Unaccredited training: why employers use it and does it meet their needs?

Ian White, Navinda De Silva and Toni Rittie
National Centre for Vocational Education Research
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This document should be attributed as White, I, De Silva, N & Rittie T 2018, Unaccredited training: why employers use it and does it meet their needs? NCVER, Adelaide.

This work has been produced by NCVER on behalf of the Australian Government and state and territory governments, with funding provided through the Australian Government Department of Education and Training.

COVER IMAGE: GETTY IMAGES

TD/TNC 131.20

Published by NCVER, ABN 87 007 967 311
Level 5, 60 Light Square, Adelaide SA 5000
PO Box 8288 Station Arcade, Adelaide SA 5000, Australia

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About the research

Unaccredited training: why employers use it and does it meet their needs?

Ian White, Navinda De Silva and Toni Rittie, National Centre for Vocational Education Research

The key drivers of employer investment in workforce training include improving the quality of a product or service, the adoption of new technology, and to meet legislative, regulatory or licensing requirements. Various types of training — accredited, unaccredited, informal — are accessed by employers to fulfil their training needs. This report focusses on employer’s use of unaccredited training.

As unaccredited training sits outside the mandatory reporting requirements of the nationally recognised accredited training system, administrative data relating to its use are not systematically collected in the National VET Provider Collection, therefore the true extent of its uptake in Australia is largely unknown. However, we know from the 2017 Survey of Employers’ Use and Views of the VET System that around half of employers in Australia are looking outside the nationally accredited vocational education and training (VET) system to provide their employees with training to meet their skill needs.

This study takes a closer look at employers’ use of unaccredited training, explores why they use it, why they choose unaccredited training over accredited training, and whether it meets their skill needs.

Key messages

- In 2017, over 90% of Australian employers provided some form of training to their employees: 54% engaged with the VET system; 51% used unaccredited training; and 81% said they provided informal training.

- Employers are looking to develop skills that are highly job relevant or organisation specific with unaccredited training. Cost, the ability to tailor the training and flexibility in provision are the key reasons for employers choosing unaccredited over accredited training.

- Most employers using unaccredited training are satisfied that it provides the required skills for their workers. Around half of the employers using unaccredited training did not use an external provider, but, for those who did, private training providers and professional/industry associations were the main providers chosen, largely because of their high level of industry knowledge and the suitability of the course content for their employees.

- While both accredited and unaccredited training were selected by employers to meet their skill needs, little research is available on the impact that the type of training has on the employee, particularly with respect to the transferability and recognition of their skills to other occupations or industries. Are the skills and capabilities acquired through accredited and unaccredited training comparable? The upcoming Australian Qualifications Framework (AQF) review may go some way towards formal recognition for unaccredited training. There is also little to no data available on employers’ expenditure on training and whether this influences their training choices.

- We await the 2019 Survey of Employer’s Use and Views of the VET System to gain the latest insights on employer training choices. The results will be available in October 2019.
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Why do employers train their staff?

Employers’ decisions about training are influenced by a wide variety of factors (Smith, et al. 2009). Smith et al. (2017) found that the reasons employers train their workforces had not changed appreciably over time, although most employers reported conducting more training than in the previous five years. Online surveys and semi-structured interviews with employers revealed that the most important drivers of training were:

- the constant need to improve the quality of products and/or services
- the adoption of new technology
- the need to meet increasing regulatory requirements.

Most employers in the study undertaken by Smith et al. (2017) wanted to provide more training for their employees, with major barriers to this being the time staff were away from work undertaking training and the financial resources required. Similarly, TAFE Enterprise (2018) identified the most common barriers to staff training cited by businesses as:

- the time employees were required to spend away from work
- lack of a training budget
- lack of motivation in staff to participate.

Cully (2005) considered the motivating reasons for employers to provide training in terms of ‘push’ and ‘pull’ factors. Push factors are those essential to meeting the regulatory or contractual requirements of the business, compelling employers to provide training to employees; they include training for licences to operate equipment (for example, forklift) or to handle materials (for example, toxic chemicals). Pull factors are those that attract employers to provide training for employees, despite the training not being essential for meeting requirements for the continuation of the business. This includes training that upskills the workforce, enabling the production of higher-quality products or services, therefore improving the business’s competitive position in the market place. Despite the different motivating factors, Cully (2005) concluded that generally employers provide training because they expect it to benefit the organisation.

Most employers provide some form of training to their workers, although their reasons for choosing between different types of training (for example, accredited, unaccredited or informal) are varied and not well understood. The evidence presented in this report focuses on unaccredited training (for example, structured courses or instruction) as opposed to informal training which is unstructured and usually occurs on the job (see box 1 for how we differentiate between ‘unaccredited training’ and ‘informal training’).

In 2017, 91% of Australian employers provided some form of training to their employees; 54% engaged with the formal vocational education and training (VET) system in some way, 51% used unaccredited training and 81% provided informal training to their employees (NCVER 2017, see box 2 about the Survey of Employers’ use and views of the VET system).
Different terminologies are used to describe the types of training provided by employers and depend on the context of the research and the dataset being used. For example, organisations such as the Australian Bureau of Statistics (ABS) and the Organisation for Economic Co-operation and Development (OECD) define training from the learner’s point of view, using the terms ‘formal learning’, ‘non-formal learning’ and ‘informal learning’. By contrast, the Survey of Employers’ Use and Views of the VET System (SEUV), conducted by NCVER, uses definitions from the training point of view: ‘nationally recognised or accredited training’, ‘unaccredited training’ and ‘informal training’. To enable a comparison of the data from the various sources, with their differing terminologies, this report adopts the following definitions:

- **Accredited (or nationally recognised) training/formal learning** refers to a program of training leading to vocational qualifications and credentials that are recognised by the attainment of a formal qualification or award. This can include whole courses or selected modules of a course.
- **Unaccredited training/non-accredited training/non-formal learning** refers to a program of structured training or instruction that does not lead to the attainment of a formal qualification or award, for example, short courses, product-specific training and industry- or organisation-specific training.
- **Informal training/informal learning** refers to unstructured training that usually occurs on the job through interactions with co-workers as part of the day-to-day work, for example, on-the-job coaching, mentoring or reading on the internet.

