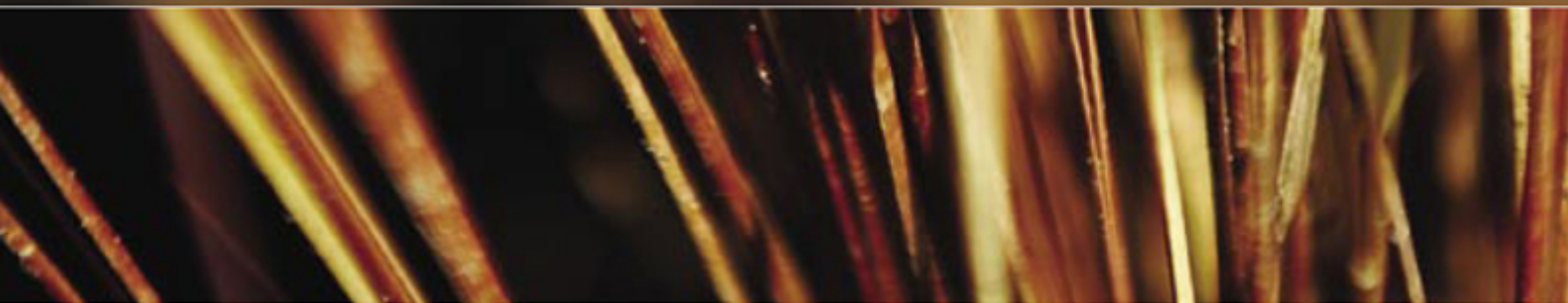




MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Not just about NEETs

*A rapid review of evidence on what
works for youth at risk of limited
employment*



Beyond tertiary study

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SUMMARY

The Ministry of Education commissioned this evidence review, with support from the Ministry of Business, Innovation and Employment, to determine how to improve interventions for young people who are likely to experience poorer than average employment over their lifetime.

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 some young people who are moving between low paid and/or short-term jobs and/or low level tertiary education.

This report 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 lifetime.

How many young people are at risk of long-term limited employment?

Exploratory data analysis shows that up to 30% of the total working age population (aged 16 to 65) experience limited employment during a year. The proportions are higher for women (34%), Māori (40%) and Pacific (33%).

Most of these people will only be in limited employment for a specific period. However, some are likely to spend most of their life in limited employment. Looking at 24-year-olds, we find that:

- 8% had been in limited employment every year since they were 16 and can be considered at high risk of lifetime limited employment (the proportion was 16% for Māori and 10% for Pacific)
- 15% were in limited employment for the majority of years since they were aged 16 and can be considered at medium risk of lifetime limited employment (the proportion was 27% for Māori and 21% for Pacific)
- 12% were in limited employment for less than half of the years since they were aged 16 and can be considered at low risk of lifetime limited employment (the proportion was 7% for Māori and 11% for Pacific).

The group of young people who are at medium to high risk of limited employment over their lifetime is wider than those who are NEET or on benefit. Around two-thirds of the medium and high risk young people received a welfare benefit, and around three-quarters were long-term NEET.

What factors influence employability?

Many different factors contribute to a person's lifetime 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.

What are the characteristics of young people most at risk of long-term limited employment?

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.

Young people most at risk of long-term 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 period of time. Not all young people who exhibit these risk factors will end up in limited employment.

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.

What programmes are most effective for improving employment outcomes?

International evidence shows that interventions involving job search assistance and work experience or on job training are most effective in improving longer-term employment outcomes. Skills training programmes on their own are ineffective in general. They can even be harmful if they lock people into lower-level training activities rather than job search and building work experience.

Effective skills training programmes share a range of characteristics:

- including a work experience or on job training component

- combining with job seeking assistance
- not making academic outcomes the only programme success measure
- 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 semi-tailoring of individual plans or programmes
 - pastoral support and personal coaching, mentoring or case management.

What do we need to focus on?

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.

Move away from current focus on youth transitions

This report concludes that the current focus on youth transitions has resulted in siloed and sequential interventions. Fewer, longer and deeper interventions are preferable. 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)
- that are more preventative 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).

There could be better timing of interventions to match certain life experiences, ie, those experiences that appear to act as risk triggering or opportunity triggering events.

A broader focus is required

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.

Improving our knowledge about specific groups and needs

Areas where further knowledge and information is required include:

- work experience and job referees – particularly working with young people to compile information on their work experience and people who can provide references
- driver licence and access to own transport – this may be a significant barrier for some groups of young people in some locations
- caregiving – we need to better understand the needs of young people with caregiving responsibilities, including those caring for other family members rather than their own children
- mental health and disabilities – more work is needed to understand how these young people can be supported effectively
- those entering work with only NCEA Level 2 – these young people may fall into the gap between foundation education and vocational education.

1 INTRODUCTION – NOT JUST ABOUT NEETS

Over the past 15 years there has been consistent policy emphasis on reducing the proportion of young people who are NEET. Being NEET has been equated with being disengaged from employment and education, at risk of other undesirable social outcomes and less likely to find long-term sustained employment.

Research has highlighted that young people who are NEET are a heterogeneous group (Dixon, 2013; Earle, 2016). Most young people will experience some periods of being NEET, while a smaller proportion are NEET for long periods of time. While a substantial proportion do fit the profile of low-qualified and at risk of poor outcomes, others have higher levels of education and are experiencing breaks between education and employment. The NEET group also includes a substantial subgroup of mothers with young children whose needs are different from other young people (Molloy & Potter, 2015).

In terms of policy intervention, the most effective way to immediately reduce the number of young people who are NEET is to offer them training places. However, there is growing evidence that training and education alone is not effective in improving long-term employment outcomes (Dixon & Crichton, 2016; Earle, 2018b).

There is also concern that a focus on NEET misses out young people who are working in low-paid, casualised employment and/or moving between low-level foundation education programmes. These young people are not being counted in the NEET group, but may have similar risks of poor social and employment outcomes.

This report was commissioned by the Ministry of Education, with support from the Ministry of Business, Innovation and Employment, to look at young people at risk of poor employment over their lifetime. This includes those in low wage employment, experiencing longer periods of benefit dependency and/or trapped in low-wage, low-skill and precarious work, and/or continually enrol in low-level tertiary education.

The purpose of this report is to provide a rapid evidence review drawing in existing New Zealand and overseas literature that addresses:

- What do we know about young people at risk of poor employment outcomes in New Zealand?
- What do we know about effective interventions for these young people?

The intention of this report is to open up discussion about how best to address the needs of young people who are at risk of limited employment. It proposes a shift away from a narrow focus on NEET to a broader definition, and it highlights a number of areas for policy improvement and refocusing.

The focus of this report is specifically on lifetime employment outcomes and interventions that seek to improve these outcomes. Employment just one part of overall well-being. This report does not address how to improve other outcomes such as physical and mental health, safety and avoidance of harmful or risky behaviour. An important conclusion of this report is that interventions need to be designed to address the full range of needs of young people, not only employment.

This report starts with a discussion of reframing the policy problem to include a broader focus on young people at risk of limited employment over their lifetime. It proposes a definition of 'youth at risk of limited employment'. The aim of this definition is to better identify young people who are likely to have limited employment over their lifetime. This means looking at past history and future directions, rather than just focusing on their current status. It may lead to intervening earlier. This group is described in approximate terms in this report. More work is required to better identify which groups and subgroups of young people are more likely to be in limited employment over the long term.

The report then looks at what matters for employability for young people, including factors that need greater attention in interventions. This is followed by a discussion of who is more at risk of limited employment. This discussion is supported by an exploratory data analysis of young people in limited employment in Appendix 1. The report concludes with a section on what works to improve employment outcomes, drawing heavily on recent international meta-analyses of active labour market programmes. The report provides some conclusions and recommendations for consideration.

David Earle
Chief Research Analyst
Ministry of Education

2 REFRAMING THE POLICY PROBLEM

2.1 Youth at risk of limited employment – YARLE

An aim of this report is to inform cross-agency policy discussions about how to better support young people who are at risk of being in limited employment over their lifetime. Collectively, these young people are referred to in this report as “Youth at risk of limited employment” (YARLE).

This is an explicit move to reframe the policy problem. It represents an interest in improving both immediate and long-term labour market outcomes for young people who are already aged 15 to 24 (and potentially older), as well as intervention for today’s younger children whose needs or risks are identifiable before age 15.

The YARLE concept aims to expand policy thinking. This includes encouraging policy dialogues on better connecting a whole-of-government plan, rather than reviewing each agency’s siloed engagements with young people at different periods in their life.

2.2 A working definition

The working definition of limited employment is proposed to include being:

- not in the labour force – including caring for children or others
- unemployed
- enrolled in low-level tertiary education
- in minimum wage employment, and/or
- underemployed for long or frequent periods.

It could also include short-term or insecure work and jobs that do not provide opportunities for formal on job training and progression into more stable and better paid jobs (e.g. being a casual labourer versus being signed up to an apprenticeship).

The relationship to education needs to be considered further. In the working definition, students at school or studying towards tertiary qualifications at NZQF Level 3 and above have not been included as being in limited employment. However, some may be at risk of limited employment in the future.

