

# Executive Summary

The future U.S. workforce is here—and it is woefully ill-prepared for the demands of today’s (and tomorrow’s) workplace. So say employers in a unique study by The Conference Board, Corporate Voices for Working Families, Partnership for 21<sup>st</sup> Century Skills, and the Society for Human Resource Management, which looks at the readiness of new entrants to the workforce. Knowing how employers view these new entrants is an important first step in enabling both these new entrants and U.S. business to succeed on the global economic playing field.

The four participating organizations jointly surveyed over 400 employers across the United States. These employers articulate the skill sets that new entrants—recently hired graduates from high school, two-year colleges or technical schools, and four-year colleges—need to succeed in the workplace. Among the most important skills cited by employers:

- Professionalism/Work Ethic
- Oral and Written Communications
- Teamwork/Collaboration and
- Critical Thinking/Problem Solving.

In fact, the findings indicate that applied skills<sup>1</sup> on all educational levels trump basic knowledge and skills, such as *Reading Comprehension* and *Mathematics*. In other words, while the “three Rs” are still fundamental to any new workforce entrant’s ability to do the job, employers emphasize that applied skills like *Teamwork/Collaboration* and *Critical Thinking* are “very important” to success at work.

Basic Knowledge/Skills	Applied Skills
English Language (spoken)	Critical Thinking/Problem Solving
Reading Comprehension (in English)	Oral Communications
Writing in English (grammar, spelling, etc.)	Written Communications
Mathematics	Teamwork/Collaboration
Science	Diversity
Government/Economics	Information Technology Application
Humanities/Arts	Leadership
Foreign Languages	Creativity/Innovation
History/Geography	Lifelong Learning/Self Direction
	Professionalism/Work Ethic
	Ethics/Social Responsibility

<sup>1</sup> Applied skills refer to those skills that enable new entrants to use the basic knowledge acquired in school to perform in the workplace.

## A Poor Report Card

When asked to assess new workforce entrants, employers report that many of the new entrants lack skills essential to job success. A Workforce Readiness Report Card<sup>2</sup> presents each of the three educational levels considered in the study (see page 41). Employers expect young people to arrive in the workplace with a set of basic and applied skills, and the Workforce Readiness Report Card makes clear that the reality is not matching expectations.

- The Workforce Readiness Report Card for new entrants with a high school diploma does not have a single item in the Excellence List. All 10 skills that a majority of employer respondents rate as “very important” to workforce success are on the Deficiency List.
- For two-year college-educated entrants, one “very important” applied skill—*Information Technology Application*—appears on the Excellence List while seven skills appear on the Deficiency List.
- Only for the four-year college-educated entrants to the workforce is the Excellence List longer than the Deficiency List on the Report Card.

Encouraging news, however, is the appearance of *Creativity/Innovation* on the Excellence List for four-year college-educated entrants. Creativity and innovation are important drivers for the economic progress of individual businesses and for the economy-at-large. It should be noted, however, that *Creativity/Innovation* barely clears the threshold for placement on the Excellence List.

The report’s findings reflect employers’ growing frustrations over the lack of skills they see in new workforce entrants. Which skills do employers view as “very important” now and which are increasing in importance?

A combination of basic knowledge and applied skills are perceived to be critical for new entrants’ success in the 21<sup>st</sup> century U.S. workforce, but when basic knowledge and applied skills rankings are combined for each educational level, the top five “most important” are almost always applied skills.

- *Professionalism/Work Ethic, Teamwork/Collaboration and Oral Communications* are rated as the three “most important” applied skills needed by entrants into today’s workforce.
- *Knowledge of Foreign Languages* will “increase in importance” in the next five years, more than any other basic skill, according to over 60 percent (63.3 percent) of the employer respondents.
- *Making Appropriate Choices Concerning Health and Wellness* is the No. 1 emerging content area for future graduates entering the U.S. workforce as reported by three-quarters of the employer respondents (76.1 percent).<sup>3</sup>
- *Creativity/Innovation* is projected to “increase in importance” for future workforce entrants, according to more than 70 percent (73.6 percent) of employer respondents. Currently, however, more than half of employer respondents (54.2 percent) report new workforce entrants with a high school diploma to be “deficient” in this skill set, and relatively few consider two-year and four-year college-educated entrants to be “excellent” (4.1 percent and 21.5 percent, respectively).

<sup>2</sup> Skills rated “very important” by a majority of employer respondents appear on either the Excellence List or on the Deficiency List of the Report Card if at least 1 in 5 employer respondents rate new entrants’ skill readiness as “excellent” or “deficient,” respectively.

<sup>3</sup> Emerging content areas refer to topics not typically emphasized in schools today, such as personal financial responsibility.

“Our nation’s long-term ability to succeed in exporting to the growing global marketplace hinges on the abilities of today’s students.”

