

# Labour force participation: An international comparison

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Since the mid-1960s, the Canadian labour market has undergone a number of structural changes. Two key changes have been the increased participation of women and the growth in employment in the service sector. Other industrialized nations have also experienced these changes to varying degrees. This article highlights changes that have occurred in Canada and six other major industrialized countries - the United States, the United Kingdom, France, West Germany, Italy and Japan - known as the G-7 group. It uses data from the Organisation for Economic Co-operation and Development.

No attempt is made in this study to isolate the effect of any of the economic and social changes that have taken place in the G-7 group's labour markets. These changes include alterations in business cycles, demographic shifts, and migration (especially in the post-World War II era). One should also bear in mind that the governments of these countries have made significant alterations to their laws governing (1) conditions of employment, (2) financial compensation to unemployed persons, and (3) the availability of public and work-related pension plans (including early-retirement provisions).

## Participation rates of men and women

During the 22-year period between 1965 and 1987, Canada experienced the largest increase in the labour force participation rate for women in all seven countries - 20 percentage points, compared with 16 for the United States, 9 for the United Kingdom, 7 for France, and only 5 for Italy ([Table 1](#)). During this same period, the labour force participation for women in West Germany did not show any change, while the rate for Japanese women actually dropped 2 percentage points.

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## Table 1 **Relative shares of changes in employment to changes in labour force participation for men and women in seven major OECD countries, 1965 and 1987**

*Source: Labour Force Statistics, OECD, Paris*

Although men constituted the majority of the labour force in each country of the G-7 group, their participation rate has fallen. For example, the rate dropped by 12 percentage points each in both West Germany and Italy, by about 10 points in the United Kingdom and France, and by about 2 points in Canada and the United States. The larger drop in the participation rate for European men relative to North American men may be attributed to several factors pertinent to the European labour market - their older age profile, structural changes in economies affecting employment opportunities, early retirement induced by work-related pension plans, and so on. ([Chawla](#), 1990). Some of the differences in estimates of labour force participation may also be attributable to differences in the collection, editing and processing of labour force data in the European countries. [\(1\)](#)

In all seven countries, the gap between the labour force participation rates of men and women narrowed considerably between the mid-60s and the late '80s. By 1987, Canada led the group with a 22 percentage point reduction compared with a reduction of 18 percentage points for the United States and only 2 percentage points for Japan.

## **Decomposition of changes**

The participation rate shows the proportion of the population active in the labour force, that is, those persons either employed or unemployed. An increase in either employment or unemployment will increase the participation rate. [\(2\)](#) In Canada, four-fifths of the 20-point upsurge came from an increase in the employment/population ratio, while in the United States, more than nine-tenths of the rise was derived from an increase in the employment ratio ([Table 1](#)). During the 1965-87 period, the employment opportunities for North American women expanded substantially more than those for women in the other five countries.



## **Chart Participation rates for men and women.**

*Source: Labour Force Statistics, OECD, Paris*

During the mid-60s, men in the G-7 countries accounted for 60% to 70% of their respective country's

overall participation rate. Two decades later, their relative representation had fallen to between 55% and 63% ([Table 2](#)). For instance, Canada had the largest change in the overall labour force participation rate - 9.1 percentage points - resulting from a 10.7 percentage point increase for women, and a 1.6 percentage point drop for men. The United States ranked second in terms of the change in the overall participation rate (7.5 percentage points), while West Germany ranked at the bottom, with a decline of 5.5 percentage points.



## Table 2 **Relative labour force shares by sex in seven major OECD countries, 1965 and 1987**

*Source: Labour Force Statistics, OECD, Paris*

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In most of the G-7 countries, the men's participation rate fell in the last two decades, whereas the women's rate rose (except for West Germany and Japan). In fact, the increase between 1965 and 1987 in the overall labour force participation rate for these countries was entirely attributable to the growth in women's participation in the labour force.

