

KEY FINDINGS

THE ILL-PREPARED U.S. WORKFORCE

Exploring the Challenges of Employer-Provided Workforce Readiness Training



THE ILL-PREPARED U.S. WORKFORCE

Exploring the Challenges of Employer-Provided Workforce Readiness Training

Far too often, employers welcome a new hire only to discover that he or she lacks basic workforce readiness skills. Knowing that workforce talent is a major issue in global competitiveness, companies try to close the gap with readiness or remedial training, but achieve less than satisfactory results. What, then, can employers do to make their new employees ready to work?

Success Is Elusive

During the second quarter of 2008, The American Society for Training and Development, The Conference Board, Corporate Voices for Working Families, and the Society for Human Resource Management surveyed 217 employers to examine corporate practices on training newly hired graduates at three educational levels: high school, two-year college, and four-year college.

The findings indicate that employers are struggling with an ill-prepared workforce. While almost half of the companies surveyed provide readiness or remedial training programs for new hires, the majority report less than strong results (see Charts 1 and 2). The low scores may be linked to the fact that the programs offered often do not match employers' greatest needs. Employers are also unable to report how much they are spending on these programs, which makes it impossible to assess their impact on the bottom line.

Substantial Workforce

Readiness Training Gaps Exist

Respondents were asked to indicate their need and provision of training programs in twenty basic and applied skills. Particularly disturbing are the substantial gaps in training for critical thinking and creativity skills that are crucial to companies' ability to compete in the global marketplace: More than 40 percent of those surveyed indicated a "high need" for programs in critical thinking, but were not offering such a program. And nearly 70 percent indicated a "high need" for programs to foster skills in creativity, but were not providing these programs. Also notable is the gap in training programs designed to increase awareness of ethics and social responsibility.

Chart 1 Respondents report uneven success in workforce readiness programs: from "deficiency" to "adequacy" (n=55)

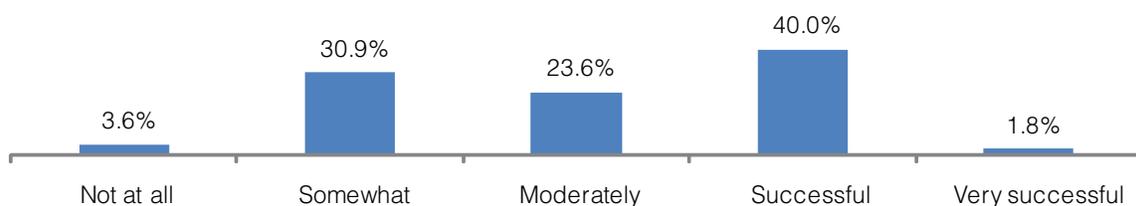
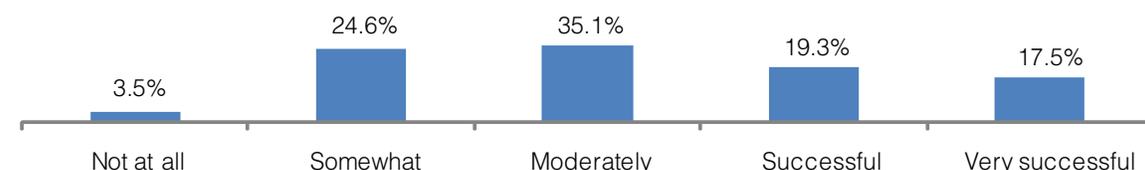


Chart 2 Respondents report uneven success in workforce readiness programs: from "adequacy" to "excellence" (n=57)



Fully three-quarters of the respondents from the financial sector expressed a need for such training, yet less than a quarter of them offer it. Sizable gaps are also reported in basic skills programs to improve reading comprehension, writing, and math. The deficiencies these employers found in their new hires are similar to those reported in the 2006 report by The Conference Board *Are They Really Ready to Work? Employers Perspectives on the Basic Knowledge and Applied Skills of the 21st Century Workforce*, which found new entrants unprepared for work.

Employer-provided workforce readiness training could have a profound impact on younger workers, who are now competing against older, more experienced workers for fewer jobs. With older workers now viewed as likely to postpone their retirement, recent graduates with inadequate workforce skills will be at a disadvantage both during the recession and once the economy improves.

Alternative Approaches to Workforce Readiness Training

The research also finds that some companies decide not to hire and train new entrants who are unprepared. American Express has created a detailed hiring profile based on its customer service needs that assesses not only skills in math, computing, reading, and retention, but also applicants' aptitude for teamwork and communication skills. By eliminating the need for remedial training, American Express can focus on career development instead.

