



2021

Covid-19 Impact on Students and the Young Workforce

EXECUTIVE SUMMARY

The COVID-19 pandemic has altered the labour market not only in terms of employment and operations, but in a way that will leave lasting effects on the current generation of young workers and youth just entering the workforce.

The purpose of this report is to provide a detailed overview of the pandemic's impact on Algoma's young workforce and the potential long-term challenges new entrants may have to overcome.

Key takeaways:

- Youth remain furthest from pre-pandemic employment levels compared to other age groups
- Youth employing industries have been impacted heavily by restrictions; industries that have recovered are not the industries that employ youth
- Students are missing out on job placements, internships, and work-integrated learning
- Graduates may experience long-term stagnant wage growth, delayed career progression, and persistent underemployment

Already at a disadvantage in the labour market, youth will be additionally burdened by the aftermath of COVID, long after the rest of the workforce has recovered. We need to look beyond solely improving numbers and consider long-term qualitative aspects of employment, as this is simply the beginning of a long road to recovery for the young workforce.

INTRODUCTION

The COVID-19 pandemic and ensuing lockdown measures have had a significant impact on all aspects of the labour market, and along with the uncertainties of what economic recovery looks like for businesses and individuals is the anxiety surrounding the future of the young workforce. Youth aged 15 to 24 years have been disproportionately affected by the pandemic due to both the pre-existing market conditions that render them more vulnerable to economic downturns and their over representation in industries that have been particularly impacted by lockdown and social distancing measures. These impacts can linger for years, and the youth who are in or just entering the labour market are likely to have a longer road to recovery than the rest of the workforce.

The labour market is particularly challenging for youth, and they are more likely to be precariously employed compared to the rest of the workforce, regularly facing uncertainty of future employment. The young workforce also includes students, both secondary and post-secondary, who may work throughout the school year or during the summer months, as well as recent and soon-to-be graduates. Secondary and post-secondary students who graduated this year may be adversely affected in the long run, as entering the labour market during an economic downturn can impact long-term potential earnings and career progression due to even further being “stuck” in precarious employment.

The youth unemployment rate was high in Sault Ste. Marie before the pandemic and reached its highest point in July 2020 at 26.7%. Despite being below the provincial unemployment rate, it remains high as of the end of the year. Youth employment and participation rate remain higher than pre-pandemic levels, and higher than the provincial rates.

Table 1. Youth (15 to 24 years) Labour Force Characteristics 2020

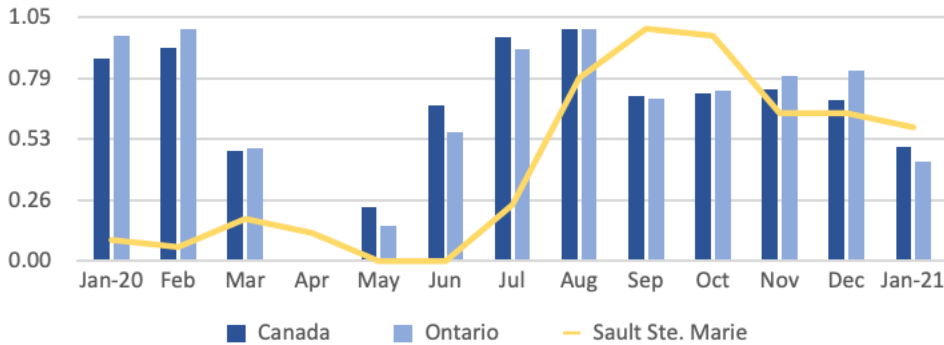
UNEMPLOYMENT RATE (%)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sault Ste. Marie	9.3	7.3	2.3	4.9	7.7	21.7	26.7	25.3	22.7	18.3	16.4	10.9
Ontario	10.2	10.9	16.5	23.9	33.1	30.5	28.6	26.3	23.0	20.8	18.8	18.3
PARTICIPATION RATE (%)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sault Ste. Marie	48.9	48.2	50.0	51.9	50.0	58.2	69.8	77.6	79.3	71.3	65.0	61.0
Ontario	56.2	57.1	51.1	45.6	55.3	62.8	69.7	69.4	60.1	58.9	59.1	53.4
EMPLOYMENT RATE (%)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sault Ste. Marie	44.3	44.7	48.8	49.4	46.2	45.6	51.2	57.9	62.2	59.1	54.4	54.3
Ontario	50.5	50.9	42.7	34.7	37	43.6	49.3	50.4	46.3	46.8	47.8	48.3

Statistics Canada, Labour Force Survey

Industries that rely on social interaction, in-person services, and any sort of non-essential spending are some of the largest employers for youth, and though workers of all ages experienced job loss due to the pandemic, youth were far more significantly impacted, and are still furthest from pre-pandemic numbers.

