

## Persons outside the labor force who want a job

*Persons enter or leave the labor force in response to a myriad of changing personal or economic conditions; their decisions often do not seem to be closely linked to their stated desire or availability for work a year earlier*

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**A**lthough labor economists tend to focus on the activities and characteristics of persons in the labor force, there has been continued, if somewhat less visible, interest in the possible links to the job market of persons outside the labor force who want work but are not currently seeking a job. Data from the Current Population Survey (CPS) show that an average of 4.9 million nonparticipants reported that they wanted a job in 1997, representing about 7.4 percent of all persons outside the labor force. Persons making up this group—particularly “discouraged workers”—are of interest to labor market analysts and policymakers because they, like the unemployed, represent unused human resources in our economy. Moreover, information on the size, profile, and extent of subsequent labor force attachment of these nonparticipants who want a job is important to understand the nature of the total labor supply and to provide a complete measure of the slack or tightness of the labor market.

This article discusses the development of not-in-the-labor-force concepts used in the CPS, illustrating how the definitions have changed over time to reflect evolving notions about persons outside the labor force and their relationship to the labor force. Using classifications of nonparticipants based on definitions that were implemented as part of the 1994 redesign of the CPS, this article also examines the extent to which persons who had been outside the labor force and indicated that they wanted a job in 1994 became attached to the labor force a year later. The new

measures were developed to more accurately and objectively identify those persons who might be considered to be most closely linked to the labor force as determined by factors such as their desire to work, availability for work, and recent job search activity. In addition, the analysis takes a look at whether specific groups of nonparticipants—particularly those defined as “discouraged workers”—in fact show a greater attachment to the labor force than had been shown under the prior definitions. Also considered is the degree to which subsequent labor force participation differs among the various subcategories of persons outside the labor force who said they wanted to work, and how the experience of such persons compares with that of persons who had been unemployed. In the concluding sections of the article, the influence of certain demographic, work history, and intention-to-work characteristics is studied to determine the extent to which these factors are predictors of subsequent labor market activity.

### Not-in-the-labor-force concepts

Labor economists first became interested in persons outside the labor force who wanted a job as a potential source of labor in the post-World War II period.<sup>1</sup> During the Great Depression, the economy had included a vast number of unemployed with few prospects of finding work. Among the new post-war realities, revealed by new data on the labor force, was the fact that millions of people moved into and out of the la-

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bor force each year not only for personal reasons but because of changes in labor demand.

The first concepts and definitions to account for those persons outside the labor force who wanted a job were incorporated into the CPS in January 1967. These measures were introduced as a result of recommendations by the President's Committee to Appraise Employment and Unemployment Statistics (more commonly known as the Gordon Committee), which, in 1962, recognized the need to collect more detailed information in the CPS on so-called "discouraged workers"—that is, persons outside the labor force who were not currently looking for a job because they believed their job search would be in vain. Some analysts referred to such persons as the "hidden unemployed."

Data on such workers, based on a consistent set of definitions, were collected in the CPS from 1967 through 1993.<sup>2</sup> Persons who were not in the labor force—that is, who were not working at all during the survey reference week and who had not looked for work during the prior 4-week period—were asked if they wanted a job "now," either full or part time. Those with an affirmative answer were asked the reason they were not seeking a job. Persons classified as "discouraged workers" were those who responded that they did not think they could find a job, either for a *job market*-related reason, such as their belief that work was not available or that they could not find any work, or for certain *personal* reasons, such as a perception that they were too young or too old, that they lacked education or training, or that they had some other personal handicap.<sup>3</sup>

Criticisms of the definition of discouraged workers later surfaced, however, particularly during the 1970s. In 1979, the National Commission on Employment and Unemployment Statistics (also known as the Levitan Commission) formalized these criticisms, noting that the definition of discouraged workers was (1) too subjective, because the measure was based primarily on a stated "desire" for a job, without specifying the terms and conditions of work,<sup>4</sup> and (2) too arbitrary, because availability to take a job was inferred from responses to the question on reasons for not currently looking for a job rather than determined directly.<sup>5</sup>

The Levitan Commission recommended using a new measurement that would be based on clear evidence of prior job search and current desire and availability for a job. Their recommendation was accepted by the Secretary of Labor 2 years later<sup>6</sup> but could not be implemented at that time because there was no funding to test the impact of a changed definition and survey questions on other measures, such as the overall unemployment rate. An opportunity for testing arose in the late 1980s as the Bureau of Labor Statistics, in collaboration with the Bureau of the Census, began a major program to modernize the CPS. An entirely new questionnaire was developed and tested, including a new series of ques-

tions on the characteristics of persons not in the labor force.

