

# THE DEATH OF THE SATURDAY JOB

THE DECLINE IN EARNING AND LEARNING AMONGST YOUNG PEOPLE IN THE UK



**UKCES**

UK COMMISSION FOR  
EMPLOYMENT AND SKILLS



## ABOUT UKCES

The UK Commission for Employment and Skills (UKCES) works with industry and government to help achieve better outcomes in how people get in and on in work and how businesses succeed through the skills and talents of their people.

UKCES is a social partnership led by 30 Commissioners who are senior leaders of large and small enterprises, (including non-profits), further and higher education institutions from across the UK.

We believe it is the talents and skills of people that drive business competitiveness and economic growth.

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## ABOUT LONDON ECONOMICS

London Economics is one of Europe's leading specialist economics and policy consultancies and has its head office in London. We also have offices in Brussels, Dublin, Cardiff and Budapest, and associated offices in Paris and Valletta.

We advise clients in both the public and private sectors on economic and financial analysis, policy development and evaluation, business strategy, and regulatory and competition policy. Our consultants are highly-qualified economists with experience in applying a wide variety of analytical techniques to assist our work, including cost-benefit analysis, multi-criteria analysis, policy simulation, scenario building, statistical analysis and mathematical modelling. We are also experienced in using a wide range of data collection techniques including literature reviews, survey questionnaires, interviews and focus groups.

## ACKNOWLEDGMENTS

We would like to acknowledge the useful guidance and feedback provided by Sarah Chander, David Massey and Tom Nutland at the UK Commission for Employment and Skills. However, all the opinions expressed here are those of London Economics and do not necessarily reflect those of UKCES. Responsibility for the contents of this report remains with London Economics.

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# FOREWORD

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The *'Death of the Saturday Job'* report documents an important trend of the last three decades. Since the late 90s there has been a drastic decline in the proportions of young people working alongside their studies, marking a culture-shift away from times when it was commonplace for young people to have a Saturday job.

Yet, part-time jobs are crucial sources of experience of the working world. The jobs we did whilst at school have shaped us in more ways than one; they made us resilient, taught us how to handle responsibility and also to juggle priorities. We cultivated and developed these skills later in life and they were the foundations of our future careers.

Part-time jobs also have more tangible benefits. Research demonstrates that young people who combine work with full-time education are less likely to be NEET later on than those just in education. Further, earners and learners are likely to perform better and earn more than those students who focus only on their studies.

It is for these reasons that we must bring the Saturday job back into the discussion on work experience. This research builds on previous UKCES work emphasising the importance of work experience for young people in our recovering economy. Ensuring that young people have access to these opportunities requires active coordination between employers and education providers.

At Nestlé we provide a range of entry points to our business including paid work experience, apprenticeships, earn as you learn opportunities for school leavers, and our graduate scheme. We have learned that work experience gives young people life skills and a maturity that academic studies alone cannot provide. This necessarily involves working directly with schools and colleges in local areas close to Nestlé's sites.

I therefore welcome the findings of the *Death of the Saturday Job*. It highlights the risk that young people, in increasingly opting out of part-time work, miss out on the numerous benefits it can bring. Not only does this impact on young peoples' prospects, but it can also affect the quality of the future workforce and the talent pipeline for many businesses. It is therefore vital that young people know of the benefits of part-time work, and that education providers and employers work together to ensure that young people have access to them.

## ***Dame Fiona Kendrick***

Chairman and Chief Executive,  
Nestlé UK & Ireland

## EXECUTIVE SUMMARY

The benefits of 'earning and learning' for young people are clear and well documented. Those who combine work with full-time education are 4-6 percentage points less likely to be NEET five years later than those just in education. They are also likely to earn more than those just in full-time education, with a premium of 12-15 per cent.<sup>1</sup> Higher education students also see clear benefits; those who combine work with their studies achieve better degrees, are more likely to get into a graduate job and earn more<sup>2</sup>.

Part-time jobs are also excellent ways for young people to gain experience of the working world, a factor which 66% of employers say is important when recruiting. At the same time, most employers who take on young people find them well prepared for work, but for the minority who don't, lack of experience is pointed to as the main reason<sup>3</sup>. In a period of economic recovery, maintaining the opportunities for young people to improve their prospects is vital.

Earning and learning isn't just important for employers and young people themselves: it also benefits the economy at large. Every country in the OECD that has more earning and learning at 15-19 has fewer people becoming NEET later on in the 20-24 age range. The same patterns applies to 20-24 year old learners and 25-29 year old NEETs. Broadly speaking, it seems that high levels of young people earning and learning lead to lower youth unemployment<sup>4</sup>.

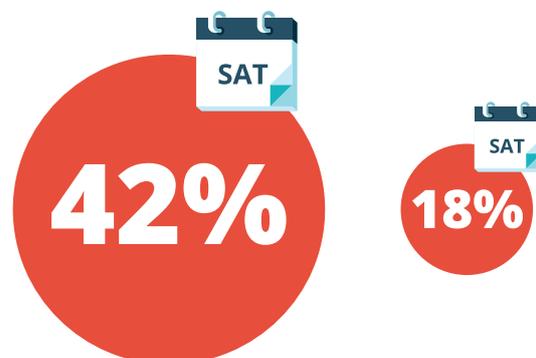
UKCES commissioned this report to explain the long-term decline in young people combining work with study. In 1997, 42% of 16-17 year old students were also working. This figure has drastically declined to only 18% in 2014. The decline has been less marked for 18-24 year olds: in 1997 39% of students combined work and study, whereas in 2014 33% did. Importantly, this decline in the incidence of 'earning and learning' predated the onset of the economic recession in 2008 and appears to be at odds with labour market data indicating the availability of part-time jobs.

The aim of this report is to explain the factors contributing to this decline, or the '*Death of the Saturday Job*'. There are three main reasons for this decline, identified with reference to labour market data analysis, a survey of 1000 young people and focus groups with education providers, employers and students. These are: increasing preferences of young

people to focus solely on studies, a changing labour market affecting the opportunities for young people to get part-time jobs, and institutional difficulties with the incorporation of work into study timetables.

Despite its benefits, the extent to which part-time working amongst students needs to be encouraged by education providers should be considered. Understandably, for education providers and young people themselves, attainment is paramount. However, as we move increasingly towards measuring outcomes broader than academic achievement alone, more must be done to ensure that young people understand the long-term benefits of part-time work, particularly on their future prospects.

This report provides a wealth of information regarding the decline in earning and learning amongst young people in the UK. We hope that this will promote further understanding of the trends in part-time working amongst young people, but also inform wider thinking about the role of part-time work in youth transitions.

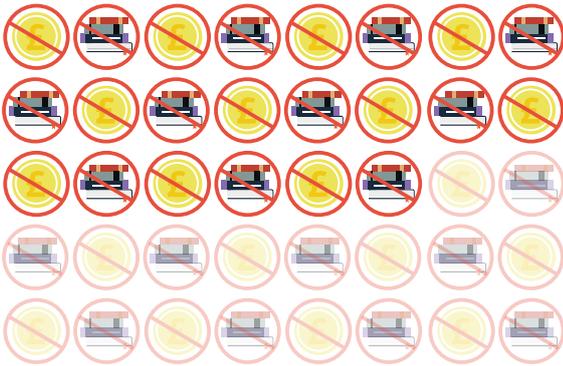


***In 1997, 42% of 16-17 year old students were also working. This figure has drastically declined to only 18% in 2014***

## EXECUTIVE SUMMARY

### WHY HAS THERE BEEN A DECLINE IN EARNING AND LEARNING?

There are several inter-related factors at work in this decline and it is difficult to dis-entangle them. However, first and foremost, it seems that as educational participation has been increasing over the years, **young people are increasingly choosing to simply focus on their studies.** The Labour Force Survey analysis found an increasing share of young people who are not looking for work amongst those in full-time education. Reflecting this, in our survey of young people, we find that a little over half of those not earning and learning say that a desire to concentrate on their studies is the main reason for this.




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***55% of young people said their main reason for not earning and learning is because they wanted to focus on their studies.***

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However, this is not the only factor, as alongside the declining share of learners who are also working, there is a growing group of learners who are looking for work or who would like to work. **Local labour market conditions may contribute to the declining share of working learners.** We conducted a survey of young people and asked them about reasons for not earning and learning. A little over a third of responses were related to local labour market conditions such as a lack of jobs, or those that are on offer being the wrong hours. This suggests that there are some restrictions around the sort of jobs available. Our analysis shows that there has been significant growth in educational participation (with the number of full-time students moving from 2.16 million in 1996 to 3.24 million in 2014) and while the number of part-time jobs has also grown, this hasn't been at the same rate. Moreover, growth has been fairly flat in those part-time jobs that young people have been particularly likely to do, such as sales.

So it seems that overall young people in full-time education are increasingly likely to want to focus on their studies. At the same time growth in the opportunities for part-time work that young people do hasn't kept up with growth in young people participating in education. As a result, the job market is more competitive and many young learners struggle to find work to fit around their studies. However, there is one final factor and that is **the degree of flexibility, or not, of education providers.** In our focus group work we found that education providers, while recognising the potential value of combining work with learning, either directly or indirectly made it difficult to combine work with learning. Examples included rules capping the hours of work or, in one example, timetabling lessons to make it more difficult to work while learning. While this is a contributory factor it is to a smaller degree than the others, with just 9 per cent of those not earning or learning citing inflexible learning providers as the main barrier. However, the viewpoint amongst education providers that "school comes first" may be one of the reasons why students are choosing to focus on study and study alone.

## KEY FINDINGS

- Analysis from the UK **Labour Force Survey (LFS)** indicates that there has been a **long term decline in earning and learning amongst full time students aged 16-24** between 1997 and 2014. The decline is more marked (from **42%** to **18%**) for 16-17 year-olds, whereas the decline amongst 18-24 year olds has been more modest. Although the incidence or level of earning and learning is influenced by personal, regional and household characteristics, the **decline** over time does not appear to be affecting any particular groups (e.g. groups identified through gender, ethnic origin, parental qualifications); although there have been some variations in the decline of earning and learning depending on region of residence.
- **This decline is not apparent in many other OECD countries**, though the share of earning and learning remains above average in the UK. Information from the Organisation for Economic Co-operation and Development (OECD) between 2000 and 2012 indicates that in Germany, the Netherlands, Australia, Switzerland and Denmark, between **52%** and **65%** of young people aged between 20 and 24 combine work with study, a proportion that has remained relatively stable over time.

## JOB CHARACTERISTICS

- The **nature of work for those who are earning and learning has also changed**. There has been a substantial increase in the proportion of young people employed on temporary contracts or on zero-hours contracts. Furthermore, there has been a long-run substitution of younger workers (in the 16-17 age band) away from or out of the distribution, hotels and restaurant sectors. For younger people earning and learning (aged 16-17), the mean number of hours of work undertaken stands at approximately **10 hours** per week (which has been declining slightly over time).

## YOUNG PEOPLE'S RATIONALE FOR NOT COMBINING WORK WITH STUDY

- The findings of the **Survey of Young People** indicates that when considering **any** reason for not combining work and study, approximately **37%** of responses mentioned that local labour market conditions were a reason for not combining earning and learning. Approximately **23%** of responses mentioned that young people decided not to combine work with study because of their personal preferences, and in particular, their desire to concentrate on their studies. About **12%** of responses indicated that a lack of financial pressure implied no need for combining earning with learning, whereby sufficient resources were

available from either parents or through student loans and grants; **12%** of responses related to a lack of flexibility from educational providers (in relation to course timings for instance); while approximately **11%** of responses mentioned that young people had been advised by either parents/guardians or teachers/career advisors not to combine work with study.

- However, when asked about the **main reason** for not combining work and study, the results of the survey indicated that **personal preferences and the desire to focus on study was the dominant reason (55%)**, while the previous concerns relating to local labour market issues and the lack of flexibility from educational providers appear less influential (**16%** and **9%** respectively). Thus, although there was a general prevalence of potential work opportunities available to young people, the overwhelming desire to do well in their studies was the main reason for not combining earning and learning.
- Although young people had a very positive perception of those engaged in work and study, the findings from the **focus groups of young people** were that they had made a conscious decision to study only – specifically because of the desire to concentrate on the academic work and their **perceived or actual inability** to combine work and study (and other extra-curricular activities). However, the use of the word 'desire' suggests that the decision to study-only is potentially attractive or that this decision was a positive one. In reality,

## KEY FINDINGS

- young people who had decided to study only also indicated that the decision was driven by the **'fear of not doing well'** and the need to **'play it safe'**.
- A number of young people believed that they had their entire life to devote to work, so that engaging in relatively poorly paid employment, and diluting their focus on studying would be pointless, both in the short term (because of the nature of the work available) and also in the longer term (in terms of getting to university and getting a 'graduate' job).

### THE ROLE OF EDUCATIONAL INSTITUTIONS

- Young people use inputs from many sources when making the decision to either study only, or combine work and study. In general participants valued the information, advice and guidance that they received from their family and friends (especially those that had been earning and learning at the same time); conversely, individuals (and especially the younger students) were **decidedly opposed to seeking advice from career advisors or their educational institution**. Specifically, young people were of the impression that schools and colleges were **'dead set against'** young people combining work with their studies. If asked about combining work with study, the overwhelming view was that schools and Colleges would simply state that **'school comes first'**; that some educational institutions had strict rules in relation to the amount of work that could be undertaken during term time; and that a number of teachers/lecturers perceived individuals who combined work and study as simply not trying hard enough with their studies or **'putting in the effort'**. A number of respondents suggested that the institutional stance was as a result of the pressure on schools/Colleges in relation to **results** and the need to **perform well in league tables**, and less related to young people earning and learning *per se*.
- This view was further borne out in the focus group of educational institutions. Providers acknowledged that earning and learning could be beneficial in terms of improved skills and employability. However, regarding information, advice and

guidance, **education providers** stated that there were either **explicit** and/or **implicit** deterrents in relation to combining work and study for young people. In particular, a number of providers stated that there were rules in relation to the maximum amount of term-time work that students were allowed to undertake (although it was clear that this was difficult to enforce); however, of particular interest, one provider specifically mentioned that timetabling was designed to make it **more difficult** for young people to combine work and study. Providers were very concerned about the impact of working on academic attainment, and as a consequence, their own performance in league tables. It appears clear that despite the potential positive outcomes that might be associated with young people working, in reality, providers did not particularly encourage working and studying at the same time.

### THE ROLE OF EMPLOYERS

- Employers were generally positive about independent training/study activity, as long as it did not interfere with day-to-day core business activities. Employers were exceptionally concerned about the potential distraction from core business activities that might be associated with young people combining work and study.
- Employers had very positive perceptions of young people studying independently (**dedication, self-motivation, hardworking, good communication, team-working and time management skills, focussed, and ambitious**). However, they expressed concern regarding hiring these individuals, since they believed that "business came first". The key challenge of young people to combine work and study related to those occasions where both employers and educational providers had competing demand for time and effort. It is possible that this attitude may in part reflect the shift in employment from individuals earning and learning to those in employment only.

# 1. INTRODUCTION, METHODOLOGY AND APPROACH

In *Precarious Futures? Youth employment in an international context*, UKCES highlighted that experience of the workplace is vital in making a successful transition into the labour market. For example, 16/17 to 18/19 year olds who combine work with full-time education are 4-6 percentage points less likely to be NEET five years later than those who are just in full-time education. They also tend to earn more a year later than those just in full-time education, with a premium of 12-15 per cent<sup>5</sup>. Higher education students also see clear benefits as those who combine work with their studies achieve better degrees, are more likely to get into a graduate job and earn more<sup>6</sup>.

The fundamental aim of this report was to undertake a detailed assessment of incidence of **earning and learning amongst young people in the United Kingdom, as well as the factors underpinning the decision to either study only, work only or combine work with study.**

## METHODOLOGICAL APPROACH

To understand the characteristics of earners and learners, their employment and learning activities, as well as the rationale for combining work with study (or otherwise), we undertook a number of strands of inter-linked research activity. In addition to the analysis of the **OECD international data**, we undertook a detailed assessment of the **UK Labour Force Survey** to better assess the characteristics of young people in different employment and learning situations, as well as their jobs and the degree of attachment to the labour market.

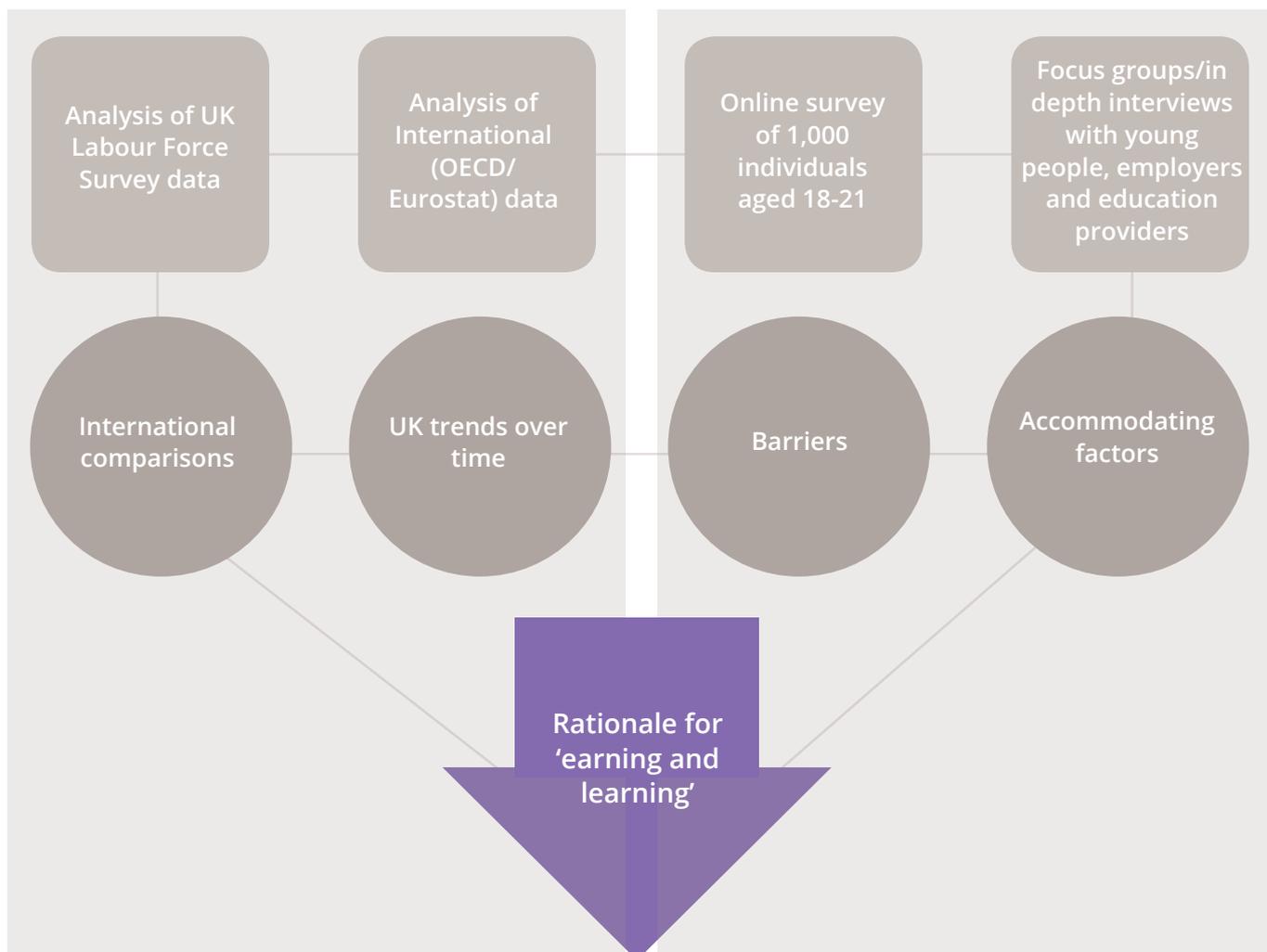
We designed and administered (through YouGov) an **online survey of 1,000 young people** across the UK to gather further information on the different personal, training and employment characteristics of young people, as well as to understand the primary reasons for deciding whether to work only, study only or combine work with study. In general terms, the data collection and subsequent analysis concentrated on three elements influencing young people: the local labour market; personal preferences and household characteristics; and (institutional) factors relating to the

behaviours and activities of employers and educational providers.

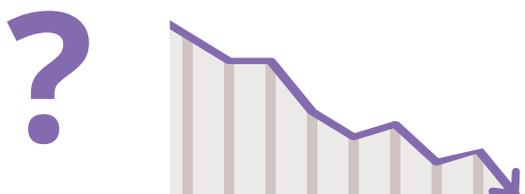
Finally, to complete the analysis, we conducted **four online focus groups**. In order to generate an in-depth understanding of young people's perceptions and behaviours, one focus group involved young people working only or earning and learning, while the second comprised young people earning and learning or studying only

The other two focus groups were aimed at understanding the institutional factors related to the promotion of earning and learning. The first of these focus groups included a variety of educational institutions to understand whether these institutions encouraged or supported young people aiming to combine work with study; what the challenges were (for both the young person and the institution); and to what extent were there activities that could be undertaken to facilitate young people earning and learning. The second group comprised employers. The primary focus of this group was to understand the extent to which employers had an appetite for either training young people who were already in employment with the firm (either on-the-job or off-the-job); the extent to which young people who were engaged on independent study whilst working were facilitated (and the challenges associated with this); and employer hiring practices relating to young people undertaking independent study.