2.3 Beyond NEET, low qualified and benefit dependent

The focus of New Zealand government agencies has been on young people who are NEET, NCEA Level 2 achievement, youth unemployment and benefit dependency. There are limitations to only focusing on these areas as the policy problems.

Young people who leave school without NCEA Level 2, who become benefit dependent and/or NEET are a bulk of the same young people who could be counted as YARLE. However, not all young people who have low qualifications, become NEET or receive a benefit are necessarily at risk of limited employment. A particular limit of the NEET measure is that it also captures many young people who are relatively less at risk of long-run unemployment or limited employment. Most New Zealand young people are NEET at some stage between age 15 and 24 year lifespan. Also, a focus on NEET or benefit dependence will miss young people who are engaged in low-paid, casual work that does not lead to sustained lifetime employment.

3 WHAT MAKES UP EMPLOYABILITY?

Many different factors can influence an individual's employability. The nature and extent of an individual's employability is defined by a combination of their employment outcomes to date and contextual factors, including their employment capabilities, intentions, prospects and outcome likelihoods going forward.

Individual employability is a changeable status. Many of the factors can be needs assessed and signalled to employers, and changed via interventions. It is feasible to improve policy responses to some key factors that have particularly strong links to employment outcomes.

3.1 Layers of context

A number of factors have been grouped in this section within layers of context:

- Personal
- Network
- Labour market

Below is a draft list of how employability factors can be framed within the three layers. Each layer acts as an overarching theme, summarising the nature of issues that are likely to need attention. There is overlap between the layers. Cutting across these layers is the issue of employer signalling.

The last part of this section details two key employability factors that need more explicit policy attention, ie, non-cognitive skills and work experience.

Personal

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.

These factors are relevant to identifying risk and target groups, and assessing needs. Motivation overlaps with non-cognitive skills, as discussed below, particularly in the areas of conscientiousness and grit.

Network

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.

Relationships are a key theme linked to intervention effectiveness. Social or network capital is key to employability development. Personal connections are key to who gains what work experience and employer trust (which also serves as a signalling factor).

Labour market

This layer includes:

- labour supply and demand
- the extent of competition from other interested job candidates.

Labour supply and demand affects how many employees are wanted; with what mix of industry-specific and transferable or generic skills and experience; for what hours or terms of employment; in what locations; and at what period in time. Competition for jobs may be for specific types, levels or locations of jobs, or for all jobs in general.

Young people face the challenge of needing more and better quality work experience in order to gain more and better quality work experience. They are sometimes competing with older and more experienced workers, especially for higher quality jobs. Common challenges include translating the relevance of past experiences (including training), and getting noticed or known to employers as a potential job candidate in the first place.

Employer signalling

The process of signalling involves a job seeker attempting to signal the right messages to employers about their work capabilities and motivations via a mix of information that the employer trusts.

Employer signalling often involves a need to:

- not only convince employers that you are capable of doing a job, but that you are preferable compared to other seemingly capable candidates
- be able to satisfy employers' subjective preferences or biases (e.g. 'looking and acting the part' for a company's desired image), and
- have other people or organisations validate certain abilities and vouch for your future capability and motivation (formal qualifications are meant to do this but are often not regarded as an adequate signal on their own).

Some signals may deter employers or trigger doubts about a job applicant. For example, long periods of unemployment, a lack of referees, convictions, or unexplained gaps in work history timeline in a CV may put off many employers. Some aspects of network factors overlap with employer signalling.

Employer signalling involves relationships between job seekers, employers and third parties. Signalling can be part of the employability change process, and not just a static description of the relationships.

3.2 Poorly addressed key factors: work experience and non-cognitive skills

Work experience and non-cognitive skills stand out as key factors in distinguishing why some young people experience relatively limited employment outcomes.

Non-cognitive skills

Non-cognitive skills develop over time as a person's usual ways of behaving and interacting, and of perceiving and acting towards goals, challenges or opportunities. They are partly shaped by the nature of interactions with others, and by the experiences or feedback that one attains accordingly.

Non-cognitive skills go by many other names, including soft skills, and conceptually overlap with traits, attitude, motivation factors, self-management, self-control, conscientiousness, grit and interpersonal skills.

There is a recent international body of hard evidence that connects measures of non-cognitive skills to labour market outcomes. Associated literature:

- links both labour market outcomes and educational outcomes to measures of non-cognitive skills, including measures taken from childhood
- gives clues about when, how or whether these skills can be changed via intervention
- shows that they can be changed in some circumstances, mostly during childhood and adolescence
- indicates that less is known about what makes for effective intervention design and implementation, or for which young people or circumstances.

Employer surveys have shown the high value placed on non-cognitive skills, although employers use other names for these types of 'skills and attitudes'. These skills are relevant to low-paid and high-paid (or higher-skilled) occupations. They are often ranked above academic qualifications in employer surveys, along with work experience (Kusmierczyk & Medford, 2015; Nickson, Warhurst, Commander, Hurrell, & Cullen, 2012; UK Commission for Employment and Skills, 2014).

New Zealand has made several attempts to emphasise the importance of non-cognitive skills but has done so via somewhat disconnected frameworks and definitions. For example, the Key Competencies in the New Zealand Curriculum (Ministry of Education, 2007), and the Ministry of Education's Employability Skills Framework (Ministry of Education, 2016) overlap with various non-cognitive skill descriptions. The latter describes them at a relatively foundation level of development, as explicitly relevant to being an employee. The Speaking and Listening Progressions within the New Zealand Adult Literacy Progressions (Tertiary Education Commission, 2008) conceptually overlap with some non-cognitive skills regarding communication with others, eg, what employers may call interpersonal or verbal communication skills.

Young people's non-cognitive skills can be reported on in standardised way, though it is arguably difficult to do so. Some of this reporting could be relevant to recruiting employers. Current New Zealand qualifications involve standardised ways of reporting people's abilities. Employers do not often seem to be satisfied with formal qualifications alone as the only type of signal about what someone is capable of, and for what contexts or purposes.¹

¹ Comments here are based on the report author's previous research into non-cognitive skill concepts, labour market outcomes and New Zealand education policy.

For more information see Appendix 2: Supplementary notes on non-cognitive skills.

Work experience

Work experience distinguishes who is at risk of limited employment. The process of work experience changes employability. The relevance of work experience to employability can be classified in different ways.

- Employers use past work experience to estimate the nature and extent of an individual's current employment capability.
- Employers also use work experience, and feedback from referees, as key signals for judging non-cognitive skills, as well as cognitive skills and knowledge.
- Past and present work experience distinguishes who is more at risk (or disadvantaged) than others within a competitive labour market.
- A lack of past and present work experience, or not having the required type or amount of work experience, or having negative employer feedback from past experiences, act as employer signalling problems for many young people. Lack of past employers who are willing to be job referees is another common risk factor, and a by-product of poor or no work experience.
- Work experience can be described as a key change mechanism through which people's employment capability, motivations and/or official employment status can be changed.

Lack of work experience stands out as a major employment barrier for young people who leave school with low or no qualifications, and for young people who come from family backgrounds of limited social capital. This includes having limited personal and family network connections to potential employers. It is partly a matter of what types of work experience a young person becomes exposed to while growing up (personally or indirectly via family experiences), and what work goals their family, peers or programme providers encourage them to aim for. Even if young people have the motivation to actively seek early work experiences, what they are likely to be able to attain seems to be highly dependent upon the personal employer or workplace connections that they or their family have. A key disadvantage exists in terms of who they don't know.

Not having past employers who are willing to act as referees is a key barrier for many young people who become long-term or frequent benefit recipients. It is also a common problem that past employers are unreachable or unwilling to make themselves available for contact as a referee. Sometimes the young person does not know up-to-date contact details for a past employer or supervisor and/or they do not think that an employer would be bothered to act as a referee for them. This is not only for cases where the young person expects that the employer would give negative feedback about them. Employers often do not know casual workers personally well enough to be bothered, or capable of vouching for the past employee's performance (eg, casual labourers in high turnover, large teams of temp workers).²

² These observations are based on the report author having provided individual job seeking and coaching services to hundreds of youth beneficiaries, via Wellington Work and Income offices. New Zealand government agency research regarding this issue could not be found.

The act of undertaking work experience works as a key employability change mechanism. That is, a way in which a young person's employment capability (skills and experience) and motivation orientations can be changed. Through work experience, the nature and extent of an individual's capabilities, and likely attitude and dedication to jobs (motivation factors) can become:

- further developed
- better recognised by potential employers
- better recognised by a young person about themselves (including teaching them to self-reflect on performance and experiences) and
- better signalled to future employers (including the young person learning to translate the relevance of past work experience for future job applications).³

Classroom based experience combined with a generic secondary school-level qualification does not appear to be an adequate substitute for work experience.

³ This is not to say that work experience always triggers these desirable changes to people's employment capability or prospects. As a *change mechanism* it is a generalised purpose and type of interaction; through which positive, negative or no change to employability/employment status can potentially be activated.

