



EUROPE

Time Series Analysis Of Youth Employment Markets

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Project Background



- There are 987,000 young people not in education, employment or training (23 May). Recent initiatives to support young people into work include
 - The Youth Guarantee
 - Foundation apprenticeships
- The Youth Futures Foundation commissioned a RAND Europe study of UK youth employment, seeking to understand and address knowledge gaps around young people in the labour market.
- The findings are intended to inform wider policy debates around youth employment outcomes and have been shared with policy makers through a workshop
- This research contributes to Youth Futures' economic model of youth employment and their aim of narrowing employment gaps between demographic groups

Project Background

Rapid Evidence Review

Longitudinal Data Analysis

LFS

LEO

BHPS/
US

Minimum Wage



Sectoral and Geographical
Disparity



Worker Heterogeneity



Economic Crises



Using the Labour Force Survey

Person LFS 1993-2023

Age brackets: 16-24, 16-19, 20-24, 25-29

NEET, Employment,
Unemployment Rate

Region, Sex, Ethnicity, Disability
Status

Apprenticeship Rate, Full-
Time Employment Rate, Self-
Employment Rate, Sectoral
Concentration

Structural Break Analysis

- This approach informed our examination of the impact of minimum wage policy and economic crises; we tested if the following dates constituted structural breaks, coinciding with significant changes in employment trends:

1999—the introduction of the National Minimum Wage
2016—the introduction of the National Living Wage

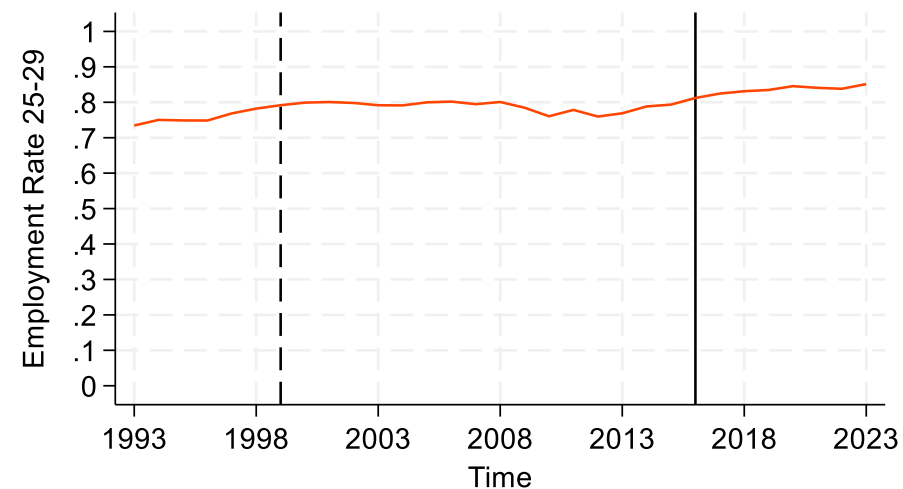
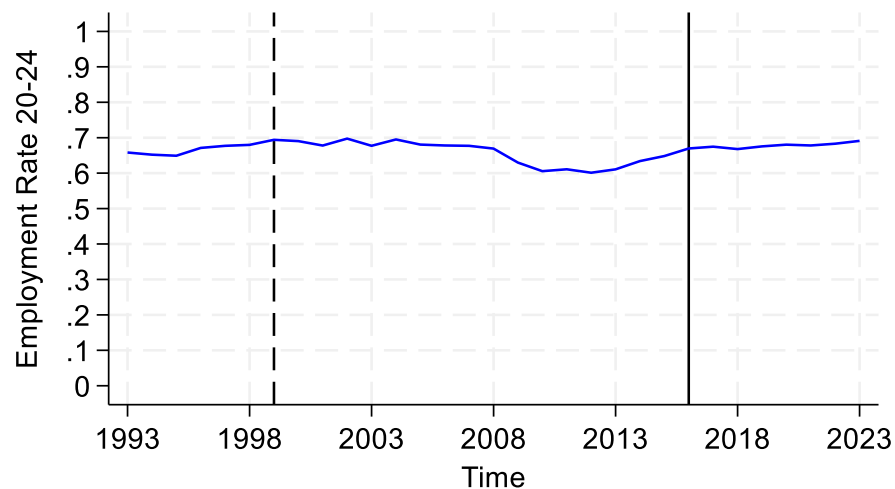
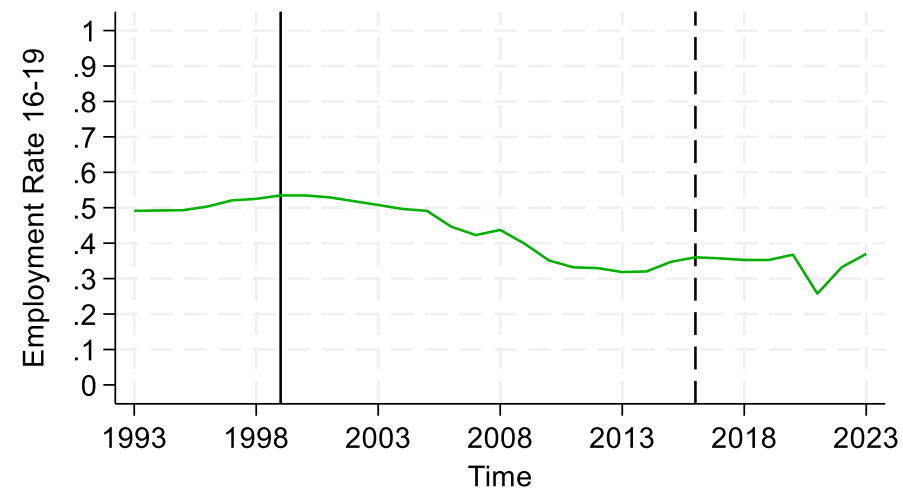
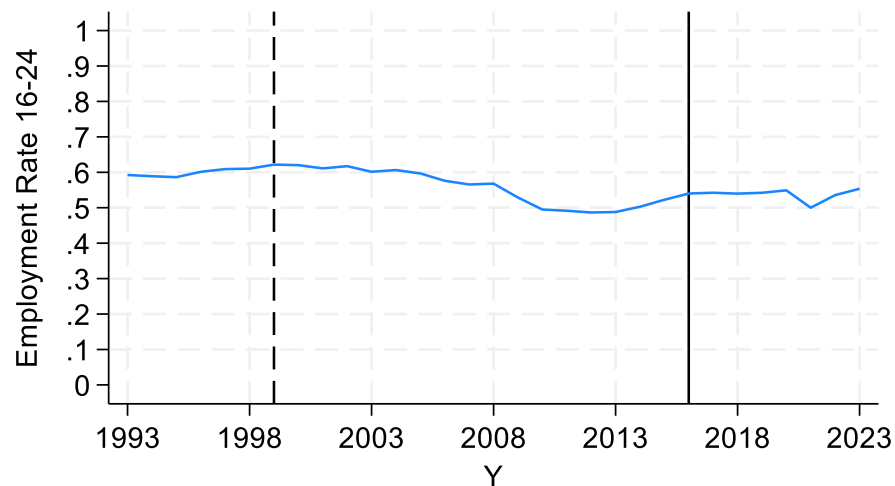


