



The Rise Of Alternative Credentials In Hiring

Increasingly, U.S. workers are turning to alternative credentials as a way to enhance and demonstrate skills and work readiness. But can certifications, badges and apprenticeships stand in for traditional education and work experience when seeking a new job?



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Executive Summary

Increasingly, U.S. workers are turning to alternative credentials as a way to enhance and demonstrate skills and work-readiness. These credentials became even more popular during the COVID-19 crisis, when many workers found themselves furloughed or jobless, with time to think about sharpening their skills to become more marketable or even move into a new career. Currently, nearly half of U.S. workers say they have some form of an alternative credential. Among those who don't, about half have considered earning one.

Alternative credentials can be defined as any micro-credential, industry or professional certification, acknowledgment of apprenticeship (registered or nonregistered), or badging that indicates one's competencies and skills within a particular field. Alternative credentials do not include traditional academic degrees or required occupational licensures.

Workers like them because they are affordable, may increase their chances of being hired and may help them progress in their careers. All three employer groups surveyed (executives, supervisors and HR professionals) tend to agree they bring value to the workplace and are instrumental in employee development. The employer groups also overwhelmingly agree that recognizing alternative credentials in hiring and promotion can open the door to a more diverse talent pool.

However, one potential barrier to employers' wider recognition of alternative credentials is actually a technical one. Automated applicant tracking systems (ATS) frequently don't pick up on them, because often there is still no standard approach to collecting this information as systems do for traditional education and work experience. Only one-third of HR professionals whose organizations use automated prescreening say this prescreening even recognizes alternative credentials. Such inconsistency offers a clear direction for both HR and the providers of applicant screening tools to improve the ways alternative credentials are captured in the application process.

In recent years, alternative credentials have expanded considerably under rising demand for upskilling and reskilling as part of a worldwide skills shortage. These credentials became more popular during the COVID-19 crisis, when many workers found themselves furloughed or jobless, with time on their hands to think about sharpening their skills to become more marketable or even move into a new career.

To learn how employers and employees view and value alternative credentials, the Society for Human Resource Management (SHRM) and the SHRM Foundation, sponsored by the Walmart Foundation, conducted research during the summer of 2021. They surveyed U.S. executives, supervisors, HR professionals and workers with no direct reports.

For strategies on effectively using alternative credentials, see the companion report:

Making Alternative Credentials Work: A New Strategy for HR Professionals.

What is an Alternative Credential?

For this research, we defined alternative credentials as any credential, micro-credential, industry or professional certification, acknowledgment of apprenticeship (registered or nonregistered), or badging that indicates one's competencies and skills within a particular field. Alternative credentials do not include traditional education (e.g., bachelor's degree, associate degree, etc.) or required occupational licensures (e.g., commercial driver's license, license to practice law, etc.).

The most common types of alternative credentials are **training certificates** (held by 52% of all workers who hold some kind of alternative credential), **course completion certificates** (48%) and **industry or professional certifications** (38%).

Through the research, we discovered just how prevalent these types of credentials are in the workforce today. Currently, nearly half of U.S. workers (45%) say they **possess some form of an alternative credential**. Among those who don't, about half (49%) **have considered earning one**.

Employers also come across these credentials frequently in the hiring process. The majority of executives (90%), supervisors (81%) and HR professionals (77%) say they **encounter job applicants who hold alternative credentials** at least sometimes.

Nearly three-quarters of U.S. workers (72%) agree that alternative credentials are an **affordable way** to gain the skills or experience

necessary to enter a new job, and 77% agree that having a job-relevant alternative credential **increases or would increase their chances of being hired for a job**.

Over two-thirds of workers (68%) **who currently hold an alternative credential believe earning it has helped them progress in their careers**.

But with so many different options varying in cost, requirements and quality, how do workers select the credential most likely to boost their success?

U.S. workers selected the following factors as among the most important when considering which alternative credential to pursue:

FACTORS FOR SELECTING ALTERNATIVE CREDENTIALS		
1	The type of skill the alternative credential represents	42%
2	The cost of the alternative credential	37%
3	The length of time it takes to get the alternative credential	33%
4	The reputation of the alternative credential provider	31%
5	If there is an exam or test to receive the alternative credential (i.e., some people fail)	24%

Most common types of alternative credentials U.S. workers hold:



52% **TRAINING CERTIFICATES**



48% **COURSE COMPLETION CERTIFICATES**



38% **INDUSTRY OR PROFESSIONAL CERTIFICATIONS**



Do Employers Value Alternative Credentials?

