



Skills-Based Hiring: The Long Road from Pronouncements to Practice

Employers are Dropping Degree Requirements
But Are They Changing How They Actually Hire?

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Acknowledgments

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Table of Contents

Executive Summary	4
Degree Inflation and the Shift to Skills-Based Hiring	6
Are Skills-Based Hiring Commitments Translating to Meaningful Action?	9
Why This Matters Both for Companies & Workers	14
Which Roles Are Best Positioned for Skills-Based Hiring?	15
Conclusion	16
Appendix: Methodological Note	17

Executive Summary

For many employers in recent decades, adding college degree requirements seemed an efficient filter. More proxy than direct measure, degrees were perceived as indicators of persistence, of foundational skill, and of general capability. For hiring managers who themselves had traveled that *cursus honorum*, it seemed only natural to value the implied endorsement of college admissions officers and the presumed rigor of the college experience as an effective way of separating the wheat from the chaff.

Shortages have a way of inciting challenges to tired assumptions. In the tight labor market that emerged leading up to the pandemic and that returned during the recovery, hiring has become a key operational challenge, causing employers to reevaluate their requirements. In the face of these pressures, it has become increasingly difficult to justify a filter that summarily disqualifies the roughly two-thirds of Americans (62 percent) who lack a degree. At the same time, a growing focus on equity commitments has caused employers to question practices that likely contributed to suppressing broader representation.

Amidst this backdrop, the Skills-Based Hiring movement has gained momentum, as more and more employers committed to stripping degree requirements from their postings, replacing the proxy of a college degree with actual evaluations of candidate skill.

An initial flurry of high-profile pronouncements by private-sector and government employers alike has become a blizzard. But do these proclamations result in a real increase in access for workers?

The first place to look when tracking progress toward Skills-Based Hiring is in the job advertisements of employers. Are employers actually removing degree requirements from their job ads? On this, the answer is a resounding yes, even if much room for improvement remains. From 2014 to 2023, we observed an almost fourfold increase in the annual number of roles from which employers dropped degree requirements, albeit down somewhat from a peak in 2022.

While this is an encouraging trend, there is a big difference between changing a job ad and changing the types of candidates ultimately hired for a role. That begs the question: When firms drop degree requirements from their postings do they actually hire more candidates without degrees?

On this measure of real-world results, the data show that we have a big distance to go. Burning Glass Institute and Harvard Business School Managing the Future of Work Project's researchers studied a sample of 11,300 roles at large firms (defined as a given occupation at a given employer) for which we could observe a meaningful volume of hiring for at least one year before and after when a firm removed a degree requirement, evidenced in the Institute's database of the career histories of 65 million US workers. We find that on average, firms increased the share of workers without a BA hired into these roles by about 3.5 percentage points.

For all its fanfare, the increased opportunity promised by Skills-Based Hiring was borne out in not even 1 in 700 hires last year.

However, when considering that this 3.5-point shift applies only to the 3.6 percent of roles that dropped a requirement during that time, the net effect is a change of only 0.14 percent in incremental hiring of candidates without degrees. Overall, by our estimates, that has translated to new opportunity for only approximately 97,000 workers annually, out of 77 million yearly hires. Put differently, for all its fanfare, the increased opportunity promised by Skills-Based Hiring has borne out in not even 1 in 700 hires last year. Just as importantly, that progress isn't shared uniformly across all firms that adopted skills-based policies. Rather, we found that nearly all of the change in

actual hiring was driven by 37 percent of the firms we studied that removed degree requirements. Our analysis revealed three categories of firms based on the actual hiring outcomes of these policy changes:

- **Skills-Based Hiring Leaders:** These firms are making real change, increasing their share of workers hired without BAs in the roles we analyzed by nearly 20%.
- **In Name Only:** Approximately 45% of firms seem to make a change in name only, with no meaningful difference in actual hiring behavior following their removal of stated requirements from their postings.
- **Backsliders:** The final group of firms, comprising approximately one-fifth of firms analyzed, make short-term gains in realized job accessibility after they drop degree requirements, but the change doesn't stick. In fact, in the long run, these firms wind up hiring a smaller share of workers without BA's.

Our analysis makes clear that successful adoption of Skills-Based Hiring involves more than simply stripping language from job postings. To hire for skills,

firms will need to implement robust and intentional changes in their hiring practices – and change is hard. Still, despite the limited progress to-date, our analysis shows that, for those who embrace it, skills-based hiring goes beyond corporate virtue signaling. It yields tangible, measurable value. Skills-Based Hiring boosts retention among non-degreed workers hired into roles that formerly asked for degrees. At Skills-Based Hiring Leader firms, non-degreed workers have a retention rate 10 percentage points higher than their degree-holder colleagues. Workers benefit as well. Non-degreed workers hired into roles that previously required degrees experience a 25 percent salary increase on average.

This win-win outcome suggests that Skills-Based Hiring should continue to gain momentum, despite its slow start. By our analysis, Skills-Based Hiring practices could be readily implemented in a minimum of another 250,000 jobs each year, ranging from construction managers to web developers. In this study, we will share which occupations are best positioned to transition to skills-based hiring and identify examples of firms that are leading the way.

