

Don't Reinvent the Wheel, Shift It!

How a Skills-Based Workforce Improves Recruitment, DE&I, and Innovation



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Introduction

A skills-based (as opposed to a degree-based) workforce can help your organization achieve its DE&I goals, increase productivity and innovation, and shape company culture. We all want these things, but there's a perception that it could be too difficult to make the shift. It can be done—let us show you how!

Since the coronavirus pandemic, everyone from analysts to company leaders and government officials have shared their views of 'a new normal'. Though none of us knows exactly what normal actually looks like, we're eager for the newness of a post-pandemic world.

Now, having lived through it (or with it!), we're all presented with an opportunity to change the way people work and live.

So here's a question you've hopefully already pondered:

Why, with our proven abilities to grow and accept rapid change, do we still feel the need to keep certain practices or rituals when new thinking may serve us better?

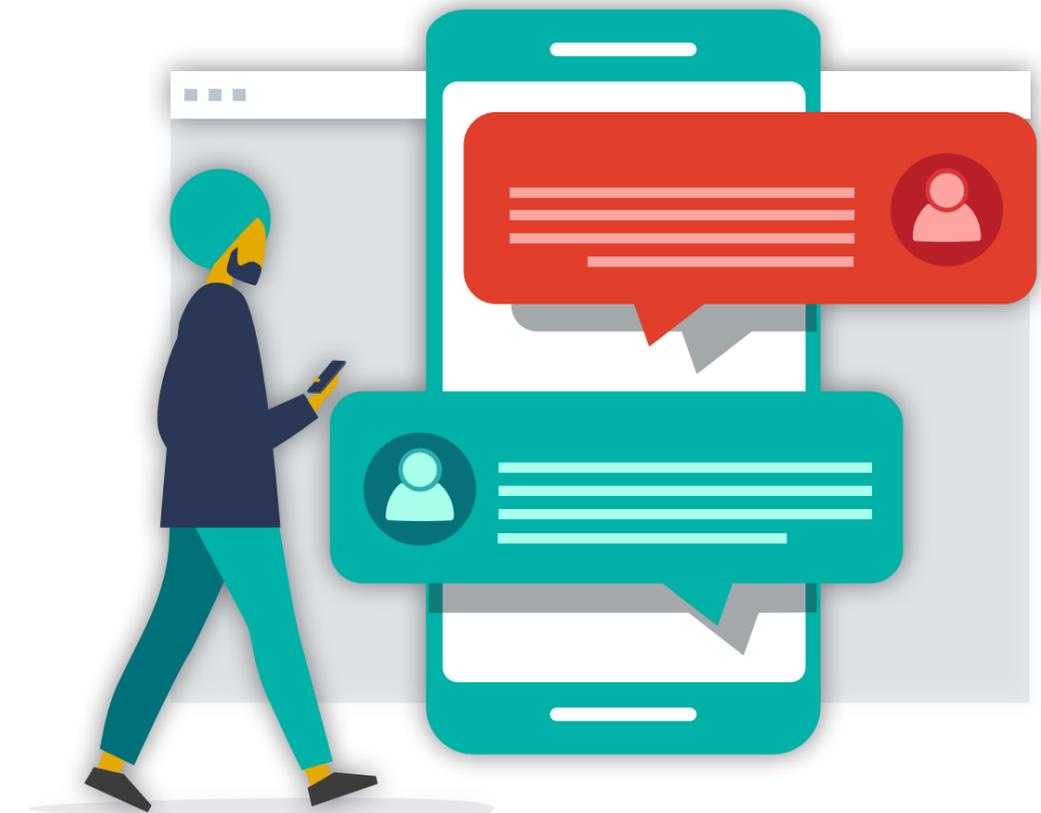


Now is a good time to ponder what steps we can take (both large and small) to elicit positive change for others in our organizations. In the HR space, this is particularly important for many reasons. Not only do HR professionals have unique insights into the struggles facing current and future employees, they have the ability to directly influence the future of work for every employee at their organization.

That can start with anything from the HR or learning tech you use to a complete paradigm shift in how your company recruits and develops talent. Now is the time to take the next step. How can you make a difference at your company?

We're on a mission to change how companies recruit, train, and manage their employees. That mission starts with an understanding of a skills-based workforce and why it's beneficial for your company and workforce to make this shift in order to secure a competitive advantage in a changing marketplace.

Read on to find the relevant info you need to start making progress. Plus, we've included steps to help you change outdated views by highlighting the benefits of an HR function with a holistic, skills-based approach. Let's get started!



What's the Deal With Skills-Based Hiring, Anyway?

Keeping global workforces staffed is expensive for companies in any market¹. Degree inflation (where employers require a Bachelor's degree for roles that previously didn't need one) is on the rise. And, it's becoming a big pain point for hiring managers whose budgets are already over-extended.

Companies are taking longer to hire and spending more money along the way. Considering this, and the fact that we're currently in a candidate's market, it's time to rethink our strategies. Rather than viewing skills-based hiring as a fleeting trend that will soon subside, we need to shift how we think about sourcing talent.

Just have a look at how other recruiting practices have evolved with the times, like in-person interviews and hiring decisions going virtual. This is another trend born out of necessity that's here to stay, even if offices become the go-to workspace again².

Sourcing and hiring based on the skills a candidate has (in favor of a college degree) can, at the very least:

- Help organizations widen candidate pools
- Lessen skills gaps across the workforce
- Increase employee retention with internal mobility
- Build a culture of openness that fosters DE&I

In fact, the shift to skills-based hiring is gaining more visibility (and speed) in the United States, following a huge policy change to federal hiring practices³.

