

## OVERVIEW

In late 2018, the Ministry of Education, with the support of the Ministry of Business, Innovation and Employment, commissioned an evidence review to determine how to improve interventions for young people who are likely to experience poorer than average employment over their life time

The resulting report proposes a broader definition of limited employment. It investigates what is known about young people in limited employment, and interventions that may improve employment, immediately and later in life.

## 1 | REFRAMING THE POLICY PROBLEM

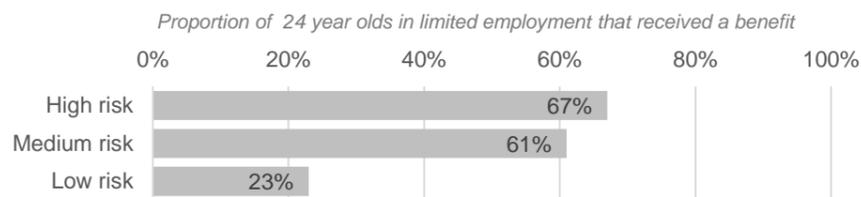
Current policy discussions focus on young people who are not in employment, education or training (NEET). A limitation of the NEET measure is that it captures many young people who are relatively less at risk of long-run limited employment. Most New Zealand young people are NEET at some stage from ages 15 to 24. The NEET measure also misses young people who are moving between low paid and/or short-term jobs and/or low level tertiary education.

The evidence review proposes a broader definition of limited employment. This definition includes those who are in minimum wage employment and/or underemployed for long or frequent periods. It aims to capture young people who are likely to be in limited or no employment over much of their life time.

**Note in the data below 'limited employment' is defined as:**

- being in no employment or in small amounts of part-time or casual work
- not in full-time study at school or tertiary education at Level 3 and above
- not self-employed

### Receiving a welfare benefit is not a good match to being in limited employment



#### NOTE:

<p><b>High risk of life-time limited employment:</b> spent every year since leaving school in limited employment, including no employment</p>	<p><b>Medium risk of life-time limited employment:</b> spent more than half of the years since leaving school in limited employment</p>	<p><b>Low risk of life-time limited employment:</b> spent less than half of the years since leaving school in limited employment.</p>
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### However, those who were long-term NEET are similar to young people in limited employment

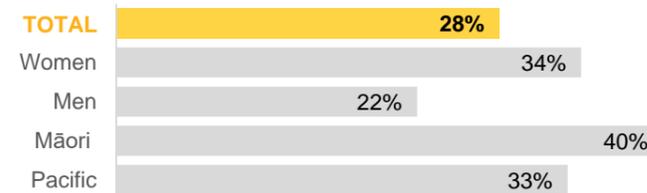
The majority of the high and medium risk groups (78% and 71% respectively), and just under half of the low risk group, were long-term NEET at age 24.



Of note, nearly 20% of young people who were NEET at some stage during the year did not meet the definition of being in limited employment for the whole year.

## 2 | HOW MANY YOUNG PEOPLE ARE AT RISK OF LIMITED EMPLOYMENT?

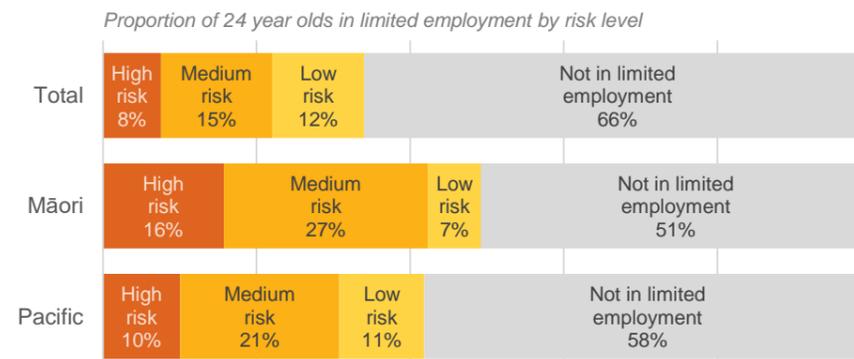
**Nearly 30% of the total working age population (ages 16 to 65) experience limited employment during a year, but the proportion is higher for women, Māori and Pacific**



**77,000 or 15% of all 16-24 year olds are considered to have medium to high risk of limited employment outcomes. For those aged 24 years, this increases to 22%**



**More than half of young people in limited employment at age 24 had been in limited employment for the majority of years since leaving school**



For a more comprehensive definition of the data used to generate this analysis, refer to the full report.

## 3 | MANY FACTORS INFLUENCE EMPLOYABILITY

Many different factors contribute to a person's employability. The report categorises these factors into:

- **personal factors** – describing the individual or their situation
- **network factors** – describing relationships, experience and intergenerational issues
- **labour market factors** – describing supply and demand, and competition for jobs

Two factors stand out as key to why some young people experience limited employment over longer periods of time:

- **Non-cognitive skills** (also known as soft skills) are important for employment and education outcomes and are highly valued by employers. These skills can be influenced during childhood and adolescence.
- **Work experience** is a key way to change people's employment capability and motivations. Lack of work experience is a major barrier for young people who leave school with low or no qualifications.

