

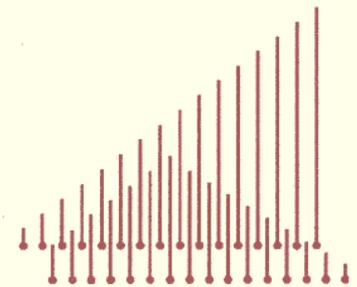
niesr

Beyond school leaving age: the first five years

*Presentation to the ACEVO Commission on
Youth Unemployment, 11th October 2011*

Richard Dorsett

Paolo Lucchino

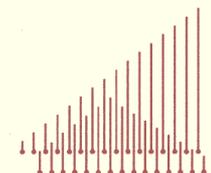


National Institute
of Economic and
Social Research

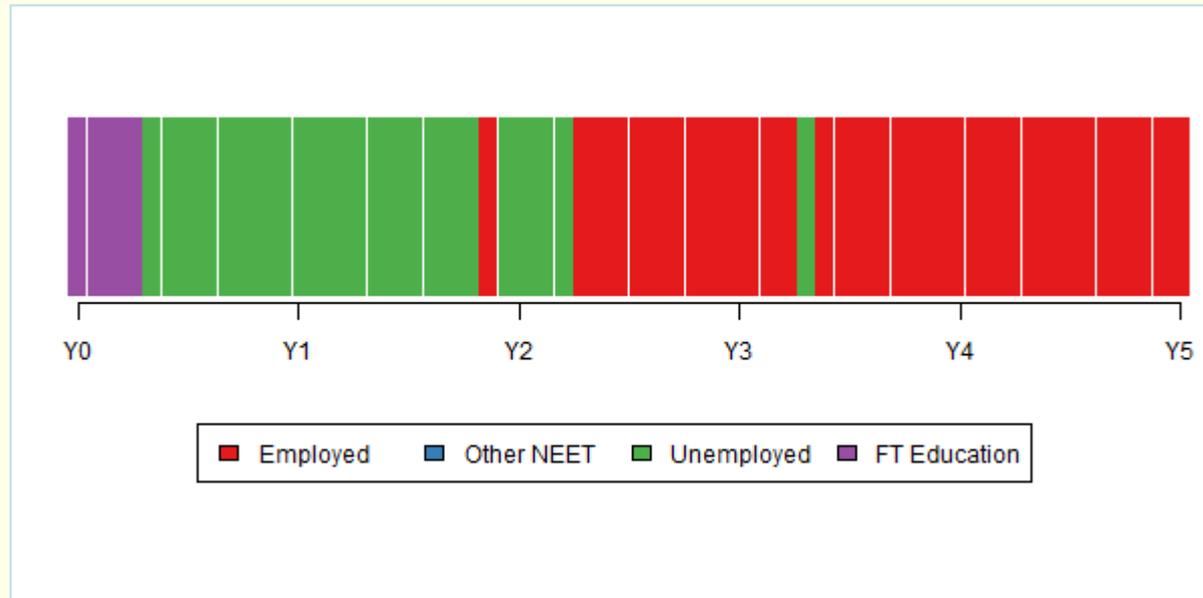
Funded by the Nuffield Foundation (grant ref EDU/39082)

Motivation

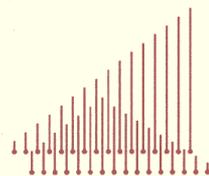
- Youth unemployment, and NEETHood more generally, have increasingly attracted policy concern in the UK and abroad.
- However, our understanding of the issue has, in part, been hampered by data limitations:
 - The definition of 'NEET' includes a wide variety of labour market experiences, ranging from 'gap years' to deep disconnect from the labour market.
 - Standard statistics generally summarise outcomes at a point in time (e.g. the unemployment rate) or over a specified period (e.g. time spent unemployed in the previous year). These discard important information on labour market dynamics, for example the order in which events occur.
- We address this limitation by using a holistic technique that can capture the full richness of an individual's labour market history
 - This allows an evaluation of an individual's labour market success that goes beyond the consideration of a single event in isolation.
- We use this technique to create a typology of labour market trajectories for young individuals aged between 16 and 21.



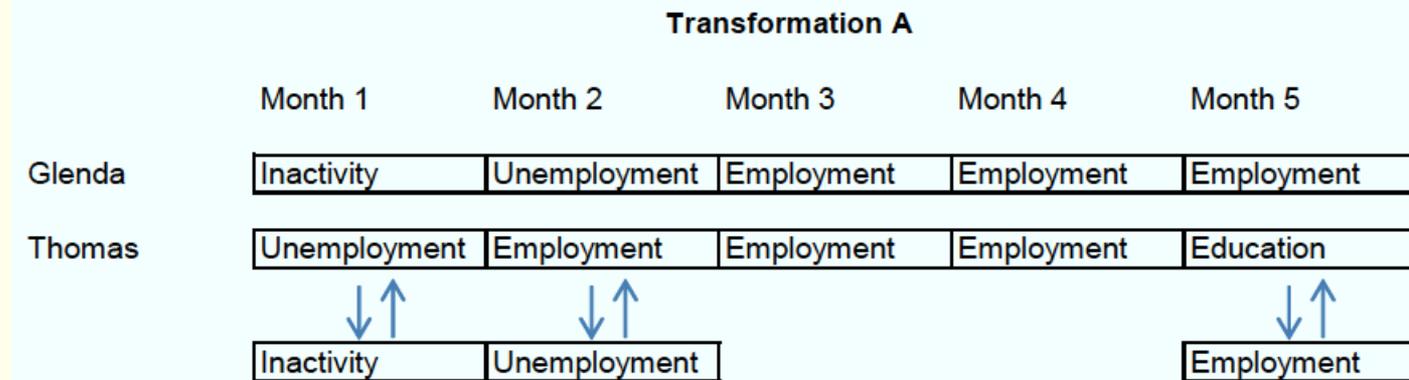
Example labour market trajectory



- We examine the labour market history in the 5 years following the end of compulsory education.
- Labour market status is classified as: employed; in full-time education; unemployed not in full-time education; and 'other NEET'.
- We split the conventional definition of NEET into unemployed and 'other NEET' to better understand whether different reasons for non-employment lead to distinct trajectories.

