

Educated Service Workers Are Concentrated in Canadian Cities

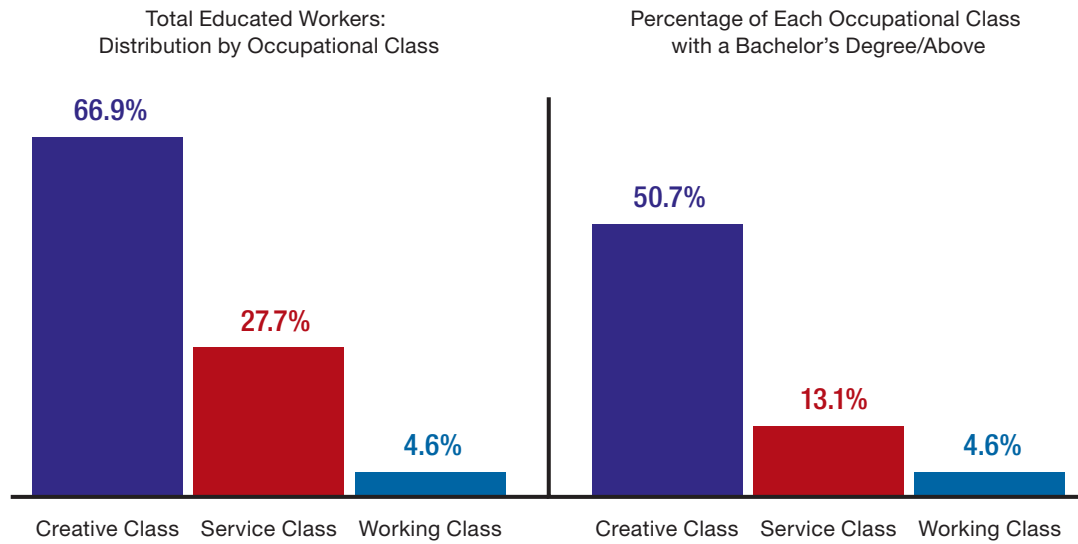
Labour force analysis conducted at the Martin Prosperity Institute organizes the labour force into four occupational groups: the creative class, the service class, the working class, and the fishing, farming, and forestry class. This categorization system is a useful way to think about the economy, because it classifies workers based on the type of work that they are paid to do, rather than simply their qualifications or industry placement. In the most basic terms, creative class workers are paid for their thinking and problem solving skills. Service class workers are paid to perform routine work directly for, or on behalf of, clients. Working class workers are paid to maneuver heavy machinery and perform skilled trades. Finally, farmers, fishers, and other primary extractors are paid to extract natural resources from the ground and seas.

The Service Class

The service class (routine-oriented service occupations) is comprised of occupations in the service sector (e.g. food service workers, janitors, groundskeepers, secretaries, clerks) where workers are afforded lower levels of autonomy than in the creative class. As an occupational group, the service class is adding the most jobs to the labour force, yet remain the least well understood. It's also the largest segment of the Canadian labour force — about 46% of our labour force is service work.

For these reasons, this group is a focus of research at the Institute called *Strength in Services*. We're exploring ways to upgrade low-paying, routine-oriented service jobs by improving monetary and non-monetary compensation, autonomy, training, and opportunities for advancement. Part of this large-scale project involves compiling comprehensive descriptive statistics on the service class (as well as the other occupational classes) in Canada so that we can understand them better. In using 2006 Census data to build this background, we began by looking at levels of education across the occupational classes.

Exhibit 1 offers two interpretations of the data in terms of: the distribution of Bachelor's Degree (BA) across the Canadian labour force, and also the proportions of each occupational class that holds a BA credential or above.

