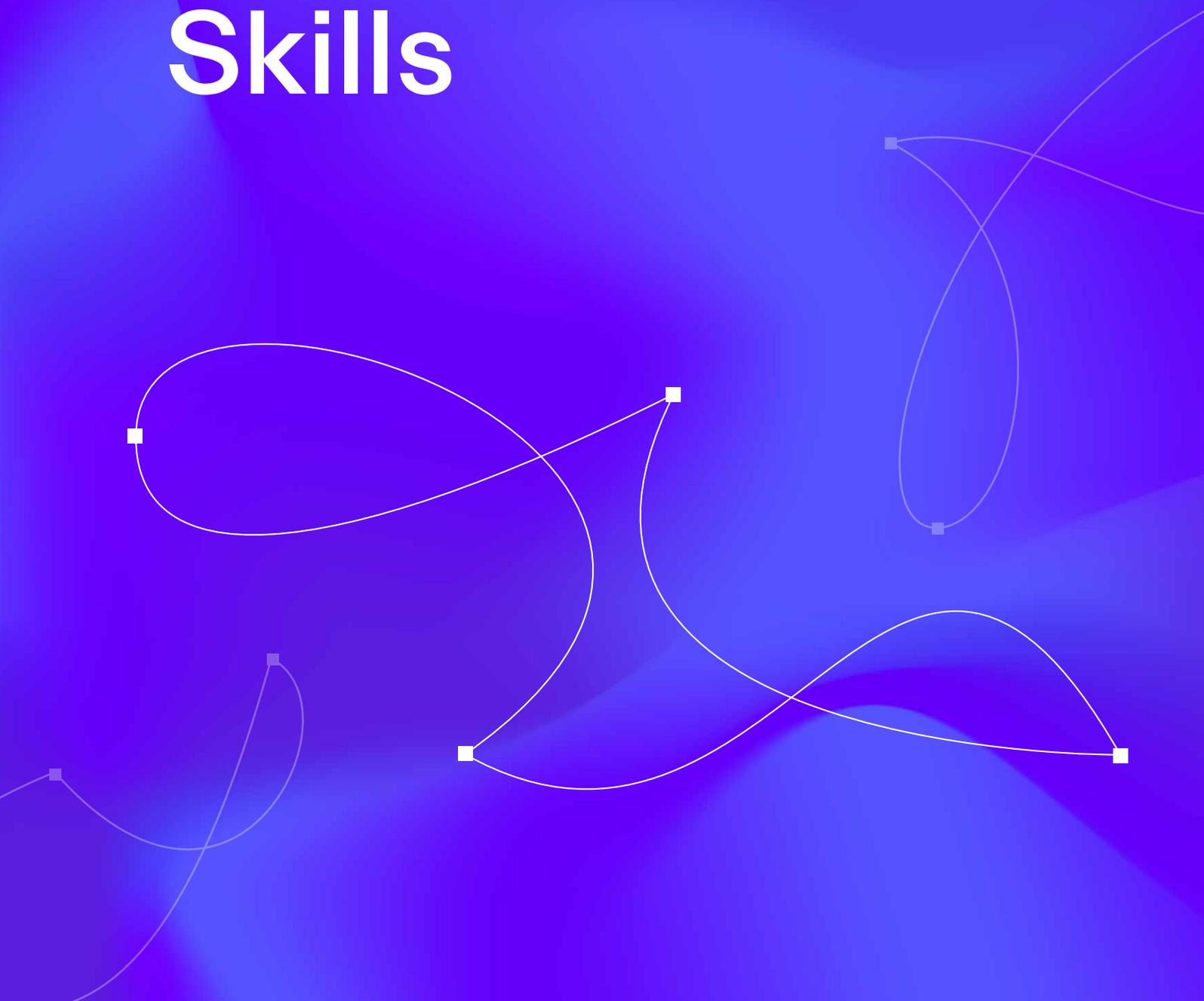# Report on Good Practices for Identifying Skills

Report on Good Practices for Identifying Skills

Produced by Demos Helsinki Oy, Innolink Research Oy and
TIEKE Finnish Information Society Development Centre.

Chapters 1 and 8 (abstract, background to the report, research questions and concluding observations) are also available in English and Swedish.

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Abstract

I magine if labour productivity could be boosted by four per cent simply by making better use of existing resources.[1] Imagine if at the same time, we could improve the quality of the work done[2], enhance wellbeing at work[3] and innovation capacity[4], reduce the risk of losing employees[5] and facilitate recruitment[6].

Sounds too good to be true but we are actually talking about skills and competence, a rather mundane and at the same time an important matter. We have learned to value many types of skills but tend to prefer those that produce immediate results and added value. However, when examining matters from this perspective, we easily overlook the different types of skills that are needed now and that will be in increasing demand in the future. For this reason, a substantial proportion of the skills and competence present in our society is only partially identified or utilised.

At the same time, individuals want to identify these skills and make them available to employers. Identified and valued skills and competence is at the core of wellbeing at work and work motivation. There are many bottlenecks in working life that prevent the identification and utilisation of broad-based skills.

- Not all types of skills and competence are equally valued in working life.
- Our perceptions of skills are still shaped by degrees, qualifications, professions and occupational sectors.
- Because of employers' internal structures, not all skills are recognised and developed on an equal basis.
- Sometimes even identified skills are underutilised in the workplace.

The concept 'identification of skills' has been given a wide variety of meanings in the debate on the topic. It should therefore be kept in mind that identifying skills is a multi-stage process, in which each stage enhances the usability of skills and competence in working life. If we only select one or two of these stages, it is difficult to make full use of individuals' skill potential, and for this reason, the entire process of identifying

1   Adalet McGowan, M. & Andrews, D. (2015). Labour Market Mismatch and Labour Productivity: Evidence from PIAAC Data. OECD Publishing
2   Lorenz, E. (2015). Skills and Learning Strategies for Innovation in SMEs. OECD Working Party on SMEs and Entrepreneurship.,
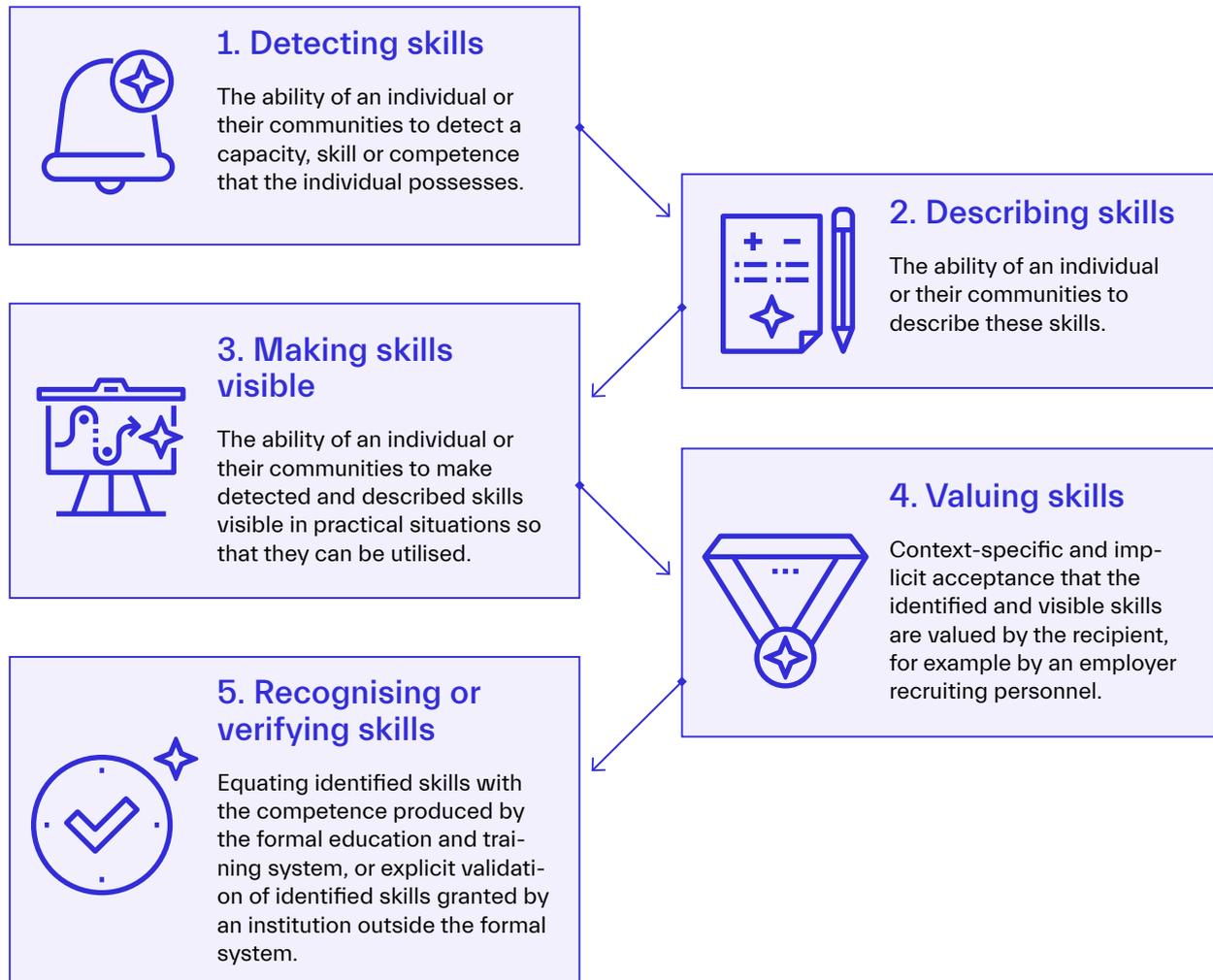3   Morrison, D., Cordery, J. & Girardi, A. (2005). Job Design, Opportunities for Skill Utilisation, and Intrinsic Job Satisfaction. European Journal of Work and Organisational Psychology 14(1), 59-79
4   OECD & International Labour Organization (2017). Better use of skills in the workplace: why it matters for productivity and local jobs. OECD Publishing. The publication is available at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_618785.pdf
5   Chartered Institutes of Personnel and Development (2018). Overskilled and underused: investigating the untapped potential of UK skills. Chartered Institute of Personnel and Development
6   Warhurst, C. & Findlay, P. (2012). More effective skills utilisation: shifting the terrain of skills policy in Scotland. SKOPE research paper (107). ESRC Centre on Skills, Knowledge and Organisational Performance (SKOPE). The publication is available at http://www.skope.ox.ac.uk/publications/more-effective-skills-utilisationshifting-terrain-skills-policy-scotland