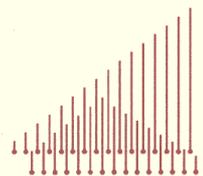


Methodology: optimal matching

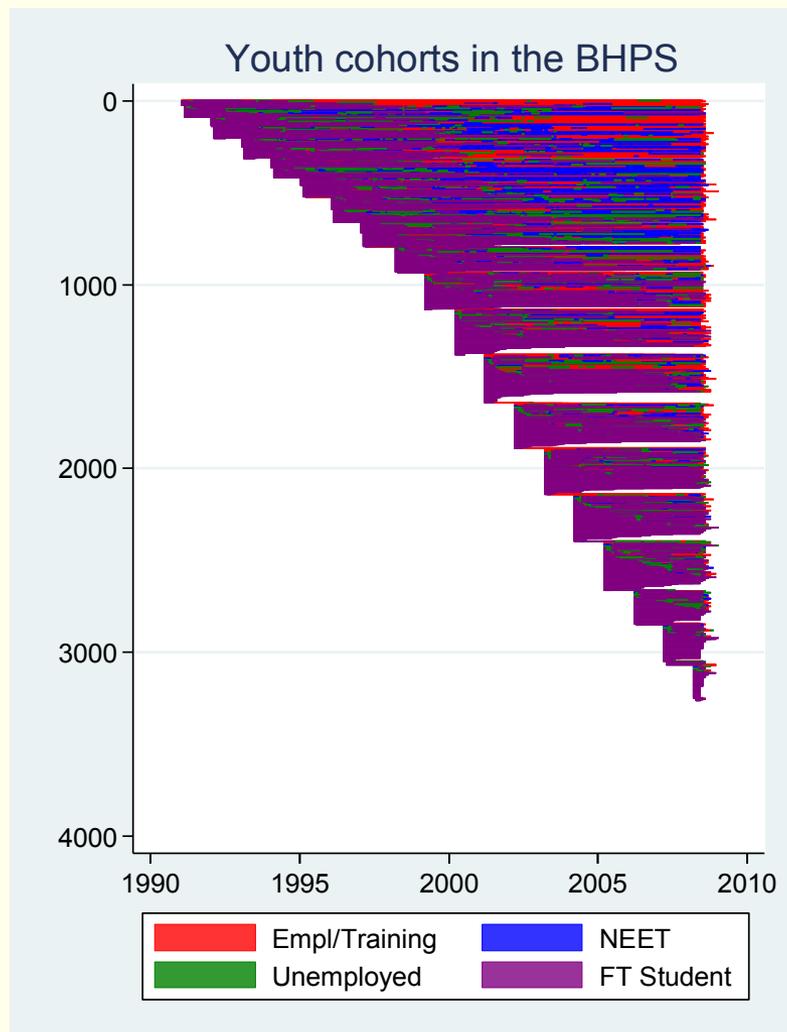


[Quintini, G. and T. Manfredi \(2009\)](#)

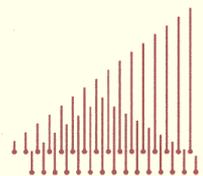
- Optimal matching measures 'dissimilarity' by the number of necessary operations to transform sequence A into sequence B. Cluster analysis is then used to group similar sequences together.
- This approach allows to consider the labour market trajectory in its full richness. In contrast to other descriptive statistics, it captures a trajectory's dynamics, including the type, length, order and timing of spells.
- Although a statistically-driven approach, some judgement is needed in the selection of the number of groups and their interpretation.



The youth in our sample

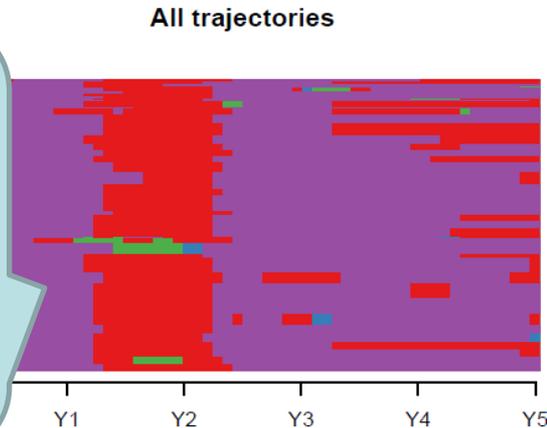


- Over 4,000 individuals are observed to turn 16 between 1991 and 2008 in the nationally representative British Household Panel Survey (BHPS) data set.
- Results are based on just under 1,400 individuals observed for five consecutive years from the end of compulsory schooling. Attrition from the survey does not alter the qualitative findings.
- Labour market status is defined according to individuals' *self-reported main activity*. This comes reasonably close to national statistics on youth labour market outcomes (e.g. NEET)

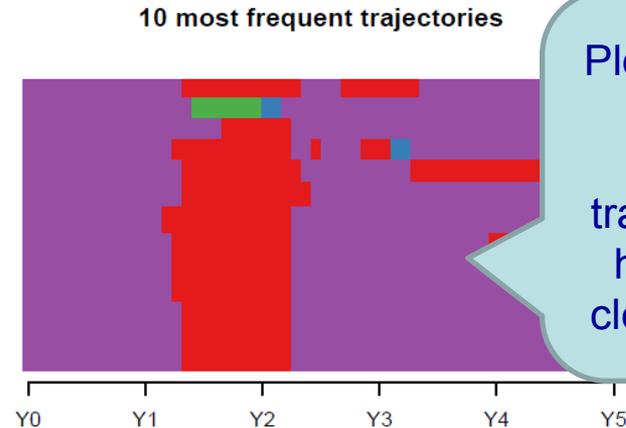


E.g.1: FTE with a 'gap year'

Stacking trajectories in a group horizontally gives an immediate picture of the type of histories identified.

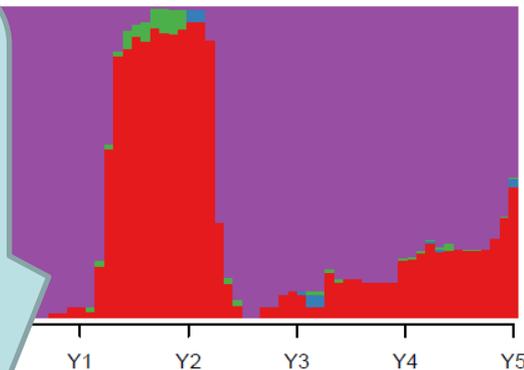


Plotting only the 10 most frequent trajectories can help obtain a cleaner picture.

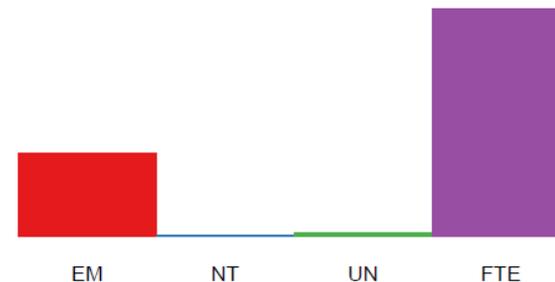


The bottom row plots the conventional statistics summarising outcomes at a point-in-time and over a defined period.

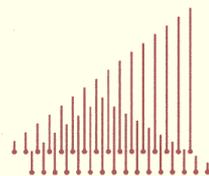
Share of individuals in each state over time



Time spent in each state



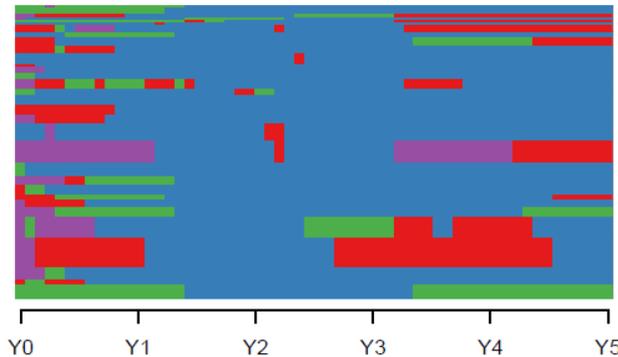
Employed Other NEET Unemployed FT Education



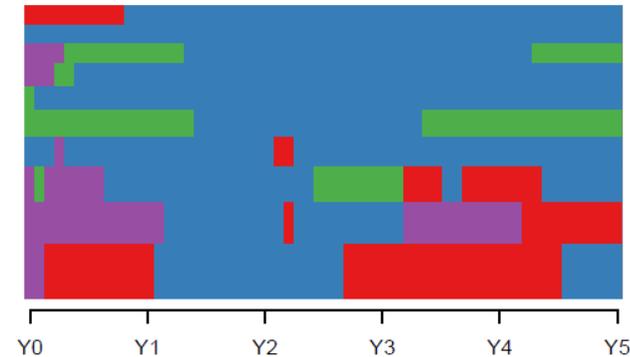
E.g.2: NEET from 16

Graphs for all the 14 groups identified can be found in the Annex

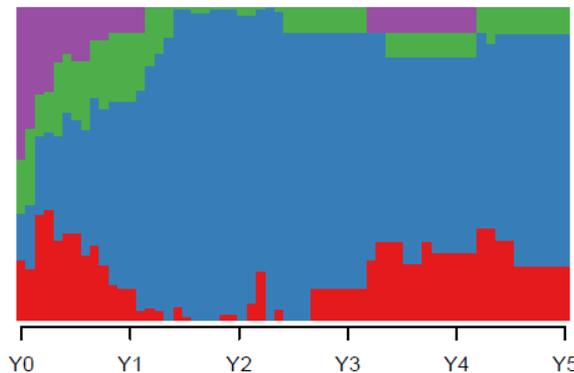
All trajectories



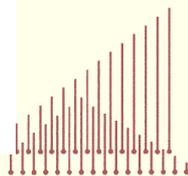
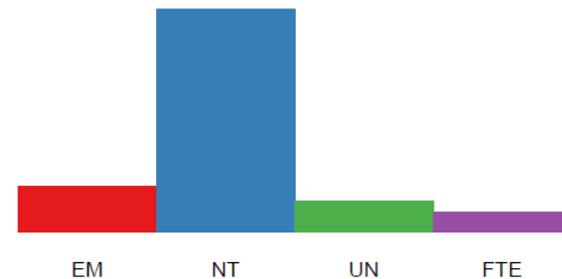
10 most frequent trajectories



