

NAICS 72: Accommodation & Food Services Through the Pandemic and Youth Employment



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The Accommodation and Food Services industry is a very prominent employer of Canada’s youth; 15–29 year olds. The industry employed 14% of Canada’s youth prior to the pandemic and was the second-largest employer of youth in Canada, with Retail Trade being the largest employer. The pandemic shutdowns had an outsize effect on this industry because person-to-person contact lies at its core. As a result, the impact of pandemic on this industry was disproportionately large, compared to other industries.

While it is a major employer of youth, it is relatively less important as an employer for workers in the 30+ age range as seen below in Figure 1.

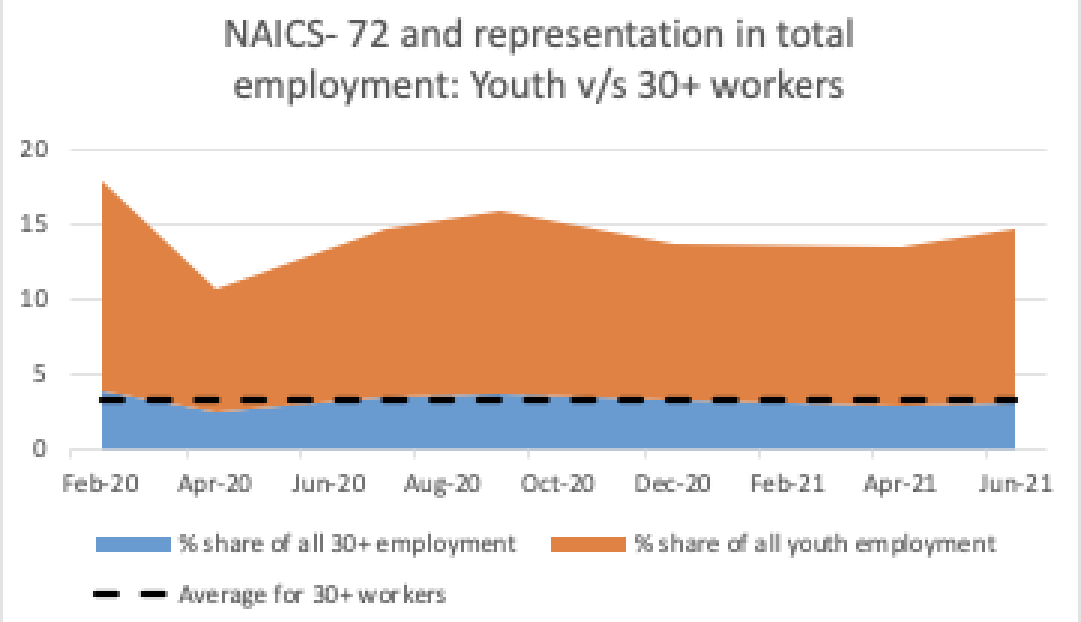


Figure 1 Employment in NAICS 72 as share of total employment by age group

How has employment changed in NAICS 72 during the pandemic?

Employment in NAICS 72 was far more volatile for youth during the pandemic than for workers aged 30 and above, for whom this industry represents only about 3.3% of total employment.

There has been some recovery (Figure 2), but employment lies well below pre-pandemic level for youth and for 30+ workers alike. However, this has a disproportionate impact on youth because this industry still employs around 12–13% of the youth.

