

The Australian Industry Group

Investing in Workforce Literacy Pays

Building Employer Commitment to Workplace
Language, Literacy and Numeracy Programs

August 2015



EMPLOYERS REAP REWARDS FOR WORKPLACE LITERACY AND NUMERACY PROGRAMS

The results from the Australian Industry Group's *Building Employer Commitment to Workplace Language, Literacy and Numeracy Programs* project indicate a significant return on investment for employers participating in these workplace programs.

This national research project examined a number of workplace LLN programs of different sizes and in different industry areas. The benefits for participating employees in these programs have long been established and some of these naturally flow through to employers and their businesses.

What was different about this project was a specific focus on the benefits for employers, and in particular, the determination of a return on investment for them. Ai Group believes that this dimension of the national debate about foundation skills has been missing to date.

There are many reasons why employers participate in workplace LLN programs. We wanted to add to this by providing quantitative data about the benefits and so build a business case for why employers should invest in workplace LLN programs.

The calculation of return on investment is a difficult process, especially for such broad



literacy and numeracy programs. It is always difficult to isolate the specific contribution of training from other factors. The Ai Group worked with the Australian Council for Educational Research and developed templates to assist employers in this process. Not surprisingly, the participating employers responded differently to the challenge that the project presented.

Some companies had difficulty identifying quantifiable benefits for their organisations; some were able to isolate a particular benefit; and others were able to calculate a return on investment figure.

This publication features the results for four very different employers:

- Intercast & Forge: a metals manufacturer in South Australia.
- Hawksbury Gardens Aged Care Facility: an aged care provider in South Australia.
- TasWater: utilities organisation in Tasmania.
- Lend Lease: a major building and construction company in New South Wales.

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INTERCAST & FORGE

Intercast & Forge is one of Australia's largest foundries of its kind, with significant domestic and export customers, including Asia, United States and Europe. The organisation manufactures for the railway, automotive, mining and earth moving, construction, and general industrial industries. The company creates customer specific solutions for manufacturing and cast iron products. It has a male-dominated workforce of around 200 staff. The type of work requires extensive WHS protocols and exact compliance with procedures.

The training was targeted at three separate audiences:

- Managers, supervisors and team leaders receive cross-cultural communication training to improve their oral and written communications skills with Culturally and Linguistically Diverse (CALD) employees;
- Trainers and assessors receive training to develop strategies in overcoming LLN barriers in their assessment and training practice; and
- CALD employees receive customised LLN training in workplace, health and safety.

The number of CALD employees in the program was 25 and the average number

of training hours per employee was 16. The focus on the training delivered to CALD workers was Workplace Health and Safety (WHS) operating alongside LLN training – the two are inextricably linked.

"An organisational culture survey showed that workers were struggling with LLN"

Brian Tarry, General Manager, Human Resources

This has obvious implications for the company's ability to comply with strict WHS protocols to minimise accidents, injuries and errors.

The ROI calculation is based on hourly savings in time from workers and their supervisors. These hourly savings, summed over the number of trained workers and their supervisors, as well as downstream improvements in WH&S incidents, can assist with improving overall profitability of the enterprise.



	Amount	
Total Project Costs		\$47,216
<i>Commonwealth Funding</i>		\$35,412
<i>Employer Contribution</i>		\$11,804
Project Savings (Staff Time)	Hours saved per week correcting errors	Cost savings per week
A) Weekly wages of workers at \$20 per hour	1.5	\$18,000
B) Weekly wages of supervisors at \$40 per hour	0.5	\$1,200
Total labour cost savings (Sum of A and B)		\$19,200
Program benefits/ Program costs x 100 = ROI	\$19,200 / \$11,804 x 100	163%



HAWKSURRY GARDENS AGED CARE FACILITY

Hawksbury Gardens Aged Care Facility, in the northern suburbs of Adelaide, is part of Uniting Care Wesley Port Adelaide that provides a mix of high-care and low-care services, a dementia unit and a series of independent living units catering to around 63 residents.

The training program delivered over 238 program hours to 40 employees. The focus of the program was to have coverage of supervision and responsibilities; standards of service delivery; workplace culture; open communication; and worker performance.

Results indicate carers' data entry speed and accuracy has improved when entering information as validated by Deanne Clark, the Clinical Nurse Consultant (CNC). Aged Care Funding Instrument (ACFI) documentation has improved in terms of accuracy - this is vitally important as it is linked to funding and service provision. The CNC observed on many occasions while on duty that the staff's teamwork has improved, with communication between staff being less tense with the better understanding of cultural differences.

"With good communication and teamwork this benefits not only the staff, but ultimately our residents, with the best possible care being provided"

Deanne Clark, Clinical Nurse Consultant.