Degree Inflation and the Shift to Skills-Based Hiring

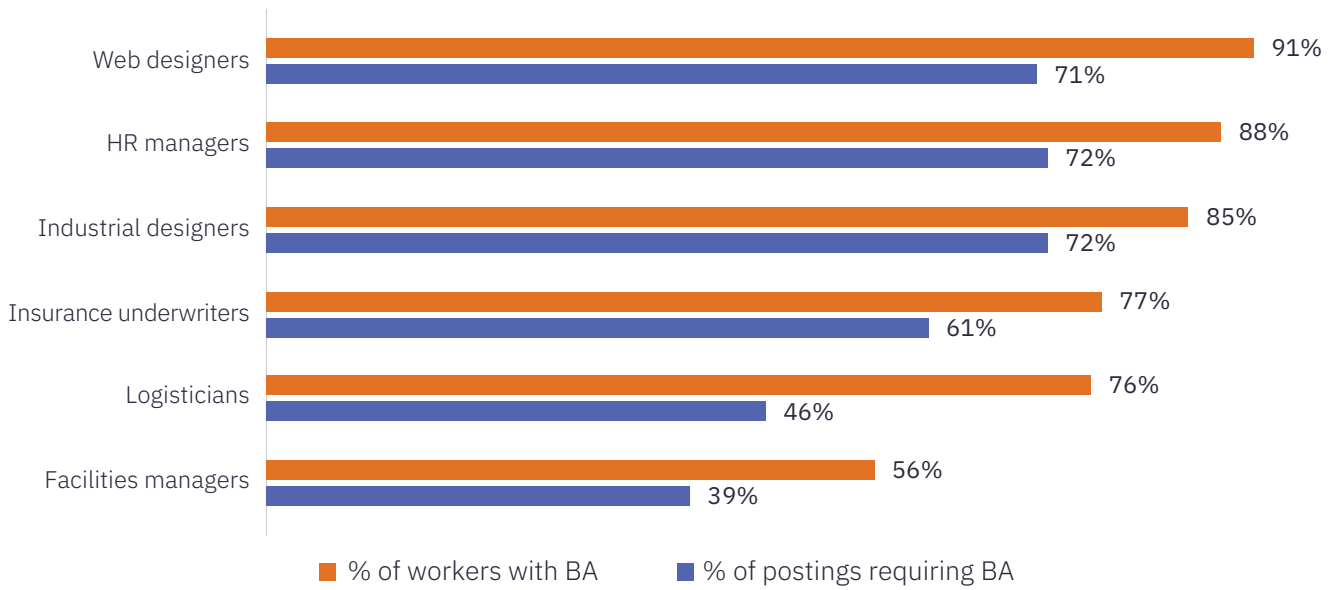
Starting in the latter half of the 20th century, the United States has experienced a surge in the percentage of Americans who have graduated from college, from just 8 percent in 1960 to 38 percent in 2022. While in many ways this constituted a triumph of educational access that proved a boon for the competitiveness of the nation's workforce, this growth in educational attainment has also brought about a significant rise in "degree inflation." Many employers began adding degree requirements to jobs that hadn't previously demanded one, even though the underlying tasks remained unchanged. The educational profile of the US workforce changed far faster than its occupational distribution. Employers began demanding degree holders simply because they could. This has been pernicious both to those with degrees and those without one. Just as many non-degreed workers now find themselves shut out of the kinds of jobs that were long the steppingstones to upward mobility, many graduates now wind up in jobs their parents could have gotten without incurring the cost in time and treasure of completing a college education. Degree-based approaches, deeply rooted in traditional educational paradigms, came to define corporate recruitment strategies for decades.

Today, new market dynamics have motivated employers to revisit hiring paradigms. In an historically tight labor market, employers have begun to question if the constraints they have imposed are creating the very shortage of candidates they have decried to policymakers, educators, and the media. Together with the widespread acknowledgement of the need to advance workforce equity, employers are shifting towards skill-focused hiring models.

Skills-Based Hiring marks a significant departure from the conventional emphasis on degrees. It arises from a growing recognition that skills and practical experience can be at least as valuable as formal education in readying a candidate for a position. This change is driven by several factors, including the increasing demand for digital proficiency in an ever-greater percentage of positions, the recognition of diverse and non-traditional learning pathways, and a deeper understanding of the specific competencies required in today's emerging occupations. Rapid growth in online learning platforms and credentialing programs providing alternative pathways to skill acquisition has helped facilitate this transition.

The Burning Glass Institute and the Harvard Business School Project on Managing the Future of Work have written extensively on this trend. In early 2022, "[The Emerging Degree Reset](#)" mapped progress to date in employers dropping degree requirements, while also highlighting fields most ripe for continued change. Specifically, it identified occupations with a sizable degree gap – that is, a wide disparity between the prevalence of degree requirements in job postings and the level of attainment of incumbent workers. Two years later, that disparity persists. As shown in Figure 1 below, there remain substantial mismatches across many occupations in an array of fields.

