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Skill-Based Hiring Vs. Degree-Based Hiring: A Strategic Shift In Indian Recruitment Practices

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Abstract

The traditional reliance on academic degrees as a primary hiring criterion is undergoing a significant transformation in India. This research investigates the growing preference for skill-based hiring over degree-based recruitment, particularly in dynamic sectors like technology, digital marketing, and startups. Using a mixed-methods approach that includes survey data from 75 HR professionals and recruitment decision-makers, the study highlights key differences in outcomes between the two hiring models. The findings show that skill-based hiring improves job readiness, enhances cultural fit, and increases employee retention. Despite its advantages, the model faces challenges such as lack of standardized assessment tools and management resistance. The study recommends a hybrid hiring framework supported by validated skill assessments and improved recruiter training. It concludes by calling for closer collaboration between academia and industry to develop a future-ready workforce.

Keywords:

Skill-Based Hiring, Degree-Based Hiring, Indian Job Market, Recruitment Trends, HR Practices

1. Introduction

The Indian job market is evolving rapidly, driven by technological advances, startup ecosystems, and shifting economic priorities. Traditionally, educational degrees have served as the primary screening tool for employers. However, recent trends show a shift in focus toward demonstrated skills and practical experience. Degree-based hiring often overlooks real-world competencies, leading to longer onboarding times and lower productivity in fast-paced industries.

Reports like the India Skills Report (2024) reveal that nearly 45% of Indian graduates are considered unemployable due to skill mismatches. Employers in sectors such as information technology (IT), digital marketing, BFSI, and consulting are increasingly seeking candidates with specific skill sets, industry-recognized certifications, and proven project experience. This shift reflects broader changes in the global economy, where agility, innovation, and problem-solving are prioritized over academic pedigrees (LinkedIn Talent Solutions, 2023).

This research paper explores this strategic shift, comparing the outcomes of skill-based versus degree-based hiring in terms of job readiness, retention, and organizational fit.

2. Methodology

A descriptive research design supported by exploratory elements was used to understand current hiring practices. The study employed a structured online questionnaire targeting 75 HR professionals, hiring managers, and recruitment specialists across diverse sectors such as IT, Digital Marketing, BFSI, Education, and Consulting.

The sampling method was purposive, selecting participants actively involved in hiring decisions. The questionnaire included a combination of Likert-scale, multiple-choice, and open-ended questions, covering aspects like hiring preferences, onboarding timelines, retention trends, and recruitment challenges.

Data was analysed using Microsoft Excel. Descriptive statistics and comparative analysis were employed to derive patterns, draw insights, and inform the conclusions.

3. Results and Discussion

3.1 Hiring Priorities

A majority of respondents (58%) indicated a preference for hiring based on skillsets and certifications, compared to 14% who favored educational qualifications. An additional 28% prioritized relevant work experience. The data suggests that employers are increasingly valuing practical, job-relevant capabilities over academic credentials.

3.2 Time-to-Productivity

When asked about how quickly new hires become productive, 72% of respondents stated that skill-based hires typically contribute within one month. In contrast, degree-based hires took between 1 to 3 months to reach productivity benchmarks. This finding underscores the value of practical skills in reducing onboarding time and training costs.

3.3 Retention and Cultural Fit

About 61% of HR professionals observed that skill-based hires adapted better culturally and exhibited longer retention, especially in tech companies and startups. Only 22% favored degree-based hires in this regard, while 17% reported no significant difference. This highlights how real-world experience may contribute to better workplace integration.

3.4 Hiring Challenges

Despite the advantages of skill-first hiring, several implementation challenges were reported:

- Lack of standardized tools to assess technical and soft skills (35%)
- Resistance from senior management used to traditional hiring models (22%)
- Difficulty verifying claimed competencies, particularly in freelancing and project-based candidates (14%)
- Difficulty in evaluating soft skills objectively (19%)
- Candidate dishonesty in resumes or project claims (10%)

3.5 Strategic Implications

Skill-first hiring aligns with modern HR goals like innovation, agility, and performance-oriented culture. However, sectors with strict regulatory frameworks (e.g., law, medicine) continue to depend on degrees. A hybrid approach that combines formal education with validated skill assessments is emerging as a balanced and strategic solution.

4. Conclusion and Recommendations

The findings of this research clearly indicate a strategic shift in Indian recruitment practices. Skill-based hiring is gaining momentum, particularly in high-growth and innovation-driven industries. While academic qualifications still have relevance, especially in regulated fields, the shift toward skill-first hiring is seen as essential to meet modern workplace demands.

Recommendations for Employers:

1. **Adopt Competency-Based Job Descriptions:** Clearly define job roles in terms of measurable outcomes and required skills.
2. **Use Practical Assessment Tools:** Implement project-based tasks, simulations, and real-world problem-solving exercises to assess skills.
3. **Upskill Recruiters:** Train HR teams to identify and evaluate non-traditional talent using behaviour-based interviews and portfolio reviews.
4. **Implement Hybrid Hiring Models:** Combine educational qualifications and skills based on role specificity and industry requirements.
5. **Partner with Skill Development Platforms:** Engage with organizations like NSDC, Coursera, and NASSCOM's Future Skills Prime to source verified, skill-certified candidates.
6. **Diversify Talent Pipelines:** Explore alternate sources such as bootcamps, vocational training institutes, and freelance talent networks.

Suggestions for Future Research:

- Conduct longitudinal studies comparing the performance and retention of skill-based vs. degree-based hires.
- Perform sector-specific studies, especially in healthcare, legal, and public services.
- Explore the integration of AI and machine learning in automated skill evaluation systems.
- Compare recruitment models across Tier I and Tier II cities to understand regional dynamics.
- By moving toward a skill-centric hiring paradigm, Indian companies can create more inclusive, adaptive, and productive workplaces.

5. References

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