

Investing in Career:

Prosperity for Citizens, Windfalls for Government

Prepared by
Deirdre M. Hughes, Director
Centre for Guidance Studies
University of Derby

on behalf of
The Guidance Council

May 2004



Foreword

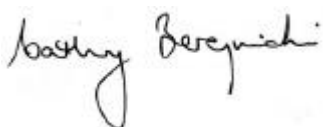
This paper represents the output of a journey which began in November 2002 with exposure to a new paradigm and gradually grew into a fresh way of thinking about the impact and benefits of career education, information, advice and guidance. I say 'output' rather than 'end' because I hope it will continue to stimulate thought and discourse and contribute to a better grasp of the scope and scale of the impact of guidance.

I was attending an international conference and, in one of those quiet moments, picked up a paper written by Phil Jarvis from the National Life/Work Centre in Canada. Here was a proposal about a new way of approaching the holy grail of questions 'What is the economic case for guidance?'. It was – is – an attractive and amazingly simple model and it challenges us to look at the economic case as a set of beliefs which can be hypothesised into a shopping list of savings and benefits for both individuals and the public purse. I wondered what it would look like if we translated the model to the UK.

Phil was generous with his ideas. In an email to me last year he said 'I would be more than pleased to have you adapt my career management paradigm shift proposition to a UK environment, incorporating discussion of the magnitude of the economic impacts (not to mention human and personal) of unintentional and uninformed career decision making in your country.' Thank you, Phil.

The Centre for Guidance Studies and NICEC were equally enthusiastic when we invited them to build on the work, introducing some additional recent thinking about the need for career management skills. I hope you will agree with me that the result is evidence of creative thought in the career guidance sector in the UK. You may not agree with all of it, indeed if you did maybe you could accuse us of not being brave enough.

We trust that it will be of interest to policy makers, practitioners, researchers and all those who invest their own and their organisation's resources in career guidance. Tell us what thoughts and questions it arouses for you. The result, for us, will be that people are excited by the concepts and want to explore and develop them further.



Cathy Bereznicki
Chief Executive, The Guidance Council

Table of Contents

Acknowledgements 3
Introduction..... 4
Individuals and the changing workplace 6
The UK economy..... 7
The challenge..... 10
The key: choosing wisely 11
UK potential savings 16
Conclusion 20
Appendix 1 21

Acknowledgements

We would like to thank the Department for Education and Skills for supporting and funding this project.

The following were members of the project development team and as such provided stimuli materials to inform the overall structure and content of this report: Geoff Ford, Fellow, National Institute for Careers Education and Counselling (NICEC), and Visiting Associate, CeGS; Leigh Henderson, Head of Guidance Policy and Development, The Guidance Council; Dr Ewart Keep, Deputy Director, SKOPE, Warwick Business School, University of Warwick; Rhianne Lilley, Research Assistant, CeGS; Malcolm Maguire, Director, NICEC; Dr Sandra Morgan, Senior Associate, CeGS; and Tony Watts, Senior Fellow and Life President, NICEC, and Visiting Professor of Career Development, University of Derby.

We are grateful to the following individuals who contributed ideas and feedback on earlier versions: Michael Arthur, Professor of Management, Sawyer School of Management, Suffolk University, USA; Dr Jennifer Bimrose, Principal Research Fellow, Institute for Employment Research, University of Warwick; Simon Bysshe, Senior Associate, Centre for Guidance Studies (CeGS), University of Derby; Geoff Gration, Associate, CeGS; Patrick Grattan, Chief Executive, Third Age Employment Network; Philip Jarvis, Vice President Partnership Development, National Life/Work Centre, Canada; and Marcus Offer, Fellow, NICEC.

Investing in Career: Prosperity for Citizens, Windfalls for Government

Introduction

This paper has been inspired by pioneering work to develop an overall national career management framework for all age groups taking place in the US, Canada and Australia.¹

The contents:

- Briefly review current changes and developments in the UK economy and industry in terms of their implications for individuals, and their ability to manage their career in a climate of regular and rapid change
- Outline the key role of guidance (including career exploration support in the workplace, in helping people to make well-informed decisions) and defines the objectives and some main activities of guidance. The paper emphasises the importance of helping people to acquire career management skills so that they are better able to manage their own careers
- Set out a series of figures based on national Gross Domestic Product (GDP) and key areas of national expenditure in order to demonstrate the substantial economic benefits and cost-savings which can result from efficient guidance provision, and which would greatly exceed the operational and development costs
- Itemise selected key competencies and performance indicators from the national career management skills framework in Canada in order to indicate the potential value of the framework for adult guidance in the UK.

Key points include the following:

- Transformations are taking place in the world of learning and work, which require more frequent and more complex choices from individuals than ever before
- The quality of these choices is crucial not only for individuals but also for the harmony and prosperity of society as a whole

¹ Jarvis, P.S. (2003). *Career Management Paradigm Shift: Prosperity for Citizens, Windfalls for Governments*, Canada: National Life/ Work Centre.

