



Credentials at Work: Employer Perceptions of Short-Term Credentials

Exploring employer views on the value of non-degree, short-term credentials and education-industry partnerships

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Executive Summary

According to the latest count by nonprofit Credential Engine¹, there are 920,000 unique postsecondary credentials available in the U.S. Approximately 560,000 are short-term credentials from MOOC (massive open online course) providers and non-academic organizations. It is undeniable that short-term credentials are a growing piece of the landscape, with such non-degree credentials and certificates representing over 41 percent of all those awarded by community colleges since 2010².

In contrast to mainstream narrative, it is not just a handful of coding bootcamps and online course providers that are driving this explosion of non-degree credentials. The growth of non-degree credentials has been far more broad-based, fueled by a growing number of large enterprise employers (e.g. Google, IBM)³, industry groups, certification bodies, and higher education institutions.

More than 40 percent of working adults report having completed a non-degree credential⁴ and the list of providers is diverse, from various higher education institutions and governments to businesses and professional associations.

However, despite the booming market⁵ of new credentials and providers, a number of questions remain. Are employers keeping up with the shifting landscape of credentials and making changes to hiring and recruitment policies? Are students and incumbent workers actually reaping the benefits of these new credentials? Do businesses realistically see institutions of higher education as viable partners for meeting their credentialing and upskilling needs?

With these questions in mind, InsideTrack and the University Professional and Continuing Education Association (UPCEA) wanted to delve into the employer perspective on short-term credentials. With support from the Non-degree Credentials Research Network (NCRN) and Strada Education Network, researchers sought to better understand how employers view short-term credentials and their value as a proxy for skill, competency and fit.

Through this study, we sought to not only test employer awareness and perceptions of short-term credentials, but also to better understand the practice and its implications for recruitment and hiring. Specifically, we wanted to gain new insight into the value that managers assign to short-term credentials and their interest in partnering with institutions of higher education to shape program offerings.



40% More than 40 percent of working adults report having completed a non-degree credential⁴.

1 "Counting U.S. Postsecondary and Secondary Credentials", Credential Engine, February 2021, <https://credentialengine.org/wp-content/uploads/2021/02/Counting-Credentials-2021.pdf>

2 Di Xiu and Madeline Trimble, "What About Certificates? Evidence on the Labor Market Returns to Non-Degree Community College Awards in Two States," Educational Evaluation and Policy Analysis 38, no. 2 (June 2016): 272–292, <https://journals.sagepub.com/doi/pdf/10.3102/0162373715617827>

3 Paul Fain, "Alternative Credentials on the Rise", Inside Higher Ed, August 27 2020. <https://www.insidehighered.com/news/2020/08/27/interest-spikes-short-term-online-credentials-will-it-be-sustained>

4 "Examining the Value of Nondegree Credentials", Strada Center for Education Consumer Insights, July 28 2021, <https://cci.stradaeducation.org/pv-release-july-28-2021/>

5 Sean Gallagher and Holly Zanville, "More Employers Are Awarding Credentials. Is A Parallel Higher Education System Emerging?", March 25 2021, <https://www.edsurge.com/news/2021-03-25-more-employers-are-awarding-credentials-is-a-parallel-higher-education-system-emerging>

Key Findings

- In our research, we found mixed acceptance of short-term credentials by employers. The awareness and hypothetical value are there, as is the desire to leverage them. However, even with a favorable view, many still retain policies that keep more conventional degrees as gatekeeping to hiring. So, while there is acceptance, it is more often with the condition that a traditional degree has been obtained first, which can have equity implications when we factor for demographic breakdowns in four-year degree earners as well as short-term credential earners.
- Perhaps surprisingly, employers actually rate their confidence in higher education fairly highly. Executives, in particular, are very optimistic about their ability to influence institutions to develop programs that businesses need to fulfill their talent needs. However, that optimism is more muted at the managerial level, which is more grounded in the day-to-day of the talent management and operational execution, or effects of any partnerships between businesses and a particular institution.

In order to close the gap between theoretical acceptance and practice, it is crucial that institutions and businesses close the feedback loop and assess how to improve programs to better meet business needs and individuals' career progression. Institutions are currently not getting the feedback they need to ensure that programs provide a quick increase in work performance, or strengthen the employee's commitment to the sponsoring employers. Finding common success metrics along with co-designing the courses are essential to building short-term credential growth.

Over the past decade, UPCEA and InsideTrack have conducted extensive consumer and institutional research on the adult learner and professional education market. Adding in the voice of the employer is critical to understanding the state of higher education as a result of the pandemic, changing economy and shifting demographic trends. The employer voice is essential to adult and employee education and training as they are funders, sponsors and influencers that help define the competencies of employment.





SURVEYED

1,023 Employers

Full-time Hiring Managers

NOVEMBER–DECEMBER 2021



Methodology

In collaboration with InsideTrack, UPCEA's Center for Research and Strategy launched a survey in November 2021 to explore employer attitudes and perspectives related to education and training—specifically the use of short-term credentials in the practice of recruiting, hiring and employee education programs.

Conducted between November and December 2021, the UPCEA-InsideTrack survey was fielded using an internet panel, focusing on professionals who were employed at mid-sized or large companies, specifically those involved in hiring or training. A total of 1,604 individuals participated in the study, of which 1,023 met all study qualifications and completed the survey. Assuming a random sample, the error margin is plus or minus 3.4% at 95% confidence. The specific target demographic details were:

- Full-time professionals
- 22 years or older
- Managing other employees
- Mid-level or above in their career
- At an organization with 100 or more employees

The survey was underwritten by the Non-degree Credentials Research Network (NCRN) and Strada Education Network.

Perception and Awareness

Employers' perceptions and awareness of the ability to collaborate with higher education institutions to shape program offerings were generally positive.

Most respondents said their organization collaborates with higher education institutions, and 70% would rate those collaborations as extremely easy or very easy. Organizations reported most often using institutions of higher education for professional development programs (63%), indicating that existing relationships are still intact. However, this does not provide a comparison of what attributes or skills are easier or more desirable to outsource with a collaborative partnership versus building capabilities in-house.

