

## The hour is pressing:

### how hourly workers are being pushed below the minimum wage

More and more workers in Israel are being employed on an hourly basis, i.e. their wage is calculated per working hours, rather than on a monthly basis. According to data collated by Kav LaOved these hourly workers constitute almost half of the total workers in Israel (nearly 45 percent). In general, it can be said that these are the most vulnerable workers in the labor market: they receive minimum wage or less, and do not enjoy the extensive benefits provided by hefty individual contracts, or arising from generous collective agreements. Most of the time these workers are not employed long enough to benefit from stability and improving working conditions, but they do not work for a short enough period to be considered temporary workers.

In this summary (the full report is available in Hebrew) we indicate the gap created by laws governing hourly workers vs. monthly workers, despite the former being those who are in the most pressing need for the benefits provided by protective legislation. This summary also indicates how the employment-per-hour scheme allows the employment of many workers in full time posts at a wage substantially lower than the minimum wage. We will then consider the direct consequence of this gap: the decrease of hourly workers wage beneath the minimum at certain months of the year.

Below is a summary of the main gaps demonstrated in the full report:

**Minimum wage:** In some months of the year, such as shorter months or months with public holidays, hourly workers are unable to complete the full amount of hours they work in other months. For example, every February, hourly workers employed at full time posts are unable to earn more than 3,443 shekels, 278 shekels less than their colleagues who are employed on a monthly salary basis.

**Public Holidays:** hourly workers, unlike their colleagues who are employed on a monthly basis, do not receive their regular monthly payment during holidays, since their wage is calculated according to the hours they have worked. The extension order for the collective bargaining agreement regarding holiday pay, which applies to those not employed on a monthly basis, was meant to remove this gap by ordering employers to provide holiday pay for nine days per year. However, the order does not allow many hourly workers to claim this entitlement because of the strict limitations it sets on holiday pay entitlement. Those who are successful in qualifying for full holiday pay are still not fully compensated for the decrease in their wages.

**Annual holiday:** it is difficult to explain the gap that disadvantages hourly workers in calculating their annual holiday pay, but it is easy to demonstrate it. In general, holiday pay is meant to be correlated with the worker's 'regular wage'. The basis for the gap between hourly and monthly employees is rooted in the way this 'regular wage' is being calculated. The different functions determined by the law to calculate this create a double figure percentage gap between the wages of

hourly workers on holiday and the wage of monthly workers as the following tables demonstrate.

**Notice:** Existing law clearly distinguishes between hourly and monthly workers. This distinction creates a substantial gap between monthly and hourly workers, to the apparent disadvantage of the latter. Hourly workers are entitled to a notice period shorter than that enjoyed by monthly workers employed for a similar period.

**Sick pay:** the distinction between hourly and monthly workers also exists in sick pay legislation. In this case the gap is easy to explain. In sick pay law the distinction focuses on the definition of 'sickness period' as a basis for sick pay claim. Whilst the sickness period of a monthly worker includes weekends and holidays, the hourly worker's sickness period does not include them.

Right	Monthly worker	Hourly worker
Minimum wage	Fixed monthly wage  Minimum: 3,710 shekels/month	Hourly wage  During 3 month a year salary between 3,432 and 3,595 shekels
Annual vacation	Vacation day is pays like a work day	Vacation day pays the average salary over last 3 months including unpaid weekends and holidays, i.e. less than a work day
Holiday pay	Regular monthly wage during months with many holidays  Often not working on holidays and on the day before the holiday	Holiday pay entitlement only after 3 months of work  No payment for an unworked day before a holiday  Entitled to holiday pay only if worked the day before and the day after the holiday
Notice period	Up to 6 months: 1 day per month  6-12 month: 2.5 days per month  1 year or more: 1 month per year	6-12 months: 1 day per month  12-24 months: 14-20 days  24-36: 21-27 days  3 years or more: 1 month per year