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Pathways for Indigenous school leavers to undertake training or gain employment

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Summary

What we know

The idea of pathways indicates many possible journeys to some destination or outcome. This resource sheet focuses on the pathways that can enhance (or obstruct) the attainment of productive employment outcomes.

What works

Enhancing the potential productivity of the Indigenous workforce by facilitating training and education is the policy that is most likely to be effective. Accordingly, it is important to first overcome barriers to Indigenous participation in education and training. The recognition of the diverse and distinct cultural and social life experiences of Indigenous school leavers is crucial.

There are good theoretical reasons to expect that Indigenous input is imperative for all activities aimed at increasing Indigenous participation in programs and hence enhancing their effect. This principle holds for schools, university/VET sectors and labour market programs. The evidence on outcomes is consistent with the benefits of Indigenous participation in program design, but the existing evaluations are largely descriptive in nature.

Among labour market programs, wage subsidy programs are consistently identified as having the best outcomes for Indigenous jobseekers.

What doesn't work

Moving people to cities with better labour markets is not a good option because it fails to address the inadequate productivity of a migrating population. School leavers from remote areas do not usually have the skill sets that allow them to compete in urban labour markets.



Imposing solutions on Indigenous school leavers is unlikely to be successful as the targets of the policy are more likely to passively (or perhaps actively) resist the implementation of such programs.

What we don't know

The main issue for identifying effective pathways is that there are many assertions about what works, but the evidence is not as informative as many would like us to believe. Most claims are based on descriptions of outcomes, rather than structured analysis which allows us to confidently identify activities that do not work. Evaluations of pathways require longitudinal data that are widely available for scrutiny to ensure that the evidence is credible and uses best-practice methodology. The international literature emphasises the greater use of social experiments which control for confounding factors that make it difficult to issue definitive statements about 'what works'.

Introduction

The idea of pathways indicates many possible journeys to some destination or outcome. Hence, even if everyone agreed that Indigenous school leavers should be moving towards 'productive' employment, it is not easy to talk about 'what works' as there are different paths that may suit different people. Indeed given the diverse educational and life experiences of Indigenous people, it would be folly to suggest that there was one path that suits everyone. In any case, as the old joke goes, 'the shortest distance between two points is always under construction'. This resource sheet focuses on the 'detours' that can enhance (or obstruct) the attainment of productive employment outcomes.

Before the journey begins: origins of disadvantage of Indigenous school leavers

Many Indigenous children are disengaged at school and disaffected from the education system as evidenced by the low rates of attendance at school and the high rates of drop-out before completion of the major educational landmarks. Not only do Indigenous students obtain lower levels of academic achievement, but they are less informed about higher education opportunities than non-Indigenous students.

Entrenched disadvantages are likely to be relevant for the path eventually followed—the remarkably high rate of arrest among Indigenous youth is likely to be particularly noteworthy as it can both disrupt the engagement with the education system and eventually interfere with the ability to find work. Another factor that is likely to reinforce the social exclusion of Indigenous school leavers is labour market discrimination, which reduces the probability of finding work and arguably reduces the incentive to invest in education and training.

The social costs of education (e.g. peer-group effects) and low socioeconomic status of Indigenous households (e.g. education, access to economic resources and household overcrowding) are also likely to be key factors underlying poor educational outcomes.

Fordham & Schwabs' (2007) extensive compilation/synopsis of relevant research identifies that the completion of Year 10 appears to be the critical point with respect to lifetime employability and they provide an extensive literature review of the factors underlying education and the implications of these outcomes. Poor educational outcomes mean that the productivity of Indigenous school leavers is low, while the lack of information about training and labour market opportunities circumscribes individual's expectations about themselves.

For more information see: <http://caepr.anu.edu.au/system/files/project_page/2010/06/education%20futures.pdf>.



Schwab and Sutherland (2003) advocate the development of a 'learning community' in both urban and remote contexts, which is an educational partnership between a school and its community. The emphasis is on learning taking place within a 'comfortable' learning space, consistent with cultural understandings and values, and being relevant to all members of the local Indigenous community by offering lifelong educational opportunities.

The **New Zealand strategy for improving education outcomes for Māori** has four main focus areas: foundation years, young people engaged in learning, Māori language education and organisational success.

