EXECUTIVE SUMMARY

Skills Verification: An Overview

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Skills verification is gaining momentum

In the past 3 years, we've seen organizations make tremendous progress toward infusing a skills mindset into their businesses. Many organizations have started to identify and classify skills, for example.

As identifying skills becomes more commonplace, leaders are starting to think about a crucial next step—verifying skills to ensure data accuracy and reliability. Leaders focusing on skills understand that the level of decisions that can be made based on skills data depends on the validity and nuance of that data. They are starting to grapple with questions like:

- What methods are even available for verifying skills?
- What are the costs of different methods?
- How should I determine which methods to invest in?
- Who has done this well, and what can I learn?

Our research on these questions, based on survey data and conversations with over 60 leaders, uncovered a wealth of information about verification methods and how to choose them. This executive summary highlights key findings. For full details, please see the research report, *Skills Verification: An Overview*.

What does verification even mean?

In our conversations with leaders, it became clear that different people make different assumptions about what verification and related terms mean. For the purposes of this research, we define skills verification as:

Confirming that someone has a skill, and often the extent to which they have it.

This confirmation of skills allows for higher-level, more consequential, or more nuanced decisions based on skills.

In this research, we saw skills verification done 2 ways:

- **Verifying *that* someone has a skill.** This is a yes / no (binary) judgment.
- **Verifying *to what extent* an employee has a skill.** Here, an employee's skill proficiency is rated, often using a multi-level proficiency scale.

Some of the verification methods we'll discuss are more often used to verify that someone has a skill. Others are used to verify the extent to which someone has a skill.

Seven methods for skills verification

In the course of this research, we came across dozens of ways that organizations verify skills. Those examples fell into 7 broad methods (Figure 1).

The methods toward the left side of Figure 1 tend to be relatively simple in terms of the data, data / analytics expertise, technology, integrations, and resources required to get them up and running. The methods toward the right side tend to be more complex.

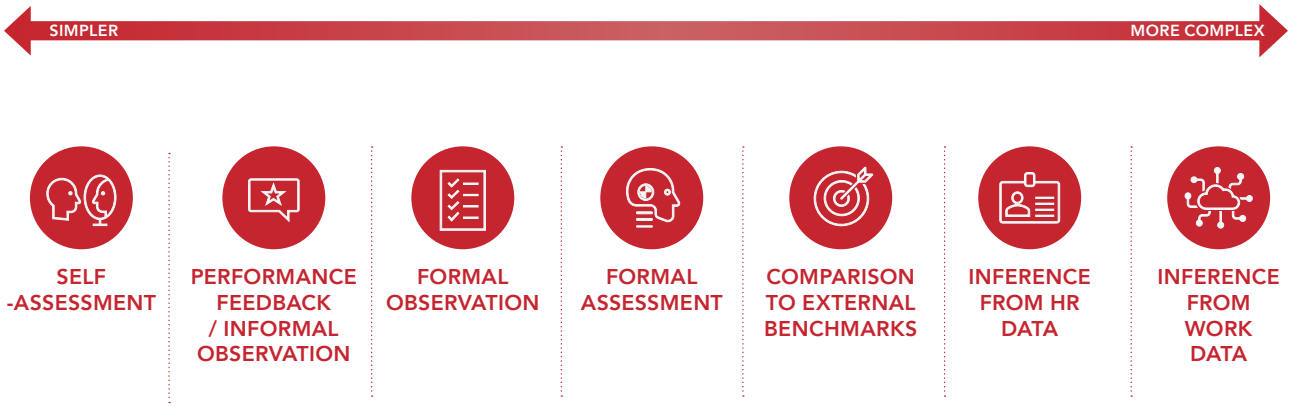

Figure 1: 7 methods for verifying skills | RedThread Research, 2024

While these methods are listed individually, organizations often use more than one—sometimes together. For example, self-assessment is often paired with inference from HR data or work data, providing more nuance to someone's overall skills picture.

Simpler approaches are used more

As you might expect, some methods are used more than others. Figure 2 shows the percentage of respondents to our survey who said they use each verification method.

