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Enterprises with Employees in Many Provinces or Territories

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- | | |
|----------|--|
| . | not available for any reference period |
| .. | not available for a specific reference period |
| ... | not applicable |
| 0 | true zero or a value rounded to zero |
| 0s | value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded |
| <i>p</i> | preliminary |
| <i>r</i> | revised |
| <i>x</i> | suppressed to meet the confidentiality requirements of the <i>Statistics Act</i> |
| <i>E</i> | use with caution |
| <i>F</i> | too unreliable to be published |
| * | significantly different from reference category ($p < 0.05$) |

Enterprises with Employees in Many Provinces or Territories

by Anne-Marie Rollin, *Economic Analysis Division*

This *Economic Insights* article looks closely at Canadian enterprises that employ individuals in more than one province or territory. It studies the share of business sector enterprises, and the employment accounted for by these multi-jurisdiction enterprises, both over time and across industries. It also examines the regional mix of these enterprises, and asks if most of them are Canadian controlled.

How an enterprise decides to spread geographically is an important choice for the enterprise, since it influences the firm's growth and survival. These firm-level decisions are also important because they affect the extent to which Canadian regions are interconnected. These decisions play a role as well in defining the type of employment opportunities found in each Canadian province and territory.

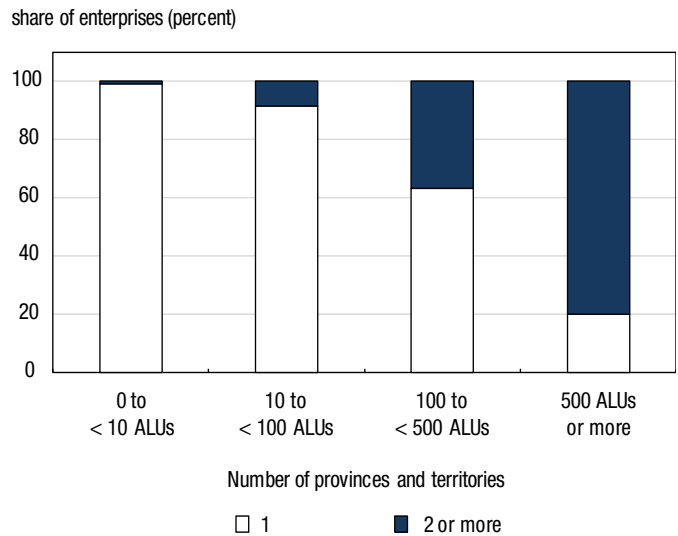
This short paper answers the following questions. What is the share of Canadian enterprises with employees in multiple provinces or territories? What share of total business sector employment is accounted for by those multi-jurisdiction enterprises? Are there variations in these shares across industries, and were there any trends observed from 2001 to 2011? In which regions do these multi-jurisdiction enterprises most frequently have employees? Finally, are most of these enterprises foreign controlled or Canadian controlled?

The data come from Statistics Canada's Longitudinal Employment Analysis Program (LEAP). This database contains employment information for all enterprises that issue at least one statement of remuneration paid—a T4 slip. LEAP measures the enterprise's employment level in each province and territory. Only enterprises classified in the business sector are included in this analysis.¹ The unit of analysis is the statistical enterprise as defined by Statistics Canada's Business Register.²

Enterprise and employment shares

In 2011, the 23,810 multi-jurisdiction enterprises enumerated in LEAP accounted for 2.3% of business sector employer enterprises. However, these enterprises accounted for 43.4% of total business sector employment. Mainly, this reflects large enterprises that spread their employment across jurisdictions: in 2011, 80.0% of business sector enterprises with 500 or more employees were present in multiple provinces or territories, compared with 8.5% of enterprises with at least 10 but fewer than 100 employees (Chart 1).

Chart 1
Share of business sector enterprises, by enterprise size and by number of provinces and territories in which the enterprise has employees, 2011



Note: ALUs stands for Average Labour Units.

Source: Statistics Canada, Longitudinal Employment Analysis Program, 2011.

1. Enterprises classified in the following 2007 NAICS industries are excluded: 61, 62, 91, 813, and 814.
 2. The statistical enterprise is defined as a unit associated with a complete set of financial statements. Multiple statistical enterprises can be owned by a single parent entity, which can be Canadian or foreign. If the analysis were to be done at a higher level than the enterprise, for example at the ultimate parent level, the results might be different.



Trends from 2001 to 2011

From 2001 to 2011, the enterprise share accounted for by multi-jurisdiction enterprises remained broadly stable. However, their share of business-sector employment increased 1.3 percentage points over this period. The increase was the result of a 2.5-percentage-point rise in the employment share of enterprises with employees in at least six provinces or territories, which was partly offset by a 1.2-percentage-point decline for enterprises present in two to five jurisdictions (Table 1). During this period, the business sector employment share of large enterprises with at least 500 employees increased 1.1 percentage points, from 35.8% in 2001 to 36.9% in 2011. Therefore, not all the rise observed for enterprises active in at least six jurisdictions is explained by the rise in the importance of large enterprises.

