



# reimagining the workforce 2021

Closing the Skills Gap Through Education

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## **executive summary**

Today's workplace is experiencing a once-in-a-generation level of change. Businesses must respond to new challenges by equipping their employees with new skills and capabilities to position them for success in a rapidly modernizing workforce. The practice of offering tuition assistance and support programs to employees is seen as a top way to close the skills gap. However, poor implementation and weak stakeholder buy-in have resulted in programs that focus on efficient reimbursement but fall short of achieving significant business impact. In response to this, tuition assistance has evolved into **education as a benefit**, with a stated intention of aligning talent strategy with business strategy. Unfortunately, this still doesn't go far enough. As long as employers see education as one of a long list of benefits offered to employees, they will not realize its transformational potential.

In the Fall of 2020, Wiley Education Services surveyed over 600 human resources (HR) and learning and development (L&D) professionals, including nearly 100 leaders at the Executive/C-level, to get a better understanding of what the biggest skills gaps are and how companies are responding to widening gaps within their businesses. This report examines how employers view the scope and impact of workforce skills gaps, the role education benefits play, and at what level they are incorporated into a company's strategic plan.

The study found 55% of HR and L&D employers surveyed believe there is a skills gap within their organization, with upskilling and/or reskilling employees coming in as the top choice for addressing the skills gap (57%) over hiring new candidates (56%) or outsourcing (33%). Eighty-one percent of employers surveyed felt that having tuition assistance and support programs is a strong upskilling/reskilling tool. The majority reported that having strong tuition assistance and support programs has a positive impact on recruiting (76%) and retention (77%) as well.

However, when asked how many of their companies offer tuition assistance programs, only 48% said this is available for employees. And of those who reported having these benefits, only 25% reported offering this to employees right away. For those with these programs in place, the benefits are clear. Recently, even though budget cuts arising from the pandemic have caused companies to consider money saving strategies, the majority of organizations have elected to maintain their educational support benefits.

The study found that a lack of leadership support was cited as the top reason for the absence of these employee benefits (30%). The study also found room to improve how these programs were communicated, measured, and tracked to ensure the benefits of these programs are being maximized within companies that offer tuition assistance programs.

With 42% of respondents saying that workplace education has the power to transform an organization, there is clearly an opportunity to attract, develop and retain career-minded employees and at the same time address shortages in sought-after skills like critical thinking, creativity, and computer technology. There is a further opportunity to embed **education as a benefit** into the employee value proposition. However, to achieve true transformational business impact, talent strategy should be fully aligned with business strategy. This leverages the role that workplace education can play in achieving critical business goals like talent mobility and diversity, equity, and inclusion. It also requires an implementation plan that considers best practices related to availability of the program, communication of the program, and selecting the right education partners. Only when these aspects of the program are considered and senior stakeholder buy-in secured, will workplace education be elevated beyond a benefit and take its place as the transformational competitive advantage that leaders know it can be.



### **education as a benefit:**

**Tuition assistance and support incorporated into the Employee Value Proposition to attract, develop and retain career-minded employees**

# key findings

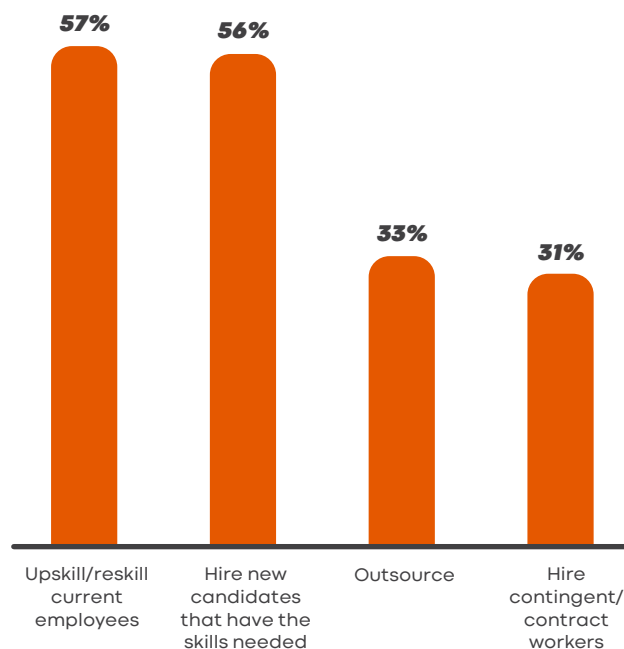
Below is a summary of key findings within this report.

## 1. Upskilling/reskilling employees is the top way to close the skills gap but companies lack supportive tuition assistance programs

Upskilling/reskilling employees was selected as the top way to close a skills gap (57%), over hiring new candidates that have the skills needed or outsourcing. However, less than half (48%) reported having tuition assistance programs at their company. And only 37% responded that their company offered scholarship opportunities for employees to develop new skills.

### How would your organization handle a noted gap in skills?

(Select all that apply)

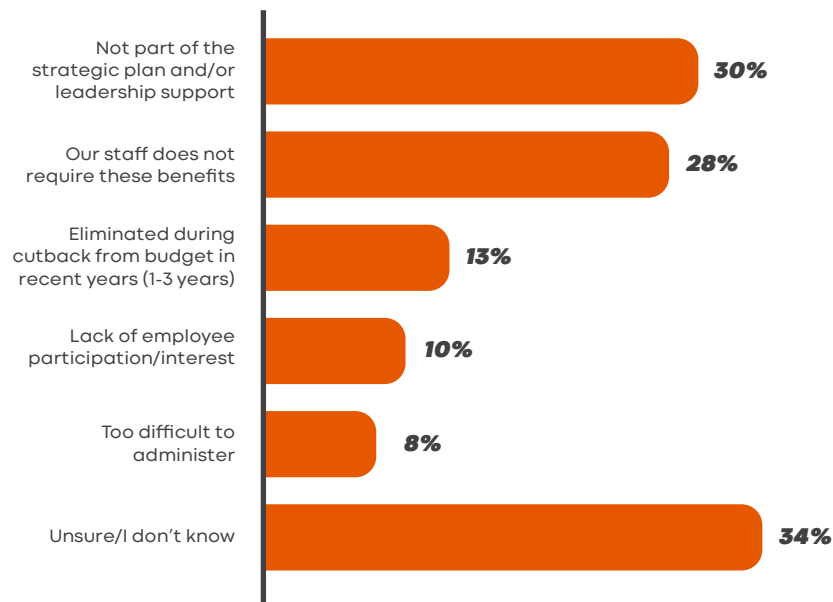


## 2. Absence of programs attributed to lower prioritization by leadership

When asked why tuition assistance programs were not offered, 30% of respondents reported that these programs were not part of a comprehensive strategic plan and/or did not have leadership support. However, the top reason noted for the absence of these programs among C-level executives specifically was that their staff does not require these benefits.

