



what works centre for  
local economic growth

# Toolkit Employment Training Careers counselling

## What is it and what does it aim to do?

Counselling<sup>1</sup> can help individuals choose the most appropriate training programme to help further career development. Counselling may be provided to the unemployed or to those currently in work. The hope is that good advice will ensure better matches between programmes and participants, making individuals more likely to take-up, or complete, training and increasing the labour market returns.

## How effective is it?

The evidence suggests that for the unemployed, counselling usually leads to a higher take up of training, and might lead to more employment or higher wages. But there is some evidence that inexpensive counselling (e.g. unqualified counsellors, fewer contact hours) has little effect.

For those already employed, counselling can also lead to higher take up of training, leading to more hours worked or higher wages.

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1. This kind of support can be referred to in a variety of ways including careers coaching, employment advice (or coaching) and careers guidance. 'Counselling' is most common term used in the literature.

## How secure is the evidence?

Generally, the evidence base on counselling is quite weak, meaning that the conclusions on cost-effectiveness are based on a limited number of studies. More rigorous studies are required. We found no systematic reviews of effectiveness and no meta-analysis.

We found six studies that examined the effectiveness of counselling for employment training. Four of these provided high quality evidence based on a randomised control trial, while one provided before and after comparisons using a control group and one was based on a group who volunteered.

Two of these studies come from the UK.

For a full list of studies and summaries see the Annex.

## Is it cost-effective?

The costs of counselling can vary substantially depending on the degree of support offered (e.g. the length of the counselling sessions or the period over which support is provided). In the programmes for which we have evidence the cost of support varied from a low of £17 per participant to a high of around £2,000 per participant.

The cheapest programme considered delivered no benefits, so does not appear to be cost-effective.

More expensive programmes do deliver benefits, but the effects on behaviour are not necessarily strong. Costs per additional trainee range from £5,000-£6,000 for the UK's Employment Retention and Advancement (ERA) Demonstration (this cost also includes a financial incentive) to £21,000 per extra trainee for a Swedish programme (although this programme helped new immigrants who may experience significant labour market barriers).

## Things to consider

- The costs and benefits of counselling can vary a lot across programmes so it is important to monitor and evaluate their impact on participation in, or completion of, appropriate training.
- The quality of counselling (e.g. in terms of the qualification of counsellors or the number of hours of contact) can affect both costs and benefits.
- Mandatory counselling may reduce uptake of training compared with voluntary counselling.
- In order to deliver the benefits that counselling can offer, it may be important to ensure that the potential benefits are understood by participants and that the counselling is easy to access.

# Annex: Evidence on Careers Counselling for Employment Training

## What kind of evidence do we consider?

The aim of our toolkits is to summarise the available ex-post (i.e. after introduction) evaluation evidence on particular aspects of policy design. We consider a wider range of evaluations than for our evidence reviews. But we continue to focus on finding and summarising evaluations that identify effects which can be attributed, with some degree of certainty, to the support provided.

Our objective is to assess the quality of, and summarise the lessons from, the available evaluation evidence in a way that can help inform policy decisions. We focus on summarising the findings from available evaluations, while recognising that additional sources of evidence may play an important role in making good decisions around support provided in any specific context.

This toolkit examines the impact of careers counselling for employment training. Employment training is an investment in human capital that can make the labour force more productive, with payoffs for individuals' life chances. Policy interventions aimed at increasing the amount of training can take a variety of forms. This short review covers the evidence on counselling training that aims to help individuals choose the most appropriate training programme to help further career development.

The hope is that good advice will ensure better matches between programmes and participants and make individuals more likely to take up training or complete their chosen course. This could increase the overall amount of training undertaken and improve the returns to that training, maximising benefits to both participants and the economy as a whole.

We looked for evidence that evaluated the effects of counselling that is either (1) part of a specific training programme, or (2) aimed at helping individuals choose a training programme. Unfortunately, we found no evidence on the first of these.

We focused on evidence from the OECD, in English. We considered any study that provided before and after evidence on the effect on participants; or cross-sectional studies that compared effectiveness for individuals receiving different kinds of support. We also included more robust studies that compared changes to participants with a control group. [link to Maryland Scale]

Using these criteria, we found six studies that looked at the effectiveness of counselling. Our evidence review on employment training [link] summarises findings from the larger literature that considers overall policy effectiveness.

