMINATION, URBAN AREA, RURAL AREA, CHINA.

- 173 **Low pay in South Africa** Morné OOSTHUIZEN  
 Remuneration in South Africa has been abundantly researched, but relatively little work has focused specifically on low-paid work. This article looks at low pay among workers in wage employment between 2001 and 2007. After considering several definitions of low pay, the author estimates its incidence and analyses some of the factors associated with the probability of low pay. Based on the minimum wages prescribed in the Department of Labour's "sectoral determinations", which he maps onto Labour Force Survey data, he then investigates the effects of statutory minimum wages and collective bargaining, finding that the latter in particular reduces the incidence of low pay.  
 KEYWORDS: LOW WAGES, MINIMUM WAGE, WAGE DETERMINATION, COLLECTIVE BARGAINING, DEFINITION, SOUTH AFRICA R.
- 193 **Low-paid employment in Brazil** Adriana FONTES, Valéria PERO and Janine BERG  
 While low pay is prevalent in developing countries, the issue has not been studied in depth. To help fill this gap, the authors use panel data on six Brazilian metropolitan areas for the years 2002–09 to investigate the incidence, permanence and profile of low-paid employment. Over the period, low-paid work declined from 24.4 to 21.5 per cent of total wage employment. As in high-income countries, the probability of being low-paid was greater for women, non-whites, younger workers and those with fewer years of education. A mobility analysis shows that job experience improved labour market prospects, even for low-paid wage earners.  
 KEYWORDS: LOW WAGES, LABOUR MOBILITY, WAGE DIFFERENTIAL, WAGE DETERMINATION, EMPLOYMENT SECURITY, BRAZIL.
- 221 **Low pay among wage earners and the self-employed in India** Uma RANI and Patrick BELSER  
 While inequality and poverty in India have been much studied, little attention has been given to the underlying role of the labour market. To help remedy this gap, the authors examine low pay in India, giving particular attention to its magnitude, characteristics and determinants. An absolute low-pay threshold is calculated that, if reached, would provide workers with a decent livelihood. Using household-level micro-data that cover wage earners and the self-employed, the authors find that roughly half of India's workforce is low-paid, revealing a serious "decent work" deficit. They propose policies to improve wages and productivity and thereby boost earnings.  
 KEYWORDS: LOW WAGES, WAGE DETERMINATION, SELF-EMPLOYED, LABOUR PRODUCTIVITY, DEFINITION, INDIA.
- 243 **Low wages and policy options in the Republic of Korea: Are policies working?** Deok Soon HWANG and Byung-Hee LEE  
 Despite the introduction and expansion of collective bargaining, minimum wages and unemployment and in-work benefits, low pay is increasingly common in the Republic of Korea. This is at odds with much of the literature – including the ILO's *Global Wage Report 2010/11* – which suggests that protective policies will curb low pay. Focusing on the Republic of Korea, the authors examine this intriguing paradox and conclude that while the appropriate policy "menu" was implemented, its effectiveness was limited by incomplete coverage and insufficient benefit levels. They suggest this disappointing situation represents not only a labour market failure, but also a policy failure.  
 KEYWORDS: LOW WAGES, WAGE POLICY, MINIMUM WAGE, COLLECTIVE BARGAINING, LABOUR FLEXIBILITY, UNEMPLOYMENT BENEFIT, KOREA R.
- 261 **"Varieties of minimum wage system" through the dubious lens of indicator-based rankings** Sangheon LEE  
 Growing interest in the impact of labour regulations on labour market performance has prompted attempts to quantify labour standards for cross-country comparison. While recognizing the contribution of such quantification to empirical research,

this article takes issue with indicators that purport to rank countries' regulatory regimes. With reference to the minimum wage component of the World Bank's Doing Business indicators, the author identifies major limitations of this device – theoretical bias, measurement error, disregard of institutional particulars and failure to account for regulatory indeterminacy. His examination of minimum wage systems concludes with an argument against the grounding of policy decisions on indicator-based rankings.

KEYWORDS: MINIMUM WAGE, WAGE PAYMENT SYSTEM, WAGE DETERMINATION, LABOUR FLEXIBILITY, DEVELOPED COUNTRIES, DEVELOPING COUNTRIES.

277 **Minimum wage violation in South Africa**

Haroon BHORAT, Ravi KANBUR and Natasha MAYET

This article aims to provide a more solid, quantified basis for policy debate over minimum wage levels and their enforcement in South Africa – and in other developing countries. Matching data from the 2007 Labour Force Survey to the occupational and locational specifications of gazetted minimum wages, the authors present estimates of minimum wage violation in South Africa. They find that 44 per cent of covered workers get paid wages below the statutory minimum, with an average shortfall of 35 per cent of the minimum wage. Around these averages, violation is most prevalent in the security, forestry and farming sectors.

KEYWORDS: MINIMUM WAGE, WAGES, WAGE POLICY, WAGE DETERMINATION, VIOLATION, SOUTH AFRICA R.

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