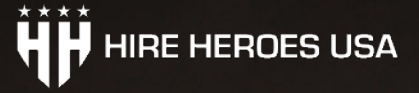


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2024 SKILLS-BASED HIRING WHITE PAPER REPORT

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According to TestGorilla, “skills-based hiring is a hiring process where evidence of candidates’ skills, rather than factors like prior experience or educational background, is used to make hiring decisions.” In this section, we explore how this approach offers an exciting opportunity for service members, veterans, and military spouses to demonstrate their value and expertise to potential employers.

We also outline the framework of an evolving skills-based bridge—developed with support from Walmart—that connects job seekers with employers. This initiative reflects what we’ve learned over the past year, as well as the steps still needed to drive meaningful progress. While the potential is promising, the success of this approach hinges on continued development and engagement from both job seekers and employers to shift hiring practices meaningfully.



THE PROBLEM: TRANSLATING THE VALUE OF MILITARY/ SPOUSE EXPERIENCES

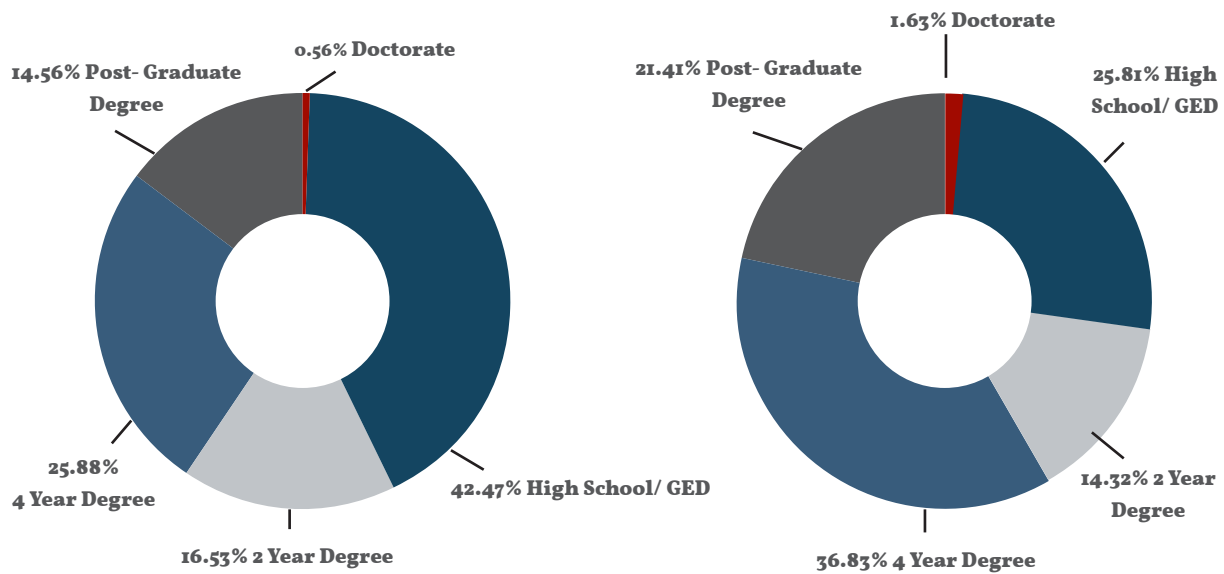
A common challenge faced by service members transitioning out of the military is translating their military skills into qualifications for civilian or federal jobs. This challenge is equally significant for military spouses, especially those with less work experience than their non-military counterparts. Recognizing these barriers, Hire Heroes USA was founded in 2005 to address the persistent issues of veteran and military spouse unemployment and underemployment. Since then, we have successfully helped more than 100,000 individuals secure new roles.

Through our nearly two decades of providing employment coaching and support, we have seen shifts in trends and have continuously adapted our partnerships, methods, and resources. As we evolve, support from partners like Walmart—who championed this project—enables us to pilot innovative strategies such as skills-based hiring. This approach is essential for ensuring that we offer timely and relevant guidance to our clients and partners, helping them navigate the ever-changing employment landscape.

EDUCATION VS. EXPERTISE

A February 2024 report from Forbes highlights findings from the Lumina Foundation, showing that over 54% of working-age adults in the United States have earned a college degree or completed some form of post-secondary education. However, 2023 data from the Bureau of Labor Statistics reveals that 74% of non-veterans hold a bachelor’s degree or higher, compared to just 54% of veterans (age 25 and older).

Among Hire Heroes USA’s 2023 military registrants—defined as individuals with any U.S. military service, including National Guard and Reserve members—most reported having a high school-level education as their highest completed level. During registration for our services, job seekers are asked to specify their highest level of education, providing insight into the educational backgrounds of those we serve.



Military Group (left) vs. Spouse Group (right) Registrants, 2023 by Educational Attainment

Military spouses (who do not have direct military service themselves) reported higher levels of education compared to their military counterparts. However, advanced degrees are no longer seen as the guaranteed pathway to employment they once were. A key trend in the employment landscape over the past few years is the rise of skills-based hiring. According to the Society for Human Resource Management (SHRM), data from TestGorilla shows a 17% increase in employers adopting skills-based hiring from 2022 to 2023.

As reflected in the chart below, the top concerns and self-reported barriers among Hire Heroes USA's 2023 registrants are directly related to having—or demonstrating—the necessary skills.

Career Change	25.21%
Education	23.46%
Lack of Experience	22.14%
License and Certification Requirements	16.82%

Self-Reported Barriers as indicated by Hire Heroes USA registrants (2023)

SOLUTIONS PILOTED

The growing interest in skills-based hiring presents a promising solution for individuals seeking to demonstrate proficiency in skills that may lack formal certifications or assessments, such as critical thinking or empathy. With support from Walmart, Hire Heroes USA collaborated with four organizations to connect transitioning service members, veterans, and military spouses with opportunities for skill development and validation. Each partner brought a slightly different focus to the initiative, offering diverse pathways for participants to build and showcase their skills.

Coursera delivers world-class content taught by top instructors from over 190 of the world's leading universities and organizations. From data science and machine

learning to professional development, Coursera’s wide selection of courses can help build the most in-demand skills. This partnership provides access to Coursera for all active jobseekers with Hire Heroes USA.

XCredit helps participants to elevate their skill profile with competencies like critical thinking, oral communication, empathy, and beyond. They began their partnership with Hire Heroes USA with a focus on Junior Enlisted personnel (defined here as E-1 to E-4 across all branches), a group that historically has struggled with post-service employment more than senior military personnel. Shortly after, invitations were extended to Hire Heroes USA alumni. This opportunity is now available to all Hire Heroes USA job seekers.

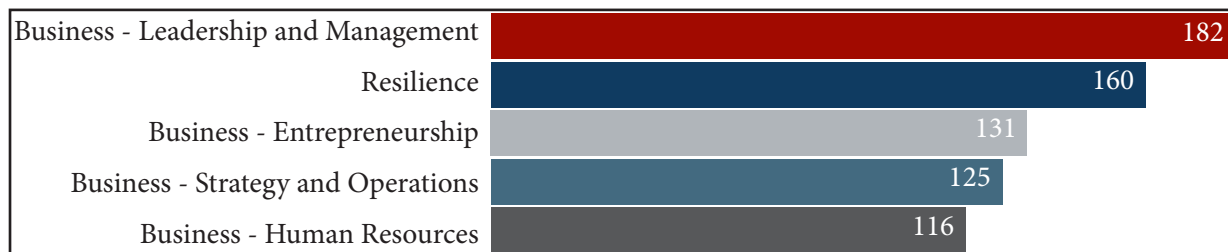
The Manufacturing Institute aims to develop a pathway from military skills (based on training and experience through particular roles within the military) to the civilian world. This project offers the opportunity to earn a series of badges aligned with military experience that are designed to signal transferable skills to employers in the civilian manufacturing industry. This is limited to those with military service.

MilGears is a Department of Defense program that features a suite of tools and resources for any point in the civilian to military to civilian life cycle as well as for military spouses and families. This includes resources for post-service employment and military spouse employment.

ACCESS TO SKILL VALIDATION PLATFORMS

In collaboration with these partners, Hire Heroes USA has actively promoted skills-based job searching to job seekers. During the initial six months of these partnerships—while still in the development and promotion phase—over 350 participants engaged with one or more validation platforms. With expanded efforts, that number grew to more than 1,700 unique participants across all partner reports by the end of Q1 (March 31, 2024).

Most of the top-validated skills were business-related, including communication, human resources, strategy and operations, leadership and management, and entrepreneurship. Notably, resilience emerged as the third-most validated skill, standing out as an essential non-business competency.



Top five skill areas for validation by Hire Heroes USA jobseekers

VIRTUAL COACHING SESSIONS

In addition to offering access to skills validation, Hire Heroes USA and its partners hosted webinars to provide coaching and resources to job seekers as they validated their skills and integrated them into their job search strategies. Between December 2023 and May 2024, three sessions were held, with an average attendance of 65 job seekers per session. This consistent turnout demonstrates growing awareness and interest among job seekers in leveraging skills-based approaches to enhance their search.

