



fya

The New Work Reality

FYA's New Work Order
report series



The Foundation for Young Australians (FYA) is committed to young people, their futures and the contribution they can make to Australia. At FYA, we believe young people are ambitious, creative and capable of rethinking the world and solving tomorrow's problems today. FYA is a national for-purpose organisation that is all about backing the next generation of young people who are going to rethink the world and create a better future. At FYA we connect and inspire young changemakers - the innovators, the makers, the dreamers, the thinkers, the doers and the creators.

Find out more at fya.org.au

FYA would like to acknowledge the traditional custodians of the land throughout Australia. We pay our respects to their elders past, present and emerging, for they hold the memories, the traditions, the culture and hopes of Indigenous Australia. We acknowledge that Aboriginal and/or Torres Strait Islander people continue to live in spiritual and sacred relationships with this country.

This report is part of FYA's series the 'New Work Order'.

This report was prepared by the Foundation for Young Australians in partnership with AlphaBeta, who conducted data analysis.



AlphaBeta is a strategy and economic advisory business serving clients across Australia and Asia from offices in Sydney, Canberra and Singapore. For further information on the data in this report, contact AlphaBeta via sydney@alphabeta.com

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Foreword

For at least the past century, Australia's promise to our young people has been that education is their 'golden ticket' to a full-time job. That promise is now at risk. Since being launched in 2015, the Foundation for Young Australians' (FYA) **New Work Order** report series has provided insights into the evolving world of work and the skills young people need to develop in order to navigate these changes.

The reports highlight the transformational changes affecting the way we work and live. Technological advancement and global trends are changing the nature of work, the structure of economies, and the types of skills needed by labour forces across the world. The reports revealed that the average transition time from education to work is 4.7 years compared to 1 year in 1986. We wanted to look more deeply into this period and what young people could do during this time to accelerate their transition to full-time work.

Following the journeys of 14,000 young people over ten years, from ages 15 to 25, our sixth installment in this series, **The New Work Reality**, reveals that young Australians face a number of significant barriers when seeking full-time work. When we removed common activities that young people do, such as gap years and returning for further education to look more deeply at the period we found it took on average 2.6 years to transition from leaving education to full-time work.

The reality is while nearly 60% of young Australians aged 25 hold a post-school qualification, 50% of them are unable to secure more than 35 hours of work per week.

The report highlights that young Australians, whose voices are often absent from debates about education, training and employment, lack confidence about their working futures. Among 18 to 24 year-olds looking for work, 28% reported anxiety in the previous year and more than 40% said they were affected by stress.

Through comparing the journeys of young people who have secured full-time work compared to those who haven't, the report identifies four factors that can accelerate the transition from full-time education to full-time work.

These are:

- an education that builds enterprise skills;
- being able to undertake relevant paid work experience;
- finding employment in a sector which is growing; and
- an optimistic mindset.

More than ever before, young people need access to relevant, high-quality education and learning systems that reflect and respond to their changing and diverse needs, and those of the economy. Investment in redesigning learning pathways from education to work to ensure young Australians are equipped and empowered with the skills, mindset and confidence to navigate *The New Work Reality* is essential.

FYA believes this investment should include:

- A nation-building education strategy to redesign the learning system and curriculum from preschool through higher education (and beyond);
- A commitment to work integrated models of learning to ensure opportunities to gain critical relevant work experience; and
- A targeted policy to strengthen the focus on mental well-being to prepare young people entering this transition period in their lives.

The New Work Reality report offers unique insights into how young people are feeling about work, putting their perspectives at the centre. While the new reality of work presents risks, there are also significant opportunities for young Australians. To take advantage of these opportunities we need to ensure every young person is equipped for a lifetime of learning, diverse ways of working, and the hearts and minds to help build the future.

Jan Owen AM

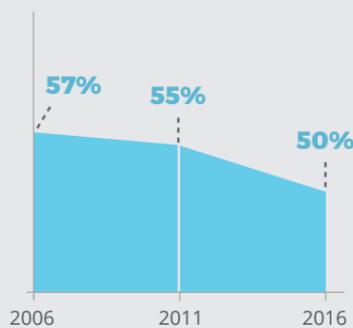
CEO, Foundation for Young Australians

SNAPSHOT

This report followed 14,000 young people's journey over a decade (15 to 25 years old) and found...

At 25 years-old

50%
are not working
full-time*



*Note: Working full-time is defined by the Australian Bureau of Statistics as working 35+ hours per week.

Full-time education

Young people are better educated than in the past with almost 60% of 25 year-olds holding a post-school qualification.



Barriers young people identified to full-time work

- Not enough work experience
- Lack of appropriate education
- Lack of career management skills
- Not enough jobs

Accelerating factors to gaining full-time work

- Building enterprise skills in education
17 months faster
- Relevant paid employment
12 months faster
- Paid employment in future focused clusters
5 months faster
- An optimistic mindset**
2 months faster

The New Work Reality

Full-time work

Full-time work is increasingly precarious and difficult to attain.

1 full-time job

Multiple jobs

Casual full-time employment



The Carers

The Informers

The Technologists

**Note: Respondents were asked at 18 years-old whether they were happy with their career prospects at 18.

Source: Census table builder (2006, 2011, 2016), AlphaBeta analysis. LSAY 2006 cohort, AlphaBeta analysis. Australian Bureau of Statistics (1992-2013), Australian Labour Market, cat. No. 6105.0. Australian Bureau of Statistics (1978-2018), Labour Force, cat. no. 6202.0. Foundation for Young Australians (2016), "The New Work Mindset".



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Executive Summary

Australia's promise

The transition to adulthood has traditionally been marked by the completion of key milestones such as completing school and further study, leaving home and becoming financially independent. The prospect of a good job that pays a fair wage has been key to Australia's promise to our young people and their future prosperity.

Work has long been recognised as important for not just livelihood. It helps us meet our most basic and complex needs, providing a path towards financial security, mental and physical health, dignity and meaning.

Until recently it has been reasonable to assume that a young person would secure full-time work and be financially independent by 25 years of age. But as the world of work changes the transition to full-time work is increasingly becoming longer for young people. They are spending more time in education to gain access to the growing number of jobs that require post-school qualifications, and the promise of secure full-time work is becoming more uncertain.

At 25, young people are increasingly reporting they feel like they can't get anywhere and are struggling to navigate a career path in a rapidly changing world of work. This has been termed by some as the quarter-life crisis with reported prevalence increasing.¹

Struggling financially more than their parents did, this 'crisis' period of the mid-twenties is characterised by insecurities, disappointments, loneliness and depression. The stark reality is that today's generation of young people is the first to be worse off than their parents on a number of key social and economic measures.²

Prolonged periods of unemployment and underemployment have serious implications on a young person's self-esteem and general mental health as they transition to adulthood. Today 40% of young people identify as having low levels of social and emotional wellbeing.³ Among 18 to 24 year-olds who are looking for work, 28% reported anxiety in the previous year and 41% said they were affected by stress.⁴

This report explores the transition period from full-time education to full-time work and reveals that by the age of 25, only half of young Australians have been able to secure more than 35 hours of work per week which classifies them to be full-time employed (ABS definition).⁵ It also shows that on the journey to reach full-time work, an estimated 21% work full-time hours in casual employment, and 18% do so through multiple jobs.⁶

