Characteristics of the underemployed in New Zealand

*Characteristics of the underemployed in New Zealand* focuses on the proportion of underemployment for part-time workers. It brings in underemployment rates and levels to provide context. We explore personal, household, and job variables to build a picture of who the underemployed people are. Both potential employers and policy-makers are interested in this group.

Due to the seasonal nature of underemployment, our focus is annual where possible, averaging data across March, June, September, and December quarters in 2017 as the most-recent full year of data available.

### About the underemployment measure

Underemployed people are those who are employed part-time (working less than 30 hours a week) and have both the desire and availability to increase the number of hours they work.

We can’t assume that all part-time workers who are not classified as underemployed are satisfied with the number of hours they work. They may be unavailable to increase their hours due to other obligations or limitations; for example, childcare, education, lack of transport, or safety concern.

In 2017, along with people classified as underemployed, an additional 23,600 part-time workers wanted to work more hours. However, due to uncertainty or lack of availability, they were not considered underemployed and so are outside the scope of this article.

The underemployment rate, as defined by the Household Labour Force Survey (HLFS), refers to the number of underemployed people expressed as a percentage of the employed population. New Zealand’s underemployment rate for the year ended December 2017 was 4.4 percent.

This rate represents people in time-related underemployment, one type of inadequate employment, as a proportion of all employed people, and can be compared internationally.

[Introducing new measures of underemployment](https://www.stats.govt.nz/browse-for-statistics/employment/labour-market-participation/underemployment) has more information on underemployment in New Zealand.

Figure 1 shows the definition of underemployment and the relationship between underemployment and underutilisation.
Figure 1

**The underemployment measure in 2017**

- **Employed**: 2,557,900
  - **Part-time (less than 30 hours)**: 546,600
  - **Full-time (30 hours or more)**: 2,021,200

- **Want more hours**: 136,000
- **Don’t want more hours**: 400,300
- **Not available**: 20,400

- **Underemployed**: 112,300
- **Available**: 112,300
- **Unemployed**: 126,600
- **Potential labour force**: 98,500

**Total underutilisation**: 337,600

Note: Figures have been rounded to the nearest hundred. Due rounding and respondents not supplying definite answers, figures may not sum to stated totals.

*Stats NZ*
Income and disability

In the June quarter each year, we attach an income supplement and questions on disability to the HLFS, which allows us to cross-reference between other HLFS variables and income or disability.

Improving New Zealand disability data contains more information on using the Washington Group Short Set questions in the HLFS.

Because we can’t create annual averages for income and disability, we are unable to compensate for the potential seasonal effects of underemployment.

Summary points

In 2017, more than one-fifth (20.6 percent) of part-time workers (people working less than 30 hours a week) captured by the HLFS wanted, and were available, to work more hours.

There were 112,300 people who were underemployed in 2017 – 63,000 of them were actively seeking more work.

About 65 percent of underemployed people wanted to move into full-time work (30 or more hours a week); 35 percent wanted more hours, but were willing to remain part-time.

The average (median) time usually worked by underemployed people was 15 hours a week. If they could have chosen their own hours, they would have opted to double that to 30 hours per week.

In 2017, on average, more than half (66,400) of underemployed people gave ‘a lack of available work’ as their reason for not working the hours they would like. This lack included the type of work they wanted, the hours they were available for, or the location they could travel to.

Underutilisation

Underemployment is one of three measures that make up the total number of underutilised people. Unemployment and the potential labour force are the other two. Underutilisation is equally as important as unemployment, as it provides a broader picture of untapped capacity in the labour market.

Underemployed people make up about one-third of the underutilised potential in New Zealand’s labour market. Despite reports of an increasingly tight labour market, these people are unsatisfied with their level of participation.

When we examine underutilisation, underemployment lets us better understand employed people who still face a partial lack of work. It also better expresses the full potential capacity of the labour market by capturing those who, for example, enjoy having a part-time position that lets them work around study or family commitments, but who wish they could work 20 hours a week at that job rather than 10 hours.
Key points about the underemployed

Some groups of part-time workers were more likely than others to be underemployed in June 2017.