YOUTH EMPLOYMENT

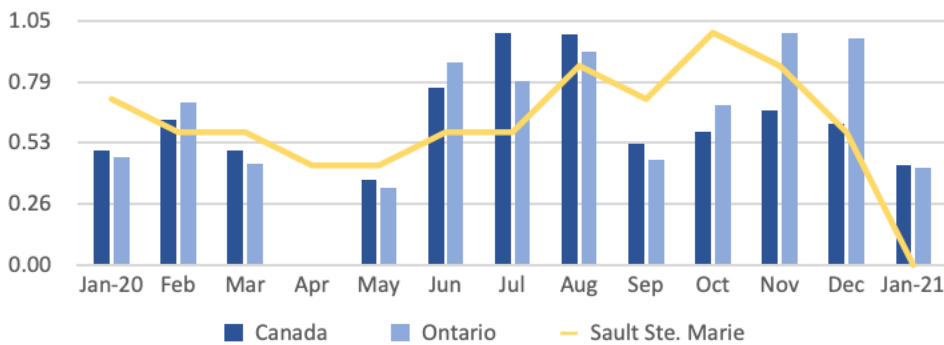
Chart 1. Youth Employment²



Statistics Canada. Labour Force Survey: Table 14-10-002-01

In 2020, youth employment hit a low in April both nationally and provincially, then returned to pre-pandemic levels in July and August. In Sault Ste. Marie, youth employment hit its lowest point for two months in May and June, and then peaked in September. A decrease occurred as the school year began – though this happens a little later for Sault Ste. Marie – followed by another drop in January as more restrictions were implemented (Chart 1).

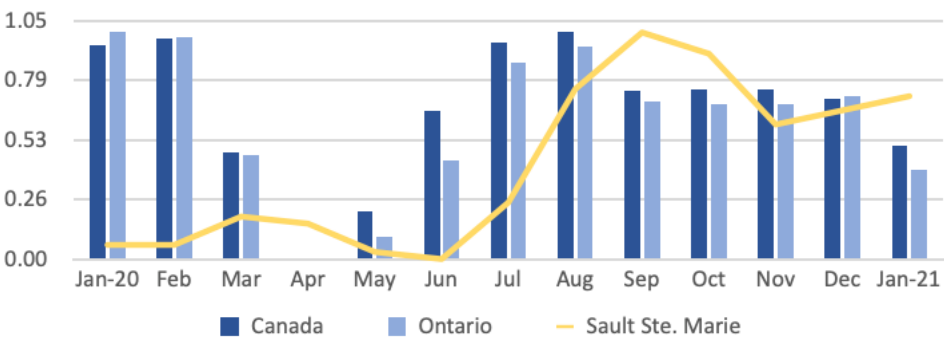
Chart 2. Youth Employment - Goods-producing Sector²



Statistics Canada. Labour Force Survey: Table 14-10-002-01

Youth employment in the goods-producing sector was at its lowest in April both nationally and provincially, but in Sault Ste. Marie, the lowest point occurred in January 2021 (Chart 2). Industries in the goods-producing sector include manufacturing and construction, and do not employ a large portion of the young workforce.

Chart 3. Youth Employment - Services-producing Sector²



Statistics Canada. Labour Force Survey: Table 14-10-002-01

Youth employment trends in the services-producing sector largely resemble that of overall employment due to the significant portion of youth employed in service industries such as retail trade and accommodation and food services (Chart 3).

¹Note: The data in this chart has been normalized; all values fall between 1 and 0, with 1 representing the peak value and 0 representing the lowest value of each series.

²Per the North American Industry Classification System (NAICS)

Overall, Sault Ste. Marie follows the trends of Canada and Ontario, but typically a month or two later. However, youth employment locally pre-pandemic was much lower in comparison. Despite the decline at the end of 2020, youth employment levels overall remain higher than before the pandemic.

Youth Employing Industries

The measures put in place to allay the spread of the pandemic, such as closures, restrictions, and social distancing, have caused disruptions and an incredible amount of job losses in many workplaces. Different industries have been impacted to varying degrees, and although some recovery has been made in terms of employment, industries that employ a large portion of youth struggle to maintain any recovery made.