If that isn't a sign of the times, we're not sure what is!

1. Statista. (Mar 2021). 'Global staffing industry revenue from 2008 to 2019 with a projection for 2020 and 2021'. [Available online.](#)

2. Maurer, R. (Feb 2021). '2021 Recruiting Trends Shaped by the Pandemic'. SHRM. [Available online.](#)

3. Brickman, M. (May 2021). 'How The Federal Government Made Skills-Based Hiring a Reality'. SHRM. [Available online.](#)

Are You Ready to Take a 'Skills-Based Everything' Approach?

Supporting a skills-based workforce requires technology that helps you understand who in the business has what skills—and where else they might excel in your organization. To do this right, you need insights to help you identify your current skills gaps. Then, you can identify the skills you need to meet business outcomes. With this information, the process becomes clearer and is better defined.

Employees build profiles by uploading a resume or LinkedIn profile. In turn, the tech learns (through AI) various aspects of each employee's background—including skills, past experiences, and future career goals to propose roles, jobs, projects, mentors, and learning opportunities.

The skills data being aggregated from the employee is very powerful. These platforms use market data to map your company's roles to skills. This helps you build a universal skills library so you can start providing insights on the skill gaps you have across your workforce. Ultimately, this data helps you increase engagement, optimize learning, and reduce voluntary turnover and recruiting costs.

If you recruit for the right skills—and develop required/critical skills in your learning systems—your organization will operate more efficiently. Bringing data

to the forefront allows you to assign values to the skills that drive the most productivity. In turn, your HR tech stack (recruiting platform, learning systems and compensation tools) will be more informed. And, ultimately structure a fair, equitable, and transparent recognition and rewards system.



According to LinkedIn research, there's been a 21% increase in job postings that advertise skills and responsibilities ahead of qualifications and requirements in the U.S. And, the number of positions that don't require a degree increased by nearly 40% in 2020 compared to 2019⁴.

Once you know what you need and reward those who have it, your organizational culture will start to take shape and your engagement levels will begin to rise. Of course, this requires a vendor that's uniquely positioned to support a skills-based workforce—with the necessary HR and learning tech systems to see it through. The following chapters will help guide you through how you can move forward, regardless of which department you're in.

4. Roslansky, R. (Jun 2021). 'You Need a Skills-Based Approach to Hiring and Developing Talent'. Harvard Business Review. [Available online](#).

1) Recruitment: Challenges and Opportunities for HR

Before our workforces were shaken up in early 2020, tech giants Google and Apple had already recognized the need to shift to skills-based hiring⁵. While this shift was happening on a smaller scale in 2018, we're now seeing how the pandemic accelerated the trend. As organizations worldwide took a hard look at how they hired, upskilled, and reskilled employees, recruitment professionals sprung into action, taking a more skills-based approach to hiring.

Even for many tech companies, requiring a degree for every position was no longer, well, required. Byron Auguste, former McKinsey partner, has preached to companies that 'degrees are a bad proxy for critical skills'⁶. And Auguste isn't kidding around. He's since founded his own company that connects skilled candidates with employers seeking talent. His group, Opportunity@Work⁷, gives recruiters a large, invisible talent pool of candidates he calls STARS. That is 'Skilled Through Alternative Routes', rather than from a four-year-degree.

So, with all of these paths leading to a virtually untapped pipeline of qualified candidates, why are some leaders still hesitant to make the change?

Partly, it's due to a lack of knowledge, processes, and HR tech to make the shift successful. The other factors may have to do with shedding outdated conventions and taking more risks when (it seems) we're hot on the heels of finding a balance.

One of the best ways to build a business case is to make sure your solution can fix more than one problem facing your organization. Since HR, L&D, and recruiting professionals have a similar goal in mind (better business outcomes from people management), we'll offer an approach that includes each department, respectively.

5. Connley, C. (Oct 2018). 'Google, Apple and 12 other companies that no longer require employees to have a college degree'. CNBC Make It. [Available online.](#)

6. Vander Ark, T. (Jun 2021). 'The Rise of Skills-Based Hiring and What It Means For Education'. Forbes. [Available online.](#)

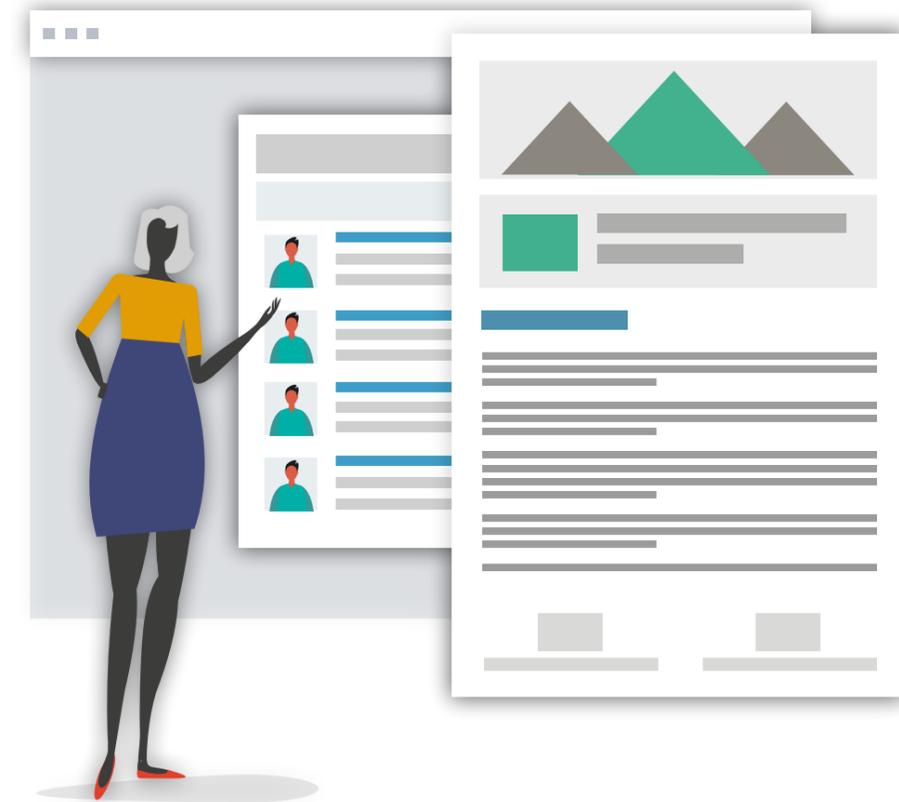
7. For more, visit opportunityatwork.org.

