

An Economic Impact Assessment of the CCPMO

Executive Summary

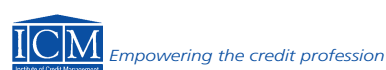
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London Economics



for the

**Consultative Committee for Professional
Management Organisations**



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Foreword

In recent years there has been increasing recognition among both employers and across Government of the critical need to improve higher level skills to ensure the UK's future competitiveness. The UK's world-class professional bodies already make a significant contribution towards raising demand for these higher level skills. This report sets out to assesses the hard economic impact of professional qualifications and also the wider benefits offered by membership of a professional body.

The Consultative Committee for Professional Management Organisations represents eight leading professional bodies in business disciplines with over half a million individual members and students and a knock-on reach across thousands of employers. This informal partnership was formed in recognition of the fact that the current infrastructure for skills – driven by sector and regional priorities – makes inadequate provision for supporting the higher-level business skills that are critical to all sectors and regions.

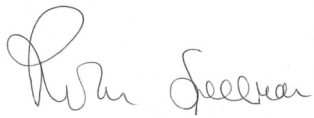
As independent bodies with a well-established and successful track record of meeting market needs, we promote lifelong learning and continuing professional development. Our mission as mostly chartered bodies, some of which are also charities, is to raise standards of performance through world-class professional development.

We commissioned this research to demonstrate the economic impact of our activities and those of other professional bodies. We wanted to show how professional bodies and professional qualifications impact on individuals' careers and on the UK economy as a whole.

Foreword

Indeed, the findings are testament to the work that each of our organisations does to meet employers' and individual learners' needs. Our existence as independent bodies is only possible on the basis of the excellent employer relationships that we enjoy. We will continue to work with employers, in every sector and in every part of the UK, to ensure that our professional bodies meet their needs, in difficult times as well as good times.

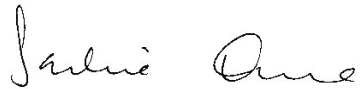
It will be by working even more closely with employers and with Government that we can deliver our shared vision of world-class professional skills for the UK.



Ruth Spellman
Chief Executive of the CMI



Steve Agg
Chief Executive of CILT



Jackie Orme
Chief Executive of CIPD



Phillip King
Director General of ICM



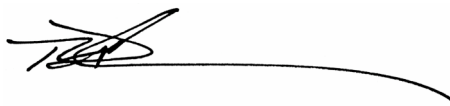
Rod Wilkes
Director General of CIM



Simon Sperryn
Chief Executive of CIPS



Charles Tilley
Chief Executive of CIMA



Roger Dickinson
Chief Executive of ICOSA

Executive Summary

Key Findings

1. The CCPMO provides more than 50,000 professional awards a year, focused on the business and management professions. In addition, the CCPMO provides continuing professional development to its 560,000 members and students, and training to both employers and individuals.
2. The estimated lifetime economic benefit associated with holding professional qualifications and membership of a professional institute is approximately £152,000 in today's money terms. This is comprised of £81,000 from holding professional qualifications, and £71,000 from holding membership of a professional institute.
3. The professional qualifications offered by the CCPMO are "open access", with no barriers to entry in terms of previous qualification attainment. This is reflected in the diverse nature of current students, which include significant proportions of women, and workers at all stages of their careers.
4. The business and management focus of the CCPMO gives the qualifications offered a unique cross-sectoral appeal, providing individuals with considerable flexibility in the context of an economic downturn.
5. Employers place a high value on the skills provided by professional bodies. This is evidenced by the high levels of employer-funded education and training, the substantial wage premium (estimated at approximately 37% over a working life) and the increased likelihood of being employed achieved by individuals in possession of professional qualifications and holding membership of a professional body.
6. Professional bodies also generate broader economic impacts. In particular, the estimated additional tax revenue contributed by an individual with professional qualifications and membership of a professional institute stands at £53,000 in today's money terms.

Overview of results

World class education and training is at the heart of the CCPMO's operations

The eight professional bodies that form the CCPMO have a combined worldwide membership and student body totalling 560,000, and employ more than 1,500 employees. At the heart of these operations is the provision of world class education to current and future professionals, through qualifications, training and other professional development channels.