### Why doesn't your organization have tuition assistance offerings in place?

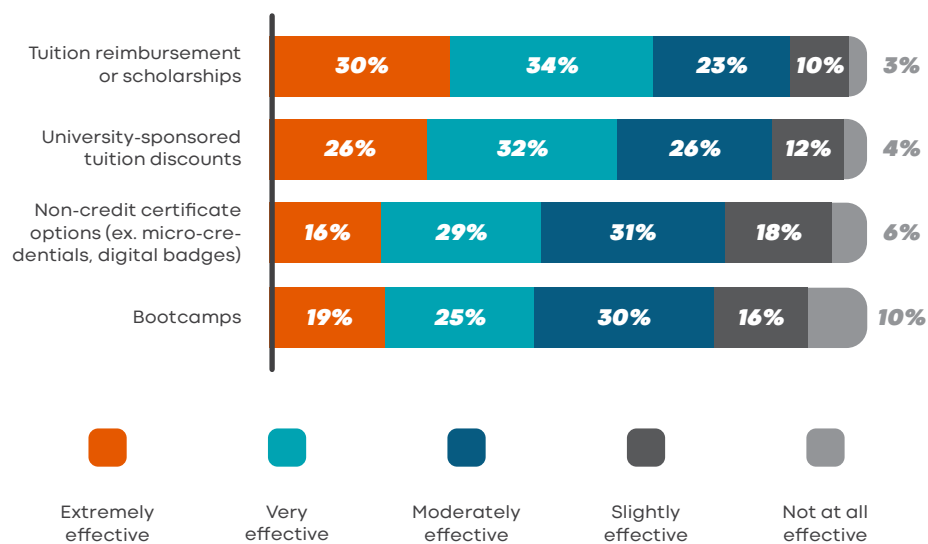
(Select all that apply) N = 145



### 3. “Traditional” forms of education still seen as the most effective for upskilling/reskilling employees

More traditional forms of education were found to be the most effective strategies for upskilling/reskilling employees. Tuition reimbursement or scholarships, university-sponsored discounts, and industry certifications ranked as the top 3 most effective methods among all respondents. Conversely, less traditional forms of education such as micro-credentials, digital badges, and bootcamp workshops were the least effective for closing the skills gap among employees.

#### How effective do you feel the following educational benefits are at upskilling/reskilling employees?

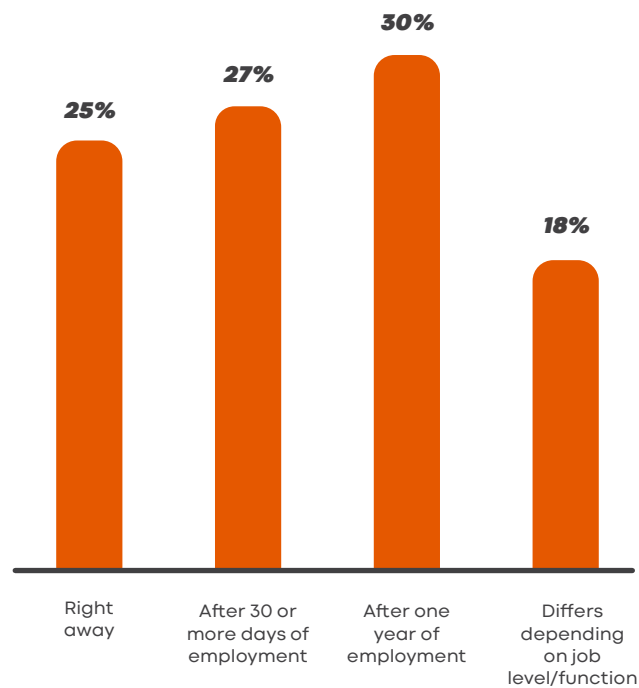


#### 4. Tuition assistance programs positively impact retention but are not offered right away

A majority of respondents (77%) agree that tuition assistance programs have a positive impact on retention. However, of those that reported having these programs, only 25% said that their organizations offer these education benefits to employees beginning day one. Thirty percent reported that their company does not offer these benefits to employees until one year of employment has been completed.

##### When are these tuition assistance benefits available to employees?

N = 460



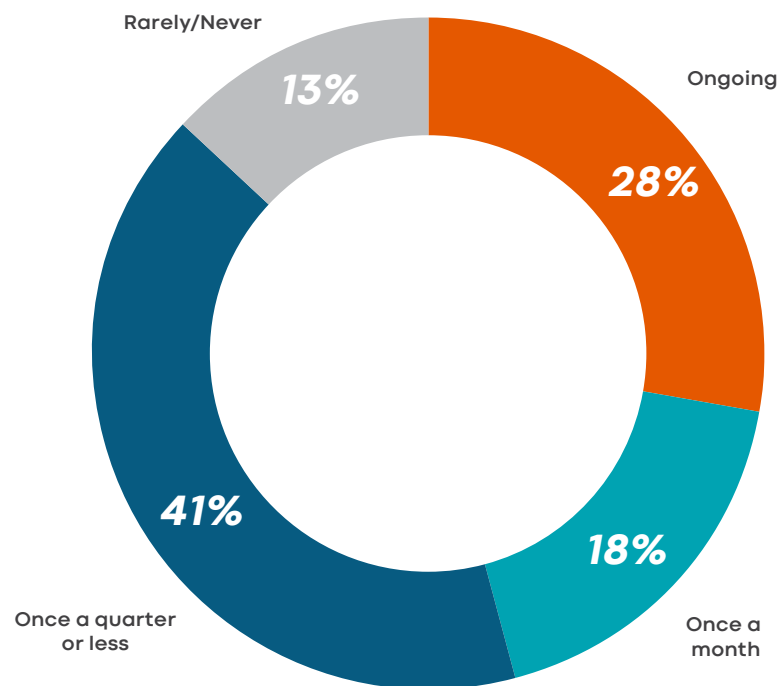


## 5. Communications regarding tuition assistance programs need to be more robust

Seventy-five percent of HR and L&D professionals noted that tuition assistance programs are either a top (25%) or strategic (50%) priority.

However, only 28% told us that these benefits are communicated on an ongoing basis.

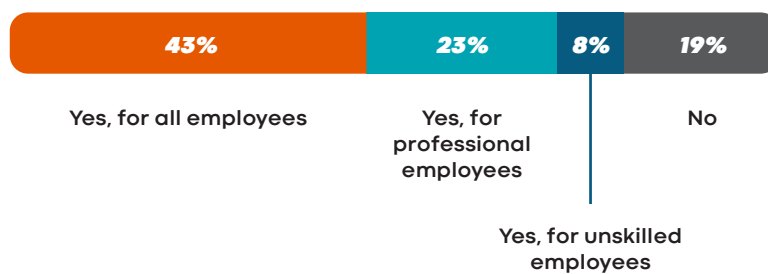
How often are tuition assistance & support programs communicated to employees?



