

**TRANSITIONING GRADUATES TO  
WORK:  
Improving the Labour Market Success  
of Poorly Integrated New Entrants  
(PINEs) in Canada**

*Executive Summary*

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## EXECUTIVE SUMMARY

*"My friends aren't working at the jobs they trained for... and others have given up looking. I'd go to school, but I decided that since the jobs are not there, it just isn't worth it" (Toronto Star, 2009).*

Today's labour market was supposed to be a seller's market for Generation Y. For those that stayed in school and got a diploma or degree (especially a post-secondary one), integration into the labour market was supposed to be assured. Demographers, like David Foot, stated that Generation Y would essentially enjoy the economic stability of the boomers.<sup>1</sup> Noted Canadian business professor, Linda Duxbury (as well as a host of other business, economic and human resource specialists) told employers and managers to revolutionize their workplaces because Generation Y, the fastest growing segment of the labour market, would be "in demand" and would consequently be more "demanding" and want new standards of work-life balance.<sup>2</sup> Then, the 2008 recession hit and these predictions have yet to materialize for many of this generation as demonstrated by the Canadian Millennial quoted above. Markets have been slow to rebound since the 2008 recession and while the general unemployment rate has decreased, the youth unemployment rate has stagnated or increased depending on the province. The Organisation for Economic Cooperation and Development (OECD) states that the impact of the 2008 recession on youth internationally is "comparable to the deepest earlier recession in the post-war period, namely, that following the first oil shock in 1973" (OECD, 2010, 29).

Tellingly, the media and labour market researchers are referring to Generation Y as the "Lost Generation" or the "Jilted Generation" especially in reference to European and US youth.<sup>3</sup> Research on the increase of youth unemployment has focused on the scarring effects of this and other recessions on the career futures of this generation, pointing to the lasting effects of periods of unemployment for this population (OECD, 2010; Bell and Blanchflower, 2009; Oreopoulos et al., 2008). The global increase in youth joblessness<sup>4</sup> has been connected in the literature to the rise of protests and violence, such as the Occupy Movement (Wall Street), the London Riots and *indignados* in Spain. The former Director of the International Labour Organization, Guy Standing, published *The Precariat: the New Dangerous Class in 2011* in which he referred to the rise of precarious labour (those in part-time positions or under temporary contracts who have limited labour rights and no sense of occupational identity). He argues that temporary work, which many youth have transitioned into and have got stuck in, develops a precariousness that creates fear and a loss of career hope which has led, or will lead to disengagement with the labour market, political process and community.

There is a profound incongruity between the optimistic projections for Gen Y's careers and today's labour market reality. On one hand there are reports of significant skills shortages across many

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<sup>1</sup> See Foot, *Boom, Bust & Echo: Profiting from the Demographic Shift in the 21st Century* (Stoddart, 2001).

<sup>2</sup> See Duxbury, "Managing a Changing Workforce," [http://www.rpic-ibic.ca/downloads/rpic\\_2010/presentations/k-duxbury-e.pdf](http://www.rpic-ibic.ca/downloads/rpic_2010/presentations/k-duxbury-e.pdf)

<sup>3</sup> See Scarpetta, S. et al., 2010, Fiona Govan, "Spain's Lost Generation: Youth Unemployment Surges above 50 percent," *The Telegraph*, Jan. 27, 2012, Viola Caon, "Europe's Lost Generation: How it Feels to be Young and Struggling in the EU," *The Guardian*, Jan. 28, 2012, Derek Thompson, "Are Today's Youth Really a Lost Generation?," *The Atlantic*, September 2011, Ed Howker and Shiv Malik, *The Jilted Generation: How Britain has Bankrupted its Youth*, Icon Books Inc., 2010.

<sup>4</sup> According to the ILO, "(t)he youth unemployment rate rose from 11.8 to 12.7 per cent between 2008 and 2009, marking the largest annual increase over the 20 years of available global estimates and reversing the pre-crisis trend of declining youth unemployment rates since 2002" (2011) The global youth unemployment rate remained at 12.7 in 2010 and dropped minimally to 12.6 in 2011 (ILO, 2011). The Canadian youth unemployment rate has remained the same in 2010 and 2011 at 14.5% which is a sharp increase from 11.6% in 2006 (see footnote **Error! Bookmark not defined.**).

economic sectors and on the other hand a growing population of youth who are having significant challenges integrating into the labour market. Youth who are at-risk of unemployment have expanded beyond those who have typically been the focus of research, policy and programming (those who have left school without a credential). Research is now highlighted a growing population of youth called Poorly Integrated New Entrants (PINEs). The Organisation for Economic Cooperation and Development (OECD) defines PINEs as “young people [who] often have qualifications (diplomas or degrees); they frequently go back and forth between temporary jobs, unemployment and/or inactivity, even during periods of strong economic growth”.<sup>5</sup> PINEs are particularly worrisome because they are graduates and theoretically should be employable and contributing to Canada’s economic prosperity.

