



## **White Paper Series**

# **Youth Unemployment in Canada: Preventing a Lost Generation**

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## Preamble

The latest employment statistics - a jobless rate of 14.7 per cent - underscore the depressing state of affairs for those between the ages of 15 and 24. With the unemployment numbers being released on the heel of the news that the [federal government is closing down scores of youth job centres](#) for young people across the country, we are left to wonder where all these jobless young people are supposed to go.

Thousands of post-secondary students are graduating into a job market that looks bleak for the Gen Y demographic, and there is little reason to believe that the numbers will improve anytime soon. Without ongoing municipal, provincial, and federal commitment to job creation and job support for youth in Canada, our youth population is at risk of being caught in a downward unemployment spiral that will take years, if not decades to recover from.

This paper is intended as a starting point for further discussion and examination of youth employment issues in more detail. You are welcome to use this paper in your organization or circulate to members and communities. Please reference appropriately. Comments can be emailed to: [info@nacy.ca](mailto:info@nacy.ca).

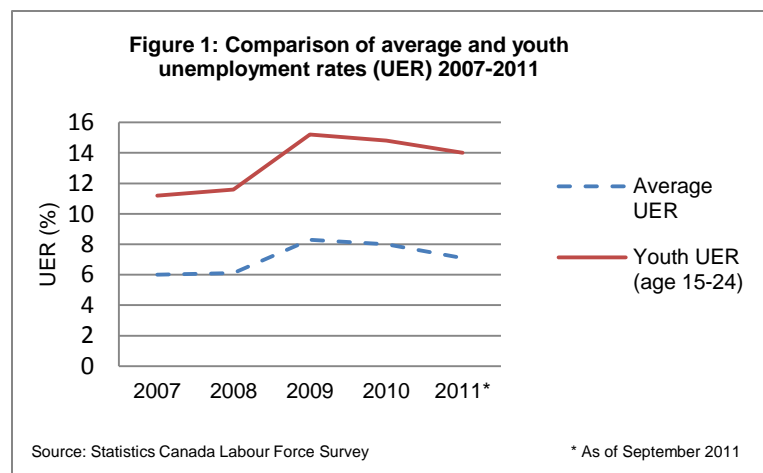
## Introduction

Finding a job and earning an income are markers of a successful transition from adolescence to adulthood. The shift from school to work is important for financial security, personal independence, and sets the foundation for future success. However, for many youth in Canada today, this has become a time of challenge. Youth have been disproportionately impacted by the economic recession and Canada's lagging economic recovery. At the same time, the services that are meant to support them are facing pressures of their own – program and funding cuts bring uncertainty to the non-profit sector. Furthermore, in some countries, there is concern that youth discontent is on the rise, representing a threat to social cohesion, and bringing youth concerns to the forefront of public attention. As an aging society Canada will face labour shortages and must ensure that the next generation is well prepared for a competitive environment in the 21<sup>st</sup> century.

The purpose of this paper is to explore the trends of youth unemployment in Canada, identify the particular challenges that youth face in the post-recession environment, and set out some considerations for formulating effective policies and programs that respond to the growing problem. In this paper, youth is defined as those aged 15-24, to be consistent with data and research sources.

## The Recession and Youth Unemployment

Undoubtedly, youth were hard hit by the recession. While youth represented only 15.5% of all job holders before the recession, they suffered over half of all job losses. Between October 2008 and July 2009, job losses among young men were in the order of 11.1% and 5.7% among young women. Even during the recovery period up to November 2010, youth continued to lose ground. Any modest gains by young men (+3,000 jobs) were more than offset by continued job losses for young women (-7,700 jobs).<sup>1</sup>



Coming out of the recession, unemployment among youth remains high. As of March 2011, the youth unemployment rate was 14.4%, over twice that of the national average.<sup>2</sup> And similar to other countries, Canada's employment recovery is fragile and is occurring

<sup>1</sup> Scott, Katherine, (March 2011). Presentation. *Running Hard to Stand Still: The Current State of Canadian Family Finances*. The Vanier Institute of the Family.

<sup>2</sup> Statistics Canada March 2011, LFS

with a long lag in relation to economic recovery. This means that youth unemployment can reasonably be expected to also recover slowly.

For young people who are unemployed today, a slow economic recovery over several years will inevitably impact them for much longer. Youth are disproportionately affected by recessions because they are entering the labour market at a time of limited job creation. These macro-economic challenges are also occurring at a time critical for career formation, impacting future job prospects and leading to increased propensity for prolonged unemployment in the long-term.

Employed young people are also often engaged in precarious jobs, and are therefore more vulnerable to job losses than their adult counterparts. Between 2005-2009, casual employment fell by more than 10%, with nearly one-half (47%) of casual workers under 25 years of age, and one-quarter of them were students.<sup>3</sup> This can lead to a cycle of stunted career paths, where youth become stuck in precarious employment over a lifetime.

