

**Good individual
career decision-making skills
are essential
to ensure sustainable
national economic growth**

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**Paper presented at
2011 CDANZ/AUT University Career Research
Symposium**

Introduction

Making good career decisions is an essential basis for individuals to be able to effectively and efficiently transition into higher education and training, and employment. The right people learning the right skills translates into a better target-qualified population, reduced skill shortages, and when they get the right jobs, into improved productivity and enhanced national economic growth.

This paper discusses the critical importance of individuals having good career decision-making skills and how these skills lead to economic growth. The paper presents a brief overview of the qualitative and quantitative national and international evidence that clearly supports this premise.

Career decision-making skills (or career management skills) are the skills for making smart decisions about learning, skills development, training and employment, and life-long learning. This includes choosing the right subjects at school, choosing appropriate further education and training courses, knowing how to prepare and market yourself for the job market (e.g. preparing a CV, using appropriate job search strategies) making decisions about which jobs to apply for and knowing how to make progress in a chosen field.

Why we need to build skills

A paper commissioned by the OECD¹ summarises the misconception that is commonly held by many, including many career information and guidance providers, that they “seem to assume that information about careers and about educational pathways into careers is sufficient for individuals to make considered decisions. *But decision-making is a much more complex process than this.*” Indeed it is.

Economics and the management of national economies is a complex and inexact science. The theories and policies for actively managing an economic environment for common good abound. However one key factor underpins all economic theories. They all depend on individuals, as individuals, making and taking personal decisions about their personal economic and employment situation at an individual, family or extended family level. In short, the success or failure of any national-level economic intervention is very dependent on individual decisions made at the individual level by individuals. Thus ensuring that individuals have the right skills, information, understanding and support to make and take good personal level decisions that affect their learning, training and employment can be clearly linked to national economic outcomes. Get the individual-level decisions being made in the most effective, efficient and strategically appropriate way and the scene is set for better national economic outcomes.

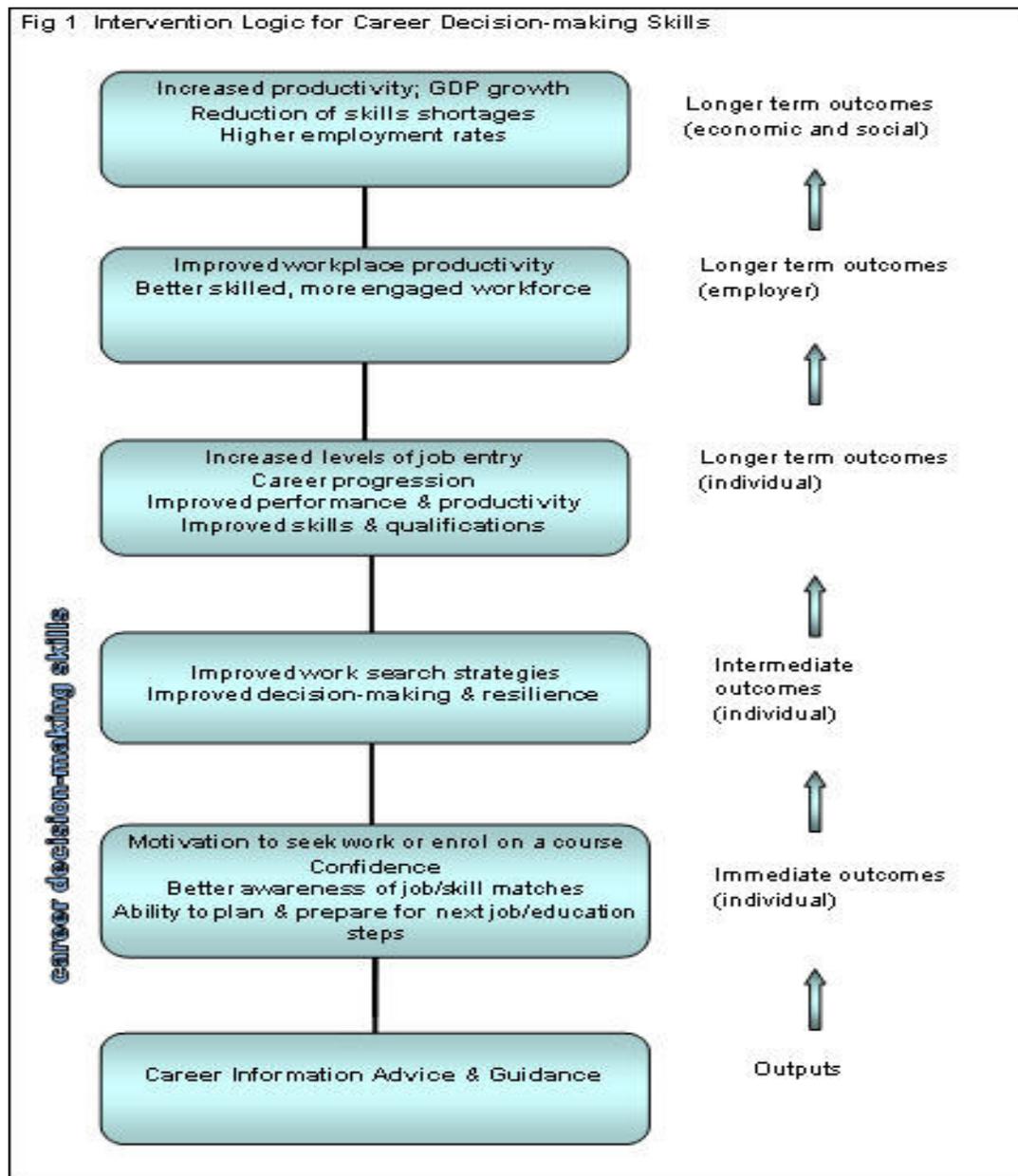
How career decision-making skills lead to effective results

