

Teenage Unemployment

The most commonly cited series measuring teenage unemployment is often misinterpreted or misused. This article discusses the sources of misunderstanding and examines the characteristics of teenage unemployment, focussing in particular on the educational status of teenagers. The conclusion is that it is not possible to encapsulate all the aspects of teenage unemployment in a single series and that alternative measures of teenage unemployment, which are more appropriate in assessing the extent of the problem and the nature of policy responses, are required.

INTRODUCTION

It is generally agreed that teenage unemployment is unacceptably high by comparison with unemployment for other age groups. The Australian Bureau of Statistics (ABS) produces a number of series that show the higher incidence of unemployment for teenagers. It is not, however, generally understood that the most frequently quoted teenage unemployment series produced by the ABS — the teenage full-time unemployment rate — is subject to frequent misinterpretation and misuse. While not wishing to understate the severity of the unemployment problem facing certain groups of teenagers, in this article the labour force data for teenagers are examined more closely with a view to placing the problem in a clearer perspective. A proper understanding of the nature of teenage unemployment is critical in the development of appropriate policy responses.¹

In the first section of the article, the major areas of misinterpretation are discussed and the meaning of the teenage full-time unemployment rate clarified. The second section discusses the broad characteristics of the teenage labour market and shows how it is not possible to adequately characterise the unemployment problem for teenagers in a single series. Finally, alternative series, including those produced by the ABS, are compared and briefly assessed in terms of broad policy responses.

1. The ABS has produced regular Feature Articles in 'Labour Force Australia' (6203.0), with the objective of improving general understanding of unemployment statistics, including a recent article 'The Youth Labour Market' published in September 1998.

INTERPRETATION OF THE TEENAGE FULL-TIME UNEMPLOYMENT RATE

In June 1999, the teenage full-time unemployment rate stood at 23.0 per cent (in original and seasonally adjusted terms). On the surface, this gives the impression that around 1 in 4 teenagers are unemployed. The impression is reinforced by many commentators who refer to this series as the ‘youth unemployment rate’² and quote it alongside the ‘headline’ unemployment rate for the total population 15 years and over — the total unemployment rate — which stood at 6.9 per cent in original terms (and 7.2 per cent in seasonally adjusted terms).

The teenage full-time unemployment rate is defined as:

‘the number of teenagers looking for full-time work’

divided by:

‘the number of teenagers in full-time employment plus the number of teenagers looking for full-time work’.

There are two sources of misinterpretation of this series:

- the numerator only includes those teenagers seeking full-time work; and
- more importantly, the denominator excludes a very large group of teenagers, many in full-time education, who are either employed part-time, looking for part-time work, or not looking for work at all.

In other words, the teenage full-time unemployment rate only measures unemployment for a particular subset of the teenage population — the full-time labour force. This series was more meaningful at a time when it was much more common for teenagers to leave school without completing education and go straight into full-time work. Over the past twenty years, the education and labour force patterns of teenagers have changed markedly as a result of economic trends leading to fewer unskilled entry-level jobs, policies encouraging higher retention rates in secondary education, and increasing involvement in post-secondary education.

Looked at another way, in June 1999 only 4.9 per cent (original) of the total teenage population was looking for full-time work.

As a consequence of higher levels of educational participation, the incidence of part-time work as a preferred option for teenagers has also increased, making the focus on full-time work even less appropriate in assessing the position of teenagers.

2. It is incorrect to quote the teenage unemployment rate as the youth unemployment rate. The youth population is defined by the ABS as 15 to 24 year olds, with separate identification of the teenage sub-group, those aged 15 to 19.

LABOUR MARKET CHARACTERISTICS OF THE TEENAGE POPULATION

While teenage unemployment rates are higher than the rest of the adult population, a continuation of the sound macroeconomic and structural policies, which have led to growth in jobs for all age groups, will also benefit teenagers.

That said, the teenage population displays significantly different characteristics from the rest of the adult population. Around 70 per cent of teenagers are attending education full-time (around 70 per cent of these in secondary education and 30 per cent in tertiary education) compared with around 20 per cent of 20-24 year olds (almost exclusively in tertiary education).

Box 1: Some typical situations for teenagers looking for work

Phil, 17, is at school and is living at home, but he would like a part-time job in order to have some independence. So far, he has been unable to find one.

