

YOUNG PEOPLE IN THE NEW LABOUR RELATIONS ENVIRONMENT: AN EXPLORATORY SURVEY

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Prior to, and after the passing of the Employment Contract Act 1991 there was speculation on the possible impact of the new industrial relations environment on young workers. This debate was centred on the lack of minimum wage protection for young people under 20 and the potential vulnerability of inexperienced young people negotiating their employment contract.

This paper summarises the findings of a small survey of young workers carried out by the Ministry of Youth Affairs. The survey is exploratory in nature and is not statistically representative.

Having studied what research was taking place on the Employment Contracts Act that would shed light on young workers it was decided to initiate a separate survey that gathered information directly from young workers. This method would increase our knowledge of what employment was like from the young workers perspective. The survey collected information from young people who worked 20 or more hours for the same employer per week, excluding holiday work. This focuses attention on young people for whom employment is their primary activity and excludes large numbers of young people who work part-time while still at school.

Methodology

Designing the methodology presented a number of challenges. The most obvious approach to survey young workers is to distribute questionnaires via work places using employer and employee organisations. This method has two major drawbacks.

Firstly the young worker may feel constrained filling out the questionnaire at work. This would particularly be the case if they were critical of aspects of their employment. Secondly, if the survey was administered by an organisation involved directly in the workplace and with a vested interest in the operation of the E.C.A., the findings of the survey could be influenced/distorted.

For these reasons the survey contacted young workers in 'employment neutral' locations not using organisations that are involved with the young peoples workplace. These ranged from youth clubs and sporting and cultural organisations to movie theatres and maraes. A list of organisations that participated in the review is in Appendix I.

Phone contact was made with the community organisations to ask if they would participate - and if the response was positive questionnaires were sent out to them to distribute to young people fitting the criteria.

A total of 705 questionnaires were given to contact people in organisations or made available in public places. Areas covered were Porirua, Wellington Central Upper and Lower Hutt and Masterton. A total of 126 were returned and of these 96 were filled out correctly. Because of the methodology of using intermediary contact people it is not possible to calculate the true response rate. We do not know how many of the total number of questionnaires sent out were actually passed on to young people who fitted the target group.

Limitations

The sample is limited by small sample size and by the fact that the survey is not statistically representative. There are also geographical limitations as only the Wellington and Wairarapa regions were surveyed.

The questionnaires were distributed to a group of young people who belong to youth and community organisations and therefore some non members who fitted the criteria may have been missed. This was minimised through involving a wide range of organisations and placing copies of the questionnaires in locations visited by a high number of young people.

It is not possible from the survey to accurately determine the extent to which the Employment Contracts Act has impacted on the employment conditions of young workers. The high level of youth unemployment and the Finance Act 1991 (that reduced unemployment benefits rates for those under 25 years of age), are two other major factors that can influence the conditions of employment that young people are willing to accept. Isolating the extent to which changes in employment conditions are the direct result of the E.C.A. is beyond the scope of this survey.

Characteristics of the sample

The respondent's age ranged from 14 to 19, with the majority (80%) aged 18 and 19. There were 3 aged 14, 3 aged 15, 6 aged 16 and 7 aged 17. More young woman (57%) than young men (43%) participated in the survey.

Of the total responses 68 described themselves as European, 22 Maori, 3 Pacific Islander, 1 Indian, 1 Croatian and 1 English (born). Of the total respondents 14 were young Maori females and 8 were young Maori males. 16 respondents were still at school.

Sixteen respondents were still at school. Of those who had left school their highest school qualifications varied. Eighteen respondents had no school qualifications, 23 had School Certificate in one or more subjects, 24 had Sixth Form Certificate in one or more subjects and 5 had Higher School Certificate. Seven had University Bursary or higher.

The size of workplaces of the respondents varied. 50% of the respondent's workplaces had less than 11 people working there on average. Of these 75% had 3 - 10 people and 25% had 1 - 2 people. 16.7% of the respondents worked in places with more than 51 employees. Roughly half (54%) of the respondents had worked in their existing jobs for less than one year.