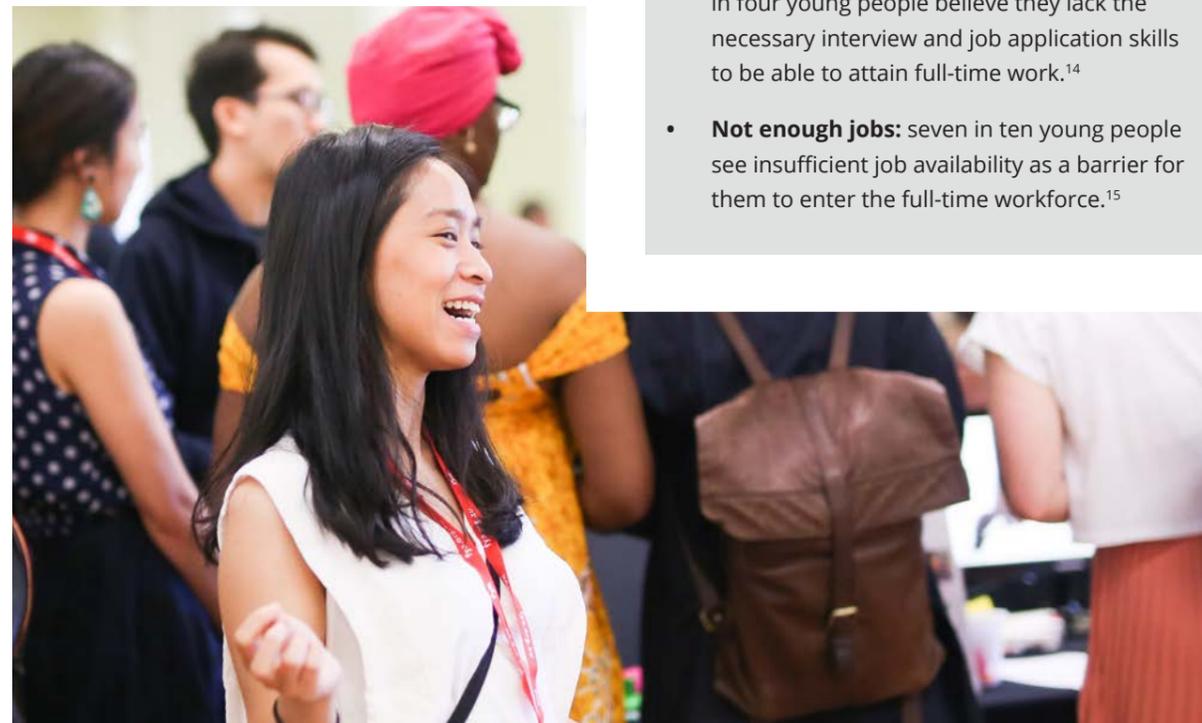
The New Work Order

FYA's *New Work Order* report series highlights the increasing dynamism and complexity of our working lives, where today's 15 year-olds will likely navigate 17 changes in employer across 5 different careers.⁷ This report reveals that traditional full-time work is becoming increasingly out of reach for young people today.

This reality has prompted the Organisation for Economic Co-operation and Development (OECD) to encourage countries to more deeply consider providing "a better start in the labour market" for young people as "vital for improving their well-being and fostering greater social cohesion."⁸ This challenge only continues to grow as automation, globalisation and more flexible working arrangements reshape our economy and work.

By analysing the individual journeys of 14,000 young people over ten years (from when they are 15 years old to when they turn 25) using data from the Longitudinal Survey of Australian Youth (LSAY) this report sheds unprecedented light on new transitions to work and demonstrates that the changing nature of work is already impacting on young Australians.

For our young people the future of work is already here.



Barriers to work

Despite higher levels of education attainment, with nearly 60% of 25 year-olds holding a higher level of education than secondary school⁹, entering the full-time workforce is proving a significant challenge for this generation, and also for Australia.

31.5% of young people are unemployed or underemployed. Having so many young people out of the workforce costs our economy 790 million lost hours of work each year, equating to up to \$15.9 billion in lost GDP to the Australian economy annually.¹⁰ The social impact is equally compelling - loss of confidence, hope and self-esteem has led to mental health issues costing Australia \$7.2 billion per annum.¹¹

From the perspective of young people, the key barriers preventing them from transitioning to full-time work are:

- **Not enough work experience:** three in four young people do not believe they possess the relevant vocational and practical work experience to gain full-time work.¹²
- **Lack of appropriate education:** half of young people believe they lack the technical skills needed to gain full-time work.¹³
- **Lack of career management skills:** one in four young people believe they lack the necessary interview and job application skills to be able to attain full-time work.¹⁴
- **Not enough jobs:** seven in ten young people see insufficient job availability as a barrier for them to enter the full-time workforce.¹⁵

Accelerating the transition

This report investigates what is enabling and supporting young people to accelerate their transition and what our systems can do to support young people during this time. On average the transition from full-time education to full-time work took the young people in LSAY 2.6 years.

It identifies four significant factors that can accelerate the speed of transition from full-time education to working full-time hours:

- **Enterprise skills:** courses that teach enterprise skills (such as problem-solving, communication and teamwork) can increase the speed of attaining full-time work by 17 months.¹⁶
- **Relevant paid employment:** combining studying and working in a job that is within your desired job cluster can speed up the transition. Seven clusters of work were identified as part of FYA's *New Work Mindset* research earlier in this series.¹⁷ By working 2,000 hours in a relevant job a young person can accelerate the transition by 5 months, and by working 5,000 hours a young person can accelerate the transition by 12 months.¹⁸
- **Future focussed clusters:**¹⁹ by choosing employment with a strong future focus a young person can speed up the transition by 5 months.²⁰ FYA's previous research identified three clusters of jobs that are more future focussed: The Carers, The Technologists and The Informers²¹ young people who chose work within these clusters transitioned faster.
- **An optimistic mindset:** A young person who is happy with their career prospects begins working full-time hours two months faster than a young person who is not happy with their career prospects.²² Mindset and wellbeing can greatly impact the opportunities that a young person perceives are available to them.

Preparing young people for the new work reality

Currently young people are bearing the burden of this increasingly complex transition to 'adulthood.' The report uncovers how young people and the systems that support them can accelerate the transition to work and provide protections from the quarter life crisis.

Importantly the research has also been able to isolate demographic factors and determine what can help to level the playing field for young people who have traditionally been further disadvantaged, either due to their socio-economic status or gender.

To ensure young Australians are prepared and equipped with the skills and capabilities required to successfully navigate their futures there is an urgent need to:

- Equip young people with the career management skills they need to navigate the new work reality
- Encourage young people to choose pathways that will equip them with enterprise skills that are portable to many jobs in their future which are key to successful transitions
- Consider new models for work integrated learning to ensure young people can gain the critical relevant work experience they need alongside their education
- Ensure our systems support well-being for young people entering this transition period in their lives

The skills and capabilities we build today will determine whether Australia's young people are ready to take on the challenges of the future for decades to come.

Glossary



Enterprise skills - Enterprise skills are transferable skills such as problem solving, communication, teamwork, and creativity.



Technical skills - Technical skills are often specific to a particular task, role or industry and can include qualifications such as licenses or certifications.



The New Work Reality

It is a commonly held belief that by 25, we stop being young and transition to adulthood. But reaching 25 years-old today presents a very different reality.

In the past, by 25 years of age, we might assume that a young person would be finished their formal education, have secured full-time work and be financially independent from their parents.

Work has long been recognised as important for not just livelihood, it helps us meet our most basic and complex needs, providing a path towards financial security, mental and physical health, dignity and meaning.

However, while more likely to have a qualification, half of Australia's 25 year-olds are not yet working full-time hours.²³ This has a profound impact on their ability to become financially independent. Instead many 25 year-olds are stuck in transition, leaving their youth behind but unable to enter the traditional idea of 'adulthood'.

While transitions from education to employment have significantly changed, many societal expectations regarding when and how young people should reach adulthood have not. Many 25 year-olds now face a period of insecurity and doubt surrounding their career and finances, sometimes termed a 'quarter life crisis'. The prevalence of this tumultuous period is increasing, with some estimations indicating that 75% of young people have experienced a quarter life crisis.²⁴

For at least the past century, the prospect of a good job that pays a fair wage has been part of Australia's promise to our young people. So what happens when we can't keep that promise?

Over the past decade there has been a decline in the proportion of 25 year-olds in full-time work, from 57% in 2006 to 50% in 2016.²⁵ This difficulty securing full-time hours is further complicated by the way full-time hours are being achieved. Where once the expectation was that full-time hours were gained through a single job, almost one in ten 25 year-olds who are working full-time hours today are doing so through multiple jobs.²⁶

Twenty five year-olds today are more educated than ever before, with nearly 60% holding a post school qualification.²⁷ Yet this increased attainment in education is not effectively preparing them to successfully transition into the world of work.

