

COMMENTS ON
How Young People are Faring 2006

Stephen Lamb

Associate Professor
CPELL, University of Melbourne

Mark Wooden

Deputy Director
Melbourne Institute of Applied Social & Economic Research

Rebecca Huntley

Author
The World According to Y

Experiences of school leavers during the current economic boom: Why we need to remain concerned

Stephen Lamb, Associate Professor, Centre for Post-compulsory Education and Lifelong Learning (CPELL), University of Melbourne

The report being released by the Dusseldorp Skills Forum (DSF) reveals that young people who leave school without completing Year 12 continue to be at risk in making successful transitions from school to work (DSF, 2006). As many as 40 per cent of those who haven't completed Year 12 are unemployed or not fully engaged in work or study during their first post-school year.

This is not a particularly new finding. It is consistent with much of the research on school to work transition over the past 30 years which has shown consistently that early leavers, compared to those who complete Year 12, tend to struggle in the search for a full-time job.

What is surprising, however, is that this is still the case given the healthy state of the economy in recent times. It raises the question of why in good economic times, when there seems to be ample work opportunities and extensive support to remain in study, do young people leaving school still struggle if they do not complete Year 12 or an equivalent? There are several reasons why this might be the case. In this set of brief notes I want to focus on just two of these: the labour market opportunities for teenagers, and the sorts of young people who tend to leave school before completing Year 12.

Driven in part by a resources boom, the current economy has delivered low levels of unemployment, the lowest in the past 30 years. We are indeed experiencing 'good economic times'. Yet, there is an uneven nature to the current economic boom. Strong business growth, larger profit margins and falling unemployment tend to conceal longer-term labour market changes that have affected the employment opportunities for young people.

One of these changes has been a long-term fall in full-time teenage job opportunities. Structural changes to the Australian economy over the last 40 years have gradually, but dramatically, changed the number of jobs available to young people.

The analyses of the youth labour market by Sweet (1992), Freeland (1996), Lewis and Mclean (1998) and Wooden (1999) have drawn attention to the long term fall in full-time job opportunities for teenagers. Between the mid-1980s and late 1996, for example, the proportion of 15-19 year olds in full-time work fell from 32 per cent to 17 per cent and "between May 1988 and May 1999, the number of full-time jobs held by teenagers aged 15 to 19 years fell by 49 per cent" (DSF, 1999: 5). The trend has continued since then, with a recent report showing a decline from 1995 to 2003 in full-time job opportunities for teenagers of 6.9 per cent (Curtain, 2003). The continued trend of the past decade has taken place over a period in which school retention rates have shown little growth.<http://www.dsf.org.au/>

The changes affecting the labour market opportunities for young people are partly based on long-term changes in Australian industry. Between 1993 and 1999, for example, employment in the manufacturing industry as a share of total Australian employment declined from over 14 per cent to about 12 per cent (Lamb, 2002). At the same time, the shares of employment in finance, property and business services increased. The trends are more marked for young people. From 1993 to 1999 the share of the manufacturing industry for 15 to 19 year-olds fell 3.6 points to 7.6 per cent. Growth was experienced in the retail and wholesale trade sector and in recreation, personal and other services. It is in the growth areas that part-time employment is highest and the areas of decline where full-time employment for young people is strong.

Accompanying the fall in full-time work has been a substantial growth in part-time jobs. These have been focused largely in the retail and service areas, which overwhelmingly employ young

people still in the education system (Wooden, 1999). These jobs are temporary, and tend not to be those sought by young people who have left school who are more often in pursuit of full-time work. They also tend not to provide the sorts of training programs that facilitate career growth. As Wooden (1999, 38-39) notes, this is likely to apply with much greater force to early school leavers who accept part-time casual employment only because more secure employment cannot be found. Early leavers may find that the early cessation of formal education in combination with the lack of exposure to structured work-based training will impede skills acquisition and ultimately have serious detrimental effects on future employability.

These patterns are not negated by what has happened with apprenticeships and traineeships. It is true that over the past decade there has been considerable growth in the numbers of apprenticeships and traineeships. This form of training remains an important avenue into the workforce for many young Australians, particularly for early school leavers. But apprenticeships involve only about a third of early leavers. Most of the rest are reliant on other avenues for engagement in learning and work.

