GUIDELINE REPORT

Skills-Based Hiring

Skills-based hiring is a recruitment approach that evaluates candidates on what they can demonstrably do their competencies, capabilities, and potential rather than relying on proxies like university degrees, job titles, or years of tenure. It is one of the fastest-moving shifts in talent acquisition: most employers now say they use some form of skills-based hiring, and a growing share are removing degree requirements from job postings entirely.

TalentCo operationalise this shift by building candidate profiles around verified, transferable skills rather than resumes, using AI-assisted matching on skills, values, and culture fit, and surfacing upskilling pathways so candidates can close gaps before they apply. For employers, adopting this approach is not simply a sourcing tweak it touches job design, interview process, assessment tools, legal/compliance review, and onboarding.

This report explains what skills-based hiring means in practice, summarises the evidence for and against it, and sets out a practical guideline for businesses that want to adopt it responsibly.

1. What Skills-Based Hiring Means

At its core, skills-based hiring replaces credential screening with capability screening. Instead of asking “does this candidate have a relevant degree and X years of experience?”, the employer asks “can this candidate demonstrate the specific skills the role actually requires?” Those skills can be technical (e.g. financial modelling, coding in a specific language) or durable/enterprise skills (communication, problem-solving, digital literacy, teamwork).

How TalentCo applies this

TalentCo positions itself as a platform for “connecting purpose-driven professionals with jobs of the future,” and builds its matching model explicitly around skills rather than resumes. In practice this means:

- **Skills-based profiles —** candidate profiles are built around transferable skills and demonstrated potential, not just past job titles, so people can be considered for roles their resume alone wouldn't signal.
- **AI-powered, skills-first matching —** candidates are matched to roles based on skills, values, and culture fit rather than keyword matching against a job ad.
- **Human-in-the-loop review —** automation filters and surfaces high-quality matches, while recruiters focus their time on substantive conversations rather than administrative screening.
- **Built-in upskilling pathways —** candidates can be pointed toward closing specific skill gaps before they apply, so what an employer sees reflects current, real capability rather than a static claim.

- **Bias-reduction by design —** de-emphasising credentials and pedigree is intended to reduce the influence of factors correlated with socioeconomic background, school prestige, or career gaps, rather than job-relevant ability.

This is consistent with the broader industry definition: skills-based hiring generally involves specifying the competencies a role requires up front, testing or verifying those competencies directly (via assessments, work samples, or structured interviews), and using the results rather than a degree or job title as the primary hiring signal.

2. What This Means for Employers

Adopting skills-based hiring is a change to how roles are defined and assessed, not just a change to where candidates are sourced. For employers, it typically means:

1. **Redefining the job before the person.** Roles need to be broken down into the specific skills required to perform them well, separating skills a candidate must already have from skills that can be taught on the job.
2. **Rewriting job descriptions and ads.** Degree requirements are removed where they are not a genuine occupational or legal requirement, and postings emphasise responsibilities and required competencies over generic qualifications.
3. **Changing how candidates are assessed.** Resume screening is supplemented or replaced with structured skills assessments, work-sample tests, job simulations, and behaviourally anchored interviews.
4. **Widening the sourcing funnel.** Candidates from non-traditional pathways vocational training, apprenticeships, self-taught practitioners, career changers become visible and comparable to candidates with traditional pedigrees.
5. **Investing in verification and platforms.** Because “skills” must be demonstrated rather than claimed, employers increasingly rely on assessment vendors and platforms (such as TalentCo) to verify and standardise how skills are captured and matched.
6. **Extending the approach into onboarding and mobility.** Skills frameworks used in hiring are increasingly reused for internal mobility, promotion, and targeted upskilling turning a hiring initiative into a broader workforce strategy.

3. Benefits for Businesses

- **Larger, more diverse talent pool.** Removing unnecessary degree and pedigree filters opens the role to capable candidates who were previously screened out, improving access for underrepresented and non-traditional candidates.
- **Stronger predictive accuracy.** Direct skills evidence correlates more strongly with job performance than degrees or years of experience, reducing costly mis-hires.

- **Lower turnover and training cost.** Organisations report meaningfully lower early attrition and reduced onboarding/training time when hires are matched on demonstrated capability rather than credentials alone.
- **Faster, cheaper hiring at scale.** Structured skills screening can reduce time-to-hire and cost-per-hire by focusing recruiter effort on genuinely qualified candidates rather than manually filtering resumes.
- **Better fit for fast-changing roles.** As required skills shift faster than degree curricula, a skills lens keeps hiring criteria current rather than anchored to outdated qualification norms.
- **A foundation for internal mobility.** A skills taxonomy built for hiring can be reused to identify internal candidates for new roles, redeployment, or reskilling extending the value beyond recruitment.

