

National Workforce Literacy Project

Report on Employers Views on Workplace Literacy
and Numeracy Skills

MAY 2010

Preface



Literacy and numeracy shortfalls have emerged as a major issue for employers as they evaluate their skills base against opportunities presented by the improving economy. Ai Group has become increasingly concerned about reports from across our membership of workforce literacy and numeracy deficiencies. The frequency with which this issue is raised indicates this is not a limited problem but it has not been possible to get an accurate fix on the extent of the issue – until now.

The release of this report on employer views about workforce literacy and numeracy represents a major step forward in tackling this fundamental issue. The report includes several key findings to guide us forward.

A key finding is that more than 75% of employers responding to our survey reported that their businesses were affected by low levels of literacy and numeracy. This is a major finding. We were keen to establish what the views of employers are as this is a gap in the current research and our knowledge. This disturbing result is consistent with the results of the Adult Literacy and Lifeskills Survey of 2006 which drew attention to the poor level of literacy and numeracy skills within the Australian adult population.

The survey also revealed that 45% of employers nominated labourers and process workers as the occupational group most affected by low levels of literacy and numeracy. But the story does not end there. All occupational categories were impacted by inadequate levels of literacy and numeracy including apprentices, technicians, clerical and administrative workers, managers, engineers and other professionals. The rich data provided through the employer roundtable discussions confirmed that this is a problem for the whole of the workforce.

The consequences of inadequate literacy and numeracy are significant both in terms of the number and depth. Poor completion of workplace documents and time wasting through repeated work were the most reported impacts at over 40%. But there is a long list of other important consequences including ineffective work teams, materials wastage, ineffective training, financial miscalculations, workplace injuries and unsafe work practices and recruitment difficulties. It is clear that inadequate levels of workplace literacy and numeracy are having negative impacts on productivity and workplace safety.

The findings of this report are most disturbing and the time for action is now. Ai Group is assisting directly through a current project with a number of companies to trial a range of solutions. We are confident that this will contribute to the search for the way forward in this most fundamental of challenges.

A handwritten signature in black ink, which appears to read 'A. M. Ridout'. Below the signature is a horizontal line.

Heather Ridout
Chief Executive
Australian Industry Group

**The National Workforce Literacy Project is funded by
the Commonwealth through the
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Executive Summary

A key component of the National Workforce Literacy Project is the gathering of employer perspectives on workforce literacy. In this first phase of the project Ai Group conducted employer roundtables in four states (Victoria, New South Wales, South Australia and Queensland) to ask employers about the impact of low levels of literacy or numeracy on their business. A total of 58 employers attended and shared their views about the literacy and numeracy demands and challenges of their workplaces, and the solutions they had tried to address the issue. Observations by employers at the roundtables indicated that all employees – regardless of their educational attainment, qualifications or employment skill level – need to build their existing set of literacy and numeracy skills to acquire new capabilities and adapt to workplace change.

The roundtables were followed with an Ai Group survey of employer views completed in December 2009. The survey further explored the impact of literacy and numeracy issues in the workplace and gathered employer views on possible solutions. A total of 338 companies across Australia, comprising 56,000 employees and annual turnover of \$36.4 billion, responded to the survey.

Key findings

- *More than 75% of respondents reported that their business was affected by low levels of literacy and numeracy.*
- *Survey respondents reported that labourers and process workers were the occupational group most affected by low levels of literacy and numeracy – 45% of respondents considered that labourers were affected.*
- *Respondents reported a wide range of impacts resulting from a lack of literacy and numeracy skills, most frequently cited were: poor completion of workplace documents and time-wasting through repeated work.*
- *Respondents saw a role for government, employers, education authorities and individuals in improving workforce literacy and numeracy skills – 38% think employers have a role.*
- *Only 8% of respondents reported that they had adequate capacity to assist the improvement of literacy and numeracy skills – the problem is most acute for small business, of which 28% report that they have no capacity for this task.*
- *Internal company training was the most common measure used by respondents to try to improve literacy and numeracy skills – tried by 29% of respondents.*
- *Respondents identified many different measures that they considered effective for addressing literacy and numeracy needs – there was not a clear preference for one particular measure but workplace based approaches were generally more favoured.*

Background

The Ai Group *World Class Skills for World Class Industries*¹ report highlighted the centrality of skills and the need to build Australian industry's skills base to remain globally competitive. The report found that an inability to secure skilled staff was the greatest barrier to company success. Beyond this, the report identified the main implications for future skilling as the need for: higher-level skills; a broader range of skills; and more frequent updating of skills. The adult learning and workforce retraining challenge is not only to boost workforce participation levels but to retrain and up-skill the current workforce to increase workforce retention rates and to boost productivity.

Existing workers at all levels of the workforce will require ongoing access to formal retraining and effective work-based learning to address skills shortages and changing skills requirements brought about by new technology, new work processes, increased compliance and quality assurance requirements so that they can contribute to increased productivity and innovation. High levels of language, literacy and numeracy are required to underpin this. Functional literacy and numeracy skills enable existing workers to successfully perform their current jobs, while higher level literacy and numeracy skills enable workers to do more than their current jobs require – this is especially important in periods of job re-design when workers are required to adapt to the changing demands of the workplace.

In stark contrast to these workplace requirements, findings from the Australian Bureau of Statistics' *Adult Literacy and Lifeskills Survey (ALLS)*² show that low level literacy skills affect 40% of the Australian workforce and that 44% of the workforce is affected by low level numeracy skills. It appears that large proportions of the Australian workforce do not have the literacy and numeracy skills required to up-skill, re-skill and adapt to changing workplace requirements. The ALLS data provides a significant challenge for Coalition of Australian Government (COAG) targets in this area. COAG is calling for a higher proportion of Australians with a Certificate III qualification and above and the ALLS data indicates that many Australians do not have sufficient literacy skills to achieve this. The ability of the Australian workforce to gain new skills will impact on future workforce participation and productivity.

