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ABSTRACT

A study examined the demand for basic literacy and numeracy skills in the workplace in England and Wales. Surveys were administered to 73 Training and Enterprise Councils and covered approximately 1.3 million jobs below the professional and technical level in 24,000 establishments. Skills were summarized by six broad occupational categories: clerical/secretarial; personal service; selling; skilled/craft manual; plant, vehicle, and machine operatives; and other manual jobs. Relatively few jobs were found that can be performed successfully without competence in the basic skills, particularly reading and oral communication skills. Considerable demand among employers for higher-level basic skills was found even for relatively low skill jobs, and level of basic skills sought generally increased with movement up the occupational hierarchy. Clerical/secretarial jobs had higher-than-average basic skills requirements, whereas manual occupations generally had lower-than-average requirements. Basic skills have become more important to employers in the past 5 years and will likely become even more important. Most employers surveyed rated the basic skills possessed by their employees as fairly adequate; however, 1 in 10 establishments rated their employees' basic skill levels as just adequate or worse. (Includes 10 figures, 13 tables.) (MN)

BASIC SKILLS AND JOBS

The Basic Skills Unit

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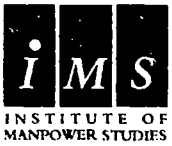
INSTITUTE OF MANPOWER STUDIES

JOHN ATKINSON & MARK SPILSBURY

BASIC SKILLS AND JOBS

A REPORT ON THE BASIC SKILLS NEEDED AT WORK

Prepared by the Institute of Manpower Studies
on behalf of the Adult Literacy and Basic Skills Unit



Contents

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Summary

This report presents the main findings of research udertaken in England and Wales for the Basic Skills at Work programme. It assesses the level of demand for reading, writing, oral communication and numeracy skills at work. It indicates how far employers are satisfied with basic skill provision among their workforces and in the wider labour market. The results are drawn from surveys conducted for the Adult Literacy and Basic Skills Unit during the past year for 73 Training and Enterprise Councils, and cover some 1.3 million jobs in 24,000 establishments throughout England and Wales. The jobs concerned are those below the professional and technical level, and so comprise about two thirds of the labour market as a whole.

What Levels of Basic Skills are Needed?

Most employers use rule of thumb to assess both their requirements for basic skills and the capacities of their workers. For the first time in England and Wales, we have established the levels of reading, writing, numeracy and oral communication skills required for a wide range of jobs, using an objective scale of performance (ALBSU's Communication Skills and Numeracy Standards, developed through the Basic Skills Accreditation Initiative).

Although we are not concerned here with jobs in the most skilled third of the labour market, the results strongly confirm the importance of solid basic skill provision. Relatively few jobs can be done without competence in the basic skills, particularly in reading and oral communication skills. Furthermore, there is considerable demand among employers for higher level basic skills in jobs which are far from the top of the labour market.

Behind relatively high average requirements, there is substantial variation both between and within occupations, in the levels of skill sought, and in the precise mix of skills needed by particular jobs. The level of basic skills sought generally increases with movement up the occupational hierarchy. Clerical/Secretarial jobs in particular are shown to have higher than average requirements, compared with manual occupations, which generally fall below the average. We summarise these requirements here using just six broad occupational categories, but the supplementary report, *'The Basic Skills Needed at Work: A Directory'*, presents them in more detail, using 49 job types. It should provide a valuable benchmark for recruiters and educationalists alike.

Although occupation is the main determinant of basic skill requirements, the immediate working environment also has a distinct and independent effect. In particular, the size, industry and ownership of the workplace considerably modify the pattern of demand established by direct occupational requirements. By contrast, the wider working environment, in particular the regional location, has little effect on such requirements.

What are Basic Skills Needed for?

Employers' needs for employees to have good basic skills extend well beyond the immediate needs of the job. High level basic skills are needed to perform a wide range of activities safely and effectively within the workplace. The most important source of demand for basic skills, in almost every job and every workplace, is undertaking the more responsible aspects of the job and qualifying for promotion. This suggests that, as well as providing a solid foundation for entry to work, high level basic skills are a necessary attribute to progression through the internal labour market.

The need for basic skills in order to understand and comply with general workplace procedures is widespread, it does not vary much between jobs and still less between different types of workplace. By contrast, undertaking the jobs' main tasks (and learning to do so) are also widely cited as key sources of demand, but these do vary widely from job to job. However, the most variable source of demand for basic skills is in communicating with customers. These communication skills are particularly emphasised for selling and personal service occupations and in smaller, service sector establishments, whatever the occupation. Health and safety considerations also tend to vary between jobs and establishments (being most important for manual jobs in production industries, as might be expected). However, factors beyond the immediate working environment again tend not to have much influence on the pattern of demand.

Is the Level of Demand Changing?

Basic skills have become more important to employers in the last five years. This is particularly so for oral communications, with nearly half our respondants citing an increase in the importance of this skill. There is certainly no question of these skills becoming less important to employers; virtually no respondents had noted any decline in their demand for any basic skill.

About half our respondents had observed no change in their demand. Despite this, the increased emphasis on basic skills has been most evident among larger establishments and among growing ones. As a result, we would expect their increasing demand to accentuate any effect on demand for basic skills in the labour market as a whole.

The most commonly cited reasons for the increase are the increasing need to work with information technology and changing work organisation.

How Adequate is the Supply of Basic Skills?

Throughout England and Wales as a whole, employers generally describe their workforces' basic skills as fairly adequate. However, about one in ten establishments report that their employees' basic skills are only just adequate or worse. This dissatisfaction is most marked at the bottom of the labour market, among recruiters to the least skilled occupations and among establishments with a history of labour shortage.

Dissatisfaction with the calibre of supply from the external labour market (from applicants) is much more marked. Nearly one in four employers report that applicants' basic skills are only just adequate or worse. Furthermore, this dissatisfaction with applicants is much less concentrated at the bottom of the labour market; it is more evenly spread across all the jobs considered.

What do these Results Mean ?

Our results suggest that the range of jobs open to jobseekers with poor basic skills is very small and shrinking. High levels of unemployment mean that they face stiff competition from more competent jobseekers even for these jobs. At the same time, the emphasis placed on good basic skills for advancement and promotion at work suggests that basic skills will remain important for jobholders too. The increasing emphasis placed by employers on basic skills, particularly in large and expanding establishments, means that a sound repertoire of basic skills is going to become more important for both jobseekers and jobholders alike.

Our results on the adequacy of basic skill supply show that complacency is not justified. In view of the importance placed on basic skills for doing the more responsible aspects of jobs, and of the evident increase in that demand as employers improve work organisation and introduce new technology, it must be questioned how solid a foundation this stock of basic skills represents, particularly for employers who are not at the top of their local labour market.

As a result, we conclude that it is in the mutual interests of employers, employees and jobseekers alike for accessible local training programmes to be directed to make good deficiencies in basic skill provision within local labour markets. The benchmark attainment levels presented here, and greater detail in the Directory, indicate the levels of reading, writing, numeracy and oral communications which employers require from their labour markets, and against which such deficiencies may be assessed.

CHAPTER 1

Introduction

1.1 Basic Skills at Work: Research Aims

This report is about basic skill provision in England and Wales. It is the national report, summarising research conducted for 73 Training and Enterprise Councils (TECs) throughout England and Wales, during 1991 and 1992. These individual local surveys have already been separately reported in individual TEC reports, but here we draw them together to provide a national picture. This picture is presented in greater detail in the supplementary volume, *'The Basic Skills Needed at Work: A Directory'*.

By basic skills we mean reading, writing, numeracy and oral communication skills. These are evaluated throughout in terms of the Communications Skills and Numeracy Standards, drawn up by the Adult Literacy and Basic Skills Unit (ALBSU), as part of their Basic Skills Accreditation Initiative. The report is only concerned with basic skills among occupations below the professional and technical level. It does not therefore deal with the top third of the labour market, made up of managerial, professional and technical occupations. It *is* concerned with basic skills among the 15.6 million manual, personal service, sales-related and clerical/secretarial jobs in England and Wales. Our analysis of them is based on data provided by 24,075 employing establishments for just over 1.3 million of these jobs. The characteristics of the sample are discussed below, but it is immediately obvious that we have close to a 10 per cent coverage of the target group.

The research presented here represents the completion of the first stage of the Basic Skills at Work Programme. In its entirety, this programme is intended to help improve the competence of the workforce in England and Wales; it is a three year programme, funded by the Department for Education and the Employment Department, and managed by ALBSU. It helps to improve basic skills provision by:

- funding local surveys of the basic skills needed for employment;
- providing an assessment of existing vocationally focused basic skills provision; and
- sponsoring projects which are intended to explore innovative methods of providing basic skills.

As part of this wider programme, our overall purpose in this report is to provide hard evidence on the basic skill needs of employers. This will assist the implementation of the

subsequent stages, which are more concerned with practical, local initiatives to improve the balance between local supply of, and demand for, basic skills.

In narrower terms, this research has four principal aims:

- to establish the standards of literacy, oral communications and numeracy required of employees in a range of jobs. These are summarised in Chapter 2;
- to establish the most important sources of demand for basic skills at the workplace (Chapter 3);
- to indicate whether basic skill requirements are rising (or falling), and why (Chapter 4); and,
- to establish how well these needs are met by employees and job-seekers (Chapter 5).

In addition, in Chapter 6 we briefly discuss some of the implications of these findings.

1.2 Background to the Research

Throughout the 1980s the competence of the UK workforce became an increasingly important concern. Comparisons between the skill and educational capacity of our workforce with those of our principal competitors quickly established that, broadly speaking, our workforce was worse educated and worse trained than our competitors. It was alleged that this constrained and undermined our ability to compete with them. The fact of a supply side 'skill gap' is now widely accepted. It persists even with a more refined analysis, taking into account the different structures of both education and vocational and technical training between countries, for example, and accommodating the important differences between attainment levels within each country's workforce.

In Britain today, about 13 per cent of the adult population (about six million people) suffer from some sort of reading or writing difficulty. More than half of them are either working or looking for work. Clearly, any improvement in the overall competence of the workforce must include attention to employees' basic skills, not least because shortcomings here can undermine an individual's ability to make good use of any skill training they may receive. Just as importantly, individuals without a sound portfolio of basic skills are likely to be immeasurably disadvantaged in the workplace, or more critically, in getting off the dole queue.

Over the last twenty years, there has also been a major transformation in the occupational structure of the workforce, entailing big reductions in the importance of relatively unskilled and semi-skilled manual jobs. This contraction seems likely to continue, as the combination of sectoral change, technological advance, and reorganisation of working practices reduces the number of such jobs. As a result, people with literacy or numeracy problems are caught between a rock and a hard place in the labour market. The rock is the

fact that the number of unskilled jobs, which they stand most chance of getting, has been falling for over twenty years. The hard place is that as unemployment rises people with better basic skills are forced down the labour market, displacing the less able in competition for vacancies.

Improving basic skills in the workforce is thus mutually advantageous to employers, employees and unemployed alike. This research is designed to contribute to that end by providing a benchmark of demand and supply.

1.3 Research Methods and Sample

We will only briefly outline the research methods used here. A more detailed description of the methodology is given in *'The Basic Skills Needed at Work: A Directory'*.

The research was conducted by postal questionnaire survey to a sample of 69,282 establishments throughout England and Wales, selected randomly but structured to reflect the sectoral composition of employment in each TEC area. The sample was also structured by employment size of establishments, with the aim of ensuring a reasonable spread of small, medium and large employers.

Throughout this report, we group all the jobs into six categories, following the Standard Occupational Classification, as follows:

- Clerical and Secretarial Jobs (SOC Group 4);
- Personal Service Jobs (SOC Group 6);
- Selling Jobs (SOC Group 7);
- Skilled or Craft-Level Manual Jobs (SOC Group 5);
- Plant, Vehicle, and Machine Operatives (SOC Group 8); and,
- Other Manual Jobs (SOC Group 9).

A more detailed breakdown, by the 49 Sub-major Groups, which make up these six SOC Groups is presented in *'The Basic Skills Needed at Work: A Directory'*.

Previous research[1] has shown that occupation is the main axis around which the requirement for basic skills turns. Indeed, at the extremes it is perfectly obvious that, say, a clerk will require a different order of, say, writing skills, than would a labourer. This represented a considerable methodological difficulty for employer-based research, in that any employer responding to the survey would probably have twenty or more occupations on which he/she might report. We resolved this by asking each employer to identify the

[1] Atkinson and Papworth, (1991) *Literacy and Less Skilled Jobs* Institute of Manpower Studies, IMS Report No.121.

largest group of employees in common jobs and to answer just on their behalf. Although this approach has some drawbacks, it has the key advantages of precision and detail in the identification of jobs. It also means that we have covered as large a proportion of the workforce as possible. Where we were unable reliably to identify the job in question, usually because of poor or partial completion of the questionnaire, we have omitted the data altogether (some 190 cases in all, or less than one per cent of the achieved sample).

Table 1.1 shows the sectoral and size composition of the target and respondent samples. It can be seen that:

- the sectoral spread of the sample is a reasonable match with the sectoral distribution of employees in England and Wales as a whole;
- we have achieved our aim of having a reasonable range of sizes represented; and,
- we have also achieved a reasonable spread of occupations, which broadly matches that in England and Wales as a whole.

At 35 per cent, the outcome of the survey represents a reasonably good response rate, in view of the length and complexity of the questionnaire needed and the nature of the sample frame used. The composition of the achieved sample and questions of non-response bias are discussed in the supplementary volume. In short, there was evident bias towards non-metropolitan areas, caused by lower response rates in urban areas, but our analysis shows that the physical character of the external environment is not of great importance in influencing basic skill needs.

Many of the tables in this report are quite complex. In order to make their presentation easier for the reader we have not always cited the separate numbers on which the percentages for each category of response are based. With the same aim of keeping things simple, we have reduced all percentages to the nearest round number. As a result of these conventions, the percentages cited do not always sum to 100. It is also important that the basic structure of the achieved sample should always be kept in mind when interpreting the results which are presented in the substantive chapters, which now follow.

