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..	not available for a specific reference period
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x	confidential
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F	too unreliable to be published

Highlights

In this issue

Business support services

- Employment in business support services (telephone call centres being a major component) increased more than fivefold (447%), from 20,000 to 112,000 between 1987 and 2004. In comparison, growth in service-sector employment was 37%, and overall employment 29%.
- Areas with persistently high unemployment, such as Atlantic Canada, have benefited most from the technology-driven, fast employment growth in business support services. In 2004, Atlantic Canada's share reached 25%. Close to half of the industry's employment was in Ontario, and only 9% in Quebec.
- Women and youth are relatively over-represented in business support services. And unionization is very low. Not surprisingly, wages are also generally low (about $12.45 per hour in 2004 compared with the service-sector average of $18.10), and labour turnover is relatively high.

Looking, and looking, for work

- Among the long-term unemployed (more than six months) during the late 1990s and early 2000s, chances of finding a job were less for those who were social assistance beneficiaries (47% less chance), aged 56 or older (-39%), or immigrants (-21%).
- On the other hand, during the same period, chances of finding a job were greater for long-term unemployed who were aged 16 to 25 (35% more), living in the Prairies (+35%), receiving Employment Insurance benefits (+21%), or primary household maintainers (+16 %).
- Except for being an immigrant, the factors for long-term unemployment were also observed for short-term unemployment. In addition, chances for the short-term unemployed were influenced by education level; having at least two years' labour market experience; being a woman, visible minority, or Aboriginal person; and having a disability.

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Business support services

Ernest B. Akyeampong

The business support services industry, a major component of which is believed to consist of telephone call centres, has been one of the fastest growing industries in Canada over the past two decades (see *Data source and definitions*). Its phenomenal growth—from a mere 20,000 employees in 1987 to 112,000 in 2004—can be attributed to several factors. These include the significant advances made in information and telecommunications technology, especially low-cost digital technology; growing proliferation of the computer and the Internet; increased telemarketing; and changes in business practices, including more outsourcing and contracting-out.

Two recent events related to telephone call centres have thrust the industry into the limelight. On the negative side, nuisance and privacy complaints from the public as a result of unwanted calls, especially at dinner time, have led to demands for legislation to limit such calls—as in the United States.[1] On the other hand, the industry's role in generating donations in response to the recent Asian tsunami disaster has served to enhance its image.[2] Another reason for interest in the industry is the perpetual good job versus bad job debate, and the contention that ongoing economic restructuring toward service-sector industries such as business support tends to favour faster growth of low-wage jobs.

Despite the role the industry plays in our private and business lives, as well as its recent prominence in public debates, statistical profiles of the industry's rapid growth and the characteristics of its workers and jobs have been rare.[3] As a result, public perceptions of the industry have been formed by and large around anecdotal evidence. Using the Labour Force Survey (LFS), this study provides statistical evidence to address these perceptions as well as to provide material for the good job versus bad job debate.

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Facts about business support services

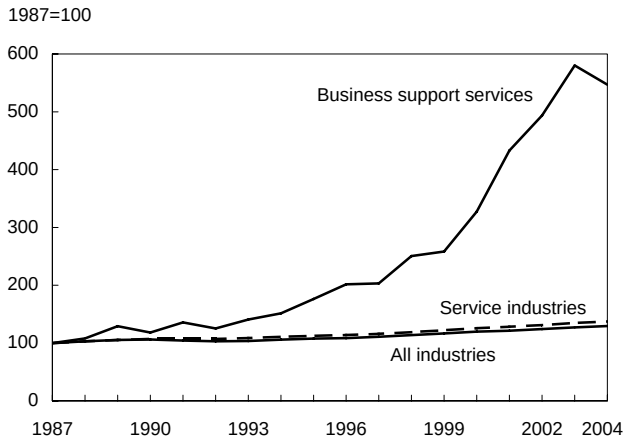
Rapid employment growth

Between 1987 and 2004, employment in this industry increased more than fivefold (447%), from 20,000 to 112,000.[4] This far exceeded the 37% rise in all service industries (from 8.7 to 12.0 million) and the 29% rise (from 12.3 to 15.9 million) in overall employment (Chart A). The drop in the business support industry from 2003 to 2004, the first since 1992, occurred as overall employment and service-sector employment were rising. Could this indicate that employment in the business support industry has peaked? Perhaps, but the large decline (-7.8%) in 1992 was followed by an even larger increase (12.4%) the following year.

Employment growth concentrated in Atlantic Canada

Technological advances have made it possible to locate business support offices in areas far from clients. It is no wonder then that many firms have found

Chart A: Business support services outstripped overall employment growth.



Source: Labour Force Survey, 1987 to 2004

Table 1: Characteristics of workers

	All industries	Business support services	Service sector
		'000	
Employed	**15,949.7**	**112.0**	**11,957.0**
		%	
Both sexes	100.0	100.0	100.0
Men	53.2	36.6	45.4
Women	46.8	63.4	54.6
Age	100.0	100.0	100.0
15 to 24	15.4	31.1	16.7
25 to 54	71.5	62.7	70.2
55 and over	13.1	6.2	13.1
Education	100.0	100.0	100.0
Less than grade 9	3.1	F	2.3
Some high school	11.2	7.5	10.2
High school graduate	20.3	25.1	19.1
Some postsecondary	10.0	16.9	10.5
Postsecondary certificate or diploma	34.1	33.5	33.5
University degree	21.2	16.5	24.5
Job status	100.0	100.0	100.0
Full-time	81.5	83.5	77.3
Part-time	18.5	16.5	22.7
Student status, age 15-64	100.0	100.0	100.0
Students	8.1	8.9	9.7
Full-time	5.5	6.0	6.8
Part-time	2.6	2.9	2.9
Non-student	91.9	91.1	90.3
Job tenure	100.0	100.0	100.0
1 to 12 months	20.8	40.2	21.6
1 to 5 years	31.8	44.7	33.1
5 to 10 years	16.9	8.9	16.6
10 to 20 years	17.9	4.4	17.6
Over 20 years	12.5	1.8	11.2
Class of worker	100.0	100.0	100.0
Employees	84.6	89.9	85.0
Self-employed including unpaid family worker	15.4	10.1	15.0
Average hours, main job			
Actual	33.3	31.2	31.7
Usual	36.5	35.2	35.0

Source: Labour Force Survey, 2004

Data source and definitions

The **Labour Force Survey** (LFS) is a monthly survey of over 52,000 households or 100,000 individuals, excluding persons in institutions, the Armed Forces, and the territories.

The business support services industry (NAICS 2002, code 5614), consists of establishments primarily engaged in providing services such as preparing documents (code 56141), operating telephone call centres (code 56142), operating business service centres (code 56143), collecting unpaid claims (code 56144), providing credit information (code 56145), and providing other business support (code 56149).

Because the LFS does not provide data below the 4-digit code level, it is not possible to obtain information for each of the six 5-digit industry sub-components. However, discussions with industry experts suggest that telephone call centres constitute the biggest industry sub-group under code 5614, and serve as a centre for all or most of the services listed at the 4-digit code level.

