

The school-to-work transition

Geoff Bowlby

The movement from school to work is something most Canadians experience at some point in their lives. For some, the transition to the world of work is smooth, occurring quickly and with relative ease. For others, finding their first job after school can take a long time.

The school-to-work transition

Youths can be divided into four categories based on their labour market activity and school attendance: attending school and not working; attending school and working; working and not going to school; and not working or going to school.

The first category is the largest. Although many of these youths have worked before, some of them have not yet begun the school-to-work transition.

Between 1989 and 1993, the percentage of 15-to-24 year-olds who were in school and not working increased from 29% to 38%. It has grown slightly since then, to 40% by 1998 (Table 1).

The number of youths attending school and working at the same time gives an indication of how many are beginning the school-to-work transition. These youths are trying out the labour market, often for the first time, and obtaining the necessary work experience for their after-school years.

In 1989, about 22% of young people were going to school and working at the same time. Over the 1990s, this did not change much, despite an increase in school attendance.

Working and not attending school, the most common activity for youths in 1989, is now less common: in 1989, some 37% of young people were out of

Adapted from an article in Labour Force Update (Statistics Canada, Catalogue no. 71-005-XPB) 3, no. 4 (Autumn 1999). Geoff Bowlby is with the Labour Statistics Division. He can be reached at (613) 951-3325 or bowlgeo@statcan.ca.

Table 1: School and work activities, youths 15 to 24

	Attending school		Not attending school	
	Not working	Working	Working	Not working
	%			
1984	30	15	37	17
1986	30	18	38	15
1988	29	21	37	12
1990	30	22	35	13
1992	36	22	29	13
1994	38	22	28	13
1996	39	21	28	12
1998	40	21	28	11

Source: Labour Force Survey, eight-month average excluding May to August

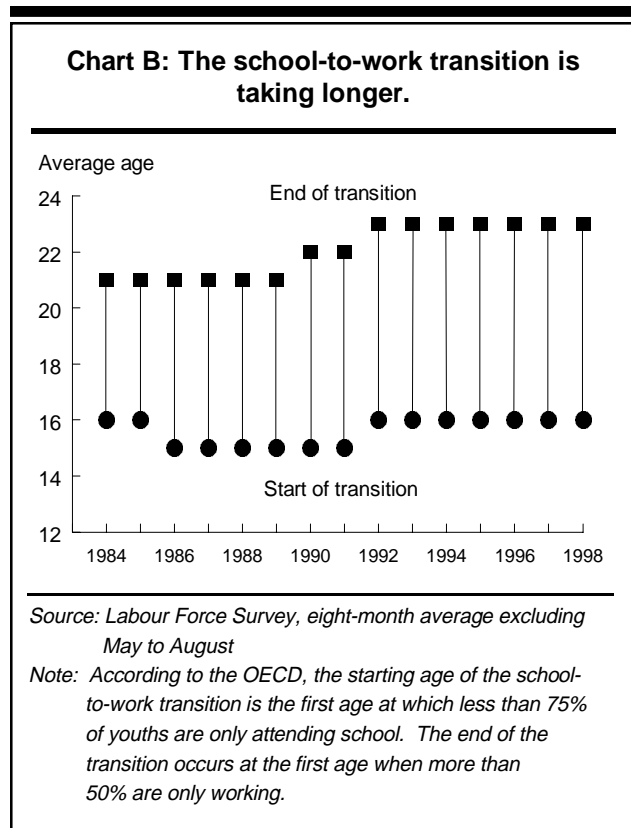
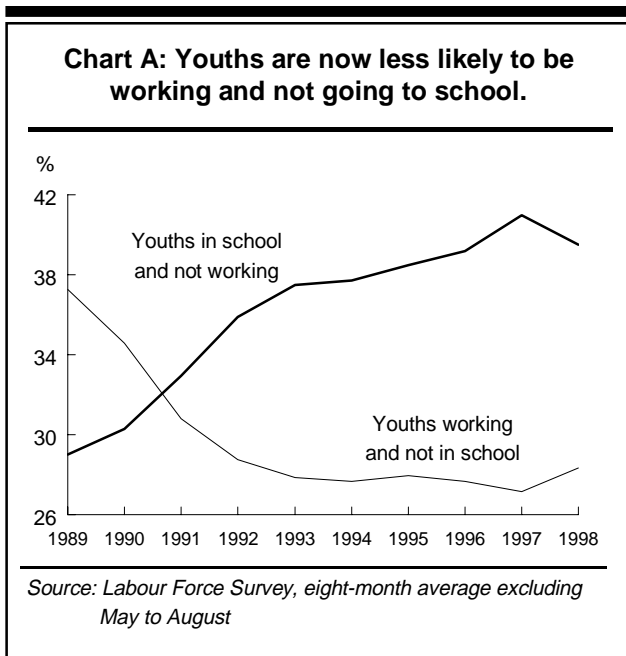
school and working. This percentage fell dramatically during the early 1990s, hitting 28% by 1993 where it remained for the next five years (Chart A).

