Wages in Context: Analysis of Collective Bargaining Agreements in the Apparel sector

Indonesia | Bangladesh | Honduras Ethiopia | Spain | Austria | Portugal Pakistan | Madagascar | Kenya

A report for IDH





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WageIndicator started in 2000 to contribute to a more transparent labour market by publishing easily accessible information online. It collects, compares and shares labour market information through online and face-to-face surveys and desk research. It publishes the collected information on national websites, thereby serving as an online library for cost of living and wage information, labour law, and career advice, both for workers/employees and employers. The WageIndicator websites and related communication activities reach out to millions of people each month.

By 2023 WageIndicator has offices in Amsterdam (HQ), Bratislava, Buenos Aires, Cairo, Cape Town, Düsseldorf, Jakarta, Islamabad, Maputo, Pune, Sarajevo and Venice. The foundation has a core team of 50 people and some 100 associates - specialists in wages, labour law, industrial relations, data science, data collection, statistics - from all over the world. On a yearly basis, WageIndicator Foundation offers around 150 internships to students from different universities. FLAME University in Pune, India, plays a key role in the intern program.

Bibliographical information

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Introduction

his report is a joint product between WageIndicator and IDH in the framework of IDH's Wages in Apparel and Responsible Purchasing (WARP) program, with the aim to understand the state of collective bargaining in key apparel-producing countries and inform relevant incountry interventions.

Collective bargaining is defined by ILO Convention 154 as the negotiation between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, in order to determine (1) working conditions and terms of employment and (2) regulate relations between employers and workers. The resulting written document from these negotiations is called a Collective Bargaining Agreement (CBA). These agreements can be established either at the company level, involving multiple companies (Multi Company Collective Bargaining Agreements), at the sector level, or even at an inter-professional level, encompassing all workers within a country.

The significance of collective bargaining agreements is recognized worldwide, as well as their importance to improve workers' wages and working conditions. However, only a few countries maintain comprehensive databases documenting the provisions agreed upon in these agreements. Moreover, even in cases where such databases exist, such as in the UK, New Zealand, and Brazil, they are not standardised or comparable across different countries. Since 2012, the WageIndicator Foundation has been actively collecting and categorising CBAs on a global scale within the WageIndicator Collective Agreements Database.

This report provides insights on labour law and CBAs in a variety of countries, and provides information on the process and wage data needs to support social dialogue and MCCBAs (Multi Company Collective Bargaining Agreements) in key apparel producing countries.

For each country, the following apparel-related information is provided:

- Overview of the national minimum wage, compared with actual wages, wages negotiated through CBAs, actual wages and living wages
- Benefits included on existing CBAs and MCCBAs and additionality compared to local legal requirements
- Process for negotiation and signing CBAs and MCCBAs.
- 4

WageIndicator's Minimum Wage Database

he WageIndicator <u>Minimum Wages Database</u> is one of the largest minimum wage databases in the world. The database exists since 2006 and for most countries, WageIndicator also has a historical record of changes in Minimum Wages over the years. The database currently contains 208 countries and non-recognised- and overseas territories, with <u>Georgia</u> being the 208th addition to the database in 2022.

Of these countries, sixteen have no statutory Minimum Wage, and 75 have one national Minimum Wage rate. Another 93 have between one and a hundred different Minimum Wage rates. 13 countries specify Minimum Wage rates for more than a 100 different categories of workers. The countries without a Minimum Wage rate are: Denmark, Finland, Italy, La Reunion, Norway, South Sudan, Sweden, Zimbabwe, Singapore, Iceland, Brunei, Djibouti, Somalia, Tonga, Tuvalu, North Korea.

The WageIndicator team updates the database on a monthly basis. For statistical analysis, the Minimum Wages database is available on a monthly frequency. Where only weekly or monthly wages have been provided, the amounts have been recalculated to hourly wages.

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WageIndicator's Living Wage Database

Rext to its Minimum Wage, Labour law and other databases, WageIndicator developed its Living Wage database in 2014. The methodology of the Living Wage data collection and calculation has been described in Guzi and Kahanec (2014, 2017, 2019) and Guzi et al. (2016, February 2022, May 2022, February 2023, November 2023). Even though WageIndicator first started collecting prices mainly through online surveys and web teasers, as per October 2023, less than 5% of data collected is from web users. Almost all data is currently collected by professional data collectors who conduct face-to-face surveys across the world. The data is collected and updated every three months, and a yearly average is provided in October annually.

The available Living Wage estimates allow users and stakeholders to share and compare Living Wages across countries and regions based on a harmonised methodology. The WageIndicator methodology facilitates quarterly updating of the database. WageIndicator calculates different family types such as the Standard Family, and the IDH recognised Typical Family benchmark. Since 2023, WageIndicator also provides the Single Income Earner household type.

In addition to Living Wage estimates for wage-workers and Living Income estimates for self-employed workers and small business owners, WageIndicator launched its Living Tariff estimates for gig workers and freelancers in December 2023. More information can be found in WageIndicator's most <u>recently published report</u>.

WageIndicator's Labour Law Database

AgeIndicator Foundation has been working on collecting Labour Laws on a global scale since 2008. Since 2013, it has been providing information of country-specific labour rights through its legal database, which simplifies provisions and provides references for each right. COVID-related information was recently added, as well as rights pertaining to non-standard workers like gig workers. This information is available online and as a comprehensive country guide called the <u>DecentWorkCheck</u>. The Labour Law database currently covers 140 countries across the world.

In 2022, 24% of all website visits were to the labour law section. If we include Minimum Wages in this, that figure rises to 35% of all visits. In 2022, on the World Day for Decent Work, WageIndicator and the Centre for Labour Research launched the second edition of its <u>Labour Rights Index</u>, 2 years after the first. The second edition of the index compared legislation in 135 countries, an increase of 20 from the first. The index evaluated labour laws against 10 indicators of decent work: Fair Wages, Decent Working Hours, Employment Security, Family Responsibilities, Maternity at Work, Safe Work, Social Security, Fair Treatment, Child and Forced Labour and Trade Union Rights. A special section on COVID-19 related provisions was also added to the 2022 index. Both the 2020 and 2020 indexes are also freely accessible at labourrightsindex.org.

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WageIndicator Collective Agreements Database

WageIndicator's CBA Database

WageIndicator's Collective Agreements Database was established in 2012 together with social partners (trade unions and employers organisations). The intention was to publish complete texts on national WageIndicator websites to enhance working conditions and attain decent wages by promoting the use and circulation of collective agreements in actual negotiations. Over the past eleven years, the team has collected, analysed and published more than 2700 collective agreements from 68 countries worldwide.

For each CBA, the team addresses a questionnaire which has been conceived as a comprehensive coding scheme in constant evolution, updated according to the most relevant topics emerging from the public debate at a global level. The annotated CBAs texts are published on the national websites, in national languages, where users can browse CBAs online, view CBAs visualisations and annotations, and use the CBAs comparison tool, which provides a unique opportunity to closely examine and compare the agreements across countries.