In addition to labour market opportunities is the need to consider the role of the experiences, backgrounds and orientations of young people who leave school before completing year 12. The decision to leave school early sometimes comes at the end of a long process and can represent the culmination of many years of interaction between a young person, his or her parents, teachers, and the school and community contexts in which he or she is located.

Much of the research shows that poor progress in school and low socio-economic status are strongly linked to decisions to leave school. Academic achievement plays a major role. A history of poor performance and low achievement in school can lead to feelings of disaffection and disengagement. Such students tend to find learning at school difficult, irrelevant, or unappealing, and more often are affected by welfare issues. Over time, many of these students develop negative attitudes to school, low academic self-esteem, and lower educational aspirations. These elements work to predispose some young people to want to leave school early.

This is certainly not true of all early leavers. A recent survey of Year 10 school leavers in Tasmania showed that about 55 per cent of boys reported that they liked school and were leaving for positive reasons such as taking up a job or an apprenticeship or were motivated by the desire to pursue a course of interest at TAFE, not available at their school (Lamb, 2004). These students had good experiences of school and were leaving for positive reasons, for many pursuing opportunities to help build their future careers.

However, about 45 per cent of the students were leaving with negative views and experiences of school. Low achievement and poor progress were prominent for this group as were poor relationships with teachers and growing disengagement from school, marked by truancy and disaffection with programs.

The importance and relevance of the experiences and outlooks of those who leave before completing year 12 is that they reveal that many — certainly not all, but many — have become disaffected and formed negative views of formal learning and classrooms. It means that when they leave school many want to avoid further participation in study and learning and, compared to other school leavers, be more heavily reliant on employment opportunities. But they enter into a labour market that has seen long term reduction in full-time teenage jobs.

These patterns indicate a need for remaining concerned about the issue of early school leaving. They highlight the necessity for continued focus in our policy effort on supporting the conditions for effective learning and personal growth that should underpin quality teaching and learning in school.

Current levels of early school leaving are associated with a wide gap in achievement and in quality of instructional experience. Reducing this gap should continue to be a priority.

There is also a need to ensure that post-compulsory programs are stimulating, rewarding, are satisfying as learning experiences, and have clear and demonstrable benefits. These remain as key challenges in the context of trying to ensure that we improve the outcomes for groups of young Australians who continue to struggle in the transition from school, despite the current strong economy.

References

- Curtain, R. (2003) *How young people are faring: Key indicators 2003*, Sydney: Dusseldorp Skills Forum.
- Dusseldorp Skills Forum. (1999) *How young people are faring: Key Indicators 1999*. Sydney: Dusseldorp Skills Forum .
- Dusseldorp Skills Forum (2006) *How young people are faring: key indicators 2006*. Sydney: Dusseldorp Skills Forum.
- Freeland, J. (1996) Citizenship Postponed: Young People and an Active Citizenship in Spierings, J., Voorendt, I. and Spoehr J. (eds) *Jobs for Young Australians*, Adelaide, Social Justice Research Foundation.
- Lamb, S (2002) *School enrolment projections for Victoria 2002-2012*. Report for the Victorian Department of Treasury and Finance. CPELL: University of Melbourne.
- Lamb, S (2004) *Early School Leaving in Tasmania: Origins and Outcomes*. Hobart: OPCET, Department of Education.
- Lewis & McLean (1998) "The Youth Labour in Australia," paper presented to the *Productivity Commission workshop on youth unemployment*, Australian National University, November.
- Sweet, R. (1992) "Can Finn Deliver Vocational Competence?" in *Unicorn*, vol 18 no 1, pp. 31-43.
- Wooden, M. (1999) *Impediments to the employment of young people*. Leabrook: NCVER.

A Comment on How Young People Are Faring 2006

Mark Wooden, Associate Professor and Deputy Director, Melbourne Institute of Applied Economic and Social Research, University of Melbourne

When I first read this report I was surprised by its central message. The Australian labour market has been experiencing boom-like conditions in recent years. Employment has been growing by over two per cent per annum and the official unemployment rate has fallen to levels not seen since the early 1970s. I thus expected this to be reflected in the youth labour market; indeed, I expect young people to benefit most from a strong labour market.

The key message presented in *How Young People are Faring 2006*, however, is that youth have fared relatively poorly, as reflected in the continued decline in the number of full-time jobs held by young people.