The majority (50) of respondents worked between 40 to 45 hours on average per week. The next most common hours per week was 35 to 40 hours (13) with 20 to 25 hours very close to this group (12). Five respondents work 50 or more hours on average a week.

The Employment Contract, The Knowledge and Understanding of the Young Worker

Type of Contract

Of the 96 young people surveyed 42 stated that they did not know what type of contract they had. Of those that knew 26 (53%) had individual contracts and 23 (47%) had collective contracts.

The smaller the workplace the more likely it was that the respondent would have an individual contract.

The majority of Maori and Pacific Island respondents (72%) did not know what type of contract they had. For European/Pakeha this figure was 33%; Table 2.

Table 1. Most Common Occupations in Youth Survey

Six Most Common Occupations	No.
Personal & Protective Service Workers	15
Salespersons, Demonstrators & Models	15
Labourers & Related Elementary Service	13
Office Clerks	13
Customer Service Clerks	12
Building Trades Workers	10

Table 2. Ethnic Distribution of Respondents

Ethnicity	No Resp.	Ind'l	Collective	DK	Total
Pakeha	5	23	17	23	68
Maori	0	3	4	15	22
Pacific Island	0	0	0	3	3

Respondents who belonged to a union had significantly greater knowledge of their employment contract and were more likely to be on a collective contract than those who were not union members; Table 3. Of those in a union 8% did not know what type of contract they had. In comparison of those not in a union 57% did not know what type of contract they had. Of the union members 17% were on individual contracts and 71% collective contracts. For non-union members 32% were on individual and 9% on collective contracts.

Written or Verbal

The majority of the contracts of the respondents were written (55). Thirty respondents did not know if their contract were written or verbal and 7 had verbal contracts.

Of the 55 respondents who had written contracts 46 had seen these documents, 6 had not, 2 did not know and 1 person did not respond. Thirty-one of these people had their own copy of the contract and 22 did not.

Understanding of Contract

The respondents were asked "Do you think you understand all of your employment contract?". Of the total sample 46 answered yes, 27 no, and 18 don't know. Four percent did not complete the question.

Between males and females there was a consistent pattern in response to this question with most answering yes, next frequent no and the least don't know. This pattern varied greatly between ethnic groups. For the European/Pakeha 59% said they understand their contract while for Maori this figure was 27%.

Union membership and the age of the respondent had very little influence on the pattern of understanding as reflected by the total sample. However respondents on individual contracts tended to be more likely to understand their contract than those on collective contracts (69% and 52% respectively).

Table 3. Knowledge of Contracts

Union Memb.	No Resp.	Ind'l	Collective	DK	Total
No Resp.	3	1	0	0	4
Union	1	4	17	2	24
Non Union	1	21	6	37	65
Don't Know	0	0	0	2	2

Knowledge of how Employment Contract was agreed to

The respondents were asked if they knew how their employment contract was agreed to. In response to this question, 40% answered yes, 52% no and 8% did not respond.

This pattern did not alter when compared over the ages of the respondents, and there existed no clear pattern as the age of the worker increased. A larger proportion of females did not know how the contract was agreed to in comparison with males (56% and 46% respectively). Likewise a larger proportion of Maori did not know the process in comparison to Pakeha (73% and 46% respectively).

Of the 49 who knew what type of contract they had 30 did know how the contract was agreed to and 19 did not. Respondents with individual contracts were slightly more likely than those with collective contracts to think they understood the process (69% and 52% respectively).

Being a union member seemed to increase the likelihood of knowing how the contract was agreed to. 58 percent of union members knew how their contract was agreed to in comparison to 32% for non-union members.

