

Literacy and the Economy

The road to recovery



DISCUSSION PAPER

2021

About Frontier College

Frontier College is a national charitable literacy organization, founded in 1899 on the belief that literacy is a right. We work collaboratively with community-based agencies and volunteers to provide high-impact literacy and numeracy support for children, youth, and adults.

Each year, on average, we reach 2,500 adults and 16,500 children and youth across the country through literacy and essential skills programs. Thousands more take part in online learning forums, story times, and drop-in events.



Frontier College
Collège Frontière

Literacy:
Learning for Life.

L'alphabétisation,
Une leçon pour la vie.

October 6, 2021

Frontier College
**NATIONAL
FORUM**

LITERACY
..... and
THE ECONOMY

Frontier College's National Forum on Literacy and the Economy aims to bring together a wide variety of participants to discuss the economic impact of COVID-19 on Canadians and how literacy is vital to our country's recovery.

We recommend that governments, community organizations, employers, and researchers work together to create programs, policies, and practices that prioritize literacy and essential skills as part of recovery efforts, while also addressing the rates of low literacy that may disproportionately limit some groups' ability to re-enter and remain in the work force.

Literacy for work, literacy for life

Literacy is more than the ability to read and write.

It's the ability to understand the printed word and put it to use, and to engage fully in activities and opportunities at school, at work, and in the community. It enables people to achieve their goals and succeed in today's world.

“Literacy is ... a means of identification, understanding, interpretation, creation, and communication in an increasingly digital, text-mediated, information-rich and fast-changing world.” —UNESCO

COVID-19 and lockdowns have had an impact both on the Canadian economy and on individuals' economic status. People who were already struggling before the pandemic have been affected the most by unemployment, unstable employment, and lower wages.

As Canadian workers look to re-enter the COVID recovery workforce or transition to new, post-pandemic careers, literacy skills will play an important role. As work becomes increasingly technological, so too does daily life. Banking, grocery shopping, medical appointments, and social interaction may require literacy skills that disadvantage individuals experiencing low literacy.

“Literacy is important not just for work and learning, but also for quality of life. Even those who predict a kind of employment dystopia, where robots take over most jobs, call for increasing levels of literacy and other cognitive skills to support a life of self-fulfillment outside the traditional areas of the market economy.” —Canada West Foundation and Human Capital Centre

Literacy, employment, and the impact of COVID-19

Employment in Canada dropped by more than 15% in two months in 2020 with unemployment reaching a high of 13.7% in May.ⁱⁱⁱ Overall in 2020, 9.5% of Canada's labour force were unemployed, compared to 5.7% in 2019.^{iv}

The pandemic has also left many Canadians jobless for more than a year. In April 2021, the number of long-term unemployed (27 weeks or longer) reached 486,000, and 312,000 haven't been able to find work for more than a year, compared to 99,000 in February 2020 before the pandemic began.^v

Most affected by the pandemic and associated employment issues were Indigenous people, visible minorities, and lower-wage workers—all groups that experience barriers to literacy support, and disproportionately experience low literacy. As well, youth ages 15-24 were deeply impacted.

Consider the following:^{vi}

- COVID-19 widened the inequality in unemployment rates for Indigenous people. At the end of 2020, the unemployment rate for Indigenous people was 12% and 11% among Indigenous men and women respectively, compared with 8% among non-Indigenous men and women.
- Racialized groups have experienced higher levels of unemployment, financial difficulties, and representation in low-wage jobs.
- Financially vulnerable families and low-wage workers, who typically have lower levels of literacy than their higher-waged peers, were disproportionately impacted by COVID-19, and much more severely impacted than they were by the recession in 2008/2009.
- Generally, households with lower levels of education and earnings were least likely to have jobs that enabled them to work from home.



Young Canadians between the ages of 15-24 were the most impacted – accounting for 45% of net employment losses since the onset of the pandemic.