Overwhelmingly, yes. People who hold alternative credentials bring value to the workplace according to:

87%

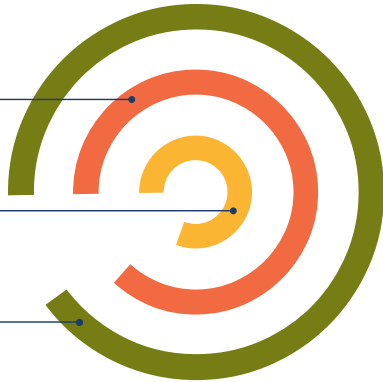
EXECUTIVES

81%

SUPERVISORS

90%

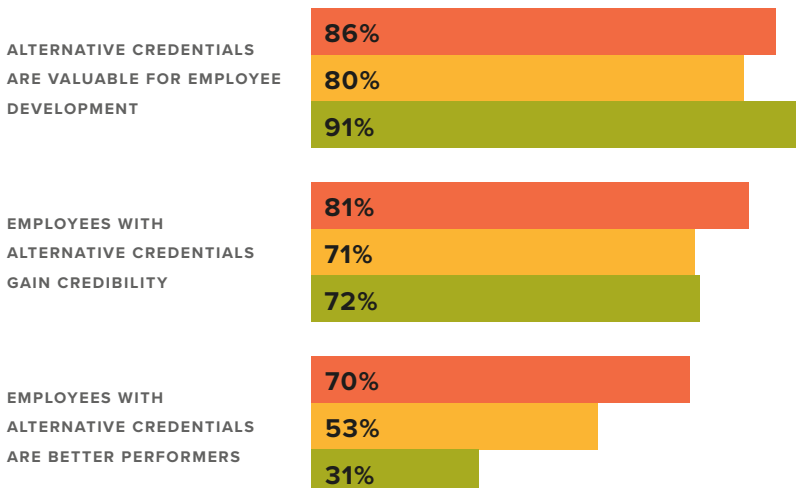
HR PROFESSIONALS



As the chart below illustrates, workplace leaders consider alternative credentials **valuable for employee development**, and employees who earn them **gain more credibility**. The majority of executives and supervisors consider credentialed employees to be **better performers**, but HR professionals were less sure: More than half (52%) neither agree nor disagree with this statement, perhaps indicating they don't feel as positioned to confidently make such an assessment on worker performance.

LEADERSHIP PERSPECTIVES ON ALTERNATIVE CREDENTIALS

EXECUTIVES SUPERVISORS HR PROFESSIONALS



*respondents answering agree or strongly agree

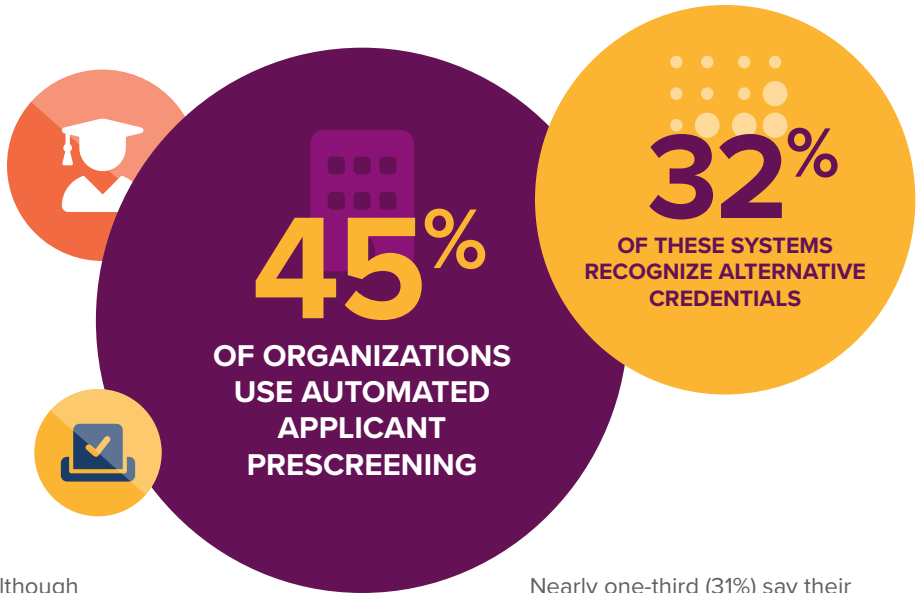


Which Type of Credentials Are Most Valued?

Executives, supervisors and HR professionals are completely aligned in considering **industry or professional certifications** the most compelling during the hiring process. These include credentials like the SHRM Certified Professional and the SHRM Senior Certified Professional, the Project Management Institute's Project Management Professional, Cisco's various network certifications, as well as many others.

Executives and supervisors also ranked **training certificates** as well as **course completion certificates** among the most compelling alternative credentials.

The remainder of HR professionals' top-three most compelling types of alternative credentials included **virtual badges requiring a passed exam** as well as **registered apprenticeships**—possibly indicating HR's appreciation of credentials that offer proof of quality.



