



**PACT FOR
SKILLS**

“THE ‘SKILLS FIRST’ APPROACH – OPPORTUNITIES AND RISKS”

Thematic Seminar | 10 December 2024

The European Commission organised a Thematic Seminar on 10 December 2024, as part of its ongoing efforts to create opportunities for Pact members to discuss and share ideas and practices within the Pact for Skills community. Case study presentations and panel discussions allowed participants to deepen their knowledge on the topic and reflect on the potential benefits and challenges of adopting a ‘skills first’ approach.

Key messages

The green and digital transitions have resulted in rapid changes to the European labour market, making it difficult for both employers and workers to keep up with the pace of these changes. Skills shortages further hamper sustainable and inclusive growth, affecting the competitiveness of the EU. A rapidly evolving job market, moreover, means that new roles and occupational profiles are arising, putting an additional burden on education systems to try to respond to labour market needs as quickly as possible. In this challenging landscape, the ‘skills first’ approach is seen as a potential solution for some type of shortages as it aims to prioritise skills and competences-based recruitment and promote a culture of upskilling and reskilling.

The thematic seminar showed that, while the ‘skills first’ approach is a relatively new or less widely known topic within the Pact community, the Pact presents an important space for a structured discussion around these novel practices, offering the opportunity for a wide range of stakeholders to exchange and collaborate.

Discussions held during the event highlighted that, while there is appetite for a ‘skills first’ approach as it can open up opportunities for both employers to engage a wider talent pool and workers to access new job opportunities, its implementation is not a ‘one size fits all’. Rather, embracing the ‘skills first’ approach needs to be carefully assessed depending on the sector or individual occupation, and accompanied by a wider set of measures to ensure the European labour market is fair and inclusive, as well as seen as part of a broader effort to promote a culture of lifelong learning, upskilling and reskilling.

The ‘skills first’ approach and its relevance for the Pact community

Data shows that over 75% of European companies experience increasing difficulties in finding workers with the necessary skills¹. To respond to these challenges, the EU has set ambitious goals to support the European labour market by committing to achieve an employment rate of 78% by 2030 and by working towards establishing a [Union of Skills](#) rooted in investment, adult and lifelong learning, and skills retention. As part of this process, the ‘skills first’ approach is seen as a possible way forward to bridge labour market and worker needs, while supporting the EU to achieve its ambitions. The following sub-sections provide an overview of what the ‘skills first’ approach is, what its implementation entails, and its potential relevance for the Pact community.

What is the ‘skills first’ approach?

¹ See [European Year of Skills 2023 - European Commission](#)

The 'skills first' approach originated as a hiring practice in the United States, with the primary aim to respond to skill shortages highlighted by the socio-economic crisis triggered by the COVID-19 pandemic. It has now been introduced in the European labour market, with large companies pioneering this practice and reframing organisational policies to adapt to more skills-based approaches to recruitment. Indeed, the 'skills first' approach entails reshaping hiring practices to prioritise skills, competences and abilities over formal qualifications. In other words, this approach allows employers to assess candidates based on how appropriate their skills and competences are for the advertised job, as opposed to whether they possess the right degree or previous job title.

Whilst it stems from the need to find the right talent, the skills-first approach has potential benefits beyond just recruiting practices. By increasing the focus on skills as opposed to formal qualifications, this approach has the potential to allow employers to tap into a larger and more diverse talent pool, by increasing opportunities for those who might not have had the same access to traditional educational pathways. It can also support companies to become more dynamic and rapid in responding to changing market needs by ensuring a better match between employee skills and job role, which in turn leads to better job performance, higher job satisfaction, and improved retention rates.

Lastly, the 'skills first' approach can also be seen as part of a larger push towards supporting a skills-based culture within companies, where training, upskilling and reskilling opportunities are prioritised, and career progression pathways are more closely linked to skills development.

The 'skills first' approach in practice

Implementing a 'skills first' approach requires organisational change and investment and can impact all stakeholders, from employers to workers and training providers. Steps include the following (see Figure 1 below):

- **Adopting skills-based strategies:** Identifying which roles or occupations are better suited for a 'skills first' approach and rewriting job descriptions to focus on skills.
- **Linking people to jobs:** Developing employer-employee matching platforms or services.
- **Adapting recruitment and assessment:** Prioritising skills-based CVs and/or practical assessments instead of traditional profile screening.
- **Promoting lifelong learning and skills-based progression:** Ensuring ongoing upskilling and reskilling opportunities, making internal training more skill-focused, and reframing performance-based appraisal processes.

Figure 1 Key steps to implement a 'skills first' approach



The 'skills first' approach and the Pact for Skills community

Increasingly more members join the Pact for Skills by pledging their commitments for action towards the upskilling and reskilling of workers in Europe, and by joining forces through partnerships at sectoral and regional level. As such, the Pact offers an important platform to discuss and assess important market trends such as the ‘skills first’ approach from the perspective of different stakeholders.