Thus, the new definition of discouraged workers incorporated two changes. First, a question to determine whether a person had searched for a job within the prior 12 months was added. Second, a direct question on availability to take a job was added that replaced the inferred measure of availability used with the former definition. Under the new question design, individuals who are not searching for work but who want a job and are available for work are asked the *main* reason why they are not looking for work. (In the former scheme, individuals could provide any number of reasons for not seeking work. A "nondiscouraged" reason took precedence over a "discouraged" reason in the classification scheme.)

An additional not-in-the-labor-force concept was created as part of the design of the new questions. It relates to persons who are "marginally attached" to the labor force. This is a broader concept than "discouraged workers" in that it includes the requirements for job desire, availability, and job search in the past year, but places no restrictions on the reasons for not looking for work. Thus, persons who meet these conditions and cite family responsibilities or transportation problems as reasons for not conducting a job search, for example, would be included among the marginally attached.

The newly defined discouraged workers are a subset of the marginally attached group. Despite the additional job search and availability requirements, the new definition of discouraged workers maintains the same reasons for not conducting a job search as provided under the former definition, namely, that such persons believe no jobs are available for them or that there are none for which they could qualify. More specifically, such persons respond that they are not currently looking for work for one of the following reasons: they believe there are no jobs available for them; they could not find work; they lack necessary schooling, skills, or experience; or they perceive some type of discrimination in the workplace. With the implementation of the additional job search and availability requirements in 1994, the number of discouraged workers fell by roughly half.

Within the marginally attached group, persons who give reasons other than discouragement for not conducting a job search—referred to as "other marginally attached" persons—constitute almost three-fourths of the total group. Their reasons for not looking for a job include child care problems, family responsibilities, going to school or training, ill health or disability, transportation problems, or other reasons.

## Past studies and theoretical concepts

Past studies of persons not in the labor force had focused on a group referred to as the "hidden unemployed." This group was generally defined by researchers as those persons who would like to work but are too discouraged over employment

prospects to search for a job.<sup>7</sup> It was assumed that many of these hidden unemployed would be labor force participants in a “full employment” economy, and thus represent a component of the current supply of labor. Other economists had expanded the concept of “hidden unemployed” to include not only discouraged workers but also certain visibly underemployed persons—specifically those who are working part time but would prefer full-time work.<sup>8</sup>

These studies of the hidden unemployed focused on estimating their numbers and composition, as well as examining the cyclical sensitivity of officially measured discouraged workers over the course of the business cycle.<sup>9</sup> The findings showed clearly that the number of discouraged workers is quite sensitive to changes in labor demand, declining when the economy expands and unemployment falls.

While hidden unemployment is a concept that relates to the current supply of available labor, another concept, the “labor reserve,” is somewhat broader and refers to the potential supply of labor.<sup>10</sup> It encompasses those nonparticipants who are most likely to join the labor force in the future under more favorable economic and social conditions. Members of the labor reserve may briefly test the labor market or begin a job search when the economy improves. Moreover, inherent in the concept of a labor reserve is the notion that personal attitudes and preferences may be as important a factor to potential labor force participation as low unemployment and high wages. In theory, the labor reserve could include anyone outside the labor force who would enter under the right conditions, although some researchers have postulated that it consists primarily of those outside the labor force who say they want jobs, with discouraged workers and persons with recent work experience forming its core.

Given these conceptual distinctions between the hidden unemployed and the labor reserve, one might expect that, all else equal, labor force attachment among various groups classified as not in the labor force but wanting a job would differ substantially. Specifically, discouraged workers might be expected to have a stronger labor force attachment than other nonparticipants who want a job. Yet, evidence presented to the Levitan Commission in 1979 indicated that discouraged workers did not have a distinctive labor force attachment.<sup>11</sup> The links of the discouraged (as formerly defined) to the labor market were weaker than might have been expected.

### Objective of this study

The analysis in this study focuses primarily on the labor force status of persons in 1995 who, as of a year earlier, had been classified as outside the labor force but had indicated they wanted a job. Questions to be addressed include whether the newly defined discouraged workers show a stronger attachment to the labor force than other not-in-the-labor-force

groups or than discouraged workers as classified under the former definition. Comparisons of subsequent labor force activity also are made between those not in the labor force who want a job as well as the discouraged and persons who had been unemployed in 1994. The comparison between the discouraged and the unemployed may indicate whether future links to the job market among the so-called “hidden unemployed” were as strong as those for persons officially classified as unemployed.

