



From Education to Work:
A Difficult Transition for Young Adults
with Low Levels of Education
(YALLE)

*Adapted from a Presentation to
Statistics Canada Economic Conference 2005*

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May 9-10, 2005

W O R K N E T W O R K

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Outline

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- ✓ Context and objectives
- ✓ Data, methodology, concepts
- ✓ YALLE: How many and who they are
- ✓ YALLE in employment
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 - Access to skilled occupations
- ✓ YALLE in unemployment
- ✓ Policy implications

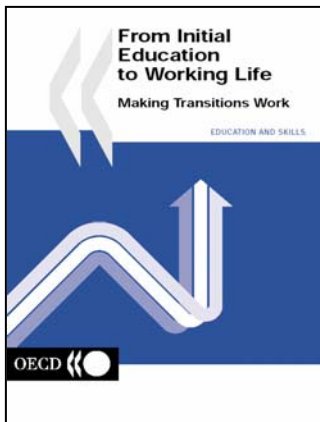


About CPRN

- ✓ An independent, non-profit, policy research think tank
- ✓ Mission: “to create knowledge and lead public debate on social and economic issues important to Canadians”
- ✓ Four Networks: Family, Health, Work, Public Involvement



Context and objectives



- ✓ An activity following the OECD Transition Thematic Review Report (2000)
 - ✓ Developed through Network B of OECD INES Project (Socio-economic outcomes of education)
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- ✓ To compare early labour market outcomes for young adults with low levels of education to those with higher levels across countries; and
 - ✓ To identify implications of the findings for Canadian policymakers



Data, methodology, concepts

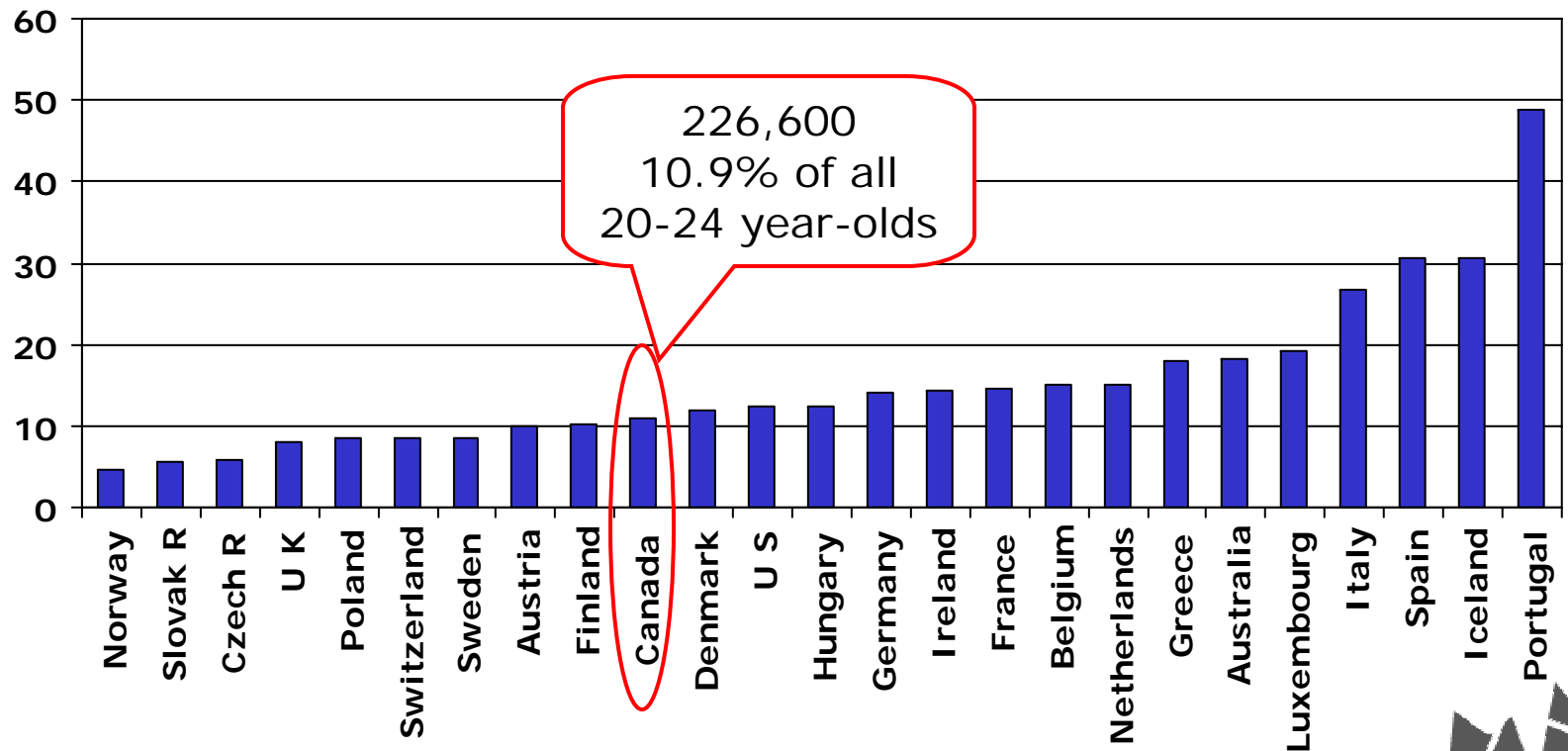
- ✓ Data for 25 countries (labour force surveys) in 2002
- ✓ Three age groups: 15-19, 20-24, 25-29
- ✓ Students or non-students
- ✓ Three levels of education: less than high school; high school and trade-vocational; college and university
- ✓ Young adult with low levels of education (YALLE):

A person aged 20 to 24 years, who has not successfully completed upper secondary school and who is not enrolled in education or in a work-study program.



