

Work in Progress

Bridging the Gap Between Small
Businesses and Canada's Youth



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Executive summary

- **Youth unemployment has surged to its highest level in 15 years outside the COVID-19 pandemic period**, driven by a cooling labour market, declining job vacancies, and intensifying competition for entry-level roles.
- **Small businesses remain the main gateway to youth employment—with 80% having hired youth in the past three years**—but weak demand, rising payroll and wage costs, and limited capacity to absorb training costs are reducing employers' ability to hire inexperienced workers.
- **Hiring and job search behaviours are misaligned**, as small businesses favour personal connections to recruit youth (62%) over online job boards (44%), while three in four youth primarily search for jobs through online job boards (73%) rather than personal networks (51%).
- **Employers prioritize soft skills and attitude over credentials or experience when hiring youth**: top skills and characteristics include having a positive attitude/enthusiasm (91%), motivation (84%), professionalism (76%), and communication skills (73%).
- **Existing government supports for small businesses to hire youth are often overly complex and administratively burdensome**, creating a misalignment with small business realities that reduces uptake and impact.
- **Reducing the cost and risk of youth hiring is key to closing the gap**, with roughly half of businesses indicating that greater access to job-ready youth, temporary EI premium relief, and training supports would facilitate youth hiring.

Introduction

Headlines about youth unemployment are hardly new. Historically, youth joblessness has tended to rise and fall with the broader economy, a cyclical pattern that reflects periods of slowdown and strain for both businesses and workers. Despite occupying less space in today's headlines, youth unemployment should merit close attention given its consequences for workers, businesses, and the broader economy.

When young people miss out on early work experience, it slows skill development, limits future entrepreneurship, and disrupts key milestones in their lives. It also creates challenges for small businesses, which employ 64% of Canada's private-sector workforce, as they struggle to secure the next generation of talent they rely on.¹

Public discourse around youth unemployment tends to revolve around big-picture disruptions. These include artificial intelligence (AI) in the workplace and the decline of entry-level roles in large organizations. That focus, however, overlooks the reality that young people often get their first job in a small business, the primary training ground for Canada's youth. As key members of their communities, small businesses recognize their role in training the next generation of workers. However, high operating costs and the current economic and political uncertainty leave businesses with little resources to hire and train young employees. Re-centring the conversation on supporting small firms, the employers that consistently give youth their start in the labour market, offers a practical path to improving youth career outcomes.

This report takes a closer look at youth unemployment in Canada from a small business perspective. Its goal is to understand why young people (aged 15 to 24) and small employers are struggling to connect. CFIB surveyed small businessesⁱ across the country to understand how they hire, what barriers they experience when seeking to hire youth, and what might help address these barriers. This report also draws on a public opinion poll conducted by Angus Reid.ⁱⁱ The poll surveyed Canadian youth aged 18 to 24 to capture their experiences and expectations in the job market. Comparing these perspectives reveals where small businesses, governments, and youth can better align to strengthen employment opportunities and improve outcomes for everyone involved.

ⁱ The CFIB Youth Employment Survey online survey was conducted from January 22 to February 12, 2026, and is based on a sample of 1,540 small business owners from Canada. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of ± 2.50 per cent, 19 times out of 20.

ⁱⁱ The Angus Reid public opinion poll was conducted via an online survey from March 10-13, 2026, and surveyed 308 Canadian youth aged 18-24. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of $\pm 5.6\%$, 19 times out of 20.

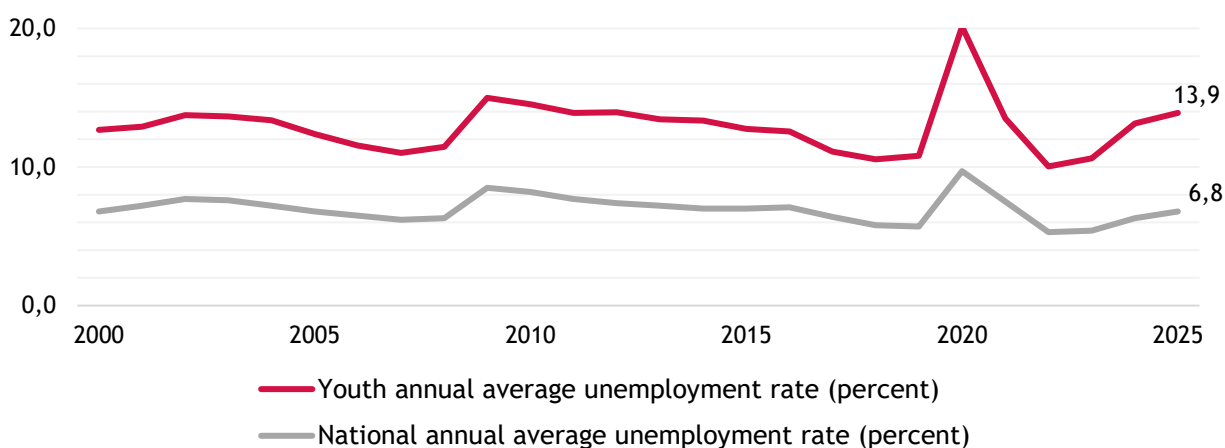
Economic context

According to Statistics Canada, more than 3 million youth are part of the labour force. As of March 2026, just over half (54%) were employed. Of the 2.69 million employed youth, about half work full time (1.32 million) and half work part time (1.37 million).² This leaves 431,500 Canadian youth unemployed.

Cooling youth labour market and structural pressures

Canada's youth labour market has cooled sharply in the past few years, with unemployment for 15- to 24-year-olds sliding back into recession-type territory, last seen in 2008-09 (Figure 1). In September 2025, youth unemployment reached its highest level in 15 years outside the COVID-19 pandemic period.³ A similar peak in 2009-10 followed the global financial crisis, when widespread economic disruption limited job opportunities for young people.

Figure 1: Canada's unemployment rate from 2000 to 2025



Source: Statistics Canada, Table 14-10-0375-01, *Job vacancies, payroll employees, and job vacancy rate by industry sector, monthly, unadjusted for seasonality*.

Some research is suggesting that structural changes, like the introduction of AI and the rise of gig work, may lower demand for traditional labour at the same time that labour supply is rising. However, only 10% of small businesses have fully integrated digital tools, suggesting these factors are not yet a major disruptive force for small businesses and their entry-level positions.⁴

Growing supply-demand mismatch across education pathways

On the supply side, Statistics Canada data shows that while more young people are actively seeking work, fewer are securing jobs. For instance, NEET (youth not in employment,

education, or training) rates have climbed among youth in their early 20s since 2020,ⁱⁱⁱ signalling a growing cohort struggling to transition from school to the workforce.⁵

Compounding this challenge is a widening mismatch between labour demand and supply across different education pathways. In particular, the number of university graduates is growing faster than the number of jobs requiring a degree. Between 2016 and 2025, job vacancies requiring a university degree grew by just 16%, while the number of university graduates increased by 63%.⁶

At the same time, the opposite has emerged in the trades sector, where vacancies for roles requiring post-secondary certificates or diplomas rose by 123%, yet the number of graduates with those credentials grew by only 9%.⁷ Together, these patterns point to a growing mismatch that has left more university-educated youth competing for a shrinking pool of degree-level jobs, while employers with trades and technical openings struggle to find qualified candidates.

Weak labour demand and small business constraints on entry-level jobs

Canadian small businesses are struggling in a weak economy, with the number of business exits, on average, far exceeding the number of new businesses created over the last four quarters, signalling an [entrepreneurial drought](#).⁸ According to CFIB's [Monthly Business Barometer](#), full-time hiring intentions remain only marginally positive as business owners continue to grapple with weak consumer demand and significant cost pressures. Part-time hiring intentions show a similar pattern, with an almost equal share of small businesses planning to add and reduce staff, signalling continued caution around new hiring. Wage costs are among the most substantial reported constraints. This suggests businesses are focused on maintaining staffing, rather than growing payrolls.

In the fall of 2025, job vacancies fell to their lowest level since 2017, increasing the number of unemployed individuals competing for each available position. This tightening labour market has made it particularly challenging for young people, who often have limited work experience.⁹

At the same time, job-to-job churn rates are low, meaning fewer people are quitting or switching roles due to uncertain labour market conditions.¹⁰ This is a classic sign of a sluggish labour market in which workers hold tightly to their positions and employers hesitate to

ⁱⁱⁱ The NEET rate climbed to a two-decade high of 13.2% in 2020/21 during the COVID-19 pandemic. It fell to 10.5% in 2021/22 as conditions improved, but rose again to 11.3% in the 2023/24 academic year.

expand. Young people feel this shift acutely: fewer job openings mean fewer available rungs on the first step of the career ladder.

For many small businesses, taking a chance on someone with no experience, especially when training requires considerable time and effort, is simply not feasible in the current climate. Small businesses have neither the breathing room nor the flexibility for it. Taken together, these dynamics have created a labour market where young people are not losing jobs; they are struggling to secure their first one.

