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Assessing the shift towards Skill based Hiring over Traditional Degrees

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Abstract: *For many years, recruitment has placed a lot of importance on academic degrees as a sign of a person's knowledge and ability to do a job. However, rapid changes in technology, changing job requirements, and shortages of skilled workers, and the increasing importance of practical competencies have helped increase the use of skills-based hiring this greater emphasis on communication and job related skill rather than treating formal educational credentials as the primary screening mechanism. Drawing on recent research from the Harvard Business School Project on Managing the Future of Work, the Burning Glass Institute, the World Economic Forum, and Indeed Hiring Lab, the study finds evidence that educational requirements have declined in a significant proportion of job postings. However, the evidence also demonstrates an important distinction between removing degree requirements from job advertisements and actually changing hiring outcomes.*
Effective skills-based hiring requires organisations to redesign job descriptions, assessment methods, talent sourcing, interviews, and internal career pathways. At the same time, academic degrees remain essential or highly relevant for numerous regulated and specialized occupations. The emerging employment model is therefore better understood as a movement toward greater balance between educational credentials and demonstrated competencies rather than the complete disappearance of degrees from the labour market.

Key Words: *Skills-based hiring, job descriptions, specialized occupations.*

1. INTRODUCTION:

In a modern development era, educational qualifications are served as one of the principle mechanism. A bachelor degree, master degree and diploma acts as a signal of knowledge, discipline and persistence. In many industries, possession of a particular degree is represented as formal evidence for entering a profession. Over the last decade, however, the relationship between educational credentials and employment has begun to change. Employers increasingly operate in environments characterized by technological disruption, digital transformation, artificial intelligence, changing occupational structures, and rapidly evolving skill requirements.
The development has contributed to the emergence of **skill based hiring** which is also referred to as **skill first hiring.** Instead of relying on educational degrees screening has help to identify the candidates according to capabilities required for performing a particular job. The capabilities such as data analytics, cyber security, problem solving and technological literacy. Recent labour market evidence demonstrates the change is not merely theoretical.

US JOB POSTINGS: On January 2019 **48%** and on January 2024 **52%** did not mention the formal educational requirements and there is a decline from **20.4% to 17.8%** during that period which require at-least a college degree Nevertheless, the transition should not be interpreted as the complete replacement of degrees. Research from Harvard Business School and the Burning Glass Institute indicates that organizations frequently announce the removal of degree requirements without fundamentally changing their recruitment behavior. Their research found that the actual increase in hiring workers without bachelor's degrees remained very limited in many organizations.
The India Skills Report 2026 indicates that the overall employability of Indian youth increased to 56.35%, compared

with 54.81% in 2025. State-wise employability was 78.64% in Uttar Pradesh, 75.42% in Maharashtra, 73.85% in Karnataka, 72.16% in Kerala and 71.25% in Delhi, suggesting strong levels of job-relevant skills among assessed candidates.

2. CONCEPTUAL FRAMEWORK

2.1 Traditional based hiring

Traditional hiring often uses educational qualifications to screen applicants. Employers may specify that applicants must possess a bachelor's, masters, or other formal qualification before being considered for a position.
This system became common partly because a degree is an easy and familiar way for employers to compare applicants. When organizations receive hundreds or thousands of applications, educational qualifications can provide an efficient initial filtering mechanism.
However, having a degree does not always mean that a person has all the skills needed at work. It demonstrates that an individual completed a particular educational program, but it does not necessarily establish proficiency in every skill required for a specific position. Two graduates holding the same degree may possess significantly different levels of technical ability, practical experience, communication skills, creativity, or problem-solving capability.
Research by Harvard Business School and the Burning Glass Institute found that substantial degree resets occurred in both middle- and high-skill occupations between 2017 and 2019, suggesting that employers had begun reconsidering whether academic credentials were genuinely necessary for particular positions.

2.2 Skill based hiring

In this approach, employers first identify the skills needed for the job and then check whether candidates actually have those skills.
Skills can include several categories:

- Technical skills - programming, data analysis, accounting, engineering, cyber security, design, or machine operation.
- Cognitive skills — analytical thinking, reasoning, problem-solving, and decision-making.
- Interpersonal skills — communication, teamwork, negotiation, and leadership.
- Digital skills — technological literacy, artificial intelligence, data tools, and digital collaboration.
- Adaptability skills — learning ability, resilience, flexibility, and continuous improvement.
- Occupation-specific competencies — capabilities directly associated with a particular profession or role.

This model does not necessarily reject formal education. Instead, it treats education as one possible source of skills rather than the sole evidence of capability.

3. LITERATURE REVIEW:

The concept of skills-based hiring has gained increasing attention as organizations face rapidly changing technological requirements, talent shortages, and the need for job-ready employees. Traditional recruitment practices have often relied on educational qualifications, particularly university degrees, as an initial screening mechanism. Recent literature, however, suggests a gradual movement

toward evaluating candidates on the basis of demonstrated competencies, work experience, technical abilities and transferable skills.