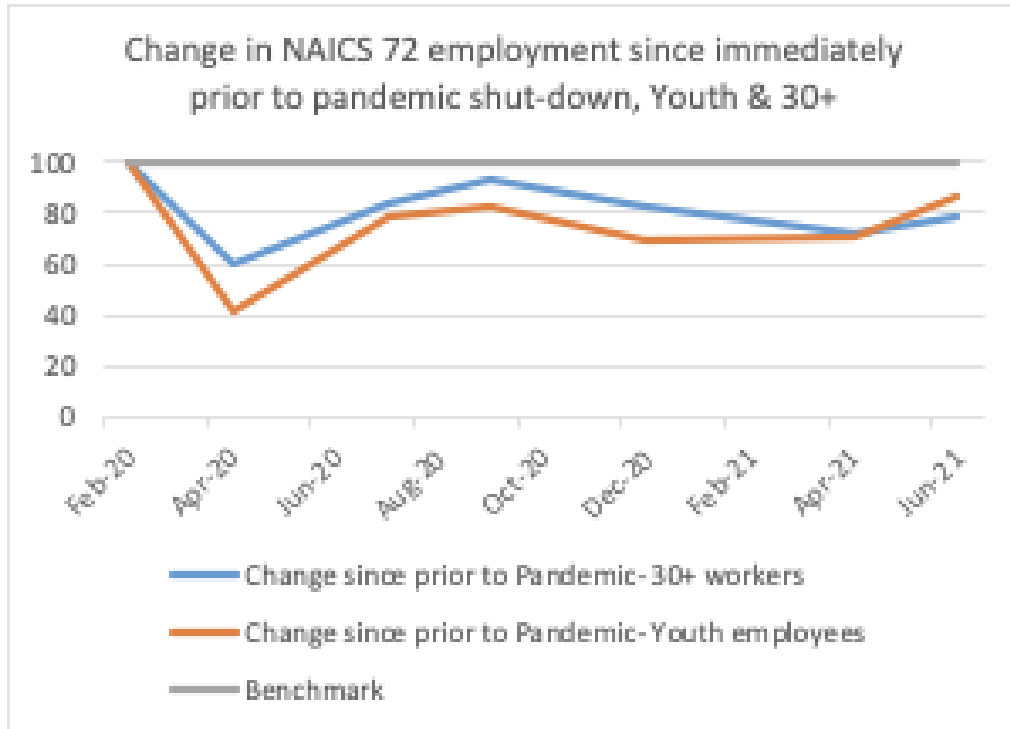


Figure 2 Change in employment level by age group

Even before the pandemic, this industry was already ‘youth-heavy’ with 53% of its employees falling between the 15–29-year grouping. Since the pandemic, it has only become younger.

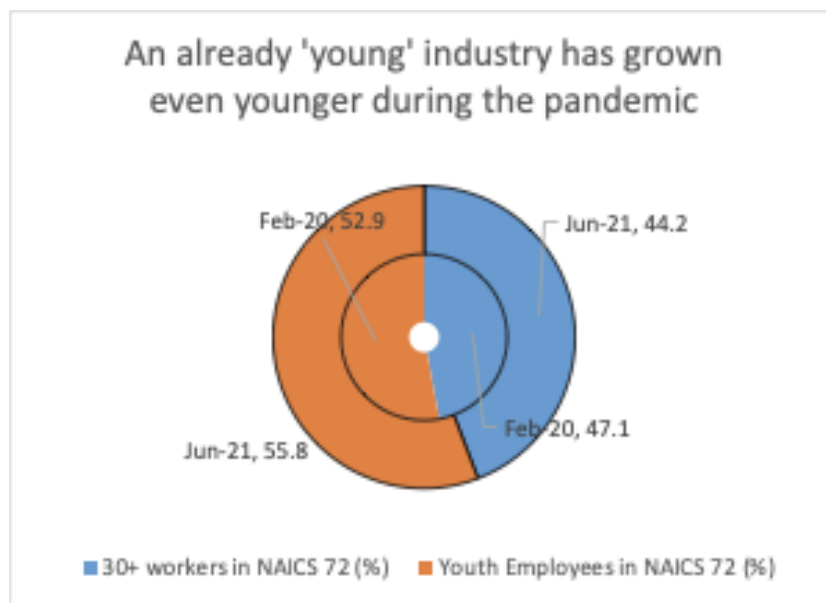


Figure 3 Change in industry labor force demographics

The industry has since become ‘younger’. Although though it contracted from 1.2 million strong employees in February 2020 before the pandemic shutdowns to 983,163 employees in the most recent figures available for June 2021, relatively greater numbers of 30+ employees left the industry to look for employment in other industries than youth workers. In fact, between Feb 2020 and June 2021, the fall in 30+ employees was 22% (-22%), while for youth workers the fall was 13%.

How were the conditions of work impacted during the pandemic?

This contraction played out when it came to the conditions of work:

Standard work vs. Non-Standard work.

Non-Standard work comprises **temporary, precarious or involuntary part-time work**. In this industry, youth employment fell across the board in both categories of work. Standard workers (youth) fell by 10% between February 2020 and June 2021 but non-standard work performed by youth fell by 17%. Figure 4 below illustrates that before the pandemic, for every 100 standard youth workers in NAICS 72, there were 60 non-standard youth employees in that industry. That ratio fell to 56, because both categories of work shrunk through the pandemic as described above.