## 1 SUMMARY OF RESEARCH STRANDS



- What can be done to create the conditions for more earning and learning?



- Why has there been a decline in earning and learning amongst young people, especially considering that labour market statistics show that there has been a significant rise in part-time work?



- Are there common motivations, features and tendencies of young people who earn whilst learning?

# 2. TRENDS IN EARNING AND LEARNING

## 2.1 THE UK IN AN INTERNATIONAL CONTEXT

There has been a demonstrable decline in the incidence of earning and learning amongst young people in the United Kingdom.

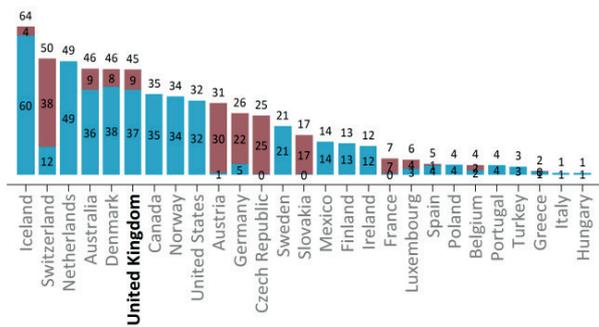
Specifically, considering information from the OECD between 2000 and 2012, the proportion of young people aged between 15 and 19 earning and learning has declined from approximately **45%** in 2000 to approximately **22%** in 2012. Similarly, from a base of **51%** in 2000, the proportion of young people aged between 20 and 24 combining work with study has declined to **41%** in 2012.

The shares of young people earning and learning in the UK were above the OECD average in 2012. However, the declines in the proportions earning and learning are in sharp contrast to a number of other OECD nations that might be considered more comparable to the United Kingdom. Specifically, in Germany, the Netherlands, Switzerland and Denmark, between **52%** and **65%** of young people aged between 20 and 24 were combining work with study in 2000, over the 12 year period these proportions have remained relatively stable, resulting in a widening gap between the United Kingdom and some of its major European competitors.

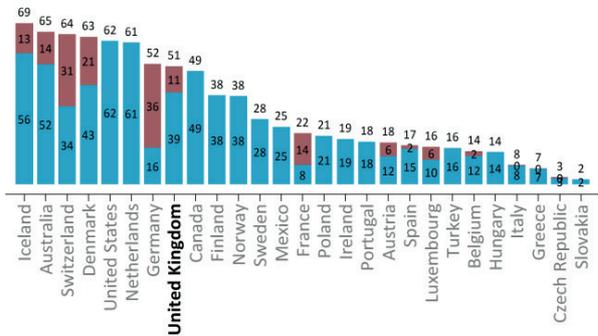
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### INCIDENCE OF EARNING AND LEARNING AMONGST YOUNG PEOPLE INTERNATIONALLY

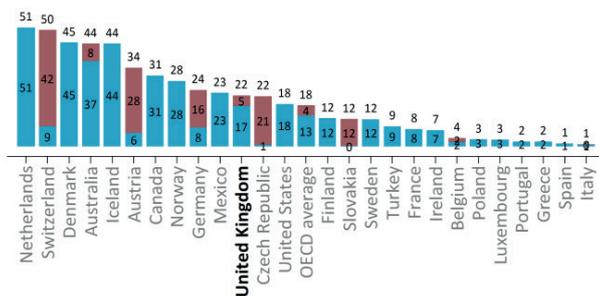
PERCENTAGE OF STUDENTS AGED 15-19 IN EMPLOYMENT IN 2000 (%)



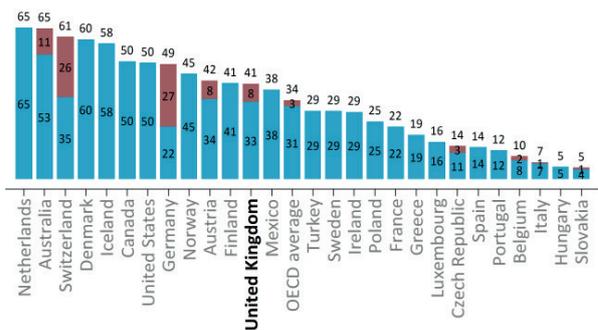
PERCENTAGE OF STUDENTS AGED 20-24 IN EMPLOYMENT IN 2000 (%)



PERCENTAGE OF STUDENTS AGED 15-19 IN EMPLOYMENT IN 2012 (%)



PERCENTAGE OF STUDENTS AGED 20-24 IN EMPLOYMENT IN 2012 (%)



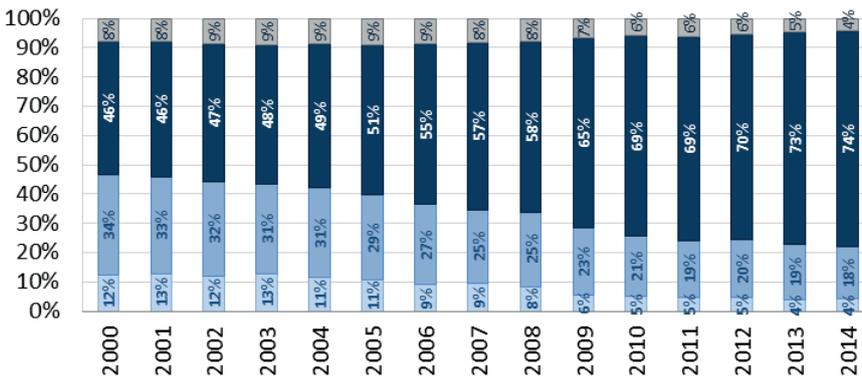
Note that in 2000, no information on the OECD average is available. Source: London Economics' analysis of OECD Education at a Glance data (2000-2012).

APPRENTICESHIPS  
OTHER JOBS

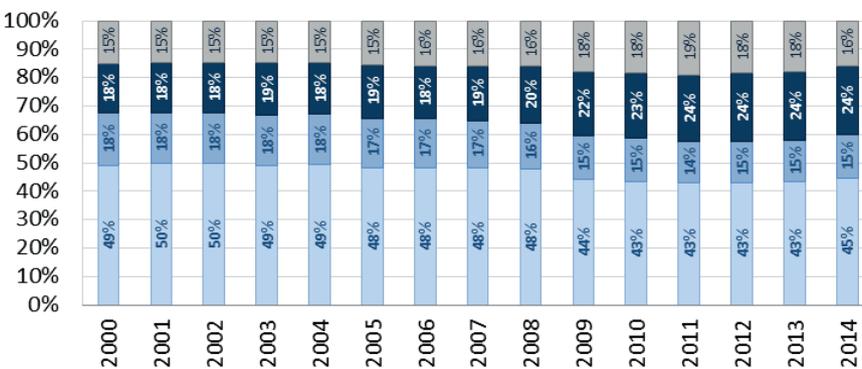
## 2.2. ANALYSIS OF TRENDS OVER TIME IN THE UK USING THE LABOUR FORCE SURVEY

Given the high-level trends that have been demonstrated for the United Kingdom in an international context, in this section we present more in depth information relating to the labour market characteristics of young people over time across the United Kingdom, as well as detailed information on the personal and employment characteristics of those young people earning and learning.

### YOUNG PEOPLE AGED 16-17



### YOUNG PEOPLE AGED 18-24



3

### YOUNG PEOPLE'S EDUCATION AND EMPLOYMENT STATUS

- EMPLOYED AND NOT IN EDUCATION
- EMPLOYED AND IN EDUCATION
- IN EDUCATION AND NOT EMPLOYED
- NOT IN EMPLOYMENT/ EDUCATION

Source: London Economics' analysis of UK Labour Force Survey 2000-2014

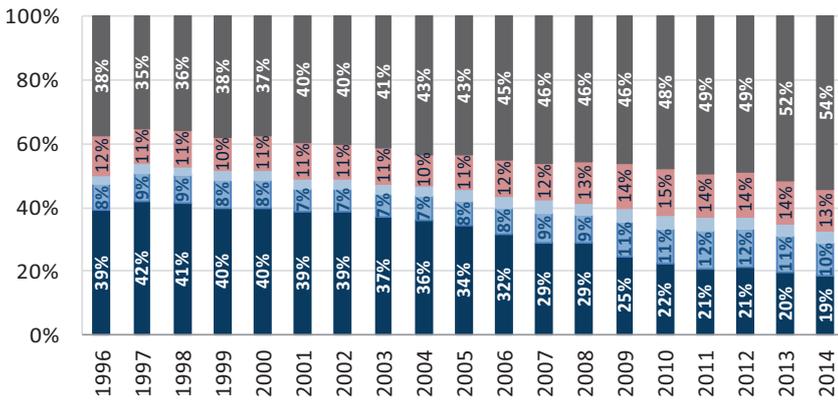
In **Figure 3**, information on the current labour market status of young people is presented (education identifies here both full-time and part-time students). The analysis indicates that amongst 16-17 year olds (*upper panel*), there has been a significant increase in the proportion engaged in study only (**46%** in 2000 to **74%** in 2014), with a corresponding increase amongst 18-24 year olds from **18%** to **24%** (*lower panel*)<sup>7</sup>.

Although the proportions of young people neither in education or employment has remained relatively constant over the period, there has been a **significant decline in the incidence of young people combining work with any form of study** amongst 16-17 year olds (from **34%** to **18%**), whereas

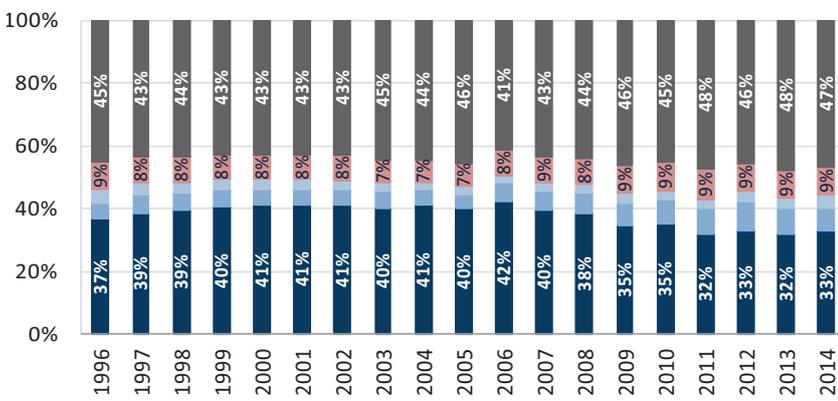
the decline amongst 18-24 year olds has been more modest.

In **Figure 4**, we provide greater detail on the preferences of young people in full-time education in relation to work. Specifically, we consider the incidence of young people that are in full-time education and employed; the proportion of young people in full-time education who consider themselves to be unemployed (i.e. willing to work, seeking work and available to start within 2 weeks); the proportions of young people that are either seeking work or who would simply like to work; and the proportion that are in full-time education and who do not wish to work.

YOUNG PEOPLE IN FULL-TIME EDUCATION AGED 16-17



YOUNG PEOPLE IN FULL-TIME EDUCATION AGED 18-24



4

EMPLOYMENT STATUS OF YOUNG PEOPLE IN FULL-TIME EDUCATION

- FT EDUCATION/ NOT SEEKING/ NOT LIKE TO WORK
- FT EDUCATION/ WOULD LIKE TO WORK
- FT EDUCATION/ SEEKING WORK
- FT EDUCATION AND UNEMPLOYED
- FT EDUCATION AND EMPLOYED

Source: London Economics' analysis of UK Labour Force Survey 1996-2014

The information presented indicates that amongst 16-17 year olds (*upper panel*), there has been a substantial increase in the proportion of young people in full-time education who do not wish to work (and a corresponding decline in the proportion that are earning and learning). However, in between these labour market extremes, there is an increasing proportion of young people self-classifying as unemployed, **as well as marginal increases in the proportions that are seeking work but are currently unavailable and those not seeking but that would like to work**. The increase across these three groups of full-time students stands at 4 percentage points (**23%** in 1996 to **27%** in 2014).

The evolution of labour market status amongst full time students between the ages of 18 and 24 is less dramatic. The proportion of 18-24 year olds in full time education not wishing to work has remained relatively stable (at **45%-46%**). The proportion of 18-24 year olds engaged in both full-time education and employment has declined by approximately **4 percentage points** over the period with a corresponding partial increase in the proportion of young people in full-time education and unemployed standing at **7.4%** (an

increase from **5.2%** in 1996 but down from a high of **9.3%** in 2012).

Confirming the information presented in relation to the United Kingdom within an international context, the analysis presented in Figure 5 (*left hand panel*) again demonstrates the gradual decline in the proportion of young people in full-time education also engaged in work. Amongst 16-17 year olds, from a high of **42%** in 1997, the current proportion of this group that are undertaking study on a full-time basis and also working stands at approximately **19%**. In contrast, although the level of 'earning and learning' amongst young people aged between 18 and 24 remained relatively stable up until 2007 (at between **40%** and **42%**), since then, the decline has been relatively sharp, with only **33%** of 18-24 year olds currently combining full-time study and work.

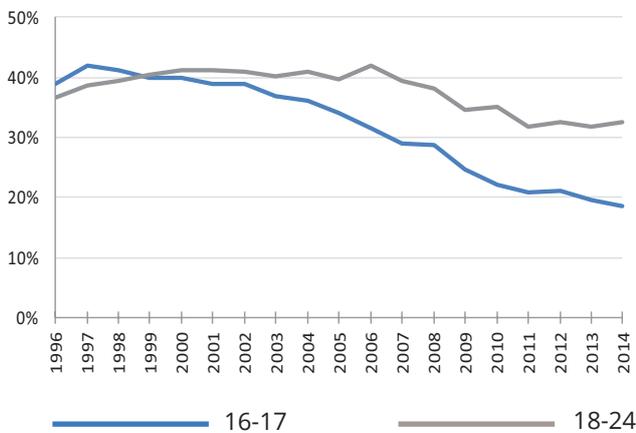
In the next charts, we break down the trends in the proportion of full-time students in employment by different personal and other characteristics, to see whether the **decline** has been homogenous across different categories or has been driven by some specific personal or socioeconomic characteristics.

The decline in the incidence in earning and learning does not appear to be associated with any particular *personal characteristics*. For instance, the analysis presented in the right panel of **Figure 5** suggests that although young women are more likely to be combining work with study than young men in general, the decline has not affected any particular group of young people disproportionately. This finding

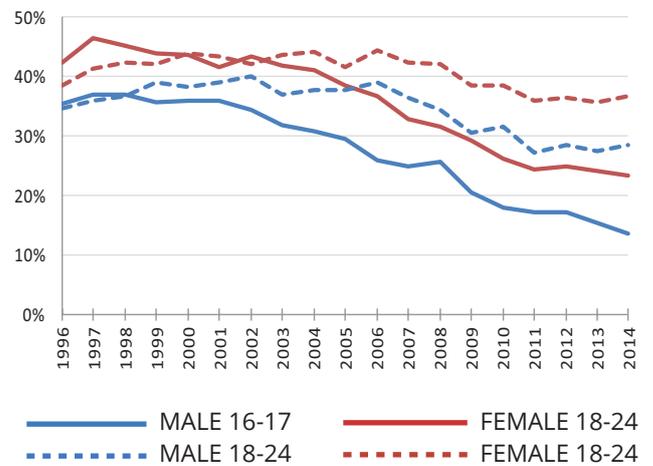
is reflected in relation to the route of qualification attainment (Figure 6 below), and also (for the most-part) according to a range of other personal characteristics. In essence, although the starting incidence of earning and learning is higher or lower for different groups, the declines over time are relatively consistent.

**5 YOUNG PEOPLE IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY GENDER)**

YOUNG PEOPLE AGED 16-17



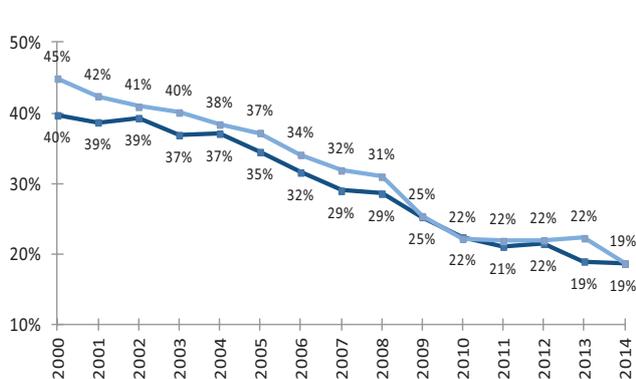
YOUNG PEOPLE AGED 18-24



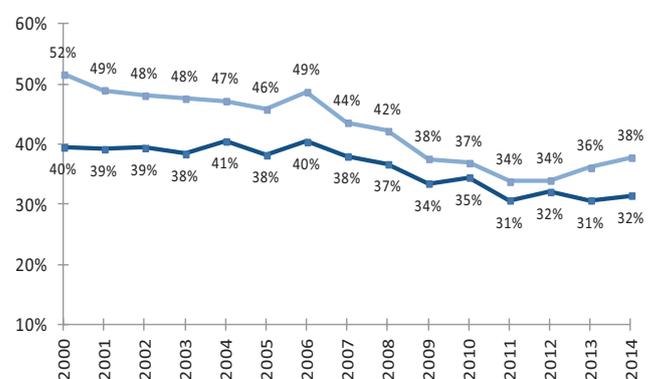
Source: London Economics' analysis of UK Labour Force Survey 1996-2014

**6 YOUNG PEOPLE IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY QUALIFICATION ROUTE)**

YOUNG PEOPLE AGED 16-17



YOUNG PEOPLE AGED 18-24



Source: London Economics' analysis of UK Labour Force Survey 1996-2014

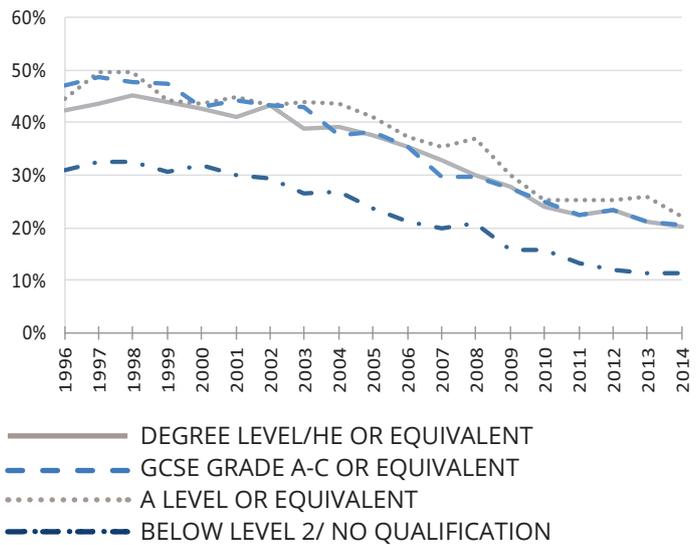
In Figure 7, we present information on the incidence of young people aged 16-17 who are in full-time education but also working at the same time dependent on *parental qualification levels*. Note that the estimates are not presented for young people aged between 18 and 24, as the information on parental education can only be derived in those situations where the young person is still living at home with their parent(s) (and occurs in around 95% of those in the younger age group, but only 60% in the older age group).

The information from the Labour Force Survey clearly presents the difference across parental qualification level in the incidence of young people combining work and study. Amongst those whose parents are in possession of at least a level 2 qualification, approximately **45-50%** of young people combined work with study in 1996, compared to **30%** amongst those whose parents were in possession of qualification at level 1 or below.

However, since 1996, the decline in the incidence of earning and learning amongst young people has been relatively consistent, irrespective of the level of parental education: across all groups, the proportion of young people combining work and study has declined by approximately **20 points** to approximately 10% (parental education below level 2) and 20% (level 2 and above).

In Figure 8, information on the incidence of earning and learning by ethnic origin is presented. In the upper panel, we present the evolution of earning and learning for those aged 16 or 17, while in the lower panel, the corresponding information for 18-24 year olds is presented. **Note that as a result of this level of disaggregation, the findings may not be entirely robust for any specific BME grouping.** Amongst young people from white backgrounds, the decline in earning and learning is pronounced for 16-17 year olds (a **23 percentage** point decline), although the same decline has not been seen amongst 18-24 year olds (**3 percentage** point decline over the entire period, although a drop of 6 percentage points since 2008).