Of course, young people are increasingly told that the route to future success is via education, and hence declining numbers in full-time employment might be a reason for celebration if that were a reflection of rising participation rates in education. *How Young People Are Faring*, however, shows that the proportion of young people who are neither in full-time work nor in full-time education remains stubbornly high. While things have clearly improved since the recession of the early 1990s, the figures suggest little change from the late 1980s.

The obvious question that then arises is what is this group of almost 540,000 young people doing?

The report informs us that of the 14.4 per cent of teenagers who are neither in full-time work nor in full-time education, about 45 per cent are in part-time jobs, just over another quarter are unemployed, and a similar proportion are neither employed nor looking for work. Among young adults, the fraction in this situation is higher – 23.3 per cent – and the comparable proportions of this group in part-time work, unemployment and outside the labour force are 45 per cent, 19 per cent, and 36 per cent, respectively.

Perhaps, most disturbing of all, the report emphasises the high levels of underemployment among the part-time workers in this group. Around two-thirds of teenagers and almost half of the young adults in part-time employment (who are in full-time study) prefer more hours of work.

A focus on the absence of any current involvement in either full-time education or full-time employment, however, is bound to lead to an exaggeration of the extent to which weaknesses in the labour market are at fault. The report readily recognizes that we should worry a little less about those who combine part-time work with part-time study. Among teenagers, at least, this turns out to be a relatively small group – just 1.6 per cent of the teenage population (the report is silent on this issue with respect to young adults). Nevertheless, it reduces the ‘at risk’ group to less than 13 per cent of all teenagers.

There are also good reasons why some young people will chose to neither work nor study. Included here are child care, ill-health and disability, or simply opting to take a year out to travel or just because a break is desired. It thus cannot be automatically assumed that a lack of involvement in formal education or paid employment is necessarily a sign of inactivity or that weakness in the labour market is the main cause of inactivity. Indeed, the Australian Bureau of Statistics, in its September 2005 supplement to the Labour Force Survey, classified as ‘discouraged job seekers’ very few (less than 8000) of the almost 1.3 million people under the age of 24 who are outside the labour force. That is, very few young people who are not working and not looking for work cite the inability to find a job as the main reason why they are not engaged in active job search.

But undoubtedly the main weakness of this report is the reliance on cross-section data.

Such data only tell us about the activity of people at a single point in time. More revealing would be information that enabled us to track individuals over time, and Australia now has a number of data sources that do this. The report, for example, briefly refers to work by Gary Marks using the Longitudinal Survey of Australian Youth that reveals relatively high rates of movement from part-time to full-time employment among young people.

Relatedly, data from the first four waves of the HILDA Survey reveal that the majority of part-time workers who prefer more hours are working their preferred hours one year later, and this result is no less true of young people. Among people aged 15 to 24 years in 2001 who were in part-time work but wanted more hours, and who were not in full-time education, most were working their preferred hours one year later. Just under 40 per cent still preferred more hours or were no longer working but wanted paid employment. The remaining 60 per cent were thus working their desired hours (or in some cases actually now wanted to reduce their hours). Further, by 2004 (that is, three years on) this latter proportion had risen to around 70 per cent. Underemployment would thus appear to be a temporary phenomenon for the vast majority of young people.

Even unemployment may not be a serious problem if it is relatively short-lived, and all indicators are that long-term unemployment (i.e., unemployment lasting more than one year) is both declining and affects a relatively small proportion of the labour force (just under 1 per cent). This is no less true of young people, with long-term unemployment rates in September 2005 standing at 1.1 per cent of teenagers and 0.9 per cent for young adults.

Overall, my strong view is that 2006 is a very good time for a young person to be entering the labour market. Jobs are in relative abundance and employment opportunities for young people, at least, are mostly not limited by lack of experience or skills. Many young people, however, are forced to accept part-time work, but this is often a temporary situation. In general, the demand for labour in most sectors has been strong, and such demand is often (if not usually) met first by expanding the hours of the current workforce.

Policy-makers should rightly be concerned with ensuring that young people are not trapped in a cycle of intermittent part-time jobs that are of little value in enhancing long-term prospects in the labour market. However, it is equally important that we identify exactly who the people most at risk of this are – it is certainly not everyone who is neither in full-time work nor in full-time education.

Finally, a note of caution is warranted about the implicit assumption that full-time education is always beneficial. The work by Gary Marks referred to earlier, for example, suggests that many graduates of our TAFE system are not faring particularly well. Marks concludes that less emphasis should be placed on vocational education as a solution to problems in the school to work transition. In contrast, my view is that the TAFE system needs to be overhauled with a view to ensuring it can better meet the needs of prospective students and employers.

