

By

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# The Future of Learning and Development: Skills-based Organisations

## **T**he evolution of organisations from jobs to skills

For the last hundred years or so the way that work has been organised in industrialised nations has been based on job definitions. The tasks that need to be performed are grouped together into a job, jobs are then organised into a hierarchical structure, and we recruit people who we believe have the abilities to perform the jobs. Sometimes, this is straightforward, but often we have difficulty in matching the skills of individuals to the needs of the job. Meanwhile, there may be untapped skills and knowledge in the workforce that are not aligned with the job requirements.

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## Human-Centred Leadership: The Way Forward in the Age of AI



Now a growing number of organisations are questioning this approach. Instead of breaking down tasks based on job functions alone, they are grouping them together based on the skills available. In the research conducted by Deloitte<sup>1</sup>, approximately 89% of executives say skills are important for defining work, deploying talent, managing careers and valuing employees, and 90% are actively experimenting with a skills-based approach. At a time when some skills are in short supply it seems obvious that organising work to utilise the talent available will improve recruitment and retention as well as increase productivity. Skills-based organisations look at the definition of skills with a wider lens to include hard skills and soft skills as well as passions, motivations, interests and potential.

Based on the research by Deloitte, organisations that embed a skills-based approach are 107% more likely to place talent effectively, 63% more likely to achieve results compared to those that have not adopted skills-based practices, and are also 98% more likely to retain high performers and maintain a better employer brand.

Whilst it may not yet (or perhaps ever) be practical to have a fully skills-based approach, it does form a key part of the human-centred approach to work. Leaders will need to recognise that they are not just at the helm of a machine with inputs and outputs, they are leading a unique community of people with a wide variety of capabilities. They can't design business processes without understanding the skills required and they can't engage with the workforce if talents are being ignored.



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### **Key principles to follow.**

The transformative nature of this organisational model is driven by several key principles.

#### **1. Fluid Roles and Project-based Contributions:**

- Skills-based organisations adopt a flexible structure, allowing employees to contribute to projects and tasks based on their specific skill sets rather than rigid job descriptions.
- This fluidity in roles promotes agility and responsiveness to changing business needs, fostering an environment where employees can maximise their contributions.

One organisation that has successfully embraced skills-based structures and flourished through the adoption of fluid roles and project-based contributions is Unilever. Its U-Work initiative<sup>2</sup> blends the flexibility of contract roles with the stability of regular employment, enabling employees to engage in diverse assignments while receiving benefits. This approach caters to various needs, such as flexible hours for older employees, those with parental responsibilities, and those with other personal interests and pursuits, while also benefiting Unilever by providing access to skilled individuals with familiarity with the company, thus reducing the costs associated with sourcing freelance workers.

#### **2. Emphasis on Transferable Skills:**

- The hiring process in skills-based organisations prioritises transferable skills and competencies over specific job titles.
- This approach recognises that skills are often applicable across various contexts, enabling employees to transition seamlessly between projects and adapt to evolving organisational requirements.

#### **3. Cultivating a Culture of Collaboration and Learning:**

- Collaboration is at the core of skills-based organisations, with an appreciation for the diverse skills individuals bring to the table.
- The emphasis on collaboration not only enhances innovation but also encourages knowledge sharing, creating a rich environment for cross-functional teamwork and learning.

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# 6 months

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### 4. Continuous Learning and Development:

- Skills-based organisations view learning as a continuous process. This commitment to ongoing learning ensures that the workforce remains adaptable and capable of acquiring new skills to meet emerging challenges.
- Based on research, a pilot study showed that, on average, people could be reskilled for new roles in completely different functions in just six months.

Higher education institutes responding to the widening skills gap due to the fast pace of technological advancements are increasingly offering online and flexible learning options<sup>9</sup>. This allows working professionals and non-traditional students to acquire new skills and credentials while balancing their other commitments. As higher education institutes adapt to the needs of skills-based organisations, individuals in the future may not be restricted to a job-specific field of study but will be able to organise their education journey based on their passion and purpose.

### 5. Performance Metrics Aligned with Skill Development:

- Performance evaluations in these organisations go beyond traditional metrics and align with the development and application of skills.
- The focus is not only on task completion but also on the growth and effective utilisation of individual and collective competencies, providing a more comprehensive measure of employee contributions.