Simpler-to-implement approaches are used by more organizations.

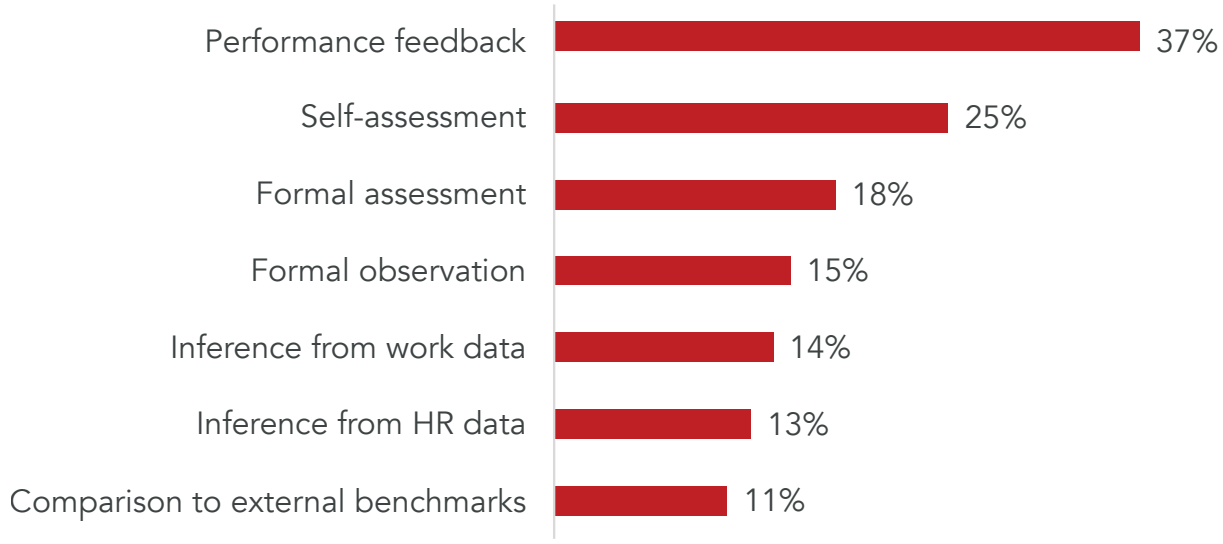

Figure 2: % of organizations that use each method to a great or very great extent, n=216 | RedThread Research, 2024.

The most-used method is performance feedback. This isn't surprising, given that many organizations are at the beginning of their skills initiatives and performance feedback is often already in place.

The second most common method was self-assessment, also logical. As organizations spin up skills efforts, the first step is often to canvass employees—asking them about their skills to gather data that may not be in the organization's systems, found on resumes, or listed in job descriptions.

There's no one best way to verify skills

Each verification method has characteristic traits, costs, and tradeoffs—there's no "silver bullet" method that's best for all situations. When choosing verification methods, consider how different traits and costs may suit your needs. The following table summarizes each method, including:

- **Traits:** A few notable characteristics of the method
- **Examples:** Some ways we've seen the method implemented
- **Direct cost:** The direct capital outlay associated with the method
- **Org lift:** The time and effort required from employees away from their normal work to implement the method

We assign a high / medium / low rating for direct costs and org lift for easier comparison and analysis of possible tradeoffs.

SIMPLER ↓ MORE COMPLEX

Method	Examples	Traits	Costs & Lift
SELF -ASSESSMENT An employee confirms their own skills / skill levels	• Self-ratings in a performance review, learning opportunity, etc. • Entering skills into a profile • Confirming skills suggested by AI • Listing skills on a resume	• Involves employees • (Relatively) easily administered • Gathers basic data • Works with yes/no verification and proficiency scales • May contain bias	Direct cost: **LOW** Org lift: **HIGH**
PERFORMANCE FEEDBACK / INFORMAL OBSERVATION An observer confirms an employee's skills (less clear rubric)	• Manager ratings • Project feedback • Performance reviews • Other manager feedback • 360 reviews • Endorsements • Peer rating of work products	• Often less rigorous than formal observation • Often part of existing processes • Can provide data tied to performance • Can promote dialogue on skills • May contain bias	Direct cost: **LOW** Org lift: **MEDIUM**
FORMAL OBSERVATION An observer rates a worker's skills (clear rubric)	• Live demos • Demos in learning settings • Review boards • Work product review • Discussion / demos over video calls • Document / cert review	• Trained assessors and / or experts often verify skills • Includes rigorous rating criteria • Can be used in high-stakes verification • Enables real-time feedback during observation	Direct cost: **MEDIUM** Org lift: **MEDIUM**