FIGURE 1: WAYS ORGANIZATIONS USE INSTITUTIONS OF HIGHER EDUCATION (N=1,023)

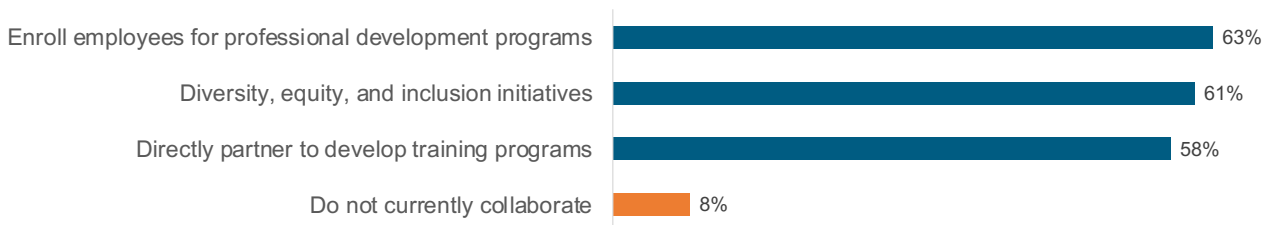


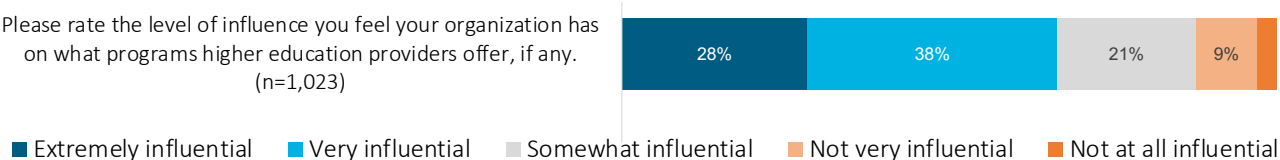
FIGURE 2: EASE OF WORKING WITH HIGHER EDUCATION TO PRODUCE PROGRAMS THAT POSITIVELY IMPACT ORGANIZATION (N=1,023)



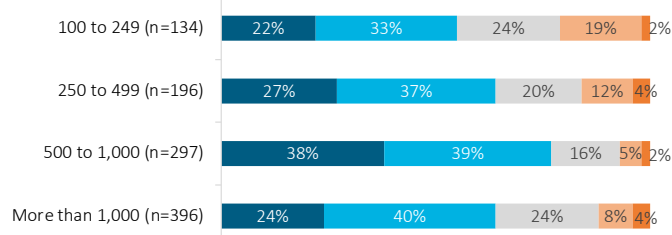
One assumption might be that ease of influence to get the desired programs would be a factor. Two-thirds of employers believed their organization to be extremely (28%) or very influential (38%) on what programs higher education providers offer. However, there was a distinct gap that seemed to be based on organization size and seniority in the organization. Organizations with 500 to 1,000 employees believed they had the strongest influence, as did those that were at the C-level.

FIGURE 3: INFLUENCE ON HIGHER EDUCATION OFFERINGS

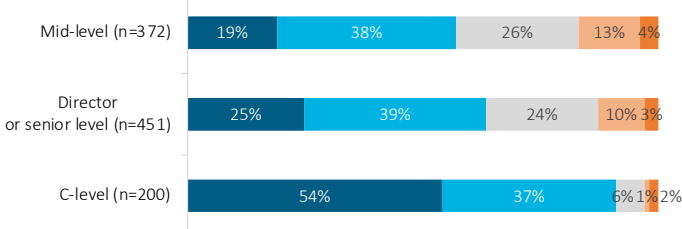
Please rate the level of influence you feel your organization has on what programs higher education providers offer, if any.
(n=1,023)



