



# The Key Steps Forward for Workforce Literacy





## » Why we've joined forces

Left to right: Ross Wilson President NZCTU, Katherine Percy Chief Executive Workbase, Phil O'Reilly Chief Executive BusinessNZ, Jeremy Baker Executive Director Industry Training Federation

## Business New Zealand

PHIL O'REILLY  
*Chief Executive*

Workforce literacy is one of the key skill shortages facing the New Zealand economy.

Without good levels of literacy and numeracy in the workforce, New Zealand will struggle to achieve the standards of living we all aspire to. Poor literacy levels also make it difficult for individuals to provide for their families, or to find and keep satisfying work.

The case for action is clear and unequivocal, and Business New Zealand is proud to join the New Zealand Council of Trade Unions, Industry Training Federation and Workbase in laying out The Key Steps Forward for Workforce Literacy.

New Zealand just can't afford to wait any longer.

## New Zealand Council of Trade Unions

ROSS WILSON  
*President*

Employability for a worker depends in part on transferable skills. But to build those skills in a modern economy, we all have to lift our levels of literacy and numeracy. We welcome the opportunity to work alongside Business New Zealand, the Industry Training Federation, Workbase and Government on a strategy to address this issue.

But it has to be relevant at a workplace level. That is why the New Zealand Council of Trade Unions is promoting learning representatives who can support the learning needs of workers. We want a high-wage, high-skill economy, based on decent work and a fair share for workers in organisations that continue to lift productivity.

Workforce development has to be at the heart of economic transformation.

And good standards of numeracy and literacy are a foundation for workforce development. Let's redouble our efforts to upskill the workforce.

## Industry Training Federation

JEREMY BAKER  
*Executive Director*

The ways workplaces and jobs are organised is changing. New technologies, flatter organisational structures and increasing health and safety requirements are driving up literacy, numeracy and language requirements for more and more jobs. Lifting the level of literacy skills in the workforce is essential to improve business performance.

The size of the literacy issue in the adult working population requires us to work together to ensure that this challenge gets the attention and resources needed to make a difference. Industry Training Organisations are committed to working in partnership with business organisations, unions, providers and community agencies to tackle literacy for the benefit of individuals, firms and wider industries.

## Workbase

KATHERINE PERCY  
*Chief Executive*

Our vision of a literate New Zealand workforce requires the support of employers, employees, tertiary providers and Industry Training Organisations. A greater understanding of literacy and its impact on productivity and performance needs to be built within New Zealand.

Joining forces with Business NZ, the New Zealand Council of Trade Unions and the Industry Training Federation promotes our common interests in developing the workforce. We agree that there are some Key Steps Forward for Workforce Literacy and that New Zealand needs a plan for how we will create opportunities for quality literacy development in conjunction with work and vocational training.

# » What is workforce literacy?

Workforce literacy describes the skills needed for effective performance in today's workplaces including: speaking, listening, maths, using technology, reading, writing, problem solving, and critical thinking.

*Literacy problems in the workplace can lead to: errors; wastage; accidents; absenteeism; difficulties introducing change; and poor teamwork*

**Common literacy tasks in the workplace include:**

- Following production schedules
- Understanding health and safety requirements
- Estimating quantity and weight
- Reading and recording product codes
- Finding a solution if a problem occurs