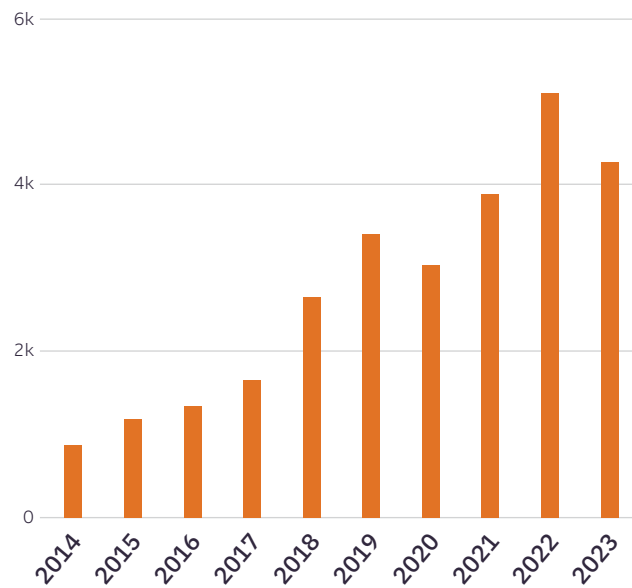
FIGURE 1: Postings requiring a degree v. workers with a degree, by occupation



Source: Burning Glass Institute analysis of Lightcast job postings data

The trend toward adopting Skills-Based Hiring practices has continued to gain momentum as state governments, tech firms, and Main Street industries have all publicly removed requirements for thousands of jobs. In fact, among the roles that fit the strict requirements of our sample, the number of roles no longer subject to degree requirements increased almost fourfold since 2014, down somewhat from a peak in 2022. But placed against the backdrop of the millions of roles employers hire for annually, Skills-Based Hiring has made only modest inroads. Controlling for occupational mix, the percentage of job *postings* that require a college degree has only fallen by 3.6 percent over that period.

FIGURE 2: Job postings that removed requirements per year



Source: Burning Glass Institute analysis of Lightcast job postings data

While more and more employers have abolished policies requiring degrees at an institutional level, the job posting is only the first step in the hiring process. In most cases, it is a representation of the minimum qualifications required for a candidate to be considered. In others, it is a summary of ideal attributes, whether or not realistic. Either way, firms must still sort through applications, screen candidates, and assess their capabilities, applying criteria both stated and unstated, both objective and impressionistic. Much is left to the judgment of the individual hiring manager—the person who will supervise on a day-to-day basis the employee once hired. That is critical. Hiring is, after all, a *relative phenomenon*. A hiring manager is not comparing a candidate against an abstract concept of what a job requires. A hiring manager is comparing a candidate with other candidates from the pool available. Even when a degree is no longer required, it is still a heuristic hiring managers are likely to use to weigh a

candidate's strengths and to assess the risk inherent in choosing one candidate over another. Each step in the hiring process, therefore, places greater responsibility in the hands of hiring managers. As the process unfolds, they are under increasing pressure to make a choice in order to fill an expensive vacancy and to limit the cost of the hiring process. That provides a subtle, but real incentive to revert to relying on proxies, rather than engage in the hard work of assessing an individual candidate's strengths and skills.

Measuring the progress of the skills-based hiring movement by tracking the number of employers that eliminate degree requirements is a necessary precondition for making substantive progress. However, it does not, in and of itself, represent substantive progress. Analyzing actual hiring patterns for indication of whether firms are changing whom they are hiring is the only true means of assessing the actual impact of corporate commitments.

Even when a degree is no longer required, it is still a heuristic hiring managers are likely to use to weigh a candidate's strengths

Are Skills-Based Hiring Commitments Translating to Meaningful Action?

To identify where Skills-Based Hiring is moving the needle for worker access, we tracked over 11,000 unique roles for which:

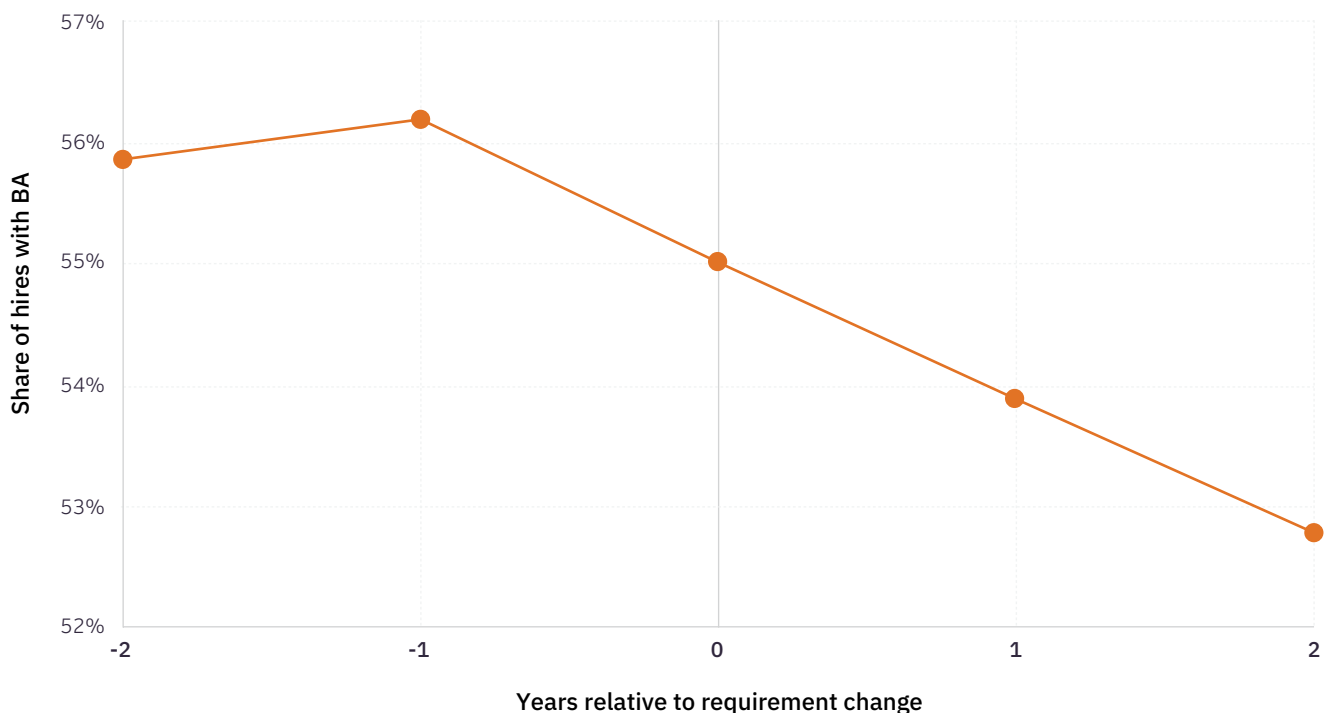
- the employer has dropped degree requirements in 2014 or thereafter; and
- a sufficient volume of hiring was observable for at least one year prior to the year in which the requirement was dropped and for at least one year afterwards so that we could observe long-term changes in behavior

