

Paid overtime

Gary L. Cohen

Do you ever work extra hours, and when that happens, do you get extra pay to compensate for the added time on the job? If you do, you are not alone; paid overtime is part of the job for more than three-quarters of a million Canadian workers.

For employers, overtime may be a convenient, perhaps essential, method of handling the fluctuations of production or delivery schedules, as the costs (even at premium rates of pay) may be lower than those that would arise from hiring more workers. For employees, paid overtime may be a mixed blessing: while it offers an opportunity for additional income, it can also be an undesirable aspect of the job, especially when it is mandatory or unpredictable.

This article uses data from the Survey of Work Arrangements (SWA) [\(1\)](#) to describe the 800,000 employees aged 15 to 64 who worked paid overtime in November 1991. (See [Was November 1991 a typical month for paid overtime?](#)).

It depends on where you work ...

Paid overtime has traditionally been associated with the goods-producing sector, [\(2\)](#) at least, in part, because there the costs of production and the value of outputs are more easily quantified. In fact, while the overall incidence or rate [\(3\)](#) of paid overtime in November 1991 was 8%, it averaged 13% in the goods sector but just 6% in the service sector. [\(4\)](#)

The highest incidence was in mining, followed by manufacturing. The lowest rates occurred in education services; other services; accommodation, food and beverage services; and finance, insurance and real estate. Not all service industries, however, had low rates: communication and other utilities, transportation and storage, and wholesale trade all had above-average rates of paid overtime ([Table 1](#)).



Table 1 Employment characteristics by industry, November 1991.

Source: *Survey of Work Arrangements*

your work status ...

A closer look at the data shows that industries with a relatively large share of full-time workers generally had higher rates of paid overtime, whereas rates tended to be low in industries where part-time work was more common. [\(5\)](#) In fact, about 90% of overtimers in November 1991 reported that they were full-time workers (employees with a regular or usual workweek of 30 hours or more). These observations suggest that firms in industries with a large proportion of part-time workers can often meet fluctuating production demands by increasing the hours worked by these part-timers, rather than by requiring overtime from their full-time workers.

The overall incidence of paid overtime among full-time workers was greater than that for part-time workers: 8% compared with 5%. There were, however, some 82,000 part-timers who worked paid overtime; three-quarters of them were women, and nearly half were employed in retail trade or in health and social services. In these two industries, the rates of paid overtime were similar for full- and part-time workers.

and union membership

Among men, the incidence of paid overtime was much higher for union members (13%) than for workers who were not unionized (8%). Even within highly unionized industries such as government services, communication and other utilities, and transportation and storage, male union members were more likely than their non-unionized counterparts to work paid overtime. In contrast, the overtime rate for female union members was slightly below that of non-unionized female workers.

Who works paid overtime?

Nearly twice as many men as women worked paid overtime in November 1991: 520,000 versus 280,000. As a result, the incidence of paid overtime among male workers was 10%, compared with 6% for female workers. Overtime rates for men were higher than those for women in most industries; for example, in manufacturing the rate for men was 15% compared with 12% for women. [\(6\)](#)

Some 35% of male overtimers worked in manufacturing, followed by government services (9%), communication and other utilities (8%), and construction (7%). Female overtimers, on the other hand, were most commonly employed in manufacturing (22%), health and social services (19%), and retail

trade (15%).

The incidence of paid overtime peaked among workers aged 25 to 34 at 12% for men and 7% for women. For men, the lowest rate of paid overtime was among those aged 55 to 64 (7%), while for women, the lowest rate was at ages 15 to 24 (4%) ([Chart A](#)).



Chart A **In November 1991, 25 to 34 year-olds were the most likely to work paid overtime.**

Source: *Survey of Work Arrangements*

Both male and female workers who were the only wage-earner in their family had higher-than-average rates of paid overtime. As well, men in dual-earner families with children under 6 years had a relatively high overtime rate. [\(7\)](#)

How many overtime hours?

The typical overtimer averaged nearly eight hours of paid overtime during the reference week in November 1991. [\(8\)](#) About one in six worked less than 3 overtime hours, while a similar proportion worked 12 or more ([Chart B](#)). Overtimers in construction, finance, insurance and real estate, and mining put in the most overtime, averaging 11 or more hours.



Chart B **One in six paid overtimers worked 12 or more extra hours per week in November 1991.**

Source: *Survey of Work Arrangements*

Average overtime hours were higher for men (8.4) than for women (6.7). Male overtimers were more likely than women to work 12 or more extra hours (21% versus 12%), while women were more likely to work less than 3 overtime hours (22% versus 14%).