Industry dimension

In 2011, the share of enterprises with employees in multiple jurisdictions varied slightly across the 2-digit NAICS industries that were part of the business sector (the minimum share was 1.0%; the maximum share, 7.8%). There were wider industry variations in the employment share accounted for by multi-jurisdiction enterprises (Table 2). Both construction and real estate and rental and leasing, which are subject to numerous provincial regulations, had more than two-thirds of their employment in single-jurisdiction enterprises. At the other end of the spectrum were finance and insurance as well as information and cultural industries (which includes telecommunications), two sectors regulated in large part by federal laws. About 60% of employment in these two industries was in enterprises active in at least six provinces or territories in 2011.

Table 1
Share of business sector enterprises and employment, by number of provinces and territories in which the enterprise has employees, selected years

Year	Share of business sector enterprises			Share of business sector employment		
	Number of provinces or territories					
	1	2 to 5	6 or more	1	2 to 5	6 or more
	percent					
2001	97.5	2.3	0.6	57.9	18.3	23.8
2006	97.2	2.6	0.6	57.1	18.2	24.7
2011	97.7	2.2	0.6	56.6	17.1	26.3
	percentage point change					
Change from 2001 to 2011	0.2	-0.1	0.0	-1.3	-1.2	2.5

Source: Statistics Canada, Longitudinal Employment Analysis Program, 2001, 2006 and 2011.

Table 2
Employment share, by number of provinces and territories in which the enterprise has employees, selected industries, 2001 and 2011

Industry	Number of provinces and territories								
	2001			2011			Change from 2001 to 2011		
	1	2 to 5	6 or more	1	2 to 5	6 or more	1	2 to 5	6 or more
	industry employment share (percent)						percentage point change		
Construction	83.6	12.5	3.8	78.2	13.9	7.9	-5.4	1.4	4.1
Real estate and rental and leasing	70.0	15.6	14.4	68.0	16.1	15.9	-2.0	0.5	1.5
Manufacturing	51.8	24.6	23.6	52.4	24.3	23.3	0.6	-0.3	-0.3
Retail trade	57.0	13.3	29.6	50.7	13.5	35.8	-6.3	0.2	6.2
Mining, quarrying, and oil and gas extraction	32.1	39.3	28.6	27.1	36.2	36.8	-5.0	-3.1	8.2
Finance and insurance	28.0	14.1	57.9	26.9	13.9	59.3	-1.1	-0.2	1.4
Information and cultural industries	29.6	21.7	48.7	24.8	16.4	58.8	-4.8	-5.3	10.1
Business sector total	57.9	18.3	23.8	56.6	17.1	26.3	-1.3	-1.2	2.5

Source: Statistics Canada, Longitudinal Employment Analysis Program, 2001 and 2011.



From 2001 to 2011, all the industries presented witnessed increases in the employment share accounted for by enterprises with payroll in a minimum of six provinces or territories, except manufacturing (-0.3 percentage points).³ Large increases occurred in information and cultural industries, 10.1 percentage points, and in mining, quarrying, and oil and gas extraction, 8.2 percentage points. However, these two industries also saw drops in the employment share for enterprises active in two to five provinces or territories. Some enterprises already active in many provinces or territories expanded activities to even more jurisdictions.

Retail trade saw a 6.3-percentage-point increase in employment share found in multi-jurisdiction enterprises, and most of the rise was among enterprises counting at least six provinces or territories of employment. This increase coincided with a 4.7-percentage-point increase in the proportion of chain stores found in the retail sector, up from 21.0% in 2001 to 25.7% in 2011.⁴

Regional mix

Which provinces and territories are the most frequent among multi-jurisdiction enterprises? To answer this question, a geographical region was assigned to each province and territory using the Standard Geographical Classification 2011: Atlantic, Quebec, Ontario, Prairies, British Columbia, and Territories.⁵ Not surprisingly, the most frequent combinations involve neighbouring regions (Table 3). Firms with employees in two provinces or territories, which made up two-thirds of multi-jurisdiction enterprises in 2011, were most often found in the following areas: Prairies and British Columbia; and Quebec and Ontario. For firms active in three to five jurisdictions, this was most common in Ontario, the Prairies and British Columbia. Enterprises with payroll in at least six provinces or territories were most often present in all regions except the Territories.