Start With Your Talent Mobility Practices

Recent data from LinkedIn shows that while overall hiring was down toward the end of 2020, internal hiring saw an increase of 20%⁸ (and it continues to remain steady). While we're excited to see this increase, many companies could benefit from a new approach to internal recruiting and mobility. Plus, it's the perfect way to introduce different hiring practices within your organization.

Here's where it can get tricky for companies without the right technology. Hiring the best candidate is only possible when you know who they are and/or where to find them. Internal recruiting can be easier for your hiring teams if they have the right levels of visibility. However, if they can't source internal candidates with the necessary skills for an open role, how can they include them in a talent pipeline?

This means the position goes unfilled for longer, the business needs are not met, and employees who want to grow with the company may miss out on their chance to do so—and could then leave. An efficient talent mobility program will give hiring managers more ways to source candidates, increase employee retention, and fill critical skills gaps. It's also like a big billboard, signalling to external candidates that your organization values investing in its employees.



8. Santhosh, G. (Oct 2020). 'Where Internal Mobility is Most Common Since COVID-19: Top Countries, Industries, and Jobs'. LinkedIn Talent Blog. [Available online.](#)

Focus on Retaining and Reskilling Top Talent

Nearly every industry has had its ups and downs over the last few years. But some have had more downs than others. For instance, the hospitality and travel industries were hit hard by business closures and decreased travel/outings due to safety restrictions. In response, large corporations had massive layoffs and put hiring freezes in place.

Now, these same industries are struggling to hire new employees while also retaining existing ones⁹. What's worse is many of those jobs simply won't return to the marketplace, or, the workers who previously held the roles have switched occupations entirely¹⁰.

Additionally, labor shortages are also a growing concern for major corporations. In a recent survey of CFOs at U.S. companies, 95% said it's difficult to hire workers for open positions right now. This is up from 18% who said that it was harder in the first quarter of 2021¹¹. Remember: many people (across all industries) are simply burnt out. A human approach and flexibility can go a long way during these times, especially as employees dip their toes back into a 'new normal'.

While LinkedIn data shows that employees stayed 41% longer at companies that value internal mobility¹², it's going to take much more than that. Retention rates in hard-hit industries might continue to decrease if employers aren't focused on what matters right now. That is, a larger emphasis on Diversity, Equity, and Inclusion (DE&I)—more on that later—and a clearer lens on the employee experience.

Another thing that goes hand-in-hand with retaining employees is continuing education and training opportunities in the workplace. This can be in the form of reskilling via stretch projects, new L&D programs, or even having employees work cross-functionally in order to develop new skills or competencies. Reskilling and upskilling efforts were important for companies before the pandemic and should continue as AI and automation take hold across global companies.

Ultimately, your best talent is interested in more than just a paycheck. They're looking for their next opportunity to gain skills that can be used in another role that gives them purpose.

Whether that role is at your company or not is up to you!

9. US Department of Labor: Bureau of Labor Statistics . (Jun 2021). 'Job Openings and Labor Turnover, June 2021'. [Available online.](#)

10. McKinsey Global Institute. (Feb 2021). 'The future of work after COVID-19'. [Available online.](#)

11. Rosenbaum, E. (Sep 2021). 'Pandemic unemployment benefits are ending, but for big companies, labor shortage worries aren't'. CNBC. [Available online.](#)

12. McLaren, S. (Mar 2020). 'Employees Stay 41% Longer at Companies That Use This Strategy'. LinkedIn Talent Blog. [Available online.](#)

