



A WELL-SKILLED FUTURE

Tailoring VET to the emerging labour market

A well-skilled future by Sue Richardson & Richard Teese

This overview draws together the key points identified across the research consortium, *A well-skilled future: Tailoring VET to the emerging labour market*. It integrates the conclusions from each of its five programs to produce a coherent picture of the VET sector's role in responding to changes in the skills required by employers and the skill development needs of the workforce.

What it looks like

The fundamental source of a country's economic prosperity is the productive capacity of the national workforce. Vocational skills are a vital part of that productive capacity.

A well-skilled future is one where enterprises are encouraged to use sophisticated, high-productivity strategies, confident they can find the necessary high-quality workforce to match. It is also one where the latent productive talents of the potential workforce are realised. It is one where enterprises and the formal education system each play their part in the development of worker skills. While there will never be a perfect fit between the pattern of demand for and supply of skills, there will be neither a large unmet demand for skills nor a large under-used supply of skills. A well-skilled future provides multiple opportunities for workers to enhance and alter their skill sets.

The role of VET

The labour market is dynamic. People are constantly changing their jobs, learning new skills from their work or formal courses, moving to new locations and in and out of the labour force, changing the hours they work. At the same time, enterprises are being born, are growing and dying, altering the size of their workforce, recruiting strategic new skills and training some of their existing staff with the required incremental skills. By these means, shortages and surpluses usually sort themselves out over time.

The vocational education and training (VET) sector does not need to attempt to identify every future skill vacancy and then train someone to fill it. It is not possible to predict with accuracy the future demand for or supply of vocational skills. It is difficult to forecast well and costly to forecast badly. It is easier to project supply than demand for skills. However, the VET system can and should take into account the higher-level skills that are in growing demand, so that the way in which skills are supplied is based on both student preference and skill need.

While there has been a large shift towards higher education, the demand for vocational skills is likely to remain strong, but will evolve in two ways. One is towards higher-level qualifications—associate diplomas and diplomas. The other is towards more interactive and cognitive skills (as distinct from motor skills). There is currently a strong employer demand for skilled trades training, but this is occurring within a context in which, over the longer term, higher-level qualifications and cognitive and interactive skills are receiving increasing emphasis and represent an increasing proportion of total employment.

Constraints and challenges

The development of vocational skills is being challenged as a consequence of the substitution of contingent forms of employment for permanent and full-time jobs. Casual employment in particular is associated with less skills development on the job than is permanent employment. Offsetting this, younger cohorts are more qualified, and the proportion of each cohort with VET qualifications is projected to continue to rise. At the same time, the workforce is ageing quite rapidly. By 2014, there will be as many people aged 50–65 as there are people aged 25–49.

Program 6:

Maximising the future value and effectiveness of vocational education and training

The research consortium, *A well-skilled future: Tailoring vocational education and training to the emerging labour market*, comprises researchers from the National Institute of Labour Studies and the Centre for Post-compulsory Education and Lifelong Learning. Managed by the National Centre for Vocational Education Research (NCVER), it aims to investigate future work skill needs and work organisation arrangements, and their implications for VET.

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CONSORTIUM RESEARCH PROGRAM



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Older workers have large amounts of skills obtained from experience but lower levels of formal education than younger workers. They are likely to find it harder to use the formal VET system to update their skills, or to shift to the skills needed for a new occupation.

There will be growing demands on the VET sector to assist in increasing the skills of people who are currently marginal to the workforce. The workforce is becoming more female, as prime-age (25–49) men withdraw and women enter employment. More complex life patterns are meaning that the VET student body is increasingly comprised of men without full-time jobs, sole mothers, and older workers. These changes increase the demands on the formal VET system to be sensitive to the varied motivations, backgrounds and capacities of its student body. It must also be sensitive to the different roles that it plays for its varied student body. These include platform-building for youth, skills enrichment for established workers, and re-orientation for older workers. It must provide opportunities for the persistently large group who fail to complete high school and who face severe earnings penalties as a result.

Participation levels are an important measure of the success of the system. Some regions have high levels of participation, while others have low levels. A variety of factors are at work here—the availability of apprenticeships, the range of courses on offer, and the accessibility of campus-based training. But there are other, more complex factors as well. These include perceptions and values about jobs and employment-based training, and income needs. The mix of these factors affects the willingness of people to train, as well as their opportunities to do so.

There are two approaches to identifying and responding to need. The first is based on a strong collaborative community model, in which regions establish: strong community partnerships involving providers, government, employers and schools; robust mechanisms for measuring and responding to local industry needs; flexibility in delivery, including in the workplace and online delivery; and inclusiveness strategies to target key groups. The second is more a market-driven model where multiple and varied VET providers (public and private) actively compete for students. The competition works to drive up enrolments, with pressure on providers to innovate in their responsiveness to local needs.

Towards a well-skilled future

At the system-wide level, VET should focus on distinguishing skills that are in growing demand from those in declining demand, and on identifying skills where replacement vacancies will be large. In the face of the substantial and irreducible uncertainty about the future details of demand, the VET system should:

- devote most of its forecasting effort to those skills with extended learning and teaching preparation time, and where shortages impose serious bottlenecks on production
- for the remaining skills, establish an outstanding capacity to monitor emerging shortages and surpluses, together with a capacity to respond quickly to them.

The successful regions show that the VET system already possesses the knowledge of how to do the second of these very well. The greatest gains will come from extending the strategies of the best regions to the entire system. A densely populated VET landscape with wide provider choice, collaborative local networks, positive community attitudes and responsiveness to the motivations of potential students are essential components of what is required.

The future VET system will need more resources. It will need simultaneously to expand its size, teach at higher levels, teach a more diverse and older student body, and extend its geographic reach. The greatest expansion in demand for VET courses will be for higher-level qualifications. It will require a skilful management of the culture and resources of VET to ensure improvement in its services to the educationally disadvantaged while placing a growing emphasis on its top-end qualifications.

The VET system will face pressure to offset the reductions in employer-based training resulting from casual employment, although it will be difficult to replicate the geographical spread and range of skills that employer-based learning provides. It should seek creative ways to work with and through employers as agents of training. In this way, there is an opportunity for the VET sector to take a lead in providing workers with skills which are in short supply.

This overview is based on the research report, *A well-skilled future*. Visit <http://www.ncver.edu.au/publications/1721.html> for more information.