The opposite occurred for 30+ workers. Employment shrunk for them too, and standard work shrunk more than non-standard work for them. For this category, for every 100 standard workers before the pandemic, there were 47 non-standard workers who were above 30 years of age. By the most recent figures, employment for workers 30 years and older in a non-standard capacity rose, leading to a ratio of 63 workers per 100 standard workers up from 47 per 100 prior to shut downs.

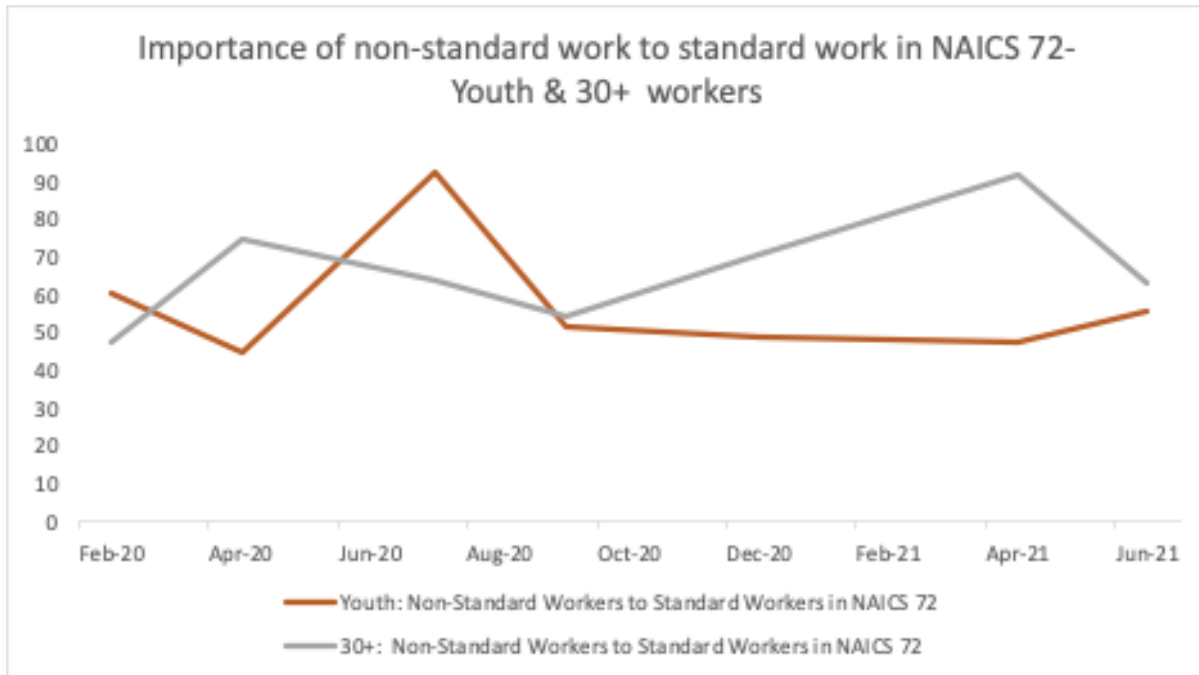


Figure 4 Conditions of work by age group

- Upshot: as employment fell for both youth and older workers in NAICS 72, any employment in short-term, non –standard capacity shifted towards older workers away from younger employees in the 15-29-year grouping.
- Non-standard work appears more volatile for 30+ workers than youth employees. But that essentially means that as this industry closed and opened, the pickup in employment was towards older workers 30 years and older in short-term capacity. Youth employees (who might have been non-standard workers) were likely unemployed for the duration, while workers 30 years and older picked up the short-term employment slack.

For youth continuing in non-standard employment, how different are working conditions in Accommodation and Food Services from other industries?

Short answer: Not so different any more.

Prior to the pandemic, NAICS 72: Accommodation and Food Services had poorer working conditions for youth than the industry average. For every 100 standard workers below 29 years employed in all industries, there were 46 youths employed in non-standard capacity, in February 2020. In NAICS 72, that ratio was 60. But by the time the pandemic played out, by June 2021, that ratio in other industries for youth rose to 59 non-standard workers to 100 standard workers, while it fell in NAICS 72 to 56 from 60 prior to the pandemic. As seen below, industry trends are not so different from NAICS 72.

