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Skills-Based Approach as an Alternative to Job Motivation

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Abstract

In this article, the transformation of employee motivation models is examined in the context of implementing a skills-based approach as an alternative to traditional role-based motivation, and its influence on the accuracy of predictive analytics algorithms for turnover risk. The aim of the study is a comparative analysis of the classical motivation model, based on status- and position-related proxies (level, grade, hierarchy), and the innovative skills-based approach, in which the dynamics of skill acquisition, the alignment of an individual's trajectory with internal competency maps, and the balance among foundational, transferable, and technical skills become key. The relevance of the work is driven by the rapid shortening of the half-life of professional abilities amid digital transformation, the talent crisis, the Great Resignation phenomenon, and the growing importance of flexible hiring models (gig-economy). The novelty of the research lies in the integration of extensive quantitative data and a deep qualitative analysis of corporate cases from IBM, Walmart, Delta Air Lines, and JPMorgan Chase. The author differentiate between the concepts of skills, competencies, and capabilities, and propose a conceptual model of early-warning algorithms for turnover that considers the frequency of beta releases of skills and their efficacy, rather than merely course completion. The main findings demonstrate that the transition to skills-based HR increases the accuracy of predictive retention models through the use of dynamic human capital development metrics; reduces bureaucratic inertia and the glass ceiling; broadens the funnel of diverse talent; accelerates employees' adaptation to new technological requirements; and fosters a more inclusive and sustainable motivation system in which career progression is measured by a portfolio of skills rather than the length of a hierarchical ladder. This article will be helpful to talent management professionals, HR data analysts, and organizational development researchers.

Keywords: *Skills-Based Approach, Role-Based Motivation, Employee Motivation, Skills, Predictive Analytics, Employee Retention, Competencies.*

INTRODUCTION

Artificial intelligence is capable of forecasting turnover risk and suggesting targeted retention measures; however, the effectiveness of such algorithms directly depends on the signals of employee motivation they analyze. In the classical model, motivation was anchored to roles: status-oriented indicators—such as position title, hierarchy level, and fixed grade—were considered convenient proxies for assessing an individual's value. In the context of the present study, role-based motivation is explicitly understood as the employee's aspiration for formal vertical advancement within their organization. In contrast, skills-based hiring interprets a position as a set of applicable skills and measurable outcomes; motivation is reduced to the accumulation of this human capital. When such principles are extended across the entire talent-management system, one refers to skills-based HR organizations, in which skill development is required by both frontline managers and AI systems that match people to projects.

Hierarchical ladders became the norm after World War II, as expanding corporations adopted a military-style structure, relying on job descriptions, tenure, and standardized production technologies. This model worked well as long as technological cycles were measured in decades. However, by the 1980s, half of an engineer's knowledge had become obsolete, and by the beginning of the twenty-first century, this process accelerated further. It is an evolution: from a slow career path to a portfolio of roles that an employee assembles within or outside the company. For AI algorithms, this shift implies a change of focus: instead of static attributes (level, salary), they must account for learning dynamics, the number of competencies acquired, and participation in cross-functional projects.

The 2020s have intensified the pressure. Accelerated technology turnover has shortened the half-life of skills. The pandemic brought the gig economy to the fore, and the large-scale Great Resignation recorded 4.5 million voluntary departures in the US in November 2021 alone (McKinsey, 2022). For predictive models, turnover risk ceased to correlate with job grade: highly valued specialists leave an organization if they perceive limitations in skill growth or a lack of meaningful contribution, even if they occupy prestigious positions. Therefore, models that ignore competency-development metrics yield a high rate of false negatives.

The contemporary business response is a shift to skills-first. An analysis of 51 million job postings revealed that between 2017 and 2021, employers removed bachelor's degree requirements from millions of openings, reversing the trend of degree inflation (The Burning Glass Institute, 2022). Accordingly, early-warning AI systems must assess the extent to which a given organization has truly moved from a role-based to a skill-based logic: where this shift has occurred, the most informative predictors of turnover risk become the speed of new competency acquisition and the fit of an employee's trajectory with the internal skills map, rather than the length of their position ladder.

