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Unpaid Overtime Work

There are certainly many wage earners who work without being paid the legal allowance for overtime work. This is known as “unpaid overtime work.” If we assume the situation of a wage earner who is paid normal overtime allowance, a set overtime allowance would be paid if the legal hours set by the Labor Standards Law of eight hours per day, forty hours per week are exceeded. If this allowance is not paid, it becomes unpaid overtime work.

According to a survey conducted by the Japan Institute for Labour Policy and Training (JILPT), 49.8% of men and 41.0% of women are doing unpaid overtime work. In addition, 12.6% of men and 5.9 % of women do more than 50 hours of unpaid overtime work per month. Furthermore, the average amount of time of unpaid overtime work is 38.1 hours for men and 29.4 hours for women. Using simple arithmetic, 38 hours per month translates into 456 hours per year. If we hypothetically make the hourly wage at 2000 yen, the employee is actually not receiving 912,000 yen in overtime allowance per year.

The phenomenon of unpaid overtime work is not an issue for all employees. It is especially prevalent in the wholesale and retail industries, and in the management and sales fields. There are hints in the office

that unpaid overtime work is necessary in order to meet sales quotas. Is it just the case that the efficiency of these employees is low? To the contrary, it is probably realistic to think that there are many employees who have to work unpaid overtime hours as one condition of their jobs. On the other hand, we have found that the unpaid overtime work of many employees may be reduced by implementing such method as the use of ID cards to manage and record their working hours. This implies that appropriately managing the work hours within companies is a critical factor in this trend.

As cases of death from overworking increase, extended working hours and unpaid overtime work are becoming large social problems. Although it is important not to increase overtime in the first place in order to reduce the amount of unpaid overtime work, in Japan, the overtime allowance premium is significantly lower than the costs associated with additional employment. Furthermore, while there are trends of long working hours being valued socially, many employees have large workloads and are forced to do overtime. As competition among companies becomes fiercer, the Japanese economy may become dragged down should this situation continue to linger.

4-1 Unpaid overtime time analysis panel and average hours

	Unpaid overtime time analysis panel (%)						Average time of unpaid overtime (hours)
	0 hours	1~24h	25~49h	50~74h	75~99h	100h+	
Male/Female	53.3	24.8	11.5	4.7	2.0	3.7	35.4
Male	50.2	24.2	12.9	6.2	2.4	4.0	38.1
Female	59.0	26.1	8.9	1.8	1.2	2.9	29.4

Note: Subjects were approximately 2,100 employees taken from throughout Japan.
Source: June, 2004 JILPT survey.