With fewer positions opening and small businesses forced to prioritize survival over growth, work experience is becoming increasingly difficult for young workers to gain. These pressures are producing a generation with limited foundational work experience, potentially leading to future gaps in the small business workforce.

Youth hiring patterns

Our survey findings show that the vast majority of small business owners—four in five—have hired youth in the past three years. Among businesses that did not hire youth, the main reasons cited were that available roles require specialized skills or experience (42%) or that there were no vacancies to fill (33%). Nearly one-fifth of these businesses indicated they tried to hire young workers but were unsuccessful, indicating unmet demand for young workers.

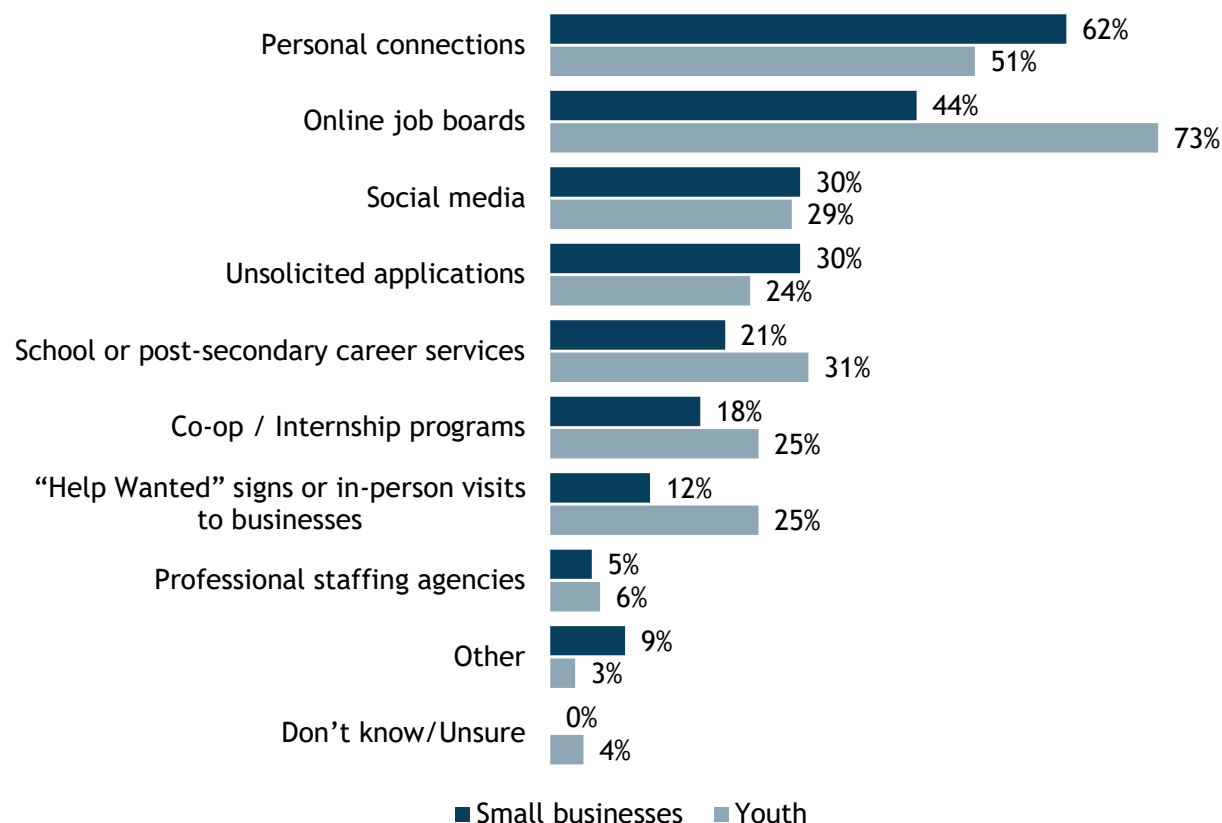
Figure 2 captures how small businesses recruit young workers and how youth seek job opportunities, revealing some differences between employer hiring practices and youth job search behaviour.

How small businesses hire youth

When hiring youth, most small business owners rely heavily on personal networks: 62% use personal connections as a recruitment method, underscoring the value placed on direct referrals. Business owners view these referrals as lower-risk because candidates come pre-vetted and benefit from the credibility of the person who recommended them. This approach has remained relatively consistent over time, with 67% of employers relying on personal connections in 2018.¹¹

The use of online job boards such as LinkedIn and Indeed trails in second place (44%) followed by other methods such as social media (30%), school or post-secondary career services (21%), and co-op/internship programs (18%). When asked which methods were most effective, employers identified personal connections and online job boards as their top performers, reinforcing the central role these channels play in youth recruitment.

Figure 2: Recruitment methods used by small businesses and youth (aged 18-24)



Questions: Which of the following methods have you used to recruit youth to jobs in your business over the last three years? (Select all that apply); Where do you usually look for job opportunities? (Select all that apply)

Sources: CFIB, Youth Employment Survey, January 22-February 12, 2026, n = 1,254; Angus Reid, Youth Public Opinion Poll, March 10-13, 2026, n = 308.

How youth look for jobs

While employers rely on personal networks and online job boards, youth are far more likely to use online job boards than to draw on their personal networks. Nearly three-quarters of youth (73%) report using online job boards, while just over half (51%) turn to personal connections. This may reflect the fact that today’s youth have grown up in a digital world and leverage online tools over personal networks when searching for a job. Those entering the workforce after completing a post-secondary credential may also find themselves without established industry connections in their chosen field to lean on.

Nearly one-third of youth use school or post-secondary career services, and one-quarter use co-op or internship programs. In contrast, small businesses rely less on these methods, representing a missed opportunity to recruit job-ready youth. Both youth and small businesses make limited use of professional staffing agencies, suggesting that this recruitment method may not meet the needs of either group.

How recruitment and job-search patterns vary by key characteristics

Recruitment differences by sector

Recruitment methods are not one-size-fits-all. While personal connections are the most common hiring channel overall, sectoral data shows that fewer than half of professional services firms (44%) rely on them. Instead, businesses in the professional services sector—such as accounting and engineering firms—favour co-op/internship programs and online job boards (both 47%). Over a third also use school or post-secondary career services, while the national average sits at around one in five businesses. This reflects the nature of the roles they offer, which often require specific qualifications or post-secondary education, making educational institutions and structured programs ideal recruitment channels.

By contrast, consumer-facing industries like retail, hospitality, and arts and recreation services put greater weight on visibility-based recruitment methods. These include social media, unsolicited applications, and “Help Wanted” signs. These low-cost tactics leverage foot traffic and local visibility to attract candidates. They also allow youth to demonstrate soft skills valued by small businesses, such as communication, motivation, and initiative. For example, unsolicited applications signal interest and proactivity, while “Help Wanted” signs encourage in-person interaction with business owners.

Recruitment differences by business size

Larger businesses are more likely to use multiple recruitment methods compared to smaller firms. For instance, less than a third of businesses with 0-4 employees use online job boards, compared to more than two-thirds of businesses with over 50 employees. With the exception of “Help Wanted” signs, the use of most recruitment methods increases as business size grows. This suggests that larger businesses have the resources to use multiple recruitment methods, while smaller firms focus their resources on the methods that work best for their business model. Consequently, smaller firms may be at a disadvantage in attracting youth talent, as their limited capacity to use multiple recruitment channels reduces the reach of their hiring efforts.

Recruitment differences by province

The use of recruitment methods remains relatively consistent across provinces, though some notable regional variations exist (see Appendix B for jurisdictional results). For example, while only 30% of small businesses nationally use unsolicited applications, it is the second most popular recruitment method among Quebec small businesses (40%). Meanwhile, less than a third of Quebec businesses use online job boards (30%), compared to 44% of businesses nationally.

Ontario small businesses, by contrast, are more likely to take advantage of co-op/internship programs (30%) and academic career services (26%) to recruit youth than other small

businesses in Canada. This aligns with the province's ongoing efforts to promote work-integrated learning,^{iv} including the Ontario Co-operative Education Tax Credit, which provides businesses with up to \$3,000 for hiring students enrolled in post-secondary co-op programs.

Youth job search patterns by province

The provincial variations in youth job search patterns tend to reflect the provincial variations observed among small businesses. When looking for jobs, Quebec youth were less likely to use online job boards and more likely to send in unsolicited applications, while Ontario youth were more likely to use co-op/internship programs and academic career services. Together, these trends underscore that provinces are not homogenous labour markets and highlight the importance of accounting for regional differences when developing policies to address youth unemployment.

Candidate preparedness

Beyond how employers and youth find one another, perceptions of candidate preparedness shape hiring outcomes.

