

# Submission

by the National Centre for Vocational Education Research (NCVER)  
to the  
Productivity Commission

## Geographic Labour Mobility

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### RESPONSE TO ISSUES PAPER

The National Centre for Vocational Education Research (NCVER) is an independent body responsible for undertaking, collecting, managing, analysing, evaluating and communicating research and statistics about tertiary education and training.

This submission provides information from recent NCVER published research and work in progress relevant to the inquiry into Geographic Labour Mobility.

#### *Completed research*

Descriptions of NCVER published work on labour mobility are described below:

#### **Labour mobility and vocational education and training in Australia**

Authors: Kostas Mavromaras, Stephane Mahuteau and Zhang Wei (2013)

This report uses NCVER Student Outcomes Survey data to examine the types of job mobility (changing industry sector, changing occupation, and changing sector and occupation) and the outcomes ensuing for those who have just completed a vocational education and training (VET) course in Australia over the years 2001-11. To determine whether job quality improves with mobility, the research compares several measures before and after completing a VET course, focusing on the association between mobility and better pay, better occupational status, a higher chance of full-time employment, and a lower chance of casual employment. The results show that occupational mobility that also preserves sector-specific knowledge is associated with the best labour market outcomes.

#### **The role of qualifications in foreign labour mobility in Australia**

Author: Josie Misko (2012)

This report investigates the role that qualifications play in the labour mobility of foreign workers who come to Australia for permanent or temporary migration. Obviously, a good match between overseas non-school qualifications and jobs obtained in Australia on arrival results in better labour market outcomes for migrant workers, but other factors are important for employers. These include a worker's experience, proficiency in English, and

personal skills. Employers also generally prefer Australian workers or foreign workers already living in Australia with qualifications from a recognised and familiar provider.

### **Vocational trajectories within the Australian labour market**

Authors: Serena Yu, Tanya Bretherton, and Hanna Schutz (2012)

This report explores the movements that workers make in the workforce and whether there are any commonalities. It also considers whether these movements can be characterised as vocational pathways. Workers within the finance, primary, health and electrical trades/engineering industries were interviewed about their employment and study history, career progression and reasons for any movements. The report found that, within medium to high-skill roles, workers either move upwards into roles with greater responsibilities or they move laterally into related roles expanding their technical skills and knowledge. Within low-skill roles, movements are associated more with ensuring an ongoing livelihood rather than a career pathway. This work is part of the three-year research program, *Vocations: the link between post-compulsory education and the labour market*.

### **Geographical dimensions of social inclusion and VET in Australia: an overview**

Authors: Chandra Shah, Sue Webb, Aaron Nicholas, Denise Beale, Anita Devos, and Miriam Faine (2012)

This report introduces a three-year program of work: 'Geographical dimensions of social inclusion and VET in Australia'. The aim of the program is to provide an understanding of the geographical aspects of social exclusion and the role that education and training can have in reducing its risk and in improving labour force participation in Australia. The report provides a conceptual basis for the research program which is intended to explore the capacity of individuals and groups to make transitions through learning, training and work across locations. Three research projects will examine how regional or community factors and social capital affect those transitions. The three projects are: willingness to move: the influence of job conditions on geographic labour mobility (see work in progress below); migrant women in regional Australia; and neighbourhood factors in the decision to participate in post-school education and training and the labour market.

### **Understanding and improving labour mobility: a scoping paper**

Authors: John Buchanan, Susanna Baldwin, and Sally Wright (2011)

This paper is one of three commissioned by the NCVER, at the request of the Department of Education, Employment and Workplace Relations (DEEWR), to identify some of the issues connected to mobility in the Australian workforce. One of the key challenges policy-makers face is the lack of systemic analysis of labour mobility. This paper does not provide the answers; instead, it outlines how a better understanding of the nature of Australia's labour mobility problem can be generated. The authors argue that the structure of industries, their occupational profiles, wages and other conditions contribute to greater or lesser mobility. This paper provides a preliminary assessment of the key issues relating to labour mobility and identifies ways to best generate new knowledge to inform the development of more effective public policy in this area.

### **The mobile worker: concepts, issues, implications**

Author: Richard Sweet (2011)

The paper provides an overview of the implications and causes of labour mobility and job tenure using data from major statistical sources and the research literature. It finds that Australia's labour force is much more mobile than almost all other OECD countries. The policy implications of mobility and tenure with a particular emphasis upon implications for

skill formation and career development policies are explored and the paper points towards some issues that could benefit from further investigation.

