



Trial Employment Periods

AN EVALUATION OF THE FIRST YEAR OF OPERATION



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SUMMARY

The research project

This report presents the results of a Department of Labour evaluation of trial employment periods. The evaluation was conducted during October 2009 and May 2010. It was focused on employers' experiences, and aimed to assess the extent to which employers and employees knew about trial periods, the impacts of trial periods on employers and employees, and employers' perceptions of the costs of using trial periods relative to benefits.¹

The research used both quantitative and qualitative methods. Data was collected through two employer surveys, interviews with employers, employees and union officials, and a literature scan. Trying to ascertain macro-economic impacts of and influences on trial periods was out of scope of the research.

Results

Knowledge

- Interviews showed that employers' awareness of trial periods was high. A majority of employers (between 62% and 74%) knew several key details when asked, but comprehensive knowledge of trial periods appeared less common.
- Misconceptions about trial periods related to:
 - dismissal procedures under a trial period, including the length of the trial period required prior to dismissal, and
 - whether the trial period only applied to full-time permanent employees.
- Employees interviewed did not have comprehensive knowledge about trial periods but knew they could be dismissed without reason and could not make a personal grievance claim of unfair dismissal.

Use of trial periods

- Of the employers who had hired someone since 1 March 2009, half of them had used a trial period when hiring at least one employee.
- Reasons for using trial periods related to:
 - checking an employee's suitability for the job before making a commitment, and
 - being able to dismiss the employee easily if they were unsuitable for the job.
- Reasons for not using trial periods related to:
 - the duration of the work,

¹ The evaluation of trial periods was part of a wider project evaluating three amendments to the Employment Relations Act 2000 which were introduced in March and April 2009 - trial periods, rest and meal breaks and breastfeeding breaks. This report is limited to the trial periods amendment. The evaluation of the two breaks amendments will be published separately.

- o the employers' views of employment relationships generally,
- o whether the employer knew the applicant, and
- o the information the employer had about using trial periods.

Employment outcomes

- Three quarters (74%) of those employed on a trial period had retained their employment once the trial period was over (a further 5% were still working within the trial period at the time of the survey).
- In relation to the last employee they had hired on a trial period, 40% of employers stated they would not have or were not likely to have hired that person without the trial period.

Costs incurred by employers

- Employers appeared not to have incurred any costs in implementing trial periods, and some had avoided the costs associated with dismissing or retaining unsuitable staff.

Satisfaction

- Employers were very positive about how well the trial periods were working for them - 87% of employers thought trial periods were working very well or quite well.
- Employee views were mixed: some thought a trial period was useful to assess whether or not the job was suitable; others felt vulnerable as they lacked job security.

Conclusion

The evaluation found that in the first year of its operation, employer awareness of trial periods was high, although detailed knowledge was uneven. Irrespective of their level of knowledge, the trial period provision was used by half of eligible employers, who were generally very satisfied with the way it was working. Employers faced no costs in implementing the provision, and there were indications of cost savings for employers from simplified dismissal processes.

Employees did not appear to have a comprehensive knowledge of trial periods. Those experiencing trial periods had a range of views, recognising some benefits of trial periods for themselves as well as for employers, but also feeling vulnerable to unfair treatment and job loss. However for those retaining employment after a trial period (three quarters of those employed on a trial period), the experience was not negative.

1. INTRODUCTION

This report presents the results of an evaluation of trial employment periods.

On 1 March 2009 an amendment to the Employment Relations Act 2000 came into effect allowing businesses with 19 or fewer employees to hire new employees on a trial period of up to 90 calendar days. The provision allows employers in small firms to determine an employee's suitability for permanent employment without the risk of a personal grievance in the event that the employment relationship is not successful.

Under the amendment, the employee, if dismissed, is unable to raise a personal grievance for reasons of unjustified dismissal, but still has the right to protections against discrimination, sexual and racial harassment, duress or unjustified action by the employer that disadvantages the employee. Employees are still able to access mediation, and good faith still applies to the relationship.

Both the employer and employee must agree to the trial period in writing. A trial period can be entered into only once between the employer and employee.

The objectives of trial periods may be summarised as follows:

- to encourage small and medium enterprises to take on employees
- to reduce employment relationship problems experienced by small businesses
- to provide opportunities for those who might suffer disadvantage in the labour market, including
 - women
 - youth
 - first-time workers
 - Maori and Pasifika
 - people returning to work after a period of unemployment or child rearing
 - people with disabilities or mental illness
 - migrants, or
 - people with overseas qualifications.

1.1. Evaluation objectives

The evaluation of trial periods was part of a wider project evaluating three amendments to the Employment Relations Act 2000 which were introduced in March and April 2009 - trial periods, rest and meal breaks and breastfeeding breaks and facilities. This report presents results from the evaluation of the trial periods amendment only: the evaluation of the other amendments is published separately.

The overall objectives of the evaluation were to identify:

1. the extent of knowledge of the amendments among employers and employees
2. the changes experienced by employers and employees as a result of implementing the amendments
3. perceptions of the level of regulatory compliance costs relative to benefits for employers.

In addition, the evaluation set out to test the following policy assumptions about the operation of trial periods:

- There is a high level of awareness of trial periods among the target employer population, but not necessarily a high level of knowledge.
- Trial periods will reduce employment relationship problems experienced by SME employers.
- Trial periods will create extra job opportunities for employees (particularly employees who might suffer disadvantage in the labour market) by encouraging employers to take on new employees when they would not have without trial periods.
- Employees will have fewer job opportunities during the recession, so are more likely to agree to a trial period.
- Employers and employees may consider a trial period as a different form of employment relationship, before and after a trial period.
- Implementing trial periods will lower costs for employers.
- Employers and employees will each have sufficient knowledge to negotiate trial periods that comply with the legislation.

1.2. Research method

The evaluation used a mixed-methods approach combining quantitative and qualitative research methods. The method is described briefly here, and more fully in Appendix 1.

The quantitative research consisted of two employer surveys:

- o an initial survey conducted over the phone (referred to as 'initial survey' in this report) during October – November 2009. The purpose of the initial survey was to determine the knowledge of and prevalence of trial periods among employers, and to recruit employers for the follow-up survey.

- o a detailed internet or mail survey (referred to as 'follow-up survey' in this report), conducted during October and December 2009. The purpose of the follow-up survey was to get more details about the knowledge of and experience of trial periods among employers.

The follow-up survey respondents are a subset of the initial survey. Unless otherwise specified, the results here are from the follow-up survey.

Only employers were covered in the quantitative research; 989 employers in small firms (1-19 employees) took part in the initial survey, of which 527 went on to complete the follow-up survey.

The qualitative research consisted of semi-structured interviews with 31 people including 15 employers, 13 employees, two union officials, and one person from a social support agency.

The quantitative results were analysed using SPSS, and the qualitative material was coded and analysed using NVivo qualitative analysis software.