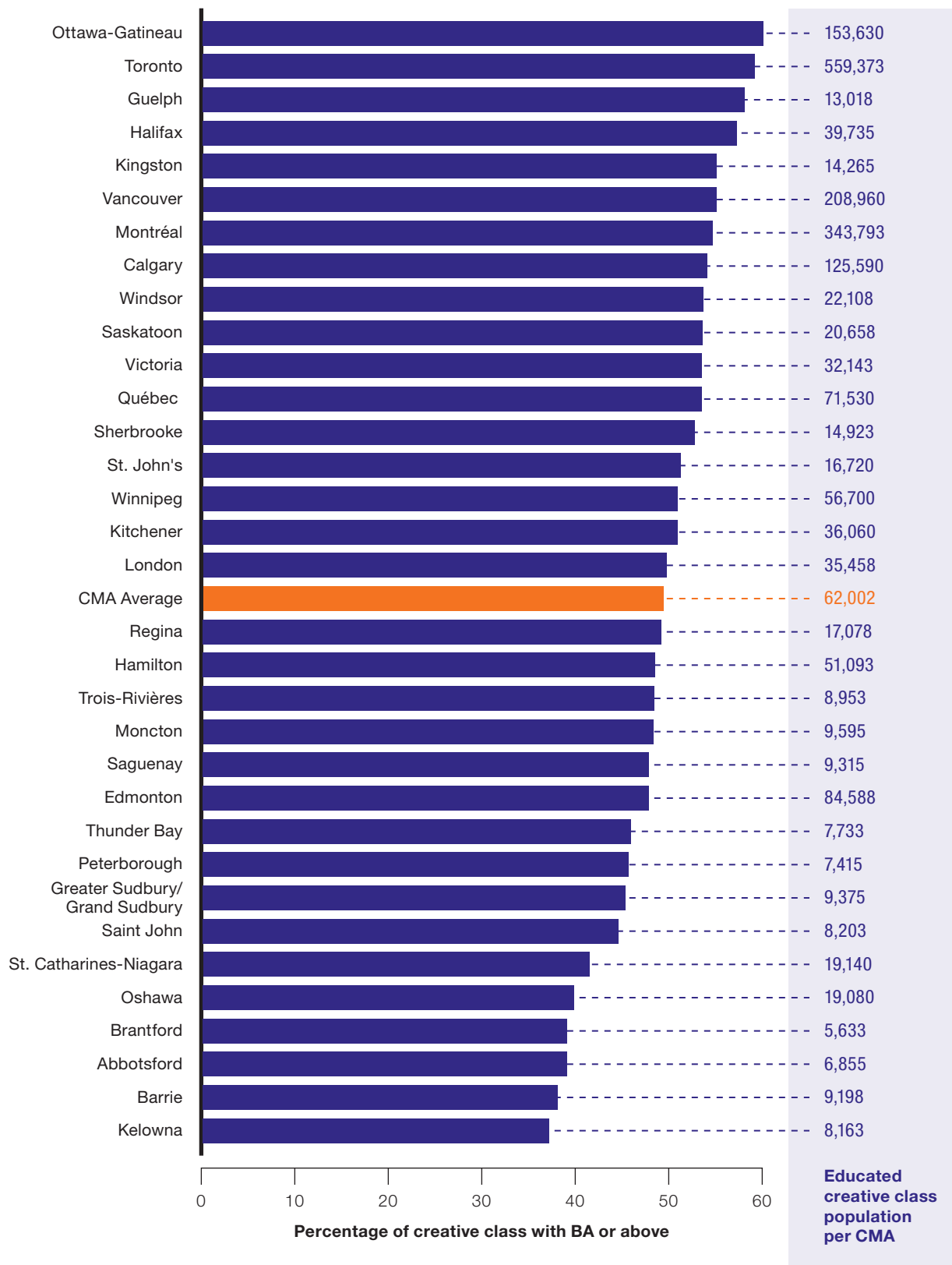


Of the BA holders in the Canadian labour force, 66.9% are in the creative class, 27.7% are in the service class, 4.6% are in the working class, and less than 1% are in the fishing, farming, and forestry class. Furthermore, 50.7% of creative workers have a BA or higher, whereas only 13.1% of service workers have a BA or higher. The graphic illustrates how asking different questions around education and the occupational classes produces different descriptive answers. In addition, the image reinforces the idea that just as holding a BA doesn't translate into a creative class job, not all members of the creative class have a BA — in fact, only about half do; which also reminds that the creative class is not just a measure of education.

