



Millennials Struggle to Find Jobs: But Who's Really to Blame?

By Kathryn Buschman Vasel | June 11, 2014



The country's labor market is looking a lot more gray as baby boomers make up a growing share of the workforce.

According to a recent survey from CareerBuilder, the number of boomer-held jobs increased 9% from 2007-2013, a gain of 1.9 million jobs. On the other hand, with an increase of only 110,000 jobs, millennial employment in 2013 was virtually unchanged from 2007 levels.

The survey shows boomers hold a large percentage of jobs in science, technology, engineering and math—often referred to as STEM occupations—than before the Great Recession.

“Never in history have workers over the age of 55 had the concentration in the workforce they have today,” said CareerBuilder CEO Matt Ferguson in a statement. “However, employers will have to plan for vacancies when this group inevitably retires, which could quickly create new skills gaps in new trade vocations and STEM fields.”

The Labor Department reports the population of 55 and older workers is the only demographic to increase its labor participation rate at 1.7 percentage points and employment-to-employment ratio since 2007. Millennial-aged workers (22-34) saw a 2.1% decrease in their participation rate. The labor market's path to recovery has been a long run, especially for young adults entering the workforce. May's job report showed young-adult employment, those ages 25-34, fell to the lowest level in six months.

Along with STEM-related jobs, boomers increased their share of jobs in health care, legal and construction and extraction industries. Older workers are also replacing younger workers in entry-level jobs, according to Paul Harrington, labor economist at the Center for Labor Markets and Policy at Drexel University.

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He says the housing bubble burst that was followed by the Great Recession erased many older workers' retirement accounts and people haven't been as diligent with savings after the extinction of defined-benefit plans. "People haven't done a good job of replacing these plans with their own savings and have to stay in the market."

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He also says the wealth effect just isn't as strong as it used to be. "People don't have a lot of faith in the value of their assets. Even those that have accumulated a lot of wealth are working more, they feel uncertainty over the value of their wealth."

Job creation has been hindered by stifled wage costs, he adds, which allows employers to keep payrolls steady.

"Firms have learned that they can still capture productivity gains without increasing their staff because there has been no rise in wage costs. One of the reason stocks are doing well is because profit is high and the wage pressure you normally see in a recovery isn't happening."

The recent financial crisis hit workers of all ages hard, but Tara Sinclair, associate professor of economics and economist at career website Indeed.com, says older workers aren't to blame for the lack of opportunities for those trying to break into the labor force.

"Typically speaking, if you graduate from college in a recession, that is bad timing and will hurt you for a long while in your career if not all of it," she says. "It's normal for younger workers to take some time to get adjusted and excel in their career; it might not be that different with today's Millennials."

A recent Merrill Lynch study shows 70% of pre-retirees over the age of 50 say their ideal retirement plan includes working, while close to 50% of retirees have worked or plan to work in their golden years.

Joseph Foundy says boomers' longer career is positive for Social Security and other entitlement programs since it means people will be paying into the system longer. However, he adds "it's also disheartening how tough it is for Millennials. It's not just the short-term hurdle of having to find a job, but it also means they aren't building necessary skills most learn at entry-levels jobs and this hinders their entire careers. It's a loss to the country's potential productivity."

Employers are more likely to hire older workers to fill entry-level jobs (normally filled by teens and recent grads) because according to Harrington, they have more non-cognitive skills. "Employers don't need a lot of technical skills for these job openings, but they want those skills like reliability, time management and self-control, and those behavioral traits are better associated with older workers. That means kids move to the bottom of the queue."

He adds the employment rate among teens and young adults has collapsed. In 1999, 49% of kids 16-19 had a job. Today the rate is 26%. “Older workers are penetrating their jobs...and we’ve seen an increase in foreign-born workers also taking their jobs as well.”

And not being able to infiltrate the job market can have long-lasting effects. “When you have a higher fraction of kids detached from the labor market, they don’t engage. The labor market is a dependent place, the longer you are unemployed the longer you remain unemployed. Not working young in life can weigh on peoples’ entire lives.”

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