## 6. Only one-third of employers incorporate the use of tuition assistance into their review process despite seeing them as key to staff development

Although 80% report that having a strong tuition assistance program offered through the company will cultivate talent and develop leaders from within the organization, an underwhelming 36% of employers that offer tuition assistance report incorporating the use of these benefits into their review processes for all employees. Even for respondents whose company does not offer tuition support, 65% agreed that having a strong reimbursement or assistance policy will help grow leaders internally.

### Are tuition assistance & support programs incorporated into employee objectives/reviews?



Third party collaboration is key to developing responsive programs to meet workplace needs. From the survey, 31% of respondents reported that they are currently collaborating with a college, university, vocational school, and/or a third-party provider to develop a curriculum that is more responsive to their workplace needs. Of those that had to suspend benefits because of the pandemic, 45% reported that they were currently partnered with an outside organization. An additional 17% of employers reported that they partnered with an external organization in the past three years on an educational endeavor.



## **best practices and recommendations**

### **The Rewards of Upskilling and Reskilling Through Education**

Ultimately, employers have the power address a growing skills gap. When companies implement tuition assistance and educational support frameworks, they are much better positioned to accomplish a variety of organizational goals, including talent mobility, diversity, equity, and inclusion, as well as upskilling and reskilling.



### **Senior Leadership Needs to Pave the Way**

There are many advantages when senior leaders within the organization support education benefits. Management and leaders within a company need to be aware of how appealing tuition reimbursement and support programs are from a recruitment and retention perspective. Additionally, these programs can also help prepare organizations and their employees for tomorrow's challenges by addressing skills gaps.

### **Messaging Educational Benefit Opportunities Regularly is Key**

Another crucial adjustment management may need to make to address a skills gap in their organization is to open new channels of communication that inform employees of the educational benefits they have available to them. The more employees are routinely reminded of the tuition assistance and support programs available to them, the more effectively they can begin the process of adapting their existing skills or developing new ones. Companies should encourage participation in the programs through accessible communication opportunities.

## Organizational Communication Must be Improved

The communication of educational benefits shouldn't just be left to HR. Organizations should consider it a cross-functional responsibility and include marketing/internal communications teams who have expertise in supporting communications efforts because it is so important to get the messaging and cadence right. Organizations should also enlist the expertise of workplace education providers. An outside perspective can help boost engagement and help the organization be seen both as a great place to work and a great place to do business with.

## Retention Improvement Through Wider Availability

As companies consider updating the ways that they offer educational support benefits, it's necessary to consider how providing educational pathways to front-line employees will impact and improve retention efforts.

For example, the COVID-19 pandemic has illustrated the importance of front-line workers in keeping some industries running. The challenge in supporting their learning opportunities has always been that education is too expensive for companies to invest in their lower paid workers. That cost equation changes, though, if you factor in increased retention and low-cost/no-cost degree programs.



### The Advantages of Early Availability

Tuition reimbursement and support programs should also be offered to employees from day one of their employment. This can be an important recruitment tool to lure higher quality candidates. Additionally, new employees can begin developing more quickly, which helps the newly skilled employee add more value earlier in their tenure. Because organizations in some industries experience their poorest retention rates in their first year, the early availability of educational support can be an incentive for employees to stay.

## Benefits Should be Integrated into Objective Setting and Review Processes

Encouraging new skill adoption during an employee's performance review is important, because reviews are a good way of ensuring maximum value comes from the education made available. The data reflects that employee use of tuition assistance programs is often neglected in objective or performance reviews. Management has an opportunity in this capacity to ensure that skills are being developed and that the employee is appropriately supported to combine studying with work. Additionally, managers are also well placed to assess whether the organization is achieving the necessary outcomes from the education and accumulated skills that employees elect to pursue.

## Partnerships to Channel Upskilling and Reskilling Efforts

Finally, organizations looking to close the skills gap in their employees should consider external university, college, and technical school partnerships. When companies build and work within a curated network of education suppliers that suit their organizational needs, they are much better equipped to reskill and upskill their employees through education.







## **section 1: overview of employee skills in the current workforce**

### **Understanding In-Demand Skills**

In order to address the growing skills gap in the workplace, it's important to understand what business leaders are searching for.

The survey found that the most highly sought-after majors for new hires were technology (55%), business (46%), and science, engineering, or mathematics (27%). However, while certain majors may be highly sought-after, there are a number of hard and soft skills that are also in high demand.

Employers reported that the most challenging hard skills to fill include computer technology (44%), data analysis (35%), and hard communication skills (27%), which encompass communicating in a foreign language, digital communication, and copywriting. On the other hand, respondents reported high demand for soft skills, citing critical thinking (36%), communication (36%), and creativity (34%) as the most difficult soft skills to fill. Overall, HR and development professionals reported that hard skills (37%) were only slightly more difficult to fill than soft skills (32%).

