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Under-paid & Temporary: Key Survey Findings on Warehouse Workers in the Inland Valley

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EXECUTIVE SUMMARY

The availability of cheap land relatively near the Long Beach-Los Angeles port complex has made the Inland Valley a prime site for warehousing products en route east. Accurate information about the employment conditions of those who work in these warehouses has proved difficult to obtain from government sources. Specifically, the temporary workers commonly employed in this industry are routinely excluded from the employment data that is collected by state and federal agencies. To better understand the wages and employment conditions of warehouse workers in Riverside and San Bernardino counties, our research team collected surveys of 136 warehouse workers employed in warehouses throughout the region. We used a stratified sample so that our sample was as representative as possible of the types of warehouses found in the region in terms of size and type of ownership. We conducted our survey in both English and Spanish to accommodate the large Hispanic population of warehouse workers.

Survey results suggest that while warehouses do provide jobs for the region's workforce, these jobs are not good jobs; they typically pay low wages and fail to provide health care benefits. Most, or 61 percent, of surveyed workers claimed to be employed through staffing agencies rather than directly by the warehouse operator. Overall, warehouse workers report low wages, with an overall average hourly wage of \$10.46; while direct hire workers earn an average hourly wage of \$12.56, temporary workers earn an average hourly wage of \$9.42. Most survey respondents, or 64%, said that they do not enjoy employer-provided health insurance. That said, 50 percent of direct hires had health insurance, but only 20 percent of temporary hires did. These results suggest that transforming more temporary warehouse jobs into direct hires would help to improve the wages and benefits for warehouse workers. Doing so would help to reduce poverty and the need for publicly subsidized health insurance in the region.

INTRODUCTION

The proximity of the Inland Valley to the ports of Long Beach and Los Angeles and the availability of relatively inexpensive real estate has made this region a very attractive place for big corporation chains such as Wal-Mart to store their goods as it offers relatively cheap land and labor.¹ Currently, more than 40 percent of the goods arriving at the Long Beach Harbor-Port of Los Angeles – which accounts for approximately 25 percent of the United States’ maritime trade– flow through the more than 800 million square feet of warehouses and distribution centers in the region.² This concentration of logistics operations in Riverside and San Bernardino counties comes at a cost though for Inland Valley workers and communities.

The effects of the logistics industry on the region’s labor, in particular, cannot be underestimated. Warehouses and distribution centers hired about 114,000 warehouse workers in Inland Southern California in 2010.³ While the industry claims that it provides good jobs that can propel low-skilled, less educated workers into the middle class, in fact, many of the region’s warehouse workers are employed through temporary employment agencies that are designed to cut labor costs, not promote upward mobility.⁴ This practice keeps wages low and minimizes access to benefits and promotions. The typical warehouse worker is a male immigrant from Latin America tasked with lifting heavy boxes, storing them, keeping track of inventory, and/or even helping to prepare the goods for retail store.⁵ While the majority of workers are native born or have legal documentation, the presence of undocumented workers leads to wage repression and mistreatment of workers by warehouse managers and temporary agencies. Temporary employment status along with efforts to minimize labor costs and meet production quotas also combine to create stressful, oppressive, and dangerous conditions.⁶

Available data on labor force demographics and working conditions in the warehouses that sprawl over the Inland Valley is incredibly general in comparison to that available for other industries. The U.S. Bureau of Labor Statistics, California Employment Development Department, U.S. Census Bureau and other governmental agencies are simply not organized sufficiently to measure a workforce split across multiple staffing agencies that generates a pool of part-time and temporary workers who are not regarded as employees of the warehouses where they work. As a result, wages earned by warehouse workers tend to be grossly overestimated in the literature. The Southern California Association of Governments (SCAG) claims that logistics workers earn \$45,314 annually, on average,⁷ when in reality most warehouse workers earn much less. This figure is based on data that includes information on highly skilled workers (such as pilots) and white collar workers, and excludes information on temporary warehouse workers that are commonly employed in the industry.

