Executive summary

By and large, youth transitions can be seen as a process of movement from one state (of being a child and dependent on others) to another state (of being 'grown up' and largely independent of others). Normally, we would judge an individual's transition from childhood successful if the individual becomes an adult who is fully engaged in employment or study (or a combination of both); financially independent of their parents; and making a positive contribution to the economy and broader society.

Higher levels of educational attainment are generally associated with more successful post-school outcomes. But how does vocational education and training (VET) or university study contribute to successful youth transitions and is the effect the same for different groups of young people? Do those who are less academic benefit from completing Year 12 or from undertaking post-school study to the same extent as their more academic peers?

This paper identifies various education pathways involving school and post-school study, and then assesses the effectiveness of these pathways in relation to post-school outcomes. In contrast to a more orthodox approach contingent on educational attainment, our approach focuses on early decisions about, rather than completion of, the various education pathways. This approach allows an individual to change their mind. For example, they may enter an apprenticeship but then decide not to complete it. Our definition of pathways relates to the initial choice of education path (or lack of it), not educational outcomes. The outcomes are measured at age 25 years, since the Longitudinal Surveys of Australian Youth (LSAY) data, which is the basis for the paper, cut off at this age. Coincidentally, this is a reasonable age to assume that youth transition has been or is nearly completed.

The pathways we consider capture the most important elements of Australia's education and training system: completion of Year 12, apprenticeship and traineeships, institutional vocational education and training and university post-school study. To determine our criteria for a successful youth transition, we reviewed outcome measures used by other researchers and devised a set of 'successful' outcome measures within the constraints of the LSAY data. The selection of post-school outcomes drew heavily on employment-related measures, comprising full-time study or work, full-time employment only, job status of full-time employment, job status of part-time work (for women not in full-time work or study because of family commitments) and gross weekly pay of full-time employment. We also drew upon a number of lifestyle outcomes—financial wellbeing, life satisfaction, work satisfaction and having children (for women).

As individuals make their own decisions about their path, the characteristics of the individuals in each pathway may differ. In an experimental design setting, the background characteristics can be controlled by randomly assigning individuals to each of the given pathways. The level of success can then be measured and directly attributed to the pathways. In this paper, in order to overcome the self-selection of individuals into pathways, propensity score analysis has been used.

Essentially, we exploit the rich set of characteristics offered by LSAY to calculate the academic orientation of each individual. We then use this as a control variable in a multivariate regression which models success as a function of the various treatments. In addition, we add an interaction term between academic orientation and the pathway. This allows for the possibility that an

academic pathway might well be good for those with an academic inclination but not for someone whose academic orientation is low.

In examining which pathways are most successful, our first finding is that pathways are of little importance for a number of the outcome variables. For males, pathways only have salience for satisfaction with life, the occupational status of full-time workers and the weekly pay of full-time workers. For the other outcomes (engagement with full-time work or study, full-time employment, financial wellbeing, satisfaction with work), the paths do not really matter. For males we find that an apprenticeship after completing Year 12 offers the best pay at age 25 years; pathways involving apprenticeships or traineeships lead to greater levels of satisfaction with life than does university study; and university study leads to jobs with high occupational status.

While the best path for males differs across the outcomes, it is the case that Year 12 completion is part of each of these paths.

For females, paths play a more important role in achieving a successful outcome, but not for financial wellbeing, occupational status for part-time workers or satisfaction with life or work. The best pathway for females is clearly completion of Year 12 followed by university study. This is true for those with a relatively low academic orientation as well as those with a high academic orientation.

The analysis shows that neither the completion of Year 12 nor undertaking VET (relative to no further study) is necessarily a good thing in terms of the transition process. This suggests that policy pushes to promote Year 12 completion or further study must be tempered by a realisation that successful pathways do not necessarily involve these elements. That said, the best pathways for both males and females do involve the completion of Year 12. Year 12 and university is the best path for females, while for males the best pathways involve Year 12 followed by (depending on which outcome variable is considered) an apprenticeship, a traineeship or university study.

In making these observations we need to be very aware that we are talking about averages and that there will be a wide distribution of results. Further, we have considered a set of successful outcomes, with age 25 as the end point of the transition for youth. Outcomes at later ages will differ. Specifically, the high occupational status for the university pathway will translate into higher pay at later ages.

Finally, we note that the analysis is restricted to one cohort—those who completed Year 12 in 1998. This cohort of young people entered the labour market when it was buoyant. Therefore it is possible that the success of various pathways would differ in a less friendly labour market. This observation leads to another salient point: irrespective of the success of the education and training system in providing young people with appropriate skills, information and the like, good transitions are ultimately dependent upon a prosperous economy and a buoyant labour market.