

Measurement of Labour Market Attachment in the Northern Canadian Context: Conceptual and Methodological Issues

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Introduction

- 1 Strong attachment to the labour market is widely recognized and endorsed as a source of economic empowerment and a crucial pathway out of poverty, especially for the historically disadvantaged segments of a population such as the Aboriginal groups in Canada (Fleury, 2002; Harrison & Lindsay, 2009; Government of Canada, 2011).¹ In examining the official indicators of the labour market attachment, the existing studies report large size gaps in the labour force participation rates between similarly qualified Aboriginal and non-Aboriginal Canadians, with the most drastic differences being reported for the individuals living in the northern Aboriginal communities (Stabler, 1989; Drost, 1994; Kuhn & Sweetman, 2002; White, Maxim & Gyimah, 2003; Gee, Kobayashi & Prus, 2006; Delic & Abele, 2010). It is generally accepted that some portion of these participation rate gaps reflects a relatively weaker attachment to the paid labour market among Aboriginal people living in their traditional community settings (Kleinfeld & Kruse, 1982; Kuhn & Sweetman, 2002; Fleury 2002; Harrison & Lindsay, 2009). This assumption, however, has never been subjected to a critical scrutiny.
- 2 The conventional approach to the measurement of labour market attachment in Canada is based on guidelines set forth by the International Labour Organization (ILO) that involve specific a priori assumptions as to what constitutes labour market activity

and inactivity (International Labour Organization, 1982; Statistics Canada, 2009). The two key criteria used to classify respondents as “active labour market participants” and “inactive out of the labour force” are the individuals' self-reported survey responses about their job search activity and their availability to accept a job. The rule stipulates that, if an individual reports being available to take a job but fails to report any job search activity, that individual is automatically classified as being out of the labour force. Lack of evidence about job search activity is deemed as evidence of weak attachment to the labour market and the rule is applied uniformly across all regions of the country (Jones & Riddell, 1999; 2006; Riddell, 2000; Statistics Canada, 2009).

- 3 This paper discusses the pertinence of uniformly applying this rule in the northern Canadian context, focusing in particular on living conditions in the four Inuit regions, collectively called Inuit Nunangat.² The discussion is motivated by an observation that the wage employment opportunities and especially the paid job search service networks in the northern Inuit communities are exceptionally scarce (Delic, 2009), implying a higher risk of collecting inaccurate statistical information on job search activity, which in turn can have a direct effect on the accuracy of the derived official rates. Lacking access to suitable longitudinal data needed to examine this issue in greater depth, the paper employs cross-sectional data from the master files of the 2006 Aboriginal Peoples Survey and presents some descriptive evidence of job search activity among Inuit living in the Inuit Nunangat and compares it to the evidence of job search activity among self-identifying Aboriginal individuals living in the southern large urban centers.
- 4 In relation to public policy, the importance of this examination is twofold: First, the need for the measurement accuracy is high in view of the fact that regional official labour market indicators such as the unemployment rates serve as an important input for the development and for implementation of regional labour market policies and programs such as Employment Insurance (Service Canada, 2010; Godfrey, 2012). Second, given the general lack of critical scrutiny in relation to the prevailing stereotypes about the strength of attachment to the paid labour market among Aboriginal people living in their traditional settings (Kleinfeld & Kruse, 1982; Merrill, Bruce & Marlin, 2010), this examination can provide some comparative insights and inform policy discussion in this particular area.
- 5 The paper is structured as follows: The conventional way of measuring the labour market activity in Canada is described in the following section, drawing attention to the primary drive for the measurement and to the historic developments made to the measurement methods. Section 3 discusses the uses and the relative potential of the existing measures to effectively capture the true state of the labour markets in the northern and in the southern parts of Canada. In this section, the paper takes a comparative look at the institutional characteristics in the two labour markets and examines the appropriateness of uniformly applying the official methods of measurement of labour market activities such as the unemployment and labour force participation. The comparative descriptive evidence of job search activity among Inuit residing in the North in Inuit Nunangat and among self-identifying Aboriginal population residing in the South in large urban centers is presented and discussed in Section 4 while Section 5 concludes the paper.

Conventional Measures of Labour Market Activity in Canada

- 6 As in most other developed countries, the current labour market activity framework in Canada is based on a double-dichotomy. First, the total working age civilian non-institutionalized, off-reserve population aged 15 and over is divided into the economically active population, which constitutes the total labour force, and the economically inactive population, which is classified as out of the labour force. The total labour force is then divided into the employed and the unemployed labour market participants, based on the type of economic activity they report. Statistics Canada currently takes a monthly or quarterly snapshot of a representative sample of the total working age population in selected households living in the ten provinces and the three territories, applying an essentially identical Labour Force Survey (LFS) questionnaire.³ The survey results, however, are published separately for the population living in the ten provinces (national file) and for the population living in the northern parts of Canada (territorial file), to account for the differences in the survey methodology between the North and the provinces.⁴
- 7 Although explicit in stating that “the concepts of employment and unemployment are derived from the theory of the supply of labour as a factor of production” the LFS documentation files provide no explanation as to the meaning of this statement (Statistics Canada, 2009, p. 7). As in other developed countries, the concept of economic activity in the Canadian labour market is based on particular yet somewhat flexible guidelines established by the International Labour Organization (ILO). These guidelines suggest defining an economic activity in terms of production of goods and services as set forth by the System of National Accounts (SNA). Thus, in the Canadian LFS, individuals are considered economically active only if they contribute or are available to contribute to the production of goods and services that are within SNA production boundary. The unpaid housework and volunteer work have historically been excluded from this boundary as have all traditional activities such as hunting and gathering. Based on these ILO guidelines, the working age population in Canada is classified into three mutually exclusive categories, ranked as employed, unemployed and economically inactive. The first two categories are composed of individuals who are supplying or offering their labour services in the reference period, regardless of the amount, while the third category consists of those neither currently supplying nor offering their labour services (Statistics Canada, 2009).
- 8 Even though the basic concept of the economic activity and the objectives of the LFS have not been changed since its inception, our understanding and interpretation of the concept in the definitions has changed noticeably over time. According to the survey documentation files, “[s]ince its inception in 1945, the objectives of the LFS have been to divide working-age population into three mutually exclusive classifications – employed, unemployed, and not in the labour force – and to provide descriptive and explanatory data on each of these categories” (Statistics Canada, 2009, p. 5). The survey documentation files provide not much detail on the motives behind the initiative, except to state that the primary drive for launching the survey was the transition from a war-time to a peace-time economy that entailed major labour market changes and required reliable and timely data to assist the transition. In 1960, the survey was

officially designated to be the source of the official measure of unemployment in Canada and that remains today (Statistics Canada, 2009).

- 9 The initial design of the survey contained a simple and short questionnaire in which labour force status was determined through questions of “main activity”. The employed were considered those individuals whose responses to the survey indicated that their “primary” or “secondary” activity was “working”. The unemployed category was identified using two questions from the survey, one inquiring about duration of unemployment and the other inquiring whether the respondent was looking for part-time or full-time employment. The rest of the working age respondents, at that time those aged 14 and over, were classified as out of the labour force on the grounds that their responses to the main activity questions specified non-work activities such as keeping house, attending school, or retired. This out of the labour force category originally also included people on temporary layoff and people with a job to start in the near future, unless they explicitly stated that they were looking for a job (Statistics Canada, 2010; 2010a).
- 10 The information collected by the survey was expanded considerably over the years. Switching from the “main activity” to the currently used “direct questioning” style to determine labour market status of the working age population, now aged 15 and over, the content of the survey questionnaire was revised in 1976 to collect more information, particularly relating to the nonemployed population. The concepts of employment and unemployment were refined to include all economically active individuals that fit within the SNA production boundary. The unemployed category in particular was expanded to include people on temporary layoff and those who had a new job scheduled to start in the near future, in addition to the job searchers. The survey also commenced counting the discouraged workers in this year, although the definition of discouragement was restricted to the individuals who looked for work in the past six months but who have since stopped searching (Statistics Canada, 2010; 2010a).⁵
- 11 The survey content was further redesigned in 1997, mostly with respect to information pertaining to the volume and the quality of jobs held by respondents, in response to a number of structural and cyclical developments in the Canadian labour market that followed from the two recessionary periods in the early 1980s and 1990s. In addition to collecting basic information for identifying the labour force status, in this year the survey started soliciting information that can be used to characterize the degree of employment, underemployment, and marginal labour force attachment by asking the non-searchers about their desire for work (Statistics Canada, 2010). This particular redesign of the survey responds directly to the idea driving this paper – that, under certain conditions, the number of labour force states might be greater than three. The subsequent augmentation made to the survey in 2007, which added an Aboriginal identity indicator to the survey questionnaire, made the future inquiries about the marginal attachment to the labour force among Aboriginal people possible⁶.
- 12 The most recent guide to the LFS describes the employed as those individuals who, during the reference week “(a) did any work at all at a job or business, that is, paid work in the context of an employer-employee relationship, or self-employment. It also includes unpaid family work, which is defined as unpaid work contributing directly to the operation of a farm, business or professional practice owned and operated by a related member of the same household; or (b) had a job but were not at work due to

factors such as own illness or disability, personal or family responsibilities, vacation, labour dispute or other reasons (excluding persons on layoff, between casual jobs, and those with a job to start at a future date)” (Statistics Canada, 2009, p. 7).