2. FINDINGS

This section of the report presents the results of the research. It begins with employers' and employees' knowledge of trial periods, then looks at employers' use of trial periods and finally, employees' experiences of trial periods.

2.1. Knowledge of trial periods

2.1.1. Employers' knowledge

When asked specific questions about key details of trial periods a majority of employers answered correctly, as shown in Table 1 below. Fewer employers were uncertain about the need for mutual agreement than any other detail.

Table 1: Employers' knowledge about trial periods

I believe that the law requires that...	Yes	No	Don't know	(n)
... the employer and employee need to agree to the trial period together	74%	20%	6%	470
... the trial period can be verbally agreed ²	22%	62%	16%	448
... during the trial period, the employee cannot raise a personal grievance for unjustified dismissal, but they still have the right to protections against discrimination and harassment	70%	13%	17%	462

The qualitative research showed in more detail that employers' knowledge of trial periods was uneven.

Employers were generally aware that the use of trial periods was a new facility. However, the research found some employers had used some form of trial period before 1 March 2009, which was possibly a probationary period allowed under the Employment Relations Act 2000.³

Some employers knew that during the trial period they could hire an employee without any commitment to permanent employment if the employee was unsuitable. However, other employers thought they still had to go through the usual dismissal procedure involving, for example, giving reasons for the dismissal. This belief led to one employer not using trial periods, and another employer questioning the value of them.

While some employers knew that the trial period could last up to 90 days, others thought it had to last a full 90 days, and that only after 90 days could they

² Trial periods need to be agreed to in writing in an employment agreement. However, the term 'employment agreement' was considered too technical for the survey. Further, in this question, one of the three items was 'reversed' to minimise the chances of respondents ticking the same column at random. The verbal agreement item was considered most easily reversible.

³ Probation periods were allowed prior to the amendment but did not exempt employers from the possibility of a personal grievance. See the Department of Labour factsheet Guide to Probation Periods available at <http://www.ers.dol.govt.nz/factsheets/guide-to-probation-periods.html>

dismiss an employee. Because of this, one employer thought there needed to be a shorter trial period in addition to the 90 day one.

Another employer misunderstanding about trial periods was that they could be used only with full time permanent employees, not casuals. While only one employer mentioned this, it had stopped her using trial periods because she had hired only casuals since March 2009.

Further the use of trial periods was not limited to businesses with up to 19 employees – one employee interviewed had been hired on a trial period by a business with approximately 50 employees.

2.1.2. Employees' knowledge

The qualitative research showed that, in general, employees did not have a comprehensive knowledgeable about trial periods; at most they had some awareness of some of the details. Aspects that were more widely known were that the trial period was intended for the employer to assess the employee's suitability for the job, and that the employer could dismiss the employee without notice or reason, but could not be accused of unfair dismissal.

As with employers, some employees believed the trial period had to last a full 90 days. Consequently one employee made redundant at the end of his trial period thought that he would have lost his job sooner than 90 days had it not been for the trial period.

2.1.3. Employers' sources of information

As shown in Table 2, the main source of information about trial periods for employers in the survey was the mass media with just over half of employers using this, followed by a quarter using various Department of Labour sources, particularly its website and factsheets (18%), and a quarter of employers using a professional body or trade association (such as Canterbury Employers Chamber of Commerce or Retail Merchants Association).

Table 2: Employers' sources of information about trial periods

Source	Percentage of employers (n=527, multiple response allowed)
Mass media, including TV news, newspaper and magazines, radio, internet	51%
A professional body/trade association	25%
Department of Labour website/factsheets	18%
Friends	9%
Department of Labour advertisement	5%
Department of Labour call centre	4%
Accountant/lawyer/payroll/business mentor	4%
Employees	3%
Internal HR/lawyer	2%
A union	1%
Department of Labour email	1%
Other government organisation	0%
Other (including a course, this survey, the law itself)	2%

In the qualitative research, employers mentioned the same sources of information. Some employers had first heard about trial periods through the media or friends, and then done their own research on websites, including the Department of Labour's, which was considered useful. Some employers had a vague awareness of their ability to use trial periods, but had not looked up any information about it. There was a view that information could be acquired if and when it was needed, for example, if an employee on a trial period was not performing to the required standard.

All I really know is that the three-month trial period gives you the ability to let people go without too many boxes ticked really but, essentially, before doing that ... I don't want to let anyone go really...but if it ever did come to that then I'd obviously read up about before then and get legal advice obviously.

Employer

2.1.4. Employees' sources of information

The qualitative research showed that employees had received information about the trial employment period from a variety of sources. Two employees who were comparatively knowledgeable about trial periods had received information from a family member who was an employer. An employee who had been dismissed during a trial period sought information from a union and the Department of Labour website. Other sources used by employees were employment agreements and terms and conditions in previous jobs, friends and the media.

2.1.5. Two key aspects in practice: mutual agreement & putting the trial period in writing

Mutual agreement to the trial period

As noted, three quarters of employers responding to the survey knew employers and employees needed to agree mutually to a trial period. The qualitative research showed that, in practice, this meant that trial periods were included in employment agreements and the offer of employment was conditional on the employee's acceptance of a trial period, as with other terms and conditions of the employment agreement.

One employer had had legal advice that even though his employment agreements had a clause related to the trial period, it was not legally enforceable unless the employee had agreed to it. He interpreted this as a requirement to verbally inform new employees about the terms of the agreement, but he felt that in general employees did not pay attention to their employment agreement. This employer would 'probably' let a new employee start without a trial period if the employee did not accept it, but only if the employee was not making other requests as well. However, in his experience the chances were minimal of an employee not accepting the trial period, particularly during a recession.

If I'm going to offer them a job, I honestly think they're good enough to get the job and I probably wouldn't say 'no' [if they did not accept the condition of a trial period]. I only would say 'no' if there's other things I'm unsure about or unhappy about. ... I look at the bigger picture and,

overall, they're what we need. But if someone says to me, "Well, I want more money. I want an allowance for living away from home", I'd be saying "Well" and [if they said] "I don't agree to the trial period", I'd say "Well, ok ... let's not [go ahead with the job offer]".

Employer

Employees interviewed generally thought that it was standard to start on a trial period, and did not know that legally they did not have to accept it.

No. No [option of accepting the job without going on a trial period]. I sort of thought that was the norm.

Employee

Only one employee did know that the trial period required mutual agreement. When he did not accept the trial period condition, his employer removed the clause from his employment agreement and still offered him the job. However, this employee was changing branches, rather than starting a completely new job.⁴

Trial periods in writing – employers' and employees' knowledge and experiences

In the survey 62% of employers knew that trial periods needed to be agreed in writing.

In the qualitative research, with some exceptions, employers who used trial periods said they raised the topic during the recruitment process.