The final report of the Ai Group's *Skilling the Existing Workforce*³ drew attention to the need for a focus on skills training within the workplace that would take account of the language, literacy and numeracy needs of learners. A number of the trial sites and case studies associated with this project noted that employees from non-English speaking backgrounds and those with low levels of language, literacy and numeracy were less likely to participate in all forms of skills training.⁴

It is clear that low adult literacy levels have an impact on the capacity to build high-skill, knowledge-based economies and inclusive, cohesive societies. In addition to contributing to social objectives of a more inclusive society improved literacy skills are linked to improvements in productivity.

¹ Ai Group, *World Class Skills for World Class Industries*, May 2006.

² Australian Bureau of Statistics, *4228.0 Adult Literacy and Life Skills Survey*, Summary Results, Australia, 2006

³ Ai Group, *Skilling the Existing Workforce*, Final Project Report, December 2008

⁴ Ai Group, *Skilling the Existing Workforce*, Final Project Report, December 2008, page 51

Through this project, Ai Group aims to gather intelligence directly from employers about the business and productivity impacts of literacy and numeracy skills issues.

Research Details

In order to learn more about the extent of the issue and to generate a series of possible solutions, Ai Group has embarked on a Department of Education, Employment and Workplace Relations (DEEWR) funded research project to gather details from employers about the precise nature and extent of literacy and numeracy issues in the workplace and their impact on the business bottom line.

In September and October 2009, Ai Group conducted a series of roundtable discussions with employers from the manufacturing, constructions and services sectors. A total of 58 employers attended the roundtables, held in Melbourne, Illawarra, Adelaide and Brisbane. They were asked to identify the extent of literacy and numeracy issues in their workplace and to consider how these impacted in different occupational areas. Employers were also asked about the effects of literacy and numeracy on productivity, safety and workforce planning and training. Measures that employers had used to address literacy and numeracy issues were discussed and possible solutions proposed.

Following the roundtables, in December 2009, Ai Group conducted its first employer specific survey on workplace literacy and numeracy. The survey contained ten questions asking employers to consider how literacy and numeracy skill levels impact on their business and what measures can be used to address the issue.

This report draws together the evidence from both of these sources.

Respondents by sector and company size

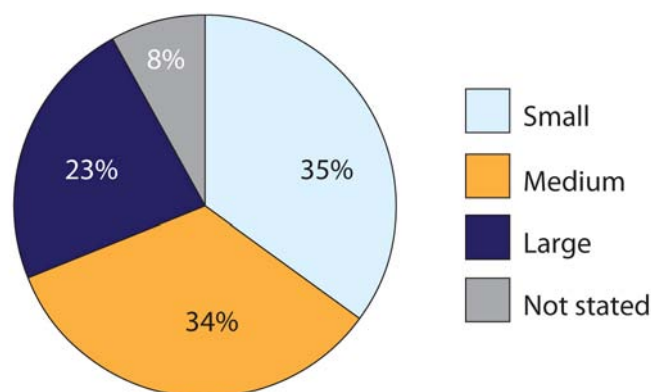
Companies were asked to locate themselves by industry sector, current value of turnover and total number of full-time employees in 2009/10. Survey responses indicate a varied range of sectors and companies. Data was collected from sub-sectors across the manufacturing, services and construction industries and was aggregated into three individual categories.

Companies by size:

The survey generated responses from 338 companies with total employment of 56,000 employees and total annual turnover of \$36.4 billion across a number of sectors and firm size.

- The largest number of responses was from small-sized enterprises of up to 25 employees, representing 35% of all respondents.
- Medium-sized firms of 26 to 100 employees accounted for 34% of respondents, while large sized firms (more than 100 employees) contributed 23%.
- 8% of respondents did not indicate the number of people employed.

Chart 1: Survey respondents by size



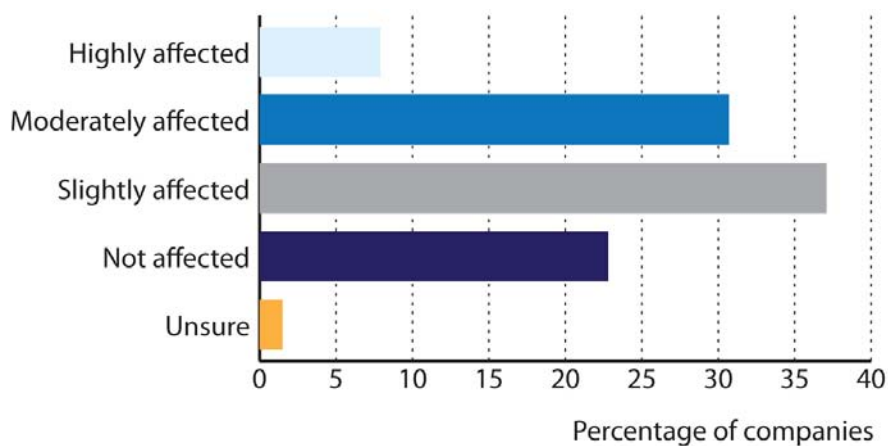
Extent of the problem

To find out about the impact of low levels of literacy and numeracy on business and skilling efforts, companies were asked to indicate the extent to which low levels of literacy and numeracy were affecting their business.

Overall finding

- More than 75% of respondents reported that their business was affected by low levels of literacy and numeracy.
- 39% of respondents reported that their business is highly or moderately affected.

Chart 2: Impact on business



Roundtable views

According to employers who attended the roundtables, the problem of workforce literacy and numeracy is 'huge'. Older workers, school leavers, people from culturally and linguistically diverse backgrounds and people recruited through labour hire companies are more likely to have inadequate literacy and/or numeracy skills for the workplace. There were two broad areas of concern. The first employer concern relates to employees or potential employees with very limited literacy and numeracy skills. This included an inability to read Standard Operating Procedures thus undermining workplace safety. Low skills were evident in manual calculation skills, selecting the correct parts, mistakes in ordering and a series of other workplace tasks.

