

YOUTH TRANSITION: THE INFLUENCE OF THE LOCAL LABOUR MARKET ON EXPECTATIONS

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Abstract

High levels of unemployment among youth have led to a heightened focus on the transition from school to post-school activity. Despite a vast literature on youth transition only a few researchers have considered the role of the local labour market. This paper begins by reviewing the relevant education and economics literature. In this New Zealand study we explore the expectations of teenagers near the end of their schooling in two very different locations: Kawerau, a small 'company town' in the Bay of Plenty experiencing high levels of inactivity, benefit dependency and migration, and Porirua City within Wellington, a high income metropolitan centre, with a robust, diversified local labour market.

After controlling for sex, age, ethnicity and academic achievement we compare the expectations which senior secondary school students hold in the two locations in terms of their future education, employment and income. In each case statistically significant differences in student aspirations are identified between the two locations. Contrary to expectations from the education literature on rural youth it is not those students in the small mill town of Kawerau who exhibit the lower expectations - paradoxically their aspirations are noticeably more positive than their metropolitan counterparts. 'Reality checks' against friends and siblings help detect inflated expectations but do not moderate the different results. The paradox is largely resolved by the economics literature which draws on the theory of returns to investment in further education to show how local unemployment levels raise the probability youth will choose further schooling over searching for employment. It is this additional schooling which is associated with higher expectations.

Introduction

The first attempt at job search and initial employment usually take place locally, in the same town young people attend secondary school. Surprisingly much of the expanding literature on youth transition especially in the education literature makes little reference to the influence of place on the further schooling and employment decisions young people make in their senior student years.

The aim of this paper is to explore how the state of the local labour market influences the expectations youth hold of their immediate and longer term employment prospects, subsequent education and income. Hypotheses based on the education literature suggest that schooling in small relatively isolated labour markets influences educational, occupational and income aspirations in a negative way. Without the size to generate the diversity of opportunity, the market to foster specialisation of occupations or the demand to maintain high relative wages, youth growing up in small towns will not have opportunities to work without leaving home. Schooling in such places negatively influence student expectations of future employment, occupation and income.

In order to test this hypothesis in the New Zealand context we compare the expectations of secondary school students from two very different local labour markets: the small pulp and paper mill town of Kawerau and the City

of Porirua within the metropolitan centre of Wellington. We contrasted year 11-13 students in two otherwise similar schools anticipating that youth in the small towns would respond to questions about their future employment in fundamentally different ways from those living in metropolitan centres.

Through this geographically focussed research we learnt three important things that have far reaching consequences for the way we think about youth transition in general. Firstly, the nature of the local labour markets *does* influence the choices youth make upon leaving school - but the paths linking place to youth expectations may be more complex than have been framed to date.

Secondly, expectations of youth are generated through many channels which draw on information at several different scales: international, national as well as local. The messages gleaned from these sources are not all consistent. The media may create expectations which often have little factual basis in the local world. The expectations generated by the media are further filtered by parents, households and community role models. How developed those mediating structures are may be important in preparing youth for successful transition from school to eventual employment.

Thirdly, youth raised in small towns face an additional challenge in the transition to work or further study - namely the imperative to move and the likely separation

from parents and the community. The ability to remain attached and receive support through a transition that is *also* geographical can further challenge youth in households and communities whose support may have been weakened on other grounds such as the unemployment and/or benefit dependency. This in turn raises a number of important policy issues around transition support in rural and small town contexts.

We begin by reviewing what is now an extensive literature on youth transition paying attention firstly to what the education literature says about youth in rural and smaller settlements. The research design and methodology are introduced and the student respondents from the two schools are compared.

Literature Review

Notwithstanding a general disregard of the *local* labour market in the literature on youth transition, those researchers who have recognised the significance of geography come from two largely separate disciplines, education, which tends to focus on the rural/urban divide and the labour economics which focuses on the state of the local labour market. This division of the literature into education and economics is of course a simplification and is not intended to deny the presence of a substantive literature in sociology e.g. see Higgens, (2002) or indeed a growing literature in (mainly rural) geography itself (Panelli, 2002).

Beyond the literature reviewed here there is a methodological division between post-modernist approaches current in contemporary sociological literature (Chisholm and du Bois-Reymond, 1993) and the econometric modelling employed in both the educational and economics literature and in this paper. The post-modern and econometric literatures do not intersect and each proceeds largely in ignorance of the other. This is a pity because they both have valuable contributions to make to our collective understanding of the youth transition (Smith et al., 2002). With this general point in mind this paper focuses primarily on the mainly quantitative, large sample literature.