The decline in the men's labour force participation was largely due to the drop in their employment/population ratio. (At the same time, their unemployment/population ratios [\(3\)](#) increased only slightly.) The shifts in such ratios were more pronounced in the four European countries than they were in Canada or the United States, the largest drop in the employment/population ratio being for men in West Germany.

The drop in the employment/population ratio for the European men may have been due to the higher proportion of older men, disability or early retirement, or structural changes in the post-war era. The European working population can also easily move between many countries because provisions of the European Economic Community permit liberal employment mobility between member countries. The ratios for the four European countries should therefore be interpreted with some caution.



## Chart **Women as a proportion of the overall increase in the labour force, 1965-1987.**

*Source: Labour Force Statistics, OECD, Paris*

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# Changes in employment status

During the past two decades, the majority of employed persons in industrialized countries have been paid workers, that is, persons who work for someone else for a wage or salary. In the mid-60s, the proportion of paid workers ranged from 93.2% for the British to 60.8% for the Japanese. By the late '80s, their numbers had increased considerably - the proportion ranged from 91.1% for Americans to 70.2% for Italians.

During the last two decades, the variation in the proportion of persons employed as paid workers in these industrialized countries has narrowed from 32 to 21 percentage points. This is largely due to the change in the employment status of women in France, West Germany, Italy, and Japan. Women employed as unpaid family workers in these countries in the mid-60s have been replaced by an increasing number of women employed as paid workers by the late '80s. Younger and more educated women have been more likely to take paid jobs rather than help in family businesses or farm operations.

For Canada, the United States and the United Kingdom, however, the proportions of employed women working as paid workers did not show much variation. But the situation was different for the men in these three countries: their proportions rose by 3 to 4 percentage points in Canada and the United States, but fell by 8 percentage points in the United Kingdom ([Table 3](#)).



## Table 3 Paid workers as percentage of all employed persons by sex in seven major OECD countries, 1965 and 1987

*Source: Labour Force Statistics, OECD, Paris*

# Changes in women's representation

In terms of women's representation in the labour force, Japan (39.8%) ranked first in the mid-60s, but the United States (44.8%) led the group by the late '80s. Canada also moved up from sixth to second place over the same period. During the last two decades, Canada's progress in terms of women's representation in the labour force has been far greater than any other industrialized country except the United States. In terms of the magnitude of change in such proportions, Canada also led the other six industrialized countries, showing a 12 percentage point change, followed closely by the United States, with 10 percentage points. Japan ranked last, with almost no change.

As more and more women have joined the labour force, their representation has also grown among employed paid workers and the unemployed. For instance, women in Canada accounted for nearly 33%

of all paid workers in 1966 compared with 44% in 1987; the corresponding proportions for the United States were 36% and 46%. Therefore, in terms of the change over the last two decades in women's representation among paid workers, Canada ranked first with about 12 percentage points, followed by the United States with 10 points. Japan was last, with 5 points.

Women's representation among the unemployed was the highest in Italy, followed by France and West Germany. For example, in 1987 women accounted for 57% of all the unemployed in Italy, compared with 46% in Canada and 45% in the United States. However, in terms of the magnitude of change over the last two decades, West Germany ranked first, with an 18 percentage point change, followed by Canada, with a 14 percentage point change ([Table 4](#)).



## Table 4 Women's representation in selected labour force groups in seven major OECD countries, 1965 and 1987

*Source: Labour Force Statistics, OECD, Paris*

In 1987, for France, West Germany, and Italy, women's representation among the unemployed was much higher than their representation in the total labour force. This indicates that women, relative to men, were carrying a greater share of unemployment. For Canada, however, women's representation among the unemployed was no different than their representation in the total labour force.

Except for West Germany and the United Kingdom, which over the last two decades showed drops in the number of men in the labour force, each of the G-7 countries demonstrated increases in the number of men and women in the labour force. For instance, for both Canada and the United States, the sex-mix of the new labour force participants between 1965 and 1987 comprised 60% women and 40% men, whereas the reverse held for Japan.

