

# ▶ ADULT LITERACY RESEARCH

## Economic returns to education and training for adults with low numeracy skills

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▶ **POLICY-MAKERS, EMPLOYERS AND INDIVIDUALS** all have an interest in assessing the benefits of training. The notion that individuals, enterprises and economies gain financially from increased participation in education is often assumed, but is not always easy to demonstrate or quantify.

Individuals with low formal education, skills, or literacy and numeracy levels are of special concern. Do people in these categories benefit from further training—whether on or off the job? Are they likely to be offered training opportunities and take them up? What sort of training produces beneficial outcomes and at what levels of benefit?

This project sought to explore the benefits of further training for people with low levels of numeracy by analysing Australian and United States longitudinal data which allow linkages to be made between numeracy level, likelihood of training participation and the wages outcomes of training for less numerate workers.

Previous research shows that those with low skill and formal qualifications levels are at greater risk of unemployment and experience lower wages than those with higher skill and qualification levels.

### ▶ The research

The research applied statistical modelling to the 1975 cohort of the Longitudinal Survey of Australian Youth (LSAY) and the 1979 cohort of the American National Longitudinal Survey of Youth (NLSY79).

There has been a recent shift towards using literacy, numeracy or basic skills as a measure of actual, functional skills gained from training, rather than simply using the level or length of formal education. The Australian and American longitudinal surveys are suitable for this approach as they incorporate results of objective tests of literacy and numeracy.

### ▶ The findings

Analysis of the Longitudinal Survey of Australian Youth indicates that individuals with low numeracy skills are less likely to receive further education, but gain positive and significant economic returns when they do. Continuing with formal schooling is positive and significant for individuals with very low numeracy skills.

Analysis of the American National Longitudinal Survey of Youth indicates that further training for those with very low numeracy skills significantly and positively impacts wages. However, adults with higher levels of formal education and who have greater work experience are more likely to receive further education and training. Individuals with low numeracy skills are less likely to receive training, but there are positive and significant impacts when they do participate in on-the-job or apprentice training.

While the Australian and American data produce similar results, caution needs to be applied in comparing the data, as the policy contexts and conditions applying to training differ. Moreover, the two cohorts were at different life stages.

## ▶ Implications for policy

Individuals with low numeracy skills are disadvantaged members of the workforce in terms of skill levels, and are least likely to be given opportunities for further training. When they are able to participate in programs, they receive positive and significant benefits.

The full report of *Economic returns to education and training for adults with low numeracy skills*, by Lynne Gleeson will be available from the NCVER website at <http://www.ncver.edu.au>.

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