This research report focuses on PINEs – what the literature says about them and their barriers to labour market attachment and what works in terms of policies and programs to mitigate their growth. The report is divided into four sections:

- An overview of the research methodology;
- A literature review that looks at the PINEs phenomenon internationally and the barriers that Canadian PINEs are facing specifically;
- A preliminary inventory of national and international promising, effective and innovative programs and policies that target those who are or who are at-risk of becoming PINEs; and
- An analysis of the inventory leading to the development of policy and program recommendations to stem the growth of PINEs in Canada.

The literature review took a look at the international perspective on PINE growth and compared this information to what the Canadian literature says about the barriers facing new graduates. There is no specific research on Canadian PINEs to date so the literature review attempted to look at the barriers facing PINEs globally and compare Canadian data on young graduates to see if the barriers are similar or different. The literature review revealed a number of barriers facing the integration of new Canadian graduates:

1. **Hourglass Labour Market:** This refers to the growth of knowledge sector jobs (those that require PSE credentials or highly refined skills) and entry-level jobs (those that do not require PSE credentials or considerable work experience) in Canada. The issue with this type of labour market is that more and more Canadian young graduates are getting stuck at the entry-level as increases in the number of PSE graduates in Canada have driven up qualification standards in both the knowledge and entry level sectors. Increasingly, PSE graduates are becoming stuck in precarious entry-level jobs that are not commensurate with their education or career aspirations thereby creating a growing underemployed class of graduates - PINEs.
2. **Labour Market Downturn Sensitivity:** Recessions are impacting youth greater than adults globally including in Canada. Youth worldwide are not rebounding as quickly as adults because of the “last in the door, first out of the door” phenomenon. Youth have less experience and weaker ties to employee protection programs. PINEs are even further impacted as

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<sup>5</sup> OECD (2010), Off to a Good Start? Jobs for Youth: Canada – Recent data, retrieved from <http://www.oecd.org/dataoecd/22/34/46729407.pdf>

employment programming tends to focus on youth without credentials. There is a risk that PINEs may fall through service provision cracks.

3. **Generation Y Stereotypes:** Stereotypes of Generation Y being needy and demanding may be putting employers off in terms of hiring youth. A more balanced view of the capabilities of new graduates is needed.
4. **Struggling to earn while they learn:** The research shows that while PSE credentials support labour market integration, those that combine work while studying have shorter school-to-work transition periods and earn more than their study-only counterparts. But, the 2008 recession has been hard on Canadian students who want to earn while they learn. They are having a tougher time finding part-time and summer employment. This will begin to change as the economy continues to rebound, but those who could not earn while they learned during recession and recovery period may have a longer school-to-work transition and are at risk of becoming PINEs.
5. **Diversity barriers:** In Canada, rural and remote youth are the most likely to have poor labour market attachment and Aboriginal youth and youth with disabilities have the poorest rates of labour market integration. We don't know to what degree these youth are PINEs, but issues of diversity are critical considerations when looking at programming and policies to improve youth labour market attachment.
6. **Lack of career services and safety nets:** There is not a consistent model of career services or a national youth school-to-work strategy in Canada and the literature points to these as critical to support the integration of new entrants to the labour market. There is also a lack of social security for new entrants as less than 12% of Canadian graduates are eligible for employment insurance benefits (OECD, 2010).
7. **Education/labour market disconnect:** While Canadian youth are among the most educated people in the world, they aren't finding work commensurate with their education. Canadian youth are overqualified and there are too many with the same degree competing for a limited number of jobs. Canadian youth feel overwhelmed by career choices and unclear of the possible pathways to the labour market. There are exemplary employer-education partnerships to create an understanding of the connection between learning and work in Canada and internationally, but these approaches are few. The literature speaks to the need to understand the skills employers need and for employers to actively participate in career development programming to connect education and the labour market.

Besides identifying the barriers to labour market integration, the literature looked at what the research says works to get graduates working and this data was fit into four key strategy types:

- **Post-Graduation:** Programs and policies that target quick labour market integration after graduation including graduate guarantee programs, supports for entrepreneurs, internships, graduate access to income support and graduate specific job banks;
- **Early Intervention:** These are practices that are delivered well in advance of graduation. They are developmental and preventative in nature and include: work experience opportunities, career education, the development of career management skills, enhanced labour market information that supports the identification of clear pathways to the labour market,

development of Vocational Education and Training options (e.g. apprenticeship and dual-type systems) that youth know about and can access;

- **Demand-side:** These are programs and policies that work to encourage employers to hire young graduates or involve employers connecting students to the labour market through community-education-employment programs; and,
- **Specific Youth Populations:** These are initiatives that target specific populations of young students and/or graduates who may be most at-risk of poor labour market attachment or who are more effectively served by population specific initiatives. Aboriginals, new immigrants, young women, youth with disabilities are examples of specific populations.

