



Best Practices For Developing A Skills-Based Culture

TALIA ALONGI, AJAI SCOTT
SEPTEMBER 2025

ABOUT FSG

FSG is a global nonprofit consulting firm that partners with foundations and corporations to create equitable systems change. Through customized consulting services, innovative thought leadership, and learning communities, we're working to create a world where everyone can live up to their full potential.

Learn more at www.fsg.org.

CO-AUTHORS

Talia Alongi, FSG

Ajai Scott, FSG

CONTRIBUTORS

Scotland Nash, FSG

PHOTO CREDIT

Cover: iStock

Page 14: iStock

Walmart

The research included in this report was made possible through funding from Walmart. We thank them for their support but acknowledge that the findings, conclusions, and recommendations presented in this report are those of FSG alone, and do not necessarily reflect the opinions of Walmart.



This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License. To view a copy of this license, visit <https://creativecommons.org/licenses/by-nc-nd/4.0/>

CONTENTS

Introduction	4
What is a skills-based culture?	5
How to cultivate a skills-based culture	7
1. Create conditions for success	7
2. Shift mindsets	8
3. Structure implementation to support culture	10
4. Reinforce at the manager level	11
How to measure a skills-based culture	13
Learning mechanisms	13
Understanding outcomes	13
Conclusion	15

Introduction

Corporations continue to adopt skills-based talent practices to support their business success and talent needs amidst a tight labor market.¹ Skills-based talent approaches create business value, including better quality hires, increased retention, and greater workforce resilience.² As employers adopt skills-based strategies, the culture of the company can act as a barrier or an accelerant to the success of that effort.

Many companies start their skills-based efforts with internal policy and practice changes, such as removing degree requirements from job descriptions, but then find that they do not achieve business impact without also addressing culture.³ Practice changes may bring much-needed skills into the organization, but shifts in culture support business success and employee career mobility.

About this resource

This resource defines skills-based culture and offers best practices for its cultivation and reinforcement. Findings are drawn from experiences of employers and workforce organizations committed to skills-based talent practices, and build on Business Roundtable's 2024 publication **Cultivating a Skills-Based Culture**.



Throughout the report you will see Application Questions.

These are intended to inform how companies can ensure the culture issues are taken into consideration when developing their internal policies and programs.

What is a skills-based culture?

A skills-based culture prioritizes learning, adaptability, and individual agency to meet business needs and support the rapidly shifting nature of work. This culture is rooted in business goals and invested in success over a longer time horizon.

Organizational values and norms that codify and reinforce this culture are summarized as follows.

Learning and growth: Skills-based approaches value learning in all its forms and support learning at the individual, team, and organizational level. Skills-based approaches require a growth mindset in which employees are valued for the skills they bring and are invested in for the business-related skills they develop on the job and through learning and development programs. A learning culture is oriented towards continuous improvement and recognizes failures as learning opportunities.

Flexibility and adaptability: Taking a skills-based approach to work (e.g., how work is divided and assigned, how people develop skills) makes the company more flexible and adaptable to changes in technology and the labor market.⁴ Flexibility and adaptability encourage openness to new ways of working, approaches to problem solving and ideas, which in turn fosters innovation.

Agency and empowerment: A skills-based culture cultivates a sense of employee agency and empowerment over their own career growth. Employees who are incentivized to develop skills that contribute to their career progression and the success of the organization are more confident in their capabilities. Additionally, employees are more likely to be attracted to and remain at an employer that grants them more agency and choice in how they apply their skills to work.⁵

“ This work is about giving our employees agency over their own careers... giving them access to information and opportunities, providing them an even playing field. We are giving people both the pen and the paper to write their story.

Delta Airlines

Long-term orientation: Skills-based adoption and culture change happen slowly, requiring patience and an understanding of the long-term benefits. Companies that engage in workforce planning on a longer time horizon (e.g., 3-5+ years) can anticipate business needs and identify future skill needs to cultivate internally or hire for externally. This is particularly important for retention and internal mobility, as it allows current employees to identify in-demand skills and invest their time in opportunities that lead to tangible future career benefits.⁶

A skills-based culture is characterized by:

- Learning and growth
- Flexibility and adaptability
- Employee self-direction over own development
- Long-term orientation
- Connection to business goals

“ By making job-critical skills transparent and visible, we empower individuals to focus on the skills that matter, which ultimately helps their career growth. This clarity fosters greater engagement and reinforces the value of the time they put towards development.

