The Effect of Employer Understanding and Engagement on Non-Degree Credentials

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FOREWORD

Upskilling, reskilling, microcredentials, badges, alternative credentials, and workforce development — these are just some of the terms and buzzwords applied to short courses that are focused on skills and aligned with industry. Higher education publications are filled with information about the demand for these microcredentials, demand that is supposedly evident from students, parents, adult learners, and employers. However, the marketplace experience of many institutions offering these alternative credentials does not align with the demand suggested by the publications. You would not have to look far to find institutions that created reskilling/ upskilling programs but realized only meager enrollments. Higher education institutions facing financial pressures cannot afford to fail when pursuing new opportunities such as microcredentials. Therefore, gathering data on employers' point of view is a critical aspect of the decision to pursue microcredentials. Do employers understand and value microcredentials? Do they wish to collaborate with higher education institutions to develop and deliver microcredentials? Do they consider microcredentials in lieu of degrees in the hiring process?

This survey was designed to extend our understanding of the employer point of view. A recent article, "Microcredentials: Practices for Developing Employer Partnerships," highlighted strategies for getting the attention of employers and developing awareness of and interest in microcredentials offered by a higher education institution. This survey goes a step further to provide data on employers' awareness of non-degree education opportunities offered by higher education (versus training companies, Google, Amazon, etc.) and their interest in partnering with colleges/universities to develop and deliver non-degree training and education. Additionally, the survey provides a realistic perspective of employers' use of alternative credentials in lieu of degrees in the hiring process. Hiring systems and processes have historically been based on the degree as a key requirement for screening applicants. Furthermore, the degree is a trusted indicator of readiness for employment. Employers' willingness to shift hiring practices and trust in non-degree credentials are important indicators of actual demand, signaling to higher education that adding alternative credentials should be seriously considered.



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OVERVIEW

THE GROWING SPACE OF ALTERNATIVE CREDENTIALS

Recent years have seen a sharp rise in the attention paid to alternative and non-degree credentials as well as their effect on educational and employment opportunities. These credentials can be earned before entering the workforce or achieved in tandem with employment, being offered by employers to enhance and diversify their employees' skillsets. According to the Society for Human Resource Management (SHRM), "Some common characteristics of alternative credentials are that they take a relatively short time to complete, are focused on specific skills, can be earned consecutively (stacked), are verifiable, are often aligned to industries, and can be delivered digitally."¹ Alternative credentials have become increasingly popular for those wishing to pursue other, non-traditional modes of higher education. It is important for employers to learn more about the benefits of alternative credentials and what role they can play in the evolving workforce.

EMPLOYERS AND THE BENEFITS OF NON-DEGREE AND ALTERNATIVE CREDENTIALS

Not only have alternative credentials become increasingly popular among adult learners, but they have also become favored and recognized by employers across many different industries. When speaking to opinion leaders in different regions and industries, UPCEA found that many stressed the advantages of a stackable approach, including brief courses and flexible pace, the ability for individuals to obtain tangible credentials, and the opportunity to study more relevant and specific topics. Additionally, in this research, when asked what respondents believe are the greatest benefits non-degree or alternative credentials have on their workforce, 23% cited added practical/real-world experience, 16% said skilled workers/specialized skills, and 13% said improved performance/soft skills. In addition to skill growth and employee development, employers are also recognizing the value of alternative credentials during the hiring process. In a recent study, "81% of executives, 71% of supervisors, and 59% of HR professionals believe including alternative credentials in hiring decisions can improve workplace diversity."²



