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The Transition to Full-time Work of Young People who do not go to University

LSAY Research Report 49

Gary N. Marks

EXECUTIVE SUMMARY

This report focuses on the transition to full-time employment of young people who do not go to university. The majority of Australia's school leavers do not enrol in university, and it is important to better understand the pathways that they follow. The report uses a substantial longitudinal dataset to map the dynamics of the youth labour market, and identify the factors that are important in securing full-time work.

The group analysed were part of a national sample of 13,613 young people who were first surveyed in Year 9 in 1995. The report follows them through to 2002 when their average age was 21 and they had been out of school for between four and six years.

The study reports on their main education and labour market activities in each year since leaving school. It then analyses the influences of social and demographic factors, school and other educational factors, and initial experiences in the labour market on their post-school activity four years after leaving school. The particular focus is on the factors that influence being in full-time employment four years after leaving school. Separate analyses were performed for males and females as their post-school experiences differ in a number of ways.

Main activity one and four years after leaving school

In the first year after leaving school, 61 per cent of young men were working full-time at the time of the annual survey, which was much higher than the proportion of young women working full-time (45 per cent). A little over half of young male full-time workers were also studying part-time, as were just over one-third of young women. In the first year after leaving school young women were more likely than young men to be working part-time only (12 per cent and 6 per cent, respectively), or studying full-time (27 per cent and 20 per cent, respectively). About 9 per cent of both sexes were 'looking for work' (unemployed). Around 2 per cent of young men and 4 per cent of young women were not in either education or the labour force at that stage.

By the fourth year 77 per cent of males and 64 per cent of females were working full-time. Not only did the proportion working full-time increase, but the type of work changed: higher proportions of males moved into professional/managerial and other skilled jobs, and earnings rose. Young people also reported generally high levels of satisfaction with their jobs.

Participation in full-time study declined to about 7 per cent for females and 5 per cent for males by the fourth year after leaving school. The proportions in part-time work only did not change much by the fourth year (12 per cent among females and 6 per cent among males), although the particular people did. The proportion looking for work declined slightly from 9 per cent in the first year to 7 per cent in the fourth year. In most years the proportion of young women looking for work was lower than that for young men. The proportion of young women not involved in study, work or looking for work increased from 4 per cent in the first year to over 10 per cent in the fourth year, while the proportion of males in this category increased only slightly to 3 per cent.

Movement between full-time work, part-time work and unemployment

About 15 per cent of young men and 22 per cent of young women were not in full-time work at the time of any of the annual post-school interviews. A further 6 per cent of males and 9 per cent of females were in full-time work at only one in four or one in five interviews. Very few were in part-time work at each interview (2 per cent of males and 3 per cent of females) or looking for work at

each interview (2 per cent of both males and females). Such findings indicate that the youth labour market is highly dynamic and that misleading impressions can be obtained from analysing single years in isolation.

Full-time work, however, shows a very high degree of stability. Approximately 90 per cent of young men in full-time work at the time of the survey in one year were in full-time work the next year. For young women the stability of full-time work was lower, but still very high, at around 80 per cent.

Most part-time workers are not 'stuck' in part-time work. The year-to-year stability of part-time work was less than 30 per cent for males and about 30 to 40 per cent for females. Over 50 per cent of male part-time workers were in full-time work the following year. Among females this figure was between 37 and 50 per cent. However, part-time work does not confer the same advantages as full-time work, as increases in status and earnings over time are smaller; and substantially fewer part-time workers see their job as a career job. Over half of those with part-time jobs would prefer to be working full-time.

Unemployment is a much more problematic experience than part-time work. Of the young men unemployed, between 30 and 40 per cent were also unemployed the following year. The comparable figures for young women were between 15 and 30 per cent. About 40 to 50 per cent of young men looking for work one year were in full-time work the next. For unemployed young women there was less movement to full-time work (about 30 to 40 per cent) and more movement to part-time work (at around 20 per cent in most years). Among those looking for work at the time of the survey, a high proportion of the past year to the time of the survey had been spent looking for work.

The situation of those who are not studying or in the labour market is more complex. The results suggest that those in this group, often referred to as being engaged in 'other' activities, should not be understood as tantamount to being in unemployment. 'Other' activities often include travel, and in the later years comprise a high proportion of young women looking after their own children. Some disillusioned job-seekers are also likely to be in this category.

The analysis shows that there is quite a high degree of entry (or re-entry) from 'other' activities into work and education, and the majority express an intention to return to study or work within the next few years. Although some of them may need particular assistance to do so, as a group they are likely to experience fewer long-term difficulties than those who are currently in the labour market but are unable to find work.

Factors impacting on attaining full-time work four years after leaving school

Post-school activity varies according to demographic and social background factors, but apart from Indigenous status and to a lesser extent language background, differences by social group in post-school activity are small. Similarly, many educational factors are associated with post-school activity – strong achievements in literacy and numeracy, holding a part-time job while at secondary school, and participating in VET at school help to obtain full-time employment, but few of these factors lead to large impacts. An important exception is participation in apprenticeships, which among young men strongly promote full-time work. Traineeships also promote full-time work, especially among young women, but to a lesser extent than apprenticeships.

The effects of post-secondary vocational education other than apprenticeship and traineeship were mixed. Full-time study in the first year after leaving school did not increase the odds of being in full-time work in the fourth year. Among males it increased the odds of further full-time study, part-time work, participation in 'other' activities and unemployment. Among females, it increased the odds of full-time study and part-time work. However among those already in full-time work, a TAFE certificate or diploma tended to further increase the likelihood of staying in full-time work.

In contrast to the modest influence of most social and educational background factors, post-school destinations are strongly associated with previous labour market experiences. Obtaining full-time work soon after leaving school substantially increases the chances of remaining in full-time work. Similarly, initial experiences of unemployment are associated with an increased likelihood of being unemployed later on. Gaining full-time employment early in the school-to-work transition is critical.

Size and nature of the group experiencing transition difficulties

‘Crisis’ accounts of the youth labour market are not supported by this report. This is not to say that there are not young people who are experiencing severe difficulties in the transition from school to full-time work but this group probably comprises considerably less than 10 per cent of non-university bound school leavers.

The results from this report also suggest that treating those who are not in full-time work or study in the initial period after leaving school as being the “at risk” group is simplistic. Young people not working or studying full-time are quite diverse and face markedly different circumstances, not all of which are likely to lead to problems in securing full-time employment in the future. Therefore there is a need to develop a more sophisticated measure of “at risk” which takes into account a broader range of factors.