MATERIALS AND METHODOLOGY

The study is based on a comprehensive analysis of 19 sources, including academic works, industry reports, statistical data, and corporate cases. The theoretical foundation comprises classical and contemporary research on motivation and status (Kenrick et al., 2010; Park et al., 2017), as well as the AERE brief, which delineates skills, competencies, and capabilities (Straehle et al., 2023). To assess the dynamics of skill demand, data were drawn from The Burning Glass Institute on changes in formal requirements across 51 million job postings from 2017 to 2021 (The Burning Glass Institute, 2022), LinkedIn's report on skill-set transformation from 2015 to 2023 (Laws, 2023), and the results of global McKinsey surveys of 1,245 executives (McKinsey, 2021; McKinsey, 2022).

The quantitative analysis included a systematic review of skills-based hiring statistics: a survey of 2,737 employers by Test Gorilla (Test Gorilla, 2023), UNICEF data on preferred combinations of foundational, transferable, and technical skills among 15 employer groups across various countries (Alam & De Diego, 2019). These data enabled evaluation of the rate at which skill portfolios are updated and the alignment of employees' trajectories with internal competency maps.

For qualitative analysis, corporate practices in transitioning to skills-based HR were examined in cases from IBM (IBM, 2023), Walmart (Walmart Inc., 2024), Delta Air Lines (One Ten, 2023) and JPMorgan Chase (JPMorgan Chase, 2024). Each case was analyzed for changes in ATS, LXP, and internal mobility systems to identify key early-warning indicators of turnover risk.

Methodologically, the research combines a comparative analysis of motivation approaches (role-based proxies versus skill-based metrics), content analysis of corporate documents and reports, and conceptual modeling of skills-first algorithms.

RESULTS AND DISCUSSION

Role-based motivation relies on the innate human drive for recognition and ranking. In Maslow's hierarchy of needs, status is included in the esteem level and serves as a psychological marker of success; Alderfer refined this idea by showing that satisfaction with status can regress and re-activate more fundamental needs if advancement slows (Kenrick et al., 2010); contemporary empirical studies on the need for status demonstrate that—even in the absence of external incentives—the very possibility of improving one's position in the hierarchy triggers behaviors aimed at showing value to the organization, ranging from knowledge sharing to voluntary leadership (Park et al., 2017).

From a management perspective, the strengths of the role-based model are clear. A rigid chain of command ensures predictability, accountability, and coordination: everyone knows whom to approach for decisions, and leaders can scale human intelligence without the system fracturing into autonomous islands. As the MIT Sloan Management Review overview emphasizes, it is precisely this structural transparency and embedded recognition system that make traditional hierarchies resilient, even in an era enamored with flat organizations—they provide a framework within which specialization and collective effort yield reproducible results (Foss & Klein, 2023).

Nevertheless, the same properties become constraints when the environment demands speed and flexibility. A case-study analysis of internal startups within a global corporation found that a multilayered bureaucracy slows decision-making and deprives teams of data precisely when the window of opportunity is narrowest (Sporsem et al., 2021). Structural inequality also manifests as the glass ceiling: a 2023 meta-analysis reveals that hidden barriers in hierarchies continue to hinder the advancement of women and minorities to senior management levels, despite formal equality of opportunity (Mohamed et al., 2023). Finally, an economic analysis of German firms revealed a correlation between the depth of hierarchy and income-risk asymmetry: the lower an employee's level, the more their wages stick during recessions, whereas top managers preserve their income even in downturns, intensifying perceptions of unfairness and increasing the likelihood of departure. Hierarchy is depicted in Figure 1.

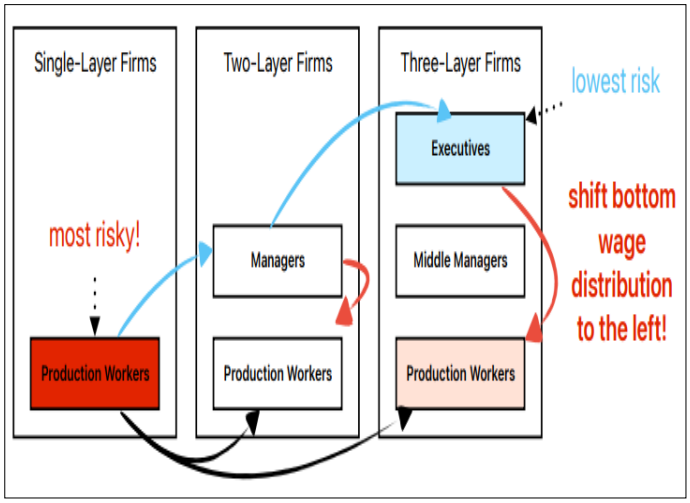

Fig. 1. Cyclicality of Real Wages Across Firm Hierarchies (Mohamed et al., 2023)

Taken together, this means that role-based motivation remains a valuable tool for order and coordination, but its

costs—bureaucratic inertia, unequal access to advancement, and rigid pay bands—become critical in the turbulent and inclusive economies of the twenty-first century.