The structure of the CPS allows for this type of longitudinal analysis. Sample households are tracked in the same 4 months for 2 consecutive years.<sup>12</sup> For this reason, it is possible to match year-apart reports from respondents. For this analysis, reports on individuals outside the labor force in 1994 who had indicated that they wanted a job were matched with the reported labor force status of the same persons a year later.<sup>13</sup> That is, cases for each month in sample were matched to the same consecutive months a year later.

The maximum number of potentially matchable households is half the full sample. However, the sample universe for *this* study, based on actual matches, was substantially less than the potential universe. Some respondents did not provide data a year later because they could not be contacted (they might have moved) or because they did not respond at all to the survey or to the key survey questions on labor force classification. In addition, because the CPS sample was in the midst of its decennial sample redesign, some households that normally would have been in scope were no longer in the sample.<sup>14</sup> For these reasons, the distributions shown in the tables are based on the weighted number of respondents who actually provided data.

### Characteristics of the target group

Before examining the subsequent labor force attachment of persons outside the labor force in 1994 who said they wanted a job, it is useful to understand the size and demographic characteristics of this group. In 1994, just under 10 percent of the total number of persons classified as not in the labor force indicated they wanted a job. Of the 6.2 million persons who indicated they wanted a job in that year, only 1.8 million were classified as marginally attached to the labor force.<sup>15</sup> About 500,000 of this total were not looking for work because of discouragement over job prospects. Compared to the number of persons officially classified as unemployed—8.0 million in 1994—the so-called “hidden unemployed,” at least as measured through the new discouraged worker concept, were a relatively small group.

As compared with their numbers in the population, blacks and youth were highly overrepresented in the three nonparticipant groups, that is, those who wanted a job, the marginally attached, and discouraged workers. Men were more likely

to be classified as discouraged workers than were women, but were slightly less likely than women to be classified in the other two nonparticipant groups.

## Labor market attachment

Analysis of the current data shows that, as in past studies, persons who were not in the labor force but wanted a job in 1994 did not have a strong attachment to the labor force a year later. Indeed, only 41 percent of nonparticipants who said they wanted a job in 1994 were in the labor force in 1995. (See table 1.) Moreover, a large majority of those who remained out of the labor force a year later indicated that they no longer wanted a job. Such persons might have decided to take on a full-time commitment such as school or child care responsibilities, or perhaps have retired.

Of those who said they wanted a job, persons who were classified as marginally attached to the labor force (that is, they had searched for work in the prior year and were available to take a job but were not currently looking for work) had a slightly stronger link to the job market than the overall want-a-job group. Even among the marginally attached, however, only 48 percent were in the labor force a year later. Discouraged workers—the group who might be expected to show future labor market activity—experienced slightly lower labor force attachment (45 percent in the labor force in 1995) than other marginally attached workers (49 percent).

These low rates of labor force attachment for discouraged workers might be interpreted several ways: that respondents overstate their desire for work as a “socially acceptable” response, or that the barriers to employment for these persons (perceived and real) are so great as to leave many discouraged for an extended period. Perhaps it is reasonable that the “nondiscouraged” reasons for not looking for work, such as transportation problems, school attendance, and child care problems, are somewhat less intractable than are the reasons that make the discouraged feel “unemployable.”

As anticipated, labor force attachment among discouraged workers, although weak, was somewhat stronger than it had been in the past under the old definition. However, comparisons with past studies are problematic because of definitional and methodological differences, and, given the cyclical sensitivity of the number of discouraged workers, different periods of study within the business cycle. For example, two earlier studies that examined subsequent attachment to the labor force among discouraged workers analyzed data for periods relatively early during economic recovery cycles (1976–77 and 1982–83).<sup>16</sup> On the other hand, this study looks at the years 1994–95, a few years after the most recent recession officially ended.

The data for 1995 show a substantial difference in the subsequent employment experience of nonparticipants who said

they wanted a job, as compared with persons who were officially classified as unemployed. While 53 percent of the unemployed were working a year later, less than a third of the nonparticipants who had wanted a job managed to find one. Moreover, nearly 1 in 5 unemployed was still searching for a job, compared with only 1 in 10 nonparticipants who had expressed a desire to work. Discouraged workers, while showing a somewhat higher subsequent labor force participation than the total want-a-job group, nonetheless had nowhere near the strength of attachment demonstrated by the unemployed. In 1995, 45 percent of persons classified as discouraged workers in 1994 were in the labor force, compared with 72 percent of persons classified as unemployed in the prior year. Such substantial differences suggest that merely indicating a desire to work is not nearly as good a predictor of subsequent labor force activity—particularly employment activity—as actively searching for a job.