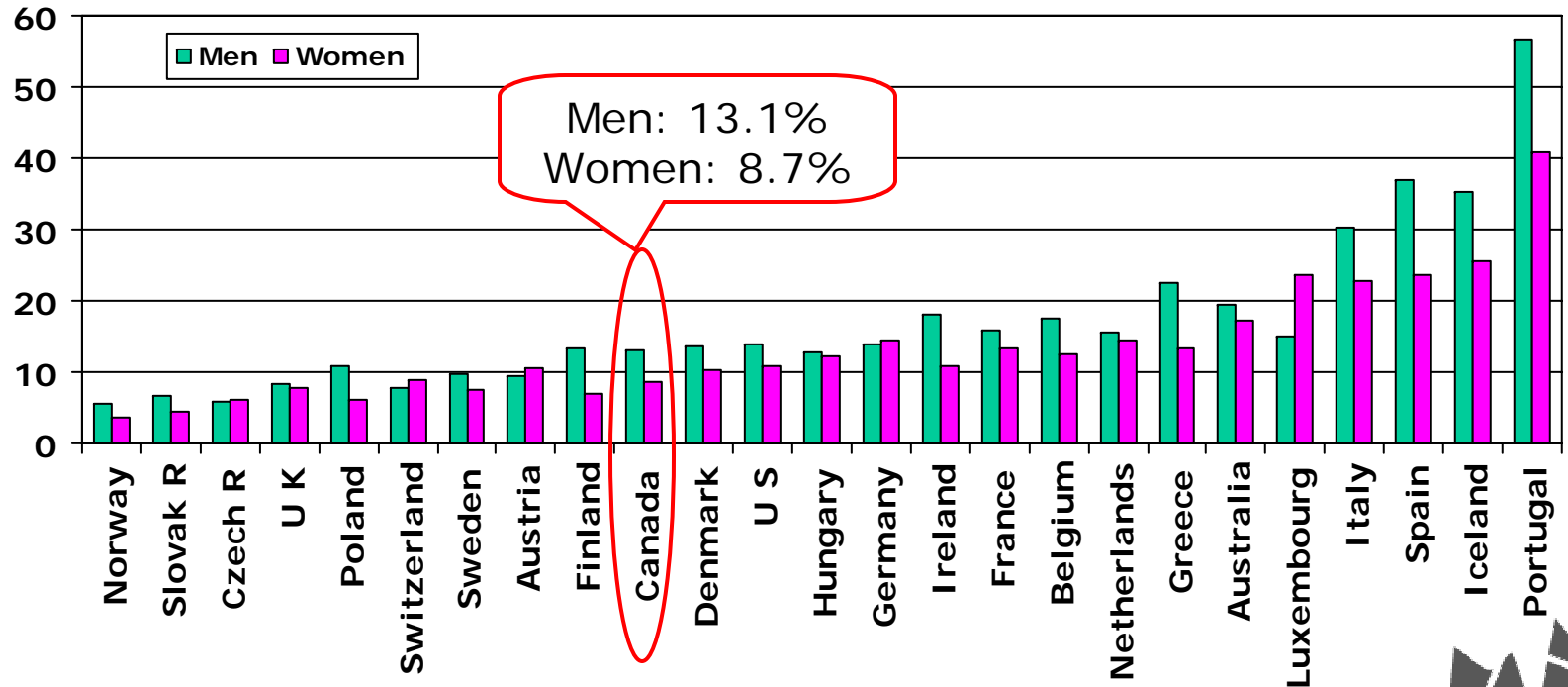
YALLE: How many?

- ✓ In terms of the relative size of the YALLE group among all 20-24 year-olds, Canada stands in the middle third of OECD countries



YALLE: Who? Gender

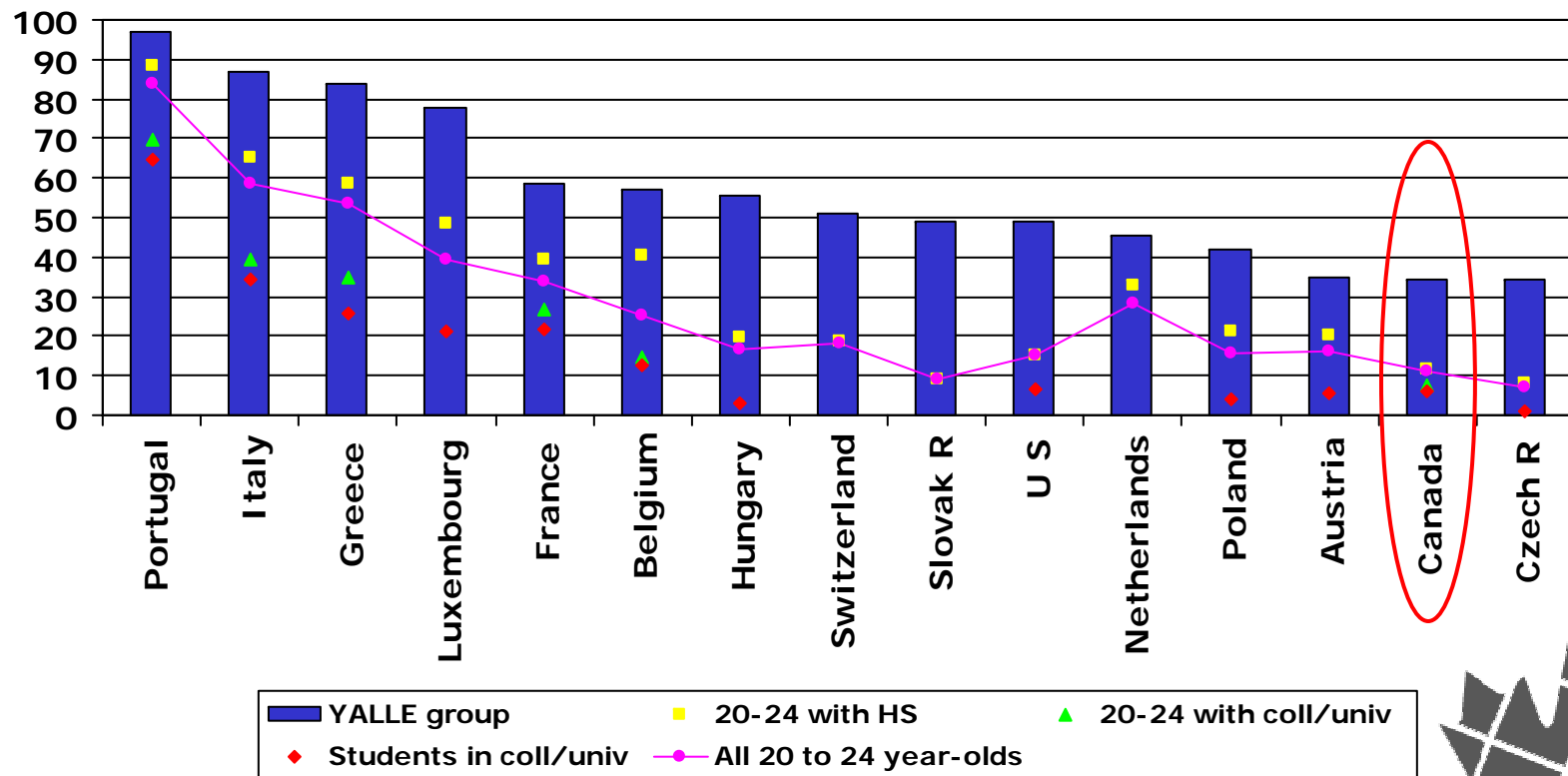
- ✓ In Canada, like in most OECD countries, young men have more often left high school before graduation than young women
- ✓ Notable exceptions: countries with strong vocational preparation in upper secondary education (Czech R., Switzerland, Austria, Germany)
- ✓ Magnitude of gender gap relatively high in Canada



YALLE: Who? Socio-economic status

Percentage of 20-to-24-year-olds living with parents and whose parents have not completed high school, by educational situation

