



Fulfilling Organizational Talent Needs Through Microcredentials

Lessons for organizations and business schools on optimizing microcredentials for lifelong learning

Professional development is a key component for successful employee development. Although presently, most organizations require a college degree or some post-high-school education in their job openings, learning is also expected to be continuous throughout an individual's career. Such lifelong learning is critical for employees to keep up with skill set demands and remain relevant throughout their careers.

Shifting demands for different skill sets brought about by the COVID-19 pandemic created new ways to approach educational opportunities in business. While traditional four-year degrees are still required for most fields and leadership levels, microcredentials are gaining momentum as indicators of skill attainment, especially in industries and roles where competencies change rapidly. For fields such as technology or web development, employees don't have the luxury of time; they need opportunities for skill building in ways that are more on-demand and flexible than what many traditional degree programs allow.

Microcredentials that can be earned in a flexible manner, whether in delivery or at the learner's desired pace, present an attractive option for employee development. Such credentials can complement degree-based learning with shorter, less resource-intensive skill development along specific subjects, customized to learners' personal needs or interests. As companies seek ways to ensure relevance in their employees' competencies and encourage continuous learning, they increasingly view business schools as ideal partners. Business school degree offerings build the foundational skills employers look for in candidates, while their microcredential programs help develop specific skill sets that complement degree learning and provide lifelong educational opportunities.

In July 2021, AACSB International (AACSB) partnered with CMSWire to survey the ongoing demand for and opportunities around microcredentials in employee development. We sought feedback from professionals at and above the manager level at organizations with at least 500 employees. Over 400 respondents shared their thoughts with us. Of those, 58 percent are at or above the director level, giving us a glimpse of what leaders think about this topic. Additionally, 34 percent of respondents work at organizations with some global presence, giving us diverse world perspectives.

This paper is intended to provide a glimpse into the role of microcredentials—how organizations view them, their place within traditional degree offerings, and how business schools can continue to tailor program offerings and learning opportunities to better suit organizational needs.

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Key Findings

- Microcredentials are **ubiquitous** among enterprise organizations.
 - ▶ **81%** of organizations surveyed currently use microcredentials.
 - ▶ There is a role for **degree-based** and **microcredential-based** learning opportunities to **coexist**. Degrees continue to be important and desirable to employers in finding quality candidates, but microcredentials can play an important role in employee development, at all levels, by providing flexible and in-time learning opportunities for desired skill set development needs.
- There's a tremendous **opportunity** for organizations to partner with business schools to achieve learning goals.
 - ▶ Top considerations for partnering with a microcredential provider are:
 - Evidence of assurance of learning/high quality: **59%**
 - Flexibility/customizability of offerings: **53%**
 - Resources/associated costs for development and delivery: **47%**
- **Business schools are well-positioned** to partner with organizations and design microcredentials that address organizational requirements of and career development opportunities for lifelong learners.
 - ▶ Business schools have **experienced faculty, curriculum, assurance of learning, and infrastructure** in place to support organizations in developing their own microcredential programs.
 - ▶ Specific benefits of microcredential learning compared to other forms of employee skill development include:
 - Flexibility: **48%**
 - Customization options: **47%**
 - Access to diverse expertise/subject matter expertise: **44%**

Demographics in Brief

For full demographics information, see Appendix.

The Future of Microcredentialing survey received 427 responses.

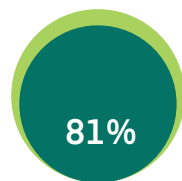
- **58%** of respondents are at or above director level.
- **34%** of responding organizations have some global presence.
- **31%** of responding organizations have more than 5,000 employees.
- **30%** of respondents work in the healthcare, manufacturing, and business services industries.

The State of Microcredentials in Employee Skill Development

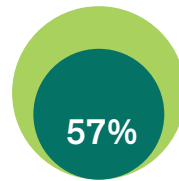
Overview

Traditional university-based degrees have long been a prerequisite for entry to careers in various industries and job levels. Since the digital badge movement of the mid-2010s, microcredentials have gained prominence among employers, learners, and educational institutions. As talent development needs continue to evolve with market shifts and new innovations in educational delivery continue to unfold, the way employers approach employee professional development will also likely change.

