2023

CLOSING THE
SKILLS GAP

Employer perspectives on educating the
post-pandemic workforce

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Employer perspectives on educating the post-pandemic workforce

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INTRODUCTION

Employers and workers find themselves in a world defined by change. The COVID-19 pandemic is the driver behind many changes, from the rapid rise of flexible and remote work to sudden shifts in consumer behavior. The current economic conditions also empower skilled workers to seek increased pay and benefits, stressing many organizations' hiring and retention capabilities.

As organizations adapt to a post-pandemic world, many stumble on the skills gap — a significant disparity between the skills needed to achieve their goals and their workforce's capabilities. We surveyed 600 human resources professionals to capture insights for addressing this challenge. Building on benchmarks set by our *Reimagining the Workforce 2021 report*, this study explores:

- how the skills gap impacts organizations

- strategies for upskilling and reskilling workers

- emerging hiring and retention trends

- whether education benefits help close skills gaps

Examining those topics uncovered a theme of discomfort about how organizations can attract and retain skilled workers. To further complicate matters, many respondents worry their organization lacks the resources needed to close skills gaps when they emerge.

So, how are organizations responding to these challenges as the pandemic wanes? Education benefits could play a central role, as SHRM reported that 65% of employers now find those benefits important, up from 37% in 2020 and 2021.[1] Given that shift, it's no surprise that many organizations we surveyed offer $5,250 in tuition reimbursement, the maximum nontaxable amount set by the IRS. Most of these employers also collaborate with universities and other organizations to update their training curricula.

Employers are also rethinking how they validate job skills, which could impact higher education. After all, three-fourths of respondents would interview candidates with digital badges, certificates, and other qualifications instead of a bachelor's degree. This finding sounds the alarm for universities to adapt to changing hiring practices by developing new credentials welcomed by employers. When they do, universities can offer new ways for lifelong learners to gain skills as life, work, and the world evolve.

Valuable insights, takeaways, and checklists

Each section of this report includes skills insights within specific job sectors, significant aspects of curricula that universities should evaluate, and takeaways for employers and higher ed institutions that spotlight relevant survey results. Finally, the report wraps up with checklists for universities and employers to take action on closing skills gaps.

KEY FINDINGS

These insights can support your efforts to prepare learners for success in a rapidly changing economy.
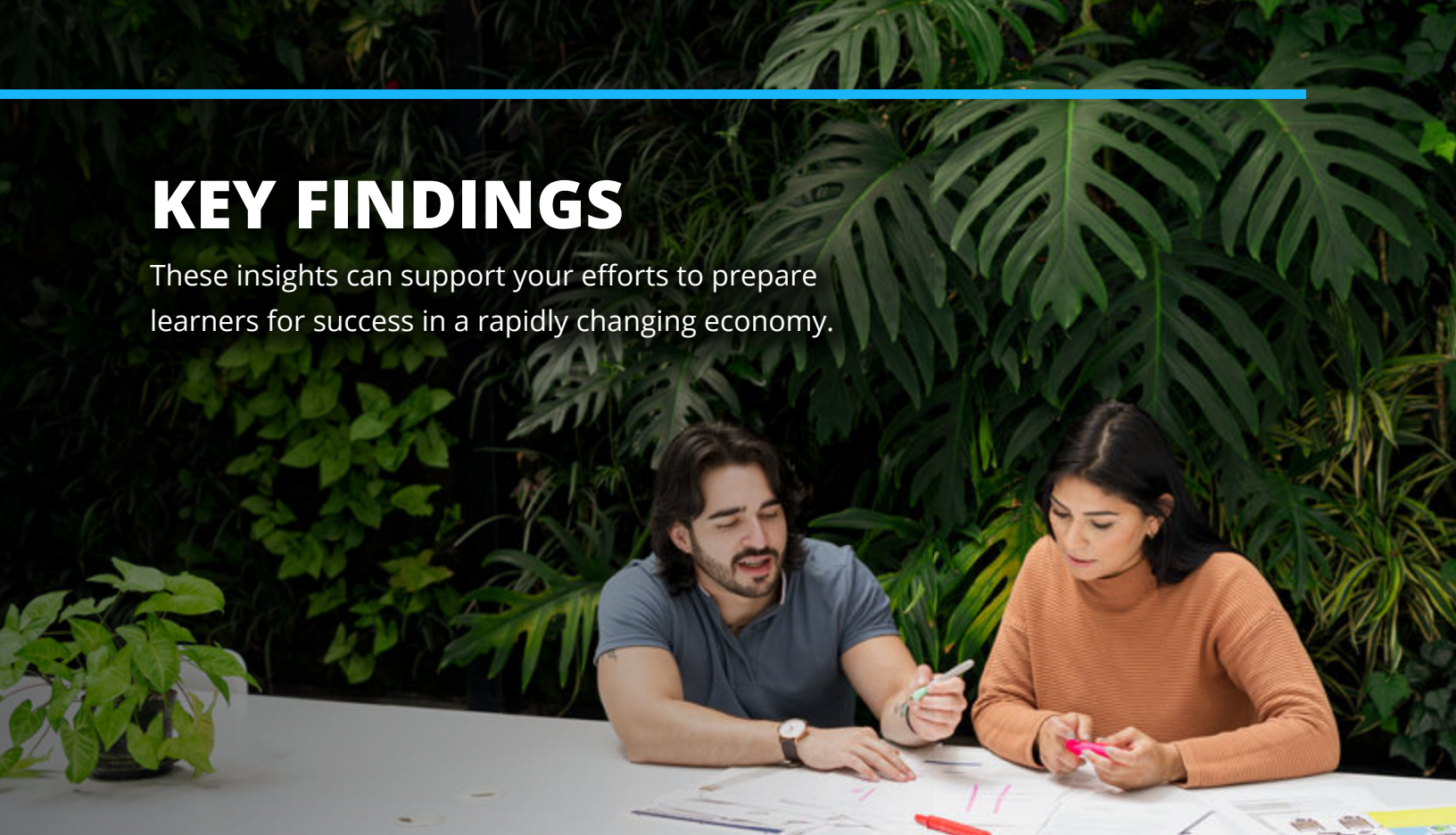
#1

The skills gap spread to more organizations during the pandemic

Sixty-nine percent of the HR professionals we surveyed believe their organization has a skills gap. That's up from 55% in 2021.

Concerns about the skills gap have grown at multiple organizational levels since 2021. For instance, the share of C-level executives who believe their organizations have a skills gap increased from 60% to 68%. And this perspective circulated even more among managers — rising from 55% to 69%.

Why is the skills gap widening? The lingering effects of the Great Resignation may exacerbate it, as more than 40% of respondents need more time to find suitable job candidates. And a similar percentage must offer higher pay and additional benefits to attract and retain workers.

#2

When a skills gap forms, staffing challenges follow

What's employers' most common skills gap challenge? The answer may surprise you. The most-cited problem isn't about producing high-quality work. It's actually about recruiting and retaining talent long-term. Regarding recruitment during the last year, at least 10% of open roles went unfilled for 44% of all employers surveyed. Meanwhile, employers with skills gaps were likelier to have 20% of job postings go unfilled.

When it comes to retention, top challenges involve:

- offering flexible work environments
- providing competitive compensation and benefits
- updating each employee's skills to fit emerging roles

As a result, the difficulty of recruiting and retaining skilled talent could make organizations less efficient and competitive in the market.

