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Unpaid overtime and work life balance

Discussion paper

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Summary

Work life balance is more of an aspiration than a reality for many Australians. Unpaid overtime is commonplace in many Australian workplaces with more than half of all workers stating they worked unpaid overtime in the week leading up to the survey. Australians now donate \$128 billion in unpaid overtime annually to their employers, a figure which is not improving over time.

The percentage of workers who feel overworked is also on the rise. One third of workers want to work less hours than they currently do and nearly half of all full time workers are feeling overworked. At the same time one in five workers are underworked and want to work more hours. This is particularly the case for women and part time workers. Workers are also failing to take breaks with half of all workers failing to take their entitled annual leave in 2014.

Workplace culture appears to be a factor contributing to poor work life balance. The majority of workers (65 per cent) are expected to, or not discouraged from, working extra unpaid hours while around half of all workers (54 per cent) are expected, or not discouraged from, working at home outside of work hours. These figures are worse than previous years which suggest that Australian workplaces have not only failed to improve work-life balance but they may have actually gone backwards.

Almost two thirds of Australian workers feel that their current working arrangements have a negative impact on workers' health, wellbeing and relationships. In particular, work arrangements appear to have a negative impact on mental health. Nearly two in five workers state that work impacts on stress levels, one third feel work affects their sleep and one quarter of workers are suffering from anxiety as a result of work. Work hours also appear to have a particular impact on workers relationships with their family and friends and their physical health.

Measures that could improve work life balance include:

1. Starting a conversation about work life balance with your employer.
2. Deciding what time you are going home before you go to work
3. Scheduling activities after work to ensure you leave on time
4. Improving workplace practices around recognising and responding to work related stress.
5. Requiring all organisations that employ more than 100 staff to publish the results of an externally conducted, and nationally consistent, survey of employee satisfaction

INTRODUCTION

Australia likes to think of itself as the 'land of the long weekend'. Australians rank achieving work life balance as the most important aspect of their lives according to data put together by the OECD Better Life Index. Australians rank work life balance ahead of other factors such as health, education, jobs and income, placing it in the minority of OECD countries.¹

However, many Australian workers have not achieved work life balance. A recent survey of small business employees by Bankwest found that two in five workers have little work life balance and one in ten have no work life balance.² Meanwhile a report produced by The Australia Institute for the 2014 Go Home on Time Day found that 42 per cent of workers thought their work life balance had gotten worse over the previous five years with the most common reason for this being long working hours.³

Now in its seventh year National Go Home on Time Day was launched by The Australia Institute in 2009 as a light hearted way to recognise that life doesn't need to revolve around work and a balance between work and life is important.

In order to examine work life balance The Australia Institute conducted a survey of 946 employed Australians in July 2015. This survey built upon previous surveys that have been conducted over the past six years for Go Home on Time Day.

This paper explores the cost of unpaid overtime, the extent to which Australian workers fail to take a break and the cost of work bleeding into everyday life.

WORK HOURS

On average, full time Australian workers worked 42.6 hours a week in 2014, slightly higher than the OECD average of 42.5 hours. Australia's work hours are the 12th highest in the developed world. This is an improvement from the previous year where Australia had the 10th highest work hours out of all OECD countries for which data is available.⁴ In Australia, 14 per cent of employees work very long hours, defined as more than 50 hours a week, slightly above the OECD average of 13 per cent.⁵

¹ OECD Better Life Index, "What matters most to people around the world?".

² Jade Bate, "Finding a work-life balance can save your life", *Canberra Times*.

³ David Baker, Molly Johnson and Richard Denniss, "Walking the tightrope: Have Australians achieved work/life balance?" (The Australia Institute, 2014).

⁴ OECD, "Average usual weekly hours worked on main job".

⁵ OECD, "Work-life Balance, OECD Better Life Index".

More than half (54 per cent) of the Australian workers surveyed by The Australia Institute reported that they worked unpaid hours in the week prior to the survey. On average, full time Australian workers reported working 5.94 unpaid hours a week. Over one year this would add up to the equivalent of eight working weeks and equates to an average individual cost of \$232 a week or \$12,067 per year, as shown in Table 1 below:

Table 1: Cost of unpaid overtime per worker

Type of worker	Average unpaid hours per week	Value of unpaid hours per week (\$)	Value of unpaid hours per annum (\$)
Full time	5.94	232	12,067
Part time	3.99	156	8,105

Sources: The Australia Institute survey, ABS Average Weekly Earnings, Australia, May 2015, Cat 6302.0
Survey question: How many unpaid hours did you work in the last 7 days (i.e. unpaid overtime)?

Table 1 shows that part time workers worked slightly less unpaid overtime at 3.99 hours per week, or 5.5 working weeks annually. This equates to an average individual cost of \$156 a week or \$8, 105 a year.⁶

Across the Australian workforce the value of unpaid overtime is huge. Overall Australians workers donated \$128 billion in unpaid overtime to their employers last year, as shown in Table 2 below:

Table 2: Total cost of unpaid overtime in Australia

Average unpaid overtime per full time worker	\$12,067
Number of full time workers	8,134,000
Total value of full time workers' unpaid overtime	\$98,150,000,000
Average unpaid overtime per part time worker	\$8,105
Number of part time workers	3,642,000
Total value of part time workers' unpaid overtime	\$29,520,000,000
Total value of full and part time workers' unpaid overtime	\$127,670,000,000

