

# Underemploy- ment

# Alberta GPI

## Noteworthy:

- Underemployment in Alberta increased from 642 workers in 1961 to 9,700 workers in 2003.
- The underemployed females outnumber underemployed males in Alberta.
- The estimated cost of underemployment in Alberta was \$3.4 million (1998\$) in 1961, rising to \$87.5 million (1998\$) in 2003.
- Underemployment varies with the business cycle, increasing in times of recession and recovering following recessions.
- The increase in underemployment is occurring at the same time as an increase in the number of workers who are "overemployed."
- The characteristics of underemployed workers differ from workers who are working overtime.
- Underemployed workers tend to be young, have little seniority and low levels of education, and tend to be employed in sales, service or clerical occupations in temporary jobs that are not covered by pension plans.

## Underemployment in Alberta: How Much?

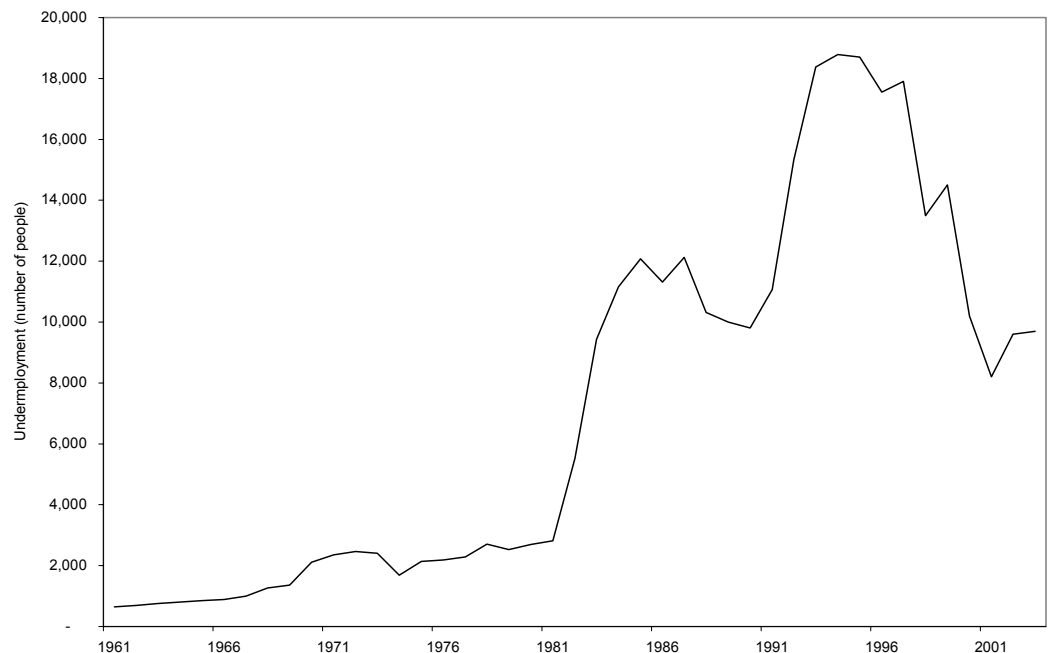
Underemployment has increased substantially since 1961, from 642 underemployed workers to 9,700 in 2003. Underemployed workers made up 0.16% of employed workers in 1961 and 0.56% of workers in 2003. The number of underemployed females in Alberta outnumbers the number of underemployed males. Underemployment is concentrated

among women aged 25 to 44.

As of 1997, Statistics Canada changed the way in which they measure underemployment. Underemployment is now defined as those who sought full time work but could only find part time work. Thus, for an individual to be considered underemployed, they must be looking for full time employment. It

does not include those who were unable to work full time due to health or other personal reasons. This 2005 update reflects Statistics Canada's current definition of underemployment. The original GPI underemployment account used a broader definition of underemployment. The numbers in the original study are higher than those presented here.