## The evidence

**For the unemployed, counselling usually leads to higher take up of training. But the cheapest programme delivered no-benefits. One high quality evaluation found that mandatory counselling may reduce uptake of training.**

Four studies (400, 227, 234, 241) look at the effect of counselling for the unemployed. Three of these found positive effects on the take up of training. Study 400, a Randomised Control Trial (so scoring the maximum five on the Scientific Maryland Scale, or SMS) examines the Employment Retention and Advancement (ERA) Demonstration in the UK. ERA targeted lone parents either on the New Deal Programme (the New Deal for Lone Parents, or NDLP) or in part-time employment and receiving Working Tax Credits. 'Treated' participants were offered a variety of financial incentives (e.g. a subsidy of £8 per hour of completed training,

up to a maximum of £1,000) and advisory support. Among NDLP participants there was a 15 percentage points increase (72% vs 56%) in take up of training. Study 234, another RCT, examines the effect of intensive coaching of new immigrants on take up of training in an experiment in Sweden. Participants were randomly assigned to either intensive coaching (treatment) or regular introductory programmes (control). The treatment group were found to be more likely to participate in intermediate public employment service programmes. Study 241 (SMS 3) examines an initiative that uses unemployed individuals to provide mentoring services to other unemployed individuals in Sweden. The study finds that the long-term (more than 2 years) unemployed receiving counselling are 85% (in Stockholm county) and 55% (outside Stockholm) more likely to take up an active labour market programme compared with long-term unemployed at offices not running the programme. There are even larger effects for the short-term (<2yrs) unemployed (121% in Stockholm county and 70% outside Stockholm county).

The only study to find any non-positive effect on take-up is study 227 (an RCT), which examines the effect of three different training delivery models on training outcomes in the Individual Training Accounts (ITA) experiment in the United States. Note that rather than a standard treatment and control setup, this trial tests out three different treatments – a ‘what works better’ [link] setting. The Structured Choice treatment (T1) gave tailored financial awards to participants plus mandatory intensive counselling. In the Guided Choice treatment (T2), the awards were fixed (and more modest) and the mandatory counselling was less intensive. Finally, the Maximum Choice model (T3) offered voluntary counselling and fixed awards. Notably, very few participants in T3 took up the voluntary counselling. A total of 7,920 participants (job-seekers) were randomly assigned to one of the three programmes. The results show that mandatory counselling discourages participation in training programs – 77% participated in training in the T3 group (where counselling was optional) compared with 71% in T2 and 73% in T3 (where the counselling was mandatory). Those who received mandatory counselling did, however, consider a broader range of programmes and were more likely to attend programmes at community colleges.

**For the unemployed, counselling may lead to higher employment and/or higher wages**

Two of the four studies that look at the unemployed find employment effects. Study 234 shows that new immigrants were more likely to find employment if they participated on the counselling programme. Study 400 shows that for participants on the New Deal for Lone Parents, there were positive effects on the probability of finding a job, hours worked and earnings. Of the two studies that failed to find consistent positive employment effects, there were some impacts on other employment related outcomes. For Sweden, Study (241) found positive effects for the transition from unemployment to part time work, but either no effect (inside Stockholm) or a negative effect (outside Stockholm) on the transition to full time employment. Study 227, for the US, found that none of the delivery models had an impact on employment probability but that those with the highest level of counselling received higher wages. This earnings effect is most likely the result of the higher probability of working in the occupation trained for.

**For the employed, counselling may lead to higher take up of training**

Two studies (400 and 213) consider the effects of counselling on the take-up of training among people in work, and all find a positive effect. In the UK ERA study (400), people on Working Tax Credits increased their take up of training by 6pp (35% treatment vs. 29% control). Given this is a smaller impact than for the NDLP group, the study suggests effects are smaller for employed than for unemployed individuals. Study 213 (SMS 2) examines the effect of careers guidance for employed adults on continuing education and training in eight English localities. Individuals volunteered for career guidance that involved counselling interviews and other services. Using data on individual employees, the study shows a

positive effect of guidance on the probability of continuing education and training. Finally, study 240 (SMS 5) examines an intervention aimed at low income families in Australia. Women in employment and in receipt of income-support (and who had unemployed partners) were invited to an interview process designed to help the couple participate further in the labour market. The intervention was conducted as a randomised controlled trial and involved 10,504 income-support recipients. The findings show that those who received the counselling increased their job search hours and participation in training.