Training is the most common strategy used by organisations to address issues with staff proficiency (table 1, 86.9% in 2017), the lack of which can have a detrimental effect on the performance of an organisation (NCVER 2017).

<table>
<thead>
<tr>
<th>Strategies</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal reorganisation</td>
<td>50.3</td>
<td>57.2</td>
<td>57.3</td>
</tr>
<tr>
<td>Recruitment of new staff</td>
<td>46.9</td>
<td>59.2</td>
<td>56.7</td>
</tr>
<tr>
<td>Trained existing staff</td>
<td>81.4</td>
<td>86.0</td>
<td>86.9</td>
</tr>
<tr>
<td>Taken other action</td>
<td>22.7</td>
<td>32.2</td>
<td>30.6</td>
</tr>
<tr>
<td>None of these</td>
<td>6.7</td>
<td>4.8</td>
<td>4.5</td>
</tr>
</tbody>
</table>


In a survey of over 400 businesses, TAFE Enterprise (2018) found that 79% of respondents identified lack of trained staff as inhibiting their growth potential. In the SEUV (2017), employers reported the main effects of lack of staff proficiency were an increased workload for other staff (82%) and increased operating costs (62%).

Consistent with these findings, recent data from the Workforce Development Needs Survey (Australian Industry Group 2018) indicate that the main strategy being used by employers to meet skill needs is retraining existing staff on the job (68%) and employing experienced employees (64%). The survey also found there has been a significant increase in the strategy of employing workers with basic skills and then upskilling them.
Internationally, the UK Employer Perspectives survey (2016) provides insight into the views of more than 18,000 employers in the United Kingdom relating to their use of, and engagement with, the skills system. The survey found that 73% of employers had provided some sort of training to their employees. Employer size was a key factor in determining training activity, with larger employers more likely to offer training than their smaller counterparts. For employers with two to four staff, 59% offered some kind of training for their staff, this figure rising to 98% for employers with 100 or more staff.

The most recent Australian survey, the 2017 Employers’ Use and Views of the VET System, showed a similar pattern, with employers’ use of training increasing with employer size (table 2).

<table>
<thead>
<tr>
<th>Employer Size</th>
<th>Employers using the VET system*</th>
<th>Employers using unaccredited training</th>
<th>Employers using informal training</th>
<th>Employers providing no training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (1–9 employees)</td>
<td>47.5</td>
<td>42.6</td>
<td>76.9</td>
<td>11.7</td>
</tr>
<tr>
<td>Medium (10–99 employees)</td>
<td>69.4</td>
<td>69.3</td>
<td>91.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Large (100+ employees)</td>
<td>85.2</td>
<td>84.1</td>
<td>96.3</td>
<td>np</td>
</tr>
<tr>
<td>Total</td>
<td>54.4</td>
<td>50.8</td>
<td>81.4</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Notes: np NCVER does not report on estimates based on five or fewer respondents because the estimates are unreliable.
* Employers providing nationally recognised training or undertaking apprenticeship/traineeship in the last 12 months or employees with formal vocational qualifications as a requirement of their job.

Source: Survey of Employers’ Use and Views of the VET System (NCVER 2017).

Box 2 About the Survey of Employers’ Use and Views of the VET System

The Survey of Employers’ Use and Views of the VET System is a biennial survey that collects information about employers’ engagement and satisfaction with the VET system and the various ways by which employers use the VET system to meet their skill needs. The survey covers training provided by employers in the last 12 months. The sample of employers is randomly selected from the ABS Business Register, and employers are contacted using computer-assisted telephone interviewing. Approximately 8000 to 9000 employers are interviewed each survey. The survey in its current form was first conducted in 2005.

The survey sample is stratified by state/territory, employer size (small = one to nine employees; medium = 10–99 employees; large = 100 or more employees) and industry (19 ANZSIC divisions). Survey responses are weighted to population benchmarks from the ABS Business Register. The estimates from the survey are subject to sampling variability, as they are based on a sample rather than a population, that is, they may differ from the estimates that would have been produced had all employers had been included and responded to the survey.

Recognition of unaccredited training

Internationally, a commitment to lifelong learning is now seen as being essential for competitiveness in a globalised world, one characterised by rapid technological change (Cedefop 2017). The concept of lifelong learning assumes that all kinds of learning and training outcomes are valued and validated, regardless of where and how they were
Unaccredited training: why do employers use it and does it meet their needs?

acquired (Yang 2015). As Siekmann and Fowler (2017) point out, in today’s dynamic workplace, qualifications alone can be a poor proxy for estimating future job performance. Accordingly, investigation of the skills acquired across formal, non-formal and informal learning settings can provide a more accurate indicator of successful employment outcomes. In 2012, the Council of the European Union recommended the validation of non-formal and informal learning across Europe (Council of the European Union 2012). Research undertaken by Cedefop, the European Commission and ICF in 2017 noted a growing trend among countries to expand their frameworks to include qualifications awarded outside their formalised and regulated national qualification systems. Siekmann and Fowler (2017) also highlight the international use of skills frameworks in conjunction with qualifications frameworks to steer policy and inform training practices.