However some employees interviewed stated that employers seldom specifically raised the topic of a trial period with the employee, rather they gave the employee a copy of the written employment agreement, which included the trial period provision. Many employers interviewed were aware that employees signed their agreements whether or not they had read them. Two employers had a verbal agreement with their employees at the start of the trial period, and produced a written employment agreement after the trial period, when permanent employment was starting. Other employees interviewed were uncertain whether the trial period had been put in writing because they did not read their written agreements either at all or thoroughly. One employee interviewed found out only when she was dismissed that she had been on a trial period as she had not read her written employment agreement in detail.

One employee who knew that trial periods were meant to be in writing said that his employer had reluctantly agreed to put it in writing, despite knowing the agreement was supposed to be written. This practice was also commented on in the survey: one employer noted that even though they were supposed to use a formal letter with both the employer and employee signing it, they would possibly do it verbally.

⁴ Technically, the branch was a new employer because it was a licensee so he was eligible to be on the trial period.

In cases of a business changing ownership, a new employment agreement containing a trial period clause was signed after the changeover.

2.2. Employers' use of trial periods

Employers were asked about various aspects of their use of trial periods in both the qualitative and quantitative research.⁵

2.2.1. How many employers hired someone on a trial period

In both surveys, employers were asked whether they had hired anyone since 1 March 2009, when trial periods could be used. As shown in Table 3 below, around half of employers had hired someone since that date.

Table 3: Proportion of employers who had hired someone since 1 March 2009

Had employers hired since 1 March 2009	Initial survey (n=989)	Follow-up survey (n=500)
Yes	57%	53%
No	43%	47%

Of the employers who had hired someone since 1 March 2009, both surveys showed half of them had used a trial period when hiring at least one employee. These employers responded to the subsequent questions about their experiences of using trial periods.

Both surveys also showed that of the employers using trial periods, half had used a trial period for one employee, a quarter had used it for two employees, and another quarter had used it for more than two employees, as shown in Table 4.

Table 4: Number of employees hired on a trial period by employers using trial periods

Number of employees hired on trial periods	Initial survey (n of employers=279)	Follow-up survey (n of employers=134)
1	50%	46%
2	24%	25%
3	14%	15%
4 or more	11%	14%

⁵ In the follow-up survey, of the 131 employers who had used trial periods, 38% no longer had any employees working within the trial period, 39% had one employee still working within the trial period, 17% had two employees, 5% had three or more employees, and one employee had not yet started work.

Employers hiring three or more employees were more likely to use them with all or none of their employees, rather than with just some of them:

- Of the 32 employers who used trial periods and hired three employees:
 - 28% used the trial period with none of the employees
 - 6% used the trial period with 1 employee
 - 13% used the trial period with 2 employees
 - 53% used it with all 3 employees.
- Of the 41 employers who used trial periods and hired 4 employees:
 - 44% used the trial period with none of the employees
 - between 2% and 7% used the trial period with some of the employees
 - 44% used the trial period with all four employees.

Use of trial periods in relation to knowledge of trial periods

Employers' use of trial periods did not appear to be related to their knowledge of trial periods. There were no significant differences between employers who used trial periods and employers who did not in relation to their knowledge of trial periods.

Employers who had got information about trial periods from a professional body or trade association were more likely to have used a trial period (38%), compared to employers who had not used this source of information (22%). It is unknown whether employers who had received information about trial periods from a professional body or trade association used trial periods because they were informed about them from such sources, or whether employers using trial periods had sought information from these sources.

In relation to the other main sources of information (mass media and Department of Labour website/factsheets), there were no significant differences in use between employers who used trial periods and those who did not.

Use of trial periods prior to 1 March 2009

Note that the research found that some employers, both in the survey and the qualitative research, had used trial periods before they were introduced in March 2009. Of these, only one employer had specifically stopped using a probation period and begun using trial periods. In addition, some employers had used other mechanisms to avoid being encumbered with an unsuitable employee. These methods included starting an employee on a three month casual contract, and, if they were suitable, making them permanent after that period. Or, paying employees a low salary when they started work, but if they performed well the salary would almost double within a few years; non-performing employees remained on a low salary and usually resigned.

2.2.2. Reasons for using trial periods

As shown in Table 5 below, a majority of employers used trial periods to check an employee's suitability for the job before making a commitment, with one

employer commenting in the survey '*Interviews sometime don't quite show reality*'.

Just over a third of the employers used the trial period to be able to dismiss the employee easily if they were unsuitable for the job. Ten percent of employers wanted to give a job to someone who might not have otherwise got a job. Amongst other reasons given by employers in the survey, one employer wanted to ensure the family circumstances of the employee would allow her to work. Another reason was that the employer had always used trial periods, with one employer specifying that this was so even before the law change. This practice is discussed further below.

Table 5: Employers' reasons for hiring the employee on a trial period

Reasons for hiring on trial period	Percentage of employers (n=132*)
To check their suitability for the job before making a commitment to employment	79%
To be able to dismiss them easily if they were unsuitable for the job	35%
To avoid incurring costs if they were unsuitable for the job	23%
We weren't sure how long there would be work available	11%
To give a job to someone who might not have otherwise got a job	10%
Other	5%

* multiple response allowed

The qualitative research also showed that most employers had used trial periods because, in their view, employees did not always perform to expectations.

[The trial period] gives us enough time, [they] are all keen for the first little while and then they slowly regress into bad habits, so it gives you a chance as an employer to see ... get that initial enthusiasm gone and then you can see what they're naturally like. That would normally happen in about a one and a half month period, ... then you go 'oh ok, the guy's either slacking off or can't be bothered any more, or he's still got enthusiasm, he's going to be fine.'

Employer

Some employers had previously experienced problems in dismissing unsuitable employees, and wanted to avoid this happening again.

2.2.3. Reasons for not using trial periods

Reasons for employers not using trial periods were explored in the qualitative research. This showed there were several distinct categories of reasons relating to the circumstances of employment, the employers' views of employment relationships generally, and having correct information about using trial periods.

Some employers interviewed had not used trial periods for circumstantial reasons. These reasons included:

- o the employees were hired for only 12 weeks during the fruit season
- o the employer trained employees for three months first, after which they knew the employees, and also whether or not they wanted to hire them, and
- o the employee had been a previous customer or previous employee, so the employer knew them.

One employer had made a conscious decision not to use trial periods with any of her employees because of her view of the employment relationship. Her decision was based on a belief that it was important to recruit well, and to build trust from the beginning of the employment relationship, rather than having a time period during which new employees worked 'flat out,' and then 'relaxed afterwards.' This employer also placed importance on being flexible and maintaining good communication with employees.

We tend to not use [trial periods], as it puts a little bit of pressure on everybody. ... But it's usually managed, if you know what I mean, we sort of hire people and then we'll just work every couple of weeks talking to them and stuff and just see how they're going, that kind of thing. We try and be fairly careful when we hire, it saves a lot of time further down the track, but you can't always account for everything.