But although employers value alternative credentials, they may not always be able to learn about them upon a candidate's initial job application. Nearly half of HR professionals (45%) say their organization uses **automated prescreening to review job applicant resumes**, but only one-third of those (32%) say their automated system **recognizes alternative credentials**.

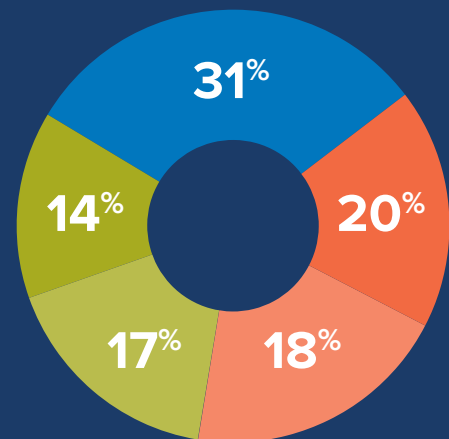
The chart below shows remarkable inconsistencies in how applicant tracking systems (ATS) handle alternative credentials, according to HR professionals at organizations using automated prescreening.

Nearly one-third (31%) say their organization's ATS only allows applicants to indicate these credentials in a general section. Only 18% say their ATS asks specific questions, and 20% say their ATS has a designated section for manually entering credentials. Just 14% say their ATS has a designated section that auto-fills from the resume. And about one-fifth (17%) say they aren't sure how their organization's ATS allows applicants to indicate alternative credentials.

Such inconsistency offers a clear opportunity for both HR and the providers of applicant screening tools to improve the ways alternative credentials are captured in the application process.

HOW APPLICANT TRACKING SYSTEMS HANDLE ALTERNATIVE CREDENTIALS

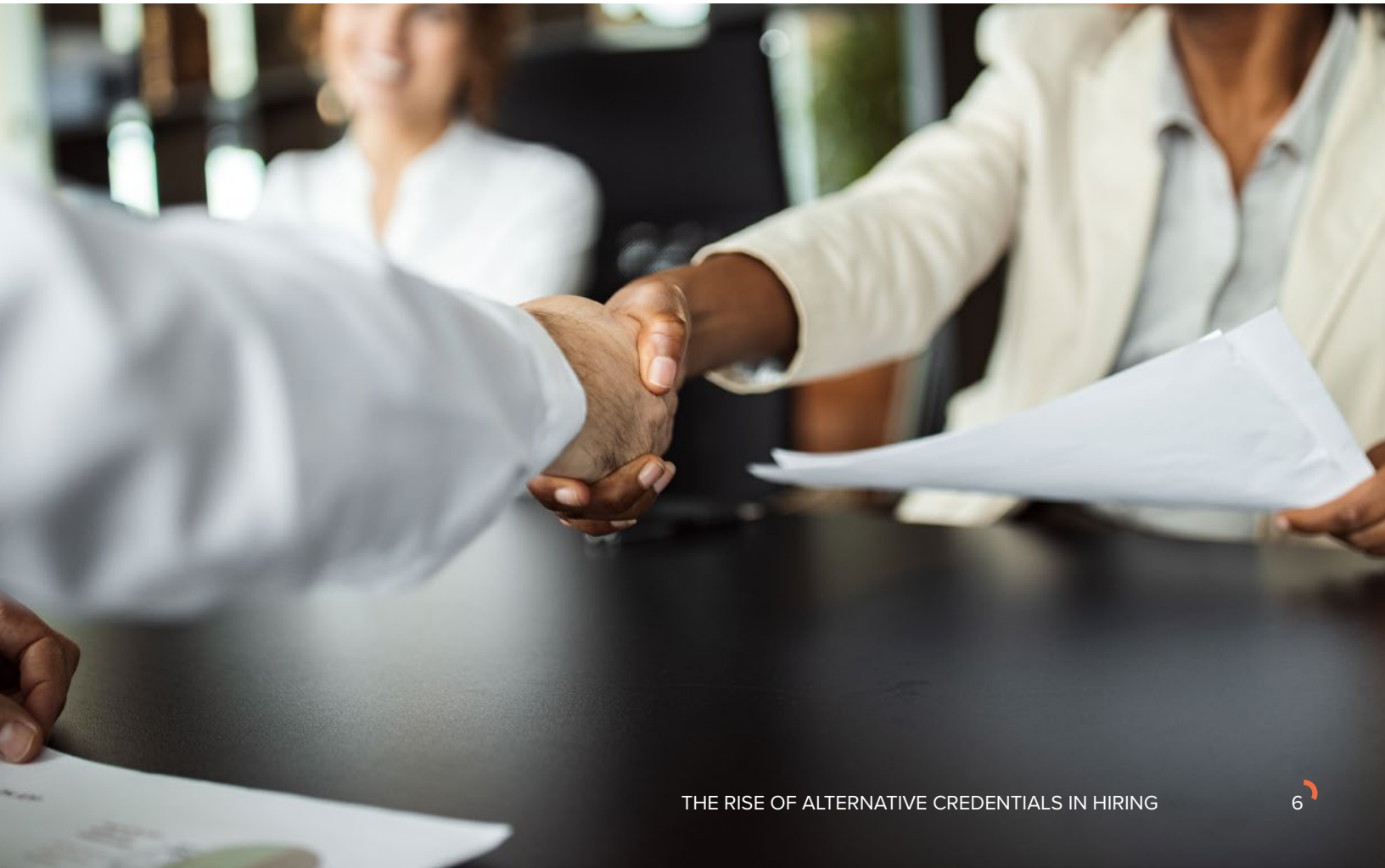
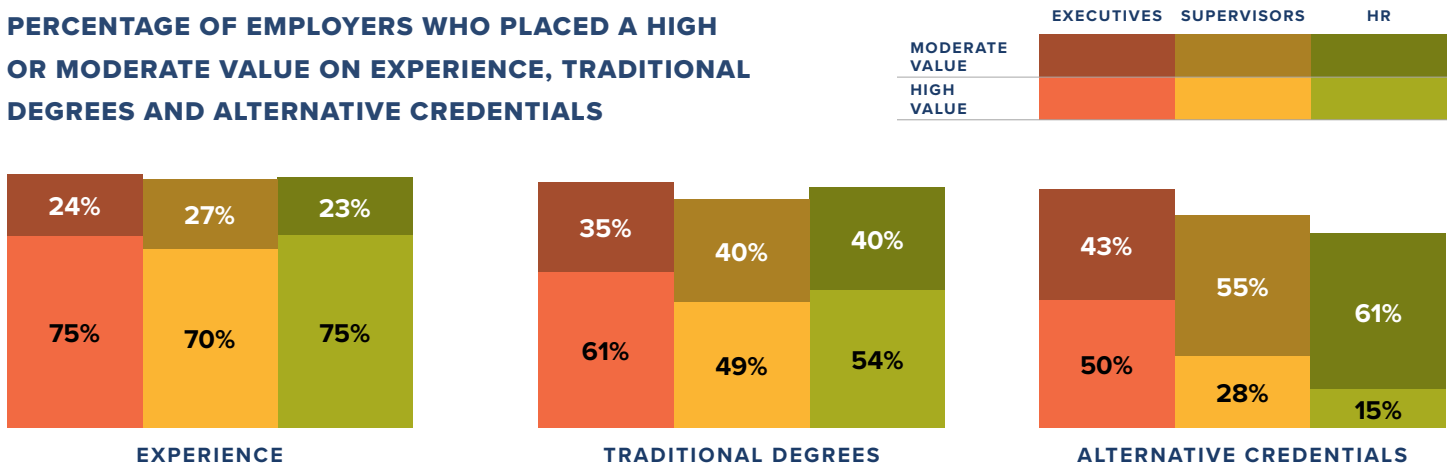
General section for additional info	31%
Specific questions	18%
Designated section - manual entry	20%
Not sure	17%
Designated section - auto-fill	14%



