Credly

How Digital Credentials + Skills-Based Hiring Reduce Bias in the Workplace

"Even well-intentioned people find themselves captive to systems that perpetuate biases and exclusion. By deploying tools and approaches that center on proven skills, organizations can ensure they live up to their values and create a more diverse and inclusive workplace."

Jonathan Finkelstein, Founder & CEO, Credly

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INTRODUCTION

Bias in the Workplace is Evident in a Number of Ways. Digital Credentials Can Help.

Many companies are positioning themselves for the future of work within the context of a new reality—a post-pandemic world. Wide-ranging discussions are taking place in C-suites and boardrooms about what the workplace is going to look like now and in the future. One of the most important issues raised during these discussions is bias and equity.

Traditional proxies like college degrees can lead to bias in hiring, especially when considering that two-thirds of Americans don't hold a college degree—not to mention the existing bias against people based on gender, race, ability, religion, and more. While there's heightened focus on eliminating explicit discrimination and stereotyping in recent years, bias still clearly exists—be it conscious or unconscious on the part of even the most reflective hiring manager.

In this white paper, we'll look at bias in the workplace using the latest research and statistics, highlighting how far we've come, how far we still have to go, and **how digital credentials give employers a skills-based approach to eliminating bias from the hiring process.**

Implicit + Unconscious Bias in the Workplace

Overt, explicit bias in the workplace is obvious. And the need for more diverse, inclusive, and equitable business practices has helped people feel empowered to file formal complaints and push for change. However, bias still lingers in the workplace in places that may seem hard-to-see, because of its unconscious nature.

Every person in your workplace is subject to unconscious, or implicit, bias. As people, we tend to make assumptions based on what we think we know,

whether that's based on our background, lived experiences, or personal preferences. It's called unconscious because most of the time, people aren't aware that they're making a subjective assumption.

As organizations take active steps to remove discrimination from their hiring processes, recruiters and hiring managers have a responsibility to be aware of their own unconscious biases.

Here are a few examples of unconscious bias that impact the hiring process:

Confirmation bias

Confirmation bias happens when hiring managers or recruiters base their opinions about candidates on where they're from, their name, religion, race, color, sex, age, and disability (or another federally protected category). Confirmation bias is present across industries, occupations, and employer sizes. In a study called "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," researchers sent resumes with randomized African-American and White-sounding names to help-wanted ads in Boston and Chicago. The resumes with White names received 50% more callbacks for interviews.

Even with evidence that debunks existing preconceptions, confirmation bias filters out the evidence to skew how hiring managers and recruiters consider candidates.

Affinity bias

Connections or similarities, like attending the same college, sharing career history, or liking and disliking similar hobbies, can arise during recruitment. These similarities turn into affinity bias when they're given greater importance than skills, experiences, and abilities.

One popular example of affinity bias is looking for "culture fit" rather than "culture add." Workplace culture is no longer about fitting prospective candidates into the status quo but creating equitable pathways for diverse employees.
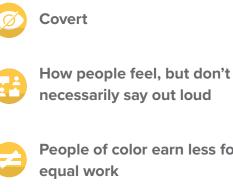
Gender bias

2.4 million women left the workforce due to the pandemic and in February 2021, women's participation in the labor force was just 55.8%. That's the same participation rate as April 1987.

Gender bias impacts women and individuals who identify as nonbinary and transgender. Its effects create sexism in the workplace and lead to men in more senior positions, preventing women and people who identify as a gender other than male or female from receiving specific roles or working in certain fields.

Gender bias affects more than how people perceive and promote non-male workers in the workplace—it determines how likely recruiters are to consider them for an open position. Research shows that women are 30% less likely to receive a call for an interview than men with the same characteristics. Our white paper, "How Digital Credentials Can Help Dismantle Gender Bias in the Workplace," offers solutions to organizations looking to redefine the pathway to promotion and re-entry into the workforce for women.

Skills-based hiring can help remove these unconscious biases so recruiters and hiring managers can make more objective hiring decisions.

Implicit + Unconscious Bias

- **Covert**
- **How people feel, but don't necessarily say out loud**
- **People of color earn less for equal work**
- **Men may be hired more often than women**
- **Harder to spot and define**

The Move Toward Skills-Based Hiring

What is Skills-Based Hiring?

Skills-based hiring involves using specific, verified skills and competencies as baseline job requirements rather than focusing solely on unreliable proxies, like a college degree or a set number of years of experience. Why shift to this hiring model? Myriad reasons exist, but they all boil down to positioning your company for the future of work with engaged employees who have the skills to excel.

