THE EVOLUTION OF HIRING: WHAT MANAGERS KNOW ABOUT, THINK ABOUT AND ARE DOING WITH MICROCREDENTIALS

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EXECUTIVE SUMMARY

A confluence of economic, societal, and technical trends has given rise to significant changes in the hiring process. Notable among these changes has been a push to adopt skills-based practices in which hiring and talent management activity is organized around essential skills and abilities, rather than emphasizing traditional qualifications such as degrees. This focus on discretely identified skills has, in part, prompted the rise of a new way to package learning experiences: the microcredential.

In response to the push to revisit hiring, some organizations have opened the door to consideration of microcredentials by reducing degree requirements for roles. However, evidence shows that simply changing policies does not necessarily change hiring behaviors. Recent research found that 45% of firms removing degree requirements from job postings showed no significant difference in the share of non-baccalaureate hires, while 20% showed a decrease in hires without degrees.[1]

This suggests a need to explore employer behavior more closely to understand where the use of microcredentials in hiring is working and where it is meeting resistance. While previous studies have examined human resources (HR) perceptions of microcredentials, this study adopts a unique lens–that of the hiring manager. These front-line managers are underappreciated gatekeepers and could be significant catalysts for change.

Combining insights from previous research and a national survey we fielded in February 2024, a nuanced picture of the current state of hiring emerges. Hiring managers generally feel positive about the hiring process. When it comes to defining requirements in job openings, these managers felt that they were doing a pretty good job. In addition, barely a third of the managers using applicant tracking systems (ATS) expressed concern about screening out candidates who could do the job. This is about half the level of concern captured in prior research with HR and business leaders, which suggests variation between what HR leaders and frontline hiring managers are experiencing.[2]

Additionally, despite the reports of labor shortages, many managers feel they are seeing enough candidates. For them, company activity to increase access to candidates through third-party relationships has been effective - some research suggests that application rates per job have risen in the past few years.[3] At the same time, there are also clear signals that increasing the number of candidates may have exacerbated another problem, that of flooding managers with inappropriate applicants. Managers report that the applicant pool now includes more people who are less equipped for the roles under consideration. They feel challenged to find high-quality candidates, and in this kind of environment, microcredentials can provide valuable information to help screen and match candidates to roles better.

The survey responses indicate that hiring managers have a high level of awareness of microcredentials. However, they appear to value them more as a sign of a candidate's ambition, discipline, or learning mindset rather than a measure of specific skill competence. Managers express much lower confidence in their ability to signal specific skills. This perception might be due to the fact that microcredentials currently serve primarily as supplements to degrees. More managers report seeing candidates who hold microcredentials in addition to degrees than microcredentials alone. In addition, there is still a lack

1. Sigelman, M., Fuller, J., Martin, A. (2024). *Skills-Based Hiring: The Long Road from Pronouncements to Practice*. Burning Glass Institute. https://www.hbs.edu/managing-the-future-of-work/Documents/research/hiddenworkers09032021.pdf
2. Fuller, J., Raman, M., Sage-Gavin, E., Hines, K. (2021). *Hidden Workers: Untapped Talent*. Harvard Business School Project on Managing the Future of Work and Accenture. https://www.hbs.edu/managing-the-future-of-work/Documents/research/hiddenworkers09032021.pdf
3. Birinci, S., See, K., Wee, S.L. (2023). *Job Applications and Labor Market Flows*. Federal Reserve Bank of St. Louis Working Paper 2020-023. https://doi.org/10.20955/wp.2020.023

of trust in microcredential validity. To bolster managers' confidence in microcredentials, it is crucial to align them accurately with job roles, which involves assessing their quality, rigor, content, and relevance. Companies should be encouraged and empowered to process information about microcredentials and develop perspectives on which are the most salient for their specific needs.

It is also important for companies to expand hiring policy to include specific guidance on microcredentials because there is reasonable concern that unfair bias on the part of managers is coloring their embrace of a new way to hire. Almost one-third of respondents reported moving forward with candidates who only presented a microcredential, yet the data suggests many managers still prefer candidates with degrees. It appears that managers' decisions may be influenced by their attitudes and expectations, as well as the context of the situation.

Upon considering the various factors that shaped managers' perspectives and actions, it became clear that their personal experiences with microcredentials significantly influenced who they were hiring. Hiring managers who had earned microcredentials that positively impacted their career tended to hire microcredential-only candidates more often than managers who had no personal experience with microcredentials. The influence of their own experience was more predictive of hiring patterns than the nature of the industry, the level of the role being hired for, and company factors such as support for remote work. To expand the pool of candidates considered for a job, companies should not only identify which microcredentials are valuable for their employees, but also support their managers in obtaining them.

Indeed, investment in professional development, particularly tuition support for microcredentials, is more pronounced in companies with managers who hire non-degree candidates. Interestingly, these companies also invest more in training and adapting hiring processes. Training in writing a skills-rich job description is represented significantly more among managers who have hired candidates with microcredentials. Among the five best practices identified to support more open hiring, ranking candidates without identifiers, evaluating portfolios, and doing testing are more prevalent among managers who report microcredential hiring. Positively, this suggests that companies can take very concrete actions to drive more impact from policies designed to expand candidate pools.

Steps Companies Can Take To Support Managers Who Hire

1. Companies can recognize that the pain for managers is about a need to optimize more than a need to source candidates. Encouraging serious consideration of information from microcredentials in hiring can help identify and match better candidates to roles more efficiently.

2. Companies can address confusion about which microcredentials managers should pay attention to by more clearly identifying those microcredentials that align with their needs.

3. Companies can expand investments in professional development to include support for earning microcredentials. This will build positive manager experience with them and increase manager confidence in considering microcredentials presented by potential hires.

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Microcredentials and the Re-evaluation of Hiring

A confluence of economic, societal and technical trends has given rise to significant changes in the hiring process. Notable among these changes has been a push to adopt skills-based practices in which hiring and talent management activity is organized around essential skills and abilities, rather than traditional qualifications such as degrees. This focus on discretely identified skills has, in part, prompted the introduction of a new way to package learning experiences: the microcredential.

While a concise and widely-accepted definition of "microcredential" is still evolving, we define them broadly as credentials documenting learning that can be earned faster than a traditional degree in place of or in addition to high school, college, or university degrees.[4] Microcredentials, by virtue of their shorter duration, are generally more narrowly focused than the traditional formats and can be expressed in terms of skills more readily. Examples of microcredentials include educational certificates from traditional higher education institutions or from online education sites such as Coursera or EdX, industry certifications created by professional associations or large technology vendors, occupational licenses such as an electrician's or nurse's license, or badges that provide recognition of completion of online coursework or other learning experience. The past decade has seen a dramatic increase in the awareness and availability of microcredentials, with tight labor markets, social justice considerations, technological innovations, and changes in education all contributing to this surge.

Historically, advanced degrees have been viewed as signals of higher productivity and competence, serving as the primary determinant of job readiness for a large number of roles. Because students reaped economic rewards for acquiring more education, employers have generally been able to rely on a steady influx of applicants with college degrees, which in turn led to an even greater emphasis on educational credentials in hiring practices. When market conditions favored employers with a glut of potential applicants, degree requirements were noticeably inflated.[5] Of late, with historically low labor participation rates post-COVID and the limited availability of potential workers–the U.S. Chamber of Commerce currently estimates a shortage of two million workers,[6] employers are reconsidering their traditional position. In addition, the racial justice movement sparked in 2020 has prompted a reevaluation of equity issues including the recognition that an over-emphasis on college credentials disproportionately disadvantages underrepresented groups.[7] Many employers have responded to the social and economic forces by de-prioritizing degree-based hiring as one strategy to access a larger and more diverse talent pool.[8]

Alongside a lower supply of potential workers to choose from, modern businesses are also grappling with a fundamental shift in the skills they need. The contemporary business landscape is characterized by rapid change, requiring companies to adapt quickly to new technologies, shifting consumer demands, and dynamic market forces. This environment has created a pressing need for agile and targeted training solutions that can allow current or potential employees to expand their skill sets quickly and efficiently. An analysis of more than 15 million job postings in 2022 found that 37% of the top 20 skills within the average job had changed in a five-year period, and that 22% of the referenced skills were entirely new.[9] The World Economic Forum estimates that 40% of all employees will require reskilling during their

4. Gallagher, S., Ruda, A., Stoddard, E., Trieckel, E. (2023). *Getting Started with Microcredentials: A Primer for Higher Education Leaders*. Northeastern University Center for the Future of Higher Education and Talent Strategy. https://cps.northeastern.edu/wp-content/uploads/2023/05/Microcredentials_Primer_HigherEd.pdf
5. Modestino, A., Shoag, D., Ballance, J. (2015). *Upskilling: Do Employers Demand Greater Skill When Skilled Workers Are Plentiful?* Federal Reserve Bank of Boston, Working Paper No. 14-17.
6. Ferguson, S. (2024, June 24). *Understanding America's Labor Shortage*. US Chamber of Commerce. https://www.uschamber.com/workforce/understanding-americas-labor-shortage
7. Opportunity@Work and Accenture. (2020). *Reach for the STARs: The Potential of America's Hidden Talent Pool*. https://opportunityatwork.org/our-solutions/stars-insights/reach-stars-report/
8. Fuller, J., Langer, C., Sigelman, M. (2022). *Skills-Based Hiring Is on the Rise*. Harvard Business Review. https://hbr.org/2022/02/skills-based-hiring-is-on-the-rise; 1EdTech Foundation and IMS Global Learning Consortium, Inc. (2021). *Digital Credentials & Competency Frameworks: Exploring employer readiness and use in talent management*. https://www.imsglobal.org/sites/default/files/wellspring/Wellspring_II_Employer_Research.pdf
9. Sigelman, M., Taska, B., O'Kane, L., Nitschke, J., Strack, R., Baier, J., Breitling, F., Kostis, A. (2022). *Shifting Skills, Moving Targets, and Remaking the Workday*. Boston Consulting Group. https://www.bcg.com/publications/2022/shifting-skills-moving-targets-remaking-workforce

careers, and 94% of business leaders expect employees to acquire new skills while on the job.[10] Traditional degree programs, while valuable, often lack the flexibility and specificity required to address rapidly evolving skill gaps.

In response to this market opportunity, online training platforms, professional associations, and even traditional academic institutions have embraced the microcredential model, creating a broad range of offerings. Whether supplementing degrees or serving as alternatives, the variety of credentialing options available is staggering. In addition to over 350,000 micro-degrees and certificates offered by postsecondary institutions, there are over 650,000 credentials available from non-academic providers, including various badges, course completion certificates, certifications, and licenses.[11] U.S. workers have responded to the new opportunities, with 45% having earned an alternative credential.[12]

Shifts in company policy around degree requirements and the rise of microcredentialed workers would seem to indicate a positive trend that better meets logistical as well as ethical demands for employers. But despite growing awareness and early action, there are signs that the adaptations necessary to embrace skill-based practices, and the concomitant microcredential consideration, have only been partially accomplished. Policy initiatives articulated by company leaders alone do not appear to change hiring patterns. Research suggests that companies whose leaders have committed to policies of reducing education requirements in hiring have not always seen a different outcome in the nature of the candidates they hire. Forty-five percent of firms removing degree requirements from job postings showed no significant difference in the share of non-baccalaureate hires while 20% actually showed a decrease in hires without degrees.[13]

This gap between expectation and outcome suggests a pressing need to explore hiring behavior more closely to understand where the use of microcredentials in hiring is working and where it is meeting resistance. While previous studies have examined perceptions of microcredentials among human resources (HR) and business leaders, this study explores a different perspective–that of the hiring manager.[14] In February 2024, we deployed an online survey to 1,250 managers who did not work in an HR role and who had both provided input into hiring new employees within the past year as well as managed/supervised employees. These front-line hiring managers are potential gatekeepers and could be significant catalysts for change.

