

# Measuring employment and further study: the graduate outcomes indicators

## IRU Performance based funding Briefing 2

The *Performance-based funding for the Commonwealth Grant Scheme Discussion Paper* proposes graduate full-time employment and full-time further study as potential measures for the performance-based component of the maximum grant.

For several decades these two measures have been constructed differently. Graduate full-time employment rates typically exclude those not available for full-time work, which is roughly one quarter of all graduates. Graduate full-time further study rates includes all graduates. This creates potential problems, such as:

- Graduate full-time employment rates may be inflated for universities where fewer graduates seek full-time employment;
- Part-time employment is treated as equivalent to unemployment, despite the positive long-term employment outcomes of part time employed graduates in longitudinal surveys.

This brief examines rates of graduate full-time employment, graduate employment and full-time further study in a consistent manner, including all graduates in the denominator.

### Findings

- There is a strong negative correlation between total employment versus further full-time study, indicative of the trade-off between these two graduate outcomes.
- Most universities perform at or above the sectoral average on either total employment or further full-time study, but only two perform above the average on both.
- Data using total employment of all graduates rather than full-time employment as percentage of those available for such work means that:
  - the spread of university results is far narrower (21% range for all employment against 33% for those looking for full time employment)
  - Several universities have much lower labour force participation rates, resulting in fewer graduates overall being employed or unemployed.
- The all employment indicator is important for Western Australian and South Australian universities, which comprise four of the bottom five universities on proportion of full-time employment of those available for it compared with one of the bottom five on total employment for all graduates. The relatively weaker full-time employment outcomes of universities in these states likely reflects the weaker state-based labour markets for graduates, rather than an outcome of university performance.

## Issue

The Government indicators for several decades have used two graduate outcome indicators which appear similar but which are constructed differently.

- Full time employment, which is in reality a full time employment rate of those seeking full time employment.

The employment indicator does not clearly show what proportion of graduates are actually in work at the point it is measured. It gives a better outcome to a university with 40% of students in full time employment of 50% seeking it (80% FT employment indicator), over a university with 50% of students in full time employment of 70% seeking it (71% FT employment indicator)

- Full time study, which is a simple indicator of the proportion of all graduates in further full time study.

To the extent that graduates in full time study could reduce the set looking for full time employment, a university's good indicator for further study could also improve its result for full time employment indicator.

## Employment outcomes: All graduates vs available for full-time employment

Table 1 presents graduate outcomes by university in the following categories based on the 2018 Graduate Outcomes Survey data aggregated from 2016, 2017 and 2018:

1. % in any employment (all graduates);
2. % not in employment, but available for employment (all graduates) – a measure of unemployment;
3. % not in employment and not available for employment (all graduates) – a measure of not being in the labour force;
4. % in Full-time further study (all graduates).
5. % in Full-time employment (of those who were available for full-time employment). This is the current indicator QILT uses and the Government discussion paper retains;
6. % in any employment (of those who were available for any employment);

The main limitation of using publicly available data is that employment and further study can overlap but access to the QILT data does not allow us to combine the two. For example, the first three of the above measure sum to 100%, but those not employed may be in full-time study and those in full-time study may also be employed. Most importantly, this means we cannot determine the number or proportion of graduates in neither employment nor full-time study.

On the standard metric of employment for those seeking it (columns 5 and 6):

- 73% of graduates were in full-time employment;
- 87% of recent graduates were employed in some capacity (i.e. 14% part-time).

There are few differences in the average rates of full-time employment across university groups, with slightly lower rates at IRU members (71%), and no substantive differences in (any) employment on average across any university groups.

**Table 1. Bachelor graduates by employment status and university group averages (2016-18)**

	All graduates				Available for work	
	1. Employed	2. Not employed	3. Not in LF	4. FT study	5. FT Employed	6. Employed
IRU	80%	13%	8%	19%	71%	86%
ATN	82%	12%	6%	17%	73%	87%
Go8	77%	12%	12%	30%	72%	87%
RUN	82%	12%	6%	13%	74%	87%
NG	82%	12%	7%	17%	73%	87%
<b>Total</b>	<b>80%</b>	<b>12%</b>	<b>8%</b>	<b>21%</b>	<b>73%</b>	<b>87%</b>

When all graduates are included in the divisor (including those not seeking full-time or any employment), the rates of employment predictably decline:

- 50% of graduates were in full-time employment;
- 80% of recent graduates were employed in some capacity (including 30% part-time);
- 12% of recent graduates were not employed and 8% are not in the labour force.

There are very few differences across university groups on total employment, but Go8 member graduates are more often not in the labour force (12% vs 8% for sector) and in further study (30% versus 21% for sector) and less likely to be in employment.

### Employment and further study indicators by university

There is considerable diversity for individual universities in employment rates, as well as the relationship between total employment (all graduates) versus the more commonly cited employment amongst those seeking it.