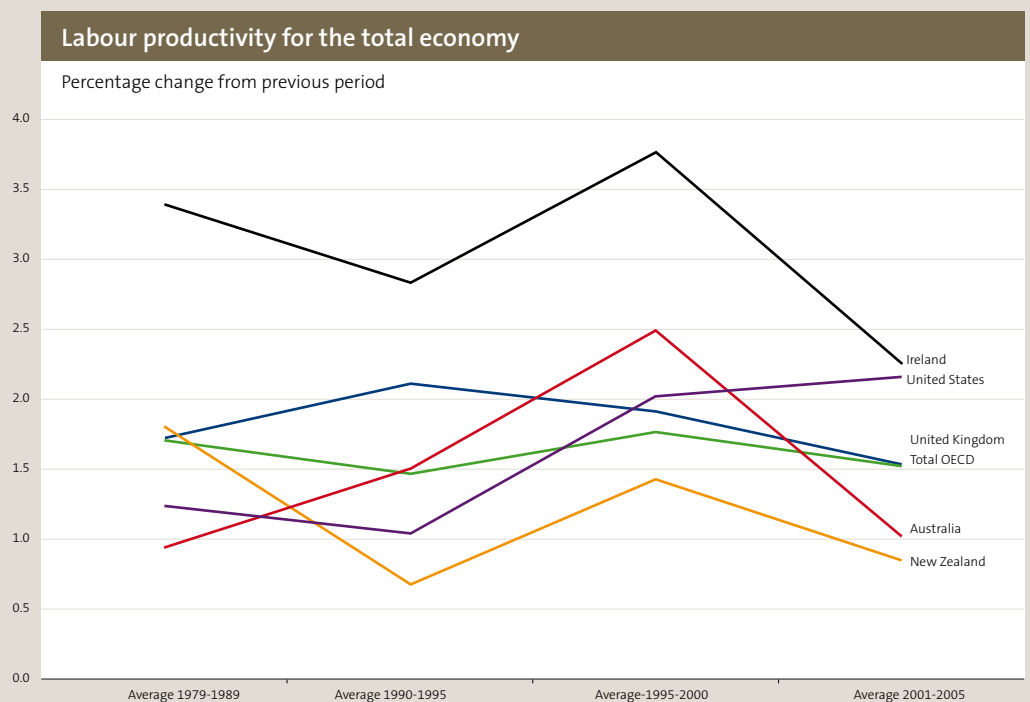
# » Why is literacy important to the economy?

To compete and prosper in the changing global economy New Zealand requires a more skilled workforce. Low workforce literacy limits the ability of New Zealanders to increase productivity, innovate, and to meet changing customer and market demands.

*Business productivity and growth depend on a skilled workforce that can meet the demands of today and adapt to new demands*

*Literacy is the foundation for all other skills*

With New Zealand's high employment and labour force participation rates, future economic growth will rely more on increasing labour productivity. New Zealand has low levels of productivity and productivity has grown at a lower rate than other OECD countries. Growing labour productivity will require investment in the labour force.



Source: OECD Economic Outlook

Improving business productivity also depends on strong team communication and performance: the ability to manage change and adapt quickly; and the capacity to use new technology. All of these competencies depend on literacy.

Local and international markets are demanding more in terms of quality and product specification. Meeting these needs requires attention to detail, accuracy, excellent customer relations, and strong quality control systems.

Low literacy skills impede employees' choice and success in the labour market and significantly affect employability, career advancement, income and life-long learning. The more transferable skills people have, the more employable they become.

# » How is New Zealand performing?

The best assessment of New Zealand's literacy skills is the International Adult Literacy Survey (IALS)<sup>1</sup>. The IALS was carried out in 1996 and compared the literacy skills of adults in New Zealand with other OECD countries.

*What IALS shows is that the literacy demands of work and life are higher than the literacy skills many people have*

The IALS indicated that 330,000 adults (15%) in the New Zealand workforce had very low literacy skills (level 1). A further 610,000 (27%) at level 2 were able to cope with simple, clearly laid out, familiar demands but could experience comprehension problems with unfamiliar material in terms of speed and accuracy in understanding what is required.

This means that while many employees can read, write and calculate at some level they will have difficulty with increased or changing workplace tasks.

**For example; an adult with Level 1 literacy skills could not usually:**

- locate an intersection on a street map
- identify and enter information on an incident report
- estimate the total costs of a purchase from an order form.

In addition, a quarter of the New Zealand workforce is born outside of New Zealand. Nineteen percent of employees with low literacy levels have English as their second language.

<sup>1</sup> Analysis of the latest 2006 study of Adult Literacy and Language Skills in New Zealand will be available in mid 2007. Little change from the 1996 results is expected

# » Why are literacy problems not obvious?

Employers are often surprised to hear that New Zealand has such a large number of people with literacy needs.

*Experienced managers and trainers often do not see the literacy demands of roles because they are so embedded in the work*

Literacy skills are often overlooked when we describe work skills because literacy skills can be so embedded in a job they are no longer obvious to managers. Also, we expect adults to have the literacy they need.