- 13 The unemployed status is ascribed to those individuals who “(a) were on temporary layoff during the reference week with an expectation of recall and were available for work, or (b) were without work, had actively looked for work, in the past four weeks, and were available for work, or (c) had a new job to start within four weeks from reference week, and were available for work” (Statistics Canada, 2009, p. 7). This classification of the unemployed requires two specific criteria to be met; the first criterion, the ‘availability to take a job’ must be met by all currently nonemployed individuals while the second criterion, the ‘active job search’ must be met only by those who currently have neither a job nor the specified job prospects in the near future.
- 14 The first of the above criteria is considered met if the individuals reported that “they could have worked in the reference week if a suitable job had been offered (or recalled if on temporary layoff); or if the reason they could not take a job was of a temporary nature such as: because of own illness or disability, personal or family responsibilities, because they already have a job to start in the near future, or because of vacation” (Statistics Canada, 2009, p. 10). The “suitable job” here refers to the jobs in the formal labour market. The second criterion is met if the individuals reported that, in the previous four weeks, they resorted to at least one of the active or passive job search methods. The survey gives examples of job search methods such as checking with employers directly, checking with public or private employment agency, union, or friends and relatives or looking at, placing and answering job ads. The respondents are also given an option to write in other methods, in case they were not listed on the survey questionnaire.
- 15 The remainder of the working age population, that is the individuals who were neither employed nor unemployed, are classified as out of the labour force, on the grounds that, during the reference week, they were either unwilling or unable to offer or supply labour services under the given conditions in their labour market. Each month, each surveyed individual in Canada is assigned to one of these three categories, according to his/her responses to a number of questions during the interview. The information is then used to produce and disseminate the standard official rates for labour market participation (the fraction of the working age population in the labour force), employment (the fraction of the working age population that is employed), and unemployment (the fraction of the labour force that is unemployed) on a national or regional level or on industrial, ethnic and other demographic identifiers.

Uses and Effectiveness of Conventional Labour Market Indicators

- 16 This section provides an overview of the uses and discusses the relative potential of the conventional labour market indicators to effectively capture the true state of the attachment to the paid labour markets in different regional settings such the northern and southern parts of Canada. The section discusses key institutional characteristics in the two labour markets and examines the appropriateness of uniformly applying the official methods of measurement of labour market attachment. This discussion is

followed by a presentation of some descriptive insights into the key attachment-classification criterion, the job search activity in the two labour markets.

Uses of Conventional Labour Market Indicators

- 17 The major purpose of the employment statistics has been relatively unchallenged and generally accepted as straightforward, at least in the developed industrialized world – in essence to provide an indicator of the number of persons who, during a specified time period, contribute to the production of goods and services in the society. The measurement of this statistics has also been relatively controversy free, owing primarily to the inclusiveness of the definition of employment as endorsed by the ILO. The widespread use of the official measure to demonstrate the economic strength of a country or a region and the economic wellbeing of its residents, however, has been challenged in both developed and developing countries on the grounds that the official measure paints an unrealistic picture of employment by concealing a serious issue of underemployment. Some aspects of this issue, however, are straightforwardly addressed by distinguishing the full-time full-year employment from other-types of employment when comparing the rates.
- 18 The purpose, the uses, and the measurement of the unemployment statistics, and by extension of the labour force participation rate, are not as clear-cut and have in fact been subject to extensive debates in both developed and in developing countries (Husmanns, 2009). In Canada as well, as Riddell (2000) points out, “[w]e do not have much disagreement about how to identify those who are employed. The problems arise because of the many “gray areas” involved in separating the nonemployed into two groups: the unemployed and out-of-the-labour force, or participants and non-participants” (p. S102). Problems also arise in applying this measure in the analyses of practical policy issues, both on macro and micro economic levels. Yet, out of the three standard labour market indicators, the official unemployment rate is by far the most closely monitored and the most frequently reported and discussed economic indicator in the media.
- 19 As in other industrialized countries, the unemployment rate in Canada is linked with both the economic health of the country on the macroeconomic level and the economic health of its population on the microeconomic level. On the macroeconomic level, the rate is cited as one of the key measures of the country’s overall economic vigor. In the macroeconomic literature the rate is found to play a central role in many key macroeconomic relationships such as Okun’s Law and Phillips curve and is particularly fundamental to the concept of natural rate of unemployment. The rate is thus closely monitored and treated as a proxy indicator of macroeconomic performance as is the inflation rate treated as a proxy of macroeconomic stability. The amount of output generated by an economy depends to a large extent on the total supply of labour that is available to produce goods and services. Just as rising prices erode the purchasing power of consumers in the sense that they reduce the quantity of goods and services that can be purchased with a given amount of money so does the rising unemployment erode the country’s productivity and performance by reducing the pool of gainfully employed. As the periods of high inflation undermine the economy’s ability to sustain prosperity, periods of high unemployment hurt the country’s labour productivity and its gross domestic product growth (Benjamin, Gunderson & Riddell, 2002). This analogy

and adherence to monitoring cyclical changes with unemployment figures is shared with the rest of the industrialized world. In this macroeconomic context the debate revolves around the conceptual basis of the definition of unemployment and the accuracy of measurement of the rate in terms of utilization of labour.

- 20 On the microeconomic level, unemployment is said to bring on disturbing consequences for individuals, their families and the communities in which they live. Hence the debate on the microeconomic level is extended to the accuracy of the measurement of the economic hardship. High unemployment is routinely linked to a range of socioeconomic conditions such as prominent rates of poverty, homelessness, income inequality, poor health outcomes, low self-esteem, and social exclusion. Most researchers in the industrialized nations, and in the United States in particular, treat their official unemployment rates as a good vehicle for microeconomic analyses, particularly for comparing unemployment rates of men and women or of whites and blacks to infer about group differentials (Flanagan, 1976; Stratton, 1993; Cohn & Fossett, 1995; Fairlie & Sundstrom, 1997; Clark & Drinkwater, 2005; Lindley, 2005). Social scientists in Canada have also resorted to this practice when examining gender and ethnic differentials in labour market outcomes (Myatt & Murrell, 1990; Kuhn & Sweetman, 2002; White et al., 2003; Gee et al., 2006). The findings from these studies are generally used to discuss the degree of economic hardship experienced by different groups and to propose policy suggestions to alleviate the burdens for the vulnerable groups.
- 21 The concept of economic hardship, however, is not as straightforward to measure and the unemployment rate contains hardly any information needed for its measurement. In the broadest sense, the economic hardship is generally described as entailing subjective personal expectations about attaining and maintaining a certain level of standard of living but “in a policy-oriented context, economic hardship is more frequently associated with an absolute income level that is inadequate to provide minimum consumption requirements or basic material needs” (Werneke, 1979, p. 43). The two measures that have historically been most commonly associated with economic hardship are the official poverty line and the unemployment rate. The former is intended to provide a universal measure of the population in poverty and the latter to track the overall performance of the population in the labour market. But how persuasive is the content of the output of the latter measure?
- 22 Properly defined and accurately measured, the unemployment rate can indeed be a useful and reliable indicator of latent labour pool. To some degree, it can also be a useful and relevant indicator of economic development in a region, particularly if measured consistently over time and supplemented with other relevant indicators. Its potential to reveal the degree of economic hardship experienced by the unemployed individuals and their families, however, is very limited. For instance, an unemployment rate of a certain percentage may reflect a situation in which that percentage of the labour force is unemployed in the reference month and spends only a few weeks searching for a new employment but it may also relate to a situation in which the same percentage of the labour force is unemployed for an entire year or for even a longer time period. Clearly, these two situations would have very different implications for the wellbeing of the unemployed, with the latter situation implying a severe case of hardship while the former carrying no serious consequences. The presence of cyclical or seasonal employment, which prevails in most Northern regions and Aboriginal

communities in general, adds a further complexity to the interpretation of the rates in the context of the economic hardship.