Josh Tarr, Workday

Connection to business goals: A skills-based culture is anchored in core business purpose, both at the organizational level and the level of the individual employee. Cultivating a culture where people see the connection between the skills they bring to the company and the company's goals supports retention and advancement.

“ A skills-based culture cultivates fulfillment by enabling individuals to leverage their strengths. This sense of purpose fuels engagement, resulting in stronger contributors and more effective teams.

Josh Tarr, Workday

IBM's Culture of Learning

IBM's longstanding success in skills-based adoption is underpinned by a strong culture of learning. All employees are expected to get at least 40 hours of learning each year, accompanied by a learning plan. IBM has studied the most successful employees and identified that a growth mindset, motivation to learn, and flexibility are all essential. These cultural values are reinforced through leadership support and storytelling. They have also shifted talent acquisition practices to require training on skills-based practices in order to participate in interviews, make hiring decisions or manage people.



Application Questions:

- How would you describe your company's culture?
- How are cultural norms codified, shared, and/or engaged across your employee base?

How to cultivate a skills-based culture

Building a skills-based culture is a long-term endeavor and requires four key components: enabling conditions, mindset shifts, strong change management processes, and engagement of supervisors and hiring managers. It requires action from the leadership level as well as collaboration among employees throughout the company.

1. CREATE CONDITIONS FOR SUCCESS

Culture change efforts are more successful when the following elements are already in place, but they can be developed alongside the change management effort.

Anchor in a clear skills-based strategy

Including culture alongside other more tangible components of skills-based talent strategy helps to drive adoption. This strategy should include a vision, short- and long-term goals, and consider change at three levels: people, process, and technology.⁷ The strategy should be simple to understand and break the long-term change down into small steps.

Clearly articulate organizational values

Having clear and well-communicated organizational values helps anchor skills-based culture in something tangible and well-known across the company. Above, we describe values supporting a skills-based culture, such as learning, flexibility, and employee self-direction. When organizational values align with these components, the relationship between skills-based talent and the core purpose of the company is obvious. Values are a powerful way to reinforce culture from the C-suite to the frontline.

Provide leadership support

Visible and vocal support of leadership for a skills-based effort is a critical condition for its success. Leaders validating the link between the success of the business and skills-based culture creates incentive for people across the company to hire, onboard, retain, and advance talent in a different way.

“ [We took] a top-down approach. Our leadership at the time had a personal connection to skills-first transformation and IBM was a great partner and pioneer in this space. There is so much value to having your leadership team behind a skills-based culture and not holding close the idea that people with degrees will make the best IBMers. That is one of the most important factors in our success, the top-down support.

IBM

“ We need executive buy-in because it provides the permission structure, the air cover for practitioners within the organization to be able to act. You need the deciders to send the signal of what is acceptable to the doers.

Audrey Mickahail, Opportunity @ Work



Application Questions:

- How is your company planning to communicate internally about your skills-based strategy?
- How do you know if it is reaching all employees?

2. SHIFT MINDSETS

The skills-based talent movement signals a shift from a traditional, degree-focused approach to hiring and advancing talent to one that focuses on validating skills rather than on how they were acquired. A 2022 Deloitte study showed that 89% of business executives say skills are becoming important for the way employers define work, deploy talent, manage careers, and value employees.⁸ The agility of the skills-based model may be good for business, but it is important to recognize that this requires changes in underlying viewpoints about talent. For employees to treat each other respectfully, regardless of how their skills were acquired, they need to understand and believe in the validity, efficacy, and business-critical nature of skills-based talent.⁹

“ Shifting from job-centric to skills-based is a paradigm shift. We’re changing how we think about work. Instead of just looking at jobs, we’re looking at the tasks people do and the skills they need for those tasks. Traditional job descriptions may not always fully capture the evolving nature of roles; a skills-based approach offers a more agile and realistic framework.

Josh Tarr, Workday

Necessary Mindshift Shifts to Support a Skills-Based Culture:

From a view that:	To a view that:
The workforce is a collection of jobs or roles. ¹⁰	The workforce is a collection of skills.
Career pathways are linear and static and resemble a ladder.	Career pathways are dynamic and flexible and resemble a lattice.
Skills-based strategies are “nice to have” but not core to business.	Skills-based talent strategies are critical to keep up with changing nature of work.
Candidates with traditionally validated skills are preferred.	Opening lens to capture all the ways in which skills can be developed.
Degrees are the only valid way to assess skills.	There are many ways to assess skills, however they were acquired.
Skills-based approaches take away the value of a college degree.	Skills-based approaches benefit all employees, including those with degrees.
There is a great risk in hiring the “wrong” person and it is worth waiting to find the “perfect” candidate.	Some skills can be cultivated on the job, while other skills are still required from day one to qualify for a role.
Hiring people that have similar experiences to me are easier to work with and/or more likely to succeed.	Employees with a range of experiences add to the culture of the organization and can be successful.