In some cases potential recruits were unable to meet basic selection criteria resulting in a shortage of suitable applicants. Some employers use or have developed their own literacy tests which they use to screen potential employees.

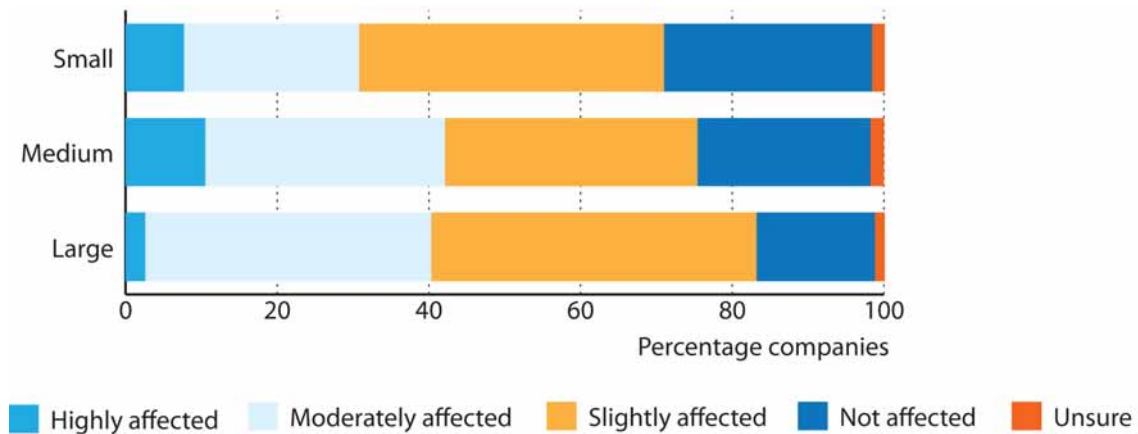
“Big problem – not necessarily noticeable now, but problems in the future if you want to change anything or make progress in the business such as measuring processes and doing something with the information to improve productivity and reduce the number of rejects.”

The second area of concern related to employees who have a reasonable level of literacy skill but were unable to complete some workplace tasks to the standard required. This included tasks like using appropriate email language in communications between employees and external customers, using appropriate communication methods for team based approaches to problem solving and using appropriate language in written material for websites and publications. Some employers reported that employees with high level technical skills such as engineers were poor communicators within workplace settings. There is a need for greater skill in translating technical documentation into commercial language consistent with business needs. In essence – inadequate literacy skills affect both the low skilled and higher skilled in the workplace.

Impact on business by size

The impact of the issue on enterprises changed according to the size of the business.

Chart 3: Impact by enterprise size



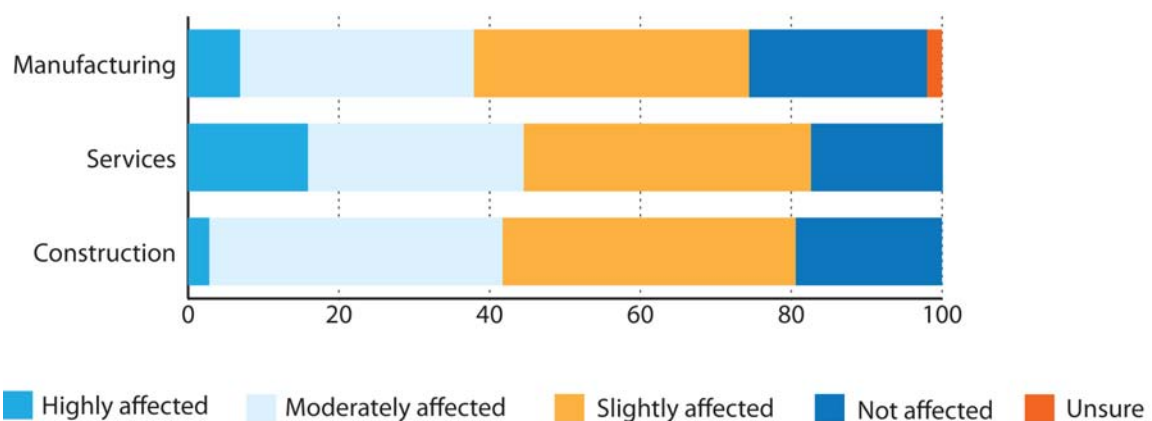
- 40% of respondents from large enterprises reported that their business is highly or moderately affected by low levels of literacy and numeracy.
- More than 10% of medium sized enterprises reported that their business was highly affected by low levels of literacy and numeracy and over 40% were highly and moderately affected.

Impact on business by sector

Impact was felt across all three industry sectors.

- Respondents from the services sector were more likely to report that their business was highly affected by inadequate levels of literacy and numeracy.
- Within each sector, 16% of services companies, 7% or manufacturing companies and 3% of construction companies reported being highly affected by insufficient levels of literacy and numeracy.