The CBA collection and coding process

The WageIndicator CBA Database applies three main approaches for gathering the collective agreements, namely 1) downloading CBAs from national registries (official national archives), 2) finding CBAs through smart Google searches and 3) directly asking the social partners (trade unions and employers' organisations) for full-text agreements.

In some cases, the latter turned out to be quite problematic when signatories are reluctant to share their CBAs. This happens for competitive reasons, or because CBAs are claimed to be available and accessible only for the signatories' parties. Overall, as in recent years CBAs have

been published online more frequently, gathering CBAs has become easier, while for certain countries the collection process keeps being quite problematic and challenging.

The database is able to guarantee total anonymity - if explicitly requested - to both the signatories of the agreements as well as the people who would like to share them with the database team. In order to ensure anonymity to the correspondents, two options are provided: 1) CBA's can be fully hidden to the public, which means that the text will not be published at all and it will only be coded and analysed for research purposes and 2) the CBA can be published but without showing any sensitive data regarding the signatories. All the referring data regarding the signatories are deleted by the team prior to publishing the text of the agreement on the WageIndicator website.

Gathered CBAs can have various formats: Word, PDF, JPEG, or even a printed booklet. These formats need to be converted, or 'cracked', through an OCR (Optical Character Recognition) software. In a next step, an HTML editor software is used to assign headings for titles, chapters, and articles. Then, the text can be uploaded in HTML format in the database. The whole "conversion" process is a time- consuming effort, specifically in case of long full texts, in case of numerous tables and graphs, or in case the original text is in JPEG format. Once texts are uploaded on the database platform, they are ready to be coded.

The coding process consists of answering a series of questions and finding, for each question, the appropriate paragraph, the so-called 'clause', that answers that specific question. The collective agreements are annotated according to a coding scheme with more than 1000 variables and relate to fourteen macro topics (and related sub-questions): General CBA data, Job titles, Social security and pensions, Training, Employment contracts, Sickness and disability, Health and medical assistance, Work/family balance arrangements, Gender equality issues, Wages, Working hours, Workers' Representation & Conflicts, New Technologies & Green clauses, and Coverage.

The annotators and coders working on the CBA Database are skilled and experienced professionals who are able to manage multiple languages. On top of the linguistic skills, all of the team members have a deep knowledge and understanding in the field of industrial relations and collective bargaining.

This process produces two datasets: one includes the data resulting from the coding, the other collects the clauses selected for each variable. The full list of questions is available in the WageIndicator Collective Agreements Database Codebook (Ceccon and Medas, 2023). The full collective agreements' texts are stored in a separate dataset.

The WageIndicator CBAs database and its related coding scheme have been conceived as an international and comprehensive tool, in order to collect, host, analyse and compare collective agreements from all over the world, at all bargaining levels (national, sectoral, company, etc.). CBAs sampling is, each time, customised according to specific projects' requirements, in terms of countries, industries (based on NACE codes), coverage, bargaining level and time range. The database allows to conduct reliable and customised statistical analysis. Comparative analysis, in particular, can be performed at many levels, such as crosscountry comparison on some topics/provisions, changes over time in one country/sector/ CBA, variations between different CBA types and qualitative analysis on specific clauses. The database has been used in several social dialogue projects in the EU, Asia, Africa and Latin America, as well as in a number of reports and publications. 6 Analysis of Collective Bargaining Agreements in ten apparel-producing countries

6.1. Agreements from the relevant sector in the WageIndicator CBA Database

The WageIndicator CBA database includes a total of 301 CBAs from the wearing apparel, textile and leather sector. Of these, there are 142 agreements that apply specifically to the apparel sector, 107 of which are from Indonesia. Table 1 shows the distribution of these agreements in the different countries.

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Country	Total number of CBAs from the wearing apparel, textile and leather sector	Number of CBAs from the apparel sector
Indonesia	179	107
Bangladesh	27	17
Brazil	19	0
Kenya	16	1
Ethiopia	12	4
Portugal	8	1
Honduras	8	6
Pakistan	7	1
Spain	4	2
Lesotho	4	0
Italy	4	0
Vietnam	2	0
Cambodia	2	0
Austria	2	2
South Africa	1	0
Senegal	1	0
Madagascar	1	1
Guatemala	1	0
France	1	0
Czech Republic	1	0
Bulgaria	1	0
TOTAL	301	142

Table 1. Wearing apparel, textile and leather CBAs available in the WageIndicator Collective Agreements Database, per country (accessed in December 2023).

The report takes into account the 142 agreements available from the apparel sector. These are single employer CBAs and multiple employers / sectoral CBAs (MCCBAs). Table 2 shows more in detail the number of available collective agreements for each country and level of bargaining.

Table 2. Apparel CBAs per country and level of bargaining available in the WageIndicator Collective Agreements Database (accessed in December 2023).

Country	Single Employer CBAs	Multiple Employers / Sectoral CBAs
Indonesia	105	2
Bangladesh	16	1
Honduras	6	0
Ethiopia	4	0
Spain	2	0
Austria	0	2
Portugal	0	1
Pakistan	1	0
Madagascar	1	0
Kenya	1	0
TOTAL	136	6

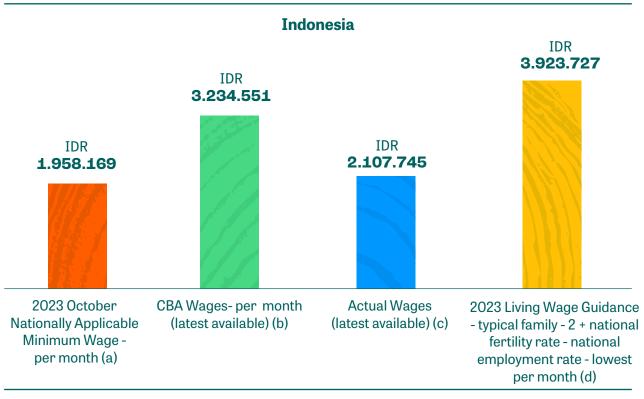
In the following paragraphs, the report provides a country-specific analysis of the wages in context and of the content of the apparel collective agreements, with particular attention to the wages and the benefits included in the CBAs. The list of countries has been decided on the basis of the availability of apparel collective agreements and includes the following ten countries: Indonesia, Bangladesh, Honduras, Ethiopia, Spain, Austria, Portugal, Pakistan, Madagascar and Kenya.



6.2 Indonesia

6.2.1. Wages in Context

Graph 1 provides a comparison of wages from the law (the lowest available in the country), from CBAs, from interviewed workers in the garment industry and from the Living Wage, as calculated by the WageIndicator Foundation in 2023. All data shown here, except for the CBA wage, are from 2023. The collective agreement wage looks high (especially considering that it is from 2017), but it is not representative of the collective agreements' wages, because normally these don't include wages and out of the 107 agreements, this was the only amount that could be found. Despite even the lowest paid people in the sector getting a Minimum Wage, the gap with the Living Wage is still substantial.



