MICROCREDENTIALS: AN INTRODUCTION FOR TALENT LEADERS

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About the Center

The Center for the Future of Higher Education and Talent Strategy is an applied research center that focuses on the intersection of learning and work - building on Northeastern University's heritage of more than a century of leadership in experiential learning and its network of more than 3,300 employer partners. Drawing on the expertise of Northeastern faculty and affiliated industry-based scholars, the center's analysis focuses on human capital trends including bringing the voice and perspective of employers into the education community, while also serving as a research-based academic voice and resource in the world of corporate talent strategy. **Learn more at northeastern.edu/cfhets.**

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Goals of this Brief

The purpose of this executive summary for talent leaders is to provide a very brief introduction to microcredentials – an increasingly popular innovation in the education sector. At *Northeastern University's Center for the Future of Higher Education and Talent Strategy*, our work focuses on bridging the gap in understanding and practice between the education and employer communities. The intention here is to assemble and synthesize insights for executives based on our recent research related to microcredentials, and highlight salient insights and data from the marketplace. Our goal is to provide an accessible resource that will allow talent leaders to get up to speed on microcredentials, identify strategic considerations, and determine relevance to their own organizations.

THE GROWING SUPPLY OF AND DEMAND FOR MICROCREDENTIALS: WHAT THEY ARE AND WHY THEY MATTER

One simple way of defining microcredentials is that they represent a category of educational or professional credential that is smaller than a degree. Although various types of professionally focused certificates and certifications have long existed, what is new about the "microcredential" framing is that these offerings are often digitally delivered; can include added data and functionality relevant to the hiring process; and that many new types of programs – and microcredential features – are proliferating in today's era of digital learning.

Community colleges, major universities, professional associations, training companies, technology firms, and many other entities offer microcredentials. Higher education institutions, in particular, are launching new microcredential offerings to respond to the emerging demands of students and professionals. Credentials are increasingly evolving beyond classic and fairly well-understood constructs such as degrees and certificates. At times, these new types of credentials can include added data and digital functionality. In addition, they may have different design standards and assessment approaches. An important consideration for talent leaders – and our focus here – is understanding the general landscape, given the potential of these offerings to provide new options for talent acquisition.[1]

The urgency for placing microcredentials on corporate leaders' radar is not just a story of growing supply – but also of consumer demand and potential utility for employers. Growing numbers of experienced professionals and recent graduates are bringing microcredentials to the table when applying for jobs and in their professional development journeys. Short-form offerings such as microcredentials have emerged as a top educational format preference for working professionals and adult learners seeking to advance their careers, according to Strada Education Network's consumer polling and a recent survey from the Society for Human Resource Management (SHRM).[2] And, as described shortly, employers' growing awareness of microcredentials and embrace of skills-based hiring practices is leading many corporations and other organizations to explicitly prioritize the use of certificates, certifications, and other microcredentials in their talent acquisition process – and often explicitly as an alternative to relying on degrees.[3]

The Prevalence of Microcredentials

- Today there are more than 1 million unique credentials of all types available in the U.S., including approximately 350,000 degrees and certificates from postsecondary institutions, and nearly 660,000 credentials from non-academic providers – including various badges, course completion certificates, certifications, and more. Although much of this total is accounted for by traditional educational offerings, the growth is driven by tens of thousands of distinct online course completion certificates and other digital offerings.[4]

- The number of open digital badges issued globally topped 74 million in 2022 – up 73% from 2020, and representing a tripling since 2018[5]

- Employer awareness of microcredentials is growing – and half of HR leaders report that they have encountered them on resumes and in job applications, according to a Northeastern University/1EdTech survey in 2021, a finding that is also supported by recent large-scale surveys of executives by SHRM[6]

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1. It is worth noting that a number of companies are weaving credentialing into their learning and development activities, or in some cases even issuing their own credentials to both their own workers and the general public. The focus of this brief is on microcredentials in talent acquisition.
2. "Strada-Gallup Education Survey (2020-2021)," Strada Education Foundation, https://stradaeducation.org/research-education-survey/; Society for Human Resource Management, Making Skilled Credentials Work: A New Strategy for HR Professionals (SHRM Foundation, 2022), https://www.shrm.org/foundation/pages/skilled-credentials.aspx.
3. 1EdTech Foundation, Digital Credentials & Competency Frameworks: Exploring employer readiness and use in talent management (1EdTech Foundation, November, 2021), https://www.imsglobal.org/sites/default/files/wellspring/Wellspring_II_Employer_Research.pdf; Making Skilled Credentials Work, SHRM Foundation
4. Credential Engine, Counting U.S. Postsecondary and Secondary Credentials (Washington, DC: Credential Engine, 2022) https://credentialengine.org/wp-content/uploads/2022/12/CountingCredentials_2022-1.pdf
5. "Badge Count 2022," 1EdTech, https://content.1edtech.org/badge-count-2022/findings.
6. 1EdTech Foundation, *Digital Credentials*

