

UNDERUTILISATION IN THE NEW ZEALAND LABOUR MARKET



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 Read the full report [here](#).
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INTRODUCTION & RESEARCH QUESTIONS

Labour underutilisation has large negative implications both at the micro and macroeconomic level resulting in substantial loss of human capital, productivity, efficiency and overall well-being. This study compares individual, household, and work characteristics of underutilised and fully utilised workers, and examines how persistent experiences of underutilisation are. We also consider the reasons for underutilisation and the impact of the COVID-19 pandemic.

- Q1: Who are the underutilised?
- Q2: Why are they underutilised?
- Q3: What was the impact of COVID-19?
- Q4: Do they remain underutilised?

WHY ARE THEY UNDERUTILISED?

*This section refers to the underemployed, who are a sub-set of the underutilised. Reason "other" is omitted.

Reason*	Full-time		Part-time	
	MALE	FEMALE	MALE	FEMALE
Child / family responsibilities	6%	10%	4%	14%
Own sickness	1%	1%	4%	3%
Studying	1%	2%	18%	11%
Not enough work	66%	65%	59%	58%

DATA

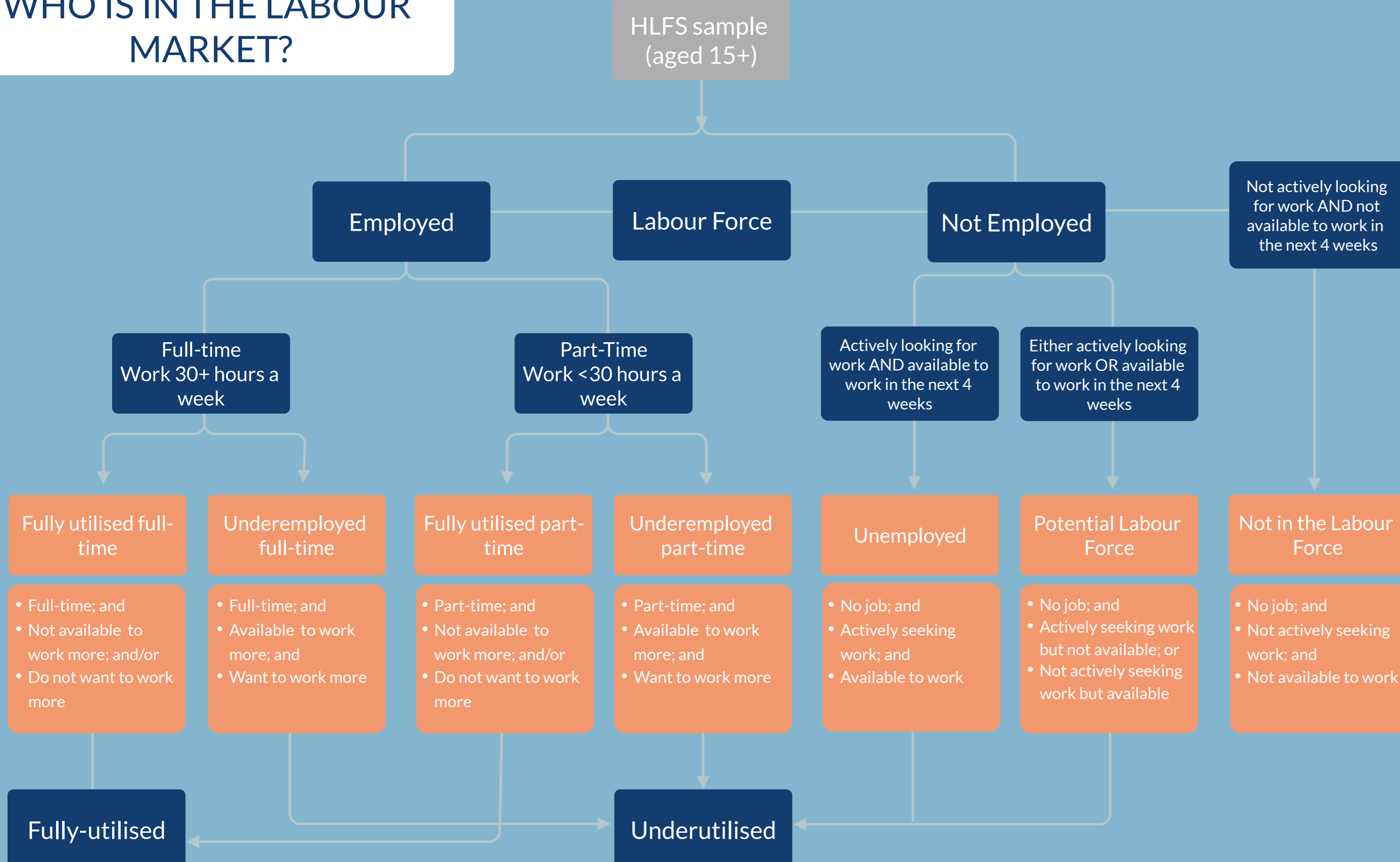
Data was sourced from New Zealand's Household Labour Force Survey (HLFS) and comprises 21 quarters (2016Q2 to 2021Q2). We further split the data into the pre-COVID-19 period (2016Q2 – 2019Q4) and the COVID-affected period (2020Q1 – 2021Q2). The population of interest is all HLFS respondents aged 15+. Gross weekly personal income is adjusted for inflation using 2019Q1 as the base period.

