



# Rural and Small Town Canada ANALYSIS BULLETIN



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## EMPLOYMENT STRUCTURE IN RURAL AND SMALL TOWN CANADA: AN OVERVIEW

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### Highlights

- ◆ **Predominantly rural regions provide employment for 29 percent of Canadians. This share has been essentially constant since 1981.**
- ◆ **The retail and wholesale trade sector is the biggest sector for employment in rural and small town Canada and ranks as one of the top two sectors in each province. (We acknowledge that the ranking of sectors depends upon how the various sub-sectors are grouped together.)**
- ◆ **Manufacturing is also a top sector for employment in rural and small town Canada and within each of Nova Scotia, New Brunswick, Quebec and Ontario.**
- ◆ **The primary sector ranks as a top sector for rural and small town employment in each Prairie Province and in Prince Edward Island.**
- ◆ **Only regions which are adjacent to a major metropolitan centre reported employment growth above the Canadian average in each five year period since 1981. In addition, four northern regions reported above average employment growth for three consecutive periods.**
- ◆ **One-half of the regions that reported below average employment growth for three consecutive periods were rural regions that were not adjacent to a metropolitan centre. The lack of access to a metropolitan centre appears to constrain employment growth.**

### Introduction

The rural industrial picture is quickly changing in Canada. As in most western nations, primary industries in Canada are losing jobs while the service sector is employing more people every year. National, provincial and local decision-makers need an understanding of the mix and the trends of employment among the industrial sectors in rural areas to create policies and strategies that best meet the needs of rural areas. The purpose of this bulletin is to provide an overview of the structure of employment among industrial sectors in rural Canada in the 1980s and the 1990s.



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**Note of appreciation**

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

*Definitions and data sources*

Two data sources using two definitions of “rural” have been used in this bulletin:

- Census data for each of 1981, 1986, 1991 and 1996 have been tabulated within constant 1996 census division boundaries for “predominantly rural regions”, as defined by the OECD (See Box 1 for the definition). The advantage of this tabulation is that we obtain an extended time-series back to 1981.
- Statistics Canada’s Labour Force Survey has been tabulated to provide annual data from 1987 to 1998 for rural and small town (RST) areas (see Box 2 for the definition). The advantage of this time-series is that it can be updated on an annual basis.

**Box 1**

**Definition of “Predominantly Rural Regions”**

The Organisation for Economic Co-operation and Development (OECD, 1994) has defined a “predominantly rural region” as *having more than 50 percent of the population living in rural communities where a “rural community” has a population density less than 150 persons per square kilometre*. In Canada, the census division has been used to represent “regions” and census consolidated sub-divisions have been used to represent “communities”.

“Intermediate regions” have 15 to 49 percent of their population living in a “rural community”. “Predominantly urban regions” have less than 15 percent of their population living in a “rural community”.

“Predominantly rural regions” are classified as metro-adjacent, non-metro-adjacent and the north, following Ehrensaft and Beeman (1992).

Data are tabulated for the 1981 to 1996 period within constant 1996 boundaries.

**Box 2**

**Definition of “Rural and Small Town” (RST) Canada**

Rural and Small Town (RST) refers to the population living outside the commuting zones of larger urban centres — specifically, outside Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs). RST areas have a population of 1 - 9,999 where less than 50 percent of the employed individuals commute to a CMA/CA and less than 25 percent commute from a CMA/CA.