In Australia, a great deal of unaccredited training and informal learning remains unrecognised (Griffin 2016). Also, as skills developed via these forms of training are not systematically collected by the National VET Provider Collection, it may lead to an overestimation of the benefit that formally accredited training brings to the economy (Griffin 2016). In the 2017–18 Budget, the Australian Government announced a review of the Australian Qualifications Framework (AQF). The review will involve broad public consultation in response to a discussion paper and will include extensive consultations with the sector. Release of the discussion paper and public consultations are expected in the second half of 2018, with the final report to be provided to the government by June 2019. A report produced by PhillipsKPA (2018), which provides contextual research for the AQF review, recognises the growing need in Australia for more flexible and multi-directional learning pathways rather than simple hierarchical ones (as the AQF is perceived to be). This includes the potential for formal recognition of individual skill sets and unaccredited training. Multi-directional learning pathways are regarded as better suited to lifelong learning and to rapid retraining to meet new technological challenges (PhillipsKPA 2018).

Employers’ financial contribution to training

A highly skilled workforce is widely seen by employers as being vital for ensuring that their companies remain competitive in a global marketplace. However, as Richardson (2004) points out, the development of skills in the workforce is financially expensive and requires a major investment in time on the part of the learner and employer. In Australia, debate continues on how and who should fund skill development in the workplace.

While in Australia in recent years there has been a lack of large-scale national surveys on employer expenditure on training — the last being the Survey of Employers’ Training Expenditure and Practices, conducted in the financial year 2001–02 — a number of smaller-scale surveys have collected information in this area. Of the businesses surveyed by TAFE Enterprise (2018), 41% spent more than 5% of their annual earnings on training, with NSW businesses spending an average of $1685 per employee on training and

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Data were not available for the other states and territories on money spent on training.\textsuperscript{3}

While the Workforce Development Needs Survey (Australian Industry Group 2018) asks employers about their training expenditure intentions for the coming year, no data are collected on actual dollar values. In 2018, 37\% of respondents reported that they would maintain their current expenditure, while 52\% reported that they intended to increase expenditure over the next 12 months. Employers also reported a significant increase in their internal company training and support from supervisors and mentors to boost literacy and numeracy skills (Australian Industry Group 2018).

The last Survey of Employers’ Training Expenditure and Practices, conducted in the financial year 2001–02, estimated total direct employer training expenditure, net of subsidies, to be $3.7 billion (ABS 2003). Burke (2016) calculated that the 2001–02 spending by employers, adjusted to 2014 prices, would total $7 billion, assuming a 25\% real increase, in line with employment growth in Australia. This was almost as much as the government spent on the publicly supported VET system during 2014 (NCVER 2015). Notably, the employer direct expenditure, discussed above, does not include the wages and salaries of employees while in training. Given the estimated size of employer spending on workforce training, there is a good case for a more comprehensive survey to provide a better overall picture of employers’ contribution to skilling the workforce.

\textsuperscript{3} No information was available on the training spend for the remaining 59\% of businesses. The survey interviewed managers from 409 Australian businesses with over 100 employees, across a variety of industries.
Employers’ use of unaccredited training

In 2017, 51% of Australian employers used unaccredited training to meet their skill needs, compared with the 54% who engaged with the VET system (NCVER 2017, see table 3 below).

Table 3  Training choices by employers, 2005–17 (%)

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Employers using the VET system (Base: all employers)</td>
<td>57.9</td>
<td>55.6</td>
<td>58.0</td>
<td>56.1</td>
<td>51.9</td>
<td>52.8</td>
<td>54.4</td>
</tr>
<tr>
<td>Employers using unaccredited training</td>
<td>54.5</td>
<td>50.4</td>
<td>54.1</td>
<td>49.0</td>
<td>47.5</td>
<td>49.3</td>
<td>50.8</td>
</tr>
<tr>
<td>Employers using informal training</td>
<td>73.0</td>
<td>72.1</td>
<td>77.8</td>
<td>78.3</td>
<td>77.6</td>
<td>77.9</td>
<td>81.4</td>
</tr>
<tr>
<td>Employers providing no training</td>
<td>12.2</td>
<td>13.0</td>
<td>8.7</td>
<td>9.3</td>
<td>12.4</td>
<td>10.9</td>
<td>8.7</td>
</tr>
</tbody>
</table>


Measuring the extent and impact of employer training is a difficult process, particularly when it is unaccredited or informal. Using interviews and case studies with Australian firms, Smith et al. 2008 found that very few records were maintained in smaller organisations and that manager estimates of training activities and expenditure in these organisations were little more than informed guesses. In larger organisations, more extensive records of training activities and expenditure were kept, but they often covered only part of the training provided. Similarly, the New Zealand Labour and Immigration Research Centre 2012 found that keeping records of training by employers varied dramatically between different organisations, industries and the type of training provided. Griffin 2016 argues that, since employees develop skills through different mechanisms (for example, formal education and training, or structured but non-accredited training), estimating the extent, costs and benefits of training at the employer level can be a complex exercise.

Employers’ reasons for choosing unaccredited training

Cully 2005 reviewed and synthesised research undertaken on the topic of ‘training provided by employers for their workforces’ across a wide range of organisations and industries, including retail, construction, manufacturing and aged care. The review found that, generally, employers use the form of skill development that best meets their needs. How employers met their skill needs varied widely and depended on both enterprise size and industry sector. The relevance of the training to the employer’s needs and flexibility of delivery were also more important to them than who provides it or whether it is accredited, a finding consistent with the 2017 Survey of Employers’ Use and Views of the VET System. Cully 2005 notes that, while employers are generally aware that the formal VET system offers nationally recognised training, they find it complex and difficult to navigate, although intermediary groups, such as industry associations, play an important role in interpreting the system.

