

Number 5/September 1991

THE LABOUR MARKET ACTIVITY SURVEY
A NEW PERSPECTIVE ON FLUX IN THE LABOUR MARKET

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**for
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1. Introduction

Our perception of what the labour force is reflects the characteristics of our measurement tools.

The Labour Force Survey, LFS, has traditionally provided the basic data on the labour force activity of Canadians. The LFS provides fundamental data which is updated monthly and provides a sensitive measure of changes in employment and unemployment. The LFS is limited though because it captures information at a point in time. The way labour force data has been collected reinforces the stereotype of a tightly compartmentalized and fairly stable labour force. The survey tells us the number of persons employed, unemployed or not in the labour force for a reference week. It tells us little about labour market dynamics such as turnover rates, the number of persons entering or leaving the labour market, or the reasons for job loss. The Labour Market Activity Survey, LMAS, attempts to expand our view of the labour market by collecting data on a longitudinal basis and tracking people over a two year period. Using the LMAS, it is possible to capture the extent of the fluidity and change that takes place in the labour market.

This article highlights some findings of a recent report entitled, Transition in the Alberta Labour Market: Findings of the Statistics Canada Labour Market Activity Survey Covering 1986 and 1987, prepared for Alberta Career Development and Employment by David P. Ross and E. Richard Shillington. A similar report from a national perspective has been produced by the same two authors for Statistics Canada.

Space limitations prohibit a review of all the Alberta report's detailed analysis on transitions in the labour force, spells of unemployment and employment, wages and earnings, job departures, students, low wage jobs, social assistance and unemployment insurance recipients, long-term unemployment. This paper concentrates on the transition data as a means of introducing readers to the new questions which can be asked about the labour market and to the new image of a dynamic labour force which emerges. Thus the longitudinal data vastly enrich our understanding of movement in the labour market and answer questions such as: how many enter the labour market, how many leave and where they go, who they are, why they do so, the wages involved in the job changes and much more.

2. The Labour Market Activity Survey

If the LFS is a monthly snapshot of the population of working age, the LMAS is a video. The LFS statistics encourage a misleading sense that the labour market is relatively static. This stationary view divides the population into three discrete groups: those employed, those unemployed and that part of the population that is not in the labour force. As well the way in which the LFS is conducted precludes the measurement of an individual's status over a longer time frame. For example, if some people register as unemployed for six straight months, it is not known what eventually happens to them; that is, do they stay unemployed, leave the labour force or find a job? These types of questions are unanswered by the monthly Labour Force Survey.

The LMAS queried a sample of 70,000 Canadians about their labour market activities during the 1986-87 period. Respondents were asked questions about each job they held up to a maximum of five jobs in each year. The survey was exceedingly detailed and provides a vast amount of information. In addition to the usual questions about demographic characteristics, information was gathered about participation in job training, attending school, characteristics of each job held (including occupation, industry, wages, hours, union status, firm size), job interruptions and the reason for the job ending. Information on job search while employed or between jobs was collected. Questions can be asked of these data upon which the LFS is mute; how many spells of unemployment did you have? how long did they last? what did you do immediately after leaving your jobs? how many jobs did you have? what were the hourly wages? when you changed jobs did your wages go up or down?

It should be noted that the LMAS coverage of the "working age" population differs from the Labour Force Survey. The LMAS' working age population includes people between the ages of 16 to 64. The LMAS excluded 15 year olds although the monthly labour force survey includes them. Although the LMAS did cover the 65-69 year olds, the report excludes them based on the fact that they have only marginal labour force attachment as a group and their pattern is similar and stable, i.e. outside the labour force.

The sections below present some of the LMAS findings for Canada and Alberta.

3. Longitudinal Labour Force Statistics

The data in Table 1 suggest how longitudinal data can change the LFS's measure of the labour force. The 1987 labour force aged 16-64 in Alberta numbered 1,274,000. On average, these were the total number of persons in the labour force at a point in time. But a larger number, 1,334,000 were in the labour force at some point in 1987 and an even larger number, 1,384,000 were in the labour force some time in 1986 or 1987.

TABLE 1

Longitudinal Labour Force Statistics by Accounting Periods, Alberta			
	LFS Average Monthly	LMAS 1 Year 1987	LMAS 2 Year 1986/87
Labour Force *	1,274,000	1,334,000	1,384,000
Participation Rate *	79.0%	87.0%	90.0%
Unemployment Rate *	9.7%	19.1%	29.3%
* These statistics are for the population 16-64.			

