

How improving literacy and numeracy affects labour market outcomes

The impacts of literacy and numeracy on earnings: Do admission categories matter?

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SUMMARY: Using Statistics Canada data from 2012, this study compares immigrants' performance on basic literacy and numeracy tests by admission category to those of second and third-generation Canadians and looks at the economic returns of these skills.

LINK: Click [here](#) to read the executive summary; click [here](#) for the research report.

★ Key Finding

Literacy and numeracy skills are related to wages

What factors impact test scores and wages?

Admission category

- Immigrants admitted under the economic class tend to have the highest test scores and wages
- Refugees have the lowest test scores and hourly wages

Immigrant age

- Both adult and young immigrants are likely to have lower numeracy and literacy scores compared to those born in Canada
- Young immigrants (those who arrived at age 13 or earlier) have higher test scores than adult immigrants

Other factors

- Unobservable characteristics that we were not able to account for in our study due to the nature of cross sectional study

Recommendations:

- While numeracy and literacy skills are both important, our results show that numeracy skills are the more important determinant of earnings. Our results also point to the need for tougher language requirements for new immigrants and suggest that assessing numeracy skills of immigrants should also be considered when admitting immigrants to Canada.
- Improving numeracy and literacy skills would help all immigrant groups perform better in the Canadian labour market.

The views and opinions expressed in this article are those of the researchers and do not necessarily reflect the official position of the Child and Youth Refugee Research Coalition.