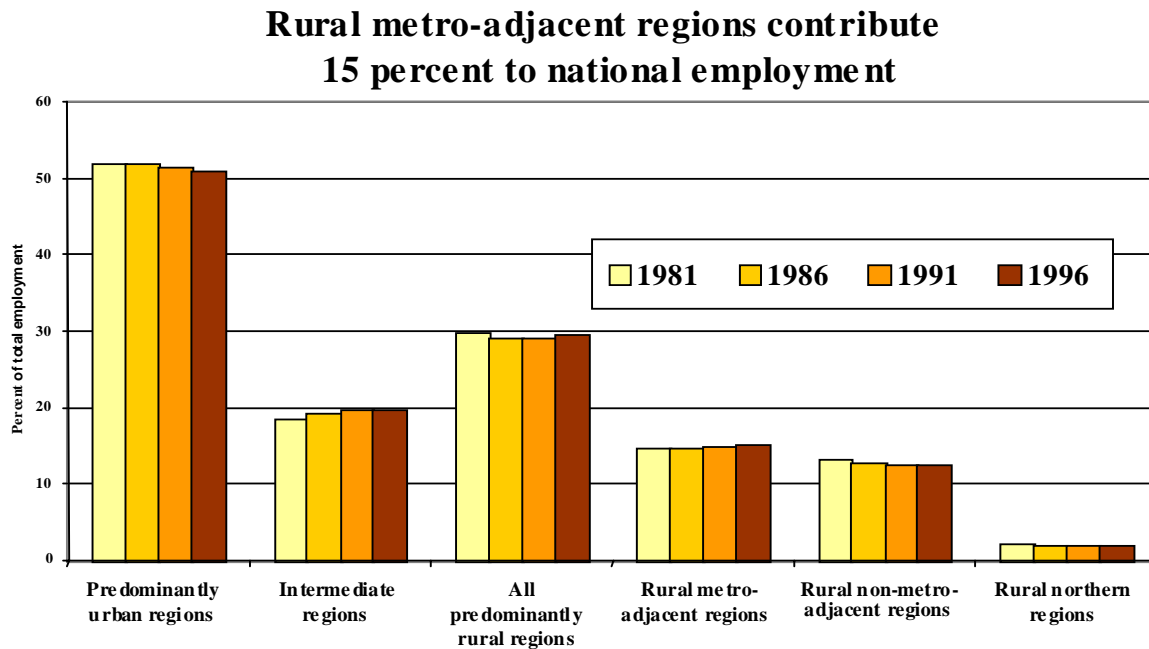
A CMA has an urban core of 100,000 or over and includes all neighbouring municipalities where 50 percent or more of the labour force commutes into the urban core or more than 25 percent commute from a CMA/CA. A CA is an urban core of 10,000 of 99,999 and abides by the same commuting rule as CMAs.

Data are tabulated within constant boundaries for 1976 to 1984, for 1985 to 1994, and for 1995 to date.

## The structure of employment across types of regions

In Canada, in 1996, residents<sup>1</sup> of predominantly rural regions contributed about 29 percent of total employment (Figure 1). Among the types of rural regions, rural metro-adjacent regions contribute 15 percent, rural non-metro-adjacent regions contribute 12 percent and rural northern regions contribute 2 percent. Note that these shares have remained essentially constant over the 1981 to 1996 period.

