

Working hours in the global garment industry

By Lisa Hult

This research note provides an overview of working hours in the garment sector in major apparel exporting economies. It shows that garment exporters have a range of different limits on normal working hours, overtime work, and penalty rates for overtime, as well as different annual leave and public holidays.

The 24 economies included in this research note had the largest market share in apparel exports among developing and emerging economies¹ in 2013. Together, they make up 89 per cent of global garment exports from developing and emerging economies (UNCTAD, 2013). The only economy among the top 25 apparel exporters that is not included is Hong Kong (China), which does not have applicable working time limits in place.

Regulating working time is an essential part of ensuring decent working conditions in the garment industry. This note considers the following measures of working time regulation:

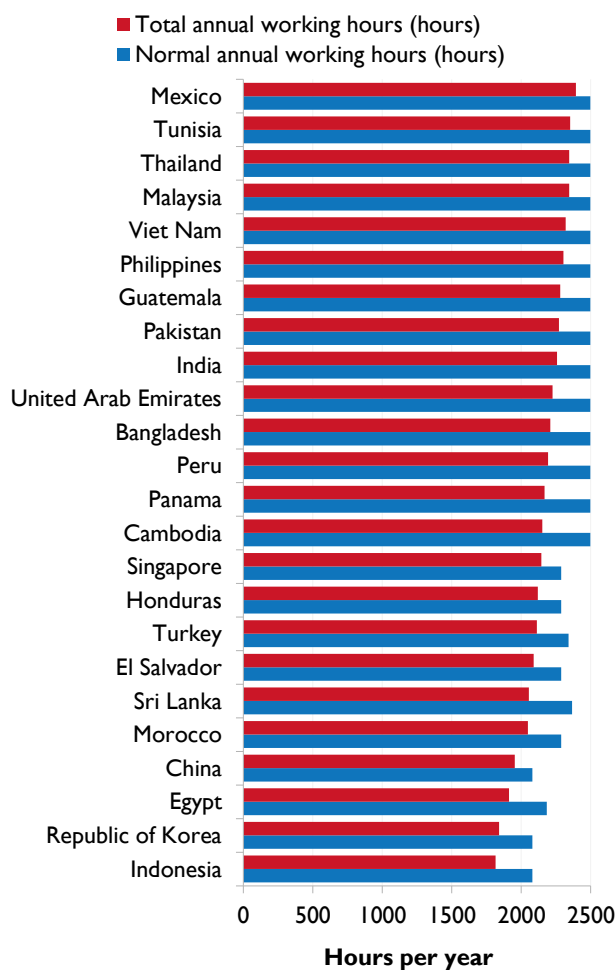
- 'Normal annual working hours', which is the maximum normal working hours set out in national legislation, calculated on an annual basis;
- 'Total annual working hours', which is equal to normal annual working hours less annual leave and public holidays;
- Overtime limitations, expressed in annual terms; and
- Overtime penalty rates.

Normal and total annual working hours

Figure 1 shows normal working hours for the 24 countries.² These range from 2080 per year in Indonesia, Republic of Korea and China, to 2496 in a number of countries. The chart also shows total annual working hours, a measure which takes annual leave and public holidays into account. Countries may have the same normal working time limits, but when annual leave and public holidays are taken into account, total working time may be quite different. Mexico and Cambodia, for example, have the same number of statutory working hours but when annual leave and public holidays are taken into account, the total working time in

Mexico exceeds the total working time in Cambodia by 240 hours/year.

Figure 1: Normal working hours limits and total working hours (2014)



