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DO



# WHAT DO EMPLOYERS WANT FROM VET QUALIFICATIONS? AVETRA, 21 APRIL 2016

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# WHAT DO EMPLOYERS WANT FROM VET QUALIFICATIONS?

## 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?

### **Enterprise agreements:**

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

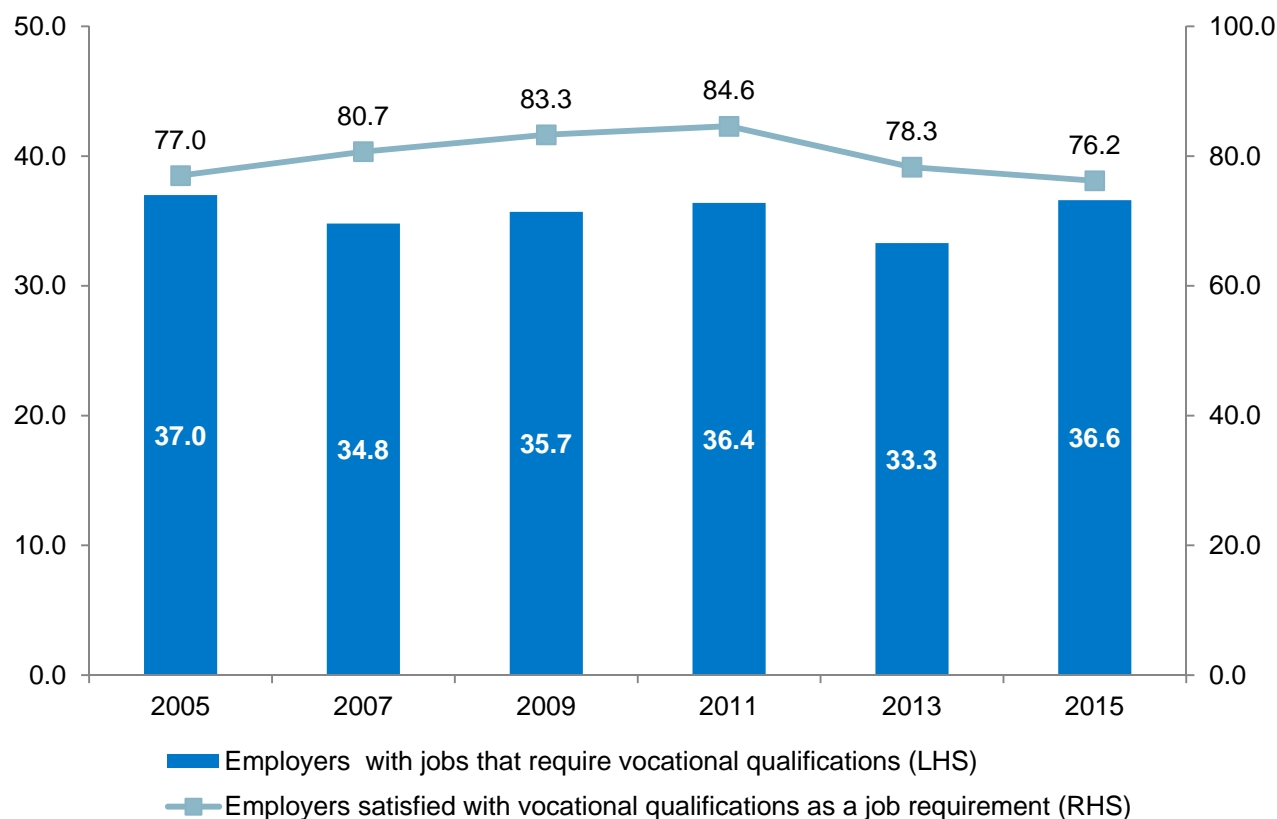
### **Skilled migration:**

What is the relationship between change in VET enrolments and change in skilled migration?

