

# Skills-Based Employment: Optimize Excellent Talents



The recent pandemic has indeed changed a lot of old traditions and presented some new trends. One of the rising trends that's become more and more evident is skills-based employment. For so long, companies have solely focused hiring efforts on educational degrees. This has ultimately led them to miss out on countless skilled applicants. The value of high-quality, capable candidates skyrocketed during the pandemic and led many companies to change the way they approach hiring. Instead of screening out those who lack traditional credentials, valuing skill sets in the employment process is now a much more common practice.

# What is Skills-Based Hiring?

The skills-based hiring approach is pretty straightforward. It's a tactic that focuses on a candidate's performance and practical skills rather than traditional credentials. So, it's less of ticking checkboxes for educational background, personal referrals, pedigree, and other requirements. Instead, it's more about carefully looking into the cognitive, professional, and soft skills that each candidate offers.

## Benefits of Skills-Based Hiring

As you might already know by now, skills-based hiring is gaining popularity due to the benefits provided to organizations. Here are some of them:

### Broader candidate pool

If you are still one of the companies requiring four-year college degrees, you're likely missing out. Entry-level positions become even more difficult to fill if you don't avoid this kind of requirement. Moreover, most college graduates also look for higher salaries to help them cover their education expenses and other investments. For these reasons, it's better to choose a candidate whose expertise and skills are well-fitted for the role.

### Accelerated hiring time

The average hiring time to fill a specific role takes at least 42 days. One of the main reasons it takes so long is because the skills review is delayed until the latter stages of the recruitment process. Hence, recruiters miss out on tons of

candidates while focusing on degrees and years of experience. With this in mind, it really makes more sense to focus on competencies and be open to accepting candidates with lower to no formal degrees. This practice helps you tap into a broader talent pool to fill roles faster.

## **Lower costs**

Focusing on candidates with a bachelor's or master's degree doesn't guarantee they have enough competencies to accomplish the job. Consequently, companies need to provide hires with skills-based education or training. Giving more importance to necessary skills will help you save training and onboarding costs in the long term.

## **Higher retention rates**

In LinkedIn research, it was found that employees without a four-year degree stay 34% longer than their degree-holding colleagues. With this, it's clear that being open to hiring candidates without degrees increases your company's retention rates. After all, a candidate's engagement and readiness to give back are the biggest contributing factors to high retention rates.

## **Greater diversity**

Did you know that 62% of Americans over 25 years old do not hold a college degree? Skills-based hiring helps your company develop a more diverse and inclusive workforce. This means recruiting a variety of workers, such as veterans, women, people with disabilities, and people from low socioeconomic status, among others. Requiring a degree in your job posts automatically limits your reach. Focusing on skills and competencies opens the door to a company environment that values and respects people from all backgrounds.

# **Skills-Based Hiring: The Best Practices**

There's no denying the challenges that arise from shifting your recruitment and hiring process to support skills-based hiring. Luckily, there are plenty of tools that can help. Here are some of the best practices to help you on the journey to more efficient and effective hiring.

## **Spell out the required skills for every job opening.**

Of course, if you want to focus on skills, you have to be clear on what you want. List out the ones absolutely required for the role, and add those they can potentially acquire on the job. Don't forget to include soft skills! Keep in mind that the skills you include must be those that can be observed, measured, and assessed.

## **Make sure the job posting reaches a broad talent pool.**

This is very important if you really want to reach the broadest talent pool for the job. Posting on your company website plus one to two job sites isn't quite enough. Hundreds of niche sites and job boards are available these days. One great way to access them is by using an applicant tracking system with built-in posting features.

## **Utilize technology to pre-screen based on skills.**

Now that you have access to such a vast pool of applicants,

you might feel overwhelmed. Don't worry; your applicant tracking system can help! You can design your application to ask various skill-related questions. The ATS can assess resumes based on expertise and other key requirements. With this, you'll get an ATS-friendly resume from candidates that are surely an excellent fit.

## **Conduct skills-based assessments.**

After you have narrowed down your candidates based on key skills and requirements, it's time for the next step. You can now start conducting assessments for a more thorough review of skills. 25% of businesses now apply this step so that you won't be alone in your efforts. Ultimately, doing this as early as possible will help you avoid wasting time on interviews. Remember to have all your candidates take the skills-based assessment, degree holders or not.

## **Wrapping Up**

Switching from the degree-based traditional hiring practice to a skills-based hiring focus is really a giant step forward. Make sure you study all the pros and cons of this for your company. In general, skills-based hiring is perfect for entry-level to middle-skill jobs that rely on practical experience. Overall, it's an incredible approach that helps cut training and onboarding costs and improves diversity in the workplace.

Hopefully, you feel more comfortable with your hiring process transition. With the tips mentioned in this article, you can surely make it happen!

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