Figure 1

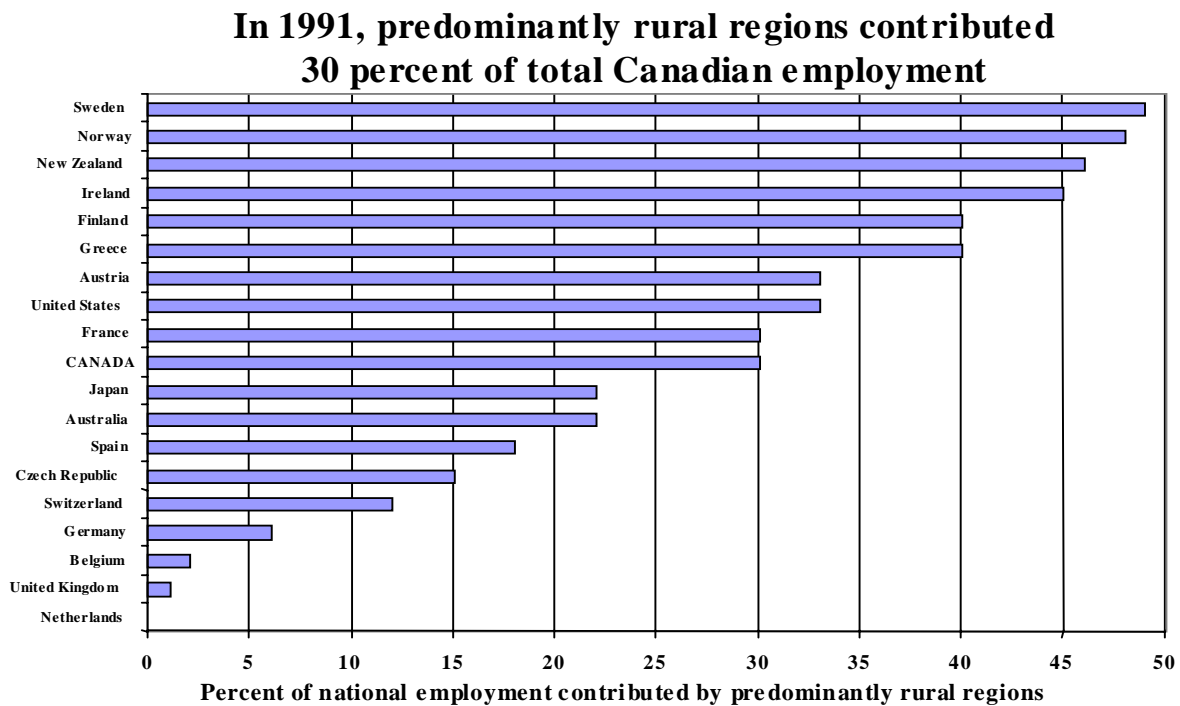


**Predominantly rural regions**  
 Source: Statistics Canada. Census of Population, 1981 to 1996. A predominantly rural region has over 50 percent of its population living in rural communities. An intermediate region has 15 to 49 percent and a predominantly urban region has less than 15 percent. Data are tabulated within constant 1996 census division boundaries.

<sup>1</sup> In this bulletin, employment data is based on the residence of the worker, not on the location of the job.

When OECD countries are ranked in terms of the share of their national employment contributed by predominantly rural regions, we see that Canada is in the middle of the group (with 30 per cent of total Canadian employment in 1991, where the data have been tabulated within constant 1986 census division boundaries) (Figure 2).

**Figure 2**



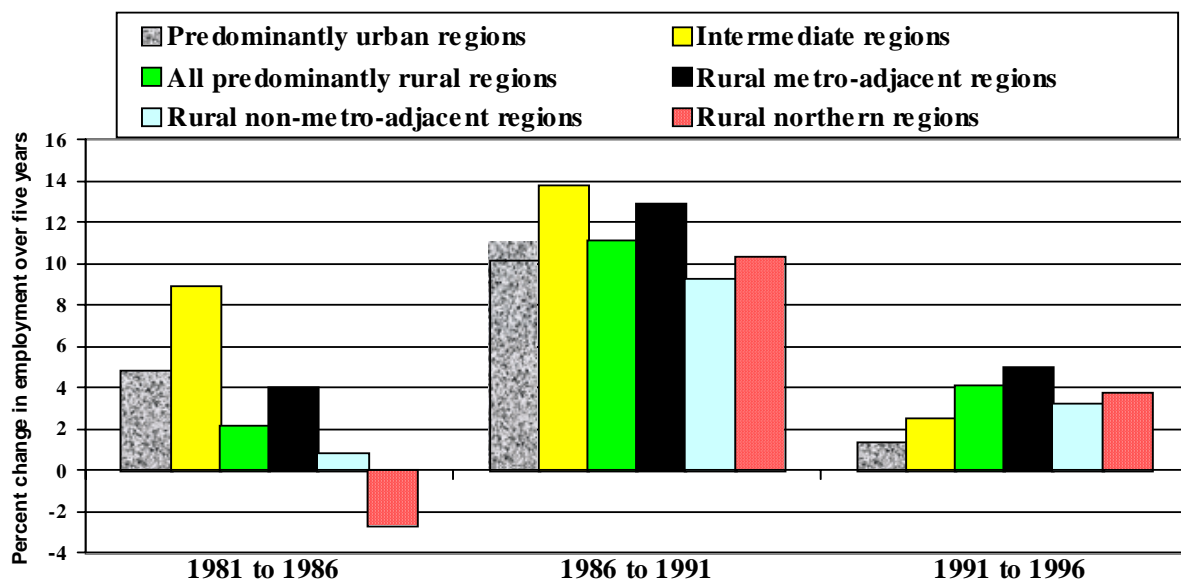
*Source:* OECD. (1996) Territorial Indicators of Employment: Focusing on Rural Development (Paris: OECD, Table 2). The 1991 data for Canada in this chart were tabulated within constant 1986 census division boundaries.

## Employment growth across types of regions

In the 1991 to 1996 period, the rate of employment growth in each type of rural region was higher than the employment growth in predominantly urban and intermediate regions (Figure 3). Within predominantly rural regions, rural metro-adjacent regions showed the strongest rate of employment growth in each inter-censal period – however, some of the employment growth of these regions is due to an increasing number of residents commuting to jobs in urban centres.

Figure 3

**In the 1991 to 1996 period, ALL predominantly rural regions reported stronger growth in total employment**



Source: Statistics Canada. Census of Population, 1981 to 1996. A predominantly rural region has over 50 percent of its population living in rural communities. An intermediate region has 15 to 49 percent and a predominantly urban region has less than 15 percent.

