

Wages and Working Hours

Principle:

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 days.

Key message:

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

Definition of minimum wage

*"the minimum amount of remuneration that employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract."*¹

Definition of working hours

*"the period during which an employee is available for employment including short breaks allowed to an employee by agreement for rest and fresh air."*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' well-being.

Facts:

- However, around 10% of the world population lives on less than US \$1.90 per person per day at purchasing power parity (PPP).³
- 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 – in Malaysia, it is 45 hours per week.
- However, poor enforcement in some sectors and countries means that significant challenges still exist.

The importance of minimum wages

- 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.

¹ International Labour Organisation. (n.d.). Minimum Wages: Definition and Purpose. https://www.ilo.org/global/topics/wages/minimum-wages/definition/WCMS_439072/lang-en/index.htm

² International Labour Organisation. (n.d.). Hours of Work and Rest Law, 5711-1951. <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/36146/81476/F1584867301/ISR36146.pdf>

³ International Labour Organisation. 2019. The Working Poor or How A Job is No Guarantee of Decent Living Conditions. https://www.ilo.org/wcmsp5/groups/public/--dgreports/--stat/documents/publication/wcms_696387.pdf



- Excessive work can lead to increased risk of injury and illness, and lower morale and wellbeing.
- Excessive working hours often lead to reduced overall productivity and higher rates of absenteeism.

Wages and working hours

- 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 whether 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.

- Paying the minimum wage is a legal requirement in most countries.

Overtime payment

- Overtime must be voluntary.
- Any hours worked that exceed the normal agreed working hours are considered 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.

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.

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- 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.

Additional information and resources

- [Convention 1 Hours of Work – Industry, 1919](#)
- [Convention 14 Weekly Rest – Industry, 1921](#)
- [Convention 102 Social Security - Minimum Standards, 1952](#)
- [Convention 131 Minimum Wage Fixing, 1970](#)
- [Recommendation 116 Reduction of Hours of Work Recommendation, 1962](#)
- [Responsible Business Alliance: Working Hours](#)
- [ILO: Minimum Wage Policy Guide](#)

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