**Skills Focus**

# A Guide to Improving Recruitment, Retention, Advancement and Equity

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**"Opportunities for employment and advancement can and should come from more than degree programs. We need to ensure that we offer new and diverse onramps to careers. For example, if someone without a degree has an interest in and an aptitude for our work, can we offer training and a pathway to be hired? If a current employee wishes to advance, can we support upskilling or reskilling? Diversifying our training, hiring and development allows us all to be more inclusive of all backgrounds and is an important step in addressing racial inequities and creating opportunities for everyone."**

**Mary Barra**
Chair and Chief Executive Officer, General Motors Company
*Chair, Business Roundtable*

# Executive Summary

**U.S. companies have traditionally relied on four-year degree requirements as a critical credential, particularly for white collar jobs, and a proxy for job candidates' qualifications for roles. This practice has excluded many talented Americans, including employees of color, from hiring and promotion and has made it harder for employers to find a sufficient number of skilled employees.**

Increasingly, U.S. companies are shifting their hiring and talent management practices to emphasize the value of skills, rather than degrees alone. Taking a more inclusive approach around educational credentials as a job criterion, where possible, can help companies meet their hiring needs and unlock new employment and advancement opportunities for workers from diverse backgrounds. Skills-driven programs can aid employees and employers in the following ways.

**Skills-driven programs can help employees:**

- Deepen existing proficiencies that align with their interests and abilities

- Pursue opportunities to apply skills in different contexts

- Develop additional skills and capabilities that can unlock new professional pathways

**Skills-driven programs can help employers:**

- Retain and advance high-quality and diverse talent within their existing workforces

- Expand talent pools and recruitment sources within and outside the company and across industries

- Make strategic investments in training and reskilling employees

- Foster a loyal, experienced workforce

When developing skills-based initiatives, company leadership, management, Human Resources (HR), Training and Development and Diversity, Equity and Inclusion (DEI) teams should first align on the following three key concepts:

- **Reimagine an individual's job history as an evolving collection of skills**, rather than rigid titles and the same set of skills employed across past roles.

- **Recognize that traditional signals of skills are limited,** given that a diploma, certificate and resume tend to be incomplete representations of a worker's skills, knowledge and capabilities.

- **Treat training as a necessary strategic business investment,** not as an expendable benefit.

After alignment on these key concepts, companies may build a skills-based talent strategy anchor by four pillars introduced in the next section.

# Four Pillars of a Skills-Based Talent Strategy

**A skills-centric employment strategy provides HR, Training and Development and DEI leaders with a new approach to recruiting, retaining and advancing diverse human capital within their companies. A skills-based approach consists of four pillars:**

**1 Transparency**

Skills necessary for specific jobs can be elusive, and requirements such as academic degrees can be imperfect proxies. Companies that provide more specific information about the skills actually needed to perform a job, in turn, offer the employee (current and prospective) a truer grasp of his or her suitability for the role as well as the skills they may need to develop in order to attain the position.

**2 Transferability**

Numerous jobs within a company often require similar sets of skills. Employers who communicate with their employees about how and where the individual's skills may be utilized in other aspects of the company – particularly in seemingly unrelated jobs – can retain existing talent who might otherwise have pursued opportunities with other employers.

**3 Development**

Whereas transferability helps individuals understand where their existing skills could be utilized in new roles, skills development enables employees to build new skills. By investing in training programs that help workers bridge skill gaps, companies can satisfy their workforce needs more efficiently, retain existing talent and increase diversity at all levels.

**4 Affirmation**

Degrees, certificates, certifications and other traditional skills-validation tools can be too broad to address companies' precise needed skills and workers' specific capabilities. An affirmative, skills-based approach embraced by organizational leaders will empower more hiring managers and training staff to recruit, evaluate, train and promote employees based on skills rather than credentials. It will also empower more employees to utilize and develop skills that can help them advance.

