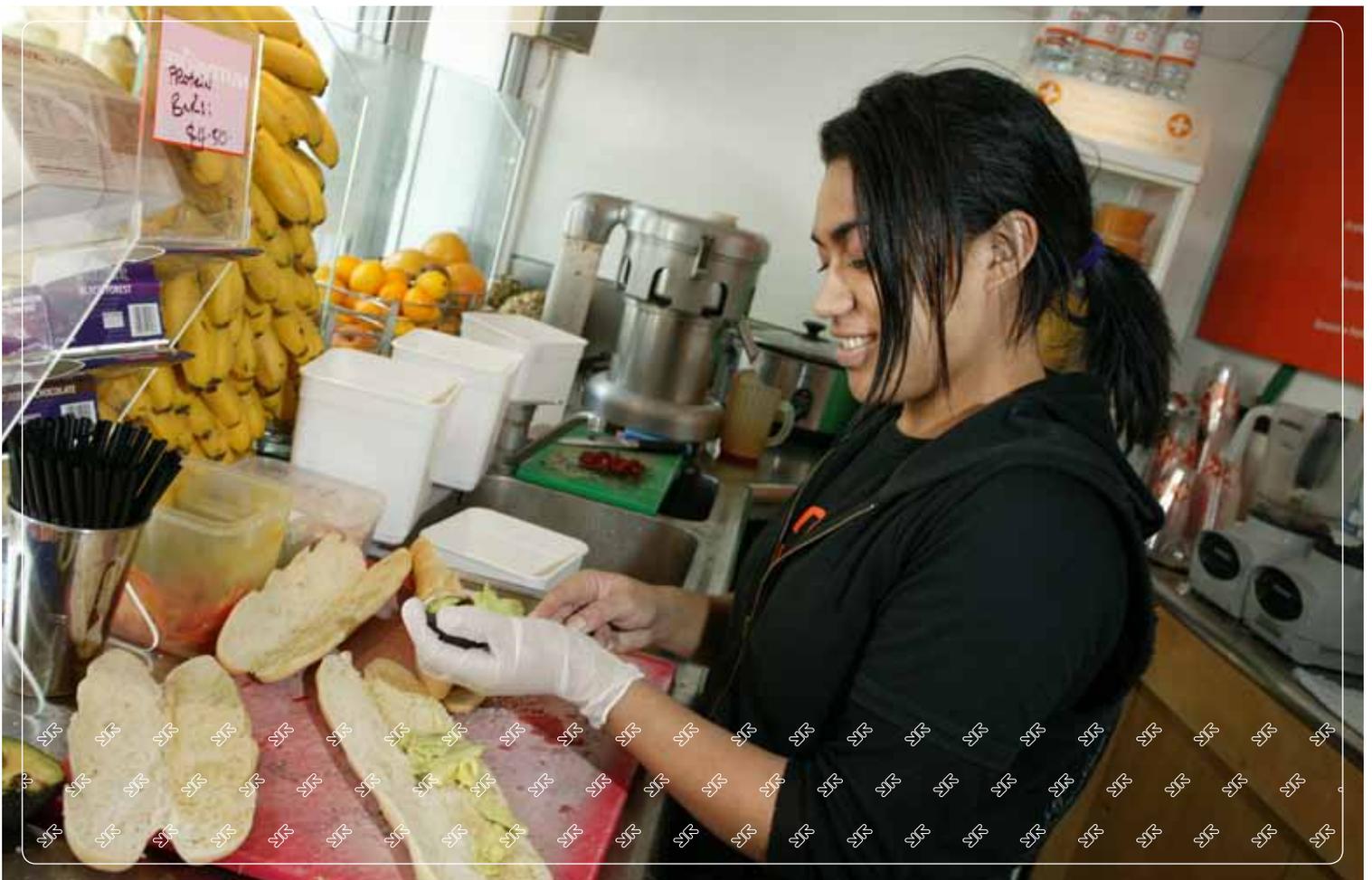




# A Profile of Temporary Workers and Their Employment Outcomes – Summary



## Summary

This is a summary of a Department of Labour research paper titled 'A profile of temporary workers and their employment outcomes'. The full report (dated September 2009) can be downloaded from the department's website.

The study examines the characteristics and employment outcomes of employees in temporary jobs. It uses information that was collected by Statistics New Zealand in the March 2008 quarter in the Survey of Working Life, a supplementary survey attached to the Household Labour Force Survey.

