



# The Returns on Investing in LLN in the Workplace

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# Overview

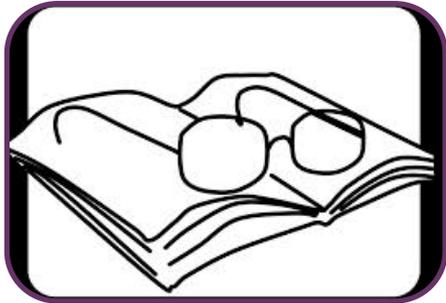
- 1. Project Background**
- 2. Employer Commitment**
- 3. Quantitative Data**
- 4. Importance of Productivity**
- 5. National Foundation Skills Strategy**
- 6. Project Overview**
- 7. Return on Investment**

# Background

- ❖ **International research**
- ❖ **Ai Group research**
- ❖ **Employer surveys**



# Adult Literacy and Life Skills Survey



**Literacy: prose**  
**46%**



**Literacy: document** **47%**



**Numeracy: 53%**



**Problem**  
**Solving: 70%**

## PIAAC and the Workforce

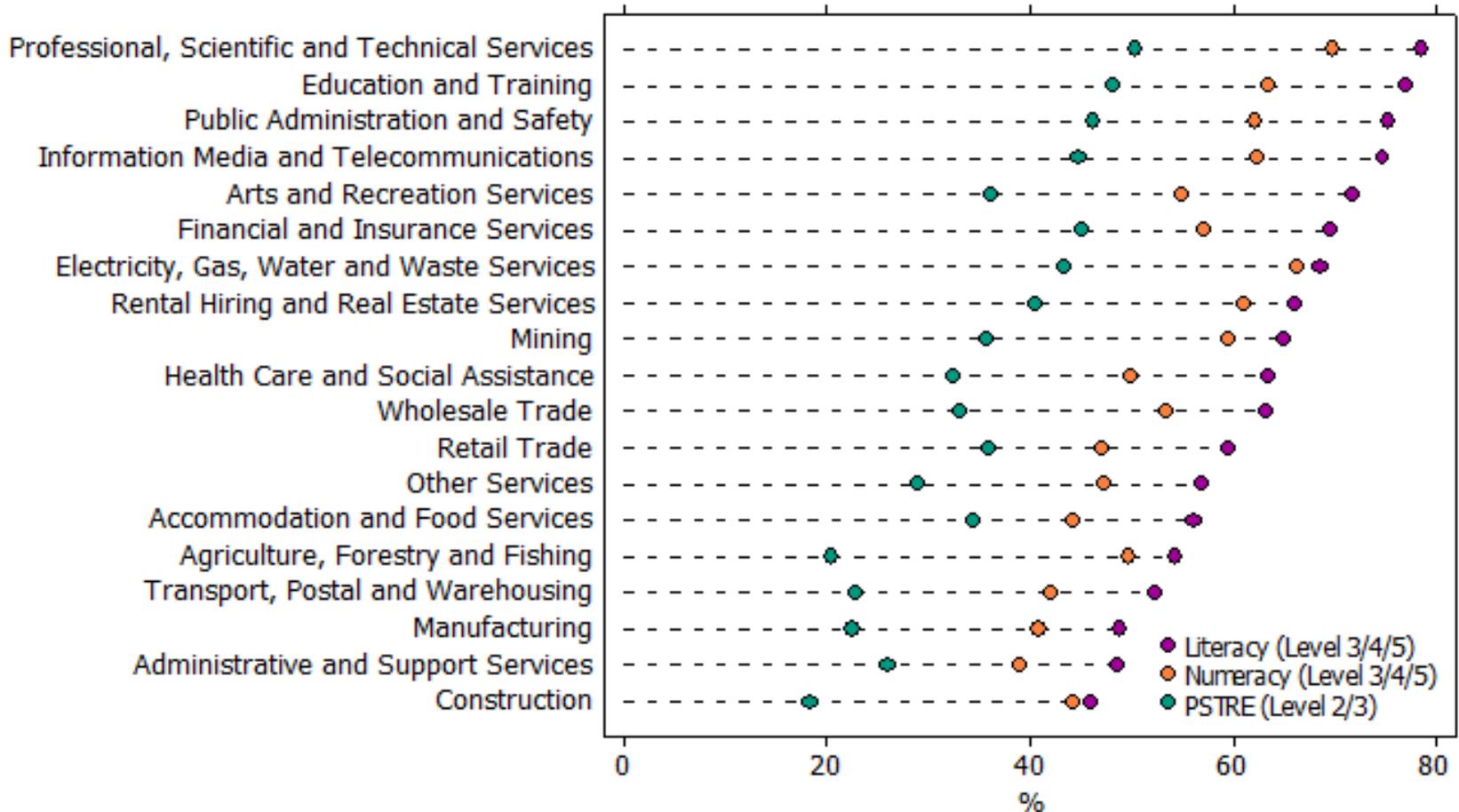
Employed

- Literacy: 39% below level 3
- Numeracy: 59% below level 3

Not in  
labour  
force

- Literacy: 69% below level 3
- Numeracy: 73% below level 3

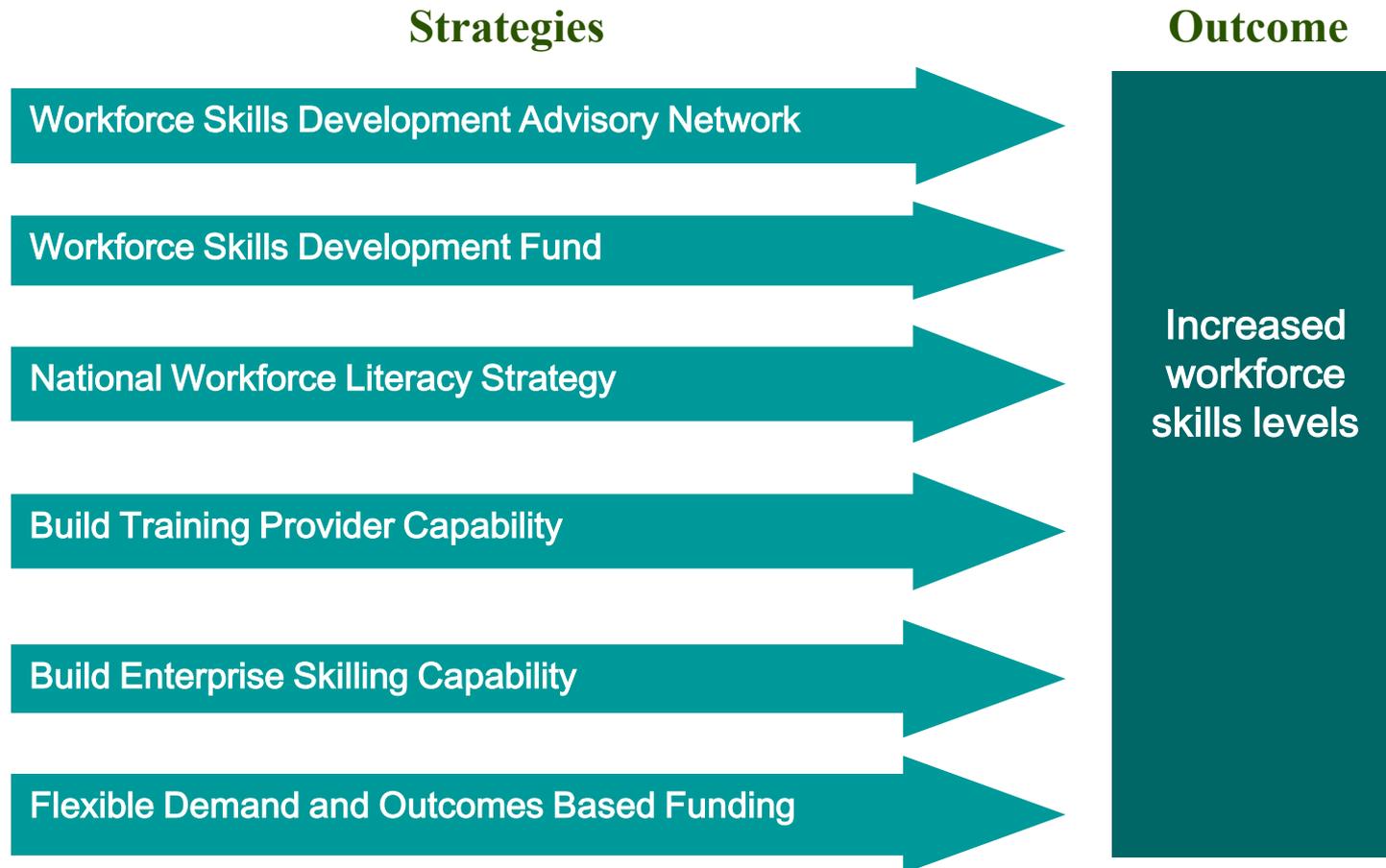
# Proportion at literacy Level 3 or above by industry—2011–12