Table 1·1: **Composition of Achieved Sample by Sector, Employment Size and Occupation England and Wales**

	Actual Employees	*Achieved Sample (Establishments)*	
		N =	*% =*
Total	15.6m	24075	100%
By Sector	% of Employees		
Agriculture	1.4	294	1%
Energy and Water Supply	1.9	195	1%
Mineral and Ore Extraction	3.4	566	2%
Metal Goods, Engineering, Vehicles	10.7	2216	9%
Other Manufacturing	9.3	3142	13%
Construction	4.6	972	4%
Distribution, Hotels, Catering	21.1	5392	22%
Transport and Communications	6.1	1176	5%
Financial Services	12.2	2336	10%
Other Services	29.3	7161	30%
Production Industries	31.3	7385	31%
Service Industries	68.7	16065	67%
Sector Not Given	0	625	3%
By Employment Size	% Establishments		
Under 20	00.0	5528	23%
20-49	94.4 (1-49 staff)	7849	33%
50-99	3	4525	19%
100-199	1.5	2720	11%
200+	1.1	2811	12%
Size Not Given	0	642	3%
By Occupation SOC 4-9 only			
Clerical/Secretarial	23.9	5942	25%
Personal Service	13.5	4211	17%
Selling	11.7	2389	10%
Skilled/Craft Manual	22.5	5376	22%
Plant/Vehicle/Machine Operatives	15	3631	15%
Other Manual Jobs	12.9	2373	10%
Occupation Not Given	0.3	146	1%

CHAPTER 2

Basic Skills Needs

This Chapter shows the standards of basic skills which employers believe are needed in certain jobs. It begins by looking at the four basic skills together (Section 2.2) and subsequently looks at each of them in turn (Sections 2.3-2.6).

However, first we must briefly describe the performance scales on which the results are founded.

2.1 Introduction

In this research we have attempted for the first time in the UK to operationalise an objective scale of performance, based on the standards developed by the Basic Skills Accreditation Initiative, to match particular jobs with a particular level of reading, writing, numeracy and oral communication skills. This framework is necessarily complex, in order to use it, we were obliged to shorten and simplify it for use in a questionnaire[2]. Table 2.1 shows the truncated and simplified version of the scales which were used and provides an overview of the sorts of competence required at each level within the four skill areas.

Employers tend to use extremely crude methods of assessing both their own basic skill requirements and the extent to which applicants and employees can attain them[3]. Certainly, they do not make everyday use of the framework shown in Table 2.1. As a result, few readers will have an easy familiarity with these scales, so it will be useful to find some more familiar reference points, which are that:

- the Foundation Level (for any of the skills) represents a minimum level of skill, below which someone is unlikely to be able to function effectively within the workplace[4];

[2] Further detail on the framework can be taken from the standards published by ALBSU, The ALBSU Standards for Students and Trainees', and from the documentation of the City and Guilds' and LCCI Examination Board's *'Wordpower'* and *'Numberpower'* certificates.

[3] Moore M. (1987) 'Identification and Assessment of Basic Skills Needs', Psychological Service Report No.257.5, Manpower Services Commission; and Hamilton and Davies (1990) 'Written Communication Barriers to Employment' Lancaster University.

[4] More precisely, for reading, writing and oral communications, the Foundation Level generally corresponds to Levels 2 and 3 of the English National Curriculum, and for numeracy, to Levels 3 and 4 of the Mathematics National Curriculum.

Table 2·1 (Part 1): **Simplified Assessment Schema for Reading and Writing Skills**

Reading Skill 1	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Read and understand text in the form of letters, written instructions, manuals, notes, orders, etc.	Use and act on simple text (up to six sentences or one paragraph)	Understand and act on a written source (e.g. a letter up to one page long)	Choose and use appropriate material from more than one written source	Select and evaluate material from several written sources for a specific need

Reading Skill 2	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Read and understand graphical material such as tables, signs, charts, labels, plans, maps, etc.	Get the main idea from a simple source (e.g. sign with a single message)	Understand and act on a graphical source up to one page long (e.g. a town map, price list, sign with multiple messages)	Select material from more than one graphical source (e.g. complex tables, plans)	Select and evaluate material from several graphical sources for a specific need

Reading Skill 3	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Use reference systems such as filing systems, libraries, databases	Use a simple list	Consult a reference source to obtain simple information, (e.g. Yellow Pages, dictionary)	Use a reference system to obtain specific information (e.g. find a book in a library or a file in a filing system)	Select and use appropriate reference systems for a purpose (e.g. research an issue)

Writing Skill 1	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Write accurate letters, notes, reports or messages	Write short simple notes or letters conveying up to two separate ideas	Write reports, letters or notes conveying up to four separate ideas	Write material in a specialised format (e.g. specifications, contracts, formal letters)	Write material in a variety of appropriate styles and formats according to need

Writing Skill 2	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Complete forms or other pre-formatted documents	Fill in a basic form (e.g. write an order form, booking slip, receipt)	Complete a simple form (e.g. application form, time-sheet, claim form)	Complete an open-ended form (e.g. accident report form, telephone message form)	Complete forms in a variety of appropriate styles and formats as required

Table 2·1 (Part 2): **Simplified Assessment Schema for Numeracy & Communication Skills**

Numeracy Skill 1	*Foundation Level*	*Level 1*	*Level 2*
Handle cash or other financial transactions accurately, using till, calculator or ready reckoner as necessary	Transactions of up to seven similar items at a time, give change if necessary	Transactions of up to 20 items at a time, give change and calculate simple discounts	Transactions of any number of items at a time, and calculate complex discounts, OR use foreign currency

Numeracy Skill 2	*Foundation Level*	*Level 1*	*Level 2*
Keep records in numerical or graphical form	Record simple numerical information (e.g. count small batches)	Find the appropriate information and make a simple record based on it (e.g. simple stock-taking)	Find the appropriate information from several complex sources, make a record based on it (e.g. stock-taking and sales audit)

Numeracy Skill 3	*Foundation Level*	*Level 1*	*Level 2*
Make and monitor schedules or budgets in order to plan the use of time or money	Plan and monitor small amounts of time and money (up to 7 days or £250)	Plan and monitor amounts of time, money or expenditure (up to 4 weeks or £2,000)	Plan and monitor large amounts of time, money or spending (over 4 weeks or up to £20,000)

Numeracy Skill 4	*Foundation Level*	*Level 1*	*Level 2*
Calculate lengths, areas, weights or volumes accurately using appropriate tools, e.g. rulers, calculators, etc.	Simple calculations on familiar items in either metric or imperial units	Calculations on items of unfamiliar or irregular shape in either metric or imperial units	Calculations on items of complex or composite shape, use scale drawings, convert between metric and imperial units

Oral Comm. Skill 1	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Give information to other people on the telephone or face to face	Give information on a single topic to one familiar person	Give information on several topics to unfamiliar people	Explain or describe things to people in order to help them	Prepare and make a formal presentation to a group of people

Oral Comm. Skill 2	*Foundation Level*	*Level 1*	*Level 2*	*Level 3*
Getting information from other people on the telephone or face to face	Getting information on a single topic from one familiar person	Getting information on several topics from unfamiliar people	Find, select and use appropriate information from several people to solve a problem	Find, select and use complex information from several people to solve a problem or support a case

- the highest level for communication skills (Level 3) broadly equates with the attainment of GCSE Grade C in English or above, or more familiarly still, with an old 'O' level pass; the highest level for numeracy (Level 2) is a little below a GCSE Grade C in maths, but it contains most applications of number that are confronted in everyday life.

It is hoped that keeping such benchmarks in mind, will make the analysis which follows more accessible.

2.2 Employers' Demand for Basic Skills – Overview Analysis

As can be seen from Table 2.1, each of the communications skills (reading, writing and oral communications) is assessed at four attainment levels (the Foundation Level, Level 1, Level 2, and Level 3). Numeracy is assessed at three levels (Foundation, Level 1, and Level 2). Each skill is made up of a number of detailed component skills, 11 in all (shown in the first column of boxes on the left of Table 2.1, labelled 'skill 1', 'skill 2', etc). For each of these 11 component skills, employers were asked to identify the highest level of ability required by their job.

These individual component skills are considered later, but for the moment, the simplest way of approaching analysis is to combine them into a single index for each of the four basic skills. These average skill levels are shown in Charts 2.1 (for reading), 2.2 (for writing), 2.3 (for numeracy) and 2.4 (for oral communications). The charts have been constructed by regarding the various attainment levels as a four point scale (three point scale in the case of numeracy). A requirement for each skill to Foundation Level scores one, to Level One scores two, and so on, and the charts show the average score for each job for each of the four basic skills.

Chart 2·1: **Mean Reading Skills Needed – England & Wales**

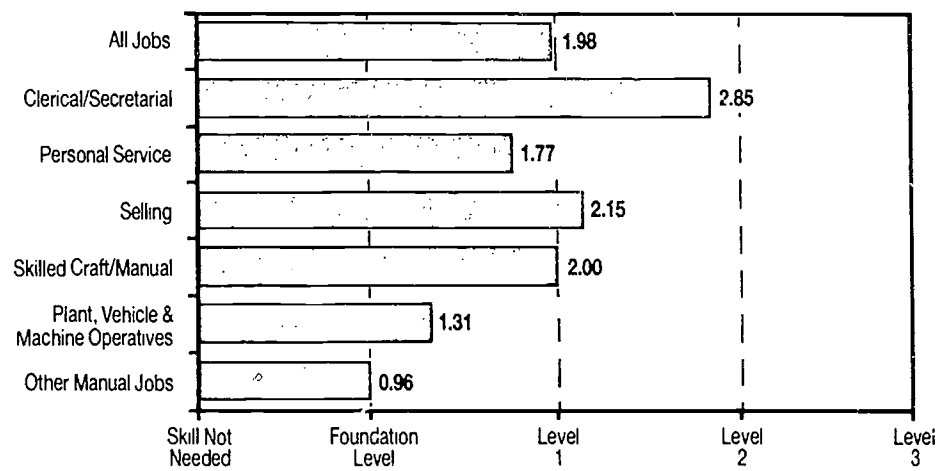
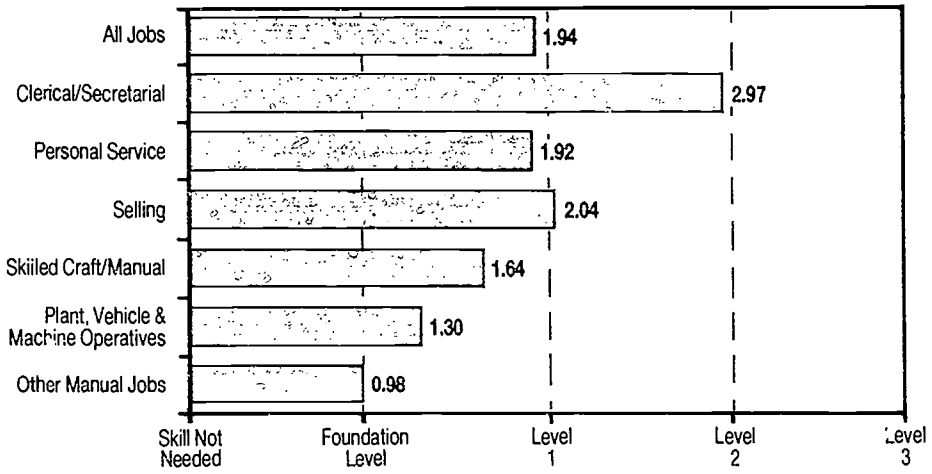


Chart 2·2: **Mean Writing Skills Needed – England & Wales**



The average requirement for the three communication skills is relatively high. This is shown in the top row in each chart, which considers all the jobs covered. Both reading and writing skills are needed to about Level 1, while the average level of demand for oral communication skills is slightly higher. Numeracy skills are needed to Foundation Level, but of course, numeracy is assessed on a shorter, 3 point scale.

Chart 2·3: **Mean Numeracy Skills Needed – England & Wales**

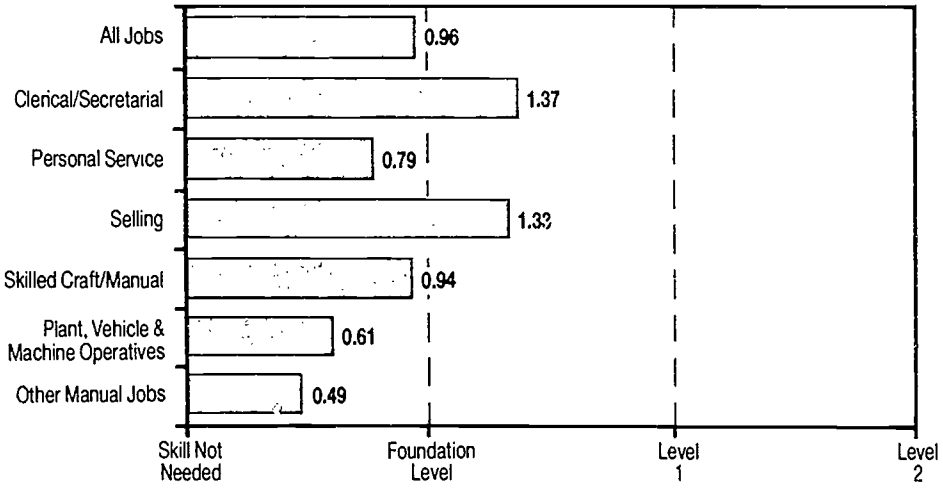
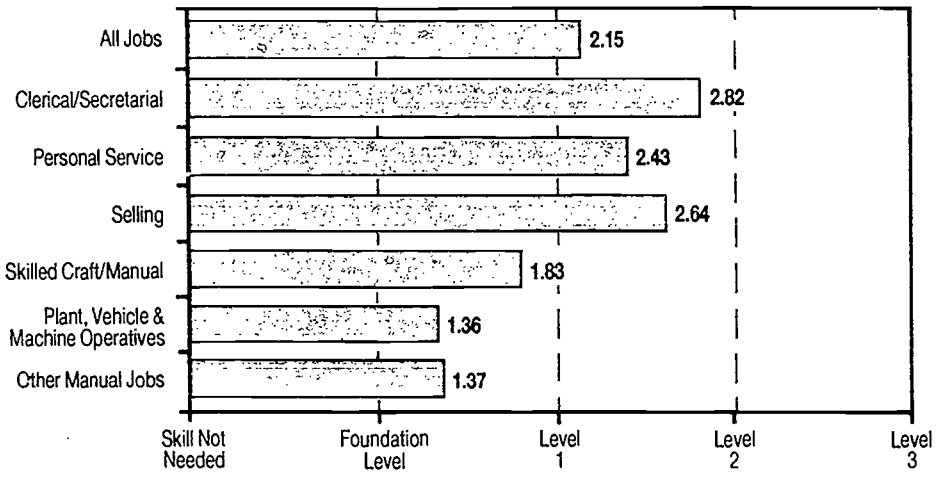


Chart 2·4: **Mean Oral Communication Skills Needed – England & Wales**



In the light of what has been said above about variation in the level of skill sought between occupations, these broad and crude averages need to be broken down into their constituent parts. Even though this research only deals with jobs in the lower two thirds of the occupational hierarchy, it still clearly shows that, in the average job, in the average establishment, the need for basic skills is substantial. It is pitched well above the Foundation Level for the three communication skills. For numeracy, by contrast, the average requirement is pitched at the Foundation Level, or what we have described above as the minimum requirement for operation at the workplace.