A more serious concern is the group of young people who are neither in the labour market nor studying full-time. As young people become discouraged with their employment prospects, and long-term unemployment rises, the likelihood increases that they will leave the labour market completely. Some of these young people return to education or training, while others will remain disconnected from the labour market, making a subsequent return more challenging. Similar to other countries, Canada has experienced a decrease in youth participation rates between 2007 and 2009,<sup>4</sup> while the post-secondary education participation rate has remained relatively consistent. Between June to November 2010, the youth labour market participation rate declined 2.1% to 63.2%, which is the lowest since the last economic downturn.<sup>5</sup>

Prior to the recession, Canada had low incidence of long-term youth employment compared to other OECD countries (3% in 2006, compared to an OECD average of 20%). Also the unemployment experienced by youth in Canada was generally of a temporary nature.<sup>6</sup> There are concerns that this trend has irrevocably shifted, creating a generation who are unable to acquire the appropriate work experience, skills and career planning necessary to significantly contribute to the economy in the coming years, at a huge individual and family cost.

### **Employment Barriers for Youth**

It is clear that the broader labour market trends have exacerbated earlier challenges faced by young people. Limited skills, lack of work experience, restriction to entry level employment, and minimal support networks and professional contacts can make job searching difficult for any youth. Combined with systemic barriers such as poverty, racism and gender specific issues, a tough job market can be even harder to navigate.

These social aspects should not be ignored when looking at youth employment. Barriers that disadvantage some youth from pursuing higher education or post-secondary training

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<sup>3</sup> Statistics Canada, *The Daily*, Friday, November 26, 2010.

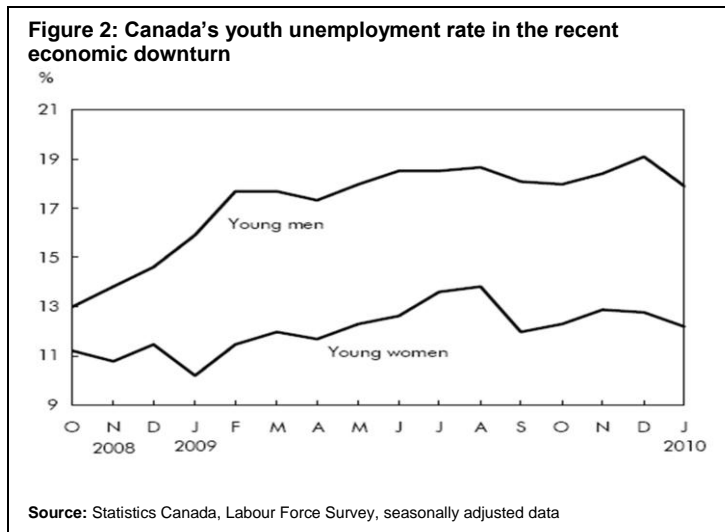
<sup>4</sup> Ha, Byung-Jin, et al. (2010), *Youth Employment in Crisis*, International Institute for Labour Studies

<sup>5</sup> Statistics Canada, *The Daily*, Friday December 3, 2010.

<sup>6</sup> OECD (2008), *Jobs for Youth/ Des Emplois for les Jeunes Canada*.

also means more difficulty breaking into or remaining in the labour market. For instance, between 2008-2009, the unemployment rate rose more sharply for Aboriginal people and new immigrants, revealing a cultural and racial differential.<sup>7</sup> Also, young men experienced higher incidents of unemployment than young women (see figure 2). Furthermore, regional differences point to areas where youth unemployment may be more acute. For instance, in 2010, the youth unemployment rate in the Toronto region was 22% above the national average.<sup>8</sup>

Youth that have low levels of education and suffer long periods of unemployment are much less likely to succeed in the labour market in adulthood. Part of this group is made up of youth who leave school to find quick-entry work. Returning to school after leaving is often difficult and many find themselves trapped in a cycle of low-paying, precarious jobs.



There are many policies and programs that support youth towards meaningful employment, most of which are offered by government, non-profit organizations, educational institutions and some private organizations. Programs include youth employment resource centers, career planning resources, wage subsidies, mentorship and training opportunities. Some of these programs also include specialized services for diverse youth such as foundational life skills and literacy skills, hands-on training, child care, or personal counseling. For youth facing the most challenges and most at risk, the range of supports provided by a network of youth serving organizations is critical. However these services are facing pressures due to program and funding cuts, increasingly limiting their capacity to work meaningfully with youth at a time when it is most necessary.

### Exploring Next Steps

Considering the macro-economic forces at play, it is no surprise that youth unemployment rates are closely linked to adult unemployment rates.<sup>9</sup> However, the trends over the past three years also reinforce the notion that youth are more vulnerable to economic shifts than their adult counterparts. Therefore an important part of the overall solution is to create conditions that boost economic recovery and job recovery, while also considering specific factors unique to youth employment

<sup>7</sup> Statistics Canada, *The Daily*, Thursday, May 13, 2010.