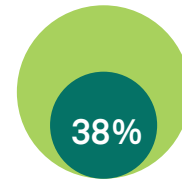
Microcredentials: Who, Why, and How



currently use microcredentials for professional employee development.



say **most** roles have microcredential requirements.



say **some** roles have microcredential requirements.

While microcredential expectations apply to nearly every employee level, some variation exists in which credentials are preferred at different organizational levels. For leadership roles, a consolidated degree like an MBA continues to be a preferred credential, followed by a combination of degrees and microcredentials. Within the lower ranks of an organization, there is greater acceptance of a variety of ways to show skill attainment. For example, survey results suggest that microcredentials are a preferred skill credential for both team managers and entry-level positions, followed by a combination of degree and microcredentials.

Of organizations not currently using microcredentials for professional development, 26 percent plan to start in the next three years.

Microcredentials and Degrees: Working in Tandem

Despite these preferences, demand for traditional degrees continues to be high among employers. While 26 percent of respondents say their organizations plan to use microcredentials in the next three years, more than two-thirds of respondents (67 percent) believe their organizations will be either moderately or significantly more reliant on four-year degrees for hiring in the near future. Together, microcredentials and degree programs can address specific skill gap needs and play an important role in skill development—especially at higher leadership levels, with consolidated degrees continuing to be relied upon for candidate hiring. Thirty-five percent of respondents expect to be significantly more reliant on four-year degrees for hiring in the near future, with an additional 32 percent being moderately more reliant on degrees.

Traditional degrees and microcredentials each address unique skill development needs, and in an ideal lifelong learning environment, the two should coexist. Degrees cultivate the foundational knowledge necessary for many individuals' career aspirations, while microcredentials can provide more flexible and just-in-time skill development opportunities for specific market or industry changes or demands. Organizations will continue to rely on the four-year degree, both at the leadership level and below, for certain roles. At the same time, businesses are enthusiastic about the possibilities offered by microcredentials.



Lessons for Organizations

How organizations can work together with business schools to achieve maximum success with microcredentials

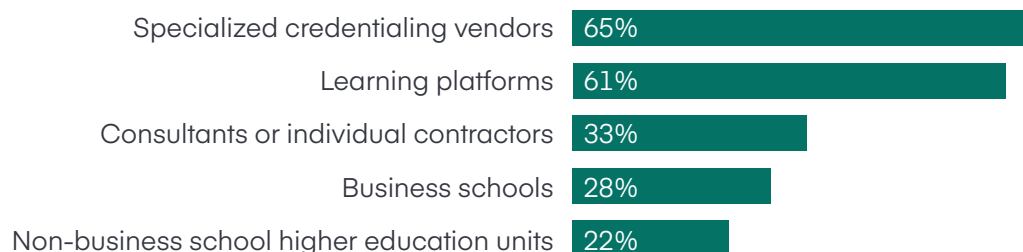
Overview

According to survey respondents, 90 percent design or create their own microcredentials for employee and professional skill development. But exactly how do they do it? While many organizations design their own microcredentials, they often need to partner with a specialized credentialing vendor to optimize their programs. This need to partner provides business schools with an inroad to ensure that microcredential offerings are built to organizational specifications.

Finding Trusted Partners

When organizations deliver microcredentials, who do they choose to partner with? According to survey respondents, the most popular partner is a specialized credentialing vendor, such as a digital badge provider. Learning platforms are the next most popular, followed by consultants and individual contractors, business schools, and non-business school higher education units (Figure 1).