We then matched these roles to actual hires into these roles before and after each policy change, based on the start dates reported in online career histories of workers in these roles from the Burning Glass Institute’s database of the career histories of over 65

million US workers. Based on this analysis, we were able to assess how each firm’s actual hiring changed after adopting Skills-Based Hiring policies. We found widely varying results.

In aggregate, we observed about a 3.5-percentage point change in the share of non-degreed workers hired into the roles after the adoption of such policy changes. That means for every 100 job opportunities that for which the BA requirement was removed, we would expect roughly 4 more non-degreed workers to be hired than would have been before degree requirements were removed. It is a significant shift, but modest – less than a quarter of what could have been realized if all employers had made the same level of change as did the top third of firms in our sample.

FIGURE 3: Share of New Hires with a BA Before and After Dropping Degree Requirements From Job Ads

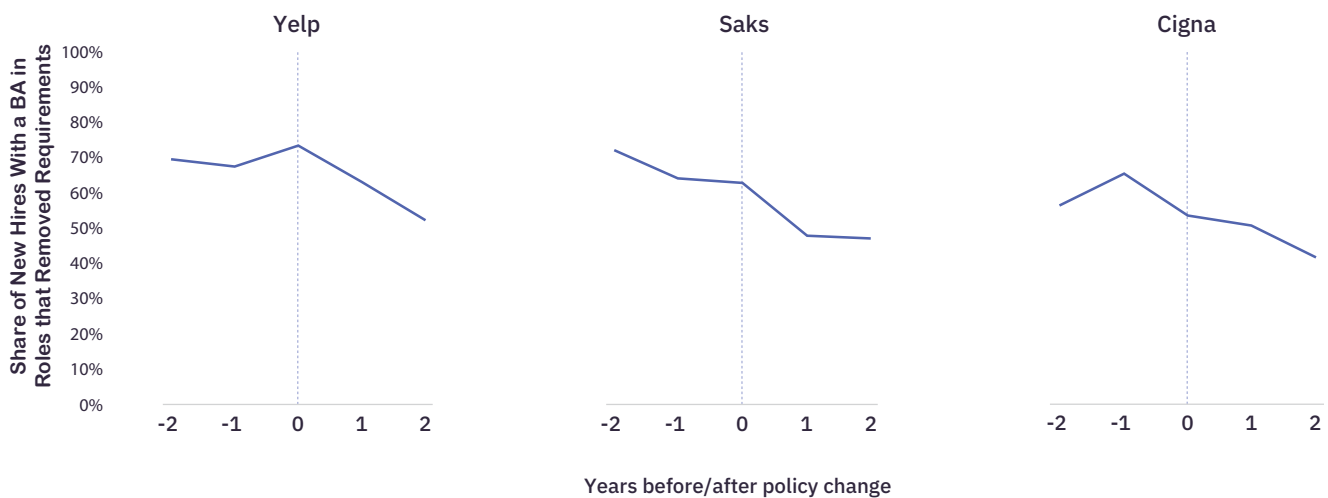


Intriguingly, results vary significantly across employers. Our analysis reveals three distinct clusters among those that have dropped degree requirements.

Thirty-seven percent of firms in our analysis followed through and made tangible change in the profile of those they hired subsequent to revising their postings. In the years following the change in requirements, these firms, which we label **Skills-Based Hiring Leaders**, on average hired 18 percent more non-degreed

workers into the roles from which they drop degree requirements. Many of these firms are smaller firms. However, the list of Skills-Based Hiring Leaders also includes a range of major employers, including Koch Industries, Walmart, Apple, General Motors, Target, Cigna, Tyson Foods, ExxonMobil, and Yelp, as well as government employers like the State of Minnesota and the City of Denver.