4 WHO IS MORE AT RISK OF LIMITED EMPLOYMENT?

4.1 No single set of characteristics

Some common characteristics distinguish young people as being more at risk of poor employment outcomes over long periods. Some describe the individual and some describe their family, household or socio-economic circumstances.

Many young people are high risk because they match more than one characteristic. Their needs or employment barriers are often multiple. Some combinations of characteristics have a compounding effect on employment prospects.

4.2 Identifying at-risk subgroups

The YARLE term is a provisional descriptor that will require further cross-agency discussion in order to identify medium- and high-risk YARLE subgroups. Virtually all young people face employment risks, barriers or limitations at various stages during their youth and working-age lifespan. The youth subgroups of concern fall somewhere along the medium-to-high risk end of what might be called a YARLE risk spectrum.

There is more than one subgroup who could be said to be at much higher risk than most other young people. It is difficult to classify and quantify YARLE risk subgroups as if they are all discrete sets. In reality, there are many overlapping groups. While it may be useful to develop a list of risk criteria, it is not feasible to completely separate subgroups from each other. This means it is not possible to chop up and target interventions as if the needs of each subgroup are different from all others. Furthermore, young people may only match some of the criteria for a subgroup definition at a given snapshot in time. For example, many move in and out of NEET status, while continuing to experience other high risk characteristics.

4.3 Commonly targeted characteristics

Some characteristics are commonly used as eligibility criteria for a range of programmes:

- leaving school without NCEA Level 2
- being currently NEET – or about to leave school and deemed likely to become NEET (and with low qualifications)
- being NEET for long periods while aged 15 to 24, especially during ages 15 to 17.

Focusing only on these characteristics appears to have led to a policy emphasis on reducing NEETs, increasing rates of young people with NCEA Level 2 and reducing the number of young people on benefit. These are subsequently prioritised as the interim outcomes that programmes are designed to focus on.

These are not necessarily misguided agendas in themselves, but may not be enough on their own to effectively influence employment outcomes for medium-to-high risk subgroups. For example, getting unqualified school leavers to attain NCEA Level 2 – and getting NEETs into foundation education or training (thereby making them not NEET) – does not appear to be helping them to later progress to the point of gaining NZQF Level 4+ qualifications. Nor does attainment of NCEA Level 2 after leaving school (via targeted programmes) appear to have the same effect

on labour market outcomes as attaining NCEA Level 2 while at school (Earle, 2018b, 2018a). Some additional employability development needs are presumably contributing to these patterns.

4.4 Additional characteristics

Below are additional risk flags linked to young people who experience the poorest labour market outcomes throughout their working-age lifespan:

- experiencing intergenerational benefit dependency
- receiving a benefit, especially during ages 16 to 19
- being a young parent (at 16 to 19 but also for some groups during ages 20 to 24)
- contact with CYF/Oranga Tamariki and/or with the justice system.

Note that some of these describe the young person's family or types of environment that they experience (circumstances), rather than the individual (eg, their own attitudes, life outcomes, current employment status). These characteristics relate to the circumstances of young people before they turn 15 and can be addressed at earlier ages.

4.5 Intergenerational nature of many risk factors

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. Some of the intergenerational disadvantage results in either negative or limited states of the young person's own educational and employment/unemployment experiences, or their limited contacts from the world of work (workforce networks). Furthermore, young people's attitudes or motivation towards education and employment, and their eventual employment experiences later in life, have also been linked to those of their parents and to other risk flags that describe parents' circumstances (Caspi, Wright, Moffitt, & Silva, 1998; J. J. Heckman & García, 2017; Loughlin & Barling, 2001; Potter & Macky, 2018). This relates to the concept of network capital or social capital as a key influence on employment outcome likelihoods. Explicit intervention may be needed to help some young people overcome intergenerational disadvantages, not just in terms of financial disadvantage but social capital disadvantage; including in relation to getting more or better first experiences of work.⁴

Appendix 1 provides an initial exploration of risk criteria associated with being in limited employment up to age 25.

⁴ As an example, Oranga Tamariki are working on a *supported employment pilot* to understand the employment needs of young people who have been in care, and how they can be supported to access high-quality work experience opportunities. A report on lessons learned will be ready mid-2019.

5 WHAT WORKS TO IMPROVE EMPLOYMENT OUTCOMES?

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 effectiveness. This is followed by a summary of key findings. Appendix 3 provides a more detailed discussion of the evidence about ALMPs, based on a rapid review that includes several recent meta-analyses.

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

Skills training is the least effective type of ALMP for at-risk young people; at least when it is not explicitly combined with other types of intervention activity (eg, job search assistance, work experience, on job training). It could even be harmful where the young people were locked into training activities rather than job search and building work experience. However, important caveats apply to this finding. It is a generalisation about a very mixed bundle of programmes and target groups, as is discussed in more detail in Appendix 3. It is based only on evidence about the types of skills training that are classified as ALMPs. These are mostly lower-level training programmes that focus on developing entry level employment skills.

Of those skills training ALMPs that were found to be effective (in terms of effect on labour market outcomes) they had the following characteristics in common:

- 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.

These were identified by multiple New Zealand and international sources.

Being a current benefit recipient, unemployed, or at least having left school are usual targeting criteria for ALMPs. They normally target adults and/or young people aged 15 or older. Findings and conclusions in Appendix 3 might also apply to skills training programmes that target young people earlier or more proactively (ie, before they reach this age or unemployment status), but they are based mainly on ALMP outcome evidence.

6. WHERE ARE THE GAPS IN OUR CURRENT POLICY FOCUS?

5.1 A diverse mix of programmes and services

A diverse mix of New Zealand programmes and services, which involve a range of government agencies and sectors, are collectively treated in this report as pieces of the country's youth employability development intervention system; ie, as pieces of the whole-of-government response. They span multiple sectors and engage young people at different ages and stages in life.

The range of programmes that can be said to be part of employability interventions include: mainstream education; at risk targeted or foundation skills training; NEET intervention; employment assistance or ALMPs; welfare policy and services; and services regarding careers advice, information, guidance, and education (CIAGE).

While they may have unique outcome agendas, what they should have in common is a cross-sector agenda to contribute towards recognising and improving the eventual employment outcomes of young people. If multi-agency intervention is to become more effective in this respect, it will be necessary to develop a more explicit shared understanding of employability development and associated interim outcomes.

5.2 A broader focus required

Reports on what New Zealand agencies are doing to improve outcomes normally relate to interventions for young people who are currently in the 15 to 24-year-old age range. What does not seem to get such clear policy attention is a focus on how to also develop the future employability of younger upcoming generations of young people whose needs or risks are identifiable well before age 15; ie, as a decades-long and more preventatively focused investment plan.

Some of the reviewed research indicates that earlier intervention can produce greater economic return on investment, or savings. This is partly because changes to risky or antisocial behaviours, attitudes to work, and more general traits regarding self-motivation, self-control and social skills (non-cognitive skills) can be easier to change earlier in life or before certain negative outcomes are experienced.

Formal qualification attainment, such as NCEA, and being NEET are two types of youth employability indicators that appear to get the most policy attention in New Zealand. Few other interim outcomes get as much attention. It is necessary to also focus on other key employability factors in order to improve employment outcomes for young people. Doing so would help improve outcomes for young people who experience poorer than average outcomes.

Improving NEET outcomes is complicated by the fact that NEET defines an outcome status that agencies are meant to prevent. It does not describe the many other types of risk flags or interim outcomes that indicate who is likely to become repeatedly and long-term NEET. It is not the clear responsibility or mandate of certain agencies to provide support to young people who match multiple known risk flags unless, and until, they transition into this negative education or employment status. Furthermore, being in foundation-level skills training (and thereby not NEET) may be temporarily masking the problem of other key employment barriers; ie, barriers that are

not really resolved by the outcome focus on getting young people qualified and enrolled in foundation-level skills training.

At-risk youth-focused intervention in New Zealand currently appears to involve a set of responses to personal context factors. Less seems to be done in terms of intervention in response to external factors. Some intergenerational or family network factors have been identified as risk flags by New Zealand agencies. For example, the Ministry of Social Development (MSD) identified that having experienced intergenerational family benefit receipt long term, while being a teenager, is a key risk factor in common to a disproportionate number of those who then go on to become long-term 16 to 24-year-old beneficiaries themselves. However, the recognition of these types of risk flags (external context) rarely appears to be used as a trigger or eligibility criteria for activating intervention.

Work experience and non-cognitive skills can be more explicitly recognised and better addressed as an intervention focus for young people at risk of limited employment outcomes. These factors stood out in relation to evidence that was reviewed for this research project as well as additional literature that was reviewed by the report author for other youth employability development and policy research.

5.3 Transitions as a cross agency policy focus, and the timing of access to interventions

When the term youth transitions is proposed as a cross-agency or high-level focus it appears to result mainly in multiple agencies developing interventions that target the same youth subgroups but engage them strictly at different times and as separate intervention delivery relationships. The whole-of-government response to young people who are known to be at risk ends up involving siloed and sequential intervention provisions; including multiple short or narrowly focused relationships with case managers, educators and other service providers.