People with literacy gaps are still participating at work and in their communities. They use the skills they do have to cope with the demands they face. They may struggle with some tasks and instructions, miss out on promotion or training and find it hard to take on new responsibilities.

*A typical job described as 'low-skilled' is on a factory production line. The work is repetitive and often considered to not need literacy skills. But within this job are extensive 'hidden' literacy demands: following production schedules and job sheets; understanding verbal instruction; reading dials and gauges; completing quality assurance processes; identifying and solving workflow problems; anticipating maintenance issues; filling in incident reports; understanding performance graphs; following health and safety procedures; contributing in team meetings; and following machine set-up procedures. Getting these tasks wrong may cost a firm production and time, or result in an employee being injured.*

*'Low-skilled' is not an accurate description of this job after all.*

# » The need for action

*Life-long learning is becoming a necessary feature of coping with the changes and skill requirements in every industry*

*Today's skill shortages are more than a result of low unemployment*

The literacy skills of school leavers in New Zealand are higher than ever before. However, the literacy demands in industry and the workplace are growing too. Higher levels of literacy, numeracy and communication are needed for almost all jobs.

New technologies, products and services, markets, processes, production systems, ways of working, and greater compliance are features in most industries.

Workplaces and jobs are becoming increasingly specialised, quality-conscious and cost-efficient. All have their own vocabulary, processes and technology.

An example is the new National Certificate in Competitive Manufacturing being taken up by many manufacturing and food processing companies, which increases yet further the need for literacy amongst production-line employees.

It is crucial that we develop the workforce we already have. Eighty percent of the workforce in 2010 is already working, and 60% of the workforce force in 2020 is already in work.

Investment in current employees is needed to ensure that now, and over time, people remain active participants in workplaces that are characterised by increasing literacy demands, new technologies and changing workplace practices.

Without the levels of literacy and numeracy necessary to gain qualifications, or to move into more skilled jobs, many in the workforce are vulnerable to economic change and unlikely to realise their full potential. Due to the rate of change in modern workplaces, individuals need to build skills for long-term employment security as much as immediate job security. We need transferable skills for employability – literacy is the basis of transferable skills.

The 2006 Leitch review<sup>2</sup> of skills in the UK notes the risk of economic change leading to welfare dependency instead of increased opportunity for employees. “The best form of welfare is to ensure that people can adapt to change. Skills were once a key lever for prosperity and fairness. Skills are now increasingly *the* key lever. A radical step-change is necessary”.

<sup>2</sup> Prosperity for all in the global economy – world class skills, Lord Sandy Leitch, HM Treasury, United Kingdom, 2006



*More needs to be done to grow the skills of the population we have*

*We need to change how and when we upskill our workforce if we are to meet the skill needs in our companies*

New Zealand's trading partners are making significant investments to ensure their workforces are highly skilled to support their economic growth and competitive success. The United Kingdom, Australia and Canada, who had similar IALS results to New Zealand, have focused on building the literacy skills of their workforces as a precursor to developing higher-level skills.

Although literacy, language and numeracy have been identified as a priority by Government for the last five years there has been an inadequate increase in the numbers of employees accessing literacy development.

Only an estimated 2% of employees are currently able to access literacy development. Understanding of workforce literacy is low amongst employers, employees and training providers.

Urgent action is needed to raise understanding and increase participation in literacy development that meets the needs of the workforce and industry.



# » The key steps forward

There are four key steps to building the literacy skills needed in the New Zealand workforce:

## 1

### Raising understanding of the benefits

Although industry awareness of literacy as a necessary ingredient for business growth has risen over the past few years, much more could be done to demonstrate the benefits of literacy training for employers and employees.

*The starting point for workplace learning should be business need*

*Increasingly individuals will need to periodically access literacy development, incorporated into workplace training, throughout their working lives*

Literacy training also provides personal and professional benefits for employees. These can include greater job satisfaction, promotion, gaining qualifications, and being more involved in their children's education.