One of the most important sources of variation in the experiences of young people lies in their geographical distribution because of the affect this has on their access to quality education and job opportunities (Jones, 2002). Those living in disadvantaged neighbourhoods, whether in urban areas or rural ones, have to be able to get to more prosperous areas to study or work, or become resigned to the restricted job opportunities available locally. 'Getting out' moreover requires additional financial and possible emotional support, whether from the state, an employer, or a family member.

It is argued further that many rural youth grow up exposed to formative experiences and family structures that are markedly different from non-rural peers (Haller and Virkler, 1993). The increased likelihood of narrow school curricula, restricted local market opportunities, and fewer college and professional role models influence

rural youth to disproportionately select agricultural, service and manual occupations as adults.

Examining the influence of community context on the attitudes and plans of rural and non-rural adolescents Heckner shows that given the limited range of careers available in rural areas, incompatibility of career aspirations tend to lower educational aspirations and delay college entry (Heckner, 1995). The same point is made elsewhere (Rojewski, 1999); social networks facilitate access to job opportunities but in small towns youth lack some of the social networks which can be an important barrier to employment. Although many of the problems associated with (un)employment are shared by young people in both metropolitan and rural areas, the latter face additional difficulties linked to geographical isolation and to the narrow range of employment and training (Cartmel and Furlong, 2000).

Problems relating to career development and occupational preparation of rural youth also include reduced access and pursuit of post-secondary education, narrowed school curricula, limited exposure to the world of work, and a lack of work-related role models (Rojewski, 1999:142). Ultimately these problems can result in limited education or employment-related problems such as lower personal income and higher rates of unemployment and poverty, which in turn are exacerbated by a general lack of economic vitality and the relative scarcity of high-skill, high-wage employment options found in many rural communities. Even though most students planned to advance their education beyond high school rural and metropolitan students differ in the subject areas they plan to pursue. In particular rural youth seemed to choose areas they had been able to observe from experience (McCracken and Barcinas 1991).

Aspirations emerge as a key difference between urban and rural youth. Quaglia and Cobb suggests that student aspirations are, "the glue that holds the educational process together", and goes on to argue that aspirations go beyond students having goals and ambition (Quaglia and Cobb, 1996). Aspirations provide insight to what students think and feel about themselves, their schools, and the roles they have within the school community. They also provide an historical perspective on the construct of aspirations. Significant educational and psychosocial benefits are associated with high levels of aspirations, and correspondingly, education and psychological problems are associated with low aspirations (Plucker, 1996). McCracken and Barcinas (1991) came to similar conclusions in their study of the relationship between school location (urban vs. rural) and students' occupational and educational aspirations.

The literature comparing rural and non-rural student aspirations has generated two mutually exclusive results, either that rural students have lower aspirations than their urban counter parts or that there is relatively little difference. Having said this, researchers are well aware of the many factors that interplay in influencing and creating young peoples aspirations. These include: socio-economic status (Jones, 2002), parental occupation, attachment to place (Heckner, 1995), the schools they

attend and the communities they live in (McCracken and Barcinas, 1991) as well as family dynamics (Haller and Virkler, 1993) and ethnicity.

In summary, most of the education literature on youth transition ignores the local labour market as an independent variable. Those that do recognise the importance of the locational context make a number of claims: specifically that non-metropolitan youth: a) have lower aspirations on occupation and income, b) are more likely to leave school early, and c) are more likely to end up in lower socio-economic, especially manual occupations. These researchers also stress that any assessment of local labour market effects on aspirations must take into account other market influences such as socio-economic status, parental expectations, family dynamics and attachment to place.

The New Zealand transition literature draws largely on the education literature in their analysis of three main longitudinal data sets: The Competent Children study of the New Zealand Council for Educational Research), the Dunedin Multidisciplinary Health and Development Study (Silver and Stanton, 1996) and the Christchurch Health and Development Study (Fergusson and Woodward, 2000). At least one labour economist has also used these data (Maani, 2000). Significantly these longitudinal studies only follow cohorts of young people in metropolitan areas and do not address the fact that rural/small town youth may have a different story to tell. Nor do these studies access data on the local labour market.