An alternative and potentially more successful approach towards supporting the most at-risk young people might involve relatively fewer, longer, deeper case management, coaching or service relationships. It could involve making combinations of interventions from more than one government agency accessible to a young person:

- at the same time (eg, allowing simultaneous enrolment in two services)
- for a period after moving from one official status to another, or for longer (eg, as a settling-in phase to help adapt to new work, education or other life environments)
- more preventatively and sooner in the lives of young people who match known risk profiling criteria (eg, activating needs assessments or access to extra support for non-cognitive skills development – or for support to access work experiences – starting before age 15, or before becoming NEET or unemployed again)

For the most at-risk young people, it may be worth exploring how or what kind of case manager or coaching role is feasible to travel with them from the beginning to the end of a transition phase. For example, leaving school with low or no qualifications is a high-risk transition.

It may be effective to time the triggering of some interventions to match certain life experiences, ie, those that appear to often act as risk-triggering or opportunity-triggering events. This might be

done instead of, or in addition to, other interventions being triggered by someone moving from one official education, employment or benefit status to another.

Certain life experiences or events may work as time sensitive windows of intervention opportunity, or as make or break points. Behaviour change theory is relevant to this point. The chances of influencing, maintaining or improving a young person's work-focused behaviours, attitudes and goals is sensitive to the timing or occurrence of certain life experiences. These experiences do not necessarily line up with the points where young people move from one system or intervention to another, for example, moving from school to tertiary education, or from a training programme to employment.

Examples of what appear to be time-sensitive windows of risk and/or opportunity are listed below. Some, but not all, currently trigger a change to the interventions that young people are eligible for. Note that intervention to respond to these flashpoints does not necessarily mean a need for a new programme to be designed. It might instead involve needs assessment, and activation of eligibility, for wrap-around or supplementary services; eg, while being engaged in mainstream education programmes.

- Becoming a parent. This is a known risk factor when also NEET, benefit dependent, low qualified, or youth aged. However, it also appears to often trigger positive changes to some young people's motivation to up skill, or to gain more or better employment. Some skills training ALMPs work well, especially for welfare-dependent sole parents, females and young mothers (CSRE, 2011; Martin & Grubb, 2002).
- Receiving typical types of failure feedback as relevant to getting employed or qualified, or learning.⁵
- Being cut off from Oranga Tamariki support services and monitoring, and leaving care provision, simply due to age.
- Transitioning between education organisations, across all levels and types of education provision. This importantly involves losing and starting key support relationships.
- Surviving a settling-in phase upon starting a new job (also involves new relationships).

5.4 Gaps in knowledge

There are some areas where further knowledge and information is required.

Work experience and job referees

Government agencies do not appear to consistently collect data about the status of a young person's work experience (including history of past jobs), and about their ability to supply job referees.⁶

⁵ Eg, a cluster of job application rejections (especially to get first jobs?); receiving 'not achieved' NCEA or other education results; losing a first job rather than choosing to leave; adapting to the experience of months of unemployment as 'normal life'.

⁶ At least MSD does not do so in a way that the data can be extracted and aggregated from MSD's databases for anonymous insights (according to Marc de Boer, Principal Analyst at MSD).

Little is officially known about the nature or extent of past work experience that young people have attained, or that they lack, even for young people who are registered with Work and Income (MSD) as active job seekers.

Work and Income does not consistently record details about the past work history of job seekers, nor about whether a job seeker was able to supply referee contact details, not to mention quality of referees provided.

It seems that Work and Income only occasionally records data about a young person's ability to supply job referees, on an ad hoc or discretionary basis.

Driver licence and access to own transport

It is unclear the extent to which not having a driver licence or access to own transport is an employment barrier for all young people. It may be the case only for some young people, locations, job types or other conditions regarding context. Some conclusions have emerged regarding New Zealand's MSD-funded driver licence interventions, and regarding getting licences as a proposed employment enabler for young, mostly NEET, mothers (de Boer & Ku, 2018; Potter & Macky, 2018)

Caregiving

More research is needed to better understand the needs of New Zealand young people who are providing care to their own children. Perhaps more importantly, there is a need to better recognise, describe and quantify young people who are committed to caregiving for people other than their own children (or their officially recognised dependents). Anecdotally, there is thought to be a significant number of young Māori and Pacific young people who are trying to meet caregiving duties, while also trying to undertake education and training, paid jobs or comply with job seeking obligation if they are receiving certain benefits.

Mental health and disabilities

Existing knowledge about employment intervention specifically for young people with disabilities and mental health conditions, and about their needs, could not be adequately addressed within the limits of this research assignment. More work is needed to compile cross-agency knowledge about how to support these young people effectively. It may be worth investigating what is known about the effectiveness of mainstream integration or wrap-around support initiatives, compared to targeted programmes that are exclusively designed for mental health or disability subgroups. What New Zealand programmes or providers do to assess needs, and connect the provisions of services to these young people, may be worth reviewing. Keep in mind that the needs and employment prospects of these young people are likely to be diverse and may require fairly personalised case management and action plans.⁷

Entering full time work with only NCEA Level 2: apprenticeship candidates?

School leavers who only gain NCEA Level 2 seem likely to fall into what could be loosely called medium-risk YARLE. Unless they gain higher qualifications, or formalised on job training that is intended to prepare them for better paid jobs, it is difficult for these young people to compete with

⁷ The United Kingdom (UK) has recently implemented innovative and large-scale interventions to support the employment of people with mental health and disability barriers. The report author met with Anita Hallbrook, who is currently leading the implementation of the UK Government's Thrive into Work, Individual Placement and Support (IPS) Service Trial. It is the largest IPS trial of its kind in a Primary and Community Services setting, with a budget of £8.4m. They are conducting formal research into its effectiveness. It includes a trial of GPs referring mental health consumers to job coaching services, rather than welfare office case managers. See: <https://www.wmca.org.uk/news/84m-funding-to-launch-thrive-into-work-in-the-west-midlands/>

qualified (sometimes overqualified) and more experienced applicants for better than minimum wage jobs.

This group seems to be left alone by New Zealand agencies once they have left school and entered the workforce. They only become picked up again if and when they go onto a benefit, and if and when they enrol themselves in tertiary-level education and training. While employed full time, they are not eligible for most ALMPs. They are technically not eligible for most foundation tertiary training programmes (being mostly focused on NZQA Level 1 to 2 qualifications).

Apprenticeships or industry training may be well suited to these young people. It may provide them with achievable and clearly mapped opportunities for progression. Anecdotal evidence suggests that many would not know how or where to get started to connect to a particular, or any, industry training opportunity. They may need help to identify an industry skills shortage or opportunity, or support to identify and approach employers to request opportunities.

6 CONCLUSIONS AND RECOMMENDATIONS

Below are summary conclusions and recommendations for consideration. They are based on the rapid review of evidence that was conducted for this report, previous literature reviews conducted by the report author for her PhD thesis (which closely aligns to this report focus), and over 15 years of the report author's experience as a provider of New Zealand at-risk targeted programmes.

1. Intergenerational factors act as key employability risks, disadvantages or advantages. This happens especially in relation to gaining social network capital and work experiences, and non-cognitive skill development.
 - a. Young people may not be able to overcome intergenerational disadvantage without intervention that focuses on developing, compensating for, or otherwise responding to these disadvantages.
 - b. Parent or wider whānau engagement may be critical to improving some high-risk subgroups' employment prospects, whenever it is feasible to engage them.
 - c. Examples of successful education or employment intervention for Māori and Pacific youth subgroups are linked to the strategy of engaging parents or wider whānau, but this strategy may also be effective for other young people.
2. Keep focusing on young parents and those who move in and out of caregiving, low paid and part-time work.
 - a. Also consider providing forms of support directly to children of long-term beneficiaries. Find ways to be proactive about countering intergenerational risks.
 - b. Focus on young mothers who have been mostly NEET. Interventions have been effective for them and it is a way to invest in two generations of employability risk (Potter & Macky, 2018)
3. Regarding the most at risk:
 - a. A cross-sector response towards improving outcomes among highest risk young people might work better if it involves fewer, longer and deeper (or more holistically focused) service provisions. This has implications for the design of case management, educators, mentoring or coaching roles; including whether anyone stays on with a young person while they move between other programmes or employment/education/welfare status.
 - b. Consider how to better connect or tailor interventions, eg, through a years-long individual case management
 - c. Many children and teenagers in contact with Oranga Tamariki, MSD, or NZ Police or Corrections are the same overlapping high-risk subgroups, and are identifiable well before the 15 to 24 year age period. Consider risk prevention

and opportunities for more proactively engaging these young people well before adolescence.