The top employing industries in general in Algoma include healthcare and social assistance, wholesale and retail trade, and manufacturing, which are also the top employing industries for Ontario and Canada. The top employing industries in Algoma for youth are wholesale and retail trade, accommodation and food services, and business, building and other support services. Youth make up approximately 13.7% of Algoma’s workforce and nearly half (49.5%) are employed in wholesale and retail trade, and accommodation and food services.³

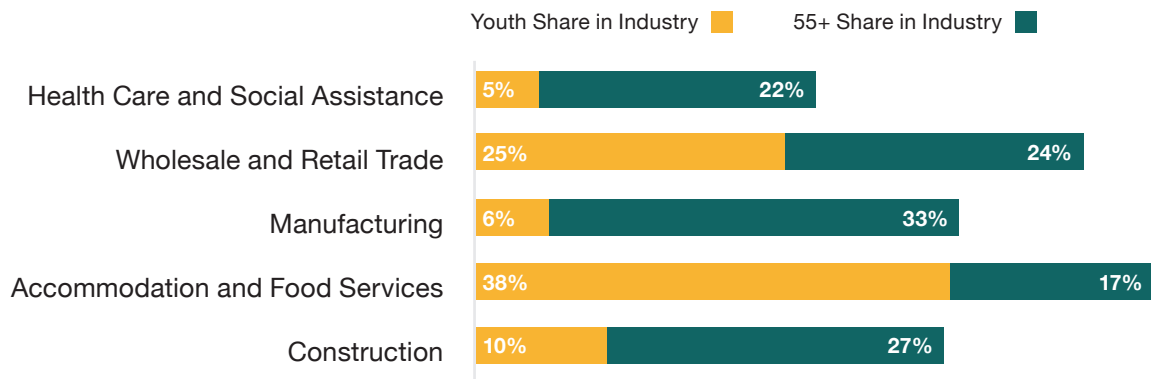
Top Employing Industries - Algoma

YOUTH	ALL AGES
Wholesale and retail trade	Health care and social assistance
Accommodation and food services	Wholesale and retail trade
Business, building, other support services	Manufacturing
Healthcare and Social Assistance	Accommodation and food services
Construction	Construction

Algoma has an aging workforce, and the top industries largely employ workers aged 25 and over, with manufacturing and construction two of the top employers for workers aged 55 and over. Manufacturing and construction also happen to be two of top industries that almost entirely employs full-time workers.

³ Statistics Canada, 2016 Census of Population

Chart 4. Top Employing Industries - Age Distribution



Statistics Canada. Labour Force Survey: 2016 Census of Population

By the end of 2020, manufacturing had exceeded its pre-pandemic employment numbers, but construction remained low. Provincially, by the end of the year, employment in construction was below pre-pandemic levels and declining for all ages except 55 and up, and employment in manufacturing was relatively steady except for youth who saw a significant drop in January 2021.

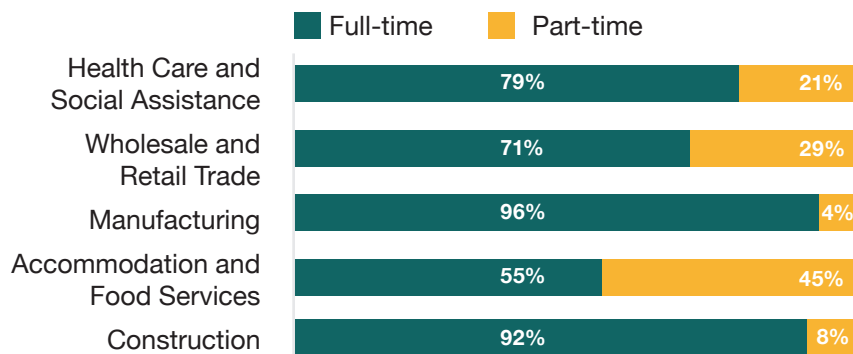
Health care and social assistance is Algoma's top employing industry, and youth make up 5% of that workforce; wholesale and retail trade is much more evenly distributed, and accommodation and food services is a particularly young industry. Employment in wholesale and retail trade and health care and social assistance recovered since the low numbers in summer 2020, but accommodation and food services along with building, business and other services have been declining since September 2020.

Industries that employ a large portion of young workers are among those that have been hit the hardest by the pandemic. Some of these industries have made progress in returning to pre-pandemic employment levels, however, youth who faced job loss due to precarious employment may not be participating in the recovery. Youth employment has decreased far greater than the other age groups in almost every industry, and they have a lot of catching up to do.

Precarious Employment

Part-time jobs have been slower to recover than full-time, and among part-time jobholders, youth remain the furthest from pre-pandemic employment levels. Industries that employ mostly part-time workers are also the industries that have been hit particularly hard by public health measures – and happen to also be the industries that employ the largest share of young workers.