## Attachment by demographic group

Men who reported that they wanted a job had a stronger subsequent labor force attachment than did their female counterparts. (See table 1.) Differences were particularly evident between discouraged men and women; their labor force participation rates were 49 and 38 percent, respectively, a year later. Discouraged men were almost twice as likely as women to be unemployed a year later, yet men and women were about equally likely to be employed a year later.

Whites in each of the nonparticipant groups were slightly more likely than their black counterparts to have entered the labor force a year later. Consistent with their overall patterns of labor market success, whites in these groups had a greater likelihood of being employed in a year's time, while blacks generally were more likely to be looking for work a year later. The greatest difference in subsequent labor force attachment by race was found among discouraged workers; 47 percent of whites were in the labor force a year later compared with 39 percent of blacks. Because reasons for discouragement include the perception of employer discrimination, this may be a factor in weakening blacks' links to the labor market vis-à-vis those of whites.

Among persons classified as not in the labor force who wanted a job, about half of all young persons (aged 16 to 24 years) showed some labor force activity a year later, while persons aged 55 and older were least likely to have entered the job market. (See table 2.) Most of these older persons who remained outside the labor force a year later reported they were no longer even interested in finding a job. The differences by age may reflect the greater willingness on the part of youth to accept more readily available low-wage employment, given their lower skill levels and relative lack of experience with the job market.

**Table 1.** Persons not in the labor force who wanted a job and unemployed persons in 1994 by their labor force status in 1995, by sex, and race

Status in 1994, by sex and race	Total (thou- sands)	Percent	Status in 1995									
			In the labor force			Not in the labor force						
			Total	Employed	Unemployed	Total	Wanted a job				Did not search for work or was not available	Did not want a job
							Total	Searched and was available for work		Reason for not looking for work:		
Discouraged over job prospects	Other reasons											
Total												
Not in the labor force, wanted a job .....	3,934	100.0	41.3	30.8	10.5	58.6	16.5	5.2	1.6	3.6	11.3	42.2
Searched and was available for work .....	1,106	100.0	47.5	30.8	16.7	52.5	17.9	9.3	2.9	6.4	8.5	34.6
Reason not looking for work: Discouraged over job prospects .....	300	100.0	44.7	27.4	17.3	55.4	19.1	11.6	7.4	4.2	7.5	36.2
Other reasons .....	807	100.0	48.6	32.1	16.5	51.4	17.4	8.5	1.2	7.3	8.9	34.0
Did not search for work and was not available .....	2,828	100.0	38.9	30.8	8.1	61.0	15.9	3.6	1.0	2.5	12.3	45.1
Unemployed .....	4,660	100.0	72.5	53.1	19.4	27.6	8.6	4.1	1.3	2.8	4.5	18.9
Men												
Not in the labor force, wanted a job .....	1,556	100.0	45.2	32.2	13.0	54.8	16.9	6.3	2.3	4.0	10.6	37.9
Searched and was available for work .....	521	100.0	51.0	31.5	19.5	49.1	18.2	10.5	3.7	6.9	7.7	30.9
Reason not looking for work: Discouraged over job prospects .....	180	100.0	48.9	27.8	21.1	51.0	18.8	12.3	8.3	4.0	6.6	32.2
Other reasons .....	341	100.0	52.0	33.4	18.6	48.0	17.8	9.6	1.2	8.4	8.2	30.2
Did not search for work and was not available .....	1,035	100.0	42.5	32.6	9.9	57.6	16.2	4.2	1.5	2.5	12.2	41.4
Unemployed .....	2,488	100.0	78.0	55.4	22.6	22.0	7.9	4.0	1.6	2.4	3.9	14.1
Women												
Not in the labor force, wanted a job .....	2,378	100.0	38.8	29.9	8.9	61.2	16.2	4.5	1.1	3.4	11.7	45.0
Searched and was available for work .....	585	100.0	44.5	30.2	14.3	55.5	17.6	8.2	2.2	6.1	9.3	37.9
Reason not looking for work: Discouraged over job prospects .....	120	100.0	38.0	26.6	11.4	61.9	19.6	10.6	6.1	4.6	9.0	42.3
Other reasons .....	465	100.0	46.2	31.2	15.0	53.8	17.1	7.6	1.2	6.5	9.5	36.8
Did not search for work and was not available .....	1,793	100.0	36.9	29.8	7.1	63.0	15.7	3.3	.7	2.5	12.4	47.3
Unemployed .....	2,172	100.0	66.1	50.4	15.7	33.9	9.4	4.2	.9	3.3	5.2	24.5
White												
Not in the labor force, wanted a job .....	2,859	100.0	42.2	32.6	9.6	57.8	15.2	4.5	1.3	3.2	10.7	42.6
Searched and was available for work .....	774	100.0	47.9	32.1	15.8	52.1	17.4	8.9	2.3	6.5	8.5	34.7
Reason not looking for work: Discouraged over job prospects .....	202	100.0	46.6	28.8	17.8	53.4	17.7	10.7	6.3	4.4	7.0	35.7
Other reasons .....	571	100.0	48.4	33.3	15.1	51.6	17.2	8.2	.9	7.3	9.0	34.3
Did not search for work and was not available .....	2,085	100.0	40.0	32.7	7.3	60.0	14.4	2.9	.9	2.0	11.6	45.6
Unemployed .....	3,490	100.0	74.3	56.1	18.2	25.7	7.8	3.6	1.0	2.6	4.1	17.9
Black												
Not in the labor force, wanted a job .....	851	100.0	38.0	24.6	13.4	62.0	20.4	7.7	2.6	5.0	12.8	41.6
Searched and was available for work .....	277	100.0	45.6	26.5	19.1	54.4	19.8	10.5	4.4	6.1	9.2	34.6
Reason not looking for work: Discouraged over job prospects .....	82	100.0	38.7	23.1	15.6	61.3	23.9	14.8	11.1	3.8	9.1	37.4
Other reasons .....	195	100.0	48.5	27.9	20.6	51.5	18.1	8.7	1.6	7.1	9.4	33.5
Did not search for work and was not available .....	574	100.0	34.3	23.7	10.6	65.7	20.7	6.3	1.7	4.5	14.6	44.9
Unemployed .....	931	100.0	65.4	41.7	23.7	34.6	11.8	5.9	2.2	3.7	5.9	22.8