Kylie, 17, wants to leave home and school but cannot find a full-time job.

Tamara, 19, is doing a part-time course at a college of TAFE and can only take a part-time job, but needs the income from such a job to support herself. So far, she has been unable to find one.

Iain, 16, is not attending any educational institution and is seeking full-time work. He has, so far, been unsuccessful.

As outlined in Box 1, the situations of teenagers looking for work can vary widely and so there is no single policy response to solve the problem. For example, while the situations facing Iain and Tamara are generally of greatest concern, the ABS full-time unemployment rate includes Kylie and Iain, but not Tamara. This simple example demonstrates that a single ABS series cannot encapsulate the myriad of circumstances faced by teenagers.

Total unemployment

Turning now to a more detailed analysis of the teenage statistics, in June 1999 the teenage population was estimated to be 1,331,100. Of these, 124,400 were unemployed, 65,300 looking for full-time work and 59,100 looking for part-time work (these figures are in original terms). That is, the percentage of all teenagers looking for work was 9.3 per cent. This compares with 4.3 per cent for the total population 15 years and over.

Of the teenage population, 580,900 were not in the labour force, making the teenage labour force 750,300. The ratio of unemployed teenagers seeking either full-time or part-time work to the teenage labour force was 16.6 per cent. This is

the teenage equivalent of the total unemployment rate. While it is considerably higher than the unemployment rate for all persons 15 years and over, it is significantly lower than the teenage full-time unemployment rate.

Effect of educational participation

The teenage population can be divided into two broad groups on the basis of their participation in full-time education.

Teenagers in full-time education

First, there were 930,800 teenagers studying full-time in June 1999, of whom 331,400 were employed part time and 55,100 were looking for part-time work. For these teenagers (like Phil), the main activity is education, completion of which will enhance their future employability.

Only 12,300 in this group were employed full-time (4,800) or seeking full-time work (7,500). Some of them (like Kylie) may prefer full-time work rather than further schooling. This suggests a continuing role of ensuring that this sub-group is aware of the importance of further education to secure future employment. This sub-group is a major policy focus through enhancement of educational opportunities.

As mentioned earlier, some teenagers in full-time education may seek employment to supplement low family income. In these cases the appropriate policy response may be to improve the income position of families, including the employment opportunities and incentives for adult members, rather than confining the focus to teenagers.

The remaining 532,200 full-time students were not in the teenage labour force. This gives the unemployment to population ratio of 6.7 per cent for those attending full-time education.

Teenagers not in full-time education

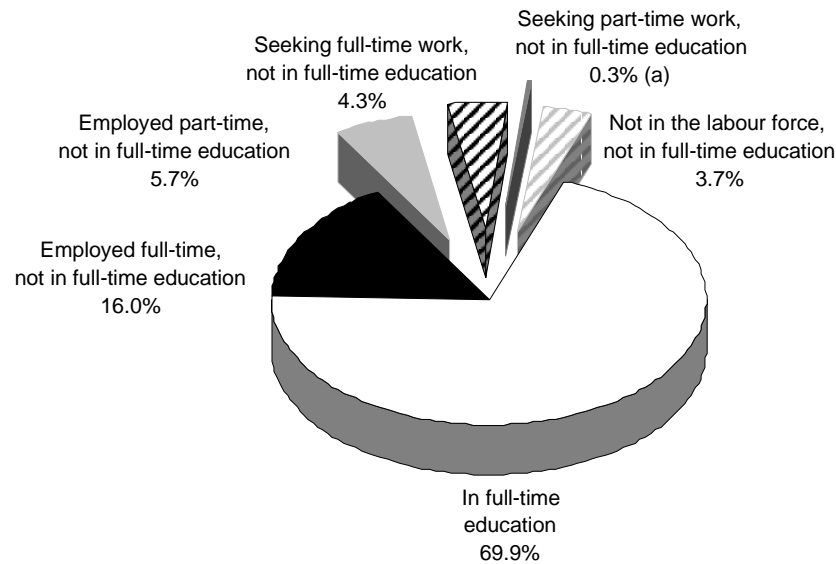
There are 400,400 teenagers not attending education full-time in June 1999, of which 61,900 are unemployed and looking for either full-time work (57,800) or part-time work (4,100). It is these unemployed (such as Iain) that are at most serious risk in the longer term and so likely to require labour market assistance — especially those that have not completed secondary schooling. The unemployment rate for this sub-group is 17.6 per cent and the unemployment to population ratio is not much lower — at 15.5 per cent.

