

Beware the effects of ‘credential inflation’

Higher degrees are not always the right choice

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Australia is experiencing an explosion in the number of people with tertiary education credentials and the growth is mainly at the upper end.

In the decade following 2011 the proportion of employed people with bachelor degrees increased from 20.8 per cent to 26.3 per cent, and the proportion with degrees higher than bachelor nearly doubled from 5.1 per cent to 9.1 per cent.

In contrast, the proportion of employed people without any post-school qualifications dropped from 37.4 per cent to 28.7 per cent across the decade. At the same time there was a significant level of occupational change.

Job growth across the decade was strongest in professional, management and community and personal services occupations. All other occupational groups had less than average growth, with the lowest growth being in sales, technicians and trades, and clerical occupations.

Credential inflation is occurring as the level of qualification required to enter a particular occupation rises.

This could be interpreted as skills deepening (if one believes the changes in the nature of jobs lead to an increase in qualification levels) or it could be due to increasing credentialism (if one

believes the jobs do not really require this level of qualification).

A new study, titled VET and the Changing Labour Market, from the Mackenzie Research Institute has found the growth in credentials has far outstripped that which is needed to cater for the amount of occupational change during the past decade. This suggests the growth in qualifications contains a large element of credentialism.

Certainly we are seeing a negative impact on career opportunities for those holding VET (vocational education and training) qualifications. There are now significantly more people in the workforce with bachelor degrees than with certificate III/IV qualifications, and job opportunities for people with certificate I/II qualifications, or without post school qualifications, have been in rapid decline across the decade.

VET graduates also have been over-represented in lower-paid jobs. For graduates with a certificate III/IV, more than half of new jobs were in the two lowest income deciles and 45 per cent of new jobs with a VET diploma were in the two lowest deciles.

Credentials have become important even in the lowest paid jobs. For VET graduates, with a narrow skills-based qualification in an era of rapid occupational change, credential inflation means many will end up in poorly paid employment.

The study provides clear evidence that challenges the dominant view that the unfettered growth of university education is benefiting all students and the economy. While occupational change is biased towards jobs held by graduates, the rate of ex-

pansion far outstrips labour market needs. Similarly, the expansion of higher education has had little or no effect on social mobility or productivity.

The Australian government, which has a responsibility and a mandate to improve equity and economic wellbeing, proposes to intervene in universities admissions and to equalise distribution of educational opportunity by legislating to require universities to help students “at risk” to do better.

The reality is that the abstract nature of what is offered in most university courses is unlikely to improve the socio-economic mix of graduates. Legislating assistance assumes the student is motivated to take up the offer. Practitioners may suggest the greatest beneficiaries of such support schemes will be the universities rather than students.

In an expanding credential market, even if disadvantaged students graduate, students from advantaged backgrounds will protect their position by doing double or higher degrees.

Credential inflation increases cost without realising productivity gains.

Credential inflation combined with poor-quality teaching will ultimately undermine Australia’s tertiary education system. Confidence is already in decline. To mandate that all Australian universities must be research-intensive is utter folly. Despite the hype, there is no evidence that high-quality teaching requires high-level research capacity.

The labour market demands of the future are very uncertain. Australia’s transition from fossil fuels to renewables, an unstable

international environment and rapid advances in technology are challenges we cannot ignore when considering the capability of tertiary education.

At the same time, public service is being challenged by major projects and national crises such as the pandemic.

The point is that we need to create a tertiary system that provides a mix of theoretical and practical skilled graduates, from all socio-economic levels, who have the intellectual capacity to apply their skills competently to new situations.

Future manufacturing with its emphasis on niche and sophisticated fabrication will require a pool of skilled technicians who have well-developed practical and theoretical skills. Current shortages in construction, health and welfare require individuals with applied tertiary skills.

Australia’s supply of tertiary qualified workers to meet future demands requires both academic and applied graduates. The current system does not meet this requirement and never will.

We need to change the mix by rebuilding our VET system, broadening VET qualifications in scope and level. We should create from our TAFE system some applied universities offering applied qualifications from certificates to degrees.

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