skills should be examined. The process of identifying skills and competence involves the following stages: detecting and describing skills and making them visible, valuing skills and verifying or recognising skills.

1. Detecting skills

The ability of an individual or their communities to detect a capacity, skill or competence that the individual possesses.

2. Describing skills

The ability of an individual or their communities to describe these skills.

3. Making skills visible

The ability of an individual or their communities to make detected and described skills visible in practical situations so that they can be utilised.

4. Valuing skills

Context-specific and implicit acceptance that the identified and visible skills are valued by the recipient, for example by an employer recruiting personnel.

5. Recognising or verifying skills

Equating identified skills with the competence produced by the formal education and training system, or explicit validation of identified skills granted by an institution outside the formal system.

A variety of different methods have been developed to support the identification of skills and to eliminate the bottlenecks described above, and these methods have been identified in this report. These methods include different types of skills frameworks, assessment methods, AI-based tools and skill badges. These methods are particularly useful when a need and a purpose for them have been determined. After it has been determined in which situations identification of skills should be encouraged and why, the next step could be to check Chapter 7 or Appendix 1 to find a well-tried method to support the identification process. However, using a single method to tackle the challenge of identifying skills without the contextualisation described above may lead to a situation where the method is primarily applied as a technical instrument. In such cases, even positive changes may lead to frustration at workplaces if the purpose of using the methods is not properly explained.

In Chapter 3 of this report, we produce a definition of how skills can be outlined and describe their role and the process of identifying them in working life. When we are talking about skills, it is essential to produce accurate definitions of the concepts and to define a clear goal and purpose for identifying skills. Experts tasked with identifying skills are also provided with tips helping them to develop workable methods for skills identification.

Individuals' experiences of identifying and utilising their own skills in working life are discussed in Chapter 4. It is easier to identify one's own skills when learning situations and experiences are regularly examined from the perspective of accumulated skills and competence. The process is also simplified if individuals are able to examine skills separately from the expectations arising from their own education and training background, profession or occupational sector.

Employers' needs arising from the identification of skills are discussed in Chapter 5. The key conclusion is that on average, organisations do not examine skills on a broad and cross-cutting basis as the information often remains in the possession of the personnel department or supervisors. The solutions will only produce results if organisations are committed to encouraging and developing a learning-oriented culture.

Background to the Report

Working life and learning are in a constant state of change. In addition to digitalisation, short-term and long-term skills needs also depend on such factors as climate goals, migration and demographic changes. To keep up with the changes, individuals must develop their skills and competence throughout their working careers and on a life-long basis, and this is mostly done by acquiring non-formal competence outside the formal education and training system. Identifying these skills is becoming increasingly important.

To encourage the identification and utilisation of non-formal competence, the Ministry of Economic Affairs and Employment and the Ministry of Education and Culture appointed a working group for the identification of competence in June 2021. Based on its work, we have gained broad insight into how knowledge of the tools and practices of skills identification should be mapped at the level of organisations and individuals. In its interim report, the working group concluded that there is not enough information available on the tools and practices of making skills visible. According to the interim report, we need a deeper understanding of the public and private tools that are currently available and of how extensively they are based on skills[7]. Developing the identification and recognition of skills is also one of the objectives of continuous learning.

This final report sums up the findings of the report on the good practices for identifying skills produced for the Ministry of Economic Affairs and Employment by Demos Helsinki, Innolink and TIEKE. The aim of the report is to provide the working group on skills identification with practical information on the subject. The overall objective is to boost the supply of labour nationally and to prevent unemployment by promoting the matching of demand for and supply of labour between companies and individuals. The aim is also to understand how societal changes in the near future, such as the green and digital transitions, will impact the needs of skills identification.

The report gives insight into how skills and competence can be identified and it does this by examining the tools, methods and practices used in different fields. Secondly, the report builds a picture of how individuals perceive their skills and how the ability of individuals to understand and describe their own skills can be enhanced. Thirdly, the report lists recommendations on how the identification of skills should be developed in Finland and which types of skills should have priority in this process.

The report findings are based on a document analysis, electronic questionnaires sent to more than 2,000 individuals, more than 400 telephone interviews and in-depth expert interviews. A workshop for expert and employer organisations was also arranged.

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7   Working group for the identification of competence, Interim report (2022). Ministry of Economic Affairs and Employment. Publications of the Finnish Government 2022:74. (The report is in Finnish) The publication is available at
https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/164492/VN_2022_74.pdf

Concluding Observations

There is no doubt that skills and competence are a fundamental factor in Finnish working life and critical to our success. We have learned to value many types of skills but tend to prefer those that produce immediate results and added value. However, when examining matters from this perspective, we easily overlook the different types of skills that we need now and that will be in increasing demand in the future.

According to our report, individuals possess a huge amount of skills that are not fully utilised in working life. At the same time, individuals want to identify these skills and make it available to employers. Identified and valued skills are at the core of wellbeing at work and work motivation. There are many bottlenecks in working life that prevent the identification and utilisation of broad-based skills.

The **four key challenges** to identifying and utilising skills highlighted in this report are listed below. The quotations presented in connection with the observations are based on the contents of the interviews conducted for this report.

1 **Not all forms of skills are equally valued in working life.** Formal education and experience gained at workplaces are seen as more valuable than the skills gained from other activities such as hobbies, positions of trust or interpersonal relationships. For employers, soft and transversal skills are not translated into forms of competence producing added value. Moreover, different types of discrimination in working life, such as discrimination based on age and family leaves, make skills arising from life experience or parenthood even less valued. It is clear that not all experience gained outside working life is relevant at work. However, it is in the interests of employers and employees to work together to identify the employees' competence and skills that are useful to the organisation, regardless of the type of the skills or how they were acquired.

> "Visual arts as a hobby are not understood or valued as a broad-based skill. I have worked as a teacher, researcher, designer and in the business sector. I am not an artist by profession, even though I hold the master of arts degree in arts and design. In a job interview I was asked how I can manage all the routines because I'm such a daydreamer. Prejudices and categorisation are very strong."

2 Our perceptions of skills and competence are still shaped by degrees, qualifications, professions and occupational sectors. We still tend to associate these factors with certain types of skills, which can easily limit our ability to detect skills or make them visible. At the same time, a certain degree or qualification is still required for certain tasks, even if there were no task-related grounds for doing so. This, in turn, slows down mobility of individuals between different jobs and sectors and increases the need for unnecessary retraining. The boundaries between professions and sectors are also expected to become lower, which further underlines the need to identify the skills of individuals regardless of such boundaries.

" I applied for a paper scanning job and noticed that a higher education degree was also required for that task. I can understand that a degree is also a proof of competence, as studying always benefits you in one way or another. However, a degree certificate doesn't make you an expert. At the same time, there are many posts in Finland, in which no updating of skills is required. A document stating that you have a degree or qualification is enough. For example, there are social welfare and health care professionals who don't know what transgenderity means or decision-makers who don't know anything about cyber security. The importance of continuous learning should be emphasised more."

3 Because of workplace-internal structures, not all skills are recognised and developed on an equal basis. There are few workplaces where transversal skills, and their identification and development are key considerations at strategic level or throughout the organisational structures. Job advertisements are often based on traditional competence descriptions, applicants are not able to highlight their transversal skills during the recruitment process, identification of skills is not a standard procedure, and internal incentive systems only encourage employees to develop their hard skills.