- 23 While this particular problem can easily be mended by correcting the standard unemployment measure for the duration of the unemployment spells, the more general problem of its strength to accurately convey the size of the underutilized labour pool, and especially the nature and the degree of economic hardship, remains. This problem carries serious implications, especially for the jobless population and for policy-makers placing priority on self-sufficiency of the treated population. The official unemployment rates in Canada are routinely consulted in designing many government policy plans such as those to adjust labour market programs and services and to respond to regional disparities. The official unemployment rate is, in fact, one of the key criteria used by the Employment Insurance (EI) program to determine the maximum duration of an EI claim in a given region.⁷ The importance of the accuracy here cannot be overstated. As Mankiw and Scarth (2001) point out, historically, “the Canadian employment-insurance program has been substantially more generous in the high-unemployment regions of the country” (p. 145).
- 24 As for the welfare purpose use, the official unemployment rate is clearly insufficient and as such should not be interpreted as a measure of economic hardship – no single statistic can summarize the nature and the extent of such a multifaceted concept. As conventionally defined, the unemployment rate merely specifies the proportion of the labour force that does not have a job but is available and actively searching for work. It does *not* convey any information about the economic resources of the unemployed workers nor of their families.⁸ This holds true in both formal and in subsistence-based economies where hunting and gathering activities are done to provide for living. Even the less-controversial labour market indicator, the employment rate, has no capacity on its own to reveal the true state of the economic wellbeing of individuals. As Werneke (1979) points out, to even begin understanding the concept of economic hardship in the labour market “requires simultaneous consideration of the individual’s status in the labor force together with the adequacy of the income he or she derives from that status” (p. 43-44). Even then, it is conceivable to have people employed full-time who remain poor due to particular social conditions or the type of institutional arrangements in their region, industry or occupation.
- 25 Hence, while popular, the unemployment rate must be replaced with other broader income-related measures in the evaluation of economic hardship of individuals and of groups. The average income has traditionally been used as a measure of economic wellbeing but the interest in composite indicators has grown rapidly over the past decade. The simplest forms of these indicators take into account the availability of employment opportunities in the region of residence and the adequacy of earning or income. Werneke (1979) develops and tests one of such indicators of economic hardship in the labour market in the United States and Sharpe (1999) provides a summary of the best known and most important general indices of economic wellbeing used in Canada for tracking the trends on community, regional, national and international levels.
- 26 The use of the unemployment rate as a measure of the degree of economic hardship among groups of a population has also been accompanied by sharp criticisms from the public regarding the ineffectiveness of such a measure and its inherent tendency to conceal hidden unemployment and underemployment. These remarks have led Statistics Canada to introduce a set of alternative ‘supplementary measures of

unemployment' which it has published regularly since 1977 (Akyeampong, 1989; Devereaux, 1992; Statistics Canada, 1999; 1999a).⁹ Although useful and informative in the sense that they attempt to capture both the amount of unutilized labour as well as the degree of economic hardship, these supplementary rates of unemployment are what their name implies – supplementary – as they do not alter the magnitude of the official rate and they do not necessarily get any serious attention when policies are devised. Their purpose “is more to illustrate the variety of ways that unemployment and the underutilization of labour can be measured” (Devereaux, 1992, p.1). They are published primarily to enhance understanding of the labour market because they expose aspects of unemployment which are not reflected in the official rate but the official unemployment rate remains the primary indicator for policy making purposes, which explains the choice researchers studying economic hardship make when choosing the rate for comparative analyses.

Effectiveness of Conventional Labour Market Indicators

- 27 While the definition of unemployment was not designed for general welfare purpose, it seems reasonable to undertake such studies and discuss the extent of socioeconomic distress related to unemployment among different groups existing in the *same* labour market. The practicality of such an endeavor, however, diminishes the more one moves away from the boundaries of what can be regarded as institutionally *different* labour markets with historically different economic systems and conditions. As documented in the existing research, northern and southern economies in Canada are quite different, as are their labour markets (Elias, 1995; 1997; Usher, Duhaime & Searles, 2003; Natcher, 2008; Poppel & Kruse, 2008; Abele, 2009). Applying the same concepts and measurement tools in the two markets is bound to produce hard-to-interpret comparative figures on labour utilization, and by extension the degree of economic hardship.
- 28 Although not explicitly stated, the existing concepts and measurements of labour market activity in Canada, as in other industrialized countries, reflect the organization of labor markets in a capitalist society that has a well-established formal market economy in which the amount of labour supplied is taken as an increasing function of the wage, other things equal. Under this conception, closeness to the market and access to technology are a given. With exception of some rural areas, most of the southern urban Canada is densely populated and well-serviced with good physical and social infrastructure and an open access to national and international business networks and economies. This dense urban environment, especially in large metropolitan centers, serves to facilitate an easy flow of ideas and transfer of technology through well-established informational networks. These networks are readily and widely available to individual workers who use them not only to gain access to available job openings but also to add to their general knowledge, establish support groups, and enhance job-related skills that are dictated by continuous and rapid transformations of the local economy in the increasingly globalized world.
- 29 The labour markets in the northern Canada, like in other circumpolar countries, are situated in a specific form of a structural economic dualism that is somewhat similar to yet distinctly different from the one that characterizes most developing countries. The economic dualism in the Canadian North, often termed as a ‘mixed economy’ model, involves the coexistence of the larger ‘traditional’ and the smaller ‘modern’ sectors

side-by-side, where the excess supply of labour from the traditional sector is captured by the modern sector depending on the level of development and the economic dynamism in the region (Stabler, 1989; Elias, 1997; Usher et al., 2003; Abele, 2009). As Usher et al. (2003) explain, the “*subsistence activity* does not constitute a separate and distinct economy in northern communities, but is combined, at the individual, the household, and the village level with wage labour and transfer payments. People move between subsistence and market activities, depending on opportunities and preferences. Subsistence in a mixed economy thus acts like a sponge, absorbing labour when other opportunities decline, and releasing it when they arise” (p. 177-178, emphasis in the original).

- 30 The objectives behind the economic development in the northern parts of Canada have historically been vague and the expansion of the modern sector is still very volatile and greatly hindered by the challenges that are unique to the North. These challenges involve limited infrastructure, high transportation costs, remoteness from the formal markets and small populations with limited formal education and industrial skills (Simeone, 2008). Accordingly the wage employment in the North is scarce and is currently generally offered by three key sectors: mining sector, small business and tourism service sector, and government support service sector. High levels of formal education and industrial skills are generally required to enter the government and mining sectors while the service sector offers lower paying jobs, often of a temporary nature (Simeone, 2008).
- 31 Unlike in the South, Aboriginal people in the North constitute a large portion of the total population and they reside in a number of small, isolated communities whose size ranges from less than 100 people to at most about 22,000 people (Abele, 2009). In the four Inuit regions, these small communities are dispersed across large areas of land and most of them are accessible only by air, by ice road, or, by water during summer time. Recent years have brought some advancement in telecommunications and information technology but, relative to the southern urban regions, the northern Inuit regions are still characterized by a severe lack of formal informational networks to assist the search for wage employment (Delic, 2012).
- 32 The economic development activities, involving primarily resource extraction, have created modern sectors in a few ‘larger’ northern communities, known as ‘major wage centers’ and that is where the wage job opportunities are still concentrated (Abele, 2006). The potential and the desire for geographic mobility among the northern residents oscillate from limited to nonexistent (Statistics Canada, 2006). While the circumstances necessitate and the cultural attachment dictates some involvement in the mixed economy for all, the economic wellbeing of the majority of Aboriginal peoples in the North is determined primarily by their commitment to subsistence activities (Abele, 2009). The economic contributions from these activities, however, are not incorporated in the conventional economic activity measures as the subsistence is not included in the Canadian SNA production boundary.¹⁰
- 33 Although a great number of Aboriginal people in the South still live on reserves, the trend to their urbanization that started in 1960s continues to be on the rise. According to the 2006 Census, 54 percent of Aboriginal people reside in either large Census Metropolitan Areas (CMAs) or smaller urban centers, and display high levels of mobility both in and out of the CMAs (Statistics Canada, 2008). While the great poverty plight and the lack of employment prospects for the on-reserve southern Aboriginal residents

have been well documented, it can be argued that, relative to northern Aboriginal residents, southern on-reserve residents still enjoy a slight location advantage, because, unlike northern communities, a number of the southern reserves are located adjacent to towns and cities, some of which are the centers of economic activity and job opportunity. This spatial proximity potentially gives them an access to formal job search networks that are not available to most northern Aboriginal residents (Delic, 2012).¹¹