Figure 1 overleaf shows the intervention logic for the career decision-making skills that result from good career education, advice and guidance. As an individual’s confidence and motivation improves, they become more engaged with the education system, better able to develop and follow through on skills and learning and more proactive in their employment search strategies. With such confidence they also develop an aptitude for recognition of the transferability of their skills and tend to better recognise the importance of life-long learning and continuous personal improvement. As a result they become better equipped for, and more resilient to the fluctuations of economic cycles and personal issues such as redundancy. They are more able to stay in, or return to, the workforce in times of economic crisis and after departing the workforce for personal reasons such as caring for children or others.

Career decision-making skills also contribute to improved vocational skills and qualifications, better job progression and better job performance. This, in turn, contributes to increased productivity (both at the employer and the national level), reduced skills shortages and higher employment rates. The social benefits of these advantages are

¹ W Norton Grubb (2002) Who I am: The inadequacy of career information in the information age. Paper prepared for the OECD Career Guidance Policy review

undeniable with better personal health and happiness, better social cohesion and ultimately better wider social outcomes (e.g reduction in numbers of beneficiaries, reduction in crime, etc).



Benefits of Career decision-making skills

Career decision-making skills produce benefits at the individual, employer, social and economic levels. These can be summarised as follows:

Individual

1. Benefits of good career decision-making for individuals include:

- Increased motivation and engagement with education
- Improved educational retention and progress
- Better teacher understanding of students' motivation, leading to better teaching
- Better transitions
- Higher likelihood of employment
- Improved job progress/promotion

Employer

2. Benefits to employers include:

- A more skilled, better qualified workforce
- Motivated, engaged employees
- Increased business productivity

Social and Education

2. Social benefits include:

- Reduced churn in the tertiary education sector
- Improved completion rates for tertiary qualifications
- A more highly educated and skilled workforce
- Better health, including mental health
- A reduction in crime

Economic

3. Economic benefits include:

- People moving into employment and contributing to the economy through tax revenue and profits
- Minimised expenditure on benefits
- Minimised student loan debt (through making suitable post-school education choices)
- Increased return on government investment in tertiary education
- Improved productivity, leading to increased economic growth

Individual Benefits

Evidence of the benefits to individuals of good career decision-making skills includes reports and research relating to:

- Educational progress and better transitions
- Careers exploration skills
- Enrolling in the right course

Better transitions means:

- More students completing courses or apprenticeships
- Students feeling satisfied with their decisions

Educational progress and better transitions

The UK Skills Commission Report: *Inspiration and Aspiration* (2007) states that young people who are provided with high quality career education and advice “**make better progress through the education system**” and are “**more likely to make successful transitions and gain qualifications.**”

In a New Zealand context, this would lead to significant economic benefits in terms of reduced wastage in the tertiary system and minimising student loan debt. As such, Careers New Zealand is developing a new initiative designed to provide a consistent approach to high quality career education in our country.

