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Introduction

Commonwealth believes that society is stronger and more prosperous when everyone has financial security and opportunity, and employment is a primary avenue of opportunity. Work is about the money that can be earned but work also affects one’s sense of self and place in society.

For many people, the nature of work is in flux. All indications are that the Traditional full-time job with one employer will continue to become less common as other work arrangements flourish. Those Non-Traditional alternatives are themselves evolving rapidly. To increase knowledge about how these changes are being experienced by the financially vulnerable (annual household income under $55,000), Commonwealth conducted a review of current research and then engaged with over a thousand workers nationwide through a survey, in-depth interviews, focus groups, and online. By giving voice to lower-wage people living the changing nature of work, we learn better how to support them in building their financial security and opportunity.

We have published four briefs highlighting key findings. This is one of two research papers detailing methodologies and additional findings. Individual quotes and stories employ pseudonyms.

This paper details the nationwide survey we conducted to examine how the nature of the work lives of lower-wage workers impacts their financial lives and their relationship to work with: 1) an explanation of the methodology (the data collection process, its limitations, and the analysis technique); 2) the demographic characteristics of the respondents; and 3) substantive findings (related to financial issues, workplace issues, and resource connections).
Methodology

Data Collection

Qualtrics administered the survey, placing it in the field on November 14, 2017. We instructed Qualtrics to recruit respondents meeting the following screening criteria and quotas:

- Household income (self-reported) of $55,000 or less.
- 50% of respondents self-defined as Traditional workers (answering “I work directly for one employer in a full-time ‘Traditional’ job”).
- 12.5% self-defined in each of four Non-Traditional categories:
  1. Gig (“I work as part of the ‘gig economy,’ where I receive paychecks from an organization but act as my own boss”)
  2. Temp agency (“I find my work through a temp agency”)
  3. Freelancer (“I work as a freelancer, and don’t report directly to any one employer”)
  4. Sub-contractor (“I work for and am paid by an agency that does specific work (such as custodial, security, food services etc.) for other companies”)

The 1,003 respondents included 501 Traditional workers and 125 or 126 in each of the Non-Traditional worker categories. Of these, 45 reported having multiple jobs with none as a primary job, and these were excluded from this analysis, resulting in a final sample size of 958. The median response time was 6.6 minutes.

Limitations

As with all research projects, our findings are limited by the choices we made about methodologies. All data are self-reported by respondents and therefore are not verified. We engaged with workers from all geographic regions, industries, ages (over 18), genders, and races, but we used a convenience sample, so it is not representative of the broader U.S. population. Our research was conducted in English and required access to the internet. Individuals responding to the survey chose to talk about their work lives, and this willingness could have biased our findings.

Our use of the term “job” may have affected our findings. Of survey respondents identifying as Traditional workers, temp workers, or freelancers, 95% reported having only one primary job; and this was true of 80% of self-defined gig and sub-contracted workers. Emerging research has found that survey questions that ask about “jobs” may be missing important information, because workers do not consider part-time or occasional work as “jobs.” We also did not collect information about the number of hours worked at the primary job and whether the earnings were a primary or secondary source of income.

We focused our analysis only on the impact of work classification on responses. It could be that additional analysis through other lenses – including income, race, gender, geography, or occupation/industry – would affect the findings. We hope in the future to conduct these analyses (or have others do so with our data set). Additional research might also be done using lenses that we did not address, such as immigration status, rural vs. urban, or criminal background status.

Analysis Technique

We analyzed the data through two lenses. First, we looked at differences in responses based on the five categories that respondents used to self-identify for their current primary “profession and employer” at the start of the survey.

Current conceptualizations of worker classification suggest two broad groups. The first consists of “Traditional workers” who tend to receive W-2s and have workplace benefits such as health insurance and retirement plans. The second or “Non-Traditional” group – represented by the survey categories of gig, temp agency, freelancer, and sub-contracted – would tend not to have Traditional work attributes such as receiving W-2s and health and retirement benefits. However, in our first analysis we discovered discrepancies between how people self-identified and the work attributes that we would have expected them to report. For example, only 57% of people who identified as a “Traditional Worker” said they received a W-2 and only 35% indicated they had health insurance and retirement benefits.
Given that self-reported work attributes did not align with the initial conceptualization, we pursued a second set of analyses that used Latent Class Analysis (LCA) to identify commonly occurring sub-groups of individuals within the data. In the LCA, we considered both how individuals self-identified their work arrangement as well as the work attributes they reported (a predictable work schedule, a guaranteed number of hours, receiving a W-2 tax forms, ability to get health insurance or retirement plan through work, ability to keep current job for the foreseeable future, having one main employer, having access to the tools necessary to do my job, on-the-job training), attributes selected based on our literature review.