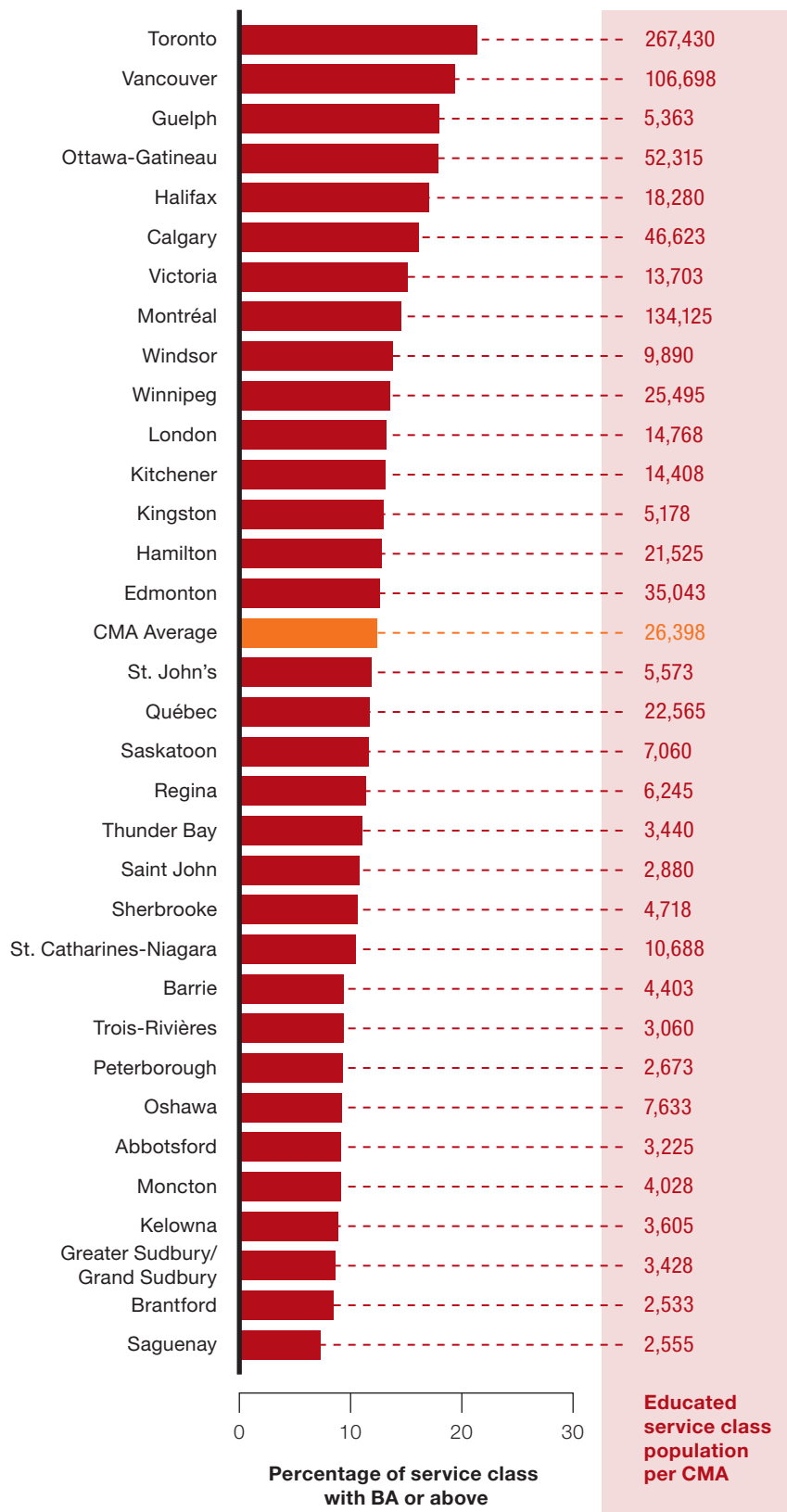
Where Are Educated Workers in Canada?

Researchers at the Martin Prosperity Institute have asked three preliminary questions related to the education levels of these occupational groups: in what occupational class is an educated (BA or higher) individual most likely to work? How educated is each occupational class? And are educated workers evenly distributed geographically? We used Census data from 2006 to answer where and how persons with a BA and above (BA+) are located by Census Metropolitan Area (CMA). The exhibits below show our results.