The complexity of the Australian VET system is frequently cited as a barrier to employers choosing accredited training (for example, Griffin 2017; Shah 2017; Smith et al. 2017). Smith et al. 2017 for example, found that a key element in the use of nationally
recognised training by employers is the existence of a ‘navigator’, an individual who can guide the employer through the VET system. This navigator can be someone within the organisation with a specialised knowledge of the VET system or someone external to the organisation, such as a registered training organisation (RTO) or other partner. The absence of a navigator increased the likelihood of employers choosing unaccredited training over accredited training.

Smith et al. 2009 used data from the 2005 Survey of Employers’ Use and Views of the VET System to gain a better understanding of the decisions employers made about training. The researchers used a statistical modelling process in which the reasons employers had given for providing the different forms of training were modelled against a range of organisational characteristics or variables commonly cited in the literature as factors influencing decisions about the provision of training in organisations, for example, industry type and employer size. Organisations that gave employee training strategic prominence in their business plan had a higher tendency to choose accredited training over unaccredited. Organisations that chose unaccredited training over nationally recognised training tended to be small or medium-sized, with many casual workers (Smith et al. 2009).

Shah 2017 explored Australian employers’ perspectives on workforce training from 10 firms in three selected industries: red meat processing, road freight transport and freight forwarding. The firms varied in size, from a small ‘paddock to plate’ company with nine employees, to a large firm with about 1 650 employees. The findings by Shah 2017 are consistent with the 2017 Survey of Employers’ Use and Views, in that employers used both accredited and unaccredited training to meet their skill needs. Training choice often reflected industry practices, availability of a public subsidy, the experience of employees and the logistics involved in organising training delivery. For example, employers in the red-meat processing and road-freight-transport industries used nationally accredited training to meet each industry’s strict regulatory and quality assurance requirements. In contrast, in the freight forwarding industry, tradition and a lack of an accepted accredited entry-level qualification meant that the initial training in freight forwarding was largely unaccredited. Shah also noted that one of the problems faced by cash- and time-poor small firms is the lack of easy access to reliable information on the increasingly complex accredited training market, meaning that small-sized firms in these industries are more likely to use unaccredited training to meet their skill requirements. This supports the findings of Smith et al. 2009.

Mawer and Jackson 2005 found that employers’ choice of unaccredited training over accredited training was related to their valuing the experience and skills acquired on the job more highly than accredited training. Lack of knowledge of the formal VET system was also a barrier to the use of accredited training, with employers preferring structured and semi-structured training seminars and short courses. This type of training was considered valuable by both employers and employees, in that it was highly relevant, focused on particular equipment or products and could immediately be put into practice.

Comparing the reasons given by employers in the 2017 Survey of Employers’ Use and Views of the VET System for choosing different types of training offers some insight into employers’ motivations for training. For example, employers use nationally recognised training to aid staff career development, while unaccredited training is rarely used for this purpose. Nationally recognised training is also used by a greater number of
Employers to meet legislative, regulatory or licensing requirements than unaccredited training. On the other hand, when responding to new technology, more employers prefer unaccredited over nationally recognised training. There has also been an increasing trend for employers to use unaccredited training to meet highly specific training needs; the Survey of Employers’ Use and Views however does not offer this reason for the use of nationally recognised training and so comparative data are not available.

Studies show that employers’ motivations for using unaccredited training have remained consistent over time. Smith et al. 2009 for example identified the reasons why employers provided different forms of training to their workers. In relation to the use of unaccredited training, the major reasons were to improve the overall skill levels of their workforces; enhance their competitive position in business; and to enable organisations to respond to the demands of new technology. The use of unaccredited training for internal organisation-development reasons, including skills enhancement and developing a responsive workforce, was also widespread and was found in almost all industry sectors.

Smith et al. 2009 also gauged the effect of an organisation’s characteristics on its decisions to provide unaccredited training. Organisations with a low level of workforce skills and who did not attach a high level of importance to training tended to use unaccredited training to improve the overall level of skills in their workforce. By contrast, organisations with a high level of skills and who attach a high level of importance to training used unaccredited training to develop a more strategic approach to the use of human resources, the aim being to enhance their competitive position in the market place.

**Employers’ satisfaction with unaccredited training**

Overall, employers are satisfied with the types of training they use to meet their skill needs, and satisfaction with training has remained consistent over time across all training types. That said, employers have consistently rated satisfaction with unaccredited training significantly higher than with nationally recognised training and with the training to apprentices and trainees provided through the VET system (figure 1).

**Figure 1**  Satisfaction with overall skill needs being met with apprentices and trainees, nationally recognised training and unaccredited training, 2005–17 (%)

Note: Satisfaction = percentage who indicated they were either ‘satisfied’ or ‘very satisfied’.

What skill needs are employers meeting with unaccredited training?

The skill needs that employers are meeting with their use of unaccredited training vary greatly between different industries. For example, Shah 2017 found that, in the meat industry, on-the-job unaccredited training was used to reinforce and enhance the skills learnt in accredited training. In the freight forwarding industry, on the other hand, unaccredited training in the form of online learning modules was used to teach new skills for a proprietary software. This approach was largely due to the lack of an accredited entry-level qualification acceptable to industry.