The small business perspective

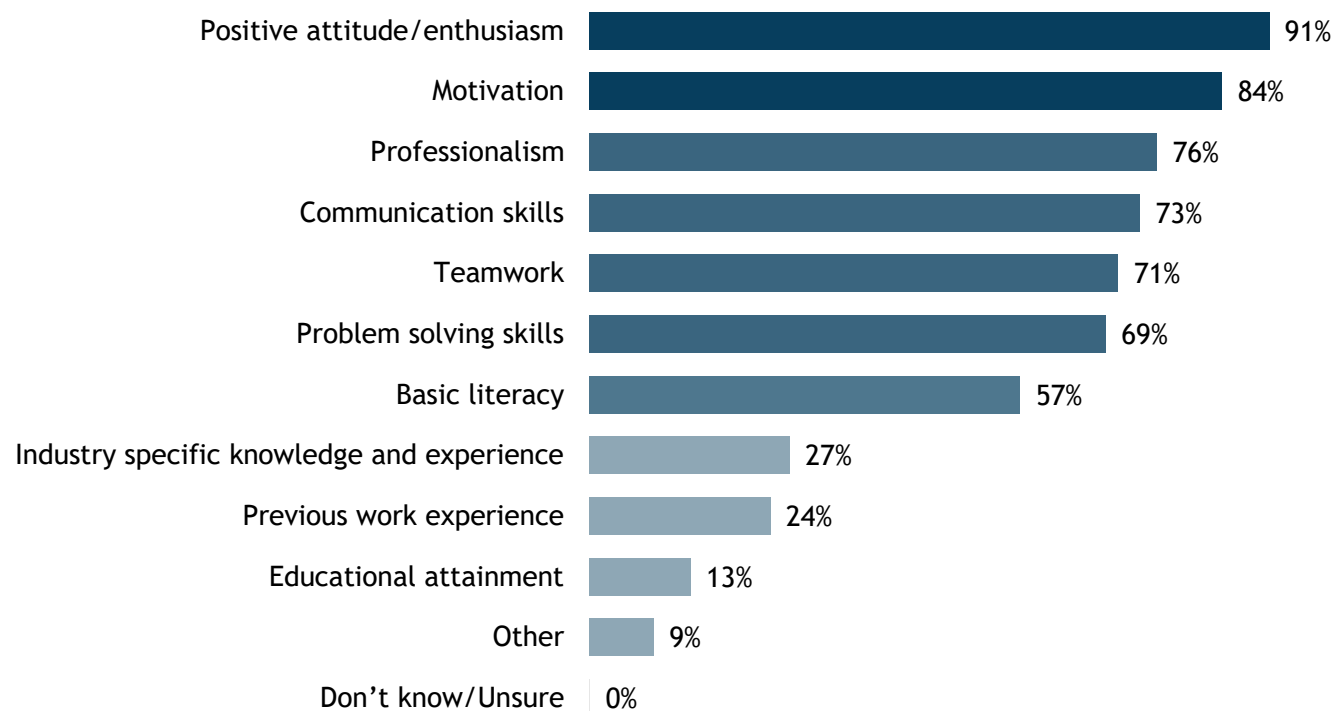
"I do not hire based off skill, but rather, I hire based off personality."

- Manufacturing company in British Columbia

Small businesses consistently value soft skills over formal credentials when hiring youth. Employers overwhelmingly prioritize qualities such as a positive attitude, motivation, professionalism, teamwork, basic literacy, and problem-solving skills (Figure 3). By contrast, traditional candidate qualifications such as educational attainment, industry-specific knowledge, and previous work experience are the least important factors for small business owners. Employers are looking for youth who show up ready to learn, collaborate, and communicate.

^{iv} Work-integrated learning (WIL) refers to the inclusion of experiential learning in academic curriculums. It can occur at the high school, collegiate, or post-graduate level, and is connected to a student's program of study. Examples include co-operative education programs, internships, apprenticeships, and applied research projects. WIL bridges the gap between theory and practice by giving students practical, hands-on experiences to apply their academic education to the workforce.

Figure 3: Skills and personal characteristics employers prioritize when hiring youth



Question: Which of the following skills and personal characteristics do you consider most important when hiring youth? (Select all that apply)

Source: CFIB, Youth Employment Survey, January 22-February 12, 2026, n = 1,201.

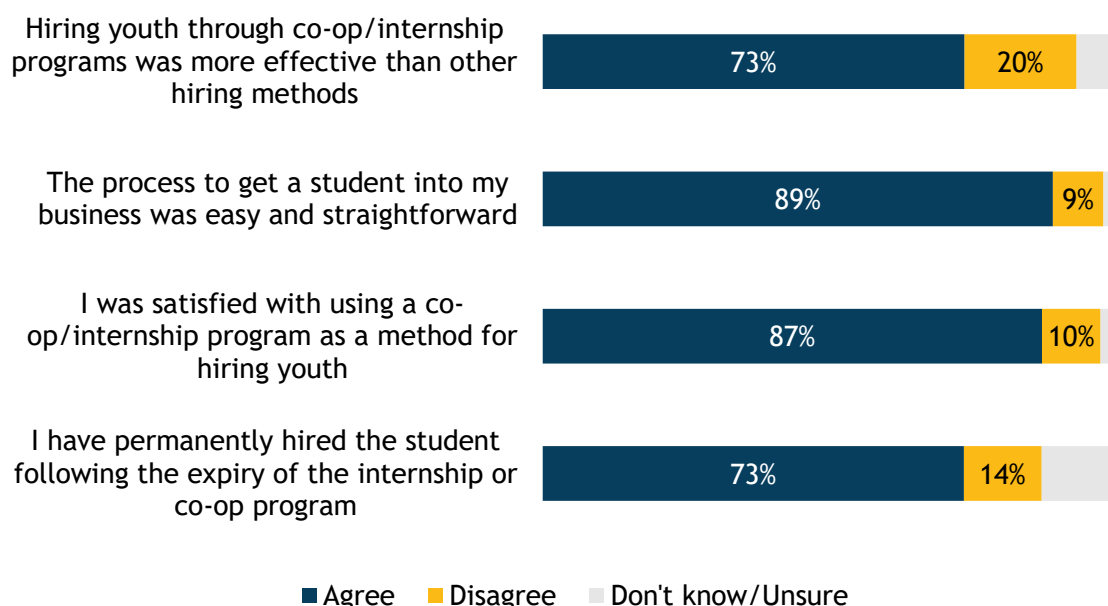
Employers express mixed views on how well education systems prepare youth for the workforce. Satisfaction is highest with community colleges/CEGEPs and universities, while fewer than half of employers feel that high schools adequately equip students with job-ready skills. This gap highlights the need to strengthen practical skill development before youth transition into the labour market.

“Many programs focus heavily on theory and academic skills, but less on practical, hands-on skills that small businesses and local employers need. This can make the transition into employment challenging.”

- Dessert shop in New Brunswick

Only a small proportion of small businesses report actively using co-ops, internships, or other work-integrated learning programs, but those that do express high levels of satisfaction. Nearly nine in ten say the process of bringing a student into their business using co-ops/internships is easy and straightforward, and a similar share are satisfied with the program overall. Notably, nearly three-quarters of businesses who had used co-ops/internships found them more effective than other hiring channels, and the same proportion went on to permanently hire their student after the placement.

Figure 4: Small businesses’ opinions on work-integrated learning programs



Question: You mentioned that you have used a co-op or internship program to hire youth in the past three years. Please indicate to what extent you agree or disagree with the following statements. (Select one per line)

Source: CFIB, Youth Employment Survey, January 22-February 12, 2026, n = 215.

Note: Agree is the sum of “strongly agree” and “somewhat agree.” Disagree is the sum of “strongly disagree” and “somewhat disagree.”

This is an exceptionally strong conversion rate that highlights the value of a “try before you hire” model, particularly at a time when small businesses are hesitant to take on hiring risks due to high operating costs and ongoing economic uncertainty. Small business participants overwhelmingly view these programs as an effective way to assess candidate fit and build long-term talent. A small business in Ontario states that they have used a co-op as a “gateway method of hiring youth.” Further, these programs often offer tax credits or wage subsidies to help lower wage costs that continue to be a main pain point.

“I think there aren't enough work-integrated learning programs where academic learning and practical experience are taught together. Teaching soft skills such as communication, problem-solving, and teamwork alongside a chance to explore different career paths is important.”

- Car dealership in Alberta

The youth perspective

Youth perspectives consistently point to one clear message: they are ready and eager to learn, even if they lack formal work experience. As one youth put it, “Everyone has to start somewhere.” Another echoed a common theme from the poll: “I am willing to put in the work to succeed.” This mindset closely aligns with what small businesses say they value most: motivation, initiative, and a willingness to learn. As a young worker described it, their superpower is their “mouldability,” or rather, their ability to adapt to small business needs. For many youth, the challenge is not effort but access, as they are looking for a first chance to prove themselves and build skills on the job.

“We might not have as much experience, but we have a lot of potential. Give us the opportunity to do these jobs and gain the experience. We all have to start somewhere.”