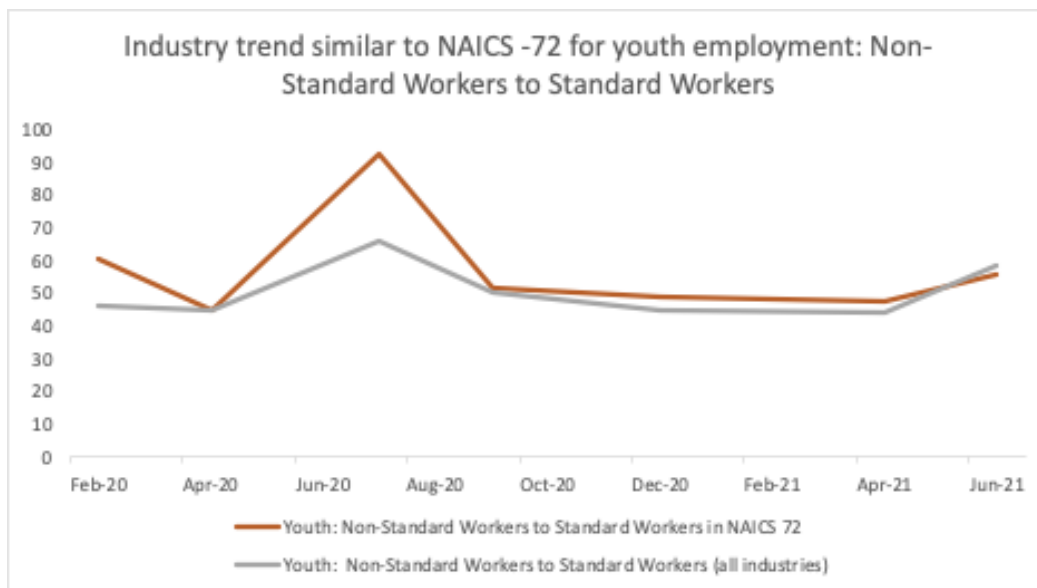


Figure 5 Conditions of work for youth by industry

Temporary or Precarious or Involuntary Part-time => Non-Standard Work for youth in NAICS 72 in comparison to all industries

