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Workplace Literacy Programs: Why the Mismatch Between Availability and Need?

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Workplace Literacy Programs

Why the Mismatch Between Availability and Need?

A remarkable phenomenon is occurring in a small share of the workplaces. It is possible to walk into these firms and find, on premises, classrooms - complete with chalkboards, audio-visual equipment, textbooks, and reference libraries. Furthermore, if you happen to visit one of these classrooms during an instructional period, you are likely to observe a class in reading, writing, or arithmetic. In most cases, employees are earning wages while they participate.

The fact that some companies offer training in basic academic skills does not seem so remarkable when you consider the need. Studies of workforce quality consistently find that basic communication and mathematics skills are necessary for workers to be productive (one of the most prominent of these is the Secretary's Commission on Achieving Necessary Skills (SCANS), 1992). Yet, as reported in my recent book, *Classrooms in the Workplace*, 25 to 40 percent of workers in small and medium-sized businesses have low enough levels of basic skills to impede their job performance.

Despite the magnitude of this problem, only a small minority of firms offers formal training programs for basic academic skills. My research suggests that only 1 to 3 percent of small businesses have such a program. Professor Laurie Bassi of Georgetown University estimated a higher percentage - perhaps 8 to 10 percent. From either estimate, it can be concluded that a significant share of the workforce has some basic skills deficiency, but only a small proportion has an opportunity to redress their deficiencies in on- or off-site workplace programs. Why is there such a mismatch between the need for workplace literacy programs and their availability?

What Are Workplace Literacy Programs?

Table 1 presents a summary of program characteristics from a survey conducted as part of my study. The preponderance of programs - over 80 percent - provided release time to permit employee attendance (excused absence with pay from normal duties). Some employers provided release time for part of the activity and expected employees to use their own time for the remainder. The employers perceived this arrangement as a way for employees to invest in the programs themselves.

A similar percentage of programs - 82 percent - were offered at the worksite. The primary advantages of this arrangement are that its convenience reduces the cost of participation to the worker and allows the employer to monitor the program. On the other hand, off-site arrangements minimize disturbances and thus promote attendance and concentration.

Table 1

Characteristics of Workplace Literacy Programs in Michigan Firms

Characteristic	Percentage ^a
Voluntary participation	56.9
Taught at worksite	82.4
Release time provided	80.8
Skills taught: ^b	
Mathematics	58.8
ESL	3.9
Reading and writing	38.0
Standard GED curriculum	19.6
Problem solving	82.4
Interpersonal skills	66.7
Type of instructor: ^c	
In-house paid teacher	44.1
Contracted teacher	20.6
Company volunteer	11.8
Other	22.3
Sample size	53

a. Percentages are based on respondents to the item and not on total with a program.

b. Percentages sum to greater than 100 because of multiple responses.

c. Percentages do not sum to 100 because of rounding.

Slightly over half of the programs were voluntary; the remainder were either mandatory for certain workers or a combination of mandatory and voluntary. A plurality of programs were not regularly scheduled (met as needed or as could be arranged), but among those scheduled on a regular basis, the median frequency was about twice per week.

The responses were almost perfectly split between using an employee as the instructor and bringing in an external party as the instructor. In the latter cases, instructors were either independent consultants or taught at a community college or adult education department of a public school system.

The skills taught matched the areas of greatest need, according to survey data. Problem solving was taught in almost 85 percent of the programs, interpersonal skills in about 70 percent of the programs, mathematics in over half of the programs, and reading and writing or other English skills in a minority of the programs.

Do High Program Costs or Low Returns Inhibit Availability?

Employers offering workplace literacy programs are investing in the human capital of their employees. As with any investment, they must weigh the costs and likely returns. While the evidence is sketchy, it appears that costs of workplace literacy programs are modest. My case study and survey research shows an average program cost for 20 workers of about \$14,500. These data come from a limited sample of small businesses, but they suggest that the annual out-of-pocket cost (materials, provider cost, and employee release time) per employee is under \$1,000. These amounts may reflect an underestimation of the total cost, since most firms operate their programs in partnership with an educational institution that bears fixed costs such as curriculum development and often receive Adult Education Act subsidies for basic skills instruction.

On the other hand, in a recent working paper, I found substantial productivity payoffs to workplace literacy programs. Analyses of data from two large, nationally representative surveys of individuals resulted in estimates of marginal impacts of 11 to 17 percent increases in earnings, and by assumption, productivity. The evidence thus suggests that neither prohibitively high costs nor low payoffs are likely to be responsible for the low incidence of programs.

What Do Employers Say?

During the course of my study, I surveyed employers without programs about their reasons for not having them. Table 2 summarizes the responses to this question.

Many employers said that low basic skills were not a problem because they hired workers with high levels of educational attainment or because they carefully screened new hires for basic skill levels. Of the remaining employers, the major reasons cited were resources required (i.e., program costs, staff time, or worker release time), fear of employee turnover, lack of information (i.e., how to assess workers, how to start a program), and companies never having considered the issue.

Can Public Policy Reduce the Mismatch?

The main economic justification for public involvement in worker training is that it provides positive benefits to society. Trained, literate workers earn higher wages and thus pay higher taxes, have more stable attachment to the labor force and are less likely to receive income support payments, have higher levels of skills that will improve U.S. competitiveness, have less turnover and thus total fixed employment costs, and are more informed citizens. These benefits are inversely related to how specific the training is. The benefits of highly job-specific training are captured by the worker and firm. However, more general training, such as workplace literacy training, has benefits that spill over to all society.

Table 2
Responses of Firms as to Why Workplace Literacy Programs
Were Not Started

Reason	Percent
Basic skills not a serious problem	57.4
Need more information about need	33.8
Need more information about how to set up	35.3
Never considered doing so	42.6
Not employer's responsibility	33.8
Not enough staff to manage	51.5
Too expensive	36.8
Too much worker release time	41.2
Workers quit after training	16.2
Workplace education not effective	11.8

NOTE: Questions of why programs was not started asked all respondents to Survey of Workplace Literacy Program Characteristics (see Hollenbeck 1993a) who did not offer a program. Entries to this table are based on the 68 responses to this question (out of 68). Sum percentages exceeds 100 percent because respondents were allowed to give multiple responses.

Accepting the premise that workplace literacy programs warrant public support, what should be the form of that involvement? Survey and case study data from my research suggest that employers *perceive* the fixed costs of program implementation to be prohibitive. Two remedies are suggested; one involves money and the other involves information.

Government subsidies might be enough to encourage employers who are deterred by the perception that the costs of the programs exceed the benefits. And, if program costs are as modest as suggested, then a relatively small governmental program may be able to serve many businesses.

Given the fiscal constraints at all levels of government, perhaps a more realistic role for government would be to provide information or technical assistance to employers. An accessible, credible source of technical assistance could be targeted at (small) businesses that lack the resources to investigate thoroughly issues such as assessing workers, identifying providers, developing curricula, and solving logistical problems such as scheduling and facilities.

In summary, there appears to be a significant mismatch between the need to upgrade workers' basic academic skills and the opportunity to do so at the workplace. Despite modest costs and potentially large productivity payoffs, only a small minority of firms now offer formal workplace literacy programs. Increased levels of public support and information are likely to pay off in the form of a more productive workforce. If such a public support were forthcoming, there could come a time when it is no longer remarkable to see a classroom when you enter a worksite

or to learn of employees getting release time to attend an adult education program.

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Suggested Readings

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