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CONSTRUCTION GRADUATE SALARIES: THE REAL STORY

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ABSTRACT

Construction degrees are in significant demand in Australian universities. Entry students believe that graduation will lead to well-paid industry employment. Previous studies have identified trends in graduate starting salaries, but often combine categories of graduates to produce inadequate generalisations and salary averages. This study, conducted at RMIT University, Melbourne, examined a specific cohort of construction management students and provided an insight into their employment conditions and starting salaries. The results provide useful up to date information for undergraduate students and academic staff alike.

KEYWORDS
Graduates, graduate salary, construction management.

INTRODUCTION

Employment demand for construction/building graduates has been strong over the past decade and the most recent evidence supports a continuance of this trend. The Graduate Careers Council of Australia indicates that 91% of all building graduates in 2005 were in full-time employment within six months of the completion of their degree, with less than 5% actively seeking full-time employment. Demand for building and construction graduates has remained consistently high over a 10 year period (Gradsonline, 2004). Although this consistent demand for building graduates includes employment areas such as surveying, civil construction and architecture, additional information from government employment agencies supports this employment trend (JobSearch, 2004).
Strong employment growth has fuelled increased market demand for construction graduates, which in turn has translated into demand for undergraduate places. Competition for construction management degrees at Australian universities has been intense for over a decade (Clemenger, 1997).

In line with this consistent demand for building and construction graduates is some evidence that starting salaries for these graduates has increased. Figures available from the Graduate Careers Council indicate that starting salaries for architecture and building graduates was $AUS35,500 (males: $AUS40,000, females: $AUS34,000) in 2005. This figure was up 2% from graduate commencing salaries in 2004. Females continue to earn less than males in this category (85% of male earnings). These figures are medians and there is no expectation that the figure for all graduates will be at or around this median. Construction starting salaries are also well above those in other industries. The average starting salary for architecture and building graduates in 2005 was higher than the median annual starting salary for all new bachelor degree graduates in the same year (GCC, 2005). Longitudinal studies of graduate commencing salaries also indicates a rise in construction salaries over the past decade (Graduate Careers Council, 2005).

Previous studies have also endorsed this trend. Clemenger (1994) indicated that graduates of two to five years earned $AUS40,000 in 1994, but salaries rose with experience. In spite of caution in respect of very high and very low salaries, an upward trend of about 4% per annum of experience was indicated.

More recent general studies of RMIT graduates have shown similar trends. The RMIT University Guide to Graduates (2005) indicates that for the class of 2004 construction management was in the top 10% of all RMIT courses in terms of employment upon graduation. For the previous four years (2002 – 2005) construction management graduates posted 100% employment figures. The typical starting salary for graduates did not include results for construction management graduates for the previous four years indicated by insufficient responses to create a data cell (RMIT University, 2005).
A number of employment agencies also release annual figures for graduate salaries (Hays, 2004; My Future, 2004). These agencies post a range of salary categories for construction employment such as civil construction, site manager, project (building) manager etc.; the information is not specific to graduates and does not reflect accurately the employment position of inexperienced graduates. Unless companies specifically advertise for graduates, employment agencies do not advertise commencing salaries.

One of the key limitations of the existing literature is the configuration of construction management as a profession. The Graduate Careers Council of Australia group all architectural and building graduates into one category for the purposes of starting salaries. This grouping includes architecture, landscape architecture, environmental and industrial design, urban and regional planning, building and quantity surveying. Although starting salaries for all of these professions will vary greatly, the final figure remains an average of all these professions. Individual universities such as RMIT, which collects information from Graduate Destination Surveys (RMIT, 2004), do differentiate between building and construction professions, but do not collect information on commencing salaries. Independent employment agencies dealing with construction graduates (Hays, 2004) do not represent the full range of construction management employment and often advertise salaries based upon particular sectors such as commercial construction or civil engineering. Graduate positions are rarely listed.

Finally, the key limitation of any information in relation to graduate salaries is the sample size and characteristics. Sample size and constitution relies upon voluntary feedback and has a significant margin of error (Jobsearch, 2004). In relation to salary questions, responses may be tainted by a number of psycho-social factors such as personality, perception and self-image. Existing studies rely heavily upon self-volunteered information and may not accurately reflect the starting salaries of construction management graduates.
The Study

This study examined the starting salaries of construction management graduates (Bachelor of Applied Science) from RMIT University, Melbourne in 2005. As the most recent graduating class this cohort was chosen to provide the most recent, indicative information on graduate salaries. Graduating students were contacted by email six months after course completion and invited to participate. Of 62 potential respondents, 39 agreed to participate – a response rate of 63%.