Employer

Another employer did not use trial periods because she thought they applied only to full time employees, and that employers still had to go through 'the whole grievance procedure' if the employee was not satisfactory. In addition, this employer considered that instituting a trial period was too complicated, as the trial period had to be 'in a contract', it was necessary to get agreement, and to use 'certain language.'

2.2.4. Monitoring performance during the trial period

The qualitative research showed that while most employers were very aware of their employees being on trial periods, the degree to which work performance was monitored varied. Note though, that in small firms employees and employers generally work closely together, which might be considered to reduce the need for formal meetings.

A few employers paid little attention to the trial period. These employers expressed confidence in the employees they had recruited, and one of them considered that the employees were probably not highly aware of being on a trial period.

Other employers were both more focused on their employees being within the trial period, and monitored them more regularly. Employers used formal and informal means for monitoring their employees' performance during the trial period and for communicating with their employees about their performance. However, these employers had always practiced this level of monitoring employees and had not changed the method or frequency of monitoring because of the trial period.

Employees interviewed generally felt that any monitoring of their performance was done very informally through casual observation in the workplace. Almost all of the employees interviewed were unaware of any planned or formal monitoring. However, the one employee interviewed who had meetings stipulated in her employment agreement was dismissed during the trial period without having had any of the stipulated meetings.

2.2.5. Employers’ views of the appropriate length of a trial period

Employers’ opinions varied about the appropriate length of a trial period. A few employers felt that 90 days was not enough to assess the suitability of an employee while others felt the appropriate duration would vary according to the job and how long it took to learn it.

I think it should be a trial period [of] up to six months or no more than eight months or something, I don't know. That's my opinion. Three months - I mean, anybody can behave for three months.

Employer

Other employers thought that even a day or two weeks was long enough to tell if an employee would perform satisfactorily in the job.

In addition, one employer considered the length of the period to be somewhat irrelevant because, as employees knew how long the trial period was, they would work hard for that length of time, then ‘relax’, regardless of its duration.

2.2.6. Job opportunities for disadvantaged people

One of the objectives of trial periods is to provide opportunities for people who might suffer disadvantage in the labour market. This group includes women, youth, first-time workers, Maori and Pasifika, people returning to work after a period of unemployment or child rearing, people with disabilities or mental illness, migrants, or people with overseas qualifications. In the follow-up survey, employers were asked about the demographic characteristics of the latest employee they had hired on a trial period. The gender, ethnicity and age distribution of these employees is shown in the tables below.

Table 6: Gender distribution of the latest employee hired on a trial period

Gender of latest employee	Proportion (n=132)
Male	52%
Female	49%

Table 7: Ethnicity distribution of the latest employee hired on a trial period (multiple response allowed hence total greater than 100%)

Ethnicity of latest employee	Proportion* (n=132)
European	72%
Maori	14%
Pasifika	6%
Asian	2%
Other	6%
Don't know	3%

* Multiple response allowed hence the total is greater than 100%

As shown in Table 8 below, a little under half of the 'last employee hired' group were youth (15-24 years). There is no comparable data available showing the gender, ethnicity and age distribution of people hired by small firms in 2008 for example, so it is not possible to comment on whether trial periods are being used disproportionately for some groups. Although the age distribution of the 'last employee hired' suggests a disproportionate number of youth, there are a number of reasons why this might be so. One of these is the churn of young people in the labour market (that is, they have shorter job tenure than other groups).⁶ In addition the employment rate for the 20–24 year age group is well above the national rate.⁷ Further, there may be some association between the industry type of employers responding to this question and the demographic they typically employ. In the qualitative research, some employers favoured using a trial period because they tended to employ youth, including students, and employers viewed young people as inexperienced and thus potentially comparatively risky to employ.

Table 8: Age distribution of the latest employee hired on a trial period

Age group of latest employee	Proportion (n=132)
15 - 24 years	43%
25 - 34 years	24%
35 - 44 years	15%
45 - 54 years	13%
55 - 64 years	5%
65+ years	1%

Employers reported that of the 'latest employee to be hired on a trial period:

- 2% had a disability or mental illness
- 8% were migrants

⁶ Data from the Statistics NZ's Survey of Working Life shows that young employees were much more likely to have shorter job tenure than prime-aged and older employees. Almost half (48 percent) of those aged 15 to 24 years had been in their main job for less than one year compared with 20 percent of prime-aged employees (25 to 54 years) and 11 percent of older employees (55 years+).

⁷ Department of Labour (2009) Youth in the New Zealand labour market. National monitoring series. Department of Labour, Wellington.

- 10% of employees were first time workers
- 11% had overseas qualifications
- 24% were returning to work after a period of unemployment or child rearing.

The qualitative research explored this question further. Many employees in the qualitative research were from the disadvantaged groups mentioned above, (women, youth, Maori, Pasifika, migrants, and people with disabilities). Employees were not specifically asked if they were given the job to give them a chance using a trial period, but none appeared to have been hired for this purpose. They were employed because of their qualifications, experience, or because they were of the demographic hired by the business; for example, cafes hired young people (students) who wanted to work part-time hours.

Some employers interviewed said they would consider hiring disadvantaged workers specifically because of the trial period and one had done so already.

He was too much of a risk for me being an unknown quantity, knowing who he was and very inexperienced, I didn't know how he was going to work out. And I thought it was a perfect opportunity for me to get a young guy and see if I can make something of him. It didn't quite work out, but at least now he's in the workforce, which he wouldn't have been before.

Employer

However, as shown in the survey results, most employers interviewed were seeking the best candidate available regardless of whether they might be categorised as disadvantaged job seekers. Thus these employers would not use trial periods to give disadvantaged job seekers in particular a chance. These employers felt the cost of employing someone other than the best candidate could potentially have a high impact on a small business.

We're a small business and we can't afford to have under-performing, not motivated people, because everyone on the team knows if the company's doing well, I'm going to reward them back in their salaries. ... Now, if there's someone there who is under-performing, then it's affecting the whole team and people know it. People know someone's not, you know, participating and contributing.

Employer

2.2.7. Employment after the trial period

The follow-up survey found that most of those employed on a trial period had retained their employment once the trial period was over.

Table 9: Employment outcome of trial period

Employment outcome	Proportion of those employed on a trial period
Retained past the trial period	74%
Dismissed	22%
Still working within the trial period	5%

Where employers had used the provisions of the trial period for dismissing employees, generally they had dismissed only one employee, but five employers had dismissed two employees, and two employers had dismissed three employees.

Employees had generally been dismissed for performance related reasons (22 out of 29 employers dismissing employees), followed by attitudinal reasons (14 out of 29 employers).⁸ Four employers had less work so did not need the employee. None of the employees had been dismissed for having a dispute with someone in the business. Other reasons for the job ending included the employee not liking the job, the employee not finding the job suitable for their situation, and the employee's family not liking the employee working.

The qualitative research found a similar range of reasons for dismissals to the survey results, and as in the survey, none of the dismissals had been because of a dispute between the employee and someone else in the workplace.

