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ABSTRACT

Studies have confirmed that there is a strong correlation between employees' levels of basic workplace skills and their productivity in the workplace. Programs to build basic workplace skills have been shown to yield the following positive results: more instances of employees using reading and writing on the job, higher employee participation in meetings, employees asking more questions and making more suggestions at work, improvements in job attendance and safety, and significant gains in supervisory ratings. Research has also established that basic skills programs also enhance firms' ability to undertake more comprehensive improvement strategies. Estimates of the percentage of current workers with low levels of basic workplace skills range from 20%-40%. Companies interested in developing basic workplace skills programs can obtain help from the following sources: community colleges, adult education centers in school districts, nonprofit community-based organizations, for-profit training firms, and volunteer basic skills programs. Financial assistance may be available to companies in the form of federal/state grants, tax credits, or cost sharing arrangements with unions. Many community colleges and volunteer organizations charge only a portion of the costs associated with developing and delivering programs. The National Workforce Assistance Collaborative offers several tools to help companies start basic skills programs. (MN)

NATIONAL WORKFORCE ASSISTANCE COLLABORATIVE

WORKFORCE BRIEF #4

PREPARED BY THE NATIONAL ALLIANCE OF BUSINESS

Basic Workplace Skills:

The Foundation for Productivity Improvement

Introduction

The competitive pressures of our increasingly global economy are forcing American firms to change the way they operate in order to be more productive. These changes in the ways firms do business frequently require more from workers than was needed in the past. Today firms need workers who not only are able to read, write, speak, and understand English, but who also have mathematics, problem solving, and interpersonal skills.

> "Like many employers, Circuit City has, in fact, eliminated or sharply reduced most of its low-skilled jobs. . . Most of the remaining non-sales personnel are focused on returns, exchanges, and customer satisfaction, all of which require good communications, critical thinking, and interpersonal skills."
>
> – Alan L. Wurtzel
> Vice Chairman, Circuit City Stores, Inc.
> Congressional Testimony, February 1995

And, it is not just this *array* of skills that is important; it is also their *level*. Increasingly, workers must be able to integrate or synthesize information from complex or lengthy texts or documents, and conceptualize and perform multi-step mathematical tasks. This expanded set and higher level of skills now constitute "*basic* workplace skills" – skills that are needed as the foundation for almost all productive work, and the foundation for almost all productivity improvement efforts.

Most company improvement efforts, however, tend to overlook basic workplace skills as the foundation for successful change. This *Workplace Brief* will show that:

- The level of employees' basic workplace skills has a direct impact on company productivity and a company's ability to adopt needed workplace changes. Low skill levels limit productivity and constrain change, while high skill levels augment productivity and bolster change efforts.
- Just as low basic workplace skills can have a *negative* impact on company productivity, programs to build these skills can have a *positive* impact on productivity and a firm's ability to undertake more comprehensive improvement strategies.
- Most studies indicate that *about 20 percent* of America's workers have low basic workplace skills. Improving employees' basic workplace skills isn't *some other* company's problem, it's *every* company's problem.
- Investing in the development of employees' basic workplace skills does not have to be difficult. There are many programs and resources companies can tap into for assistance.

Impact of Low Basic Skills

Many employers realize the negative impact poor basic workplace skills can have on a firm's economic performance. When asked the connection between employee skills and productivity, employers surveyed for a 1993 W.E. Upjohn Institute study contended that basic skills were *highly* linked to productivity.

Among companies participating in a 1982 Center for Public Resources Survey of Basic Skills in the U.S. Workforce:

- 30 percent reported secretaries having difficulty reading at the level required by the job;
- 50 percent reported managers and supervisors unable to write paragraphs free of grammatical errors; and
- 50 percent reported skilled and semi-skilled employees, including bookkeepers, unable to use decimals and fractions in math problems.

