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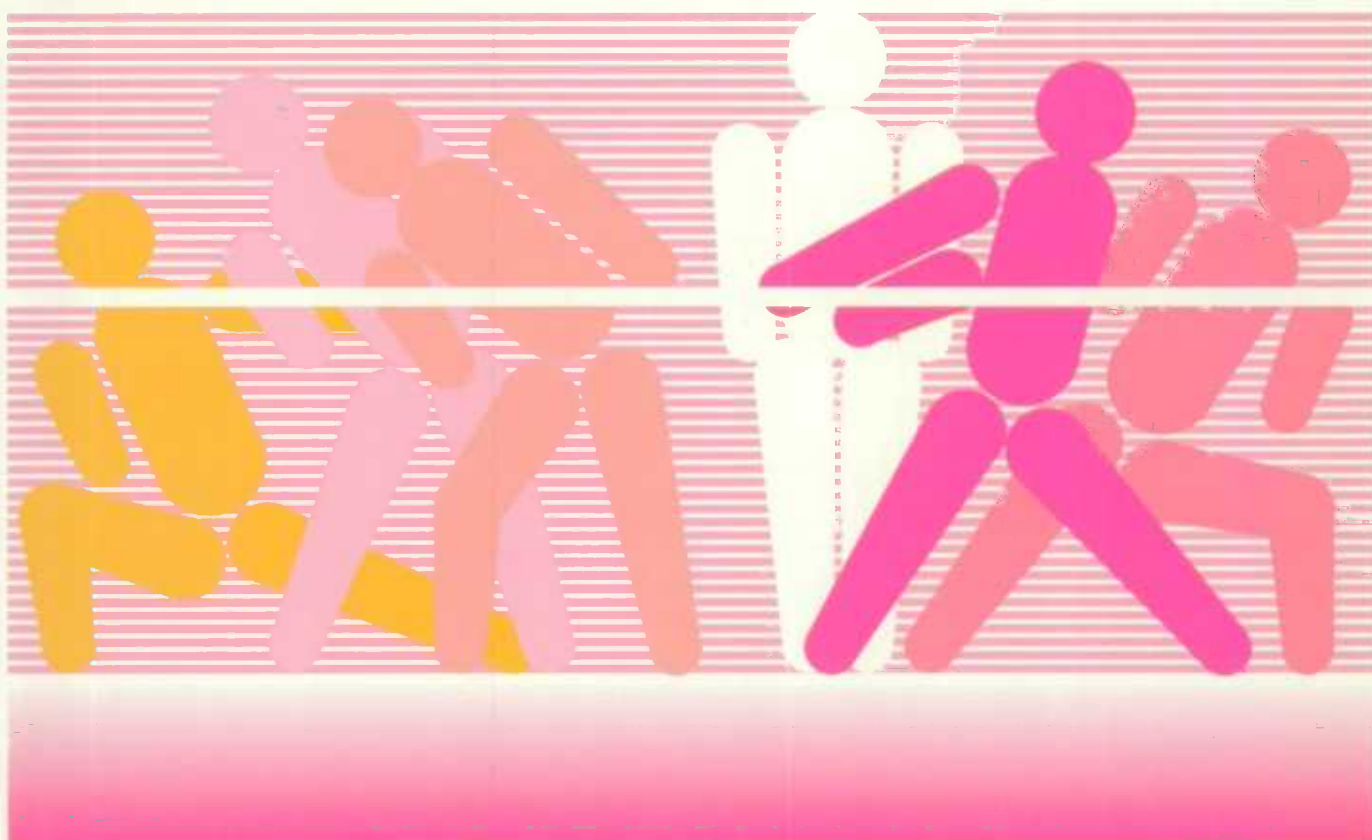
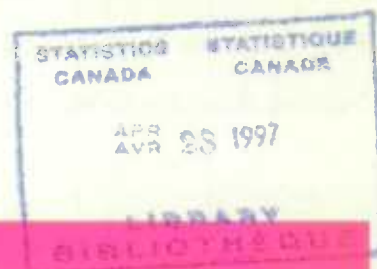


Catalogue 71-538E Occasional

Labour Market Activity Survey

# FLUX: Two Years in the Life of the Canadian Labour Market

Findings of the Statistics Canada Labour Market Activity Survey, 1986-87



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Household Surveys Division

# FLUX: Two Years in the Life of the Canadian Labour Market

Findings of the Statistics Canada Labour Market Activity Survey,  
1986-87

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## Highlights

### FLUX: The Rule in the Labour Market

- This inaugural Labour Market Activity Survey illustrates the enormous flux in the labour market and may forever change the way we view the labour market. Except for brief moments, no group can be identified as "the labour force", or "the unemployed"; that is, people and numbers frozen in time. Rather the labour force and the unemployed are ever changing groups, transforming hourly.
- Over two years, a solid core of people is locked into one state or another, but the LMAS forces us to appreciate the enormous and elastic periphery surrounding this core: 48% of working-age Canadians changed their labour force status on average every seven months during a short two year period.
- During the two years covered by LMAS, there were 26 million labour force transitions. Every working hour, 7,000 working-age Canadians (15-64 years) changed their labour force status. They moved from out of the labour force into it, and back again; from unemployed to employed, and vice versa; and they changed jobs.
- According to the conventional monthly labour force survey, the unemployment rate in 1987 was 9%, but according to LMAS, over a two year period 1986-87, a much larger 28% of the labour force experienced at least one spell of unemployment.
- During 1986-87, the monthly labour force estimates suggest that in any given month, 75% of the working-age population were in the labour force. But accounting for the entire two year period, 86% of the working-age population were in the labour force at some time. Only 14% were out of the labour force continuously throughout the period.
- Job stability was normal for only 38% of the working-age population when monitored over two years, while 48% experienced flux. The amount of flux varied considerably by province. In Newfoundland, 58% of the working-age population was in flux at some point during the two years, while in Quebec, the proportion was 44%. For most of the 48% of the population experiencing flux, it was not an isolated event, since it occurred on average 3.3 times, or about every seven months.
- Some transitions are planned and voluntary, but many are not: over one-third of job departures were job losses, not quits, and 30% of job changes involved wage decreases.
- One-quarter of the working-age population suffered at least one spell of unemployment during 1986-87. This varied across the provinces, rising from a low of 21% in Saskatchewan and Ontario to 40% in Newfoundland. The average number of spells was 1.6 per person with an average duration of 11.4 weeks for each spell. The likelihood of experiencing a spell declined with age, education and earnings.
- Over 5% of the labour force had experienced a continuous spell of unemployment exceeding 26 weeks, and 10% had accumulated spells of unemployment totalling more than 26 weeks.
- Of all the jobs filled in 1986-87, one-half paid less than \$8.95 an hour, and one-fifth paid \$5.00 or less.
- A comparison of the beginning and end of the period showed a slight deterioration in wages. The proportion of workers earning \$10.00 an hour or less grew from 41% to 42%. The wages of new jobs did not quite keep pace with the wages of disappearing jobs.
- Many of the job vacancies during the two years were low paying, with 58% paying less than \$8.00 an hour.
- Teenagers are heavily involved with the labour market today: over 92% of those aged 16-19 were in the labour market at least once during the two years (this compares with 90% of those aged 35-44).
- Twenty percent of all jobs were defined as low wage, that is, they paid less than \$5.00 an hour. Two-thirds of the low-wage jobs were held by workers younger than 25; 60% were held by women; two-thirds by single persons; 62% were in the wholesale and retail trade and personal and business services sector; 96% were non-union jobs; 55% were full-time jobs; 45% were in firms with fewer than 20 employees; and the incidence of low paying jobs was considerably higher in the Atlantic provinces.
- After one year, 83% of low-wage job holders were either still in low paying jobs or without work, while only 17% had progressed to higher-paying jobs.
- Six percent of the working-age population received some social assistance benefits during the two years. Social assistance recipients were most likely to have no high school education; live in areas where the unemployment rate exceeded 12%; be divorced, separated or widowed; and be between the ages of 20-24. About 80% had been employed at least once during the two years; nearly one-half had been unemployed for more than 26 weeks; and one-half had lost their jobs. Social assistance recipients were twice as likely to have held a low-wage job than those who did not receive social assistance.







## Introduction

The terms "labour market" and "labour force" often bring to mind stereotyped images of stability. For example, the "unemployed" are frequently depicted as a homogeneous group of disadvantaged people persistently out of work; and the "employed" as a fairly stable group always working and able to earn a decent living. Then there are those labelled "inactive", who are without paid jobs and presumed never to be looking for employment. Typically, they are thought to be homemakers, full-time students, and people too ill to work. And, finally, there is the "labour force" itself, often portrayed as a fixed stock of employed and unemployed people, growing incrementally only through the addition of young entrants and immigrants.

Unfortunately, the method traditionally used for collecting labour force data in industrialized countries unintentionally reinforces this stereotype of a tightly compartmentalized and fairly stable labour force. Official labour force statistics for working-age Canadians in 1987, for instance, number the labour force at 12,827,000 people (this annual estimate is actually an average derived from 12 monthly surveys). Of these, 11,682,000 (91%) were employed, and 1,145,000 (9%) were unemployed, giving the impression that each person was stuck in one or the other category throughout the year. Of the 17 million Canadians making up the working-age population (15-64 years) in 1987, it appears that three-quarters were in the labour force, with the remaining one-quarter "inactive" – either working at home without pay, attending school or too ill to seek employment.

However, to consider these categories stable throughout the year is misleading. Fortunately, the results of Statistics Canada's first ever Labour Market Activity Survey (LMAS) are now available. This survey tracked the same people over time (in this case a two year period), and demonstrated just how elastic both the working-age population and the labour market are. It is clear now too that when reference is made to the labour force at different times, even within the span of a year, that force represents a different size and mix of working-age Canadians each time. This is not to deny the existence of a substantial fixed "core" at the centre, but there is tremendous elasticity at the periphery.

During 1986-1987, 86% of the working-age population, and not the smaller 75% implied by the monthly estimates, were in the labour force at some time. In fact, only a very small 14% remained outside the labour force entirely throughout 1986-87.

The number of Canadians experiencing unemployment is also understated by the monthly surveys. Over 28% of the labour force was unemployed at some time, as opposed to the smaller 9% stock average estimated by the monthly Labour Force Survey. This means that over 4 million Canadians, as opposed to slightly over 1 million, were unemployed at some time.

Canadians of working age are constantly in a state of labour market transition: going from job to job; from job to unemployment and back; from outside the labour force to

a job; and from unemployment to out of the labour force and back. Only slightly more than half (52%) of the working-age population was without a transition in the two year period (just 38% remained in the same job throughout). The other half (48%) averaged more than three transitions – 26 million in total. To grasp how much flux this represents, consider that this amounts to 52,000 transitions per working day, or 7,000 every working hour in Canada.

The new ways of recording the labour market activities of the working-age population that result from the continuing LMAS will likely change forever our perception of how the labour market functions and particularly its elasticity. The longitudinal data – measured over a period of time – have vastly enriched our understanding of movement in the labour market: how many entered it, who they are, how many left, where they went, why they moved, the wages involved in the job changes and much more. We see it more clearly now as a very active market transforming itself daily, where working-age Canadians are not only regularly altering their main labour force status – employed, unemployed, out of the labour force – but also their jobs and wages when they are employed.

The stereotypical image of people resting in steady labour force states for long periods must be replaced with the image of people who go through many transitions even over the relatively short period of two years. Policy makers must recognize the enormity of the flux – the effects on individuals, employers and the economy as a result of the 52,000 transitions occurring each working day. Many transitions are voluntary and go off without a hitch or without need for assistance. Other involuntary changes often entail hardship for the people concerned and a need for some form of assistance.

### The Labour Market Activity Survey

This report presents and examines the main findings of the first two years of the Labour Market Activity Survey. This new survey questioned Canadians extensively about their labour force activities in 1986 and 1987. The survey contacted about 80% of the sample population regularly used by Statistics Canada in conducting its monthly Labour Force Survey. As a result, the findings in this report are based on a very large sample, covering about 70,000 people between the ages of 16 and 69, in each of the two years.

The LMAS differs from the regular Labour Force Survey in its tracking of the same people over 24 months. The LMAS now provides a "video" to go along with the monthly "snapshots". While the first survey conducted covered the two years 1986-87, a second survey, involving a different sample population, has been expanded to cover the 1988-90 period. It will thus produce even more valuable data.

Normally, people in the Labour Force Survey sample are rotated out after six months, which means that while the survey provides valuable "snapshots" of labour market behaviour at any given time, it does not reveal what happens to these people after they leave the sample. For



example, if some people register as unemployed for six straight months, do they stay unemployed afterwards, leave the labour force or find another job? If they find another job, what type is it? How did they find it? Did they take a cut in wages? These types of questions remain unanswered by the monthly Labour Force Survey.

It must be emphasized that the LMAS is not restricted to only tracking movement through labour force states. It also records many characteristics of workers and the jobs they hold. For example, the survey reveals the age, sex, geographic location, marital status, relationship to head of household, education level, occupation, and student status of all people in the sample. Concerning jobs, information is available on the wage rate, number of hours worked, industry, whether the job was unionized or not, whether it was full or part-time, and the size of the firm. Other available data are: how workers go about finding jobs, why they lose or leave their jobs, whether they were satisfied with the number of hours they worked, and whether they received income from sources other than earnings such as Unemployment Insurance (UI) benefits, social assistance, pension income or worker's compensation. It is also possible to link any of this personal and job information to regional unemployment rates.

## Outline of the Report

The main object of this report has been to expose to a wider public the extent and richness of the data recorded by the LMAS. As such, it represents primarily a "fact" book, concerned with what happened, rather than a detailed analysis of the findings, or an attempt to explain them.

The LMAS asked 95 questions of the respondents concerning their labour market activities in each of the survey years. In addition, over 50 of these questions were asked of each job held, up to a maximum of five jobs each year. Covering about 70,000 people, the findings of the two survey years provide us with well over 10 million separate pieces of information. To organize and present this vast amount of information in a comprehensible manner, we have divided the report into four parts:

Part One portrays the enormous amount of flux that took place in the labour market and within the working-age population over the two years. There were also pockets of great stability: some people remained unemployed, in the same job, or outside the labour force throughout this period. But almost one-half (48%) of the working-age population moved among these labour force states or changed jobs. Part One details the characteristics of the people who experienced stability as well as transition. It also examines how different states began and concluded, and the number and average length of time spent in each state. A chapter on wages and earnings examines the structure of earnings and what happened when people left jobs.

Part Two focuses on job departure: why did people leave jobs and what were the consequences? Job departure is a critical labour market transition because it can lead to a spell of unemployment. Special attention is paid to whether workers quit or lost their jobs and to

whether they went on to new jobs, were unemployed, or left the labour force for a time.

Part Three examines the labour market activity of two particular labour force segments: those aged 16-24 years entering the labour force and trying to establish careers, and those aged 55-64 preparing to exit the labour force through retirement. This segmenting of labour force members allows us to identify broad patterns among people in roughly similar circumstances.

Part Four examines three special groups of labour force members who exhibit "precarious" or peripheral attachments to the labour force: low-wage earners, recipients of social assistance and unemployment insurance, and people who experienced over 26 weeks of unemployment during the two years. Here the focus is on profiling these people and comparing how their characteristics and labour force experiences differed from people experiencing less difficulty.

## A Note on Coverage, Definitions and Methodology

Coverage has been restricted to the "working-age" population: people 16-64 years old. The LMAS covered 65-69 year-olds as well, but the report excludes them because they have only marginal labour force attachment as a group and their pattern is similar and stable. The LMAS excluded 15 year-olds although the monthly Labour Force Survey includes them.

Some important and recurring terms used in this report should be mentioned. The segment of the working-age population either employed or unemployed at some time during the two years, is referred to as the "labour force". Most analysis in this report deals with the 14 million Canadians who were in the labour force at least once in this time. But in some instances, the report deals with the 17 million people who comprised the entire working-age population.

Unless otherwise specified, the report uses the "official" definition of unemployment, which requires that people not only be without a job but also be actively looking for work. This definition is used by Statistics Canada to generate its monthly unemployment figures. Another useful definition sometimes used in public discussions, but not in this report, is an extended version which includes not only the officially unemployed but also those who are out of a job, and while not actively searching, nonetheless, want employment. This group includes "discouraged" workers – those who want work, but have given up the search.

Throughout the report, a "transition" represents any of the following labour force movements: i) a significant change in jobs with the same employer; ii) a change in jobs involving a new employer; iii) a move in either direction between being outside the labour force and unemployment; iv) a move in either direction between being outside the labour force and employment; and, (v) a move in either direction between employment and unemployment. Moreover, if people hold two jobs simultaneously, a transition could take place in either job.

Finally, there is a need to clarify an important methodological procedure adopted throughout the report. Longitudinal data differ from cross-sectional (point in time) data in one important respect: the characteristics of people, their labour force status and the jobs they hold change over time. It is not possible, for example, to refer to people as full-time, as unionized, as service workers, as employed, or as low-wage workers consistently throughout the two year period. While at any particular point it is possible to classify people according to one category or another, over time people move among different labour force states and among different kinds of jobs and occupations.

To overcome this problem, data are presented and counted in two ways: by person and by job. With respect to personal characteristics that change slowly over time (if at all), such as age, sex, place of residence, marital status, and education, the characteristic is assumed to be that which first applied in 1986. So, for example, annual earnings (not wages) are those of 1986, even though 1987 earnings might in some cases be significantly different. The counting unit for personal characteristics, then, is people. Unlike these personal characteristics, job characteristics and labour force status change frequently over the period. Consequently, their counting unit changes from people to jobs; that is, we count full-time jobs, not full-time workers.

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## Part One

### **Transition in the Labour Market**

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## Chapter 1

### Change and Stability in the Labour Market Status of the Working-age Population

The tables in this section classify the working-age population of 17 million people according to whether their labour force status was completely stable throughout the two years, or whether they experienced a transition.

Tables 1-1 and 1-2 present data by province. Table 1-1 reveals the distribution of the population across the different labour force states. Nationally, almost one-half of the working-age population experienced a transition in 1986 and 1987. Of the 52.2% who experienced no change, 38.2% remained in the same job, 13.7% remained outside the labour force and less than 1% remained unemployed for the full two years.

The provinces varied considerably around these national figures. The chance of a worker experiencing a transition was highest in Newfoundland (57.7%) and lowest

in Quebec (44.3%). The greatest likelihood of finding stability in employment was in Saskatchewan (42.9%), while the greatest likelihood of stable unemployment was in Quebec and B.C. (0.5%). Albertans were the most active labour force participants, with only 9.8% of the population outside the labour force for the two years. This was about half the rate of non-participation found in Quebec, New Brunswick and Newfoundland.

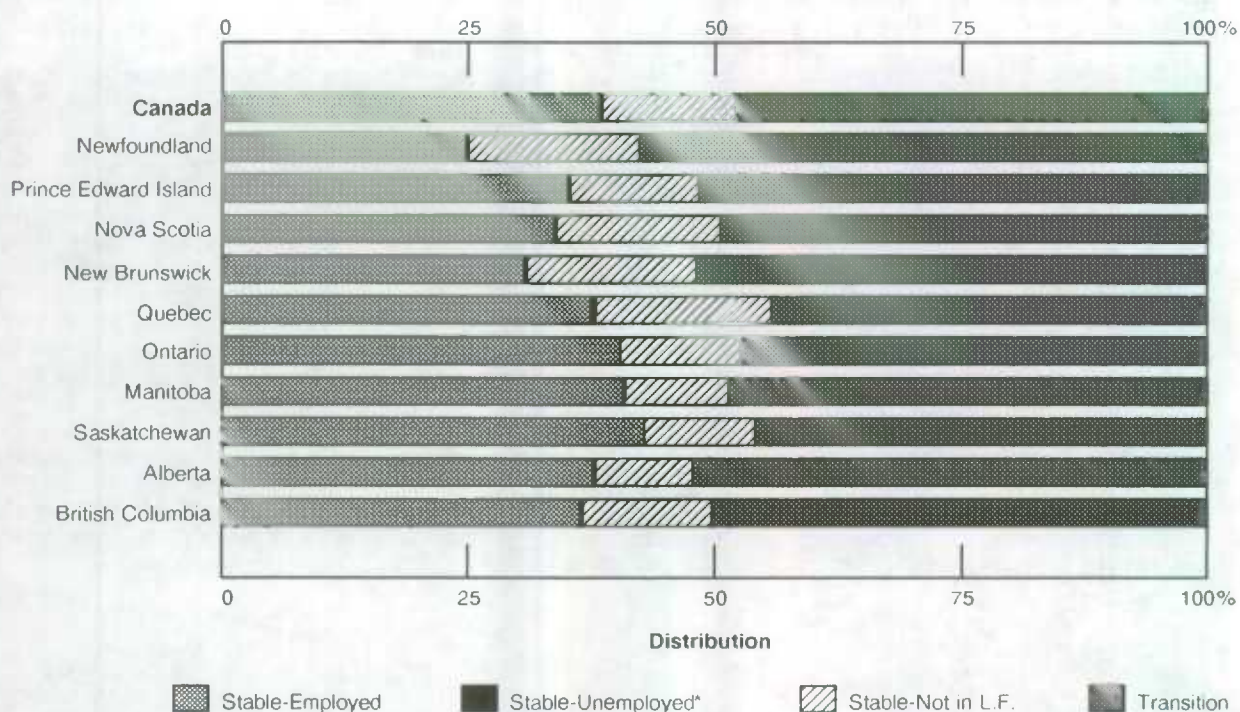
Table 1-2 is provided for readers interested in the absolute numbers experiencing different labour force states, and the percentage shares the different provinces contributed to the national totals. The first column in Table 1-2 provides, for comparative purposes, the distribution of the entire working-age population by province. The remaining columns show the provincial shares of the Canadian population experiencing different labour force states. For example, while 2.1% of all Canadians of working-age lived in Newfoundland, Newfoundland accounted for 2.7% of all Canadians who remained outside the labour force, 2.0% of those who remained unemployed, and only 1.4% of those who remained employed throughout the two year period. Newfoundland also accounted for 2.6% of all Canadians experiencing a transition.

Table 1-1

**Distribution of the Working-age Population Across Different Labour Force States, Canada and the Provinces, 1986-87**

Province	Labour force status			Transition	Total
	Stable				
	Outside labour force	Unemployed	Employed		
%	%	%	%	%	
Canada	13.7	0.3	38.2	47.8	100.0
Province					
Newfoundland	17.4	0.3	24.7	57.7	100.0
Prince Edward Island	13.0	0.3	35.1	51.7	100.0
Nova Scotia	16.7	0.2	33.7	49.4	100.0
New Brunswick	17.2	0.3	30.6	52.0	100.0
Quebec	17.6	0.5	37.5	44.3	100.0
Ontario	12.0	0.1	40.5	47.4	100.0
Manitoba	10.3	0.2	40.8	48.7	100.0
Saskatchewan	11.2	0.1	42.9	45.8	100.0
Alberta	9.8	0.2	37.8	52.2	100.0
British Columbia	12.8	0.5	36.3	50.4	100.0

## Distribution of Working-age Population by Labour Force States, by Province, 1986-87



\* This category is very small.

Table 1-2

### Distribution of the Working-age Population Within Different Labour Force States, by Province, 1986-87

Province	All	Labour force status			
		Stable			Transition
		Outside labour force	Unemployed	Employed	
<b>Canada ('000)</b>	<b>16,500</b>	<b>2,259</b>	<b>47</b>	<b>6,308</b>	<b>7,885</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Province</b>					
Newfoundland	2.1	2.7	2.0	1.4	2.6
Prince Edward Island	0.5	0.4	0.4	0.4	0.5
Nova Scotia	3.3	4.0	1.9	2.9	3.4
New Brunswick	2.7	3.4	2.5	2.2	2.9
Quebec	26.7	34.3	49.8	26.1	24.7
Ontario	36.7	32.1	10.5	38.8	36.4
Manitoba	3.9	3.0	3.1	4.2	4.0
Saskatchewan	3.6	3.0	1.2	4.1	3.5
Alberta	9.3	6.6	8.0	9.2	10.2
British Columbia	11.3	10.5	20.5	10.7	11.9



The most profitable way to examine Table 1-2 is to compare, for each province, the relevant figures for the different states with the share of the province's working-age population. Whenever the provincial share of a particular status is larger than the province's population share, it means that particular status is "over-represented" in the province (a relatively high incidence, as seen in Table 1-1). On the other hand, if the province's share of a particular status is smaller than the population share, the status is "under-represented" in that province (a relatively low incidence). For example, among those who remained unemployed throughout the two years, Ontario was under-represented, and Quebec was over-represented.

The purpose of presenting Table 1-2 separately from Table 1-1 is that the numbers and shares, as opposed to the incidence figures, provide a better guide to where the greatest concentration of people experiencing a particular status resided. Incidence alone can sometimes be misleading. For example, from Table 1-1, it may be mistakenly concluded that the absolute number of people experiencing a transition is greatest in Newfoundland because of the high incidence there. But the greatest number of people experiencing a transition resided in Ontario: nearly 3 million people versus only 205,000 in Newfoundland.

Table 1-3 provides information on the incidence of experiencing different labour force states by age and sex. Generally, the chances of experiencing a transition decreased with age. In the younger age groups, the higher rate resulted partly because of alternations between

school and work. Nearly all young people (over 92%) were in the labour force at least once during the two years (a later chapter looks more closely at this age group). One reason why older people (55-64 years) encountered fewer transitions was that they had much greater chances of remaining outside the labour force for the period (41.6%). In the 35-54 age group over one-half stayed in the same job for the duration of the two years, compared to a little over one-third for all age groups.

Men and women faced almost the same chance of experiencing a transition. However, similarities in labour force experience ended there. While roughly one-half of men and women experienced stable situations, the reasons for this stability were different. For women, the chance of remaining outside the labour force was four times as great as for men, while men were considerably more likely than women to experience a two year term of stable employment.

Table 1-4 presents information on the association of marital status with labour force status. To clarify terms, married persons includes "common-law" relationships, and the "other" category consists of separated, divorced and widowed persons. As a share of all working-age people, married persons accounted for two-thirds of the total; single persons for 27%; and others, 8%.

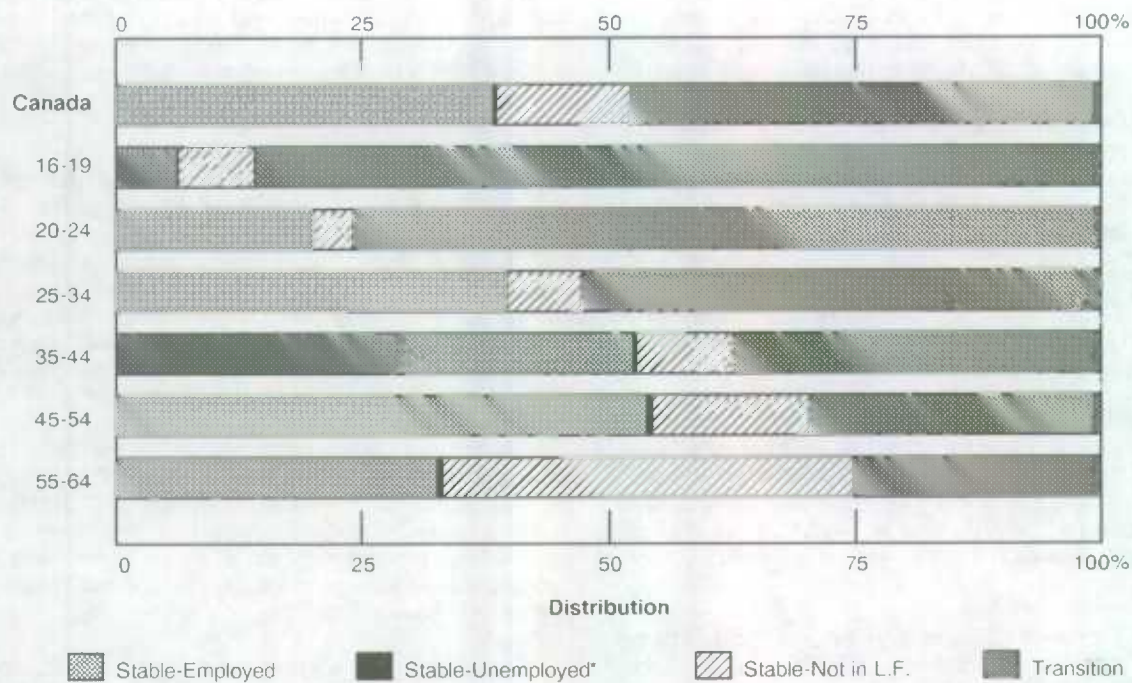
Single people encountered the greatest likelihood of experiencing a transition, while married persons were the most likely to have had two years of stable employment.

**Table 1-3**

**Distribution of the Working-age Population Across Different Labour Force States, by Age and Sex, 1986-87**

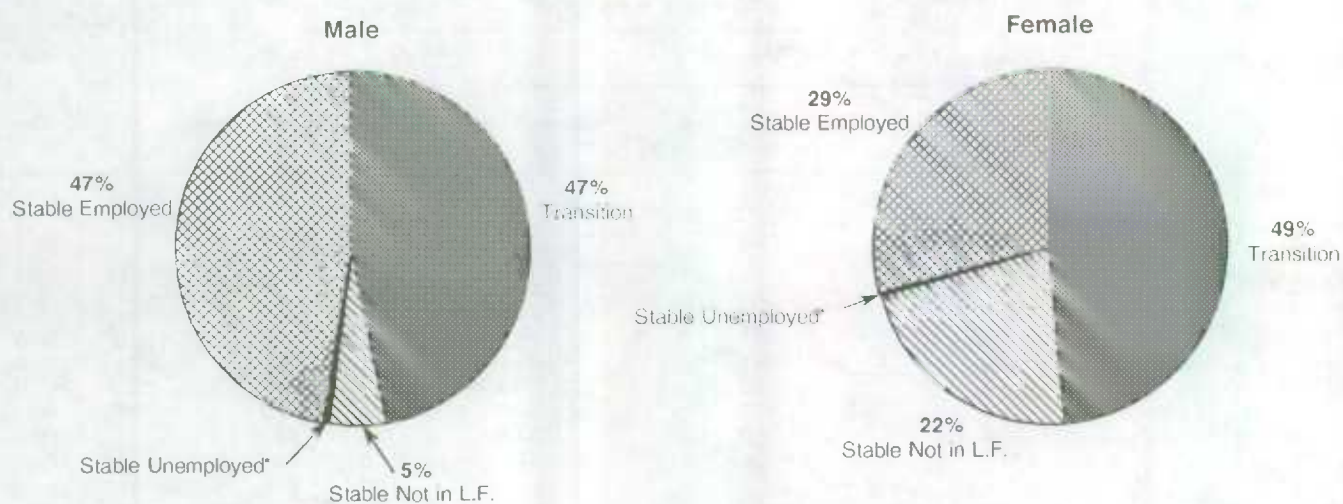
Age/Sex	Labour force status			Total	
	Stable		Transition		
	Outside labour force	Unemployed	Employed		
	%	%	%	%	%
All	13.7	0.3	38.2	47.8	100.0
Age					
16-19	7.8	0.1	6.2	85.9	100.0
20-24	4.1	0.1	20.0	75.8	100.0
25-34	7.4	0.3	39.6	52.7	100.0
35-44	9.9	0.3	52.5	37.3	100.0
45-54	16.0	0.5	53.9	29.7	100.0
55-64	41.6	0.4	32.7	25.4	100.0
Sex					
Male	5.3	0.4	47.4	46.9	100.0
Female	21.9	0.2	29.3	48.7	100.0

## Distribution of Working-age Population by Labour Force States, by Age Group, 1986-87



\* This category is very small.

## Distribution of Working-age Population by Labour Force States, by Gender, 1986-87



\* This category is very small.



Table 1-4

## Distribution of the Working-age Population Across Different Labour Force States, by Marital Status, 1986-87

Status	Labour force status				Total
	Stable			Transition	
	Outside labour force	Unemployed	Employed		
	%	%	%	%	%
<b>All</b>	<b>13.7</b>	<b>0.3</b>	<b>38.2</b>	<b>47.8</b>	<b>100.0</b>
<b>Marital status</b>					
Married	15.5	0.2	44.5	39.8	100.0
Single	6.7	0.3	23.9	69.1	100.0
Other	23.0	0.7	35.6	40.8	100.0

Table 1-5

## Distribution of the Working-age Population Across Different Labour Force States, by Education and Earnings Level, 1986-87

Level	Labour force status				Total
	Stable			Transition	
	Outside labour force	Unemployed	Employed		
	%	%	%	%	%
<b>All</b>	<b>13.7</b>	<b>0.3</b>	<b>38.2</b>	<b>47.8</b>	<b>100.0</b>
<b>Education level</b>					
No high school	33.1	0.8	30.8	35.4	100.0
Some high school*	13.8	0.2	35.9	50.1	100.0
Some post-secondary*	7.3	0.2	32.6	59.9	100.0
Certificate/Diploma	7.1	0.1	44.5	48.3	100.0
University graduate	5.2	0.2	53.7	41.0	100.0
<b>Earnings level**</b>					
\$1-\$9,999	0.0	0.0	13.7	86.3	100.0
\$10,000-\$19,999	0.0	0.0	44.9	55.1	100.0
\$20,000-\$39,999	0.0	0.0	68.5	31.5	100.0
Over \$40,000	0.0	0.0	78.3	21.7	100.0

\* In this and similar tables, some high school includes graduation, whereas some post-secondary excludes graduation.

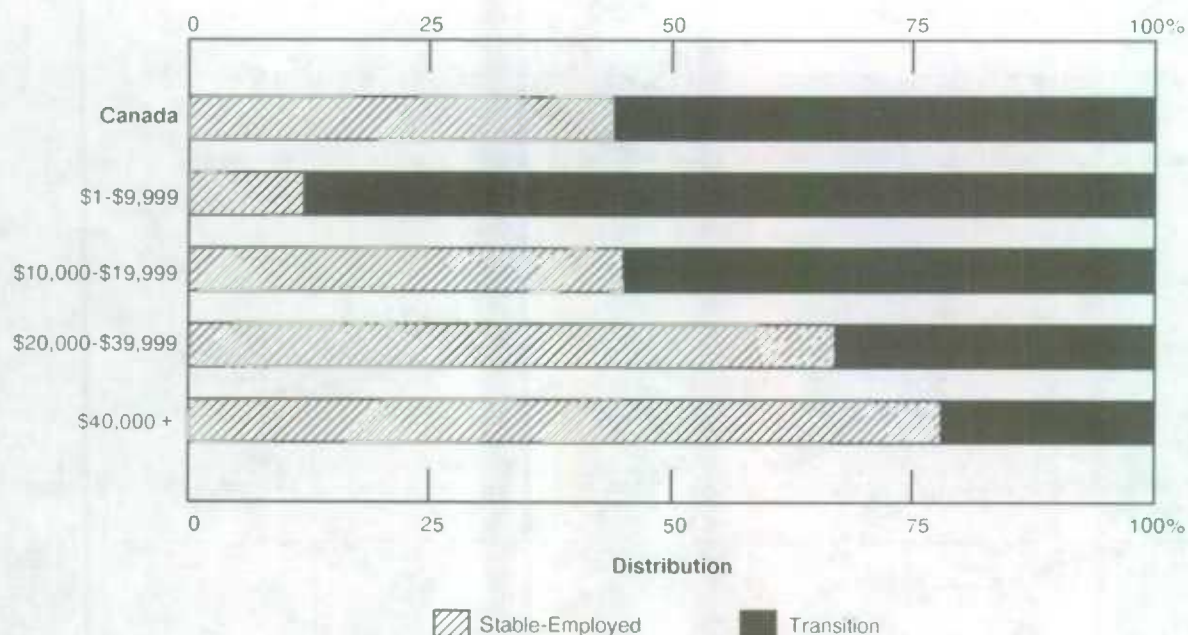
\*\* Paid workers only. See explanation below.

