

Redefining Recruitment in the it Sector: A Comparative Study of Skill-Based and Degree-Based Hiring Practices

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ABSTRACT

The recruitment landscape in the Information Technology (IT) sector has undergone a major transformation due to rapid technological advancements, digitalization, and changing workforce expectations. Traditional degree-based hiring methods are increasingly being challenged by skill-based recruitment practices that prioritize practical competencies, technical expertise, and job readiness. This study aims to compare skill-based and degree-based hiring approaches in the IT sector and evaluate their impact on employee performance, recruitment effectiveness, and future workforce development.

The research adopted a descriptive and analytical research design using both primary and secondary data. Primary data was collected from 100 respondents including IT professionals, students, job seekers, and HR professionals through a structured questionnaire. Statistical tools such as percentage analysis, Chi-square analysis, and correlation analysis were used for interpretation.

The findings reveal that a majority of respondents strongly support skill-based hiring practices. Around 60% of respondents stated that skill-based hiring is predominantly adopted within their organizations, while 70% believed that skill-based hires demonstrate superior workplace performance. Correlation analysis also indicated a strong positive relationship between skill-based hiring and employee performance. The study further identified that organizations are increasingly using structured assessments such as coding tests, project evaluations, and case analyses during recruitment.

The research concludes that skill-based hiring is becoming the preferred recruitment approach in the IT sector because it improves employee productivity, job readiness, and organizational efficiency. However, the study also suggests that a hybrid model combining both educational qualifications and practical skills may provide balanced recruitment outcomes. The study recommends that organizations, educational institutions, and job seekers focus more on continuous learning, skill development, and industry-oriented training to meet future workforce requirements.

Keywords

Skill-Based Hiring, Degree-Based Hiring, IT Sector Recruitment, Employee Performance, Recruitment Practices, Workforce Development, Competency-Based Hiring, Talent Acquisition.

1. INTRODUCTION

Recruitment is one of the most important functions of Human Resource Management because organizational success largely depends on selecting suitable employees. Traditionally, organizations relied heavily on degree-based hiring practices where academic qualifications and educational credentials were considered primary indicators of candidate capability. However, the modern IT sector is experiencing rapid technological advancements that demand practical knowledge, technical competencies, adaptability, and problem-solving abilities.

In recent years, organizations have increasingly shifted toward skill-based hiring practices. Skill-based hiring focuses on evaluating candidates based on their practical abilities, certifications, project experience, technical expertise, and workplace readiness rather than relying solely on formal degrees. Companies now conduct coding tests, case analyses, simulations, and project-based evaluations to assess candidate competencies effectively.

The IT industry particularly emphasizes skill-oriented recruitment because technological roles require continuous learning and practical application of knowledge. Employers seek professionals who can immediately contribute to organizational productivity and adapt to evolving technologies. As a result, many organizations are reconsidering the effectiveness of traditional degree-based hiring methods.

This study focuses on comparing skill-based and degree-based hiring practices in the IT sector. It examines recruitment preferences, workplace performance, and the effectiveness of modern recruitment strategies. The research also explores whether skill-based hiring improves organizational efficiency and employee productivity.

2. OBJECTIVES OF THE STUDY

1. To understand the concept and importance of skill-based and degree-based hiring practices in the IT sector.
2. To compare the effectiveness of skill-based hiring and degree-based hiring in identifying job-ready candidates.
3. To analyze the relationship between skill-based hiring and employee performance in the IT industry.

3. REVIEW OF LITERATURE

Recent studies indicate a major transformation in recruitment practices across the IT industry. Organizations are increasingly shifting from traditional hiring methods toward competency-based recruitment systems.

A study by KPMG (2024) reported that digital hiring platforms and artificial intelligence tools are improving recruitment efficiency by identifying candidates based on practical competencies and technical skills. Similarly, the Google Career Certificates Report (2023) highlighted that many IT jobs no longer require traditional four-year degrees and that industry certifications and practical training are becoming more valuable.

Microsoft Work Trend Index (2024) emphasized that organizations now prioritize adaptability, digital literacy, teamwork, and critical thinking skills. Harvard Business Review (2023) discussed the growing concept of “skills-first hiring,” where employers remove unnecessary degree requirements to improve workforce diversity and address talent shortages.

The Burning Glass Institute (2023) found that employers increasingly prefer candidates with practical experience and competency-based assessments over formal degrees. OECD (2024) further explained that skill-based hiring improves labor market efficiency and supports workforce adaptability.

