

Charting a Course to a Bright Future:

How Canadian Youth Are
Navigating Education and
Employment



Jimmy Jean, Vice-President, Chief Economist and Strategist

Randall Bartlett, Senior Director of Canadian Economics

Marc Desormeaux, Principal Economist

Maëlle Boulais-Préseault, Economist



Summary

- Today's Canadian youth ages 15 to 34 are better educated, more entrepreneurial and more international in their perspective than any generation that came before them.
- Until recently, youth were a declining share of Canada's population. From nearly 40% of the population in the early 1980s, the youth share fell to a record low of just over 25% in 2021. However, a surge in immigration with a preference toward younger newcomers led to a reversal of these fortunes in 2022, and the increase in the immigrant share of youth is expected to continue. This should help Canada gain ground on our younger neighbour to the south and help to further our demographic advantage relative to our other G7 peers overseas.
- Canadian youth are also better educated than in the past and outpace much of the OECD when it comes to college certifications and bachelor's degrees. While student debt continues to pose a challenge for many young Canadians, lower-income students are pursuing postsecondary education in increasingly greater numbers. International students and young immigrants also play an important role in boosting Canada's educational prowess.
- Higher levels of education have been reflected in the greater labour market attachment and earnings of Canadian youth, particularly women. Canadian youth are also more entrepreneurial than ever before. But despite these gains, there remain challenges in the transition from school to work as well as ensuring that the skills of youth are being leveraged to the greatest degree possible. Young women are also subject to unique challenges, as they are often called on to care for loved ones in a way that young men aren't, with the most well-educated women paying the highest cost.
- While Canadian youth have a lot to celebrate, challenges remain. Young women in particular were experiencing declining mental health even before the COVID-19 pandemic, which only exacerbated these struggles. Young immigrants also face challenges that other youth don't.
- Policy has a role to play in addressing these challenges. A Quebec-style subsidized childcare program is a good start. Greater public support for mental health would also be low-hanging fruit. Increased workplace flexibility would support an improved work-life balance as well.

It's not hard to stumble across news stories that speak to the challenges facing Canada's youth. From online education during the pandemic to skyrocketing home prices, the world that today's youth are navigating is very different from that of their parents and grandparents.

Every generation faces unique circumstances. But anecdotes aren't data and don't tell us much about how Canadian youth are faring. In this note—the first in a series on youth in Canada—we try to paint a picture of who Canadian youth are and how they are doing as they leave their parents' homes to pursue education and embark on their careers. We try to get a sense of where they are having the greatest successes as a generation and where we can collectively work to help support them through their challenges.

Table of contents

- Summary i
- Demographics: Young in an Aging Nation 1
 - Quebec’s Childcare Program 2
- Education: Youth Are More Educated than Ever 3
 - How COVID Impacted Youth Education 6
- Taking Care of Business: Kicking Off Careers 7
 - From School to That First Job 7
 - Turning That First Job into a Career 9
 - Landing in Job Country 12
- Much to Celebrate but Challenges Remain 14
- Conclusion 15

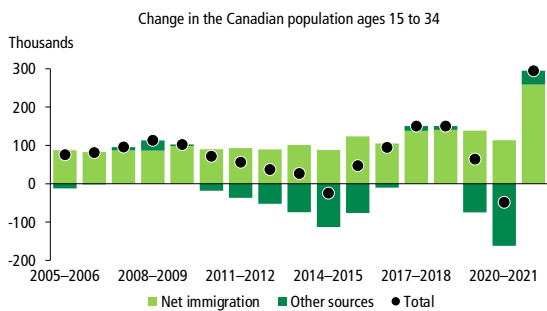


Demographics: Young in an Aging Nation

Youth—defined here as Canadians ages 15 to 34—are a large and important part of Canadian society. In 2022, the group eclipsed 10M people for the first time in recorded history.

Their share of Canada’s population has stabilized at about 26% since 2015, having previously declined steadily from a peak of 37% in the 1980s. This coincided with a generalized reduction in Canada’s birth rate over multiple decades, which left the country with one of the lowest such rates in the G7. The stability in the youth share of the population over the last seven years is almost entirely attributable to gains in the 29–34 cohort. Those gains, in turn, look to be related to rising immigrant admissions since 2015, which were concentrated in that age range (graph 1).

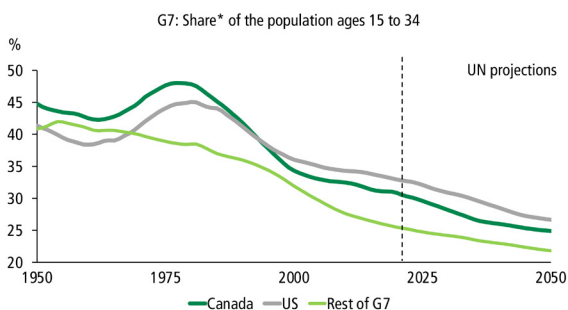
GRAPH 1
Immigrants Have Driven the Vast Majority of Youth Population Gains



Sources: Statistics Canada and Desjardins Economic Studies

Young people are a larger demographic group in Canada than in many other advanced economies (graph 2). However, individuals 15 to 34 make up a smaller proportion of the total population in Canada than in the US. Like Canada, the US saw its youth rate peak in the early 1980s before dropping off considerably over the ensuing decades. But America has had a larger share of young people than its northern neighbour for the entire period for which we have data, a trend that mirrors fertility rate differences over that period. That said, the gap may be closing as the US youth percentage has continued to decline in recent years, whereas Canada’s seems to have bottomed out.