Important though this longitudinal work is, there remains a consensus amongst those researching various aspects of youth development that there is a lack of New Zealand based literature (Higgins, 2002; Hill, 2003; Maloney, 2004; McLauren, 2002) as well as a lack of good New Zealand data about many of the transitions that children and young people experience. The Transition Report Series *Young People Not in Education, Training or Employment – Key Indicators* produced by the New Zealand Ministry of Social Development (2003) highlights a number of issues around youth not participating in employment or education and notes that further research is needed in order to account for youth inactivity in key locations around New Zealand (our emphasis). This report is unique in that it actually acknowledges geographical differences observing that rates of non-participation are significantly higher than the national average in some geographical locations especially those that experience disadvantage as measured by the New Zealand deprivation index.

Running parallel to the education literature but largely unacknowledged by them is a literature by economists, usually labour economists, who focus on the choice youth

make to enter the labour market or continue schooling. Using a human capital framework, binary as well as multiple choices by youth are modelled as a function of family background, household structure, school type and academic ability as well as the state of the labour market. Sometimes larger regional markets are used in which case the region, may reflect a variety of influences, including preferences (e.g. strong traditions of valuing education), school quality and labour demand (Micklewright, 1989).

Rice's work based on the England and Wales Youth Cohort Studies show how local conditions can play a very influential role in the decision to remain in fulltime education or to seek employment. Rice notes how participation rates in further education for both males and females are positively related to the unemployment rate in the local labour market, the effects being greater at times of economic recession when unemployment rates are rising (Rice, 1999). Local conditions are particularly influential in the case of young males with weaker academic qualifications.

Andrews and Bradley's work uses a large cross sectional data base from Lancashire in 1991 to underscore the importance of local labour market conditions in the post secondary school decisions young people make (Andrews and Bradley, 1997). Exceptions to this general conclusion are unusual but do appear in the work on school-leavers across a number of Scottish cities (Garner et al., 1988).

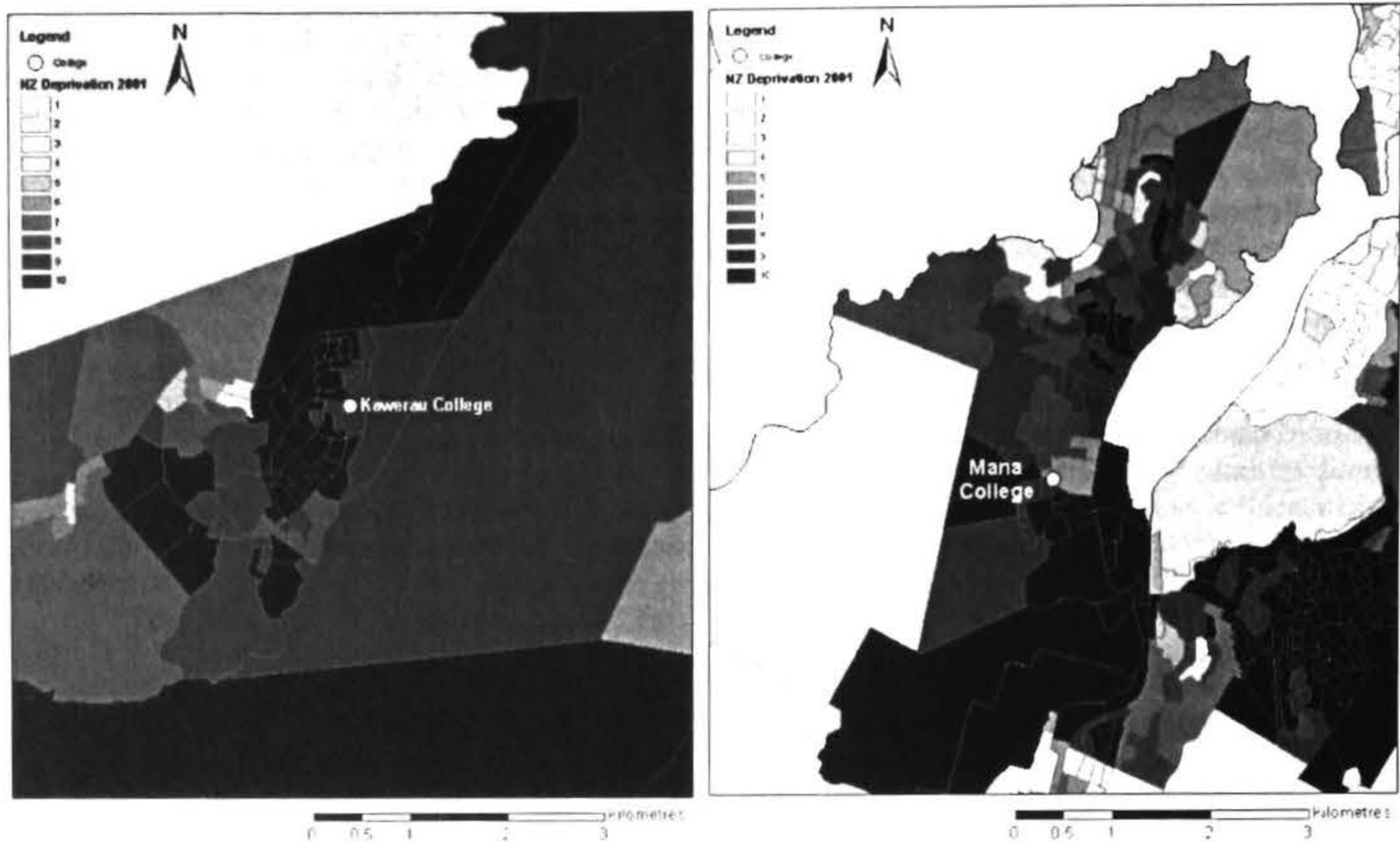
Our study departs from both these literatures in a number of ways. Firstly, our design has been set up specifically to assess the impact of the local labour market on the youth transition decision. Most of the studies we have cited use the local labour market as a control in order to measure human capital effects on choice. Our orientation is the reverse; as geographers we control for human capital and other influences in order to measure the impact of the *geography* on decisions youth make.

