

A SOCIAL RETURN ON INVESTMENT ANALYSIS FOR YOUTH INSPIRE



Understanding the social value
generated by supporting young people
into jobs, training and study



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BY SUPPORTING YOUNG PEOPLE INTO JOBS,
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Executive Summary

Introduction

A Social Return on Investment (SROI) Analysis is essentially a cost-benefit analysis for services with a high social value. It enables the full value of a programme to be determined. SROI analysis is carried out by conducting focus groups which allows for in-depth understanding of stakeholders' perspectives, experiences and histories.

This study applies SROI methodology to understand and quantify the current social and economic value of YOUth Inspire (YI) services and the level of benefit (for each dollar invested) accruing to Lower Hutt through the provision of these services. The core concept of the focus groups conducted in this study was to establish the perspectives of each of the stakeholders on the activities and attributes of YI, the outputs and outcomes and how each of these aspects interact with each other.

This approach allows for the identification of both intended and unintended consequences of the programme, which is essential in quantifying the value of current services and plan future improvements. This is important not only because international and national youth unemployment levels are rising but also because Wainuiomata has, on average, lower levels of education and income and higher rates of people on some form of government benefit (excluding superannuation), compared with both Lower Hutt and the national average.

Evidence from previous studies

We reviewed international meta-analyses on youth labour market programmes to determine which approaches are found to be the most consistently effective when working with disadvantaged youth who are currently Not in Employment, Education or Training (NEET). This review found that there are three key approaches which can increase the chances of success for these programmes.

- The strong link between educational attainment and employment outcomes: International evidence strongly correlates educational levels with future employment prospects, both in terms of income and stability. This finding is illustrated by Higgins (2003) who found that "labour market programmes struggle to compensate except in modest ways for early exit from the education system".
- Skill based and apprenticeship programmes: The use of specific skill based / vocational training and apprenticeships when coupled with strong links to the local labour market are found to yield the most consistently successful results across multiple studies.
- Providing a variety of support and aftercare: Previous studies verified that training for disadvantaged youth alone is often insufficient and that inclusion of additional support and importantly the long term continuation of this support (even after the young person has found employment) improve outcomes.

Consideration is also given to what the available evidence suggests increases the effectiveness of programmes specifically for young Maori. While the evidence is limited to national studies, the importance of including whanau in the programmes and ensuring that there is an appropriate cultural context for learning were illustrated.

Findings of focus groups

Seven focus groups were conducted with stakeholder groups, namely service users, family of users, volunteers, YI managers, staff, volunteers and mentors, YI Board members (i.e. community leaders) and business partners (i.e. employers). The focus groups were facilitated to undertake qualitative research into how people found out about YI, why they got involved, which services they used and the impact the YI services had on the young people involved, and their whanau as well as the YI business partners who employed YI service users. Participants also discussed the attributes of YI services viewed as being the most important and identified the barriers to success and potential improvements that could be made.

For young people and their families, the most common way of learning about YI and their services is through friends, family and word of mouth. By contrast, businesses predominantly learn about the service through the Council. The most common reason given by young people for becoming involved with YI is for assistance with finding a job followed by receiving assistance to begin a course or gain credits towards their NCEA qualifications. This aligns with YI's core purpose to help young people find meaningful opportunities in employment, training and education. Businesses became involved with the organisation for two key reasons; firstly working with YI is viewed as a practical way to fill staff shortages in particular areas. Secondly many were involved for altruistic reasons, which in turn could have direct positive flow on effects to the business, such as being an example of corporate social responsibility.

A wide variety of benefits were identified as associated with being involved with YI. From the perspective of young people and their families, a crucial benefit was finding a job and the steady income that came with that. While there are many benefits associated with steady employment, focus group participants spoke of the sense of pride whanau felt in their young people and in turn the boost to self-confidence and pride the young people felt in their achievements. Improved relationships, reduced anti-social behaviours, and improved health and wellbeing were also reported as a benefit of involvement with YI. These benefits were mainly seen as either achieved through securing a meaningful job and stable income, or a requirement to get back on track and find the appropriate job placement. Assistance with obtaining a drivers licence was also considered to be a significant benefit of the programme and was seen to increase the employability of the young person. Businesses reported significant benefits of being involved with YI, and employing young people through them. They find the YI service users to be 'job ready', that is they are ready to get started and learn from the first day. Businesses reported that this had significant positive productivity implications. Additionally, the pastoral support provided by the YI staff was highly valued and seen as a crucial component of staff retention, which represents a significant benefit to businesses especially when they have invested in training or upskilling.

