

# Research on Wage and Living Wage in Suzhou, Wenzhou, Zhuhai and Shenzhen

December 2020

---

**Commissioned by Fairphone**

**Research Conducted By**

Zhuhai Social Worker Education  
Development Center for Facilitators.

**Author**

Yang Tongzhen

**Project Advisor**

Lizhen

**Project Team Members**

Yang Tongzhen, Li Jiaoyong, Wu Zhikui,  
Liu Changxin, Fan Xufang,  
Yan Xiurong, Yang Daimao, Shan Yanbin



# Contents

Summary.....	2
1 Project background.....	3
2 Research methods.....	4
2.1 Proposal of living wage.....	4
2.2 Definition of living wage.....	5
2.3 Calculation method of living wage.....	6
3 Data source and calculation method.....	7
3.1 Data source and survey description.....	7
3.2 Living wage calculation based on Anker method.....	9
4 Investigation and analysis results.....	12
4.1 Living wage calculation.....	13
4.1.1 Living wage in Suzhou.....	13
4.1.2 Living wage in Wenzhou.....	14
4.1.3 Living wage in Zhuhai.....	14
4.1.4 Living wage in Shenzhen.....	15
4.1.5 Comparison between living wage and legal minimum wage.....	16
4.2 Priority of spending by workers.....	18
4.2.1 Consumptions valued most by workers in Suzhou city.....	18
4.2.2 Consumptions valued most by workers in Wenzhou city.....	18
4.2.3 Consumptions valued most by workers in Zhuhai city.....	19
4.2.4 Consumptions valued most by workers in Shenzhen city.....	19
4.2.5 Comparative analysis of workers' spending preferences in the four cities.....	20
4.3 Wage income of workers in the four cities.....	21
4.3.1 General status and composition of wages of workers.....	21
4.3.2. Status of workers' overtime work in the four cities.....	24
4.3.3. Workers' views on their salary in the four cities.....	29
4.3.4 Workers' expectation of salary.....	31
4.3.5 Workers' suggestions for improvement of salary structure.....	33
4.3.6 Impact of the COVID-19 pandemic on wage.....	34
4.4 Comparison of workers' income and their cost of living.....	35
5 Conclusions and recommendations.....	36
5.1 Wage structure should be improved, and basic wage should be increased.....	36
5.2 Better support to workers with school children.....	36
5.3 Workers' views and expectations of wage income.....	37
5.4. The impact of emergencies on workers.....	38
6 Shortcomings of the research.....	38
6.1 Random sampling reduces its representativeness.....	38
6.2. Data accuracy needs to be further improved.....	39
References.....	40

# Summary

This report describes the calculation of living wage in Suzhou, Wenzhou, Zhuhai, and Shenzhen city, China based on Anker method and the cost of workers' living reflected in the Survey on Workers' Wage, Benefits and Cost of Living. A statistical analysis of workers' income status, workers' views, and expectations of wage income is also covered in the report.

The statistical analysis of living wages shows that the living wage for workers is 5,300 yuan per month in Suzhou, 4,312 yuan per month in Wenzhou, 5,580 yuan per month in Zhuhai, and 6,230 yuan per month in Shenzhen region. It is noted that the legally mandated minimum wage in the four respective cities is far below the living wage standard, which proves that the minimum wage system is inadequate in guaranteeing basic and decent living of workers and their families, and that the institutional guarantee of workers' wages and benefits is weak.

In terms of workers' current income, the monthly net wages (take-home wage) of workers in the four cities are 4,672 yuan a month in Suzhou, 5,484 yuan a month in Zhuhai, 4,180 yuan a month in Wenzhou, and 5,331 yuan a month in Shenzhen. In all the four cities, basic wage accounts for approximately 70% and overtime wages account for about 30% of the total net wage. The wage structure of workers is simple, with small portion of bonuses and benefits. When overtime pay is excluded, the income of workers in the four cities is far from reaching the living wage level. Moreover, it is still common for workers to live away from their families as they are not able to afford the living expenses for their entire family in the cities where they work.

To improve the wages and benefits of workers, a living wage system should be advocated to help workers better maintain and improve their family living standards. In addition to increasing workers' income levels, local enterprises should also improve workers' wage structure, increase basic wage, increase hourly wages or piece rate, and increase workers' bonuses and allowances and other welfare to ensure that

workers can be sufficiently compensated to support their family needs for working standard hours. In addition, workers' ability of responding to emergencies or risks should be enhanced, so that they can be better prepared for unexpected situations, e.g. crisis and accidents.

## 1 Project background

With China's rapid rise into an industrialized country, a large population of workers have also emerged. As the main driving force of China's industrial development, they have contributed significantly to China's economic growth. On the other hand, they as disadvantaged groups, often face situations such as long working hours, high work pressure, and low wages that do not meet the living expenses for themselves and their families. That has negative impact on social justice, sustainable and steady economic development<sup>1</sup>.

To protect the legitimate rights and interests of workers to obtain labor remuneration, and to support the basic living of workers and their family members, a minimum wage system has been implemented in China. However, the increase of the minimum wage fails to keep up with the growth of the GDP per capita. Together with the impact of rising prices and other factors, the consumer expenditure per capita is far greater than the minimum wage. Thus the real wage of workers is showing a downward trend in terms of buying power. Families of workers cannot make ends meet, and the actual protection provided by the minimum wage is limited.

With an aim to offer insights on how to effectively protect the basic and decent living for workers and their family members and to improve workers' wages and benefits, Fairphone and Zhuhai Social Work Education Development Center for Facilitators have jointly launched the research project on Workers' Wage, Benefits and Living Wage.

The survey was conducted in Shenzhen and Zhuhai, Suzhou, and Wenzhou city

---

<sup>1</sup> Wang Li. Digital Labor and Exploitation-Manufacturing with Electronics Take factory labor as an example [J]. Higher Education Online. 2018.

to understand the wages and benefit and the cost of living of manufacturing workers. The data collected provides guiding references to determine the amount of income for decent standard of living for workers and their families.

## 2 Research methods

This research takes living wage as the core concept, drawing on the existing theory of living wage research as a reference guide to conduct field research. The concept of living wage originated in the West. It took more than 100 years to first form a relatively accurate definition and then to become a complete set of operating methods. During this period, living wage has been recognized by more and more countries and organizations, and the practice and research on living wages have been continuously developed and improved.

### 2.1 Proposal of living wage

In the 1870s, the concept of living wages emerged in the British industrial areas. Workers began to demand that their wages would enable them and their families to live a life without worry. In 1894, Mark Aldroyd completed the first book defending living wages. He believed that living wages should be able to meet the basic living needs of workers and their families, provide workers with appropriate entertainment and rest time, and fulfill their responsibilities as citizens<sup>1</sup>. The living wage became a social policy in the 1990s. It first originated from the living wage movement as the nominal minimum wage was below the family poverty line, the actual minimum wage continued to fall, and the minimum wage weakened its poverty alleviation efforts<sup>2</sup>. In 1994, Baltimore (Maryland, USA) took the lead in implementing living wages as required by law. Since then, living wage has gradually become a national movement in the United States, and it has also become a wage standard in developed countries such as Canada, the United Kingdom, Australia, and New Zealand. Later, as a social demand, living wage also became part of the standards of fair trade, consumer

---

<sup>1</sup> Ji Yueting, Overview of the American Living Wage System [J]. Human Resource Management. 2012.

<sup>2</sup> Yang Xin, 2012; Figart, 1999; Sabia J. & Burkhauser R., 2010

behaviors, and social responsibility <sup>1</sup>.

## 2.2 Definition of living wage

With the development of the research on living wage, the definition of living wage has gradually developed and improved. Currently, Global Living Wage Coalition, with six standard-setting organizations, including the International Fair Trade Organization, the Rainforest Alliance, and the International Social Accountability Organization (Social Accountability International, SAI), as well as members of ISEAL and other organizations, have reached a consensus on the concept of living wage. That is, a living wage refers to a wage that a worker receives within standard working hours and is sufficient to afford the worker and his family a decent standard of living<sup>2</sup> in a specific area."

### **The definition emphasizes:**

1. Living wage is region-specific. Since the living wage is closely related to the living expenses of workers' families, which in turn is related to the level of regional economic development, the calculation of the living wage should be based on the price level in the local consumer market. The level of living wage in different cities and regions varies with the level of regional economic development.

2. Living wage is the wage earned during standard working hours. That is the wage level without overtime pay. At present, many workers, especially front-line workers, have a basic salary of less than 3,000 yuan a month. To earn enough wages to cover family expenses, they have to extend their working hours to 12 hours a day, 26 or even 30 days a month. This is obviously contradictory to the living wage concept.

3. Living wage is calculated on the base of the family size. Living wage is the level of wage at which workers and their families can maintain a decent standard of living. Therefore, when calculating the living wage, the average family size should be

---

<sup>1</sup> Wang Yu, Wang Sangui. How big is the wage gap between migrant workers and urbanization? —Measurement of Living Wages of Workers in Shenzhen Manufacturing Industrial Park [J]. Journal of Renmin University of China. 2014(4)

<sup>2</sup> Anker R, Anker M. Living Wages Around the World: Manual for Measurement [M]. Edward Elgar Publishing, 2017.

considered.