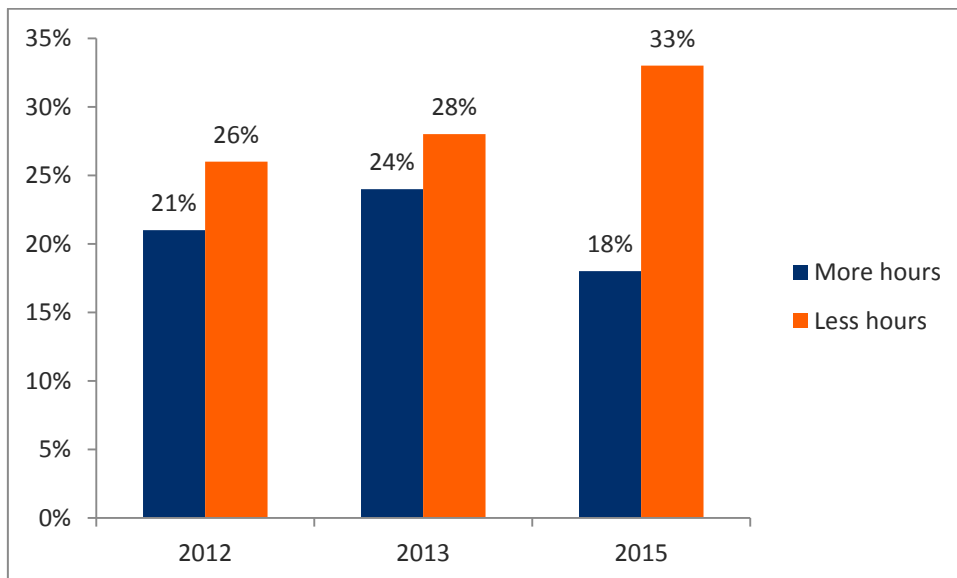
Sources: The Australia Institute survey, ABS Average Weekly Earnings, Australia, May 2015, Cat 6302.0, ABS Labour Force Australia, Labour force status by Sex, Sep 2015, Cat 6202.0

⁶ The calculations in Table 1 are based on the average adult earnings reported by the Australian Bureau of Statistics (ABS) and multiplied through a 52 week year. While most people do not work a 52 week year, some of the respondents to our survey would have been on leave at the time of the survey and reported no overtime worked in the last week. In other words, we assume that an average amount of leave was taken by respondents in the week of the survey. Results can then be multiplied by a 52 week year without overestimating hours worked. The survey was conducted in July, overlapping many schools' holiday period, meaning that perhaps a greater than average number of adults would have been on leave at that time. If that is the case, our estimates will be conservative.

The total value of unpaid overtime in Australia estimated in Table 2 is higher than in 2014 where the 'donated' hours of Australian workers added up to almost \$110 billion.⁷

Unpaid overtime is contributing to feelings of overwork amongst many Australians. One third of Australian workers (33 per cent) want to work less hours per week while only around one in five (18 per cent) want to work more hours. These figures indicate an increase in the number of people who are overworked compared to previous years. As Figure 1 shows the number of people who want to work more hours has reduced since 2012 and 2013 and the number of people who want to work less hours has increased.

Figure 1: Overwork/underwork survey results (2015, 2013 and 2012)



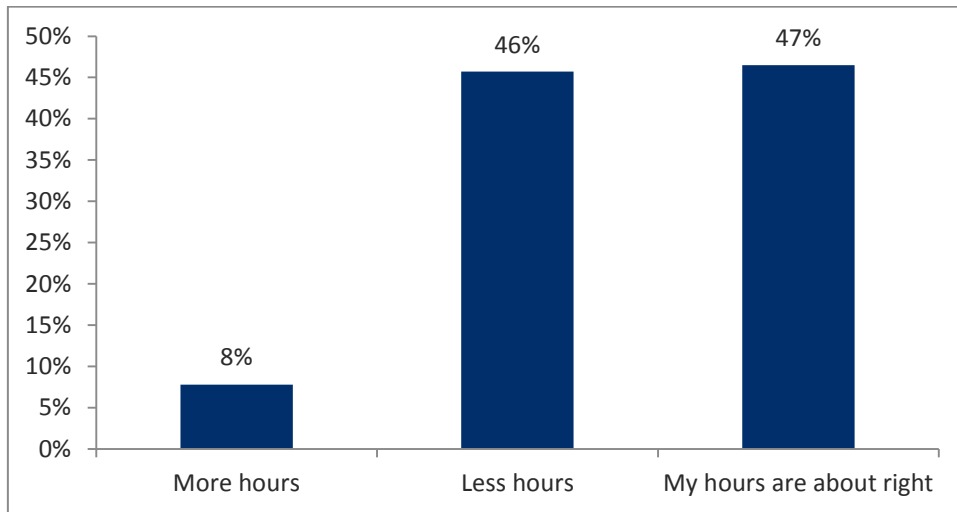
Source: The Australia Institute surveys

Note: 2012 and 2013 are the only years for which data is available

Full time workers are much more likely to feel overworked compared to those who work part time or casual hours. Nearly half of all full time workers feel overworked and want to work fewer hours than they currently do, as shown in Figure 2.

⁷ Baker, Johnson and Dennis (2014).

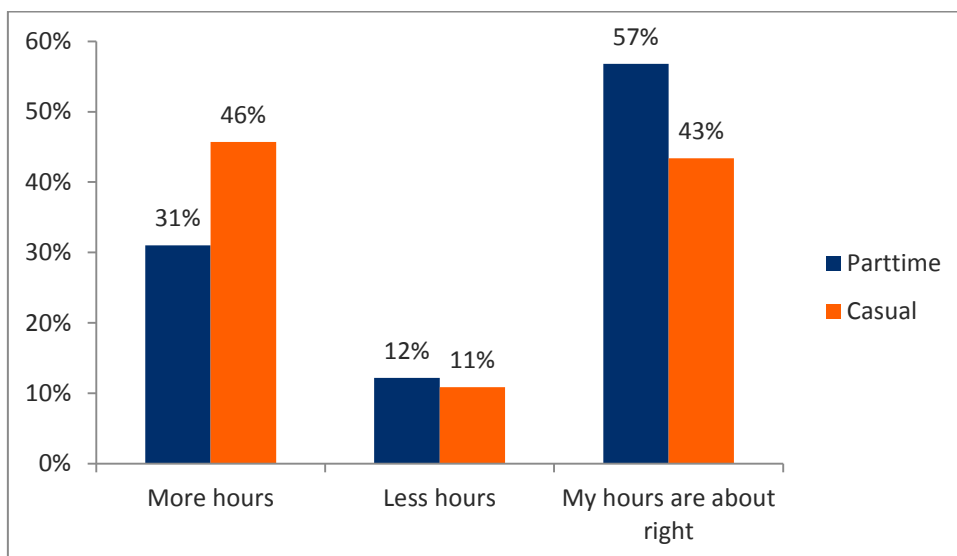
Figure 2: Overwork/underwork - Full time workers