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CONCERNS ABOUT NON-DEGREE AND ALTERNATIVE CREDENTIALS

Although many employers are recognizing the value of alternative credentials in today's workforce, a pervasive issue lies in the standardization of these credentials and how to properly assess the validity and applicability of courses and certifications. As stated in an article by ICEF Monitor, "There is considerable uptake of alternative credentials (aka microcredentials) but often not enough clarity and standardization for employers to readily assess the value of them on job seekers' résumés."³ Additionally, it's problematic that research has shown "executives are more convinced of the value of microcredentials than are managers [who are] more directly involved in hiring decisions."⁴ Although 20% of survey respondents in UPCEA's study with Collegis had little or no concern that non-degree or alternative credentials will have an adverse effect on the workforce, 17% were concerned about wrong/not relevant credentials/lack critical skills/training, 12% cited quality of education/validating credentials, and 11% specified a lack of educational/professional experience. Overall, there is still some apprehension when it comes to non-degree or alternative credentials.⁵



Source: SHRM, Making Alternative Credentials Work

81% of executives,

71% of supervisors, and

59% of HR professionals

believe including alternative credentials in hiring decisions can improve workplace diversity. This gap between the perceived value of microcredentials and their ability to be leveraged in the workforce can be partly attributed to the sheer variety of such credentials and the difficulties employers have in gauging which are significant for particular roles. In an UPCEA opinion leader analysis, employers were asked their opinions on the effect of professional credentials on educational program interest. They strongly believed that educational courses and certificates providing credit from professional associations would have a positive impact on program interest. Multiple benefits were mentioned, including developing new skills, gaining a new credential, and having flexible time commitments, among others.

However, although many employers view alternative credentials positively, research has found that they may not hold equivalent value to traditional degrees. SHRM found that "although all three employer groups found alternative credentials valuable in general, they still consistently valued work experience and traditional degrees more highly when putting them side-by-side with alternative credentials." ⁶ (Figure 2)

Figure 2: Percentage of Employers Who Placed a High or Moderate Value on Experience, Traditional Degrees and Alternative Credentials Executives are more convinced of the value of microcredentials than are managers who are more directly involved in hiring decisions.



ABOUT THE REPORT

Non-Degree Credentials & Employers Study, 2022

STUDY PURPOSE

UPCEA conducted a survey of professionals to better understand how employers perceive the use and validity of non-degree or alternative credentials in the workplace.

SURVEY METHODOLOGY

UPCEA and Collegis partnered to identify employers' familiarity with non-degree and alternative credentials as well as how they perceive the benefits and challenges of such credentials and whether their organizations use them. The results of this study illuminate the effects of employer understanding and engagement on non-degree credentials and how institutions of higher education can help spread awareness about these credentials. An internet panel was used for the study, with 780 individuals participating; of them, 514 met all study qualifications and 510 completed the entire survey. The survey took place August 26 to 30, 2022. The research was underwritten by Collegis, a provider of comprehensive enrollment growth, data enablement and managed technology services for higher education.

EXECUTIVE SUMMARY

This research highlights the perception and use of non-degree and alternative credentials in today's workforce. As higher education continues to evolve, many employers are beginning to consider the relevance and use of alternative credentials in their organizations. However, whether such credentials should act as a replacement or supplement to traditional four-year degrees is often met with differing opinions. Despite conflicting views, many employers who recognize the value of alternative credentials are often concerned with their quality and overall validity. UPCEA and Collegis conducted a survey of employers in August to better understand how they perceive non-degree and alternative credentials.

This research highlights the perception and use of non-degree and alternative credentials in today's workforce.

QUALIFYING QUESTIONS AND DEMOGRAPHICS

Of the initial 780 respondents, 98% are at least 22 years or Ninety-eight percent are employed full-time, 1% employed older. Those under 22 were terminated from the study. part-time, and 1% are retired. Those who are retired were terminated from the study. Figure 4: Current Employment Status (n=764) Figure 3: Age Group (n=780) Employed full-time 98% Under 22 2% 22 to 24 4% 1% Employed part-time 8% 25 to 29 1% Retired 12% 30 to 34 Unemployed, but currently 0% 35 to 44 34% seeking employment 18% 45 to 54 Unemployed, but currently 0% seeking employment 18% 55 to 64 65 or over 5%

Seventy-nine percent of respondents are responsible for, or in charge of, the hiring, training, or development of other employees within their organizations. Those who are not, or are not sure, were terminated from the study.