4. The goal of living wage is to guarantee the basic and decent life of workers and their families. The elements of a basic and decent life include food, water, housing, education, medical care, transportation, clothing, and other basic needs such as emergency needs.<sup>1</sup>

## 2.3 Calculation method of living wage

The Anker method is a new method of measuring living wages<sup>2</sup>. It was first proposed by an American scholar Richard Anker in the International Labor Organization Geneva Work Report (No.72) in 2005. It is used for calculation of poverty line and living wage. It is basic, standard, comparable between regions, and the calculation is easy to understand. The measurement is transparent and basic. The modification of assumptions is simple, and the operating cost is low<sup>3</sup>. This method has been recognized by six standard-setting organizations including the International Fair Trade Organization and ISEAL as a living wage calculation method. Calculation of living wage has been completed in dozens of countries and regions around the world<sup>4</sup>.

Research and discussion of living wage have been more than 100 years since the concept of living wage was put forward. Using the Anker method to calculate living wages has been recognized by many countries and organizations. In 2017, Richard Anker and Martha Anker compiled and published "Living Wages Around the World"<sup>5</sup> manual, which describes the methods applicable to living wage measurement in different countries and regions in detail.

### Steps to measure living wage using Anker method:

1. Estimate the basic and decent cost of living for workers and their families.

---

<sup>1</sup> Anker R, Anker M. Living Wages Around the World: Manual for Measurement [M] . Edward Elgar Publishing, 2017.

<sup>2</sup> The instruction manual "Living Wages Around the World: Manual for Measurement" published in February 2017 describes in detail the specific measurement process of living wages and the Anker method.

<sup>3</sup> Anker R. Poverty lines around the world: A new methodology and internationally comparable estimates [J] . International Labour Review, 2006, 145(4): 279-307 .

<sup>4</sup> SAI S A I. Living Wage Reports [EB/OL] :<http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1848>, 2017-07-03.

<sup>5</sup> Anker R, Anker M. Living Wages Around the World: Manual for Measurement [M] . Edward Elgar Publishing, 2017.

Living cost includes expenditure on food, expenditure on housing, other basic expenditures, and extra funds reserved for emergencies.

(The basic and decent living cost of a family = food expenses + housing expenses + other basic expenses + extra funds reserved for emergencies.)

2. Calculate the basic decent living cost borne by each wage earner (full-time employee) of a family, that is, the actual living wage of the worker.

(Actual living wage = basic and decent living cost of a family divided by the number of wage earners in the family)

3. Determine current wages and whether to pay workers a living wage. Compare the workers' current wages with their living wages and analyze the gap between their wages earned during standard working hours and their living wages.

## 3 Data source and calculation method

### 3.1 Data source and survey description

From April to June 2020, Zhuhai Social Work Education Development Center for Facilitators conducted a survey on Workers' Wage and Benefits and Cost of Living in Suzhou, Wenzhou, Zhuhai and Shenzhen (mainly workers in electronics factories). Due to COVID-19, the survey was mainly conducted online with electronic questionnaire circulated among workers through local social organizations specialized in worker services. Workers taking part in the survey were also encouraged to become volunteers and pass the questionnaire to other workers who worked and lived in the four cities. Through this snowballing method, a total of 611 valid questionnaires were collected, including 157 from Suzhou, 138 from Wenzhou, 161 from Zhuhai, and 155 from Shenzhen. Due to lack of local network, online questionnaire was not able to reach the local workers at Wenzhou, so the survey team members had to go to Wenzhou and conduct onsite surveys from May 21 to June 1, 2020.

In addition to the survey data and other information, the researchers also quoted data from official statistical yearbook from the four cities, including data of minimum



wage, social insurance policy. These data were also used to compare with the basic assumptions and calculation result of living wage.

**Table 3-1 Demographics of Survey Responders**

City		Number of Responders and Percentage			
		Suzhou (N=157)	Wenzhou (N=138)	Zhuhai (N=161)	Shenzhen (N=155)
Age	16-20 years old	2 (1.3%)	8 (5.9%)	6 (3.7%)	1 (0.6%)
	21-30 years old	68 ( <b>43.3%</b> )	45 ( <b>33.1%</b> )	58 ( <b>36%</b> )	69 ( <b>44.6%</b> )
	31-40 years old	68 ( <b>43.3%</b> )	54 ( <b>39.7%</b> )	80 ( <b>49.7%</b> )	81 ( <b>52.2%</b> )
	Over 40 years old	19 (12.1%)	29 (21.3%)	17 (10.6%)	4 (2.6%)
Gender	Male	85 (54.1%)	90 (65.2%)	66 (41%)	89 (57.4%)
	Female	72 (45.9%)	48 (34.8%)	95 (59%)	66 (42.6%)
Education Level	Never attended school	2 (1.3%)	1 (0.7%)	0 (0%)	1 (0.6%)
	Primary school	10 (6.4%)	21 (15.2%)	13 (8.1%)	6 (3.7%)
	Junior high school	48 (30.6%)	64 ( <b>46.4%</b> )	75 ( <b>46.6%</b> )	18 (11.1%)
	High school (secondary school)	65 ( <b>41.4%</b> )	31 (22.5%)	57 (35.4%)	64 ( <b>39.5%</b> )
	Junior college	26 (16.6%)	16 (11.6%)	16 (9.9%)	54 (33.3%)
	Undergraduate	6 (3.8%)	5 (3.6%)	0 (0%)	12 (7.4%)
Job Categories	Front-line Workers	114 ( <b>72.6%</b> )	71 ( <b>51.4%</b> )	133 ( <b>82.6%</b> )	52 ( <b>32.1%</b> )
	Technician	26 (16.6%)	33 (23.9%)	12 (7.5%)	46 (28.4%)
	Grass-root Managers	11 (7.0%)	21 (15.2%)	13 (8.1%)	35 (21.6%)
	Clerk & Staff	6 (3.8%)	13 (9.4%)	3 (1.9%)	22 (13.6%)
Marital Status	Unmarried	28 (17.8%)	36 (26.1%)	39 (24.2%)	46 (28.4%)
	Married	123 ( <b>78.3</b> )	99 ( <b>71.7%</b> )	116 ( <b>72%</b> )	103 ( <b>63.6%</b> )

Divorced	5 (3.2%)	3 (2.2%)	6 (3.7%)	6 (3.7%)
Widowed	1 (0.6%)	0 (0%)	0 (0%)	0 (0%)

The above chart shows that the age of the respondents mainly falls within the age group between 21 and 40, education level is mainly at middle school (including junior high school and high school) and the type of job is mainly front-line work. In Suzhou, Wenzhou, and Zhuhai, the number of front-line workers account for more than 50% of the total responders. In Shenzhen, front line workers account for 32.1%. More than 70% of workers are married.

## 3.2 Living wage calculation based on Anker method

### 1. Estimate the average family size based on the average family size reflected in the actual survey

This report uses Anker method as reference to calculate the living wage. According to Anker method, the average family size should first be estimated when calculating the living wage. Both the living wage manual compiled by Anker and the research on living wages by domestic scholar, Wang Yu, set the average family size as 3.5 people (2 adult 1.5 children) based on real-life experience, fertility rate and consideration of average urban family size under the birth control (family planning) policy in China. With this family size setting, living wage is supposed to guarantee the basic and decent life of the workers, their spouses, and their children in the cities where they live.

This report sets the size of the family differently. Unlike traditional migrant workers, new-generation migrant workers are more inclined to settle in their working cities with their families. According to official data released in 2011 by the State Statistics Bureau, number of migrant workers moving to the cities together with their family increased by one million annually from the year of 2008 to 2011 and it has become an upward trend. The data published in 2015 by the State Health & Family Planning Department indicates that among all the migrant people, elderly people accounted for

7.2% with the main reason of take caring their grandchildren.<sup>2</sup> According to the education statistics released in 2017 by the Ministry of Education, number of school-age children increased by 2.84 million in the recent 5 years and it is on the upward trend<sup>3</sup>.

From the survey, the researchers found that the migrant workers' perception of a family is no longer the traditional one which includes spouse and children only, but the bigger family that includes their parents. There are more and more cases of parents living together with their married sons or daughters who work in other cities, to look after their grand-children, or young migrant workers working in a city living together with their parents. Therefore, this report does not pre-suppose the average family size, but calculates the living wage based on the actual average family size reflected in the survey.

However, due to various reasons such as workers' low income and restrictions of the household registration (Hukou) system in China, there are still a large number of workers who have to live away from their family members as their income is not sufficient to cover the living expenses for the entire family in the city. To understand the living expenses of the entire family of a worker, the calculation must be done based on the hypothesis that their entire family live on the same working city. In terms of family size, this report differentiates **actual family size** (including members of the bigger family living in their hometown or other cities) from **urban family size** (including workers and their family members living together at the same place in the city). Once the living expenses under the **urban family size** is known, the living expenses for the **actual family size** can be extrapolated.