The drop coincides with the large increase in the percentage of youths who were not working but who were in school. This suggests that the early 1990s recession forced some young people out of work and back to school or put pressure on them to continue their schooling.

Finally, the remaining 11% of youths were neither in school nor working. This percentage changed little over the 1990s.

From these broad measures, it is clear that fewer of today's youths have completed their initial transition from school to work. Also, school attendance among youths is historically quite high (61%). Is this an indication that youths are putting off the school-to-work transition until they are older?

A technique for measuring the average start and end age of the school-to-work transition, developed by the Organisation for Economic Co-operation and



Development (OECD), suggests that the answer to this question is “yes.”

According to the OECD, this transition takes place “from the age at which young people are no longer predominately studying without working, to the age at which the majority are working without studying” (OECD, 1997). Using this definition, it is clear that the transition process in Canada has become longer in recent years (Chart B).

In 1985, the average length of the transition was six years. In that year, it began at age 16 and ended at 21. The next year, as youths began to combine school and work at a younger age, the transition began at 15 and ended at 21. This pattern continued for a number of years, until 1990 and 1991, when a poorer job market extended the transition to age 22.

In 1998, the school-to-work transition took, on average, eight years, beginning at age 16 and ending at age 23. These have been the average start and end ages since 1992.

The final shift into the labour market

While the evidence suggests that the school-to-work transition is taking longer, the reasons for this are unclear. Young people are staying in school longer, but they may also be taking longer to find work once they graduate.

The Survey of Labour and Income Dynamics (SLID), which tracks people over time (that is, a longitudinal survey), makes it possible to see the rate at which graduates make the transition from full-time schooling to full-time employment.

According to SLID, some 225,000 young people aged 15 to 29 in 1996 had graduated from full-time studies and had not returned to school in the 12 months following graduation (non-returning graduates). Of these, 181,000 (80%) had found full-time work within a year.

The proportion of non-returning graduates who have found full-time work tends to plateau after the 6-month mark. It would appear that if graduates have not found full-time work after 6 months, their job search becomes increasingly difficult.

After 6 months, about 70% of non-returning 1996 graduates had found full-time work, leaving only 10% who found full-time employment in months 7 through 12 (Chart C). About 30% of graduates started full-time work the month they graduated.

Men make a faster transition into full-time work. This may reflect the stronger tendency for women to work part time for family-related reasons, and not necessarily a more difficult labour market for women.

In 1996, some 86% of male graduates had found full-time work within a year of graduating, compared with 75% of women.

Consistent with other indicators, graduates with only a high school diploma had a harder time finding work than those with postsecondary education. While about 86% of postsecondary graduates had found full-time work within a year, only two-thirds of high school graduates had done so.

The rate at which graduates in 1994, 1995 and 1996 made the transition to work was, as expected, dependent upon the labour market conditions in the 12 months following graduation. Graduates in 1994, a year of strong job growth, had the most success finding full-time work once they graduated. At 12 months after graduation, 83% of the non-returning graduates had found full-time work. In that year, overall employment increased by 381,000 or 3%.

In contrast, the graduates of 1995, who faced the toughest market of the three groups, had the least success finding full-time work. Just under 70% of graduates had done so by the 12-month mark. In 1995, employment rose by only 92,000 or under 1%.