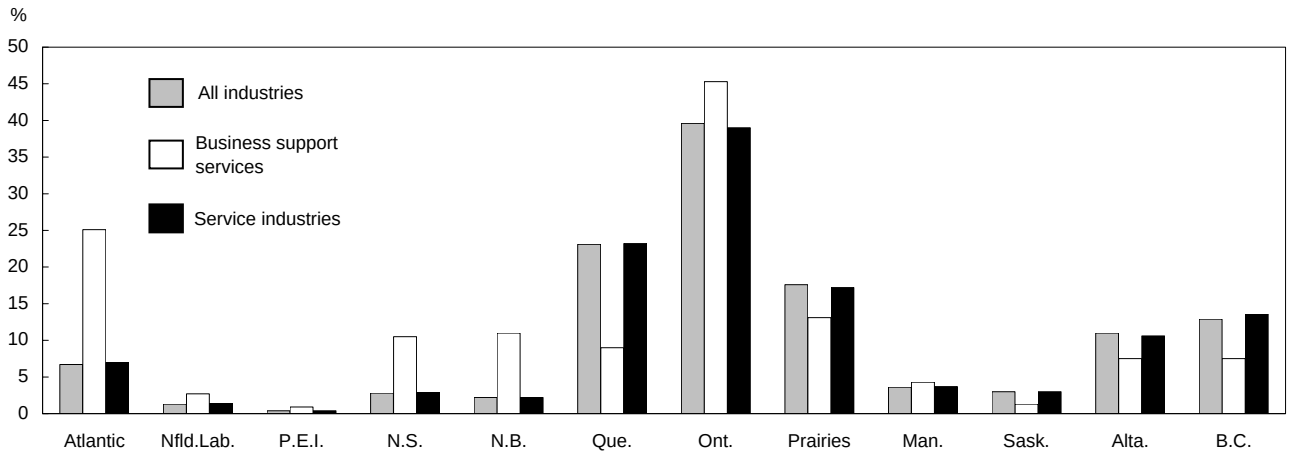
Telephone call centres are establishments primarily engaged in receiving and/or making telephone calls for others. These establishments are engaged in activities such as soliciting or providing information, promoting products or services, taking orders, and raising funds. This industry also includes establishments primarily engaged in answering telephone calls and relaying messages to clients, and establishments primarily engaged in providing voice mailbox services.

Comparing LFS and census data

For both the LFS and the census, the most disaggregated industry data provided are at the 4-digit code level. Data from the two sources show similar employment counts and socio-demographic composition for the business support services industry. For example, the LFS estimated 2001 annual average employment in the industry at 88,000, compared with a 81,000 total in May 2001 from the census. Both the LFS and the census estimated women's share of the industry's employment at 63%. The two sources also estimate similar shares for several other variables including geographical, part-time versus full-time, and employee versus self-employment splits.

it attractive to locate in areas with persistently higher unemployment.[5] In 2004, for example, about a quarter of all employment in the industry was in Atlantic Canada, notably Nova Scotia and New Brunswick. This compared with the region's 7% share of total employment in both the service-producing industries as a whole and in all industries combined (Chart B). Close to half was located in Ontario, and only 9% in Quebec. Share gains in Atlantic Canada in recent years appear to have come at the expense of declines in Quebec, the Prairies and British Columbia. Between 1990 and 2004, Atlantic Canada's share rose from a mere 5% to 25%. Meanwhile, Quebec fell from 26% to 9%, the Prairies from 17% to 13%, and British Columbia from 11% to 8%.[6] Ontario's share remained above 40% throughout the period.

Chart B: After Ontario, the Atlantic region had the largest share of business support employment.



Source: Labour Force Survey, 2004

Large workplaces

Business support workplaces tend to be larger than average. In 2004, about 65% of industry employees could be found in workplaces of 100 or more workers, much higher than the corresponding 31% found in all service industries or the 34% in all industries combined (Table 2).

Women and youth over-represented

A disproportionately large share of jobs in the industry are held by women (63% in 2004), compared with the all-service-industry rate of 55% and the overall rate of 47% (Table 1). Youths (aged 15 to 24) made up almost one-third of jobholders in business support services—twice the rate found for all service industries (17%) and for all industries combined (15%).

Low unionization

Only 5% of the industry's employees were unionized or had collective agreement coverage in 2004 (Table 2). The levels were almost seven times higher for employees in all service industries and in all industries combined (about 34% each).

Generally low wages

In 2004, workers in the industry earned on average $12.45 an hour, much less than the service sector average of $18.10 and the overall average of $18.50 (Table 2). Indeed, about 29% of business support workers earned less than $10 an hour in 2004, much higher than the 22% for all service industries and 19% for all industries combined.

Short job tenure

In 2004, 85% of workers had tenure of five years or less (Table 1). The comparable percentages were 55% for all service industries and 53% for all industries combined. Several factors are at work here, principally the relative youth of business support services. Also, the generally low wages likely contribute to high labour turnover.

Myths about business support services

Less educated workers

Educational attainment among workers in the industry is similar to that found in all industries and in all service industries. In 2004, approximately 67% of all business support workers had some postsecondary education or higher. The comparable figures were 65% for workers in all industries and 69% for those in all service industries (Table 1). This is in line with the general increase in education levels among all workers and the growing demand for higher education irrespective of industry.

Table 2: Characteristics of jobs

	All industries	Business support services	Service sector
		'000	
Employees	**13,497.9**	**100.7**	**10,166.5**
		%	
Union coverage	100.0	100.0	100.0
Union member or covered by collective agreement	34.1	5.2	34.1
Non-unionized	65.9	94.8	65.9
Job status	100.0	100.0	100.0
Permanent	87.2	90.1	86.6
Temporary	12.8	9.9	13.4
Firm size	100.0	100.0	100.0
Under 20 employees	33.1	13.4	35.4
20 to 99 employees	32.9	21.8	33.9
100 to 500 employees	21.3	38.6	18.8
Over 500 employees	12.6	26.1	11.9
Earnings	100.0	100.0	100.0
$0.01 to $9.99	18.7	29.0	21.7
$10.00 to $13.99	19.1	47.2	19.1
$14.00 to $19.99	25.4	15.4	24.4
$20.00 and over	36.8	8.4	34.9
Average hourly earnings ($)	18.50	12.45	18.10

Source: Labour Force Survey, 2004

Mostly part-time jobs

The incidence of part-time work among business support workers (17% in 2004) was in fact slightly lower than that found among workers in all industries (19%) or in all service industries (23%) (Table 1). Indeed, average weekly hours actually worked in 2004 in business support services and in all service-producing industries were virtually identical, at around 31. The figure for all industries combined was only slightly higher, at 33.

Mostly temporary jobs

In fact, only 10% of business support workers held a temporary job in 2004 (Table 2). This was lower than the proportion found among workers in all industries or in all service industries (13% each).

Students over-represented

Although its youthful workforce could indicate a large student presence, the business support industry employs similar proportions of students as other industries (Table 1). Students accounted for only 9% of business support workers in 2004, about the same as for all service industries (10%) and for all industries (8%).

Self-employment rare

About 10% of all business support workers in 2004 were self-employed. The comparable proportions for workers in all industries and in all service industries that year were higher, at 15% each (Table 1). Since the LFS data cannot be disaggregated beyond the 4-digit level, it is impossible to ascertain the distribution of self-employment in the six industry subcomponents.

Conclusion

Technological advances and new modes of sales and service delivery underlie the phenomenal growth of employment in business support services over the past two decades. Furthermore, since these enterprises can operate at long distance from their customers, regions of the nation with high unemployment such as Atlantic Canada have particularly benefited.

Women and youth are over-represented in the industry, which has a low rate of unionization. Wages are generally low, despite respectable levels of education among the workers. Not surprisingly, turnover is relatively high.

The common perceptions that the industry has a relatively higher concentration of part-time and temporary jobs, a higher student-worker ratio, or a high concentration of less educated workers are not corroborated by the data.

The year 2004 marked the first employment drop since 1992 in an industry that has recorded spectacular annual job gains. Whether this is just a blip or a sign of peaking employment is still too early to tell.

Notes

1 Recent legislation in the United States offers households the option of being taken off the list of names and addresses used by telephone call centres. Contravention of the law invokes severe fines.