New Benchmarks for New Zealand secondary schools and tertiary organisations

Careers New Zealand, in conjunction with the Career and Transition Education Association (CATE), is developing career education benchmarks, initially for secondary schools, but overtime for tertiary organisations as well.

The benchmarks are designed to provide a self-review tool for schools to measure their performance, identify strengths and development areas and to promote continual improvement. The benchmarks will promote an understanding of effective career education and enable a more consistent national approach, with the aim of contributing to better outcomes for students.

The benchmarks are being trialled in selected secondary schools in July and August to ensure they are fit for purpose.

Schools not involved in the trial will be able to attend a series of cluster meetings throughout July and August, view information on the benchmarks and provide feedback on the draft. These sessions will be coordinated with local CATE branches.

The benchmarks will then be finalised and launched in Term Three, before being available for use in secondary schools from 2012.

Careers Exploration skills

An Australian survey conducted by the National Foundation for Educational Research on the importance of careers exploration skills showed that:

- young people with a high level of career exploration skills were least **likely to switch courses or drop out of a course** beyond the age of 16, and were most likely to be on a course that would lead to a **higher level of qualification**, and
- there was a significant relationship between young people’s satisfaction with their destinations and their understanding of themselves, their strengths and weaknesses and their ability to examine these in the light of the skills and abilities they would require on their chosen courses and in their potential career.²

² Morris M, (2004) The Case for Careers Education and Guidance for 14-19 year olds. National Foundation for Educational Research

Youth Transitions – UK evidence

A large-scale longitudinal research project in the UK (The Impact of Careers Education and Guidance on Transition at 16 DfEE, 1999) found that career exploration skills are a key factor underpinning successful transition at 16 for all young people. Those who demonstrated such skills by the end of Year 11 were the **least likely to have made significant changes to their courses**, post 16, and were **more likely to have made a transition that indicated progression**.

“The analysis of this longitudinal data particularly highlighted the importance of careers exploration skills: the skills that young people needed to use computerised databases, paper sources or interact with people, for example, in order to find out about their future career or the courses they needed to follow.”

[Source: www.cegnet.co.uk/files/CEGNET001/resources/483.doc]

Enrolling on the wrong course

The Australian Council for Educational Research found those who drop out of non-apprenticeship vocational education and training courses in Australia often report doing so because their first course turned out to be not what they wanted, or they wanted to get a job, apprenticeship or traineeship. (*Non-apprenticeship VET courses: Participation, Persistence and Subsequent Pathways*, 2005)

“The high proportion of course discontinuers...suggest a **need for students to have better access to course and career guidance prior to entry to tertiary study**.”

Research from the New Zealand Council for Educational Research found that of those who withdrew from tertiary institutions, the most common reason given (44%) was “**enrolled in the wrong course**”. (*Improving Tertiary Student Outcomes in the First Year of Study*, 2005)

We also know that 19% of all New Zealand students starting a bachelor’s degree in 2007 failed to complete the qualification and did not re-enrol in the following year. The first-year attrition rate in 2007 was highest for Māori students over all qualification levels with Asian students having a significantly lower rate than any other ethnicity. The biggest difference was found in bachelor level study with Māori students at 28.8% followed by Pasifika (25.6%), European/Pākehā (18.2%) and Asian (12.4%). [Source: Education Counts]

Improved engagement and motivation

Careers New Zealand measures the immediate and intermediate outcomes for individuals who have accessed our services.

Immediate outcomes include:

- Improved engagement with school (less truancy)
- Improved motivation to keep studying

Intermediate outcomes include:

- Making a decision about the next steps to take regarding work or further study
- Taking those steps

Careers New Zealand’s annual evaluation results show a link between our career management services and lifting people’s motivation and confidence. Most people also reported that they had either already made a work or learning decision, as a result of our services, or had all the information they needed to make a decision.

Our evaluation for 2010 found:

- 79% of people said Careers New Zealand had improved their confidence in their future options

- 83%³ said Careers New Zealand had motivated them to keep studying
- 78% said Careers New Zealand had increased their awareness of career options
- 75% said Careers New Zealand had helped them work out their next steps.