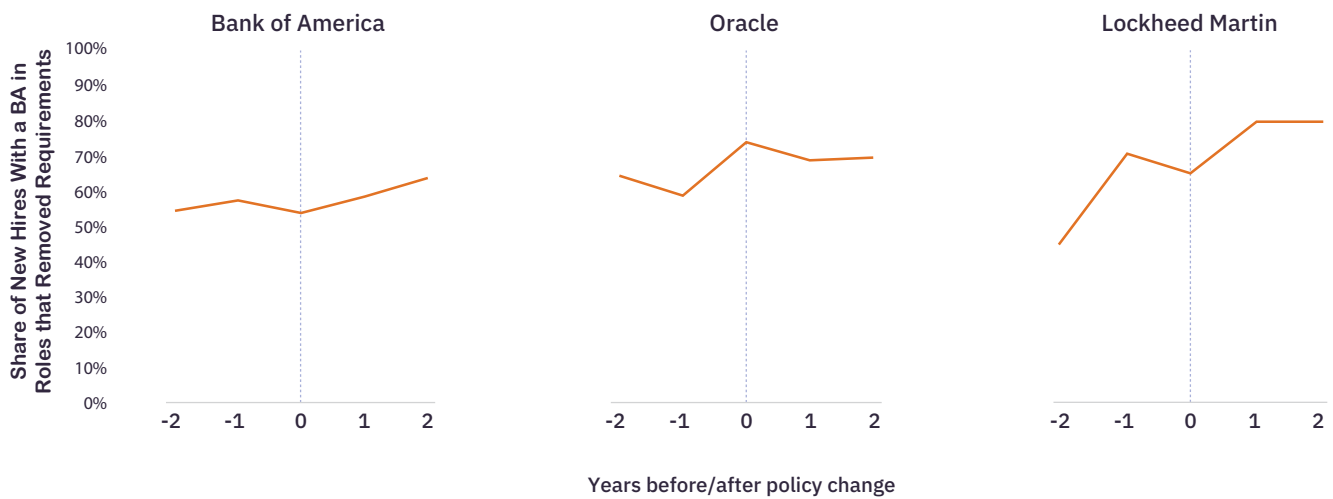
FIGURE 4: SKILLS-BASED HIRING LEADERS



The largest group of firms in our study, comprising 45% of our sample, adopted Skills-Based Hiring In Name Only. These firms removed degree requirements from their job postings, but showed little change in actual hiring patterns. They continued to hire the same share of degreed workers into roles from which they had removed requirements. In fact, at many **In Name Only** firms,

the hiring mix shifted toward bringing on a greater share of people with degrees. That market leaders like Bank of America, Amazon, Oracle, Lockheed Martin, Kroger, and Stellantis have struggled to follow through on sincere public pronouncements demonstrates that skills-based hiring requires both deep commitment across the organization and a concrete plan for tactical action.

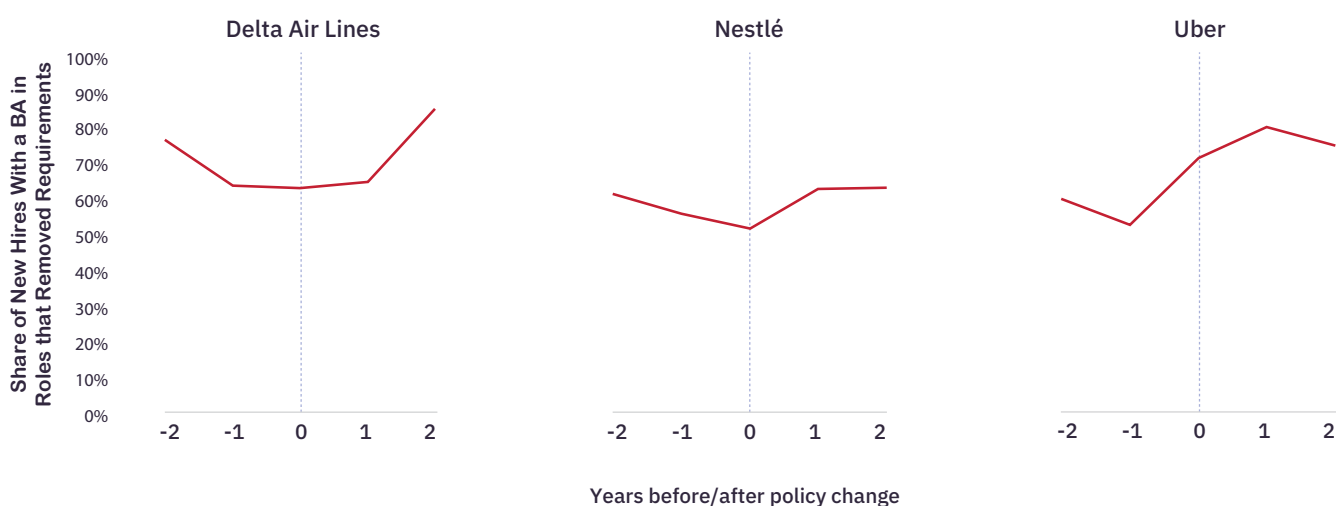
FIGURE 5: SKILLS-BASED HIRING IN NAME ONLY



The final 18 percent of the firms we assessed are the **Backsliders**. These firms removed degree requirements and made initial progress in hiring non-degreed workers, but later relapsed, with rates of non-degreed hiring dropping back to prior pattern. Backsliders include such companies as Nike, Uber, HSBC, Novartis, Delta Air Lines, Meijer, and US Foods, as well as government agencies like the Commonwealth of Massachusetts. While the

explanation undoubtedly differs at each of these organizations, it seems likely that initial executive enthusiasm did not translate to necessary change in underlying systems and practices. Without institutionalizing sincere intentions into tactical processes, whatever gains these employers made were lost once leadership's attention shifted elsewhere.