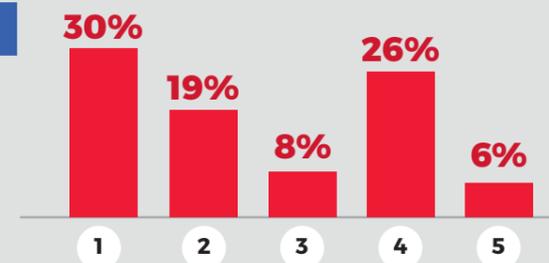
FYA's *New Work Order* series highlights the increasingly complex and dynamic working world young people will navigate, where they on average will have 17 jobs across 5 different careers.²⁸ Instead of blaming young Australians for the systemic and seismic changes taking place in the world and their impact upon those under 25, we need to rethink pathways from education to work to ensure our young people are equipped with the skills and capabilities to succeed.

FIGURE 1

What does a 25 year old look like today?

Level of education:

The highest level of education attainment for 25 year-olds in 2016

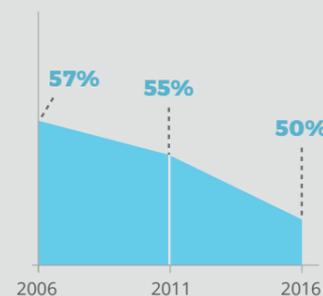


1. High School 2. Certificate Level 3. Advanced Diploma & Diploma Level 4. Bachelor's Degree 5. Postgraduate Degree

Level of employment:

Only half of 25 year-olds are in full-time work

This is down from **57%** in 2006



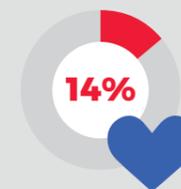
Of the **50%** not employed full-time

25% are employed part-time including those also studying

10% are studying and not working

15% are not working or studying

Young people who are no longer studying and not yet employed full-time are engaged in non-paid activities including:



spending their time volunteering



caring for children

Source: Census table builder (2006, 2011, 2016), AlphaBeta analysis.

No longer a linear journey

The proportion of young Australians in full-time work prior to age 25 has also declined markedly over the past 30 years. In 1980, 53% of 15 to 24 year-olds were in full-time work, compared to only 26% today (Figure 2).²⁹ Although some of this decline has been driven by young people spending longer in post-school education, many young people would like to work more if they had the opportunity. In other words, young people are underutilised in the labour market.

Labour underutilisation includes those people who are unemployed, underemployed and marginally attached to the workforce.³⁰ Underutilisation can have a significant impact on the people who experience it, their families, the community and the economy. There is concern that people whose aspirations for work are not being realised may suffer in a number of ways - personally, financially and socially.

The underutilisation rate for 15 to 24 year-olds has increased from 19% to 30% over the past decade, well above the forty-year average of 24%.³¹ Additionally, young people aged 15 to 24 now comprise 26.6% of the long-term unemployed pool

despite only making up 12.8% of the population.³² For young people in particular, extended periods of underemployment increase the risk of unemployment.³³ Underemployment can also lead to declining long term mental health including depression, chronic disease and low self-esteem.³⁴

How young people create a full-time workload is also changing. The number of young people working full-time hours in casual jobs has almost doubled since 1992. In 2017 an estimated 21% of 15 to 24 year-olds were working in full-time casual employment³⁵, which provides less security and does not give access to leave provisions that permanent part-time and full-time employees experience. In addition to the significant increase in casual employment, 18% of young people are currently working in multiple jobs simultaneously to reach full-time working hours (Figure 3).³⁶

This has significant implications on a young person's life transitions. A young person in precarious employment is likely facing greater difficulties in making steady superannuation contributions, in accessing mortgages and other financial services, and may not have access to carers or annual leave.



FIGURE 3

Full-time work for young people is more precarious, with increasing numbers of young people working full-time hours in either casual employment or by juggling multiple jobs.

Of 15 to 24 year-olds working full-time...

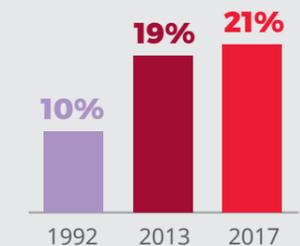
18%

work full-time hours by juggling multiple jobs.*



21%

are estimated to work full-time in casual employment without access to security or benefits.** This has doubled since 1992.



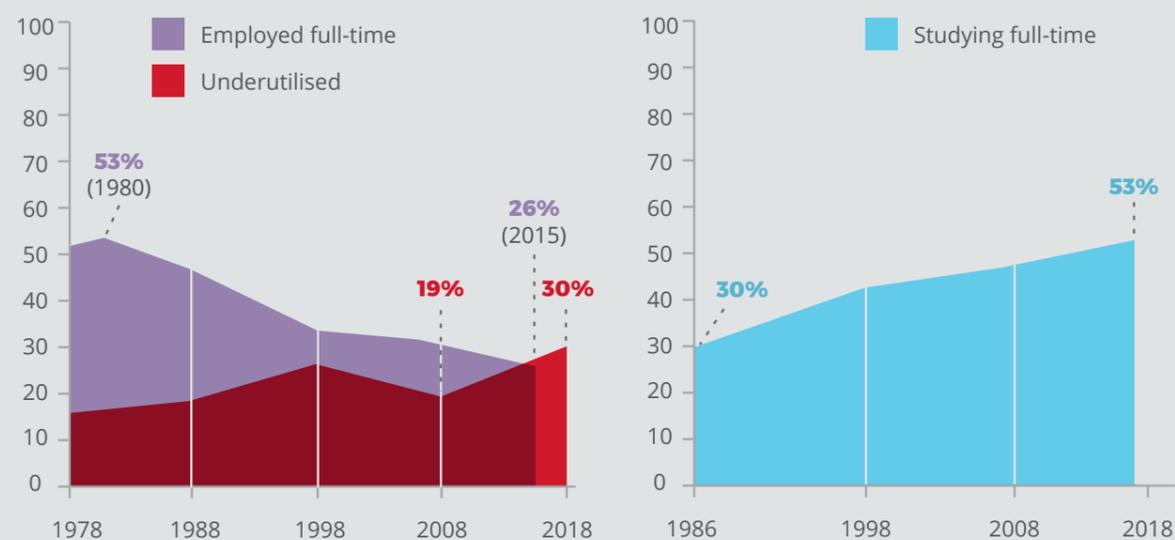
*Note: LSAY data is not typically used to report proportion, due to challenges with representativeness. Values have been reweighted using suggested LSAY weights.

**Note: Assuming current trends continue, see appendix for methodology.

Source: Australian Bureau of Statistics (1992-2013), Australian Labour Market, cat. No. 6105.0. Australian Bureau of Statistics (1978-2018), Labour Force, cat. no. 6202.0. LSAY 2006-16 cohort, AlphaBeta analysis.

FIGURE 2

Over the past 30 years full-time work has declined for 15 to 24 year-olds. More are unemployed or underemployed, while studying full-time has risen.



Note: A person is considered to be working full-time if they worked 35 hours or more in all jobs in the week prior to Census night. A person is considered to be underutilised if they are unemployed, underemployed and marginally attached to the labour force.

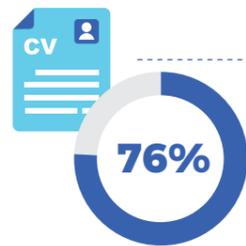
Source: Australian Bureau of Statistics (1978-2015), Labour Force, cat. no. 6291.0.55.001. Australian Bureau of Statistics (1978-2018), Labour Force, cat. no. 6202.0. AlphaBeta analysis.

Barriers to Work

In order to equip young people with the skills and capabilities they need to make the transition to full-time work, we need to better understand the barriers that are preventing them from making successful transitions.