The importance of knowledge and skills to the United Kingdom economy has been recognised through the development of the Skills Strategy and the Leitch Review of Skills. In order to improve skills delivery, the Government has undertaken major reform of the further education system, and has established several new organisations (such as Sector Skills Councils). However, the CCPMO are already actively engaged in many of the activities identified as key parts of the Government's Skills Strategy, and as such contribute significantly to the current UK skills base.

Qualifications

The provision of world class professional qualifications is at the core of the professional bodies' remit. The CCPMO award more than 50,000 qualifications each year, covering the entire qualification spectrum, with a significant proportion of qualifications offered at intermediate and entry level, as well as graduate and post-graduate level qualifications. Gold standard professional qualifications are also offered overseas, benefiting from high and growing international demand.

The courses offered by the CCPMO are of a high quality, incorporating the skills which employers need, and offered through networks of accredited education providers, to ensure that students receive a high standard of tuition. In addition, many of the CCPMO organisations accredit relevant university courses or modules, allowing wider dissemination of their expertise and advanced standing for graduates into professional qualifications. Many of the members of the CCPMO are (or contain) a QCA recognised awarding body and so have to comply in terms of quality assurance, regulation and compliance in order to have qualifications placed onto the national qualifications framework.

Qualification syllabuses are continually updated, through direct engagement with employers, members, students and practitioners and the incorporation of the latest research findings. As such, qualifications are demand-led, with continuous adjustment to ensure that employers have access to workers with the skills that they require.

Training

Professional bodies also engage in a much wider range of education and training activities. This includes a number of seminars and one-day training courses covering an array of relevant topics, as well as smaller scale programmes of talks and networking events (often organised at a branch level). In addition, each of the professional bodies offers tailored training solutions to employers.

Continuing professional development (CPD)

The CCPMO plays a key role in promoting continuing professional development (CPD) to their members, and in some cases, undertaking sufficient CPD is a necessary requirement to retain Chartered membership status. The materials and guidance, as well as the array of training courses available, allow members to keep up-to-date with latest professional developments, and provide them with the opportunity to participate in lifelong learning.

Professional qualifications are associated with significant lifetime benefits

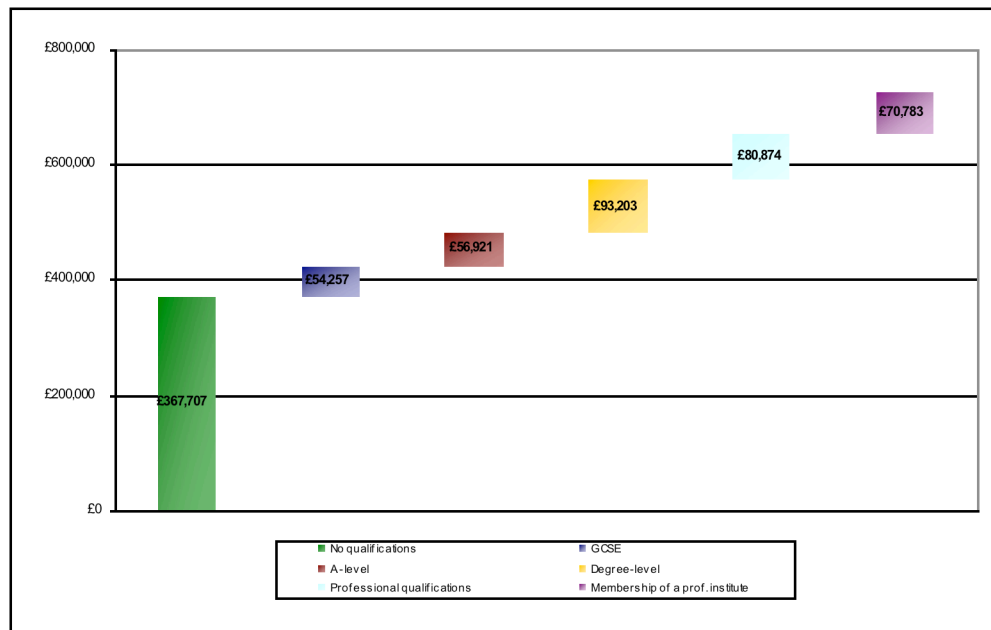
Analysis undertaken by London Economics, based on data from the Labour Force Survey, and replicating the methodology of previous representative studies¹, indicates that there are substantial lifetime benefits associated with holding professional qualifications and membership of a professional institute (once other personal characteristics have been controlled for).

