It’s Back to School! But What Will Students Do After School?

How well today's students become tomorrow's workforce matters for Canadian business and competitiveness.

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Every September, Canada makes a generational investment in its future.

Over the coming weeks, millions of students will return to classrooms, colleges and universities with the expectation that education will prepare them for successful careers. For decades, that promise has largely held true: build your skills, gain experience and the labour market will reward you.

But for the next generation entering Canada's workforce, that first step on the career ladder is becoming more complicated.

Young Canadians are entering a labour market shaped by several forces at once. Economic growth has been weak, hiring has slowed and AI is changing some of the work traditionally performed by junior employees. Employers are demanding new skills, while experienced Canadians are working longer.

None of these forces alone signals a crisis. Together, however, they raise an important question for Canadian business:

Are the pathways that turn today's students into tomorrow's experienced workers becoming harder to navigate?

This isn't simply a youth employment issue. It's a boarder business competitiveness issue.

Canada's talent pipeline is worth watching.

Some perspective is important: the sky isn't falling on Canada's youth labour market.

Young workers have always experienced higher unemployment than older workers and are particularly sensitive to changes economic performance and hiring. In 2025, youth unemployment averaged about

13.8% – roughly in line with its 35-year historical average and far below the peaks experienced during previous recessions and the pandemic.

What's notable is how we got here.

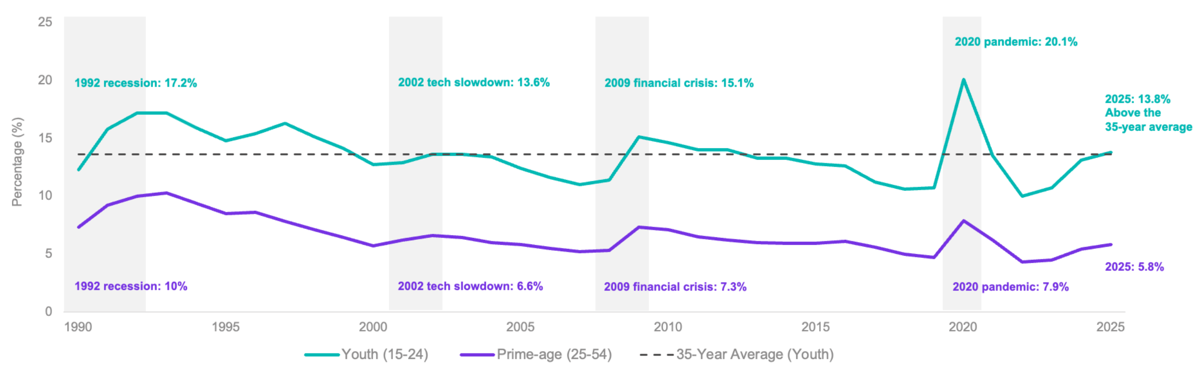
Youth unemployment rose substantially from its post-pandemic lows without Canada entering a recession – a notable departure from the major youth unemployment spikes of recent decades, which coincided with recessions or the pandemic. Prime-age unemployment increased too, but much less dramatically. Statistics Canada concluded that young Canadians "bore the brunt" of the challenging labour market in 2025.[i]

There are some encouraging signs. Youth unemployment fell to 12.6% in July 2026, down from its recent peak of 14.6% in September 2025. While conditions have begun to ease, youth unemployment remains above the levels typically seen in the years immediately before the pandemic.[ii]

For businesses, that's something to watch. A period of weaker entry-level hiring can have consequences long after the economy strengthens if young workers miss opportunities to gain the experience that employers will need later.

Young workers bore the brunt of a challenging labour market in 2025.

Unemployment rate by age group, Canada, 1990-2025



Source: BDL analysis using Statistics Canada data (14-10-0327-01).

Business Data Lab

Education still matters, but it no longer guarantees opportunity.

Canada has one of the most educated workforces in the world. Education remains an important foundation for long-term career success.