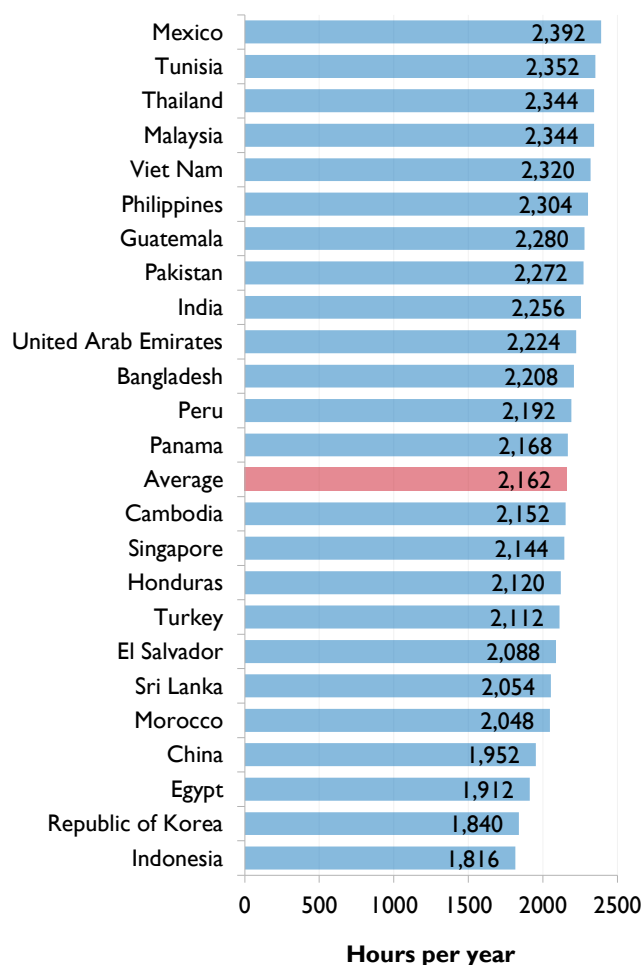
Note: Total annual working hours is equal to normal annual working hours, less annual leave and public holidays.

On average, the 24 countries included in this brief have 2,162 total annual working hours, as shown in Figure 2. This lowest total working hours are found in Indonesia (1,816) and Republic of Korea (1,840).

¹ As classified by UNCTAD.

² Note that weekly rest periods are not included in the calculation of normal working hours.

Figure 2: Total annual working hours (2014)



Note: the average is the unweighted mean of the 24 countries included in the analysis.

Comparing overtime limitations

Most countries covered by this brief have put in place limitations to overtime work and require that workers must be paid more when they perform overtime work. Overtime limitations are an important aspect of working time regulation, since they may profoundly influence actual working time. Permissive overtime provisions may cancel out the effects of reasonable limitations to normal working hours.

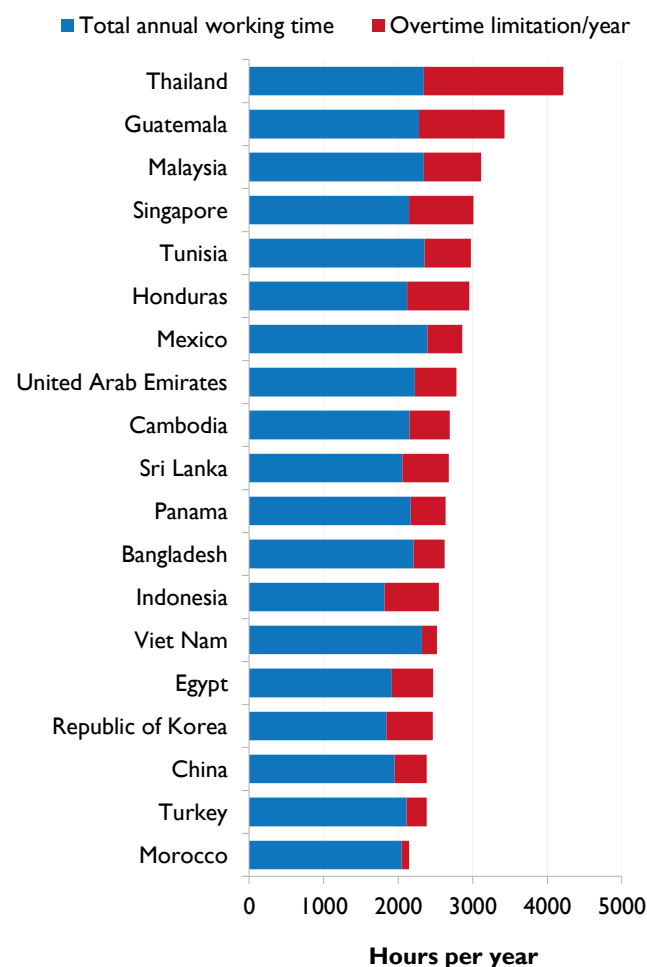
The overtime limits stated in this brief are the general rule for overtime during the day and do not cover overtime mandated for accidents, natural disasters and other emergency situations, nor do they cover the type of exceptional overtime that may be approved in special cases by the competent authority.

