



Skills-First Practices to Support Access & Mobility: A Case Study of Four AOI Top Performers

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Executive Summary

In 2022, the inaugural American Opportunity Index (AOI) analyzed the 250 largest US public companies to understand the level of opportunity they afford their workers. The AOI puts a spotlight on employers leading the way in opportunity generation by ranking the top 50 companies within various archetypes, sectors, and overall. Of the companies in the top 50 overall list, 8% also completed Grads of Life’s Opportunity Identifier tool (OI). The OI uncovers companies’ maturity across hundreds of best practices for equitable talent management. An aggregate analysis of these companies’ OI results (the Sample) shows that they all have adopted a number of skills-first practices that foster pathways of opportunity and economic mobility for workers without a degree. These practices may have been instrumental in enabling a top 50 AOI rank.

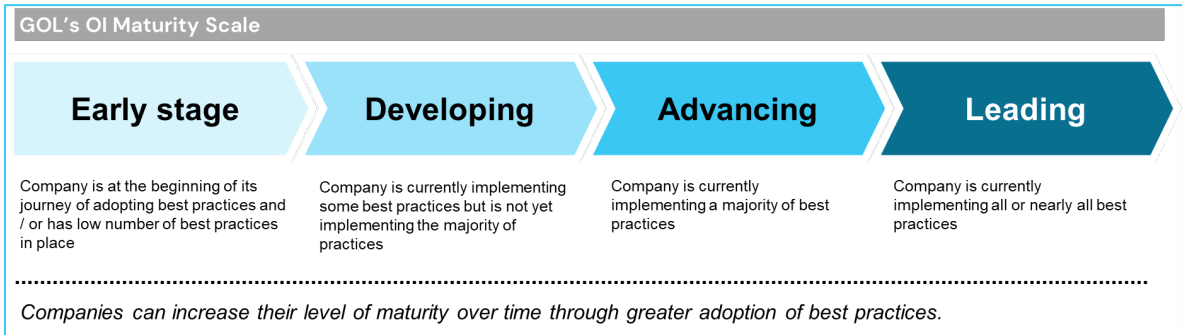
Background

The American Opportunity Index is a corporate scorecard based on the analysis of publicly available job postings, salaries, and career histories. It assesses how well Fortune 250 employers provide economic mobility for their employees by exploring nine key measures related to Access, Pay, and Mobility: Entry-level hires, Barriers to work, Wages, Job level, Velocity of growth, Promoting up, Promoting out, Retention, and Home-grown leadership.

Grads of Life’s Opportunity Identifier is a comprehensive diagnostic tool that allows companies to self-assess their practice adoption across over 300 evidence-based talent practices that contribute to skills-first hiring, retention, and advancement of underrepresented talent.

AOI Metrics	
Access	1. Entry-level Hires
	2. Barriers to Work
Pay	3. Wages
Mobility	4. Job Level
	5. Velocity of Growth
	6. Promoting Up
	7. Promoting Out
	8. Retention
	9. Home-grown Leadership

Based on the number of these best-in-class practices and policies a company has in place, the tool rates a company’s maturity. “Advancing” and “Leading” are the two highest ratings.



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Adopting the talent practices that comprise the OI can lay an important foundation for companies seeking to add value to their employees' experience and business, as well as achieve outcomes like those studied in the AOI.

This case study will explore the 8% of companies in the AOI's 2022 top 50 overall list that completed the Opportunity Identifier in 2021 (the Sample), sharing initial observations of the best practices these companies have in place that may have contributed to the outcomes evidenced in the AOI's metrics.

Observations

Defining the Case Study Scope

The Sample received particularly high scores in three of the nine measures analyzed in the AOI: *Barriers to work*, *Promoting up*, and *Job level*.

Barriers to work: This metric measures the extent to which a firm is employing workers with a bachelor's degree (BA) in a given occupation. It is calculated by measuring the share of workers with a BA in a given occupation relative to all workers in the occupation.

Promoting up: This metric examines the percentage of hires for a given role that advanced from another occupation with a lower median wage within the firm.

Job level: This metric calculates the number of promotions a typical worker in any given occupation received over the five-year period examined. A promotion is defined as moving from one role to a different, better-paying position.

At the same time, the Sample had a median OI maturity score of Advancing or Leading in several skills-first practice areas within recruiting, hiring, onboarding, advancing, and upskilling/developing talent. Skills-first talent practices rely on a person's skills and competencies – rather than their degrees, job histories or job titles – when attracting, hiring, developing, and redeploying talent.

By comparing the AOI measures where the Sample scored highly against their OI results, we isolated the OI practices with observational ties to the Sample's strong AOI outcomes. This allows us to begin to understand the potential relationships between specific skills-first talent management practices and worker outcomes.