NOTE: Data are derived from the Current Population Survey and represent weighted averages of matched sample households that were in the survey in both 1994 and 1995. Thus, these data differ from the official published averages for 1994 and 1995, which are based on the full sample of households. Detail may not sum to totals due to rounding.

**Table 2.** Persons not in the labor force who wanted a job and unemployed persons in 1994 by their labor force status in 1995, by age, and sex

Status in 1994, by sex and race	Total (thou- sands)	Percent	Status in 1985									
			In the labor force			Not in the labor force						
			Total	Employed	Unemployed	Total	Wanted a job				Did not search for work or was not available	Did not want a job
							Total	Searched and was available for work		Reason for not looking for work: Discouraged over job prospects		
Not in labor force, wanted a job												
Total, 16 years and older .....	3,934	100.0	41.3	30.8	10.5	58.6	16.5	5.2	1.6	3.6	11.3	42.2
16 to 24 years .....	1,276	100.0	50.1	38.5	11.6	49.9	16.4	4.6	.9	3.7	11.8	33.6
25 to 54 years .....	1,842	100.0	45.7	33.3	12.4	54.3	16.6	5.9	1.9	4.0	10.7	37.7
55 years and older .....	816	100.0	18.0	13.3	4.7	82.0	16.3	4.6	1.9	2.7	11.7	65.7
Men, 16 years and older .....	1,556	100.0	45.2	32.2	13.0	54.8	16.9	6.3	2.3	4.0	10.6	37.9
16 to 24 years .....	632	100.0	52.0	39.0	13.0	48.0	18.1	5.3	1.1	4.2	12.9	29.9
25 to 54 years .....	542	100.0	54.8	36.9	17.9	45.2	16.0	8.2	3.8	4.4	7.8	29.1
55 years and older .....	381	100.0	20.4	14.3	6.1	79.6	16.0	5.1	2.1	3.1	10.9	63.5
Women, 16 years and older ....	2,378	100.0	38.8	29.9	8.9	61.2	16.2	4.5	1.1	3.4	11.7	45.0
16 to 24 years .....	644	100.0	48.2	38.0	10.2	51.8	14.7	3.9	.8	3.1	10.7	37.2
25 to 54 years .....	1,299	100.0	41.8	31.8	10.0	58.1	16.8	4.9	1.0	3.9	11.9	41.3
55 years and older .....	434	100.0	15.8	12.4	3.4	84.2	16.6	4.2	1.7	2.4	12.5	67.6
Searched and was available for work												
Total, 16 years and older .....	1,106	100.0	47.5	30.8	16.7	52.5	17.9	9.3	2.9	6.4	8.5	34.6
16 to 24 years .....	356	100.0	52.5	35.3	17.2	47.5	16.3	7.8	1.5	6.3	8.5	31.2
25 to 54 years .....	570	100.0	50.7	32.0	18.7	49.4	17.7	9.5	3.0	6.5	8.2	31.7
55 years and older .....	180	100.0	27.9	18.3	9.6	72.1	21.6	11.8	5.2	6.6	9.8	50.5
Men, 16 years and older .....	521	100.0	51.0	31.5	19.5	49.1	18.2	10.5	3.7	6.9	7.7	30.9
16 to 24 years .....	194	100.0	54.3	35.6	18.7	45.7	18.7	9.3	1.7	7.6	9.4	27.0
25 to 54 years .....	222	100.0	57.2	33.9	23.3	42.8	16.7	11.1	5.4	5.6	5.7	26.1
55 years and older .....	105	100.0	31.6	18.7	12.9	68.5	20.3	11.5	3.5	8.0	8.9	48.2
Women, 16 years and older ....	585	100.0	44.5	30.2	14.3	55.5	17.6	8.2	2.2	6.1	9.3	37.9
16 to 24 years .....	162	100.0	50.4	34.9	15.5	49.6	13.4	6.0	1.4	4.6	7.4	36.2