The best way to validate a job candidate's skills is evolving. While 81% of respondents believe candidates positioned themselves for success by earning a bachelor's degree, 62% place less value on whether applicants graduated college. Indeed, many HR professionals would interview non-graduates who have:

- five years of relevant work experience
- certificates from colleges or universities
- digital badges or micro-credentials

Despite being open to alternate credentials, most HR professionals feel college prepares graduates for work. That's true even when candidates have less than three years of experience. But organizations know first-hand that skills have limited shelf lives. So, they're open to hiring workers with varying educational backgrounds while getting creative to reskill their current employees.

#3

Alternate credentials are gaining on the college degree

#4

Organizations must knock down barriers to reskill their workers

Although some organizations address their skills gap by hiring candidates (48%) or using contractors (41%), the most common approach is to upskill or reskill employees (65%). Unfortunately, a lack of employee development initiatives (41%) and in-house training resources (38%) often stand in the way of those efforts.

On the bright side, most employers can navigate barriers to offering workforce training and education benefits. For instance, half of the organizations that reimburse tuition meet or exceed the maximum nontaxable amount. Additionally, organizations customize their education and training curricula around workforce needs by partnering with:

- four-year colleges and universities
- technical programs
- community colleges
- vocational schools

With this study, 69% of respondents said more than 5% of their workforce used tuition assistance, up from 61% in 2021. This uptick could stem from organizations offering new benefits or restoring them after making cuts during the pandemic.

Half of the HR professionals we surveyed believe jobs require more soft skills now than when the COVID-19 pandemic began. Not only that, but 44% expect workers to need continuous training to maintain these skills. The soft skills they focus on developing most are:

- problem-solving (42%)
- time management (36%)
- adapting to change (35%)

Nearly half of the respondents believe hard skills have a shelf life of two years or less. Currently, the most in-demand hard skills involve:

- analytics (46%)
- digital communication (41%)
- project management (40%)

With the expanding need for soft skills and the rapid erosion of hard skills, HR professionals must work overtime to keep workforce competencies up to date. When they fall behind, their organization's skills gap will likely widen.

#5

Demand for skills is evolving too fast for companies to keep up

THE SKILLS GAP IS WIDENING — RAPIDLY

The skills gap has captured considerable media attention in recent years. But awareness of this challenge has not reversed it. Instead, it appears to be shifting and growing.

Consider that 55% of human resources professionals and hiring managers said their organizations had a skills gap in 2021. Now, that number has risen to 69%.

How do respondents at different levels of companies view this issue? C-level executives are increasingly concerned, as 68% feel their organization has a skills gap, up from 60% in 2021. And 69% of managers now share that view, rising from 55%.

Why did managers' views change so drastically? It could be that they're closer to day-to-day work, so they witness skill deficiencies form in real time.

Do you believe there is a gap in the skills your organization needs and what your employees possess right now?

2021 Report
- 31%
- 14%
- 55%

2023 Report
- 14%
- 17%
- 69%

● Yes ● No ● Unsure
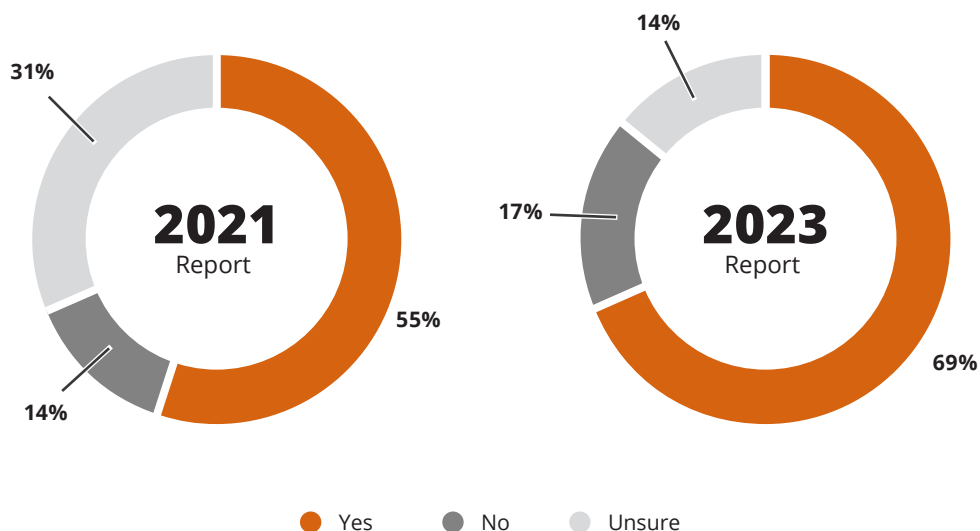
Respondents answering "yes" by seniority

	2021 Report	2023 Report
C-level executives	60%	68%
Senior managers	75%	70%
Managers	55%	69%
Nonmanagers	38%	63%

How does an organization's skills gap form?

Many respondents believe their organizations have a skills gap because they cannot retain (40%) or hire (26%) qualified employees — and an additional 32% find it challenging to do either. Resource restraints compound this issue, as organizations often lack:

- employee development initiatives and options (41%)
- in-house resources for training and development (38%)
- leadership support or awareness about skill disparities (36%)

Additionally, about one-third of respondents think their organization's compensation packages aren't competitive and contribute to their skills gap.

ORGANIZATIONS WITH A SKILLS GAP

What do you believe are the biggest causes of the skills gap at your company?

Lack of employee development initiatives and options	41%
Lack of in-house resources for training and development	38%
Lack of leadership support or awareness around the disparity in skills	36%
Our compensation packages are not competitive enough	35%
Slow or unable to adapt to changes in technology	33%
A shift in company strategy or product offering	33%
Other	2%
Unsure	2%

How does the skills gap hinder organizations?

The skills gap can have a circular effect on workforce recruitment challenges. On the one hand, many respondents worry their organization's inability to hire qualified employees caused their skills gap. At the same time, 36% believe those recruitment challenges exist because their organization has a skills gap.

For 25% to 29% of organizations, having a skills gap hinders growth, innovation, and the ability to compete and capitalize on opportunities. Respondents also believe their skills gap reduces efficiency (34%) and profitability (23%) while increasing expenses (25%).

A SELF-PERPETUATING CYCLE
36% believe the skills gap causes recruitment challenges

Recruitment challenges **Skills gap**
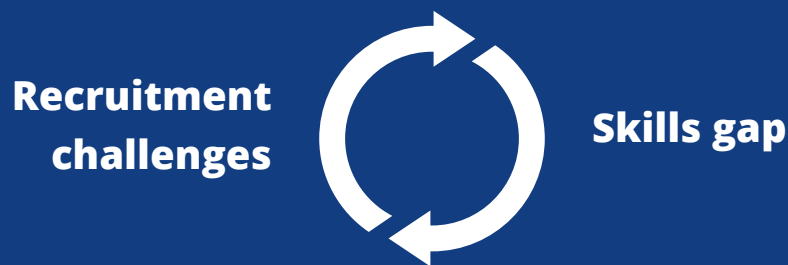
Strategies for closing the skills gap

Nearly two-thirds of respondents said that if a skills gap impacted their organizations, they would upskill or reskill their current employees. But about 40% don't have these initiatives or the resources to implement them. That's unfortunate because talent development is an impactful retention tool. In fact, a 2022 SHRM study found that offering training encourages 76% of employees to remain in their current roles.[2]

Additional approaches for addressing the skills gap include:

- hiring candidates who have the needed skills (48%)
- hiring temporary or contract workers (41%)
- outsourcing work to third parties (34%)

How does/would your organization handle a noted gap in skills? *(Select all that apply)*

Category	Percentage
Upskill/reskill current employees	65%
Hire new candidates that have the skills needed	48%
Hire contingent/contract workers	41%
Outsource	34%
We are/would be unable to address it	6%
Unsure	1%
Other	1%
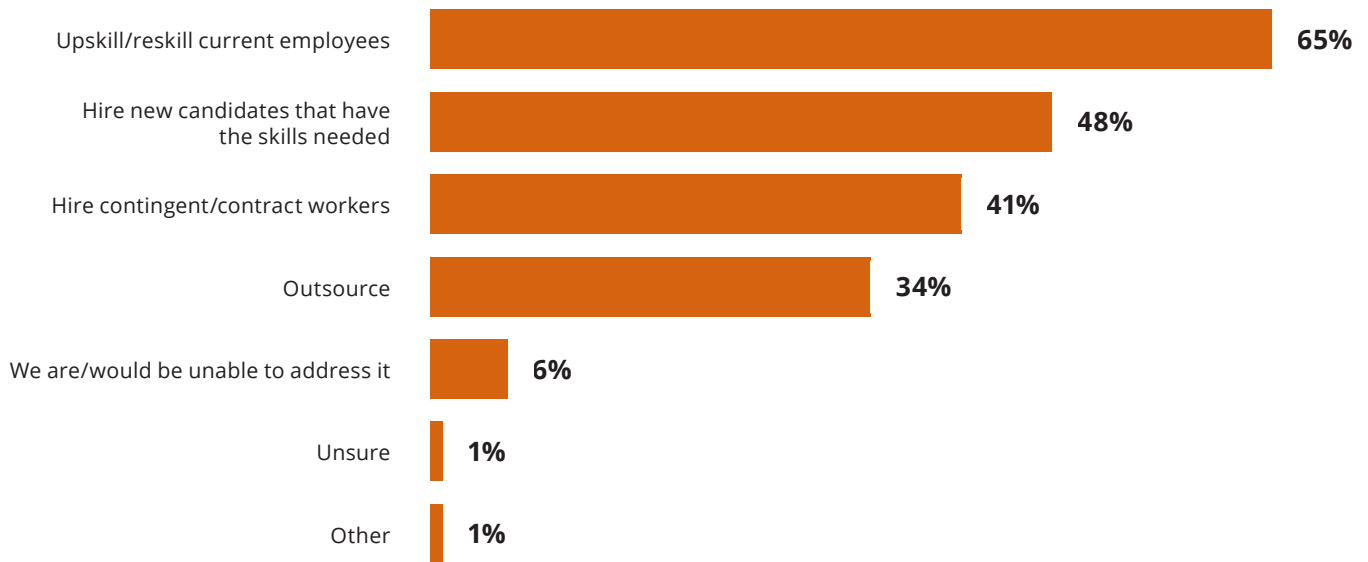
Skills have varying shelf lives

Hard and technical skills have short shelf lives, which can exacerbate challenges. Forty-seven percent of respondents feel these skills last two years or less, while only 18% consider them useful for five years or more. These findings align with our 2021 report, when 51% said technology-related skills erode after two years, and 14% said workers could use them for five years or more.

As for **soft and durable skills**, 43% surmise that they wane within two years. But compared to hard skills, a larger share of respondents (27%) consider soft skills stable, expecting them to last at least five years.

Respondents consider the shelf life for **trade skills** similar to soft skills. Forty-two percent believe trade skills remain useful for up to two years, while 28% find them relevant for five or more.

What would you estimate as the average length of time a skill is usable?

	Hard/technical skills	Soft/durable skills	Trade skills
Less than 1 year	8%	14%	12%
1 to 2 years	39%	29%	30%
3 to 4 years	35%	31%	31%
5 to 6 years	8%	14%	15%
Greater than 6 years	10%	13%	13%
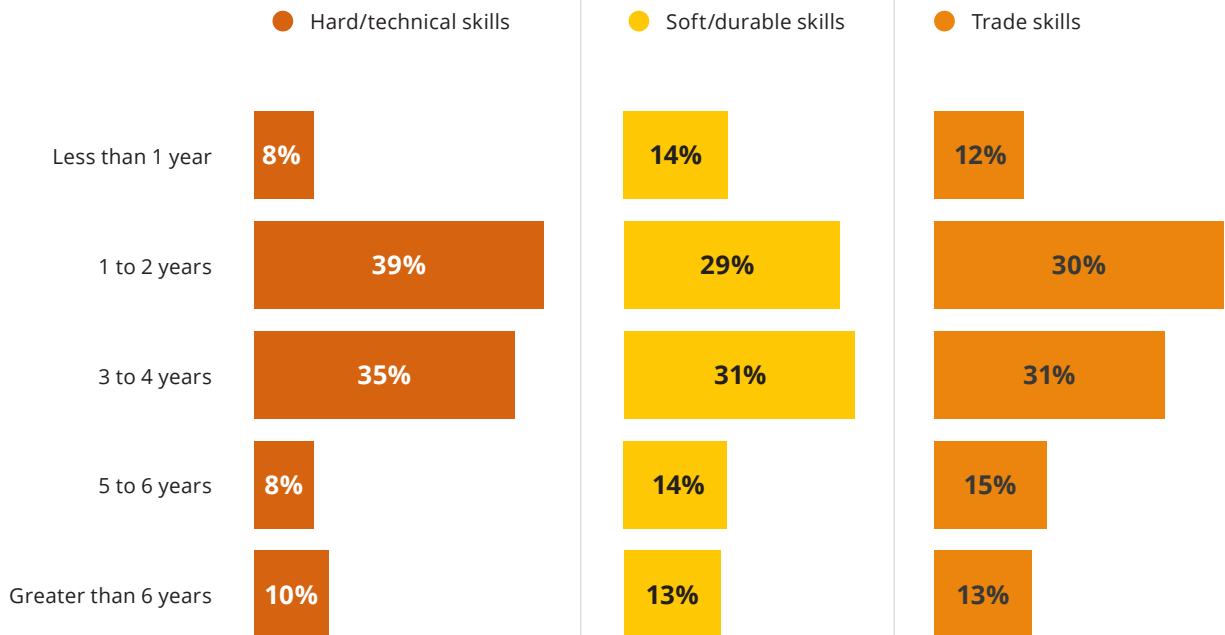
The most in-demand skills

When asked which **hard and technical skills** are in-demand, at least 40% of respondents highlighted:

- strategic thinking and analytics (46%)
- digital communication (41%)
- project management (40%)

Skills-centric learning

Universities should evaluate their degree programs to see if they impart the skills listed below. Business curricula often include the top hard and technical skills identified by this study, but universities could add these skills to other degree programs. After all, skills like strategic thinking, digital communication, and project management are commonly needed for employment in 2023. Universities could also benefit by touting the value of these skills when marketing degree programs.

INDUSTRY INSIGHTS

Hard skills

When looking at the survey results by sector, manufacturers need more workers versed in digital communication. Meanwhile, retailers have a greater need for strategic thinking and analytical skills, as well as project management skills.

Which of the following hard/technical skills are the most in-demand right now at your company?