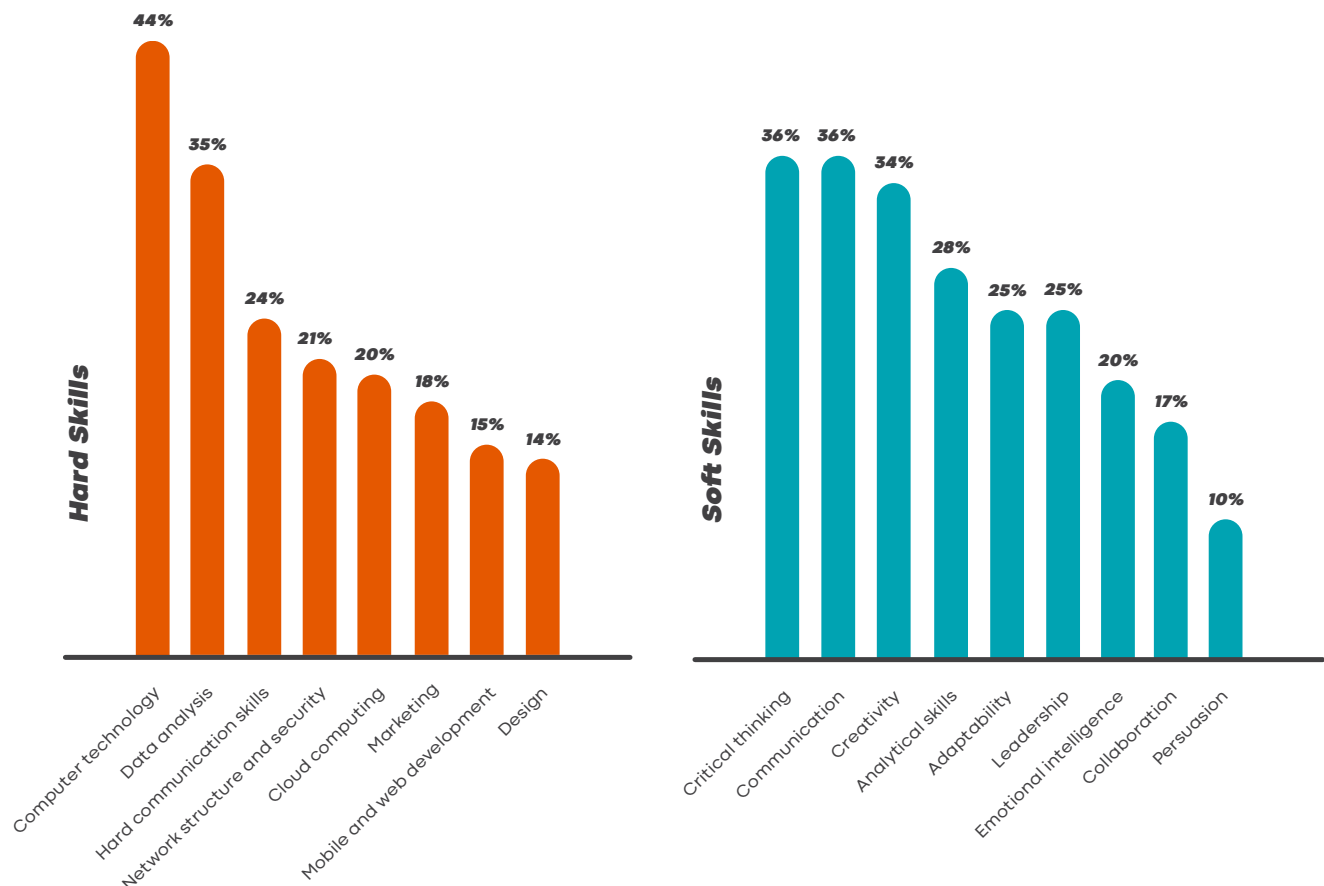


## deeper dive

Nearly half of C-level leaders stated creativity was the most difficult skill to fill at 46%, prioritizing it over communication (43%), analytical skills (27%), and critical thinking (26%). Additionally, C-level executives reported that marketing (33%) was a more difficult skill to fill than hard communication skills (29%).

### Which of the following skills are the hardest to fill right now at your company?

(Select top 3 hard and soft skills)

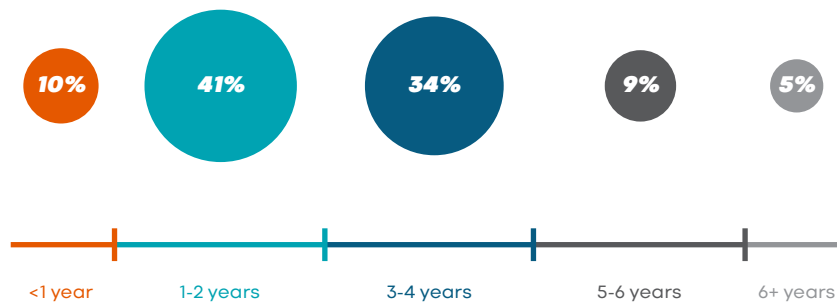


Hard skills refer to a more concrete technical prowess, such as data analysis or an understanding of computer technology. Soft skills have more to do specifically honed interpersonal traits, like critical thinking or strategic communication.

## The Average Shelf Life of Technology Skills

An important set of hard skills that deserves special attention centers around technology. In our constantly advancing technological landscape, skills in some tech-centered capacities may become outdated more quickly than other skills. Business leaders have shared this concern. According to respondents, 51% of employers estimated that the average length of time that technology skills become outdated is two years or less.

**What would you estimate as the average length of time skills around technology becomes out of date?**



Those working specifically in the technology sector were a little more generous. Of the HR and L&D professionals working in technology, 75% reported that tech skills have a lifespan of up to four years, with only 33% of that group believing skills were outdated within two years.



## **section 2: skills gap in the workforce**

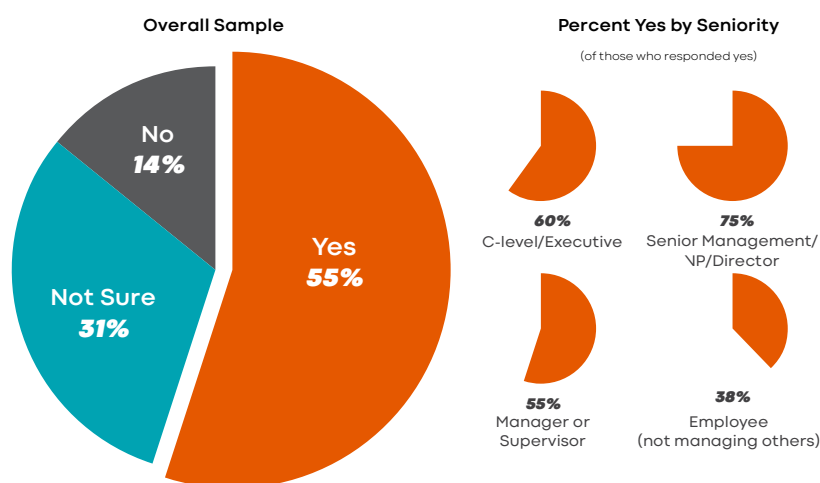
### **Understanding the Scope and Impact of the Skills Gap**

The ongoing discussions about widening skills gaps comes as no surprise, given that over half of respondents (55%) believe a skills gap currently exists at their company. The rate is even higher for C-level executives: 60% of this group identified a skills gap at their organization. VP's and senior management were the most likely group to report a skills gap at 75%. On the other end of the spectrum, employees who do not manage others were the least likely group to report a skills gap, with 38% agreeing there was one at their organization.

**C-level executives are more likely to identify a skills gap within their organization compared to the overall sample**

Additionally, these data reveal the reasons that businesses have identified a skills gap. Of those who said there was a skills gap in their organization, 51% found the top reason to be a lack of qualified candidates.

