

The Occupational Classes: Not All Jobs are Created Equal—*Education Edition*

At the Martin Prosperity Institute, the standard approach to analyzing the labour force is through the occupational classes established by the work of Director Richard Florida (2002). There are substantial variations in terms of the demographic characteristics of workers in each occupational class as well as the characteristics of the jobs themselves. In this series, the classes are presented comparatively in order to better identify and understand the similarities and differences in each.

The two dominant and most-frequently researched occupational classes are the creative class and the service class. New research conducted by the Martin Prosperity Institute compares the terms of work for these two classes in order to determine more specifically how they are similar and where they deviate. We use the Survey of Labour and Income Dynamics (SLID) (2008) to compare the proportions of each class with varying characteristics across a range of metrics to show the variability of each group in Canada.

This Insight is the first in a series of six exploring the dynamics of the creative and service classes by: education, sex, benefits, work schedule, self-employment rates, and multiple jobholders. We find that some general expectations hold true, but they are by no means universal. Upon releasing the characteristics of one metric per week, we will conclude the series with a brief analysis of the overall findings and results.

In **Exhibit 1** we show the differences in economic outcomes between the service class and the creative class. With each class, we show the difference between those with and without a degree.

Our key observations are as follows:

Education splits the creative class. Half of the creative class holds the credential (or greater) (49.9%) and half do not (50.1%). Creatives with a BA make (on average) 22% more than the average creative wage. Service workers with a BA make 33% more than the average service wage, but only 15% of service workers hold the BA credential (or above). Of those service workers who hold the BA, about a quarter work part-time voluntarily. The average income for a creative class member with a BA is \$52,455, while the average income for a service worker with a BA is \$27,823. In the creative class, the BA carries a premium of 56% (\$18,789) in annual income, and in the service class, the BA carries a premium of 41% (\$8,067) in annual income. In both occupational groups, workers with a BA tend to work slightly more hours, and the BA credential is an asset in terms of market reward (wage) – but the BA is considerably less represented in the service class. The distribution of BA holders in the service class is skewed: 14.5% hold the BA, and 85.5% do not.

	Creative Class (CC) Average	CC BA+	CC w/o BA	SC w/o BA	SC BA+	Service Class (SC) Average
Share	—	49.9%	50.1%	85.5%	14.5%	—
Average Income	\$43,033	\$52,455 +22%	\$33,666 -22%	\$19,756 -6%	\$27,823 +33%	\$20,923
Average Hours (Weekly)	31.1	32.8 +5%	29.5 -5%	26.3 -1%	28.0 +5%	26.6
Average Wage (Hourly)	\$29.00	\$33.34 +16%	\$23.81 -17%	\$15.63 -5%	\$20.73 +26%	\$16.41
Full-Time	77.0%	80.1% +4%	73.8% -4%	64.4% -1%	70.3% +8%	65.3%
PT Voluntary	17.5%	15.0% -15%	20.1% +15%	27.5% +3%	22.1% -17%	26.7%
PT Involuntary	5.5%	4.9% -11%	6.1% +11%	8.1% -20%	7.7% -24%	10.1%

Source: Statistics Canada. Survey of labour and income dynamics, 2007: person file [computer file]. (75M0010XCB) Ottawa, Ont.: Statistics Canada. Income Statistics Division [producer]; Statistics Canada. Data Liberation Initiative [distributor], 2010-02-10
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With regards to the creative and service class returns to education, the service class has a greater percentage of the labour force in the service class and a much smaller share of the service class holds a BA. While 1/5 creatives and 1/3 service workers have part time employment, education does not seem to influence whether these workers are working part time by choice (voluntary) or not (involuntary) and nearly twice the share of service workers are not working part-time by choice compared with creative workers.

Next week, our Insight will describe the sex variation (male/female) and accordant variation in the service and creative classes. Subsequent Insights will survey the characteristics of the jobs themselves: work-provided benefits, work schedule, self-employment, and number of jobs.

Note: This insight was revised on November 24, 2011.

The Martin Prosperity Institute at the University of Toronto's Rotman School of Management is the world's leading think-tank on the role of sub-national factors—location, place and city-regions—in global economic prosperity. We take an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential.