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Leaving school in Australia : early career and labour market outcomes.

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Leaving school in Australia: Early career and labour market outcomes

Introduction

There is a range of pathways available to young people when they leave school. Some pathways provide a smooth transition from school, such as participation in full-time tertiary study or stable full-time employment in a desired field. However, some young people follow other pathways and may experience a more difficult transition. An understanding of the nature of successful and less successful transitions from school can help inform policies concerning young people, and help young people select an appropriate pathway.

This *Briefing* uses key findings from two LSAY research reports to describe the post-school education, training and labour market activities of young people during the period from 1996 to 2000. It also identifies some of the factors that affect young people's chances of obtaining

full-time employment or not becoming unemployed. The first report, by McMillan and Marks⁽⁵⁾, focused on the late teenage years between 1997 and 2000, using data from a group of young people who were in Year 9 in 1995. The second report, by Marks, Hillman and Beavis⁽⁴⁾, followed the experiences of a different group of young people over five years during their early-to mid-twenties, between 1996 and 2000. These young people were born in 1975 and participated in the Youth in Transition project between 1989 and 2002.

What happens after leaving school?

Young people in the teenage years

Well over one-third of the younger sample (38%) commenced university by age 19, and most persisted in their university

LSAY Briefings is a series produced by the Australian Council for Educational Research (ACER), drawing on data from the Longitudinal Surveys of Australian Youth (LSAY), a research program managed jointly by ACER and the Australian Government

Department of Education, Science and Training. The aim is to bring summaries of findings from LSAY research to a wider audience and in an accessible format. LSAY reports on which this paper are based are listed at the end of the paper.

Longitudinal Surveys of Australian Youth BRIEFING

HIGHLIGHTS

- The early career and labour market outcomes of young Australians are largely positive, with the majority of young people moving into full-time education and training or full-time work in the post-school years.
- Less than 10% of young people remain outside full-time education and training or full-time work over a sustained period of time.
- Young people who do not complete Year 12 experience slightly higher levels of unemployment than Year 12 completers.
- Completing an apprenticeship reduces the risk of unemployment for those who leave school before the end of Year 12.
- Part-time work can act as a stepping-stone into full-time employment.
- The early experience of unemployment has detrimental effects on the chances of being in full-time work in later years.

studies. The teenage experiences of young people who did *not* go to university were more varied. Some had left school before reaching the end of Year 12. Their main activities near the end of each year from 1997 to 2000 are shown in Figure 1. Others had stayed on to complete Year 12, and their activities are shown in Figure 2.

After leaving school, the majority of both groups—Year 12 completers and Year 12 non-completers—were engaged on a full-time basis in education,

training or employment. Levels of full-time employment increased with each passing year. At any time, however, roughly 10 per cent of both groups were in part-time employment only. They did not combine this part-time work with full-time education or training, and most of these young people expressed a preference for full-time work.

There were some differences between the main activities of the two groups who had not attended university. Compared to those who completed Year 12, young

people who did not complete Year 12 were:

- less likely to be studying full-time in a TAFE non-apprenticeship course;
- more likely to be in full-time employment (including apprenticeships and traineeships);
- more likely to be unemployed (that is, not working but looking for work); and
- more likely to be outside the labour force (that is, not working and not looking for work).

Figure 1 Main activities of school non-completers late in each calendar year, 1997-2000 (sample of young people who had been in Year 9 in 1995)

