

Credentials ‘increasingly important’ for any job

More people need degrees just to keep up with the crowd, analysis of Australian census data suggests

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Higher education has become a necessary but insufficient determinant of success, with people needing ever more impressive credentials to gain a toehold in the workforce.

An Australian study has found that degrees have become tickets to employment but not necessarily prosperity. While the well-qualified are monopolising the best-remunerated and newest types of jobs, their share of low-paid work is also increasing.

This often comes at the expense of people with diplomas and trade certificates, who in turn displace workers with lowly or no post-school qualifications. “Credentials are becoming increasingly important even in lower paid jobs,” notes the [report](#) by Tom Karmel, director of the Mackenzie Research Institute at Melbourne’s Holmesglen Institute.

Dr Karmel, former managing director of the National Centre for Vocational Education Research, said the findings raised questions about the “never-ending push” for more people to have degrees. “There’s no doubt that the occupations where people need degrees are growing faster than others, but the rate of credential growth has been so much greater than that,” he said.

“Is it skills deepening or is it really just blatant credentialism? It’s probably a bit of both. If everybody had a degree, a degree would be useless.”

His analysis compared data from Australia’s 2011 and 2021 censuses. Over that period, the number of postgraduate-qualified workers more than doubled from around 500,000 to almost 1.1 million, increasing their share of the workforce from 5 to 9 per cent. The ranks of workers with undergraduate degrees rose to 3.1 million or 26 per cent of employed people.

Overall, the decade’s changes proved “favourable for those with higher degrees”, with half of master’s and doctoral graduates in occupations attracting the top 20 per cent average incomes. Nevertheless, higher degree graduates’ share of the best-paid occupations declined slightly while their share of the worst-paid occupations increased. Bachelor’s graduates gained higher proportions of jobs in the second and third income deciles, but also the ninth and tenth.

By 2021, about 2 per cent of labourers, machine operators and technicians had master’s degrees or PhDs, as did 3 per cent of sales staff and 6 per cent of clerical and administrative workers. The numbers of bachelor’s graduates in all of these occupations was about four times as high.

Dr Karmel said the financial return from degrees and particularly higher degrees was still considerable. “But it’s becoming more uncertain,” he said, noting that 20 per cent of the employment growth among degree-qualified people had been in occupations in the bottom two income brackets.

“[If] you end up in a low-paid occupation, is there still a premium to getting a degree? You can’t really imagine that a labourer with a degree does much better than a labourer without a degree. But for somebody in administration or sales, maybe there is a bit of a payoff.”

The Universities Accord [interim report](#) recommends a higher education attainment target of 55 per cent by 2050. [Australian National University](#) policy expert Andrew Norton [says](#) this is neither feasible nor particularly desirable, requiring all but the least academic 45 per cent of high school leavers to obtain degrees.

Dr Karmel likewise questioned the target. “It’s important that people who really want to go to university can go to university. But that doesn’t necessarily imply that we need more and more people with degrees.”

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