- 34 The labour markets in the southern large urban centers are characterized by physical and informational proximity of businesses, services and workers and they entail networks and middlemen which serve as vehicles to disseminate information about vacant jobs or screening mechanisms that improve worker-job matches. Like other southern urban residents, Aboriginal people residing in large urban centers are able to perform and report the required active job search as they have access to labour market institutions, which include both formal organizations such as union hiring halls, government labour exchanges, and third party intermediaries such as employment agencies and informal means of communication about employment opportunities through family and friends. The increasing urbanization of Aboriginal people has also been accompanied by establishments of various Aboriginal institutions, designed to serve the specific socioeconomic needs of urban Aboriginal residents. Northern Aboriginal people rely primarily on word-of-mouth (Delic, 2012).

Job Search Criterion

- 35 As can be deduced from the above, there are many factors that affect the need for and the intensity of job search for northern and for southern Aboriginal residents. Knowing that their economic wellbeing is determined primarily by the jobs they hold and by the incomes they generate in the formal labour market, southern urban residents are inclined to read attentively the signals and incentives provided by the formal labour market in order to make the 'right' decisions and seek to acquire the needed skills and training that will ensure their preparedness to take advantage of various job opportunities as they arise in their surrounding rich and well developed labour markets. The existing transportation networks in the southern large urban centers also serve to workers' advantage, assisting them to make the 'right' decisions with regards to job-related spatial mobility.
- 36 The job search incentives for the northern residents are quite different because the key issue they have historically been and are still facing is the pervasive lack of wage employment opportunities across northern Canada (Abele, 2006). In a recent survey of living conditions in the North an overwhelming majority (79%) of Inuit adults have reported unemployment as the main problem in the community and creation of more wage jobs as the top suggestion for improving the quality of life in the community (Statistics Canada, 2006). A related problem is the skills mismatch; although present, the problem of occupational and spatial mismatch of jobs is far less of an issue in the southern metropolitan labour markets, relative to the northern labour markets. Studies repeatedly find that the most common reason given for not working among Inuit is that they feel there are no jobs available that match their skills (Stabler, 1989; Senecal, 2006).

- 37 Given the small communities in which they live and the general lack of formal wage employment support networks, it then seems unreasonable to demand from Inuit residing in the North to prove their attachment to the formal labour market by providing evidence of *active* job search. The conventional concepts of job search, even in the passive form, have no application in their small communities where the information about job availability is readily known and regularly shared among the residents. Their condition is more likely exemplifying the case of structural unemployment than that of weak attachment to the labour market. As Riddell (2000) notes “the classical definition of structural unemployment involves situations in which there are unemployed workers in one region or occupation or skill category and unfilled vacancies in different regions, occupations or skill categories. Such unemployment may result in job search, but if the workers are well informed [as they are in the northern Inuit communities] about the situation they face it is also likely to show up as desiring work but not searching. Thus some of what we conceptually refer to as structural unemployment appears likely to show up as non-participation rather than unemployment in our labour force statistics” (p.S103).
- 38 In the case of Inuit, there is also a larger question to be addressed – what constitutes a job in the North? Is the exchange-in-kind and working on-the-land to provide sustenance considered employment? As mentioned in the previous section of this paper, at the essence of the mixed economy model is general reliance on several sources of provision for livelihood, and often simultaneously. The results from the most recent survey of living conditions in the North have shown that employment status has relatively little impact on individuals’ engagement in subsistence production as both employed and nonemployed respondents report being engaged in roughly equal number of subsistence activities (Statistics Canada, 2006; Abele, 2009). The following section will provide some descriptive comparative insights into job search activities among northern Inuit and among southern off-reserve urban Aboriginal people.

Descriptive Evidence of Job Search Activity

- 39 This section provides some descriptive comparative insights into job search activities and some related labour market conditions pertaining to Aboriginal people residing in the northern and in the southern parts of Canada – more specifically, to Inuit living in the four Inuit regions in the North and to the self-identifying Aboriginal population living in nine large urban centers in the South. Data used to derive these insights are described next and the comparison is presented separately for each region.

Data and Measures

- 40 The insights presented in this paper are derived from the master files of the 2006 Aboriginal Peoples Survey (APS). This survey is a special post-censal survey whose target population was selected based on their answers to the Aboriginal identity question in the 2006 Census. The survey combines a range of additional Aboriginal-specific information with the key census information, thus offering the most comprehensive overview of the conditions of the off-reserve Aboriginal population. In relation to the present topic, the APS comes closest in value to the unavailable monthly territorial files of the Labour Force Survey because it includes detailed information on

job search activity as well as the information on remote geographical classifications that is needed for the present discussion (Statistics Canada, 2008a; 2008b; 2009).

- 41 The 2006 APS analytical files contain individual records both for “Aboriginal ancestry/origin” population and for “Aboriginal identity” population.¹² This study makes use of the latter definition, Aboriginal identity, which pertains to those individuals who reported *identifying* with at least one Aboriginal group, namely North American Indian, Métis or Inuit, and/or those who report being a Treaty Indian or a Registered Indian, as defined by the Indian Act of Canada, and/or those who report being members of an Indian band or First Nation (Statistics Canada, 2009).¹³ The analysis is focused on the single-reporting of Aboriginal identity, that is single Inuit identity, single Métis identity, and single North American Indian identity living off-reserve.¹⁴ Because the discussion is focused on the northern-southern residence spectrum, with a special emphasis on the remote northern communities, the information presented for the North relates to individuals of single Inuit identity residing in Inuit Nunangat while the information for the South relates to individuals belonging to any of the three Aboriginal identity groups living off-reserve.
- 42 Group-relevant data files were used to observe job search activity, separately for men and women. Thus the mean estimates for the total off-reserve Aboriginal population residing in large urban centers are derived from the “Adult Core” analytical file. This file contains all of the Aboriginal-specific information from the 2006 APS as well as all of the selected variables from the 2006 Census for the population aged 15 and over (Statistics Canada, 2008a). The mean estimates for northern Inuit population were derived from the “Arctic File,” which contains all of the information from the Adult Core file as well as the information from the Arctic supplement that was administered to respondents living in Inuit Nunangat (Statistics Canada, 2009a).
- 43 In each of the two analytical files, the samples were restricted to individuals aged between 15 and 64 years who are not attending school. This resulted in the sample size of 3,500 for Inuit identity in the Arctic file and the sample size of 17,500 for all three Aboriginal identity groups in the Adult Core file. Excluded from these samples are the records of individuals with missing values on important variables such as Aboriginal identity or the labour force activity.¹⁵ All estimates are derived using the bootstrapping weights procedure, as suggested by Statistics Canada (Rao, 2006; Statistics Canada, 2008b).¹⁶
- 44 Two geographical classifications are used in the comparison. The first classification pertains to four census subdivisions or municipalities that lie outside census metropolitan areas (CMAs) and census agglomerations (CAs) and are differentiated by their proximity to a census metropolitan area and census agglomeration influenced zones (MIZ), as defined by Statistics Canada. This classification is used as a crude measure of the remoteness of communities and the categories include strong MIZ, moderate MIZ, weak MIZ and no MIZ (Statistics Canada, 2010b).¹⁷
- 45 The second geographical classification relates to the four Inuit regions in the North and to nine urban centers in the South. The four Inuit regions include (1) communities situated in the northern coastal Labrador region called Nunatsiavut, (2) communities in the northern Quebec region called Nunavik, (3) communities dispersed across the territory of Nunavut, and (4) communities in the Inuvialuit region of the Northwest Territories (Statistics Canada, 2009a). These four regions contain about 52, generally small communities, which can be accessed only by air or by sea during the summer

months (Statistics Canada, 2007). The primary selection criterion for the nine southern urban centers (Winnipeg, Edmonton, Toronto, Vancouver, Calgary, Saskatoon, Regina, Ottawa, Montréal) was the large concentration of Aboriginal identity population in them (Statistics Canada, 2008; Peters, 2007).

