



# Unemployment in Canada:

A Report From the Survey on Employment and Skills



The [Diversity Institute](#) conducts and coordinates multi-disciplinary, multi-stakeholder research to address the needs of diverse Canadians, the changing nature of skills and competencies, and the policies, processes and tools that advance economic inclusion and success. Our action-oriented, evidence-based approach is advancing knowledge of the complex barriers faced by underrepresented groups, leading practices to effect change, and producing concrete results. The Diversity Institute is a research lead for the [Future Skills Centre](#).



The Future Skills Centre (FSC) is a forward-thinking centre for research and collaboration dedicated to preparing Canadians for employment success. We believe Canadians should feel confident about the skills they have to succeed in a changing workforce. As a pan-Canadian community, we are collaborating to rigorously identify, test, measure and share innovative approaches to assessing and developing the skills Canadians need to thrive in the days and years ahead. The Future Skills Centre was founded by a consortium whose members are Toronto Metropolitan University, Blueprint and The Conference Board of Canada and is funded by the [Government of Canada's Future Skills Program](#).



Environics Institute for Survey Research conducts relevant and original public opinion and social research related to issues of public policy and social change. It is through such research that organizations and individuals can better understand Canada today, how it has been changing, and where it may be heading.



*Unemployment in Canada: A Report From the Survey on Employment and Skills* is funded by the Government of Canada's [Future Skills Program](#).

The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

# Authors

**Dr. Andrew Parkin**

Executive director, Environics Institute for Survey Research

**Dr. Wendy Cukier**

Founder and academic director, Diversity Institute, Ted Rogers School of Management  
Professor, Entrepreneurship and Innovation, Toronto Metropolitan University

**Betina Borova**

Senior research associate, Diversity Institute

**Dr. Alyssa Saiphoo**

Senior research associate, Diversity Institute

**Dr. Matthew Edwards**

Senior research associate, Diversity Institute

# Contributors

**Dr. Guang Ying Mo**

Director of research, Diversity Institute

**Dr. Juan Marsiaj**

Director, research - special projects, Diversity Institute

**Carter Man**

Research assistant, Diversity Institute

**Solyana Samuel**

Research assistant, Diversity Institute

**Joy Wang**

Research assistant, Diversity Institute

**Publication Date:**

August 2024



# About the Survey on Employment & Skills

The Survey on Employment and Skills is conducted by the [Environics Institute for Survey Research](#), in partnership with the [Future Skills Centre](#) and the [Diversity Institute at Toronto Metropolitan University](#). In early 2020, the Survey on Employment and Skills began as a project designed to explore Canadians' experiences with the changing nature of work, including technology-driven disruptions, increasing insecurity and shifting skills requirements. Following the onset of the COVID-19 pandemic, the survey was expanded to investigate the impact of the crisis on Canadians' employment, earnings and work environments. A second wave of the survey was conducted in December 2020, a third wave in June 2021, a fourth wave in March-April 2022, and fifth wave in March 2023, and a sixth wave in October-November 2023.

Each wave of the study consists of a survey of over 5,000 Canadians aged 18 and over, conducted in all provinces and territories. A total of 34,740 Canadians were surveyed across the six waves. The survey includes oversamples of Canadians living in smaller provinces and territories, those under the age of 34, racialized Canadians and Canadians who identify as Indigenous, in order to provide a better portrait of the range of experiences across the country. Unless otherwise indicated, the survey results in this report are weighted by age, gender, region, education, racial identity and Indigenous identity, to ensure that they are representative of the Canadian population as whole.

Survey reports can be found online at:

> <https://www.environicsinstitute.org/projects/listing/-in-tags/type/survey-on-employment-and-skills>

> [fsc-ccf.ca/research/2020-survey-on-employment-and-skills](https://fsc-ccf.ca/research/2020-survey-on-employment-and-skills)

> <https://www.torontomu.ca/diversity/research/future-skills/survey-on-employment-and-skills/>

# Table of Contents

1

Executive  
Summary

4

Introduction

7

Research Design

8

Findings

18

Conclusions and  
Implications

20

References



# Executive Summary

## Introduction

The COVID-19 pandemic disrupted employment in many ways and reshaped patterns of work. This report works to better understand the conditions that impact unemployment and that keep individuals from finding a job that fits. It focuses on unemployment examining those who are unemployed and looking for work and those who are unemployed and not looking for work. This distinction highlights concerns around widespread discouragement as the root cause of disengagement with the workforce.

## Research design

Understanding the dynamics that lead to long-term unemployment are critical to inform strategies to develop skills and create opportunities for all. Specifically, the purpose of this analysis was to further investigate the following research questions:

1. Which demographic groups are more likely to experience long-term unemployment?
2. How do those who are unemployed and looking for work differ from those that are unemployed and not looking for work? Do we see demographic differences based on variables such as educational attainment, physical health or disability status?
3. What are the reasons why some unemployed individuals are not looking for work?

This study draws on data from the Survey on Employment and Skills undertaken by the Environics Institute with the Diversity Institute and Future Skills Centre, which was conducted in six waves between 2020 and 2023. Each wave of the study administered the survey to more than 5,000 Canadians aged 18 years and over in all provinces and territories. In total, 34,740 Canadians were surveyed across the six waves.

## Findings

Our report provides a profile of unemployed people and highlights demographic differences between (1) different employment statuses, (2) those who have been unemployed for shorter and longer periods of time, and (3) those who are unemployed and looking and not looking for work. Those who do not have a postsecondary education and those who have a disability that often or always limits their daily activities are most likely to have been unemployed long-term. Specifically, individuals with longer durations of unemployment (over 15 months) are more likely to be over the age of 35, more likely to say that their physical and mental health are fair or poor, more likely to have a disability and less likely to have a postsecondary education. In comparison, individuals with shorter durations of unemployment (15 months or less) are more likely to be under the age of 35, more likely to say that their physical and mental health are excellent or very good, less likely to have a disability and more likely to have a postsecondary education.