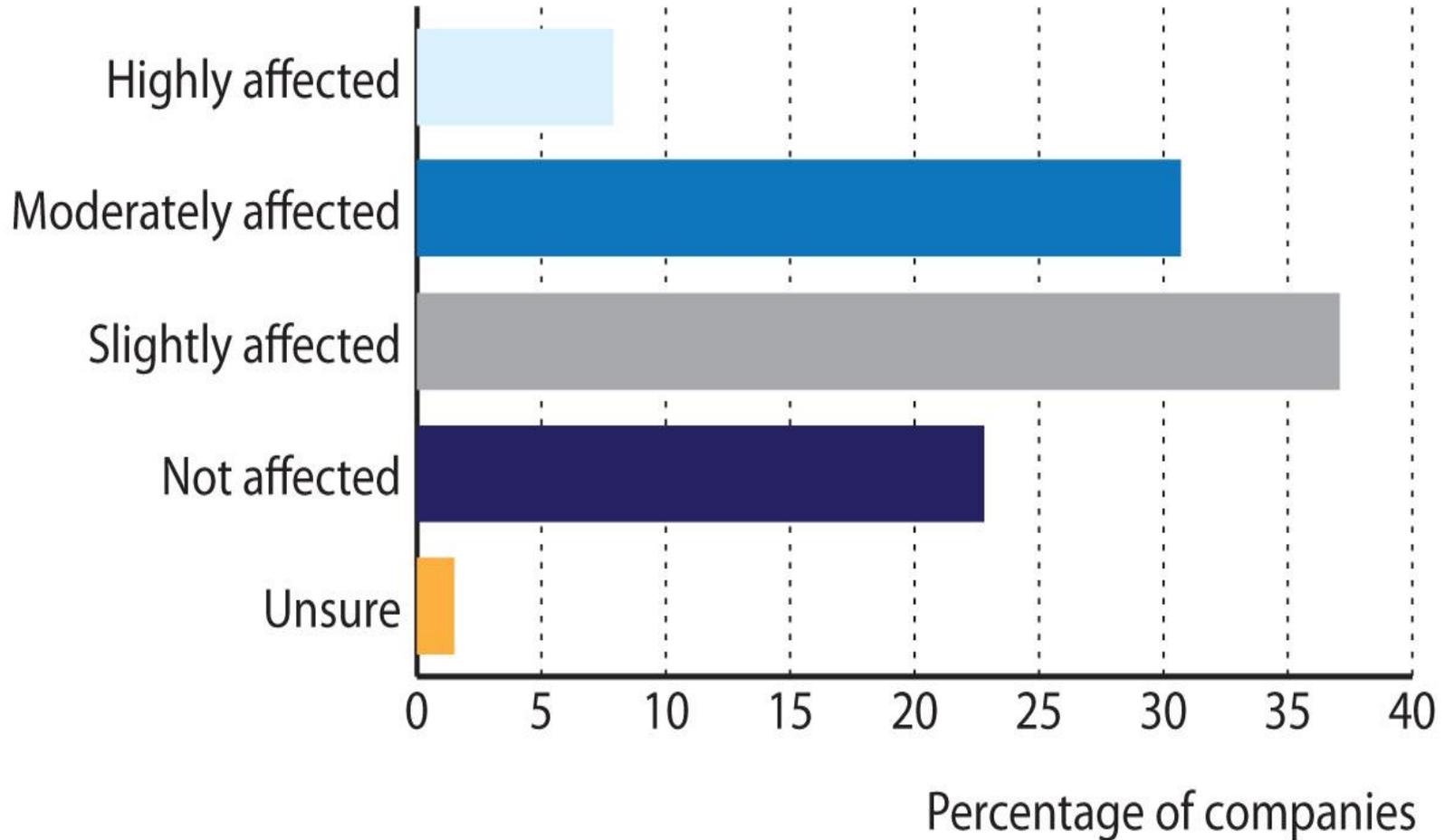
# Proportion at literacy Level 3 or above by occupation—2011–12