Table 1-5 displays the relationship of education and earnings levels with labour force status. In general, there was no systematic relationship between education level and transitions. However, higher levels of education seemed to increase the chances of maintaining stability in employment. Over one-half of university graduates remained in the same job for two years. Possessing only a high school education produced a greater chance of remaining unemployed or out of the labour force for the duration of the period.

The earnings data show zero values for persons outside the labour force and unemployed because the data cover paid workers only (earnings are for the year 1986).

To qualify as a paid worker, a person must have worked at least one day during the two years and, therefore, would fall into either the employed or transition columns. Because earnings and amount of employment are highly correlated, it is expected that those with high earnings experience the greatest employment stability, and, indeed, over three-quarters of those with the highest earnings remained in the same job for the duration. Conversely, workers with a low earnings level experienced much transition, with almost nine out of 10 workers encountering a transition. In many of these cases, low earnings were the result of alternating periods of employment, unemployment and of being outside the labour force.

## Distribution of Paid Workers by Labour Force States, by Earnings, 1986-87



Regional unemployment rates and their association with labour force status are presented in Table 1-6. The term "regional" covers a much smaller geographical area than the five large Canadian regions. Here it represents the 71 regions used by Statistics Canada's Labour Force Surveys. In some of the larger cities, the regional unemployment rate is synonymous with the local rate. Although a region might cover a larger geographical area in rural Canada, the regional rate, in most cases, accurately reflects the state of job opportunities in the immediate area surrounding a worker's residence.

Regional unemployment rates appear to exert considerable influence on labour force status: the higher the rate, the greater the likelihood of a transition. However, the greatest influence was on stable employment. Only one-quarter of the working-age population remained in the same job throughout the two years in regions where unemployment exceeded 16.0%.

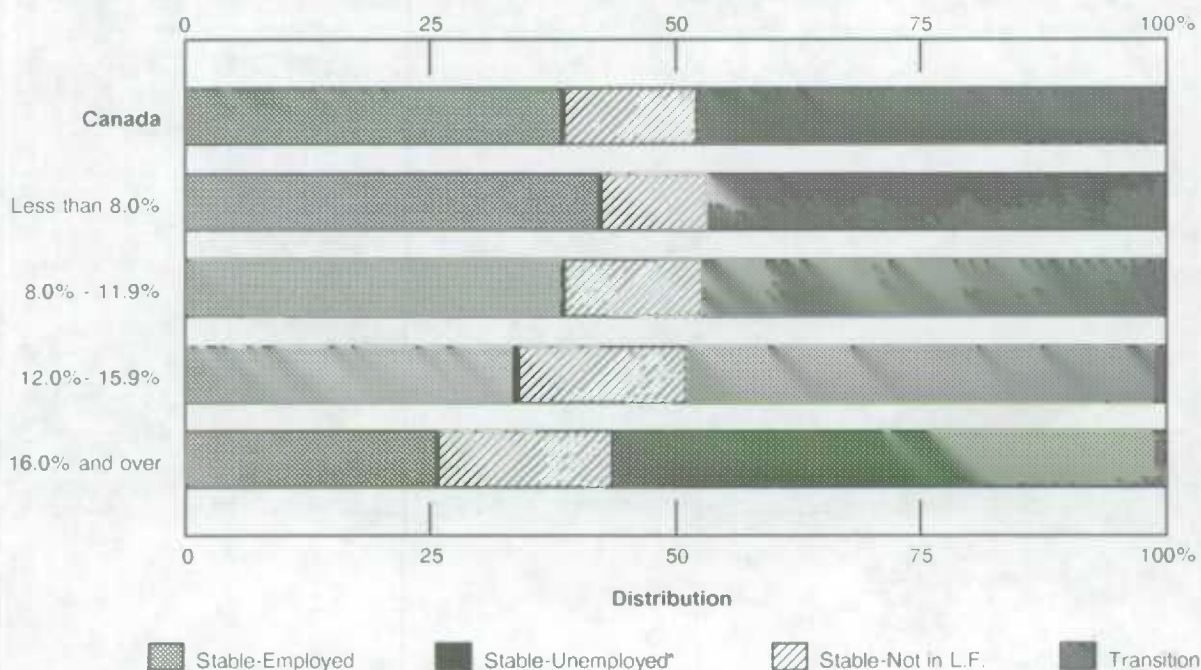
Table 1-6

### Distribution of the Working-age Population Across Different Labour Force States, by Regional Unemployment Rate, 1986-87

Regional unemployment rate	Labour force status				Total
	Stable			Transition	
	Outside labour force	Unemployed	Employed		
	%	%	%	%	%
<b>All</b>	<b>13.7</b>	<b>0.3</b>	<b>38.2</b>	<b>47.8</b>	<b>100.0</b>
Less than 8.0%	10.9	0.1	42.2	46.8	100.0
8.0%-11.9%	14.1	0.4	38.2	47.4	100.0
12.0%-15.9%	17.0	0.5	33.5	49.0	100.0
16.0% and over	17.7	0.3	25.6	56.4	100.0



## Distribution of Working-age Population by Labour Force States and Regional Unemployment Rate, 1986-87



\* This category is very small.

### The Elastic Nature of the Labour Force: Estimates Derived From Different Accounting Periods

The data in Tables 1-1 to 1-6 represent labour force estimates for the combined 1986-87 period. By comparison, the figures in Table 1-7 represent labour force estimates using three different accounting periods: (i) stock figures derived from the 1987 regular monthly Labour Force Survey; (ii) LMAS flow data for 1987 alone; and (iii), the two year combined LMAS flow data.

Key labour force statistics vary considerably depending on the accounting period chosen (Table 1-7). Each method has its uses. The regular Labour Force Survey, based on monthly estimates, provides an accurate snapshot for any particular month; but for generating an annual picture of the labour force it is obviously limited. Furthermore, it could, if misinterpreted, provide a misleading impression of the state of the labour force and the flexibility of the working-age population.

Table 1-7

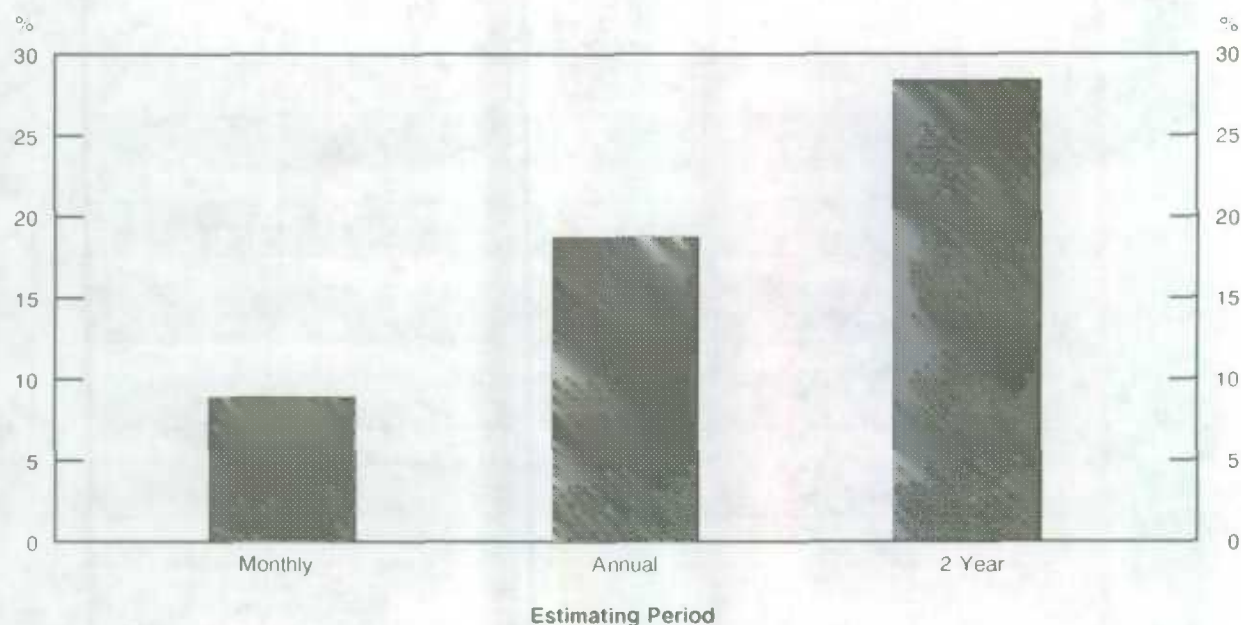
### A Comparison of Labour Force Estimates for the Working-age Population Using One Month, One Year and Two Year Estimating Periods

In labour force	Estimated from:					
	LFS-1 month*		LMAS-1 year**		LMAS-2 years	
	Number	%	Number	%	Number	%
	('000)		('000)		('000)	
In labour force	12,827	75.2	13,720	83.2	14,240	86.3
Employed	11,682	91.1	13,270	96.7	13,870	97.4
Unemployed	1,145	8.9	2,552	18.6	4,036	28.3

\* Monthly average for 1987

\*\* 1987 figures.

## Unemployment Rate Using Monthly, Annual and 2 Year Estimating Periods, 1986-87



As can be seen in the table, the one year LMAS estimates reveal a much higher participation rate than forecast by the monthly data. Whereas, 75.2% of the working-age population is in the labour force in any given month; over a year, 83.2% is involved in the labour force (representing an additional 893,000 workers). And over a two year period, the participation rate rises to 86.3% (a further increment of 520,000 workers). Consequently, comparing the results of the one and two year accounting periods reveals considerable elasticity in the number of labour force members generated by the same working-age population (17 million).

Much the same story applies to unemployment rates. The monthly data suggest that in 1987, over 1 million working-age Canadians (8.9% of the labour force) were unemployed each month; but they were not the same people month after month, since the LMAS annual estimate for 1987 shows twice as many, 2.5 million (18.6% of the labour force), experienced a period of unemployment in 1987. Over the combined 1986-87 period, the number of Canadians experiencing an unemployment spell almost doubled again to 4 million (28.3% of the labour force).

### A Demographic Profile of Workers Experiencing a Transition

This section provides more detailed information on those members of the working-age population who experienced at least one transition during the two years. The incidence data in the first column of Tables 1-8

through 1-12 have been previously presented, but are repeated here for easy comparison with new companion information on mean number of transitions and the share of total transitions by different characteristics.

**Table 1-8**  
**Distribution, Incidence and Mean Number of Transitions for the Working-age Population, by Province, 1986-87**

Province	Incidence	Mean number	Distribution
	%		%
<b>All</b>	<b>47.8</b>	<b>3.3</b>	<b>7,885,000</b>
<b>Total</b>			<b>100.0</b>
<b>Province</b>			
Newfoundland	57.7	4.1	2.6
Prince Edward Island	51.7	4.1	0.5
Nova Scotia	49.4	3.5	3.4
New Brunswick	52.0	3.8	2.9
Quebec	44.3	3.2	24.7
Ontario	47.4	3.2	36.4
Manitoba	48.7	3.1	4.0
Saskatchewan	45.8	3.1	3.5
Alberta	52.2	3.4	10.2
British Columbia	50.4	3.3	11.9



Table 1-8 reveals that the nearly 8 million people experiencing a transition in 1986-87, encountered 3.3 transitions on average. In practical terms this means that these people experienced a transition about every seven months. Although it need not be, provinces with the highest incidence also had the greatest mean number of transitions. Not only did a larger share of the working-age population in some provinces experience transitions, but they also encountered more of them.

For example, people in Newfoundland and P.E.I. over the two years averaged one more transition than residents of Saskatchewan and Manitoba. Again, in practical terms, the relatively smaller share of people experiencing a transition in the two Prairie provinces encountered one about every eight months, while a relatively larger share of those in the two Atlantic provinces encountered one about every six months. Although residents of Ontario and Quebec experienced below-average incidence and means, they accounted for over 61% of all Canadians who experienced a transition simply because of their large population shares.

Table 1-9 provides information on transitions by age and sex. As noted earlier, the incidence drops steadily with age. Variations in both the incidence and the means were much greater across the age groups than they were across the provinces. A relatively small share of persons in the 55-64 age group experienced a transition, and the transitions occurred on average about every nine and one half months. In contrast, a much larger share of the youngest workers (16-19 years) encountered transitions, and more frequently, about every six months. Almost two-thirds of the workers experiencing a transition were below the age of 35.

**Table 1-9**

**Distribution, Incidence and Mean Number of Transitions for the Working-age Population, by Age and Sex, 1986-87**

Age/Sex	Incidence	Mean number	Distribution
	%		
<b>All</b>	<b>47.8</b>	<b>3.3</b>	<b>7,885,000</b>
			%
<b>Total</b>			<b>100.0</b>
<b>Age</b>			
16-19	85.9	4.1	16.1
20-24	75.8	3.8	20.0
25-34	52.7	3.1	29.6
35-44	37.3	2.9	17.4
45-54	29.7	2.9	9.5
55-64	25.4	2.5	7.4
<b>Sex</b>			
Male	46.9	3.4	48.4
Female	48.7	3.2	51.6

There is little difference in the mean, incidence and distributional shares of males and females experiencing transitions. Women exhibited a slightly higher incidence, but those who did encounter a transition averaged a slightly smaller number of them than men did.

Table 1-10 displays transition data according to marital status. Single people experienced the highest incidence and the largest mean number of transitions. However, because of their dominant population share, the majority of people experiencing a transition were married.

**Table 1-10**

**Distribution, Incidence and Mean Number of Transitions for the Working-age Population, by Marital Status, 1986-87**

Status	Incidence	Mean number	Distribution
	%		
<b>All</b>	<b>47.8</b>	<b>3.3</b>	<b>7,885,000</b>
			%
<b>Total</b>			<b>100.0</b>
<b>Marital status</b>			
Married	39.8	2.9	54.2
Single	69.1	3.9	39.2
Other	40.8	3.0	6.6

Table 1-11 displays information on transitions by education and earnings level. The incidence of transition was lowest for those having no high school, likely because of their age: older workers tend to possess the lowest levels of education, and, as seen earlier, the lowest incidence of transition. Otherwise, the completion of higher education levels tended to reduce both the incidence and mean number of transitions.

There is tremendous variation in the means and rates of transition according to earnings. As with education, the high incidence of transition at the lowest earnings level can be partly attributed to age. Young workers, many alternating between school and work, are heavily represented in the lowest earnings group, and as noted earlier, experienced high rates of transition. But the steady drop in both the mean number and incidence of transitions associated with rising earnings is not primarily explained by age.

Only one-fifth of workers with earnings over \$40,000 experienced a transition, and then only slightly more often than once a year; while the remaining four-fifths encountered no transition in the two years. Part of the explanation behind the inverse relationship between the mean number of transitions and earnings is simple. To earn higher incomes, a person must secure fairly steady employment. As shown in the next section, since almost half of all transitions end initially in a period of unemployment or a departure from the labour force, it is difficult to experience many transitions and maintain a high level of earnings.



Table 1-11

**Distribution, Incidence and Mean Number of Transitions for the Working-age Population, by Education and Earnings Level, 1986-87**

Level	Incidence	Mean number	Distribution
	%		
All	47.8	3.3	7,885,000
			%
Total			100.0
<b>Education level</b>			
No high school	35.4	3.2	9.8
Some high school	50.1	3.4	52.9
Some post-secondary	59.9	3.7	13.2
Certificate/Diploma	48.3	3.1	13.6
University graduate	41.0	2.8	10.6
<b>Earnings level*</b>			
\$1-\$9,999	86.3	4.1	53.0
\$10,000-\$19,999	55.1	3.1	25.4
\$20,000-\$39,999	31.5	2.3	18.8
Over \$40,000	21.7	2.1	2.8

\* Paid workers only

The likelihood of a transition, along with the mean number, increases with the regional unemployment rate as Table 1-12 verifies. Those living in regions where unemployment exceeded 16.0% had the greatest chance of experiencing a transition, encountering them twice a year on average. By contrast, in areas where unemployment rates were below 8.0%, not only did a smaller share of people experience a transition, but they encountered them less frequently, about every eight months.

Table 1-12

**Distribution, Incidence and Mean Number of Transitions for the Working-age Population, by Regional Unemployment Rate, 1986-87**

Regional unemployment rate	Incidence	Mean number	Distribution
	%		
All	47.8	3.3	7,885,000
			%
Total			100.0
Less than 8.0%	46.8	3.2	29.5
8.0%-11.9%	47.4	3.2	51.3
12.0%-15.9%	49.0	3.5	14.7
16.0% and over	56.4	4.0	4.6

Despite the higher incidence figures in high unemployment areas, the table shows that 80.8% of the workers encountering a transition lived in regions where the unemployment rate was below 12.0%, which is in line with their share of the working-age population. Less than 5% of the working-age population lived in areas where unemployment was at 16.0% or higher.

### The Origin and Destination Points of Transitions

To form qualitative judgements concerning the nature of transitions it is necessary to know the labour force origins and destinations of people experiencing a transition. Some transitions are good, and some are bad. A transition can be one of seven types of movement among labour force states, and some of these moves are likely to be more beneficial to workers and the labour market than others. For example, promotions from one job to another are positive and healthy labour market transitions. On the other hand, transitions from employment to unemployment are often negative because they have the potential for seriously disrupting worker, household and labour market functioning.

Table 1-13 displays the origins and immediate destination points of the 26 million transitions that took place in 1986-87. The table was constructed so the total of all seven transitions (cells) add to 100.0%. As a consequence, the seven percentages shown record the contribution to the total number of transitions made by each type of transition. Greater detail and analysis by province, age, sex, education and other variables for the destination points of departing workers is presented in Chapter 5.

Over half the destinations were to a state of employment, while about a quarter each were to unemployment and leaving the labour force. About half of transitions also originated with employment.

Among the seven specific types of transitions, the largest proportion were from employment to leaving the labour force (21.0%); followed closely by movement from employment to employment (18.4%); unemployment to employment (17.2%); and from being outside the labour force to employment (16.9%). It should be noted that transitions from employment to employment included significant job changes with the same employer.

Additional survey findings (not shown in the table) reveal the destination of any subsequent transitions for those who either became unemployed or left the labour force as described in Table 1-13. Of the 25.2% of the transitions where people immediately left the labour force, approximately two-thirds subsequently went on to a state of employment and one-third to unemployment. Of the 22.2% of the transitions that resulted in unemployment, approximately four-fifths returned to a state of employment, while one-fifth left the labour force.

Table 1-13

## Origins and Immediate Destination Points of People Experiencing a Labour Force Transition, 1986-87

Origin	Destination			Total
	Employment	Unemployment	Outside labour force	
	%	%	%	%
Employment	18.4	11.5	21.0	50.9
Unemployment	17.2	--	4.2	21.4
Outside labour force	16.9	10.7	--	27.6
<b>Total</b>	<b>52.5</b>	<b>22.2</b>	<b>25.2</b>	<b>100.0</b>

-- Denotes the impossibility of this type of transition, and the implied value is 0.0%.

## Chapter 2

### Spells of Employment, Unemployment and Periods Outside the Labour Force

Chapter 1 provided evidence on who experienced a transition, and who experienced a stable labour force state. This chapter further examines transitions by providing a breakdown of the working-age population that experienced any one of the three labour force states – employed, unemployed, or outside the labour force. In particular it examines how many times people were unemployed.

The monthly Statistics Canada Labour Force Survey estimates how many people are in the labour force, and how many are either employed or unemployed during any given month. But it cannot estimate how many times the same person is in the labour force, employed or unemployed during a longer period. We know from the transition data that almost one-half of the working-age population experienced at least two labour force states during the two years. The LMAS provides information on how many times people experienced a particular labour force state over a given period. It permits an investigation of whether a yearly unemployment total indicates a large number of different people being unemployed once, or a smaller number of the same people experiencing multiple unemployment spells. The first section of this chapter examines all three types of labour force spells, while the second section focuses exclusively on unemployment.

#### Spells of Employment, Unemployment and Being Outside the Labour Force

Table 2-1 demonstrates that the overwhelming majority (84.1%) of Canadians of working age had at least one spell of employment during the two years (technically, a spell could last for the entire two years). Almost one-quarter had at least one spell of unemployment; and nearly one-half had a spell outside the labour force. This latter figure may be somewhat surprising given that in Chapter 1 it was estimated that less than 14% of working-age Canadians were continually outside the labour force for the two years. The 48.0% figure in Table 2-1 underscores that an additional 34.0% of workers were in and out of the labour force at some time during the two years.

Table 2-2 provides employment spell data by province. The table reads most meaningfully by comparing the provincial incidence figures with the national rates displayed at the top of the columns. The provincial rates vary much less for employment than for unemployment and being outside the labour force. Newfoundland stands out for its lower rate of employment spells and its higher

rates for unemployment and being outside the labour force. In Newfoundland, two-thirds of the working-age population was out of the labour force at some time during the two years.

Table 2-1

**Number and Percentage of Working-age Canadians Experiencing a Spell of Employment, Unemployment, and a Period Not in the Labour Force, 1986-87**

Employment	Number	Percentage
	('000)	%
<b>Spell</b>		
Employment	13,870	84.1
Unemployment	4,036	24.5
Outside labour force	7,920	48.0

Table 2-2

**Incidence of the Working-age Population Experiencing a Spell of Employment, Unemployment, and Being Outside the Labour Force, by Province, 1986-87**

Province	Type of spell		
	Employment	Unemployment	Outside labour force
	%	%	%
<b>Canada</b>	<b>84.1</b>	<b>24.5</b>	<b>48.0</b>
Newfoundland	79.1	40.0	66.4
Prince Edward Island	85.7	32.2	51.6
Nova Scotia	80.4	29.6	53.9
New Brunswick	79.9	31.6	58.4
Quebec	79.0	25.1	50.8
Ontario	86.8	21.1	44.8
Manitoba	88.0	22.5	43.4
Saskatchewan	87.0	20.8	42.4
Alberta	88.5	26.4	46.5
British Columbia	84.5	27.6	48.7

With few exceptions, provinces can be divided into three groups according to spell patterns: B.C. and Alberta, the remaining provinces west of Quebec, and Quebec and the four Atlantic provinces. B.C. and Alberta are near the national average in all categories. Ontario, Saskatchewan and Manitoba have above-average percentages of employment, and below-average rates for unemployment and being outside the labour force. Quebec and the Atlantic provinces exhibit the opposite pattern, although it is not as pronounced in Quebec.



## Spells of Employment, Unemployment and Not in Labour Force by Province, 1986-87

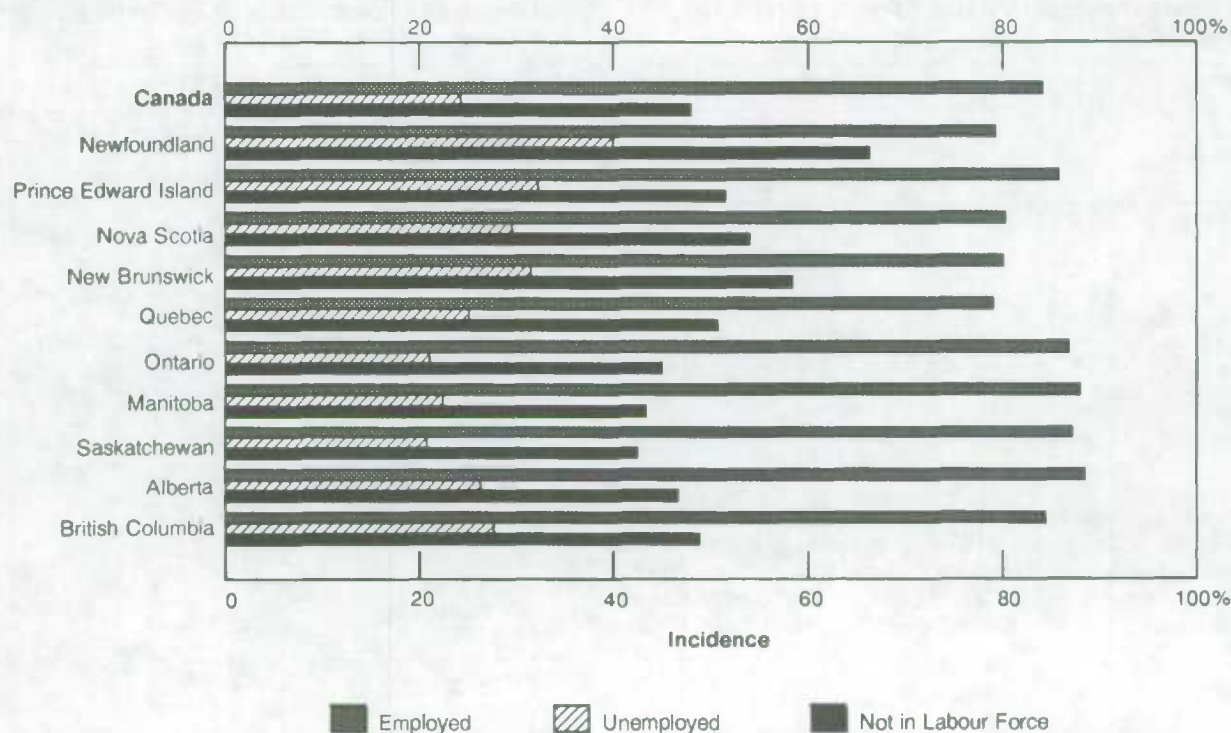


Table 2-3

**Incidence of the Working-age Population Experiencing a Spell of Employment, Unemployment, and Being Outside the Labour Force, by Age and Sex, 1986-87**

Characteristic	Type of spell		
	Employment	Unemployment	Outside labour force
	%	%	%
<b>All</b>	<b>84.1</b>	<b>24.5</b>	<b>48.0</b>
<b>Age</b>			
16-19	88.5	49.1	82.9
20-24	94.2	42.6	59.2
25-34	90.4	26.3	41.8
35-44	88.1	17.4	33.9
45-54	81.7	15.0	36.6
55-64	56.3	10.5	62.5
<b>Sex</b>			
Male	93.0	25.0	36.2
Female	75.4	23.9	59.5

Table 2-3 displays the spell patterns by age and sex. Young people (16-24 years) had the highest rate of spells of all types, suggesting much movement in and out of the labour force. Overall, both employment and unemployment dropped steadily with age. The likelihood of being outside the labour force decreases at first with age, but rises after age 45.

By sex, there were striking differences in the percentages employed and outside the labour force, but the unemployment experience was similar. Over one-half of women were out of the labour force at some time during the two years, compared to only about one-third of men. This resulted in reduced employment spells for women.

According to the marital status data in Table 2-4, single people experienced the most flux in the labour market, ranking at the top in all three spells. They were most likely to be employed, unemployed and outside the labour force during the two years.

Higher education levels were strongly associated with employment and weakly associated with unemployment or being outside the labour force (Table 2-5). The main exception to this was the low incidence of unemployment among those with no high school education. This is partly explained by the high percentage outside the labour force: if people were not in the labour force they could not be counted in either the employment or unemployment categories.

Table 2-4

**Incidence of the Working-age Population Experiencing a Spell of Employment, Unemployment, and Being Outside the Labour Force, by Marital Status, 1986-87**

Status	Type of spell		
	Employ-ment	Unemploy-ment	Outside labour force
	%	%	%
<b>All</b>	<b>84.1</b>	<b>24.5</b>	<b>48.0</b>
<b>Marital status</b>			
Married	82.7	18.6	42.9
Single	90.6	39.1	59.2
Other	73.1	22.6	52.3

The earnings data demonstrate that the incidence of spells of unemployment and being outside the labour force decreased steadily with the level of earnings. This is to be expected, since earnings are highly correlated with stable employment, and with not experiencing unemployment or leaving the labour force.

Table 2-5

**Incidence of the Working-age Population Experiencing a Spell of Employment, Unemployment, and Being Outside the Labour Force, by Education and Earnings Level, 1986-87**

Level	Type of spell		
	Employ-ment	Unemploy-ment	Outside labour force
	%	%	%
<b>All</b>	<b>84.1</b>	<b>24.5</b>	<b>48.0</b>
<b>Education level</b>			
No high school	63.2	20.1	61.5
Some high school	83.8	27.6	50.5
Some post-secondary	91.0	28.9	52.2
Certificate/Diploma	91.7	22.0	39.2
University graduate	93.8	15.1	29.2
<b>Earnings level*</b>			
\$1-\$9,999	100.0	51.1	70.0
\$10,000-\$19,999	100.0	25.5	33.4
\$20,000-\$39,999	100.0	9.2	15.7
Over \$40,000	100.0	4.8	7.8

\* Paid workers only.

### Spells of Employment, Unemployment and Not in Labour Force by Regional Unemployment Rate, 1986-87

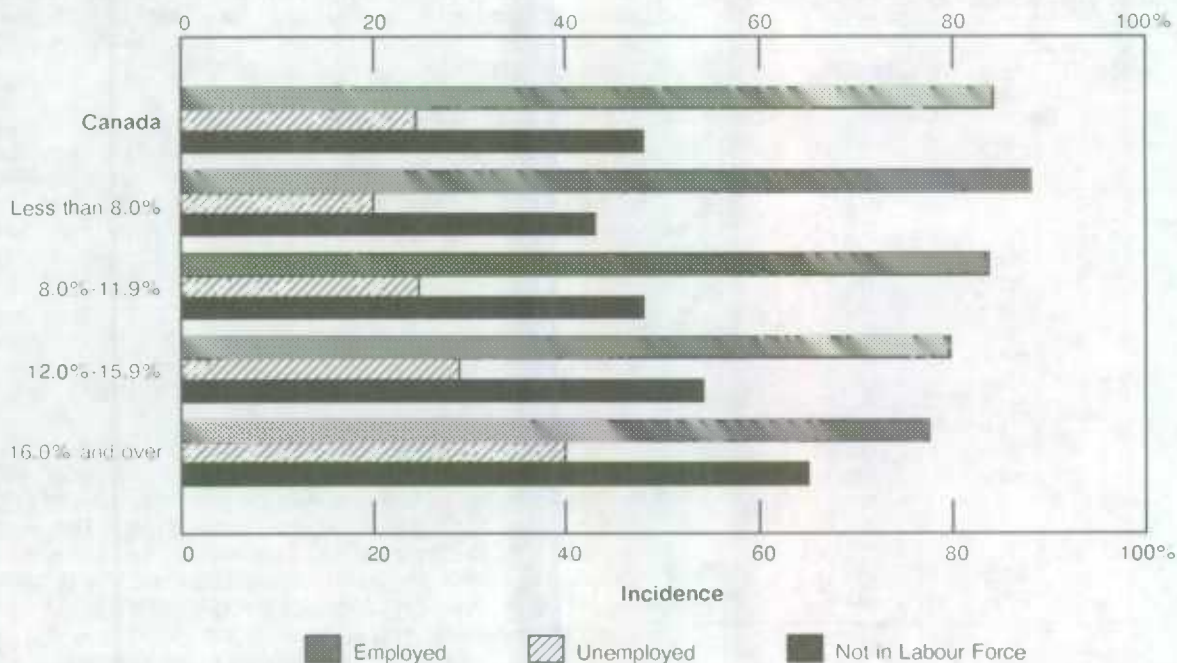


Table 2-6

**Incidence of the Working-age Population Experiencing a Spell of Employment, Unemployment, and Being Outside the Labour Force, by Regional Unemployment Rate, 1986-87**

Regional unemployment rate	Type of spell		
	Employment	Unemployment	Outside labour force
	%	%	%
<b>All</b>	<b>84.1</b>	<b>24.5</b>	<b>48.0</b>
Less than 8.0%	88.0	19.9	43.0
8.0%-11.9%	83.5	24.8	48.0
12.0%-15.9%	79.7	28.8	54.1
16.0% and over	77.6	40.1	65.0

Those living in high unemployment regions were twice as likely to encounter unemployment, and much more likely (by over 50%) to experience a spell of being out of the labour force than those living in regions of low unemployment (Table 2-6). On the other hand, their chances of experiencing employment were, comparatively, much less affected, which suggests that their employment spells were probably of shorter duration.

## The Length of Unemployment Spells

Table 2-7 summarizes the length of all unemployment spells experienced by labour force members during 1986-87. At the national level, over 70% experienced no spell of unemployment, 23.1% experienced a short spell lasting 26 weeks or less, and 5.2% had a long-term spell lasting longer than 26 weeks.

People in only three provinces (Ontario, Manitoba and Saskatchewan) experienced fewer unemployment spells of any length than the national average. Those in Newfoundland, New Brunswick and B.C. experienced the highest incidence of long spells, while the rate in Ontario was particularly low by comparison.

## Average Number and Duration of Unemployment Spells

This section examines the proportion of workers in the working-age population who experienced an unemployment spell, the number of spells they experienced, and the average duration of spells completed by the end of 1987. In calculating duration, only the length of spells that both commenced and ended in 1986-87 (completed spells) are measured to avoid understating the length of unemployment spells by including those still in progress.

Table 2-7

**Distribution of Short and Long-term Spells of Unemployment Among All Labour Force Members, Canada and the Provinces, 1986-87**

Province	No spell	Short-term (26 weeks and less)	Long-term (26 + weeks)	Total
	%	%	%	%
<b>Canada</b>	<b>71.7</b>	<b>23.1</b>	<b>5.2</b>	<b>100.0</b>
Newfoundland	51.6	38.8	9.6	100.0
Prince Edward Island	62.9	31.8	5.3	100.0
Nova Scotia	64.5	28.6	6.9	100.0
New Brunswick	61.9	30.6	7.5	100.0
Quebec	69.5	23.7	6.8	100.0
Ontario	76.0	20.8	3.2	100.0
Manitoba	74.8	20.8	4.4	100.0
Saskatchewan	76.6	19.0	4.4	100.0
Alberta	70.7	23.7	5.6	100.0
British Columbia	68.4	24.6	7.0	100.0



## Average Duration of Completed Spells of Unemployment, by Province, 1986-87

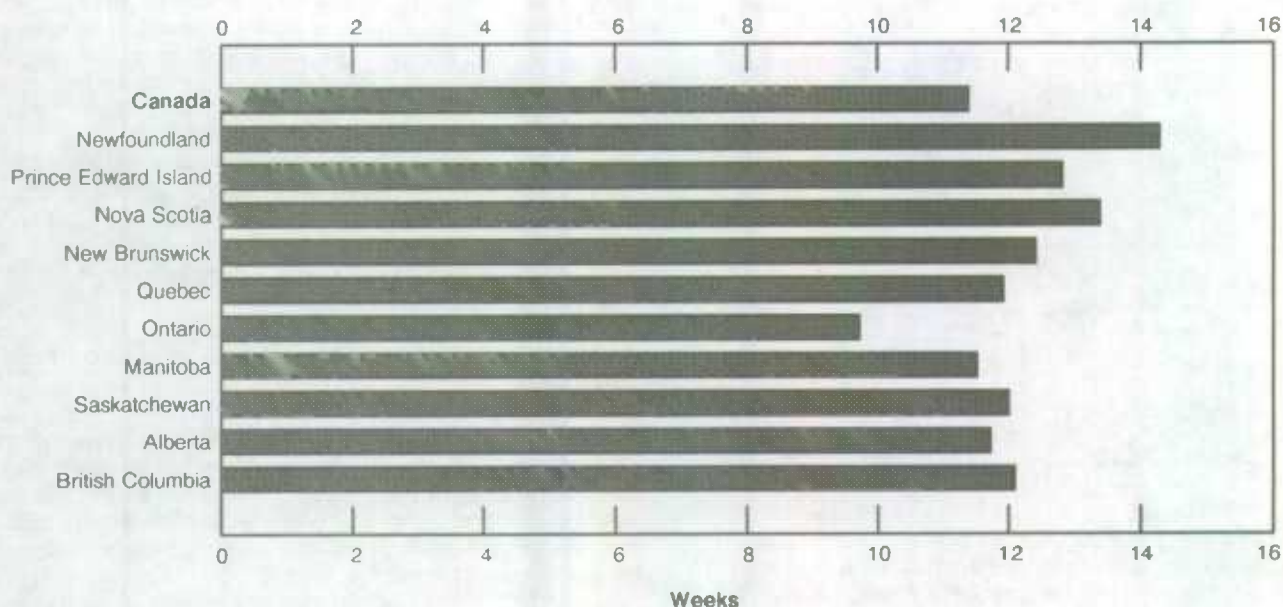


Table 2-8

**Proportion of Working-age Population with an Unemployment Spell, Average Number of Spells, and Duration of Completed Spells of Unemployment, by Province, 1986-87**

Province	% having an unemployment spell	Number of unemployment spells*	Average duration (weeks)*
	%		
Canada	24.5	1.6	11.4
Newfoundland	40.0	1.9	14.3
Prince Edward Island	32.2	2.2	12.8
Nova Scotia	29.6	1.7	13.4
New Brunswick	31.6	1.9	12.4
Quebec	25.1	1.6	11.9
Ontario	21.1	1.6	9.7
Manitoba	22.6	1.5	11.5
Saskatchewan	20.8	1.6	12.0
Alberta	26.4	1.6	11.7
British Columbia	27.6	1.7	12.1

\* In this and following tables, the average number and duration of unemployment spells was calculated only for those workers experiencing a spell.