4. Non-cognitive skills:
 - a. Start earlier, needs assess, and coach or give feedback about them to individuals explicitly.
 - b. Consider what is and is not being done to help with employer signalling challenges. Revise what agencies or providers already do – and could do – to improve the recognition or reporting of indications about these skills.
5. Work experience: Do more to help 15 to 24-year-olds gain and/or be recognised for relevant experiences. However, first analyse lessons learned in more detail about what intervention approaches work, for what purpose, why, and what to count as work experience.
6. Regarding signalling and translating individual capability to employers, as relevant to jobs:
 - a. Revise how or which intervention supports this challenge for young people, besides using NCEA as one generic signal of basic work readiness.
 - b. Improve access to work experience opportunities and support young people better signal their experience to employers.
7. Consider using indicators or assessments of individual motivation status or attitude as a basis for classifying different risk subgroups, and for matching different responses to them. Motivation status might be assessed and estimated in relation to goals such as getting any type of work as soon as possible, or in relation to getting particular jobs. The potential effects of sanctions for different target groups is also relevant to the issue of matching responses to current motivation status, or as triggers of change to motivation status (positive or negative) (Martin & Grubb, 2002).
8. Compile agency knowledge and research insights about employment for young people who face mental health or disability barriers. This could include lessons from some large-scale initiatives that are underway in the United Kingdom (led by the health and welfare ministers), as well as lessons from the New Zealand context.
9. Promote industry training or apprenticeship options to young people with only NCEA Level 2 while they are in low paid jobs.

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APPENDIX 1 EXPLORING THE DATA ON YOUTH AT RISK OF LIMITED EMPLOYMENT

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This appendix explores the proportion of the population that are likely to experience long-term limited employment, including no employment. The purpose of the analysis is to illustrate the size and composition of the population with limited employment.

The analysis uses working definitions of limited employment, based on data available in the Stats NZ Integrated Data Infrastructure (IDI). 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 in tertiary education at NZQF Level 3 and above
- not self-employed.⁸

We have restricted the population to people who were in the country for at least 335 days in the year.⁹

For the analysis of 24-year-olds, we have excluded people who had completed a bachelors degree¹⁰ and/or were self-employed from the total number (see notes section for more detailed definitions).

The analysis looks at the 2015 year.

Nearly 30% of working-age population experience limited employment

Twenty-eight per cent of the population aged 16 to 65 experience limited employment, including no employment, during a year. The proportion is higher for women (34%) than for men (22%). The proportions are higher for Māori and Pacific (40% and 33% respectively).

There is no sudden change in the proportion at age 25.

⁸ Some people in self-employment will be working on a part-time or casual basis. However, it is not possible to determine how much work has been undertaken from the tax data available in the IDI.

⁹ This simplifies the analysis by removing people who were out of the country for part of the year.

¹⁰ Most people graduate from bachelors degrees around age 23 or 24. There is insufficient people as at age 24 to determine how many might be at risk of limited employment in the long term. Also, the focus of the evidence paper is on young people who have low engagement with employment and education from age 16.

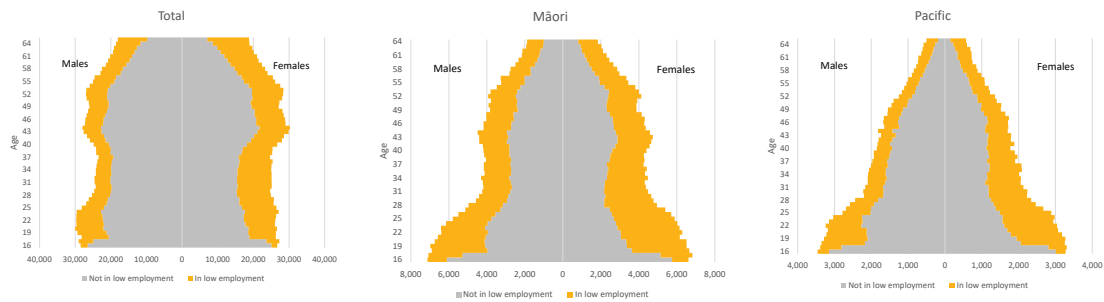


Figure 1
Age distribution of working age population populations by in or out of limited employment (2015)

At least half of young people in limited employment at age 24 had been in limited employment for the majority of years since age 16

Young people in limited employment at age 24 can be divided into three risk groups:

- High risk of lifetime limited employment: spent every year since leaving school in limited employment, including no employment
- Medium risk of lifetime limited employment: spent more than half of the years since leaving school in limited employment
- Low risk of life time limited employment: spent less than half of the years since leaving school in limited employment.

In 2015, 8% of 24-year-olds were in the high risk group and 15% in the medium risk group.

The proportions were higher for Māori, with 16% in high risk and 27% in medium risk. Māori made up 47% of the high risk group and 42% of the medium risk group.

The proportions were somewhat higher for Pacific than all 24-year-olds, at 10% in high risk and 21% in medium risk. Pacific made 15% of the high risk group and 16% of the medium-risk group.

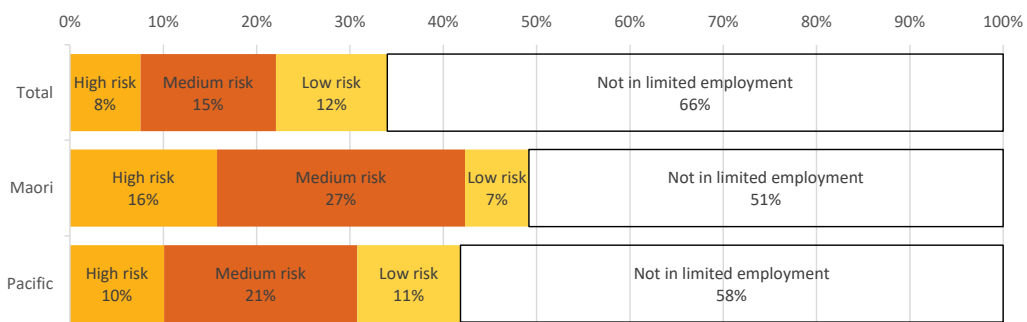


Figure 2
Proportion of 24-year-olds in limited employment by risk level

Estimating the number of young people in each group.

In 2015, there were 52,200 24-year-olds using the population definition set out above. Of these, 4,000 were in the high risk group, 7,600 were in the medium risk group and 6,200 were in the low risk group.

Properly estimating the number of 16 to 24-year-olds in each group would require building a predictive risk model applied to each year of age. In lieu of that, the following provides some indication of the likely numbers of young people.

Out of 513,000 16 to 24-year-olds in 2015, 134,000 were in limited employment during the year. Of these, around 26,000 could be classed as high risk, 51,000 as medium risk and 57,000 as low risk.¹¹

Looking at the distribution of 16 to-24-year-olds in the high- and medium-risk groups by region, 30% were in Auckland and a further 22% were in Waikato and Wellington regions. The Northland and Gisborne Regions had the highest proportions of young people in high and medium risk, at 25%. However, only 7% of all high- and medium-risk young people lived in these two regions.

The definition of limited employment captures similar but not the same groups as receiving a welfare benefit receipt or being NEET

The match between receiving a welfare benefit receipt and the definition of limited employment is not strong. Welfare benefits were received by 67% of those in the high-risk group, 61% of those in the medium risk groups and only 23% of those in the low-risk group, while around a quarter of 24-year-olds receiving benefits were not in limited employment during the year.

The definition of limited employment captures a similar group as NEET. 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. However, 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.

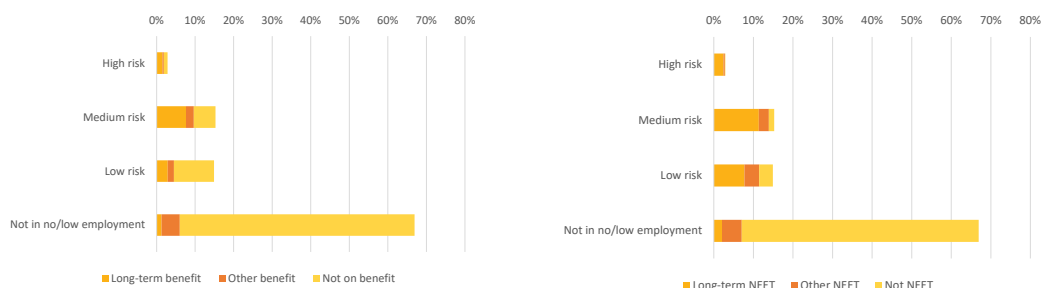


Figure 3
Distribution of young people by benefit and NEET status (24-year-olds in 2015)

Young people in the high- and medium-risk groups have a high likelihood of having other risk factors

Young people who are in the high risk group at age 24 are much more likely than those not in limited employment to have:

- a child (for women)
- been involved with the justice system
- been involved in a CYF/Oranga Tamariki notification
- been the dependent child of a beneficiary for more than half their life to age 16

¹¹ The definitions for high, medium and low risk are less useful for 16 to 19 year olds. For example, at age 16, all young people in limited employment are defined as being high risk as there is only one year of experience. To counter this, the high risk group is restricted to people who had been out of school for at least three years and the medium risk group to people who had been out of school for at least two years.

- been stood down, suspended or truant at school
- had treatment for mental health issues
- left school with no school qualification or NCEA Level 1 only
- no driver licence.

Young people in the medium-risk group at age 24 have almost the same likelihoods of these factors as the high risk group. This suggests that there are other factors which differentiate these two groups.