**Understanding the critical benefits of literacy could be improved by:**

- a. **Clearly identifying the literacy skills needed in different work roles and industries.** Many of the literacy skills used at work in everyday tasks are not identified by employers as crucial work skills. Traditionally literacy skills have not been explicitly identified as work skills because it was assumed that everybody brought these skills into the workplace. We now have a greater understanding of the components of the skills required for work and industry, the critical importance of literacy, and the knowledge that literacy gaps exist. Every industry, workplace and job requires a specific set of literacy skills and these need to be identified.
- b. **More active publicity campaigns by business, government and unions about literacy and business benefits** including building networks of business and union champions to publicise their own experiences with lifting workplace literacy, and the business benefits that resulted.
- c. **Clearly identifying the benefits for individuals of improving their literacy skills.** Gaining qualifications and being promoted, and being able to transfer these new literacy skills to family and community activities can help motivate employees to participate in literacy development.

#### Examples of benefits

##### FOR BUSINESS

Reduced errors and wastage  
Reduced accidents and lost time injuries  
Improved communication  
Improved morale  
Improved productivity

##### FOR EMPLOYEES

Promotion  
Transferable qualifications and learning  
Increased job satisfaction  
New skills for family and community  
Fewer work problems



# 2

## Improving access to training

*Every training experience is an opportunity to integrate and build literacy skills*

Currently there seems to be a gap between the learning employers and employees need and want, and what is available. Work-related learning needs to be increasingly job-specific, in workplaces, and just-in-time.

Employees, companies and industries work and train in a variety of different ways. Therefore, literacy needs to become part of every training opportunity for the workforce. Options help employees access appropriate learning as their job role, skill requirements, expertise and learning needs change.

Adults are best able to develop literacy skills in a context because this makes literacy meaningful and purposeful. For the workforce, that context is the workplace or industry.

Learning the literacy skills for work at the same time as technical skills is called integrated literacy. For instance, learning the maths required to work out volume as part of carrying out a stock take. Every training experience can be an opportunity to integrate literacy.

**There are four main opportunities to integrate literacy development with existing workforce training:**

*The options for improving workplace literacy should give employers and employees the freedom to choose the most appropriate option for them – this will ensure the highest uptake*

- a. **Intensive workplace literacy programmes** where the literacy needs are high and a specialist literacy provider comes into a workplace to specifically assess and build the literacy skills of employees relevant to specific tasks and the workplace.
- b. **Literacy integrated with industry training** where the literacy needs are moderate and a provider can build some relevant literacy skills for trainees and apprentices as they deliver training for national qualifications.
- c. **Literacy integrated with courses in preparation for work** where full-time or part-time students, with moderate or high literacy needs, learning about an industry build the necessary skills prior to working in that industry; for example, hospitality courses.
- d. **Literacy integrated with in-house company training** where employee literacy needs are moderate, and training delivered by workplace trainers and other company personnel can build some literacy skills, for instance, induction programmes.

Improving access to these types of training opportunities requires growth of the capability and capacity in the provision of this training.



# 3

## Building scale

*New Zealand does not have enough trainers and providers to meet the huge literacy upskilling needs in the workforce*

Literacy upskilling within the workforce is already happening in limited amounts around New Zealand via the four options identified. In order to reach the numbers in the workforce needing literacy upskilling (approximately 940,000 employees) there is an urgent need to significantly grow the scale of activity in this area to increase participation levels.

Despite effort being put into building the literacy capability of Industry Training Organisations (ITOs) and their providers, there are still not enough skilled trainers or providers to meet New Zealand's literacy training needs.

There is an urgent need to significantly expand the number of trainers and providers, available to companies and ITOs, who can integrate and build literacy into new and existing training courses.

This will require a network of provision with agreement on the respective roles of Industry Training Organisations, Institutes of Technology and Polytechnics, Tertiary Education Organisations, literacy specialist organisations and Unions. It will involve ongoing professional development for tutors/trainers and teachers working in workforce training to learn how to integrate literacy in their training.

- a. **Invest in training tutors for all literacy pathways.** An estimated 875 tutors will need training each year to achieve the 2010 training targets in **Table One**. This is double the current numbers and is estimated to involve an additional spend of \$2 million per year.

