

CAREER EDGE ORGANIZATION

Standing Committee on Finance – Youth Employment Study

Career Edge Brief

Naguib Gouda

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House of Commons Standing Committee on Finance - Youth Employment Study

OPENING STATEMENT

Mr. Chair,

My name is Naguib Gouda, and I am President of Career Edge. I would first like to thank you for this opportunity to appear as a witness before the Standing Committee on Finance as part of its study on Youth Employment in Canada. This subject ties very closely to the work Career Edge does, and I feel privileged to share our insights at today's hearing.

Career Edge was created in 1996 by a group of business leaders from a number of prominent enterprises in response to a finding in the mid-1990's that more than half a million Canadian graduates were unemployed or under-employed. Since then, these founding organizations have been joined by over 1,000 additional employers to provide close to 12,000 recent university and college graduates, including those with self-declared disabilities, and internationally qualified professionals with career-launching internship opportunities.

I'm proud to say that the Government of Canada has been a great partner of our organization, taking on over 2,400¹ Career Edge interns as part of the Federal Public Service Youth Internship Program between 1997 and 2000. This program was critical to Career Edge's success in its fledgling years, and has greatly contributed to our long-term sustainability. Furthermore, the Government of Ontario has taken on close to 700 of our paid interns since 2004, nearly half of whom were federally funded.

Today's levels of youth employment are reminiscent of those when Career Edge was founded, and we believe that working in collaboration with the Government of Canada, we can – once again – play an important role in helping young Canadians find meaningful work that is consistent with their skills and education, by providing a much needed boost to both their career and quality of life, and to the country's economic development.

OBSERVATIONS

Labour force characteristics²

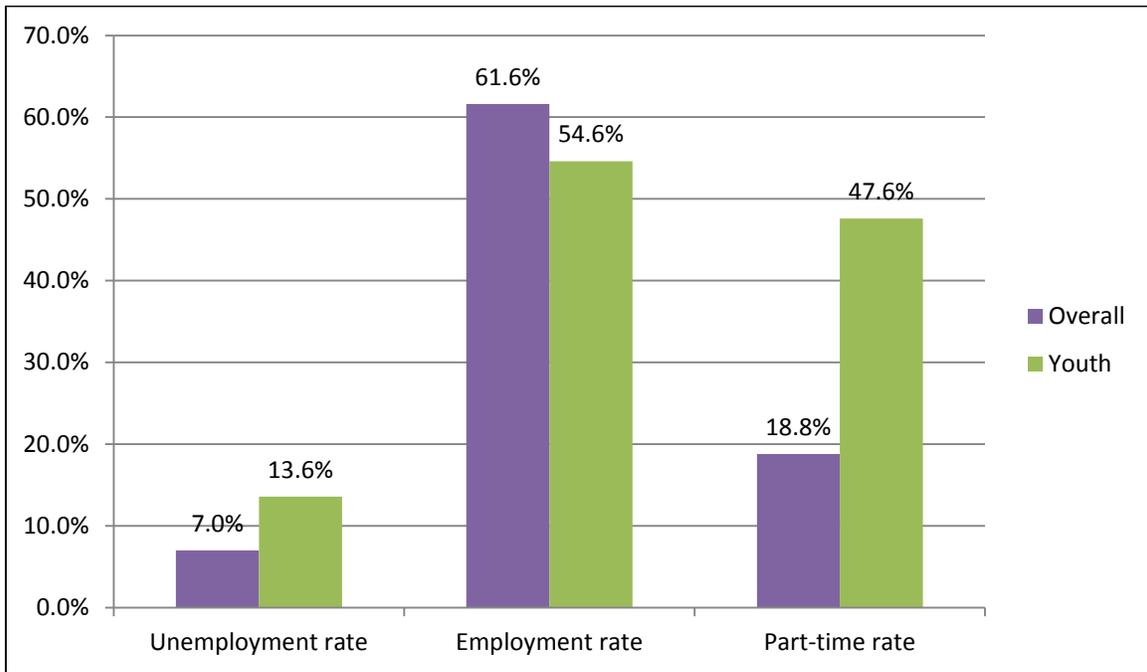
- Canada's **overall** labour force characteristics, as of February 2014:
 - o Unemployment rate: 7.0%
 - o Employment rate: 61.6%
 - o Part-time rate: 18.8%