2.2.1 Occupational Variation in Basic Skills Needed

These four charts allow us to make some initial observations about how the level of basic skills sought by employers varies from occupation to occupation, as well as from one basic skill to another.

They show that the level of basic skills sought generally increases with movement up the occupational spectrum. Clerical/Secretarial jobs and (to a lesser extent) Selling jobs have a higher than average requirement for all the basic skills and, conversely, the three manual categories tend to have below average requirements. Further, occupations which have high requirements for one basic skill, tend also to have high requirements in the others. The only exception to this is Personal Service jobs which have below average requirements for reading, writing and numeracy, but require high levels of oral communication skills.

Of course, the average skill level required for each job tells us nothing about the spread around that average, and so Table 2.2[5] shows the distribution of responses around it. It is immediately obvious that the levels of basic skills required vary greatly within, as well as between, occupational groups. In particular, the demand for the higher levels of each basic skill is widespread. Around two thirds of these jobs require reading and oral communication skills beyond the Foundation Level and, for writing, this is true for over half of them. It is among the Clerical/Secretarial and Selling jobs that the most widespread demand for advanced basic skills is found, with over two thirds of Clerical/Secretarial jobs requiring reading to Level 2 or 3 for example.

At the other end of the spectrum, only a small proportion of jobs do not need these basic skills at all and, even including those jobs which require only limited basic skills, the proportion falling below the Foundation Level is low for communication skills, although quite high for numeracy. The Other Manual and (to a lesser extent) Operative jobs show relatively low demand for numeracy, writing and reading skills and such jobs rarely require higher levels of attainment. However, their need for oral communications is more marked.

It is perhaps no great surprise that basic skill requirements vary so widely between different jobs. But what can explain the variation within each of these occupational groups? Why is it, for example, that one in ten skilled manual workers do not need numeracy skills at all, while 15 per cent of them need numeracy to Level 1 or 2 ? Leaving aside the variation which must result just from employers relying on 'guestimation', there are two explanations for this.

The first explanation is obvious. These six occupational categories are extremely wide, and they each contain very different jobs within them. We do not try to tackle this here, but in *'The Basic Skills Needed at Work: A Directory'* the six categories are broken down into 49 smaller, more precise, job definitions and here the requirements of specific jobs can be plotted more precisely. But to explain the example raised above, why is it that some skilled manual workers do not require numeracy skills? *'The Basic Skills Needed at Work: A Directory'* shows that some skilled trades have relatively low numeracy requirements (three quarters of jobs among the textile trades do not require numeracy to the Foundation Level and for food preparation and vehicle trades the proportions are 55 and 44 per cent respectively. By contrast, others have quite high needs for numeracy. For example, a quarter of jobs in the construction trades and in electrical/electronic trades require numeracy to Level 1 or 2. By breaking down the wide occupational groups used in this report into more precise

[5] In comparing the results from this 'national' report with those of individual TEC areas, readers should note that the first two columns of data in Table 2:2 shown here were combined. Here they are separated to allow us to distinguish between those cases where none of the component skills were required (first column), and those where so few of them were needed that the average level of need fell below Foundation Level (second column). To make a comparison between these results and those in the local reports, simply add the percentages in these two columns together.

Table 2·2: Distribution of Basic Skill Requirements

By Occupational Groups – England and Wales N = 24075

READING SKILLS	*No Need** %	*Partial Need** %	*Foundation* %	*Level 1* %	*Level 2* %	*Level 3* %
All Jobs	7	6	26	25	24	13
Clerical/Secretarial	1	0	5	26	44	25
Personal Service	9	7	31	24	18	11
Selling	5	5	21	28	26	15
Skilled/Craft Manual	7	5	26	27	23	13
Plant, Vehicle and Machine Operatives	9	9	47	24	9	2
Other Manual Jobs	23	13	41	17	5	1
WRITING SKILLS						
All Jobs	11	7	29	26	16	12
Clerical/Secretarial	1	1	8	29	34	28
Personal Service	11	8	26	30	13	12
Selling	7	8	29	26	17	12
Skilled/Craft Manual	13	7	37	26	12	5
Plant, Vehicle and Machine Operatives	13	12	47	23	4	1
Other Manual Jobs	29	15	38	14	3	1
NUMERACY SKILLS						
All Jobs	12	27	42	15	3	
Clerical/Secretarial	5	15	45	30	6	
Personal Service	19	30	39	11	1	
Selling	1	14	55	24	6	
Skilled/Craft Manual	10	27	47	12	3	
Plant, Vehicle and Machine Operatives	15	44	37	4	0	
Other Manual Jobs	33	36	26	4	1	
ORAL COMMUNICATION SKILLS						
All Jobs	5	4	24	31	31	5
Clerical/Secretarial	0	0	5	33	55	7
Personal Service	2	1	15	42	32	7
Selling	1	1	9	41	37	10
Skilled/Craft Manual	8	6	33	25	24	3
Plant, Vehicle and Machine Operatives	10	9	49	21	10	1
Other Manual Jobs	15	9	41	23	10	1

categories, we can see just how varied the demand for basic skills is, particularly from job to job.

The second explanation for this variety is that basic skill needs are not just derived from the job itself, but from the wider working environment (indeed Chapter 3 shows that this is precisely the case). As a result, occupational variation is not the only axis around which differences in basic skills requirements turn, variation between one type of workplace and another is also important and is considered below in section 2.4.

This concludes the discussion of the pattern of basic skill needs at the aggregated level of four basic skills; the following sections consider employers' requirements according to the 11 component skills, upon which the analytical framework is based.

2.3 Employers' Demand for Basic Skills – Analysis by Component Skills

This section of Chapter 2 considers the component skills which make up our four basic skills in turn. Each of the four basic skills is assessed in our simplified schema against a number of component skills. The Table which follows shows the proportion of employers requiring each component skill at each level of attainment. In the individual TEC reports, these data were presented separately by occupation. Table 2.3 just presents the summary data for all employees, the more detailed breakdown can be found in *'The Basic Skills Needed at Work: A Directory'*.

2.3.1 Reading Skills

We have collapsed the very subtle and complex categorisations of the ALBSU standards for reading into three component skills[6]. Table 2.4 shows how far each of them is required at each of the four levels. Each is discussed in turn.

- **Reading Skill 1:** *'Read and understand text in the form of letters, written instructions, manuals, notes, orders, etc.'*

The ability to read textual material is both the most widely required component skill and the one most likely to be sought at the higher levels. Only one in ten jobs (11 per cent) does not require it and nearly half require it at level 2 or 3. There is considerable variation between jobs, although we do not present it here for reasons of space. For example, half our Clerical/Secretarial jobs require this skill to Level 3, as do a third of our Selling jobs. By contrast, a quarter of our Other Manual Occupations do not require this skill at all. *'The Basic Skills Needed at Work: A Directory'* provides a full picture of variation by all 49 job categories.

[6] This simplification was considered necessary in order to get a sufficiently simple hierarchy of skills capable of being fitted into a questionnaire, and one which would not appear so formidable to potential respondents as to put them off taking part. We believe that it aligns with, and feeds back reasonably well, into the ALBSU standards, but shrinking 70 odd pages into two necessarily entails some shoe horning.

Table 2·3: **Basic Skill Requirements**

All Jobs: By Component Skills – England and Wales N = 24075

READING SKILLS	*Not Needed* %	*Foundation* %	*Level 1* %	*Level 2* %	*Level 3* %
Reading Textual Material	11	19	21	22	25
Reading Graphical Material	21	17	29	17	14
Using Reference Systems	36	10	10	25	16
WRITING SKILLS					
Write Accurately	24	32	22	8	13
Complete Forms Accurately	14	14	23	19	28
NUMERACY SKILLS					
Handle Financial Transactions	46	20	18	14	—
Keep Numerical Records	25	23	35	15	—
Make Schedules or Budgets	66	15	8	9	—
Calculate Lengths, Areas, etc	47	31	10	10	—
ORAL COMMUNICATION SKILLS					
Give Information to Others	8	21	13	50	7
Get Information from Others	10	26	26	26	10

- **Reading Skill 2:** *'Read and understand graphical material such as tables, signs, charts, labels, plans, maps, etc.'*

The ability to read graphical material is neither so widely sought, nor so often to the higher levels, but still only a fifth of jobs can be done without it and close to a third need it at Level 2 or above. There is rather less occupational variety in the need for this skill, although Skilled/Craft Manual jobs have a relatively high requirement for it.

- **Reading Skill 3:** *'Use reference systems such as filing systems, libraries, databases, etc.'*

The use of reference systems shows a bi-polar distribution; over a third of our jobs do not require this skill at all, but where it is needed, it tends to be needed at a higher level with four in ten jobs needing the skill at Level 2 or above. It is again among the Clerical/ Secretarial jobs that the need is highest, but some Selling jobs also need particularly high levels of this skill.

2.3.2 Writing Skills

In this case, the ALBSU standards for writing have been collapsed into two component skills. Table 2.4 shows how far each of them is required at each level. They are discussed in turn, as follows:

- **Writing Skill 1:** *'Write accurate letters, notes, reports or messages';*

Employers' needs for this skill are relatively modest. Nearly a quarter of our jobs can be done without this skill at all and a third only require it to the Foundation Level. Fewer than one in five of these jobs require this skill at Level 2 or 3. Once again, there is considerable occupational variation, for example, nearly two in three Clerical/Secretarial jobs need this skill at Level 2 or 3; again some Selling jobs make considerable demands on this ability.

- **Writing Skill 2:** *'Complete forms or other pre-formatted documents'.*

This component skill is both more widely needed and, to a higher level, with nearly half our jobs requiring it at Level 2 or 3. Only 14 per cent of jobs can be done without the skill altogether and only another 14 per cent require it at Foundation Level. There is considerable demand for this skill among the least-skilled manual and non-manual jobs. This suggests perhaps that even if staightforward writing skills (i.e. skill 1) are less often sought in such jobs, neverthless, there is still a need for accurate written communication in such jobs, through the use of forms, etc.

2.3.3 Numeracy Skills

For Numeracy, a four-skill simplification of the ALBSU standards is used. The four component skills are shown below. These numeracy skills are assessed on a three point scale.

- **Numeracy Skill 1:** *'Handle cash or other financial transactions accurately, using till, calculator or ready reckoner as necessary';*

Many jobs do not require this skill at all. Close on half of these jobs can be done without it. Where it is needed, relatively few jobs need it at the highest level. Even when the jobs are broken down into the finest categories, there are only a handful where this skill is much needed at Level 2, for example among sales reps, buyers, and some clerical and counter staff.

- **Numeracy Skill 2:** *'Keep records in numerical or graphical form';*

Record keeping skills are more widely sought (with three quarters of these jobs needing them); half our jobs require the skill above the Foundation Level. It is mainly among

Clerical/Secretarial and Selling jobs that this skill is needed at the highest level, although about a fifth of electrical/electronic craft jobs need this skill to Level 2, as do a similar proportion of travel-related personal service jobs.

- **Numeracy Skill 3:** *'Make and monitor schedules or budgets in order to plan the use of time or money';*

Here again a high proportion (two in three) of our jobs simply do not need this skill. Among some Selling jobs (buyers, merchandisers, sales representatives) and Clerical/ Secretarial jobs (financial clerks) there is considerable demand for this skill at higher levels, but elsewhere it is only rarely sought at these levels.

- **Numeracy Skill 4:** *Calculate lengths, areas, weights or volumes accurately using appropriate tools, e.g. rulers, calculators etc';*

The same pattern repeats itself here, though not so markedly. About half our jobs do not need the skill and, of those that do, three in five only need it to the Foundation Level.

It is apparent that there is rather more variation in the pattern of demand between these four component skills than is the case for reading and writing and, this in part, explains the lower average requirement for numeracy seen in Chart 2.3. However, this is not a sufficient explanation and, it is also likely, there will be considerable occupational variation (for example in the need to handle cash), which are explored in *'The Basic Skills Needed at Work: A Directory'*.

2.3.4 Oral Communication Skills

In this case, the ALBSU standards for oral communications are collapsed into two component skills, as follows:

- **Oral Communication Skill 1:** *'Giving information to other people on the telephone or face to face';*

Few jobs (only 8 per cent of our sample, mainly less skilled manual jobs) can be done without this skill. Furthermore, it is sought to a high level, with nearly 60 per cent requiring it to Level 2 or 3. Much of the demand for this skill is centred on Level 2, with relatively few jobs requiring it at Level 3. For example, two in three Selling jobs require it at Level 2, compared with around 15 per cent for Level 3.

- **Oral Communication Skill 2:** *Getting information from other people on the telephone or face to face';*

Here again, only one in ten of these jobs can be done without this skill, but again the highest level is less often needed. About one in five Clerical/Secretarial jobs require this skill at Level 3.

At this level of detail, much of the variation observed can be explained only by taking account of inter-occupational variation in the skills sought by employers, as the examples cited suggest. The Tables in *'The Basic Skills Needed at Work: A Directory'* show that this is substantial and it is probably worth reiterating that only jobs below the professional and technical level are covered. Nevertheless, the summary Table shown here gives an overview of the relative importance of these skills to employers and thus to a large part of the labour market as a whole.