## How common is temporary employment?

Approximately one in ten employees (9.4 percent) were working in temporary jobs in the March 2008 quarter. One in twenty employees (4.9 percent) were employed on a casual basis, 2.3 percent were employed on a fixed-term contract, and 0.7 percent worked for a temporary employment agency. Nearly three percent of all employees (2.7 percent), and 28.4 percent of temporary employees, were working in seasonal jobs.

## Who is most likely to work in a temporary job?

Youth employees (those aged 15–24 years) had the highest rate of temporary employment. Prime-aged women (aged 25–54), and employees aged 65 years and over of both genders, were substantially more likely to be working in a temporary job than prime-aged men. The incidence of temporary work was also much higher among part-time than full-time employees.

The incidence patterns differed for different types of temporary work. Youth workers were particularly likely to be working in casual jobs. Tertiary educated employees had a higher rate of employment in fixed-term jobs than those with lower levels of education. Employees with low levels of educational attainment were more likely to be employed in casual or seasonal jobs.

In a multivariate analysis of factors influencing the probability of working in a temporary job, life-cycle stage (being at the start or end of the working age range) and part-time employment were identified as the characteristics most strongly associated with a higher likelihood of temporary employment.

## 📖 Preferences for and satisfaction with temporary work

Data on reasons for doing temporary work indicate that people work in temporary jobs for a variety of reasons, such as only wanting to work for a finite period of time, preferring the flexibility associated with casual or short-term work arrangements, wanting to earn a pay premium, or not being able to find a suitable permanent job. Thirteen percent said that they held a temporary job because they were not able to find a permanent one, or because they hoped their current temporary job would become permanent. This implies that around 13 percent were working in temporary jobs on an involuntary basis. However, forty percent of temporary employees said they would prefer a permanent job, indicating that a more substantial group of temporary employees were not entirely happy with their temporary job status.

The job satisfaction ratings of temporary employees were similar to those of permanent employees.

## 📖 The demographic and educational profile of temporary workers

More than one third of temporary employees were youth workers (ie males or females aged under 25 years). Another one third were women aged between 25 and 54. Prime-aged men made up about 17 percent, and older men and women comprised the remainder, 15 percent. Compared with permanent employees, temporary employees were younger on average and more likely to be female. They were more likely to be living in a minor urban area or rural location, less likely to be married or living with a partner, less likely to have dependent children, and somewhat less likely to hold an educational qualification.

There were substantial differences between the demographic and educational profiles of the workers undertaking the four main types of temporary work (casual, fixed-term, agency and seasonal). Employees in fixed-term jobs tended to be prime-aged, to have relatively high levels of education, and to have skills for professional or technical occupations. Casual employees were younger than fixed-term employees, and included people with a wider range of educational levels. Seasonal workers had the lowest level of educational attainment. Although some clear patterns are evident, there was also considerable diversity within each subgroup of temporary workers.

<sup>1</sup>People who had two or more jobs were classified according to their main job.

<sup>2</sup>Fifty-three percent said they preferred working in a temporary or seasonal job, and 7 percent weren't sure or did not respond.

## The job profile of temporary workers

Job profiles vary across the four main types of temporary work. The largest group of casual workers (29 percent of the total) was employed in service and sales occupations. Most other casual employees worked in professional, technical, clerical, primary sector, or elementary occupations. More than half of fixed-term employees were working in professional or technical occupations, and more than two thirds were employed in professional, technical, or clerical jobs. Around one quarter of temporary employment agency workers were employed in clerical jobs, while the rest worked in jobs requiring a wide range of skills from professional to elementary. Seasonal workers were most likely to work as agriculture and fishery workers or plant and machine operators and assemblers.

## Job durations

Most temporary workers had worked for their current employer for less than one year (52 percent), but a significant percentage had worked for 1–3 years (23 percent), or for 3 or more years (25 percent). The comparative figures for permanent employees were 21, 25 and 54 percent.

The job tenure question in the survey was designed to measure the duration of the employment relationship rather than the length of the most recent spell of work. Therefore, temporary employees who reported relatively long job durations had not necessarily worked continuously throughout the period.

## Hours and working time patterns

Nearly half of temporary employees (48 percent) worked part-time hours, compared with only 20 percent of permanent employees.

Temporary employees were far more likely than permanent employees to say that they would like to work more hours than at present. Nineteen percent did so, compared with 8 percent of permanents, suggesting a higher level of under-employment. However, further analysis indicated that an individual's current hours per week was the primary determinant of whether they wanted to work more hours, not their temporary job status. Employees who currently worked shorter hours were more likely to want additional hours.