What Managers Think About Hiring

What is working: the process

In the midst of considerable investigation and articulation of the challenges organizations are finding with hiring, it might be somewhat surprising to learn that many managers are content with their hiring process. In our survey, a clear majority of respondents (76%) believe their company's hiring process "gets the job done" and a slightly higher percentage (77%) feel well-supported by their HR department.

This satisfaction is further evident when we examine each step in the hiring process, beginning with the job description. Prior research on how companies can entice a broader pool of job applicants confirmed the importance of simple and clear job descriptions.[15] Managers responding to the survey (who we will refer to as respondents or managers interchangeably in this report) express satisfaction with their

10. World Economic Forum. (2020). *The Future of Jobs Report 2020*. https://www.weforum.org/reports/the-future-of-jobs-report-2020
11. Credential Engine. (2022). *Counting U.S. Postsecondary and Secondary Credentials*. https://credentialengine.org/wp-content/uploads/2022/12/CountingCredentials_2022-1.pdf
12. SHRM Foundation. (2022). *Making Alternative Credentials Work: A New Strategy for HR Professionals*. https://www.shrm.org/content/dam/en/shrm/foundation/shrm_foundation_walmart_skilled_cred_rise_report_083122.pdf
13. Sigelman, M., Fuller, J., Martin, A. (2024). *Skills-Based Hiring: The Long Road from Pronouncements to Practice*. Burning Glass Institute. https://www.hbs.edu/managing-the-future-of-work/Documents/research/Skills-Based%20Hiring.pdf
14. 1EdTech Foundation and IMS Global Learning Consortium, Inc. (2021). *Digital Credentials & Competency Frameworks: Exploring employer readiness and use in talent management*. https://www.imsglobal.org/sites/default/files/wellspring/Wellspring_II_Employer_Research.pdf
15. Fuller, J., Raman, M., Sage-Gavin, E., Hines, K. (2021). *Hidden Workers: Untapped Talent*. Harvard Business School Project on Managing the Future of Work and Accenture. https://www.hbs.edu/managing-the-future-of-work/Documents/research/hiddenworkers09032021.pdf

Figure 1. Managers' satisfaction with aspects of their organization's abilities in creating or updating job descriptions

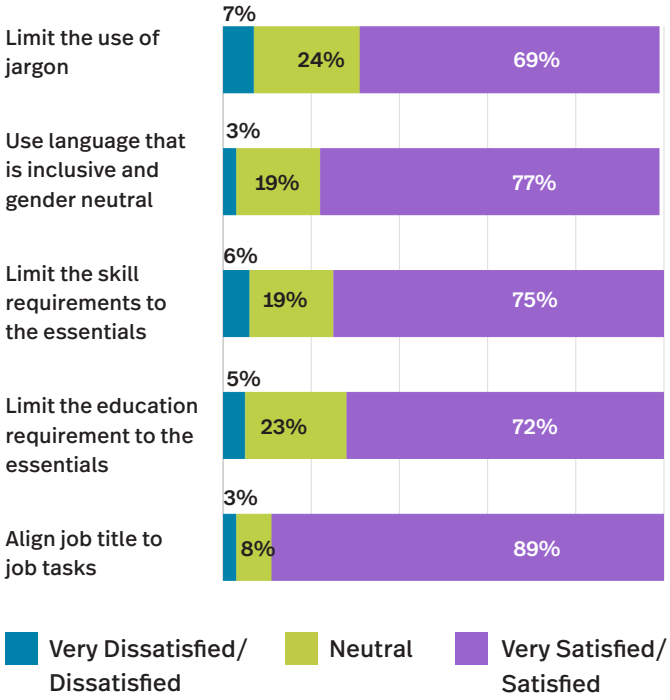
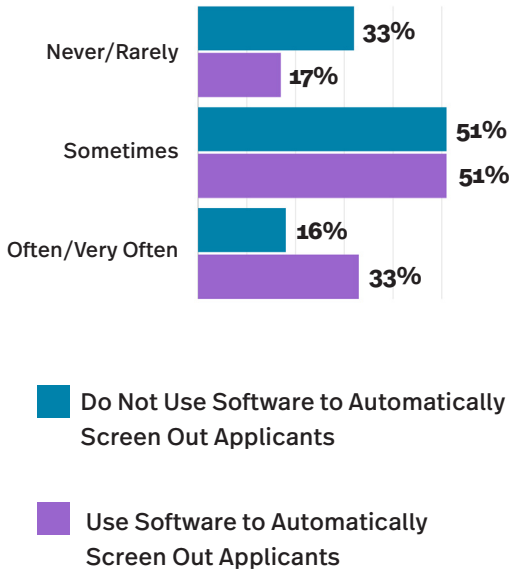


Figure 2. Managers' perception of the frequency that candidates who could perform a role are screened out because of job requirements



Source for All Charts: 2024 U.S. Hiring Manager Microcredentials Survey, CFHETS Northeastern University

ability to accurately capture educational requirements (72%) and required skills (75%) in job descriptions. Sixty-nine percent believe they avoid off-putting jargon. In other words, as shown in Figure 1, when it comes to adopting language to showcase job openings, these managers felt that they were doing a pretty good job.

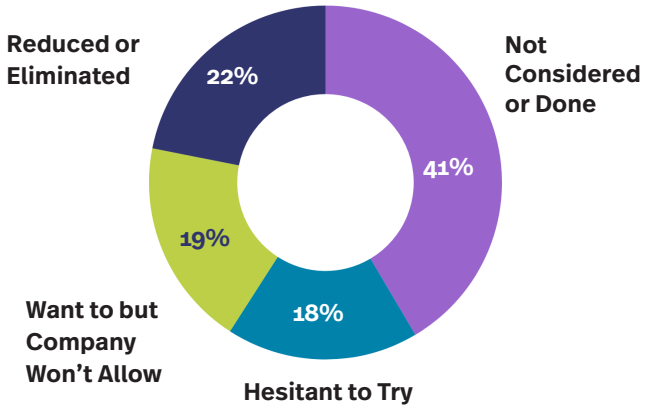
Similarly, in terms of the candidate screening and interviewing processes, most respondents were unconcerned about excessive early screening out of candidates. Overall, about half of managers thought that their organization's processes and tools sometimes filter out potential candidates who could successfully perform the job, but do not meet the exact criteria in the job description. Only 24% expressed concern that this happened more than occasionally.

Of course, concern about inappropriately screening out applicants can be a function of how much managers rely on technology to do the screening for them. Some managers may have felt more comfortable because they know that a human being reads every application. When asked if their organization used a software tool such as ATS to automatically screen out applicants, 46% of respondents reported that their company uses a system, 45% reported that they did not, 10% were uncertain. The group who confirmed company ATS usage did express more concern about the results of the early screening process than those who didn't use an ATS (33% vs. 16%; Figure 2). That said, it is still worth noting that barely a third of the managers using an ATS expressed concern. This is about half the level of concern captured by prior research with HR and business leaders in which 68% of employers felt that their hiring processes "always" or "often" incorrectly filtered out candidates.[16] The difference suggests a bit of a disconnect between what HR leaders and frontline hiring managers are experiencing.

16. Fuller, J., Raman, M., Sage-Gavin, E., Hines, K. (2021). *Hidden Workers: Untapped Talent*. Harvard Business School Project on Managing the Future of Work and Accenture. https://www.hbs.edu/managing-the-future-of-work/Documents/research/hiddenworkers09032021.pdf

Part of the satisfaction felt by managers may be due to the fact that hiring is only one, relatively small component of their work. Given the limited time they spend actually hiring, it may not be that surprising that they are generally happy with their processes. In addition, it also appears that when managers do hire, they feel incentivized to be somewhat conservative. Hiring constitutes a decidedly high-risk proposition for managers, with 81% of them believing that making a bad hire will negatively impact their career advancement. Considering the pressure they feel, it shouldn't be surprising that managers seem disinclined to try new things in their hiring process, such as rethinking the traditional emphasis on requiring college degrees in job descriptions. Among managers hiring for roles that currently require college degrees or did at some point, more than half haven't considered or want to take any action to change education requirements (Figure 3). Only about one in five has made any adjustments.

Figure 3. Manager activity to reduce or eliminate education requirements in job descriptions

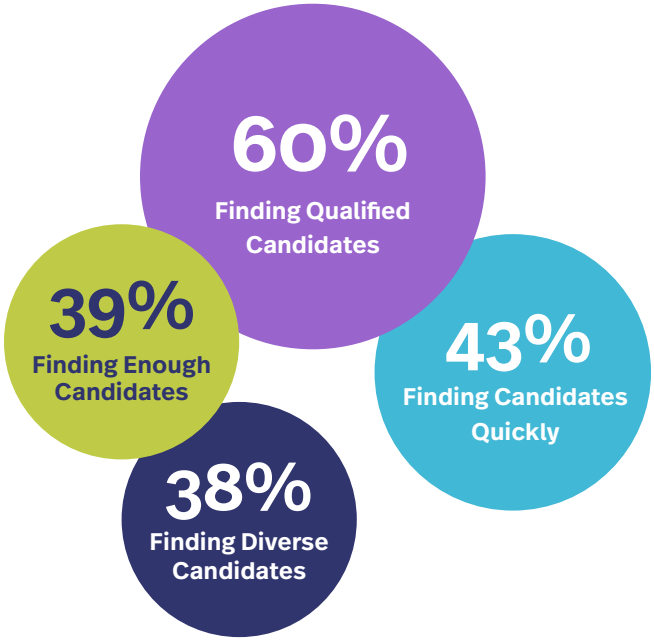


What isn't working: the outcomes

While managers may not be actively driving change in hiring, they nonetheless report that they are experiencing it. At the outset of the survey, managers were asked whether their company's hiring process had changed within the past year. A clear majority, 61% of eligible responses, indicated that some level of change had indeed occurred.

In their responses, managers cite a growing reliance on third-party websites and agencies to assist in sourcing candidates. Businesses appear to have actively responded to the problem of labor shortages by contracting with vendors that allow them to identify a broader pool of applicants. This might explain why, contrary to numerous reports about low labor force participation, finding enough candidates was not seen as a significant challenge by the majority of our respondent group (Figure 4).

Figure 4. Challenges felt often/very often by managers



In addition to new sourcing relationships, company policies to remove or reduce education requirements in job descriptions also appear to have played some role in addressing the shortage problem. Roughly one in five respondents (see Figure 3) have taken some action to reduce requirements, and comments from these managers implicitly suggest that the reduction was designed to increase available talent pools.

"It has changed since the pandemic. We are now open to hiring people who have more experience than any type of education."

However, the majority of managers do not seem to clearly link the challenges of sourcing candidates with their company's decision to reduce or eliminate education requirements. When we analyze whether companies have asked managers to reduce education requirements as a function of the various hiring pressures that managers report, we find that only the difficulty in sourcing diverse candidates is a significant predictor (see the Appendix for details of the logistic regression model supporting this.) This suggests that, for most managers, reducing education requirements is more a response to a need or desire to change the nature of the applicants they see, and less about improving the size or quality of the candidate pool, or the speed of the hire.

Although many managers feel they are seeing enough candidates, they also report that the applicant pool now includes more people who are less equipped for the roles under consideration. A significant number of respondents reported that finding qualified candidates "often" or "very often" was their biggest challenge (Figure 4).

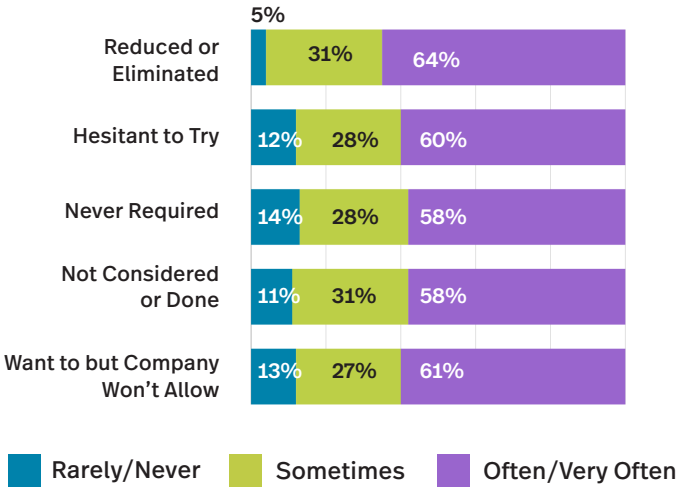
"Over the past year, our hiring process has become much more dependent on referrals from people already working in our company because there appears to be a larger pool of people applying for our open job postings who either are not qualified or are not a good fit for the positions we have open."