Secondly, whereas virtually all the economic studies model the determinants of *actual* choices made by secondary school studies we analyse the choices youth *expect* to make. In this sense at least we come closer to the educationalists interest in aspirations but from a geographic perspective.

Research Design and Methodology

Our study uses a questionnaire to obtain information on aspirations and intentions from two sets of secondary school students facing the transition from school to paid employment. The two colleges, Kawerau and Mana were chosen to represent youth living in two very different locations.

Figure 1: Kawerau and Mana Colleges showing their catchment deprivation scores, 2001



While the locational contexts are deliberately quite different, the schools themselves were selected in order to minimize their differences. Kawerau and Mana Colleges draw on catchments with relatively high levels of 'deprivation' as measured by the New Zealand Deprivation Index. The deprivation index is constructed from 11 variables to produce a scale for small areas which runs from 1 - the least deprived ten percent of areas, through to 10 - the most deprived ten percent (Crampton et al., 2000). Figure 1 shows, how both schools draw on catchments with high deprivation scores.

The reader should note that the deciles used for educational funding are quite separate conceptually and practically from the New Zealand deprivation scores used to map the catchments in Figure 1. Mana, as a decile 2 school, draws on a slightly more heterogeneous catchment and is ranked one step lower in order of priority for government funding than Kawerau which is a decile 1 school.

The questionnaire developed for this study taps students' expectations about their future post-school activities: when they plan to leave school, what they'll be doing in that first year out, their expectations about their highest level of education, the job they want, difficulties in getting that job, the local options and the movement expectations and the income they expect from their first full-time job (Loeber, 2004).

In order to estimate what might reasonably be identified as local labour market effects it was necessary to control for as many other mediating influences as practical. These include differences in demographics of the sample such as gender, year of schooling (also a proxy for age of student), ethnicity, as well as the students' level of

academic performance in school. As we work through the arguments we also consider parents' expectations, best friends' aspirations and eldest siblings' occupations and attachment to the community.

Following a pilot and focus group work the revised questionnaire was sent out to the careers advisors at Kawerau and Mana Colleges. They explained the process to teachers who assisted in administering the questionnaire in April 2004 as part of a normal lesson. A total of 338 responses were returned from students in years 10 through 13 from the two schools - an almost 100 percent response rate. Only those from years 11, 12 and 13 are used in this study because the relatively poor quality of responses from year ten students.

The Impact of Location

Students in the two schools were asked what they 'think they would be doing in the first year after leaving high school'. A variety of responses emerged from this open-ended question including full-time and part-time employment, studying, starting a family, travelling, joining a gang, caring for a relative full-time, etc. The analysis in this paper focuses solely on the division between employment and non-employment although options for examining other combinations including simultaneous work *and* study are present in the data.

