Employment relationships – permanent and temporary workers

December 2016 quarter
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This article looks at different types of employment relationships – it groups paid employees into permanent and temporary employees. The distinction is based on whether an employee has a guarantee of continuing work, or a job that lasts a limited time.

We examine who is likely to be a temporary employee, what their work preferences are, their job tenure, and their earnings. It is important to identify whether people are in temporary work by choice or not. Temporary workers are potentially more vulnerable, and have lower job security and negative long-term earning implications when compared with permanent workers.

‘Temporary employee’ is a prioritised classification. We assigned people who gave multiple responses to the ‘type of temporary employee’ questions in the Household Labour Force Survey (HLFS) to a single category. The priority order is: casual worker, temporary agency worker, fixed-term worker, and seasonal worker.

The data in this article is from the December 2016 quarter’s HLFS.

Summary of key findings

- One in 10 paid employees were temporary employees (10.7 percent).
- Not all temporary employees preferred permanent or ongoing work; women in ‘couple with children’ households were more likely to prefer temporary than permanent work.
- Younger and older workers were more likely to be temporary workers; more than 60 percent of temporary workers aged 15-24 years and 65+ did casual work.
- Nine in 10 temporary workers aged 65+ preferred temporary than permanent/ongoing work.
- Agriculture, and education and training, have relatively lower proportions of permanent employees.
- Permanent and seasonal employees have longer job tenure; 1 in 5 had worked for their current employer more than 10 years.
- Fixed-term and permanent employees had higher earnings than other employees.

One in 10 paid employees are temporary employees

In the December 2016 quarter, there were 2,059,900 paid employees. Among these people, 89.3 percent were permanent employees, and 10.7 percent were temporary employees.

Temporary employees include the following:

- Casual employee: a temporary worker whose work is typically done in short episodes. They may be asked to work a shift of a few days, or less often, for several weeks at a time. Casual workers do not have any guarantee of regular ongoing work.
- Temporary agency employee: one who is paid by, or through, a temporary employment agency and placed by this agency to work at the premises of a third-party customer – someone other than the business that pays their wage or salary.
- Fixed-term employee: one who is hired until a fixed date or until a project is completed. This includes people contracted to temporarily replace another employee who is absent on leave.
- Seasonal employee: one whose job is only available at certain times of the year.

**Figure 1**

### Paid employee structure

**December 2016 quarter**

- **Paid employees**
  - Permanent employees: 1,840,300
  - Temporary employees: 219,600
- **Casual employees**
  - 107,400
- **Temporary agency employees**
  - 10,200
- **Fixed term employees**
  - 57,100
- **Seasonal employees**
  - 28,700

Source: Stats NZ

Of 219,600 temporary employees, 48.9 percent were casual employees, 26.0 percent were fixed-term employees, 13.0 percent were seasonal employees, and 4.6 percent were temporary agency employees.

**Note:** Temporary employees include people who cannot specify their employment relationship type.

Seasonal employees include people doing either permanent or temporary seasonal work. Permanent seasonal workers only work for a particular time period during a year, but are offered this work every year. For example, a worker in Bay of Plenty region is offered kiwifruit-picking work every year from April to August. Therefore, on average, seasonal workers have the second-longest job tenure (after permanent employees).

[Permanent and seasonal employees have longer job tenure](#) has more information.
Not all temporary employees prefer permanent or ongoing work

In the December 2016 quarter, for temporary employees, there was no difference in the preference for doing permanent/ongoing work or temporary work (49.9 percent and 50.1 percent, respectively). However, temporary agency employees and fixed-term employees were more likely to prefer permanent/ongoing work (57.0 percent and 60.1 percent, respectively).

For those preferring permanent/ongoing work, 1 in 5 (20.1 percent) were underemployed; underemployment was only 8.8 percent for people preferring temporary work. Of 1,840,300 permanent employees, 3.5 percent were underemployed, compared with 14.1 percent of temporary employees.

Note: Underemployment covers people who are in part-time employment but who would like, and are available, to work more hours.

Figure 2

![Work preference, by employment relationship](image)

Source: Stats NZ

In the December 2016 quarter, 9.6 percent of males and 11.8 percent of females were temporary employees. For fixed-term employees 60.8 percent were female, while 42.2 percent of seasonal employees were female. Generally, more females than males were casual and temporary agency employees.
A slightly higher proportion of males preferred doing permanent/ongoing work than temporary work (51.4 percent and 48.6 percent, respectively). But more females preferred temporary to permanent work (51.3 percent compared with 48.7 percent).

This difference for males and females is also seen for ‘couple with child(ren)’ households (figure 5). However, for ‘one parent with child(ren)’ households, more females preferred permanent/ongoing work than temporary work.
Younger and older people more likely to be temporary workers

We expect to see a higher proportion of young people aged 15–24 years doing temporary work than for older age groups. About half of them (50.2 percent) were either at school or in formal study. We found 23.2 percent of paid employees in the youngest age group were temporary employees, which is the highest proportion for any age group.

The proportion doing temporary work decreased as age increased, but people aged 65+ had the second-highest proportion (15.4 percent). This suggests people working beyond the traditional retirement age tend to work in jobs allowing flexibility in hours and commitment.

For temporary employees, 9 in 10 people aged 65+ preferred temporary to permanent/ongoing work (89.1 percent), then people aged 55–64 years (59.0 percent), and 15–24 years (57.9 percent).
For people aged 15–24 years who were temporary workers, 62.0 percent were casual workers – this age group made up about half (48.5 percent) of all casual employees. For temporary employees aged 65+, most (65.1 percent) were casual workers.