For more information see: <<http://www.minedu.govt.nz/NZEducation/EducationPolicies/MaoriEducation.aspx>>.

Vocational Education and Training (VET) courses provided in secondary school can offer a pathway to local employment. For example, they also appear to be successful in retaining students who otherwise may have left school before completing Year 12, and in assisting their transition from school to work (Johns, Kilpatrick & Loechel 2004). For school VET students, the work placement component of the program seems to aid the transition to local jobs and apprenticeships, and increases youth retention in the local community.

The beginning of the journey: leaving school, transitions into further education and training and looking for work

The Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) Taskforce on Indigenous Education (2001) provides an excellent introduction to the multiple pathways for Indigenous students into employment or further education. Sensibly, that report emphasises flexibility in institution structures and individual responses to opportunities. Unfortunately, most of the evidence in that publication does not directly analyse pathways, which are an intrinsically dynamic phenomenon that require longitudinal data collected over a reasonable period of time. Possible exceptions are the data on higher education that document the factors associated with withdrawal of students from the higher education transition. These include:

- personal issues (needing a break, resolving role conflict, tired of study, doubts about course)
- family matters (juggling family, job and study)
- health (overwork and exhaustion, exacerbation of some health problems without adequate support)
- employment (not coping with full-time work and study, loss of job).

For more information see: <www.curriculum.edu.au/verve/_resources/exploringmultiplepathways_file.pdf>.

A recent report to the Commonwealth Department of Education, Employment and Workplace Relations (DEEWR) identifies several barriers to Indigenous school leavers going on to higher education, including:

- the restrictions of distance and time
- the cost of higher education
- non-completion of schooling and low academic achievement
- expectations, motivations, aspirations (Gale et al. 2010).

The authors allow for the effect on aspirations (preferences), but they seem to discount the possibility that there are ongoing disruptions and peer effects in the households after school age. The late teens and early twenties is the stage of the life-cycle when Indigenous people usually experience the highest interaction



with the criminal justice system. While the household environment of school leavers is often highly disruptive, even for those who have left home, Indigenous households also have unique strengths that might prove useful in enhancing economic engagement.

One noteworthy initiative has been the creation of the **First Nations' University of Canada in Saskatchewan**. The university's mission is 'to serve the academic, cultural and spiritual needs of First Nations' students', but it also provides 'standard' areas of study provided in other institutions. Students from this university have been used as mentors to build post-secondary education aspirations and improve secondary school achievement.

For more information see: <www.firstnationsuniversity.ca>.

The Junior Canadian Ranger (JCR) Program was a community-based program developed by the Canadian Department of Defence (Schwab 2006). The program aimed at capacity building and enhancing self-image by:

- maintaining traditional culture and practices, teaching practical ranger skills and developing personal skills such as leadership and parenting skills
- increasing employment opportunities through a well-developed pedagogy and vocationally oriented activities.

Schwab makes a case that an analogous program for Indigenous rangers in remote Australia would re-engage early school leavers, or those at risk of leaving school early, and enhance the productivity/employability of former participants in terms of their ability to manage natural resources. Some recent policy initiatives are moving the ranger program in that direction.

The international evidence on Indigenous pathways into work is not an adequate basis for policy. The Organisation for Economic Co-operation and Development (OECD) has recently published a series of reports which examines the transition from school to work, across 16 different OECD countries (e.g. Vandenberghe 2009). The reports for the English-speaking settler states of Canada, United States (US) and New Zealand (NZ) reveal few insights for this resource sheet. The US report does not even mention Native Americans, while the Canadian and NZ reports only refer to Aboriginal Canadians and Māori in a passing discussion of cross-sectional disadvantage in their countries.

Vandenberghe (2009) focuses on the situation in Australia, and includes a survey of demand and barriers, income support and welfare policies, and the education system, including attainment, pre-school attendance, and on-the-job training. Data are taken from the Household, Income and Labour Dynamics in Australia Survey and the Longitudinal Surveys of Australian Youth, with international comparisons where available. Unfortunately, the Indigenous subsample from these surveys is too small to make valid claims about Indigenous pathways and hence Vandenberghe focuses on Australian overall findings. Overall, most Australian youths tend to move quickly into jobs once they finish their formal education; however, entry jobs tend to be casual or part-time as stepping stones on the way to more permanent work. There is substantial literature questioning the validity of the stepping stone assumption (Vandenberghe 2009).