- All individuals need to develop the skills to manage these choices throughout life
- Career development has a key role to play in removing friction in labour markets, and in ensuring that individual potential is fully utilised, including the potential of those who are in socially and economically excluded groups
- The opposite of career guidance is trial and error - an economically expensive process for both individuals and employers
- New approaches to UK career education and guidance can help individuals to develop their career exploration and management skills, and provide them with the information and support necessary to implement these skills effectively
- Investment in career exploration and development could produce considerable cost benefits and cost savings for individuals, local communities and the national economy.

Investing in Career: Prosperity for Citizens, Windfall for Governments

A dynamic and flexible economy needs skilled workers, better equipped to adapt effectively to change - Chancellor of the Exchequer, 2004²

Individuals and the changing workplace

Britain, like other advanced post-industrial societies, is going through a period of profound transformation in the workplace. Shifts in the UK labour market, changing work experiences and individuals' requirements to achieve a satisfactory work-life balance, influence and shape levels of engagement in learning and work. Education-to-employment transitions are becoming prolonged and considerably more complex, with individuals having to make more frequent choices and decisions than ever before. New labour market entrants can expect to experience jobs in differing work settings where change, flexibility, uncertainty and risk are the norm. We need more high skilled individuals and other workers to replace those who leave employment, yet skill shortages are evident. The concept of career is fast changing from a linear model to a more holistic view of individuals' life and work experiences:

*Career is a sequence of life and work experiences, over time.*³

To tackle this problem across all sectors, it is more important than ever that UK citizens connect with the best possible learning and work opportunities. New career development processes and interventions can smooth transitions that could otherwise be neglected or costly, such as school/college to work, switching jobs, or career changes including entry into active retirement. They can make learning provision more effective by ensuring that individuals are - and remain - motivated to learn because their chosen courses are firmly in line with their personal development plans. Learning from one's mistakes is part of life's rich tapestry of experience. However, a trial-and-error approach can be an economically expensive process for both individuals and employers. Yet too few education, training and employer organisations teach career exploration and management skills. Thus, most adults make career choices unassisted, without the benefit of professional support, and without the necessary skills required to achieve success. Having a clear sense of motivation and purpose is more likely to yield higher all-round benefits for the individual, the economy and society.

² HM Treasury (2004),. *Prudence for a Purpose: A Britain of stability and strength*. Financial Statement and Budget Report. London: The Stationery Office.

³ Adaptation of Arthur et al.'s (1989) definition of career. *Handbook of Career Theory*. Cambridge: Cambridge University Press.

The UK economy

The new economy is under sustained pressure from five inter-linking processes:⁴

- *Globalisation*: introduction of new European and international policies; new recruits from overseas entering the UK labour market; new competition for business from abroad
- *New technologies*: advancements in telecommunications and other equipment that accelerate communication exchange, data handling and processing
- *Intellectual capital*: knowledge has greater currency than accumulation of plant machinery and equipment
- *Pace of market change*: greater consumer demands; more discerning customers who expect higher standards and swift responses to meet their specific immediate needs
- *Cost control*: mechanisms for ensuring that investments are worthwhile and make the desired impact.

Accordingly, all organisations are having to change more regularly and more rapidly than ever before. As a result, the model of 'career' is changing. The old career model was based on linear progression within an organisation or profession. But organisations no longer provide a secure basis for a career:

*'Companies were once built to last like pyramids but are now more like tents and we shouldn't design our lives around a temporary structure.'*⁵

Many large organisations have engaged in downsizing⁶ and delayering. Consequently:

- more employees are now working in small and medium-sized enterprises (SMEs) rather than in large organisations

⁴ Inkson, K. & Arthur, M.B. (2002). Career development: extending the "organizational careers" framework. In S.G. Niles (Ed), *Adult Career Development: Theories, Concepts and Practices* (3rd ed.), pp 285-304. Tulsa: National Career Development Association.

⁵ Drucker, P. (2001). *Management Challenges for the 21st Century*. Harper Business. Quoted in City & Guilds Portfolio Careers Paper 2004.

⁶ Sir Michael Lyons' review (2004) identified some 20,000 government jobs that could move out of London and the South East. He recommended that the government should urgently take forward its relocation plans in the context of the forthcoming Spending Review. A further 7,000 posts would no longer be required, as a result of efficiency measures. Potentially, over £2 billion could be saved over 15 years as a result.

- more individuals have become self-employed
- more flexible working arrangements are emerging, resulting in:
 - more part-time workers
 - more 'teleworkers' working from home
 - more 'contingent workers' – i.e. casual workers, and workers on short-term contracts.

Many organisations are also adopting more time-focused and task-driven activities.

The extent and pace of these changes varies considerably across organisations. For some organisations, the effect has been minimal. For others, there has been a change in the 'psychological contract' between the organisation and the individual. There is a move away from long-term contracts based on security and reciprocal loyalty, to short-term contracts based on a narrower and more purely economic exchange. Where the long-term contract survives, it necessitates exchanging job security for greater task flexibility, which in turn requires employees to perform more complex work requiring better education and training.⁷ In both cases, therefore, the contract requires regular re-negotiation.