How Do Alternative Credentials Compare to Other Qualifying Factors?

Although all three employer groups found alternative credentials valuable in general, they still consistently valued work experience and traditional degrees highly when putting them side-by-side with alternative credentials, as the chart below illustrates:

PERCENTAGE OF EMPLOYERS WHO PLACED A HIGH OR MODERATE VALUE ON EXPERIENCE, TRADITIONAL DEGREES AND ALTERNATIVE CREDENTIALS



Alternative credentials were also ranked lower by all employer groups when forced to choose among a larger list of criteria considered important for making hiring decisions. Alternative credentials were just out of the top five for executives but were ranked much lower by both supervisors and HR professionals:

HOW ALTERNATIVE CREDENTIALS RANK IN IMPORTANCE DURING HIRING DECISIONS		
EXECUTIVES	SUPERVISORS	HR PROFESSIONALS
1 Experience	Experience	Experience
2 Educational background	Work history	Cultural fit (i.e., candidates would fit in)
3 Listed skills or competencies	Educational background	Work history
4 Work history	Listed skills or competencies	Educational background
5 Candidate performance during interviews	Candidate performance during interviews	Candidate performance during interviews
6 Alternative credentials held	10 Alternative credentials held	11 Alternative credentials held

A somewhat different picture emerges, however, when workplace leaders were asked to do a one-to-one comparison of job candidates who only hold alternative credentials versus candidates with only traditional educational backgrounds.

With regard to having the skills necessary for the job, those holding only alternative credentials are seen to be **about the same or better** than those who only hold traditional educational backgrounds by the vast majority of executives (94%), supervisors (93%) and HR professionals (91%).

