Graduating in Australia

from Richard Pearson

A study just published in Australia gives a useful pointer to the status of graduates in the employment market.

HIGHER education throughout the Western world is being encouraged to increase its relevance to and links with industry. One of the 'performance factors' being used to measure the effectiveness and relevance of higher education is the employment rate for newly qualifying graduates. Many countries now collect some basic data on the initial employment or other destinations a few months after graduation, but in very few has there been any serious assessment of the longer-term employment pattern of graduates. While the initial destination statistics are very valuable labour market indicators, they take no account of the fact that the initial transition into employment can be an extended process. Not all graduates seek jobs straight away, others take a temporary job while awaiting the 'right' opportunity, while yet others quickly change jobs and careers in the year or two after graduation.

A recent study of Australian graduates five years after qualification is therefore to be welcomed for the insights it shows into the working of the labour market (P. Coyte, *Graduates in the Labour Market*, University of Sydney, 1985). The study, based on those graduating in 1979 from five Australian universities, gives details

Table 1 Unemployment after graduation

1975	9.5%
1977	13.4%
1979	15.2%
1981	13.4%
1982	14.3%
1983	20.1%
1984	15.8%

Figures from *Graduates in the Labour Market* (University of Sydney, 1985).

of over 4,000 graduates and their careers. In particular the study looked at the type of employment obtained, relative pay, unemployment and mobility.

In common with their contemporaries in many other countries, Australian graduates have been suffering a deterioration in their job prospects on graduation over the past few years. As Table 1 shows, their unemployment rate on graduation rose to one in five in the period up to 1983 but since then has improved somewhat. On the salary front, graduates' starting salaries have declined by about 20 per cent over the past six years relative to average earnings (Fig. 1).

However, in terms of longer-term prospects, the study shows that unemployment

is not an issue. Only 3.2 per cent of those graduating in 1979 were unemployed in 1984 compared with the national rate of 10 per cent and the 9 per cent who were still seeking work six months after graduation in 1979. At the time of graduation, subjects with above average unemployment rates included psychology, biological, agricultural and earth scientists and engineers, all these groups suffering unemployment rates in excess of 13 per cent. By 1984 the worst unemployment rate was

Fig. 1 Salaries on graduation in relation to average weekly earnings.

that being experienced by the earth scientists, but only at 6 per cent, all the other high unemployment subjects having improved to around 3-4 per cent. Engineers had improved their position even more and fewer than 2 per cent were unemployed in 1984.

In employment terms, the dominant sector has been government itself, which took 30 per cent of all those graduating and more than half of those going into employment. By 1984, five years later, nearly half of the graduates were in government employment with the number employed in education having doubled from some 10 per cent in 1979 to over 20 per cent in 1984. Industry and commerce's share of the graduates was rather smaller in both years, 11 per cent rising to 16 per cent. The increasing percentages in employment between the years are accounted for by those choosing postgraduate studies entering the labour market in subsequent years.

If graduates are advantaged in overall employment terms then the survey shows that their salaries are also higher than for the population at large. While most graduates were earning 10-20 per cent above average weekly earnings five years after graduation, typically earning \$23-27,000 annually, it was notable that the doctors and dentists were, at over \$33,000, receiving more than 50 per cent over the average (Table 2). However, apart from these exceptions it is remarkable how little distinction was found between the relative

earnings of graduates in different subjects. This suggests there may be significant institutional rigidities in graduate salaries in the labour market, possibly because of the dominant nature of the public sector employers, in particular education, and their standard pay scales. These figures suggest that an assessment

Table 2 Annual salary five years after graduation (1984)

	\$A
Medicine	35,000
Dentistry	33,050
Law	27,400
Engineering	26,501
Computer science	26,250
Psychology	24,500
Physical science	24,000
Bio science	23,002
Pharmacy	21,017
All graduates	25,690
Average annual earnings	21,200

of relative earnings will not help prospective students choose between subjects. One anomaly is that pharmacists, although they have consistently had the lowest unemployment rates and easiest transition into employment, have the lowest salaries. This may be 'cause and effect' — low salaries meaning increased job opportunities — but at any rate reliance should not be placed on a single labour market indicator when assessing labour market prospects.

A significant majority — 59 per cent — of graduates had changed jobs in the five years since 1979, with the government sector having the highest retention rate. Once these graduates did decide to change jobs they were likely to leave the government service altogether, in contrast to those leaving industry and commerce who were more likely to have moved within that sector. The report found no dominant cause of mobility, with personal factors such as travel or further study being frequently mentioned, but salary seemed not to be an issue.

The report concludes that graduates are still advantaged in the labour market, whether due to the educational process or their inherent abilities is not clear, but that such advantages have deteriorated in recent years. Apart from dentistry and medicine, the distinctions between subjects appear less marked (see *Nature* 310, 260; 1984) than would be suggested by research from other countries. □

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