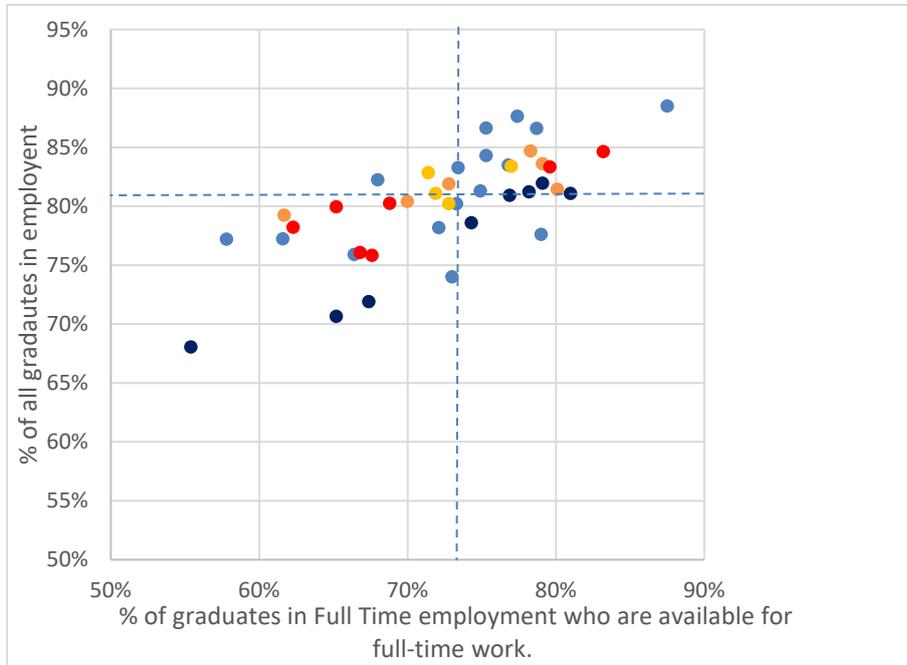
Figure 1 contrasts the two alternative employment metrics on a scatterplot with:

- results showing the current measure of the proportion of graduates in full-time employment of those available for such employment (x-axis); versus
- proportion of graduates in any employment including those not available for employment (y-axis).

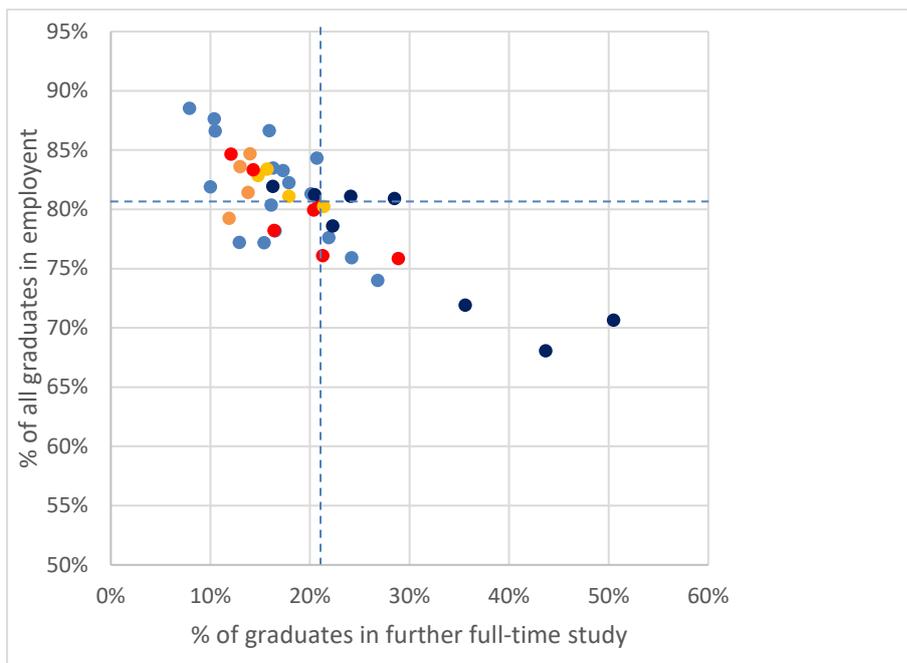
The sectoral average shown by the blue vertical and horizontal lines (i.e. crossing 80% on the y-axis and 73% on the x-axis).

Figure 2 plots the total employment data against the proportion of graduates in further full-time study, with the sectoral averages on the horizontal and vertical lines (i.e. retaining the same y-axis as Figure 1).

**Figure 1. Bachelor graduates in any employment (% of all) (y-axis) and full-time employment (% available) (x-axis), 2016-18**



**Figure 2. Bachelor graduates in any employment (% of all) (y-axis) and full-time study (% of all) (x-axis), 2016-18**



The main university-level findings are:

- Most universities perform at or above the sectoral average on either total employment or further full-time study, only two perform above the average on both.
- Universities vary far less on total employment versus full-time employment (as % of those available for such work).
- The largest (positive) impact for using total employment is for Western Australian and South Australian universities where state economies have been weakest in recent times.

While the results are correlated, IRU, RUN and ATN members typically perform stronger on total employment as proportion of all graduates compared to full-time employment of those available for such employment. The opposite is true for Go8 members, which tend to perform better on outcomes for those available for full-time employment.

The impact is important for Western Australian and South Australian universities, which comprise five of the bottom six universities on proportion of full-time employment of those available for it versus two of the bottom six on total employment for all graduates. The relatively weaker full-time employment outcomes of universities in these states likely reflects the weaker state-based labour markets for graduates, rather than an outcome of university performance.

The Figure 2 results for total employment and graduates in further full-time study show a negative linear relationship between further full-time study and employment. Only two universities are above the sectoral average on both measures, with five universities below the average on both measures.

## Conclusion

The graduate outcome indicators should be reworked to

- focus at the outcome as a proportion of all graduates,
- target employment rather than full time employment, and
- develop a single measure of the proportion of students who progressed to either employment or further study.

20 February 2019