

Youth and the labour market

Jeannine Usalcas

For most of the 1990s, employment opportunities for young people (age 15 to 24) were scarce. The recession at the beginning of the decade had a lasting effect on the youth labour market. In 1989, youth employment and participation rates were at record highs, but following years of layoffs and weak hiring, labour-market conditions for youth hit a 21-year low in 1997.

Since then, however, young people have come back to the workforce as a result of the strengthened economy. Although the rate has slowed recently, youth employment during the 1997-to-2004 period grew at a faster pace than employment for men and women 25 and over.

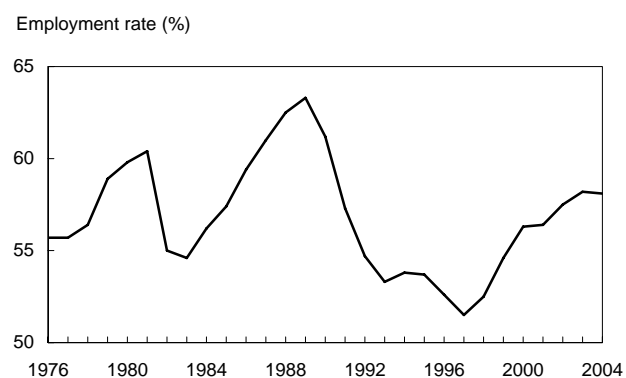
This growth spurt was stronger for women than for men, resulting in a higher proportion of young women working. This is unprecedented, since young men generally have higher employment rates than women during periods of employment growth. The trend was particularly evident for those aged 15 to 19. This article uses the Labour Force Survey to examine which industries and occupations fuelled the growth between 1997 and 2004 (see *Data source and definitions*).

Youth employment growth healthy

After a period of decline from the 1980s to mid-1990s, the population of 15 to 24 year-olds is again increasing, reaching 4.4 million in 2004, up from 4.0 million in 1997. Youth employment has also grown but at a much stronger pace—up 428,000 or 21.1% from 1997 to 2004, well above the 7.8% increase in the youth population. In comparison, employment growth among those aged 25 and over was 15.8% during this period.

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Chart A Youth employment has rebounded since its 1997 low.



Source: Labour Force Survey

By 2004, more than 58% of youth had a job, up almost 7 percentage points from 1997 (Chart A). Although this is a large increase, the youth employment rate has not yet matched the 63.3% peak reached in 1989. But with more youth participating in the labour market, their participation rate revived from the record low of 61.5% in 1997 to 67.0% in 2004. And their unemployment rate declined 2.9 percentage points to 13.4%.

Growth highest for young women, teenagers

The new jobs were not equally distributed (Table 1). Young women captured 240,000 of the 428,000 jobs created during the 1997-to-2004 period (up 24.7%), compared with 188,000 for young men (up 17.7%). Also, employment growth rates were stronger for teenagers (26.1% or 192,000) than for older youth (18.2% or 236,000).

Table 1 Employment by sex and age

	2004			1997 to 2004		
	Both sexes	Men	Women	Both sexes	Men	Women
	'000			% change		
15 and over	15,950	8,480	7,470	16.6	13.7	20.1
15 to 24	2,460	1,250	1,210	21.1	17.7	24.7
15 to 19	927	460	467	26.1	21.5	31.0
20 to 24	1,533	790	743	18.2	15.6	21.1
25 and over	13,490	7,230	6,260	15.8	13.0	19.3

Source: Labour Force Survey, 1997 and 2004

Female youth did better than their male counterparts. Employment levels for teenage girls (15 to 19) increased 31.0% (110,000) from 1997 to 2004, compared with an increase of 21.5% (81,000) for teenage boys. Young women aged 20 to 24 saw an increase of 21.1% (130,000) compared with 15.6% (107,000) for men the same age.

The larger employment growth among young women has affected rates of employment from an age-sex perspective (Table 2). For older youth, the gap between the sexes has narrowed. In 2004, 71.7% of men aged 20 to 24 were employed compared with 70.0% of their female counterparts, a 1.7 percentage point gap. In 1997, the gap was 5.0 percentage points (68.5% of young men were employed compared with 63.5% of young women).