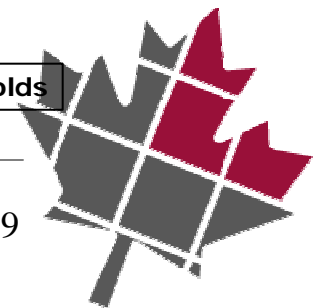
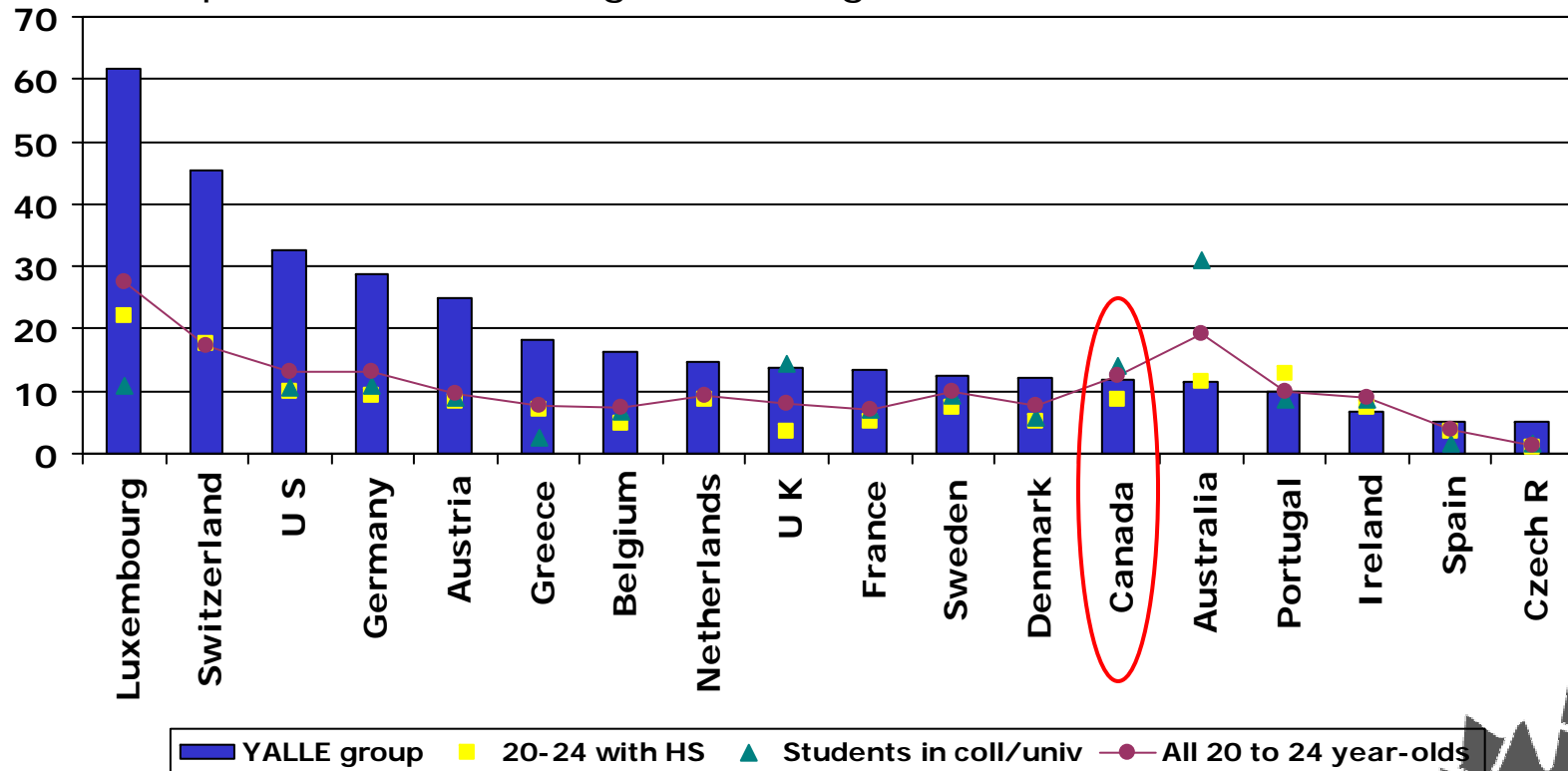
- ✓ In all OECD countries, young adults living in low socio-economic families have higher risk of being in the YALLE group (blue bars)
- ✓ In Canada, although relative risk is high, two-thirds of YALLE group living with parents have parents with high school or higher education



YALLE: Who? Immigrants

Percentage of 20-to-24-year-olds foreign-born, by educational situation

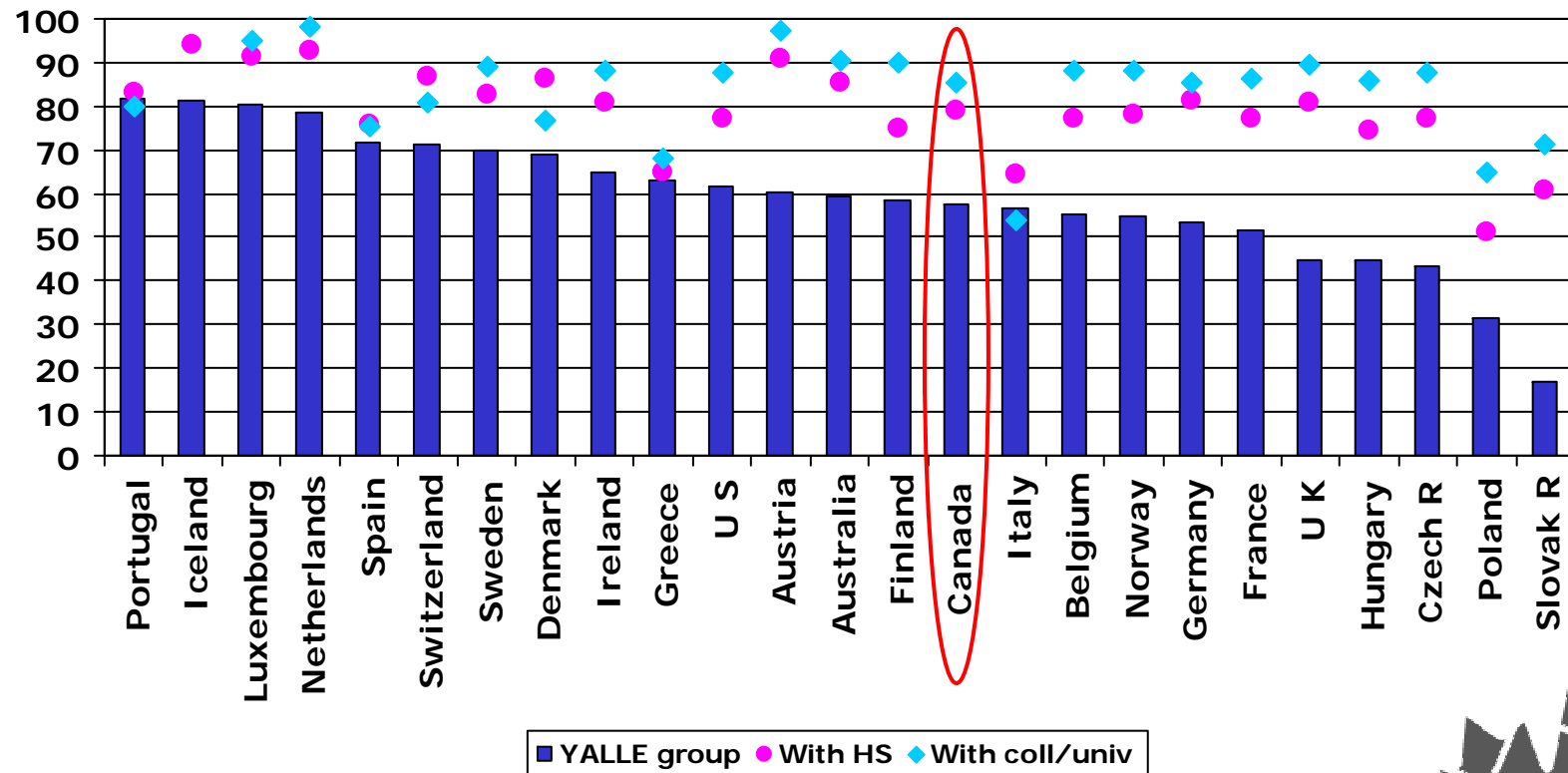
- ✓ In several OECD countries, more than 10% of young adults were born in a different country – Canada (12.5%)
- ✓ Unlike in most other countries (including the US), in Canada, there is no higher concentration of YALLE population among immigrants
- ✓ Participation in PSE as high for foreign-born as for born in Canada