2.4 Variation between Employers in Basic Skills Needs

In the individual TEC reports we produced an initial analysis of this variation. We considered how their needs varied according to their size (measured by the number of employees), the activity in which they are engaged (measured simply by their production or service sector designation), their ownership (whether private or public sector), their recent experience of labour shortage and the characteristics of their location (whether city centre, suburban, rural, etc). However, in view of the relatively small sample size in each TEC region, we were unable to say how far such variations were the result of genuine differences between these different kinds of establishment, or whether they were simply a reflection of the strong differences between occupations, which were themselves differently represented among different kinds of establishments. The size of the England and Wales database however, allows these distinctions to be drawn out with confidence, and, in addition, we are able to add 'region' as a further variable.

The results are shown in Tables 2.4 and 2.5. However, before going on to consider them we should explain the analytical procedure adopted, as it is far from straightforward. The approach used is logistical regression (LOGIT)[7]. This procedure allows us to establish a reference firm with certain characteristics, or independent variables, and then observe the separate effect on the requirement for basic skills (the dependent variable) of changing each of these characteristics in turn (for example, moving our firm from a rural to an urban labour market, or increasing its size) but holding all the others constant.

In Tables 2.4 and 2.5, the independent variables are

1.	*Occupation*	(using our six occupational groups);
2.	*Size*	(using our six employment size categories);
3.	*Industry*	(using the ten Standard Industrial Classification categories);

[7] Our preference for LOGIT above more straightforward regression is due to the nature of the scales used to a assess basic skills; multiple regression requires an even scale, comprised of regular units, and this is not necessarily the case with attainment scales such as the ones in question here.

4.	*Sector*	(distinguishing between public and privately owned establishments);
5.	*Labour Shortage*	(using a three fold distinction of their experience of labour shortages during the past three years);
6.	*Labour Market Character*	(using a five fold, urban/rural distinction);
7.	*Region*	(using the ten standard planning regions of England and Wales); and,
8.	*Part Time Working*	(using four quartiles of the percentage of part time working among employees in the job and establishment in question).

LOGIT results are not sensitive to the choice of reference firm, but for ease of presentation it is usual to define one so that it is towards one end of the distribution of each characteristic. Our reference firm is taken as an employer of unskilled manual labour, with few part timers in that job, fewer than 20 employees, in construction, privately owned, experiencing no shortages, located in a rural location, in the Northern Region. For such a firm, the coefficients for each of its characteristics are set to 1.0. As each of these characteristics changes in turn, its separate effect on the dependant variable (the requirement for basic skills) is shown by the value of the resulting coefficient relative to 1.0. Thus, for example, a size coefficient greater than 1.0 shows that, irrespective of any other factor, increasing the size of the firm will increase the requirement for basic skills. Conversely, a coefficient of less than 1.0, shows that requirement would fall as the size of the firm increased . . . with every other characteristic held constant.

Tables 2.4 and 2.5 look respectively at whether basic skills are required or not, and whether they are required to the Foundation Level or to higher levels. Each table looks separately at the four basic skills and the statistically significant results are marked '*' thus.

Occupation

The tables confirm the dominance of occupation as by far the main influence on the need for basic skills; not only is every variance from the reference occupation statistically significant, but also the coefficients tend to be much higher than those for any other variable. Furthermore, the requirement for basic skills generally increases as with movement up the occupational hierarchy, until it expands quite markedly for Clerical/ Secretarial jobs. There is also a strong emphasis on oral communications and numeracy for Selling jobs.

Table 2·4: LOGIT Analysis: Skills Needed to at Least Foundation Level vs Skill Needed to Below Foundation

	READING		WRITING		NUMERACY		ORAL COMMS	
Variable	Coefficient	Significance	Coefficient	Significance	Coefficient	Significance	Coefficient	Significance
Occupation:								
(other manual jobs)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
clerical/secretarial jobs	36.12	0.00*	29.47	0.00*	8.37	0.00*	34.19	0.00*
personal service jobs	2.81	0.00*	3.07	0.00*	2.59	0.00*	7.01	0.00*
selling jobs	6.38	0.00*	5.66	0.00*	11.76	0.00*	13.73	0.00*
skilled/craft manual jobs	4.15	0.00*	3.07	0.00*	2.97	0.00*	2.42	0.00*
plant/machine operatives	2.36	0.00*	2.24	0.00*	1.37	0.00*	1.66	0.00*
Size: (0-19 employees)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
20-49 employees	1.24	0.00*	1.19	0.00*	0.84	0.00*	1.05	0.47
50-99 employees	1.32	0.00*	1.32	0.00*	0.77	0.00*	1.07	0.27
100-199 employees	1.44	0.00*	1.36	0.00*	0.77	0.00*	1.23	0.02*
over 200 employees	2.42	0.00*	1.80	0.00*	0.97	0.57	2.16	0.00*
Industry: (construction)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
agriculture	0.75	0.16	0.92	0.63	1.07	0.66	0.81	0.29
energy & water supply	0.75	0.26	1.17	0.48	0.98	0.92	0.84	0.49
extraction, metal manuf, etc	0.67	0.02*	0.89	0.40	0.99	0.96	0.78	0.11
metal goods, engineering	0.97	0.85	1.00	1.00	1.12	0.21	0.75	0.02*
other manufacturing	0.41	0.00*	0.58	0.00*	0.65	0.00*	0.53	0.00*
distribution, hotels, etc	0 77	0.06	1.02	0.87	0.91	0.25	1.35	0.02*
transport & communication	1.88	0.00*	2.25	0.00*	0.75	0.01*	1.49	0.01*
banking, finance etc	2.24	0.00*	3.31	0.00*	0.96	0.69	2.13	0.00*
other services	1.30	0.06	1.95	0.00*	0.70	0.00*	1.50	0.00*
Sector: (private sector)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
public sector	1.23	0.00*	1.26	0.00*	1.28	0.00*	1.28	0.00*
Labour Shortage:								
(no shortages)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
occasional shortages	1.24	0.00*	1.25	0.00*	1.12	0.00*	1.21	0.00*
serious shortages	1.24	0.01*	1.34	0.00*	1.36	0.00*	1.14	0.13
Labour Mkt: (rural/village)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
large city centre	1.12	0.27	1.04	0.65	1.22	0.00*	1.20	0.15
large city suburb	1.22	0.01*	1.14	0.07	1.17	0.01*	1.10	0.31
large/medium town	1.21	0.00*	1.19	0.00*	1.14	0.01*	1.16	0.06
small town	1.12	0.09	1.07	0.31	1.09	0.09	1.12	0.15
Region: (North)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
North West	0.95	0.58	1.04	0.63	0.83	0.00*	1.05	0.63
Yorkshire & Humberside	1.03	0.73	1.04	0.64	0.84	0.01*	1.04	0.71
East Midlands	1.09	0.39	1.03	0.76	0.78	0.00*	0.93	0.51
West Midlands	1.01	0.95	0.91	0.28	0.90	0.15	1.03	0.77
East Anglia	1.12	0.35	0.99	0.94	0.89	0.14	1.13	0.35
Greater London	0.98	0.86	0.99	0.88	0.77	0.00*	1.06	0.66
South East	1.25	0.03*	1.31	0.00*	0.93	0.28	1.37	0.01*
South West	1.10	0.38	1.14	0.18	0.90	0.16	1.26	0.06
Wales	0.87	0.18	0.88	0.17	0.83	0.02*	0.97	0.76
Prime-time Ratio: (0%-25%)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
25%-50%	0.73	0.00*	0.74	0.00*	0.84	0.00*	0.99	0.96
50%-75%	0.69	0.00*	0.68	0.00*	0.75	0.00*	1.25	0.10
75%-100%	0.40	0.00*	0.36	0.00*	0.54	0.00*	0.61	0.00*
	N = 21,876		N = 21,877		N = 21,856		N = 21,857	

**indicates statistical significance at conventional levels*

Table 2.5: LOGIT Analysis: Skill Needed to Beyond Foundation Level vs Skill Needed to Foundation Level

	READING		WRITING		NUMERACY		ORAL COMMS	
Variable	Coefficient	Significance	Coefficient	Significance	Coefficient	Significance	Coefficient	Significance
Occupation:								
(other manual jobs)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
clerical/secretarial jobs	23.68	0.00*	15.94	0.00*	3.48	0.00*	16.99	0.00*
personal service jobs	2.67	0.00*	3.49	0.00*	1.77	0.00*	4.42	0.00*
selling jobs	7.16	0.00*	5.47	0.00*	3.48	0.00*	10.38	0.00*
skilled/craft manual jobs	4.65	0.00*	2.79	0.00*	1.43	0.00*	2.36	0.00*
plant/machine operatives	1.38	0.00*	1.44	0.00*	0.55	0.00*	1.05	0.49
Size: (0-19 employees)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
20-49 employees	0.92	0.07	1.00	0.99	0.92	0.12	0.85	0.00*
50-99 employees	0.82	0.00*	0.86	0.01*	0.85	0.01*	0.71	0.00*
100-199 employees	0.82	0.00*	0.81	0.00*	0.84	0.02*	0.71	0.00*
over 200 employees	1.05	0.47	0.85	0.02*	0.73	0.00*	0.83	0.01*
Industry: (construction)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
agriculture etc	1.07	0.73	0.88	0.49	0.92	0.70	0.71	0.05*
energy & water supply	1.77	0.01*	1.77	0.01*	0.97	0.91	0.96	0.85
extraction, metal manuf, etc	1.17	0.23	0.75	0.04*	0.74	0.09	0.63	0.00*
metal goods, engineering	1.25	0.02*	0.73	0.00*	0.85	0.15	0.71	0.00*
other manufacturing	0.77	0.01*	0.58	0.00*	0.77	0.02*	0.54	0.00*
distribution, hotels, etc	1.17	0.10	0.94	0.51	0.74	0.00*	1.33	0.00*
transport & communication	1.19	0.13	1.77	0.00*	0.99	0.94	1.58	0.00*
banking, finance etc	2.37	0.00*	2.59	0.00*	1.26	0.03*	2.00	0.00*
other services	1.93	0.00*	2.14	0.00*	0.89	0.27	1.61	0.00*
Sector: (private sector)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
public sector	1.30	0.00*	1.23	0.00*	1.08	0.15	1.53	0.00*
Labour Shortage:								
(no shortages)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
occasional shortages	1.03	0.42	1.03	0.49	1.03	0.60	1.19	0.00*
serious shortages	1.13	0.06	1.09	0.17	1.17	0.03*	1.26	0.00*
Labour Mkt: (rural/village)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
large city centre	1.17	0.06	1084	0.38	1.03	0.73	1.22	0.03*
large city suburb	1.13	0.07	1.06	0.41	1.17	0.05	1.00	0.99
large/medium town	1.19	0.00*	1.02	0.72	1.03	0.70	1.09	0.14
small town	1.15	0.02*	0.99	0.91	1.06	0.47	0.95	0.45
Region: (North)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
North West	1.00	0.98	0.83	0.02*	1 02	0.82	0.92	0.29
Yorkshire & Humberside	1.01	0.88	0.83	0.04*	0.96	0.68	0.86	0.10
East Midlands	1.01	0.87	0.81	0.01*	0.95	0.59	0.87	0.11
West Midlands	0.85	0.05*	0.82	0.02*	1.07	0.46	0.87	0.12
East Anglia	1.11	0.27	0.89	0.22	0.98	0.82	1.00	0.97
Greater London	0.89	0.17	0.83	0.04*	0.84	0.06	0.97	0.79
South East	1.18	0.04*	0.93	0.34	0.91	0.29	1.04	0.62
South West	1.06	0.51	0.85	0.07	0.91	0.31	0.93	0.43
Wales	0.96	0.67	0.97	0.75	1.06	0.54	0.91	0.33
Prime-time Ratio: (0%-25%)	(1.00)	–	(1.00)	–	(1.00)	–	(1.00)	–
25%-50%	0.70	0.00*	0.76	0.00*	0.74	0.00*	1.08	0.29
50%-75%	0.62	0.00*	0.60	0.00*	0.59	0.00*	1.00	0.96
75%-100%	0.41	0.00*	0.44	0.00*	0.38	0.00*	0.71	0.00*
	N = 19,051		N = 17,965		N = 13,326		N = 19,759	

**indicates statistical significance at conventional levels*

Establishment Size

The tables also show that, irrespective of occupation, larger establishments are more likely than small ones to require a minimum level of basic skills competence, which probably reflects the growing sophistication and formality of selection criteria and methods within firms as their size increases. However, Table 2.5 also shows that where they do need basic skills, small businesses generally require them to a higher level than do larger ones. This is particularly so for oral communications and it seems likely to be a result of the less marked division of labour in smaller establishments, such that, employees may be required to undertake a wider range of jobs within the workplace and may expect to be in closer contact with customers.

Industry

Service sector industries are generally more likely than manufacturing industries to require a minimum level of basic skills. In addition, service sector establishments, particularly those in financial services, require basic skills to a higher level than do those in manufacturing, and this is most marked for oral communications. Within manufacturing, 'other manufacturing' firms tend to have the lowest requirements.

Sector

Public sector establishments are more likely to require all four basic skills than are those in private ownership and, furthermore, they require the three communication skills to a higher level. This effect cannot be explained by the generally larger establishment size in public sector organisations, since the LOGIT analysis holds this constant. Rather it would seem that public sector employers generally seek higher reading, writing and oral communication skills than do private sector employers for given jobs.

Labour Market Position

Establishments with recent experience of labour shortage are more likely to need basic skills and to a higher level than those without. As firms are unlikely to raise their hiring standards in the face of shortages, this suggests that their higher basic skill requirements are actually contributing to their experience of labour shortage. However, the change in the coefficients here is relatively modest and should perhaps not be made too much of without further research. Another explanation may be that some establishments have generally higher selection standards than others and so tend to demonstrate both a higher than average demand for basic skills and a higher than average likelihood of suffering shortages in the labour market.

Location

Basic skill requirements generally rise as with a move from country to town. However, the degree of movement is relatively small and the statistical significance of the results is patchy.

Region

There is virtually no regional effect on the need for basic skills, except that employers in the South East are more likely to require basic skills than they are in any other region. This may be a reflection of the greater concentration of head office establishments in the South East, or of the structure of the service sector in the South East. The lack of any more general regional variations is not to deny that there are regional differences in the pattern of demand for basic skills, rather, it is to show that in so far as there are such variations between regions, they are mainly derived from other factors (notably their different occupational and industrial structures) rather than directly from their relative geography or culture.

