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Economics Group

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Millennials in the Economy IV: Who's Hiring Young Workers?

Young workers have traditionally been concentrated in the retail and leisure & hospitality industries, but a growing share are finding themselves in these and other low-paying industries since the recession.

What Industries are Hiring Millennials?

Significant shifts in the labor market, including the Great Recession and longer-term secular trends, mean that today's young workers are not always doing the same jobs as in prior years. A look at the industries employing Millennials offers some insight into the challenges and opportunities young workers are presented in today's labor market.

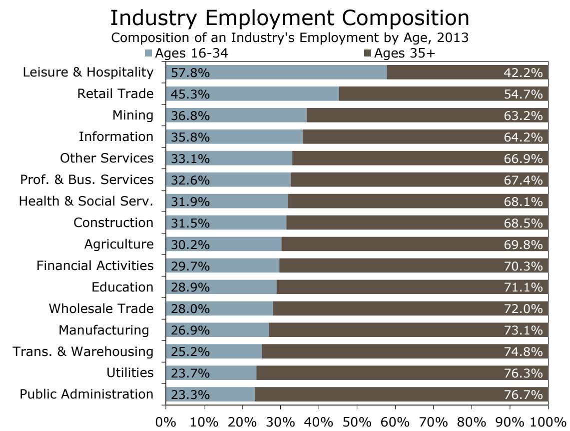
Young workers have traditionally been concentrated in industries requiring few specialized skills and more flexible hours. To that end, the leisure & hospitality and retail industries are the largest employers of Millennials. Millennials account for a disproportionately large share of workers in these industries—45 percent of employees in the retail sector and nearly 60 percent in the leisure & hospitality industry (top chart).

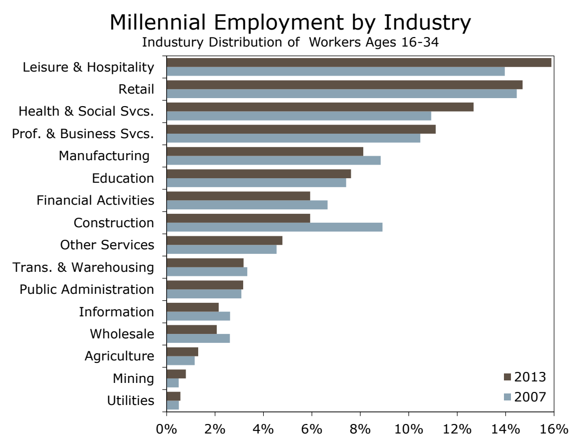
Although the retail and leisure & hospitality industries have traditionally served as a springboard into the workforce, the weak jobs market in recent years has driven a growing share of young workers in these industries. As of 2013, 30.6 percent of workers age 16-34 were employed in these two industries, a 2.2 percentage point rise since 2007 (middle chart). The shift has been just as pronounced for older Millennials (ages 25-34), who are likely to be out of school and embarking on a long-term career. Where older Millennials are, however, starting a career and putting their higher education to work in the health care and professional services industries. The nation's energy boom has also attracted a higher share of young workers into mining.

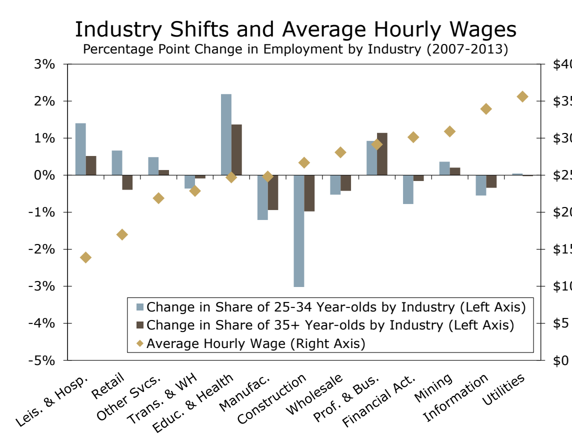
What industries then are employing a smaller share of young workers? Not surprisingly given the housing bust and financial crisis, the share of young workers employed in the construction and financial industry has fallen since 2007. Meanwhile, fewer young workers are employed in the manufacturing and information industries as secular headwinds have weighed on employment in these industries more broadly.

Young Workers See Greater Shift to Lower-Paying Industries

In a dynamic labor market such as the United States, changing patterns in employment are to be expected. However, recent shifts have left more young workers in relatively low-paying industries than before the recession. While opportunities for good paying jobs have been a concern for workers of all ages, Millennials have moved into lower-paying industries at a faster rate than their older counterparts. Workers age 25-34 account for the same share of employment as in 2007, but comprise a noticeably higher share of retail, leisure & hospitality, and "other" services workers—the three lowest paying private nonfarm industries (bottom chart). The only industries career-age Millennials have shifted to more quickly than older workers that pay noticeably above-average wages are mining and utilities, which together still account for only 1.7 percent of employment of workers age 25-34.







Source: U.S. Department of Labor and Wells Fargo Securities, LLC

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