



Workshop B: Wages & Benefits/Working Hours

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Beat Gruninger

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Objective of the workshop:

- Introduce concepts of working time and living wage
- Analyse most common non-compliances and challenges
- Present possible remediations and improvements

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Agenda:

- 1) Introduction working time (10 min)
- 2) Group discussion: Root causes (15 min)
- 3) Introduction wage & benefits (10 min)
- 4) Case studies: Living wage (15 min)
- 5) Final discussion (10 min)

1) WORKING HOURS

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The good notice first: Average working hours of Brazilians decreased in major metropolitan areas

Região	mar/02	fev/16
Recife - PE	42,6	38,8
Salvador - BA	41,0	38,8
Belo Horizonte - MG	39,8	38,3
Rio de Janeiro - RJ	41,7	38,8
Sao Paulo - SP	42,0	39,3
Porto Alegre - RS	40,5	36,4
Total das areas	41,5	38,8

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Nevertheless:

Problems with extra hours are one of the main non-compliances detected in audits in Brazil along with Health and Safety issues!

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Key definitions Working Hours according to Brazilian legislation:

Working time is the counted when the worker is at disposition of his employer, for example, travel time from home to work or time for rest and for changing uniforms (if not requested by the job) are not counting as working time.

Normal working are 8 hours a day, shall not exceed 44 hours a week and 220 hours per month, but by individual agreement or CBA the working time can be increased by two hours, respecting the monthly maximum amount of hours. Extra hours can make up maximally 2 hours per day and have to be voluntary.

In common agreement, and in certain professions, a working day of 12 hours can be determined followed by 36 hours of rest.

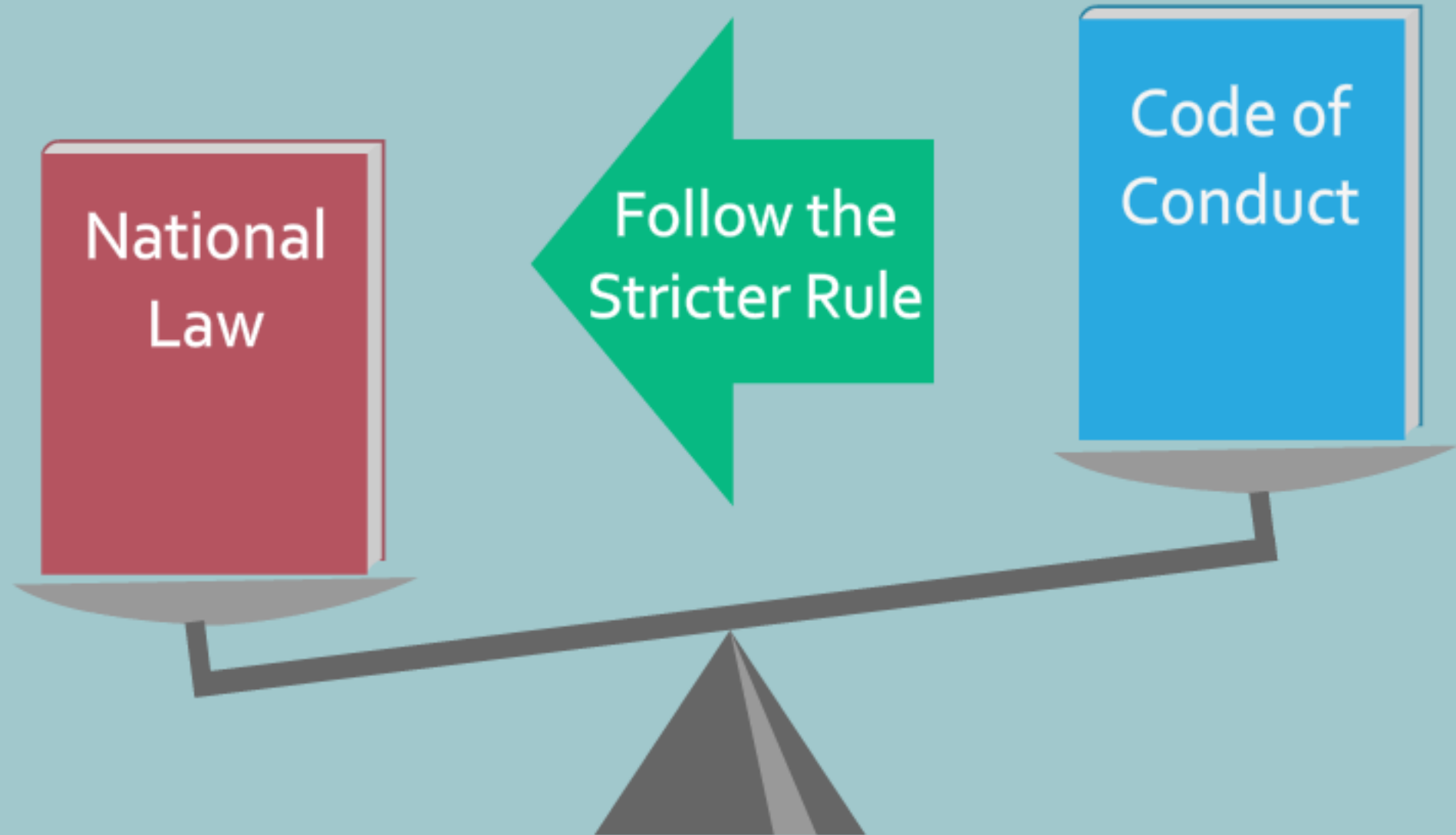
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Code of Conduct vs. Legislation:

A Buyer Code of Conducts contains worktime regulations which may allow you more overtime per month than stated in the national regulations. And you may same time you have some orders of the same buyer which need probably a lot of extra effort of your workforce and inevitably leave to extra hours of more than 2 hours a day.

What do you do as a supplier in this case?

Legal Requirements



OT



Pay



Worker Survey

More Negative Feelings



Less Productive

OT > 2hrs

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Less Loyal



Higher Injury Rates

12+

Hours/Day



Worker
Retention



Experience



Mistakes



Work
Speed




Produce
More


Less
Time

Customer Requirements

Voluntary Overtime



Sure.



It's my right.

No, thanks.

Working Hours

≠

Normal
Scheduled
Hours

+

Approved
Overtime

Working Hours = Actual Hours Worked



Scheduled Hours



Actual Overtime



Maintenance Time



Mandatory Waiting

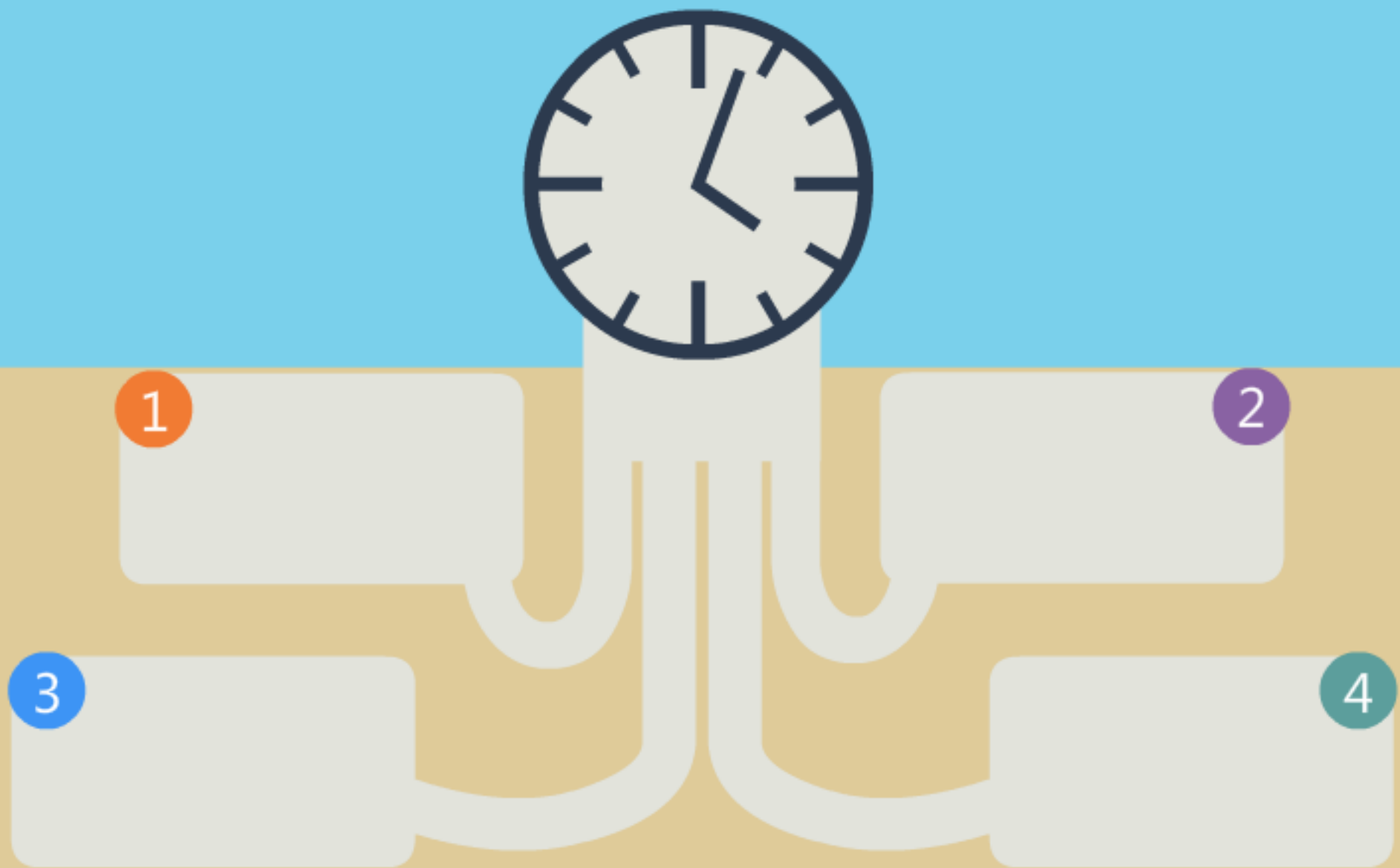


Water/Bathroom Breaks



Meetings & Trainings

Root Causes of Long Hours