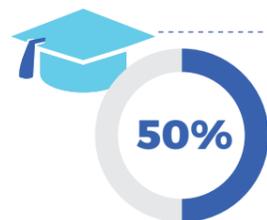
FIGURE 4

Young people who had not attained full-time work by 25 identified a range of factors impacting their ability to gain full-time work.



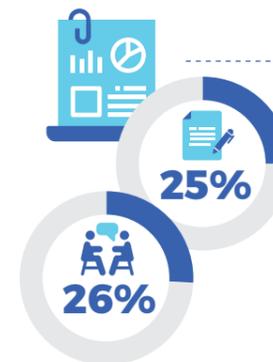
Not enough work experience:

- More than three in four of the young people (76%) do not believe they possess the relevant vocational and practical work experience to gain full-time hours of work.³⁷
- Work experience helps young people understand the workplace and build critical enterprise skills such as problem solving and communication.



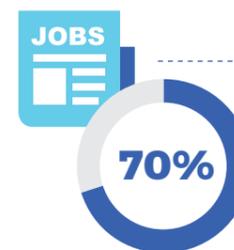
Lack of appropriate education:

- 50% of young people believe they do not have the appropriate education.³⁸
- Lack of appropriate education is also apparent for those who have found work, with more than one in four (28.2%) of university graduates who gained full-time work felt they were not using their skills or education in their current employment.³⁹
- This implies a mismatch between the education young people are receiving and the skills and capabilities required in the future of work.



Lack of career management skills:

- Young people believe they lack the necessary interview skills (26%) and job application skills (25%) to be able to attain full-time work.
- Given the dynamic and complex nature of the future of work, these skills are imperative to a young person being able to manage their career effectively.⁴⁰



Not enough jobs:

- Young peoples' perception is supported by the reality that automation is predicted to radically affect 70% of entry level jobs.⁴¹
- Entry level positions are particularly at risk with 60% of students being trained in jobs that will be radically changed by automation.⁴²
- Of the lowest skilled occupations in Australia in 2017, 83% experienced above average unemployment, these roles include Retail Assistants, Telemarketers, Cafe Workers, Concreters and Labourers⁴³. The Retail Trade, Accommodation and Food Services and Construction industries employ around half of all young workers (15 to 24 years old)⁴⁴, so above average unemployment in these occupations disproportionately affects young people.

Source: LSAY 2006 cohort.



Accelerating the Transition

This report uses longitudinal microdata that follows the journey of young people over a decade to reveal that the factors that can accelerate the transition from full-time education to full-time work.

Methodology in brief

FIGURE 5

Identifying the factors that enable young people to gain full-time work faster after finishing full-time education

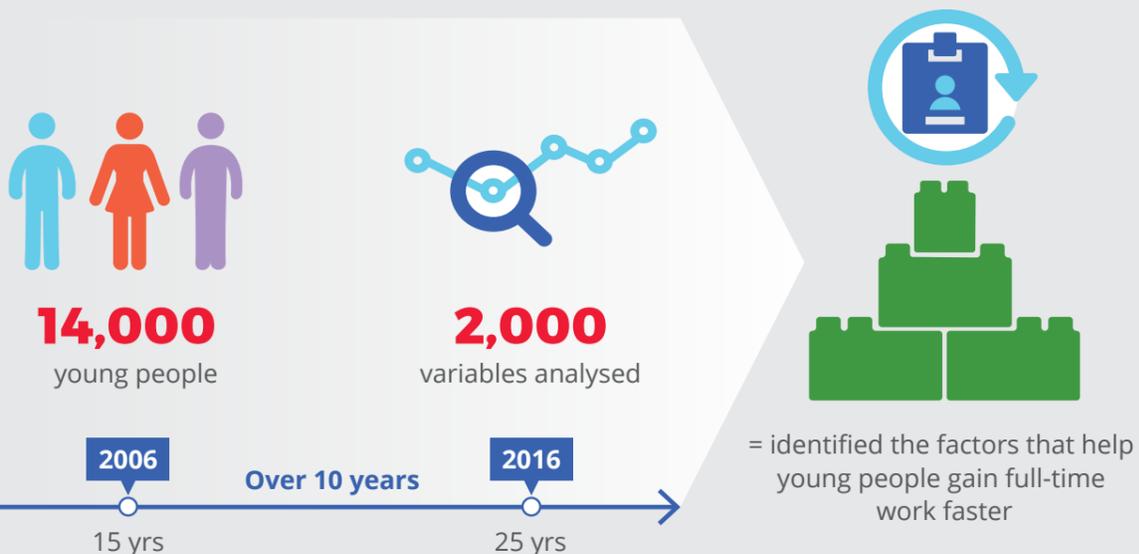


FIGURE 6

LSAY data set

About the survey



The Longitudinal Survey of Australian Youth collects information on the lives of young people over 10 years, from age 15 to 25. To date, there have been 6 cohorts of roughly 14,000 young people, which have started the annual survey:

- 1995
- 1998
- 2003
- 2006
- 2009
- 2016

This report utilises the 2006 cohort, as they are the most recent group to complete the study (completed in 2016).

About the data



Comprises over 2,000 variables which include: school, training, social activities and work. Integrated with OECD surveys and methods.

High level overview of the methodology

1. Data preparation



- a. Include the participants who completed the survey over the full 10-year timeframe
- b. Construct variables of interest (duration between full-time education and employment, work experience, qualifications completed)
- c. Dependent variable: the number of years taken to find full-time work after leaving education

2. Data analysis



- a. Identify the factors that affect time take to enter full-time work through regression analysis (e.g. Education & employment, demographic factors)
- b. Only highly significant factors are reported ($p > 0.1$)
- c. Controls for occupations, year of finishing education, level of education completed, course of study and demographic factors

Sample size: 2,275 (n) in the regression.

The four factors

This report shows that an education that builds enterprise skills, being able to undertake relevant paid work experience, finding paid employment in a sector which is growing and an optimistic mindset are the four most significant factors that can accelerate the transition from full-time education to full-time work (Figure 7). On average, this transition took 2.6 years.

This analysis has also been able to isolate demographic factors and determined activities that can assist to level the playing field for young people from diverse

backgrounds who have traditionally been further disadvantaged, either due to their socio-economic status or gender (Figure 15).

For example, if a young person who comes from a low socio-economic area is able to access activities that develop enterprise skills and provide experience in relevant paid employment that can enable them to enter the full-time workforce at the same speed, or even faster than, a young person from a high socio-economic area who has not developed enterprise skills or completed relevant paid employment.

Young people who are able to build transferable enterprise skills, such as problem-solving, communication and teamwork through formal education can accelerate their transition to full-time work by 17 months.⁴⁵

These critical enterprise skills were developed through different learning environments, including university and vocational settings. More than half (55%) of the young people who said they had developed enterprise skills in their course had completed a bachelor's degree, 20% acquired certificate-level qualifications and 12% earned a diploma or advanced diploma.⁴⁶

It is critically important that young people are able to both develop and demonstrate their enterprise

skills through formal education as they continue to be proven to be a powerful predictor of long-term job success as jobs of the future demand enterprise skills 70% more than jobs of the past.⁴⁷

Developing enterprise skills has also been shown to support young people from lower socio-economic areas transition to full-time work faster than higher socio-economic areas without enterprise skills. For example, a male student from a lower socio-economic area who undertakes a course to develop his enterprise skills was found to begin working full-time hours, on average, 11 months faster than a male from a higher socio-economic area who does not complete a course that develops his enterprise skills (Case Study 1).⁴⁸

FIGURE 7

What activities lead to faster entry to full-time work?



Source: LSAY 2006 cohort, AlphaBeta analysis.

Build your transferable enterprise skills

FIGURE 8

Building enterprise skills through education and training accelerates the transition to full-time work by 17 months

Building enterprise skills = 17 months faster
(e.g. problem solving, communication, and teamwork)

Note: Respondents were asked whether their course built specific skills, including separate questions for problem solving, communication and teamwork.

Source: LSAY 2006 cohort, AlphaBeta analysis.