The shift from role-based logic to a skills-based approach has been driven by the objective transformation of skills into the primary currency of the labor market. LinkedIn analytics indicate that the skill set required for the same role has changed by 25% since 2015 and may double again by 2027, underscoring that the job title alone no longer reliably predicts productivity (Laws, 2023). At the same time, the proportion of learning and development specialists rose from 27% in 2017 to a peak of 48% in 2022, despite interim declines in 2020–2021, with a slight decrease to 41% in 2023, as shown in Figure 2.

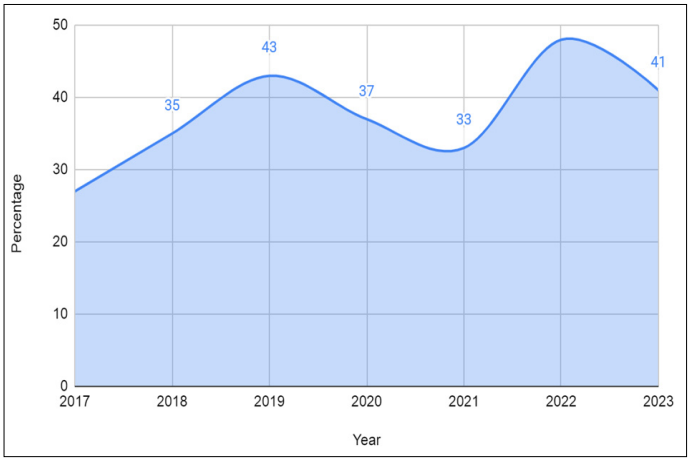

Fig. 2. Percentage of L&D Professionals Working Closely with Executive Leadership (Laws, 2023)

Hiring practices have responded accordingly: a survey of 2,737 employers in the Test Gorilla 2023 report found that 73% of companies have adopted skills-based hiring and 91% consider it a more reliable method for predicting a new hire's success compared to traditional résumé screening, with retention increasing by an average of 18% (Test Gorilla, 2023). For early-warning turnover algorithms, these trends imply a change in input variables: instead of a fixed height of position, the speed of enrichment of the skill portfolio becomes paramount. In practice, applying ensemble algorithms like Gradient Boosting to analyze skill dynamics rather than static roles has been shown to increase the accuracy of turnover forecasts.

The discussion of the results reveals that the true advantage of the skills-based model lies in its ability to generate high-fidelity signals for predictive algorithms. Unlike the static nature of job titles, dynamic metrics such as the Skill Velocity Index (SVI)—the rate of new skill acquisition—or the Skill Stickiness Ratio (SSR)—the proportion of skills that remain in active use six months post-acquisition—provide a nuanced narrative of an employee's engagement and career momentum. For instance, an AI model can now distinguish between two employees at the same hierarchical level: one with a high SVI but a long Time-to-Skill (TTS), suggesting a lack of opportunities to apply new knowledge (a key flight risk), and another whose newly acquired skills are immediately integrated into projects. This granular insight allows organizations to identify 'hidden' attrition risks that are invisible in traditional role-based hierarchies, enabling a shift from reactive retention measures to proactive, targeted interventions.

The conceptual framework of skills-based HR operates with three adjacent but non-identical categories. A skill is a specific mastered action or technique; a competency is an integrated combination of knowledge, abilities, and behavioral patterns that enables predictable performance; and a capability describes the potential to apply those competencies in novel or non-standard situations. The AERE research brief demonstrates that competencies measure the current level of performance. In contrast, capability indicates the potential for further development, and individual skills serve as the atoms of more complex constructs (Straehle et al., 2023). This distinction is crucial for machine-learning models: the predictive power of features increases when the algorithm differentiates between possessing a skill, holding a competency, and is capable of expanding it in a new environment.