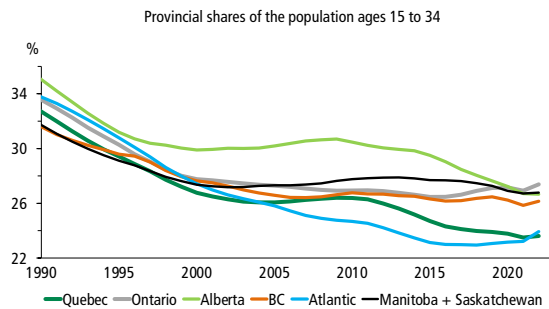
GRAPH 2
Canada’s Youth Population Share Is Second Only to the US in the G7



* As a share of the population ages 15 and above
Sources: United Nations and Desjardins Economic Studies

At the provincial level, the population share of youth has generally followed the national trend, with only some variation. Not surprisingly, youth make up a larger share of the population in the Prairie provinces, which have some of the lowest average ages in Canada and some of the country’s highest birth rates. However, the share of 15- to 34-year-olds trended lower after 2015, especially in Saskatchewan and Alberta as uneven economic prospects drove many workers to move to net oil consuming provinces. Ontario’s youth share has trended higher since 2015, likely benefiting from high levels of newcomer admissions (graph 3). Notably, while the Atlantic provinces have historically had lower-than-average youth shares, they saw an uptick during the COVID-19 pandemic amid record levels of in-migration from other provinces. Benefiting from this interprovincial population flow and the highest rates of immigrant intake in Canada, Prince Edward Island stands out for a youth share roughly the same as during the late 1990s. As a result of this influx from outside the region, the Atlantic provinces recently overtook Quebec for having a larger share of its population ages 15 to 34. This despite Quebec having had the most generous program of childcare subsidies in Canada for more than a quarter century (see page 3).

GRAPH 3
Most Provinces Have Seen an Increasing Youth Population Share Recently



Sources: Statistics Canada and Desjardins Economic Studies

Ultimately, while Canada’s population has been aging, so far the youth share doesn’t appear to be declining as it has in many other advanced economies. This at least partly reflects the effects of federal and provincial policies. These should provide guidance for policymakers as they work to support skilled workforce development in the coming years.

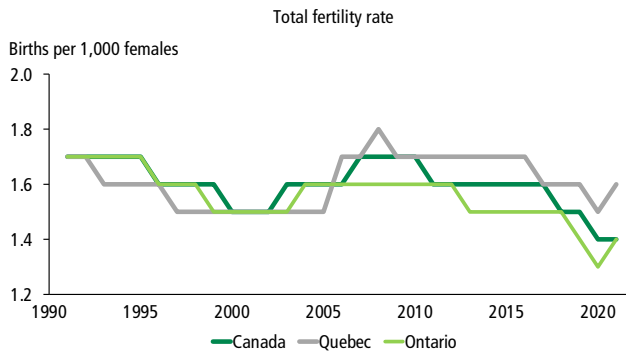


Quebec's Childcare Program

Special attention must be given to Quebec's childcare system. While Quebec's population continues to age, the program, implemented in 1997 and expanded by the year 2000, has arguably prevented the trend from advancing more rapidly. The plan originally included direct funding for not-for-profit, low-fee childcare centres. It focused on supporting gender equality and parental employment, in part by making all children eligible, not just those with employed parents or parents in school. The system has since expanded to include for-profit centres.

Historically a laggard on birth rates, Quebec saw a jump in fertility beginning in the early 2000s and has tracked or surpassed the national average ever since (graph 4). The new federal childcare agreement offers potential for further gains in this respect over the longer run. Early funding announcements indicate that provinces signing on to the agreement will focus on building new spaces, keeping fees low and developing programming that supports the needs of vulnerable and diverse populations.

GRAPH 4
Quebec's Fertility Rate Rose after Subsidized Childcare Was Introduced



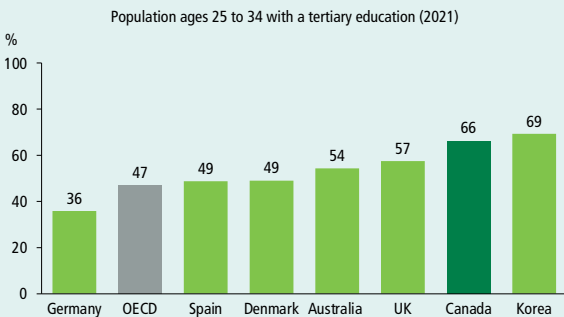
Sources: Statistics Canada and Desjardins Economic Studies

Education: Youth Are More Educated than Ever

It's one thing to have a young population. But it's another thing entirely to have a young population that's educated and highly productive.

Canada is known for its highly educated workforce. Compared to their international peers, Canadian youth are more likely to have reached a higher level of education. Indeed, 66% of Canadians ages 25 to 34 have completed a tertiary education. Among OECD member countries, the average share of young adults with a tertiary education is 47% (graph 5). Canada also has the largest share of college or university degree holders of any G7 country. One aspect of Canada's education system that is the primary driver of this higher figure is the strong college sector, given the important role played by colleges and CEGEPs. Close to 24% of Canadians between the ages of 25 and 64 have a college credential, compared to the OECD average of 8% (graph 6).

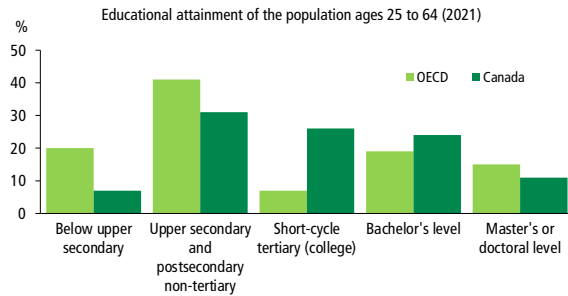
GRAPH 5
Canada Has a High Share of Youth with a Tertiary Education



Source: Organisation for Economic Co-operation and Development

In addition, Canadian youth in the labour force today are more likely than previous generations to have completed high school or university. Back in 2000, approximately 59% of Canadians between the ages of 25 and 34 had earned a postsecondary qualification. By 2019, that number had risen to 73%. College credential programs specifically have become more popular in Canada in recent years. College graduations accounted for 13% of all graduations in 2019, which is double the share in 2014. The number of students graduating from a college in Canada increased by 170% during those five years.

GRAPH 6
Canada's Youth Are More Likely to Pursue a Postsecondary Education



Sources: Organisation for Economic Co-operation and Development and Desjardins Economic Studies

The most popular field of study in Canada is business, management and public administration, with 20% of students enrolled in that program in the 2020 school year (September 2020 to April 2021). It's followed by social and behavioral sciences and law at 14% and health and related fields at 13%.

Business, management and public administration has also been the most popular field of study among international students. In recent years, the number of international students choosing a school in Canada grew rapidly (graph 7). In fact, Canada went from over 122,000 study permit holders back in 2000 to more than 807,000 in 2022. Most of those students are attending college or university at the master's level. Almost half of the international students coming to Canada are choosing Ontario as their place of study, followed by British Columbia.