## Changes in employment by industry

Between 1965 and 1987, in all seven countries, the proportion of persons employed in primary industries such as agriculture and mining, and secondary industries such as manufacturing and construction, declined, while the proportion employed in the tertiary industries (that is, mostly service and related) increased ([Table 5](#)). In Canada and the United States, for example, the secondary industry group accounted for one-third of all employment in the mid-60s compared with about one-quarter in the late '80s.



## Table 5 Percentage distribution of employed persons by industry group <sup>1</sup> and sex in seven major OECD countries, 1965 and 1987

*Source: Labour Force Statistics, OECD, Paris*

<sup>1</sup> *Based on International Standard Industrial Codes (ISIC).*

The proportions of men and women employed in the tertiary industry group have grown over the last two decades in each of the seven countries. In fact, the magnitudes of changes were more significant for European countries than for either Canada or the United States.

However, based on the overall proportion of persons employed in the tertiary industries, the United States ranked first, followed by Canada, the United Kingdom, France, and Japan. The ranking remained unchanged for the reference years considered. For instance, in both the United States and Canada, about 58% of all employed persons were in the tertiary industries in the mid-60s compared with 70% by the late '80s; for West Germany and Italy, the corresponding proportions were about 40% in the '60s and 55% in the 80s.

Women's representation among the employed in the tertiary industries in Canada, the United States and the United Kingdom rose from a little over 40% in the mid-60s to more than half by the late '80s. In contrast, even in the late '80s, both Italy and Japan had more men than women employed in their respective tertiary industry groups.

Although women have made some progress in the male-dominated primary and secondary industries in almost all of the seven countries ([Table 4](#)), most of the growth in the number of women employed has been due to the growth in industries, such as services, retail and wholesale trade, and finance, insurance and real estate.

## Summary

Between the mid-60s and the late '80s, the gap between the labour force participation rates of men and women narrowed in all seven major industrialized countries in the Western world, with Canada ranking on top. As well, each G-7 country experienced phenomenal growth in employment in the service and related industries. Women accounted for most of the growth in the labour force of these countries.

# Notes

## Note 1

For a discussion of the problems involved in comparing international data on labour force statistics, see, for example, C. Sorrentino, *Monthly Labor Review* (1981 and 1983); J. Moy, *Monthly Labor Review* (1988); P.J. McMahon, *Monthly Labor Review* (1986); and [Organisation for Economic Co-operation and Development](#), *the OECD Employment Outlook* (1987).

## Note 2

The participation rate is the sum of the employment/population ratio and the unemployment/population ratio, that is  $LF/P = E/P + U/P$ . However, if one wanted to decompose the U/P ratio, one could equally have written  $U/P = LF/P - E/P$ . (The participation rates in this study were also standardized by age and sex using labour force data by age and sex as published by the International Labour Office. Although this exercise did not produce any meaningful results they are available upon request.)

## Note 3

In this paper, the unemployment/population ratio was used simply to complete the identity. However, one can also compare the unemployment rates by simply deriving them first. This is done by dividing the unemployment/population ratio by the participation rate.

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# Source

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Table 1

**Relative shares of changes in employment to changes in labour force participation for men and women in seven major OECD countries, 1965 and 1987**

Country	Labour force participation rate*		Employment/population ratio**		Percentage point change in the		
	1965	1987	1965	1987	Participation rate	Employment/population ratio	Unemployment/population ratio
					%		
<b>Men</b>							
Canada†	77.0	75.3	74.5	68.9	-1.7	-5.6	3.9
United States	73.7	71.8	70.8	67.4	-1.9	-3.4	1.5
United Kingdom	82.7	73.1	81.6	64.0	-9.6	-17.6	8.0
France††	72.2	62.8	71.1	57.4	-9.4	-13.7	4.3
West Germany	79.6	67.2	79.1	54.2	-12.4	-24.9	12.5
Italy	77.1	64.6	73.7	59.2	-12.5	-14.5	2.0
Japan	81.8	77.4	80.9	75.2	-4.4	-5.7	1.3
<b>Women</b>							
Canada†	34.8	55.1	33.6	49.9	20.3	16.3	4.0
United States	37.6	54.0	35.6	50.7	16.4	15.1	1.3
United Kingdom	39.7	48.6	39.4	45.0	8.9	5.6	3.3
France††	37.9	44.5	36.4	38.4	6.6	2.0	4.6
West Germany	40.4	40.3	40.2	36.6	-0.1	-3.6	3.5
Italy	29.9	35.3	27.5	28.7	5.4	1.2	4.2
Japan	50.7	48.6	50.0	47.3	-2.1	-2.7	0.6
<b>Total</b>							
Canada†	55.8	64.9	54.0	59.2	9.1	5.2	3.9
United States	55.1	62.6	52.6	58.7	7.5	6.1	1.4
United Kingdom	60.2	60.4	59.5	54.1	0.2	-5.4	5.6
France††	54.4	53.3	53.1	47.5	-1.1	-5.6	4.5
West Germany	58.5	53.0	58.2	48.8	-5.5	-9.4	3.9