2 Telephone call centres were not the only players in soliciting funds for relief of the victims of the December 2004 tsunami. Others included various levels of governments; societies; and religious, charitable and advocacy groups. The Internet and the media were also widely used for fundraising.

3 In a 2000 study for the Status of Women, a case study approach was used to explore issues surrounding call centres. For more information see R. Buchanan and S. Koch-Schulte, *Gender on the Line: Technology, Restructuring and the Reorganization of Work in the Call Centre Industry*. Status of Women. September 2000.

4 The years 1987 and 2004 were chosen for this study for two reasons. The former marks the earliest year for which LFS NAICS 2002 data are available; and 2004, the latest year for which LFS data are available.

5 Indeed, to stem the flow of call-centre jobs to cheap, labour-abundant countries such as China, India, and Mexico, legislators in the United States are considering passing laws that will discourage American companies from setting up call centres in other countries.

6 It is not clear why Quebec's employment share is this low or why it has fallen over the years.

Looking, and looking, for work

Vincent Dubé and Claude Dionne

In addition to providing an income, having a job is usually satisfying and rewarding. It also expands one's sphere of activity and in some cases is accompanied by social status. Long-term unemployment can be particularly hard because of its increased risk of financial or psychological consequences. From a public policy standpoint, then, having a clearer picture of the factors associated with long periods of unemployment is vital.

It is well-known that the time spent in unemployment during a year is not evenly distributed across the labour force. A large portion is concentrated within groups of people who look for work over long periods. A recent article shows that the groups most likely to be affected by prolonged unemployment were men, older workers, the less educated, and residents of Quebec and British Columbia (Dubé 2004).

Using a duration model based on a longitudinal sample from the Survey of Labour and Income Dynamics (SLID), this article investigates the factors influencing the chances[1] of finding a job for people who were unemployed for more than six consecutive months[2] in the late 1990s and early 2000s (see *Data source*).

A long-term unemployed person's chances of getting a job were notably influenced by several factors (Table).[5] Results for the short-term jobless (six months or less) and all unemployed (all durations combined) are included for comparison.[6]

Persons with less chance of finding a job

Older workers

Age had a significant effect on a long-term jobless person's chances of finding work. The youngest unemployed workers (aged 16 to 25) were 35% more likely to find a job than those aged 26 to 45 (reference group). Conversely, the oldest unemployed (56 and over) were 39% less likely to find a job. These results echo the findings of a number of other Canadian studies showing that older workers have difficulty finding employment (Corak 1990; Crémieux et al. 1995; Wong, Henson and Roy 1999). Among the reasons often cited are possible discrimination and a preference by employers to train younger workers as an investment in the future.

Social assistance beneficiaries

Long-term unemployed workers receiving social assistance benefits were 47% less likely to find work. While it may be tempting to attribute this to the program's existence, the relationship is by no means certain. In fact, the assurance of having a small income may make the unemployed more effective in their job search. Among other things, it allows them to dress appropriately, travel to job interviews, or move to where jobs are available. The divergence is better attributed to differences in personal characteristics between those who received social assistance and those who did not. Social assistance recipients may also have weaker ties to the labour market—that is, less optimism about their chances of finding a job, or fewer connections in the workplace.

Moreover, since program eligibility is associated with a person's financial situation, the longer the time between becoming unemployed and applying for social assistance, the longer the transition to employment is likely to be. Also, to avoid being penalized by the social assistance program, the jobless may be less likely to look for temporary or part-time employment, or to officially report it.

Immigrants

Immigrants were 21% less likely to find employment. This is consistent with the perception that they experience greater difficulty in their job search. According to the Longitudinal Survey of Immigrants to Canada (2003), the main obstacles reported were lack of

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Data source

The **Survey of Labour and Income Dynamics** provides longitudinal data on labour force activity for each month in a given year. Each January, information for the previous year is collected from some 70,000 people (35,000 per panel). Respondents remain in the survey for six years.

Estimates were weighted to make them representative of the Canadian population (excluding people living in the territories, on Indian reserves, on military bases or in institutions). Two samples were used. One was made up of respondents from January 1996 to December 1998, the other of respondents from January 1999 to December 2001.

The sample of long-term unemployed workers was formed using the first long-term unemployment spell. Analysis is based on unemployed workers and not the periods of unemployment. Hence, if a person had more than one unemployment spell during the observation period, only the first was used. Because it was impossible to obtain a precise measurement of the length of an unemployment spell already in progress when a person joined the sample (that is, before January 1996 for the first group and before January 1999 for the second group), such spells were excluded (left-censored). Students were removed from the sample because of their weaker attachment to the labour force.

The table below provides an overview of the final sample used in the model. A total of 2,538 individuals (unweighted figure) experienced an unemployment spell of seven months or more during the three-year observation period. Of that number, 1,536 were from the first panel and 1,002 from the second panel.

Model used

A proportional hazard model (Cox partial likelihood method) was used to identify factors that might affect the distribution of unemployment spell durations. The model is based on a job search approach using a risk function, that is, the conditional chances that a person will find a job.[3]

The main advantage of this kind of model is that it takes into consideration the effect that the duration of the unemployment period has on the chances of exiting unemployment and takes right-censored values (that is, unemployment periods that continue beyond the end of the observation period) into account. Within the framework of this specification, the proportional effect that each variable has on the chances is estimated. Information in the table on the next page can be interpreted as the percentage change in the chances of finding a job for a unit variation in a given independent variable (explanatory variables).[4]

Final sample

	All unemployed				Long-term unemployed			
	Sample*	Population**		Average duration†	Sample*	Population**		Average duration†
		'000	%	months		'000	%	months
Total	**7,544**	**3,051**	**100.0**	**5.6**	**2,538**	**1,016**	**100.0**	**11.5**
1996 to 1998	4,317	1,701	55.7	5.8	1,536	600	59.0	11.7
1999 to 2001	3,227	1,350	44.3	5.2	1,002	416	40.9	11.2

** Unweighted figures.*
*** Figures weighted to represent the Canadian population.*
† Average duration of unemployment for those who found a job during the observation period.

experience in the Canadian labour market, difficulty in having foreign qualifications recognized, and lack of knowledge of either official language.

However, being an immigrant was not a factor for the short-term jobless. This may indicate a division among immigrants based on length of time in Canada. New immigrants may be among the long-term unemployed, with short-term unemployment more common among immigrants who have been living here for some time. The latter may have acquired labour market characteristics closer to those of the workforce as a whole.[7]

Persons with more chance of finding work

Employment Insurance recipients

The long-term jobless receiving Employment Insurance (EI) benefits had a 21% better chance of finding work than those not receiving benefits. The opposite was true for the short-term jobless and the entire unemployed group (which is heavily influenced by short-term unemployment).

Table: Factors associated with the chances of finding a job

	Short-term unemployed	Long-term unemployed	All unemployed
Age		%	
16 to 25	27	35	30
26 to 45 (reference group)	0	0	0
46 to 55	-16	n.s.	-15
56 and over	-48	-39	-46
Disability	-30	n.s.	-25
EI benefits	-18	21	-12
Social assistance benefits	-40	-47	-45
Principal household earner	14	16	15
Urban area*	n.s.	n.s.	n.s.
Immigrant	n.s.	-21††	-15
Visible minority or Aboriginal	-15	n.s.	-15
Woman	-13	n.s.	-9
Experience**	24	n.s.	22
Education			
Less than high school	n.s.	n.s.	n.s.
High school diploma (reference group)	0	0	0
Postsecondary, non-university	13	n.s.	n.s.
University degree	27	n.s.	20
Presence of children	n.s.	n.s.	n.s.
Couple	n.s.	n.s.	n.s.
Region			
Atlantic	n.s.	n.s.	n.s.
Quebec	n.s.	n.s.	-11
Ontario (reference group)	0	0	0
Prairies	13	35	20
British Columbia	n.s.	n.s.	n.s.
Panel 2 (1999 to 2001)†	n.s.	n.s.	n.s.