Case study 1

Meet Tony

Bio

Tony has always known that he likes working with people. He has been told regularly that he has excellent customer service skills. Tony has recently finished secondary school and would like to go straight into work rather than further study. Tony lives in a low socio-economic area.



Journey to full-time work

Tony decides to get a job at a small nearby cafe, as that suits his desire to work with people. After working full-time hours Tony decides he is ready to do further study. He reduces his hours at the cafe and enrolls in a two year part-time Certificate III in Hospitality at a TAFE nearby.

Once he has completed his certificate, Tony applies for a job in a customer service role at a hotel. Tony's interviewer is impressed by the skills he gained in his previous role and through his course. Tony's Certificate helped him build his problem-solving, teamwork and communication skills, and when combined with the skills he learnt at the cafe, he was clearly qualified and received a full-time job offer. Tony continued to work his way up through the ranks and eventually became the General Manager.

Compared to a person from a high socio-economic area that has not completed a course developing enterprise skills, Tony enters full-time work 11 months faster.

Result

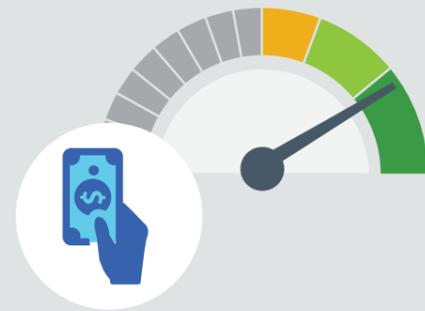


Gain relevant paid employment

FIGURE 9

5,000 hours of relevant paid employment accelerates the transition to full-time work by 12 months

5,000 hours relevant paid employment = **12** months faster



Source: LSAY 2006 cohort, AlphaBeta analysis.

Critical to an effective transition to full-time work is gaining relevant paid employment while undertaking study. The more hours undertaken in relevant paid employment also has a direct correlation to the speed of transition to full-time work. For example, a student with 2,000 hours of relevant paid employment was found to make the transition to full-time work 5 months faster than a student without relevant experience. A student with 5,000 hours of relevant paid employment was found to accelerate the transition by 12 months (Figure 10).⁴⁹

While this volume of paid employment may sound

overwhelming, it can be gained in various ways that complement formal education. For example, 2,000 hours of relevant paid employment equals 10 hours of part-time work per week for 4 years or a combination of a 3 month internship and 10 hours of part-time work per week for 3 years, which could be built up alongside the gaining of a qualification.

5,000 hours of relevant paid employment can be built up by working 25 hours per week while studying for 3 years and 10 months, and be undertaken alongside part-time study over this period. Alternatively a young person could complete two 3 month internships and also work part-time (25 hours per week) for 3 years and 2 months (Figure 10).

FIGURE 10

How relevant paid work experience can lead to faster entry into full-time work

5,000 hours of relevant paid employment

12 months faster

A 25 hrs/week part-time for 3 years and 10 months

or

B 25 hrs/week part-time work for 3 years and 2 months

+

2 lots of 3 month internships (working 35+ hrs/week)

2,000 hours of relevant paid employment

5 months faster

A 10 hrs/week part-time for 4 years

or

B 10 hrs/week part-time for 3 years

+

3 month internship (working 35+ hrs/week)

Source: LSAY 2006 cohort, AlphaBeta analysis.

In order to determine what relevant paid work experience is, young people could choose to work in an entry level or early career job within their desired job cluster in order to build relevant transferable skills.

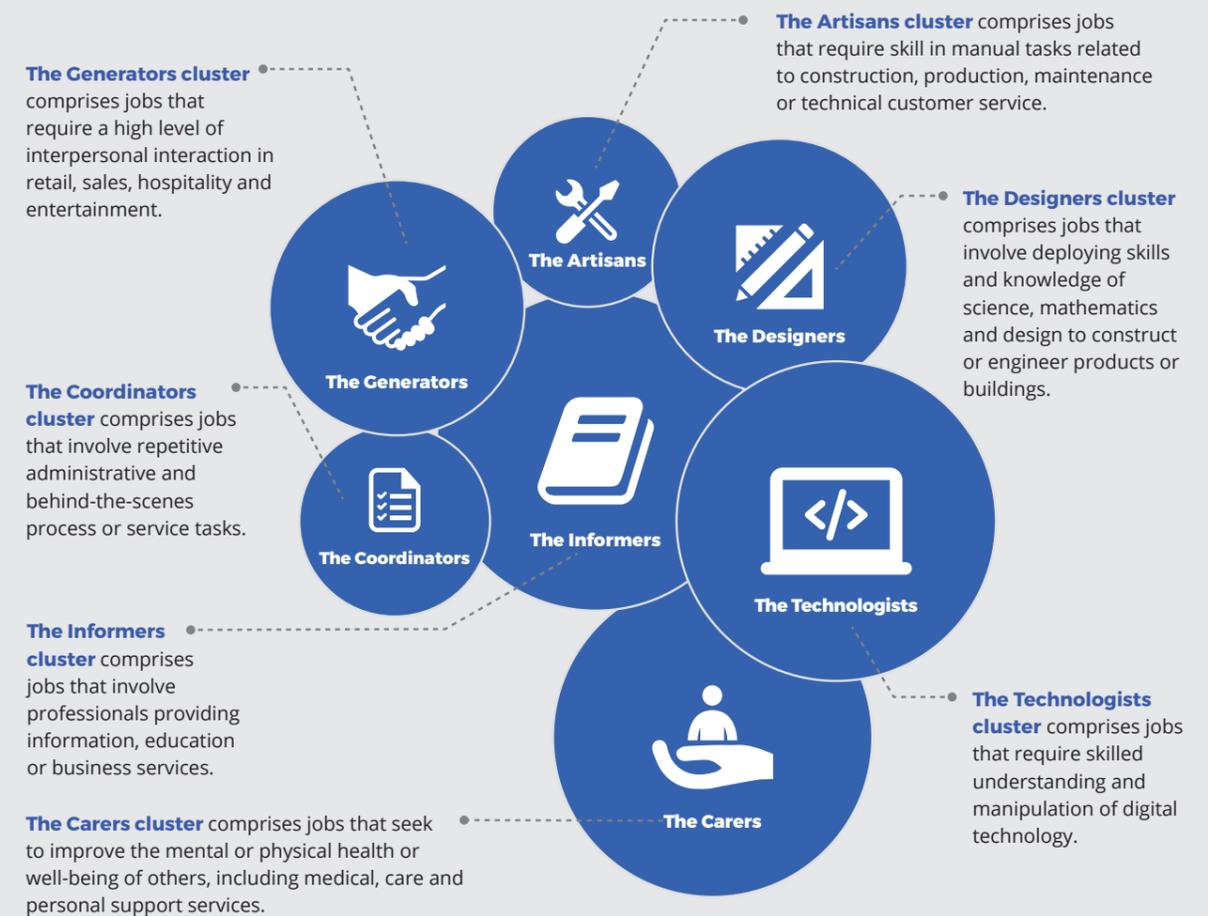
Rather than making study and work decisions based on a narrow concept of a lifelong occupation, we can encourage young people to think about the broader direction of work type they want to perform and to build a portfolio of skills that give them a wide range of options.

The overlap in skills demanded by employers, means a young person can think about the cluster of work they want to move within rather than which of the economy's 1000+ jobs they want.

When making the decision about relevant work experience, a young person can consider the job cluster that best fits their interests and strengths, and about the various roles that it might open up throughout their working life.

7 job clusters in Australia

There are more than 1,000 different occupations in Australia. This might seem like a bewildering choice for a young person starting their career, but actually many of these jobs are related in the sense that they involve similar skills, day-to-day tasks and work environments (some of which are surprising).



Source: Foundation for Young Australians (2016), "The New Work Mindset"

Example early career occupations in each job cluster



The Generators: Young people often gain early career experience in this job cluster through roles like sales assistant, autoglazier, telemarketer, retail supervisor, kitchenhand, sports coach or instructor and shelf filler.