**Table 3-2 Average Family Size & Number of Wage Earners**

Region	Actual Family Size	Urban Family Size	Wage Earners
Suzhou	4.48	2.46 (1.87adults+0.6kids)	1.89
Wenzhou	4.2	2.29 (1.83adults+0.46kids)	2.12

Zhuhai	4.96	2.48 (2.04adults+0.45kids)	2.09
Shenzhen	4.32	2.19 (1.77adults+0.42kids)	1.83

## 2. Calculate the basic and decent living expenses for a worker's family by using the average worker's living expenses as a base.

According to the Anker method, after an average family size is determined, the family's food expenditure will be reckoned based on a certain standard diet model, housing expenditure will be estimated from market research, and non-food and non-housing expenditure will also be gathered from research data. In addition to that, a certain proportion of wage should be reserved for responding to emergencies.

As calculation of household food expenditures based on the standard diet model is quite complex, and the researchers did not visit every city except Wenzhou due to impact of the COVID-19, the report does not use strict mathematical model to measure living wage, but analyzes the food, housing, and other actual expenditures reflected in the filled-out survey questionnaire as basic data, and determines the average living expenses of a worker's family in the four cities respectively.

It should be noted that all aspects of living expenses provided by the workers in the questionnaire are the actual living expenses for workers and their family members living in the working city (**urban family size**), not representing the living expenses for the **actual family size**. To address this gap, the report uses the family size of the workers in the working city (**urban family size**) as the unit to calculate the living expenses, then come up with the average living expenses for a worker. The average is then multiplied by the **actual family size** of the workers to get the general level of living expenses for the workers' actual family size in the city where a worker works.

We take the average actual living expense reported by the workers to calculate the basic and decent living expenses for the worker and their families in the working city based on the assumption that the average actual living expenses incurred by

workers in the working city meets the basic and decent level of living. This hypothesis is based on the actual living standards of the four cities which is consistent with the concept of living wage. It is also consistent with the worker's perception of what is considered as decent life under Chinese culture context, where a Chinese would tend to consider "I have what others have" and "my living standard is almost the same as other people's" as a decent life. Therefore, it is reasonable to calculate the basic and decent living expenses of workers and their families in the working city by using the average of the actual living expenses of workers from the survey questionnaire.

(The living expenses of a family = Average total family living expenses / urban family size \* actual family size)

### 3. Reserve fund to cope with emergencies

Besides guaranteeing the basic and decent living standard for the family, the living wage should also enable family to cope with emergencies, so that the family will not get into difficult situations in case of emergencies. Therefore, when using the Anker method to calculate living wage, 5% of the total living expenses should be reserved as funds for worker to maintain normal livelihood in the case of emergency.

In summary, the calculation of living wage is illustrated as below,  
Living wage = average household expenses [food expenses + housing expenses + non-food and non-housing expenses + fund reserved for emergency((expense for food + housing + non-food and non-housing expenses) \* 5%)] / average urban family size \* average actual family size/average wage earners.

## 4 Investigation and analysis results

With the pre-set method, the report determines the living wages in Suzhou, Wenzhou, Zhuhai, and Shenzhen. It also compares the living wages in each city against the local minimum wages to understand the gap between regulated minimum wages and workers' actual living needs under current policies. To further understand the gap between workers' living needs and the current wages and benefits provided by

employers, the report also analyzes the current wage income and wage structure of workers and their views of issues such as current wages and the expenses that workers care most about.

## 4.1 Living wage calculation

The goal of living wages is to guarantee the basic and decent life for workers and their families in the city where they work. To the workers, expenditures on food, housing, and education are more important expenses than others. Therefore, in the research, living expenses were mainly categorized into food expenses, housing expenses and other expenses. Food expenditure is the basic expenditure for three-meals a day for workers; housing expenditure includes monthly rent, mortgage payment, utility charge and property management fees; other expenditures include education, medical care, clothing, transportation, communications, basic daily necessities, and others daily necessities, furniture, home appliances, entertainment and leisure activities, etc.

### 4.1.1 Living wage in Suzhou

According to the living wage calculation method set in this article, a family with 4.48 members need to spend 10,017 yuan a month to maintain a basic and decent standard of living. To meet this family expenditure, each full-time worker's living wage needs to reach 5,300 yuan a month on average.

**Table 4-1-1 Calculation of Living Wages in Suzhou**

Monthly expenditure (based on average urban family size of 2.46 persons)	Amount: Yuan
1. Expenditure on food	1145
2. Expenditure on housing Rent / mortgage	1674
Utility bill and management fees	1399
3. Non-food and non-housing expenditure: education, clothing, transportation,	275
	2420

medicine, communications, basic daily necessities, other items, furniture, home appliances, entertainment & leisure activities

4. Fund reserved for emergencies: $(4=(1+2+3)*5\%)$ :	262
5. Total monthly expenditure for a family to maintain a basic & decent life ( $5=(1+2+3+4)/2.46*4.48$ ) . Notes: 4.48 is the average <b>actual family size</b> )	10017
6. Monthly living wage ( $6=5/1.89$ ) (1.89 is the average number of wage earners)	5300

### 4.1.2 Living wage in Wenzhou

In Wenzhou city, a family with 4.2 members need 9,140 yuan a month to maintain a basic and decent standard of living, thus the average living wage of a full-time worker should be 4,312 yuan a month.

**Table 4-1-2 Calculation of Living Wage in Wenzhou**

Monthly expenditure (based on the average urban family size of 2.29 persons)	Amount: Yuan
1. Expenditure on food	1295
2. Expenditure on housing Rent / mortgage	877
Utility bill and management fees	656
3. Non-food and non-housing expenditure: education, clothing, transportation, medicine, communications, basic daily necessities, other items, furniture, home appliances, entertainment and leisure activities	2575
4. Fund reserved for emergencies ( $4=(1+2+3)*5\%$ )	237
5. Total monthly expenditure for a family to maintain basic decent life ( $5=(1+2+3+4)/2.29*4.2$ ) Notes: 4.2 is the average <b>actual family size</b> .	9140
6. Monthly living wage ( $6=5/2.12$ ) (2.12 is the average number of wage earners)	4312

### 4.1.3 Living wage in Zhuhai

According to the living wage calculation method set in this paper, a 4.96-person

family in Zhuhai need to spend 11,662 yuan for maintaining a basic and decent life, thus the average living wage for a worker should be 5,580 yuan a month.

**Table 4-1-3 Calculation of Living Wage in Zhuhai**

Monthly expenditure (based on the average urban family size of 2.48 persons)	Amount: Yuan
1. Expenditure on food	1470
2. Expenditure on housing Rent / mortgage	1263 946
Utility bill and management fees	317
3. Non-food and non-housing expenditure: education, clothing, transportation, medicine, communications, basic daily necessities, other items, furniture, home appliances, entertainment & leisure activities	2820
4. Fund reserved for emergencies ( $4=(1+2+3)*5\%$ )	278
5. Total monthly expenditure for a family to maintain a basic decent life ( $5=(1+2+3+4)/2.48*4.96$ ) Notes: 4.96 is the average actual family size.	11662
6. Monthly living wage ( $6=5/2.09$ ) (of which 2.09 is the average number of full-time employees in the family)	5580

#### 4.1.4 Living wage in Shenzhen

A family with 4.32 persons in Shenzhen needs 11,401 yuan a month to maintain basic and decent standard of living, thus the average living wage for a worker is 6,230 yuan a month.

**Table 4-1-4 Calculation of Living Wage in Shenzhen**

Monthly expenditure (based on the average urban family size of 2.19 persons)	Amount: Yuan
1. Expenditure on food	1249
2. Expenditure on housing Rent / mortgage	1496 1231



---

Utility bill and management fees	265
3. Non-food and non-housing expenditure: education, clothing, transportation, medicine, communications, basic daily necessities, other items, furniture, home appliances, entertainment & leisure activities	2760
4. Fund reserved for emergencies ( $4=(1+2+3)*5\%$ )	275
5. Total monthly expenditure for a family to maintain a basic decent life ( $5=(1+2+3+4)/2.19*4.32$ ) Note: 4.32 is the average <b>actual family size</b> )	11401
6. Monthly living wage ( $6=5/1.83$ ) (1.83 is the average number of wage earners)	6230

---

The living wage calculated by Anker method is fixed in a certain period and a certain city because it is calculated according to the diet model and market research under the fixed family size. This report calculates the living wage according to the actual family size and actual living expenses reported by the workers. The figure can be affected by various actual situations of the workers, for example, some workers may live in factory dormitories and take meals in factory canteens, which affects the amount of daily living expenses reported by them. However, the living wage calculated according to the actual expenses of workers better reflects the actual living conditions and the average living standard of workers and their families in each city.

Among the four cities, living wage in Wenzhou is the lowest. These are several reasons that explains why Wenzhou's living wage is the lowest. First the field survey took place in the towns that have relatively poor infrastructure and the housing rents are low. Second, the average actual family size of workers in Wenzhou is smaller, while the average number of wage earners is the biggest.

#### 4.1.5 Comparison between living wage and legal minimum wage

China's institutional protection of workers' income mainly relies on the minimum wage system. This report provides comparison between the living wage and the legal minimum wage with the purpose of understanding the shortcoming of the living wage

system.