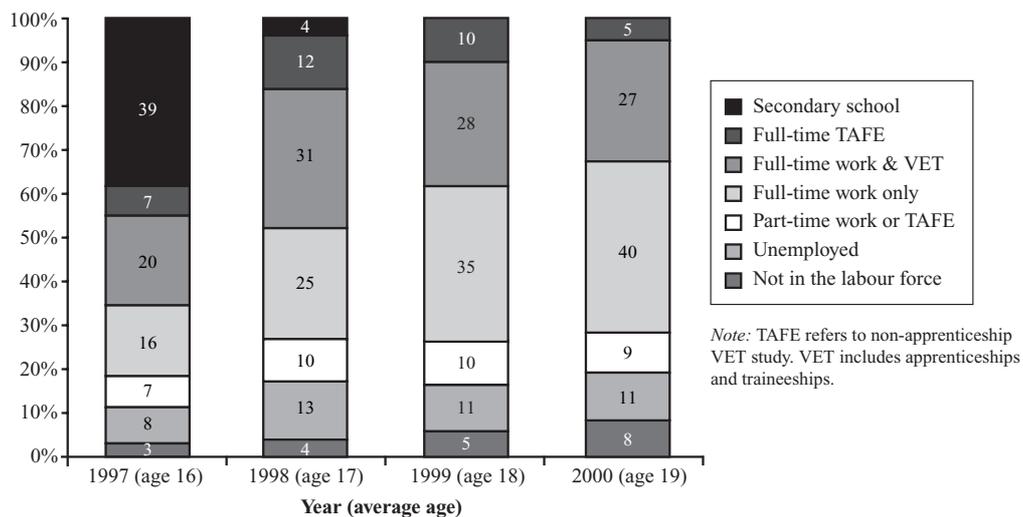


Figure 2 Main activities of school completers who did not enter university, 1997-2000 (sample of young people who had been in Year 9 in 1995)

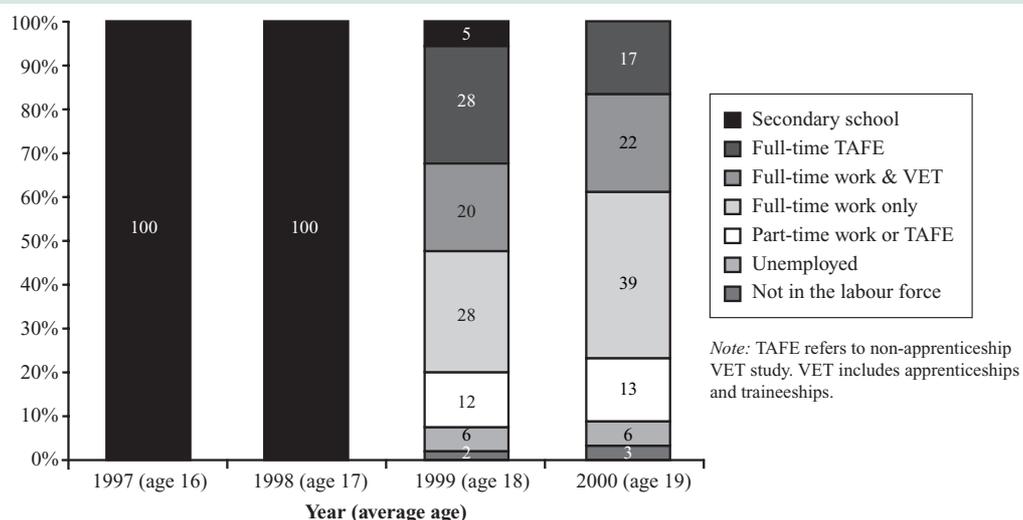
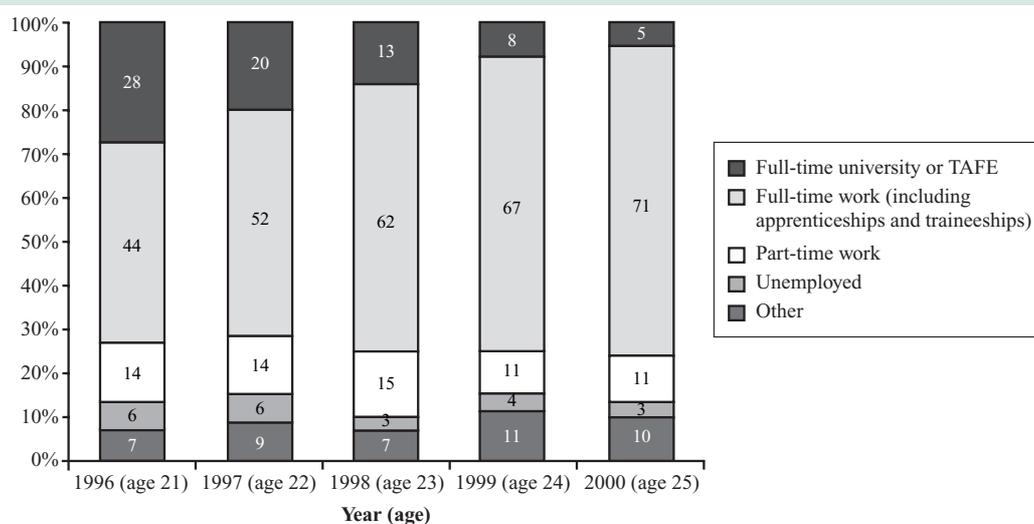


Figure 3 Main activity in October, 1996-2000 (sample of young people born in 1975)



Young people who remain outside full-time education, training and work over a number of years face new challenges in their transition. With more time spent during the late teenage years in part-time education or training, part-time work, unemployment or other activities outside the labour force, the chances of entering full-time work or education decrease. Nine per cent of all young people who did not attend university reported being in activities such as these in all of their post-school years up to age 19 (in 2000).

Young people in their early- to mid-twenties

The activities of young people in October of each year from 1996 to 2000—between the ages of 21 and 25—are shown in Figure 3. The majority of these young people in their early- to mid-twenties were also engaged full-time in education, training or work, just as the majority of persons who were in their late teenage years during this period.

From age 21 to age 25, the proportion of young people enrolled in full-time university or TAFE non-apprenticeship courses decreased, while the proportion in full-time employment increased. By age 25, 5% were studying full-time and 71% were working full-time.

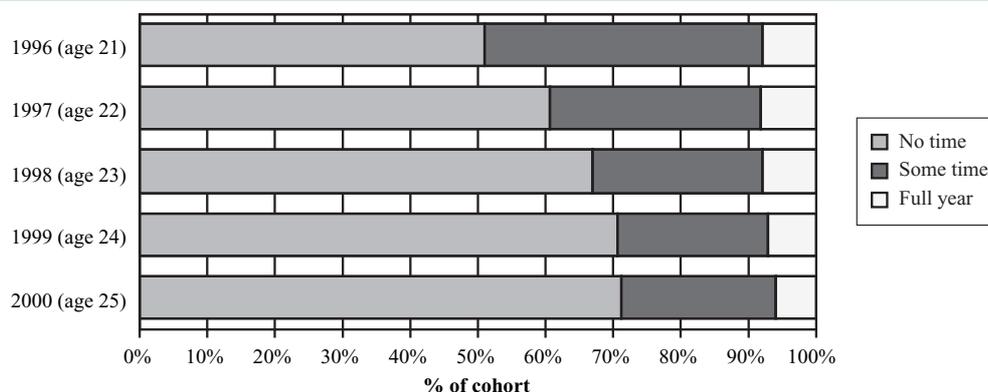
The proportions in part-time work and unemployment were substantially lower than the proportion engaged in full-time work. Furthermore, levels of part-time work and unemployment declined slightly with age. By age 25, 11% were working part-time and 3% were looking for work.

Figure 4 shows the proportion of time spent in activities such as part-time education or training, part-time work, unemployment or activities outside the labour market from age 21 to age 25. Just under one-half of 21 year-olds (49%) spent at least some time in these activities. By age 25, this proportion decreased to 28%. In any one year, the proportion of young people who spent the entire year in such activities was less than 10%.

Earlier groups of young people

The post-school activities of the young people examined in this *Briefing* suggest that the proportion of young people experiencing a potentially difficult transition from school is relatively small, although not insignificant. Earlier LSAY research, however, shows that the proportion of young people experiencing a difficult transition has been considerably greater during times of economic downturn. For example, between the early 1980s and the mid-1990s, there was a substantial rise in the unemployment rate among young people who did not complete Year 12, with many being unemployed for most of their first post-school year.⁽²⁾

Figure 4 Proportion of time spent outside full-time education, training and work, in activities such as part-time education, training and work, unemployment or activities outside the labour force, 1996-2000 (sample of young people born in 1975)



Foundation skills, qualifications and employment outcomes

Skills and qualifications affect young people's chances of obtaining full-time employment and avoiding unemployment.

Among the two groups of young people examined in this *Briefing*, the foundation skills of literacy and numeracy were related to their chances of being unemployed in later years.

Foundation skills

Young people who scored higher on the literacy and numeracy achievement tests in the middle years of schooling were less likely to be unemployed at age 19 than those who had lower test scores. This relationship remained even after taking into account other important factors, such as years of schooling and tertiary qualifications. Literacy and numeracy achievement was also weakly related to unemployment among young people in their early- to mid-twenties.

In addition, Year 12 completers experienced lower levels of unemployment into their early twenties than those who did not complete Year 12. By age 25, however, there was little difference between the two groups in the level of unemployment.

Post-school qualifications

The relationship between post-school qualifications and labour market outcomes was more variable, depending on the length of time since leaving school. In the short term, during the late teenage years, completion of an apprenticeship reduced the risk of unemployment, especially among Year 12 non-completers. In contrast, Year 12 non-completers who had undertaken a traineeship were *more* likely than other Year 12 non-completers to be unemployed during this period, although the effect was small. There was no difference in the unemployment rate among those who completed other TAFE courses after leaving school.

