WHAT DO EMPLOYERS WANT FROM VET QUALIFICATIONS?
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A NEW LOOK AT EXISTING EVIDENCE

Employer surveys: The What and the Why?
Why use qualifications?
Which qualifications?

Awards: What are the connections between qualifications, job roles and pay rates in modern awards?

Graduate surveys: Are qualifications (VET & HE) becoming more or less of a requirement for jobs?

Enterprise agreements: What are the connections between qualifications, job roles and pay rates in enterprise agreements?

Skilled migration: What is the relationship between change in VET enrolments and change in skilled migration?
• Around a third of Australian employers have jobs that require vocational qualifications

• Of those, at least three quarters are satisfied with the vocational qualifications
SEUV: WHY QUALS ARE A REQUIREMENT

Source: NCVER Survey of Employer Use and Views
SA INDUSTRY PRIORITY QUALIFICATIONS

- 1138 priority qualifications, skill sets and accredited courses in 5 tiers of priority across eighteen industry sectors and the broader economy.

- Survey of 850 respondents representing employers, unions, training providers, industry groups and individual stakeholders.

- Also included over 800 hours of consultation activity.
LIMITATIONS OF THE SURVEY APPROACH

Methodological reasons:

• Response bias – only hearing from the most engaged employers

• Challenges of effective survey design:
  • How do you ask about issues that respondents may not have thought much about/don’t know the answers to?
  • How do you avoid respondents telling you what they think you want to hear?

Practical reasons:

• Existing data can provide insights into employer behaviour (rather than stated attitudes)

• Administrative data/documentary analysis avoid problems with sampling – reduced chance of error and reduced costs

• Reduced burden on busy employers

• Time
AWARDS

• Awards set the minimum standards for industries and/or occupations.

• 19% of Australian employees have their pay set by awards.

• In 2014, I analysed each classification in each of 122 modern awards for its relationship to formal AQF qualifications.

• Excluded certain types of classifications: (esp. apprentices and trainees)
AWARDS: RESULTS

1. Across all 122 modern awards, wide variety of patterns:
   > Approx a third have no references to AQF qualifications at all
   > Approx a third have at least one classification with a strong connection to a qualification
   > Most classifications fall somewhere in between, with considerable scope for managerial discretion

2. Different types of connections
   > Outside the Metal Award 1984 descendants and the Government, Education, Health & Community Services industries, connections are very weak.
   > Connections are very weak for large or growing service industries with high proportions of award reliance: Retail, hospitality, recreation and personal services; and Professional, financial, property and business services
   > Connections are also very weak for university-level qualifications
3. RQ3: What relationships exist in modern awards between qualifications, classifications and pay?

   > The Certificate III-C10 nexus is still recognisable but there has been a lot of fragmentation and overlap. Relativities between qualifications – especially higher ed and VET qualifications – make little economic sense...

**IMPLICATIONS:**

- Most awards provide little incentive for workers to complete formal qualifications
- Even for fully determinative, exclusive and implied classifications, low wage rates (in absolute and relative terms) provide little incentive for workers.
- Where strong relationships exist, licensing and registration arrangements often play a role, introducing another set of institutions into the analysis.
ENTERPRISE AGREEMENTS

• Pilot study conducted 2014-2015 using agreements from the Manufacturing industry (initially 100, then expanded to 350).

• Sample frame comprised all agreements lodged between 1 January 2010 and 30 June 2013

• Agreements were sampled representatively based on the following strata:
  
  • **Workplace size** (> 20 employees, between 20 and 99 employees, 100 or more employees)
  
  • **Unions** (no union listed, AMWU listed, other union(s) but not AMWU listed)
  
  • **Underlying award coverage** (MA000010 an underlying award, MA000010 not an underlying award)
ENTREPRISE AGREEMENTS: PILOT RESULTS

- Agreements split 1/3 - 1/3 - 1/3:
  - 1/3 of enterprise agreements in manufacturing contain no references to qualifications whatsoever
  - 1/3 of enterprise agreements in manufacturing retain the underlying award classification structure – award conditions still matter for non-award employees
  - 1/3 adopt their own classification structures that refer to qualifications
- Most references in agreements are to the “Certificate III” trade-level qualifications, with far fewer references to the pathway qualifications (Cert I, Cert II, Advanced Diploma)
- Very few references to Bachelor degrees
- In general, EB has increased the disconnection between qualifications and labour market outcomes
ENTERPRISE AGREEMENTS: REMAINING WORK

