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An Assessment of the Challenges and Opportunities in Replacing Degree Requirements with Skills Assessments in the Manufacturing Sector: The Case of Ener-G Africa

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ABSTRACT

In an era of evolving workforce demands, particularly in the manufacturing sector, the effectiveness of traditional degree-based hiring practices is increasingly being questioned. This study assesses the challenges and opportunities associated with replacing academic degree requirements with skills assessments in the recruitment processes of manufacturing companies, with a specific focus on Ener-G Africa in Malawi. The research explores whether practical skills serve as a more reliable predictor of job performance and workplace integration than formal academic qualifications. By examining the implications of a skills-based hiring approach, the study aims to identify its potential to improve workforce inclusivity, address talent gaps, and enhance productivity. Using a mixed-methods approach, the research investigates organizational perceptions, recruitment outcomes, and barriers to adopting skills-first strategies. The findings will offer evidence-based insights for policymakers, employers, and educational institutions, contributing to more inclusive and efficient employment practices in Malawi's manufacturing sector.

Keywords: Ener-G Africa

Introduction

This study examines the shift from conventional degree-oriented recruitment to skills-based evaluations in manufacturing companies, particularly emphasizing Ener-G Africa. The main question is whether practical skills are a better indicator of how well someone will do at work and how well they will fit in than academic qualifications.

In today's changing industrial world, especially in developing countries like Malawi, there is a growing need for workers who are skilled and knowledgeable in their fields. But relying on formal degrees as a requirement for jobs often leaves out qualified people who don't have degrees but do have the right technical skills. This creates a big problem with how talent is used and how inclusive the workforce is.

Ener-G Africa is a company in Malawi that works in the sustainable manufacturing industry. It is a good example of this problem. The company needs skilled workers for a variety of technical jobs, but its hiring policy still puts a lot of weight on degree qualifications. This study examines the prospective advantages and drawbacks of implementing a skills-based hiring methodology in these contexts.

The chapter outlines the study's background, the problem it tackles, its objectives, research questions, and hypotheses. It also talks about the research's theoretical and conceptual frameworks, as well as the study's importance, reasons for doing it, and definitions of important terms.

Literature Review

Theoretical Review

Theories provide the foundation for any rigorous academic research because they offer conceptual lenses through which phenomena can be explained and interpreted. In the context of skills-based hiring, theoretical frameworks help to clarify why organizations value certain attributes in employees and how individuals acquire and utilize those attributes in professional settings. Among the most relevant perspectives for this study are Human Capital Theory and Competency Theory, both of which shed light on the processes by which individuals develop, display, and apply knowledge, skills, and abilities in labor markets. These theories not only provide a scholarly justification for moving away from degree-centric recruitment models but also demonstrate the economic and organizational rationale behind valuing demonstrable skills over formal qualifications.

Human Capital Theory, initially popularized by scholars such as Theodore Schultz (1961) and Gary Becker (1964), posits that investments in education, training, and health enhance the productivity of individuals in the labor market. The theory draws a parallel between human capabilities and physical capital, suggesting that just as machines or factories increase output when properly maintained and upgraded, so too does an individual's productivity increase when their skills and knowledge are developed through deliberate investments. This theory has been widely applied in labor economics and educational policy, emphasizing the centrality of human resources as drivers of economic growth and development. In the context of recruitment and workforce management, Human Capital Theory supports the argument that individuals who possess higher levels of relevant skills contribute more to organizational efficiency and innovation, thereby justifying investment in their selection, training, and development.

The roots of Human Capital Theory can be traced back to the recognition that labor is not a homogeneous factor of production. Classical economists had often emphasized land, labor, and capital as the three key inputs in production. However, the human dimension of labor—its quality, expertise, and productivity—was not fully recognized until the mid-20th century. Schultz's work highlighted the importance of education in transforming populations into more productive resources, while Becker extended the concept to include on-the-job training and health as forms of human capital investment. In practical terms, the theory provides a framework for understanding why individuals and societies prioritize education and training, seeing these as investments that yield returns in the form of higher wages, better employment opportunities, and overall economic advancement.

Human Capital Theory

Becker's (1964) formulation of Human Capital Theory established a powerful framework that has shaped economic thought and labor market practices for decades. By positioning education and training as forms of investment, Becker likened individuals' pursuit of knowledge and skill development to firms upgrading machinery or technology. This perspective provided a quantifiable explanation for wage differentials and productivity disparities, suggesting that individuals who invest more heavily in their human capital are rewarded with higher earnings and improved career prospects. Employers, in turn, are expected to reap the benefits of hiring individuals with advanced education and training, under the assumption that such individuals will be more innovative, efficient, and adaptable in their roles.

