

Effects of Illiteracy on Business

In the United States, 14 percent of adults cannot read well enough to complete a job application, according to nonprofit organization ProLiteracy. The United States' adult literacy ranking is fifth among the other industrialized nations. These figures translate to at least \$225 billion lost annually in the United States because of unemployment, lack of workplace productivity and crime. Illiteracy affects families and communities and prevents people from reaching their full potential. Illiteracy also affects businesses in every area of operation, from staffing to profits.

Literacy

The National Center for Educational Statistics defines literacy as the ability to use printed information to function in society, increase knowledge and achieve goals. Functional illiteracy is the ability to read between the fourth- and sixth-grade levels. Other components of literacy are the ability to use technology, solve problems and do math. Based on 2003 assessments, nearly 22 percent of adults in the United States scored at the "below basic skills" level on the National Assessment of Adult Literacy. These adults are unable to understand or use written language sufficiently to function well in society or in the workplace. A person who is illiterate cannot perform basic math problems using information in written materials and is unable to adapt the technology in the workplace.

Lost Productivity and Profit

Illiteracy costs United States businesses and society at least \$225 billion annually because of lost workforce productivity, crime and unemployment. Businesses lose valuable work time providing basic skills training, including English-as-a-second-language, to workers. Workers who cannot read and interpret basic signs and instructions compromise safety, slow production and cause errors that affect profits, customer satisfaction, and compliance with laws and regulatory requirements. Illiteracy also affects the ability of workers to communicate with each other and function as teams.

Workforce Development

Although the demand for employees with higher skills and postsecondary education has increased, more adults face barriers, such as limited English language proficiency and lack of high school diplomas, to higher education and training programs. In the United States, employees with at least a two-year college degree are most in demand, according to ProLiteracy. Adults who cannot read and write have no foundation for higher learning. As workplaces become more complex and technology-based, illiteracy creates a gap between the workforce and the needs of businesses. Illiteracy, which limits the pool of qualified workers from which businesses can choose, is also connected to crime, health issues and high unemployment.

Global Competition

Businesses compete in a global economy that requires increasingly higher levels of education and training. Illiteracy among American workers threatens the ability of businesses to compete on a global level. The United States falls behind several countries in education and training for its workforce in science, technology, math and engineering. Illiteracy puts businesses at a disadvantage in competing globally with better-educated workers.