A clear theme that hiring has become less selective was also evident in their descriptions of how the hiring process is changing.

"We have had to be a lot more lenient on our requirements than we'd like to because so few qualified individuals seem to be looking for work right now."

Notably, the struggle to find quality candidates does not seem to be a direct result of changing education requirements. While there are slightly more managers who have both eliminated education requirements and report quality challenges occurring often or very often, this difference is not statistically significant compared to the rest. All groups, shown in Figure 5, are reporting essentially the same levels.

Figure 5. Managers' perceptions of how often it is challenging to find quality candidates by their actions to reduce education requirements



Instead, the problem may be one of technology escalation. The same technology that screens applicants has been harnessed by companies creating tools that help job seekers circumvent the algorithms. In addition, the online platforms that allow people to find job opportunities more easily also allow job seekers to apply for many more jobs than they might have before. Job seekers can now access tools designed to help them search openings and apply with pre-existing online profiles or algorithmically tailored resumes. In some cases, the act of actually submitting the application itself has been automated. Colloquially, this phenomenon has been dubbed the "lazy apply."

The result of tools supporting "lazy" applications is that hiring managers see more applications from job seekers who may

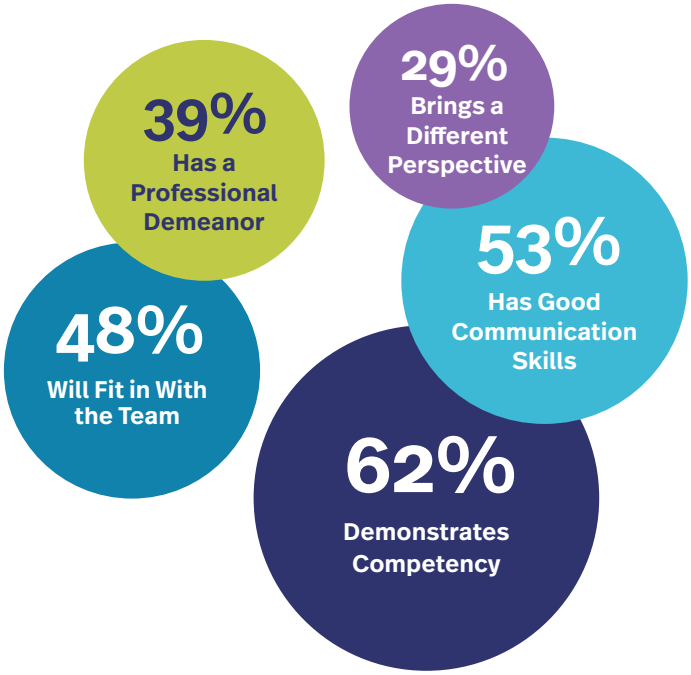
not be interested in a role or appropriate for it. From the managers' perspective, the problem this creates is less about the particular characteristics of a hire and more about finding the applicants who actually have the appetite and ability to do the job. Managers describe a problem with optimization of who they are asked to consider in earnest. This may mean a need for better screening; it may mean a need for better matching of applicants to open roles. As might be expected, companies are turning to the next generation of technology for solutions. A small number of respondents describe new relationships with vendors offering tools and services to improve the speed and efficiency of matching available candidates to roles.

"We are utilizing more AI in our workflow when hiring the right candidates. We are evaluating its usefulness at the moment, but we are seeing promising results."

Given the focus on finding quality candidates who are right for the job, it isn't surprising that the most important information hiring managers look to obtain from the hiring process is whether candidates demonstrate competency (Figure 6). The emphasis on assessing competency is followed closely by checking communication skills and an ability to fit in with the existing team. The potential for a candidate to bring a fresh perspective to the organization, a value ranked highly by employers seeking to open up the candidate pool through reducing education requirements, [17] ranks last among the issues probed in an interview by the front-line manager.

Taken cumulatively, these results paint a picture in which the experience of hiring managers is a bit different from what company leaders perceive. Managers are trying to hire the best and most capable person for the job. They interpret their company's activity to reduce education requirements more for how it will expand the diversity of the candidates they can interview, than as a way to increase the volume of candidates. For the majority of them, company activity to increase access to candidates through third-party relationships has been effective, although there are also clear signals that doing this may have inundated managers with inappropriate applicants.

Figure 6. Information hiring managers want to obtain during the hiring process



In an environment where more appropriate screening and better matching of applicants to roles is needed, the additional learning experiences captured by microcredentials would seem to offer a good signal that might be useful.

How Microcredentials Play a Role

Awareness of microcredentials

Among other changes managers are feeling in their hiring activity, the ability to evaluate more candidates means that managers are seeing a wider range of people with more variation in the information they present for consideration. Additional learning experiences from microcredentials are part of the information that managers are seeing. Hiring

17. Fuller, J., Raman, M., Sage-Gavin, E., Hines, K. (2021). *Hidden Workers: Untapped Talent*. Harvard Business School Project on Managing the Future of Work and Accenture. https://www.hbs.edu/managing-the-future-of-work/Documents/research/hiddenworkers09032021.pdf

managers demonstrated a high level of awareness regarding these credentials, with 90% routinely receiving information from their tools and HR colleagues, or inquiring about them during interviews themselves. When asked about specific microcredentials they have encountered, only 9% report never having seen any at all.

Of the list of credentials other than a degree, only badges are not well-known. Even here, however, there are pockets of higher awareness in specific sectors. Slightly more than a quarter of the managers hiring in the information services or finance/insurance industries indicated that they had seen digital badges among candidates (Figure 7).

Benefits and challenges of microcredentials

In addition to high levels of awareness, an overwhelming majority of managers (95%) also see microcredentials as having value. In line with their concerns about seeing too many unqualified applicants, respondents placed highest value on the fact that credentials offered additional information that drove time savings and efficiency in screening and evaluating candidates (Figure 8).

Beyond a value in screening who they interview, managers also describe their willingness to include consideration of microcredentials as a way to distinguish between two otherwise comparable candidates or as a tipping point for candidates to put them over the top in terms of inspiring the needed confidence for the hire.

Figure 7. Managers who have seen the following microcredentials from candidates by industry

Education Certificate

64%	All
53%	Construction
58%	Manufacturing
61%	Retail
64%	Health
69%	Professional Services
73%	Financial + Insurance
74%	Information

Online Course

60%	All
58%	Construction
52%	Manufacturing
63%	Retail
55%	Health
62%	Professional Services
73%	Financial + Insurance
84%	Information

Industry Certificate

54%	All
67%	Construction
59%	Manufacturing
41%	Retail
50%	Health
61%	Professional Services
60%	Financial + Insurance
59%	Information

Training Program/ Apprenticeship

54%	All
67%	Construction
59%	Manufacturing
58%	Retail
41%	Health
53%	Professional Services
50%	Financial + Insurance
63%	Information

Occupational License

34%	All
45%	Construction
32%	Manufacturing
25%	Retail
41%	Health
34%	Professional Services
37%	Financial + Insurance
39%	Information

Military Credential

30%	All
27%	Construction
43%	Manufacturing
31%	Retail
16%	Health
31%	Professional Services
38%	Financial + Insurance
34%	Information

Badges

17%	All
13%	Construction
13%	Manufacturing
10%	Retail
10%	Health
24%	Professional Services
28%	Financial + Insurance
27%	Information

Significantly Below the Average

Significantly Above the Average

> **"If we are on the fence about hiring someone, microcredentials will make the decision."**

> **"If two candidates have the same credentials and degree, I would look at the microcredentials."**

In both of these use cases, the credential is described as offering an interesting piece of evidence that is less about the nature of the microcredential itself and more as an indication that a candidate has ambition and discipline or possesses a learning mindset. In an era where conditions change quickly, microcredentials are viewed as an indication of an openness to new ideas and experiences and a desire to improve and develop new skills.

While not an incorrect way to evaluate microcredentials, this kind of consideration may be somewhat superficial, especially given the specificity about skills acquisition that microcredentials can convey. There are two reasons that might explain this: the microcredential currently serves primarily as a degree supplement, and the lack of trust in microcredentials is still high.

First, many managers are seeing candidates who are presenting microcredentials in addition to a degree. Over one-third of respondents have evaluated candidates holding both a degree and a microcredential "often" or "very often" in the past three years. In contrast, only one in five has seen candidates with microcredentials as their sole qualification, largely among candidates for roles in the construction and information services sectors. The presence of a degree could overshadow the skills acquired by the microcredentials, or at least make them less critical to assess.

Second, there is a disconnect between what information about a microcredential may be available, and what is easily accessible to managers. Managers express much lower faith in the value of a credential to signal competence in specific skills. The least valuable benefits indicated by managers were replacing testing and offering more recent assessment of skills.

Figure 8. Benefits from having information about a candidate's microcredentials

63%
Time savings and efficiency in screening and evaluation of candidates.

52%
Tells me that a candidate has a "learning mindset".

48%
Reduces the chances of making a bad hire.

47%
Helps to expand and diversify the pool of candidates.

41%
Industry-recognized validation is important to my organization.

39%
Reduces need to test candidates for competency in specific technologies and skills domains.

39%
Offers more up-to-date assessment of current technologies than 4-year degrees.

5%
None

Mistrust of what microcredentials actually signal is also found in how managers identified the challenges they see in using them (Figure 9). Roughly one in three express concerns about the ability to verify a credential and one in three question the rigor of the training.

There is clearly an element of confusion and mistrust about microcredentials that needs to be overcome for managers to consider the skills they represent more specifically. Efforts to create repositories of credential information that offer more detailed information about what is taught in a microcredential as well as digital wallets/learning employment record systems that can offer validation that a microcredential was earned[18] may begin to address manager concerns. In addition, work on defining standardized measures of the quality and efficacy of microcredentials can offer assurances that change how managers consider them.[19]

Another element of reducing mistrust, however, is simply to make it easier for managers to understand the relevance of specific microcredentials. When microcredentials are very clearly aligned to the needs of a job, managers tell us that they find value in them as a signal of specific skills or abilities.

"If we are looking for candidates with specific skills, such as IT, but perhaps they don't have a higher education, we would certainly consider them as viable candidates. More and more people are learning specific skills on their own, so microcredentials have become relevant."

"I would consider microcredentials when hiring if they are relevant to the specific skills or knowledge required for the position, demonstrating a candidate's commitment to continuous learning, specialization, or proficiency in a niche area."

Figure 9. Challenges in considering microcredentials in candidate evaluation

38%
It is difficult to get information about what skills were learned through microcredentials.

36%
It is difficult to validate that a microcredential was actually earned.

32%
The quality of microcredentials is too varied to trust them.

30%
There are too many microcredentials to keep track of which ones are relevant to the job requirements.

24%
I'm unsure how microcredentials compare to other qualifications, like degrees or work experience.

11%
I'm unfamiliar with these kinds of credentials, so don't know how to consider them.

18%
None

18. Digital Wallets/Learning Employment Records contain data that conform to one of several standards including the Open Badges standard, an international specification that defines the data that can be housed in a microcredential such as the criteria to earn the achievement, evidence of actual task performance and/or endorsements by a third party. Other examples include the W3C VC or HR Open standards.
19. One such effort to improve signaling is led by 1EdTech member organizations through the TrustEd Microcredentials Coalition. 1EdTech is a non-profit education technologies association. Another is the Education Quality Outcomes Standards (EQOS), operated in partnership between Jobs for the Future and the Burning Glass Institute.