GRAPH 7
The Number of International Students in Canada Has Been Increasing Steadily



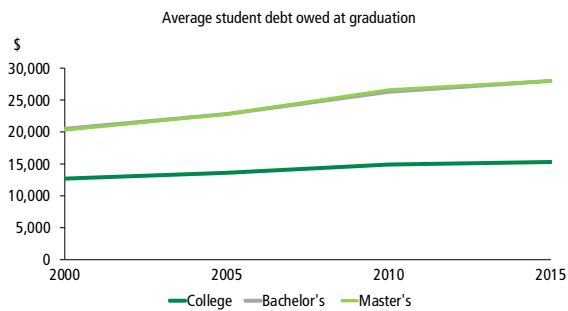
Sources: Statistics Canada and Desjardins Economic Studies



As previously mentioned, colleges and CEGEPs are an important part of the Canadian education system. Among the students enrolled in postsecondary education in the 2020 school year, over 35% were attending college while the rest were attending university. More and more international students have been choosing colleges when they come to study in Canada. Indeed, most college graduates are now international students.

According to Statistics Canada, 67% of college graduates across Canada were international students in 2019. Of those students, close to 80% obtained their permanent residency within five years after graduating. Canadian youth who need financial assistance to pay for their postsecondary studies often apply for a student loan. Over the past 20 years, student debt in Canada has remained relatively steady. This is true whether you look at the proportion of students taking on debt or the average debt owed at graduation (graph 8). One exception is professional degree students, for whom debt has increased in recent years as tuition has gone up. Quebec has the lowest average debt owed at graduation, regardless of student loan type. It is important to note that Quebec has the lowest tuition fees among all provinces. Quebec's undergraduate tuition fees were half the Canadian average during the 2022 academic year.

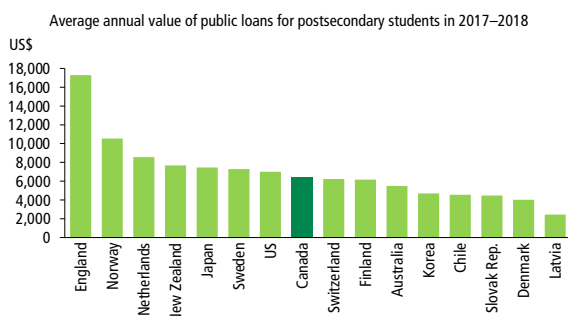
GRAPH 8
Student Debt from All Sources Has Remained Relatively Constant



Sources: Statistics Canada and Desjardins Economic Studies

The amount of public loans received by Canadian postsecondary students is comparable to the OECD average (graph 9). In its 2022 Fall Economic Statement, the Government of Canada proposed eliminating interest on Canada Student Loans and Canada Apprentice Loans beginning on April 1, 2023. Similarly, in August 2022 the Biden administration announced student debt relief for up to 43 million borrowers in the United States. In both countries, such measures aim to increase access to postsecondary education, especially for students from low- and middle-income families.

GRAPH 9
Student Loans in Canada Are in Line with International Norms



Source: Organisation for Economic Co-operation and Development



As education becomes more affordable, the proportion of Canadians pursuing a postsecondary education may rise significantly. This is important, particularly for low-income youth. Economically disadvantaged students in Canada, like elsewhere in the world, are less likely to pursue a university education. However, there have been improvements in Canada on that front. Between 2001 and 2017, youth enrollment increased 28% in the bottom income quintile—much more than the 10% rise among the top quintile. That said, more effort is needed. Just 43% of lower-income youth are enrolled in postsecondary studies vs. 77% of youth in the top quintile.

On the other hand, intergenerational education mobility is quite high in Canada. In other words, children in Canada often achieve a higher level of education than their parents did, and that is especially the case when parents did not attend a college or university. It also helps promote upward income mobility among youth from lower-income families, as postsecondary education is generally positively associated with earnings and therefore wealth accumulation potential.

[Research](#) also shows that having access to a Registered Education Savings Plans increases the likelihood that young Canadians will attend a postsecondary institution. However, this also reflects income inequality, as it's more difficult for lower income parents to save for their children's postsecondary studies. Many students in Canada have a part-time job while they are in school. In the years leading up to the pandemic, the share of students working part-time was on an upward trend. After decreasing in 2020, the employment rate of full-time students started increasing again in 2022 and has now surpassed its pre-pandemic level. According to Statistics Canada, more than 41% of Canadians 15 to 24 work while studying full-time and 72% work while studying part-time. Working through school can have non-financial benefits, such as building work experience, learning workplace skills and networking. However, students devoting a significant number of hours to a job out of necessity may suffer academically, in addition to experiencing stress and exhaustion.





How COVID Impacted Youth Education

The COVID-19 crisis impacted many sectors of the economy, including education. The rapid shift to online learning made things easier for some students, but was a challenge for others. Classes were delayed or cancelled because of this overnight change in instructional delivery. Online learning is not feasible in all fields of study. Remote learning was difficult if not impossible for vocational and healthcare programs. And not all Canadian students had the right setup for online learning. They had to create their own study space at home on short notice, adding to their stress. Pandemic disruptions to the education system raised fears of higher dropout rates. Lockdowns led to many business closures, and dropout rates typically increase as financial pressures mount.

According to the data, the enrollment rate of young Canadians was as high in September 2020 as it was a year before. The number of Canadian students enrolled in online education doubled during that school year, which might have helped keep the enrollment rate up. This shows that even if the quality of their education suffered during the pandemic, young Canadians stayed in school during this period, which should mitigate the longer-term effect of the pandemic. However, because of their active lifestyle, students' mental health rapidly deteriorated as a result of social distancing and other public health measures. For many young people, school closures led to social isolation and disrupted their education. According to Statistics Canada, during the COVID-19 pandemic, a higher proportion of youth reported poor mental health than any other age group.

There is no doubt that the pandemic has had an impact, some of which may be permanent. However, it is encouraging to see that young Canadians stayed in school. That said, acute labour shortages point to persistent skills mismatches. This means that additional efforts will be needed, not only to keep young Canadians in school, but also to encourage them to choose fields that are expected to need a significant number of new workers going forward.