The Longitudinal Survey of Indigenous Jobseekers tracked the experiences, over an 18-month period to September 1997, of 1,580 Indigenous job seekers who were registered with the Commonwealth Employment Service. Arguably, low response rates and the short timeframe of the survey period make it difficult to generalise from the results of that survey—but the various reports to DEEWR are still the most credible analysis of the dynamics of Indigenous labour market participation and job search to date.

For more information see: <www.workplace.gov.au/workplace/Publications/ProgrammeEvaluation/LongitudinalSurveyofIndigenousJobSeekers.htm>.



The only large-scale longitudinal study of Indigenous jobseekers, described in the above box, demonstrates that Indigenous youth use less pro-active job search methods than other young job seekers. Non-Indigenous job seekers, for example, are more likely to have contacted employers directly. Indigenous job seekers are more likely to report having asked friends or relatives about jobs than non-Indigenous job seekers, despite evidence that they are less likely to secure employment in this way.

The middle of the journey: discouraged workers and labour market programs

Discouraged workers

Indigenous males and females are between three and four times more likely than other Australians to want work but to not be actively looking for it (Hunter & Gray 2001). The most prominent reasons for not looking for work are:

- childcare and other family responsibilities (for females)
- returning to study
- the availability of jobs.

Indigenous youth is one of the most likely groups in Australian society to have given up looking for work and hence become 'discouraged workers'. The difficulty in finding and keeping work is one of the major reasons for Indigenous youth leaving the labour market.

Labour market programs

This section examines the main interventions used to re-engage Indigenous youth—Labour Market Programs (LMPs). When identifying the effect of programs, analysts should consider:

- whether the participant would have got the job or training position anyway
- whether any improvement has been primarily at the expense of another person (i.e. 'job displacement' or 'substitution' effects)
- whether improved work-related skills increased the long-term effective supply of labour.

Another evaluation problem when analysing such programs is that they are usually intended to have more than one effect and hence it may be problematic to focus on only one impact out of context. Heckman, Lalonde & Smith (1999) identify that the failure to take these issues into account leads to a systematic bias—usually an overestimate of the effect of programs. The conventional means to address such bias is experimental methods and longitudinal data.

LMPs take a variety of forms covering both employment and training programs:

- job creation or employment subsidies
- wage subsidies
- on-the-job training
- job search assistance
 - employment service (job information and matching with potential employers)
 - career counselling and advice on how to achieve job readiness
 - job search training and subsidies
- classroom training and occupational skills.

For more information see: <<http://ideas.repec.org/h/eee/labchp/3-31.html>>.



Historically, evaluations of LMPs in OECD countries indicate that these programs usually have, at best, a modest impact on participants' labour market prospects. The international evaluation literature points to employment subsidies and, to a lesser extent, direct job creation, as the most likely programs to increase employment prospects (Martin 1998). While both types of program appear to benefit the long-term unemployed, wage subsidies require careful targeting and adequate controls to maximise net employment gains and social benefits. Some analysts argue that job creation programs are best suited to addressing the short-term needs of severely disadvantaged groups, but there appear to be few long-term benefits of such programs and many disadvantaged job seekers only secure poorly paid jobs.

For evaluations of Australian programs most official program data indicate that wage subsidy programs have the best post-program outcomes. None of the Australian studies reviewed controlled adequately for the 'selectivity' of participants (i.e. how they might differ from other unemployed). Stromback and Dockery (2000) use longitudinal empirical techniques (which attempt to control for the distinct nature of those who complete programs) to demonstrate that wage subsidies are still the most effective interventions.

Dockery and Milsom (2007) conducted a review of all Indigenous employment programs since 1985. They were relatively sanguine about the on-the-job work experience, achieved through wage subsidies and brokered placements, and employment support such as mentoring (and job-search training). While they admit the evidence is rather patchy, Dockery and Milsom claim that the Training for Aboriginals Program and Indigenous-specific LMPs have been especially effective.