The issue for many managers is that the alignment of credentials to jobs appears to be unclear. This uncertainty is called out as the primary obstacle by 38% who worry that they don't understand what skills a given microcredential corresponds to. Skills-based tools can certainly help connect microcredentials with job requirements by matching the skills taught in one to those needed in another. However, simplistic matching has its limitations and could potentially become another somewhat arbitrary screening mechanism. Accurately aligning credentials with job roles ideally involves interpreting combined information about quality, rigor, content, and appropriateness.

This interpretive task arguably falls under the purview and responsibility of individual companies, since they are best positioned to understand their specific needs. When company leaders advocate for eliminating education requirements in hiring, they do not also eliminate the need for candidate evaluation. Given that managers are raising questions about how to use microcredentials for that purpose, companies should consider supplementing policies that reduce education requirements with clear guidelines on which microcredentials might be acceptable instead. Developing a clear perspective on specific microcredentials will help companies clarify skill requirements for roles, which can, in turn, further support their initiatives in skills-based talent management.

In the face of the current shortcomings in using microcredentials, it is remarkable that 18% of the hiring managers taking the survey felt that considering microcredentials presented no challenges at all. Of this group, about a quarter hire for roles that have never had education requirements, so it is quite possible that their perception of a lack of challenges is really an admission that they don't look at them that closely in hiring because they don't have a need to. However, the rest of these managers would appear to be reasonably comfortable with the idea of considering microcredentials in hiring, if they are not already doing so.

Hiring using microcredentials

The sense of familiarity and comfort that may be emerging for a small but nontrivial number of managers is, indeed, reflected in the hiring that is reported. Each manager taking the survey was asked to think about the role that they hired for most often and report on the profiles of candidates they hired in the past three years for that role (Figure 10a).

Figure 10a. Managers who have hired candidates with each profile

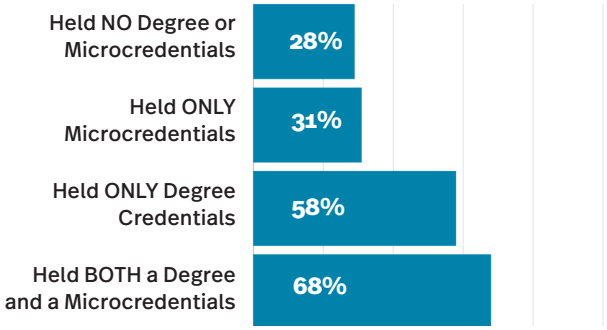
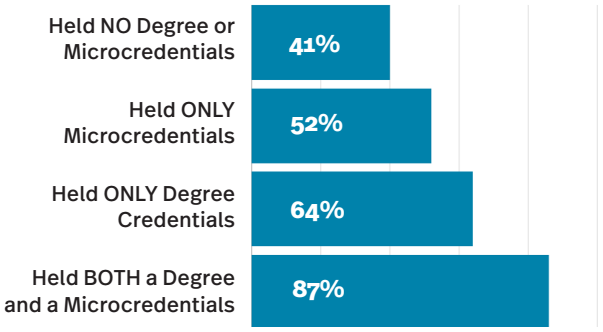


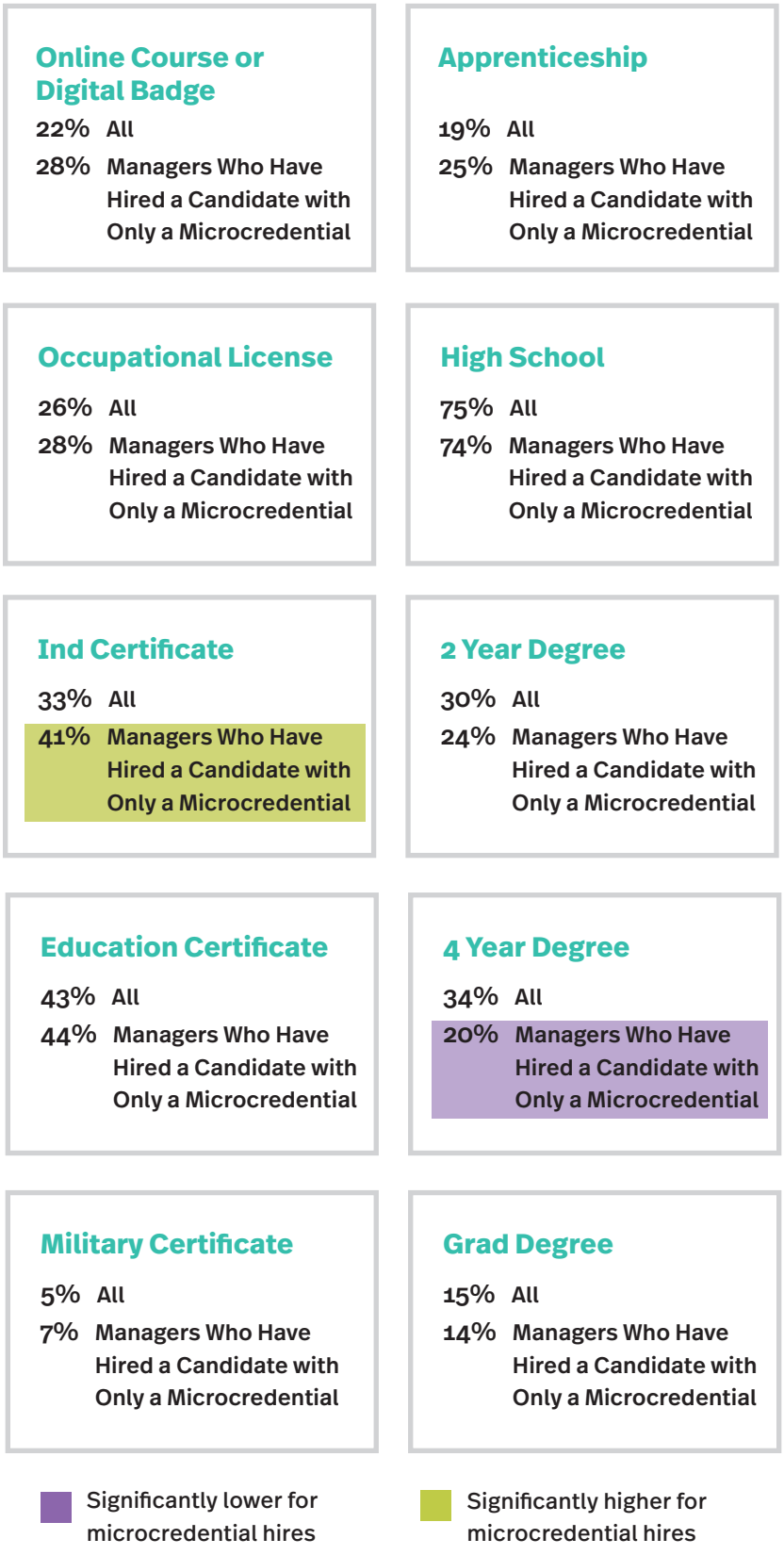
Figure 10b. Managers who rated their hires above average or excellent



Note that the percentages don't add up to 100% since some respondents hired more than one person during the three year period and provided information about more than one profile.

From this report of their activity, we find that almost one-third of respondents reported moving forward with candidates who presented only a microcredential. There are clear indications of specific conditions that correlate with this kind of hiring. These managers are more likely to see microcredentials presented by candidates: 14% more of these managers see online courses and apprenticeships; 12% more see military credentials among candidates; 11% more see occupational licenses and 7% more see either industry or educational certificates. They may see this information, in part, because they are also more likely to be given information about microcredentials as part of their hiring process (74% compared to 60% overall) and more likely to have taken steps to reduce education requirements in job postings (30% compared to 21% overall). Indeed, only 20% require a college degree in their job posts compared to 34% of the managers overall. Instead, they are more likely to reference other credentials, such as industry certifications, in job requirements (41% compared to 33% overall; Figure 11).

Figure 11. Managers who require the following credentials in job posts



Unfortunately, the success of the microcredential-only hires is less clear. Managers were also asked to rate the performance of the specific candidates they'd made in the past three years (Figure 10b). Just half of those who had hired candidates with only microcredentials considered their hires as "above average" or "excellent." In contrast, 64% of managers who hired candidates with only a degree thought their hires were excelling. A stunning 86% of managers who hired candidates with both a degree and a microcredential rated their hires as "above average" or "excellent."

While the lower job performance rating for employees holding only microcredentials may reasonably reflect the capabilities of these hires, it may also be a consequence of the challenges in using microcredentials to evaluate candidates that managers themselves are calling out. Better performance outcomes may result if employers build more explicit understanding of specific microcredentials and their alignment to roles.

In addition, we should consider that the ratings provided in this survey were asked by profile type, and managers could be generalizing the performance of more than one individual. It is possible that the sentiment shared by respondents was more an indicator of their overall attitudes than a precise reflection on the success of a specific hire. The sentiment that led survey respondents to rate degree candidates who also held microcredentials so much more highly than other employees, for example, is very much in line with manager comments in which they described relying on microcredentials as a signal in hiring because "more education is always a good thing." If this is true, it seems prudent to look closely at what forces might drive both attitude and hiring behavior.

How Bias Impacts Microcredential Consideration

When trying to understand hiring behavior, it's important to recognize that managers' specific decisions are as influenced by their attitudes and expectations as the circumstances of the situation. It can often be challenging to distinguish between reasonable accommodations for a situation and biases that unfairly favor one group over another.

To understand how different forces influence a manager's perception of microcredentials, we examined a range of factors such as industry, job type, and the age of manager. We evaluated how each factor intersected with two key pieces of information: the hiring activity reported by managers and their agreement with the statement, "Job candidates with two- or four-year college degree credentials are stronger than those with microcredentials when it comes to having the skills necessary for a job." This analysis enabled us to compare the thoughts and behaviors of managers in different circumstances, identifying which factors were meaningful. It also helped us detect any disconnect between managers' attitudes and their actual hiring practices, suggesting opportunities to drive change. We concluded our analysis with a model that compared each potential influence to rank its relative importance.

Factors that matter: industry, level of role

Most managers conform to the norms and expectations of their discipline. Some of the impact that industry expectations have on microcredential consideration seems self-evident: the construction industry has a 100 year history of requiring specific licenses for roles such as laborers, carpenters, and electricians. It therefore makes some sense that hiring managers in construction are more comfortable with job candidates bearing only a microcredential. Indeed, managers in construction are less likely than managers in other industries to believe that having a two- or four-year degree better equips their workers (Figure 12a).

The very pro-degree field of information services has a surprisingly high number of managers making microcredential-only hires.

Figure 12a. Percentage of hiring managers in different industries who feel a degree better prepares candidates

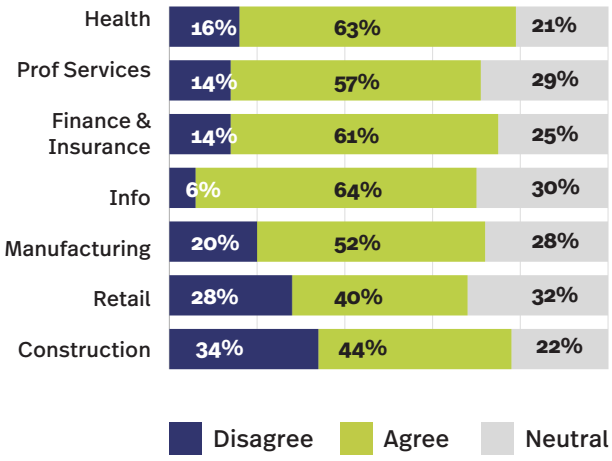
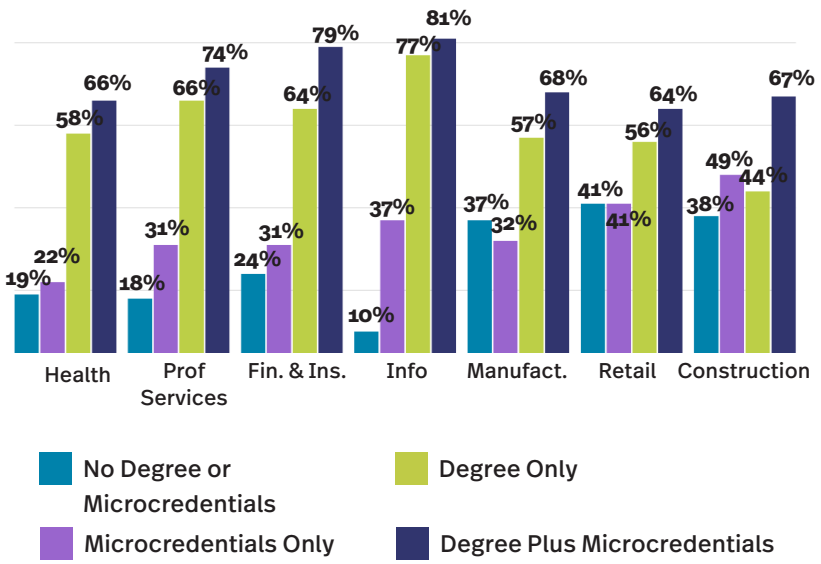


Figure 12b. Percentage of hiring managers in different industries who hired this profile in the last 3 years



Perhaps also not surprisingly, managers in what might be considered more white-collar fields–information, financial/insurance services, and professional services–place a higher premium on what has been for them the traditional signal in hiring, the degree.