2008—the Financial Crisis

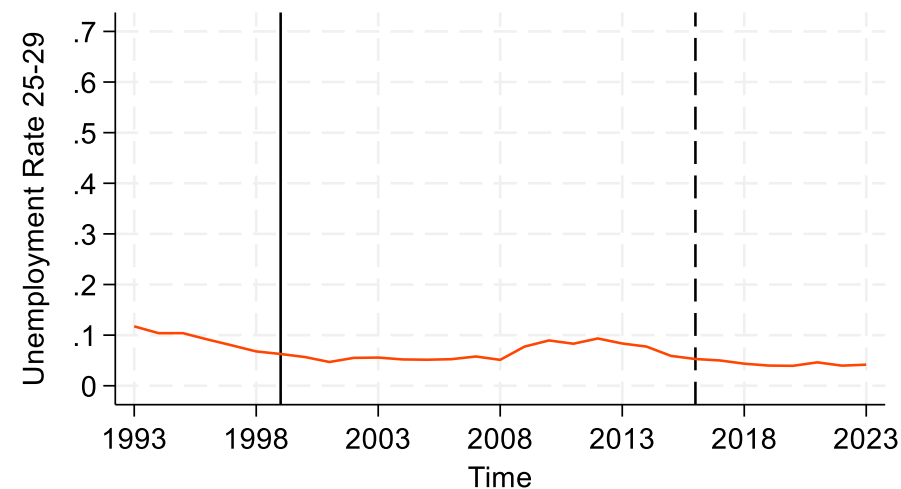
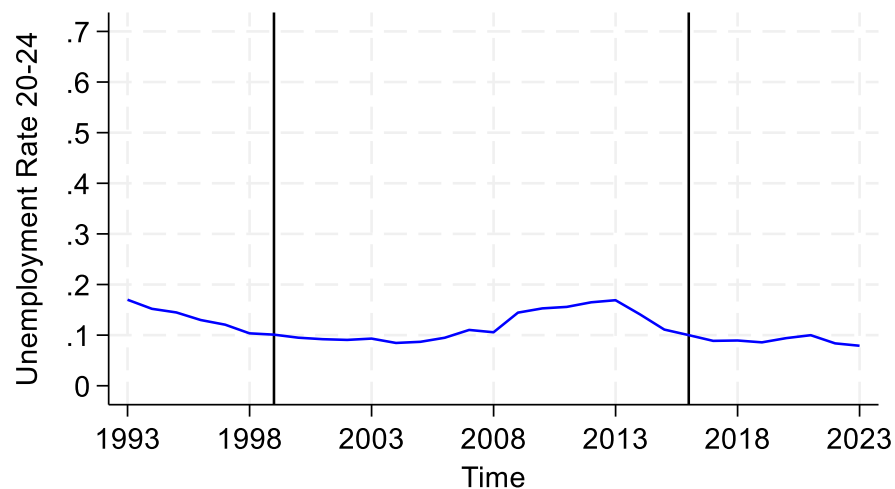
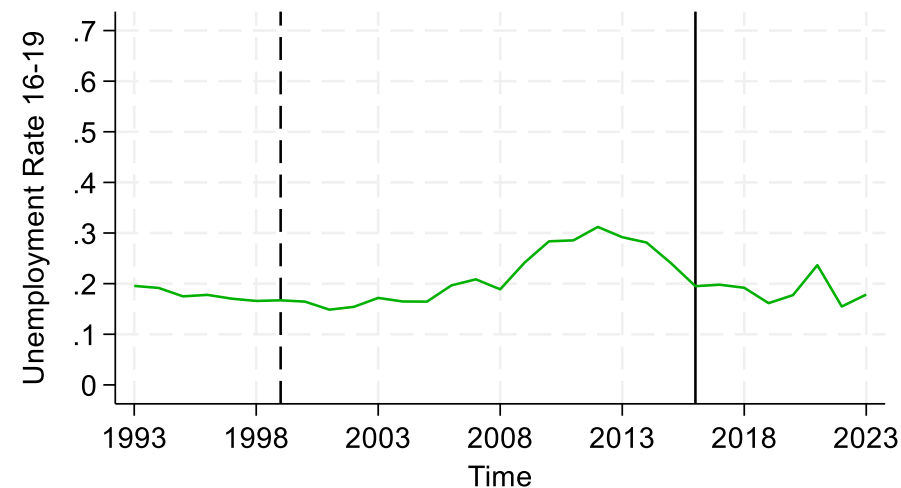
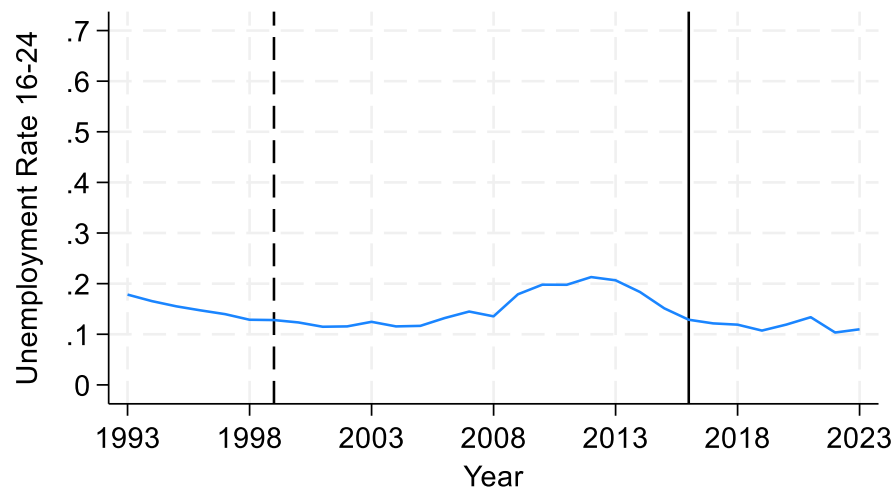