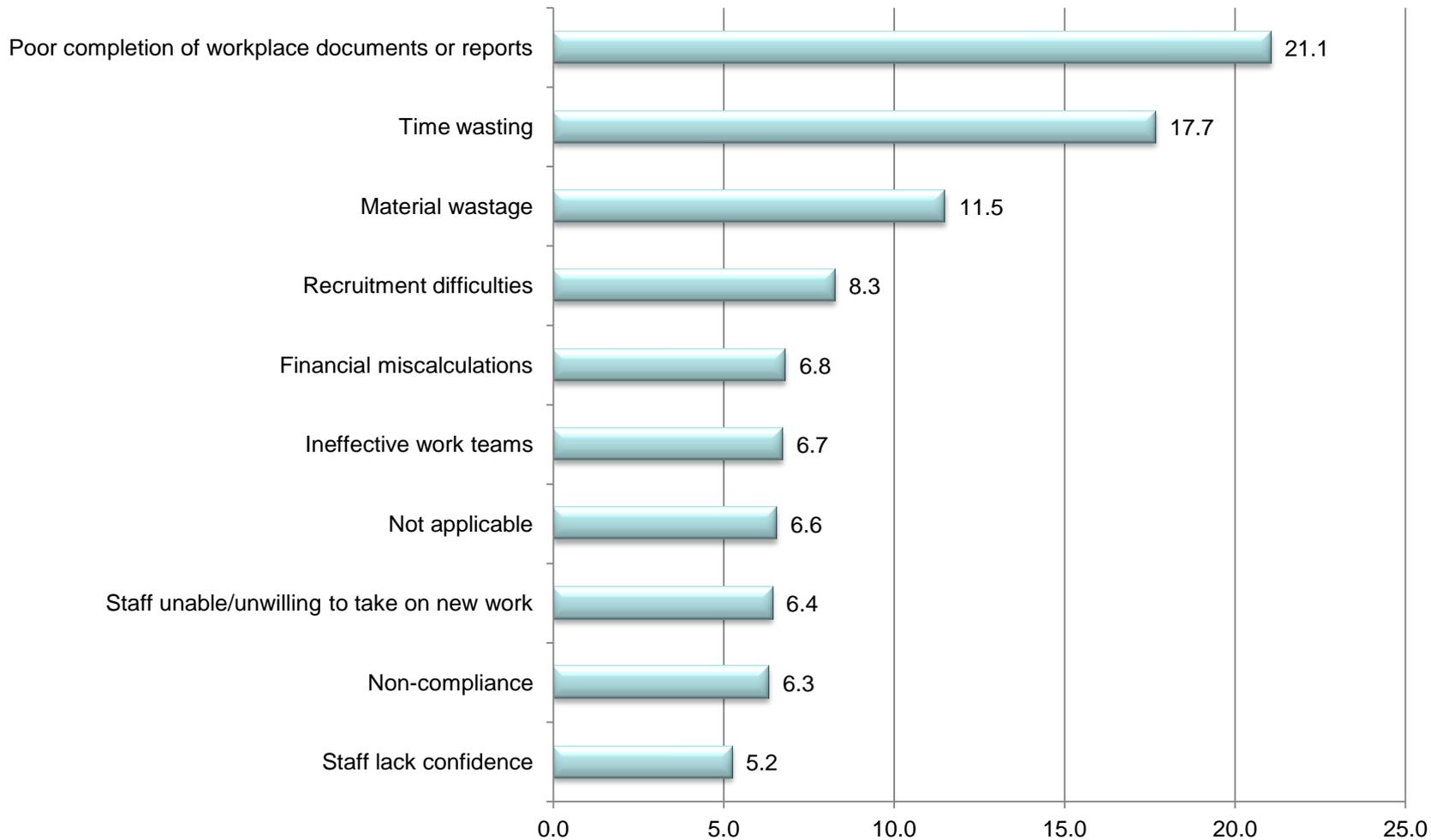
# Findings of Skilling the Existing Workforce Project - 2008



## Impact on Business - 2012



# Impact on Business - 2013



## Importance of employer commitment

***“Learning programs initiated by and within workplaces are the ones that survive long-term.”***

“Skills for Life” UK study

***“Employer commitment is essential to stability and sustainability of workplace literacy and essential skills training efforts.”***

Alison Wolf (2008): Adult Basic Skills and Workplace Learning Project



# Barriers to commitment

- ❖ **Lack of awareness of literacy – productivity link**
- ❖ **Limited time, resources and personnel**
- ❖ **Management attitudes**
- ❖ **Absence of champions**
- ❖ **Complexity of the training landscape**
- ❖ **Confidentiality concerns**

## Why have employers not invested?

- ❖ **Cost**
- ❖ **Willingness to pay for literacy training – public good so government responsibility**
- ❖ **Business benefits of training – little ROI data**
- ❖ **Different benefits sought for lower skilled employees**
- ❖ **Achieving employee buy-in**