Premium pay - the union factor

Most overtimers get premium pay. More than 70% of paid overtimers reported that they received either time and a half (61%) or double time (10%) for their extra work. [\(9\)](#) Premium pay was most prevalent in highly unionized industries: mining, government services, manufacturing, transportation and storage, and communication and other utilities. In fact, 89% of unionized overtimers received premium pay for their efforts, compared with just 57% of non-unionized overtimers.

Premium pay was less common in some parts of the service sector: fewer than half of overtimers in retail trade; accommodation, food and beverage services, or business services reported premium pay.

Men were much more likely than women to receive premium pay for overtime: 81% compared with 54% ([Chart C](#)). To some extent, this is attributable to the concentration of men in industries with an above-average incidence of premium pay. But this disparity also reflects the fact that more than three-quarters of full-time workers received premium pay, compared with hardly any part-timers.



Chart C In November 1991, men were much more likely than women to receive premium pay.

Source: Survey of Work Arrangements

Note: Includes only those respondents (86%) who gave their rate of pay for overtime work.

Summary

In any given week, at least 800,000 Canadians work overtime for pay. (And they may number as many as one million.) On average, these overtimers put in nearly 8 extra hours per week. Paid overtime is most common in industries where full-time work is prevalent, and for men, where the rate of unionization is higher-than-average. Accordingly, men are more likely than women to work paid overtime. Most overtimers, especially those who are unionized, receive premium pay, usually time and a half.

Unpaid overtime?

Although the Survey of Work Arrangements (SWA) did not cover unpaid overtime, an estimate can be derived from the Labour Force Survey (LFS), which measures both usual (regular or normal) and actual

weekly hours worked.

According to the November 1991 LFS, 1.1 million paid workers indicated that their actual hours surpassed their usual hours. However, only about 50% of these workers reported paid overtime on the SWA. This suggests that the remaining 50%, or some 500,000 workers, may have been putting in unpaid overtime.

It appears that women are somewhat more likely than men to work unpaid overtime. Just 43% of women whose actual hours exceeded their usual hours reported paid overtime on the SWA; the comparable figure for men was 54%. Unpaid overtime, by this definition, was most common in education services and other services; it was least prevalent in mining, and in communication and other utilities.

Was November 1991 a typical month for paid overtime?

On the basis of the monthly patterns of actual and usual hours worked, as compiled by the Labour Force Survey (LFS), paid overtime reported for November 1991 may have been somewhat below the average for a typical month in 1991.

In November 1991, about 10% or 1.1 million paid workers reported to the LFS that their actual weekly hours exceeded their usual weekly hours, while the SWA counted some 800,000 paid overtimers. But for 1991 as a whole, about 12% of paid workers reported that their actual weekly hours exceeded their usual weekly hours.⁽¹⁰⁾ The close relationship between extra hours worked and paid overtime suggests, therefore, that in a typical month some 950,000 workers put in paid overtime.

Notes

Note 1

The Survey of Work Arrangements (SWA) was conducted in November 1991 as a supplement to the monthly Labour Force Survey (LFS). The SWA collected data on work schedules (such as days of the week, time of day, and flexible hours), on non-standard work arrangements (such as working at home, paid overtime, and moonlighting), and on union membership. Data about paid overtime refer only to the

main job of paid workers. The SWA did not ask if the overtime was voluntary or if it was an expected (or required) part of the job. Similarly, respondents were not asked why they worked overtime.

Note 2

For this article, the goods-producing sector was defined as the primary industries (agriculture, forestry, fishing, and mining) plus manufacturing and construction. The service sector, therefore, comprised transportation and storage; communication and other utilities; wholesale trade; retail trade; finance and insurance; real estate operators and insurance agents; business services; government services; education services; health and social services; accommodation, food and beverage services; and other services. Industry data were based on the Standard Industrial Classification, 1980.

Note 3

The incidence or rate of any activity such as paid overtime, measures the proportion of a group who participated in that activity.

Note 4

As might be expected, rates of paid overtime by occupation mirrored those by industry; that is, the highest rates were in occupations related to industries that had high rates: other crafts (18%), transport equipment operating (15%), material handling, processing, and other primary (all 14%). As well, nearly 10% of employees in natural science, engineering and mathematics occupations were overtimers. On the other hand, just 4% of managers or administrators worked paid overtime in November 1991. Occupation groupings were based on the Standard Occupational Classification, 1980.

Note 5

Education services seems to be an exception to this pattern, as it coupled a very low rate of paid overtime with just an average share of part-time work. But extra unpaid hours are often an expected part of employment in this industry ([Cohen](#), 1992).

Note 6

About one-third of the difference between paid overtime rates for men and women is attributable to the fact that women tend to be employed in industries with lower-than-average rates of paid overtime.