For teenage girls, however, employment gains pushed their employment rate above that of their male counterparts (Chart B). Teenage boys and girls have shown very similar employment rates since the 1980s but now a gap has emerged. In 2004, the employment rate for girls was 46.1%, well above the 43.3% for boys.

Retail trade and food services the driving forces

The retail trade sector, the largest employer of teenagers, has been the driving force behind new jobs for those aged 15 to 19 (Table 3). From 1997 to 2004, employment among teens grew by 192,000, with half of this growth (97,000) in retail trade. A much higher number of these new retail jobs went to girls (60,000) than to boys (37,000).

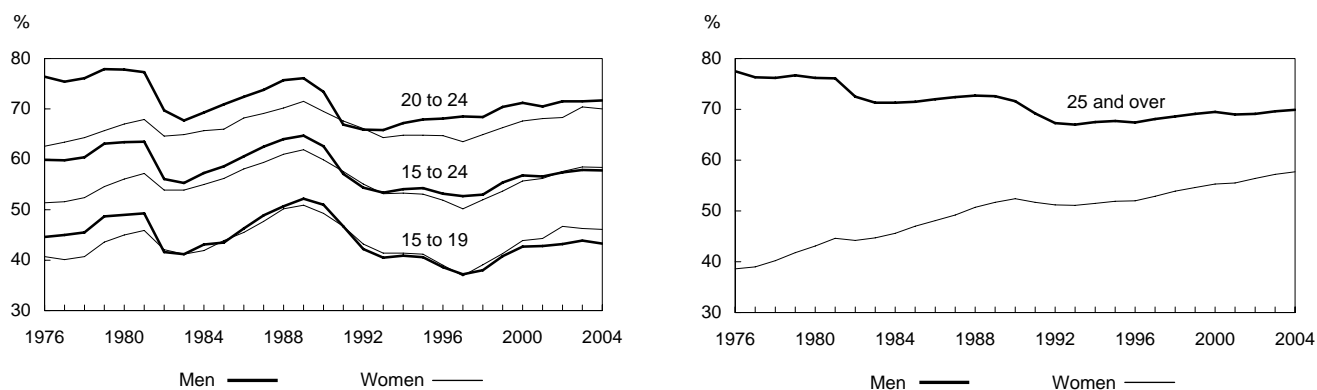
In 2004, 35% of female teens worked in retail trade, an increase of 6 percentage points from 1997. The largest increases were in stores selling food and beverages, clothing and clothing accessories, and health and personal care products, where they picked up jobs as cashiers or salespeople. For male teenagers, 30% of those with jobs were working in the retail industry in

Table 2 Employment, unemployment and participation rates

	2004			1997 to 2004		
	Both sexes	Men	Women	Both sexes	Men	Women
	%			% point change		
Employment rate						
15 and over	62.7	67.8	57.8	3.9	2.4	5.3
15 to 24	58.1	57.8	58.4	6.6	5.1	8.2
15 to 19	44.7	43.3	46.1	7.6	6.1	9.2
20 to 24	70.9	71.7	70.0	4.9	3.2	6.5
25 and over	63.6	69.9	57.7	3.3	1.8	4.8
Unemployment rate						
15 and over	7.2	7.5	6.8	-2.0	-1.8	-2.2
15 to 24	13.4	14.9	11.8	-2.9	-2.3	-3.4
15 to 19	18.1	19.4	16.7	-3.2	-3.0	-3.5
20 to 24	10.3	12.0	8.3	-2.8	-1.9	-3.8
25 and over	6.0	6.1	5.8	-1.8	-1.8	-1.9
Participation rate						
15 and over	67.6	73.3	62.1	2.8	1.2	4.4
15 to 24	67.0	67.9	66.1	5.5	4.3	6.9
15 to 19	54.5	53.7	55.4	7.4	5.7	9.2
20 to 24	79.0	81.5	76.4	3.0	1.9	4.2
25 and over	67.7	74.4	61.3	2.3	0.4	4.0

Source: Labour Force Survey, 1997 and 2004

Chart B Among teenagers, the employment rate for girls is now above that for boys.