The UK economy and education system, too, are changing rapidly. As a result, choices are becoming increasingly complex for young people and adults:

- The process of young people's transition from education to the labour market has changed radically, and in many cases has become much more prolonged.⁸ This trend is likely to be enhanced by current curriculum developments in the 14-19 phase and into early adulthood.⁹
- The proportion of people considering a career change (at any point in time) could double over the next 20 years, from roughly 10% to 20% of employees.¹⁰
- Approximately 1 in 10 people in the UK have a current intention to change their career. This suggests that roughly 2.5 million people might consider changing their career each year.¹¹

⁷ Taylor, R. (2004). *Britain's World of Work – Myths and Realities*. Swindon: ESRC.

⁸ Hodkinson, P., Sparkes, A.C. & Hodkinson, H. (1996). *Triumphs and Tears: Young People, Markets and the Transition from School to Work*. London: David Fulton.

⁹ Tomlinson, M. (2004). *Working Group on 14-19 Curriculum and Qualifications Reform: Interim Report*. www.14-19reform.gov.uk

¹⁰ City and Guilds of London Institute (2004). *Portfolio Careers*. London: CGLI.

¹¹ Ibid.

- By 2010, almost 40% of the workforce will be 45+.¹²
- There is increased demand for highly qualified employees, and also a continuing high level of demand for those with intermediate level skills.

A recent National Employer Skills Survey of 72,000 employers, by the Learning and Skills Council,¹³ highlights two main challenges faced by UK employers. These are (i) skill shortages where there are vacancies for people with certain skills and no one to fill them, and (ii) skill gaps where employees do not have the necessary skills to do proficiently the job they are in. The report reveals that 20% of job vacancies in England remain unfilled because of a lack of skilled applicants – some 135,000 vacancies.¹⁴

Demographic change is important too. Figures show that the number of young people under 16 continues to decline; the UK birth rate has fallen to 1.6 per woman, which is well below population replacement levels.¹⁵ Therefore, if current and future business needs are to be met, many job vacancies will have to be filled by older adults, i.e. those with appropriate skills and experiences.

The City & Guilds of London Institute¹⁶ has described a number of major economic, social and technological trends, which will increase career change in the future. These include:

- *Generational change:* the younger generation is less conformist and more individualist than its predecessors
- *Uncertainty:* we cannot know for sure where all the future jobs will come from, but they are likely to include new occupations that do not currently exist
- *Life expectancy:* rising life expectancy and rising healthy life expectancy mean that those entering the workforce today can expect to have a working life spanning 50 years
- *Pension provision:* under-funding means that many individuals will need to discover top-up sources of income in 'retirement'.

¹² Age Positive (2002). *Being Positive about Age Diversity at Work: A Practical Guide for Business*. Sheffield: Department for Work and Pensions.

¹³ <http://senet.lsc.gov.uk>.

¹⁴ Learning and Skills Council (2004). *National Employer Skills Survey: Key Findings*. Coventry: LSC.

¹⁵ Third Age Employment Network (2003). *Key Facts on Age Diversity and Employment*. London: TAEN.

¹⁶ City and Guilds of London Institute (2004). Op. cit.

The challenge

These trends highlight the need for greater support for career development strategies: helping individuals from all walks of life to make effective choices about their learning, lifestyle and work, in line with the demands and challenges of modern life and the UK economy. Individuals who are ill-equipped to make well-informed career decisions face barriers to personal success which can be costly both to themselves and to the economy.

In the UK, the emerging picture is of a mixed economy in which there are islands of high skill (geographic clusters, sectors and occupations) set amidst a sea of low skill (and sometimes very poorly paid) service work.¹⁷ Many individuals' capabilities are being under-utilised. For UK plc to compete and respond positively to change, organisations and individuals have to be more flexible in how they manage themselves and their responses to the changing labour market. Regardless of the individual's position in society, motivation and skills are crucial in order to survive and thrive in the new economy.

For example, one in three British workers do not have basic qualifications and one in five experience problems with literacy and numeracy. Individuals with inadequate basic skills earn less than others, even after all other factors have been taken into account. Those with basic skills deficiencies will, on average, spend three fewer years in employment by the time they are 37 years old.¹⁸ Underlying this situation are declining social mobility and increasing social polarisation.¹⁹ However, research findings suggest that individuals who improve their basic skills:

1. improve their chances in the labour market
2. suffer less from poor physical and mental health
3. are less likely to have children experiencing difficulties at school
4. are more likely to be active citizens
5. are more liberal and less discriminatory in their attitudes.

In this context, the concept of career as a sequence of life and work experiences can be a key driver to help motivate individuals to invest actively in learning and personal development.

¹⁷ Lafer, G. 2002. *The Job Training Charade*, Ithaca, NY & London: Cornell University Press.

¹⁸ DfES (2001). *Skills for Life: the National Strategy for Improving Literacy and Numeracy*. London: DfES.

¹⁹ Grattan, P. (2003). *Work after 60 - Choice or Necessity, Burden or Benefit?* London: Third Age Employment Network (TAEN).