Activity profile of total teenage population

Chart 1 below provides a summary of the statistics for teenagers discussed above. This chart shows that a large majority of teenagers are 'active', being either in full-time education, full-time employment or part-time employment.

Those in full-time education or full-time employment — the two largest segments — can be viewed as ‘fully active’. The next largest segment consists of those teenagers in part-time employment but not in full-time education. Some of this group will be undertaking other activities, including part-time education, and so could also be deemed ‘fully active’, with the remainder of the group being ‘partially active’. This leaves 8.3 per cent of the teenage population as ‘inactive’ — unemployed and not in full-time education or not in the labour force and not in full-time education, although there will be some of this group in part-time education.

**Chart 1: Activity profile of total teenage population
June 1999**



(a) Estimate subject to a high standard error.

Source: ABS, 'Labour Force Australia: Preliminary (6202.0)', June 1999. Based on original data.

ALTERNATIVE MEASURES OF TEENAGE UNEMPLOYMENT

It can be seen from the discussion so far that there are a number of ways of viewing and interpreting the teenage unemployment data. Table 1 summarises six of the series that have been discussed so far, comparing the level for teenagers with the level for all adults 15 years and over (where appropriate) and briefly outlining the focus of the particular series.

No single series is necessarily better than another in all cases. The choice will depend on the purpose involved.

Series (1) and (2) focus only on those teenagers working full-time or seeking full-time work. The largest group in this category are teenagers not in full-time education who, in many cases, may have a strong preference for full-time work.

However, when discussion is of the teenage population as a whole, series (3) and (4) give a better indication of the average risk of unemployment facing teenagers and can be readily compared with their counterparts for the whole population 15 years and over.

Table 1: Alternative measures of teenage unemployment

Series	Teenage rate	Total (15yrs+) rate	Focus/policy issue
(1) Full-time unemployment rate	23.0	7.2	Focus on subset participating in or looking for full-time work. Less meaningful for teenagers now due to changes in educational participation.
(2) Full-time unemployment to population ratio	4.9	3.3	Represents the percentage in the particular group looking for full-time work. Less meaningful now due to changes in educational participation.
(3) Total unemployment rate	16.6	6.9	The standard series which includes those looking for either full-time or part-time work as a proportion of the labour force. The appropriate teenage series to compare with the 'headline' rate.
(4) Total unemployment to population ratio	9.3	4.3	Represents the percentage looking for either full-time or part-time work. A better measure of the overall risk facing teenagers given the high rate of non-participation in the labour force.
(5) Unemployment rate for those not attending full-time education	17.6	n.a.	For teenagers, focuses on the 'at risk' group and represents the percentage not in full-time education and in the labour force looking for full-time or part-time work.
(6) Unemployment to population ratio for those not attending full-time education	15.5	n.a.	Also focuses on the 'at risk' group and represents the percentage not in full-time education looking for full-time or part-time work.

n.a. not applicable

Source: ABS, 'Labour Force Australia: Preliminary (6202.0)', June 1999. Based on original data.

The unemployed teenagers requiring closest attention from a policy perspective are those not attending full-time education. In that respect, the last two series ((5) and (6)) give a better indication of the policy challenge involved. It should be noted that these series include some teenagers who have completed secondary schooling and others who are attending education on a part-time basis. To identify the precise at risk group would require a greater degree of disaggregation.

CONCLUSION

All of the series that have been discussed confirm that the incidence of teenage unemployment is significantly higher than for the working age population as a whole. However, the situation for teenagers is less serious than implied by unqualified references to '1 in 4 teenagers being unemployed'. References to figures in this manner run the danger of creating undue pessimism about the position for teenagers rather than a realistic assessment of what needs to be done to improve that position.

There **are** seriously high unemployment levels for certain groups of teenagers, predominantly those who are not involved in full-time education. The weight of evidence from elsewhere is that a major factor underlying these high levels is a lack of skills. This issue is being addressed through policies to encourage teenagers to recognise the importance of education, whether traditional or more vocationally oriented; to ensure that education is meeting the needs of employers and teenagers; and to ensure that there is an adequate supply of educational places to meet these needs.