For more information see: <www.ncver.edu.au/publications/1729.html>.

One reason that wage subsidies achieved better outcomes for Indigenous job seekers than job creation, training subsidies and employment support programs, was that they had higher rates of 'completion'. This is not surprising since wage subsidies demand little from the jobseeker involved once the subsidy is being paid.

Indigenous case managers were associated with higher rates of completion and an 11.6 percentage point increase in the prospect of Indigenous participants being in a job. One explanation for the relative success of this program is that it focuses on the needs and interests of Indigenous participants in the design of the program activities.

There has been no credible evaluation of the cost effectiveness of Indigenous LMPs. Hunter, Gray and Chapman (2000) show that respondents who completed an LMP were only 6.3 percentage points more likely to be in employment than non-completers. The incremental effect of programs appears to be depressingly small and a cost-benefit analysis is unlikely to be favourable. Notwithstanding a narrowly defined exercise that focused solely on employment outcomes, the public policy rationale for such programs must also take into account the equitable sharing of the burden of unemployment across the nation.

The US literature indicates that the percentage impact of programs which specifically target economically disadvantaged households is generally much higher than that evident for LMPs for Indigenous Australians (Heckman, Lalonde & Smith 1999). This observation highlights the need to reconsider the structure and design of LMPs for Indigenous Australians.

VET

As with LMPs, there are no Australian studies that rigorously identify the 'net' impact of Indigenous participation in VET on labour market outcomes (Dockery & Milsom 2007). Graduate destination surveys indicate that the increase in the probability of employment after training is quite modest at less than 10 percentage points. While these outcomes are smaller than those for the non-Indigenous population, this is partially explained by the fact that the initial lower educational attainment of Indigenous participants confines them to lower level certificates. It is important to note that Indigenous participants in VET again have relatively high rates of non-completion of these courses.



Future employment options have been found to be a major determinant in student attitude to schooling. In a national survey of students, 60% of Indigenous students felt that employer attitudes would act as a barrier to their aspirations, compared with the 40% of non-Indigenous students who were concerned about employer attitudes. The difference is likely to be associated with a belief about the existence of racial discrimination in the labour market as well as a rational evaluation of employment prospects.

Community Development Employment Projects scheme and Work for the Dole

The Community Development Employment Projects (CDEP) scheme is an Indigenous-specific program that is more than a simple job creation program as it also seeks to develop the local community. There are many positive portrayals of the employment and non-employment outcomes from the CDEP scheme (Fordham & Schwab 2007). Other commentators have argued strongly that the CDEP scheme has detrimental impacts on Indigenous welfare (Hughes 2007). Both sides of this debate tend to base their claims either on arguments about 'process evaluation' or rather thin evidentiary information (usually involving a small number of local observations or cross-sectional census/survey data aggregated into large geographic areas).

Some of the most credible evidence was provided by the Office of Evaluation and Audit (OEA 1997) which used a survey of 430 former CDEP participants to demonstrate that CDEP leads to relatively positive outcomes. Immediately after leaving the scheme, 24% went straight to another job, with one-third of these being employer-subsidised employment. These employment rates held up for some time after participants left the scheme.

If Indigenous youth see CDEP as a career, or an 'end' in itself, then they might under-invest in education and training. A related issue that is pertinent for many Indigenous welfare recipients is that the incentive to look for or take up employment can be limited if the loss of income support and entitlement is comparable to (or even more than) the wage received. This disincentive effect is evident for many Indigenous people whose expected wage is generally quite low, but the financial disincentives can be particularly pronounced for CDEP workers (Daly & Hunter 1999).

The analogous program for mainstream Australia is the Work for the Dole scheme. Borland and Tseng (2004) demonstrated that this program has a significantly negative effect on transitions into employment. The authors advance several explanations for this result—participants reduce their job-search activity, stigma effects (i.e. a negative signal to potential employers), and the program only provides work experience, rather than substantial training. International evidence seems to support the fact that participants in community work programs experience placements as 'work' and therefore do not engage in sufficient job-search activity. This result has implications for the transition of school leavers towards employment and training.