Figure 1: Groups that respondent organizations partner with to deliver microcredentials¹

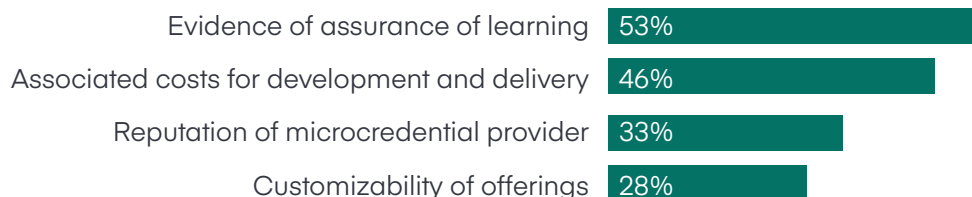


Advantages to Partnering With a Business School

While only 28 percent of respondents currently partner with business schools for microcredential delivery, 57 percent partner with business schools for employee skilling and professional development in other ways. Findings suggest that greater partnership opportunities exist for business schools and companies in developing employees through microcredentials. Organizations consider several factors when choosing a partner for their microcredential offerings, for which business schools have a competitive advantage over other vendors.

When evaluating microcredential partners, organizations look for evidence of high quality, flexibility and customizability, vendor reputation, and development and delivery costs (Figure 2). Partnering with business schools grants organizations a high assurance of learning backed by the school’s reputation. One of the biggest advantages organizations gain in partnering with business schools on microcredentials is the ability to leverage the school’s credibility.

Figure 2: Top features responding organizations consider when partnering with a microcredential provider²



97 percent of respondents believe microcredentials are useful for their employees' professional development.

Use Cases and Concepts Well-Suited to Microcredentialing

Before designing a new program or partnering with a microcredential provider, organizations should evaluate their immediate skill development needs and goals and the role microcredentials can play in fulfilling those goals.

Responding organizations presented several common use cases for microcredentials. Among these are identifying or cataloging current skills for workforce planning purposes, upskilling employees, and assuring that employees have knowledge of a particular skill. Other areas, such as requiring microcredentials for promotions, filling missing skill gaps, or reskilling, are also top use cases.

Example microcredential use cases



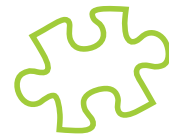
Cataloging current skills/proving skills knowledge



Upskilling/reskilling



Promotions

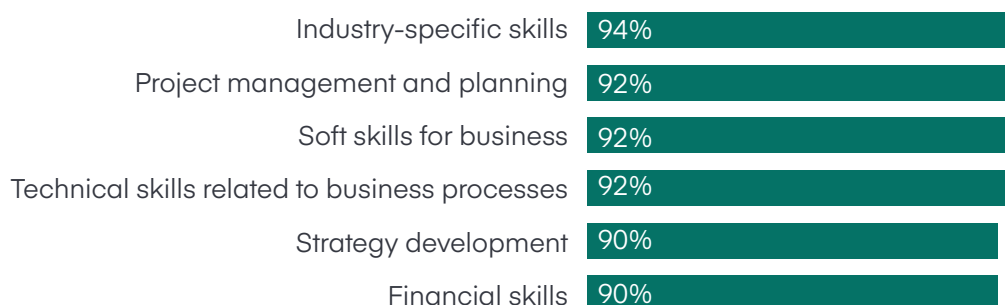


Filling skill gaps

In addition to these use cases, responding organizations identified certain business concepts and skill areas that are well-suited for microcredentialed learning. Ninety-seven percent of responding organizations said that providing microcredentials for the successful attainment of business concepts or skill areas would be either very useful or moderately useful for employee skill and professional development efforts.

Specific skills that respondents said are well-suited to be developed through microcredentials include industry-specific skills, project management skills, business-specific soft skills, and technical skills (Figure 3). Findings suggest that business schools and their business stakeholders can engage in more dialogue, allowing for better understanding of organizational skill set needs. In particular, discussions should focus on the business concepts that business schools can strongly support through microcredential offerings.

Figure 3: Business concepts and skill areas very/moderately well-suited to being developed through microcredentials



What Employees Look For

As lifelong learning continues to be an important part of employee skill and professional development, organizations must structure learning opportunities in ways that best benefit employees and enhance the organizations’ learning and development strategies. Forty-six percent of respondents believe that better aligning learning solutions with career cycles and transitions would have a high impact on their organization’s professional development needs. Microcredentialed learning that includes modules that can stack into a larger credential, or even a degree, is an attractive option for employees who value the flexibility and portability of the microcredential as well as the credibility of a degree.