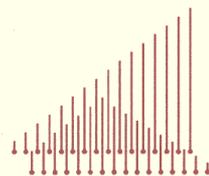
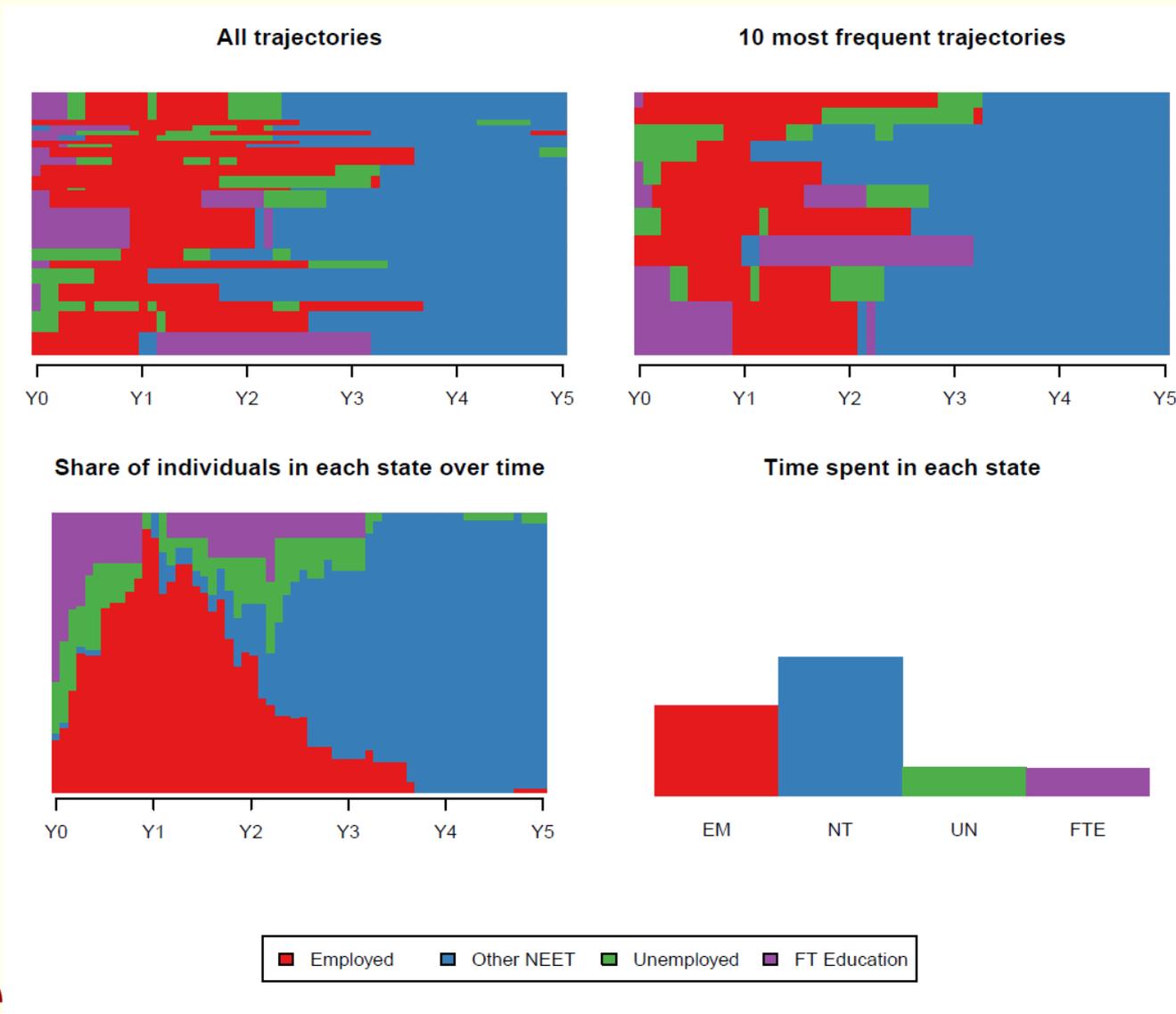
Share of individuals in each state over time



Time spent in each state



E.g.3: Withdrawals from the labour market



Size of the groups and outcomes

<i>Description of trajectory (See Annex for details)</i>	Accumulating human capital	Successful school to work transition	Possible cause for concern	Ballpark number of 16 year olds entering each trajectory each year ('000s)
<i>FT education throughout</i>	25.3%			190
<i>FT education with gap year</i>	9.9%			80
<i>'Express'</i>		55.6%		420
<i>Partial recovery</i>			2.0%	20
<i>Long-term worklessness</i>			2.3%	20
<i>NEETS from 16</i>			2.1%	20
<i>NEETS from 18</i>			1.6%	10
<i>Withdrawals from the labour market</i>			1.2%	10
Total	35.2%	55.6%	9.1%	760

- Estimates of the size of the groups assume survey attrition is random and should therefore be considered as indicative.
- Approximate numbers entering each trajectory are based on ONS mid-2010 Population estimates of individuals aged 16.



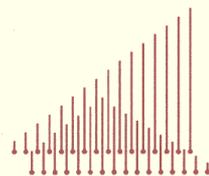
Next steps

- The next phase of this project will explore the characteristics of the individuals in each group.
- We will then conduct analysis to determine which characteristics might best predict whether an individual is likely to head down a given labour market trajectory.
- Annex A after this slide provides illustrations of each of the 14 groups of labour market histories identified.

Contacts:

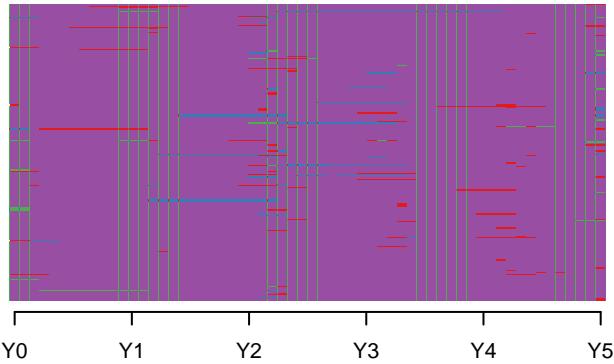
Paolo Lucchino: p.lucchino@niesr.ac.uk

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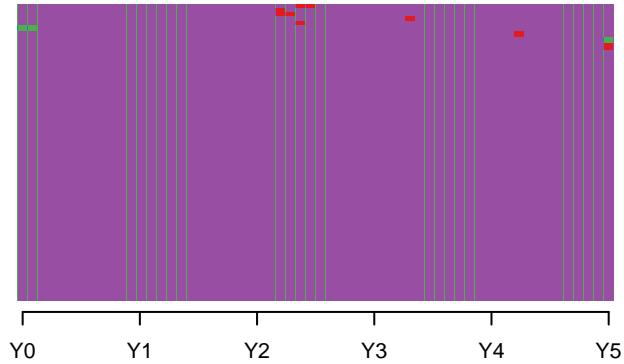