**For the employed, impacts are most likely to be on hours worked and wages rather than employment probability**

Two studies (400 and 240) look at the effect of counselling on employment outcomes for the employed. Unsurprisingly there are no employment effects as there is little room for improvement. However, both studies show positive effects on hours worked and one on wages. Study 400, the UK ERA study, found that for the WTC group, there were increase in the hours worked and earnings. There was no impact on employment but there was a shift from part time to full time work. Study 240, for Australia, find that counselling leads to decreased work hours and a lower probability of employment relative to the control group. However, due to the relatively short time frame of 6 months this is most likely a substitution away from work hours towards training.

### Cost effectiveness

The costs of counselling can vary substantially depending on the degree of support offered (e.g. the length of the counselling sessions, the period over which support is provided, the qualifications of those offering support). In the programmes for which we have impact evidence the cost of support varied from a low of £17 per participant to a high of around £2,000 per participant.

The Individual Training Accounts programme in the U.S. (study 227) varies the amount of counselling given to participants in three groups. But since relatively few hours are given in any group the costs are £55 per participant in the Structured Choice group, £42 in Guided choice and £17 in Maximum Choice (counselling is costed at £13 per hour).<sup>2</sup>

A Swedish programme (study 241) uses the unemployed themselves as employment counsellors, which is a very low cost solution – the counsellors are given £72 a month extra benefits to cover their potential extra costs.<sup>3</sup> The policy is even cheaper when considering that the temporary counsellors reduce the workload of full time caseworkers.

In contrast, some programmes have high counselling costs. For example the Swedish counselling programme (study 234) for new immigrants which cost a total of £6.1m for 3,100 participants, or around £2000 per participant. <sup>4</sup> After 1 year, 310 more people are in training in the counselling group implying a cost of £19,700 per extra trainee. After 2-2.5 years 186 extra people are employed implying a cost per extra employee of £32,800. The authors calculate that this will be recovered in 2-3 years of employment.

Finally, the UK ERA programme (Study 400) cost around £1000-£2000 per participant. Around half of this cost is for the counselling element. Given the effect sizes, this equates to a cost-benefit of

2 Using GBP-USD average exchange rate for 2002 of 1.499582.

3 The authors present a EUR amount, which has presumably been converted from a SEK amount from 1996. However, the precise conversion is unknown. Therefore we use the current GBP-EUR exchange rates in 2015.

4 Using GBP-SEK average exchange rate for 2007 of 13.51997.

£5000-£6000 per extra participant. Note, however, that the ERA programme involves a combination of incentives and counselling elements – each of which contributes around half of total costs. It is not possible to attribute the benefits to either the financial incentive or counselling elements so a component specific estimate of cost-effectiveness is not possible.

### Limitation and gaps in evidence

Generally, the evidence base on counselling is quite weak. There are a lot of gaps in the evidence. For example:

- We found no evaluations of the effect of training programmes with a counselling element vs. training programmes without any counselling.
- There are only two evaluations of UK policies.
- We found a limited number of studies but the evidence is typically of very high quality e.g. RCTs.

### Evidence Reviewed

Ref. No	Reference
213	White, M. and Killeen, J. (2002): "The effect of careers guidance for employed adults on continuing education: assessing the importance of attitudinal information", <i>J. R. Statist. Soc.</i> , A165, Part 1, pp. 83-95.
227	Perez-Johnson, I., Moore, Q. and Santillano, R. (2011): "Improving the Effectiveness of Individual Training Accounts: Long-Term Findings from an Experimental Evaluation of Three Service Delivery Models", <i>Mathematica Policy Research</i> .
234	Joona, P.A. and Nekby, L. (2012): "Intensive Coaching of New Immigrants: An Evaluation Based on Random Program Assignment", <i>Scandinavian Journal of Economics</i> 114(2), 575–600.
240	Cobb-Clark, D., Ryan, C. and Breunig, R. (2006): "A couples-based approach to the problem of workless families", <i>The Economic Record</i> , 82(259), 428-444.
241	Delander, L., Månsson, J., & Nyberg, E. (2004). Using the unemployed as temporary employment counsellors: Evaluation of an initiative to combat longterm unemployment (No. SP I 2004-111). <i>WZB Discussion Paper</i> .
400	Hendra, Richard, Kathryn Ray, Sandra Vegeris, Debra Hevenstone and Maria Hudson. <i>Employment Retention and Advancement (ERA) Demonstration: Delivery, Take-Up, and Outcomes of In-Work Training Support for Lone Parents</i> (2011). <a href="http://ssrn.com/abstract=1824082">http://ssrn.com/abstract=1824082</a>

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