Many business schools are offering, or beginning to explore, stackable credentials and modularized degree programs. Nearly three-quarters of respondents (70 percent) said that using microcredentials to help their employees attain business concepts and develop skills is very useful, making business courses and subjects well positioned for microcredentialed learning.

As employees look to organizations to create skill development opportunities that not only align with individual career paths but also result in a credential that signals skill attainment, business schools have a role in guiding the lifelong learning journey.

³ Respondents could choose more than one answer.



Lessons for Business Schools

How to work together with organizations to create successful partnerships

“Microcredentials won’t replace the four-year degree anytime soon; there’s a need for both. ... [P]rofessional development includes degrees *and* microcredentials, it’s not ‘or.’ They must coexist in order to be most effective.” —Sarah Kimmel, Vice President of Research, CMSWire

Overview

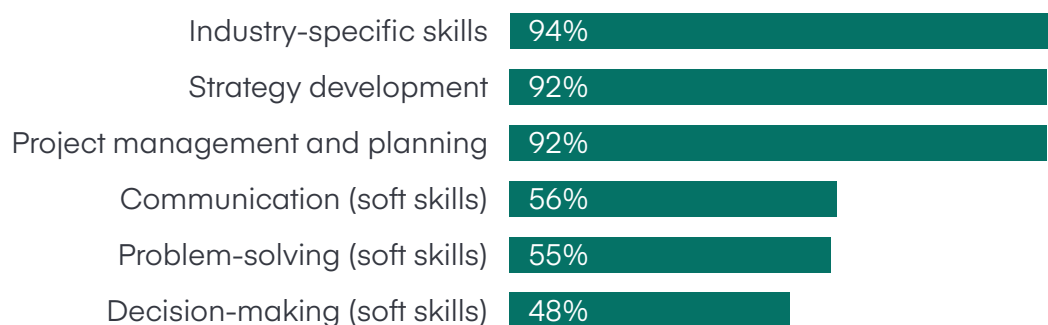
Given that organizations anticipate significant demand for employee skilling and professional development in the coming years, there’s a clear opportunity for business schools to establish strategic partnerships on microcredentials. Although 57 percent of respondents say their organizations partner with a business school for employee skilling and professional development, this number can be higher, given the many advantages that business schools can bring to the table.

Develop Programs for Desired Skill Set Needs

Organizations need employees with specific management skills, but many still believe there is a disconnect between business

school offerings and their organizational needs. Survey results suggest that business schools should focus their efforts on developing microcredentials in the skill areas that are best suited for microcredentials, primarily those that are industry-specific or focused on strategy or project management, in addition to soft skills (Figure 4). Given that many types of soft skills are universal across industries and positions and include life skills that benefit an employee throughout their career, business schools that focus on these areas would have an advantage over other vendors when it comes to partnering with organizations for professional development.

Figure 4: Skill areas well suited for development through microcredentials⁴



Microcredentials have several advantages over other forms of learning, particularly with their cost effectiveness, customizability, flexible pacing, and brand visibility of the school offering the credential. Business schools are encouraged to develop microcredential offerings that maximize the potential of these advantages.

However, organizations are not abandoning the four-year degree—demand remains high, with 67 percent of survey respondents saying they think their organization will be either significantly or moderately more reliant on traditional four-year degrees for hiring in the near future. So, while microcredentials won't replace the value of the four-year degree, they can complement degreed learning with specialized, flexible learning experiences customized to learner needs. By exploring