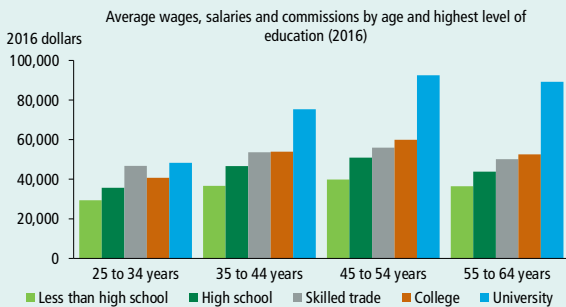
Taking Care of Business: Kicking Off Careers

Education and training can help youth land their first job so they can grow their career. But what does the transition from school to work look like and where does it lead?

From School to That First Job

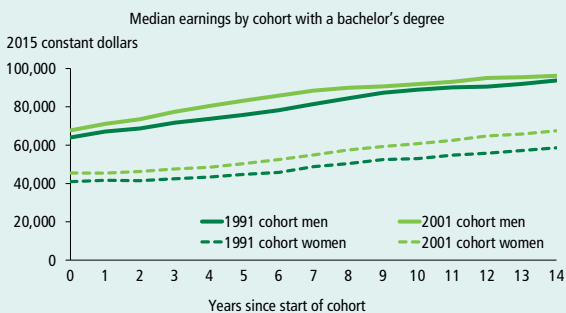
One of the key motivations of those pursuing a postsecondary education is the employment and earnings opportunities it provides. This makes sense, as people know the rate of return on an education is very high in Canada (graph 10). A university education in particular delivers an elevated and sustained long-term return. This isn't just because there weren't as many university graduates in past generations. If you look at the earnings of men and women who graduated with a bachelor's degree in 1991 vs. 2001, the return on investment was even higher for the younger cohort (graph 11).

GRAPH 10
The Return on Education Remains High in Canada



Sources: Statistics Canada and Desjardins Economic Studies

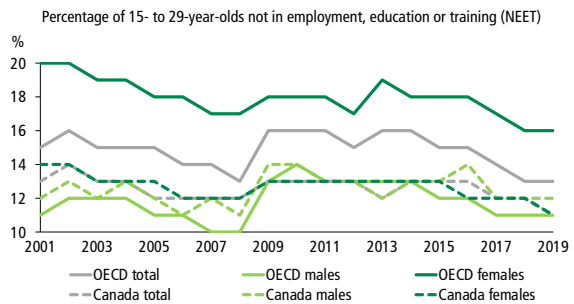
GRAPH 11
Returns on a Postsecondary Education Are High and Rising



Sources: Statistics Canada and Desjardins Economic Studies

That's why it's so important to ensure youth find work upon completing their education. [Research](#) shows that a prolonged period of unemployment at the start of a career can have lasting impacts on future earnings potential. Fortunately, Canada does a better job than many of our OECD peers in this regard. Indeed, prior to 2020, Canada had a smaller share of youth not in employment, education or training (NEET) than the OECD average (graph 12). This can be entirely chalked up to female engagement in the labour force, as young women in Canada have been much more likely to be in employment, education or training than the OECD average.

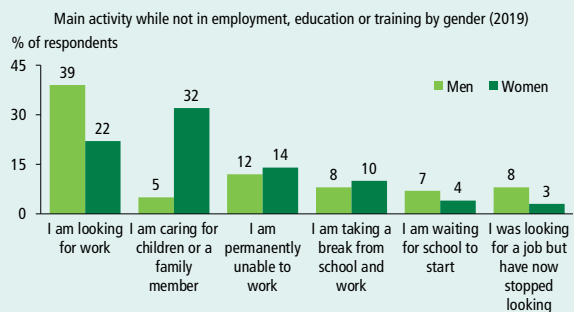
GRAPH 12
Labour Market Outcomes Are Much Better for Young Canadian Women



Sources: Organisation for Economic Co-operation and Development, Statistics Canada and Desjardins Economic Studies

This is interesting because young women face very different labour market challenges than men. According to a survey conducted by the Labour Market Information Council (LMIC), family-related obligations explain about one-third of women ages 16 to 29 (32%) who are NEET compared with 5% of men (graph 13). That's huge, as it suggests young women would be even more engaged in the labour force if they didn't feel obligated to care for loved ones.

GRAPH 13
Women Are More Likely to Be NEET Because They Are Caring for Others



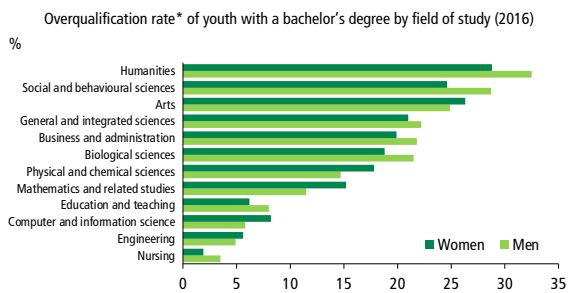
NEET = Not in employment, education or training
Sources: Labour Market Information Council and Desjardins Economic Studies

It's not enough to just land a job. Young people also need to be able to find a job where they can fully use their education. Otherwise they may be leaving future earnings on the table.



Unfortunately, mismatches between youth skills and available jobs are all too common. It's a well-worn cliché that students who graduate with arts degrees often end up overqualified for their jobs. And this is what Statistics Canada found among Canadians ages 25 to 34. In this age group, the highest levels of overqualification were in those with degrees in the humanities, arts and social and behavioural sciences (graph 14).

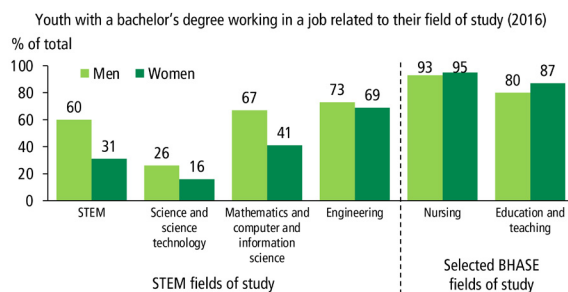
GRAPH 14
Arts Majors and Young Men Are Most Likely to Be Overqualified for Their Jobs



*A person is considered overqualified when he or she has completed a university degree but is working in an occupation that typically requires a high school education at most.
 Sources: Statistics Canada and Desjardins Economic Studies

But that's not true for all graduates with a degree in business, humanities, health, arts, social science and education (BHASE). For example, nursing and education graduates tend to have lower rates of overqualification. They also have better alignment between their field of study and their ultimate occupation than many science, technology, engineering and mathematics (STEM) graduates (graph 15). Indeed, young people 25 to 34 with a bachelor's degree in a STEM field are less likely to be working in occupations closely related to their field of study. This is particularly true for young women. Only about 30% of young women with a STEM degree report working in an occupation closely related to their field of study, vs. around 60% for young men.