The Artisans: Young people often gain early career experience in this job cluster through roles such as carpenter, roof tiler, mining support worker, drainer, electrician, plumber, air-conditioning & refrigeration mechanic, and motor mechanic.



The Carers: Young people often gain early career experience in this job cluster through roles such as dental assistant, childcare worker, veterinary nurse, beauty therapist, and fitness instructor.



The Coordinators: Young people often gain early career experience in this job cluster through roles such as bar attendant, office cashier, service station attendant, and fast food cook.



The Designers: Young people typically often gain early career experience in this job cluster through roles such as civil engineering draftsman, quantity surveyor, metallurgist, industrial designer, structural engineer, and civil engineer.



The Informers: Young people often gain early career experience in this job cluster through jobs like recruitment consultant, event organiser, bank worker, PR professional, statistical clerk, marketing specialist, private tutor, and multimedia designer.



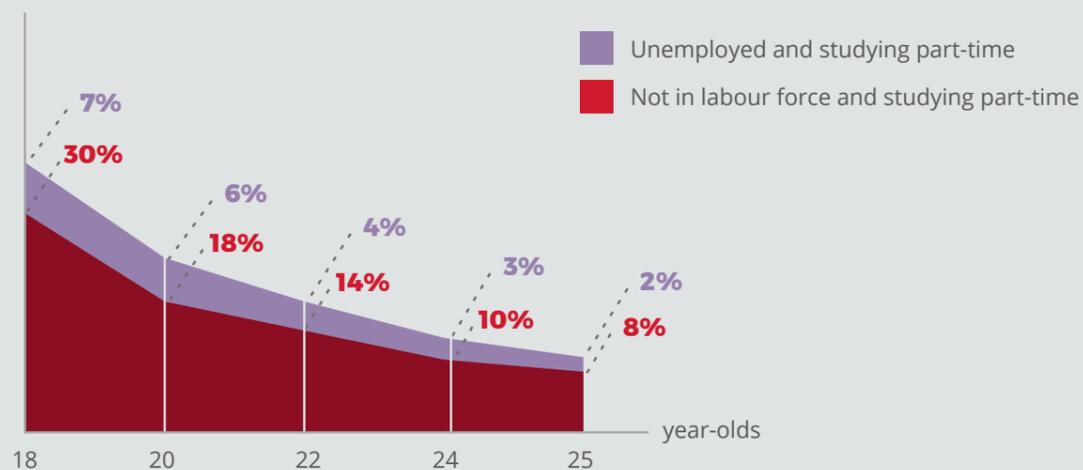
The Technologists: Young people often gain early career experience in this job cluster through roles like web developer, web designer and web administrator.

Understanding the types of jobs that employers typically offer to young people can help them gain valuable early career experience. This will enable them to develop essential skills required to move within a job cluster.

Source: Foundation for Young Australians (2016), "The New Work Mindset".

FIGURE 11

There is an opportunity to support more young people to undertake part-time work while studying



Source: Census table builder (2016), AlphaBeta analysis.

Young people found relevant paid employment largely in the following three clusters:

- The Generators (37% of the young people who accelerated their transition by relevant paid employment did so through Sales positions)
- The Carers (27% were Community and Personal Service Workers)
- The Artisans (15% were Labourers)

Currently there are a large number of young people undertaking study but are not engaged in any work (Figure 11). There is an opportunity to increase this proportion and support more young people to speed up their transition to full-time work following their education by creating opportunities for them to engage in the workforce from an earlier age. For example, at 18 years-old, 30% of young people undertaking study are not in the labour force and by age 22, there are still 14% of young people undertaking study who are not engaged in the labour force.⁵⁰

Case study 2

Meet Preeti

Bio

Preeti has recently completed her first year of university, and while she is unsure what job cluster she wants to fit into, she knows she is interested in biology, chemistry and physics. She thinks she will probably end up in the Designers or the Informers cluster.



Journey to full-time work

Preeti has now finished university for the year and has a three month break which she wants to fill with a paid internship. She has seen a few jobs available for a Research Assistant, and she knows that undertaking relevant work experience will help her gain skills that will be transferable to her future jobs.

Preeti was successful in one of her interviews and gained a Research Assistant role. During her three month internship she developed skills in research, data analysis and organic chemistry. Preeti made a great impression at this internship and was offered a position to work part-time two days a week. She continued working in this position during her entire four year degree, meaning that she was able to gain 3,000 hours of relevant paid employment. Preeti was able to translate the skills she built during the relevant paid employment into the full-time job that she obtained shortly after her graduation.

Result



7 months faster to full-time work

Compared to a person who has not completed relevant paid employment Preeti entered full-time work 7 months faster.



Focus on experience within a future focussed cluster

FIGURE 12

Paid employment in a future focussed cluster accelerates the transition to full-time work by 5 months

Paid employment in a future focussed cluster = 5 months faster



Source: LSAY 2006 cohort, AlphaBeta analysis.

Within FYA's 7 job clusters, the individual occupations were ranked on likely future growth and resistance to automation.⁵¹ The clusters with the strongest future growth were: The Carers, The Informers and The Technologists.⁵² These three job clusters are the future focussed clusters. Young people gaining relevant paid experience within these future focussed clusters can speed up the transition to full-time work by an additional 5 months.

Young people who have gained paid employment alongside their education in the areas of health, professional and technical services, and information technology began working full-time hours on average 5 months faster than those without experience.

FIGURE 13

The Future Focussed Clusters

The Technologists

Job Growth (2010-15)

19%

Affected by automation

50%

Future Prospect

Strong

Example occupations:

Programmers	Web Developer
Software engineers	Developer Programmer
Web developers	ICT Business Analyst
Database administrators	Database Administrator
Web designers	Security Consultant
Software and Applications	Analyst Programmer
Programmers nec	Web Designer
Software Engineer	Web Administrator

The Carers

Job Growth (2010-15)

18%

Affected by automation

26%

Future Prospect

Strong

Example occupations:

General practitioners
Nurses
Podiatrists
Dental technicians
Health promotion officers
Pharmacists
Veterinarians
Radio-graphers
Physio-therapists
Tour guides
Beauty therapists
Make-up artists
Community health workers
Massage therapists
Cardiac technicians
Anaesthetic technicians
Childcare workers
Special education teachers
Fitness instructors
Emergency service workers
Psychiatrists
Paramedics
Surgeons
Social workers
Occupational therapists

The Informers

Job Growth (2010-15)

7.6%

Affected by automation

36%

Future Prospect

Strong

Example occupations:

Policy analysts
Statisticians
Physicists
Gallery or museum curators
Economists
Laboratory managers
Human resource advisers
OH&S advisers
Financial brokers
Solicitors
Technical writers
Actuaries
Detectives
Organisational psychologists
Market research analysts
Journalists
Primary & secondary school teachers



Source: Foundation for Young Australians (2016), "The New Work Mindset".



Case study 3

Meet Sam

Job cluster

The Carers

Bio

Sam has always been interested in healthcare, their sister and mother are both nurses and they find their work inspiring. So Sam think that The Carers cluster suits their interests and strengths in connecting with people. This is great because Sam knows that The Carers cluster is likely to experience strong growth in the future.

Result



5 months faster to full-time work



Journey to full-time work

After graduating from High School, Sam had an opportunity to develop their experience in the field they were interested in through a Certificate III in Allied Health. The program was very appealing to Sam as it combined theoretical and hands-on technical training. This course had a work experience component, which meant that they were able to work in an allied health workplace. This experience was extremely positive and Sam decided that full-time work in the allied health field was what they wanted to do next.

The experience of relevant paid employment in a growing sector, and the relevant training they received made them a great candidate for a full-time position. Sam was able to get a job shortly after finishing school.

Compared to a person who has not completed relevant paid employment in a future focussed cluster Sam was able to enter full-time work 5 months faster.

Mindset matters

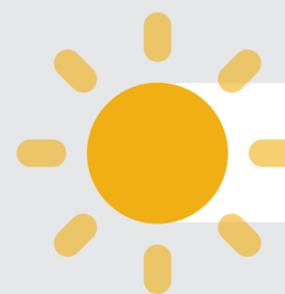
This report also uncovers that a young person's mindset affects the speed of their transition period.