Source: Survey of Labour and Income Dynamics, 1996 to 2001
* *50,000 or more.*
** *Two or more years labour market experience.*
† *Panel 1 is the reference group.*
†† *This result is statistically significant at the 90% level, while other results are significant at the 95% level; n.s. = not significant.*

The model does not refer to six consecutive years, but instead to two longitudinal panels of three years each that have been combined: Panel 1: 1996 to 1998; panel 2: 1999 to 2001.

As results indicate, the overall effect of EI on unemployment duration is difficult to interpret, largely because different factors may be acting in concert or at cross-purposes.

In particular, many of the short-term jobless are unemployed for a very short period (less than two months), making it not worthwhile to apply for EI. This may partly explain why people not receiving benefits had a greater chance of finding a job. Similarly, unemployed workers may tend to be from sectors with high turnover and more temporary jobs, so accumulating the hours required for EI eligibility may be more difficult.

The effect of EI on the chance of finding a job varies according to how long a person has been receiving benefits. For example, those who have been unemployed for only a few months and have just started receiving benefits may be less inclined to look for work than those whose benefits are running out.

In addition, because a person must accumulate a minimum number of work hours to be eligible for EI, recipients may have stronger ties to the labour market, making the job search easier. One reason this phenomenon is seen only with long-term unemployment could be that this group largely excludes seasonal unemployment and temporary jobs, which given their importance could bias the program's effects.

Primary breadwinners

Being the primary earner in a household increased a long-term unemployed person's chances of finding a job by nearly 16%. People in this situation likely have more financial responsibilities and so are under more pressure to get a job.

Prairie residents

The long-term jobless in the Prairie region were 35% more likely to find employment than those living

in Ontario (reference group). This is consistent with various labour market indicators for the period. For example, the Prairie region had the lowest unemployment rates and the lowest frequency of long-term unemployment in 2001 (figures not shown).[8]

Factors among short-term unemployed

Almost all factors observed for the long-term unemployed were also observed for short-term unemployed. However additional factors influenced the latter's chances of finding a job.

The leading one was education level. People with a postsecondary, non-university education were 13% more likely to find a job than those with only a high school education (reference group); the percentage was 27% for those with a university education. This agrees with the idea that increasing human capital should boost the chances of finding work since, among other things, employers will assume a greater potential for productivity. One reason this factor is absent among the long-term unemployed is that those with higher education are more often concentrated in specific subject areas, making them less in demand in the labour market. It is also possible that they have higher expectations, which could reduce the chance of finding a job quickly.

Experience was another positive factor. People with at least two years' experience in the labour market had about a 24% better chance of finding employment. A work record may help lessen an employer's feeling of risk in hiring.

The presence of a disability also had an effect, in this case negative. Those with a disability were 30% less likely to find a job than those with no disabilities. This factor may tend to reduce available job offers (because of work limitations or hiring discrimination) and to make looking for work more difficult in the short term.

Finally, as employment equity programs show, women, visible minorities and Aboriginals had less chance of finding work than others in the short-term unemployed population. For example, unemployed women were 13% less likely to get a job, while Aboriginal persons and members of visible minorities were 15% less likely.[9]

Conclusion

Several factors influenced the chances of long-term unemployed workers finding a job in the late 1990s and early 2000s. Those who were older or receiving social assistance had less chance of finding work. Conversely, chances were better for younger people, primary household maintainers, those receiving EI benefits, and those living in the Prairie region.

Perspectives

Notes

1 The appropriate technical term in the case of a proportional risk approach is the 'risk' of finding a job. However, to avoid any negative connotation, 'chance' is used in the article.

2 No real consensus exists in the literature on a definition of long-term unemployment. It is defined here as a period of more than six consecutive months to avoid potential distortions associated with frictional and seasonal unemployment. It also keeps the sample to a reasonable size—one preferable for econometric modelling. Moreover, this group of unemployed is of particular interest since their job search is likely a 'dominant' activity. For example, it would be rather odd for a person to spend more than six months looking for a job and then keep it for only two or three weeks.

3 This model can be expressed in the following form:

$$h_i(t) = \lambda_0(t)e^{(\beta_1 x_{i1}+\ldots+\beta_k x_{ik})}$$

This function represents the chances an unemployed person i has of finding a job within time t. The hazard function is composed of two terms multiplied together: the reference risk, that is, the chances common to all individuals, and a linear function of k explanatory variables x_i associated with the estimated β coefficients as an exponential. In other words, the model establishes that the individual chances are the product of a common component and a component for each individual.

The Cox model is referred to as a proportional risk model because the ratios of the risk functions of two persons, i and j, are used:

$$\frac{h_i(t)}{h_j(t)} = \frac{\lambda_0(t)\,e^{(\beta_1 x_{i1}+\ldots+\beta_k x_{ik})}}{\lambda_0(t)\,e^{(\beta_1 x_{j1}+\ldots+\beta_k x_{jk})}}$$

or

$$\frac{h_i(t)}{h_j(t)} = e^{[\beta_1(x_{i1}-x_{j1})+\ldots+\beta_k(x_{ik}-x_{jk})]}$$

So the two $\lambda_0(t)$ components cancel out, which eliminates the need to specify the shape of the risk curve. For more information on duration analysis, see Devine and Kiefer (1991). For more details on the Cox model, see Allison (1995).

4 More precisely, this chance is derived through the following equation:

$$Chance=(e^{\beta}-1)\bullet 100$$

5 The small number of significant factors in the long-term unemployed population may reflect the complexity and ambiguity of their interrelation in the labour market. For example, since the duration model measures the overall chances of finding a job, some factors may have specific divergent effects. If that is the case, the effects will cancel out, and no difference will be observed overall.

6 The sample for long-term unemployment is not the same as for short-term or total unemployment. The long-term sample is made up of a person's first long-term unemployment spell, whereas the sample for short-term and total unemployment uses the first unemployment spell, regardless of its length (see *Data source*).

7 Palameta (2004) showed that new immigrants were two to three times more likely than non-immigrants to have low incomes, whereas most medium-term and long-term immigrants were no more likely than non-immigrants to have low incomes. This suggests that after a period of adjustment, immigrants integrate reasonably well into the Canadian economy.

8 The frequency of long-term unemployment is the ratio of long-term unemployed workers to all unemployed workers.

9 Because of the small sample, the two groups were combined.

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PERSPECTIVES
ON LABOUR AND INCOME

Fact-sheet on tourism

Whether for business or pleasure, travel has become a way of life for many people. Incentives abound, including airline discounts, mileage points that can be accumulated through credit card purchases, and all-inclusive packages to faraway destinations.

Tourism is as good for the country as it is for the individual. It not only boosts the travel industry directly, but also affects related industries such as transportation; food, beverages and accommodation; recreation; retail trade; and other service industries. Increased tourism stimulates the economy by creating jobs, which translates into increased tax revenue for governments. However, if a country receives less money from foreign tourists than its residents spend abroad, the economy may be negatively affected.

The following charts look at inbound and outbound tourists, along with related receipts and expenditures in 2002. The indicators are based primarily on statistics presented in *World Development Indicators*, 2004, published by the World Bank, Washington, D.C., March 2004. Canada is compared with the other G7 countries (the United States, the United Kingdom, France, Italy, Germany, and Japan), Australia, the Russian Federation and China. Ever since the latter two countries adopted more liberal policies on trade and the mobility of goods and services, tourism has improved considerably. Australia was chosen because of its similarity to Canada in regard to its resource-rich base and population.