The setting of targets for 50% of young people to enter higher education is central to the UK government's commitment to increase UK plc's intellectual capital. Simultaneously, vocational routes are being expanded at an earlier stage in schools.²⁰ However, the latter still continue to be associated with lower prior academic achievement and lower economic status.²¹ Policy-makers and education experts must find new ways of motivating and informing young people and adults on the social and cost benefits of career development and how their skills may be transferred to new settings.

The message for everyone is that career is, by its nature, uncertain. There can be no absolute guarantees, in the sense that entry to a chosen organisation or profession will be stable or viable in the long-term.

Whereas the traditional view of career was often definition as limited to the elite, the new 21st century way of thinking about career should make explicit the need for career to be accessible to *all*. A key task for public policy is to make it so.

The key: choosing wisely

Major changes in patterns of learning and work require new behaviours, attitudes and skills. The key to success is to find smarter ways of helping individuals to choose wisely; be committed to ongoing formal and informal learning so that they become better satisfied and more fulfilled at whatever they decide to do; and manage and develop their careers on a continuing basis. Career exploration enables individuals to make sense of the transformations in learning and work that are taking place around them. People who are in jobs that are personally suitable and fulfilling are more likely to be motivated and economically productive workers.

Successful companies in the knowledge-based economy need to engage in 'intelligent enterprise'²² involving the following principal dimensions:

- (i) *Culture*, i.e. having a clear mission and shared values
- (ii) *Know-how*, i.e. having explicit and tacit knowledge to support development and growth
- (iii) *Networks*, i.e. having suppliers, customers and alliance partners.

²⁰ Tomlinson, M. (2004). Op. cit.

²¹ Payne, J. (2003). *Vocational Pathways at Age 16 - 19*. DfES Research Report RR501. London: DfES.

²² This term was first used by James Brian Quinn (1992) in *Intelligent Enterprise*. New York: The Free Press.

The same dimensions are critical to how individuals choose and manage their careers, i.e. their life and work experiences. Moreover, individuals are faced with more frequent and more complex choices than ever before.

To choose wisely, and to make themselves attractive to future employers, all individuals must practise 'intelligent careers', involving three cornerstones of success:

1. *Knowing why* – focusing on who they are, their identity, values and motivations to help clarify their 'internal' and 'external' driving forces and to counter any uncertainty and doubt
2. *Knowing how* – identifying their knowledge, skills and experiences that can be transferred across a range of settings
3. *Knowing whom* – reflecting on who is available to offer assistance, making the most of contacts and networks, and forming new links with others to help improve chances of success.²³

This framework can be readily expanded to incorporate relevant labour market understanding, including:

4. *Knowing where* – understanding prevailing labour markets, their skill requirements, and the location of those markets in terms of industry clusters and geographic location
5. *Knowing when* – understanding issues of timing regarding job entry and job change within prevailing labour markets, and covering both current and future career opportunities.

It is important to ensure that the individual receives sufficient information and guidance to develop all five of these essential career management 'ways of knowing' and therefore to make well-informed choices.

This framework provides a set of key principles that can be applied regardless of status, position or role in society.

Those who can learn how to apply career exploration and management skills by following the key principles of new 'ways of knowing' are more likely to find satisfying career success.²⁴

²³ These three ways of knowing are embedded within Arthur et al.'s Intelligent Career Exploration System (ICCS®) <http://www.intelligentcareer.com>; the further two ways of knowing come from related work by Jones, C. & DeFillippi, R. (1996). Back to the future in film: combining industry and self-knowledge to meet the career challenges of the 21st century. *Academy of Management Executive*, 10(4), 89-103.

²⁴ Eby, L.T., Butts, M. & Lockwood, A. (2003). Predictors of success in the era of the boundaryless career. *Journal of Organisational Behavior*, 24, 689-708.

They will possess a set of transferable skills that make them more self-reliant and able to manage effectively the sequence of their life and work experiences. They will have acquired a strong set of transferable skills and are therefore, less likely to:

1. be under-employed or unemployed for extended periods (unless by choice)
2. need social assistance
3. require health care due to work-related stress
4. drop out of arbitrarily chosen education and training programmes.

Pioneering work on a national career management skills framework has been developed in the USA, Canada²⁵ and Australia. This has identified 'core competencies' which form the basis for innovative career development programmes. Central to this are 'performance indicators', organised by learning stages, which can be used to measure learning gains and demonstrate the effectiveness of career exploration and management programmes.

If individuals are given the tools to develop their own career exploration and management skills, this can result in financial savings as well as operational improvements for business, with more highly motivated and skilled individuals in the right jobs. Too few individuals have been trained in career exploration and management skills. As a result, the majority of young people and adults are totally unrehearsed in skilfully managing their career.

OECD countries are attaching rising importance to lifelong learning and active employment policies as tools of economic growth and social equity. Effective career information and guidance systems are essential to support the implementation of these policies, and all citizens need to develop the skills to self-manage their careers.²⁶

The old career guidance model based on 'what do you want to be when.....?' focused on destination (*final outcome*) rather than the journey of exploration (*progress*). But the notion of young people ready to make a long-term career choice before leaving school at 16 or 18 is now highly questionable. For the majority of adults, their career choices have not been linked to a known 'calling' from an early age they are rather a sequence of events that have formed life and work experiences.