Māori and Pasifika students

The results show a link between our career planning services for Māori and Pasifika students and their engagement with school. In the 2009/10 evaluation survey, 83% of young Māori and 82% of young Pasifika who attended a Careers New Zealand tailored career development seminars group guidance session reported that they were motivated to keep studying by a reasonable or a large amount, as a result. (A further 17% of young Māori and 14% of young Pasifika were motivated somewhat, or by a small amount, to keep studying.)

One young person, commenting on the difference Careers New Zealand made, said: *“Changed the way I learn at school, for example, with wagging. It’s helped me with school work, just got to pull my head up. They’ve taught me all that basic stuff.”*

Canada and Australia

A 2005 Canadian study⁴ found that career interventions result in:

- participants being more likely to engage in exploratory activities that broaden their range of information and knowledge of career options.
- participants being more likely to make career decisions.

An Australian study on the effectiveness of career guidance for people who were long term unemployed⁵ found:

- 91% of participants had more realistic expectations about employment opportunities to pursue
- 83% thought the guidance process had expanded their work options
- 88% said it had helped them focus on a particular broad direction or field
- 65% said it had challenged their previous ideas about what areas of work to pursue

Intermediate outcomes:

Careers New Zealand’s annual evaluation for 2010 showed that:

78% of people had either already made a decision as a result of their interaction with Careers New Zealand (44%) or had all the information to make a decision, but were yet to make one (34%).

The Māori and Pasifika students we surveyed also reported that they had either already made a decision as a result of the career planning session (45% of young Māori and 47% of young Pasifika) or that they now had all the information they needed to make a decision (38% of young Māori and 41% of young Pasifika).

³ Of young Māori and Pasifika people who attended a group career planning session and those who contacted Careers New Zealand for advice on tertiary study, industry trade training and choosing secondary school subjects.

⁴ The State of Practice in Canada in Measuring Career Service Impact: A Canadian Research Working Group For Evidence-Based Practice In Career Development (CRWG) Report, Canadian Career Development Foundation, 2005

⁵ Donohue & Patton (1998), The Effectiveness of a Career Guidance Programme with Long-term unemployed individuals, Journal of Employment Counselling, Dec 1998

Outcomes for Employers

Benefits to Employers

Benefits to employers of having a labour force with good career decision-making skills include:

- A more skilled, better qualified workforce
- Motivated, engaged employees
- Increased business productivity

Employers benefit initially from being able to recruit employees with the skills and qualifications they need. They also benefit by investing in their workforce to lift skills further and improve employee engagement.

Addressing the Barriers to Employment through Career Advice

The first step to having a skilled, motivated workforce is having skilled, motivated job seekers.

Barriers to employment include:

- Lack of confidence
- Inter-generational unemployment leading to a negative attitude to work
- Lack of incentives
- Not having the skills employers are seeking
- Mobility issues (living too far away from where the jobs are, lack of affordable, reliable transport).

As noted, career advice and guidance has a significant and demonstrable positive effect on people's confidence and motivation.

Career management skills also make job seekers more aware of the skills employers are looking for, and can help people make plans to work through other barriers, such as transport, child care issues or language and literacy barriers.

Employee engagement

There are many factors that impact on a business' productivity. One of these is employee engagement. Investing in employees' development through education and training is one way employers can maintain or improve employee engagement. The higher skills that result are also likely to benefit productivity.

Social and educational outcomes

Links between education and social outcomes

People with good career decision-making skills are more likely to engage with the education system. Education, in turn, leads to a wide range of benefits to society, the economy and individuals. We can therefore infer a link between career decision-making skills and education-related indicators.

Data from the 2008 New Zealand General Social Survey⁶ shows how a range of social and economic indicators vary with education. It provides evidence supporting known economic benefits, and new evidence on a range of social indicators (from health and safety, to voting, social cohesion and tolerance).

The data showed that for New Zealanders aged 25 to 64, education was positively associated with:

- Higher income (strong association) and rates of employment (moderate association)
- Higher economic standard of living (moderate)
- How healthy people thought they were, and not smoking (both strong)

Many of the wider benefits associated with having a tertiary qualification remained after adjusting for the effects of income, age, gender, and whether or not people were born in New Zealand. Adults without qualifications face significant disadvantage across many non-economic indicators, as well as across indicators such as employment and income.

⁶ The report is available on the [Education Counts](#) website.