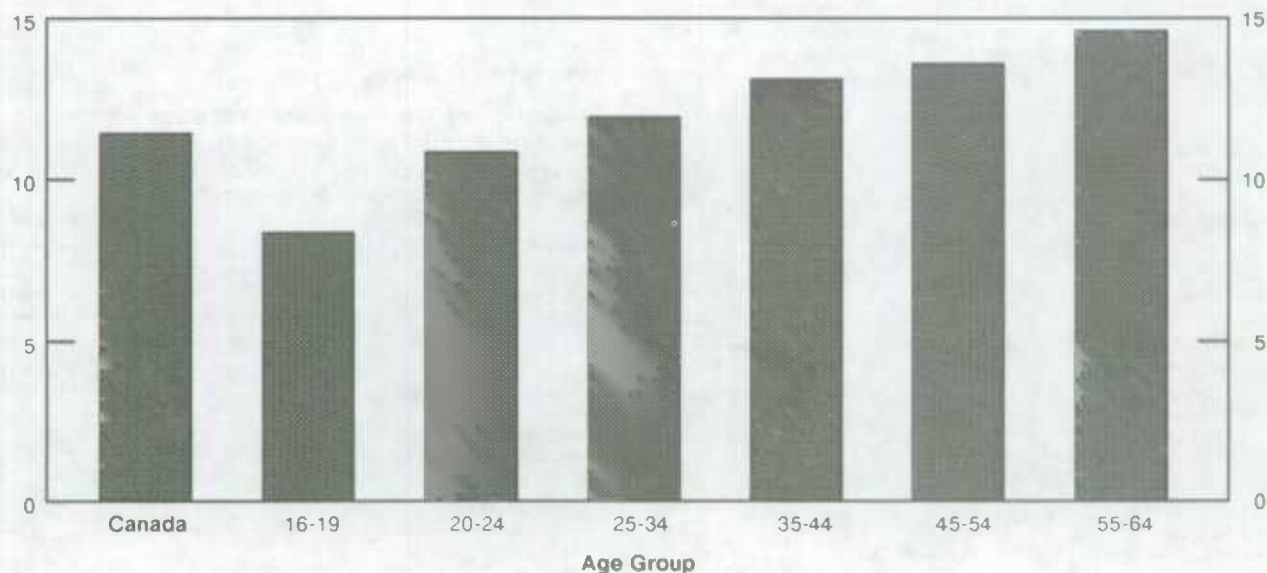
Table 2-8 presents the breakdown of this data by province. Nationally, almost one-quarter of the working-age population had an unemployment spell (either

completed or ongoing). Those experiencing unemployment had an average of 1.6 spells during the two years, with the completed spells lasting 11.4 weeks. There was not much variation in the number of spells, with workers in seven provinces at or very near the national average. Only workers in Newfoundland, P.E.I. and New Brunswick encountered above-average numbers of spells, and only P.E.I. exceeded the average appreciably.

There is more variation across the provinces by duration of completed unemployment spell. In Ontario, the average spell lasted 9.7 weeks, while in Newfoundland it ran to 14.3 weeks. The much shorter duration in Ontario brings down the national average to such an extent that the unemployed in the other nine provinces actually experienced durations longer than the national average.

Table 2-9 presents unemployment spell data by age and sex. Regardless of age, the average number of unemployment spells was virtually the same. However, while the percentage experiencing an unemployment spell fell with age, the duration increased, suggesting that older workers either experienced more difficulty finding any work, or else were looking for a particular type of job and earnings level. Young people, many of whom were students, may have been more inclined to accept the first job that came along since it was more likely viewed as temporary. By sex, there was no appreciable difference in any of the unemployment spell phenomena.

## Average Duration of Completed Spells of Unemployment by Age Group, 1986-87



**Table 2-9**

**Proportion of Working-age Population with an Unemployment Spell, Average Number of Spells, and Duration of Completed Spells of Unemployment, by Age and Sex, 1986-87**

Age/Sex	% having an unemployment spell	Number of unemployment spells	Average duration (weeks)
	%		
<b>All</b>	<b>24.5</b>	<b>1.6</b>	<b>11.4</b>
<b>Age</b>			
16-19	49.1	1.6	8.3
20-24	42.6	1.7	10.8
25-34	26.3	1.6	11.9
35-44	17.4	1.6	13.1
45-54	15.0	1.6	13.6
55-64	10.5	1.6	14.6
<b>Sex</b>			
Male	25.0	1.7	11.3
Female	23.9	1.5	11.5

Table 2-10 shows little difference in the average number of unemployment spells by marital status. However, marked differences in the duration of unemployment exist, with single people experiencing shorter spells than all others.

**Table 2-10**

**Proportion of Working-age Population with an Unemployment Spell, Average Number of Spells, and Duration of Completed Spells of Unemployment, by Marital Status, 1986-87**

Status	% having an unemployment spell	Number of unemployment spells	Average duration (weeks)
	%		
<b>All</b>	<b>24.5</b>	<b>1.6</b>	<b>11.4</b>
<b>Marital status</b>			
Married	18.6	1.6	12.8
Single	39.1	1.7	9.7
Other	22.6	1.6	12.9

Table 2-11 shows that both the average number of unemployment spells and their duration dropped slightly with the level of education, and considerably with earnings. Workers at the lowest level of earnings experienced 51.1% more unemployment spells on average, and spent more than five weeks longer in their spells than workers earning over \$40,000.



Table 2-11

**Proportion of Working-age Population with an Unemployment Spell, Average Number of Spells, and Duration of Completed Spells of Unemployment, by Education and Earnings Level, 1986-87**

Level	% having an unemployment spell	Number of unemployment spells	Average duration (weeks)
	%		
<b>All</b>	<b>24.5</b>	<b>1.6</b>	<b>11.4</b>
<b>Education level</b>			
No high school	20.2	1.7	13.1
Some high school	27.6	1.7	11.3
Some post-secondary	28.9	1.6	10.1
Certificate/Diploma	22.0	1.5	11.6
University graduate	15.1	1.4	11.2
<b>Earnings level*</b>			
\$1-\$9,999	51.1	1.8	12.1
\$10,000-\$19,999	25.5	1.6	10.3
\$20,000-\$39,999	9.2	1.4	8.6
Over \$40,000	4.8	1.2	6.8

\* Paid workers only

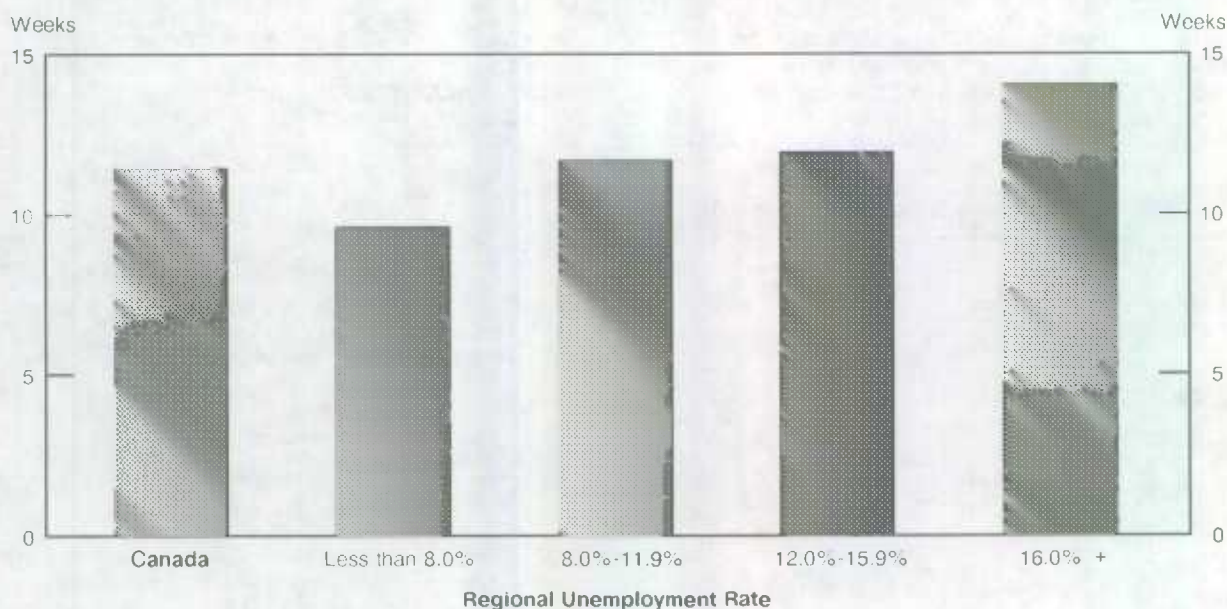
As expected, regional unemployment rates appeared to exert a strong influence on unemployment spells and their duration (Table 2-12). People in regions with high unemployment rates had an increased likelihood of unemployment, a greater average number, and a longer duration.

Table 2-12

**Proportion of Working-age Population with an Unemployment Spell, Average Number of Spells, and Duration of Completed Spells of Unemployment, by Regional Unemployment Rate, 1986-87**

Regional unemployment rate	% having an unemployment spell	Number of unemployment spells	Average duration (weeks)
	%		
<b>All</b>	<b>24.5</b>	<b>1.6</b>	<b>11.4</b>
Less than 8.0%	19.9	1.5	9.6
8.0%-11.9%	24.8	1.6	11.7
12.0%-15.9%	28.8	1.8	11.9
16.0% and over	40.1	1.9	14.0

**Average Duration of Completed Spells of Unemployment by Regional Unemployment Rate, 1986-87**





## Distribution of Number of Unemployment Spells by Selected Characteristics

The above section examined the average number of unemployment spells. However, since averages can conceal differences in the distribution of number of spells within classes, this section examines the distributions. The following tables present the distribution of number of unemployment spells of up to three or more. The numbers were truncated at three because the proportion of workers with four or more spells in two years was

extremely small (only 1.4% of all workers had four or more spells).

Table 2-13 shows that nationally, 16.8% of the labour force experienced one spell, 7.4% two, and 4.2% experienced three or more. Nationally, and in seven provinces, the majority of workers who experienced a spell experienced only one. But not in Newfoundland, P.E.I., and New Brunswick, where the share of the labour force with two or more spells exceeded the share of those with one spell.

Table 2-13

### Distribution of Number of Unemployment Spells in the Labour Force, by Province, 1986-87

Province	Number of unemployment spells				Total
	Zero	One	Two	Three plus	
	%	%	%	%	%
<b>Canada</b>	<b>71.7</b>	<b>16.8</b>	<b>7.4</b>	<b>4.2</b>	<b>100.0</b>
Newfoundland	51.6	20.8	15.6	12.0	100.0
Prince Edward Island	62.9	15.0	10.5	11.6	100.0
Nova Scotia	64.5	18.9	10.0	6.6	100.0
New Brunswick	61.9	19.0	10.6	8.5	100.0
Quebec	69.5	18.1	7.9	4.5	100.0
Ontario	76.0	15.0	6.1	2.9	100.0
Manitoba	74.9	16.1	5.9	3.1	100.0
Saskatchewan	76.6	13.9	6.3	3.2	100.0
Alberta	70.7	18.2	7.1	4.0	100.0
British Columbia	68.4	18.3	8.3	5.0	100.0

### Number of Spells of Unemployment Working-age Labour Force, by Province, 1986-87

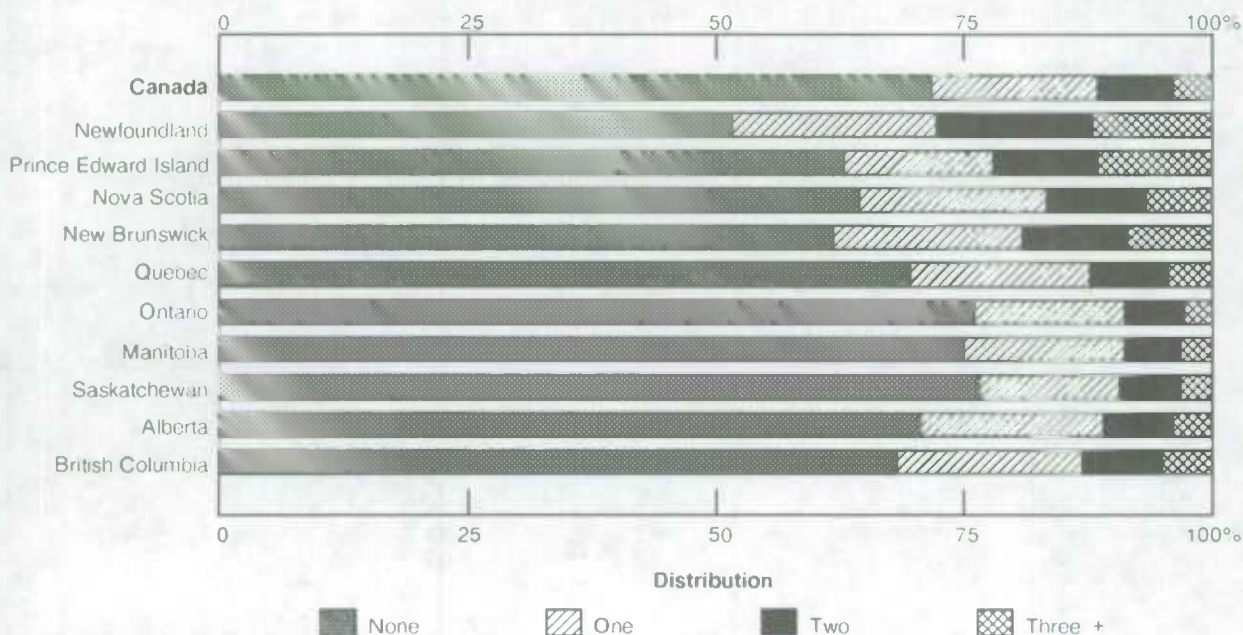


Table 2-14

## Distribution of Number of Unemployment Spells in the Labour Force, by Age and Sex, 1986-87

Age/Sex	Number of unemployment spells				Total
	Zero	One	Two	Three plus	
	%	%	%	%	%
<b>All</b>	<b>71.7</b>	<b>16.8</b>	<b>7.4</b>	<b>4.2</b>	<b>100.0</b>
<b>Age</b>					
16-19	46.8	31.3	14.7	7.2	100.0
20-24	55.7	24.9	12.6	6.8	100.0
25-34	71.6	17.0	7.0	4.4	100.0
35-44	80.7	11.7	4.9	2.7	100.0
45-54	82.1	11.1	4.3	2.5	100.0
55-64	82.1	11.3	4.2	2.4	100.0
<b>Sex</b>					
Male	73.6	14.6	7.0	4.8	100.0
Female	69.4	19.4	7.7	3.5	100.0

Table 2-15

## Distribution of Number of Unemployment Spells in the Labour Force, by Education Level, 1986-87

Level	Number of unemployment spells				Total
	Zero	One	Two	Three plus	
	%	%	%	%	%
<b>All</b>	<b>71.7</b>	<b>16.8</b>	<b>7.4</b>	<b>4.2</b>	<b>100.0</b>
<b>Education level</b>					
No high school	69.9	16.3	8.3	5.5	100.0
Some high school	68.0	18.6	8.4	5.0	100.0
Some post-secondary	68.9	18.4	9.0	3.7	100.0
Certificate/Diploma	76.3	15.0	5.7	3.0	100.0
University graduate	84.1	11.1	3.3	1.5	100.0

Table 2-16

## Distribution of Number of Unemployment Spells in the Labour Force, by Regional Unemployment Rate, 1986-87

Regional unemployment rate	Number of unemployment spells				Total
	Zero	One	Two	Three plus	
	%	%	%	%	%
<b>All</b>	<b>71.7</b>	<b>16.8</b>	<b>7.4</b>	<b>4.2</b>	<b>100.0</b>
Less than 8.0%	77.7	14.5	5.4	2.4	100.0
8.0%-11.9%	71.2	17.3	7.5	4.0	100.0
12.0%-15.9%	65.3	18.8	9.4	6.5	100.0
16.0% and over	51.3	21.4	14.9	12.4	100.0

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Table 2-14 shows that the majority of all persons experiencing an unemployment spell encountered only one, and that this majority changed little with age. Women were more likely than men to have experienced only one spell.

Table 2-15 shows that the majority of people at all education levels who experienced unemployment encountered only one spell, but the proportion having

multiple spells was positively associated with lower education levels.

When level of regional unemployment is considered, significant distributional differences emerge (Table 2-16). In regions where the unemployment rate exceeded 16.0%, the majority of people experienced two or more spells, and a substantial share even experienced three or more.



## Chapter 3

### Wages and Earnings

This chapter looks at four different aspects of wages and earnings. The first section presents the wage structure of all jobs that existed in 1986-87. The second section compares the wage structure of all jobs existing at the end of 1987 with the structure that existed at the start of 1986. The third section compares the wages of all job openings (new jobs plus job turn-overs) filled during 1986-87 against those existing at the beginning of 1986. Finally, the fourth section examines what happened to workers' wages when they changed jobs for whatever reason. Throughout this chapter, note that the wage data represent paid jobs and not the jobs of the self-employed, or unpaid family workers.

#### The Distribution of Jobs by Wage Level

Table 3-1 illustrates the decile distribution of the wages of all 19 million jobs held at some time during 1986-87. Each decile contains equal 10% slices (about 1.9 million jobs) of the total paid worker population. The table shows that the lowest paying 10% of Canadian jobs paid less than \$4.50 an hour, while the top 10% paid an hourly wage exceeding \$17.95. The wage at the top of the fifth decile (the median) marks the point where 50% of all jobs were above and 50% below this wage. The median wage was \$8.95 an hour, which in a full-time, full-year work period would be equivalent to annual earnings of \$17,220.

Table 3-1

#### Decile Distribution of Wages in Canada, and Annual Income Equivalents, 1986-87

Decile	Upper hourly limit	Annual income*
	\$	\$
First	4.50	8,658
Second	5.00	9,620
Third	6.23	11,987
Fourth	7.50	14,430
Fifth	8.95	17,220
Sixth	10.30	19,817
Seventh	12.02	23,126
Eighth	14.38	27,667
Ninth	17.95	34,536
Tenth	n.a.	n.a.

\* For comparison purposes only, an annual income equivalent is developed by multiplying the hourly wage by average weekly hours (37 hours) and by the maximum number of annual work weeks (52).

### A Comparison of the Wage Structures at the Beginning and End of the Two Year Period

The original intent of this section was to compare the wages of newly created jobs with the wages of existing jobs. It was hoped that some light could be shed on a growing popular assumption: that the wages of new jobs are deteriorating. Unfortunately, the following results only provide a limited answer because the two year time period is too short to furnish conclusive trends. For a study of a longer time period, indicating a deterioration in wages, Statistics Canada has published a report comparing wage data for 1981 and 1986.<sup>1</sup>

Another limitation is that the 1987 wage structure is not only the result of new jobs being created, but also of old jobs disappearing. Thus, even if the newly created jobs were on average higher paying than existing jobs, this would not necessarily be reflected in an enhanced wage structure if the disappearing jobs were at the higher end of the 1986 wage scale. With these reservations, what Table 3-2 shows is still important since it indicates the net effect of the job creation/job loss process, which determines the standard of living of workers who must find or change jobs.

Table 3-2

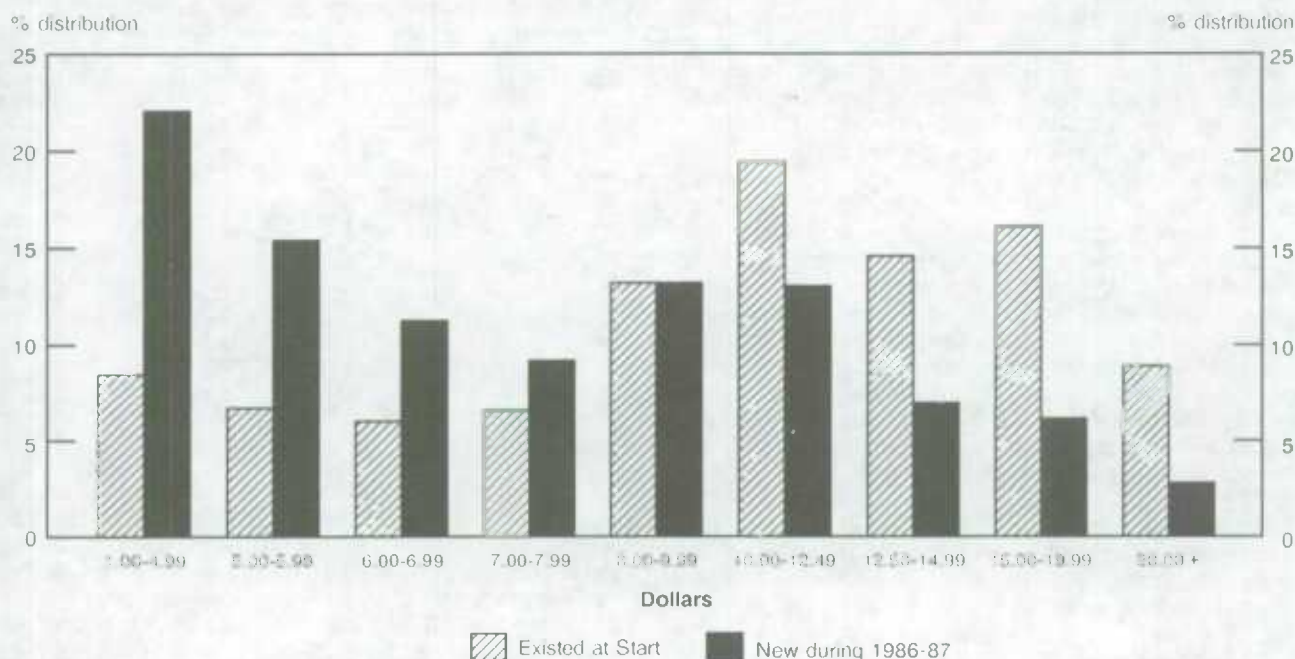
#### Distribution of Wage Rates for All Jobs Existing at the Beginning of 1986 With Those at the End of 1987

Wage	Beginning 1986	End 1987	Direction of change
	%	%	
	100.0	100.0	
\$1.00-\$4.99	8.5	7.7	-
\$5.00-\$5.99	6.7	7.1	+
\$6.00-\$6.99	6.0	6.5	+
\$7.00-\$7.99	6.5	6.7	+
\$8.00-\$9.99	13.2	13.6	+
\$10.00-\$12.49	19.5	19.7	+
\$12.50-\$14.99	14.6	14.5	-
\$15.00-\$19.99	16.1	15.6	-
\$20.00 and over	8.9	8.6	-

N.B. Median wage is in the \$10.00-\$12.50 range in both periods.

The results show that the shares of jobs in the lower and middle ranges increased, while the shares of top paying jobs decreased. Using a \$10.00 wage as a cut-off for summary purposes, the share of jobs below this line was 40.9% at the beginning of 1986, and had grown slightly to 41.6% by the end of 1987. Consequently, there was a slight deterioration in money wages in the net job creation process. If the 1987 figures were adjusted for inflation over the two years, the deterioration in real wages would be greater; that is, there would be an even slightly higher percentage of jobs in the lower wage categories at the end of 1987.

## Hourly Wage Distribution of Paid Workers, New versus Existing Jobs, 1986-87



### A Comparison of the Wages of Job Openings Filled in 1986-87 With All Jobs, and Jobs Existing Before 1986

This section examines the wage structure of all the job openings filled (and in many cases, re-filled) in 1986-87, whether they were existing or newly created. Many of the jobs filled over the two years were existing jobs being re-filled as their incumbents left them. What the following data show, therefore, can best be described as the wage opportunities of the actual jobs facing people who were seeking work in 1986-87.

The 14 million labour force members of working age filled 19 million jobs in 1986-87. This total of jobs, shown in column one of Table 3-3, should not be interpreted as the stock of jobs which existed at any point during the two years, but rather the number of job openings filled at some time. In some cases the same job would be refilled several times as workers turned it over. Each time a job was refilled it would be counted in the total: if a job was filled by six different people in two years this would count as six "jobs" in the survey.

In order to compare the wages of the 9.4 million new job openings, the wage structure of the 9.6 million jobs that existed at the beginning of 1986 are presented as a benchmark. These two totals in themselves are noteworthy since they demonstrate that there were almost as many job openings filled during 1986-87 as there were

jobs existing at the beginning of 1986. This in itself attests to the considerable amount of job turnover in the labour market.

Table 3-3

**A Wage Comparison of All Jobs Existing in 1986-87, the Stock of Jobs Existing and Filled at the Start of 1986, and the Job Openings Filled During 1986-87**

Wage	All jobs	Existing at start of 1986	Openings filled during 1986-87
<b>Number ('000)</b>	<b>18,993</b>	<b>9,570</b>	<b>9,423</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
\$1.00-\$4.99	15.3	8.5	22.1
\$5.00-\$5.99	11.0	6.7	15.4
\$6.00-\$6.99	8.6	6.0	11.2
\$7.00-\$7.99	7.8	6.5	9.2
\$8.00-\$9.99	13.2	13.2	13.2
\$10.00-\$12.49	16.3	19.5	13.0
\$12.50-\$14.99	10.8	14.6	6.9
\$15.00-\$19.99	11.2	16.1	6.1
\$20.00 plus	5.9	8.9	2.8



Table 3-3 shows that new job openings tended to pay lower wages than those filled at the beginning of 1986. In interpreting Table 3-3, recall that the median wage for all jobs falls about mid-point in the \$8.00-\$9.99 wage range. This median wage range marks closely the turning point beyond which newly filled jobs begin to be under-represented compared to those filled at the beginning of 1986. Of the stock of jobs filled at the beginning of 1986, only 27.7% paid less than \$8.00 an hour, whereas well over one-half (57.9%) of the job openings filled in 1986-87 paid this lower level of wages.

The lower wages of job openings may have been predictable since lower paying jobs were more likely to be those "turning over" as incumbents used them as entry level jobs and departed them as slightly better paying positions opened up on the job ladder. Hence, newly filled jobs would tend to be concentrated at the lower wage level. Moreover, it could be contended that the job openings filled in Table 3-3 simply reflect the fact that younger workers have the highest transition rates and traditionally receive lower wages.

Table 3-4 confirms that job openings were disproportionately filled by workers in the 16-24 age group. Nonetheless, it also shows that almost one-half of the newly filled jobs involved workers over the age of 24.

Given this finding, the data in Table 3-4 were re-run for specific age groups in order to examine the importance of age in explaining the lower wages paid for job openings during the 1986-87 period. The results, displayed in Tables 3-5 to 3-7, reveal that, contrary to expectation, of workers involved in filling job openings, the youngest were the least affected by the increase in lower-wage jobs while those over 25 were the most heavily affected.

**Table 3-4**

**The Age Distribution of All Jobs Existing in 1986-87, the Stock of Jobs Existing and Filled at the Start of 1986, and the Job Openings Filled During 1986-87**

Age	All jobs	Existing at start of 1986	Openings filled during 1986-87
<b>Number ('000)</b>	<b>18,993</b>	<b>9,570</b>	<b>9,423</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
16-19 years	14.0	4.8	23.3
20-24	19.9	12.9	26.9
25-34	29.2	31.3	27.1
35-44	19.5	25.5	13.4
45-54	11.1	16.0	6.2
55-64	6.3	9.4	3.0

To capture the wage changes for different ages, the discussion (but not the tables) is restricted to comparing the proportion of workers in each age group receiving a wage above and below \$8.00 per hour. Table 3-5 shows that the proportion of lower-wage workers (below \$8.00 per hour) aged 16-19 years fell from 89.3% to 87.9%, while lower-wage workers aged 20-24 increased their share from 54.7% to 63.3%.

Lower-wage workers aged 25-34 years almost doubled their share of jobs from 22.5% to 42.2% as shown in Table 3-6, while workers aged 35-44 more than doubled their lower-wage job share from 17.1% to 38.4%.

**Table 3-5**

**A Wage Comparison of the Stock of Jobs Existing at the Start of 1986, and the Job Openings Filled During 1986-87, by Age**

Wage	Age			
	16-19 years		20-24 years	
	Existing at start	New	Existing at start	New
<b>Number ('000)</b>	<b>456</b>	<b>2,203</b>	<b>1,237</b>	<b>2,537</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
\$1.00-\$4.99	49.5	47.1	16.6	20.6
\$5.00-\$5.99	24.0	22.1	14.7	17.4
\$6.00-\$6.99	10.7	11.6	11.6	14.0
\$7.00-\$7.99	5.1	7.1	11.8	11.3
\$8.00-\$9.99	5.9	6.5	17.6	16.2
\$10.00-\$12.49	3.0	4.0	16.5	12.2
\$12.50-\$14.99	0.9	0.8	6.7	5.1
\$15.00-\$19.99	0.4	0.4	3.7	2.5
\$20.00 plus	0.5	0.4	0.9	0.6



Table 3-6

**A Wage Comparison of the Stock of Jobs Existing at the Start of 1986, and the Job Openings Filled During 1986-87, by Age**

Wage	Age			
	25-34 years		35-44 years	
	Existing at start	New	Existing at start	New
<b>Number ('000)</b>	<b>2,998</b>	<b>2,555</b>	<b>2,445</b>	<b>1,262</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
\$1.00-\$4.99	5.6	11.4	4.1	10.9
\$5.00-\$5.99	4.8	11.0	4.4	10.4
\$6.00-\$6.99	5.5	10.0	4.0	9.2
\$7.00-\$7.99	6.6	9.8	4.6	7.9
\$8.00-\$9.99	14.3	15.6	12.0	14.1
\$10.00-\$12.49	23.4	18.3	19.4	17.1
\$12.50-\$14.99	17.3	10.3	16.2	10.9
\$15.00-\$19.99	17.2	9.5	21.5	12.6
\$20.00 plus	5.4	4.0	13.8	6.9

**Hourly Wage Distribution of Paid Workers, New versus Existing Jobs, 45-54 Years, 1986-87**

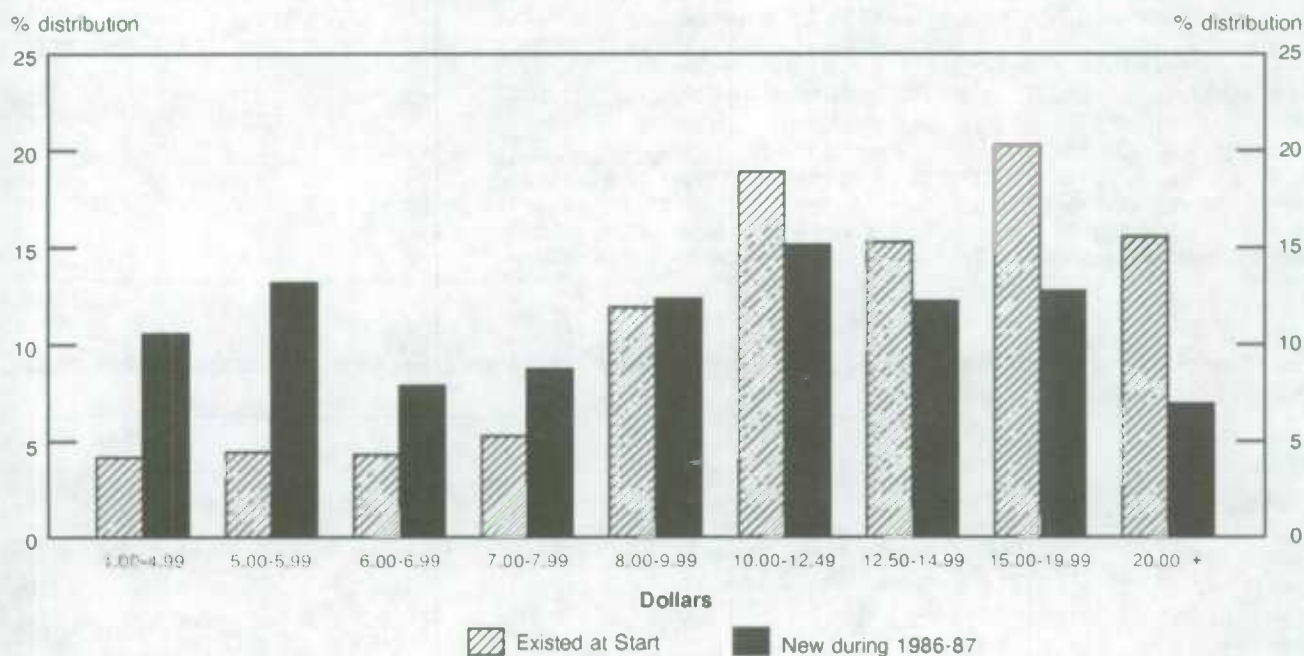


Table 3-7

**A Wage Comparison of the Stock of Jobs Existing at the Start of 1986, and the Job Openings Filled During 1986-87, by Age**

Wage	Age			
	45-54 years		55-64 years	
	Existing at start	New	Existing at start	New
<b>Number ('000)</b>	<b>1,530</b>	<b>583</b>	<b>903</b>	<b>285</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
\$1.00-\$4.99	4.1	10.5	6.0	10.7
\$5.00-\$5.99	4.4	13.2	4.0	12.2
\$6.00-\$6.99	4.3	7.9	5.9	11.2
\$7.00-\$7.99	5.3	8.8	6.3	8.7
\$8.00-\$9.99	11.9	12.3	13.3	14.1
\$10.00-\$12.49	18.9	15.2	20.4	17.3
\$12.50-\$14.99	15.3	12.2	17.7	10.1
\$15.00-\$19.99	20.3	12.8	15.5	10.9
\$20.00 plus	15.5	7.0	10.9	4.9

Table 3-7 shows that the lower-wage share for people 45-54 increased from 18.1-40.4%, the highest of all age groups. Workers aged 55-64 also accepted a large share of lower-wage openings as indicated by the rise in their lower-wage share from 22.2% to 42.8%.

### Job Departure and Wage Change

This section examines the wage changes of the 5 million workers who left a job during the period and subsequently moved into another. The analysis includes both voluntary and involuntary departures, and job transitions that may have been interrupted by a period outside the labour force or of unemployment. In interpreting the wage change data it should be kept in mind that only 5 million out of the total of 9 million positions filled in 1986-87 are examined here. The remaining jobs were filled by people who did not depart a job in the two year period; that is, they were people entering or re-entering the work force for the first time since the beginning of 1986. This intentional partial coverage makes the results in this section incomparable to

the results above. In the tables that follow, a "major" wage change indicates a change of 10% or more, while a "minor" change represents a wage change of between zero and 9%. Wage rates are those recorded in the survey; they are not adjusted for inflation.