- Younger people were the most likely age group to be underemployed (28.3 percent of all part-time workers aged 15–29 years); older people were the least likely (4.3 percent of part-time workers 65 years and older (65+)).
- Parents of dependent children were more likely to be underemployed than those with no, or only adult, children.
- Single parents not living with non-family were the most likely household type to be underemployed.
- Māori and Pacific peoples were the ethnic groups most likely to be underemployed – 31.2 percent and 29.3 percent, respectively.
- By educational qualification, people with a university degree were less likely to be underemployed than others – 18.5 percent of those with a bachelor’s degree and 15.6 percent with a postgraduate degree.
- Retail trade and accommodation was the industry with the highest proportion (24.2 percent) of underemployed part-time workers (33,600).
- Machinery operators and drivers, labourers, and community and personal service workers (including hospitality staff) were the occupations most likely to have underemployed part-time workers.
- Union members had the lowest underemployment rate – 2.5 percent – below non-members or people unsure whether they belonged to a union.
- In June 2017, 16.4 percent of disabled part-time workers were underemployed, compared with 18.6 percent of non-disabled people.

Other points about underemployed part-time workers.

- 64.9 percent of underemployed people would like to move into full-time work; the other 35.1 percent want more hours, but would prefer to remain working part-time.
- In June 2017, underemployed people earned an average $302.30 a week for 15 hours work. Part-timers who were not underemployed earned $440.36 a week for 16 hours work.

Personal and household demographics

Sex

More than twice as many women (77,600) as men (34,700) were underemployed in 2017. The underemployment rate for women was 6.4 percent, and 2.6 percent for men.

However, there were also more than twice as many women as men working part-time. As a result, the proportion of women working part-time who were underemployed each quarter was not all that different from that for men in the same position. In 2017, on average, 21.6 percent of men and 20.1 percent of women working part-time were underemployed.
Age groups

Part-time workers in their late teens to their late twenties were the age group most likely to be underemployed; older people (65+) were least likely.

For part-time workers aged 15–29 years, 28.3 percent were underemployed, while just 4.3 percent of those aged 65+ were underemployed.

Of the 73,900 part-time workers aged 65+, 3,200 were underemployed. By comparison, of the 180,900 part-time workers aged 15–29 years, 51,200 were underemployed.

Older part-time workers were far less likely to want, and be available, to work more hours than part-time workers aged under 30 years were.
In 2017, 65.6 percent of employed 15–19-year-olds worked part time. This, and the high proportion of underemployed part-time workers in this age group, resulted in an 18.3 percent underemployment rate.

**Family and dependants**

Parents of dependent children were more likely to be underemployed than people without dependent children. Approximately half of underemployed people (55,600) had children. This corresponds to an underemployment rate of 5.5 percent, compared with 3.6 percent for people without children or other dependants.

Due to more mums working part-time, their underemployment rate was 8.7 percent, compared with 2.6 percent for working dads.

However, dads working part-time were more likely than mums working part-time to be underemployed – 27.1 percent and 21.7 percent, respectively.

Of the part-time workers who were single parents with no unrelated adults in the house, 35.1 percent were underemployed. This was the household type in which part-time workers were most likely to be underemployed.

Being part of a childless couple or living alone were the household types where part-time workers were least likely to be underemployed (11.6 percent). This proportion, combined with a low level of part-time work in these household types, resulted in a 2.2 percent underemployment rate.

**Home ownership**

Of part-time workers in rental accommodation, 29.4 percent were underemployed. By comparison, 18.2 percent of people who owned or partly owned their own home, and 12.9 percent of part-time workers who lived in a home owned by a family trust, were underemployed.