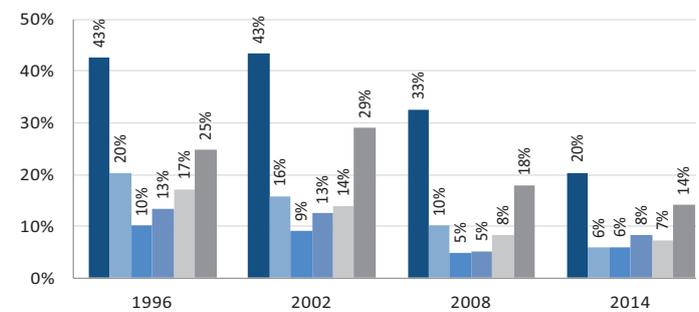
**7 YOUNG PEOPLE (16-17) IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY PARENTAL EDUCATION)**



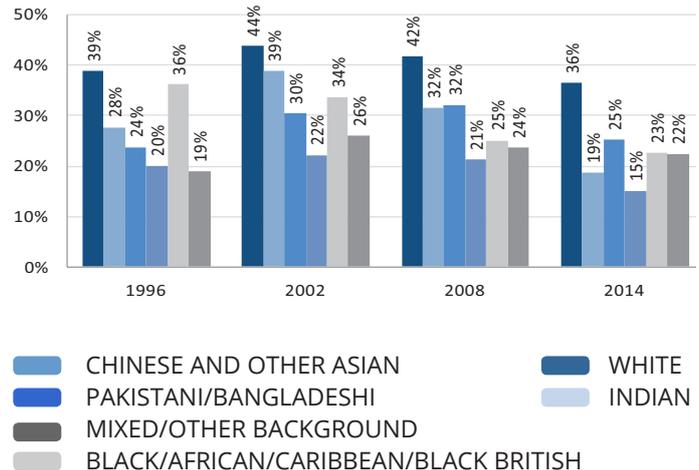
Source: LE analysis of UK Labour Force Survey 1996-2014. Note: Parental education was defined in relation to the head of household when the respondent was child/step child/foster child of the head of household

**8 PROPORTION OF YOUNG PEOPLE IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY ETHNIC ORIGIN)**

**YOUNG PEOPLE AGED 16-17**



**YOUNG PEOPLE AGED 18-24**



Amongst all ethnic groups aged 16-17, there has been a comparable decline in the proportion combining work with study<sup>8</sup>. Specifically, amongst young people aged 16-17 of Indian heritage, the decline over time has been from **20%** of the group to **6%**, whilst for young people aged 16-17 from Pakistani/Bangladeshi backgrounds, the decline has been from **10%** of the group to **6%**. For young people aged 16-17 from Black African/Black Caribbean backgrounds, the decline has been from **17%** of the group to **7%**.

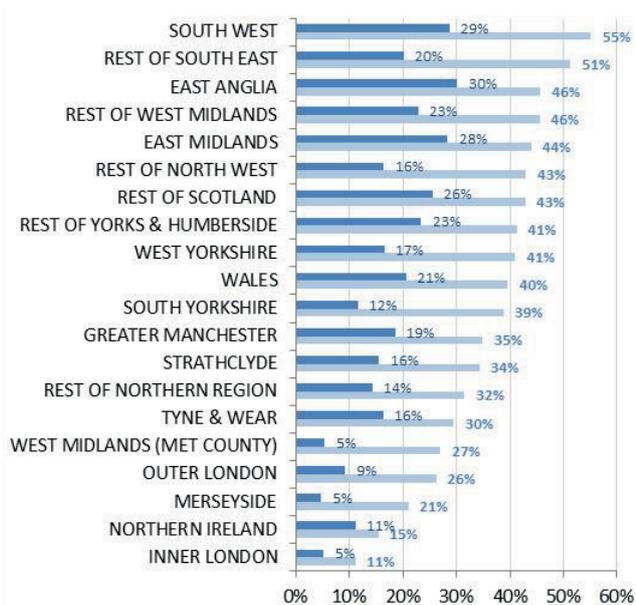
A similar picture (for the most-part) emerges for the older group. As with young people from white backgrounds, the incidence of earning and learning *increased* somewhat between 1996 and 2008, but declined thereafter. Over the period, the decline amongst young people aged 18-24 from an Indian heritage has been approximately **9 percentage points (28% to 19%)**, with the corresponding estimates for 18-24 year olds from Black African/Black Caribbean backgrounds standing at **13 percentage points (from 36% of the group to 23%)**. For young

people from Pakistani/Bangladeshi backgrounds, the incidence of earning and learning increased until 2008 and declined thereafter (from **32%** to **25%**). More aggregated information is presented in Figure 30 in the Annex.

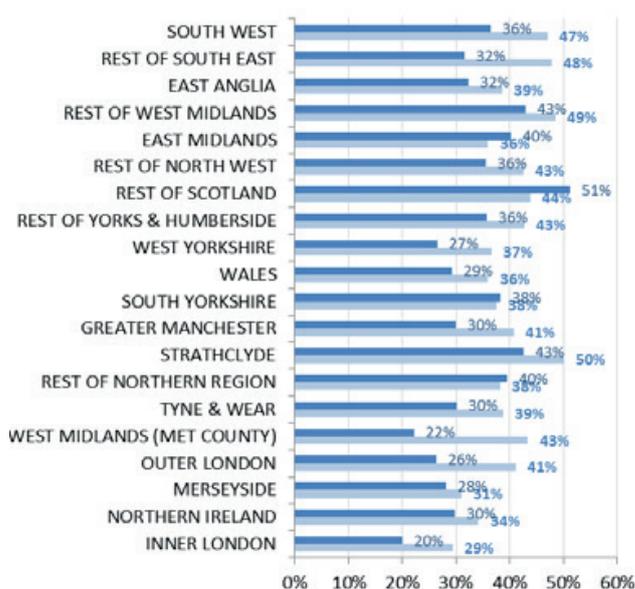
In the last element of this section, we have also addressed whether the incidence of young people combining work and study varies by region of residence. The analysis presented in Figure 9 (16-17 year olds in the *left panel* and 18-24 year olds in the *right panel*) again reflects the fact that the decline in earning and learning amongst young people has been concentrated particularly amongst 16-17 year olds; however, the decline has been much more apparent in particular regions. Of note is the fact that there has been a decline in the proportions of young people aged 16-17 combining work and study in every region over the 12 year period. The equivalent information aggregated by standard government office region (NUTS 1 statistical regions) is presented in Figure 31.

**9 PROPORTION OF YOUNG PEOPLE IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY REGION)**

YOUNG PEOPLE AGED 16-17



YOUNG PEOPLE AGED 18-24



2014  
2002

Source: London Economics' analysis of UK Labour Force Survey 1996-2014

Specifically, young people aged 16-17 in Scotland (outside of the Strathclyde region) have seen a **17 percentage point** decline in the incidence in earning and learning, compared to a **19 percentage point** decline in Wales; a **27 percentage point** decline in the rest of the North West; and a **16 percentage point** decline in Merseyside and Greater Manchester. There have also been significant declines in the South West and South East (a **26 percentage point** and **31 percentage point** decline respectively). Perhaps reflecting general population (and job) density, Inner London has seen the lowest decline in earning and learning amongst young people (**6 percentage points**), albeit from a very low starting point (**11%**).

The corresponding decline of earning and learning amongst young people aged between 18 and 24 is

less severe, and in some regions, the incidence has increased over time. In particular, in the East Midlands, South Yorkshire, the rest of the Northern Region and the rest of Scotland outside of the Strathclyde region, there has been a small increase in the proportion of young people earning and learning, whilst in general, the declines in the other regions of residence have been less than **10 percentage points** (Northern Ireland, Strathclyde, Wales, Merseyside, rest of the North West, Inner London, East Anglia, Tyne and Wear, Yorkshire and the Humber). Only young people aged 18-24 that were resident in Greater Manchester, the West Midlands, the South East and West Yorkshire experienced a decline in earning and learning in excess of **10 percentage points**.

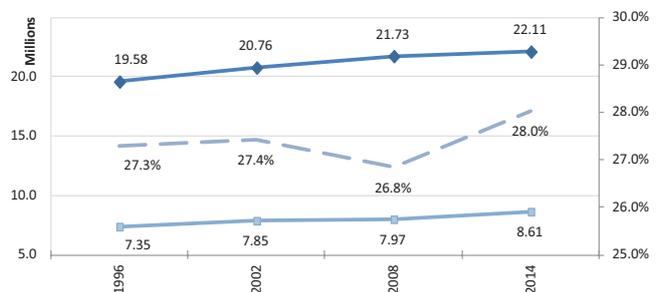
### 2.3 JOB CHARACTERISTICS OF THOSE YOUNG PEOPLE EARNING AND LEARNING

To understand whether the decline in earning and learning has been as a result of a change in the structure of the labour market this section looks at the characteristics of the jobs done by earners and learners and how this has changed over time. We begin by looking at the overall part-time job market. **Figure 10** presents this information between 1996 and 2014 across the entire economy, as well as in the distribution, hotels and restaurant sectors (where a significant proportion of young people have traditionally gained employment whilst studying (**Figure 12**)). Although the analysis only presents information on the supply-side (i.e. the number of jobs taken up) rather than any information on the level of vacancies, the findings do indicate that across the economy as a whole, there has been an increase in the number of part-time jobs undertaken (an increase from **7.35 million** in 1996 to **8.61 million** in 2014), as well as an increase in the proportion of jobs that are part time (**27.3%** in 1996 to **28.0%** in 2014, recovering from 26.8% in 2008).

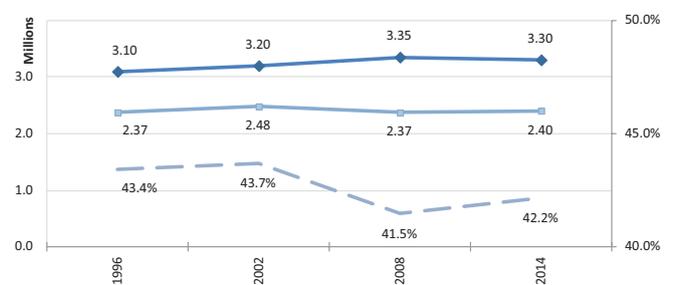
However, growth in the number of part-time jobs has not kept up with the growth

#### 10 INCIDENCE OF PART-TIME JOBS AMONGST WORKING AGE POPULATION

ECONOMY WIDE PART-TIME AND FULL-TIME JOBS (16-64)



DISTRIBUTION, HOTELS AND RESTAURANT SECTORS' PART-TIME AND FULL-TIME JOBS (16-64)



◆ NUMBER OF FULL-TIME JOBS (MILLIONS)  
- - - NUMBER OF PART-TIME JOBS (MILLIONS)  
■ % OF ALL JOBS THAT ARE PART-TIME

Source: LE analysis of UK Labour Force Survey 1996-2014

in young people participating in full-time education. So while part-time job numbers across the entire economy (16-64) have gone from 7.35m to 8.61m, an increase of 17%, the number of young people in full-time education has gone from 2.16 million to 3.24 million - an increase of 50%. When we look further at the specific part-time jobs that young people are likely to do, such as those in the distribution, hotels and restaurant sectors, numbers have remained relatively flat over the period (standing at approximately **2.40 million** in 2014), whilst the proportion of all jobs that are made up by part time jobs in the distribution, hotels and restaurant sector has declined very marginally over the period (from **43.4%** to **42.2%**).

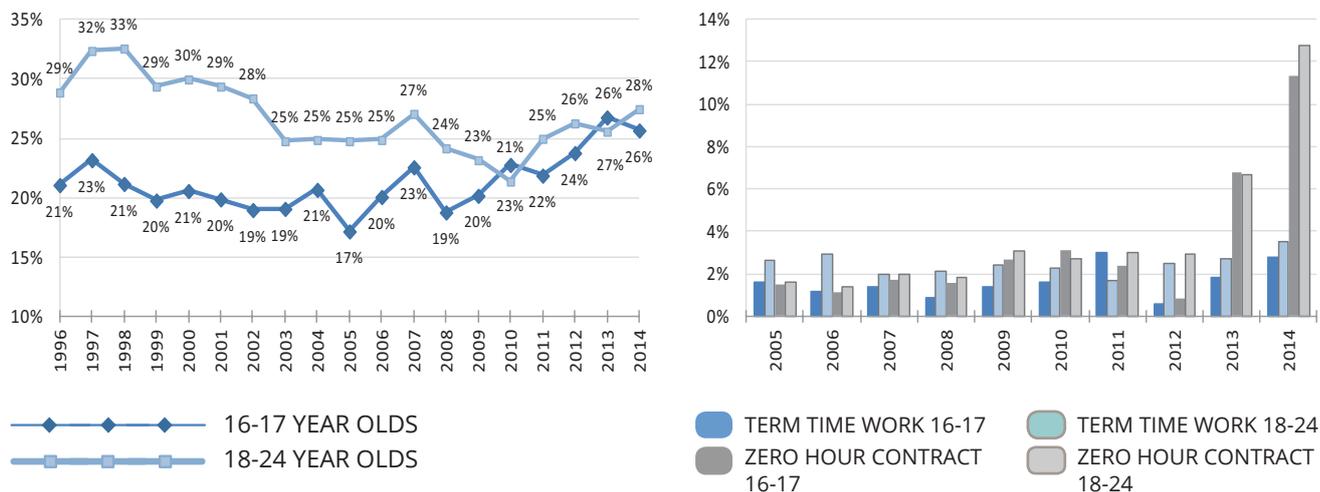
Overall, this suggests that, relative to the number of young people participating in full-time education, part-time job opportunities in key sectors haven't kept up. However, it is important to note that the direction of causality may run both ways here. It may be the case that the relative decline in part-time work in some sectors is down to the fact that young people are increasingly choosing to focus on their studies rather than work. Also, an increasing number of younger workers not in education may now be willing to work full time in these sectors (see **Figure 12** on the next page). In the rest of this section we look at the nature of earning and learning in more detail.

Among young people engaged in earning and learning, and reflecting the more tenuous attachment to the active labour market, there has been a substantial shift in the proportions employed on temporary contracts. The proportion of young people aged between 16 and 17 on temporary contracts has been around **20%** for most of the period and then increased from **19%** in 2008 to **26%** in 2014. The proportion of young people aged between 18 and 24 on temporary contracts declined between 1997 and 2010 (from **32%** to **21%**) and increased thereafter, standing at more than **28%** in 2014.

Furthermore, there has been a sharp increase in the proportion of young people employed on zero-hours contracts. Compared to 2005, where less than **2%** of young people combining work and study were on zero-hours contracts, the proportion has increased almost **6-fold** by 2014. However, it is important to note that the prevalence of zero-hours contracts is not necessarily seen by young people themselves as a disadvantage. Information from the focus groups of young people (see section 2.5) suggests that this form of contract *generally* allows young people to work the number of hours that they wish to work, but importantly allows them the flexibility of not working when they would prefer to concentrate on their studies. This information is presented in Figure 11 below (with further disaggregation by gender in Figure 36).

## 11 PROPORTION OF TEMPORARY CONTRACTS AND WORK PATTERNS FOR THOSE EARNING AND LEARNING

**LEFT: TEMPORARY CONTRACTS AS A PROPORTION OF ALL CONTRACTS FOR YOUNG PEOPLE IN FT EDUCATION AND EMPLOYMENT. RIGHT: TERM TIME WORKING –** respondents work during the school or college term. Unpaid leave is taken during the school holidays, although their pay may be spread equally over the year; **Zero hours contract –** is where a person is not contracted to work a set number of hours, and is only paid for the number of hours that they actually work. *Source: London Economics' analysis of UK Labour Force Survey 1996-2014*



The proportion of young people in full-time education and employment identifying their work arrangement as “term time working” is relatively low and has only slightly increased over time (from 1.6% in 2005 to 2.8% in 2014 for 16-17 year olds and from 2.6% to 3.5% for young people in the 18-24 age band).

In Figure 12, we present information on employment characteristics by industrial sector. In each case, the *right hand axis* represents the total number of young people in education and employment, while the *left hand axis* illustrates their industry of employment.

The analysis demonstrates the declining number (in absolute terms) of 16-17 year olds in employment and education (upper left panel), but also the declining proportion of 16-17 year olds working in the distribution, hotels and restaurant sectors. Specifically, in the 16-17 year old age band, the proportion of

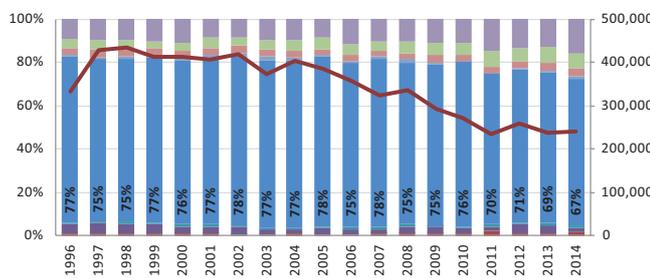
earners and learners working in the distribution, hotels and restaurant sectors remained steadily above **75%** between 1996 and 2010 but has declined to **67%** in the period post-2010. Despite this decline, these shares are far greater than the **19%** we find for adults (16-64, see Figure 41), which demonstrates how important this sector is to young people’s employment chances.

The proportion of young people earning and learning aged between 18 and 24 and engaged in the distribution, hotels and restaurant sectors has been quite stable since 2000 (around **63%-65%**) and the total number of 18-24 year olds in employment has gradually increased over time (implying that the number of jobs undertaken by this age group in the distribution, hotels and restaurant sectors has remained relatively constant).

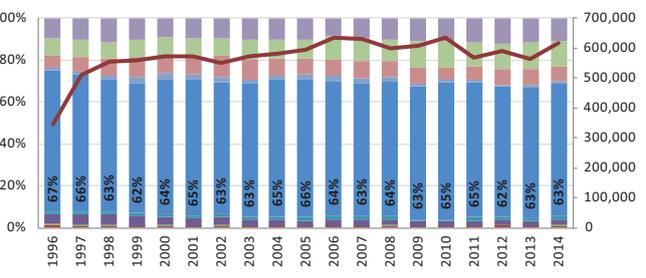
**12 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING (INDUSTRY)**

**YOUNG PEOPLE IN FULL-TIME EDUCATION AND EMPLOYMENT**

**AGED 16-17**

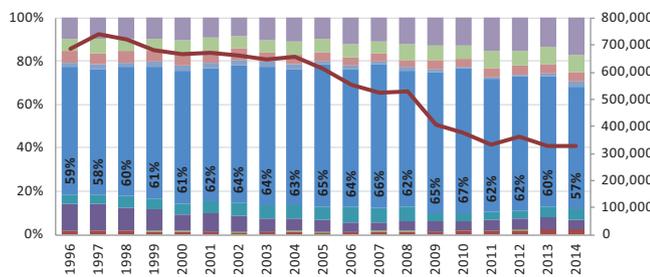


**AGED 18-24**

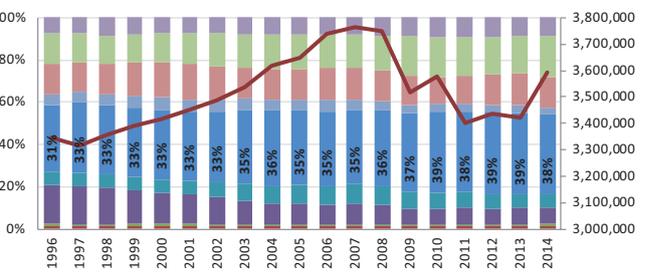


**ALL YOUNG PEOPLE**

**AGED 16-17**



**AGED 18-24**



- AGRICULTURE & FISHING
- BANKING, FINANCE & INSURANCE ETC
- PUBLIC ADMINISTRATION, EDUCATION & HEALTH
- ENERGY & WATER
- DISTRIBUTION, HOTELS & RESTAURANTS
- OTHER SERVICES
- CONSTRUCTION
- TRANSPORT & COMMUNICATIONS

Source: London Economics’ analysis of UK Labour Force Survey 1996-2014

N [total number of people in employment in quarter 3 of each year (measured on the right axis)]

When considering all 18-24 year olds in employment, it is notable that following the significant decline in the total number of jobs (by almost 400,000 since 2008) and the subsequent reversal since 2013, the proportion of 18-24 year olds engaged in the distribution, hotels and restaurant sectors has increased (from **31% to 39%**).

This analysis suggests that there has been a long-run substitution of younger workers away from the distribution, hotels and restaurant sectors, but also that within the distribution, hotels and restaurant sectors, there has been a substitution away from individuals combining work with study in favour of those individuals engaged in work only.

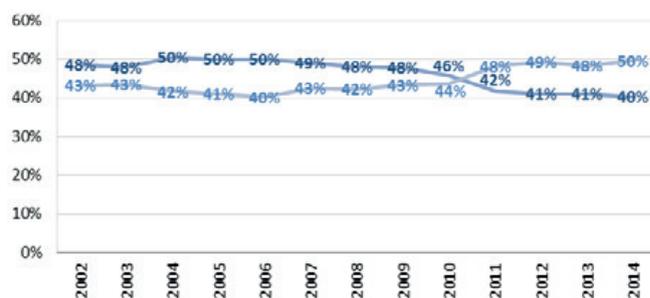
## OCCUPATION

In relation to the occupation of those young people engaged in earning and learning, there has been relatively little change in the nature of the work undertaken. However, it is clear that two occupational groups are particularly important for young people. These are sales / service occupations and elementary occupations, both of which are prominent in the distribution, hotels and restaurants sector. Amongst 16-17 year olds (left-hand panels) there has been a marginal increase in the proportion employed in elementary occupations (by approximately **7 percentage points** from **43%** to **50%** between 2002 and 2014), with a corresponding reduction in the proportion employed in sales/ service occupations (only these two major occupational groups are reported in the charts). Amongst 18-24 year olds (presented in the right hand panels of **Figure 13**), the proportion in sales/service occupations increased from **41%** in 2002 to **43%** in 2014 (reaching a maximum of **47%** in 2009), while the proportion of earners and learners in elementary occupations moved from **36%** to **37%** (2002 and 2014), with a minimum of 31% in 2007.