SIMPLER

Method	Examples	Traits	Costs & Lift
 **FORMAL ASSESSMENT** An employee's skills are tested	• Scenario-based tests • Multiple-choice tests • Interactive tests • Adaptive tests • Simulations • Sandboxes • Certifications • Badges	• Can support practice / learning while assessing • Can provide granular skills data • Almost always done using detailed proficiency scales • Often produce certifications, credentials, or badges	Direct cost: **MEDIUM** Org lift: **HIGH**
 **COMPARISON TO EXTERNAL BENCHMARKS** Skills are measured against standards developed outside the organization	Comparison to: • Industry standards • Regulatory requirements • Peer orgs • Lists of skills for the future	• Can give insight into skills for different roles, industries, geographies, etc • Brings in external perspectives. • Highlights needed skills • Tends not to include proficiency levels	Direct cost: **MEDIUM-HIGH** Org lift: **MEDIUM**
 **INFERENCE FROM HR DATA** Skills are predicted based on data in HR tech systems	Tech predicts skills based on: • Job title • Seniority • Time in role • Job history / past job data • Development activities • Difficulty of development opportunities • Written performance reviews	• Provides quick, usable skills data • Offers consistency in how skills are predicted • Continuously updates skills data • Currently focuses on yes/no verification, not proficiency scales • Needs a human in the loop	Direct cost: **HIGH** Org lift: **LOW**
 **INFERENCE FROM WORK DATA** Skills are measured using data from work systems	Tech predicts skills based on: • Tasks completed • Task difficulty • Task recency • Task frequency • Performance quality • Productivity / efficiency • Contributions to projects • Role in projects • Written communication	• Provides current data on what someone's done recently • Represents what someone can really do • Lends itself to detailed proficiency scales • Can balance human biases • Needs a human in the loop	Direct cost: **HIGH** Org lift: **LOW-MEDIUM**

MORE COMPLEX

Figure 3: Details on 7 verification methods | RedThread Research, 2024

Leaders described situations when their organization uses one verification method instead of, or in conjunction with, others.

Critical questions for choosing the right methods

Given the range of possible verification methods, the question arises: How should organizations determine what methods are appropriate for their needs? From this research, we identified 3 critical questions to consider:

- **When do we need high confidence or accuracy?** Some situations may need more valid, reliable, and accurate skills data than others, such as when skills directly affect revenue or are high-stakes for employees or the organization. In such cases, leaders invested more time, money, resources, and effort into verifying these skills—often using more than one method to triangulate to verify critical skills.
- **Where do we need high nuance or granularity?** Some situations call for a nuanced, detailed understanding of skill proficiency; others may not. Leaders tended to add nuance or granularity when they wanted to offer highly personalized development, make hiring or promotion decisions based on skills data, or use skills data to systematically build critical skills. To boost nuance and granularity, they used detailed proficiency scales.
- **How will we ensure skills data stays valid / verified?** Skills are constantly changing, so skills verification is an ongoing thing—not a one-off exercise. To keep skills updated, leaders did things like infuse skills verification into existing processes, recertified key skills periodically, validated skills in real time, and communicated the benefits of sharing skills data.

Wrapping up

As more organizations adopt skills-based strategies, skills verification can help leaders establish more confidence in their skills data. This trust is foundational for enabling more informed and impactful decisions driven by skills insights. This overview of current methods, costs, and questions might look very different next year as technology advances, costs and required organizational lift shift accordingly, and organizations discover the constellations of verification methods that work best for them.

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