WHAT WAS THE IMPACT OF COVID-19?

There were minimal differences between the pre-COVID-19 and the COVID-affected periods.

It is worth highlighting that there was a decline in the share of those working as paid employees, and an increase in those self-employed with no employees, in the COVID-affected period.

WHO IS IN THE LABOUR MARKET?



DO THEY REMAIN UNDERUTILISED?

%	QUARTER t+1							
	Fully-utilised Full-time	Underemployed Part-time	Underemployed Full-time	Potential labour force	Unemployed	Not in the labour force		
Fully-utilised	Full-time	90	4	3	1	1	0	1
	Part-time	14	66	1	8	2	2	7
Underemployed	Full-time	51	3	36	4	3	1	2
	Part-time	10	30	3	41	7	3	7
Unemployed	11	4	2	3	38	16	25	
Potential labour force	7	6	1	3	17	26	41	
Not in the labour force	2	3	0	1	2	4	89	

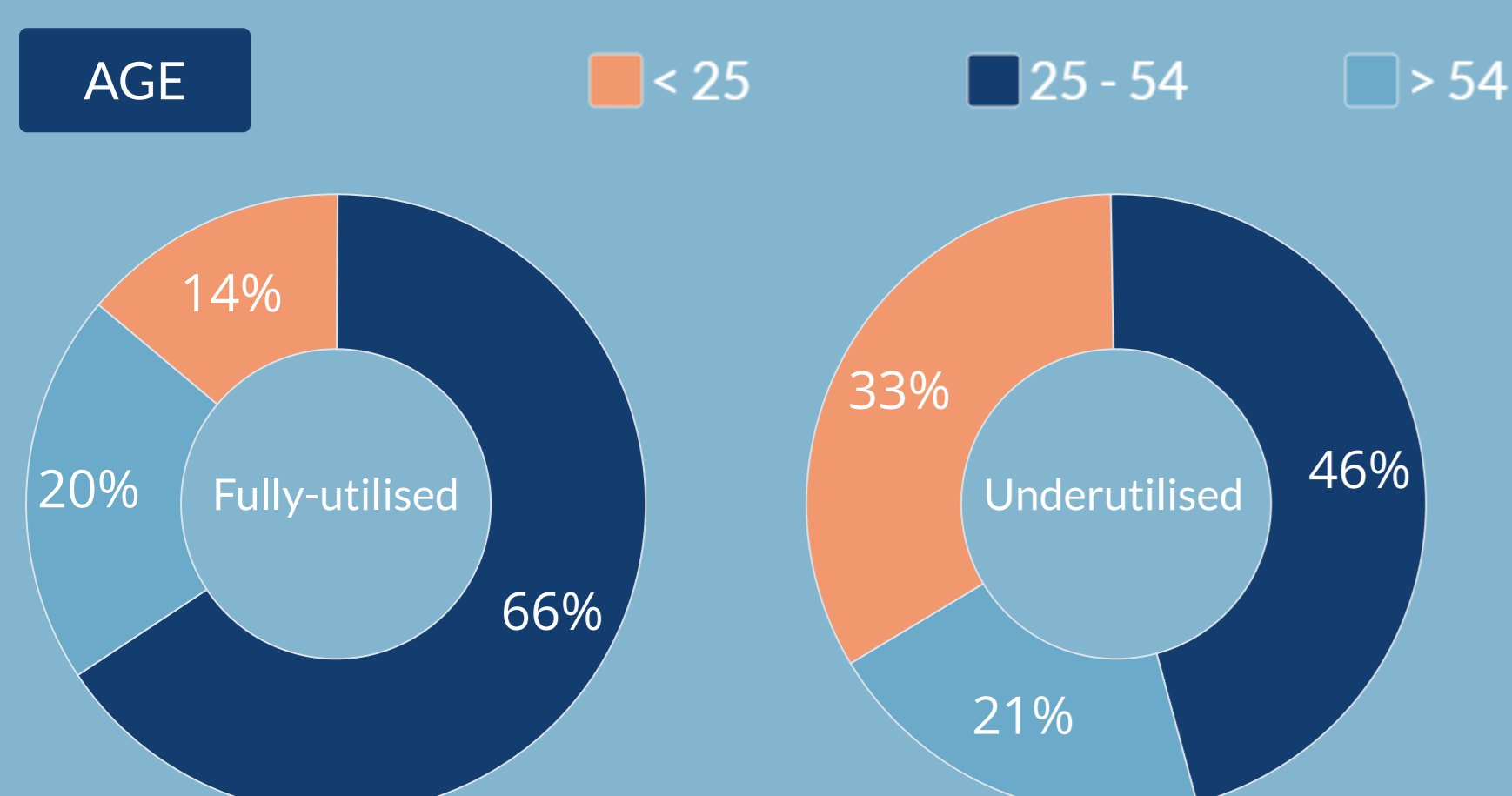
The proportion of underutilised that remain in their respective underutilised group after one quarter is between 26 and 41%. The largest proportion of respondents moving from one underutilised group to another is 17% (the potential labour force becoming unemployed).

The largest shift out of underutilisation is for underemployed full-time workers, 51% of whom become fully-utilised full-time after one quarter.

As expected, we see the least movement out of the fully-utilised full-time group and the not in the labour force group.

WHO ARE THE UNDERUTILISED?

	Fully-utilised full-time	Underemployed full-time	Fully-utilised part-time	Underemployed part-time
POSTGRADUATE QUALIFICATIONS	11.5%	6.1%	8.3%	6.9%
PERSONAL INCOME	\$1313	\$884	\$567	\$407
WEEKLY HOURS	41 hr	40 hr	16 hr	15 hr



Note that the inclusion of 'underemployed full-time' in the underutilised category is a departure from Stats NZ's official definitions, which categorises this group as 'fully utilised'. We make this departure as an exploratory exercise to understand the nature and prevalence of this labour market group.

CONCLUSIONS

Although the underemployed groups want to work more hours, and state that they are available to do so if more hours were available, our results reveal that they already work a similar amount to their fully-utilised counterparts. The fully-utilised work only one hour more than the underemployed do per week. Despite this, the underemployed have significantly lower personal incomes compared to their fully-utilised counterparts.

This begs the question:

Is the issue underemployment, or low incomes?

When asked why they were underemployed, the majority of respondents said it was because there was not enough work available. However, it is important to note that the HLFS survey did not include "not enough income" as a potential answer.

DISCLAIMER

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/>.