# Employer Readiness

Unaware and  
unfavourable

32%

Unaware and  
favourable

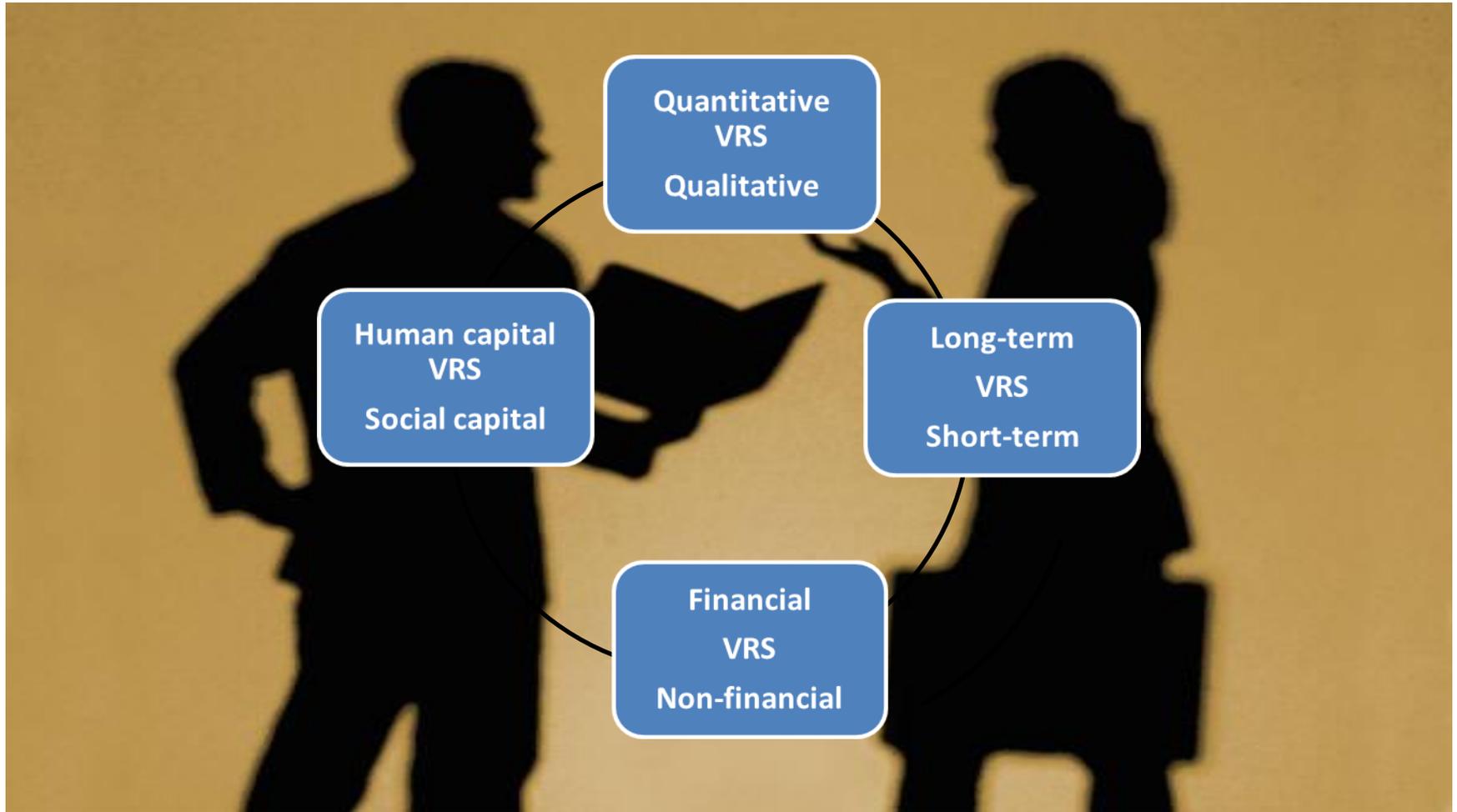
46%

Aware

10%

Invested

12%



*Derived from Canadian research: “Measures of Success”*

# An Integrated Approach



Outcomes

- quantitative
- qualitative

Focus

- employer benefits
- employee benefits

Duration

- immediate
- long-term

## New Zealand example



- ❑ Employee skill level improved an average of 14% over a 15 month period.
- ❑ Labour productivity in assembly labour productivity improved 11.5%.
- ❑ Absenteeism dropped by almost 9%.
- ❑ Errors reduced by 6.3%.
- ❑ Team leaders gained the confidence to freely discuss team production issues with managers and their team.
- ❑ There was a marked increase in employee willingness to challenge and share ideas.
- ❑ Employees took more ownership of their work learning how to resolve problems themselves.
- ❑ Employee confidence extended beyond the workplace to their personal lives.

# A Productivity Agenda

- ❖ *An increase of 1% in a country's literacy scores (relative to international average) is associated with a 1.5% rise in GDP per capita and a 2.5% rise in labour productivity (OECD)*
- ❖ *Improvement in LLN skills from Level 1 to level 3 would increase labour force participation (women 15% and men 5%) and hourly wage rates by 25% for women and 30% for men (Productivity Commission)*
- ❖ *Literacy skill levels are positively associated with income for full-time male and female employees (NCVER)*