### **Graduate surveys:**

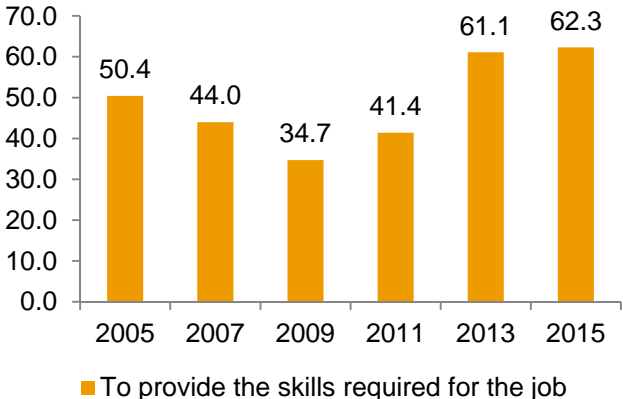
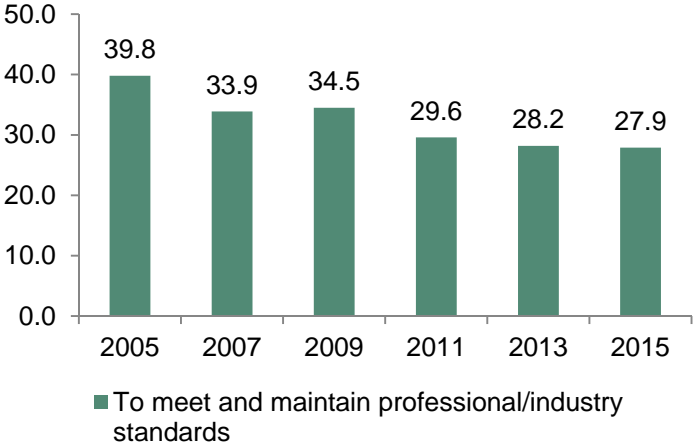
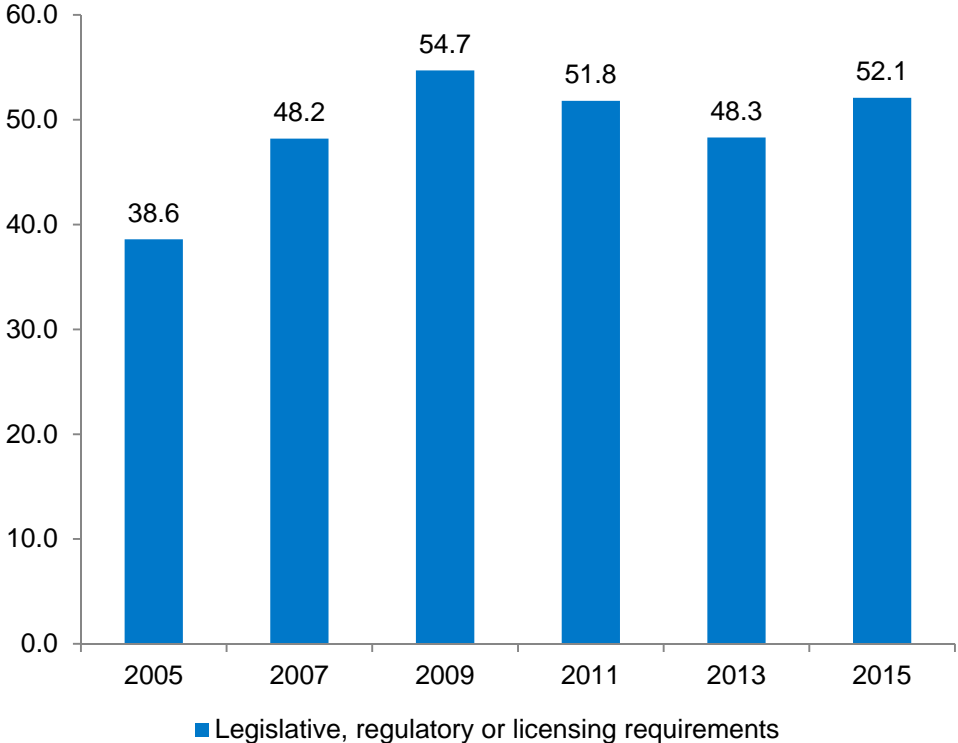
Are qualifications (VET & HE) becoming more or less of a requirement for jobs?