The attitudes expressed by these managers translate into their activity in ways that might be expected. Managers in finance and insurance, information services, healthcare, and professional services appear to hire relatively more candidates with degrees than managers in construction (Figure 12b). Nearly half of the managers who work in construction report hiring based on credentials alone.

It certainly appears that a history of requiring non-degree credentials is a powerful force in construction. At the same time, there are indications that it is not an overwhelming force. The opinions and hiring activity of managers in retail (and manufacturing) are not significantly different from those of construction managers. Since retail does not have the same regulatory framework imposed upon contractors, the similarity in the managers' opinion and activity suggests that a history of reliance on licensure does not, in and of itself, define the outcomes. We see a tendency toward less education needed for these fields as much as toward specialized education. The nature of the work is important.

Indeed, when we look closely at the value accrued to more specialized education, there is an interesting sign that the connection between the nature of the work and a willingness to consider microcredentials in hiring is not fixed. Managers who oversee roles that traditionally require degrees are also hiring based solely on microcredentials. Notably, and despite a very strong positive opinion of the value of degrees, 37% of managers in the information sector report hiring applicants with only microcredentials. Since these managers were slightly less likely than the group overall to indicate that finding enough candidates was a challenge (34% vs. 39% overall), a pressure to fill empty seats does not appear to be what is changing their decision-making. Instead, many of these managers, who are filling engineering roles, indicate in their open-ended responses that the focus and clarity of the applicability of IT certificates is important. This disconnect between attitude and action offers a tantalizing view of how the nature of work may be important in setting hiring expectations but is not necessarily definitive in driving hiring outcomes. A similar, though slightly less pronounced, pattern is also found in the finance and insurance and professional services. There is potential for clearly relevant microcredentials to be valued by managers across sectors.

Alongside industry, another key job characteristic that drives expectations is the level of the role that needs to be filled.

More managers filling gig or entry level roles are hiring candidates without degrees.

Figure 13a. Percentage of hiring managers filling different level of roles who feel a degree better prepares candidates

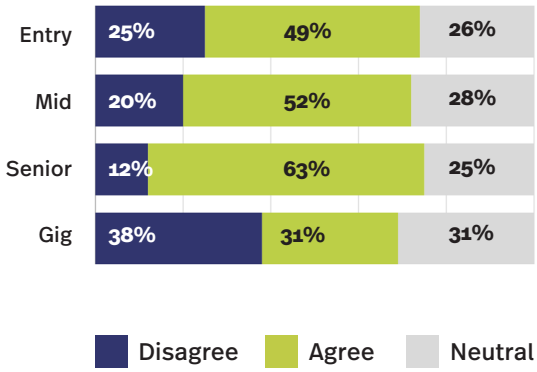
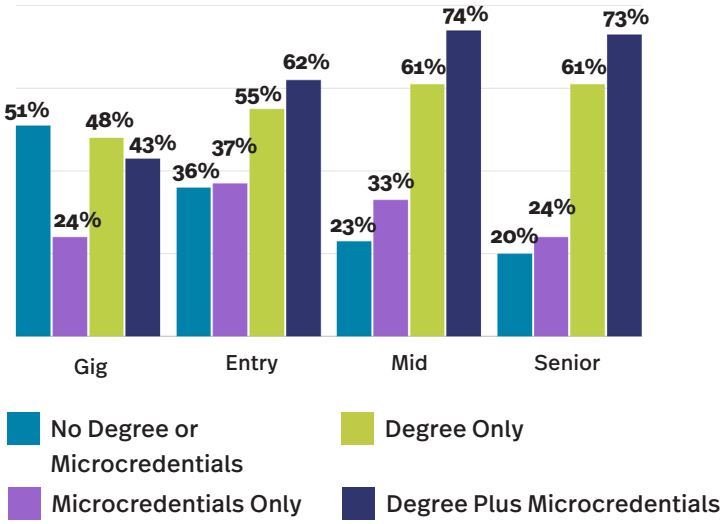


Figure 13b. Percentage of hiring managers filling different level of roles who hired these profiles in the past 3 years



Managers filling senior roles are more inclined to report that a degree better prepares candidates to address the needs of the organization (Figure 13a). Those hiring gig workers are considerably less reliant on the degree–or really any credential–as a signal of capability.

As expected, given their opinions, managers filling senior roles typically reported more hiring of degree candidates, whereas managers making gig hires more frequently chose candidates with no educational credentials (Figure 13b).

Here, we see very strong alignment between attitude and behavior with no pockets of variation similar to those found by industry sector. However, the attitude and behavior that exists would actually seem to be in favor of new approaches. The opinion and actions of managers making junior hires tends toward evaluation that is less reliant on traditional credentials. Given that there is more hiring for junior than senior positions in organizations, the net result might actually already be largely aligned with broader strategic goals.

A comparison of manager opinions and hiring activity shows definite alignment between the opinion about the value of degrees and how that translates into hiring patterns. It is clear that there is bias among hiring managers, which companies would do well to consider carefully. There is a strong alignment between attitudes and actions in hiring by role level. However, the prevailing attitude among managers who do the majority of hiring supports hiring candidates with non-traditional educational backgrounds. While the industry and the presumed nature of the work performed by most hires is clearly an important factor, a pocket of shifting behavior among managers in the information sector suggests that industries are not completely constrained by their operating environments and that there is reasonable room for change. The managers' own descriptions of the relevance of IT certificates point to the power of aligning microcredentials to specific jobs. When the microcredential clearly delivers the needed skills, candidates are selected.

Factors that matter less: company size, HR role, remote work

Alongside the external forces that may condition activity, there is also a dimension of internal pressure created by each company the manager works for. How large companies are, how companies organize their HR function, or how they set remote work policy have been discussed as elements that influence hiring. These factors, unlike the nature of the industry or the seniority of the role, appear to be less important but are still useful to understand.

With one exception, the size of the company appears to have little impact on the perception of degree value. Hiring managers in different sizes of companies all expressed roughly the same level of commitment to the opinion that degrees prepare candidates better with no statistically significant variation. The exception came from managers

Small businesses (under 50) are hiring fewer degree-holding candidates.

Figure 14a. Percentage of hiring managers in different company sizes who feel a degree better prepares candidates

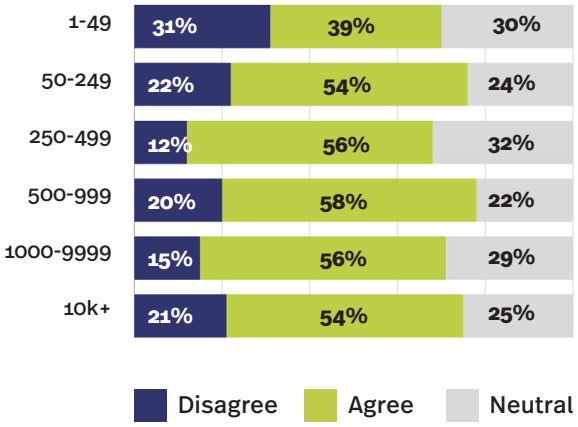
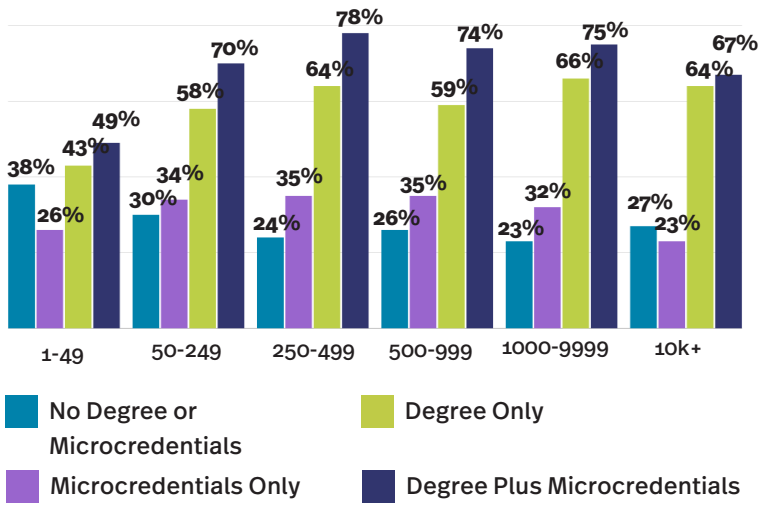


Figure 14b. Percentage of hiring managers in different company sizes who hired these profiles in the past 3 years



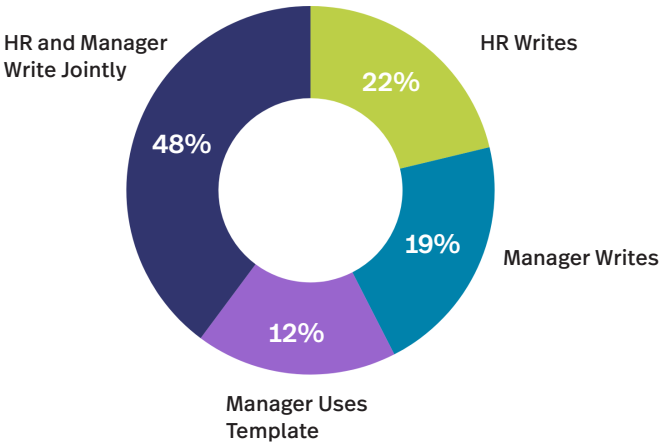
working in the smaller businesses–those with 50 or fewer employees–who were more inclined to believe that microcredentials were a reasonable indicator of employee capability than their colleagues (Figure 14a).

There were differences reported by managers from different sizes of companies about the pressures they were feeling around hiring. Respondents in the very largest organizations reported greater urgency in finding candidates quickly than those in medium-sized organizations (49% vs. 41%), presumably because the sheer scale of their operations demands a more rapid influx of talent. Communication skills were also more highly prized by these managers (60% vs. 53% overall), reflecting the complexities of navigating and thriving in a sizable organizational structure. But outside of the smallest companies with 50 or fewer employees, this didn't translate into striking variation in their opinion about microcredentials or their hiring behavior (Figure 14b).

Similarly, the role of HR in the hiring process seemed to have little impact. When it comes to the organization of the HR function, there is a spectrum of engagement models for hiring managers. At one end of the spectrum, some managers work with HR teams who actively guide the process and source candidates for them. At the other end, managers are responsible for driving their own activity and rely on HR largely to finalize the actual legal process of hiring of candidates they've found.