Individuals with professional qualifications and membership of a professional institution are estimated to achieve both higher earnings, and be more likely to be employed across a lifetime, in comparison to individuals with no professional qualifications.

In total, the value of these employment and earnings effects across the lifetime of a representative individual is estimated to be around £81,000 for an individual holding professional qualifications, and around £71,000 for an individual with membership of a professional institute, in today's money terms. This compares favourably with the estimated benefits from qualifications at other levels within the national qualifications framework, as presented in the Figure overleaf.

¹ Although there has been much research on the economic impact associated with academic and vocational qualifications (see for instance, Walker and Zhu "The Returns to Education: Evidence from the Labour Force Surveys", Department for Education and Skills Research Report 313), and the economic returns associated with different degree level qualifications (Royal Society of Chemistry, "The economic benefits of Higher Education", PricewaterhouseCoopers, January 2005), we are not aware of any previous estimates of the economic return to professional qualifications.

Figure 1: Present value of lifetime earnings for a representative individual associated with different qualification levels



Source: London Economics based on Labour Force Survey.

Professional qualifications are “open access”

The qualifications provided through the CCPMO are generally “open access” and provide opportunity for all individuals to obtain the benefits associated with professional qualifications. Generally, the CCPMO allow full progression from entry level (i.e. no formally recognised qualifications) to full membership (including the achievement of graduate and/or post-graduate level qualifications). A significant proportion of qualifications are offered at intermediate and entry level (either as stand-alone qualifications or as part of a higher level qualification) indicating the role that professional bodies play at all levels of their respective disciplines.

The open access nature of the qualifications is reflected in an extremely diverse student body. Students are, for instance, fairly evenly split in terms of gender. Further, information from the CCPMO suggests that professional qualifications are associated with lifelong learning, with individuals taking qualifications at varying points of their careers. While the majority of students are aged between 25 and 45, significant proportions of students fall outside of this category, indicating that professional bodies are able to reach all current workers – a key aspect of the Skills Strategy.

The skills provided by the CCPMO provide workers with flexibility

The CCPMO is focused on the provision of the high level business and management skills – such as management and leadership – which (as noted in the Leitch Review) are crucial to maximising UK productivity, through utilising workers with other skills effectively.

Further, these skills are required in all aspects of the economy, and do not have a narrow sector or industry focus. This is reflected in the fact that the CCPMO's current base of students and members is spread across all sectors of the economy – nationally and internationally – and between both public and private sector organisations.

Individuals gaining these skills have the opportunity to move between sectors, providing them a high degree of flexibility in their careers. While always valuable, this is likely to be particularly beneficial in the current economic climate, as business and individuals react to the threat of recession.

Professional qualifications benefit employers

Professional qualifications are designed, and continually reviewed, to ensure they are up-to-date and relevant to employers' needs. The value that employers place on these skills is evidenced by the fact that most students are funded by their employer. In addition, there is a significant earnings premium and increased likelihood of employment associated with holding professional qualifications and being a member of a professional institute. The analysis carried out estimated that members of professional organisations achieve a 37% earnings premium and a 9 percentage point increase in the probability of being employed, controlling for other personal, educational regional and job related characteristics.

Professional bodies also play a key role in developing occupational and professional standards for their respective disciplines and associated occupations. Each of the professional bodies of the CCPMO holds its members to a code of conduct and ethics, monitored through robust disciplinary procedures. Further, the professional bodies have frequently been involved with the wider development of occupational standards, with several members of the CCPMO involved (and in some cases leading) the development of the National Occupational Standards (NOS) for their disciplines.

Professional bodies also have broader economic impacts

The qualifications provided by professional bodies also have significant benefits to the Exchequer. Unlike many education organisations, the CCPMO are entirely self-funding and do not require any Government support for their education and training activities. Further, the increased earnings for individuals associated with attaining professional qualifications and membership of a professional institution also entails significant benefits to the Exchequer, with an estimated increase in taxation revenue of approximately £53,000 per individual in today's money terms.

The role of the CCPMO also encompasses the broader goals of promoting and educating their profession. The associated activities (such as research development, knowledge dissemination and policy development) are likely to increase the incidence of high level skills and high quality professional activity throughout the economy resulting in a broad public benefit. While these spillover effects cannot be quantified, given their nature, their value should not be underestimated.

