

A horizontal teal bar with a white circular icon containing a smaller teal circle.

Introducing the youth not in employment, education, or training indicator



Crown copyright ©

This work is licensed under the Creative Commons Attribution 3.0 New Zealand licence. You are free to copy, distribute, and adapt the work, as long as you attribute the work to Statistics NZ and abide by the other licence terms. Please note you may not use any departmental or governmental emblem, logo, or coat of arms in any way that infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Use the wording 'Statistics New Zealand' in your attribution, not the Statistics NZ logo.

Liability

While all care and diligence has been used in processing, analysing, and extracting data and information in this publication, Statistics New Zealand gives no warranty it is error free and will not be liable for any loss or damage suffered by the use directly, or indirectly, of the information in this publication.

Citation

Statistics New Zealand (2011). *Introducing the youth not in employment, education, or training indicator*. Wellington: Statistics New Zealand

ISBN 978-0-478-37747-7 (online)

Published in December 2011 by

Statistics New Zealand
Tatauranga Aotearoa
Wellington, New Zealand

Contact

Statistics New Zealand Information Centre: info@stats.govt.nz
Phone toll-free 0508 525 525
Phone international +64 4 931 4610
www.stats.govt.nz



Contents

Executive summary	4
1 Introduction	5
2 Why information on youth is needed	6
3 Common youth labour-market indicators	7
4 NEET – concept and use	8
Benefits of using NEET	8
5 New Zealand’s official NEET measure	10
Who counts and who does not	10
The primary focus of the HLFS	11
Identifying groups for compiling NEET	11
The future	12
Upcoming releases	12
References and further reading	14
References	14
Further reading	14
Appendix	16
HLFS questions used to construct NEET	16
How NEET data is derived	17



Executive summary

The purpose of this paper is to discuss the youth not in employment, education, or training (NEET) indicator, its introduction as an official measure by Statistics New Zealand, how it is defined and calculated, and why it is useful.

Increasing attention has been paid in the national and international arena to the topic of youth labour-market issues in recent years. This heightened during the global financial and economic crisis.

Statistics NZ's overall aim of publishing official statistics on NEET is to provide equal access to consistent and internationally comparable figures over time. These statistics will serve as a reference point for public debate and evidence-based analysis.

Based on the overall aim and analysis, Statistics NZ defines youth NEET as people aged 15–24 years who are not in employment, education, or training. NEET includes both those people who are unemployed (part of the labour force); and those who are not in the labour force, and at the same time, not in education or training.

On 15 December 2011, Statistics NZ will release the first official statistics on youth NEET.

This information paper covers:

- the rationale for NEET statistics
- some commonly used youth labour-market indicators
- NEET's definition and use
- the introduction of the official measure of youth NEET in New Zealand using Household Labour Force Survey (HLFS) data
- how HLFS data is used to construct NEET statistics.



1 Introduction

Recently, there has been increasing interest in the labour-market issues faced by young people (youth). This interest has resulted in a demand for more information on young people not in employment, education, or training (NEET). Some confusion about the different statistics available on the labour-market outcomes of youth, and of youth NEET in particular, has accompanied this demand.

As a result, along with Statistics NZ's commitment and responsibility to provide statistical information for New Zealanders to grow and prosper, Statistics NZ will produce New Zealand's official NEET statistics using Household Labour Force Survey (HLFS) data. This will provide equal access for all users to reliable, accurate, consistent, and internationally comparable data.



2 Why information on youth is needed

National and international attention paid to young people's labour market issues intensified during the recent global financial and economic crisis. Young people aged 15–24 years are usually more severely affected by economic crises than people from other age groups. Research indicates that young people are the first to lose their jobs and the last to gain employment. This is due to many factors, such as missing opportunities to (re)train, lack of experience and skills, and weak labour-market information and services (International Labour Office, 2005). Young people's disadvantages, disengagement, and underutilisation in the labour market may incur lasting costs to the economy, to society, to the individual, and to their families. Fears have been expressed that a 'lost generation' might be a possible legacy of the current worldwide crisis. This legacy will be an unstable foundation for the economies and societies of today and tomorrow (International Labour Organization, 2010).

In the context of changing labour markets, a general problem with common (youth) labour-market measures is that simple comparisons between people who are employed, unemployed, or not in the labour force are not sufficient to understand the complexity of labour markets.