When discussing the characteristics of YI that were viewed as critical components of the success of the YI organisation, young people and their families identified the following staff characteristics: that staff are 'pushy' and require accountability, while also being encouraging and empathetic; and that they are inclusive and responsive, non-judgemental, have an open door policy, are approachable and open minded. Additionally, an important component that was identified by young people is that they felt empowered to make decisions for themselves, rather than being forced or pushed into things that may not be well suited to them or their situation. Crucially this made young people feel that they were being listened to and greatly appreciated the partnership created where they were able to work together with staff to make a plan. YI is generally viewed as a safe-haven, which given the difficult family and living situations of some of the young people, is a very valuable attribute. Businesses acknowledged YI efforts to make the young people 'work-ready' and the pastoral support they provided as both being crucial aspects of the success of YI approach. Additionally, businesses endorsed that YI staff are always following through if any issue arose. The focus group participants acknowledged that the unique model of YI and its attributes and activities - providing services tailored to individual's needs and goals - have been a fruitful approach for a local community with many young people from disadvantaged families.

In discussing improvements that participants felt YI could make to its services, all stakeholders identified the potential to increase the awareness of the services offered both to young people (in particular recent school leavers and senior students at local high schools) and new businesses. The increase in capacity of YI to offer more services to more users, e.g. assist more with job searching, was also mentioned. In regard to expansion of services, young people stated that they would like the fitness classes to continue and noted the drivers licence programme as a particularly valuable programme enabling them to gain driving skill that is required in many local jobs.

The favourable findings about YI services are aligned with the findings of previous studies. In particular, the importance of gaining NCEA 2 and above in securing gainful employment is evidenced for the young people in the age bracket in which YI services are offered. The provision of skills based (including job ready training) and apprenticeship programmes, coupled with strong links to the labour market is also shown to be effective in increasing young people's chance to find their career pathway. YI staff facilitates this by establishing a relationship between young people needing a job and businesses looking for employees. The provision of pastoral support is also supported by the literature review as significantly improving the chances of long term success.

The strong degree of correlation between literature and focus group findings illustrates that the YI approach and services align with international best practice and that this best practice is relevant to the New Zealand and local context. This is proven to be specifically appropriate to the needs of Wainuiomata young people and businesses.

SROI ratio/ monetising the benefit

The qualitative information generated by stakeholders in the focus groups was also used to monetise the value of YI services. Appropriate indicators and financial proxies were linked to the tangible and intangible benefits identified to determine the Social Return on Investment (SROI) ratio of YI services. The highly positive outcomes reported in focus groups were evidenced by the high

SROI ratio of \$11.6 generated for every \$1 invested in YI. This high degree of benefit, indicated with a ratio higher than the average of ratios found in studies of similar initiatives, is directly related to the life-changing nature of the positive change YI service users experienced, and the distinctive approach YI has taken. The special situation in Wainuiomata and the level of support YI gets from Council and community leaders, including the Mayor, as well as the business owners have strengthened the success of this initiative. Last but not least, the passionate managers and staff who go above and beyond their assigned responsibilities to help young people have greatly contributed to achieving this outcome.

While the nature of assigning financial proxies to intangible benefits contains an inherent degree of subjectivity, every effort has been made to ensure the valuations are as sensible and robust as possible. The calculations have been made on the basis of conservative assumptions to minimise the risk of the benefits being overstated or inaccurately valued. This result is also subject to selection and acquiescence biases.

A breakdown of the benefits generated by YI suggests that approximately 55% of the total benefit is accrued by the service users, 14% is gained by businesses, and 31% is attributed to the central government and the wider community. These figures, though unsubstantiated, illustrate the far reaching benefits generated by YI, and demonstrate the way in which multiple stakeholders benefit by being involved with YI both directly and indirectly.

Conclusion and recommendations

The findings of the focus groups, with a range of stakeholders, coupled with the high SROI ratio, present a robust account of the services offered by YI, and endorse the significant value generated to young people, their whanau, businesses and the wider community. Considering the demographics of Wainuiomata and the vulnerability of many of the YI service users, this report demonstrates the vital importance of the services YI provides. The highly positive SROI ratio justifies additional support and funding to extend YI services and verifies the significant value that will continue to be created by future expansion of YI capacity and services.

In particular, an increase in the capacity of YI to offer more services (including assistance with job searching), developing a structured 'job ready' programme, maintaining the provision of ongoing pastoral support, and improving record keeping practice is recommended. Additionally, provision of drivers licence training programmes are considered as an example of the specific skills training evidenced to be effective and was specified by both employers and young people as being an important service for assisting young people in gaining employment. Providing better information to the service users, their whanau and businesses about the available services and the benefits achieved by previous service users is specified as a method of improving the service through role modelling and engaging new young people and businesses. The expansion of the services to meet the existing demand is highly recommended.