# NCVER SURVEY OF EMPLOYER USE & VIEWS OF THE VET SYSTEM



- 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



# 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



## AWARDS: RESULTS (2)

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)

# ENTEPRISE AGREEMENTS: PILOT RESULTS

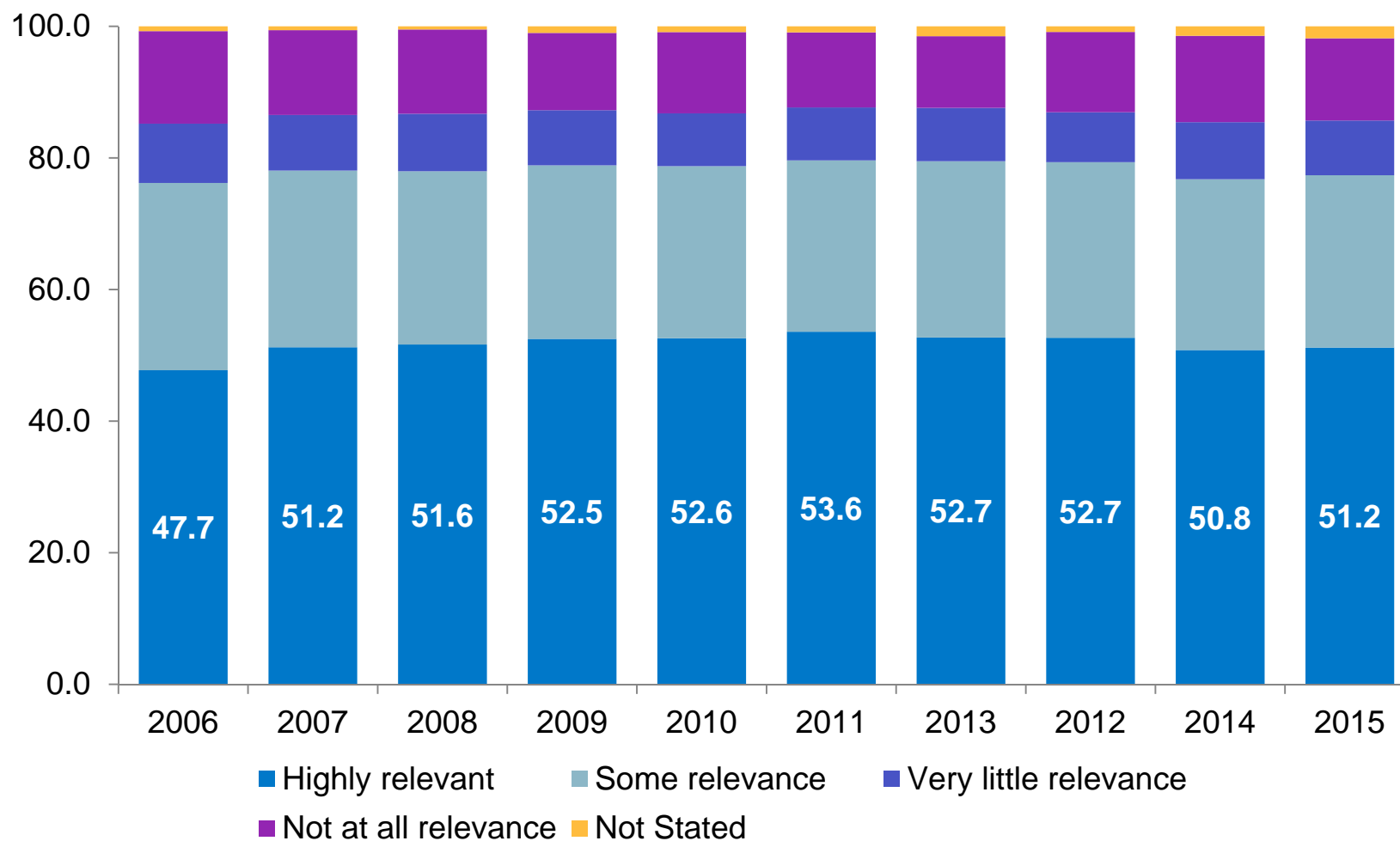
- Agreements split 1/3 - 1/3 - 1/3:
  - 1/3 of enterprise agreements in manufacturing contain no references to qualifications whatsoever
  - 1/3 of enterprise agreements in manufacturing retain the underlying award classification structure – award conditions still matter for non-award employees
  - 1/3 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