The end of the journey?: the sustainability of employment and training outcomes

The question mark in the above heading does not question the destination, but rather the stability of the outcome. For example, in order to evaluate the pathway one has to appreciate the sustainability of the outcome in terms of the retention of jobs secured or the usefulness of the training. An important component of the latter is whether the individual concerned completes a training course or program.

Hunter, Gray and Chapman (2000) show that longer training courses are less likely to be completed than short ones. While completion of training courses is a key ingredient to enhancing the effect of a program, reducing the length of training courses to enhance completion rates would probably not improve pathways substantially as, on balance, this would also reduce the level of skill transfer. Perhaps a more effective strategy might be to ensure



the design of the courses is more Indigenous-friendly with more support being provided to students attempting training.

Indigenous youth exhibit considerable 'churning' in terms of employment as they tend to move frequently between full-time employment, part-time employment, CDEP employment and unemployment (Gray & Hunter 2005). Fordham and Schwab (2007) suggest the need for improved career counselling and the development of intervention strategies to support school leavers in their early post-school years, and on entering the workforce.

Amongst Indigenous workers, job retention (in the same job for at least 12 months) was significantly associated with higher levels of education. For example, having an education to Year 12 (compared with outcomes for Year 10 or less) increased the probability of job retention by about 30%. However, job retention was significantly lower for people with health problems and recent involvement with the justice system.

LMPs are one avenue for promoting the ongoing employment prospects of Indigenous jobseekers, but another avenue is private sector support. In the last decade, Indigenous participation in the mining industry increased substantially as a result of such schemes.

Training, work ready and pre-employment programs at Pilbara Iron

One study notes that training, work-ready and pre-employment programs have been established by Pilbara Iron to increase Indigenous participation and retention in their workforce to a target of 15% by about 2013 (Taylor & Scambary 2005). These include:

- capacity building (education initiatives, scholarships, pre-employment training, fitness-for-work programs, and health, alcohol and drug programs)
- training and direct employment (traineeships, apprenticeships, earthworks, clerical training, and direct employment strategies)
- improving job retention (support strategies to assist in holding on to workers once employed, including cross-cultural training across the workforce)
- business development.

For more information see: <http://epress.anu.edu.au/caepr_series/no_25/frames.php>.

All such strategies are likely to be important for ensuring sustainable outcomes. Business development may be crucial, but there is limited information on Indigenous entrepreneurship for Indigenous school leavers. Notwithstanding, Dennis Foley has written extensively on the broader factors associated with business success (Foley 2007).

Gaps in the evidence base

Indigenous people can become disengaged, disaffected and discouraged at any (or all) stages of the journey between school, training and ongoing work. The largest gap in the evidence base is the lack of adequate longitudinal datasets collected over a reasonably long period. The only existing longitudinal survey of Indigenous job seekers was collected over a period of 18 months, which is not long enough to explore the complex dynamics of transitions from school to work.

Most major changes in US policy would involve a strategy for evaluating the proposal using social experiments with random assignment (Bloom 2005). Social experiments are regarded with particular suspicion in the Australian Indigenous policy context because they can raise ethical questions about the treatment of Indigenous Australians as subjects, rather than as people. Leigh (2009) turns the conventional argument on its head by



pointing out that it is not ethical to implement policy for which there is no adequate evidence—given that experiments are one (some would argue the best) way to provide evidence on the effectiveness of a program that controls for confounding factors, it would be unethical not to conduct experiments. Social experimental techniques are not beyond criticism but they should be seriously considered.

Obtaining better data is the only way to solve the evaluation problem in a convincing way (Heckman, Lalonde & Smith 1999). However, better data are not synonymous with social experiments—hence the primary focus should be collecting clear and comparable longitudinal data on clearly defined program treatments and associated outcomes.

The final gap in the literature reported in this paper is the excessive reliance on government reports and other evaluations that cannot be completely scrutinised by several independent researchers. While there is some value in intra-organisation evaluations, it is important to conduct independent evaluations based on sound benchmarks with well-defined outcomes. One crucial dimension of this independence is transparency of data which can be evaluated in a full peer review process, which, even with its imperfections, is still the best guarantee of research quality. If program data are too sensitive to be made available for scrutiny by all researchers, one alternative is to establish partnerships with a range of bona fide research organisations that can scrutinise the quality of other's research findings. The department in question can then manage the process at a distance without compromising the integrity of the analysis.