The most common job titles of employed respondents are manager/GM/senior manager (36%), director/senior director (15%), CEO/C-level (8%), VP/senior/executive VP (5%), and HR manager (5%). Job titles that were mentioned fewer than five times were included in the "Other" category and included consultant, trainer, engineer, and educator, among others.



Forty-four percent of respondents are directors or at a senior level in their career while 39% are mid-level and 10% are C-level. Those who are early or entry-level were terminated from the study.



Sixty-one percent of respondents work in organizations that have more than 1,000 employees, 31% have between 500 and 1,000, and 6% have between 250 to 499. Those who work in organizations that employ fewer than 100 people were terminated from the study.



Thirty-eight percent of respondents said they are very qualified to speak about their organization's training and professional development needs, over a quarter (26%) said extremely qualified, and 18% said somewhat qualified. Those who said they are not very qualified were terminated from the study.



Fourteen percent of respondents work within finance and financial services, 13% in health care, 12% in manufacturing, and 10% in business support and logistics. A quarter (25%) work in industries in the "Other" category, which includes information technology, retail, transportation, and property management, among others.



QUESTIONS FOR QUALIFIED RESPONDENTS

Thirty-six percent of respondents said they are very familiar with non-degree credentials, a third (33%) said they are extremely familiar, more than a quarter (26%) are somewhat familiar, and 5% are not very familiar.

Figure 11: How familiar are you with non-degree credentials, often referred to as alternative credentials or training, offered by institutions of higher education? (n=514)



When asked what their organization believes are the greatest benefits non-degree or alternative credentials have on their workforce, 23% cited added practical/real-world experience, 16% said skilled workers/specialized skills, and 13% said improved performance/soft skills. Responses cited less than eight times were grouped in the "Other" category. Examples of responses in this category include knowing certain technologies/ software, not being overgualified, and meeting company needs, among others.

Figure 12: What does your organization believe are the greatest benefits non-degree credentials or alternative credentials have on your workforce? (n=514)



Although 20% of survey respondents had little or no concern that non-degree or alternative credentials will have an adverse effect on the workforce, 17% cited wrong/not relevant credentials/lack critical skills/training, 12% said quality of education/validating credentials, and 11% specified lack of educational/professional experience. Responses mentioned fewer than five times were included in the "Other" category. Examples of responses in this category include the perception of fairness and career progression, cybersecurity, and communication issues, among others.

Figure 13: What does your organization believe are the greatest concerns that non-degree credentials or alternative credentials will have on the workforce? (n=514)



When asked which benefits respondents associate with a résumé that includes non-degree or alternative credentials, **over three-quarters (76%)** cited that such credentials show a willingness for skill development, 63% said they demonstrate initiative, 60% said they easily communicated competencies and skills, and 56% said they demonstrate that a candidate stays up-to-date with subject areas.

Figure 14: Which of the following benefits does your organization associate with a résumé that includes non-degree or alternative credentials, if any? (n=513)



When asked which challenges or drawbacks their organization associates with a résumé that includes non-degree or alternative credentials, **respondents most commonly cited** that they were unsure of the quality of education (46%) or the skills and competencies acquired (42%). Others were unsure of the alignment with occupational or professional standards (33%) or what the credential represents (31%).

Figure 15: Which of the following challenges or drawbacks does your organization associate with a résumé that includes non-degree or alternative credentials, if any? (n=513)



Respondents most often agree or strongly agree that nondegree or alternative credentials have helped their organization fill existing skills gaps (74%) and that they are helping to improve the quality of their workforce (73%). While 71% agree or strongly agree that their organization is becoming more accepting of non-degree or alternative credentials in lieu of traditional fouryear degrees, nearly a third (32%) disagree or strongly disagree that their organization is decreasing the number of positions that require a degree for hiring.

