

Skills, education credentials important predictors of income and employment status

When it comes to predicting the future income and employment status of Canadians, which has more influence: skills, such as literacy and numeracy, or postsecondary credentials?

A new report published by the Higher Education Quality Council of Ontario (HEQCO) concludes that skills and credentials are both important predictors of an individual's labour market outcomes. Literacy and numeracy skills are strong predictors of both income levels and employment status, whereas credentials appear to have a significant effect on earnings alone, the study found.

"These findings lend support to government policies aimed at both expanding access to formal credentials and boosting numeracy, literacy and other skills within the general population," the authors conclude.

The report, *Skills, Signals and Labour Market Outcomes: An Analysis of the 2012 Longitudinal and International Study of Adults*, is part of a series of reports published under the Research Initiative on Education and Skills, a research project led jointly by HEQCO and the Mowat Centre. The reports look at the relationship between education, skills and labour market outcomes in the general population and different segments within it.

According to the study, numeracy appears to be a stronger predictor of earnings and employment status than literacy skills. It found that an increase in numeracy proficiency from Level 1 to Level 2 as measured by the Programme for the International Assessment of Adult Competencies resulted in higher earnings, while only higher levels of literacy, Level 3 and above, boosted earnings. Similarly, increasing numeracy across any level improved the odds of an individual being employed full time, while only higher-level increases in literacy resulted in the same outcome.

The authors suggest that students may wish to focus not only on fulfilling their degree and diploma requirements, but also taking advantage of additional opportunities to improve their literacy, numeracy and other skills such as verbal communication and teamwork. They note that these can be acquired in the classroom as well as through co-ops, internships and other work-integrated learning opportunities.

Skills, Signals and Labour Market Outcomes: An Analysis of the 2012 Longitudinal and International Study of Adults was written by Roger Pizarro Milian, Brad Seward, David Zarifa and Scott Davies.