- The presence of structural breaks could indicate that youth labour market conditions underwent substantial changes at the time of these events.
- We are not able to draw causal inference from this analysis, as other shocks or events could have influenced outcomes around the same time period. This analysis provides correlational evidence.

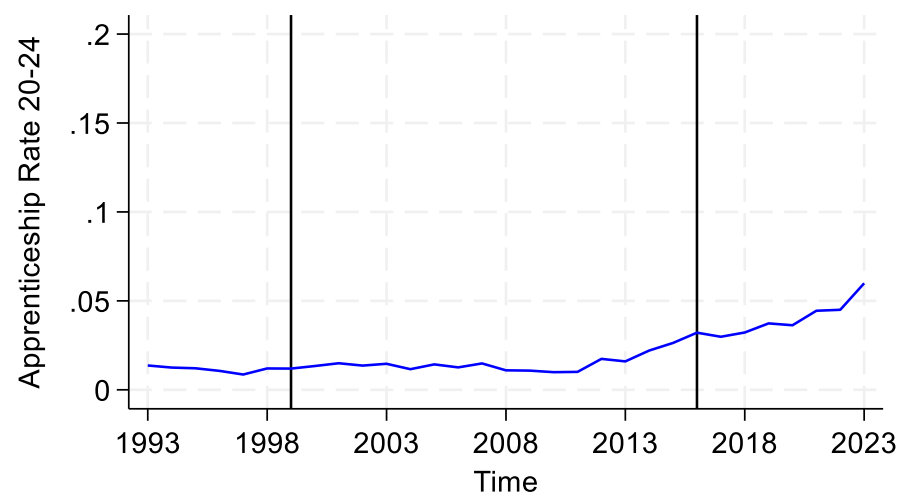
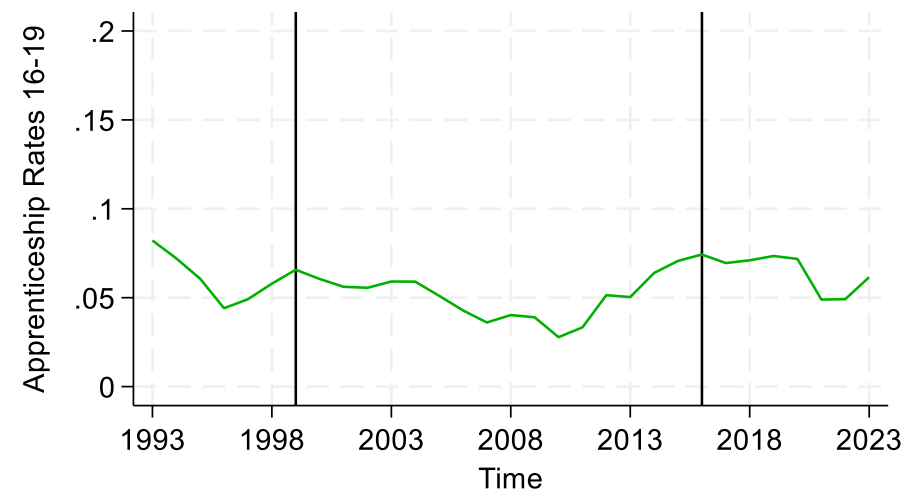
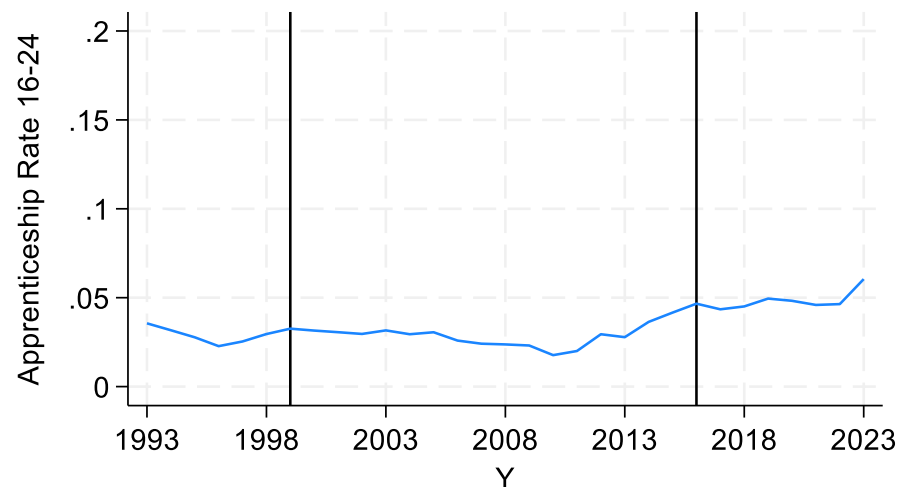
Minimum Wage—Employment