People involved in negotiating contracts

Those who knew how their contract was agreed to (38) were asked who was involved in negotiating their contract; see Table 4. The two most common responses to this question with 17 responses each were themselves and other employees. The next most common with 15 was a union delegate. Eight stated a friend, 5 a bargaining agent and 1 did not know. Respondents were able to select more than one option and several ticked union delegate and bargaining agent.

Feelings towards Contract

Respondents were asked how they felt about their contract. The options were simply, the contract is okay, the contract is not okay, don't know, and other. Analysis of this question enables a very general impression to be drawn. The majority of the respondents (54%) felt okay with their contract, with only 7% stating that it was not okay. A comparatively large group (26%) answered don't know.

Table 4. People who negotiated contracts

You	22
Friend	8
Union delegate	16
Bargaining agent	6
Other employees	18
Don't know	12

Content of the contract

The respondents were asked "what items do you think are in your employment contract" and were offered ten items to select. A 'not sure' and 'other' option were included also.

The most common item included in their contract was pay (73%) followed by sick-leave (61%) and holidays (60%). The next cluster of items was penal rates and overtime (46%) and dismissal procedure (45%). Health and safety procedures, complaints procedure, training and employer's responsibilities received a similar level with 33%, 32%, 31%, and 30% respectively. Redundancy provisions were the least included items with 20% of the contracts including them.

Remuneration

Three questions were asked on remuneration - questions relating to earnings, allowances and attitudes towards pay.

The questionnaire asked "How much on average do you earn, after tax (i.e. in the hand), in your job a week?"

Hourly rates were worked out from the results, and for the purposes of the following graph rates were rounded to the nearest dollar. All averages are expressed in terms of the median. 92 people answered this question. See Table 5.

The minimum hourly rate was \$0.25, the maximum \$11.73 and the median \$5.00.

Sex/Ethnic Group

The young women respondents on average earned more than the young men (the median hourly rates being \$5.88 compared to \$5.00). The young European/Pakeha respondents earned slightly more, on average, per hour (\$5.00) than their Maori counterparts (\$4.61).

Table 5. Distribution of Earnings

Pay/Hours	Number of cases
0	2
1	2
3	2
4	15
5	21
6	16
7	14
8	8
9	5
10	2
12	1

Table 6. Median hourly pay by occupation

Occupation	Median Pay/Hour
Office Clerks	\$6.80
Customer Services Clerk	\$4.32
Personal & Protective Services Workers	\$6.82
Salespersons, Demonstrators & Models	\$4.74
Building Trades Workers	\$5.23
Labourers & Related Elementary Service	\$3.66

Unsurprisingly the young people in the survey earned more as they got older. The 14 year olds earned on average \$0.65 an hour (reasons for this low rate will be looked at in the discussion on levels of pay and occupation) and 19 year olds earned an average of \$6.69 an hour. On average this is approximately \$268 for a 40 hour week - the unemployment benefit for young people aged 18-25 is \$109.25 - 41% of this.

The median hourly rate of those who said that they were members of a union was \$6.76. Those that said that they were not union members earned, on average, \$4.50 an hour nett. This may be due to the relatively high age of union members, 83% were aged 19 compared to 30% of non union members.

The highest paid occupational group in the 6 most common occupational groups in the sample were the personal and protective services workers (\$6.82 per hour), followed closely by those working as office clerks (\$6.80 per hour). The lowest paid were the labourers and related elementary service workers. This is probably due to the significant number of young workers who were still at school falling into this occupational group (newspaper deliverers etc). The median hourly rate for those still at school was \$3.82 an hour nett.

The median hourly rate of those on individual contracts was \$5.00 an hour, for those on collective contracts it was \$6.50 an hour and those who didn't know what sort of contract they had were earning on average \$5.20 an hour.

Respondents were asked to chose the allowances they received from a list provided. More young people received cheap or free products and/or services (discounts) than any other allowance listed. 31% received no allowances and 7.3% did not know what allowances they received (if any).