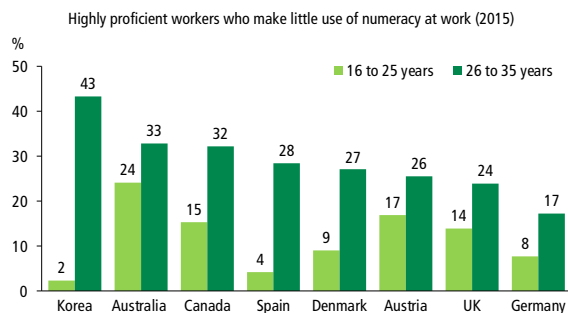
GRAPH 15
Men Tend to Have Better Outcomes in STEM Fields after Graduation



STEM = Science, technology, engineering and mathematics
 BHASE = Business, humanities, health, arts, social science and education
 Sources: Statistics Canada and Desjardins Economic Studies

This mismatch between STEM training and actual employment in Canada shows up in the international data as well. Take the [OECD's Programme for International Assessment of Adult Competencies](#). According to the OECD, about one third of Canadian workers 25 to 34 who are considered highly proficient in numeracy make little use of that skill at work (graph 16). That's high for an advanced economy. Given the strong returns on a STEM education requiring a high proficiency in numeracy, it seems young talent is being underutilized. The same has been [observed](#) with literacy, albeit to a lesser extent.

GRAPH 16
Canada Ranks Relatively Poorly in Youth Skill Utilization



Sources: Organisation for Economic Co-operation and Development and Desjardins Economic Studies

One of the best ways to promote a smooth transition from school to work and reduce skills mismatches is through what's known as work-integrated learning (WIL). A well-known example is cooperative education. WIL gives students real-world work experience and a network to draw on, which is essential to successfully starting a career. Indeed, according to the LMIC, youth who are not in employment, education or training cite a lack of work experience as the main barrier to finding work (graph 17). Research has found that recent postsecondary graduates who participated in WIL were more likely to find work in their field and to find a job within three months of graduating. According to Statistics Canada, graduates of postsecondary institutions that were able to stay with the firm where they had a student job were earning more two years after graduation than students who didn't stay with the same organization (graph 18). And they were likely to earn much more than students who didn't have a student job at all.

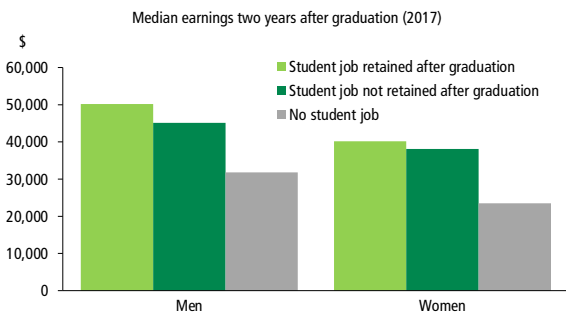
GRAPH 17
NEET Youths Face Numerous Challenges

Top 5 challenges NEET youths face when looking for a job, education or training (2019)



Sources: Labour Market Information Council and Desjardins Economic Studies

GRAPH 18
Working While Studying Can Start a Career Off on the Right Foot

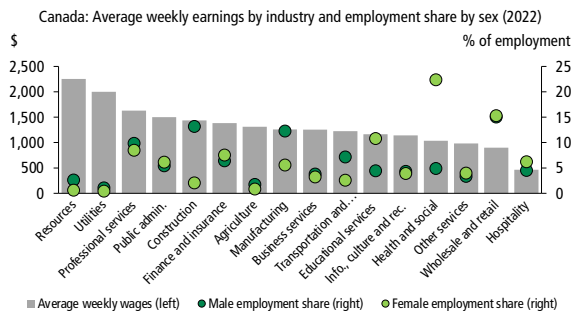


Sources: Statistics Canada and Desjardins Economic Studies

Importantly, while student jobs benefit both men and women, particularly if they're kept on after graduation, the return on student jobs is much higher for men. The gender pay gap early in their careers appears to reflect both field of study and industry of post-graduation job. For instance, young women are much more likely to work in arts, entertainment and recreation and accommodation and food services after graduation than

are young men. In contrast, young men are more likely to work in manufacturing, professional and financial services, resource extraction and construction—all sectors with higher levels of compensation. This has significant implications for the lifelong earnings of men and women (graph 19). It also speaks to the benefit of policies directed at attracting more young women to STEM fields, as these are more likely to offer WIL and pay higher salaries upon graduation. And as we've seen earlier, employers should focus on retaining women with a STEM degree post-graduation as well.

GRAPH 19
Women Are More Likely than Men to Work in Low-Wage Sectors



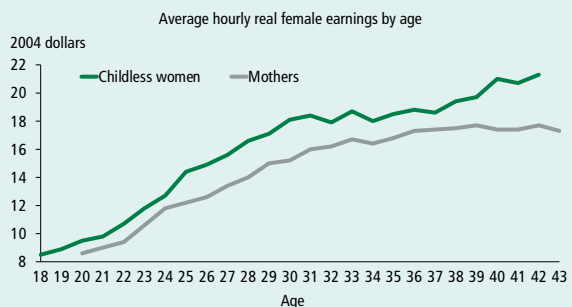
Sources: Statistics Canada and Desjardins Economic Studies

Turning That First Job into a Career

This early gender wage gap is important because it only grows over time. This is due in part to composition of employment, but it's not the whole story.

Historically, women have suffered an earnings penalty for having children (graph 20). Indeed, the gap in compensation between men and women and mothers and non-mothers grows nearly exponentially with each child a woman has. This is generally attributed to a reduction in overall employment (e.g., leaving the labour market), fewer hours worked (e.g., moving from full-time to part-time employment) and modified work arrangements to allow for greater flexibility.

