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YOUTH IN FOCUS:

**INTERACTION BETWEEN
EDUCATIONAL PARTICIPATION,
EDUCATIONAL ATTAINMENT
AND LABOUR FORCE ACTIVITY**

**BY: VAL PAWAGI
STRATEGIC POLICY AND ANALYSIS BRANCH
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES**

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DEPARTMENT OF
**FAMILY AND
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Commonwealth Department of Family and Community Services

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INTRODUCTION

1 This paper examines the interaction between being young, educational participation, educational attainment and labour force participation. It commences with a framework for analysing young people's transition from dependence to independence and provides a snapshot of transition trends and outcomes for young Australians. This is followed by an overview of the rates of participation in education and the labour force among young people and the working age population as a whole. It then compares the levels of participation in education and labour force activity of teenagers (15 to 19 years) with those of young adults (20 to 24 years). This is followed by a summary of how participation rates in these activities and levels of educational attainment vary between young men and women.

2 Since for some young people the education and labour force outcomes may be less than ideal, particular attention in this paper is given to those young people who are neither in education nor in the labour force¹ - that is, the group who are at most risk of experiencing long-term socioeconomic disadvantage or marginalisation. Information is provided on their family environment, both past and present, along with their satisfaction with their current living arrangements. It also examines their demographic and income support characteristics, educational attainment, reasons for not working, satisfaction with their employment opportunities and the perceptions of importance of having a job.

3 This analysis is timely because there is a critical absence of information about the group of young people who are not studying and not in the labour force.^{2 3 4} They have been given little attention and the breakdown of this group is not known. A

¹ Classified as economic activity in concordance with its use in the ABS Time Use Survey (1992).

² McClelland, A., Macdonald, F. and Macdonald, H. (1998) Young people and labour market disadvantage: The situation of young people not in education or full-time work, *Australia's Youth: Reality and Risk*, Dusseldorp Skills Forum, Sydney.

³ Kelly, R. (2002) *The Characteristics of Non-participants in Education and Labour Activities*, Centre for Labour Market Research, Murdoch University, Western Australia.

⁴ This is a more narrow group than that examined by Australian social researchers, McClelland A. et al. (1998) and Kelly, R. (2002).

greater understanding of these young people, therefore, is particularly relevant within the Australian context where this research can add to policy discussions. The last section draws together the main conclusions of the paper and suggests avenues for further research.

4 This study uses the first wave of beta data from the Household Income and Labour Dynamics in Australia (HILDA) Survey, a longitudinal survey of Australian households carried out for the Department of Family and Community Services between August 2001 and January 2002.⁵ The reported findings are descriptive and cross-sectional in nature, and will require further statistical analysis to test the relationships described.

YOUNG PEOPLE AND THE TRANSITION PHASE

5 Borrowing a framework articulated by the Organisation for Economic Cooperation and Development (OECD)⁶, young people, as a group, experience significant life transitions where they prepare for, or establish, their independence from their parents mainly by leaving school and going on to higher education and/or entering the labour force. The initial transition from dependent student to working life is the first of many transitions that young people will experience throughout their lives. For many, other transitions – to economic independence, establishing an independent household, starting a family – will be more important to them at particular points in their lives. It makes sense then to see the transition as multi-dimensional and not a single event at one point in time.

6 For increasing numbers of young people, however, the transition period is becoming longer and transition patterns are becoming less defined and less certain than they once were. Young people seem more and more to be charting their own pathways and these do not always coincide with those that policy makers have developed.

7 The transition from dependent student to working life is associated with a range of outcomes. Among these are educational qualifications, employment, unemployment and activity outside the education system or labour market. These outcomes can be used to determine the relative effectiveness of the transition through, for instance, rates of early school leaving, post school qualifications, unemployment, employment, subjective well-being and integration into full community life.

8 Not all outcomes though can be measured by static or cross-sectional measures. Some become apparent only when the patterns of activity among young people are monitored over an extended period. The HILDA Survey provides an opportunity to conduct this type of longitudinal research in subsequent waves.

9 Many factors influence transition outcomes. One of the more important factors to impact positively on the overall participation of young people in the labour force is their level of education.

⁵ The HILDA Survey data used in this paper has been weighted to the Australian population and may change with the public release of the first wave of the data on 15 October 2002.

⁶ Organisation for Economic Cooperation and Development (OECD) (2000) *From Initial Education to Working Life: Making Transitions Work*, preliminary edition, OECD, France.

- Young people who obtain tertiary qualifications have superior labour force outcomes to those who do not.
- Young people who complete Year 12 achieve better outcomes than those who do not.

10 Lamb and McKenzie (2001)⁷ observe that early school leavers have considerably fewer chances of securing sustainable employment, and a difficult early start in the labour force can be difficult to overcome. Furthermore, the national emphasis and success in ensuring participation in education, particularly to the Year 12 level poses challenges for the education system to find ways to both motivate those who dislike education and raise the achievement levels of the weaker achievers. Taken together, education and employment play a crucial role in shaping the behaviour, outcomes and futures of young people.

11 Successful transition outcomes are higher where young people have available to them learning pathways and qualification frameworks that are clearly defined, well organised and open, designed and developed in a lifelong learning perspective, with effective connections to post school destinations, whether work or further study.

TRANSITION TRENDS AND OUTCOMES FOR YOUNG AUSTRALIANS

12 In Australia, the majority of teenagers attend secondary school, whereas young adults enjoy a strong attachment to both the education system and the labour force. Young women are less likely than young men to be in the labour force but are more likely to be represented in the education system. Many young people also combine study and work, thereby providing them with a source of personal income, a certain level of independence as well as work experience, which may enhance their future employment opportunities.⁸ Although increased educational attainment coincides with higher levels of labour force participation, the labour force participation rate of young people is lower while they are studying.

13 Research conducted by the OECD⁹ shows that, in absolute terms, the proportion of young people who do not make a successful transition from dependent student to working life is quite small. Young people who experience substantial transition difficulties are heavily concentrated among those with low levels of education and poor basic skills. The OECD's findings are also confirmed by Australian social research conducted by McClelland et al. (1998), Kelly (2002) and Lamb and McKenzie (2001).¹⁰

⁷ In Curtin, R. (2002) *How Young People are Faring: Key Indicators 2002*, Dusseldorp Skills Forum, Sydney.

⁸ Australian Bureau of Statistics (2002) *Special Article – Combining work and study*, Year Book Australia, ABS, Canberra.

⁹ (OECD) (2000), *ibid*.

¹⁰ McClelland A. et al. (1998), *ibid*; Kelly. R. (2002), *ibid*; and Dusseldorp Skills Forum (2002), *ibid*, respectively.

OVERVIEW OF PARTICIPATION AMONG YOUNG PEOPLE AND THE WORKING AGE POPULATION

14 There were 2,252 young people who participated in the first wave of the HILDA Survey, representing 21 per cent of all working age respondents. Table 1 summarises information about the education and labour force activity undertaken by young people and the working age population as a whole.

TABLE 1: PARTICIPATION IN EDUCATION AND LABOUR FORCE ACTIVITY, YOUNG PEOPLE 15 TO 24 YEARS AND THE WORKING AGE POPULATION 15 TO 64 YEARS

ACTIVITY	PARTICIPATION RATE (%)	
	Young People	Working Age Population
Economic participation*	94	82
Education		
Secondary school	27	6
Post school education	27	13
Not in education	46	81
Has completed Year 12	65	45
Labour force		
Employed	62	71
<i>Working full-time**</i>	52	71
<i>Working part-time**</i>	48	29
Unemployed	11	5.5
Not in the labour force	27	24
Study and work#	53	63
Sample size (N=)	2,252	11,946

* Engaged in education or labour force activity

** As a proportion of all persons employed

As a proportion of all students

Source: HILDA Survey, Wave 1 beta data, June 2002

15 The table shows that most young people were engaged in either education or labour force activity, some 94 per cent. In comparison, 82 per cent of working age people reported involvement in these activities. Also, young people were much more likely than working age people to be in education. Working age people, on the other hand, were marginally more likely to be in the labour force.

- The majority (54 per cent) of young people were in education compared with nearly one fifth of working age people.
- Consistent with a general trend in Australia in recent decades that young people are staying at school longer, a considerably higher proportion of young people had completed the highest level of secondary school (65 per cent, compared with 45 per cent of working age people).

16 The labour force participation rate for working age people was 76.5 per cent, compared with 73 per cent for young people. Young people, however, were somewhat less likely to be employed (62 per cent), considerably less likely to be in full-time work (52 per cent) and twice as likely to be unemployed (11 per cent).

17 Finally, the majority of students were also working, with working age people somewhat more likely than young people to be undertaking both study and work (63 per cent, compared with 53 per cent).

PARTICIPATION AMONG TEENAGERS AND YOUNG ADULTS

18 Table 2 details the education and labour force participation rates of teenagers and young adults. It shows some distinct differences between teenagers and young adults. First, teenagers were most likely to be in education (74 per cent), whereas young adults were most likely to be engaged in employment (74 per cent) and to have full-time work (68 per cent).

- Teenagers were more than twice as likely as young adults to be in education (74 per cent, compared with 32 per cent).
- Young adults were considerably more likely than teenagers to have work (74 per cent, compared with 50 per cent). Of those working, 68 per cent of young adults were in full-time work compared with 31 per cent of teenagers.