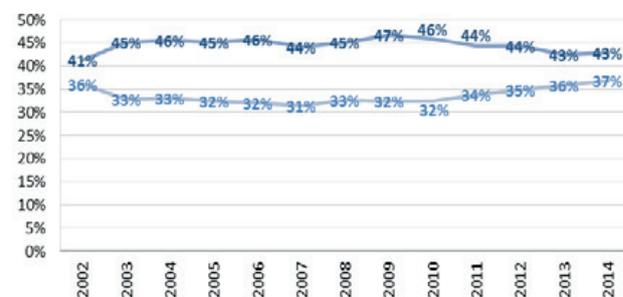
13

## EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING (OCCUPATION)

### YOUNG PEOPLE AGED 16-17



### YOUNG PEOPLE AGED 18-24



SALES/SERVICE OCCUPATIONS  
ELEMENTARY OCCUPATIONS

Source: London Economics' analysis of UK Labour Force Survey 1996-2014

## HOURS WORKED AND AVERAGE WAGE

In Figure 14, we have presented a detailed analysis of the hours worked by young people (with further disaggregation by gender in Figure 39).

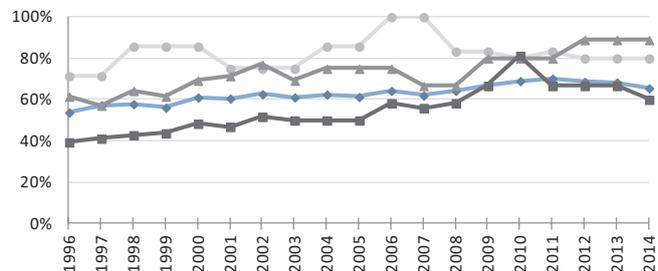
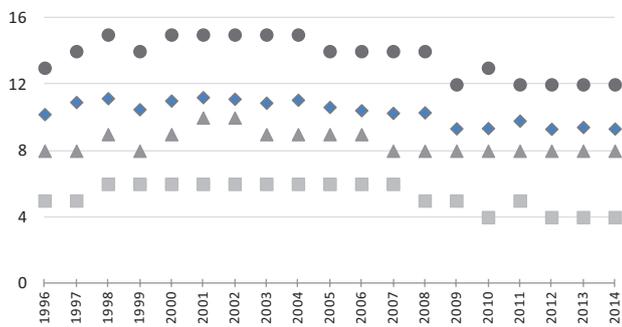
Specifically, we have presented information on the absolute number of hours (mean, median, as well as the 25th percentile and 75th percentile). For younger individuals (aged 16-17), the mean number of hours of work undertaken per week stands at approximately **10 hours** per week (which has been declining slightly over time). Of interest is the fact that the ratio of average hours undertaken by young people engaged in work and study (compared to all young people in employment) has increased marginally on average (to just above **60%** at the mean). This outcome may potentially reflect the deteriorating employment position of young people engaged in employment only (i.e. the hours per week undertaken by young people in employment only has declined at a faster rate than those young people combining work with study).

The corresponding results relating to young people aged between 18 and 24 demonstrate a less clear trend. Specifically, the mean number of hours worked per week has declined marginally over time (from approximately **17 hours** per week in 1997 to **15 hours** per week in 2014), although the decline amongst 18-24 year olds at the upper quartile has been more substantial (by approximately 20% from **25 hours**

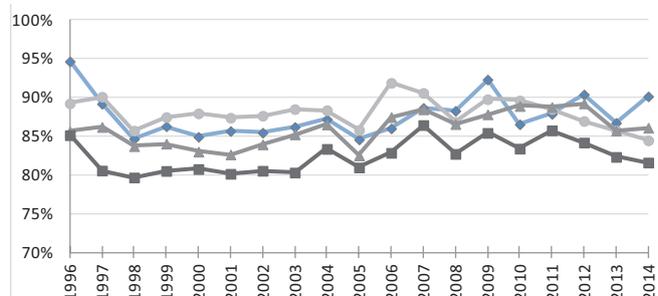
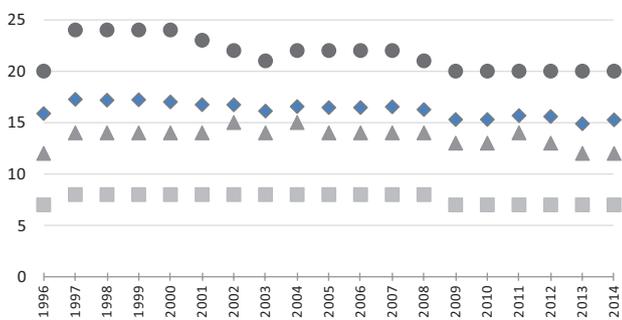
per week in 1997 to **20 hours** per week in 2014). However, the decline in working hours per week has not been concentrated amongst those individuals engaged in both earning and learning, as the ratio of hours worked by these young people compared to those that are engaged in employment (irrespective of whether they are studying or not) has remained stable.

**14 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING (HOURS WORKED PER WEEK)**

**YOUNG PEOPLE AGED 16-17**



**YOUNG PEOPLE AGED 18-24**



- ◆ FT EDUCATION AND EMPLOYMENT-MEAN
- FT EDUCATION AND EMPLOYMENT-MEDIAN
- ▲ FT EDUCATION AND EMPLOYMENT-25TH PERCENTILE
- 75TH FT EDUCATION AND EMPLOYMENT PERCENTILE

- ◆ RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-MEAN
- RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-P25
- ▲ RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-MEDIAN
- RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-P75

Source: London Economics' analysis of UK Labour Force Survey 1996-2014

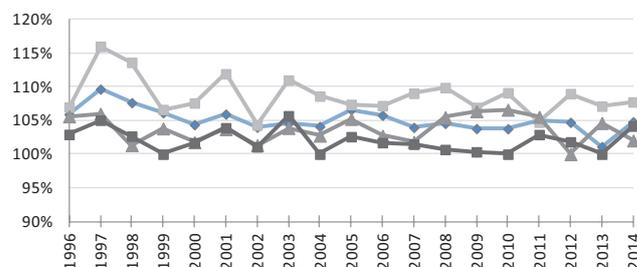
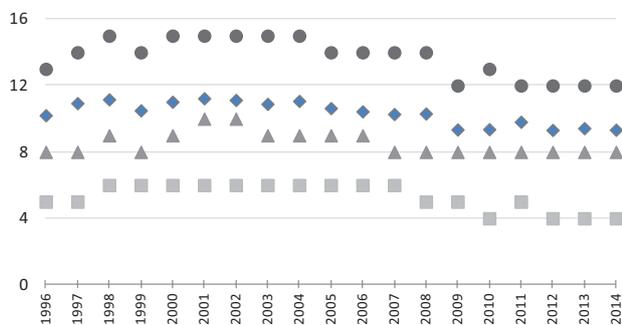
Finally in this section, in Figure 15 on the next page and Figure 38 in the Annex), we consider the nominal rates of pay achieved by young people simultaneously engaged in work and study. As before, we illustrate the mean, and median hourly rates of pay (as well as the 25th percentile and 75th percentile). For both 16-17 year olds and 18-24 year olds in full-time education and employment, there was a gradual increase in

nominal wages between 1996 and 2008; however, since the onset of the financial crisis in 2008, nominal wages have flat-lined at approximately £5.50 per hour for 16-17 year olds and £7.15 per hour for 18-24 year olds (which compares to the £6.50 Adult minimum wage (21 and above); £5.13 Youth Development rate (18-20); £3.79 16-17 Year Old rate).

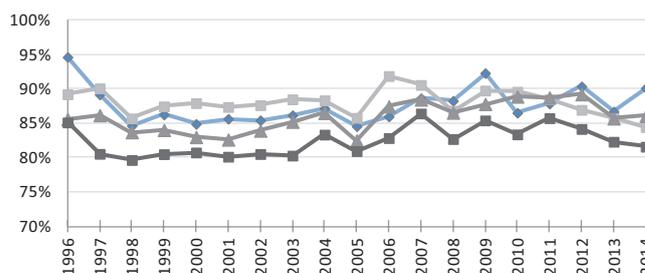
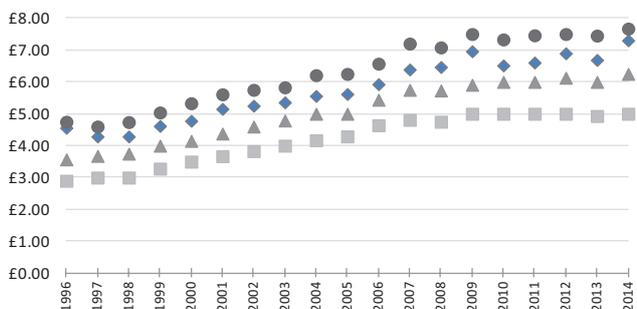
## 15 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING (HOURLY PAY)

Nominal hourly pay. The right panels show the ratio of the different measures for the group of young people in FT education and employment compared to the group of all young people in employment in each age band.

### YOUNG PEOPLE AGED 16-17



### YOUNG PEOPLE AGED 18-24



- ◆ FT EDUCATION AND EMPLOYMENT-MEAN
- FT EDUCATION AND EMPLOYMENT-MEDIAN
- ▲ FT EDUCATION AND EMPLOYMENT-25TH PERCENTILE
- 75TH FT EDUCATION AND EMPLOYMENT PERCENTILE

- ◆ RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-MEAN
- RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-P25
- ▲ RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-MEDIAN
- RATIO (FT EDUCATION AND EMPLOYMENT/ALL)-P75

Source: London Economics' analysis of UK Labour Force Survey 1996-2014

The average hourly wage for young people engaged in work and study has remained relatively constant compared to all individuals engaged in employment (standing at approximately **5%** above the mean hourly rate achieved by all 16-17 year olds in employment), while for 18-24 year olds, those engaged in earning and learning achieve mean hourly earnings approximately **10-15%** below the average wage for all individuals in employment in that age band.

## DETERMINANTS OF UNDERTAKING EARNING AND LEARNING

To complement the descriptive analysis presented above, we used LFS data over the period 2000-14 to

estimate the likelihood of full-time students being in employment or otherwise. The specification defines an individual's labour market outcome to be either in employment or not in employment<sup>9</sup>. We adopted a *probit* model specification as follows:

$$\text{probit}(\text{EMPNOT}) = \alpha + \gamma' Z_i + \epsilon_i$$

The dependent variable adopted has the binary variable EMPNOT that is coded 1 if the individual is in full-time education and employment and 0 if the individual is in full-time education but not in employment.

The control variables included in the regression (represented by  $Z_i$  in the equation) capture the major personal and other characteristics:

- Gender
- Ethnicity
- Type of course (academic or vocational)
- Region of residence
- Year and Month of interview

The *probit* regressions were undertaken separately for each age band (16-17 and 18-24) over the period 2000-2014<sup>10</sup>, as well as the sub-periods 2000-2004, 2005-2009 and 2010-2014, to understand whether there has been significant variations over time. Clearly, the approach used does not take into account that individuals with different characteristics have different probabilities of participating in full-time education in the first instance and should be simply seen as complementing the findings of the descriptive analysis.

The findings presented in Table 1 demonstrate that young women aged 16-17 are approximately **8-10 percentage points (ppt)** more likely than men to be earning and learning (compared to between **4-8 ppt** for women aged 18-24).

Ethnic origin has a significant impact on the likelihood of combining work with study. In particular, young people aged 16-17 with an Indian background are on average **18.7 ppt** less likely to combine work and study (than individuals from white backgrounds); however, the gap has declined marginally over time (around **15 ppt** in 2010-14). A similar trend is highlighted for young people from Pakistani/Bangladeshi backgrounds, where the gap stands at **23.8 ppt** on average (but again declining over time and around **15 ppt** in 2010-14). Although the gaps between these ethnic groups is less for young people aged 18-24, over time, the differential has not declined significantly (for instance from **13.5 ppt** between 2000 and 2004 to **7.6 ppt** between 2010 and 2014 for young people from Pakistani/Bangladeshi backgrounds).

Unsurprisingly, the analysis also indicates that young people studying towards a vocational qualification are more likely to be working at the same time. In particular, on average over the period, young people aged 16-17 studying for a vocational qualification were approximately **1.7 ppt** more likely to be employed; however, for young people between 18 and 24, the likelihood of an individual earning and learning is more substantial (approximately **5.8 ppt** over the period).

Compared to young people in the reference category (Tyne and Wear), the analysis also provides an estimate of the likelihood of young people combining

work and study across the rest of the United Kingdom. For 18-24 year olds, the analysis indicates that on average, young people resident in Inner and Outer London undertaking full-time study are less likely to be in employment as well (**11.9 ppt** and **3.7 ppt** respectively, although the gap in activity patterns are declining over time), while young people in the South East and South West are more likely to be undertaking work at the same time as study (compared to Tyne and Wear).

18-24 year olds in the East Midlands, West Midlands, Merseyside, Wales and Northern Ireland are significantly less likely to be working at the same time as studying compared to young people in the Tyne and Wear (**3.6 ppt**, **7.3 ppt**, **7.6 ppt**, **5.0 ppt** and **15.4 ppt**, respectively), while young people in Scotland are more likely to be in employment (**8.5 ppt** in the Strathclyde region and **5.7 ppt** in the rest of Scotland).

The results relating to the determinants of earning and learning for 16-17 year olds demonstrate some differences to those previously presented for 18-24 year olds. In particular, compared to 16-17 year olds in Tyne and Wear, only 16-17 year olds in Merseyside, Inner London and Northern Ireland are significantly less likely to be working at the same time as studying (**9.4 ppt**, **15.3 ppt** and **17.2 ppt** respectively). In contrast, young people in most other regions are significantly more likely to be combining work and study, (for example, **19.3 ppt** in the South West, **15.5 ppt** in East Anglia, **12.8 ppt** in the East Midlands, **8.8 ppt** in West Yorkshire, and **6.0 ppt** in South Yorkshire).

TABLE 1: DETERMINANTS OF EARNING AND LEARNING

	16-17 Year olds				18-24 Year olds			
	Pooled 2000-2014	2000-2004	2005-2009	2010-2014	Pooled 2000-2014	2000-2004	2005-2009	2010-2014
Female	0.091*** (0.003)	0.089*** (0.005)	0.098*** (0.004)	0.080*** (0.004)	0.062*** (0.003)	0.046*** (0.005)	0.060*** (0.005)	0.077*** (0.004)
Indian	-0.187*** (0.006)	-0.214*** (0.013)	-0.190*** (0.011)	-0.157*** (0.007)	-0.082*** (0.007)	-0.057*** (0.013)	-0.087*** (0.012)	-0.108*** (0.011)
Pakistani/ Bangladeshi	-0.238*** (0.004)	-0.314*** (0.010)	-0.254*** (0.007)	-0.150*** (0.007)	-0.105*** (0.007)	-0.135*** (0.013)	-0.109*** (0.011)	-0.076*** (0.011)
Chinese and other Asian	-0.190*** (0.008)	-0.206*** (0.020)	-0.209*** (0.013)	-0.142*** (0.009)	-0.204*** (0.006)	-0.192*** (0.013)	-0.200*** (0.010)	-0.209*** (0.008)
Black/African/ Caribbean/ Black British	-0.168*** (0.007)	-0.186*** (0.015)	-0.162*** (0.012)	-0.145*** (0.007)	-0.100*** (0.007)	-0.077*** (0.014)	-0.082*** (0.012)	-0.134*** (0.010)
Mixed/Other Background	-0.093*** (0.007)	-0.120*** (0.017)	-0.101*** (0.011)	-0.059*** (0.009)	-0.120*** (0.006)	-0.126*** (0.014)	-0.098*** (0.011)	-0.132*** (0.009)
Studying towards a vocational qualification	0.017*** (0.003)	0.033*** (0.006)	0.014*** (0.006)	0.007 (0.005)	0.058*** (0.004)	0.099*** (0.007)	0.055*** (0.006)	0.022*** (0.006)
Rest of Northern Region	0.034*** (0.013)	0.100*** (0.026)	0.029 (0.021)	-0.011 (0.018)	-0.035*** (0.011)	-0.023 (0.022)	-0.070*** (0.018)	-0.002 (0.019)
South Yorkshire	0.060*** (0.015)	0.111*** (0.028)	0.045* (0.024)	0.032 (0.022)	-0.040*** (0.012)	-0.040* (0.022)	-0.083*** (0.018)	0.016 (0.021)
West Yorkshire	0.088*** (0.014)	0.192*** (0.025)	0.068*** (0.021)	0.015 (0.019)	-0.005 (0.010)	0.024 (0.020)	-0.033** (0.016)	0.003 (0.018)
Rest of Yorkshire & Humberside	0.125*** (0.014)	0.197*** (0.026)	0.122*** (0.023)	0.058*** (0.021)	-0.003 (0.011)	0.013 (0.022)	-0.060*** (0.018)	0.051** (0.020)
East Midlands	0.128*** (0.013)	0.200*** (0.023)	0.120*** (0.020)	0.063*** (0.019)	-0.036*** (0.009)	-0.037** (0.018)	-0.085*** (0.015)	0.026 (0.016)
East Anglia	0.155*** (0.014)	0.215*** (0.025)	0.142*** (0.022)	0.099*** (0.021)	-0.005 (0.011)	0.007 (0.022)	-0.065*** (0.018)	0.054*** (0.020)
Inner London	-0.153*** (0.010)	-0.097*** (0.025)	-0.198*** (0.014)	-0.126*** (0.012)	-0.119*** (0.009)	-0.078*** (0.018)	-0.189*** (0.013)	-0.080*** (0.015)
Outer London	-0.014 (0.011)	0.062*** (0.024)	-0.038** (0.018)	-0.041*** (0.015)	-0.037*** (0.009)	0.005 (0.018)	-0.090*** (0.015)	-0.014 (0.016)

TABLE 1: DETERMINANTS OF EARNING AND LEARNING

	16-17 Year olds				18-24 Year olds			
	Pooled 2000-2014	2000-2004	2005-2009	2010-2014	Pooled 2000-2014	2000-2004	2005-2009	2010-2014
Rest of South East	0.159*** (0.012)	0.269*** (0.021)	0.133*** (0.018)	0.079*** (0.017)	0.020** (0.009)	0.052*** (0.017)	-0.027* (0.014)	0.049*** (0.015)
South West	0.193*** (0.013)	0.283*** (0.021)	0.169*** (0.020)	0.117*** (0.020)	0.019* (0.010)	0.054*** (0.018)	-0.045*** (0.015)	0.064*** (0.017)
West Midlands (Met County)	-0.009 (0.012)	0.102*** (0.025)	-0.020 (0.020)	-0.084*** (0.013)	-0.073*** (0.010)	-0.005 (0.020)	-0.143*** (0.015)	-0.050*** (0.017)
Rest of West Midlands	0.103*** (0.013)	0.188*** (0.024)	0.067*** (0.021)	0.060*** (0.020)	0.011 (0.011)	0.069*** (0.021)	-0.047*** (0.017)	0.033* (0.019)
Greater Manchester	0.035*** (0.013)	0.098*** (0.026)	0.022 (0.020)	-0.000 (0.018)	-0.011 (0.010)	0.024 (0.020)	-0.072*** (0.016)	0.031* (0.018)
Merseyside	-0.094*** (0.012)	-0.049* (0.026)	-0.109*** (0.018)	-0.090*** (0.014)	-0.076*** (0.011)	-0.116*** (0.021)	-0.118*** (0.018)	0.010 (0.020)
Rest of North West	0.098*** (0.013)	0.172*** (0.025)	0.085*** (0.021)	0.043** (0.019)	0.007 (0.011)	0.025 (0.021)	-0.054*** (0.017)	0.066*** (0.019)
Wales	0.056*** (0.013)	0.131*** (0.024)	0.026 (0.020)	0.027 (0.018)	-0.050*** (0.010)	-0.021 (0.019)	-0.104*** (0.015)	-0.009 (0.017)
Strathclyde	0.007 (0.013)	0.066** (0.026)	0.019 (0.021)	-0.046*** (0.016)	0.085*** (0.011)	0.091*** (0.021)	0.040** (0.018)	0.137*** (0.019)
Rest of Scotland	0.103*** (0.013)	0.182*** (0.024)	0.094*** (0.021)	0.041** (0.019)	0.057*** (0.010)	0.041** (0.019)	0.005 (0.017)	0.149*** (0.019)
Northern Ireland	-0.172*** (0.011)	-0.217*** (0.024)	-0.121 (0.121)	-0.130*** (0.010)	-0.154*** (0.011)	-0.200*** (0.023)	0.183 (0.143)	-0.103*** (0.015)
<b>Observations</b>	<b>116,825</b>	<b>36,988</b>	<b>42,491</b>	<b>37,346</b>	<b>129,476</b>	<b>39,199</b>	<b>45,725</b>	<b>44,552</b>

Robust standard errors in parentheses: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Reporting marginal effects. Omitted categories: Region: Tyne and Wear; Ethnic origin: individual from white heritage

## 2.4 FINDINGS FROM AN IN DEPTH SURVEY OF YOUNG PEOPLE

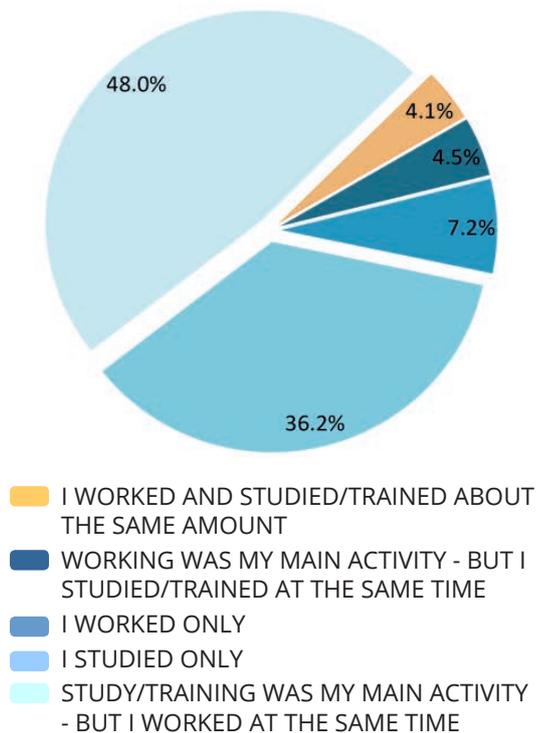
An online survey of 1,000 individuals aged between 16 and 21 (earning and/or learning) was commissioned to collect data on respondents' personal and socioeconomic characteristics, the nature of the learning undertaken (if any), employment characteristics, as well as the rationale for either working or studying only in the previous 12 months.