Table 3-8

**The Number and Distribution of Job Departures that Subsequently Resulted in a New Job, by Size of Wage Change, 1986-87**

Wage change	Number	Distribution
	('000)	%
<b>Total</b>	<b>5,351</b>	<b>100.0</b>
Major increase	2,490	46.5
Minor increase	625	11.7
No change	660	12.3
Minor decrease	380	7.1
Major decrease	1,196	22.4

Table 3-9

**The Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Wage Level, 1986-87**

Wage	All job departures	Decrease		No change	Increase	
		Major	Minor		Minor	Major
Number ('000)	5,351	1,196	380	660	625	2,490
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0
\$1.00-\$4.99	26.0	6.4	17.5	25.9	26.9	36.4
\$5.00-\$5.99	15.5	11.0	17.3	18.3	10.2	18.0
\$6.00-\$6.99	11.1	13.5	9.9	9.3	10.4	10.9
\$7.00-\$7.99	8.9	10.9	8.1	7.2	8.0	8.7
\$8.00-\$9.99	12.4	16.9	14.2	9.6	11.5	11.0
\$10.00-\$12.49	11.7	18.4	15.1	10.0	12.3	8.2
\$12.50-\$14.99	6.2	9.0	8.3	6.4	9.1	3.7
\$15.00-\$19.99	5.9	8.4	7.6	11.0	9.0	2.2
\$20.00 plus	2.4	5.4	2.0	2.5	2.6	0.8

The summary national data in Table 3-8 show that of departing workers who found new jobs, the majority (58.2%) increased their wages in the process, while almost 30% received a lower wage.

Table 3-9 demonstrates that job departures were from predominantly lower-wage jobs. As already noted above, the median wage for all jobs filled in 1986-87 was around \$8.95, whereas column one in the table shows that the median wage of the jobs being departed paid less than \$7.00.

The information in Table 3-9 is summarized in Table 3-10 by broad wage level departed. The nine entries in this table add to 100.0%. The summary shows that almost two-thirds (61.4%) of the wage changes occurred in the lower range, and that 40.9% of all wage changes involved increases for workers in the lower range.

Table 3-11 presents wage change findings by province. Using the national figures in row one as an evaluative benchmark, provincial variations were generally within two percentage points of the national average for all types of change. No provincial pattern of wage change stands out, and in all provinces the majority of workers received wage increases (varying between 52.4% in Newfoundland and 61.2% in Ontario). Because these data are highly aggregated, a detailed provincial analysis may

reveal differences in the wage ranges within which the majority of change occurred.

Table 3-12 reveals that the likelihood of receiving a wage increase associated with a job change declined with age, while the likelihood of receiving lower wages increased. Older workers were also more likely not to have experienced any wage change after changing jobs. Between the sexes, there were virtually no differences.

Table 3-13 reveals that marital status appeared to play a small role in determining wage change. Singles were most likely to have received a major pay increase, with divorced, separated and widowed persons less likely to. However, this shortfall was not offset by increased proportions suffering wage losses, but rather a greater proportion receiving smaller increases or no change. The shares of all groups that suffered a wage loss were almost similar.

The data in Table 3-14 show a wage change sensitivity to both education and earnings levels. By education level there was little difference in the proportions receiving wage decreases, or minor increases. But the likelihood of receiving no change decreased considerably with education level, while the chance of receiving a major wage increase climbed.

**Table 3-10**

**Summary Distribution of Job Departures that Subsequently Resulted in New Jobs, by Direction of Wage Change and Broad Wage Range, 1986-87**

Wage range	Decrease	No change	Increase	Total
	%	%	%	%
Lower - \$1.00-\$7.99	13.0	7.5	40.9	61.4
Medium - \$8.00-\$14.99	12.6	3.2	14.5	30.3
Higher - \$15.00 plus	3.8	1.7	2.8	8.3
<b>Total</b>	<b>29.4</b>	<b>12.4</b>	<b>58.2</b>	<b>100.0</b>

**Table 3-11**

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Province, 1986-87**

Province	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
<b>Canada</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Newfoundland	24.9	7.2	15.6	9.4	43.0	100.0
Prince Edward Island	23.8	7.0	15.2	10.8	43.2	100.0
Nova Scotia	26.0	5.3	14.4	10.3	44.1	100.0
New Brunswick	23.0	7.9	16.6	10.3	42.2	100.0
Quebec	20.3	7.0	12.8	12.8	47.1	100.0
Ontario	20.7	7.1	11.0	12.5	48.7	100.0
Manitoba	21.6	8.3	12.0	12.4	45.7	100.0
Saskatchewan	25.2	7.0	15.0	9.4	43.4	100.0
Alberta	26.7	8.4	11.9	9.3	43.8	100.0
British Columbia	26.0	5.9	14.0	9.5	43.8	100.0

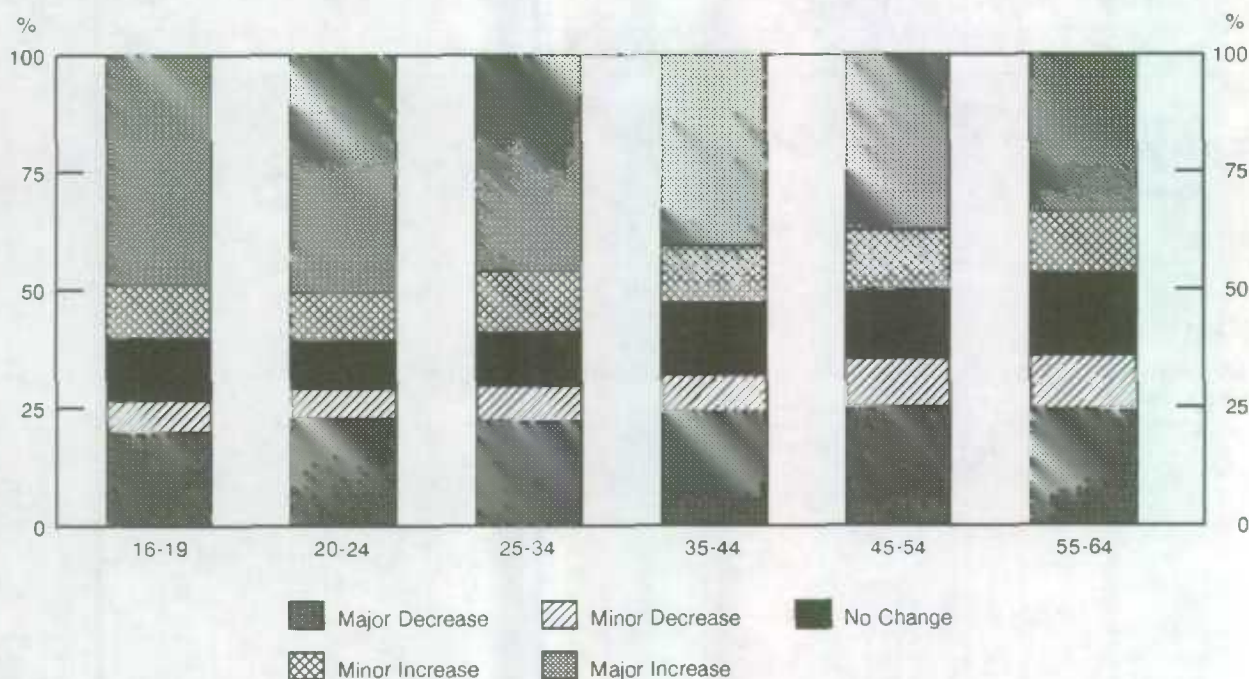


Table 3-12

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change, Age and Sex, 1986-87**

Age/Sex	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
<b>Age</b>						
16-19	19.8	7.1	13.0	11.0	49.1	100.0
20-24	23.0	5.8	10.6	10.2	50.5	100.0
25-34	22.3	7.1	11.4	13.3	45.8	100.0
35-44	23.9	8.1	15.3	11.9	40.9	100.0
45-54	24.8	10.2	14.8	12.9	37.3	100.0
55-64	24.7	11.0	17.7	13.2	33.4	100.0
<b>Sex</b>						
Male	23.1	6.8	12.5	11.2	46.5	100.0
Female	21.5	7.4	12.2	12.3	46.7	100.0

**Size of Wage Change by Age Group, 1986-87**



See text for notes.

Table 3-13

Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Marital Status, 1986-87

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	22.4	7.1	12.3	11.7	46.5	100.0
<b>Marital status</b>						
Married	22.3	7.7	13.0	12.9	44.1	100.0
Single	22.4	6.4	11.6	10.6	49.1	100.0
Other	22.4	10.0	15.0	13.1	39.6	100.0

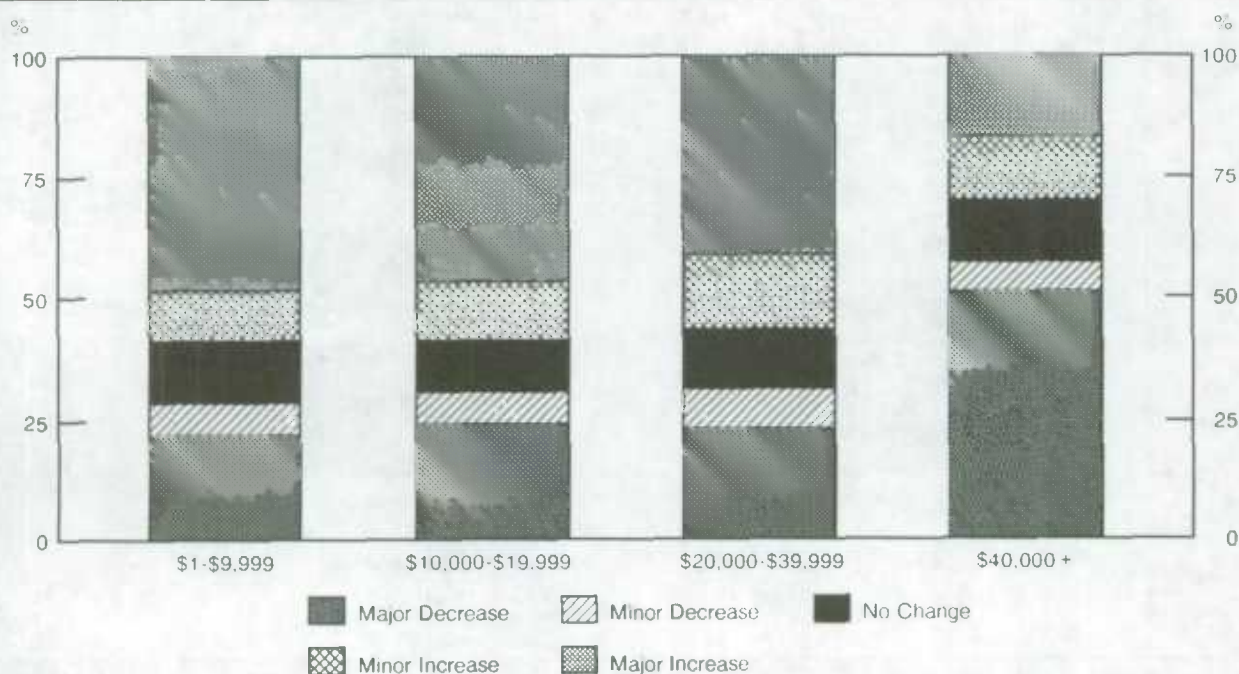
Table 3-14

Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change, Education and Earnings Level, 1986-87

Level	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	22.4	7.1	12.3	11.7	46.5	100.0
<b>Education</b>						
No high school	25.4	6.1	15.9	12.2	40.5	100.0
Some high school	21.6	7.1	13.8	11.8	45.7	100.0
Some post-secondary	22.3	6.8	10.6	12.1	48.1	100.0
Certificate/Diploma	22.5	7.7	10.2	10.6	48.9	100.0
University graduate	24.1	7.3	8.8	11.7	48.0	100.0
<b>Earnings*</b>						
\$1-\$9,999	21.7	6.9	12.7	10.5	48.2	100.0
\$10,000-\$19,999	23.8	6.6	10.6	12.1	46.9	100.0
\$20,000-\$39,999	22.6	8.4	12.3	15.6	41.1	100.0
\$40,000 and over	51.3	6.0	12.9	12.9	16.9	100.0

\* Paid workers only

### Size of Wage Change by Earnings Group, 1986-87



See text for notes.

Table 3-15

Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Regional Unemployment Rate, 1986-87

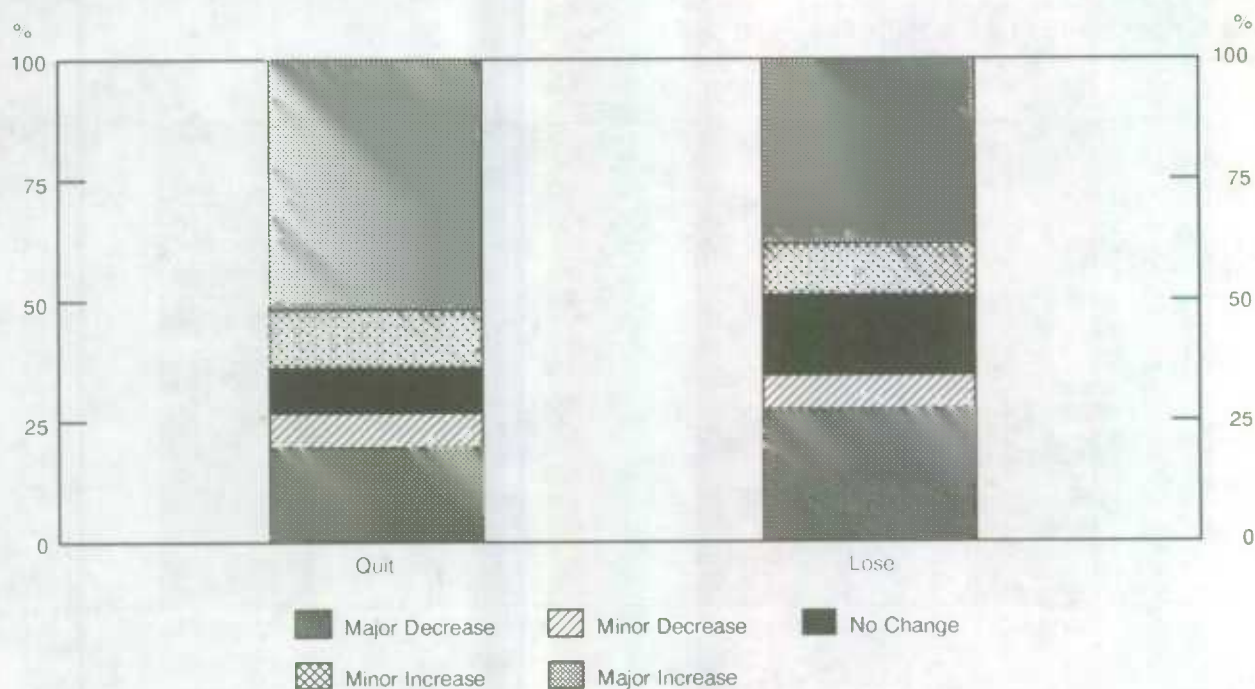
Regional unemployment rate	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Less than 8.0%	21.5	6.7	10.4	12.4	49.0	100.0
8.0%-11.9%	22.6	7.4	12.7	11.6	45.8	100.0
12.0%-15.9%	23.4	6.8	15.2	10.6	43.9	100.0
16.0% and over	24.3	6.8	16.7	10.0	42.1	100.0

Table 3-16

Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Reason for Leaving Job, 1986-87

Reason	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Quit	19.5	7.0	9.8	11.9	51.8	100.0
Lost	27.2	7.3	16.7	10.2	38.5	100.0
Other	20.8	7.1	11.4	15.2	45.4	100.0

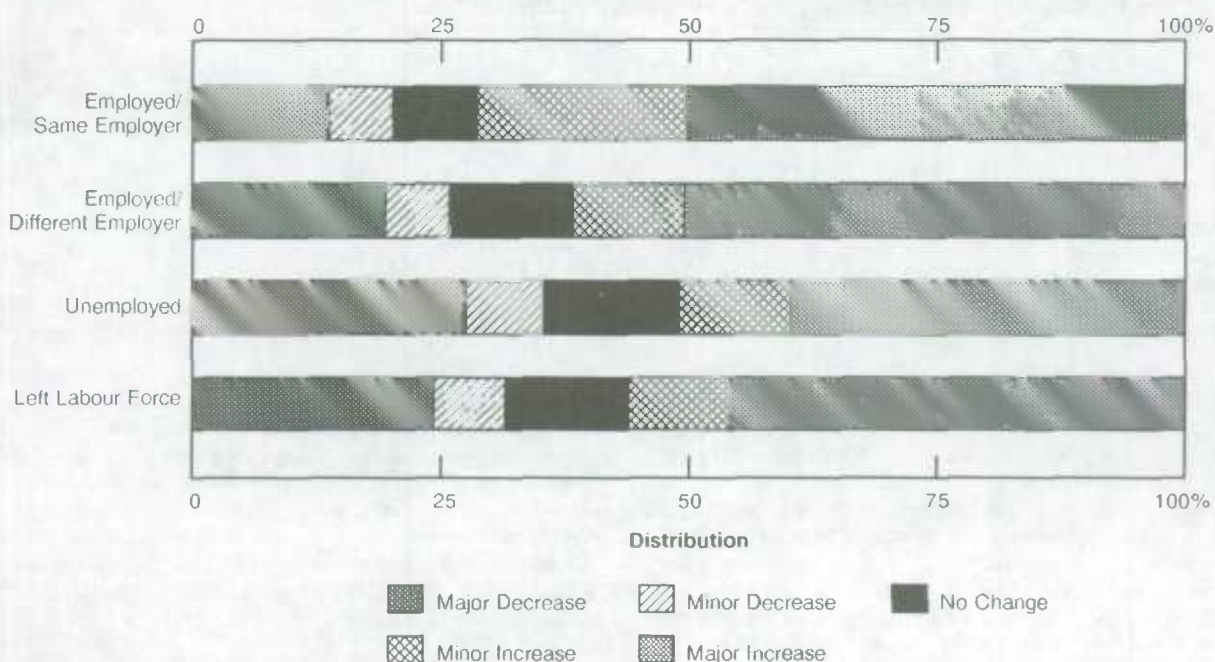
Size of Wage Change by Reason for Leaving Job, 1986-87



See text for notes.



## Size of Wage Change by Labour Force Status Immediately Following Job Departure, 1986-87



See text for notes.

The greatest sensitivity to wage change recorded in Table 3-14 was associated with level of earnings. Well over two-thirds (70.2%) of the job changers earning in excess of \$40,000 suffered either a wage loss or experienced no change in wages, compared to 41.8% for all job changers. The likelihood of receiving a major wage increase declined with earnings, but was most noticeable at the extremes. Only 16.9% of high earners received a major increase compared to almost half (48.2%) of those with the smallest earnings.

The association between regional unemployment rates and wage change is exhibited in Table 3-15. The findings show a consistent, but not overly strong, inverse relationship between unemployment rates and wage increases. Job markets in areas marked by higher unemployment rates were more likely to produce a greater proportion of wage decreases and no change, and a smaller proportion of wage increases. Just over one-half (52.1%) of job departers in regions with unemployment rates exceeding 16.0% received wage increases compared to 61.4% for all job changers.

Table 3-16 examines whether the reason for leaving a job seems to influence wage change. In this table, "other" refers to unspecified reasons, and represents a small residual category. The pattern is quite clear: those who quit their jobs were much more likely to have experienced a successful wage change than those who lost them. Almost two-thirds (63.7%) of job quitters experienced a wage increase, while less than half (48.7%)

of job losers improved their wage. Almost 40% more job losers experienced a major wage decrease than did job quitters.

The results in Table 3-16 were not unexpected since more people who quit their jobs do so with a better job prospect already in sight, whereas job loss in many cases happens involuntarily and unexpectedly. Moreover, a major cause of people losing their jobs is an economic downturn which could be regional or seasonal, in which case alternate jobs will also be affected in the area.

Workers departing jobs do not necessarily enter new employment immediately without an intervening period of unemployment or an absence from the labour force. Table 3-17 examines the relationship between wage change and the worker's labour force status immediately following departure. The most beneficial situation was for workers to change jobs with the same employer. In this category, 71.7% received a wage increase, and only 20.1% experienced a wage drop. The worst situation was to experience a period of unemployment between jobs. In these cases, a majority still received a wage increase, but one-third encountered a wage reduction, and of these, most received a major wage drop. It may seem remarkable that over one-half of the workers who departed their jobs, and experienced an intervening period of unemployment, managed to improve their wage in the process. It would seem that in many cases workers have used the period of unemployment to search out better-paying jobs.

Table 3-17

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Labour Force Status Immediately Following Departure, 1986-87**

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Employed/Same employer	13.6	6.5	8.3	21.3	50.4	100.0
Employed/New employer	19.3	6.6	12.3	11.3	50.4	100.0
Unemployed	27.5	7.8	13.6	11.3	39.8	100.0
Left labour force	24.2	7.3	12.2	10.3	46.0	100.0

The remaining tables in this chapter focus on some of the job variables identified with the job departed, a point which must be stressed. In table 3-18, for example, which refers to firm size, the category "less than 19 employees" includes only workers who departed from a firm of this size. They may have subsequently been re-employed with a firm of the same size or one much larger.

Table 3-18 reveals a clear pattern associating firm size and wage change. The smaller the firm departed, the less likelihood there was of receiving a major decrease and the greater the likelihood of receiving a major wage increase.

Table 3-19 demonstrates there were considerable differences in wage change behaviour according to the occupation performed in the departed job. The three occupations that fared the best were sales, service and clerical: over 60% of the workers experienced wage increases, while only about one-quarter suffered a wage decrease. At the other end of the scale, around 40% of teachers and those involved in goods processing experienced wage decreases, with almost one-third suffering major drops.

Table 3-18

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Size of Firm, 1986-87**

Number of employees in firm	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
19 or less	19.9	5.6	14.1	10.7	49.7	100.0
20-99	20.2	6.9	12.6	11.6	48.7	100.0
100-499	24.1	9.1	12.6	13.9	40.3	100.0
500 plus	26.4	7.8	9.3	12.3	44.1	100.0

Table 3-19

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Selected Occupations, 1986-87**

Occupation	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Managerial/Admin.	26.6	7.3	6.3	12.0	47.9	100.0
Teaching	32.1	7.2	11.1	9.4	40.2	100.0
Medicine/Health	23.0	8.9	7.5	19.0	41.7	100.0
Artistic	22.9	5.5	15.0	8.4	48.3	100.0
Clerical	19.5	7.3	11.2	13.3	48.8	100.0
Sales	18.2	6.5	11.2	10.7	53.4	100.0
Service	17.9	6.0	13.6	12.4	50.2	100.0
Processing	32.8	7.6	11.8	11.2	36.6	100.0
Construction	22.7	8.1	20.9	12.1	36.2	100.0



Construction workers were most likely (41.1%) to have experienced no, or minor wage changes as they moved between jobs, while barely 26% of those in the most wage volatile occupation – manager and administrator – experienced wage stability or only minor changes.

In interpreting Table 3-20 it is essential to keep in mind that the union status listed is for the job departed, and not the subsequent job. Workers departing union jobs

were much more likely to have experienced a major wage decrease than workers leaving non-union jobs, and they were much less likely to have experienced a major increase.

Table 3-21 shows that whether workers were departing full or part-time jobs made little difference to the wage outcome.

**Table 3-20**

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Whether Job Departed was Unionized, 1986-87**

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Union	31.1	9.5	13.5	14.2	31.6	100.0
No union	20.9	6.7	12.1	11.2	49.2	100.0

**Table 3-21**

**Distribution of Job Departures that Subsequently Resulted in New Jobs, by Size of Wage Change and Whether Job Departed was Full or Part-time, 1986-87**

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
<b>All</b>	<b>22.4</b>	<b>7.1</b>	<b>12.3</b>	<b>11.7</b>	<b>46.5</b>	<b>100.0</b>
Full-time	22.9	7.4	10.9	12.3	46.6	100.0
Part-time	21.0	6.3	16.1	10.1	46.6	100.0





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## Part Two

### **Job Departure – Reasons and Consequences**

*Job departures, the subject of this and the next chapter, are the major cause of all labour force transitions. Job departures represent a particularly critical transition because of the possibility they may lead to a spell of unemployment. Chapter 4 examines why people departed their jobs, looking at both major and specific reasons for departures, and examines whether certain people or jobs were more highly associated with quits or losses.*

*The chapter concludes with an appendix examining the labour force experiences of women who left the labour force for family or personal reasons. Chapter 5 examines what happens to job departers; that is, what are their destinations: employed with same employer; employed with different employer; unemployed; or out of the labour force?*

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## Chapter 4

### Reasons for Job Departure

This chapter examines why people left their jobs. The first section examines job departure by major reason – quit or loss; this is followed by an examination of the more detailed reasons as to why workers left their jobs; and an appendix examines the labour force experiences and personal characteristics of women who quit their jobs for family or personal reasons.

#### Major Reason for Job Departure

Table 4-1 shows that nationally, over one-half of job departures were voluntary quits, and just over one-third were involuntary job losses (an additional 11.7% departed their jobs for unspecified reasons). In the Atlantic provinces, a greater proportion of job departures were the result of job loss, whereas job quits were the reason behind most job departures in the other six provinces. In Ontario, over 60% of job departures were quits.

Table 4-2 provides the absolute numbers of workers departing their jobs for different reasons, and how these numbers were allocated among the provinces. Ontario, marked by a very healthy economy during this period, accounted for nearly one-half (45.5%) of all job quits in Canada.

Table 4-3 examines whether there were any observable patterns linking age and sex with the reason for job departure. With the exception of the oldest age group, the rate of job quitting was inversely proportional to age, while the rate of job loss was directly proportional. Young people in the 16-24 age group were much more likely to have quit their jobs than older workers, with nearly two-thirds of the younger workers having done so. On the other hand, only around one-third of the workers in the 45-54 age group quit their jobs. It should be pointed out that because many young workers were also students (see Chapter 6), their periodic return to school contributed to increased quit rates. Also, more women than men quit their jobs, although the difference was not as large as that associated with age.

Table 4-1

Summary Distribution of Job Departures, Canada and the Provinces, by Reason for Departure, 1986-87

Province	Quit	Lost	Other	Total
	%	%	%	%
<b>Canada</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
Newfoundland	29.4	63.9	6.7	100.0
Prince Edward Island	30.7	58.3	11.1	100.0
Nova Scotia	43.0	45.3	11.7	100.0
New Brunswick	38.9	49.6	11.5	100.0
Quebec	45.2	43.4	11.4	100.0
Ontario	61.7	26.3	12.0	100.0
Manitoba	54.8	33.4	11.9	100.0
Saskatchewan	52.5	36.5	11.0	100.0
Alberta	52.0	35.6	12.4	100.0
British Columbia	47.7	40.7	11.6	100.0

Table 4-2

Number and Distribution of All Job Departures, Across Provinces, by Reason for Departure, 1986-87

Province	Quit		Lost		Other	
	('000)	%	('000)	%	('000)	%
<b>Canada</b>	<b>4,857</b>	<b>100.0</b>	<b>3,323</b>	<b>100.0</b>	<b>1,079</b>	<b>100.0</b>
Newfoundland	74	1.5	160	4.8	17	1.6
Prince Edward Island	16	0.3	31	0.9	6	0.5
Nova Scotia	128	2.7	136	4.1	35	3.2
New Brunswick	108	2.2	137	4.1	32	3.0
Quebec	927	19.1	888	26.7	233	21.6
Ontario	2,207	45.5	942	28.3	431	39.9
Manitoba	199	4.1	121	3.7	43	4.0
Saskatchewan	162	3.3	113	3.4	34	3.2
Alberta	522	10.8	358	10.8	125	11.6
British Columbia	513	10.6	437	13.2	124	11.5

Table 4-3

## Distribution of Job Departures, by Reason for Departure, Age and Sex, 1986-87

Age/Sex	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
<b>Age</b>				
16-19	61.9	28.1	9.9	100.0
20-24	59.1	30.6	10.4	100.0
25-34	48.7	37.6	13.6	100.0
35-44	41.5	44.9	13.7	100.0
45-54	36.6	50.2	13.2	100.0
55-64	51.5	41.0	7.4	100.0
<b>Sex</b>				
Male	48.6	39.8	11.6	100.0
Female	56.8	31.5	11.8	100.0

Table 4-4

## Distribution of Job Departures, by Reason for Departure and Marital Status, 1986-87

Status	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
<b>Marital status</b>				
Married	46.9	40.3	12.8	100.0
Single	57.8	31.5	10.7	100.0
Other	50.2	38.5	11.3	100.0

Table 4-5

## Distribution of Job Departures, by Reason for Departure, Education Level and Wage Rate, 1986-87

Level	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
<b>Education level</b>				
No high school	35.7	55.1	9.2	100.0
Some high school	51.6	37.1	11.3	100.0
Some post-secondary	61.7	27.1	11.2	100.0
Certificate/Diploma	55.8	31.9	12.3	100.0
University graduate	50.5	33.7	15.8	100.0
<b>Wage level</b>				
\$1.00-\$3.99	60.6	30.1	9.4	100.0
\$4.00-\$4.99	62.5	28.0	9.5	100.0
\$5.00-\$5.99	56.8	33.6	9.6	100.0
\$6.00-\$6.99	52.2	37.7	10.1	100.0
\$7.00-\$7.99	50.8	37.2	12.0	100.0
\$8.00-\$9.99	49.2	40.8	10.1	100.0
\$10.00-\$12.49	46.8	40.9	12.4	100.0
\$12.50-\$14.99	46.3	39.5	14.2	100.0
\$15.00-\$19.99	39.0	46.5	14.6	100.0
\$20.00 plus	44.5	36.7	18.7	100.0

Table 4-4 shows that married persons were much less likely to have quit their jobs than single people, and somewhat less likely than separated, divorced and widowed persons.

There was no systematic pattern linking reason for job departure with level of education, as shown in Table 4-5. The only significant feature was that workers with the lowest level of education were considerably more likely to have lost their jobs than workers with more advanced levels. But beyond this distinction, level of education did not appear to play a strong role. With some lapses, the rate of job loss showed a tendency to rise with the wage

rate. At the lowest wage levels, workers were much more likely to have quit their jobs than to have lost them. This could be partly explained by students quitting jobs to return to school.

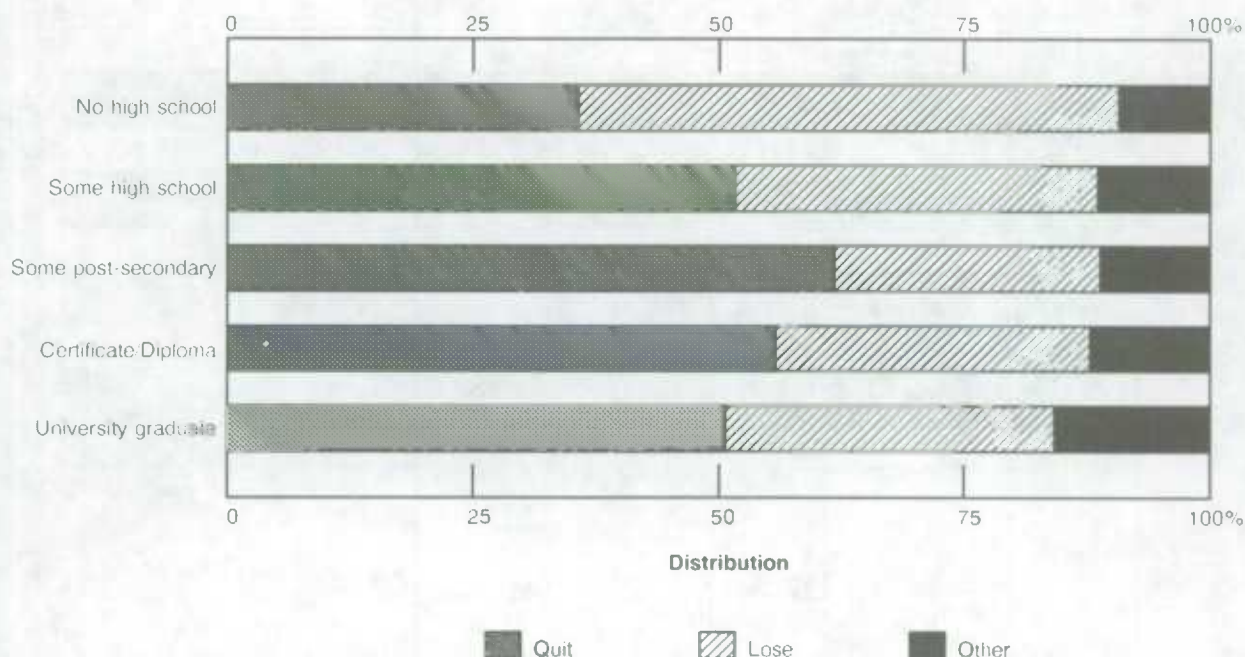
Table 4-6 illustrates the relationship between regional unemployment rates and reason for job departure. The findings reveal a strong association between unemployment level and job loss. Workers in high unemployment regions were more than twice as likely to have lost their jobs than those in low unemployment areas. The vast majority of departing workers in low unemployment regions quit their jobs.

**Table 4-6**

**Distribution of Job Departures, by Reason for Departure and Regional Unemployment Rate, 1986-87**

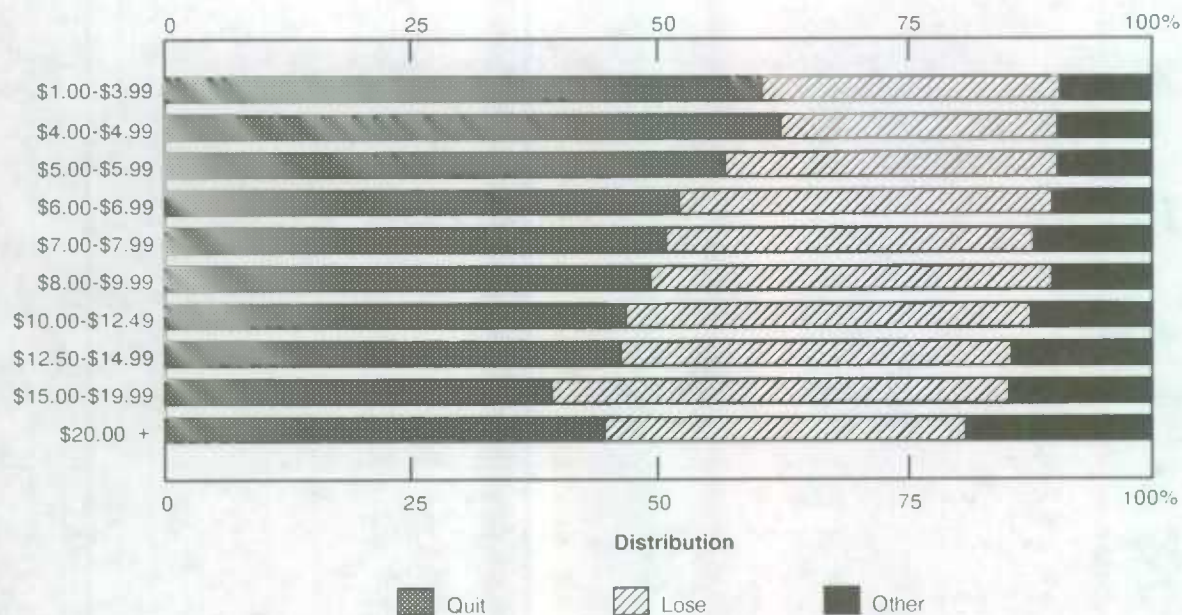
Regional unemployment rate	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
Less than 8.0%	62.7	25.0	12.3	100.0
8.0%-11.9%	51.1	37.2	11.7	100.0
12.0%-15.9%	41.3	47.4	11.3	100.0
16.0% and over	29.6	62.4	8.0	100.0

**Job Departures by Reason for Departure and Education, 1986-87**





## Job Departures by Reason for Departure and Wage Rate, 1986-87



## Job Departures by Reason for Departure and Regional Unemployment Rate, 1986-87

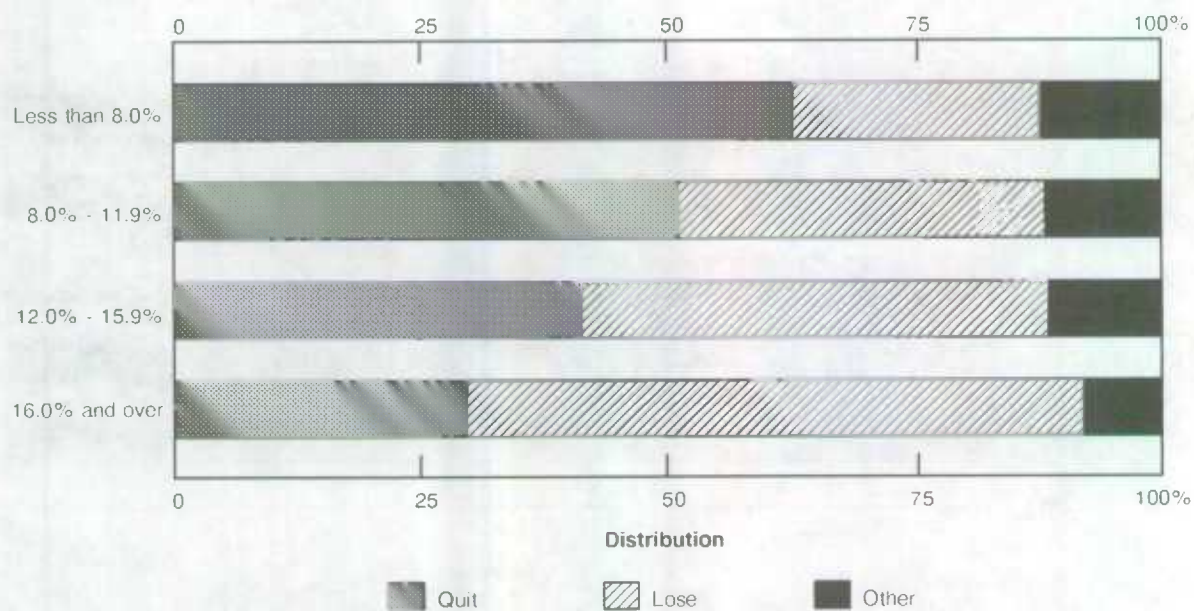


Table 4-7

## Distribution of Job Departures, by Reason for Departure and Selected Occupations, 1986-87

Occupation	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
Managerial/Admin.	54.5	27.0	18.5	100.0
Teaching	42.1	46.3	11.7	100.0
Medicine/Health	69.4	18.5	12.2	100.0
Artistic	43.3	47.5	9.3	100.0
Clerical	56.5	30.9	12.6	100.0
Sales	63.5	23.1	13.4	100.0
Service	62.0	26.5	11.5	100.0
Processing	42.5	47.8	9.7	100.0
Construction	34.2	57.0	8.9	100.0

Table 4-8

## Distribution of Job Departures, by Reason for Departure, Full and Part-time Job, 1986-87

Status	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
Full-time	51.6	37.0	11.4	100.0
Part-time	55.6	34.1	10.3	100.0

Table 4-9

## Distribution of Job Departures, by Reason for Departure and Size of Firm, 1986-87

Number of employees in firm	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
19 or less	47.4	42.3	10.3	100.0
20-99	54.4	38.8	10.8	100.0
100-499	54.2	34.1	11.8	100.0
500 plus	58.5	28.9	12.6	100.0

Table 4-10

## Distribution of Job Departures, by Reason for Departure and Whether Job was Unionized, 1986-87

Status	Quit	Lost	Other	Total
	%	%	%	%
<b>All</b>	<b>52.5</b>	<b>35.9</b>	<b>11.7</b>	<b>100.0</b>
Union	47.3	41.3	11.5	100.0
No union	53.7	35.3	11.0	100.0

Table 4-7 shows that workers in the growing health care, sales and service occupations were much more likely to have quit their jobs than workers in other occupations, especially construction, where the majority of departing workers lost their jobs.

