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Temp workers not stuck in jobs and earn more than regular employees

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GAINESVILLE, Fla. – Rather than being trapped in dead-end jobs, many people hired by temporary help agencies actually earn higher hourly wages and are better educated than permanent employees, and move quickly between temporary and regular jobs, a new [University of Florida \[http://www.ufl.edu\]](http://www.ufl.edu) study finds.

“There has been concern by some advocacy groups that the temporary help industry is creating an entire class of people who are churning through temporary-help jobs and can’t escape from that cycle,” said [Sarah Hamersma \[http://warrington.ufl.edu/contact/facultyinfo.asp?WEBID=2515\]](http://warrington.ufl.edu/contact/facultyinfo.asp?WEBID=2515), a [UF economist \[http://warrington.ufl.edu/eco/\]](http://warrington.ufl.edu/eco/) and lead author. “We find no reason to believe that a large number of temp workers are ‘stuck’ in a secondary labor market.”

Hamersma and Carolyn Heinrich, a [University of Wisconsin \[http://www.wisc.edu/\]](http://www.wisc.edu/) public affairs professor, who presented their findings in November at the annual meeting of the Association for Public Policy Analysis and Management in Washington D.C., studied occupational records, wages and earnings for 5,877 Wisconsin workers between 1995 and 2004.

Of 3,964 employees who held at least one temporary job, 3,947 held a permanent job at some time in those 10 years, Hamersma said. An analysis of a subsample who changed jobs over a four-month period showed that more than three-fourths of those in temporary positions moved into traditional jobs and only 23 percent took another temporary job, she said.

Employees earned more per hour in temporary jobs than traditional ones, receiving about 15 percent more pay, Hamersma said. While other studies have focused on quarterly earnings of temporary workers, which are lower than those for permanent employees, the UF study also analyzed hourly wages, and found these to be higher for temp workers, she said.

“We learned that the shorter duration of temporary jobs means the employees work fewer hours, which translates into lower quarterly earnings than for traditional employees, but they actually end up getting paid more for the hours that they do work,” she said.

The reason that temporary workers are compensated more than traditional employees is probably that some conditions of their jobs are less desirable, such as fewer working hours, less job stability and lack of fringe benefits, including health insurance, Hamersma said.

“We have a lot of evidence in economics that people are compensated for taking riskier jobs,” she said. “Someone who works in a coal mine, for example, gets paid more than a janitor or someone else in a safer job, even if they have similar skill levels.

“Paying temp workers more is consistent with having to handle the insecurity and other characteristics that are inferior to a regular job,” she said. “People might argue whether getting paid 15 percent more is enough compensation for having no benefits and fewer working hours, but if someone is interested in part-time instead of full-time work, it might be a good fit.”

Normally figures on hourly wages are not accessible like those of quarterly earnings, but because the researchers studied a group of workers at Wisconsin firms applying for the Work Opportunity Tax Credit, an employer subsidy for hiring welfare workers, food stamp recipients and other groups, the information was required to be reported to the government, she said.

Examining the workers at the time they worked in a subsidized job, the researchers found that employees in temporary jobs were better educated than their counterparts in traditional employment. Slightly more than half – 51 percent – of the 4,929 people who had regular jobs did not have a high school degree, compared with 41 percent of the 562 people who had temporary jobs, Hamersma said.

Faster growing than regular employment, temp work has shifted from clerical and office positions to include blue collar occupations, such as laborers, Hamersma said.

With public pressure for disadvantaged workers to become self-sufficient rather than depend on government support, caseworkers often place former welfare recipients in temporary jobs, Hamersma said. Statistics from several states show that as many as 15 to 40 percent of these people have gone to work in the temporary help sector since 1996, she said.

“Part of the debate about temp work is whether it’s a good idea for welfare caseworkers to try to push people into these jobs,” she said. “Finding out what the jobs pay gives us some idea about whether it’s better to hold off and try to find them more permanent jobs even if they spend more time on public assistance waiting for those jobs to appear.”

One of the biggest drawbacks of temporary work is its short duration, which makes it difficult for employees to build a foundation of experience necessary for occupational security, Hamersma said. More than half of all temporary jobs in the sample – 56 percent – lasted no more than three months and another 25 percent lasted no more than six months, she said.

“While I was surprised at how short those jobs were, what was even more surprising is that 45 percent of non-temporary jobs lasted less than three months,” she said. “Unfortunately, we don’t know why; whether workers quit or were fired, got sick or had child care issues.”

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