Part Time Working

Finally, as the proportion of part time working rises in any job, so it becomes less likely that basic skills will be needed at all and, if they are needed, less likely that they will be needed to one of the higher levels. This probably reflects the concentration of part time working in posts with fewer supervisory requirements and generally lower levels of responsibility and accountability, it suggests that employers will generally have lower hiring standards for part time posts than for full time ones, all other things being equal.

In conclusion, although occupation is the main determinant of basic skill requirements, the working environment also has a distinct and independent effect. In particular, the size, industry and ownership of the workplace considerably modify the pattern of demand established by direct occupational requirements. Although we have suggested some possible causes of such variation, we cannot reliably explain them without further research.

2.5 Language Skills

The ALBSU Communication Skill Standards are concerned to establish levels of competence to read, write, talk and understand English. Of course, some people may have superb communications skills, but in another language. This can lead to a problem where employees, or at least some of them, do not share a common language with their employer. Alternatively they may not share a language with with customers, or indeed with other people with whom their employer may require them to communicate. It is, of course, quite possible that employer, employee, customers, etc, all share a language other than English, in which case, there may be no communication problem at all.

In order to tackle this problem we moved away from using the ALBSU standards, because these are not designed to recognise such language incompatibilities. Instead, we simply asked respondents to say whether English was the main business language used at their establishment, how far their employees had English as their main language and the extent to which employers were satisfied with the language skills of their employees. We do not

put this forward as an exhaustive analysis of the nature of possible language problems, rather, the results are meant to be indicative of the scale on which such problems might exist in England and Wales.

The results are summarised in Table 2.6. Readers should note that, in a table where the distinctions are as stark as those shown here, the rounding of percentages may hide a number of respondents. Bearing this in mind, the results show that, in England and Wales as a whole, there appears to be considerable potential for language problems. English is the main business language in 99 per cent of participating establishments, but is the first language of all employees in only 82 per cent of them.

However, this potential may not give rise to very widespread or serious communication problems; in most cases, it is only a minority of employees for whom English is not the first language, and so it seems reasonable to assume that the intensity of communication problems is moderated. Nevertheless, there are a small proportion (2 per cent) for whom a majority of employees do not have English as their first language.

The seriousness of this problem in practice is assessed in the final column of the table. This shows the percentage of employers for whom language skills were described as 'only just

Table 2·6: **English as the Business Language and Employees' First Language**

All Employees: By Region – England & Wales N = 24075

	Is English the main language?				% of Employers for whom language skills problematic
	Used for Business	Used by Employees as their first language			
	YES	YES All of them	YES Most of them	NO	
	%	%	%	%	%
England & Wales	99	82	15	2	12
North	100	96	3	0	11
North West	99	89	10	1	12
Yorks & Humb.	99	84	15	1	14
East Midlands	99	87	12	1	12
West Midlands	99	82	16	1	13
East Anglia	100	90	9	0	13
Greater London	100	62	32	6	13
South East	100	79	20	1	11
South West	100	89	11	0	11
Wales	94	71	20	8	15

adequate' 'fairly inadequate' or 'completely inadequate'. More than one in ten establishments (12 per cent) think that the language skills amongst employees are problematic in this way.

There are some regional differences in both the nature and the importance of this issue, in particular, Wales shows by far the highest proportion of establishments not using English as the main business language. In North and West Wales particularly, about one in ten of our sample do not conduct their business mainly in English, although in the south, the pattern is more in line with English regions. However, in these (presumably Welsh-speaking) establishments, a very high proportion (85 per cent) report that English is not the employees' first language either. It is in the Principality that the highest level of dissatisfaction with employees' language skills is found. This is particularly true in the North and West where 16 per cent of establishments using English as their main business language report that employees' language skills are only just adequate or worse.

London, and to a lesser extent in the South East, have the greatest potential mismatch between high levels of English used in business and relatively high incidence of employees who do not have it as the main language. Two thirds of establishments in Greater London have at least some employees for whom English is not their first language and, in a further six per cent, this accounts for most employees.

Despite the quite marked regional differences in the incidence of employees who do not have English as their first language, it is surprising that the proportion of establishments reporting dissatisfaction with employees' language skills is relatively stable, not varying from the average by more than two or three percentage points in any region.

2.6 Summary

This concludes our discussion on the requirements for basic skills at work. It is worth emphasising that this research is only based on employers' perceptions of those needs, rather than a work-study based audit. In our view, since employers use their beliefs as the basis for their recruitment, selection and utilisation decisions, these beliefs are the operative standard in the labour market, whatever may be the 'real' standards required by the jobs. They are therefore the ones with which the labour market analyst should be concerned.

We have established the levels of reading, writing, numeracy and oral communication skills required for a broad range of jobs using an objective scale of performance; ALBSU's Communication Skills and Numeracy Standards.

The research shows that relatively few jobs can be done without competence in the basic skills, particularly in reading and oral communication skills. Furthermore, our results

show that there is considerable demand among employers for higher level basic skills in jobs which are far from the top of the labour market. Behind relatively high average requirements there is substantial variation, both between and within these broad occupational groups, in the levels of skill sought and in the precise mix if skills needed by particular jobs.

Although occupation is clearly the main influence on employers' basic skill requirements, establishment size, industry and ownership, all exert an independent effect on basic skill needs. By contrast, the regional location of the establishment generally has little effect on the level of skills required. So, although there are regional differences in employers' basic skill requirements, these are almost wholly derived from the occupational and industrial structure of the area in question (and were detailed at length in the separate TEC reports).

It is clear that the immediate working environment plays an important role in determining the level and composition of jobs' basic skill demands and this is the subject of the next Chapter.

CHAPTER 3

The Sources of Basic Skill Requirements

In the previous Chapter we have been looking at the extent to which basic skills are needed. Here we change tack somewhat to ask why they are needed. Chapter 3 shows what basic skills are needed for at work and suggests how the overall pattern of demand for basic skills is made up.

3.1 What are Basic Skills Needed For?

The need for basic skills derives from several different aspects of a job or workplace. Taking previous research[8] into account, we have sought employers' views about the importance of basic skills in undertaking seven activities at work. These activities can best be thought of as sources of the need for basic skills and they fall into three main groups:

JOB-RELATED FACTORS: are the sort of factors which we would expect to be most strongly influenced by the kind of job in question. They are made up of three categories with which we will be concerned in this Chapter. They are:

- learning to do the job's main tasks;
- actually doing the job's main tasks; and
- undertaking the more responsible aspects of the job, and/or being eligible for promotion to the next grade or level.

WORKPLACE-RELATED FACTORS: the need for basic skills will derive simply from the needs of the workplace, irrespective of any particular job held in it. This second group focuses on these more general sources, as follows:

- understanding and complying with general workplace procedures;
- health and safety considerations.

COMMUNICATION FACTORS: employees' interactions at work are a third source of requirement for basic skills as follows:

- communicating with colleagues, supervisors or managers;
- communicating with customers.

[8] Atkinson and Papworth, (1991) Op. Cit.

Our respondents were asked how important each basic skill was for each of these seven activities and were asked to record them on a five point scale ranging from being 'of no importance' to 'essential'. It is possible, of course, that one or more of the seven activities is not actually relevant to the job in question; not all jobs require communication with customers, for example. Respondents were also given the opportunity to answer 'not relevant for these jobs' in such cases. The results of their weightings can then be used to see which factors are most important as a source for basic skill demands and how these factors vary by occupational group.

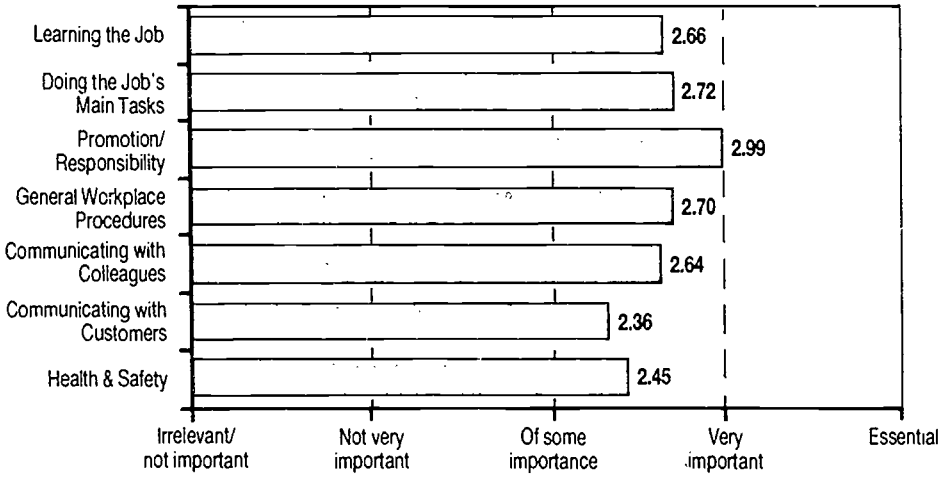
3.2 Sources of Demand for Basic Skills

In the individual TEC reports, we considered each of the four basic skills separately. However, in general there were only small differences between them, so we will focus here on basic skills as a whole. The four skills are considered separately in detail in *'The Basic Skills Needed at Work: A Directory'*.

The results are presented in a very simple way. If we view the weightings given to each category as a score, then we can see how important each of the seven aspects of the job we have described is in giving rise to a need for basic skills. We have used a score of 0 for 'of no importance', ranging up to 4 for 'essential'. These averages are shown in Chart 3.1.

The chart shows that the demand for basic skills arises from a wide range of factors at the workplace. All seven of the sources which we identify above are regarded as being of some importance in determining basic skill needs.

3.1: **Sources of All Basic Skills – England & Wales**



The most important source of demand for basic skills clearly derives from the need to undertake the more responsible aspects of the job, and/or to qualify for promotion. This is the only one of the seven sources to be rated 'very important'. It suggests that although a certain level of basic skills may be sufficient to get hired and, to undertake the main tasks of the job, a higher level may be needed to progress at the workplace and to make the fullest contribution there. Allied to this, the need to learn and to undertake the job's main tasks are also ranked relatively highly by employers and this confirms the strong influence of job content noted in Chapter 2.

While job-related factors are not the only ones involved here, they are nevertheless the most important ones; workplace-related factors are also relatively important, particularly the need to understand and comply with general workplace procedures. This probably reflects the importance placed by employers on personnel handbooks and working instructions as a quick and simple means of keeping employees informed about workplace requirements and standards. On average, health and safety considerations are somewhat less important and this undoubtedly reflects variety in the nature of different workplaces.

There is some variety within the communication-related factors. Generally the importance of basic skills in communicating with customers is relatively low, but this is mainly because many jobs do not have this requirement at all, or only in a vestigial way. The requirement for good communication skills in order to work with colleagues is, however, given greater importance and again serves to underline the importance of interactions in workplace going beyond the immediate needs of the job, as sources of the need for basic skills.

Of course, the crude averages shown in these charts may help us to distinguish more important from less important sources of demand for basic skills, but in reality there is considerable variation around these averages. The most important pole around which they vary is the job in question and we go on to consider how important each category of source is, by occupational group.

3.3 Occupational Variation in Sources of Need for Basic Skills

Table 3.1 presents the average score for each of the seven categories of source of basic skill requirement, but now broken down by our six job categories. It shows how the importance of basic skills varies from job to job, and in what way. The scale is shown again at the bottom of the Table.

We have already seen, in Chapter 3 that occupation is the main determinant of basic skill requirements, so we might expect considerable variation in the importance of basic skills for job-related needs. But from the table we can see that, in every job, employers place the most emphasis on basic skills for undertaking its most responsible aspects and/or for securing promotion. Clearly, some of these jobs have fairly restricted promotion prospects,

Table 3·1: **Sources of Requirement for Basic Skills**

By Occupational Groups – England & Wales N = 24075

ALL BASIC SKILLS Mean Score	Learning the Job	Main Tasks	Promotion	Workplace Procedures	Comm. Colleagues	Comm. Customers	Health & Safety
All Jobs	2.66	2.72	2.99	2.70	2.63	2.35	2.45
Clerical/Secretarial	3.18	3.36	3.35	3.04	3.12	3.22	2.41
Personal Service	2.58	2.58	2.83	2.69	2.59	2.62	2.65
Selling	3.06	3.17	3.32	2.96	2.90	3.24	2.49
Skilled/Craft Manual	2.58	2.55	2.93	2.61	2.54	1.89	2.51
Plant, Vehicle and Machine Operatives	2.26	2.33	2.76	2.44	2.25	1.28	2.30
Other Manual Jobs	1.19	1.92	2.48	2.17	2.04	1.51	2.21

KEY	SCORE	KEY	SCORE
Skill Not Relevant or Not Important	0	Skill Very Important	3
Skill Not Very Important	1	Skill Essential	4
Skill of Some Importance	2		

but a good grasp of basic skills appears to be an essential precondition for taking advantage of them.

In contrast to this common experience between very different occupations, there is considerable occupational variation in the importance attached to the other two job-related sources of basic skill. For example, among operatives and other manual occupations, employers place relatively little importance on basic skills for learning and doing the jobs' main tasks, whereas they are regarded as crucial for clerical/secretarial jobs. We can conclude that whatever the job, and however varied its need for basic skills might be, getting on in it seems to make the most demands on individuals' basic skill portfolios.

As with promotion, there is also considerable stability in the need for basic skills to understand and comply with workplace procedures. We can observe a high level of importance attached to basic skills across all occupations (except perhaps for other manual jobs) for understanding and complying these workplace procedures. The same is true for health and safety considerations, where we observe relatively little variation about the average.

Finally, looking at communication skills, we know that different jobs make vastly different demands on employees in this respect, both with whom they are expected to

communicate and the way in which these communications are carried out. So it is hardly surprising there is considerable occupational variation in the need for basic skills to communicate with colleagues and even more in the need to communicate with customers. As we will show in the next Chapter, employers are placing increasing emphasis on proficiency in oral communications, and it may be that this will reduce some of the occupational variation observed here in due course. Whatever, we can see that for some jobs, in selling and personal service occupations, the need to communicate (particularly with customers) is one of the main sources of demand for basic skills.