According to *The Notice on Adjusting the Minimum Wage Standard in Suzhou* (srb [2018] No. 13), minimum wage was raised to 2020 yuan per month in Suzhou, effective on August 1, 2018. The minimum wage is just around 38% of the living wage.

According to *The Notice on Adjusting the Provincial Minimum Wage Standard* issued by the Government of Zhejiang Province, minimum wage in Wenzhou was adjusted to 1,800 yuan / month from December 1, 2017<sup>1</sup>, which is around 42% of living wage in Wenzhou city.

According to *The Notice of Guangdong Government on Adjusting the Minimum Wage Standard of Enterprise Employees in Guangdong Province* (YFH [2018] No. 187), minimum wage in Zhuhai is 1,720 yuan / month since July 1, 2018<sup>2</sup>, which is around 30% of the living wage in Zhuhai city.

According to *The notice of Shenzhen Human Resources and Social Security Bureau on adjusting the Minimum Wage Standard of the City* issued by Shenzhen Human Resources and Social Security Bureau, the minimum wage in Shenzhen is 2200 yuan / month since August 1, 2018<sup>3</sup>. The minimum wage is 35 % of living wage of workers in Shenzhen city.

The minimum wage system is an important system to protect the rights and interests of workers in China, but the minimum wage standard in Suzhou, Wenzhou, Zhuhai and Shenzhen is far below the living wage in the four regions. This indicates that the minimum wage system may be able to protect workers with most essential living expenses, but it is insufficient in protecting them and their families with basic and decent living expenses. To improve workers' welfare, we should advocate for Living Wage System, not only to protect the basic essential life of workers, but also to help workers better maintain and improve their family living standard.

#### **Table 4-1-5 Comparison of living wage and minimum wage in four cities**

<sup>1</sup> <http://wenda.bendibao.com/live/202041/118512.shtm>

<sup>2</sup> [http://www.gd.gov.cn/gkmlpt/content/0/146/post\\_146951.html#7](http://www.gd.gov.cn/gkmlpt/content/0/146/post_146951.html#7)

<sup>3</sup> <http://wenda.bendibao.com/live/202041/118512.shtm>

	Suzhou	Wenzhou	Zhuhai	Shenzhen
Living wage: yuan / month	5300	4312	5580	6230
Minimum wage: yuan/ month	2020	1800	1720	2200

## 4.2 Priority of spending by workers

To assess which category of expenditure workers have more priority on, the questionnaire sets a question “if you have to cut your living expenses, which part of your expenses will you most likely cut?” The answer options are food, housing, education, medical, other items. The respondents ranked the options by 1, 2, 3, 4 and 5, with 1 as the most likely, 2 as possible, 3 as average, 4 as relatively unlikely and 5 as the least likely. The higher the score is, the less likely that spending will be cut, and it stands at higher priority list in the workers’ minds.

### 4.2.1 Consumptions valued most by workers in Suzhou city

In Suzhou, the first spending the workers will cut is the food expenses, followed by housing expenses, then medical expenses, education expenses and other expenses.

**Table 4-2-1 Workers' Preference for Various Living Expenses in Suzhou**

# Options	Food	Housing	Education	Medical	Others.
Most likely	113 (113)	23 (23)	2 (2)	8 (8)	11 (11)
Probably	27 (54)	77 (154)	24 (48)	17 (34)	13 (26)
Neutral	5 (15)	34 (102)	54 (162)	46 (138)	17 (51)
Less likely	5 (20)	15 (60)	49 (196)	73 (292)	15 (60)
Least likely	7 (35)	8 (40)	28 (140)	13 (65)	101 (505)
Total	157 (237)	157 (378)	157 (548)	157 (537)	157 (653)

### 4.2.2 Consumptions valued most by workers in Wenzhou city

In Wenzhou, the first spending workers will cut is other expenses, followed by

housing expenses, then food expenses, medical expenses, and education expenses.

**Table 4-2-2 Workers' Preference for Various Living Expenses in Wenzhou**

Options	Food	Housing	Education	Medical	Others
Not selected	2 (0)	5 (0)	6 (0)	5 (0)	61 (0)
Most likely	69 (69)	17 (17)	5 (5)	5 (5)	37 (37)
Probably	34 (68)	60 (120)	13 (26)	20 (40)	8 (16)
Neutral	16 (48)	24 (72)	52 (156)	38 (114)	6 (18)
Less likely	6 (24)	24 (96)	42 (168)	56 (224)	4 (16)
Least likely	11 (55)	8 (40)	20 (100)	14 (70)	23 (115)
Total	138 (254)	138 (245)	138 (455)	138 (453)	138 (202)

#### 4.2.3 Consumptions valued most by workers in Zhuhai city

In Zhuhai, the first spending workers will cut is food expenses, followed by housing expenses, and then medical expenses, education expenses and other expenses.

**Table 4-2-3 Worker's Preference for Various Living Expenses in Zhuhai**

Options	Food	Housing	Education	Medical	Others
Not selected	0	1 (0)	0 (0)	0 (0)	1 (0)
Most likely	105 (105)	16 (16)	8 (8)	7 (7)	24 (24)
Probably	26 (52)	67 (134)	21 (42)	30 (60)	16 (32)
Neutral	14 (42)	37 (111)	55 (165)	38 (114)	17 (51)
Less likely	13 (42)	23 (92)	46 (184)	71 (284)	9 (36)
Least likely	3 (15)	17 (85)	31 (155)	15 (75)	94 (470)
Total	161 (256)	161 (438)	181 (554)	161 (540)	161 (613)

#### 4.2.4 Consumptions valued most by workers in Shenzhen city

In Shenzhen, the first spending workers will cut is food expenses, followed by

housing expenses, then medical expenses, education expenses and other expenses.

**Table 4-2-4 Workers' Preference for Various Living Expenses in Shenzhen**

Options	Food	Housing	Education	Medical	Others
Not selected	0	0	0	0	1 (0)
Most likely	103(103)	17 (17)	9 (9)	10 (10)	15 (15)
Probably	28 (56)	76 (152)	17 (34)	26 (52)	8 (16)
Neutral	14 (42)	31 (93)	60 (180)	35 (105)	16 (48)
Less likely	8 (32)	23 (92)	44 (176)	69 (276)	11 (44)
Least likely	2 (10)	8 (40)	25 (125)	15 (75)	104 (520)
Total	155 (243)	155 (394)	155 (524)	155 (518)	155 (643)

#### 4.2.5 Comparative analysis of workers' spending preferences in the four cities

From the statistical analysis, we can see that workers in Suzhou, Wenzhou, Zhuhai and Shenzhen, have stronger preference on spending for education and medical expenses than the expenses on food and housing. When only taking education and medical care for comparison, the workers generally prioritize on education expenses over medical care. Education mainly refers to their children's education.

**Table 4-2-5 Priority of workers' spending (compared by total score)**

Expense category \ Region	Food	Housing	Education	Medical	Others
Suzhou (N=157)	237	378	548	537	653
Wenzhou (N=138)	254	245	455	453	202
Zhuhai (N=161)	256	438	554	540	613
Shenzhen (N=155)	243	394	524	518	643

## 4.3 Wage income of workers in the four cities

### 4.3.1 General status and composition of wages of workers

To understand the status of workers' wage, the survey also collects data on monthly net wage (take-home wage), basic wage, overtime pay, bonus (including performance bonus, year-end bonus and other bonus), cash subsidy (including housing subsidy, meal subsidy, transportation subsidy and other subsidies) and part-time income. Proportion of each category out of the total net income is also calculated. Below are the findings.

#### **1. The workers' wage structure is quite simple, which is mainly comprised of basic wage and overtime wage with other benefits and bonus making up a very small portion.**

According to statistical analysis, the net wages of workers in Suzhou, Wenzhou, Zhuhai and Shenzhen are 4,672 yuan a month, 5,484 yuan a month, 4,180 yuan a month and 5,331 yuan a month respectively. In total, the basic wage accounts for about 70% of the actual wage income of workers. In Suzhou, the basic wage of workers accounts for 75.4% of net wage income in Suzhou, 73.1% in Wenzhou, 60.2% in Zhuhai and 74.3% in Shenzhen. The second largest portion is overtime pay, accounting for about 30% of the total net wage. Overtime wages of Suzhou workers account for 27.8% of the actual wages, Wenzhou accounts for 13.6%, Zhuhai accounts for 39.9%, and Shenzhen accounts for 32.7%.

It should be pointed out that many workers do not have a clear understanding of what is exactly considered as overtime pay, especially for some workers who are paid by piece rate, by which their wages are calculated according to the production output, without clear separation of overtime hours and regular hours. As a result, information of overtime pay is not accurately listed, which also affects the accuracy of the analysis. For example, in Wenzhou, many workers receive piece rate wages, they usually work 12 hours a day and 30 days a month, and they do not calculate the income of overtime

pay, resulting in a lower proportion of overtime wages in the actual wage income.

## 2. The amount of basic wage and overtime pay are influenced by multiple factors.

The basic wage of workers is influenced by the types of work of the responders and the sampling method, which is beyond control.