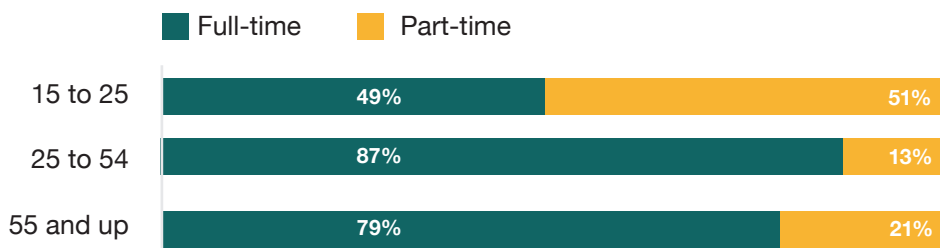
Chart 5. Type of Employment in Algoma’s Top Industries



Statistics Canada, Table 14-10-0023-01

Youth are far more likely to be employed part-time largely due to the fact most are attending school. However, for those who are not in school, business conditions are cited as the main reason they are working part-time as opposed to full-time, unlike the core-aged (25 to 54 years) workforce who work part-time by choice or to care for children, and the older (55 years and up) workforce of which a significant portion work part-time out of personal preference.⁴

Chart 6. Type of Employment per Age Group



Statistics Canada, Labour Force Survey

Full-time employment rebounded quickly after the initial lockdown and remained steady while part-time employment was slower and less successful in its recovery, declining at the start of the new year. Industries with a larger proportion of full-time employees, such as health care and social assistance, are generally faring much better than those that are comprised of more part-time employees, such as accommodation and food services.

⁴ Statistics Canada, Table 14-10-0028-01

STUDENTS AND THE GRADUATING CLASS OF 2020

It's not only the existing young workforce that is being disproportionately impacted by the pandemic, but students and recent/soon-to-be graduates as well. The pandemic has disproportionately impacted youth in the labour market and may prove to have long-lasting effects on the graduating class of 2020 and those just joining the workforce. Returning students have also been affected, not only losing summer employment opportunities and having to adjust to a new way of learning, but missing out on workplace experience essential to their success in the labour market.

Quality of Education

A study published by the Ontario Confederation of University Faculty Associations (OCUFA) polled Ontario university students and faculty on the impacts the pandemic has had on education quality and experience, and results reveal that 62% of students and 76% of faculty believe the adjustments made in the shift to online learning due to the pandemic have had a negative impact on the overall quality of education.⁵

Students report isolation and a lack of communication with professors to be the main reason behind the negative impact on their educational experience, and faculty find their quality of teaching to be less effective and engaging due to the online delivery of course materials, resulting in little to no interaction with students.

Main Areas Of Concern Due To The Changes In University Education

STUDENTS	FACULTY
Quality of educational experience	Adequately teaching and supporting students
Mental health	Maintaining desired level of professional development
Academic performance	Mental health

Students are concerned about the quality of their education, and faculty are concerned with their ability to adequately teach the course material and support students with their studies. Another area of concern for students is financial security, stemming from high tuition fees and fewer opportunities to earn income. Faculty report they have considerably less time to engage directly with students, along with an increase in workload.

77% Of students agree their university's response to the pandemic has had a negative impact on their ability to learn course material

80% Of faculty agree their university's response has had a negative impact on their ability to convey important learning materials to students

The shift to online learning has been challenging for everyone involved, and both students and faculty believe these adjustments have negatively impacted the quality of education – and neither group wants online course delivery to become a permanent approach to university education. Engagement and interaction between students and faculty is incredibly important in the learning process and allows students to develop interpersonal skills sought after by most employers. Youth need to be adequately prepared to enter the workforce, not only for their own professional success, but also to contribute to the post-pandemic recovery of the economy.

⁵ OCUFA, "COVID-19 and the Impact on University Life and Education"

Job Placements and the Summer Student Workforce

Students who gain work experience related to their studies are more likely to find full-time employment shortly after graduating than students who did not work or worked in an unrelated area. Work experience includes formal work-integrated learning, such as co-ops, internships, and residencies, and non-official or informal types of learning. The pandemic has resulted in a significant number of delayed and cancelled placements, raising concerns among students regarding not only their academic and financial future, but whether their credentials will be equivalent to those not affected by the pandemic.

Programs Most Affected by Delays and Cancellations

- Healthcare/Medical
- Services
- Trades
- Education

Placements are more prevalent in certain fields of study, and as a result, services and health care programs have been most affected by the pandemic. Medical degrees, trades, and education were also likely to have placements cancelled or postponed. College, bachelor, and doctoral placements were all affected, but more-so at the master's or professional level, which tend to consist of various medical and healthcare programs.

