UNDERUTILISATION IN THE NEW ZEALAND LABOUR MARKET

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?

<table>
<thead>
<tr>
<th>Reason*</th>
<th>FULL-TIME</th>
<th>PART-TIME</th>
<th>FULL-TIME</th>
<th>PART-TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child / family responsibilities</td>
<td>6%</td>
<td>10%</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>Own sickness</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Studying</td>
<td>1%</td>
<td>2%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Not enough work</td>
<td>66%</td>
<td>65%</td>
<td>59%</td>
<td>58%</td>
</tr>
</tbody>
</table>

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.

DO THEY REMAIN UNDERUTILISED?

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 compiled for research purposes from the household labour force survey data provided by Stats NZ. For more information about the IDI please visit https://www.stats.govt.nz/integrated-data/.