

Executive summary

This report examines the time it takes young Australians to obtain their first job after they complete their education. This is an important issue because the first experiences of young people entering the labour market may affect their future labour market successes or failures. The unique information contained in the employment calendar of the 1995 cohort of the Longitudinal Surveys of Australian Youth (LSAY) is used to estimate the factors associated with the length of time between completing education and commencing work.

The report distinguishes between different levels of education, the most pertinent distinction being between: (i) less than Year 12, (ii) Year 12, (iii) vocational education and training (VET), and (iv) higher education (university). It also distinguishes between getting any job (including casual, fixed-term, and part-time) and getting a full-time continuing job with paid leave entitlements. Since gender differences were found to be empirically strong from the outset, the analysis is performed for men and women separately.

Considerable work went into the preparation of the data, in particular through the construction of a complete monthly employment calendar for all those who reported their post-school education qualifications. A number of sensitivity analyses were necessary due to the high attrition present in the data, and to determine the appropriate handling of factors for which we have limited information. All such work is reported in a support document.

The report employed multivariate regression analysis to estimate the duration between completing education and obtaining work using the method of piecewise constant hazards. This method is known to be particularly powerful and robust for handling data that may be problematic in ways that are not clearly known, or which cannot be explicitly modelled even when known. These regression methods are called ‘flexible’ or ‘semi-parametric’.

The report finds that level of education is the prime factor influencing the speed at which young people obtain work after they leave the education sector. When it comes to getting any job, completion of Year 12 is almost as useful as a VET or university qualification for getting a job quickly. The disadvantaged group are those who did not complete school. When it comes to getting a full-time permanent job, the advantage of Year 12 completion is smaller, but still present. About 40 months after completing their education, those with Year 12 only had similar job participation results to those with VET and university qualifications.

The report finds strong gender differences. Education appears to play a smaller role for the men in the sample than it does for the women. The differences are large. A man with a degree obtains work five times faster than a man who did not complete Year 12, while a woman with a degree obtains work eight times faster than a woman having less than Year 12. Similar differences are present when we consider the speed of getting a full-time continuing job.

This report shows very clearly that the importance of education for labour market entrants is that it not only leads to better wages, but also to obtaining a job faster. About a quarter of the sampled youth with less than Year 12 education had not obtained any work by the end of the LSAY observation period. This provides a serious warning regarding the long-term prospects of this subset of the younger Australian workforce. The prognoses for skills and career development for these young people are grim.