- Canada's **youth** (15 to 24 years) labour force characteristics, as of February 2014:
 - o Unemployment rate: 13.6%
 - o Employment rate: 54.6%
 - o Part-time rate: 48.7%

¹ 2,409 actual; there were 2,254 at-risk internships during the FPSYIP not included in the 2,400+ number.

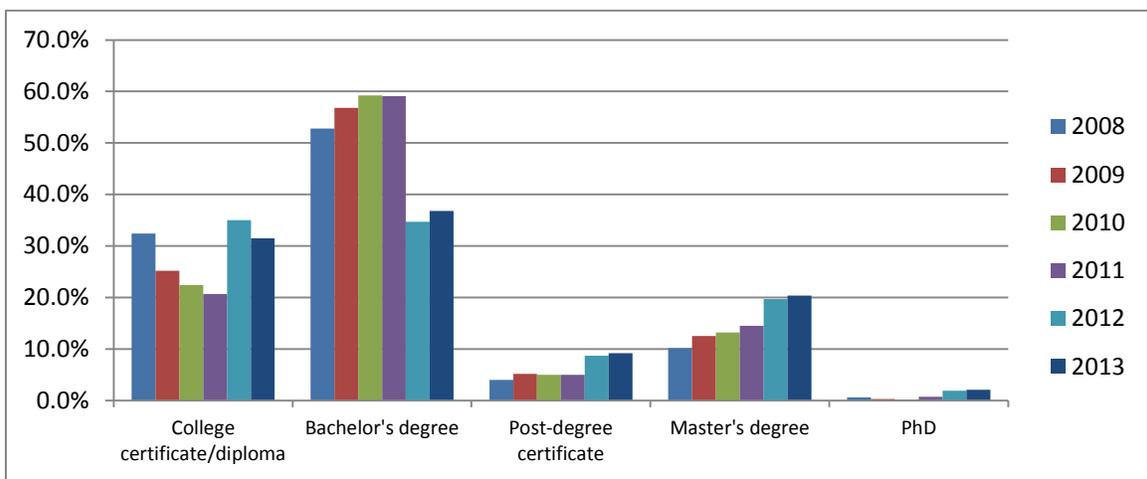
² Source: <http://www.statcan.gc.ca/daily-quotidien/140307/t140307a001-eng.htm>