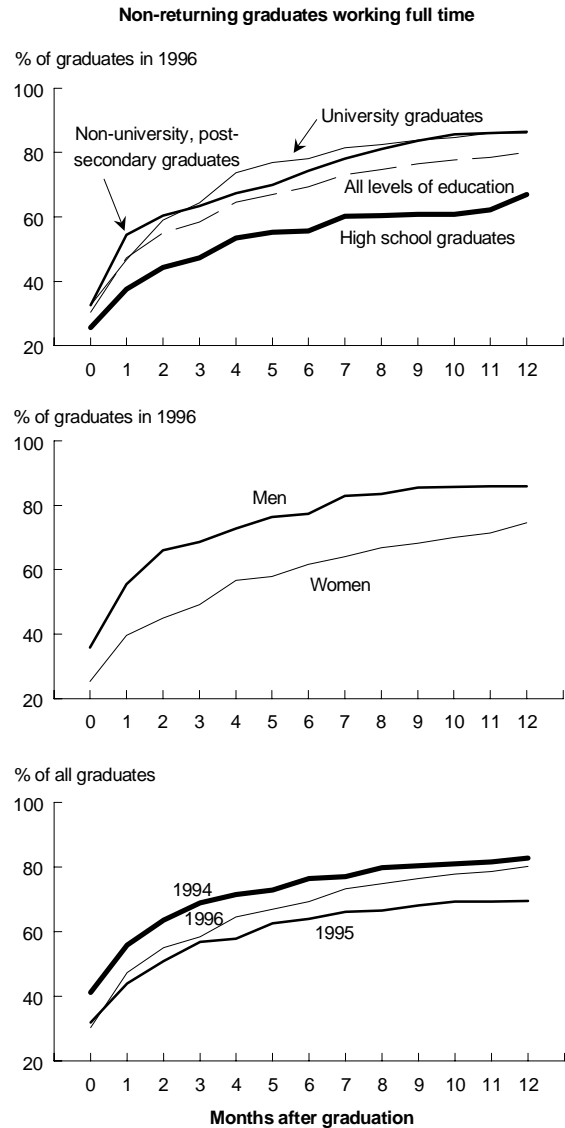
Labour market conditions for graduates overall

To fully understand the school-to-work transition, one must look not only at the transition process but also at the activities of youths once they leave school. The type of job found can give an indication of the degree of success youths have had easing into the workforce. In the following, 25-to-29 year-olds are also examined since many people attempt to make their first full-fledged entry into the workforce at this age.

While labour market conditions for young graduates deteriorated markedly during the early to mid-1990s, the school-to-work transition seems to have become easier recently.

Although the employment rate was almost 78% at the start of the decade, it bottomed at 72% in 1992. Between 1992 and 1996, it recovered slowly, increasing only 2 percentage points.

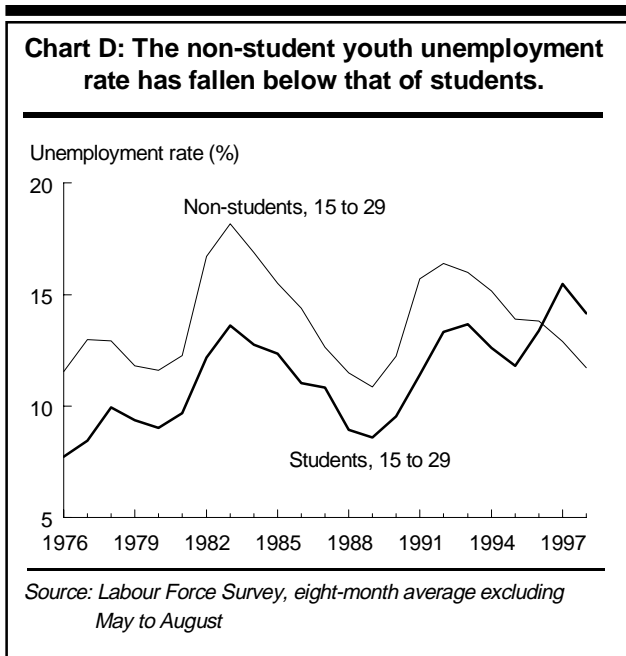
Chart C: Men and postsecondary graduates find full-time work sooner.



Source: Survey of Labour and Income Dynamics

Since 1996, however, the employment rate has approached its pre-recession level, hitting 77% in 1998. Despite a drop in their population, 62,000 more young non-students were working in 1998 than in 1996. This recent job growth has helped lower the non-student unemployment rate.

