SKILLS-BASED HIRING VS. DEGREE-BASED HIRING: A COMPARATIVE STUDY BASED IN HARYANA

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ABSTRACT:
Purpose: The study explores the comparative return on investment of skill-based hiring and degree-based hiring in various kinds of industries.
Methodology: In this study, we used both primary data (a structured questionnaire plus oral investigation) and secondary data (various journals and reports). Our primary data is based on 30 respondents from different working sectors in Haryana (India). We used a mixed approach of survey analysis, content analysis and comparative analysis.
Findings: This study finds that most companies now prefer skill-based hiring over degree-based hiring. However, in some cases where a degree is mandatory by law, degree-based hiring wins. For example, to work as a professor, one requires a degree; teaching skills alone are not enough for this role. At the same time, we found that the skill-based hiring system is preferable in the IT and digital media sectors.
Practical Implications: This study is helpful for prospective employees to understand the actual requirements of employers, and for employers or organizations to improve their recruitment strategies.
Originality/Value: The study provides insight into the booming era of skill-based hiring alongside degree-based hiring to help understand modern recruitment strategy. It also offers recommendations for entrepreneurs to prepare the right recruitment strategy for retaining the right employees.
Keywords: Skill-Based Hiring, Recruitment Strategy, Degree-Based Hiring
JEL Classification Codes: J40, M5, M51
INTRODUCTION: Nowadays, skill-based hiring is at its peak; from start-ups to big businesses, almost everyone wants to hire skilled people for their organization. Skill-based hiring means recruiting a person who has the skills to do a specific job but does not necessarily have a degree or certificate from a recognized educational institution. Degree-based hiring is the traditional way of hiring, where the recruitment process is based entirely on degrees and certificates. In today's world, the younger generation wants to build skills that will lead to a good job, and most employers believe they should look at skills rather than degrees when hiring. The recruitment process is evolving with the growing concept of skill-based hiring.
Traditional Hiring System: It was based only on a degree-based recruitment strategy, whereas modern recruitment strategy is based on both degree-based hiring and skill-based hiring.
***Modern Hiring System*:** The modern hiring system is not based only on a degree-based recruitment strategy; rather, it is a perfect mix of degree-based hiring and skill-based hiring.
Nowadays, entrepreneurs want to understand the requirements of the work and of employees in order to maximize returns and retention. That is why they are using the modern hiring system approach.

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LITERATURE REVIEW:

Fuller, J., Langer, C., & Sigelman, M. (2022): They stated that employers are now resetting degree requirements for many types of roles. They mainly discussed two kinds of resets: structural resets and cyclical resets. Structural resets relate to the job applicant selection process, while cyclical resets relate only to emergency-time adjustments.

Goel, S., Kovács-Ondrejkovic, O., Vankudre, R., Bingham, S., & Nitschke, J. (2023): They described the growth of skill-based hiring as the "death of the degree": because employees must constantly upskill and reskill due to fast technological progress, a static college degree becomes less useful.

RESEARCH OBJECTIVES:

1. To learn about skill-based hiring
2. To understand modern recruitment strategy
3. To compare skill-based and degree-based hiring

RESEARCH METHODOLOGY:

Research Design: This study used a descriptive research approach to analyze the relationship between skill-based hiring and degree-based hiring. The study provides a brief insight into skill-based hiring for HR professionals, organizations and employers.

Data Collection: We used a structured questionnaire to collect the data. The questionnaire was prepared to collect information about the preferred hiring approach, knowledge of skill-based hiring, training requirements, employee retention, advantages of skill-based hiring and some related facts.

Sample Size: Our data is based on 300 respondents, who mainly come from the educational and IT industries.

***Sampling Technique*:** We used convenience sampling due to the accessibility and availability of respondents.

Data Analysis: Statistical methods such as frequency distribution and percentage analysis were used to arrange, categorize, and analyze the data. The results are displayed as tables to make it easier to analyze and compare the responses. We used the following analyses:

1. ***Survey Analysis*:** We used different statistical methods to analyze the preference for skill-based and degree-based recruitment.
2. ***Comparative Analysis*:** We used this to compare different aspects of skill-based hiring and degree-based hiring.

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Table 1: *Demographic Details of Respondents*

Age	Response	% of Response	Gender	Response	% of Response
20-25	90	30	Male	120	40
25-35	150	50	Female	180	60
Above 35	60	20	Other	0	0
Organization	**Response**	**% of Response**	**Experience**	**Response**	**% of Response**
Educational	180	60	0-4 Years	80	26.67
IT	90	30	4-8 Years	200	66.67
Digital Marketing	30	10	Above 8 Years	20	6.67

Interpretation: Most of our respondents are young (below 35 years) and work in the educational sector, and almost 67% have between 4 and 8 years of experience.

Table 2: *Knowledge About Concept of Skills-Based Hiring*

Particular	Response	% of Response
Yes	260	86.67
No	40	13.33

Interpretation: In our survey, we found that approximately 87% of our respondents are familiar with the skill-based hiring system. 13.37% of our respondents said that they are not very clear about the concept of skill-based hiring and do not know much about it.