However, in Sault Ste. Marie, Sault College nursing students were able to continue their hospital placements at Sault Area Hospital, gaining experience not available to many others in the province. The hospital also offered nursing students temporary employment to support the existing staff during the pandemic.

Students who had planned to work over the summer break not only had to manage the day-to-day challenges brought on by the pandemic, but also had to face losses in job prospects, income, and workplace experience. The unemployment rate for young students was greater than that of youth overall, with post-secondary students experiencing the greatest increase. Provincially, returning students experienced a greater increase to their unemployment rate than non-students and the young workforce as a whole, facing losses in both full-time and part-time employment.

Table 2. Unemployment Rate % Percentage Point Change Over Last Year - Ontario

YOUTH		
Aug 2019	Aug. 2020	PP Change
12.0%	27.0%	+15.0%
RETURNING STUDENTS		
Aug. 2019	Aug. 2020	PP Change
12.7%	31.8%	+19.1%

Statistics Canada, Table 14-10-0287-01; 14-10-0286-02

Job placements and work-integrated learning lead to higher employment earnings after graduation, and even unrelated work experience leads to better employment outcomes for many students, but cancellations and delays can completely disrupt a student's future career prospects, and integrating into the workforce becomes more difficult as employment plans become upended.

Recent and Soon-to-be Graduates

Graduating into a recession, or a period of declining economic activity, has long-term negative effects that persist long after economic recovery. Young Canadians just entering the workforce were among the most adversely affected by the 2008 recession, and experienced slower wage growth and career progression than graduates entering the job market before the recession. University-educated youth were largely working jobs that did not match their level of education, and to this day are more likely to be employed in unskilled occupations and less likely to hold management positions compared to pre-recession graduates.

Early in one's career is typically when wages grow the fastest, with gains primarily coming from the ability to change employers and negotiate higher salaries. Unemployment removes the ability to negotiate, leaving graduates who were unable to secure employment behind in terms of wage growth. The transition to management positions and skilled/specialized occupations can also be delayed due to underemployment and unemployment, further contributing to slow wage growth. It can take upwards of ten years to recover from the initial earnings loss due to unemployment and for wages to catch up to non-recession graduates.

Post-secondary education is meant to equip students with specialized skills and knowledge to be used in the workplace and help advance their careers. If youth experience persistent underemployment and unemployment after graduation, those skills can deteriorate, rendering them less competitive in their desired field. Furthermore, depending on the duration of their underemployment or unemployment, they may have to compete with a new round of graduates with skills more recently developed and put into practice.

IMPACTS OF GRADUATING INTO A RECESSION

Large Initial Earnings Loss

Slow Wage Growth

Delayed Career Progression

Skill Deterioration

Underemployment

Employed In Undesired Field

With postponed interviews, rescinded job offers, and scarce job prospects, the graduating class of 2020 has joined the labour force at a disadvantage. The long-term consequences of graduating during the pandemic remain to be seen, but youth are a decidedly vulnerable part of the workforce, much more susceptible to economic downturn, and are likely to remain affected long after others have recovered.

⁶ Statistics Canada, "Study: Work-integrated learning in the context of the COVID-19 pandemic"

⁷ The Sault Star, "Nursing students continue hospital placements"

⁸ The Sault Star, "Sault College nursing students get temporary jobs amid COVID-19 crisis"

⁹ Andrew Agopsowicz, "The Recession Roadblock: The Long-term Career Consequences of Graduating into a Downturn"

CONCLUSION

Youth employment for Sault Ste. Marie remains above pre-pandemic levels and the provincial rate, though it has dipped back below average and may be on track to return to low pre-pandemic levels. We may see a shift in the age distribution of various industries as young workers seek employment where it is available or consider career changes along with the changing labour market, and we may see accelerated growth of the gig economy.

Ontario has seen a shift in some of the top youth employers over the past few years, with information, culture and recreation being replaced with construction, and a greater portion of youth employed in the health care and social assistance industry – though wholesale and retail trade, and accommodation and food services remain at the top.

The COVID-19 pandemic has been particularly difficult on the young workforce with unemployment rates rising far beyond that of the rest of the workforce and recovering much slower. Some of the most important work experience is gained early in one's career, and the disproportionate share of job losses will make career progression and wage growth difficult for the young workforce. Graduates have entered a challenging and discouraging job market and face potential long-run earnings loss and skill deterioration, and current students are missing out on essential experiential learning.

It is imperative to provide youth the supports and knowledge necessary not only to make a successful transition into the workforce, but to minimize the long-lasting, detrimental effects this pandemic may have on their futures, and allow them the same opportunities as those entering the labour market before and after them.