A wider range of youth labour-market indicators would help to better understand and monitor more effectively young people's disadvantages, disengagement, and underutilisation in the labour market.



3 Common youth labour-market indicators

The common indicators used to understand youth labour markets are the youth unemployment rate, youth employment rate, and youth labour force participation rate:

- **youth unemployment rate** indicates the proportion of young people in the labour force who are without paid work, are available and actively seeking work
- **youth employment rate** shows the proportion of the total youth population that are employed
- **youth labour force participation rate** measures the proportion of the total youth population who participate in the labour force, meaning they are either employed or unemployed.

Due to the large number of youth in education or training, these 'traditional' labour market indicators may have some limitations when trying to assess the state of youth labour markets. Of the relatively high number of young people not in the labour force, a large proportion are in education or training, or they are, for some other reason, not available for work and/or do not actively seek work. Additionally, a significant proportion of unemployed youth are in education or training. These young people who are not employed but are in education or training could be less at risk of poor outcomes in the future, or be less of a labour underutilisation issue as they are increasing their potential through engagement with education.

For these reasons, an indicator that considers young people's labour market participation, together with their engagement in education or training, can be a useful complementary indicator of potential youth labour underutilisation. It can also be a useful first step in identifying young people who may be at higher risk of poor outcomes in the future.

4 NEET – concept and use

Internationally, youth NEET is defined as young people aged 15–24 years who are:

- unemployed (part of the labour force) and not engaged in education or training
- not in the labour force, and not engaged in education or training due to multiple reasons (International Labour Organization, 2011).

NEET is therefore, a residual category (that is, a 'leftover' – a miscellaneous group of youth who are combined under one classification). The NEET rate is commonly used as the main measure for monitoring and comparing, as it measures youth NEET as a ratio of the youth population. Figure 1 shows how the youth NEET rate is calculated.

Figure 1

How the youth NEET rate is calculated

$$\frac{\text{Number of unemployed youth + number of youth not in the labour force} - \text{Number of unemployed youth and youth not in the labour force who are in education or training}}{\text{Total number of youth}} \times 100$$

The NEET rate is commonly used to measure non-utilised youth labour potential and young people who are at risk of becoming disadvantaged or marginalised in the future. The Department of Labour (DoL) describes youth NEET as “an indicator of youth disengagement from formal learning or employment” (DoL, 2009) and underlines that youth who are categorised as NEET “are considered to be missing the opportunity to develop their potential at an age that heavily influences future outcomes” (DoL, 2009). Although NEET includes people who undertake other activities that are beneficial to their well-being and those who are in a transition period, DoL affirms that it is still a “particularly useful” indicator of disengaged young people (DoL, 2009).

The International Labour Organization explains that youth NEET is a measure of young people who are not employed and is therefore, a “broader measure of potential youth labour force participants than youth unemployment” (International Labour Organization, 2011). The OECD highlights that “the proportion of young people neither in education, nor in employment or training (NEET) provides another key indicator of labour market performance for youth because this is a group at high risk of labour market marginalisation and social exclusion” (Quintini & Martin, 2006).

Young people who are NEET have diverse experiences, characteristics, difficulties, needs, or make distinct choices (Yates & Payne, 2006). They may choose not to be in the labour force due to reasons such as looking after children, travelling, volunteering, or completing internships. Others have limited control over not being in the labour force due to reasons such as a lack of jobs, disability, long-term sickness, poor qualifications, substance abuse, or criminal offences (Furlong, 2007).

Benefits of using NEET

As a complementary indicator to understand the state of youth in the labour market, the NEET rate is useful as it:

- considers all young people who are not employed and not only those who are in the labour force
- gives an indication of youth potential and potential youth labour-market problems in relation to the whole youth population

- helps in the wider understanding of the youth labour market (in combination with the youth unemployment rate, employment rate, and labour force participation rate).

Although NEET data has its benefits, it should still be treated with care. NEET rates capture the non-utilised labour potential of the population and can also be used to identify individuals who may be at risk of future difficulties. However, it does not measure the characteristics behind the NEET group, such as diverse experiences, problems and difficulties, needs, or distinct choices made. NEET statistics simply measure what people are not doing, not what they are doing. A measure of NEET provides another piece of the youth labour-market picture.