Presented in Figure 16, the survey findings indicate that approximately **36.2%** of respondents were studying only, while **7.2%** indicated they worked only, with the remaining **56.6%** combining work and study to some extent. The greatest proportion of those earning and learning were predominantly studying (**48.0%**), while **4.1%** indicated they worked and studied about the same amount, and the remaining **4.5%** responding that they were predominantly in employment, but studied/trained at the same time.

Consistent with the LFS analysis, there were some slight differences in the characteristics of young people depending on whether and how they combined work and study. Young women were more likely to be earning and learning than men (**60%** compared to **52%**), while in respect of ethnic origin, young people from BME backgrounds were less likely to be working only (**3%** compared to **8%**) or combining work with study (**48%** compared to **57%**).

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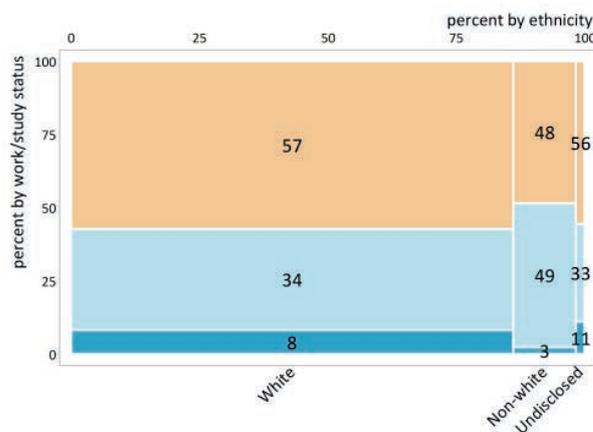
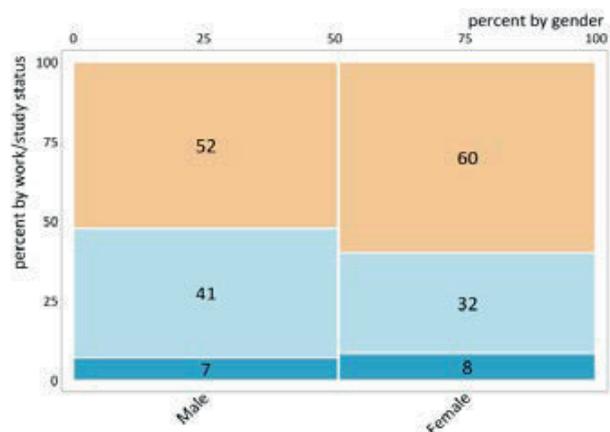
### INCIDENCE OF EARNING AND LEARNING AMONGST YOUNG PEOPLE OVER LAST 12 MONTHS



Note: The incidence of earning and learning based on the online survey will not correspond exactly to the results generated through the analysis of the LFS, predominantly because the LFS is based on employment status in the reference week, while the survey asked in relation to economic activity over the previous 12 months. In addition, the classification of age groups differs between the two analyses. *Source: London Economics' analysis of YouGov data*

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### INCIDENCE OF EARNING AND LEARNING AMONGST YOUNG PEOPLE (GENDER AND ETHNIC ORIGIN)



Note: numbers in titles reflect percentages on vertical axis only. *Source: London Economics' analysis of YouGov data*

Same key and source for Figures 18 and 19.

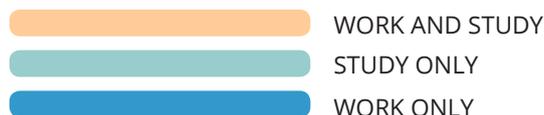
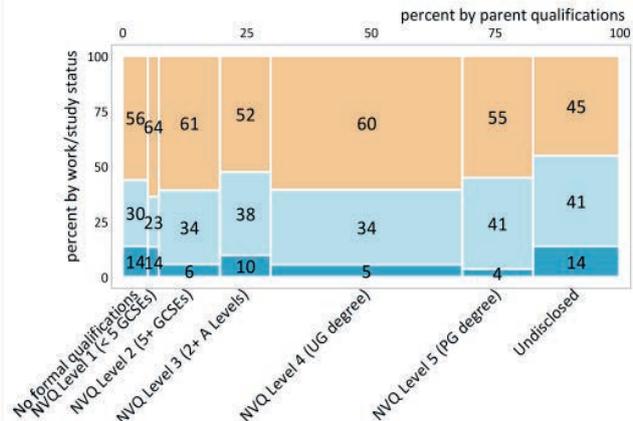
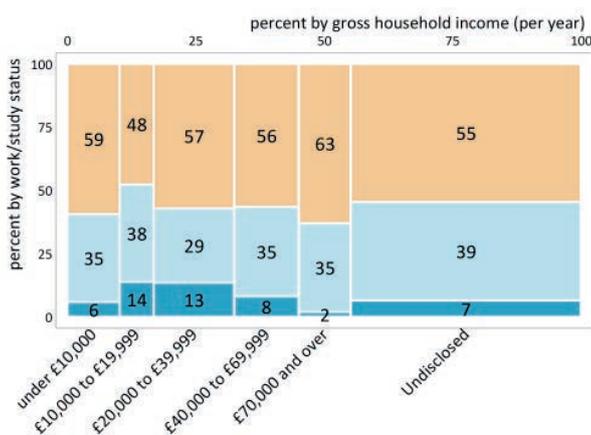


Figure 18 presents the proportions of young people engaged in different work and study paths depending on household income and parental qualifications. Although a significant proportion of young people did not provide details of household income, the analysis does suggest that young people with more limited household resources (and lower parental education levels) are associated with a higher likelihood of working only, although as household income (and parental education levels) increases, the incidence of young people combining work and study increases (although these changes are by no means consistent). Unsurprisingly, there is a strong relationship between labour market status and age. As age increases, the proportion of young people classified as working only increases (from essentially zero for those aged

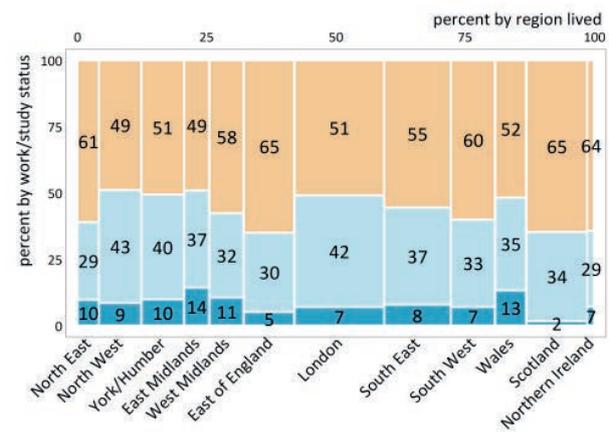
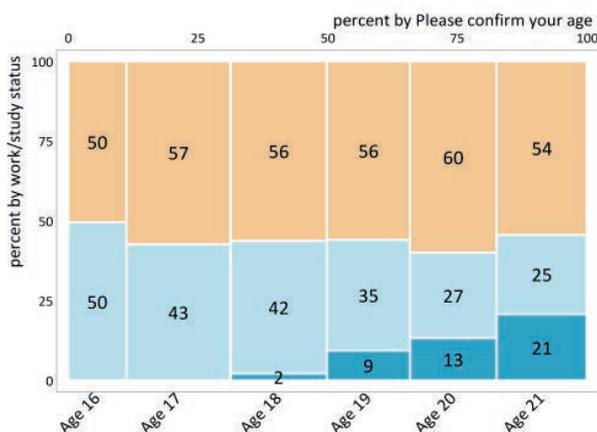
16 and 17 to approximately **21%** for those aged 21). The proportion indicating that they were combining work with study remains relatively constant, while the decline in the proportion engaged in study halves between age 16 and 21 (from **50%** to approximately **25%**).

There was some significant degree of variation in the proportions of young people engaged in different activities depending on the region of residence. The findings indicate that young people in the North East, East of England and Northern Ireland are the least likely to be engaged in study only, while young people in the East and West Midlands and Wales were the most likely to be working only. Young people in Scotland, the South West and East of England were the most likely to combine work with study.

**18 INCIDENCE OF EARNING AND LEARNING AMONGST YOUNG PEOPLE (PARENTAL CHARACTERISTICS)**



**19 INCIDENCE OF EARNING AND LEARNING AMONGST YOUNG PEOPLE (AGE AND REGION)**



### 2.4.1 LEARNING CHARACTERISTICS

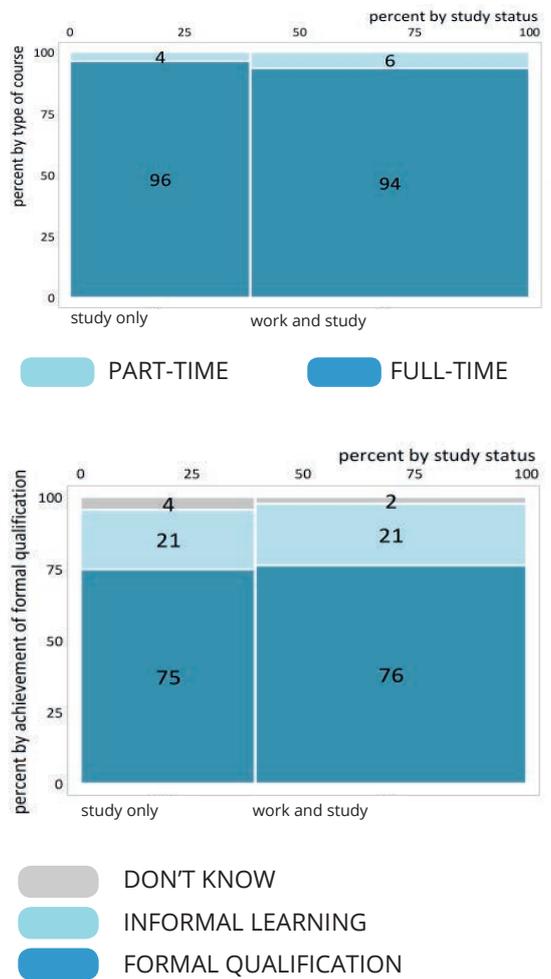
In relation to the nature of the learning undertaken by young people, the analysis indicates that the overwhelming majority of young people engaged in some form of study are doing so on a full-time basis (between **94%** and **96%**), with approximately **75%** engaged in formal learning. Presented in Figure 21, and potentially related to the impact of age on the decision to work, approximately **28%** of individuals combining work and study are undertaking qualifications at undergraduate degree level of equivalent, in contrast to **18%** who are engaged in study only. Moving further down the qualification spectrum, individuals undertaking study only are more likely to be engaged in either Level 2 (GCSEs or equivalent) or Level 3 qualifications (GCE A level or equivalent) (**19%** and **51%** respectively), which compares to **15%** and **44%** respectively amongst those combining earning and learning.

### 2.4.1 JOB CHARACTERISTICS

Turning to the nature of employment undertaken by young people, the analysis demonstrates that a number of key factors are associated with the *nature* of the labour market engagement of young people. Specifically, and as demonstrated through the analysis of the Labour Force Survey, in addition to the decline in the number of young people engaged in earning and learning over time, the *quality* of the attachment to the labour market

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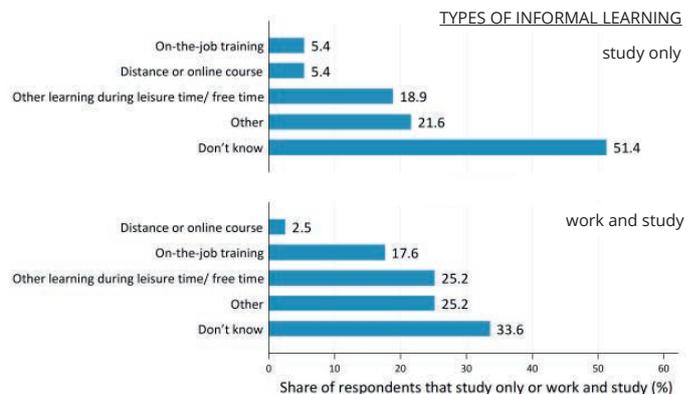
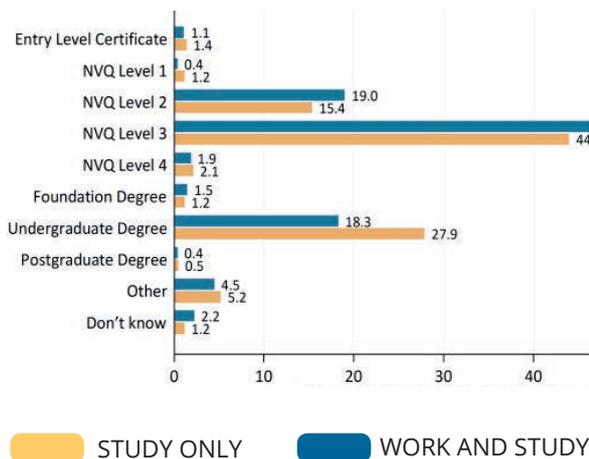
### NATURE OF LEARNING AMONGST YOUNG PEOPLE (MODE OF STUDY/ FORMAL OR INFORMAL)



Note: numbers in titles reflect percentages on vertical axis only. Source: London Economics' analysis of YouGov data

21

### INCIDENCE OF EARNING AND LEARNING AMONGST YOUNG PEOPLE (TYPE OF LEARNING)



Note: numbers in titles reflect percentages on vertical axis only. Source: London Economics' analysis of YouGov data

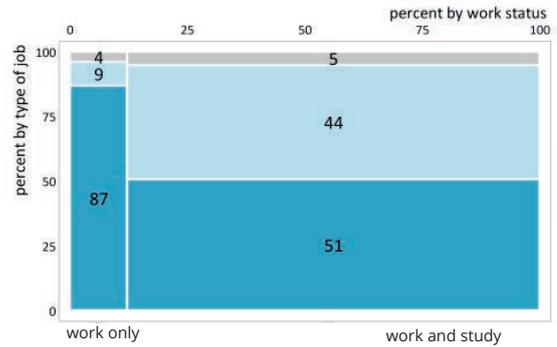
may have also declined. Specifically, compared to individuals who are working only, young people who are engaged in both work and study are more likely to be engaged in occasional positions, be employed on temporary (or zero hours) contracts (if they have a contract at all), and are paid a lower hourly rate.

As presented in Figure 22, the analysis of the survey indicates that compared to approximately **9%** of relevant respondents engaged in work only that consider their employment to be occasional, the corresponding estimate for individuals engaged in both work and study stands at **51%**. Furthermore, approximately **36%** of young people combining work with study stated that they have no contract (compared to **13%** who are working only), while **22%** mentioned that their position is temporary compared to **18%** of young people engaged in work only.

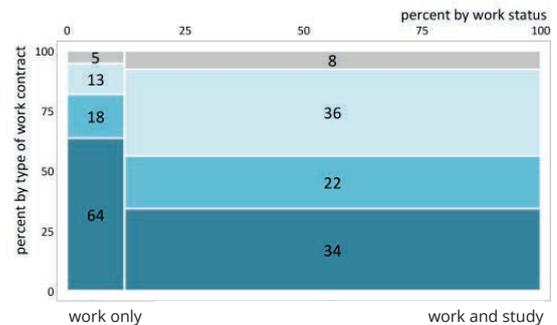
In relation to the average number of hours worked, the prevalence of either no contract, or zero-hours contracts, is apparent. In particular, in Figure 23, the analysis indicates that for those individuals in work only, average weekly *contractual* hours stand at **22**, compared to the **33** hours undertaken on average<sup>11</sup>. However, the average weekly *contractual* hours for those combining work and study stands at **6**, which compares to the **17** hours a week of labour that are provided on average. This gap between contractual hours and actual hours is presented more precisely in the right hand panel of Figure 23, where points along the 45° line represent the case where individuals are delivering their contractual hours,

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**JOB CHARACTERISTICS ASSOCIATED WITH YOUNG PEOPLE'S EMPLOYMENT**



- DON'T KNOW
- AN OCCASIONAL JOB
- A REGULAR JOB



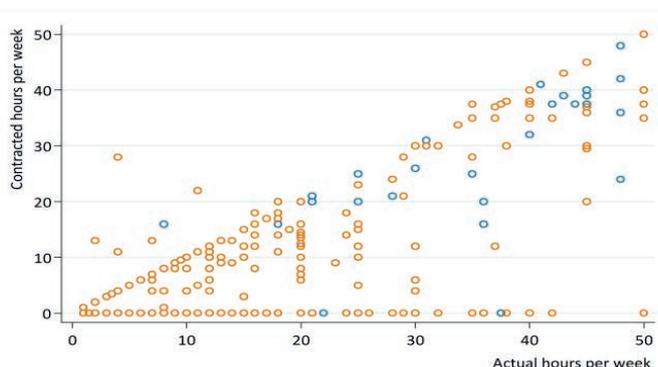
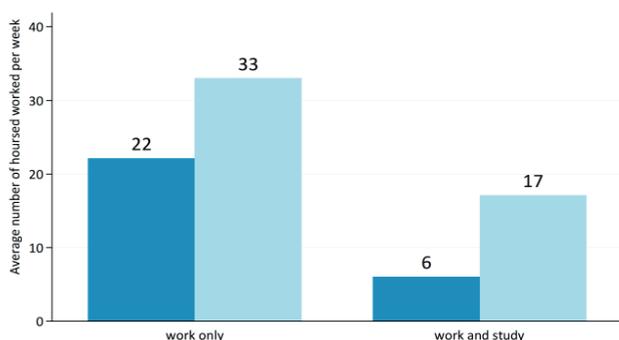
- DON'T KNOW
- TEMPORARY
- NO CONTRACT
- PERMANENT

Note: numbers in titles reflect percentages on vertical axis only. Source: London Economics' analysis of YouGov data

**23 CONTRACTED HOURS AND ACTUAL HOURS ASSOCIATED WITH YOUNG PEOPLE'S EMPLOYMENT**

- CONTRACTED HOURS
- ACTUAL HOURS

- WORK ONLY
- WORK AND STUDY



Source: London Economics' analysis of YouGov data

while points dotted along the horizontal axis represent those individuals either on zero-hours contracts or not in possession of a contract. The figure illustrates that a sizeable number of young people is undertaking (often) relatively significant labour effort on a weekly basis without any formal contract or any contract providing a given number of hours.

Clearly, balancing the demands of work and study can be challenging. However, when asked whether the average hours undertaken were 'about right' or whether they would like to undertake more of less work, approximately **62%** of *earners and learners* suggested that the number of hours was 'about right' with **22%** indicating that they would like to work more and just **10%** indicating that they would like to work less. In contrast, for those young people engaged in work only, a slightly lower proportion believed that the average number of hours was about right (**57%**), compared to **23%** who mentioned that they would like to work more and **16%** who stated that they would like to work less (see Figure 24).