Source: Labour Force Survey

2004, only a 3-point increase from 1997. Growth was mainly in food and beverage stores and general merchandise where they worked as grocery clerks, shelf stockers, or salespeople.

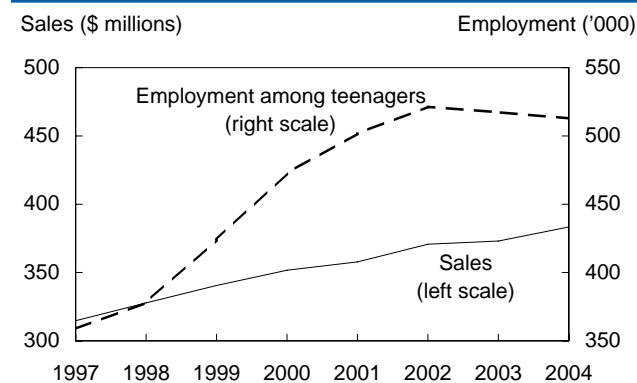
The next largest employer as well as employment growth sector for teens was accommodation and food services, where 61,000 new jobs for teenagers were added from 1997 to 2004. As in retail trade, more jobs went to female teens (38,000) than to male teens (22,000) during this period. In 2004, 29% of all teenage girls were working in the accommodation and food services sector compared with 21% of boys. The majority of these young people worked in food and drinking establishments, where all the growth took place. These teens worked mainly as food and beverage servers and cooks.

Most teenagers (82%) were students in 2004, attending school either full or part time. Given the need to accommodate their school schedules, it is not surprising that from 1997 to 2004, most of the new job growth (67%) during the school year was part-time. Jobs as cashiers, salespersons, and food and beverage servers are often part-time and require relatively little experience, while work hours are often evenings, weekends, and holidays. Generally, turnover is high in these occupations, since many leave for other, better-paying opportunities, opening up positions on a regular basis. All of these characteristics lend themselves well to the needs of student teenagers.

Why such growth in retail and food services?

Consumer spending has played a major role in recent economic growth. As a result, both the wholesale and retail sectors have been among the fastest growing. Retailers sold about \$346.7 billion worth of goods and

Chart C Sales growth in retail and food services has meant more jobs for teens.



Sources: Labour Force Survey; Retail Trade Survey; Monthly Restaurants, Caterers and Taverns Survey
 Note: Retail sales, and restaurant, caterer and tavern receipts have been adjusted for inflation. Employment is for retail and food services.

Table 3 Largest employment changes by industry

	2004	Change since 1997	
	'000	'000	%
Age 15 to 19			
Men			
All industries	460	81.3	21.5
Retail trade	137	37.0	36.9
Accommodation and food services	96	22.1	30.1
Information, culture and recreation	37	11.5	45.3
Construction	30	9.6	46.2
Business, building, other support services	23	5.7	33.9
Manufacturing	42	3.9	10.3
Agriculture	20	-6.9	-25.4
Women			
All industries	467	110.3	31.0
Retail trade	162	59.5	58.3
Accommodation and food services	137	38.4	38.8
Information, culture and recreation	37	14.0	60.3
Other services	31	9.9	46.9
Age 20 to 24			
Men			
All industries	790	106.8	15.6
Construction	95	44.0	86.3
Manufacturing	134	18.4	15.9
Business, building, other support services	47	16.1	51.8
Retail trade	145	10.5	7.8
Information, culture and recreation	39	7.7	24.5
Finance, insurance, real estate, leasing	34	7.7	29.6
Forestry, fishing, mining, oil and gas	20	-3.2	-13.7
Women			
All industries	743	129.5	21.1
Health care and social assistance	100	33.8	51.1
Retail	179	31.2	21.1
Accommodation and food services	122	16.3	15.4
Information, culture and recreation	46	12.4	36.6
Educational services	40	10.9	38.0
Professional, scientific, technical services	35	7.9	28.9
Finance, insurance, real estate, leasing	46	5.5	13.6
Business, building, other support services	31	3.7	13.7

Source: Labour Force Survey, 1997 and 2004

services in 2004, a 21% increase from 1997 (adjusted for inflation). Sales growth was strong among many of the retail industries that tend to hire youth. These include

sales of food and beverages, department and general merchandise stores, clothing and clothing accessories, and health and personal care products. The number

of restaurants, taverns and caterers also increased, with sales in the food services sector up 27%, to \$36.6 billion in 2004 (Chart C).