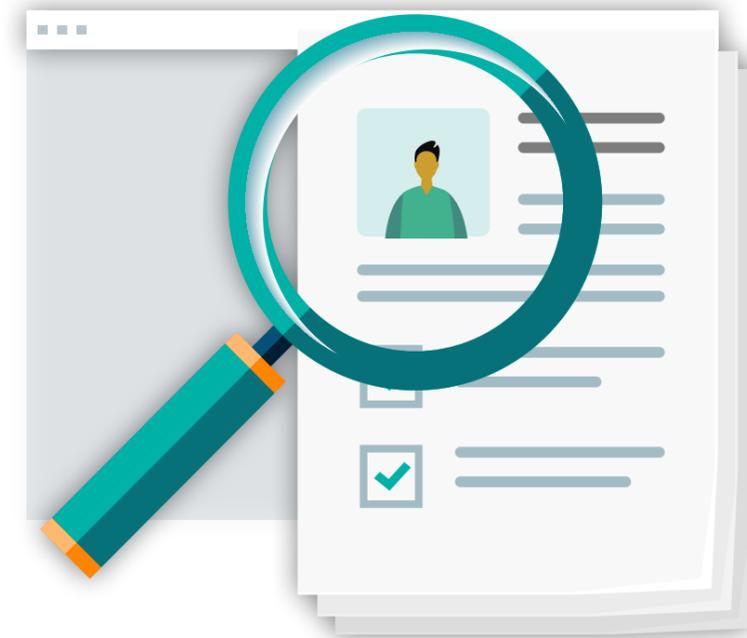
Start Recruiting for Skills

Whether you're focused on recruiting internal or external candidates (it should be both, really), loosening rigid degree requirements—like we mentioned earlier—is the first step. Instead of adding it as a requirement on your job posting, consider adding it as a 'preferred' qualification. This can be in addition to things like:

- Certifications
- On-the-job training received
- Job experience
- Job performance
- Soft skills
- In-demand skills or competencies to fill mission-critical roles at your organization

If you're interested in reviewing an existing model for skills-based hiring, Google does a great job outlining how it hires¹³. Proof aside, getting buy-in from every stakeholder in your organization will be difficult. That's why the shift will require data, the right HR tools, and open internal communication that happens often. When you have more skills discussions more often, you're better prepared to change old behaviors and usher in the new.

Don't forget, recruitment is just the first impression a candidate will have about your company. Before you start recruiting for skills, be sure you have alignment and collaboration across every business function. Your talent acquisition, talent management, learning teams, and compensation executives will all need to join the effort for it to be effective.

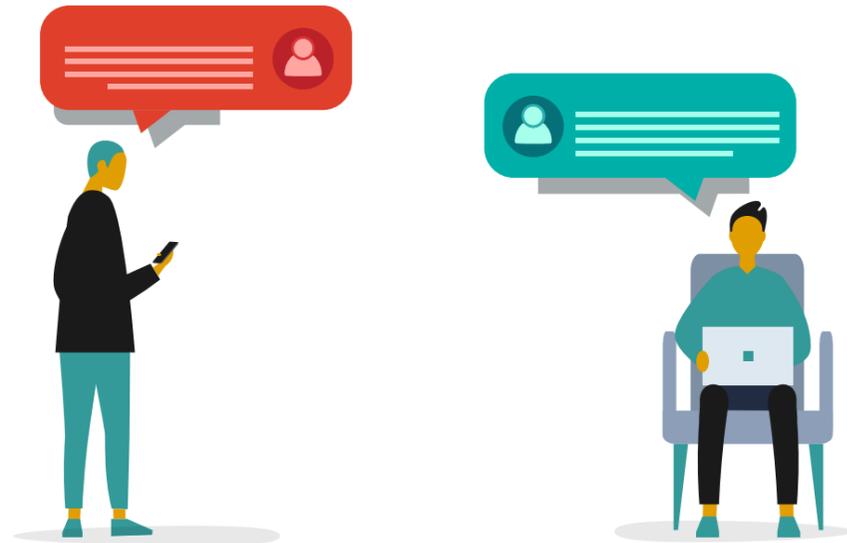


13. Google Careers. 'Our hiring process'. [Available online.](#)

2) Are Your Learning Teams Prepared?

A good learning program will inform internal mobility, internal recruiting, and cross-functional project completion. On the other hand, a learning program with a few kinks might throw your improvements for a loop. The massive changes that upended our global workforces also renewed the sense of urgency for upskilling and reskilling. For these efforts to be successful, especially during periods of transition, we need to change course on how we view learning and development.

If the rapid shift from in-person learning to remote and distance learning taught us anything, it's that learners and learning pros are capable of adapting. With things a bit more stable now, L&D teams should take this knowledge to heart. They can use it as a framework for developing new ways to train employees, regardless of the learner's (or trainer's) physical location.



Read our customer story to see how VCU Health Center tackled learning automation from the front lines of a pandemic:

Traditionally, L&D departments are the first to see budget cuts and layoffs during an economic downturn. Even as on-demand learning materials became integral to the safety and wellness of frontline workers and their patients, L&D professionals felt the need to 'earn their keep', so to speak. It's nothing new, though, for these resilient folks. Learning teams have the eternal role of justifying a business need—and many of them did so with a renewed passion for problem solving.