**These trainers need to be able to:**

- **identify the literacy needs of employees** relative to the demands of their work roles, their career aspirations, and industry and their employers' business strategies
- **provide or arrange integrated literacy training** which produces industry or business benefits alongside individual gains.



- b. **Invest in capability development and resource support.** To accelerate the development of effective provision and to encourage providers and trainers to integrate literacy into training will require direct but modest support. An estimated \$5 million a year would provide a range of immediately usable resources and exemplars that would stop new tutors and trainers needing to start from scratch.
- c. **Promote exemplary and effective practices.** As leading industry training and education organisations develop successful models to integrate literacy with vocational skill training, others can follow. Support will be needed for the dissemination of what works and models of effective practice.
- d. **Support intermediary organisations** that can assist employers and employees to access appropriate literacy development and training opportunities.

The Learning Representatives Project, managed by the NZCTU, has shown a way that can meet employees' learning aspirations. Learning Representatives are well positioned to support the integration of literacy skills into vocational training and workplace learning.

The expansion of ITOs' brokerage and advisory role can support employers and employees make informed choices about learning options, opportunities and pathways.

Building on to the advisory and network activities of Employers and Manufacturers Associations and Workbase would utilise existing, well developed routes to reach key audiences.



# 4

## Developing a plan

*A plan needs to outline how New Zealand will significantly grow access to the literacy development needed in the workforce – including targets for participation and outcomes*

A plan is needed to determine how New Zealand will significantly grow the scale of workforce literacy training and increase employee participation in all forms of workforce literacy development.

The plan needs to identify how we will grow the literacy skills needed in the population, including targets for participation and outcomes for the workforce.

**Table One** provides a possible scenario for reaching people needing literacy development. It shows how capacity and capability could be scaled up over the coming four years to reach a level that will make a difference.

In order to achieve a target of 125,000 employees a year building their literacy skills for work, the plan needs to identify the investment that will be needed to raise the profile of workforce literacy, expand access to options for upskilling, grow participation, and grow the number of trainers and providers operating in the workforce literacy sector.

More work needs to be done to calculate the costs of this literacy training and who will share the costs. Cost sharing also helps ensure training provides value for money. The industry training system already provides a good example of cost sharing.

Predictable, stable funding will help grow the capability and capacity of the literacy field and increase the supply of integrated training. Increases in the scale of literacy delivery indicated in **Table One** are estimated to involve the redirection of around \$58 million a year of the tertiary education budget.

The plan needs to build much greater cohesion across all stakeholders including the providers involved and clarity about the outcomes expected in the sector.

The development and implementation of the plan must occur as a partnership of employer, employee, industry training, union, and provider organisations with Government.

The Government has identified that increasing literacy and numeracy levels for the workforce is a key priority in the Tertiary Education Strategy. We would like to work with Government to develop a scalable, targeted plan for workforce literacy.

We ask Ministers and relevant departments to give this priority the attention it deserves alongside promoting tertiary sector responsiveness to industry need.

We will continue to work with Government to ensure that every New Zealand adult in the workforce has the skills they need to succeed at work and in society, and every New Zealand business can access the skills needed for innovation, productivity, and growth.

# » Scaling up - what is possible by 2010

## Table One

Type of (literacy) provision	2007 – 2010 Build up to per annum:	2010 – 2020 Achieving scale:
<b>Intensive workplace literacy programmes</b> delivered by specialist literacy tutors Current estimate: 1,200 employees	<b>10,000</b> employees	10,000 x 10 years <b>= 100,000</b>
<b>Integrated within industry training</b> by trained vocational tutors Current estimate: 3,500 trainees	<b>50,000</b> trainees	50,000 x 10 years <b>= 500,000</b>
<b>Supported</b> by trained tutors in <b>vocational and pre-employment courses</b> Current estimate: 3,500 students	<b>50,000</b> adult students	50,000 x 10 years <b>= 500,000</b>
<b>Supported</b> by trained workplace trainers in <b>in-house company training</b> (outside of industry training) Current estimate: 300 employees	<b>15,000</b> employees	15,000 x 10 years <b>= 150,000</b>
Total current participation estimate: 8,500 <b>Target Totals:</b>	<b>125,000</b> per year by 2010	<b>1,250,000</b> by 2020



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