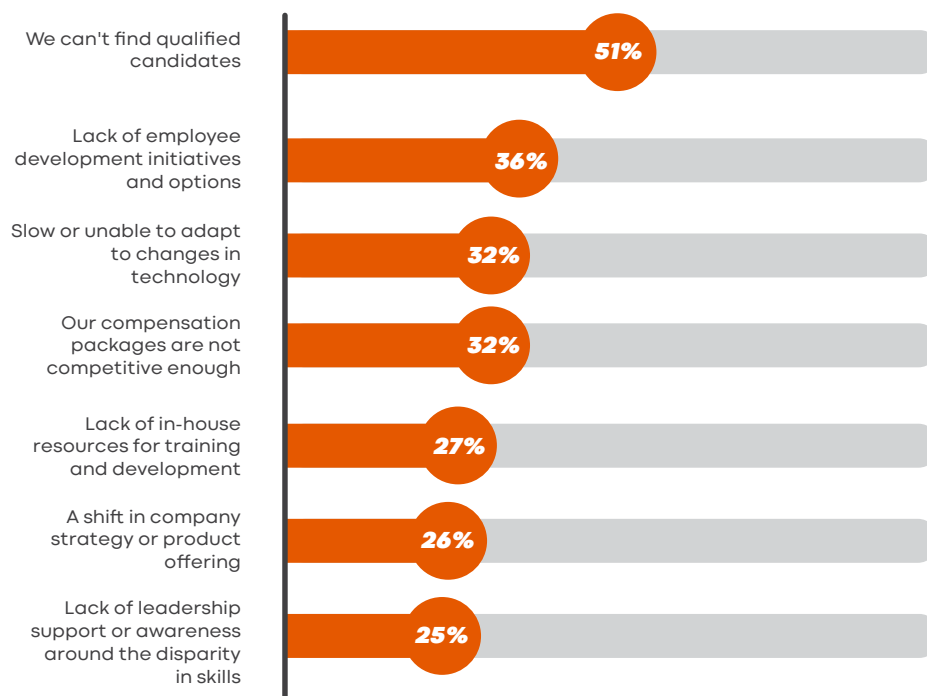
### Do you believe there is a gap in the skills your organization needs and what your employees possess right now?



Respondents also identified the consequences of the growing skills gap among employees: lower efficiency (45%) and increased recruitment challenges (34%). Only 4% reported no impact to their business due to existing skills gaps.

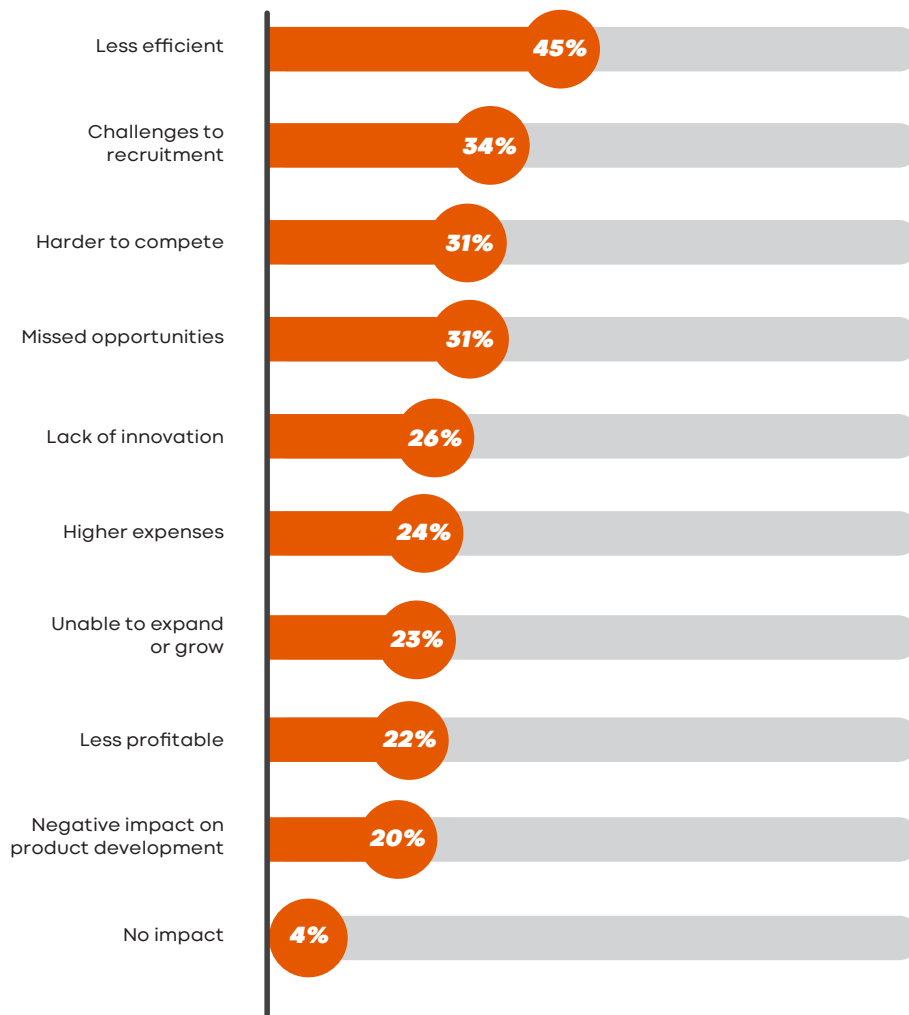
### What do you believe are the three biggest causes for the gap in skills at your company?

(Choose your top three)



## What do you believe are the three largest business impacts of having a gap in skills?

(Choose your top three)



### Addressing the Skills Gap

As HR and L&D professionals have worked to discover both the reasons for and the consequences of the skills gap, they have also identified meaningful solutions to the problem. Developing current employees through upskilling or reskilling efforts was found to be the best way to handle skills gap issues by 57% of respondents.

Upskilling/Reskilling employees is seen as top way to close the skills gap, but many companies are lacking tuition assistance programs for their employees.

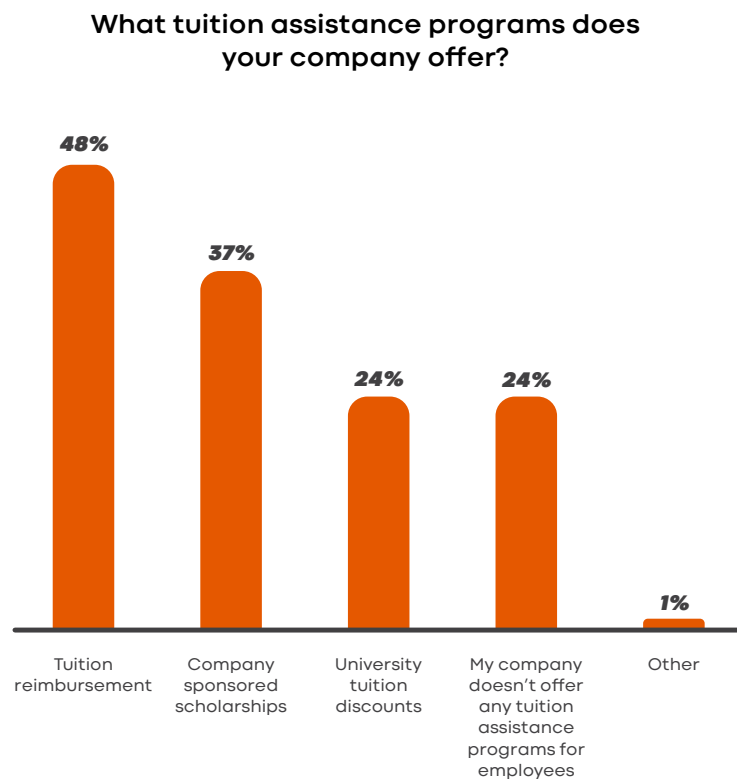
Additionally, respondents reported that tuition reimbursement and/or company sponsored scholarships are the most effective tool for helping employees upskill or reskill. In other words, employees are more willing to stay and engage if tuition help is offered.

