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Adult Literacy and Numeracy

Making the business case to employers

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Friends, Romans, Countrymen, lend me your ears

Julius Caesar Act3 Scene 2

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What is **ALLaN**

Adult **L**iteracy, **L**anguage **a**nd **N**umeracy

Research has shown that in the United Kingdom:

- The proportion of adults without a basic school-leaving qualification is double that of Canada and Germany;
- Over 5 million people of working age in the United Kingdom have no
- qualifications at all; and
- One in six adults do not have the literacy skills expected of an 11 year old.
- Almost half do not have numeracy;
- Half of adults who lack ALLaN skills are in work.
- Increasing age of workforce means impact remains longer.

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Skills for Sustainable Growth: Strategy

- *Approximately 80% of the people who will be in the workforce in 2020 have already left compulsory education*
- *Literacy and numeracy skills enable people to function in society, progress into vocational learning and employment, and operate more productively in work.*
- *We will therefore continue to fully fund literacy and numeracy provision for those who need it, whether in the workplace or in the community…*
- *We will review the way basic skills are delivered*

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Skills for Sustainable Growth: Strategy

- *There will be a new role for employers as we grow a world-class skills base*

- *Employers do not want low cost approaches that deliver second-class results. They themselves invested over £39 billion on training over a 12 month period . They are willing to invest - to invest far more than they do at present - in the skills of their workforces if they can be sure that the training they buy will be high quality and geared to their needs.*
- *We are confident in the capacity, drive and vision of learners, employers, and providers up and down the country, and we believe that they will eagerly grasp this opportunity.*

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Where is this leading ?

- *Employers to contribute to cost of workplace literacy and numeracy 2012 -13?*

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High and low training industries

TABLE A1

Means of variables by high- and low-training industries

Variable	*Mean, low-training industries*	*Mean, high-training industries*
Proportion of male employees	62.4%	80.9%
Proportion aged:		
16–24	22.7%	15.5%
25–34	24.5%	25.4%
35–44	22.2%	24.0%
45–54	19.1%	22.1%
55–64	11.1%	12.8%
Proportion in occupation:		
professional/managerial	14.7%	27.1%
Clerical	8.5%	10.9%
personal/security	1.9%	1.6%
salesforce/technical	3.4%	2.5%
other occupations	71.5%	58.0%
Highest qualification:		
degree	2.6%	7.3%
sub-degree level	3.7%	9.2%
A level / equivalent	15.5%	22.5%
O level / equivalent	15.6%	14.3%
other/none/missing	62.7%	46.7%
Tenure in current job:		
less than 6 months	10.9%	7.1%
6 months – 1 year	8.4%	5.8%
1 year – 2 years	11.1%	8.0%
2 years – 5 years	21.6%	17.8%
5 years – 10 years	18.8%	19.7%
10 years – 20 years	18.0%	24.3%
more than 20 years	9.0%	16.5%
Proportion in small firm	21.2%	12.6%
Average ln(capital–labour ratio)	2.22	3.02
Average ln(real value added per worker)	2.76	3.19
Average ln(gross output per worker)	3.80	4.27
Average ln(hourly wages)	1.56	1.84
Average hours worked	39.1	40.2
Average R&D spend as proportion of output	0.52	2.99

Note: 'High-training' industries are those that trained on average more than 8.7% of employees (the sample median).

- Men dominate high training industries
- Low training industries have high proportion of staff without qualifications
- Low training industries have higher staff turnover
- Lower training industries have lower output per person per unit time.

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Impact on Industry Wales

Poor literacy and numeracy: £588 million a year lost to the Welsh economy in

- lost orders
- mistakes
- wastage
- productivity

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Skills investment patterns

- 2008 -2011 much evidence to suggest employers have continued to invest in skills during recession (Asset Skills barometer}
- But, of top talent e.g. management and leadership skills
- Investment in skills lower down the organisation less evident.
- Circular arguments

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The Impact of Training on Productivity and Wages: Evidence from British Panel Data*

DEARDEN,REED AND VAN REENEN

- *"we find that work-related training is associated with significantly higher productivity. A one percentage point increase in training is associated with an increase in value added per hour of about 0.6% and an increase in hourly wages of about 0.3%."*

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Some positive evidence

- Grinyer.. . The earnings premium for level 1 literacy was 12% and numeracy level 1 19%

- McIntosh and Vignoles 2001 found the wage premium for having numeracy skills at level 1 or above was 8-10%; the wage premium for level 1 literacy skills was 2-6%.

Economic Impact of Training and Education in Basic Skills
Summary of Evidence .National Research and Development Centre for adult literacy and numeracy Institute of Education, University of London.

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In workplace

- No quick fix. Short programmes not shown to lead to substantial improvements in literacy in short term unless a brush up
- But workplace learners who use literacy at work improve skills.
- Need qualified teachers who have specialism, particularly in numeracy
- Cost of delivering literacy greater than numeracy
- Support at entry levels more costly than at higher levels(L1&2)
- Lower level candidates more likely to withdraw from course
- Workplace basic skills reaches more men, older people and those not previously engaged

Age related learning at work

- Older workers , generally slower, poorer memory than the young. But have superior general and verbal knowledge creative problem-solving, and wisdom. They also show greater mental stamina, operational loyalty, reliability and decision making skills.

- ROM VS RAM (Fluid cognitive ability declines 40+, crystallised grows with age)

- Age-related decline in not shown to differ significantly as a function of education, social class or income

- Older adults training needs are likely to be more specific, need more concrete frameworks /strategies with prioritised actions compared to young adults who exhibit greater flexibility

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Who pays for:

Improved skills, significant business benefits to employers

- Improved productivity, profitability and performance
- Improved quality through reduced errors and better customer service
- Better health and safety record
- Improved staff loyalty, lower absenteeism and higher staff retention.

• Significant benefits to individual and society

- Social inclusion
- Increased health and nutrition
- Increased racial tolerance
- Increased wealth

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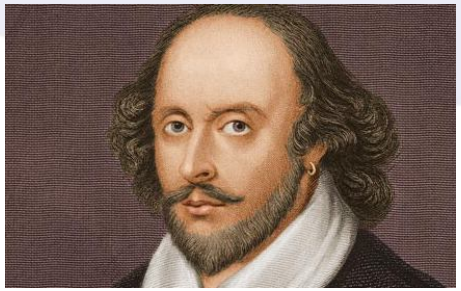
All the worlds a stage,

And all the men and women merely players;

They have their exits and their entrances;

And one man in his time plays many parts,

As you like it Act 2 Sc 7