Some employers interviewed had dismissed employees for performance, attitudinal and behavioural issues (for example, poor time management) as well as for business reasons (for example, there was less work available in the business).

The qualitative research also showed that in some cases employees had left of their own accord because they had found the job unsuitable. Sometimes this was by mutual agreement with the employer, and was much to the employer's satisfaction. One employer whose underperforming employee had left by mutual agreement felt he would have been 'in serious strife' without the trial period.

Making a decision about retaining the employee was not necessarily simple. One employer had kept on a employee who did not have the desired attitude, but was a hard worker. The employee in question, who was interviewed separately, sensed that he might be dismissed during the trial period, and had made an effort to change.

Well, I just pretty much thought I was on the way out as soon as we first figured out... what we both thought, and then I sort of had to bite my lip a bit and try to, I don't know, try to work a bit harder too, I guess.

Employee

In the above case, regular communication between employee and employer had helped prevent a dismissal. In some instances though, regular communication appeared to have helped the employee decide to leave the job before being dismissed by the employer.

Other employers had some regrets about retaining an employee past the trial period. In one such case the employee had shown signs of absenteeism that had worsened after the trial period, and his work was of poor quality which was a cost

⁸ Multiple response was allowed for this question.

to the business. The employer was now – after the trial period - considering dismissal.

2.2.8. Reported misuse of trial periods

The qualitative research found some instances where trial periods appeared to have been misused. These cases were reported by union officials and employers themselves, and most commonly occurred when a business changed ownership. Union officials believed that in some cases, trial periods were being used to undermine Part 6A of the Employment Relations Act 2000. Part 6A addresses the situation of businesses with 'vulnerable employees' (specified in Schedule 1A) in businesses that change ownership. Under the provisions of Part 6A the new owners are required to take on the existing employees to protect the employment of the vulnerable workers. However, a union official interviewed considered that new owners could pressurise employees to accept a trial period in the new employment agreement. In an example of this provided by the interviewee, the only employee in a firm to sign a new employment agreement was a union member, and he was soon afterwards dismissed using the provisions of the trial period. The union official believed that the employee was dismissed because of his union membership, although a note from the employer to the employee raised performance issues. In a further example also reported by a union official interviewed, an employee was put on a trial period on signing her new employment agreement. Despite having worked at the firm under its previous owner for a number of years, she was dismissed on the grounds of inexperience by the new owner.

In a different case, also provided by a union official interviewed, an employee with disabilities was asked to sign a second employment agreement including a trial period about two weeks after starting work. After the employee signed it, she was dismissed under the trial period provisions. The union official considered that the employer in this case was focused on the employee's disabilities, rather than on the impact of her disabilities on her work performance (which had been addressed through the use of special tools).

An employer interviewed reported having heard of employers using a trial period in situations where it was inappropriate, for example, to employ staff for just a short period.

I know some employers say you're on a trial period and they only want someone for less than the trial period..., I've heard of that happening.

Employer

2.2.9. When in the trial period employees were dismissed

As shown in Table 10 below, the follow-up survey found that the small number of employees who were not retained were mainly dismissed either in the first couple of weeks (9 of the 28 dismissals), or else towards the end of the second month/start of the third month of the trial period (12 of the 28 dismissals). Only a small number of employees were dismissed towards the end of the 90 days.

Table 10: Number of weeks after which the employee was dismissed

Number of weeks into the trial period	Number of employers (n=28)
1	3
2	6
3	1
4	1
5	1
6	1
7	3
8	5
9	2
10	2
11	1
12	1
13	1

Even though employers used trial periods so that they could if necessary dismiss unsuitable employees relatively easily, the qualitative research showed that employers did not consider that dismissal was a favourable outcome and tried to avoid it. This was because of the cost of recruitment and training, and for some, also to avoid being poorly thought of. In some cases, employers who dismissed employees tried to find other suitable employment or training for the employee.

One employer (who thought the trial period had to last a full 90 days) considered that the duration of the trial period made it worthwhile to recruit well and work with employees from the beginning, to avoid a dismissal.

For us the cost of bringing someone in for three months, training them up to a certain level and then saying 'you haven't worked out', it's a waste of our time.... So, for us, pretty much from day one we will work with this person, then we'll get them to the right place.

Employer

2.2.10. How well trial periods were working

Employers were very positive about how well the trial periods were working for them, as shown in Table 11 below. In the initial survey, 87% of employers thought trial periods were working very well or quite well and only 2% not well enough.

Table 11: How well the trial period provision is working

How well the trial period provision is working	Percentage of employers (n=277)
Working very well	58%
Quite well	29%
Not well enough	2%
Not at all well	0%
Don't know	12%

Source: Initial survey

As shown in Table 12 below, in the follow-up survey, on a scale of 1 to 6, with 1 being 'extremely well' and 6 being 'not at all well', the mean score of respondents was 1.78. Just over half (52%) the employers using trial periods scored 1, and just over a quarter (27%) scored 2. Only 1% thought they were not working well at all.

Table 12: How well trial periods are working

How well trial periods are working	Percentage of employers (n=132)
1 extremely well	52%
2	27%
3	14%
4	5%
5	2%
6 not at all well	1%

2.2.11. Costs of implementing trial periods

The qualitative research showed that employers had not incurred any costs in implementing trial periods, but some would have incurred costs either by dismissing or retaining unsuitable staff had the trial period not been used. Nor did employers think that there was any impact on clients and customers as it was considered they would not know that the staff were on a trial period.

2.2.12. Effect on the nature of the employment relationship

The qualitative research found little reflection on whether or how trial periods affected the nature of the employment relationship. One employer commented that the balance of employment security between employers and employees had shifted in favour of employers. However, this employer also thought that a 90 day period was a sufficient time in which to work with an employee aiming for long term employment, so that after the period they were 'in the right frame of mind' to 'not slack off.'

All of the employers interviewed in the qualitative research who currently used trial periods would continue to use them, and could not think of situations in which they would not.

Well I'd just put it in the contract ... basically I view it as a bit like a safety belt. You don't actually need a safety belt, but you'd be crazy not to put it on. Do you want to take that risk?

Employer

Generally employers thought being able to use trial periods was beneficial to business. One employer said 'it was one of the best things that's come in for a long time', especially as New Zealand businesses were predominantly small firms.

I think this new 90-day trial period for a small business such as my own is a brilliant idea, and it gives me the confidence to be able to take somebody on like I've done and know that if they don't work out we can do something about it, whereas before you were stuck... New Zealand is a country of small businesses, [and] it makes small businesses very

reluctant [to hire]... because there is quite a cost in changing staff over ... with training etc, and you don't want to be doing it every five minutes. Then at least this way here it is way better for small businesses to be able to do that [hire new employees on a trial period].