Some companies prefer informal learning opportunities to improve their workforce, citing the approach's spontaneity and cost-effectiveness. These companies most often rely on intranets and email. Other web-based resources, such as online social networks, wikis, blogs, and podcasts, which are often used by younger workers, are far less commonly cited as informal training resources. With informal learning predicted to rise in popularity during the current economic downturn, businesses that fail to use these newer technologies may be missing out on learning opportunities that especially appeal to younger workers.

Examples of Success

While the overall survey results raise critical questions concerning the effectiveness of workforce readiness training, there are some positive findings. Programs are in place to address training needs in leadership, information technology, and teamwork skills. Regarding the overall

effectiveness of workforce readiness training programs, manufacturing companies have the greatest success rates, with two-thirds reporting their programs to be "successful" in raising workers' skill levels from "adequate" to "excellent." And three-quarters of the respondents from the financial services rate their programs "successful" in raising workers' skill levels from "deficient" to "adequate."

The research also uncovered five workforce readiness examples of success: Bank of America's partnership with Year Up, CVS Caremark-TJX Companies's joint initiative, Harper Industries, Northrop Grumman's Apprenticeship School, and YUM! Brands.

Successful companies provide workforce readiness training within an overall company culture committed to training and to employees thoroughly screened for their job readiness. They design strategic partnerships with local colleges and focus on integrating workforce readiness training with both job-specific skills and career development training. Finally, companies that report success in their training programs were constantly reevaluating them to align their content with current and future company needs.

Improving Workforce Readiness—What Business Can Do

These steps are not the only ones business can take. If business wants a better prepared workforce, it needs to:

- Communicate to the public at large that new workers must come prepared with both basic and applied skills.
- Participate with educators on developing workforce readiness skills through mentoring, internships, and other learning opportunities.
- Adopt better internal tracking of training costs and quality to document the cost of poorly prepared new workforce entrants.
- Encourage focused spending of corporate philanthropic funds on workforce readiness.
- Use its corporate voice to focus public policy discussion on the need to link K-12 education, technical schools, and college education with workforce readiness skills so that our education and workforce systems prepare young people to complete postsecondary education and make successful transitions to career path employment.

To order the Research Report

The Ill-Prepared U.S. Workforce: Exploring the Challenges of Employer-Provided Workforce Readiness Training or more copies of these Key Findings, visit www.conference-board.org or call 212 339 0345.



THE CONFERENCE BOARD

The Conference Board
845 Third Avenue, New York, NY 10022-6600

Nonprofit Org.
U.S. Postage
PAID
City, ST
Permit No. XX

To Order the Full Research Report

The Ill-Prepared U.S. Workforce: Exploring the Challenges of Employer-Provided Workforce Readiness Training

online www.conference-board.org/illprepared

email orders@conference-board.org

call 212 339 0345

www.conference-board.org

The Conference Board creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. Working as a global, independent membership organization in the public interest, we conduct research, convene conferences, make forecasts, assess trends, publish information and analysis, and bring executives together to learn from one another. The Conference Board is a not-for-profit organization and holds 501 (c) (3) tax-exempt status in the United States.

The Conference Board, Inc.

845 Third Avenue
New York, NY 10022-6600
United States
Tel +1 212 759 0900
Fax +1 212 980 7014
www.conference-board.org

The Conference Board Europe

Chaussée de La Hulpe
130, box 11
B-1000 Brussels Belgium
Tel +32 2 675 5405
Fax +32 2 675 0395
www.conference-board.org/europe.htm

The Conference Board China

Beijing Representative Office
7-2-72 Qijiayuan,
9 Jianwai Street
Beijing 100600 P.R. China
Tel +86 10 8532 4688
Fax +86 10 8532 5332
www.conference-board.cn (Chinese)
www.conference-board.org (English)

The Conference Board Asia-Pacific

22/F, Shun Ho Tower
24-30 Ice House Street, Central
Hong Kong, SAR
Tel +852 2804 1000
Fax +852 2869 1403
www.conference-board.org/ap.htm

The Conference Board of Canada

255 Smyth Road
Ottawa, Ontario K1H 8M7
Canada
Tel +1 613 526 3280
Fax +1 613 526 4857
www.conferenceboard.ca

© 2009 by The Conference Board, Inc. All rights reserved. Printed in the U.S.A.
ISBN No. 0-8237-0955-8. The Conference Board and the torch logo are registered trademarks of The Conference Board, Inc.



Recycled
Supporting responsible use
of forest resources
www.fsc.org Cert no. SGS-COC-003568
© 1996 Forest Stewardship Council



Printed and bound by Villanti & Sons, Printers, Inc., a Green-e® certified Marketplace and FSC-certified printer. This document is printed on Mohawk Via paper, which is 100 percent post-consumer waste fiber, is manufactured with wind power, and is process chlorine free. The paper is certified by Green Seal and SmartWood to the Forest Stewardship Council standards. Manufactured using 100 percent certified renewable energy, no-VOC inks, and no film-process chemical.