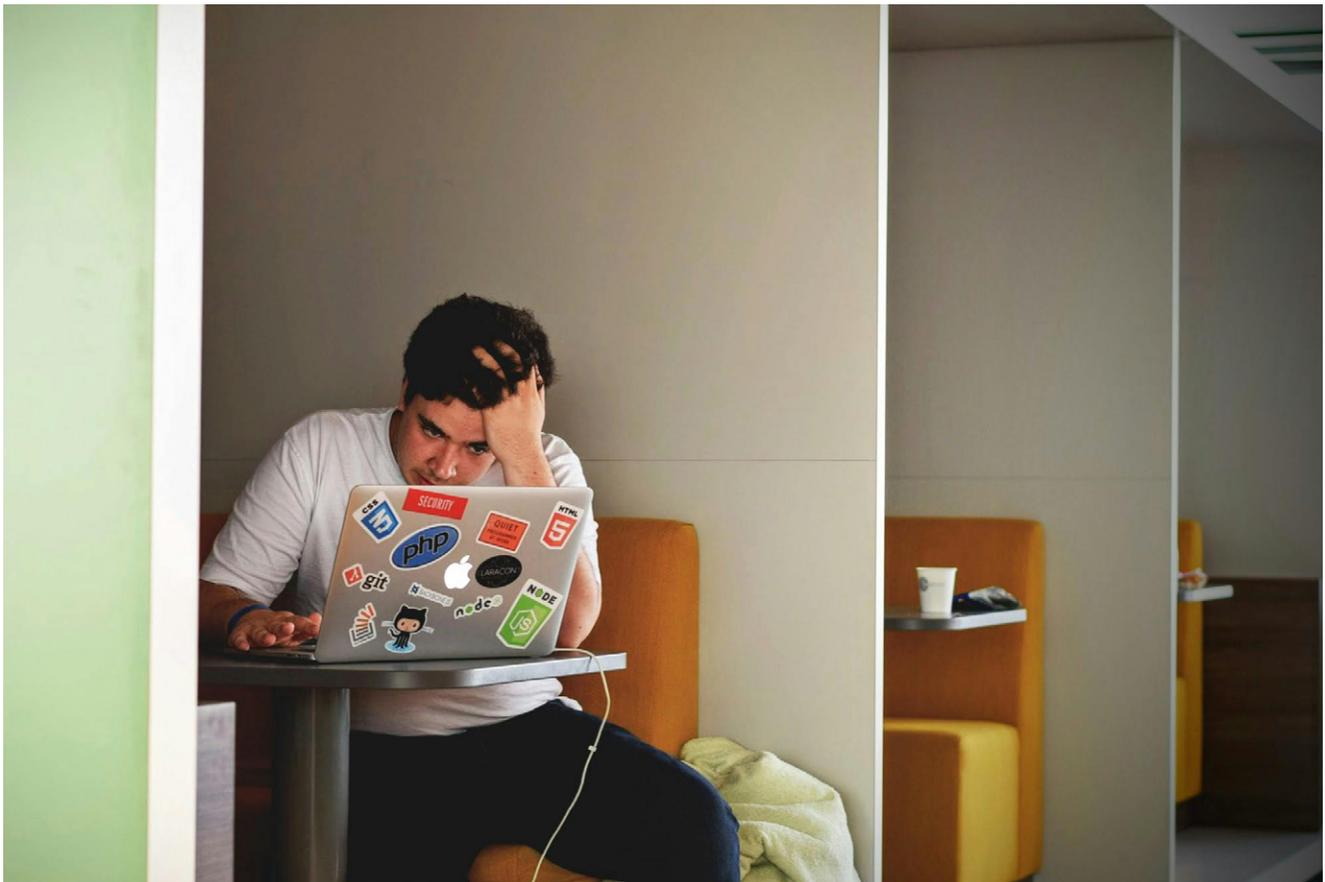
The findings also identify two key differences between those who are unemployed and looking for work and those who are unemployed and not looking for work: postsecondary educational attainment and health and disability. Individuals who are unemployed and looking for work are less likely to have a postsecondary education (42% of respondents who are unemployed versus 63% of respondents who are employed). As well, 78% of unemployed respondents who are not looking for work report having a disability that limits or occasionally limits daily activities, as opposed to 31% of employed respondents.

The data presented indicates that certain groups of people are more likely than others to be unemployed and not be looking for work while others will continue to search for jobs. The results demonstrate that those who are unemployed and looking for work are somewhat older (more likely to be over the age of 35) and more likely to be born in Canada to Canadian-born parents (i.e. less likely to be first- or second-generation immigrants), less likely to be racialized and more likely to be women.

The most common type of reason for not looking for work is related to health. According to the survey results, 63% of the respondents report that they are not looking for a job due to physical or mental health issues. Other reasons are much less common and include worries about the COVID-19 pandemic, childcare or family responsibilities, previous experiences of discrimination at work, a lack of skills and experience, and the lack of desire to work. There is also a small proportion of respondents (3%) who reported feeling “discouraged” due to a lack of available jobs.

## Conclusions and implications

The long-term unemployment of people with lower levels of education and with disabilities suggests that there may be opportunities to improve in the support for these communities through inclusive career pathing and counselling, skills upgrading and inclusive workplaces. Although there is no statistical correlation that ties discouragement to this group of respondents, other research reinforces the barriers that persons with disabilities (that always or often limit their daily activities) face in finding and retaining employment. More work is needed to understand these barriers at the societal, organizational and individual level in order to develop effective strategies.



# Introduction

As of May 2024, unemployment affects nearly 1.4 million Canadians, with an unemployment rate of 6.2%.<sup>1</sup> Considerable research shows a range of factors affecting unemployment in Canada. Economic cycles, such as recessions and booms, significantly impact job availability and security. Technological advancements also influence unemployment by both displacing jobs in certain sectors and creating new opportunities in others. For instance, jobs in manufacturing, such as welding and assembly line work, have been significantly automated. Similarly, roles like bank tellers, cashiers and gas station attendants are increasingly being replaced by machines and software.<sup>2,3</sup> According to research from the Future Skills Centre, around 22% of Canadian jobs are at high risk of automation. While men, women and immigrants face similar average automation risks, Black and Indigenous Peoples are disproportionately represented in highly susceptible occupations.<sup>4</sup>

Individuals with higher education and specialized skills generally experience lower unemployment rates compared to those with less education.<sup>5</sup> According to Statistics Canada, during times of economic shock, such as the COVID-19 pandemic, individuals without postsecondary credentials or high school diplomas saw a steeper rise in unemployment than those with college or university degrees.<sup>6</sup> In some cases, education can help level the playing field for diverse groups. For example, recent data suggest that Indigenous Peoples with university education have now bridged the employment gap with their non-Indigenous counterparts, although overall rates of unemployment among Indigenous Peoples remain high.<sup>7</sup> However, for other segments of the population, skills and education do not translate into employment. For example, recent research shows that language scores, often considered the principle barrier for newcomers, are not predictors of employment, although they are associated with earning potential over time.<sup>8</sup>

Research also shows that barriers persist even when education levels are comparable for certain groups. For example, among those with postsecondary education, Black Canadians face worse employment outcomes compared to the rest of the population.<sup>9</sup> Similarly, university graduates with severe disabilities are still less likely to be employed than individuals without disabilities who have only a high school education or less.<sup>10</sup> It is therefore crucial to recognize the role of discrimination in all its forms as it disproportionately impacts not only underemployment, but also the unemployment of Black and racialized peoples, persons with disabilities and immigrants, among other groups.<sup>11, 12, 13</sup>

The longer Canadians remain out of the labour force, the more arduous it becomes for them to reintegrate, exacerbating both social and economic issues. Prolonged periods of unemployment result in the erosion of essential skills and the loss of valuable on-the-job learning experiences.<sup>14</sup> This skill deterioration makes it more challenging for individuals to find employment as their competencies become outdated and less competitive. Moreover, extended unemployment significantly impacts lifelong earnings potential. As individuals spend more time out of work, they miss out on career advancements and salary increases, which cumulatively affect their financial stability and long-term economic security. This not only hampers their ability to build a stable life but also has broader implications for the economy, as decreased earnings reduce consumer spending and tax contributions.<sup>15</sup>





In addition to economic repercussions, long-term unemployment can lead to severe social challenges. It can contribute to increased rates of mental health issues, such as depression and anxiety, as individuals struggle with the stress and stigma associated with prolonged joblessness. Social isolation and a loss of self-esteem are common among the long-term unemployed, further complicating their ability to re-enter the workforce.<sup>16, 17</sup> Among those who are unemployed, some find themselves without work for extended periods of time. For the purposes of the research, we define long-term unemployment as those without work for 27 weeks (six months) or more.

The pandemic-induced recession, for instance, led to unprecedented job losses and a rapid but uneven recovery, disproportionately affecting certain groups, including women, youth and low-wage workers.<sup>18</sup> It triggered not only a public health crisis, but an economic one as well. The economic shutdowns implemented to curtail the spread of COVID-19 led both to a decline in employment (and a concomitant

rise in unemployment) and a decline in labour force participation. This means that some Canadians lost their jobs but continued to look for work, increasing the unemployment rate, while others stopped looking for work, decreasing the participation rate.<sup>1</sup> The changes were more pronounced in the first months of the pandemic. Between the end of 2020 and the beginning of 2022, employment partially recovered and labour force participation fully recovered.

