

Autumn 1989 (Vol. 1, No. 2)

"Discouraged Workers"

Ernest B. Akyeampong

Discouraged workers are defined in many countries, including Canada, as people who want work and yet are not job-hunting because they believe suitable employment is not available. ⁽¹⁾ Their belief may derive from a variety of factors, including a shortage of jobs in their locality or line of work; perceived discrimination for reasons such as age, race, sex and religion; a lack of necessary skills, training or experience; or a chronic illness or disability.

"Discouraged workers" are part of a larger group said to be "on the margins" of the labour force - that is, people who, regardless of their reasons, are not looking for a job even though they want to work. ⁽²⁾ Discouraged workers are distinguished from others on the margins in that their reasons for not looking are fundamentally related to their perception that they would be unable to secure a suitable job.

There are several inter-related reasons for the interest in discouraged workers. For example, these persons tend to enter the labour force in an economic recovery and withdraw in a recession. The label "hidden unemployed", often assigned to discouraged workers, probably traces its origins to this behavioural factor. As well, the numbers of discouraged workers and of unemployed generally move in the same direction during the business cycle and the seasons. (Both tend to rise in periods of low economic activity and vice versa.) Indeed, some suggest that discouraged workers should be included in the unemployment numbers because of the close association between these two variables. ⁽³⁾

In Canada, information on the number and composition of the discouraged worker group originates from two main sources. One source is the monthly Labour Force Survey (LFS), which identifies persons who looked for work in the past six months but who have since stopped searching. The other source is the Survey of Job Opportunities (SJO), which is much closer in design to the approach used in many other countries. In this survey, all those expressing a desire for work and who are available for work are counted, irrespective of their past job search activity. ⁽⁴⁾ Not surprisingly, the more restrictive LFS

approach shows fewer discouraged workers: 38,000 in March 1989, compared with 70,000 from the SJO. The data contained in this study pertain to SJO results only.

Trends

The number of discouraged workers has shown itself to be sensitive to both cyclical and seasonal changes in economic activity. From a figure of around 101,000 in March 1981, the count almost doubled, in the wake of the last recession, to 197,000 in March 1983. Since then, the number has declined and seems to have stabilized at around 70,000 over the last two years.

Similarly, a comparison of the data for March with that of September (see [Survey of Job Opportunities](#)) shows that the number of discouraged workers tends to be high in the former and low in the latter. March is a period of generally low seasonal economic activity and high unemployment, and September is a period of generally high seasonal economic activity and low unemployment ([Macredie](#), 1984).

Who are they?

With results from the surveys conducted in March 1979, 1983 and 1989, we shall briefly examine the extent to which the discouraged worker profile and the type of jobs desired have altered over the past decade. Both 1979 and 1989 were years of economic expansion, while the 1983 data reflect the effects of the last economic recession.

Compared with their share in the work force, young persons (15-24 years) and older persons (45 years and older) are over-represented among discouraged workers, accounting for 23% and 36% of the total, respectively, in 1989. These two age groups represented 19% and 26% of the labour force in March 1989. Over the decade, the younger group has seen its share of the discouraged worker total fall at the expense of the older group. This shift is due in part to changes in the age distribution of the population. Persons aged 25-44 years have maintained their proportion, at 41% ([Table 1](#)).



Table 1 "Discouraged Workers": Selected Characteristics, March 1979, 1983 and 1989

Source: Survey of Job Opportunities.

The discouraged worker group is almost equally split between men and women (48% versus 52% in 1989). During the last economic recession, however, the female share rose slightly to 56%. About three

in every five discouraged workers are married.

Compared with the average worker, discouraged workers tend to be less educated. This is true for both the young and adults (25 years and older). In 1989, for example, about 84% of the adults and 97% of the young had no postsecondary education. Many of the young discouraged workers are recent high school drop-outs, with limited labour market assets.

Discouraged workers tend to be concentrated in regions experiencing high unemployment. In 1989, about one-third resided in the Atlantic provinces, and an equal number were found in Quebec ([Table 2](#)). Newfoundland, with only 2% of the national labour force, accounted for about 19% (13,000) of the national total of discouraged workers, far greater than the share of the more populous but prosperous province of Ontario (12% or 8,000).