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Appendix

Authors notes on the pathways for Indigenous school leavers: a journey to where and when?

The initial brief for this resource sheet asked the author to document the pathways for Indigenous school leavers into either training or 'meaningful' employment. Any journey between two points can take a number of paths, however pathways also take time to travel along. One path may take longer than another path, but may be more sustainable over the long term.

'Western' concepts of work suggest that paid employment contributes to both social and economic wellbeing through increased income and economic independence, improved self-esteem and self-confidence, skills development and expanded social networks. Psychological studies have found that the ill-effects of unemployment are more pronounced among people with a greater personal investment in paid work (Warr 2007). While securing a job is generally preferable to being unemployed, one question that must be addressed in this resource sheet is whether some work is less meaningful or unproductive for either the individuals concerned or society at large.



The word ‘meaningful’ is a heavily value-laden term that needs to be carefully unpacked, especially in the cross-cultural context. The studies that do asked Indigenous people about career and study options tend to find preferences are markedly different from other Australians (Arthur & David-Petero 2000; Craven et al. 2005). Cultural attitudes to work among Indigenous Australians are often argued to be incompatible with mainstream Western work practices (e.g. Tonkinson 2007).

A dominant discourse in Indigenous affairs over the last decade has centred on the notion of the ‘real’ economy (Pearson 2000). However, Jon Altman’s model of the hybrid economy is in part an ongoing argument about the distinct productive contribution of customary activities to economic activity (Altman 2002). Examples of the productivity of such activities usually include the environmental services and tourism sectors. That is, work based on customary practices can be both meaningful to those engaging in such activities and productive from a mainstream perspective.

The following analysis of evidence about pathways attempts to examine several issues—the evaluations and cost effectiveness of programs and activities, the adoption/implementation of mainstream programs for Indigenous Australians and policies for responding to traumatised individuals and communities relevant to school attendance and retention. Where available, comparable overseas evidence is presented.