Source: The Australia Institute survey

In comparison to full time workers, part time workers and casual workers want to work more hours (Figure 3). One third of part time and nearly half of all casual workers want to work more hours while only around one in ten want to work less. These figures are similar to ABS research which found that 26 per cent of part time workers want to work more hours than they currently do.⁸ This highlights the reality of Australia's workforce in that many of Australia's workers are actually underemployed at the same time that many full time workers feel overworked.

Figure 3: Overwork/underwork - Part time and casual workers

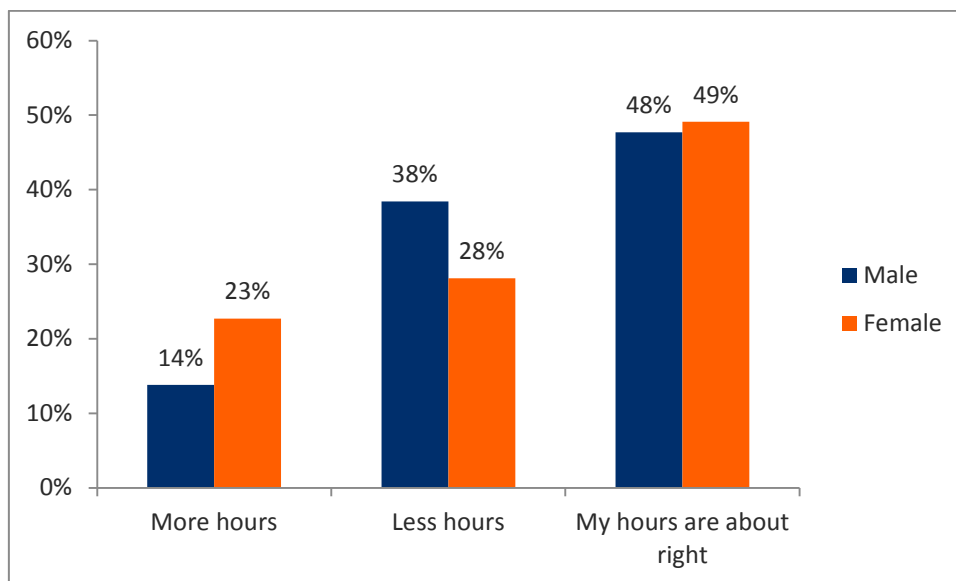


Source: The Australia Institute survey

⁸ ABS, "Underemployed workers, Australia, 6265.0".

Females are more likely to want to work more hours than males with nearly one quarter of females (23 per cent) wanting more hours compared to 14 per cent of men (Figure 4). Males are more likely to want less working hours with 38 per cent of males wanting fewer hours compared to 28 per cent of females. This trend is consistent with ABS figures on underemployment. The latest ABS study on underemployment found that, of those who want to work more hours, 62 per cent were female and 38 per cent were men. This likely reflects the part time hours that many females work with the ABS finding that 70 per cent of part time workers are females.⁹

Figure 4: Overwork/underwork - Gender breakdown

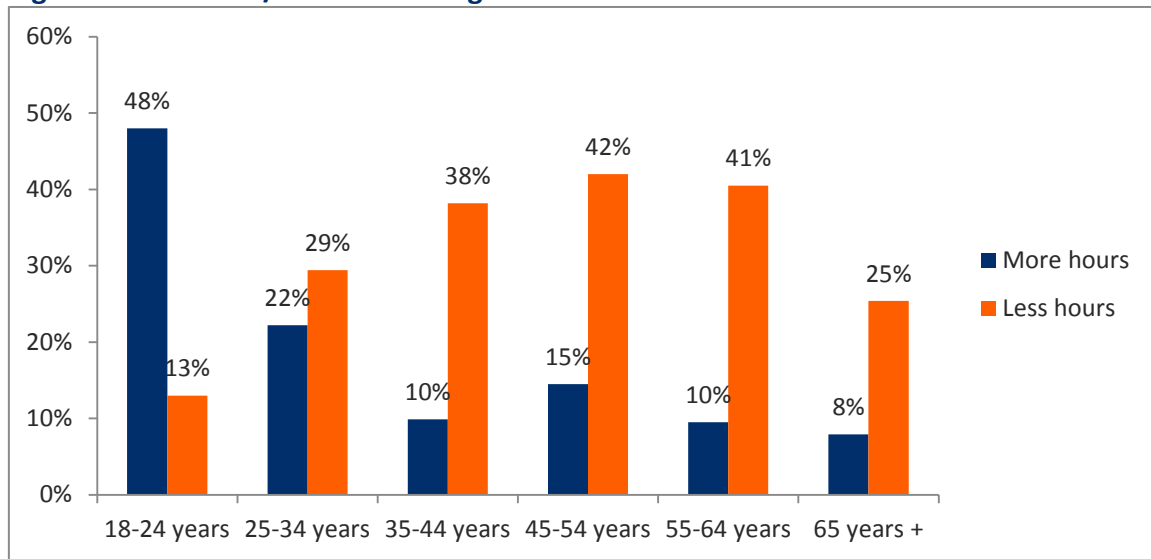


Source: The Australia Institute survey

Age and income also have a strong influence on underemployment and overworking. As Figure 5 shows, younger people are more likely to want to work more hours while those who are middle aged are more likely to want to work less hours. In regards to income, those who have a lower household income are likely to want to work more hours while those who have a high household income are more likely to want to work less hours. As Figure 6 shows, 35 per cent of those on low incomes want to work more hours and only nine per cent want to work less. In comparison, of those in the highest income bracket nearly half want to work less hours while only seven per cent want to work more. It appears that the longer a person has been in the workforce and the higher their income the more likely they are to feel overworked.