Definitions

Tourism: the activities of people travelling to and staying in places outside their usual environment for no more than one consecutive year for leisure, business and other purposes not related to an activity remunerated from within the place visited.

Inbound tourists (overnight visitors): tourists who travel to a country other than that in which they have their usual residence.

Outbound tourists: the number of departures that people make from their country of usual residence to any other country.

International tourism receipts: expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods and services received in the destination country.

International tourism expenditures: expenditures of international outbound visitors in other countries, including payments to foreign carriers for international transport.

Gross national income (GNI): the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (wages and salaries and property income) from abroad. Data are in current US dollars.

Purchasing power parity (PPP)-based GNI: gross national income converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power in GNI as a US dollar has in the United States. PPP-based GNI per capita is aggregate PPP-based GNI divided by total population.

International travel account balance: receipts (or expenditures incurred by inbound tourists) less expenditures incurred by outbound tourists. Per-capita balance is aggregate balance divided by total population.

Countries are divided into four economic groups: low income economies with a per-capita gross national income of US$735 or less in 2002, lower-middle between $736 and $2,935, upper-middle between $2,936 and 9,075, and high income with $9,076 or more. Both China and the Russian Federation are classified as lower-middle income economies, G7 countries and Australia as high income.

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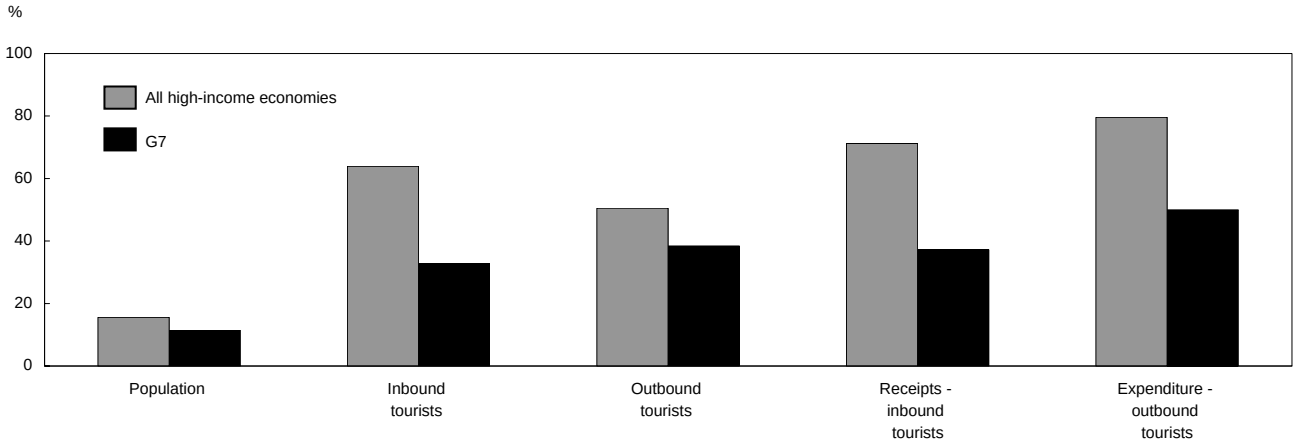
Statistics Canada Statistique Canada

Canada

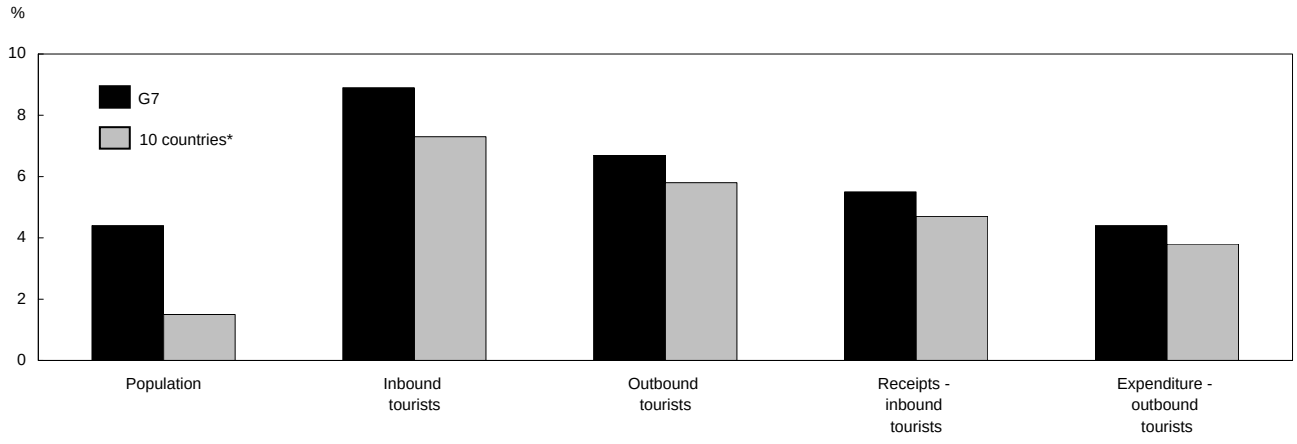
Share of international tourists from high-income economies, 2002



The majority of people who travel internationally are from high-income economies. In 2002, these economies constituted only 16% of the world's population of 6.2 billion but accounted for 64% of all inbound and 51% of outbound tourists. Almost 80% of the US$449.2 billion in outbound tourist expenditures was incurred by travellers from high-income economies, compared with 71% of the $472.5 billion spent by their inbound counterparts.

Of high-income economies worldwide, the G7 countries accounted for the majority (73%) of the population, 76% of outbound tourists, and 63% of outbound tourist expenditures.

Canada's tourism as a percentage of tourism of other countries, 2002

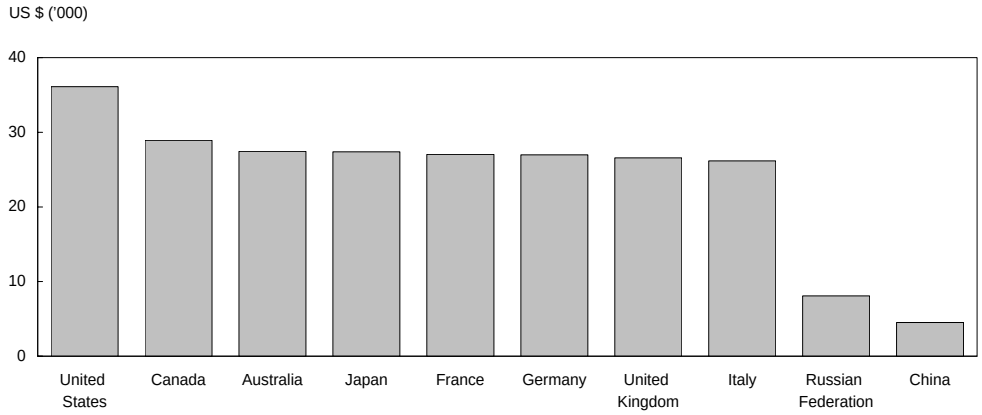


** G7 countries + Australia, the Russian Federation and China*

Canada, with only 4.4% of the G7 population, represented 8.9% of inbound and 6.7% of outbound tourists. Shares of expenses incurred by Canadian inbound and outbound tourists were quite close—5.5% and 4.4% respectively.