- 24-year-old youth from Quebec

Overall, youth are clear: they may not be the perfect candidates, but they want a chance to prove themselves. As one respondent noted, “Most of us actually want to work and can work really hard.” Youth want employers to invest in training, offer genuine entry-level roles, communicate transparently during the hiring process, and recognize that experience is gained over time. As one respondent summarized, “Everyone starts somewhere. Give young people the chance to prove themselves.” Entry-level roles that require experience, automated screening systems, and non-responsive hiring processes all make it harder for young people to prove the very qualities employers say they value most.

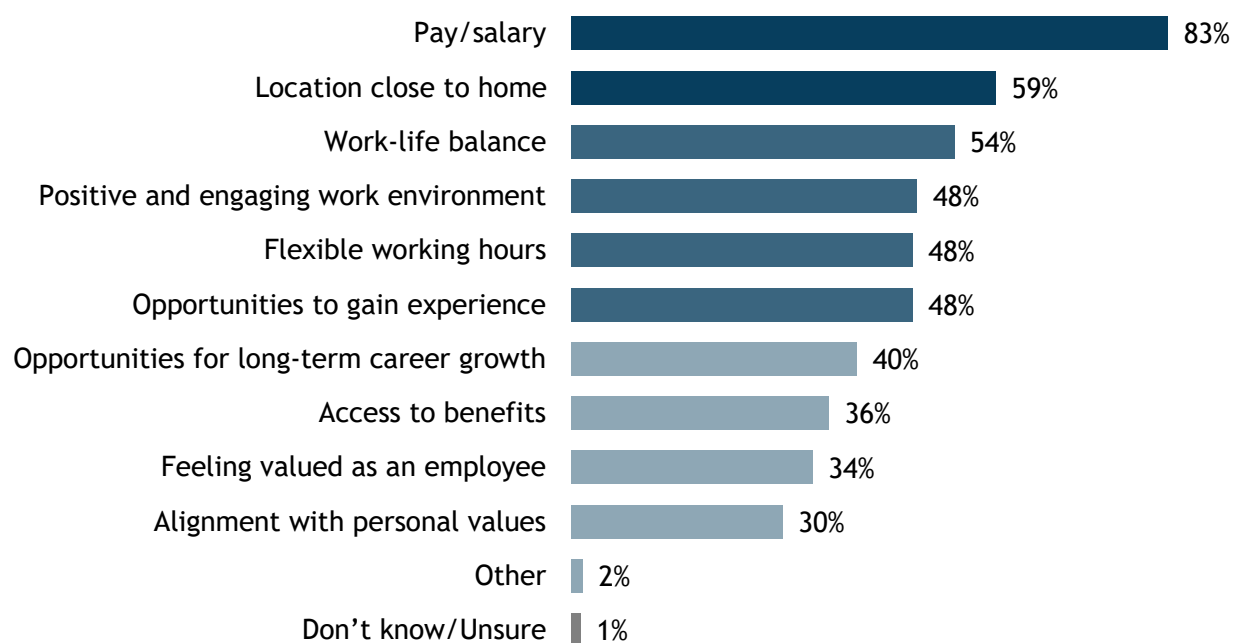
At the same time, small firms operating on thin margins face real constraints. Hiring and training an inexperienced worker is a significant investment: small firms spend at least 40 hours a year, the equivalent of a full workweek, training just one new employee with no experience.¹² All of this must happen alongside day-to-day operations, where every hour counts. The challenge is not a lack of willingness on either side, but to find ways to bridge potential with capacity.

Youth expectations and workplace realities

While employers adopt specific practices to attract workers, youth themselves bring clear expectations of workplace attributes. Understanding these preferences is key to bridging the gap between small businesses and the next generation of workers.

When asked what they considered most important when looking for a job, the vast majority (83%) of youth pointed to **pay/salary**—a figure that increases to 92% among university graduates (Figure 5). Young people who invest in post-secondary education expect their earnings to reflect that investment in human capital. Despite the high cost of doing business and steadily rising minimum wages, over half of small businesses report offering competitive wages to attract youth (Figure 6), demonstrating that employers understand the importance of salary in recruitment. However, there also appears to be a mismatch between youth’s wage expectations and the wages on offer, with many small businesses reporting that younger hires often expect starting salaries disproportionate to their experience.

Figure 5: Top priorities for youth seeking employment



Question: Which of the following do you consider most important when looking for a job? (Select all that apply)

Source: Angus Reid, Youth Public Opinion Poll, March 10-13, 2026, n = 308.

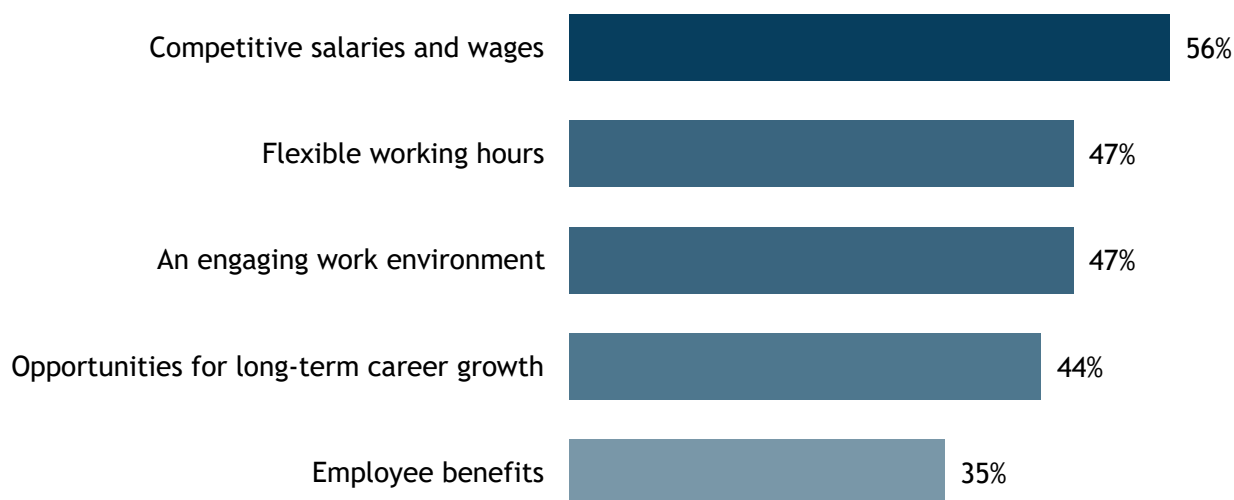
Beyond salary, more than half of youth place value on **working close to home** and **work-life balance**. While work-life balance remains a consistent priority across educational attainment levels, working at a location close to home is a greater priority for youth still in school: 67% of youth with some post-secondary education consider it important, compared to 49% of youth with university degrees. This suggests a potential geographical mismatch between youth and small businesses: employers with job openings may be located in areas where fewer youth are seeking work, while youth looking for employment may be constrained by a lack of nearby opportunities.

“I offer a fun work environment with a lot of flexibility. This helps me keep employees longer term, usually through university. I hire more part-time positions so they can have a strong work-life balance.”

- Pottery café in Nova Scotia

Nearly half also prioritize **positive and engaging work environments**, flexible schedules, and opportunities to build experience. Yet, fewer than half of SMEs report using flexible hours or engaging workplaces as a strategy to attract young workers (Figure 6). This can be particularly relevant for youth that are still in school, as offering flexible scheduling helps them juggle academic responsibilities with work.

Figure 6: Methods used by small businesses to attract youth workers



Question: What strategies have you used to attract or retain youth workers in your business? (Select all that apply)

Source: CFIB, Youth Employment Survey, January 22-February 12, 2026, n = 1,141.

Note: Results shown reflect only respondents who selected “Attract.” Respondents who selected only “Retain” or “Don’t know/Unsure” are not displayed in this figure.

Also important for youth is the opportunity to gain work experience, with 48% labelling it as a priority. Similarly, about two in five (44%) businesses report using opportunities for long-term career growth to attract youth workers. For instance, one convenience store owner in New Brunswick explained that they encourage staff to “engage with more than just what is required,” involving them in aspects of running and maintaining the business rather than having them remain behind the counter all day. This approach not only builds skills and confidence but also helps spark an early entrepreneurial mindset.

“The key is empowerment. I train them and put them in charge of their own work while prioritizing quality. Once they get the idea that there is value in being productive and useful, they take right off.”

- Drainage company in Ontario

Barriers to hiring youth

The small business perspective on hiring youth

The main barriers to hiring youth reported by small businesses closely mirror the qualities they value most in candidates. Most businesses identify concerns about **motivation and attitude (59%)** and **lower productivity levels (51%)** among young workers (Figure 7). Many identified issues, such as no-shows for scheduled shifts, excessive cellphone use, or gaps in essential skills (e.g., basic literacy, basic math, communicating with customers or coworkers). While these behaviours cannot be generalized to all youth, negative hiring experiences can shape employers’ future decisions and may reduce their willingness to hire young workers, especially those with little to no work experience.