- 46 The comparison is based on two focal points. First, the proportions of the employed Aboriginal population in the area of residence are presented for men and women, living in the northern and in the southern MIZ regions as well as for those living in the Inuit Nunangat and in urban centers.¹⁸ The same classification is used to compare the proportions of jobless Aboriginal workers who are *actively* searching for a job and those who are not searching.¹⁹ In comparing the proportions of nonsearchers, the emphasis is placed on two criteria: (1) the individuals have given up on search because they believe that no jobs are available in the area they reside in; and (2) the individuals are not searching because they think they are not qualified for the available jobs or they think no jobs are available in the field in which they were educated or trained.²⁰ Economists, in general, describe this category of workers as discouraged workers (Riddell, 2000; Benjamin et al., 2002).
- 47 The second point of comparison is related to the general conditions of the labour market in the respondents' area of residence. One aspect of this is the respondents' view on how significant the unemployment is as a problem in the area they live in, relative to other socioeconomic problems. This aspect was addressed both in the Adult Core and in the Arctic files of the survey and was selected for the present discussion because of its general relevance to the community members, regardless of their place of residence.²¹ The other aspect, addressed only in the Arctic file of the APS, relates to the respondents' awareness of the availability of employment and career counseling services in an Aboriginal language in their areas of residence.²² This aspect is highly relevant to the present discussion because the great majority of Inuit people in the North report an Aboriginal language (some dialect of Inuktitut) as their first and main language, particularly in Nunavik and in Nunavut.²³ In addition, recent surveys have revealed a trend among Inuit people learning Inuktitut as a second language. The most recent reports indicate that "the large majority of Inuit adults in each region stated that it was very or somewhat important for them to keep, learn and relearn Inuktitut" (Statistics Canada, 2008, p. 29). The following four tables present the comparison results, separately for men and women.

Descriptive Evidence

- 48 Table 1 presents mean estimates of the proportions of job holders and of job searchers living in the northern and in the southern MIZ regions. Three points are worth highlighting here. The first point is the sizable difference in the proportions of job holders in the northern and in the southern MIZ regions. For men, for instance, the difference amounts to 12 percentage points in the weak MIZ region and to 6 percentage points in the no MIZ region. The second point to highlight here is the difference in the proportions of active job searchers between northern and southern residents. As illustrated in the third column of Table 1, the proportion of male active job searchers in the northern weak MIZ region is identical to the proportion of male job searchers in the southern weak MIZ region and in the southern moderate MIZ region. In fact, for the jobless male working age population, only the southern no MIZ region has a greater

proportion of active job searchers, relative to the proportion in the no MIZ northern region. For the female jobless working age population, the proportion of active job searchers is higher in the northern no MIZ region than it is in the southern no MIZ region and in the southern weak MIZ region. The scale of the difference for female residents, however, is relatively smaller.

Table 1. Proportions of job holders and job searchers among northern and southern residents, Census Subdivisions, 2006

Census Subdivisions	Has a job		Has no job (searching)		Has no job (not searching) discouraged		Has no job (not searching) unqualified	
	men	women	men	women	men	women	men	women
North								
Weak MIZ	0.57 (0.51)	0.55 (0.49)	0.28 (0.45)	0.13 (0.34)	0.12 (0.34)	0.05 (0.21)	0.05 (0.23)	0.07 (0.26)
No MIZ	0.54 (0.50)	0.49 (0.50)	0.30 (0.46)	0.23 (0.42)	0.27 (0.44)	0.17 (0.38)	0.10 (0.30)	0.05 (0.23)
South								
Strong MIZ	0.80 (0.41)	0.72 (0.44)	0.21 (0.42)	0.12 (0.32)	-	0.002 (0.04)	0.004 (0.07)	0.004 (0.06)
Moderate MIZ	0.72 (0.44)	0.60 (0.50)	0.28 (0.46)	0.13 (0.33)	0.006 (0.08)	0.006 (0.08)	0.002 (0.05)	0.009 (0.09)
Weak MIZ	0.69 (0.46)	0.61 (0.49)	0.28 (0.46)	0.18 (0.38)	0.01 (0.12)	0.08 (0.09)	0.007 (0.08)	0.006 (0.08)
No MIZ	0.60 (0.49)	0.51 (0.49)	0.36 (0.50)	0.21 (0.39)	0.04 (0.21)	0.03 (0.18)	0.01 (0.12)	0.02 (0.15)

Source: Aboriginal Peoples Survey, 2006, Adult Core and Arctic Analytical Master Files.

Note: Bootstrapped sample mean estimates; Standard Deviation in parentheses; The four types of census subdivisions for the South and the two for the North are differentiated by their proximity to a census metropolitan area and census agglomeration influenced zones (MIZ).

- 49 An interesting insight here is that this initial evidence of active job search speaks directly against the existing stereotype that Aboriginal residents living in their traditional community settings have a weaker attachment to the paid labour market. The evidence presented in Table 1 suggests that, in each case, the proportions of active job searchers are in fact much higher in other than the southern strong MIZ region. This insight applies equally to men and to women.
- 50 The third point to highlight from Table 1 provides the clearest evidence in this regard. As illustrated in the fourth and in the sixth columns of Table 1, the proportions of discouraged and of unqualified job (non)searcher are drastically larger in the northern MIZ regions for Inuit men. For instance, while 27 percent of jobless working age male population in the northern no MIZ region has given up on job search because of the belief that no jobs are available in the area of residence, in the corresponding southern region this proportion amounts to only 4 percent of the jobless working age male population. The difference in the proportions in the weak MIZ regions is also sizable, amounting to 11 percentage points of the jobless male working age population. The pattern is the same for the unqualified male job (non)searchers, though the difference scale is smaller in this case. It is noteworthy that the southern strong MIZ region has no instances of discouraged male job (non)searchers.
- 51 The instances of the discouraged female job (non)searchers are also more prevalent in the northern no MIZ region than they are in the southern no MIZ region, with the difference in the proportions amounting to 14 percentage points. Similarly, a

significantly larger proportion of female job (non)searchers in the northern no MIZ region, relative to those in the southern no MIZ region, is not searching due to the job qualifications mismatch. In the weak MIZ regions, however, the proportion of discouraged female job (non)searchers is slightly larger in the South than it is in the North but the proportion of unqualified female job (non)searchers is much larger in the North than it is in the South. The proportions of discouraged and of unqualified female job (non)searchers in the southern strong MIZ region are trivially small, 0.2 - 0.4 percent of the female jobless working age population.

- 52 Table 2 presents the mean estimates of the proportions of job holders and of job searchers for the four Inuit regions. The key point that stands out in Table 2 is that the proportions of the employed working age population differ significantly across the Inuit Nunangat. While 64 percent of male working age population and 67 percent of female working age population in Nunavik had a job in 2006, the corresponding proportions in Nunatsivaut amount to only 36 percent for male and 42 percent for female working age population. The proportions of active job searchers also differ significantly, both across region and across gender. In Nunatsivaut, for instance, 39 percent of the jobless working age male population reported actively searching for job while in Inuvialuit region this proportion is only 23 percent of the jobless working age male population. In 2006, Nunavik region had the smallest proportion of working age female population actively seeking work.