Skill	Percentage
Strategic thinking and analytical skills	46%
Digital communication skills	41%
Project management	40%
Computer skills	30%
Engineering	27%
Research skills	25%
Data analysis	19%
Programming	18%
Machine operations	17%
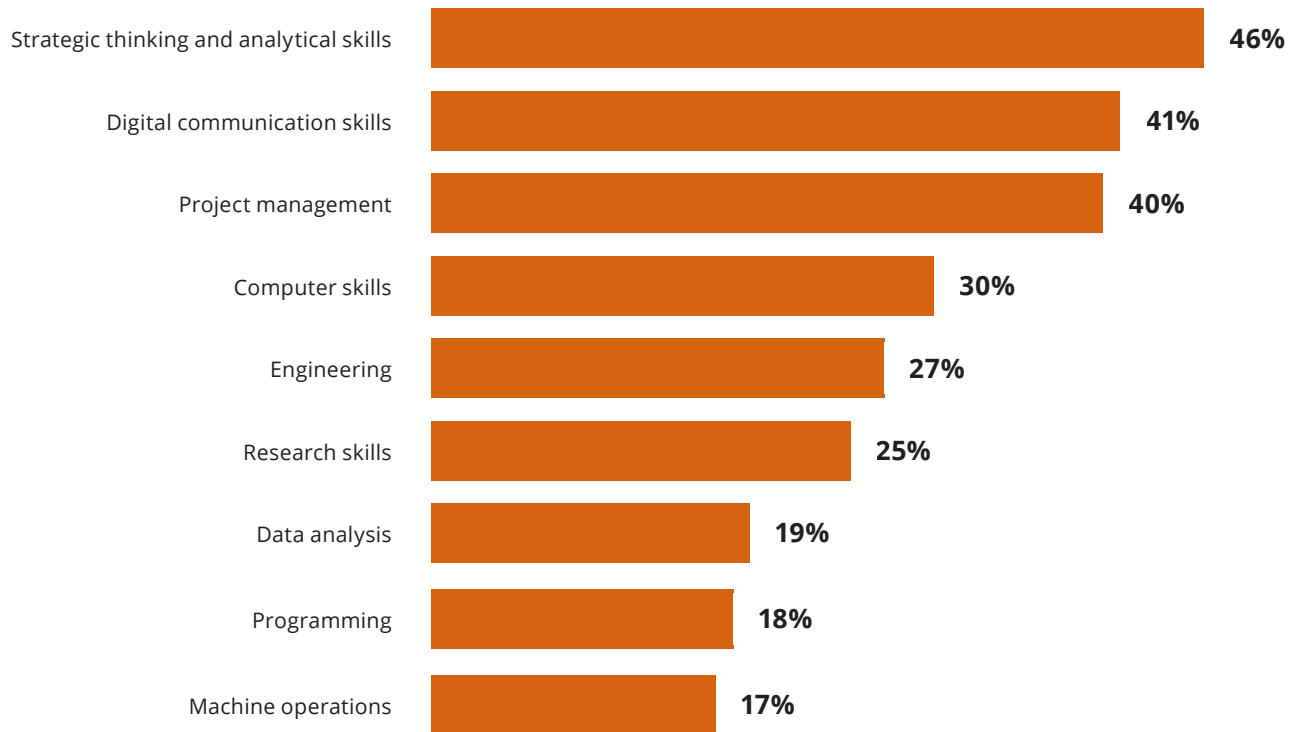
The HR professionals we surveyed said the most needed **soft and durable skills** are:

- problem-solving (42%)
- time management (36%)
- the ability to adapt to change (35%)
- leadership (34%)

INDUSTRY INSIGHTS
Soft skills

Respondents in the manufacturing and retail sectors need more workers who can build and sustain relationships. Manufacturers also require more workers with time management and creative skills.

Which of the following soft/durable skills are the most in-demand right now at your company?

Skill	Percentage
Problem-solving	42%
Time management	36%
Ability to adapt to change	35%
Leadership ability	34%
Creativity	27%
Communication (written/oral/presentation)	24%
Building and sustaining professional relationships	15%
Positive attitude	10%
Teamwork	10%
Being goal-oriented	9%
Persuasion and justification	9%
Engage in continuous learning	7%
Ability to work in a diverse work environment	7%
Ability to work virtually	6%
Innovation	6%
Likeability	3%

The pandemic's seesaw effect on skills

The COVID-19 pandemic changed more than how people work — it also triggered a seesaw effect for the soft and hard skills companies need to compete. While demand for soft skills rose for 48% of organizations, 33% now need fewer hard skills.

CHANGE IN DEMAND SINCE THE PANDEMIC BEGAN

↑ **+48%**
Soft skills

↓ **-33%**
Hard skills

THE TAKEAWAY

For employers

Hard and soft skills don't last forever, and they deteriorate at different rates. So, it's vital to continually monitor your current workforce skills vs. the ones your goals demand. Considering how many organizations lack the resources to address their skills gap, you can gain an advantage by establishing strategies and infrastructure for keeping yours at bay. A diverse approach will work best — be sure to maintain ready-to-deploy options for upskilling, reskilling, hiring, and outsourcing.

For universities

Connect with local employers to identify their skills gaps. This way, you can develop courses that help learners acquire the competencies required for open roles. As this study shows, skills have varying shelf lives — many go obsolete quickly, while others endure for years. So, you could identify the courses that will assist with immediate needs while continuing to offer degrees for long-term reskilling initiatives.

EMERGING WORKFORCE RECRUITMENT AND RETENTION CHALLENGES

Interestingly, the HR professionals we interviewed consider jobs in their departments the hardest to fill (45%) and retain (38%). Technology and IT jobs rank second in both categories, followed by management, customer service, and sales positions.

Which roles in your organization are:

● Hardest to fill   ● Hardest to retain

Role	Hardest to fill	Hardest to retain
Human resources	45%	38%
Technology and IT	31%	28%
Management	29%	24%
Customer service	25%	27%
Sales	24%	25%
Operations	22%	20%
Engineering	22%	16%
Marketing and communications	20%	19%
Finance and accounting	17%	14%
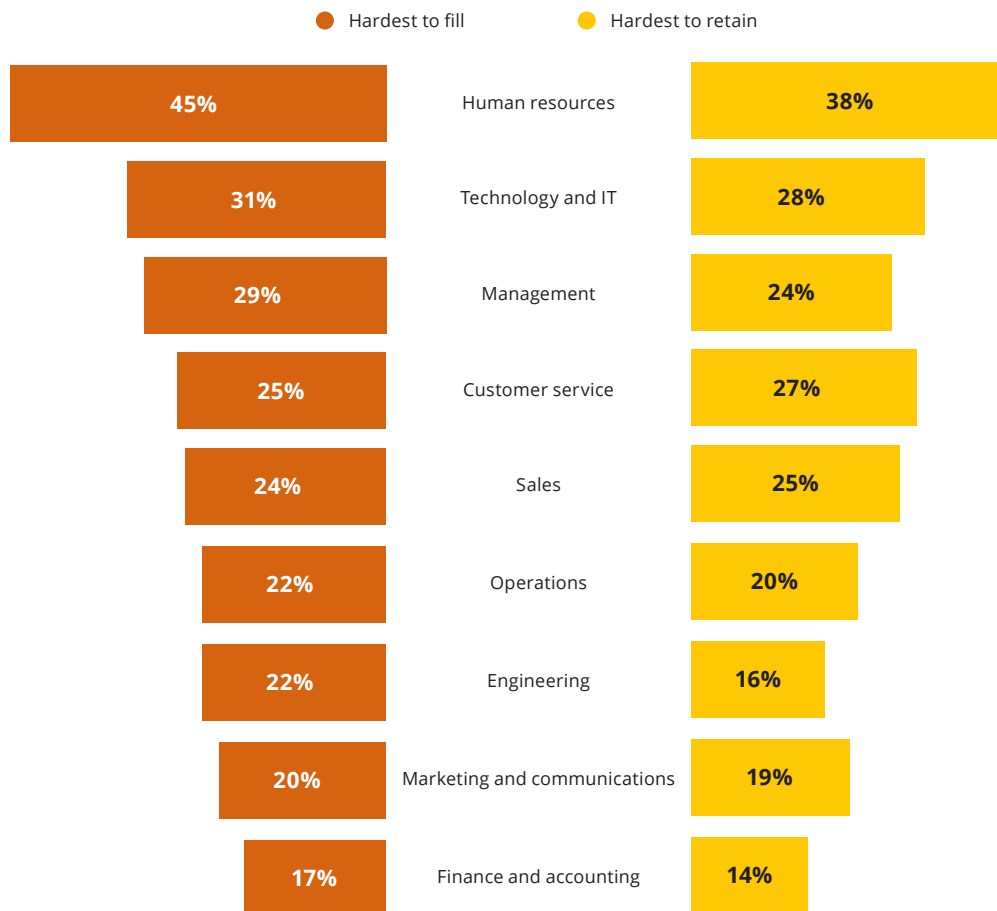
Retailers and manufacturers