Those in the low risk group are more likely than those not in limited employed to be mothers with a child or have no driver licence. However, they are less likely to be a child of a beneficiary or been involved with CYF/Oranga Tamariki.

For Māori at age 24, the risk factors were similar. Having been involved in the justice system was the strongest factor for Māori in both the high- and medium-risk groups. Having treatment for mental health was also a relatively stronger factor for Māori. Māori in the low risk group were also characterised by having been involved in the justice system and having had mental health treatment.

For Pacific at age 24, the high- and medium-risk groups were characterised by a relatively high rate of mental health treatment compared to Pacific who were not in no/low employment. There was less relative difference across the groups in having a driver licence. However, 77% of all Pacific young people had no driver licence, compared with 49% of all young people.

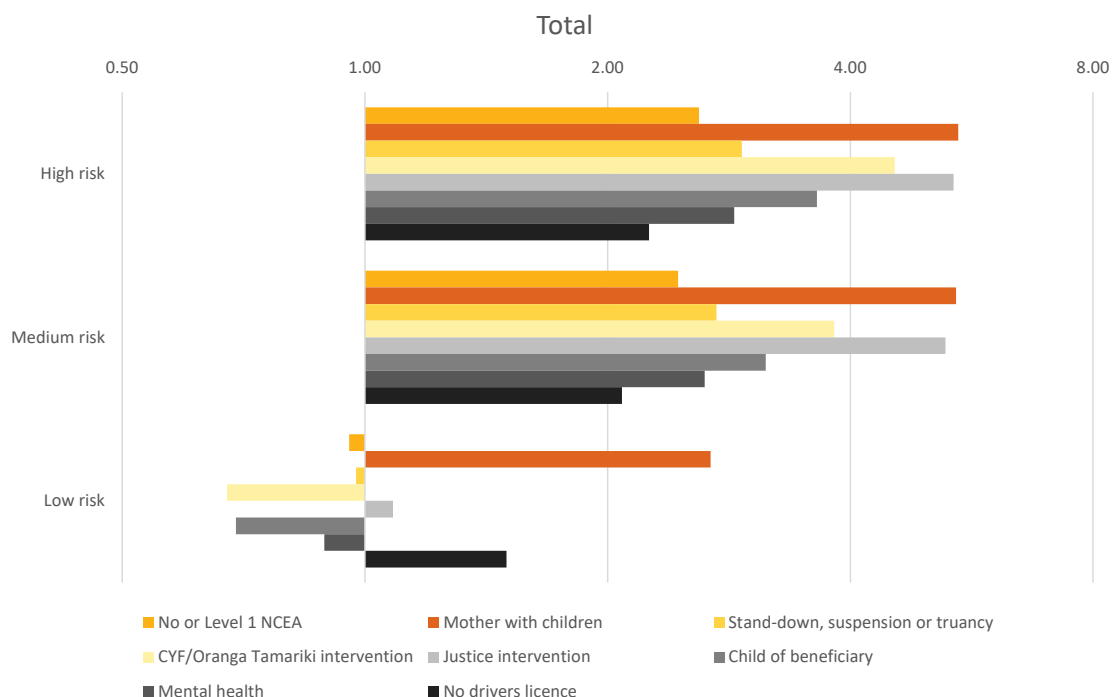


Figure 4

Relative risk ratio for selected factors by low/no employment risk group (for all 24-year-olds in 2015)

The relative risk is the ratio of the proportion with the factor in the risk group divided by the proportion with the factor who are not in low/no employment.

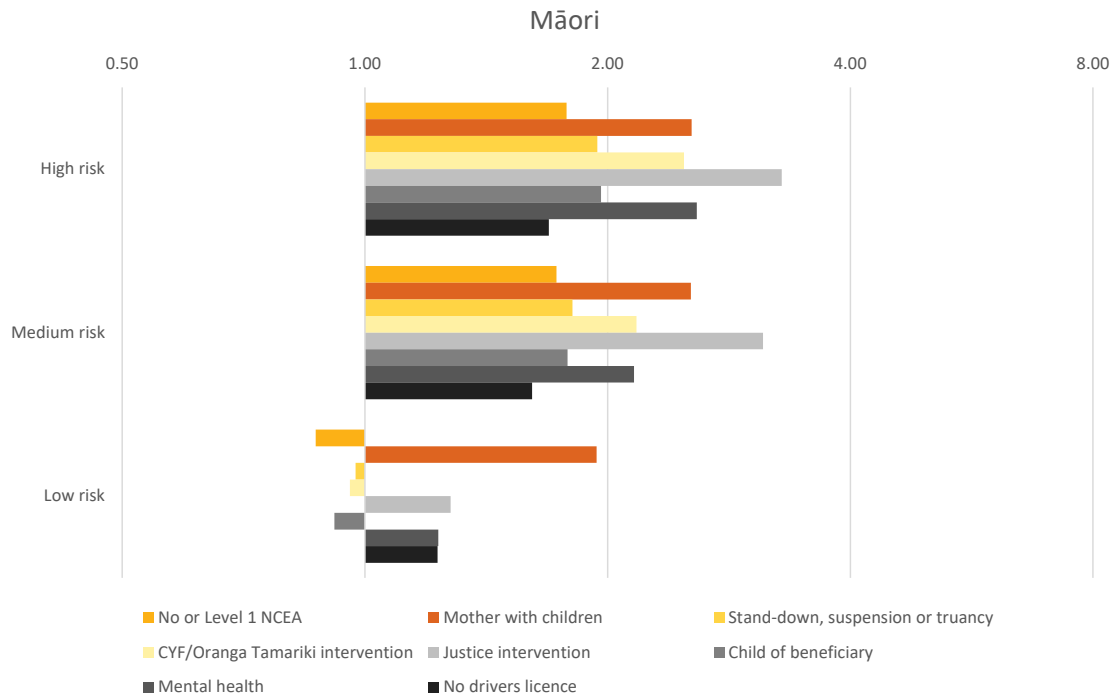


Figure 5
Relative risk ratio for selected factors by low/no employment risk group (for Māori 24-year-olds in 2015)

The relative risk is the ratio of the proportion with the factor in the risk group divided by the proportion with the factor in the Māori population who are not in low/no employment.

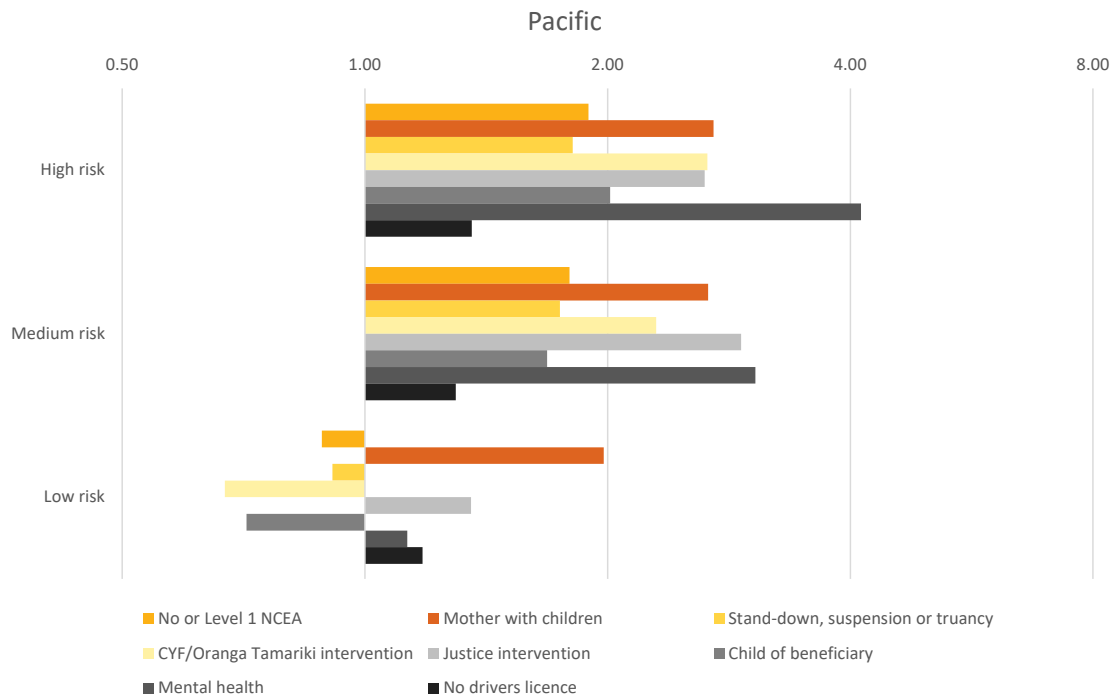


Figure 6
Relative risk ratio for selected factors by low/no employment risk group (for Pacific 24-year-olds in 2015)

The relative risk is the ratio of the proportion with the factor in the risk group divided by the proportion with the factor in the Pacific population who are not in low/no employment.

Notes on the analysis

The analysis was done from two data sets in the IDI. Similar, but slightly different, definitions of limited employment were used in each case.