Using the LFS participation rate, 79% of persons aged 16-64 were in the labour force, but 87% were in the labour force at some time in 1987, and 90% at some time in the two year period 1986-87. While the simple LFS estimate of 79% might have led one to conclude that 21% of this population are "not in the labour force", the LMAS participation rates indicate that many of these people have participated in the labour force.

Similarly, the LFS's average annual unemployment rate of 9.7% for 1987 measures the proportion of the labour force unemployed at a point in time. In fact, 19.1% of those in the labour force at some time in 1987 were unemployed at some time in the year. The two year longitudinal unemployment rate of 29.3% indicates that the experience of unemployment is far more prevalent than the LFS would have suggested.

In absolute terms the number of unemployed Albertans was 123,000 in 1987, the average of the 12-monthly estimates. Based on the LMAS, 255,000 Albertans were unemployed some time in 1987, and 405,000 were unemployed at some time in the 1986 to 1987 period.

4. Categories for the Working Age Population

The segment of the working age population either employed or unemployed is referred to as the "labour force". The report also uses the "official" definition of unemployment, which requires that people not only be without a job but also be actively looking for work.

The LMAS data were analyzed to estimate the extent of labour force movement in the population. The population can be divided into the following categories:

Stable - Employed

These individuals held the same job over the two year period without an interruption. This category excludes those who may have changed jobs or duties, even if they stayed with the same employer.

Stable - Unemployed

These individuals were officially unemployed for the full two year period. Since this involves continuous active job search, it is rare.

Stable - Not in the Labour Force (NILF)

These individuals were out the labour force for the full two year period.

Transition

These individuals changed their labour force status during the two year period or changed jobs, (although not necessarily changing employers).

TABLE 2

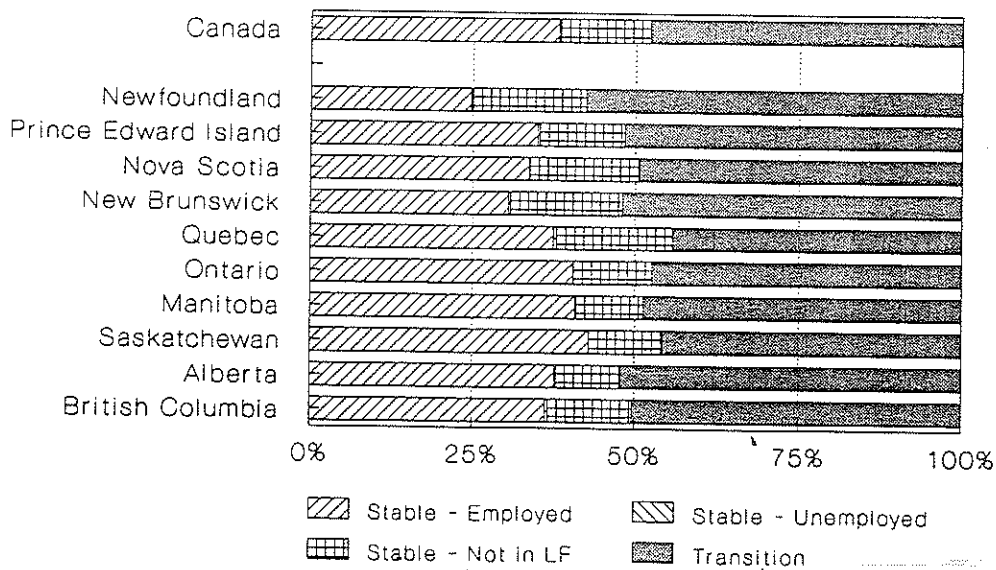
Transition in Labour Force State Alberta and Canada, 1986/87		
	Percent of the Population	
	Alberta	Canada
Stable - Employed	37.8%	38.2%
Stable - Unemployed	0.2%	0.3%
Stable - Not in the Labour Force	9.8%	13.7%
Transition	52.2%	47.8%
	100.0%	100.0%

* These statistics are for the population 16-64.

The distribution of the working age population in 1986/87 by these labour force states is tabulated in Table 2 and displayed in Figure 1. Note that for Canada, only 38.2% of the population were stable employed; that is, they were employed in the same position over the two year period. Combined with the other stable categories we have about half the working age population experiencing no change, and the other half experiencing a transition.