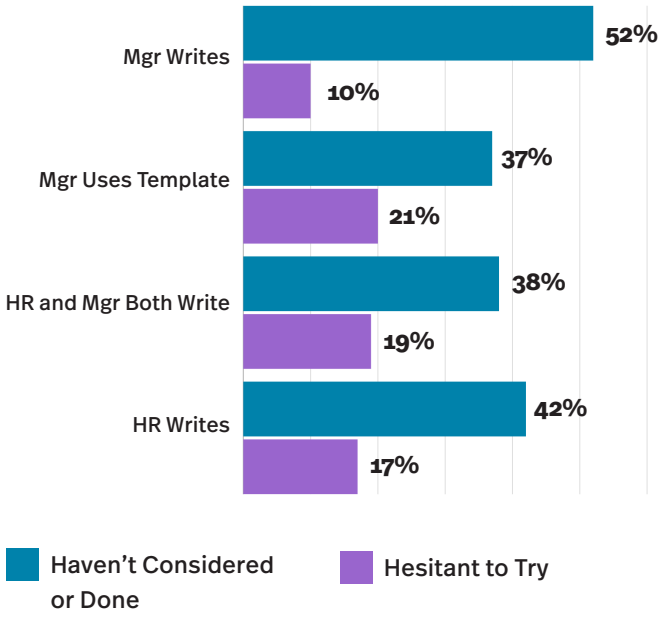
In the survey data, there was a range in the amount of agency a given hiring manager enjoys as captured in a proxy of how the job description was written. Roughly one in five managers reported writing their own job descriptions (Figure 15). Twelve percent write their own descriptions but are asked to work from a predefined template. About half partner with HR to jointly write the job description. And a final one in five rely entirely on HR to drive the job description writing.

Figure 15. Who writes job descriptions within a company



Having a process where HR is involved can be shown to impact managers, but it does not appear to impact how managers feel about microcredentials or how they hire. There was no significant variation in either opinion or hiring behavior among managers with different types of partnerships with HR. Rather, respondents who report having more agency in hiring appear less likely to have considered changing education requirements in their job postings (Figure 16). This is not necessarily a statement of concern about microcredentials.

Figure 16. Managers' position on reducing education requirements in job descriptions by who writes job descriptions



This group is also less likely to categorize themselves as being hesitant to take action. More of these managers simply have not thought about or done anything about reducing education requirements. Their responses seem more to indicate a lack of attention.

While the data suggests that having HR engage in the hiring process does little to change manager attitudes about the value of degrees or materially impact their hiring decisions, having HR in the hiring process does correlate with higher awareness among managers about the need to consider a recalibration of education requirements in hiring.

Another key aspect of company culture is the degree to which remote working is supported. Prior research suggests that companies that allow some or total remote work have made bigger strides in adoption of skills-based hiring.[20] While this may be true, the respondents in our survey suggest that a commitment to skills-based practices may not be translating into greater adoption of microcredential consideration. The highest level of belief in the value of two- and four-year degrees was held by respondents hiring for positions that could be done partially or fully remotely (Figure 17a).

Similarly, the highest proportion of degree hiring–with and without microcredentials–was done by managers working in companies that allowed some amount of work to be done remotely (Figure 17b).

The reason for the belief in degrees, however, may only be weakly associated with the remote work policy. There is a high correlation in the survey data between the nature of a given industry and remote work–construction and retail require more of an on-site presence; information, finance and insurance, and professional services do not.

Factors that are internal to companies–size, how the HR function is conceived, whether or not remote work is supported–don't seem to encode bias that has an impact on hiring in the way that external forces do. Managers behave roughly the same in enterprise level companies of different sizes and no matter how they are supported by their HR colleagues. It is clear that having HR more actively engaged with managers in initiating a hiring process corresponds to more consideration of changing education requirements, but it is less clear that the involvement is changing attitudes or actions.

Finally, the impact of remote work is evident–managers in companies that allow some amount of remote work are more likely to hire candidates with traditional degrees–but there is a striking correlation between remote work and industry, which needs to be better understood. It is important to consider whether it might be the nature of the industry that shapes the manager's belief system and hiring activity more so than a company's decision about requirements to work on site.

Managers hiring in organizations that permit remote work are more likely to favor degrees.

Figure 17a. Percentage of hiring managers by degree of remote work who feel a degree better prepares candidates

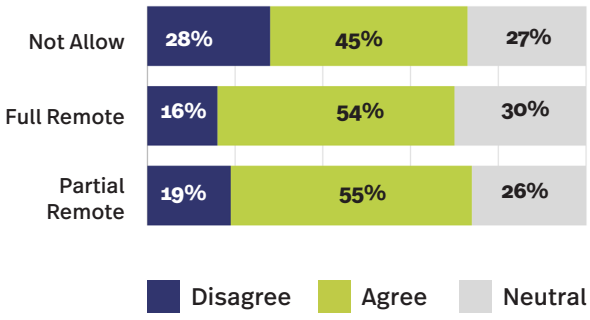
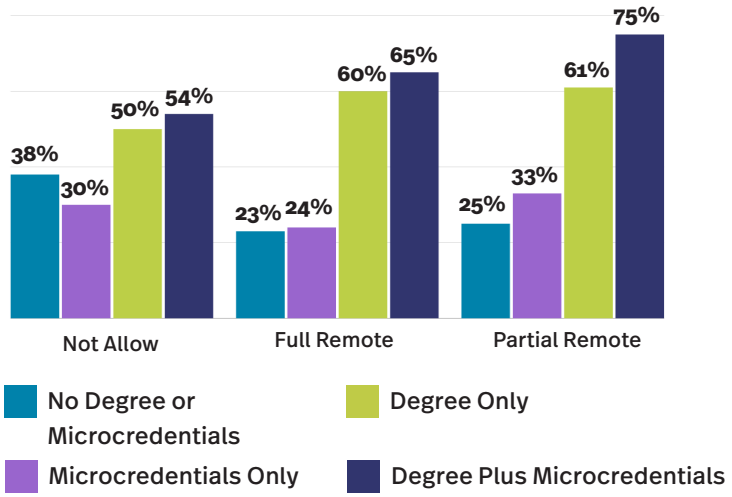


Figure 17b. Percentage of hiring managers by degree of remote work who hired these profiles in the past 3 years



20. TestGorilla. (2023). *The State of Skills-Based Hiring 2023*. https://www.testgorilla.com/skills-based-hiring/testgorilla-the-state-of-skills-based-hiring-report-2023.pdf

Factors that matter most: age and personal experience with microcredentials

Given that hiring managers operate in an environment where many influences manifest simultaneously, it can be helpful to tease out the relative impact of one force over another.

A logistic model was created to evaluate the probability a given respondent had made a hire in the past three years of a candidate who held only a microcredential based upon factors such as remote work policy, HR relationship, industry, and the level of role they hired for most often. The model also included two personal factors: age and whether each hiring manager had themselves earned a microcredential.

Figure 18. Impact of different factors on whether a manager hired a candidate with microcredentials only

	Odds Ratio From Model	
Earned Micro	2.28	***
Younger	1.67	*
Hiring Entry Level Role	1.33	*
Company Allows Remote	1.07	
Occupation Retail	0.78	
Write Job Description	0.77	
Occupation Manufacturing	0.58	*
Occupation Information	0.54	.
Occupation Prof. Services	0.50	**
Occupation FinIns	0.47	**
Occupation Other	0.37	***
Occupation Health	0.31	***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

The resulting model confirmed that factors such as a manager's autonomy in crafting job descriptions or the availability of remote work options did not significantly impact the likelihood of hiring candidates with microcredentials. Hiring for more junior roles increased the odds that a manager would hire a microcredential-only candidate by about a third again. Managers in professional service, finance and insurance, health and other non-construction sectors were one half to one third as likely to hire a microcredential-only candidate as construction managers. These factors have some influence, but not overwhelmingly so (Figure 18).

Rather, the most impactful factors were the personal ones: the manager's age and whether or not the manager had earned a microcredential.

Age is often a proxy for the depth or type of experiences. In this case, we might imagine that older managers, having entered the job market when traditional degrees were paramount, may prioritize formal education and extensive experience. In contrast, younger managers, who have seen the rise of microcredentials and skills-based training, might be more open to non-traditional qualifications.

Indeed, prior research suggests that managers under 40 are more likely than older managers to believe that candidates with both microcredentials and degrees are much stronger than those with only a degree.[21] Our study echoed this finding when we asked respondents to directly compare degrees and microcredentials. A slightly larger percentage of older managers, GenXers (44-59) and Boomers (60+), were uncertain about their relative value. This uncertainty is reflected in a comment from one older manager who indicated he had learned to prioritize experience over educational credentials of any kind.

> **"I have come to the conclusion it doesn't matter if you have a 4-year degree or you just have a high school diploma. It's all about the knowledge of the person. I have had people work for me who didn't even have a high school education, and they knew more than the person who had the four year degree."**

The truly surprising finding, however, was that it was not the older, but rather the younger managers who were more likely to agree that holders of two- to four-year college degrees are better equipped for jobs than those with microcredentials alone. Indeed, the youngest of managers, GenZers aged 18-27, comprised the largest group of those who agreed that college degrees made candidates stronger (Figure 19a).

21. Finley, A. (2023). *The Career-Ready Graduate: What Employers Say about the Difference College Makes*. AAC&U. https://www.aacu.org/research/the-career-ready-graduate-what-employers-say-about-the-difference-college-makes

Younger managers value degrees more highly but are hiring more microcredential-only candidates.

Figure 19a. Percentage of hiring managers by age who feel a degree better prepares candidates

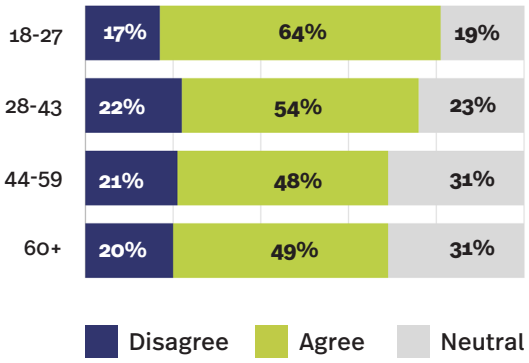
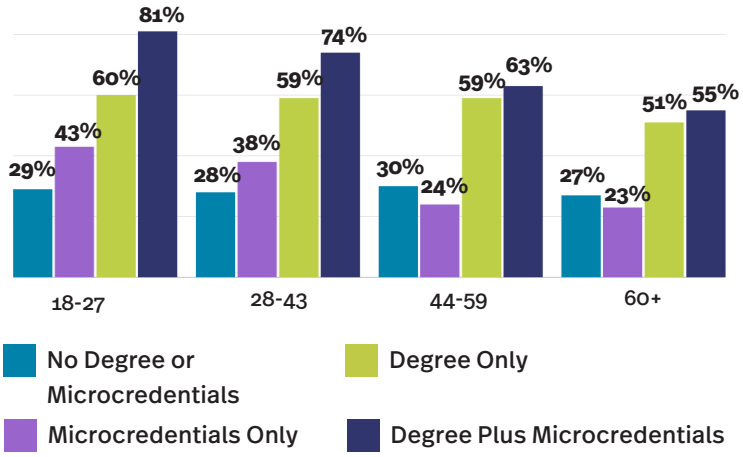


Figure 19b. Percentage of hiring managers by age who have hired these profiles in the past 3 years



In addition to this opinion, the youngest group of managers also expressed more concern about the challenges associated with microcredentials. They were more likely than older managers to worry about the quality of microcredentials (42% vs. 32% overall) and to feel confused about how microcredentials compare to degrees (34% vs. 24% overall). The youngest managers were also more likely to describe themselves as hesitant to reduce education requirements in job descriptions (30% vs. 18% overall).

Bearing in mind that respondents were carefully screened both to have hired in the past year and to be the manager of a team, one hypothesis for why this is the case is that someone in their early twenties who is in a position to be a manager is likely someone with post-secondary education. And since these young managers were not that far removed from their own degree experience, they were still thinking that it should be highly valued.

Valuing degrees, however, doesn't seem to translate as clearly into action for this group. Though they are more likely to express an opinion that degrees are better than microcredentials, it is the younger managers who are hiring more candidates with microcredentials only (Figure 19b). They don't behave significantly differently from their slightly older counterparts, the Millennial managers, but they do hire more than GenXers and Boomers.

