Ready for Success

A Toolkit for Adopting a Skills Mindset in Employment Practices

May 2023







Table of Contents

Int	tro	duction 3		
		Case for Adopting a Skills set in Employment Practices 4		
	Th	e Struggle to Find Talent Is Real 5		
		ills-Based Employment Practices liver a Winning Solution 6		
	A Skills Mindset: Ideal for the Modern Workplace			
	Let	t's Adopt a Skills Mindset 10		
	Your Toolkit to Put Skills to Work for Your Organization			
		ctions to Put a Mindset to Work12		
	Ov	rerview		
	Te	chnology-Enabled Actions		
	1.	Aligning Job Duties With Skills 15		
	2.	Channels for Sourcing Candidates 17		
	3.	Assessing Hard & Soft Skills20		
	4.	Current Job Market Trends22		

	Со	mmunications Actions	24	
	5.	Industry-Specific Employee Value Propositions	25	
	6.	Formal Upskilling Programs	27	
	7.	Differentiated Job Postings	29	
	8.	Interviewing Scorecard	3	
	Org	ganizational Actions	33	
	9.	Best Practices – Compelling Employee Benefits	34	
	10.	Behavioral Interview Guide	36	
	11.	Accelerating the Hiring Process	38	
	12.	Case Studies of Successful Skills Mindset Adoption	40	
Me	eas	suring Success	4'	
Acknowledgments42				

Introduction

We envision a world where all people have equal access to the dignity of employment, the opportunity to advance in their careers and sustained economic mobility. A critical element of an organization's talent management strategy is the ability to recognize the skills of those without specific work experience or a traditional four-year degree but have the competencies needed for a job.

This practice enables companies to harness the talents of those who may not have had the access, opportunities or time to build skills in "traditional" ways. Recognizing and valuing skilled credentials allows employers to expand access to quality jobs and reduce structural barriers that result in inequities in pay and access to employment.

Alex Alonso, Chief Knowledge Officer,
Society for Human Resource Management



The Case for Adopting a Skills Mindset in Employment Practices



Many employers across the economy struggle to fill open positions at all levels within their organizations.

No economic sector is immune.

This isn't necessarily due to a talent gap. Instead, employers may be missing many qualified candidates

standard résumé elements

we've learned to expect.

who don't have the



Skills-Based Employment Practices Deliver a Winning Solution

By widening the view to consider the full set of competencies that candidates bring to the job beyond just those thought to be conferred by traditional education degrees, human resource professionals and hiring managers can spot, attract and prepare talented and qualified candidates for key open positions, and then advance them along career pathways.

Workers Value Credentials

Nearly half (45%) of U.S. workers say they possess some form of credential other than a traditional education degree.¹





Among those who don't, about half (49%) have **considered** earning one.²

68% say earning a credential(s) has helped them progress in their careers.³



¹Other credentials outside of traditional educational degrees, such as a bachelor's degree, include any credential, micro-credential, industry or professional certification, apprenticeship, or badging that represents one's competencies and skills within a particular field. "Making Skilled Credentials Work: A New Strategy for HR Professionals," SHRM, SHRM Foundation, Walmart, 2021. https://shrm-res.cloudinary.com/image/upload/v1663775658/Walmart%20Skilled%20Credentials/shrm_foundation_walmart_skilled_cred_making_report_083122.pdf ¹lbid

³ Ibid

Competencies outside of traditional educational degrees can include any credential, micro-credential, industry or professional certification, apprenticeship or badging that represents one's skill level within a particular field. Critical competencies like math, writing and even soft skills — such as teamwork and communication — are also included.

This skills-based approach to hiring and career advancement opens the talent pipeline to a host of people who are often overlooked, such as veterans, military spouses and caregivers, individuals age 60 or older, disabled workers, those with a criminal record and opportunity youth (non-student unemployed youth). It also shapes and reflects the culture of the workplace, making it more open, flexible and creative — exactly the kind of culture qualified workers are seeking.

A Skills Mindset: Ideal for the Modern Workplace

Adopting a "skills mindset" delivers for employers that are committed to the potential these non-traditional workers offer.