Opportunity Identifier Best Practices that Facilitate Access and Mobility

Skills-First OI Practices likely to influence *Barrier to work* score

Diverse talent pipelines

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Over-relying on graduates from four-year institutions is one of the primary ways employers exclude qualified talent. Investing in pipelines of skilled talent who may not have degrees, especially for roles that have traditionally only been filled by college graduates, helps to reverse that historic form of economic exclusion and is a critical lever for employers to pull in reducing barriers to work.

The Sample is extremely sophisticated when it comes to building diverse talent pipelines. 100% of the companies actively partner to recruit underrepresented talent from high schools, community colleges, trade schools, or training organizations.

Further, 100% of the Sample actively applies a forward-looking, skills-first lens by working with training provider partners to inform their curricula to align with in-demand skills.

Skills-first hiring

Skills-first hiring focuses on hiring for the skills a candidate has rather than credentials they hold. Especially when paired with diverse talent pipelines, investing in this area is one of the most powerful ways companies can minimize the barriers to all of their jobs while also creating business value.

The Sample report having in place a wide range of OI practices that facilitate hiring based on skills over degrees. 100% of the companies have undergone processes to eliminate degree requirements and other credentials that were not necessary for a job to be performed effectively. They have also revised job descriptions to focus exclusively on skills required for the role (as opposed to any time-based references to experience or educational credentials).

All companies in the Sample also demonstrate a deep understanding of the importance of shifting mindsets and changing behavior by investing in cultivating internal champions and providing training to hiring teams on the value of shifting to a skills-first approach as a means of building diverse teams.

75% of the Sample report adoption of a final two practices that round out their commitment to skills-first hiring: clearly defining required and preferred skills for roles in order to determine which can effectively be filled by talent who do not have a four-year degree; and, providing practical training to hiring teams on skills-first interview tactics.

Inclusive and tactical onboarding

Onboarding sets the tone for new hires and is especially important for underrepresented talent. Research shows that organizations with a strong onboarding process can improve new hire retention by 82% and productivity by over 70%.

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75% of the Sample have invested in robust onboarding for all new hires including on-the-job training, standard one-to-one check-ins with a supervisor, and connections to existing employee resource groups.

Skills-First OI Practices likely to influence *Promotion up* and *Job level* scores

Equitable and accessible career pathways

How career pathways are designed, articulated, and shared with employees at all levels can have major impacts on internal mobility and promotions.

While there is significant range in the Sample's maturity around best practices for building equitable and accessible career pathways, there is one noteworthy practice the whole Sample has in place: holding managers accountable for tactical, skills-first career development efforts with their direct reports. At each of the Sample companies, managers are accountable for co-creating professional development plans and regularly conducting career progression conversations with their direct reports.

Further, 80% of the Sample ensures all new roles are posted internally, and that performance evaluations are structured and consistent.

Skills-first professional development

Businesses that invest in their employees' skill development are likely to see high rates of internal promotion. Given the Sample performed highly in both the AOI's *Promoting up* and *Job level* metrics, their high level of maturity within this category of best practices is expected. 100% of the Sample offers their employees consistent opportunities for upskilling to prepare for advancement, and free access to internal trainings and upskilling resources.

Meanwhile, 75% of the Sample goes a few steps further by offering up-front tuition assistance, allocated budget for external upskilling opportunities, and formal mentoring programs.

Key takeaways

Our comparison of AOI rankings and the companies' self-reported talent practices captured in the OI indicate that the adoption of a skills-first approach to talent management may be an effective driver of economic mobility for workers.

The breadth of skills-first OI practices that Sample companies have adopted all contribute to employees' professional growth, and these practices have likely helped land the Sample in the top 50 of this rigorous new index.

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Looking Ahead

The American Opportunity Index uses publicly available data to offer companies initial insight into the impact they are having on employees' economic mobility. As companies work to understand the value that their skills-first talent transformation creates for both their employees and their business, Grads of Life recommends companies identify a clear set of skills-first goals and commit to measuring the outcomes of their corresponding skills-first practices.

In 2022, Grads of Life partnered with the Business Roundtable's Multiple Pathways Initiative (MPI) to develop an [Impact Measurement Playbook](#) with dozens of relevant metrics to support employers in understanding the outcomes of their investments in skills-first practices. This resource was created over a year-long working group in partnership with MPI employers.

While skills-first talent management is still emerging as mainstream, it is the future. And companies that can meaningfully articulate the impact of these practices to the business alongside worker access and mobility will increasingly be looked to as leaders. A commitment to measuring impact and sharing findings publicly is also a very powerful contribution employers can make to the collective business case for maintaining a skills-first approach to talent management.