Table 3: *Importance of Degrees During Recruitment*

Particular	Response	% of Response
Always	90	30
Sometimes	120	40
Rarely	50	16.67
Never	40	13.33

Interpretation: Almost 30% of respondents said that degrees are always important for getting hired in their institution, and 40% of our respondents said that degrees are sometimes considered. 4% said that no degree is important for their job.

Table 4: *Preferred Hiring Approach*

Particular	Response	% of Response
Skill-Based	40	13.33
Degree-Based	90	30
Combined	120	40
Not sure	50	16.67

Interpretation: 40% of respondents said their organization uses both skill-based and degree-based hiring. Only 13.33% of respondents said that their organization uses only skill-based hiring. The organizations of 30% of respondents use only degree-based hiring, and 16% were not clear about this policy of their organization.

Table 5: *Most Important Factor for Job Performance*

Particular	Response	% of Response
Practical skills	150	50
Educational qualification	60	20
Work experience	40	13.33
Communication	50	16.67

Interpretation: 50% of respondents said that practical skills are the most important factor for job performance, while almost 20% think that educational qualification is an important factor for better

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job performance. 13.33% said that work experience is more important, and 16.67% of respondents think that communication skill is the most important factor for job performance.

Table 6: *Kind of Employees Who Require Less Training*

Particular	Response	% of Response
Skill-based hires	135	45
Degree-based hires	72	24
Both equally	15	5
Cannot be determined	78	26

Interpretation: Almost 45% of respondents said that skill-based hires generally require less training compared to others; only 5% of respondents said that degree-based hires and skill-based hires both need the same amount of training; 24% of respondents said that degree-based hires require less training than skill-based hires; and 26% of respondents could not decide about training requirements based on the hiring system.

Table 7: *Skilled Employees Adapt to Job Responsibilities Faster*

Particular	Response	% of Response
Strongly Agree	57	19
Agree	111	37
Neutral	48	16
Disagree	54	18
Strongly Disagree	30	10

Interpretation: The study found that 37% of respondents agreed and 19% strongly agreed that skilled employees adapt to job responsibilities faster, 16% were neutral about this, almost 18% disagreed and 10% strongly disagreed with this statement.

Table 8: *Degree Impacts Workplace Performance*

Particular	Response	% of Response
Strongly Agree	36	12
Agree	78	26
Neutral	75	25
Disagree	90	30
Strongly Disagree	21	7

***Interpretation*:** 30% of respondents disagreed and 7% strongly disagreed with the statement that a degree impacts workplace performance. 25% were neutral about this. 26% agreed and 12% strongly agreed that a degree impacts workplace performance**.**

Table 9*: Employee Retention Based on Hiring Approach*

Particular	Response	% of Response
Skill-based hires	105	35
Degree-based hires	99	33
Both equally	57	19
Cannot be determined	39	13

Interpretation: 35% of respondents believe that skill-based hires stay longer with the same organization, whereas 33% were in favor of degree-based hires, and 19% of respondents said that both kinds of employees have the same retention ratio. However, 13% said that retention cannot be determined by the hiring system used for recruitment.

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Table 10: *Shifting Toward Skills-Based Hiring*

Particular	Response	% of Response
Strongly Agree	105	35
Agree	90	30
Neutral	24	8
Disagree	54	18
Strongly Disagree	27	9

Interpretation: 35% of respondents strongly agreed that the recruitment approach is now changing and shifting towards skill-based hiring. 30% agreed and 8% were neutral. However, 18% of respondents disagreed and 9% strongly disagreed that recruitment is shifting towards skill-based hiring**.**

Table 11: *Advantage of Skills-Based Hiring*

Particular	Response	% of Response
Better productivity	57	19
Lower hiring cost	15	5
Faster adaptability	75	25
Practical knowledge	153	51

Interpretation: 51% of respondents said that the key advantage of skill-based hiring is practical knowledge of the actual work, whereas 25% think that faster adaptability is more important, 19% said that skill-based hires show better productivity and only 5% said that skill-based hires have a lower hiring cost.

SCOPE OF FURTHER STUDY:

The study mainly focuses on the comparison of skill-based hiring and degree-based hiring from the point of view of the recruitment system, based only in Haryana. Researchers may extend the study with a wider perspective by covering larger areas and more industries.

Researchers may add more factors that affect the recruitment process in modern times, such as artificial intelligence, machine learning, digital media and so on.

As recruitment strategies and the technological environment are continuously changing, further studies can add these dynamic factors to the research.

CONCLUSION: This study finds that most companies now prefer skill-based hiring over degree-based hiring. However, in some cases where a degree is mandatory by law, degree-based hiring wins. For example, to work as a professor, one requires a degree; teaching skills alone are not enough for this role. At the same time, we found that the skill-based hiring system is preferable in the IT and digital media sectors.

We found that skill-based hires show better work performance and adapt to new work faster; we also found that a degree has less impact on work performance. So, in the end, we can say that today's businesses mostly prefer a skilled person over a person who has a degree. However, the recruitment strategy depends on what kind of organization you are working with and what type of work you need done; the modern hiring system is more practical and in demand.

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