



La Fondation du prince au Canada  
Prince's Trust Canada

## **CANADIAN BACKGROUNDER: YOUTH UNEMPLOYMENT IN CANADA**

According to labour force data collected by Statistics Canada over the last 20 years, Canada's youth unemployment rate has consistently been double that of older Canadians. The youth unemployment rate also exhibits greater volatility and sensitivity to economic fluctuations, as evidenced during the 2008 financial crisis, the COVID-19 pandemic, and the recent affordability crisis brought on by growing inflation.

Over the last three years, Canadian youth's job and training prospects were disproportionately impacted by the substantial job losses and diminished recruitment within sectors like retail and hospitality, where young Canadians typically start their careers. Due to the uncertainty caused by the pandemic, employers across all industries eliminated or reduced their internships, summer hiring, and co-ops, further limiting young people's ability to find employment and gain relevant skills and experience required by employers hiring today.

Even outside of economic crises, young people are more likely to be unemployed than their older counterparts for three main reasons:

- Employers requiring skills for entry level roles that youth have not yet had the time or opportunity to acquire;
- In a competitive labour market, candidates with more experience are often hired instead, and
- Usually being hired last, they are first to be laid off when organizations downsize.

COVID-19 also disrupted the education of young Canadians, especially for those in their final years of schooling, when students begin to prepare to transition into the labour market. That disruption in education is believed to have adverse long-term effects on young people's lifelong earning potential and career progression.

For young people, employment has also become more precarious since the late 1980s, with a lower proportion working in full-time, permanent roles. This is due to disrupting factors in the Canadian job market, including industry-wide digitization, growth in international trade and services.

As Canadian youth grapple with limited job opportunities in a highly competitive job market, studies have shown that this takes a significant toll on their mental health, self-esteem, and social wellbeing.

### Youth Unemployment and its Economic Repercussions

Prolonged unemployment or underemployment during the early career years has been shown to lead to lower lifetime earnings for individuals. Reduced wages early on can set a lower baseline for future salary growth. The financial implications for individuals extend to lower retirement savings, reduced economic mobility, and a higher likelihood of relying on



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government support programs. For the Canadian economy, the diminished tax revenues will jeopardize Canada's existing social safety net and public infrastructure investments, especially in the current context of an aging population.

Across industries, Canadian businesses report that finding, recruiting, and retaining talent with the right skills is one of their top challenges and a significant barrier to their growth. This skills gap or skills shortage, fueled by a high youth unemployment rate and continued underinvestment by employers in their labour force, undermines Canada's economic resilience and growth, productivity, and ability to lead, or even maintain, a competitive edge in a global economy.

### Methodology of Annual Survey

All figures, unless otherwise stated, are from YouGov Plc. YouGov surveyed almost 13,000 young people between 18 and 34 years old in ten different countries. The total Canadian sample size was 1,249 adults. Fieldwork was undertaken June 7-15, 2023. The survey was carried out online. The figures have been weighted and are representative of all young adults in Canada (aged 18-34).

### Additional Findings of the [Report](#)

- 15% of youth are currently working multiple jobs and of those, 33% need to work multiple jobs to cover basic needs.
- Of youth currently working, 29% currently work in a job with income that can vary week-to-week and where there is nothing preventing the employer from firing them on short notice.
- Only 28% think that the education system provides people with the skills to prepare them for working life.
- 76% think that providing young people with digital skills is necessary for Canada's economic future.
- 57% are interested in a 'green' job, but only 48% think they have the necessary skills or qualification, and only 30% think those jobs would be easy to find.
- 80% of young people reported that they have been impacted by the increased cost of living, with 54% experiencing a negative impact on their mental health, and 45% on their social life.
- Most important actions governments can take:
  1. Make higher and further education more affordable
  2. Ensure schools teach skills that are relevant to the world of work



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3. Create a job guarantee (e.g. guaranteed offer of a government funded job)
- Most important actions employers can take:
    1. Offer higher entry wages
    2. Offer more entry-level roles for those without qualifications/experience
    3. Offer clear pathways to career progression
  - Future of work – how important are the following skills:
    - 84% Basic schooling (literacy & numeracy)
    - 84% Employability Skills (ie. teamwork, communication, problem solving, punctuality)
    - 66% High school diploma or equivalent
    - 78% Digital literacy
    - 78% financial literacy
    - 77% qualifications for a specific trade
    - 72% relevant work experience
    - 51% university qualifications

#### Additional Data Points (NOT HSBC SURVEY)

- Canada experienced a larger change in youth unemployment during the pandemic compared to other OECD countries.<sup>1</sup>
- COVID-19 hit youth employment disproportionately hard in 2020 and 2021 and its recovery in 2022 and 2023 has lagged behind that of employment for older workers.
- On an international scale, youth aged 18 to 24 in Canada and the United States experienced the largest increases in NEET rates (youth not in employment, education or training) between 2019 and 2021.<sup>2</sup>
- According to UNICEF, fewer than half of all young people are acquiring the full range of skills they need for employment.<sup>3</sup>
- In July 2023, among workers aged 18 to 24 who had been postsecondary students at some point since January 2023, only 1 in 3 indicated that they were in a job closely related to their field of study.<sup>4</sup>

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<sup>1</sup> <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2022003/article/00003-eng.htm>

<sup>2</sup> <https://www150.statcan.gc.ca/n1/pub/81-599-x/81-599-x2022001-eng.htm>

<sup>3</sup> <https://www.unicef.org/reports/recovering-learning>

<sup>4</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/230804/dq230804a-eng.htm>