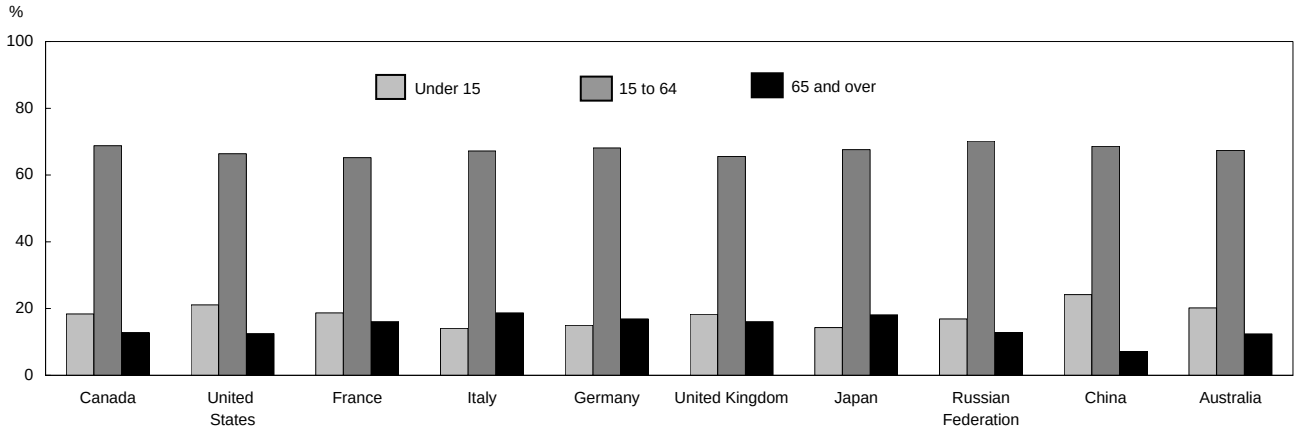
When China, the Russian Federation and Australia were added to the mix, Canada's share of tourism changed little—contrary to its share of population, which fell from 4.4% to 1.5%. This was the result of including China with its population of 1.3 billion.

Purchasing power parity based on per-capita gross national income, 2002



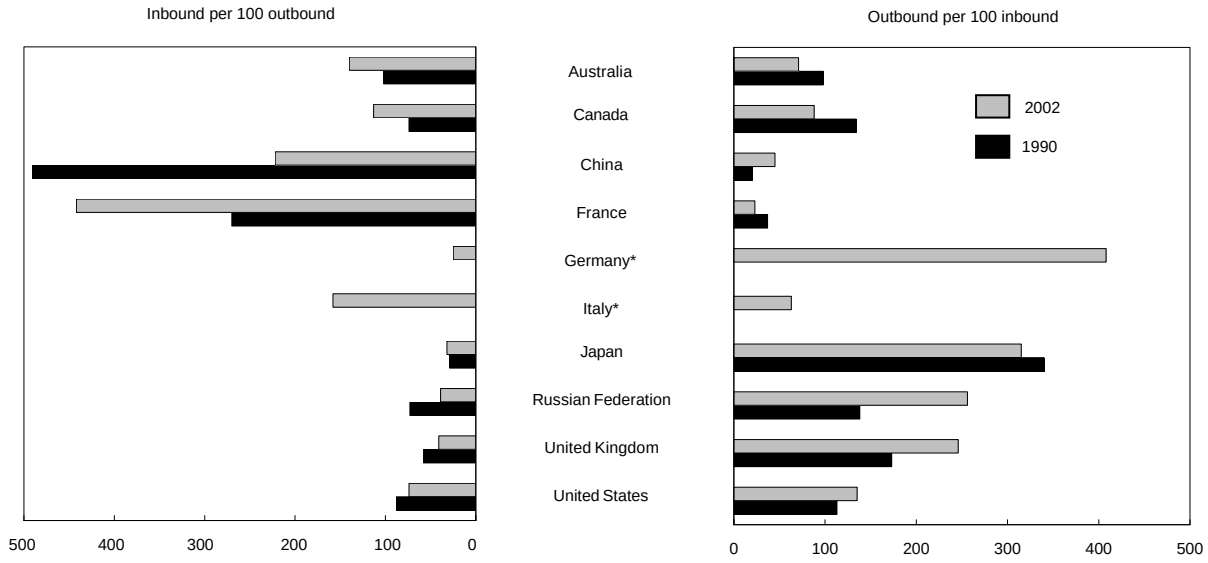
Income level is a key determinant in travelling for pleasure. The higher the overall per-capita income in a country, the more likely its residents are to travel. In 2002, the United States had the highest per-capita gross national income (GNI) at $36,110, followed by Canada at $28,930. Japan had a higher GNI than any of the four European members of the G7. China had the lowest all 10 countries at $4,520. In economic size, based on gross national income, China ranked above the Russian Federation, Australia, Italy and Canada. On per-capita income, population size pushed China to the bottom.

Population by age, 2002



Age is another key determinant in travelling. Generally, younger people and older people tend to travel internationally, while those with family and mortgage responsibilities tend to stick closer to home. The proportion of people 65 and over was higher in Italy, Japan, Germany, France and the United Kingdom (between 16% and 19%), compared with Canada, the United States, the Russian Federation, and Australia (between 12% and 13%). China was lowest with 7%.

Inbound and outbound tourists, 1990 and 2002

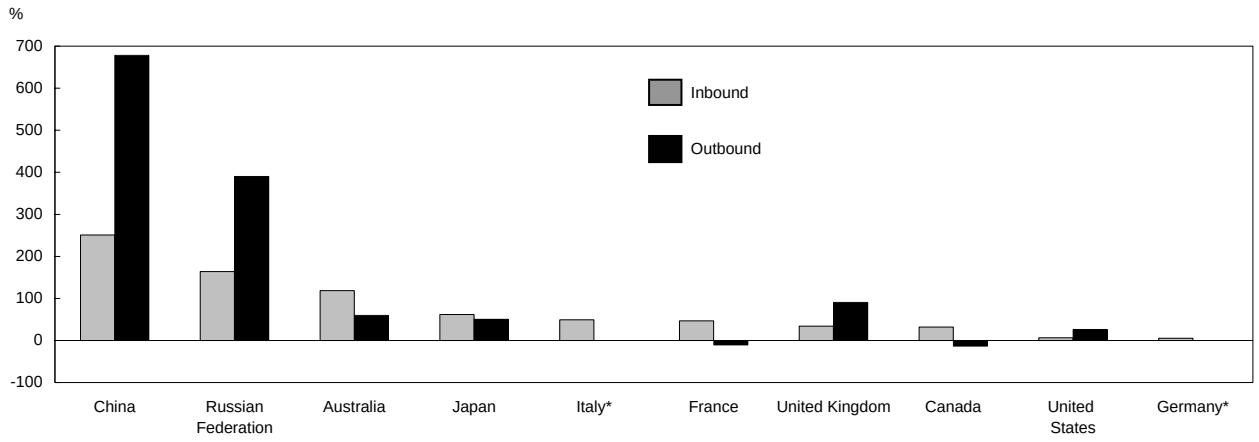


** 1990 data for Italy and Germany are not available.*

Between 1990 and 2002, Canada's tourist balance changed, as the number of inbound tourists per 100 outbound tourists rose from 74 to 113. France and Australia also experienced a rise in inbound tourists, with France's ratio soaring from 270 per 100 to 442. France seems to have been the most popular destination for tourists in 2002. On the other hand, fewer tourists chose to go to the United States, United Kingdom, and Russian Federation. In China, the ratio dropped because of the increase in outbound tourists.

Although Canadians were more likely to travel abroad in 2002 than Australians, Italians, Chinese and French, they were far behind the Germans, Japanese, and Russians. Canada had 88 outbound tourists for every 100 inbound, compared with 408 for Germany, 315 for Japan, and 256 for the Russian Federation. The events of September 11, 2001 may have dampened tourism to the United States and United Kingdom, but did not seem to discourage their residents from travelling abroad. In 2002, the United States had 135 outbound tourists for every 100 inbound, compared with 113 in 1990. The corresponding numbers for the United Kingdom were 246 and 173.