FIGURE 6: SKILLS-BASED HIRING BACKSLIDERS



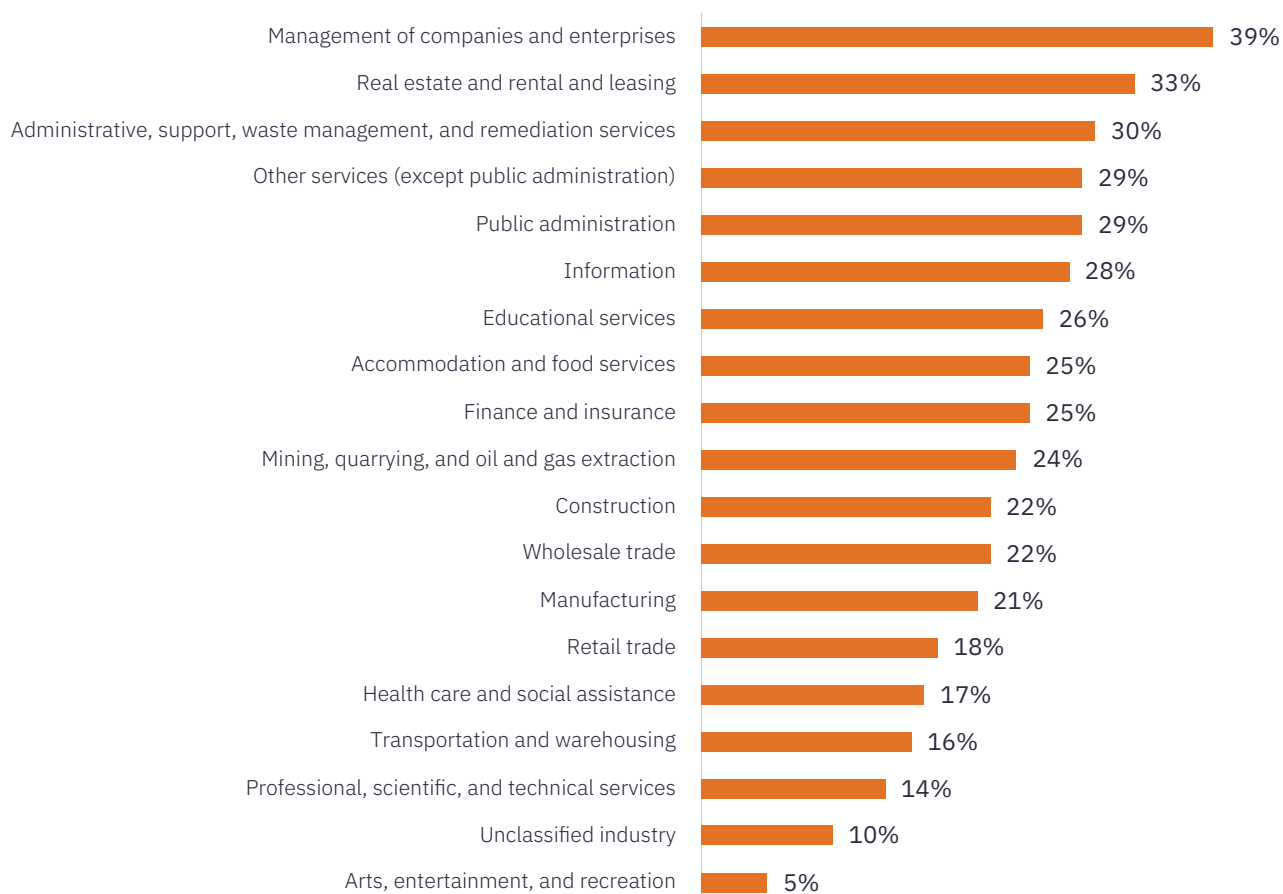
More study is needed as to the factors that cause a firm to fall into one of these three archetypes. But many sectors are represented in all three clusters. Industry is not fate when it comes to a firm's potential to make change through skills-based hiring. And, the analysis has significant sensitivity to the occupational mix of the 11,300 roles for which we were able to observe actual hires. Yet, certain patterns emerge. Among Skills-Based Hiring Leaders, government entities and accommodation and food services firms are particularly well

represented. Utilities often demonstrated initial progress, with the group split between Skills-Based Hiring Leaders and Backsliders in terms of their progress. Tech firms were overrepresented within the In Name Only cluster. Overall, firms in the In Name Only archetype started out with a somewhat greater share of non-degreed hires before redrafting their postings, suggesting that the pool of candidates without degrees but with attractive skill sets may have already been largely tapped out.

Even among Skills-Based Hiring Leaders, we observed considerable differences across sectors in the extent to which they changed the share of non-degreed workers they brought aboard. At Real Estate and Waste Management companies that fit the “Skills-Based Hiring Leaders” category, the share of non-degreed hires increased by 33 and 30 percent respectively.

Among more prevalent industries, Skills-Based Hiring Leaders in Information, Accommodation & Food Service, and Finance each increased the share of non-degreed workers they hired by 28 percent, 25 percent and 25 percent respectively, while professional services employers increased non-degreed hiring by only 14 percent.

FIGURE 7: Average Change in BA Share by Industry, among SBH Leaders



Despite companies from across these archetypes removing degree requirements, only 37 percent of them – the Skills-Based Hiring Leaders – achieved real and sustained change. In fact, despite the growing attention Skills-Based Hiring receives, there have been notably few incremental non-

degreed hires. And, even with these companies demonstrating leadership, we estimate only 97,000 incremental non-degreed hires occurred in 2023, out of the estimated 77 million hires per year reported by the Bureau of Labor Statistics in that year¹.