YALLE: Employment situation

Employment rates for 20-to-24-year-olds not in education, by level of educational attainment

- ✓ Employment rate is always lower for YALLE group than for 20-to-24-year-olds with more education
- ✓ The gap is high in Canada – more than 20 percentage points – despite labour market conditions better than in most other countries



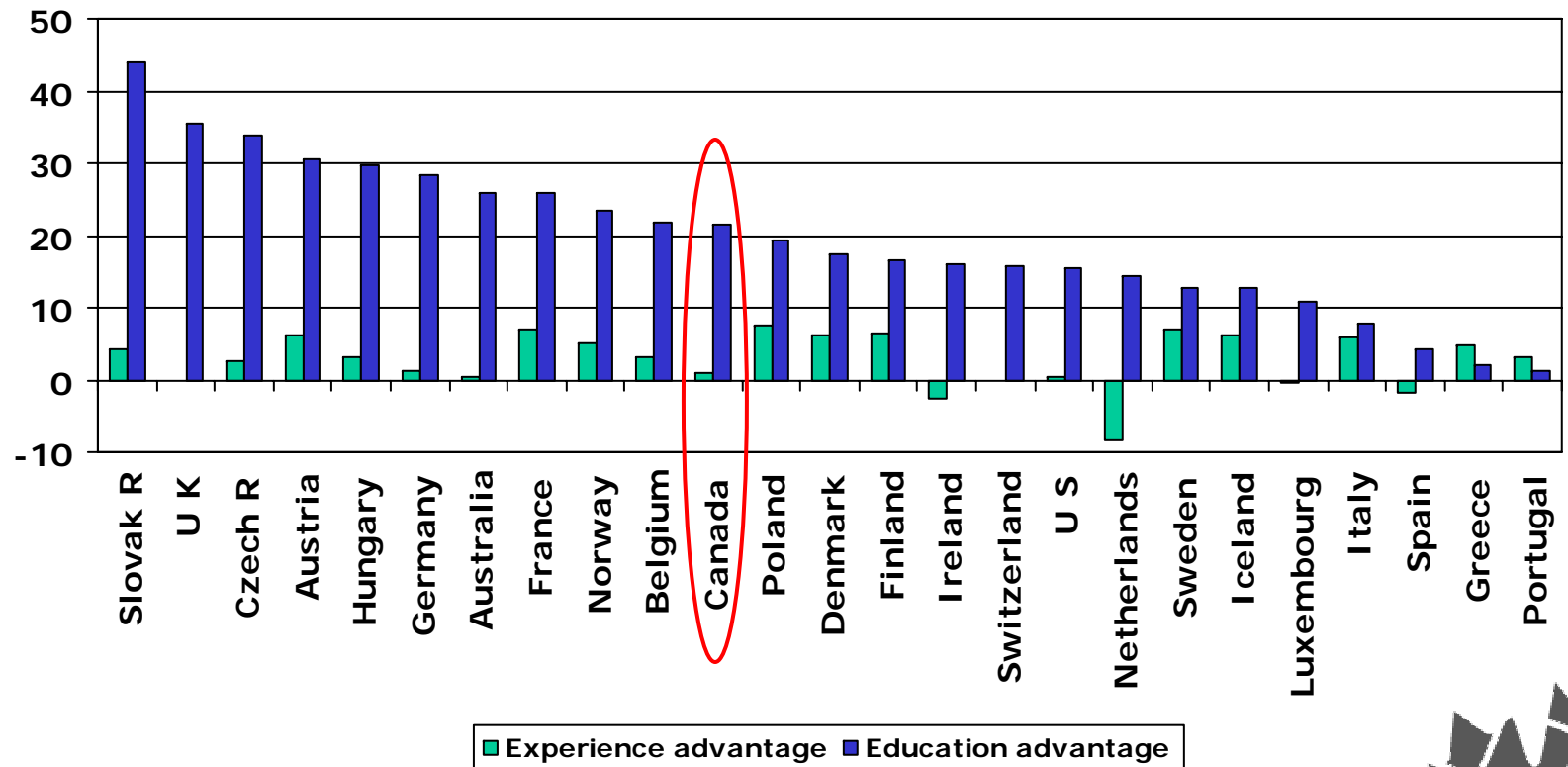
A measure of experience and education advantages

- ✓ An attempt to identify the respective influences on the employment rate (ER) of
 - experience (potentially more time in the labour market)
 - education (higher educational attainment)
- ✓ *Experience* advantage:
 - $ER_{(25-29\text{-year-olds, less than HS})} - ER_{(YALLE\ group)}$
- ✓ *Education* advantage:
 - $ER_{(20-24\text{-year-olds, with HS or non-tertiary})} - ER_{(YALLE\ group)}$