On average, a young person at age 18 who is happy with their career prospects begins working full-time two months faster than a young person who is not happy with their career prospects.⁵³

It is imperative that we do not set up young people with unrealistic expectations or deadlines on achievement of key milestones. Instead we must support young people to view their journey to full-time work as an opportunity for growth and a time to build their portfolio of skills and capabilities that will ease this increasingly difficult transition period to employment.

FIGURE 14

An optimistic mindset can drive faster entry to full-time work



An optimistic mindset

2 months faster



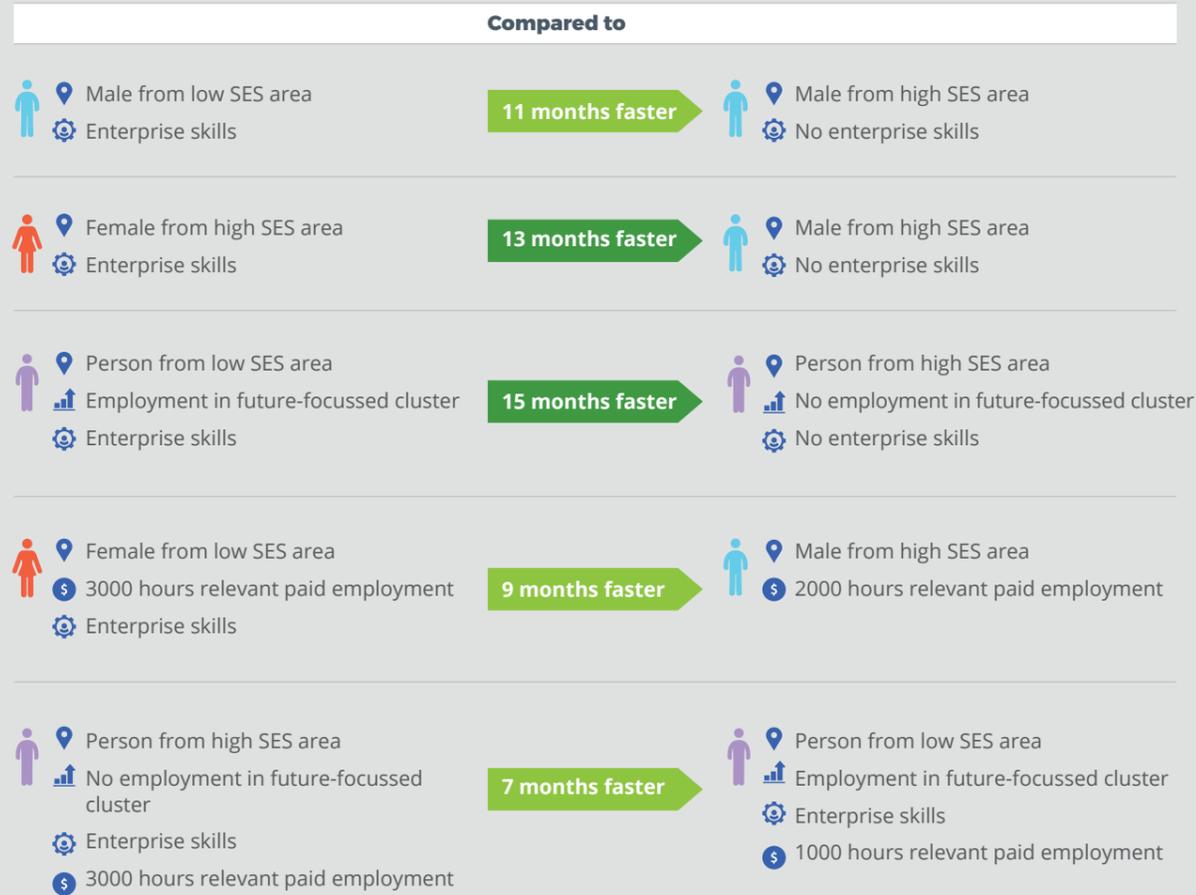
Full-time employment

Note: Respondents were asked at 18 years-old whether they were happy with their career prospects at 18.
Source: LSAY 2006 cohort, AlphaBeta analysis.

FIGURE 15

Examples of factors accelerating entry to full-time work

This analysis also isolates demographic factors and determined activities that can assist to level the playing field for young people who have traditionally been further disadvantaged, either due to their socio-economic status or gender.



Note: SES refers to socio-economic status.
Source: LSAY 2006 cohort, AlphaBeta analysis.





Implications for Policy Makers, Educators and Young People

It is not simply the responsibility of young people to adapt to this new work reality.

Our systems must also adapt so they are best able to support young people in this increasingly difficult transition period to full-time work. We must ensure our young people are not being set up to fail.

In order to support young people we need to effectively prepare them for the reality that only half are able to secure full-time hours by age 25. Instead of asking why is it taking young people so much longer to reach independent adulthood, we should be asking how can we support young people in new ways to navigate through this transition phase in their lives.

FYA's *New Work Order* report series has highlighted the critical shift in mindset that is needed which reflects a more dynamic future of work where linear careers will be far less common.⁵⁴

Career management skills

To effectively prepare young people for the future of work, the skills to manage and navigate career are critical. We must shift the mindset away from thinking there is only a single career pathway. Instead we need to support young people to develop a portfolio of skills, knowledge and attitudes that will expand and deepen over time and become highly portable across many jobs and sectors. This can translate into a new nationwide careers education strategy that includes:

- Curriculum renewal to integrate and assess careers education through multiple subjects, rather than as a separate discipline, including exploring the right links to general capabilities.
- Parent engagement strategies to support their children's engagement in careers learning.
- Careers learning activities and work exposure opportunities provided in ways that young people want to learn: through experience, immersion and with peers, both in and outside of the classroom.
- There must also be new focus on ensuring young people can identify the skills they are developing through their formal post school study.

Enterprise skills

This report highlights the importance of building enterprise skills to accelerate a young person's transition to full-time work. We must:

- Encourage young people to choose pathways that will equip them with enterprise skills that are portable to many jobs in their future and which are key to successful transitions between jobs.
- Ensure senior secondary years educate beyond knowledge based domains and focus on building a broader set of skills and capabilities including enterprise skills.
- Help young people better identify the skills they are developing through ensuring enterprise skills are measured and assessed alongside knowledge based domains.
- Publish in course information provided by tertiary education providers the different enterprise skills that young people will be equipped with upon completion of the course.



Work integrated learning

Policy makers should consider new models for work integrated learning to ensure young people can gain the critical relevant work experience they need alongside their education. This can be through encouraging forms of learning and training that build in relevant paid employment, such as apprenticeships. While apprenticeships are currently largely focussed on trade focussed professions, there is an opportunity

to expand the model to more future focussed industries⁵⁵ through the introduction of higher apprenticeships.⁵⁶

With the support of the Federal Government, Siemens and Ai Group, as well as PwC have recently launched a new higher apprenticeship model, underpinning the value of combining training and practical work experience for young people in future focussed industries.

Endnotes

Executive Summary

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¹⁹ In a previous report published by FYA, The New Work Mindset, growth clusters were identified. 'Growth clusters' included 'The Carers', 'The Informers' and 'The Technologists'. These clusters have been linked to associated 1-digit ANZSIC codes [Q: Health Care and Social Assistance, M: Professional, Scientific and Technical Services, J: Information Media and Telecommunications, K: Financial and Insurance Services]. These growth clusters are identified in this report as future focussed clusters as they are more resilient to the global forces affecting the future of work.

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Higher apprenticeships in action

PwC



PwC have engaged some of Australia's largest employers, from both the public and private sector to establish integrated work-based training programs that create vocational pathways into professional, business, IT and financial services.

Programs will give more choice to young people who want to work straight after school and provide valuable career progression opportunities, especially for those from disadvantaged backgrounds. The program will offer work experience, mentoring and accredited training delivered by registered training providers.