Between 1989 and 1992, the unemployment rate for 15-to-29 year-old non-students rose from 10.8% to 16.4%. It fell thereafter, reaching 11.7% by 1998. For the first time, the non-student unemployment rate was lower than that for students aged 15 to 29 (Chart D). While non-students have enjoyed employment growth and lower unemployment, the job growth among students has been offset by an increase in the number looking for work, which has kept their unemployment rate high.

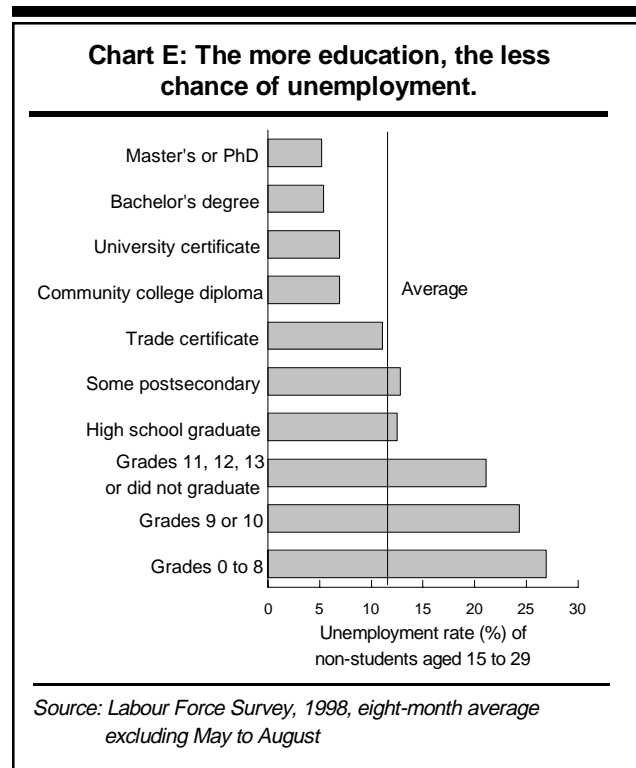


Education makes a difference

Clearly, education is key to making a successful school-to-work transition. Labour market conditions are much better for youths who have graduated from university than for those who are not in school and who did not complete primary or high school (Chart E).

In 1998, the employment rate for 15-to-29 year-old non-students with a master's degree or PhD was 90.4%. At the other end of the spectrum, for those who did not complete secondary school, the employment rate was only 54.7%.

Unemployment rates show a similar disparity. The unemployment rate for 15-to-29 year-old non-students with less than a high school education was 23.3%. For those with a master's degree or PhD, the rate was 5.2%.



Who has found work as conditions improved recently? This job growth has been strong enough to affect even the non-students with the least formal education, as employment rates for people at all levels of education have improved.

Job quality

For the first time in the 1990s full-time employment rose among non-student youths in 1998 (2.6%). Even with this growth, the proportion of employed non-student youths with part-time work remained stubbornly high, at 15.6% (Chart F).

The job turnaround for non-student youths seems to have affected their average wage. Although they continued to make less than adults, non-student youths narrowed the gap between their hourly wage and that of adults.

In 1998, non-students aged 15 to 29 made \$0.78 for every \$1 earned by those 30 and older (Table 2). This increased slightly, from \$0.77 in 1997.

Estimating the school-to-work transition

The Survey of Labour and Income Dynamics (SLID) is a longitudinal household survey designed to capture changes in the economic well-being of individuals and families over time, as well as the determinants of their well-being. Individuals are interviewed annually for six years and are asked about their labour market experiences, income and family circumstances.

SLID determines whether a person has been employed in any month of the year. As well, it determines whether the respondent is attending school full time each month and, if so, the type of school attended. Finally, information is collected on the respondent's year of graduation.

The first step in estimating the school-to-work transition was to select people between the ages of 16 and 30 who had graduated in 1993, 1994, 1995 or 1996. Ages 16 to 30 are the closest to the common 15-to-29 category from the Labour Force Survey (LFS). Because SLID assigns a respondent's age at the end of the year, those 16 to 30 years old would appear as 15 to 29 in the LFS, which records respondents' ages monthly.

Then, full-time students who had graduated at some point in the year were identified. Their last month of school attendance is assumed to be the month in which they graduated.