Both manufacturers and retailers find it more challenging to retain managers than other employers. Meanwhile, each of these sectors has its unique challenges. For instance, retailers have more difficulty hiring and retaining salespeople, while manufacturers have the most trouble recruiting and retaining engineers.

Retention challenges by status level

For 39% to 44% of respondents, entry-level workers are the hardest to retain, followed by managers and mid-level managers. However, C-level executives see the retention of senior-level managers and executive leaders as a more significant challenge.

Filling open roles internally vs. externally

Respondents said that, during the last year, 10% or more of their open roles were filled by:

- external candidates (55%)
- internal candidates (51%)

Forty-four of respondents said at least 10% of open roles went unfilled. This challenge affected small and large companies alike, as size did not impact staffing significantly. However, having a skills gap did matter — those organizations were likelier to report that 20% of their job postings went unfilled.

44% of organizations did not fill at least 10% of their open roles during the last year

Approximately what percentage of job openings at your company in the past year:

● 1% to 9%   ● 10% or more   ● None   ● Not sure

	1% to 9%	10% or more	None	Not sure
Have been filled by external candidates	41%	55%	3%	1%
Have been filled by internal candidates	44%	51%	3%	2%
Have gone unfilled	45%	44%	8%	3%
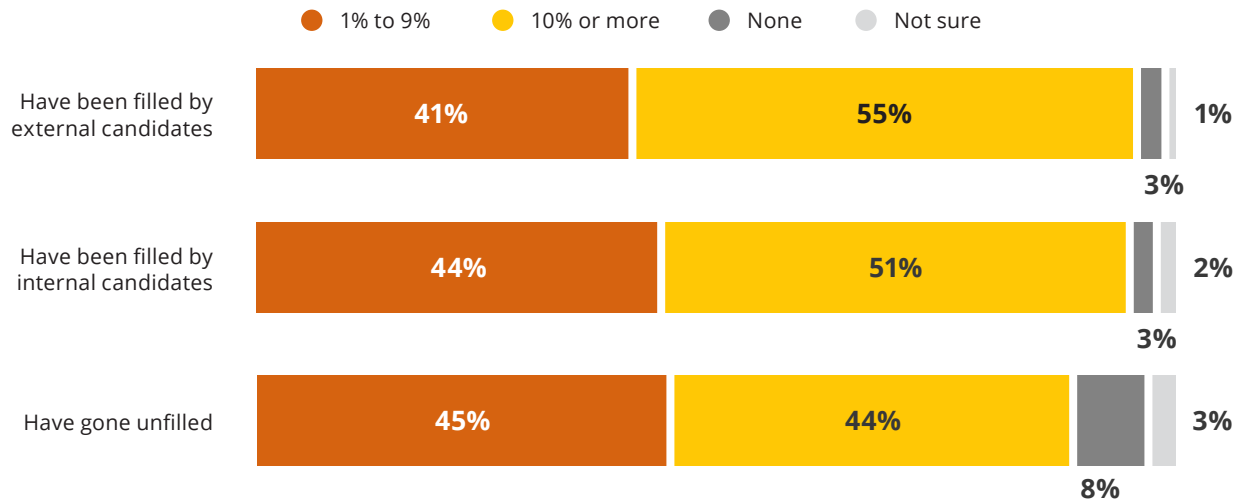
The Great Resignation looms over organizations

The COVID-19 pandemic upended many aspects of work. One of the starkest for employers was when workers left their jobs in droves during the Great Resignation in 2021. Many workers quit to search for better working conditions — and they often succeeded. According to Pew Research Center, more than half of the people who quit jobs in 2021 later found employment with:

- higher salaries
- better work-life-balance
- more flexible schedules[3]

Although the Great Resignation promised opportunities to workers, employers experienced negative repercussions. Many challenges remain, as 44% of respondents believe finding suitable talent now takes longer. Additionally, 41% expect new hires to desire more incentives, while current employees demand higher compensation and more benefits. These challenges weigh on the HR professionals we surveyed, signaling concerns about ensuring organizations stay competitive in a global economy.

**Has your organization experienced any of the following as a result of the
Great Resignation since the start of 2021?**

Finding suitable candidates for open positions is taking longer	**44%**
Current employees are seeking additional compensation/benefits	**41%**
Additional incentives are needed to fill open positions	**41%**
Retaining current employees is more difficult	**40%**
Candidates are seeking additional compensations/benefits	**38%**
There are more open positions to fill	**34%**
None of the above	**4%**
Something else	**1%**

The leading workforce recruitment challenges

Respondents seem to fear the Great Resignation will linger, as long-term retention (40%) is the top concern related to hiring new talent during the next three years. This population also feels uneasy about offering:

- training for new hires (39%)
- competitive benefits (37%)

- flexible work environments (37%)
- internal growth opportunities (33%)

INDUSTRY INSIGHTS
Competitive benefits

Respondents in manufacturing and healthcare worry more about offering competitive benefits packages than their peers in other sectors.

Over the next three years, what are the greatest concerns around hiring new talent?

Concern	%
Being able to retain new hires long-term	40%
Training new hires for their roles	39%
Offering a competitive benefits package	37%
Offering a flexible work environment/remote workforce	37%
Increased compensation costs	36%
Having internal growth opportunities/career pathing	33%
Too small a pool of qualified candidates	32%
Too large a pool of applicants to review	23%

HR's mid-term retention concerns

When considering how to retain workers during the next three years, HR professionals worry most about:

- updating skills as roles evolve (48%)
- rising compensation costs (43%)
- providing flexible work environments (43%)

The top hiring and retention challenges involve training new hires and updating in-house skills. These findings signal that many HR professionals would rather retain and retrain talent than onboard workers for emerging roles.

CURRICULUM ANALYSIS

Alumni engagement

As workforce skill needs evolve, colleges and universities must update curricula to match the latest demand. These updates benefit populations beyond a school's prospective students — it gives alumni a reason to return to school to audit the updated courses or add certificates to their degrees. By announcing these changes, universities can play a lasting role in their graduates' upskilling efforts.