While the ‘skills first’ approach represents a relatively new topic for the Pact community, it has the potential to spark broader reflections on how Pact members work together and the concrete actions they commit to implementing. For example, the implementation of a ‘skills first’ approach may have ripple effects for Pact members in the areas set out in Table 1 below.

Collaboration and partnerships	Skills anticipation	Skills taxonomies
<ul style="list-style-type: none"> • Potentially reshaping partnerships between different stakeholders to enhance collaboration and work towards implementing ‘skills first’ approaches • Influencing partnerships and commitments to develop new skills strategies and frameworks at regional and sectoral level 	<ul style="list-style-type: none"> • Investing in skills anticipation and forecasting to understand which sectors/profiles/jobs would benefit from a skills-first approach • Understanding which profiles are common to multiple sectors 	<ul style="list-style-type: none"> • Building common skills taxonomies that can support a skills-first approach by standardising skills sets and making it easier for employers and jobseekers to know what to look for/what to showcase

Would you like know more about the ‘skills first’ approach?

You can look up more resources about implementing a ‘skills first’ approach through the Pact for Skills online library. For example, you can access the [Putting Skills First: A Framework for Action](#) report by the World Economic Forum, providing an overview of the ‘skills first’ approach, its history and the potential benefits and challenges.

Challenges and opportunities of the ‘skills first’ approach

Lessons learned from Pact members: IBM’s experience with the ‘skills first’ approach

IBM represents a leading technology company in Europe which remains committed to supporting European workers to navigate the latest technological advances, by pledging to skill 30 million people globally by 2030. To respond to a general shortage of skilled candidates and remain competitive in a labour market that is increasingly dependent on digital skills, IBM turned to the ‘skills first’ approach. To this end, a target was set to reduce the number of job adverts requiring a four-year college degree by half.

Indeed, currently, 30% of IBM hires in Europe are experience-based and do not hold a university degree and nearly 50% of all roles posted do not require a university degree. Moreover, IBM produces skills profiles based on a skills taxonomy, cataloguing the core set of technical or human/soft skills needed for specific job roles, which can then be used to design candidate interviews and shape job offers. Beyond recruitment, IBM has been implementing a skills based culture within the organisation. For example, the company has committed to continually supporting its employees to upskill and reskill, by allowing for at least 40 hours of learning per year per employee. Furthermore, the [IBM Skills Build](#) platform provides a space for IBM employees as well as the general public of all ages to access free online training. Upon completion these courses offer credentials and certifications that are widely recognised in the sector and by other employers.

To implement a 'skills-based' approach to recruitment, IBM had to overcome several **challenges**, including **ensuring buy-in** from the IBM leadership, to support a paradigm switch in recruitment practices. To this end, making the case by providing examples of other companies already piloting a 'skills first' approach; showcasing positive stories of employees from non-traditional backgrounds successfully joining the company; and generally demonstrating the impact on broadening the talent pool proved to be important success factors. Another challenge relates to the need to **assess and measure skills and competences** in a standardised way, beyond official qualifications. To tackle this, the IBM Skills Build platform mentioned above was launched, with the possibility of providing industry-recognised digital credentials supporting employees to showcase their skills and employers to identify qualified candidates.

Despite these challenges, IBM has seen clear **benefits** of implementing a 'skills first' approach. First and foremost, **addressing existing talent gaps** with qualified and skilled employees has proven to bear economic benefits for the company. Furthermore, by implementing a skills based approach to recruitment, IBM can now benefit from a **more diverse workforce**, and more motivated employees who see their competences recognised and have access to opportunities to further develop their skillset. More broadly, in IBM's experience, the 'skills first' approach, has allowed individuals of working age to access a highly rewarding career in the tech sector, regardless of whether they have a university degree or not, further democratizing the labour market.

Challenges and opportunities of the 'skills first' approach: expert discussion

The thematic seminar provided an opportunity for experts and participants to have an open discussion on the challenges and opportunities of implementing a 'skills first' approach. Representatives of different stakeholder groups contributed to the discussion, namely employers ([IBM](#)), trade unions ([IndustriAll](#)), and an EU Agency ([Cedefop](#)) with an expertise on skills and vocational education and training. Key messages from the discussion are outlined below.

As outlined above, the EU has set ambitious employment targets to be achieved by 2030, which will require implementing actions to facilitate access to employment, including by ensuring that 25 million workers have the opportunity to be reskilled and upskilled. The **'skills first' approach** is an important opportunity to support these goals by providing a **potential avenue to opening up employment opportunities to a broader pool of candidates** while also promoting a culture of lifelong learning. However, the expert panel highlighted that the **'skills first' approach cannot be seen as a 'one size fits all' solution**. While skills-based approaches to recruitment can support more workers to access a larger variety of positions across sectors, it might not necessarily be just as relevant for every occupation, particularly where specialised technical knowledge and training are core. As such, the 'skills first' approach should be considered as an additional tool to shape recruitment for a wide range of, albeit

not all, roles for which ensuring flexibility and rapid adaptation to labour market changes might be needed, with the understanding that academic knowledge and technical training are still required for specific professions.

