

# **Issue Brief 1: Pathways to Labour Market Success for Indigenous Australians**

There is now a substantial body of literature documenting Indigenous Australians' significant labour market disadvantage. This issue brief adds to this body of information by examining the dynamics of the labour market attachment of Indigenous Australians and provides an overview of their pathways to labour market success.

These findings are based on a survey by the Department of Employment, Workplace Relations and Small Business which tracked the experiences of 1,580 Indigenous Australian job seekers, who were registered with the Commonwealth Employment Service, over an eighteen-month period. Information was collected in three waves, with the first interviews being conducted between March and June 1996 and the last between June and September 1997. The data and analyses presented here show patterns of responses of those who responded to the first and third survey questionnaires and should not be used to draw inferences about wider populations. Response rates, attrition rates, methodological issues and design aspects make generalisation of these results problematic.

## **Describing the labour market dynamics of Indigenous Australians**

Analysis of the data demonstrates that there was a large amount of change in labour force status over the survey period. Only one half of full-time employed respondents at the beginning of the survey period were in full-time employment at the end of the survey period, while only a quarter of the part-time employed were in part-time employment at the end of the survey period. There were substantial movements to and from unemployment and between full-time and part-time employment. There were also notable flows between the not-in-the-labour-force and unemployment categories. While there were substantial flows from unemployment into employment between the waves, they were much less than those between non-employment states, ie between unemployment and not-in-the-labour-force. Notwithstanding these movements, almost half of the unemployed and over sixty percent of the not-in-the-labour-force respondents remained in their respective categories over the survey period.

A substantial number of respondents combined study with active participation in the labour force. In addition, many of the employed respondents participated in labour market programs, irrespective of the number of hours worked or whether they were involved in a Community Development Employment Project scheme. Analysis of the data demonstrates that employment outcomes (both in terms of having a job and retaining it) are related to the job seeker's history of unemployment, (ie the longer the history of unemployment, the worse the employment prospects.) There were broadly similar relationships between unemployment history and employment prospects for both younger (15 to 24 years) and older respondents.

## **Factors associated with employment outcomes and job retention**

Previous studies have identified several factors which are related to Indigenous labour force outcomes. These include age, marital status, number of dependents, educational attainment, geography, incidence of arrest and social, environmental and cultural factors.

Formal statistical analysis shows that educational attainment is the major factor underlying indigenous employment success and job retention. Having left school after year 12, as opposed to year 10 (or less), increased the probability of retaining a job by about 30 percentage points. Job retention is also strongly related to arrest and health problems that affect the capacity to work. Having been arrested in the last five years reduces the probability of being employed for longer than 12 months by 24.3 and 16.1 percentage points for males and females respectively. While the effect of arrest on shorter periods of job retention (3 plus months) is somewhat smaller, it is still significant. The prospects of respondents with poor health being able to retain a job for more than 12 months are also poor. The significance of

the health result is particularly important given that this is the first study to highlight the effect of poor indigenous health on labour force status.

In general, labour market programs tend to produce positive impacts on job retention in the short term, but these diminish over time. Participation in a labour market program has a small positive association with a participant's chance of holding a job for at least 3 months, but has less effect on their chances of retaining a job for 12 months or more. The observed difference between the short and long term outcomes may indicate that labour market program treatments tend to focus on people whose employment prospects were lower in the first place.

### **Indigenous labour force dynamics, where to from here?**

A history of failure to leave unemployment and/or remain in employment for any length of time makes it difficult for Indigenous job seekers to break out of a cycle of labour market disadvantage. From a policy perspective, labour market history provides a good summary indicator of future employment disadvantage. Within the Indigenous population there appears to be a concentration of employment and unemployment among certain individuals.

These findings suggest there are potential gains to be made in Indigenous employment by addressing the issues of education, interaction with the judicial system (especially among youth) and the health of Australia's Indigenous people.

This Issue Brief summarised the report 'An analysis of data from the longitudinal survey of ATSI job seekers, Topic 1: Labour market participation patterns and pathways to Indigenous employment', by Drs Boyd Hunter, Matthew Gray and Roger Jones.