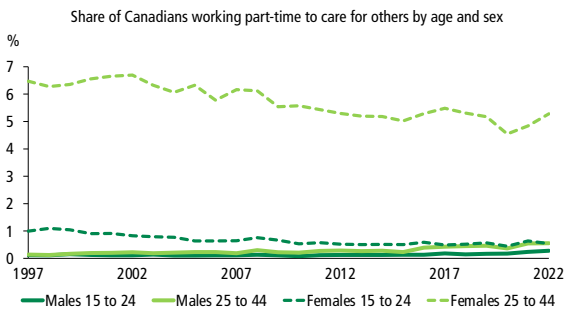
GRAPH 20
Mothers Pay an Earnings Penalty That Increases with Time and Children



Sources: Statistics Canada and Desjardins Economic Studies

Not only are Canadian women more likely than men to switch from full-time to part-time employment early in their career, but they are also likely to cite caring for children as the primary rationale. For instance, if you look at adults ages 25 to 44, women report caring for children as the primary reason for working part-time, while it barely registers for men the same age (graph 21). In contrast, men and women 15 to 24 are most likely to cite going to school as the primary reason for working part-time, suggesting similar employment preferences in the absence of children. However, these younger women are still more likely to cite caring for children and other personal or family responsibilities than men the same age.

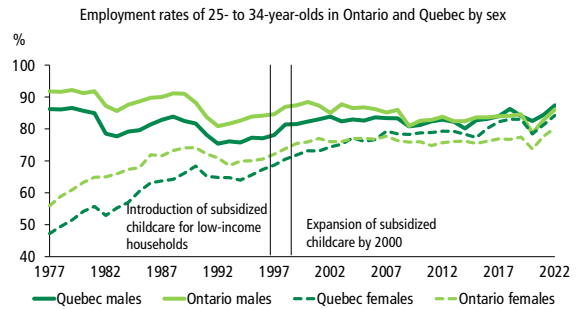
GRAPH 21
Women Are Much More Likely to Work Part-Time to Care for Others



Sources: Statistics Canada and Desjardins Economic Studies

The recent push for universal childcare in Canada could be a game changer for young women in this regard, as it was for those in Quebec starting in the late 1990s. When we look at historical employment rates in Quebec vs. Ontario for young women and men, it's clear that subsidized childcare has been key to female labour force participation in Quebec (graph 22). [Work](#) by economist Pierre Fortin and others has demonstrated as much.

GRAPH 22
Subsidized Childcare Has Boosted Female Employment in Quebec

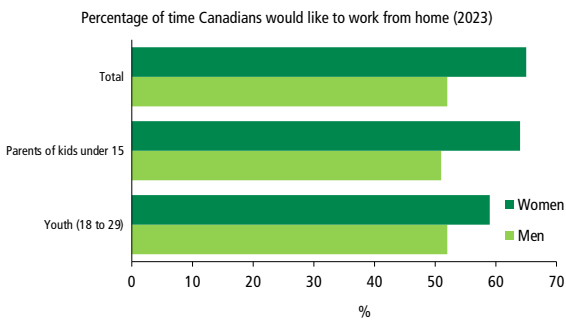


Sources: Statistics Canada and Desjardins Economic Studies



Another way to improve the employment opportunities of young women is to allow them to work from home. According to a recent [poll](#) by Abacus Data, nearly 60% of young women in Canada say they would like to work from home at least half the time, compared to just over 50% of young men ([graph 23](#)). That number is even higher for mothers with kids under 15.

GRAPH 23
Canadians Want to Work More from Home, Particularly Women



Sources: Abacus Data and Desjardins Economic Studies

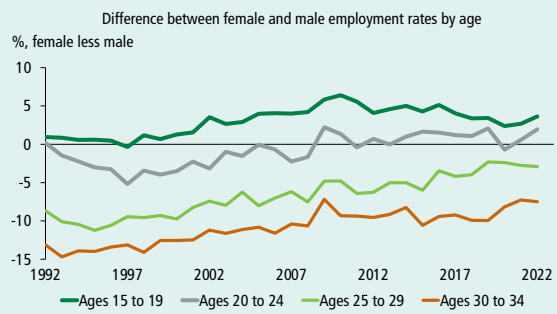
Closing the gender gap in employment outcomes is a big challenge, but the trend is moving in the right direction. Nationwide, young women continue to gain ground relative to young men when it comes to employment rates ([graph 24](#)). The youngest women in this group—those ages 15 to 24—have been more likely than their male counterparts to have a job for most of this century so far ([graph 25](#)). Meanwhile women in the older youth cohort—those 25 to 34—have consistently increased their attachment to the labour market relative to young men. The remaining gap increasingly looks to be structural, which leaves room for public policy to address.

GRAPH 24
Women Have Driven the Improvement in Youth Employment Outcomes



Sources: Statistics Canada and Desjardins Economic Studies

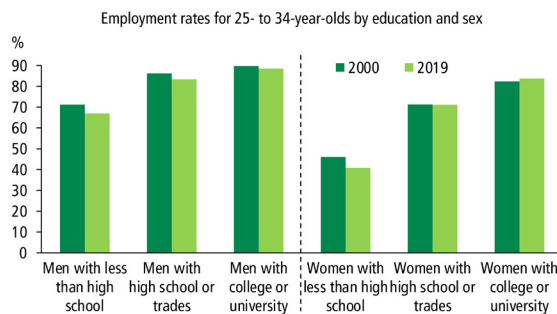
GRAPH 25
Young Women Either Work More than Men or Are Closing the Gap



Sources: Statistics Canada and Desjardins Economic Studies

Not surprisingly, better-educated Canadian youth are more likely to be engaged in the labour market. This is particularly true for women ([graph 26](#)). That said, there is a persistent gap in labour market engagement between men and women 25 to 34 regardless of education level that has held fairly steady over the last couple of decades. [Research](#) has also found that mothers with higher educational attainment have a larger and more persistent earnings gap after having children relative to less well educated mothers.

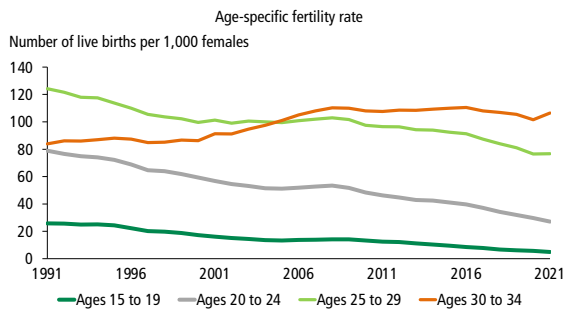
GRAPH 26
Better-Educated Youth Are More Likely to Be Employed



Sources: Statistics Canada and Desjardins Economic Studies

Women with higher levels of education are also beginning families later in life than in the past, which has helped to support long-term labour market attachment. Indeed, fertility rates have fallen among the youngest working-age women over the past 30-plus years and have increased among women over the age of 30 (graph 27). As a result, the aggregate fertility rate has gradually fallen in Canada, as was previously discussed.

