



Competences over Credentials: A Paradigm Shift in Organisational Hiring Practices

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ABSTRACT

For decades, academic degrees have been considered the primary benchmark of employability in global management. This paper critically examines the emerging global trend of moving away from hiring graduates based on academic degrees and towards a more skills-based approach, in which the competencies of the employee are valued over academic qualifications. The drivers of this shift, including the advancement of technology, the changing nature of the job role, and the shift towards hiring job-ready employees, are discussed, as well as the impacts of skills-based hiring on management practices such as recruitment and selection, performance management, and workforce training and culture. It also examines the benefits and challenges of skills-based hiring, including the ability to promote diversity and inclusivity and the need to ensure that skills are standardised and that biases are avoided in their assessment. It concludes that organizations need to reorient their talent acquisition models to accommodate the competence-based hiring approach and invest in learning and development initiatives to maintain a competitive advantage in a turbulent global business market.

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INTRODUCTION

In recent years, organisations around the world have begun to reconsider traditional hiring practices that primarily focus on educational qualifications and formal degrees. This has, in turn, given rise to the concept of skills-based hiring. This concept focuses on the skills, abilities, and talents of an individual. The traditional approach to hiring employees is the concept of **degree-based hiring**. This concept believes in the idea of employing those who have a particular educational degree. This approach often fails to recognize talented employees who have the skills but not the required academic qualifications.

Skills-based hiring, therefore, is the hiring process by which an individual is recruited based on their skills, experience, and capabilities to perform the duties of the job. Such a change has greatly impacted the hiring process, which is the process of attracting and recruiting the best and most suitable talent to fill the workforce needs of an organisation. Organisations have been embracing this hiring process to access the large and diverse talent pool, and at the same time, ensure that their employees have the practical capabilities to perform their duties in the ever-changing environment.

The transition from credentials to competencies also affects **organisational management**, which involves the planning, coordination, and supervision of resources—including human resources—to achieve organisational goals efficiently. The practice of skill-based hiring, therefore, makes organisations rethink their hiring and assessment strategies, as well as their workforce development strategies. It, therefore, makes the process of adopting skill-based hiring a change management process, which is a systematic approach to dealing with, managing, and preparing for change.



Figure 1: Skills-Based Hiring Framework

Source: A Study on Skills-Based Hiring and Workforce Transformation ,IJMM, Vol.14(1), Feb 2026



Therefore, it is important to note that the increased focus on competencies as opposed to credentials is a **major change in the hiring process in modern organisations**. This paradigm shift in hiring is not only important in the hiring process but also in the creation of a more competent, flexible, and diversified workforce. This is important for organisations that seek to remain competitive in the dynamic global labour market.

LITERATURE REVIEW

Bessen (2024) explored how digital transformation and artificial intelligence are significantly influencing modern hiring practices across industries. The study highlights that rapid advancements in technology are continuously changing the nature of job roles, requiring organizations to prioritize practical skills and adaptability among employees. Traditional hiring models that rely heavily on academic degrees are increasingly becoming inadequate in identifying candidates who can effectively perform in technology-driven environments. Bessen argues that skills-based hiring enables organizations to respond more efficiently to technological disruptions by focusing on the actual competencies and capabilities of candidates. Through the integration of digital tools, AI-powered recruitment platforms, and data-driven talent analytics, organizations can assess the practical skills, problem-solving abilities, and learning potential of candidates more accurately. The study further emphasizes that AI-based recruitment systems help organizations identify candidates who may not possess formal degrees but demonstrate strong technical or functional skills relevant to specific job roles. As technology continues to reshape industries, employees are required to continuously update their knowledge and develop new competencies. In this context, skill-based hiring not only improves recruitment efficiency but also supports workforce agility and innovation. The study concludes that organizations adopting skills-based recruitment practices are better positioned to build adaptable and future-ready workforces capable of navigating technological advancements and evolving business demands.

Korn Ferry Institute (2023) conducted an extensive study on global talent shortages and their impact on organizational performance and workforce planning. The research highlighted that many organizations across the world are facing significant challenges in finding qualified candidates who possess the necessary skills required for emerging job roles. This talent gap is largely driven by rapid technological change, evolving industry requirements, and the mismatch between traditional education systems and modern workplace expectations. The study suggests that adopting skills-based recruitment strategies can help organizations address these challenges more effectively. By focusing on competencies, practical knowledge, and real-world capabilities rather than strictly on academic qualifications, employers can access a broader and more diverse talent pool. The report also emphasizes the importance of reskilling and upskilling



initiatives within organizations to ensure that employees remain relevant in a rapidly evolving job market. Continuous learning programs, professional development opportunities, and skill enhancement initiatives are identified as essential strategies for building a resilient and future-ready workforce. Furthermore, the study highlights that organizations that invest in skills development and competency-based hiring are better able to adapt to market changes, improve employee engagement, and enhance overall productivity. The Korn Ferry Institute concludes that skills-based recruitment, combined with strong learning and development programs, is crucial for addressing the global talent shortage and sustaining long-term organizational growth.