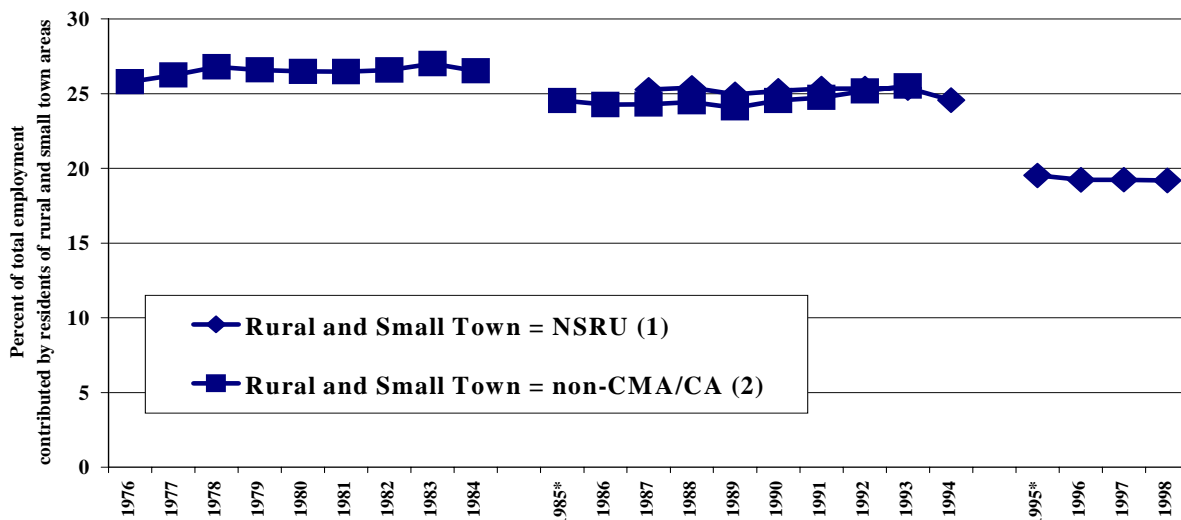
### Employment structure in Rural and Small Town areas

Our designation of the rural and small town (RST) population – specifically, residents outside the commuting zone of larger urban centres (LUC) (see Box 2) – provides a stricter definition of the “rural labour market”. The boundaries between RST and LUC have changed over time. Using the 1996 boundaries, we see that RST areas contribute 19 percent of total Canadian employment (Figure 4). When boundaries are held constant (up to 1985, 1985 to 1994, 1995 to date), we see that the share of employment in RST areas remains essentially constant within each of these time periods. A constant employment share indicates that RST employment growth is similar to LUC employment growth. However, the change in LUC boundaries every 10 years reduces the RST employment share because:

- population growth in some RST “small towns” is sufficient to reclassify these centres as LUCs; and
- an increase in commuting from some RST municipalities to LUCs is sufficient to reclassify these municipalities into the commuting zone of LUCs.

Figure 4

#### Rural and Small Town residents contribute 19 percent of total employment



Source: Statistics Canada. Labour Force Survey.

(1) Non-self representing units (NSRUs) are smaller municipalities (generally less than 10,000 population).

(2) A Census Metropolitan Area (CMAs) has a core population of 100,000 or more and includes neighbouring municipalities where 50 percent or more of the workforce commutes to the core. A Census Agglomeration (CA) has a core population of 10,000 to 99,999 and includes neighbouring municipalities where 50 percent or more of the workforce commutes to the core.

\* Note the impact of a change in the survey design in 1985 and especially in 1995.

## **What are the major job sectors in Rural and Small Town Canada?**

There are many different ways of portraying the structure of employment by industrial sector. If all service-providing sectors are combined, then we find more employment in “services” than in goods-producing sectors. At the Canada level, as early as 1951, total employment in service-providing sectors represented almost half of all workers. By 1987, service-providing sectors employed 62 percent of Canada’s workforce and by 1994, service-providing sectors employed a total of 10 million workers or 75 percent of the national employment. Within RST areas, 65 percent of all jobs are in one of the service-providing sectors.

For details of the way we have grouped the industrial sectors, see Box 3. With this classification, trade (wholesale plus retail) is the single biggest sector in terms of employment in RST Canada, with an employment level of 426 thousand. Equally large is manufacturing, employing 425 thousand persons in RST areas (Table 1). When all primary sectors are combined (i.e. agriculture, logging, mining, oil and gas extraction, fishing, hunting and trapping), RST primary employment is 401 thousand – the second largest sector in Table 1. The next major sector is health, with an employment level of 259 thousand in RST Canada.