Note 7

In the LFS, a family refers to a group of two or more persons who live in the same dwelling and are related by blood, marriage (including common-law), or adoption.

Note 8

Strictly speaking, the "overtimers" described in this article were paid for working extra hours during the reference week of the November 1991 LFS (November 10-16, 1991). It is assumed in monthly surveys that the reference week is a reasonable representation of the entire month, but obviously, the overtime reported (an average of 7.8 hours per overtimer) refers only to that one-week period.

Note 9

This analysis was based on the 86% of respondents who replied "straight time, time and a half, or double time" to the question about their rate of pay for overtime work. Some respondents did not answer the question, while others provided replies that did not fit these categories.

Note 10

This "annual average" was based on data covering 11 months; October was excluded from the calculations because the level for that month was some 40% below average, reflecting the Thanksgiving holiday during the reference week. (The Remembrance Day holiday occurred during the November reference week, but as relatively few workers get this holiday, it likely had little impact.)

References

- Carr, D. "Overtime work - an expanded view." *Monthly labour review* 109, no. 11 (November 1986): 36-39.
- Cohen, G. "[Hard at work.](#)" *Perspectives on labour and income* (Statistics Canada Catalogue 75-001E) 4, no. 1 (Spring 1992): 8-14.
- Watson, G. "Hours of work in Great Britain and Europe." *Employment gazette* 100, no.11 (November 1992): 539-557.

Author

Gary Cohen is with the Labour and Household Surveys Analysis Division of Statistics Canada.

Source

Perspectives on Labour and Income, Autumn 1993, Vol. 5, No. 3 (Statistics Canada, Catalogue 75-001E). This is the second of six articles in the issue.

 **HIGHLIGHTS**

 **TABLE OF CONTENTS**

 **SUBJECT INDEX**

 **AUTHOR INDEX**

 **FRANÇAIS**

 **HELP**

 **HOME**



Table 1

Employment characteristics by industry, November 1991

| | Total employed | Proportion who are | | | Incidence of | |
|--|-------------------|--------------------|-----------------|------------------|------------------|-----------------|
| | | Women | Part- timers | Union members | Paid overtime | Premium pay* |
| | '000 | % | | | | |
| All industries | 10,332 | 48 | 17 | 35 | 8 | 71 |
| Agriculture, forestry and fishing | 168 | 31 | 16 | 13 | -- | -- |
| Mining | 154 | 15 | -- | 40 | 18 | 91 |
| Manufacturing | 1,731 | 29 | 4 | 38 | 14 | 86 |
| Construction | 455 | 13 | 7 | 32 | 9 | 62 |
| Transportation and storage | 406 | 20 | 11 | 53 | 10 | 85 |
| Communication and other utilities | 411 | 36 | 7 | 63 | 13 | 83 |
| Wholesale trade | 466 | 32 | 7 | 12 | 9 | 70 |
| Retail trade | 1,345 | 54 | 34 | 13 | 6 | 44 |
| Finance, insurance, real estate operators and insurance agents | 636 | 64 | 12 | 9 | 5 | -- |
| Business services | 465 | 50 | 11 | 6 | 7 | 49 |
| Government services | 830 | 45 | 6 | 71 | 8 | 91 |
| Education services | 906 | 61 | 18 | 71 | 2 | -- |
| Health and social services | 1,146 | 81 | 27 | 54 | 6 | 62 |
| Accommodation, food and beverage services | 695 | 61 | 45 | 8 | 5 | 46 |
| Other services** | 518 | 60 | 29 | 13 | 4 | 65 |