Figure 7: Main barriers faced by small businesses when hiring youth workers



Question: What are the main barriers to hiring youth in your business? (Select all that apply)

Source: CFIB, Youth Employment Survey, January 22-February 12, 2026, n = 1,185.

Retention and cost-related challenges also play a significant role. Many small firms provide young people with their first job, but these roles are often short-term or seasonal, shaped by school schedules and limited availability. While some turnover is expected, each new hire requires time and resources to onboard and train. Informal, on-the-job training is the primary way youth gain practical experience and workplace skills. Nearly nine in ten small businesses

provide this type of training, signalling a strong willingness to invest in their workforce.¹³ However, informal training also carries real costs for employers. Unlike some formal training initiatives, informal, on-the-job training requires business owners or senior staff to divert time away from their core duties to train new hires. For businesses operating on thin margins, the time and productivity costs associated with training workers who may not stay long can be a deterrent to hiring youth.

Financial pressures further compound these barriers. **Rising minimum wages and payroll costs** add strain on businesses already navigating high operating costs and economic uncertainty, largely influenced by ongoing Canada-U.S. trade tensions. For small businesses, higher minimum wages increase labour costs and can affect staffing decisions or be passed on to consumers through higher prices. As a result, many businesses lack the financial flexibility to hire and train inexperienced workers. These pressures are particularly acute for smaller firms, which often operate with fewer resources and thinner financial buffers.

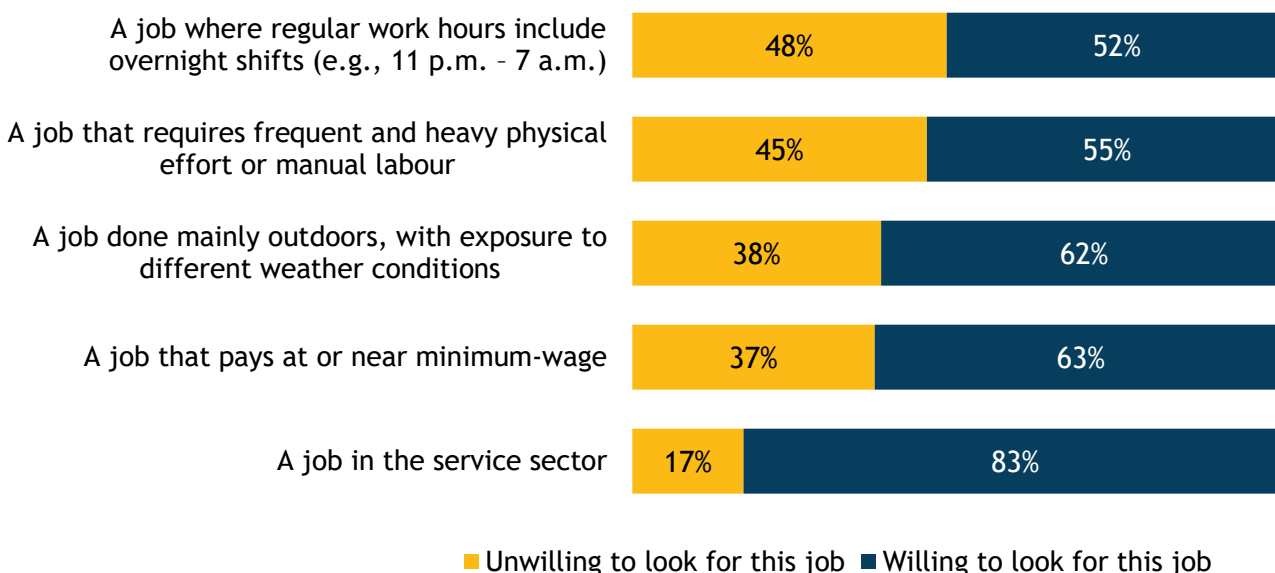
Small business operating realities can also limit opportunities to hire youth. Many small firms have fixed or limited hours that do not easily align with youth schedules shaped by school and extracurricular commitments. In some cases, the nature of the work itself creates barriers. Early morning starts, late nights, or physically demanding tasks may be incompatible with youth availability or capacity. Age-based regulations further restrict hiring in certain sectors, such as businesses that serve alcohol or require adult certifications, preventing employers from hiring workers under 18. For businesses like bakeries, restaurants, or farms, where work often begins early or extends beyond standard hours, these constraints can make it difficult to match youth interest with operational needs.

“I have my hours open until 5 p.m., so I can't hire someone for only 1.5-hour shifts. On school days, young employees wouldn't be able to pick up shifts.”

- Coffee shop in Saskatchewan

Youth preferences also create barriers to hiring. Nearly one in five businesses report that young people are not interested in working for them, reflecting a broader stigma surrounding certain jobs. This perception is most common among businesses in agriculture (26%), construction (22%), and manufacturing (20%). Many positions remain unattractive to youth: more than two in five say they would not consider jobs with regular overnight shifts or those requiring frequent physical effort or manual labour (Figure 8). Over a third are not interested in jobs that are mainly outdoors or that pay at or near minimum wage. More than half of youth with university degrees are not interested in jobs paying at or near minimum wage. Though youth are facing higher rates of unemployment, their personal preferences shape the jobs they are willing to apply for.

Figure 8: Youth interest for specific types of jobs



Question: In which locations would you be willing to look for the following jobs?

Source: Angus Reid, Youth Public Opinion Poll, March 10-13, 2026, n = 308.

Note: Respondents who selected “Don’t know/Unsure” were excluded from the analysis. Remaining responses were rebased and classified as either willing or unwilling to look for each job listed. Respondents who selected “Not interested in this job” were classified as unwilling. Respondents who selected at least one location option—“My own city or town,” “A different city or town in Canada,” “A different small town or rural community in Canada,” or “A remote or isolated community (e.g., northern or resource-based community)” —were classified as willing.

The provincial perspective

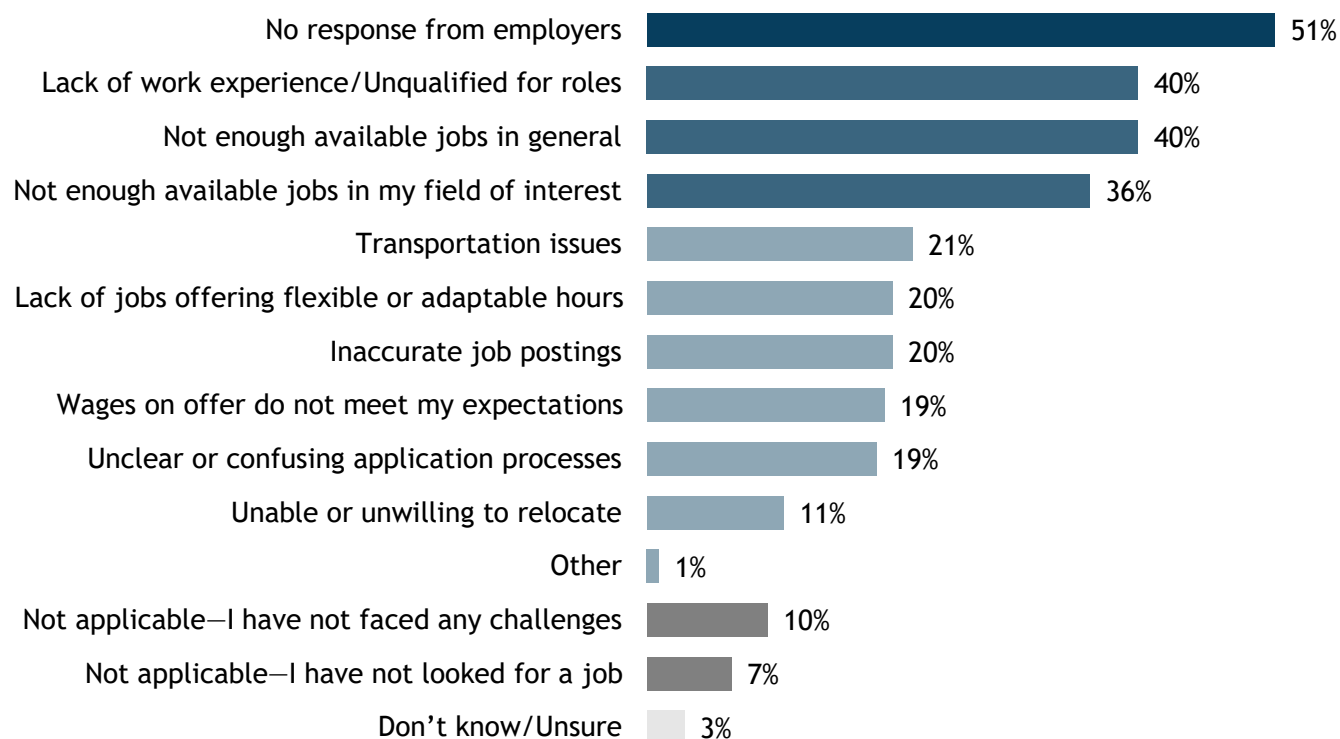
Barriers to hiring youth remain relatively consistent across provinces, though there are some variations (see Appendix C for jurisdictional results). Around half of small businesses in Manitoba (51%) and British Columbia (49%) cite minimum wage increases as a barrier—approximately 10 percentage points above the national average. It is not possible to know from the survey data alone why this barrier is more pronounced in Manitoba and British Columbia. However, British Columbia has one of the highest minimum wages in the country and Manitoba has experienced multiple recent minimum wage increases at a rate outpacing other Western provinces.