Tactics to shift mindsets

Shifting employees' mindsets, or underlying assumptions and viewpoints, may seem challenging, but there are concrete tactics companies can use to advance a skills-based culture.

Educate on the business case for skills-based talent

A skills-based culture relies on a foundation of understanding the business case for skills-based approaches to hiring, onboarding, retaining, and advancing talent.

Companies can make the business case for skills-based talent in the following ways:

- **Lead with the “why”:** As you communicate about skills-based culture, address specific business pain points in the organization and how skills-based talent can help solve them. When you focus on the tactical and structural changes required for skills-based culture, you are more likely to face resistance because people do not understand how it benefits them or the business. For example, if an organization is struggling to find talent for specific roles, use data from your organization and evidence from the field to illustrate how skills-based hiring could help fill roles faster, saving the organization time and money.
- **Use pilots to create proof points¹¹:** Creating proof points within a company will demonstrate what skills-based practices look like in context and make it seem more feasible. Identify teams, functions, or specific roles that have a clear pain point and need for skills-based strategies, and pilot new practices there. Many companies find initial success by piloting with teams where there are vocal champions and established buy-in for skills-based strategies. A pilot should be scoped narrowly at first, with the intent to scale once the challenges are identified and resolved.



Application Questions:

- What are your strongest business-related data points for skills-based talent?
- Where and how might you generate more evidence to personalize the business case for your key stakeholders?

Foster connection through storytelling

While some people change their viewpoint or mindset based on data and quantitative evidence, others are more influenced by people-centered storytelling and interpersonal connection. It can be helpful to hear a personal story of how an individual developed and leveraged their skills to positively impact the business. Storytelling helps to cultivate understanding and build relationships that will, in turn, shift culture.

- **Share stories from leaders who took nontraditional paths:** While storytelling is a powerful lever for culture change, it is important to avoid labelling entry- or mid-level employees as “nontraditional talent” unless they are willing to share. Many companies suggest that by getting leaders without traditional degrees or credentials to share their stories, you demonstrate that the organization already has strong examples of skills-based talent in practice and, even more compellingly, in positions of authority.
- **Celebrate short-term wins:** Skills-based adoption and culture change is a long-term effort, and sharing successes along the way helps to maintain momentum and employee support. Communicating the positive impacts of skills-based practices through company communications, town halls, and team meetings increases belief in and understanding of the importance of skills-based talent to the organization.

Delta Airlines, one of the world's largest airlines, reinforces its skills-based culture through various change efforts, including targeted training and coaching for leaders and driving accountability. In 2024, as part of their effort to boost leaders' roles as culture carriers, Delta trained frontline leaders to apply a skills-based approach to people development. These sessions educated employees on skills-based talent strategies, celebrated frontline leadership, and highlighted individual success stories. A series of "Values in Action" group coaching sessions further empowered frontline leaders to model Delta's values and champion the Skills First mindset, enhancing their impact through empathetic, values-driven leadership and aligning skills development with cultural values to drive business and people growth.

Create space for skepticism

Shifting from traditional, degree-centered hiring and advancement practices may meet some resistance or skepticism. Intentional pause points in a strategy can allow employees to share feedback and name challenges with skills-based adoption. A bias towards degrees or other backgrounds may be persistent, but ongoing training and education on the "why" and "how" of skills-based talent will help to shift mindsets and culture over time. Highlighting how existing talent practices, such as behavioral interviewing, are related to a new skills-based talent strategy can help overcome skepticism.

“ Make it familiar. We're finding folks who have done skills-based work without that language. Simplify the language to make it more accessible and relatable, and show them how they're already doing these practices. They may not have a skills taxonomy, but they may still know what skills are needed for a role.

Clayton Lord, SHRM Foundation

Make a public commitment

For some companies, having a public commitment reinforces the priority of their skills-based strategy to internal stakeholders. Participating in an effort like Business Roundtable's Multiple Pathways Initiative or reporting on skills-based adoption in an annual report is a public statement of support for the validity, efficacy and business benefit of skills-based talent. This may help demonstrate the importance of the new strategy beyond an individual champion or moment in time.