Employers Recognize the Value of Credentials

of executives and HR professionals say individuals with *only* credentials earned outside of traditional pathways **perform the same or better** than individuals with only traditional degrees.⁴

of executives and 59% of HR professionals agree that recognizing these kinds of credentials makes it easier for diverse candidates to obtain employment.⁵

⁴ "The Rise Of Alternative Credentials In Hiring," SHRM, SHRM Foundation, Walmart, 2021. https://www.shrm.org/about-shrm/press-room/press-releases/pages/shrm-report-survey-finds-a-rise-of-alternative-credentials-in-hiring-.aspx

⁵ "Making Skilled Credentials Work: A New Strategy for HR Professionals," SHRM, SHRM Foundation, Walmart, 2021. https://shrm-res.cloudinary.com/image/upload/v1663775658/Walmart%20Skilled%20Credentials/shrm_foundation_walmart_skilled_cred_making_report_083122.pdf

THE CASE FOR HIRING AND ADVANCING BASED ON SKILLS IS PRETTY STRAIGHTFORWARD:

Most employment opportunities come with a discreet list of job duties and responsibilities, each of which can be mapped to a set of demonstratable skills.

The competencies for most open positions are well defined. In many cases, credentials earned outside traditional higher education pathways have been developed and certified to allow independent confirmation that the applicant can do the job.

While some additional soft skills may be required for the position, talent managers can benefit from using skills-based assessments and other means to identify qualified candidates and move them forward on the employment path.

Hiring managers win because they end up speaking to those candidates who are well prepared to hit the ground running.

Let's Adopt a Skills Mindset

The case for skills may be clear, but reality does not match potential. Several factors act as a drag on the movement to adopt skills-centered employment practices broadly, including:

- An entrenched commitment to overestimate the importance of a formal academic degree, even if it is unrelated to the job at hand;
- Inability to map the duties of a given position to the competencies and core skills that are truly necessary to succeed in that role;
- Ignorance of credentials and other competency measures that already exist and how to use them to evaluate candidates; and
- The absence of technology-enabled tools to help employers track and match candidates to open positions.

Closing the Skills Mindset Gap

50% of executives say they

place a high value on such

credentials when making hiring
decisions. Only 15% of HR

professionals agreed.⁶

Closing the **35-point difference** between how HR professionals and business executives view the value of credentials is a priority for talent success.⁷

Your Toolkit to Put Skills to Work for Your Organization

Thankfully, solutions to each of these challenges exist. The SHRM

Foundation partnered with the Charles Koch Foundation to create this toolkit for HR professionals and hiring managers who are looking for those solutions to fill their talent gaps and are ready to build a culture that meets the moment.

It lays out a set of steps that organizations can take to find out if assessing candidates based on skills, including using credentials beyond those conferred by a formal academic degree, can speed up the search for talent and increase the chances that hiring and advancement decisions pay off for employees and the bottom line.

We invite you to investigate these resources and start in small ways to adopt a skills mindset in your search for the best-qualified talent.



Putting a Skills Mindset Into Action

For many organizations, getting started on the skills journey is the toughest part. To make that road a little easier, this toolkit identifies *12 Actions*⁸ that HR professionals and hiring managers can take to turn intent into progress.

We invite you to explore each of these to find the ones that best fit your mission, your talent needs and your workplace culture.

⁸These action steps are based on preliminary research from 14 qualitative workshops that were conducted by SHRM, in partnership with the Charles Koch Foundation and the SHRM Foundation.



As with many HR-related functions, automation and artificial intelligence are increasingly adding efficiency and value to talent management.

Use these *Actions* to put technology to work for you, your organizations, qualified candidates and employees. They offer powerful tools to identify the right skills your organization needs and discover candidates that traditional approaches may miss.



1: Aligning Job Duties With Skills

Create skills-based hiring crosswalks, both offline and within your applicant tracking system (ATS), to address your organization's evolving needs.



Although 45% of HR professionals say their organization uses an ATS, **only 32% say their ATS recognizes credentials earned through non-traditional pathways**. Early in the 2000s, employers began adding degree requirements to descriptions of jobs that hadn't previously required degrees — sometimes known as "degree inflation." As demand for talent began to outstrip supply between 2017 and 2019, employers began to reduce degree requirements. While this trend accelerated during the pandemic, there is still a long way to go to find the right balance.