The average basic wage of the workers in Suzhou is 3,428 yuan a month, 4,076 yuan a month in Wenzhou, 2,492 yuan a month in Zhuhai, and 3,867 yuan a month in Shenzhen. Among them, the basic wage of the workers in Zhuhai is significantly lower than that in the other three places. One reason is that front line workers accounts for 82.6% of the respondents in Zhuhai, which is higher than that in the other three cities. Compared with technicians, clerks and grass-root managers, front-line worker's basic wage level is lower. Therefore, the basic wage level of workers in Zhuhai is relatively low. The basic wage level in Wenzhou is the highest, not only because the proportion of technicians and clerks is relatively larger (23.9% for technicians, 15.2% for clerks and 9.4% for grass-root managers) among the respondents in Wenzhou, but also because the wage structure in Wenzhou area is mainly based on piece rate wage, and overtime pay is not calculated separately but included in the basic wage. In addition, many workers in Wenzhou are from small factories that do not deduct their wage for social insurance contribution, thus raising the basic wage level of respondents in Wenzhou.

**Table 4-3-1 Wage Composition**

Salary composition: yuan / month	Suzhou	Wenzhou	Zhuhai	Shenzhen
Take-home Wage	4672	5484	4180	5331
Take-home Wage for Front-line Workers	4053	4625	3977	4246

Basic Wage	3428 (73.4%)	4076 (74.3%)	2492 (60%)	3867 (72.5%)
Basic Wage for Front-line Workers	2972 (73.3%)	3036 (65.6%)	2293 (57.7%)	2563 (60.3%)
Overtime pay	1273 (27.8%)	759 (13.6%)	1698 (39.9%)	1685 (32.7%)
Overtime Pay for Front-line Workers	1218 (30%)	639 (13.8%)	1657 (41.7%)	1788 (33.5%)
Performance bonus	160.37 (3.1%)	142.90 (2.5%)	132.62 (3%)	170.77 (2.5%)
Performance Bonus for Front-line Workers	138	87	117	87
Year-end bonus	252 (4.9%)	297 (4.2%)	103 (2.5%)	258 (5%)
Year-end Bonus for Front-line Workers	181	18	91	77
Housing subsidy	108 (2.1%)	64 (1.2%)	58 (1.3%)	23 (0.3%)
Housing Subsidy for Front-line Workers	69	68	45	19
Food subsidy	15 (0.4%)	44 (0.7%)	197 (4.8%)	27 (0.5%)
Food Subsidy for Front-line Workers	11	31	192	59
Transportation subsidy	53 (1.3%)	35 (0.4%)	1 (0%)	4 (0.1%)
Transportation Subsidy for Front-line Workers	61	7	1.5	10

Table 4-3-1 Wage Composition for Front-line Workers



### 4.3.2. Status of workers' overtime work in the four cities

To further understand the status of workers' overtime work and evaluate how much OT pay contributes to total income, a survey was conducted by asking the following questions.

Question 1: How many days did you work overtime every month?

Question 2: How many overtime hours on average did you work?

#### 1. Status of workers' overtime work in Suzhou:

The answers to the two questions are listed in below Table 4-3-2-1 and 4-3-2-2. Based on these answers, 58.6% of the workers work overtime no less than 10 days every month and 65.6% of the workers work no less than 2 overtime hours a day.

**Table 4-3-2-1 Answers to Question 1 in Suzhou**

Days	Less than 10 days	10 - 20 days	More than 20 days
Number of workers	65	23	69
Percentage	41.4%	14.7%	43.9%

**Table 4-3-2-2 Answers to Question 2 in Suzhou**

Hours	Less than 2 hours	2 hours	More than 2 hours
Number of workers	54	60	43
Percentage	34.4%	38.2%	27.4%

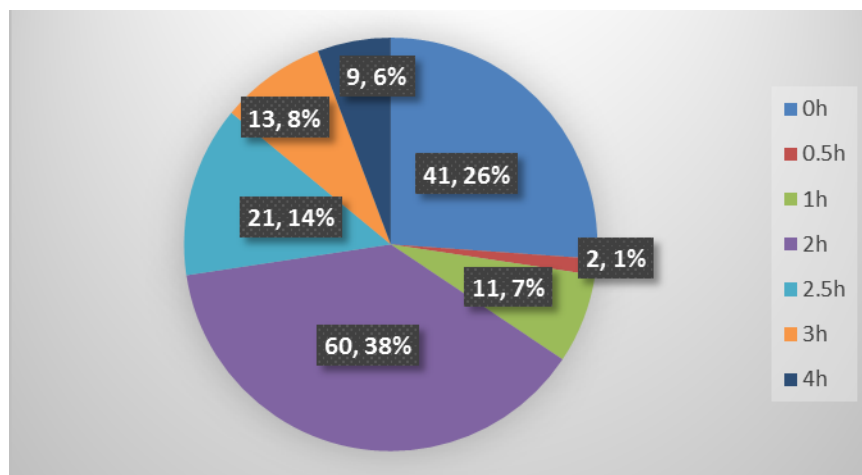


Figure 4-2-1 Daily OT hours in Suzhou

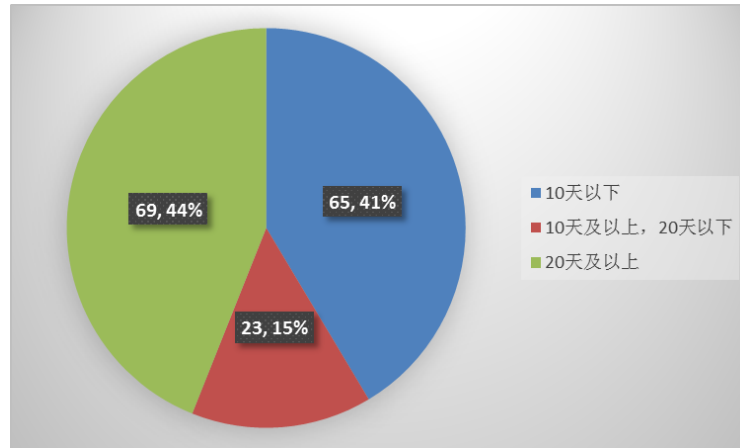


Figure 4-2-2 Number of days of working overtime in a month in Suzhou

## 2、 Status of workers' overtime work in Wenzhou:

It seems that workers in Wenzhou have a better situation. Nearly half of the workers do not work overtime and only 26.8% of the workers work overtime more than 20 days. However, the responders might under-report the actual overtime situation. The field study in an industrial park at Liushi town in Yueqing county found that lots of workers in Wenzhou are paid by piece work instead so they do not have a sense of overtime work and believe that they do not work overtime, when in fact they work 12 hours a day and 30 days a month.

**Table 4-3-2-3 Answers to Question 1 in Wenzhou**

Days	0 days	Less than 10 days	10 - 20 days	More than 20 days
Number of workers	57	15	29	37
Percentage	41.3%	10.9%	21.0%	26.8%

**Table 4-3-2-4 Answers to Question 2 in Wenzhou**

Hours	0 hour	Less than 2 hours	2 hours or more
Number of workers	63	8	67
Percentage	45.7%	5.7%	48.6%

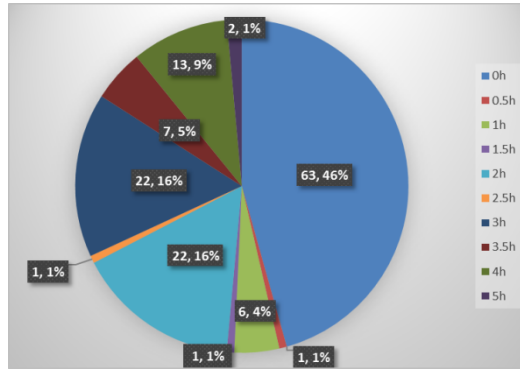


Figure 4-2-3 Average Daily OT hours in Wenzhou

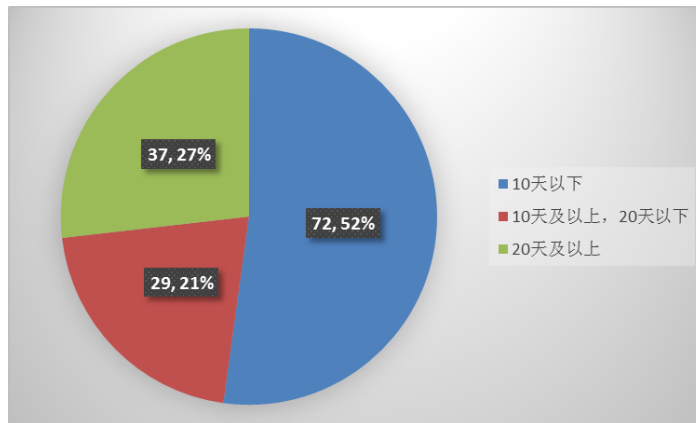


Figure 4-2-4 Number of days of working overtime in a month in Wenzhou

### 3 Status of workers' overtime work in Zhuhai:

The data from Tables 4-3-2-5 and 4-3-2-6 demonstrates that it is normal for workers in Zhuhai to work overtime every workday and work no less than 2 extra hours daily. Many workers only have 4 days off a month in Zhuhai.