Figure 7

Agriculture, and education and training have lower proportions of permanent employees

Of all paid employees working in the agriculture, forestry, and fishing industry, 76.5 percent were permanent employees, which is the lowest proportion of any industry. Seasonal workers were 12.3 percent of employees in this industry.

There are links between the agriculture and the manufacturing industries, particularly with meat and dairy processing. Consequently we also see the manufacturing industry had a relatively higher proportion of seasonal employees (4.1 percent) than other industries (0.5 percent on average).

In the December 2016 quarter, for Southland’s paid employees, in their main job 16.7 percent worked in the agriculture industry; 15.7 percent worked in manufacturing. Southland had the lowest proportion of permanent employees and highest proportion of seasonal employees of any region.
Education and training also had a lower proportion of permanent employees (82.0 percent). This industry had more fixed-term workers than other industries. Of the total 57,100 fixed-term workers, 38.7 percent worked in the education and training industry.

At least one-third of temporary workers aged 35–64 were fixed-term workers. People in this age group made up of 67.5 percent of all people working in the education and training industry in the December 2016 quarter.

Retail trade and accommodation also had relatively lower proportion of permanent employees (88.2 percent) as more casual workers were employed in this industry. Younger people are more likely to be casual workers; we found that 37.6 percent of workers in the retail trade and accommodation industry were aged 15–24 years.

More than half of fixed-term employees have a bachelor’s degree or above

In the December 2016 quarter, there were 57,100 fixed-term employees – 51.8 percent of them had a bachelor’s degree or higher, while just 3.2 percent had no qualifications. This is not surprising as more than one-third of fixed-term employees worked in the education and training industry, where a degree would be a prerequisite for most jobs. Of 22,100 fixed-term employees in this industry, 60.4 percent were either teachers or education professionals.

Seasonal employees had the highest proportion of people with no qualification (34.9 percent). This partly reflects nearly one-third of seasonal workers being aged 15–24 years, some of whom were yet to obtain a formal qualification. About one-third of young seasonal workers (35.7 percent) were still at school or in formal study.
People with an upper secondary school qualification had the lowest proportion (84.9 percent) of permanent employees – 8.6 percent were doing casual work and 3.0 percent did fixed-term work.

Temporary workers with a post-school qualification as their highest qualification were more likely to prefer doing permanent/ongoing work, unless they had ‘other’ post-school qualifications. In contrast, people with a school qualification as their highest one preferred temporary to permanent work. For people without any qualifications, we found no difference in preference for temporary or permanent/ongoing work.

Māori and Pacific people more likely to be temporary workers

In the December 2016 quarter, Māori and Pacific people had lower proportions of permanent employees (85.3 percent and 84.7 percent, respectively) than European (90.3 percent) and Asian
people (87.6 percent). In contrast, Māori and Pacific people had higher proportions of casual and seasonal employees.

Of 39,300 Māori temporary workers, 51.1 percent were casual workers and 21.3 percent were seasonal workers. For Pacific people, there were 20,600 temporary workers – 53.6 percent were casual workers, and 17.0 percent were seasonal workers. The Asian ethnic group had the lowest proportion of seasonal workers – of 35,300 temporary workers, only 7.3 percent were doing seasonal work.

Figure 11

For preference, 63.3 percent of Asian temporary workers preferred permanent work, followed by Māori (56.1 percent), and Pacific people (55.6 percent); European temporary workers had the lowest proportion (43.9 percent) preferring permanent work.

Permanent and seasonal employees have longer job tenure

Job tenure measures the length of time an employee has worked for their current employer, in their current business, or been self-employed in their main job.

Job tenure: June 2016 quarter has more information.

Permanent and seasonal employees were more likely to have longer job tenure. Of permanent employees, 22.6 percent had worked for their current employer for 10 years or more; 18.8 percent of seasonal employees had done so. Only about 5.0 percent of casual and fixed-term employees had worked for their current employer longer than 10 years.

Figure 12 shows permanent employees had the longest job tenure (four years), followed by seasonal employees (three years), and fixed-term and casual employees (one year).
Fixed-term and permanent employees have higher earnings

We collect people’s income in the June quarter of the HLFS every year. In the June 2016 quarter, fixed-term employees had the highest hourly earnings from their main job ($24.66), followed by permanent employees, temporary agency employees, seasonal employees, and casual employees. Despite the higher hourly earnings for fixed-term employees their weekly earnings were lower, as more people worked less than 30 hours a week (31.0 percent), than permanent employees did (17.5 percent).

Casual employees had the lowest median hourly and weekly earnings; 68.4 percent of them worked less than 30 hours a week. The lower earnings reflect that more casual workers were aged 15–24 years and working in the retail trade and accommodation industry. People in these groups tend to earn less than others.

Labour Market Statistics: June 2016 quarter has more information about people’s income.

Table 1

<table>
<thead>
<tr>
<th>Employee type</th>
<th>Median hourly earnings ($)</th>
<th>Median weekly earnings ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent employee</td>
<td>24.00</td>
<td>964</td>
</tr>
<tr>
<td>Casual employee</td>
<td>16.67</td>
<td>340</td>
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<td>Temporary agency employee</td>
<td>20.62</td>
<td>740</td>
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<tr>
<td>Fixed-term employee</td>
<td>24.66</td>
<td>840</td>
</tr>
<tr>
<td>Seasonal employee</td>
<td>18.50</td>
<td>640</td>
</tr>
<tr>
<td>Total</td>
<td>23.49</td>
<td>937</td>
</tr>
</tbody>
</table>

Note: Income figures are not adjusted for full-time/part-time status.  
Source: StatsNZ