

THE BUSINESS CASE FOR UPSKILLING: HOW COMPANIES BENEFIT WHEN SERVICE WORKERS IMPROVE THEIR SKILLS

Limited math, reading, and technology skills are a widespread challenge among US workers, as documented in NSC's *Foundational Skills in the Service Sector* report. But companies that invest in their workers' skill building can see payoffs not only for the workers themselves, but for the business bottom line.

THE CHALLENGE: DEDICATED EMPLOYEES WITH LIMITED SKILLS

Data from a rigorous international assessment show that low foundational skills are prevalent across the service sector: 62% of American workers in the target occupations have low English literacy skills, 74% have low numeracy, and 73% have limited digital problem-solving skills.¹

At the same time, many workers with skill gaps are loyal and dedicated employees. A majority (58%) have been with their current employer for at least three years, including 36% who have been with their employer for at least six years.

Workers who are interested but don't participate in learning activities say major barriers are lack of time, money

Too busy at work	24%
Education or training was too expensive/could not afford it	21%
Did not have time because of child care or family responsibilities	16%
The course or program was offered at an inconvenient time	14%
Something unexpected came up that prevented them from taking education or training	10%
Other	8%
Lack of employer support	6%
Did not have the prerequisites	2%

THE SOLUTION: INVESTING IN SKILLS

Companies can capitalize on their employees' interest in upskilling by facilitating their participation in learning opportunities, including through reducing logistical and other barriers to participation.

Businesses that are successfully addressing skill gaps in their workforce are doing so through a variety of tactics. Many involve partnerships with community colleges, nonprofit organizations, or other training partners. Some businesses offer on-site training to workers during the work day or after their shifts, while others support the ability of their employees to attend classes off site.

Examples of employer skill-building investments include:

- Sponsoring an apprenticeship program for nursing home workers
- Informing the design of a community college program for customer service specialists
- Offering a blended learning program that allows restaurant workers to participate in both in-person and online classes to obtain their high school equivalency and earn industry-recognized credentials

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



THE OPPORTUNITY: WORKERS ARE ENERGIZED TO PURSUE LEARNING

While workers often come up with ingenious coping mechanisms to compensate for their skill gaps, their limitations can function as an invisible drag on their productivity — hurting workers and businesses alike.

Many workers recognize this, and are eager to remedy their skill deficits: 39% are already participating in learning activities, including 27% who are enrolled in a formal degree or certificate program. Others say they would like to participate but face barriers in doing so. (See table.)

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.



THE NEXT CHAPTER: POLICIES THAT BUILD ON EMPLOYER INVESTMENTS

Policymakers can amplify companies' investments by enacting policies that support effective skill building. Among the tools available to state and federal policymakers are:

- **Investing in sector partnerships** that bring together multiple companies in a single industry along with a training partner and other workforce stakeholders. These partnerships help ensure that workforce development efforts are “demand-driven” and responsive to local labor market needs. They are especially important in the service sector given the high number of service workers who are employed in small or mid-sized businesses. Such businesses benefit from participating in

sector partnerships that allow them to aggregate the demand for talent across multiple employers.

- **Advancing effective Integrated Education and Training (IET) models.** IET is a programmatic approach that allows workers to build basic skills such as math or reading while also being trained for a specific occupation or industry. States that have implemented IET policies can provide support for education and training providers to collaborate with employers in identifying and developing programs that are responsive to business needs.

Learn more about these tools and discover NSC's other recommendations for employers and policymakers in the *Foundational Skills in the Service Sector* report.

EXCELLENCE THROUGH COLLABORATION

The Hospitality Training Academy (HTA) and its Employer Partners

The Hospitality Training Academy (HTA) is a nonprofit organization and labor-management partnership that provides benefits both to members of the UNITE HERE Local 11 labor union and more than 140 employers in Los Angeles and Orange Counties. Businesses that partner with the HTA include hotels, airport concession companies, large event/sports venues, universities, theme parks, restaurants, convention centers and casinos.

The HTA offers new and incumbent workers the tools to succeed in Los Angeles's high growth hospitality industry by participating in training programs that allow them to find initial employment and then move up the career ladder. Supported by a mixture of public and private funding as well as contractually agreed-upon contributions from union members and their employers, the HTA tackles skill gaps via targeted training programs that are tailored to employers' specific needs.

Becoming a four star hotel: making the connection between worker skills and business success

When the Concourse Hotel at Los Angeles International Airport (LAX) set out to become a Hyatt Regency Forbes four star property, Director of Human Resources Yohanys Castro knew she would either have to lay off much of her current workforce or figure out how to help her existing workers boost their skills. “To be a four star hotel, customer service is vital. We needed all of our employees to be comfortable interacting at a much higher level with our guests,” she says. “But some of our room attendants would duck into rooms or behind their carts to avoid contact with guests they saw in the hallways because they were afraid their limited English skills would prevent them from understanding guests' needs.”

The solution: bring the situation to the attention of the City of Los Angeles's Workforce Development Board (WDB), which

could provide key support for training via the Workforce Innovation and Opportunity Act. Knowing that her employees' union had a training arm for the hotels, Castro reached out, and soon a collaboration between HTA and the WDB was born. The task: Train all managers — as well as the hotel's 164 union workers — on the four star standards, upskilling the workforce to prepare them for working in new rooms, facilities, amenities and restaurants. In addition, provide on-site English classes to help workers build their language skills and confidence.

“We knew that in order to hit our mark on our [customer service] standards, we needed these employees to be able to interact,” says Castro. “So as an incentive to our employees, and in order for the hotel to hit our goals, the HTA provided training in a variety of skills, including English as a Second Language (ESL), basic math, and reading.”

The HTA's English classes met on site at the hotel, twice a week for two hours per session, and ran in six-week cycles. Among the factors that drove its success:

- Classes were held for the workers after their day shift, and workers were paid for the time they spent in training;
- Class participants were selected from among workers who volunteered to participate, confirming their motivation and interest; and
- The instructor was an experienced, skilled English language teacher who had taught at the college level.

Today, the hotel — now a Hyatt Regency — has reaped noticeable dividends. “We know we made the right choice to invest in our workers because we get [positive] emails and replies to our guest opinion surveys about customer service,” says Castro. “So we know, as a business, this investment is showing positive returns. Plus, we feel so much better not having had to lay-off all of those managers and workers.”

Perhaps most importantly, the Hyatt Regency LAX has now attained its goal of becoming a Forbes four star hotel.