Whether workers were full or part-time seems to have had little impact on the reason why workers departed their jobs (Table 4-8).

Table 4-9 reveals an inverse relationship between the size of firm departed and job loss. Departing workers in small firms were one and one-half times more likely to have lost their jobs than workers in the largest firms. The majority of workers in large firms quit their jobs.

Although the differences were not great, Table 4-10 shows that workers were more likely to have lost their jobs in unionized than in non-unionized firms.

### Cause of Job Departure by Detailed Reason

The survey asked job departers to spell out the detailed reasons for leaving their jobs; these responses have been organized into 19 categories (Table 4-11). Four reasons accounted for nearly one-half (45.7%) of all departures: found a new job; going to school; end of a temporary job; and end of seasonal work. A combination of poor working conditions and low pay accounted for another 11.5% of departures.

Table 4-12 presents the detailed reasons for job departure by gender. Female workers quit their jobs more frequently than males for three main reasons: personal or family; working conditions; and change of residence (which in many cases might also be family related). Women were less likely to lose work through seasonal factors or general economic downturns.

**Table 4-11**

### Number and Distribution of Job Departures, by Detailed Reason, Canada, 1986-87

Reason	Number	Percentage
	('000)	%
<b>Total</b>	<b>9,259</b>	<b>100.0</b>
<b>Quit</b>	<b>4,857</b>	<b>52.5</b>
Own illness	244	2.6
Personal/Family	325	3.5
Going to school	1,045	11.3
Labour dispute	20	0.2
Unpaid vacation	35	0.4
Found new job	1,301	14.1
Working conditions	685	7.4
Low pay	381	4.1
Change of residence	262	2.8
Retired	182	2.0
No opportunity for advancement	188	2.0
Worried about job security	189	2.1
<b>Loss</b>	<b>3,323</b>	<b>35.9</b>
Seasonal	851	9.2
End of temporary job	1,026	11.1
Non-seasonal economic conditions	552	6.0
On-call arrangement	202	2.2
Dismissal	391	4.2
Company moving/Out of business	302	3.3
<b>Other</b>	<b>1,080</b>	<b>11.7</b>

### Job Departures by Reason for Departure, 1986-87

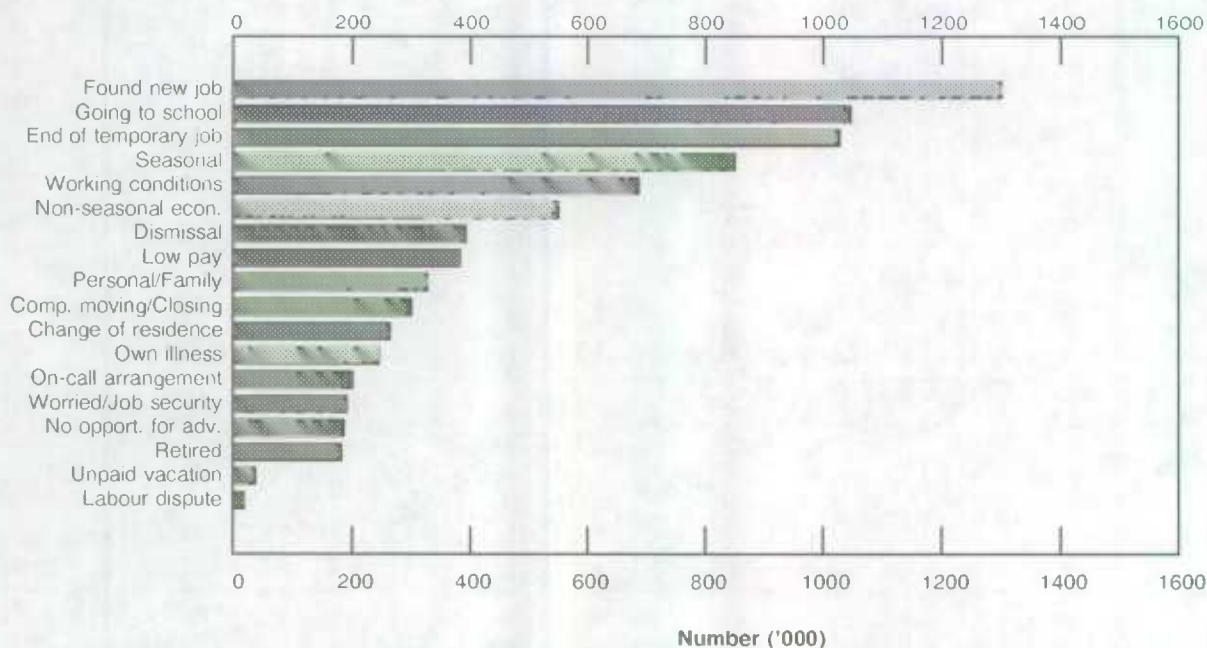




Table 4-12

### Distribution of Job Departures, by Detailed Reason and Sex, Canada, 1986-87

Reason	Male	Female
<b>Number ('000)</b>	<b>4,907</b>	<b>4,352</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>
<b>Quit</b>	<b>48.6</b>	<b>56.8</b>
Own illness	2.4	3.0
Personal/Family	0.9	6.4
Going to school	11.5	11.0
Labour dispute	0.3	0.2
Unpaid vacation	0.4	0.4
Found new job	14.5	13.5
Working conditions	5.9	9.1
Low pay	4.5	3.7
Change of residence	1.6	4.2
Retired	2.3	1.6
No opportunity for advancement	2.1	2.0
Worried about job security	2.2	1.8
<b>Loss</b>	<b>39.8</b>	<b>31.5</b>
Seasonal	11.0	7.1
End of temporary job	11.0	11.1
Non-seasonal		
economic conditions	7.9	3.8
On-call arrangement	1.8	2.7
Dismissal	4.8	3.6
Company moving/Out of business	3.4	3.1
<b>Other</b>	<b>11.6</b>	<b>11.8</b>

Table 4-13

### Distribution of Job Departures, by Detailed Reason and Age, Canada, 1986-87

Reason	Age		
	16-24	25-44	45-64
<b>Number ('000)</b>	<b>4,307</b>	<b>3,809</b>	<b>1,142</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Quit</b>	<b>60.3</b>	<b>46.3</b>	<b>43.2</b>
Own illness	1.3	2.7	7.3
Personal/Family	2.6	5.0	2.1
Going to school	21.8	2.7	0.4
Labour dispute	0.2	0.2	0.2
Unpaid vacation	0.6	0.1	0.2
Found new job	14.7	15.2	8.1
Working conditions	8.1	7.2	5.6
Low pay	4.3	4.7	1.4
Change of residence	2.6	3.4	1.5
Retired	0.2	0.3	14.2
No opportunity for advancement	2.1	2.4	0.6
Worried about job security	1.9	2.3	1.7
<b>Loss</b>	<b>29.5</b>	<b>40.1</b>	<b>46.1</b>
Seasonal	8.1	9.3	13.1
End of temporary job	9.1	12.9	12.6
Non-seasonal			
economic conditions	4.5	7.2	7.4
On-call arrangement	1.6	2.7	3.2
Dismissal	4.0	4.5	3.9
Company moving/Out of business	2.3	3.5	6.0
<b>Other</b>	<b>10.1</b>	<b>13.7</b>	<b>10.6</b>

Table 4-13 examines the reasons for job departure for three age groups: younger, mid-age and older. As age increased, workers were more likely to have lost, rather than quit their jobs. And when older workers quit their jobs, almost one-half did so on account of health reasons or retirement. Older workers were also much more affected by adverse economic conditions than younger and mid-aged workers. While young workers quit more often than older and mid-age workers, almost all of the difference was accounted for by one reason: going to school.

Table 4-14

### Distribution of Job Departures, by Detailed Reason and Regional Unemployment Rate, Canada, 1986-87

Reason	Regional unemployment rate (%)			
	0%-8.0%	8.0% - 11.9%	12.0% - 15.9%	16.0% +
<b>Number ('000)</b>	<b>2,950</b>	<b>4,587</b>	<b>1,295</b>	<b>428</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Quit</b>	<b>62.7</b>	<b>51.1</b>	<b>41.3</b>	<b>29.6</b>
Own illness	2.6	2.8	2.3	1.9
Personal/Family	4.1	3.5	2.8	1.8
Going to school	13.5	10.9	8.7	8.1
Labour dispute	0.2	0.2	0.4	0.1
Unpaid vacation	0.5	0.4	0.4	0.0
Found new job	18.1	12.7	12.3	6.0
Working conditions	9.3	7.4	4.3	3.1
Low pay	5.5	3.9	2.7	1.1
Change of residence	2.5	3.1	3.0	2.1
Retired	2.0	2.1	1.9	1.0
No opportunity for advancement	2.6	2.0	1.2	0.7
Worried about job security	1.8	2.2	1.4	3.9
<b>Loss</b>	<b>25.0</b>	<b>37.2</b>	<b>47.4</b>	<b>62.4</b>
Seasonal	6.2	8.6	13.9	22.4
End of temporary job	8.2	10.5	15.8	22.4
Non-seasonal economic conditions	3.3	6.9	7.3	9.7
On-call arrangement	1.5	2.3	3.2	2.5
Dismissal	3.0	5.0	4.6	3.3
Company moving/Out of business	2.9	3.8	2.7	2.1
<b>Other</b>	<b>12.2</b>	<b>11.7</b>	<b>11.3</b>	<b>8.0</b>

Table 4-14 shows that reasons for job departure were tied closely to regional unemployment rates. Workers in regions where unemployment rates were highest were two and one-half times more likely to have lost their jobs than workers in regions where unemployment was the lowest. In regions where unemployment was below 8.0%, not only was there greater job security (less job loss), but there was evidence of greater flexibility and choice for the workers as well. For example, a much larger share quit because they found new jobs, were going to school, or were unhappy with working conditions, low pay and their opportunities for advancement. It is also interesting to note that workers in high unemployment areas were about one-half as likely to have quit their jobs for health and personal or family reasons.

## Appendix: Chapter 4

### Women Quitting Jobs for Family Reasons

This appendix was originally intended to be a chapter on the labour force re-entry experiences of mid-life females. It was hoped it would be possible to examine the experiences of women who quit their jobs for family reasons, and then re-entered the job market after an absence.

Unfortunately, survey limitations precluded a full examination, as the two year period proved too short to furnish an appropriately sized sample of women who quit for family reasons at the beginning of the survey and who later returned following an absence of at least four to six months.

Alternatively, a more simple (and less useful) exercise was followed: all women aged 25-54 who quit for family or personal reasons (the two reasons were combined) were selected and their demographic profiles and labour market experiences examined. In selecting the sample, no minimum time limit was placed on the duration of absence from the labour market.

What follows, therefore, is not a description of the experiences of women who quit and re-entered the labour force for family reasons, but more simply a demographic description of the women who quit for personal or family reasons, and their labour force experiences during the two years.

#### Demographic Profile

The female 25-54 year age group comprised nearly one-third of the working-age population. Women accounted for most job quits for family or personal reasons in 1986-87: 86% versus 14% for men. However, job quits for this reason accounted for only 6% of all job departures for women of all working ages.

Table 4-15 shows that only a very small segment (3.3%) of the female 25-54 population actually quit their jobs for family or personal reasons in 1986-87.

Table 4-16 compares certain personal and family characteristics of women who quit with those who did not. Women who quit for family or personal reasons tended to be younger than those who did not, and were more likely to be married. Divorced, separated and widowed women were almost equally to be found among quitters and non-quitters.

Table 4-15

**Number and Distribution of the Female 25-54 Year Age Group, by Job Quit for Family or Personal Responsibility Reasons, 1986-87**

Status	Number ( '000)	Percent %
<b>Total</b>	<b>5,392</b>	<b>100.0</b>
Quit	176	3.3
Did not quit	216	96.7

Table 4-16

**Distribution of the Female 25-54 Year Age Group, by Job Quit for Family or Personal Responsibility Reasons, by Age and Marital Status, 1986-87**

Status	Quit	Did not quit
<b>Number ( '000)</b>	<b>176</b>	<b>5,216</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>
<b>Age</b>		
25-34	69.1	41.0
35-44	24.7	34.8
45-54	6.2	24.1
<b>Marital status</b>		
Married	88.7	77.2
Single	3.8	11.9
Other	7.5	10.9

There was little difference in the education levels between women who quit their jobs for family or personal reasons and those who did not (Table 4-17). However, there was a big difference in earnings. Women who quit for family or personal reasons were almost twice as likely to be concentrated in the lowest earnings ranks; only a very small proportion were found in the upper-middle level. This finding is at least partly explained by the fact that female quitters were bound to have lower earnings because, by definition, some of them were out of the labour force for part of the 1986 period (earnings are for 1986).

However, this reason does not fully explain the association between quitting and low earnings, as demonstrated in Table 4-18, which examines the hourly wage (not annual earnings) prevailing at the time of job departure. Low wage was defined as \$5.00 per hour or less, and one-quarter of quitters received a low wage compared to only 13.0% of non-quitters. Thus, women who quit their jobs for family or personal reasons would appear to be more heavily represented by lower-wage earners.



Table 4-17

**Distribution of the Female 25-54 Year Age Group, by Job Quit for Family or Personal Responsibility Reasons, by Education and Earnings Level, 1986-87**

Level	Quit	Did not quit
<b>Number ('000)</b>	<b>176</b>	<b>5,216</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>
<b>Education</b>		
No high school	6.8	11.6
Some high school	52.8	50.0
Some post-secondary	9.6	8.9
Certificate/Diploma	20.5	15.9
University graduate	10.3	13.7
<b>Earnings*</b>		
\$1-\$9,999	60.4	33.6
\$10,000-\$19,999	26.7	33.5
\$20,000-\$39,999	10.2	29.8
\$40,000 plus	2.7	3.2

\* Paid workers only.

Table 4-18

**Distribution of Female 25-54 Year Age Group, by Job Quit for Family or Personal Responsibility Reasons, by Low-wage Job, 1986-87**

Status	Low wage	Higher wage	Total
	%	%	%
Quit	25.6	74.4	100.0
Did not quit	13.0	87.0	100.0

## Labour Force Experience

Tables 4-19 to 4-21 demonstrate that women who quit their jobs for family or personal reasons experienced higher rates of unemployment, and more and longer unemployment spells. Also, when they changed jobs (in

many cases after re-entry) they were more likely to have suffered a wage decrease than women who did not quit for family or personal reasons.

Table 4-19 presents the share (rate) of women who experienced a spell of unemployment sometime during the two years. Over one-third of the women who quit for family or personal reasons had a spell of unemployment, compared to one-quarter of women who did not quit for these reasons. It should be explained that quitting a job and leaving the labour force does not automatically lead to a spell of unemployment. If women voluntarily quit and subsequently do not want or actively seek work, they are not categorized as unemployed. However, when, and if they return to the labour force, they may become unemployed while searching for employment. Thus, there may be a natural tendency for people who quit jobs voluntarily to experience higher unemployment rates.

Table 4-19

**Unemployment Rates and Mean Number of Spells for the Female 25-54 Year Age Group in the Labour Force, by Job Quit for Family or Personal Responsibility Reasons, 1986-87**

Status	Unemployment rate	Mean number of unemployment spells*
	%	
Quit	38.5	1.4
Did not quit	25.5	1.2

\* Mean number is restricted to those experiencing a spell of unemployment.

Table 4-20 shows that female job quitters, when unemployed, spent a longer period in this state than non quitters, and a slightly greater percentage were unemployed for longer than 26 weeks.

Table 4-21 displays the wage experiences of all women aged 25-54 who departed jobs and subsequently found new employment. Of those who quit for family or personal reasons, 39.1% experienced a wage loss, compared to 31.9% of women who did not quit for these reasons. Nonetheless, over one-half of the women who quit for family or personal reasons received a wage increase upon returning to employment.

Table 4-20

**Length and Average Duration of Completed Unemployment Spell for the Female 25-54 Year Age Group, by Job Quit for Family or Personal Responsibility Reasons, 1986-87**

Status	Duration	Weeks of unemployment spell			Total
		Zero	0-26	27 +	
	(weeks)	%	%	%	%
Quit	17.2	61.5	30.9	7.7	100.0
Did not quit	14.2	74.4	19.8	5.8	100.0



Table 4-21

Distribution of Female 25-54 Year Age Group, by Job Quit for Family or Personal Responsibility Reasons, by Size of Wage Change for Those Who Departed Jobs and Subsequently Obtained New Ones, 1986-87

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
Quit	33.1	6.0	6.5	13.5	40.8	100.0
Did not quit	23.3	8.6	10.6	12.7	44.8	100.0

## Chapter 5

### Job Departure: Destinations

Workers leaving a job immediately move into one of four labour force states: they take a different job with the same employer, a new job with a different employer, experience a period of unemployment, or leave the labour force. This chapter examines the characteristics of workers who end up in these different destinations.

Table 5-1 presents summary data on where job departures immediately led. The largest proportion of job departures resulted in workers leaving the labour force for a spell. Over one-third left for new employment, and nearly a quarter became unemployed. It should be underlined that these were immediate and not necessarily final destinations. Because of the high rate of labour force transition noted in Chapter 1, immediate destinations were only temporary for many workers.

Table 5-2 demonstrates that workers who quit were much more likely to end up in employment than those who lost their jobs. Conversely, job losers were two and one-half times more likely to have a spell of unemployment than those who quit their jobs.

Table 5-1

**Distribution of Job Departures by Destination, Canada, 1986-87**

Destination	Number	Percentage
	('000)	%
<b>Canada</b>	<b>9,469</b>	<b>100.0</b>
Employed with same employer	457	4.8
Employed with different employer	2,989	31.6
Unemployed	2,121	22.4
Left labour force	3,628	38.3
Unknown	276	2.9

Table 5-3 provides more detail on the association between reasons for departing jobs and destination. Almost 60% of departing workers who found a new job were those who had quit their old jobs, as opposed to only 25.0% who had lost their jobs. Nearly one-third of all workers who ended up in a new job, and over half of those who quit their jobs had found that new job before leaving their old one. The majority (58.2%) of departed workers destined for unemployment had lost their jobs mainly because of seasonal conditions or the termination of a temporary job.

### Job Departures by Immediate Destination and Reason for Departure, 1986-87

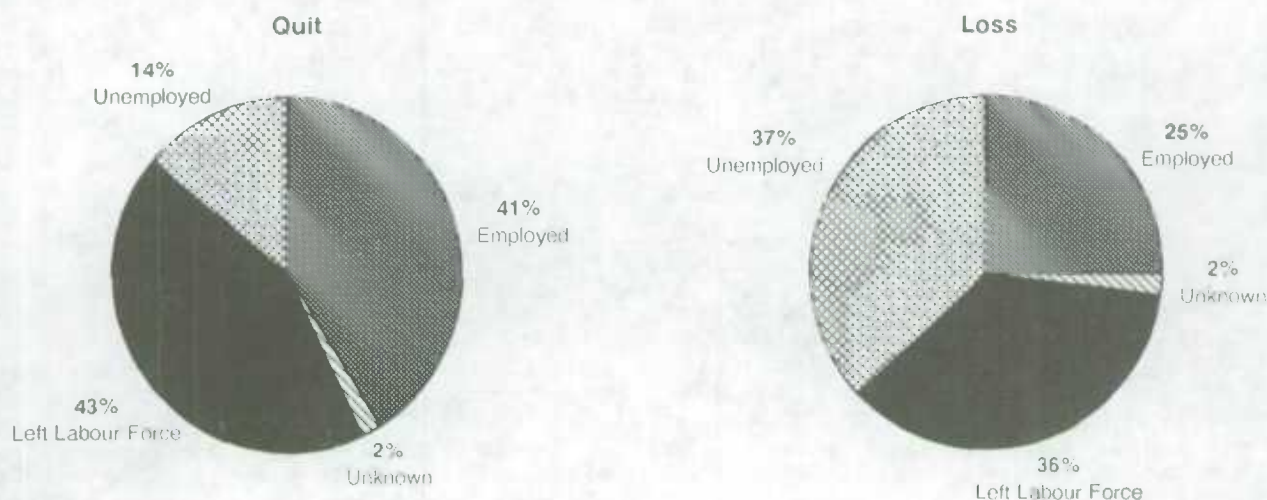


Table 5-2

## Distribution of Job Departures, by Destination and Reason for Departure, Canada, 1986-87

Reason for departure	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
Quit	41.1	14.0	42.7	2.3	100.0
Loss	25.2	37.0	35.5	2.3	100.0
Other	47.6	18.9	31.4	2.0	100.0

Table 5-3

## Distribution of Job Departures, by Destination and Detailed Reason for Departing, Canada, 1986-87

Reason for departure	Destination		
	Employed	Unemployed	Left labour force
<b>Number ('000)</b>	<b>3,349</b>	<b>2,110</b>	<b>3,593</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Quit</b>	<b>59.6</b>	<b>32.1</b>	<b>57.7</b>
Own illness	0.8	1.9	4.8
Personal/Family	1.6	2.1	6.1
Going to school	3.9	4.1	22.4
Labour dispute	0.1	0.3	0.3
Unpaid vacation	0.1	0.1	0.8
Found new job	30.8	2.3	5.1
Working conditions	8.8	8.5	5.6
Low pay	6.2	3.8	2.5
Change of residence	1.9	3.4	3.3
Retired	0.2	0.7	4.1
No opportunity for advancement	3.2	1.9	1.2
Worried about job security	1.9	3.1	1.6
<b>Loss</b>	<b>25.0</b>	<b>58.2</b>	<b>32.9</b>
Seasonal	5.9	14.2	9.5
End of temporary job	9.0	16.8	9.8
Non-seasonal economic conditions	3.3	11.6	5.0
On-call arrangement	1.8	2.6	2.2
Dismissal	2.0	8.6	3.7
Company moving/Out of business	3.0	4.4	2.8
<b>Other</b>	<b>15.3</b>	<b>9.7</b>	<b>9.4</b>

A quarter of workers who quit their jobs and became unemployed left because of poor working conditions. Of those who left the labour force entirely, the majority had quit rather than lost their jobs, with the single most important reason being a return to school. However, a significant proportion also left the labour force after losing their jobs for economic reasons, including seasonal conditions.

Table 5-4 shows considerable provincial variation around the national averages for different destinations. When Newfoundland workers departed a job they were much more likely to end up either unemployed or leaving the labour force, particularly the latter. This conclusion

was also echoed in Quebec and the other Atlantic provinces. By comparison, workers in Ontario and the four western provinces were more likely to be destined for another job.

Workers in the 20-44 age group were the most likely to go directly to another job after departing one (Table 5-5), while the oldest and youngest workers were much more likely to leave the labour force. The share of workers destined for unemployment systematically increased with age (except for the oldest workers) but there was no clear pattern for those going to employment or leaving the labour force.



Table 5-4

## Distribution of Job Departures, by Destination and Province, 1986-87

Province	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
<b>Canada</b>	<b>36.4</b>	<b>22.4</b>	<b>38.3</b>	<b>2.9</b>	<b>100.0</b>
Newfoundland	17.9	30.3	49.6	2.1	100.0
Prince Edward Island	26.1	31.6	40.4	1.8	100.0
Nova Scotia	28.0	26.7	41.4	3.9	100.0
New Brunswick	25.7	29.5	42.8	2.1	100.0
Quebec	29.8	26.0	41.4	2.8	100.0
Ontario	42.7	17.8	36.7	2.8	100.0
Manitoba	40.7	21.0	34.5	3.9	100.0
Saskatchewan	39.3	19.8	38.7	2.2	100.0
Alberta	37.5	22.4	36.2	3.9	100.0
British Columbia	34.3	26.8	36.1	2.8	100.0

## Distribution of Job Departures by Destination, by Province, 1986-87

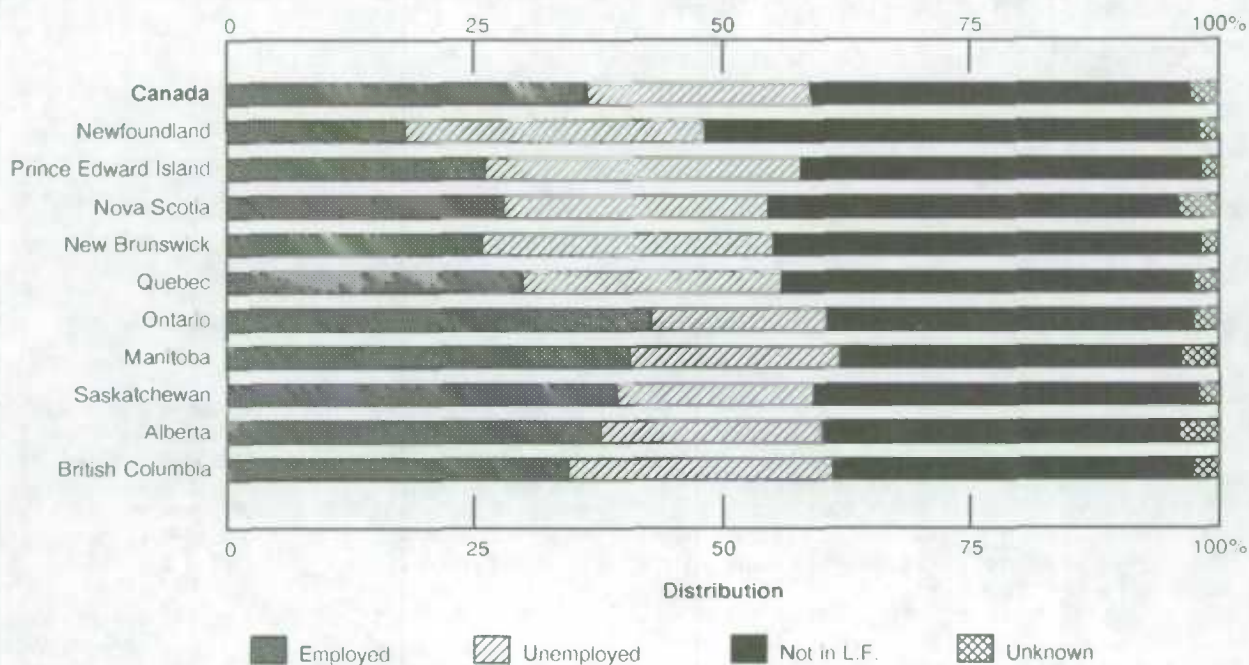


Table 5-5

## Distribution of Job Departures, by Destination, Age and Sex, 1986-87

Age/Sex	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
<b>All</b>	<b>36.4</b>	<b>22.4</b>	<b>38.3</b>	<b>2.9</b>	<b>100.0</b>
<b>Age</b>					
16-19	31.9	17.4	48.4	2.3	100.0
20-24	38.4	21.4	37.5	2.8	100.0
25-34	41.2	24.0	31.9	2.9	100.0
35-44	40.4	25.7	30.8	3.1	100.0
45-54	31.0	27.4	37.4	4.2	100.0
55-64	16.8	23.1	56.1	4.0	100.0
<b>Sex</b>					
Male	37.5	24.5	35.0	3.0	100.0
Female	35.1	20.1	42.0	2.8	100.0

Table 5-6

## Distribution of Job Departures, by Destination and Marital Status, 1986-87

Status	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
<b>All</b>	<b>36.4</b>	<b>22.4</b>	<b>38.3</b>	<b>2.9</b>	<b>100.0</b>
<b>Marital status</b>					
Married	37.2	24.1	35.6	3.1	100.0
Single	36.0	20.4	40.9	2.7	100.0
Other	32.9	25.7	37.9	3.5	100.0

Women were less likely than men to be destined for employment or unemployment, substituting instead a spell outside the labour force.

Table 5-6 does not reveal a strong link between marital status and destination. Divorced, separated and widowed workers were somewhat less likely to be destined for employment and more likely to end up unemployed than married or single workers.

Table 5-7 reveals a strong pattern linking education level with destination. Higher levels of education seemed to provide greater assurance of an employment destination: over one-half of university graduates departing jobs went directly into new ones. Higher levels of education also reduced the likelihood of unemployment or leaving the labour force. Departing workers with no high school were half as likely to end up with a new job and twice as likely to become unemployed as were university graduates.

The patterns associating wage levels and destination were similar to those linking education, with two notable exceptions. First, there was much less variation in the

shares of workers going into unemployment at different wage levels; in fact, the highest and lowest wage workers experienced the same rates. Second, low-wage workers were much more likely than workers with the lowest level of education to go to another job rather than become unemployed.

The destinations of departing workers were consistently linked to rising unemployment levels (Table 5-8). Departing workers in low unemployment regions were almost twice as likely to end up in employment than workers in regions of high unemployment, where four out of five workers (79.3%) who departed their jobs ended up in unemployment or leaving the labour force.

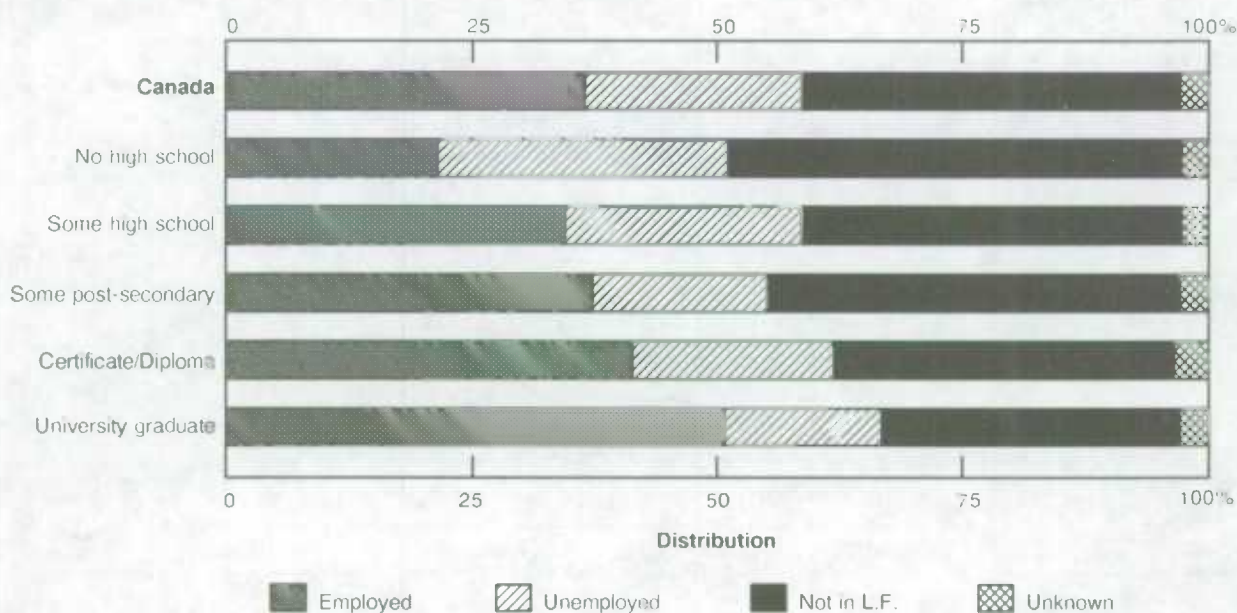
Whether workers were full or part-time also seemed to affect re-employment chances (Table 5-9). Workers departing part-time jobs were more likely to end up in new employment than those departing full-time jobs, while former full-time workers showed up more frequently in the unemployment column than did part-time workers.