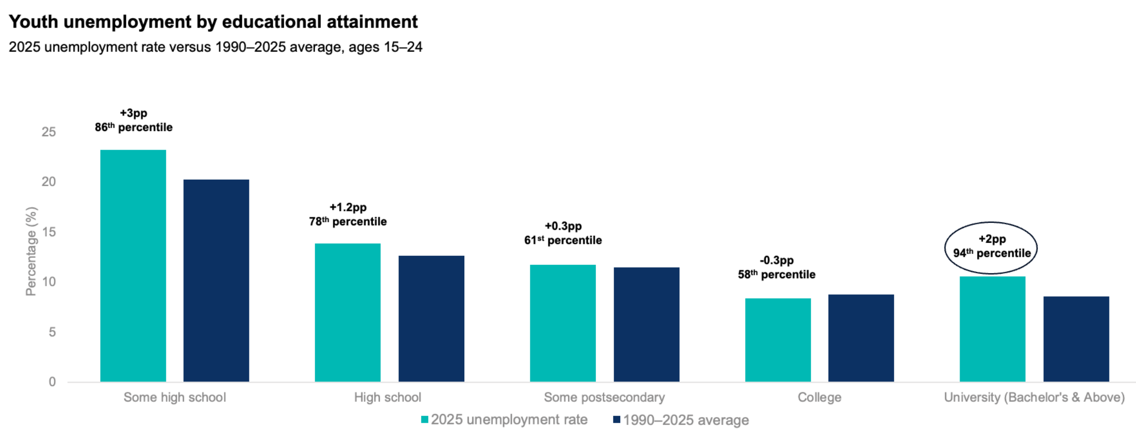
Yet recent labour market data suggest the transition from education to employment is becoming more difficult, even for successful graduates.

In 2025, unemployment among university-educated youth was about two percentage points above its long-term average – placing it in the 94th percentile of annual outcomes since 1990. At the same time, young Canadians with college credentials experienced unemployment slightly below their historical average.

This doesn't diminish the value of higher education. Rather, it reinforces that education is increasingly one part of a successful transition into the workforce – alongside practical experience, digital capabilities, adaptable skills and opportunities to gain that critical first foothold.

The message is equally important for businesses observing these trends: developing the next generation of talent can't begin after young people arrive fully formed at the workplace. Employers have a role to play in creating the internships, work-integrated learning and entry-level opportunities that turn education into experience.

Even educated young Canadians are facing an unusually difficult job market.



Source: BDL analysis using Statistics Canada data (14-10-0019-01).
Note: Percentile shows where the 2025 annual unemployment rate ranks relative to annual outcomes from 1990–2025.

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AI isn't replacing workers… but it may be changing the first rung of the career ladder in some sectors.

The early evidence does not support a simple "AI up, jobs down" story. Statistics Canada finds that employment has generally continued to grow regardless of potential AI exposure, and BDL analysis similarly shows employment growing in several industries where AI adoption has jumped since the proliferation of generative AI in late 2022.[iii]

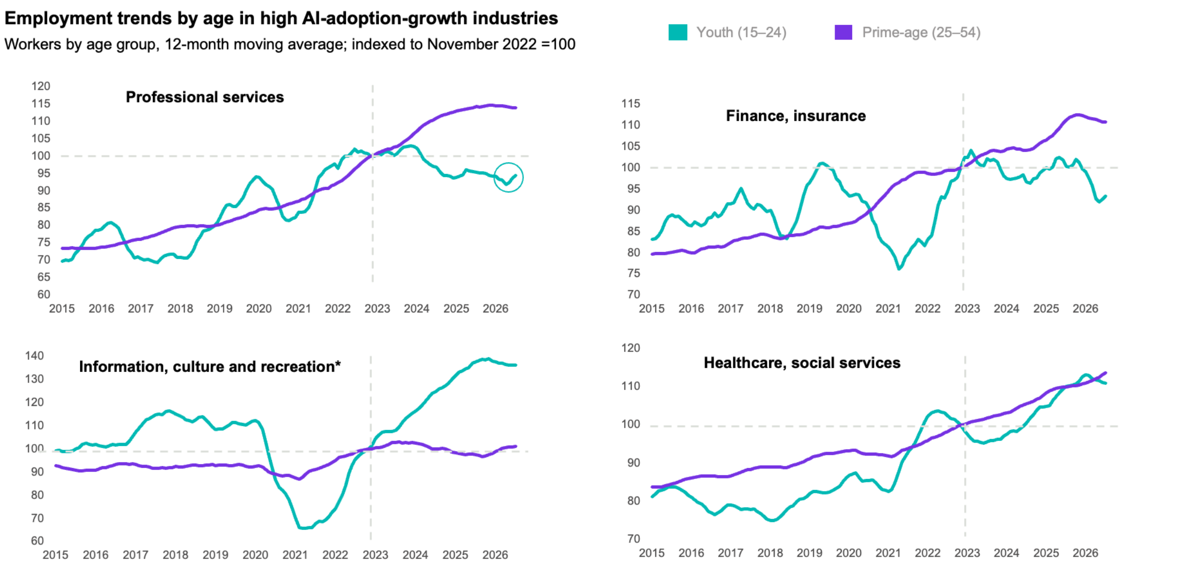
But there are signals worth watching. BDL analysis shows that youth employment has recently lagged prime-age employment in professional services and finance, two industries where AI adoption is relatively high, although professional services has shown some recent improvement. Other high-adoption industries show very different patterns, reinforcing that there is no simple relationship between AI adoption and youth employment.