INDIVIDUALIZED COACHING

Every job seeker registered with Hire Heroes USA received access to information about skills validation. Those connected with staff were also provided an instructional video guiding them through three self-assessments, including the Skills Matcher from Career OneStop. Follow-up coaching sessions focused on helping job seekers identify and leverage their existing skills within their job search.

To further support staff in their coaching efforts, a comprehensive resource directory was developed, offering guidance on next steps and suggestions tailored to individual needs. With these tools, staff were able to provide more detailed feedback on how job seekers could effectively highlight their skills on their resumes.

EMPLOYER SESSIONS AND PARTNERSHIPS

Hire Heroes USA hosted two employer training sessions aimed at building a bridge between skills validation and skills-based hiring. These sessions provided attendees with a definition of skills-based hiring, strategies for implementation, and insights into the benefits of adopting this approach. Additional content on skills-based hiring was integrated into existing employer training sessions, which are often

included as part of partnership agreements. To offer greater flexibility, a pre-recorded, self-paced training course was also developed to provide companies and hiring managers with guidance at their convenience.



WHAT HAVE WE LEARNED?

ROBUST DATA, BUT MORE IS NEEDED

While the concept of skills-based hiring is not entirely new—every role inherently requires specific skills—validating and leveraging skills outside of traditional education and certifications remains relatively uncommon. At Hire Heroes USA, some elements to support this framework were already in place, but much had to be developed from scratch.

Previously, skill-specific validations were not systematically collected or stored. To address this, we created a process and developed a repository within our Salesforce system to retain and manage these data points. We are continuing to refine the processes of data collection from our partners, integrating the information into our database, and sharing relevant details back with them to create a smoother, more efficient workflow.

Each skills validation tool used by our partners has its own system for assessing and validating skills, resulting in varied outcomes—such as credentials, badges, or other forms of validation. While these results can be shared on platforms like LinkedIn or stored in cross-platform digital wallets, job seekers and employers are still working to determine how best to communicate the value of these validations and what they signify in practice.

STAFF, JOBSEEKER, AND EMPLOYER EDUCATION

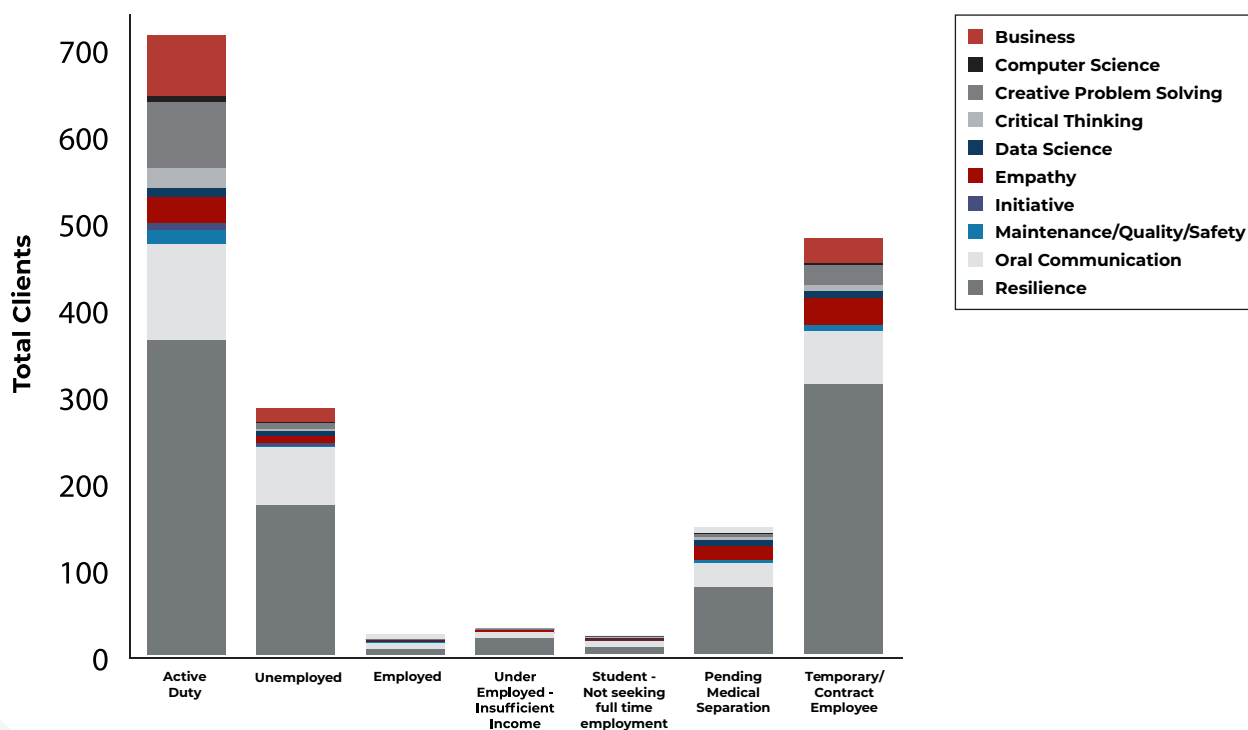
To effectively integrate skills-based practices, Hire Heroes USA trained internal staff, with over 80 team members participating in a webinar focused on building strategies for skills-based coaching conversations. The training emphasized connecting job seekers with skills assessments and helping them incorporate validated skills into their job search efforts.

