

Professionalism pays: report reveals lifetime benefits of £152,000

9 December 2008 – New, independent economic impact analysis reveals that individuals with professional qualifications and membership stand to gain £152,000 in additional earnings, over the course of their career. A study published today also uncovers wide benefits to the public purse, as professionally qualified individuals deliver higher tax revenues for the UK Exchequer.

Commissioned by eight of the UK's leading professional bodies* the study is based on analysis of data for six consecutive quarters of the Labour Force Survey. Key findings include:

- **boost in earnings:** the estimated lifetime economic benefit associated with holding professional qualifications has been valued at £81,000. The study also shows how membership of a professional body can result in additional earnings of up to £71,000 in today's money terms
- **revenue driver:** based on today's taxation levels the estimated additional lifetime tax revenue contributed by an individual with professional qualifications and membership currently stands at £53,000
- **employer value:** individuals with professional qualifications and membership enjoy a 9 per cent increase in the probability of being employed because of the transferable skills on offer, according to the study. This figure, coupled with the 37 per cent wage premium received by professionally qualified staff demonstrates the high value employers place on the skills developed by professional bodies

The report shows that professional training and development is a key lever of support for the Government's Skills Strategy. Together, the eight Institutes deliver over 50,000 qualifications per year and, in line with Government plans to "ensure

CIMA



employers have the right skills to support the success of their business”, the majority of ‘students’ undertake qualifications while remaining in employment.

Speaking at the launch of the report, Charles Tilley, chief executive of CIMA and chair of the Consultative Committee for Professional Management Organisations, said: “Driving up the demand for professionalism in the UK has the potential to be immense. Not only can individuals benefit at a personal level, but the spill-over effect brought about by influencing team members can have a huge impact on UK productivity.”

The report also highlights how professional qualifications are ‘open access’, ensuring that individuals are able to build transferable skills no matter what their previous qualification level has been. By demonstrating that professional qualifications are undertaken across a range of age groups, and are split evenly by gender, the study shatters the myth that professionalism is elitist.

Against this backdrop, the eight professional bodies are collectively calling for the creation of a Professional Skills Council. The aim is to create greater value for the UK Commission for Education & Skills by raising demand for professional and higher-level skills across the 25 Sector Skills Councils and identifying gaps and shortages of professional skills across a range of industries.

Ruth Spellman, chief executive of the Chartered Management Institute, commented: “With 70 per cent of the 2020 workforce already in employment, the prosperity of the nation is dependent on up-skilling and updating knowledge. The creation of a Professional Skills Council would deliver significant value by simultaneously highlighting employer need, raising employer ambition and encouraging UK organisations to make strategic investments in the development of their teams. After all, if employers think competent people are expensive, they should take a moment to think about the cost of incompetence.”

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For further information:

Mike Petrook

Chartered Management Institute Press Office

T: 020 7497 0496 or 07931 302 877

E: mike.petrook@managers.org.uk

W: www.managers.org.uk

For comments, quotes and case studies from all members of the research team, please contact Mike Petrook. He will direct your enquiry accordingly. Key initial quotes from Chartered Institute CEOs are as follows:

Jackie Orme, CEO of the Chartered Institute for Personnel & Development, says:

"This research highlights the immense value added by professional qualifications – for individuals, employers and the wider economy. People management qualifications have a multiplier effect as professionals use their knowledge and skills to maximize the learning and performance of the whole workforce. The government's skills agenda cannot succeed without the contribution made by professional bodies and their qualified members."

Simon Sperryn, chief executive of the Chartered Institute of Purchasing and Supply adds:

"The quality and integrity of UK qualifications has resulted in many UK professional bodies acquiring an international footprint that gives individuals and their employers critical competitive advantage in today's global supply chains."

Steve Agg, chief executive of the Chartered Institute of Logistics & Transport, comments:

"Professional bodies are here to provide learning and development opportunities for everyone and with our understanding of the needs of our respective professions we are a unique resource which government should embrace in working to up skill the nation's workforce."

Roger Dickinson, chief executive of the Institute of Chartered Secretaries and Administrators, adds:

"The quality and breadth of the qualifications offered by professional bodies in the UK is extensive. Establishing a Professional Skills Council would significantly raise awareness of the long term value that professional qualifications offer, both to the individual and the economy as a whole."

Philip King, director general of the Institute of Credit Management suggests:

"The research uncovers our long-held belief of the real value of belonging to a professional body and taking professional qualifications. They help to advance not only the career development and ultimate remuneration of the individual, but also the progression and financial success of the companies and organisations they serve."

Dr Gavan Conlon, divisional director, London Economics, argues:

"The analysis has illustrated that there are significant earnings and employment effects associated with professional qualifications and membership of professional institutions. However, it is clear that it is not just the individual that benefits from qualification attainment; there are sizeable long term revenue effects for the Exchequer, as well as other members of the labour market through expected productivity spill-overs."

Notes to editors:

* the research has been commissioned by the Consultative Committee for Professional Management Organisations (CCPMO) – a group representing eight

leading professional bodies in business disciplines with over half a million individual members and a knock-on reach across millions of employers.

The members of the CCPMO are the Chartered Management Institute, Chartered Institute of Logistics and Transport, Chartered Institute of Management Accountants, Chartered Institute of Marketing, Chartered Institute of Personnel and Development, Chartered Institute for Purchasing and Supply, Institute of Credit Management and Institute of Chartered Secretaries and Administrators.

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 life-long learning and continuing professional development. Our mission as chartered bodies, some of which are also charities, is to raise standards of performance through world-class professional development