**Table 4-3-2-5 Answers to Question 1 in Zhuhai**

Days	Less than 10 days	10 - 20 days	More than 20 days
Number of workers	25	4	132
Percentage	15.5%	2.5%	82.0%

**Table 4-3-2-6 Answers to Question 2 in Zhuhai**

Hours	Less than 2 hours	2 hours	More than 2 hours
Number of workers	7	17	137
Percentage	4.3%	10.6%	85.1%

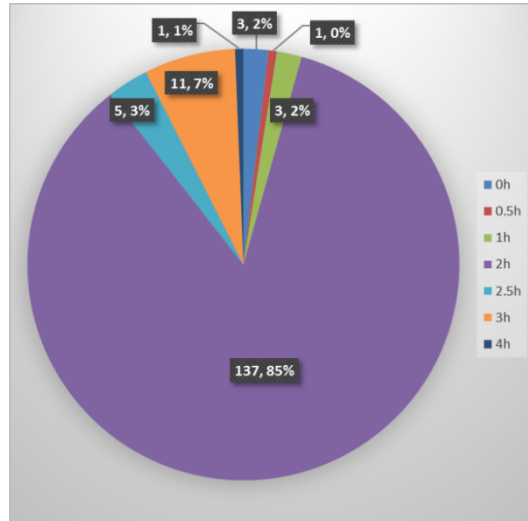


Figure 4-2-5 Average daily OT hours in Zhuhai

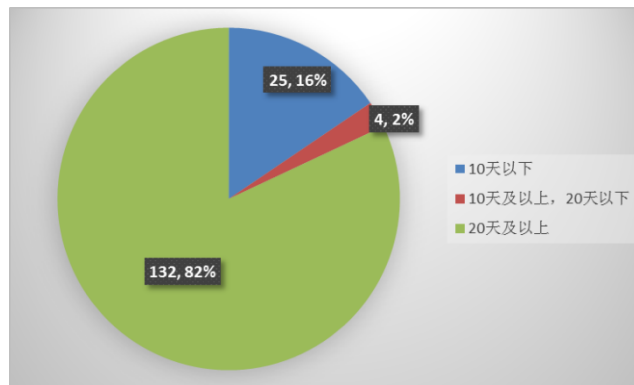


Figure 4-2-6 Number of days of working overtime in a month in Zhuhai

#### 4、Status of workers' overtime work in Shenzhen:

According to the data shown in Tables 4-3-2-7 and 4-3-2-8, majority of the workers work overtime no less than 10 days every month and no less than 2 OT hours per day. So, it is also common for workers to work overtime in Shenzhen.

**Table 4-3-2-7 Answers to Question 1 in Shenzhen**

Days	Less than 10 days	10 - 20 days	More than 20 days
Number of workers	40	34	81
Percentage	25.8%	21.9%	52.3%

**Table 4-3-2-8 Answers to Question 2 in Shenzhen**

Hours	Less than 2 hours	2 hours	More than 2 hours
Number of workers	39	85	31

Percentage	25.2%	54.8%	20.0%
------------	-------	-------	-------

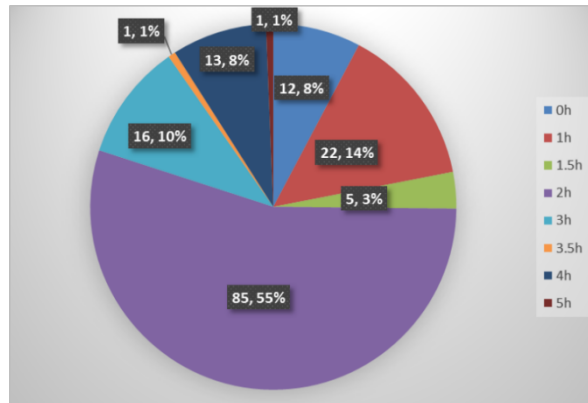


Figure 4-2-7 Average daily OT hours in Shenzhen

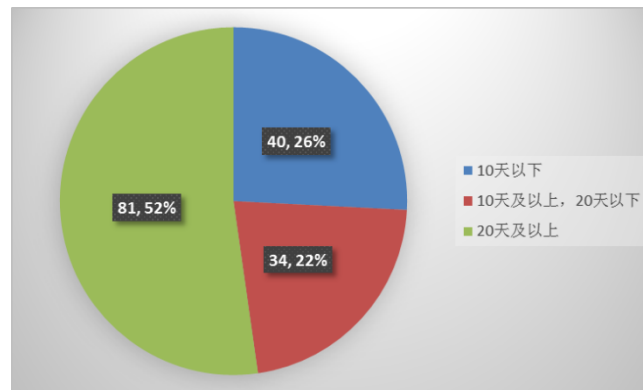


Figure 4-2-8 Number of days of working overtime in a month in Shenzhen

### 5. Comparison of overtime status among the four cities

From the data demonstrated below, working overtime is common among the four cities and Zhuhai performs the worst. Although Wenzhou's data look better than other three cities', the real numbers might be close, considering lots of the workers in Wenzhou did not have a sense of overtime work and did not accurately fill out the questionnaire accordingly.

**Table 4-3-2-9 Comparison of overtime status among the four cities**

City	Suzhou	Zhuhai	Shenzhen	Wenzhou
Percentage of no less than two OT hours daily	65.6%	95.7%	74.8%	48.6%
Percentage of no less than 20 days of working overtime monthly	43.9%	82.0%	52.3%	26.8%

As the survey was conducted during the COVID-19 pandemic, the data collected might look better than usual because of lower business demands for factories and lower workload for workers than usual.

### 4.3.3. Workers' views on their salary in the four cities

The following three questions were asked to assess how workers view their salary.

Question 1: Will you quit your job merely out of salary reason?

Question 2: Is your salary sufficient to cover your cost of living?

Question 3: Are you satisfied with your current salary?

#### 1. Impact of salary as a direct cause for resignation in the four cities

The data shows that salary greatly influences workers' decision to stay or to resign. More than half of the workers who were asked in Suzhou, Wenzhou, Zhuhai and Shenzhen during the survey expressed their intention to resign merely because of low salary. Shenzhen has the biggest percentage of workers, that is 79.4%, have the intention to resign out of salary issue, probably due to a higher pressure of living. On the other hand, 28.9% of workers in Wenzhou think that they would not quit out of salary reason, while less than 20% of workers in other three cities think they would not resign because of salary issue. The average net wage in Wenzhou is the highest among the four cities and more workers are satisfied with their salary in Wenzhou than in other three cities.

**Table 4-3-2-1 Impact of Salary on Intention to Resign**

Answer to	No	Probably No	Don't know	Probably Yes	Yes
Question 1		No		Yes	
Suzhou (157 workers)	7 (4.5%)	21 (13.4%)	36 (22.9%)	54 (34.4%)	39(24.8%)
Wenzhou (138 workers)	2 (1.4%)	38 (27.5%)	24 (17.4%)	61 (44.2%)	13 (9.4%)
Zhuhai	5 (3.1%)	24 (14.9%)	50 (31.1%)	44 (27.3%)	38(23.6%)

---

(161 workers)					
Shenzhen	3 (1.9%)	9 (5.8%)	20 (12.9%)	82 (52.9%)	41 (26.5%)
(155 workers)					

---

## 2. Workers' opinion on whether their salary is sufficient to cover cost of living

Based on the data in Table 4-3-2-2, 16.6% of workers in Wenzhou do not think that their salaries is sufficient to cover their cost of living, while 38.2% in Suzhou, 37.9% in Zhuhai and 42.6% in Shenzhen do not think their salary is sufficient to cover their cost of living. In general, wage is a big concern for most workers.

**Table 4-3-2-2 Is your salary sufficient to cover cost of living?**

Answer to Question 2	Not at all	Mostly Insufficient	Neutral	Mostly sufficient	Definitely sufficient
Suzhou (157 workers)	14 (8.9%)	46 (29.3%)	76 (48.4%)	19 (12.1%)	2 (1.3%)
Wenzhou (138 workers)	10 (7.2%)	13 (9.4%)	64 (46.4%)	47 (34.1%)	4 (2.9%)
Zhuhai (161 workers)	22 (13.7%)	39 (24.2%)	80 (49.7%)	19 (11.8%)	1 (0.6%)
Shenzhen (155 workers)	20 (12.9%)	46 (29.7%)	73 (47.1%)	15 (9.7%)	1 (0.6%)

---

## 3. Satisfaction level of current wage

Majorities of workers in Suzhou, Zhuhai and Shenzhen are not satisfied with their salaries according to the data. Workers in Suzhou complain that their salary is low while the cost of living is high. Some think that their work deserves a higher salary and the COVID-19 pandemic has been affecting their companies' revenue which also affects their wage.

30.5% of the workers in Wenzhou are not satisfied with their wage. They are worried about the high living expenses in the future, for example, for their children's education. Moreover, they are not satisfied with their piecework wage as there is no base pay.

Most of the workers in Zhuhai are dissatisfied with their wage. What they earn is

not sufficient to support their family for basic living. In addition, they think their salary increase in a very slow pace and it is difficult to move to higher steps.