Fuller, Langar and sigelman (2022) examined the growth of skills-based hiring and the phenomenon of "degree inflation." Their research showed that employers had increasingly added degree requirements to jobs even when the nature of the jobs had not substantially changed. The authors argue that removing unnecessary degree requirements can allow organizations to consider a wider pool of candidates and place greater emphasis on actual capabilities. Their analysis was based on more than 50 million recent job postings, providing substantial evidence of changes in job-posting requirements.

LinkedIn (2024) reported that skills-based hiring was becoming a significant priority for recruitment professionals. Its *Future of Recruiting 2024* research found that **73% of recruiting professionals said hiring based on skills was a priority**. LinkedIn also reported that the number of jobs on its platform that omitted degree requirements increased by **36% between 2019 and 2022**. The report suggests that skills-based hiring can broaden the available talent pool by identifying candidates who might otherwise be excluded by traditional educational filters.

4. OBJECTIVES :

The main objective of this study is to assess the growing shift in recruitment practices from traditional degree-based hiring towards skill-based hiring. The specific objectives are:

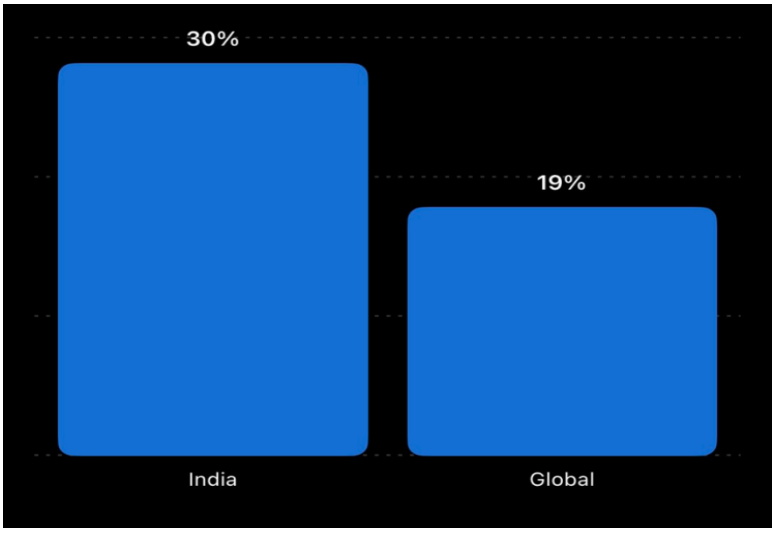
- **To examine the changing hiring practices** and understand the increasing importance of skills, competencies, and practical knowledge in recruitment.
- **To assess the role of traditional educational degrees** in the current employment and recruitment process.
- **To identify the skills that employers increasingly demand**, such as technical skills, communication, problem-solving, digital literacy, adaptability, and teamwork.
- **To compare skill-based hiring with traditional degree-based hiring** in terms of employability, recruitment opportunities, and career development.
- **To examine the factors influencing employers' preference for skills**, including technological development, changing job requirements, industry competition, and the growth of the digital economy.

5. SCOPE OF RESEARCH

The scope of this study covers the changing relationship between educational qualifications and employability skills in the modern labour market. The study focuses on how employers are increasingly considering candidates' practical abilities, technical competencies, soft skills, certifications, work experience, and demonstrated performance alongside or instead of traditional academic degrees.

The study covers various sectors of employment, including information technology, digital marketing, finance, business management, sales, customer service, and other emerging industries where skills and practical competencies are becoming increasingly relevant. It may include the perspectives of employers, recruiters, employees, students, graduates, and job seekers to understand how different groups perceive the transition towards skill-based recruitment. Furthermore, the study considers the role of higher education institutions, vocational education, internships, online courses, certifications, and skill-development programmes in preparing candidates for employment. It aims to understand whether academic degrees continue to function as an important screening criterion and how their role is changing when compared with demonstrated skills and competencies.

6. RESEARCH METHOD:



Hiring/Assessment Method	Employers (%)
Work experience	81%
Skills assessments	48%
University degree	43%
Psychometric testing	34%
Apprenticeships	17%
Short courses/online certificates	14%

Skill assessment versus university degrees

The World Economic Forum reports that, globally, 81% of employers expect to continue using work experience as a hiring assessment mechanism during 2025–2030, while 48% expect to use skills assessments. 43% expect university-degree completion to remain part of their assessment approach.
Work experience has the highest reported expected use, followed by direct skills assessments. University degrees remain significant, but the figures demonstrate that employers are increasingly using practical experience and competency-based assessment alongside formal education.