**Ethnicity**

Māori and Pacific peoples working part-time were the ethnic groups most likely to be underemployed – 31.2 percent and 29.3 percent, respectively. The least likely groups were Other ethnicity and European – 18.6 percent and 18.8 percent, respectively.
Figure 4

Proportions of part-time workers underemployed, by ethnic group, 2017

Region

In 2017, 28.8 percent of part-time workers in Manawatu-Wanganui and 25.2 percent of those in Southland were underemployed. Conversely, part-time workers in Canterbury and Northland were least likely to be underemployed – 18.3 percent and 18.5 percent, respectively.

Auckland had 31,900 underemployed people in 2017 – the highest number of any region. Due to the number of employed people, many who worked part-time, this was only 19.1 percent of all people working part-time in Auckland, which was below the national average (20.6 percent).

Highest qualification

In 2017, part-time workers with university qualifications were least likely to be underemployed. Of those whose highest qualification was a bachelor’s degree, 18.5 percent were underemployed, and 15.6 percent of people with a postgraduate qualification.

In contrast, part-time workers with a low-level post-school qualification or diploma were the qualification group most likely to be underemployed – 23.7 percent.
Job demographics

Hours usually worked by underemployed people

Not all underemployed people want to move to full-time employment. Table 11 presents the proportions of underemployed people, broken down by the number of hours usually worked and the average number of extra hours of work they would prefer each week.

Table 1

<table>
<thead>
<tr>
<th>Hours usually worked</th>
<th>Proportion of underemployed (%)</th>
<th>Average additional hours wanted</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1.3</td>
<td>27.0</td>
</tr>
<tr>
<td>0.1–4.9</td>
<td>7.9</td>
<td>14.7</td>
</tr>
<tr>
<td>5–9.9</td>
<td>15.9</td>
<td>16.7</td>
</tr>
<tr>
<td>10–14.9</td>
<td>16.9</td>
<td>16.7</td>
</tr>
<tr>
<td>15–19.9</td>
<td>17.4</td>
<td>16.7</td>
</tr>
<tr>
<td>20–24.9</td>
<td>25.6</td>
<td>15.7</td>
</tr>
<tr>
<td>25–29.9</td>
<td>15.1</td>
<td>11.6</td>
</tr>
</tbody>
</table>

Source: Stats NZ

Overall, 35.1 percent of underemployed people, while wanting more hours than they had, wanted to remain working part-time (fewer than 30 hours a week).
Industry

Retail trade and accommodation was the industry with the highest proportion of underemployed part-time workers – 24.2 percent. In 2017, 33,600 people working in this industry were underemployed – more than a quarter of the national underemployed total. In 2017, 14.8 percent of all workers were employed in retail trade and accommodation.

The arts, recreation, and other services, and the professional, scientific, technical, administrative, and support services industries had the next-highest proportions of underemployed part-time workers – 23.1 percent and 22.7 percent, respectively. This is equal to 10,600 and 14,900 workers, respectively.

Table 2 presents underemployment rates and underemployed people as a proportion of part-time workers, broken down by industry.

Table 2

<table>
<thead>
<tr>
<th>Industry</th>
<th>Underemployment rate[1] (percent)</th>
<th>Underemployed as proportion of part-time workers (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing, &amp; mining</td>
<td>2.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Manufacturing; electricity, gas, water, &amp; waste services[2]</td>
<td>1.9</td>
<td>21.7</td>
</tr>
<tr>
<td>Construction</td>
<td>1.2</td>
<td>12.6</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>1.9</td>
<td>19.1</td>
</tr>
<tr>
<td>Retail trade, accommodation, &amp; food services</td>
<td>8.9</td>
<td>24.2</td>
</tr>
<tr>
<td>Transport, postal, &amp; warehousing</td>
<td>3.3</td>
<td>22.5</td>
</tr>
<tr>
<td>Information media &amp; telecommunications</td>
<td>3.5</td>
<td>22.1</td>
</tr>
<tr>
<td>Financial, insurance; rental, hiring, &amp; real estate services[2]</td>
<td>2.0</td>
<td>10.6</td>
</tr>
<tr>
<td>Professional, scientific, technical, administrative, &amp; support services</td>
<td>4.6</td>
<td>22.7</td>
</tr>
<tr>
<td>Public admin &amp; safety</td>
<td>1.6</td>
<td>19.2</td>
</tr>
<tr>
<td>Education &amp; training</td>
<td>6.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Healthcare &amp; social assistance</td>
<td>5.5</td>
<td>19.5</td>
</tr>
<tr>
<td>Arts &amp; recreation services</td>
<td>7.3</td>
<td>23.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.4</strong></td>
<td><strong>20.6</strong></td>
</tr>
</tbody>
</table>