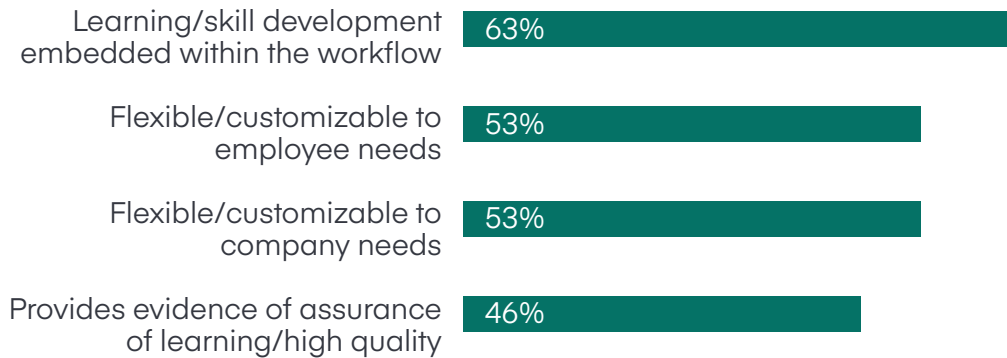
⁴ Respondents could choose more than one answer.

greater use of microcredentials that can stack into a degree, employees can engage in professional development that aligns with skill needs at specific points in their career, with the option to later build their credentials into a degree.

How Organizations Approach Skill Development

Understanding how organizations approach skill development can help business schools tailor their programs to better align with organizational needs. The ability to customize a program to address both company and employee needs is one of the top features that responding organizations consider when approaching employee skilling and professional development. Other considerations include the quality of learning and the ability for learning to be embedded in the workflow (Figure 5).

Figure 5: Top features considered within an organization’s employee learning/skill development approach⁵

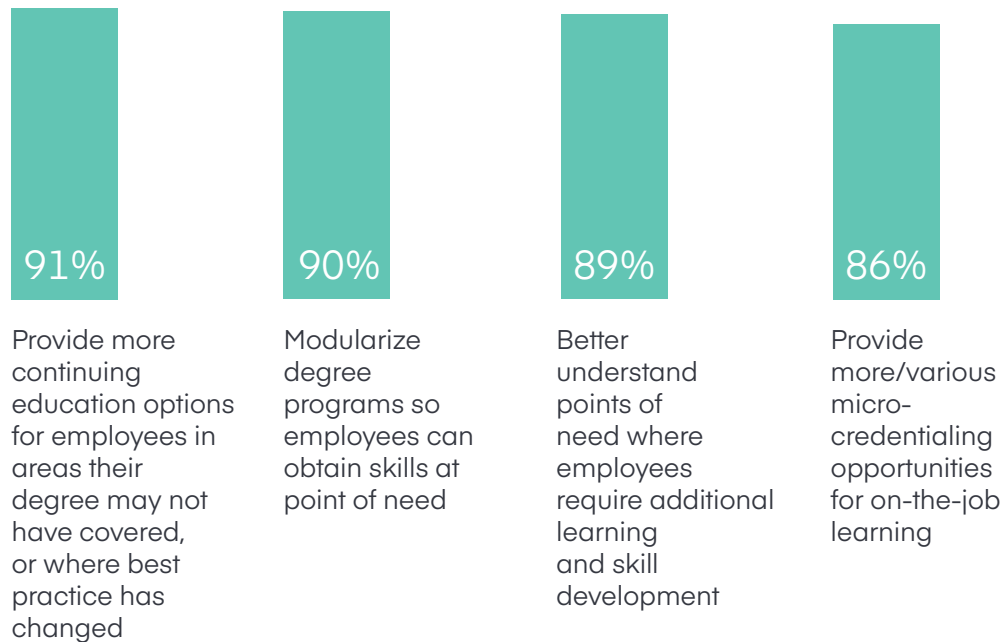


Survey respondents identified the value of certain strategies that their business school partners could engage in to better serve their employee professional development needs. First among these is for business schools to provide skills that address changing best practices or that fill gaps between skills learned in a degree program and those required on the job. Ninety-one percent of respondents rated the potential impact of this strategy on their professional development efforts as moderate to high. Other strategies that would impact employee professional development

⁵ Respondents could choose more than one answer.

include modularizing degree programs and offering more opportunities for on-the-job learning (Figure 6).

