

## Labor: Wages, Benefits and Working Hours

# Wages, Benefits and Working Hours, Overview

All workers are entitled to receive at least the established minimum wage, including workers who are compensated by quotas or piecework. Although common, it is illegal to pay an employee less than the minimum wage when he/she does not meet the quota or produce enough in piecework to equal the minimum wage.

Employers are also required to provide at least the minimal benefits as prescribed by law. A common illegal practice is to show on employees' wage receipts that payments have been made for benefits — such as social security or healthcare — but not actually make the payments. Such violations are particularly harmful since employees generally do not find out that they are not covered until they seek help for a serious condition.

The following wage information is taken from ILO Convention 95; however, other laws, collective agreements, and customer requirements must also be taken into consideration to determine legality of wage policies.

*NOTE: In many countries there are local minimum wage laws that differ from national laws, so it is critical to closely monitor changes to local laws in addition to national and international laws.*

### Forms of Payment

In most cases wages must be paid in legal tender and not in alternative forms such as promissory notes, vouchers, or coupons. Payment in forms such as checks or money orders is allowed after approval of a competent authority when that form of payment is:

- commonly used,
- necessary due to special circumstances,
- agreed to by collective agreement,
- mandated by arbitration decision, or
- agreed to by the employee.

## Allowances

Under certain circumstances, partial payment of wages may be made in the form of allowances — such as housing or food — under the conditions that the allowance benefits the worker and the worker's family and that the allowance is valued fairly. Deductions for other reasons are strictly prohibited.

- In absence of a law, collective agreement, or arbitration decision stating otherwise, employers must:
- Fully disclose and explain any changes to wages or benefits — amount, distribution, form, disbursement, cycle, etc — to employees
- Pay wages regularly
- Distribute wages paid in cash on a working day at or near the workplace
- Submit payment directly to worker
- Not interfere with or limit the employee's freedom to use wages as he/she sees fit
- Coerce employees into using company-owned stores or services
- Price goods and services at company-owned enterprises fairly and reasonably when worker has no access to other stores or services
- Only deduct compensation from employee wages when approved by competent authority and after clearly explaining the deductions to the employee
- Must compensate employees for services rendered before repaying other creditors when in bankruptcy or liquidation