### How to Use This Guide

This guide provides HR and DEI leaders with tools for using a skills-based approach to recruit, retain and advance workers and satisfy a broad range of workforce needs. Such an approach can help employers remove bias from hiring and advancement practices and can be used to increase diversity throughout a company and industry. The guide is organized according to the four pillars of a skills-based approach to talent sourcing, retention and advancement. Each pillar will be described along with suggestions for taking action, benefits of adopting the pillar and additional resources.

# ① Transparency

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Too often, current and prospective employees make assumptions about where they belong and the extent to which their skills are – and are not – valued within the company. And too often, those assumptions are reinforced less by the actual value of their abilities and more by who they observe in more senior roles today and the profiles of candidates who more often get hired or promoted.

Skills transparency helps current and prospective employees identify the skills they have and the multitude of contexts in which those skills could be applied. Skills transparency also means being clear with employees aspiring to new roles about the skills a role would require – and, if applicable, helping them develop skills they may not currently possess in order to qualify for more advanced roles.

Defining and communicating the specific skills required to perform in a role helps to remove subjectivity and bias from
the hiring process and results in more successful hiring and retention.

**The two sides of skills transparency**

The Transparency pillar of skills-based hiring will have managers identify required skills and cultivate those skills in their employees. The table below details these two sides of Transparency.

## Identify Role-Specific Skills Requirements

The necessary skills for each role and the specific context in which these skills are employed.

Managers can be responsible for compiling this information, and HR and DEI teams can review for completeness. HR and DEI teams should also ensure that skills requirements and context are described in a common taxonomy.

## Cultivate Employees' Skills

The cumulative abilities that each employee has cultivated through their education and work history.

These abilities can be inventoried through surveys and skills assessments, cataloged through resume review and tracked over time in the workplace. HR and DEI teams can provide career services that help employees identify relevant skills for future roles.

## Guide to a skills-based job description

The outline below compares pedigree-based and skills-based job descriptions. Focusing on a skills-based job description is a more clear and transparent way of describing talent requirements.

### Pedigree-Based Job Description

- **CREDENTIALS**
  - BA/BS degree required in a technology/computing related discipline
  - 2+ years of experience preferred

- **REQUIREMENTS**
  - Strong analytical and problem-solving skills
  - Attention to detail
  - Experience with basic scripting languages (SQL, Python, R, etc.)

### Skills-Based Job Description

- **NECESSARY SKILLS**
  - Query, subset, aggregate, and transform big data using SQL.
  - Knowledge of joining and merging datasets using SQL or Pandas in Python.
  - Use summary statistics and trend analysis to draw out distinctions.

- **DEFINING SKILLS**
  - Write custom queries in Python to indentifiy emerging trends.
  - Construct indices to measure propriertary concepts.

**Working with employees to catalog the skills their job requires and the skills they possess:**

Working with employees to inventory the skills they have accumulated over the course of their work history can help companies better appreciate and leverage the incumbent skills of their existing workforce. Below are recommendations for HR and DEI teams to consider when developing an inventory of employee skills.

- HR should invite employees to participate in **surveys, interviews or skill assessments** to catalog the skills they possess.

- A comprehensive skills database will also include the skills employees bring into the company **from prior experiences.** Employees can review the list of skills associated with previous jobs and use these descriptions to build out a more comprehensive skills resume.

- **Automate resume review to extract skills.** Resume parsing software and services efficiently extract the skills from employee resumes. If your company uses a parser to filter resumes during the hiring process, this service may already be included as part of your bundled package.

- **Constantly refresh skills database.** An employee that has held multiple roles within the company likely has developed multiple skillsets. A consistently updated skills database should reflect skills developed by an employee over time.

- **Provide career support for employees:** Employees from underrepresented groups often undervalue the skills they have, and employees in less senior roles often have less experience marketing their qualifications. Skills transparency can assist workers with self-advocacy. DEI teams may encourage employees to utilize career support to help them detail their skills.