In the same survey, companies told stories of workers killed because of their inability to read warning signs, workers making costly mistakes because they couldn't understand correspondence, and workers losing time on the job because they had to be "physically" instructed in how to use machinery due to their inability to read instruction manuals. While the survey is somewhat dated, if anything, skill requirements have *increased* since it appeared.

Not only do poor skills affect a firm's *current* economic performance, they also limit a firm's ability to make productivity improvements. Companies bringing in new, complex technologies need workers who can read and follow complicated instruction manuals. Those adopting statistical process control techniques need workers with a basic understanding of statistics and probability. And companies shifting to team-based management and production require employees with good communication skills.

These connections between productivity improvements and basic workplace skills are recognized by many employers. A 1991 survey conducted by the National Association of Manufacturers found that 40 percent of the manufacturing executives questioned attributed their company's inability to upgrade technologically to worker deficiencies in literacy and basic skills. 37 percent said inadequate employee skills hampered their efforts to improve productivity, and 30 percent said they couldn't reorganize their workplace because their "employees cannot learn new tasks." Basic workplace skills are not just important in their own right, they are important as a foundation for a firm's other productivity improvement efforts.

Consequences of Low Basic Skills

- In a large urban bank, managers discovered that a major reason for low productivity among the secretarial and clerical staff was the fact that 70 percent of dictated correspondence had to be redone at least once because of spelling and grammatical errors.
- In a major manufacturing company, one employee who didn't know how to read a ruler mismeasured yards of steel sheet, wasting almost $700 worth of material in one morning.
- The same manufacturing company invested heavily in equipment to regulate inventories and production schedules. Unfortunately, the workers were unable to enter numbers accurately which destroyed inventory records and resulted in production orders for the wrong products. Correcting the errors cost the company millions of dollars and wiped out any savings projected as a result of the new automation.

The Bottom Line: Basic Skills in the Workplace, U.S. Departments of Labor and Education

Benefits of Basic Skills Programs

Although some employers realize the link between employees' basic skills and their firm's ability to adopt productivity improvements, many still ignore the importance of basic workplace skills training in improving competitiveness. When companies search for ways to improve their bottom lines, they usually focus on adopting new technologies, reorganizing work, or providing training in *technical* or *work process* skills. They tend to either *assume* their employees have needed basic skills or to *ignore* basic skills problems because "basic skills training is not a company responsibility."

Such thinking, however, is shortsighted. Basic workplace skills programs improve company productivity and support the successful implementation of other productivity improvement efforts. The Upjohn Institute estimated that basic skills program participation may *enhance employees' productivity . . . by 10 to 20 percent.*

A 1992 Southport Institute for Policy Analysis study found that programs in basic workplace skills improve both employees' attitudes and behaviors, and firms' bottom lines. The small and mid-sized companies it surveyed reported improvements in workers' motivation, self-esteem, willingness to take responsibility, teamwork, and communication and problem solving abilities. They also reported lower turnover rates and improvements in quality and productivity.

In a 1992 study, Mikulecky and Lloyd found that basic workplace skills training resulted in:

- More instances of employees using reading and writing on the job;
- Higher employee participation in job meetings;
- Employees asking more questions and making more suggestions at work;
- Improvements in job attendance and safety; and
- Significant gains in supervisory ratings.

Data also exist to support the contention that programs in basic workplace skills enhance companies' other workplace improvement efforts. The Southport Institute study found that firms that invest in workplace education benefit more from new technology and reorganization of work than do firms that do not include a basic education component in their quality programs.

Basic workplace skills programs are a good value. The Upjohn Institute noted that nearly all of the firms in its study believed that the benefits of their basic workplace skills programs compensated for their costs. It is clear: *basic workplace skills training is not just an employee benefit, it is a sound investment strategy.*

Extent of Low Skills

No employer can afford to assume he or she does not have a basic workplace skills problem. By some estimates, 20 percent of current workers have low skills, by others, the number is nearly 40 percent.