### Underemployment in Alberta, 1961 to 2003



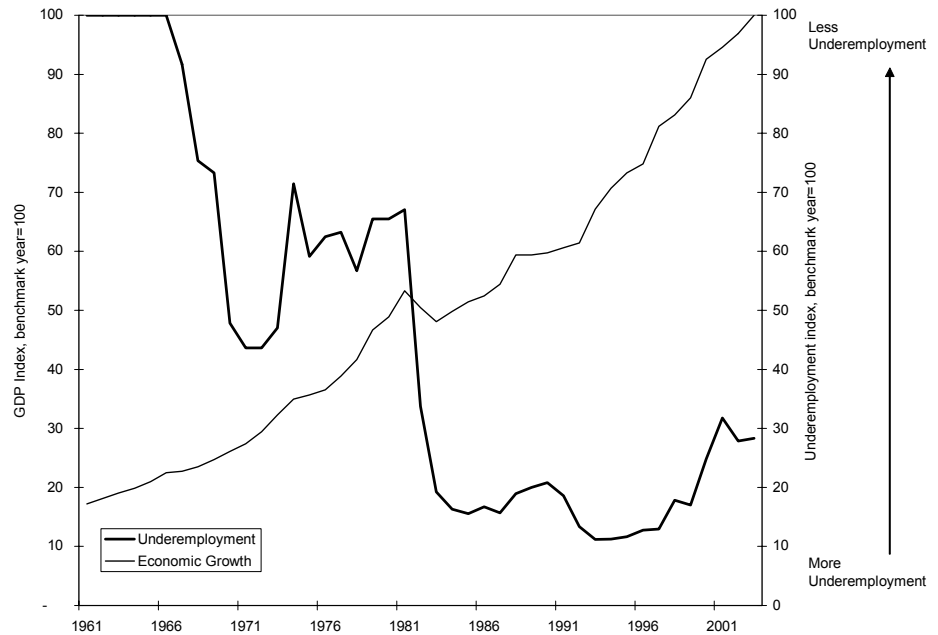
Source: Extrapolated from Statistics Canada Data.

# So What?

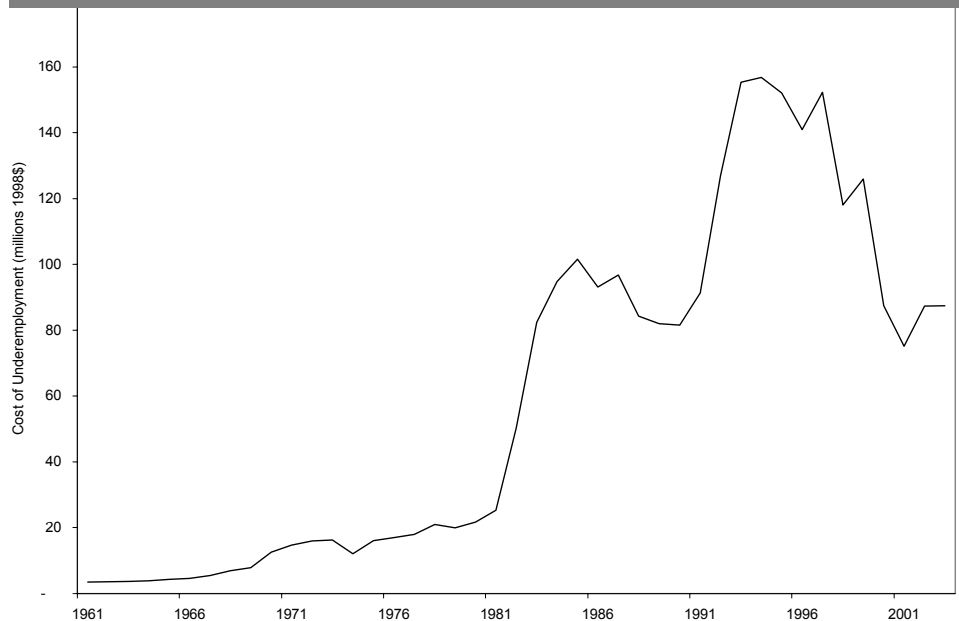
In recent years, the number of part-time jobs has risen substantially. In some cases, the increase may be good; for example, some parents may prefer part-time work so they can have more time to devote to child care and leisure. Other individuals, however, may be working part-time while preferring full-time work and may be experiencing economic hardship as a result. As we show in this analysis, the increase in part-time jobs has been accompanied by a significant increase in underemployment.

The figure at the upper right shows underemployment in Alberta as an index. Here we set 100 equal to the lowest rate of underemployment in the study period, which occurred in 1961 when only 0.16% of workers were underemployed. As underemployment deviates from the rate in 1961—the benchmark year—the index measures change from 100 over time. The further the underemployment rate is from 0.16% the more the index tends towards zero. Thus, the index indicates that as underemployment in Alberta has increased, we have moved further from the rate of the benchmark year and closer to zero on the index. And that increase has been costly. As the figure at the lower right shows, the estimated cost of underemployment in Alberta, which was \$3.4 million (1998\$) in 1961, increased to \$87 million (1998\$) in 2003. The increase in underemployment is occurring at the same time as an increase in the number of workers who are “overemployed.” In other words, while more workers are working fewer hours than they desire, another group of people are working more than 40 hours per week.

## Alberta Underemployment Index: Where are we today?



## Big Bucks: The Cost of Underemployment in Alberta, 1961-2003



The estimated cost of underemployment in Alberta in 2003 was \$87 million. That is equal to 0.07% of 2003 GDP.

As an index, underemployment in Alberta in 2003 ranked 28 on a scale where 100 is set equal to the lowest rate of underemployment between 1961 to 2003 (see figure above).

