

New research reveals why VET pays off

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Hourly wages increase after completing a VET course. Credit: University of Melbourne

Students who complete vocational education and training (VET) courses have better job prospects and can earn up to 25 percent more than those who leave school early and don't have a higher qualification, according to new research conducted by the Melbourne Institute of Applied Economic Research at the University of Melbourne

The research paper, Long-term outcomes for Australian Vocational Education, released today, shows that women benefit more than men from having a VET qualification and these benefits continue for up to five years after graduation.

But, there are also positive effects on wages and full-time employment for men whose VET qualification adds to existing post-school credentials. For example, real hourly wages for men in this category increase by 9 percent in the first year after completing a VET course.

This is particularly true for new VET qualifications that are higher than those already held, while those that are not higher don't enhance a student's position in the [labour market](#).

The authors, Associate Professor Chris Ryan and Dr Cain Polidano, say many of the benefits for men from completing a VET course occur when they begin their training because it is often undertaken in conjunction with a related job held through an apprenticeship.

Meanwhile, women – who are less likely to hold an apprenticeship – benefit more when they complete a VET course and gain the higher credential than goes with it. This improves their full-time employment rates by up to 10 percentage points for those completing a qualification higher than any they already held.

Using data from the Household, Income and Labour Dynamics in Australia (HILDA) survey, the researchers examined the effects of completing VET on labour market outcomes including employment, wages, earnings, hours and occupational status, measured for up to five years

"One important feature of the paper is that it measures the effects of acquiring qualifications at lower, the same and at higher levels than any qualifications individuals already hold," said Associate Professor Ryan.

"It is clear that individuals benefit from undertaking a VET qualification, especially a first post-school qualification, or a new higher one. Their economic outcomes are better after they complete their

qualification than they were before them.

"Our results indicate that the benefits from completing VET qualifications persist – significant effects apparent in the first year after course completion compared to the year before remain evident in later years," Associate Professor Ryan said.

More information: Long-Term Outcomes from Australian Vocational Education. [www.melbourneinstitute.com/dow ... series/wp2016n35.pdf](http://www.melbourneinstitute.com/dow...series/wp2016n35.pdf)

Provided by University of Melbourne

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