Concluding remarks from the CCPMO

This economic impact assessment of the value of professional qualifications and professional membership powerfully demonstrates the tangible financial returns for individuals in terms of average earnings premium and significantly improved chances of employment.

The spillover business impact of more than half a million professionals (the collective number of members and students of the CCPMO professional bodies), who are responsible for significant teams and resources, also extends to several million other employees. These business professionals cover the full spectrum of those occupations which cut across industry sectors and are critical to the successful management of UK business and public services.

The majority of professional training and CPD is funded directly by employers and individuals, at no cost to the taxpayer. The Government's main focus on qualifications and financial support for Level 2 and 3 qualifications means that professional bodies are needed to maintain and improve the UK's productivity record. Many of our professional qualifications have a strong export market and also support UK plc in this international dimension.

This report also demonstrates how a distinguishing feature of professional bodies is their commitment to raising standards through their code of conduct or ethics, guidance on good practice and emphasis on the constant revision and updating of their qualifications in response to employer demand, and on continuing professional development. With approximately 70 per cent of the workforce of 2020 already in employment, the prosperity of the nation is therefore dependent on up-skilling and updating knowledge in the current workforce.

In commissioning this report, the CCPMO was seeking to provide recommendations for how the professional bodies could play a greater role in supporting the Government and key agencies in the development and delivery of the UK's Skills Strategy.

The findings from this report clearly show how the current Government infrastructure for skills makes inadequate provision for the support of world-class professional skills. Professional bodies are the centres of expertise for their skill areas and are therefore appropriate organisations to be full partners in the national Skills Strategy.

In a matrix of stakeholders, the publicly-funded Sector Skills Councils (SSCs) and the Regional Development Agencies might be said to provide the vertical part of the structure covering sectors and regions, with the professional management bodies providing the horizontal, cross-cutting part of the structure. Yet, the professional bodies are rarely identified as key delivery partners. This has resulted in many sectors and regions duplicating activities

and there is evidence of a failure to share best practice and develop collaborative approaches more widely.

Given the strength of the evidence presented in this report, the CEOs of the eight professional bodies recommend that the Government provides a more direct mechanism for working with the professional bodies. Section 3 clearly highlights how collectively the professional bodies are delivering the key elements within the remit of Sector Skills Councils. Therefore, it is proposed that a Professional Skills Council could be developed by UKCES that builds on the structure and remit of Sector Skills Councils. The key difference is that it would be a strategic body with a remit to engage the professional bodies rather than direct engagement with employers.

A Professional Skills Council could take on responsibilities that reflect the new three-part remit of SSCs and also help to co-ordinate current activities already being undertaken by the individual professional bodies. It is anticipated that significant additional value would be created through having a co-ordinated approach to raising professional skills. There would be significant savings by reducing the number of duplicated relationships. Under the current structure each of the individual 25 SSCs develops separate relationships with appropriate individual professional bodies. By replicating the role of the SSCs, the new body would be able to deliver significant value in terms of identifying and articulating employer need and raising employer ambition.

The initial work of this Council would help to identify gaps and shortages for professional skills and to help identify where is appropriate for professional bodies and standard setting bodies to take a strategic lead through direct contracts with the Commission. It would also provide a route for recommending strategic priorities for higher level, professional skills to the UKCES.

This report highlights how the Government could recognise the unique strengths of professional bodies and enable those strengths to be better deployed in the public interest. The mission of professional bodies is to serve the public interest by raising standards of performance through professional development. It is clear that the influence and expertise of professional bodies could make a significant impact in raising the demand for skills from both individuals and employers across the UK.

The Members of the CCPMO

The **Chartered Institute of Logistics and Transport** is the professional body for everyone in the logistics, passenger transport, transport planning and related industries and is dedicated to supporting, developing and representing all specialisms at all stages of career development. Membership of CILT, which is represented in more than 30 countries across the world, gives you the tools you need to realise your ambitions and progress throughout your career, by keeping you informed of the latest news and information as well as by providing comprehensive opportunities for continuous professional development.

The **Chartered Institute of Management Accountants**, founded in 1919, is the world's leading and largest professional body of Management Accountants, with 164,000 members and students operating in 161 countries, working at the heart of business. CIMA members and students work in industry, commerce and not-for-profit organisations. CIMA has more members in the public sector than any other UK based accountancy body. CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the employers' choice when recruiting financially-trained business leaders. CIMA is committed to upholding the highest ethical and professional standards of members and students, and to maintaining public confidence in management accountancy. CIMA is proud to be the first professional accounting body to offer a truly global product in the fast-moving area of Islamic Finance.