### **Box 3**

#### **Definition of industrial sectors used in this bulletin**

##### **Goods-producing sectors:**

**Primary\* sector:** agriculture; fishing; logging and forestry; mining, quarrying, oil and natural gas.

**Manufacturing sector:** food; beverages; tobacco; rubber; plastic; leather; primary textile; textile; clothing; wood; furniture and fixtures; paper; printing, primary metals; fabricated metal; machinery; transportation equipment; electrical and electronic; non-metallic mineral; refined petroleum and coal; chemical; other manufacturing.

**Construction\* sector:** building; industrial and heavy construction; trade contracting.

##### **Service-providing sectors:**

**Transportation and storage:** transportation; pipe transportation; storage and warehousing.

**Communication and utilities:** communication; utilities.

**Trade:** wholesale and retail trade.

**FIRE:** finance (banking, consumer and business); insurance; real estate.

**Business services:** (e.g., law, accounting, computer services, advertising).

**Services incidental to the primary and construction sectors:** services incidental to the primary sector include veterinarian, crop dusting, fishing net and gear repair, tree nursery stock, reforestation, and contract oil drilling services; services incidental to construction include project management and land development services.

##### **Accommodation, food and beverages**

**Other services:** recreation; entertainment; household services; leasing services.

##### **Education services**

##### **Health services**

**Public administration** (federal, provincial and local)

\* **Note:** This classification differs from the usual classification as we have moved “services incidental to primary and construction industries” from the “goods” category to the “services” category.

Table 1. Employment by Major Industrial Sectors in Rural and Small Town areas, Canada and Provinces, 1998

	Canada	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
Biggest sector(s)	Trade (423K) Manufacturing (425K)	Trade (15K)	Primary (6K)	Manufacturing (23K) Trade (23K)	Manufacturing (23K) Trade (23K)	Manufacturing (148K)	Manufacturing (140K)	Primary (33K)	Primary (63K)	Primary (76K)	Trade (39K)
Second tier sector(s)	Primary (401K)	Primary (12K) Manufacturing (11K)	Trade (4K)	Primary (15K) Health (15K)	Health (16K)	Trade (98K)	Trade (122K)	Trade (22K)	Trade (25K)	Trade (53K)	Manufacturing (31K)
Next biggest	Health (253K)	Health (11K)	Manufacturing (2K)	Other services* (12K) Education (11K)	Primary (13K)	Primary (79K)	Primary (77K) Health (75K)	Health (16K)	Health (17K)	Health (23K)	Accommodation, food & beverages (26K)
Next biggest	Other services* (183K) Accommodation, food & beverages (180K)	Education (8K)	Health (2K)		Construction (9K) Education (9K)	Health (56K)	Construction (54K)	Manufacturing (14K)	Education (13K)	Other services* (26K)	Health (23K)

Source: Statistics Canada, Labour Force Survey.

“Rural and Small Town” refers to the population outside CMAs and CAs. A CMA is an urban core of 100,000 or more plus the neighbouring municipalities where 50 percent of more of the workforce commutes into the urban core. A CA has an urban core of 10,000 to 99,999 and includes the neighbouring municipalities where 50 percent or more commute into the urban core. Thus, the “Rural and Small Town” population lives outside the commuting zone of major larger urban centres.

\* “Other services” includes amusement services, sports clubs, personal care, non-government organizations, leasing agencies, photographers, travel agencies, etc.

The Canada-level pattern is not replicated in all provinces. Although trade ranks at the top at the Canada level, this is only true in four provinces: Newfoundland, Nova Scotia, New Brunswick and British Columbia. At the Canada level, manufacturing also ranks at the top but this is also the case in only four provinces: Nova Scotia, New Brunswick, Quebec and Ontario. The primary sector ranks at the top only in the Prairie Provinces of Manitoba, Saskatchewan and Alberta and in Prince Edward Island (thanks to both the agricultural component and the fishing component).

Finally, the health sector is one of the major sectors within RST areas in each province.