# Take Action

☐ **Build a catalog of jobs and skills that uses clear and consistent language across roles and teams.**

A thorough description of the skills, tasks, abilities, and other responsibilities for each role within the company—using clear and consistent language—enables HR and training staff to identify skills overlaps between roles, which are useful in helping employees build career pathways. A job catalog with uniform language also helps employees see where else in the organization their skills can be applied. See Additional Resources for an example of skills-based job descriptions.

☐ **Help employees build a portfolio of the skills they have developed over the course of their work and study.**

Once an employer has developed a catalog of jobs and skill requirements, HR teams can work directly with employees to create a comprehensive list of employee proficiencies. This catalog of employee skills can be the first place hiring managers look when filling new vacancies and a core resource used to inform training and development programs. See Additional Resources for further recommendations for working with employees to inventory their skills.

☐ **Gather insights from those closest to the work.**

Employees, their colleagues, supervisors, and direct reports are important sources of information in the process of cataloging job skills and employee skills. Those closest to a role can illuminate underappreciated aspects of the work required and add important context to the list of skills and responsibilities.

☐ **Update and contextualize skill requirements.**

Removing outdated or irrelevant skills and degree requirements from job descriptions can also eliminate arbitrary barriers that can have a disproportionately adverse impact for underrepresented populations. For example, instead of listing "applied statistics" as a required skill for a Data Analyst, a more precise description of the skills required might describe tasks such as calculating averages and distributions or running probabilistic models. Providing examples of the context in which a skill is used is particularly helpful, especially when such descriptions are later used to develop training programs.

☐ **Share the catalog of job skills and the catalog of employee skills.**

HR and DEI teams are encouraged to share this information across teams. Employees who see the full scope of roles where their skills are valued within the company are better positioned to take steps to develop their careers by gaining new skills. Additionally, hiring managers who see the catalogue of qualified internal talent across the organization will be better positioned to promote existing employees for open roles.

## Benefits of Transparency

✔ Helps employers see how current and prospective workers' skills may fit across various roles within the company.

✔ Empowers workers to appreciate and advertise the skills they have in relation to the skills that companies need.

✔ Shows workers their potential value across the organization, not just within a specific role or division.

✔ Empowers employees to apply to jobs that they wouldn't otherwise consider.

✔ Enables hiring managers to take seriously candidates coming from nontraditional sources.

✔ Allows for more targeted training and tuition assistance programs (to be further addressed in Section 2: Development).

## Additional Resources

**Resources for developing skills catalog:** Below are public sources that can provide a starting point for cataloging skills requirements.

- Several commercial providers such as WorkDay, IBM, Cornerstone have entered the skills marketplace to offer solutions, frameworks, taxonomies and tools that aim to increase transparency around skills and roles and better access talent internally

- Texas State Technical College has launched Skills Engine to define a common skills language

- The World Economic Forum has proposed a Global Skills Taxonomy to drive movement towards a skills based labor market

- Industry associations often develop competency frameworks and are open to sharing them. At the employer level, information is also often made available by companies to identify competencies required by their products, such as on the product support site for Salesforce.

- The Competency Model Clearinghouse of the **CareerOneStop** website, sponsored by the Employment and Training Administration at the U.S. Department of Labor.

- State-level resources such as the Missouri Economic Research and Information Center or the California Occupational Guides.

- Third-party providers such as Lightcast aggregate data from online job postings, including skill requirements for individual roles as they exist at specific companies.

- The U.S. Department of Labor's **O*NET** database, which contains detailed information about nearly a thousand occupations. The O*NET website has several tools including an Occupation Profile tool and a Career Pathway tool that can be used to determine how to grow in-house talent. The former can be used to assess the knowledge and skills needed for a role, while the latter lays out the knowledge and skills needed to move from one role to the next (further explained in Section 2 – Transferability).