# National Foundation Skills Strategy

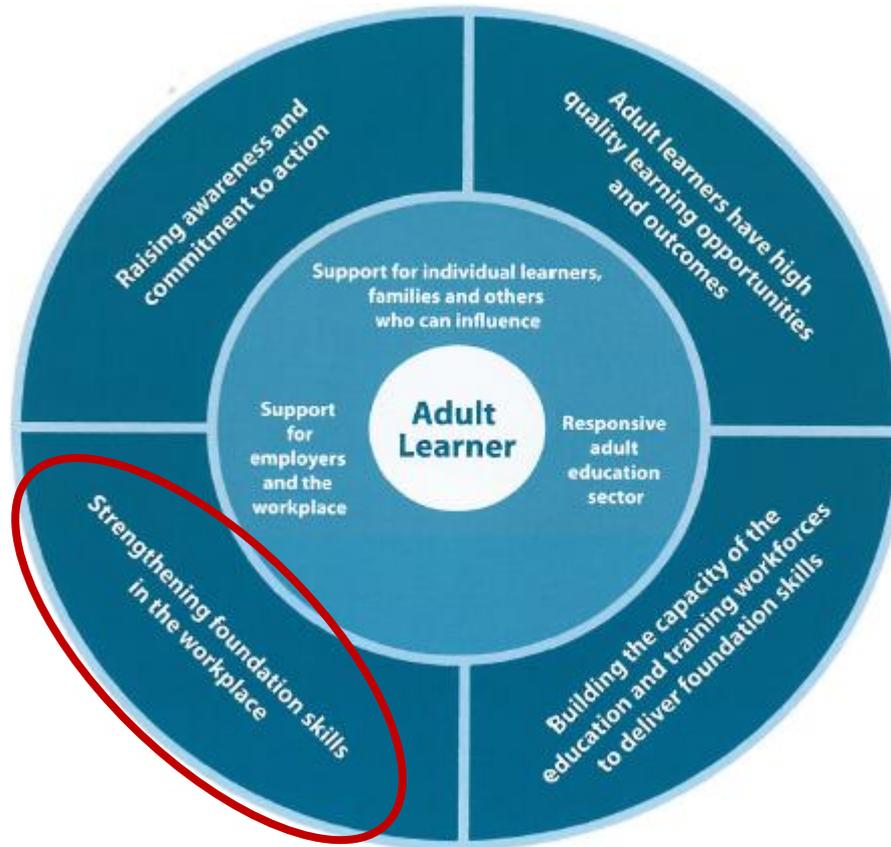
A key component is raising awareness.

Government priority to:

- ❖ provide more information to employers
- ❖ support employers and encourage them to implement initiatives
- ❖ establish and maintain partnerships with peak bodies



# Key Components



Workplaces identified as a key component of the strategy

ACSF will be used as standard framework for measuring foundation skills

# Foundation Skills Workforce Development Project

## ❖ Addresses component 4 of National Strategy:

*“building the capacity of the education  
and training workforces to deliver  
Foundation skills”*

## ❖ \$1.5 million project managed by TAFE SA

- scoping National Foundation Skills Professional Standards Framework
- Foundation Skills Champions Network
- Professional Development Workshops



# Project Aims

- ❖ **Develop Return on Investment instruments**
- ❖ **Apply to selected WELL projects**
- ❖ **Use ACSF as benchmark measurement for participants**
- ❖ **Develop an Employers Guide to the ACSF**
- ❖ **Evaluate and report on outcomes especially ROI**