Source: PwC (2016), "PwC to design and pilot higher apprenticeships for professional and business sectors."

SIEMENS

Siemens and Ai Group



The Ai Group in conjunction with Siemens Ltd and Swinburne University of Technology are piloting a new technology apprenticeship model. The pilot will involve 20 participants, who upon completion will receive a Diploma or Associate Degree in Applied Technology. The program places post Year 12 school leavers in positions at leading technology companies. The apprenticeship aims to combine university and vocational learning models and provide a pathway to a bachelor's degree.

Employers will train future employees and equip them with high-level technological skills that meet the particular needs of the industry.

Source: Ai Group (2016), "Ai Group leads high-level industry 4.0 apprenticeship initiative".

Well-being in the changing world of work

We must place a strong focus on mental well-being for preparing young people to enter this transition period in their lives, this should include targeted policy interventions for young people during this period.

Our education system is currently focussed on technical and foundational skills and our young people leaving without the enterprise skills required to thrive in the future of work.

Globally, Australia is falling behind in renewing our learning and education systems and there is an

increasing urgency that now is the time we need to ensure our response is adequate to the challenges our young people are facing.

Solutions can be found if we can move beyond divisions and harness the passion and expertise across systems to collaborate.

Our policy choices today will determine whether Australia's young people are ready to take on the challenges of the future for decades to come. These are not just challenges for individual young people. They are challenges for our nation.



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Accelerating the Transition

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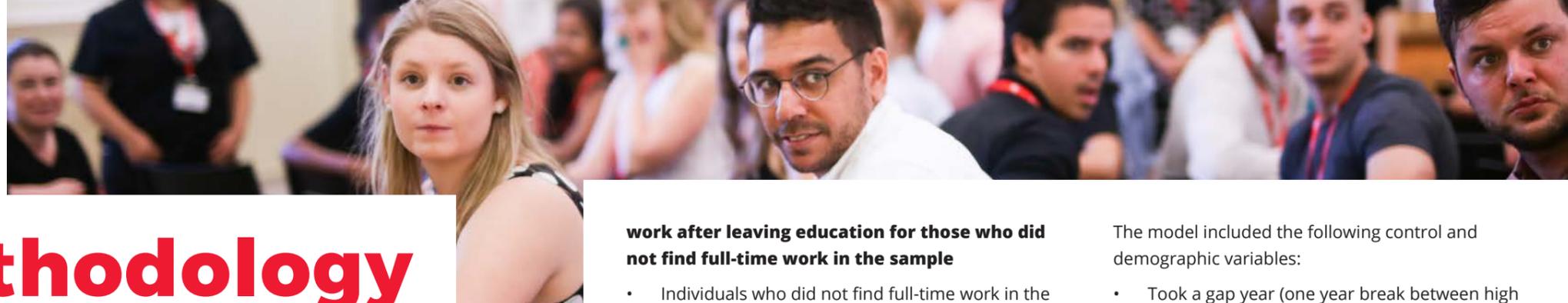
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Appendix: Detailed Methodology



A key data source used in this analysis was the Longitudinal Survey of Australian Youth (LSAY), managed by the National Centre for Vocational Education Research (NCVER). The LSAY follows the same young people over time across Australia, running the survey from age 15 every year for 10 years until age 25. This study uses the 2006 cohort where participants completed the final survey in 2016 at 25 years of age.

Detailed methodology - defining the time taken to finding at full-time job after leaving education

1. Define “leaving education”

- A person is defined to have left education when they are first observed not studying full-time or part-time
- Studying part-time did not constitute “leaving education” as many participants in the survey move between part-time to full-time studying without taking a break from studying altogether
- Gap years have become popular over the last decade, so for participants that took a year off from studying after secondary school, they did not count as having left education
- The year of leaving education for an individual i is denoted as $y_{edu, i}$

2. Construct the sample

It is important to note that one of the major challenges of running a longitudinal survey is sample attrition. When a participant decides to leave the survey early, i.e. before completing all 10 surveys, the remaining years about the participant is unknown. There are three ways to manage the participant:

- a) Remove the participant from the sample
- b) Keep the participant in the sample and extrapolate the missing information
- c) Keep the participant in the sample by reducing the time frame of the analysis (e.g. only look at 9 years of

observations instead of 10 years)

As people can choose the amount of education to undertake, people leave education at different ages. For this analysis to fairly compare the time taken to find a full-time job across all participants, participants need to have an equal number of years after leaving education. For example:

- People who left education at age 18 (in year 2009) needs to have responded to the next 4 LSAY surveys (responded up to year 2013)
- People who left education at age 20 (in year 2011) needs to have responded to the next 4 LSAY surveys (responded up to year 2015)

4 years was chosen because the sample size of respondents was reasonably large at 2,275 while sufficient time had passed to observe the behaviour of the respondents.

Therefore, participants who did not take the survey 4 years after leaving education were dropped from the sample.

3. Define “finding full-time work”

A person is defined as having found full-time work when full-time hours (35 hours or more) are met. This can be through one job or multiple jobs.

The year of finding full-time work for an individual i is denoted as $y_{ft, i}$

4. Calculate the time taken to find full-time work after leaving education

- Subtract the year of leaving education from the year of finding full-time work for each individual
- $T_i = y_{ft, i} - y_{edu, i}$ where T_i is the time taken for the individual to find full-time work after leaving education
- To account for the people who returned to part-time or full-time studying after leaving education, T_i is adjusted by subtracting the time spent studying and not being able to undertake full-time work

5. Estimating the time taken to find full-time

work after leaving education for those who did not find full-time work in the sample

- Individuals who did not find full-time work in the sample would have T_i that is greater than 4
- The distribution of T_i for people who found full-time work in the sample was plotted and extrapolated to estimate the T_i for individuals who did not find full-time work in the sample

Detailed methodology - understanding the factors that impact time taken to find full-time work after leaving education

Using a linear regression model, factors that impact time taken to find full-time work after leaving education were tested.

The model includes the following explanatory variables:

- Total hours worked in a related job while studying (where related job is defined as either working in the same occupation or industry as that of the full-time job)
- Total hours worked in an unrelated job while studying (where unrelated job is defined as not working in the same occupation or industry as that of the full-time job)
- Last course of study at the 1-digit ASCED code
- Total number of different jobs performed while studying
- Had a type of job while studying that the individual would like as a career
- The job while studying provided on-the-job training
- The job while studying provided external training
- The job while studying was in a growth sector
- The job while studying showed what work is like
- The course taught enterprise skills (analytical, communication, problem solving or team-work skills)
- The course helped to make contacts to use in the future to find work
- Happy about individual career prospects at the age of 18

The model included the following control and demographic variables:

- Took a gap year (one year break between high school and further study)
- Lived with parents at age 19
- On youth allowance or newstart
- Completed year 12
- Completed a bachelor's degree
- Completed a VET qualification
- Completed an apprenticeship
- Gender
- Metro/Regional
- Socio-economic status index
- Socio-economic status index squared
- Highest level of parents' education
- English speaking background
- Year of leaving education

Detailed methodology - using abs and census data to learn about the employment activities of young people

1. The casualisation of full-time work

The Australian Bureau of Statistics, Australian Labour Market Statistics (6105.0) is a series that ran from 1992 to 2013. Given this figure is relatively outdated, it was necessary to update this predication with current population statistics. To obtain this result, a linear regression was conducted on the number of full-time youth who are full-time casually employed. 2017 monthly labour force data was used to determine that the average number of 15 to 24 year-old in full-time work. The quotient of these figures estimates the percentage of 15 to 24 year-olds who are full-time casually employed in 2017, 21.1%.

2. Census table builder

Census table builder was used in the New Work Reality section to generate descriptive statistics about what young people are doing. Data was used from the “2016 Census – Employment, Income and Education” dataset. The interested variables were selected, and the table builder generated the outputs that were used.



Foundation for Young Australians

21-27 Somerset Place, Melbourne VIC 3000

T: 03 9670 5436 E: info@fya.org.au

fya.org.au