The survey of young people also generated information on hourly pay. In the right hand panel of Figure 24, the analysis indicates that the average hourly pay rate for an individual engaged in work only stands at **£7.48** per hour, which compares to approximately **£6.36** per hour for those young people combining earning and learning. This is not conclusive evidence of pay gaps, given the fact that there are age effects associated with the decision to

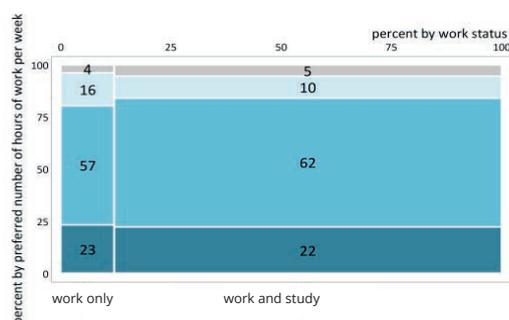
work only (and minimum wages in the United Kingdom are age related). However, the analysis does provide information on the dispersion of hourly earnings. In particular, the analysis highlights that there is a small proportion of young people who receive no financial remuneration, generally as a result of the fact that they are either working for charity organisations and/or engaged in volunteering activity (represented by the yellow dots), which further reduces the estimate of average hourly earnings for earners and learners. Excluding these individuals so that we consider only those that receive some positive hourly remuneration, the average hourly pay rate increases to **£6.82** per hour for those combining work with study compared to **£7.61** for those working only.

### 2.4.3 WILLINGNESS TO WORK AND STUDY

In relation to young people's willingness to combine work and study, Figure 25 illustrates that approximately **64%** of respondents are either working only or already combining work and study.

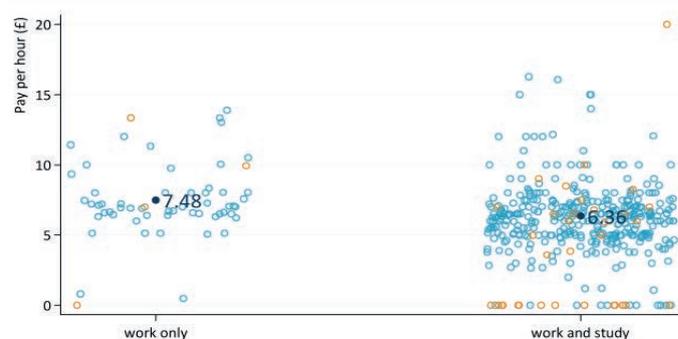
Of the remaining **36%**, the analysis indicates that two-fifths of this proportion did not want to combine work with study (**15%**), while a further **5%** indicated that they were unable to combine the two activities. Approximately one-third of respondents indicated that they would have liked to combine work with study (**13%** of total).

## 24 YOUNG PEOPLE'S PREFERENCES FOR HOURS WORKED AND AVERAGE PAY RATE



DON'T KNOW
  LESS
  ABOUT RIGHT
  MORE

Note: numbers in titles reflect percentages on vertical axis only. Source: London Economics' analysis of YouGov data



Note: Annual, monthly and weekly pay are converted to hourly wage using actual hours worked per week. There are only resulting 461 observations. Observations above £30 per hour (N=2) are omitted to aid visibility. Source: London Economics' analysis of YouGov data

○ HOURLY PAY (£)
 ○ HOURLY PAY - CHARITY SECTOR (£)
 ● MEAN HOURLY PAY (£)

### 2.4.4 WHAT ARE ALL THE REASONS FOR NOT WORKING?

Figure 26 illustrates the reasons for young people deciding not to combine work with study. In the upper panel of Figure 26, these responses are grouped according to the following themes

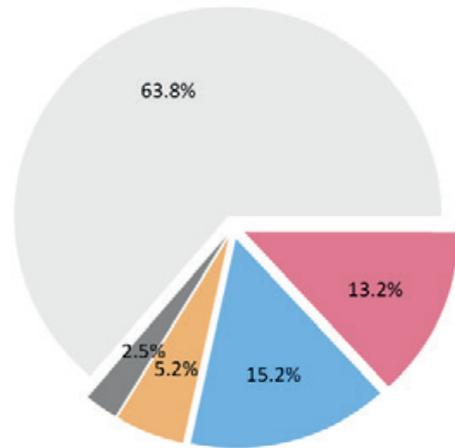
- Preferences relating to study;
- Local labour market conditions (such as restrictive hours, lack of jobs in local area, insufficient rates of pay, insufficient skills, employers only offering full-time positions);
- Information, advice and guidance;
- Financial issues (such as in receipt of support from parents or through student loans);
- Educational institution inflexibility (such as restrictive hours of study); and
- Other personal constraints (such as sickness, disability or home care responsibilities).

In the lower panel, the information is presented at a more disaggregated level, where respondents indicated all the individual reasons why they have decided not to work.

Around **23%**<sup>12</sup> of young people's **responses** identified "their desire to concentrate on their studies" as one of the reasons for deciding not to combine work with study<sup>13</sup>. **37%** of **all responses** mentioned local labour market conditions<sup>14</sup> as a reason for not combining earning and learning. In particular, there were several interlinked labour market issues identified, including the *lack of jobs in local area (23% of responses)*, *employers only offering full time positions (20% of responses)*, *inconvenient hours (20% of responses)*, *too much competition for the jobs available (14%)*,

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### YOUNG PEOPLE'S PREFERENCES FOR EARNING AND LEARNING



- YES, I WOULD HAVE LIKED TO WORK AT THE SAME TIME AS STUDYING
- NO, I DIDN'T WANT TO WORK AT THE SAME TIME AS STUDYING
- NO, I WAS NOT ABLE TO WORK AT THE SAME TIME AS STUDYING
- DON'T KNOW
- WORK/ WORK AND STUDY

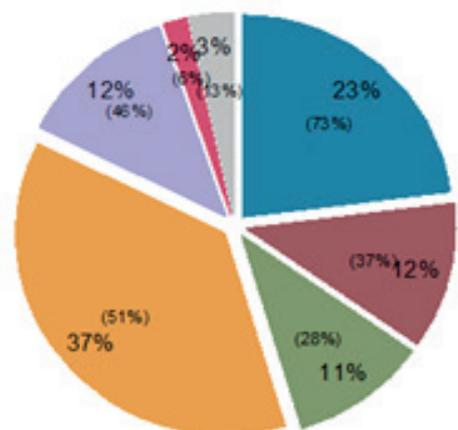
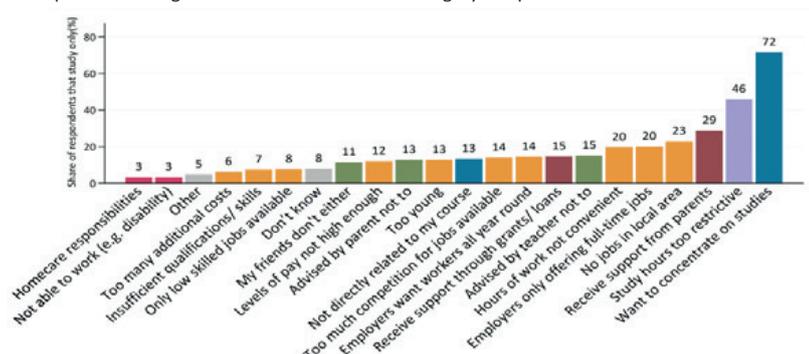
26

### YOUNG PEOPLE'S REASONS FOR NOT COMBINING EARNING AND LEARNING

- PREFERENCES RELATED TO UNDERTAKING STUDIES
- FINANCIAL
- EXTERNAL ADVICE/GUIDANCE
- LOCAL LABOUR MARKET CONDITIONS
- INFLEXIBLE EDUCATION PROVIDERS
- SICKNESS/ DISABILITY/ CARING RESPONSIBILITIES
- OTHER/ DON'T KNOW

Source for Figures 25 & 26: London Economics' analysis of YouGov data

Note: the pie chart shows each category as a proportion of total responses; the percentage of respondents citing at least one reason in each category is reported in brackets



respondents being too young (13%), levels of pay not being high enough (13%), availability of only low skilled jobs (8% of responses), insufficient skills (7%), and too many additional costs (6%)<sup>15</sup>.

About 12% of responses mentioned that the apparent inflexibility of educational institutions to facilitate earning and learning was a reason for not combining work with learning. The final most commonly cited reason (making up 12% of all responses) for not combining work and study related to (a lack of) financial pressure, whereby sufficient resources were available from either parents or through student loans and grants. Approximately 11% of responses mentioned that they had been advised by either parents/guardians or teachers/career advisors not to combine work with study.

Turning away from *all* the cited reasons for young people not combining work with study, when young people were asked about the **main reason** for not combining work with study, a different picture emerges. Specifically, the results of the survey indicate that personal preferences and the desire to focus on study was the dominant reason (55%), while the previous concerns relating to local labour market issues and the lack of flexibility from educational providers and employers appear much less influential.

This information is also presented broken down by qualification level in Figure 43.

In particular, only 16% of young people mention that local labour market conditions are the *dominant* reason for not combining work and study (which is higher amongst young people undertaking qualifications at or below Level 3). Approximately 9% of learners state the main reason for not

combining work and study relate to the inflexibilities of educational providers. In many senses, the differences in the responses between these questions highlights the difficulties in developing policies aimed at encouraging young people to study and work at the same time. However, institutional factors and local labour market conditions appear to be relatively important for young people but not insurmountable challenges (and perhaps it is these areas of friction, which could be made more flexible, and warrant further attention from policy makers). Young people's strong preferences to concentrate on study (supported by advice and guidance from their personal networks) potentially pose key challenges for policy makers.

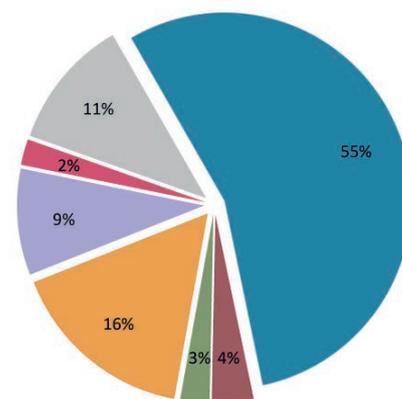
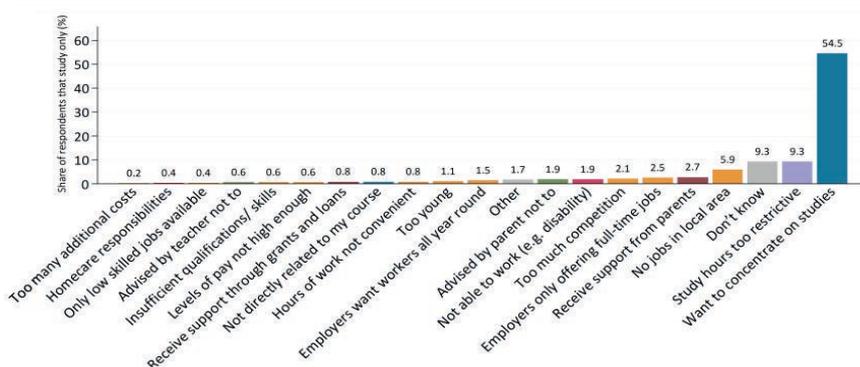
The final element of the survey also asked those young people engaged in work only why they would not consider undertaking study/training at the same time. The analysis presented in Figure 28 demonstrates that the most commonly cited reasons again related to personal attitudes towards the world of work and specifically a greater preference for working (47%), while approximately 45% of respondents mentioned

27

### YOUNG PEOPLE'S MAIN REASON FOR NOT COMBINING EARNING AND LEARNING

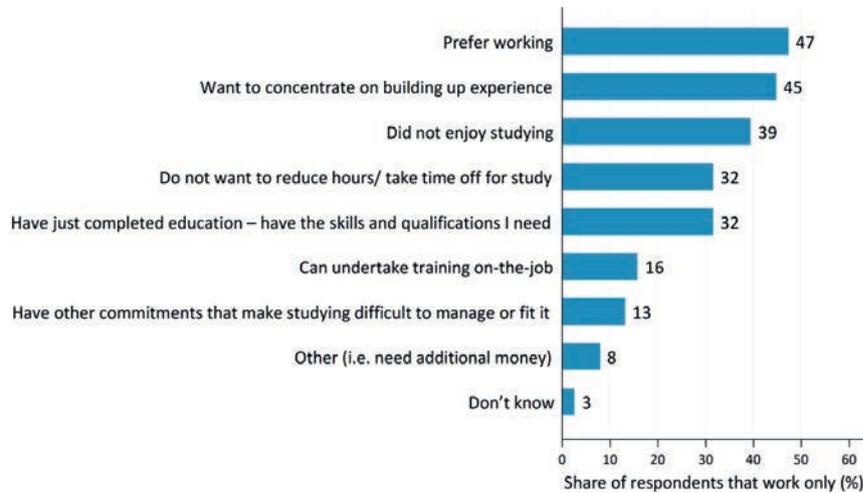
- PREFERENCES RELATED TO UNDERTAKING STUDIES
- FINANCIAL
- EXTERNAL ADVICE/GUIDANCE
- LOCAL LABOUR MARKET CONDITIONS
- INFLEXIBLE EDUCATION PROVIDERS
- SICKNESS/ DISABILITY/ CARING RESPONSIBILITIES
- OTHER/ DON'T KNOW

Source: London Economics' analysis of YouGov data



28

## YOUNG PEOPLE'S REASONS FOR NOT COMBINING EARNING AND LEARNING (WORKERS)



Source: London Economics' analysis of YouGov data

that they wished to concentrate on building up experience. However, also of interest was the fact that **39%** mentioned that they had not enjoyed education and training. In relation to personal circumstances, **32%** of respondents mentioned that they did not want to reduce the hours that they currently work, while **13%** mentioned that their domestic situation made studying difficult to combine with existing work commitments.

## 2.5 QUALITATIVE ANALYSIS

The final element of the research undertaken involved conducting of a number of in-depth focus groups with young people (administered by YouGov). There were four focus groups undertaken in total: two of the focus groups involved young people aged between 16 and 21 (with one focus group containing young people that were either working only or earning and learning, while the second contained young people who were earning and learning or studying only). The views of 20 young people were heard and subsequently synthesised. The third focus group involved a selection of 10 educational providers, while the final focus group consisted of 9 employers.

### Findings

The focus groups, especially those amongst young people, were particularly informative: in addition to being asked to discuss their own experiences, the young people were also asked to comment about

hypothetical examples or illustrations of young people in the 3rd person who were either working only, studying only, or combining both work and study. The use of this approach is well established in qualitative research methodologies as a means of revealing more accurate views and opinions from participants.

### *Perceptions in relation to the world of work / qualification attainment*

There were several very interesting nuances in the views that young people had in relation to the world of work. Specifically, each focus group was invited to describe immediate perceptions of the phrase “**employment/work**”, “**study /training**” followed by “**work and study**”. Participants were then provided hypothetical illustrations or examples of individuals with these different labour market statuses and encouraged to make further comments. The change in participant perceptions on moving from an abstract notion to more concrete ‘real world’ example was pronounced.

Specifically, at the more abstract level, the participants generally thought that young people engaged in work only demonstrated a degree of **maturity**, were **older** than themselves and more **responsible, career focussed**, generally **less academic**, had a **good social life**, and were, to some degree, **financially independent**. Following this, further perceptions in relation to those that “*study only*” or “*work and study*” were provided (and in the latter case were perceived very positively).

However, when presented with a specific example of an individual working only (i.e. “Debbie is 19 and works only”) the views of the groups **turned** (almost universally) **negative**. Specifically, individuals started describing the individual as **lazy** (relative to the individual engaged in work and study), **lacking in ambition, less focussed, less hardworking**, and **short-termist** (i.e. only concerned with the ‘here and now’).

Compared to either study-only or combining work with study, the young people participating in the focus groups viewed the decision to work only as being an **inferior** option to engaging in study. This was demonstrated by the focus group participants’ assumption that the work undertaken by the hypothetical individual was in the distribution, hotels and restaurant sector, involved shift work, was mundane, low skilled and had limited progression opportunities over time. Clearly this was not a universal view – especially as there were a number of individuals in one of the focus groups that were working only; however, the perceptions amongst those individuals engaged in some form of study were noticeable, and most participants did not want to see themselves in this ‘category’.

Young people’s perception of “study/training” and qualification attainment generally was much more long-term. Young people were clearly making a strong and significant link between qualification attainment and professional careers (and associated higher earnings) in the future. However, when asked how to describe (in theory) an individual that was engaged in study only, there was a strong perception that these individuals were **younger**, relatively **well-off** or had significant **financial support** available to them to allow them to study only. There was also the perception that these individuals were **financially immature** or **sheltered, studious, focussed** and in some cases **missing out** on the **opportunities** that work can offer.

### ***Perceptions in relation to combining work and study***

In relation to an individual **combining work and study**, there was a disconnect or separation between the perceptions that these young people had of individuals (strongly positive) and their aspirations to adopt this route. Specifically, respondents generally thought of individuals combining work and study as being **highly ambitious, older** and **more mature**, having **supportive family and friends** (though not

necessarily in a financial sense), **busy, committed, less focused on study, extremely well organised, hard working, efficient**, and having good **time management, team working** and **communication** skills.

However, participants believed that those individuals combining work with study would be under severe **stress** trying to combine these two activities (alongside the desire to maintain an active social life).

When young people were asked about whether they themselves had any desire to combine work with study, there were a number of distinct groups of responses; however, fundamentally, young people thought that combining work and study would be **‘nice in theory’** but **‘unlikely in practice’**.

**First**, some individuals were forced to work predominantly (due to household financial circumstances) – and if anything would like to study (or study more) at the same time, though circumstances would not permit.

The **second** group of responses involved those individuals who essentially had sufficient support from their family and viewed the decision to combine work with study as arising only under the circumstances where the employment or work experience might add to their CV. Of interest in this respect is the fact that actual experience of working was perceived to be potentially less attractive to employers compared to more formal “Work Experience” undertaken through an educational provider (although the opposite was actually the case).

The **third** – and most common – group of respondents made a conscious decision to study only - because of the desire to concentrate specifically on the academic work and their perceived or actual **inability** to combine work and study (and other extra-curricular activities). However, the use of the word ‘desire’ suggests that the decision to study-only is potentially attractive or that this decision was a positive one. In reality, young people who had decided to study only also indicated that the decision was driven by the **‘fear of not doing well’** and the need to **‘play it safe’**. Specifically, despite the initial positive perceptions of employment, when presented with alternative **long-term** scenarios associated with high and low levels of qualification attainment, young people perceived those employment-only outcomes as being substantially less attractive to the options and opportunities presented following further and higher education qualification

attainment. This fear of not doing well was a key determinant of behaviour.

Within this group, it was also the case that a number of individuals believed that this (i.e. 16-21) was the most appropriate time for concentrating on academic study and training. Specifically, a number of young people believed that they had their entire life to devote to work, so that engaging in relatively poorly paid employment and diluting their focus on studying would be pointless – both in the short term (because of the nature of the work available) and also in longer term (in terms of getting to university and getting a 'graduate' job). The lack of attractiveness associated with combining employment with study was also extenuated by the perceptions the young people had of employers – that there was a degree of exploitation associated with the hiring of young people – though again this was based on an individual's personal experiences and those of their friends.

### ***The role and source of guidance***

Young people take input from many sources when making the decision to either study only or combine work and study. In general, participants valued the information, advice and guidance that they received from their family and friends (especially those that had been earning and learning at the same time); although individuals (and especially the younger students) were **decidedly opposed to seeking advice from career advisors or their educational institution.**

Specifically, participants were of the impression that schools and colleges were **"dead set against"** young people combining work with their studies. If asked about combining work with study, the overwhelming view was that schools and Colleges would simply state that **'school comes first'** (and some respondents mentioned that had been explicitly informed as such on the first day of term); that some educational institutions had strict rules in relation to the amount of work that could be undertaken during term time (4 hours a week maximum); and that a number of teachers/lecturers perceived individuals who combined work and study as simply not trying hard enough with their studies or **'putting in the effort'**. A number of respondents suggested that the institutional stance was as a result of the pressure on schools/Colleges in relation to **results** and the need to **perform well in league tables**, and less related to young people earning and learning *per se*.

Although the overall perception of educational institutions' advice relating to earning and learning was negative, this was dependent on the institution. In particular, one respondent specifically mentioned that a large number of students were working at the same time as studying, but that the institution understood this and provided catch-up classes to the relevant students, as well as providing some flexibility to students in relation to coursework deadlines. However, given the fact that students were often engaged in evening and weekend work, a number of participants questioned whether deadlines could be moved to the middle of the week rather than on Monday morning.

### ***The views of educational providers***

When representatives from educational institutions (encompassing individuals from FE Colleges, Sixth Form Colleges, universities and private providers) were asked about their perceptions of 'work and study', the immediate response was that although there were strong positives in relation to developing **employability skills** and **work-ethic**, there was an almost universal belief that working hampered not just potential **attendance**, but also the ability to undertake the academic work that needed to be undertaken **outside the classroom.**

An example provided by one respondent was that in teaching a particular subject, there were 4 timetabled hours per week of contact time, which was not enough to cover the required material. As such, there was an absolute requirement for young people to read extensively around the core material delivered in the classroom, and that employment severely limited young people's ability to achieve the necessary standard.