In the UK, the policy focus for career guidance has consistently required individuals in transition to be matched to the 'right' education, training or job opportunities as quickly and

²⁵ Jarvis, P. (2003). *Blueprint for Life/Work Designs*. Canada: National Life/Work Centre. <http://www.lifework.ca>.

²⁶ OECD (2004). *Career Guidance and Public Policy: Bridging the Gap*. Paris: OECD.

efficiently as possible²⁷. This traditional approach of simply 'matching' individuals to current opportunities is no longer tenable. Its usefulness in fluid labour market conditions has to be questioned, since matching assumes a high degree of stability. There are also major shortcomings in its application to women and to minority ethnic groups.

In the development of career exploration and management skills, career education programmes in schools and beyond have an important part to play. The National Foundation for Educational Research (NFER) investigated such programmes.²⁸ Its findings showed that those individuals who had mastered the art of career exploration reported positive benefits and there was clear evidence of reduced levels of dropout from post-16 education. The Tomlinson Review emphasises that 'all young people need to develop the knowledge, skills and attributes they will need for success in later learning, employment and adult life'.²⁹ However, there are few formal opportunities for adults to develop career exploration skills that go beyond learning by 'trial and error'.

In enabling individuals to utilise their career exploration and management skills effectively, access to high-quality information is essential. The National Skills Task Force³⁰ highlighted that 'an essential precondition for the effective operation of markets is informed demand. For the labour and education and training markets, this means accessible, timely, and relevant labour market and skills information'. Even if only a relatively small proportion of students improve their decision-making skills, the gains in terms of avoiding wasted investment are likely to far outweigh the costs.

Information is necessary, but it is not always sufficient. Many young people and adults require additional support to reflect on the options available, assess potential routes and prioritise their preferred pathways. Research has shown the strong influences of parents/carers, partners and friends in the career decision-making process. Such informal support can be valuable, but may need to be supplemented by more informed and skilled support from career professionals. This may include:

- expert advice and holistic guidance to help individuals relate information to their own personal circumstances
- diagnosis and assessment of skills, aptitudes and learning styles

²⁷ Bimrose, J., Barnes, A., Hughes, D. & Orton, M. (2004). *Evaluating the Effectiveness of Guidance: Evidence from a Longitudinal Case Study: Interim Report 1*. Sheffield: DfES.

²⁸ Morris, M., Golden, S. & Lines, A. (1999). *The Impact of Careers Education and Guidance on Transition at 16*. (RD21). Sheffield: DfEE.

²⁹ Tomlinson, M. (2004) . Op. cit.

³⁰ National Skills Task Force (2nd Report), Chapter 7, p.80.

- supporting individuals to relate their personal experience and skills to the changing labour market and needs of the local community
- coaching in personal presentation, job-search and self-advocacy
- mentoring to motivate and encourage adults to participate in learning and work.

Without such support, many people lack the confidence, experience and skills to take full advantage of the opportunities open to them. Left to their own devices, many individuals give up and fail to achieve their full potential. This results in wasted talent, with a significant loss to the UK economy.

Some of this support needs to be provided within the workplace. Currently, career support within the workplace remains under-developed for all age groups.³¹ Although a number of UK employers realise the importance of in-company career management, much of the current provision is aimed at senior level staff and potential 'high-flyers'.³² Yet research evidence shows that employees who have received positive career support gain a clearer picture of their future direction, self-insight, information about career opportunities, and greater motivation through reassurance and feeling valued. As a consequence, these individuals engage more in development opportunities and take action to improve their skills.³³ Employers gain a more highly motivated and skilled workforce, which has an impact on productivity and profitability.

While employers have an important role to play, many adults want support from an external and impartial source. For example, older adults who have experienced high-quality career services report positively on their value in terms of re-motivation, transformation of attitudes and increased awareness of opportunities. Effective careers work enables these individuals, many of whom feel excluded from the labour market on the grounds of age, to become re-included into work and community.³⁴ The aim is to help individuals to become self-reliant within a changing labour market.

The UK government has recognised the need to commit funds designed to support individuals and organisations to make the most of their abilities in fast-changing learning and work situations:

³¹ Chartered Institute of Personnel and Development (2003). *Managing Employee Careers: Issues, Trends and Prospects*. London: CIPD.

³² McNair, S., Davies, M. & Soulsby, J. (2003). *Making Better Use of Our Talents: Older Workers and the Economy in the South East*. Guildford: University of Surrey.

³³ Chartered Institute of Personnel and Development (2003). Op. cit.

³⁴ Department for Education and Skills (2003). *Challenging Age: Information, Advice and Guidance Services for Older Age Groups*. Sheffield: DfES.

'There is clear evidence that access to information, advice and guidance (IAG) services increase the likelihood that individuals will enter learning, and that they will achieve a qualification from their study'.³⁵

In 2002/03 the Learning and Skills Council spent £34.8 million on providing basic information, advice and guidance services for adults³⁶. This and other related expenditure - for example, **learnirect** - should be viewed against the huge costs to the UK economy, local communities and individuals which arise from wastage of skills, experience and potential. Well invested, they provide measurable benefits and returns for all these parties.