FTE – 25.3% of youth

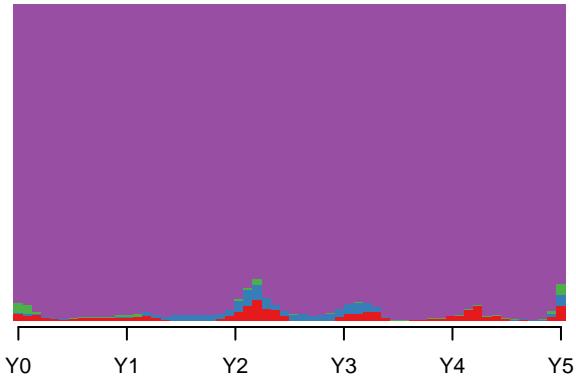
All trajectories



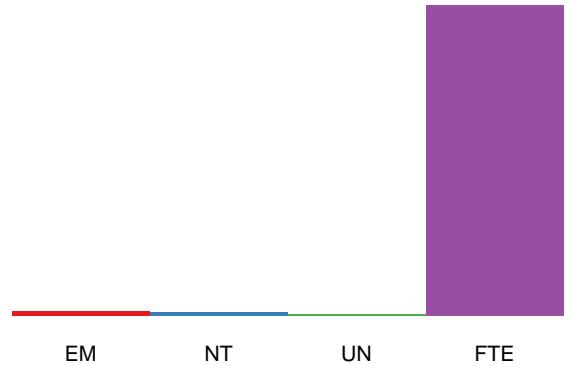
10 most frequent trajectories



Share of individuals in each state over time

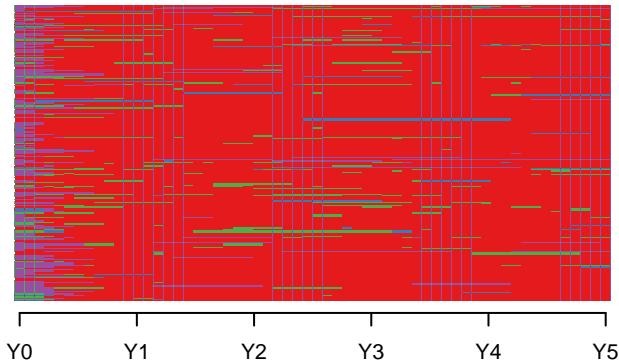


Time spent in each state

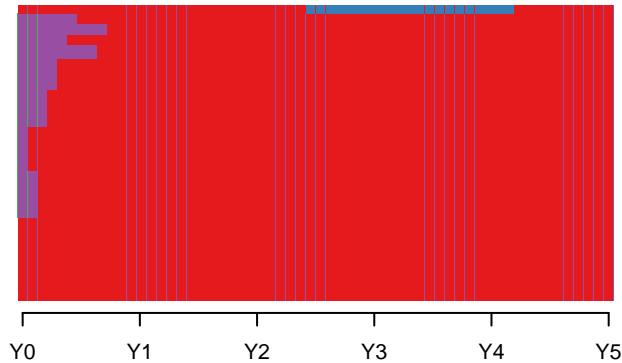


Express (1) – 21.9% of youth

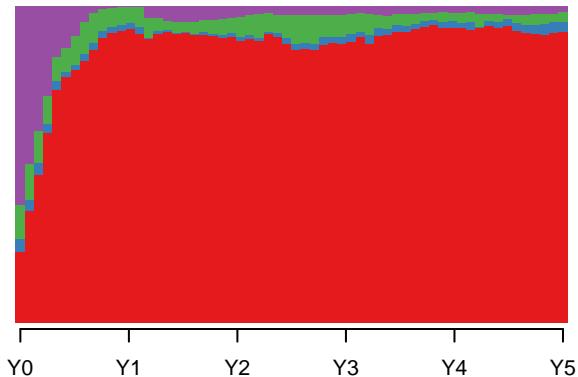
All trajectories



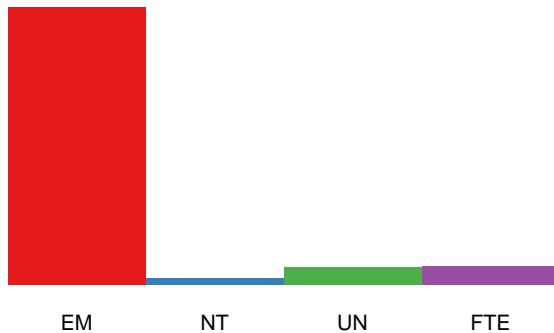
10 most frequent trajectories



Share of individuals in each state over time

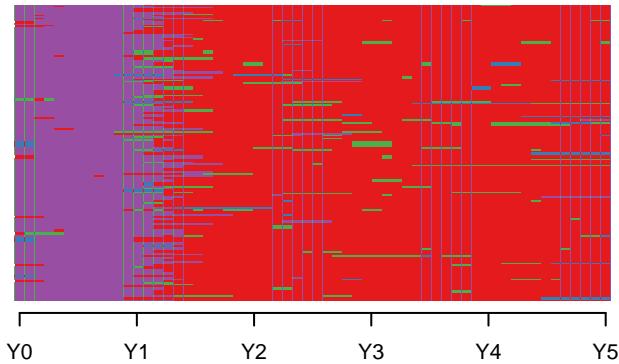


Time spent in each state

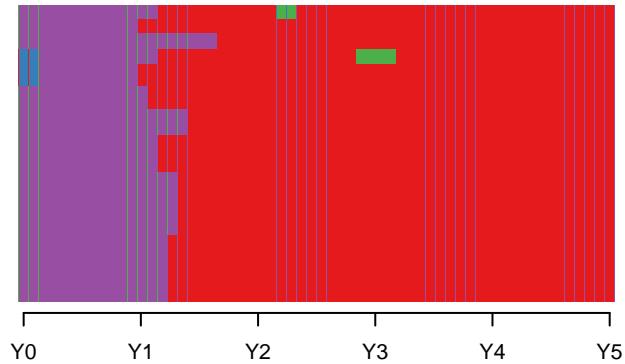


Express (2) – 12% of youth

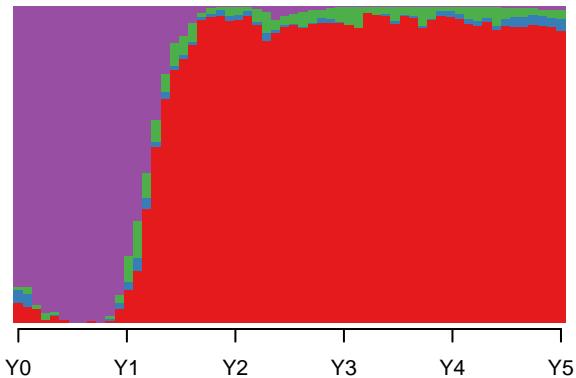
All trajectories



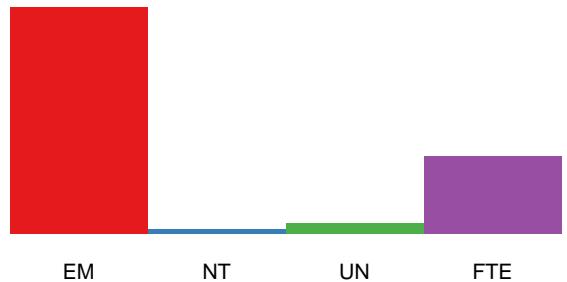
10 most frequent trajectories



Share of individuals in each state over time

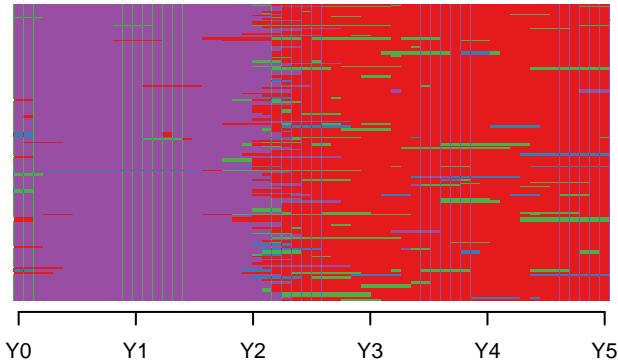


Time spent in each state

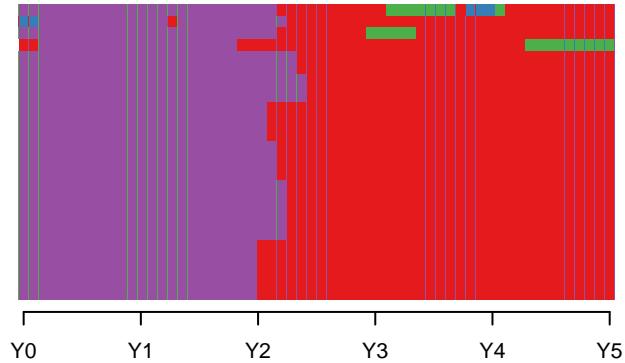


Express (3) – 12.9% of youth