As measured by the Survey of Employment and Skills, the unemployment rate jumped from 7.6% in March 2020 to 9.9% in December 2020 and rose further to 10.2% in June 2021.<sup>11</sup> The rate of unemployment remained at 10.2% in the spring of 2022, but then declined in spring 2023. At the start of the pandemic, there was also an increase in the proportion that is unemployed but not looking for work. This group formed 3.4% of the adult population in March 2020, but 5.4% in December 2020 and 4.9% in June 2021. This means that about 425,000 more adult Canadians were unemployed but not looking for work in June 2021 than was the case 15 months earlier. However, by the spring of 2022, the proportion that is unemployed but not looking for work had returned to roughly the same level as two years earlier (3.5%). The proportion rose again in the spring of 2023 before returning to 3.5% in the fall of that year. As a proportion of the non-retired population, unemployment without looking for work rose from 4.2% in March 2020 to 6.8% in December 2020, before ebbing back slightly to 6% in June 2021 and down further to 4.3% in March-April 2022. Again, the proportion rose again in the following spring but returned to 4.3% in the fall of 2023.

It is natural to conclude that the increase in the proportion of adults who are unemployed but not looking for work in late 2020 is an indication of heightened worker discouragement during the pandemic: as workplaces closed, fewer jobs were available, and more workers stopped actively looking for work. But this may not be the whole story. For instance, some may have exited the labour force to care for children or other family members, while others may have become sick or worried about getting sick should they return to work.<sup>11</sup>

This report looks to investigate demographic differences between those who are employed and those who are unemployed, especially those who have been unemployed for longer and shorter durations. Further, this report moves beyond discussions of those in the labour force who are not employed but who are both available for work and actively looking for work. Unemployment and underemployment are significant measures of

prosperity in Canada, and less is known about those who are either unable to work or who are not looking for work, and who are deemed to be outside of the labour force and are not counted as officially unemployed. This report attempts to better understand the experiences of this group.

It attempts to delineate its size as a proportion of the nation's population and describe its composition in terms of age, gender and other characteristics, as well as determine the reasons why those in this situation are not looking for work. It might be assumed that those who are unemployed but not looking for work are "discouraged," in the sense that they had previously been looking for work but, being unsuccessful, have given up. The expectation is that, once more jobs become available, they might resume their job search; in the face of a stronger economy,

discouraged workers will move from being out of the labour force, to once again being officially unemployed (as they resume their search), to securing employment. It is not clear, though, whether this is in fact the typical case for those who are unemployed but not looking for work, or whether there are obstacles other than the demand for labour that are preventing them from joining (or re-joining) the labour force.



This report deepens our understanding of unemployment in Canada by exploring the situation of those who are unemployed, including both those who are and who are not looking for work. Drawing on data from the Survey on Employment and Skills, conducted in six waves between 2020 and 2023, it provides a profile of the unemployed and explores the reasons why some are not searching for a job. The focus is less on the situation of those whose employment was disrupted temporarily by the pandemic and more on those facing unemployment over the longer term.<sup>iv</sup> Its main conclusion is that the traditional focus on the demand for labour and the notion of "discouragement" among the longer-term unemployed is somewhat misplaced. While some workers certainly get discouraged and step away from the labour force when economic conditions worsen, many more face longer-term health-related obstacles that limit their ability to work. Policies designed to help these Canadians join the labour force therefore should approach this type of unemployment as a health issue as well as an economic one.

---

<sup>i</sup> The participation rate is the number of labour force participants (which includes both those employed and those unemployed but looking for work), expressed as a percentage of the adult population.

<sup>ii</sup> The unemployment rate rose during the period between December 2020 and June 2021 even as employment recovered because of the increase in labour force participation. A note on the difference between the unemployment rate measured by the Survey of Employment and Skills and that published by Statistics Canada is included in the description of the survey on page 1.

<sup>iii</sup> See the survey report on the proportion of workers missing work because they or someone they were caring was sick with COVID-19: *The Lingering Effects of Covid-19* (<https://www.environicsinstitute.org/projects/project-details/the-lingering-effects-of-covid-19>).

<sup>iv</sup> Detailed analyses of the backgrounds of those who specifically report losing their job as a result of the pandemic are available in the main survey reports from the Survey on Employment and Skills, available at <https://fsc-ccf.ca/research/2020-survey-on-employment-and-skills/>.

# Research Design

Understanding the dynamics that lead to long-term unemployment are critical to inform strategies to develop skills and create opportunities for all. Specifically, the purpose of this analysis was to further investigate the following research questions:

1. Which demographic groups are more likely to experience long-term unemployment?
2. How do those who are unemployed and looking for work differ from those that are unemployed and not looking for work? Do we see demographic differences based on variables such as educational attainment, physical health or disability status?
3. What are the reasons why some unemployed individuals are not looking for work?

To answer these questions, we use data from the Environics Survey on Employment and Skills undertaken by the Environics Institute with the Diversity Institute and Future Skills Centre. Each wave of the survey consists of over 5,000 Canadians aged 18 and over, conducted in all provinces and territories (see Table 1). A total of 34,740 Canadians were surveyed across the six waves. The survey includes oversamples of Canadians living in smaller provinces and territories, those under the age of 34, racialized Canadians and Canadians who identify as Indigenous, in order to provide a better portrait of the range of experiences across the country. Unless otherwise indicated, the survey results in this report are weighted by age, gender, region, education, racial identity and Indigenous identity, to ensure that they are representative of the Canadian population as whole.

It's important to note that the survey's measure of employment and unemployment are not directly comparable to those of Statistics Canada's Labour Force Survey (LFS). The LFS asks respondents aged 15 and older to describe their recent activities; based on their answers, Statistics Canada decides whether to classify them as employed, unemployed or outside of the labour force. The Survey of Employment and Skills asks respondents aged 18 and older to say if they are employed or unemployed (or something else) at the time of the survey, and, if unemployed, whether or not they are looking for work. Generally, the proportion of Canadians who describe themselves as unemployed and looking for work is slightly higher than the proportion that meets the LFS's stricter criteria for being unemployed.

Data in this analysis are based on survey Waves 3 to 6 (n=24,389). These waves include questions about the reasons for being out of work (or for not looking for work). The combined sample includes 18,467 individuals, and among them, 2,308 are unemployed. This includes those who have been unemployed both short-term and long-term, and those who are looking and not looking for work. For the purposes of this analysis, we use Canadian standards and define long-term unemployment as individuals who have been unemployed for six months or longer.

**TABLE 1.**  
**Survey on employment and skills**

	Wave 3	Wave 4	Wave 5	Wave 6	Total
<b>Field dates</b>	June 1 – June 28, 2021	March 1 – April 18, 2022	March 1 – April 3, 2023	Oct. 13 – Nov. 23, 2023	
<b>Sample size</b>	5,913	6,604	5,904	5,968	24,389
<b>Employed (subsample)</b>	2,956	4,439	4,014	4,132	7,096
<b>Unemployed and looking for work (subsample)</b>	434	432	344	364	1,574
<b>Unemployed and not looking for work (subsample)</b>	193	221	168	152	734

# Findings

## Profile of the unemployed in Canada

To further understand factors associated with unemployment in Canada, we investigated differences in employment status among different demographic groups (see Table 2). For employment rates, we see trends consistent with data from Statistics Canada. For example, here we see that white individuals have a lower employment rate compared to racialized individuals across waves 3 to 6 (Table 2). This is consistent with Statistics Canada data from early 2024.<sup>19</sup>

For those that are unemployed (looking for work and not looking for work) (Table 2), we see that slightly more women are unemployed (12%) compared to men (10%). Those nearing retirement (aged 55 to 64 years) are more likely to be unemployed (16%) compared to younger and older age groups. We also see higher proportion of unemployment for those with less than a high-school education (27%), those with a disability that often or always impacts their daily activities (24%), Indigenous Peoples (14%) and those who were born in Canada (12%).