⁹ Ibid

¹⁰ "The Emerging Degree Reset: How the Shift to Skills-Based Hiring Holds the Keys to Growing the U.S. Workforce at a Time of Talent Shortage," The Burning Glass Institute, 2022. https://static1.squarespace.com/static/6197797102be715f55c0e0a1/t/6202bda7f1ceee7b0e9b7e2f/1644346798760/
The+Emerging+Degree+Reset+%2822.02%29Final.pdf

1: Aligning Job Duties With Skills

Action Steps

Assess your job postings for unnecessary credential requirements.

Identify core competencies for the job.

Understand the difference between required and preferred competencies.

Write new, skills-based job descriptions.

Learn how to utilize a quality ATS to pre-screen for skills.

Additional Support

SHRM Skills Analysis Form

O*NET OnLine



2: Channels for Sourcing Candidates

Identify qualified talent through traditional and non-traditional sourcing channels via app-based tools.

the number of unemployed workers by approximately two to one.

To expand the talent pool, employers need to become more creative in actively sourcing candidates, not just from traditional job boards (i.e., Indeed, LinkedIn, ZipRecruiter), but other talent pools (i.e., veterans, military spouses and caregivers, individuals age 60 or older, disabled workers, those with a criminal record and opportunity youth). Social media and other web-based resources can

be powerful tools to locate untapped talent pools.

The number of job openings in the United States continues to exceed

2: Channels for Sourcing Candidates

Action Steps

- Start by thinking about those untapped talent pools in your immediate area and reach out to partner with trade schools, high schools, community colleges, etc.
- Partner with nonprofits working with those with a criminal record, disabled workers and other talent pools.
- Conduct online research to identify non-traditional talent pools, including through social media.

Additional Support

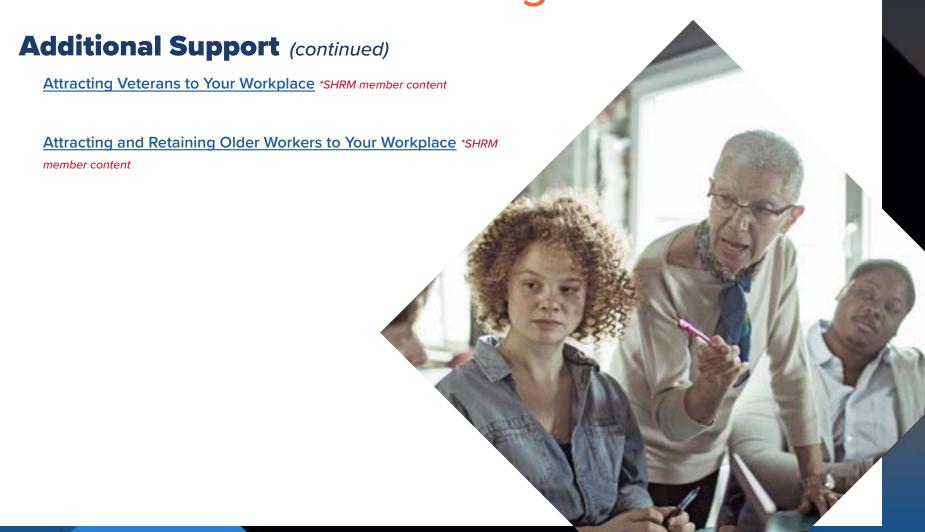
Recruiting Internally and Externally *SHRM member content

Employing Individuals With Criminal Records *SHRM member content

Employing Older Workers *SHRM member content

Employing Military Veterans *SHRM member content

2: Channels for Sourcing Candidates



3: Assessing Hard & Soft Skills

Leverage tools for assessing hard and soft skills like computer literacy, writing competency, creativity and critical thinking.



According to the LinkedIn 2019 Global Talent Trends report, 89% of recruiters say when a hire doesn't work out, it usually comes down to a lack of soft skills. While assessing hard skills is sometimes as easy as setting up an online or in-office assessment, soft skills can be more difficult to assess. Moreover, there are numerous assessments offered by third parties claiming to assess for everything from personality fit to leadership potential, so it is critical to use assessments that deliver on their claims and have worked for other organizations.