3. STRUCTURE IMPLEMENTATION TO SUPPORT CULTURE

Implementation of a skills-based talent strategy requires planning for a range of changes to talent-related processes such as writing job descriptions, creating learning and development programs, and documenting career pathways. For those elements to be successful, implementation should also include internal processes and structures that reinforce culture.¹²

Identify effective communication strategies

Larger companies face more complexity in adopting a skills-based culture. An ongoing internal communications effort can reinforce the key messages and actions that support a skills-based culture. Companies may use multiple communication channels and modalities based on how employees best receive information and should account for different learning styles (e.g., use audio, video, and written communications) and accessibility (e.g., mobile access, language). The format of communications is

particularly important for those employers with a large frontline workforce that may not be engaging online throughout the day

Utilize human-centered design principles

Engaging current employees in skills-based culture change ensures that strategies and solutions are centered on their actual experiences.¹³ Internally, this may include conducting surveys or focus groups to understand barriers to hiring and mobility for employees without degrees, testing solutions, or getting real-time feedback. Externally, this may include analyzing workforce data in key geographies to better understand the talent pool or engaging in cross-sector conversations to illuminate barriers to opportunity in local workforce and education systems.

Build a cross-functional team to scale across the enterprise

Skills-based adoption is often enabled by human resources, learning and development, and talent acquisition functions, but requires engagement from executives across the company. A cross-functional team or task force can distribute responsibility and more efficiently support scale and customization across geographies, business units, and functions. This is particularly important for large companies with distributed decision-making, where the strategy, purpose, and tactical steps can be misunderstood as they pass through layers of management. The goal is to build champions across the organization who can advocate, identify opportunities and scale skills-based adoption.

“ We have a cross-functional approach to governance, so decision makers aren’t just HR folks, there are executives from multiple functions at multiple levels, we have a business council we go to and get feedback from. They have their own skills project teams.

IBM



Application Questions:

- When and how will you communicate about the implementation?
- What teams or business units should be involved in implementation?

4. REINFORCE AT THE MANAGER LEVEL

Hiring managers and supervisors are crucial stakeholders in skills-based cultures as they interface the most with entry-level talent and make decisions about hiring and advancement. Engagement with these stakeholders is particularly important in companies where responsibility for talent-related decisions is distributed across functions and geographies.

Train on skills-based hiring practices

Training hiring managers and others who participate in hiring processes on skills-based practices lays the groundwork for an effective hiring process. Hiring managers may feel pressure to hire the “right” person, which can lead to defaulting to traditional ways of hiring. Sharing data to support the business case for skills-based hiring and creating room for learning and testing new approaches can help relieve this pressure. Data-driven, regular touchpoints between hiring managers and their leaders can address challenges in a learning-oriented and non-punitive manner.¹⁴

“ It’s different when the hiring decisions lay in the hands of a few people or concentrated team vs. localized to every single site. Our culture isn’t just happening at the top, it’s something people are seeing operationalized throughout the organization.

Large Employer

“ We developed a skills-based hiring certification that all workers complete before participating in an interview. Our goal is to build a similar understanding, comfort, and confidence in taking a skills-based approach to hiring that they have with traditional hiring.

Josh Tarr, Workday

Prioritize mentorship and coaching skills for managers

Skills-based culture centers learning and is built on the belief that employees develop valuable, practical skills on the job and through professional development opportunities. For this learning to occur, managers must themselves be skilled at coaching and mentoring their team members to identify opportunities for development and support employee advancement. Mentorship and coaching must be articulated as core competencies for all managers to not only support a skills-based culture but to support their own success in their roles.

Hold managers accountable for culture

Embedding team culture, learning, and advancement as a key priority for managers in their performance reviews demonstrates the importance of culture and keeps it top of mind for busy managers. The ability to manage and develop high-performing staff who have a range of skills and experiences should be a core competency for managers. Embedding this competence in the standard performance review process formalizes responsibility for culture change and creates incentives for managers to deepen these skills. Additionally, when responsibility for culture is formalized through performance management systems, companies can track these skills over time and identify trends with both individual and team performance.

“ We included outcomes from [our skills-based hiring program] on the goals for district manager. It’s baked into the HR language that is part of their annual progress and performance. They sit at the right level, they have visibility into what is more strategic, are in the stores on a weekly basis, and can ask the right questions about how they’re making hiring decisions and how they’re progressing towards our goals and strategies.