According to PwC Skills for Australia 2018, employers in the information and communication technologies (ICT) industry are using unaccredited training to ensure that employees are sufficiently skilled to operate effectively and comply with sector regulation, with unaccredited training in particular used to meet competencies and licences. Vendor training is also known to be widely used in the ICT industry, since it is likely that vendors and suppliers are at the forefront of new technologies and concepts and thus most qualified to undertake skill development in this area.

NCVER 2013 examined the contribution to training by employers in the mining industry. The study found that the types of skills that mining employers were developing in their employees through the provision of unaccredited training included:

- occupation-specific (for example, on-the-job operator training, whereby workers are assessed and then licensed to operate plant and equipment)
- organisation-specific (for example, product or service-specific courses)
- site induction and safety
- management, project management and supervisory skills
- personal development (such as health, diet, life skills)
- general computing skills.

One of the aims of this present study is to better understand the reasons for employers choosing unaccredited training over accredited training. In 2017, 11% of employers chose unaccredited training when comparable nationally recognised training was available (NCVER 2017, table 4).

### Table 4 Availability of comparable nationally recognised training when unaccredited training was used, 2005–17 (%)

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</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11.0</td>
<td>15.3</td>
<td>15.3</td>
<td>16.2</td>
<td>13.0</td>
<td>12.6</td>
<td>10.8</td>
</tr>
<tr>
<td>No</td>
<td>63.4</td>
<td>57.9</td>
<td>65.7</td>
<td>65.1</td>
<td>63.8</td>
<td>63.7</td>
<td>64.7</td>
</tr>
<tr>
<td>Did not investigate availability</td>
<td>25.6</td>
<td>26.8</td>
<td>19.0</td>
<td>18.7</td>
<td>23.2</td>
<td>23.7</td>
<td>24.6</td>
</tr>
</tbody>
</table>


The key reasons for choosing unaccredited training over comparable nationally recognised training included cost-effectiveness, an approach that is tailored to their needs, and/or held at convenient or flexible times (table 5). Between 2007 and 2017 there was an increase in the number of employers citing the reason that the approach
was tailored to their needs. This may indicate that the ‘fit’ of training to employers’ specific requirements has become more important over recent years.

### Table 5  Reasons for choosing unaccredited training over comparable nationally recognised training, 2005–17 (%)

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach that was tailored to our needs</td>
<td>1.4</td>
<td>3.5</td>
<td>4.7</td>
<td>na</td>
<td>27.2</td>
<td>22.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Convenient access or location</td>
<td>13.2</td>
<td>13.9</td>
<td>24.9</td>
<td>na</td>
<td>25.9</td>
<td>9.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Convenient or flexible times</td>
<td>17.5</td>
<td>22.5</td>
<td>21.5</td>
<td>na</td>
<td>16.5</td>
<td>24.9</td>
<td>21.3</td>
</tr>
<tr>
<td>Expertise not available elsewhere</td>
<td>4.9</td>
<td>6.9</td>
<td>7.6</td>
<td>na</td>
<td>8.2</td>
<td>0.0</td>
<td>np</td>
</tr>
<tr>
<td>More cost-effective</td>
<td>28.3</td>
<td>30.1</td>
<td>38.1</td>
<td>na</td>
<td>34.6</td>
<td>49.8</td>
<td>37.0</td>
</tr>
<tr>
<td>Nationally recognised training was not needed</td>
<td>0.7</td>
<td>9.5</td>
<td>5.3</td>
<td>na</td>
<td>8.5</td>
<td>9.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Prefer to use our own trainers</td>
<td>12.5</td>
<td>20.1</td>
<td>20.1</td>
<td>na</td>
<td>29.9</td>
<td>9.5</td>
<td>15.0</td>
</tr>
<tr>
<td>Specialists that have a high level of industry knowledge</td>
<td>9.5</td>
<td>16.0</td>
<td>9.7</td>
<td>na</td>
<td>8.9</td>
<td>8.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Other reasons</td>
<td>49.6</td>
<td>31.4</td>
<td>20.6</td>
<td>na</td>
<td>14.2</td>
<td>23.6</td>
<td>16.1</td>
</tr>
</tbody>
</table>

Notes: na  Not applicable.
* The estimate has an error equal to or greater than 10% of margin of error and should be used with caution.

The UK Employer Perspectives Survey (2016) asked employers who had not arranged training that led to recognised vocational qualifications (accredited training) in the last 12 months why they had not done so. The top five reasons given were:

- there was a lack of information or knowledge about vocational qualifications (35% of employers)
- staff did not want vocational qualifications (33%)
- the government does not provide grants/funding to cover the costs (26%)
- vocational qualifications are too expensive to deliver (22%)
- vocational qualifications are too complicated for our needs (21%).

While not directly comparable with the Australian survey, employers in the UK survey similarly identified cost and lack of suitability as reasons for not choosing training that leads to recognised vocational qualifications.
Who do employers turn to for the provision of unaccredited training?

Half of the Australian employers who used unaccredited training in 2017 did not use an external provider, suggesting that much of this training is provided internally (table 6). Evidence supporting this in a specific industry can be found in the NCVER (2013) study commissioned by the Minerals Council of Australia, which indicated that 64% of companies in the mining sector employ staff whose role is primarily training (unaccredited), coaching or mentoring. This figure rose to 91% for contracting firms in the mining sector. Across the representative sample of Australian employers in all industries surveyed in the 2017 Survey of Employers’ Use and Views of the VET System, the main external providers of unaccredited training were private training providers, professional or industry associations and suppliers or original equipment manufacturers (table 6). Employers’ provider choices have remained relatively consistent over time.