A 1995 National Employer Survey conducted by the National Center on the Educational Quality of the Workforce found that, on average, employers considered *only 80 percent* of their workers to be proficient at their jobs. Thirty-two percent of employers thought that *75 percent or less* of their employees were proficient at their jobs. *Only 19 percent* of employers thought their percentage of proficient employees was greater than 95 percent.

Other research confirms that employees with low skills are not confined to a small percentage of workplaces. Over half of the small to mid-sized companies surveyed for the Southport Institute study indicated that they had skills problems that would merit basic skills programs.

The National Adult Literacy Survey (NALS), a large-scale, national survey of adult literacy released in 1993, found that 14 to 16 percent of our nation's labor force have very low "prose," "document," and "quantitative" skills, and an additional 24 to 28 percent have skills that are only marginally better.

Basic Skills Program Gains

- Otto Engineering Inc. claims a 340 percent increase in productivity since it launched its math and English program in 1988.
- Weber Metals reduced scrap from 20 to 2 percent, reduced errors, and improved production reports and communications after it provided classes in English as a second language, math, spelling, computer literacy, and GED preparation.
- Wm Dudek Manufacturing Company improved sales volume, profit, work flow, and on-time deliveries after it provided English as a second language and math classes to its 30 employees.
- A basic skills training program at Delta Wire decreased nonconforming material from 6 or 7 percent to 2 percent, increased productivity from 70,000 to 90,000 pounds per week, and led to a "best in class" award from Goodyear, its largest customer.

"Training: "The Case for Increased Investment," *Employment Relations Today*

Workers in the lowest skill group range from those having almost no basic skills at all, to those only able to handle such simple tasks as totaling an entry on a deposit slip, locating the time or place of a meeting on a form, and identifying a piece of specific information in a brief news article. Those workers categorized as having slightly higher basic skills can handle tasks like calculating the total cost of a purchase, determining the difference in price between two items, locating a particular intersection on a street map, and entering background information on a simple form.

Neither group has the reading and problem-solving skills necessary for such complex tasks as integrating information from relatively long or dense text or documents, and determining the appropriate arithmetic operation based on information contained in a directive, and identifying the quantities needed to perform that operation.

When determining whether employees' skills come up short, it is important to remember the fact that skill requirements are not static. Skill needs ten years ago are not skill needs today, and today's skill needs are likely to be outdated in a few short years – or even months. Longshoremen who once manually registered all of the materials brought in and out of a port are using computers to track shipments and calculate cargo space needs. An increasingly sophisticated banking industry is reducing its numbers of tellers and hiring more customer service representatives who must be knowledgeable about a wide array of financial instruments.

It is projected that, in the future, the greatest job growth will be in occupations with basic skill requirements considerably above the mean for current workers. Employers should think about preparing for that future now. Workers will need strong basic workplace skills if they are to operate successfully in companies adopting high performance work practices or installing new technologies.

Where to Start

Companies do not have to develop and deliver programs themselves. There is help available. A variety of organizations are skilled in developing, customizing, and delivering basic workplace skills programs. Companies might look for help from:

- ✔ Community colleges;
- ✔ Adult education centers in school districts;
- ✔ Non-profit, community-based organizations;
- ✔ For-profit training firms; and
- ✔ Volunteer basic skills programs.

The better the quality of a basic workplace skills program, the greater its benefits. Companies thinking of launching programs should make sure that the programs:

- ✔ Link training objectives to company objectives;
- ✔ Teach basic skills in the context of workplace demands and activities;
- ✔ Connect basic skills training to other workplace and workforce initiatives;
- ✔ Encourage the transfer of skills learned in the classroom back to the workplace;
- ✔ Tailor training to employee needs and facilitate employee participation; and
- ✔ Employ highly skilled basic workplace skills providers.

Are You Likely to Have a Basic Workplace Skills Problem?