25 to 54 years .....	348	100.0	46.5	30.8	15.7	53.5	18.3	8.4	1.4	7.1	9.9	35.3
55 years and older .....	75	100.0	22.8	17.8	5.0	77.2	23.4	12.3	7.6	4.7	11.2	53.8
Unemployed												
Total, 16 years and older .....	4,660	100.0	72.5	53.1	19.4	27.6	8.6	4.1	1.3	2.8	4.5	18.9
16 to 24 years .....	1,432	100.0	70.7	52.5	18.2	29.3	8.7	3.6	.9	2.7	5.1	20.6
25 to 54 years .....	2,772	100.0	76.3	56.0	20.3	23.6	8.0	4.1	1.3	2.8	4.0	15.6
55 years and older .....	455	100.0	54.1	36.8	17.3	45.9	12.0	6.0	2.5	3.5	6.0	33.9
Men, 16 years and older .....	2,488	100.0	78.0	55.4	22.6	22.0	7.9	4.0	1.6	2.4	3.9	14.1
16 to 24 years .....	816	100.0	74.9	54.0	20.9	25.1	8.5	3.9	1.2	2.7	4.6	16.6
25 to 54 years .....	1,419	100.0	83.7	59.8	23.9	16.3	6.8	3.7	1.6	2.1	3.1	9.5
55 years and older .....	253	100.0	55.9	35.3	20.6	44.1	12.4	6.3	2.7	3.6	6.0	31.7
Women, 16 years and older ....	2,172	100.0	66.1	50.4	15.7	33.9	9.4	4.2	.9	3.3	5.2	24.5
16 to 24 years .....	616	100.0	65.2	50.5	14.7	34.8	9.0	3.2	.5	2.7	5.8	25.9
25 to 54 years .....	1,353	100.0	68.6	52.1	16.5	31.3	9.3	4.4	.9	3.6	4.9	22.0
55 years and older .....	202	100.0	51.9	38.8	13.1	48.1	11.6	5.7	2.2	3.4	5.9	36.5

NOTE: Data are derived from the Current Population Survey and represent weighted averages of matched sample households that were in the survey in both 1994 and 1995. Thus, these data differ from the official published aver-

ages for 1994 and 1995, which are based on the full sample of households. Detail may not sum to totals due to rounding.

### Reason for not looking for work

The slightly lower subsequent attachment observed among discouraged persons relative to other marginally attached persons reflected different patterns in subsequent employment and unemployment. Nearly a third of other marginally attached persons had become employed a year later, whereas only 27 percent of discouraged workers had done so. Nonetheless, both types of marginally attached workers were equally likely to be looking for work in a year's time.

Among discouraged workers, those who were no longer looking because of factors most allied with the jobseeking process—that is, they had stopped looking for work because they could not find work, believed no work was available for them, or lacked schooling or training—had the greatest attachment to the labor force a year later. Those who cited discrimination—both age and other types of discrimination—were least likely to be labor force participants. These findings suggest that persons who are discouraged due to concrete labor market difficulties (shortage of work or mismatch of skills

**Table 3.** Persons not in the labor force who wanted a job and unemployed jobseekers in 1994 by their recent work experience, jobsearch intentions, and labor force status in 1995