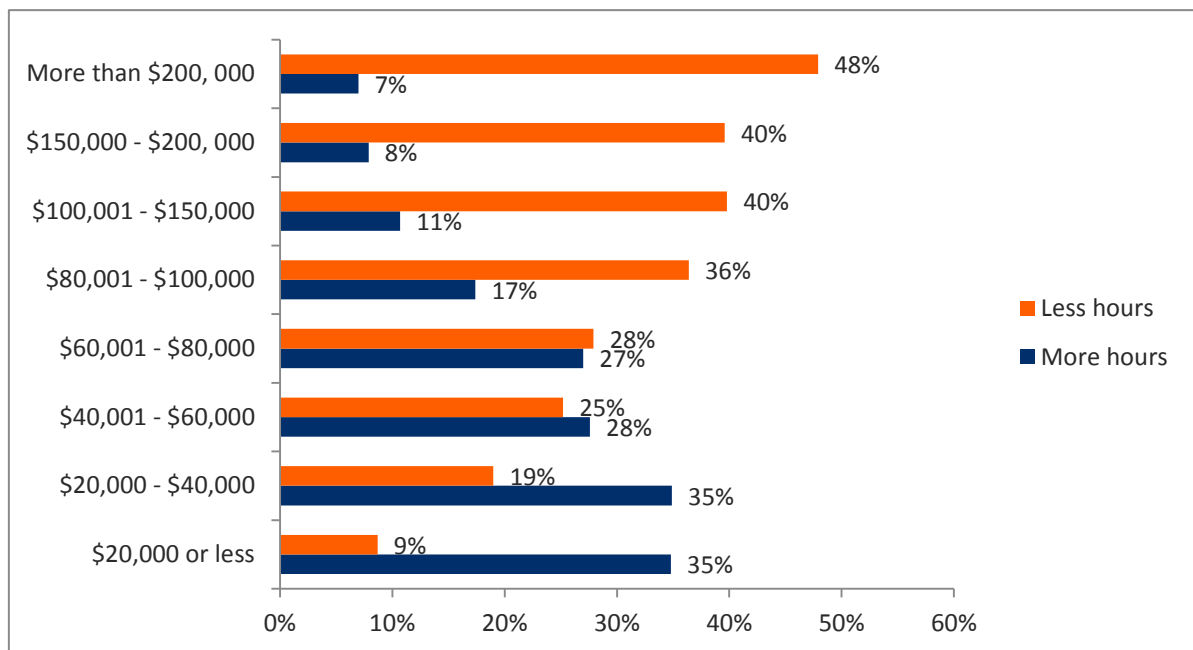
⁹ ABS, "Underemployed workers, Australia, 6265.0".

Figure 5: Overwork/underwork - Age breakdown



Source: The Australia Institute survey

Figure 6: Overwork/underwork - Household income breakdown



Source: The Australia Institute survey

Taking a break

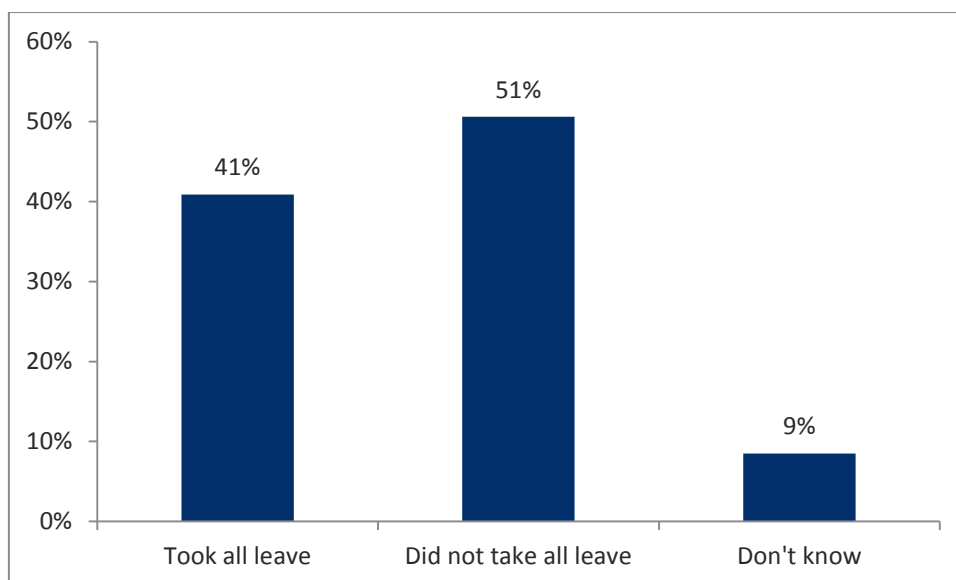
Taking a break from work is essential for workers' health and to prevent burnout. Taking breaks increases productivity and can help workers sustain concentration and

energy levels for longer periods of time.¹⁰ Sweden is currently shifting towards shorter working days based on the theory that workers will be more focused and productive while they are at their jobs.¹¹

However in Australia, workers are working for longer and taking breaks appears to be a thing of the past. Previous research by The Australia Institute for the 2013 Go Home on Time Day found that one in five, or 3.8 million, Australian workers do not take lunch breaks with one in two of them saying it is because they are too busy.¹²

Australian workers also fail to take all the leave they are entitled to. Half of all workers (51 per cent) failed to take the leave they were entitled to in 2014 as shown in Figure 7.