A Brilliant Invention Lying Dormant

Rebecca Huntley, author of *The World According to Gen Y* & social analyst with the Mackay-Ipsos Report

As part of the research for my book, *The World According to Y*, I interviewed over 50 young Australians, aged between 18 and 25, from around Australia. Overwhelmingly, these young people were either in full time study or in full time work. The few, predominantly women, who weren't occupied full time were either raising children whilst studying part time or working casual jobs until they decided what they wanted to do with study and career.

In general, I encountered a skilled, optimistic and dynamic group of people. As researchers Irving Saulwick and Denis Muller found (*Flexible and Fearless: Views of Gen Y*, DSF 2006) this is a group with robust morale, a positive view about their working futures, a generation who place a strong premium on self-reliance.

Much of this dynamic optimism has to do with the fact that this generation has grown up in a time of comparative economic prosperity, a time in which the majority have been well cared for and well educated.

However, the Dusseldorp Skills Forum report, *How Young People Are Faring* 2006, reveals an uncomfortable and often ignored fact – that despite these prosperous times 540,000 young Australians are not in full-time learning or work. The fact is even more worrying if we consider, as the report shows, that at the same time full time jobs for Australians aged 25-64 have risen, full time jobs for teens and young adults have declined. As the report, rightly states, 'the rising economic tide has not yet lifted all boats'.

It was these floundering craft that I knew I had often missed in my research on Generation Y. They were difficult to reach through the Internet or through the usual research and social networks I utilised to find interview subjects. But the research work of other organizations and statistics from the ABS show us that there are half a million plus underemployed and disengaged young workers out there. They are visiting the Job Network, filling in work diaries, trudging around the employees with resumes in tow.

The Dusseldorp report shows that the bulk of this half a million plus are either unemployed, underemployed (working part time but wanting more hours) or not in the labour force but wanting to work.

Let's deal first with underemployment.

Two-thirds of teenagers and 46 percent of young adults employed part-time would prefer to work more hours. This information belies the notion of the layabout, cosseted teen or twenty something, happy to settle for part-time work so they can bum around with mates and rely on hand outs from their parents. Indeed, whilst these young Australians might be scraping by on a mixture of part time work, family and other forms of support, it's clear that for many this is neither an ideal or chosen situation.

When you speak to young people about their future aspirations, they are not entirely dissimilar to those of previous generations: owning a home, starting a family, finding well-paid and meaningful employment.

There might be important differences in terms of timing (few are married with kids at 25). There is certainly a sense that homeownership is a pipe dream without parental assistance or a sudden inheritance windfall. But those traditional goals are there and remain difficult to reach for those not in full employment or studying with a good chance at the end of full employment.

Then there are the unemployed, those who are actively, often desperately, looking for work and those who may indeed have given up.

This would include a significant proportion of young Australians with poor English skills, young people living in indigenous communities and rural Australia. In addition, there are those young people who are part of a geographically sequestered welfare class, living in the outer rim of larger cities, who have few role models in family and community of full time work or further study beyond Year 10. In the later case, governments continue to search for ways to effectively break the cycle of disadvantage in these communities.

Why, when we are repeatedly told we are a strong, wealthy nation with low levels of unemployment, are these young people struggling to find more work or any work at all?

As a 2003 Senate inquiry showed and as many policy makers, economists and educators have been saying for quite some time – its skills stupid! There is a gap between the skills that our economy needs and the education and training of those workers, both younger and older, currently under or unemployed.

In a recent piece on the importance of addressing the skills gap of our workforce, economist Ross Gittens (SMH, 27 Sept 2006) asks the hard questions about why governments, both state and national, have neglected technical and further education, particularly TAFE. He points out that Australian companies believe the inability to secure skilled staff is the most important barrier to their success in the next three years.

The glee about our current economic prosperity is hubris in light of the fact that neglecting the skills shortage will jeopardise Australian's economic not too distant future. Not to mention the well being of those half a million plus young people that the Dusseldorp report identifies.

Gittens rightly describes these people as a wasted resource. The equivalent of a brilliant invention lying dormant in a laboratory or natural gas sitting untapped close to our coastline.

We need to do all we can to ensure we are building a nation and an economy which includes these young people, rather than excludes or ignores them.