Table A: Labour force characteristics – overall vs. youth



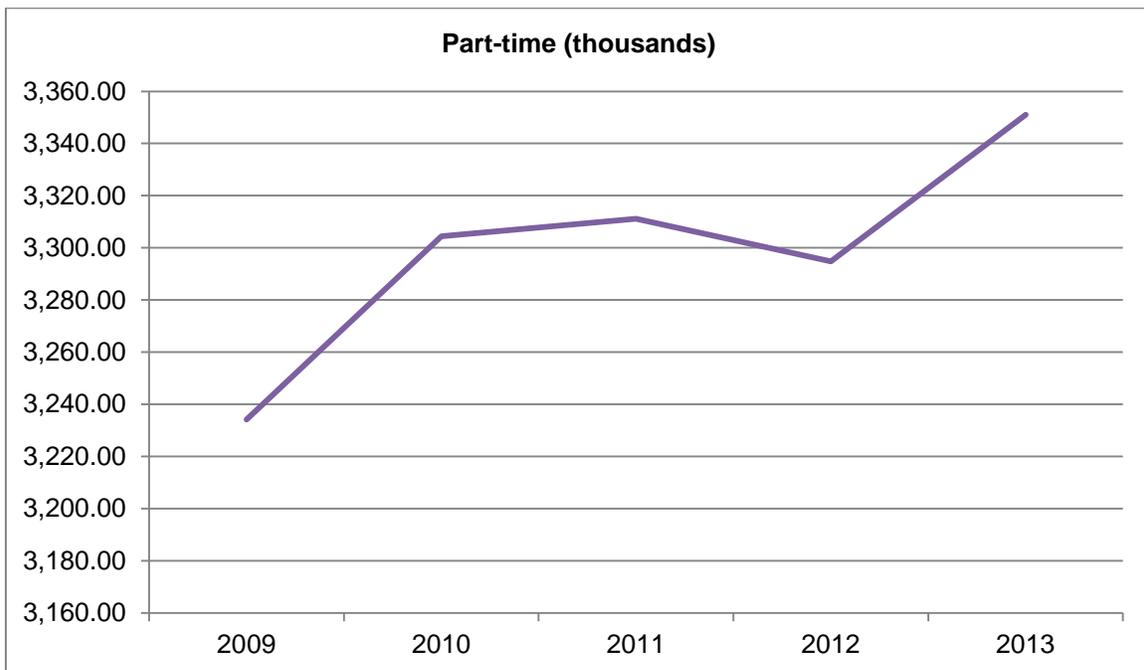
- Key insights:
 - Youth unemployment is nearly double that of the general population
 - Part-time rates are 30% higher for youth, compared to the general population
- Career Edge’s own database of recent graduates has shown noteworthy fluctuations in Canada’s youth labour market (see Table B below).

Table B: Education inflation reflected in Career Edge’s registrant database:



- Key insight: Education levels of Career Edge registrants have significantly increased since 2008, with recent graduates with Bachelor’s degrees returning to school to pursue a Master’s degree or post-degree certificate when faced with little or no job prospects.

Table C: Part-time employment³



- Key insight: This inflation of education levels – what economists call a “queuing effect” – is consistent with the increasing levels of part-time employment statistics.
- Unemployment rates exclude individuals not working, but who are not sufficiently active in their job search to qualify as being considered part of the labour market. In Canada, there are almost **400,000** invisible workers.⁴

Youth under-employment rates

- Forms of hidden unemployment takes the total above **2 million**—pushing Canada’s true unemployment rate above **12%**.⁵ Examples of hidden unemployment include:
 - “Discouraged workers”: Working age individuals who have completely dropped out of the job market.
 - Under-employment: Under-utilized workers that are employed in roles below their level of education and qualifications and/or outside their intended field.
 - Involuntary part-time: Workers forced into part-time survival jobs when full-time jobs do not pay enough to ensure quality of life.
 - Precarious positions: Unpaid internships and temporary/contract work.
- “Some 6.4 per cent of Canada’s total workforce—1.2 million people—now consists of part-time workers under 30 who wish they could work full time.” – *Sorensen, Chris, “The New Underclass,” Maclean’s, 16 January 2013.*

³ Source: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ10-eng.htm>

⁴ Source: <http://www.academicmatters.ca/2013/11/canadas-sluggish-labour-market-and-the-myth-of-the-skills-shortage/>

⁵ Source: <http://www.academicmatters.ca/2013/11/canadas-sluggish-labour-market-and-the-myth-of-the-skills-shortage/>

Socio-economic impact of paid internships

- Paid internships:
 - Ensure equal access to employment opportunities and levels the playing field.
 - Provide opportunities to those facing barriers to employment, allowing them to get a foot in door and gain meaningful work experience, while building a network of professional contacts.
 - Are good for business in terms of:
 - Corporate reputation in communities served by businesses
 - Employee motivation, retention and succession
 - Facilitate the school-to-work transition
- Unpaid internships restrict opportunities to certain socio-economic class (only those who can afford to work without pay have opportunity to gain experience in this way).