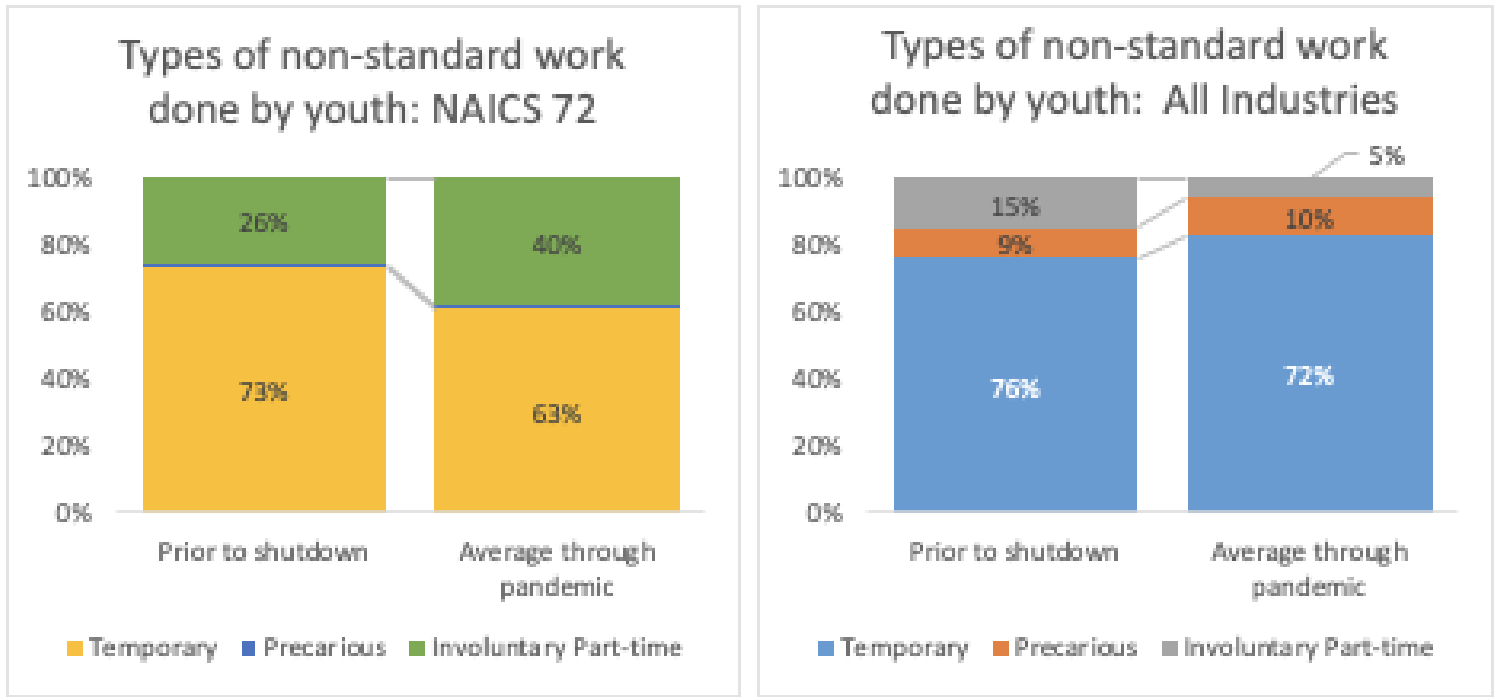


Figure 6 Type of non-standard work in NAICS 72 and rest of industries

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through the pandemic the share of involuntarily part-time hours rose through the pandemic for youth in NAICS 72, providing evidence of the lack of security in their employment. Of course, non-standard work (inclusive of precarious work) rose throughout all industries for youth, but the rise in especially insecure jobs as seen in the increase with involuntary part-time work in NAICS 72, is a cause of concern. There is hope that with re-openings of dining-in, bars and tourism that many of those working in an involuntary part-time capacity have their positions converted to more secure ones.

Involuntary Part-time Employment in NAICS 72: Starting high, staying high

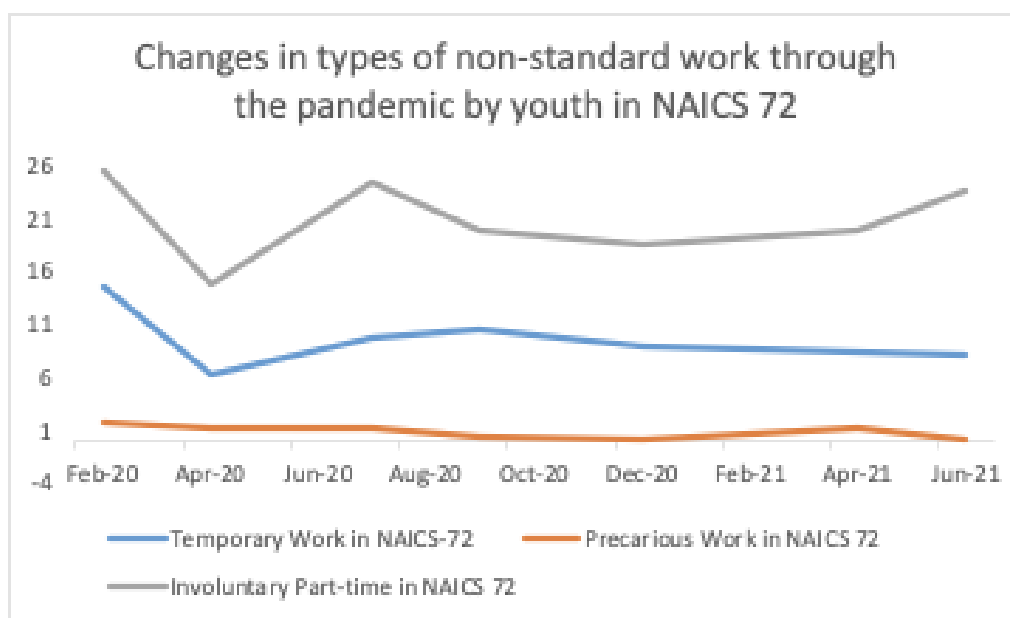


Figure 7 Change in type of non-standard work in NAICS 72

The Accommodation and Food Services sector has tended to hire a significant number of youth (around 27% of those employed in involuntary part-time capacity) as non-standard/part-time workers. This dipped in April 2020 during the worst of the pandemic as the entire sector had to shut down. However, as activity resumed in summer 2020, so did youth employment under this condition. That trend has continued and as April – June 2021 were upon us, with industry openings, the share of youth working in Accommodation and Food Services as percentage of all those youths contracted to work in an involuntary part-time capacity increased (seen in the grey plot).