Graph 1. Wages in Context in Indonesia

Sources:

- a) Lowest Regional Minimum Wage in Central Java (<u>https://wageindicator.org/salary/minimum-wage/indonesia/40342-central-java</u>)
- b) CBA PT. Taitat Putra Rejeki 2017
- c) 10th decile of full-time workers' wages in the garment sector as collected by WageIndicator Decent Work Checks in 2023 (3013 workers interviewed)
- d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>. More information on the Minimum Wage / Living Wage gap in Indonesia in 2022 can be found also in this visual: <u>https://public.tableau.com/app/profile/gajimu.indonesia/viz/WagesinIndonesia/</u> <u>WagesID?publish=yes</u>

6.2.2. Apparel CBAs analysis

Of the 107 Indonesian apparel agreements available, 105 are company agreements and two are MCCBAs. All agreements have been signed between 2006 and 2022. Graph 2 below shows the benefits that are provided in the company agreements. All the company agreements have clauses on benefits: those regarding transportation allowance are provided in 41 CBAs, meal allowances are provided in 40 CBAs, and evening/night work allowance is provided in 24 CBAs.

Transportation, meal, and shift allowances are better compared to the local legal requirements which only state that companies can provide other allowances. Regarding wages and religious holiday allowances, most CBAs refer to existing regulations.

Graph 2. Benefits provided in the Indonesian Apparel CBAs

Country Indonesia	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	89
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	105
There is another yearly extra payment or bonus payment agreed next to the regular wage	10
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	24
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	10

A premium for hardship work is agreed	1
A premium for Sunday work is agreed	100
A commuting transport allowance is agreed	41
A seniority allowance is agreed	39
Meal allowances /meal vouchers are agreed	40

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

As to the two MCCBAs, one covers two companies and the other one covers ten companies. One of the two has clauses on religious, holiday, transportation and meals allowances.

6.2.3. Process for signing CBAs and MCCBAs

The process for signing both company collective agreements and multi-employer collective agreements follows the following steps:

- 1. After the CBA negotiation phase succeeds, the agreed CBA is signed by the directors or company leaders, and also the chairman and secretary of the trade union involved in the negotiations. If the CBA is signed by the deputy director or deputy head of the company, they must attach a letter of attorney from the director or head of the company.
- 2. The signed CBA must be registered with the Ministry of Manpower agencies
- 3. The Ministry of Manpower agencies will examine the contents of the CBA and all the formal requirements stated in the regulation.
- 4. The Ministry of Manpower agencies are obliged to issue a CBA registration decision letter within a maximum of 4 working days from receipt of the registration application.
- 5. If the requirements are not met and/or the contents/clauses of the CBA are under normative regulations, the Ministry will provide a note for correction. In case both parties (union and company) still agree with the clauses, the CBA will still be registered by the Ministry.

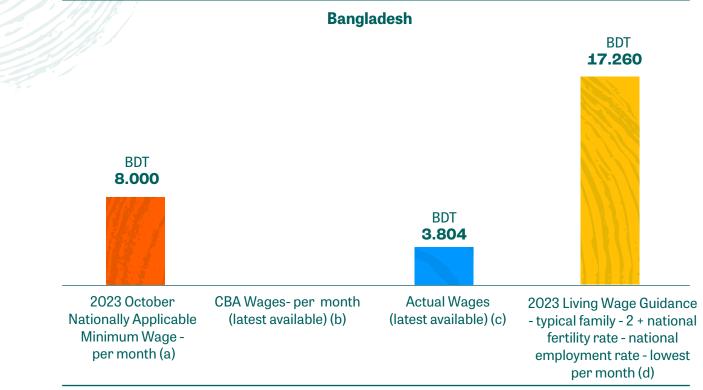
Multi-employer collective bargaining is recognised by the Indonesian Labour Law (Act No. 13 of 2003). A collective work agreement is an agreement resulting from negotiations between a trade union or several trade unions registered at a government agency responsible for manpower affairs and an employer or several employers or an association of employers. The general conditions for signing enterprise-level collective agreements apply to multi-employer collective agreements as well.

6.3. Bangladesh

6.2.1. Wages in Context

Graph 3 provides a comparison of wages from the law (the lowest available in the country for the sector), from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. No wage could be found in the collective agreements. While the Minimum Wage and the Living Wage are from 2023, the information available on wages is from 2017, which might explain such low actual wages. The Minimum Wage - Living Wage gap is striking, with the Minimum Wage being less than half of the Living Wage.

Graph 3. Wages in Context in Bangladesh. Sources:



Sources:

- a) National Minimum Wage for textile for Grade 6 16. Line Ironman (<u>https://wageindicator.org/</u> salary/minimum-wage/bangladesh/38599-textile)
- b) NA
- ILO Earnings of employees by sex (Local currency) | Annual <u>https://www.ilo.org/shinyapps/</u> <u>bulkexplorer1/?lang=en&id=SDG_0851_SEX_OCU_NB_A</u> (Hourly earnings from ISCO group 9 = lowest skill classification). - Repository: ILO-STATISTICS - Micro data processing (2017)
- d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.2.2. Apparel CBAs analysis

16 of the agreements considered are company agreements. There is also one sectoral agreement available, but it will be excluded from the analysis because it doesn't include any clause on wages/benefits. Of the 16 company agreements, none includes wages in pay scales and ten include clauses on benefits (see graph below). All the agreements have been signed between the years 2016 and 2020. Graph 4 below shows the benefits that are provided in these agreements. The most common benefits are the yearly extra payment (provided in six CBAs) and the compensation for overtime work, provided by four agreements.

Graph 4. Benefits provided in the Bangladeshi Apparel CBAs

Country Bangladesh	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	2
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	6
There is another yearly extra payment or bonus payment agreed next to the regular wage	3
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	3
There is compensation for overtime work	4
A premium for hardship work is agreed	

A premium for Sunday work is agreed	
A commuting transport allowance is agreed	
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	<mark>//</mark> 1

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

Four CBAs contain clauses regarding overtime payment, but two agreements don't provide clear information about the amount and the other two only refer to the law, without providing any additional information. According to the Labour Law, overtime is paid at double (or 200% of) the basic wage rate, "dearness allowance" and interim pay, if applicable. (Source: §100, 102, 105, 108, 111, & 113 of Labour Act 2006, amended in 2013; Rule 99 of the Labour Rules 2015).

Three CBAs mention an extra payment for paid annual leave, but without providing any additional information.