The expectation of employment upon leaving school did indeed differ significantly across the two schools: 77% in the case of Mana students and 66% for Kawerau College. We cannot attribute such employment expectations simply to the characteristics of the local labour market because of the presence of sample composition effects.

For example Kawerau College has many more girls in its senior years.

In order to control for sample composition effects and other differences we formulated a logistic regression model with a binary dependent variable (employment =1 and non-employment =0). The log of the ratio of the probability of employment to the probability of non-employment (the log of the odds ratio or logit) is regressed against the set of independent variables.

Our approach therefore measures the influence which the location/school variable plays in accounting for student expectations after controlling for the influence of the following four student attributes: sex, ethnicity, year and grade.

The specific model we estimate is as follows with sex, ethnicity, year and grade entered as dummy variables:

$$\text{Log}(p/1+p) = \alpha + \beta_1 \text{School} + \beta_2 \text{Sex} + \beta_{3,4,5} \text{Ethnicity} [1,2,3] + \beta_{6,7} \text{Year} [1,2] + \beta_{8,9} \text{Grade}[1,4]$$

where,

School: 1 if Kawerau, 0 if Mana

Sex: 1 if male (and hence 0 if female);

Ethn2 = 1 if Maori + Other, Else = 0

Ethn3=1 if Pacific Islander and Pacific Islander + Other,

Ethn4 = 1 if Pakeha + Other (e.g. Asian),

Yrs2 = 1 if the student is in year 12

Yrs3=1 if the student is in year 13,

Grade1 = 1 if the student identifies themselves as an A grade student,

Grade3 = 1 if a C grade student and

Grade4 = 1 if a D grade.

This particular parameterisation implies that the constant, α , refers to the log odds that Maori girls in year 11 who rate themselves as a B grade student will opt for employment on leaving school.

The chances of expecting employment upon leaving school varies according to the school/location they are in and the characteristics of the student, as shown in Table 1. Note that our explicit assumption throughout is that it is the character of the local labour market and not any particular differences in the school or teachers (including careers advisors), which is captured by the location variable we call 'School'. Although the inferences we draw are consistent with most other labour market based studies we do revisit this assumption in our discussion at the end of the paper.

Parameter estimates of the logit model are shown as odds rates in Table 2. As anticipated from the more limited opportunities in a declining mill town, students are

noticeably less likely to anticipate employment upon leaving Kawerau College than Mana College students who face the larger and more buoyant labour market of metropolitan Wellington. Controlling for differences in the student mix across the schools actually *increases* the differential impact of the two labour markets.

Table 1. Variable means for Students Expecting Employment

	Probability of selecting employment	Number of cases
School	0.71	254
Mana	0.77	112
Kawerau	0.66	142
Sex		
Male	0.72	115
Female	0.70	139
Ethnicity		
Maori	0.77	114
Maori + Other	0.73	68
Pacific & Pacific + Other	0.72	29
Pakeha & Pakeha + Other	0.50	42
Year		
Year 11	0.69	125
Year 12	0.80	72
Year 13	0.62	49
Grades		
A	0.69	36
B	0.72	135
C	0.70	64
D	0.73	11

The uncontrolled effect of schooling in Kawerau was to lower the odds that students there would expect employment upon leaving school by about half. When we take account of factors such as the greater proportion of girls in Kawerau College's senior years and the different distribution of students across the ethnic categories, years and grades, the odds in favour of Kawerau students taking employment fall even further relative to Mana, from 0.56 to 0.44. In other words, School, and by inference the local labour market, remains *the* most influential of our independent variables in accounting for post school employment preferences.

The signs on the controls in Table 2 are themselves of interest. Taking into account the other variables in the model, boys show no greater or lesser tendency than girls to expect employment and students own grade rating also has little influence. Anticipating employment rises in year 12 but falls in year 13. The propensity to expect employment decreases from Maori, to Maori and Other, through Pacific Island students to Pakeha students who show the lowest propensity. (However note that there are only 4 Pacific Island students in the Kawerau sample and that 3 of the 4 opt for employment, which is contrary to the dominant effect of the local labour market. We therefore give little weight to this particular difference.