These two factors are closely tied to how well young people can signal their suitability for jobs to employers.

### Young people with poorest labour market outcomes have additional risk flags

Young people with the poorest long-term employment outcomes have additional risk factors, including:

- experiencing intergenerational benefit dependency
- contact with Child, Youth and Family (CYF)/Oranga Tamariki and/or with the justice system
- being a young parent (particularly before age 19)
- leaving school with no or low qualifications.

### Characteristics overlap and compound

Young people most at risk of limited employment cannot be easily sorted into discrete subgroups. There are many overlapping groups and young people may only be part of a subgroup for a short point in time.

Needs and employment barriers are often multiple. Much of what distinguishes young people who are most likely to end up with limited employment outcomes in adulthood, compared to their peers, is intergenerational in nature.

# Key findings and recommendations continued

## 4 | JOB SEARCH ASSISTANCE AND WORK EXPERIENCE OR ON-JOB TRAINING ARE THE MOST EFFECTIVE INTERVENTIONS

The main body of literature in New Zealand and overseas on improving employment outcomes relates to active labour market programmes (ALMPs). Some ALMPs target young people exclusively and others target young people and adults. Most ALMPs target groups who have already become unemployed or vulnerable members of the workforce.

The table below lists the common types of ALMPs in order of their overall effectiveness.

Type of ALMP	Synthesis of findings
Job search assistance	Most effective or effective
Work experience or on-job training	Most effective or effective
Subsidies, and public and private forms of job creation	Mixed effectiveness
Skills training programmes	Ineffective in general, sometimes harmful

There are a number of caveats and limitations to these findings. See the full report for more detail.

### **Skills training programmes that were effective shared a range of characteristics**

These were:

- having a work experience or on-job training component (a key success characteristic)
- combining with job seeking assistance
- measuring broader programme success and not just academic outcomes
- being tightly targeted to the needs of a certain group
- being aligned to specific skill shortages for identified industries or locations
- including a range of supports or activities that holistically address multiple needs or barriers, including:
  - individual needs assessment, and tailoring of individual plans or programmes
  - pastoral support and personal coaching, mentoring or case management.

## 5 | FROM THE RESEARCH, VARIOUS GAPS HAVE BEEN IDENTIFIED IN OUR CURRENT POLICY FOCUS

Various gaps in our current policy focus are identified in this research.

### ❖ **A clearer, shared understanding of youth employability interventions**

We have a diverse mix of programmes and services for improving youth employability, involving a range of government agencies and sectors. More effective cross-sector intervention requires a common understanding of employability interventions that are effective in the long term.

### ❖ **A move away from the current focus of youth transitions**, which often involves siloed and sequential interventions **to fewer, longer and deeper interventions.**

This could involve creating access to combinations of interventions from more than one government agency:

- at the same time (eg, allowing simultaneous enrolment in two services)
- for a period after moving into or out of work, or education, or for longer (e.g. as a settling in phase to help adapt to new work, education or other life environments)
- more preventatively and sooner in the life of young people who match known risk profiling criteria (e.g. access to extra support for non-cognitive skills development and work experiences before age 15, or before becoming NEET or unemployed again)

### ❖ **A broader focus...**

*The focus needs to be wider than just NCEA Level 2 and NEET, and include a fuller range of employability factors and barriers, particularly work experience and non-cognitive skills.*

*Interventions need to start earlier than age 15 to develop employability before young people leave school.*

*External factors need to be addressed. Current interventions tend to focus on individuals, rather than their wider community and labour markets.*

### ❖ **Better timing of some interventions to match certain life experiences**, ie, those that appear to often act as risk-triggering or opportunity-triggering events.

### ❖ **More complete knowledge about:**

- work experience and job referees
- driver licence and access to own transport
- caregiving
- mental health and disabilities
- those entering work with only NCEA 2

## MORE ABOUT EMPLOYABILITY FACTORS

### PERSONAL FACTORS

Personal factors focus mainly on describing individuals, and include but are not limited to:

- abilities (can be referred to as knowledge, hard skills, and soft or non-cognitive skills)
- individual motivation (in relation to work generally, and to a job specifically)
- behavioural norms, disposition or attitude.

### NETWORK FACTORS

Network factors describe relationships, experience and intergenerational issues, and include but are not limited to:

- relationships
- social capital or network capital
- personal connections to employer networks
- work experience – both quantity and quality
- intergenerational nature of employability disadvantages.

### LABOUR MARKET FACTORS

These factors include:

- **labour supply and demand,**
- **extent of competition** from other interested job candidates

Job seekers also need to signal 'the right' messages to employers – via a mix of information networks and sources that the employer trusts – about their work capabilities and motivations.