Table 7. Attitude to pay

Pay	Attitude to Pay
No Resp.	5
Fair	46
Unfair	31
Don't Know	10
Grand total	92

The majority of respondents thought that their total pay (including perks and allowances) was a fair pay for the work they did. However a significant minority thought that their pay was unfair.

There did not appear to be any significant differences between the attitudes of the male and female respondents. However 29% of European/Pakeha respondents thought that their pay was unfair compared to 48% of Maori respondents.

There were no significant differences between union members and non union members with regard to attitudes towards pay. More people on individual contracts (65%) thought that their pay was fair compared to those on collective contracts (48%) and those who did not know what type of contract they had (42%). This was reversed for those who thought their pay was unfair.

The median hourly rate of those who thought that their pay was fair for the work they did was higher than those who did not know and both were higher than those who thought it was unfair, Table 8.

Respondents who considered themselves to be unfairly paid were invited to comment on why they thought their pay was unfair. 33 people responded. 15 stated that it was simply not enough and too low for the work that they did. 5 noted that it was hard work and 4 stated that other (older) workers do the same work and get paid more. Other comments referred to high levels of responsibility, long hours and low apprentice wages. Two said that they might as well be on the dole.

Conclusions

The findings provide an interesting 'snapshot' of the experiences of a cross-section of young people working in the new industrial relations environment.

In a deregulated labour market knowledge of employment contracts is an important commodity. This includes skills and experience in negotiating employment contracts. A significant number of young workers in this survey lacked this knowledge. This is reflected in the low level of knowledge of what type of contract they have and how it was negotiated and whether they understood it.

The distribution of knowledge on contracts in this survey was not even.

Table 8. Attitude by pay rate

Pay	Attitude	Median Pay/Hour
No Response		\$5.16
Fair		\$5.67
Unfair		\$4.64
Don't Know		\$4.93

- Being Maori, not in a union and working in a smaller workplace (under 20 people) were all factors that increased the likelihood of not knowing what type of contract the worker had.
 - Being Maori, working as a retail/shop assistant and having a collective contract increased the likelihood of not understanding your contract.
 - Being Maori, not in a union and working as a shop assistant increased the likelihood of not understanding how your contract was agreed to.
- Being Maori, younger, in an unskilled job and not in a union also increased the likelihood of being lower paid.

Despite consistent trends of a relatively low level of knowledge and understanding of their contracts the majority of the workers surveyed thought their contract was okay. This implies a level of acceptance of not totally understanding their contract. As one respondent wrote "never seen one before". The young workers generally lack a comparison or information on what an "okay" contract consists of. Maori respondents were not so supportive of their contracts while union member were more committed on whether a contract was good or bad.

The high level of acceptance of the workers contracts may reflect the high unemployment rate for young people and their contentedness to simply have a job regardless of the conditions. As one young worker wrote -

I work hard and a bit more would be nice, but right now I'm content just to have a job that pays a wage.

Due to the large number of young workers who did not know what type of contract they had only tentative conclusions can be made in comparing the experience of workers individual and collective contracts. There was little difference in the level of knowledge of employment contracts between workers on individual and collective contracts. However slightly more workers on individual contracts said they knew how their contract was agreed to and said they understood their contract. Workers on individual contracts earned on average \$1.50 per hour less than those on collective contracts, however more individual contract workers considered that their pay was fair in comparison to collective contracts.

What appears clear is that there is a range of experience in employment of those surveyed. This range is reflected in some of the comments written by the young people

I feel that employers treat younger people as though they are nothing. Personally I have had some pretty awful experiences. I haven't the guts to approach them. I feel like that's the way it's supposed to be. But deep down it isn't supposed to be like that. I hope there will be something done in the future to prevent this from happening

The job I have is a wonderful experience. I have found all staff at our office always helpful to new staff. My contract was set out by myself and the employer and it is set out in plain english so I can understand it. I have nothing but praise for my employer. They have given me a lot of opportunities.