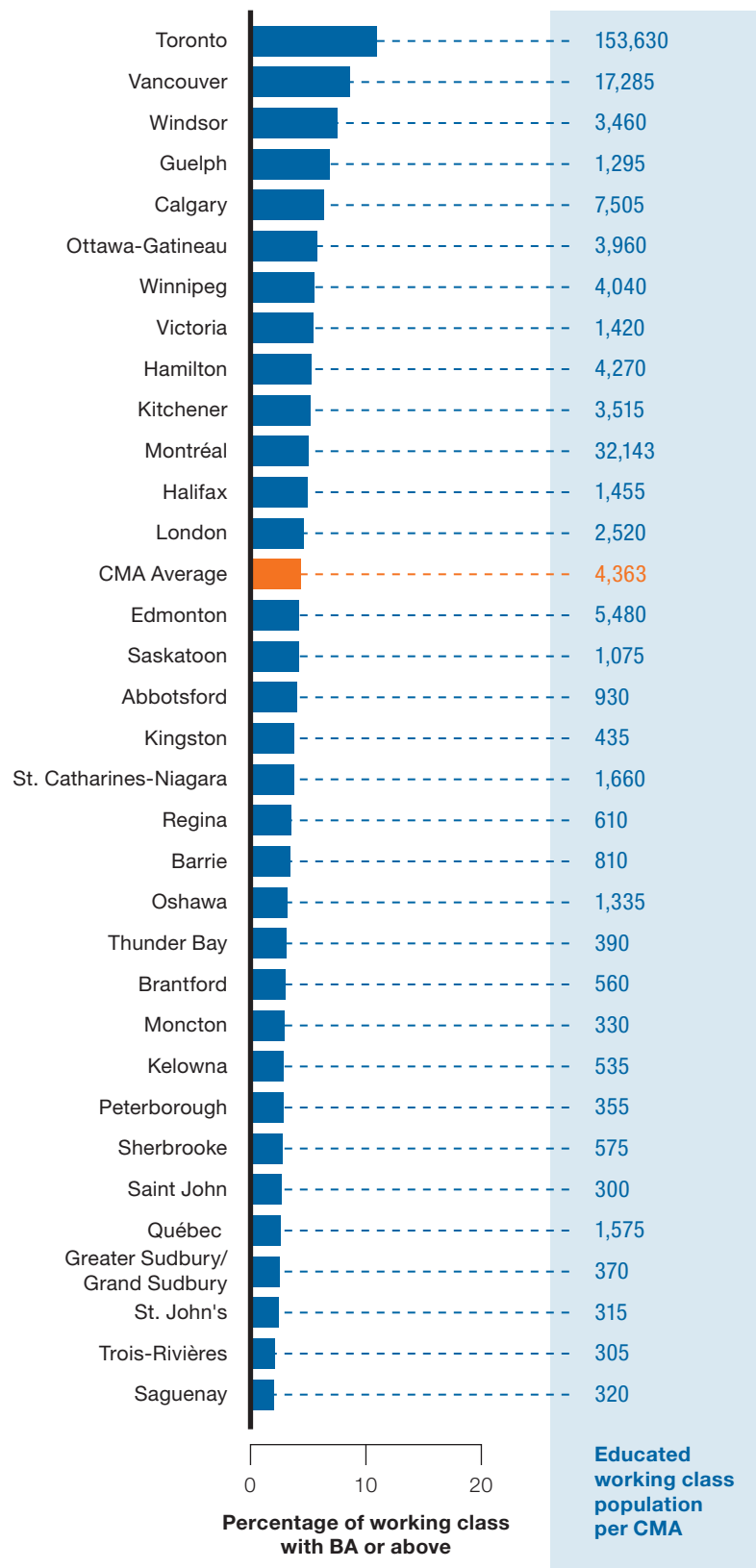
Exhibits 2–4 show the distribution of workers with a BA or above in the three occupational classes by CMA.



Ottawa-Gatineau, Toronto, and Guelph have the top three highest proportions of creative workers. For Guelph, which is a somewhat surprising result, this could be attributable to its being a university town.



In terms of service workers, Toronto, Vancouver, and Guelph have the highest proportions in their labour force. When we look at the CMAs that are above the CMA average, we note that they are all major cities in their respective provinces.



Finally, when we consider the working class, we see that Toronto, Vancouver, and Windsor are the top three CMAs in terms of educated workers. The pattern of more educated workers settling in major CMAs holds across classes.

Overall, we see the co-location of educated workers in major CMAs, where accounting for population effects, there are higher concentrations of educated workers. This concentration of educated workers in regional centres (or major CMAs) may have consequences for smaller/rural areas, which see the sorting of educated people out of these areas, resulting in ‘brain drain.’

Although these findings are descriptive they raise some interesting questions: do these CMAs benefit from “better” service as a result? Do service jobs in CMAs require more credentials due to competition? Is this merely the result of job transitions and misallocations in the labour force? Do CMAs offer “better” service *jobs*? For instance, if we have a higher human capital service workforce, do we have a more productive one? Is the concentration of educated service workers in places like Toronto and Vancouver a competitive advantage for these cities over their peers? And finally, does the demographic composition of service workers in major CMAs substantively deviate from the general service pool?

Seeking to answer these and other questions drive concurrent projects underway at the Martin Prosperity Institute.

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.