

# **Overtime Pay Reform and Its Influence on Japanese Work-Life Balance**

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## **Abstract:**

This paper addresses the effect on employee time use of the 2010 Revised Labor Standards Act (LSA), which raised the extra-wage pay rate in Japan from at least 25 percent to at least 50 percent for overtime work exceeding 60 hours monthly. Utilizing data from the Japan Survey on Time Use and Leisure Activities, and the fact that this pay raise applied immediately only to large companies while small- and medium-sized companies received a grace period until 2023, we arrive at these three findings: (1) Following this reform, the probability of working more than 11 hours a day (equivalent to doing overtime work exceeding 60 hours monthly if one works at least 20 days per month) decreased by 2.2 percentage points, and daily work hours decreased by 6.36 minutes for male employees working in large companies, compared to those working in smaller companies. (2) The starting time for these employees in large companies remained unchanged, but they left their workplace earlier, resulting in shorter workdays but without any increase in work taken home. (3) These employees had more leisure time, which married men used particularly for time with their families. In conclusion, the raise in extra wage pay contributed to a better work-life balance by reducing work hours and allowing more time for leisure activities.