¹¹ https://news.linkedin.com/2019/January/linkedin-releases-2019-global-talent-trends-report

3: Assessing Hard & Soft Skills

Action Steps

- Identify the human elements required to perform the job and how these impact valued business outcomes.
- Construct or purchase predictive assessments to effectively measure the elements defined in Step 1.
- Empower expert decision makers to use the data generated from the hiring process to make hiring decisions.
- Collect data to understand the business impact of the decisions made using the various assessments.

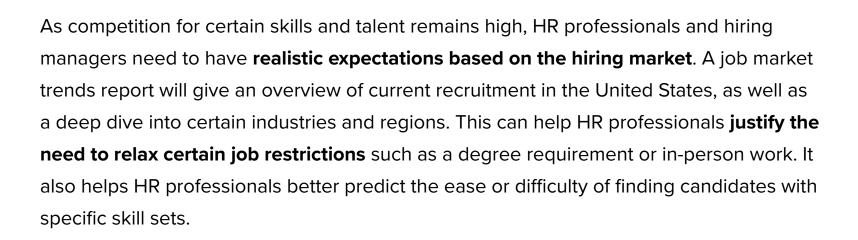
Additional Support

- Talent Assessment Center Developed by SHRM and Talogy
- The Case for and Limitations of Assessment Tests
- A Case Study of Assessments in Action



4: Current Job Market Trends

Access current job market reports with industry-specific considerations and talent heatmaps within your geographical area.



4: Current Job Market Trends

Action Steps

Research federal, state and local government job market trend reports.

Set up a system for frequently consulting relevant reports to ensure your hiring strategies reflect current job market trends.

Additional Support

U.S. Bureau of Labor Statistics (BLS) Resource Page

BLS Employment and Wages Data Viewer

State Labor Market Contact List



Communications Actions

Nearly every sector of the economy and nearly every job field have developed communications tools that make employment information easier to understand. From common language that simplifies and clarifies position descriptions to approaches to developing talent development programs, HR leaders and hiring managers can use these tools to effectively communicate and promote an organizational culture that values skills-based employment practices.

5: Industry-Specific Employee Value Propositions

Create compelling employee value propositions for your organization to attract qualified candidates.



As employers struggle to fill open positions in a time of historically low unemployment, they need to promote and differentiate themselves to compete. The **employee value proposition communicates the values and culture of the organization** and takes the focus off salary as the sole reason for working there. It is a part of employer branding that can attract candidates that employers desire and keep workers engaged. This is **especially critical for small to mid-size organizations** that might be less equipped to compete with higher starting salaries.

5: Industry-Specific Employee Value Propositions

Action Steps

- Develop your organization's employee value proposition, leveraging specific examples from different industries and for different audiences (i.e., Gen Z vs. Baby Boomers).
- Promote your employee value proposition to current and prospective employees.

Additional Support

How to Develop an Employee Value Proposition *SHRM member content

Developing Employee Career Paths and Ladders *SHRM member content

Career Development: What Is a "Dual Career Ladder"? *SHRM member content

6: Formal Upskilling Programs

Design upskilling programs to fill in-demand roles with internal workers who demonstrate transferrable skills.

According to the 22nd Annual Global CEO Survey by PwC, 79% of CEOs are concerned about employees' lack of skills.¹² Further, 60% of employees believe their current skill set will be outdated in the next three to five years.¹³ Identifying internal talent with transferrable skills and upskilling them to fill in-demand roles eliminates time and reduces employment costs. Upskilling has also been proven to improve retention, boost morale, increase customer satisfaction and attract new talent.

https://www.pwc.com/gx/en/ceo-survey/2019/Theme-assets/reports/talent-trends-report.pdf
 the Upskilling Crisis: The Benefits of Enabling and Retraining Employees for the Future, West Monroe, 2019.
 https://www.westmonroe.com/perspectives/signature-research/the-upskilling-crisis-effectively-enabling-and-retraining-employees-for-the-future

6: Formal Upskilling Programs

Action Steps

- Identify skills gaps and conduct a skills gap analysis of your workforce.
- Start an internal upskilling training program.
- Find and use best practices on effective training methods for your organization.
- Monitor and evaluate your training program for continuous improvement.
- Make training part of your corporate culture.