Despite the vast majority of HR & L&D professionals identifying tuition reimbursement as the best solution to address the skills gap, less than half reported offering tuition reimbursement (48%) or company-sponsored scholarships (37%).



Notably, only 15 respondents of those that reported not having any tuition assistance and support programs attributed the absence of these programs to a lack of employee participation or interest in developing or refining new skills. The top reasons for the absence of these programs was attributed to these programs not being part of the organizations strategic plan or a lack of leadership support for such an initiative.

Still, nearly a quarter of total respondents in the survey (24%) reported that their company offers no tuition assistance programs for employees. Of this group, nearly a third (32%) work for companies with 10,000 or more employees. On the other side of this spectrum, 26% of this group are employed at companies with fewer than 1,000 employees.



## deeper dive

For those who responded that their company does not offer tuition assistance programs, the top reason for the absence was that they are not part of the strategic plan (30%). However, when filtering C-Level executives' responses, the top choice differed; 64% stated that their employees do not require these benefits. This stark difference in rationale highlights a disconnect among seniority levels as the leading cause for the lack of tuition assistance programs.



## **section 3: investing in employees**

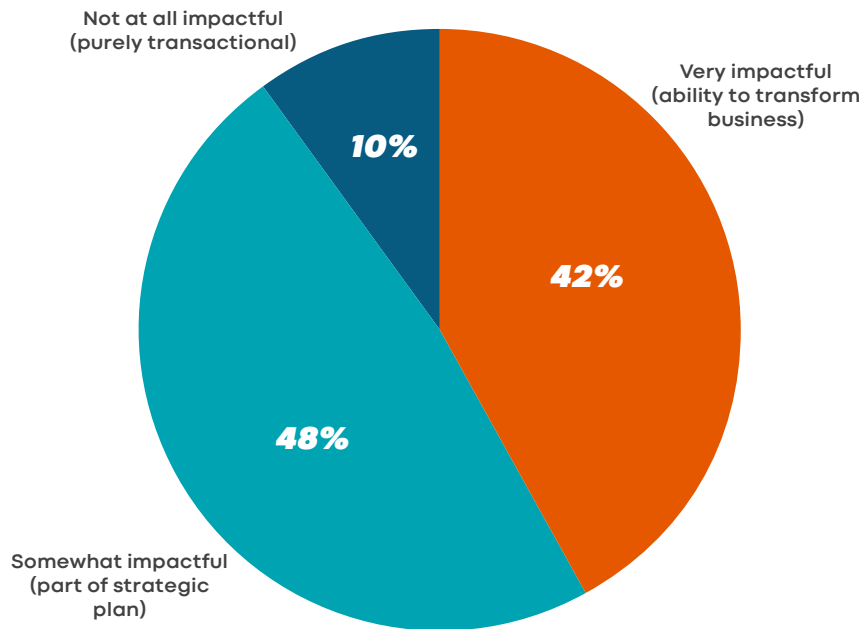
### **Program Potential for Impact**

Tuition assistance, reimbursement, and support initiatives have been identified as the most effective way to address skills gaps across companies. Of those surveyed, 69% either somewhat or strongly agreed that tuition assistance and support programs are an integral aspect of their employee value proposition. Additionally, 42% stated these programs would be very impactful for their organizations or have the potential to make a transformational business effect.

## **deeper dive**

At an industry level, 89% of those coming from the Technology space strongly or somewhat agreed that tuition assistance programs are an integral part of the employee value proposition. Manufacturing was similar with 82% of respondents noting the same. More generally, for companies that have 2,500 to 9,999 employees, 82% strongly or somewhat agreed that tuition assistance initiatives support employee value propositions.

### How impactful are the tuition assistance & support programs at your company?



### Which of the following statements best describes how your company prioritizes tuition assistance & support programs?

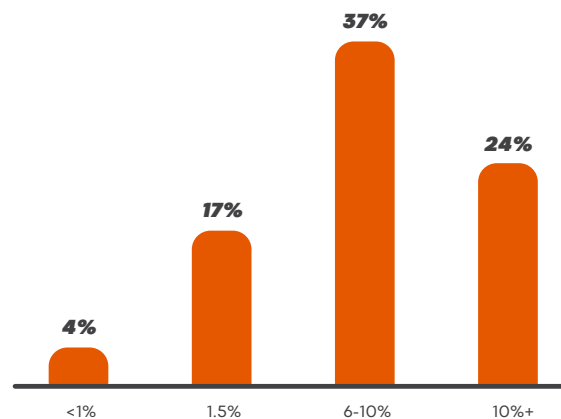
It is a top priority that has the ability to make a transformational business impact	25%
It is a strategic priority used to attract, develop, and retain talent	50%
It is a lower priority that requires a significant investment of time and resources	15%
It is a program we offer but don't actively promote	9%

Recently, the global pandemic has thrust companies into money-saving positions. During this crisis, organizations have had to cut some benefits to continue operating. Despite budget cuts, the value of tuition assistance programs has endured. Two-thirds of companies that experienced budget cuts chose not to reduce tuition benefits. However, the data indicates that smaller companies, such as those with less than 2,500 employees may be more likely to reduce education benefits. Twenty-nine percent of leaders at companies with fewer than 2,500 employees noted they cut education benefits, while 20% of those with more than 2,500 employees chose that route.

## Employee Utilization and Communication of Benefits

Even as tuition assistance programs are seen to have the potential to be transformational, use rates remain low amongst employees. From those surveyed, one-in-five (21%) have seen the use rate of educational benefits at 5% or less among their employees. Just over one-third (37%) have a use rate in the 6 to 10% range.

**What approximate percentage of employees in your company actively use the tuition assistance & support programs available to them?**



Forty-six percent noted they communicate their available programs to their employees on an on-going or monthly basis, while 28% reported that they communicate these benefits only once a year or rarely/never.

From these figures, it's important to understand better how companies communicate their educational benefits to their employees and how passive the routes typically are. Forty-four percent stated that common routes of communication occur on the internal company website, while 39% found the communication occurring in email or newsletter correspondences. A significantly less common, but relevant method, for 29% of employers, was to communicate these benefits during the review and objective setting process. 41% reported that this information is communicated during the on-boarding process for new hires, which is a one-time process during which new hires are likely overwhelmed with the larger process of joining the company.