Similar to Suzhou and Zhuhai, the workers in Shenzhen think their wage is insufficient to cover cost of living either. They also complain that reduced overtime leads to lower wage. Some workers do not think they are paid fairly, compared with more experienced workers. Their wage is only half of that for more experienced workers while they are doing the same job.

**Table 4-3-2-3 Satisfaction level of current salary**

Answer to Question 3	Strongly Dissatisfied	Dissatisfied	Neutral	Satisfied	Strongly satisfied
Suzhou (157 workers)	15 (9.6%)	89 (56.7%)	39 (24.8%)	14 (8.9%)	0 (0%)
Wenzhou (138 workers)	7 (5.1%)	35 (25.4%)	64 (46.4%)	32 (23.2%)	0 (0%)
Zhuhai (161 workers)	16 (9.9%)	89 (55.3%)	42 (26.1%)	14 (8.7%)	0 (0%)
Shenzhen (155 workers)	24 (15.5%)	90 (58.1%)	33 (21.3%)	6 (3.9%)	2 (1.3%)

#### 4.3.4 Workers' expectation of salary

The workers' expectation of salary in the four cities is listed from Table 4-3-4 and from Figure 4-3-4-1 to Figure 4-3-4-4 . Almost all workers expect a salary of more than 4,000 yuan. It shows that most of the workers in Zhuhai and 44% of the workers in Suzhou expect a salary between 4,000 and 6000 yuan per month. The workers in Wenzhou and Shenzhen expect a much higher salary. Nearly half of the workers in Wenzhou and more than half of the workers in Shenzhen expect a salary higher than 7000 yuan. Especially in Shenzhen, 21.9% of the workers expect a monthly wage more than ¥10000, which might be related to a higher cost of living in Shenzhen. Overall, workers' expectation of salary match with their cost of living.



**Table 4-3-4 Workers' expectation of salary in the four cities**

Expected city	Salary	Below 4000	4001 - 5000	5001- 6000	6001- 7000	7001- 8000	8001- 9000	9000- 10000	Above 10000
Suzhou (157 workers)		12 (7.6%)	40 (25.5%)	28 (17.8%)	18 (11.5%)	27 (17.2%)	2 (1.3%)	25 (15.9%)	5 (3.2%)
Wenzhou (138 workers)		5 (3.6%)	25 (18.1%)	27 (19.6%)	19 (13.8%)	27 (19.5%)	6 (4.4%)	19 (13.8%)	10 (7.2%)
Zhuhai (161 workers)		3 (1.9%)	68 (42.2%)	55 (34.2%)	13 (8.0%)	10 (6.2%)	0 (0.0%)	8 (5.0%)	4 (2.5%)
Shenzhen (155 workers)		2 (1.3%)	17 (11.0%)	27 (17.4%)	22 (14.2%)	20 (12.9%)	2 (1.3%)	30 (19.3%)	35 (22.6%)

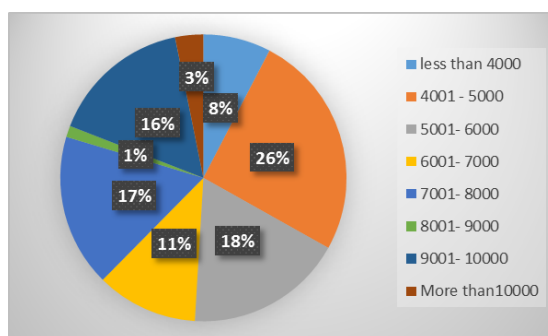


Figure 4-3-4-1 Workers' expectation of salary in Suzhou

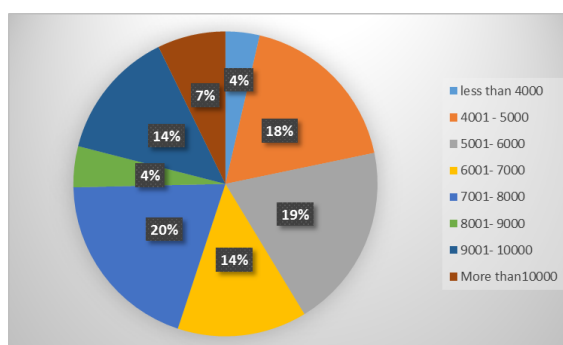


Figure 4-3-4-2 Workers' expectation of salary in Wenzhou

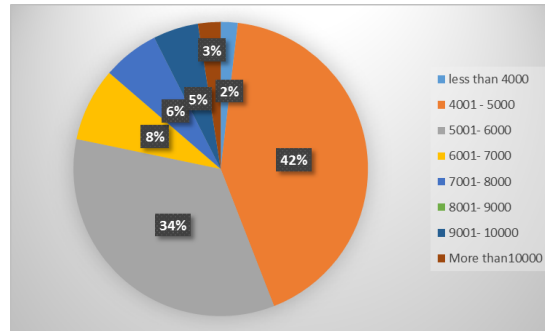


Figure 4-3-4-3 Workers' expectation of salary in Zhuhai

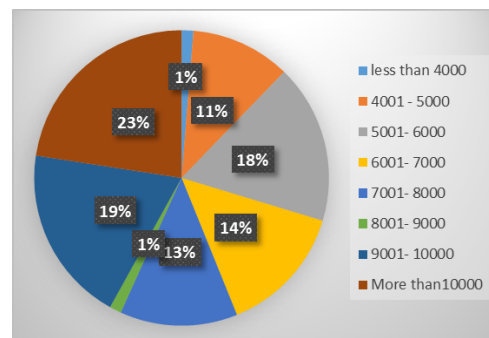


Figure 4-3-4-4 Workers' expectation of salary in Shenzhen

### 4.3.5 Workers' suggestions for improvement of salary structure

To find out how workers think of their salary structure, workers' suggestions on how to improve salary structure were collected from the survey which are listed in Table 4-3-5-1.

**Table 4-3-5-1 Workers' suggestions for improvement of salary structure**

Suggestion	Suzhou	Wenzhou	Zhuhai	Shenzhen
Increase base wage	86(54.8%)	47(34.1%)	81(50.3%)	108(69.7%)
Increase bonus including performance bonus, seniority bonus, bonus for not taking a leave of absence, etc.	32(20.4%)	40(29.0%)	59(19.0%)	35(22.6%)
More overtime work or increase overtime rate	12(7.6%)	Some of 29(19.0%)	5(3.1%)	11(7.1%)

Increase hourly wage	11(7.0%)	13(9.4%)	10(6.2%)	15(9.7%)
Increase subsidy for housing, or transportation, or meals, etc.	8 (5.1%)	9(6.5%)	8(5.0%)	0
Increase housing fund	0	0	1(0.6%)	6(3.9%)
Increase piece work wage	0	0	1(0.6%)	0
Increase seniority wage	0	0	1(0.6%)	0
Combine of base pay and piece work wage	0	Some of 29(19.0%)	0	0
Contribute to Social Insurance and Housing Fund	0	Some of 29(19.0%)	0	0

The most popular suggestions are to increase base wage and bonus. The workers also suggest employers to increase hourly wage or subsidy as well as allow them to work more overtime. Nevertheless, due to low base wage, workers must work overtime to earn more so that they can support their families, though they dislike working overtime by nature.

Some workers in Wenzhou suggested their employers should provide social securities and the housing fund and offer them with guaranteed base wage, though they are paid by piece rate. Although the wage of the workers in Wenzhou seems more decent, they are not protected by social insurance. Furthermore, they do not have guaranteed base wage and are only paid by piecework. When companies do not have business orders, workers will get no pay. They do not have a sense of overtime work and usually work 12 hours a day and 30 days a month. That is why workers in Wenzhou emphasized more on social security coverage and support for basic living.

#### 4.3.6 Impact of the COVID-19 pandemic on wage

Since the survey was conducted during the COVID-19 pandemic and many companies were adversely affected, additional question on how workers were affected by COVID-19 pandemic was added in the survey questionnaire. Their answers were summarized below.

Most workers' wage is less than before mainly due to less overtime work and less revenue of their employers. Workers in Zhuhai faced a higher risk of unemployment because their companies are doing business with foreign clients who also suffer from

the pandemic. Some workers replied that it was hard to find a new job and people were anxious. Some were not able to keep part-time jobs.

**Table 4-3-6-1 Impact of COVID-19 pandemic on workers' wage**

Impact	Suzhou	Wenzhou	Zhuhai	Shenzhen
No	15 (9.6%)	39 (28.3%)	7 (4.3%)	8 (5.2%)
Less overtime work and less wage	111 (70.7%)	61 (44.2%)	125 (77.6%)	73(47.1%)
Less bonus and subsidy	66 (42%)	54 (39.1%)	112 (69.6%)	51(32.9%)
Unemployment Risk	37 (23.6%)	21 (15.2%)	63 (39.1%)	43(27.7%)
Other	11 (7%)	22 (15.9%)	13 (8.1%)	3 (1.9%)

#### 4.4 Comparison between workers' income and cost of living

The concept of living wage is used to represent workers' cost of living. Living wage does not include overtime wage. The data in Table 4-4-1 shows that overtime wage makes up approximately 30% of worker's total income in Suzhou, Zhuhai and Shenzhen. Without overtime work, the workers' average wage is far below the living wage in the three cities.