Figure 1

Distribution of Working-Age Population
by Labour Force States, by Province



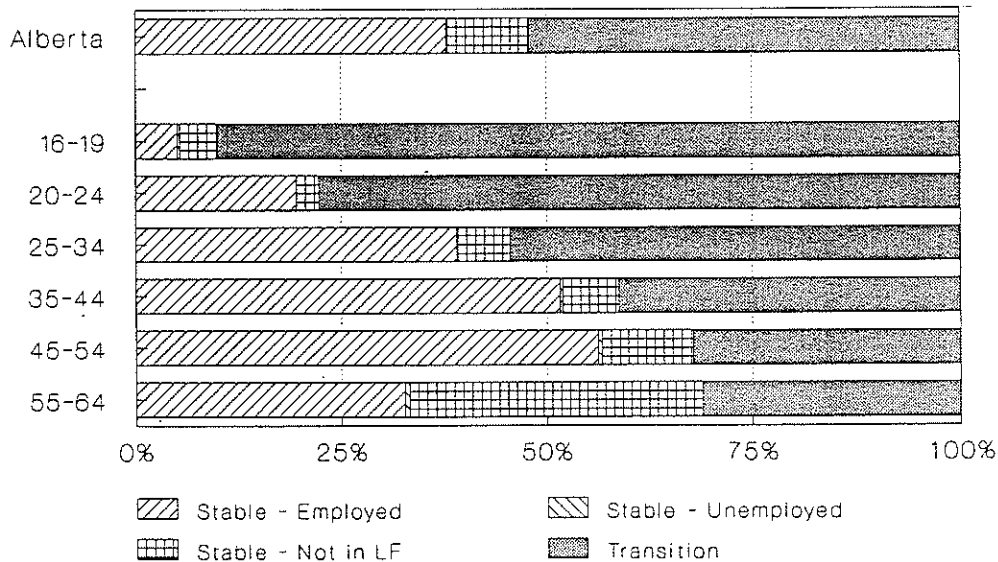
The figures for Alberta indicate a highly mobile population with 52.2% experiencing some labour force change in 1986/87. This high rate of mobility is combined with a high employment rate; in fact, only 9.8% of the population were out of the labour force for the full two-year period, the lowest rate for any province. Only 37.8% of Albertans remained at the same job over a two-year period.

Figure 2 presents the variation in rates of transition by age group. It is not surprising that the rates of transition are very high for young people. Many young people are students with annual movements in and out of the labour force, or they are experimenting with their first full-time jobs.

It is surprising though to see the rates of transition for middle aged Albertans. For those 35-44, only 58.8% are stable, either employed or not in the labour force. The age group 45-54, while relatively stable, has a moderate amount of movement; it has a 32.1% transition rate. The signs of early retirement are evident in the 55-64 age group.