By June 2021, NAICS 72 accounted for 24% of involuntarily employed youth (though down from 27%, prior to the pandemic).

What kind of work do Youth do in NAICS 72? [1]

Top 6 types of work:

% of youth employment in NAICS 72 in Feb 2020, and June 2021

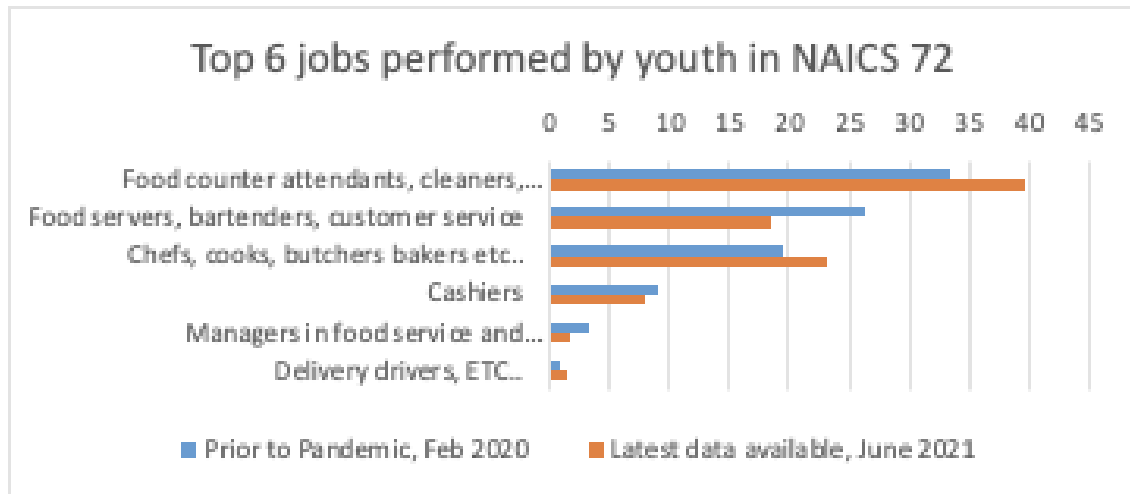


Figure 8 Types of youth employment in NAICS 72

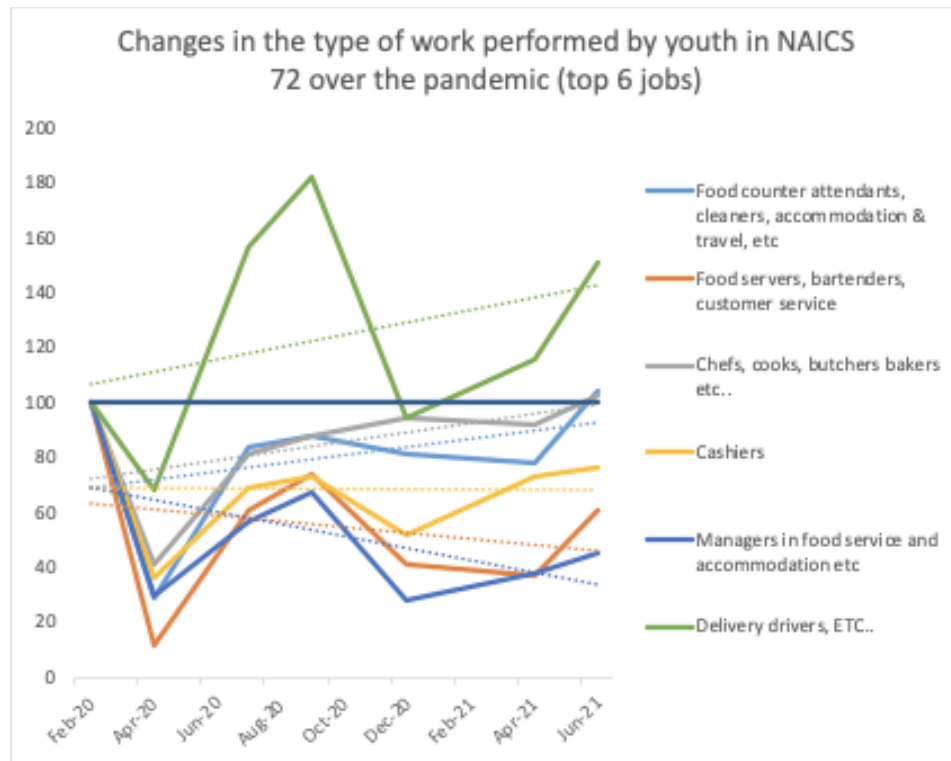


Figure 9 Changes in types of employment in NAICS 72

[1] Generalized from NOCS 3 digit to describe broad 2- digit NOCS and can contain other occupations.