Participants who did not fit the definition of graduate, as determined by the Graduate Careers Council of Australia, were eliminated from the study. This included one participant who was over 25 years of age and one participant who had completed the course on a part-time basis and remained employed during the course completion.

Participants were asked a number of questions in relation to their employment and area of work. Participants were also asked a number of questions about their salary and employment benefits. Of the 39 participants 37 responses were analysed. The results of this email survey are discussed below. Respondents were not asked to give names and email replies were set to delete respondents’ addresses. Respondents were sent an automatic reply email signifying that the information had been received.

The Results

Existing literature in relation to strong demand for employment of construction graduates is borne out by the results of this survey: 100% of all responding graduates had obtained full-time work in the first six months since graduation. Approximately 94% of those graduates responding to this survey have work in construction-related fields.

The RMIT construction management degree had (until 2005 course commencements) allowed undergraduates to qualify as both quantity surveyors and construction managers. Degree and course alterations made in 2005 now allow for undergraduates to complete degrees in project management, property and valuation.
The results of this research show that site managers represented the largest group of graduate jobs, however, a significant number of graduates also enter the work force as quantity surveyors.

Figure 1 - Job titles of RMIT graduates

Over 50% of all graduates in 2005 elected to work as site managers, in spite of qualifications as both quantity surveyor and construction manager. This may be partially explained by the higher salaries offered to commencing construction managers, along with graduates’ desires to be “on site” and to seek a career path leading to site management.

Graduates responding to this survey were asked to indicate how long it had taken them to obtain employment. Of the small number responding to this question (18 out of 39 respondents), the average time taken to find employment was 3.2 days. This is an extraordinary result and reflects a number of factors:

♦ The very strong demand for construction graduates in Melbourne in 2004/2005.

♦ The fast-track infrastructure projects requiring completion in 2005/early 2006 (Commonwealth Games centres; transport and housing infrastructure).
♦ The arrangement of the RMIT degree programme that allows final year students to devote their final semester to full-time work requirements.

♦ The P.C.P.M. school website, which regularly lists employment opportunities and allows students to actively network with industry.

A number of those graduates responding to the survey did not answer how long it took them to obtain employment. The question may not have seemed relevant, or perhaps it took them no time to gain employment. Given the strong demand, employers may have sought them. There is some evidence that construction employers use the final year industry panels held in June, along with the industry nights held in August, to seek out potential graduates.

The main focus of the survey was graduate salaries. The results of the research show that contemporary graduates earn between $30,000 and $70,000 upon graduation. (Figure 2). This reflects salary patterns investigated by Clemenger (1994).

![Figure 2 – Salary range of graduate RMIT students](image-url)
The most common pay rate for RMIT construction graduates was $AUS40,000 to $AUS50,000. Survey respondents were asked to eliminate company benefits or salary “extras” such as mobile phones, cars and company share or health plans. The differences used in salary calculations for these items create difficult comparisons for this research between companies and often reflect communications market availability and project/site requirements rather than strict salary reflections for graduates. Requiring survey respondents to only give their “wages” component allows for a clearer research picture.

The results of this research indicate that graduates of the Bachelor of Applied Science (Construction Management) degree at RMIT University are in current industry demand, have a better than average earning potential of other bachelor degree graduates in Australia, and can expect an average of $AUS40,000 to $AUS50,000 per annum upon graduation. This research also indicates that these employment trends have been maintained for the past decade.

CONCLUSION

The demand for undergraduate construction degrees within Australian universities continues to grow. Information given to prospective students regarding employment and salaries of graduates has been based upon dated estimates and anecdotal experiences. This research examined the graduating class of 2005 in construction management at RMIT University. The results indicate that all graduates desiring employment in the construction industry have achieved their desires with 100% full employment of those respondents to this research of the 2005 graduates. The results as well as indicating strong employment demand also indicate an average commencing salary of $AUS 40,000 to $AUS 50,000 – above the average graduate salary for all bachelors degrees in Australia. These results provide a partial picture of graduate employment in construction. There are a number of limitations to the results: the voluntary nature of the information, the number of respondents, the margin for psychological error, and the limitation of one university, but the overall picture provides some useful up to date data for undergraduate construction students, school leavers and academics alike.
REFERENCES.


