

Employers should use skill-based hiring to find hidden talent, address labor challenges

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A concerning trend known as qualification inflation has been plaguing hiring practices for years. Qualification inflation—also known as degree inflation—refers to the growing number of employers requiring degrees and extensive experience for jobs.

As highlighted in a [2017 Harvard study](#), job listings now often demand that applicants have degrees and experiences that were previously unnecessary, with some job requirements even surpassing the qualifications of current employees.

Of the 11.6 million [jobs](#) created between 2010 and 2016, three out of four required a bachelor's degree or higher, and one out of every 100 required a high school diploma or less.

This qualification [inflation](#) increases employer costs through longer recruitment times and wage premiums, and makes it more difficult to create diverse workplaces, [another Harvard study](#) found. This study showed that marginalized people, women and younger people were less likely to have the required degrees and experience.

In addition, [women are less likely to apply](#) for jobs if they don't have all of the listed qualifications. Because of this, having unnecessary requirements may disproportionately discourage them from applying to jobs.

The origins of qualification inflation can be traced back to the rise of online application platforms and [the 2008-09 financial crisis](#), both of which resulted in larger job [applicant](#) pools. Economic and [technological](#)

[shifts](#) have also given rise to new roles that require unique skills.

Some employers adapted to these changes by adding qualifications to job listings without removing outdated ones, leading to qualification inflation. While this has been an ongoing issue for years, it is becoming increasingly urgent as [many Canadian businesses are reportedly grappling with](#) recruitment and retention challenges.

Job analysis and advertising

There are ways for employers to address qualification inflation, namely by implementing skill-based recruitment and selection practices to hire qualified and diverse employees. To begin with, organizations should conduct thorough job analyses before posting listings by determining a job's core skills and characteristics.

Open-source resources like [the Occupational Information Network](#) and [the National Occupational Classification](#) can provide a good starting point for companies. However, manager and employee involvement is also necessary to ensure jobs are aligned with organizational needs.

To create a compelling job advertisement that also incorporates accurate skill and qualification needs from job analyses, [our research](#) shows that ads should explain how the job will meet applicants' psychological needs (autonomy, variety and purpose).

We also recommend job postings state that applicants will be considered if they have transferable skills from different job families or industries. Providing a list of example job titles with potentially transferable skills is a helpful addition.

Skill-based screening

Another way employers can address qualification inflation is by using skill-based screening. These assessments are designed to evaluate the skills of a job applicant to determine if they are the right fit for a role.

Asking applicants to self-report their proficiency levels for certain skills during the application process is one screening approach employers can take, but it should be managed cautiously. As [our research shows](#), some applicants may exaggerate their skill level if they are in the midst of a lengthy job search.

We found that applicants inflated their self-assessments of behavioral skills (e.g., customer service) compared to [technical skills](#) (e.g., programming) because behavioral skills can be difficult to verify. Because of this, focusing self-reports on technical skills may mitigate applicant exaggeration and help identify talented applicants without degrees.

[Our research](#) also shows that overclaiming assessments—a type of questionnaire that asks applicants to rate their familiarity with both real and fictitious skills—can identify applicants who are faking responses, as well as those who are providing more accurate self-assessments.

Forced-choice competency and skill assessments, which usually require applicants to rank equally-desirable statements about their job-relevant skills, [can also reduce faking and exaggeration](#).

Skill-based hiring

After identifying a shortlist of qualified applicants, employers can then use more in-depth assessments. The first type of assessments are job knowledge or skill tests. Many off-the-shelf tests have been developed for a wide variety of technical skills, ranging from knowledge of Microsoft Word to contract law.

[Research shows that work sample assessments](#)—providing applicants with a sample of the actual work performed on the job—are one of the most valid selection procedures. However, employers should ensure assessments are not too time-consuming so applicants don't feel like they're doing free work for the company.

Personality assessments can provide a more holistic picture of the applicant. Validated, forced-choice personality assessments can reduce applicant faking or exaggeration, which is a significant concern when applicants are responding to a personality [assessment](#) for a job they really want.

Finally, structured interviews, where the same set of job-relevant questions are posed to each candidate and detailed scoring guides allow interviewers to reliably assess candidate responses, can provide valid information about the candidate's skills.

Interviews are probably [best suited to evaluate behavioral skills](#). If an interviewer has already used some of the technical skill assessments suggested in this piece, they can devote most of the interview to assessing an applicant's behavioral and social competencies.

Skill-based hiring can help address problems associated with qualification inflation, while revealing previously hidden talent and providing diverse applicants with access to quality jobs that were once out of reach.

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