Italy	52.5	49.4	49.7	43.4	-3.1	-6.3	3.2
Japan	65.8	62.6	65.0	60.8	-3.2	-4.2	1.0

*Source: Labour Force Statistics, OECD, Paris*

\* *Ratio of number of persons (15+) in the labour force to the population (15+).*

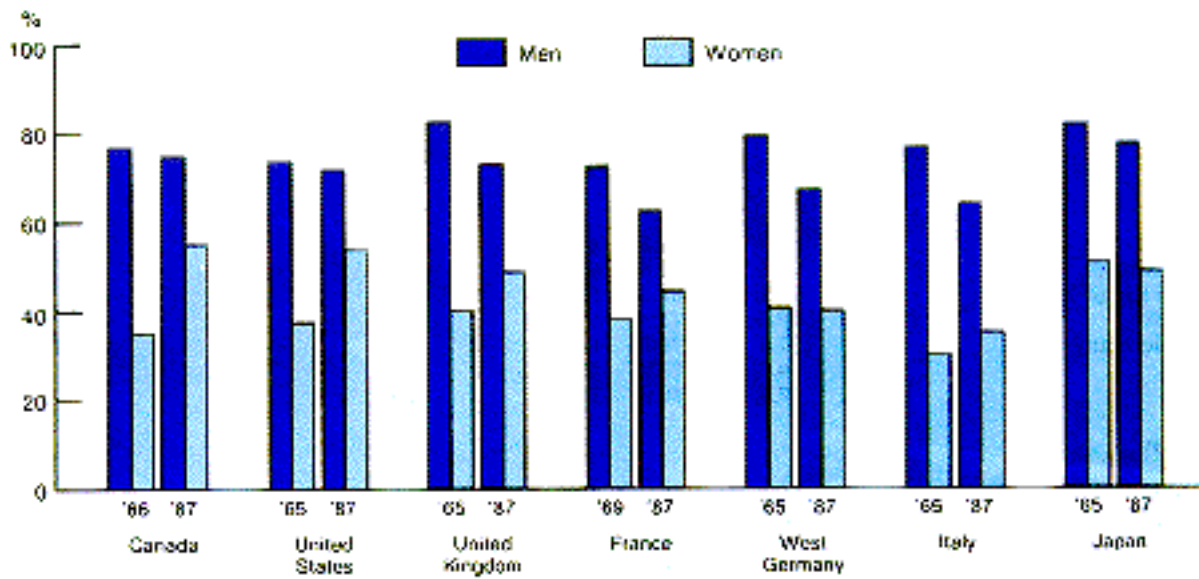
\*\* *Ratio of number of persons (15+) employed to the population (15+).*

† *Data are shown for 1966 and 1987.*

†† *Data are shown for 1969 and 1987.*

### Participation rates for men and women

The gap in participation rates of men and women has narrowed in all seven countries.