J. Willard Marriott, Jr., Chairman and CEO, Marriott International, Inc.

In the next five years, college graduates will continue to increase in number among new hires. More than one-quarter of employer respondents (27.7 percent) project that over the next five years their companies will reduce hiring of new entrants with only a high school diploma. Almost 60 percent (58.8 percent) project that their companies will increase hiring of four-year college graduates and about half (49.5 percent) project increased hiring of two-year college/technical school graduates.

## Improvements Needed

The results of this study leave little doubt that improvements are needed in the readiness of new workforce entrants, if “excellence” is the standard for global competitiveness. While the employer respondents report that some new workforce entrants have “excellent” basic knowledge and applied skills, significant “deficiencies” exist among entrants at every educational level, especially those coming directly from high school.

### High School Graduates are:

- “Deficient” in the basic knowledge and skills of *Writing in English, Mathematics, and Reading Comprehension*,
- “Deficient” in *Written Communications* and *Critical Thinking/Problem Solving*, both of which may be dependent on basic knowledge and skills,
- “Deficient” in *Professionalism/Work Ethic*, and
- “Adequate” in three “very important” applied skills: *Information Technology Application, Diversity, and Teamwork/Collaboration*.

### Two-Year and Four-College Graduates are:

- Better prepared than high school graduates for the entry-level jobs they fill,
- “Deficient” in *Writing in English* and *Written Communications*, and
- “Deficient” in *Leadership*.

### Demographic Issues Warrant Action

With significant numbers of workers retiring over the next 10 years, the United States is facing a serious challenge in preparing students to meet workplace demands in an increasingly complex, knowledge- and technology-based, global economy. The results of this study reinforce the need for action. The demographic and economic changes facing the United States today have major implications for the worker, the workplace, and for U.S. competitiveness.

- Over half (57 percent) of U.S. CEOs report education and workforce preparedness is a “very important” or “most important” policy issue. Nearly three-quarters (73 percent) of those CEOs who report having difficulty finding qualified workers in the U.S. rate global competitiveness as “very important” or “most important.”<sup>4</sup>
- Between 2000 and 2010, the number of workers ages 35-44 will decrease by 10 percent and those aged 16-24 will increase by 15 percent.<sup>5</sup>
- Between 2000 and 2015, about 85 percent of newly created U.S. jobs will require education beyond high school.<sup>6</sup>

<sup>4</sup> *The Business Council Survey of Chief Executives: CEO Survey Results, February 2006*. The Business Council and The Conference Board, Chart 4 and p. 7.

<sup>5</sup> U.S. Bureau of Labor Statistics, *Occupational Outlook Quarterly*, Winter 2001-02.

<sup>6</sup> Gunderson, Steve; Jones, Roberts; and Scanland, Kathryn, *The Jobs Revolution: Changing How America Works*, 2005. Copywriters Incorporated, a division of The Greystone Group, Inc.

The study’s findings are valuable to new (and future) workforce entrants, as well as to business people, educators, policy makers, and members of community organizations—anyone who has an interest in ensuring the success of new entrants into the U.S. workforce. The preparedness and skill levels of its workforce are critical factors in the ability of the United States to stay competitive in the 21<sup>st</sup> century.

Across the U.S. alarm bells are sounding in the business community about educating tomorrow’s workforce. This study’s results are consistent with important initiatives launched by a number of other business organizations in response to a growing talent gap and to the impact that gap has on the United States’ ability to maintain its competitive lead in the world economy.<sup>7</sup> The business community, as represented in part by this research consortium, is speaking with one voice, calling for higher standards of workforce excellence consistent with the demands of the 21<sup>st</sup> century.

<sup>7</sup> *Tapping America’s Potential*, July 2005. The Business Roundtable; *Innovate America: Thriving in a World of Challenge and Change*, July 2004. National Innovation Initiative, Council on Competitiveness; Pawlowski, Brett, *Notes from the 2005 Business Education Network Summit*, October 2005. U.S. Chamber of Commerce, DeHavill and Associates; *2005 Skills Gap Report—A Survey of the American Manufacturing Workforce*, November 2005. National Association of Manufacturers, Manufacturers Institute, and Deloitte Consulting LLP.

## Summary of Results by Educational Level

### High School Graduate Entrants

#### Falling Short in *Overall Preparation* for Entry-Level Jobs

Over 40 percent (42.4 percent) of employer respondents rate new entrants with a high school diploma as “deficient” in their *Overall Preparation* for the entry-level jobs they typically fill. Almost the same percentage (45.6 percent) rate the *Overall Preparation* of high school graduate entrants as “adequate,” but almost no one (less than ½ of 1 percent—0.2 percent) rates their *Overall Preparation* as “excellent.”