**How are tuition assistance & support programs communicated to employees?**

(Select all that apply)

Internal company website	44%
During the on-boarding process	41%
Email/newsletter	39%
In the review process/goal setting	29%
Internal communications platform (Microsoft Teams, Slack, etc.)	24%
Company-wide meetings	21%
My company does not offer tuition assistance & support programs	17%

While the majority of companies passively communicate education support benefits, 59% of employers noted that tuition assistance usage is actively incorporated into professional development planning for their employees. However, most companies remain focused on offering these benefits to their professional staff over their frontline workers. Additionally, most employees can not pursue any program of their choosing as nearly half of employers (49%) stated that funds to cover these tuition assistance programs must pertain to the employee's current role or planned career path within the organization.

## Tuition Assistance and Reimbursement Benefits Have Become Common

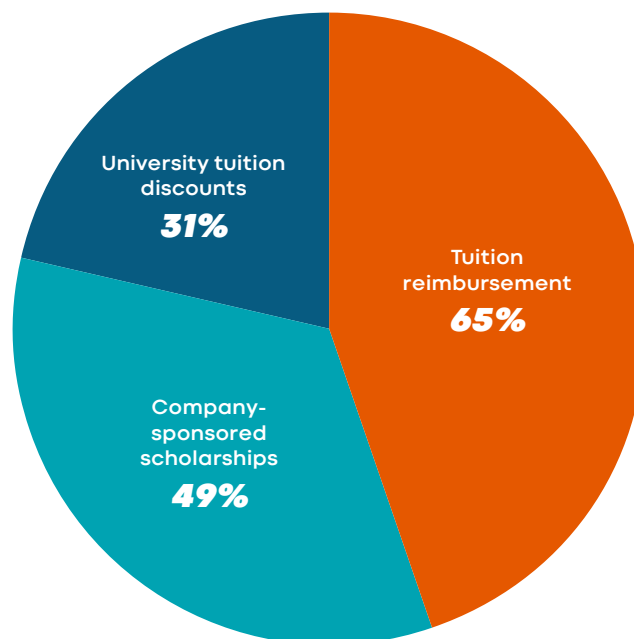
Almost half of all HR professionals surveyed (48%) reported their organization offers a tuition assistance program for their employees. Forty-nine percent of those that offer a tuition assistance program stated their organization offers a company-sponsored scholarship, and 31% reported their workplace gives university tuition discounts. Nearly two-thirds (65%) offer tuition reimbursement. For the companies that offer educational benefits to their employees, nearly half reimburse at the IRS maximum amount of \$5,250 per year, and 24% are even generous enough to exceed that maximum level. These figures help contextualize that these initiatives are commonly offered to assist employees with their education.

For the HR and L&D professionals who work for a company that does not have a tuition assistance program in place, there are two commonly reported reasons to explain the initiative's absence:

- o 30% report tuition support programs aren't part of the organization's strategic plan
- o 28% state their staff does not require additional educational benefits

It should be noted that 63% of the group comes from companies with fewer than 2,500 employees.

### What tuition assistance programs does your company offer?





### When are these tuition assistance benefits available to employees?



Majority (77%) of HR and L&D professionals somewhat or strongly agree that tuition assistance and support programs have a positive impact on retention. Yet, of those who reported having these programs at their organization, only 25% said these programs were available to new hires right away. 30% reported that new hires must wait a year before these benefits are available to them, potentially undermining the ability for these programs to have an affect on an organizations retention rates.

**Still, of employers who provide their employees this level of educational support, only 25% allow new hires access to these benefits right away.**

### Boosting Learning and Development Opportunities Through Outside Providers

Even though the majority of respondents identify education as the most effective solution to closing skills gaps in the workplace, 20% report spending \$500 or less per employee on learning and development outside of traditional tuition assistance. Over a quarter (28%) reported spending between \$501 and \$1,000 on professional or educational development opportunities per employee.

Development opportunities that companies routinely offer their employees include conferences and seminars (56%) and access to external online educational platforms (50%).

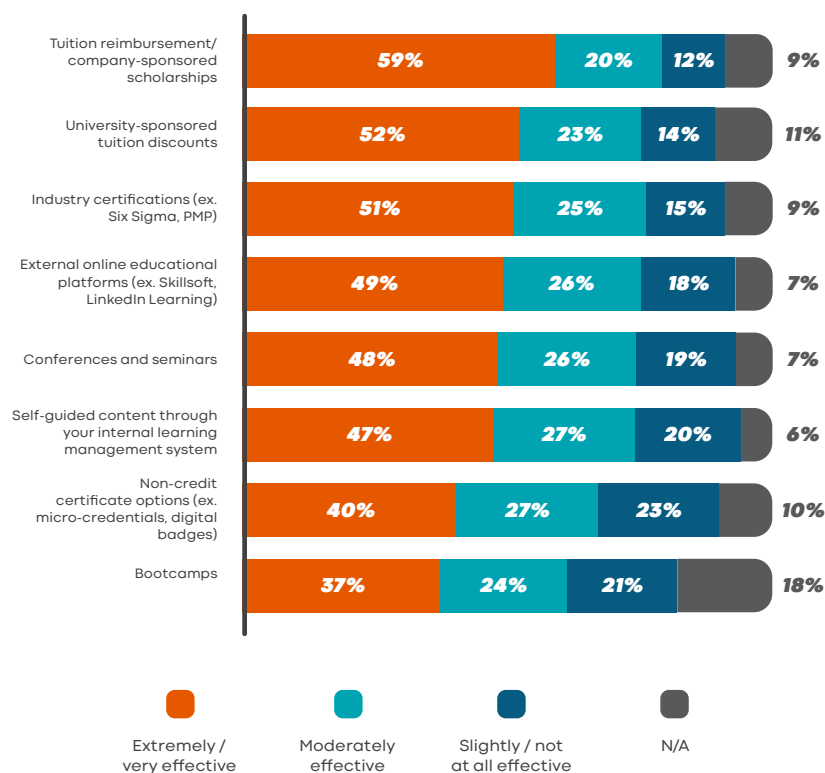
## deeper dive

Less common offerings include bootcamps (29%) and non-credit certificates inclusive of micro-credentials and digital badges (24%). For companies who use bootcamps and micro-credentials as educational benefits, 30% of those respondents work in the technology sector, and 49% work in companies that have 1,000 to 10,000 employees. In the technology sector, non-credit certification options, which include micro-credentials and digital badges, are viewed as one of the most effective forms of education. From this group, 69% reported that these methods were very effective. At the same time, however, bootcamps still ranked the least effective educational benefit at 63% amongst those in the technology sector.