Source: Labour Force Statistics, OECD, Paris

Table 2

**Relative labour force shares by sex in seven major OECD countries, 1965 and 1987**

Country	1965				1987				Change in overall participation rate		
	Overall participation rate	Relative contribution			Overall participation rate	Relative contribution			Men	Women	Total
		Men	Women	Total		Men	Women	Total			
	%									percentage points	
Canada*	55.8	68.6	31.4	100.0	64.9	56.5	43.5	100.0	-1.6	10.7	9.1
United States	55.1	64.8	35.2	100.0	62.6	55.3	44.7	100.0	-1.1	8.6	7.5
United Kingdom	60.2	65.4	34.6	100.0	60.4	58.3	41.7	100.0	-4.2	4.4	0.2
France†	54.4	63.8	36.2	100.0	53.3	56.7	43.3	100.0	-4.5	3.4	-1.1
West Germany	58.5	62.9	37.1	100.0	53.0	60.0	40.0	100.0	-5.0	-0.5	-5.5
Italy	52.5	70.5	29.5	100.0	49.4	63.0	37.0	100.0	-5.9	2.8	-3.1
Japan	65.8	60.2	39.8	100.0	62.6	60.1	39.9	100.0	-2.0	-1.2	-3.2

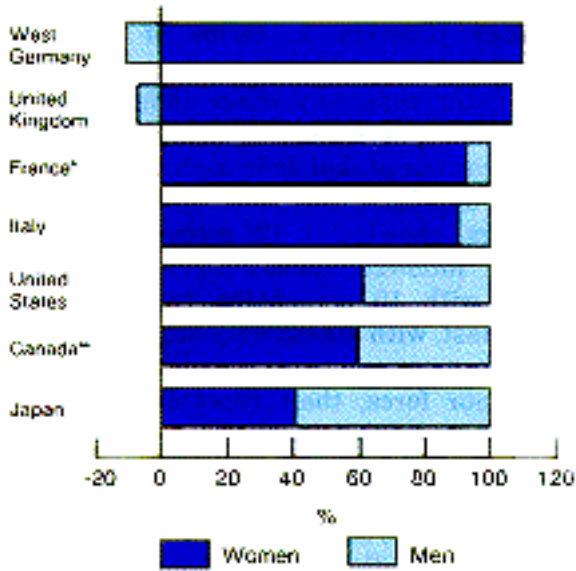
*Source: Labour Force Statistics, OECD, Paris*

\* *Data are shown for 1966 and 1987.*

† *Data are shown for 1969 and 1987.*

### Women as a proportion of the overall increase in the labour force, 1965-1987

Except in Japan, women accounted for most of the increase in the number of labour force participants.



Source: Labour Force Statistics, OECD, Paris

\* For 1969 and 1987

\*\* For 1966 and 1987

Table 3

**Paid workers as percentage of all employed persons by sex in seven major OECD countries, 1965 and 1987**

Country	Men		Women		Total	
	1965	1987	1965	1987	1965	1987
	%					
Canada*	85.4	88.0	90.3	91.8	87.0	90.1
United States	84.6	89.2	89.8	93.4	86.4	91.1
United Kingdom	91.7	83.6	95.8	92.2	93.2	87.3
France†	77.9	82.1	76.2	87.4	77.3	84.3
West Germany	83.9	86.9	75.0	87.7	80.6	87.2
Italy	63.9	68.3	59.1	73.9	62.5	70.2
Japan	68.8	79.2	48.6	68.4	60.8	74.9

*Source: Labour Force Statistics, OECD, Paris*

*\* Data are shown for 1966 and 1987.*

*† Data are shown for 1969 and 1987.*

Table 4

**Women's representation in selected labour force groups in seven major OECD countries, 1965 and 1987**

Country	Paid workers*		Unemployed		Labour force**	
	1965	1987	1965	1987	1965	1987
	%					
Canada†	32.5	44.0	31.5	45.7	31.3	43.4
United States	36.2	45.9	43.1	44.8	35.2	44.8
United Kingdom	35.6	45.5	23.5	30.4	34.5	41.8
France††	35.2	43.5	59.3	54.7	36.2	43.4
West Germany	34.5	39.7	27.9	45.8	37.1	40.0
Italy	27.2	36.1	43.2	56.6	29.6	37.0
Japan	31.7	36.5	43.9	39.9	39.8	39.9