Indeed, the prediction from the regression model is that younger respondents under 28 are 67% more likely to hire a candidate with a microcredential than their older counterparts (Figure 18). Although this may not be expected given the attitudes that younger managers hold about degrees, the survey data indicates that younger hiring managers are more likely to see candidates with microcredentials only (34% reporting seeing them often or very often vs. 21% overall) and are slightly more likely to be hiring for entry level roles (38% vs 32% overall) which also tend toward more microcredential hiring. The lower demands of the roles they hire for, along with exposure to more possible microcredential-only candidates, would seem to offer more flexibility and opportunity to younger managers that may counteract any bias they hold in favor of degrees. For companies, seeking to encourage more non-degree candidate consideration, the learning might be to engage their youngest managers to reinforce and affirm what is beginning to happen naturally.

While age appears to play an important role, by far the strongest impact identified in the model came from whether managers had earned a microcredential themselves; having a microcredential more than doubled (2.28 times) the likelihood a manager would hire a candidate with one (Figure 18).

More managers who have earned a microcredential that has helped them in their career are hiring microcredential-only and degree plus microcredential candidates.

Figure 20a. Percentage of hiring managers with microcredentials who believe a degree better prepares candidates

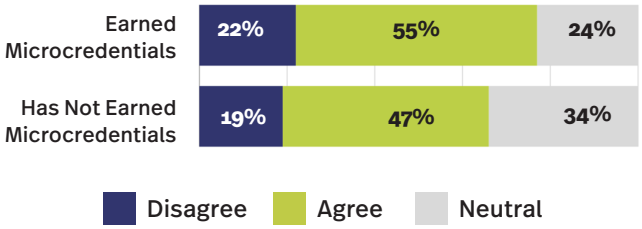
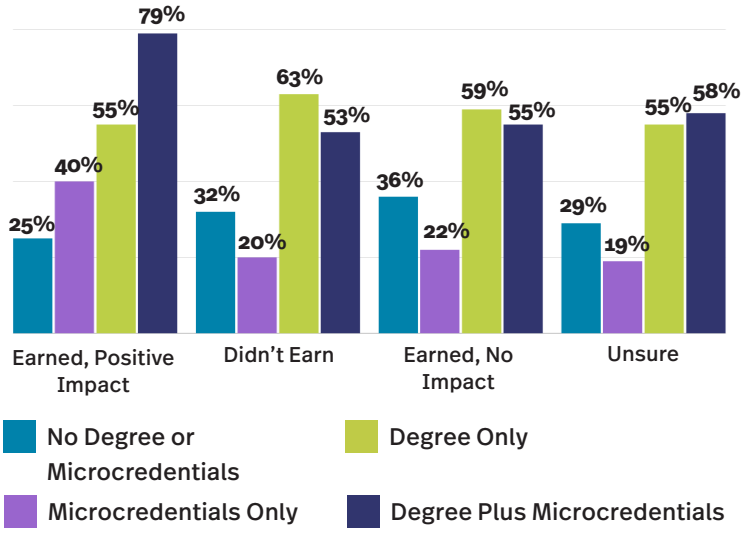


Figure 20b. Percentage of hiring managers with microcredentials who have hired these profiles in the past 3 years



It is reasonable to expect that someone who has earned a microcredential would be more aware of microcredentials and better equipped to consider them in evaluation of candidates. Managers who have earned microcredentials are generally more opinionated about the skill levels of candidates with degree credentials (with only 24% undecided compared to 34% of managers without microcredentials; Figure 20a).

Perhaps surprisingly, they are also more likely to report high confidence in the value of the degree. Fifty-five percent of managers who have themselves earned microcredentials think degrees better prepare candidates, compared to only 47% of the managers who haven't.

Once again, actual hiring practices help uncover an important gap between attitude and action. The number of respondents hiring each type of candidate is roughly the same among managers who have not earned a microcredential, who are unsure if they have earned a microcredential or who have earned a microcredential but felt it didn't impact their career in any way. The one group that exhibits a strikingly different hiring pattern are those managers who have earned a microcredential and also affirm that doing so positively impacted their career. More of these managers report hiring candidates with microcredentials, either alone or in conjunction with a degree (Figure 20b). It appears that more than experience alone, it is the managers' own positive experience that is important in changing their hiring decision-making.

Given the clear and strong impact of personal experience, the most effective action for companies seeking to benefit from more expansive and inclusive hiring appears to be to identify what credentials are useful for employees to hold and then support managers in obtaining them.

How Companies Can Influence Their Managers

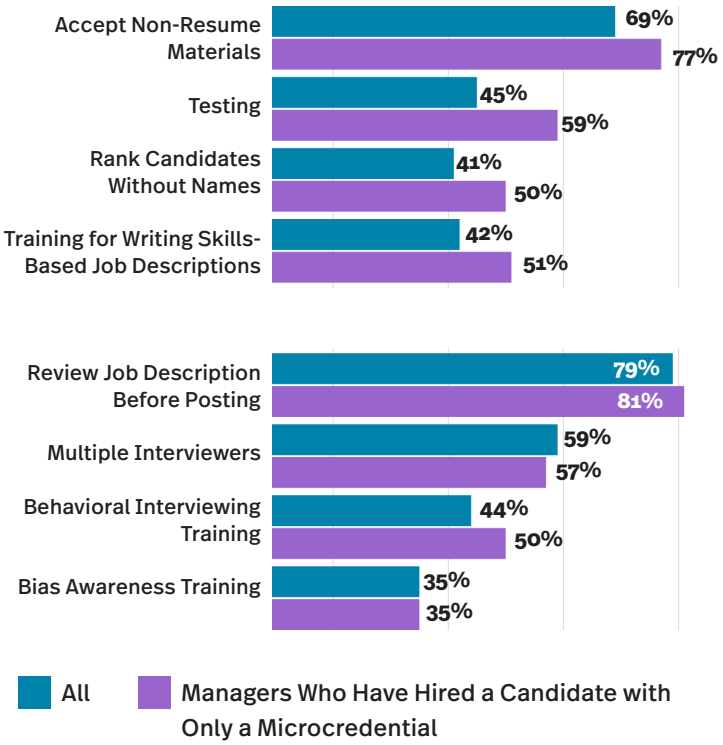
A review of the findings thus far suggests that there is value from investment in professional development to support broader hiring initiatives. Further evidence and additional strategies for influencing hiring managers emerge when we examine the work environment. Managers who hire candi-

dates with microcredentials report a work environment which offers more support for professional development as well as greater investment in manager training and adoption of hiring processes designed to foster more equitable and inclusive consideration of candidates.

Training and hiring processes

Seventy percent of the managers responding to the survey indicated that they had been asked to take some sort of training that could be considered relevant to hiring. An overwhelming 99% of respondents indicated they follow at least one of the best practices for hiring.

Figure 21. Hiring processes adopted by and training provided to managers



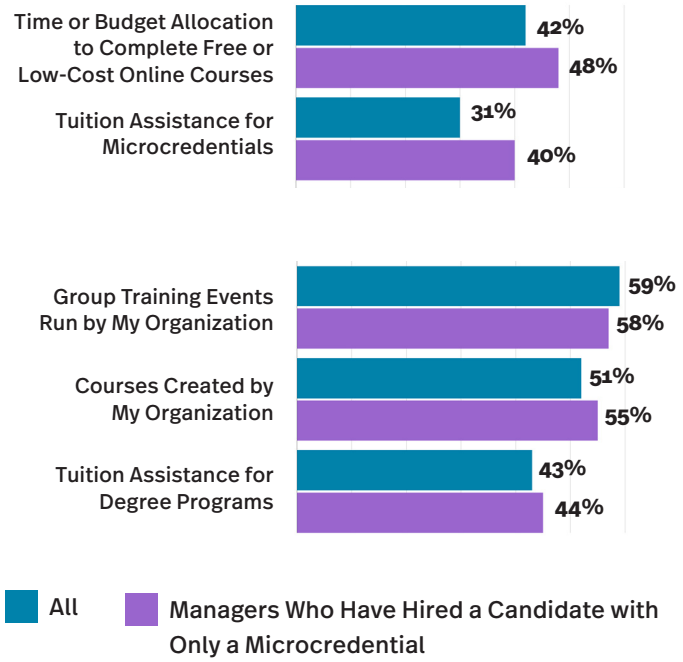
A few of these training and hiring process activities show meaningfully different levels between the overall group of managers and those who have hired candidates with only microcredentials (Figure 21). Of the options considered, training in writing a skills-rich job description is represented significantly more among managers who have hired candidates with microcredentials (51% vs. 42% overall). Bias training and behavioral interviewing, on the other hand, is undertaken at roughly the same level in both groups. These trainings may have positive impact in companies, but a relationship cannot be drawn to hiring behavior. Among the five best practices identified to support more open hiring, ranking candidates, evaluating portfolios, and doing testing occur with significantly more managers who report microcredential hiring (average 10% percentage points higher than the group overall).

In addition to more exposure to a given training or hiring process, managers hiring candidates with microcredentials also appear to be exposed to more kinds of them. Fifty-one percent of these managers report being exposed to two or more types of training, while only 41% of the group overall does. Seventy-six percent of managers who hire candidates with microcredentials only report being exposed to three or more of the "best-practice" processes, while 66% of the group overall does. Additional investment in certain types of training and hiring practices appears to be a reasonable consideration for companies seeking to create more support for expanded hiring policy implementation.

Further evidence for professional development

A large majority of respondents (90%) reported support for educational and development opportunities. Companies appear to favor internal training opportunities–events they run or courses they build–over subsidizing external learning (Figure 22). Support for degree programs and online courses

Figure 22. Professional development provided to managers



is available to less than half of the managers. Support for microcredentials was even lower.

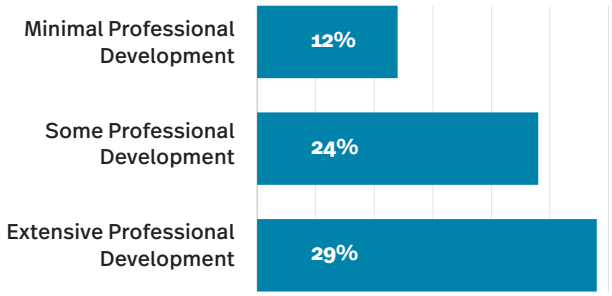
As might be predicted from the other data, company support for tuition for microcredentials themselves is found among more managers who have hired candidates with microcredentials only than among the group overall (40% vs. 31% overall). Only two types of programs, support for earning microcredentials or taking online courses, seem to be more common among managers hiring non-degree candidates. The other programs aren't significantly more represented in one group over the other.

In addition to their direct impact on the experience base of managers, professional development programs are of interest because they can influence managers in at least two other ways. First, managers clearly called out in their comments that having access to post-hire training was linked with how they considered job requirements.

> **"We have lowered some requirements, focusing more on talent than experience, which allows us to train to fit our needs."**

Managers may be more open to interviewing candidates with lower or different qualifications if they know that they have options to develop the people they hire. Second, if we extend the observation that having access to post-hire training was linked with reconsideration of job requirements for some managers, we might imagine that having access to post-hire professional development would correspond to managers being more likely to consider that reasonable candidates were getting screened out inappropriately during the evaluation process. Indeed, managers who report more professional development opportunities do appear more concerned that qualified candidates are being screened out when they don't need to be (Figure 23).

Figure 23. Managers' perception of the frequency that candidates who could perform a role are screened out because of job requirements by access to professional development



The net is that managers who hire candidates with microcredentials report a work environment which makes a greater investment in professional development as well as manager training and adoption of hiring processes designed to foster more equitable and inclusive consideration of candidates. Investing in training to write skills-rich job descriptions and modifying hiring practices to include testing and portfolio review are more common in workplaces that have managers who hire candidates with microcredentials. However, even compared to these additional options, it is investment in professional development that would seem to provide the biggest impact. Offering tuition support for microcredentials impacts managers in three ways. It drives an opportunity to change the manager's own experience base, signals belief in the value of microcredentials, and gives the manager confidence to look at candidates who may require post-hire training.