Table 2. Proportions of job holders and job searchers in Inuit Nunangat, 2006

Inuit Region of Residence	Has a job		Has no job (searching)		Has no job (not searching) discouraged		Has no job (not searching) unqualified	
	men	women	men	women	men	women	men	women
Total Inuit Nunangat	0.53 (0.50)	0.53 (0.49)	0.29 (0.46)	0.18 (0.38)	0.19 (0.40)	0.10 (0.30)	0.08 (0.27)	0.07 (0.25)
Nunatsivaut	0.36 (0.48)	0.42 (0.49)	0.39 (0.49)	0.29 (0.45)	0.27 (0.45)	0.18 (0.38)	0.08 (0.28)	0.14 (0.34)
Nunavik	0.64 (0.49)	0.67 (0.46)	0.35 (0.47)	0.12 (0.34)	0.08 (0.28)	0.02 (0.12)	0.05 (0.21)	0.008 (0.09)
Nunavut	0.54 (0.50)	0.48 (0.49)	0.28 (0.45)	0.18 (0.39)	0.23 (0.42)	0.13 (0.34)	0.09 (0.28)	0.07 (0.25)
Inuvialuit region	0.59 (0.51)	0.54 (0.48)	0.23 (0.46)	0.18 (0.35)	0.12 (0.35)	0.03 (0.16)	0.06 (0.27)	0.11 (0.29)

Source: Aboriginal Peoples Survey, 2006, Arctic Analytical MasterFile.

Note: Bootstrapped sample mean estimates; Standard Deviation in parentheses.

- 53 Another key point that stands out in Table 2 is that the discouraged worker phenomenon appears to be most prevalent in the Nunatsivaut region and in Nunavut, and more common among men than among women. The unemployment in these two regions, as shown in Table 3, is also perceived to be a problem for the community by a larger proportion of working age population than is the unemployment in the other two Inuit regions. In Nunavut, however, 82 percent of working age population stated that the employment and career counseling services were available to them in their

spoken Aboriginal language while in Nunatsivaut this proportion amounted to only 17 percent of male and to 15 percent of female working age population.

Table 3. Employment service network and the issue of unemployment in Inuit Nunangat, 2006

Inuit Region of Residence	Employment service available		Unemployment is a problem in city/community	
	men	women	men	women
Total Nunangat	0.76 (0.44)	0.75 (0.42)	0.82 (0.32)	0.81 (0.30)
Nunatsivaut	0.17 (0.38)	0.15 (0.35)	0.79 (0.41)	0.77 (0.42)
Nunavik	0.94 (0.23)	0.94 (0.23)	0.75 (0.44)	0.72 (0.44)
Nunavut	0.82 (0.39)	0.82 (0.37)	0.86 (0.35)	0.87 (0.33)
Inuvialuit region	0.33 (0.49)	0.32 (0.45)	0.77 (0.44)	0.72 (0.43)

Source: Aboriginal Peoples Survey, 2006, Arctic Analytical Master File.

Note: Bootstrapped sample mean estimates; Standard Deviation in parentheses.

- 54 While this regional difference in availability of the employment and career counseling services may reflect the fact that the use of Aboriginal languages is more prevalent in Nunavut and less prevalent in Nunatsivaut (Statistics Canada, 2008b) there is no information in the 2006 APS that can be used to verify if the same services were made available to them in one of the official languages. Also, relatively smaller proportions of working age men and women in Inuvialuit region, which is another region where the use of Aboriginal languages is not as prevalent as it is in Nunavut and Nunavik, report availability of employment and career counseling services in their spoken Aboriginal language but the proportions of discouraged and unqualified job (non)searchers in this region are not as large as they are in the Nunatsivaut region.
- 55 Notwithstanding the regional differences in Inuit Nunangat, as illustrated in Table 4, the proportions of the employed self-reporting Aboriginal identity working age population in the southern urban centers are much larger, in comparison to those of working age population living in any of the northern Inuit regions, including Nunavik. On the other hand, the proportions of active job searchers among the nonemployed working age populations in most southern urban centers are significantly smaller, in comparison to those of the nonemployed working age population in Inuit Nunangat, especially in Nunatsivaut. In addition, the concerns about unemployment being a problem for Aboriginal identity people in the city they live in are significantly less widespread among southern Aboriginal residents than they are among those in the northern Inuit regions. Finally, and perhaps most importantly, the proportions of discouraged and unqualified Aboriginal job (non)searchers in the southern urban centers are very small – in fact, as shown in Table 4, in most urban centers they do not exist.

Table 4. Proportions of job holders and job searchers and the issue of unemployment, total Aboriginal identity, 2006

City of Residence	Has a job		Has no job (searching)		Has no job (not searching) discouraged		Has no job (not searching) unqualified		Unemployment is a problem in city/community	
	men	women	men	women	men	women	men	women	men	women
Winnipeg	0.74 (0.42)	0.72 (0.46)	0.37 (0.46)	0.14 (0.36)	0.01 (0.10)	-	-	-	0.49 (0.48)	0.60 (0.50)
Edmonton	0.85 (0.34)	0.72 (0.46)	0.38 (0.46)	0.16 (0.38)	-	-	-	-	0.48 (0.49)	0.56 (0.50)
Toronto	0.85 (0.35)	0.67 (0.48)	0.12 (0.33)	0.16 (0.37)	-	-	-	0.001 (0.04)	0.42 (0.48)	0.33 (0.48)
Vancouver	0.78 (0.40)	0.72 (0.45)	0.17 (0.35)	0.15 (0.37)	-	-	0.003 (0.05)	0.002 (0.04)	0.54 (0.48)	0.54 (0.51)
Calgary	0.88 (0.32)	0.75 (0.44)	0.18 (0.38)	0.17 (0.37)	0.004 (0.07)	-	-	-	0.49 (0.49)	0.50 (0.51)
Saskatoon	0.73 (0.44)	0.59 (0.50)	0.25 (0.44)	0.18 (0.38)	0.003 (0.06)	-	0.02 (0.13)	0.007 (0.08)	0.63 (0.48)	0.69 (0.47)
Regina	0.66 (0.46)	0.64 (0.49)	0.30 (0.44)	0.14 (0.36)	0.006 (0.08)	-	0.009 (0.09)	-	0.73 (0.43)	0.72 (0.46)
Ottawa	0.79 (0.40)	0.72 (0.45)	0.24 (0.47)	0.21 (0.38)	-	-	-	-	0.48 (0.50)	0.37 (0.48)
Montreal	0.75 (0.48)	0.74 (0.41)	0.30 (0.51)	0.14 (0.33)	-	0.002 (0.04)	-	0.003 (0.05)	0.40 (0.54)	0.34 (0.44)

Source: Aboriginal Peoples Survey, 2006, Adult Core Analytical Master File.

Note: Bootstrapped sample mean estimates; Standard Deviation in parentheses. Total Aboriginal identity population includes Inuit, Métis and First Nations people living off-reserve.

- 56 This brief comparative look into job search activity of Aboriginal people and the related labour market conditions facing them in the northern and in the southern parts of Canada brings home two important points. First, the comparative descriptive evidence clearly contradicts the existing stereotype that Aboriginal people living in their traditional community settings have a weaker attachment to the paid labour market. Despite the institutional and other constraints discussed in Section 3 of this paper, the descriptive evidence presented in this part of the paper indicates that significantly larger proportions of jobless Inuit living in the four Inuit regions are actively engaged in job search, relative to the proportions of self-identifying Aboriginal population living in the southern large urban centers. Second, the descriptive evidence reveals that the discouraged worker phenomenon is clearly an issue in the northern Inuit communities, suggesting that the conventional approach to the measurement of labour utilization and the attachment to the paid labour market in the North is likely producing highly inaccurate statistics. Given the policy stake in this, an empirical inquiry into this issue is warranted.
- 57 The concepts and the definitions behind the official indicators of labour market activity, particularly those of the unemployment rate, have been challenged empirically by researchers in both the developing and the developed parts of the world. ²⁴ In Canada, Jones and Riddell (1999; 2006) used longitudinal data to compare behavioural differences between various subgroups of marginally attached and unemployed population living in the ten provinces. They found strongest evidence of distinctiveness among the nonsearchers who expressed desire for work and were waiting for replies or for recall from the existing employers. They concluded that the nonemployed in the “waiting subcategory have very strong labour force attachment, even stronger than those classified as unemployed” (Jones & Riddell, 1999, p. S105). However, they found no sufficient evidence to support the distinctiveness of the discouraged workers subgroup, relative to other subgroups in the nonsearchers

desiring work group, even after controlling for regional labour market conditions at the provincial level.