Clearly, such complex occupational variations are difficult to summarise, turning as they do on the wide variation in the content of different jobs and the different weights placed by employers on them. The data are examined more fully in *'The Basic Skills Needed at Work: A Directory'*, where our six-fold job category is expanded to look at 49.

3.4 Variation by Employer

We have observed that occupation plays an important role in determining why basic skills are needed at work, but we also have seen that some requirements for basic skills are of importance in every occupation. In particular, we have observed how important workplace-related factors are in giving rise to this demand. So, in this section, we go on to consider the independent effects of different types of workplace, using LOGIT analysis, exactly as in Chapter 2, and using the same conventions. The details of this analysis are presented in *'The Basic Skills Needed at Work: A Directory'* (Table 3.2), and we simply summarise them here.

As with our earlier analysis on the need for basic skills, the LOGIT analysis of the sources of this needs shows that occupation is the dominant influence on what basic skills are needed for. But it also shows that establishment size is important. The larger the establishment the more likely is it that promotion will be cited as an important source of basic skill needs and the less likely that they will be needed for customer communication, irrespective of occupation.

Similarly, industrial sector also influences the sources of basic skill needs. As we might expect, the need for basic skills for health and safety considerations is most important in construction and to a lesser extent in the other production sector industries. By contrast, but equally explicable, customer communications is a more important source of basic skill needs in the service industries than it is in production. Even more marked, but less obviously explicable, is the finding that in public sector establishments all of our sources of basic skill needs are regarded as more important than they are among privately-owned establishments.

As we observed in Chapter 2, the strong influence of these non-occupational factors dies away as we move beyond the factory gates. The urban/rural nature of the labour market has some influence, with most factors being cited more frequently as important as we move from country to town. Regional location has no consistent influence on these sources of basic skill needs.

3.5 Summary

This concludes our discussion on the sources of demand for basic skills at work. Both occupational and establishment influences on the sources of basic skill needs are discussed at greater length in *'The Basic Skills Needed at Work: A Directory'*. But here, we have shown that the pattern of demand for basic skills is clearly a composite one, in which all the seven factors we have considered have some importance, varying in their contribution from job to job and skill to skill.

In particular, we have shown that the need to undertake the more responsible aspects of the job, and/or to qualify for promotion is everywhere the most important source of demand for basic skills. Learning and doing the job's main tasks are also ranked relatively highly by employers, but with marked occupational variation. Finally, the emphasis placed on communication skills tends also to vary by occupation, whereas other sources, such as understanding workplace procedures, are more universal.

CHAPTER 4

Recent Changes in the Demand for Basic Skills at the Workplace

There is little consensus about how the need for skills will change in the future. Three broad schools of thought can be found. The 'de-skillers' maintain that jobs are becoming simpler as technology increasingly embodies the skills and discretion that were previousiy enshrined in people[9]. A second school, 'the re-skillers', argues that the increased adoption of IT-based work technologies makes even greater demands on the skill and understanding of the workforce, shifting their role from one of undertaking physical tasks to one of exercising judgement and control through a more profound understanding of the work being undertaken[10]. Yet a third position[11], currently the front runner in academic fashion, takes elements of both and blends them into a 'skill polarisation' argument, under which some jobs are being de-skilled, while others are becoming re-skilled.

With such little agreement about even the direction of any change in the importance of advanced skills, it is no surprise that the future demand for basic skills is uncertain. It could be argued that if the workforce is generally shifting to a higher level of skill (i.e. from physical/manipulative skills to cognitive and decision-making ones) then the need for a solid basic skill foundation on which to build such advanced skills is greater. But it can equally well be argued that the technology now widely in use (such as the modern supermarket scanner-based, credit card-reading till) removes or reduces the need for many basic skills (reading and arithmetic in this case).

It was in order to shed some light on this question that we sought information from our respondents on the ways in which their demand for basic skills was changing. Rather than asking employers how they thought their demand would change in the future, we thought it more appropriate to ask them how it had changed in the recent past. This has the advantage that it does not rely on their expectation of an unknown future, but it also requires the assumption that the direction of change will be the same in the future as it has been in the past. On balance we believe that this is a safer basis for predicting the future than one simply based on employers' expectations.

[9] Classically represented in Braverman (1974) 'Labour and Monopoly Capitalism' Monthly Review Press, New York.

[10] See for example, Sabel and Piore (1984) 'The New Industrial Divide', Basic Books, New York.

[11] See for example Gallie (1991) 'Patterns of Skill Change', in Work Employment and Society, Vol 5 No.3.

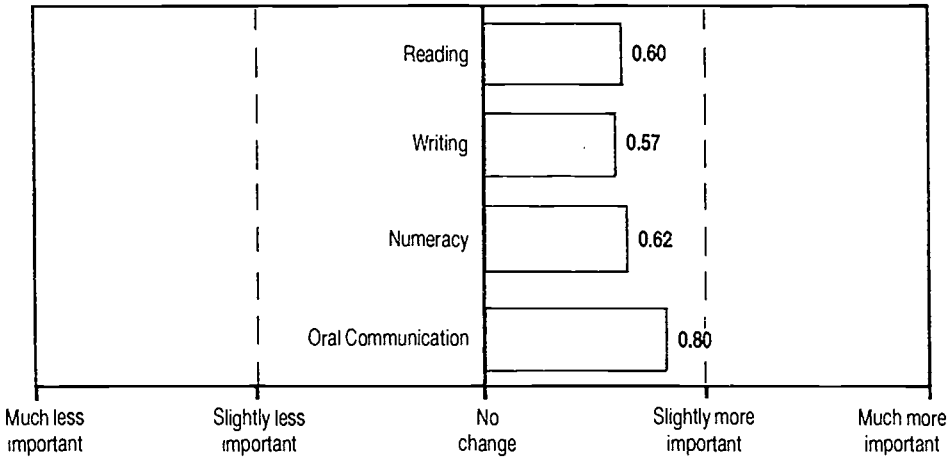
4.1 Changes in the Demand for Basic Skills

We asked employers whether the importance of each of our four basic skills had changed over the last five years and asked them to rank the change on a five point scale ranging from *'Much More Important'* to *'Much Less Important'*.

In presenting the results, we have again used a simple scoring system, based on that five point scale and ranging from plus two for *'Much More Important'* to minus two for *'Much Less Important'*. A response of *'No Change'* scores zero. If we then calculate the mean score for the sample, we can see the net direction and extent of any change across the labour market as a whole.

This is presented for each of the four basic skills in Chart 4.1. It shows that employer demand for basic skills at work has undoubtedly been rising. On balance, across the whole sample, the demand for all four basic skills has become more important. Within this, oral communication skills show the greatest increase in demand followed by numeracy and reading.

Chart 4.1: **Direction and Extent of Change in Demand – England & Wales**



4.2 Occupational Variation in Changes in Demand

Chart 4.1 then gives us some idea of the general pace and direction of change, but in reality this average picture may cover a wide variety of experience. As in the previous chapters, this average can be broken down by looking at the proportions of employers who fall into each of the categories of change on our scale.

Table 4·1: **Recent Changes in Basic Skills Requirements**

All Occupations – England & Wales N = 24075

RECENT CHANGE IN NEED FOR BASIC SKILLS	Much More Important %	Slightly More Important %	No Change %	Less Important %
All Jobs	12	34	53	1
Reading	16	29	52	1
Writing	15	29	53	1
Numeracy	17	29	50	2
Oral Communications	27	27	44	1

Table 4.1 shows the distribution of change in basic skill requirement for each skill. It shows that there is absolutely no evidence of any marked reduction in employers' demand for basic skills. Only one in a hundred establishments reports any reduction at all in the importance of basic skills. At the same time, about half the sample report no change in the importance of basic skills for their jobs.

The emerging picture is one in which employers have either a stable or an increasing demand for basic skills. Although one end of the spectrum is empty (there are almost no employers for whom basic skills are becoming less important), the other end is well represented. A substantial minority of establishments (about 12 per cent) for whom basic skills have become *much more important* during the past five years.

Demand for oral communication skills has risen wider and faster than the others. It shows both the smallest proportion of establishments with no change and by far the highest (over a quarter) reporting that this skill has become much more important.

4.3 Occupational and Employer Variation

Occupational and employer variation, as well as variation between the four basic skills, are considered in detail in *'The Basic Skills Needed at Work: A Directory'*. But with such an obvious contrast between those citing an increase in the importance of basic skills, and those not recognising any change in the past five years, it is useful briefly to consider this divergence here.

This is done in Table 4.2, using a LOGIT analysis, as in the two previous Chapters, contrasting those noting any increase in demand, with those noting none or a decline. The reference category is defined as before, but in addition we have brought in an additional variable, an increase or decrease in the level of employment, and here the reference

category is set as a decline in employment during the previous three years. Once again, a coefficient greater that 1.0 shows that this factor is associated with a greater likelihood of an increase in the importance of basic skills, and statistical significance is assessed at five per cent.

Occupation

The table clearly shows that the increase in the importance of basic skills is least marked at the extremes of the occupational hierarchy, among Clerical/Secretarial and Other Manual occupations. In other words, there is least change among those occupations which Chapter 2 has shown to have respectively the highest and the lowest requirements for basic skills. The change is found in the middle ground. Those occupations with the strongest increase in the requirement for basic skills are Plant Vehicle and Machine operatives and Skilled/ Craft Manual jobs, with Selling and Personal Service jobs not far behind.

Establishment Size

Whatever the occupation in question, it is the larger establishments who register the most pronounced increase in demand for basic skills. There is a strong, consistent and statistically significant relationship between establishment size and their propensity to report an increase in demand for basic skills.

Industry and Ownership

There is no statistically significant 'Industry' effect, but with all other things equal, public ownership is more strongly associated with increasing demand for basic skills than is private ownership.

Labour Market Position

It is those establishments who have experienced serious labour shortages who have been most likely to increase their demand for basic skills. As suggested in Chapter 2, since it would be illogical to increase hiring standards as a response to labour shortage, one possible explanation is that these establishments' rising demand for basic skills is itself contributing to their shortage problems.

Location and Region

Neither the immediate, nor the regional location of these establishments has any bearing on whether or not they have been increasing their demand for basic skills.

Employment Change

Although the effect is relatively modest, those firms who have been expanding during the past three years are most likely to have also increased their demand for basic skills. It is worth remembering that this is quite independent of any sectoral or occupational effects.

Table 4.2: LOGIT Analysis: Skill Change – Less Important vs Skill Change – More Important

	ALL SKILLS	
Variable	Coefficient	Significance
Occupation:		
(other manual jobs)	(1.00)	–
clerical/secretanal jobs	1.01	0.92
personal service jobs	1.25	0.00*
selling jobs	1.23	0.00*
skilled/craft manual jobs	1.32	0.00*
plant/machine operatives	1.66	0.00*
Size: (0-19 employees)	(1.00)	–
20-49 employees	1.17	0.00*
50-99 employees	1.34	0.00*
100-199 employees	1.49	0.00*
over 200 employees	1.63	0.00*
Industry: (construction)	(1.00)	–
agriculture	1.38	0.03*
energy & water supply	1.14	0.43
extraction, metal manuf, etc	1.15	0.22
metal goods, engineering	0.99	0.86
other manufacturing	0.88	0.10
distribution, hotels, etc	1.15	0.08
transport & communication	0.97	0.79
banking, finance etc	0.87	0.11
other services	1.17	0.06
Sector: (private sector)	(1.00)	–
public sector	1.24	0.00*
Labour Shortage:		
(no shortages)	(1.00)	–
occasional shortages	1.38	0.00*
serious shortages	1.41	0.00*
Labour Mkt: (rural/village)	(1.00)	–
large city centre	0.88	0.04*
large city suburb	1.00	0.96
large/medium town	0.98	0.65
small town	1.03	0.58
Region: (North)	(1.00)	–
North West	1.04	0.57
Yorkshire & Humberside	1.06	0.36
East Midlands	1.06	0.38
West Midlands	0.99	0.92
East Anglia	1.08	0.31
Greater London	0.97	0.62
South East	1.05	0.29
South West	0.93	0.29
Wales	0.97	0.72
Recent Emp. Charge (shrinking)	(1.00)	–
expanding	1.12	0.00*
stayed the same	0.75	0.00*
	N = 20,902	

*indicates statistical significance at conventional levels

In the short term this may perhaps be overlooked as merely interesting, but in the longer term, it is more important. An association between employment growth and an increasing demand for basic skills seems certain to increase the overall demand for basic skills in the labour market as a whole.

With such a wide range of factors associated with an increasing demand for basic skills, it is important to understand the roots of such changes, and section 4.4 considers the causes of such changes, as perceived by employers.

4.4 Causes of Increased Demand for Basic Skills

About half of our respondents had not noticed any change in their requirements for basic skills during the last five years (rather less for oral communications) and they are now excluded. As a result, this section is concerned solely with those employers who thought that basic skills had become more important during the last five years. We asked them to choose from a list the factor that had been most important in causing this increase. The factors that were listed were:

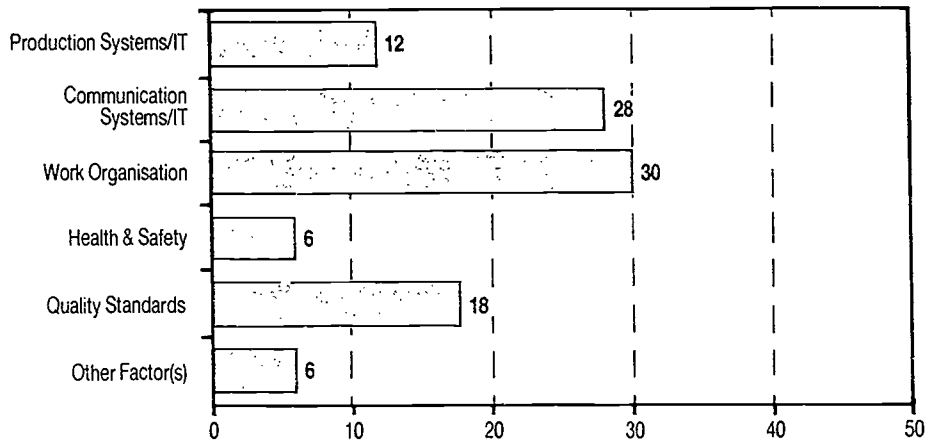
- technological change in production systems;
- technological change in communication or information systems;
- change in work organisation;
- health and safety regulations;
- production quality standards; or
- other factors.