Figure 7: Taking leave



Source: The Australia Institute survey

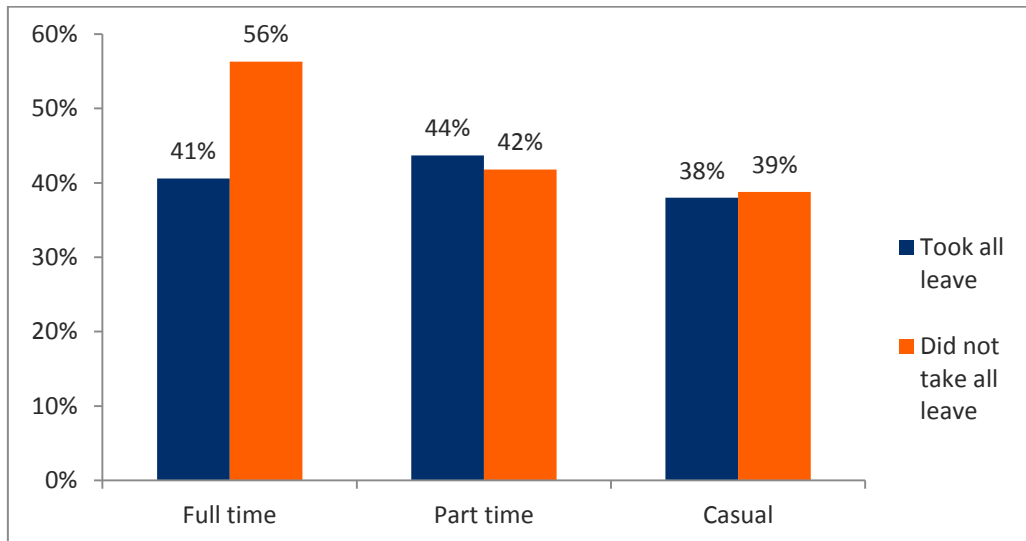
Full time workers are more likely to not take all their leave with 56 per cent of full time workers failing to take their leave compared to 42 per cent of part time workers and 39 per cent of casual workers (Figure 8).

¹⁰ Prue Cameron and Richard Denniss, "Hard to get a break? Hours, leave and barriers to re-entering the Australian workforce" (The Australia Institute, 2013).

¹¹ Chloe Booker, "Sweden is moving towards a six hour working day as Australia's hours increase", *Canberra Times*.

¹² Cameron and Denniss (2013).

Figure 8: Taking leave, by type of work

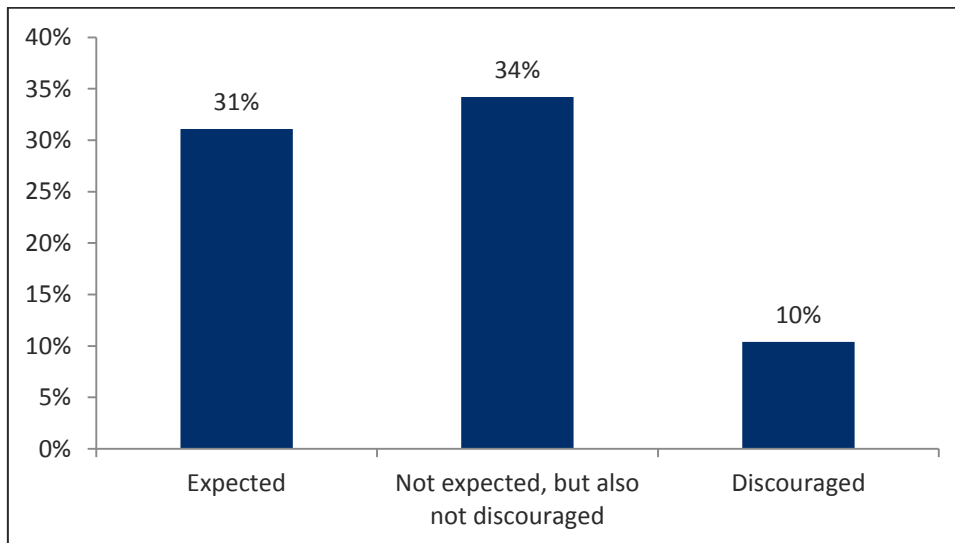


Source: The Australia Institute survey

WORKING EXTRA HOURS

Many workers are expected to work extra hours without pay. One third (31 per cent) of workers are expected to work extra hours while another third (34 per cent) stated that although working extra unpaid hours is not expected it is also not discouraged. Only one in ten workers reported that they are actively discouraged from working extra unpaid hours.