Next, the study group was narrowed to include only those graduates who had not returned to school full time in the 12 months following graduation.

The final step was to look at the labour market status of the non-returning, full-time school graduates in the months following graduation. With this information, it was possible to identify the month in which people started their first full-time job.

Some of the young people who are deemed to have "started work the same month as graduation" in this analysis may actually have been working in their job prior to graduation. Using the above methodology, one cannot identify a full-time student working full time prior to graduation and in the same month as graduation. However, according to the LFS only 1.7% of full-time students in 1996 were also working full time, so this is not thought to introduce major problems to the analysis.

Although the methodology provides insight into the school-to-work transition process, this is not a comprehensive study because certain groups are excluded: part-time students making the transition to full-time work; full-time students who have made a transition to part-time work; and those who have left school but who did not graduate. These people could, however, be studied using similar applications of the SLID data.

Chart F: Part-time employment is now more common among 15-to-29 year-old non-students than among older workers.



Source: Labour Force Survey, eight-month average excluding May to August

Table 2: Average wages for non-students 15 to 29 and persons 30 and older

	Average hourly wage	Average weekly wage	Ratio	
			Hourly	Weekly
\$				
1997				
15 to 29	10.70	392.55	.77	.75
30 and older	13.96	525.13		
1998				
15 to 29	11.02	404.26	.78	.76
30 and older	14.17	534.06		

Source: Labour Force Survey

Summary

The school-to-work transition is probably more complex than ever. Many young people work while still going to school. Others, once graduated, may return to school as adults. Hence, the line between the two activities has become blurred.

This is not to say that the school-to-work transition cannot be measured. On average, it took eight years in 1998, beginning at age 16 and ending at age 23. As well, data from the Survey of Labour and Income Dynamics give an indication of the average time it takes to find work after graduation. While many young people start work the same month they graduate, most take longer. Approximately 80% of full-time students who graduated in 1996 found full-time work within a year. The percentage of graduates who had found full-time work tended to plateau six months after graduation.

Although the start and end ages have remained unchanged over the last seven years, other indicators show that the school-to-work transition has become easier recently. Since 1996, the employment rate for

15-to-29 year-old non-students has jumped close to its pre-recession level, with a large increase in employment despite a drop in their population. This has led to a continued decline in the non-student youth unemployment rate.

Perspectives

■ References

Organisation for Economic Co-operation and Development. *1996 Education at a Glance*. Analysis. Paris: OECD, 1997.

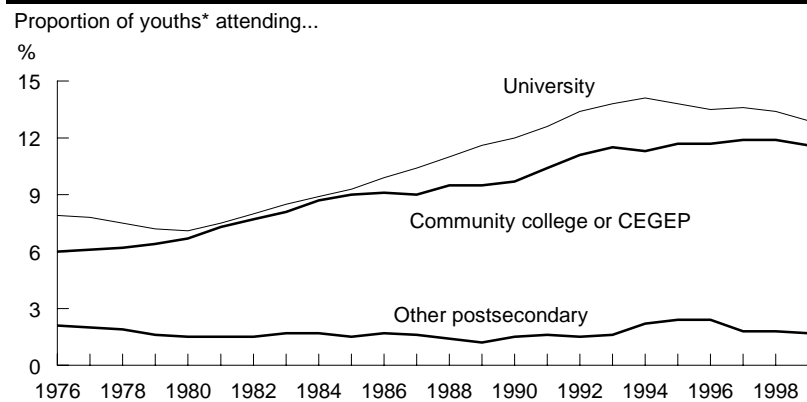
Statistics Canada. "Youths and the labour market." *Labour Force Update* (Statistics Canada, Catalogue no. 71-005-XPB) 1, no. 1 (Spring 1997).

Since this article was written, the data have been revised. New numbers will be available soon. For information about the revisions to the LFS, see "What's new?" in this issue.

Speaking of students...

Given the strong relationship between education and labour market success, it is perhaps not surprising that youths today are more likely to continue their education past high school.

Education has consistently been shown to affect labour market outcomes. For example, in 1998 young people out of school without a high school diploma were over three times as likely to be unemployed as young people out of school with a university degree.



Source: Labour Force Survey, eight-month average excluding May to August
* Age 15 to 24.

Perspectives