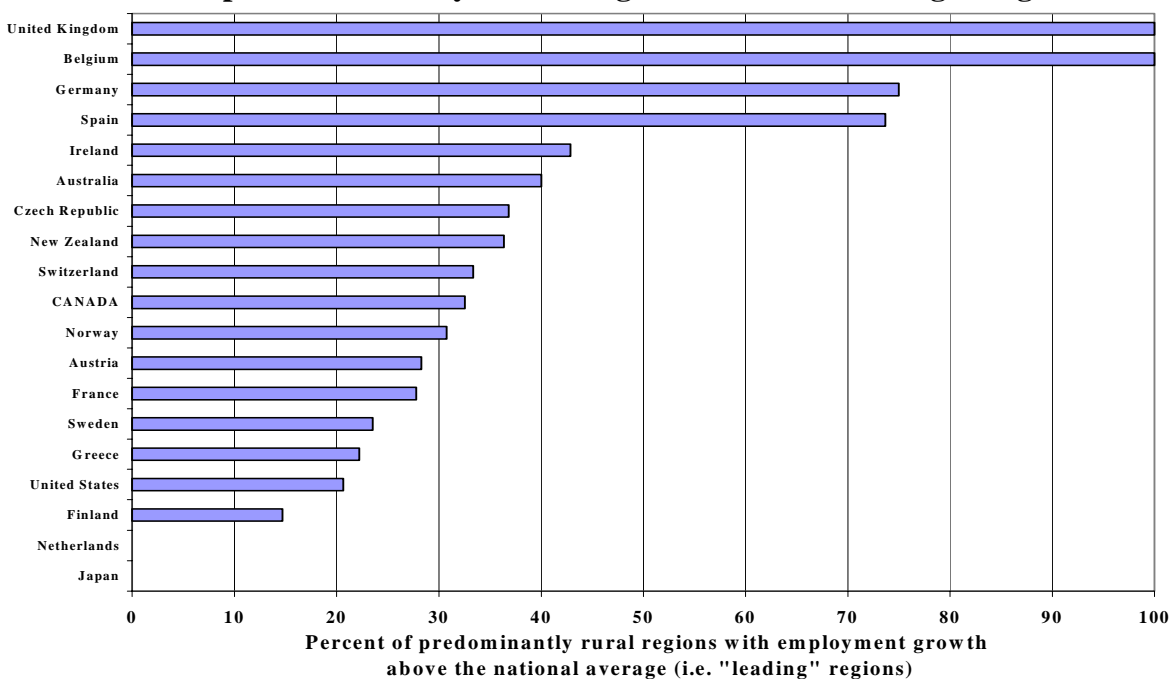
## The geographic pattern of employment growth

One way to portray the geographical patterns of employment growth is whether the region showed “leading” employment growth or “lagging” employment growth. The OECD suggests a “leading” (or “dynamic”) region has employment growth above the national average and a “lagging” region has employment growth below the national average (OECD, 1996).

In the 1981 to 1991 period, one-third of Canada’s “rural” regions (as defined in Box 1) were “leading” regions (Figure 5). This one-third share is in the middle of the ranking of OECD countries in terms of the employment performance of their predominantly rural regions. Thus, two-thirds of Canada’s rural regions were “lagging” in the sense that these regions generated employment at a lower rate than the Canadian average rate of employment growth. In 1991, 19 percent of Canada’s total workforce lived in lagging rural regions (Figure 6).

**Figure 5**

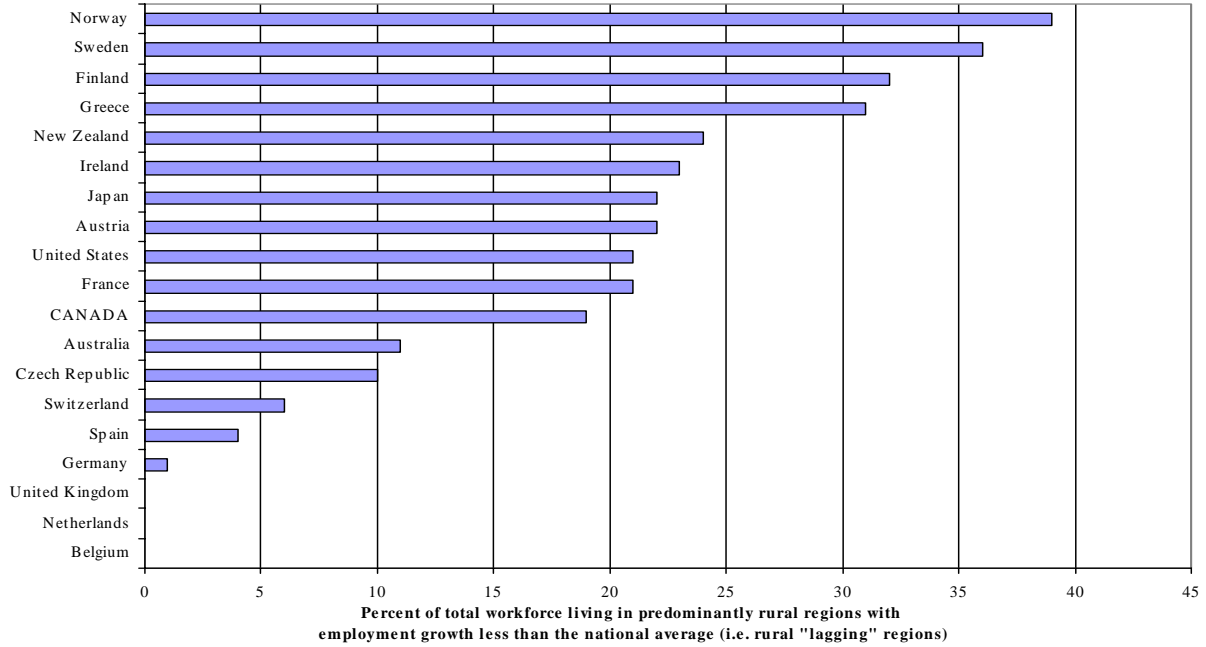
**In the 1981 to 1991 period, one-third of Canada's predominantly rural regions were "leading" regions**