TABLE 2: EDUCATION AND LABOUR FORCE PARTICIPATION RATES, TEENAGERS AND YOUNG ADULTS

ACTIVITY	PARTICIPATION RATE (%)			
	Young People			Working Age Population
	Teenagers	Young Adults	All	
Education				
Secondary school	51	0	27	6
Post school education	23	32	27	13
Not in education	26	68	46	81
Labour force				
Employed	50	74	62	71
<i>Working full-time**</i>	31	68	52	71
<i>Working part-time**</i>	69	32	48	29
Unemployed	13	10	11	5.5
Not in the labour force	38	17	27	24
Study and work#	46	70	53	63
Sample size (N=)	1,241	1,011	2,252	11,946

** As a proportion of all persons employed

As a proportion of all students

Source: HILDA Survey, Wave 1 beta data, June 2002

19 Second, many students were also working - 70 per cent of young adult students and 46 per cent of teenage students were employed.

20 Finally, teenagers were considerably more likely than young adults to be outside the labour force (38 per cent, compared with 17 per cent). Other HILDA survey data show that for young people in this category, 89 per cent of teenagers and 47 per cent of young adults were in education.

21 The high rate of educational participation among teenagers clouds labour force participation comparisons between teenagers and young adults. A clearer labour force participation picture, therefore, would emerge if the group of young people who are still attending secondary school were excluded.

- When the group of students attending secondary school is excluded, the employment rate for teenagers who had left school is 14 percentage points higher at 64 per cent. The proportion of teenagers unemployed is 4 percentage points higher at 17 per cent, which was almost twice that for young adults. This reflects their limited experience overall in the labour force.

PARTICIPATION IN EDUCATION AND THE LABOUR FORCE, BY GENDER

22 Table 3 summarises information about educational participation and attainment among young males and females.

TABLE 3: EDUCATIONAL PARTICIPATION AND ATTAINMENT BY GENDER, YOUNG PEOPLE 15 TO 24 YEARS

EDUCATION	PROPORTION (%)			
	Young People			Working Age Population
	Male	Female	All	
Participation				
Secondary school	26	26	27	6
Post school education	49	53	27	13
Not in education	28	24	46	81
Has completed Year 12	62	70	65	45
Has a post school qualification	29	32	31	55
Highest education level achieved#				
Certificate	67	51	59	48
Diploma	13	15	14	15
Bachelor Degree	19	30	24	25
Post-graduate	1	4	3	13
Sample size (N=)	1,111	1,141	2,252	11,946

** As a proportion of all persons in employment

As a proportion of all persons with a post school qualification

Source: HILDA Survey, Wave 1 beta data, June 2002

23 Young women reported a stronger attachment overall to the education system than their male counterparts. They were more likely to have stayed at school longer, to be engaged in education, to be holders of a post school qualification and to have completed a university degree or higher qualification as their highest level of education attained.

24 Consistent with education experiences among young men and women in the general population, these data show that:

- About 70 per cent of young women completed the highest level of secondary school, compared with 62 per cent of young men.¹¹
- Nearly 80 per cent of young women and 73 per cent of young men were undertaking some form of education.
- Around three in ten young women and men were holders of a post school qualification.
- While the highest level of education attained by the majority of young men and women was a certificate qualification, males were more likely to be in this category (67 per cent, compared with 51 per cent of females). Young women, on the other hand, were more likely to have a university qualification as their highest level of education attained (34 per cent, compared with one fifth of young men).

25 Table 4 details the labour force activity undertaken by young men and women.

TABLE 4: LABOUR FORCE ACTIVITY BY GENDER, YOUNG PEOPLE 15 TO 24 YEARS

LABOUR FORCE ACTIVITY	PROPORTION (%)			Working Age Population
	Young People			
	Male	Female	All	
Employed	64	61	62	71
<i>Working full-time**</i>	59	45	52	71
<i>Working part-time**</i>	41	55	48	29
Unemployed	12	9	11	5.5
Not in the labour force	24	30	27	24
Study and work#	54	51	53	63
Sample size (N=)	1,111	1,141	2,252	11,946

As a proportion of all students
 Source: HILDA Survey, Wave 1 beta data, June 2002

26 The data indicate that young men had a slightly stronger attachment to the labour force than young women. It shows that:

- A slightly higher proportion of young men were in the labour force, with 76 per cent engaged in labour force activity compared with 70 per cent of young women.

¹¹ In 2000, the retention rate to Year 12 was 74 per cent for young women and 61 per cent for young men (Curtain, R., 2002, *ibid*).

- Of those with a job, young men were most likely to be working full-time work (59 per cent), whereas young women were most likely to be working part-time (55 per cent).
- Young women were slightly more likely to be labour force non-participants (30 per cent, compared with 24 per cent of young men).

27 Attachment A (see Table A1) provides details on the labour force status of young men and women according to whether or not they had completed Year 12. These data confirm the importance of participation in education to the Year 12 level to workforce participation and to those young people making the transition from dependent student to working life.

28 The data also indicate that, the impact of completing Year 12 on workforce participation is stronger for young women than young men.