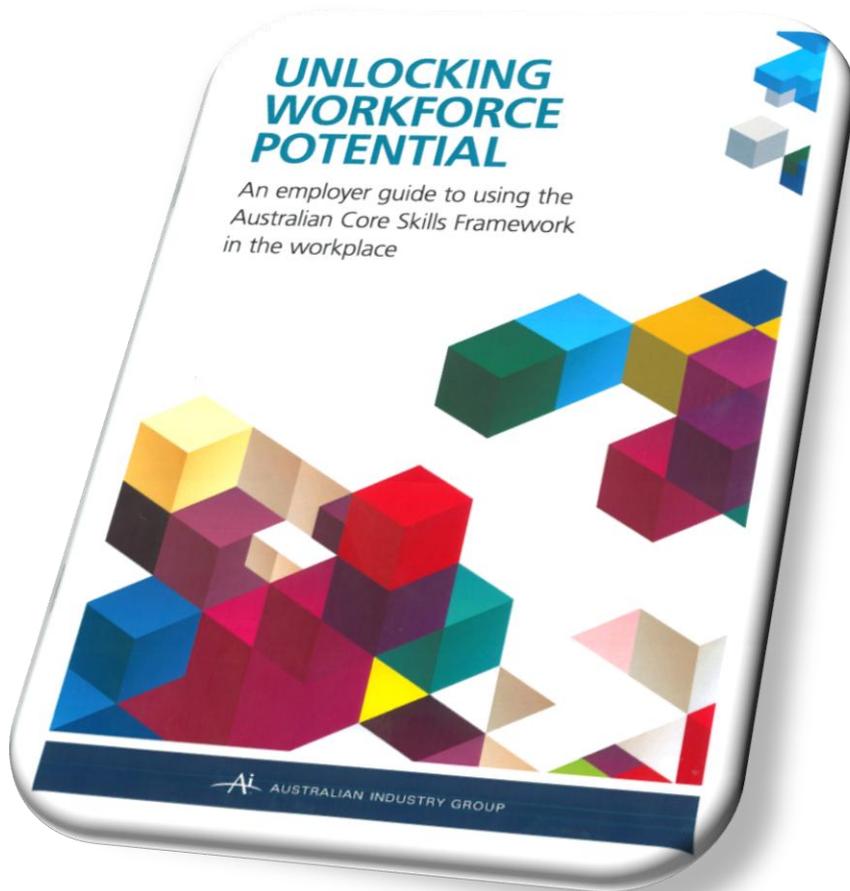




# Project Steps

- ❖ **Develop ROI**
- ❖ **Select WELL Programs**
- ❖ **Employer Commitment**
- ❖ **Develop and Trial ACSF Employer Guide**
- ❖ **WELL Program Delivery**
- ❖ **Evaluation & Reporting**
- ❖ **6 Month Follow-up**
- ❖ **Outcomes Dissemination**

# ACSF Employers Guide



- ❖ Interest shown in the ACSF by employers in previous Ai Group literacy project
- ❖ Important role in the National Foundation Skills Strategy
- ❖ Need to raise the awareness of employers
- ❖ Utilise the Framework to develop employee LLN skills profiles

# Employer Tools

## Tools

- ❖ Identifying levels of difficulty
- ❖ Analysing job requirements
- ❖ Gathering insights from employees
- ❖ Talking with training providers





# THE RETURN ON TRAINING INVESTMENT PROJECT

# Context

- **Purpose is to develop a model of data collection and reporting which can assist with measuring returns to workplace LLN training**
- **Work with a convenience sample of employers and RTOs to consider new types of data collection, interpretation & analysis and presentation of results via case studies**
- **Build on, and make a contribution to, the existing knowledge base (e.g. NZ, Canada, Aus etc)**

# Some previous project findings ...

- Saving supervision time (3 hours per week)
- Improved completion of time sheets (saved 5 hours per fortnight)
- Reduced time to set production machines (10 – 15% quicker)
- Less time wasted on understanding job requirements
- Reduction in scrap yields (2.3% - 4.5%)



# What is meant by ROI (or ROTI)?

- Originates from the financing and accounting field to calculate the bottom-line contribution of training
- ROI indicates the extent by which the benefits (outputs) of training exceed the costs (inputs)

$$ROI (\%) = \frac{(Benefit - Cost)}{Cost} * 100$$

- A result >100% indicates a net benefit (after accounting for the costs of running it)

# Previous research – ROIs calculated (to any type of training) in Australia

table 1: case study organisations, industry grouping, employment and training outcomes

case study organisation	industry	employment	positive impact of training on	estimated ROI %
Australia– New Zealand Direct Line (ANZDL)	transportation – freight	300	goal setting, time management	323
Franklins	retail	27 900	costs of induction	1 000
Huntsman Chemicals	manufacturing	400	safety and WorkCover premiums	1 277
Kodak Australasia	manufacturing	2 000	productivity	256
Mission Australia	charity	2 200	staff turnover	7 125
QR (Queensland Rail)	transportation – rail	14 800	fuel usage, time and train handling	30
Target Australia	retail	23 000	sales and staff turnover	980

# Previous research – what are the main challenges for measurement?

- the impracticality or impossibility of controlling for all variables
- difficulties in isolating the benefits of training and quantifying all costs and benefits
- difficulties in designing experimental studies involving control groups
- efforts to apply quantitative approaches, such as ROI, in contexts which are unrealistic and impractical
- differences in expectations about what can be measured
- problems of timing and resources, including the prospect of benefits accruing after the evaluation period
- data access and collection issues, including sample selection, access to data (e.g. confidential records and costs of collecting data)
- the lack of practical, standardised approaches for evaluating ROTI

# Canadian research

## Measures of Success (2009 - 2013)

- Funded through Office of Literacy and Essential Skills, Human Resources and Skills Development, Canada
- 18 employers – 226 employees

Three research questions:

1. What are the long-term outcomes of workplace LES (Essential Skills Training) initiatives in Manitoba and Nova Scotia on the participants, workplaces and companies (longer-time defined as 6 months)?
  2. What is a valid and reliable model for evaluating longer-term outcomes of workplace LES initiatives? What are the appropriate measures to be used?
  3. What are effective and efficient ways to provide workplace LES initiatives to maximize long-term outcomes?
- Non-financial and financial individual outcomes & tangible and less tangible business outcomes



# Canadian research

## Productivity

1. Over the last six months (since the training began), do you think that productivity (completing tasks quickly and completely) among employees has...?