Source: OECD. 1996. *Territorial Indicators of Employment: Focusing on Rural Development* (Paris: OECD), Table 2.

Figure 6

**In 1991, 19 percent of Canada's workforce lived in "lagging" predominantly rural regions**



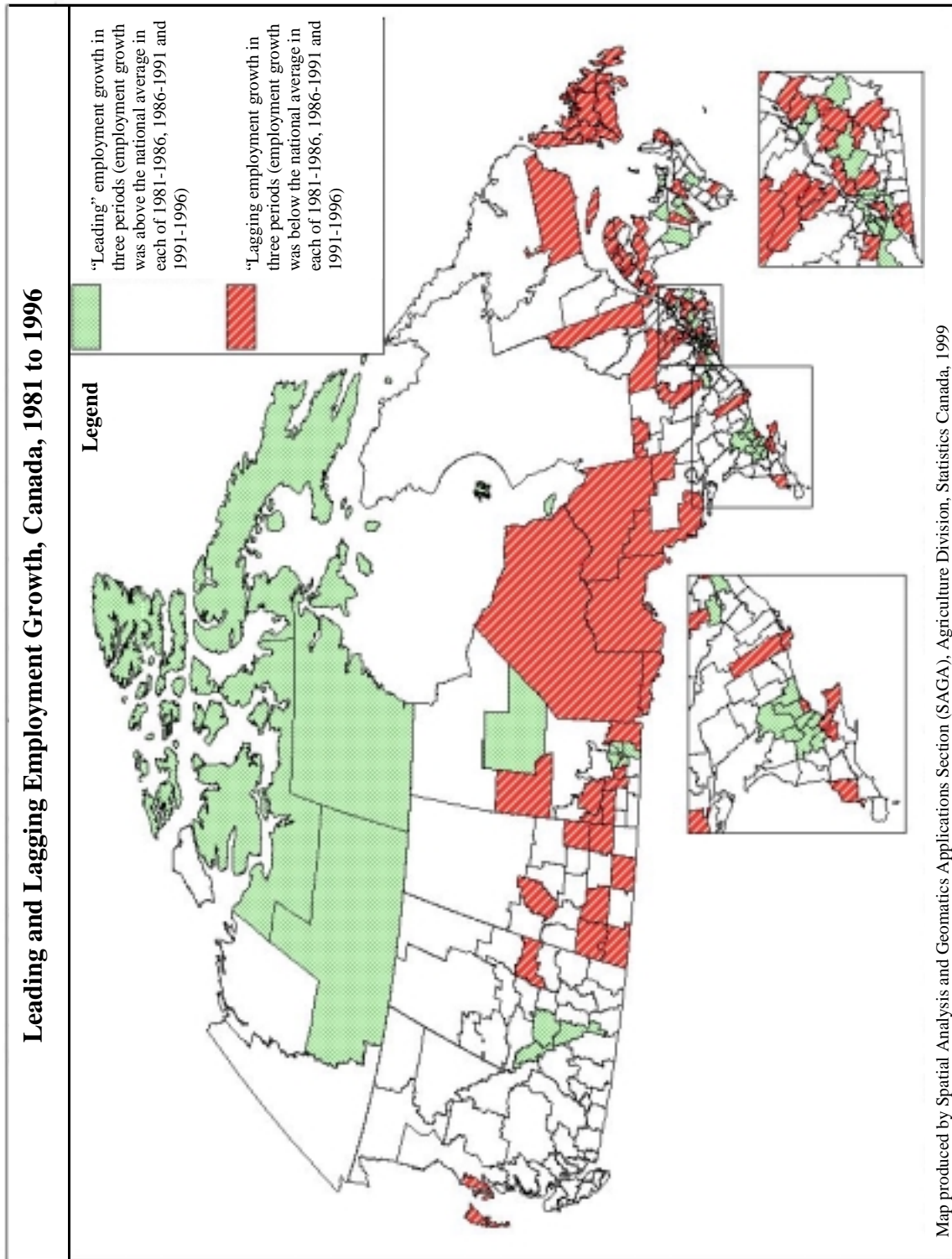
Source: OECD. 1996. Territorial Indicators of Employment: Focusing on Rural Development (Paris: OECD), Table 2.