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Extra hours – root causes

- 1) Regular, excessive overtime caused by peak season deliveries, last-minute orders, planting or harvest season
- 2) Constant “peak season” – company consistently exceeds hour maximum due to poor planning
- 3) Accepting orders that exceed the production capacity
- 4) Workers tend to demand extra hours to maintain a higher remuneration level

Solutions to Long Hours



Working Hours Recording System



Increasing Loyalty



Training Workers



Reducing Planning Estimates

Why to Control Working Hours

Productivity



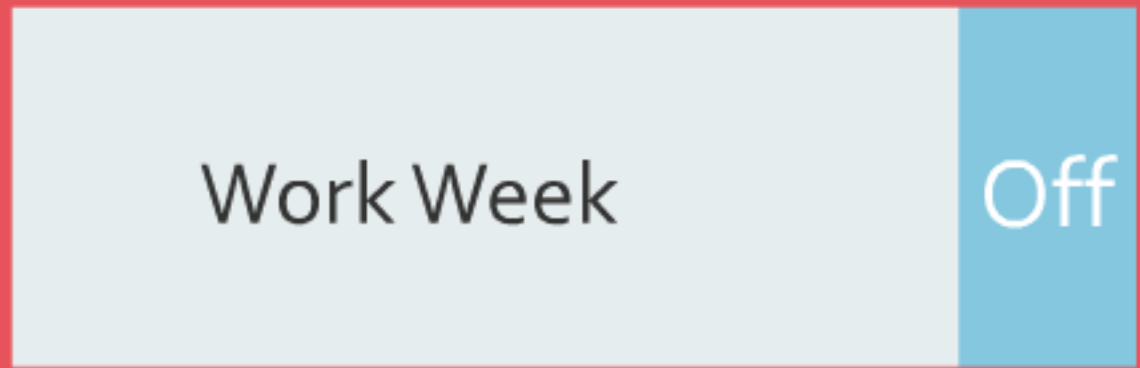
Recruiting and Training Costs



Customer Relationships

					67
					72
					79

Customer Requirements



WAGES & BENEFITS

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Minimum wage

- Set by national law

Prevailing wage

- Prevailing wage in the region for type of sector/work typically higher than the minimum wage

Living Wage (LW)

- An important concept which is part of many company supplier codes but in very few cases checked or applied.