Minimum Wage—Unemployment

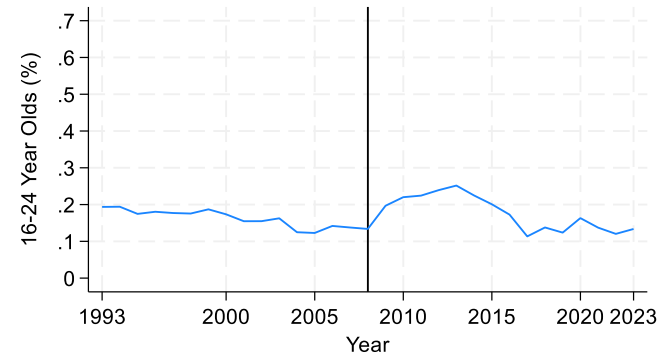
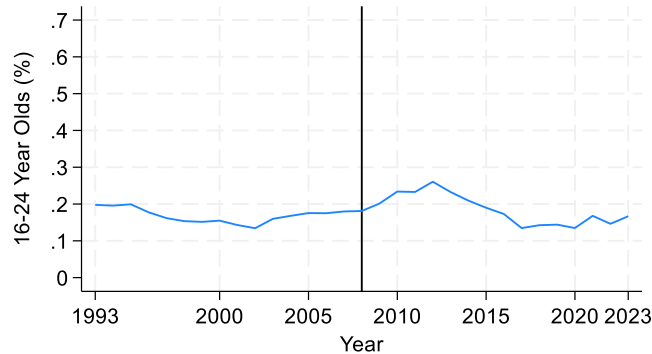


Minimum Wage—Apprenticeship Rates

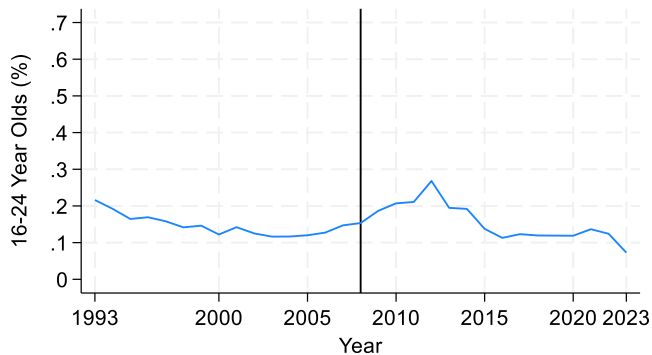


Urban-Rural Disparities

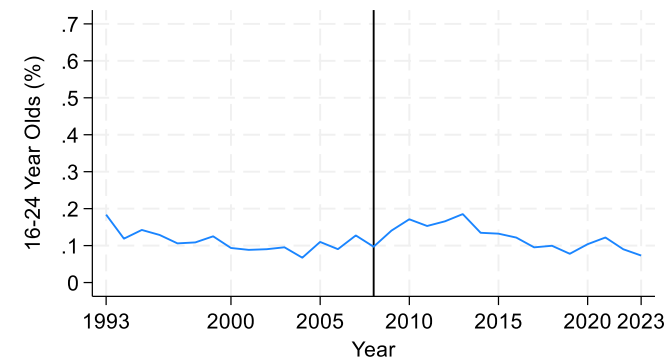
- Significant structural breaks in almost all regions' post crisis employment, unemployment and NEET rates
- BUT regions with higher population densities experience much lower jumps in the youth unemployment rate and NEET rate than less densely populated regions. E.g. Unemployment:
London North East



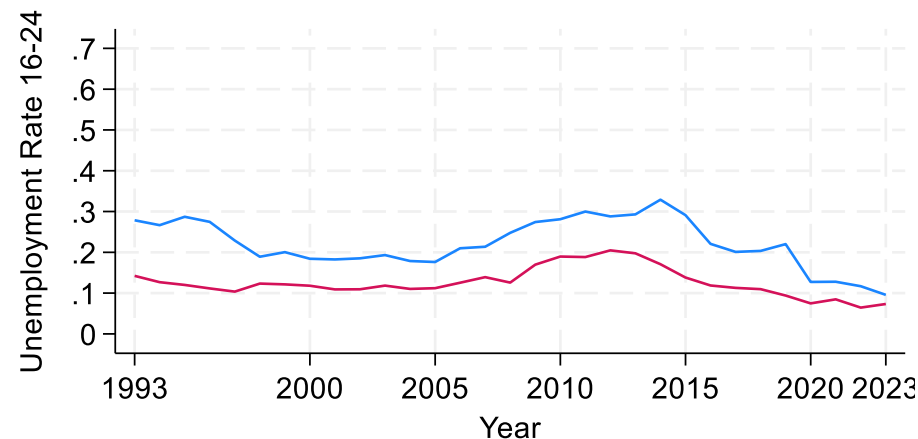
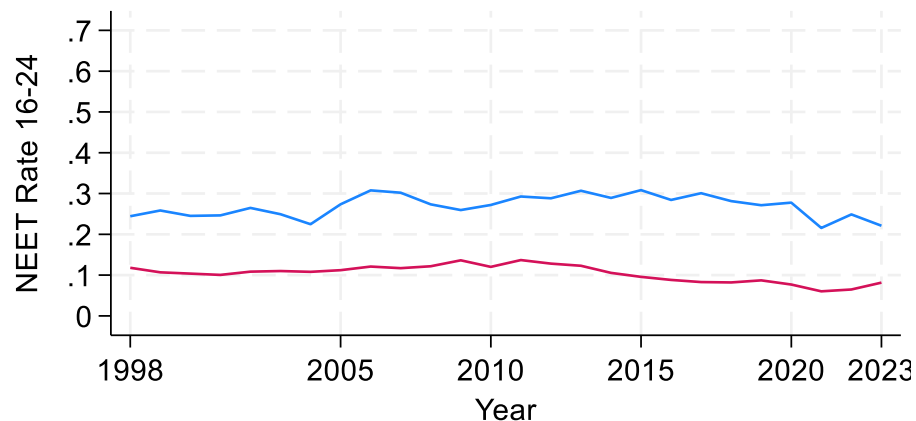
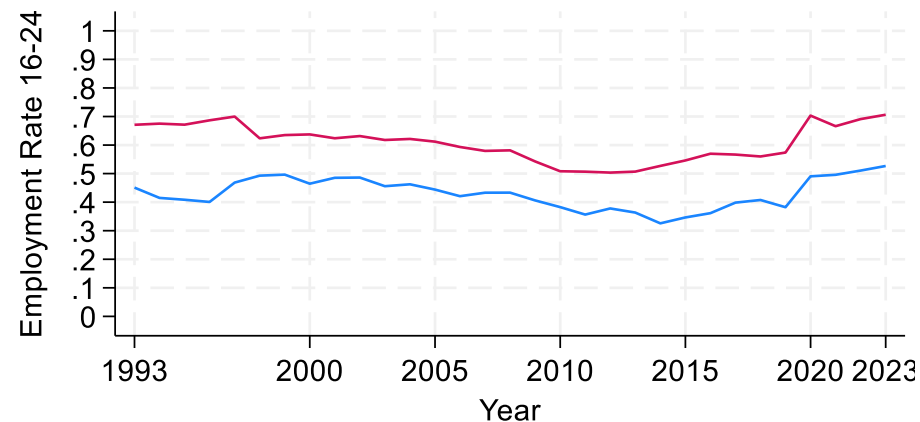
North West