Additional Support

Developing Employee Career Paths and Ladders *SHRM member content

How to Address the Skills Gap *SHRM member content

How Can a Skills Inventory be Used for Strategic HR Planning? *SHRM member content

7: Differentiated Job Postings

Construct skills-based job descriptions that go beyond lists of functions and qualifications, while including only the skills required for the actual job.



7: Differentiated Job Postings

Action Steps

- Ensure that how your organization currently writes job postings considers the realities of the current job market.
- Identify your organization's differentiating factors through employee focus groups, employee surveys, what your customers say about your external brand and other sources.
- Generate not only job postings, but other content marketed to prospective employees with messaging based on what differentiates your organization.
- Be transparent within job postings about the hiring process (e.g., are assessments required?); the timeline for hiring decisions to be made; the wage (e.g., offering a range is a start, but sharing the minimum starting wage is better); whether or not candidates with criminal histories are eligible, etc.
- Encourage prospective employees to include referrals and recommendations when skills are not easily translated to job requirements in postings.

8: Interviewing Scorecard

Generate interview scorecards that objectively and quantitatively assess candidates for aptitude and fit.



Given that organizations spend roughly 70% of operating budgets on workforce expenses,¹⁴ it is noteworthy how rarely they measure the success of the hiring process. By using **quantitative interview scorecards to evaluate candidates** — and by comparing interview-based predictions with performance on the job — it's possible to **boost your organization's return on human capital investment, reduce turnover and increase retention**. Each interviewer scores the candidate on the same set of criteria, and the hiring team can meet and compare scores objectively.

¹⁴ "A Scorecard for Making Better Hiring Decisions," Ben Dattner, Harvard Business Review, 4 February 2016. https://hbr.org/2016/02/a-scorecard-formaking-better-hiring-decisions

8: Interviewing Scorecard

Action Steps

- Determine the traits that are the prerequisites for success in the position for which you are hiring.
- Choose traits that are independent from each other and can be assessed accurately and reliably through behavioral interview questions.
- Develop two or three questions to assess each trait.
- Create a rating scale (such as a 1-5 scale) to assess each candidate on each trait.

Additional Support

Candidate Evaluation Form Example 1

Candidate Evaluation Form Example 2 *SHRM member content



Adopting a skills mindset is really about taking a human-centered approach to hiring and advancement policies. By leveraging lessons learned from skills-based decisionmaking, organizations can improve their HR performance in a host of ways beyond hiring and advancement. An organization-wide commitment to skills-based employment can lead to a modern, human-centered work culture that attracts and retains the best employees.



9: Compelling Employee Benefits

Create a powerful total rewards program that will attract the best talent and encourage them to stay and grow within your organization.



Many organizations competing for the same talent are using new and different employee benefits to attract great candidates. A recent study conducted by McKinsey, in collaboration with Cara Plus, found that the **opportunity for job growth or promotion** is an even higher priority for frontline employees than pay or benefits alone — and is significantly more important to frontline employees than their employers think. Felevant benefits can include extended medical insurance, paid time off, profit sharing, learning and development strategies, retirement benefits and more. A well-constructed rewards program can contribute significantly to employee recruitment and retention.

¹⁵ https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/bridging-the-advancement-gap-what-frontline-employees-want-and-what-employers-think-they-want

9: Compelling Employee Benefits

Action Steps

Review your total rewards program with an eye toward the future needs of your employees.

Learn when it is best to expand or remove employee benefits.

Choose new benefits based on your workforce, culture and budgetary constraints.

 Learn and use best practices to communicate to your employees and build interest after adding a new benefit.

Additional Support

What Benefits Can Employers Offer to Improve Employee Retention?



10: Behavioral Interview Guide

Train HR professionals and hiring managers on behavioral interviewing to assess qualifications more effectively.

Finding the right person for your open position can be daunting, especially for HR professionals and hiring managers who have not done a lot of interviewing or hiring recently. A behavioral interview guide provides a structured process that helps interviewers avoid making decisions based solely on a gut feeling. It also helps less experienced interviewers avoid unlawful or biased questions, such as about age, marital status, disability, etc. When paired with another selection tool (i.e., personality assessments, cognitive tests), behavioral interviews can be a great way to evaluate candidates.