However, the assumption that education always translates into productivity has been increasingly challenged. Critics point out that academic credentials often function more as a **signal** of potential ability rather than a direct indicator of job performance (Spence, 1973). A degree may demonstrate persistence, cognitive ability, or social capital rather than concrete, job-relevant skills. This critique is particularly significant in fields where practical expertise, creativity, or technical know-how outweigh theoretical knowledge. For example, in technology-driven industries, an individual with vocational training or self-acquired coding skills may outperform a university graduate who lacks hands-on experience. Thus, while HCT emphasizes the value of formal education, it often overlooks alternative pathways of skill acquisition that can be equally, if not more, valuable in specific job contexts.

Another limitation of HCT lies in its inability to account for informal and experiential learning. Scholars such as Brown, Lauder, and Ashton (2011) argue that in modern labor markets, much learning occurs outside formal educational systems through apprenticeships, on-the-job training, peer learning, and digital platforms. These alternative forms of learning challenge the primacy of academic credentials as the sole markers of human capital. Barrett and O'Connell (2001) further note that rapid technological changes continuously alter the skills required in the workplace, creating a situation where static degrees quickly become outdated. Consequently, employers who rely exclusively on academic qualifications may find themselves hiring individuals who are ill-prepared for current job demands.

In developing economies such as Malawi, the limitations of HCT are even more pronounced. Access to higher education remains restricted due to financial, infrastructural, and geographic constraints, meaning that only a small proportion of the population can attain university degrees. If employers rely excessively on degrees as proxies for skill, large segments of the population are systematically excluded from economic opportunities despite possessing practical abilities. This reliance not only exacerbates inequality but also contributes to underemployment, as many degree-holders may not find positions that align with their qualifications, while industries struggle with skill shortages in areas requiring technical or vocational expertise. In such contexts, HCT inadvertently reinforces social stratification rather than promoting inclusive economic development.

Nevertheless, the theory continues to offer useful insights, especially when interpreted more broadly. Its emphasis on investment in skills remains valuable for understanding the relationship between education and economic growth. Policies inspired by HCT, such as government funding for training programs or subsidies for higher education, aim to enhance national productivity by improving the overall quality of the workforce. However, for these policies to remain effective, they must evolve to incorporate recognition of diverse forms of learning and the dynamic nature of labor market demands. A reimagined application of HCT would therefore emphasize lifelong learning, continuous skill development, and recognition of vocational and informal education as equally legitimate investments in human capital.

Research Methodology

Research Design and Methodology

This study utilises a mixed methods research design, integrating both qualitative and quantitative methodologies. The quantitative part uses structured questionnaires to find out about attitudes, behaviors, and patterns related to recruitment outcomes. The qualitative part uses interviews and document analysis to give a more complete picture of the situation.

The mixed methods design was chosen for its capacity to triangulate data sources, thereby enhancing the robustness and validity of the findings (Creswell & Plano Clark, 2017). A convergent parallel design will be employed, involving the simultaneous collection of both qualitative and quantitative data, followed by separate analysis and subsequent integration to yield comprehensive insights.

This design is appropriate for elucidating the interaction between organizational policies, generally recorded in quantifiable formats, and human perceptions or experiences, which are more effectively represented through narrative data.

Sampling Techniques

The study employs a blend of purposive and stratified random sampling methodologies.

- Purposive Sampling: This method will be employed to identify key informants, including HR officers, recruitment managers, and technical supervisors. These people have the specialized knowledge needed to understand how to implement and follow recruitment policies. Their selection is deliberate and informed by their pertinence to the study's emphasis (Palinkas et al., 2015).
- Stratified Random Sampling: This method will be used to choose people from the group of employees. The employees will be put into groups based on their department (for example, production, assembly, or maintenance), and then a random sample will be taken from each group. This makes sure that all operational units are represented, which keeps departmental bias out of the evaluation of how workers feel.

The mixed methods design is supported by the combined approach, which improves both depth (by purposively sampling experts) and breadth (by stratifying the wider employee base).