Influence by Organization Size

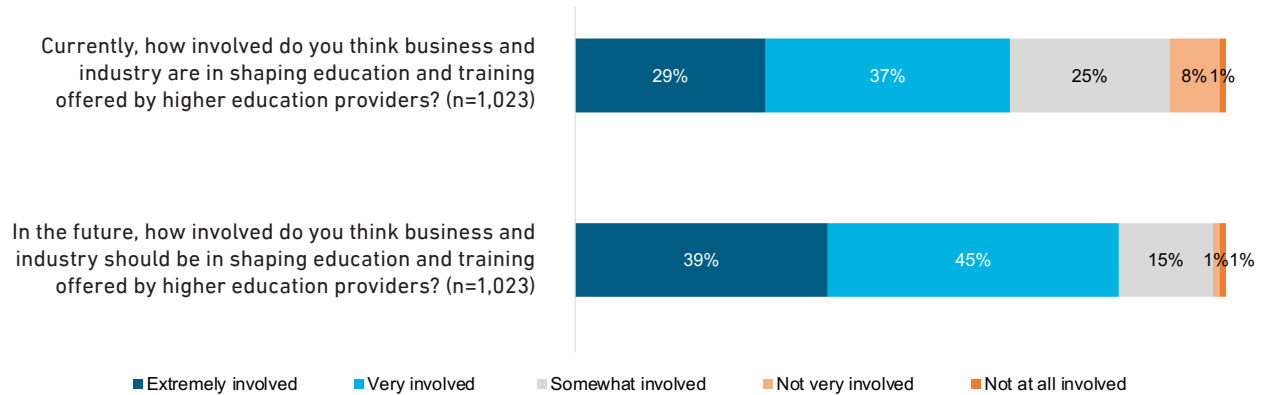


Influence by Career Level



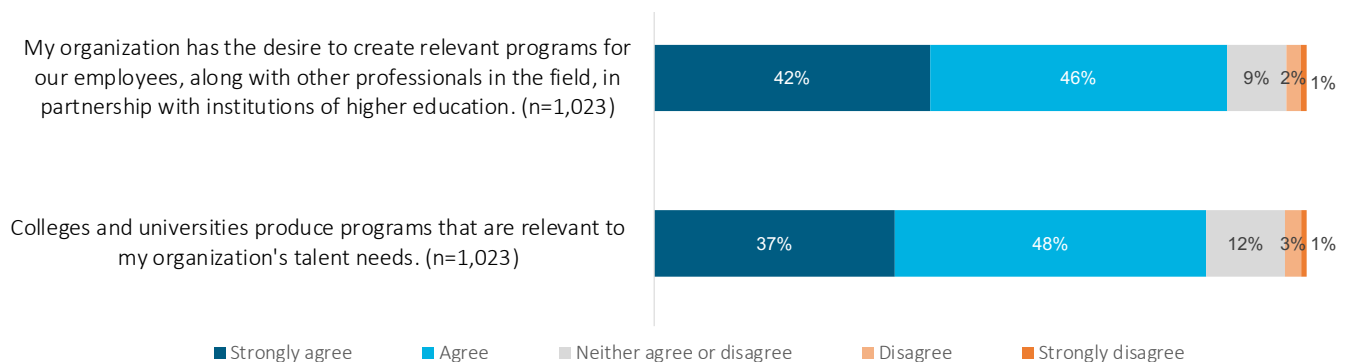
Employers believe business and industry should be more involved in shaping education than they currently are. While two-thirds of respondents (66%) said business and industry are extremely (29%) or very involved (37%), 84% believe business and industry should be extremely (39%) or very involved (45%) in the future. However, it remains to be seen whether expectations and definitions of what it means to “be involved” are aligned between employers and institutions.

FIGURE 4: EMPLOYER INVOLVEMENT WITH HIGHER EDUCATION



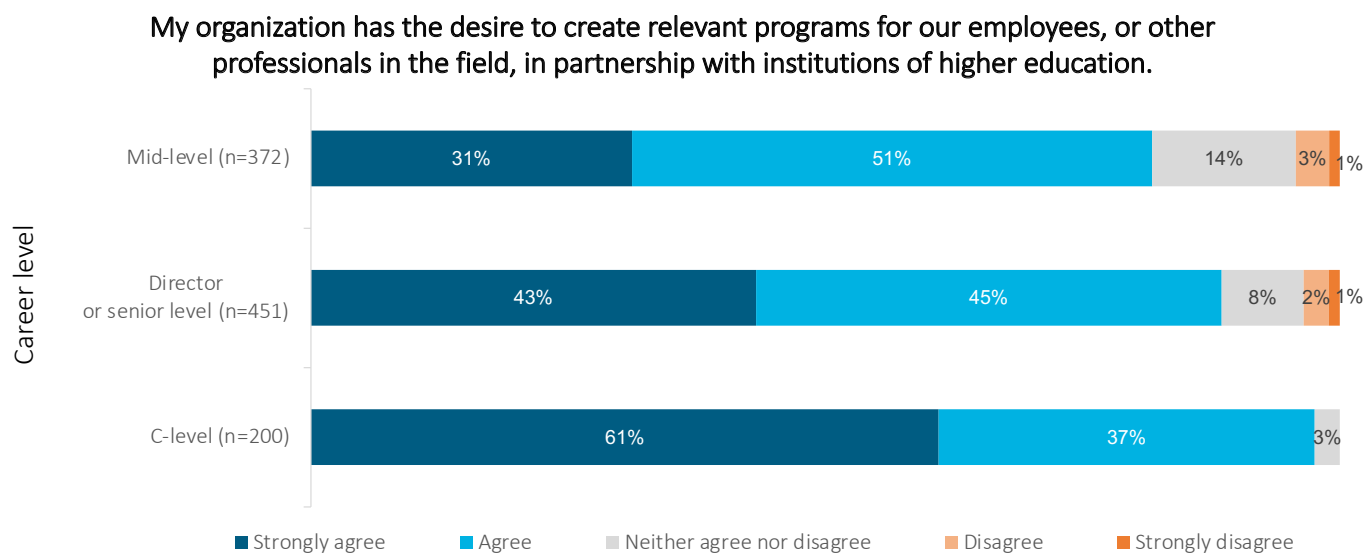
In total, 88% of respondents strongly agree (42%) or agree (46%) that their organization has the desire to create relevant programs for employees in partnership with institutions of higher education. This further reinforces the notion that employers want a seat at the table when developing education programs. Generally, employers believe that colleges and universities produce programs that are relevant to their organization's talent needs (85% strongly agree or agree).

FIGURE 5: PARTNERSHIPS AND PROGRAMMING



Professionals that have advanced further in their career were more likely to say their organization has the desire to create relevant programs in partnership with institutions of higher education.

FIGURE 6: PARTNERSHIP DESIRE BY CAREER LEVEL



Overall, the data paints an encouraging picture when it comes to tightening the gap between education providers and labor market needs to ensure individual and societal return for investment in education. At the same time, it is notable that there is a difference in confidence and desire between mid-level, senior executives, and C-suite respondents. It is unclear from the survey itself whether this is driven by a difference in power at each level, knowledge, proximity to operational execution or the talent pool that they are more likely to engage with on a daily basis.

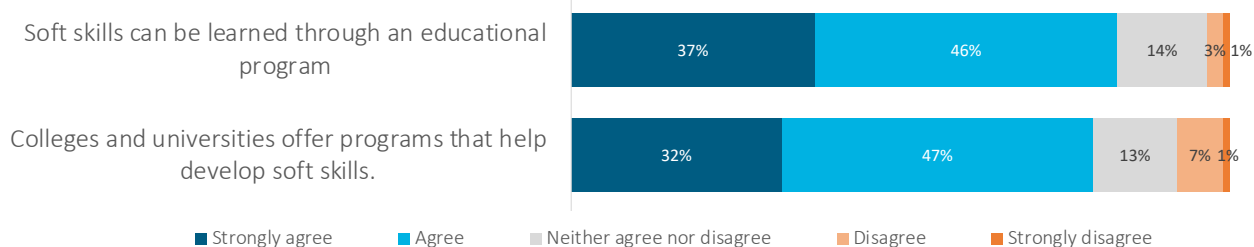
Value and Acceptance

Short-term credentials often signal to employers that an individual possesses certain skills or knowledge, and they can provide individuals with an advantage when it comes to promotions. The survey found that mid- and senior level managers generally do see value in short-term credentials. But while employer sentiment has tilted in favor of non-degree credentials as an alternative to a degree, the research found a gap between employer attitudes and actual behaviors.

For example, approximately two-thirds (65%) of respondents say their organization still relies on a four-year degree as a primary measure of an individual's ability to perform. Additionally, 40% reported their organization has policies or procedures in place that prohibit hiring professionals that lack a four-year degree. That said, among the organizations that did not use four-year degrees for gatekeeping, 46 percent responded that they do hire someone without an associate or bachelor's degree extremely (14%) or very often (32%).