Socio-economic sustainability

- The effective, structured, and legal implementation of internships within Canadian businesses bridges the gap between school and work for young people struggling to enter the workforce.
- Promotes a succession planning solution to ensure a solid pipeline of talent to replace workers leaving the workforce temporarily (e.g., leave of absence) or permanently (e.g., retirement).
- Paid internships connect recent graduates with roles in their desired field, fast-tracking their professional advancement, which produces prosperous, tax-paying citizens.
 - Current environment is one of part-time work, temporary jobs, corporate and government restructuring and downsizing. This is especially difficult on young people whose lack of experience and seniority makes them much more vulnerable to labour market changes.⁶
 - Paid internships fast-track young professionals to full-time employment, as they are treated as entry-level jobs with a set time frame that allows both the intern and the employer to assess for fit. Over fifty five per cent (55.46%) of Career Edge interns are hired by their host employer during or immediately after their internship, with the majority of the rest finding work elsewhere within six months of completing their internship.
 - Trends in human resources management show increases in contingent workers hired for short-term or contract assignments.⁷ Unpaid internships are treated as revolving, temporary positions that often result in “serial internships”, where interns complete a series of unpaid stints when no opportunities are available, despite the successful completion of the internship.⁸
 - Helping young workers connect with full-time, meaningful work experience shortly after graduation greatly affects their own success and prosperity, which has a positive impact on both Canada’s society and economy.⁹

⁶ Source: http://research.cibcwm.com/economic_public/download/if_2013-0620.pdf

⁷ Source: <http://www.bankofcanada.ca/wp-content/uploads/2011/10/wp2011-21.pdf>

⁸ Source: <http://theagenda.tv.org/episode/196925/a-foot-in-the-door>

⁹ Source: <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/the-real-youth-jobs-crisis-underemployment/article4753447/>

RECOMMENDATIONS

From our 17-year history, we know that paid internships work. As stated on page four, more than half of Career Edge interns are hired by their host employer at the end of their internship and the majority of the rest find meaningful employment elsewhere within six months.

While investing in the creation of internship opportunities that promote greater levels of youth employment prospects, we recommend that the government enact federal legislation to the Canada Labour Code that specifically outlines the conditions of internships across all of Canada's provinces and territories. This will ensure fairness and the protection of young workers, while giving employers firm guidelines for incorporating internships and internship programs into their recruitment, retention, and succession planning initiatives.

In addition to the above, we recommend that the Canadian government provide funding to employers to encourage the creation of paid internship opportunities.

With reference to Chapter 3.1 of Canada's Economic Action Plan 2014 (EAP 2014),¹⁰ Career Edge endorses the federal government's plans to focus investments in improving the Youth Employment Strategy by:

- Supporting Internships in High-Demand Fields (\$40 million annually), and
- Supporting Internships in Small and Medium-Sized Enterprises (\$15 million annually).

Thank you, once more Mr. Chair, for the opportunity to appear before the Standing Committee on Finance as part of its study on Youth Employment in Canada.

ABOUT CAREER EDGE ORGANIZATION

A self-sustaining social enterprise, Career Edge has remained passionate about connecting highly motivated, well-qualified interns with leading organizations since 1996.

Whether an organization is in pursuit of talent to meet or exceed its evolving business needs, or a recent graduate, graduate with a disability or internationally qualified professional is seeking meaningful work experience consistent with their education and skills, Career Edge's paid internships will give them the edge they need to succeed.

Career Edge works. Half of the interns are hired by their host employer at the end of their internship and most of the rest successfully launch their career elsewhere within six months.

Career Edge makes the business of finding great talent cost-efficient and virtually risk free, while giving the edge to those striving to launch their careers.

¹⁰ Source: <http://actionplan.gc.ca/sites/default/files/pdfs/budget2014-eng.pdf>