

## A tough labour market for the young

The labour market of the mid-1990s is far different from that of a generation ago. There have been significant changes in the composition of the workforce and in the opportunities provided by the economy. Greatly accelerated by the recessions of the early 1980s and 1990s, industrial restructuring and rapid technological advances have provided opportunities and prosperity for some, and insecurity, dislocation and hardship for others.

Young adults seeking entry into the labour marketface obstacles and challenges that were simply not present two decades ago. The coming of age of "baby boomers" and an increase in the number of women working outside the home fuelled rapid labour-force growth in the 1970s and 1980s, and the economy was strong enough to accommodate them. Now, baby boomers are in their 30s and 40s, and occupy a formidable share (54%) of the nation's jobs.

Young adults must, therefore, compete for fewer jobs and are likely to need a university degree to win the same jobs their parents got with a high-school diploma. For example, no longer can young men drop out of school and count on steady and reasonably well-paid employment on the factory floor or construction site-older and more experienced workers are already struggling to avoid layoffs in these sectors.

This article attempts to illustrate these recent changes by providing a snapshot of current general trends in the labour market, as well as of the labour market for the correctional system's main clients-young men. Recent labour market trends One of the most fundamental changes in the Canadian labour market has been the shift in job creation from goods-producing industries (such as manufacturing and agriculture) to the service sector. Service industries now account for 73% of all employment, up from 66% in 1976 and just 47% in 1951.<sup>(2)</sup>

Service industries cover a wide range of activities and skill requirements. Growth has occurred in both upper-tier (high skill, high pay) and lower-tier (low skill, low pay) services. Gains at the high end are the result of 1980s expansion in public services such as education and health care, while lower-end growth has occurred largely in the hospitality industry and other personal services.

Recent spending reductions in the public service may result in fewer upper-tier service jobs, although this will be compensated for somewhat by rapid growth in business services reliant on new knowledge-based occupations.

The distribution of work time has also changed since the 1970s. Employers increasingly rely on part-time, temporary and casual workers to meet fluctuating demand for their products and services. Part-time workers (those usually working fewer than 30 hours a week) now account for 17% of employment, up from 11% in 1976 and just 4% in 1951.

At the other end of the scale, more people are working more than 50 hours a week. This polarization of work time has resulted in just 6 of every 10 paid workers working a standard 35- to 40-hour week, down from 7 out of 10 workers in 1976.

The greater availability of part-time jobs may explain, at least in part, why a growing proportion of workers hold more than one job- up from 2% to 5% of the workforce over the past 20 years. "Moonlighters" used to be mostly men and were found equally in goods producing and service industries. Today, the rate is highest among women and for those working in service industries.

A growing number of Canadians are also creating their own employment opportunities. There were 2.1 million self-employed Canadians in 1994-twice as many as in 1976, with their share of the employment population rising from 11% to 16%. The greatest increase in this area has been for those working on their own, up 67% since 1980.

Entrepreneurs are still likely to be adult men aged 25 or older, although adult women have shown a marked increase in self-employment. Just 4% of men in their early 20s are self-employed, but this number rises above 10% for men aged 25 to 29.

Just as the industries that employ Canadians have changed, so have the skills and educational qualifications that workers bring to the labour market. Almost one-third of the workforce now occupies a managerial or professional position, and the proportion of workers with at least some post-secondary education rose from 29% in 1979 to 42% in 1989. Workers holding university degrees also became increasingly common during this period, up from 10% to 17%.

Higher levels of education and special skills are now required for a broad range of economic activities. For example, manufacturers increasingly rely on highly skilled workers to gain market advantage.<sup>(3)</sup> Plants using advanced technology for information and quality management (as well as production processes) have proven to have an edge over their competitors.

Unemployment has, therefore, become highly correlated with education. Individuals with low education levels tend to have higher unemployment rates than those with better credentials, and this differential has increased over the last decade. For example, the 1994 unemployment rate for those without a high school diploma was almost twice the national average of 10.4%, while the university graduate unemployment rate was about half the national average. Greater workforce challenges for young men The recent recession has had devastating effects on job prospects for young men.<sup>(4)</sup> As business activity contracted in 1990, experienced workers were favoured over those recently hired. Few opportunities were created for new entries into the labour market as businesses downsized or closed, and older workers became less inclined to quit or risk a job change.

By mid-1992, all groups had been affected by the deep and prolonged economic downturn. The employment rate for adults aged 25 to 54 fell from a 1990 high of 78.9% to 74.9%, with losses particularly severe among adult men in blue-collar occupations. A record demand for Canadian exports has, however, helped return adult employment rates to near pre-recession levels. Since the end of 1994, the employment rate for this group has hovered around 76.4%.

Unfortunately, this recent economic comeback has almost totally bypassed Canada's youth. The proportion of men aged 20 to 24 with jobs (64.9%) was only marginally higher in August 1995 than

during the depths of the recession (63.5%), and 12 percentage points lower than its peak of 77% in 1989.

With job opportunities scarce, the unemployment rate for young men also remains high, at about 16%. However, the rate is much lower than it would be had labour market participation not fallen off markedly over the past few years.

By August 1995, the proportion of young men working or looking for work had fallen an unprecedented 9.1 percentage points from a peak of 86.6% in January 1989. A major factor in this drop is the growing tendency of young men to continue their education—student workforce participation rates are almost half those of non-students.

Despite the rising costs of obtaining an education, school enrollment has increased steadily for more than a decade and grew even more sharply during the first half of the 1990s. In the summer of 1995, 29% of men aged 20 to 24 who had been full-time students during the previous spring planned to continue their education in the fall—compared with 21% in 1990 and 13% in 1980.

Whether the desire for a better education or poor employment prospects are keeping these young men in school, one benefit is that fewer young men are leaving high school without a diploma. By the end of 1994, only 14% of 20-year old men had left high school without graduating, down from almost 19% in 1990.

Trends in earning power provide a graphic illustration of the current demand for greater skills and credentials.<sup>5</sup> Most striking is the change in the labour market fortunes of men aged 25 to 29 with just a high-school diploma. Not only were relatively fewer of these men employed in 1993 than in 1979, but a smaller proportion of those with jobs worked full-time for the full year. Not surprisingly, this group's average earnings were 10% lower than in 1979.

In fact, men aged 25 to 29 with a university education earned the same amount in 1993 as did high school graduates in 1979. Looking to the future As we move into the second half of the 1990s, it is difficult to predict the labour market fortunes of today's youth. Even for those with a high-school diploma and some level of post-secondary education, job security is not guaranteed and continual skills upgrading may be essential. Those without specific qualifications will likely have to piece together a number of temporary, part-time positions offering few benefits and little job security.

However, over the longer term, the labour-market fortunes of this group may be dramatically altered when the aging baby boom generation vacates the labour market and creates a demand for social, recreational and health services.

---

(1) Household Surveys Division, Statistics Canada, Ottawa, Ontario K1A 0T6.

(2) Most of the data presented in this article was collected by the Labour Force Survey, which is conducted monthly by Statistics Canada to measure trends in the labour market characteristics of the Canadian population.

(3)J. Baldwin, *Technology Use and Industrial Transformation: Empirical Perspectives*, Research Paper No. 75 (Ottawa: Statistics Canada, 1995).

(4)D. Sunter, "Youths-Waiting it Out," *Perspectives on Labour and Income*, 6, 1(1994): 31-36.

(5)S. Crompton, "Employment Prospects for High School Graduates," *Perspectives on Labour and Income*, 7, 3 (1995): 8-13.