Examining Occupational Employment Statistics from the California Employment Development Department data, researchers find that the wages paid to employees in the most common *blue-collar* warehouse occupations in Riverside and San Bernardino counties earn an average of \$26,081 per year. Moreover, the region's warehouse workers earn less than their counterparts in Los Angeles and Orange counties, where unionization of warehouse workers is more common. While median hourly wages among the Inland Valley's blue collar warehouse workers range between \$9.11 and \$13.94, depending on the specific occupation, the bottom twenty-five percent of these blue collar workers earn \$8.74 or less per hour.⁸

Even this level of detail, though, is insufficient to capture the wages and employment conditions of warehouse workers who are frequently employed through temporary agencies. A recent survey administered by UCLA researchers that seeks to overcome the limitations inherent

in official industry data found that employees in Inland Valley warehouses were frequently working in unsafe conditions. Overall, about 65 percent of the 103 workers surveyed claimed to have either experienced or witnessed at least one injury in the workplace within the past year. About 81 percent of survey respondents identified dangerous machinery as a cause of these problems. Researchers found that some workers were asked to lift heavy objects while pregnant, that fire exits were blocked, and working conditions tended to be dusty, dirty, and excessively hot. Yet workers tended not to report their illnesses or injuries to avoid being fired.⁹

This report examines the wages and employment conditions in the Inland Empire by analyzing original surveys collected from 136 warehouse workers employed in the region. We find that most warehouse workers earn low wages and lack employer-provided health insurance. Moreover, we find that most of the warehouse workers surveyed were hired through temporary agencies, and consequently lack economic security. Wages and access to benefits are considerably lower among temporary hires than among direct hires.

RESEARCH DESIGN

The survey instrument was designed to elicit standard demographic data as well as specific information about wages, benefits, and working conditions. In addition to demographic questions, the survey asked respondents to tell us how long they have worked in the industry, where they work, the kind of job they do, how much training they received, how much they make, and whether or not they are covered by employer-provided health insurance plans. Prior research suggests that about 80 percent of the workforce in the region's warehouses is Hispanic and that many are immigrants.¹⁰ For that reason, we collected surveys in both Spanish and English. Altogether, 71 percent of the surveys were collected in English; 29 percent of the

surveys were collected in Spanish. Under the direct supervision of the project's Internship Fellow, students worked in pairs or teams, with at least one Spanish speaker in each group.

To obtain a representative sample of the region's warehouse workers, we used a stratified sample that sought to ensure that surveyed workers were representative of the workforce in terms of the size and ownership structure of warehouses found in the region. Altogether, we collected 136 surveys from a variety of warehouse locations in the Inland Valley, including Rancho Cucamonga, Ontario, Chino and Fontana. Students were sent to specific warehouse areas within cities and then identified activity in parking lots in the area. Only interviews that were completed were entered into the data.

Our sampling strategy was based on regional data on the industry from Costar, the global real estate firm that tracks operations around the country. Using the findings of where warehouse operations are actually clustered, we sent students to each region of the Inland Valley. As Table 1 shows, the percent of warehouses found in each county in the Costar data closely parallel the County composition of our own survey sample.

Table 1: Warehouses over 100,000 square feet: Costar 2009 Data

	Costar Data Percent (N)	Sample Percent (N)
Los Angeles County	23% (112)	23% (31)
San Bernardino County	57% (279)	51% (68)
Riverside County	20% (97)	26% (35)
Total	100% (488)	100% (134)

We also sent students to observe warehouses with major retailer and supplier branding, as well as operated by third party logistics firms. As Table 2 shows, the ownership structure of our sample also closely mirrored that found in the Costar data.