Table 2: The impact of the local labour market on expectations of employment after leaving school. Odds ratio estimates

Variable	Odds Ratio	Std.Err.	z	P>[z]	95% Conf. Interval	
School	0.440	0.153	-2.35	0.019	0.222	0.871
Sex	0.996	0.309	-0.01	0.990	0.543	1.830
Ethn2	0.668	0.258	-1.04	0.296	0.314	1.423
Ethn3	0.602	0.325	-0.94	0.348	0.209	1.737
Ethn4	0.348	0.141	-2.59	0.010	0.157	0.774
Yrs2	1.842	0.675	1.67	0.095	0.898	3.779
Yrs3	0.721	0.279	-0.84	0.399	0.337	1.542
Grade1	0.892	0.391	-0.26	0.794	0.378	2.106
Grade2	0.948	0.333	-0.15	0.879	0.476	1.888
Grade3	0.962	0.718	-0.15	0.959	0.223	4.153

No. of observations	242
LR chi2(1)	18.35
Prob> Chi ²	0.049
Pseudo R ²	0.063
Log likelihood	-136.386

Occupational and Educational Expectations

One of the striking features of student responses in both the schools is the optimism over their future employability. The full range of occupations were categorised as high, medium and low according to the scaling of socio-economic status using the New Zealand Socio-Economic Index (NZSEI), an occupationally-based measure of socio-economic status developed to replace the widely used Elley-Irving scale (Galbraith et al., 2003).

The distribution of the NZEI-96 scores of the occupations wanted by students show a fairly symmetrical distribution of scores in both schools. Statistics from these uncontrolled distributions suggest that the socio-economic status of the 'job wants' expressed by Kawerau students actually exceeded those at Mana college (46.3 > 43.1 - (84 and 109 observations respectively). This result is contrary to what we were expecting on the basis of town size, the state of their respective labour markets *and* on the basis of the education literature. The two sample t-test with unequal variances yields $t = -1.367$ and a one-tailed test probability that Kawerau > Mana of 0.087. The paradoxical result remained even when controlling for sample characteristics.

The two sets of students were also asked what they thought their highest level of education would be. Here we made the distinction between tertiary (Polytech and above) and non-tertiary (senior secondary school and trade certificates) qualifications.

The result is consistent with occupational differences already observed: the Kawerau students exhibited significantly higher proportions wishing to go on to tertiary study and again these results continued to hold after we introduce the controls. The odds in favour of

Kawerau students aspiring to a tertiary education are almost twice those of Mana (1.80). Girls are substantially more likely to opt for tertiary qualifications (i.e. boys are half as likely as girls) and again there is a close consistent relationship between educational aspirations and self evaluated performance at school. This result is consistent with recent findings in Australia where more girls than boys intended leaving (small towns and rural areas) and going onto university, 62% > 39% (Alston and Kent, 2001). This result, they argued, reflected the gendered opportunities in the rural employment sector.

Expected Earnings

Given that salaries tend to increase with specialisation we expected students in metropolitan areas to anticipate higher salaries than students in small towns and rural areas. Mana students for example would be aware of the presence of Parliament, universities, corporate headquarters, government departments etc. in Wellington. No such institutions exist in Kawerau, although salaries at the mill are uncommonly high for skilled workers. Therefore other things equal we expected Kawerau youth would expect lower incomes than Mana students. Another reason for expecting Kawerau youth to expect lower incomes was that on average wages fall with market size.

We asked the students how much money they expected to take home per hour in their first fulltime job. The first thing we noticed was the high and unrealistic expectations students had of their earning ability, especially in their first job. Over 20% of Mana and Kawerau students expected to earn more than \$20 per hour in their first job (the highest category on the questionnaire). This rate equates to \$41,600 per year after

tax which contrasts markedly with the median annual gross income of \$13,602 in Kawerau, over \$14,000 in the Porirua areas and \$18,545 for New Zealand as a whole (2001), not to mention much lower earnings youth would receive in the first year of a fulltime job.

The second point was the very wide range of earnings anticipated by students within each school - from \$8 to \$20 per hour. There was no significant difference in this respect between boys and girls or between the two schools; nor was there any significant difference by age or ethnicity. All showed a wide dispersion in expectations with an abnormally high proportion with very high expectations.

The third and central point was that, despite the substantial difference in town size (and occupational structure) there was actually little difference in the income expectations. The unusually high salaries drawn by mill workers in Kawerau may have distorted the pure market size effect but we are inclined to discount this argument because girls showed similar earnings expectations to boys.