- ❑ Individuals employed in the finance, insurance, and real estate industries, and the public administration sector have, on average, the highest levels of basic skills.
- ❑ Individuals employed in agriculture, construction, manufacturing, and mining have, on average, the lowest levels of skills.
- ❑ Basic skills proficiencies are highest among professional workers, managers, administrators, and technical workers.
- ❑ Basic skills are lowest among semi-skilled and unskilled blue collar workers, and among farm, forestry, and fishing workers.
- ❑ A full 60 percent of front-line workers within the goods producing industries cannot match information in a text to a required task when some inference is involved, cannot integrate information from several documents, and cannot deal with complex tables or graphs.

National Adult Literacy Survey, 1993

Basic workplace skills programs are not expensive. For many small and mid-sized companies, there is little expense beyond the time involved in planning the program and releasing employees from work to participate in classes. There are many ways that companies can keep the costs of their basic skills programs low:

- ✔ The federal and many state governments offer grants to subsidize the costs of basic workplace skills programs.
- ✔ Some states offer tax credits for basic workplace skills programs.
- ✔ Many community colleges charge only the delivery costs associated with their basic skills programs, effectively underwriting all of the development costs.
- ✔ Some unions will share the costs of basic skills programs with employers.
- ✔ Some volunteer basic skills programs will charge companies only for the design and oversight associated with a basic workplace skills program, and use their volunteers for delivery.

The following National Workforce Assistance Collaborative tools might serve as a starting point for companies considering a basic workplace skills program:

- ✔ *Resource Guide* - a listing of national membership organizations and state program offices supporting workplace and workforce changes in workplace literacy, employee training, labor-management relations, and work restructuring;
- ✔ *Workplace Literacy Publications* - an annotated bibliography of workplace literacy print resources;
- ✔ *Workplace Literacy Product Checklist* - a checklist companies can use to determine whether particular workplace literacy products follow best practice (available summer, 1995); and
- ✔ *Workplace Literacy Interview Guide* - an interview guide companies can use to interview and select appropriate workplace literacy service providers (available summer, 1995).

Further information on the issues presented in this brief can be obtained from:

Bergman, Terri. "Training: The Case for Increased Investment," *Employment Relations Today*, Winter 1994/95.

Chisman, Forest P., *The Missing Link: Workplace Education in Small Business* (Washington, DC: Southport Institute for Policy Analysis, 1992).

Educational Testing Service, *Adult Literacy in America: A First Look at the Results of the National Adult Literacy Survey* (Washington, DC: U.S. Department of Education, 1993).

Hollenbeck, Kevin, *Classrooms in the Workplace* (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1993).

National Workforce Assistance Collaborative, *Workforce Brief #2 - Company Training: A Key Strategy for Success* (Washington, DC: National Alliance of Business, 1995)

U.S. Department of Labor and Education, *The Bottom Line: Basic Skills in the Workplace* (Washington, DC: U.S. Department of Labor and Education, 1988).

Terri Bergman *1995*

The ***National Workforce Assistance Collaborative*** builds the capacity of the service providers working with small and mid-sized companies in order to help businesses adopt high-performance work practices, become more competitive, and ultimately advance the well-being of their employees. The Collaborative was created with a $650,000 cooperative agreement grant from the ***Department of Labor*** to the ***National Alliance of Business***. Current partners on the project include the Council for Adult and Experiential Learning, the Institute for the Study of Adult Literacy at The Pennsylvania State University, the Maryland Center for Quality and Productivity, and the National Labor-Management Association. The Collaborative provides assistance in four areas: employee training, labor-management relations, work restructuring, and workplace literacy. For more information on the Collaborative, contact Bernice Jones at the National Alliance of Business, 202/289-2915.

Bundles of 25 copies of this brief are available for $7.75 (includes postage and handling) by contacting the National Alliance of Business, Distribution, P.O. Box 501, Annapolis Junction, MD 20701, phone: 1-800-787-7788, fax: 301-206-9789.