The analysis of the whole working-age population uses the Population Explorer datamart. Limited employment has been defined as:

- having less than 180 days in the year in employment, or more than 120 days not in employment, education or training (NEET); and
- being enrolled in education at any level for less than 240 days; and
- had no taxable income from self-employment.

The total population was restricted to people who had been in the country for at least 335 days in the year

The analysis of 16 to 24-year-olds used a more detailed dataset previously developed by the Ministry of Education. Limited employment has been defined as:

- not in substantial employment during the year – where substantial employment is defined as working for at least 180 days and having wages or salary above the minimum wage, when prorated over a 30-hour week; and
- enrolled in education or training for less than 240 days in the year or did not study at school or in tertiary at NZQF Level 3 and above during the year.

The total population was restricted to people who had been in the country for at least 335 days in the year. Young people who had completed a bachelors degree and/or were had self-employment income were excluded from the total numbers.

For 24-year-olds:

- Long-term NEET was defined as not being in employment, education or training for a continuous period of six months or more. This could include periods before or after the current year.
- Other NEET was defined as having a period of 30 days or longer not in employment, education or training during the year and not being long-term NEET.
- Long-term benefit was defined as receiving a main welfare benefit for more than 180 days during a calendar year.
- Other benefit was defined as receiving a main benefit payment during the year and not being defined as long-term benefit.

Definition of risk indicators:

No or Level 1 NCEA – left school with no qualification of NCEA Level 1 or equivalent

Mother with children – had one or more registered births

Stand-down, suspension or truancy – been stood down, suspended or reported for serious truancy at school

CYF/Oranga Tamariki intervention – been involved with a notification to CYF/Oranga Tamariki, including finding of abuse and/or placement

Justice intervention – appeared in Court and/or had correctional sentence

Child of a beneficiary – been the dependent child of a beneficiary for 8 years or more

Mental health service – received mental health treatment or services, including GP prescriptions, in two or more years

No driver licence – never had a full car licence. This includes people who have had their licence suspended, cancelled or expired.

APPENDIX 2 SUPPLEMENTARY NOTES ON NON-COGNITIVE SKILLS

Relationships between measures of non-cognitive skills and both education and labour market outcomes are significant. This is backed by a large body of outcome evidence, mainly from the fields of psychology and labour market economics. However, the term non-cognitive skills is not widely known or referred to by employers, and it only tends to be recognised within pockets of the education sector (educational psychology and early childhood education).

Non-cognitive skills are a key employability factor that matters for all job seekers, while standing out as a key barrier for young people who have a greater risk of limited employment. It is emphasised as a key factor in additional literature that has been intensively reviewed by this report author. Yet, it seems to be either overlooked within studies of ALMP outcomes and within evaluations of New Zealand ALMPs (or MSD-administered programmes), or acknowledged but set aside with a note that little is known about how ALMPs might address this factor effectively.

Key points:

1. Non-cognitive skills significantly affect individual labour market outcomes. Measures of them are strong predictors of education and labour market outcomes.¹²
2. Non-cognitive skills can be improved via education and training, especially during early childhood and into adolescence. Multiple studies support this claim even though these skills – in the sense of traits – are partly genetically inherited, and otherwise tend to stay stable as years-long behavioural norms (J. Heckman & Kautz, 2013; Kautz, Heckman, Diris, Weel, & Borghans, 2014).
3. The timing of intervention activities to improve non-cognitive skills appears to be key to their potential to have positive effects. It is unclear what other factors are important for the success of interventions to develop these skills, although some clues exist in the literature and in programme examples.
 - Non-cognitive skills are still malleable during adolescence, whereas cognitive skills only tend to be malleable before adolescence. However, it is preferable to focus on developing both, starting from early childhood (J. Heckman & Kautz, 2013; Kautz et al., 2014).
 - Some early childhood programmes have improved the non-cognitive skills and adult labour market outcomes of socioeconomically or socially disadvantaged children; relative to comparison groups.
 - Soft skills beget hard skills, and lay the foundations for later learning.¹³ Said another way: the development non-cognitive skills improves the potential to develop or use cognitive or technical skills. Non-cognitive skill development

¹² Duckworth and Seligman (2005) found that non-cognitive skill measures predict academic achievement even after controlling for socioeconomic variables; including demographics, school attendance and home educational material.

¹³ James Heckman frequently makes this point and notes that the terms 'soft' and 'non-cognitive' skills are often used interchangeably. For example, see his 3min talk: <https://www.youtube.com/watch?v=hSmG87MOyV0>

involves learning to be a self-motivated and self-controlled learner (learning to learn).

- The earlier in life that a string of non-cognitive skills interventions start, the greater the economic return on investment is likely to be. Investment should start from early childhood as a critical period. James Heckman and co-authors provide a strong economic argument and evidence for this (J. J. Heckman, 2011; J. J. Heckman & García, 2017; J. Heckman, Stixrud, & Urzua, 2006).
4. There is a need to better identify how to help young people with the challenge of signalling or translating indications about their non-cognitive skills to employers. Traditional school qualifications tend to be designed to explicitly signal hard (technical or cognitive) skills and subject knowledge. They may implicitly also provide signals about someone's non-cognitive skills, such as grit or conscientiousness towards achieving academic or career goals. However, employers look to additional sources and types of information (signals), such as feedback from past job referees, to guess the extent of their non-cognitive skills.
 5. It is arguably difficult, but not impossible, to define and report on measures of non-cognitive skills – or indicators or signals about them – in ways that could serve New Zealand education and employment policy applications.

APPENDIX 3 ALMP INTERVENTION EVIDENCE

This section covers mainly quantitative evidence on interventions that were classified as active labour market programmes (ALMPs) in the literature. Most ALMPs focus on helping adults and/or youth target groups, via short intervention activities, to enter or re-enter the workforce quickly. Many target young people across or within the 16 to 24 year age bracket. Most are not open to young people until a time at which they have left school and are not currently unemployed. So in that sense they are the last bastion of employability development intervention.

The terms programmes and interventions are used interchangeably here. Many of the findings have implications for what could be regarded as mainstream or preventative programmes, not just for ALMPs as last resort interventions after leaving school (or not sooner than late adolescence).

This section also weaves in findings and conclusions that were not sourced from studies of ALMPs but that provide evidence about some key factors that young people's employment capability and outcome likelihoods typically depend upon.

Evidence: general types of ALMPs and their effectiveness

On the whole, ALMPs that target young people have internationally had an average or disappointing track record in terms of their impact on youth labour market outcomes (Ibarrarán, Kluve, Ripani, & Rosas Shady, 2019; Kluve et al., 2019). It is clearly difficult to identify and implement what works for these types of intervention that are timed at this late stage in young people's lives. Keep in mind that a large proportion of young people who end up being referred to ALMPs matched multiple risk profiling criteria beforehand. Their needs are likely to be multiple and complex.

ALMPs can be grouped into approximately four general types of programme design or activity. Meta-analyses of multiple ALMPs tend to contain findings that are high-level generalisations about these types of ALMPs.

Below are excerpts from two of many reviewed publications that proposed a way of grouping ALMPs into general types. It shows that the way in which ALMPs are grouped and defined in different publications tends to be more similar than different. Subsequently, generalisations about a type of ALMP can be compared from multiple evidence sources and synthesised to some extent.

Bredgaard (2015) notes that the OECD Database on Labour Market Employment Programmes and Eurostat Labour Market Policy database sort ALMPs into the following types:

- labour market training
- private sector incentive programmes
- direct employment programmes in the public sector
- job search assistance.

Vooren, Haelermans, Groot & Maassen van den Brink (2019) provide this similar, but not entirely aligned, set of classifications:

- training and retraining programmes – aimed at the formation of human capital
- subsidised labour schemes – including working tax credits and start-up subsidies

- public sector employment schemes – in which the government attempts to directly hire the unemployed
- enhanced services schemes – including job search assistance and regular encounters with caseworkers, sometimes accompanied by sanctions in case the participant does not fulfil certain participation criteria.

ALMP Evaluation Caveats

The timeframes that are applied to outcome measurement for ALMPs have been found to make a substantial difference to whether they are found to be effective, or to what effect they are found to have on labour market outcomes (Vooren et al., 2019). A definition of short-run versus long-run outcome measurement timeframes has not been uniformly adopted across ALMP literature. Bear this in mind when comparing evidence about effects of interventions, or intervention types, on labour market outcomes.

Common key terms and caveats regarding the evaluation and interpretation of ALMP results, or their effectiveness, are listed in Bredgaard (2015) and Vooren et al. (2019). Several methodologies are commonly used to evaluate ALMPs, each with their limitations, which further complicates efforts to compare findings across the literature. The theory of locking in effects may help to explain why some training and employment programmes have been found to have negative short-term effects on labour market outcomes, but positive effects based on longer-term measures, or based on methodologies that account differently for the time spent locked into training rather than employment or job seeking.