#### Many Report “Deficiencies” in Three “Very Important” Basic Skills

*Writing in English*—72.0 percent of employer respondents rate new entrants with a high school diploma as “deficient.” Almost half (49.4 percent) of them say basic *Writing in English*, including grammar and spelling, are “very important” for high school graduates’ successful job performance.

*Mathematics*—53.5 percent of employer respondents report high school graduate entrants as “deficient.” Almost one-third of respondents (30.4 percent) say knowledge of *Mathematics* is “very important” for this group of entrants.

*Reading Comprehension*—38.4 percent of employer respondents report high school graduate entrants as “deficient.” Nearly two-thirds of respondents (62.5 percent) say *Reading Comprehension* is “very important” for high school graduate entrants’ success in the workforce.

#### Most Report “Deficiencies” in Applied Skills

*Written Communications*—80.9 percent of employer respondents report high school graduate entrants as “deficient.” More than half (52.7 percent) say *Written Communications*, which includes writing memos, letters, complex reports clearly and effectively, is “very important” for high school graduates’ successful job performance.

*Professionalism/Work Ethic*—70.3 percent of employer respondents report high school graduate entrants as “deficient.” *Professionalism/Work Ethic*, defined as “demonstrating personal accountability, effective work habits, e.g., punctuality, working productively with others, time and workload management” is rated “very important” for high school graduates’ successful job performance by 80.3 percent of employer respondents.

*Critical Thinking/Problem Solving*—69.6 percent of employer respondents report high school graduate entrants as “deficient.” More than half of the employer respondents (57.5 percent) indicate that *Critical Thinking/Problem Solving* abilities are “very important” to successful performance on the job for this group of new entrants.

#### “Adequate” in Three “Very Important” Applied Skills

While “excellence” is infrequently reported, over 60 percent of employer respondents rate the preparation of high school graduate entrants as “adequate” in three applied skills considered “very important” for successful job performance by a majority of employers—*Information Technology (IT) Application*, *Diversity*, and *Teamwork/Collaboration*.

*IT Application*—62.8 percent report high school graduate entrants' preparation is "adequate." *IT Application* is rated "very important" by 53.0 percent of employer respondents.

*Diversity*—61.8 percent report high school graduate entrants' preparation is "adequate." *Diversity* is rated "very important" by 52.1 percent of employer respondents.

*Teamwork/Collaboration*—60.9 percent of employer respondents rate high school graduate entrants' preparation as "adequate." *Teamwork/Collaboration* is considered "very important" by nearly three-quarters (74.7 percent) of employer respondents.

## Two-Year and Four-Year College Graduates

"Adequate" in General Preparation for the Entry-Level Jobs They Typically Fill  
Employer respondents were asked, in general, how they rated the preparation of recent graduates hired for entry-level jobs in their U.S. workplaces (*Overall Preparation*). The majority of employer respondents rate *Overall Preparation* of both two-year and four-year college graduates as "adequate" (70.1 percent and 64.5 percent, respectively) for the entry-level jobs they fill. A small percentage reports that two-year and four-year college-educated entrants are "excellent" in terms of their *Overall Preparation* (10.3 percent and 23.9 percent, respectively). On a more positive note, only a small percentage of employer respondents (10.8 percent and 8.7 percent, respectively) rates two-year and four-year college graduates as "deficient" in their *Overall Preparation* for work.

"Deficiencies" in Basic Knowledge of *Writing in English* and in *Written Communications*, Even with a College Diploma

*Writing in English*—46.4 percent of employer respondents report new workforce entrants with a two-year college diploma as "deficient," and over a quarter (26.2 percent) report that new workforce entrants with a four-year college diploma are "deficient." Almost two-thirds of employer respondents (64.9) say *Writing in English* is "very important" for two-year college graduates; almost 90 percent (89.7 percent) say these skills are "very important" for four-year college graduates.

*Written Communications*—47.3 percent and 27.8 percent of employer respondents, respectively, report new entrants with two-year and four-year college diplomas as "deficient." Almost three-quarters of the employer respondents (71.5 percent) say *Written Communications* is "very important" for two-year college graduates. For four-year college graduates, 93.1 percent say *Written Communications* is "very important."

"Deficiencies" in a "Very Important" Applied Skill: *Leadership*

*Leadership*—42.6 percent of employer respondents report two-year college-educated entrants as "deficient," and almost a quarter (23.8 percent) report four-year college-educated entrants "deficient." This "deficiency" is the second most frequently rated "deficient" skill for both two- and four-year college graduates. *Leadership* is rated as a "very important" applied skill for new entrants with a two-year college diploma by 45.4 percent of employer respondents. An overwhelming majority (81.8 percent) rate *Leadership* as "very important" for new entrants with a four-year college diploma.