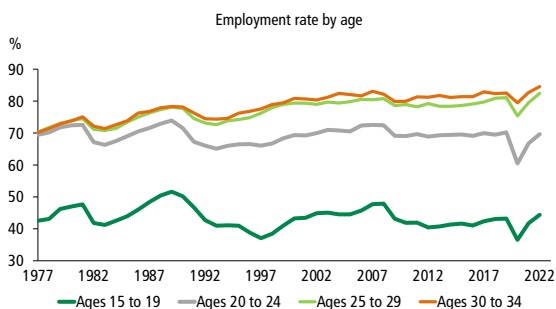
GRAPH 27
Women Are Starting Families Later than in the Past



Sources: Statistics Canada and Desjardins Economic Studies

Taken together, greater educational attainment and delayed motherhood have supported increased labour market attachment among young women—a trend we expect to continue. This should not only sustain the upward trajectory of employment rates among young women, particularly those ages 25 to 34, but it is also expected to push the youth employment rate higher more broadly (graph 28).

GRAPH 28
Employment Rates Among Youth Have Been Trending Higher

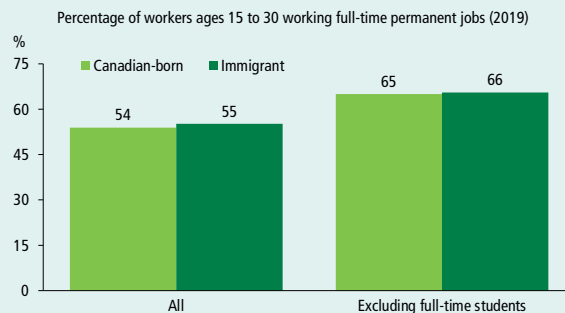


Sources: Statistics Canada and Desjardins Economic Studies

Landing in Job Country

Young women aren't the only demographic group to see material strides in labour market outcomes over the past couple of decades. Another is young immigrants to Canada. [Analysis](#) from the LMIC found that immigrants ages 15 to 24 have seen a sustained improvement in labour market outcomes over the last couple of decades, and the gap with Canadian-born youth has been gradually closing. However, they have continued to lag Canadian-born youth by most labour market measures, with more recent young immigrants faring worst of all. Importantly, analysis from Statistics Canada show that, in 2019, immigrants ages 15 to 30 were as likely as their Canadian-born peers to be employed in full-time permanent jobs (graph 29). This suggests that the gap closes after completing post-secondary education.

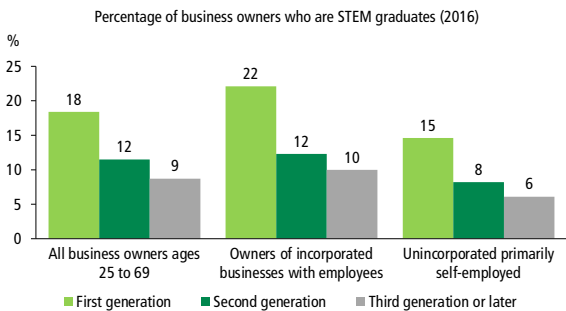
GRAPH 29
Labour Market Outcomes Have Improved Greatly for Immigrant Youth



Sources: Statistics Canada and Desjardins Economic Studies

Part of the story is the higher average level of education of young immigrants to Canada—an investment that serves them well throughout their careers. But in addition to their higher average level of education, immigrants are much more likely to own small businesses. This is particularly true for STEM graduates (graph 30 on page 13). It makes sense, as not only are immigrants more likely to own small businesses, but data shows that about one third of people working in scientific research and development services across Canada are foreign-born. According to Statistics Canada, “in Canada, immigrants represented more than half of the population in the prime working ages with at least a bachelor’s degree in STEM fields of study in 2016. They accounted for three-quarters of engineering and computer science graduates with a master’s or doctorate degree (graph 31 on page 13).

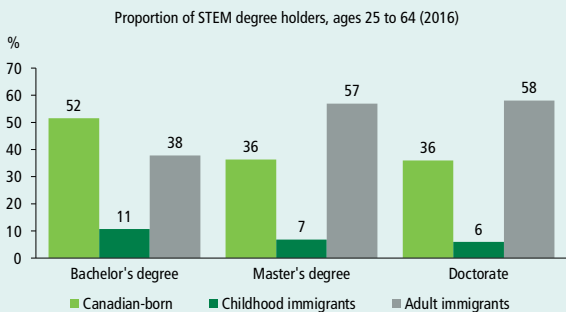
GRAPH 30
Immigrant Business Owners Are More Likely than Non-immigrant Business Owners to Have a STEM Degree



Sources: Statistics Canada and Desjardins Economic Studies

However, [research](#) shows that “compared with the Canadian born with similar levels of education and in similar fields of study, immigrants with a bachelor’s degree had considerably lower skill utilization rates and earnings outcomes than those of doctoral degree holders. This is mostly because immigrant doctoral graduates are more likely to be educated in a Western country.” This helps to explain why the percentage of bachelor’s degree holders ages 25 to 34 working in occupations closely related to their fields of study is so low in STEM fields. It also suggests that more effort needs to be put into recognizing equivalent foreign credentials not from a Western university. Given the ongoing labour shortage in STEM and other fields, it is imperative that educated immigrant youth get the opportunity to put their skills to work.