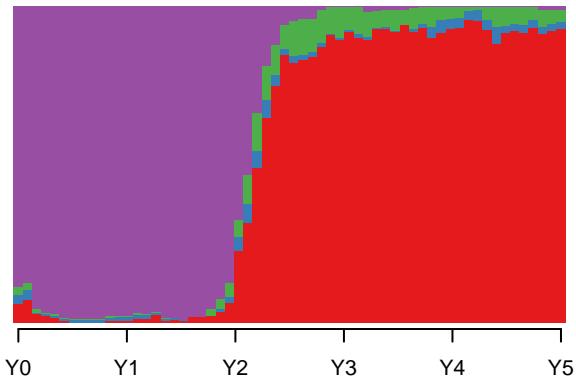
All trajectories



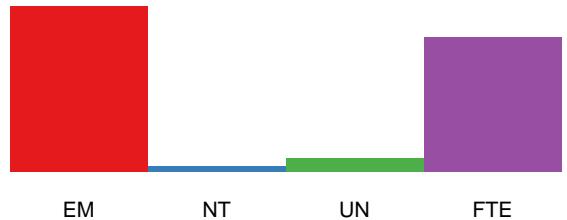
10 most frequent trajectories



Share of individuals in each state over time

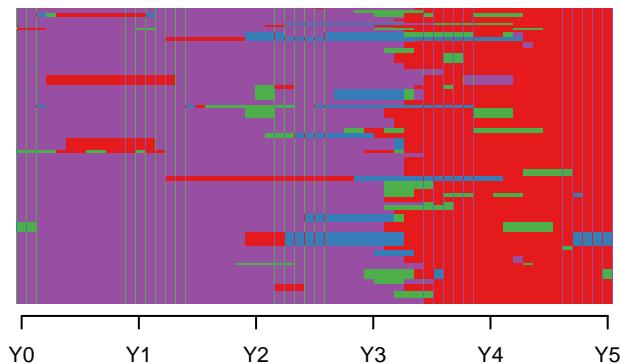


Time spent in each state

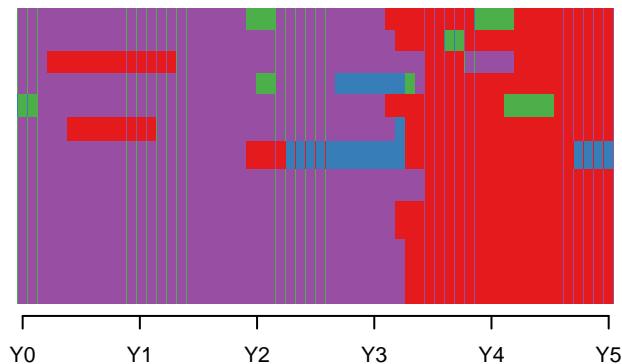


Express (4) – 4.3% of youth

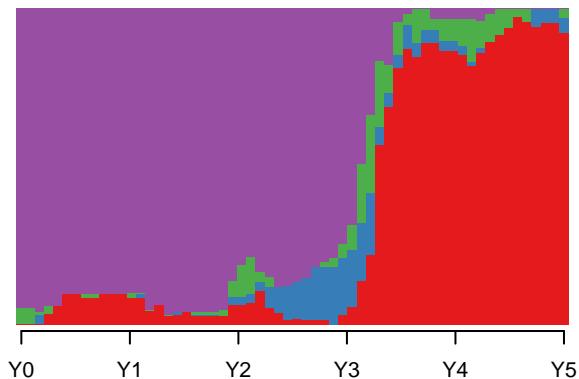
All trajectories



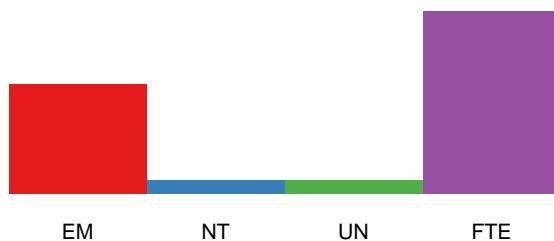
10 most frequent trajectories



Share of individuals in each state over time

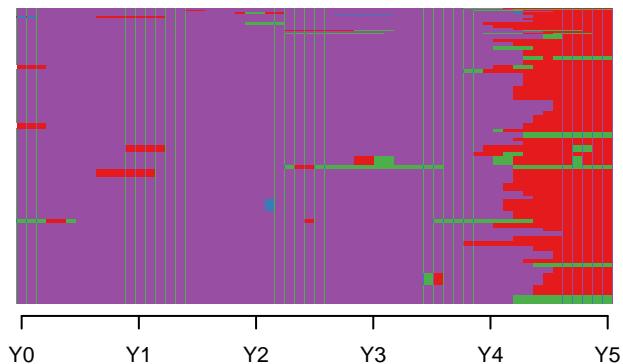


Time spent in each state

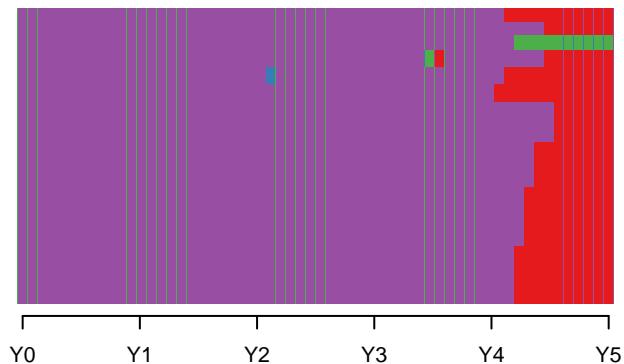


Express (5) – 4.6% of youth

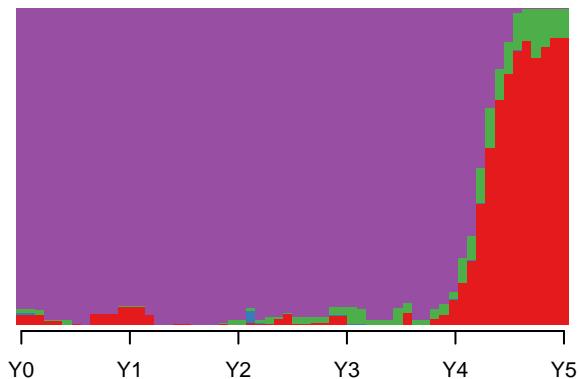
All trajectories



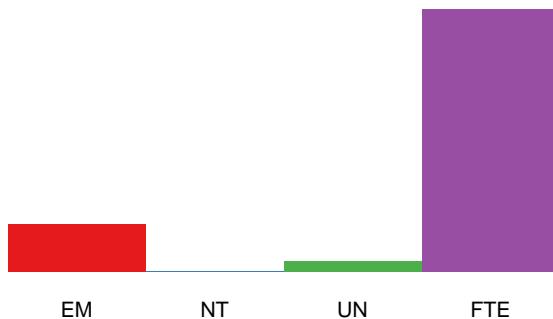
10 most frequent trajectories



Share of individuals in each state over time

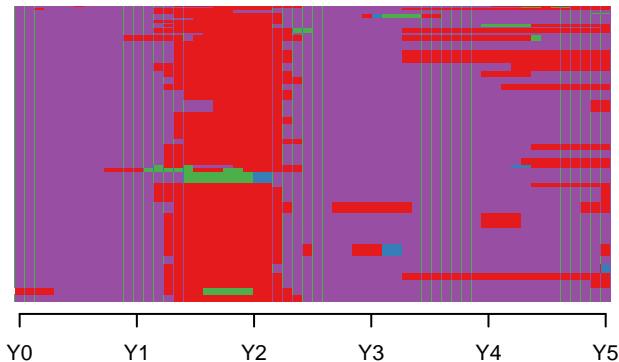


Time spent in each state

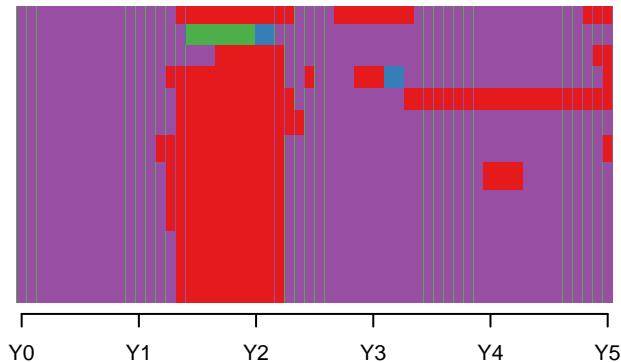


FTE w/ gap year (1) – 3.5% of youth