# ENTEPRISE 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

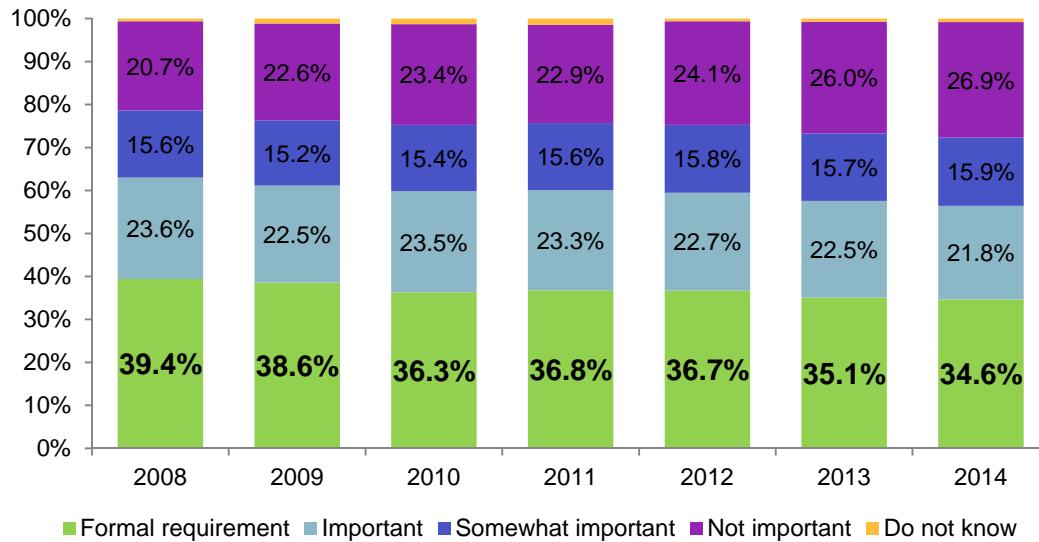
# GRADUATE SURVEYS

From Student Outcomes Survey: How relevant is the training to your main job?



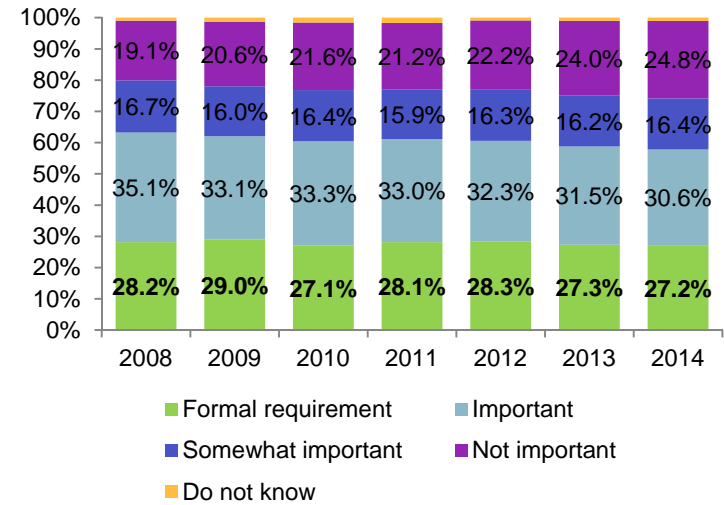
# GRADUATE SURVEYS (2)