6.3.3. Process for signing CBAs

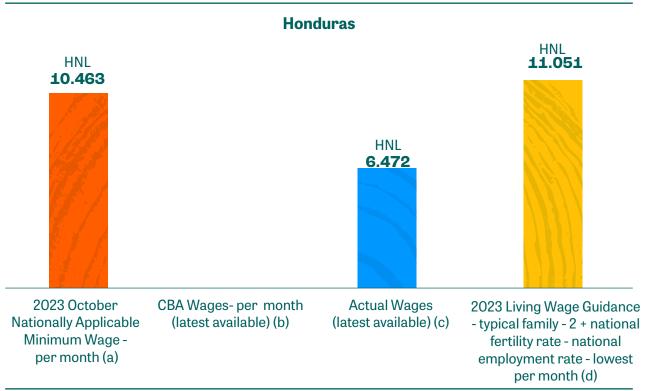
The collective bargaining agent at a company is entitled to undertake collective bargaining with the employer on matters connected with hiring and firing, the terms of employment or the conditions of work. If the employer or a collective bargaining agent finds that an industrial dispute is likely to arise between the parties, either party may communicate its views in writing to the other party. Within 15 days of the receipt of such a communication, the party receiving it must arrange a meeting with it for collective bargaining through discussion with a view to reaching an agreement. If the parties, after holding a discussion, reach a settlement on the issues discussed, a memorandum of settlement is recorded in writing and signed by both parties, and a copy of such settlement is forwarded by the employer to the Government, the Director of Labour and the Conciliator. A settlement arrived at by agreement between the agreement. There are no requirements for the registration of settlements or collective agreements with the Ministry of Labour and Employment. The term of settlement cannot exceed two years. (Source: Sections 202, 210 and 222 of Bangladesh Labour Act 2006).

The Bangladesh Labour Act 2006 recognises multi-employer collective bargaining. According to section 210(3) of the Labour Act, the parties (trade unions and multi-employers) can reach a settlement on the issues discussed. A memorandum of settlement (collective agreement) is recorded in writing and signed by both parties. A copy of such settlement/CBA is forwarded by the employer (or the multi-employer association) to the Government (the Director of Labour and the Conciliator). Section 210(19) of the Labour Act also recognises multi-employer collective bargaining.

6.4.Honduras

6.4.1. Wages in Context

Graph 5 provides a comparison of wages from the law (the lowest available in the country for manufacturing), from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. No wage could be found in the collective agreements. All the data presented in the graph are from 2023, and it can be observed that actual wages are lower than Minimum Wages. However, the Minimum Wage is close to reaching the Living Wage.



Graph 5. Wages in Context in Honduras

Sources:

- a) National Minimum Wage for Manufacturing Firm size: 1-10 workers (<u>https://wageindicator.org/salary/minimum-wage/honduras</u>)
- b) NA
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: <u>https://uis.unesco.org/en/topic/international-standard-classification-education-isced</u>) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level.

Source: Occupational Tables [https://www.ilo.org/public/english/bureau/stat/isco/isco08/index. htm]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.4.2. Apparel CBAs analysis

All six apparel agreements available are company agreements. None of them includes pay scales with wages (although one CBA provides that minimum wages set by the government have to be respected), but all have clauses on benefits. However, given that for two companies both the previous agreement and the renewal are included in the database, only the renewal has been considered in the analysis, which then includes four agreements from four different companies, signed between the years 2013 and 2015. Graph 6 shows the benefits provided in those four CBAs. The most common provision - included in all agreements - is the structural wage increase, which increases the pay on a permanent basis, but three agreements also included a yearly extra payment.

Graph 6. Benefits provided in the Apparel CBAs from Honduras

Country Honduras	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	4
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	3
There is another yearly extra payment or bonus payment agreed next to the regular wage	1/// 1
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	

A premium for hardship work is agreed	
A premium for Sunday work is agreed	1
A commuting transport allowance is agreed	1
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	1

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

One CBA contains a clause regarding a premium for Sunday work, but it does not specify the amount. According to the Labour Law, workers may be required to work on weekly rest days and public holidays. In such circumstances, when employees have to work on the weekly rest day and official holidays, it is considered as overtime work and wages are paid at a premium rate of 200% of normal hourly wage rate. (Source: §338-340 of the Labour Code 1959).

6.4.3. Process for signing CBAs

The collective agreements aim to establish the general working conditions in an establishment, in several establishments or in a specific economic activity. Collective agreements are binding upon signatories but also upon the people on behalf of whom agreements are entered into.

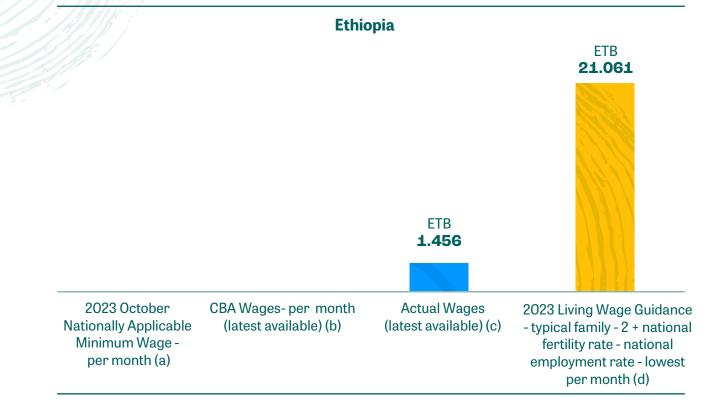
Collective agreements must be executed in public or private instruments in, at least, three copies of the same document: one for each of the parties and the third one for the Labor Bureau. Contracting parties may add any number of counterparts as desired. All collective agreements must be registered in the Labor Bureau by depositing the three copies of the collective agreements within fifteen days of its conclusion. Any party may carry out such registration. On submission, the Labor Bureau gives back a certified copy of the agreement and also a registration certificate. Upon any such deposit, compliance with any collective agreement is governed by the Labor Bureau, which may also object to any provision in any such agreement where it is deemed illegal. (Source: Section 58 & 78 of the Labour Code, Decree No. 189, enacted in 1959).

6.5. Ethiopia

6.5.1. Wages in Context

Graph 7 provides a comparison between low-skilled workers' wages and the Living Wage, as calculated by the WageIndicator Foundation in 2023. Ethiopia only has public sector Minimum Wages from 2011, and no wage could be found in the collective agreements. All the data presented in the graph are from 2023, and show how far the low-skilled workers in the garment industry are from getting a Living Wage.





Sources:

- a) Only public sector Minimum Wage (<u>https://wageindicator.org/salary/minimum-wage/ethiopia</u>)
- b) NA
- c) 10th decile of full-time workers' wages in the garment sector as collected by WageIndicator Decent Work Checks in 2023 (372 workers interviewed)
- e) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.5.2. Apparel CBAs analysis

All four apparel agreements available are company agreements. For two of them, no start date is available, while the others are one from 2005 and the other from 2008. None of them includes pay scales with wages, but all have clauses on benefits. Graph 8 below shows the benefits provided: the most common benefits (included in all CBAs) are the structural wage increase, the compensation for overtime work and the commuting transport allowance.