Chart A "Discouraged Workers": Business Cycle Effects, March 1979-1989



Chart B "Discouraged Workers": Seasonal Effects

Finally, the increased job opportunities accompanying the sustained economic growth of the past six years appear to have had some effect on the type of jobs desired by discouraged workers. Compared with 1983, slightly higher proportions of these people wanted a full-time job (more than 30 hours per week), or a permanent job (lasting more than six months) in 1989. But the uneven geographical distribution of employment growth during this period has also had an impact. For example, in the high unemployment region of Atlantic Canada, close to one-quarter of the discouraged workers in March 1989 indicated a willingness to move to another province if a suitable job were offered. In contrast, in the more prosperous province of Ontario, hardly anyone expressed such a desire to relocate.



Table 2 Distribution of "Discouraged Workers" by Selected Geographical Regions, March 1979, 1983 and 1989

Source: Survey of Job Opportunities.

A data set containing national and provincial SJO results spanning the 1979-1989 decade can be obtained either on paper or IBM-compatible computer diskette at a cost of \$50. Requests should be addressed to the author.

Reprints of the studies "Persons on the Margins of the Labour Force" and "Women Wanting Work, but not Looking Due to Child Care Demands" are also available at \$6 a copy.

Survey of Job Opportunities

Each March since 1979, Statistics Canada has conducted a supplement to the Labour Force Survey to identify the number and characteristics of persons who say they want work but are not actively seeking it. The survey provides information on why these persons are not looking for work, their recent labour market experiences, their future job expectations, and their willingness to move if a suitable job were offered. In addition to the annual observation in March, the survey was conducted during the month of September in 1981 and 1984.

Persons who report wanting a job may not be actively seeking one for a variety of reasons. These reasons fall into two general categories - **labour market-related** reasons (worker discouragement, awaiting recall to a former job or awaiting replies to earlier job search efforts) and **personal and other** reasons (illness or disability, personal or family responsibilities, going to school, and so on).

The latest SJO results show that in March 1989, an estimated 179,000 persons reported that they wanted a job but were not seeking one for labour market-related reasons. Of these, 70,000 were discouraged workers. An additional 150,000 persons reported that they wanted work but remained outside of the labour force because of personal and other reasons unrelated to labour market conditions.

(Because of the growing interest in child care issues, the SJO has, since 1988, identified persons wanting work but not seeking it due to child care demands. For an analysis of these data, see [Akyeampong, 1988.](#))

Notes

Note 1

This is the definition generally used in several OECD member countries. For details, see [OECD Employment Outlook](#), September 1987, pp. 210-212.

Note 2

The [Australian Bureau of Statistics](#) (1983) and the United Kingdom Department of Employment (1986) were among the first to introduce the notion of "marginal attachment" and "marginal activity" into the labour force lexicon ([OECD](#), September 1987).

Note 3

In addition to the officially published unemployment rate, Statistics Canada regularly produces alternative unemployment rates based on various labour market concepts and definitions. One of these measures takes discouraged workers into account ([Jackson](#), 1987). For an analysis of why discouraged workers should not be counted as unemployed, see [Macredie](#) (1984). For a detailed comparative profile of these two groups, see [Akyeampong](#) (1987).

Note 4

For a detailed comparison of the two data series, see [Macredie](#) (1984).

References

- Akyeampong, Ernest B. "Persons on the Margins of the Labour Force," *The Labour Force* (71-001). Statistics Canada, April 1987.
- Akyeampong, Ernest B. "Women Wanting Work But Not Looking Due to Child Care Demands," *The Labour Force*. April 1988.
- Australian Bureau of Statistics. *Persons in the Labour Force, Australia (Including Persons who Wanted Work but who were not Defined as Unemployed)* (6219.0). July 1985.
- Jackson, George. "Alternative Concepts and Measures of Unemployment," *The Labour Force*. February 1987.
- Macredie, Ian. "Persons Not in the Labour Force: Job Search Activities and the Desire for Employment, September 1984," *The Labour Force*. October 1984.
- Organization for Economic Co-operation and Development. *OECD Employment Outlook*. September 1987.

Chart references

- *"Discouraged Workers "*. *Business Cycle Effects*: Survey of Job Opportunities, 1979 - 1989.
- *"Discouraged Workers"*: *Seasonal Effects*: Survey of Job Opportunities, March and September, selected years.

Author

Ernest Akyeampong is with the Labour and Household Surveys Analysis Division of Statistics Canada.

Source

Perspectives on Labour and Income, Autumn 1989, Vol. 1, No. 2 (Statistics Canada, Catalogue 75-001E). This is the sixth of six articles in the issue.