- Young women who had participated in education to the Year 12 level were equally as likely as their male counterparts to have a job, some 78 per cent.
- Young women without Year 12 education were three times more likely than their male counterparts to be labour force non-participants (37 per cent, compared with 12 per cent).

29 The group of young people who reported no involvement in either education or the labour force is examined in more detail in the next section of the paper.

30 Among young men, completing Year 12 had a positive impact on having a job. They were 12 percentage points more likely to be employed than young men who had not completed Year 12 (78 per cent, compared with 66 per cent). Those who left school early had higher levels of unemployment (22 per cent, compared with 9 per cent of young men with Year 12).

31 Among young women, those without Year 12 education were 32 percentage points less likely to have a job than young women with this level of schooling. Young women who had left school early were also somewhat more likely to be unemployed and were considerably more likely to be labour force non-participants than young women who had completed Year 12.

32 When the labour force status of young men and women is examined according to whether or not they have a post school qualification, the impact of having higher education on workforce participation appears to be equally strong for young men and women (see Attachment A, Table A2).

33 The data also suggest that the employment rates for young men and women varies little between those with Year 12 schooling and those with a post school qualification (see Attachment A, Tables A1 and A2).

SOCIOECONOMIC BACKGROUND OF YOUNG PEOPLE, BY ECONOMIC PARTICIPATION STATUS

34 This section of the paper compares the group of young people who engaged in economic activity with those who did not¹². Information is provided on their family environment, both past and present, along with their satisfaction with their current living arrangements, their demographic and income support characteristics and educational attainment. For young people not in economic activity, their reasons for not working, satisfaction with employment opportunities and their perceptions of the importance of having a job are also explored.

35 Young people reporting economic activity represented 94 per cent of all survey respondents aged 15 to 24. Conversely, young people reporting no economic activity represented 6 per cent of all youth surveyed.

FAMILY ENVIRONMENT

LIVING ARRANGEMENTS OF YOUNG PEOPLE AT AGE 14

36 Parents, siblings and other key caregivers play an important role in shaping the attitudes, future choices and well-being of young people. While young people's living arrangements have a significant influence on their lives, important relationships can also exist beyond the immediate household, for example, with a parent who lives elsewhere as a result of marriage separation, or with grandparents.¹³

37 Table 5 (over the page) provides information on the living arrangements of young people when they were 14 years of age, by whether or not they were currently engaged in an economic activity. It shows that young people had a variety of living arrangements.

- While most young people were living with at least one of their natural parents at the age of 14, young people in economic activity were somewhat more likely than young people not in economic activity to be living with their own parent(s) at this age (98 per cent, compared with 90 per cent).
- A considerably higher proportion of young people reporting economic activity were in “intact” families at age 14 (76 per cent, compared with 54 per cent of young people not in economic activity).
- More than one third (36 per cent) of young people not in economic activity were either in sole parent families or step-families at age 14, compared with 22 per cent of young people in economic activity. Of these families, around four in five young people at age 14 lived with their mother, irrespective of their current economic participation status.

¹² This excludes homeless people, persons residing in institutions and people living in remote and sparsely populated areas as they are outside the scope of the HILDA Survey. All these groups are known to either experience significant labour force disadvantage or be outside the labour force.

¹³ ABS (1999) *Children, Australia: A Social Report*, Catalogue No. 4119.0, ABS, Canberra.

TABLE 5: LIVING ARRANGEMENTS AT AGE 14, BY CURRENT ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

LIVING ARRANGEMENTS AT AGE 14	ECONOMIC PARTICIPATION STATUS (%)		
	YOUNG PEOPLE		
	NO EDUCATION OR LABOUR FORCE ACTIVITY	IN EDUCATION OR THE LABOUR FORCE	ALL
Living with both own parents	54	76	74
Mother and stepfather	11	6	6
Father and stepmother	1	1	1
Mother only	18	12	12
Father only	6	3	3
Not living with either parent	10	2	3
Sample size (N=)	149	2,103	2,252

Source: HILDA Survey, Wave 1 beta data, June 2002

38 Nearly one fifth (18 per cent) of young people not in economic activity were affected by the separation or divorce of their parents, compared with 11 per cent of young people in economic activity.¹⁴ Irrespective of the young persons' current economic participation status, young people were, on average, 8.7 years of age when their parents separated.

39 The circumstances that led the 10 per cent of young people not in economic activity to leave the home of either natural parent by age 14 varied. The main reason given by these young people was relationship breakdown with their parents (24 per cent) followed by foster care placement or adoption (23 per cent), parental separation or divorce (20 per cent), death of one or both parents (10 per cent) and ill-health of one or both parents (7 per cent).

PARENTS' EMPLOYMENT STATUS WHEN YOUNG PERSON WAS AGED 14

40 The intergenerational literature stresses the importance of family characteristics in determining labour force outcomes for young people. The employment status of parents, in particular, has been found to have an impact on the employment probabilities for young people¹⁵.

