



Global Wage Report 2022–23: The impact of inflation and COVID-19 on wages and purchasing power

Originally published by : International Labour Organisation

This flagship report of ILO presents an in-depth empirical analysis of how concurrent crisis- COVID-19 pandemic, rising inflation followed by Russia-Ukraine War has impacted wages, employment, gender pay gap and purchasing power across countries and regions.

- ❖ Labour market plunged into an unprecedented crisis with employment deficit being more in informal sectors.
- ❖ With only a few exceptions (such as oil- and gas-exporting countries), employment and economic output in most countries is likely to remain below pre-pandemic levels till the end of 2026. Telework grew which otherwise would have taken time to gain traction.
- ❖ In 2022 a negative global wage growth was recorded since 2008. A cost-of-living crisis could well dominate wage trends until the end of 2023 .
 - However, global wage growth was positive in 2020 due to temporary wage subsidies, job retention schemes and composition effect according to which a large proportion of wage employees who lost their jobs were low-paid wage employees.
 - Real wage growth rate in 2022 remained positive in emerging economies but negative in advanced ones. This is consistent with the fact that inflation was rising proportionately faster in high-income countries.
 - The gap between wage growth and labour productivity(measured as GDP per worker)growth is widening further hence there is room for real wages to increase.
- ❖ In Asia and the Pacific region when China is excluded wage growth in the region fell to 1% and even turned negative. Despite wage growth among emerging G20 economies, there is still a significant gap between their average level of real wages and that of advanced G20 economies.
- ❖ Households at the bottom of the income distribution face a greater burden when prices are high and rising even if nominal wages are adjusted for price inflation. They also have less leeway, since they spend a greater proportion of their smaller incomes on basic items such as food, housing and utilities.
- ❖ Women clustered at the bottom of the wage distribution, lost more employment than men. When women leave the labour market, they are less likely to return and find a job.
 - In 2020, employment losses and at the same time increases in average wages was greater among women. Together this suggests that the composition effect was far more pronounced among women and employment losses for women were more concentrated among low-paid workers than for men.
 - Between 2019 and 2022 the gender pay gap increased in countries, Peru being the only exception where gender gap declined.
- ❖ Gender pay inequalities can be reduced by improving the educational situation of women and addressing other factors : motherhood pay gap, pay in undervalued and highly feminized sectors and increasing pay transparency at the enterprise level. Equal Pay International Coalition, a joint initiative launched by the ILO, UN-Women and the OECD is a step in this direction.

- ❖ The negative effects of current scenario may contribute to economic, social and political conflicts that threaten the very existence of humankind. Public spending especially in the promotion of energy sources and creation of decent wage employment can contribute to social justice and stability.

Read more : https://www.ilo.org/wcmstp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_862569.pdf

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