Data Collection Methods

This study utilises a dual-method data collection strategy, aligning with its mixed methods design. We will collect both quantitative and qualitative data so that we can cross-check them and get a full picture of the research problem. The ways to collect data are:

- Structured Questionnaires: Sent to employees in different departments to get measurable information about their thoughts, feelings, and performance metrics related to hiring practices. The questionnaires have both closed-ended (Likert scale) questions and a few open-ended questions to make things clearer.
- Semi-Structured Interviews: These were done with HR managers, technical supervisors, and people involved in vocational education to get in-depth qualitative information. This format is flexible, but it keeps the flow of questions the same, which lets the researcher look into new themes.
- Document Review: Internal documents like hiring policies, job ads, training manuals, and performance reports will be looked over to make sure that reported practices are correct and that the hiring strategies used match those that were stated.

This multimodal approach guarantees a more profound comprehension of the implications of skills-based hiring at both the policy and individual levels

Data Analysis & Interpretation

Table 1 Age Group

Age Group

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
26–35	4	25.0	25.0	25.0
36–45	7	43.8	43.8	68.8
46–55	5	31.3	31.3	100.0
Total	16	100.0	100.0	

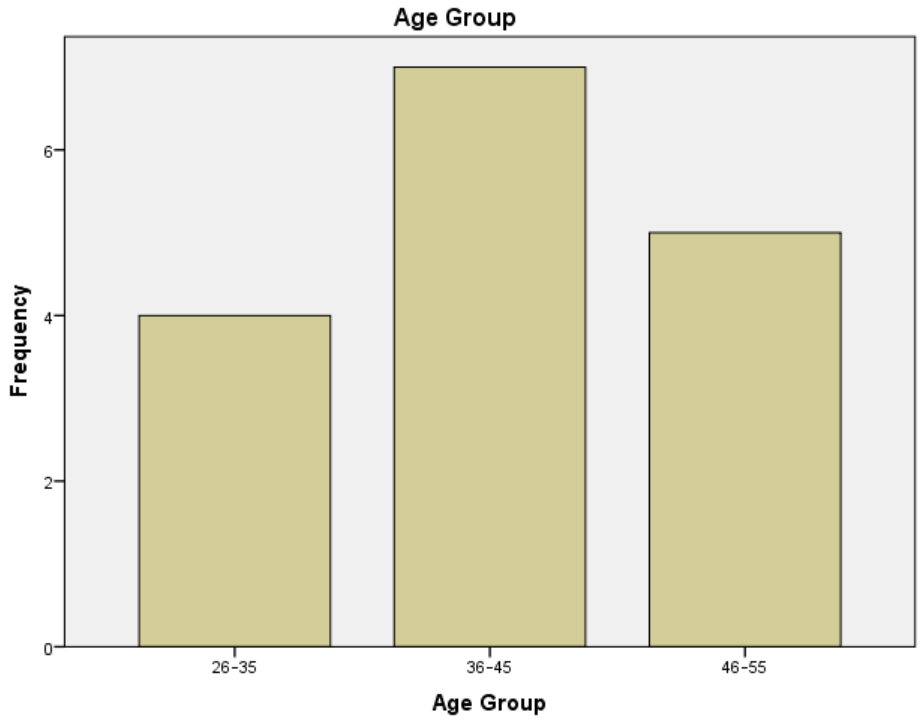

Figure 1Age Group

4.2.2 Gender Distribution of Respondents

The demographic profile of respondents is an essential foundation for interpreting research findings, as it provides insight into the characteristics of the population under study and shapes the interpretation of results. In the present study, gender emerged as a key demographic characteristic that reflects both participation trends and broader social dynamics. Among the respondents, a significant majority, **68.8 percent,** identified as female. Meanwhile, **25 percent** of respondents identified as male. A smaller proportion, **6.3 percent,** chose not to disclose their gender. This distribution highlights notable patterns in participation that carry implications for both the reliability of the findings and the broader understanding of gender dynamics in the research context.

The predominance of female respondents in this study warrants careful consideration. At nearly seven out of ten participants, women formed the majority group, suggesting that they were more readily available, willing, or motivated to participate in the study compared to men. In social research, participation rates often mirror deeper societal and cultural structures. For example, women may have been more represented because they were more accessible within the chosen study sites, or because the nature of the research topic was perceived as more relevant to them. In contexts such as Malawi, where women are often more engaged in community-based activities, livelihood programs, and educational initiatives, their strong representation in research samples is not uncommon.