5 New Zealand's official NEET measure

Who counts and who does not

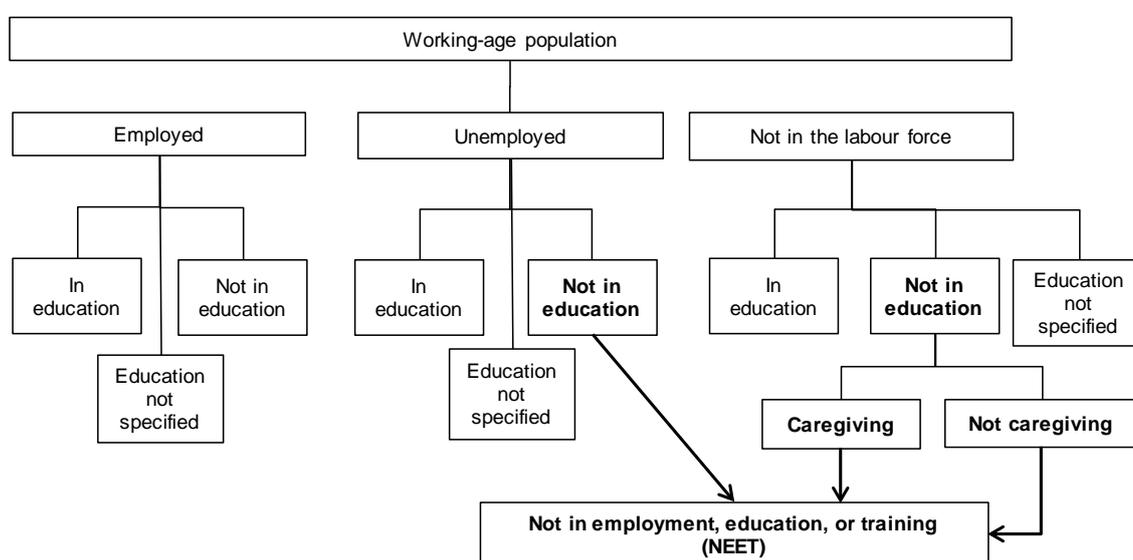
Statistics NZ will produce New Zealand's official measure of youth NEET using HLFS data. It will adopt the international definition of youth NEET – young people aged 15–24 years who are:

- unemployed and not engaged in education or training
- not in the labour force, and not engaged in education or training.

Figure 2 illustrates how Statistics NZ derives youth NEET from New Zealand's working-age population.

Figure 2

Who counts as NEET using the official measure from the HLFS



Previously in New Zealand, NEET measures have been produced for various organisations and individuals based on specifications different from those outlined above. These numbers were reported extensively in the media. Mostly, these NEET rates were produced using HLFS data and categorised the following individuals aged 15–24 years as NEET:

- those who are unemployed, and are not engaged in education or training
- those who are not in the labour force, and are not engaged in education, training, or caregiving.

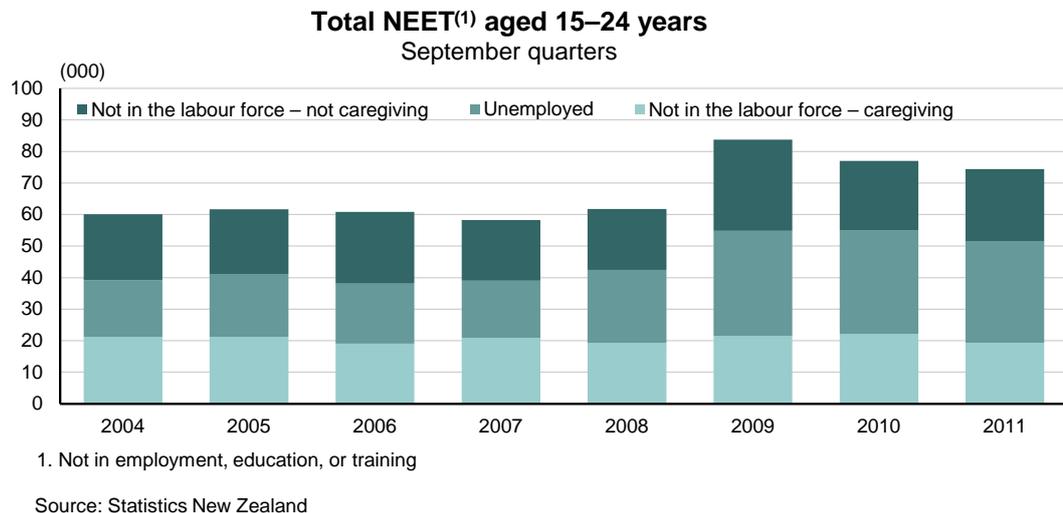
The main difference to note here is that Statistics NZ's NEET measure includes caregivers who are not in the labour force. Statistics NZ will publish NEET data in a way that identifies the caregiving group within the total NEET group.

