

Factors Influencing Youth Unemployment in Australia: 1980-1994

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EXECUTIVE SUMMARY

This paper examines unemployment among Australian young people between 1980 and 1994. The data are obtained from the four Youth in Transition cohorts born in 1961, 1965, 1970 and 1975. We investigate the factors that influence becoming unemployed and leaving unemployment. The factors examined in the analysis of becoming unemployed include social and demographic background factors, the national unemployment rate, school factors including school achievement, post-secondary qualifications and unemployment history. Gender, school achievement, well-being, year 12 completion, marriage and post-school qualifications were investigated as influences on unemployment duration.

The main findings from this study are as follows:

- Low school achievement in literacy and numeracy was consistently associated with youth unemployment, with effects continuing through to the age of 33;
- Year 12 completion reduced the incidence of unemployment, especially between the ages of 18 and 22, after controlling for school achievement and background factors;
- Post-school qualifications were of little benefit in preventing unemployment, after controlling for the effects of school achievement and year 12 completion;
- Men were generally more likely to become unemployed and were less likely to exit unemployment compared to women when post-school qualifications and labour market experience were taken into account;
- Age had a strong effect, net of other factors, with older young people less likely to become unemployed;
- Background characteristics such as socioeconomic background and ethnicity had moderate effects on becoming unemployed, net of other factors;
- The national unemployment rate for the whole labour force had a positive relationship with youth unemployment in the two older cohorts;
- Influences on the duration of unemployment were school achievement, year 12 completion (only at age 18), having a degree (at age 22), marriage, and especially unemployment experience. The detrimental effect of unemployment experience has increased over time.