# ② Transferability

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**The skills transparency approach described in the previous section can help employers and workers better understand where skills and jobs coalesce. Transferability, in turn, helps employers and workers understand how the skills a worker holds in one role can be valued in other roles, thereby opening new opportunities for lateral and upward transition. Providing greater visibility into how skills apply in multiple settings can be powerful generally, and especially for underrepresented workers and nontraditional candidates. Moreover, when companies seek individuals for an open position, rather than struggling to find workers who possess the complete set of skills needed, employers can look to individuals for the role who have similar and transferable skills that can be augmented through training or work-based learning.**

# Take Action

☐ **Develop a skills catalogue to identify internal sources of talent and redeploy talent across the organization.**

Utilize analytics technology to identify and match workers across departments with sufficient overlapping skills for new roles. Amid changes in the business cycle or changes in strategy, replacing workers can damage loyalty and reduce retention, whereas redirecting talent to where their skills are needed can deepen loyalty and retain skilled workers.

☐ **Partner with colleges, universities and training providers to address skills gaps.**

Share skills data with educational institution partners who can use it to update curricula and help students understand the link between the skills and concepts they're learning in the classroom and how they will apply this information on the job. Engage those same partners to help workers add to their skills portfolio so they can keep pace with job requirements, access additional jobs, move laterally, or advance.

☐ **Expand external talent supply.**

By considering applicants with transferrable skills from other roles, occupations, companies and industries, employers gain access to talent pools that they may not have otherwise considered. Leveraging demographic data from the American Community Survey (ACS) and the Integrated Postsecondary Educational Data System (IPEDS) can help firms to find diverse groups of professionals and graduates with similar skills and address DEI goals as well as recruitment goals.

☐ **Identify most common gaps in skills and knowledge.**

Consider the skills that aspiring workers most frequently bring to the role and those that are most frequently lacking. Use these insights to guide how to best address candidates' gaps in specific, critical skills. If the gaps are common across the industry, education and training programs can adjust curricula to address skill gaps at scale.

☐ **Illuminate occupational similarities.**

Clearly indicate connections between workers' skills and the jobs where those skills are needed, including those that offer lateral moves or upward advancement. Doing so can help workers conceptualize how their abilities can be put to use beyond their current roles and understand the skills they need to develop in order to advance or move laterally.

## Benefits of Tranferability

✔️ Increases worker retention and loyalty by offering multiple options and pathways.

✔️ Diversifies homogenous roles and departments by identifying skill overlaps among more diverse occupations.

✔️ Expands talent pools by hiring for skills over pedigree and former job titles, including workers who have gained their skills in other ways.

✔️ Informs targeted opportunities for workers to build transferable skills that can enable lateral and upward transition.

## Additional Resources

• The Rework America Alliance (RAA) is a nationwide collaboration aimed helping workers move into better jobs. RAA's recent publication: Unlocking Experience-Based Job Progressions for Millions of Workers highlights skills that can help individuals advance, and the accompanying Job Progressions Tool provides guidance to workers and support organizations to identify and build on skills that enable advancement.

• In Texas' Gulf Coast region, petrochemworks.com helps individuals find skills-based pathways into the petrochemical industry. Entering information about skills, interests and backgrounds enables users to identify relevant occupations and learning opportunities.

• In Towards a Reskilling Revolution, the World Economic Forum demonstrates how skills adjacencies can link occupations and indicates that reskilling can help workers remain valuable in a rapidly changing labor market.

③ Development

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**Each role within a company requires a unique set of skills. While some workers can transfer their existing skills to new roles, many transitions require them to develop additional skills and knowledge to become qualified for new opportunities. The skills data gathered in the interest of Transparency, and the review of skills to inform Transferability, can also reveal skill gaps that prevent workers from making lateral and upward transitions. Upskilling can make those transitions possible.**

Companies have numerous tools and resources at their disposal to enable upskilling and gain access to a wider range of talent. Internal training, partnerships with education and training providers, work-based learning, coaching and mentoring can help develop the skills that workers need to move into new roles and to build on the skills that they bring from previous work, training and informal learning experiences.

