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Working from home for an employer located in another province or territory

by Tahsin Mehdi and René Morissette

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The substantial increase in telework observed since the beginning of the COVID-19 pandemic has raised the possibility that in the near future, some Canadian workers might be able to work from home for an employer located remotely, i.e. located: a) **abroad**; b) in **another province or territory** or c) **far within their own province** (Mehdi and Morissette 2021). Such possibility has potential implications for hiring, wage setting, and worker mobility since it would enable firms to recruit new workers from a larger pool of applicants while allowing workers to apply to a broader set of jobs than had been possible until recently. It also raises several questions:

- a) in recent years, how many Canadian employees have worked from home for an employer located remotely?
- b) which groups of workers were more likely to do so?
- c) how did their earnings compare with those of other teleworkers?
- d) how many employees do Canadian employers expect to telework for a business located remotely in the near future?

This article uses the Canadian Survey on Business Conditions (CSBC: fourth quarter of 2021) and integrated data from Statistics Canada's Longitudinal Worker File (LWF) and the 2001 and 2016 Censuses of Population to answer these questions for a **subset** of these teleworkers: those whose employer is located in **another province or territory**.¹ While CSBC measures the number of employees that are expected to telework exclusively in the near future for a business located in another province or territory, the LWF and Census data measure the number of employees who worked from home for an employer located in another province or territory in 2001 and 2016.² Because many individuals living in Ottawa-Gatineau work for the federal public administration in a province other than their province of residence, the analysis excludes employees living in this area.

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1. Data on the number of employees working from home for an employer located **abroad** or located **far within a person's province or territory of residence** are currently not available.
 2. Census data identify employees usually working most of their hours from home. When the LWF is integrated with the Census, it is possible to assess which of these employees worked from home for an employer located in another province or territory. This is done by comparing their province of residence (captured in Census data) with their province of employment reported on the T4 statement of paid remuneration. In this study, individuals working from home for an employer located in another province or territory: 1) were aged 20 and over in May 2001 (2016); 2) did not attend school, CEGEP, college or university at any time between September 2000 (2015) and May 2001 (2016); 3) were employed as a paid worker in May 2001 (2016); 4) usually worked most of the time at home in May 2001 (2016); 5) had only 1 paid job in 2001 (2016); 6) lived in the same province or territory in May 2001 (2016) and at the end of December 2001 (2016). Restriction 5) is imposed to overcome the fact that when a person has several jobs in a given year, one of which is located outside the province of residence, it is generally impossible to identify which of these jobs is being done from home. Restriction 6) is used to exclude teleworkers who, in May of a given year, are on the verge of moving to a new province and therefore, who might have worked from home for an employer located in another province only temporarily.

Roughly 13,000 Canadians worked from home for an employer located in another province or territory in 2016

Of all employees aged 20 and over who were not students and had only one paid job in 2016, 0.15% worked from home for an employer located in another province or territory that year (Table 1). These workers represented 12,600 employees, up from roughly 3,500 in 2001.³

The proportion of employees working at home from another province or territory in 2016 varied across education levels, industries, occupations and union status. Workers holding post-bachelor's degree diplomas were about four times more likely (0.29%) to do so than those with no postsecondary education (0.07%). Likewise, employees in professional, scientific and technical services were about four times more likely to work from home from another province or territory (0.49%) than employees in goods-producing industries (0.12%).

About 0.30% of employees in natural and applied sciences, arts, culture, recreation and sports and managers worked at home from another province or territory, more than twice the rate of 0.12% observed for employees in business, finance and administrative occupations. Partly because of differences in the type of occupations they hold, non-unionized employees in the commercial sector—which excludes public administration, educational services as well as health care and social assistance—were more likely (0.22%) than unionized workers (0.01%) to work from home for a business located in another province or territory. All of the aforementioned qualitative patterns hold for men and women in multivariate analyses.

Table 1 also shows that, in 2016, interprovincial teleworkers represented only 4.8% of all teleworkers considered in this study (column 6). Hence, the vast majority of employees working from home in 2016—95.2%—worked for an employer located within their own province or territory of residence.

For both men and women, teleworkers working from another province or territory generally earned more than other teleworkers. In 2016, the former group averaged \$101,300 (in 2016 dollars), compared with \$66,900 for other teleworkers. At least 80% of this earnings gap remains after controlling for broad occupations, thereby indicating that differences in the types of occupations held are not the main factor underlying these pay differences.