The description of human capital is further refined through three hierarchical layers. Foundational skills establish a literacy, numerical, and digital base; transferable skills (also called trans-functional) — such as communication, time management, and critical thinking — are easily transferred across roles; and technical or hyper-specialized skills provide depth of expertise in specific domains. Analysis of 15 employer surveys, summarized in the UNICEF study, reveals that it is precisely the combination of foundational, transferable, and technical skills that ranks among the top five hiring priorities in countries with varying income levels, as shown in Figure 3 (Alam & De Diego, 2019).

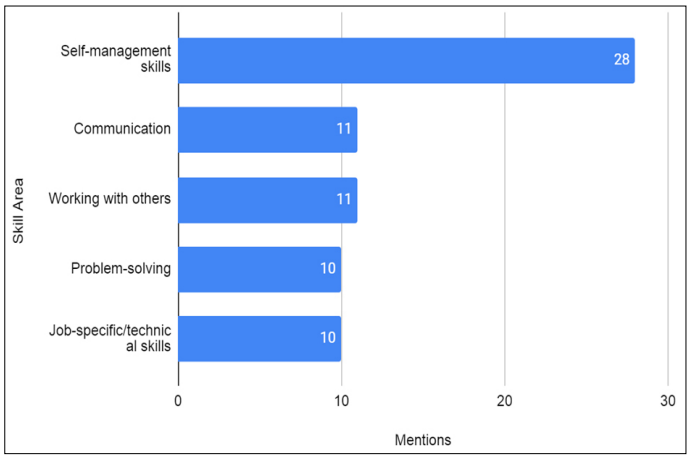

Fig. 3. Frequency Distribution of Employer-Preferred Skill Areas in LMICs (Alam & De Diego, 2019)

For early-warning systems of turnover risk, this implies the need to track not only hot technical skills but also the balance among layers, since degradation of the foundational or transferable layer often precedes declines in performance and increases in the likelihood of departure.

Finally, the very idea of the skills-based model presupposes continuous beta-testing of competencies: knowledge becomes obsolete faster than organizational structures update, so verification and re-evaluation of skills must occur in near real-time. A global McKinsey study covering over one thousand executives shows that organizations accelerating the learn → apply → assess cycle and reallocating resources to new competencies faster than their competitors exhibit a 50% increase in value compared to those that reallocate capital slowly (McKinsey, 2021). For retention algorithms, this mandates connection to corporate learning systems and logging not only course completions but the frequency and efficacy of such beta releases of skills—these become early indicators of whether an employee will continue to see prospects within the company or begin searching externally.

Several interdependent factors accelerate the shift to a skills-first model. At the macro level, automation and generative AI are reshaping professions more rapidly than organizations can update their staffing rosters. The spread of remote work blurs the territorial boundaries of labor markets, while population ageing compels companies to extend the productive career cycle through continuous retraining. In such an environment, the value of a position is determined not by hierarchical standing but by the speed with which an individual can acquire and apply new competencies.

Economic motives intensify pressure on the traditional approach. A hiring mistake is now perceived not as a periodic cost. Still, as a risk threatening competitiveness: every ineffective contract incurs lost time, reputational damage, and additional adaptation expenses for replacement. Selection based on verifiable skills reduces the probability of error, shortens the recruitment cycle, and more rapidly brings a candidate to productivity, making skills-oriented practice more attractive than screening degrees and tenure.

The next driver is inclusion. When organizations assess actual skills rather than educational labels, the talent funnel broadens and becomes more diverse in terms of gender, age, and cultural background, thereby enhancing teams' innovative potential. However, the gap between public statements of equal access and actual career trajectories remains noticeable. If internal skills pathways are opaque, employees perceive a barrier and are more likely to consider departure.

Technological infrastructure digitizes and renders skills portable. Digital badges and blockchain certificates transform each mastered skill into a verifiable token, while LXP platforms integrate learning, practice, and analytics into a single, seamless chain. Consequently, the talent-management system obtains live data on which competencies are forming, how frequently they are updated, and how swiftly they are applied in practice—signals that early-warning algorithms subsequently exploit.

The convergence of technological, economic, and social factors shapes a stable vector: instead of positional status, a continuously updated portfolio of skills becomes key. For AI-based turnover-risk assessment systems, this means shifting the focus from static attributes to the dynamics of competency development and the level of accessibility of skill opportunities within the organization.