When it comes to how new hires with only alternative credentials **perform once they**

begin the job, almost all executives (95%), supervisors (94%) and HR professionals (95%) believe they will perform **about the same or better** than those who only hold traditional educational backgrounds.

Employers also felt on the whole (95% of executives, 92% of supervisors and 91% of HR professionals) that candidates who only hold alternative credentials **are just as or more likely to stand out in their role** than those who only hold traditional educational backgrounds.

About the same percentages (95% of executives, 94% of supervisors and 94% of HR professionals) felt credentialed-only candidates would **be able to share skills to**

develop other employees about the same or better than those only holding traditional educational backgrounds.

In addition, employer group responses were mostly positive when they were asked **how comfortable they are recommending someone for an interview** if the applicant only held an alternative credential, but no traditional education (assuming all other job requirements were met). Three-quarters of executives (75%), over two-thirds of supervisors (68%) and nearly two-thirds of HR professionals (63%) said they would be comfortable with the recommendation.

What Is Preventing Wider Acceptance of Alternative Credentials in the Hiring Process?

When asked to identify what might prevent them from using alternative credentials in the hiring process at their organizations, employers cited several specific barriers, including the following:



The quality among alternative credentials is too varied.



It is not always clear what skills were learned through the alternative credential.



The organization is unsure how to evaluate alternative credentials and their equivalencies to other minimum qualifications.

Executives and supervisors most often cited inconsistent quality among alternative credentials—a general observation about the credentials marketplace—while HR focused more on their impact on employee performance directly, such as the actual skills learned and how they as HR professionals could evaluate credentials and compare them to other job qualifications.

Here is how the employer groups ranked the barriers by importance:

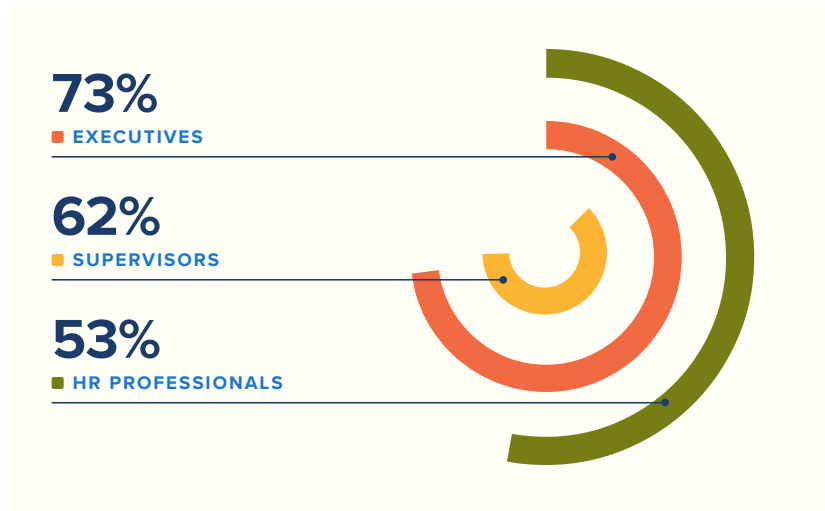
EXECUTIVES		SUPERVISORS		HR PROFESSIONALS	
Quality among alternative credentials is too varied	44%	Quality among alternative credentials is too varied	34%	It is not always clear what skills were learned through the alternative credential	54%
Those who have alternative credentials without traditional education do not have the combined skills needed for job success	37%	It is not always clear what skills were learned through the alternative credential	33%	My organization is unsure on how to evaluate alternative credentials and their equivalencies to other minimum qualifications	39%
There are too many alternative credentials to keep track of which ones meet job requirements	31%	My organization is unsure on how to evaluate alternative credentials and their equivalencies to other minimum qualifications	28%	Quality among alternative credentials is too varied	39%
My organization is unsure on how to evaluate alternative credentials and their equivalencies to other minimum qualifications	29%	My organization is unsure on how to evaluate the candidate skill level achieved through the alternative credential	28%	My organization is unsure on how to evaluate the candidate skill level achieved through the alternative credential	39%
It is not always clear what skills were learned through the alternative credential	27%	Those who have alternative credentials without traditional education do not have the combined skills needed for job success	27%	My organization is unsure on how to evaluate credentials when determining candidate starting salary	30%

Again, this may be a strong sign that more work is needed to understand what specific capabilities alternative credentials provide to the holder and how they compare to other qualifications.

*When asked if their organization would be more accepting of alternative credentials meeting job requirements if the quality of credentials was more consistent, **77% of executives, 67% of supervisors and almost half of HR professionals (49%)** agreed.*

Likewise, employers also felt that if there was a method for verifying the quality of alternative credentials, such as an online verification database or something similar, alternative credentials would be seen as more valuable.

This view was held by:



In considering barriers employees might face in earning alternative credentials, executives (53%) and supervisors (38%) showed much greater concern than HR (18%) that they are too expensive for what is gained.