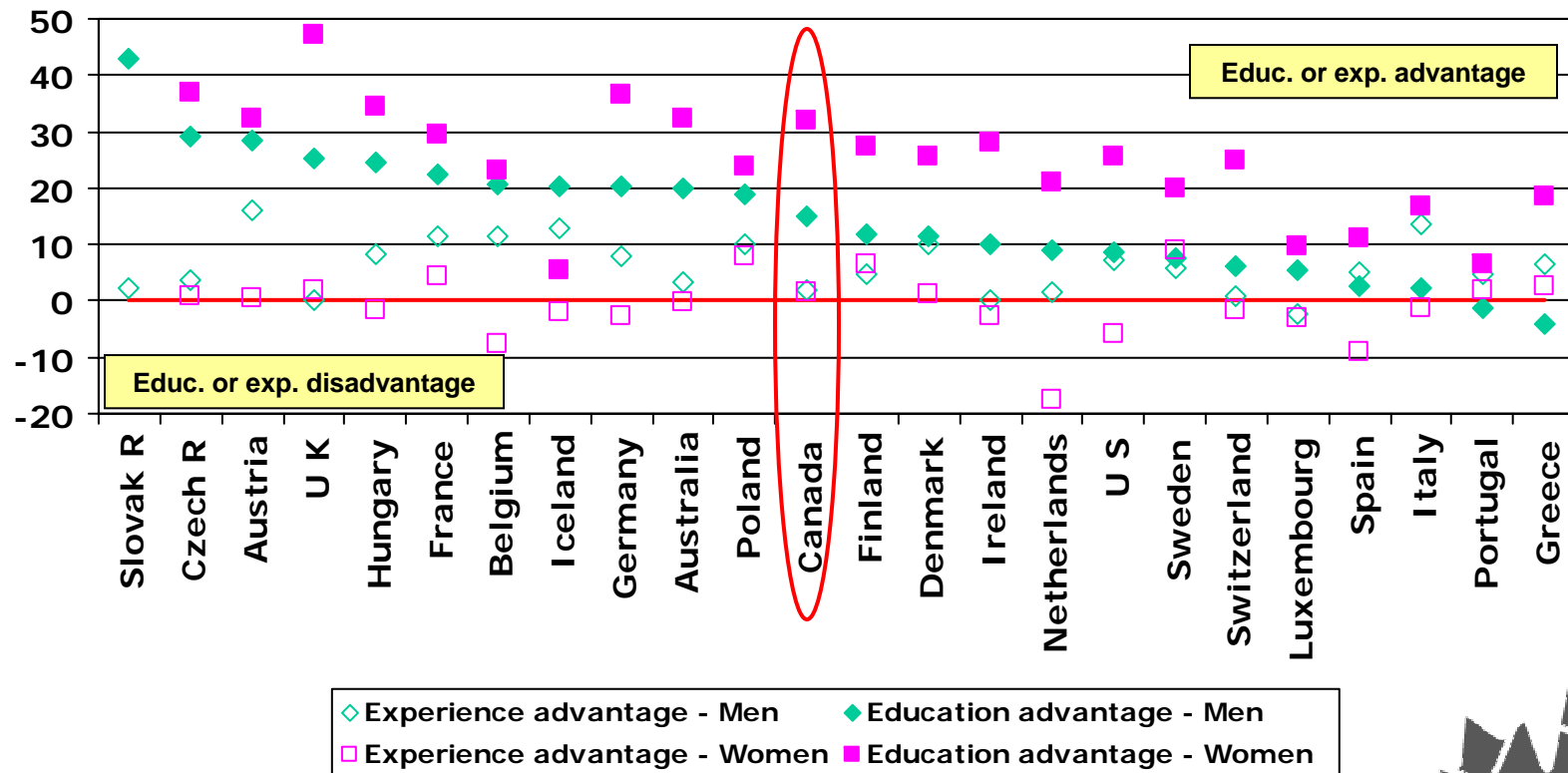
YALLE: Experience and education advantages

- ✓ Education has a much greater impact than experience
- ✓ Very limited gains in employment from just more years in the labour market – nowhere more than 8 points, 1 point in Canada
- ✓ High gains from completing high school or post-secondary non-tertiary – more than 20 points in Canada (less in US)



YALLE: Experience and education advantages, by gender

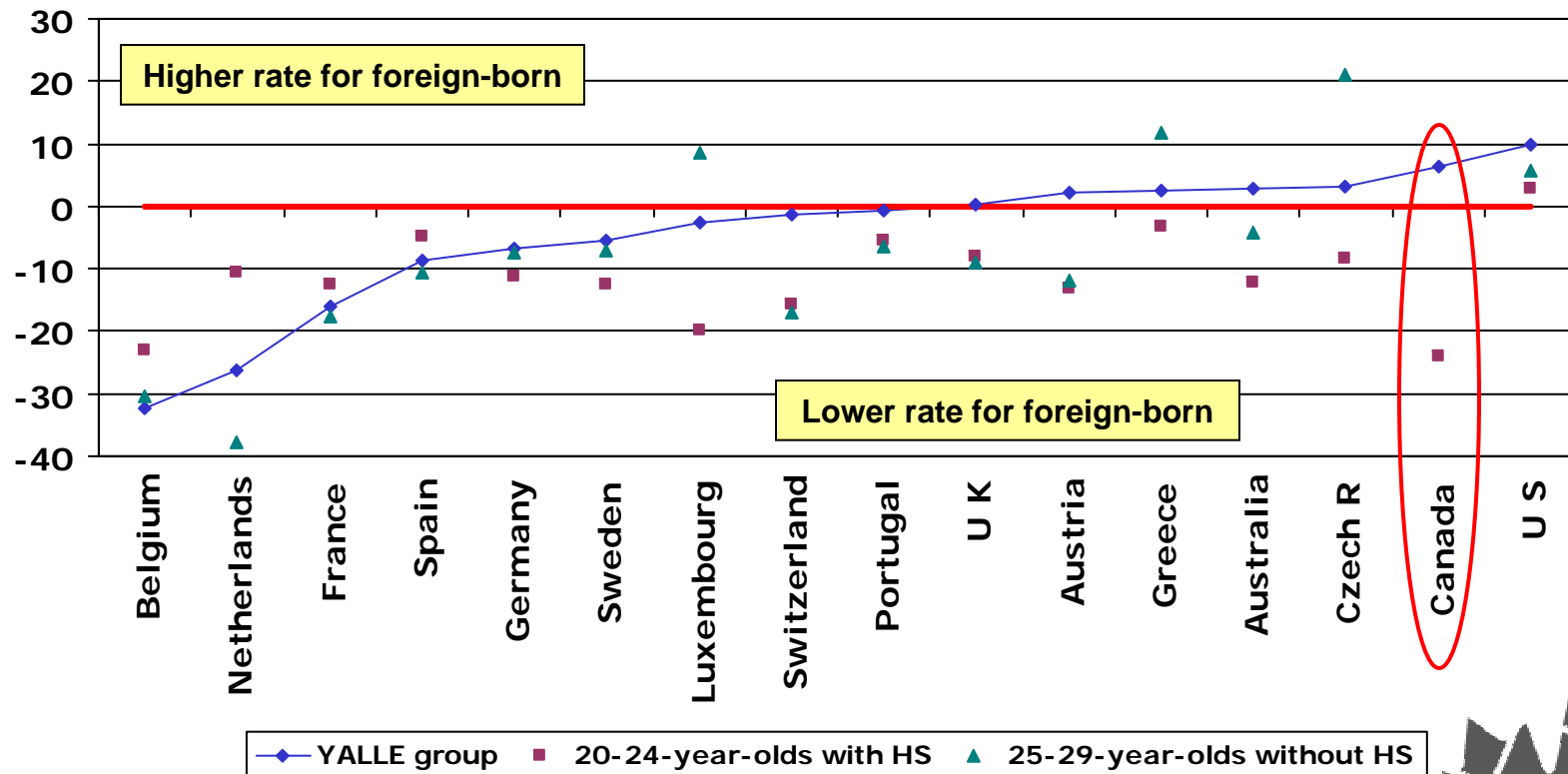
- ✓ Education advantage much higher for women \Rightarrow incentive to stay in school
- ✓ Experience advantage: small but slightly higher for men; often negative for women – less educated young women are more often out of the labour force