10: Behavioral Interview Guide

Action Step

Use a behavioral interview guide to standardize your interviews, create a better experience for candidates and avoid bias and "gut feeling" hiring.

Additional Support

Interviewing Candidates for Employment *SHRM member content

Opening and Closing Questions *SHRM member content

Guidelines on Interview and Employment Application Questions *SHRM member content

Screening and Evaluating Candidates *SHRM member content

11: Accelerating the Hiring Process

Condense the time to hire and secure great employees ahead of your competitors through a curated set of resources.

A common complaint among job applicants is the length of the hiring process. According to 2022 SHRM research, **the average time-to-hire is 35 days** (and it costs on average \$4,683 to fill an open position). Some employers require the candidate to interview with numerous team members which can result in more than four interviews. In an especially tight job market, **a long hiring process can mean losing the best candidates** to other organizations.

¹⁶ https://shrm.org/ResourcesAndTools/business-solutions/PublishingImages/Pages/benchmarking/Talent%20Access%20Report-TOTAL.pdf

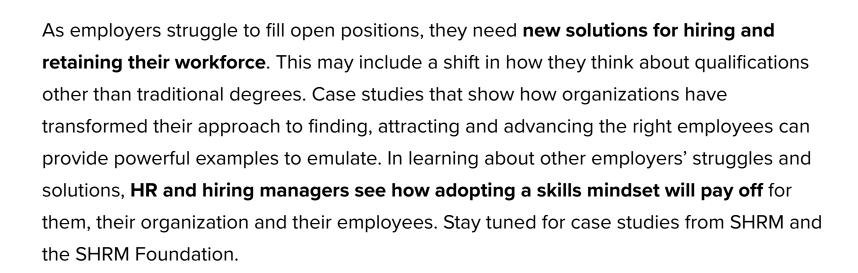
11: Accelerating the Hiring Process

Action Steps

- Limit time on pre-screen questions and interviews.
- Remove any unnecessary questions from the application.
- Manage hiring manager expectations by communicating the current job market trends for the skills they are seeking.
- Clearly define the interview process (i.e., the number of interviews and who the candidate should meet).
- Establish a clear, defined process for reviewing candidates' criminal history and educational background (if necessary), and explain the process to candidates.
- Limit the number of interviewers to no more than five per candidate.
- Make sure the hiring manager/interviewer(s) blocks time on their calendar(s) to meet with the candidate as soon as they pass the pre-screen question, so the candidate does not have to wait days or weeks for their interview.
- Standardize the candidate evaluation process.
- Once you decide to offer a candidate the job, make the offer promptly so as not to lose out on top applicants.

12: Case Studies of Successful Skills Mindset Adoption

Discover how real employers have adopted a skills mindset to transform how they think about job requirements, degrees and more.



Measuring Success

The purpose of this toolkit is to move beyond talking about the problem of finding enough qualified workers and to give HR leaders and hiring managers the tools they need to adopt a skills mindset. Measuring the success of those actions is the next step organizations can take to make the case for taking a skills-based approach to hiring and advancement.

Key performance indicators (KPIs) organizations can use to measure the effectiveness of their efforts include:

- Percentage reduction in turnover
- Percentage reduction in cost-per-hire
- Percentage reduction in time-to-hire
- Increase in number of diverse hires
- Increase in number of opportunities created
- Increase in employee engagement

Acknowledgments

The SHRM Foundation recognizes all who contributed to this toolkit and related endeavors.

First, we greatly appreciate the generous support of the Charles Koch
Foundation in making this toolkit possible. Director Andy Tonsing and
Associate Director Shianne Chatarjee's guidance and intellectual curiosity
were instrumental in envisioning and completing this report.

Alex Alonso, SHRM Chief Knowledge Officer, and Wendi Safstrom, SHRM Foundation President, provided invaluable strategic guidance. Thank you to the SHRM Research Institute, including Deborah Hersh, Senior Researcher, and Annemarie Schaefer, Vice President of Research.

The Fratelli Group, with an expert team led by Frances Cox and Pete Janhunen, served as our writers, editors and thought partners in completing the text and design for the final product.