IBM places a strong emphasis on continuous learning and professional growth. The organisation has implemented performance metrics that align with a diverse range of skills, including technical expertise, problem-solving abilities, and leadership qualities<sup>4</sup>. Employees' performances are evaluated twice a year through a tool called Checkpoint and the 'Performance Reflection' experience motivates them to celebrate their accomplishments and plan for focus areas going forward. Performance is evaluated against two dimensions: business outcomes and skills. The results are one of the data points considered by managers when making bonus and compensation decisions for their teams.

#### 6. Technology as an Enabler:

- Technology, including talent management systems and learning platforms, plays a pivotal role in managing and leveraging skills effectively.
- These tools facilitate the documentation, assessment and utilisation of skills, enabling organisations to make data-driven decisions in talent management and development.

#### 7. Human-centric Approach:

- By prioritising skills and competencies and potentially incorporating values and purpose, skills-based organisations adopt a human-centric approach to workforce management.
- Employees are empowered to shape their career paths based on their skills and aspirations, fostering a sense of autonomy and engagement within the workforce.
- Organisations are designing talent initiatives based on organisational skills gaps that improve diversity, equality and inclusion. For example, programmes targeting veterans, minorities and women returning to work after a break (Career Relaunch Programmes).



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The German Ministry of Economic Affairs and Climate Action funded a project<sup>5</sup> on the feasibility and commercial impact of its Machine Learning/AI platform for career re-launchers. They classified competencies using ESCO, the European Skills, Competences, Qualifications, and Occupations taxonomy that provides a standardised language for describing skills across Europe. Once identified, career re-launchers can implement personal growth changes and select new careers, better matching roles that take into consideration developmental desires and improved work-life balance.

### 8. Responsiveness to Business Complexity:

- The overarching goal of skills-based organisations is to build a workforce that is responsive, efficient, and diverse.
- This adaptive workforce is well-equipped to navigate the complexities of a rapidly evolving business landscape, ensuring that the organisation remains competitive and resilient.



### Adapting existing job structures

Existing job structures must be adapted so they are not just meeting a functional need but are also meeting the abilities and ambitions of the workforce. Narrow definitions of job tasks need to be replaced by broader statements of responsibilities and the outcomes expected from a role. People need to be encouraged to explore work opportunities outside their traditional career paths and this can only be done by breaking down the barriers between silos in the structure.

Employers can also leverage existing frameworks such as ESCO and the O\*Net Framework, used in the US by organisations such as the US Navy. Employers can define required skills, job seekers can match their skills to job requirements, and educational institutions can align programmes with ESCO for workforce relevance.

With its commitment to fostering a culture of continuous learning, Microsoft has developed programmes to empower employees with the latest technical and soft skills. The company places a high value on individual skills rather than traditional job roles, allowing employees to contribute to various projects based on their expertise. Microsoft also utilises One Profile<sup>6</sup>, to create a single pool of employees to draw from. Centralised skills assessments and consistent skills taxonomy work across the company to unify their businesses, has consolidated and organised their employees' skills data into one place. By adapting its approach to job structures and leveraging skill taxonomies, Microsoft ensures its workforce is equipped to navigate the dynamic challenges of the technology industry.

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### Leveraging AI

The integration of artificial intelligence (AI) into skills-based organisations is reshaping talent acquisition by introducing efficiency, objectivity, and diversity. AI's capacity to automate CV screening and candidate assessment addresses longstanding challenges, ensuring a standardised and unbiased evaluation experience for all applicants, enabling human resources to focus on assessing cultural fit and long-term potential. This transformative journey aligns with the evolving HR landscape, emphasising the collaborative and inclusive utilisation of AI to unlock the full potential of skills-based talent acquisition.

Three-quarters of Mastercard's workforce, for example, is now registered on the talent marketplace, enabling it to unlock 100,000 hours and achieve \$21,000,000 in savings through internal mobility (attributed to: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Deloitte-Skills-Based-Organization.pdf>)

### Overcoming obstacles, staying human-centric and heading to the future

Skills-based organisations represent a paradigm shift that transcends traditional organisational structures. By placing skills and competencies at the forefront, these organisations create a dynamic, collaborative, and continuous learning environment facilitated by technology and guided by a human-centric philosophy. This holistic approach positions them to thrive in the face of ever-changing business challenges and opportunities.

#### Sources

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