- Next step is to extend from manufacturing into other industries.
- Other industries with high rate of collective bargaining (CB) coverage:
  - Education and Training
  - Health Care and Social Assistance
  - Public Administration & Safety (81%)
- But some sectors have low rates of combined CB/award coverage:
  - Professional, scientific and technical services (24%)
  - Rental, hiring and real estate services (36%)
  - Finance and Insurance (49%)
- Another approach is needed to more comprehensively survey labour market demand for VET qualifications
From Student Outcomes Survey: How relevant is the training to your main job?

- Highly relevant
- Some relevance
- Very little relevance
- Not at all relevance
- Not Stated

Source: NCVER Student Outcomes Survey
From Australian Graduate Survey:
How important is your qualification to your current job?

How important are the skills you learnt to your current job?

Population is domestic Bachelor degree graduates. Total n=543,082

Source: Australian Graduate Survey
## SKILLED MIGRATION

Top 15 VET-relevant occupations for s457 skilled migrant applications

<table>
<thead>
<tr>
<th>Nominated Occupation (ANZSCO Unit Group)</th>
<th>Total 2005-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>3514 Cooks</td>
<td>13,811</td>
</tr>
<tr>
<td>5111 Contract, Program and Project Administrators</td>
<td>12,026</td>
</tr>
<tr>
<td>3223 Structural Steel and Welding Trades Workers</td>
<td>11,544</td>
</tr>
<tr>
<td>3513 Chefs</td>
<td>9,629</td>
</tr>
<tr>
<td>3212 Motor Mechanics</td>
<td>8,479</td>
</tr>
<tr>
<td>1411 Cafe and Restaurant Managers</td>
<td>8,310</td>
</tr>
<tr>
<td>3125 Mechanical Engineering Draftspersons and Technicians</td>
<td>8,224</td>
</tr>
<tr>
<td>3232 Metal Fitters and Machinists</td>
<td>6,680</td>
</tr>
<tr>
<td>3312 Carpenters and Joiners</td>
<td>5,392</td>
</tr>
<tr>
<td>3121 Architectural, Building and Surveying Technicians</td>
<td>4,021</td>
</tr>
<tr>
<td>3123 Electrical Engineering Draftspersons and Technicians</td>
<td>3,594</td>
</tr>
<tr>
<td>3411 Electricians</td>
<td>3,590</td>
</tr>
<tr>
<td>1331 Construction Managers</td>
<td>3,369</td>
</tr>
<tr>
<td>7122 Drillers, Miners and Shot Firers</td>
<td>3,012</td>
</tr>
</tbody>
</table>

Source: Dept of Border Protection & Immigration
SKILLED MIGRATION (2)

Source: NCVER Students & Courses/ Dept of Border Protection & Immigration
WHAT DO EMPLOYERS WANT FROM VET QUALIFICATIONS?

WHAT DOES EXISTING EVIDENCE SAY?

**Employer Surveys:**
- Maintaining skills and licensing requirements are the increasing drivers

**Awards:**
- Legal minimum standards mandating qualifications are not widespread
- Licensing and regulation increasingly the driver, rather than IR actors

**Enterprise agreements:**
- Given the option, many employers choose not to recognise qualifications in the job roles & pay scales

**Skilled migration:**
- Preliminary analysis suggests no – or complex – relationship between VET & skilled migration levels.

**Graduate surveys:**
- Evidence suggest quals are still serving labour market need but not conclusive.

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IMPLICATIONS FOR QUALIFICATION DESIGN:

- VET qualifications have ongoing relevance for employers and in the labour market
- Legislative, regulatory or licensing requirements are a driver of qualifications
- Other IR/LM institutional factors are not increasing demand for specific qualifications/specific sets of skills
- Overall, supports an impetus for broader qualifications

QUESTIONS

COMMENTS WELCOME!

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