Over the next three years, what are the greatest concerns around retaining current talent?

Category	Value
Keeping skills updated for evolving roles	48%
Offering a flexible work environment/remote workforce	43%
Increased compensation costs	43%
Offering a competitive benefits package	41%
Having internal growth opportunities/career pathing	41%
None of the above	2%
Something else	1%
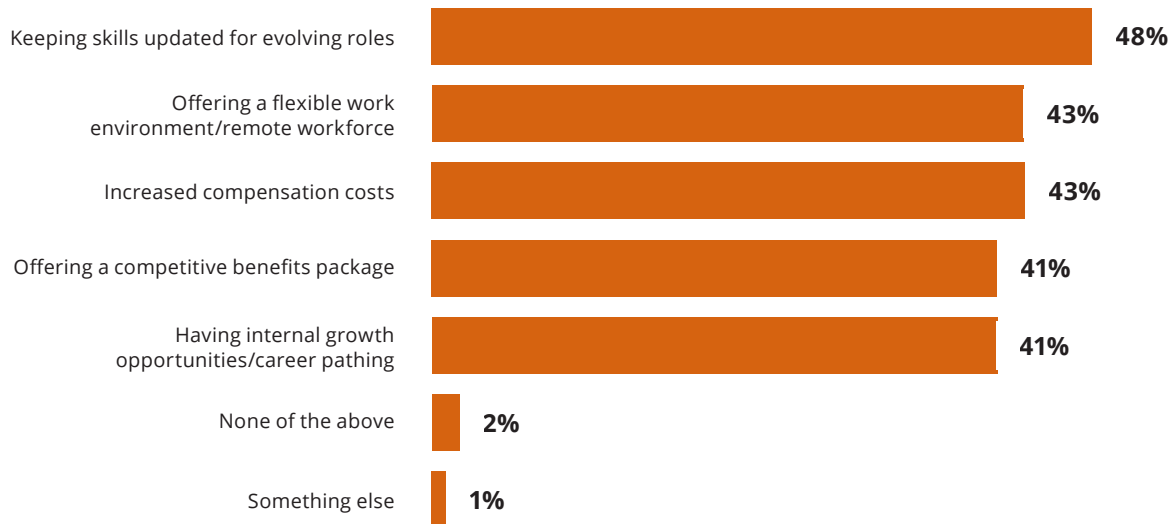
College grads are ready to work

Three-fourths of the survey respondents agree that college graduates with less than three years of experience are prepared for open roles. This finding counters a myth that recent graduates are ill-equipped to enter the workforce. The 12% of respondents who feel recent graduates are unprepared often have concerns about a candidate's unrealistic expectations about the role and lack of skills.

Only 12% of respondents assume recent graduates are unprepared
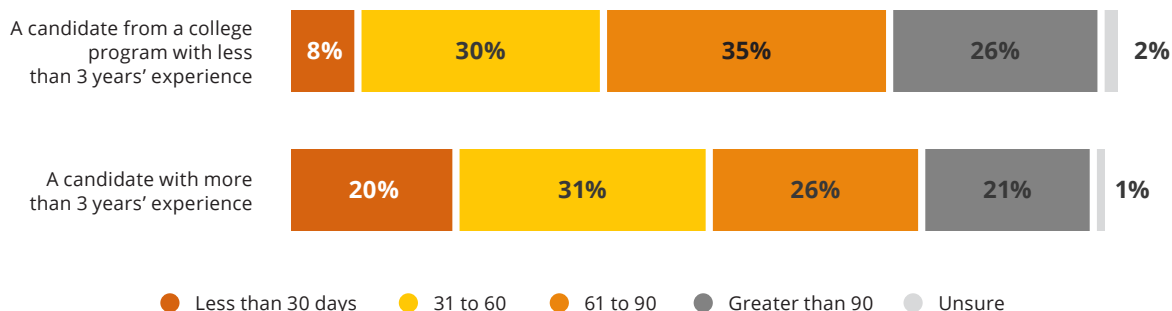
INDUSTRY INSIGHTS
Technology

Fewer HR professionals in the technology sector agree that recent graduates are prepared to enter the workforce, often giving neutral responses to the question.

Experience matters when onboarding candidates

Although most respondents feel college graduates are prepared for open roles, they also believe experienced professionals learn their roles faster. Only 38% feel college graduates with less than three years of experience get up to speed within 60 days. By contrast, 51% assume candidates with more than three years of experience will get up to speed during that timeframe.

How long does it typically take the following candidates to get up to speed in their role?

	Less than 30 days	31 to 60	61 to 90	Greater than 90	Unsure
A candidate from a college program with less than 3 years' experience	8%	30%	35%	26%	2%
A candidate with more than 3 years' experience	20%	31%	26%	21%	1%

- ● Less than 30 days
- ● 31 to 60
- ● 61 to 90
- ● Greater than 90
- ● Unsure

Unqualified workers may dilute the remote-work pool

The COVID-19 pandemic made working from home more mainstream, allowing a wave of remote candidates to apply for open roles. However, our respondents are divided about whether work-at-home job postings attract more skilled professionals (46%) or lead to a surge of unqualified candidates (46%).

INDUSTRY INSIGHTS
Remote roles

Openness to remote work has brought more skilled workers to retail than other sectors. Meanwhile, more healthcare employers feel unqualified candidates water down the growing pool of applicants for remote positions.

How has hiring full-time permanent remote workers changed your pool of candidates compared to prior to the COVID-19 pandemic?

Better/more skilled candidates apply	**46%**
There are more candidates, but few are qualified	**46%**
More candidates apply	**38%**
There has been no change	**14%**
We do not hire full-time permanently remote workers	**6%**
Other	**1%**

THE TAKEAWAY

For employers

Now that remote work is commonplace, more people can start positions with organizations nationwide without leaving home. While this shift broadens the talent pool, some employers worry about how it impacts workforce recruitment and retention. If you fret about falling behind the remote work trend — or that it's unsustainable — take steps to reevaluate which roles could support the flexibility for at-home work. This analysis can also determine the tasks your workforce must complete on-site. During this process, deploy surveys that give your employees a voice in shaping the future of work at your organization.

For universities

The HR professionals we surveyed believe universities provide graduates with relevant skills for entry-level roles. But skills have short shelf lives and the ones that matter change quickly, providing motivation for your university to focus more on workforce development. Employers are open to interviewing candidates with short courses, digital badges, and other degree alternatives on their resumes. By partnering with local employers, you can tailor credentials beyond the degree to meet immediate skill needs and educate graduates throughout their careers.

HOW TO PUT LEARNING AND DEVELOPMENT TO WORK

Organizations follow diverse approaches to learning and development, capitalizing on higher education, corporate education, and in-house options. The top format for 41% of employers involves online education platforms, such as LinkedIn Learning. Other methods used by about one-third of employers include:

- offering company-sponsored scholarships (36%)
- mentoring or reverse-mentoring programs (36%)
- tuition reimbursement (34%)
- university-sponsored tuition discounts (32%)
- debt-free degree options (30%)

What types of programs is your company investing in to help your employees gain additional skills?