41 Table 6 shows the employment status of the parents of young people at age 14, by whether or not they were currently engaged in an economic activity.¹⁶

¹⁴ In 1998, the divorce rate was 10.9 per 1,000 children under the age of 18 in the Australian population (ABS, Catalogue No. 4119.0).

¹⁵ Kelly, R. (2002), *ibid*.

¹⁶ Respondents to the HILDA Survey were not asked about their parents' employment status at the age of 14 if they were living with both of their natural parents at the time the survey was conducted. Of those respondents asked this question, they were asked to answer the question with respect to the persons who mostly filled the roles of mother and father when they were 14 years of age. If they said

TABLE 6: EMPLOYMENT STATUS OF PARENTS WHEN YOUNG PERSON WAS AGED 14, BY CURRENT ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

EMPLOYMENT STATUS OF PARENTS	LIVING ARRANGEMENTS (%)			
	BOTH PARENTS	PARENT & STEP-PARENT	ONE PARENT ONLY	OTHER
YOUNG PEOPLE IN EDUCATION OR THE LABOUR FORCE				
Both parents working	60	47	n/a	28
One parent working	36	42	71	40
No parent working	2	3	27	7
Unknown	2	9	2	26
YOUNG PEOPLE NOT IN EDUCATION OR THE LABOUR FORCE				
Both parents working	67	53	n/a	30
One parent working	29	34	55	47
No parent working	4	13	45	0
Unknown	0	0	0	23

Source: HILDA Survey, Wave 1 beta data, June 2002

42 The data show that:

- Nearly all of the young people at age 14, irrespective of their current economic participation status, had at least one parent working if they were living with both natural parents. That said, young people who were not economically active had a slightly higher proportion of both parents working (67 per cent), whereas young people who were economically active had a slightly higher proportion where at least one parent was working (36 per cent).
- Among young people not in economic activity who were living in a step-family at age 14, 13 per cent had neither parent working compared with 9 per cent of young people reporting economic activity who were in the same living arrangement at this age.
- Around 70 per cent of sole parents of young people at age 14, who are currently in economic activity, were working, compared with 55 per cent of sole parents of young people that age not currently in economic activity.
- Young people at age 14 not living with either natural parent were less likely to have a parent in work than young people living with at least one natural parent at this age.

they had two mothers/fathers (eg natural father who they kept in close contact with and a step-father they were close to), they were then asked to identify the one who had the most influence on them, or failing that, the parent they spent the most time with up until aged 14.

43 These findings, therefore, point to particularly poorer employment outcomes among sole parents of young people who were not economically active and the families of young people who were not living with either natural parent.

CURRENT LIVING ARRANGEMENTS

44 Young people in economic activity were most likely to be living in the family home (61 per cent), whereas young people not in economic activity were most likely to be living outside the family home (68 per cent). They were also more likely to have left the family home at an earlier age (16.8 years, compared with 18 years for young people in economic activity).

45 Also, young people not in economic activity are from larger families, having on average 3.2 siblings compared with 2.4 siblings for young people in economic activity. The majority (52 per cent) of young people not in economic activity have three or more siblings, whereas the majority (64 per cent) of young people in economic activity have one or two siblings (see [Table 7](#)).

TABLE 7: PRESENCE OF SIBLINGS, BY ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

PRESENCE OF SIBLINGS	ECONOMIC PARTICIPATION STATUS (%)		
	YOUNG PEOPLE		
	NO EDUCATION OR LABOUR FORCE ACTIVITY	IN EDUCATION OR THE LABOUR FORCE	ALL
Presence of siblings	96	94	94
Number of siblings			
One	20	28	28
Two	28	36	35
Three	20	19	19
Four or more	32	17	18
Average no. of siblings (mean)	3.2	2.4	2.5
Sample size (N=)	149	2,103	2,252

Source: HILDA Survey, Wave 1 beta data, June 2002

46 Survey respondents were asked to rate, on a scale of 0 to 10, how satisfied they are with the relationship with their natural parents and with the home in which they live.

- Among young people living in the family home, young people in economic activity were slightly more satisfied with their relationship with their natural parent(s) than those not in economic activity (86 per cent, compared with 78 per cent).
- Among those not living in the family home, a slightly lower proportion of young people irrespective of their economic participation status rated their

relationship with their natural parent(s) as satisfactory (82 per cent, compared with 72 per cent).

47 The somewhat higher proportion of young people not in economic activity who rated their relationship with their natural parent(s) as less than satisfactory is perhaps best explained by the reason they provided for not living with both natural parents. Ten per cent of these young people compared with 3 per cent of young people reporting economic activity were not living with both natural parents due to a relationship breakdown with their parent(s) or foster care placement or adoption (see [Table 8](#)).