Skills Discussions in Action: L&D's Influence on Company Culture and Engagement

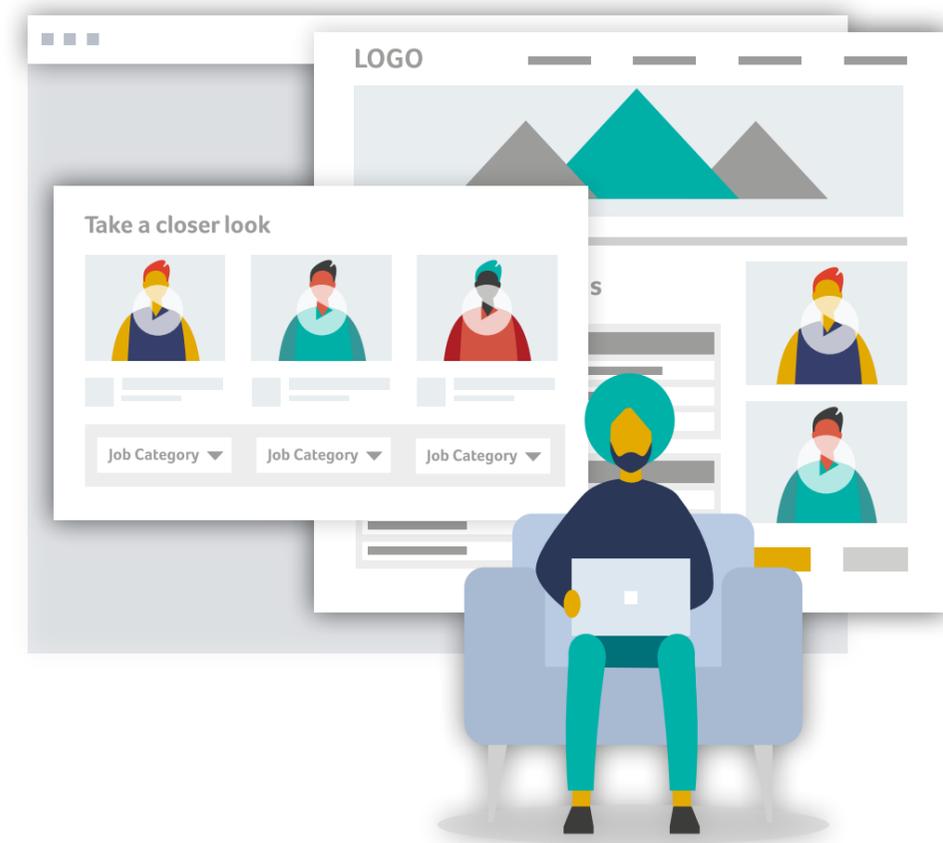
Overall, learning and business leaders need to start discussing how they can collectively advocate for training and development to be at the heart of company culture. And, how this investment will support business strategy and potential outcomes.

Specific (and immediate) opportunities that come to mind are:

- How L&D teams can streamline a safe, compliant reopening as COVID-19 restrictions subside
- How learning teams can inform new-look onboarding processes—with more emphasis on pre-boarding—that align them with recruiting and hiring managers

This creates an opportunity for everyone in the business to start motivating employees before day one.

It also gives hiring managers a chance to see where the gaps are in their own processes. Furthermore, it lets L&D teams know when and how to design learning programs that may positively influence company culture.



Let's say you hire a new employee to fill a customer service position based on their relevant skills, experience, and competencies. However, the employee expresses early on that they're interested in growing with the company. Given this visibility into the employee's desired career path in your organization, HR and L&D teams can work together to chart a path for this new employee.

There are two simple ways to make this happen:

- 1. Learning in the flow of work**
- 2. Stretch projects that can be posted to a projects marketplace**

With learning in the flow of work, the employee is able to perform the role they were hired for, without reducing productivity. And, they'll have the relevant learning materials when they choose to start developing themselves—with L&D's help, of course.

With the right oversight and HR tech, this holistic approach will naturally move employees through the business—creating a personalized talent journey (and company culture) that's important for keeping people engaged¹⁴. Supporting new career paths for your employees—no matter when they started with the business—is a great way to future-proof your workforce.



14. McLaren, S. (Mar 2021). '4 Key Insights About Managers That Can Help Lift Your Team'. LinkedIn Talent Blog, [Available online](#).

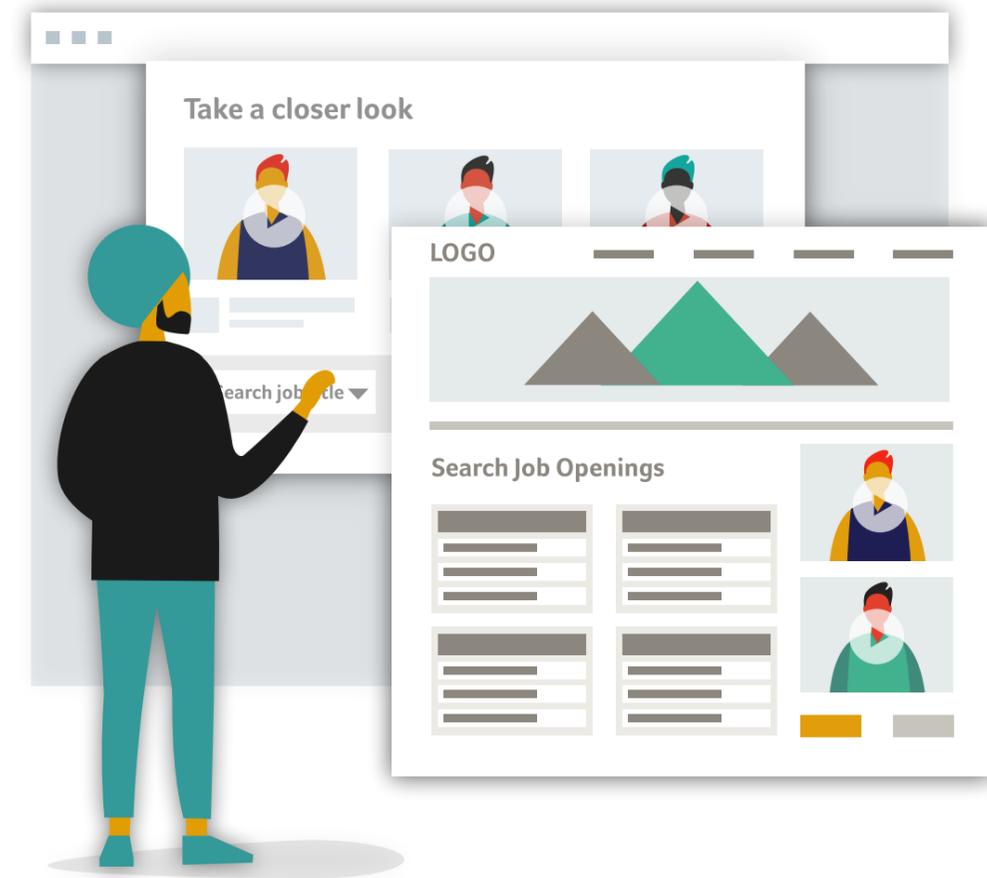
Solicit Feedback From Employees and Learners