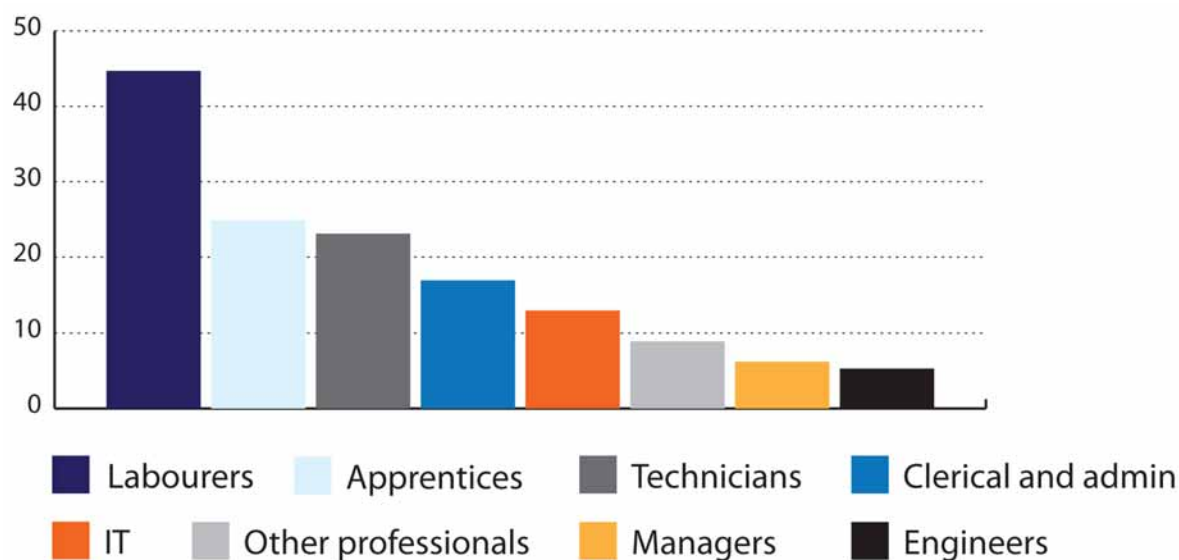
Chart 4: Impact by industry sector



Occupational groups affected

Businesses were asked to comment on which occupational groups represented those most affected by low levels of literacy and numeracy. Findings indicate that all occupational categories listed were affected to some extent.

Chart 5: Overall impact by occupational groups



Overall finding

- Labourers and process workers were the occupational group most affected by low levels of literacy and numeracy according to survey respondents.
- 45% of respondents considered that labourers and process workers were affected by low levels of literacy and numeracy.
- 25% of respondents reported that apprentices were affected by low levels of literacy and numeracy.
- 23% of respondents reported that technicians were affected by low levels of literacy and numeracy.

Roundtable views

Employers reported that literacy issues were present throughout the workplace and were not confined to any particular workforce strata. Problems were evident with apprentices as they entered the workforce and with existing skilled and unskilled employees. Some employers indicated that occupations which require formal training were more likely to have better levels of literacy and numeracy.

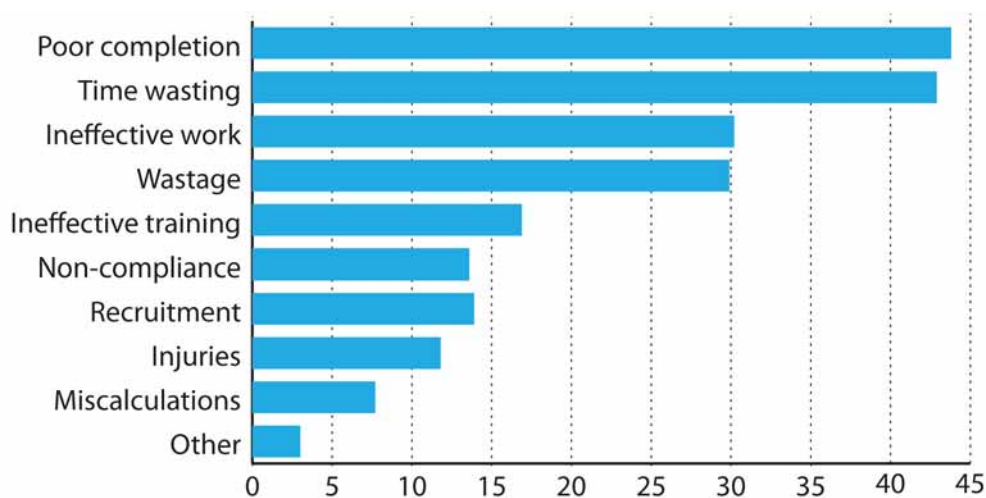
Employers reported concern about the numeracy skills of apprentices in the construction and engineering industries. In particular, apprentices and other school leavers, experience difficulty with the numeracy requirements of both training and the workplace and display a very limited ability to problem-solve without access to a calculator.

“The apprentices struggle with maths, for example, to calculate angles to put up a bracket. Apprentices can do well in tests but they can’t do maths in the workplace – they can’t transfer to a new context. There is too much reliance on calculators. They can’t recognise wrong answers and have no ability to make a good estimate of the right answer.”

Impact on business

Respondents were asked to report on the types of issues that their businesses faced as a result of low levels of literacy and numeracy. Respondents reported a wide range of impacts on the businesses bottom line resulting from a lack of literacy and numeracy skills.

Chart 6: Overall issues encountered



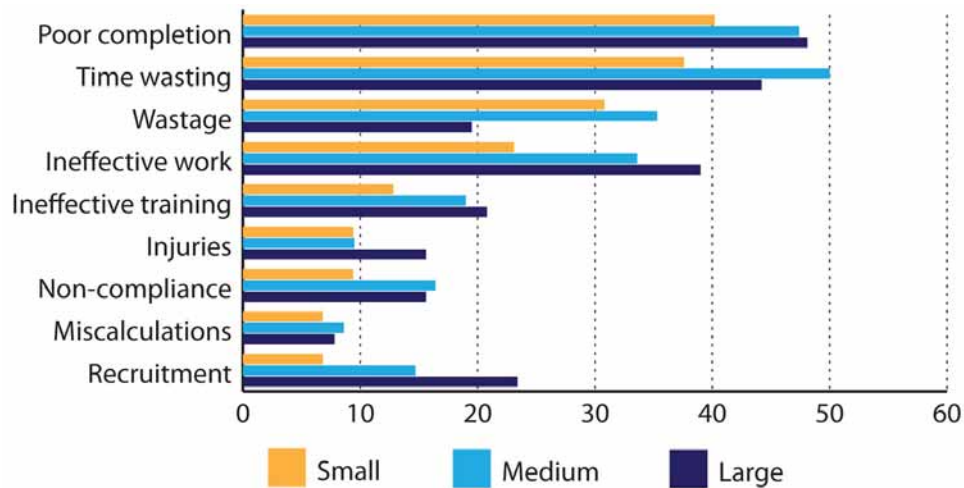
Overall findings

- More than 40% of survey respondents reported that their business encountered poor completion of workplace documents due to a lack of literacy and numeracy skills.
- More than 40% of surveyed employers reported that their business encountered time-wasting through repeated work due to a lack of literacy and numeracy skills.
- Almost 30% of respondents reported that their business encountered materials wastage through incorrect calculations or misinterpreted instructions due to a lack of literacy and numeracy skills.