For long-term unemployment specifically, the trends follow those for overall unemployment discussed above. A slight gender disparity exists, with fewer men (7%) reporting being unemployed long-term than women (9%). Those with disabilities that are often or always limiting (21%) face are more likely to be unemployed long-term compared to those with disabilities that are occasionally limiting (9%) or no disabilities (5%). First- (6%) and second-generation (6%) Canadians are less likely to be unemployed long-term compared to third-generation (12%) Canadians. Indigenous Peoples experience the highest proportion of long-term unemployment, at 10%. White individuals face a 9% proportion, while racialized individuals have the lowest proportion of long-term unemployment at 5%.

**TABLE 2.**  
**Breakdown of demographic groups by employment status**

	Employed full-time or part-time (%)	Self-employed (%)	Unemployed short-term (less than six months; %)	Unemployed long-term (six months or longer; %)
<b>Gender</b>				
Men	82	8	3	7
Women	81	7	3	9
Other <sup>a</sup>	60	17	8	15
<b>Age</b>				
18-24	85	5	4	5
25-34	84	6	4	6
35-44	81	8	3	6
45-54	79	9	2	10
55-64	72	11	2	14
65-74	69	23	2	5
75+	52	43	2	3
<b>Education</b>				
Some high school or less	65	8	6	21
Completed high school	75	7	5	13
Apprenticeship or trades training	81	9	3	7
Some college/CEGEP or university education	80	8	3	8
A college/CEGEP diploma or a university degree	86	7	2	5
<b>Disability</b>				
Yes - occasionally impacts activities done in a typical day	80	7	3	9
Yes - often or always impacts activities done in a typical day	66	9	3	21
No	85	7	3	5
<b>Racialized people</b>				
White	80	9	3	9
Racialized	86	6	3	5
Indigenous	79	8	4	10
<b>Canadian-born</b>				
Born in Canada, and both parents were born in Canada	80	8	3	9
Born in Canada, and one or both parents were born in another country	83	8	2	6
Born in another country	83	8	4	6

*Note.* Includes data from waves 3 to 6; length of unemployment question was only added in wave 3. Total includes only employed, unemployed and self-employed; other employment statuses (e.g., retired, student) are not considered here. Unemployed here includes both those that are looking for work and not looking for work. Each percentage represents the proportion of respondents in that sample category. For example, 66% of men are employed, while 2% have been unemployed short-term and 5% have been unemployed long-term. Employed total includes employed full-time, part-time and multiple part-time. Percentages for each demographic group may not add up to 100% exactly due to rounding.

<sup>a</sup> Respondents were asked to indicate their gender and were given the response options of “Man,” “Woman,” “Other (please specify if you wish),” or “Prefer not to answer.”

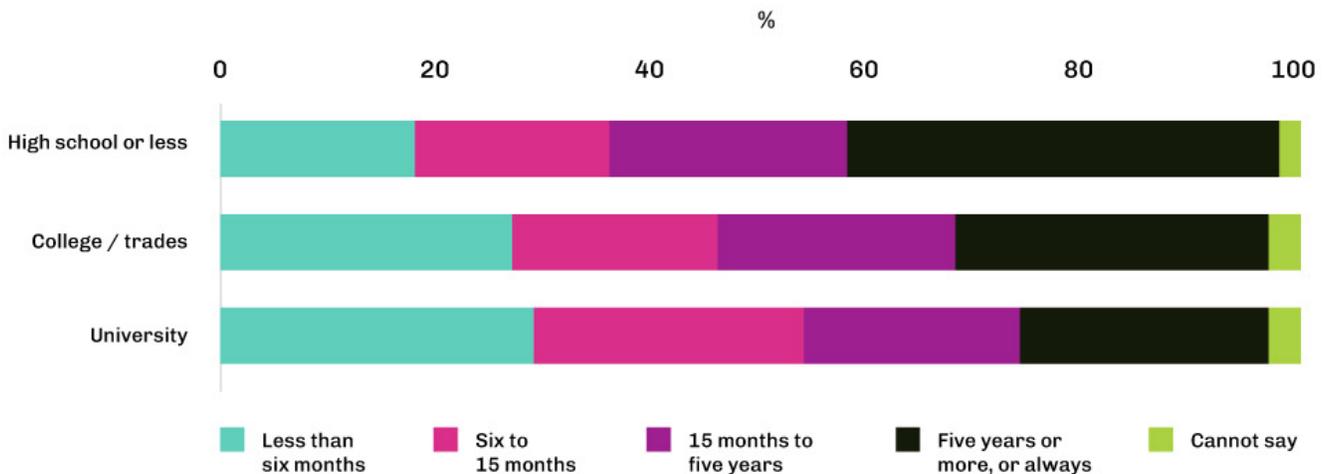
## Duration of unemployment

Looking at unemployed Canadians, certain characteristics are related to the duration of unemployment. Short-term unemployment is more common for those without a disability, while long-term unemployment is more common for those with a disability and those without a postsecondary education. To further investigate these trends, we take a more nuanced look at the duration of unemployment.

The analysis shows that it is more likely for respondents with a high school diploma or less to have reported being out of work for over five years (see Figure 1). Only 23% of university degree holders report being unemployed for over five years compared to 40% with a high school diploma.

**FIGURE 1.**  
**Breakdown of demographic groups by employment status. Duration of unemployment by education level for those looking and not looking for work**

*This stacked bar graph shows it is more likely for respondents with a high school degree to be out of work for at least five years, while people with a university degree have the least duration of being unemployed.*

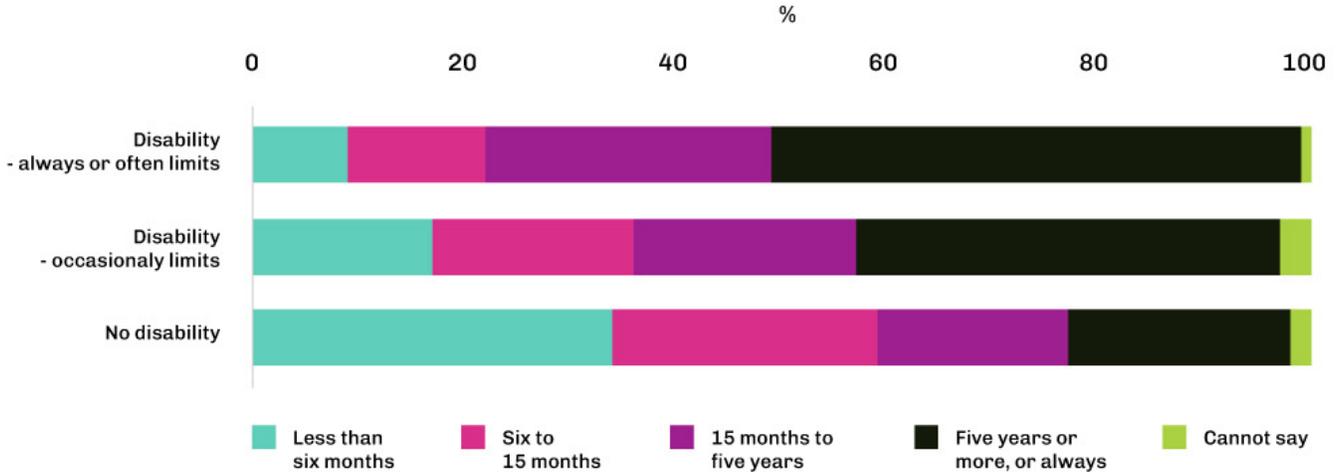


The duration of unemployment is also directly related to whether or not the respondent has a disability. For example, among those who are unemployed, 50% of people with a disability that always limits their daily activities have been out of work for five or more years, compared to only 21% of people with no disability (Figure 2).

**FIGURE 2.**

**Disability type by duration of unemployment for those looking and not looking for work**

*This stacked bar graph shows how the duration of unemployment is also directly related to whether or not the respondent has a disability. Half of the people with a disability that always limits their daily activities are unemployed for at least five years. This is more than double the rate for people with no disability.*



**Looking for work and not looking for work**

We also see differences in the duration of unemployment between those that are unemployed and looking for work and those that are unemployed and not looking for work. Those who are unemployed but not looking for work have been out of work for much longer than those who are unemployed but still searching for a job. Those who are unemployed but not looking for work are four times as likely to be very long-term unemployed (being out of work for at least five years), compared to those who are unemployed and looking for work (see Figure 3).