UK potential savings

Whilst career guidance service provision in the UK has many strengths,³⁷ our analysis indicates that the development of more coherent provision for young people and adults would – alongside the benefits to individuals – generate substantial economic benefits and cost-savings which would greatly exceed their operational and development costs.

1. Gross Domestic Product

The UK's annualised Gross Domestic Product for 2002 was £1,063.1 billion.³⁸ A one percentage point increase in productivity through better matching of individual skills and workforce requirements could generate as much as £10.6 billion annually in increased gross domestic production.

2. Education funding

Expenditure on education services by central and local government in the UK in 2001/02 was £49.4 billion, including £2.8 billion on under-fives, £29.1 billion on schools, £7.3 billion on further education and £6 billion on higher education. £32.9 billion was spent by local education authorities and £16.4 billion by central government. Such expenditure represented 4.9% of Gross Domestic Product, and £841 per head of population.³⁹ Even a one percentage point increase in efficiencies through having more students engaging in learning related to their aspirations and goals would translate to £494 million annually being better invested.

³⁵ Chancellor of the Exchequer's Budget Report 2004.

³⁶ Learning and Skills Council (2003). *Annual Report and Accounts 2002-2003: Skills – the Nation's Competitive Edge*. Coventry: LSC.

³⁷ OECD (2003) Review of Career Guidance Policies in the UK. Centre for Guidance Studies, Occasional Paper, University of Derby.

³⁸ <http://www.nationalstatistics.gov.uk/instantfigures.asp> (GDP =107.4 with 2000=100).

³⁹ DfES (2003) Statistics of Education: Education and Training Statistics for the United Kingdom. www.nationalstatistics.gov.uk

3. Social exclusion

The additional lifetime costs of young people being excluded from education, training and employment at age 16-19 are estimated as being £7 billion in resource costs, and £8.1 billion in public finance costs, at 2000/01 prices.⁴⁰ This represents an average per capita cost over a lifetime of £45,000 in resource costs and £52,000 in public finance costs. If the size of this group were reduced by 10,000 (less than 10% of its estimated current size), the long-term savings would be £450 million in resource costs and £520 million in public finance costs.

4. Social security benefits

In 2002/03 expenditure on social security benefits in Great Britain was £110 billion.⁴¹ This includes benefits to the elderly, sick and disabled, family, unemployed, widows and others. Unemployed benefit was equal to 4% of the total social security benefit £4.4 billion. If more UK citizens of working age were able to connect with steady work, this could result in significant savings. If there were a one percentage point decrease in unemployed social security benefits being paid, a saving of £44 million could be made.

5. Policing, protection and safety

It is estimated that over £13.5 billion was spent by the Home Office in 2002/03.⁴² This figure includes spending on policing, prisons and correctional services as well as regulating entry to and settlement in the UK effectively, in the interests of sustainable growth and social inclusion. Planned spending for 2003/04 is £12.5 billion. A contributing factor to crime is an inability to connect with appropriate life and work roles. A recent Home Office Report examining the resettlement of short-term prisoners concluded that:⁴³

'...services for released prisoners must address not only the multiple problems they face, such as a lack of suitable accommodation and employment... but also the personal resources, strategies and motivations they have for dealing with them.'

A one percentage point reduction in crime induced by helping potential offenders to acquire career management skills could generate savings of over £125 million.

⁴⁰ Godfrey, C., Hutton, S., Bradshaw, J., Coles, B., Craig, G., & Johnson, J. (2002). *Estimating the Cost of Being Not in Education, Employment or Training at Age 16-18*. Social Policy Research Unit, University of York. University of Hull. Research Report No. 346.

⁴¹ <http://www.nationalstatistics.gov.uk/STATBASE/ssdataset.asp?vlnk=7415>

⁴² Home Office (2003). *Building a Safe, Just and Tolerable Society*
<http://www.officialdocuments.co.uk/document/cm59/5908/5908.pdf>.

⁴³ Lewis et al (2003) *The resettlement of short-term prisoners: an evaluation of seven Pathfinders*. London: Home Office.

6. Tax receipts

In 2002/2003, £151,284 billion Inland Revenue taxes were collected. If more of the population were in regular and appropriate work, all levels of government could anticipate increased revenues. A one percentage point improvement here could generate over £1,513 billion annually.

7. Health care

The relationship of health to satisfying participation in learning and work is clear. Non-workers aged 50+ are 50% more likely to die of respiratory diseases and experience depressive disorders than those in work, and three times more likely to visit their GP's surgery; they are also less likely to participate in other activities including volunteering, caring and learning.⁴⁴ Research conducted by the Centre for Research on the Wider Benefits of Learning found positive correlations between learning and health, including:

- the adoption of positive health behaviours such as reduction in smoking and alcohol consumption, increase in exercise and adoption of better diet, all of which reduce national health-care costs
- increases in occupational self-direction, self-esteem, self-fulfilment and financial security – all of which are essential requisites of occupational success
- development of autonomy, problem solving skills, social competence, and a sense of purpose and future – which promote individual occupational fulfilment and good citizenship
- promotion of social responsibility, social values and social skills – which facilitate social cohesion and positive involvement by individuals in the local community.⁴⁵

Research into the effectiveness of NIACE's 'Prescriptions for Learning' initiative, which has involved medical practitioners in referring suitable patients – many of whom are 50+ - for guidance and learning has shown similar positive benefits. The majority of patients referred to guidance workers have subsequently entered learning and all of these felt that learning has made a difference to their lives, especially in terms of their mental health.⁴⁶

The UK Government, charities and households spent £80.6 billion in 2002 on health care. This figure represented public spending of £67.2 billion and private spending of £13.4

⁴⁴ Carlton, S. & Soulsby, J. (1999). *Learning to Grow Older and Bolder*. Leicester: NIACE.