Taking Action

Incorporating microcredentials in hiring holds the promise of delivering greater value to companies by enabling a wider range of candidates with specific job-related skills to be considered. As the need for reskilling grows in today's rapidly changing environment, driven by advances in artificial intelligence and other technologies, this approach becomes even more relevant. While the need for adaptation is increasingly being recognized by policymakers, corporate leaders, and HR departments, the actual consideration of microcredentials in hiring will largely depend on front-line managers.

The survey data offers a positive picture of progress. Managers are very aware of microcredentials and are actively including review of them in candidate evaluation. They do struggle to use the information that microcredentials can convey and have questions and concerns about how to use them well. However, a small but not insignificant number of managers appear to be hiring based on information from microcredentials. Looking more closely at the forces impacting these managers, it becomes apparent that structural factors, while important, do not dictate outcomes. The survey data strongly suggests that companies have the ability to impact how their managers hire.

To support managers in effectively considering microcredentials in their evaluation of candidates, companies can consider the following:

1

For Managers, The Problem Is One of Optimization Not Shortage.

While third-party websites and agencies have eased candidate shortage problems, managers now face a problem finding candidates who are properly qualified. Companies can recognize that the pain for managers is about a need to optimize more than a need to source candidates. Encouraging serious consideration of information from microcredentials in hiring can help identify and better match quality candidates to roles.

2

Microcredentials Work Best When They Signal Skills As Well As Mindset.

Hiring managers are already highly aware of microcredentials, but they often regard them as supplementary to candidate evaluation rather than as significant indicators of skills. Concerns about the quality of microcredentials persist, but the more pressing issue is uncertainty about their relevance. Companies can address this by more clearly identifying those microcredentials that align with their needs.

3

Investment in Professional Development Is a Powerful Lever.

Managers who have earned a microcredential are more likely to see their value, and more likely to hire candidates who hold them. The most effective way to change how managers make hiring decisions appears to be to enhance their personal experience with microcredentials. Companies can reconsider investments in professional development to include support for microcredentials to encourage this.

Appendix

Methodology - Sample

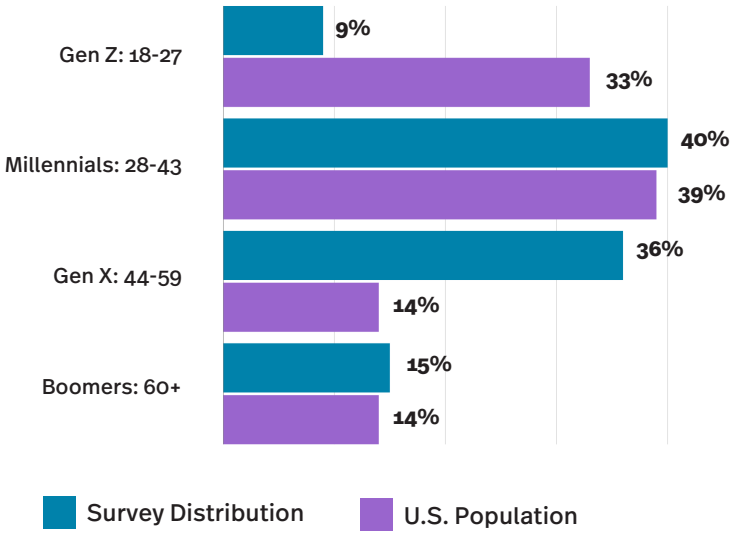
The goal of this study was to explore hiring managers' awareness, attitudes, and actions related to microcredentials.

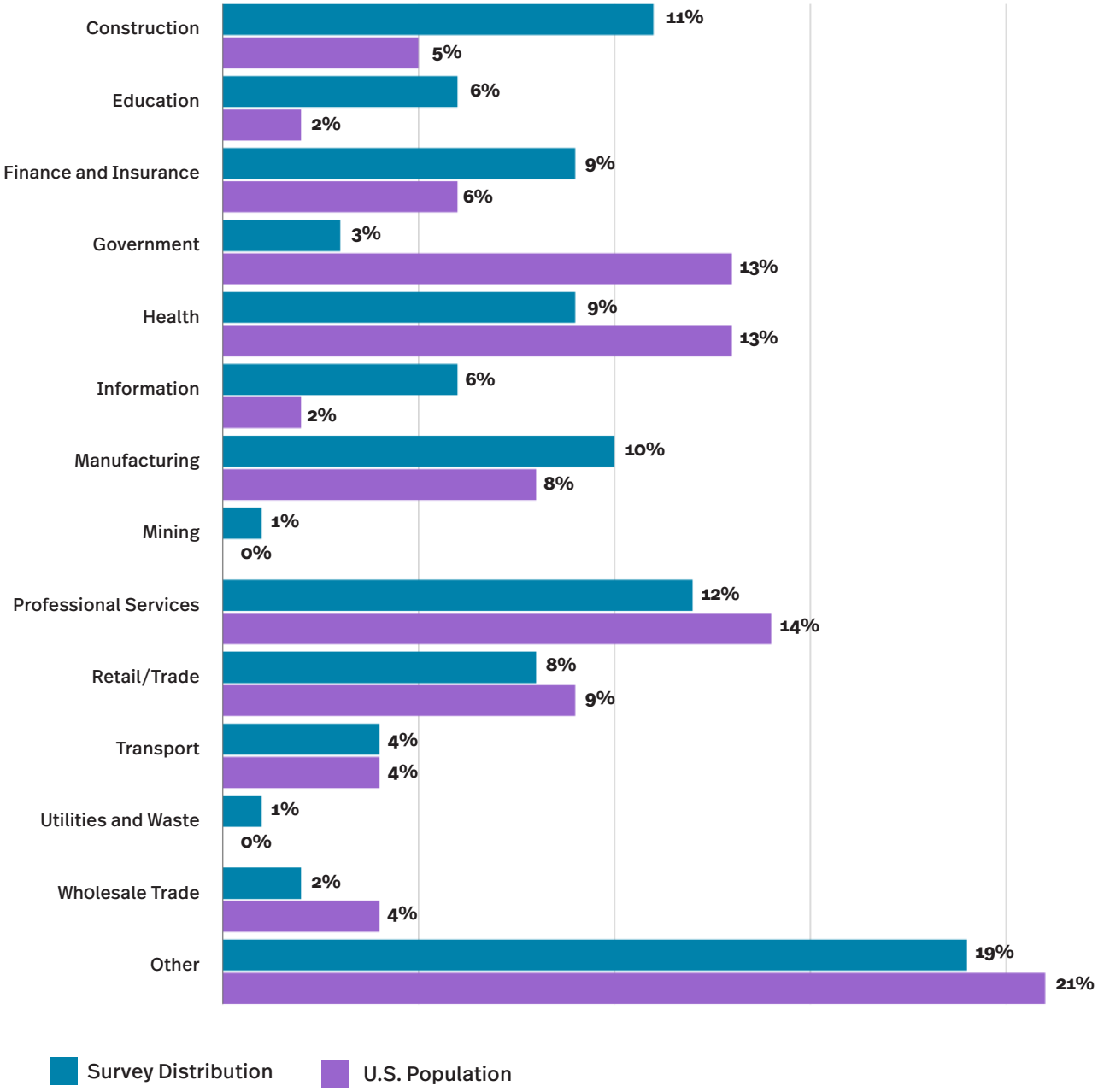
We sought a robust respondent group of hiring managers who had both provided input into hiring new employees within the past year and managed/supervised employees. Screener questions specifically excluded anyone in the HR function. Using a curated list of potential respondents from Dynata, the study team deployed an online survey in February 2024 that received 1,250 anonymous responses.

Respondents came from a wide range of industries, organizational sizes, and job functions. The ultimate sample was reasonably well balanced by industry. Government employees were underrepresented and construction and education managers were overrepresented. Respondents did skew older than the U.S. population, but this can be attributed to the fact that they were screened to have managerial responsibilities.

Survey Demographics

1,250 Total Respondents




Construction
11%
5%
Education
6%
2%
Finance and Insurance
9%
6%
Government
3%
13%
Health
9%
13%
Information
6%
2%
Manufacturing
10%
8%
Mining
1%
0%
Professional Services
12%
14%
Retail/Trade
8%
9%
Transport
4%
4%
Utilities and Waste
1%
0%
Wholesale Trade
2%
4%
Other
19%
21%
Survey Distribution
U.S. Population

Significance

The sample for this study was a convenience sample so statistical significance for descriptive statistics is not included. While we have taken steps to secure balanced input from a representative distribution of respondents that reasonably approximates the population of U.S. managers, the findings cannot be assumed to reliably quantify the opinions and actions of the entire population of U.S. managers. If the sample were projectable, the margin of error in values reported would be approximately +/- 3%.

The significance of relationships found between variables in the data was evaluated using chi square tests with Bonferroni correction as well as unweighted margins of error for each question. Only relationships that were significant at a 95% confidence level are reported unless otherwise noted.

Logistic regression analysis was used to distinguish the relative importance of factors that might influence behavior and attitude. Only exponentiated coefficients that were significant at a 95% confidence level are considered significant.

Binomial Logistic Regression Models

MODEL 1: Impact of Hiring Challenges on Action to Reduce Education Requirements

The independent variable captured whether an organization had asked managers to reduce education requirements in job descriptions. This variable was coded 1 for answers suggesting companies had taken this action and 0 otherwise.

The dependent variables were each of the challenges in hiring that managers might face. Each challenge was coded 1 for responses of "often" or "very often" to the question "When hiring, how often do you find it challenging to...", and 0 for all other answers.

The model predicted which challenges were more likely to suggest company action. Issues finding diverse candidates made it 1.35 times more likely that companies had reduced education requirements in job descriptions. The other challenges did not significantly correspond to company action.

	Odds Ratio	Pr(>|z|)	
(Intercept)	1.14	0.2416	
Find Diverse Candidates	1.35	0.0289	*
Find Enough Candidates	0.09	0.3468	
Find Candidates Quickly	1.26	0.1052	
Find Quality Candidates	1.1	0.5090	

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
AIC: 1425.5
Hosmer-Lemshow p-value: 0.16577

MODEL 2: Impact of Factors on Manager History of Hiring Candidates with Microcredentials

The dependent variables were each of the factors that might impact manager decisions. The independent variable captured whether a manager had hired a candidate who had earned a microcredential with no degree. This variable was coded 1 for managers reporting this kind of hire and 0 otherwise.

Occupation was coded for the industry sector. Construction was the first value and other industry sectors should be understood in relation to construction. *Younger* was coded 1 for managers under 28, 0 otherwise. *HireEntryLevel* was coded 1 for managers who hired primarily for gig roles or entry-level roles, 0 otherwise. *EarnedMicro* was coded 1 for managers who indicated that they had earned a microcredential, 0 otherwise. *WriteJobDescription* was coded 1 for managers who indicated that they wrote the job description, 0 otherwise. *CompanyAllowsRemote* was coded 1 for managers who indicated that their organization allowed partial or full remote work, 0 otherwise.

The model predicted which factors were more likely to suggest the manager had hired a candidate with only a microcredential. The odds ratios for industry should be read in relation to the construction industry. The odds ratios for other independent variables should be read in relation to that factor not being present.

	Odds Ratio	Pr(>|z|)	
Earned Micro	2.28	0.0000	***
Younger	1.67	0.0147	*
Hiring Entry Level Role	1.33	0.0302	*
Company Allows Remote	1.07	0.6520	
Occupation Retail	0.78	0.3720	
Write Job Description	0.77	0.1120	
Occupation Manufacturing	0.58	0.0771	*
Occupation Information	0.54	0.0182	.
Occupation Prof. Services	0.50	0.0075	**
Occupation FinIns	0.47	0.0061	**
Occupation Other	0.37	0.0000	***
Occupation Health	0.31	0.0001	***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
AIC: 1459.9
Hosmer-Lemshow p-value: 0.7612

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