Table 3
Number of multi-jurisdiction enterprises, by number of provinces and territories in which the enterprise has employees, and by combination of regions, 2011

Combination of regions	Number of provinces and territories			Total
	2	3 to 5	6 or more	
		number		
Quebec and Ontario	2,770	...	...	2,770
Ontario and British Columbia	2,220	...	...	2,220
Atlantic only	960	230	...	1,190
Prairies only	1,770	110	...	1,880
Prairies and British Columbia	3,450	520	...	3,970
Prairies and Ontario	2,220	250	...	2,470
Atlantic and Ontario	1,040	140	...	1,180
Quebec, Ontario and Prairies	...	470	...	470
Quebec, Ontario and British Columbia	...	570	...	570
Ontario, Prairies and British Columbia	...	1,100	...	1,100
Quebec, Ontario, Prairies and British Columbia	...	790	90	880
Atlantic, Ontario, Prairies and British Columbia	...	190	180	360
Atlantic, Quebec, Ontario, Prairies and B.C.	...	200	1,020	1,220
Atlantic, Quebec, Ontario, Prairies, British Columbia and Territories	...	...	140	140
Other combinations	1,960	1,270	180	3,400
Total	16,380	5,830	1,600	23,810

...not applicable

Source: Statistics Canada, Longitudinal Employment Analysis Program, 2011.

3. There was an increase in the employment share of multi-jurisdiction enterprises in all industries, except in transportation and warehousing, and manufacturing. Results for industries not presented in Table 2 are available from the author upon request.

4. See CANSIM tables 080-0011 and 080-0023.

5. The Atlantic region comprises Newfoundland and Labrador, Prince Edward Island, Nova Scotia and New Brunswick. The Prairies comprises Manitoba, Saskatchewan, and Alberta. Finally, Yukon, Northwest Territories and Nunavut make up the Territories.



From 2001 to 2011, the location of multi-jurisdiction enterprises in Canada shifted from east to west (Table 4). Quebec was affected most, losing 5.0 percentage points of multi-jurisdiction enterprises over the period (from 35.7% in 2001 to 30.7% in 2011). Although Ontario saw a 2.5-percentage-point decline, it was still the region with the greatest share of multi-jurisdiction enterprises, 61.2% in 2011. Both the Prairies and British Columbia gained 3 percentage points of multi-jurisdiction enterprises; the Territories added 1.2 percentage points.

Foreign or Canadian controlled enterprises?

In 2011, 86.3% of enterprises with employees in multiple jurisdictions were Canadian controlled (Table 5).⁶ Furthermore, two-thirds of the employment found in multi-jurisdiction enterprises was accounted for by Canadian controlled businesses.

However, foreign controlled enterprises have a greater tendency to have employees in multiple jurisdictions compared to Canadian controlled enterprises. Geographical diversification within Canada is a natural extension for those enterprises that have links abroad, whether they be Canadian founded enterprises purchased by foreigners or Canadian subsidiaries of foreign enterprises or multinationals.

Conclusion

In the 2001-to-2011 period, about 4 in 10 business sector employees worked for an enterprise that had payroll in multiple provinces or territories. By the end of the period, more than one-quarter of business sector employment was found in enterprises active in at least six provinces or territories, owing to a 2.5-percentage-point increase in the employment share of those firms. This reflects the fact that some Canadian enterprises have managed to grow by means of wide geographic expansion. The industries in which this type of expansion took place include retail trade, mining, quarrying, and oil and gas extraction as well as information and cultural industries. Among the regions, the Prairies and British Columbia gained the most multi-jurisdiction enterprises over the period, while Quebec lost the most. Even if the vast majority of enterprises with employees in many provinces or territories are Canadian controlled, foreign controlled enterprises tend to spread geographically more within Canada than their Canadian controlled counterparts.

Table 4
Share of enterprises, by region in which the enterprise has employees, and by multi-jurisdiction status, 2001 and 2011

Region	Enterprises with employees in many provinces or territories			Enterprises with employees in a single province or territory		
	2001	2011	Change from 2001 to 2011	2001	2011	Change from 2001 to 2011
	percent	percent	percentage point change	percent	percent	percentage point change
Atlantic	27.2	26.1	-1.1	7.3	6.1	-1.2
Quebec	35.7	30.7	-5.0	23.8	20.7	-3.1
Ontario	63.7	61.2	-2.5	33.2	35.6	2.4
Prairies	56.4	59.4	3.0	20.3	21.6	1.3
British Columbia	46.1	49.2	3.1	15.0	15.7	0.7
Territories	3.4	4.6	1.2	0.3	0.3	0.0

Note: The shares for multi-jurisdiction enterprises do not add up to 100 since these enterprises have employees in many provinces or territories, by definition.

Source: Statistics Canada, Longitudinal Employment Analysis Program, 2001 and 2011.

Table 5
Enterprise and employment shares, by country of control of the enterprise and by number of provinces and territories in which the enterprise has employees, 2011

Country of control	Share of business sector enterprises	Share of business sector employment	Number of provinces and territories					
			Share of enterprises, among Canadian or foreign controlled enterprises			Share of employment, among Canadian or foreign controlled enterprises		
			1	2 to 5	6 or more	1	2 to 5	6 or more
Canada	99.1	83.5	98.0	2.0	0.1	65.0	15.1	20.0
Others	0.9	16.5	62.6	29.5	8.0	14.2	27.4	58.3

Source: Statistics Canada, Longitudinal Employment Analysis Program, 2011.

6. A foreign controlled enterprise is one for which a foreign entity owns the majority of the shares carrying the right to elect at least a majority of the members of the board of directors.