Country Ethiopia A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis) A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year) Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year) There is a yearly extra payment or bonus payment agreed next to 3 the regular wage There is another yearly extra payment or bonus payment agreed next to the regular wage There is a third yearly extra payment or bonus payment agreed next to the regular wage A premium for evening or night work is agreed A payment for standby/on-call/available/consignment work is aareed An extra payment for the paid annual leave is agreed There is compensation for overtime work 4 A premium for hardship work is agreed A premium for Sunday work is agreed 1

Graph 8. Benefits provided in the Ethiopian Apparel CBAs

A commuting transport allowance is agreed	4
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	<mark>//</mark> 1

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

Regarding the compensation for overtime work:

- Three agreements mention that there is a bonus for the overtime hours but no information is provided in the texts.
- One agreement sets at 150% of regular wage the bonus for hours above the standard working week. This is in line with Labour Law, which states that if a worker works beyond the stipulated working hours during the weekdays, i.e., 8 hours a day and 48 hours a week, he/she is entitled to an overtime premium as follows:
- 150% of normal hourly rate for overtime work between 06 a.m. to 10 p.m.;
- 175% of normal hourly rate for overtime work between 10 p.m. to 06 a.m.;
- 200% of the normal hourly rate for work on a weekly rest day; and
- 250% of the normal hourly rate for work on a public holiday.

Source: §61-68 of the Labour Proclamation No. 1156/2019.

As to the premium for Sunday work, this is provided by one agreement. The CBA provides for hours worked on a Sunday to be paid 150% of the regular wage. This might still be considered as an improvement from the Labour Law provision because there is no premium pay for the workers working (regularly, by contract) on weekly rest days. According to the Labour Law, workers may be required to work on weekly rest days and public holidays. In such circumstances when employees have to work on official/public holidays, they are entitled to receive wages at a premium rate of 200% of the normal hourly wage rate. However, there is no premium pay for the workers working on weekly rest days. (Source: § 75 of the Labour Proclamation No. 1156/2019).

6.5.3. Process for signing CBAs

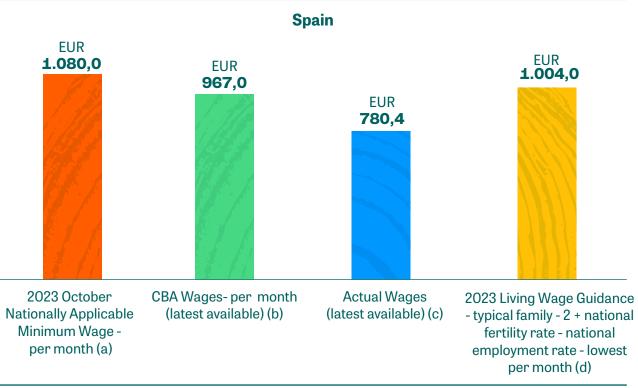
Collective Agreement is defined as an agreement on conditions of work concluded in writing between representatives of one or more trade unions and one or more employers or representatives or agents of employers associations. Any trade union has the right to bargain with one or more employers or their association in matters of employment and working conditions. A party desiring to initiate collective bargaining may request the other party in writing. It must prepare and submit a draft proposal necessary for the negotiation. The other party must appear for collective bargaining within 10 working days of receiving the request. Upon signing a collective agreement, the parties must send sufficient copies of the same to the Ministry of Labour and Social Affairs or the appropriate authority for registration. Unless there exists a valid reason to deny registration, the Ministry or the appropriate Authority shall register the collective agreement within 15 working days from the date of receipt of copies.

Source: Section 125-132 of the Labour Proclamation No.1156/2019.

6.6. Spain

6.6.1. Wages in Context

Graph 9 provides a comparison of wages from the law (the Minimum Wage for general workers), from CBAs, from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. All data shown here, except for the CBA wage, are from 2023. The collective agreement wage is from 2021, which might explain why it is lower than the Minimum Wage. It can also be observed that actual wages are lower than Minimum Wages. The Living Wage is slightly lower than the Minimum Wage: this can be explained by the nature of the WageIndicator Living Wages, which include only the basic necessities.



Graph 9. Wages in Context in Spain

Sources:

- a) Minimum Wage for General Workers (<u>https://wageindicator,org/salary/minimum-wage/spain</u>)
- b) CBA CONVENIO COLECTIVO DEL GRUPO DE EMPRESAS JD-SPRINTER, 2021 2022 (Wage is for 2021)
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: <u>https://uis.unesco.org/en/topic/international-standard-classification-education-isced</u>) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level

Source: Occupational Tables [https://www.ilo.org/public/english/bureau/stat/isco/isco08/index. htm]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.6.2. Apparel CBAs analysis

Both the apparel agreements available are company agreements and have clauses on wages and benefits. However, given that the agreements are from the same company, only the renewal from 2021 has been considered in the analysis. Next to the pay scales, the CBA also includes benefits, as shown in Graph 10 below.

Graph 10.	Benefits provided in the Spanish Apparel CBAs

Country Spain	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	
There is another yearly extra payment or bonus payment agreed next to the regular wage	
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	
A premium for hardship work is agreed	
A premium for Sunday work is agreed	

A commuting transport allowance is agreed	
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

The agreement has clauses on Sunday work premium and premium for evening or night work. In particular, it provides for a bonus of EUR 90 for the whole working day performed on a Sunday. Also, according to the agreement, the night working hours will be paid with a surplus of EUR 1,5 each, on top of the regular wage.

Article 47 of Royal Decree 2001/1983 clearly provides that if a worker works on a weekly rest or public holiday, he/she must be provided either the compensatory holiday or increased pay at the rate of 175% of the normal rate of pay. (Source: §36(3) & 37(2) of the Royal Decree No. 1 enacting the Workers' Statute; §47 of Royal Decree 2001/1983).

As to night work, the law does not require employers to compensate for night work through premium payments or reduced work hours. Night work is work performed between 10pm and 6am. A worker who performs work for at least 3 hours during the above mentioned night hours or night period is one-third of his working time is considered a night worker. Workers cannot perform more than 8 hours during night averaged over a period of 15 days. Night workers can not work overtime.

Sources: §36(1-4) & 34(7) of the Royal Decree No. 2/2015 enacting the Workers' Statute; §26 of the Law No.31/1995 on Prevention of Occupational Risks amended by Law No. 39/1999 of 5 November on reconciliation of work and family life for workers; Royal Decree 1561/1995.

6.6.3. Process for signing CBAs

According to the Workers' Statute, collective agreements may regulate matters of economic, labour, trade union nature and, in general, other matters involving employment conditions and the scope of relations between workers and their representative organisations with employers and employers' organisations.