According to independent research conducted by the University of Bath School of Management, CIMA's syllabus and examination structure are the most relevant to the needs of business of all the accountancy bodies assessed. See the CIMA Difference report for further information at www.cimaglobal.com/thecimadifference. CIMA has been awarded Superbrand status in the UK for the third year in a row this year and for the first time in Sri Lanka.

The **Chartered Institute of Marketing** is the leading international professional marketing body with some 47,000 members worldwide. First established in 1911 it has for almost a century defined the marketing standards that operate in the UK and is the global champion of best marketing practice. The Institute exists to develop the marketing profession, maintain professional standards and improve the skills of marketing practitioners, enabling them to deliver exceptional results for their organisations. It does this by providing membership, qualifications and training to marketing professionals around the world. For more information please visit: www.cim.co.uk

The **Chartered Institute of Personnel and Development** (CIPD) is the UK's leading professional body involved in the management and development of people. With over 130,000 members, the CIPD is dedicated to maintaining and advancing the highest levels of professionalism in people management and development. Each year thousands of people register for one of our highly regarded professional qualifications, and thousands more complete one of the certificate programmes or training courses offered by our successful commercial arm. Our extensive research and survey evidence, drawing upon the experiences and knowledge of our members, together with our many relationships with employers and other networks, ensures the CIPD is well placed to contribute to the development of public policy across the spectrum of workplace and employment issues.

The **Chartered Institute for Purchasing and Supply** (CIPS) is an international organisation, based in the UK, serving the purchasing and supply profession. Dedicated to promoting good practice, CIPS provides a wide range of services for the benefit of members and the wider business community.

With 50,000 members in 140 different countries, all members are bound by a strict code of ethics which is recognised and adopted by many organisations worldwide.

CIPS is dedicated to promoting best practice and provides a wide range of services. The Institute provides a programme of continuous improvement in professional standards and raises awareness of the contribution that purchasing and supply makes to corporate, national and international prosperity. In 1992, CIPS was awarded a Royal Charter in recognition of this leading role.

The **Chartered Management Institute** is the only chartered professional body that is dedicated to management and leadership. We are committed to raising the performance of business by championing management. We do this through supporting and advising individuals and organisations, or through engaging policy makers and key influencers in government and the management profession.

As the champion of management, the Chartered Management Institute shapes and supports the managers of tomorrow. By sharing the latest insights and setting standards in management development, we help to deliver results in a dynamic world.

The Institute offers a wide range of development programmes, qualifications, information resources, networking events and career guidance services to help managers and organisations meet new challenges in a fast-changing environment.

The **Institute of Credit Management** (ICM) is the largest professional credit management organisation in Europe. It represents the credit profession across trade, consumer and export credit, as well as in related activities such as collections, credit reporting, credit insurance and insolvency. A centre of expertise for all matters relating to credit management for almost 70 years, the ICM is the only such organisation accredited by the Qualifications and Curriculum Authority (QCA) as an awarding body. The ICM offers a range of services, including a recruitment consultancy, training, conferences and seminars, the industry leading Credit Management magazine, bookshop, technical advisory service and 26 local branches.

The **Institute of Chartered Secretaries and Administrators** (ICSA) is the recognised global voice on governance and regulatory issues in the private, public and not-for-profit sectors. Working with governmental and other statutory bodies, ICSA promotes and supports best practice and good governance across the board. As the leading professional body for company secretaries, ICSA is committed to ensuring the high standards of integrity that are central to the profession.

ICSA has 36,000 members in over 70 countries and delivers market leading software, information and training, and corporate services via its subsidiary companies.

About London Economics

London Economics is a leading European economic consultancy firm specialising in the provision of high quality research in public policy, competition and regulatory economics. We are committed to providing expert economic and financial advice across the public and private sectors, both within the United Kingdom and internationally. Underpinning our work is a strong commitment to placing our clients' needs centre-stage and to delivering methodologically robust and independent analysis. London Economics' has extensive experience in the education sector having undertaken many high profile projects ranging from the evaluation of early years policy interventions to the analysis of further and higher education funding systems. The London Economics' team undertaking this research for the CCPMO included Jonathan Chapman, Dr Gavan Conlon, and Patrice Muller.



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