There is confidence that educational programs and colleges and universities can help develop critical skills: communication, critical thinking, and problem solving. There is some variance between managerial levels, with mid/senior-level managers prioritizing skills that help run a team and successfully execute on a project (e.g., communication, critical thinking, problem solving, teamwork, leadership) and executives putting more emphasis on vision and strategy-related skills like creativity. In addition, the largest and smallest organizations placed the most value on critical thinking and problem solving.

FIGURE 7: SOFT SKILLS AND EDUCATION (N=1,023)



When provided with a list of 10 soft skills, respondents most often found communication (68%), critical thinking (64%), and problem solving (61%) to be important soft skills. Creativity and leadership were more likely to be seen as valuable by larger institutions. For the most part, respondents agree or strongly agree soft skills can be learned through an educational program (83%) and that higher education offers programs that can help develop them (79%).

FIGURE 8: VALUABLE SOFT SKILLS (N=1,023)



Table 1 and Table 2 display the value of various soft skills. The tables display statistically significant chi-squares at the .05 level. Blue boxes have the highest percentage within a column. For the career level table, conflict management and emotional intelligence were not displayed as there were no statistical differences between them. For the organization size table, there were no statistical differences for communication, decision making, emotional intelligence, or teamwork.

TABLE 1: SOFT SKILL VALUE BY CAREER LEVEL

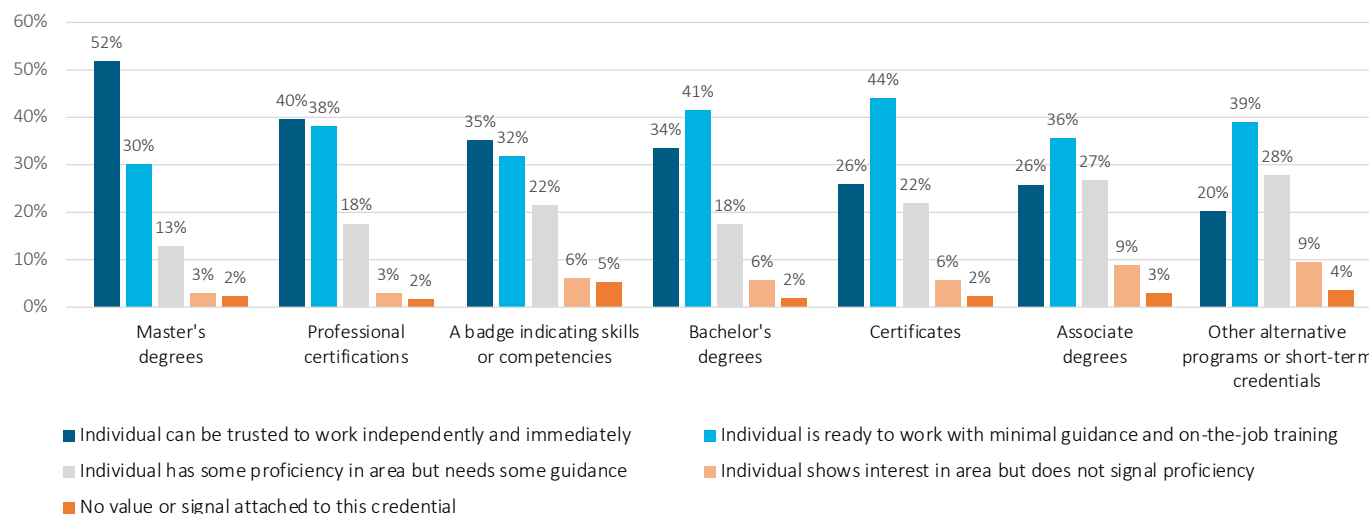
	Creativity	Communication	Critical Thinking	Problem Solving	Teamwork	Time Management	Decision Making	Leadership
Mid-level (n=372)	48%	71%	66%	62%	63%	45%	55%	45%
Director or Senior level (n=451)	57%	73%	67%	67%	65%	48%	64%	54%
C-level (n=200)	74%	54%	52%	49%	43%	37%	60%	45%

TABLE 2: SOFT SKILL VALUE BY ORGANIZATION SIZE

	Creativity	Leadership	Critical Thinking	Conflict Management	Problem Solving	Time Management
100 to 249 (n=134)	47%	42%	72%	44%	63%	50%
250 to 499 (n=196)	60%	44%	60%	36%	55%	44%
500 to 1,000 (n=297)	63%	45%	53%	33%	55%	38%
More than 1,000 (n=396)	55%	57%	71%	44%	69%	47%

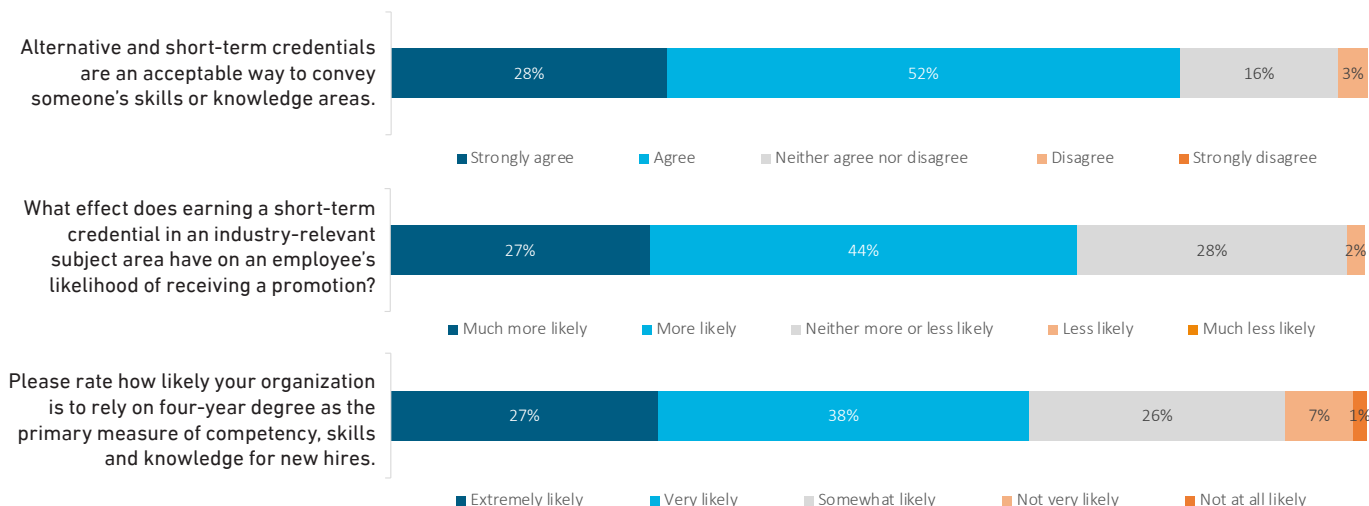
Overall, short-term credentials do seem to signal to employers that an individual possesses certain skills or knowledge, and they also provide individuals with an advantage when it comes to promotions. When asked to rate the meaning of various credentials, master's degrees and professional certifications are most likely to signal to employers that an employee can be trusted to work independently and immediately.