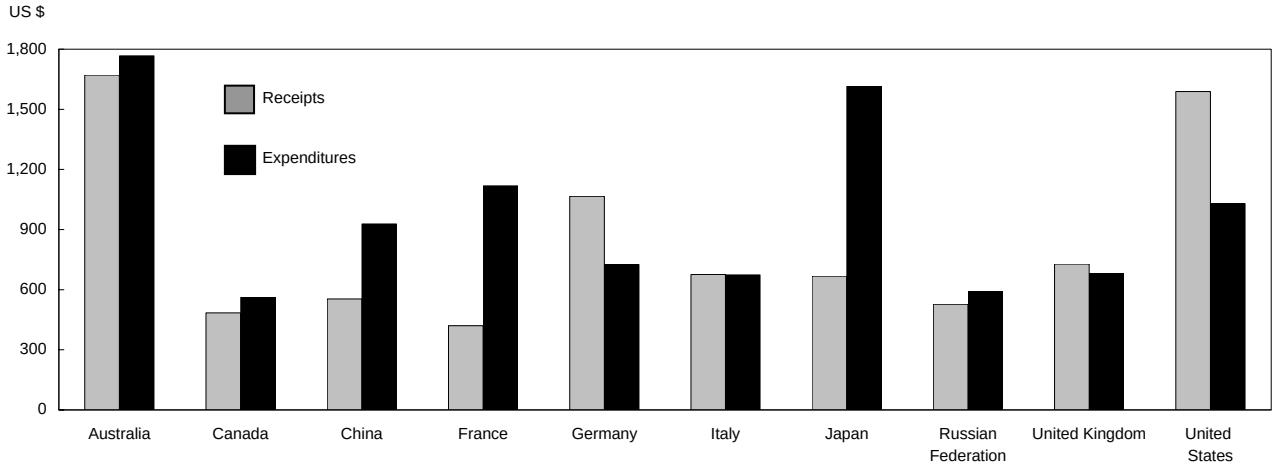
Growth over the 1990-2002 period in number of inbound and outbound tourists*



** 1990 data on number of outbound tourists for Italy and Germany are not available.*

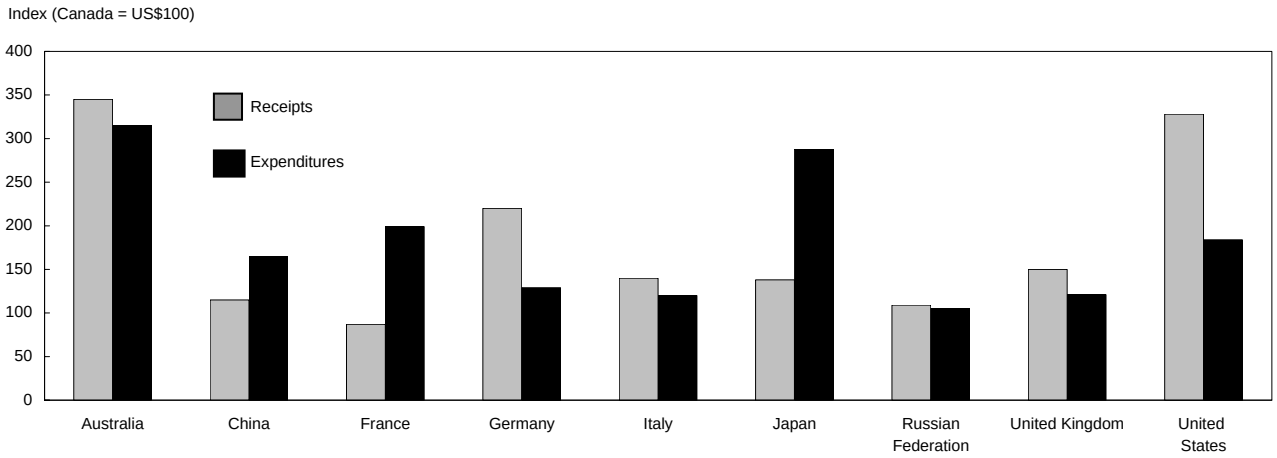
Between 1990 and 2002, the number of tourists coming into Canada grew 32% while those travelling abroad declined 13%. France showed a similar pattern. These percentages seem minuscule when compared with the emerging tourist countries of China and the Russian Federation. Tourists to China skyrocketed 251% while Chinese residents travelling abroad went up 678%. The corresponding rates for the Russian Federation were 164% and 390%.

Mean receipts per inbound tourist and expenditure per outbound tourist, 2002



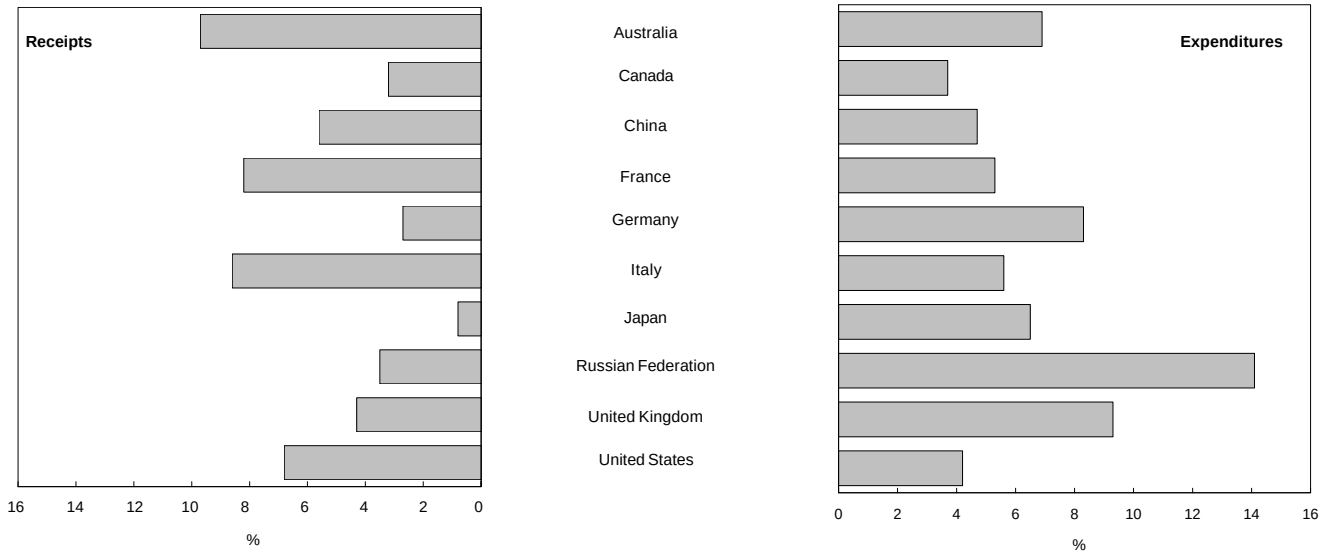
In 2002, tourists to Canada spent an average of $US 484, compared with $561 spent abroad by Canadian tourists. Tourists to and from Australia spent the most—$1,671 and $1,767 respectively. Next in magnitude were outbound tourists from Japan, followed by inbound tourists to the United States. In 6 of the 10 countries (includes Canada), inbound tourists spent less, on average, than outbound tourists.

Index of mean receipt per inbound tourist and mean expenditure per outbound tourist, 2002



Using $100 spent by a tourist in Canada as an index, inbound tourists to Australia spent an average of $345. The figure was $328 for the United States, $115 for China, and just $87 for France. As for outbound tourists, compared with Canada at an average of $100, Australia spent the most ($315) and the Russian Federation the least ($105). In fact, outbound tourists in all nine countries in the chart spent more than Canadian outbound tourists. Some of the differences can be attributed to variations in cost of living, length of stay, entrance fees and sightseeing costs, and customs or other taxes levied on tourists.