Sahu, Datta, and Bhattacharya (2023) have carried out research to examine the implications of the application of skills-based hiring practices for the management of the workforce's talent and their mobility. The researchers concluded that the focus of the organisation on the skills of the employees rather than their educational qualifications enables the organisation to identify the hidden talent, flexibility, and mobility of the workforce.

In the study carried out by **Jani Kruti Rohitkumar (2024)**, the focus of the study is on skills-based hiring and workforce transformation in relation to the concept of digitalization and artificial intelligence. The focus of the study is on the fact that today's organisations are increasingly relying on competency-based hiring to meet the changing needs of the workforce in terms of their skills to achieve agility in the organisation.

In their study on the impact of AI on the recruitment process and the encouragement of skills-based recruitment, **Llauró (2023)** found that AI tools and technology are encouraging employers to consider skills-based recruitment as opposed to degree-based recruitment. This implies that AI can be used to enhance talent acquisition by identifying the appropriate talent based on their skills rather than their academic qualifications.

Jooss, Collings, and McMackin et al. (2024) investigated the shift from degree-based recruitment to skill-based recruitment in various organisations. Their study revealed that when an organisation focuses on the skills of their employees, it becomes easier to ensure that they are deploying the right people in the right places.

Deepa, Sekar, Malik, and Kumar et al. (2024) investigated how AI is impacting recruitment in various firms. Their study revealed that through the use of AI in recruitment, it becomes easier for an organisation to recruit candidates based on their skills and competencies.



Thangararaj and Maharudrappa et al. (2024) investigated the impact of AI-based HR systems in modern firms. Their study revealed that through the use of technology in managing human resources, it becomes easier to ensure skill mapping, skill-based recruitment, and employee development in various firms.

Tambe's (2025) research was conducted to explore the reskilling needs that can improve the successful implementation of AI within an organisation. The findings of the research indicated that AI implementation requires technical as well as domain-specific skills among employees.

Smith (2024) researched the role of predictive analytics in skills-based workforce planning. The study revealed the significance of data-driven skill planning in enhancing workforce readiness and strategic HR decisions.

Thapa (2024) researched the development of employability skills through work-based learning. The study revealed the significance of work-based learning in the development of skills and workforce readiness.

Gonzalez Ehlinger and Stephany (2023) conducted a study on the hiring trends of skills-based hiring in the AI and green job industries. According to the study, skills-based hiring is more inclusive and appropriate for the future labor market than the conventional degree-based hiring approach.

RESEARCH OBJECTIVES

1. To conduct a study on how modern organisations are adapting recruitment strategies to incorporate "competencies" instead of "degrees" in employee recruitment.
2. To conduct a study on the change from "degree-based recruitment" to "competence-based recruitment" in modern organisations.
3. To conduct an analysis on the significance of "skills" and "competencies" in recruitment practices in modern organisations.
4. To conduct an evaluation on the impact of "skills-based recruitment" on talent management and efficiency in modern organisations.
5. To conduct an evaluation on the advantages and disadvantages of "competence-based recruitment" in modern organisations.



RESEARCH METHODOLOGY

This study is based on descriptive and exploratory research design as the aim of the study is to comprehend the change from degree-based hiring to competence-based hiring in organisations. The study primarily depends on secondary data collection, which is collected from various sources such as research papers, journals, articles, reports, etc.

The basis of this study is based on the qualitative approach to understand the existing literature on skills-based hiring, talent hiring, and hiring in organisations. The literature has been reviewed to understand the trends, benefits, and challenges associated with skills-based hiring.

The data collection method adopted by the researcher includes the review of existing literature from credible sources such as reports and published papers by academics. The collected data was then examined using content analysis, where the key trends related to skills-based hiring were identified.

The study is based on the understanding of the changing hiring trends in organisations, specifically focusing on the change from competencies to credentials. The study is based on secondary data collection; therefore, the study may face limitations related to the availability of data.

KEY FINDINGS AND DISCUSSION

The review of the literature clearly indicates that there is a major shift in the hiring practices of organisations from traditional degree-based hiring to competence-based hiring. The major reason for the shift in hiring practices is the rapid technological advancements, digitalisation, and changing job roles. Organisations are now realising that qualifications are not enough to assess the actual potential and performance of an individual in real-life situations.

This change also highlights the changing mindset in organisations, as now recruiters are more interested in assessing what an individual can do rather than what degree an individual holds. This change in mindset in recruiters is making hiring practices more flexible and inclusive.

Key Findings:

The Growing Importance of Skills-Based Hiring: Organisations have started to focus on the skills, competencies, and practical knowledge of candidates over their academic qualifications.