Figure 16: Please rate how strongly you agree or disagree with the following statements. (n=513)



When asked what evidence their organization requires to demonstrate that a non-degree or alternative credential has been earned, **54% cited third-party certification** followed by proof of competency (52%), a transcript (48%), and a digital badge (25%).

Figure 17: What evidence does your organization require to demonstrate a non-degree or alternative credential has been earned? (n=512)



When asked what would incentivize their organization to collaborate with a college or university to develop non-degree or alternative credentials that would benefit their workforce, **65% would like to see proof of program effectiveness**, 53% would need their organization to play an active role in curriculum development, 37% would require sample programming prior to purchase, and 34% would want group discounts on tuition.

Figure 18: Which of the following would incentivize your organization to collaborate with a college or university to develop non-degree or alternative credentials that would benefit your workforce? (n=512)



Forty-four percent of respondents said their organization has never been approached by a college or university to develop non-degree or alternative credentials compared to 40% that have been approached, and 16% that are not sure.

Figure 19: Has your organization ever been approached by a college or university to develop non-degree or alternative credentials to benefit your workforce? (n=512)

When asked if their organization **would want to be approached**, over two-thirds (68%) said yes, 10% said no, and 22% are not sure.

Figure 20: Would your organization want to be approached by a college or university to develop non-degree or alternative credentials to benefit your workforce? (n=511)





When asked how active their organization would want to be in the design of the curriculum if they were to work with a college or university to **develop non-degree or alternative credentials**, 46% said very active, 27% said extremely active, 22% said somewhat active, 4% said not very active, and 1% said not at all active.

Figure 21: If your organization were to work with a college or university to develop non-degree or alternative credentials to benefit your workforce, how active would your organization want to be in the design of the curriculum? (n=511)



Forty-one percent of respondents said their organization would be very likely to use off-the-shelf or established non-degree or alternative credential programs to benefit their workforce and 31% said somewhat likely. Only 19% said extremely likely while 8% said not very likely, and 1% said not at all likely. As familiarity with non-degree credentials increased, so did the percentage of respondents that would be extremely or very likely to use offthe-shelf or established non-degree or alternative credential programs.

Figure 22: How likely would your organization be to use offthe-shelf or established non-degree or alternative credential programs to benefit your workforce? By Familiarity with Non-Degree Credentials



Extremely likely Very likely Somewhat likely Not very likely Not at all likely

If non-degree or alternative credentials were stackable, over half (56%) of respondents said this would increase their organization's interest in non-degree or alternative credentials. Stackable credentials would greatly increase interest for 24%, while 19% said no effect.

Figure 23: If non-degree or alternative credentials were stackable, that is to say the courses and certificates could build upon each other and count as credit toward each subsequent credential, ultimately building to a full degree, what impact would that have on your organization's interest in non-degree or alternative credentials? (n=511)



Greatly increase interest
 Increase interest
 No effect interest
 Decrease interest

Over half (54%) of respondents have existing external partnerships or relationships with organizations or institutions that provide training or learning opportunities to their employees, while 38% do not and 8% were not sure.

Figure 24: Do you have any existing external partnerships or relationships with organizations or institutions that provide training or learning opportunities to your employees? (n=511)



Those with existing external partnerships or relationships were asked which organizations or institutions they use. Forty-nine percent cited four-year colleges or universities, 45% specified community colleges, and 44% identified LinkedIn Learning.

Figure 25: Which of the following organizations or institutions do you have partnerships or relationships with? (n=277)



Eighty-one percent of respondents' organizations incentivize employees to gain additional skills or pursue certifications while 18% do not.

Figure 26: Does your organization incentivize employees to gain additional skills or pursue certifications? (n=511)



For organizations that offer incentives to employees to gain additional skills or pursue certifications, 68% provide tuition reimbursement, 65% have an increased likelihood of promotional opportunities, 45% reimburse for educational materials, and 39% grant release time during normal working hours for coursework or relevant activities.