Table 6 Unaccredited training – types of providers, 2005–17 (% of employers using unaccredited training)

<table>
<thead>
<tr>
<th>Types of providers</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2011</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAFE institutes</td>
<td>3.4</td>
<td>3.7</td>
<td>3.0</td>
<td>2.1</td>
<td>1.4</td>
<td>2.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Private training provider</td>
<td>20.9</td>
<td>24.4</td>
<td>22.3</td>
<td>17.2</td>
<td>17.1</td>
<td>18.0</td>
<td>20.9</td>
</tr>
<tr>
<td>Professional or industry association</td>
<td>16.1</td>
<td>12.9</td>
<td>12.1</td>
<td>15.2</td>
<td>13.4</td>
<td>15.0</td>
<td>14.7</td>
</tr>
<tr>
<td>Supplier/manufacturer of equipment and/or product</td>
<td>12.7</td>
<td>9.1</td>
<td>10.5</td>
<td>12.9</td>
<td>13.5</td>
<td>9.9</td>
<td>11.0</td>
</tr>
<tr>
<td>Other providers</td>
<td>6.9</td>
<td>8.5</td>
<td>6.0</td>
<td>6.0</td>
<td>3.3</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>No external training provider used</td>
<td>48.9</td>
<td>52.8</td>
<td>52.4</td>
<td>53.0</td>
<td>56.2</td>
<td>58.4</td>
<td>54.5</td>
</tr>
</tbody>
</table>


For employers who used an external training provider to deliver unaccredited training, the main reasons given were:

- they are specialists with a high level of industry knowledge
- they provide course content that is suitable (NCVER 2017, table 7).

Between 2005 and 2017 limits to the availability of suitable expertise was cited less often by employers when choosing a provider of unaccredited training (table 7). This suggests that employer skill needs that previously could only be filled using certain providers of unaccredited training can now be met using other resources. Over the same time, employers also increasingly used providers who had a high level of specialised industry knowledge and were convenient and flexible in their delivery of training.
Unaccredited training: why do employers use it and does it meet their needs?

The majority of employers using unaccredited training are satisfied with all aspects of the training regardless of the training provider used. Overall satisfaction with unaccredited training is above 94% for all external training providers used (table 8).

Table 7  Reasons for choosing main provider of unaccredited training, 2005–17 (% of employers using unaccredited training)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Content of training course was suitable</td>
<td>30.6</td>
<td>31.0</td>
<td>14.8</td>
<td>na</td>
<td>27.0</td>
<td>24.9</td>
<td>23.2</td>
</tr>
<tr>
<td>Convenient access or location</td>
<td>7.7</td>
<td>7.2</td>
<td>8.8</td>
<td>na</td>
<td>7.8</td>
<td>12.0</td>
<td>10.2</td>
</tr>
<tr>
<td>Convenient or flexible times</td>
<td>5.8</td>
<td>9.5</td>
<td>9.3</td>
<td>na</td>
<td>7.5</td>
<td>9.3</td>
<td>12.9</td>
</tr>
<tr>
<td>Expertise not available elsewhere</td>
<td>18.7</td>
<td>15.6</td>
<td>12.2</td>
<td>na</td>
<td>11.1</td>
<td>8.8</td>
<td>10.3</td>
</tr>
<tr>
<td>More cost-effective</td>
<td>7.8</td>
<td>10.5</td>
<td>9.0</td>
<td>na</td>
<td>10.6</td>
<td>12.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Only suitable provider available</td>
<td>29.5</td>
<td>27.7</td>
<td>27.9</td>
<td>na</td>
<td>26.3</td>
<td>22.3</td>
<td>19.7</td>
</tr>
<tr>
<td>They were recommended to us and have a good reputation</td>
<td>na</td>
<td>1.9</td>
<td>na</td>
<td>na</td>
<td>6.4</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Specialists with a high level of industry knowledge</td>
<td>31.6</td>
<td>23.9</td>
<td>35.0</td>
<td>na</td>
<td>29.9</td>
<td>35.6</td>
<td>40.5</td>
</tr>
<tr>
<td>Used provider previously and were satisfied</td>
<td>7.6</td>
<td>6.3</td>
<td>10.2</td>
<td>na</td>
<td>7.2</td>
<td>8.6</td>
<td>8.1</td>
</tr>
<tr>
<td>Other reasons</td>
<td>9.5</td>
<td>12.2</td>
<td>9.5</td>
<td>na</td>
<td>20.9</td>
<td>18.1</td>
<td>15.9</td>
</tr>
</tbody>
</table>

Notes:  na  Not applicable.

Supporting these findings, the Workforce Development Needs Survey (Australian Industry Group 2016) found that of almost 300 companies from four broad industry sectors — manufacturing (58%), services (22%), construction (16%) and mining (4%) — a large proportion of Australian employers carried out unaccredited training in-house. The most common provider of in-house unaccredited training was an in-house trainer/teacher, with 33% of employers using this provider of training, followed by vendors (11%), and conferences, seminars or workshops (8%). External unaccredited training was provided mainly by conferences, seminars or workshops (14% of employers) and vendors (6%). By contrast, accredited training was largely delivered externally by TAFE (technical and further education) institutes (35% of employers) and private training providers (35%).