South West



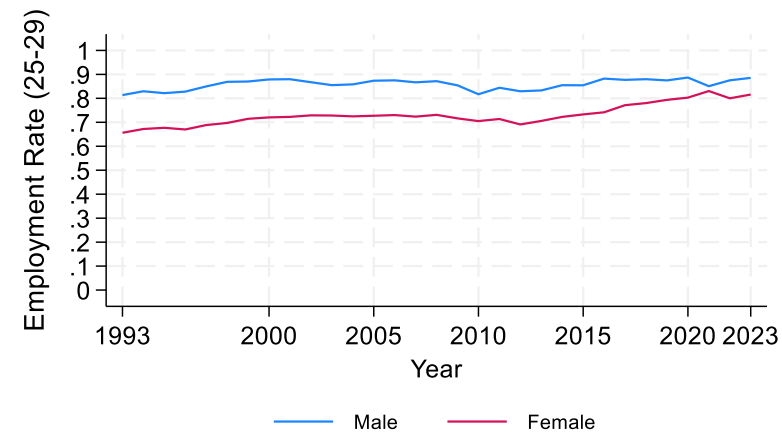
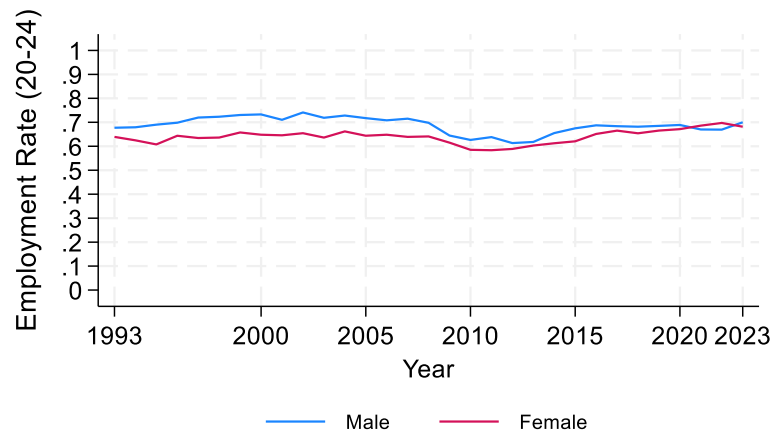
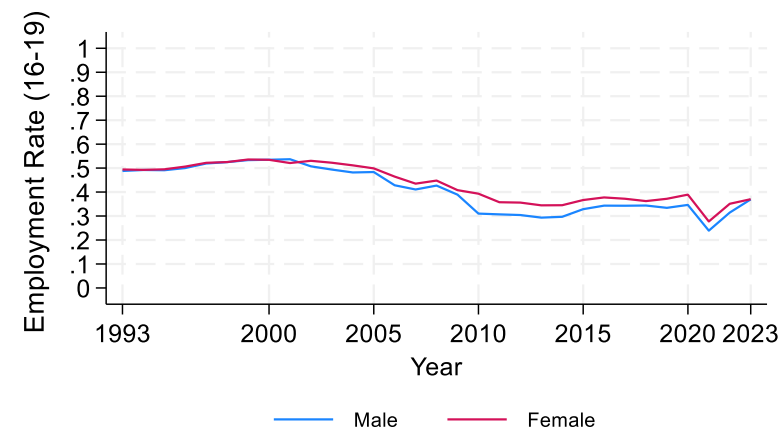
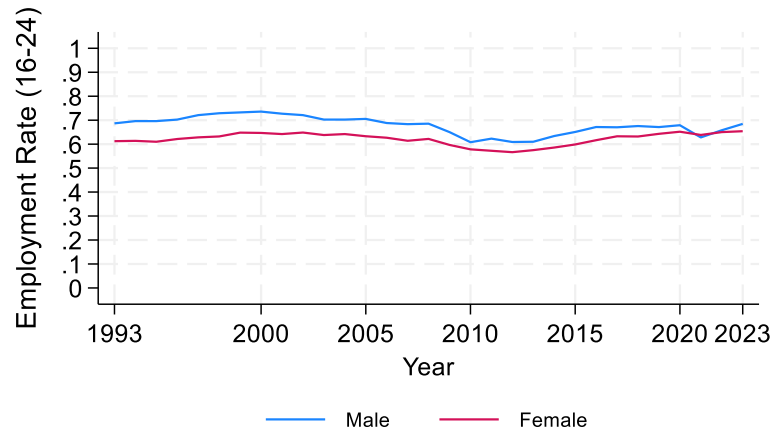
Key Trends—Disability