TABLE 8: REASON NOT LIVING WITH BOTH OWN PARENTS AT AGE 14, BY ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

REASON	ECONOMIC PARTICIPATION STATUS (%)		
	YOUNG PEOPLE		
	NO EDUCATION OR LABOUR FORCE ACTIVITY	IN EDUCATION OR THE LABOUR FORCE	ALL
Parents separated or divorced	72	77	76
One or both parents died	8	10	10
Parents never married/lived together	6	6	6
Did not get on with parents	5	2	2
Fostered/adopted out	5	1	1
Parent(s) were ill	1.5	0.5	0.5
Other	2.5	3.5	4.5
Sample size (N=)	72	521	593

Source: HILDA Survey, Wave 1, June 2002

48 Levels of satisfaction among young people with the home in which they live were considerably more positive among young people in economic activity. Some 83 per cent of these young people were satisfied with the home in which they live, compared with 64 per cent of young people reporting no economic activity. This finding suggests that other factors in addition to the quality of the relationship between young people and their natural parent(s) have impacted upon the way they feel about the home in which they live.

49 To explain the considerably lower level of satisfaction among young people not in economic activity with the home in which they live, responses to questions about different aspects of home life are examined below. These include levels of satisfaction with one's financial situation, personal safety, neighbourhood, feeling part of the local community and life as a whole.

50 [Table 9](#), which summarises these findings, points to lower levels of satisfaction with all these aspects of home life among young people not in economic activity. Most significantly:

- They were twice as likely as young people reporting economic participation to say they were not satisfied with their financial situation (40 per cent, compared with 20 per cent).
- They were also four times more likely than young people reporting economic participation to be completely unsatisfied¹⁷ with their involvement in the life of their community (13 per cent, compared with 3 per cent). The resultant social alienation would add to the difficulties of making a successful transition from economic non-participation to the workforce.

51 Notwithstanding the overall differences between these two groups, nearly three quarters (73 per cent) of young people not in economic activity were satisfied with their life as a whole.

TABLE 9: LIFE SATISFACTION WITH ASPECTS OF HOME LIFE, BY ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

HOME LIFE ASPECT	LIFE SATISFACTION (%)			
	Mean Score	RATINGS		
		Unsatisfied (0 to 3)	Neutral (4 to 6)	Satisfied (7 to 10)
YOUNG PEOPLE IN EDUCATION OR THE LABOUR FORCE				
The home	8.1	4	13	83
Financial situation	5.8	20	37	43
Personal safety	8.2	3	12	85
Neighbourhood	7.7	5	17	78
Feeling part of the local community	6.3	13	36	51
Life as a whole	8.0	1	10	89
YOUNG PEOPLE NOT IN EDUCATION OR THE LABOUR FORCE				
The home	7.0	10	26	64
Financial situation	4.3	40	36	24
Personal safety	7.6	6	20	74
Neighbourhood	7.4	9	20	71
Feeling part of the local community	5.4	30	28	42
Life as a whole	7.4	8	19	73

Source: HILDA Survey, Wave 1 beta data, June 2002

SELECTED DEMOGRAPHIC AND INCOME SUPPORT CHARACTERISTICS AND EDUCATIONAL ATTAINMENT

52 Attachment B provides a summary of selected demographic and income support characteristics of young people and how these differed by economic participation status. The data show distinct differences among young people according to whether or not they were engaged in economic activity.

53 First, the majority of young people reporting economic activity were young men (52 per cent), whereas young women predominated in the group reporting no economic activity (66 per cent).

¹⁷ Comprising a rating of zero only.

54 Second, young people reporting no economic activity were older on average, with around two thirds aged 20 to 24, compared with less than half (47 per cent) of the economically active group.

55 Third, while the majority of young people in both economic participation status categories were single, those reporting no economic activity were somewhat more likely to be a member of a couple (38 per cent, compared with 24 per cent of young people reporting economic activity).

56 Fourth, young people reporting no economic activity were much more likely to be parents (nearly half, compared with three per cent of young people reporting economic activity). Of these parents, one fifth of all young people not engaged in economic activity were sole parents compared with only one per cent of those reporting economic activity.

57 Fifth, nine per cent of young people not in economic activity were born in non-English speaking countries compared with 14 per cent of those in economic activity. Indigenous young people, however, were over represented in the group reporting no economic activity (13 per cent, compared with three per cent of young people reporting economic activity).

58 Sixth, the incidence of reported disability/long-term health condition among young people not in economic activity was almost three times higher than young people in economic activity (26 per cent, compared with 9 per cent).

59 Seventh, three in five young people reporting no economic activity received a social security payment compared with one in five young people reporting economic activity. There were also differences in the types of payments they received.