Table 2: Ownership Structure of Costar Data & Survey Sample

Type of Ownership	Costar Total (N)	Costar % of Facilities	Sample Total (N)	Sample % of Facilities
Retailer	50	15.3%	13	10.7%
Supplier	124	38.0%	50	40.9%
3PL	152	46.6%	59	48.4%
Total	326	100%	122	100%

It is likely that lower-wage and more vulnerable immigrant and temporary workers were less likely to speak to a stranger in their workplace than workers who feel more stable and secure in their employment. Over time, some employers, perhaps those paying the lowest wages, actively discouraged workers from talking with surveyors. For both of these reasons, our findings might over-estimate the wages that most warehouse workers receive in the region.

SURVEY RESULTS

Table 3 summarizes the demographic characteristics of our sample of warehouse workers. The mean warehouse worker is a young Latino with a high school education who is supporting two other people as well as himself. Specifically, most or 69 percent of the sample is male and 31 percent is female. While most warehouse workers are native-born, 23 percent said they are foreign-born. All of these immigrant workers reported that they are from Mexico or another Latin American country. About 85 percent of warehouse workers are Latino. About seven percent are African-American, four percent are white, and three percent are another race or ethnicity. Most of the warehouse workers in our sample are young adults. About 55 percent are between 18 and 25 years old, nearly 30 percent are 26-40 years old, and about 15 percent are between the ages of 41 and 63. The average age is about 29 years. Educational attainment is fairly low. Nearly half of surveyed workers have a high school education, while 15 percent have

less than a high school education. Those with at least some college education make up about 35 percent of warehouse workers. Despite their youth, most workers surveyed had family members who depended on their income (2.4 dependents on average).

Table 3: Demographic Characteristics of All Workers

Gender	Percentage
Male	68.9%
Female	31.1%
Nativity	Percentage
Foreign-born	23%
Native-born	77%
Race/Ethnicity	Percentage
Latino	85.2%
White	4.4%
African American	7.4%
Other	3.0%
Age	Percentage
18-25	55.3%
26-40	29.5%
41-63	15.2%
Level of education	Percentage
Some High School	15.0%
High School	49.6%
College	35.3%

Table 4 summarizes survey findings about the workers' wages and length of employment. Considering the absence of temporary and most part-time workers from government data, Table 4 intentionally provides results for all warehouse workers surveyed in addition to comparing the conditions experienced by workers who are employed through temporary agencies with those of workers who were hired directly by the warehouse. We found that 61 percent of surveyed workers were hired through temporary agencies.

Table 4: Employment Conditions by Employment Status

Duration of Employment	Temp Hire	Direct Hire	All Hires
<i>Average in months</i>	11.5	54.4	27.8
Industry work experience			
<i>Average in months</i>	50	77.3	60.7
Average hourly wage	\$9.42	\$12.56	\$10.46
Average Age of Respondent	28.3	28.9	28.8
Average Minimum Hours/Week	35.1	44.3	38.4
Average Maximum Hours/Week	41	50.5	43.5
Percent with Health Insurance	20%	50%	36%

As Table 4 shows, among all workers surveyed, the average time employed in the warehouse where they were currently employed is nearly 28 months. Direct hires report far greater employment stability, with an average of 54 months (or 4.5 years) at their current facility. In contrast, temporary hires report working at their current place of employment for slightly less than 12 months on average (3.5 years less employment than their direct hire counterparts). Even so, this is a long time for a *temporary* worker to be employed at the same workplace without being offered regular employment. Similar gaps in the duration of employment in the warehouse industry were also observed between directly-hired and temporary warehouse workers employed through temporary agencies (see Table 2). Notably, the gap was not as great when compared to time spent at their current place of employment however. Among all surveyed workers, the average time spent in the industry was slightly more than 5 years (or 61 months). Among direct hires, this average was 6.4 years (or 77 months). Among temporary hires, it was 4.2 years (or 50 months). While certainly not as stably employed as direct hires, most temporary workers have

nonetheless been employed for *years* within the warehouse industry without the benefits of direct employment.