Statistics Canada has also found weaker employment growth among younger workers, including stagnation among under-30 workers in coding-intensive occupations. These patterns don't prove AI is responsible, but they raise an important question about where careers begin.[iv]

Many professional careers traditionally started with junior tasks (i.e., research, drafting, coding, analysis and administrative work) that helped young workers build experience. As AI increasingly augments those tasks, the first rung of the career ladder could look very different.

For businesses watching this space, the challenge isn't choosing between AI and young workers. It's ensuring workflow decisions don't inadvertently remove the pathways that develop tomorrow's experienced workforce. Businesses will need capable workers, not just capable bots.

Youth employment has diverged from prime-age employment in some high-AI-adoption industries



Source: BDL analysis using Statistics Canada's Labour Force Survey.
Note: Descriptive comparison only. LFS groups differ from CSBC: *LFS combines NAICS 55–56 and 51+71; CSBC reports NAICS 56 only and separates 51 and 71.

Business Data Lab

Older workers are staying longer. What does that mean for Canada's youth workforce?

At the other end of the career ladder, Canadians are working longer.

In 2025, the average retirement age reached a record 65.4 years, rising to 66.0 for private-sector employees and 68.4 for the self-employed. Meanwhile, labour-force participation among Canadians aged 65 and older reached 15.2% — the highest recorded since the Labour Force Survey began tracking it in 1976.[v]

Retirement also increasing doesn't necessarily mean leaving work altogether. Statistics Canada found that 10.3% of previously retired Canadians aged 55 and older were working again in 2023, up from 7.3% in 2019.[vi]

There is reason to think this trend could continue. Among Canadians planning to retire, 55% said they would work longer if they could work part-time, while 49% would do so if they could reduce their hours without affecting their pension.[vii]

But this shouldn't be viewed simply as older workers taking opportunities from younger Canadians. Previous Canadian research cautions against assuming there is a fixed number of jobs to be divided between generations, with evidence suggesting that greater labour-force participation among older workers has not reduced employment opportunities for younger workers.[viii]

For businesses, this creates a two-generation workforce opportunity: retain valuable experience while deliberately transferring it. Are organizations using this period of overlap to mentor young workers, transfer knowledge and build the succession pipelines they will need tomorrow?

65.4	15.2%	55%
Record average retirement age, 2025	Labour-force participation rate among Canadians 65+, a record	Share of people planning retirement who would work longer if part-time work were available.

Canada’s communities tell different stories

Canada’s youth employment challenge is not playing out evenly across the country.

Across many city-regions, youth employment rates in 2023–25 were below their 2011–19 averages. The declines are particularly pronounced in parts of Ontario and Western Canada, while several Quebec CMAs have moved in the opposite direction.

These differences matter for business because young workers are not evenly distributed either. In some communities, they represent a much larger share of the available workforce – making the ability to attract, hire and develop young talent particularly important to local employers.

For communities, businesses and observers, the national picture only tells part of the story. Local labour market conditions and the ability of young people to gain a foothold in employment will help shape the strength of regional talent pipelines.

City-regions (CMAs)	Youth employment rate (2011–19 average)	Youth employment rate (2023–25 average)	Change (PP)	Youth share of 15–54 labour force (2025)
St. John's, NL	59.3%	57.4%	-1.9	18.3%
Halifax, NS	60.2%	60.2%	0	18.0%
Moncton, NB	60.4%	58.3%	-2.1	16.6%
Saint John, NB	55.0%	54.0%	-1	18.3%
Fredericton, NB	57.8%	54.9%	-2.9	16.3%
Saguenay, QC	64.1%	73.8%	9.8	21.7%
Québec, QC	70.9%	72.8%	2	18.9%
Sherbrooke, QC	62.3%	67.9%	5.5	20.5%
Trois-Rivières, QC	64.0%	69.9%	5.8	21.4%
Drummondville, QC	70.3%	71.3%	1	22.2%
Montréal, QC	56.6%	57.6%	1	17.1%
Ottawa–Gatineau, ON–QC	58.4%	58.4%	0	20.0%
Kingston, ON	58.3%	56.3%	-2	20.3%
Belleville–Quinte West, ON	53.0%	57.9%	4.9	15.8%
Peterborough, ON	57.8%	57.8%	0	28.0%
Oshawa, ON	56.2%	53.1%	-3.1	18.7%
Toronto, ON	48.0%	45.7%	-2.3	15.9%
Hamilton, ON	57.2%	54.4%	-2.7	18.3%
St. Catharines–Niagara, ON	60.3%	56.5%	-3.8	16.0%
Kitchener–Cambridge–Waterloo, ON	60.0%	53.5%	-6.5	18.3%
Brantford, ON	60.9%	55.8%	-5.1	18.6%
Guelph, ON	62.8%	54.7%	-8.1	17.9%
London, ON	52.5%	53.2%	0.7	18.6%
Windsor, ON	56.4%	55.5%	-0.9	21.2%
Barrie, ON	57.9%	58.9%	1	17.6%
Greater Sudbury, ON	60.9%	64.4%	3.5	19.5%
Thunder Bay, ON	64.7%	64.9%	0.3	19.2%
Winnipeg, MB	59.9%	58.8%	-1.1	18.8%
Regina, SK	62.8%	55.4%	-7.4	19.0%
Saskatoon, SK	60.1%	57.2%	-2.9	17.5%
Lethbridge, AB	68.4%	59.6%	-8.8	22.9%
Calgary, AB	58.5%	52.1%	-6.4	17.0%
Red Deer, AB	66.6%	62.4%	-4.2	18.8%
Edmonton, AB	60.3%	54.1%	-6.2	17.0%
Kelowna, BC	68.5%	64.3%	-4.2	17.7%
Kamloops, BC	63.3%	64.9%	1.5	18.4%
Chilliwack, BC	61.8%	62.8%	1.1	23.2%
Abbotsford–Mission, BC	61.1%	58.3%	-2.8	19.6%
Vancouver, BC	54.3%	51.7%	-2.6	14.7%
Victoria, BC	61.4%	62.9%	1.5	17.6%
Nanaimo, BC	62.3%	63.5%	1.3	19.4%