- Young people who were not economically active were most likely to be in receipt of Parenting Payment, with 28 per cent in this category. Also, nearly one quarter were getting Youth Allowance, Austudy or Newstart Allowance, i.e. payments related to their student or labour force status.¹⁸ The remainder (8 per cent) were on Disability Support Pension or Sickness Allowance.
- Nearly all income support recipients (18 per cent) reporting economic activity received Youth Allowance, Austudy or Newstart Allowance.

60 Finally, young people not in economic activity were somewhat more likely to be living outside the capital cities (46 per cent, compared with 34 per cent of young people in economic activity).

61 Table 10 shows how levels of educational attainment differed between young people engaged in economic activity and those who were not.

¹⁸ Short-term exemptions from participation in these activities are available where personal circumstances indicate that a person might have difficulty in fulfilling the requirements placed upon them (e.g. temporary incapacity).

TABLE 10: EDUCATIONAL ATTAINMENT, BY ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

EDUCATIONAL ATTAINMENT	ECONOMIC PARTICIPATION STATUS (%)		
	YOUNG PEOPLE		
	NO EDUCATION OR LABOUR FORCE ACTIVITY	IN EDUCATION OR THE LABOUR FORCE	ALL
Has completed Year 12	29	55	54
Has post school qualifications*	22	31	31
Highest education level achieved#			
Certificate	84	58	59
Diploma	9	15	14
Bachelor Degree	7	25	24
Post-graduate	0	3	3
Sample size (N=)	149	2,103	2,252

Excludes young people attending secondary school

As a proportion of all young people with a post school qualification

Source: HILDA Survey, Wave 1 beta data, June 2002

62 The data reveal that young people reporting economic activity had achieved considerably higher levels of education overall. They were nearly twice as likely as young people reporting no economic activity to have completed Year 12 (55 per cent, compared with 29 per cent) and were somewhat more likely to be holders of a post school qualification (31 per cent, compared with 22 per cent).

63 Of the young people with a post school qualification, the vast majority (84 per cent) not in economic activity had a certificate qualification as their highest level of education attained. In contrast, 43 per cent of young people in economic activity had a higher qualification (i.e. diploma, university degree or post-graduate qualification) as their highest level of education attained.

ECONOMIC NON-PARTICIPANT GROUP (NOT IN EDUCATION OR THE LABOUR FORCE)

64 Table 11 provides the main reason for not working given by young people who were neither studying or in the labour force. More than a quarter (28 per cent) reported childcare responsibilities as the principal reason for not working. This represents 57 per cent of all parents in the group reporting no economic activity. There is a risk that young women in this situation, whether a sole parent or partnered, may be more vulnerable to future economic dependence and marginalisation.¹⁹

65 The second most common reason given for not working was illness, injury or disability, with a somewhat lesser proportion (9 per cent) in this category. The fact that around one quarter of young people reporting no economic activity said they had a disability or long-term health condition suggests that, for the majority of these young people, the presence of a medical condition does not interfere with their employment prospects.

66 It should be noted that the small group who said they were not working because they were moving house or were on holidays coincides with the proportion who indicated they would be returning to study (7 per cent). This finding may also reflect that these young people were between states at the time they were surveyed.

TABLE 11: MAIN REASON FOR NOT WORKING, YOUNG PEOPLE 15 TO 24 YEARS NOT ENGAGED IN ECONOMIC ACTIVITY

MAIN REASON FOR NOT WORKING#	YOUNG PEOPLE (%)
	NON-PARTICIPANTS
Childcare responsibilities	28
Health reasons	9
Moving house/On holidays	7
Lacks work experience	6
Lacks necessary training or qualifications	5
Pregnancy/Maternity leave	4
No jobs available (at all, in line of work, locality, etc)	3
Sample size (N=)	147

Multiple responses for some individuals

Source: HILDA Survey, Wave 1 beta data, June 2002

67 Survey respondents were also asked to rate, on a scale of 0 to 10, how satisfied they are with their job opportunities and the importance of having a job. Young people in economic activity were twice as likely as young people not in economic activity to say that they were satisfied with their job opportunities²⁰ (62 per cent, compared with 30 per cent). The fact that a larger proportion of young people not in

¹⁹ Collins, C. et al (2000), *ibid*.

²⁰ Derived by aggregating ratings 7 to 10.

economic activity were living outside the capital cities (46 per cent) suggests that there may be fewer job opportunities for these young people.

68 Young people in economic activity were 29 percentage points more likely than those not in economic activity to say it was important to have a job²¹ (77 per cent, compared with 48 per cent). This possibly reflects the importance of other activities among young people reporting no economic activity, such as parental responsibilities as discussed above, and their psychological adjustment to not having a job.

CONCLUSION

69 This paper examined the interaction between being young, educational participation, educational attainment and labour force participation. Because there is a critical absence of information about the group of young people who are not studying and not in the labour force, particular attention was given to this group who are at most risk of experiencing long-term socioeconomic disadvantage or marginalisation.