The results of the LCA suggested five sub-classes of respondents: two distinct groups of Traditional workers, two distinct groups of Non-Traditional workers, and a fifth group comprised entirely of freelance workers.

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Non-Traditional</th>
<th>Freelancers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical</td>
<td>Atypical Non-Traditional</td>
<td>Typical Non-Traditional</td>
</tr>
<tr>
<td>High Attributes</td>
<td>Low Attributes</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

The Traditional worker class was evenly split between the two groups of Traditional workers. Individuals in the first group – designated as Typical Traditional – tended to have high scores on all work attributes (e.g., receives a W-2, has insurance and retirement benefits, has guaranteed hours, etc.). The second group – the Atypical Traditional – tended to score low on work attributes (e.g., does not receive a W-2, does not have insurance and retirement benefits, hours are not guaranteed, etc.).

The Non-Traditional class was less evenly split. Atypical Non-Traditional (approximately 8% of the sample) represented mostly sub-contracted workers but also a mix of temp workers and “gig” employees, and they had moderate scores on the work attributes. The designated Typical Non-Traditional workers group (approximately 30% of the sample) were a mix primarily of temp, gig, with some subcontracted workers. They had low scores on all work attributes. A fifth category of Freelancers constituted respondents who self-identified as such and had low scores on all the work attributes.

In all, the results of the LCA suggested five subgroups of workers with profiles of work attributes that do not align with current conceptualizations of “Traditional” and “Non-Traditional” workers. The LCA demonstrated instead that there are distinct subgroups within both conventional categories, composed of individuals who report dramatically different working conditions and experiences. As such, rather than using individuals’ self-identified worker classifications we used the five-group worker classification system identified by the LCA in the subsequent analyses. Figure 1 highlights the distinctions among the groups by displaying the percent of individuals within each group endorsing each of the work attributes:
Respondent Demographics

Gender & Race

Overall, 75% of respondents were female (consistent with other Qualtrics surveys), ranging from a high of 81% among the Atypical Non-Traditional group to a low of 72% among Freelancers.

The breakdown by race/ethnicity overall was 67% white, 14% black, 11% Hispanic, and 8% other. Whites were somewhat more prevalent among Typical Traditional and Freelancers than among respondents as a whole. Persons of color were more represented among Atypical Non-Traditional and Atypical Traditional groups.

<table>
<thead>
<tr>
<th>Class Membership</th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
<th>Other</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Traditional</td>
<td>78.8%</td>
<td>9.6%</td>
<td>6.0%</td>
<td>5.6%</td>
<td>78.7%</td>
</tr>
<tr>
<td>Atypical NT</td>
<td>67.5%</td>
<td>12.0%</td>
<td>10.8%</td>
<td>9.6%</td>
<td>81.3%</td>
</tr>
<tr>
<td>Freelancers</td>
<td>78.0%</td>
<td>9.8%</td>
<td>4.9%</td>
<td>7.3%</td>
<td>72.1%</td>
</tr>
<tr>
<td>Atypical Traditional</td>
<td>60.0%</td>
<td>16.3%</td>
<td>15.1%</td>
<td>8.6%</td>
<td>74.2%</td>
</tr>
<tr>
<td>Typical NT</td>
<td>59.3%</td>
<td>18.2%</td>
<td>12.8%</td>
<td>9.8%</td>
<td>76.4%</td>
</tr>
</tbody>
</table>

Geography

Respondents were from all states except South Dakota, plus the District of Columbia. The highest representation was from California (9.5% of respondents).
Age
The median age group among all respondents was 30-34. Among the work categories, Freelancers were disproportionately older, and the Atypical Non-Traditional Mixed group was disproportionately age 18-24.

Income
The largest income representation among all groups except for the Typical Traditional workers was the lowest range (household annual income under $20,000), with nearly half of the Typical Non-Traditional respondents in this range.
Substantive Findings – Financial Issues

Income Sufficiency

Three-quarters of all respondents (combining all five work classifications) said they were “struggling” or “just getting by.” Even people at the upper levels of our financial vulnerability income screen reported “struggling”: 21% of people with annual household incomes between $30k-$39k and 22% of people with incomes between $40k-$49k reported they were “struggling.”

We asked about perceptions of the sufficiency of number of hours worked, treating the responses as a continuous variable from “working the number of hours I want” to “not having enough hours.” Typical Traditional workers were the most satisfied with the number of work hours (93%). Atypical Traditional workers reported a high level of satisfaction (84%), but the gap was statistically significant. Both Non-Traditional and Freelance categories all ranked lower (with little difference among the three), with around two-thirds reporting they consistently/usually worked the number of hours they wanted, and a third reporting sometimes/never not having enough hours.