If you're struggling to support a learning program that offers structure and is measurable, encourage managers to get involved. Ask them questions like:

- What areas of the business are your employees interested in learning about?
- How can you make it easier for employees to participate in cross-functional projects that lead to new skills or competencies?
- How can L&D design just-in-time learning for employees who may be burnt out or, worse, already look for an external position?

Answers to these questions can lead to reskilling and upskilling efforts, naturally. But, they can also help managers and L&D teams avoid a tidal wave of turnover. By identifying which employees may be ready to leave the business—specifically due to a lack of career growth—managers can be more prepared to correct this.

When gathering feedback from learners, or employees in general, pulse surveys can be useful. Ask questions that focus on the sentiments above (career growth, internal mobility) and offer projects or opportunities that engage learners. Remember, a good learning program will be personalized to the individual. That means compiling the data available through your learning systems as well as the manager and learner feedback you gathered.

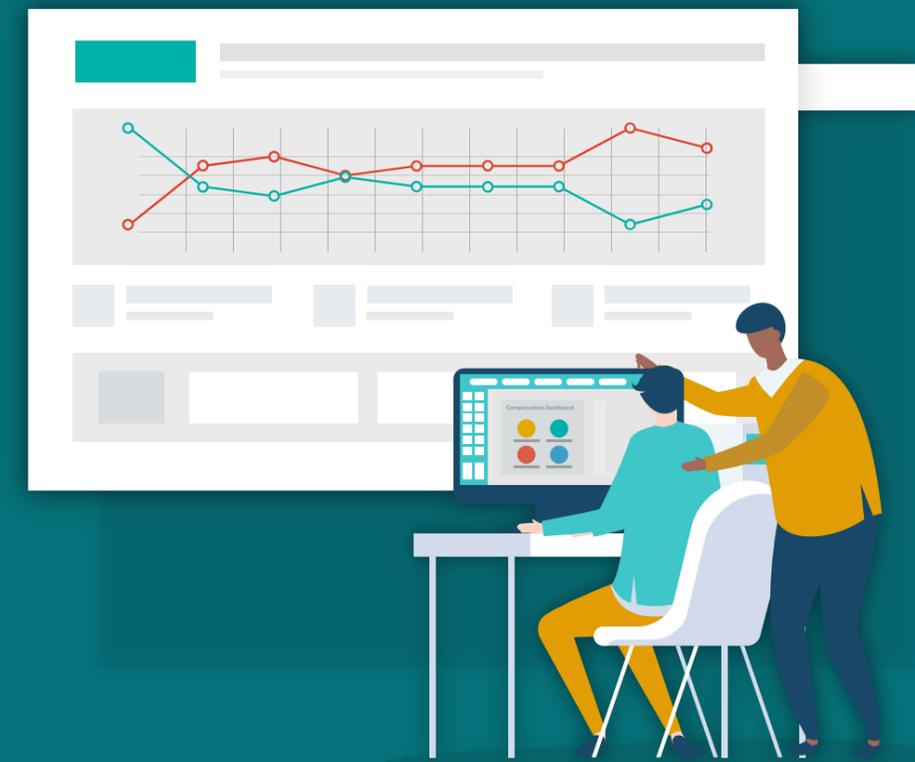


3) How Does a Skills-Based Approach Impact DE&I?

DE&I is a focal point for global companies, for many reasons. Here, we're going to focus on how a skills-based approach to hiring will inevitably impact your diversity, equity, and inclusion efforts. One of the biggest ways this happens is through skills-based hiring, which leads to a more diverse pool of candidates. For example, if you're sourcing talent from the same pool (using the same old career sites or job boards, employee referrals, universities, etc.) you'll miss out on a wider range of candidates.

Evaluating candidates (internal or external) by skill sets rather than college degree or work history will help create balance. It also helps companies gain visibility of where the top talent exists within the business. Plus, it can even help with decreased retention rates since employees without a four-year degree tend to stay with companies 34% longer than those with degrees¹⁵.

If your hiring managers are having trouble finding qualified candidates for hard-to-fill roles, it's time to focus on your approach to recruitment. Focusing on DE&I, let's look at a few reasons you might not be attracting diverse talent.



15. Santhosh, G & Lewis, G. (Feb 2021). 'Why Skills-Based Hiring Starts with Your Job Descriptions'. LinkedIn Talent Blog. [Available online.](#)

Have You Actually Read Your Job Descriptions?