Labor Cost Savings Benefit	Before (or near start of training)	Change 6 months after
Hours supervisors work with trainees		
Number of supervisors 1 x \$50.60 per hour	9.3 hours	6.5 hours
Labour costs (supervisor)	\$471	\$329
Labour costs (supervisor) x 4 groups	\$1,882	\$1,316
Carer hours to complete documentation	17.5	10.5
Costs x 30 carers x \$33.10 ph	\$15,640	\$10,440
Annual cost savings		\$11,756
Total Project Costs		\$35,576
Commonwealth funding		\$27,676
Employer contribution		\$7,900
<i>Additional costs to employer, including in-kind</i>		
<i>Cost of additional staff to support training (eg, Operations Manager)</i>		\$1,000
<i>Expenditure on training materials (eg, Computers, Printing)</i>		\$80
<i>Expenditure on program development/customisation</i>		\$1,000
<i>Other, please identify; Photocopying</i>		\$25
<i>Total employer contribution</i>		\$10,005
Annualised Return On Investment (ROI %)		117.5%



TAS WATER

TasWater is a major utilities supplier which employs in excess of 900 employees. The workforce is highly dispersed across a large number of plants, water treatment facilities, supply dams, pump stations and sewerage treatment plants. These facilities require ongoing maintenance and about half of the workforce are outdoor workers devoted to this. Many of this group are former council workers without post-school qualifications and were the target for the LLN training.

The LLN program supports a project designed to develop ICT skills needed for using computer software and specialised databases within the enterprise. The training was delivered one-on-one, 'just-in-time', in small groups and in conjunction with other training programs. One-on-one training has been identified by participants as a preferred method of learning ICT skills, particularly if the employee lacks self-confidence and/or experience with computers. Much of the initial training has focused on building confidence for people with no experience in operating a personal computer or using other business technologies.

The training is supporting employees with poor take-up rates for technology to gain the necessary ICT skills to use new or improved business systems. The approach taken isolated a unit of improvement – a reduction in time spent on making corrections. A single unit improved was measured and multiplied by the average daily salary of coordinators before and after the training intervention.

The number of open service orders is a business and team coordinator key performance measure. The ROI result is based on one LLN intervention on one of a number of sites. Considered in combination with the trend data on unit service improvements, this would indicate that the intervention was highly successful and both the duration of open service orders and the number of errors have decreased.



Item	Cost
Program cost	\$6,000
Program benefit	
100 Service Orders processed prior to training = 5.8 hours x \$47.50 per hour	\$275.50
100 Service Orders processed after training = 1.5 hours x \$47.50 per hour	\$71.25
Total Improvement = \$275.50 - \$71.25	\$204.25 <i>per 100 service orders</i>
Expected lifecycle for new process 3 years or 3,000 service orders = 30 x 204.25	\$6,127.50
Return On Investment (ROI %) = \$6,127.50 / \$6,000 x 100	102.13%



LEND LEASE

Work Health and Safety is central to **Lend Lease** operating on large construction sites. By increasing the foundation skills of construction workers at Barangaroo – Sydney’s largest construction project – Lend Lease has achieved significant efficiencies in Work Health and Safety for its employees.

To deliver on this opportunity, Lend Lease established the Barangaroo Skills Exchange (BSX) in 2012, an industry collaboration with Western Sydney Institute of TAFE, with support brokered by the Construction and Property Services Industry Skills Council.

Underpinning all learning at the BSX, workers are tested for English language and literacy prior to undertaking training so that appropriate support can be provided.

"Many of the workers undertaking training would never attend TAFE or other formal institutions. However, with literacy and numeracy services available on site the learning journey is a supportive one, with workers undertaking training for national qualifications, safety, wellbeing and preparation for WorkCover licenses."

Ro Coroneos, Manager Community & Social Strategy, Lend Lease

Since the commencement of the program, Lend Lease has achieved a 90% pass rate for first attempt WorkCover assessments, well above the NSW average of 54%.

Re-testing is an expensive undertaking, in dollar terms and lost time. Lend Lease calculates that LLN preparation for employees has saved the company tens of thousands of dollars in re-testing expenses.

	Cost
1 Lend Lease cost of WorkCover assessments = 892 x \$200	\$178,400
2 Lend Lease average "lost time" from job for WorkCover training and assessment. \$500 x 3 days = \$1,500 per person for 892 employees	\$1,338,000
3 Actual Lend Lease cost for re-testing is \$100 for actual test, plus \$500 for a day of lost time. \$600 per test for 89 employees	\$53,400
4 State Average of Workcover re-test statistics of 46% if applied to Lend Lease. \$600 per person for 410 people	\$246,000
5 WorkCover re-test saving for Lend Lease. \$246,000-\$53,400	\$192,600





WORKFORCE DEVELOPMENT
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