Corporate practice demonstrates that the shift to skills-first has already moved beyond theory. IBM was among the first to adopt new-collar roles: by 2021, the company had removed the degree requirement from more than half of its U.S. vacancies, thereby widening the hiring funnel without compromising candidate quality (Torchinsky, 2023). The next step was a large-scale investment in its training ecosystem: by the end of 2023, over USD 100 million of the planned USD 250 million had been invested in apprenticeship programs and a new-collar track, with graduates of this track almost entirely retained in the workforce via guaranteed conversion to permanent positions (IBM, 2023). Through a unified SkillsBuild data platform, the company constructs a dynamic competency lexicon linked to both ATS and LXP; this provides HR-risk analysts an early signal: when an employee's in-demand skills misalign with long-term business needs, the algorithm suggests retraining pathways well before the readiness-to-leave threshold.

At Walmart, the shift in focus was driven by operational scale. According to its fiscal year 2024 annual report, 75% of U.S. store, club, and logistics managers advanced from hourly positions—that is, they progressed within the company based on skills rather than degrees (Walmart Inc., 2024). To reinforce this effect, the retailer launched Academy 2.0 and Live Better U, fully funding employees' certificates and degrees—USD 1 billion is reserved in a five-year talent development budget for this purpose (Golden, 2022). In Walmart's HR analytics, this reduces the cost of mis-hires: the wider the internal mobility, the cheaper it is to replace a departing key employee, as the risk of expired competencies is mitigated by continuous learning.

A market segment of accelerator companies has already formed for this transition. Delta Air Lines removed degree filters from 90% of its positions. They moved thousands of hourly workers to a salaried track, demonstrating that a skills-first approach is applicable even in highly regulated industries (One Ten, 2023). Google's Career Certificates have trained hundreds of thousands of candidates; 75% of graduates report income increases or career transitions within six months of course completion, making these certificates a reliable predictor of performance in hiring (Google, 2024). JPMorgan Chase committed USD 350 million to employee reskilling and educational partnerships, focusing on AI competencies that classical degree programs cannot replicate quickly enough (China, 2024). The collective experience shows that when the key KPI is skill relevance, early-warning algorithms for turnover risk operate more accurately, relying not on positional status but on live trajectories of competency development.

Thus, amid rapid knowledge obsolescence and intensifying competition, the role of formal status is increasingly yielding to a dynamic portfolio of skills: the shift to skills-based HR not only enhances the precision of early-warning turnover algorithms but also creates a flexible, inclusive, and development-oriented environment. Rather than motivating employees to climb the career ladder, organizations gain a tool that accounts for the speed of acquiring new competencies, the balance among foundational, transferable, and technical skill sets, and the potential for their application in novel tasks. This approach reduces bureaucratic inertia, broadens the talent funnel, and makes retention more predictable. When motivation is tied to real human capital growth, companies can respond more rapidly to market changes and build a sustainable competitive advantage.

CONCLUSION

This study demonstrates that the transition from the traditional role-based motivation model to a skills-based approach represents not merely a shift in the HR paradigm but a necessary condition for improving the accuracy of employee-retention forecasts in a dynamic labor market. Risk analyses based on static attributes—such as job level, hierarchical status, or fixed grades—prove insufficiently informative and yield a high rate of false negatives. In contrast, tracking the pace of new skill acquisition, the alignment of an employee's trajectory with the internal competency map, and the balance among foundational, transferable, and technical skill sets enables predictive analytics algorithms to detect early signals of dissatisfaction and intent to leave well before performance declines or actual departure decisions.

Empirical data indicate that organizations implementing continuous beta-testing strategies and integrating AI systems with corporate learning platforms achieve higher retention rates and respond more promptly to technological paradigm shifts. Reduced reliance on formal education requirements, increased shares of competency-development specialists, and expanded internal retraining programs create a flexible and inclusive environment in which employee motivation is directly linked to real human capital growth.

Thus, adopting skills-based HR becomes a strategic advantage: it not only strengthens the accuracy of early-warning systems for turnover but also establishes a sustainable platform for long-term organizational development. Instead of incentives for vertical advancement, employees receive a transparent and accessible professional growth system, and companies gain the ability to reallocate resources swiftly and retain key personnel within the window of opportunity presented by technological and economic transformations.

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