If one's starting point is an expectation that the majority of young workers should know what type of contract they have, have a good understanding of what it contains and if not have their own copy, at least have easy access to it, then the experience of the workers in this survey is very lacking. However if one accepts a level of confusion for new entrants to the full-time labour force as inevitable and opt for a more 'learn by experience' approach to negotiating contracts then perhaps the picture in this survey may be regarded as satisfactory.

Future Research

This survey has exposed several areas in which there is a need for further research.

The findings of this survey raise questions about the interface of compulsory education and work with a deregulated labour market.

- Who, if any body, is responsible for educating young new entrants to the labour force on the new industrial relations system?
- What level of knowledge and skills is necessary for young workers before they seek jobs?

Not enough information exists on the transition stage for young people between compulsory education and work. The recommended development of an ongoing youth cohort survey and the further study of transitions from education to work using longitudinal data bases and cross sectional data as suggested in the review of Labour Market Statistics (Dennis Rose, Dept of Statistics, Oct 1992) would greatly assist the policy development process for young people.

A larger survey based on this research would enable more accurate understanding of whether the experience of the workers surveyed in this project was representative of the wider population. The researchers recommend that if this is undertaken it include a wider geographical cross-section of New Zealand and include a sample of workers over 20 years of age to enable comparisons with other age groups.

Minimum Youth Wages

The concept of minimum wages for young workers has been discussed over the years. The small size of this research does not enable any conclusions to be drawn on the possible impact of this development about this idea. The researchers recommend that a more detailed study of

existing pay levels of young workers should be undertaken before the impact of minimum wages could be assessed. While providing a form of protection for young workers, youth minimum wages could act to pull down the wages for a considerable number of young workers. The cost and benefits of this approach need further research and discussion.

A number of the comments made by respondents highlight how much age is an arbitrary and limited indicator to determine wage. Some workers felt upset when they were paid less than older workers even though they, in their opinion, felt they had more knowledge and were more productive. Moves to more consistently link wages to skill competencies and performance will avoid the reliance on age as the sole indicator.

Appendix I

LIST OF ORGANISATIONS THAT ASSISTED WITH THE SURVEY

Wainuiomata Resource Centre
 Wainuiomata Marae
 Boy's Brigade
 Girl's Brigade
 Catholic Church Porirua
 Army Cadets
 Lower Hutt City Council, Community Development Section
 Porirua City Council, Comm
 Presbyterian Pacific Island Church Youth Group, Newtown
 Presbyterian Pacific Island Church Youth Group, Porirua
 St Catherine's Netball Club
 Te Hou Ora
 Christian Life Centre, Waitangirua
 Whitireia Polytechnic Students Association
 Hutt Valley Polytechnic Students Association
 Girl Guides
 Brethren Church, Titahi Bay
 Lutheran Church
 St Timothy's Titahi Bay
 St Barnabas Presbyterian Church Paremata
 Outward Bound
 Upper Hutt City Council Recreation and Community Affairs
 Maidstone Amateur Athletics Association
 Club Warehams Gym
 Te Herenga Waka Marae
 Hosanna Fellowship, Porirua
 Aikido Club
 Maori Catholic Pastoral Care Centre
 Maori Christian Youth Groups
 Upper Hutt Baptist Church
 Air Training Corps
 Salvation Army
 New Zealand Employment Service, Masterton
 Cadet Forces, Navy, Army

Venturer Scouts
 Pacific Island Resource Centre
 Marching team
 Rotaract, Upper Hutt
 Upper Hutt Karate Club
 Wesley Wellington
 Tae Kwon Doe Wellington Instructors
 Te Kakano
 Student Job Search
 National Library
 Embassy theatre
 Sportswide
 Maori Health Centre
 Les Mills Gym
 Regent Theatre
 Probation Service
 Victoria University Recreation Centre
 Mid City
 Bodyworks Gym
 Dominion Gym
 2nd Feild Hospital
 22D Battery
 Indoor Cricket Association, Petone
 Indoor Cricket Association, Wellington
 Petone Bowls