We analyzed separately the response option “I have more work hours than I’d like.” The Atypical Traditional workers were most likely to indicate having had more work hours than they’d like (32%), and this was significantly greater than the other groups (17%), among which there were no statistically meaningful differences.
Income Volatility

- All workers reported income volatility, ranging from 29% for Atypical Traditional workers to 63% for the Atypical Non-Traditional group.
- The two Traditional worker groups (Typical and Atypical) had the least income volatility; however, there was a statistically significant difference between these groups, with the Typical Traditional reporting greater volatility.
- The two Non-Traditional worker classifications reported significantly higher income volatility.
- Freelancers reported slightly less income volatility but the difference was significant from all other groups.
- The responses from the Typical Non-Traditional group indicate that they may experience high rates of volatility but can usually predict it: only 20% reported both that their income changed and that it was unpredictable.
- Nine out of ten workers (regardless of classification) said that not being paid on time had happened to them, but not many times.

Expense Volatility

- As a whole, 32% of respondents reported needing a medical treatment in the prior twelve months that they did not get because they could not afford it; the rate was significantly higher (41%) among the Atypical Non-Traditional group.
- The survey asked about the largest emergency expense that they could pay right now using money saved in a checking/savings accounts or cash:
  > Under $100 was the most common response across all categories of workers, ranging from 39% for Typical Traditional workers to 54% for Freelancers.
  > Freelancers also had the highest rate (27%) of being able to pay more than $400.
  > Even in the highest income range, a third of workers could cover only an expense of less than $100.
Taxes

Workers were asked about various tax-related worries: owing money at tax time, filling out tax forms correctly; having the correct receipts and paperwork needed for filing, knowing when and how frequently to make payments. We computed a summation score that we treated as a continuous variable (0 = no worries to 4 = four worries). We analyzed separately responses to this question that identified “paying for tax services” as a concern.

- Atypical Non-Traditional workers were significantly more worried about taxes than individuals in any other class.
- Typical Traditional workers were the second most likely to report tax-related worries and were worried at significantly higher levels than Atypical Traditional, Typical Non-Traditional, and Freelancers.
- Nearly a third (31%) of Typical Traditional workers were worried about being able to pay for tax filing services. This was significantly higher than for any other group.

We also asked respondents to rate from 1 (Not all true) to 4 (Very true) the statement: “I am confused about how my taxes worked”:

- Atypical Non-Traditional were the most confused by their taxes with a mean score of 2.47.
- Typical Traditional and Freelancers were the least confused about their taxes with mean scores of 2.05 and 1.97, respectively.

Financial Paperwork

We asked workers if they had ever run into issues due to not receiving adequate financial paperwork (such as paystubs, tax documents, etc.).

- The majority of workers across all classifications indicated this was not an issue. Freelancers (81%) and Typical Traditional workers (87%) were significantly less likely to report it as an issue.
- A quarter of all workers in both Non-Traditional categories reported that this was “sometimes an issue but not a major problem,” as did 15% of Atypical Traditional workers.
- The same shares (15%) of the two Non-Traditional groups and the Atypical Traditional workers rated this as a serious issue.
The Financial Future

Asked about their income expectations over the next twelve months:

- Typical Non-Traditional (68%) were significantly more likely to expect an increase.
- The lowest incidence of anticipated increase (38%) was among the Typical Non-Traditional group and they were significantly more likely to have no idea about future income (17%).
- Both Traditional groups were the most likely to expect having the same income over the next twelve months (at 41% and 40%, respectively). This was not statistically different from Freelancers but significantly different from the two non-traditional groups.

In the coding for the survey question asking about retirement savings plans, higher scores indicate a better plan (i.e., having a dedicated retirement savings account and setting aside a portion of salary each month). The spread of scores was small (only about a half-point difference between the highest and lowest average scores), suggesting that all types of financially vulnerable workers struggle to save for retirement. Typical Traditional and Atypical Traditional workers scored higher than all other classes on the aggregate retirement savings score; still, 27% and 23%, respectively, reported no plans to start saving for retirement soon, equivalent to the rate (26%) among Typical Non-Traditional workers.
Substantive Findings – Workplace Issues

Work Satisfaction

For the question asking directly “how satisfied are you with your current work?,” mean scores for all five worker groups were between 3 (neither satisfied/nor dissatisfied) and 4 (somewhat satisfied). Within this range, Typical Traditional workers were statistically significantly more satisfied than workers in any other class. Typical Non-Traditional workers were the least satisfied.

Conversely, we asked respondents to rate a series of statements from 1 (Not at all true) to 5 (Very true):

- I don’t have access to the types of benefits I wish I did (health insurance, retirement savings, etc.)
- My work makes it hard for me to manage and schedule my life outside of work
- My work makes me feel socially isolated or cut off from other people
- I have had issues getting paid the right amount or on time

Because there was consistency in the responses across these statements, we were able to group the answers statistically into a single measure of “work dissatisfaction.”