FIGURE 9: MEANING OF DIFFERENT CREDENTIALS



Short-term credentials, regardless of stackability, currently do not provide a cohesive signaling value. Most respondents (65%) in the survey reported still relying on four-year degrees as a primary measure of an individual's ability to perform a job. This is in line with the Strada-Gallup Education Survey in 2021, which showed that while interest in non-degree credentials and training options were high, those credentials yielded the most positive returns when combined with an associate or bachelor's degree⁶.

FIGURE 10: EFFECTS OF SHORT-TERM CREDENTIALS (N=1,023)



The practicalities of acceptance and benefit are further in tension with the growth of short-term credentials when we consider that 40% of respondents reported that their organization has policies or procedures in place that prohibit hiring professionals that lack a four-year degree. Among organizations that did not have these policies or procedures, 46% hire someone without an associate or bachelor's degree extremely (14%) or very often (32%). While this is aligned with existing research regarding the value of a college degree, it does highlight an equity issue. Not only are white students more likely to complete a bachelor's degree⁷ with a difference in earning potential⁸, but we are finding that Black Americans with non-degree credentials perceive the quality and value of non-degree credentials substantially higher than other racial groups⁹, which means that they may be over-valuing short-term credentials relative to the labor market.

6 "Examining the Value of Nondegree Credentials", Strada Center for Education Consumer Insights, July 28 2021, <https://cci.stradaeducation.org/pv-release-july-28-2021/>

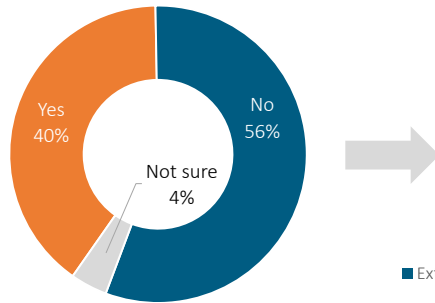
7 CJ Libassi, "The Neglected College Race Gap: Racial Disparities Among College Completers," The Center for American Progress, May 23 2018, <https://www.americanprogress.org/issues/education-postsecondary/reports/2018/05/23/451186/neglected-college-race-gap>

8 Andrew Kreighbaum and Ashley A. Smith, "New Federal Earnings Data," Inside Higher Ed, November 18 2016, <https://www.insidehighered.com/news/2016/11/18/education-department-releases-gainful-employment-data-vocational-programs>

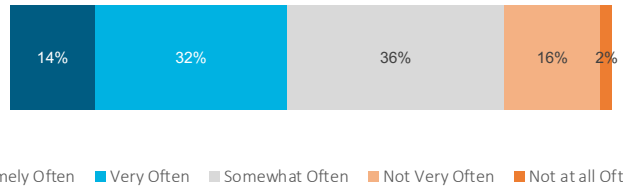
9 "Examining the Value of Nondegree Credentials", Strada Center for Education Consumer Insights, July 28 2021, <https://cci.stradaeducation.org/pv-release-july-28-2021/>

FIGURE 11: FOUR-YEAR DEGREE POLICIES, PROHIBITIONS, AND HIRING

Does your organization have any policies or practices in place that prohibit hiring professionals that lack a four-year degree? (n=1,023)



How often does your organization hire someone without an associate or bachelor's degree, but with other qualifications that meet the knowledge and skill requirements of open positions? (n=613)



Interestingly, organizations with policies that prohibit hiring professionals lacking a four-year degree were more likely to say a badge (52%), other alternative program or short-term credential (29%) and certificates (38%) indicate that an individual can be trusted to work independently and immediately, as opposed to those that do not have these policies.

FIGURE 12: MEANING OF DIFFERENT CREDENTIALS

Employers That Do NOT Have Policies That Prohibit Hiring Professionals that Lack a Four-Year Degree (n=574)