Receipts from inbound tourists as a percentage of exports and expenditures of outbound tourists as a percentage of imports, 2002

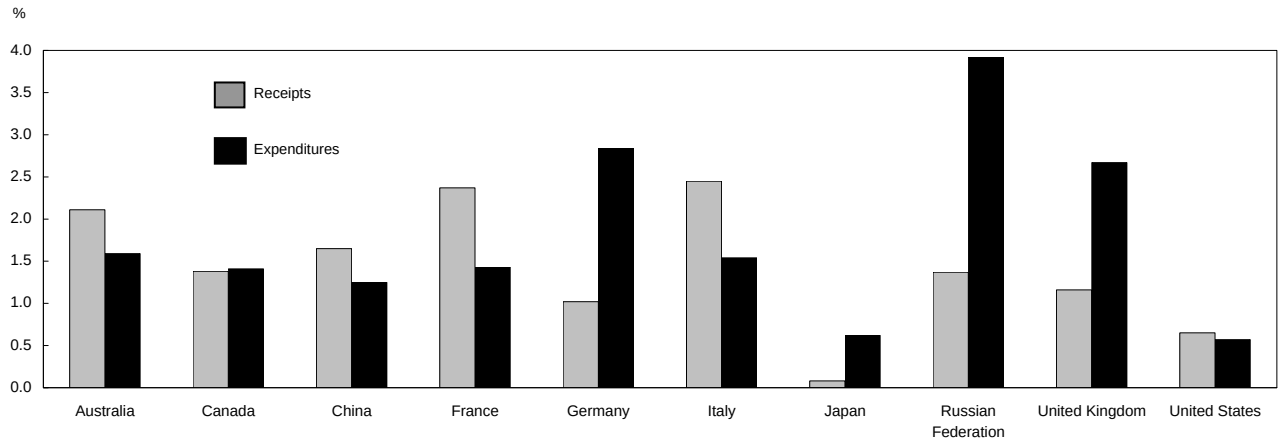


Just like exports of goods and services, inbound tourists bring money into the country. Australia appeared to benefit the most from inbound tourists, with receipts representing 9.7% of the value of goods and service exports. Italy was next at 8.6%, followed by France at 8.2%. For Canada, the percentage was only 3.2%, slightly higher than Germany and Japan, but far lower than the leading countries.

In the same way that a country pays to import goods and services, so too it loses money when its residents spend abroad. For the Russian Federation, the outflow of tourists proved economically disadvantageous in 2002, since their expenditures abroad represented 14.1% of the value of imports. The United Kingdom followed at 9.3% with Germany at 8.3%. Canada ranked at the bottom with 3.7%.

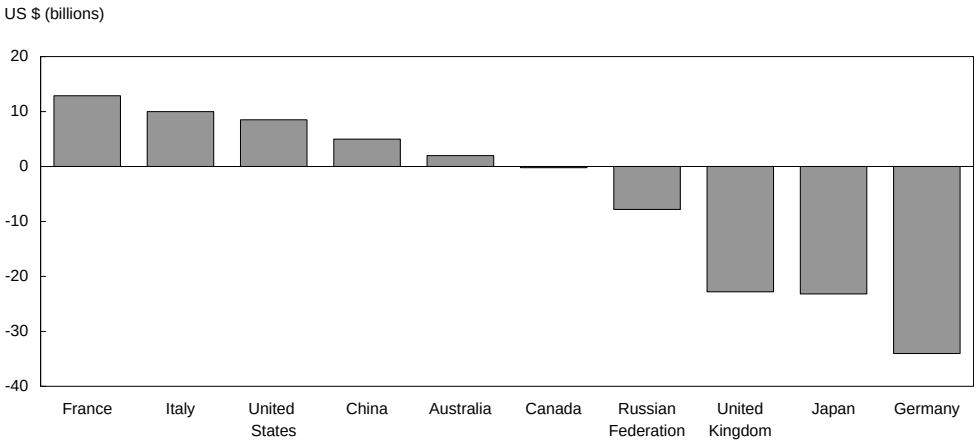
Since the values of exports and imports in Canada were quite close, as were the receipts of inbound tourists and the expenditures of outbound tourists, the receipts-to-exports ratio and the expenditures-to-imports ratio were fairly comparable—3.2% and 3.7%. No other country showed such close ratios.

Receipts from inbound tourists and expenditures of outbound tourists as a percentage of gross national income, 2002



Since tourism boosts a country's economy, receipts from inbound tourists and expenditures of outbound tourists can be linked to gross national income (GNI) in terms of ratios. For Canada in 2002, receipts represented 1.38% of GNI and expenditures 1.41%. Italy benefited the most from tourism with a receipts-to-GNI ratio of 2.45%. The Russian Federation benefited the least with an expenditures-to-GNI ratio of 3.92%. Of the 10 countries considered, France, Italy, China, Australia and the United States had a surplus in their international travel account (receipts-to-GNI ratio greater than expenditures-to-GNI ratio), while the other five countries were running deficits.

Balance* on tourism account, 2002

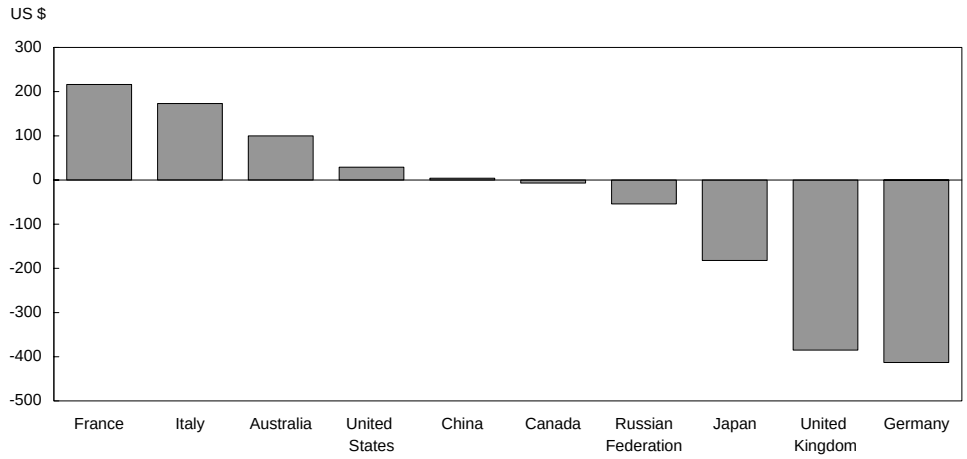


** Receipts from inbound tourists less expenditures of outbound tourists.*

In 2002, France had the largest surplus ($12.9 billion) in its international travel account, followed by Italy with about $10 billion. Canada, on the other hand, had a deficit of $229 million—tiny in comparison with Germany's $34 billion. Germany had a large number of outbound tourists compared with inbound, while the reverse was true for France.

The ranking of countries based on the difference between receipts and expenditures and ranking based on ratios with respect to GNI differ because of different GNI values. Nevertheless, each indicator is useful, depending on whether the net travel account balance or the size of the economy is to be considered.

Per-capita balance* on tourism account, 2002



** Receipts minus expenditures divided by population.*

Population size may affect country comparison of international account balances. For example, a country with a large population will likely spend more tourist dollars abroad in total than a country with a small population. From that perspective, travel account balance per capita may be a more appropriate indicator. The surplus/deficit situation would not change, but the resulting statistic may be simpler to interpret. For example, Germany's international travel account balance in 2002 put each German into the red by US$413, compared with $385 for someone in the United Kingdom and just $7 for a Canadian. On the other hand, France's international travel account showed a gain of $216 per person compared with $29 in the United States.