Conversely, businesses in Quebec were less likely to identify minimum wage increases as a barrier to hiring youth (27%, compared to 39% nationally). This could be due to the fact that the Quebec minimum wage has seen one of the slowest rates of increase in recent years. Overall, the consistency of these barriers across the country makes clear that supporting youth employment requires not only preparing young people for work, but also ensuring small businesses have the financial capacity to bring them on.

The youth perspective on entering the job market

Youth also encounter significant challenges when trying to enter the labour market. Eight in ten young people have faced challenges when searching for jobs in the past three years (Figure 9). The most common challenge is a lack of employer response, with more than half of youth respondents saying they often receive no reply after submitting applications.

Figure 9: Main challenges faced by youth when applying for jobs



Question: What challenges have you faced when looking for a job in the past 3 years? (Select all that apply)

Source: Angus Reid, Youth Public Opinion Poll, March 10-13, 2026, n = 308.

Two in five young people report that limited work experience or not meeting the qualifications listed in job postings has prevented them from securing roles, showcasing the difficulty of gaining experience when many entry-level positions require it. Many youth describe the paradox of not being qualified for entry-level positions. As one states, “we cannot get a job without experience, but we cannot get experience if no one gives us a chance.” Another youth expressed how hard it is to secure their first job “since employers are less willing to hire inexperienced workers.”

Youth also point to a shortage of available jobs and note that opportunities in their field of interest are similarly limited, contributing to a sense of intense competition for early work experiences. This sentiment is especially prevalent for youth who have completed post-secondary education. Practical barriers, such as transportation challenges, limited access to

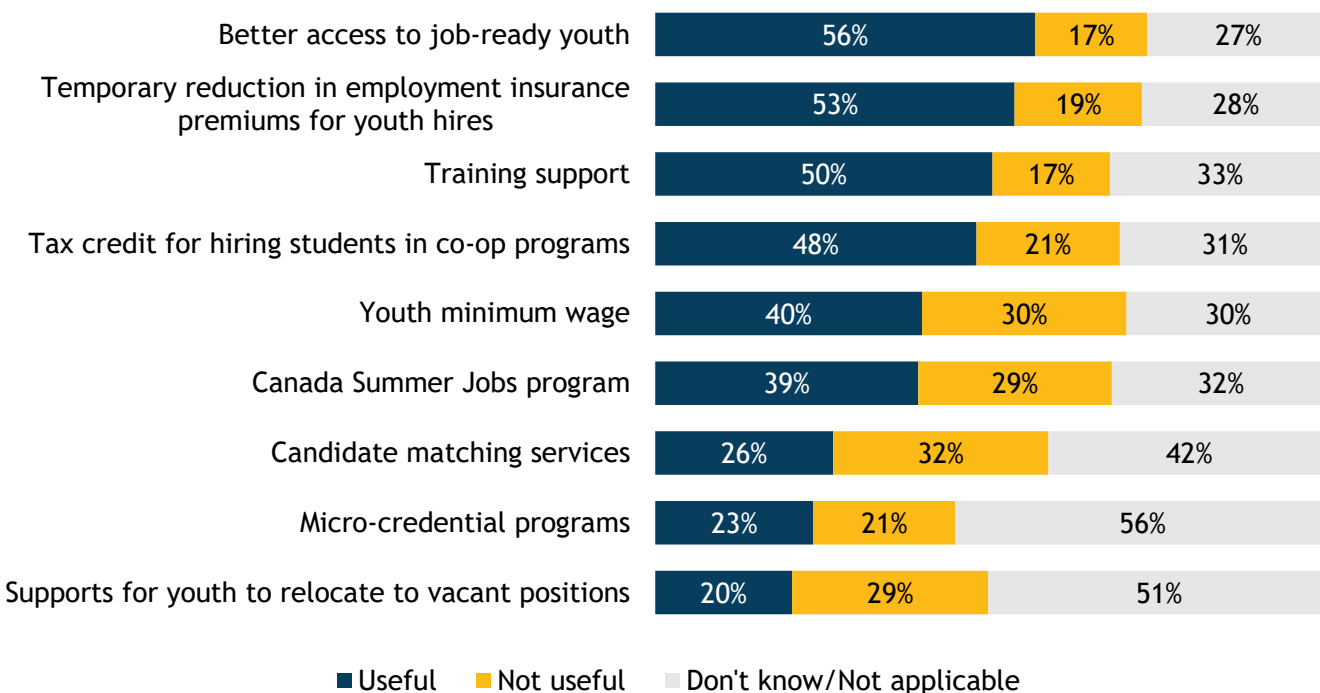
flexible or adaptable hours, and inaccurate job postings that do not cover all essential requirements or details, add further hurdles.

Overall, the youth perspective shows **young people are navigating structural and process-related barriers that make it difficult to secure even a first opportunity**. This dynamic creates a cycle in which youth struggle to gain initial experience and develop essential skills to become the reliable employees that small businesses are seeking.

Government supports

Given the persistent barriers business owners face when hiring youth, government support becomes an essential part of the solution. When asked which programs or supports would be most helpful when hiring youth, more than half of small business owners reported that they would benefit from improved access to job-ready candidates (56%) and a temporary reduction in employment insurance premiums for youth hires (53%) (Figure 10). This once again points to the fact that businesses want to continue to hire youth but often lack the financial flexibility to do so.

Figure 10: Usefulness of potential supports for hiring youth



Question: Please indicate how useful the following programs and supports have been or would be when hiring youth. (Select one for each line)

Source: CFIB, Youth Employment Survey, January 22-February 12, 2026, n = 1,365.

SMEs would find supports that ease the financial burden of hiring youth—such as **tax credits for providing training or hiring co-op and internship students**—most useful when hiring

youth. In this case, working to connect small businesses to local academic institutions such as high schools, colleges, and universities could further help bridge the gap between SMEs and youth.

Interest in programs like **Canada Summer Jobs** or **candidate matching services** remained relatively low, suggesting that broad-based tax relief may be more effective for employers than targeted or niche supports.

Existing supports and incentives to hire students

Across Canada, provinces offer a mix of refundable tax credits and direct wage subsidies to support employers hiring youth and co-op students (see Appendix D for jurisdictional examples). However, programs vary widely by region, with tax credits concentrated in Ontario, Quebec, and Manitoba, wage subsidies more common in Atlantic Canada, and notable gaps in parts of Western Canada. In many cases, federal programs such as the Student Work Placement Program are used within provinces, requiring employers to navigate multiple websites to access available supports.

The federal government has made notable recent investments to support youth employment in response to the recent spike in unemployed youth. This is seen through their expansion of financial assistance and programs such as Canada Summer Jobs, the Student Work Placement Program, and the Youth Employment and Skills Strategy. While these efforts are commendable, current program design limits their effectiveness for small businesses.

Difficulties with youth hiring programs

Targeted programs, while helpful in principle, often come with eligibility requirements and application processes that add to small businesses' already substantial administrative burden. Across provinces and the federal government, employers must navigate a patchwork of programs, all with their own forms, reporting requirements, and criteria, before accessing financial supports. An example of such a program is Canada Summer Jobs—a federal wage subsidy initiative that helps employers hire youth for paid summer work experience. Members highlighted the heavy administrative burden of applying to the Canada Summer Jobs program and noted that its timelines do not align with small business realities. They emphasized that the program requires detailed applications by mid-December for positions months away, describing the process as “onerous,” “time-consuming,” and “inflexible,” especially during a busy holiday season. One small business reported finding the portal “not easy to navigate and not very user-friendly,” also stating that the criteria for eligibility was very limiting. Another described the program as “very frustrating.”

“Youth employment support programs for employers are very time-consuming and difficult, often with no results.”

- Contractor company in Ontario

Low awareness also limits program uptake among small businesses. Finding and applying to these programs takes time, a resource of which small business owners are in short supply. More than two-thirds (68%) of small businesses report a lack of awareness towards existing government-sponsored training or hiring support.¹⁴ By contrast, **offering broad-based tax relief gives businesses greater financial flexibility to invest in hiring and training youth without extra work.**

Conclusion and recommendations

Small businesses have long played a foundational role in helping young people gain early work experience and build essential skills. However, reduced overall demand for their products or services, rising operating costs, and increased uncertainty have significantly constrained their ability to continue serving as Canada's primary entry point to employment in recent years. Meanwhile, the youth unemployment rate has climbed to its highest level outside the pandemic.