Even with these controls in place a higher proportion of the Kawerau College students expected higher incomes, indeed the chances of such a choice almost doubles among Kawerau students (the odds ratio is 1.98 which is higher and statistically significant compared to the uncontrolled ratio of 1.22). Despite their lower educational expectations boys nevertheless expect higher incomes than girls and A grade students are significantly more likely to expect higher incomes.

Unrealistic Expectations?

The important feature of these results on expected income, like those for qualifications and occupation, is that they are quite contrary to the educational literature which argues that small towns and rural youth will have *lower* expectations or aspirations. They are also quite contrary to the impressions we gleaned from fieldwork in Kawerau. Therefore we pursued the notion that the local labour market context of Kawerau might actually generate what we will call hyper or unrealistic expectations.

In order to test the presence of hyper-expectations we introduced a number of 'reality checks'. The first is the difference between 'job wants' and 'job expects' - what McCracken and Barcinas (1991) refer to as 'idealistic occupation' as opposed to 'realistic occupation' (p33). In order to differentiate between the two we took a second measure - the occupations students expected to be in by age 30 (see Haller and Virkler, 1993: 172). Secondly, we asked students to indicate what they believed their best friend would be doing in their first year out of school.

Thirdly we asked for the occupation of the students' eldest brother and sister (where present). In each case we hypothesised that against each of these references it would be the Kawerau students who would exhibit more exaggerated expectations and lower degrees of 'realism'.

Our first measure of inflated expectations involved comparing the NZEI-96 rating of the occupation the students wanted on leaving school with that of the occupation they expected when 30 years old. This comparison required a usable response to both questions and just over half of all students in both schools provided reliable responses - with no detectable selection bias.

The result was a positive correlation between jobs wanted and job expectations at 30, but with considerable variation ($R^2 = 0.64$). The job students 'wanted' upon leaving school corresponded only weakly to what they thought they'd achieve at age 30. The mean NZEI-96 scores were almost exactly the same however, so there is no downgrading (on average) between 'wanted' and 'expected occupations'.

The slope coefficients implied that students lower their long term job expectations the higher the socio-economic rating of their initial 'job want'; for every 10 point increase in NZEI-96 rating of occupations the Kawerau students 'wanted' there is only a 5.4 point increase in the scope of those occupation they actually 'expected' to get. The Mana responses were not statistically different at 5.8%. In terms of these results therefore *both* sets of students were being unrealistic in their immediate occupational expectations.

Turning to other activities upon leaving school, we found that less than one percent of students in both schools saw themselves being unemployed or in a gang in their first year out of school, notwithstanding the much lower rate of employment among youth in Kawerau. In marked contrast 12% of Kawerau students and 14% of Mana students indicated that their best school friend would be unemployed in the first year out of school and eight percent in both schools indicated that their best school friend would be in a gang. Both sets of students also saw a much lower proportion of their friends in employment; 21% fewer in the Mana case and 19% in the Kawerau case. In terms of our hypothesis therefore Kawerau students did not exhibit a significantly different 'reality gap'.

Our third reality check involved comparing the students' own occupational expectations with those of their eldest sibling. There is little variation between the schools in the number who have older siblings - about three quarters. However the response rate this question was low, under 30%. The argument here is that siblings' realised occupation would act as a guide to what is both possible and likely in terms of occupational attainment (although it is well documented in general that children ranked by birth order in a family show successively lower levels of attainment).

There turns out to be remarkably little agreement between the NZEI -96 rating of either sibling's occupation and those the students expect to be in when they are 30. The older sibling's present occupation accounts for under one percent of the variance of the respondents expected occupation with little difference between the schools. Once again we are unable to substantiate the hypothesis that Kawerau students were more likely to exaggerate

their occupational expectations compared to the Mana students.

In summary, while the 'reality checks' have confirmed a speculative element in occupational expectations as well as post-school employment options in general, they do not show that Kawerau students are any more 'idealistic' in their expectations than their metropolitan counterparts. Neither best friend comparison nor the comparison between 'job wants' and 'job expects' nor comparisons with siblings were able to demonstrate a lower degree of realism among Kawerau students.

We are therefore still faced with our paradox, namely that the occupation, qualification and income expectations of rural/small town students were higher than their metropolitan counterparts even after controlling for student attributes. Subsequent analysis of the presence of role models in the two communities did little to alter this conclusion (see Loeber, 2004).