<sup>1</sup> Increased	<sup>2</sup> Decreased	<sup>3</sup> Neither increased nor decreased	<sup>4</sup> Don't Know	<sup>5</sup> N/A for firm
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IF RESPONDENT INDICATED THAT A CHANGE OCCURRED:

2. Do you have an updated report that shows this change? If yes, would you be willing to share it with us?
3. Do you think the change would have happened if the training hadn't taken place?

Very unlikely	Unlikely	Not sure	Likely	Very Likely
1	2	3	4	5

IF RESPONDENT SAID VERY UNLIKLEY OR UNLIKELY:

4. Can you be specific about how you think the training made a difference?

- Productivity
- Costs and errors
- Product / services quality
- Customer service
- Sales
- Turnover
- Absenteeism
- Health and safety



# THE CURRENT STUDY

# Background

- Evaluation of WELL found “challenges arose due to an absence of certain data, and also a common view of certain concepts such as “needs being met”, “employability”, or “productivity” and how these should be measured.”
- “Employee productivity was measured by looking at how **employers and RTOs perceived** employees had improved in the following areas:
  - increased productivity;
  - improved work quality;
  - increased autonomy;
  - reduced absenteeism; and
  - improved communication skills.”

# Framework and design

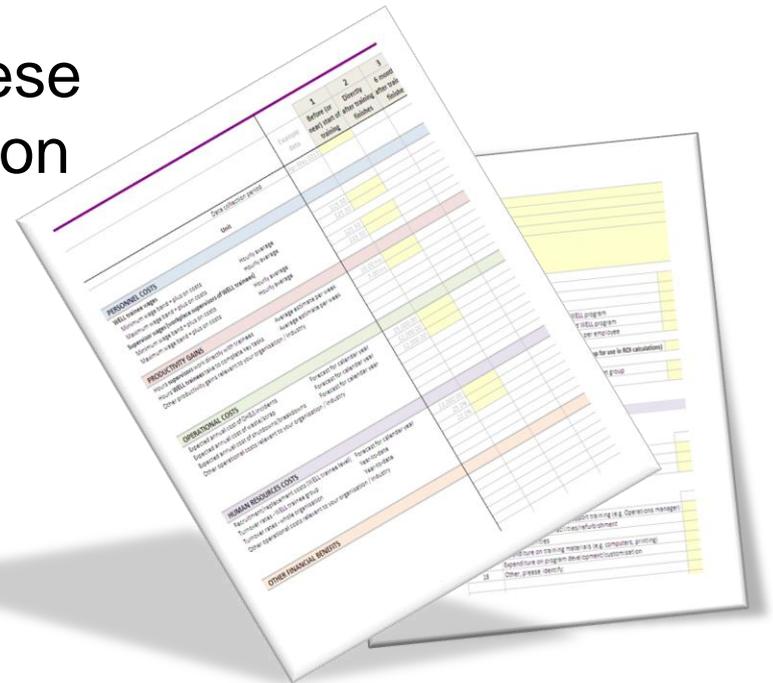
- Instruments now being trialled in workplaces offering WELL training
- Convenience sample - working with a broad range of industries, training programs and locations e.g. Manufacturers, construction firms, aged care providers and utilities
- Drawing (where possible) on information already available / minimising the burden on employers
- Generic ROI instruments are specifically tailored to meet the needs of the employer

# Data collection

- Identification of a target group involved in WELL training (and possibly control group, historical/trend data)
- Collect data at three points in 2013 and 2014
  1. Prior to, or soon after, the commencement of training
  2. Directly after completion of training
  3. 6 months after the completion of training (same as Canadian study)
- Workplace contact works with internal colleagues in HR, Finance, Operations to assemble the required information
- Interviews with employers and RTOs

# Where to next?

- Finalise case study reports
- Reporting findings later in 2014
- Aim is to develop and refine these resources for wider dissemination



	1	2	3
	Year 1	Year 2	Year 3
<b>PERSONAL COSTS</b>			
Wages and salaries			
Superannuation			
Travel			
Other			
<b>PRODUCTIVITY GAINS</b>			
Increased productivity			
Reduced waste			
Other			
<b>OPERATIONAL COSTS</b>			
Energy			
Water			
Other			
<b>HUMAN RESOURCES COSTS</b>			
Recruitment			
Training			
Other			
<b>OTHER FINANCIAL BENEFITS</b>			
Government grants			
Other			

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