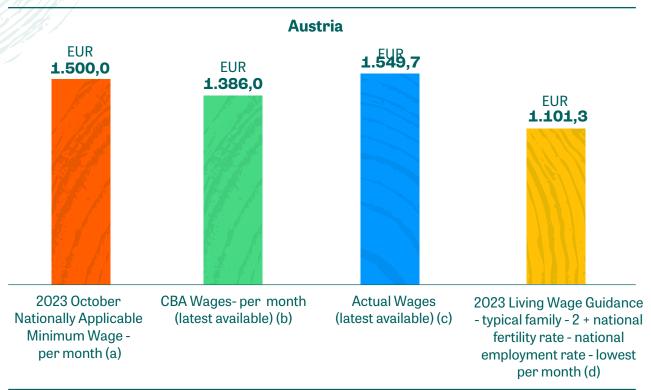
A signed collective agreement must be filed with the competent labour authority for the sole purpose of registration, within fifteen days of its signing by the parties. Once registered, it is submitted to the public mediation, conciliation and arbitration body. Within a maximum period of ten days from the presentation of the agreement in the registry, the labour authority must arrange for its mandatory and free publication in the "Official State Gazette" or in that of the province to which the agreement corresponds. The collective agreement must come into force on the date agreed upon by the parties.

Source: Article 85 & 90 of the Worker Statute (Law 8/1980)

6.7. Austria

6.7.1. Wages in Context

Graph 11 provides a comparison of wages from the law (the National Minimum Wage), from CBAs, from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. All data shown here, except for the CBA wage, are from 2023. The collective agreement wage is from 2020, which might explain why it is lower than the Minimum Wage. It can also be observed that actual wages are slightly higher than Minimum Wages, but the Living Wage is lower than the Minimum Wage: this can be explained by the nature of the WageIndicator Living Wages, which include only the basic necessities.



Graph 11. Wages in Context in Austria

Sources:

- a) One rate with National Minimum Wage (<u>https://wageindicator,org/salar/minimum-wage/austria</u>)
- b) CBA Bekleidungsindustrie_Rahmen_2020 (hourly wage converted to monthly wage assuming 40 standard working hours)
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: <u>https://uis.unesco.org/en/topic/international-standard-classification-education-isced</u>) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level. Source: Occupational Tables [<u>https://www.ilo.org/public/english/bureau/stat/</u> <u>isco/isco08/index.htm</u>]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.7.2. Apparel CBAs analysis

Both the apparel agreements available are Sectoral CBAs and both include clauses on wages and benefits. The two agreements are two versions of the Bekleidungsindustrie Rahmen agreement, so only the 2020 renewal is considered for analysis. Graph 12 shows the provisions included in the agreement, next to the pay scales.

Graph 12.	Benefits	provided ir	hthe Au	strian /	Apparel C	BAs
		provided in			upper or e	

Country Austria	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	
There is another yearly extra payment or bonus payment agreed next to the regular wage	
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	
A premium for hardship work is agreed	
A premium for Sunday work is agreed	

A commuting transport allowance is agreed	
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

The collective agreement provides for a premium for evening or night work in which the working hours are paid 200% of the regular wage. This is an improvement from what is established by the Labour Law which does not provide any specification about this topic. (Sources: §12a-d of Working Time Act (Official Gazette No.461/1969)).

The same agreement also contains clauses regarding compensation for overtime work, which is paid 150% of the regular working hour wage. This is in line with the Labour Law which states that workers who are involved in overtime are entitled to an overtime premium of 50% or compensation as time-off. (Sources: §2-10 of Working Time Act (Official Gazette No.461/1969)).

As per the working hours performed on Sundays, the agreement states that they will be paid the double of regular working hours: 200%. The labour law does not specify any amount for such work. (Sources: §9-13 of Rest Periods Act (Official Gazette No. 144/1983)).

6.7.3. Process for signing Sectoral CBAs

Collective Negotiations in Austria are primarily conducted at the industry level (sectoral or multi- employer bargaining). Any company or plant-level negotiations are subordinate to the industry-level agreements. The collective agreements cover all the employees of the employers, who belong to the signatory organisations, whether or not the employees are members of the signatory trade unions.

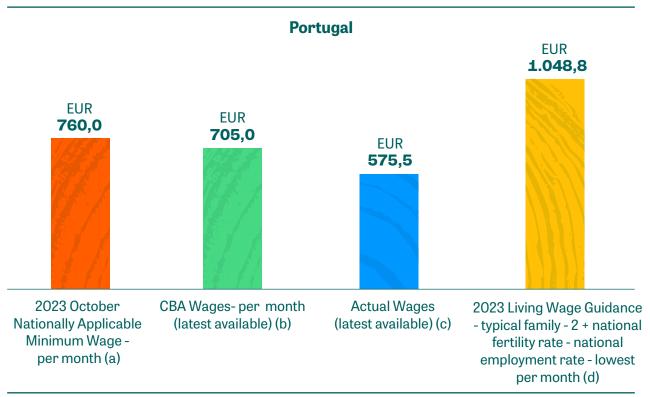
Employers and employees are represented by different entities that take part in collective bargaining. These bodies agree upon the working conditions of employees which are defined in the collective agreement. On the employers' side, collective agreements are concluded by the Economic Chamber and Trade Union federations on the worker side. Typical regulations in collective agreements are: remuneration, working hours, paid leaves, and employment termination.

Under the Austrian system, there exist statutory bodies, the so-called chambers, for employers and employees. These are the Austrian Chambers of Labour (AK) for employees and the Austria economic chambers (WKO) for private sector employers. The chambers of labour provide a range of support services for workers, although they are not involved in collective bargaining. The economic chambers (employer side) play a central role in collective negotiations. In very limited areas, the negotiations are held with employers' industry associations rather than with the chambers.

6.8. Portugal

6.8.1. Wages in Context

Graph 13 provides a comparison of wages from the law (the National Minimum Wage), from CBAs, from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. All data shown here, except for the CBA wage, are from 2023. The collective agreement wage is from 2022, which might explain why it is slightly lower than the Minimum Wage. It can also be observed that actual wages are lower than the Minimum Wages. However, the Minimum Wage - Living Wage gap is striking, as the Minimum Wage only covers about 72% of the Living Wage.



Graph 13. Wages in Context in Portugal

Sources:

- a) National Minimum Wage in the Continent (<u>https://wageindicator,org/salary/minimum-wage/</u> portugal)
- b) CBAs National Association of the Clothing, Apparel and Fashion Industries (ANIVEC/APIV) 2022
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: https://uis.unesco.org/en/topic/international-standard-classification-education-isced) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level Source: Occupational Tables [https://www.ilo.org/public/english/bureau/stat/ isco/isco08/index.htm]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.8.2. Apparel CBAs analysis

The only apparel agreement available is a Sectoral CBAs. The agreement is the 2022 salary revision of the Contrato coletivo entre a Associação Nacional das Indústrias de Vestuário, Confecção e Moda - ANIVEC/APIV e o Sindicato das Indústrias e Afins - SINDEQ - Alteração salarial e outra. Thus, only pay scales with wages and meal allowances are included here.