" I once made a slightly different job application. It was colourful and it had pictures of projects, hobbies, training and other things. Above all, I wanted to produce a description of the diversity of my skills and how everything from my job as a researcher to teaching is intertwined. In the end, I got the job but I got negative feedback on my CV because it was called unconventional. I definitely challenge the current CV practice. If you only give the job titles and list three main points of each of them and add something about your education, what you get is quite a basic description of what you are and what your skills are."

4 **Sometimes even identified skills are underutilised in the workplace.** This may be due to such factors as the way in which different types of skills are valued, inability of employers to apply a visible skill in practical tasks or inflexible organisational structures that leave little room for a diverse culture of skills and participation. This will quickly erode trust between the employer and the employees, weaken individuals' experiences of self-efficacy and self-image and prompt more staff members to seek a new job.

> At our workplace, people's skills and swarm intelligence are totally overlooked and resources are underutilised. We have a small team that is nevertheless highly creative and diverse and has accumulated experience in many areas of life. However, our skills and competence are totally ignored and it seems that this is what the employer wants. Supervisors should identify these skills, use our creative capability in problematic situations and harness our expertise. The fact that this is not the case is already beginning to impact our job satisfaction, resources go wasted and people's wellbeing is at stake."

Based on the report, it is safe to say that there is a great deal of willingness in Finland to identify and utilise all types of skills but a lot of work has to be done to ensure that the culture and practices supporting this are firmly established in Finnish organisations. There are also major differences between organisations regarding their ability to utilise all types of skills. In fact, based on the analysis produced as part of the report, we would like to highlight the **following three factors** to which Finnish organisations should pay attention if they want to remain successful in the future.

1 **Encouraging a learning-friendly culture.** A variety of different methods have been developed to support the identification of skills and to eliminate the bottlenecks described above, and these methods have been identified in this report. However, they will only serve as first aid if the organisation's culture does not support learning in any other way. In fact, encouraging a learning-friendly culture throughout Finnish working life is essential. This means a culture of trust in which the valuation of all types of skills is actively encouraged, feedback is given and received in a constructive manner, and learning is of intrinsic value. In such communities, individuals are happy and make their resources and skills more extensively available for common use. These communities also act more effectively to ensure that their objectives are met.

However, a learning-friendly culture can only be successfully encouraged if an organisation's management is strongly committed to change and prepared to set an example. Sometimes it is also necessary to examine critically the ideas and human concepts that the organisation's activities are based on. If skills and learning are not

valued, positive changes, too, can easily remain cosmetic measures. At the same time, however, a strong commitment and small steps can be enough to take an organisation in the right direction. We hope that the concrete tips presented in this report will support organisations as they take these steps.

2 **Using the tools for identifying skills and competence in an appropriate manner.** As this report shows, there are plenty of tools available to support the identification of skills. They include different types of skills frameworks, assessment methods, AI-based tools and skill badges. These methods are particularly useful when a need and a purpose for applying them have been identified. However, using a single method to tackle the challenge of identifying skills without the contextualisation described above may lead to a situation where the method is primarily applied as a technical instrument. In such cases, even positive changes may lead to frustration if the purpose of using the methods is not properly explained. After it has been determined in which situations identification of skills should be encouraged and why, the next step could be to check Chapter 7 or Appendix 1 to find a well-tried method to support the identification process. When used appropriately and on a regular basis, well-functioning methods serve as important steps towards a learning-friendly culture.

3 **Lifelong learning as an antidote to a never-ending crisis.** Finally, it is worth remembering that both individuals and communities feel happier when they can satisfy their curiosity, learn new things and experience success. Especially in recent years, working life has been under the shadow of a continuous crisis as in addition to the decades-long climate and sustainability crises, we have also been hit by the COVID-19 pandemic, the war in Ukraine and the debt crisis. In a crisis, people easily become inward-looking and live on a day-by-day basis, and in such situations it is difficult to make any medium-term or long-term plans. Such a reaction is human. However, focusing on the identification and development of skills can help individuals to cope with daily challenges and strengthen their agency and faith in the future amid crises. Such an approach signals that a path of development lies ahead. Experiences of learning, insight and success build meaningfulness and resilience helping communities to survive challenging times. In the best-case scenario, this leads to new innovations, ways of thinking and activities benefiting both employers and society at large.

A situation where employers value the skills and competence of their employees and understand that an organisation's success depends on it provides a good basis for identifying and valuing all types of skills. However, to achieve a change towards utilising the full competence and skill potential of individuals, we must all be prepared to critically examine our own thinking and operating models and to take small steps towards this. In other words, break the circle of outdated perceptions of competence and boldly seize the opportunity to discover the hidden skills around you.