YALLE: Incidence of migrant status

Difference in employment rates, by age, educational attainment, and migrant status

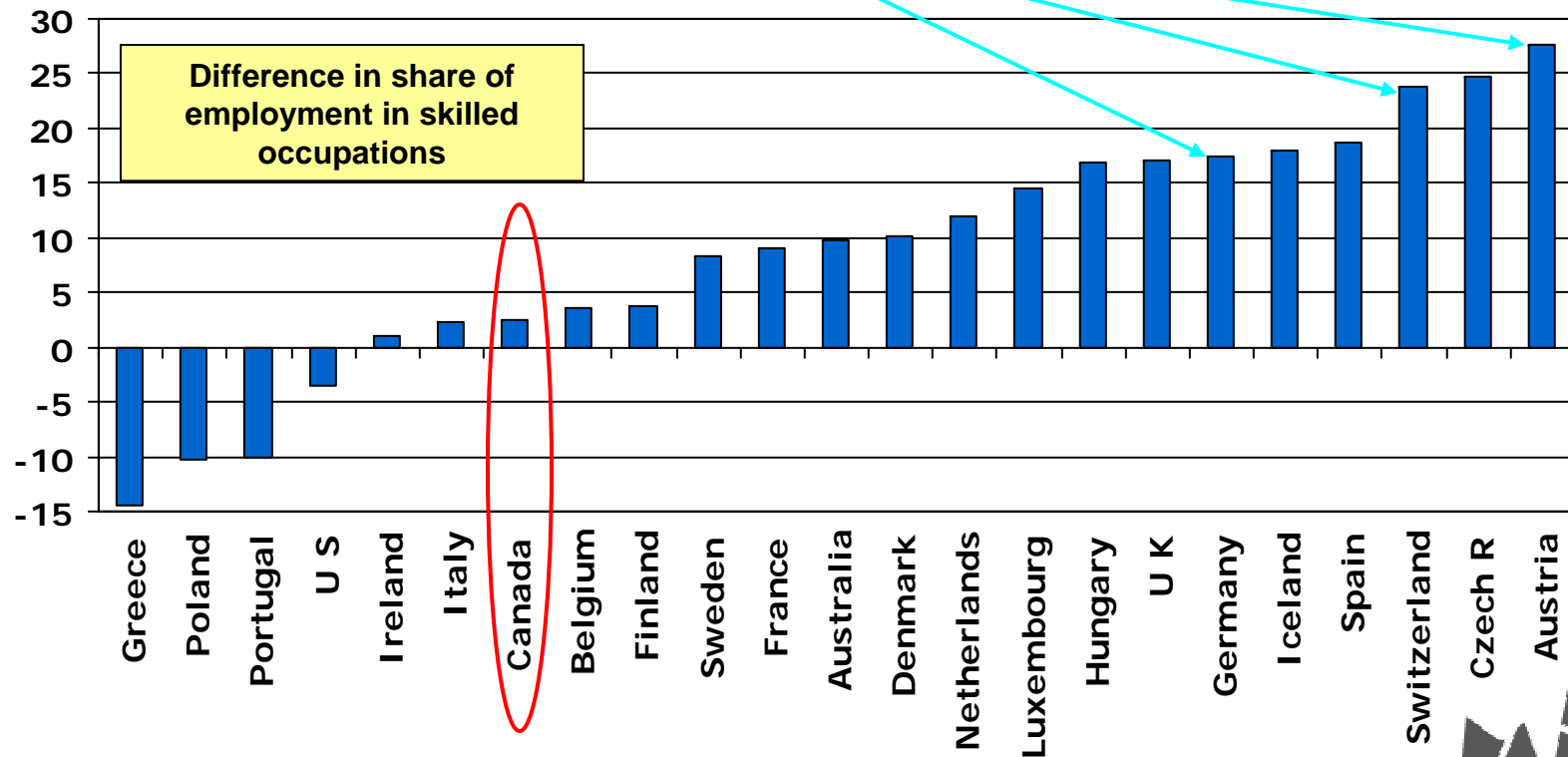
- ✓ In Canada, immigrants in YALLE group have higher employment rate
- ✓ But while employment rate increases for native-born with higher educational attainment, it is lower for foreign-born