Selected Examples of Microcredential Types

Digital badges – a type of digital credential that can stand alone or exist as an electronic visual representation of learning or other credentials, often including metadata related to skills or competencies obtained

Corporate-issued microcredentials – microcredentials developed and offered by corporations such as Google, IBM, Amazon and others: many traditional IT "certification" programs have evolved into new types of certificates and credentials, often with digitally badged versions

Proprietary microcredentials – some colleges and universities and professional/ corporate learning providers have created and branded their own new types of credentials: e.g., Harvard Business School's Credential of Readiness (CORe)[7], Udacity's "Nanodegree,"[8] and edX's "MicroMasters" (originated at M.I.T.)[9]

Certificates – A hugely diverse, catch-all category of credential that is typically awarded to reflect the completion of an educational or learning experience: certificates are increasingly being issued for a wide range of experiences and program lengths, by both accredited institutions and non-institutional providers

Making Judgments About Quality in a Sea of Proliferating Digital Credentials

Higher education institutions, policymakers, and other stakeholders are still coming to agreement on definitions and standards related to microcredentialing. In many cases there is no special additional "accreditation" or quality assurance process that distinguishes a microcredential from other types of credentials. When preparing to interpret and use educational credentials in hiring, some of the questions executives should consider include:

• Does the microcredential include added data – e.g. evidence, endorsements, or assessment results – and are our HR data systems prepared to make use of this data?

• To what extent is the credential validated by or endorsed by a trusted and respected third-party?

• Do we have data on the success/results of previous hires from the credential program?

• What are our assumptions about the criteria for earning the credential? (e.g. in a competency-based credential, program length and traditional measures of seat time may be irrelevant)

• Is the credential mapped to a valued skills framework or taxonomy – whether our own, or one developed for our industry?

• Does the microcredential include an experiential or work-based component or project?

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7. "CORe," Harvard University, https://pll.harvard.edu/course/core?delta=1.

8. "Learn the latest technical skills. Yours for the taking," Udacity, https://www.udacity.com/.

9. "MicroMasters Programs," edX, https://www.edx.org/micromasters.

Skills-based hiring

In recent decades, many employers have relied on traditional postsecondary credentials, such as the bachelor's degree, as a proxy for skills – but have often found degrees lack critical information on a candidate's true skills and competencies. Instead, many employers are turning to skills-based hiring approaches, or the practice of evaluating prospective job candidates based directly on their skills. In our research, more than one third of HR leaders report that their organization is operating with a skills-based hiring strategy, up from about one-quarter of employers four years ago – and, an even larger share of employers said that their organization is exploring or considering these approaches.[10] In a more recent 2022 survey of nearly 1,700 HR professionals, SHRM found that 79% of HR professionals claim that scores on skills assessments are just as, or more, important than traditional criteria in hiring decisions. Microcredentials can play a key role in supporting skills-based hiring in that they provide an alternative to degrees and can afford more detail on critical skills desired by employers.[11] In fact, our research indicates that many talent leaders are explicitly turning to microcredentials (or what is at times referred to as "alternative credentials" or "skilled credentials") to implement skills-based hiring strategies.

Expanding and diversifying talent pools

As employers compete for qualified candidates in a tight labor market, the use of microcredentials can help widen talent pools. When companies screen applicants by whether or not they have earned a bachelor's degree, they are often eliminating individuals who historically have experienced barriers in accessing higher education. Microcredentials present a more accessible option – in their affordability and flexibility – for gaining the required knowledge and skills for employment.

Considering candidates with microcredentials, therefore, expands the talent pool. Notably, according to SHRM's recent formative research in this area:

- Among working-age adults who have completed some college but have not earned a degree, nearly 60% have earned a non-degree credential[12]

- Corporate leaders agree that recognizing alternative credentials increases the ability of diverse candidates to obtain employment, particularly for individuals who historically have faced barriers in obtaining a four-year degree – with 81% of executives and 71% of supervisors agreeing[13]

Supporting pathways for lifelong learning and greater talent mobility

Microcredentials are a vehicle for acknowledging workers' formal learning and professional development over the course of their career – and across the lifecycle of schooling, hiring, and promotion. This is especially important as exemplified in Northeastern University's recent surveys. We have found that a strong majority of HR leaders have confirmed the expectation that continuous learning is expected in today's workplace – and separately, that 95% of American workers agree that it is important to learn and be trained frequently over the course of a career instead of learning ending with a one-time credential. Again, SHRM's research related to skills-based hiring and "skilled credentials" finds that workplace leaders, such as executives, supervisors and HR professionals "consider alternative credentials valuable for employee development and believe employees who earn them gain more credibility."[14]