Table 2 Current Position

Current Position

Current Position		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accountant	1	6.3	6.3	6.3
	ACCOUNTANT	1	6.3	6.3	12.5
	Business development personel	1	6.3	6.3	18.8
	Chief Internal Auditor	1	6.3	6.3	25.0
	choose not to say	1	6.3	6.3	31.3
	clinical officer	1	6.3	6.3	37.5
	Human Resource Officer	1	6.3	6.3	43.8

Human Resources Officer	1	6.3	6.3	50.0
i choose not to say	2	12.5	12.5	62.5
Officer	1	6.3	6.3	68.8
Principal Human Resource Management Officer (PHRMO)	1	6.3	6.3	75.0
Records Management Officer	1	6.3	6.3	81.3
Sales & Marketing	1	6.3	6.3	87.5
Teacher	2	12.5	12.5	100.0
Total	16	100.0	100.0	

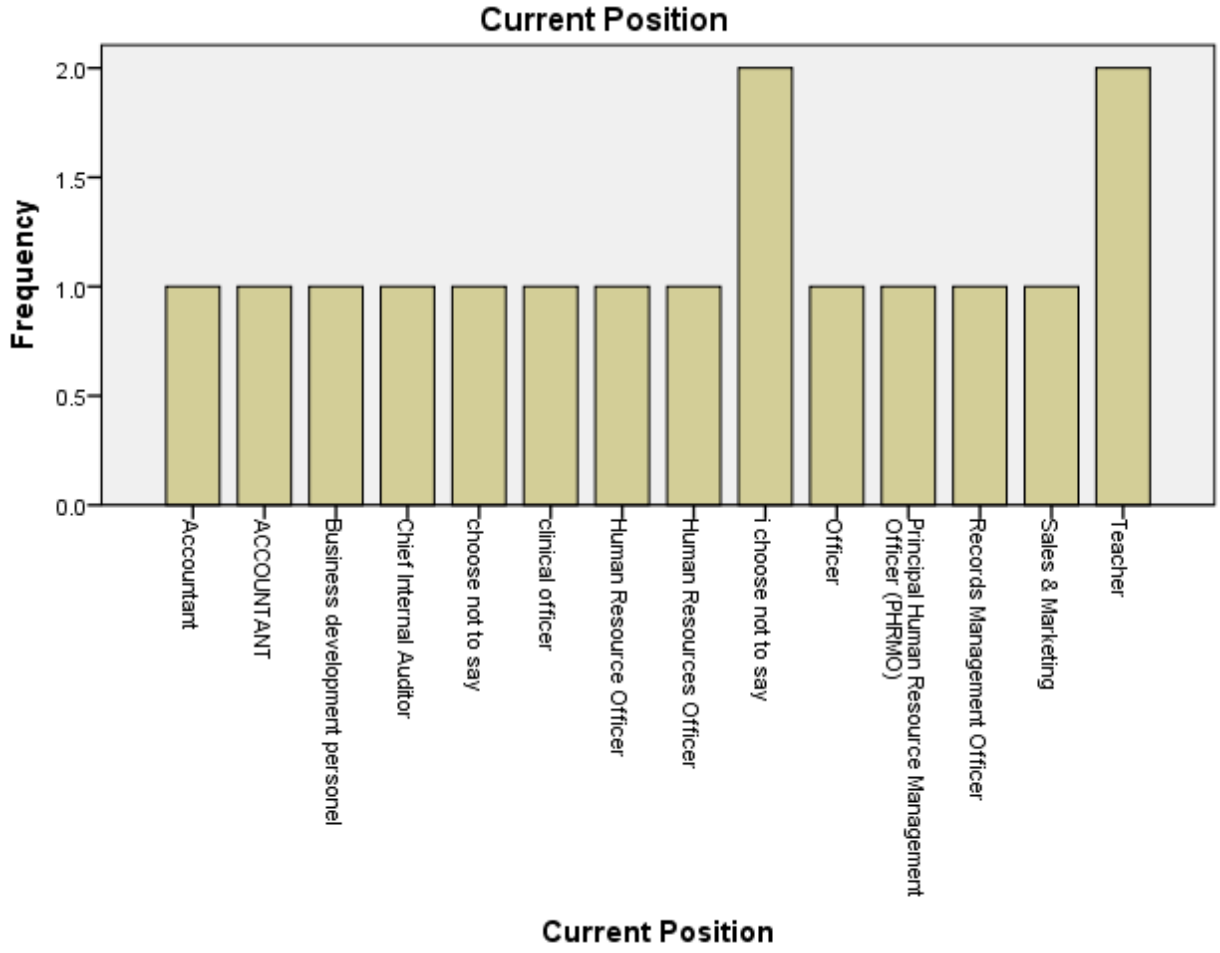

Figure 2 Current Position

4.2.4 Departments Represented in the Study

The study drew respondents from a wide range of organizational departments, reflecting the diversity of the modern workplace. Representation across multiple departments is significant because it ensures that findings capture the varied realities of different functional areas rather than being limited to a single sector or unit. Each department plays a distinct role in organizational effectiveness, and the presence of staff from across these divisions enriches the dataset by offering a holistic view of workplace dynamics.