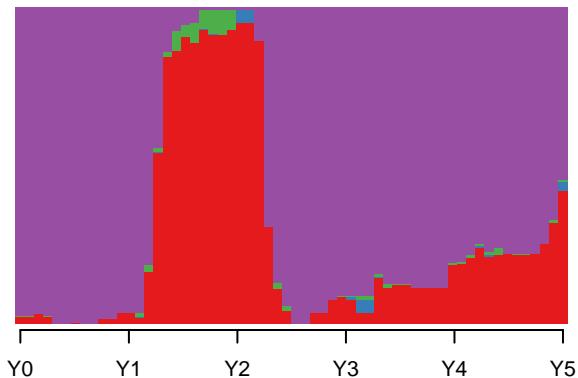
All trajectories



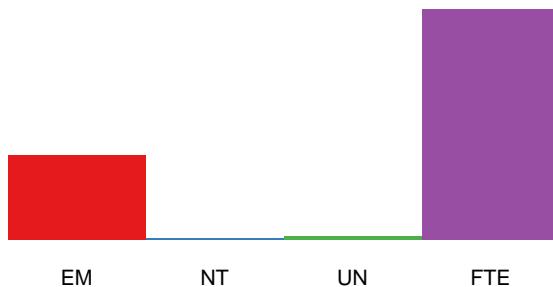
10 most frequent trajectories



Share of individuals in each state over time

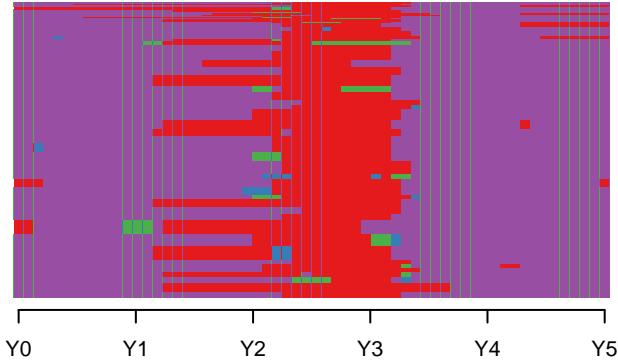


Time spent in each state

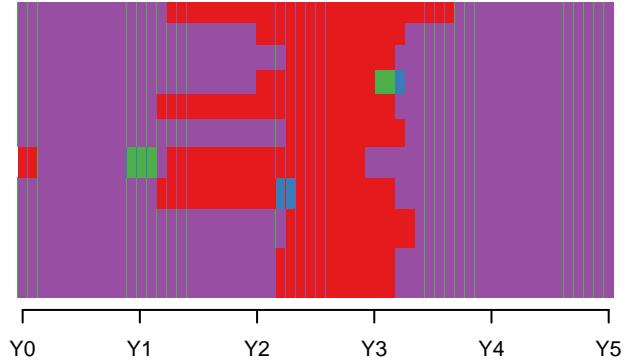


FTE w/ gap year (2) – 4.6% of youth

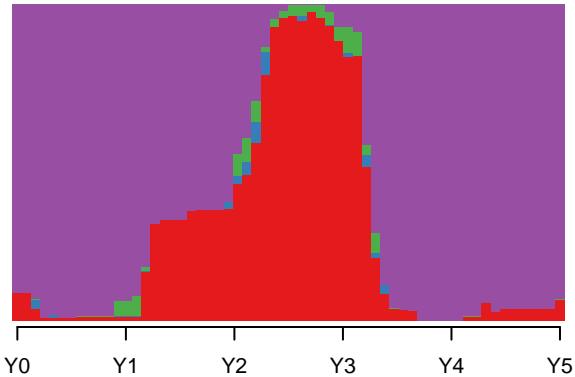
All trajectories



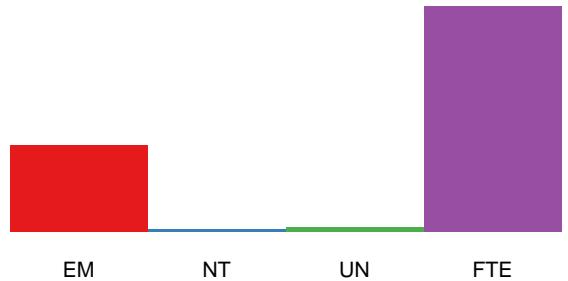
10 most frequent trajectories



Share of individuals in each state over time

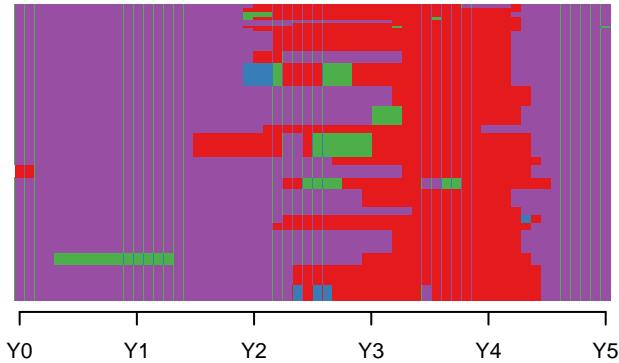


Time spent in each state

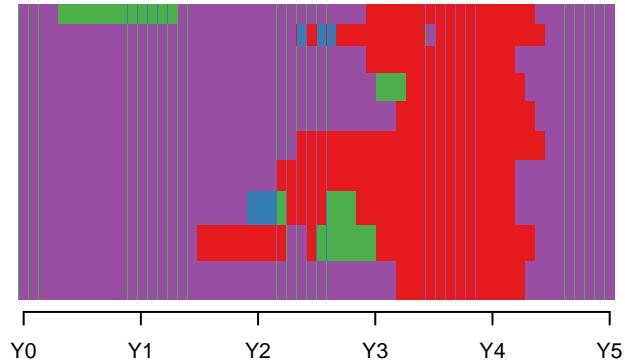


FTE w/ gap year (3) – 1.9% of youth

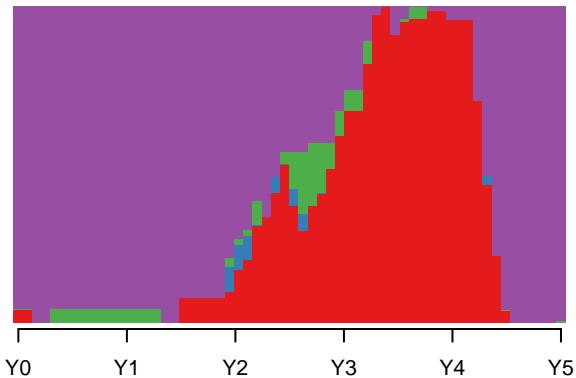
All trajectories



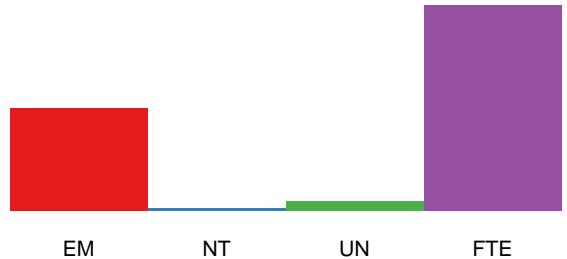
10 most frequent trajectories



Share of individuals in each state over time



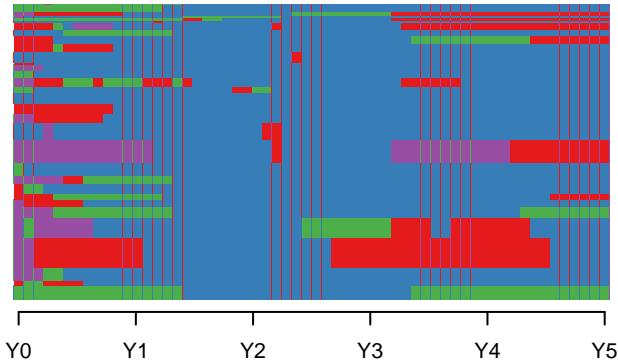
Time spent in each state



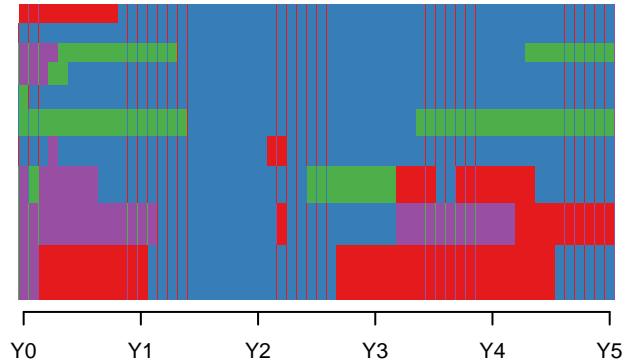
Employed Other NEET Unemployed FT Education