Table 1

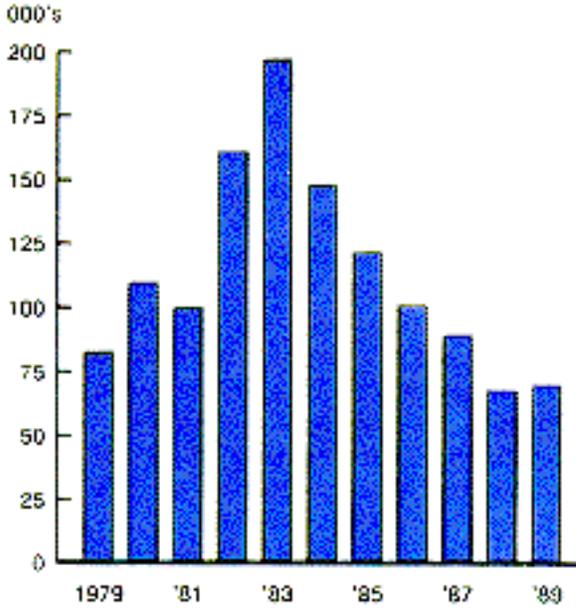
“Discouraged Workers”: Selected Characteristics, March 1979,1983 and 1989

	1979	1983	1989	1979	1983	1989
	'000	'000	'000	%	%	%
Total	83	197	70	100	100	100
Age						
15-24 years	28	57	16	34	29	23
25-44 years	34	80	29	41	41	41
45 years and over	21	59	25	26	30	36
Sex						
Male	41	86	34	49	44	48
Female	42	111	36	51	56	52
Marital status						
Married	48	114	44	57	58	63
Other	36	82	26	43	42	37
Education						
High school or less	74	169	61	88	86	87
Some postsecondary or higher	10	28	9	12	14	13
Job desired						
Full-time job	49	109	47	59	55	67
Part-time job	15	37	11	17	19	15
Either full- or part-time	19	52	13	23	26	18
Permanent job	56	129	46	67	65	66
Temporary job	5	9	--	6	5	--
Either permanent or temporary	22	59	21	27	30	30

Source: Survey of Job Opportunities.

"Discouraged Workers": Business Cycle Effects, March 1979-1989

The number of discouraged workers rises in periods of low economic activity and vice versa.



"Discouraged Workers": Seasonal Effects

In March, when economic activity is low, the number of discouraged workers is high. The reverse is true in September.

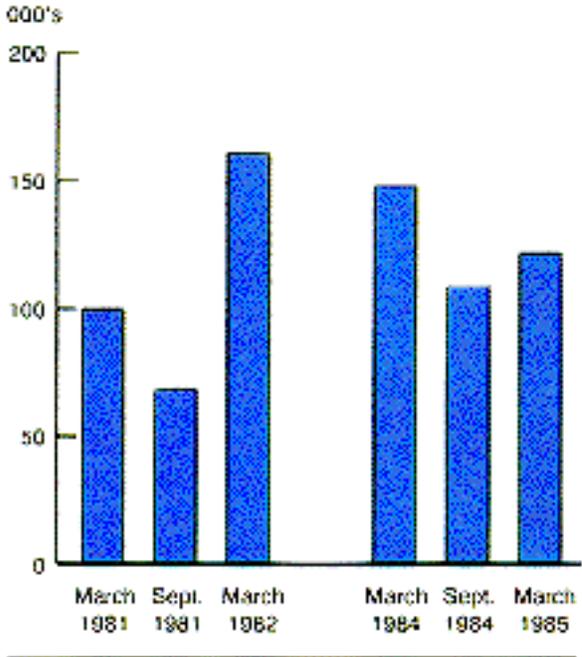


Table 2

**Distribution of "Discouraged Workers" by Selected Geographical Regions, March 1979, 1983
and 1989**

	1979	1983	1989	1979	1983	1989
	'000	'000	'000	%	%	%
Canada	83	197	70	100	100	100
Atlantic Region	26	41	25	31	21	36
Newfoundland	11	20	13	13	10	19
Prince Edward Island	2	1	--	2	1	--
Nova Scotia	5	7	4	6	4	6
New Brunswick	9	13	6	11	7	9
Quebec	29	79	22	35	40	32
Ontario	16	42	8	19	21	12
Prairie Region	5	18	8	6	9	11
Manitoba	2	6	--	3	3	--
Saskatchewan	--	4	2	--	2	3
Alberta	--	9	3	--	4	5
British Columbia	7	16	7	8	8	10
Census Metropolitan Areas	20	70	17	24	36	24
Montreal CMA	5	22	4	6	11	6
Toronto CMA	4	11	--	5	5	--
Non-metropolitan areas	63	127	53	76	64	76

Source: Survey of job Opportunities.