— Disabled — Non-Disabled

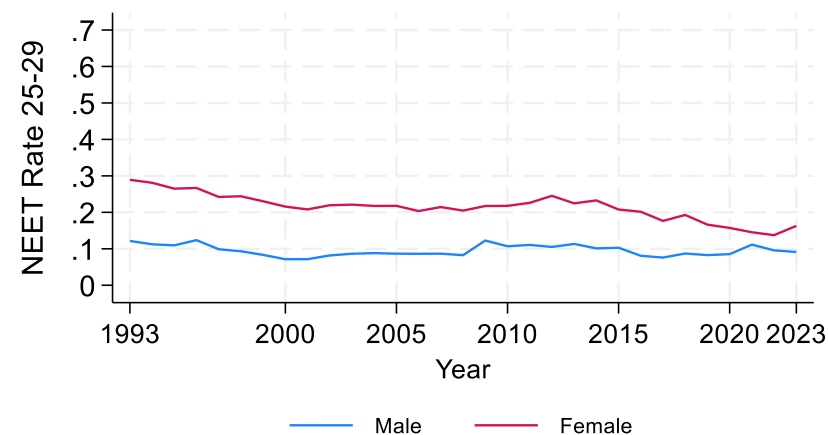
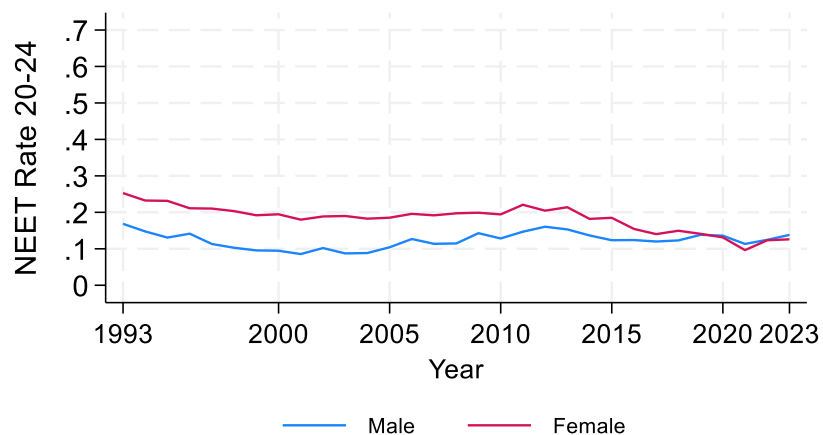
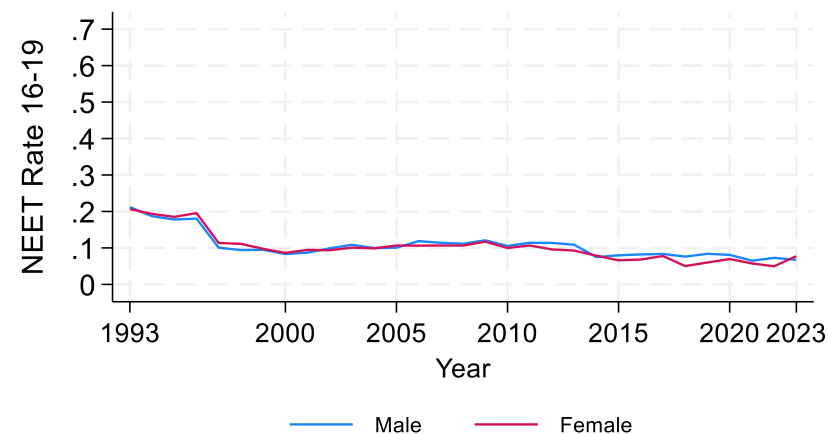
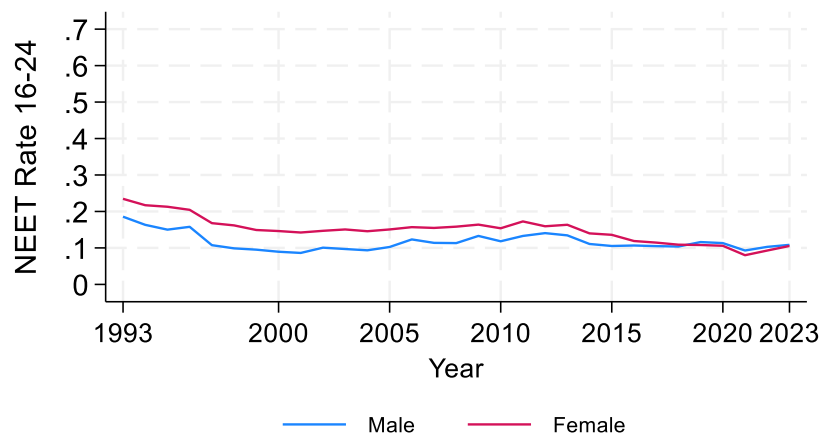
Key Trends—Gender

- The employment rates of teenage and men and women in their early twenties have converged to a greater extent than those of slightly older adults