Economic benefits of career management skills

Careers guidance can assist the efficient operation of the labour market in three ways:

- by supporting individual decisions in the labour market;
- by reducing some labour market failure; and
- by contributing to institutional reforms designed to improve the functioning of the labour market.⁷

Career advice and guidance can have significant economic benefits by:

- reducing the mismatch between labour supply and demand,
- upgrading skill levels to make the country more globally competitive and
- reducing drop-out rates from education and training.

Career guidance can reduce unemployment through:

- stimulating 'discouraged workers' to re-engage with the labour market
- ensuring a better alignment between labour demand and labour supply, and making job search more efficient so unemployment duration is reduced and vacancies fill more quickly⁸.

Northern Ireland Study

Research results of a Northern Ireland study⁹ clearly show the significant positive contribution that career guidance makes, both in terms of labour market outcomes and economic impact. The annual labour market and economic contribution of the Educational Guidance Service for Adults(EGSA) is estimated to be as follows:

Labour market outcomes:

- 580 clients progressing in work/being promoted
- 270 clients not being promoted but having higher productivity due to enrolling on a course
- 20 clients from full-time education starting a new job
- 770 clients not in employment or full-time education starting a new job.

Economic impact:

- 800 more people in employment, contributing £26m in wages and profits (GVA) and £12m in net tax revenue (sum of income tax, national insurance, corporation tax and social security benefits saved).
- ***This translates into £9.02 net additional tax revenue for every £1 of public money invested in guidance services.***

Contribution of tertiary education to the New Zealand economy

A study by Razzak and Timmins¹⁰ investigated the link between tertiary qualifications and the New Zealand economy. The researchers found a high correlation between the proportion of employees with bachelors degrees and average GDP.

Their models suggested a 10% increase in degree-educated workers results in a 0.5% to 1% increase in GDP.

⁷ Killeen et al, NICEC (1992)

⁸ Hughes et al (2002) CeGS The Economic Benefits of Guidance

⁹ Examining the Impact and Value of EGSA to the North of Ireland Economy The labour market and economic returns are based on the assumption of EGSA's current annual 10,000 interventions (combination of individual clients and persons assisted by advocates to EGSA) and the current economic activity status of clients since the Client Relationship Management Information System was set up in 2006. The authors point out that the analysis and scenarios used in the study have been based on the response rates to EGSA's tracking process of which returns have been around 10%. Actual outcomes may be higher than what has been measured.

¹⁰ Razzak, Weshah & Timmins, Jason, 2007. "Education and labour productivity in New Zealand," MPRA Paper 1880, University Library of Munich, Germany.

The effect was smaller for tertiary qualifications below degree level.

Immigration

Increased immigration can result in a larger, more externally focused economy. However, immigration has a delayed contribution to increasing productivity, as migrants take time to reach their full potential in the workplace. The Longitudinal Immigration Survey (Department of Labour, 2009) found that, of migrants who were employed within six months of attaining permanent residence, around 30% were working in jobs at a lower skill level than in the country they had left.

Assisting immigrants to understand how best to apply their skills in the New Zealand labour market is how Careers New Zealand accelerates migrants' contribution to economic growth.

Measuring the contribution of Careers New Zealand and the careers system to the New Zealand economy

Measuring longer term outcomes will require longitudinal studies, which are generally costly and do not deliver results for some time.

In the meantime, Careers New Zealand has added some small scale follow-up surveys (six months after the initial survey) to help gauge clients' progress. This includes a follow-up survey we undertook with young Māori and Pasifika students six months after the initial survey and a planned follow-up survey with people who attended a capability-building session.

Conclusion

The immediate outcome from career information, advice and guidance is good career decision-making skills. These translate into increased motivation, confidence and engagement, making it easier for people to transition into higher education and training, and work. This, in turn, leads to a better qualified population, which means reduced skill shortages, improved productivity and higher economic growth.

While further work could be done on quantifying the impact good career decision-making has on the New Zealand economy, there is a wealth of evidence to support the fact that there is an impact. This comes from Careers New Zealand's own evaluations of the immediate and intermediate outcomes of our services, from studies undertaken by other agencies and research companies, and from international studies.

We also expect the career education benchmarks for secondary schools will provide further evidence of the necessity for a robust, effective careers system.

Our challenge is to continue to build on this evidence base and continue to use it to inform policy development in the careers space.