*Source: Labour Force Statistics, OECD, Paris*

*\* Paid workers include mostly wage and salary earners.*

*\*\* Includes paid workers, self-employed, unemployed and unpaid family workers.*

*† Data are shown for 1966 and 1987.*

*†† Data are shown for 1969 and 1987.*

Table 5

**Percentage distribution of employed persons by industry group<sup>1</sup> and sex in seven major OECD countries, 1965 and 1987**

Country	1965				1987			
	Agriculture, forestry, etc. <sup>2</sup>	Manufacturing, construction, etc. <sup>3</sup>	All other industries <sup>4</sup>	Total	Agriculture, forestry, etc. <sup>2</sup>	Manufacturing, construction, etc. <sup>3</sup>	All other industries <sup>4</sup>	Total
	%							
<b>Men</b>								
Canada*	11.1	40.6	48.3	100.0	6.4	34.4	59.2	100.0
United States	7.9	43.0	49.1	100.0	4.3	36.3	59.3	100.0
United Kingdom	4.9	53.7	41.5	100.0	3.3	39.7	56.9	100.0
France**	..	..	..	..	..	..	..	..
West Germany	7.9	58.0	34.0	100.0	4.4	50.1	45.4	100.0
Italy	25.1	40.1	34.8	100.0	10.5	37.8	51.7	100.0
Japan	18.9	37.2	43.8	100.0	7.2	38.1	54.6	100.0
<b>Women</b>								
Canada*	4.2	18.4	77.3	100.0	2.9	13.4	83.8	100.0
United States	3.3	21.4	75.3	100.0	1.4	15.7	82.9	100.0
United Kingdom	1.9	33.2	65.0	100.0	1.1	16.8	82.2	100.0
France**	..	..	..	..	..	..	..	..
West Germany	15.9	34.4	49.7	100.0	6.2	25.8	68.0	100.0
Italy	29.2	29.1	41.7	100.0	10.7	22.7	66.6	100.0
Japan	30.5	25.1	44.4	100.0	9.9	27.2	62.9	100.0
<b>Total</b>								
Canada*	8.9	33.7	57.4	100.0	4.9	25.3	69.8	100.0
United States	6.3	35.5	58.2	100.0	3.0	27.1	69.9	100.0
United Kingdom	3.8	46.6	49.6	100.0	2.4	29.8	67.8	100.0



France**	14.5	39.0	46.5	100.0	7.1	30.8	62.1	100.0
West Germany	10.9	49.3	39.8	100.0	5.2	40.5	54.3	100.0
Italy	26.3	37.0	36.8	100.0	10.5	32.6	56.8	100.0
Japan	23.5	32.4	44.1	100.0	8.3	33.8	57.9	100.0
<b>Women as proportion of total employed</b>								
Canada*	14.9	17.1	42.2	31.3	25.4	22.8	51.8	43.2
United States	18.4	21.0	45.0	34.8	20.7	26.0	53.1	44.8
United Kingdom	16.7	24.7	45.4	34.6	19.5	24.2	52.2	43.1
France**	..	..	..	..	..	..	..	..
West Germany	54.1	25.9	46.3	37.1	47.7	25.1	49.4	39.5
Italy	32.1	22.7	32.6	28.8	34.9	23.9	40.2	34.3
Japan	51.5	30.7	40.0	39.7	47.6	32.2	43.3	39.9

Source: Labour Force Statistics, OECD, Paris

<sup>1</sup> Based on International Standard Industrial Codes (ISIC).

<sup>2</sup> Includes hunting and fishing.

<sup>3</sup> Includes mining and quarrying, electricity, gas and water.

<sup>4</sup> Contains wholesale and retail trade, restaurants and hotels, transport, storage and communications, finance, insurance and real estate, business, community, social and personal services and activity not adequately defined.

\* Data are compared for 1966 and 1987.

\*\* Data are shown for 1969 to 1987, and are not available by sex.