
SOURCE STUDY TITLE AND AUTHOR

Taking a Skills-Based Approach to Building the Future Workforce. McKinsey & Co. Nov 2022.

SUMMARY

The Research: A Skills-Based Approach to Hiring Expands Talent Pools and Retains Workers

DESCRIPTION

McKinsey in partnership with the Rework America Alliance developed tools and launched a 10-week accelerator program to help employers adopt skills-based practices. Informed by this work and other related work, they offer lessons and research to support the further adoptions of skills-based hiring practices.

KEY FINDINGS

- **Employees Proven benefits.** The experiences of the employers in the program showed that skills-based practices enable companies to find and attract a broader pool of talent. Research shows that hiring for skills is five times more predictive of job performance than hiring for education and that workers without degrees stay in their jobs 34 percent longer. In addition, building skills-based pathways for advancement further supports employee retention.
- **Barriers and challenges.** In a survey of the employers in the accelerator program and in a survey of small and medium businesses, they found that the top barriers to implementing skills-based hiring practices across the organization include validating skills and sourcing jobseekers with the right skills. It can also be a challenge to roll skills-based practices out beyond the HR department.
- **Making it happen.** The benefits of skills-based hiring are maximized when they are implemented across the whole talent journey from sourcing to hiring to career development. To be able to source from a wider pool of talent, employers must first identify required skills for all positions. To ensure new hires have the skills to succeed, employers must have effective and objective assessment tools to validate candidates' skills. To empower employees to upskills and advance within the organization, employers must implement training and continuous learning programs that meet new hires where they are and develop the skills of employees across the organization. Finally, engaging the entire workforce development system – employers, worker-serving organizations, intermediaries and elected officials – can build collaboration and scale the adoption of skills-based hiring across the labor market.

MORE INFORMATION

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