Many executives (48%) also believe alternative credentials take too long to achieve. Supervisors were less likely to agree (34%, with 37% disagreeing). Only 5% of HR professionals agreed that credentialing takes too long, with 65% disagreeing. The divergence of HR on both concerns may be that generally, investing time and money is viewed differently by executives and supervisors than HR, who possibly see the issue as more complex.



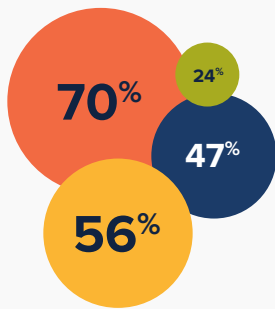
Can Alternative Credentials Be Equivalent to Other Qualifications?

By way of background, most executives and supervisors feel that both experience and education requirements on job postings are excessive. HR professionals were less likely to agree that education and experience qualifications are excessive, perhaps because they are commonly involved with determining what is included on job descriptions as well as possibly being involved in the initial evaluation of individuals' skills.

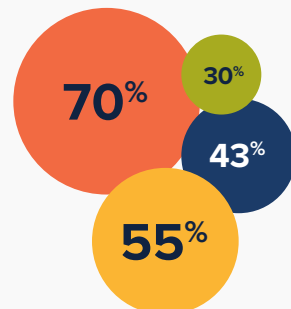
EDUCATION AND EXPERIENCE REQUIREMENTS ON JOB POSTINGS ARE EXCESSIVE (% AGREE)

EXECUTIVES SUPERVISORS HR PROFESSIONALS WORKERS

EXPERIENCE REQUIREMENTS ARE EXCESSIVE



EDUCATION REQUIREMENTS ARE EXCESSIVE



Nearly half of workers agree that experience requirements are excessive, and over 4 in 10 agree that education requirements are excessive. Although this is less than either supervisors or executives, this may be less surprising when you consider that the workers surveyed were currently employed and may place a higher value on their hard-earned education and experience rather than devaluing what may have earned them the job.

Regardless of potential reasons, the chart above shows that large proportions of employers and workers agree that some job requirements are higher than necessary.

When comparing alternative credentials to other qualifications, most executives (79%) and supervisors (61%) at organizations that currently use alternative credentials for hiring say their

organization **treats them as equivalent to other qualifications at times**, but HR professionals are split on whether their organization actually does this (38%) or not (43%). Nearly 1 in 5 HR professionals (19%) aren't sure whether or not this is done.

Most employers (82% of executives, 73% of supervisors and 69% of HR professionals) are also **willing to add alternative credential equivalencies to education or experience requirements** for jobs at their organization.

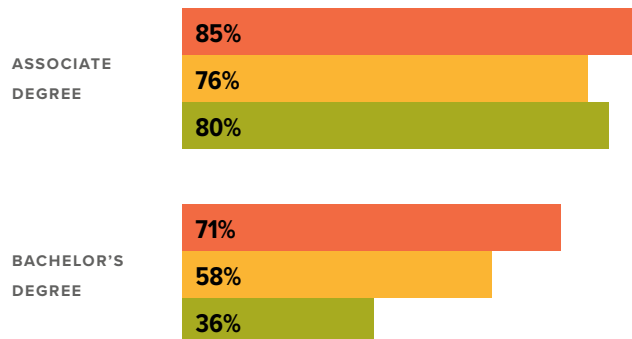
Employers were further asked to share their thoughts on which levels of education and experience they believe might be seen as equivalent to certain alternative credentials.

Equating Education and Alternative Credentials:

As the chart below shows, most in the employer groups felt that certain alternative credentials could equate to associate degrees, but fewer would consider them comparable to a bachelor's degree. This is understandable, but the percentage of employers that would equate a bachelor's degree with credentials is still notably high. It may be that the respondents were thinking of certain specific credentials when making the assessment of equivalency, which indicates the need to study further the requirements for earning specific credentials and how they might compare to a completed degree.

PERCENTAGE OF EMPLOYER GROUPS AGREEING CERTAIN ALTERNATIVE CREDENTIALS EQUATE TO EDUCATION

EXECUTIVES SUPERVISORS HR PROFESSIONALS



Employers most often selected the following factors as among the most important if considering an alternative credential to be equivalent to a certain level of **required education**. The **type of skill** the alternative credential represents—and if it **requires work experience**—were consistently rated as some of the most important factors in equating an alternative credential to a certain level of education. The **reputation of the provider**, and **if the credential was earned through an industry-relevant organization**, were the next most consistently important factors:

CONSIDERATIONS FOR EQUATING ALTERNATIVE CREDENTIALS TO FORMAL EDUCATION					
EXECUTIVES		SUPERVISORS		HR PROFESSIONALS	
Type of skill the alternative credential represents	35%	Type of skill the alternative credential represents	37%	If there is an exam or test to receive the alternative credential (i.e., some people fail)	59%
If the alternative credential requires actual work experience	29%	If the alternative credential requires actual work experience	30%	If the alternative credential was earned through an industry-relevant organization	46%
The reputation of the alternative credential provider	27%	The reputation of the alternative credential provider	27%	Type of skill the alternative credential represents	45%
If the alternative credential was earned through a college or university	27%	If the alternative credential was earned through an industry-relevant organization	27%	The reputation of the alternative credential provider	41%
If the alternative credential was earned through an industry-relevant organization	25%	If there is an exam or test to receive the alternative credential (i.e., some people fail)	25%	If the alternative credential requires actual work experience	33%

The divergence of HR potentially underlines the same issue noted previously: that HR professionals are “in the trenches” when evaluating candidates and therefore may seek proof of quality, such as an exam or connection to a specific industry.

Equating Work Experience and Alternative Credentials:

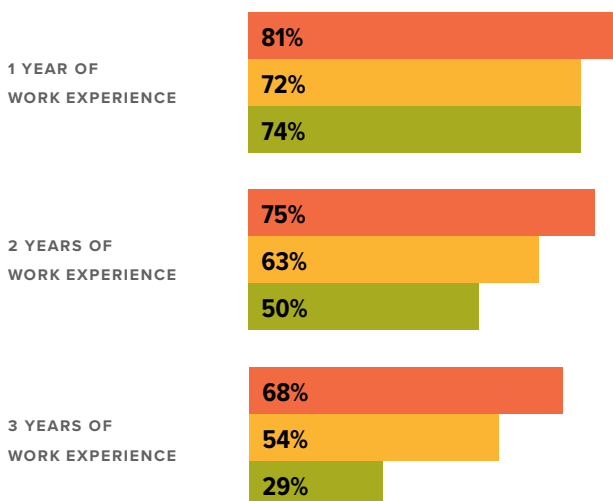
When weighing work experience against alternative credentials, the picture is similar. Most from the employer groups also believe that certain alternative credentials can be equated with a particular amount of **work experience**.

Unsurprisingly, the percentage of workplace leaders equating credentials to work experience declines with an increase in the number of years of experience being considered. Still, the willingness of the majority of executives

and supervisors to equate credentials with up to three years of work experience is significant, and again points to the need to determine which credentials are really equivalent to years of work experience, as illustrated in this bar graph:

PERCENTAGE OF EMPLOYER GROUPS AGREEING CERTAIN ALTERNATIVE CREDENTIALS EQUATE TO YEARS OF WORK EXPERIENCE

EXECUTIVES SUPERVISORS HR PROFESSIONALS



As the table below shows, the most important factors in equating an alternative credential to a certain level of experience are whether **the alternative credential requires work experience** and the **type of skill it represents**, followed by whether there was **an exam or test** and the **reputation of the provider**.

CONSIDERATIONS FOR EQUATING ALTERNATIVE CREDENTIALS TO WORK EXPERIENCE					
EXECUTIVES		SUPERVISORS		HR PROFESSIONALS	
If the alternative credential requires actual work experience	32%	Type of skill the alternative credential represents	35%	If there is an exam or test to receive the alternative credential (i.e., some people fail)	52%
Type of skill the alternative credential represents	32%	If the alternative credential requires actual work experience	31%	Type of skill the alternative credential represents	49%
The reputation of the alternative credential provider	26%	If the alternative credential was earned through an industry-relevant organization	27%	If the alternative credential requires actual work experience	44%
If the alternative credential was earned through a college or university	25%	If there is an exam or test to receive the alternative credential (i.e., some people fail)	25%	If the alternative credential was earned through an industry-relevant organization	41%
If there is an exam or test to receive the alternative credential (i.e., some people fail)	25%	The reputation of the alternative credential provider	24%	The reputation of the alternative credential provider	31%

It's interesting to note that when equating alternative credentials to both education and work experience, three of the top four considerations were consistent. As workplace leaders and alternative credential providers look to improve what credentials mean and what they offer, those three considerations—**(1)** requiring work experience, **(2)** the type of skill represented and **(3)** the reputation of the alternative credential provider—offer good starting points for determining what is most attractive to employers when considering alternative credentials and their equivalencies to work experience and education. If alternative credential providers wish for their credentials to be more readily accepted as potential equivalencies to education or work experience requirements, they should focus on these areas in order for their credentials to garner greater acceptance from employers. Likewise, individuals

interested in pursuing alternative credentials may want to focus their efforts on those credentials and providers that address these same areas in order to increase their chances of employers seeing them as qualified for jobs.