Table 5-7

## Distribution of Job Departures, by Destination, Education and Wage Level, 1986-87

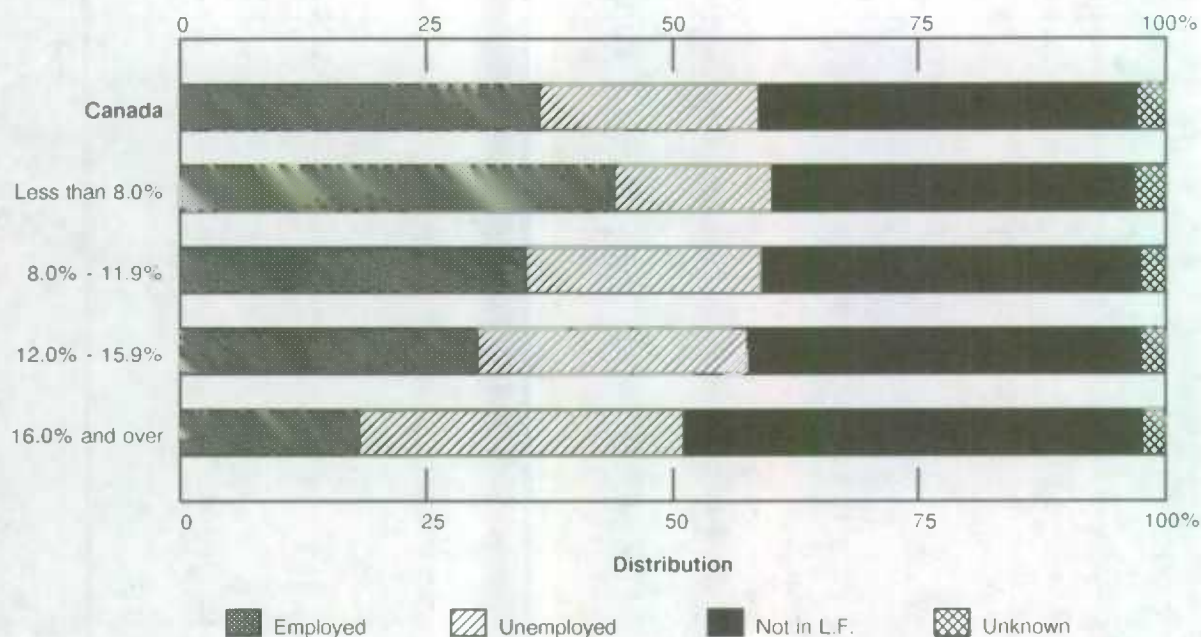
Level	Employed	Unemployed	Left labour force	Unknown	Total
	%	%	%	%	%
<b>All</b>	<b>36.4</b>	<b>22.4</b>	<b>38.3</b>	<b>2.9</b>	<b>100.0</b>
<b>Education</b>					
No high school	21.4	29.8	46.0	2.8	100.0
Some high school	34.5	24.3	38.6	2.6	100.0
Some post-secondary	37.1	18.0	41.8	3.2	100.0
Certificate/Diploma	41.4	20.5	34.5	3.7	100.0
University graduate	50.9	15.9	30.1	3.1	100.0
<b>Wage</b>					
\$1.00-\$3.99	33.7	20.1	44.9	1.3	100.0
\$4.00-\$4.99	34.0	20.7	43.2	2.1	100.0
\$5.00-\$5.99	34.6	21.7	41.1	2.6	100.0
\$6.00-\$6.99	35.8	24.8	36.9	2.5	100.0
\$7.00-\$7.99	35.4	24.5	37.3	2.8	100.0
\$8.00-\$9.99	35.5	24.9	36.7	2.9	100.0
\$10.00-\$12.49	37.0	24.3	35.0	3.7	100.0
\$12.50-\$14.99	39.5	24.0	32.7	3.9	100.0
\$15.00-\$19.99	41.8	23.0	31.7	3.6	100.0
\$20.00 plus	48.9	20.1	26.7	4.4	100.0

## Distribution of Job Departures by Destination, by Education, 1986-87





## Distribution of Job Departures by Destination, by Regional Unemployment Rate, 1986-87



**Table 5-8**

**Distribution of Job Departures, by Destination, Regional Unemployment Rate, 1986-87**

Regional unemployment rate	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
Less than 8.0%	44.0	16.0	36.8	3.2	100.0
8.0%-11.9%	35.0	24.0	38.2	2.8	100.0
12.0%-15.9%	30.1	27.6	39.6	2.7	100.0
16.0% and over	18.2	32.8	46.5	2.5	100.0

**Table 5-9**

**Distribution of Job Departures, by Destination, Full and Part-time Employment, 1986-87**

Status	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
<b>All</b>	<b>36.4</b>	<b>22.4</b>	<b>38.3</b>	<b>2.9</b>	<b>100.0</b>
Full-time	34.6	25.1	37.6	2.8	100.0
Part-time	40.5	17.2	39.4	2.9	100.0

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## Part Three

### Entering into and Retiring from the Labour Market

Part Three examines two groups in special situations: those permanently entering and exiting the labour market. Their experiences can be expected to differ from the majority of labour force members ("mid-life" workers) who, as shown in Chapter 1, were most likely to demonstrate established work careers and stable employment patterns.

Chapter 6 examines the demographic characteristics and labour force experiences of 16-24 year-old workers. Practically, it was not possible to single out individual workers in the survey who were entering the labour market for the first time on a permanent basis. Instead the report identifies and examines the entire age group 16-24 years because this group possesses the greatest concentration of entering workers.

Chapter 7 examines the other end of the work force life-cycle: permanent retirement from the labour force. As with entering workers, it was not possible to accurately identify all retiring workers, only those who listed retirement as the reason for departing a job. Therefore, those who retired from a state of unemployment or from outside the labour force were excluded.

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## Chapter 6

### Young and Student Workers

This chapter examines the experiences of 16-24 year olds who, as a group, can be considered labour force entrants trying to gain a toe-hold in the labour market and establish their careers. Demographically, they represent over one-fifth of the total Canadian working-age population in 1986-87. Our analysis examines two main sub-groups: "students" who attended school full-time at some time during the two years, and "non-students" who did not attend school full-time. Within the student sub-group, the survey allows a finer breakdown into three classes: students who were only in school full-time in 1986 and so left school in 1987 ("school leavers"); those who were only in school full-time in 1987 and so had returned to school ("returnees"); and those who studied full-time for both years, and whose labour force experience can be regarded as peripheral to their main task of studying. It was the school leavers who were most likely to be entering permanently into their careers.

In interpreting the data in this chapter note that the non-student category consists of two quite different classes (although the data are not presented this way). One class represents people who dropped out of school before completing high school, college or university. Most of these young people have already experienced several years in the labour market, and some have very low levels of education. The second class of non-students represents those who recently finished their high school, college or university studies and, while possessing a higher level of education, have relatively limited work experience.

Table 6-1, which examines the 16-24 year-old "entry" population, shows an almost even split between those in school full-time and those not in school, while school leavers and returning students made up less than 16% of the group.

**Table 6-1**

**Number and Distribution of the 16-24 Year Age Group, by Student Status, 1986-87**

Status	Number	Distribution
	('000)	%
<b>Total</b>	<b>3,551</b>	<b>100.0</b>
16-24/Student '86	442	12.5
16-24/Student '87	118	3.2
16-24/Student '86-87	1,477	41.6
16-24/Not student	1,514	42.6

The first section of this chapter examines the demographic profile of students and non-students in the 16-24 year age group. The concluding section examines their two year labour force experience.

#### Demographic Profile

As expected, students tended to be younger than non-students (Table 6-2), with the greatest concentration of younger people among those who attended school throughout 1986 and 1987. Returning students tended to be older, and women made up a slightly larger proportion of non-students than men.

**Table 6-2**

**Distribution of the 16-24 Year Age Group, by Student Status, Age and Sex, 1986-87**

Age/Sex	Age group 16-24 years			Non-student 1986-87
	Student			
	1986	1987	1986-87	
Number ('000)	442	118	1,477	1,514
Total (%)	100.0	100.0	100.0	100.0
Age				
16-19	47.9	30.0	71.3	11.5
20-24	52.1	70.0	28.7	88.5
Sex				
Male	53.6	51.4	51.6	47.8
Female	46.4	48.7	48.4	52.2

Table 6-3

## Distribution of the 16-24 Year Age Group, by Student and Marital Status, 1986-87

Status	Age group 16-24 years			
	Student			Non-student
	1986	1987	1986-87	1986-87
<b>Number ('000)</b>	<b>442</b>	<b>118</b>	<b>1,477</b>	<b>1,514</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Marital status</b>				
Married	10.3	11.6	2.5	37.7
Single	89.3	87.6	97.3	61.1
Other	0.4	0.9	0.2	1.2

Table 6-4

## Distribution of the 16-24 Year Age Group, by Student Status, Education and Earnings Level, 1986-87

Level	Age group 16-24 years			
	Student			Non-student
	1986	1987	1986-87	1986-87
<b>Number ('000)</b>	<b>442</b>	<b>118</b>	<b>1,477</b>	<b>1,514</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Education</b>				
No high school	2.1	2.7	1.8	5.9
Some high school	49.1	63.0	60.9	65.3
Some post-secondary	22.7	19.4	26.7	10.5
Certificate/Diploma	16.6	9.4	8.1	14.3
University graduate	9.6	5.5	2.5	4.0
<b>Earnings*</b>				
\$1-\$9,999	80.2	55.9	95.7	41.2
\$10,000-\$19,999	16.0	32.0	3.7	41.2
\$20,000-\$39,999	3.8	10.1	0.6	17.1
\$40,000 plus	0.1	2.0	0.0	0.4

\* Paid workers only.

Table 6-3 shows that all categories of young people were more likely to be single, but non-students were more likely to be married than students. Younger students (concentrated mostly among those who attended school both years) were almost all single. Divorced and separated youths were almost absent from all categories.

Table 6-4 shows that the vast majority of young people were at the high school level of learning – less than 4% of the entire age group had not obtained some high school education. Students had a higher level of education than non-students, and returning students were returning to pursue their education at all levels, but the

majority were at the high school level. Of the total youth population, nearly 16% had already acquired a post-secondary certificate or university degree.

Predictably, both school leavers (1986 students) and those who attended school throughout the two years received the lowest level of earnings. Non-students, and to a lesser degree returning students, posted the highest level of earnings. Since earnings data were for 1986 only, the earnings level for school leavers can be expected to be low since it represented income generated during the year that they were also full-time students.

Table 6-5

## Distribution of the 16-24 Year Age Group, by Student Status and Labour Force Status, 1986-87

Status	Labour force status				
	Stable			Transition	Total
	Not in labour force	Unemployed	Employed		
	%	%	%	%	%
16-24/Student '86	2.6	0.1	5.0	92.3	100.0
16-24/Student '87	5.2	0.3	7.9	86.7	100.0
16-24/Student '86-87	7.7	0.0	6.2	86.2	100.0
16-24/ Not student	4.5	0.2	25.4	69.9	100.0
25 years plus	15.9	0.4	44.8	39.0	100.0

## Labour Force Experiences

The following tables examine the labour force experiences of young students and non-students. For comparison, the labour force experiences of the working-age population 25 years and older are also summarized in the tables.

Table 6-5 provides a picture of the degree of labour force stability that existed among youths. As can be seen, young people as a group, whether students or not, exhibited greater likelihoods of experiencing a transition than did older workers. Among youths, non-students exhibited much greater stability, but they were still considerably less stable than older workers. Non-students were about one-half as likely as older workers to have remained in the same job throughout the two years.

Table 6-6

## The Distribution, Incidence and Mean Number of Transitions for Students and Non-students, 16-24 Years, 1986-87

Status	Incidence	Mean number	Distribution
	%		%
<b>Total</b>			<b>100.0</b>
16-24/Student '86	92.3	4.0	5.2
16-24/Student '87	86.7	3.8	1.3
16-24/Student '86-87	86.2	4.2	16.1
16-24/Not student	69.9	3.6	13.4
25 years plus	39.0	2.9	64.0

Table 6-6 reveals that students on average experienced about four transitions during the two years, compared to around three for older workers. Young people, students and non-students combined, accounted for one-third of all transitions, although they represented only one-fifth of the working-age population. Young students alone accounted for over one-fifth (22.6%) of all

transitions. It is possible to conclude, therefore, that the presence of a large number of student workers in the working-age population leads to higher rates of transition and more movement in the Canadian labour market due to transitions back and forth between school and the labour force.

Table 6-7 provides another way of demonstrating the greater labour force flux among younger people, students in particular. Students were more likely than older workers to be in all three labour force states at some time during the two years, with non-student experiences being closer to those of older workers.

Table 6-7

## Incidence of Spells of Unemployment, Employment and Not in the Labour Force, by Student and Non-student, Age 16-24, 1986-87

Status	Type of spell		
	Employment	Unemployment	Not in labour force
	%	%	%
16-24/Student '86	95.6	57.5	80.0
16-24/Student '87	91.6	51.4	83.1
16-24/Student '86-87	88.6	44.7	85.8
16-24/ Not student	93.9	41.8	48.4
25 years plus	82.0	18.8	42.2

The unemployment experience of entrants is shown in Table 6-8. Over the two years, nearly half of the students in the labour force suffered a spell of unemployment at some time. The rate for young non-students is lower but still almost double the rate for older workers. However, non-students were near the top in terms of the mean number of unemployment spells. The unemployment rate for 1987 is included in the table in order to examine the unemployment experience of the 1986 school leavers, and the results show they experienced an unemployment rate of 38.0%, the highest of any group.



## Students and Non-students by Unemployment Rate during 1986-87

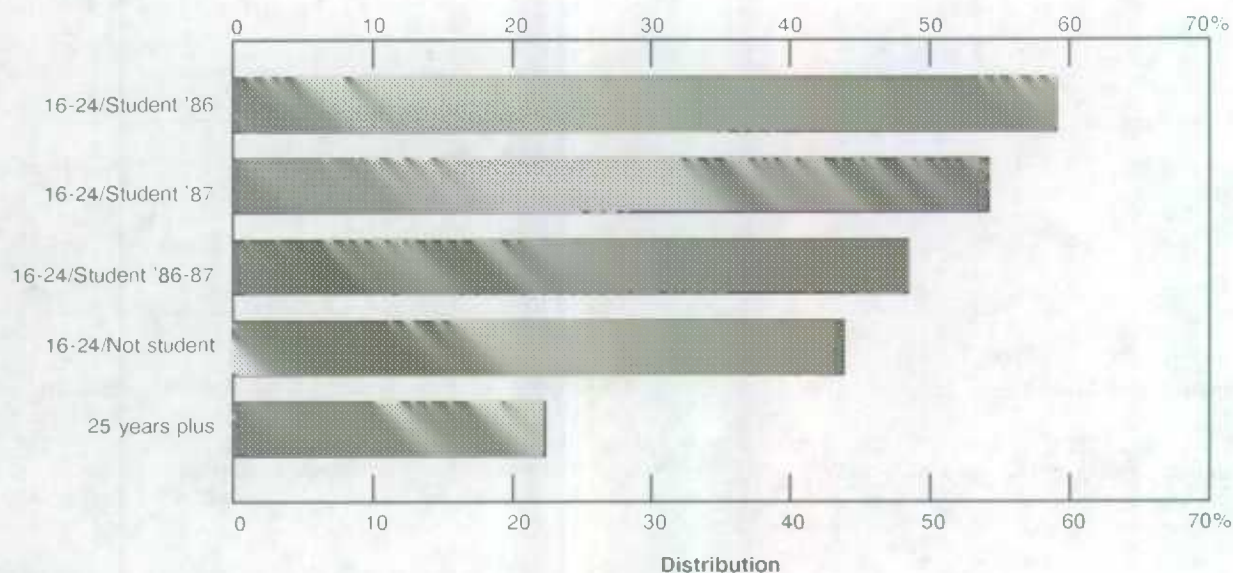


Table 6-8

**Unemployment Rates and Mean Number of Unemployment Spells for Students and Non-students, 16-24 Years, 1986-87**

Status	Unemployment rate		Mean number of unemployment spells*
	1987	1986-87	
	%	%	
16-24/Student '86	38.0	59.1	1.7
16-24/Student '87	36.3	54.2	1.5
16-24/Student '86-87	30.5	48.4	1.4
16-24/Not student	28.8	43.8	1.6
25 years plus	14.9	22.3	1.3

\* Mean number applies only to those people experiencing at least one spell of unemployment.

Table 6-9 shows that young people, student or not, had longer unemployment spells, with the exception of students who attended school full-time during both years. Presumably, for many of these students, the length of the school term precluded extended periods of unemployment. For the other classes of young workers, the proportion who experienced more than 26 weeks of unemployment was much greater than for older workers.

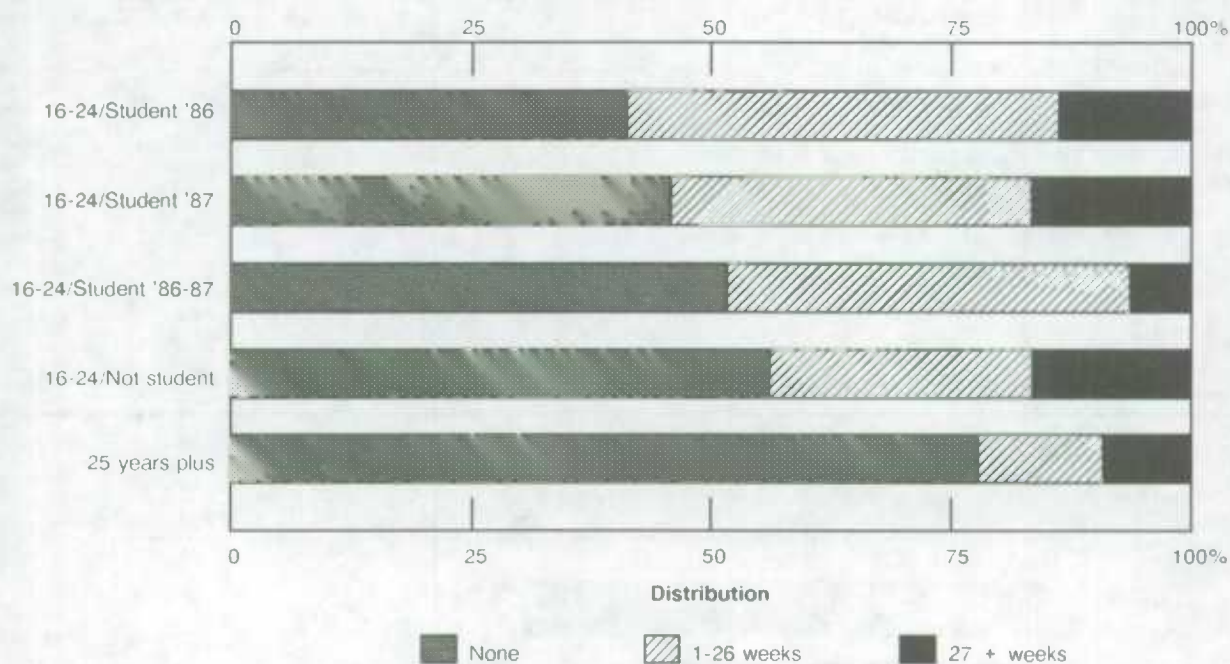
Table 6-9

**Distribution of Students and Non-students, Age 16-24, by Number of Weeks Unemployed, 1986-87**

Status	Weeks of unemployment			Total
	None	1-26	Over 26	
	%	%	%	
16-24/Student '86	41.0	45.0	14.1	100.0
16-24/Student '87	45.8	37.6	16.6	100.0
16-24/Student '86-87	51.6	42.0	6.4	100.0
16-24/Not student	56.2	27.2	16.6	100.0
25 years plus	77.7	13.0	9.3	100.0

Why entrants left their jobs is shown in Table 6-10. Young people were more likely to have quit their jobs than have lost them, much more so than older workers. Contrary to what might have been expected, movement back and forth between school and work did not fully explain the high job quitting rate among young people, since young non-students also experienced a higher job quit rate.

## Students and Non-students by Weeks Unemployed during 1986-87



**Table 6-10**

**Distribution of Students and Non-students, Age 16-24, by Reason for Job Departure, 1986-87**

Status	Quit	Lost	Other	Total
	%	%	%	%
16-24/Student '86	55.1	33.6	11.3	100.0
16-24/Student '87	60.3	27.2	12.6	100.0
16-24/Student '86-87	67.5	23.7	8.9	100.0
16-24/Not student	53.4	35.5	11.1	100.0
25 years plus	45.6	41.5	13.0	100.0

**Table 6-11**

**Distribution of Students and Non-students, Age 16-24, Who Departed Jobs and Subsequently Obtained New Ones, by Size of Wage Change, 1986-87**

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
16-24/Student '86	19.6	5.8	10.4	12.0	52.2	100.0
16-24/Student '87	21.9	6.1	14.5	10.0	47.5	100.0
16-24/Student '86-87	22.0	6.8	12.1	9.6	49.4	100.0
16-24/Not student	22.0	6.0	11.3	11.0	49.7	100.0
25 years plus	23.1	7.9	13.1	12.9	43.0	100.0

Table 6-11 shows that young workers, student and non-student alike, were more likely than older workers to have improved their wages by changing jobs. School leavers (1986 students) showed the greatest improvement. The wage change differences between students and non-students were small.

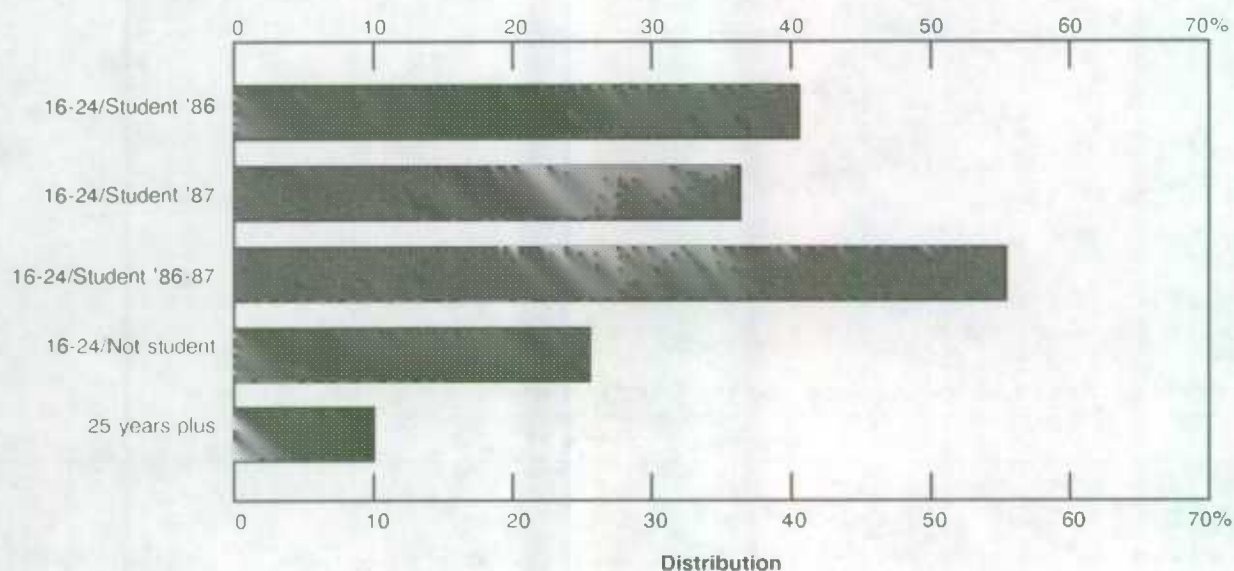
Students were more likely to be working at a low-wage job than either non-students or older workers (low-wage was defined as \$5.00 per hour or less.) Table 6-12 shows that school leavers and returning students did better than students who attended school in both years. Over one-half of these latter students worked at a low-wage job.

**Table 6-12**

**Distribution of Students and Non-students, Age 16-24, by Low-wage Job, 1986-87**

Status	Low wage	Non low wage	Total
	%	%	%
16-24/Student '86	40.5	59.5	100.0
16-24/Student '87	36.3	63.7	100.0
16-24/Student '86-87	55.3	44.7	100.0
16-24/Not student	25.6	74.4	100.0
25 years plus	10.0	90.0	100.0

**Students and Non-students by Prevalence of Low-wage Jobs, 1986-87**





## Chapter 7

### Retirement from the Labour Market

This chapter examines the experience of members at the other end of the work force: those aged 55-64, closest to the normal retirement age of 65. We had originally planned to divide this age group into those who had retired during the survey period, and those who had not, so we could compare the experiences and characteristics of the two groups and note any factors predisposing workers to early retirement. However, in practice, the survey data only made it possible to identify a particular segment of retiring workers: those who gave retirement as their reason for job departure. Workers who retired from a state of unemployment or from a period outside the labour force were impossible to identify from the survey data.

There was another shortcoming as well. The survey did not identify workers who retired but may have changed their minds and returned to the labour force. How many initial retirements fell into this category is unknown, but the possibility exists that the number of job retirees in the two years overstates the number of workers permanently retired from the labour force. These data limitations should be noted when interpreting the findings that follow.

#### Demographic Profile

The 55-64 year age group comprised 14% of the working-age population, and accounted for 77% of all job retirements. Table 7-1 shows that 6.1% of all persons aged 55-64 left a job for reasons of retirement in 1986 or 1987. Among older workers who departed jobs, 28.0% listed retirement as the main reason.

Table 7-1

**Number and Distribution of the 55-64 Year Age Group, by Retirement Status, 1986-87**

Status	Number	Distribution
	('000)	%
<b>Total</b>	<b>2,306</b>	<b>100.0</b>
55-64/Retired	141	6.1
55-64/Not retired	2,165	93.9

Men comprised twice the share of retirees as did women, although they were about equally represented among the non-retired. Table 7-2 shows that two-thirds of retirees were men. There was little difference in retirement status between married and non-married workers.

Table 7-3 reveals there were only small differences in the retired and non-retired populations according to education or earnings level. Workers with certificates and degrees were more likely to be retired, as were those with higher earnings, but the differences between the earnings of the retired and non-retired were very small.

Table 7-2

**Distribution of the 55-64 Year Age Group, by Retirement Status, Sex and Marital Status, 1986-87**

Status	Retired	Not retired
<b>Number ('000)</b>	<b>141</b>	<b>2,165</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>
<b>Sex</b>		
Male	66.2	46.9
Female	33.8	53.2
<b>Marital status</b>		
Married	74.9	76.2
Single	8.0	6.7
Other	17.1	17.1

Table 7-3

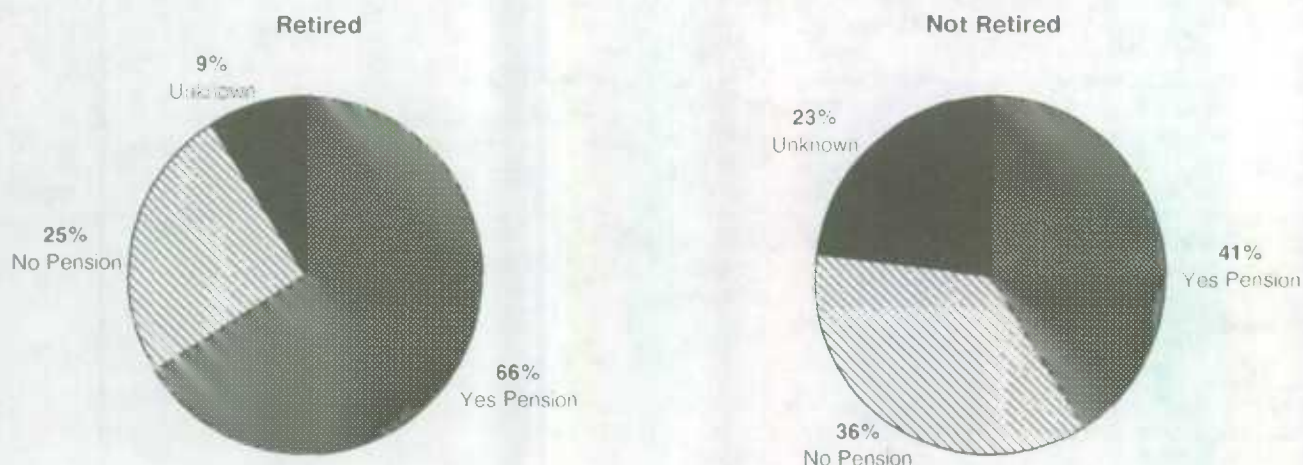
**Distribution of the 55-64 Year Age Group, by Retirement Status, Education and Earnings Level, 1986-87**

Level	Retired	Not retired
<b>Number ('000)</b>	<b>141</b>	<b>2,165</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>
<b>Education</b>		
No high school	30.6	35.5
Some high school	43.1	44.0
Some post-secondary	5.7	4.9
Certificate/Diploma	10.2	7.5
University graduate	10.4	8.1
<b>Earnings*</b>		
\$1-\$9,999	24.7	27.0
\$10,000-\$19,999	26.4	26.8
\$20,000-\$39,999	39.5	37.3
\$40,000 plus	9.4	8.9

\* Paid workers only.

Private pension coverage was highly associated with retirement as Table 7-4 shows. Two-thirds of retired workers had private pension coverage, while only 40.6% of non-retired workers were covered.

## 55-64 Year Age Group by Retirement and Private Pension Coverage, 1986-87



See text for notes.

Table 7-4

**Distribution of the 55-64 Year Age Group, by Retirement Status and Private Pension Coverage, 1986-87**

Pension coverage	Retired	Not retired
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>
Yes	65.8	40.6
No	25.2	36.0
Unknown	9.0	23.5

### Labour Market Experience

The following tables compare the labour market experiences of retirees with those of non-retirees of the same age, as well as with people under the age of 55. Since the definition of retirees is limited by the data to those who departed jobs, the two reference groups were also restricted to job departers. In interpreting these data, note that because retirees were not in the labour force for the entire two years, comparisons of data that are at least partly a function of time will not be completely valid. For example, people retiring in the first months of 1986 necessarily faced reduced opportunities for multiple unemployment spells, or transitions, or an accumulation of weeks of unemployment, when compared to others who

spent the full two years in the labour market. Consequently, only selected labour force experiences are examined where the period of time in the labour force is irrelevant or not too influential.

The information on duration of unemployment in Table 7-5 is not heavily influenced by the time period since only the length and not the number of completed spells is considered. Of those workers having a completed unemployment spell, average duration was longer for retiring workers. Also, older non-retired workers experienced longer unemployment spells than younger workers. It should be noted that unemployment spells for retiring workers were not eventually terminated by their retirement since the definition of retiree includes only those who retired from a job (and not from a state of unemployment).

Table 7-5

**Average Duration of Completed Unemployment Spells, Retirees and Non-retirees, 1986-87**

Status	Weeks duration
55-64/Retired	18.6
55-64/Not retired	15.7
Under 55	13.2

Table 7-6

**Distribution of Retirees and Non-retirees Who Departed Jobs and Subsequently Obtained New Ones, by Size of Wage Change, 1986-87**

Status	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%		%	%	
55-64/Retired	64.7	0.0	6.5	0.0	28.8	100.0
55-64/Not retired	22.3	11.7	18.4	14.0	33.7	100.0
Under 55	22.3	7.1	12.2	11.6	46.8	100.0

The data in Table 7-6 refer to any job changes that departers experienced in the two years. Note that only 5% of retirees changed jobs before retirement. The data show that retired workers fared the worst when it came to a job change. Almost two-thirds of those changing jobs experienced a major wage decrease before retirement.

Table 7-7 shows that retired workers were more likely than other classes of departed workers to have been employed in a low-wage job.

Table 7-7

**Distribution of Retirees and Non-retirees Who Departed Jobs, by Low-wage Job, 1986-87**

Status	Low wage	Non low wage	Total
	%	%	%
55-64/Retired	6.8	93.2	100.0
55-64/Not retired	8.1	91.9	100.0
Under 55	10.7	89.3	100.0





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## Part Four

### **The Labour Market and Precarious Experiences**

There is much concern today with marginal, peripheral or precarious workers. These workers are not always precisely defined, but common elements of their worklife revolve around low wages, intermittent employment interspersed with periods of long-term unemployment, involuntary part-time work, reliance on public income security programs, and hazardous working conditions. The survey data underlying the following three chapters do not permit an identification and examination of particular precarious workers; but they do allow an examination of some of the conditions characterized by precarious work: low-wage jobs, workers who claimed social assistance and unemployment insurance, and those who experienced long-term unemployment.

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## Chapter 8

### Low-wage Jobs

This chapter examines low-wage jobs, not low-wage workers because it is difficult to consistently define a low-wage worker throughout the two years. Many workers held more than one job in two years, and while one of these jobs may have been low-wage, others were not. Consequently, multi-job holders cannot always be consistently defined as low-wage workers if only one of their jobs was low-wage. However, the 19 million paid jobs held in 1986-87 can be unambiguously classed as either low-wage or not, and the characteristics of the workers who held these jobs at the time can be examined.

The first section of this chapter examines some of the characteristics of low-wage jobs. The second section examines the characteristics of the workers who held these jobs. A concluding section focuses on workers, not jobs, but from a different perspective: it identifies all workers holding a low-wage job on a specific date in 1986, and then checks their status at the end of 1987 to determine how many had escaped their low-wage situation.

In all sections, low-wage jobs are defined as those falling in the bottom 20% of jobs on the wage ladder. The resultant wage for these low-wage jobs was \$5.00 per hour or less (equivalent to \$9,620 or less annually for a full year's work).

A \$5.00 wage averaged about \$1.00 per hour higher than the 11 federal and provincial minimum wages prevailing at the beginning of 1987<sup>1</sup>, which ranged from a low of \$3.65 per hour to a high of \$4.50. For purposes of comparing to low income situations, \$5.00 per hour would generate around \$9,620 of pre-tax income a year if a worker worked the Canadian average number of hours per week all year. This income in 1987 would have placed an individual living in a large city well below Statistics Canada's low-income cut-off of \$11,847.

#### Characteristics of Low-wage Jobs

Table 8-1 presents the national and provincial findings on low-wage jobs. The first two columns show the provincial share of all non low-wage and low-wage jobs in Canada. The third column shows the incidence of low-wage jobs in each province; that is, of all jobs, the percentage that were low wage. Of the 19 million paid jobs held (self-employment is excluded) during the two years, nearly 4 million were low wage. It should be noted that since low wage was defined as the bottom 20% of jobs, low-wage jobs comprised one-fifth (20.3%) of all paid jobs.

Almost two-thirds of Canada's low-wage jobs were located in Quebec and Ontario even though the incidence of low wage was below the national average in both provinces. The incidence of low wage was well above average in the four Atlantic provinces: they accounted for

less than 8% of Canada's non low-wage jobs, but for 11.0% of its low-wage jobs. Quebec had the lowest incidence of low-wage jobs, followed closely by Alberta and B.C.

Table 8-1

#### The Provincial Distribution and Incidence of Low-wage and Non Low-wage Jobs, 1986-87

Province	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Canada (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
Newfoundland	1.9	2.8	27.6
Prince Edward Island	0.4	0.7	32.1
Nova Scotia	2.8	4.0	26.6
New Brunswick	2.4	3.5	27.3
Quebec	24.1	21.9	18.8
Ontario	39.7	38.8	19.9
Manitoba	4.0	4.2	21.3
Saskatchewan	3.2	3.8	23.3
Alberta	10.3	9.7	19.2
British Columbia	11.3	10.6	19.2

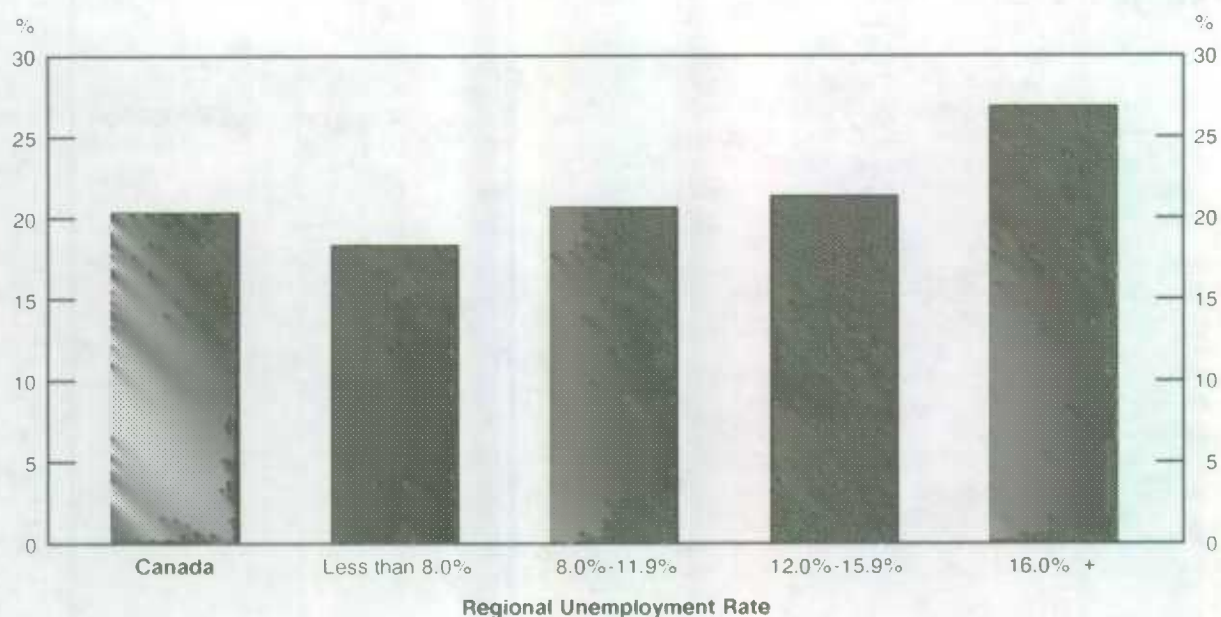
Table 8-2 presents data on the relationship between regional unemployment rates and low wages. Regions with higher unemployment rates had both a greater share of Canada's low-wage jobs relative to jobs that were not low wage, and a higher incidence. Jobs in regions of high unemployment were almost one and a half times more likely to be designated low wage than were jobs in regions of lower unemployment.