<sup>8</sup> Toronto Community Foundation (2011), *Toronto's Vital Signs 2011 Report*.

<sup>9</sup> O'Higgins, Niall (2001), *Youth Unemployment Global Policy Perspective*. International Labour Organization.

1. *Increasing or prolonging attachment to the education system*

During times when job creation is weak, governments often introduce policies and programs aimed at promoting longer stays in the education system. Programs of this nature reduce the number of entrants in the labour market (therefore to some extent containing unemployment rates), while at the same time build the knowledge and skills of young people, which can bolster labour market outcomes and productivity in the future.<sup>10</sup>

While policies of this nature tend to support youth already inclined to attend post-secondary education, it is unclear whether these programs have much impact on youth who have already left the education system. This approach also only delays entry into the labour market, essentially buying time for the economic situation to stabilize.

2. *Increasing pathways to gain work experience*

The economic crisis has made the transition from school to work more difficult, especially for young persons without skills and experience that corresponds to the needs of the current labour market.<sup>11</sup> Therefore, supporting entry into the labour market remains important, and could include methods such as on-the-job training programs or work-and-learn arrangements (e.g. internships or job placements).

3. *Enhancing job quality and security*

Many youth rely on entry-level jobs, part-time jobs, or turn to the informal sector to gain much needed job experience. Many jobs available to youth continue to be low paid, insecure, and with few benefits or prospects for advancement. It is therefore important to institute measures that sustain existing jobs and make these jobs more secure. Tax breaks or wage subsidies encourage employers to hire young people and could also help stabilize existing positions. Labour laws could help mitigate the precariousness of part-time or temporary employment. Another approach is to promote youth entrepreneurship, providing opportunities for youth to be self-sustainable outside of the traditional or formal employee role.

4. *Focus on youth most at risk*

As noted above, the incidence of long-term youth unemployment has increased and labour market participation has fallen. Traditional employment policy instruments may not be suited to assisting young persons who have been removed from the labour force for a significant amount of time.<sup>12</sup> The longer a young person has been unemployed, the more difficult, and costly, it becomes to reintegrate into the labour market. Socio-economic factors can also be important to address with this demographic who traditionally experience exclusion. Specific policy measures and programs are necessary to support hard-to-employ youth (including Aboriginals, racialized minorities, new immigrants, youth in care, youth with physical or mental disabilities), which could include targeted training and education programs, combined with other social programs like housing, welfare and social supports.

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<sup>10</sup> Ha, Byung-Jin, et al. (2010), *Youth Employment in Crisis*, International Institute for Labour Studies

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

## 5. *Youth participation*

There has been much research into effective practices to improve services for youth, much of which can be applied to the employment context. One universal factor appears to be that effective youth employment strategies involve young people.<sup>13</sup> In terms of program design, it is important to keep in mind that no matter how well intentioned a program or policy may be, successful implementation must take into consideration effective methods to reach and work with youth. Indeed, youth participation on a small scale could help to encourage participation on a larger one.

## **Conclusion**

The recession continues to have a huge impact on the employment prospects of Canadian youth. These dynamics, combined with the severity of the crisis, have led to a marked deterioration in the position of young people in the labour market, which disproportionately affects racialized youth or low-educated youth. If the fears of a double-dip recession are realized, it may mean increasing challenges and job losses for young people on an exponential scale.

While youth unemployment trends are a reflection of the larger economic climate, the challenges are much more acute and have the potential for prolonged scarring effects. The adolescent years set the foundation for developing human capital and set future outcome trajectories. It is a concern that a generation of youth are facing difficulties making the transition to adult employment.

Responses to the issue of youth unemployment have been mixed. Programs that have been targeted towards reducing youth unemployment, such as provincial and federal initiatives that provide funding to employers to hire students through their summer break provide much needed employment for high school and post-secondary students, and provide them with exposure to interesting organizations and a variety of jobs. However, these are short-term positions, paid usually at minimum wage, and run through organizations that don't usually have the capacity to provide year-round employment once the subsidies finish. Most youth employment programs suffer from similar dilemmas – short-term solutions to longer term issues.

As the prospect of federal and provincial cutbacks loom large with fears of a stagnating economy over 2012, a cost-cutting approach with a view to improve fiscal balances in the short term is accompanied with the risk of perpetuating poor employment outcomes for youth in the longer term. Youth unemployment is a complex issue, and therefore requires collaborative action to protect and support today and tomorrow's labour force.

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<sup>13</sup> Youth Employment Network (2007), *Joining Forces with Young People: A Practical Guide to Collaboration for Youth Employment*, Youth Consultative Group of the Secretary-General's Youth Employment Network.