Figure 6: Strategies business schools can employ to provide a high-to-moderate impact on organizational professional development needs



Business schools must continue to think creatively and innovatively about the educational opportunities they offer, as well as their role as partners with their business stakeholders in lifelong learning. While the value of the traditional degree is not expected to wane, business schools can have a stronger role in providing shorter, more targeted, and more flexible learning opportunities.

⁶ Respondents could choose more than one answer.



Conclusion: Reflections From AACSB

“Just as business and market needs evolve, so will the types of skill and learning development opportunities available to learners and employers. AACSB’s 2020 business accreditation standards empower business schools to innovate and expand their offerings to be more inclusive of different types of learners. Microcredentials, particularly those that complement AACSB degree-based programs, offer greater access to quality learning opportunities customized to individual needs.” —Caryn L. Beck-Dudley, President and CEO, AACSB International

Lifelong learning is an important strategic area of focus in organizational talent development efforts. Organizations continue to embrace microcredentials as one path for employee skill development, especially in light of the heightened need for flexible, customizable learning opportunities brought on by the pandemic. AACSB recognizes the value and potential of non-degree learning experiences and commissioned this study to better understand how employers are using microcredentials to support upskilling efforts and where opportunity remains for greater connection between business schools and their business partners.

This study is just one part of the growing conversation around the role of microcredentials in business and lifelong learning. The survey results support AACSB's perspective that microcredentials are highly valued—especially as they coexist with degree-based learning.

Business schools and business stakeholders have a tremendous opportunity to co-create high quality learning experiences that support a wide variety of learners. For business schools, the ability to stack microcredentials into degree offerings provides several competitive advantages, including accessible, flexible, high-quality educational experiences valued by learners and employers alike. Microcredentials do not eliminate the need for a traditional degree or undermine their value; rather, they serve the important purpose of providing timely, more accessible learning options. Employers and lifelong learners have a variety of educational needs, and microcredentials offer the flexibility to support those needs. As business schools expand their offerings to meet demand, they have an important responsibility to maintain an open dialogue among all stakeholders to ensure needs are being understood and met.

Appendix

Demographics

Survey Name

The Future of Microcredentialing

Respondents

427

Respondent Department Level

- Executive leadership: **58%**
- Operations: **29%**
- Human resources: **17%**
- Administration/general staff: **13%**
- All other options below **4%** of respondents

Respondent Functional Level

- C-level: **31%**
- Vice president: **9%**
- Director: **19%**
- Manager: **42%**

Organization Size

- 500-999: **29%**
- 1,000 to 2,499: **26%**
- 2,500 to 4,999: **17%**
- 5,000 to 9,999: **12%**
- More than 10,000: **17%**

Organization Type

- Privately owned for-profit: **70%**
- Publicly owned for-profit: **16%**
- Nonprofit/not-for-profit: **6%**
- Government (state and local): **6%**
- Government (federal): **2%**

Regional Distribution

- Local (mostly located in one region): **28%**
- National (located in several regions within one country): **39%**
- Multinational (mostly located in one country with some global distribution): **18%**
- Global (highly distributed with locations around the world): **16%**

Top Represented Industries

- Business and professional services: **7%**
- Construction: **14%**
- Education: **9%**
- Government and public administration: **5%**
- Healthcare: **10%**
- Information services and data processing: **6%**
- Manufacturing: **13%**
- All other options below **4%** each of respondents

Methodology

The 2021 Future of Microcredentialing survey was conducted online by the research department of CMSWire. Responses were collected during the month of July 2021. All questions were required. Survey respondents could belong to the same organization. All answers are the personal opinions of the respondents and are not the legal position of any organization or business. No incentives were offered for survey participation. Results were aggregated to ensure confidentiality.

Numbers may not total 100 percent due to rounding.

About



AACSB

Established in 1916, AACSB International (AACSB) is the world's largest business education alliance, connecting educators, learners, and business to create the next generation of great leaders. With a presence in more than 100 countries and territories, AACSB fosters engagement, accelerates innovation, and amplifies impact in business education. Learn how AACSB is transforming business education for a better society at aacsb.edu.



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