(Source: SAI)

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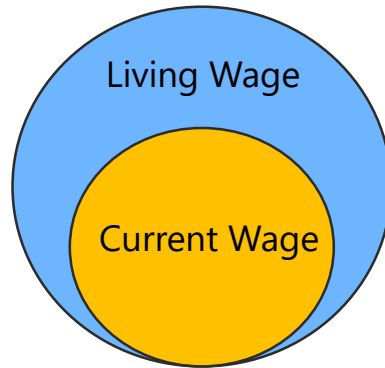
Living Wage (Source: SAI)

*“The remuneration received for a **standard work week** by a worker in a **particular place** sufficient to afford a **decent** standard of living for the worker and her or his **family**.*

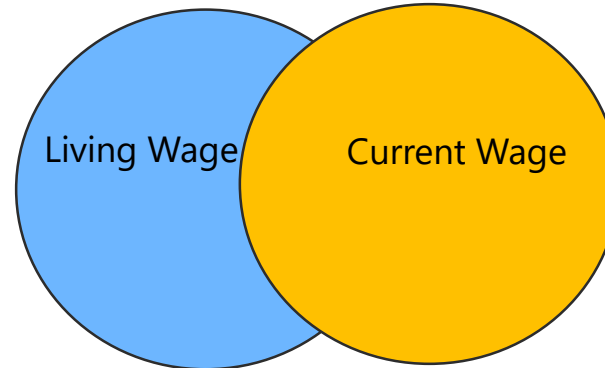
*Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including **provision** for unexpected events.”*

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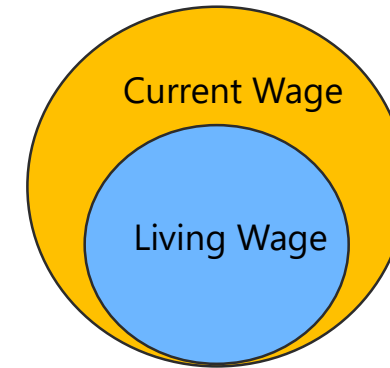
Living Wage (Source: SAI)



Situation 1



Situation 2



Situation 3

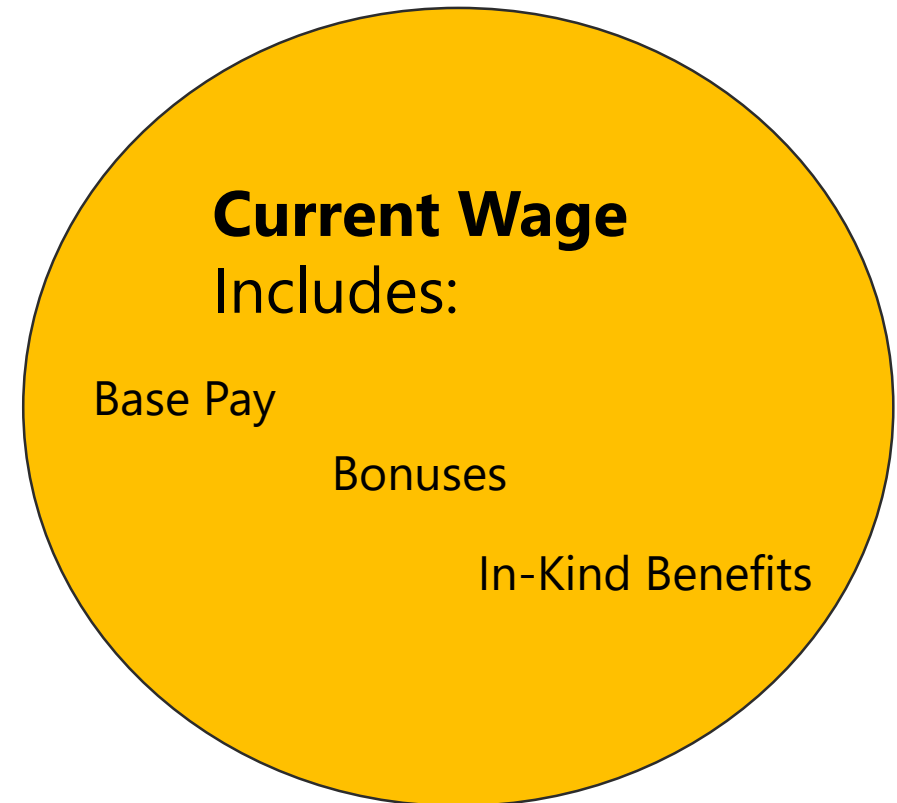
- In which global regions we often find situation 1?
- Which one is the minimally acceptable situation?

