

An International Comparison of Unpaid Overtime Work Among Industrialized Countries

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INTRODUCTION

The purpose of this paper is to estimate the length of unpaid overtime work in Japan and the U.S. where data on the subject is not available, and then to examine the findings against similar data of industrialized countries including countries where the data is available.

Paid work is perhaps the most essential constituent of daily activities for working people. Therefore, researchers have accomplished numerous studies on working hours. Unpaid work has also been intensively investigated in the last decade in conjunction with issues of gender equity, e.g. valuation of unpaid work (especially for women in developing and developed countries). However, some studies have revealed the existence of unpaid overtime work in well-industrialized countries. This paper attempts to build on existing studies on unpaid overtime work by providing and comparing data in Japan, the U.S., Canada, Germany, and the U.K.

WORKING HOURS FOR PAY

It is important to be familiar with overall length of working hours for pay before dealing with the issue of unpaid overtime work. There have been studies on the international comparisons of working hours by international organizations and statistical institutes (e.g. ILO 1999). However, these studies often have not used consistent types of surveys, whether establishment or household surveys. Mizunoya (1999) proposed Labor Force Surveys (household surveys) should be used for an international comparison of working hours because respondents in household surveys report working hours including unpaid overtime work whereas establishment surveys count only paid hours.

REGULATIONS ON OVERTIME WORK

Each country has its own labor codes for overtime work. It is beneficial to recognize a difference of these overtime work regulations.

Japan: the standard work hour is 40 hours a week, 8 hours a day. Overtime work hours are generally practiced by agreements in the event of an extension of the standard work hours between an employer and a representative of employees. The premium rate of overtime pay is typically 25%. Workers exempt from working time regulations are those who have supervisory or managerial status.

The U.S.: The Fair Labor Standard Act (FLSA) requires a 50% premium rate after 40 hours worked in a week. The exempt employees hold positions identified as executive, administrative, professional, or outside sales.

Canada: The Canadian Labour Code requires a 50% premium rate after 40 hours worked in a week. However, managers, superintendents, and employees who carry out management functions are exempt from the overtime pay provisions.

Germany: Maximum working hours, including overtime work, are limited to less than 10 hours a day. The overtime pay premium is regulated by industrial collective agreements.

UNPAID OVERTIME WORK HOURS

As far as the author knows, only in the U.K., Germany, and Canada can data on unpaid overwork be obtained by nationwide surveys. In Japan, even though it has been widely recognized that employees work a considerable amount of unpaid overtime, there are no official surveys on unpaid overtime. In the U.S., it has not been investigated by either academic fields or official statistical institutes. Thus, unpaid overtime hours in the U.S. and Japan are estimated by using existing statistical data. The basic but crude estimation method used in this paper is: unpaid

overtime hours = hour data from household surveys minus hour data from establishment surveys. Also, the estimation is attempted for only manufacturing workers because the number of exempt workers from overtime pay regulation is relatively small in manufacturing.

Japan: the Labor Force Survey by the Statistics Bureau (household surveys) minus the Monthly Labour Survey by the Ministry of Health, Labour and Welfare (establishment surveys).

The U.S.: the Current Population Survey by the Census Bureau (household surveys) minus the Current Employment Statistics by the Bureau of Labor Statistics (establishment surveys).

Canada: the Labour Force Survey by the Statistics Canada.

Germany: the German Socio-Economic Panel by Deutsche Institut für Wirtschaftsforschung.

The U.K.: the Labour Force Survey by the Office for National Statistics.

CONCLUSIONS AND SUGGESTIONS

We confirm that unpaid overtime does exist to some degree in even highly industrialized societies. According to the comparison of unpaid overtime in this paper, it is the longest in Japan and the shortest in Germany. It may be suggested that in a country where total working hours for pay are longer, workers will tend to work longer unpaid overtime hours, and vice versa. We, the researchers, need to investigate further this serious phenomenon by making the best use of statistical data available today. This effort may also encourage official statistical agencies which have not yet conducted surveys on this subject to carry out the nationwide surveys.

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