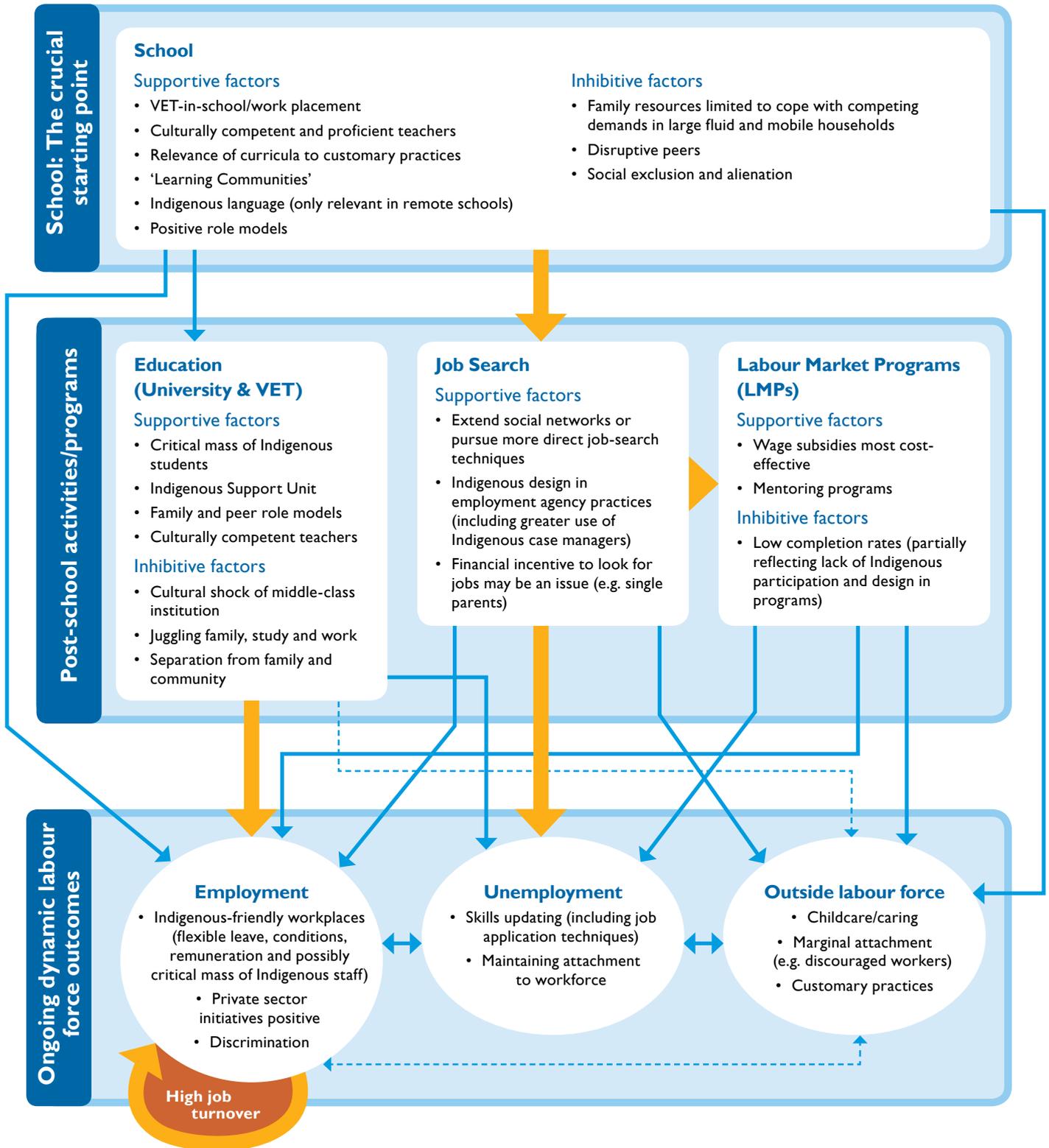
This resource sheet gives more weight to research that is higher up the evidence hierarchy (Leigh 2009). Cross-sectional studies are generally less credible than longitudinal studies, especially when one is trying to document intrinsically dynamic concepts such as pathways. Social experiments that randomise ‘treatments’ are at the top of Andrew Leigh’s evidence hierarchy, but there are no convincing examples in Indigenous Australia. Hence, the resource sheet refers to the international literature on experiments. Scholarly publications are preferred to discussion or working papers as the former have had the benefit of full peer review. There is arguably an over-reliance on evaluations of employment and training programs that are not based on publicly available data. The ability to have peer review is a crucial element of quality control of evidence and, if it is not possible to make data freely available for scrutiny, a strong case can be made for partnerships between independent researchers and the organisation providing the programs.

Evaluations of interventions must either establish a benchmark of what existed beforehand or make a credible argument about what would have happened in the absence of the intervention. Evaluations should also attempt to control for how participants differ from non-participants or participants who do not complete the program (i.e. selectivity of participants).

The analogy between a journey and a pathway is direct and, like all journeys, a pathway has a beginning, middle, and an end. The journey for school leavers starts at the end of secondary school, but the path followed is heavily dependent on what happened at school. This first stage is characterised by either transitions to further education or job search. The middle of the journey may involve a person either finding work, being discouraged from looking for work or the participation in programs designed to assist job seekers in finding work and improving skills and productivity. For the purposes of this resource sheet, training is also a constructive outcome, especially if it facilitates the arrival at the end of the journey, ultimately involving sustainable and ‘meaningful’ employment. This resource sheet closely follows the structure of this journey.

A flow diagram that provides both a visual description of the pathways of Indigenous school leavers, and lists the supportive and inhibitive factors associated with the desired transitions, is presented in chart 1.

Chart 1: Visual representation of factors underlying pathways for Indigenous school leavers



Notes

1. Transitions are weighted by the evidence about proportion of Indigenous people moving between various activities/outcomes (e.g. Gray & Hunter 2005).
2. Bold yellow lines represent the pathways with the most transitions, the solid blue lines the next most transitions and the dashed blue lines represent the fewest transitions. The boxes represent 'programs', while the ovals represent labour force outcomes.



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Terminology

Indigenous: 'Aboriginal and Torres Strait Islander' and 'Indigenous' are used interchangeably to refer to Australian Aboriginal and/or Torres Strait Islander people. The Closing the Gap Clearinghouse uses the term 'Indigenous Australians' to refer to Australia's first people.

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