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How to assess current wage?

Guiding Principles

1. Receipt Assured
2. Received within one year
3. Earned during standard working hours at normal pace
4. Received in cash on bank (except medical insurance)



(Source: SAI)

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How to assess current wage? - Common Base Pay Systems:

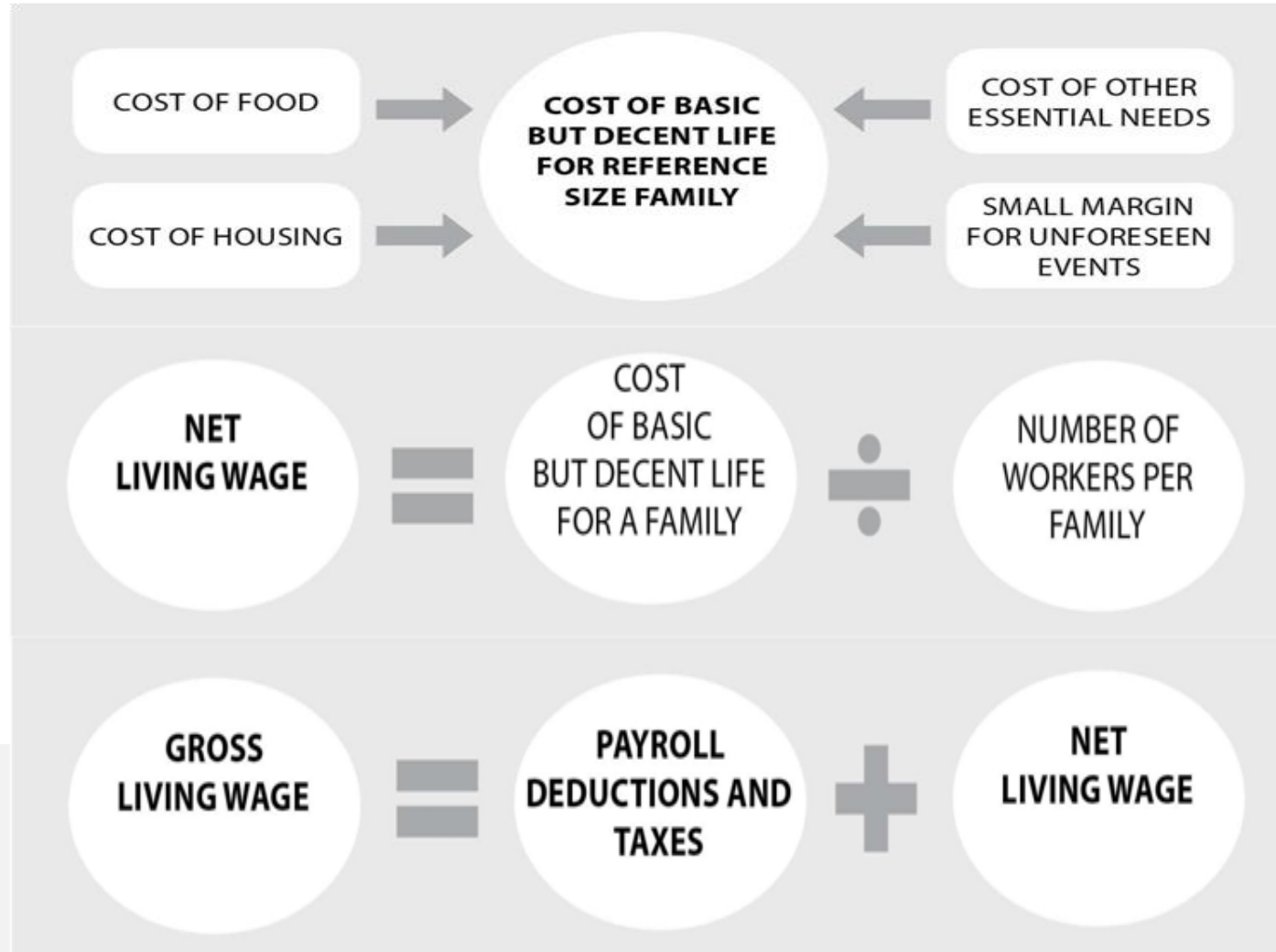
- Hourly
- Daily
- Salary
- Piece-rate and Quota's