As the speed of technology and workplace innovations continues to evolve—along with new types and classes of jobs emerging—workers must learn skills quickly to keep up. So while alternative credential providers need to make evaluating quality easier and more transparent, employers must be committed to addressing the barriers in evaluating alternative credentials compared to other job qualifications. This better ensures they do not miss out on hiring qualified talent and providing them an opportunity to contribute their skills to the success of the organization.

For Further Consideration

Including Alternative Credentials in Hiring and Promotion Can Increase Diversity, Equity and Inclusion

The majority of executives, supervisors and HR professionals believe that including alternative credentials in their hiring decisions can improve workplace diversity.

By expanding qualifications beyond academic degrees and specific years

of experience, organizations can open their doors to untapped sources of talent: people who did not receive a formal higher education and others with nonlinear or nontraditional work histories, like veterans, people who were formerly incarcerated and homemakers returning to the workplace. Older workers, too, can develop marketable new skills by earning alternative credentials.

When asked if recognizing alternative credentials would increase their organization's ability to hire more diverse candidates, about three-quarters of executives (79%) and supervisors (74%)

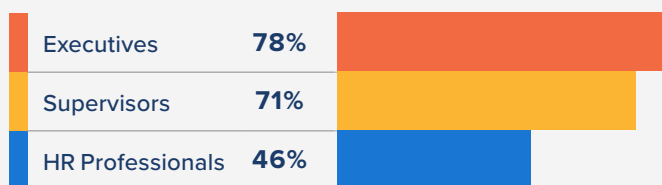
agree, as well as more than half of HR professionals (55%).

When employers recognize alternative credentials, it becomes easier for diverse candidates to obtain employment, according to 81% of executives, 71% of supervisors and 59% of HR professionals.

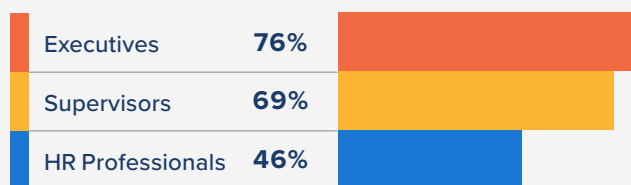
They also agree, as the charts show below, that recognizing alternative credentials would increase their organization's ability to promote a more diverse group of candidates and open more opportunities for these candidates to obtain leadership positions within the organization.

PERCENTAGE OF EMPLOYER GROUPS AGREEING ON IMPLICATIONS TO DIVERSITY THROUGH RECOGNIZING ALTERNATIVE CREDENTIALS

WOULD INCREASE THE ORGANIZATION'S ABILITY TO HAVE MORE DIVERSITY IN THE LEADERSHIP RANKS



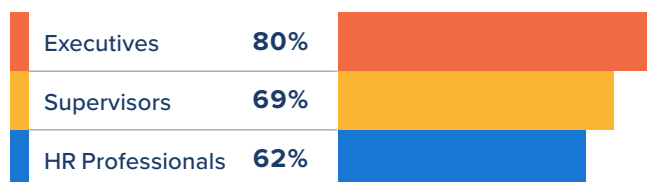
WOULD INCREASE THE ORGANIZATION'S ABILITY TO PROMOTE MORE DIVERSE CANDIDATES



Alternative Credentials and Career Development

A majority of all employer groups—88% of executives, 76% of supervisors and 78% of HR—report their organization encourages employees to pursue alternative credentials as part of their career development or career interests. Most also view employees with alternative credentials more favorably when considering promotions or completing succession planning activities.

EMPLOYERS WHO AGREE EMPLOYEES WITH ALTERNATIVE CREDENTIALS ARE VIEWED MORE FAVORABLY WHEN CONSIDERING PROMOTIONS OR SUCCESSION PLANS



SHRM conducted research on employer and employee views of alternative credentials and their use in employment processes. Data was gathered from the following four respondent groups:

Executives: A sample of 500 U.S. executives was surveyed online from July 15 to July 23, 2021. Respondents were sourced from Lucid.

Supervisors: A sample of 1,200 U.S. supervisors (i.e., workers who supervise one or more employees) was surveyed from July 15 to July 22, 2021. Respondents were sourced from Lucid.

HR Professionals: A sample of 1,129 U.S. human resource professionals was surveyed from July 14 to August 8, 2021. Respondents were sourced from 60,606 SHRM members invited via e-mail to participate in a survey, yielding a response rate of approximately 1.9%.

Workers: A sample of 1,525 U.S. workers without direct reports was surveyed online from July 13 to August 24, 2021. Respondents were sourced from Lucid. Data was collected using quota sampling on gender, age, race, education and census region, and was weighted to be representative of the U.S. working population.



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About the SHRM Foundation

The SHRM Foundation is the 501(c)(3) charity affiliate of the Society for Human Resource Management (SHRM) and is supported by tax-deductible donations from individuals, groups and organizations that are committed to empowering HR professionals to build inclusive organizations. Visit us at shrmfoundation.org

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Disclaimer:

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