Table 8-2

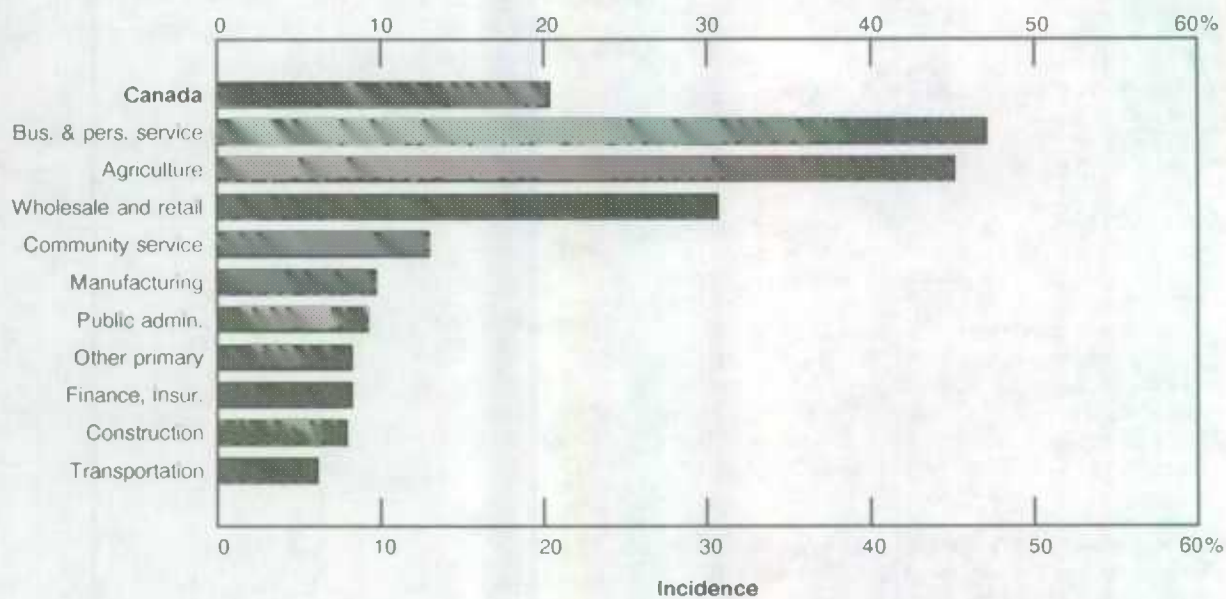
#### The Distribution and Incidence of Low-wage and Non Low-wage Jobs, by Regional Unemployment Rate, 1986-87

Unemployment rate	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
Less than 8.0%	33.0	29.2	18.4
8.0%-11.9%	50.7	52.2	20.7
12.0%-15.9%	13.0	13.9	21.4
16.0% and over	3.3	4.8	26.9

### Incidence of Low-wage Jobs by Regional Unemployment Rate, 1986-87



### Incidence of Low-wage Jobs by Industry, 1986-87



See notes in text.

Table 8-3

### The Distribution and Incidence of Low-wage and Non Low-wage Jobs, by Industry, 1986-87

Occupation	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
<b>Industry</b>			
Agriculture	1.3	4.3	45.1
Other primary	3.2	1.1	8.2
Manufacturing	19.0	8.0	9.6
Construction	7.6	2.6	7.9
Transportation, communication	8.0	2.0	6.1
Wholesale and retail trade	15.5	26.8	30.6
Finance, insurance, real estate	5.8	2.0	8.2
Community service*	18.8	11.1	13.0
Business and personal service	10.1	35.2	47.0
Other service	2.2	3.6	29.1
Public administration	8.6	3.4	9.1

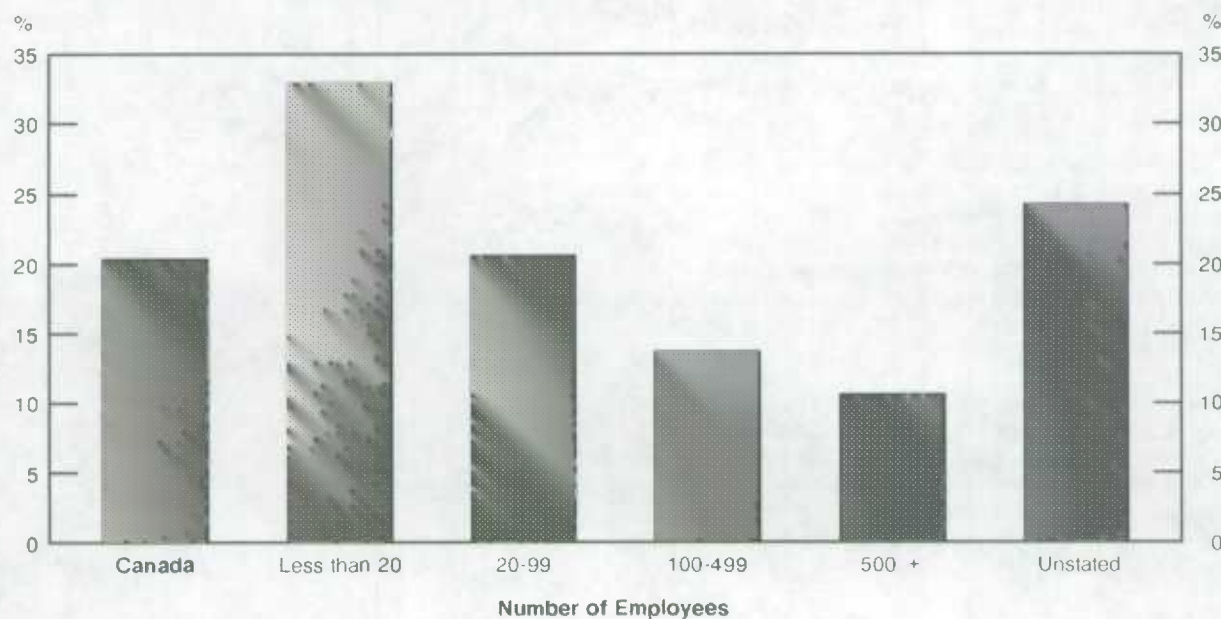
\* Community service covers the fields of education, health, hospitals, welfare, and religion.

Table 8-4

### The Distribution and Incidence of Low-wage and Non Low-wage Jobs, by Selected Job Characteristics, 1986-87

Characteristic	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
<b>Employment status</b>			
Full-time	83.0	55.3	14.5
Part-time	17.0	44.7	40.1
<b>Union status</b>			
Non-union	67.6	96.5	26.6
Union	32.4	3.5	2.7
<b>Firm size</b>			
19 persons or less	23.3	44.7	32.8
20-99 persons	16.2	16.4	20.5
100-499 persons	13.6	8.4	13.6
500 or more	36.0	16.7	10.6
Unstated	11.0	13.8	24.3
<b>Pension plan</b>			
Yes	41.0	4.5	2.7
No	59.0	95.5	29.2

### Incidence of Low-wage Jobs by Size of Firm, 1986-87



See notes in text.



Table 8-3 indicates that industry type influenced whether a job was low-wage or not much more than province or regional unemployment rate. In fact the findings in Table 8-3 are rather unusual because the incidences were not bunched around the national average, but were either much higher or much lower. Workers in agriculture, wholesale and retail trade, and business and personal and other services faced a high incidence of being in a low-wage job. On the other hand, workers in six industries were likely to encounter less than a 10% chance of experiencing low-wage work.

Table 8-4 presents four other characteristics of jobs. Nearly one-half (40.1%) of part-time jobs were low-wage, compared to 14.5% of full-time jobs. Almost no unionized jobs were low-wage, while over one-quarter of non-union jobs were. Since non-union jobs accounted for 73.5% of all paid jobs in 1986-87, they made up nearly 97% of all low-wage jobs.

The likelihood of earning a low wage was inversely proportional to firm size. Workers in the smallest firms were three times as likely to have a low wage as workers in the largest firms. The smallest firms accounted for nearly one-half of all low-wage jobs. Nor were low-paying jobs often associated with attached benefits like pension plans. If a job had a pension plan attached to it, the likelihood of it being a low-paying job was less than 3%. Almost 96% of all low-paying jobs had no pension plan.

### The Characteristics of Workers who Held Low-wage Jobs

This section examines the characteristics of workers who held low-wage jobs in 1986-87. We are not necessarily identifying the characteristics of permanent low-wage workers, but rather the characteristics of workers who held a low-wage job, however briefly. Nonetheless, we expect a profile of these workers parallels closely (with the possible exception of age) the characteristics of workers who more or less continuously held low-wage jobs.

Table 8-5 demonstrates that women were almost twice as likely as men to hold low-wage jobs, and accounted for nearly two-thirds of all low-wage jobs in 1986-87. The youngest age group, teenage workers of both sexes, had the highest likelihood (60.0%) of holding a low-wage job. This likelihood dropped steeply with age: workers in the 35-44 age group faced only an 8.6% chance of holding a low-paying job.

Table 8-6 shows that the conclusions about age vary considerably when sex is taken into account. Female teenage workers encountered a low-wage job incidence nearly a third higher than their male counterparts did, and the discrepancies increased with age: in the age group 35-44, the female incidence was three times higher, and in the 45-54 age group it was over four times higher.

**Table 8-5**

### The Distribution and Incidence of Low-wage and Non Low-wage Job Holders, by Age and Sex, 1986-87

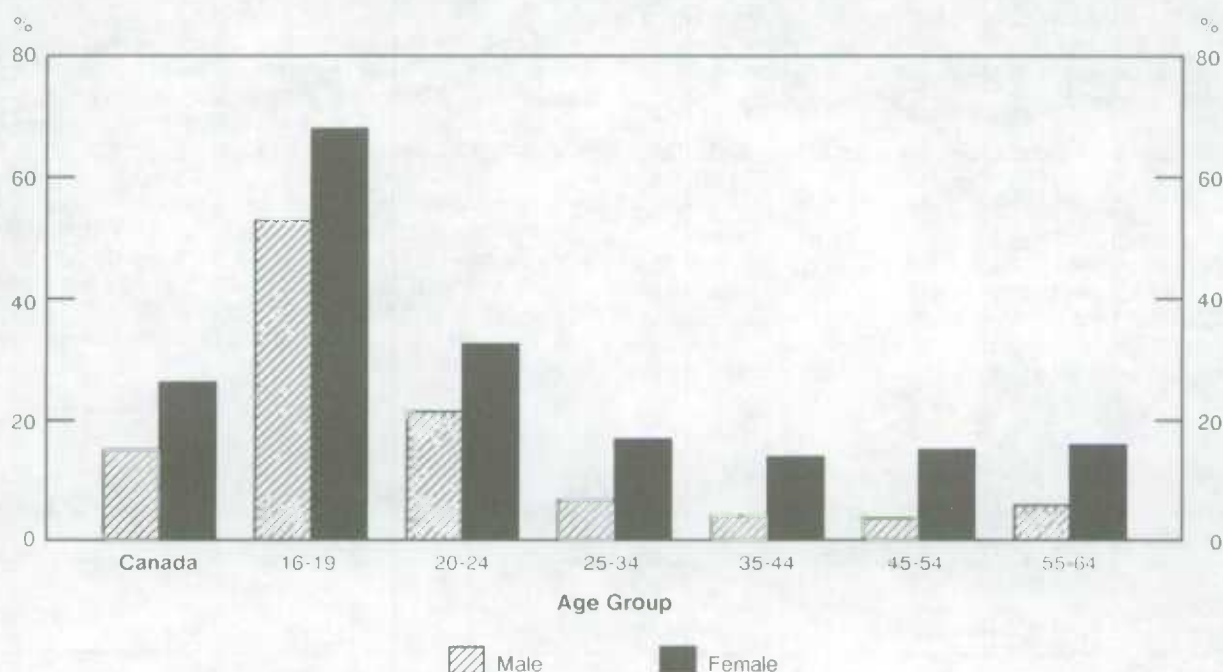
Sex/Age	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
Male	57.2	39.6	15.0
Female	42.9	60.4	26.4
<b>Age (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
16-19 years	7.0	41.4	60.0
20-24	18.3	26.0	26.5
25-34	32.5	16.5	11.5
35-44	22.4	8.3	8.6
45-54	12.7	4.8	8.7
55-64	7.1	3.0	9.6

**Table 8-6**

### The Distribution and Incidence of Low-wage and Non Low-wage Job Holders, Cross-tabulated by Age and Sex, 1986-87

Sex	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Male ('000)</b>	<b>8,653</b>	<b>1,525</b>	
<b>All ages (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>15.0</b>
16-19 years	7.7	48.8	52.7
20-24	18.1	27.6	21.2
25-34	31.4	12.9	6.8
35-44	21.8	5.3	4.1
45-54	12.9	2.6	3.5
55-64	8.0	2.8	5.7
<b>Female ('000)</b>	<b>6,490</b>	<b>2,326</b>	
<b>All ages (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>26.4</b>
16-19 years	6.1	36.6	68.2
20-24	18.6	25.0	32.4
25-34	33.8	18.9	16.7
35-44	23.1	10.3	13.7
45-54	12.5	6.2	15.0
55-64	5.8	3.1	16.0

## Incidence of Low-wage Jobs\* by Age Group and Sex, 1986-87



\* Jobs paying \$5.00 or less.

Table 8-7 shows that single persons held two-thirds of all low-wage jobs, and were three times more likely to hold such jobs as married workers. The incidence of low-wage job holding for divorced, separated and widowed persons was only slightly higher than for married persons.

**Table 8-7**

### The Distribution and Incidence of Low-wage and Non Low-wage Job Holders, by Marital Status, 1986-87

Status	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
<b>Marital status</b>			
Married	62.0	29.2	10.7
Single	31.4	66.7	35.1
Other	6.6	4.1	13.7

**Table 8-8**

### The Distribution and Incidence of Low-wage and Non Low-wage Job Holders, by Level of Education, 1986-87

Level	Distribution of jobs		Incidence of low wage
	Non low wage	Low wage	
<b>Number ('000)</b>	<b>15,142</b>	<b>3,851</b>	
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>20.3</b>
<b>Education level</b>			
No high school	8.0	7.6	19.5
Some high school	47.4	65.1	25.9
Some post-secondary	13.1	16.0	23.7
Certificate/Diploma	16.5	7.5	10.3
University graduate	15.1	3.8	6.0

Nearly three-quarters of all low-wage jobs were held by workers with a high school level education or less (Table 8-8). Generally, the higher the level of education, the less likely the worker was to be holding a low-paying job. Those with some high school education were four

times more likely to hold a low-wage job than university graduates. Of added interest is that workers with no high school education had a lower likelihood than those with some high school, but this result was almost certainly a reflection of age, since older workers were more likely to have less than high school education and less likely to have a low-wage job.

### The Progress of Selected Low-wage Job Holders Over Time

For reasons explained at the start of this chapter, the preceding analysis focused on low-wage jobs and the people holding them rather than permanent low-wage workers (who admittedly in many cases would be the same people). To get some idea of how many low-wage workers are permanent, this short section focuses on a

specific group of workers who, at one point, held low-wage jobs. It then examines their labour force status and wage levels a year later.

Table 8-9 compares the labour market status of a group of 1.2 million workers holding low-wage jobs in September 1986 with their status a year later. For comparison, the status of workers with higher-wage jobs (exceeding \$5.00 an hour) was also recorded.

The labour market fortunes of low-wage workers showed little improvement, with only 17.0% graduating to a higher paying job, while 83.0% either remained in a low-wage job or had no job at all. By contrast, the wage and labour force status of higher-wage workers declined very little, with less than 10% ending in either low-paying jobs or without jobs a year later.

**Table 8-9**

**The Distribution of Workers Holding Low-wage and Higher-wage Jobs, by Labour Force Status and Wage, Following the Passage of One Year, 1986-87**

Status 1986	Status 1987			Total
	Low-wage job	Higher-wage job	No job	
	%	%	%	%
Low wage	57.6	17.0	25.4	100.0
Higher wage	1.2	90.7	8.1	100.0



## Chapter 9

### The Characteristics and Labour Force Experience of Social Assistance and Unemployment Insurance Recipients

Focusing on the recipients of social assistance and unemployment insurance is another means of isolating peripheral or precarious workers. However, the recipients in the two programs differ. Many recipients of unemployment insurance are well qualified, well paid, long-term members of the labour force temporarily between jobs. This is less likely to be the case with most recipients of social assistance.

Social assistance ("welfare") in Canada represents the bottom layer of the income safety net. When workers reach this level, they have exhausted virtually all other means of providing for themselves. Strict asset and income testing assures that eligible recipients are with very limited financial means and (with the exception of those enrolled in a few special programs) without employment.

Unemployment insurance, on the other hand, is frequently used as the first line of support for workers temporarily out of work. This program does not require an asset or needs test, so receipt of unemployment insurance does not necessarily imply the same degree of immediate economic hardship as that faced by social assistance recipients. For workers who exhaust their unemployment

benefits, social assistance may represent the next line of support. But in most cases, unemployment insurance is a means to temporarily tide workers over between jobs, which may be fairly well paying. According to the survey data, almost three times as many working-age Canadians relied on unemployment benefits as on social assistance.

What follows in this chapter is an attempt to draw a profile of the benefit recipients of these two programs and examine their labour force experience. Unfortunately, the survey data did not permit a sequential examination of when, how much, how long, or how often workers were in receipt of benefits. All that was known is workers received benefits sometime during the two year period. This limitation does not pose a problem in drawing up a profile of recipients, but it does limit the interpretation of labour force experience. For example, it is not known whether a low-paying job, a job resignation, or a long unemployment spell preceded, followed or came between periods of benefits.

#### Demographic Profile

Table 9-1 shows that nearly one-fifth of the working-age population received unemployment benefits, and 6.5% received social assistance, with considerable variation by province for both programs. While less than 5% of Ontario's working-age population received social assistance benefits, over 10% did so in New Brunswick. Over 40% of working-age Newfoundlanders claimed some unemployment benefit, compared to less than 15% in Ontario. Only Ontario, Manitoba and Saskatchewan experienced unemployment benefit take-up rates below the national average.

Table 9-1

**The Distribution and Incidence of Social Assistance and Unemployment Insurance Recipients, by Province, 1986-87**

Province	Percentage distribution			Incidence	
	All	S.A.	U.I.	S.A.	U.I.
<b>Canada ('000)</b>	<b>16,500</b>	<b>1,076</b>	<b>3,130</b>		
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.5</b>	<b>19.0</b>
Newfoundland	2.1	3.1	4.6	9.3	40.5
Prince Edward Island	0.5	0.4	0.8	4.6	32.9
Nova Scotia	3.3	2.7	4.2	5.4	24.5
New Brunswick	2.7	4.2	3.9	10.2	27.8
Quebec	26.7	39.1	29.0	9.6	20.7
Ontario	36.7	23.3	28.7	4.2	14.9
Manitoba	3.9	2.6	3.6	4.3	17.3
Saskatchewan	3.6	3.1	3.0	5.5	15.6
Alberta	9.3	8.1	10.1	5.7	20.5
British Columbia	11.3	13.4	12.1	7.8	20.4

## Incidence of Social Benefit Receipts by Province, 1986-87

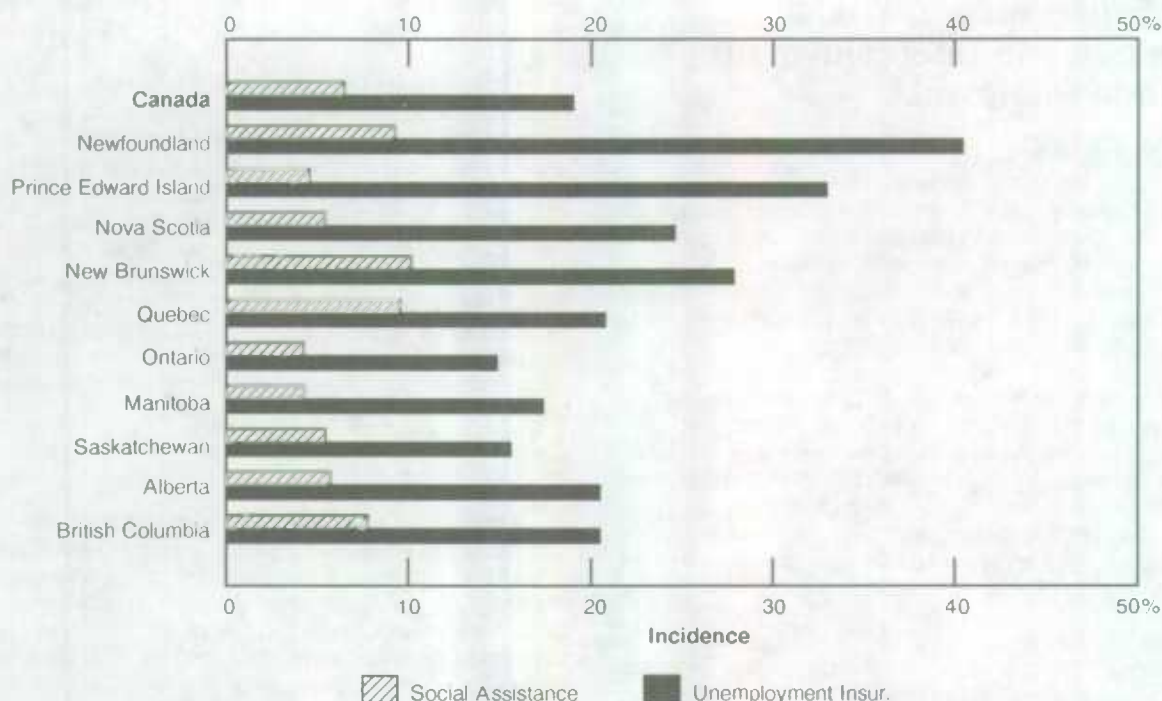


Table 9-2 shows that men and women drew unemployment benefits equally, but women drew more on social assistance than men. Also, there was a tendency for benefit receipt to drop with age for both programs, with

much more variation in unemployment than social assistance. Over three-quarters of the recipients of both program benefits were over the age of 24.

Table 9-2

### The Distribution and Incidence of Social Assistance and Unemployment Insurance Recipients, by Age and Sex, 1986-87

Age/Sex	Percentage distribution			Incidence	
	All	S.A.	U.I.	S.A.	U.I.
<b>Number ('000)</b>	<b>16,500</b>	<b>1,076</b>	<b>3,130</b>		
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.5</b>	<b>19.0</b>
Male	49.3	41.2	50.2	5.5	19.3
Female	50.7	58.8	49.8	7.6	18.6
<b>Both sexes</b>					
<b>All ages (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.5</b>	<b>19.0</b>
16-19 years	8.9	6.4	4.3	4.7	9.1
20-24	12.6	16.9	20.1	8.8	30.3
25-34	26.8	29.0	36.8	7.0	26.0
35-44	22.3	18.9	18.9	5.5	16.0
45-54	15.4	12.8	11.1	5.4	13.7
55-64	14.0	16.0	8.8	7.5	12.0

Table 9-3

**The Distribution and Incidence of Social Assistance and Unemployment Insurance Recipients, Cross-tabulated by Age and Sex, 1986-87**

Age/Sex	Percentage distribution			Incidence	
	All	S.A.	U.I.	S.A.	U.I.
<b>Male ('000)</b>	<b>8,142</b>	<b>444</b>	<b>1,573</b>		
<b>All ages (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>5.5</b>	<b>19.3</b>
16-19 years	9.2	7.4	5.3	4.4	11.1
20-24	12.7	16.9	20.9	7.3	32.0
25-34	26.6	27.2	33.7	5.6	24.4
35-44	22.4	19.2	17.8	4.7	15.4
45-54	15.5	12.2	11.6	4.3	14.3
55-64	13.6	12.1	10.6	6.9	15.1
<b>Female ('000)</b>	<b>8,358</b>	<b>632</b>	<b>1,557</b>		
<b>All ages (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>7.6</b>	<b>18.6</b>
16-19 years	8.6	5.7	3.3	5.0	7.1
20-24	12.5	17.1	19.2	10.4	28.7
25-34	27.1	30.1	39.9	8.4	27.5
35-44	22.3	18.7	20.0	6.4	16.7
45-54	15.2	13.3	10.6	6.6	12.9
55-64	14.3	15.2	7.0	8.7	9.1

Table 9-4

**The Distribution and Incidence of Social Assistance and Unemployment Insurance Recipients, by Marital Status, 1986-87**

Status	Percentage distribution			Incidence	
	All	S.A.	U.I.	S.A.	U.I.
<b>Number ('000)</b>	<b>16,500</b>	<b>1,076</b>	<b>3,130</b>		
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.5</b>	<b>19.0</b>
<b>Marital status</b>					
Married	65.1	33.3	66.1	3.3	19.2
Single	27.1	38.6	26.2	9.3	18.4
Other	7.7	28.0	7.6	23.6	18.7

Table 9-3 cross-tabulates recipients by age and sex. Women of all ages relied more extensively on social assistance than men. The reverse pattern applied to unemployment insurance, except in the case of mid-life females (25-44) who were more likely to receive unemployment benefits (maternity benefits are included). In interpreting the incidence of unemployment benefit, it is necessary to keep in mind the varying labour force participation rates of different groups, since being in the labour force, and more particularly, experiencing a period of employment, is required to qualify for benefits.

Table 9-4 indicates that married persons were least likely to have received social assistance, but almost one in four of divorced, separated and widowed persons had

received this assistance. The likelihood of receiving unemployment benefits was almost equal among the three marital groups.

Table 9-5 portrays a distinct pattern for social assistance recipients according to both education and earnings levels. Low levels of education and earnings were highly associated with the receipt of social assistance. Of those receiving this benefit, over 85% had high school education or less, and over 90% had less than \$10,000 of earnings in 1986.



The link between unemployment insurance and education was not as distinct. There was little difference in the receipt of this benefit by level of education, with the exception of the lower rate for university graduates. But even here, over one in 10 graduates received an unemployment benefit in 1986-87. By contrast, there was a distinct link between the receipt of unemployment benefits and the level of earnings, with receipt of benefits dropping significantly as earnings increased (with the exception of those with no 1986 earnings). The small

incidence for those with no earnings is expected, since few of these people were employed in 1986-87 and were, consequently, ineligible for the insurance.

Table 9-6 reveals that a region's unemployment rate was one of the most reliable predictors of benefit receipt. People in regions of highest unemployment were three times more likely to receive either benefit than those in the regions with the lowest rates.

**Table 9-5**

**The Distribution and Incidence of Social Assistance and Unemployment Insurance Recipients, by Education and Earnings Level, 1986-87**

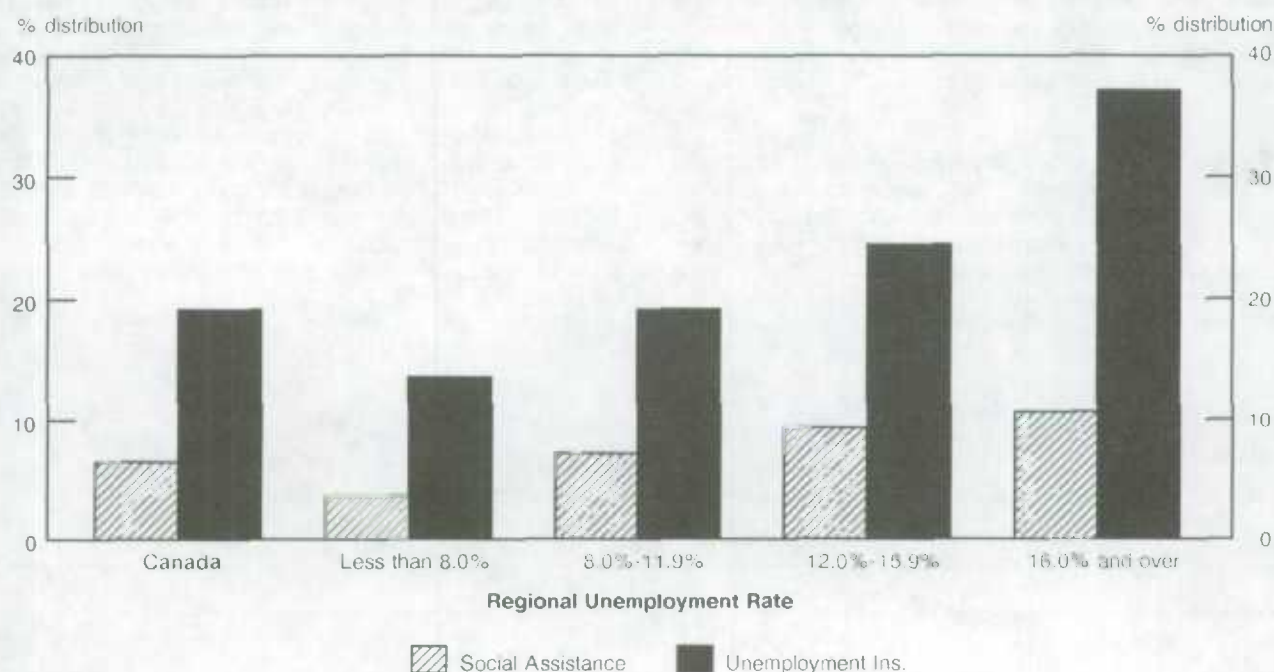
Level	Percentage distribution			Incidence	
	All	S.A.	U.I.	S.A.	U.I.
<b>Number ('000)</b>	<b>16,500</b>	<b>1,076</b>	<b>3,130</b>		
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.5</b>	<b>19.0</b>
<b>Education level</b>					
No high school	13.2	33.0	13.2	16.2	18.9
Some high school	50.5	52.9	55.2	6.8	20.7
Some post-secondary	10.5	7.0	9.9	4.3	17.9
Certificate/Diploma	13.5	4.7	13.6	2.3	19.2
University graduate	12.4	2.4	8.1	1.3	12.4
<b>Earnings</b>					
No earnings	28.0	60.5	8.2	14.0	5.5
\$1-\$9,999	24.5	30.9	43.8	8.2	33.8
\$10,000-\$19,999	18.4	6.7	29.8	2.4	30.8
\$20,000-\$39,999	23.9	1.8	16.9	0.5	13.4
Over \$40,000	5.1	0.1	1.3	0.1	4.7

**Table 9-6**

**The Distribution and Incidence of Social Assistance and Unemployment Insurance Recipients, by Regional Unemployment Rate, 1986-87**

Regional unemployment rate	Percentage distribution			Incidence	
	All	S.A.	U.I.	S.A.	U.I.
<b>Number ('000)</b>	<b>16,500</b>	<b>1,076</b>	<b>3,130</b>		
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.5</b>	<b>19.0</b>
Less than 8.0%	30.0	16.8	21.6	3.6	13.6
8.0%-11.9%	51.8	56.4	52.4	7.1	19.2
12.0%-15.9%	14.3	20.5	18.4	9.4	24.4
16.0% and over	3.9	6.3	7.6	10.7	37.1

## Incidence of Social Benefit Receipts by Regional Unemployment Rate, 1986-87



### Labour Market Experience

The following tables compare the labour market experiences of persons who received social assistance and unemployment benefits and those who did not. Table 9-7 shows that among those who received social assistance, a greater proportion experienced a transition. In spite of the higher transition rate, social assistance recipients were not as active in the labour market, as over one-third were outside the labour force for the full two

years, compared to only 12.2% of those who did not draw social assistance benefits. A greater proportion of workers who received unemployment benefits also experienced a transition. This is a natural result since moving to unemployment automatically counts as a transition. The transition rate technically should have been, but was not, 100% because some recipients claimed maternity and sickness benefits (which meant they were not officially unemployed).

Table 9-7

The Distribution of Social Assistance and Unemployment Insurance Recipients, by Labour Force Status, 1986-87

Benefit	Labour force status				Total
	Stable				
	Not in labour force	Unemployed	Employed	Transition	
	%	%	%	%	
<b>S.A.</b>					
Yes	34.6	3.0	3.8	58.7	100.0
No	12.2	0.1	40.6	47.1	100.0
<b>U.I.</b>					
Yes	1.8	0.2	5.6	92.4	100.0
No	16.4	0.3	45.8	37.4	100.0

Table 9-8 shows that almost two-thirds of social assistance recipients were in the labour force (either employed or unemployed) at some time in 1986-87; and three-quarters of those who were in the labour force experienced a spell of unemployment, while over 80% experienced some employment. The unemployment rate of social assistance recipients was three times the rate of non-recipients.

The results for unemployment insurance recipients were not surprising given that qualifying for benefits required a person to first participate in the labour force and then to become unemployed. Consequently, their participation and unemployment rates were higher than those for people who did not receive benefits. As with the transition rate, the unemployment rate for unemployment

benefit recipients was not 100% because some recipients received maternity and sickness benefits.

Unemployed social assistance recipients who had some labour market experience were more likely to be unemployed for a long, rather than short, period of time (Table 9-9). The opposite was true for unemployment insurance recipients, where there was a greater likelihood that total weeks of unemployment would be shorter (less than 27 weeks). Almost one-half of social assistance recipients were unemployed for more than 26 weeks in 1986-87. For both benefit types, the percentages of unemployed were much higher, for both shorter and longer accumulations of weeks, than for those who did not receive either benefit.

**Table 9-8**

**Basic Labour Force Statistics for Social Assistance and Unemployment Insurance Recipients, 1986-87**

Status	Social assistance		Unemployment insurance	
	Yes	No	Yes	No
	%	%	%	%
Participation rate	65.4	87.8	98.2	83.6
Unemployment rate	75.9	25.9	68.7	17.3
Employment rate	80.4	98.3	98.8	97.1

**Labour Force Statistics by Receipt of Social Benefits, 1986-87**

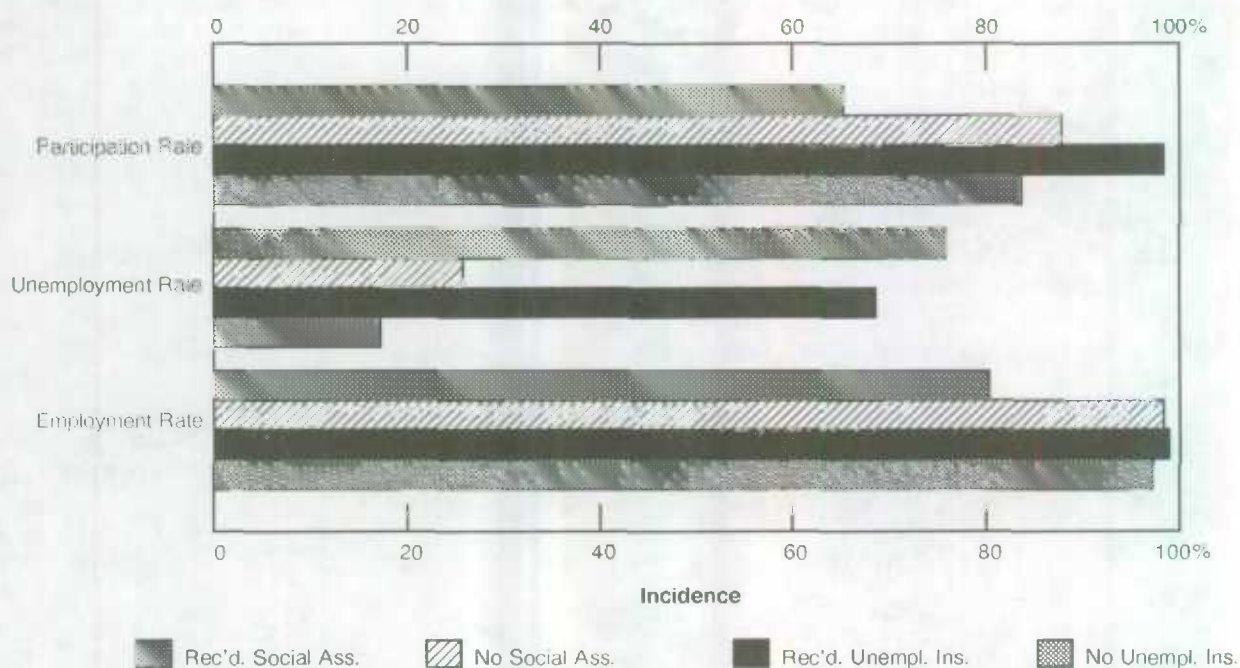




Table 9-9

**Distribution of Social Assistance and Unemployment Insurance Recipients With Some Labour Force Experience, by Number of Weeks Unemployed, 1986-87**

Benefit	Weeks of unemployment			Total
	None	1-26	27 +	
	%	%	%	%
<b>S.A.</b>				
Yes	24.1	30.6	45.4	100.0
No	74.1	17.8	8.1	100.0
<b>U.I.</b>				
Yes	31.3	38.8	29.9	100.0
No	82.7	12.8	4.5	100.0

Table 9-10 shows that not only were social assistance and unemployment benefit recipients more likely to have experienced more than 26 weeks of unemployment, but they were also more likely than non-recipients to have experienced a continuous long-term spell of unemployment. Over one-quarter of social assistance recipients experienced a continuous spell of unemployment lasting longer than 26 weeks.