Issues encountered by enterprise size

Businesses reported different key issues according to their size.

Chart 7: Issues encountered by enterprise size



- Small businesses were less likely to report that their business encountered any particular issue due to a lack of literacy and numeracy skills.
- The most frequently reported issue for small businesses was poor completion of workplace documents – reported by 40% of small business respondents.
- The most frequently reported issue for medium-sized businesses was time wasting through repeated work – reported by 50% of medium-sized business respondents.
- The most frequently reported issue for large businesses was completion of workplace documents – reported by 48% of large business respondents.
- Large businesses were significantly less likely than other respondents to report that their business encountered materials wastage through incorrect calculations or misinterpreted instructions due to a lack of literacy and numeracy skills – reported by 19.5% of large businesses but by more than 30% of small and medium businesses.
- Large businesses were more likely than other respondents to report that they encountered recruitment difficulties due to low levels of literacy and/or numeracy – reported by 23% of large businesses but by only 7% of small businesses and 15% of medium businesses.

Roundtable views

Employers reported that low levels of literacy impact on: productivity; workplace communications and relationships; workforce planning and training; and safety and compliance in a variety of ways.

Roundtable employers observed that **productivity** is affected by low levels of literacy and numeracy in many ways, both directly and indirectly. Examples provided at the roundtable focussed on the wasted resources resulting from the incorrect interpretation of instructions and the wasted time that was required to fix mistakes. In particular, supervisor or manager time is often required to complete or re-work incomplete reports.

“In our business we need complete traceability of products and that means employees need to use codes accurately. We have developed simplified code numbers/code cards to help us with this, but it’s still an issue. Sometimes the parts need to be traced back through the supply chain so we can accurately report faults.”

Examples of mistakes that result from an inability to understand written instructions included cutting incorrect lengths of pipe and delivering or ordering incorrect parts. Compounding the productivity effects of these problems is the fact that re-work or corrections are often completed in overtime with direct implications for the business bottom line.

Employers at the roundtables gave a number of examples of the ways in which **workplace communications and relationships** in their businesses were affected by low levels of literacy and numeracy. It was observed that poor literacy has an adverse affect on workplace relationships at all levels – from management down to the shop floor. Employers identified particular problems with communication between different occupational groups, such as between engineers and commercial/customer service departments.

“We ran a competitive manufacturing course for eight people where they had to come up with solutions to present to the GM but there was too much fear of presenting due to their communication skills. The whole task was seen as too big and overwhelming for them – it was abandoned and so was the idea of introducing competitive manufacturing principles in that part of the workplace.”

Some employers felt that their business had to rely too heavily on supervisors to communicate key workplace messages and that there is often no way of knowing whether those messages have been effectively conveyed. Production delays and industrial disputes are examples of the significant impacts that can result from miscommunication in some workplaces.

Roundtable employers talked about how low levels of literacy and numeracy can create an obstacle for effective **workforce planning and training**. A number of employers reported that their business has experienced problems with their employees withdrawing from, not completing, or not volunteering for training because of underlying literacy and numeracy problems. It was noted that employees with limited literacy are not able to benefit from many types of workforce development, such as e-learning, that require independent reading or writing skills. They are also unable to participate effectively in the quality circles or team-type approaches used in lean manufacturing due to the requirement for strong verbal communication skills and the ability to read data and understand statistics.

“We had supervisor level training for Certificate IV that picked up a lot of literacy issues because people were having trouble completing the training. It took an extra eight months on top of the certificate for some people to get through with extra support.”

Employers reported that literacy issues can also be a significant barrier to workplace change, and that the extent of literacy problems is often hidden until there is a need for change. The introduction of new reporting methods or new processes can severely challenge employees with limited literacy skills and prevent their effective participation in upskilling programs.

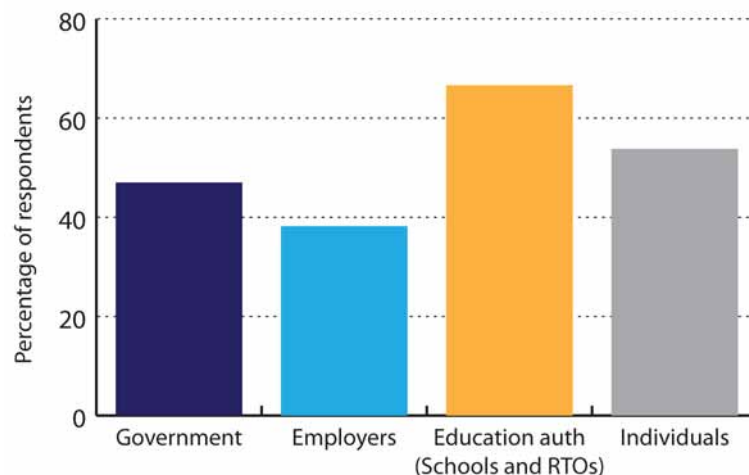
In addition, many businesses reported that they had experienced difficulty finding recruits with acceptable levels of the literacy and numeracy.

Roundtable employers saw that **safety and compliance** could be compromised in their workplace as a result of literacy and numeracy issues. Employers are conscious of the significant dangers that can result from employees' inability to follow safety instructions, as well as the potential productivity impacts of lost time due to incidents and injuries. It was reported that many employees are unable to satisfactorily complete incident reports or documentation necessary to maintain a paperwork trail for quality or regulatory purposes.