As part of the process of working towards an official measure of youth NEET, a full review of current national and international practice and guidelines was undertaken. This review, along with further research and analysis, led Statistics NZ to adopt the official measure as outlined above. The main reason for this decision is that NEET as a measure has an internationally understood definition that is based on an established concept. It is important for Statistics NZ to produce reliable, accurate, and internationally comparable statistics that have long-term relevance as official measures. However, this should not

stop other organisations or individuals from creating alternative measures for youth populations that better target their needs.

Figure 3 shows youth NEET numbers broken down by sub-categories: unemployed not in education; not in the labour force (NILF), not in education, caregiving; and NILF, not in education, not caregiving. As the data is unadjusted survey data, September quarters are compared to remove any seasonal effects.

Figure 3



The primary focus of the HLFS

It is important to note that the HLFS was not specifically designed to produce a measure of NEET. The primary focus of the HLFS is to provide a regular, timely, and comprehensive portrayal of New Zealand's labour force, with an emphasis on producing official measures of the number of employed, unemployed, and those not in the labour force in the New Zealand working-age population. Additional information on activities such as education and caregiving are either measured through data collected for the purpose of measuring labour force status or as secondary/complementary information to this. Therefore, a measure of NEET constructed from the HLFS may not identify every young person who is in education or training. Similarly, the questions used to determine whether an individual is engaged in caregiving are only asked of those not in the labour force and not seeking work.

Identifying groups for compiling NEET

Youth in employment

In order to construct an official measure of NEET, it is necessary to be able to identify those who are in employment, education, and training. Identifying those in employment is straightforward and one of the core measures of the HLFS.

Youth in education

The HLFS may not identify those in education comprehensively in the context of calculating NEET.

Based on analysis on the possible measures of 'in education' that could be produced from the HLFS, and comparing this data with Ministry of Education enrolment numbers, a broad measure was decided on. This provides a population that is as close as possible to what NEET intends to measure.

Youth in training

The HLFS does not currently collect any explicit information on involvement in training.

This means that, Statistics NZ cannot definitively state that the official measure of NEET will exclude all of those individuals involved in formal training programmes. However, many individuals who are in formal training do consider themselves to be employed and will therefore be excluded from the NEET group.

Time spent as NEET

The HLFS provides point-in-time, or cross-sectional estimates for the population.

The time spent as NEET is an important factor to consider and cannot be taken into account using NEET estimates from the HLFS. Those individuals who are merely on a short break from work and/or education and who may return to either of these activities (for example, students on summer holiday) are counted as NEET.

Even with these limitations in mind, data from the HLFS does still provide a reliable measure of NEET in New Zealand. Many of the limitations noted above have a minor overall impact on the data but need to be considered when drawing conclusions from the data.

For detailed information on the questions that are used in the calculation of NEET data from the HLFS, as well as how they are used, please refer to the Appendix.

The future

From 2011 to 2015, the HLFS is undergoing a redevelopment. A part of this project will explore new information needs and review the questions used to collect data in the HLFS. This redevelopment is likely to support the addition and enhancement of information that will enable better understanding of labour market and education activities for youth.

Upcoming releases

Statistics NZ will release the first official NEET series on 15 December 2011. The release will be accompanied by a presentation at 2pm at Statistics House. Please register your interest in attending the presentation by emailing hfs@stats.govt.nz.

NEET data as part of the HLFS

Statistics NZ will publish youth NEET data on a quarterly basis as part of the HLFS information release. The next HLFS release will be on 9 February 2012.