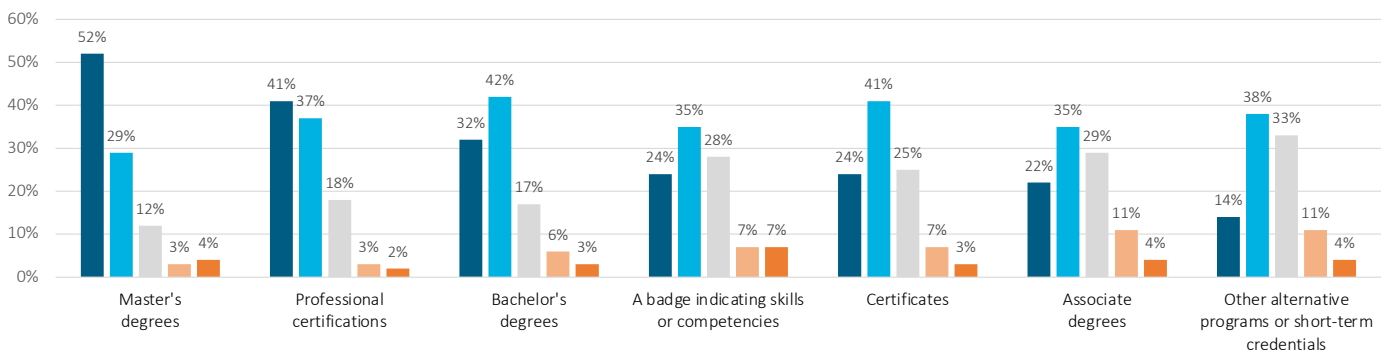
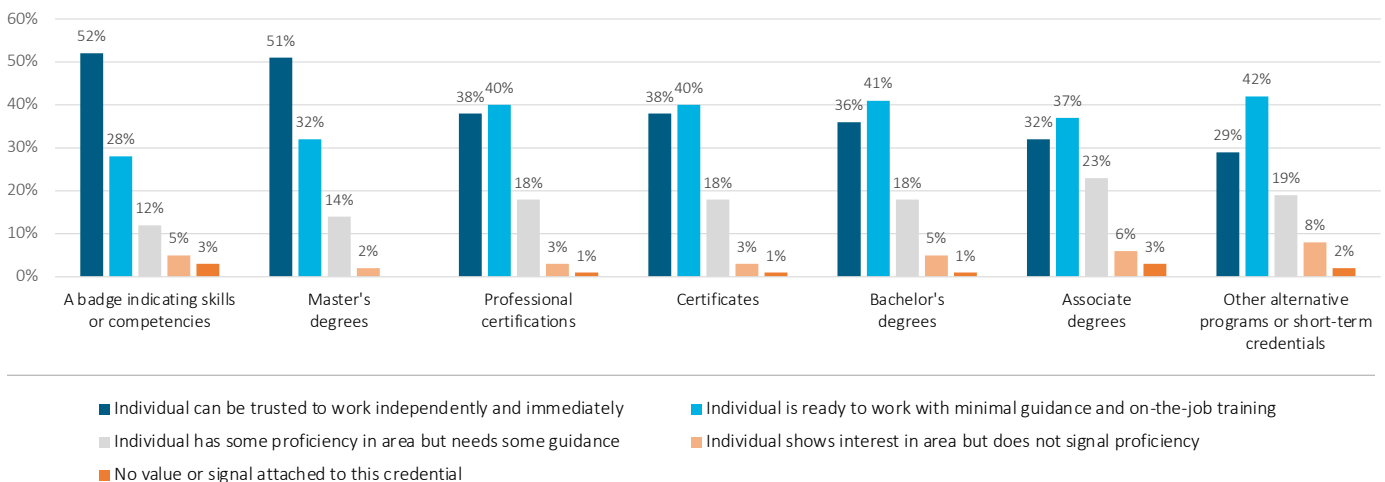


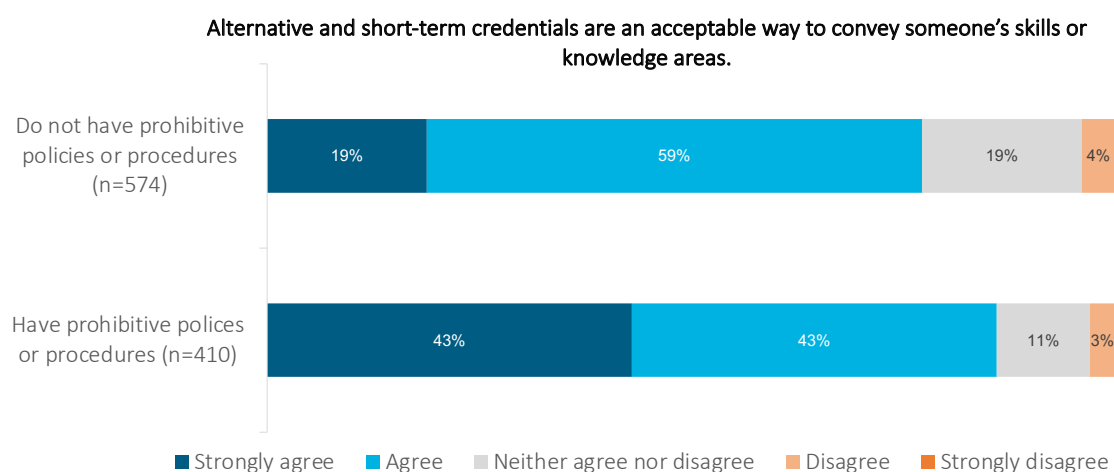
FIGURE 13: MEANING OF DIFFERENT CREDENTIALS

Employers That HAVE Policies That Prohibit Hiring Professionals that Lack a Four-Year Degree (n=410)



Respondents that work at an organization with policies or practices in place that prohibit them from hiring professionals lacking a four-year degree were more likely to strongly agree that alternative and short-term credentials are an acceptable way to convey someone's skills or knowledge areas, than those that worked at organizations that did not have this policy. This may indicate that these respondents disagree with their organizational policies or practices related to gatekeeping with degrees.

FIGURE 14: ACCEPTABILITY OF ALTERNATIVE AND SHORT-TERM CREDENTIALS BY FOUR-YEAR DEGREE POLICY



If short-term credentials, as many advertise, are meant to provide a clear gain at one's place of employment, the gains are mixed. For one, those who reported having more degree gateways for recruitment at their company also rated the value of badges higher. Furthermore, while it might sway a promotion or give someone a leg up after securing initial employment, it is usually insufficient to get a foot in the door. So, how might we develop a strong enough signal to employers that each short-term credential provides sufficient skill and value to an employee to make it a viable individual investment for someone looking to get a start? Especially for individuals who, from a resource perspective, would benefit from a scaffolded approach with short-term degrees that open the door to more meaningful employment alongside a more robust educational or training path?

A couple of possibilities include:

1. **Co-designing courses** is one option that offers greater assurance in the match, but there are many employers who cannot provide the volume of participants to make the investment worthwhile, and the course itself may be over-customized to fit certain proprietary knowledge and processes, reducing value for individuals taking part. With this in mind, course providers may want to collaborate with multiple employers whenever possible to ensure that what they build can be leveraged by a larger target market.
2. **Changing employers' hiring policies** to allow for consideration of role-relevant short-term credentials when an associate or bachelor's degree is not educationally necessary to execute on the responsibilities of the role.
3. Setting up badging and micro-credentialing that is approved by **industry-relevant bodies** (e.g., The American Dental Assistants Association for dental assistant pathways) to ensure acceptance of skill certification.