Youth's wage and job expectations, shaped by rising living costs, do not always align with what small businesses can reasonably offer. This gap reflects economic realities, not unwillingness. At this time, hiring decisions must balance affordability with survival.

CFIB is urging governments to make running a business easier and hiring more affordable. Reducing the cost and risk of bringing on new staff will allow more employers to open their doors to young workers. To support these goals, CFIB recommends the following actions to strengthen the connection between youth and small businesses:

To government:

- Ensure minimum wage increases are predictable and affordable for small businesses. Increases to minimum wage raise costs for small businesses, which could end up affecting staffing plans or consumer prices.
- Introduce and expand permanent, refundable tax credits to support the year-round hiring of students through co-ops and internships by small businesses, including extending eligibility to private-sector SMEs and ensuring comparable supports are available at both the provincial and federal levels.
- Reduce payroll taxes to lower hiring costs by decreasing the non-wage expenses employers face for each additional worker. For example, use an EI holiday for employers that hire youth for one year, like the Unemployment Insurance New Hires Program of the late 1990s, or the Targeted Small Business Job Credit of 2015 and 2016.

- Provide broad-based tax relief to make operating a business more affordable and expand employers' capacity to hire youth.
- Cut red tape to free up time and resources for hiring and training. For example, simplify application processes and reduce the reporting burden associated with government grants and wage subsidies (e.g., Canada Summer Jobs, provincial programs).
- Simplify and expand existing hiring supports to make them easier for small businesses to access and use year-round by shortening applications, reducing red tape, and improving visibility (e.g., Canada Summer Jobs).
- Communicate and increase awareness of available labour market information to young people to ensure their educational decisions are well informed to meet economic needs.
- Increase soft skills development and wrap-around supports in government-funded youth employment programs and education.

Small businesses play a critical role in shaping young people's first experiences in the labour market. By adjusting hiring and recruitment practices, employers can widen their candidate pool and make it easier for youth to access meaningful entry-level opportunities.

To small businesses:

- Use clear job postings to help applicants quickly understand the role and assess whether it is a good fit.
- Focus experience requirements on what is truly essential, which can broaden the candidate pool and surface motivated candidates with transferable or soft skills.
- Meet youth where they are by sharing opportunities online, including job boards and social platforms commonly used by younger workers.
- Build connections with local schools, colleges, and universities to access job-ready youth through work-integrated learning programs or short-term and entry-level roles.

Youth who combine strong workplace readiness with targeted job search approaches are better equipped to access opportunities in small businesses. Within these smaller firms, young workers will unlock potential to help small businesses thrive in an uncertain economy.

To youth:

- Build strong soft skills. Demonstrate enthusiasm and motivation. Show up ready to work, learn, and grow.
- Demonstrate initiative and communicate it clearly in your outreach when applying for jobs.
- Tailor where you look for jobs—apply using the method that most corresponds to that job (e.g., dropping off CVs in person for retail or service positions).
- Leverage your existing relationships in your network to secure positions, as small businesses still rely heavily on referrals.
- Consider applying to small businesses for hands-on experience and exposure to entrepreneurial skills that larger organizations may not provide.

Appendix A: Methodology

CFIB member survey

CFIB surveyed small businesses on their youth employment practices to understand why small businesses and young Canadians (aged 15 to 24) are struggling to connect.

The CFIB Youth Employment Survey was conducted online from January 22 to February 12, 2026, and is based on a sample of 1,540 small business owners across Canada. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of ± 2.50 per cent, 19 times out of 20.

Angus Reid Public Opinion Poll

To complement the small business perspective, the Angus Reid Public Opinion Poll surveyed youth aged 18 to 24 to capture their experiences navigating the job market, including how they search for work, what they value in a job, and the barriers they encounter.

These are the findings of a survey commissioned by CFIB. The survey was conducted from March 10 to March 13, 2026, among a nationally representative sample of $n = 308$ Canadians who are members of the online Angus Reid Forum, balanced and weighted on gender, region, and education. For comparison purposes, a probability sample of this size has an estimated margin of error of ± 5.58 per cent, 19 times out of 20. The survey was conducted in English and French.

Appendix B: Provincial breakout – small businesses’ hiring methods

Question: Which of the following methods have you used to recruit youth to jobs in your business over the last three years? (Select all that apply)

Answer options	Province (% response)									
	BC	AB	SK	MB	ON	QC	NB	NS*	PEI*	NL*
Online job boards	57	48	39	52	46	30	31	57	22	20
Social media	30	28	36	30	23	36	56	60	0	30
School or post-secondary career services	17	20	32	17	26	15	17	26	44	0
Personal connections	59	65	59	61	62	61	69	71	56	70
Unsolicited applications	30	34	25	34	21	40	31	37	22	40
“Help Wanted” signs	11	9	18	17	8	20	15	20	0	10
Professional staffing agencies	4	3	5	7	6	3	2	6	0	0
Co-op/Internship programs	7	7	7	12	30	14	19	26	22	0
Other	9	11	9	6	9	8	8	6	11	20
Don’t know/Unsure	0	1	0	1	1	0	0	0	0	0

Note: *Small sample size (<40).

Appendix C: Provincial breakout – barriers faced by small businesses when hiring youth workers

Question: What are the main barriers to hiring youth in your business? (Select all that apply)

Answer options	Province (% response)									
	BC	AB	SK	MB	ON	QC	NB	NS*	PEI*	NL*
Not applicable - we face no barriers	6	11	7	9	10	7	16	15	13	0
Lack of available funds	19	25	7	21	17	16	10	21	25	40
Increasing payroll costs	44	37	29	32	33	19	34	42	38	30
Minimum wage increases	49	32	39	51	43	27	28	45	50	50
Cost of training and onboarding	48	35	39	29	42	41	36	33	25	20
Lower productivity levels among youth	53	52	59	54	49	53	48	55	25	20
Retention challenges	39	42	51	38	38	50	36	36	25	20
Concerns about motivation and attitude	65	61	59	60	60	54	56	58	38	40
Youth are not interested in working for my business	22	16	20	22	23	7	16	6	25	40
Roles require specialized skills or experience	21	17	17	21	23	25	20	18	13	0
Entry-level tasks have been automated or outsourced	3	1	5	5	2	1	0	0	0	0
Other	9	10	7	11	12	8	10	3	0	40
Don't know/Unsure	0	0	5	1	1	3	2	3	0	0

Note: *Small sample size (<40).

Appendix D: Existing provincial financial supports and incentives for hiring youth workers

Province	Program	Type of support	What it offers	Notes
BC	No provincial financial incentive for small businesses hiring youth workers			
AB ¹⁵	Alberta Youth Employment Incentive	Wage subsidy/ grant	Up to \$7,500 per employer (based on hours and number of youth hired)	First-come, first-serve system; new program, effectiveness not yet assessed. Only available for new hires.
SK	No provincial financial incentive for small businesses hiring youth workers			
MB ¹⁶	Paid Work Experience Tax Credits - Co-op Student Hiring Incentive	Refundable tax credit	15% of wages, up to \$5,000 per co-op student	Student must be in a registered co-op program
	Co-op Graduate Hiring Incentive	Refundable tax credit	15% of wages, lifetime max. \$5,000 per graduate	Applies only after graduation
ON ¹⁷	Ontario Co-operative Education Tax Credit	Refundable tax credit	25-30% of wages (30% for small businesses), max. \$3,000 per placement	Must hire students from eligible post-secondary co-op programs
QC ¹⁸	Co-op & Internship Placement Credits	Refundable tax credit	Up to -40% of eligible student wages (subject to caps)	Institutional approval required
NB	No provincial financial incentive for small businesses hiring youth workers			
NS ¹⁹	Co-op Education Incentive (CO-OP)	Wage subsidy	\$8/hour (\$9.50 for designated groups), reimbursed up to 640 hours	Set application windows; hourly caps

PEI ²⁰	Jobs for Youth / Post-Secondary Student Programs	Wage subsidy	50% of provincial minimum wage + 4% vacation pay	Summer only; students must return to school
NL ^{21,22}	Small Enterprise Co-op Placement Assistance Program (SECPAP)	Wage subsidy	Subsidizes wages for SMEs hiring co-op students	Small business specific subsidies to encourage youth to work for SMEs and for small businesses to gain access to co-op students
	JobsNL Wage Subsidy	Wage subsidy	Offsets salary costs (60-80%) to help create new positions, especially for individuals who lack work experience	Targeted to create long-term or seasonal jobs; 42-week employment period or 10- to 28-week employment period
YU ^{23,24}	Student Training and Employment Program (STEP)	Wage subsidy	Subsidizes \$8.25 per hour to a maximum of 600 hours between May 1 and Sept 1	Seasonal and application-based
	Yukon Business Incentive Program - Youth Labour Rebate	Wage rebate	-15% rebate on gross wages for hiring Yukon youth (ages 16-24), including students	Application-based; applies only to firms working on Government of Yukon contracts
NWT ²⁵	Wage Subsidy Program	Wage subsidy	Wage subsidies up to \$30,000 for hiring NWT residents with limited work experience, plus up to \$500 for equipment.	Accessible year-round; businesses must apply within three months of the position starting
NU ²⁶	Training Assistance Program (TAP)	Wage subsidy	Provides 50% of the trainee's wage up to a maximum of 40 hours per week	Helps SMEs hire and train unemployed/underskilled workers, including youth