**Elevate diverse talent internally by taking advantage of skill similarity between roles:** Programs that identify and elevate diverse talent internally can improve the DEI profile of the company. Skills Transparency and Skills Transferability efforts enable HR leaders to see connections between roles.  Skills Development efforts can help them satisfy workforce needs by investing in the skills development of current employees. Overlaying workforce demographics can enable employers to satisfy needed skills while also enhancing diversity.

For example, women comprise 50% of Marketing Managers but only 33% of the higher-level Product Manager positions. The two roles rely on a formidable set of shared skills, including budgeting, customer service, market research, market strategy and project management. With negligible differences in education requirements between the two roles, Marketing Managers are poised to leverage those skills to become Product Managers and earn on average $102,000 per year – a substantial increase over the $80,000 average salary of a Marketing Manager. By developing the skills of Marketing Managers, companies can draw upon a pool of qualified candidates that includes more women.

By identifying an employee's transferable skills and providing them with training to close those gaps and advance, employers can protect their investment by increasing the likelihood of the employee's retention and reducing the cost of recruitment, onboarding and time-to-effectiveness of new workers.

# Take Action

☐ **Invest in training to keep workers' skills fresh amid changing skills needs.**

Evolving technologies and business strategies require employees' skills to be frequently updated. Workers whose skills evolve along with changing employer needs bring continued value to their firms. Moreover, companies that invest in workers' ongoing skills development keep up with market needs and save money on recruiting and onboarding.

☐ **Leverage employer-funded education and upskilling programs.**

**Tuition assistance and other employer-funded upskilling programs may already exist, but they are too often underutilized.  Companies can revise policies to:**

- Make all employees eligible for skills development programs, not just upper-level workers. Promoting these programs, particularly to underrepresented workers, can increase participation.

- Structure tuition assistance and other education and upskilling policies such that the employer pre-pays rather than reimbursing the employee.  Reimbursement programs may be inaccessible for front-line, entry-level and lower-wage workers who may not be able to front training costs.

- Promote programs not just as optional benefits but strategic investments that both the company (through its dollars) and the employee (through their time and efforts) are making for mutually shared benefit. Employees who believe their development is important to the company are more likely to invest their time and effort and feel increased loyalty, which increases the likelihood of retention.

☐ **Provide work-based learning opportunities.**

Learning does not only happen in a classroom. Job-based learning, task-based simulation, guided reflection and job shadowing can make learning opportunities accessible to those who may not be able to participate in traditional classroom or online instruction. By supporting a wide range of learning opportunities, companies raise skill levels across the operation. And by making those learning experiences intentional, companies can develop specific capabilities among their workforce to meet business objectives.

☐ **Provide coaching and mentoring.**

Coaching and mentoring can help workers reflect on what they are learning, how that expands what they can do and how those skills can be used in new contexts.

## ☐ Combine DEI and skill development efforts.

In addition to making education and training benefits more accessible generally, companies can encourage and support the use of training programs and other supports to increase diversity in key roles. Roles that have lower minority and female representation may share skills with more diverse roles. Promoting skills development and training programs to workers in more diverse roles can enable them to advance and bring more diversity to other parts of the company.

## ☐ Support skills development.

Workers are more likely to develop their skills if they have access to computers for online learning, if they are able to spend time during the workday to participate in training and if family and personal obligations do not suffer. Paid time for training, company-provided technology, and supportive services such as childcare and transportation can make skills development more feasible.

## Benefits of Development

✔ Underscores companies' longer-term commitments to employees, and, in turn, nurtures employee loyalty and increases

✔ Fosters development of in-house talent, ultimately creating more pathways for growth.

✔ Cultivates mentorship, which is key to driving inclusion.

✔ Encourages employee loyalty.

## Additional Resources

- Skillful features free planning, hiring, onboarding and development tools for employers, who can also sign up for updates on skills-based hiring.

- The Society for Human Resource Management (SHRM) offers guidance for companies to create and manage educational assistance programs.

- Other skills-based career pathways tools and resources are available from the Aspen Institute, Launchways, Jobs for the Future (JFF) and others.