Large Employer



Application Questions:

- How are managers supported to succeed in building culture?
- In what ways are managers held accountable for the culture they cultivate on their teams?

How to measure a skills-based culture

Like any other change management effort, culture change should be monitored over time with established learning mechanisms, feedback loops, and progress indicators to understand if and how change is unfolding. Skills-based adoption should have built-in learning mechanisms to identify predicted and unexpected outcomes, make process adjustments, support internal storytelling, and create transparency in the process.

LEARNING MECHANISMS

Culture change is driven by those within the organization, and gathering feedback from constituents of all levels will help to identify opportunities and gaps. Embedding learning into your culture change effort with the following three techniques will increase efficiency and trust:

- **Track data against your goals:** Maintain a dashboard of key quantitative metrics to understand culture change as part of your overall skills-based adoption effort.
- **Create feedback loops:** Utilize existing channels or build new mechanisms for employees to share feedback about skills-based culture at regular intervals. This may include a pulse survey, annual employee engagement survey, focus groups, listening sessions, or town halls. Engage employees across levels, functions, business units and geographies to ensure a representative sample and perspective. Plan to share a summary of the feedback and how it is shaping skills-based adoption.
- **Share insights and successes:** Share qualitative and quantitative data, lessons learned, and process improvements that were informed by employee input, alongside stories of success. This transparency will build trust in the change management process and skills-based adoption overall.

UNDERSTANDING OUTCOMES

There are multiple ways of understanding the interim and long-term outcomes related to skills-based culture. In the near term, tracking outputs from the suggested strategies above provides transparency and visibility into how change is unfolding.

Interim outputs:

- Employees understand the business value of skills-based talent
- Employees are aware of organizational cultural values
- Hiring managers are trained on behavioral interviewing skills
- Team building, coaching, and mentorship are embedded as core competencies for managers

Long-term outcomes:

- Increased talent attraction due to positive work culture
- Reduced time to hire
- Increased retention

- Increased internal advancement through skills-based mobility
- Increased % of employees reporting they feel engaged in their work and feel a sense of belonging in the company¹⁵

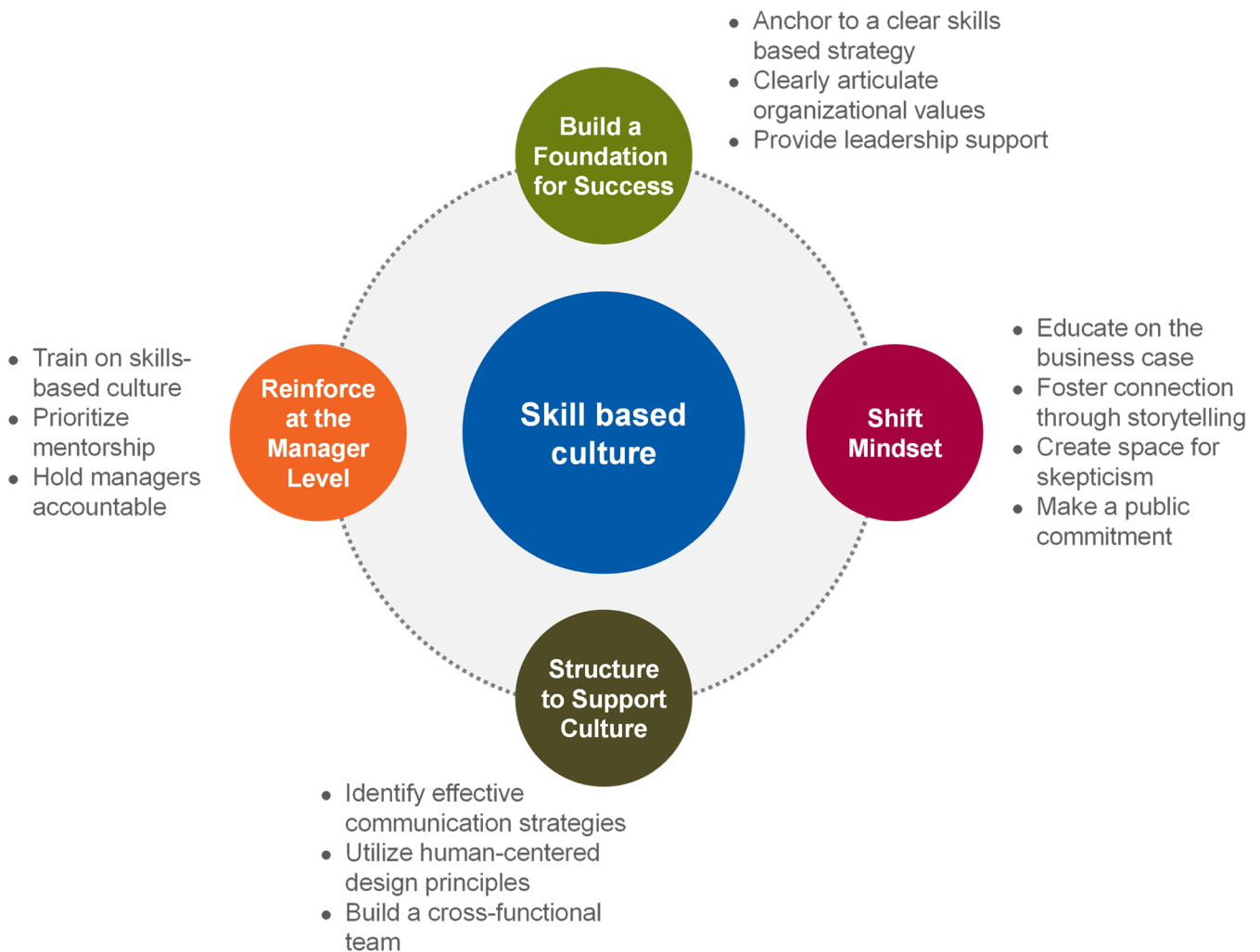
“ Long term, our goal is for skills-based work to get to a point where it’s how business is done. It’s not even discussed, and it’s implicit that we’re hiring based on skills because it’s the right thing to do.

