

This Is How HR Leaders Can Lead the Transition Towards a Skills-Based Future

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Degrees won't be enough to fill skill shortages that will accompany rapid technological change.



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Technology is changing faster than any other time in history. The half-life of skills is shrinking, and traditional talent sources—colleges and universities—are struggling to adapt their curriculum fast enough to meet the demand for new workforce skills. Meanwhile, millions of workers are unable to access higher education because of the high cost of a degree.

As digital and AI trends continue to disrupt work, 85% of business leaders agree that the need for skills development will dramatically increase, according to a Gartner survey from June 2024.

Labor shortages have forced employers to rethink how they source talent and whether four-year degrees are really necessary for many roles. When employees shift their focus to skills, rather than degrees, they have access to larger talent pools. Over the past several years, well-known companies like IBM, Google, and Walmart announced moves to skills-based hiring, and 22 U.S. states have also announced plans to implement skills-based hiring for government jobs.

Unfortunately, the widespread support for skills-based hiring has not necessarily translated to implementation. According to a Gartner November 2023 survey, despite 74% of HR leaders

believing that most organizations are moving to a skills-based talent management approach, only 2% have adopted a skills-based approach in all talent processes; 41% have adopted some skills-based processes, while 50% are thinking about adopting it but haven't started yet.

To prepare for a future that values skills over degrees, HR leaders should be taking the following actions:

Evaluate role requirements

HR leaders should assess how current role requirements are serving hiring needs to inform if and where the organization can reduce or eliminate degrees. Traditional role needs often include preferred industry experience, work experience, candidate traits, preferred universities, skills, locations, and years of experience on top of any degree requirements.

The following are questions worth considering:

- Does the job actually require the level of degree attainment specified in the job description?
- Are there adjacent degree(s) that target candidates or prospects are more likely to attain?
- Which other degree(s) is/are most likely to develop the same skills that the role requires?
- What other courses or experiences prepare candidates for challenges similar to those faced in this specific role?
- Can the same educational requirements be attained in a nontraditional way (e.g., a competition, online courses, accelerated training programs, experience)?

While it's important to keep these considerations in mind, there are some jobs where the degree requirements need to stay. For example, individuals need specific qualifications to become a doctor, lawyer, or a teacher.

Understand skills needs (and tailor the job description accordingly)

HR leaders should gather information about the current skills makeup at their organization, and identify critical skills needs that are key to the company's future success. Consider the following factors when deciding what skills to prioritize:

- Current supply of key skills
- Change in skills demand (more or less) to meet business goals
- Changing skills' impact on roles
- Time frame of impact

HR leaders can then tailor employee value proposition (EVP) messaging to attract nondegreed, skilled talent rather than rely on uniform EVP messaging for all candidates.

HR leaders should evolve their EVP management by delivering value centered around the whole person. A key component of tailoring EVP messaging effectively is forming partnerships with

critical stakeholders, such as specific business unit leaders, employee resource groups, HR business partners, and internal representatives to inform messaging.

Optimize onboarding for nondegree talent

Before adjusting degree requirements, HR leaders should make sure their onboarding process can support the integration of nondegree, skilled employees. While these workers might have the right skills for the role, they may be unprepared to navigate a corporate environment that has traditionally excluded anyone without a college degree.

HR leaders should work with the recruiting and hiring managers to prioritize building connections over logistics, structure early work to build relationships and make new hires feel part of the team, and add progress cues to boost new hire confidence and motivation.

While community and connection are essential for all new hires, they are especially important for those that may come from nontraditional backgrounds.

Shift overall talent management approach

Skills-based hiring primes the organization to evolve its overall talent management approach to center on skills. The most innovative organizations are making this shift to increase agility and respond more quickly and adeptly to volatile market conditions. In fact, a Gartner June 2024 survey found that approximately half of HR leaders say that a skills-based approach to talent management has the potential to solve many of the challenges their organizations face, though only one-third are actually investing in skills-based talent management.

HR leaders interested in a skills-based approach should begin to do the following:

- Work with their CHRO and executive team to define their vision of the future skills-based state
- Collaborate with functional stakeholders to build buy-in
- Engage with talent analytics teams to begin collecting skills data and prioritize areas for implementation
- Invest in technology to scale and maintain the new strategy

The future is skills-based

Focusing on skills over degrees provides access to larger and more diverse talent pools, enables retention and growth opportunities for current employees, and increases workforce agility amid rapid change. With the pace of change only increasing, organizations should prepare now for a future that is skills-based.