Figure 27: What incentives does your organization offer to employees to gain additional skills or pursue certifications? (n=411)



Over three-quarters (76%) of organizations leverage different technologies to help identify potential candidates for open positions while 16% do not and 8% of respondents were not sure.

Figure 28: Does your organization leverage either of the following types of technology, such as internal HR technologies or software, or external technologies such as ZipRecruiter or Indeed, to help identify potential candidates for open positions at your organization? (n=510)



Eighty-four percent of organizations that leverage technologies to help identify potential candidates for open positions use external technologies and 63% use internal technologies.

Figure 29: Which of the following technologies do you leverage to help identify potential candidates for open positions at your organization? (n=388)



Figure 30: Please rate how strongly you agree or disagree with the following statement: The technology leveraged by my organization to identify potential candidates for open positions is able to screen for non-degree and alternative credentials. (n=388)



 27%
 57%
 12%
 5%

 Strongly agree
 Agree
 Neither agree or disagree

 Disagree
 Strongly Disagree

Forty-one percent of respondents have completed a bachelor's degree, 28% a graduate degree, 10% some college but no degree, 9% a professional or doctoral degree, 7% an associate's or technical degree, and 4% a high school diploma or GED.



Fifty-nine percent of respondents are male, and 41% percent are female.



KEY FINDINGS

Employers are largely unaware or unfamiliar with the concept of non-degree credentials. Thirtysix percent of respondents said they are very familiar with non-degree credentials, a third (33%) said they are extremely familiar, more than a quarter (26%) are somewhat familiar, and 5% are not very familiar.

Employers recognize the practical value of alternative credentials. When asked about the primary benefits of non-degree or alternative credentials on their workforce, 23% cited added practical/real-world experience, 16% said skilled workers/specialized skills, and 13% said improved performance/soft skills.

A handful of employers are skeptical about the leveragability of non-degree credentials. When asked which challenges or drawbacks their organization associates with a résumé that includes non-degree or alternative credentials, respondents were unsure of the quality of education (46%) as well as the skills and competencies acquired (42%).

Employers want to be active in curriculum design and development. When asked what would incentivize their organization to collaborate with a college or university to develop non-degree or alternative credentials that would benefit their workforce, 65% would like to see proof of program effectiveness, 53% would need their organization to play an active role in curriculum development, 37% would require sample programming prior to purchase, and 34% would want group discounts on tuition.

Employers are willing to work with institutions to develop alternative credentials. Forty-four percent of respondents said their organization has never been approached by a college or university to develop non-degree or alternative credentials compared to 40% that have been approached and 16% that are not sure. When asked if their organization would want to be approached, more than two-thirds (68%) said yes, 10% said no, and 22% were unsure.

36% of respondents said they are very familiar with non-degree credentials

65% would like to see proof of program effectiveness

44%

of respondents said their organization has never been approached by a college or university to develop non-degree or alternative credentials

IMPACT ON HIGHER EDUCATION

As the workforce continues to evolve, higher education is evolving with it. While traditional, four-year degrees have been highly valued by employers for many decades, a new generation of learners and workers is emerging, those who are pursuing bite-sized, low-priced, right-fit forms of education. Non-degree and alternative credentials are becoming increasingly popular among these adult learners, and many are using these credentials as either a supplement or substitute to four-year degrees. Although both workers and employers are seeing the tangible benefits of alternative credentials, research has demonstrated that many employers still have concerns regarding their quality and validity. Within the alternative credential framework, there is inconsistency in how these credentials are being taught, assessed and accredited. Employers are looking for higher education to play an active role in developing these credentials to assure they are validated and accredited in a way that ensures their quality and applicability to the workforce.