YALLE: Access to skilled occupations

Benefits of further education for access to skilled occupations

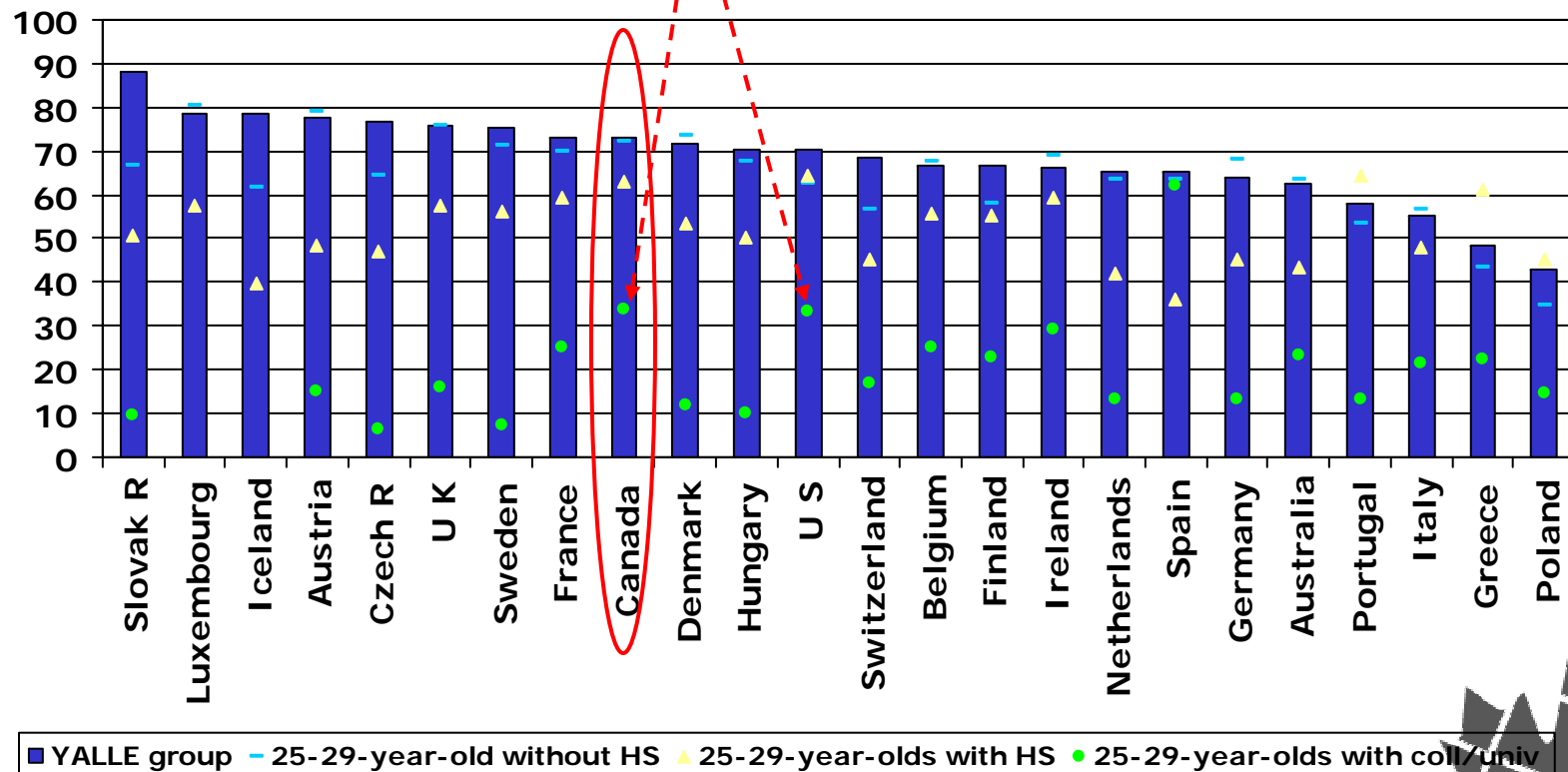
- ✓ Are opportunities for a skilled job better with high school or post-secondary non-tertiary credentials? Not in Canada
- ✓ But it is clearly the case in countries where upper secondary school has a strong vocational programme



YALLE: Most in low skilled occupations

Proportion in low skilled employment, by age group and educational attainment

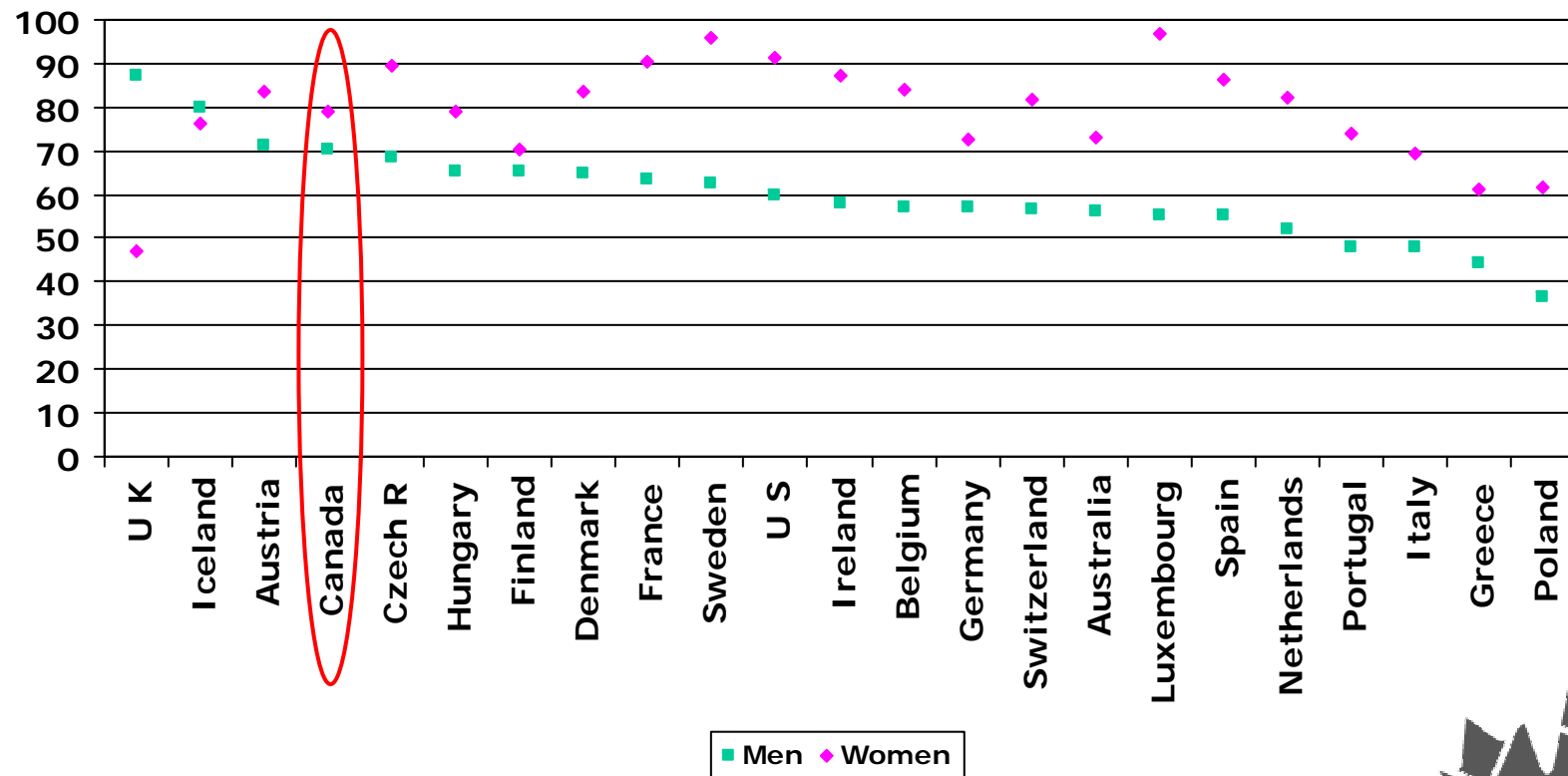
- ✓ Expected pattern for the YALLE group
- ✓ In most countries (incl. Canada), no improvement with time in the LF
- ✓ But surprising high share (34%) for college/university graduates in Canada and the US despite accessible PSE; it questions whether labour markets are in sync with skills production of education systems