A possible reason for Kawerau students' higher expectations is their greater willingness to move. Instead of seeing their future in terms of the local labour market they may in fact scan a wider horizon than students already ensconced in a much larger labour major market. We turn briefly therefore to mobility.

Mobility and Attachment

One of the major consequences of residing in a small town, especially towns with falling job opportunities and relatively high unemployment, is that most students will have to move elsewhere to get a job. The questionnaire responses bear this out with Kawerau students realising that migration is a necessary step to the jobs they want whereas this was not a concern for Mana students.

More Kawerau students (61%) indicated that they could not obtain the job they wanted locally, compared with only (17%) of Mana students. A larger proportion of all Kawerau students are therefore likely to have to migrate in order to achieve their occupational goals. Consistently, when asked whether they would move away from friends and family for a job, a greater proportion of Mana students 28% reported that they would *not* move compared with only 8% of Kawerau students.

We must be prepared however for the possibility that the proportion of students in Kawerau willing to move may, like their occupation expectations, be unrealistic. We suspect that the pressures to stay on in a small town may in fact be greater than in a large centre. As a bench mark we again used the students 'best friend'. The argument here is that students are more likely to be realistic in their appraisal of their best friend's true intentions and capacity to migrate than their own. We therefore asked - Do you think your best friend would move out of the area to get a job if one wasn't available locally.

The results showed that Kawerau students were nearly twice as likely to say that their best school friend would *not* move away from friends and family than they would themselves, 15% > 8%. By contrast there was little

difference between Mana students and their best friend, 28% > 27%. In Kawerau it is seen as less acceptable not to be prepared to move away from friends and family for a job, largely because the alternative implies inactivity and unemployment.

Conclusion

We undertook this research in the context of a wider study on mobility and attachment in otherwise vulnerable communities (see Acknowledgements). Our aim was to gauge the relative importance of the local labour market in secondary school students' expectations about their transition to work. Schooling in labour markets of very different size and character would, we hypothesised, influence students' chances of securing a job and modify their educational and occupational aspirations as well as the income they could expect.

What our comparison of senior students in the two schools in the two different locations has revealed is that far from confirming the generalisations made by educationalists about small vs large towns, Kawerau College, a decile 1 school, has a significant proportion of senior students, especially girls, who exhibit *higher* aspirations than their counterparts in Mana College, Wellington. In this respect our findings do *not* match the generalisations in the literature about rural and small town youth.

Much that is paradoxical in this last result dissolves if we start not with the education literature but with the labour economics literature. In each of the economists transition studies cited, the local unemployment rate was found to strongly reduce students incentive to seek work. Most sensitive to local unemployment (most elastic) are boys with lower levels of academic ability whose propensity to leave is pro-cyclical.

This positive relationship between the local unemployment rate and retention of seniors at school also holds in cross-section so that locations with high unemployment experience relatively higher proportions of their students staying on at school or going on to post-school education. It is this effect that we believe we are witnessing in Kawerau together with its likely spillover into aspirations. The prospects for those who leave school early in Kawerau are relatively bleak and parents and the wider community as well as the schools know this. Although teachers, parents and students do not necessarily share the same values (Ley et al., 1996), the net result in Kawerau College at least has been a concerted effort to retain students at school and equip them for future education and where applicable provide post-school training.

Further Research

Useful though this last conclusion is in suggesting further research we are acutely aware of the limitations of this preliminary study. We have studied only two schools and we have had to make the largely untested assumption that school and location effects are inseparable. We know however that schools do differ, often considerably even

within the same local labour market. Any extension of this work therefore needs to include more schools in more local labour markets so that school and market effects can be separated. Such a separation would be necessary for example in order to identify differential effects of local labour markets on schools with different decile ratings.

A second urgently needed extension is to broaden the notion of choice beyond the dichotomy commonly used of 'employment' versus 'non-employment'. Our results together with a number of others in the literature point to the wide range of possible post-school activities students can undertake - including helping in the home and the caring for relatives - an 'option' canvassed by many poorer households (including those in both Kawerau and Mana). Elsewhere multinomial models addressing three or more choices have proved valuable (Andrews and Bradley, 1997).

More generally, Higgins (2002) has argued in her New Zealand work on youth transition that how we conceptualise transition is crucially important in crafting effective youth policy, and that such policy should recognise the additional complexities young people face when they manage not only a transition from education to employment but also the dislocation of family and peer relationships which relocation can bring.

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