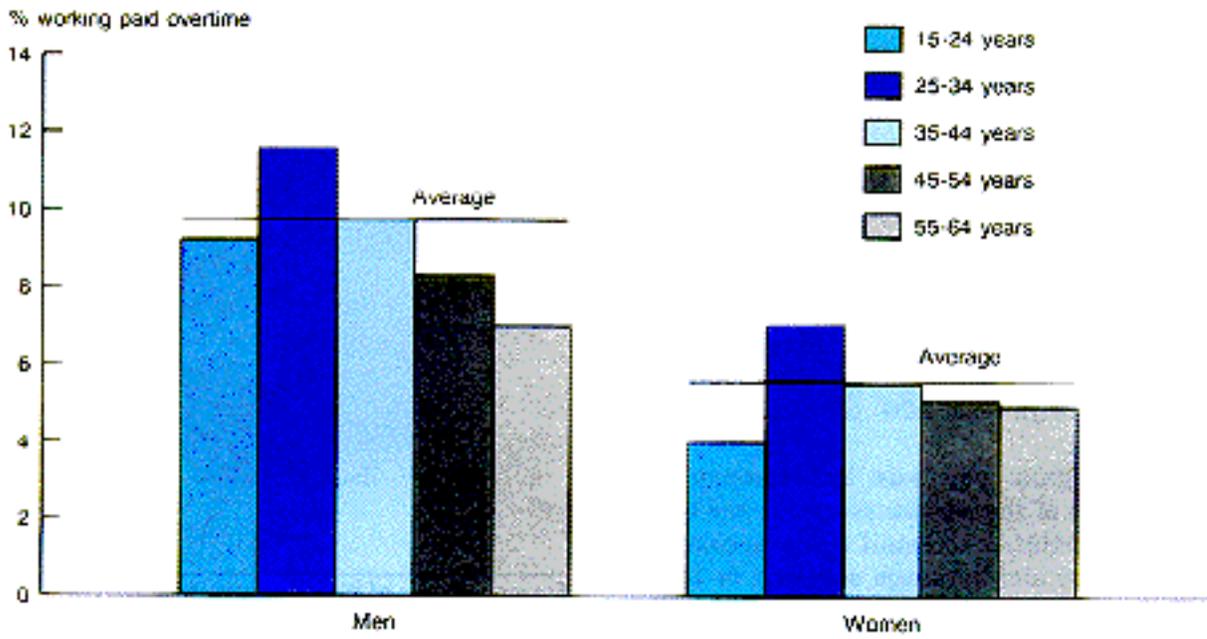
Source: Survey of Work Arrangements

* Among paid overtimers who reported their rate of pay.

** Consists mainly of amusement and recreation services plus personal and household services.

Chart A

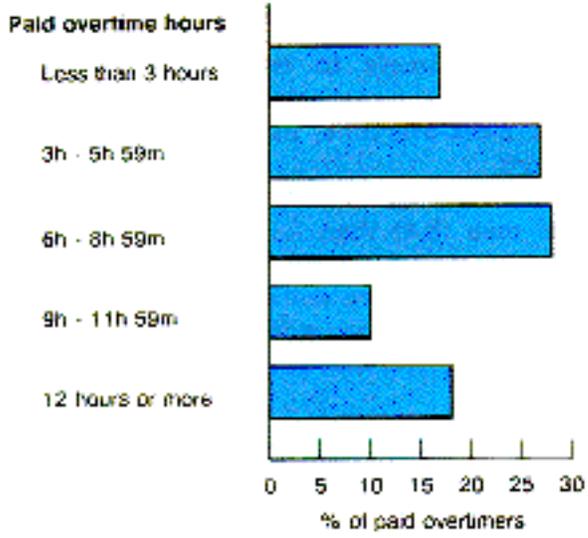
In November 1991, 25 to 34 year-olds were the most likely to work paid overtime.



Source: Survey of Work Arrangements

Chart B

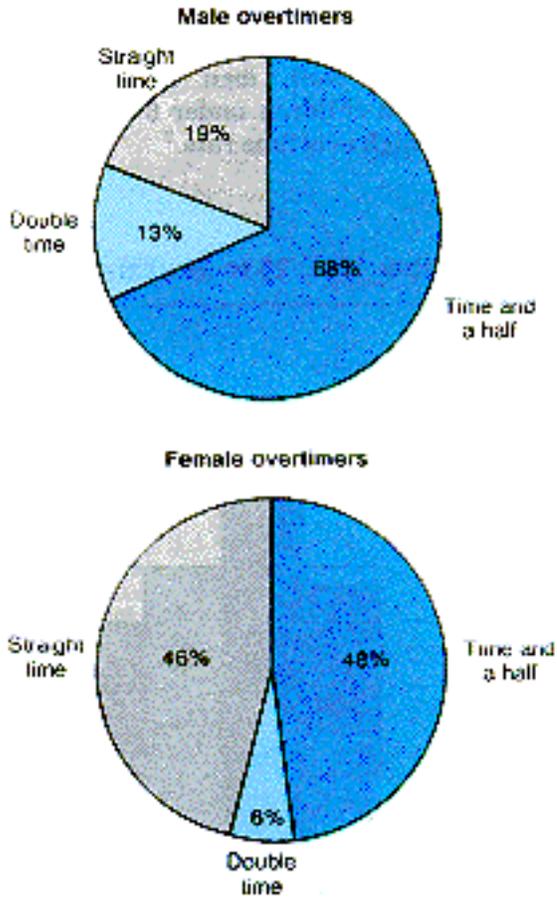
One in six paid overtime workers worked 12 or more extra hours per week in November 1991.



Source: Survey of Work Arrangements

Chart C

In November 1991, men were much more likely than women to receive premium pay.



Source: Survey of Work Arrangements

Note: Includes only those respondents (86%) who gave their rate of pay for overtime work.