Communication with job seekers was also adapted to provide information about

partner organizations, how skills validation works, and how it can help them stand out in the job market. Additionally, informational videos were developed for both staff and job seekers, offering guidance on the skills validation process, with a particular focus on the use of MilGears.

FROM THE JOBSEEKERS

Through job seeker events and engagement with skills validation opportunities, we found that translating skills and identifying the most valuable ones for employers can be a challenge for many participants. However, Senior Non-Commissioned Officers (SNCOs) stood out as the job seeker group most engaged with this approach. SNCOs had the highest attendance at skills-focused webinars and were the second-largest group utilizing skills validation tools, highlighting the relevance of these resources to their job search efforts.



Skill Validation Areas by Initial Employment Status (all job seekers)

As shown in the graphic above, skills validation is being utilized predominantly by active-duty service members (those actively serving in the military at the time of their registration with Hire Heroes USA) and unemployed job seekers. While there is

evident interest in this approach, not all job seeker groups are fully engaging in the process.

For example, individuals who are underemployed—defined here as those with insufficient income—are validating fewer skills compared to their employed counterparts. Despite varying levels of engagement, participants consistently report that they find skills validation valuable for enhancing career development. Following a skills-based search webinar, 66% of respondents indicated they felt more confident in their job search.

FROM THE EMPLOYERS

At the outset of this initiative, key questions centered around whether employers and hiring managers were actively seeking certain skills, which skills they prioritized, and how they perceived the value of skills validation. While attendance at the Skills-Based Hiring Employer Trainings was lower than at the job seeker sessions, the feedback provided valuable insights.

Following the first webinar, 43% of respondents indicated they were already familiar with the concept of skills-based hiring, and 64% reported having used these methods in the past. Notably, 86% of attendees said they learned new information and planned to update their recruiting and interview practices with a fresh understanding of skills-based hiring.

Though this data is limited, it demonstrates that employers are generally open to the concept. However, it is evident that deeper understanding and continued education are necessary to drive broader adoption. For many employers working with Hire Heroes USA, this approach is still in its early stages, and while interest is growing, many are in the process of developing clear strategies for implementation.



WHAT'S NEXT?

Over the past year, we have collaborated with skill development and validation organizations, job seekers, career coaches, and employers. While there is clear interest in moving away from rigid requirements—such as “12 years of experience” or specific degree qualifications—progress has been slow.

A 2023 article from ManufacturingDive noted: “Although skills-based hiring has gained traction in the past year, hiring practices are still catching up and remain influenced by traditional requirements, according to LinkedIn data. The change in hiring appears to be less dramatic than the change in job postings, which could suggest a breakdown between recruiters and hiring managers in making this shift.”

This disconnect leaves job seekers and those developing validation platforms uncertain about what employers truly need to see. Which skills are most valuable and frequently sought by employers? How do employers interpret skill validation, and what does it mean in practice? As this trend evolves, it will also be essential to establish processes for verifying the legitimacy of skill validation. While the answers to these questions are not entirely unknown, a definitive framework has yet to emerge.

More collaboration between professionals, validation platforms, and employers will be required to build a more flexible hiring landscape. There is growing interest across all sectors in emphasizing skills and competencies, which would allow job seekers—particularly STAR (Skilled Through Alternative Routes) professionals—and those with traditional education and experience to demonstrate their value more effectively. However, the ecosystem needed to support this shift is still in development. As with any significant change, building this framework will take time and evolve along the way.

There are promising signs that the shift is underway. As of January 2024, nine states—California, Maryland, Utah, Colorado, Pennsylvania, Alaska, North Carolina, New Jersey, and Virginia—had begun eliminating degree requirements for state-level government jobs (The Center Square). Additionally, Intelligent.com reported that by late 2023, 45% of polled companies planned to remove Bachelor’s degree requirements from some positions, with many already having done so.

While the shift toward skills-based hiring is still in progress, the momentum is building, and the appetite for further exploration remains strong.