**From Australian Graduate Survey:**  
How important is your qualification to your current job?

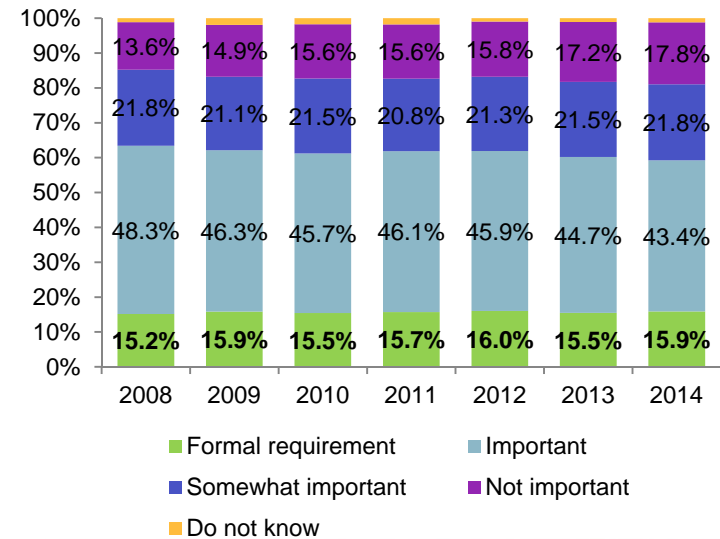


Population is domestic Bachelor degree graduates. Total n=543,082

How important is your field of study to your current job?



