

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

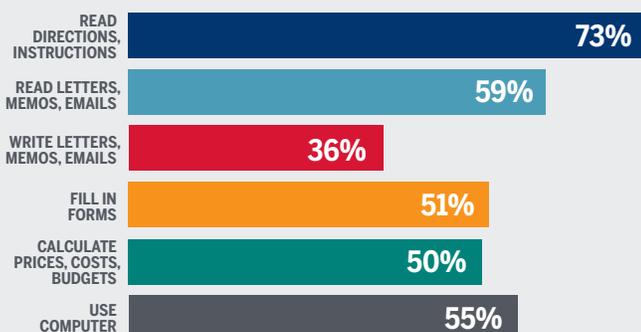
LOW SKILLS ARE PREVALENT AMONG SERVICE WORKERS



*Note: Number does not include the 20% of individuals who did not take the digital portion of the test.

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



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.

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.

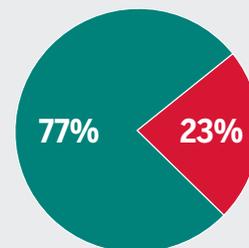
MOST LOW-SKILLED WORKERS HAVE BEEN WITH THEIR EMPLOYER FOR AT LEAST 3 YEARS



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.

NEARLY 1 IN 4 LOW-SKILLED WORKERS ARE SUPERVISORS

■ NOT SUPERVISING
■ SUPERVISING



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.

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FOUNDATIONAL SKILLS IN THE SERVICE SECTOR

Understanding and addressing the impact of limited math, reading, and technology proficiency on workers and employers

BY AMANDA BERGSON-SHILCOCK



NATIONAL SKILLS COALITION
Every worker. Every industry. A strong economy.

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.

EXECUTIVE SUMMARY

INTRODUCTION

Across the United States, millions of men and women with limited reading, math, or digital problem-solving skills are holding down jobs across the service sector. Employed in retail shops and restaurants, hotels and hospitals, these workers not only help fuel the country's economy—they keep the U.S. from becoming a less competitive nation.

In the course of their jobs, these workers often need to read vital directions, follow safety protocols, and deal with price, order, and shipping, and customer budgets. All of these can be made dramatically more challenging for workers who don't have strong literacy or numeracy skills. Many struggle to master such tasks in an attempt to compensate for their lack of skills, but others struggle in silence. These skills gaps carry heavy consequences for themselves, their families, their employers, and our country as a whole.

This report offers a fresh analysis of rigorous international data, painting a picture of the approximately 20 million American workers employed in key service-sector industries who lack foundational skills. It highlights promising practices and interventions used by U.S. employers to help their workers to upskill. And it details key policy trends that can bolster economic mobility for these workers.

Approximately eight million Americans, or 30% of the U.S. workforce, are employed in the service sector (retail, food and beverage, health and social assistance, finance and insurance). However, low wages, unpredictable schedules, and limited opportunities for promotion can curtail the ability of workers to advance within the service sector. Lack of opportunity for advancement can affect workers' decisions about whether to stay in the sector or the

THE HIGH PRICE OF LOW SKILLS

• One worker had a good job for a month, then lost it for good because he couldn't read the job description. He had to go to a job training program to get the skills he needed to get a job. He was able to get a job as an overnight stocker at a grocery store. As his English improved, he was able to start working in positions that involved interaction with customers, such as cashier. Eventually, he was able to enter more of the business world, based in the service industry when he became an assistant manager in the same grocery store.

—Aldo Escobar

NEARLY 1 IN 4 LOW-SKILL WORKERS ARE SUPERVISORS

• 77% of supervisors are low-skilled workers.
• 23% of low-skilled workers are supervisors.

STRATEGIES FOR SURVIVAL

• “There always been experience with the literacy and intelligence assessment assessment” one adult educator told NSC.

• Others told NSC of techniques that they had seen workers use to handle and even be promoted despite their skill gaps. “One worker brought with them some low language,” said another literacy instructor.

• “One supervisor would get the job for the worker to read, so that could help the supervisor,” said another.

• Other illiterate workers described workers who provided that talents to support each other, were the business on their own to avoid being exploited, or simply were willing to “pass through” but not be able to talk to their clients at communication.

OTHER SUPERVISING OTHER PEOPLE

Most low-skilled workers who are supervisors, and half of those who are being supervised by them, are supervisors. The consequences of just gaps in the individual worker and can include issues such as a supervisor struggle to give training to employees, and other financial problems.

Overall, 23% of workers with low skills are in charge of supervising colleagues at work, most of those supervisors are supervising at least six workers, on Table 2.

Table 2. Among workers with low skills who are supervisors, half are supervising at least six people

Supervising 1-5 people	50%
Supervising 6-10 people	3%
Supervising 11-20 people	28%
Supervising 21-50 people	1%
Supervising 50+ people	18%

AMONG WORKERS PURSUING FORMAL EDUCATION, A LARGE MAJORITY IS FOCUSED ON BASIC SKILLS OR WORKER SKILLS ESSENTIALS

• 86% of workers pursuing formal education are focused on basic skills or worker skills essentials.
• 14% are pursuing degrees or certificates.

MOST WORKERS PURSUING DEGREES DID SO FOR JOB-RELATED REASONS, BUT NOT NECESSARILY THEIR CURRENT JOB

• 69% of workers pursuing degrees did so for job-related reasons.
• 31% did so for other reasons.

ONE IN TEN WORKERS PARTICIPATED IN A BASIC SKILLS CLASS IN THE PREVIOUS YEAR

Workers were asked about their participation in adult education classes that were specifically focused on improving their reading, writing, and math skills or helping them obtain high school equivalency.

• 10% of workers participated in a basic skills class in the previous year.

MANY ARE ACTIVELY ENGAGED IN OBTAINING CREDENTIALS

All 27% of workers had pursued a formal degree or certificate in the previous year, while at least 60% had engaged in other types of educational opportunities during the same time period. (Note: Due to the format of the data from which these numbers were drawn, this column is a lower report of average.) Among workers who are not yet high school graduates, approximately 7% reported that they had had a language lab or participated in English classes in the previous year.

These numbers affirm the fact that many workers have been taking their skills, not least especially from key information about the reasons shown by workers in seeking out and participating in educational opportunities.

SUCCESS STORY

• “I had a student who had owned a small business in the service industry. He lacked the English skills and the confidence to be able to interact with people here in the U.S. He was able to get a job as an overnight stocker at a grocery store. As his English improved, he was able to start working in positions that involved interaction with customers, such as cashier. Eventually, he was able to enter more of the business world, based in the service industry when he became an assistant manager in the same grocery store.”

—Aldo Escobar

18 FOUNDATIONAL SKILLS IN THE SERVICE SECTOR

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