A second issue that emerged in relation to young people undertaking work concerned the variable demand for staffing by employers. In particular, a number of education providers mentioned that employers had short term spikes in staffing needs, and young people found it exceptionally difficult to manage these short term requests, especially given the fact that they were concerned that they might lose the position if they refused. Again, although the concept of zero hours contracts were considered somewhat exploitative, the point was made that this allowed young people to legitimately decline requests.

In terms of information, advice and guidance, providers stated that there were either explicit or

implicit deterrents in relation to encouraging young people to work and study at the same time. In particular, a number of providers stated that there were explicit rules in relation to the maximum amount of term-time work that students were allowed to undertake (although it was clear that this was difficult to enforce); however, of particular interest, one provider specifically mentioned that timetabling was designed to make it **more difficult** for young people to combine work and study. Providers were very concerned about the impact of working on academic attainment, and as a consequence, performance in league tables. It appears clear that despite the potential positive outcomes that might be associated with young people working, in reality, providers did not encourage this course of action.

### **The views of employers**

Employers participating in the focus group were first asked to describe their appetite and attitude towards study or training amongst current employees. Although in many cases, the employers stated that training could have positive impacts on those that were in receipt of the training, there was an important distinction depending on whether the study/training was undertaken by the individual (and hence not necessarily intended to provide a business benefit), or whether the training was provided by the organisation (and hence intended to generate business benefit). In the former case, employers were generally positive about this activity, as long as it did not interfere with day-to-day business activities, and in most cases, employers attempted to provide some degree of flexibility in relation to examination/coursework schedules. However, it was acknowledged that this accommodation was not costless, and even in situations where employees took unpaid leave, there was every possibility that another employee would need to cover the absence (often involving the payment of overtime).

The picture changed markedly when firms were financially responsible for the training provided. Although all firms offered training (both internal and external), both the **direct costs**, as well as the **opportunity costs** (i.e. supervisory time amongst fully qualified workers), were at the forefront of considerations. In many cases, it was believed that the costs often outweighed the benefits – especially for younger workers. In addition, employers were of the belief that training was a **risky** prospect, specifically because of the positive probability that

the young person that has received training will leave the firm post qualification (the so called *poaching externality*). This specific fear of training – and then losing employees – was a factor for some employers interviewed to not train current employees. There was some discussion whether training might raise the reputation of the firm or increase potential loyalty within a firm; however, given the productivity and profitability focus of employers, this was seen to potentially count for relatively little and was not a sufficient incentive for employers.

An interesting outcome of the employer focus group was in relation to the high expectations that young people had of employers (and going beyond this, the sense of entitlement amongst young people). Specifically, there was a belief amongst employers that young people expected employers to be ultra-flexible in terms of the provision of appropriate training and suitable working patterns, but as the same time they had **little understanding of the key business imperatives**. In other words, employers may or may not wish to be flexible with young people who work and study; however, they are faced with a business environment that simply might not permit flexibility in the services offered (to clients). Employers were exceptionally concerned about the potential distraction from core business activities that might be associated with young people combining work and study.

Employers had very positive perceptions of young people studying independently (**dedication, self-motivation, hardworking, good communication, team-working and time management skills, focussed, and ambitious**). Their concerns in relation to hiring these individuals were the fact that they believed that “business came first”, and that the key challenge of young people to combine work and study related to those points in time where both employers and educational providers had competing demand for time and effort.

When asked what would encourage them to hire more young people (not necessarily engaged in independent study), respondents mentioned the need for additional funding (relating to the issue of reducing the financial risk), and that there should be a greater business focus in the curriculum to ensure that young people have some degree of awareness of how businesses operate.

### 3. CONCLUSIONS

Information from both the OECD and UK Labour Force Survey suggest that there has been a demonstrable decline in the incidence of 'earning and learning' amongst young people in the United Kingdom. This reduction in the incidence of earning and learning, or the death of the Saturday job, has been very rapid amongst the group of full-time students aged 16 and 17, while the group aged 18-24 has seen a more moderate decline.

Importantly, this decline in the incidence of earning and learning predated the onset of the economic recession in 2008 and appears to be at odds with labour market data indicating the availability of part-time jobs.

This decline is also illustrated relative to a number of key international comparators. Furthermore, the analysis demonstrates the more tenuous attachment to the labour market amongst young people who are earning and learning (for instance, a slight reduction in the average hours undertaken per week, a higher incidence of temporary and zero hours contracts, and a reduced reliance on the traditional sectors in which young people were employed). Clearly, it is possible that the higher incidence of temporary and zero hours contract has prevented an even stronger decline of earning and learning.

The findings from the bespoke survey and focus groups identified four key actors and/or factors:

- Young people in education;
- Education providers;
- Local labour markets; and
- Employers.

Overall, there was a strong perception amongst **young people** that working while learning could hinder their performances at school or college. Part of the reason for this perception may be down to the attitude of **education providers**, which tend to encourage students to focus on their study only and deter them from undertaking work during term-time. Conditions in the **local labour market** matter too and can discourage young people from actively searching for working opportunities while studying. In fact, the combination of the lack of jobs, the lack of flexibility from employers (on hours, type of contract

etc.) and other barriers in the local labour market are likely to deter young people from even considering engaging in earning and learning. Finally, the attitude of **employers** confirmed that the combination of earning and learning activities is seen as an implicit or explicit cost for employers and that learning amongst current employees is not typically encouraged unless it provides direct business benefits. Furthermore, as a result of the competing demand on their time, current learners are not in general considered favourably when employers make their hiring decisions. Below we discuss each point in detail.

#### *What was the rationale for earning and learning or undertaking study-only?*

Using information from a bespoke survey of young people, it was found that 23% of young people's responses indicated that they decided not to combine work with study because of their **personal preferences**, and in particular, their desire to **concentrate on their studies (as well as their perceived inability to juggle competing demands on their time)**. The *importance* of this desire to focus on study only was even more pronounced, with 55% of young people studying only stating this as the main reason for not working.

Young people who had decided to study only indicated that the decision was driven by a **'fear of not doing well'** and the need to **'play it safe'**. Despite positive perceptions of the world of work, when presented with alternative longer-term work scenarios associated with high and low levels of qualification attainment, young people perceived those employment-only outcomes as being substantially less attractive to the options and opportunities presented following further and higher education qualification attainment. **This fear of not doing well was a key determinant of behaviour.**

#### *The role of providers*

Substantiating this point, a number of educational providers stated that there were explicit rules in relation to the maximum amount of term-time work that students were allowed to undertake (although it was clear that this was difficult to enforce); however, of

## 3. CONCLUSIONS

particular interest was that, on occasion, **timetabling was designed to make it more difficult for young people to combine work and study**. Providers were very concerned about the impact of working on academic attainment, and as a consequence, their own institution's performance in league tables. Despite the potential positive perceptions and outcomes that might be associated with young people working, in reality, providers did not encourage particularly this course of action.

### *Local labour markets*

Although only **16%** of respondents stated that local labour market conditions were the **main reason** for not combining earning and learning, this result masks the fact that there was a relatively large number of labour market issues that deterred young people from earning and learning. **23%** of responses mentioned the fact that there were no jobs in the local area; **20%** mentioned the fact that hours of work were too restrictive; **20%** that employers were only offering full time positions; **14%** that employers wanted workers all year round; **14%** that there was too much competition for the jobs available; **12%** that the levels of pay were not high enough; **8%** that only low skilled jobs were available; and **6%** that there were too many additional costs. As such, even when young people may have had a preference to combine work with study, **the cumulative impact of these multiple labour market barriers is likely to deter young people from people form even considering engaging in earning and learning.**

### *The role of employers*

Employers stated that training could have positive impacts on those that were in receipt of the training. However, an important distinction arose depending on whether the learning was undertaken by the individual independently or funded by the employer. Employers were generally positive about independent training/study activity, as long as it did not interfere with day-to-day core business activities.

When firms were financially responsible for the training provided, both the **direct** and **opportunity**

**cost** were at the forefront of employers' considerations. In many cases, it was believed that training costs often outweighed the benefits – especially for younger workers. Employers were also of the belief that training was a **risky** prospect, specifically because of the possibility that a young person that had received training would leave the firm post qualification. This specific fear was a reason for some employers to not train younger employees.

When asked what would encourage them to hire more young people, employers mentioned the need for additional funding (to reduce the financial risk), but also increasing the business focus in the curriculum to ensure that young people are more 'business ready' and have some degree of awareness of how businesses operate.

### *Providing flexibility, the completing demands for time, and balancing priorities*

Employers believed that young people had high (and sometimes unrealistic) expectations of employers. There was a belief amongst employers that young people expected employers to be ultra-flexible in terms of the provision of appropriate training and/or accommodation of study patterns; however, had little understanding of key business imperatives. Furthermore, employers were exceptionally concerned about the potential distraction from core business activities that might be associated with young people combining work and study.

Employers had very positive perceptions of young people studying independently; however, the concern in relation to hiring earners and learners was the fact that employers believed that "business came first", and that the key challenge of young people combining work and study related to those points in time where both employers and educational providers had competing demand for time and effort.

## ENDNOTES

1. DfE Research report No. DFE-RR182 "Young people's education and labour market choices aged 16/17 to 18/19"
2. BIS Research Report No. 143 – "Learning from Futuretrack: impact of work experiences on HE student outcomes"
3. UKCES (2015) Catch 16-24: Youth Employment Challenge
4. UKCES (2014) Precarious Futures: Youth employment in an international context
5. DfE Research report No. DFE-RR182 "Young people's education and labour market choices aged 16/17 to 18/19"
6. BIS Research Report No. 143 – "Learning from Futuretrack: impact of work experiences on HE student outcomes"
7. The definition of educational participation used here covers all types of formal education (defined as either "working or studying towards a qualification" or "being enrolled on an education course", or both). If we look at the change in the proportions over time undertaking full-time education only (whether in employment or not), the group of 18-24 experienced an increase from around 21% in 1996 to almost 33% in 2014.
8. Further information on the labour market state of young people by ethnic origin is provided in Figure 32. The analysis replicates the fact that there are different proportions of young people either earning or learning or studying only depending on ethnic origin; however, there is a limited difference in the proportions willing to work (and not working) by ethnic origin.
9. Definition covers employees, self-employed, those on Government employment & training programmes and unpaid family workers
10. Information on course type is only available from 2000
11. Note that in the Labour Force Survey, the number of actual hours exceeds that number of usual hours by approximately 7%.
12. i.e. 411 of 1,787 responses from those studying only.
13. This category consists of "Want to concentrate on my studies (don't want to work and study at the same time)" and "Don't want to work unless it is directly related to my course"
14. Local labour market conditions include "No jobs in local area", "Only low skilled jobs available", "Insufficient qualifications or skills for the jobs available", "Too many additional costs (i.e. uniform, transport, meals etc)", "Too much competition for the jobs available", "Too young (i.e. not allowed to work in bars/pubs)" and "Levels of pay not high enough to make working worthwhile".
15. Around 31% of respondents citing labour market issues identified only one labour market barrier, 55% identified 2 to 4 labour market barriers and around 14% identified more than 4 labour market barriers.

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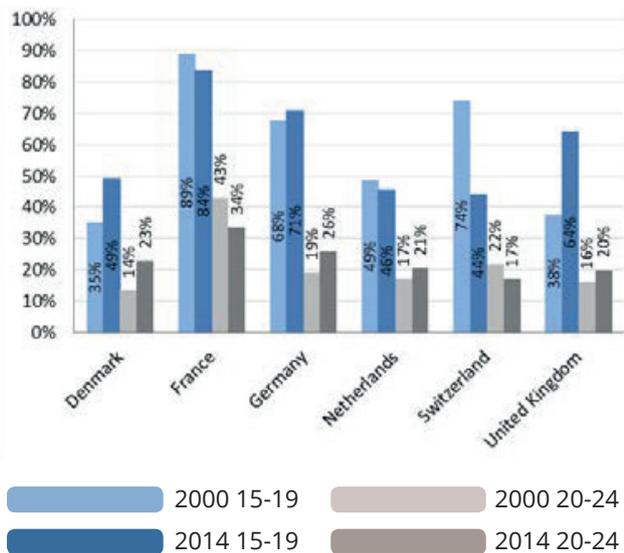
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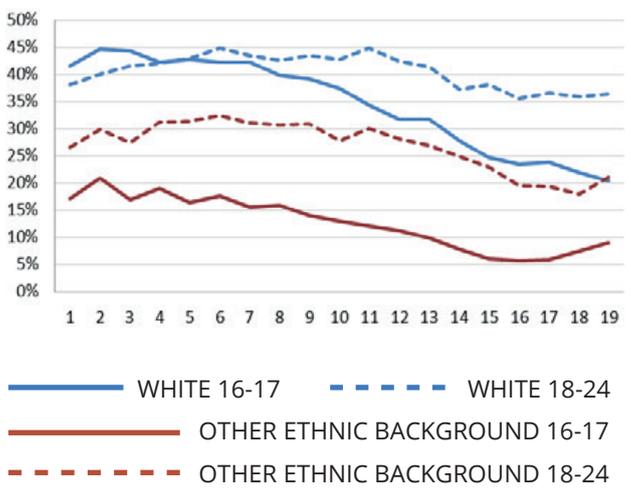
# ANNEX 1: ADDITIONAL MATERIAL

## 29 YOUNG PEOPLE IN EDUCATION ONLY - INTERNATIONAL COMPARISON



Young people in education but not in employment  
 Source: London Economics' analysis of OECD data 2000-2014

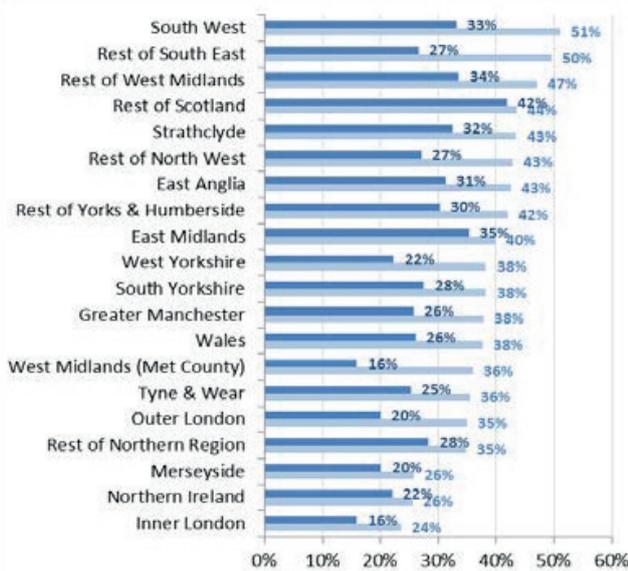
## 30 PROPORTION OF YOUNG PEOPLE IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY ETHNIC ORIGIN - AGGREGATED)



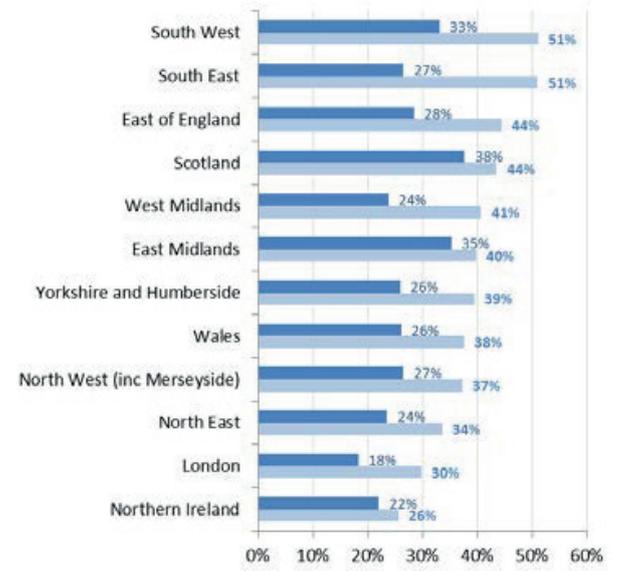
Source: London Economics' analysis of UK Labour Force Survey 1996-2014

## 31 PROPORTION OF YOUNG PEOPLE (16-24) IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY REGION)

### GOVERNMENT OFFICE REGIONS



### NUTS 1 STATISTICAL REGIONS



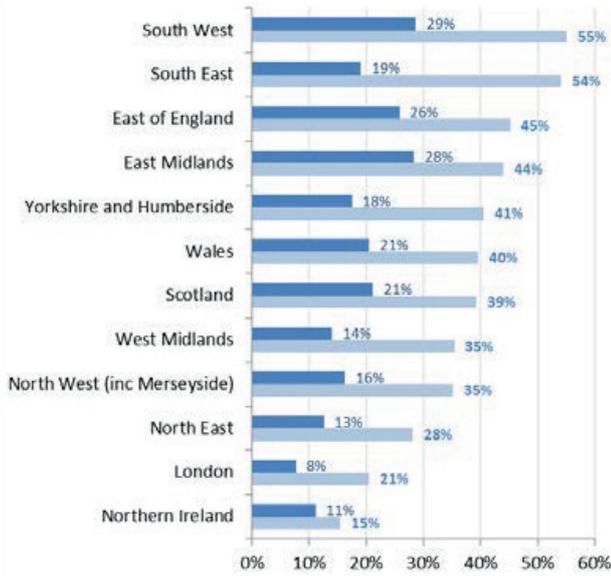
All young people in full-time education (16-24).  
 Source: London Economics' analysis of UK Labour Force Survey 1996-2014

2014 2012

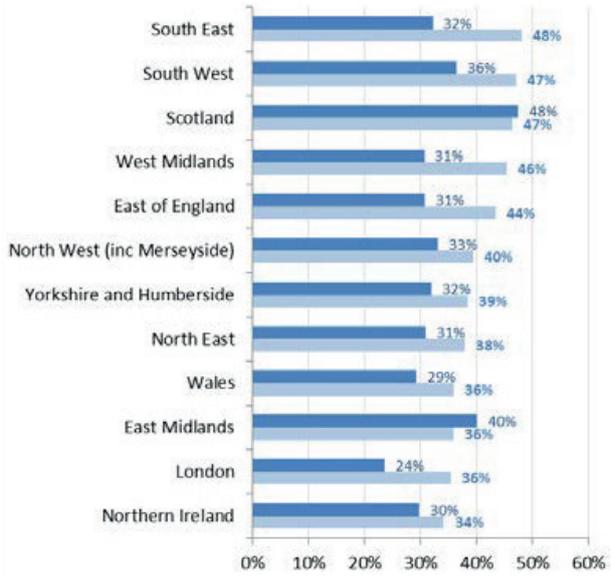
**NUTS 1 STATISTICAL REGIONS**

Source: London Economics' analysis of UK Labour Force Survey 2010-2014

**YOUNG PEOPLE AGED 16-17**



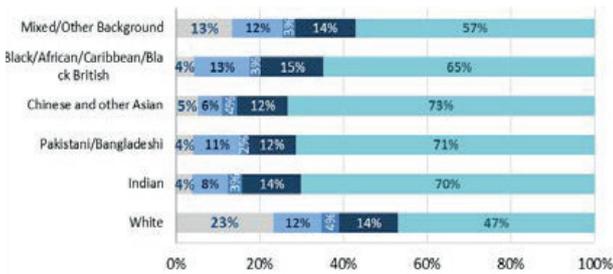
**YOUNG PEOPLE AGED 18-24**



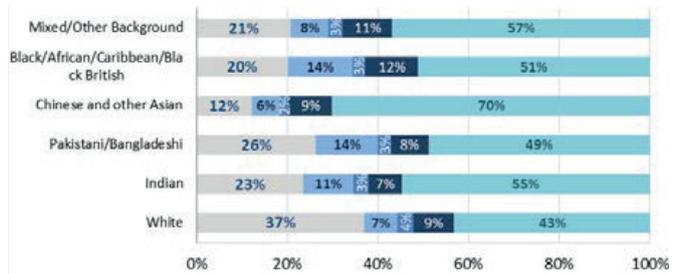
**32**

**YOUNG PEOPLE EMPLOYMENT STATUS (SEEKING/WISHING TO WORK) BY ETHNICITY FOR THOSE IN FULL-TIME EDUCATION (POOLED 2010-14)**

**YOUNG PEOPLE AGED 16-17**



**YOUNG PEOPLE AGED 18-24**

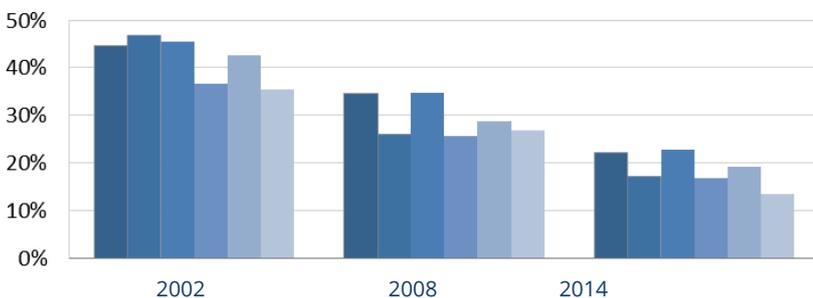


- FT EDUCATION AND EMPLOYED
- FT EDUCATION AND SEEKING WORK
- FT EDUCATION AND WOULD LIKE TO WORK
- FT EDUCATION AND UNEMPLOYED
- FT EDUCATION AND NOT SEEKING/NOT LIKE WORK