Why more jobs for teenage girls?

Historically, more women than men tend to take jobs as cashiers, salespersons, or food and beverage servers in retail trade and accommodation and food services. And these were the occupations and industries with above-average rates of employment growth during the 1997-to-2004 period.

Employment growth for teenagers was less in some of the more male-dominated industries, such as manufacturing, natural resources, agriculture, and transportation and warehousing during this period. Although teenage boys were able to find jobs in construction, their shares in the other male-dominated sectors declined. In 2004, only 16% of male teens were employed in manufacturing, natural resources, agriculture, and transportation and warehousing, compared with 21% in 1997.

Growth more diversified among young adults

As stated earlier, employment among 20 to 24 year-olds increased by 18% from 1997 to 2004, adding 236,000 jobs. The trend toward stronger employment growth for women again applied, as women this age picked up 130,000 new jobs compared with 107,000 for the men.

Employment growth among those 20 to 24 was mainly full-time (77%) and was spread across several industries. For women, it

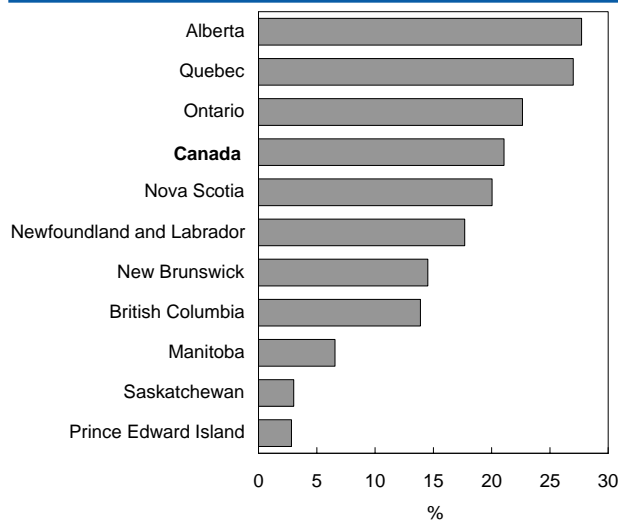
occurred mainly in health care and social assistance; information, culture and recreation; and educational services. For men, the growth sectors were construction; business, building and other support services; and finance, insurance, real estate and leasing.

A high proportion of both teens and older youth are employed in retail trade, and accommodation and food services. But while the teen share of total employment in these two industries increased from 1997 to 2004 (from 51% to 57%), the share for older youth declined (from 36% to 34%). Although older youth did gain new jobs in these industries, the gains did not keep pace with overall employment growth.

Provincial growth

Alberta, Quebec and Ontario, which performed above the national average in terms of overall employment growth during the 1997-to-2004 period, also had above average growth rates in youth employment (Chart D). Each of the three provinces saw substantial youth employment growth in retail trade, accommodation and food services, and construction.

Chart D Youth employment growth has been highest in Alberta, Quebec and Ontario.



Source: Labour Force Survey, 1997 and 2004

Data source and definitions

The **Labour Force Survey (LFS)** is a monthly household survey that collects information on labour market activity from the civilian, non-institutionalized population 15 years of age and over. Residents of the territories and persons living on Indian Reserves are excluded. The survey uses a rotating sample of approximately 54,000 households, with each household remaining in the sample for six consecutive months.

The LFS divides the working-age population into three mutually exclusive classifications: employed, unemployed, and not in the labour force. For a full listing and description of LFS variables, see *Guide to the Labour Force Survey* (Statistics Canada catalogue no. 71-543-GIE).

Employment rate: Number of employed persons expressed as a percentage of the population 15 years of age and over. The employment rate for a particular group (for example, youth aged 15 to 24) is the number employed in that group expressed as a percentage of the population for that group.