YALLE: Most in low skilled occupations – gender differences

Proportion of YALLE group in low skilled employment, by gender

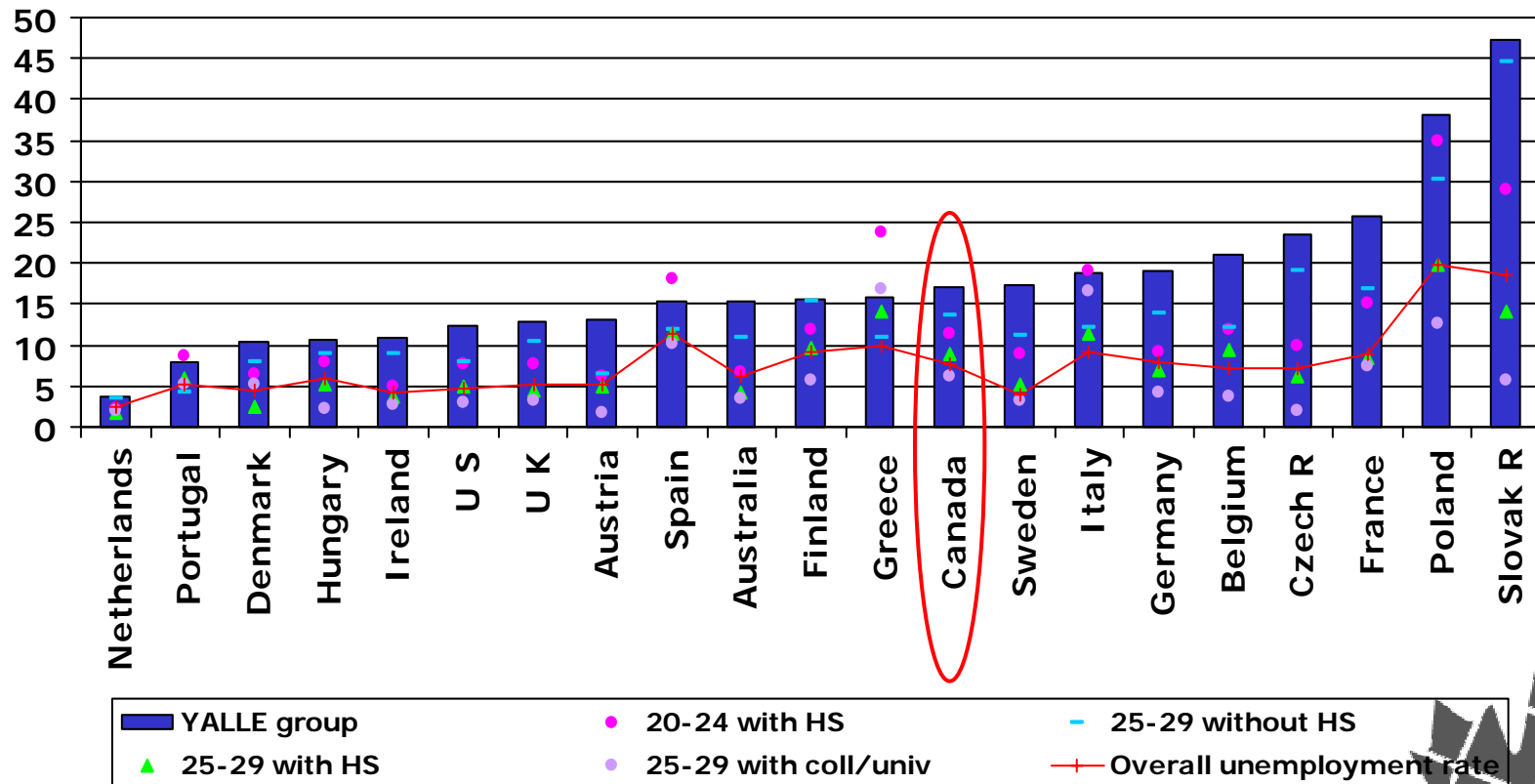
- ✓ Share higher among young women
- ✓ Gender gap comparatively narrow in Canada



YALLE: High unemployment

Unemployment-to-population ratios, by age and educational attainment

- ✓ Unemployment highest for YALLE group (17.2% in Canada when economic conditions were good)
- ✓ Little gains through longer time in the labour market
- ✓ Major gains with higher education



Policy implications

- ✓ Education policy issues
 - Positive impact can be expected of extending compulsory schooling...
 - ... if associated with a diversification of high school options, including early labour market preparation through vocational opportunities – rethinking pathways
 - Necessary that a high school diploma has a real “value” for everyone – the academically-oriented and the non-PSE-bound



Policy implications (cont'd)

- ✓ Education policy issues (cont'd)
 - Access to “second chance” opportunities is important – role for governments
 - Counselling is an essential element to support young people’s educational and career choices – particularly important to compensate information deficiencies among youths from more disadvantaged backgrounds



Policy implications (cont'd)

- ✓ Labour market issues
 - Hiring practices: employers should ensure that they do not draw young people out of school at the expense of their schooling – should signal publicly requirements for entry-level jobs
 - Training opportunities: promote training-rich workplaces for everyone to enrich employment experience of less educated workers



Policy implications (cont'd)

- ✓ Equity remains an issue:
 - Gender differences are a concern
 - Young men more affected by limited pathways outside of PSE system – question relevance of high school
 - Young women with low education face even dimmer labour market outcomes
 - Inequalities based on socio-economic status remain significant, even if not as marked as in most OECD countries – needs greater attention in early childhood and through schooling



Policy implications (cont'd)

- ✓ Equity issues (cont'd)
 - Young adult immigrants with mid-education levels seem to face particular challenges in the labour market



Conclusions

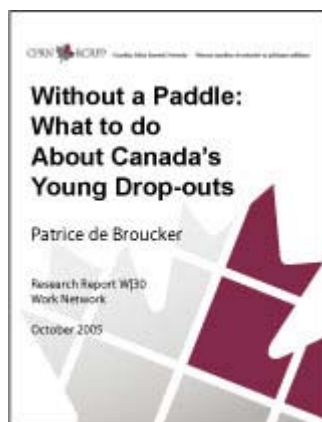
- ✓ We are collectively falling short in preparing appropriate pathways from school to work for all young people
- ✓ Parents, educators, employers and governments are all part of the solution
- ✓ Policy elements discussed work best when they work together
- ✓ Success requires collaboration and coherent actions by all stakeholders



Publications



- ✓ Joint OECD-CPRN Report *From Education to Work – A Difficult Transition for Young Adults with Low Levels of Education* released June 2, 2005
- ✓ CPRN Report *Without a Paddle: What to do About Canada's Young Drop-outs* released October 14, 2005
- ✓ Provincial/Regional Statistical Figures and Tables – Supplement released October 14, 2005



All three publications available at www.cprn.org



Acknowledgement of Support

- ✓ This project received financial support from several organizations:
 - Alberta Human Resources and Employment
 - Association of Colleges of Applied Arts and Technology of Ontario
 - Canadian Policy Research Networks
 - SNC Lavalin
 - Several provincial departments in Manitoba, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan





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