To provide more geographic detail on the location of leading and lagging regions in Canada, we calculated the level of employment in 1981, 1986, 1991 and 1996 according to 1996 census division boundaries. We then compared each region to the national average in terms of the rate of employment growth in each inter-censal period.

Over the 1981 to 1996 period, there were 42 census divisions (out of 288 census divisions) that reported employment growth above the national average in three consecutive inter-censal periods (i.e. from 1981 to 1986 and from 1986 to 1991 and from 1991 to 1996) (see Map: “Leading and Lagging Employment Growth, Canada, 1981 to 1996”). The only predominantly rural census divisions that show leading employment growth in three consecutive periods were rural regions adjacent to a metro centre. The exceptions were four northern census divisions (three in the Northwest Territories and one in northern Manitoba) where employment growth is driven by high Aboriginal birth rates – high population growth is expanding the available workforce and high population growth is creating service sector jobs (in schools, hospitals, retail trade, etc.). The remaining regions with leading employment growth involve clusters:

- a. in the foothills west of Calgary;
- b. the commuting zone around Winnipeg;
- c. the extended commuting zone around Toronto;
- d. the census divisions north and east of Ottawa;
- e. the commuting zone around Montreal;
- f. census divisions in Quebec associated with Quebec City, the Beauce region and the Bois-Francs region;
- g. four census divisions in New Brunswick, including Fredericton, Moncton and Florenceville, the home of the McCain’s potato processing plant;
- h. Charlottetown and its commuting zone in Prince Edward Island; and
- i. the Nova Scotia census division that contains the Halifax airport.

On the same map, one can see the three-period lagging regions. These regions had employment growth below the national average in three consecutive inter-censal periods. These regions are agricultural-dependent regions in Saskatchewan and Manitoba and southern Quebec plus regions in northern Ontario, the Gaspé Region of Quebec and all of Newfoundland. Also note that 6 major cities report three consecutive inter-censal periods of lagging employment growth: Montreal; Toronto; Thunder Bay; Niagara Regional Municipality; Hamilton; and Winnipeg. (Recall that employment growth is assigned to the residence of the worker, not to the location of the job. Thus, the number of workers residing in the urban core may be decreasing but the number of jobs in the urban core may be increasing due to commuters travelling into the core from outlying areas.) The list of three-period lagging regions is longer, numbering 80 census divisions. These regions represent a significant amount of Canadian territory and a significant amount of the Canadian population base: in each five-year period since 1981, these regions have been falling behind in the sense that their employment growth has been less than the national average. Exactly one-half of these regions (40 regions) are rural areas that are not adjacent to a metropolitan centre. Above we noted that not one of the three-period leading regions was rural non-metro-adjacent. Being adjacent to a metro area evidently provides employment growth advantages to a region – regions that are not adjacent to a metro centre are more likely to be three-period lagging regions.



## Summary

Predominantly rural regions provide employment for 29 percent of Canadians. This share has been essentially constant since 1981.

The retail and wholesale trade sector is the biggest sector for employment in rural and small town Canada and ranks as the top sector or second sector in all provinces. (We acknowledge that the ranking of sectors depends upon how the various sub-sectors are grouped together.)

Manufacturing is also a top sector for employment in rural and small town Canada and within each of Nova Scotia, New Brunswick, Quebec and Ontario.

The primary sector ranks as a top sector for employment in each Prairie Province and in Prince Edward Island.

Only regions which are adjacent to a major metropolitan centre reported employment growth above the Canadian average in each five year period since 1981. In addition, four northern regions reported above average employment growth for three consecutive periods.

One-half of the regions reporting below average employment growth were rural regions that were not adjacent to a metropolitan centre. The lack of access to a metropolitan centre appears to constrain employment growth.

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