Wider Talent Pool and Inclusivity: Relaxing the need for academic qualifications would enable organisations to tap into new talent pools, including those from non-traditional backgrounds who possess relevant skills.

Improved Talent Acquisition Efficiency: Recruitment would become more efficient for organisations as they would be able to hire candidates who are better suited for jobs.

Facilitating Enhanced Internal Mobility and Career Progression: The employees get the opportunity to change their jobs according to their skills, thus increasing their satisfaction levels.

Reduction in Hiring Bias (Potential Benefits): Emphasis on skills rather than qualifications helps to minimize hiring bias based on factors like education, age, or social status.

Encouragement of Continuous Learning: Skills-based hiring also promotes a culture of continuous learning and upskilling within the organisation.

Role of Technology and AI in Hiring: Technology and AI have revolutionized hiring processes by ensuring efficient hiring processes, skill assessment, and decision-making.

Challenges in Implementation: There are various challenges in the implementation of technology and AI in hiring, such as lack of standardized skill assessment, change management, overdependence on technology, and ethical issues with technology and AI use.

DISCUSSION:

The findings clearly show that there is a change from "credentials to competencies" in hiring, and this is a very important and positive change in hiring in an organisation. This is a very effective hiring strategy, which makes hiring more effective by matching job roles with employee skills. This hiring strategy also makes an organisation more flexible, and this is very important in today's fast-changing business scenario.

Moreover, this hiring strategy is very effective in internal talent management, where an employee is given an opportunity to grow and progress in an organisation based on his or her skills, and this reduces dependency on external hiring, leading to a stable workforce in an organisation.

However, in order to implement technology and AI in hiring, it is important that organisations adopt various change management strategies, conduct training and development programs, and focus on the ethical use of technology and AI in hiring processes. It is also important to focus on transparent skill assessment to avoid any kind of bias in hiring processes.



Competence-based hiring is an important strategy for an organisation to build a future-ready workforce, which is adaptable, inclusive, and future-ready, and this is possible by focusing on competence-based hiring processes.

CONCLUSION:

The study highlights the significant transformation taking place in modern recruitment practices, where organizations are gradually shifting from traditional degree-based hiring to a more practical and flexible skills-based hiring approach. In the past, academic qualifications and formal degrees were considered the primary indicators of a candidate's capability and employability. However, the evolving nature of the global labour market, rapid technological advancements, digital transformation, and changing job roles have compelled organizations to rethink these conventional hiring standards. As a result, employers are now placing greater emphasis on the skills, competencies, and practical abilities of candidates rather than relying solely on academic credentials.

The findings of the study clearly indicate that skills-based hiring enables organizations to access a wider and more diverse talent pool. By removing strict degree requirements, employers can identify capable individuals who may have acquired skills through practical experience, training programs, or alternative learning platforms. This approach promotes inclusivity and equal opportunities, especially for individuals from non-traditional educational backgrounds who possess the necessary competencies to perform job roles effectively. Furthermore, skills-based recruitment improves the overall efficiency of the hiring process by ensuring that candidates are selected based on their ability to perform tasks and contribute to organizational goals.

Another important implication of skills-based hiring is its positive impact on talent management and workforce development. Organizations that prioritize competencies are more likely to encourage continuous learning, upskilling, and professional development among employees. This creates a culture of adaptability and innovation, which is essential in today's dynamic and competitive business environment. Additionally, competence-based hiring facilitates better internal mobility and career progression, as employees can move across roles based on their skills and capabilities rather than their academic qualifications alone.

The study also highlights the crucial role of technology and artificial intelligence (AI) in enabling this transformation. Modern recruitment tools and AI-driven systems help organizations assess skills more accurately, analyze large volumes of candidate data, and identify suitable talent efficiently. These technological advancements support the development of more objective and data-driven recruitment



practices. However, despite these advantages, the adoption of skills-based hiring also presents certain challenges. Issues such as the lack of standardized skill assessment frameworks, potential algorithmic bias, overdependence on technology, and the need for effective change management must be carefully addressed by organizations.

Therefore, it is essential for organizations to develop transparent and structured methods of evaluating candidate skills and competencies. Employers must also invest in employee training, reskilling, and development initiatives to ensure that their workforce remains relevant and competitive in the rapidly changing job market. Moreover, organizations should adopt ethical and responsible use of technology in recruitment to maintain fairness and reduce bias in hiring decisions.

In conclusion, the shift from degree-based recruitment to competence-based recruitment represents a major paradigm change in modern organizational management. Skills-based hiring not only enhances the effectiveness of recruitment but also contributes to building a more diverse, inclusive, and future-ready workforce. Organizations that successfully integrate this approach into their talent acquisition strategies will be better positioned to adapt to evolving business challenges and maintain long-term competitiveness in the global marketplace.

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