Access to online education platforms	**41%**
Company-sponsored scholarships	**36%**
Mentoring/reverse mentoring	**36%**
Tuition reimbursement	**34%**
University-sponsored tuition discounts	**32%**
Debt-free degree options	**30%**
Apprenticeships	**24%**
Paid leave for training	**15%**
My company doesn't offer such programs	**5%**

Taking account of tuition reimbursement amounts

Half of the employers reimbursing tuition provide the maximum annual amount ($5,250) not taxed by the IRS. Of those employers, 18% reimburse tuition above the nontaxable amount, down slightly from 24% in 2021. This modest reduction could stem from employers accounting for competing resources or the introduction of other educational benefits.

More workers capitalize on tuition assistance

In 2021, 61% of HR professionals said more than 5% of workers tapped into their employers' tuition assistance and support programs. With this study, that has increased to 69%.

A couple of factors may explain this increase, including the likelihood that more employers now offer these benefits. Another consideration is that, during the pandemic, one-third of employers reduced educational benefits to lower expenditures. This cost-cutting tactic was more prevalent among smaller companies with fewer than 2,500 employees. It's possible many companies have restored these benefits, a welcome reversal for employees interested in using them.

THREE EFFECTIVE SKILLS DEVELOPMENT PROGRAMS,
according to two-thirds of respondents

| Tuition reimbursement | Company scholarships | University-sponsored tuition discounts |

For employers

Our survey found an uptick in education benefits usage, but overall utilization remains low. To gain momentum at your organization, be sure to offer a broad array of educational options to meet your employees' diverse learning needs and preferences. You can also tie learning opportunities to different career paths that align with your organization's short-term and long-term goals. For instance, encourage your managers to discuss skill needs during performance reviews and provide regular reminders about the upskilling and reskilling options you offer. It's also wise to avoid restrictions on when employees can access or use their education benefits.

For universities

Do you know the tuition reimbursement rates for employers in your region? Uncovering this information can help determine how workforces can maximize their education benefits at your university. For instance, you could map out how far workers can progress in your programs using their tuition reimbursement, company-sponsored scholarships, and discounts. Then, you could develop options for making the most of education benefits by accelerating courses, reducing credit requirements, or lowering tuition.

REASSESSING THE COLLEGE DEGREE AND OTHER CREDENTIALS

HR professionals typically employ many metrics to confirm a job candidate's employability. When focusing solely on an applicant's skills, 51% will use industry certifications, which have a narrow edge on college degrees (45%). Both of those credentials hold much more sway than badges (20%) and MOOC certificates (9%).

INDUSTRY INSIGHTS
Preferred credentials

When validating skills, respondents working in technology and healthcare use college degrees most often, rarely relying on project portfolios, skills bootcamps, and industry certifications. By contrast, manufacturers and retailers would more likely validate skills using non-degree credentials.

What credentials is your company most open to using to validate skills overall?

● Significantly above   ● Significantly lower

	Overall	Technology	Manufacturing	Retail	Healthcare
Industry certifications	51%	34%	56%	57%	41%
College degree	45%	44%	33%	37%	53%
College certificate	40%	25%	52%	41%	44%
Project portfolios	37%	29%	44%	37%	26%
Skills bootcamps	33%	24%	45%	34%	31%
Badging	20%	19%	22%	21%	17%
MOOC certificate	9%	10%	7%	12%	8%
Other	3%	5%	2%	4%	4%

Industry certifications

Industry certifications are a top way for employers to validate specific skills. To support this hiring practice, colleges and universities should analyze opportunities for programs to culminate in a degree and certification. It's also important for college programs to prepare students to sit for third-party certification exams. By informing students about the value of certifications and enabling students to attain them, universities can add significant value to their programs.

INDUSTRY INSIGHTS
Relaxed requirements

Manufacturers are more open to interviewing candidates without degrees than employers in other sectors. And manufacturers and retailers accept candidates with certificates or digital credentials more readily.

Interviewing candidates without a degree

During the last three years, more employers have become open to interviewing candidates with specific experience or credentials instead of a college degree. Our survey found more than three-fourths of HR professionals would interview candidates whose resumes include:

- five years of experience

- a certificate from a college or university

- digital badges or micro-credentials

THREE-FOURTHS OF RESPONDENTS SEE THESE QUALIFICATIONS AS EQUAL
when considering alternatives to the degree

5 years of relevant work experience = **Certificates from colleges and universities** = **Digital badges and micro-credentials**

As perspectives change, employers still value college degrees

It's true that many employers welcome alternative credentials and interview candidates without four-year degrees. But they still see bachelor's degrees as valuable tools for career advancement.

According to our survey, 81% of HR professionals believe having a bachelor's degree enables candidates to access better jobs. At the same time, 74% feel acquiring a bachelor's degree helps people achieve their career goals — and 81% credit graduating from college for enabling them to achieve their own.
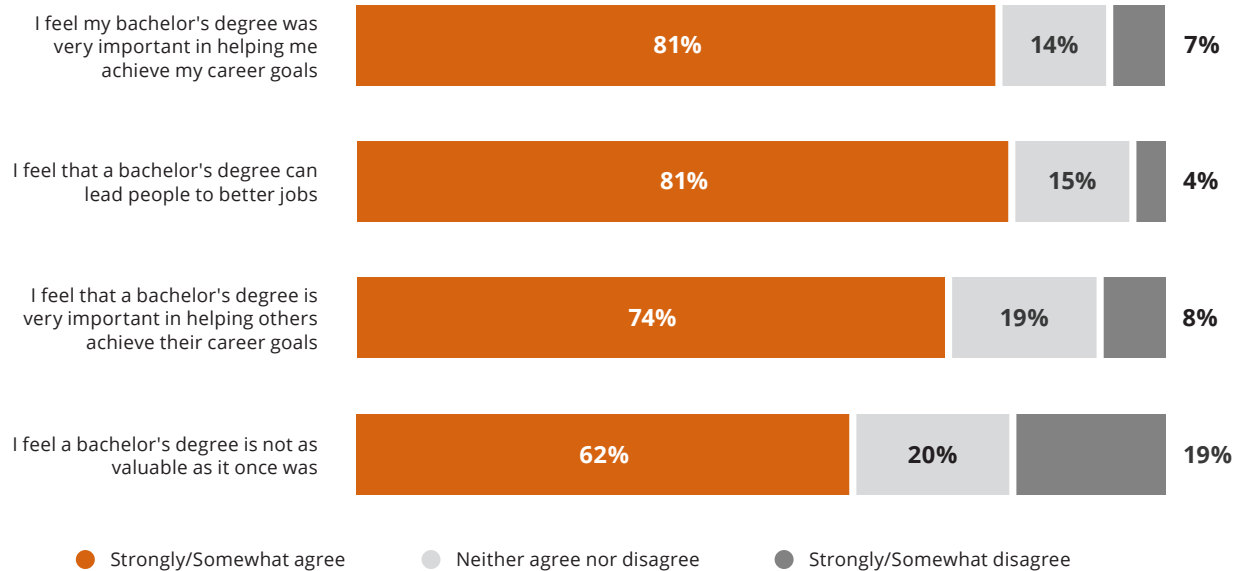
INDUSTRY INSIGHTS
Credentials valued

A higher percentage of respondents in the manufacturing sector agree that college degrees help people land better jobs and achieve their career goals. Fewer respondents working in technology share that view despite being more likely to use college degrees to validate a candidate's skills. Employers in that sector may expect new hires to earn or maintain certifications to maintain relevant skills for their roles.

Despite positive feedback about college degrees, respondents feel that earning a bachelor's degree now produces a lower return on investment than in the past. This perspective is consistent for every seniority level and organizational size.