6.8.3. Process for signing Sectoral CBAs

The labour legislation in Portugal provides for three main types of collective agreements. These are:

- Company-level agreements;
- Several company agreements (multi-employer); and
- Industry-level agreements, signed at national, regional or local level;

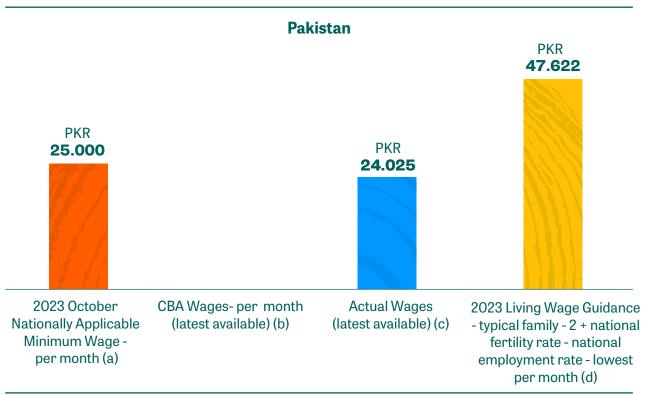
When there are competing agreements, generally company agreements take precedence over multi- employer agreements and industry-level agreements. In 2012, the Labour Code allowed for collective agreements to change this order of precedence. In the Labour Code, the negotiating parties in Portugal are the unions and the employers, either individually or in employers' federations, and the union leadership signs the agreements. However, revisions to the labour code from 2009 onwards allow the union to delegate the power to negotiate company-level collective agreements to employee representatives in the company. These can be either works councils or company-level union bodies.

The Labour Code does not include rules on the representativeness of unions, or on the right to negotiate and sign agreements. All officially registered unions can negotiate and sign agreements. The majority of agreements are signed by unions linked to the two main confederations, CGPT and the UGT. The sectoral or multi-employer bargaining is done by employer associations and trade union confederations. The collective agreements concentrate on pay rates and increases. The other issues include working time, night work, overtime and shift work, premium wages, occupational training, flexibility and additional social benefits.

6.9. Pakistan

6.9.1. Wages in Context

Graph 14 provides a comparison of wages from the law (the lowest available in the country for unskilled workers), from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. No wage could be found in the collective agreements. All the data presented in the graph are from 2023, and it can be observed that actual wages are slightly lower than Minimum Wages. However, there is a huge Minimum Wage - Living Wage gap, as the Living Wage is almost double of the Minimum Wage.



Graph 14. Wages in Context in Pakistan

Sources:

- a) Lowest Regional MW for Balochistan and Islamabad Territory for unskilled workers (<u>https://wageindicator,org/salary/minimum-wage/pakista</u>n)
- b) NA
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: <u>https://uis.unesco.org/en/topic/international-standard-classification-education-isced</u>) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level. Source: Occupational Tables [<u>https://www.ilo.org/public/english/bureau/stat/isco/isco08/index.htm</u>]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.9.2. Apparel CBAs analysis

The only apparel agreement available is a company agreement, which doesn't have any pay scales with wages but includes a clause providing that minimum wages set by the government have to be respected ("(a) In case the federal or provincial government allows any increase in the wages/salaries and/or allowances during the currency of this settlement, the same shall be adjusted and the workers/employees would not be paid less amount to that of minimum wages so allowed by the said government.").

The agreement also includes a couple of benefits, as shown in Graph 15 below.

Graph 15. Benefits provided in the Pakistani Apparel CBAs

Country Pakistan	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	
There is another yearly extra payment or bonus payment agreed next to the regular wage	
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	

A premium for hardship work is agreed	
A premium for Sunday work is agreed	
A commuting transport allowance is agreed	
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	

Source: WageIndicator Collective Agreements Database (accessed in December 2023

6.9.3. Process for signing CBAs

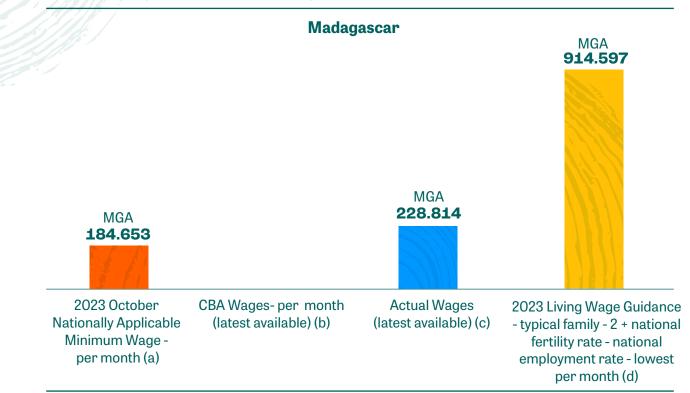
The collective bargaining agent at a company is entitled to undertake collective bargaining with the employer on matters connected with hiring and firing, the terms of employment or the conditions of work. If at any time an employer or a collective bargaining agent finds that an industrial dispute has arisen or is likely to arise, either party may communicate its views in writing either to the Works Council or to the other party. If the views are communicated to the Works Council, a copy of the communication shall also be sent to the other party. On receipt of the communication, the Works Council or the other party shall try to settle the dispute by bilateral negotiations within 10 days of receipt of the communication or within such further period as may be agreed upon by the parties. If the parties reach a settlement, a memorandum of settlement shall be recorded in writing and signed by both parties. A copy of such settlement (collective agreement) is forwarded to the Conciliator and the Government (National Industrial Relations Commission at the National level) and Provincial Labour Departments at the provincial level. If an industrial dispute is settled in the course of proceedings before the conciliator, a report is shared with the government by the conciliator, together with a memorandum of settlement (collective agreement) signed by the parties to the dispute. There are no requirements for the registration of settlements or collective agreements with the Labour Departments. The term of settlement cannot exceed two years. (Source: Sections 35, 38, and 49-50 of Industrial Relations Act 2012).

6.10 Madagascar

6.10.1. Wages in Context

Graph 16 provides a comparison of wages from the law (the lowest available in the country in the non- agricultural sector), from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. No wage could be found in the collective agreements. All the data presented in the graph are from 2023, and it can be observed that actual wages are slightly higher than Minimum Wages. However, the Minimum Wage - Living Wage gap is striking, as the Minimum Wage only covers about 20% of the Living Wage.

Graph 16. Wages in Context in Madagascar



Sources:

- a) Non Agricultural Sector M1-1A tenure less than 3 years (<u>https://wageindicator.org/salary/</u> <u>minimum-wage/madagascar</u>)
- b) NA
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: <u>https://uis.unesco.org/en/topic/international-standard-classification-education-isced</u>) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level. Source: Occupational Tables [<u>https://www.ilo.org/public/english/bureau/stat/</u> <u>isco/isco08/index.htm</u>]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.10.2. Apparel CBAs analysis

The only apparel agreement available is a company agreement, which doesn't have any pay scales with wages, but includes clauses on benefits, as shown in Graph 17 below.