Piece –rate systems can often lead to exploitation and are one of the most common causes of excessive overtime. If using a piece rate system it must be set at such a level that workers do not need to work beyond the normal work week in order to make a living wage.

(Source: SAI)

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How to
calculate a
living wage:



(Source: SAI)

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How to calculate a living wage: Legal minimal wage vs. necessary wage

Período	Salário mínimo nominal	Salário mínimo necessário
2019		
Junho	R\$ 998,00	R\$ 4.214, 62
Maio	R\$ 998,00	R\$ 4.259,90
Abril	R\$ 998,00	R\$ 4.385,75
Março	R\$ 998,00	R\$ 4.277,04
Fevereiro	R\$ 998,00	R\$ 4.052,65
Janeiro	R\$ 998,00	R\$ 3.928,73

(Source: Dieese)

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How to calculate necessary minimal wage:

Desta forma, pode-se resumir o cálculo do Salário Mínimo Necessário da seguinte maneira:

$$C.F.A. = 3 \times C. C.$$

$$\frac{C.F.A.}{X} = \frac{0,3571}{1,00}$$

$$0,3571 \times X = C.F.A.$$

$$X = \frac{C.F.A.}{0,3571}$$

Onde:

C.F.A. = Custo Familiar de Alimentação e

C.C. = Custo da Cesta Básica de maior valor

(Source: Dieese)

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How to calculate a living wage: Simple formula, expl. São Paulo

ÍNDICES	Expl. São Paulo	Seus dados
CESTA BÁSICA DIEESE*	501,68	
TAMANHO MÉDIO DA FAMÍLIA - IBGE**	3,10	
GASTO COM ALIMENTAÇÃO***	0,20	0,20
Remuneração usando o cálculo de salário de necessidades básicas - Valor A =	R\$ 4.276,82	

* Fonte: <https://www.dieese.org.br/cesta/> (Pesquise na internet!)

** Fonte: <https://sidra.ibge.gov.br/Tabela/386#resultado> - ref. 2006 (veja tabela)

*** Valor médio de diferentes pesquisas

A: Salário (necessidades básicas)= 0,5*tamanho médio família*cesta básica dieese*1,10/gasto com alimentação

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Case Study:

- 1. Use the worksheet and calculate the living wage in your region.**
- 2. Compare to the lowest wage level in your company**

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Case Study:

1. Use the worksheet and calculate the living wage in your region?
2. Compare to the lowest wage level in your company

THANK YOU

SUPPLIER TOOLKIT AVAILABLE FOR YOU

This free resource is designed to help facilities identify root-causes behind non-conformances and develop systems to prevent them.

Resources include:

- Remediation guidance if child labour is identified
- A self-assessment to help make sure your practices comply with expectations
- Practical tips and tools for improvement

TACKLING TOUGH SITUATIONS

WHAT DO YOU NOTICE

An employee needs money to pay for his wife's operation. He offers to work "for free" in exchange for an advance of payment.

PAUSE

THINK

WHAT NEXT

It would be fine for the company to loan this money, with small reasonable loan repayments deducted from monthly wages until it was repaid (with a clear agreement between the parties). However, it would not be ok for the employee to work for "free" and receive no wages to repay the loan.

TACKLING TOUGH SITUATIONS

WHAT DO YOU NOTICE

The minimum age for work in a country is 15 years. A 16 year old is hired to count bottles that come out of a steam compressor. The young worker stands next to a steam compressor that blows scalding hot steam a few feet from her location.

PAUSE

THINK

WHAT NEXT

In this situation, it is ok to employ a 16 year old but this is not an appropriate task for them because it is hazardous. The young worker should be given a task that is not hazardous.

The toolkit is available at: <https://aim-progress.com/storage/resources/Business Toolkit full final 15th March 2018.pdf>