While delivery driving was (and is) an exceedingly small proportion of youth work in NAICS 72, not only did more youth work as delivery drivers during the pandemic as compared to before the pandemic, but it has trended upwards most significantly amongst all the types of jobs for the duration of the pandemic.

Youth working as chefs, cooks, counter attendants, cleaners have increased their representation in NAICS 72 since the pandemic. Not so much for youth as managers in food services or cashiers or food servicers. (The latter due to closures and food serving being contact-oriented)

Sixty percent of youth delivery personnel for NAICS 72 were non-standard workers at the start of the pandemic, but with the shift online in this industry, especially with food delivery, for instance, the labour market likely tightened for this type of work and that share has fallen to 38% of delivery driving in that non-standard capacity. This is indeed a welcome trend for this occupational category that really took off in this industry during the pandemic.

How much do youth make in NAICS 72?

The Accommodation and Food Services industry ranks the lowest amongst the 21 broad industrial categories in terms of youth average hourly wages, around \$15.5 per hour at its most recent estimate.

The differences in hourly wages are not very significant between youth and older workers (30+) in non-standard working contracts. Permanent, full-time/part-time, or standard work shows a divergence between the wages earned by youth and those earned by workers 30 years and above.

	All types of Work in Accommodation and Food Services				Delivery Driving (etc.) only in Accommodation and Food Services	
	Non-Standard Youth wage	Non-Standard 30+ worker wage	Standard Youth wage	Standard 30+ worker wage	Average Youth wage	Average 30+ worker wage
Prior to Pandemic	\$15.30	\$15.80	\$15.60	\$18.90	\$15.70	\$20.70
In April 2020	\$14.40	\$18.90	\$15.20	\$21.70	\$14.10	\$16.80
Recent, June	\$15.20	\$16.50	\$15.70	\$21.40	\$14.90	\$20.30

Workers 30 years and above, independent of whether they were standard workers or non-standard workers made their highest wage during the full shutdowns of April 2020. Youth on the other hand made the lowest at that time, independent of whether they were standard or non-standard workers.

This suggests that 30+ workers were the ones picking up any work available during that time. Since the height of the pandemic shut-downs, hourly wages have dipped a little for 30+ workers in NAICS 72, but are definitely higher than they were prior to the pandemic. For youth, there appears a marginal improvement in wages if they are standard workers only. Not so, for non-standard workers.

For Youth Delivery Drivers, the job that showed the most expansion during this troubled time, the wages have dipped from approximately \$15.70 to \$14.90 per hour (after dipping even further during the height of the pandemic shut-downs in April 2020). This is in contrast for delivery drivers in the 30+ category.

We need to learn more about this sector to explain this difference in delivery driving and wages. One possible explanation is that the NOCS category under which delivery driving or, NOCS 75 (as reported in the LFS) includes other skilled jobs, in which 30+ workers participate more than youth. Unfortunately, the LFS provides only 2-digit NOCS in the public release data, so we cannot determine exactly what type of transportation work is relevant to NAICS 72, apart from delivery driving.

Takeaways:

- The Accommodation and Food Services Industry has shrunk since the start of the pandemic. Both youth employment and 30+ employment fell; the latter group employment fell by more than youth employment. The industry has become 'younger' than it was with its youth-share of industry employment rising over the pandemic.
- There has been some recovery of youth (and older workers) employment since the start of the pandemic.
- Non-standard employment means that the conditions of employment are temporary, precarious, and involuntarily part-time (jobs are insecure, volatile, and difficult) are an important aspect of youth employment in this industry. However, over the course of the pandemic, as employment fell for both youth and older workers in NAICS 72, employment in short-term, non-standard capacity shifted towards older workers away from younger employees in the 15-29-year grouping.
- Non-standard employment is experienced by both youth and older workers, quite commonly.
- Involuntary part-time employment, which represents insecure and volatile working conditions, is a significant condition in the non-standard work performed by youth.