Figure 9: Working extra hours without pay

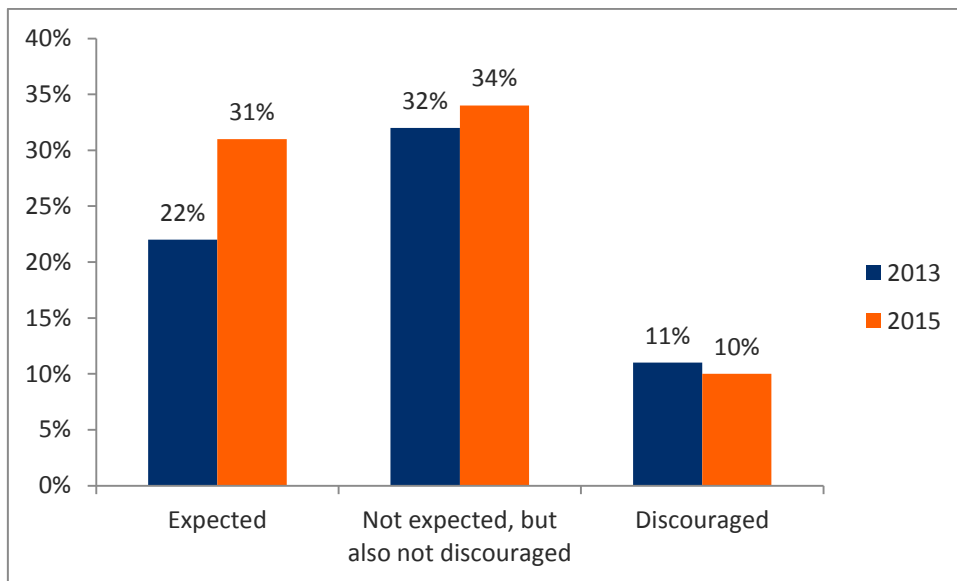


Source: The Australia Institute survey

Survey question: In your workplace, is working extra hours without pay...?

There has been an increase in the number of workers who are expected to, or not discouraged from, working extra hours without pay. In 2013 just over half (54 per cent) of the respondents surveyed by The Australia Institute reported that they were expected to, or not discouraged from, working unpaid overtime. This number has increased to 65 per cent in 2015 (Figure 10). This suggests that Australia’s workplace culture is not improving over time and the pressure to work extra hours may be becoming the norm.

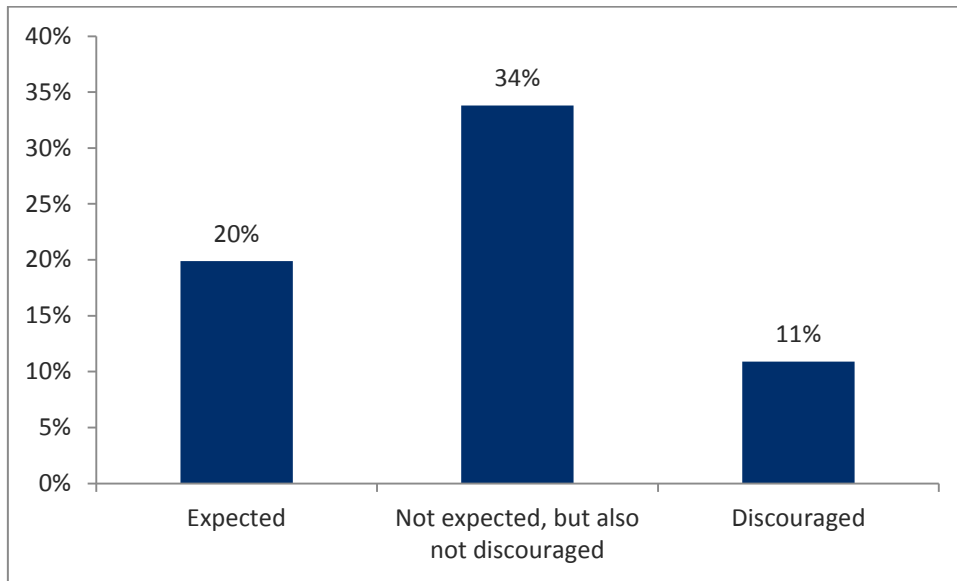
Figure 10: Working extra hours without pay (2013 and 2015 comparison)



Source: The Australia Institute surveys

Many workers are also expected to work at home outside their normal hours, for example on weekends (Figure 11). One in five workers (20 per cent) are expected to work at home outside of normal hours while a third (34 per cent) are not discouraged from doing so. Only one in ten workers are discouraged from taking their work home with them.

Figure 11: Working at home outside of normal work hours

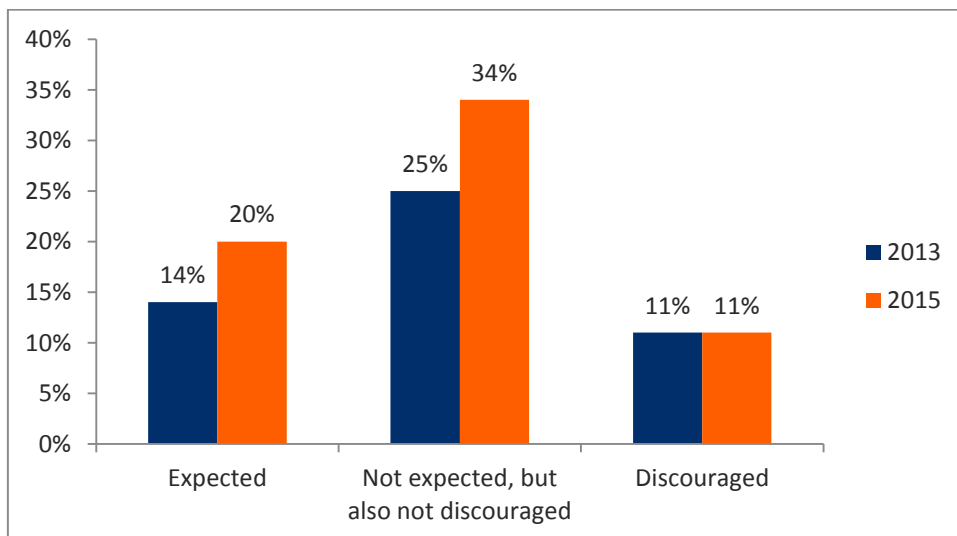


Source: The Australia Institute survey

Survey question: In your workplace, is working at home outside of normal working hours (e.g. on weekends)...?