Graph 17. Benefits provided in the Austrian Apparel CBAs

Country Madagascar	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	
There is another yearly extra payment or bonus payment agreed next to the regular wage	
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	
A premium for hardship work is agreed	
A premium for Sunday work is agreed	
	l

A commuting transport allowance is agreed	
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

The CBA includes clauses on Sunday work premium, compensation for overtime, and night work premium. According to the agreement, Sunday working hours are paid double of the normal working hours, meaning 200%. This improves by 70% what is established by the Labour Law, where the increase is only 130%.

According to the collective agreement, overtime hours are paid 130% of the normal working hours. This provision is in line with what is established by the Labour Law. (Source: §75-79 & 101 of the Labour Code 2003; § 2 of the Decree No. 68-172 of 18 April 1968 to Regulate Overtime and Determine Wage Increases for Work Performed at Night, on Sundays and on Public Holidays.)

The CBAs also mentions that night working hours will be overpaid in accordance with the current legislation, which states that regular night work is compensated at the rate of 130% of the normal wage paid for the same work performed during the day. For occasional night work, a worker is paid at 150% of the normal rate of wages. (Source: §83 of the Labour Code 2003; §3 of Decree No. 68-172 of 18 April 1968 to Regulate Overtime and Determine Wage Increases for Work Performed at Night, on Sundays and on Public Holidays.)

6.10.3. Process for signing CBAs

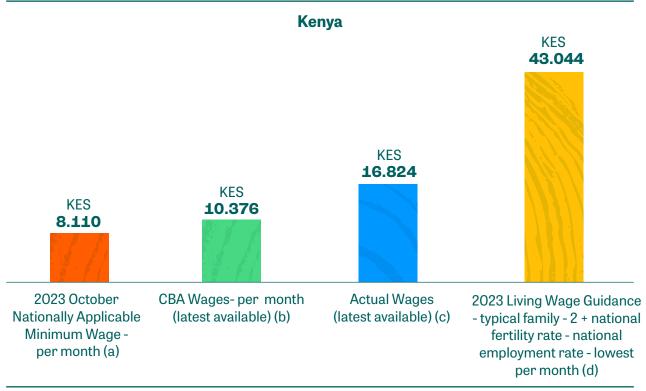
A collective labour agreement is a written contract covering the terms of labour. It is concluded between one or more employers of a group of employers and staff representatives in an establishment with less than 50 members. If the number of workers is more than 50, the worker entity is represented by the Enterprise Committee. The collective agreements also specify their scope of application. This can be national, local or limited to one or more establishments or one or more businesses.

No clear provision could be located on the registration of collective agreements with government authorities. (Source: §173-183 of the Labour Code 2003)

6.11. Kenya

6.11.1. Wages in Context

Graph 18 provides a comparison of wages from the law (the lowest in the country for the nonagricultural sector), from CBAs, from WageIndicator data on low-skilled workers and from the Living Wage, as calculated by WageIndicator in 2023. All data shown here, except for the CBA wage, are from 2023. The collective agreement wage is from 2014, but it is still higher than the Minimum Wage. It can also be observed that actual wages are slightly more than double the Minimum Wages. However, the Minimum Wage - Living Wage gap is striking, as the Minimum Wage only covers about 19% of the Living Wage.



Graph 18. Wages in Context in Kenya

Sources:

- a) All other areas (neither cities nor municipalities nor town councils) No agriculture (<u>https://wageindicator.org/salary/minimum-wage/kenya</u>)
- b) CBA Kapric Apparels (EPZ) Limited 2013 (wage is for 2014)
- c) WageIndicator Low Skilled wages (2023). The level of education is used to identify low-skilled wages. The level of education used is Primary level. International Classification of Education (Source: https://uis.unesco.org/en/topic/international-standard-classification-education-isced) (ISCED) is used to standardise educational systems across the world.

Occupational titles are classified based on skill levels and then mapped on to the related ISCED educational level. Source: Occupational Tables [<u>https://www.ilo.org/public/english/bureau/stat/</u> isco/isco08/index.htm]

d) WageIndicator Living Wages: <u>https://wageindicator.org/salary/living-wage/faq-living-wage</u>.

6.11.2. Apparel CBAs analysis

The only apparel agreement available is a company agreement, signed in 2013, which includes a pay scale with wages for the year 2014 and also some benefits, as shown in Graph 19 below.

Country Kenya	
A structural wage increase is agreed (-an increase that increases the basic pay on a permanent basis)	
A once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
Another once-only bonus is agreed (=bonus that is given only once and not for example every month or every year)	
There is a yearly extra payment or bonus payment agreed next to the regular wage	
There is another yearly extra payment or bonus payment agreed next to the regular wage	
There is a third yearly extra payment or bonus payment agreed next to the regular wage	
A premium for evening or night work is agreed	
A payment for standby/on-call/available/consignment work is agreed	
An extra payment for the paid annual leave is agreed	
There is compensation for overtime work	
A premium for hardship work is agreed	
A premium for Sunday work is agreed	

Graph 19. Benefits provided in the Kenyan Apparel CBAs

A commuting transport allowance is agreed	
A seniority allowance is agreed	
Meal allowances /meal vouchers are agreed	

Source: WageIndicator Collective Agreements Database (accessed in December 2023).

The CBA contains clauses regarding a premium for overtime work, a premium for evening or night work, and an extra payment for paid annual leave. According to the agreement, the employee who performs overtime will be paid 150% the basic hourly rate in respect of any time worked in excess of the normal hours of work per week. This amount equals the Labour Law provisions. (Sources: §5-6 of the Regulation of Wages (General) Order 1982; §27 of the Employment Act 2007).

As per the premium for the night work, an employee who works on a night shift will receive an allowance of Ksh. 5.00 per hour worked (year 2013). This is a better arrangement than what the Labour law establishes, since, according to the Law, there is no premium payment for night work (Sources: §5-6 of the Regulation of Wages (General) Order, 1982).

As per the extra payment for annual leave, each employer is entitled to Kshs. 1000 extra allowance when proceeding on annual leave. This is also an improvement of the Law, because, according to the Employment Act, the worker is entitled to receive his full pay for the period of annual leave. Full pay includes wages and salary at the basic minimum rate. (Source: § 28 of the Employment Act 2007; §9 of the Regulation of Wages (General) Order 1982).

6.11.3. Process for signing CBAs

An employer, group of employers or an employers' organisation that has recognised a trade union may conclude a collective agreement with the recognised trade union setting out terms and conditions of service for all unionisable employees covered by the recognition agreement. A collective agreement binds for the period of the agreement - (a) the parties to the agreement. A collective agreement shall continue to be binding on an employer or employees who were parties to the agreement at the time of its commencement and includes members who have resigned from that trade union or employer association. A collective agreement is concluded in writing and is signed by the chief executive officer of any employer, the chief executive or national secretary of an employers' organisation that is a party to the agreement or a representative designated by that person, and the general secretary of any trade union that is a party to the agreement or a representative designated by the Industrial Court and is effective from the date agreed upon by the parties. (Sections 57-60 of the Labour Relations Act, 2007).

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