### **Does changing your job leave you better off?: a study of labour mobility in Australia, 2002 to 2008**

Author: Ian Watson (2011)

This scoping paper explores the extent and consequences of labour market movement and the characteristics of people who change jobs. Using the Household, Income and Labour Dynamics in Australia (HILDA) survey this research considers the reasons why up to 17 per cent of workers change their job from one year to the next, how job changers differ from those who stay put and the impact of job changing on earnings, satisfaction and skills. While, on average, workers who changed jobs were not better off financially, they were better off in terms of happiness and job quality. Both the opportunity to acquire new skills and the use of existing skills are enhanced by changing jobs. The paper finds that, on average, movers are more satisfied with their work but do not have increased earnings, and on the basis that wages are not a major element of labour mobility that the labour market needs to be treated differently from simple commodity markets.

### **Attrition in the trades**

Author: Tom Karmel, Patrick Lim, and Josie Misko (2011)

Skill shortages in the trades were of growing concern as Australian industry emerged from the global financial crisis. Although such shortages are often attributed to the inability of the training system to supply enough skilled tradespersons, they are just as much affected by the rate at which individuals leave their occupations. In this paper, using professional occupations as comparators, the authors investigate attrition in the trades and the extent to which this is affected by good or bad economic times. They also ponder the question of whether a trade is a good start to a career by tracking the occupational destination of those who exit their trades. The report concludes that attrition in the trades is no higher than in the professions; the rate of leaving particular occupations may vary, but overall the results between the two are very similar. The economic climate also makes little difference to the attrition rate.

### *Work in progress*

### **Willingness to move – analysis using choice modelling**

Author: Aaron Nicholas and Chandra Shah (Forthcoming)

This project is one of the three studies arising from a three-year program of work: 'Geographical dimensions of social inclusion and VET in Australia', commissioned by NCVER and being undertaken by CEET, Monash University.

This study is investigating the types of incentives that need to be offered to encourage individuals to move where there are job vacancies. Using a choice modelling experiment data has been collected from 2 331 individuals. It will examine various attributes in the willingness to move decision and estimate these in wage-equivalent terms.

The data is currently being analysed with a report due to be released later in 2013.

### **An exploration of labour mobility in mining and construction: who moves and why**

Author: Georgina Atkinson and Jo Hargreaves (Forthcoming)

An NCVER project currently being finalised for the National Senior Officials Committee, expected to be published by NCVER late 2013.

This work synthesises existing literature on labour mobility in order to understand who moves and why. It includes new findings from a qualitative analysis capturing the views of labour hire and recruitment firms as well as employers and peak industry associations with a vested interest in labour mobility.

The story painted by this literature is that labour mobility is relatively common in Australia and fairly stable. In addition to people changing jobs, there appears to be considerable change in occupation type and industry. However, the proportion of people who move substantial distances for work is relatively few. Where the proportion of people who relocate is small, the numbers of people who are undertaking long-distance commuting are increasing. When it comes to reasons for changing jobs, most people do so because they are dissatisfied and want to find a better job. This includes satisfaction with level of pay, job security, the nature of work, the hours of work, and flexibility to balance work and life commitments.

The second part of the literature review looks more specifically at labour mobility in the mining industry, with a particular focus on long-distance commuting. The literature shows that when it comes to labour mobility in mining, reasons for changing jobs are quite similar to those mentioned above; that is workers are dissatisfied with aspects of their job. Long-distance commuting as a way of ensuring labour is flexible and mobile, is a double-edged sword. On the one hand it provides industry with a flexible labour force that responds to demand, and individuals with the chance to maintain their connections and lifestyle at home. On the other hand, factors associated with long-distance commuting, such as roster length, time spent and workplace culture on site, time away from family and the associated pressures can contribute to dissatisfaction.

The qualitative part of this report looks into the reasons why workers find work, or change jobs in the mining and construction industries and their motivations for doing so. The report also looks at issues surrounding experience, qualifications and licensing and whether they act as barriers to working in the two industries. The study confirms the extent to which recruitment, turnover and mobility in the mining and construction industries are subject to economic cycles. When the market is buoyant, and the demand for suitably skilled workers high, poaching is common practice. This leads to cycling through the same group of workers, especially those who have the desired skills and experience. Sudden fluctuations in growth require a rapid response by industry to recruit labour. In the resources industry this is coupled with an overwhelming preference to hire individuals with specific levels of experience or tenure; it is therefore not surprising for tensions in the labour market to exist and persist, not readily solved by 'improvements' to labour mobility per se.

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