Roles in improving workforce literacy and numeracy

Businesses were asked to state who they thought had a role in improving workforce literacy and numeracy skills. Respondents saw a role for all nominated categories – namely that government, employers, education authorities and individuals all have a role in improving workforce literacy and numeracy skills.

Chart 8: Views on who has a role in literacy and numeracy skills improvement



Overall findings

- Two thirds of respondents saw a role for education authorities, 54% saw a role for individuals and 47% saw a role for government.
- 38% of respondents reported that employers have a role in improving workplace literacy and numeracy skills.
- Many respondents chose more than one option recognising that there is a need for sharing responsibility for improving workforce literacy.

Roundtable views

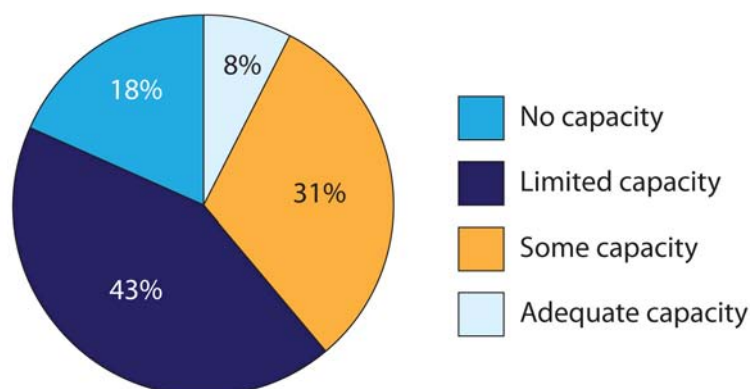
Although workforce literacy and numeracy skills development is not considered to be core business by employers, most acknowledge that it is something they need to tackle to make their business work. There was some level of dissatisfaction with educational authorities not adequately preparing young people with the literacy and numeracy skills required for the workforce. Some employers thought that they had inherited this problem but tended to focus on practical measures to address the issue.

Employers recognised that there was a business benefit in building the literacy and numeracy skills of their workforce. In particular, employers were conscious of their duty of care to ensure that all employees had the skills to work safely. While some employers focussed on the importance of literacy and numeracy for workforce safety and increased productivity others commented on the importance of this for individuals operating more effectively within society. There was a recognition that increased literacy and numeracy in the workplace would also have an overall benefit for the social lives of the individuals concerned.

Capacity of businesses to assist literacy and numeracy skills improvement

When asked what capacity they had to assist with the improvement of literacy and numeracy skills from within their business most indicated limited capacity to assist.

Chart 9: Overall capacity for improving literacy and numeracy skills



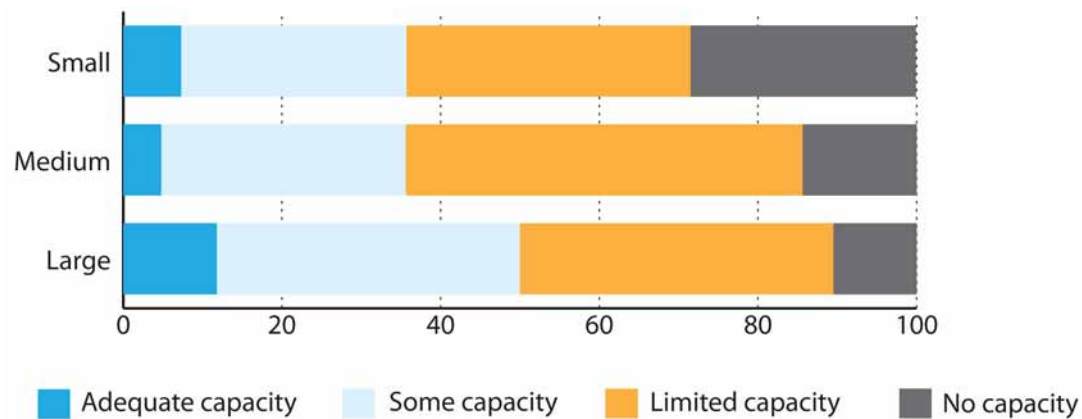
Overall findings

- Only 8% of respondents reported that they had adequate capacity to assist the improvement of literacy and numeracy skills.
- 61.1% of respondents reported that they had limited or no capacity to assist the improvement of literacy and numeracy skills.

Capacity by enterprise size

The capacity of enterprises for improving literacy and numeracy skills varied across the different enterprise sizes.

Chart 10: Capacity for literacy and numeracy skills improvement by enterprise size



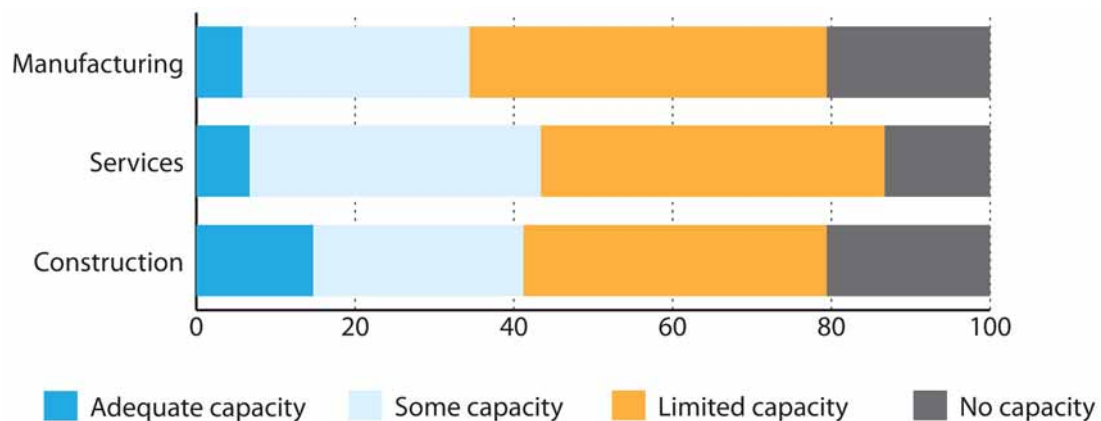
- Small business respondents reported the least capacity to assist the improvement of literacy and numeracy skills – 28% of small businesses report that they have no capacity for this task.
- Large business respondents were more likely than other respondents to report having adequate capacity (12%) or some capacity (38%) to assist improvement of literacy and numeracy skills.