Working time data show that casual and seasonal workers were more likely than permanent workers to have worked at non-standard times of the day or week, in the last four weeks. In contrast, fixed term and temporary agency workers were less likely to have worked at non-standard times. Of all the temporary worker groups, seasonal employees had the highest rates of work at non-standard times. Seventy percent had worked at a non-standard time at least once in the past month and 30 percent had done so more than 10 times.

## Variability in working hours

To assess the variability in working hours that is associated with temporary work, temporary workers were asked whether their hours of work changed from week to week to suit the employer's needs. More than half of all temporary workers said this was the case. The need to change one's hours to suit the employer's needs was particularly common among casual workers (62 percent).

When asked how much advance notice was given of the shifts that had to be worked, eighteen percent of casual workers, 19 percent of temporary agency workers and 16 percent of seasonal workers said they were usually told of their days and times of work only one day in advance, or less. By implication, these employees do not have much certainty about their working time arrangements, and have to adapt quickly to changes in their schedule.

## Pay rates

In the March 2008 quarter the average hourly earnings of temporary employees were 79 percent of the average hourly earnings of permanent employees. The hourly wage differential between temporary and permanent employees of the same gender was substantial for casual employees (both sexes), seasonal employees (both sexes), and temporary agency employees (males only). Women in fixed term jobs earned higher hourly wages on average than women in permanent jobs.

Analysing the factors contributing to these temporary-permanent pay differentials, we find that they can be largely or entirely attributed to differences in measured demographic, educational, and job characteristics. The evidence does not suggest that temporary workers are systematically paid less per hour than similar permanent workers in similar types of jobs.

The total annual earnings of temporary employees are likely to be substantially lower than those of permanent employees, however, because temporary employees tend to work fewer hours per week, and are very likely to work for fewer weeks of the year.

## Training

Temporary employees were much less likely than permanent employees to have received structured training at work in the previous year. Eighteen percent of temporary employees, and 32 percent of permanent employees, said they had undertaken some employer-funded study or training in the past twelve months.

Fixed-term employees were the sub-group of temporary employees who were most likely to have received employer-funded training: their participation rate was similar to that of permanent employees. The participation rate was lowest among casual workers (13 percent) and temporary employment agency workers (10 percent).

Further analysis of the training gap between temporary and permanent employees indicates it is partly due to differences in the demographic and educational profiles of temporary and permanent employees. Differences in job characteristics, including part-time status, industry and occupation, also make a contribution. These factors do not fully account for the lower training rate of temporaries: there is a significant 'unexplained' differential. Some portion of the unexplained differential in training rates is likely to be due to temporary workers being employed for fewer weeks of the year on average, reducing their opportunities to receive workplace training.

The finding that there is temporary employment is associated with a significantly lower probability of having undertaken training is consistent with the hypothesis that employers offer less training to temporary workers. However, the analysis was not able to control for differences in weeks of employment during the reference period, or differences in prior employment histories, or individual heterogeneity, factors that are likely to influence training rates and may account for the remaining differences in the training rates of temporary and permanent employees.

## Work-related health and safety

The survey included measures of the levels of stress, fatigue and physical pain that were associated with work. Temporary employees were less likely than permanent employees to report that they had often or always found work stressful in the last 12 months (14 percent compared with 18 percent). There was little difference between temporary and permanent workers in the proportions saying that they were often or always too tired from work to enjoy life outside work, or that they had often or always experienced physical problems or pain because of work. However, seasonal workers stand out as a group with a relatively high level of physical symptoms, with 15 percent of all seasonal workers saying that they had often or always experienced physical problems or pain because of work. The average rate for all employees was 7 percent.

Similar proportions of temporary and permanent employees reported that they had experienced harassment, discrimination or bullying at work during the past year. In addition, there was little difference between temporary and permanent employees in the proportions who felt that health and safety risks at work were managed well, poorly, or neither well nor poorly.

## Knowledge of statutory entitlements

Temporary employees were much more likely than permanent employees to be unaware that they had a paid annual leave entitlement, or not know what their entitlement was. Twenty-six percent of temporary workers said they had no leave entitlement, and 15 percent either did not know what leave entitlement they had or believed their leave was less than the statutory minimum. Among temporary workers, casual and temporary agency workers had the lowest level of knowledge.

Temporary workers were also much more likely than permanent workers to not know whether they were covered by an individual or a collective employment agreement.



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