Figure 3 compares overtime limitations. The lower (blue) part of each bar shows the total annual working time (annual leave and public holidays deducted). The upper (red) part shows the maximum number of overtime hours allowed in one year. One can clearly see the impact overtime limitations

may have on the maximum potential working time. For example, Singapore and Honduras have moved from the lower end of the scale, to the top six, as a result of their comparatively permissive overtime regulations. Also, looking at Thailand and Malaysia, where the total working time is already above average, Figure 3 shows how the added factor of permissive overtime provisions carries the risk of very long working hours in these countries.

Pakistan, India, Peru, the Philippines and El Salvador are excluded from this figure since these countries have no limits on overtime work for the category of workers examined here.

Figure 3: Maximum working hours incl. overtime (2014)

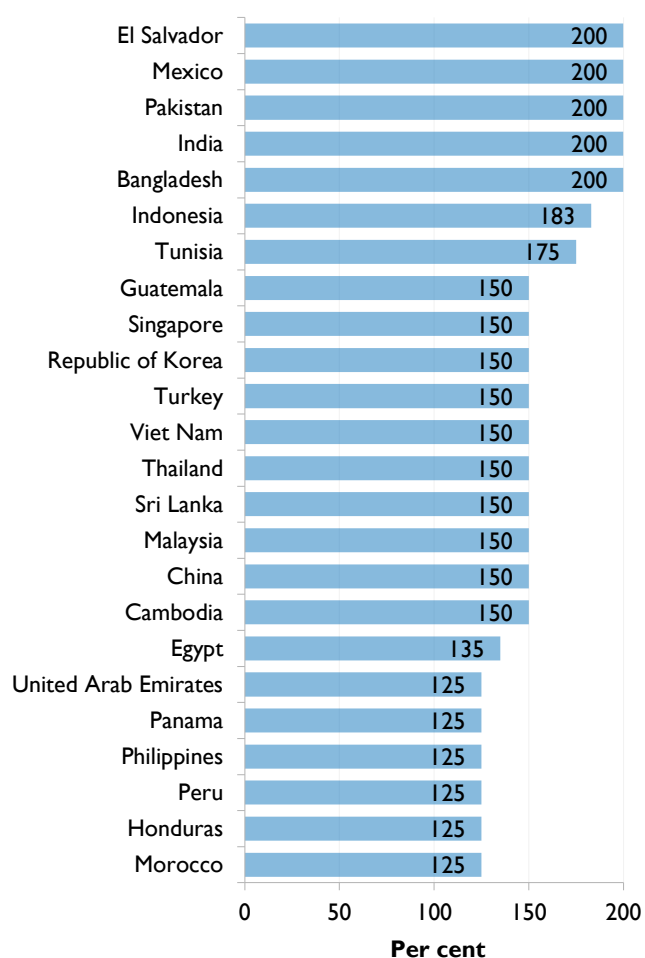


Overtime penalty rates

It's important to also compare overtime penalty rates since these give an idea of the incentives employers have to order or avoid overtime. A high penalty rate might make the employer more reluctant to order overtime whilst a low penalty rate might make the employer more inclined to do so.

Penalty rates for overtime vary between 125 per cent and 200 per cent of the normal wage. The most common penalty rate is 150 per cent.

Figure 4: Overtime penalty rates



The overtime penalty rates in this brief are expressed as a percentage of the normal wage irrespective of whether the worker is being paid by the hour or by the number of items they produce (piecework). Also, it does not differentiate between countries where the penalty rate is calculated on the basic wage and countries where bonuses and other allowances are included in the calculation. Finally the penalty rate compared here is the average penalty rate for the maximum daily overtime limit. Some countries, for example Indonesia, have different penalty rates depending on how many hours of overtime are worked on any given day (the first hour is paid at a lower rate). Another important thing to keep in mind is that the penalty rates in this brief refer to overtime on ordinary working days in the garment industry for work performed during the day. Other rates and regulations may apply to other sectors of the economy and for overtime performed on weekly rest days and/or during the night.

Complete results

The complete results of the working time comparison are shown in Table I. This includes normal weekly and annual hours limits, annual leave, public holidays, overtime limits, and overtime penalty rates.

Methodological notes

Only national public holidays and holidays which are observed in most states in federal systems are included in the calculations in this brief. In countries where the number of public holidays vary from year to year, the 2014 or 2015 figures have been used (see Table I for details).

The figures in this brief are based on work performed during the day by a male, adult, full time worker with full attendance and one year of continuous service.³ This methodological choice has been made primarily to allow proper comparison of annual leave requirements and overtime penalty rates. Protective measures for women workers and young workers, put in place by some countries are therefore not covered by this brief.