Employer

2.2.13. Would employers have hired without the trial period

In the initial survey, employers who had hired an employee on a trial period were asked *Thinking about the latest employee you hired on a trial period, would you have hired this new employee without the trial period?* In response to this question, around half of employers said yes or that they likely would have, while 40% said no or that they were not likely to have, as shown in Table 13 below.

Table 13: Employers’ views on whether they would have employed the latest employee hired on a trial period without the trial period

Employers’ views	Percentage of employers (n=277)
Yes	35%
Likely	22%
Unlikely	9%
No	31%
Don’t know	3%

2.3. Employee’s view of being on a trial period

The qualitative research found that employees had mixed views on being employed on a trial period. Note that some employees mentioned having been on trial periods prior to 1 March 2009. Few of these employees realised that trial periods had become legal only from this date.

While some employees thought a trial period was useful to assess whether or not the job was suitable, at the same time being on a trial period made them feel more vulnerable to dismissal and unfair treatment, and generally lacking in job security.

[I would prefer not being on a trial period] because [of the] the security behind it. Like you know you're not going to randomly lose your job for no apparent reason.

Employee

Some employees thought that there should be a minimum notice period, which there currently is not, to mitigate the financial implications of losing a job at very short notice.

Despite feeling more vulnerable on a trial period, most employees did not think being on a trial period changed the nature of the employment relationship between employers and employees. None of the employees reported that their employer had changed anything about their work during and after the trial period as a result of the trial period, nor did they report having any different terms and conditions compared to other employees.

However, one employee thought she would have been treated better without the trial period, as she felt less than a proper employee of the firm when on a trial period.

I think [the trial period changed the nature of the employer-employee relationship] because he didn't really take me seriously,... as a proper employee. I guess if I'd actually had a [written] contract I would have felt like I had more rights maybe and..., he should have listened to me more, I think.

Employee

Employees' responses about whether they would agree to a trial period again ranged from 'yes', to agreeing reluctantly, to 'no'. Some employees would agree again to a trial period because they knew that there were enough 'useless workers' for employers to want to try employees out first. One employee thought the trial period was an opportunity for employees and employers to work through any issues. Another one was confident about his performance, but also thought it would be good to know early on if the job was not going to work out.

I don't think you've got much choice [about agreeing to a trial period],... I would [agree to a trial period again]. I've got no problems with my work, so I've got no problems with [being on a trial period] ... and, I mean, at the end of the day if you're not performing, well, you know it's not going to work anyway, is it? So yeah, I've got no problems. I'm fairly confident in my work.

Employee

Others felt they would agree again only reluctantly, if they had no choice, and if they really wanted the job. Others said they would not agree again to a trial period because they wanted to have job security or because they objected to being in a position where they could be dismissed without reason.

Employees who felt they would not have been dismissed were it not for the trial period were annoyed by the dismissal. They felt they had been disadvantaged by being on the trial period and treated unfairly by the employer, either because they had not been given a reason or explanation for the dismissal, or because they had been dismissed even though, in their opinion, they were performing better than other employees who were not on a trial period and thus could not be dismissed so easily.

... the fact that they did get rid of me just like that did make me really bitter.

Employee

3. DISCUSSION

In this section the research results are discussed in the context of the policy assumptions about the trial period amendment and with reference to the literature on employment protection.⁹ In considering the research findings, note again that employees were included only in the qualitative research, which has explored issues for employees but does not indicate how widespread the issues are. (Thirteen employees were interviewed, and some of them had experience of more than 1 trial period.)

Awareness & knowledge of trial periods

Employers were highly aware of trial periods. A majority of those surveyed knew some key details but employers' knowledge was uneven. However, not all employers had hired anyone since trial periods came into effect and the research showed that employers would access information about trial periods as and when they felt they needed to. Employers' main sources of information about trial periods were the mass media, the Department of Labour, professional bodies and trade associations. Notably, there was no difference in the level of knowledge of trial periods between employers who used trial periods, and employers who had not used them.

Employees were found to have limited knowledge of trial periods. Employees did not necessarily know that trial periods had been introduced from 1 March 2009, and some had experienced a form of trial period prior to the amendment, which may have been a probationary period under the Employment Relations Act 2000 or some other method used to more easily dismiss unsuitable or redundant employees. Employees' sources of information included the terms and conditions of previous employment agreements, friends and family, the media, and the internet.

The qualitative research found that both employers and employees had some poor information about trial periods, which affected employers' use of trial periods. This included the belief that the usual dismissal procedure to dismiss employees under the Employment Relations Act 2000 had to be followed and that the trial period had to last a full 90 days.

⁹ Probationary employment periods are common internationally. Such periods are, though, generally associated in Western Europe with reaching a minimum tenure in a job before becoming eligible for statutory employment protection, rather than being a mechanism to allow employers to gauge employee suitability. There is an extensive literature on the effects of employment protection legislation, and within this body of literature there are some studies, both theoretical and empirical, that look at probationary or 'grievance free' periods. Overall, though, the international literature focused on the effects of probationary employment periods on firms, employers or employees is minimal. Further, because most of the literature is set within the context of workers covered by employment protection legislation, it is not strictly applicable to the New Zealand situation where notice periods and/or severance pay are not legally regulated, except through collective agreements.

In general, though, the research found that employers and employees had sufficient knowledge to negotiate trial periods that complied with the legislation. It should be noted though that although three quarters of employers knew a trial period must be mutually agreed, they generally did not directly seek employees' acceptance of a trial period, rather it was stated in the employment agreement with other terms and conditions. Thus in practice, for many employees the job offer was conditional on their accepting a trial period, as is the case with other terms and conditions of an employment offer.

Creation of job opportunities (particularly for employees who might suffer disadvantage in the labour market)

The evaluation found that half of hiring employers had used a trial period in the first eight months since their introduction (the time period covered in the quantitative research). Employers tended to use trial periods with all or none of the employees, rather than only with some of them.

Most employees were retained past the trial period, with just under a quarter dismissed using the provisions of the trial period. Performance was the main reason for dismissal. There was no data readily available with which to compare this dismissal rate with that of dismissals by small firms prior to the introduction of trial periods, but this is an important area to look at further. Dismissals generally occurred in the first couple of weeks, or else towards the end of the second month. While the trial period eased dismissals for employers, the qualitative research showed employers recognised dismissals as an unfavourable outcome, and tried to avoid it. Employers were aware that the cost of recruitment and training made dismissals expensive, and some tried to work with the employee from the beginning to prevent a dismissal. Where employees were dismissed, there were cases of employers trying to find them other employment or training.

The ability to use trial periods appeared to have encouraged 40% of employers who had hired someone to do so, however without any counterfactual evidence it cannot be stated categorically that trial periods had created extra job opportunities. The international literature suggests that exemptions to employment protection legislation, such as the trial period legislation, increase both hiring and firing but have an unclear overall impact on unemployment (Garibaldi et al 2003, Riphahn & Thalmaier 1999, Marinescu 2009).

