



LABOUR AND INCOME

Dynamics

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Introduction

To meet research needs, Statistics Canada will launch a major panel survey of households in 1994. The Survey of Labour and Income Dynamics (SLID) will follow individuals and families for five or six years, collecting information on their labour market experiences, income and family circumstances. SLID will support research aimed at advancing our understanding of labour market behaviour and economic well-being, and ultimately support policy development.

As a longitudinal survey, SLID will record important events in a person's life, such as family formation and dissolution, migration, and job loss. The data will improve our understanding of the links between demographic events, labour market events and changes in income. In addition to longitudinal data, the survey will generate annual cross-sectional data, including estimates of the number of people employed or unemployed at some time during the year, and annual wage distributions.

The analytical power of longitudinal data is widely recognized and many countries have established panel surveys, similar to SLID, to supplement their cross-sectional sources.

Editor's Note


Welcome to *Dynamics*, Statistics Canada's newsletter to keep you informed of developments in the Survey of Labour and Income Dynamics (SLID). Our aim is to report on plans and progress, eventual products and services, and research activities arising from the SLID data base. This first issue of *Dynamics* gives an overview of the SLID by the Project manager, Maryanne Webber. Future editions will cover content, methodological issues, results of testing, technology, field and processing issues, and

plans for data dissemination and analysis. Please direct any comments or suggestions regarding *Dynamics* to me at Household Surveys Division, 5th Floor, Section D, Statistics Canada, telephone (613) 951-2891, fax (613) 951-0582.

We welcome your input!

David Courtney

SLID is currently in the planning stage. Thus, the information in this overview of the survey is subject to change.



SLID's "roots"

■ The external drive for SLID came from a group of university researchers who developed a proposal to conduct a national longitudinal survey. In the ensuing discussion, the idea of a partnership with Statistics Canada emerged.

SLID has a strong base within Statistics Canada as well. Its origins are in several surveys, including the Labour Force Survey and the Survey of Consumer Finances, which provides the starting point for defining the income content of SLID. The Labour Force Survey and Survey on Consumer Finances are well-adapted to certain types of research, but less so to others. As cross-sectional surveys, they offer a series of "snapshots" and are useful and efficient tools for monitoring trends at aggregate levels. However, social and economic research topics frequently focus on the change or stability experienced by an individual.

Statistics Canada has, for some time, recognized the need for measures of change at the "micro" level. Around 1980, the Agency began experimenting with retrospective labour market surveys conducted early in the year, that asked respondents to recall their work and job search activities during the previous year. Although some measurement problems were apparent, these surveys revealed a remarkable amount of movement in the labour market. The body of research on labour market dynamics grew, as did the experience in collecting retrospective information, culminating in the Labour Market Activity Survey (LMAS).




The Labour Market Activity Survey

Two waves of LMAS were conducted, the first in 1986-1987 and the second in 1988-1990. In each wave, LMAS surveyed the same respondents. Thus, in addition to being retrospective, LMAS was longitudinal. The first wave provided two years of data on the respondents; the second wave provided three years.

One of the major strengths of LMAS was its contribution to the improvement of respondent recall. The earliest attempts to collect retrospective labour market information, the Annual Work Patterns Surveys, established month by month when the respondent worked or looked for work. These surveys were invaluable in demonstrating a massive amount of movement in the labour market over the year. But data quality studies on the surveys showed that people had difficulty recalling labour market events occurring early in the year, that is, up to a year before the date of the survey. The studies also showed, a "telescoping" effect, as people tend to remember events as occurring more recently than they really did.

LMAS helped to improve recall in two ways. First, it established the start and end dates of jobs held during the year. After collecting job-related information, LMAS then sought to "fill in the blanks" between these spells of employment, asking questions to determine whether the respondent was unemployed or not in the labour force. This approach helped to improve the quality of reporting.

Second, LMAS improved recall in the second and third year by feeding back information to respondents on their situation a year earlier. This reminder served as a baseline to respondents. Without it, reporting errors would inflate the number of labour market transitions occurring at the point where the two years of data for the same respondent are matched up, known as "seam problems". As such, LMAS is an important building block for SLID.

Content

As indicated earlier, the content of SLID is not finalized. At the moment, there is no shortage of potential topics for the survey. The challenge now is to select the best content, which minimizes respondent burden and survey costs. Garnett Picot is head of the content determination activities. He can be reached at (613) 951-8214. A discussion paper, Content of The Survey of Labour and Income Dynamics is also available to interested readers. For a copy, call Anne Palmer at (613) 951-2903.


The survey will include such variables as:

- characteristics of jobs held during the year (industry, occupation, earnings, work schedule);
- job search activity and desire for employment between work spells;
- income by month for a variety of income sources (for example, employment income, unemployment insurance; social assistance, family allowance, pension income);
- annual income from other sources;
- education and training;
- language;
- demographic events.

Survey Design

The individual will be the basic sample unit in SLID. A sample of approximately 80,000 individuals will be selected using an area frame. SLID will cover the non-institutional population aged 15 and over living in the ten provinces.

Respondents will be followed for about five years. They will be contacted each year in January to collect information on the jobs they held in the previous year and on their job search activities between spells of employment. A second contact, in April of each year will collect income data.



Various options for sample rotation are currently being examined. SLID must produce both cross-sectional and longitudinal estimates. The optimum rotation pattern is not a simple matter since it depends on analytical, methodological and operational factors which may pull in different directions.

One option is to divide the sample into five panels of 8,000 households (16,000 individuals) and replace one panel each year. To maintain a stable sample size with this scheme, each person would be followed for five years. An alternative is to divide the sample into two panels of 20,000 households (40,000 individuals) and replace one panel every three years. This way, a respondent would be followed for six years.

According to current plans, the first annual retrospective labour survey will be conducted in January 1994. The first income survey will be conducted three months later, in April 1994.



Data Collection Technology

■ SLID data will be collected using a decentralized computer-assisted interviewing approach (CAPI). Most interviews will be conducted by telephone. Whether the interview is conducted in the respondent's home or by telephone from the interviewer's home, a lap-top computer will be used to record information rather than paper and pencil. This technique produces higher quality data since it reduces errors. For example, quality checks can be built right into the interviewing process so that inconsistent responses can be cleared up. Also, in a paper-and-pencil approach, interviewers may have to follow complicated "skip patterns" on the questionnaire. With CAPI, these instructions can be programmed into the laptop, eliminating errors due to the interviewer "taking a wrong turn" during the interview.



Analysis and Dissemination

■ The initial wave of SLID products and services, including a linked labour and income microdata file for the 1993 reference year, should be released in 1994-95. In 1995-96, a two-year longitudinal file will be released. The first full longitudinal file will be released in 1998 or 1999, depending on decisions yet to be taken on the length of time a respondent will be followed.

In addition to the microdata file, a regular series of analytical publications has been proposed, along with a research paper series to disseminate results of research and testing, data quality evaluation and exploratory analysis.

Maryanne Webber
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Milestones

- **February 1992**
 - content proposal distributed to data user
 - meetings, discussions with user community
 - begin and continue through April

- May 1992**
 - final content document

- January 1993**
 - field test of labour questions

- April 1993**
 - field test of income questions

- January 1994**
 - first annual labour survey

- April 1994**
 - first annual income survey

- 1994-1995**
 - release of labour data for 1993 reference year

- 1994-1995**
 - release of linked labour and income data