Among young people who completed Year 12, somewhat different outcomes were seen in this period. For this group, the

completion of a traineeship did not increase the likelihood of being unemployed, but those who had undertaken other TAFE (non-apprenticeship) courses were *more* likely than other Year 12 completers to be unemployed. This includes non-trade certificates and non-certificate courses.⁽⁵⁾

For the medium term, however, the different pathways of post-school education and training offer similar outcomes in terms of unemployment. Having a post-school qualification did not decrease the risk of unemployment among the group of young people in their early- to mid-twenties. Among young people with similar levels of prior experience of full-time work or unemployment, those with TAFE (non-apprenticeship) certificates spent marginally more time looking for work than other young people. Other tertiary qualifications, such as degrees, diplomas and apprenticeships, did not affect the likelihood of being unemployed in this age group.⁽⁴⁾

By age 25, however, having a tertiary qualification did have a positive effect on the amount of time spent in full-time

employment among young people. The qualification with the largest effect on subsequent time spent in full-time work was a degree, other things being equal. To a lesser extent, having an apprenticeship, diploma or certificate also had a positive impact on subsequent time spent in full-time employment.⁽⁴⁾

Among an older group of young people who had completed Year 12 in the late 1980s, a university degree also offered the smoothest transition from post-school study to full-time employment.⁽¹⁾

The importance of a good start in the labour market

It is extremely important for young people to gain full-time employment early in the school-to-work transition. Among the LSAY group of young people in their early- to mid-twenties, early experience of full-time work had a large positive impact on subsequent labour market outcomes measured up to age 25, other things being equal. Once full-time work was secured, around 80% remained in full-time work and less than 4% were unemployed in the subsequent year.⁽⁴⁾

Conversely, early experience of unemployment had a detrimental or ‘scarring’ effect for some young people. Persons with early experiences of unemployment tended to:

- spend less time than other young people in full-time work in subsequent years; and
- spend more time than other young people in activities such as part-time work, part-time education and training, unemployment or outside the labour force.

For this group of young people, the experience of full-time work or unemployment had a much greater impact than Year 12 completion or tertiary qualifications on subsequent labour market outcomes.⁽⁴⁾

There are many pathways that young people may follow in the transition from school. For example, leaving school to go to a full-time job or an apprenticeship is a successful pathway for some young people, with this group typically experiencing high levels of full-time employment in subsequent years. If suitable full-time work is not available, however, remaining in school or undertaking post-secondary education can increase the probability that young people will experience beneficial labour market outcomes in later years.

This is consistent with an earlier study, which followed a group of students who had been in Year 10 in the late 1980s. This study followed their post-school pathways for seven years. Among this group, young people whose principal activity in the first year after leaving school was full-time employment, an apprenticeship or other full-time education and training were much more likely to experience a successful pathway.⁽¹⁾⁽³⁾

Part-time work as a stepping-stone

Some young people are able to use part-time work as a stepping-stone into full-time work. This is illustrated by the year-to-year movement of young people between activities. For example:

- Among school non-completers in the younger group, 61 per cent of those who reported

being in part-time work at 17 years of age were in full-time work the following year.

- From the ages of 21 to 25, between 30 and 44 per cent of persons who reported being in part-time work in any given year were in full-time work the following year.
- For all ages, there was far less movement from part-time work into unemployment or out of the labour force (between 11 and 21 per cent).

Summary

The results summarised here suggest that the early career and labour market outcomes of young people are largely positive. A range of pathways is available to young people. Making a good start upon leaving school—by engaging in full-time work, an apprenticeship or university study—increases the likelihood of successful outcomes in subsequent years. Other activities, such as unemployment, can have a detrimental or ‘scarring’ effect, resulting in some young people remaining outside full-time education and training or full-time employment for substantial periods. Early identification and intervention remains important for this group.

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The Longitudinal Surveys of Australian Youth

The Longitudinal Surveys of Australian Youth (LSAY) is a research program jointly managed by ACER and the Australian Government Department of Education, Science and Training (DEST).

The program includes more than 25 years' worth of data on young Australians as they move through school and into tertiary education, the labour market and adult life.

LSAY commenced in its present form in 1995 with a

national sample of 13 000 Year 9 students. Another sample of Year 9 students was drawn in 1998, and a further sample of 15 year-olds was drawn in 2003. Data are first collected in schools and later, via mail and telephone interviews.

Advice and guidance are provided by a Steering Committee, with representatives from DEST, other Australian Government departments, the Australian Education Systems Officials

Committee (AESOC), the Chief Executive Officers of State and Territory training authorities, non-government schools, academics and ACER.

The data collected through LSAY are deposited with the Australian Social Science Data Archive for access by other analysts. Further information on the LSAY program is available from ACER's Website: www.acer.edu.au



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