



RESEARCH OVERVIEW

Attrition in the trades

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As Australia emerges from the global financial crisis, the spotlight is focused on the labour market and its capacity to cope with skills shortages. Of particular interest are the trades, which are especially sensitive to economic cycles.

Discussion of skill shortages immediately focuses on whether the training system produces sufficient tradespersons. But there is another aspect: the rate at which tradespersons leave their occupation.

Attrition in the trades, by Tom Karmel, Patrick Lim and Josie Misko, analyses whether attrition – the gradual reduction or weakening of a workforce – occurs more amongst tradespeople than professionals, and if this is to the detriment of the supply of tradespeople. The authors use data from the Australian Labour Mobility Survey in 2008 and 1994. This provides a useful comparison because in 2008 the labour market was in a good state – but the economic crisis was on the horizon – but in 1994 times were much tougher. To gauge the level of attrition in the trades and professions, Karmel, Lim and Misko look at movement within occupations (job mobility) and between occupations (occupational mobility). Obviously for industry planning and policy, occupational mobility is more significant, because it goes to the heart of occupational labour supply.

The authors' analysis of the Australian Labour Mobility Survey reveals some interesting points: for example, when workers leave a job, it may be for positive reasons; they have got a better or more highly paid job within the same occupation. This is an example of what is known as job 'churn' and tends to happen when the economy is going through a good patch and so was more prevalent in 2008. It may be a problem for employers, but is not really one for the occupation as a whole. When the economic climate is tough, workers are more likely to lose their jobs than leave them; here, tradespeople are revealed to be more vulnerable than their professional counterparts.

So why do the authors compare the trades with professions? Karmel and colleagues explain that the two areas make a useful comparison because both types of occupation tend to provide people with a sense of their identity; both result in qualifications or credentials; and both require long periods of preparation.

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However, the authors have to make some allowances in their study. Because the trades (and the traditional trades in particular) are so male-dominated, they don't include women. And if they did a straight comparison between trades and professions, this wouldn't show the variations in a person's age or how long they had been in their job. A meaningful comparison needs to look at people of similar age and length of tenure, and what the probability is of them leaving their position. But to look at the trades as a whole, it is vital that we know how long a person has been in a particular occupation, not just a job. The Labour Mobility Survey doesn't provide this information and this leaves the authors with a problem.

They tackle this by splitting the analysis in two, and finding that the sum of the two parts makes for a fairly revealing whole. First they look at job mobility, because the survey does give us information on both the worker's age and how long they've been in their job. Then they control for occupational mobility – and for this they only have the information about a person's age. Within this occupational movement, they focus on gross attrition, which looks at the rate at which people leave an occupation.

What is the result of the analysis: are the trades more likely to lose their workers in comparison with professions? In the end, the answer seems to be 'no'. When it comes to job and occupational mobility, the trades and professions are not actually that different. On average, 10% of both professionals and tradespeople will leave their occupations within the year. Interestingly, the analysis shows that this was true both in 1994 and 2008, so the economic climate makes little difference to the attrition rate.

Karmel and colleagues were surprised by some of their findings: they expected attrition among tradespeople to be more of an issue than it is. This is not to say the attrition rate couldn't be improved, but the comparison with attrition among professionals didn't provide the obvious disparity they expected. It is possible

that the perception of skills shortages might be influenced by the amount of job churn that occurs within the occupation, rather than individuals dropping out of the trades altogether.

Within each group there is, of course, a great deal of variation, but the distributions – similar age, similar length of time in job – have a lot in common. For example, within the professions, the likelihood of a 30-year-old leaving a job within 12 months ranges from 13% to 25%, whereas in the trades – for the same age group and time – it ranges from 17% to 31%.

Similarly, the rate of leaving an occupation varies, but the rate of attrition for those in the trades doesn't stand out as a cause for concern. The trade with the highest rate for 25-year-olds is skilled animal and horticultural workers (13%), while construction trade workers have a very low level of attrition (7%). As a comparison, legal, social and welfare professionals have a fairly high attrition rate of 27%, with health professionals the lowest at 7%.

The authors also take a hypothetical group of 100 people and track them over certain points of their career for 25 years. After 15 years in virtually every occupation across both the trades and the professions, there is less than 50% of the original group left. The results are astoundingly uniform between occupations within both the trades and professions. There is also the question of whether the trades deserve more recognition as a stepping-off point for other careers and this meets with patchy results: it seems that only the most highly skilled trade – electro-technology and telecommunications – tends to lead to a managerial or professional job.

The authors conclude that the focus on commencement and completion rates for apprenticeships is warranted – that the problem of attrition in the trades is more one of perception than reality.

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