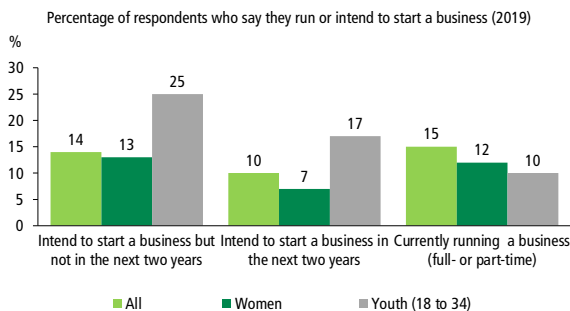
GRAPH 31
Immigrants Dominate Higher Learning in STEM Fields



Sources: Statistics Canada and Desjardins Economic Studies

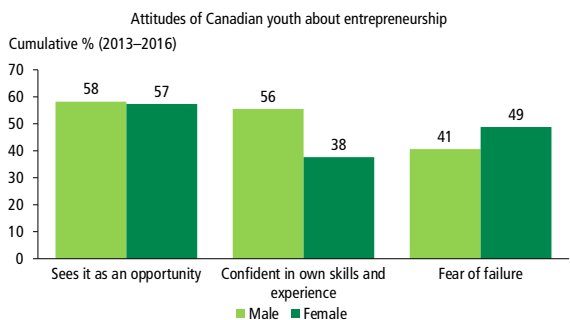
But the entrepreneurial spirit isn't exclusive to newcomers to Canada. According to the [Business Development Bank of Canada \(BDC\)](#), Canadian youth as a group were more likely than older citizens to intend to start a business ([graph 32](#)). They are not far behind the overall population when it comes to running a business either. And while their motivations for starting a business vary, a 2016 survey by the Global Entrepreneurship Monitor found that youth have positive perceptions about entrepreneurship ([graph 33](#)). This is particularly the case for young men, while young women are more likely to express a fear of failure. One of the biggest challenges youth face in starting a business is getting access to capital, with their personal savings being the primary source. While this landscape is changing in Canada, it still remains nascent relative to other countries with bigger pools of venture capital, such as the US. However, in spite of these challenges, the Organisation for Economic Co-operation and Development (OECD) recently ranked Canada the most attractive country for founders of start-ups. This is based on Canada's ranking in the top 25% of OECD countries in terms of quality of opportunities, income and tax regime, future prospects and other criteria.

GRAPH 32
Youth Today Are Ambitious and Entrepreneurial



Sources: Business Development Bank of Canada and Desjardins Economic Studies

GRAPH 33
Youth Have Positive Perceptions about Entrepreneurship



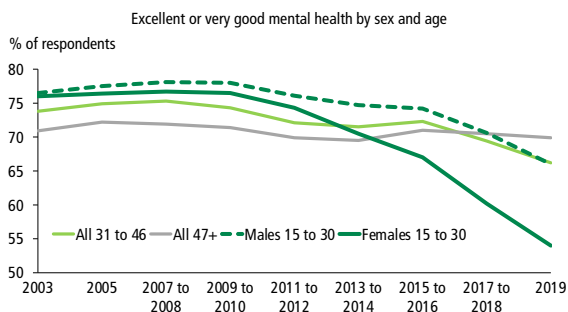
Sources: Global Entrepreneurship Monitor and Desjardins Economic Studies



Much to Celebrate but Challenges Remain

While young Canadians have gained ground in many areas relative to past generations and their international peers, they have also experienced challenges that those who came before them didn't. For instance, even prior to the COVID-19 pandemic, the state of youth mental health had been eroding, particularly for young women (graph 34). But during the pandemic, this took a turn for the worse. According to Statistics Canada, in early 2022, "just over 40% of Canadian youth aged 15 to 24 reported having excellent or very good mental health in late March and early April 2020, compared with 62% in 2018—the largest drop of any age group."

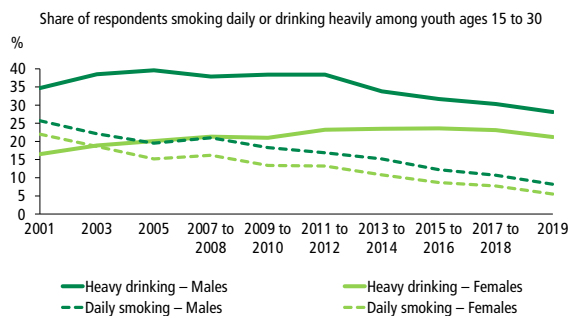
GRAPH 34
Young Women Have Seen a Particularly Sharp Erosion in Mental Health



Sources: Statistics Canada and Desjardins Economic Studies

We don't know what the state of youth mental health will look like going forward, but we are hopeful. Part of this hope is based on other health indicators. According to Statistics Canada, Canadian youth are increasingly less likely to smoke tobacco or drink alcohol heavily (with the exception of females) than in the past (graph 35). However, research by Statistics Canada has confirmed that being younger (ages 20 to 24), along with other characteristics, is significantly related to problematic opioid use. This is a tragic and growing concern for Canadians. And while other indicators such as general health, active time and obesity are more mixed, many seem headed in the right direction.

GRAPH 35
Daily Smoking and Heavy Drinking Are Less Common among Youth



Sources: Statistics Canada and Desjardins Economic Studies

Again, as in other areas, public policy can play a constructive role in supporting youth, particularly women. An increased focus on mental health as part of a broader public health mandate could lead to a sea change in outcomes for Canada's youth. The desire for flexible work arrangements, notably among women, could also help to support this by allowing for a better balance between the demands of work and life.

Conclusion

Youth are a large segment of Canada's labour market, and their success today is paramount to securing our collective economic success in the future. As we have demonstrated here, that success starts with a strong educational foundation, with supports to help youth both complete their studies and transition to a job that matches their skills and interests.

But it goes beyond just getting young people to the starting line. Young women in particular are much more likely than men to take on traditional caregiving roles and therefore be more tenuously attached to the labour market. Greater support for women to remain in the labour market and to return to the labour market if they do leave is central to keeping them engaged throughout their lives. The childcare agreements recently negotiated between the federal and provincial governments, with an aspirational eye to Quebec's childcare program, should help in this regard. Efforts should also be made to attract young women to STEM fields and retain them, as it's evident that the smaller share of women who do enter these fields don't have as lucrative outcomes as their male counterparts.

Young immigrants are also a source of still-untapped labour market potential and entrepreneurial spirit. With their high levels of education, particularly in STEM fields, more work can be done to recognize their credentials, particularly if they are earned outside of Western universities.

Taken together, Canada's kids are alright. The generations that came before them have created and sustained educational institutions that have set them up for success, as borne out by the ongoing improvement in labour market outcomes. That's not to say that more doesn't need to be done, particularly for those groups of young Canadians that continue to lag behind or whose skills are being underutilized. But if the trend is any indication of the potential for progress, there's hope for a brighter future, and we can collectively work to keep making life better for the youngest members of the Canadian labour force.