Glassdoor Economic Research (2023) identified that organizations practicing skill-based hiring experience higher employee retention and job satisfaction. ManpowerGroup (2024) also highlighted that skill shortages remain a major challenge and that skill-based recruitment is essential for improving organizational productivity.

Overall, the literature review indicates that practical skills, technical expertise, and workplace competencies are becoming more important than formal educational qualifications in modern recruitment practices.

4. RESEARCH METHODOLOGY

4.1 Research Design

The study adopted both descriptive and analytical research designs.

4.2 Sources of Data

- Primary Data: Structured questionnaire
- Secondary Data: Journals, books, industry reports, and websites

4.3 Sampling Technique

Simple Random Sampling method was used.

4.4 Sample Size

The sample size consists of 100 respondents.

4.5 Statistical Tools Used

- Percentage Analysis
- Chi-Square Test
- Correlation Analysis
- Graphical Representation

5. DATA ANALYSIS AND INTERPRETATION

OBJECTIVE 1:

To understand the concept and importance of skill-based and degree-based hiring practices.

Table 5.1 Recruitment Approach Predominantly Used

Recruitment Approach	Respondents	Percentage
Skill-Based Hiring	60	60%
Degree-Based Hiring	18	18%
Hybrid Approach	22	22%
Total	100	100%

Interpretation

The table shows that 60% of respondents stated that skill-based hiring is predominantly used in their organizations. Only 18% preferred degree-based hiring, while 22% supported a hybrid model. This indicates that modern organizations increasingly prioritize practical competencies over formal educational qualifications.

OBJECTIVE 2:

To compare the effectiveness of skill-based hiring and degree-based hiring in identifying job-ready candidates.

Table 5.2 Most Effective Hiring Approach

Hiring Approach	Respondents Percentage	
Skill-Based Hiring	50	50%
Degree-Based Hiring	20	20%
Both are Equally Effective	30	30%
Total	100	100%

Interpretation

The table reveals that 50% of respondents consider skill-based hiring as the most effective approach for identifying job-ready candidates. Around 30% support a balanced approach combining skills and educational qualifications. The findings indicate that practical competencies play a major role in determining candidate readiness for workplace responsibilities.

OBJECTIVE 3:

To analyze the relationship between skill-based hiring and employee performance.

Table 5.3 Correlation Analysis

Variables	Correlation Value
Skill-Based Hiring & Employee Performance	0.764

Interpretation

The correlation value of 0.764 indicates a strong positive relationship between skill-based hiring and employee performance. This suggests that organizations adopting competency-based recruitment practices experience better workforce productivity, improved job performance, and higher organizational efficiency.

6. FINDINGS OF THE STUDY

- Majority of respondents belong to the age group of 21–25 years.
- Skill-based hiring is predominantly adopted within IT organizations.
- Most respondents believe practical skills are more important than formal qualifications.
- Skill-based hires are perceived to perform better in workplace environments.
- Structured assessments such as coding tests and project evaluations are increasingly used.
- Correlation analysis identified a strong positive relationship between skill-based hiring and employee performance.
- Organizations expect skill-based hiring to dominate future recruitment practices in the IT sector.

7. SUGGESTIONS

Suggestions for Organizations

- Adopt competency-based recruitment practices.
- Conduct coding tests, simulations, and project-based evaluations.
- Encourage employee upskilling and continuous learning.
- Develop hybrid recruitment models balancing skills and education.

Suggestions for Educational Institutions

- Focus more on practical training and internships.
- Collaborate with industries for skill certification programs.
- Improve employability and communication training.

Suggestions for Job Seekers

- Develop technical and practical competencies.
- Build portfolios and project-based experience.
- Participate in online certification programs and internships.

8. CONCLUSION

The study concludes that skill-based hiring practices are becoming increasingly important in the IT sector. Organizations are gradually moving away from traditional degree-focused recruitment and adopting competency-based hiring strategies that prioritize practical abilities, technical expertise, and job readiness.

The findings clearly indicate that skill-based hiring improves employee performance, productivity, and workplace effectiveness. Although academic qualifications remain important for theoretical understanding, practical competencies are now considered essential for success in modern organizations.

The future of recruitment in the IT sector is expected to be dominated by skill-based or hybrid hiring models. Therefore, organizations, educational institutions, and job seekers must focus on continuous learning, technical competency development, and practical exposure to remain competitive in the evolving digital economy.

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