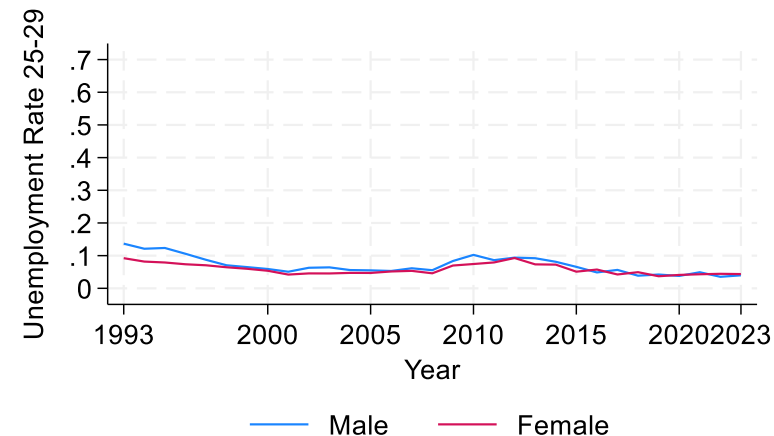
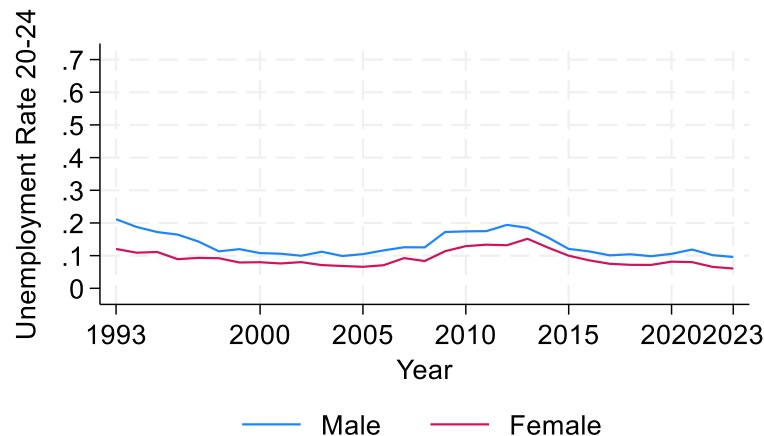
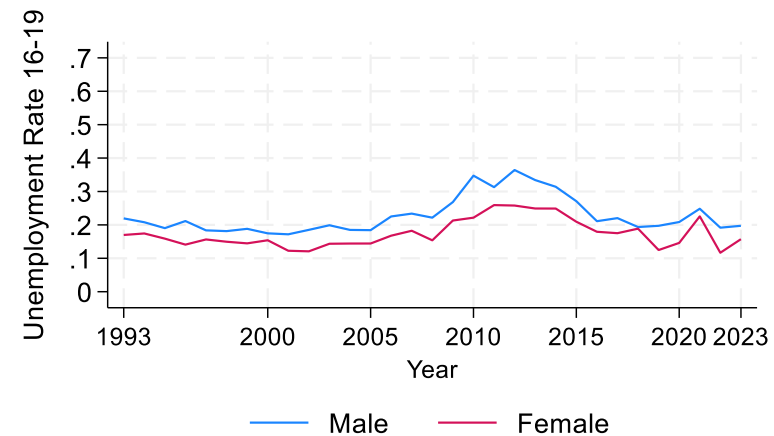
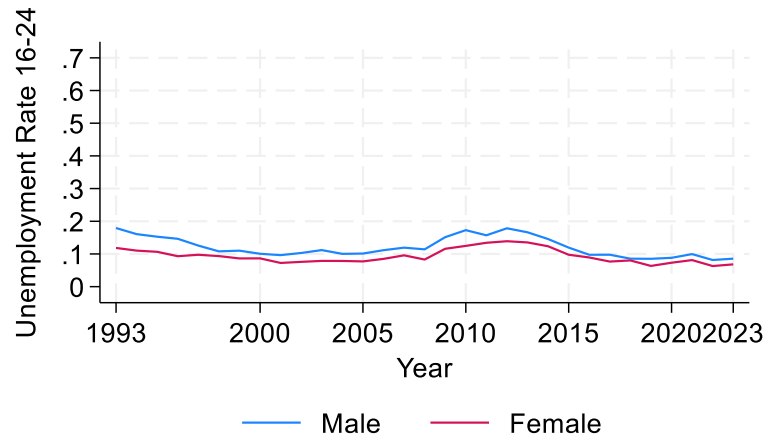
Key Trends—Gender

— ...The same is true of NEET rates...