The top three most effective upskilling/reskilling benefits ranked, in order, are tuition reimbursement/scholarship opportunities, university-sponsored scholarships, and industry certifications. More than half of employers felt that these three opportunities are very or extremely effective in upskilling or reskilling employees.

On the other hand, “non-traditional” educational pathways like micro-credentials, digital badges, and bootcamps ranked as significantly less effective methods for upskilling/reskilling employees. Overall, micro-credentials are viewed as less effective except in the technology sector, where they rank higher, which could be tied to the relatively short shelf life of tech skills as previously discussed.

### How effective do you feel the following educational benefits are at upskilling/reskilling employees?



## Education Benefits Impact Perceived as Strong Even Though it is Not a Priority

Employers agreed that having a strong tuition assistance and support program has substantive benefits in the workplace. Eighty-one percent reported they somewhat or strongly agree that offering such an initiative is an effective upskilling/reskilling tool, has a positive impact on employee engagement/satisfaction (80%), and can help develop leaders from within the organization (80%).

Over three-quarters also reported they somewhat or strongly agree that tuition assistance and support programs can have a positive impact on employee retention (77%), can be strong recruitment tools for new employees (76%), and be used to advance diversity, equity, and inclusion within their organization (70%).

Despite the positivity associated with such programs, only 58% of employers reported it was a priority for the company to adopt them. Just 40% measure the return on investment of their employee education benefits program. Fifty-seven percent of those who measure their ROI from the tuition assistance programs come from the technology sector.

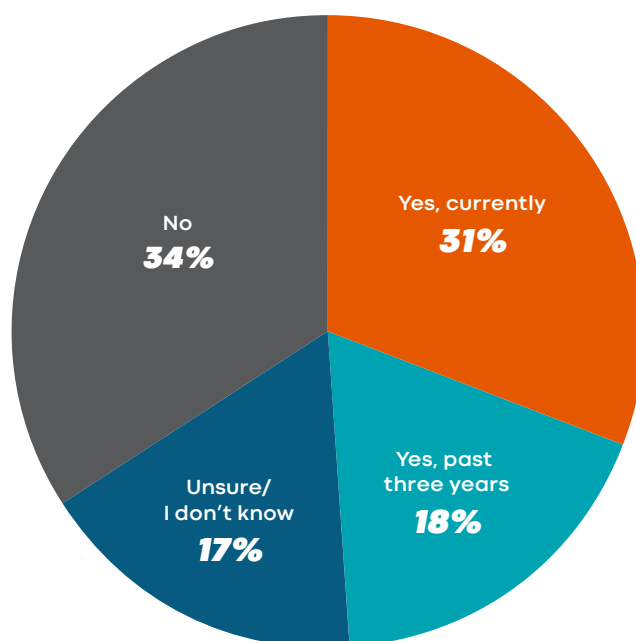
## An Appetite for Partnerships

Many employers have sought to bring in the expertise of external educational providers to address their skills gap problem. Almost half (48%) stated they either currently partner or have partnered with an outside provider within the past three years in order to create a curriculum that is more responsive to their workplace needs.

For those that currently hold a partnership with an outside provider, 65% started the initiative with a 4-year college or university. An additional 40% developed a partnership with community colleges, and 40% partnered with technical programs.

Still, many companies don't have these kinds of partnerships in place. For those that have no external partnerships, 26% reported they had no budget for such a program, while 25% stated that existing programs meet their current educational needs.

**In the last three years, has your organization collaborated with colleges, universities, vocational schools and/or other third-party providers?**

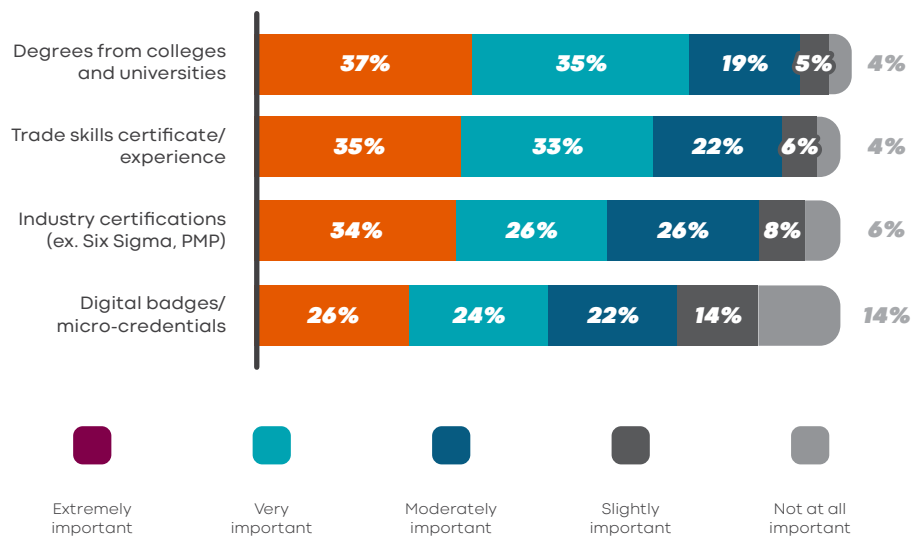


## The Importance and Role of Higher Education Alternatives

The majority of employers surveyed still view degrees from colleges and universities as important, with 72% citing they are very to extremely important when evaluating potential job candidates. At a similar rate, 68% value trade skills certificates and work experience.

Sixty percent of employers view industry certifications as very to extremely important when evaluating new hires. Non-credit credentials such as digital badges and micro-credentials are viewed as less important. However, this does not mean they do not hold value once a candidate is hired: 54% of employers stated that micro-credentials and digital badges are very or extremely important tools for employee development.

### How important are the following forms of education when evaluating potential new hires?



## methodology

In the fall of 2020, 605 human resource and learning and development professionals across the U.S. were surveyed by Wiley Education Services. These individuals encompass various seniority levels within their organizations and come from a diverse set of industry sectors and company sizes as outlined in the tables below.

### Respondent's seniority in their organization:

C-level/executive	15%
Senior Manager/VP/Director	19%
Manager or Supervisor	40%
Employee (not managing others)	26%

### Industry of respondent's company:

Technology	25%
Other	16%
Education	13%
Financial services & insurance	9%
Healthcare	9%
Retail	8%
Manufacturing	7%
Professional services (marketing, PR, consulting, etc.)	5%
Public sector/public service	4%
Hospitality	2%
Telecommunications	1%
Non-profit	1%

### Size of respondent's company:

Fewer than 1,000 employees	15%
1,000 to 2,499 employees	22%
2,500 to 9,999 employees	22%
10,000 to 29,999 employees	17%
30,000 to 49,999 employees	11%
50,000+ employees	12%

## technical notes

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

## about

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