## (4) Affirmation

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**Like all learning and DEI strategies, a skills-based workforce orientation requires buy-in at all levels.**

- Executive leadership can prioritize the internal development of this approach to break away from current processes toward new practices.

- Hiring managers can believe that skills development programs are sufficient to meet their business needs.

- Employees' loyalty deepens on when they and their supervisors recognize the range of skills that they bring to the job.

- Employees can be encouraged to trust that investing their time and energy into very tailored training programs increases their chance of mobility or advancement.

Fortunately, in addition to expanding career opportunities, the skills-based orientation to employee retention, development and DEI is supported by a strong business case and relies on companies' existing training and development programs.

To affirm a skills focus within the company, executive leadership and hiring managers can make explicit changes to the talent acquisition and talent management processes that signal this commitment.

**Skills-based hiring, or prioritizing skills over pedigree:** One approach for affirming skills-based hiring is to rely on indicators other than traditional degrees and promote those other methods of skill affirmation throughout the hiring process. For example, companies could invite candidates to share relevant work experiences or portfolios. Companies could also include in the job posting a skills assessment that candidates can perform, such as drafting a sample email or solving sample equations. Additionally, companies could broaden the types of credentials that are accepted, such as certificates, badges or specific coursework.

**Skills development goals that include DEI targets:** Another powerful way for executives and managers to affirm the skill-oriented approach is to engage more employees from various roles and demographic segments to participate in training and track how many, in turn, advance or make lateral transitions. This practice can also strengthen the mandate of DEI teams as they work with managers and business unit leads to develop training programs and market them internally.

# Take Action

☐ **Revise educational requirements for open positions.**

Consider hiring for skills over educational pedigree, excluding cases in which a degree/certification is a regulatory requirement.

☐ **Leverage skill-validation tools/techniques.**

Utilize free online tools or develop in-house assessments that validate competencies.

☐ **Double down on work-based learning.**

Employees who earn lower wages, have inconsistent schedules or access tuition assistance and training at lower rates may be able to develop skills through on-the-job learning.  For instance, in the course of their day-to-day work, hospitality workers can be taught management functions; machine operators can learn machine setup and maintenance activities; and construction laborers can learn principles of construction and building maintenance.

☐ **Encourage self-advocacy.**

Guide employees on how to gain, recognize and promote their skill attainment through badges, micro-credentials and personnel records.

## Benefits of Affirmation

✔ Utilizes data to generate buy-in and set measurable goals.

✔ Affirms commitment to skills-based hiring and promotion and reduces bias in hiring and promotion practices.

✔ Broadens and diversifies the talent pool to include those with verified skills acquired through methods not limited to academic experience and degree attainment.

✔ Establishes a means for employees to promote and track their skills and development.

✔ Allows HR to quickly identify skill-ready employees when new opportunities are available.

## Additional Resources

- WorkforceHub offers guidance for hiring for skills, not just degrees

- Opportunity@Work is working to "rewire the US labor market so that all individuals Skilled Through Alternative Routes (STARs) can work, learn, and earn to their full potential", and offer companies access to more and diverse talent sources.

- HackerRank offers a free demonstration, as well as a 14-day trial for employers to review and test its library of thousands of coding challenges covering 35 programming languages and six computer science domains.

**In Conclusion**

This guide has provided tools for using a skills-based approach to recruit, retain and advance workers and satisfy a broad range of workforce needs. Adopting the four pillars of Transparency, Transferability, Development and Affirmation can help employers remove bias from hiring and advancement practices and can be used to increase diversity throughout a company and industry.

This Skills Focus guide was developed in connection with Business Roundtable's Multiple Pathways Initiative (MPI), a multi-year, targeted effort to reform companies' hiring and talent management practices to emphasize the value of skills, rather than just degrees, and to open companies to more talented individuals from diverse backgrounds. More information on MPI can be found at https://www.businessroundtable.org/workforceskills.