How strongly do you agree or disagree with the following statements:

Statement	Strongly/Somewhat agree	Neither agree nor disagree	Strongly/Somewhat disagree
I feel my bachelor's degree was very important in helping me achieve my career goals	81%	14%	7%
I feel that a bachelor's degree can lead people to better jobs	81%	15%	4%
I feel that a bachelor's degree is very important in helping others achieve their career goals	74%	19%	8%
I feel a bachelor's degree is not as valuable as it once was	62%	20%	19%

● Strongly/Somewhat agree   ● Neither agree nor disagree   ● Strongly/Somewhat disagree

Interest in partnering with universities and other educators

Nearly half of employers partner with colleges and other external organizations to adapt their upskilling or reskilling curricula to their workforce needs. And an additional 25% formed one of these partnerships within the last three years. The most common collaborations involve:

- four-year colleges and universities
- community colleges
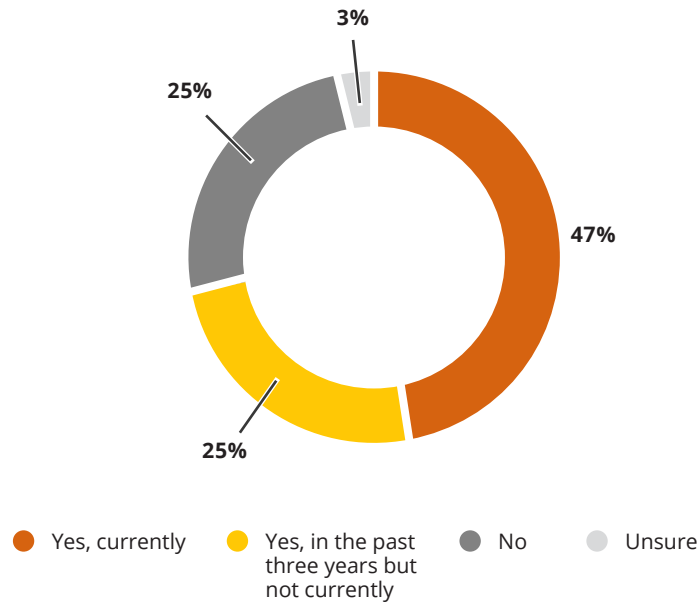- technical programs
- vocational schools

One-fourth of organizations haven't partnered with a third-party provider to update their curricula. While 22% of these organizations lack the budget for these partnerships, 25% have never attempted to form one.

INDUSTRY INSIGHTS
University partnerships

More manufacturers update their curricula through partnerships than organizations in any other sector.

In the last three years, has your organization collaborated with colleges, universities, vocational schools, and/or other third-party providers (such as General Assembly, Hack Reactor, etc.) to make the curriculum more responsive to workplace needs?

- Yes, currently
- Yes, in the past three years but not currently
- No
- Unsure

If they collaborate: **What types of providers have you partnered with?**

4-year college or university	**59%**
Technical program	**56%**
Community college	**49%**
Vocational school	**39%**
Third-party provider	**25%**

For employers

When considering alternatives to four-year degrees, employers must understand the value of those qualifications. After all, college degree programs produce well-rounded graduates with a mix of hard and soft skills. Candidates with certificates, digital badges, or extensive work experience have skills that fit a role but may need additional training to flourish at your organization. So, it's vital to develop strategies for validating skillsets and accommodating each candidate's upskilling needs.

For universities

HR professionals often prefer using college degrees to validate a job candidate's skills. That said, they may interview candidates with alternate qualifications to close their skills gap. By offering short courses and other accelerated options, your university can help students gain qualifications quickly and meet emerging employer needs. Otherwise, third-party providers could see an opening for satisfying a market untapped by higher education.

TAKE ACTION TO CLOSE THE SKILLS GAP

We analyzed the survey findings to develop checklists for how you can address skill deficiencies.

Employer checklist

Diagnose your skills gap
Start by analyzing the size and trajectory of your organization's skills gap. Armed with those insights, you can diagnose the source of your skill deficiencies and develop short-term and long-term plans for addressing them.

Take immediate action
Develop short-term strategies for initiatives that will prevent your skills gap from widening. Options you could implement quickly include outsourcing work or hiring contingent workers with the skills your organization lacks.

Diversify your approach
Implementing your long-term upskilling and reskilling initiatives will require dedicated resources. Determine what you can allocate for conducting internal training and enhancing your tuition reimbursement program. You could also explore partnerships with universities, bootcamps, and other third-party reskilling organizations.

Be transparent with your employees
Keep your employees informed about your skills gap and how they can help address it through your tuition reimbursement, upskilling, and reskilling initiatives. To aid retention, conduct surveys focusing on workplace satisfaction and ways to improve the work environment, such as interest in flexible schedules and remote work.

Repeat the process
Unfortunately, addressing skill gaps isn't a one-time process. Instead, you must continuously monitor your workers' competencies to ensure they align with your needs. When you detect a gap, initiate the short-term and long-term strategies you devised to attract talent or reskill the workers you have.

University checklist

☑ **Diagnose local skill gaps**

Engage with local employers regularly to understand their skill needs and update your programs for the most in-demand jobs. Remember that more than half of employers rely on industry certifications when validating skills — how can you prepare students to acquire those credentials?

☑ **Diversify your suite of programs**

Develop short-term and long-term plans for meeting immediate employer needs and changing demand. Short-term options include standalone courses, certificates, and other non-degree options. Your long-term efforts can focus on launching degrees and alternate credentials for emerging markets.

☑ **Partner with local employers**

Work with employers to understand their education benefits and initiatives for upskilling and reskilling their employees. Through these relationships, you can devise plans that help employees make the most of their benefits through your programs. You can also collaborate with organizations to establish flexible pricing arrangements, such as exclusive scholarships.

☑ **Amplify student voices**

Seek feedback from local workers to gauge their satisfaction with your programs and identify areas of improvement. By gathering testimonials from these workers, you can publish positive career outcomes to stand out to employers and prospective students in your community.

☑ **Update, update, update**

Take the lead in closing the skills gap by continuously updating your curricula for evolving needs. You can encourage lifelong learning by sharing news about your improved programs with your graduates.

METHODOLOGY

We surveyed 600 human resources professionals and hiring managers across the United States during the summer of 2022. As outlined in the following tables, the survey respondents encompass multiple seniority levels, work for organizations of varying sizes, and share perspectives from numerous industries.

Respondent seniority	
C-Level or executive	24%
Senior management, VP, or director	33%
Manager or supervisor	35%
Employee (not managing others)	8%

Size of organizations	
Fewer than 1,000 employees	16%
1,000 to 2,499	16%
2,500 to 9,999	21%
10,000 to 29,999	18%
30,000 to 49,999	16%
50,000 or more	13%

Industries represented	
Manufacturing	**16%**
Retail	**15%**
Technology	**13%**
Healthcare	**13%**
Professional services (marketing, PR)	**10%**
Financial services and insurance	**9%**
Nonprofit	**5%**
Public sector or public service	**4%**
Education	**4%**
Hospitality	**3%**
Telecommunications	**3%**
Other	**5%**

Technical notes

All percentages in this report have been rounded; therefore, the total percent figure in a table may not add up to exactly 100. Furthermore, if the total percentage is substantially more than 100, it is because the question allowed respondents to choose more than one option.

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