

Wages and working hours



Principles:

All workers are paid a wage equal to or exceeding the legal minimum wage.

All workers (including workers paid piece rate) do not work more than national legal maximum hours; overtime hours are worked on a voluntary basis, and workers have at least one day off in seven.

Definition of minimum wage

“The lowest wage permitted by law or by a special agreement”¹

Definition of working hours

“The amount of time someone spends at work during a day”²

What does 'minimum wage' mean?

- The minimum wage is the lowest payment per hour that an employee can receive.
- The national or local minimum wage often varies according to age and job type.
- All employers must pay the minimum wage or above.

What are excessive working hours?

- Excessive working hours are those that exceed legal limits.
- Legal limits on working hours protect workers' wellbeing.
- Excessive work can lead to increased risk of injury and illness, and lower moral and wellbeing.
- Excessive working hours often lead to reduced overall productivity and higher rates of absenteeism.



Key message:

Wages and working hours must be legal and agreed by contract.

Facts

- The average (median) income per person is just under \$3,000 USD per year.³
- However, around 10% of the world's population lives on less than US \$1.90 a day (Purchasing Power Parity).⁴
- Many countries have followed the International Labour Organisation (ILO) Hours of Work Convention – limiting working hours to a maximum of 48 hours per week.
- Estimates of working hours in most countries are less than 48 hours per week.⁵
- However, poor enforcement in some sectors and countries means that significant challenges still exist.⁵

The importance of a minimum wage

- Minimum wages are designed to protect workers and their families.
- They are intended to ensure that employees have enough income for a basic standard of living.
- Paying the minimum wage is a legal requirement in most countries.

Continued...

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- A worker must receive the minimum wage for standard working hours.
- Workers must receive the hourly minimum wage multiplied by the number of hours worked.
- This applies to all workers, regardless of if they are paid by the hour, on a salary, or for pieces produced.
- The minimum wage must be paid for hours worked, before taking into account extra payment for overtime.

What is expected at sites?

- Timesheets and attendance records for working hours, overtime and days off.
- Documented process for determining legal wages.
- Maintained payrolls describing payments, calculations and hours.
- Pay slips provided to workers, detailing records of payment, deductions, bonuses and overtime.
- Workers receive at least one day off per week.
- Overtime is voluntary, agreed with workers in advance and is documented.

What if wages are insufficient or working hours excessive?

- There can be many factors that might lead to excessive working hours or insufficient wage payment.
- However, it is the legal requirement of employers to pay minimum wages, correctly compensate overtime, and ensure hours are not excessive.
- Discussions between sites and workers' representatives should seek to address issues with wages and working hours.
- They should also try to understand the underlying drivers of excessive working hours or inadequate wages, and seek to address these issues.
- In all cases, the interests of the workers must be put first.

Overtime payment

- Overtime must be voluntary.
- Any hours worked that exceed normal agreed working hours are considered as overtime.
- In most countries it is a legal requirement that workers should be paid more per hour for overtime.
- However, total hours worked (normal hours worked plus overtime) cannot exceed legal limits.
- The ILO suggests that total working hours (including regular and overtime hours) should not exceed 60 hours per week.

Piece rate workers

- Regardless of the way workers are paid, they must receive at least the minimum wage for the hours worked.
- For piece rate workers, sites must calculate the normal number of pieces that are produced over a time period. They must then pay workers enough for each piece to ensure that they earn the minimum wage over an eight-hour shift.
- If workers work more than eight hours, they must be paid more per piece produced to reflect overtime rates.

The living wage

- In some cases the legal minimum wage may not be sufficient to support a reasonable quality of life.
- In these cases, employers can voluntarily decide to pay a 'living wage'.
- This is an amount over the minimum wage, which reflects the cost of living and supports the welfare of workers and their families.

Additional information and resources

- [ILO Hours of Work \(Industry\) Convention](#)
- [Sample - monthly payroll](#)
- [Sample - payslip](#)
- [Sample - attendance register](#)

1. Oxford Dictionaries, 2015. Minimum wage. <http://www.oxforddictionaries.com>
 2. Cambridge Dictionaries Online, 2016. Working hours. www.dictionary.cambridge.org
 3. Gallup, 2013. Worldwide, Median Household Income About \$10,000. www.gallup.com
 4. The World Bank, 2015. World Bank Forecasts Global Poverty to Fall Below 10% for First Time; Major Hurdles Remain in Goal to End Poverty by 2030. www.worldbank.org
 5. S. Lee, D. McCann & J.C. Messenger, 2007. Working Time Around the World: Introduction. Routledge.