

EMPLOYMENT DYNAMICS, 1983-1999

DEFINITIONS AND NOTES TO ACCOMPANY TABLES

- 1. Employment Dynamics Industry Code** is based on the 1980 version of Standard Industrial Classification for establishments. The SIC system has four levels of aggregation, but only three are used for the Employment Dynamics: 1-digit SIC (Divisions), 2-digit SIC (Major Groups) and 3-digit SIC (Groups).

For businesses that operate in more than one province, SIC codes are assigned independently at each provincial level and the Canadian level according to the major activity at that geographic level. For example, if a large firm has most of its manufacturing operations in Ontario, its wholesale operations in Manitoba and its retail operations in BC, then the same company might have the following SIC structure: SIC 33 for Ontario; SIC 57 for Manitoba; SIC 65 for BC. If the overall dominant activity of the firm were retail operations, the Canada level SIC would be the same as for BC. Because SIC codes are assigned independently to each geographic area, provincial totals do not add to the Canada total.

The industry titles that correspond with the individual codes can be found in a separate worksheet included in each of the XLS files on the Employment Dynamics CD-ROM.

- 2. Base-Comparison Year** is the combination of consecutive two-year periods from 1983-84 to 1998-99. Employment Dynamics are based on a longitudinal file and two years are needed to establish the life status of a business.
- 3. Business Employment Size Category** is determined using the business' ALU count for the *base year*, with the exception of firms in the newly-identified category, which are classified according to ALU counts in the *comparison year*.

It is also important to note that businesses operating in more than one province are sized according to their ALU total across Canada. For example, a business with 120 ALUs across Canada but with only 10 in Alberta, would regardless be included in the 100-499.9 ALU category for the purpose of calculating the Dynamics tables specific to Alberta.

4. **Business life status** – for the two years being compared in a given Employment Dynamics table, business life status describes whether a business is identified in both years or just one year. The categories are:
 - 4.1. **Continuously identified firms** are those that issued T4 slips to employees in both the base and comparison years. These firms are then further sub-divided into increasing or decreasing employment.
 - 4.2. **Newly identified firms** are those that issued T4 slips for the comparison year but not the base year. This is similar but not identical to business start-ups or births, but it is important to note that it measures newly-identified *employers*, which implies that some of the firms in this category may have existed previously as non-employer businesses.
 - 4.3. **No longer identified firms** are those that issued T4 slips in the base year and not the comparison year of a given table, which is similar but not identical to business closures or deaths. Also, the number of “no longer identified” firms does not represent a bankruptcy or failure rate, since there are many reasons why firms decide to discontinue operations.
5. **Number of Businesses** – includes all private and public sector businesses or organizations (including public administration) which issued T4 slips to employees for the year. Both incorporated and unincorporated entities are included, but only if they issue T4 slips to employees. In other words, non-employer businesses are not included in the figures.

The Employment Dynamics for a specific province or territory counts every business issuing a T4 in that province or territory. For example, a business with employees in both Saskatchewan and Yukon is counted as a business in each of the Yukon as well as the Saskatchewan tables. Businesses operating in multiple provinces are NOT, however, counted multiple times in the Canada-level table.
6. **Payroll** is the total dollar value of all payrolls reported on the T4 slips issued by businesses for the year.
7. **Number of Average Labour Units** is calculated as (total annual payroll)/(average annual earnings per employee). It represents an estimate of the average number of persons employed by a firm over the course of the year, with no distinction being made between part-time and full-time employees. Total annual payroll data are obtained from the T4 slips issued by businesses. Provincial level estimates of average annual earnings per employee are obtained from SEPH (Survey of Employment, Payrolls and Hours, Statistics Canada catalogue 72-002).
8. **Net Change in # of ALUs** allows the users of the Employment Dynamics tables to disaggregate the total net change in employment according to gross job gains and losses attributed to firms in different size categories and life statuses. Gross increases are attributed

to newly identified and continuously identified firms that raise their respective employment levels. These are offset by gross decreases attributed to firms that are no longer identified and those continuously identified firms that lower their respective employment levels.