Comparing these figures to a 2013 survey by The Australia Institute, it appears that employers now have a greater expectation that their employees will work at home (Figure 12). In 2013, 39 per cent of survey respondents reported that they were either expected or not discouraged from working at home outside of normal hours. This year the majority of respondents (54 per cent) reported that they were expected or not discouraged from working at home.

Figure 12: Working at home outside of normal work hours



Source: The Australia Institute surveys

Australia's employers have a large role to play in encouraging work life balance amongst their employees. However, as the survey results show, only a small number of employers are actively discouraging their workers from working long hours. The figures have worsened since the 2013 Australia Institute survey, suggesting that Australian workplaces have not only failed to improve work-life balance over this time but have actually gone backwards.

IMPACT OF WORK HOURS

Working long hours has a significant effect on the physical, mental and social wellbeing of Australian workers and their families. Work related stress is associated with a number of health issues such as cardiovascular disease, obesity and diabetes. An international study on the health impacts of long working hours found that employees who work long hours have a higher risk of stroke than those who work normal hours.¹³

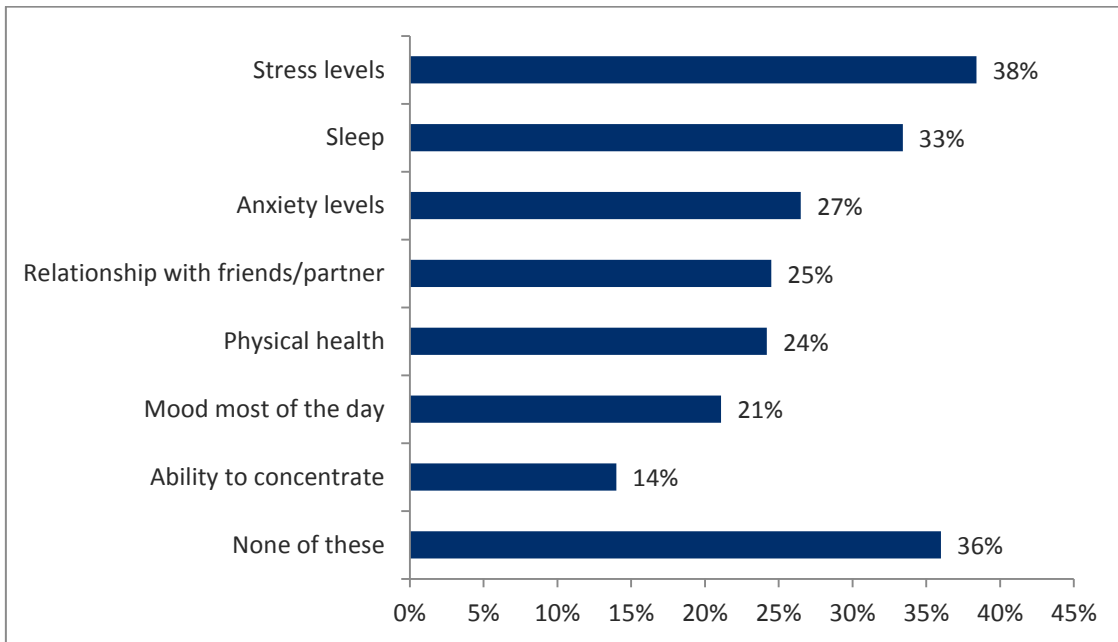
Working can also have a negative impact on workers mental health and can lead to a range of mental health problems such as anxiety, stress, depression and sleeplessness. A report by Safe Work Australia found that mental stress related to work pressure made up one third of all mental stress compensation claims between 2008 and 2011.¹⁴

Current working arrangements impact on workers' health, wellbeing and relationships. Nearly two in five (38 per cent) Australian workers felt that their work had a negative impact on their stress levels while a third felt that their work had a negative impact on sleep and a quarter (27 per cent) of workers were experiencing anxiety as a result of work (Figure 13). Work hours are also having a negative impact on people's relationship with their friends and partner (25 per cent) and on their physical health (24 per cent). Only one third of workers felt that work did not have a negative impact on their lives.

¹³ Mika Kivimaki et al., "Long working hours and risk of coronary heart disease and stroke: a systematic review and meta analysis of published and unpublished data for 603 838 individuals", *The Lancet*, 2015.

¹⁴ Safe Work Australia, "Incidence of Accepted Workers' Compensation Claims for Mental Stress in Australia" (2013).

Figure 13: Negative impact of current working arrangements

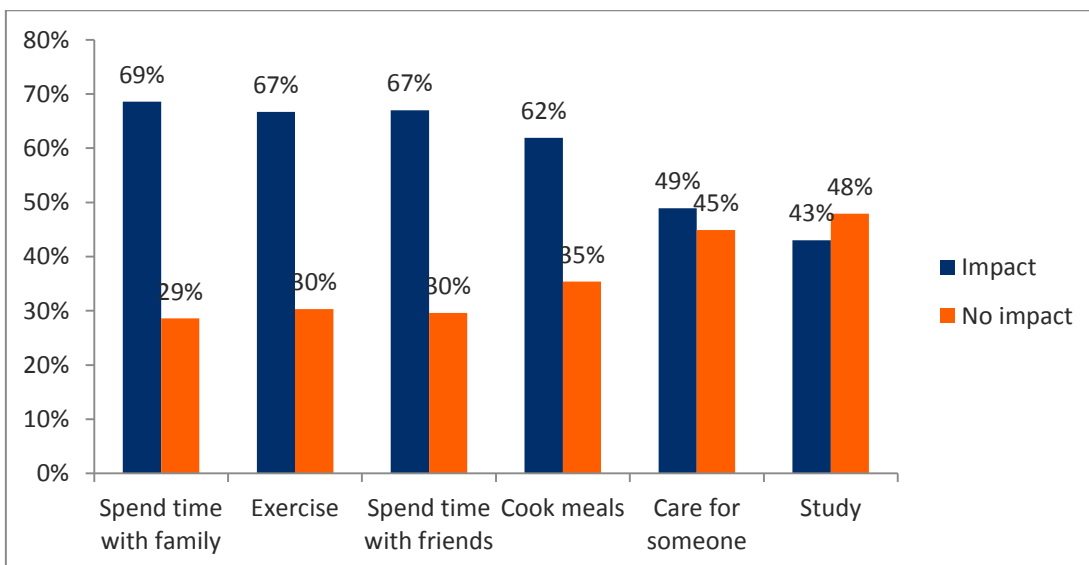


Source: The Australia Institute survey

Survey question: Do your current working arrangements negatively impact on your...?