Grads of Life



Conclusion

A skills-based talent strategy can allow companies to achieve business objectives and also increase access to opportunities for more workers, regardless of their educational background. The long-term benefits of skills-based adoption may not be directly attributed to or solely catalyzed by culture change within a company. However, those benefits will be difficult to obtain without it. The image below summarizes the steps a company can take to build a skills-based culture.



ACKNOWLEDGEMENTS

This report was developed through the collaboration of the Business Roundtable member company leaders and expert partners as part of the Roundtable's Multiple Pathways Initiative.

Thank you to the Business Roundtable and Jobs for the Future for providing their insights.

Contributing Organizations:

- Business Roundtable
- Delta Airlines
- Grads of Life
- IBM
- Opportunity@Work
- SHRM Foundation
- Workday

Individual Contributors:

- Clayton Lord, SHRM Foundation
- Audrey Mickahail, Opportunity@Work
- Josh Tarr, Workday

ENDNOTES

- 1 Hancock, Bryan, et.al. "[Taking a skills-based approach to building the future workforce.](#)" McKinsey & Company, 15 November 2022
- 2 "[The Business Case for Skills-Based Hiring.](#)" Opportunity@Work, September 2023
- 3 Alongi, Talia, et. al. "[How Change Happens.](#)" Talent Rewire, March 2023
- 4 Cantrell, Sue, et. al. "[The skills-based organization: A new operating model for work and the workforce.](#)" Deloitte Insights, 08 September 2022
- 5 Ibid
- 6 Visser, Karin, et. Al. "[Redefining a Skills-Based Organization.](#)" Korn Ferry
- 7 The Skills-Based Organization: "[What is it, Benefits & Examples.](#)" Skills Base, 05 March 2024
- 8 Cantrell, Sue, et. al. "[The skills-based organization: A new operating model for work and the workforce.](#)" Deloitte Insights, 08 September 2022
- 9 Ward, Cat, et. al. "[Skills-Based Practices: An Employer Journey Map.](#)" Jobs for the Future, November 2023
- 10 Saad, Leila. "[Putting People First: A Human-Centered Shift From 'Jobs' To 'Skills.'](#)" Forbes, 14 June 2024
- 11 Mercer. "[Using skills frameworks to initiate a skills-powered organization.](#)" Mercer, 2024
- 12 "[The Four Principles of Change Management.](#)" Forbes, 7 August 2022
- 13 Saad, Leila. "[Putting People First: A Human-Centered Shift From 'Jobs' To 'Skills.'](#)" Forbes, 14 June 2024
- 14 Alongi, Talia. "[What Good Looks Like: Vistra Energy.](#)" Talent Rewire, November 2023
- 15 Grads of Life, "[Measuring the Impact of Skills-Based Talent Practices,](#)"