1 Underemployed as a proportion of employed.

2 These industries are grouped due to low levels of underemployed people in ‘electricity, gas, water, & waste services’ and ‘financial & insurance services’.

Source: Stats NZ
**Occupation**

Over a quarter of part-time workers employed as machinery operators and drivers, labourers, or community and personal service workers (including hospitality staff) were underemployed.

Least likely to be underemployed were part-time managers, and clerical and administrative workers – 13.1 percent and 13.9 percent, respectively.

**Employment status**

In 2017, 92,900 of the 112,300 underemployed people were employees.

Part-time employers (6.8 percent), unpaid family workers (9.1 percent), and self-employed people without employees (17.4 percent) were all less likely to be underemployed than part-time employees (22.5 percent).

**Employment relationship**

In 2017, 3131.6 percent of casual part-time employees were underemployed, compared with 24.8 percent of those on a fixed-term contract and 20.3 percent of permanent employees.

Due to a higher proportion of casual employees being employed part-time, their underemployment rate was 20.9 percent; for fixed-term employees it was 8.2 percent, and for permanent employees 3.4 percent.

**Union membership**

Employed people who belonged to a union were less likely than others to be underemployed. Their underemployment rate was 2.5 percent, while their proportion of part-time workers was 18.3 percent.

People who did not belong to a union had a higher underemployment rate – 4.9 percent. The highest proportion of part-time workers who were underemployed was for those unsure whether they belonged to a union – 24.2 percent.

**Income and disability status**

**Income and hours usually worked**

In the June 2017 quarter, underemployed people earned an average of $19.12 an hour, or $302.30 a week. By comparison, part-time workers who were not underemployed earned an average of $30.22 an hour, or $440.36 a week.

For both groups, the average hours they usually worked were very close. Underemployed people worked just over 15 hours a week, while part-time workers not underemployed worked 16 hours.

This could indicate that time-related underemployment has more to do with part-time wages than a desire to be occupied with work for more hours a week. Underemployed part-time workers worked 95 percent of the time those who weren’t underemployed did, but they earned less than 70 percent of their weekly income.
**Labour market statistics (disability)**

In the June 2017 quarter, the underemployment rate was 4.0 percent, while the proportion of people working part-time who were underemployed was 18.5 percent.

Disabled part-time workers were less likely to be underemployed than non-disabled part-time workers – 16.4 percent and 18.6 percent, respectively. However, they had a higher underemployment rate – 5.5 percent and 3.9 percent.

This contrast was due to 33.7 percent of employed people with disabilities working part-time in June 2017, compared with 21.1 percent of employed people without disabilities.

**Text alternative for diagram, The underemployment measure in 2017**

Diagram shows the definition of underemployment and the relationship between underemployment and underutilisation, with data for 2017.

Employed (2,567,900) made up of Part-time (less than 30 hours) (546,600) and Full-time (30 hours or more) (2,021,200).

Part-time made up of Want more hours (136,000) and Don’t want more hours (400,300).

Want more hours made up of Not available (20,400) and the three underemployed categories of Available (112,300), Unemployed (126,600), and Potential labour force (98,600).

The three underemployed categories combine to Total underutilisation (337,600).

Note: Figures have been rounded to the nearest hundred. Due to rounding and respondents not supplying definite answers, individual figures may not sum to stated totals.