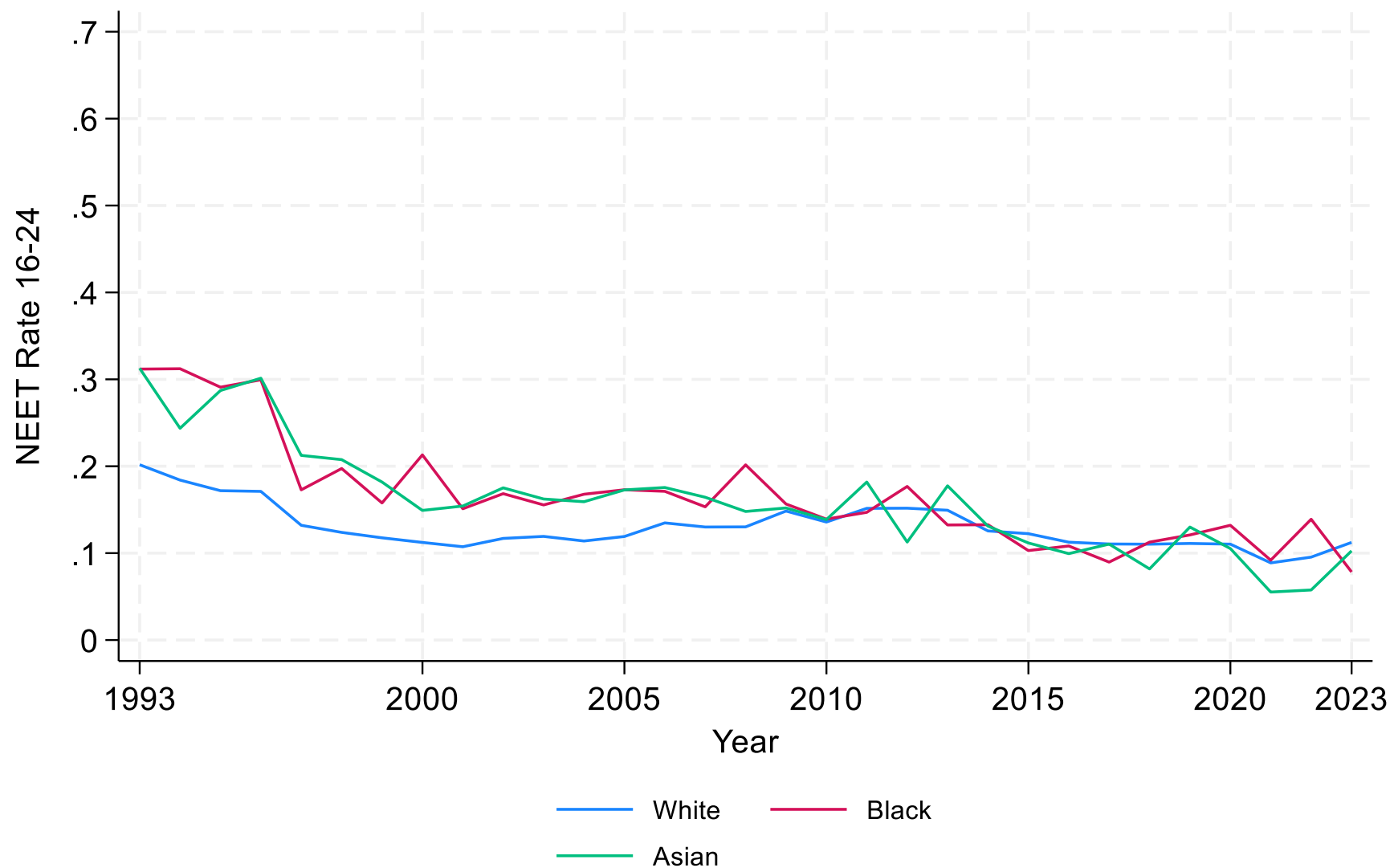


Key Trends—Gender

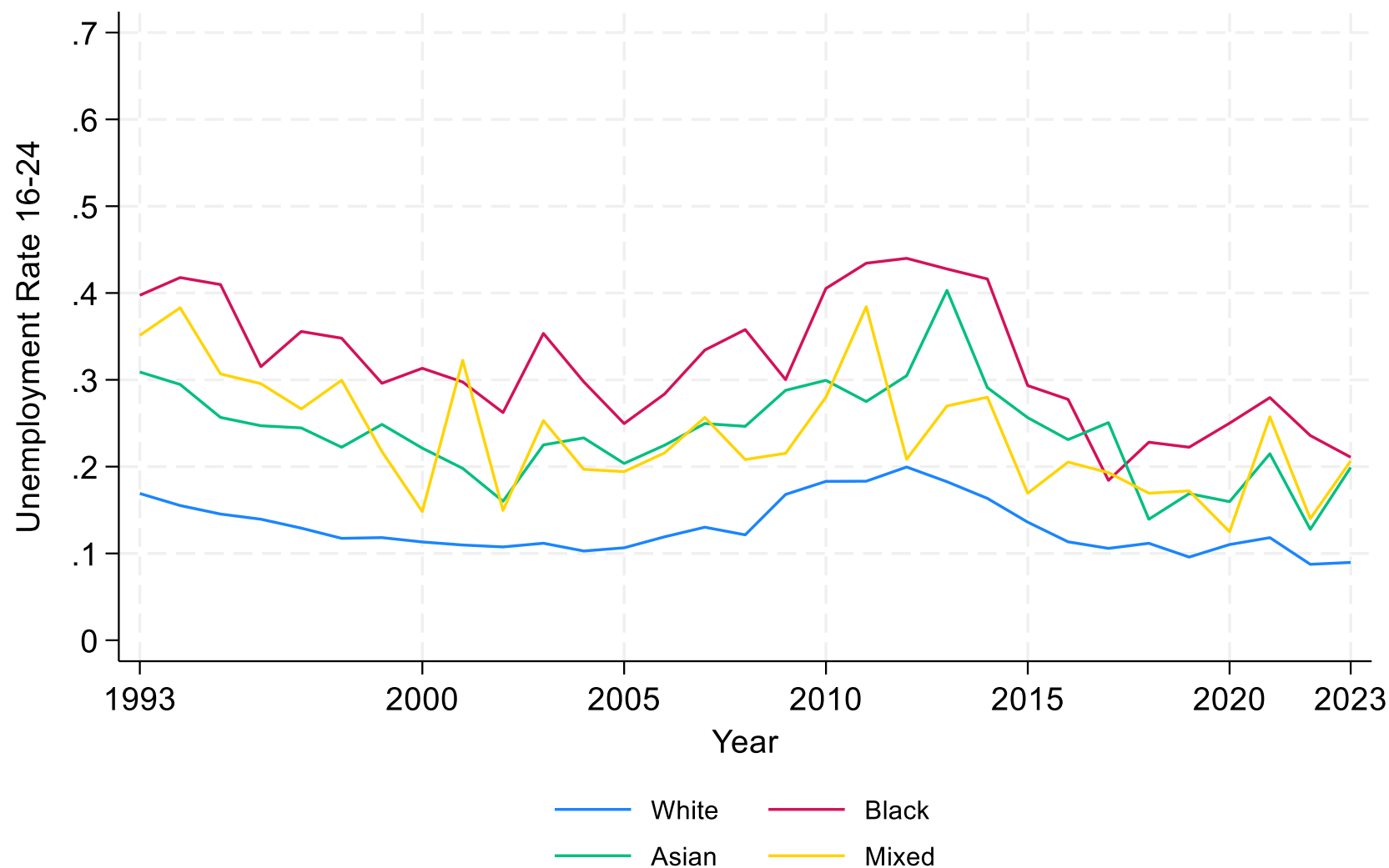
- ...but not unemployment rates. Suggests gender parity in outcomes of economically active young people by their late twenties, but not in the numbers who are economically active



Key Trends—Ethnicity



Key Trends—Ethnicity



Sheltering in education

- Young people from ethnic minority backgrounds, particularly young Black people, experience have a much higher unemployment rate than young white people, but similar NEET rates.
- Corresponding evidence from the LEO dataset shows that young people from ethnic minority backgrounds are more likely to continue with KS5 and Higher Education, potentially explaining the disparity in the two statistics.
- However, they do not appear to yield benefits from prolonged education in the labour market, suggesting persistent disadvantage in the world of work.
- Expectations of adverse labour market conditions can drive young people to prolong time spent in education, a phenomenon observed after the 2008 Financial Crisis.

Conclusions

Analysis of the LFS drew out some important considerations for policy on opportunities for young people.

Urban-rural disparities

The school to work
transition

Disability and long-term
health conditions

There are also questions that our analysis of the LFS could not resolve.

Minimum Wage Impact

Socioeconomic inequalities



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