1. As shown earlier, we observe that about 3.6% of roles removed degree requirements in the time window of this study, and that – on average – the removal of degree requirements results in a 3.5% increase in non-degreed workers. By extrapolating this analysis to the full US ecosystem of 770,000 unique roles, we are able to estimate the total impact of skills-based hiring to-date.

Why This Matters Both for Companies & Workers

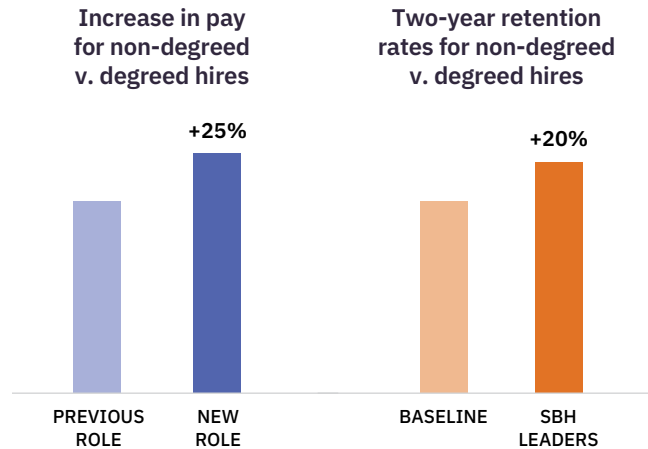
Despite lackluster progress to date, we find real returns to the firms that demonstrate meaningful commitment to Skills-Based Hiring practice. Our analysis indicates that increasing access can be a win-win for both employers and workers.

- When **workers** without a BA step into a role that previously required a degree, they experience on average an approximately 25% increase in salary, amounting to over \$12,400 in incremental earnings per year.

Employers benefit too. The non-degreed candidates they hire into roles that dropped degree requirements have a 10-percentage point higher two-year retention rate vs. their college-educated co-workers

- **Employers** benefit too. The non-degreed candidates they hire into roles that dropped degree requirements have a 10-percentage point higher two-year retention rate vs. their college-educated coworkers, a 20 percent increase in retention (58 percent vs. 48 percent). Given the high costs associated with attrition, skills-based hiring confers business impact even beyond expanding the size of the eligible talent pool or demonstrating a commitment to social progress.

FIGURE 8



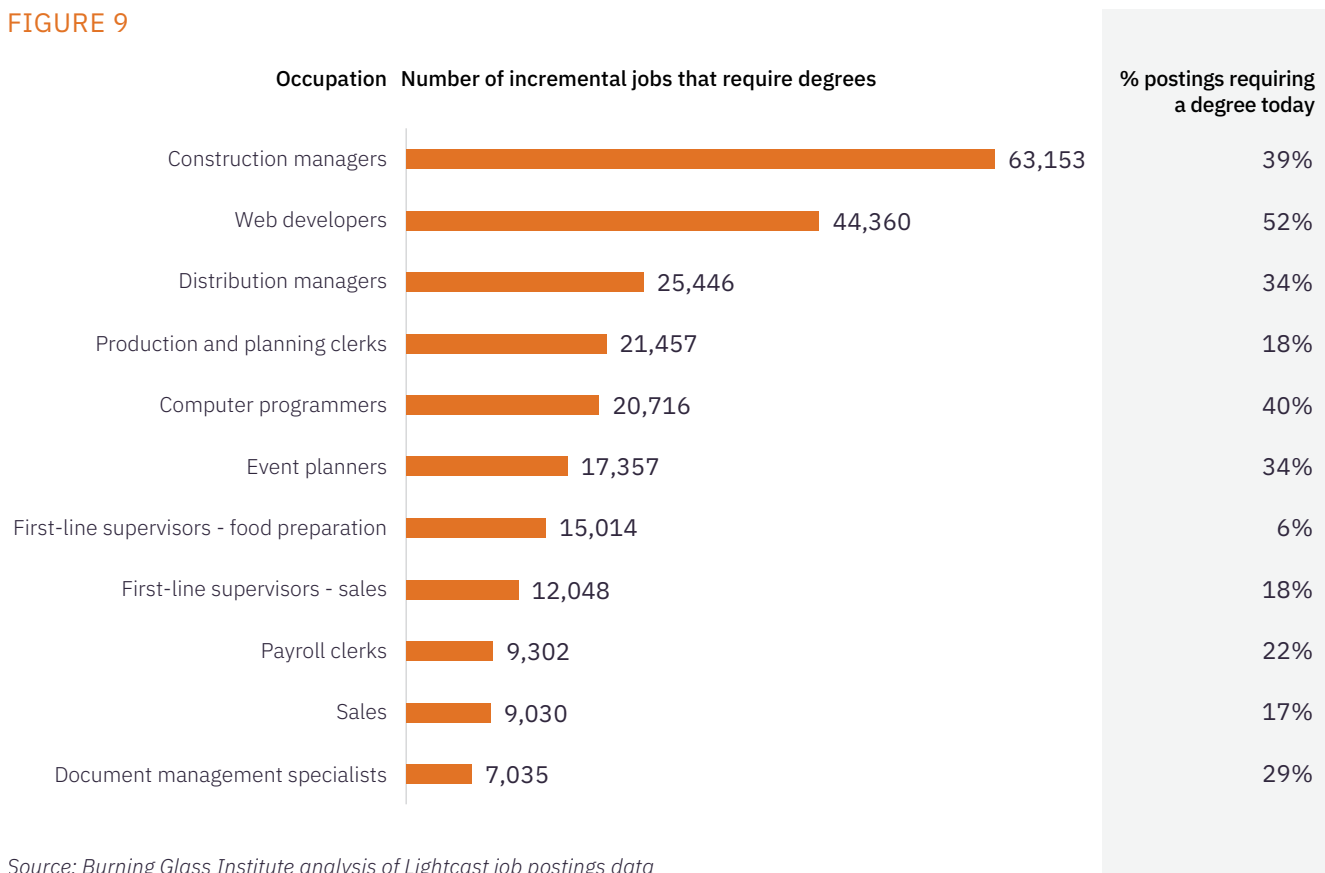
Which Roles Are Best Positioned for Skills-Based Hiring?