Typical Traditional workers had significantly lower levels of work dissatisfaction than individuals in all other classes. Freelancers expressed the second lowest level of work dissatisfaction, and this was significantly lower than dissatisfaction among the remaining three worker categories. There was no statistical difference between the two Non-Traditional categories and the Atypical Traditional category. This may indicate that work attributes play a key role in job satisfaction.
**Work Autonomy**

We asked workers to rank as “not at all true,” “somewhat true,” or “very true” if the following work qualities were present in their primary job:

- flexible hours
- control over schedule
- sense of independence
- amount of variety
- ownership/control over how to do the work

Consistency in the answers enabled construction of a single measure of “autonomy.”

Freelancers had the highest autonomy score, which was significantly higher than for all other classes. There were no statistically significant differences among the other four groups, with a mean score of 2.03 out of 5.

We also asked workers to rate the individual autonomy qualities as not important, neutral, or very important. Except for “sense of independence,” Freelancers ranked these factors as “very important” significantly more often than all the other groups (over 60% chose this ranking for each item). On “sense of independence,” 66% of Typical Traditional workers designated it “very important,” compared to 61% of Freelancers. Non-Traditional workers scored all autonomy qualities lowest in importance (i.e., “very important” least frequently and “not important” most frequently).

**Relationship with Employer**

We asked workers to rate (on a 1 to 5 scale) various aspects of the relationship with their employer, from which we were able to assign a single combined score. Typical Traditional and Atypical Non-Traditional workers reported the most (and similarly) positive relationships with their employers. This was significantly higher than the scores for the other classes. Atypical Traditional and Non-Traditional workers reported the least positive relationships with employers (significantly lower than the other groups).

**Supporting Personal Goals**

The survey presented three statements and asked whether they were true (on a 1 to 5 scale):

- I feel that it is important to build skills so I can advance my work or career
- I feel that my current work will help me achieve my financial goals
- I feel that my current work will eventually help me to build a better life for myself

Typical Traditional, Atypical Traditional, and Atypical Non-Traditional workers were more confident that their work was supporting their goals than Non-Traditional workers and Freelancers (between the latter two groupings there was no statistically meaningful difference in scores).

**Importance of Benefits**

The survey asked respondents to drag and drop the following benefits until there were ranked in order of personal importance:

- Steady, predictable income
- Health insurance
- Access to retirement savings
- Disability insurance
- Paid vacation/sick time
- Other (Please specify):

Across all worker classifications, a steady predictable income was ranked as most important by the majority of respondents; however, there was a large range: from 54% for Non-Traditional workers to 85% for Typical Traditional workers. Among Non-Traditional workers, 27% rated a predictable income 3rd or lower.
Health insurance was ranked 2nd by most workers across all classifications, with 82% or more workers in all groups placing it in the top three.

Access to retirement was in 3rd place for all work classifications except for Typical Traditional workers, who ranked paid time off as 3rd most important (with retirement 4th). Paid time off was in 5th place for the Atypical Traditional, Non-Traditional, and Freelancer groups.

Disability insurance was ranked sixth (last) by all types of workers.
Substantive Findings – Resource Connections

Financial

We asked workers about the resources they use to help handle their day to day finances:

> Checking/Savings accounts
  - Typical Traditional had the highest proportion of individuals reporting that they used a checking and/or savings account (94%), and this was statistically significant compared to other groups.
  - Typical Non-Traditional workers were the least banked (56%), with only about half of the individuals in this group reporting use of a checking and/or savings account (also statistically significant).
  - For the other three groups, about 75% of each reported using a checking and/or savings account.

> Alternative Financial Services
  - Overall, few participants in the study reported using alternative financial services.
  - The range was 9% among Typical Traditional workers to 19% among the Typical Non-Traditional group.
  - Atypical Traditional workers, Non-Traditional Mixed, and Freelancers each had about 10% of individuals reporting use of alternative financial services.

> Borrowing from family/friends
  - Only 13% of Atypical Traditional workers reported borrowing money from family and friends.
  - For the other types of workers, about 25% reported borrowing money from friends and family.

> Use of Apps
  - Overall, few respondents reported using financial apps to help with tasks such as saving, budgeting, or investing.
  - The greatest (and significant) difference was between Atypical Non-Traditional workers (19% reporting use of financial apps) and Freelancers (5% use). This may be explained by the Atypical Non-Traditional group being significantly younger than the other groups and the Freelancers significantly older.
  - For the other three groups, 10-13% of individuals reported using financial apps.

Job search

Networking and personal connections was the most cited method of looking for work across all worker classifications except for Atypical Traditional workers, who more frequently chose “Job search platform/website (such as Monster, Indeed, etc.).”
Job Search (%)