

Title: Literacy & Business: An Economic Challenge for the '90's

Canadian Business Review, vol.18, no. 1 (spring 1991)

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Several recent research studies emphasize the negative consequences that functional illiteracy is having on Canada's competitive position.

by the National Literacy Secretariat

Illiteracy has long been portrayed as a social and educational problem. In recent years, however, we have come to understand the economic consequences of the lack of literacy skills for Canada and for Canadian business.

In 1988, the Canadian Business Task Force on Literacy estimated that illiteracy costs business \$4 billion each year in lost productivity. A 1990 survey by The Conference Board of Canada with assistance from the National Literacy Secretariat found widespread concern about illiteracy among managers in establishments with more than 50 employees. Indeed the survey indicates that there are well over one million workers in Canada who are functionally illiterate. This lack of literacy and numeracy skills poses difficulties with strategic human resource, managements and operational objectives and goals. In a broader sense, the extent of these problems and the number of industries and sectors affected are cause for concern as organizations strive to improve competitiveness.

But Canadians don't seem to consider the economic impact of poor literacy skills to be as serious as its personal consequences. A survey by Decima Research for ABCCanada, a private- sector foundation promoting literacy, found that 46 per cent of Canadians see illiteracy as primarily a social problem, 26 per cent consider it an educational issue, and only 10 per cent view it as an economic problem.

For International Literacy Year, 1990, Statistics Canada undertook a Survey of Literacy Skills Used in Daily Activities, on behalf of the National Literacy Secretariat of the Department of Multiculturalism and Citizenship Canada. Researchers found that 38 per cent of Canadians lack the reading and writing skills necessary for everyday tasks. Sixty per cent of respondents in the Decima survey said that ensuring Canadians can read and write is an extremely important issue for the country. And 84 per cent believe that the problem is somewhat or very serious.

While 84 per cent also believe that illiteracy will damage our economy in the long run, when Canadians were asked why they believe poor literacy skills are an important problem in Canada today, few people cited specific economic reasons. Just over one in five people said that our inability to adapt to technological change is a problem. Only 15 per cent cited the difficulty of getting a job, and 2 per cent mentioned that poor literacy skills can weaken Canada's competitive advantage. Almost one in three Canadians considered individuals' inability to benefit from job retraining as the most important economic effect.

Employers Admit Literacy Problems

One in three Canadian managers report that illiteracy impedes their efforts to train workers, according to the Conference Board survey. Employers also admit that literacy

problems have negative effects on their output and ability to adapt to technological change. Twenty-six per cent said that problems with workers' reading and writing skills have slowed down the introduction of new technology in their businesses. Forty per cent reported literacy-related errors in inputs and production processes, and almost one-third of the companies said that illiteracy was hurting their productivity. In fact, 70 per cent of the companies in the Conference Board survey said that functional illiteracy was a problem in some part of their organization! In the Decima survey, 82 per cent of respondents agreed that poor literacy skills in the workplace present somewhat or very serious problems.

Technology Demands Continuous Learning

Our perception that functional illiteracy is a serious workplace problem is borne out by studies on the effect of technological change on workers with various educational backgrounds. Research by the Economic Council of Canada shows that technological change has a negative impact on workers with less than a grade nine education. Although workers with at least a grade nine education fare somewhat better, it is workers with some post-secondary education who benefit from technological change.

As technology changes the way we work, we need higher levels of education and literacy to keep up. According to the Hudson Institute report *Workforce Literacy: An Economic Challenge for Canada*, Canadians have to be able to learn new skills throughout their working lives. Technological change now makes workers' specialized knowledge and skills obsolete in about 3 to 5 years. Just a decade ago, skills stayed current for 7 to 14 years.

Literacy In A Service Economy

Along with demands caused by technological change, Canadians will face new literacy challenges in the 1990s because of international competition and the Canadian economy's continuing shift from a resource and manufacturing base to a predominance of service industries that demand higher skills. Jobs with low literacy skill demands are disappearing. The Hudson Institute says that the absence of new "mill" jobs for workers without at least a high school education is one of the most important features of the new service-based economy.

Although low-skill jobs are disappearing, there are more opportunities opening up for people with high literacy and good educational backgrounds. The Institute looked at how Canada's occupational structure will change by the year 2000. Its estimates show that the fastest growing occupations will demand math skills, verbal and communication skills, and management ability. In contrast, jobs will be much harder to find in blue-collar areas, assembly work, fabricating, and in primary industries (except mining).

The skills required for the new jobs will mean that Canadians will need higher levels of education than ever before. Employment and Immigration Canada estimates that two-thirds of the new jobs created by the year 2000 will require more than 12 years of education. Nearly half of these new jobs will require more than 17 years of education.

Today's workplace already demands good literacy skills to handle new technologies, training, and work methods. According to the Conference Board survey, 40 per cent of Canadian employers are now screening new employees to determine reading and writing abilities.

Although improved literacy skills and higher levels of education are essential for jobs today and in the future, many Canadian young people continue to drop out of high school before graduating.

The Decima survey asked Canadians why they believe this is so. According to 28 per cent of respondents, it is because students don't see the value of a high school diploma. Other reasons suggested include "an interest in joining the workforce." While young people have economic reasons for leaving school, the workplace is demanding that they stay until they graduate with the literacy skills today's jobs require.

These young adults need to be encouraged to pursue their education, to refine their skills and to compete for the jobs of the future.

Business, government, educational institutions, and all who are interested in Canada's future, must recognize that improving literacy skills is critical to our livelihood, our standard of living and our economic well-being.