LOW SKILLS ARE WIDESPREAD IN SERVICE SECTOR, BUT INVESTMENTS IN WORKER UPSKILLING CAN PAY OFF

THE CHALLENGE: A MAJORITY OF SERVICE WORKERS LACK KEY SKILLS

Limited basic skills are a widespread problem among service sector workers. Fully 62% of American workers in targeted occupations in retail, hospitality, and healthcare have limited literacy skills. An even higher 74% have limited numeracy, and 73% have limited digital problem-solving skills.¹

Such skill gaps can carry heavy costs for individual workers and the companies that employ them. Workers who lack foundational skills may struggle to complete basic requirements of their jobs, such as safe food handling, dispensing of medication, and financial calculations.

DESPITE THEIR SKILL GAPS, MANY WORKERS REGULARLY NEED TO USE READING, WRITING, AND MATH ON THE JOB

Yet regardless of their skill gaps, these workers are frequently called upon to use foundational skills on the job. Nearly three in four workers report that they must regularly complete tasks that require literacy or other foundational skills.

THE OPPORTUNITY: WORKERS ARE EAGER TO BUILD SKILLS

A significant number of service workers with low skills are investing in themselves: 39% have participated in learning activities during the past year, including 27% who are enrolled in a formal degree or certificate program. Others say they would have liked to participate in learning activities, but lack of time, money, or employer support prevented them from doing so.²

Many of these workers are loyal employees who have lengthy tenure at their current employers, suggesting that companies’ investment in their skill-building could pay robust dividends. One-third (36%) of low-skilled service workers have been with their current employer for at least six years, and an additional 22% for at least three years.

Improving worker skills can also have positive ripple effects beyond the individual employee, as nearly 1 in 4 (23%) of low-skilled workers are supervising others.

1  Analysis of US data from the Survey of Adult Skills, known as the PIAAC. Analysis focused on American workers ages 16-64, currently employed, working in retail, accommodations and food service, or health and social work jobs. Target occupational categories were the three lower levels of PIAAC’s four occupational skill categories. Limited skills are defined as scoring at Level 2 or below for literacy or numeracy, and Level 1 or below for problem-solving in technology-rich environments.

2  Nearly one in three (31%) workers said they would have liked to participate, or to have participated more, in learning activities over the prior year.
THE FIX: EMPLOYERS CAN USE PROVEN STRATEGIES TO BOOST SKILLS

Companies that are interested in helping their employees build skills and advance in the workplace have a range of interventions available to them. For many small and mid-sized employers, partnerships are essential in providing upskilling opportunities, as they have limited human resources staffing and capacity to support such work in house.

Potential partnership models include:

- **Industry sector partnerships**, which bring together multiple firms in the same industry along with an education and training partner and other workforce stakeholders. This model is important in developing a “talent pipeline” of workers.
- **Apprenticeship and other work-based learning programs**, which allow workers to learn while they earn.
- **Integrated Education and Training (IET) models** that combine instruction in basic skills such as reading or math with training in a specific occupation or industry.

TAKING UPSKILLING TO SCALE: POLICY RECOMMENDATIONS

While many of the employer practices described above can be implemented on a small scale by individual companies, facilitating widespread economic mobility for service sector workers will require advancing proven policies at the state and federal level. NSC’s policy recommendations include:

- **Make sector partnerships America’s way of doing business** by improving alignment and funding to support local partnerships.
- **Make it easier for workers to navigate career pathways** via better connections between federal policies such as the Perkins Career and Technical Education Act, and Workforce Innovation and Opportunity Act.
- **Expand financial aid** and making it more responsive to working learners and businesses through the Higher Education Act.
- **Advance effective Integrated Education and Training models**, particularly at the state level.

Read *Foundational Skills in the Service Sector* to learn more about how companies across the retail, hospitality, and healthcare industries are boosting skills and to get NSC’s full policy recommendations and links to policy advocacy resources.