Appendix E: CFIB Youth Employment questionnaire

Q1. Have you hired youth (i.e. persons age 15-24) in your business within the past three years? (Select one)

- Yes
- No
- Not applicable - we have not looked to hire any new employees
- Not applicable - We do not have employees
- Don't know/Unsure

[Display Q2 if Q1=No]

Q2. Why have you not hired youth in your business over the past three years? (Select all that apply)

- We have tried to hire youth but were unsuccessful
- Limited budget or staffing resources
- Roles require specialized skills or experience
- Entry-level tasks have been automated or outsourced
- Business structure doesn't require entry-level staff
- No vacancies to fill
- Other (please specify)
- Don't know/ Unsure [cannot be combined]

[Display Q3-Q8 if Q1=Yes OR if Q2=We have tried to hire youth but were unsuccessful]

Q3. Which of the following methods have you used to recruit youth to jobs in your business over the last three years? (Select all that apply)

- Online job boards (e.g., LinkedIn, Indeed, Government Job Bank)
- Social media (e.g., Instagram, Facebook, TikTok)
- School or post-secondary career services
- Personal connections (e.g., friends, family)
- Unsolicited applications
- "Help Wanted" signs
- Professional Staffing agencies
- Co-op / Internship programs
- Other (please specify)
- Don't know/Unsure [cannot be combined]

[Only display answers selected in Q3 for Q4]

Q4. Of the recruitment methods you used over the past three years, which one worked best to help you hire youth? (Select one)

- Online job boards (e.g., LinkedIn, Indeed, Government Job Bank)
- Social media (e.g., Instagram, Facebook, TikTok)
- School or post-secondary career services
- Personal connections (e.g., friends, family)
- Unsolicited applications
- “Help Wanted” signs
- Professional Staffing agencies
- Co-op / Internship programs
- Other (please specify)
- Don’t know/Unsure

Q5. What strategies have you used to attract or retain youth workers in your business? (Select all that apply)

	Attract	Retain	Don’t know/Unsure [cannot be combined]
Competitive salaries and wages			
Flexible working hours (e.g., remote work options, hybrid schedules, flexible hours, compressed workweek)			
Employee benefits (e.g., health and dental insurance, retirement savings plans, paid vacation, sick leave, bonuses)			
An engaging work environment (e.g., regular social activities, impactful work)			
Opportunities for long-term career growth			

Q6. Please describe any other strategies that you have used to attract or retain young workers in your business.

[Open-ended]

Q7. Which of the following skills and personal characteristics do you consider most important when hiring youth? (Select all that apply)

- Basic literacy
- Problem solving skills
- Industry specific knowledge and experience
- Previous work experience
- Educational attainment (e.g. a degree relevant to the job)
- Teamwork
- Motivation
- Communication skills
- Professionalism (e.g. professional appearance, showing up on time, capable of following rules and guidelines)
- Positive attitude/enthusiasm
- Other (please specify)
- Don’t know/Unsure [cannot be combined]

Q8. How satisfied are you with the following educational institutions in preparing youth for employment? (Select one for each line)

	Very satisfied	Somewhat satisfied	Somewhat dissatisfied	Very dissatisfied	Don't know/Not applicable
High schools					
Private training institutes					
Community colleges/CEGEPS					
Universities					

[Display Q9 if Q3=Co-op / Internship programs]

Q9. You mentioned that you have used a co-op or internship program to hire youth in the past three years. Please indicate to what extent you agree or disagree with the following statements. (Select one for each line)

	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't know/Not applicable
The process to get a student into my business was easy and straightforward					
Hiring youth through co-op/ internship programs was more effective than other hiring methods					
I was satisfied with using a co-op/ internship program as a method for hiring youth					
I have permanently hired the student following the expiry of the internship or co-op program					

[Display Q10-Q11 if Q1=Yes OR if Q2=We have tried to hire youth but were unsuccessful]

Q10. Please provide any comments, whether positive or negative, on how educational institutions and/or co-op and internship programs prepare youth for employment.

[Open-ended]

Q11. What are the main barriers to hiring youth in your business? (Select all that apply)

- Not applicable - we face no barriers [cannot be combined]
- Lack of available funds (low revenues, low demand, high operating costs, etc.)
- Increasing payroll costs (CPP/QPP, EI)
- Minimum wage increases
- Cost of training and onboarding
- Lower productivity levels among youth
- Retention challenges (e.g. poaching, no guarantee employees stick around)
- Concerns about motivation and attitude
- Youth are not interested in working for my business
- Roles require specialized skills or experience
- Entry-level tasks have been automated or outsourced
- Other (please specify)
- Don’t know/Unsure [cannot be combined]

Q12. Please indicate how useful the following programs and supports have been or would be when hiring youth. (Select one for each line)

	Very useful	Somewhat useful	Not very useful	Not useful at all	Don't know/Not applicable
Tax credit for hiring students in co-op programs					
Training support (e.g., targeted tax credits)					
Youth minimum wage					
Canada Summer Jobs program					
Better access to job-ready youth (e.g., connections with local schools, campus recruiting opportunities)					
Temporary reduction in employment insurance premiums for youth hires					
Supports for youth to relocate to vacant positions (e.g. not taxing relocation allowances)					
Candidate matching services (e.g., staffing agencies or online platforms)					
Micro-credential programs					

Q13. Please leave any general comments you may have regarding youth employment including your experience, whether positive or negative, when hiring a young person and/or any advice you may have for youth.

[Open-ended]

Appendix F: Public Opinion Poll questionnaire

Q1. Where do you usually look for job opportunities? (Select all that apply)

- Online job boards (e.g., LinkedIn, Indeed, Government Job Bank)
- Social media (e.g., Instagram, Facebook, TikTok)
- School or post-secondary career services
- Personal connections (e.g., friends, family)
- Unsolicited applications (e.g., reaching out to companies or people)
- In-person visits to businesses
- Professional staffing agencies
- Co-op / Internship programs
- Other (please specify)
- Don't know/Unsure [cannot be combined]

Q2. Which of the following do you consider most important when looking for a job? (Select all that apply)

- Pay/salary
- Flexible working hours
- Location close to home
- Opportunities to gain experience
- Positive and engaging work environment
- Work-life balance
- Opportunities for long-term career growth
- Access to benefits (e.g., health, dental)
- Feeling valued as an employee
- Alignment with personal values
- Other (please specify)
- Don't know/Unsure [cannot be combined]

Q3. What challenges have you faced when looking for a job in the past 3 years? (Select all that apply)

- Not applicable—I have not faced any challenges [cannot be combined]
- Not applicable—I have not looked for a job [cannot be combined]
- Lack of work experience/Unqualified for roles
- Unclear or confusing application processes
- Lack of jobs offering flexible or adaptable hours
- Not enough available jobs in my field of interest
- Not enough available jobs in general (i.e., not within my field of interest)
- Inaccurate job postings
- No response from employers
- Transportation issues (e.g., lack of public transit options, unable to drive)
- Unable or unwilling to relocate
- Wages on offer do not meet my expectations
- Other (please specify)
- Don't know/Unsure [cannot be combined]

Q4. What do you wish employers knew or understood as a youth trying to get hired in today's labour market?

[Open-ended]

Q5. In which locations would you be willing to look for the following jobs? (Select all that apply)

	Not interested in this job [cannot be combined]	My own city or town	A different city or town in Canada	A different small town or rural community in Canada	A remote, or isolated community (e.g., northern or resource community)	Don't know/Unsure [cannot be combined]
A job in the service sector (occupations such as retail, hospitality—including accommodation and food services—or tourism)						
A job where regular work hours include overnight shifts (e.g., 11 p.m. - 7 a.m.)						
A job done mainly outdoors, with exposure to different weather conditions (e.g., landscaping, agriculture, construction helpers).						
A job that requires frequent and heavy physical effort or manual labour.						
A job that pays at or near minimum-wage.						

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About CFIB

CFIB is a non-partisan organization exclusively representing the interests of 103,000 small and medium-sized businesses in Canada. CFIB's research capacity is second-to-none because the Federation is able to gather timely and concrete information from members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies impacting Canada's small business community.

Additional Resources

Questions or data requests: research@cfib.ca

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