Table 8  Employers satisfied with aspects of training by main type of training provider, 2017 (% of employers using unaccredited training)

<table>
<thead>
<tr>
<th>Main type of training provider</th>
<th>Relevance of skills taught</th>
<th>Condition of equipment and facilities</th>
<th>Cost-effectiveness of the training</th>
<th>Flexibility of the provider in meeting your needs</th>
<th>Trainers’ knowledge and experience of your industry</th>
<th>Standard of assessment</th>
<th>Overall satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAFE</td>
<td>99.5</td>
<td>99.3</td>
<td>98.9</td>
<td>100.0</td>
<td>99.4</td>
<td>98.9</td>
<td>99.5</td>
</tr>
<tr>
<td>Private training provider</td>
<td>96.9</td>
<td>92.2</td>
<td>88.2</td>
<td>95.0</td>
<td>91.6</td>
<td>90.7</td>
<td>97.2</td>
</tr>
<tr>
<td>Professional or industry association</td>
<td>97.9</td>
<td>97.3</td>
<td>87.5</td>
<td>82.2</td>
<td>94.5</td>
<td>89.7</td>
<td>94.9</td>
</tr>
<tr>
<td>Supplier/manufacturer of equipment and/or product</td>
<td>97.1</td>
<td>97.4</td>
<td>94.5</td>
<td>91.3</td>
<td>99.0</td>
<td>92.9</td>
<td>96.3</td>
</tr>
<tr>
<td>Other providers used for unaccredited training</td>
<td>99.0</td>
<td>99.2</td>
<td>80.5</td>
<td>98.9</td>
<td>99.0</td>
<td>90.0</td>
<td>94.7</td>
</tr>
</tbody>
</table>

The percentage of employers who carried out unaccredited training in-house was reported as considerably higher than for accredited training4 (Australian Industry Group 2016, p.38, chart 36).

Vendors are often perceived as well placed to provide unaccredited training as they are ‘experts’ in the product they manufacture or supply. The findings from the 2017 Survey of Employers’ Use and Views show that supplier/manufacturers of equipment and/or product training accounted for 10% of the unaccredited training used by employers.

By means of a series of interviews with various industry stakeholders, Watson (2008) examined employers’ use of vendor-provided training in New South Wales. The most important reason given by employers for choosing their unaccredited training provider was the suitability of the content of training courses. The study also found that, after private training providers, vendor-provided training was the second most common type of unaccredited training used by employers. Vendor-provided training was particularly widespread in industries subject to developments in new technology, such as ICT, and was driven by the need for up-to-date product knowledge, which accredited training is not always in a position to provide. In industries such as construction, where new technology was less of an issue, there was evidence of vendor-provided training being absorbed into accredited training. For industries where use of specialised equipment is common, such as mining, vendor-provided training is often centred around safety and was generally seen as complementary to accredited industry training.

Industry intelligence

One of the emerging themes in this study has been the varying use of unaccredited training by different industries. For example, according to the ICT industry skills forecast by PwC Skills for Australia (2018), employers in this industry are less likely to use the VET system, preferring to use unaccredited training. These findings are consistent with those of the 2017 Survey of Employers’ Use and Views, which showed that 55% of employers operating in the information, media and telecommunications industry used unaccredited training, while 35% used the VET system (table 9). This section provides some examples from different industries, of the varying uses of unaccredited training.

The 2018 ICT industry skills forecast (PwC Skills for Australia 2018) reports that unaccredited training is likely to be in the form of vendor-certified training courses, which are generally preferred by many ICT employers as vendors are considered experts in the product they supply. Additionally, the use of unaccredited vendor training is often driven by the warranty requirements of ICT systems and equipment. For example, to satisfy the warranty of some products, servicing and maintenance needs to be carried out by an employee who is a vendor-certified technician.

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4 The exact overall percentage of employers using unaccredited training is unclear, as the data were reported by provider type and may include multiple responses from the same employer.
Table 9  Use of training in the last 12 months by industry, 2017 (%)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employers using the VET system*</th>
<th>Employers using unaccredited training</th>
<th>Employers using informal training</th>
<th>Employers providing no training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>38.2</td>
<td>43.0</td>
<td>75.8</td>
<td>15.2</td>
</tr>
<tr>
<td>Mining</td>
<td>58.6</td>
<td>60.5</td>
<td>66.1</td>
<td>11.2*</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>63.7</td>
<td>47.0</td>
<td>81.1</td>
<td>8.2</td>
</tr>
<tr>
<td>Electricity, gas, water and waste services</td>
<td>44.1</td>
<td>40.3</td>
<td>82.2</td>
<td>np</td>
</tr>
<tr>
<td>Construction</td>
<td>78.7</td>
<td>39.6</td>
<td>80.2</td>
<td>6.1</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>39.3</td>
<td>49.3</td>
<td>82.4</td>
<td>7.8</td>
</tr>
<tr>
<td>Retail trade</td>
<td>36.3</td>
<td>46.5</td>
<td>79.9</td>
<td>12.1</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>41.8</td>
<td>39.7</td>
<td>85.4</td>
<td>7.7</td>
</tr>
<tr>
<td>Transport, postal and warehousing</td>
<td>30.0</td>
<td>47.6</td>
<td>83.0</td>
<td>11.0*</td>
</tr>
<tr>
<td>Information media and telecommunications</td>
<td>35.0</td>
<td>54.8</td>
<td>83.2</td>
<td>9.0</td>
</tr>
<tr>
<td>Financial and insurance services</td>
<td>58.3</td>
<td>68.2</td>
<td>84.9</td>
<td>8.3*</td>
</tr>
<tr>
<td>Rental, hiring and real estate services</td>
<td>63.6</td>
<td>68.3</td>
<td>83.4</td>
<td>5.9*</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>47.3</td>
<td>56.9</td>
<td>80.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Administrative and support services</td>
<td>38.5</td>
<td>51.4</td>
<td>90.3</td>
<td>5.8*</td>
</tr>
<tr>
<td>Public administration and safety</td>
<td>64.8</td>
<td>69.5</td>
<td>92.6</td>
<td>np</td>
</tr>
<tr>
<td>Education and training</td>
<td>70.4</td>
<td>68.0</td>
<td>82.2</td>
<td>6.7*</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>57.9</td>
<td>60.0</td>
<td>81.8</td>
<td>9.4</td>
</tr>
<tr>
<td>Arts and recreation services</td>
<td>46.3</td>
<td>50.3</td>
<td>80.6</td>
<td>13.3*</td>
</tr>
<tr>
<td>Other services</td>
<td>73.4</td>
<td>54.9</td>
<td>78.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Total</td>
<td>54.4</td>
<td>50.8</td>
<td>81.4</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Notes: np NCVER does not report on estimates based on five or fewer respondents because the estimates are unreliable.
* The estimate has an error equal to or greater than 10% of margin of error and should be used with caution.