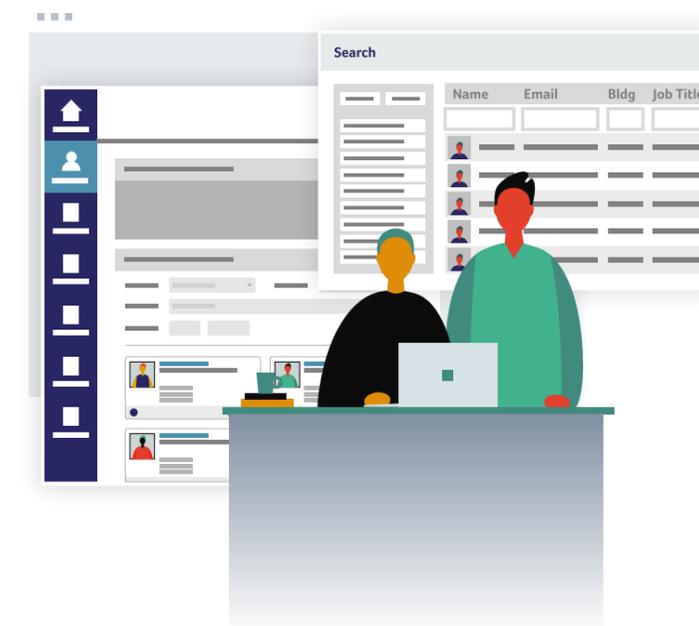
Companies that want to start recruiting and hiring for skills need to pay extra attention to this point. Your job descriptions effectively act as an invitation for anyone interested in your company. A job description is the first forward-facing content candidates (and potentially, future employees) will see. It can either make or break your DE&I efforts, and here's why: with one simple oversight (due to human error or simply not knowing better), your company's reputation can be under scrutiny.

To make sure you're putting your best foot forward and remaining inclusive, focus on these things when creating job descriptions:

- **Relax or remove job requirements.** Instead, opt for a well-crafted explanation of the role and its responsibilities.
- **Be candidate-centric.** This requires managers to understand what they want from a new team member, the manager's vision for his or her team overall, and how the candidate's skill set will add to that. Be sure to include both hard and soft skills.
- **Focus on performance.** There's nothing wrong with setting expectations. In fact, it's critical for attracting the right people. Just make sure to keep it focused on the day-to-day performance you expect and what skills you want a candidate to have.



Based on LinkedIn's research, job postings that highlighted responsibilities over requirements received 14% more applicants per view¹⁶. Hiring managers, ultimately, should be more focused on the results a candidate can deliver—rather than what kind of person they think could deliver those results.



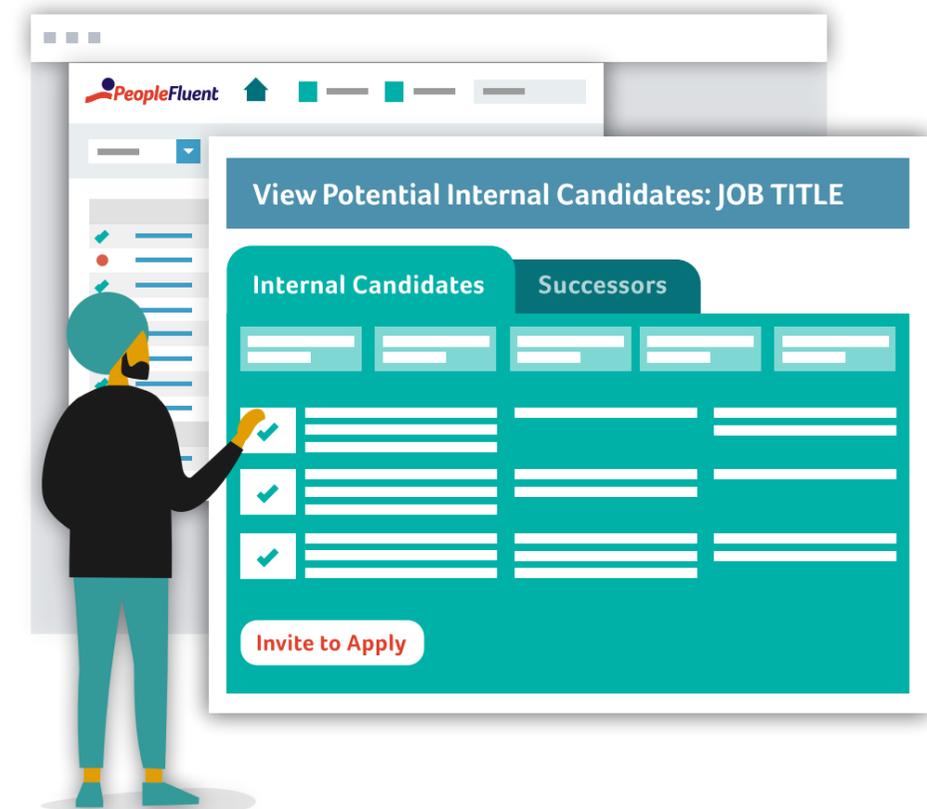
16. Santhosh, G & Lewis, G. (Feb 2021). 'Why Skills-Based Hiring Starts with Your Job Descriptions'. LinkedIn Talent Blog. [Available online.](#)

Are You Recruiting for Experience?

While we've talked a lot about skills, it's also important to mention recruiting for experience. This means considering and attracting candidates that develop themselves outside of 'traditional' means. That can be through military service, online courses or trade schools (e.g. Girls Who Code), or other alternative methods.

Given the skills pivot—due to high unemployment rates and workers reskilling themselves to secure employment—candidates may already have the experience you're looking for. Additionally, the internet has given way to vast channels of informal and non-traditional learning. While it may be difficult to verify that a candidate has these skills, it doesn't hurt to start thinking about ways to do so.