NEETS from 16 – 2.1% of youth

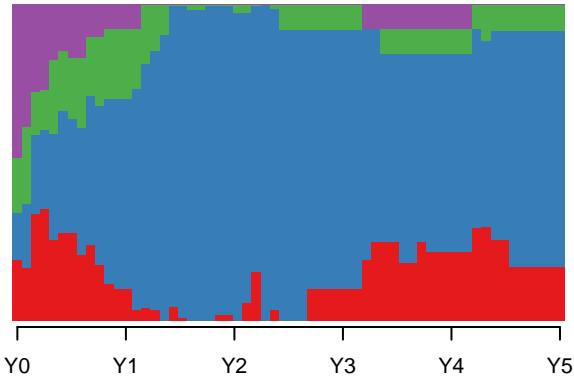
All trajectories



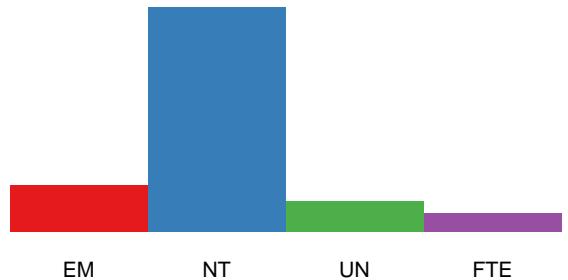
10 most frequent trajectories



Share of individuals in each state over time

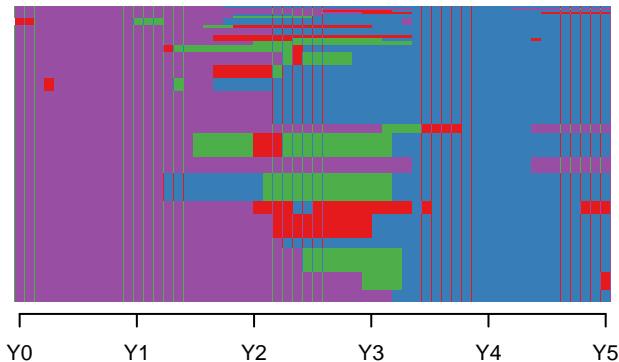


Time spent in each state

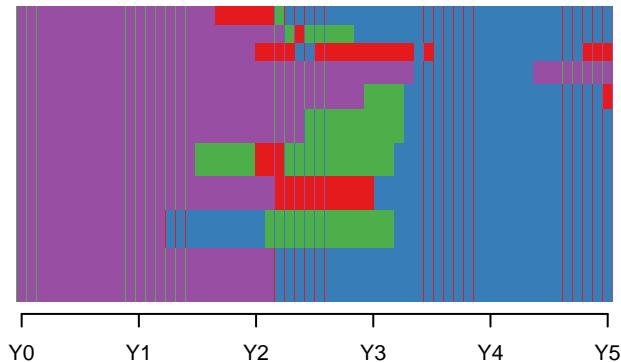


NEETS from 18 – 1.6% of youth

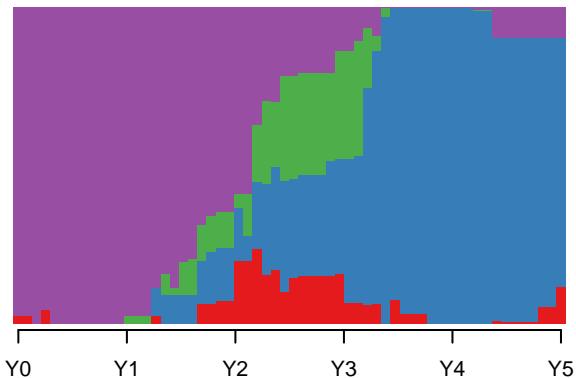
All trajectories



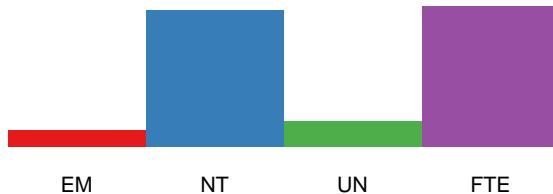
10 most frequent trajectories



Share of individuals in each state over time

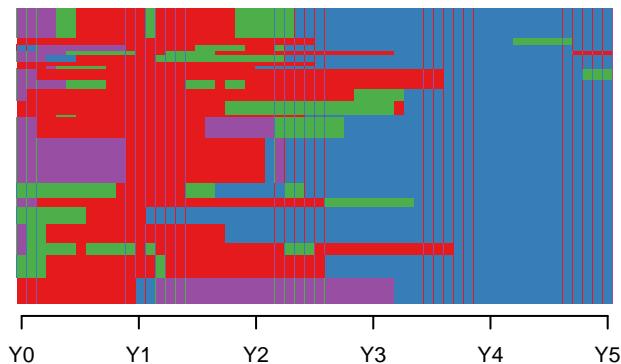


Time spent in each state

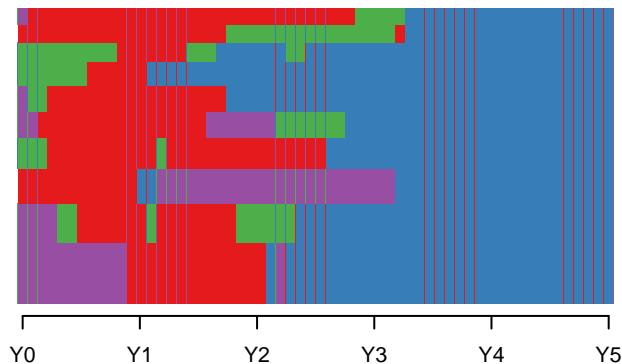


Withdrawals from the labour market – 1.2% of youth

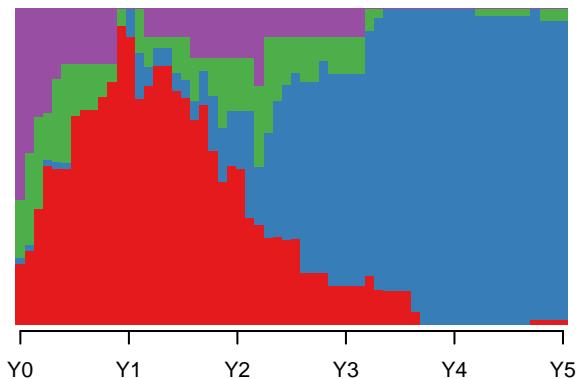
All trajectories



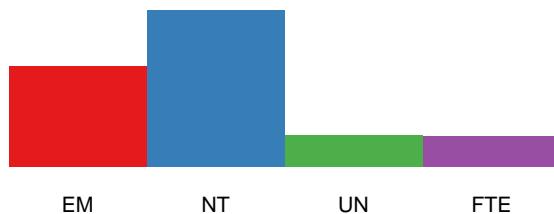