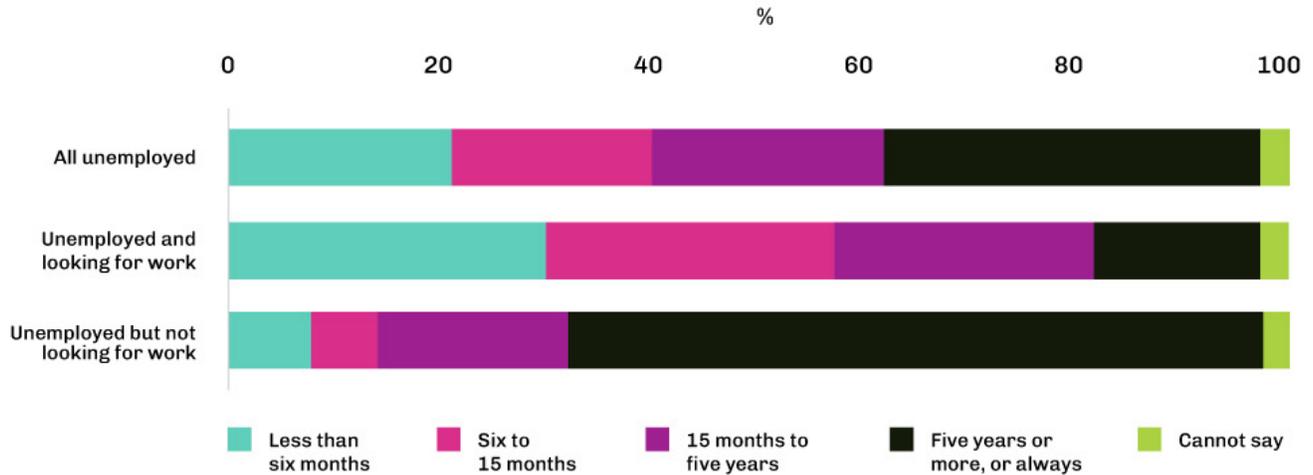
Among those who are unemployed and looking for work:

- 30% have been unemployed for less than six months
- 27% have been unemployed for between six and less than 15 months
- 25% have been unemployed for between 15 months and less than five years
- 16% have been unemployed for five years or more (or have always been unemployed).<sup>v</sup>

<sup>v</sup> The duration of unemployment reported here is much longer than that reported in Statistics Canada’s Labour Force Survey (LFS), but the two surveys use different methods. Statistics Canada has a stricter definition that counts continuous weeks of unemployment, without interruption, during which the unemployed person must have continued to look for work. The Survey on Employment and Skills asks how long a person has been unemployed, without supplementary questions to ensure that this period was not interrupted with brief periods of employment or with the suspension of an active job search.

**FIGURE 3.**  
**Unemployment type by duration of unemployment**

*This stacked bar graph displays differences in the duration of unemployment between those that are unemployed and looking for work and those that are unemployed and not looking for work. Those who are unemployed but not looking for work have been out of work for much longer than those who are unemployed but still searching for a job. Those who are unemployed but not looking for work are four times as likely to be unemployed for at least five years, compared to those who are unemployed and looking for work.*



Among those who are unemployed but not looking for work:

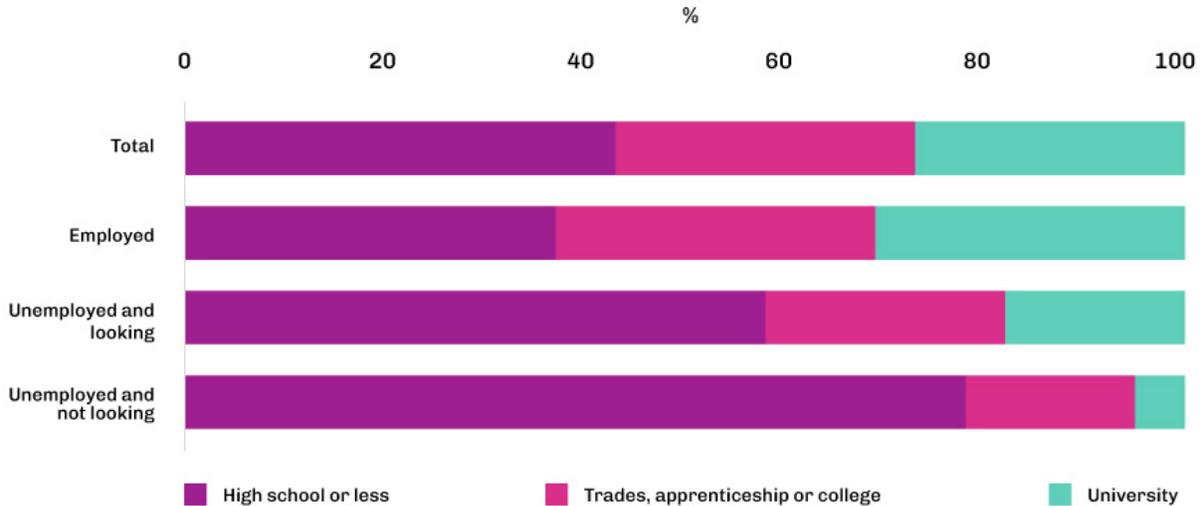
- 8% have been unemployed for less than six months
- 6% have been unemployed for between six and less than 15 months
- 18% have been unemployed for between 15 months and less five years
- 65% have been unemployed for five years or more (or have always been unemployed).

The Survey on Employment and Skills shows that, among those who are unemployed, there are important differences in the characteristics of those who are and are not looking for work. In each case, two types of differences stand out as the most significant: educational attainment and disability.

Compared to those who are employed, those who are unemployed and looking for work are much less likely to have a postsecondary education (42% of those who are unemployed and looking for work completed a credential after high school, compared to 63% of those who are employed) (see Figure 4).

**FIGURE 4.**  
**Employment status by education level**

*This stacked bar graph shows there are important differences in the educational attainment of those who are and are not looking for work among those who are unemployed. Compared to those who are employed, those who are unemployed and looking for work are much less likely to have a postsecondary education.*



*Note. The total includes the complete survey sample, including those who are not in the labour force.*

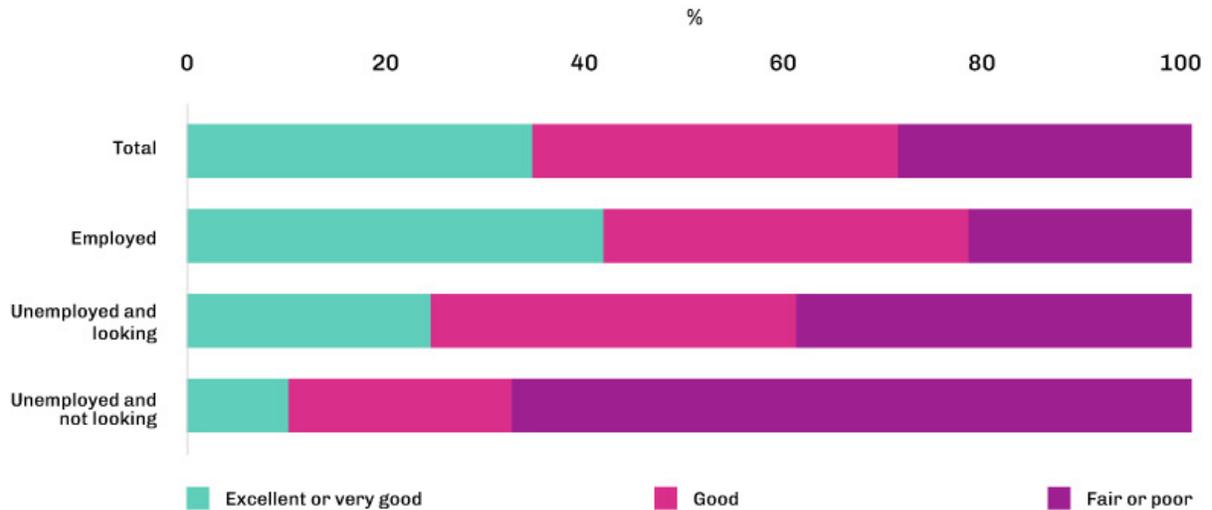
Other demographic differences are more modest: those who are unemployed and looking for work are also somewhat older (more likely to be over the age of 35), more likely to be born in Canada to Canadian-born parents (i.e., less likely to be first- or second-generation immigrants), less likely to be racialized and more likely to be women.