Source: Survey of Employers’ Use and Views of the VET System (NCVER 2017).

Similarly, employers in the Australian forest and wood products industry undertake a significant amount of informal or unaccredited training (Skills Impact 2018a). Unaccredited training is often chosen due to a range of factors, such as the perceived level of difficulty in dealing with the VET system, costs of accredited training, views that national competencies do not cover regional needs, and the prohibitive cost of taking employees off the job for training.

Most training in the pulp and paper manufacturing industry is unaccredited, with accredited training mainly used for licensed occupations (Skills Impact 2018b). The primary reason for this is that large-scale businesses within the industry have sizeable human resource and training departments and use their own company training materials and trainers (internal unaccredited training). Smaller companies design internal training programs that are based on the qualifications and units of competency from the PPM Pulp and Paper Manufacturing Training Package. Other factors contributing to the low use of accredited training in this industry include: the cost of accredited training; productivity loss due to employees participating in off-site accredited training; preference of vendor training to meet the skill needs associated with new technology; and the limited availability of RTOs with Pulp and Paper Manufacturing Training Package qualifications on scope.

The study by NCVER (2013) commissioned by the Minerals Council of Australia estimated the contribution of employers in the mining sector to training. The report found that 82% of total mining employees participated in unaccredited training. The training tended to be used to meet organisation-specific needs, for example, site induction/safety or
operation of plant and equipment. Furthermore, 78% of employers provided support for unaccredited training by paying: the wages of employees while they attended training; their course fees; accommodation and travel expenses; and all relevant training materials.

While we cannot generalise to all industries, the above section highlights that employers’ motivations for the use of unaccredited training vary between different industry sectors. A common theme is the training tends to be highly job relevant or organisation specific. This supports the finding from the SEUV (2017) that employers are using unaccredited training to meet highly specific training needs.
The ongoing upskilling of the workforce is widely seen by employers as being essential for competitiveness in a globalised economy, which is characterised by rapid technological change. Indeed, the 2017 Survey of Employers’ Use and Views of the VET System found that around 87% of employers trained existing staff in response to meeting skill needs (table 1).

Australian employers use both accredited and unaccredited training to meet their skilling needs. Accredited training is structured learning leading to formally recognised vocational qualifications and credentials; unaccredited training, on the other hand, is also structured but does not lead to a formal vocational qualification or credential. However, there is currently an international trend towards the recognition by national qualification systems of unaccredited training (Cedefop 2017; Yang 2015). The review of the Australian Qualifications Framework, announced by the Australian Government in the 2017—18 Budget, provides the opportunity for due consideration of formal recognition of unaccredited training in Australia. Release of a discussion paper and public consultations are expected to occur in the second half of 2018, with the final report to be provided to the government by June 2019.

In 2017, around half of the employers who provided training for their workers in the previous 12 months had accessed unaccredited training. In terms of the reasons for choosing between types of training, employers indicated they used both accredited and unaccredited training to provide the skills needed for the job and/or to maintain professional/industry standards. Unaccredited training was more likely to be selected to address job relevant or organisation specific training needs and in response to new technology. Accredited training was preferred where legislative or regulatory requirements had to be met, or for staff career development. The reasons for employers’ use of unaccredited training also varied widely between the different industries/sectors reviewed in this study.

Prior research has identified the complexity of the VET system as a significant barrier to employers choosing accredited training. Approximately a quarter of the employers who used unaccredited training in 2017 did not investigate the availability of a comparable accredited training program (NCVER 2017). Furthermore, some employers still use unaccredited training even when comparable accredited training is available (NCVER 2017), citing cost-effectiveness, tailored training and flexibility in the timing of provision as the main reasons for their choice of training.

Over half of the employers using unaccredited training provided it internally in their organisation, suggesting that opportunities are available for external training providers to expand into this market. There are challenges as well, particularly in terms of the standardisation and regulation of these programs, the implications of which are especially pertinent to workers.

While accredited and unaccredited training are both viable options for employers, and each serves a purpose in training their workforce, little current research investigates the impact that the various types of training have on the employee. Although recent evidence indicates that workers place relatively more importance on developing
job-specific skills than obtaining an accredited qualification (Deloitte 2018), one of the benefits for employees of accredited training is the portability and transferability of formally recognised qualifications, which, as Griffin (2016) highlights, enhances their mobility and career opportunities. It therefore seems that there may be many benefits of unaccredited training for employers, being cheaper and more relevant and flexible. For workers, however, the benefits may be fewer, with potential impacts on the transferability and recognition of their skills to other occupations or industries.

A more in-depth investigation into employers’ reasons for training their workforce and their decision-making process for selecting one type of training over another would aid in further understanding employers’ training motivations. An examination of the impact of employer training choices on employees would also be useful; for example, are the skills and capabilities engendered through accredited and unaccredited training comparable?
References