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



# SKILLED MIGRATION

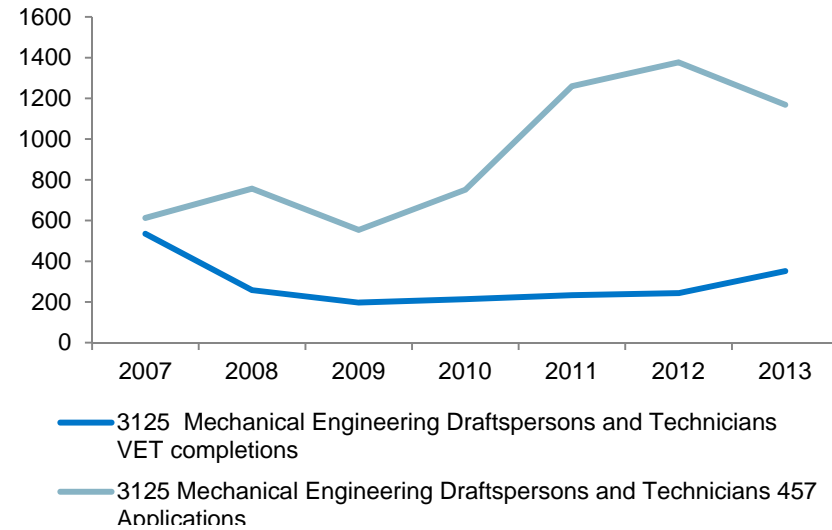
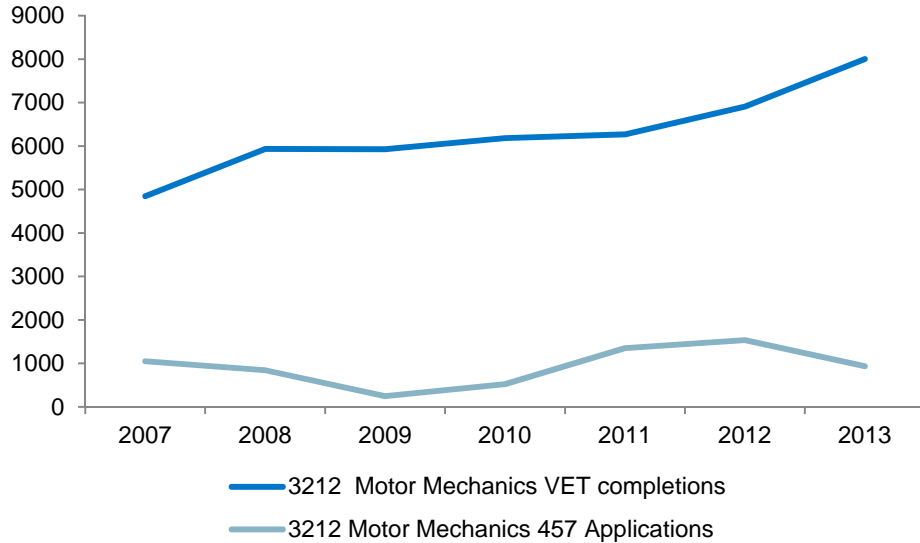
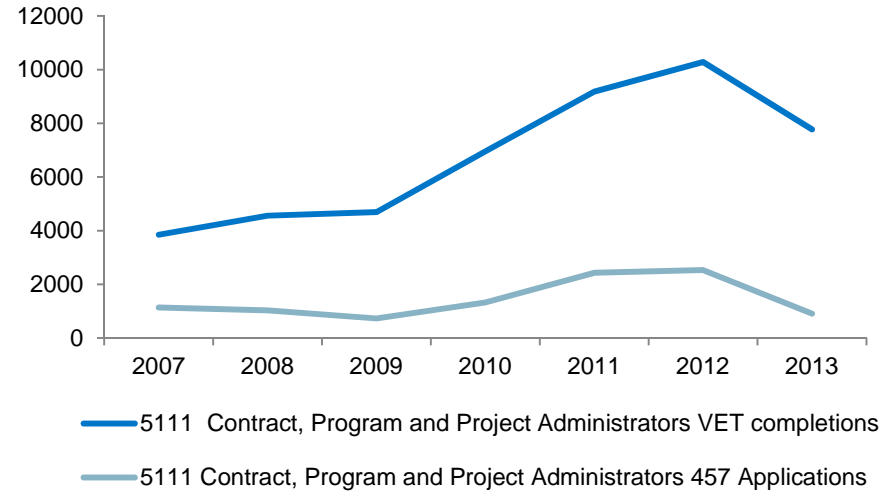
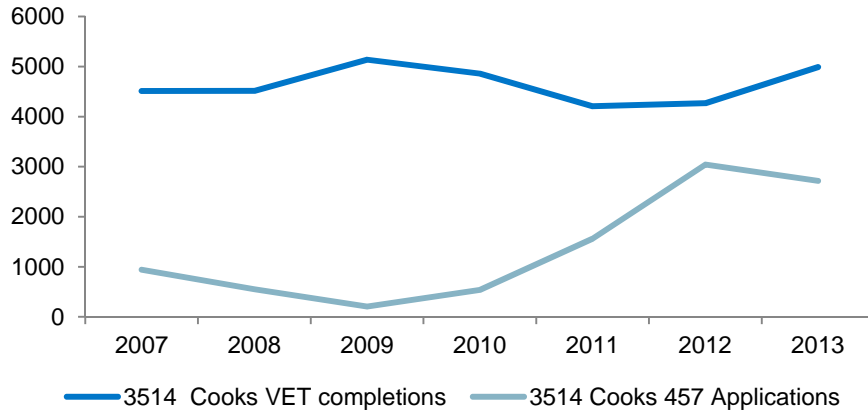
## Top 15 VET-relevant occupations for s457 skilled migrant applications

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

Source: Dept of Border Protection & Immigration

uts.edu.au

# SKILLED MIGRATION (2)





# WHAT DO EMPLOYERS WANT FROM VET QUALIFICATIONS?

## WHAT DOES EXISTING EVIDENCE SAY?

### Employer Surveys:

- Maintaining skills and licensing requirements are the increasing drivers

### Skilled migration:

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

### 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

### Graduate surveys:

- Evidence suggest quals are still serving labour market need but not conclusive

# 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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