Source for Figures 32 and 33: London Economics' analysis of UK Labour Force Survey 2010-2014

**33**

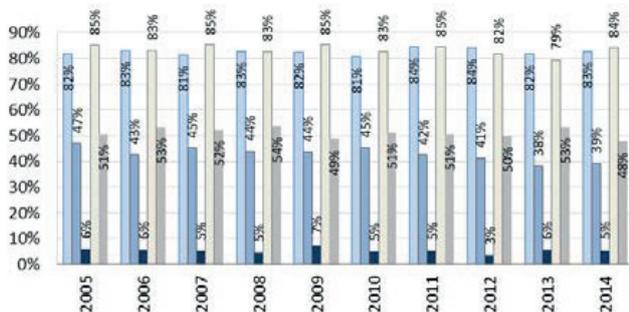
**YOUNG PEOPLE (16-17) IN FULL-TIME EDUCATION WHO ARE EMPLOYED (BY PARENTAL OCCUPATION)**



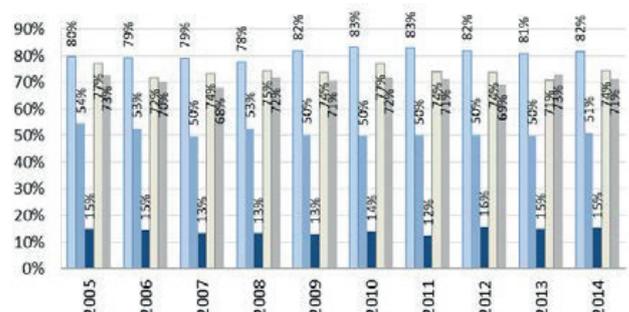
- MANAGERS/PROFESSIONAL/TECHNICAL OCCUPATIONS
- ADMINISTRATIVE AND SECRETARIAL OCCUPATIONS
- SKILLED TRADES OCCUPATIONS
- SALES/SERVICE OCCUPATIONS
- PROCESS, PLANT AND MACHINE OPERATIVES
- ELEMENTARY OCCUPATIONS

**34 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING (SHIFT TYPE)**

**YOUNG PEOPLE AGED 16-17**



**YOUNG PEOPLE AGED 18-24**



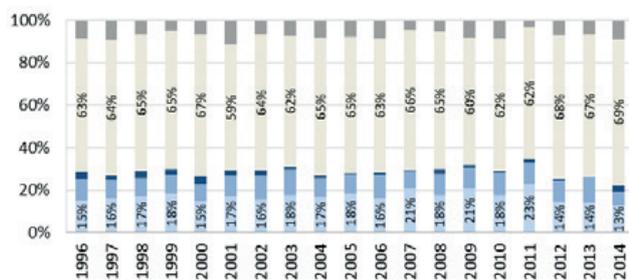
- USUALLY WORK DURING THE DAY 16-17
- USUALLY WORK DURING THE NIGHT 16-17
- USUALLY WORK DURING THE WEEK 16-17

- USUALLY WORK DURING THE EVENING 16-17
- USUALLY WORK DURING THE WEEKEND 16-17

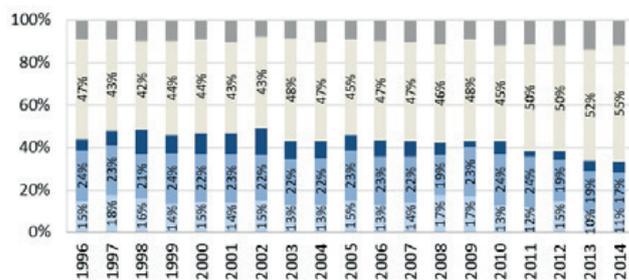
“Usually work during the Day/Evening/Night” refer to the usual pattern of work during the week and multiple responses are allowed. “Usually work during the weekend/week” report the proportion working during weekends/the working week (Mon-Fri).  
 Source for figures 34, 35 and 36: London Economics’ analysis of UK Labour Force Survey 1996-2014

**35 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING BY GENDER (REASON FOR TEMPORARY JOB)**

**YOUNG PEOPLE AGED 16-17**



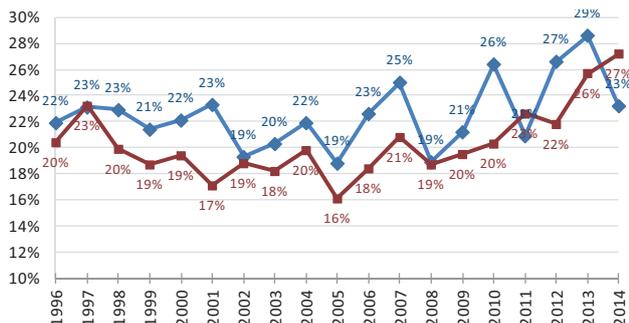
**YOUNG PEOPLE AGED 18-24**



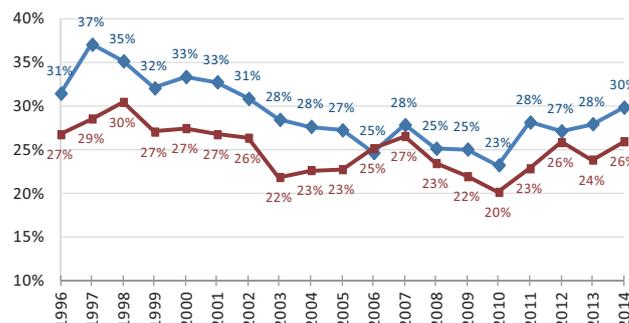
- SEASONAL WORK
- CONTRACT FOR FIXED PERIOD, FIXED TASK
- CASUAL TYPE OF WORK
- WORKING FOR EMPLOYMENT AGENCY
- NOT PERMANENT IN SOME OTHER WAY

**35 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING BY GENDER (TEMPORARY JOB)**

**YOUNG PEOPLE AGED 16-17**



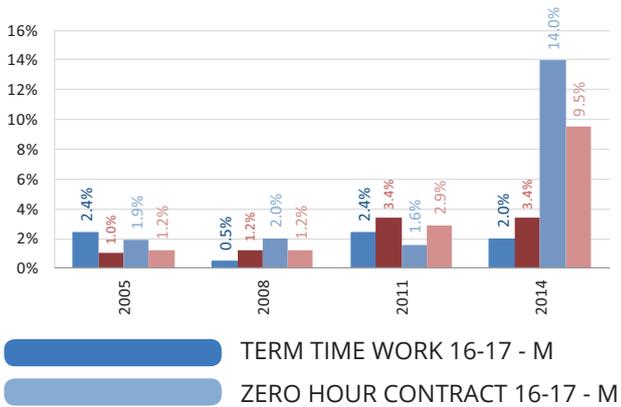
**YOUNG PEOPLE AGED 18-24**



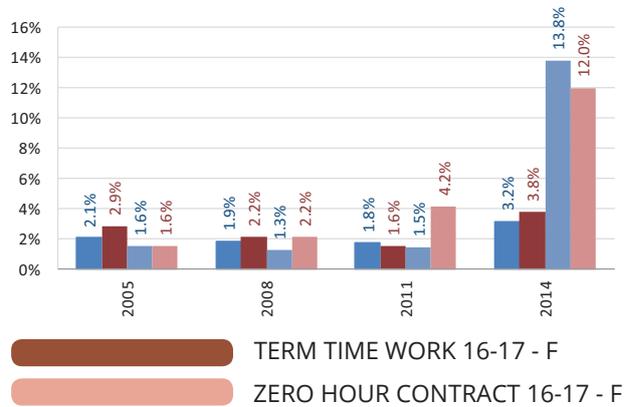
- % TEMPORARY JOB 16-17 M
- % TEMPORARY JOB 16-17 F
- % TEMPORARY JOB 18-24 M
- % TEMPORARY JOB 18-24 F

**37 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING BY GENDER (TYPE OF CONTRACT)**

**YOUNG PEOPLE AGED 16-17**



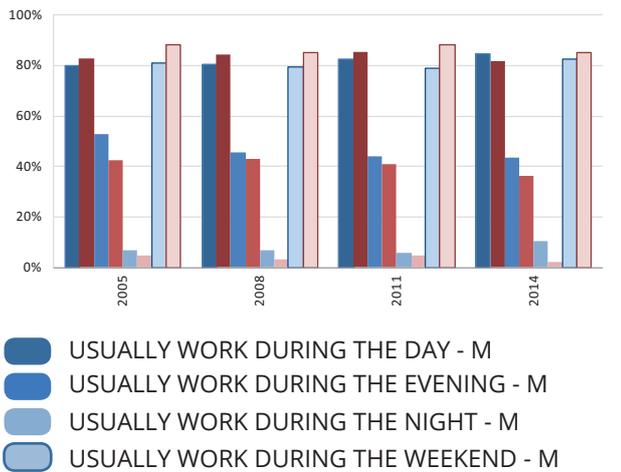
**YOUNG PEOPLE AGED 18-24**



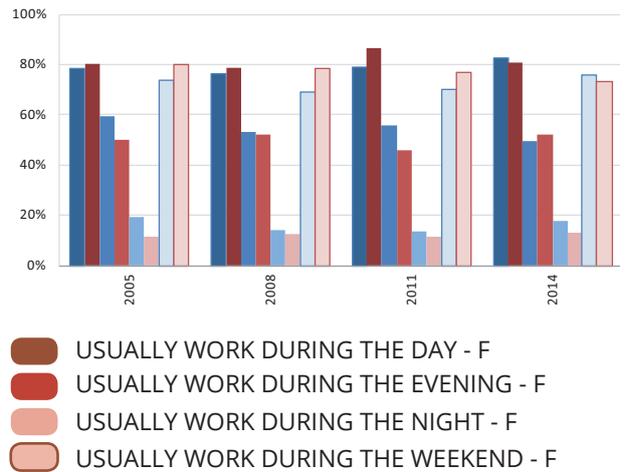
Source for figures 37, 38 and 39: London Economics' analysis of UK Labour Force Survey 1996-2014

**38 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING BY GENDER (SHIFT PATTERN)**

**YOUNG PEOPLE AGED 16-17**

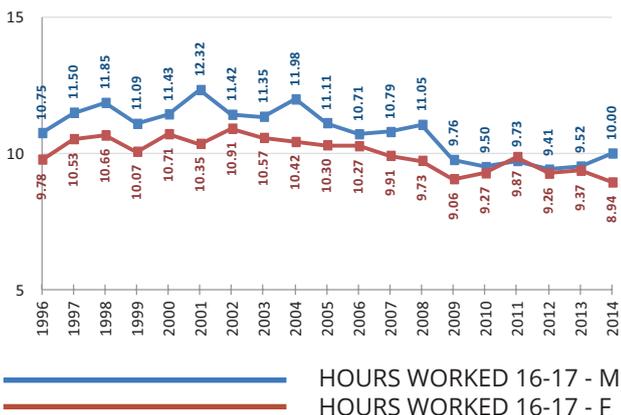


**YOUNG PEOPLE AGED 18-24**

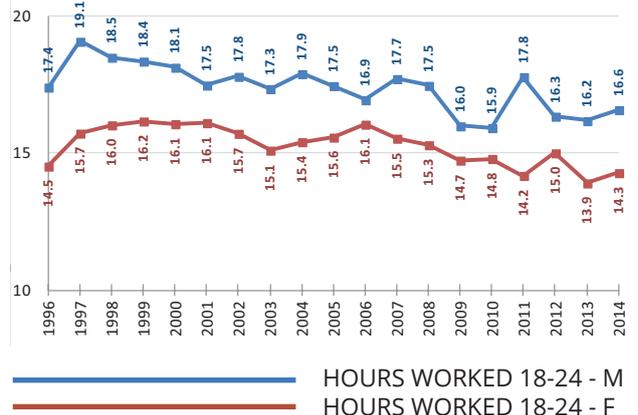


**39 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING BY GENDER (HOURS WORKED)**

**YOUNG PEOPLE AGED 16-17**

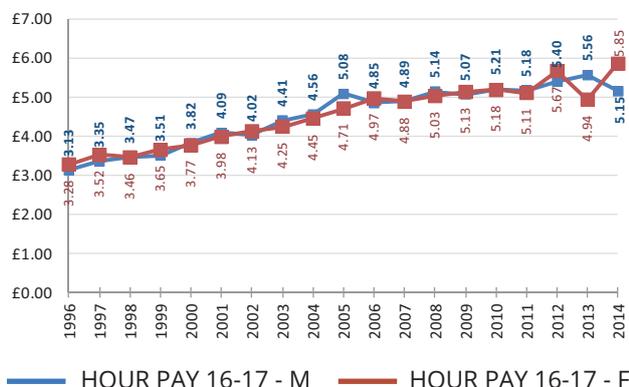


**YOUNG PEOPLE AGED 18-24**

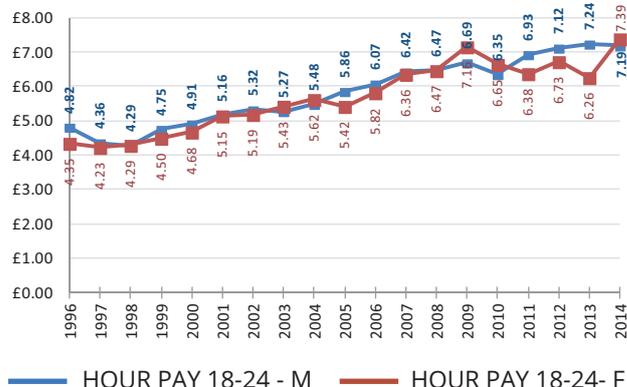


**40 EMPLOYMENT CHARACTERISTICS FOR THOSE EARNING AND LEARNING BY GENDER (HOURLY PAY)**

**YOUNG PEOPLE AGED 16-17**

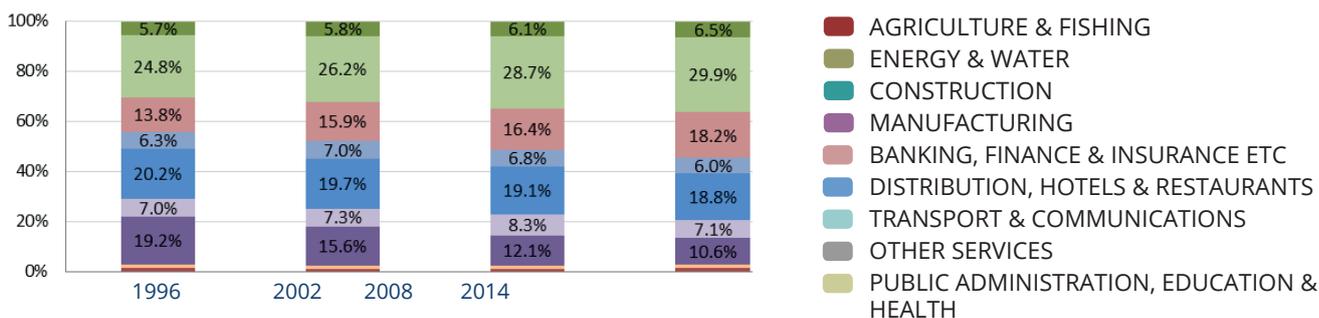


**YOUNG PEOPLE AGED 18-24**



Source for Figures 40, 41 and 42: London Economics' analysis of UK Labour Force Survey 1996-2014

**41 EMPLOYMENT CHARACTERISTICS FOR ALL INDIVIDUALS AGED 16-64 IN EMPLOYMENT (INDUSTRY)**



All individuals in employment in the age band 16-64.

**42 EMPLOYMENT CHARACTERISTICS FOR ALL INDIVIDUALS AGED 16-64 IN EMPLOYMENT (OCCUPATION)**



All individuals in employment in the age band 16-64.

Preferences related to undertaking studies	Financial	External advice/ guidance	Local labour market conditions	Inflexible education providers	Sickness/ disability/ caring responsibilities	Other/ don't know
73.2%	36.7%	28.0%	51.1%	45.8%	6.4%	12.6%

Note: Proportion of respondents citing at least one reason in each category Source: London Economics' analysis of YouGov data

**Table 3: Young people's reasons for not combining earning and learning**

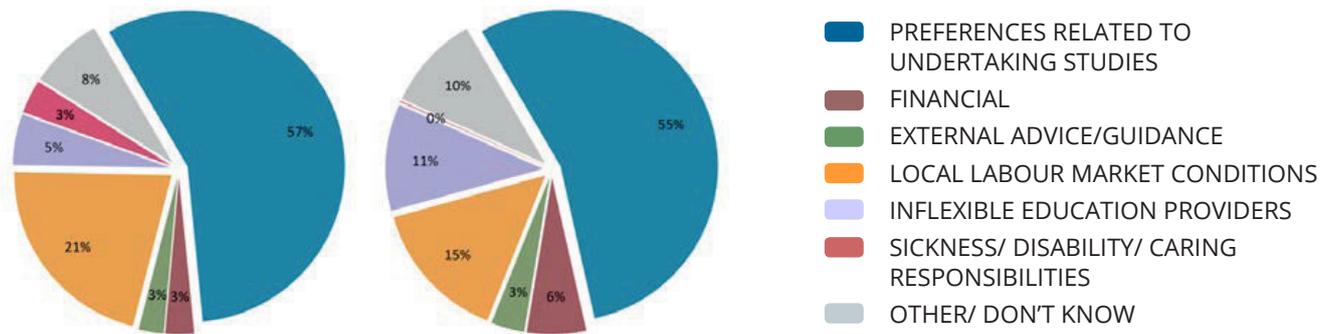
	Preferences related to undertaking studies	Financial	External advice/guidance	Local labour market conditions	Inflexible education providers	Sickness/disability/caring responsibilities	Other/don't know
Preferences related to undertaking studies	100%	46%	34%	53%	54%	6%	3%
Financial	92%	100%	40%	62%	60%	6%	2%
External advice/guidance	89%	52%	100%	59%	68%	8%	2%
Local labour market conditions	76%	44%	32%	100%	59%	8%	3%
Inflexible education providers	86%	48%	42%	66%	100%	6%	4%
Sickness/disability/caring responsibilities	65%	32%	36%	65%	42%	100%	3%
Other/don't know	15%	7%	5%	12%	13%	2%	100%

Source: London Economics' analysis of YouGov data

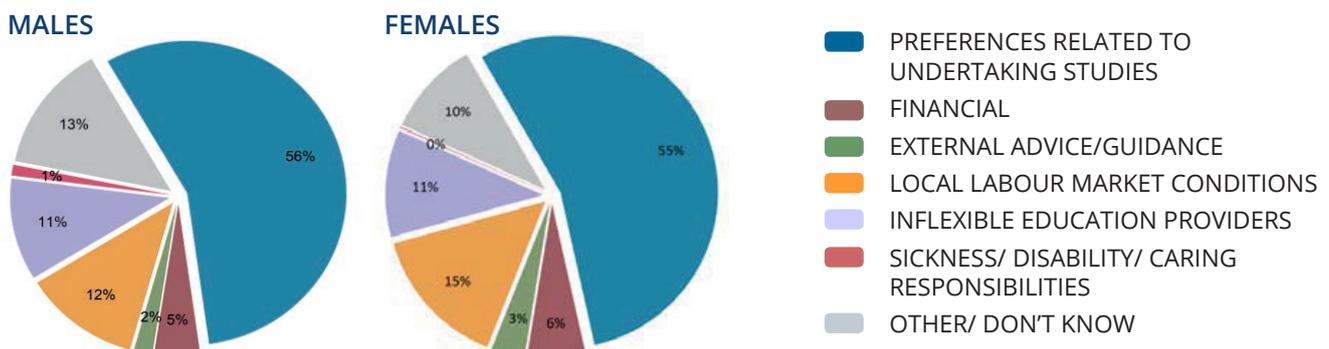
Note: cross-tabulation of the proportion of respondents citing at least one reason in each category. To interpret this data, in the first row, second column (46%), suggests that of those individuals who indicated they were not combining work and study because of personal preferences, approximately 46% also mentioned financial reasons. In contrast, of those individuals indicating financial reasons as being a reason for not combining work and study, 92% (column 1, row 2) also mentioned personal preferences.

**43 YOUNG PEOPLE'S MAIN REASON FOR NOT COMBINING EARNING AND LEARNING BY GROUPED QUALIFICATION LEVEL**

YOUNG PEOPLE IN POSSESSION OF LEVEL 3 (LEFT) AND LEVEL 4 (RIGHT) QUALIFICATIONS OR BELOW



**43 YOUNG PEOPLE'S MAIN REASON FOR NOT COMBINING EARNING AND LEARNING BY GENDER**





**In our survey of young people, 55% of students who aren't working said it was because they wanted to focus on their studies.**

**For more information:**

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