Source: BDL analysis using Statistics Canada data (14-10-0461-01)

Canada's future workforce is a competitiveness issue

Canada's competitiveness agenda often focuses on trade, investment, productivity and innovation. But all of them ultimately depend on people.

If young Canadians take longer to gain a foothold in the labour market and build the experience employers value, today's hiring challenge could become tomorrow's skills and leadership challenge.

For businesses, developing the next generation of talent is more than an HR issue. It's an investment in future competitiveness.

Four questions every business leader should ask this fall

As students return to classrooms and employers look ahead to their future workforce, four questions are worth asking:

1. Are we creating meaningful entry points for the next generation?

Young workers need more than credentials; they need opportunities to gain experience. Are our hiring practices, internships and early-career roles giving young talent a genuine way onto the career ladder?

2. Are we clearly communicating the skills and capabilities we'll need next?

As work changes, businesses need to send clearer signals about what they need from tomorrow's workforce. Are we communicating those needs to students, workers and post-secondary institutions, while working with educators to help close the gap?

3. Are we using AI to strengthen the career ladder, or removing its first rungs?

AI can potentially improve productivity, but businesses should consider what happens to the junior work through which employees traditionally learned. How can we capture the benefits of AI while continuing to develop future talent?

4. Are we taking advantage of having multiple generations in the workplace at the same time?

As experienced Canadians work longer, businesses have an opportunity to transfer knowledge. Are we deliberately using mentorship, coaching and succession planning to turn that overlap into an advantage?

Where this leaves us

This back-to-school season is not just about students returning to classrooms. It's also about whether Canada is building the workforce it will need in the years ahead.

The youth labour market isn't in crisis, but the pathways from education to experience are changing. For businesses, that creates both a responsibility and an opportunity.

The organizations that create pathways for young people to enter, learn and grow today will be better positioned to find the experienced workers they need tomorrow.

We all started our career somewhere. Let's make sure the opportunities for today's youth are just as catalyzing as all the other historic economic investments we're making in Canada's future.

It'll be well worth it.

Sources

[i] Statistics Canada, Guy Gellatly and Carter McCormack, Recent developments in the Canadian economy: Spring 2026, April 22, 2026.
[ii] Statistics Canada, Labour Force Survey, July 2026.
[iii] Statistics Canada, Tahsin Mehdi and Marc Frenette, Canadian employment trends in the era of generative artificial intelligence: Early evidence, January 28, 2026.
[iv] Statistics Canada, Tahsin Mehdi and Marc Frenette, Canadian employment trends in the era of generative artificial intelligence: Early evidence, January 28, 2026.
[v] Statistics Canada, A record number of Canadian seniors worked in 2025: Here are some reasons why, April 21, 2026.
[vi] Statistics Canada, Sharanjit Uppal, Brittany Etmanski, Vincent Hardy and Sébastien LaRochelle-Côté, Retirement and post-retirement employment among older Canadians, April 9, 2026.
[vii] Statistics Canada, Majority of people planning to retire would continue working longer if they could reduce their hours and stress, August 2023.
[viii] Federal/Provincial/Territorial Ministers Responsible for Seniors, Promoting the Labour Force Participation of Older Canadians, May 2018.
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