Canadian employers expect that roughly 113,000 of their employees will telework exclusively from another province or territory in the near future

While 12,600 Canadians usually worked most of the time from home for an employer located in another province or territory in 2016, a growing number of them are expected to do so in the near future. Survey responses collected from employers during the fourth quarter of 2021 indicate that Canadian businesses expected about 113,000 of their employees to telework exclusively from another province or territory over the next three months (Table 2). This represents 0.85% of their workforce. Since businesses expected about 963,000 their employees to telework exclusively and about 1.8 million to combine work from home with on-site work over the next three months, the number of employees expected to telework exclusively from another province or territory represents 4.1% (113,000 divided by 2.8 million) of employees expected to do **some** telework.⁴

3. When workers who had several jobs in a given year are included, the corresponding estimates increase to 15,200 and 4,400, respectively.

4. Overall, businesses expected, in the fourth quarter of 2021, 21.1% of their workforce to do some telework over the next three months.

Employers in information and cultural industries expected almost 5% of their workforce to telework exclusively from another province or territory over the next three months, roughly twice the rates expected in wholesale trade (2.0%), finance and insurance (2.2%), professional, scientific and technical services (2.3%), as well as administrative and support, waste management and remediation services (2.6%).⁵ In several other industries, less than 0.5% of the workforce was expected to telework exclusively from another province or territory over the next three months.

Conclusion

While roughly 0.15% of Canadian employees worked at home from another province or territory in 2016, recent data indicate that Canadian businesses expect 0.85% of their workforce to do so in the near future. These interprovincial teleworkers represent about 4% of all employees expected to do some telework in the near future. Employees most likely to work from home for an employer located in another province or territory are highly educated and often work in high knowledge industries such as professional, scientific and technical services. They average substantially higher wages than other teleworkers.

Taken together, these findings convey two messages. First, they highlight the fact that, following the COVID-19 pandemic, some Canadian businesses are moving towards more flexible work arrangements. Second, they make it clear that teleworking from another province or territory is a possibility that is still confined to a fairly narrow segment of the workforce.

Yet several questions remain unanswered and deserve further investigation: 1) how many employees work from home for an employer located **abroad** or for an employer located **far within their own province?**; 2) are employees working from home for an employer located abroad concentrated in specific occupations?; 3) among employees expected to combine work from home and on-site work in the near future, what percentage are expected to work most of their hours from home?

References

- Mehdi, T. and R. Morissette. 2021. "Working from home in Canada: what have we learned so far?", *Economic and Social Reports*, Vol. 1 No. 10, Statistics Canada Catalogue no. 36-28-0001. Ottawa: Statistics Canada.

⁵ Within information and cultural industries, employers in telecommunications and data processing, hosting and related services expected about 10% of their workforce to telework exclusively from another province or territory over the next three months.

Table 1

Percentage of employees usually working most of their hours from home and percentage of employees doing so from another province or territory, 2001 and 2016 (Ottawa-Gatineau excluded)

	Employees who work from home		Employees who work from home from another province or territory		Teleworkers who work from home from another province or territory	
	2001	2016	2001	2016	2001	2016
percent						
Total	2.2	3.1	0.05	0.15	2.2	4.8
Sex						
Women	2.7	3.3	0.04	0.12	1.5	3.5
Men	1.7	2.9	0.06	0.18	3.3	6.2
Age						
20 to 34	1.6	2.0	0.05	0.10	3.0	4.9
35 to 54	2.1	3.2	0.05	0.17	2.3	5.3
55 to 64	3.4	3.4	0.04	0.13	1.3	4.0
65 and older	9.0	5.5	0.10	0.15	1.1	2.7
Education						
No post-secondary education (PSE)	2.0	2.3	0.03	0.07	1.5	2.9
PSE below bachelor's degree	2.2	3.2	0.06	0.14	2.5	4.6
Bachelor's degree	2.7	4.0	0.10	0.25	3.8	6.3
Above bachelor's degree	2.9	4.3	0.08	0.29	2.8	6.8
Marital status						
Married/common-law, with children	2.4	3.4	0.05	0.17	2.0	4.9
Married/common-law, without children	2.6	3.4	0.06	0.16	2.5	4.8
Not married or common-law, with children	1.3	2.2	0.02	0.12	1.9	5.2
Not married or common-law, without children	1.5	2.2	0.04	0.09	2.4	4.3
Industry						
Goods-producing industries	1.8	2.6	0.04	0.12	2.2	4.7
Trades, transportation and warehousing	2.1	2.5	0.08	0.19	4.0	7.6
Finance and insurance	2.2	4.9	0.04	0.17	1.6	3.5
Professional, scientific and technical services	5.1	8.4	0.12	0.49	2.3	5.8
Educational services	1.0	1.4	0.02	0.06	2.1	4.0
Health care and social assistance	1.9	1.6	0.01	0.04	0.5	2.3
Public administration	1.3	1.3	0.02	0.07	1.5	5.4
Other	3.1	4.3	0.05	0.14	1.6	3.3

Note: Employees aged 20 and over who are not students, who had only 1 paid job in 2001 (2016) and whose province of residence in May 2001 (2016) is the same as their province or territory of residence on December 31, 2001 (2016). The commerical sector excludes public administration, educational services, and health care and social assistance.