The table to be included in the regular HLFS release will include all labour force and education status groups for youth and will have the following categories:

- employed, in education
- employed, not in education
- unemployed, in education
- unemployed, not in education
- not in the labour force, in education
- not in the labour force, not in education – caregiving
- not in the labour force, not in education – not caregiving
- total NEET

- working-age population
- NEET rate.

The tables will be further broken down into three age groups: 15–19, 20–24, and 15–24.

NEET data on Infoshare

From 15 December 2011, youth NEET data will also be available on Infoshare (www.stats.govt.nz/infoshare). Infoshare data will also include a breakdown by sex, and will be available as a survey (unadjusted) series, seasonally adjusted series, and trend series. The data series are available back to the March 2004 quarter. Statistics NZ will explore options for other NEET series to be made available on Infoshare. These will depend on both demand for and quality of the data.



References and further reading

References

Furlong, A (2007). The zone of precarity and discourses of vulnerability: NEET in the UK. *The Journal of Social Sciences and Humanities* (Jinbun Gakuho), 381, 101–121.

International Labour Office (2005). *Youth: Pathways to decent work. Promoting youth employment – tackling the challenge*. Geneva: International Labour Office.

International Labour Organization (2010). *Global employment trends for youth*. Special issue on the impact of the global economic crisis on youth. Geneva: International Labour Organization.

International Labour Organization (2011). *Handbook on decent work indicators*. Forthcoming.

Quintini, G, & Martin, S (2006). *Starting well or losing their way? The position of youth in the labour market in OECD countries*. Paris: OECD

Yates, S, & Payne, M (2006). Not so NEET? A critique of the use of 'NEET' in setting targets for interventions with young people. *Journal of Youth Studies*. 9(3), 329–344

Further reading

Butler, A C (1992). The changing economic consequences of teenage childbearing. *Social Service Review*, 66(1), 1–31.

Department of Labour (2006). *Trends in youth activity in New Zealand from 1985-2004*. Wellington: Department of Labour

East, P L, Weisner, T S, & Reyes, B T (2006). Youths' caretaking of their adolescent sisters' children: Its costs and benefits for youths' development. *Applied Development Science*, 10(2), 86–95

European Commission (2010). [Youth and segmentation in EU labour markets](#). In *Employment in Europe 2010*. Available from <http://ec.europa.eu>.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) (2011). *Foundation findings: Youth and work*. Brussels: Eurofound

Eurostat. [Educational attainment, outcomes and returns of education](#). Available from <http://epp.eurostat.ec.europa.eu>.

Foster, E M, Jones, D, & Hoffman, S D (1998). The economic impact of nonmarital childbearing: How are older, single mothers faring? *Journal of Marriage and the Family*, 60, 163–174.

Friesen, M D, Woodward, L J, Gergusson D M, Horwood, L J, & Chesney, A (2008). Living standards and material conditions of young New Zealand families. *Social Policy Journal of New Zealand*, 33, 47–69.

Furstenberg Jr, F E (2003). Teenage Childbearing as a public issue and private concern. *Annual Review of Sociology*, 29, 23–39

International Labour Organization (2010). *Increasing the employability of disadvantaged youth: Responding to the impact of the financial and economic crisis* (guidance note). Geneva: International Labour Organization.

International Labour Organization (2011). *Manual on decent work indicators (DWIs): Methodology and progress. How can DWIs and ILO's manual be used for quality of employment work?* Geneva: International Labour Organization

Kravdal, O (1992). Forgone labor participation and earning due to childbearing among Norwegian women. *Demography*, 29(4), 545–563.

Marie, D, Fergusson D M, Boden J M (2011). Cultural identity and pregnancy/parenthood by age 20: Evidence from a New Zealand birth cohort. *Social Policy Journal of New Zealand*, (37).

Maughan, B, & Lindelow, M (1997). Secular change in psychosocial risks: The case of teenage motherhood. *Psychological Medicine*, 27, 1129–1144.

OECD (2010). *Off to a good start? Jobs for youth*. Paris: OECD.

O'Higgins, N (2010). *The impact of the economic and financial crisis on youth employment: Measures for labour market recovery in the European Union, Canada and the United States*. Geneva: International Labour Organization, Employment Sector.