10 most frequent trajectories



Share of individuals in each state over time

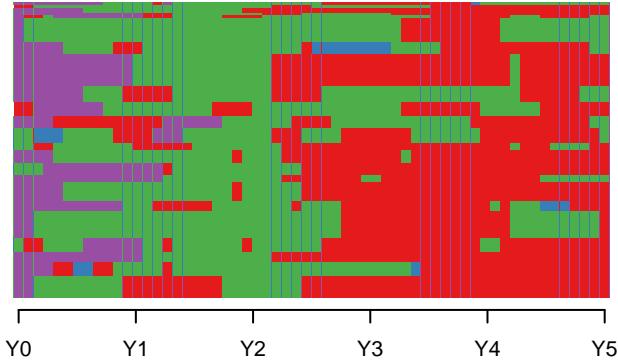


Time spent in each state

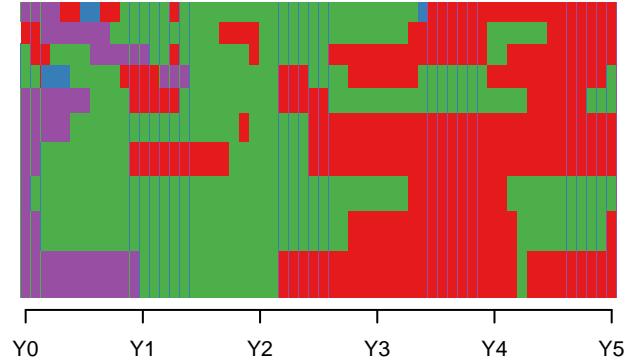


Partial recovery – 2% of youth

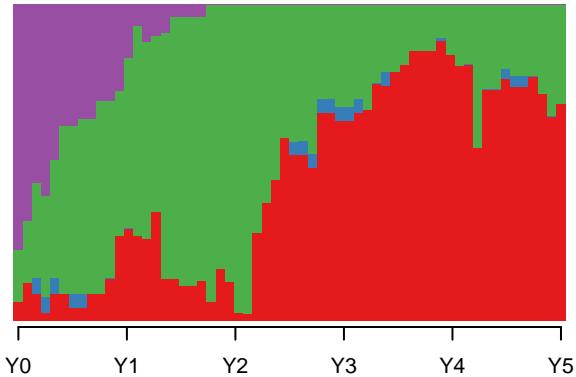
All trajectories



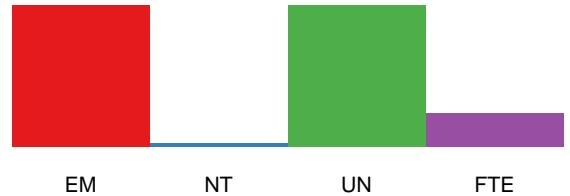
10 most frequent trajectories



Share of individuals in each state over time



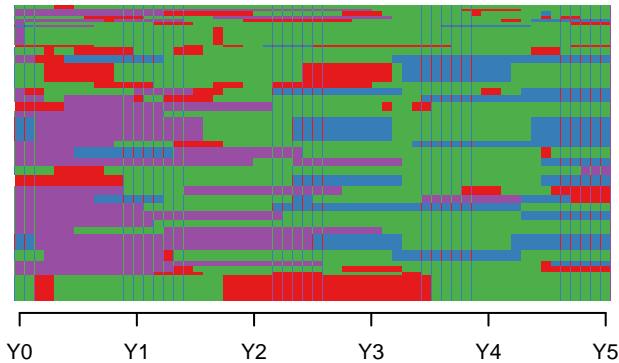
Time spent in each state



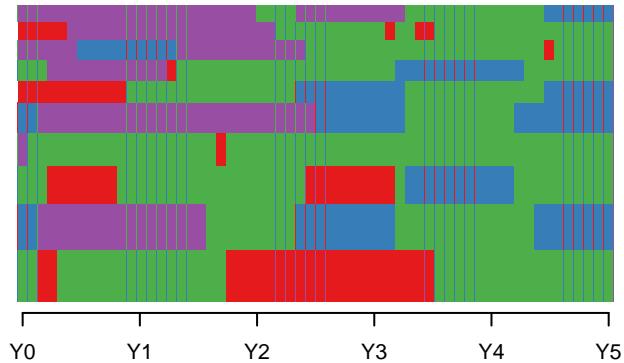
Employed Other NEET Unemployed FT Education

Long-term worklessness – 2.3% of youth

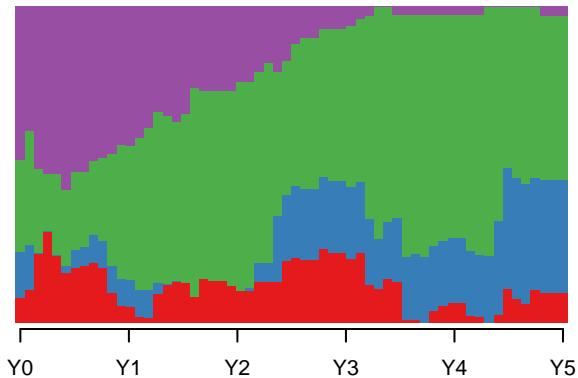
All trajectories



10 most frequent trajectories



Share of individuals in each state over time



Time spent in each state