Unemployment rate: Number of unemployed persons expressed as a percentage of the labour force. The unemployment rate for a particular group is the number unemployed in that group expressed as a percentage of the labour force for that group.

Participation rate: Total labour force (employed plus unemployed) expressed as a percentage of the population 15 and over. The participation rate for a particular group is the labour force in that group expressed as a percentage of the population for that group.

In 2004, the proportion of youth with jobs was highest in Alberta (66%), Manitoba (63%), and Saskatchewan (61%), while Newfoundland and Labrador (43%) and British Columbia (55%) recorded the lowest proportions. Interestingly, the Prairie provinces not only had the highest youth employment rates but also were the only ones with a higher proportion of young men working. Alberta, Saskatchewan and Manitoba had the largest shares of young men working in goods-producing and transportation and warehousing, industries that generally employ more men than women.

Conclusion

Youths have made significant strides in the labour market during this recent period of economic growth. From 1997 to 2004, their employment grew at a faster pace than that of men and women aged 25 and over.

Earnings trends among youth

Older youth benefited more than teens in terms of earnings growth from 1997 to 2004. Hourly earnings rose 4.6% for those 20 to 24 years, to an average of \$11.89 in 2004, from \$11.37 in 1997 (adjusted for inflation). Teens, however, did not even keep up with inflation. In 2004, they earned an average of \$8.14 an hour, slightly less than their \$8.33 in 1997.

Weekly earnings, however, increased for both teens and older youth. For older youth, they increased by 5.1% from 1997 to 2004, compared with 3.4% for adults and 1.3% for teens. In 2004, weekly earnings for young adults were \$399.00 versus \$379.58 in 1997.

Teens had a slight increase in weekly earnings because they worked more hours. In 2004, they averaged 21.2 hours, up from 20.5 in 1997. Both sexes worked more hours, but teen girls increased their average slightly more. Teenage girls worked an extra 1.2 hours in 2004 at 19.2 hours, while boys worked 0.4 hours more, at 23.2 hours. Teens made an average of \$183.76 per week in 2004, only slightly higher than the \$181.46 in 1997.

The greater earnings increase for older youth is not surprising, considering that much of the gains in employment for older youth were in higher-paying industries or occupations and mostly in full-time jobs. Teens took more jobs in retail trade and accommodation and food services, where many jobs are part-time and pay less.

Average hourly and weekly wages and weekly hours worked

	Both sexes		Men		Women	
	2004	Change from 1997	2004	Change from 1997	2004	Change from 1997
	\$	%	\$	%	\$	%
Hourly wage						
15 to 24	10.49	1.7	11.01	2.1	9.96	1.4
15 to 19	8.14	-2.2	8.51	-0.6	7.78	-3.6
20 to 24	11.89	4.6	12.48	4.3	11.28	5.1
25 and over	20.19	3.5	22.07	2.5	18.25	5.6
Weekly wage						
15 to 24	318.53	2.4	359.78	1.7	276.46	4.8
15 to 19	183.76	1.3	210.54	1.5	157.18	2.8
20 to 24	399.00	5.1	447.01	3.5	349.24	8.3
25 and over	756.22	3.4	877.13	1.9	630.58	7.0
Weekly hours worked						
15 to 24	28.1	-1.1	30.6	-2.2	25.5	1.2
15 to 19	21.2	3.4	23.2	1.8	19.2	6.7
20 to 24	32.4	-1.5	34.9	-3.1	29.5	0.0
25 and over	37.7	-2.6	41.0	-3.3	33.6	-0.9

Source: Labour Force Survey

Note: The 1997 wages used in the text and table have been adjusted for inflation.

Furthermore, young women, particularly teenagers, experienced larger increases in their employment rates than young men—breaking a longstanding trend. During periods of economic growth, young men have historically had higher rates of employment than young women.

The distribution of employment growth among industries also differs during this period. Spurred by consumer spending, major growth took place in

industries more likely to hire young people, such as retail trade, and accommodation and food services. On the other hand, some of the industries more likely historically to hire young men were not as strong during this period. Although teenage boys were able to find jobs in construction, their shares in the manufacturing, natural resources, agriculture, and transportation and warehousing sectors declined.

Perspectives