While employers acknowledged that trial periods could give a chance to disadvantaged job seekers, very few of them used trial periods specifically for this purpose, being focused on hiring the most suitable candidate (who may incidentally have been a disadvantaged job seeker). Employers reported that half of those 'last hired on a trial period' were young people. This reflects a number of factors including the churn of young people in the labour market, relatively high employment rates for 21-24 years olds, the type of jobs and industries using trial periods, and employers' views on the use of trial periods. However the finding in relation to young people aligns with the international literature on the topic which suggests that strict employment protection legislation reduces the employment of youth (Garibaldi et al 2003, Ochel 2009, OECD 2004). This is an area where further research would be useful.

Effect of the recession

The assumption that employees would have fewer job opportunities during a recession, so were more likely to agree to a trial period, could not be examined in the qualitative research due to the uneven knowledge employees had about the trial period, for example, not knowing they had to be mutually agreed, and thus considering them the norm. Trying to ascertain macro-economic impacts of and influences on trial periods was out of scope of this study, but is another area for further research.

Effect on the employment relationship and employment relationship problems

Employers who had used trial periods and employees who had been through one generally believed that the trial period did not change the nature of the employment relationship.

Employers most commonly used trial periods to check an employee's suitability for the job, followed by ease of dismissal if the employee was not suitable. The qualitative research further showed employers did not use a trial period if they thought it adversely affected the employment relationship; if they already knew the employee; or if the employee was going to be working for just a short period. As the evaluation found that half of eligible employers had not used trial periods, this too is an area that could be explored in more depth. For example, although the international literature exploring employers use of trial periods is very limited, there is research that suggests trial periods are used as a sorting mechanism, as they induce self-selection amongst applicants, attracting those who are confident their work will be acceptable (Loh 1994a, 1994b).

Employers in the qualitative research generally raised the issue of a trial period while recruiting the employee, although where the trial period was included in an employment agreement, this was not necessarily signed before employment began. Employers seldom changed their method or frequency of monitoring their employees' performance or communicating with their employees because of the trial period. Such monitoring and communication from the employer sometimes led to the employee leaving before they were dismissed. Thus the use of trial periods seemed to have averted employment relationship problems in a few cases, often because the employee had been dismissed or else left of their own accord before likely dismissal from the employer.

Employees saw trial periods as an opportunity not just for the employer, but also for themselves to assess the suitability of the job, they also saw it as making them more vulnerable to reduced job security, and unfair treatment from employers. This belief was confirmed for the few employees who had been dismissed without explanation and, in their view, unfairly. When unfair treatment including dismissal did not eventuate, the experience of being on a trial period for employees was not negative.

Thus employees expressed a range of views on being employed on a trial period with some considering they would accept a trial period again, some of these albeit reluctantly. A few would rather have no job than work within another trial period, particularly because they could be dismissed without reason during a trial period. Note also that union officials interviewed reported examples of what appeared to

be misuse of trial periods, commonly occurring when a business changed ownership.

One issue raised by the research but not explored further was employee behaviour after a trial period, with one case of an employer considering an employee was less productive after the trial period. This effect has been noted in other studies of employee behaviour, particularly in relation to absenteeism after the completion of a trial period (Riphahn & Thalmaier 1999, Riphahn & Ichino 2001). This is another area that could be examined in future research.

Lower costs for employers

The evaluation found some support for the assumption that trial periods would lower costs for employers. Employers had not incurred any costs in implementing trial periods, and some had avoided the costs of dismissing or retaining unproductive employees.

Employers were generally very satisfied with how the trial period provision was working for them, with just over half rating it as working 'extremely well', and very few rating it negatively. Most employers who had used trial periods would continue to use them to lessen the risk of costs associated with dismissing or retaining unsuitable employees. Overall, employers thought the use of trial periods was very beneficial to their business. This aligns with the international research which suggests that a probationary period will mitigate productivity problems caused by employment protection legislation as firms can dismiss workers unsuited to the job at low cost at the beginning of the employment relationship (Autor et al 2007, Kugler 2000, Marinescu 2009).

4. CONCLUSION

This evaluation, focused largely on employers' experiences, was carried out to assess the extent to which employers and employees knew about trial periods, the impacts of trial periods for employers and employees, and employers' perceptions of the level of regulatory compliance costs relative to benefits for employers.

The evaluation found that in the first year of its operation, employer awareness of trial periods was high, and a majority of employers knew several key details however comprehensive knowledge was less common. Irrespective of their level of knowledge the trial period provision was used by half of eligible employers, who were generally very satisfied with the way it was working. Employers faced no costs in implementing the provision, and there were indications of costs savings for employers from simplified dismissal processes.

Employees did not appear to have a comprehensive knowledge of trial periods. Those experiencing trial periods had a range of views, recognising some benefits of trial periods for themselves as well as for employers, but also feeling vulnerable to unfair treatment and job loss. However for those retaining employment after a trial period (three quarters of those employed on a trial period), the experience was not negative.

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APPENDIX 1: EVALUATION METHOD

The project used a mixed-methods approach combining quantitative and qualitative research methods.

Quantitative method

Phase 1 – Initial survey

The initial survey was a short 3-5 minute phone screen of employers in October – November 2009 to identify knowledge of and the prevalence of trial periods, rest and meal breaks and breastfeeding breaks and facilities among employers. Employers were also asked if they were willing to take part in the follow-up survey. Consenting employers were then sent an online link to this follow-up survey, or were posted a paper copy, based on their choice. Only the findings of trial periods are included in this report.

Sampling frame

The sampling frame for the initial survey was a Department of Labour employer database. When incomplete, duplicate, and non-employing entries were removed, the database produced a sampling frame of 33,576 employers of which a random sample of 3,600 employers was drawn. Although the sample was not a random probability sample of New Zealand businesses, it was an approximate match of the actual industry distribution in New Zealand.

Response rate

The sample size for the employer survey was intended to be 1200, across all employer sizes. Only the small employers (1-19 employees) completed the section on trial periods.

Of the 3,532 employers contacted:

- 1,391 (39%) completed the initial survey, of whom 771 went on to do the follow-up survey (10% by post, and 90% online)
- 324 (9%) declined to take part
- 685 (19%) were unattainable because of invalid contact details
- 1,132 (32%) were unavailable

Business size distribution

The following table shows the business size distribution of survey respondents, compared to the population.