The inventory is divided by these strategy types. In our analysis of these kinds of programs and policies we found that:

- **Post-Graduation** strategies are most effective when they combine career-related work experience and career development activities. Also, employment support systems that connect with youth quickly after education have positive outcomes in terms of connecting PINEs to the labour market. We also found that program evaluation that speaks to outcomes has an impact on influencing employer and funder participation.
- **Early intervention strategies** are a critical ingredient in the prevention of PINEs. These strategies respond to research that tells us that the earlier youth undertake career exploration activities the more intentional they are during school to school and school-to-work transitions and the more quickly they integrate in the labour market.
- **Demand-side strategies** listed in the inventory are split between subsidy-based programs and education-employer partnerships. Employer subsidies such as those in the inventory have impact in moving graduates into the labour market as do education-employer partnerships. Education-employer partnerships are particularly effective in responding to local youth employment issues. As rural and remote Canadian youth struggle to find work, these partnerships can serve as models for programming in these regions.
- **Specific Youth Population strategies** tailor career and employment programs to specific young graduates to support their integration into the labour market. These strategies wisely reach out to the young person's community to explain the benefits of PSE attendance and introduce youth to role models and mentors with similar backgrounds and to diversity positive employers. Like education-employer partnerships, these strategies focus on local need to make greater impacts.

Given the findings of the literature review and the analysis of the programs and policies listed in the inventory, the authors make the following recommendations to support the reduction of Canadian PINEs:

1. **A well-co-ordinated, highly visible youth school-to-work transition strategy:** In Canada, we have a potpourri of service and program provision to which youth including PINEs are increasingly having limited access or awareness. Youth need support at key transitions points – elementary to secondary school; grade 12 to PSE or to work; last year of PSE to work. A national transition strategy would help to move Canada from a disjointed service model to one

that is strategic and highly focused with close attention to service consistency and quality. A joint ministerial council between the Forum of Labour Market Ministers and the Council of Ministers of Education Canada is needed to focus policy attention on transition programs and services to promote access and seamless service.

2. **More research on PINES:** Not enough is known about the PINES population in Canada. We need to know which youth in transition are floundering so that they can be supported before they become disillusioned and disengaged from the workforce. Further research is essential in order for sound policies and programs to be developed.
3. **Consideration of a four-pronged approach to PINE reduction that would support all youth:** The literature identifies four broad strategy types that support PINE labour market integration: post-graduate, early intervention, demand-side and diversity strategies. A policy framework that includes programs along these strategy types would support labour market integration of all youth.
4. **Increase access for all youth to career education and a range of work experiences:** In order for PINES to navigate the ebbs and flows of the knowledge economy, they need *career management skills and they need work experience opportunities*. A combination of career education, work experience and exposure to alternative pathways to the labour market is essential for most individuals to discover work which motivates and suits them. These are the workers employers want to find. With very few exceptions, the world of education and the world of work remain far too exclusive to support labour market integration.
5. **Increase access to apprenticeships and to Vocational Education and Training (VET) and dual systems:** The literature speaks to the benefits of vocational education and training and dual systems in helping youth transition successfully into the labour market. There are many different approaches to VET and these should be investigated to build a strategy that provides exposure to different educational routes to the labour market without precluding choice or the ability to change one's mind along the way. In addition to this, it is also important that graduates know how to see the transferability of their skills and to see the potential for work in different and creative ways. In Canada, PINES may get stuck because they are not aware of how to look for opportunity beyond what they see posted on a job bank.
6. **Employer Consultation and Engagement Strategy:** The authors found in researching the inventory that wage subsidies, tax incentives for employers or internship-like work opportunities are effective strategies in getting PINES' feet through the door, helping them to gain valuable experience and helping employers to identify and recruit promising workers. What employers require to become much more proactive in providing youth with meaningful work opportunities needs to be much better understood and a long-term strategy developed to promote more options and greater engagement.
7. **Focus on local labour market need:** Because rural and remote locations have the poorest rates of youth labour market integration, local solutions to labour market attachment are needed. Partnerships between community stakeholders including employers have been successful in creating opportunity for youth labour market attachment, enhancing economic development in local communities and stemming the flow of outmigration of youth.
8. **Evaluation of programs and policies with a database for all to share and learn:** Evaluation of programs and policy efficacy is needed. Far too often in Canada we don't know the impact of

programming and effective practices are lost without having the opportunity to learn and share what works. *A national database on youth career programs and policies* is sorely needed.

The research for this report investigates current national and international programs and policies targeted at both youth broadly and PINEs specifically. While this research will no doubt increase our knowledge of what has the potential to work for PINEs, further analysis of the extent and make-up of PINEs in Canada is needed to fully examine the specific needs of this group. What is clear from our research is that **a national youth school-to-work transition strategy** is needed to guide both supply and demand side programming and policy development, as recommended above, to reduce the growth of PINEs. Economically and socially, Canada cannot afford to have poorly integrated graduates; we need a strategy to mitigate their growth. To do this, we need leadership at all levels, the involvement of all stakeholders including policy-makers, community groups, educators, career practitioners, employers and youth themselves.