The expert discussion held at the thematic seminar also underlined that the 'skills first' approach can help widen the talent pool, allowing **more workers from diverse backgrounds and vulnerable groups**, who may face difficulties to follow traditional educational pathways, to access employment opportunities. However, it is important to ensure that prioritising skills-based hires does not put an excessive burden on workers to develop their competences themselves; it is rather **part of a broader commitment to supporting skills development through upskilling and reskilling**, including by considering the recognition of a right to training during working hours. This requires commitment on the side of employers to provide opportunities for skills development to their workers, which might present additional challenges for smaller companies with less resources at their disposal. From the side of employees, a culture of skills and lifelong learning requires them to take these opportunities for skills development where these are provided. Furthermore, for the 'skills first' approach to truly support diversity and inclusion, it is necessary that it is complemented by accompanying measures (e.g. career guidance, coaching) and other types of integration policies and support mechanisms tailored to address the needs of more vulnerable groups.

Lastly, the expert discussion highlighted the **importance of validation of non-formal and informal learning (NFIL)² and of qualifications**. Moving away from formal qualifications as key requirements for some jobs may open up new possibilities for a wider range of candidates; it is still important, however, to recognise and validate skills and competences acquired in non-formal and informal settings. To this end, the expert panel underlined the **potential role of [micro-credentials](#)** in validating training outcomes and support candidates to showcase their skills by collecting and 'stacking' learning in a flexible way. Skills mapping to identify skills and competences needed for jobs within and across sectors and curricula based on the learning outcomes approach are prerequisites for more efficient application of NFIL validation and micro-credentials. EU tools, such as the [European Qualification Framework \(EQF\)](#) can guide this process³. All these tools should be rooted in strong and continuous stakeholder partnerships (e.g., public authorities at all levels of administration, social partners, education and training stakeholders and actors representing the private sector), as the foundation of a comprehensive skills governance approach.

On balance, the expert panel acknowledged the benefits of implementing the 'skills first' approach, particularly in terms of addressing skills gaps. It was stressed, however, that tackle broader challenges linked to, for example, labour market integration of vulnerable groups, geographical labour market disparities, ensuring fair working conditions, and supporting SMEs invest in skills development require actions relevant to additional policy areas.

² See Cedefop (2023). [European guidelines for validating non-formal and informal learning](#); and the [European inventory on validation of non-formal and informal learning](#), a regularly updated overview of validation practices and arrangements across Europe

³ See <https://www.cedefop.europa.eu/en/projects/european-qualifications-framework-efq>

Supporting entrepreneurial skills: initiatives by the European Commission

The EU has put in place a number of initiatives to support entrepreneurship and entrepreneurial skills. For instance, the [European Entrepreneurship Competence Framework](#) covers three categories of competencies, 'Ideas and opportunities', 'Resources', and 'Into action'. This framework describes managerial or transversal competencies that tap into one's sense of self as a resource beyond competences built through formal pathways. Thus, placing importance on using creativity and other experiential skills to spot opportunities and be able to use ethical and sustainable thinking to cope with uncertainty or risk and achieve one's goals. Such competencies can be motivation, perseverance, self-awareness, or planning and management.

Furthermore, other tools have been put in place to promote entrepreneurship at organisational and individual level. These include:

- The [Being Entrepreneurial Guide](#): This guide for SMEs targets education and training providers and unemployment offices, and supports skills development by going through the how and why of entrepreneurial skills for different sectors, acting as a go-to resource for professionals.
- The [Entrepreneurship4All Platform](#): This is a learning platform with resources to help gain entrepreneurship competencies across four key areas (Digital, Financial, Entrepreneurship and Sustainability).

The EU is implementing initiatives to support specific groups to engage in entrepreneurship. Not only accessing finance and other institutional barriers represent major obstacles for women in business, but they also face additional barriers due to prejudices and gender stereotypes. The [ESTEAM Festivals and Communities for Girls and Women](#) aims to tackle some of these challenges by offering workshops to girls and women to equip them with entrepreneurship and digital competencies, boost self-confidence from an early age, and provide role models for girls, and to collect data on how to increase women entrepreneurship skills in the future.

Interested in the Entrepreneurship4All Initiative?

More information about the EU initiative can be found [here](#). Furthermore, if you are interested in signing up to the platform, you can do so through this [link](#). Lastly, Entrepreneurship4All is organising a Winter Wellbeing Academy starting this 28-30TH January 2025 – more information can be found [here](#).