The pathways from school to further study and work for Australian graduates

(LSAY Research Report Number 19)

Stephen Lamb

June 2001

EXECUTIVE SUMMARY

This report examines the pathways of Australian graduates in their transition from school to further study and work. It focuses on the pathways for those who obtained a university degree or TAFE diploma or who were enrolled for such qualifications in the seventh post-school year. It is the second report on pathways from school to work for young Australians. The first report investigated the education, training and work experiences of non-graduates - those who did not obtain university or TAFE diploma qualifications in the first seven years beyond school.

The results are based on data from the Australian Youth Survey, a major longitudinal survey of young Australians interviewed annually on their school experiences, post-school education and training participation and work activities. The sample comprised those who were in Year 10, or who had left school but would have been in Year 10, in the late 1980s (1986, 1987 or 1988). The analyses concentrate on those who graduated from degree or diploma courses in the first seven post-school years, or who were working towards these qualifications in the seventh post-school year. The education and labour market experiences of this sample were measured over the first seven post-school years with the first year taken from the time at which they finished Year 12 or would have finished Year 12 had they remained at school.

Main findings

Most graduates make successful transitions to full-time work

The results show that the move from school to further study and work is a relatively smooth transition for most graduates:

- 45 per cent obtained a full-time job after graduation and remain in full-time work;
- 9 per cent deferred study, entered the workforce then after graduation re-entered the workforce;
- 7 per cent studied part-time while working and remained in work during the seven years;
- 16 per cent were still in study in the seventh post-school year; and
- 17 per cent experienced a brief interruption in the transition to work with periods of unemployment or not looking for work after graduation, though this was less than 12 months and these graduates were in stable full-time work by their mid-20s.

Settling in to the labour force takes longer for some graduates

Approximately 6 per cent of graduates experienced what could be described as a more problematic transition to work. Their pathway involved extended periods of unemployment, part-time work or not looking for work. Most in this group were not in full-time work by their mid-20s.

Those who were in this pathway more often:

- graduated with a TAFE rather than university qualification;
- were from low rather than high SES backgrounds;
- graduated in the fields of Arts and humanities, social sciences, and education; and
- were from government schools.
Labour market benefits varied for graduates, depending on the pathway and study. Weekly earnings varied by pathway for graduates. Those who deferred entry to study and worked before completing their study and then re-entering the workforce earned significantly less ($50 a week on average, all else equal) than those who entered study after leaving school and then moved into full-time work.

Qualifications and field of study were also important. Those who obtained a TAFE diploma earned on average $46 a week less than those who obtained a university degree, irrespective of the path or field of study. But field of study also exerted an influence. Those who graduated from computing and engineering courses did significantly better in income terms than those taking courses in other fields of study.

Compared to other school leavers, graduates do well in the labour market. Despite differences across groups of graduates, in general their transitions were less often interrupted than those of non-graduates. While about 6 per cent of graduates had difficulty gaining stable full-time work, up to one-third of non-graduates did. Graduates less often experienced lengthy periods of milling and churning, suggesting that tertiary qualifications did facilitate transition to stable full-time employment.

Conclusions

The results suggest that tertiary qualifications work to protect young people from labour market difficulties in making the transition to work. They show that the majority of those who obtained tertiary qualifications were able to make a relatively successful transition to full-time work. Only a small group (about 6 per cent) recorded major difficulty in obtaining stable full-time work, experiencing extended episodes of unemployment, part-time work or periods out of the labour force.

These results support the recent policy efforts to expand the number of tertiary places and, through changes to government income support, encourage more young people to participate.

Those who succeed in education in Australia generally do well in the labour market. However, the continued expansion in the number of graduates may produce diminishing returns in the future if growth in high-skilled jobs does not keep pace with the growth in the number of graduates. Therefore, on the one hand, while opening up tertiary education and training opportunities to more young people may not only help improve school to work transition, and help lessen social differences in outcomes, on the other hand, it may undermine these goals if employer demand does not keep pace with the growth in the supply of graduates.