On the flip side, younger college graduates in your candidate pool may have little to no experience at all. This means strong candidates with experience may be passed over for the recent graduates, simply because the latter meets one requirement on your job description. With the growing concerns about student loan debt, younger generations may not be enticed to go the college route in coming years. While this is just speculation, for now, it's important to remember when developing your future workforce.



Overcome Barriers to Developing a Skills-Based Workforce

Barriers will inevitably occur when asking managers and company leaders to change their mindsets on conventional hiring practices. Hiring managers may be open to considering alternative requirements, other than a degree. Unfortunately, candidates might not possess these non-degree credentials. And, applicants might not have them as they don't (traditionally) lead to a job unless the candidate would meet other requirements.

Another issue is misalignment within company leadership. If CEOs aren't on the same page as CPOs (or other leaders in the organization), it will be difficult to decide on how to get the ball rolling. Much less which process you're going to follow for a skills-based hiring approach.

If your company lacks a culture of inclusion, and can't develop a way to help alternative candidates get hired, they'll go back to the old ways. That's why it's important to keep

skills discussions going once they've started. It might mean uncomfortable conversations along the way but this helps support the transparency you'll need.

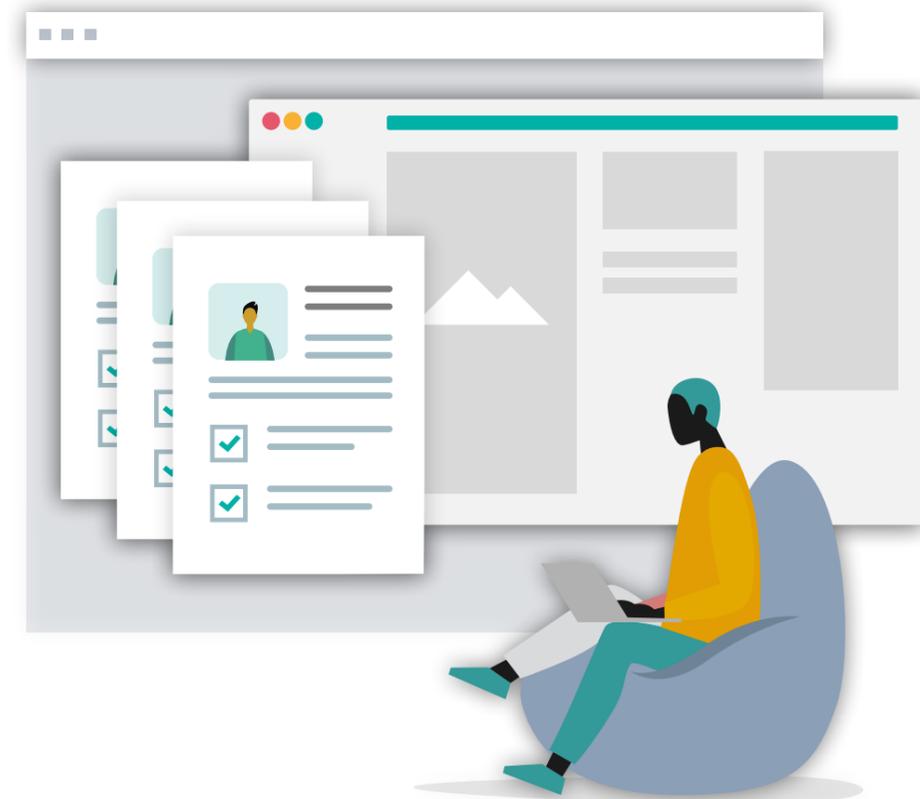
If you're ready to start fixing these issues, use a combination of HR technology solutions and strategy first and foremost. Start by enhancing the collaboration between your recruiting, learning, talent management, and compensation executives within the organization. Create a culture of openness and lean into the software systems in place, or procure what you need if you don't already have it.

Ultimately, it's a top-down approach that requires leaders to get creative. Find ways to work with middle managers, HR and L&D teams to identify a path toward skills-based hiring. For your holistic approach to be successful, you need the right data to inform your processes and the talent to keep it going.

How HR Tech Can Help You Support a Skills-Based Workforce

When used together, PeopleFluent solutions will prepare organizations for the shift toward skills-based hiring, increase internal talent mobility, and optimize your learning programs. Our recruitment, talent mobility, and learning programs work in concert with one another to support a skills-based workforce.

With this holistic approach becoming a standard, rather than a trend, it's important to find the right tech solutions for your company. To see how we can help you achieve a productive and happy workforce, [get in touch with us today.](#)



About PeopleFluent

As a market leader in integrated talent management and learning solutions, PeopleFluent helps companies hire, develop, reward, and advance a skilled and motivated workforce. Deployed separately or as a suite, our software spans [recruitment](#), [talent mobility](#), [performance](#), [compensation](#), [succession](#), [org charting](#), and [learning](#)—tailored for either large or mid-enterprise organizations. We deliver unmatched functionality and flexibility, recognized by leading analysts, to develop people, drive performance and deliver results.

Our talent solutions unify talent processes within a collaborative experience that enables HR and L&D teams to guide managers and employees with contextual learning—right in the flow of work.

A part of [Learning Technologies Group plc \(LTG\)](#), PeopleFluent provides world-class service and an unparalleled ecosystem of partners to optimize employee experience, employer brand, and business results.

For more, visit peoplefluent.com