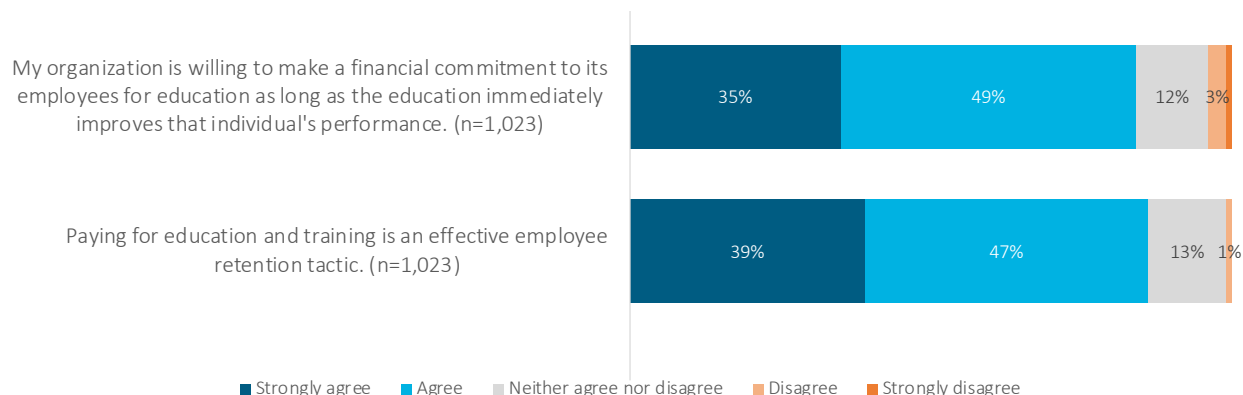


Financial Commitments and Sustainability

The third theme of the survey centered around what success means for employers when they think about the value of short-term credential programs and their willingness to invest in the ecosystem.

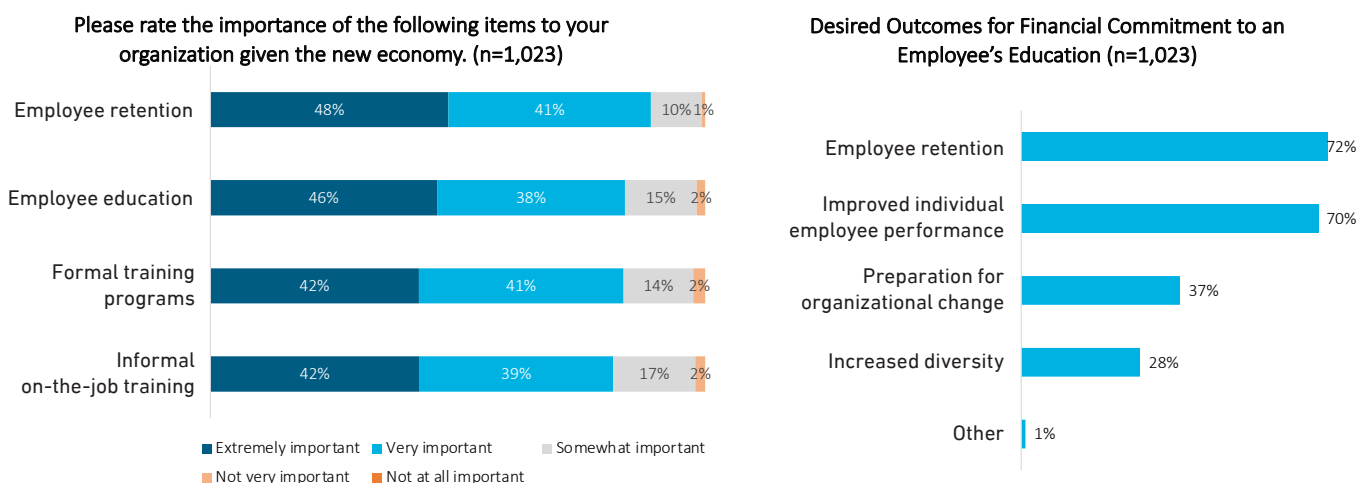
It was no surprise that employers were focused on short-term gains, especially given that the median tenure at a job is 4.1 years according to the U.S. Bureau of Labor Statistics¹⁰, with it skewing as low as 2.8 years among workers ages 25 to 34. In total, 84% of respondents strongly agreed (35%) or agreed (49%) that their organization is willing to make a financial commitment to its employees for education as long as the education immediately improves that individual's performance.

FIGURE 15: INVESTMENT IN EMPLOYEES



There was a strong belief that paying for education and training was an effective employee retention tactic (86% strongly agreed or agreed). This hypothesis is corroborated by LinkedIn's 2018 Workplace Learning Report, in which 94% employees reported that they would stay longer at a company if it invested in their career¹¹.

FIGURE 16: THE NEW ECONOMY AND EMPLOYEE EDUCATION



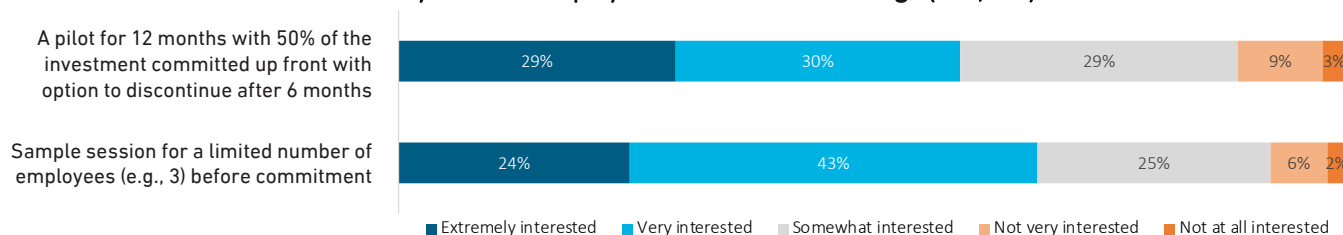
¹⁰ "Employee Tenure in 2020," Bureau of Labor Statistics, U.S. Department of Labor, September 22 2020, <https://www.bls.gov/news.release/pdf/tenure.pdf>

¹¹ "2018 Workplace Learning Report," LinkedIn Learning, 2018, <https://learning.linkedin.com/resources/workplace-learning-report-2018>

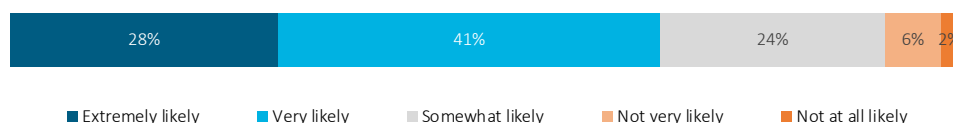
Among potential models for employee education and training, at least 59% of all respondents were extremely or very interested in both sample sessions for a limited number of employees before commitment (67%), and a pilot for 12 months with 50% investment committed up front and the option to discontinue after 6 months. If short-term Pell and tax credits covered training costs, 69% of respondents said their organization would be extremely (28%) or very likely (41%) to implement short-term credentials as a talent management strategy.