70 In keeping with a life transitions framework, the findings confirm that young people enjoy a strong attachment to both the education system and the labour force. Some 94 per cent of young people were involved in either education or labour force activity. The findings point to the importance of increased educational attainment to having employment, especially participation in education to the Year 12 level.

71 The proportion of young people experiencing substantial transition difficulties – the group reporting no involvement in either education or labour force activity - was small (6 per cent). They were over represented in families affected by the separation or divorce of their parents and were more likely to be living outside the family home as a result of child welfare concerns. The findings also point to poorer employment outcomes of the parents of these young people.

72 Women aged 20 to 24 who were living independently predominated in this group at most risk of experiencing long-term socioeconomic disadvantage or marginalisation. Early school leavers, indigenous young people, parents and social security recipients were over represented in this group. The fact that they were also disproportionately represented in locations outside the capital cities suggests that the transition outcomes for this group are also affected by non-personal characteristics. They were most likely to report childcare responsibilities as the principal reason stopping them from working. The least satisfactory aspects of their lives were with their employment opportunities, financial situation and their involvement in the life of their local community.

73 It is important that future research using subsequent waves of data from the HILDA Survey systematically track and monitor this youth cohort (economic non-participants) through their transition years and beyond to see whether their circumstances improve or worsen over time. Areas of inquiry could include:

- The impact of early parenting on labour force participation or study;

²¹ Derived by aggregating ratings 7 to 10.

- Whether the apparent returns from education are sustained over time; and
- Whether life satisfaction indicators in the areas of finances and attachment to the community improve with age and greater labour force attachment.

Future work could also look at the occupational status of young people and how this changes with greater labour force experience and movement from study into full-time work.

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TABLE A1: LABOUR FORCE STATUS OF YOUNG PEOPLE 15 TO 24 YEARS, BY WHETHER OR NOT THEY HAVE COMPLETED YEAR 12#

LABOUR FORCE STATUS	PROPORTION (%)			
	Young People			Working Age Population
	Male	Female	All	
Has completed Year 12				
Employed	78	78	78	81
Unemployed	9	6	7	4
Not in the labour force	14	16	15	15
Has not completed Year 12				
Employed	66	46	58	65
Unemployed	22	17	20	7
Not in the labour force	12	37	22	28
Total				
Employed	73	69	71	75
Unemployed	14	9	12	5
Not in the labour force	13	22	17	22
Sample size (N=)	786	799	1,585	11,279

Excludes young people attending secondary school
 Source: HILDA Survey, Wave 1 beta data, June 2002

TABLE A2: LABOUR FORCE STATUS OF YOUNG PEOPLE 15 TO 24 YEARS WITH AND WITHOUT A POST SCHOOL QUALIFICATION, BY GENDER#

LABOUR FORCE STATUS	PROPORTION (%)			
	Young People			Working Age Population
	Male	Female	All	
Has post school qualification				
Employed	82	79	80	80
Unemployed	9	7	8	4
Not in the labour force	9	15	12	16
No post school qualification				
Employed	68	61	65	63
Unemployed	17	11	14	7
Not in the labour force	16	28	21	30
Total				
Employed	73	69	71	73
Unemployed	14	9	12	5
Not in the labour force	13	22	17	22
Sample size (N=)	786	799	1,585	11,279

Excludes young people attending secondary school
 Source: HILDA Survey, Wave 1 beta data, June 2002

SELECTED DEMOGRAPHIC AND INCOME SUPPORT CHARACTERISTICS, BY ECONOMIC PARTICIPATION STATUS, YOUNG PEOPLE 15 TO 24 YEARS

DEMOGRAPHIC AND INCOME SUPPORT CHARACTERISTICS	ECONOMIC PARTICIPATION STATUS (%)		
	YOUNG PEOPLE		
	NO EDUCATION OR LABOUR FORCE ACTIVITY	IN EDUCATION OR THE LABOUR FORCE	ALL
Proportion (%)	6	94	100
Gender			
Male	34	52	51
Female	66	48	49
Age			
15 to 19 years	33	53	52
20 to 24 years	67	47	48
Average age (years) (mean)	20.8	19.3	19.4
Family status			
Single, no children	43	84	82
Soleparent	20	1	2
Couple, no children	9	12	12
Couple with children	29	2	4
Country of birth			
Australia	84	82	82
<i>Indigenous Australians</i>	13	3	4
Main English speaking	7	4	5
Non-English speaking	9	14	14
Has disability/long-term health condition	26	9	10
Receives income support	60	20	23
Payment type			
Youth Allowance/Austudy	12	15	15
Newstart Allowance	12	3	4
Parenting Payment	28	1	2
<i>Single</i>	19	-	-
<i>Partnered</i>	9	-	-
Disability Support Pension/ Sickness Allowance	8	1	1
Location			
City	54	66	65
Non-city	46	34	35
Sample size (N=)	149	2,103	2,252

Source: HILDA Survey, Wave 1 beta data, June 2002