No one would argue that degrees should be irrelevant to the hiring of doctors or lawyers. Conversely, no one would reasonably argue that degrees should be required for short-order cooks or cashiers. Skills-based hiring strategies are designed for the roles that fall in between – those where degreed and non-degreed workers have long labored together and where the degree is a matter of employer preference and not of necessity. The occupations most ripe for shedding degree requirements are those where there is a significant disparity between the qualifications employers seek and the profile of the current workforce.

These roles are the “low hanging fruit” for skills-based hiring. They are roles with robust non-college pathways, typically provided through third-party credentialing (e.g., ‘non-credit’ programs at community colleges, for profit skills providers, last mile training programs, etc.) or on-the-job training.

Those experiences offer employees and aspiring workers viable alternatives to college degrees, as borne out by the relatively low prevalence of college graduates among workers currently employed in those occupations. These occupations generally have degree requirement levels below the 34% of jobs that require a degree. Comprising occupations that range from Construction Managers and Sales Supervisors to Web Developers and IT Help Desk Specialists, these roles could open at least 250,000 more jobs to non-degreed workers were employers to drop their degree requirements fully. For example, 39 percent of construction manager postings today still require degrees, representing nearly 70,000 positions, as well as an additional 52 percent of web developers, representing another 45,000 positions. All of these could be made accessible to non-degreed candidates, as evidenced by the large percentage of these positions already occupied by non-degree holders.

FIGURE 9



Source: Burning Glass Institute analysis of Lightcast job postings data

Conclusion

When viewed from the vantage point of job postings, Skills-Based Hiring seems to be a juggernaut. However, deeper analysis of actual hiring patterns suggests a wide gap between intent and impact. Simply dropping stated requirements seldom opens jobs to those who don't have a college degree. As a result, most companies' commitment to Skills-Based Hiring manifests itself primarily at the level of policy. It does not extend to reforming process and changing incentives so as to prevent companies from slipping into the In Name Only and Backsliders cohorts. Until such reforms are made on a widespread basis, the promise of Skills-Based Hiring will go unrealized. Public pronouncements, made with the best intentions, that herald increased job access without actually opening new doors won't yield change.

Yet, there is still cause for optimism. The 37 percent of firms we classify as Skills-Based Hiring Leaders are proving the proposition daily in the real-world laboratory of hiring, with an average increase in new non-degreed hires of 18 percent. Those firms are making tangible changes to their internal processes to turn words into action and hire more non-degreed workers.

More broadly, if the arc of corporate practice bends toward profitability, the win-win that skills-based hiring represents is an opportunity firms are remiss to ignore. Stripping out the artificial constraints of gratuitous requirements both eases recruitment burdens in a tight labor market and substantially increases worker retention – all while creating substantial opportunity and mobility for workers.

Appendix: Methodological Note

Using Lightcast's dataset on the near-universe of 316 million online job postings since 2012, we constructed a longitudinal, role-based dataset by analyzing posts for the same job at the same firm over time. This allows us to examine changes firms make to the requirements for individual roles. Restricting to large firms for which we observed more than 500 unique job ads annually, we identified 769,980 distinct roles. Of these, in the first year we observe a given role, 42 percent require a bachelor's degree; 5 percent require more than a bachelor's degree.

Over the period from 2014 to 2023, about 27,000 of these roles that once required a degree later dropped the requirement. Among firms that removed degree requirements from more than one role, we typically observed requirements being removed from approximately 3.5 percent of roles, with some firms removing requirements from as many as 10-15 percent of roles.

Linking our role-level data to the Burning Glass Institute's dataset of approximately 65 million

career histories and resumes, we can observe which individuals are hired into these roles over time, linking job advertisements with worker profiles. We were able to match 11,332 roles directly from the previous analysis to the career histories and educational characteristics of individuals actually hired in at least three distinct years, with at least one year of hiring observation before the policy change and at least one year after. Then, we compare these roles to similar roles at similar firms, matching occupation and industry. This allows us to observe the change in hiring behavior of a firm after adopting Skills-Based Hiring policies in their job postings.

After identifying workers hired into firms that shed job requirements, we use their employment history to project their estimated compensation over time, leveraging both self-reported compensation information from salary survey sites and posted job salaries included in postings. Similarly, we leverage the same career histories to measure the retention patterns of degreed and non-degreed workers hired into these roles.



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