FIGURE 17: EDUCATION AND TRAINING OPTIONS

How interested would you be in the following models as they relate to employee education and training? (n=1,023)



If short-term Pell and tax credits covered training costs, how likely is it that short-term credentials would be a talent management strategy your organization would implement? (n=1,023)



From a success metric perspective, one clear gap is what employers want out of investing in a short-term credential program and what is often measured. Higher education institutions typically measure enrollment, credential progress, and credential completion. Some may stretch to gather some metrics on wage and employment outcomes, but it is not the norm for them to successfully build a repository of that data.

Employers believe that paying for education and training is an effective employee retention tactic and want to see an improvement in both retention and employee performance. The question is whether institutions are getting the feedback they need to deliver on those outcomes and build confidence for both the employers and the institutions that their investments are producing desired results. While employers might be confident that they have influence over what programs get developed, institutions may not have the data feedback loop they need to ensure their programs provide quick increases in performance or strengthen the employee's commitment to exercising their newfound skills at the sponsoring employer.

With that in mind, moving forward, three recommendations to strengthen the position of short-term credentials for talent matchmaking and strengthening in the marketplace would be:

1. **Lower the upfront investment** for employers by finding ways to use short-term Pell and tax credits to offset a portion of the cost of investing in short-term credentials.
2. **Pilot 6 months of a 12-month program** that has been developed with employer input with clear milestone metrics around improvement in specific skills and employer commitment to providing time during or immediately at the end of the course for the employee to demonstrate said skills.
3. **Develop data sharing** from employer to institutions providing the short-term credentials around performance and retention after participating in the program.

Short-Term Credentials: At an Inflection Point?

Short-term credentials remain a viable path for individuals who are likely to need to curate a lifetime learning experience and demand is growing. Supply is growing to meet the demand with not only higher education institutions launching and managing their own programs from soup to nuts, but also partnering with platform and service providers like edX (recently acquired by 2U) and Coursera to test ways to scale. This is a trend that has been accelerated by the pandemic with 594 universities establishing a bootcamp, pathways, or online program management partnership in 2021 alone¹².

In addition, this opportunity to tie short-term credentials more closely to career pathways and industry talent needs has led to the growth of nonprofits like Futuro Health. Futuro Health taps into a network consisting of SEIU-UHW United Healthcare Workers West, educational partners and health care employers to create educational pathways preparing for a career in allied health with wraparound support from InsideTrack coaches. This approach provides options to stack education and experience alongside the growth of a meaningful career in healthcare without the lump sum capital that is often required upfront in more traditional pathways.

Over the last two years UPCEA has seen a significant increase in the amount of research it has conducted for members that want to leverage short-term and alternative credentials as a way to efficiently address gaps within their portfolios and better satisfy all educational requirements along an occupational pathway. This increase in research highlights the escalating focus that institutions are placing on leveraging short-term and alternative credentials to better meet the needs of business and industry.

The opportunity is ripe for a more operationally collaborative partnership between institutions and companies to cultivate greater talent.

Regardless of whether institutions are looking to launch and manage programs alone or partner with other organizations, the programs are more likely to be a success for individuals, institutions, and employers if:

- The curriculum design has direct input from employers, including gathering requirements from and setting expectations with mid-level managers.
- Employers and providers set up a feedback loop from employers and students so that there is a way to assess the program's impact on work performance and retention over time.
- Providers ensure that students have access to both technical support (especially if classes are online or hybrid), have a responsive academic point person, and wraparound support from a coach and/or advisor who can provide guidance and accountability.
- Employers revise gatekeeping policies around recruitment to allow for non-degree credentials that demonstrate the transferable skills and content knowledge that is specific to the positions they are hiring for rather than rely on a 4-year degree.
- Federal Pell Grant eligibility is expanded to include non-undergraduate studies or there is an expansion of scholarships available to short-term credentials, especially for those who have not yet earned a 2-year or 4-year degree.

The opportunity is ripe for a more operationally collaborative partnership between institutions and companies to cultivate greater talent — not only to nurture talent that meets growth needs, but also to include individuals and access more diverse talent than is possible with dependence on more traditional paths.

¹² "594 Universities Established an OPM, Bootcamp or Pathways Partnership in 2021," HolonIQ, February 1 2022, <https://www.holoniq.com/notes/594-universities-established-an-opm-bootcamp-or-pathways-partnership-in-2021>



ABOUT INSIDETRACK

InsideTrack is passionate about helping all learners achieve their education and career goals through the transformative power of coaching. Since 2001, we have served 2.6 million learners, partnering with more than 250 institutions and organizations to directly improve enrollment, persistence, completion and career readiness. Our coaching methodology is evidence-based and research-confirmed, with proven outcomes for every type of learner — from traditional to adult, part-time to full-time, online to in-person — including first generation students and those who face systemic barriers to postsecondary success. We also work with partners to build internal coaching capacity through staff training and professional services — designed to sustain advances in-house for lasting, scalable impact. InsideTrack is a part of Strada Collaborative, a mission-driven nonprofit. To learn more, visit www.insidettrack.org and follow us on Twitter [@InsideTrack](https://twitter.com/InsideTrack) and LinkedIn [@InsideTrack](https://www.linkedin.com/company/insidettrack).



ABOUT UPCEA

UPCEA is the leading association for online and professional continuing education. Founded in 1915, UPCEA now serves the leading public and private colleges and universities in North America. The association supports its members with innovative conferences and specialty seminars, research and benchmarking information, professional networking opportunities and timely publications. Based in Washington, D.C., UPCEA builds greater awareness of the vital link between adult learners and public policy issues. Learn more at upcea.edu

Produced with funding from the
Non-degree Credentials Research Network (NCRN) and
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