These patterns are generally similar but more accentuated when it comes to those who are unemployed but not looking for work. Those in this group are much less likely than those who are either employed or unemployed and looking for work to have a postsecondary education (22%, see Figure 1). Compared to the other two groups, they are also much less likely to be first- or second-generation immigrants or to be racialized; they are also even older than those in either of the two other groups. As is the case for those who are unemployed and looking for work, those who are unemployed but not looking for work are somewhat more likely than those who are employed to be women.

There are significant differences related to health and disability. Compared to those who are employed or unemployed and looking for work, those who are unemployed but not looking for work are much more likely to report that their physical health is fair or poor, and much more likely to report that they have a physical or mental disability that either always or at least occasionally limits their daily activity. 77% of employed respondents reported excellent or good physical health, compared to 32% of those who are unemployed and not looking (see Figure 5).

**FIGURE 5.**  
**Employment status by physical health**

*This stacked bar graph shows differences related to physical health among all the employment groups. Compared to those who are employed or unemployed and looking for work, those who are unemployed but not looking for work are much more likely to be fair or poor in their physical health.*



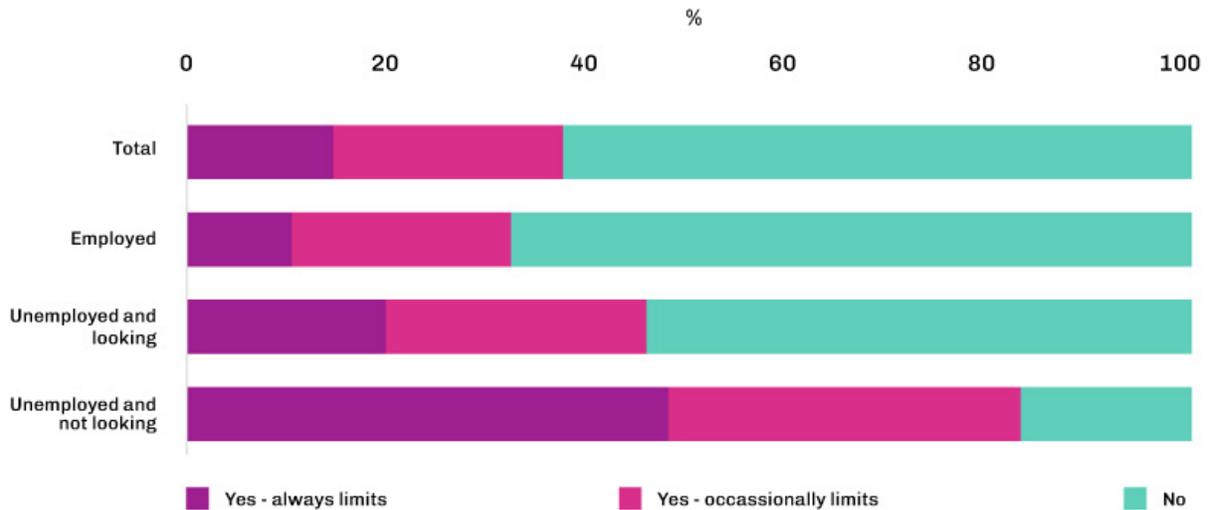
*Note. The total includes the complete survey sample, including those who are students, retired or not working due to responsibilities at home.*

Similarly, only 16% of those who are unemployed but not looking for work report no disability, compared to 52% of those who are unemployed and looking for work and 66% of those who are employed (see Figure 6).<sup>VI</sup>

<sup>VI</sup> Further analysis of the factors relating to being unemployed and not looking for work, that assesses the importance of each factor when controlling for others, confirms that the main predictors are educational attainment and having a disability—with having a disability playing the most significant role. The effect of physical health is lessened when controlling for the presence of disabilities, suggesting that having a disability is the more determinant factor. This analysis is based on data from wave 3 of the survey. The author would like to thank Justin Savoie for his work in conducting this analysis.

**FIGURE 6.**  
**Employment status by disability**

*This stacked bar graph shows differences related to disability among all the employment groups. Compared to those who are employed or unemployed and looking for work, those who are unemployed but not looking for work are much more likely to report that they have a physical or mental disability that either always or at least occasionally limits their daily activity.*



*Note. The total includes the complete survey sample, including those who are students, retired or not working due to responsibilities at home.*

## Reasons for not looking for employment

To further explore the factors related to unemployment, those who are unemployed but not looking for work were asked to say why they are not looking for work at this time. This was an open-ended question, meaning that survey participants could answer using their own words. Individual answers are grouped together under common themes. This question was asked in survey waves 3, 4 and 5 of the survey; answers are presented for all three waves combined.

The most common type of reason for not looking for work relates to health (but not specifically to COVID-19): 44% say they have a disability that prevents them from working; 10% mention anxiety, depression or a mental health issue; and 9% say they have a health or medical issue.<sup>vii</sup> Combining those together, 63% of this group of unemployed Canadians say they are not looking for work because of a disability, a physical health issue or a mental health issue (other than the pandemic).

A small proportion of those not looking for work (5%) give a reason that is directly related to the pandemic (e.g., they are worried about getting sick with COVID-19 if they return to the workplace, or their workplace was shut down due to COVID-19). Other reasons include because of childcare or family responsibilities (5%); because they feel they do not need to or do not want to work (3%); because they do not have the right training, qualifications or experience (less than 1%); or because they previously experienced discrimination at work (less than 1%).

<sup>vii</sup> Note that it is not always possible to clearly delineate between these three types of reasons, and some respondents mention more than one of these (disability, physical health, or mental health); however, even if more than one health-related reason is mentioned, it is assigned to one of these health-related categories and only counted once.

Only a small proportion of this group of unemployed Canadians can be described as “discouraged,” in that they have suspended their job search because there are no jobs available – this applies to only 19 of 591 responses (3%). However, this figure rises to 10% if it is combined with those who have stopped looking for work because of the economic shutdowns caused by the pandemic or who are experiencing a temporary layoff for another reason.

Notably, however, about one in six (16%) of those who are unemployed but not looking for work decline to give a reason for why they are not looking for work.

**TABLE 3.**  
**Reason for not looking for work\***  
**(for those who are unemployed but not looking for work)**

Type of reason	Number of mentions				% of total (based on number of respondents)
	Wave 3	Wave 4	Wave 5	Total	
Disability / health issue / mental health issue	107	140	118	365	62.7
Caring for children or another family member	7	14	9	30	5.2
COVID-19 pandemic (economic shut down / don't want to get sick)	16	8	2	26	4.5
No jobs available / discouraged (no point looking for work)	8	5	6	19	3.3
Don't need to or want to work / prefer to stay on social assistance	6	5	5	16	2.7
Temporary layoff / seasonal work / job starting soon	6	3	3	12	2.1
Don't have the right skills	2	2	0	4	0.7
Have left the labour force due to experiences of discrimination	2	1	1	4	0.7
Other reason / reason unclear	9	11	5	25	4.3
Cannot say / no response	34	35	21	90	15.5
<b>Total number of reasons</b>	<b>197</b>	<b>224</b>	<b>179</b>	<b>591</b>	<b>101.5</b>
<b>Total respondents</b>	<b>193</b>	<b>221</b>	<b>168</b>	<b>582</b>	<b>100</b>

*Note. Figures in this table (both mentions and percentages) are unweighted. The percentages add to more than 100% of respondents because a small number of respondents provided more than one reason.*

It is possible that those who do not provide an answer may be discouraged workers who simply are unwilling to express (or admit to) their discouragement in the context of the survey. If so, the proportion that is discouraged may be higher than the 3% reported above. Such a conclusion is plausible, but speculative.