Basic literacy skills—crucial for economic development

After more than a year of intermittent lockdowns and disruptions to school, training, and work, many Canadians do not have a job to return to and need to pursue new career paths.

Experts say the adult literacy gap—poor reading, writing, and numeracy skills— will be a major roadblock to post-pandemic economic recovery.

Studies have consistently shown that improving the literacy of a country's workforce increases both GDP and productivity. In fact, literacy scores are a better predictor of long-term growth of OECD countries than educational attainment. Increasing the literacy skills in the workforce by an average of 1% would, over time, lead to a 3% increase in GDP, or \$54 billion per year, every year, and a 5% increase in productivity.^{vii}

More than 40% of Canada's workforce doesn't have the skills necessary to learn new skills effectively and be highly productive in their jobs. As workplaces change with technology and automation and new jobs emerge, Canadians will require new skills to remain productive in their jobs or transition to new careers. Literacy is essential as a "learning to learn skill," and the ability to keep learning is the most important basic skill for any job.^{viii}

And while it has been shown that investing in people with lower literacy levels (Levels 1 and 2 on the five-level scale) has the most impact, the workers with the lowest skills are the least likely to be offered upskilling by their employers.^{ix} This is a missed opportunity for employers.



Higher literacy levels in the workforce leads to increased quality of work, output, and profitability. It also reduces time per task, error rate, and wastage. Better employee retention, customer retention, and health and safety records can also be attributed to higher levels of literacy in the workplace.^x





Skills for success

Written communication and basic mathematics are central to all areas of daily life. However, many Canadian adults don't have the literacy skills needed to succeed in today's knowledge-based society. In fact, about one in five adults (17%) has extremely low literacy.

Reading, writing, and numeracy provide the foundation for learning all other skills, helping people prepare for further training and education beyond high school, employment, civic engagement, and community involvement.

Literacy and essential skills can also be linked to employment outcomes and higher earnings for individuals. The OECD estimates that a 50-point literacy score increase (or one level) translates to a 9% increase in hourly wages in Canada and 20% more likelihood of being employed.^{xi}

According to the Government of Canada's Office of Skills for Success (OSS), included in the nine essential Skills for Success are:

-  **Reading: the ability to find, understand, and use information presented through words, symbols, and images.**
-  **Writing: the ability to share information using written words, symbols, and images.**
-  **Numeracy: the ability to find, understand, use, and report mathematical information presented through words, numbers, symbols, and graphics.**
-  **Communication: the ability to receive, understand, consider, and share information and ideas through speaking, listening, and interacting with others.**

Literacy and the ability to learn underlie all the remaining skills on the list—digital skills, problem solving, collaboration, adaptability, and creativity and innovation.

Looking to the future

Canada's economic recovery is also dependent on our future work force: economic gains realized through increased adult literacy skills start with today's children. Children with strong early literacy skills are more likely to be employed as adults, earn more, and experience fewer periods of joblessness later in life.^{xii}

The COVID-19 "learning slide" — the decline in children's literacy, numeracy, and critical thinking skills because of prolonged school disruptions — has put students behind. A decrease in children's literacy skills can have a dramatic effect on Canada's social and economic future. Research shows that:

- **Students in grades 1-12 affected by the closures might expect some 3 percent lower income over their entire lifetimes.**^{xii}
- **On the national level, "the lower long-term growth related to such losses might yield an average of 1.5 percent lower annual GDP for the remainder of the century."**^{xiv}
- **If children do not receive learning supports to lessen the impact of COVID learning loss now, Canada could continue to face the consequences until 2100.**^{xv}

Discussion Questions

- ① How can we support people with lower rates of literacy and higher rates of unemployment, to the benefit of all?
- ② How can stronger literacy skills better prepare Canadians for the jobs of the future—including the jobs that haven't been invented yet?
- ③ How will school-aged children catch up from the COVID-19 learning slide?
- ④ Is Canada investing enough in childhood and adult literacy to maintain global competitiveness?

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