4. Considerations, Risks, and Common Pitfalls

Skills-based hiring is not a plug-and-play switch, and businesses should go in aware of the following:

- **Upfront investment in job profiling.** Properly defining the skills a role requires (rather than reusing an old job description) takes time and, if outsourced, can cost several thousand dollars per role.
- **Assessment design and fairness.** Poorly designed skills tests can introduce new forms of bias or fail legal defensibility standards; assessments should be validated against actual job performance, not assumed to be neutral.
- **"Say-do" gap in job postings.** Many organisations state a skills-first policy while their job ads and applicant tracking systems still auto-filter on degree fields audit systems and postings, not just policy documents.
- **Manager and interviewer readiness.** Hiring managers accustomed to credential shorthand need training in structured, skills-based interviewing and in resisting pedigree bias during panel discussions.
- **Candidate experience and transparency.** Skills assessments add time and steps for candidates; where AI is used to score or match candidates, most job seekers expect clear disclosure of how it is used.
- **Legal and regulatory review.** Where degree or licensure requirements are genuinely mandated by law or by the role (e.g. regulated professions), they should remain skills-based hiring is a lens for discretionary requirements, not a replacement for compliance.
- **Not every role benefits equally.** Roles with well-defined, testable technical skills tend to adapt fastest; highly specialised, credential-mandated, or safety-critical roles need a more conservative approach.

6. Implementation Guideline: A Step-by-Step Approach

The following sequence gives businesses a practical path to adopting skills-based hiring responsibly, whether run internally or supported by a platform such as TalentCo.

Step 1 — Audit current requirements

- List every open and recurring role and flag which qualifications are genuinely required by law or safety, versus which are habitual proxies (e.g. "bachelor's degree preferred").

- Check job postings and applicant tracking system filters for hidden degree or keyword screens that contradict stated policy.

Step 2 — Define the skills that actually matter

- Work with hiring managers and current top performers to identify the specific technical and enterprise skills the role requires.
- Separate “must-have on day one” skills from “can be trained” skills to avoid over-filtering candidates.

Step 3 — Redesign job ads and screening

- Remove non-essential degree requirements; lead with responsibilities and required competencies.
- Introduce a validated skills assessment, work sample, or structured task relevant to the role.

Step 4 — Redesign interviews

- Replace or supplement resume-led interviews with behavioural and scenario-based questions tied to the defined skills.
- Train interviewers to score against a consistent skills rubric rather than overall impression or pedigree.

Step 5 — Choose the right tools and platforms

- Evaluate skills-based hiring platforms for candidate sourcing, AI-assisted matching, and skills verification, particularly where in-house assessment capability is limited.
- Ensure any AI-assisted matching or scoring is explainable and disclosed to candidates.

Step 6 — Support new hires and close skill gaps

- Use onboarding to address any “can be trained” gaps identified during hiring, with structured development plans.
- Offer or point to upskilling resources for near-miss candidates, consistent with a skills-first employer brand.

Step 7 — Measure and iterate

- Track time-to-hire, cost-per-hire, early attrition, and diversity of applicant/hire pools before and after adoption.
- Revisit skills profiles regularly the report's own data shows core skill requirements are expected to shift substantially by 2030.

Quick self-check for employers

If a job posting requires a degree, ask: is this legally or technically essential to the role, or is it a shorthand for skills we could test directly? If it's the latter, it's a candidate for skills-based redesign.

7. Action Checklist

- Identify 2–3 pilot roles to convert to skills-based criteria before rolling out organisation-wide.
- Remove non-essential degree requirements from those roles' postings and ATS filters.
- Define and validate a skills rubric or assessment for each pilot role.
- Train hiring managers and interviewers on structured, skills-based interviewing.
- Evaluate a skills-based hiring platform (e.g. TalentCo) to support sourcing, matching, and verification.
- Disclose to candidates where AI is used in screening or matching.
- Set baseline metrics (time-to-hire, cost-per-hire, early attrition, applicant diversity) and re-measure after 2–3 hiring cycles.
- Feed the resulting skills taxonomy into onboarding, internal mobility, and workforce planning.