The departments represented in this study included Records Management, Quality Control, Production, Medical, Management, Administration, Communication and Marketing, Education, Finance, Human Resource Management (HRM), and Industrial Management. Each is described in detail below, with attention to its relevance and contribution to the overall study.

Suggestions &Recommendations

The findings of this study suggest that while skills-based hiring holds significant potential for enhancing workforce performance and inclusivity in Malawi's manufacturing sector, its successful adoption requires both organizational and policy-level interventions. At the firm level, Ener-G Africa and similar companies should prioritize the development of structured, role-specific assessment frameworks that accurately capture the technical competencies needed in production processes. Hybrid recruitment models that balance academic credentials for supervisory and analytical positions with competency-based evaluations for operational roles are recommended, as they draw on the strengths of both Human Capital Theory and Competency Theory. To ensure fairness and reliability, organizations must invest in assessor training, pilot new recruitment practices before scaling, and establish transparent communication strategies that build trust among employees and applicants. Furthermore, embedding inclusive hiring practices such as recognizing TEVETA certifications, prior learning, and alternative credentials will diversify talent pipelines and reduce unnecessary exclusion of skilled but uncertified candidates. Continuous monitoring and evaluation of recruitment outcomes, complemented by structured onboarding and ongoing training, will reinforce efficiency gains and sustain employee performance.

At the policy level, government institutions, TEVETA, and industry bodies must strengthen national competency frameworks by standardizing trade tests and validating skills acquired through informal and non-traditional pathways. Recognition of prior learning (RPL) should be institutionalized to ensure that practical experience translates into employability. Policymakers should also incentivize firms that adopt skills-based hiring through tax breaks, training subsidies, and public recognition, thereby encouraging wider uptake of competency-based recruitment. Expanding vocational training infrastructure with modern equipment, updated curricula, and qualified instructors is essential, and partnerships with the private sector can bridge the gap between training and industry requirements. Equally important is a cultural reorientation, achieved through national awareness campaigns that highlight success stories of skills-based employment and challenge the entrenched bias toward degrees. Finally, the creation of a national skills database and participation in regional benchmarking initiatives will enhance transparency, align Malawi with global best practices, and support mobility of skilled labor.

Together, these measures would create an enabling environment in which Ener-G Africa and other manufacturing firms can transition toward fair, efficient, and inclusive recruitment systems, while the government strengthens the policy and institutional frameworks needed for national impact.

Conclusion

This study set out to assess the challenges and opportunities of replacing degree requirements with skills assessments in the manufacturing sector, focusing on Ener-G Africa in Malawi. The findings demonstrate that skills-based hiring offers tangible benefits for workforce performance, operational efficiency, and inclusivity. Employees with demonstrable technical competencies adapt more quickly, perform more reliably, and require less retraining than degree-holders lacking practical exposure. At the same time, the reliance on academic qualifications continues to function as an exclusionary filter in Malawi, undermining both firm-level productivity and national employment equity.

The research also shows that organizational culture, policy inertia, and limited assessment infrastructure constrain the adoption of skills-based recruitment. Perceptions of fairness remain mixed, and awareness gaps persist. Yet, employees and managers alike express willingness to reform recruitment practices, provided assessments are standardized, transparent, and job-relevant.

Theoretically, the integration of Human Capital Theory and Competency Theory clarifies the pathway forward: education remains valuable as an investment in human capital, but competencies observable skills and behaviors must be prioritized when they are the primary drivers of performance. A contingent, hybrid model emerges as the most feasible approach: practical demonstrations for technical roles, complemented by academic credentials for supervisory and analytical positions.

In conclusion, the evidence supports a call for multi-level reform: Ener-G Africa and similar firms must invest in structured assessments, inclusive pipelines, and change management, while government and TEVETA must strengthen national competency frameworks, institutionalize recognition of prior learning, and shift cultural narratives around technical work. Together, these reforms can create a more efficient, inclusive, and future-ready manufacturing workforce in Malawi.

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