Table 9-10

**Distribution of Social Assistance and Unemployment Insurance Recipients With Some Labour Force Experience, by Duration of Completed Unemployment Spell, 1986-87**

Benefit	Weeks of unemployment spell			Total
	None	1-26	27 +	
	%	%	%	%
<b>S.A.</b>				
Yes	24.1	49.3	26.6	100.0
No	74.1	21.7	4.1	100.0
<b>U.I.</b>				
Yes	31.3	54.0	14.7	100.0
No	82.8	14.6	2.6	100.0

The following tables focus on job departures by a job holder who received either social assistance or unemployment insurance. Table 9-11 examines why recipients departed their jobs. For those not receiving social assistance, the largest share of departers had quit. However, for social assistance recipients, the largest share had lost their jobs. The same, but stronger pattern, applied to unemployment benefit recipients: those receiving benefits were much more likely to have lost rather than quit their jobs.

Table 9-11

**Distribution of Social Assistance and Unemployment Insurance Recipients, by Reason for Job Departure, 1986-87**

Benefit	Quit	Lost	Other	Total
	%	%	%	%
<b>S.A.</b>				
Yes	43.1	46.7	10.2	100.0
No	53.3	34.9	11.8	100.0
<b>U.I.</b>				
Yes	38.7	51.5	9.7	100.0
No	62.1	24.9	13.0	100.0

Why would people who have received social assistance quit their jobs? Table 9-12 shows the most common reasons were poor working conditions and low pay (13.5% of all departures, but 31.3% of quitters). Another 17.9% of social assistance job quitters did so because they found a new job, and 13.0% quit due to illness.

Table 9-12

**Distribution of Social Assistance and Unemployment Insurance Recipients, by Detailed Reason for Departing Job, 1986-87**

Reason	Social assistance		Unemployment insurance	
	Yes	No	Yes	No
<b>Number ('000)</b>	<b>763</b>	<b>8,496</b>	<b>3,819</b>	<b>5,441</b>
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Quit</b>	<b>43.1</b>	<b>53.3</b>	<b>38.7</b>	<b>62.1</b>
Own illness	5.6	2.4	3.0	2.4
Personal/Family	3.7	3.5	4.1	3.1
Going to school	4.4	11.9	2.6	17.4
Labour dispute	0.2	0.2	0.3	0.2
Unpaid vacation	0.1	0.4	0.2	0.5
Found new job	7.7	14.6	9.1	17.5
Working conditions	9.6	7.2	6.6	7.9
Low pay	3.9	4.1	3.7	4.4
Change of residence	2.9	2.8	3.3	2.5
Retired	1.1	2.0	1.3	2.5
No opportunity for advancement	1.3	2.1	1.8	2.2
Worried about job security	2.7	2.0	2.8	1.5
<b>Loss</b>	<b>46.7</b>	<b>34.9</b>	<b>51.5</b>	<b>24.9</b>
Seasonal	9.6	9.2	13.9	5.9
End of temporary job	15.8	10.7	14.2	8.9
Non-seasonal				
economic conditions	6.6	5.9	10.2	3.0
On-call arrangement	2.7	2.1	2.5	2.0
Dismissal	8.9	3.8	6.8	2.4
Company moving/Out of business	3.1	3.3	4.0	2.7
<b>Other</b>	<b>10.2</b>	<b>11.8</b>	<b>9.7</b>	<b>13.0</b>

Table 9-13

**Distribution of Social Assistance and Unemployment Insurance Recipients Who Departed Jobs, by Destination, 1986-87**

Benefit	Destination				Total
	Employed	Unemployed	Left labour force	Unknown	
	%	%	%	%	%
<b>S.A.</b>					
Yes	22.9	37.7	36.9	2.5	100.0
No	37.6	21.0	38.4	3.0	100.0
<b>U.I.</b>					
Yes	26.7	37.2	33.9	2.2	100.0
No	43.1	12.1	41.4	3.4	100.0

Table 9-14

**Distribution of Social Assistance and Unemployment Insurance Recipients Who Departed Jobs and Subsequently Obtained New Ones, by Size of Wage Change, 1986-87**

Benefit	Decrease		No change	Increase		Total
	Major	Minor		Minor	Major	
	%	%	%	%	%	%
<b>S.A.</b>						
Yes	25.5	7.3	15.2	9.9	42.2	100.0
No	22.1	7.1	12.1	11.8	46.9	100.0
<b>U.I.</b>						
Yes	25.3	7.6	13.5	11.4	42.2	100.0
No	20.3	6.7	11.5	11.9	49.6	100.0

Taking into account both quits and losses, the major reasons why social assistance recipients departed their jobs were: end of temporary job, poor working conditions, seasonal factors, and dismissal. By contrast, for non social assistance recipients, the leading reasons were: found a new job, going to school, end of temporary job, and seasonal factors.

The main reasons unemployment insurance recipients quit their jobs were: low pay and poor working conditions (26.6% of quits), and found a new job (23.5% of quits). As with social assistance recipients, the reasons for job departure in general – both quits and losses – varied between those who received unemployment benefits and those who did not. The main reasons given for job departure for unemployment benefit recipients were: end of temporary job; seasonal factors; non-seasonal economic factors; and found a new job. For those not receiving unemployment benefits, the main reasons were: found a new job; going to school; end of temporary job; and poor working conditions.

Table 9-13 shows the destinations of job departers. Social assistance recipients were almost twice as likely to end up in unemployment as those who had not received this benefit. The same pattern applied to unemployment insurance recipients.

Table 9-14 demonstrates that recipients of either benefit were more likely to have received a major pay

decrease and less likely to have received a major pay increase than non-recipients. Nonetheless, half of job departures involving social assistance recipients and half of those involving unemployment insurance recipients resulted in pay increases.

Table 9-15 is not based on departure data; rather it displays the relationship between receipt of benefits and low wage. The employment obtained by social assistance recipients was twice as likely to be low wage than it was for non-recipients. For those receiving unemployment insurance the likelihood of low-wage was slightly lower than for non-recipients.

Table 9-15

**Distribution of Social Assistance and Unemployment Insurance Recipients, by Low-wage Job, 1986-87**

Benefit	Low wage	Non low wage	Total
	%	%	%
<b>S.A.</b>			
Yes	38.5	61.5	100.0
No	19.3	80.7	100.0
<b>U.I.</b>			
Yes	18.2	81.8	100.0
No	21.2	78.8	100.0



## Chapter 10

### Long-term Unemployment

The first section of this chapter presents data using two different definitions of long-term unemployment. The most popular definition is based on the number of weeks a continuous spell of unemployment lasts. The second definition is based on the number of accumulated weeks of unemployment experienced (during one or more spells) over the two years. In both cases, "long-term" represents over half a year of unemployment (more than 26 weeks) during the two years.

Both these definitions include working-age members of the labour force who became unemployed by either departing a job or from entering the labour force from outside. Because people who came from outside the labour force are included, it is not possible to attribute job characteristics to these long-term periods of unemployment. However, a second section focuses only on job departures and allows an examination of the job characteristics associated with long-term unemployment.

Table 10-1 provides an overview of how the proportions of people experiencing long-term unemployment differed according to the definition of long-term and

the population base used. Using the population base of all working-age labour force members, just over 5% experienced a spell of unemployment exceeding 26 weeks. When the definition of long-term is altered to mean a total accumulation of more than 26 weeks during the two year period, the proportion almost doubles to 10.0%. In other words, while only one in 20 working-age labour force members experienced a single long-term spell of unemployment, one in 10 spent over half a year in unemployment because of one or more spells. As a percentage of all job departures (which are not identical with persons, since one person can have more than one departure), 4.4% resulted in long-term spells.

### Spells and Accumulations of Long-term Unemployment

This section examines all persons of working age who spent at least one week in the labour force (employed or unemployed) during the two years. Table 10-2 presents the national picture of long-term unemployment and the provincial distribution of the long-term unemployed. The Atlantic provinces accounted for 15.3% of all people with long-term accumulations although these provinces only contained 8.4% of the Canadian labour force. On the other hand, Ontario which has 37.4% of the labour force had only 22.9% of the long-term accumulations.

Table 10-1

**Summary Table of the Incidence of Short and Long-term Periods of Unemployment, by Different Definitions and Populations, 1986-87**

Definition	Short term		Long term*	
	Number	Percentage	Number	Percentage
	('000)	%	('000)	%
Labour force/Spell	3,289	23.1	747	5.2
Labour force/Weeks	2,618	18.3	1,418	10.0
Job departures/Spell	1,706	18.0	415	4.4

\* In this and following tables, long-term refers to a period exceeding 26 weeks.

Table 10-2

**Distribution of Labour Force and Persons Experiencing Long-term Unemployment, by Province, 1986-87**

Province	Labour force	Long-term unemployment spell		Accumulation	
		Number	Percentage	Number	Percentage
	%	('000)	%	('000)	%
<b>Canada</b>	<b>100.0</b>	<b>747</b>	<b>100.0</b>	<b>1,418</b>	<b>100.0</b>
Newfoundland	2.1	28	3.8	73	5.1
Prince Edward Island	0.5	4	0.5	12	0.9
Nova Scotia	3.2	31	4.1	70	4.9
New Brunswick	2.6	28	3.7	62	4.4
Quebec	25.4	246	33.0	447	31.5
Ontario	37.4	170	22.7	324	22.9
Manitoba	4.1	25	3.4	46	3.3
Saskatchewan	3.7	23	3.1	43	3.1
Alberta	9.7	78	10.4	139	9.8
British Columbia	11.4	114	15.3	201	14.2



Table 10-3 is an alternative, compact way of expressing some of the data in Table 10-2. The national rates in the top row provide the most useful benchmark against which the provincial rates should be compared. The table shows high rates in Quebec, B.C. and the Atlantic provinces. For Quebec and B.C. the problem was more concentrated in a single long-term spell, while in the Atlantic provinces, more frequent spells meant a greater accumulation of weeks over the two years.

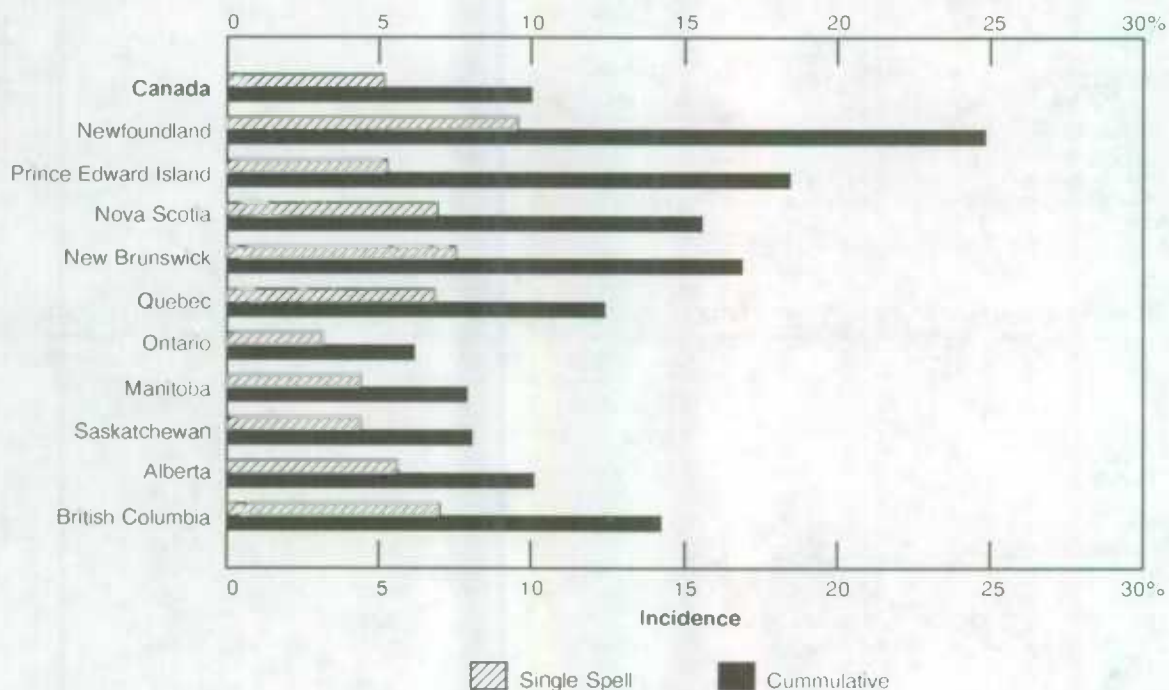
Other striking results emerge: in Newfoundland, almost one-quarter of the labour force experienced an accumulated period of unemployment exceeding half a year, compared to only 6.1% in Ontario and 7.9% in Manitoba. With reference to both definitions of long-term unemployment, only three provinces – Ontario, Manitoba and Saskatchewan – experienced rates below the national average.

**Table 10-3**

**Incidence of Short and Long-term Unemployment Among All Labour Force Members, Canada and the Provinces, 1986-87**

Province	Length of unemployment spell		Accumulated length	
	Short	Long	Short	Long
<b>Canada (%)</b>	<b>23.1</b>	<b>5.2</b>	<b>18.3</b>	<b>10.0</b>
Newfoundland	38.8	9.6	23.7	24.8
Prince Edward Island	31.8	5.3	18.7	18.4
Nova Scotia	28.6	6.9	20.0	15.5
New Brunswick	30.6	7.5	21.3	16.8
Quebec	23.7	6.8	18.1	12.4
Ontario	20.8	3.2	17.9	6.1
Manitoba	20.8	4.4	17.2	7.9
Saskatchewan	19.0	4.4	15.3	8.1
Alberta	23.7	5.6	19.2	10.1
British Columbia	24.6	7.0	11.9	14.2

**Incidence of Long-term Unemployment\* during 1986-87, by Province**



\* At least 27 weeks.

Some provinces, like P.E.I., had long-term spells not far above the average, but far above-average long-term accumulations, because of their high incidence of short-term spells. Almost one-third of the P.E.I. labour force (versus one-quarter nationally) experienced at least one short-term spell. This greater exposure to unemployment in general over the two years increased the likelihood that more people would experience an accumulation of more than 26 weeks of unemployment.

Age as well as province of residence influenced long-term unemployment according to the data in Table 10-4. Teenage workers encountered less chance, relative to other age groups, of experiencing a long-term spell, but almost one-half experienced a short-term spell. This greater exposure to short spells increased the likelihood of accumulating more than 26 weeks of unemployment. Younger workers in the 20-34 age group encountered above-average rates for both long-term spells and

accumulations. Those 35-54 were the most favoured, experiencing below-average long-term rates, as well as a low rate of short-term spells. Women were more likely than men to experience both long and short-term unemployment.

Table 10-5 demonstrates that divorced, separated and widowed persons were more likely to experience long-term unemployment than were married and single people.

Table 10-6 shows the likelihood of long-term unemployment of either type decreased with the level of education and especially the earnings level. Persons with earnings exceeding \$40,000 were almost exempt from long-term unemployment, and although the long-term rate for university graduates was well below average, one in 24 did experience 27 or more accumulated weeks of unemployment.

**Table 10-4**

**Incidence of Short and Long-term Unemployment Among All Labour Force Members, by Age and Sex, 1986-87**

Age/Sex	Length of unemployment spell		Accumulated length	
	Short	Long	Short	Long
	%	%	%	%
<b>All</b>	<b>23.1</b>	<b>5.2</b>	<b>18.3</b>	<b>10.0</b>
<b>Age</b>				
16-19	49.1	4.1	43.2	10.1
20-24	38.3	6.0	30.8	13.6
25-34	22.6	5.9	17.6	10.9
35-44	14.7	4.6	11.2	8.2
45-54	13.6	4.3	10.1	7.8
55-64	11.6	6.3	8.4	9.6
<b>Sex</b>				
Male	21.8	4.7	16.5	9.9
Female	24.7	6.0	20.6	10.1

**Table 10-5**

**Incidence of Short and Long-term Unemployment Among All Labour Force Members, by Marital Status, 1986-87**

Status	Length of unemployment spell		Accumulated length	
	Short	Long	Short	Long
	%	%	%	%
<b>All</b>	<b>23.1</b>	<b>5.2</b>	<b>18.3</b>	<b>10.0</b>
<b>Marital status</b>				
Married	17.1	4.9	13.3	8.7
Single	36.5	5.4	30.0	11.9
Other	21.4	7.9	16.1	13.2

Table 10-6

### Incidence of Short and Long-term Unemployment Among All Labour Force Members, by Education and Earnings Level, 1986-87

Level	Length of unemployment spell		Accumulated length	
	Short	Long	Short	Long
<b>All (%)</b>	<b>23.1</b>	<b>5.2</b>	<b>18.3</b>	<b>10.0</b>
<b>Education level</b>				
No high school	22.3	7.8	14.8	15.3
Some high school	26.1	5.9	20.6	11.4
Some post-secondary	26.7	4.5	22.5	8.6
Certificate/Diploma	19.7	4.0	16.1	7.5
University graduate	13.1	2.8	11.7	4.2
<b>Earnings level*</b>				
\$1-\$9,999	42.4	8.7	31.8	19.3
\$10,000-\$19,999	22.0	3.6	19.0	6.6
\$20,000-\$39,999	8.2	1.0	7.6	1.6
\$40,000 plus	4.1	0.7	4.1	0.8

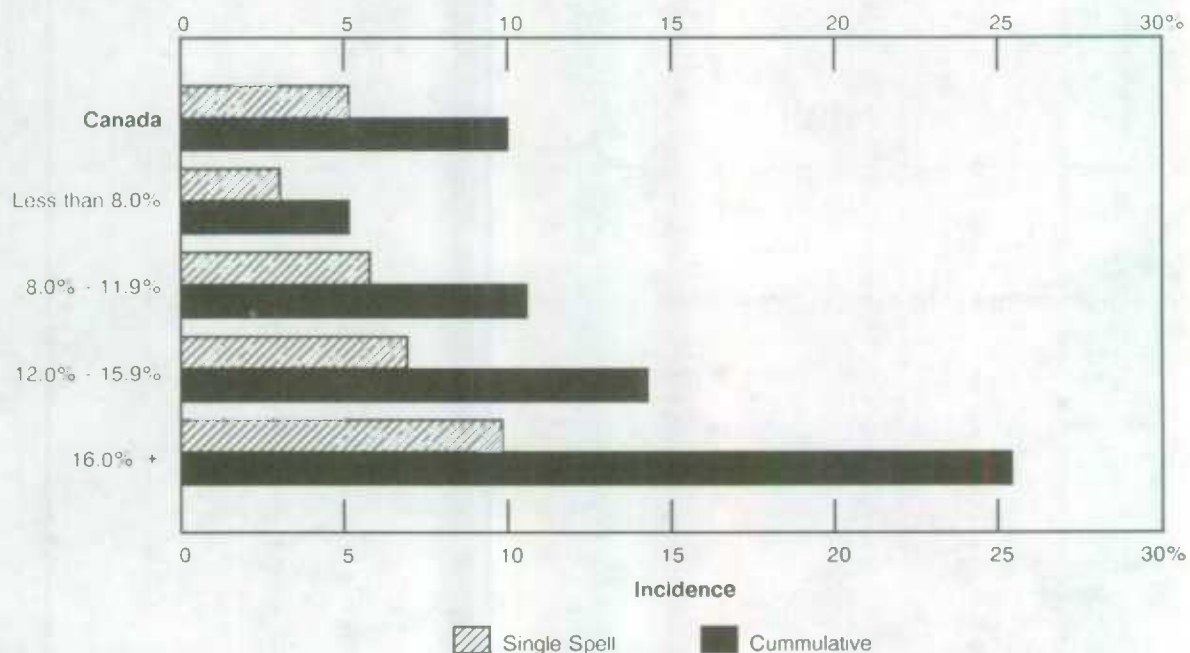
\* Paid workers only.

Table 10-7

### Incidence of Short and Long-term Unemployment Among All Labour Force Members, by Regional Unemployment Rate, 1986-87

Regional unemployment rate	Length of unemployment spell		Accumulated length	
	Short	Long	Short	Long
<b>All (%)</b>	<b>23.1</b>	<b>5.2</b>	<b>18.3</b>	<b>10.0</b>
Less than 8.0%	19.4	3.0	17.1	5.2
8.0% - 11.9%	23.0	5.8	18.3	10.6
12.0% - 15.9%	27.7	7.0	20.4	14.3
16.0% and over	38.9	9.8	23.3	25.4

### Incidence of Long-term Unemployment\* during 1986-87, by Regional Unemployment Rate



\* At least 27 weeks.



Table 10-7 reveals a tight association between a region's unemployment rate and long-term unemployment. It is also important to note that variations in the rates of both measures of long-term unemployment were much more extreme compared to short-term spells. The proportion of persons who experienced a short-term spell in the highest unemployment regions was double that in the lowest regions, but three times higher for long-term spells, and five times higher for long-term accumulations.

The chances of experiencing a long-term unemployment spell, or accumulation, then, appear to grow exponentially with the likelihood of a short-term spell: people in high unemployment regions (marked by a high percentage of short spells) were more likely to have multiple spells adding up to long-term accumulations of unemployment, and once into a spell were more likely to experience it for a longer time. Thus a region's unemployment rate is extremely influential in determining not only how long a spell of unemployment will last, but also how long a person will hold a job once employed.

To conclude this section on long-term unemployment spells, it was possible from the survey results to interpret how a long-term spell of unemployment was terminated: two-thirds of long-term spells ended in employment and one-third ended in the person leaving the labour force (either temporarily or permanently).

## Job Characteristics and Long-term Unemployment Spells

The preceding section examined the characteristics of the 4 million people who experienced a spell of unemployment. This section focuses on the job characteristics of the over 2 million job departures that led to a spell of unemployment. The numbers are different because all spells included people who came into unemployment from outside the labour force as well as from job departures.

The top row in each of the following tables shows that, at the national level, 18.0% of job departures resulted in a short-term spell of unemployment and 4.4% ended in a long-term spell. These numbers can be used as a benchmark for judging the incidence associated with different characteristics.

Table 10-8 portrays the association between wage rates and the length of a spell of unemployment. Although variation from the national average was not dramatic, both long and short-term unemployment spells were less likely in jobs at the bottom of the wage ladder.

### Incidence of Unemployment Spells among Job Departers, by Occupation, 1986-87



Table 10-8

**Job Departures and the Incidence of Long and Short-term Unemployment Spells, by Wage Level, 1986-87**

Level	Short term (26 weeks and less)	Long term (Over 26 weeks)
<b>All (%)</b>	<b>18.0</b>	<b>4.4</b>
<b>Wage level</b>		
\$1.00-\$4.99	16.8	3.7
\$5.00-\$7.99	19.2	4.1
\$8.00-\$14.99	18.8	5.6
\$15.00 plus	17.6	4.4

Occupation appeared to influence the risk of unemployment and spell length (Table 10-9), with the higher rates being associated with the more manual occupations of goods processing and construction. Managers and administrators had a below-average percentage of short-term unemployment but an above-average likelihood of a long-term spell. Teaching and health care jobs had very low short and long-term unemployment rates.

Table 10-9

**Job Departures and the Incidence of Long and Short-term Unemployment Spells, by Occupation, 1986-87**

Occupation	Short term (26 weeks and less)	Long term (Over 26 weeks)
<b>All (%)</b>	<b>18.0</b>	<b>4.4</b>
Managerial/Admin.	14.2	5.2
Teaching	9.4	2.3
Medicine/Health	8.7	2.6
Artistic	15.5	3.7
Clerical	15.8	5.2
Sales	15.8	3.7
Service	16.0	3.7
Processing	22.8	5.2
Construction	26.1	5.2

Table 10-10 demonstrates that workers departing full-time jobs were more than twice as likely to experience a long-term spell of unemployment as were those departing part-time jobs. Full-time workers were also more likely to experience a spell of short-term unemployment.

Table 10-10

**Job Departures and the Incidence of Long and Short-term Unemployment Spells, by Full or Part-time Work, 1986-87**

Status	Short-term (26 weeks and less)	Long-term (Over 26 weeks)
<b>All (%)</b>	<b>18.0</b>	<b>4.4</b>
Full-time	19.9	5.3
Part-time	14.6	2.6

Workers who lost their jobs were nearly three times more likely to experience a long-term spell of unemployment than workers who quit, according to Table 10-11. Job losers faced a greater likelihood of experiencing a short-term spell as well.

Table 10-11

**Job Departures and the Incidence of Long and Short-term Unemployment Spells, by Reason for Departing Job, 1986-87**

Reason	Short term (26 weeks and less)	Long term (Over 26 weeks)
<b>All (%)</b>	<b>18.0</b>	<b>4.4</b>
Quit	11.4	2.6
Lost	30.0	7.0
Other	14.4	4.6



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## Conclusion

Statistics Canada's inaugural Labour Market Activity Survey, covering the years 1986-87, may forever change the way we think about the labour market, which is far more active, elastic and robust than the monthly Labour Force Survey can depict it to be. More accurately characterized by flux than by stability, the labour market is best pictured as a living organism, transforming itself daily.

The survey provided many examples of this labour market elasticity. Foremost is that in the two year period covered by the survey there were 26 million "transitions"; that is, movements of the working-age population between different jobs, and among the three different labour-force states: employed, unemployed and outside the labour force. For every working day, then, there were 52,000 transitions, 7,000 for every working hour.

No longer should we view the labour force in mainly static terms as a fairly unchanging stock of workers consisting of the "employed" and "unemployed" occasionally reinforced by "inactives" drawn from outside the labour force. The LMAS demonstrates that these three categories are often filled by the same person over a short period of time. It is clear now that when reference is made to the labour force at different points in time, even within the span of a year, the "labour force" represents a different size and mix of working-age Canadians each time. Only slightly more than one half of the working-age population was without a transition in the two year period. The other half experienced an average of 3.3 transitions in that time.

During 1986-87, 86% of the working-age population, and not the smaller 75% implied by the monthly estimates, were in the labour force at some time. Though only 14% remained outside the labour force entirely throughout 1986-87, almost one-half spent at least some time outside the labour force. Only 38% remained in the same job, and less than 1% were unemployed throughout.

Monthly labour force data also understate the number of Canadians experiencing unemployment over a two year period. Over 28% of the labour force was unemployed at some time, as opposed to the smaller 9% stock average estimated by the monthly Labour Force Survey. This means that over 4 million Canadians, as opposed to slightly over 1 million were unemployed at some time.

The LMAS provides many other detailed insights into the dynamics of the labour market:

### Unemployment Spells

Around 28% of the labour force experienced a spell of unemployment during the two years. Those who experienced unemployment did so an average of 1.6 times, for an average duration of 11.4 weeks each time. Over 4% of the labour force, or 15% of the unemployed, experienced three or more spells. In areas of high unemployment (exceeding 16%) one-quarter of the unemployed experienced three or more spells.

## The Wage Structure and its Shift

Of the 19 million jobs filled over the two years, one-half paid the median wage of \$8.95 or less, and one-fifth paid \$5.00 or less. A comparison of the wage structures at the beginning of 1986 and the end of 1987 show a slight wage deterioration. The percentage of workers earning \$10.00 an hour or less grew from 41% to 42%. Consequently, the wages of newly-created jobs did not quite keep pace with the wages of the jobs lost during this period.

## The Wages of Job Openings

The 9 million job openings filled during the two years paid less than the jobs that existed at the beginning of 1986. About 28% of the jobs existing at the beginning of the survey paid less than \$8.00 per hour, but over twice this share (58%) of the job openings filled in the following two years fell into this category. The share of job openings paying \$5.00 or less was 22%, which far exceeded the 9% share of similar paying jobs existing at the beginning of 1986. It was not the youngest workers who were most affected by the low-paying job openings, but workers in the 25-64 age group.

## Wage Change

In over 5 million instances, workers departed a job and gained another. In these cases, a majority (58%) increased their wages, while 29% faced a decrease, and 12% experienced no change. More than 60% of all job changes involved jobs that paid less than \$8.00 an hour.

## Reason for Departing Jobs

Over one-half of the more than 9 million job departures occurred because people quit, while one-third were attributable to a loss. Almost one-half of the job quits were caused by people either finding a new job, or returning to school. Another one-fifth quit due to poor working conditions or low pay. Job loss was caused mainly by economic factors: over one-half (57%) were because of seasonal work or a temporary position coming to an end. Only one in 10 job losses was the result of dismissal.

## Immediate Destinations of Job Departers

The greatest share of job departers (38%) were immediately destined to leave the labour force. Another 32% were destined for employment with a different employer, and 22% ended in unemployment. There was a big difference in the destinations of job quitters and job losers. Over 41% of quitters went immediately to another job, but only one-quarter of job losers went to another job, while 37% became unemployed.

## Young and Student Workers

Young workers (16-24 years) comprised over one-fifth of the working-age population. About 60% of these young people attended school full-time at least during one of the two years covered by the survey. Young people were more likely to have experienced a labour force transition: they accounted for one-third of all transitions, and students in particular accounted for one-fifth.



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## Early Retirement

Over 6% of the working-age population aged 55-64 left a job to retire. Two-thirds of these retirees were male; three-quarters were married; and two-thirds had private pension coverage. Spells of unemployment lasted five weeks longer for retirees than for younger workers, and three weeks longer than for non-retirees of the same age. Two-thirds of those who had changed jobs before retiring experienced a major wage decrease.

## Low-wage Jobs

Low-wage jobs were defined as those that paid less than \$5.00 an hour; they included one-fifth of all paid jobs, amounting to nearly 4 million positions. Low-wage jobs were most prevalent in the Atlantic provinces; in the agricultural, wholesale and retail, and business and personal service sectors; in part-time jobs; in non-union shops; and in small firms. Low-wage workers were most likely to be female, teenagers and single. A specific group of low-wage workers was designated and then traced after one year to check its status: 83% were still in low-wage jobs or had no job, and only 17% had moved to a higher paying job.

## Social Assistance Recipients

Over 6% of the working-age population received some social assistance ("welfare") during the two years. Social assistance recipients were most likely from New

Brunswick, Quebec or Newfoundland; women; 20-24 years of age; divorced, separated or widowed; without high school education; and in areas where the unemployment rate exceeded 12%. Over one-half had experienced a transition; 80% had been employed once during the two years; nearly one-half had been unemployed for more than 26 weeks; nearly one-half had lost their jobs, and of those who quit, the main reasons were low pay and poor working conditions, and illness. People who had received social assistance at some time during the two years were twice as likely as non social assistance recipients to have held a low-wage job.

## Long-term Unemployment

Long-term unemployment was defined in two ways: a continuous spell lasting longer than 26 weeks; and a total accumulation over one or more spells of more than 26 weeks of unemployment. Over 5% of the labour force experienced a long-term spell, while 10% had a long-term accumulation. By either definition, long-term unemployment was most common in the Atlantic provinces; among workers with no high school education; with earnings of less than \$10,000 annually; and in areas where unemployment exceeded 12%. Long-term unemployment spells were most closely associated with jobs in clerical, goods processing, construction and management occupations; full-time jobs; and people who had lost rather than quit their jobs.

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2. Statistics Canada has conducted an analysis for 1986, using a wage cut-off of \$4.00 per hour, which more closely approximates a minium wage income. See, Ernest Akyeampong, "Working for minimum wage", *Perspectives on Labour and Income* (Catalogue No. 75-001E), Winter, 1989.

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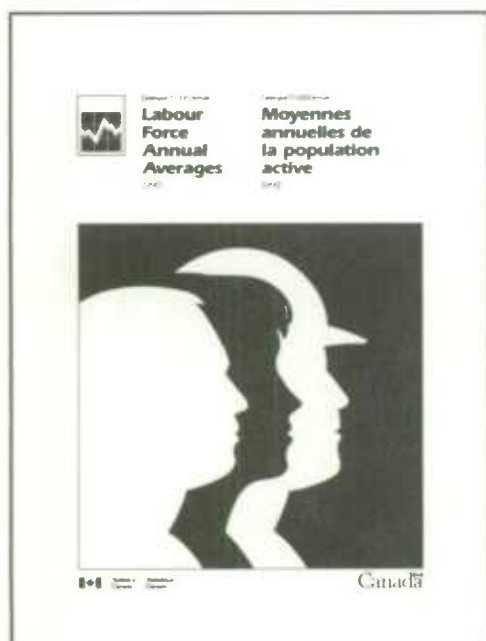


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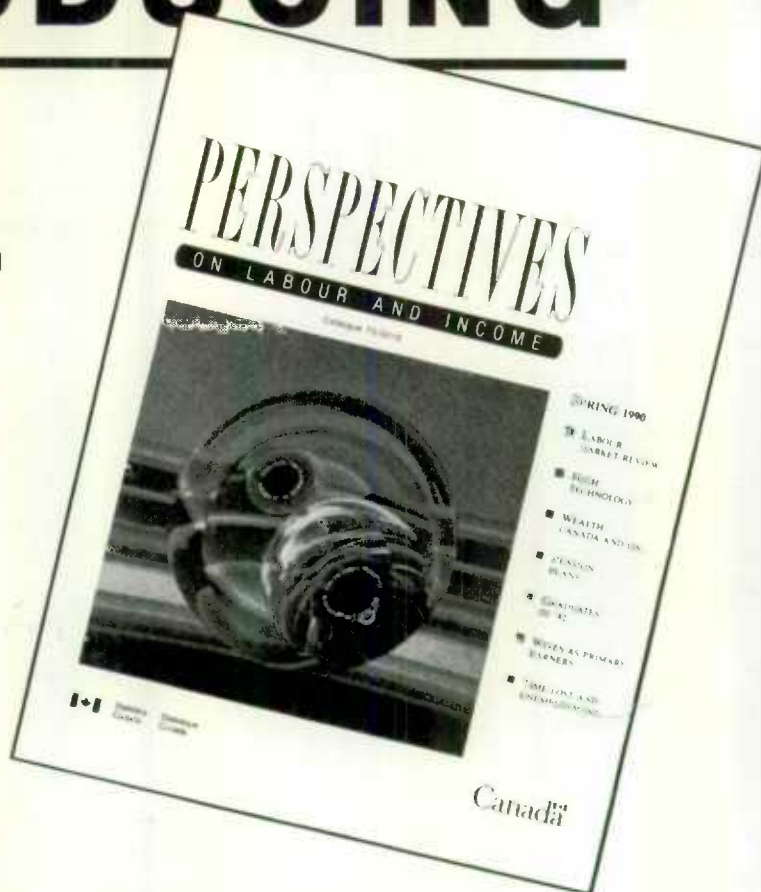
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