One of the first steps that must be taken to increase the adoption and utilization of non-degree credentials is solidifying the nomenclature of these offerings. It is an immense challenge to sell employers on the value and quality of these credentials when the institutions producing them cannot agree what labels are best. A snap poll conducted by UPCEA within its membership in 2022 showed that microcredentials (31%), alternative credentials (26%), and non-degree credentials (19%) were the preferred terms for offerings outside of the scope of degrees and credit-bearing certificates. Agreeing on nomenclature is particularly important as this research demonstrated that employers that are more aware of these credentials are more likely to value and use them. Institutions must make an organized effort to highlight the roles of these credentials and communicate with potential employers about their validity, credibility, and overall use.



IMPACT ON HIGHER EDUCATION

As higher education institutions work to educate employers on the use of alternative credentials, they must also engage employers to develop such credentials within their industries. These credentials often emphasize a particular skill or competency that help professionals obtain or advance in a given field. Therefore, it is vital that institutions collaborate with employers to help them develop these pathways that can ultimately benefit their workforce. The results of this study show that 40% of employers have already been engaged by higher education institutions and more than two-thirds (68%) would like to be engaged by higher education institutions to develop alternative credentials. Additionally, when employers were asked how active they would want to be in the process of developing these credentials, nearly three-quarters (73%) said they would like to be extremely or very active in the curriculum design. Evidently, employers are interested in the benefits of alternative credentials and wish to collaborate with institutions of higher education to leverage these credentials in their respective industries.

As institutions solidify nomenclature and collaborate with employers on the development of nondegree credentials, it is also vital that institutions begin to develop a stackable pathway for these credentials. While there is an increasing number of entities that offer non-credit education, the unique value proposition for institutions of higher education is the ability to build credentials toward a full degree. When asked about stackable pathways in the study, 80% of employers said that a stackable pathway would increase (or greatly increase) their organization's interest in non-degree or alternative credentials. A stackable approach may also improve enrollments for established credentials because it would provide additional on- and off-ramps to traditional programs, thereby bolstering growth potential across the institution.

40%

of employers have already been engaged by higher education institutions.

68%

would like to be engaged by higher education institutions to develop alternative credentials.

73% said they would like to be extremely or very active in the curriculum design.

ABOUT US & RESOURCES

ABOUT UPCEA

UPCEA is the association for professional, continuing and online education. Founded in 1915, UPCEA now serves most of the leading public and private colleges and universities in North America. With innovative conferences and specialty seminars, research and benchmarking information, professional networking opportunities and timely publications, UPCEA supports its members' service of contemporary learners and commitment to quality online education and student success. Based in Washington, D.C., UPCEA builds greater awareness of the vital link between adult learners and public policy issues. Visit <u>www.upcea.edu</u> for more information.

ABOUT COLLEGIS

Collegis Education has been invested in the success of our higher ed partners for over 20 years. Our services are informed by our firsthand experience as industry pioneers. With our help, schools leverage their data and technology to pursue strategic outcomes like enrollment growth, anytime/anywhere learning, and a sustainable future. Visit <u>collegiseducation.com</u> for more information.

FURTHER READING ON MICROCREDENTIALS

Infographics	Article
8 Successful Tips for Building a Microcredential Program	Microcredentials: Practices for Developing Employer Partnerships
Higher Ed: It's Your Move on Microcredentials	Webinar The Effect of Employer Understanding and Engagement on Non-Degree Credentials
Whitepapers Delivering Alternative Credentials in a Transformed Economy How Saint Louis University Reached Record Enrollment Through a Ca	unabia Miaraaradantial Dragram

Institutional Decision-Makers' Perspectives on Non-Degree Credentials

Shifting Paradigms: Understanding Institutional Perspectives on Microcredentialing

APPENDIX

^{1,5} Making Alternative Credentials Work - Society for Human Resource Management. Society for Human Resource Management, 2021.

²SHRM Says: Employers Value Alternative Credentials-An Opportunity for Your Association | WBT Systems, Society for Human Resource Management, 2021.

^{3,4} <u>Are Employers Recognising Alternative Credentials in Hiring Decisions?</u> ICEF Monitor, 27 Apr. 2022.



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