Using a worker with one year of service as the basis for the calculations affects annual leave rights, since most countries require a minimum time of employment before the worker has the right to annual leave. The minimum requirement is typically 6-12 months of employment. After the first year, workers in some countries acquire the right to additional days of annual leave, making it more difficult to compare annual leave entitlements. One year of employment therefore appears to be an appropriate time for comparing annual leave rights between countries.

Looking at a full time worker and not including night work also affects the comparison of overtime penalty rates since it eliminates some special cases. For example, some countries only pay part-time workers their normal hourly wage for overtime work until they reach the normal working hours for a full time worker. Also, penalty rates for night work are, in some countries, higher than the penalty rate for daytime work.

³ Full attendance is presumed here as some countries take the attendance rate into account when calculating annual leave rights.

Table I: Working hours, annual leave, public holidays and overtime in 24 major garment exporters, annual figures, 2014

Country or Economy	Normal weekly hours limit (hours)	Normal annual working hours limit (hours)	Annual leave (days)	Public holidays (days)	Total annual working hours (hours)*	Overtime limit/year (hours)	Total annual hours + maximum overtime (hours)*	Overtime penalty rate (% of regular wage)
Bangladesh	48	2496	17	19*****	2208	416	2624	200
Cambodia	48	2496	18	25	2152	540	2692	150
China	40	2080	5	11	1952	432	2384	150
India	48	2496	16	14**	2256	No limit	No limit	200
Indonesia	40	2080	12	21	1816	728	2544	183***
Malaysia	48	2496	8	11	2344	768	3112	150
Pakistan	48	2496	14	14	2272	No limit	No limit	200
Sri Lanka	45.5	2366	14	25*****	2054	624	2678	150
Thailand	48	2496	6	13	2344	1872	4216	150
Viet Nam	48	2496	12	10	2320	200	2520	150
Turkey	45	2340	14	14.5	2112	270	2382	150
Mexico	48	2496	6	7*****	2392	468	2860	200
Morocco	44	2288	18	12	2048	100	2148	125
Tunisia	48	2496	12	6	2352	624	2976	175
Korea, Republic	40	2080	15	15*****	1840	624	2464	150
El Salvador	44	2288	15	10	2088	No limit	No limit	200
Honduras	44	2288	10	11	2120	832	2952	125
Peru	48	2496	26****	12	2192	No limit	No limit	125
Philippines	48	2496	5	19	2304	No limit	No limit	125
Panama	48	2496	30	11*****	2168	468	2636	125
UAE	48	2496	24	10	2224	558	2782	125
Singapore	44	2288	7	11	2144	864	3008	150
Egypt	42	2184	21	13	1912	558	2470	135
Guatemala	48	2496	15	12	2280	1144	3424	150

*Total annual working hours have been calculated by subtracting the annual leave and public holidays, based on an 8h working day.

**Holidays observed in most states.

***Average penalty rate of the number of overtime hours allowed in one day (3h). First hour of overtime is paid at 150 per cent and the two subsequent hours are paid at 200 per cent.

****The legal right of 30 days refers to calendar days. It is presumed here that annual leave is taken as an uninterrupted period so 4 rest days falling during annual leave have therefore been deducted.

***** The number of public holidays varies from year to year in these countries. The number indicated in this table refers to 2014, except for the Republic of Korea, where the number of holidays refers to 2015 due to limitations in available data.

Notes: The information in this brief refers to national legislation. Collective agreements and special regulations applicable to Export Processing Zones and/or Free Trade Zones have not been taken into account.

Source: ILO compilation based on national sources and ILO databases.

Contact Information

ILO Regional Office for Asia and the Pacific
 United Nations Building
 Rajdamnern Nok Avenue, Bangkok 10200, Thailand
 Tel.: +66 2 288 1234 | Fax: +66 2 288 3062
 Internet: www.ilo.org/asia
 Email: bangkok@ilo.org

Copyright © International Labour Organization 2015

This research note has been published within the framework of the programme financed by the GiZ on behalf of the Government of the Federal Republic of Germany. The programme was initiated as part of a renewed partnership between the German Ministry for Development Cooperation (BMZ) and the International Labour Organization (ILO). The responsibility for opinions expressed in this research note rests solely with its author(s), and publication does not constitute an endorsement by the ILO or the Government of the Federal Republic of Germany of the opinions expressed in it.