As Table 4 reveals, hourly wages for warehouse workers are fairly low industry-wide, especially among temporary workers. The average hourly wage for all workers in our sample is \$10.46. Average wages are even lower (\$9.92) if we exclude the two managers earning \$35 per hour from the sample. Wages are significantly higher among direct hires (\$12.56) as opposed to among temporary workers (\$9.42). This disparity is true despite the fact that the average age of direct hires and temporary workers was nearly identical (28 and 29 years respectively), meaning that higher wages do not reflect experience.

Among all workers, hours worked per week ranged between an average minimum of 38 hours and an average maximum of 44 hours; actual work hours ranged from as few as two hours per week to as many as 90 hours per week. Direct hires tended to work more hours per week (on average, between 44 and 51 hours per week) than temporary workers (on average between 35 and 41 hours per week). Coupled with lower average hourly earnings, temporary workers' shorter work hours deepen the income gaps between direct and temporary hires.

Warehouse workers and their families frequently struggle to make ends meet on their low wages. Most workers in our survey claim that they have children or other family members who depend on their earnings. On average, respondents report having 2.4 dependent family members. The California Budget Project estimates that for a family composed of two working parents, each parent must work full-time and earn at least \$17.18 per hour in Riverside County or \$17.11 in San Bernardino County in order to afford basic living costs. Warehouse workers', especially temporary warehouse workers', average wages are instead just above the wage needed for a full time worker with two children to reach the federal poverty line (\$8.32 per hour).¹¹

Most warehouse workers do not receive employer-provided health insurance. Only 36 percent of all surveyed workers receive health insurance through their jobs, while 64 percent of them do not receive it. Temporary workers are especially unlikely to receive health insurance through their jobs. Only 20 percent of surveyed temporary workers claimed to have employer-provided health insurance, compared to 50 percent of direct hires. As a result, many warehouse workers lack access to health care and are vulnerable to incurring large health-related debts when they become ill or injured. This is cause for great concern given that recent surveys of Inland Valley warehouse workers found most (or 65 percent) claimed to have either experienced or witnessed at least one injury in the workplace within the past year.

CONCLUSION

Official employment statistics on warehouse workers is misleading as it frequently excludes information on temporary workers who tend to be paid the lowest wages. To overcome the limitations inherent in this data, our research team collected surveys directly from warehouse workers (both temporary and direct hires). We collected a total of 136 surveys in both English and Spanish.

While the warehouse industry has certainly provided jobs for the region's workforce, the quality of those jobs is poor. Our survey results indicate that most, or 61 percent, of surveyed workers are temporary employees, while 64 percent did not have access to employer provided health insurance. On average, warehouse workers earned \$10.46 per hour.

Wages and benefits are especially bad among warehouse workers hired through temporary agencies. Temporary workers surveyed earn an average hourly wage of \$9.42, compared to an average hourly wage of \$12.56 among direct hires. Whereas about 50 percent of

direct hires have health insurance through their job, only 20 percent of temporary enjoy this benefit. Temporary workers also experience less employment stability and fewer weekly work hours than warehouse workers hired directly by warehouses. Transforming the industry to reduce temporary employment within it would thus help to improve the earnings and benefits for warehouse workers. Not only would this change reduce poverty and stabilize employment among warehouse workers and their families, it would also do much to improve the regional economy and reduce the demand for publicly subsidized health care.

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NOTES

¹ Bonacich and Wilson 2007; Bonacich and De Lara 2009; Vincent 2013.

² Gilmore 2011; Southern California National Freight Gateway Corporation 2011.

³ California Employment Development Department 2011.

⁴ Compare Vincent 2013 and Bonacich and De Lara 2009 and Medina 2012.

⁵ Allen 2010: 40; Medina 2012.

⁶ Bonacich and De Lara 2009; Bonacich and Wilson 2007; Struna et al. 2012.

⁷ O'Connell 2007.

⁸ Bonacich and De Lara 2009.

⁹ Struna et al. 2012.

¹⁰ Allen 2010: 40.

¹¹ These figures are for 2009, the latest report available (California Budget Project 2010).