Although workers' base wage is close to the living wage in Wenzhou, their overtime pay is mixed up with basic wage due to piecework system. Moreover, many workers in Wenzhou do not have social securities or housing fund.

In order for workers to earn a living wage without working overtime, base wage should be increased. Salary structure should be improved too, for example, the portion of bonus and subsidy should be raised too.

**Table 4-4-1 Workers' average income and expense**

Type of income and expense (RMB, monthly)	Suzhou	Wenzhou	Zhuhai	Shenzhen
Living wage	5300	4312	5580	6230
Take-home wage	4672	5484	4180	5331
Base wage	3428	4076	2492	3867
Overtime wage	1273	759	1697	1685

## 5 Conclusions and recommendations

### 5.1 Wage structure should be improved, and basic wage should be increased

This report, using the Anker method, estimates the living wages of workers in Suzhou, Wenzhou, Zhuhai, and Shenzhen based on the survey data on the cost of living collected from the survey. The living wages of workers in the four regions are estimated as 5,300 yuan a month in Suzhou, 4,312 yuan a month in Wenzhou, 5,580 yuan a month in Zhuhai, and 6,230 yuan a month in Shenzhen. The report also compares living wage against their net wage (take-home wage) in various regions and finds that when excluding overtime wage and social insurance contributions, the net wage of workers in all regions fails to meet the living wage level, making workers unable to afford the living expenses for their families in the working city. It is still quite common for workers to live away from their family. To meet the living wage, local enterprises should also improve the wage structure of workers in addition to raising the basic wage. That includes increasing bonuses and other welfares, enabling workers earn sufficient wage for a basic decent life without working overtime.

### 5.2 Better support to workers with school children

Through the investigation of workers' priority on spending on food, housing, education, and medical care in Suzhou, Wenzhou, Zhuhai, and Shenzhen, it was found that among the four types of expenses, workers pay more attention to education and medical expenses, and children's education expenses are considered most important. In response to this phenomenon, the government should guarantee the right of children from migrant workers' families to receive education at the cities where they work. Employers should consider the educational needs of workers' families with children. The work schedule can be more flexible. Employers can provide more benefits for families with children, such as daycare, after-school care services, and parent-child companionship services during winter and summer vacations.

## 5.3 Workers' views and expectations of wage income

The report analyses the workers' view of current wage income such as the impact of wages on workers' intention to resign, workers' opinion on whether salary can cover cost of living, workers' satisfaction level of current salary, workers' expectations of salary, and workers' suggestions for improvement of salary structure. The data shows that wage is a factor that greatly influences workers' decisions to stay or to resign. Among those surveyed in Suzhou, Wenzhou, Zhuhai, and Shenzhen, more than half of the workers said they "will"/"very likely" quit their jobs because of low income. In Shenzhen, this proportion even reached 79.4%.

Except for Wenzhou, workers in all other three cities have a negative attitude towards whether their wage income can cover their living cost. About 47% of workers have a moderate attitude toward whether their current wage income can cover living expenses. Except for Wenzhou, more than 37% of workers believe that current wage income "Cannot" or "Definitely cannot" meet their basic living expenses.

Overall workers' satisfaction with their wage is low in the four cities. Among the respondents, more than half of the workers in Suzhou, Zhuhai, and Shenzhen are "Dissatisfied" with their current wages. In Wenzhou, 46.4% of people choose "Neutral", and 30.5% of the workers were dissatisfied, which was higher than the proportion of people who chose "Satisfied" or "Strongly Satisfied".

In terms of workers' expectation, only 7.6% of workers expected salary lower than 4000 yuan a month in Suzhou, while 43.3% expected salary between 4000 and 6000, and 49.1% expected salary above 6000 yuan a month. Most workers in Wenzhou and Zhuhai expected to earn between 4,000 and 6,000. In contrast, workers in Shenzhen expected higher wages, ranging from 5,000 yuan to 7,000 yuan. From the perspective of workers' expectations for improvement of the wage structure, most workers hope to see increases in their basic salary, bonuses, allowances, and other welfare income, followed by increasing hourly wages, subsidies, and overtime hours.

The fact that most workers' dissatisfaction with their current income is mainly because their income is insufficient to cover their living expenses and their worries

about possible high living cost in the future with insufficient savings. Therefore, it is also necessary to adjust workers' wages in a timely manner with reference to general consumption levels in the society, prices, and other factors. In addition, strengthening social security for workers is also an important part of improving workers' welfare.

## 5.4. The impact of emergencies on workers

As the survey was carried out during the COVID-19 pandemic period, that may have a certain impact on workers' current wages and income, which in turn will affect workers' evaluation of income, the researchers also tried to investigate the impact of the pandemic on workers. It shows that the impact is mainly manifested in "reduction of overtime work and lower income" and "reduced bonus and other welfare income due to bad business demands." Workers in Zhuhai and Shenzhen are also facing a greater risk of unemployment because there are more foreign-owned enterprises there. Therefore, when talking about guaranteeing workers' wages and benefits, attention should also be paid to improving workers' ability to cope with risks, so that workers have the ability to deal with the negative impact of emergencies on their lives.

# 6 Shortcomings of the research

## 6.1 Random sampling reduces its representativeness

This survey was originally planned to adopt a sampling method combined with systematic sampling, proportional sampling, and snowball sampling. However, during the actual execution, workers were quite sensitive to question related with wage & benefits, and cost of living, etc. (some factories require employees to keep their wages confidential), and on the other hand, they have insufficient knowledge and trust in social organizations conducting the research. As a result, it was very challenging to distribute questionnaires within the enterprise and among workers. Therefore, after several attempts by using the standard sampling method, the researchers had to take a different approach and mainly adopted the sampling in a "snowball" manner (distributing questionnaire among workers through their network of workers). This

sampling method weakens the representativeness of the sample.

## 6.2. Data accuracy needs to be further improved

When questions on monthly net wages, basic wages, overtime wages, bonuses (including performance bonuses, year-end bonuses and other bonuses), cash subsidies were asked, workers were reluctant to disclose their real income to strangers or outsiders; on the other hand, workers' understanding of basic wages and overtime wages is often wrong. For example, some workers perceived basic wages as total wages under normal circumstances, or overtime wage as total wages which include overtime pay. To improve the authenticity of the data, the researchers tried to make phone calls with some workers to verify the answers on the questionnaire. However, many respondents refused to answer calls from strangers or refused to respond because of doubts of the researcher's identity. As the sample size is large, it is difficult to re-verify all the answers. As a result, some data on workers' salary and benefits may differ from the actual situation. Fortunately, statistical analysis using average data can help reduce errors caused by individual sample data. Regarding the living expenses of workers in terms of food expenses, housing expenses, education expenses, and other expenses. some workers during the early stage of survey answered that they "have not even calculated" or "It's unclear", so it can only be estimated the average level of workers' living expenses based on the data available on the questionnaire..

### Acknowledgement

We would like to thank all the members of the project team for their joint efforts; thank Suzhou Xingxingjiayuan Social Work Service Center, Shenzhen Encourage Social Work Service Center and other partner organizations for contacting and forwarding the survey; thanks to NGO partners Qin Qiulin, Wenwu, Wen Huajing's contact and forwarding ; thanks to the volunteers He Juan, Yang Haisheng, Wang Cuiping, Liang Yongsi, Wang Huili, Wang Mingguang, Hong Chengxu, Wu Cuifen, Dong Gao, Zhou Mingsong, Wang Juan, Xiong Zhen, Wang Chuanqing, Chen Hong,



Hu Yacheng, Long Bihai, Hu Zuyang, Peng Guangfu, Xie Jianlin, Xue Dingjie, Yang Yingchun and others filled out and assisted in forwarding the questionnaires; thanks to other workers who participated in the questionnaire filling!

## References

- 【1】 Huang Yan, Yang Fang. Analysis of the degree of security of the minimum wage system: Taking Shenzhen, Guangdong Province as an example [J]. China Population Science. 2011(4).
- 【2】 Ji Yueting, Overview of American Living Wage System [J]. Human Resources Management. 2012.
- 【3】 Wang Li. Digital Labor and Exploitation: Taking the Labor of an Electronic Manufacturing Factory as an Example [J]. Higher Education Online. 2018.
- 【4】 Wang Yu, Wang Sangui. How big is the wage gap between migrant workers and urbanization? ——Measurement of Living Wages of Workers in Shenzhen Manufacturing Industrial Park [J]. Journal of Renmin University of China. 2017 (4).
- 【5】 Anker R, Anker M. Living Wages Around the World: Manual for Measurement [M]. Edward Elgar Publishing, 2017.
- 【6】 Anker R. Poverty lines around the world: A new methodology and internationally comparable estimates [J]. International Labour Review, 2006, 145(4): 279 - 307.
- 【7】 Figart, D.M. Living Wage Movements: Global Perspectives. Routledge, 2004
- 【8】 Reynolds, D. Living wage campaigns as Social Movements: Experiences from Nine Cities. 【J】. Labor Studies Journal, 2001, 26(2): 31-64.