Capacity by sector

Enterprise capacity for improving literacy and numeracy skills also varied according to industry sector.

- Respondents from the manufacturing and constructions sectors were more likely to report that their business has no capacity to assist improvement of literacy and numeracy skills – reported by 20% of respondents in these sectors.
- Respondents from the construction sector were more likely than other sectors to report that their business had adequate capacity to assist improvement of literacy and numeracy skills – reported by 15% of respondents in this sector.

Chart 11: Capacity for literacy and numeracy skills improvement by industry sector



Roundtable views

Employers discussed the value of retaining and upskilling existing staff and their overall strong preference for looking inside their organisations to meet skilling requirements. Although many employers recognise that their business has literacy and numeracy issues they are often unsure how to tackle them. Many employers considered that were not qualified to address this issue. Only 8% of the surveyed employers believed they had the capacity to address the issue. Others have found that some solutions they have tried were ineffective.

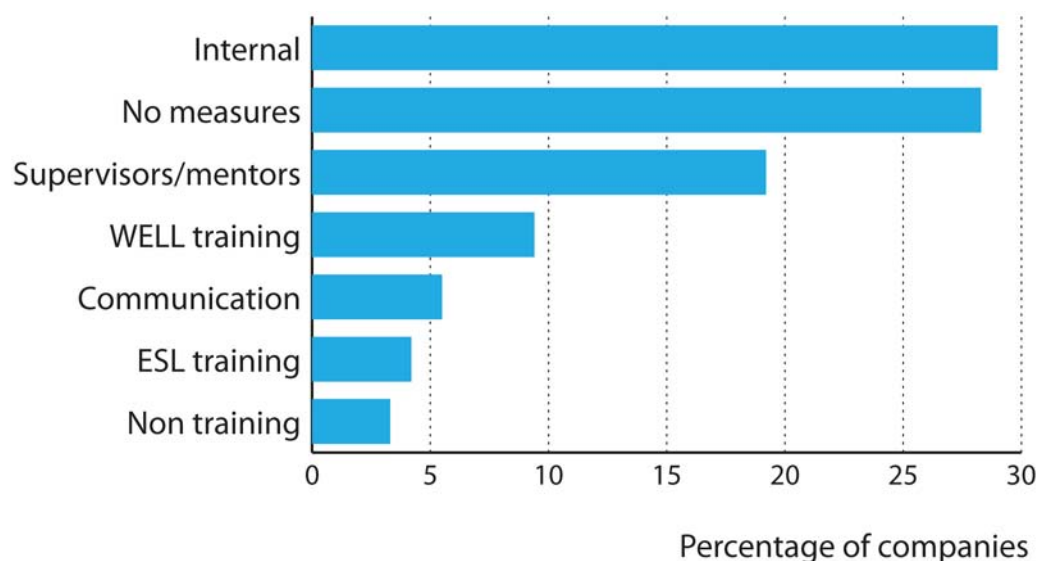
Measures used by businesses for improving workplace literacy and numeracy

Overall employers reported that they have used a variety of measures to improve workforce literacy and numeracy, but many employers have not used any measures.

Overall findings

- Almost 30% of respondents reported that their business had not used any measures to try to improve literacy and numeracy skills in the workplace.
- Of respondents who have tried measures to improve literacy and numeracy skills, internal company training was the most commonly used measure. This was used by 29% of respondents.
- Skill development support from supervisors or other mentors was the second most used measure used by businesses to improve workplace literacy and numeracy. This was reported by almost 20% of respondents.

Chart 12: Measures used to improve workplace literacy and numeracy



Roundtable views

Many employers were reluctant to adopt measures as they do not feel qualified to address the issue. In some instances workplace functions were adjusted to make allowances for the level of literacy and numeracy of the employees. Employers have a preference for in-house approaches rather than group-based solutions that allow skill development to be closely aligned with the needs of the business. They favoured one-on-one approaches using support from other staff, such as supervisors and team leaders. Some employers noted that some employees were unwilling to learn possibly because of negative school experiences in the past. Some employers were critical of approaches adopted by Registered Training Organisations, in particular, a lack of commitment to focus on literacy skills within Training Packages and units of competence when this was needed.

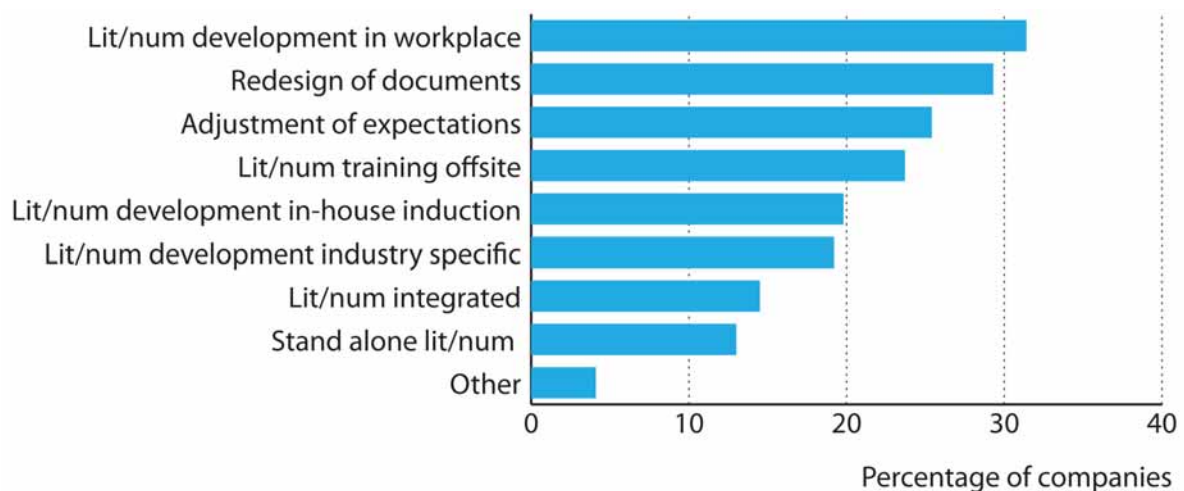
Examples of measures used by employers included:

- Short courses on report writing and business writing;
- In-house communication training such as programs to improve spelling and presentation skills for sales representatives;
- On-line support resources to assist the acquisition of report writing skills;
- Workshops for writing Standard Operating Procedures supported with visual components;
- Building skills of managers and supervisors to be workplace coaches and mentors;
- Requiring literacy training as a condition of employment agreed at the recruitment process;
- Re-writing workplace documents such as complex manuals, Standard Operating Procedures and technical information to increase employee understanding;
- Adoption of English as a Second Language training during the economic downturn as a result of reduced production; and
- Providing apprentices with advice about completing log books during work-time to increase readability.

Preferred measures for improving literacy and numeracy

Employers do not identify one clearly preferred measure for improving literacy and numeracy skills. Respondents identified many different measures that they considered effective – workplace based approaches were generally more favoured.

Chart 13: Preferred measures for improving literacy and numeracy skills



Overall findings

- 31% of respondents considered that literacy and numeracy skill development in the workplace with support from co-workers was an effective measure for addressing literacy and numeracy needs.
- Almost 29% of respondents considered the redesign of workplace documents and communication systems is an effective measure for addressing literacy and numeracy needs.
- 25% of respondents considered that adjusting expectations and responsibilities for some employees is an effective measure for addressing literacy and numeracy needs.

Roundtable views

Employers were not agreed about what constituted the most effective measures, perhaps reflecting their lack of expertise in this area. They did suggest that measures adopted internally within workplaces and customised to their needs were most likely to be successful. Within this overall response there was a range of measures suggested. Some employers have found that simplifying workplace communications and including pictures in workplace documents can help to overcome literacy issues for people in the workplace. Many employers felt that building the ability of managers/supervisors to coach or mentor employees with literacy and numeracy skill development needs would be an effective approach for overcoming literacy and numeracy issues, especially those that are impacting on the uptake and success of other workplace learning. Many employers found that individually tailored learning programs were the most effective mechanism for addressing literacy and numeracy issues and that it was suggested that individual needs could be identified through performance appraisal systems.

Summary

The survey and consultations highlighted a number of significant issues in relation to workforce literacy and numeracy.

Extent of the problem

The experiences of employers who participated in the Ai Group survey and roundtables reflect the findings of the Adult Literacy and Lifeskills Survey which showed that a significant proportion of the Australian workforce has inadequate levels of literacy and numeracy skill.

While very low levels of literacy and numeracy skill affect workplace performance in many low-skilled occupations, such as labourers as identified in the Ai Group survey, literacy and numeracy issues are found at all levels in the workforce. At Ai Group consultations employers identified two distinct types of literacy and numeracy problem – very low literacy and numeracy levels where employees or potential recruits are unable to meet basic selection criteria due to their limited literacy and numeracy skills; poor communication skills where otherwise skilled employees have difficulty communicating in accordance with workplace requirements.

As a result the impacts of literacy and numeracy issues are seen at many levels in businesses from incorrect reading of working instructions resulting in errors and wastage to badly written Standard Operating Procedures and business documents.

- More than 75% of survey respondents reported that their business was affected by inadequate levels of literacy and numeracy.
- Survey respondents reported that labourers were the occupational group most affected by low levels of literacy and numeracy – 45% of respondents considered that labourers were affected.
- Respondents reported a wide range of impacts resulting from a lack of literacy and numeracy skills, most frequently cited were: poor completion of workplace documents and time-wasting through repeated work.

Business capacity

While survey respondents and roundtable participants identify a role for employers in improving workforce literacy and numeracy they reported that businesses have limited capacity to undertake this task.

- Respondents saw a role for government, employers, education authorities and individuals in improving workforce literacy and numeracy skills – 38% think employers have a role.
- Only 8% of respondents reported that they had adequate capacity to assist the improvement of literacy and numeracy skills – the problem is most acute for small business, of which 28% report that they have no capacity for this task.

Preferred approaches

Through the Ai Group survey and roundtables employers have identified a range of measures that could be used to improve workforce literacy and numeracy. Generally employers preferred workplace-based approaches to skill development that can be customised to the needs of the business and the individual.

- Internal company training was the most common measure used by respondents to try to improve literacy and numeracy skills – tried by 29% of respondents.
- Respondents identified many different measures that they considered effective for addressing literacy and numeracy needs – there was not a clear preference for one particular measure but workplace based approaches were generally more favoured.

Where to now?

The release of this report represents the completion of the first phase of work in the National Workforce Literacy Project. This report establishes employer views about workforce literacy and numeracy.

The next phase of the project involves trialing solutions directly with companies. Ai Group has recruited a set of companies from Victoria, New South Wales and Queensland and has matched appropriate Language Literacy and Numeracy (LLN) trainers to them. Together they will work on specific issues with employees identified by the companies. A range of specific issues have been identified and the trainers have developed a range of customised strategies. These strategies will be implemented during this year with a view to establishing what works. It is anticipated that the outcomes of these trials will be able to contribute to policy formulation in this area as a part of a broader national strategy to address workforce literacy and numeracy.

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