Respondents to the survey were also asked about the impact of work hours on activities outside of work. Work hours have a strong impact on the relationships of the Australian workforce, as can be seen in Figure 14.

Figure 14: Impact of work hours on activities



Source: The Australia Institute survey

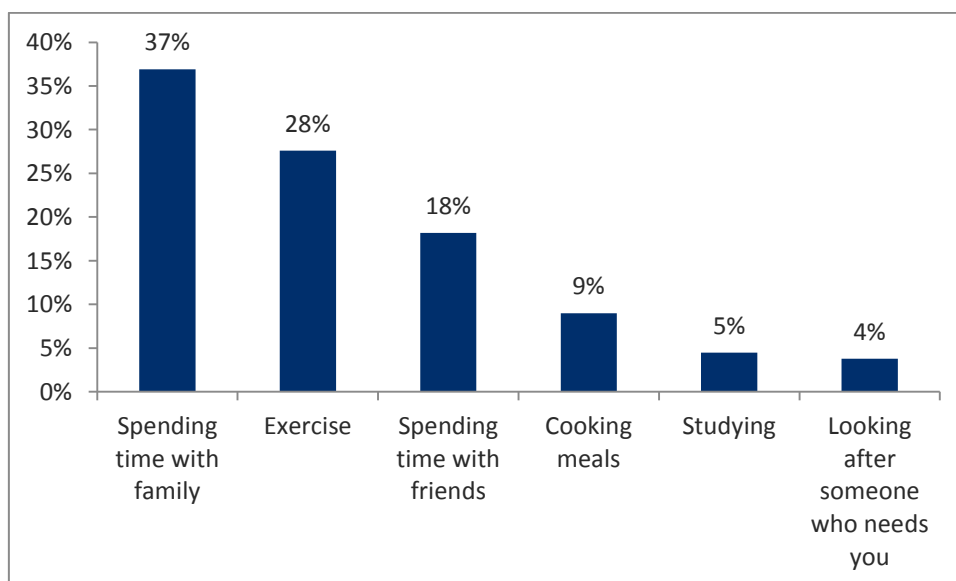
Survey question: To what extent do long working hours impact on your ability to do the following activities?

Nearly 7 in 10 workers feel that their work hours have an impact on their ability to spend time with their family while two thirds (67 per cent) feel that it impacts on their ability to spend time with friends. Work hours also appear to have an impact on the physical health of workers. Two thirds (67 per cent) of people felt that work hours impacted on their exercise while more than 6 in 10 (62 per cent) said that work hours impact on their ability to spend time cooking.

The impact of work hours on relationships and health is reinforced by the survey results in Figure 15. Workers were asked which activity they miss the most because of their working hours. The most common response was spending time with their family (37 per cent) while one in five (18 per cent) miss spending time with friends.

This means that more than half of Australian workers miss spending time with people they care about, highlighting the impact of work on workers social lives and the health of their relationships. The second most selected response was exercise with one third of workers missing this activity the most and one in ten missing cooking the most.

Figure 15: Activity that is most missed because of work hours



Source: The Australia Institute survey

Survey question: Which of the following activities do you miss the most because of your working hours?

CONCLUSION

This year is the seventh national Go Home on Time Day. Since Go Home on Time Day was launched work life balance has become an important national conversation.

However, work life balance is still more of an aspiration than a reality for many Australian workers.

Australians are donating \$128 billion in unpaid overtime annually and failing to take their entitled annual leave. This is leading to feelings of overwork and is having a negative impact on workers lives, in particular on their relationships and their mental and physical health.

The era of the 9-5 work day is a thing of a past. Smart technology has given workers access to their work 24/7 and blurred the boundaries between work and home.¹⁵ This 'polluted time' is one of the consequences of today's flexible workforce. However, often the benefits of this flexibility flow to the employer at the expense of the employee. Some workplaces expect their workers to work long hours without pay and to take their work home with them. More than half of all workers stated that they are expected to, or not discouraged from, working unpaid hours or working at home outside of normal hours. It is clear that tackling work life balance is not the sole responsibility of employees. Employers have a large influence on work life balance and it is imperative that steps are taken to improve work place culture. Policy makers also play an important role.

Measures that could improve work life balance for all Australian workers and their families include:

1. Starting a conversation about work life balance with your employer. It is important that workers have an understanding of their employer's expectations and vice versa. Go Home on Time Day is a good opportunity to start these conversations
2. Deciding what time you are going home before you go to work and identifying early any tasks that might prevent you from going home on time
3. Scheduling activities after work e.g. meet a friend after work or plan something with your family
4. Improving workplace practices around recognising and responding to work related stress. This will enable employees to address their workload issues before they become a serious problem
5. Requiring all organisations that employ more than 100 staff to publish the results of an externally conducted, and nationally consistent, survey of employee satisfaction

¹⁵ Josh Fear, "Polluted time: Blurring the boundaries between work and life" (The Australia Institute, 2011).

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