Status in 1994, by sex and race	Total (thou- sands)	Percent	Status in 1995									
			In the labor force			Not in the labor force						
			Total	Employed	Unemployed	Total	Wanted a job				Did not search for work or was not available	Did not want a job
							Total	Searched and was available for work		Reason for not looking for work: Discouraged over job prospects		
Last worked less than 12 months ago												
Not in labor force, wanted a job	1,135	100.0	60.8	47.6	13.2	39.2	15.4	4.3	0.6	3.6	11.2	23.8
Searched and was available for work	297	100.0	60.6	42.5	18.1	39.5	13.8	5.8	.6	5.2	8.0	25.6
Reason for not looking for work:												
Discouraged over job prospects	68	100.0	58.1	37.3	20.8	41.9	7.9	3.1	2.7	.4	4.7	34.1
Other reasons	229	100.0	61.2	44.0	17.2	38.7	15.6	6.6	—	6.6	9.0	23.1
Unemployed jobseekers	2,494	100.0	77.8	62.5	15.3	22.2	7.4	3.3	.8	2.5	4.1	14.8
Did not work less than 12 months ago												
Not in labor force, wanted a job	1,976	100.0	38.4	26.3	12.1	61.6	17.6	5.8	1.7	4.1	11.8	44.0
Searched and was available for work	682	100.0	44.8	25.8	19.0	55.2	19.3	11.3	3.8	7.4	8.0	35.9
Reason for not looking for work:												
Discouraged over job prospects	196	100.0	39.8	20.4	19.4	60.2	22.4	15.1	9.5	5.6	7.4	37.8
Other reasons	486	100.0	46.8	28.0	18.8	53.1	18.0	9.7	1.5	8.2	8.2	35.2
Unemployed jobseekers	1,505	100.0	64.5	40.5	24.0	35.5	12.2	5.6	2.1	3.5	6.6	23.3
Intended to seek work												
Not in labor force, wanted a job	2,637	100.0	48.7	35.4	13.3	51.3	16.8	5.7	1.5	4.1	11.2	34.6
Searched and was available for work	914	100.0	49.9	30.9	19.0	50.1	18.3	9.9	3.1	6.9	8.3	31.8
Reason for not looking for work:												
Discouraged over job prospects	242	100.0	46.2	26.5	19.7	53.8	18.4	12.1	8.5	3.7	6.3	35.4
Other reasons	671	100.0	51.3	32.5	18.8	48.8	18.2	9.1	1.1	8.0	9.1	30.6
Did not intend to seek work												
Not in labor force, wanted a job	473	100.0	34.6	26.8	7.8	65.4	17.0	2.8	—	2.8	14.2	48.4
Searched and was available for work	66	100.0	45.5	31.1	14.4	54.6	8.6	4.9	—	4.9	3.7	46.0
Reason for not looking for work:												
Discouraged over job prospects	22	100.0	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Other reasons	43	100.0	55.4	44.0	11.4	44.6	2.0	2.0	—	2.0	—	42.6

<sup>1</sup>Data not shown where base is less than 35,000.

NOTE: Data are derived from the Current Population Survey and represent weighted averages of matched sample households that were in the survey in

both 1994 and 1995. Thus, these data differ from the official published averages for 1994 and 1995, which are based on the full sample of households. Detail may not sum to totals due to rounding. Dash represents zero.

demanded in the workplace) have stronger ties to the labor force than those who perceive discrimination to be a barrier to entering the labor market.

Turning to the other marginally attached group, most of the subcategories showed a relatively higher proportion employed a year later, as compared with discouraged workers. As might be expected, persons who had been in school or training were more likely to be employed (37 percent), while those with child care problems were less likely to be working in a year's time (21 percent). Nonetheless, persons with child-care difficulties were most likely to be searching for a job the following year, indicating that they might have a more difficult time finding a job that suits their schedules than other persons in the other marginally attached group.

## Other factors

One might expect that the recency of a person's work experience and his or her intentions to seek work would be important factors in subsequent attachment to the labor force.<sup>17</sup> As might be expected, nonparticipants who had expressed some desire for a job and had recent work experience in the first survey year were more likely to be labor force participants 1 year later than were those who had more remote or no work experience. Moreover, those having recent work experience proved to have stronger ties to the labor force than those who merely expressed their intention to seek work in the future.

Unemployed jobseekers with recent work experience predictably revealed the strongest attachment to the labor force—78 percent continued to be labor force participants a year later. Even unemployed jobseekers with more remote or no work history showed a relatively strong attachment to the labor force.

## Footnotes

<sup>1</sup> See Paul O. Flaim, "Discouraged workers and changes in unemployment," *Monthly Labor Review*, March 1973, p. 8.

<sup>2</sup> During this period, data were collected from only part of the CPS sample and were available only quarterly.

<sup>3</sup> Persons giving reasons other than or in addition to "discouraged" reasons were considered to be not available to take a job, and thus were *not* classified as discouraged workers.

<sup>4</sup> See *Counting the Labor Force* (Washington, National Commission on Employment and Unemployment Statistics, 1979), pp. 45–46.