Figure 2

Distribution of Alberta's Working-Age Population, Labour Force States and Age



1986-87

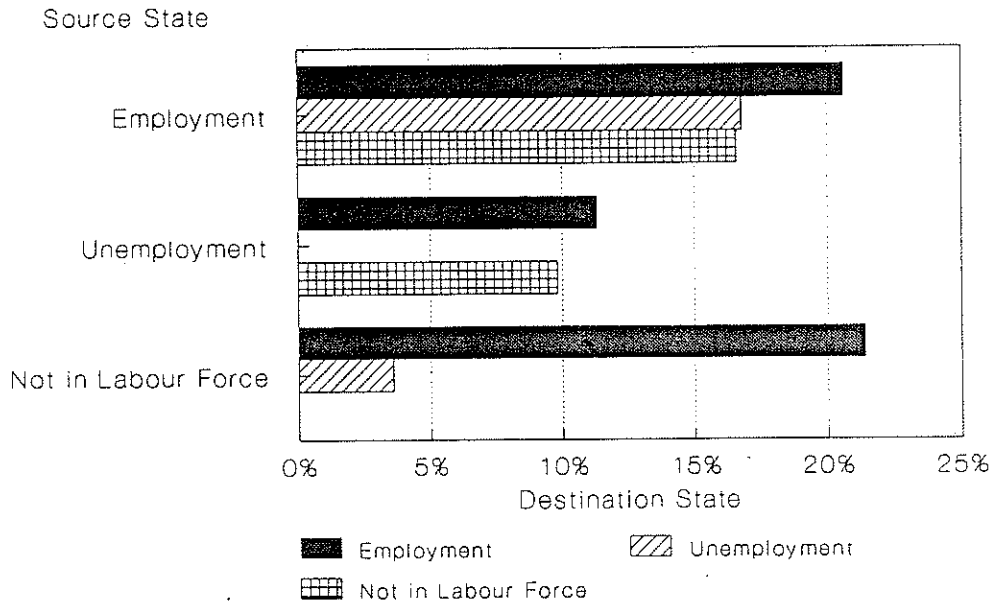
5. Kinds of Transition

The transition category includes many kinds of change. Employment may be followed by another job, unemployment or a spell of not in the labour force. Unemployed persons can gain employment or leave the labour force. Those not in the labour force become unemployed if they initiate job search, or they may become employed. It is instructive then to investigate the types of movement which are included under transition.

The types of transitions experienced over the two year period by the Alberta population aged 16-64 are analyzed in Figure 3.

Figure 3

Distribution of Transitions in Alberta by Source Labour Force States and Destination Labour Force State



1986-87

About 20% of transitions were persons going from one job to another job without interruption. Those leaving employment were about equally likely to become unemployed as leave the labour force. The "not in the labour force" category is interesting as well because those persons beginning employment were more than twice as likely to come from outside the labour force as from unemployed. These two trends strongly suggest that many of those individuals "Not in the Labour Force" are actually available for employment even if they were not actively looking for work. The fact that so many of those leaving employment simultaneously left the labour force is interesting.

These data suggest that, as defined, the LFS unemployment rates likely undercount the population that is willing and available for work.

6. The Long-Term Unemployed

The LMAS data allow an examination of the long-term unemployed using two different definitions. The most popular definition is based on the number of weeks a continuous spell of unemployment lasts. The second definition is based on the number of accumulated weeks of unemployment experienced (during one or more spells) over the two year period. In both cases, long-term is defined to represent a period exceeding over half a year of unemployment (27 weeks or more) during the two years.

Over the 1986-87 period, 5.6% of the working age labour force experienced a spell of unemployment exceeding 26 weeks. When the definition of long-term is altered to mean an accumulation of 27 weeks or more during the two-year period, the proportion almost doubles to 10.1%. While only one in eighteen working age labour force members experienced a single long-term spell of unemployment, one in ten spent over half a year in unemployment because of one or more spells.

Using either definition, long-term unemployment was most likely to be found among workers with no high school education, and with earnings of less than \$10,000 annually.

7. Low Wage Jobs

There is much concern today with "peripheral workers" on the edge of the labour market. The worklife of a peripheral worker is characterized by low wages, intermittent employment, periods of long-term unemployment, under-employment and involuntary part-time work, reliance on public income security programs, and in some cases hazardous working conditions. The data available from the LMAS do not permit the isolation of a class of worker that could be labelled peripheral; but they do allow an examination of some of the conditions characterized by these types of workers: low wage jobs; workers who at some time during the two year period received either social assistance or unemployment insurance; and those who experienced long-term unemployment.

Low wage jobs are defined as those paying \$5.00 per hour or less. Compared to the federal and provincial minimum wages prevailing at the beginning of 1987, a \$5.00 wage was higher on average, by about \$1.00 per hour. By province, minimum wages actually ranged in January 1987 from a low of \$3.65 per hour to a high of \$4.50. In Alberta, the minimum wage was at the low end of the scale at \$3.80 per hour. For purposes of comparing with poverty lines, a \$5.00 hourly wage would generate around \$9,620 of pre-tax income per year if a worker was employed for the Canadian average number of hours per week, all year.

Table 3 shows that in Canada, of the 18.993 million paid jobs held during the two-year period, 3.851 million were low wage which accounted for 20.3% of all jobs. In Alberta, of the 1.947 million paid jobs held over the two-year span, 373,000 paid less than \$5.00 an hour, which accounted for 19.2% of all jobs.

TABLE 3

The Number and Incidence of Low-Wage and Non-Low Wage Jobs, Canada and Alberta, 1986/87				
	Total (^{'000})	Number of Jobs		Incidence of low wage (^{'000})
		non low-wage (^{'000})	low-wage (^{'000})	
Canada	18,993	15,142	3,851	20.3%
Alberta	1,947	1,574	373	19.2%

* These statistics are for the population 16-64.