Changing importance of skill

The WEF's 2025 research found that employers expect 39% of workers' core skills to change by 2030. Analytical thinking remains one of the most important core skills, while AI and big data, technological literacy, creative thinking, resilience, flexibility and lifelong learning are among the skills expected to increase in importance.
Traditional degree programmes may provide foundational knowledge, but rapidly changing technology means that employees also need continuously updated skills. Therefore, the hiring process is increasingly concerned with what a candidate can actually do, not only what qualification they possess.

Skill/Trend	Importance in the Changing Labour Market	Interpretation
Analytical thinking	High	Employers increasingly value the ability to analyze information and solve problems.
AI and big data	Increasing	Technological development is creating demand for specialised digital skills.
Technological literacy	Increasing	Employees need to understand and use modern technologies effectively.
Creative thinking	Increasing	Innovation and generation of new ideas are becoming important.
Resilience and flexibility	Increasing	Employees are expected to adapt to changing work environments.
Lifelong learning	Increasing	Continuous learning is becoming important because skills change rapidly.

TRADITIONAL V/S SKILL BASED HIRING

Aspect	Traditional Degree Based Hiring	Skill-Based Hiring
Primary consideration	Educational qualification	Demonstrated skills and competencies
Screening	Degree/certification	Skills, experience, portfolio, assessments
Experience	May be secondary to qualification	Often highly important
Practical ability	May not be directly tested	More likely to be assessed
Alternative education	Limited recognition	Can include certifications, courses and self-learning
Talent pool	May exclude candidates without required degrees	Can potentially include a wider range of candidates
Current skills	Degree may not reflect current capabilities	Focuses more directly on relevant competencies

7. FINDINGS :

- **Growing importance of skills:** Employers are increasingly focusing on practical and job-specific skills while evaluating candidates.
- **Work experience remains important:** The available evidence indicates that employers continue to give considerable importance to practical work experience.
- **Rise of skills assessment:** Direct assessment of technical and professional skills is becoming an important part of the recruitment process.
- **Degrees still matter:** Traditional educational qualifications continue to play an important role in hiring, particularly for jobs where formal qualifications are required

8. CONCLUSION :

The findings of the study indicate that skill-based hiring is becoming an increasingly important component of recruitment, particularly where employers need candidates who can demonstrate practical abilities, problem-solving skills, communication, adaptability, digital literacy, and other job-specific competencies. At the same time, traditional educational qualifications continue to play an important role in many occupations and provide candidates with foundational knowledge and formal credentials.

Therefore, the emerging hiring environment can be understood not simply as a complete replacement of degrees by skills, but as a movement toward a more balanced approach in which educational qualifications and demonstrated skills are considered together. Candidates who combine a relevant educational background with practical skills, certifications, internships, projects, and work experience may be better positioned to meet changing employment requirements.

Overall, the shift toward skill-based hiring reflects the changing needs of employers and the broader labour market. For educational institutions, students, employers, and policymakers, this highlights the importance of strengthening skill development, practical learning, industry exposure, and continuous up skilling alongside formal education.

9. LIMITATIONS:

- **Limited Availability of Data:** Reliable and up-to-date data on skill-based hiring is not available uniformly across all industries and regions.
- **Geographical Limitation:** The study may not represent the hiring practices of every state, city, or organisation, particularly smaller towns and rural areas.
- **Industry Differences:** The importance of skills varies across industries. Technical skills may be more important in IT, while communication and interpersonal skills may be more important in management and service sectors.
- **Changing Job-Market Requirements:** Hiring practices are continuously changing due to technology, artificial intelligence, automation, and new business models. Therefore, findings may change over time.

- **Limited Respondent Representation:** If primary data is collected through questionnaires or interviews, the number and background of respondents may limit the generalisation of the findings.
- **Employer Perspective:** The study may focus mainly on available hiring data and employee perceptions, while the complete perspective of employers and recruiters may not be captured.
- **Difficulty in Measuring Skills:** Skills such as communication, creativity, leadership, problem-solving, and adaptability are difficult to measure objectively compared with formal educational qualifications.
- **Traditional Degrees Still Matter:** The study does not suggest that degrees have become irrelevant. Many professions continue to require specific educational qualifications, certifications, or professional licenses.

10. RECOMMENDATIONS:

- **Employers should identify job-specific skills** clearly before creating job descriptions.
- **Reduce unnecessary degree requirements** where a particular degree is not essential for performing the job.
- **Introduce practical skill assessments** during recruitment to evaluate candidates' actual capabilities.
- **Give greater importance to internships and work experience** when evaluating fresh graduates and early-career candidates.
- **Recognise alternative credentials**, such as professional certifications, online courses, boot camps and vocational training, where appropriate.

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1. **LinkedIn (2024).** *Future of Recruiting 2024.* Useful for discussing the growing importance of skills-based hiring. LinkedIn reported that **73% of recruiting professionals surveyed considered skills-based hiring a priority**. LinkedIn – Future of Recruiting 2024

2. Secondary data from reports, research publications, industry reports, and relevant employment and labour-market databases was also considered for the purpose of this study.