Scarpetts, S, Sonnet, A, & Manfredi, T (2010). *Rising youth unemployment during the crisis: How to prevent negative long-term consequences on a generation?* Paris: OECD, Directorate for Employment, Labour, and Social Affairs.

Scott-Jones, D, & Turner, S L (1990). The impact of adolescent childbearing on educational attainment and income of black females. *Youth Society*, 22(1), 35–53.

UNECE/ILO/EUROSTAT and Statistics Canada. Meeting on measuring quality of employment. Geneva: International Labour Organization, Department of Statistics.

Wilkinson, R, & Pickett, R (2010). Teenage births: Recycling deprivation. In Wilkinson, R, & Pickett, R, *The spirit level: Why equality is better for everyone* (3rd ed), (119–272). London, New York, Toronto, Dublin, Victoria, New Delhi, North Shore, Johannesburg: Penguin Books.

Woodward, L J, Fergusson, D M, & Horwood, L J (2006). Gender differences in the transition to early parenthood. *Development and Psychopathology*, 18, 275–29.



Appendix

HLFS questions used to construct NEET

The following HLFS variables and questions are used in calculating the NEET measure:

- Labour force status
 - Employed
 - Unemployed
 - Not in the labour force.
- Questions 30 / 73 – Have you obtained any qualifications since leaving school?
 - 1 Yes
 - 2 Still at school
 - 3 No.
- Questions 32 / 75 – In the last week have you studied or worked towards a qualification?
 - 1 Yes
 - 2 No.
- Questions 53 – Last week was your main activity? (only asked of those not in the labour force and not looking for work)
 - 1 Studying?
 - 2 Retired?
 - 3 At home looking after children?
 - 4 At home not looking after children?
 - 5 Doing something else?
- Question 55 – What is the main reason you haven't been looking for work in the last four weeks? (only asked of those not in the labour force, who were not looking for work, but were available for work)
 - 1 Waiting for season to start or to start a definitely arranged job
 - 2 Own illness or injury
 - 3 Attending educational institution
 - 4 No need to work
 - 5 Ill health of others
 - 6 Unable to find suitable childcare
 - 7 Believe lack skills or wrong age
 - 8 Believe not enough suitable work available in area
 - 9 Temporary layoff – without pay – expect to return
 - 10 Waiting to hear from employers about job
 - 11 Other.
- Q63 – Why were you not available for work last week? (only asked of those not in the labour force, who were not available for work, and who were either looking for work or intended to look for work in the next two years)

- 1 Temporary illness or injury
- 2 Personal or family responsibilities
- 3 Attending educational institution
- 4 Other.

How NEET data is derived

These HLFS questions are used to establish those who are NEET:

- Employed groups
 - Labour force status is equal to 'Employed'
 - If q30 = 'Still at school' then status = 'Employed – in education'
 - Else If q32 = 'Yes' then status = 'Employed – in education'
 - Else If q32 = 'Missing' then status = 'Employed – education not specified'
 - Else status = 'Employed – not in education'.
- Unemployed groups
 - Labour force status is equal to 'Unemployed'
 - If q73 = 'Still at school' then status = 'Unemployed – in education'
 - Else If q75 = 'Yes' then status = 'Unemployed – in education'
 - Else if q75 = 'Missing' then status = 'Unemployed – education not specified'
 - Else status = 'Unemployed – not in education'.
- Not in the labour force (NILF) groups
 - Labour force status is equal to 'Not in the labour force'
 - If q73 = 'Still at school' then status = 'NILF – in education'
 - Else If q75 = 'Yes' then status = 'NILF – in education'
 - Else If q53 = 'Studying', or q55 = 'Attending educational institution' or q63 = 'Attending educational institution' then status = 'NILF – in education'
 - Else if q75 = 'Missing' then status = 'NILF – education not specified'
 - Else If q53 = 'At home looking after children', or q55 = 'Ill health of others', or q55 = 'Unable to find suitable childcare' then status = 'NILF – not in education, caregiver'
 - Else status = 'NILF – not in education, not caregiver'.
- Not in employment, education or training (NEET)
 - The following groups from this are then counted as NEET
 - Unemployed – not in education
 - NILF – not in education, caregiver
 - NILF – not in education, not caregiver.