<sup>5</sup> As an example, according to special tabulations of CPS data from the fourth quarter of 1977, 340,000 persons were not counted as discouraged because they were students or provided other reasons for not conducting a job search even though they also cited reasons of discouragement. (See *Counting the Labor Force*, p. 45.)

<sup>6</sup> See *Final Report of the Secretary of Labor on the Recommendations of the National Commission on Employment and Unemployment Statistics* (U.S. Department of Labor, October 1981).

<sup>7</sup> See Joseph L. Gastwirth, "Estimating the number of 'hidden unemployed,'" *Monthly Labor Review*, March 1973, pp. 17–26; and Jacob Mincer, "Determining who are the 'hidden unemployed,'" *Monthly Labor*

*Review*, March 1973, pp. 27–30.

True to their word, persons not in the labor force who indicated they wanted a job, yet had no intention of looking for work, showed relatively weak attachment to the labor force.

IN ADDITION TO REDUCING THE NUMBER of discouraged workers by half, the new measure of such workers, introduced in 1994, had the anticipated effect of showing somewhat stronger ties to the labor force than had been demonstrated under the old definition (although the comparisons in this article were made with studies that used different methodologies and reference points in the business cycle). Nonetheless, the newly defined discouraged workers, although showing somewhat stronger ties to the labor force than under the prior definition, still had relatively weak links to the labor force, particularly as compared to the unemployed. These findings suggest that persons classified as discouraged workers, even under the new, more rigorous definition, find it difficult to translate their desire for work into subsequent employment or even an active job search effort.

The findings presented in this article also raise the question of whether the theoretical concept of hidden unemployment—with its connotations of strong labor force participation in a full-employment economy—should primarily refer to discouraged workers or should encompass others outside the labor force. Other marginally attached workers, that is, persons who cited reasons other than discouragement for giving up their job search, actually had a somewhat greater attachment to the labor force than discouraged workers. But, as expected, a person's desire to work, by itself, proved to be a considerably weaker indicator of future labor force activity than wanting work *and* conducting an active job search. □

*Review*, March 1973, pp. 27–30.

<sup>8</sup> See Barbara Cottman Job, "How likely are individuals to enter the labor force?" *Monthly Labor Review*, September 1979, pp. 28–34.

<sup>9</sup> See Gastwirth, "Estimating the number"; Mincer, "Determining who are the 'hidden unemployed'"; Flaim, "Discouraged workers and changes in unemployment"; Carol M. Ondeck, "Discouraged workers' link to jobless rate reaffirmed," *Monthly Labor Review*, October 1978, pp. 40–42; and Paul O. Flaim, "Discouraged workers: how strong are their links to the job market?" *Monthly Labor Review*, August 1984, pp. 8–11.

<sup>10</sup> See Christopher G. Gellner, "Enlarging the concept of a labor reserve," *Monthly Labor Review*, April 1975, pp. 20–28; and Job, "How likely are individuals."

<sup>11</sup> See *Counting the Labor Force*, p. 45

<sup>12</sup> The CPS follows a 4–8–4 rotation pattern in sampling households: a selected household is interviewed for 4 consecutive months, is then out of the sample for the following 8 months, and subsequently returns to the sample in the same calendar months the following year.

<sup>13</sup> Given that the data in this article focus on labor force status 1 year after a person was classified as not in the labor force, it is acknowledged that some labor force activity may have occurred in the intervening year but was

no longer true at the year-later point in time. The findings may thus underestimate the extent of subsequent labor force activity of some nonparticipants.

<sup>14</sup> The sample redesign of the CPS, implemented in 1994, was carried out in order to maintain the efficiency of the sample design by updating the sampling frame with 1990 census data. It had a negative impact on the number of matched cases from 1994 to 1995. That is, some households were removed from the sample while others were added in order to better reflect the population, reducing the number of matched cases in this study. For more details, see Richard A. McGuinness, "Redesign of the Sample for the Current Population Survey," *Employment and Earnings*, May 1994, pp. 7-10.

<sup>15</sup> Estimates in this section on characteristics of persons not in the labor force who wanted a job are derived from published annual averages for 1994, which are based on the full sample of households.

<sup>16</sup> For earlier empirical studies on this topic, see Flaim, "Discouraged workers: how strong are their links to the job market?"; and Job, "How likely are individuals."

<sup>17</sup> Certain questions in the CPS questionnaire are asked only of persons in those households that are in the outgoing (fourth or eighth month) sample rotation groups. Persons who are not in the labor force but want a job are asked questions about recent work experience and job search intentions. Unemployed jobseekers (that is, unemployed persons who are not on temporary layoff from a job) are also asked questions about their recent work experience.

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