It is also possible that some of those who left their jobs during the pandemic to care for children or other family members do not identify themselves as unemployed but not looking for work – in which case their reasons for being unemployed would not be captured in this part of the survey.

Even if some information about the reasons for not looking for work is unclear, this does not overshadow the information that is provided relating to poor health and disability. The large majority of those who are unemployed but not looking for work explain their situation by referring to a disability or to a physical or mental health condition.

This finding contrasts with that related to the reasons given by those who are unemployed and looking for this work.<sup>viii</sup> Asked (in March-April 2022) why they had not been able to find a job, the most common reasons given by those in this group were because of the pandemic (21%), because of a skills mismatch (either they lack skills or could not find a job to match their skills) (19%) and because of a lack of jobs (17%). Issues related to health, disability or mental health were only the fourth most common reason given (11%). A year later (in March 2023), the pattern had changed somewhat, as only 5% gave a reason related to COVID-19. At that time, issues related to a lack of jobs were the most common reason mentioned (20%), followed by health, disability or mental health or skills (14%) and a skills mismatch (11%).

Even though health, disability or mental health was the second most common reason mentioned by those unemployed and looking for this work, when asked in March 2023 why they thought they had not been able to find a job it is clearly much less of an obstacle than is the case for those who are unemployed and not looking for work: at the same point in time, those who were unemployed and not looking for work were five times as likely as those who were unemployed and looking for work to mention this issue.

---

<sup>viii</sup> This question was only asked of those unemployed and looking for work in waves 4 and 5 of the survey (n=776). The results reported here are unweighted.

# Conclusions and Implications

The evidence presented in this report underlines the importance of education and good health in accounting for the difference between those who participate in the labour force and those who do not.

- While there are undeniably barriers to employment for some demographic groups, only 23% of those with a university education or 29% of college graduates or trades people report being out of work for more than five years compared to 40% of those with a high school diploma or less.
- Similarly, those with a high school diploma or less are far more likely (77%) to be unemployed and not looking for work compared to those with a university (5%) or college education or trade (17%).
- Compared both to those who are employed and to those who are unemployed and looking for work, those who are unemployed but not looking for work are more likely to report poor physical and mental health, or to have a disability.
- Among those who are unemployed, those with either poor physical health or a disability experience longer periods of unemployment.
- Among those who are unemployed but not looking for work, the most common reasons for not looking for work relate to physical or mental health issues or to having a disability—and by a wide margin. In contrast, this reason is mentioned much less often as a reason for being unemployed, by those who are looking for work.

While these findings point to poor health and to disability as factors causing people to stop searching for work, it is possible that, for some people at least, the influence runs in the opposite direction: not being active in the labour force (and the lack of employment income that ensues) may lead to a deterioration of physical and mental health. Some people may face a vicious circle, wherein relatively minor health issues initially prompt them to exit the labour force, but lack of employment then leads these health issues to become worse. But regardless of the extent to which poor health and disability are the cause of being unemployed but not looking for work, or its effect, what is clear is that they remain one of the main obstacles to a return to the labour force. Some Canadians who are unemployed but not looking for work may be “discouraged” by the perception that there are no jobs available for them, but many more report that they are physically or mentally unable to work on a regular basis. While not fully explored in this paper, we also recognize the interaction between poor health or disabilities with the ability to succeed in the educational system. There is extensive research on the barriers to those with, for example, cognitive differences or mental health issues and the lack of flexibility and supports that persist. Given the importance of education as an enabler for employment, this warrants further investigation.



This is an important finding for public policy. A public health approach to addressing complex problems focuses on understanding the systems that underpin the problems at the macro (societal), meso (organizational) and micro (individual) level. It recognizes that there are no simple solutions to complex problems and actions are needed at multiple levels. Unlike economic models, public health models often take into account the mediating roles of social process, understanding that rationality is not the principal driver of choices people make. The skills and employment ecosystem is a complex system with multiple actors and



interactions that shape outcomes for different segments of the population. At the societal level, policies, socioeconomic forces, culture and values, and technological change shape opportunities. At the organizational level—for government, for intermediaries and for employers—there are policies and practices that create or impede opportunities. At the individual level there are multiple forces that shape knowledge, attitudes and behaviours of job seekers but also intermediaries and employers. Understanding the levers to drive changes is critical to drive cost-effective interventions that work and can be replicated and scaled.

Traditional economic models focus on factors that affect the balance of the supply and demand for labour, including job creation, skills development and the counteracting effects of financial incentives, be they incentives to work (wages) or incentives not to work (government transfers of income to the unemployed). Recently, more attention has been placed on the role of other enabling policies, for example the role

of childcare policy in enabling more people and in particular women, to participate in the labour force, pursue advancement or entrepreneurship. Each of these no doubt remains important. But if the main obstacle for returning to work for those who have left the labour force is poor health or disability, then policies that do not also address these obstacles as well may have limited impact.