- 58 In other parts of the world, the evidence on the effectiveness of job search criterion as a measure of attachment to the labour market remains inconclusive. However, the great majority of studies report no empirical distinction or only a weak distinction between some categories of nonemployment and the conventional category of unemployment (Clarck & Summers, 1979; Schweitzer, 2003; Brandolini, Cipollone & Viviano, 2006). Several studies, particularly those in countries with less developed formal market economies, have found strong evidence in support of discouraged workers in some regions of the country (Byrne & Strobl, 2004; Kingdon & Knight, 2006; Suryadarma, Suryahadi & Sumarto, 2007) and have argued for broadening the definition of unemployment in those regions by including the discouraged workers. This proposition might be appropriate for Canada's North as well, given the above discussed differences in the institutional aspects of the southern and the northern labour markets.
- 59 If it is the case that the northern discouraged workers, who are by convention systematically classified out of the labour force, behave similarly to the unemployed, then the measured unemployment rates for the northern Inuit regions have a little analytical value as their use for policy making purposes might be unfounded. Considering the fact that regional unemployment rates play an important role in determining the length of EI benefits coverage, the EI claims of eligible unemployed northern residents are likely being affected adversely by this. Even if the sole purpose of the labour force enumeration is to uncover the size of unused potential labour pool, an empirical investigation of the appropriateness and the need for a modification of the survey questionnaire in the Canadian North is warranted for the measurement precision reasons.

Concluding Remarks

- 60 This paper has examined the conceptual and definitional basis behind the conventional approach to measurement of labour market attachment in Canada and has discussed some important issues related to its application to an institutionally different economic environment such as the one in the Canadian North. The principal objective of this undertaking was to discuss the pertinence of using the established job search criterion in classifying the nonemployed northern Inuit working age population into unemployed and out of the labour force categories. Relevant information on job search activity of the southern self-identifying Aboriginal identity population was used as an assessment comparison point.
- 61 The key conclusion to be drawn from this examination is that blindly applying the market-based concepts to a non-market-based environment is bound to produce unreliable and perhaps even misleading statistics, use of which could have severe policy implications. More than ever before governmental and nongovernmental policy makers in the Aboriginal policy area have come to rely on the official statistics as a foundation for policy as well as an empirical test of the success or failure of their labour market initiatives. If the reported official rates for northern Inuit population are misleading or if their definitional significance is misunderstood the policies based on them are certain to result in unintended and far-reaching consequences.

- 62 Based on the examination presented in this paper, it is very likely that, under the current postulations, the official unemployment and participation rates are acutely understating the extent of underutilization of labour in the northern Inuit communities and are thus giving social scientists and policy makers a false notion of the extent of economic hardship in the region. They are also perpetuating the existing stereotype about a weaker attachment to the paid labour market among Aboriginal people living in their traditional community settings. Given the current state of the economic deprivation in most northern Inuit communities and the demographic shifts that are under way, an empirical inquiry into this issue is highly warranted.
- 63 The examination presented in this paper suggests that a potential problem lies in the very construct of the key criterion used in the classification of the nonemployed – the *active* job search. The reasoning behind this criterion is based on an a priori assumption that those who report actively seeking work are displaying by their behaviour strong attachment to the paid labour market. Without this explicit declaration of active job search, they are regarded as not providing sufficient evidence of their labour market attachment and are therefore automatically classified as out of labour force. But interpreting the lack of reporting of active job search among the northern residents, most of whom live in small remote communities where the information about job (un)availability is widely known to the residents, as the lack of seriousness on their side about obtaining paid employment is naïve, to say the least.
- 64 Since the insights presented in this paper were derived by comparing the job search information of northern Inuit people living in the four Inuit regions with that of the total self-identifying Aboriginal identity population living in the southern large urban centers, an important task for future research is to attempt to assess this issue from a closer angle. For example, it would be insightful to know if a comparison of the information of northern Inuit population living in the four Inuit regions with that of the urban Inuit population residing in the southern large urban centers would produce evidence that is different from the one presented in this paper. Data quality here, however, could be a challenge since a relatively small number of Inuit reside in the southern large urban centers. An alternative approach can be to undertake a qualitative inquiry.

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NOTES

1. The term “Aboriginal people” in Canada is a collective term used in relating to the original peoples of North America and their descendants. The term encompasses three distinct groups of Aboriginal peoples (North American Indians, Métis, and Inuit) that are recognized in the Canadian Constitution (the *Constitution Act, 1982*). In collecting statistical information on these three groups of Aboriginal peoples, Statistics Canada employs two methods: the first method uses the general “ethnic origin” question, which allows derivation of the most inclusive definition of “Aboriginal ancestry” population while the second method uses the more specific “Aboriginal identity” question, which allows the most precise identification of the members of each group of Aboriginal peoples. In the most recent censuses, and in related surveys, the Aboriginal identity question is phrased in such a way as to accommodate multiple responses – that is, a respondent could identify with more than one Aboriginal identity group. Although not as detailed, the information on Aboriginal identity is included in several other surveys, including the monthly Labour Force Survey, which is the main data source used for deriving the official labour market indicators such as the labour force participation, employment and unemployment rates

(Statistics Canada, 2007; 2008a; 2009). In the present paper, the Aboriginal identity concept is used to differentiate the three main groups of Aboriginal people.

2. The four Inuit regions include: (1) Nunatsiavut, (2) Nunavik, (3) Nunavut, and (4) the Inuvialuit region (Statistics Canada, 2009a). Section 4.1 provides more details on these four regions.

3. The survey documentation indicates that the territorial questionnaire does not contain rent questions or any supplements to the LFS (Statistics Canada, 2009).

4. The key methodological difference between the territorial and provincial surveys relates to rotation pattern. In the provincial file, the selected households are interviewed monthly and they remain in the sample for six consecutive months. Selected households in the territorial file are interviewed eight times, once every three months, thus they remain in the same sample for two years. Another important difference is that the provincial file does not contain any information on Aboriginal population living on reserve and other settlement areas (Statistics Canada, 2009).

5. Economists use term "discouraged workers" to describe jobless working age individuals who may desire work but have given up search because they believe no work is available or they are lacking required schooling or training for the available jobs. This phenomenon of "hidden unemployment or marginal labour force attachment" is not reflected in the official statistics and is most prevalent in regions where few jobs are available, although it can occur in any region, especially in times of recessions (Benjamin, Gunderson & Riddell, 2002, p. 512).

6. Although the LFS has been conducted in the North as a pilot survey since 1991, the survey contained no Aboriginal identity indicator. In fact, the question inquiring about Aboriginal identity was first introduced in 2004 for the population living off-reserve in four provinces (Manitoba, Saskatchewan, Alberta, and British Columbia) and to all residents in the three territories (Yukon, Northwest Territories, and Nunavut) and was only later expanded in 2007 to all provinces and all territories (Statistics Canada, 2009; 2010a; Nunavut Bureau of Statistics, 2009).

7. The eligible individuals can receive EI from 14 weeks to up to a maximum of 45 weeks, depending on the unemployment rate in their EI region at the time of filling a claim and the number of insurable hours accumulated in the last year (Service Canada, 2010; Godfrey, 2012).

8. Indeed, the guide to the LFS serves best to support this stance as it explicitly maintains that the concept of unemployment is designed to measure solely the amount of unutilized labour supply (Statistics Canada, 2009).

9. The set of supplementary measures is composed of eight different rates, which are based on various labour market concepts and definitions and are designed to shed more light on the extent of economic hardship and underutilization of labour. Thus, with the official unemployment rate labeled R5, the measures R1 and R2 are designed as indicators of long-term unemployment and severe economic hardship, R3 and R4 as indicators of various degrees of labour force attachment, R6 and R7 as indicators of hidden unemployment and underutilization of labour, and finally R8 and R9 as indicators of underutilization based on hours worked and part-time status (Statistics Canada, 1999).

10. Statistics Canada, however, did recently publish estimates which show that Inuit produce approximately \$40 million dollars of country (traditional) food per year (Statistics Canada, 2006).