Their responses are shown in Chart 4.2. It shows the proportion of those citing each factor as the main one causing their increased requirement for basic skills. We have once again used a combined basic skills index here, although more detailed analysis is presented in *'The Basic Skills Needed at Work: A Directory'*. Nevertheless, the Chart does suggest what the main vehicles promoting an increase in the need for basic skills are.

Changes in work organisation is the most frequently cited reason for the increase in need for basic skills, with 30 per cent of organisations reporting this factor. Developments in information technology, particularly as they relate to communication systems has been nearly as important however. But taking into account the 12 per cent for whom IT has been the most important factor when allied to production processes, then technological change must be regarded as the most widespread cause.

However, independent of these organisational and technical pressures for change, one in five employers cite an increasing emphasis on quality standards in their operation as the

Chart 4.2: **Cause of Increased Demand for Basic Skills (% citing factor) England & Wales**



main source of their increased demand for basic skills, and health and safety considerations are mentioned by six per cent.

There is considerable inter-occupational and inter-firm variation in the incidence of these factors and these are explored more fully in *'The Basic Skills Needed at Work: A Directory'*. For example, technological change appears to have exercised a much more important effect on basic skill needs among Clerical/Secretarial, Selling and Skilled/Craft Manual jobs, whereas changes in work organisation and increased emphasis on quality standards have been more important for Personal Service and Operative jobs respectively.

4.5 Summary

This concludes our discussion on recent changes in the demand for basic skills. We have shown that across the labour market as a whole, basic skills have become more important in the last five years. This is particularly so for oral communications, with nearly half our respondents citing an increase in the importance of this skill. The increase has been most evident among larger establishments and among growing ones.

There is certainly no question of these skills becoming less important to employers; virtually no respondents had noted any decline in their demand, although about half had observed no change in their demand. The most commonly cited reasons for the increase are the increasing need to work with information technology and changing work organisation.

We now complete our analysis by turning to the adequacy, or otherwise, of the supply of basic skills in England and Wales.

CHAPTER 5

Basic Skills Supply

This chapter is about employers' perceptions of the adequacy of the local supply of basic skills. Our respondents in this research are mainly 'hands on' managers, involved in recruitment and selection, either directly or indirectly. We asked first about their views on the adequacy of basic skills within their existing workforces, and subsequently about the basic skills of applicants for jobs at their establishments. In this way we not only get a view about existing workforces, but also, by proxy, an indication of the basic skills existing in the wider labour market, among job-seekers in general.

5.1 How Adequate is the Supply of Basic Skills among Employees ?

For each of the four basic skills, employers were asked how adequately their workforce met their current needs. We asked them whether supply could be best described as 'More than Adequate', 'Fairly Adequate', 'Only Just Adequate', 'Less than Adequate', or 'Completely Inadequate'. Chart 5.1 shows the mean level of satisfaction with existing employees' basic skills. It shows that the average level of satisfaction with basic skill supply is only just above 'fairly adequate'.

In one sense, it would be surprising to find any other result; if there were widespread and deep deficiencies in basic skill supply, employers would long ago have responded to it by reorganising jobs to require lower skill levels. It can be convincingly argued[12] that employers' existing demand for skills is constrained and pre-determined by the strategic choices open to them. It follows that once they have embarked on a low skill route, their subsequent choice of working methods and technology will simply reflect and confirm that choice. In so doing, they will tend to under-emphasise their on-going experience of skill shortages. Thus while their immediate needs may be perfectly well satisfied, that is only because their demand for skills is socially and economically sub-optimal. In short, if you aim low, you are unlikely to be disappointed.

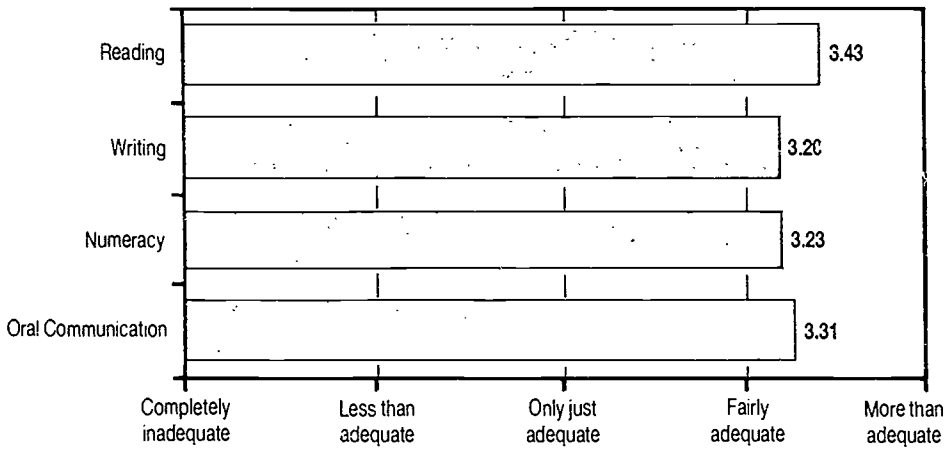
We might therefore expect to find supply and demand more or less in balance; but the crucial question must be whether the balance shown is a reasonable one. We discuss this further in Chapter 6, but in view of our findings on the increasing importance of basic skills

[12] See for example, Ashton and Green (1992) 'Skill Shortage and Skill Deficiency: A Critique', in Work Employment and Society, Vol.6 No.2.

at work and their importance for the most responsible aspects of jobs, we would argue that it is certainly not prudent and provides no grounds for complacency.

There are other reasons for concern about this finding and these centre on the distribution of respondents around the 'fairly adequate' averages shown in the charts. This is considered in the next section.

Chart 5·1: **Adequacy of Employees' Basic Skills – England & Wales**



5.1.1 Variation between Occupations

As Chapter 2 showed, different jobs have different basic skill requirements, and so it is necessary to assess this level of (dis)satisfaction among employers, distinguishing between different occupations. This is shown in Table 5.1. Here each basic skill is considered in turn; for each skill, the distribution of satisfaction for the whole sample is shown in the first row and then by occupation in subsequent rows.

Here it can be seen that the general level of satisfaction with employees' basic skill levels is far from uniform. About one in ten employers report that basic skills supply is only just adequate or worse, rising from seven per cent for reading skills to 13 and 14 per cent for numeracy and writing respectively. Broadly speaking, these low levels of satisfaction are more common among the least skilled jobs. While this may simply reflect the greater care applied to selecting applicants among the more highly skilled jobs, it may also reflect the quality of supply in the labour market at large. If there are problems finding sufficient employees with adequate basic skills even for these relatively low level jobs, it suggests that basic skill deficiencies towards the bottom of the labour market may constitute a more widespread and unavoidable problem than they are at a somewhat higher level.

Table 5·1: Distribution of Satisfaction with Basic Skills Supply Among Employees

By Occupation – England & Wales N = 24075

	More than Adequate %	*Fairly Adequate %*	*Only just Adequate %*	*Less than Adequate %*	*Completely Inadequate %*
READING SKILLS AMONG WORKFORCE					
All Jobs	52	42	5	1	1
Clerical/Secretarial	71	26	1	0	1
Personal Service	55	40	4	1	1
Selling	57	39	3	0	1
Skilled/Craft Manual	44	48	6	1	1
Plant, Vehicle & Machine Operatives	32	57	9	1	0
Other Manual Jobs	39	50	9	2	1
WRITING SKILLS AMONG WORKFORCE					
All Jobs	39	47	11	2	1
Clerical/Secretarial	54	38	6	1	1
Personal Service	43	46	9	2	1
Selling	41	48	9	1	1
Skilled/Craft Manual	32	50	14	3	1
Plant, Vehicle & Machine Operatives	22	55	19	4	1
Other Manual Jobs	32	50	14	4	1
NUMERACY SKILLS AMONG WORKFORCE					
All Jobs	39	48	10	2	1
Clerical/Secretarial	53	39	6	1	1
Personal Service	41	48	9	2	1
Selling	44	48	6	1	1
Skilled/Craft Manual	34	52	11	2	1
Plant, Vehicle & Machine Operatives	23	56	17	3	1
Other Manual Jobs	31	51	13	4	1
ORAL COMMUNICATION SKILLS AMONG WORKFORCE					
All Jobs	44	47	8	1	1
Clerical/Secretarial	57	37	4	1	1
Personal Service	51	41	6	1	1
Selling	48	46	5	1	1
Skilled/Craft Manual	36	52	10	2	1
Plant, Vehicle & Machine Operatives	28	58	12	2	0
Other Manual Jobs	35	52	10	2	1

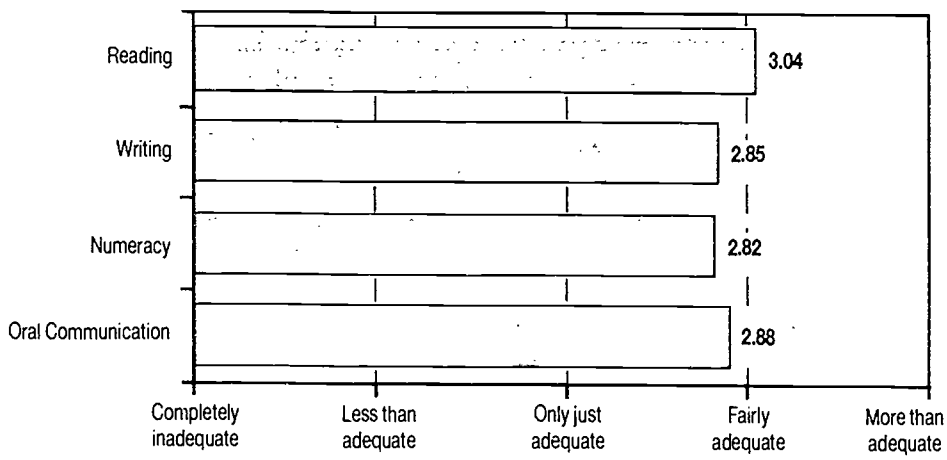
5.2 How Adequate is the Supply of Basic Skills among Applicants?

A full understanding of the adequacy of basic skills among the workforce as a whole requires an assessment, not only of people currently in jobs, but also of those entering and moving about in the labour market. After all, from an employer's perspective, his/her labour supply is made up of birds in the bush as well as in the hand.

Obviously, to be able to speak with real confidence about basic skill supply in the labour market as a whole would require a much larger scale audit of the working population than we have been able to undertake. But, in order to throw some light on this wider notion of labour supply, we also asked our respondents to give us their assessment about people applying for jobs, in addition to those already holding them. We are aware of the weakness of this approach, and in what follows, we would urge that readers regard the findings as indicative of the adequacy of the wider supply of basic skills, rather than as a complete analysis.

Our analysis of these results broadly follows the one above for employees, and we look first at employers' overall satisfaction with the four basic skills among applicants. Chart 5.2 shows that the average level of satisfaction falls below 'fairly adequate', although rising almost exactly to that point for reading skills.

Chart 5.2: **Adequacy of Applicants' Basic Skills – England & Wales**



A comparison of employers' assessment of their existing workforces' skills (Chart 5.1) with those perceived among applicants (Chart 5.2) shows that employers are generally less satisfied with the basic skills of their applicants than their employees'.

Table 5·2: Distribution of Satisfaction with Basic Skill Supply Among Applicants

By Occupation – England & Wales N = 24075

	More than Adequate %	*Fairly Adequate %*	*Only just Adequate %*	*Less than Adequate %*	*Completely Inadequate %*
READING SKILLS AMONG WORKFORCE					
All Jobs	26	56	14	3	1
Clerical/Secretarial	35	52	10	2	1
Personal Service	29	54	13	3	1
Selling	27	57	13	3	1
Skilled/Craft Manual	21	58	16	4	1
Plant, Vehicle & Machine Operatives	17	59	19	5	0
Other Manual Jobs	24	56	15	4	1
WRITING SKILLS AMONG WORKFORCE					
All Jobs	20	52	20	7	1
Clerical/Secretarial	26	51	17	5	1
Personal Service	23	53	18	5	1
Selling	19	53	21	7	1
Skilled/Craft Manual	17	52	23	8	1
Plant, Vehicle & Machine Operatives	13	53	25	9	1
Other Manual Jobs	21	52	19	7	1
NUMERACY SKILLS AMONG WORKFORCE					
All Jobs	19	52	20	7	1
Clerical/Secretarial	23	52	18	6	1
Personal Service	22	53	18	6	1
Selling	18	52	21	8	1
Skilled/Craft Manual	17	52	22	8	1
Plant, Vehicle & Machine Operatives	14	52	24	9	1
Other Manual Jobs	21	53	18	8	1
ORAL COMMUNICATION SKILLS AMONG WORKFORCE					
All Jobs	21	54	18	6	1
Clerical/Secretarial	24	52	17	5	1
Personal Service	26	52	16	6	1
Selling	21	52	20	7	1
Skilled/Craft Manual	17	55	20	7	1
Plant, Vehicle & Machine Operatives	16	57	21	6	1
Other Manual Jobs	23	54	16	6	1

We have already shown that, within the establishment, basic skills competence tends to be more important for promotion than it is for recruitment. Now it would seem the hierarchy extends outside the workplace, with people who are not hired generally possessing less adequate basic skills than those who are.

5.2.1 Variation between Occupations

Table 5.2 shows employers' assessments of applicants to the different jobs covered in our survey here, as with Table 5.1, each basic skill is considered in turn, and for each skill, the distribution of satisfaction for the whole sample is shown in the first row and then by occupation in subsequent rows.

Looking first at the results for the whole sample, it can be seen that the proportion of employers reporting that basic skill supply among applicants is 'more than adequate' is much lower (roughly half) than it is for employees. Similarly, the proportion reporting that basic skill supply among applicants is 'only just adequate' or worse is now close to a quarter, ranging from 18 per cent for reading to 28 per cent for numeracy and writing skills. The table also shows that dissatisfaction is still more prevalent with applicants for the least skilled occupations, but the skew towards the bottom of the labour market is much less marked than it is for employees.

In short, there is not only a higher incidence, but a more widely spread sense of unease among employers about the basic skills of their applicants.

5.3 Summary

This chapter has shown that employers generally describe their workforces' basic skills as only 'fairly adequate'. Further, a substantial minority of establishments report that their employees' basic skills are only just adequate or worse. Dissatisfaction with employees basic skills is most marked at the bottom of the labour market – among employers of the least skilled occupations.