Regarding long-term versus short-term differences in impacts, one meta-analysis from 2019 found that for youth targeted ALMPs, “impacts are of larger magnitude in the long term” (Kluve et al., 2019). Further evidence about differences in long- versus short-term impacts is provided in another meta-analysis of ALMPs (Vooren et al., 2019). The abridged publication abstract is quoted below:

The analysis is built upon a systematically assembled data set of causal impact estimates from 57 experimental and quasi-experimental studies. ... We distinguish between the short and longer term impacts in our analysis; at 6, 12, 24, and 36 months after program start. After correcting for publication bias and country-specific macroeconomic characteristics, subsidized labour and public employment programs have negative short-term impacts, which gradually turn positive in the longer run. Schemes with enhanced services including job-search assistance and training programs do not have these negative short-term effects, and stay positive from 6 until 36 months after program start (p 125).

The box on the next page is a summary of findings from multiple evidence sources about the effectiveness of each general type of ALMP. It is largely based on findings from several large meta-analyses of ALMPs (Card, Kluve, & Weber, 2010; Kluve, 2010; Kluve et al., 2019; Martin & Grubb, 2002; Vooren et al., 2019). While the reviewed sources did not use identical terminology or classifications for each type of ALMP (ie, the left column), what they used was similar enough to be able to generalise about findings.

Type of ALMP	Notes and Caveats	Findings About Effectiveness
Job search assistance		Most effective or effective
Work experience or on job training as a core outcome focus/activity ¹⁴ Vocational or industry training is only sometimes classified as an ALMP but involves work experience and on job training focus	Be aware that what gets counted as work experience varies significantly between relevant studies, programmes and policy settings. Unpaid work, volunteering, internships, or some extra-curricular activities may be relevant here but goes beyond the scope for this literature review.	Most effective or effective
Subsidies (e.g. wage subsidy to employer) Public and private forms of job creation	Some sources found that schemes involving private sector were more effective than public sector or direct job creation schemes. However, this might not hold for all target groups or circumstances. Further analysis is needed.	Mixed effectiveness
Skills training	This classification is very broad. It refers to programmes that are not very homogenous, e.g. in terms of programme design and target group. Most are lower-level skills training programmes, often referred to as foundation or pre-trades training. Negative results may be partly due to lock in effects or short timeframes for outcome measurement.	Least effective - Not often effective on its own for young people - Sometimes harmful

Caveats and further explanation regarding these high-level generalisations about what is effective are provided below.

Job search assistance

Job search assistance stood out as a type of ALMP where there is strong consensus about its effectiveness. Some common forms of job search assistance might otherwise be called job outcome focused case management. Specially, one-on-one follow ups with a job seeker, and production of a personal action plan for seeking or gaining employment are types of interaction that might otherwise be classified as case management.

Job search assistance is typically classified as one of the general high-level categories of ALMPs, but it can also be treated as a programme component or activity. A variety of programme designs include some form of job search assistance, along with other potentially effective or ineffective activities.

Work experience or on job training

Work experience or on job training also stood out regarding what works to improve eventual youth labour market outcomes. Sometimes work experience or on job training is classified as a type of ALMP. Other sources of ALMP evidence describe it as a programme design detail; or as an activity or component that a variety of programme types could include. Either way, numerous sources of evidence (from New Zealand and overseas) agree that this is a key success ingredient or characteristic of what works to improve labour market outcomes (CSRE, 2011; de Boer & Ku,

¹⁴ Apply caution when comparing sources of evidence about the relevance or impact of work experience on labour market outcomes. Relevant literature and programme descriptions are inconsistent in terms of what gets referred to as work experience.

2017; Kluve et al., 2019; Perry & Maloney, 2007). A caveat is that what gets counted as work experience within intervention designs and evaluations is inconsistent. Caution should be applied when drawing conclusions about the aspects or types of work experience intervention that worked.

An evaluation by MSD on the effectiveness of New Zealand employment assistance interventions came up with complementary findings (de Boer & Ku, 2017). What it referred to as job placement, case management, job search and information services, and work experience was found to be generally effective.

Subsidies, and public and private forms of job creation

There is a risk of overgeneralising about who job creation and subsidisation schemes are effective or ineffective for; regardless of them involving private or public sector workplaces. Whether some generalised findings hold for particular high needs, or high-risk groups of young people – ideally based on measurements taken years after intervention – is a question that deserves further analysis.

Findings about the effectiveness of labour subsidisation and job creation schemes included some discrepancies between studies. The discrepancies are partly explained by the fact that different studies applied different ways of grouping ALMPs. Some distinguished public from private sector employment schemes. Some distinguished partial subsidisation from full job creation schemes; either or both of which could involve public or private sector employment provision.

The timeframes applied for outcome measurement, or other differences in evaluation methodologies, also explained some discrepancies in findings. For example, the way that lock-in effects are accounted for can affect interpretation of short-term outcomes (Vooren et al., 2019). Some studies that included longer-term measures of job creation and/or labour subsidisation schemes suggest that these types of schemes may often have a negative or insignificant effect in the short term, but more positive and significant effects in the longer term. Vooren et. al. (2019) observed the following differences in programme impacts, in terms of short- versus long-term outcomes:

Public sector employment schemes, characterized by job creation in the public sector, as well as subsidized labor, have *negative* impacts in the short term. These negative “lock-in” effects turn into positive impacts over time. These lock-in effects of subsidized labor programs tend to last shorter than those of public employment schemes. The impact of subsidized labor turns positive after 12 months, whereas with public employment this is the case only after 36 months (p 127).

Skills training: unpacking its ineffectiveness

ALMPs that were classified in meta-analyses as skills training were, overall, found to be ineffective and sometimes harmful. However, caution should be applied in how to respond to this generalisation. It is too general to be helpful in some respects. There is substantial variation in the design, implementation, outcome focus and targeting regarding what gets counted within this programme classification. In other words, it does not represent a very homogenous set of programmes or participants. Most of the programmes are lower level programmes aimed at improving basic employment skills. They could be described as foundation skills, employment skills, basic skills or pre-trade training. Some are effective, and some are only assessed as effective when based on years-long outcome measures; rather than roughly 6 to 24 months after intervention, which is a common timeframe used in ALMP evaluations.

The following characteristics have been noted by multiple sources in regard to skills training ALMPs that do effectively impact on youth labour market outcomes:

- 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.

Industry training and ALMPs.

Vocational or industry training programmes are often excluded from what gets classified as ALMPs. In New Zealand, not all vocational training opportunities at NZQF Levels 1 to 4 are meant to exclusively be targeted at those deemed to be relatively at risk of becoming NEET or welfare dependent. Yet, these types of training programmes focus on two key characteristics that distinguish the most effective training programmes that do get classified as ALMPs (i.e. those which are exclusively targeted at NEET and welfare dependent young people). Firstly, they focus on attaining and formally recognising work experience and on job training. Secondly, they explicitly include training content that has been matched closely to an industry-specific set of skill requirements. It stands to reason that New Zealand industry training programmes, and training programmes that get classified as ALMPs, should both be looked at together from a cross-agency perspective, ie, in terms of considering how they might be relevant and/or promoted to young people with low or no work experience, and who are not going to university.

ALMP Evidence: details on what works and what matters

Kluve et al. (2019) appears to be the most recently published, large-scale international meta-analysis of ALMPs. Unlike other major ALMPs meta-analyses, this one exclusively reviewed evidence on ALMPs that were targeted at young people. Kluve is a widely cited author/co-author of multiple ALMP studies. Based on reviewing 113 impact evaluations of youth employment programs worldwide, Kluve et. al. (p.1) found that: “the unconditional average effect size across all [youth targeted ALMPs] is small, both for employment related outcomes...and earnings related outcomes”.

Other key findings included:

- programmes are more successful in middle- and low-income countries
- the intervention type is less important than design and delivery
- programmes integrating multiple services are more successful (other sources similarly say that combinations of services or activities are successful)
- profiling of beneficiaries and individualised follow-up systems matter (other sources say that individual risk or needs assessment, and case management practices matter)
- incentives for services providers matter
- impacts are of larger magnitude in the long term.

Other common characteristics of effective interventions are further outlined below. Some overlap with what was described by Kluve et. al. above. These generalisations are based on having compared findings and conclusions from multiple sources of evidence.

- Combinations of activities work better than single activity or single focus intervention. Providing flexibility to assign selections of activities or services is linked to effectiveness, rather than a one combination for all approach.
- Needs assessment and action plans that are multi-faceted are more likely to work for subgroups who typically present with complex barriers/needs – ie, holistically address a range of personal and employment focused needs.
- Details regarding the nature, quality, purpose or outcomes focus of provider participant relationships matter.
- Case management and/or personal coaching provision matters (as a type of provider participant relationship).
 - One-on-one follow-ups were linked to effective programmes. They seem to overlap with concepts of case management, coaching and mentoring.
 - Coaching or case management for what purposes or needs – or with what discretion allowed to tailor holistic response plans – may be questions worth exploring further
 - Being coached or case managed to develop goal setting or personal plan and review practices has been noted outside of ALMP literature as something relevant to developing self-management and self-motivation among young people.
 - Case management is relevant to Kluve et. al's identification of follow-up systems as a success factor.
- Inclusion of job search assistance matters, which could potentially be framed as a type of case management, or focus of a coaching relationship.
- Work experience or on job training matters, which can be the main focus, or a component of an intervention.



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