

Employers should use skill-based hiring to find hidden talent and address labour challenges

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Executive Summary

This article addresses the problem of qualification inflation in hiring practices, wherein employers increasingly require degrees and extensive experience for roles that historically did not demand them. The authors argue that skill-based recruitment and selection practices offer a viable remedy, particularly for Canadian employers facing recruitment and retention challenges. Drawing on two Harvard studies and the authors' own research, the article presents evidence that qualification inflation disproportionately disadvantages marginalized groups, women, and younger candidates, while also raising employer costs. The authors outline a multi-stage skill-based hiring framework encompassing job analysis, skill-based advertising, applicant screening tools (including overclaiming assessments and forced-choice instruments), and structured interviewing. Key findings from the authors' research indicate that applicants tend to exaggerate behavioural skills more than technical skills in self-assessments, and that overclaiming assessments can identify inflated responses. The article concludes that adopting these practices can expand access to quality employment for underrepresented groups while improving hiring outcomes for employers.

Key Insights

1. Qualification inflation disproportionately discourages women, younger candidates, and marginalized groups from applying, reducing workplace diversity and increasing employer recruitment costs.
2. Applicants are more likely to exaggerate self-assessments of behavioural skills (e.g., customer service) than technical skills (e.g., programming) because behavioural skills are harder to verify — a finding from the authors' own research.
3. Overclaiming assessments, which include fictitious skills alongside real ones, can identify applicants who are inflating their self-reported proficiency, improving the accuracy of skill-based screening.

Practical Takeaways

- Organizations conducting job analyses prior to posting listings — using resources such as the Occupational Information Network or National Occupational Classification — may reduce unnecessary qualification requirements and attract broader candidate pools.
- Combining forced-choice personality assessments, work sample tests, and structured interviews across different stages of hiring can reduce faking and exaggeration while producing more valid assessments of candidate competency.

Critical Analysis

Strengths: The article cites two Harvard studies to anchor its core claims about qualification inflation and its equity implications, and draws on original empirical research by the authors to support specific screening recommendations. The multi-stage hiring model is internally consistent and grounded in established psychometric principles. **Limitations:** The article does not provide full citations for the referenced Harvard studies or the authors' own research, making independent verification difficult. The recommendation to include 'example job titles with transferable skills' in job postings is presented without empirical support. The geographic focus on Canada is not consistently maintained — much of the cited evidence is US-based. **Biases:** The article is written in an advocacy register ('we recommend', 'organizations should') that sits in tension with a neutral research presentation. The authors appear to be researchers with a stake in promoting skill-based hiring as a solution, which may influence how evidence is weighted. Limitations of skill-based hiring — such as the risk of adverse impact in certain assessments or implementation costs for smaller employers — are not addressed.

Organizational Practice

The article describes organizational practices including conducting job analyses before posting roles, using open-source occupational classification tools to define skill requirements, deploying overclaiming questionnaires and forced-choice assessments during screening, administering work sample tests and validated personality assessments, and conducting structured interviews with standardised scoring guides.

Strategic Implications

The article reflects a growing discourse around reducing credential-based gatekeeping in hiring, which has implications for how organizations define role requirements and evaluate talent pipelines. The emphasis on psychometrically validated screening tools signals a potential shift toward evidence-based selection practices that could alter the role of HR technology and assessment vendors in recruitment workflows. The equity framing suggests that qualification inflation is increasingly being treated as a diversity, equity, and inclusion issue, not merely an efficiency problem, which may influence how PMS and talent acquisition systems are evaluated at the organizational level.

Validation Status: passed