⁴⁵ Hammond, C. (2002). *Learning to be Healthy*. London: Centre for Research on the Wider Benefits of Learning, Birkbeck College.

⁴⁶ James, K. (2001). *Prescriptions for Learning: Evaluation Report*. Leicester: National Institute for Adult Continuing Education.

billion.⁴⁷ If more effective career support could enable only one percentage point of the people receiving health care services to avoid doing so, then £806 million could be saved annually.

8. Incapacity benefits

National expenditure on each person receiving Incapacity Benefit (IB) averages approximately £5,000 in the first year (combining IB with average expenditure per capita on NHS health care), and in many cases will be substantially higher. If only 100,000 adults aged 50+ who are claiming IB could be supported back to work, this could save the economy well over £50 million in benefit and health care costs alone, without calculating the gains in tax revenue, improved consumption levels and economic productivity.

9. Stress

A recent study⁴⁸ found that stress is the principal cause of long-term sickness absence in non-manual workers and has reached 'alarming levels' in the public sector. The estimated cost of such absences is estimated at £567 per employee. If career development strategies helped one percentage point more employees to find work they like, in conditions not susceptible to stress, this would reduce the cost by approximately £6 per employee. Labour market statistics⁴⁹ show that in autumn 2003 the employment level was 28.15 million, which means that a saving of £6 per employee would total £168.9 million per year.

10. Asylum seekers

A total of 85,705 asylum seekers were in receipt of National Asylum Support Service (NASS) support at the end of the third quarter of 2003. This includes 33,895 who were receiving subsistence support.⁵⁰ Many of these require special help if they are to be able to gain access to the labour market where they are able to use their skills. In 2000-01 Local Authority personal social services gross expenditure on asylum seekers was £557 million. If improved career support resulted in more asylum seekers in employment, just a one percentage point decrease in need for personal social services could produce a saving of £5.57 million.

⁴⁷ Latest estimates published as national statistics (www.nationalstatistics.gov.uk/cci/nugget.asp?id=669).

⁴⁸ www.cipd.co.uk

⁴⁹ Labour Market Statistics, January 2004 (www.nationalstatistics.gov.uk).

⁵⁰ Based on Home Office Asylum Statistics: 3rd Quarter 2003: United Kingdom (<http://www.homeoffice.gov.uk/rds/pdfs2/asylumq303.pdf>).

Conclusion

The UK government's key policy aims include working towards three goals: (i) greater labour market flexibility, (ii) promoting a skills revolution, and (iii) avoiding social exclusion. Career development has a role to play in removing friction in labour markets, in helping to mitigate the effects of structural unemployment, and in ensuring that individual potential is tapped into, including the potential of those who are in socially and economically excluded groups. Career exploration and management skills will unlock individual potential and provide high financial returns, as well as improved quality of life benefits for all. Adaptable career models for supporting learning and work, both within formal and informal settings, are one of the keys to future success in a transforming UK society. Changes in the world of learning and work require more frequent and more complex choices from individuals than ever before. The quality of these choices is crucial not only for individuals but also for the harmony and prosperity of society as a whole. All individuals need to develop the skills to manage these choices throughout life. New approaches to UK career-related learning can help individuals to develop their career exploration and management skills, and can also provide them with the information and support necessary to implement them effectively.

Implementing career-relevant opportunities will:

- help more youth and adults become satisfied, fulfilled, self-reliant, contributing and prosperous citizens
- bring more motivated and engaged learners to teachers and trainers
- provide more qualified and motivated workers to UK businesses that are increasingly challenged to find the talent they need to compete successfully
- save significant millions annually in support of people who have difficulty locating and maintaining suitable work roles
- increase the UK's international competitiveness and improve living standards in communities across the nation.

Investment in career development, exploration, and management services can produce very considerable cost benefits and savings for individual's local communities and the national economy.

Appendix 1

Competencies and performance indicators⁵¹

The *Blueprint for Life/Work Design*⁵² identifies core *competencies* with associated *performance indicators* for each competency at four developmental levels across the lifespan. The core competencies are the basis upon which career development programmes can be designed. The performance indicators, which are organised by *learning stages*, can be used to measure learning gains and demonstrate the effectiveness of such programmes.