Source(s): Statistics Canada, Longitudinal Worker File; Census of Population.

Table 1

Percentage of employees usually working most of their hours from home and percentage of employees doing so from another province or territory, 2001 and 2016 (Ottawa-Gatineau excluded) (continued)

	Employees who work from home		Employees who work from home from another province or territory		Teleworkers who work from home from another province	
	2001	2016	2001	2016	2001	2016
percent						
Total	2.2	3.1	0.05	0.15	2.2	4.8
Occupation						
Management	3.0	5.2	0.12	0.34	4.2	6.6
Business, finance and administrative	3.7	4.6	0.03	0.12	0.9	2.6
Natural and applied sciences and related occupations	1.7	4.7	0.04	0.30	2.5	6.4
Health	0.7	0.8	0.01	0.03	1.4	3.5
Occupations in education, law and social, community and government services	1.9	2.7	0.03	0.10	1.6	3.8
Occupations in art, culture, recreation and sport	3.6	5.3	0.09	0.30	2.5	5.7
Sales and service occupations	2.4	2.9	0.09	0.19	3.6	6.5
Trades, transport and equipment operators*	0.9	0.9	0.01	0.02	1.2	1.9
Natural resources, agriculture*	3.3	2.1	0.04	0.05	1.2	2.1
Occupations in manufacturing and utilities	0.6	0.6	0.01	0.01	1.1	2.0
Firm size (number of employees) - commercial sector						
Less than 20	6.6	7.7	0.07	0.15	1.1	2.0
20 to 99	1.6	2.4	0.08	0.23	5.2	9.8
100 to 500	1.4	2.5	0.07	0.30	5.2	11.9
Over 500	1.2	2.7	0.04	0.13	3.5	4.8
Unionized - commercial sector						
Yes	0.6	1.1	0.01	0.01	0.9	1.2
No	3.0	4.2	0.08	0.22	2.5	5.2

* and related occupations.

Note: Employees aged 20 and over who are not students, who had only 1 paid job in 2001 (2016) and whose province of residence in May 2001 (2016) is the same as their province or territory of residence on December 31, 2001 (2016). The commerical sector excludes public administration, educational services, and health care and social assistance.

Source(s): Statistics Canada, Longitudinal Worker File; Census of Population.

Table 2**Number and percentage of employees working from home from another province or territory, by industry (Ottawa-Gatineau excluded)**

	2016	Expected over the	2016	Expected over the
		next 3 months		next 3 months
All industries	12.6	...	0.15	...
All industries covered by CSBC	11.3	112.7	0.17	0.85
Industry				
Agriculture, forestry, fishing and hunting	0.1	0.5	0.16	0.15
Mining and oil and gas extraction	0.1	1.2	0.07	0.80
Construction	0.3	9.3	0.06	0.72
Manufacturing	1.6	3.8	0.16	0.24
Wholesale trade	2.4	15.6	0.60	1.98
Retail trade	0.7	1.2	0.08	0.06
Transportation and warehousing	0.2	1.4	0.05	0.24
Information and cultural industries	0.7	10.8	0.30	4.79
Finance and insurance	0.7	13.7	0.16	2.22
Real estate and rental and leasing	0.2	1.4	0.15	0.48
Professional, scientific and technical services	2.8	25.5	0.49	2.29
Administrative and support, waste management and remediation services	0.6	18.9	0.20	2.59
Health care and social assistance	0.2	1.6	0.04	0.12
Arts, entertainment and recreation	0.1	1.1	0.08	0.43
Accommodation and food services	0.1	4.1	0.04	0.35
Other services (except public administration)	0.4	2.5	0.14	0.34

... not applicable

Note: For 2016, the sample consists of employees aged 20 and over who are not students, who had only 1 paid job and whose province of residence in May 2016 was the same as it was on December 31, 2016. Data regarding expectations over the next 3 months come from the Canadian Survey on Business Conditions (CSBC) and were collected during the fourth quarter of 2021.

Source(s): Statistics Canada, Longitudinal Worker File; 2016 Census of Population; Canadian Survey on Business Conditions (4th quarter of 2021).