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10. 1EdTech Foundation, Digital Credentials

11. 1EdTech Foundation, Digital Credentials

12. Society for Human Resource Management, Making Alternative Credentials Work

13. Society for Human Resource Management, Making Skilled Credentials Work

14. Society for Human Resource Management, Making Skilled Credentials Work

Integrate microcredentials into your culture[15]

As previously cited SHRM research suggests, microcredentials offer opportunities to recognize and connect with people who have been typically excluded from consideration in the job market. However, while many executives and supervisors feel that credentialed employees are better performers, HR professionals are less sure, with half (52%) neither agreeing or disagreeing, indicating less certainty around these new credentials. SHRM's recent work recommends that employers 1) create alignment around the value of credentials, 2) share success stories, 3) provide education around inclusive hiring strategies, 4) develop incentive programs for the use of credentials, and 5) adopt and track internal systems that document how these credentials are being used in recruitment, hiring and advancement.[16] The steps above help ensure that "alternative" credentials are fully embedded in the ethos, systems, and practices of your organization so that they can be leveraged to their full potential.

Assess your HR and talent acquisition technology infrastructure to anticipate technology-related barriers to microcredential adoption

The digital structure and added data associated with microcredentials such as digital badges can present a challenge for existing hiring systems and processes. Our past research has found that organizations' readiness for digital credentials can vary greatly: 51% of HR leaders report that "data-rich learning and achievement records would challenge our hiring systems and current processes."[17] Related potential issues include technical integration with other HR systems, internal policies, and cultural change. An early assessment of the potential risks can prevent future detours and obstacles. Nonetheless, the experience of early adopters suggests these barriers can be overcome and that microcredentials can have great utility.

Engage your HR technology partners to customize your system and workflow as needed to handle microcredentials in job applications, and support digital credential functionality in other contexts

Our recent research has found that many talent acquisition systems are not yet prepared to accept new types of non-degree credentials or richer skills data and remain geared around basic educational information and unstructured data such as PDF attachments – yet leading HR technology players have microcredential functionality in their product roadmaps and most report that they are customizing support for skills-based hiring to respond to increasing demand from key clients.[18]

Keep in mind that the uptake of and potential to benefit from microcredentials arguably hinges on the front lines - beyond just the talent function

Much of our discussion here, and indeed the work and dialogue related to skills-based hiring and microcredentials in the field, has been centered on the talent function and HR. However, where the rubber hits the road is with front-line hiring managers and other executives, who are themselves key gatekeepers and actors in the hiring process and the setting and interpretation of job qualifications. Questions to consider going forward here include:

- What are hiring managers' awareness levels and perspectives about new types of non-degree credentials – and what types of credentials are hiring managers seeing presented by candidates?

- What are managers' potential motivations for embracing new hiring approaches? What are their key reservations and internal barriers?

- How do corporate policies and the HR function hinder or help risk-taking in hiring? What conditions would enable a pivot to greater innovation and more skills-based hiring and less reliance on degrees?

15. Making Alternative Credentials Work: A New Strategy for HR Professionals (Society for Human Resource Management, 2022), https://shrm.org/foundation/about/Documents/Making%20Alternative%20Credentials%20Work%20A%20New%20Strategy%20for%20HR%20Professionals.pdf?_ga=2.6208627.1994674365.1681480017-55382538.1670440136.

16. Society for Human Resource Management, Making Alternative Credentials Work

17. 1EdTech Foundation, Digital Credentials

18. Sean R. Gallagher, Mark Leuba, Chris Houston and Emilee Trieckel, Digital Credentials and Talent Acquisition Tech: Closing the Data Gap Between Learning and Hiring (Northeastern University, March 2023),https://cps.northeastern.edu/wp-content/uploads/2023/03/Digital_Credentials_Talent_Acquisition_Tech.pdf.

CONCLUSION

We hope that this summary has provided a useful and concise introduction to help talent leaders prepare for the continued growth of microcredentials. The sustained and increasing interest in microcredentials in the education sector, among employers, and within government circles is due to this innovation's relevance to ongoing broader shifts in the workplace – especially the need for career-long upskilling, and the digital transformation of work and the hiring process. The same competitive market for more diverse talent that is driving interest from boards and CEOs in human capital measurement and skills-based hiring will only increase the attention on microcredentials.