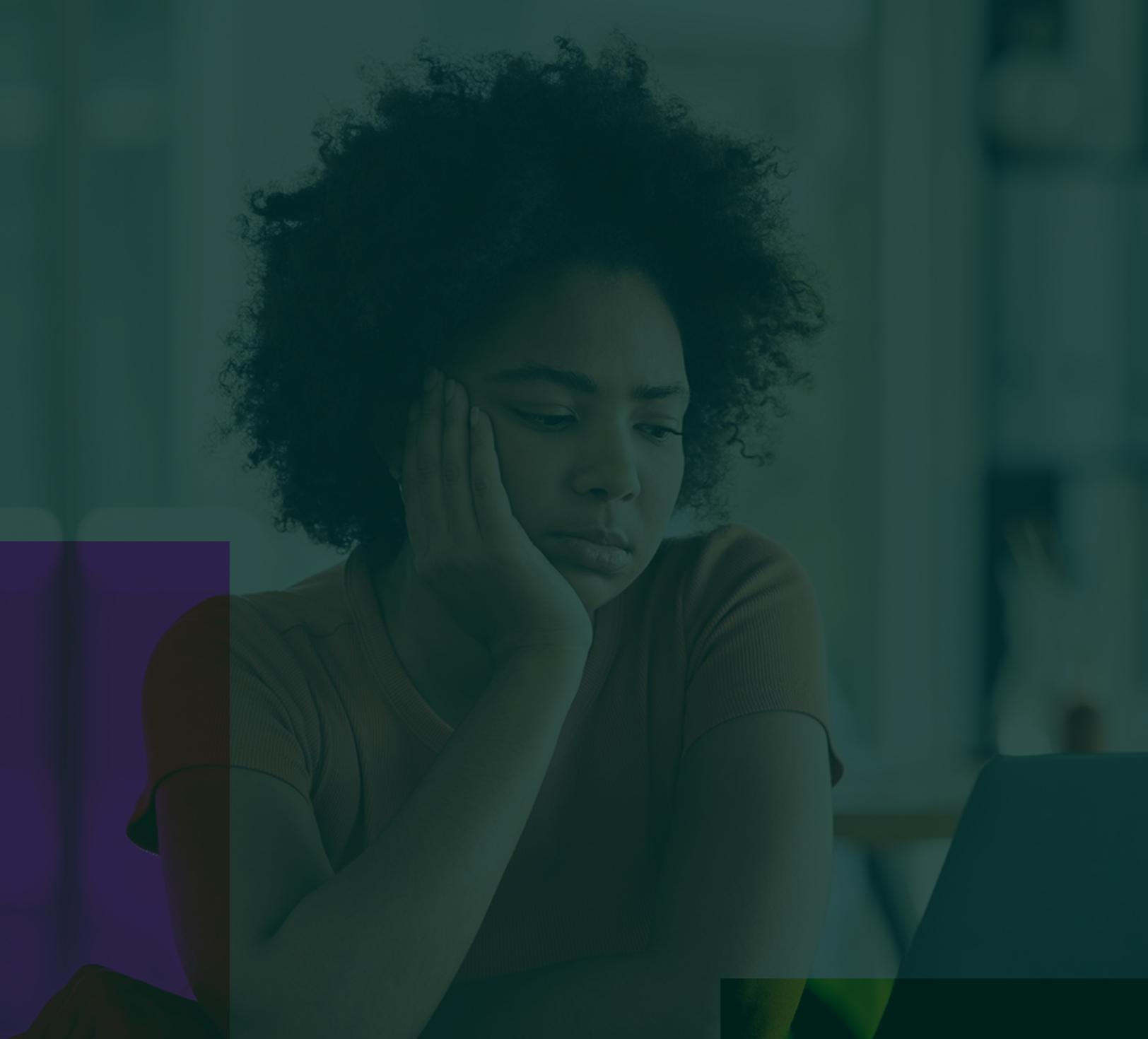
This suggests that unemployment in Canada must be approached, at least in part, as a public health issue. Such an approach may have many dimensions. In some cases, it will require better accommodations for people with disabilities, as well as wider acceptance of disability in the workplace. In other cases, it will require greater recognition of mental health issues, as well as better treatment. And in other cases still, it will require better preventive health measures to improve overall physical health in the population. We also need to address societal level barriers that stigmatize lower levels of education and disability as well as long-term unemployment as these undoubtedly contribute to the “discouraged worker” syndrome. Stereotypes that suggest that those who are unemployed lack skills, motivation, effort or initiative, or have character flaws require attention.

It is also critical to understand that the issues are not simply on the supply side - we need a laser focus on the organizations that deliver programs, services and offer employment. More attention needs to be directed on the ways in which their policies, programs and practices impede or enable people to enter and reenter the workforce. There is significant research that shows persons with disabilities, for example, are not well served by career counselling and services starting with guidance counsellors in public school. Inclusive career pathing models consider the individual needs and motivations of individuals as well as their needs for wraparound supports (whether material, social or psychological) at each step of the way, and recognize that skills may be necessary but insufficient in the face of other barriers. We also know from the research that employers in Canada, many of which are small to medium-sized enterprises with limited resources, often default to hiring from the same talent pools, overlooking segments of the populations, like persons with disabilities. While there are innovative practices (for example, focusing on assets and competencies), rather than limitations and credentials that can open pathways, more work is needed to replicate and scale approaches that work.

Finally, at the individual level we need to double down on programs that do not just focus on building capacity for job seekers but also address bias and capacity within educational institutions, intermediaries, governments, and their agencies and employers.

# References

1. Statistics Canada. (2024). *Labour force survey, May 2024*. <https://www150.statcan.gc.ca/n1/daily-quotidien/240607/dq240607a-eng.htm>
2. Frank, K., Frenette, M., & Yang, Z. (2021). *The changing nature of work in Canada amid recent advances in automation technology*. Statistics Canada. <https://doi.org/10.25318/36280001202100100004-eng>
3. Burt, M., & Crawford, T. (n.d.). *Technological change and the future of work in Canada*. Future Skills Centre. <https://fsc-ccf.ca/research/technological-change-and-the-future-of-work-in-canada/>
4. Wyonch, R. (2020). *The next wave: Automation and Canada's labour market*. Future Skills Centre. <https://fsc-ccf.ca/research/the-next-wave-automation-and-canadas-labour-market/>
5. OECD. (n.d.). *Unemployment rates by education level*. <https://data.oecd.org/unemp/unemployment-rates-by-education-level.htm>
6. Zeman, K. (2023). *From high school, into postsecondary education and on to the labour market*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/81-595-m/81-595-m2023004-eng.htm>
7. Statistics Canada. (2023). *Postsecondary educational attainment and labour market outcomes of Indigenous Peoples, 2021*. <https://www150.statcan.gc.ca/n1/daily-quotidien/231027/dq231027a-eng.htm#>
8. Deller, F., & Cukier, W. (2023). *Canadian Diversity: Skills assessment and newcomer pathways to the labour market*. The Metropolis Institute. [https://fsc-ccf.ca/wp-content/uploads/2024/03/Canadian-Diversity\\_Vol19No42024\\_EN.pdf](https://fsc-ccf.ca/wp-content/uploads/2024/03/Canadian-Diversity_Vol19No42024_EN.pdf)
9. Statistics Canada. (2020). *Canada's Black population: Education, labour and resilience*. <https://www150.statcan.gc.ca/n1/pub/89-657-x/89-657-x2020002-eng.htm>
10. Employment Accessibility Resource Network. (2020). *Improving employment outcomes for post-secondary graduates with disabilities: Summary report*. <https://earn-paire.ca/wp-content/uploads/2020/11/YwD-Report-Eng.pdf>
11. Ng, E.S., & Gagnon, S. (2020). *Employment gaps and underemployment for racialized groups and immigrants in Canada*. Diversity Institute, Future Skills Centre, and Public Policy Forum. <https://fsc-ccf.ca/wp-content/uploads/2020/01/EmploymentGaps-Immigrants-PPF-JAN2020-EN.pdf>
12. Cukier, W., Mo, G. Y., Karajovic, S., Wilson, B., Walker, J-A., & Lee, K. (2023). *Racialized Canadians and newcomers: Foundational & transferable skills*. Diversity Institute. <https://www.torontomu.ca/content/dam/diversity/research/racialized-canadians-and-newcomers-foundational-and-transferrable-skills-9-23.pdf>
13. Vergara, D., & Hardy, V. (2024). *Labour market characteristics of persons with and without disabilities, 2023*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/71-222-x/71-222-x2024002-eng.htm>
14. Apergis, E., & Apergis, N. (2020). Long-term unemployment: A question of skill obsolescence (updating existing skills) or technological shift (acquiring new skills)?. *Journal of Economic Studies*, 47(4), 713-727. <https://doi.org/10.1108/JES-12-2018-0424>
15. Brand, J. E. (2015). The far-reaching impact of job loss and unemployment. *Annual Review of Sociology*, 41(1), 359-375. <https://doi.org/10.1146/annurev-soc-071913-043237>
16. Online MSW Programs. (2020). *Long-term unemployment: A destructive and chronic social issue*. edX. <https://www.onlinemswprograms.com/resources/long-term-unemployment/#Effects>
17. Purpose Co. (2021). *Ontario's unemployed: Diverse experiences, common challenges*. <https://firstwork.org/ontarios-unemployed-book/>
18. Macklem, T. (2021). *Canada's labour market: Rebound, recuperation and restructuring*. Bank of Canada. <https://www.bankofcanada.ca/2021/02/canadas-labour-market-rebound-recuperation-and-restructuring/>
19. Statistics Canada. (2024). *Table 14-10-0373-01 Labour force characteristics by visible minority group, three-month moving averages, monthly, unadjusted for seasonality*. <https://doi.org/10.25318/1410037301-eng>



TED  
ROGERS  
SCHOOL  
OF MANAGEMENT

DiVERSITY  
INSTITUTE



Future  
Skills  
Centre  
Centre des  
Compétences  
futures

Environics  
Institute  
For Survey Research