11. This assertion, of course, applies only in cases where the transportation system is well developed. Being connected by a forestry road would not serve to improve much the employment prospects for southern on-reserve residents as they would still need to move in town to get a steady job.

12. The four questions used to identify Aboriginal population on the 2006 Census questionnaires included the ethnic origin question (question 17), the Aboriginal self-reporting identity question (question 18), the Indian band or First Nation membership question (question 20), and the Treaty or Registered Indian question (question 21). The first question was used to derive the counts of the total Aboriginal ancestry population while the Aboriginal identity population, both single

Aboriginal identity and multiple Aboriginal identities, was derived using the last three questions. Those who reported an Aboriginal origin without reporting an Aboriginal identity were defined as the Aboriginal ancestry-only population (Statistics Canada, 2008b; 2010b).

13. The former definition refers to those individuals who reported at least one Aboriginal ancestry, namely North American Indian, Inuit or Métis. Based on the 2006 Census counts, most members of the Aboriginal identity population, 99 percent, also have Aboriginal ancestries while a substantial portion, 27 percent, of the Aboriginal ancestry population are not part of the identity population (Statistics Canada, 2008b).

14. In the ten provinces, the 2006 APS targeted only Aboriginal population 6 years of age and older, living in private dwellings, excluding people living in Indian Settlements or on reserve (Statistics Canada, 2008b).

15. The missing values problem was present in each analytical file. The large standard deviations reported in the following tables indicate a skewed distribution in each sample. The bootstrap estimates of standard errors are available upon request.

16. The APS has a complex survey design that involves stratifications, multiple stages of selection, unequal probabilities of selection, non-response and post-stratification adjustments (Statistics Canada, 2008b). Applying standard weights that do not account for these design features can lead to incorrect conclusions (Rao, 2006) hence the bootstrap resampling technique was applied in deriving the reported mean estimates. The resampling procedure involved randomly sampling with replacement from the original observed data set 1000 times and estimating the bootstrap mean from each sample and the standard deviation of the distribution of that mean.

17. The MIZ categories are based on the percentage of resident employed labour force that commutes to work in the core of CMAs and CAs. Thus the strong MIZ category includes census subdivisions where at least 30 percent of the resident employed labour force commute to work in any CMA or CA. The percentage for the moderate MIZ category is at least 5 percent but less than 30 percent and for the weak MIZ category the percentage is less than 5 percent. The no MIZ category includes census subdivisions where none of the resident employed labour force commute to work in any CMA or CA (Statistics Canada, 2010b).

18. The employment information in the 2006 APS was collected from all respondents. The APS gives a brief description of the "employed" category, referring to the individuals who worked for pay or in self-employment or who were temporarily absent from job (Statistics Canada, 2008a, p. 80). Census documents give a more elaborate description, defining the employed as individuals who, during the week (Sunday to Saturday) prior to Census Day, did any work at all for pay or in self-employment or without pay in a family farm, business or professional practice or were absent from their job or business, with or without pay, for the entire week because of a vacation, an illness, a labour dispute at their place of work, or any other reasons (Statistics Canada, 2010b).

19. The question about job search activity in the 2006 APS is more restrictive than that in the LFS in the sense that it inquired only about *active* job search methods, not passive job search methods. The question was taken from the Census 2006 questionnaire and was posed to respondents who, in the week prior to the survey, did not work for pay or in self-employment and were not on vacation, ill, on strike or locked out, or absent for other reasons. The question asked: "Did you look for paid work during the past four weeks? For example: did you contact an employment centre, check with employers, place or answer newspaper ads" (Statistics Canada, 2008a, p. 79; 2010, p. 67). It should be noted here that, until fairly recently, the Canadian Census was in fact the main source of data for deriving the statistics on labour market indicators for Aboriginal Canadians. It still is the only source of data for deriving statistics on labour market indicator for the participating on-reserve population.

20. The question asked: What was the main reason you did not look for work during the period? Following reasons were listed as possible responses: illness or disability, caring for own children,

caring for elder relative(s), other personal or family responsibilities, going to school, waiting for recall (to former job), waiting for replies from employers, believe no work available, waiting to start new job, not qualified for available jobs, no jobs available in the field in which I was educated or trained, retired, no transportation, seasonal employee/Hunting/Fishing/Trapping in the bush/Waiting for freeze-up, and other (Statistics Canada, 2008a, p. 80-85).

21. The information on this was solicited from all respondents and the question asked: Are any of the following a problem for Aboriginal people in the community or neighbourhood where you are living now? The listed responses included: suicide, unemployment, family violence, sexual abuse, drug abuse, alcohol abuse and other (Statistics Canada, 2008a, p. 161-163).

22. This information was solicited from respondents who stated that they understand an Aboriginal language. The question asked: Are any of the following services within your city, town, village available in this Aboriginal language? The list of services included: health service, justice, legal, policing service, education services, employment, career counselling services, social services, for example housing, social assistance, financial services, for example banking, other community services (Statistics Canada, 2009a, p. 71-73).

23. The five distinct Inuit dialects of the Inuit languages include: (1) Inuvialuktun, which is spoken in the Inuvialuit region, (2) Inuinnaqtun, spoken primarily in the western Nunavut, (3) Inuttit, spoken in eastern Nunavut, (4) Inuttit, spoken in Nunavik, and (5) Inuttit, spoken in Nunatsiavut. These five dialects are collectively known as Inuktitut language (Statistics Canada, 2008).

24. Outside of Canada, empirical analysis were done in the United States (Clarck & Summers, 1979; Flinn & Heckman, 1983), in the United Kingdom (Schweitzer, 2003), in European Union countries (Rettore, Torelli & Trivellato, 1990; Brandolini, Cipollone & Viviano, 2006; Battistin, Rettore & Trivellato, 2007) and in some developing nations and economies in transition (Byrne & Strobl, 2004; Kingdon & Knight, 2006; Suryadarma, Suryahadi & Sumarto, 2007). The analytical focus in these studies was placed primarily on the concepts of willingness and availability for work and on job search activity methods and search intensity.

RÉSUMÉS

Un fort attachement au marché du travail est largement reconnu comme une source d'émancipation économique et une voie essentielle pour sortir de la pauvreté et de ce fait, cette mesure est surveillée de près. L'approche classique de la mesure de la participation au marché du travail employée au Canada est fondée sur des hypothèses a priori qui spécifient ce qui constitue l'activité sur le marché du travail et l'inactivité. Cet article jette un regard critique sur les fondements conceptuels et méthodologiques de cette approche conventionnelle et met en évidence certaines questions importantes liées à son application au contexte du Nord canadien, en se concentrant en particulier sur les conditions de vie dans les collectivités inuit et en les comparant à la réalité des grands centres urbains du Sud. L'article appelle à un examen empirique de ces questions, en faisant valoir que la ligne de démarcation entre les sous-groupes économiquement actifs et ceux aux limites de la population en âge de travailler vivant dans les communautés inuit du Nord est sans doute plus floue que celle qu'on observe au sein de la population des Autochtones qui s'identifient ainsi, mais vivent hors réserve dans les grands centres urbains et ce, en raison de différences significatives dans les arrangements institutionnels entre les marchés du travail du Nord et du Sud.

Strong attachment to the labour market is widely recognized as a source of economic empowerment and a crucial pathway out of poverty and as such is attentively measured and closely monitored. The conventional approach to the measurement of labour market attachment in Canada is based on a priori assumptions that specify what constitutes the labour market activity and inactivity. This paper takes a critical look into the conceptual and methodological basis behind this conventional approach and highlights some important issues related to its application to the northern Canadian context, focusing in particular on living conditions in Inuit communities and comparing them to those in southern large urban centers. The paper calls for an empirical examination of these issues, arguing that the dividing line between economically active and marginally attached subgroups of working age population residing in the northern Inuit communities is likely to be more blurred than that of self-identifying Aboriginal population residing off-reserve in large urban centers due to significant differences in the institutional arrangements between northern and southern labour markets.

INDEX

Keywords : Aboriginal identity working age population, Inuit Nunangat, job search criterion, measurement of labour market attachment, off-reserve urban centers

Mots-clés : centres urbains hors réserve, identité autochtone, Inuit Nunangat, mesure de la participation au marché du travail, population en âge de travailler, recherche d'emploi

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