Competencies and performance indicators are arranged under three key headings:

Area A: Personal Management

1. Build and maintain a positive self-image
2. Interact positively and effectively with others
3. Change and grow throughout ones' life

Area B: Learning and Work Exploration

4. Participate in life-long learning supportive of life/work goals
5. Locate and effectively use life/work information
6. Understand the relationship between work and society/economy

Area C: Life/Work Building

7. Secure or create and maintain work
8. Make life/work enhancing decisions
9. Maintain balanced life and work roles
10. Understand the changing nature of life and work roles
11. Understand, engage in and manage one's own life/work building process

These competencies include the employability skills employer groups suggest are lacking in too many prospective employees, particularly youth. In fact, because work habits and attitudes strongly influence early adult earnings, educational and training programmes should emphasise work behaviours as much as they emphasise job skills.⁵³

⁵¹ Jarvis, P.S. (2003). *Career Management Paradigm Shift: Prosperity for Citizens, Windfalls for Governments*, Canada: National Life/Work Centre.

⁵² <http://206.191.51.163/blueprint/home.cfm>

⁵³ Savickas, M, 14 Facts Career Specialists Could Assert in Debates about Public Policy Regarding Workforce Development and Career Guidance, For International Career Development Policy/Practice Symposium participants, Vancouver, May 2002.

Self-reliance grows out of the acquisition of these skills. The *Blueprint* recognises that people at different ages and stages learn differently, and that even young children can learn and appreciate the *Blueprint* competencies. In fact, we know that attitudes toward work are formed early in life, so workforce and vocational guidance policy should take a developmental perspective. Vocational psychologists such as Super, Crites, Gribbons, and Lohnes have each concluded from their longitudinal studies that planful competence in early adolescence relates to more realistic educational and vocational choices, occupational success, and career progress⁵⁴. For this reason, the *Blueprint's* core competencies are defined for four developmental levels:

Level 1:	Primary/Elementary School
Level 2:	Junior High/Middle School
Level 3:	High School
Level 4:	Adult, including Post-secondary

There are *performance indicators* for each competency, at each level, organised by "learning stages." For example, the performance indicators for Competency 4 at Level 4 are:

COMPETENCY 4: Participate in life-long learning supportive of life/work goals

LEVEL FOUR: Participate in continuous learning supportive of life/work goals

STAGE I

ACQUISITION: ACQUIRING KNOWLEDGE

4.4.1 Investigate educational opportunities (e.g. job training programs, employer-sponsored training, graduate and professional study).

4.4.2 Investigate community resources that support education and training (e.g. childcare, public transportation, and health and human services).

4.4.3 Understand the importance of coping strategies in helping to overcome barriers to education and training.

4.4.4 Explore how skills, knowledge and attitudes acquired in and outside educational institutions enhance work opportunities.

4.4.5 Explore life-long learning resources available in workplace settings (e.g. remedial classes, computer assisted self-directed training, counselling, and tuition support).

4.4.6 Explore personal and professional learning plans.

⁵⁴ Ibid.

STAGE II

APPLICATION: EXPERIENCING ACQUIRED KNOWLEDGE

4.4.7 Prepare short and long-range plans to achieve personal and professional goals through appropriate educational/training paths.

4.4.8 Outline and adopt strategies to overcome personal barriers to education and training.

4.4.9 Undertake learning activities (e.g. studying, taking tests, receiving work site feedback).

STAGE III

PERSONALISATION: INTEGRATING ACQUIRED AND APPLIED KNOWLEDGE

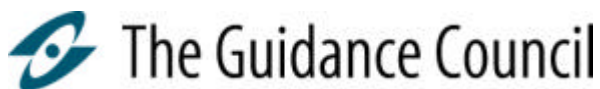
4.4.10 Assess one's own skills, knowledge and attitudes and determine how these enhance life/work opportunities.

4.4.11 Determine which continuous learning strategies work best for oneself.

STAGE IV

ACTUALISATION: STRIVING TOWARDS FULL POTENTIAL

4.4.12 Improve learning strategies and engage in a life-long learning process supportive of one's life/work goals.



The Guidance Council is a registered charity that aims to raise people's awareness of their right to quality support services to help them make informed choices about learning and work.

Since it was founded in 1993, the Council has promoted the value of career guidance to the public, and has developed a national quality standard for organisations that work in this field. As an independent body informed by a decade of solid experience, the Guidance Council is now seen as an authoritative voice in the career guidance sector. It campaigns to make career information, advice and guidance available to all, throughout their lives.



The Centre for Guidance Studies (CeGS) is a research and development unit based at the University of Derby. The Centre aims to bridge the gap between guidance theory and practice. It supports and connects guidance practitioners, policy-makers and researchers through research activities and learning opportunities; and by providing access to resources related to guidance and lifelong learning.



The National Institute for Careers Education and Counselling (NICEC) is a network organisation supported by CRAC. It aims to develop theory, inform policy and enhance practice through staff development, organisation development, curriculum development, consultancy and research.

The Guidance Council*,
2 Crown Walk, Jewry Street, Winchester, SO23 8BB

Tel: 0870 774 3744
Fax: 0870 774 3730
www.guidancecouncil.com

*The Guidance Council is the trading name of the National Advisory Council for Careers and Educational Guidance.
Registered Charity No. 1073968
Company Limited by Guarantee No. 3540922
© The Guidance Council GC019/05.04