Table 14: Business size distribution of the initial survey compared to the population

Size of business	Number in initial survey	Percent in initial survey	Percent in population¹⁰
1-19 employees (small)	989	71	91
20-49 employees (medium)	206	15	6
50+ employees (large)	196	14	3
Total	1391	100	100

Industry distribution

Table 15: Industry distribution of the initial survey compared to the population

Industry	Number in initial survey	Percent in initial survey	Percent in population¹¹
A Agriculture, Forestry and Fishing	59	4	14
B Mining	4	0	0
C Manufacturing	207	15	8
D Electricity, Gas, Water and Waste	1	0	0
E Construction	109	8	13
F Wholesale Trade	105	8	6
G Retail Trade	233	17	9
H Accommodation and Food Services	88	6	7
I Transport, Postal and Warehousing	71	5	3
J Information Media and Telecommunications	5	0	1
K Financial and Insurance Services	27	2	2
L Rental, Hiring and Real Estate	210	15	4
M Professional, Scientific and Technical	31	2	10
N Administrative and Support Services	42	3	3
O Public Administration and Safety	97	7	0
P Education and Training	28	2	4
Q Health Care and Social Assistance	42	3	5
R Arts and Recreation Services	10	1	2
S Other Services	2	0	8
Unknown	20	1	
Total	1391	100	100

Phase 2 – Follow-up Survey

The follow-up survey was 8-14 minutes duration, and administered over the internet or by postal questionnaire, depending on the employer's preference. The aim of the survey was to obtain a more comprehensive understanding of employers' knowledge of the amendments, any changes employers had made, and their perceptions of compliance costs relative to benefits. To maintain respondent confidentiality, responses from the initial and follow-up surveys could

¹⁰ Table 1, New Zealand Business Demography Statistics: At February 2009, Statistics New Zealand

¹¹ Table 1, New Zealand Business Demography Statistics: At February 2009, Statistics New Zealand

not be linked, thus some questions from the initial survey were repeated in the follow-up survey.

Consenting employers from the initial survey made up the sampling frame for the follow-up survey. The sample size across all three topics was intended to be between 400 and 500 employers.

The follow-up survey was completed online or on paper by 771 employers with a completion rate of approximately 88%. These respondents are a subset of the respondents from the initial survey. 989 small employers (1-19 employees) took part in the initial survey, of which 527 small employers went on to complete the follow-up survey.

Respondents self-reported their business size, industry and location.

Paper survey responses were entered into the online survey tool. These results were then imported into SPSS, which was used to analyse the results. Descriptive statistics are reported here. A t-test was used to compare the difference between 2 proportions for cells with at least 40 respondents. Only results which were significantly different at the 95% confidence interval are reported here.

Business size distribution

Table 16: Business size distribution of the follow-up survey compared to the population

Size of business	Number in follow-up survey	Percent in follow-up survey	Percent in population ¹²
1-19 employees (small)	527	69	91
20-49 employees (medium)	117	15	6
50+ employees (large)	127	17	3
Total	771	100	100

Industry distribution

Respondents in the follow-up survey self-reported their industry. However, nearly 19% selected 'Other Services' and described their business. These businesses were allocated appropriate industry codes based on their description.

There were no significant differences by industry for any of the trial period questions in either survey. This result may be partly explained by small base numbers for some questions.

¹² Table 1, New Zealand Business Demography Statistics: At February 2009, Statistics New Zealand

Table 17: Small firm (1-19 employees) industry distribution of the follow-up survey compared to the population (n=527)

Industry	Number	Percent	Percent in population¹³
A Agriculture, Forestry and Fishing	32	6	15
B Mining	1	0	0
C Manufacturing	53	10	7
D Electricity, Gas, Water & Waste Services	9	2	0
E Construction	46	9	13
F Wholesale Trade	32	6	6
G Retail Trade	100	19	10
H Accommodation and Food Services	27	5	7
I Transport, Postal and Warehousing	30	6	3
J Information Media and Telecommunications	7	1	1
K Financial and Insurance Services	27	5	2
L Rental, Hiring & Real Estate Services	6	1	4
M Professional, Scientific and Technical Services	53	10	10
N Administrative and Support Services	10	2	3
O Public Administration and Safety	2	0	0
P Education and Training	24	5	3
Q Health care and Social Assistance	34	7	5
R Arts and Recreation Services	6	1	2
S Other Services	28	5	8
Total	527	100	100

Employer location

Table 18: Location of firms, follow-up survey (n=514)

Location	Number	Percent
Auckland	162	32
Auckland and North Island	3	1
Hamilton	21	4
Wellington	47	9
Christchurch	37	7
Canterbury	2	0
Dunedin	8	2
Main centres	5	1
North Island	168	33
South Island	61	12
Total	514	100

¹³ Table 1, New Zealand Business Demography Statistics: At February 2009, Statistics New Zealand

Qualitative method

The purpose of the qualitative research was to get a more in-depth understanding of the implementation and impact of trial periods, and the knowledge or awareness of employers and employees.

It consisted of semi-structured interviews with 31 people in total including 15 employers, 13 employees, 2 union officials, and 1 person with a general perspective. Some employees had been on more than 1 trial period, so could provide a variety of perspectives. Similarly, some employers had experience of more than one employee on a trial period.

Employers were recruited using the employer database mentioned above, the Yellow pages, employees recruited for this research, and through personal contacts. Employees were recruited through some employers recruited for this research, a newspaper advertisement, an advertisement at Student Job Search, the Council of Trade Unions and personal contacts. Union officials were recruited through the Council of Trade Unions as well.

The Wellington office of New Zealand Prisoners Aid and Rehabilitation Society (NZPARS) advised that prisoners had not got employment through trial periods, so NZPARS was not used to recruit respondents.

Most interviews were conducted face to face, and most were audio recorded with the interviewee's permission, or else extensive notes were hand written. All interviewees were offered a \$50 supermarket voucher as gratuity. Respondents from throughout New Zealand were interviewed, however they were mainly from the Wellington region and Wairarapa.

Respondents were from the following industries:

Table 19: Industry distribution of qualitative research respondents¹⁴

Industry	Number
A Agriculture, Forestry and Fishing	1
B Mining	0
C Manufacturing	3
D Electricity, Gas, Water & Waste Services	0
E Construction	3
F Wholesale Trade	0
G Retail Trade	3
H Accommodation and Food Services	7
I Transport, Postal and Warehousing	1
J Information Media and Telecommunications	1
K Financial and Insurance Services	0
L Rental, Hiring & Real Estate Services	0
M Professional, Scientific and Technical Services	1
N Administrative and Support Services	1
O Public Administration and Safety	1
P Education and Training	2
Q Health care and Social Assistance	0
R Arts and Recreation Services	2
S Other Services	6
Unknown	1
Total	33

Limitations

- o Due to resource constraints, this evaluation included employees only in the qualitative, not quantitative research. As a result, it provides an understanding of issues for employees on trial periods, but does not give an idea of how widespread these issues are.
- o The employer database, which was the sampling frame for the initial survey, had incomplete employer contact information. As a result, many employers had to be excluded from the sampling frame. Hence, the survey results may not be truly representative of employers in the country. However, we are confident that the overall results of the project are substantially indicative of employers because of the strong convergence between the qualitative and quantitative results.
- o Trying to ascertain macro-economic impacts of and influences on trial periods, such as the wider labour market, was out of scope of this study.

¹⁴ The total number of industries is greater than the number of respondents because some employees had been on more than 1 trial period in different industries.



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