Dissatisfaction with the calibre of supply from the external labour market (from applicants) is even more marked; nearly one in four employers report that applicants' basic skills are only just adequate or worse. Furthermore, their dissatisfaction is more evenly spread, right across the occupational spectrum.

In view of the importance placed on basic skills for doing the more responsible aspects of their jobs, and of the evident increase in that demand, it must be questioned how solid a foundation this stock of basic skills represents.

CHAPTER 6

Implications

The principal purpose of this research has been empirical and fact-finding, with the aim of providing for the first time a useful and useable directory of basic skill requirements. The data presented here summarise a more comprehensive set contained in *'The Basic Skills Needed at Work: A Directory'*, which we hope will provide, inter alia, precisely such an objective and categorical reference document.

However, data without interpretation is sterile and indeed in the preceding chapters we have freely mixed such interpretation with the presentation of our findings. We believe that our interpretation is reasonable and justified on the basis of the evidence presented, but we claim no monopoly or intrinsically 'correct' insights on the interpretation we have brought to it.

This is even more true for what follows; for what follows in this chapter is the authors' opinion about the 'meaning' of our results.

6.1 Basic Skills and Skill Formation

In the past, geography and geology put the Great in Britain. An island made of coal and iron ore, sitting at the crossroads of world trade, could hardly have failed to rise to industrial and commercial prominence.

But so far as the future is concerned, it is the readiness with which economies create human resources and the efficiency with which such resources are deployed through the labour market, which will together form one of the most important touchstones of international competitiveness. It is likely that their importance will increase during the coming decades, as both capital and technology become more mobile internationally, and as the shift towards knowledge-based societies reduces the relative importance of both location and natural resources as determinants of national and regional wealth creation.

We have already suggested (in Chapter 1) that our record in investing in human resources is relatively poor and patchy in comparison with our principal competitors. Looking at the efficiency with which we deploy human resources, our unregulated labour market mechanisms have reduced neither our experience of increasingly high levels of unemployment with each successive recession, nor the intensity of skill shortages with

each succeeding period of growth. There are therefore undoubtedly serious deficiencies in the UK's capacity both to generate and to utilise the human resources that are needed.

Deficiencies in individual's basic skills contributes to this problem in two ways. Firstly, basic skills form a foundation on which all other skills are built. A deficiency of such skills undermines the potential of individuals to acquire more advanced skills. There is only so much skill formation that can be done informally and on the job, and increasingly a sound grasp of technical, behavioural, and judgemental skills requires an equally solid grasp of basic literacy and numeracy. Secondly, almost all post-education skill development takes place through training while in employment, and furthermore, the higher up the occupational hierarchy the job is held, the more accessible that training is likely to be[13]. If shortcomings in an individual's basic skills restrict them to jobs at the bottom of the labour market, and possibly to unemployment, then they will tend to be on the edges of, or even outside, the training arena.

As a result, sound basic skill competences are both an important entry qualification to skill formation at work and a foundation on which subsequent skill formation will be built. Without such competences, individuals are unlikely to take part in any subsequent process of skill formation. This can only be to their tangible and immediate personal disadvantage and to our eventual collective disadvantage in the wider world.

6.2 How Adequate Should the Supply of Basic Skills be?

Any assessment of the adequacy of supply must make some attempt to answer the question 'how adequate is adequate?'. This is particularly problematic for basic skills as employers do not have any reliable means of measuring the basic skills of either employees or applicants. Individuals with shortcomings in their basic skills are often extremely adept in compensating for them and do not generally reveal their difficulties, particularly if they believe that their job or their promotion hangs on it. Nevertheless, if we consider a solid capacity with the basic skills to be a necessary foundation stone on which other skills can be developed and other accomplishments built, then we should set our lowest common denominator (the lowest level of basic skills which we regard as adequate) both high and wide.

It needs to be high because, as we have seen in Chapter 2, relatively few jobs can be performed without attainment of at least the Foundation Level for many component skills. It also should be high because, as Chapter 4 has shown, the minimum level is itself rising (at a time when the average employee, and his/her kitbag of basic skills, will remain in the workforce for another 25 years). It needs to be set wide, because in the absence of a good basic skills portfolio, jobseekers are likely to be restricted to relatively low level jobs, to find promotion beyond their grasp, and to find unemployment only too likely.

[13] Training Agency (1989) 'Training in Britain': Employers' Activities' HMSO.

For these reasons, and because of the importance placed on basic skills as a requirement for taking on more responsibility and more complex jobs at work, we should incline towards regarding an over-supply of basic skills as the most reasonable target. To answer the question posed above, we will only be assured that basic skill shortfalls do not constrain the effective deployment of human resources if we can say with confidence that basic skill supply is more than adequate to meet current needs. On the basis of our results we can safely say that this is simply not the case. At best, only about half our respondents were in this position.

6.3 Basic Skills and Employers

Lacking any reliable means of assessing their basic skill requirements, and enjoying a labour market with considerable slack in it, employers tend to play it safe and recruit staff with a higher level of basic skills than they might get away with if push came to shove. Partly for this reason, employers do not generally recognise any responsibility for providing basic skill training themselves. It is true that they give considerable support to employees who have reading or writing difficulties, but this is almost invariably informal, relies heavily on personal goodwill of supervisors and colleagues, rarely involves time off, and rarely provides for support with fees for remedial training[14].

The increasing importance placed on basic skills by half our respondents, the accelerating effects of information technology on skill requirements, the rising incidence of quality assurance initiatives and the growth of multi-skilled jobs through the reorganisation of work, all point in one direction. They suggest that employers' demand for basic skills is rising and that their capacity to tolerate poorly equipped individuals is falling. The results of this research suggest that an initiative to provide systematic remedial training for people without satisfactory basic skills would be in employers' long term interests (almost a quarter of them claim that their applicants' basic skills are only just adequate or worse), and would undoubtedly be well received and supported by many (write-in comments at the end of our questionnaire were almost universally positive and supportive).

Although there are many reasons why employers ought to have a lot to gain from such an initiative, in current labour market circumstances, it would be over-optimistic to expect employers, unprompted, to take the lead in creating it, still less to fund its early trajectory. The need is then for a catalyst which can provide such an initiative, drawing in employers, and taking advantage both of their stock of goodwill and their self-interest.

6.4 Basic Skills, Individuals and the Labour Market

We suggested in Chapter 1 that individuals without adequate basic skills would find themselves between a rock and a hard place in the labour market. We suggested that the

[14] All of these points are discussed and evidenced at greater length than is available here, in Atkinson and Papworth, (1991), op cit.

rock was represented by a shrinking number of relatively unskilled jobs, which would make fewer demands on their limited portfolio of skills and the hard place by the intensifying competition for jobs with better qualified people forced down the labour market by unemployment. Furthermore, we have observed (in Chapter 2) that jobs in the service sector (the focus of all the net employment growth in the past decade in the UK) tend to have higher basic skill requirements than they do in the production sector; ie the terrain is increasingly unfavourable to individuals without basic skill competence.

But, in the light of our results, just how difficult a position are they likely to be in ? In Chapter 2, we have shown the basic skill levels required by various jobs. Another way of looking at these results is to say that only jobseekers who are skilled to these levels will be eligible for such jobs. Of course, there may well be plenty of other reasons why they might not actually be taken on, but the point is that a lower than acceptable level of basic skill attainment is likely to knock them out of consideration at the outset; they won't even get into the frame.

We acknowledge that this is something of a simplification of the way the labour market actually works. We know that people without adequate basic skills often find ways of hiding the fact and, indeed, of compensating for it. We know too how crude are employers' methods of assessing literacy and numeracy, and we know that they will often bend the rules to take on somebody with other compelling strengths (although our findings in Chapter 2 suggest that in larger firms and in the public sector this is less likely to happen). But in a labour market with three million unemployed, it becomes increasingly difficult to ignore such crude and cruel logic.

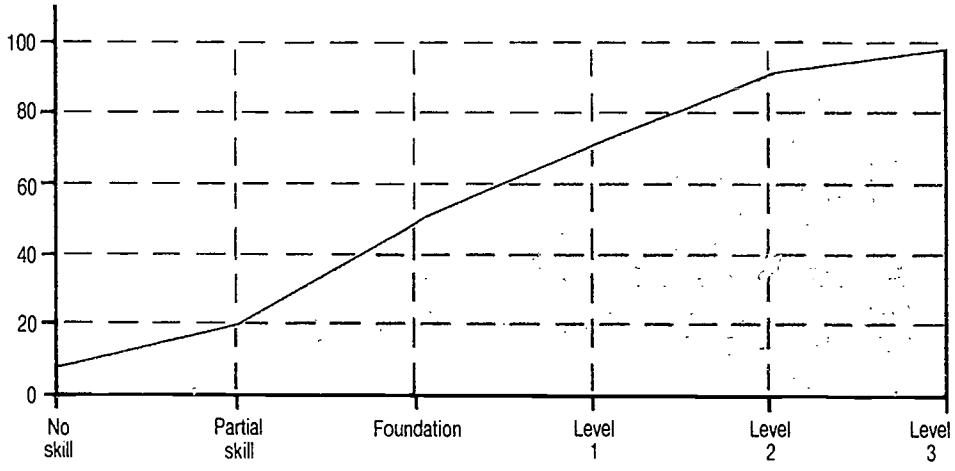
In chart 6.1 we have boiled down our four basic skills into a simple, single average. The chart then considers how many jobs an individual would have access to if he/she had certain levels of ability on such an average basic skill scale. The shaded area shows the proportion of jobs such an individual might stand a chance of getting; the white area shows the jobs which would be beyond their grasp. At one end of the spectrum, with an average attainment of Level 3, all the jobs would be open to such a jobseeker (at least by virtue of the strength of his/her basic skills). Furthermore, at Level 2, he/she would still be eligible for nine out of every ten jobs. However, we can see just how sharply the trap shuts on jobseekers with a lower level of basic skills ability. A quarter of all vacancies are closed to a jobseeker with only Level 1 basic skills and a half of them are out of reach if he/she can only perform to Foundation Level.

For people whose average ability falls below the Foundation Level, the job opportunities contract drastically; just how drastically will of course depend on the composition of their basic skills portfolio, but on average, if they cannot reach Foundation Level in about half of the 11 component skills we have been concerned with, then they will only be eligible for one in five vacancies. With less than half, their labour market chances curtail very rapidly

to an average of around one in ten vacancies. This is particularly so if their shortcomings are in the communication skills, where such jobseekers would only have access to about one in twenty jobs. Of course, in the real world, this process of exclusion is intensified, because it is cumulative; if they cannot attain Foundation Level in *any* of the component skills, their job chances fall to less than one in fifty.

It goes without saying that low basic skill attainment represents a serious, possibly crippling, liability in a competitive labour market. As we have argued in section 6.2, such deficiencies inhibit prospects for long term skill formation. As we now can see, they also undermine immediate employment prospects.

Chart 6·1: **Access to Employment Opportunities by Basic Skill Competences**



6.5 Basic Skills, TECs and Public Policy

Research conducted in Canada[15] and in the United States[16] suggests that shortcomings in basic skills give rise to extremely high costs ($10.7 bn for Canada, and $20 bn for the USA) both to individuals and to the economy as a whole. While their authors would not claim any exactitude in their calculations, and neither do we, they do serve to indicate the substantial returns to public investment in human resources to improve basic skills.

[15] 'Measuring the Costs of Illiteracy in Canada', Canadian Business Task Force on Literacy, February 1988.

[16] See for example, Kozol, 'Illiterate America'.

By virtue of their position in local labour markets and their role as intermediaries between local employers and national labour market policy, the Training and Enterprise Councils are ideally placed to provide precisely this initiative. Indeed, one of the roles which TECs are expected to play is to support and assist individuals who are unable to make the labour market work to their advantage. Much remedial training and education for disadvantaged groups falls into this category. By identifying local need and coordinating local provision of support, TECs are able to draw additional labour resources into the labour market while reducing individual and social disadvantage. However, TEC activities to help the disadvantaged seem to have centred largely on the administration of existing public schemes (such 'Training for Jobs') rather than on new local approaches. It is therefore reasonable to ask what 'added value' do, or might, the TECs bring to such initiatives?

If there are any new approaches which might be adopted to help disadvantaged people then these must surely place considerable emphasis on the TEC as local coordinator and orchestrator, drawing together interested public sector agencies, voluntary and community groups with the private sector. and employers as a whole. But in identifying the TECs as the most appropriate vehicle to take forward such an initiative, we need also to ask how far is it reasonable to expect TECs to lever funds locally from the private sector? Particularly when it would seek to address problems which, as argued above, are not immediate priorities for the private sector? While the possibilities of the TECs doing so may well be attractive to the Exchequer, they are unlikely to cement long term private sector commitment to remedial basic skills training. So adequate public funding for public priorities is a pre-condition for long term TEC success in this area.

It is our view that the provision of such accessible and affordable training initiatives is in the mutual interests of jobseekers, jobholders and employers alike. Our results suggest that the range of jobs open to jobseekers with poor basic skills is very small and shrinking. High levels of unemployment mean that they face stiff competition from more competent jobseekers even for these jobs. At the same time, the emphasis placed on good basic skills for advancement and promotion at work suggests that basic skills will remain important for jobholders too. The increasing emphasis placed by employers on basic skills, particularly in large and expanding establishments, means that a sound repertoire of basic skills is going to become more important for both jobseekers and jobholders.

It is for these reasons that we suggest a strong mutuality of interests in improving basic skills within the workforce. Accessible local training programmes, directed to make good deficiencies in basic skill provision within local labour markets, seem to be the most appropriate way forward. The benchmark attainment levels presented here and in *'The Basic Skills Needed at Work: A Directory'* indicate the levels of reading, writing, numeracy and oral communications which employers require from their labour markets, and against which such deficiencies may be assessed.

Implications

Our results on the adequacy of basic skill supply show that the UK cannot afford to be complacent. In view of the importance placed on basic skills for doing the more responsible aspects of jobs, and of the evident increase in that demand as employers improve work organisation and introduce new technology, it must be questioned how solid a foundation this stock of basic skills represents, particularly for employers who are not at the top of their local labour market.

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