The benefits of using a skills-based approach to hiring and sourcing candidates include widening your talent pool, reducing time-to-hire and human resources costs, and building a more nimble, efficient, and focused workforce.

Trends in Skills-Based Hiring

A Renewed Focus on Skills, Over Degrees

In an attempt to combat hiring bias, the White House implemented a policy mid-2020 focused on hiring based on learned skills. This policy change directs the government to reduce minimum education requirements in federal job opportunities, except for positions where such standards are legally mandated. Traditionally the primary deciding factor for hiring and advancing within the federal government, degree requirements pose an unnecessary obstacle and burden for low-income Americans and decrease their economic mobility.

According to the U.S. Census Bureau, only 26% of Black Americans hold bachelor's degrees compared to 40% of their white peers, a disparity much starker for women of color. Hiring based on where a person went to college is an outdated proxy for measuring their knowledge, skills, and abilities. Implemented as an example for organizations across the U.S., this policy change also aims to promote apprentice programs and vocational education as alternatives to four-year college degree programs.

Many leading organizations, like Google, IBM, and Oracle, have followed suit. Employers are now focusing on skills and continuous learning rather than degrees, using digital credentials to verify their candidates' skills and upskill their employees' knowledge.

Along with a renewed focus on searching for candidates with strong skill sets, employers are focusing on candidates who also show a willingness to continue to upskill and reskill to prevent skill gaps in their workforce. The concern about skill gaps is especially true in high-tech industries, where the playing field is constantly evolving. In McKinsey's 2020 study, Beyond Hiring: How Companies are Reskilling to Address Talent Gaps, 43% of respondents reported data analytics as the business area with the greatest need to address potential skill gaps. Skills in IT, mobile, and web design and management have the second greatest need.

Meeting Qualified Candidates Where They Search

Social media has quickly become the primary resource for 79% of job seekers and 92% of companies hiring candidates. And the portable nature of digital credentials is a great tool for sharing and verifying new additions to skill sets in a social media environment, where most updates are self-reported.

When a candidate shares a digital credential to their social media, it posts as a status update with a link to the details about their credential from the organization that issued it. The digital credential gives recruiters and hiring managers a reliable way to verify when a job seeker earned a credential and see the full scope of skills learned, so they can better staff their teams and projects.

Snapshot: The Shift to Skills-Based Hiring

Job postings that require a bachelor's degree ignore 74% of Black Americans—and the skills they can bring to a role.

55% of CEOs believe that the skills gap hampers their company's ability to innovate.

The average tuition for a four-year degree has increased 217% in the last 30 years, leading to the growth of two-year degrees, bootcamps, and apprenticeships as representations of people's skills beyond a four-year degree.

Apprenticeships have risen 64% from 2010 to 2020.

The number of **organizations issuing industry and workforce credentials on Credly increased 83%** during the pandemic.

Skills-Based Hiring + Digital Credentials: A Powerful Team to Combat Unconscious Bias

Powerful forces are at work to combat unconscious bias in the workplace, namely the trend toward skills-based hiring, and the importance of digital credentials fueling that trend.

Even before the pandemic hit, companies were gravitating away from traditional hiring models and moving toward a more skills-based list of criteria for hiring.

The reasons for that are many, including the high cost of student debt leading younger cohorts to reexamine the necessity of a four-year degree. This trend was heightened during the pandemic, when campus life became a non-issue as colleges and universities closed their doors and opened online learning instead. Students—and their parents—were thinking: Why pay for an expensive education if there is no campus life? It led to more students opting for less expensive two-year degrees, and supplementing those with job-specific skills education.

Another reason for the trend toward skills-based hiring came from within the workplace itself, as HR, managers, and others began to look at competencies and skills to organize teams and staff projects rather than the traditional list of education and experience. People soon realized it was a way to combat bias in hiring, and the trend shows no signs of slowing down.

Companies moving skills-based hiring to the forefront can greatly reduce bias because they are focused on hiring the talent a person can offer—any person—with the right skills because the credentials needed to perform the job have been predetermined. If the candidate can demonstrate that they hold those skills, they are considered a qualified candidate for that specific position.

But, there is one vital element that can either make or break the effectiveness of skills-based hiring: verification of those skills. People can say anything on a resume and claim knowledge and skills that they have not earned.

Third-party-verified digital credentials are the key to making skills-based hiring effective.

A skills-based hiring model that relies on verified digital credentials can help employers recognize the skills acquired by prospective and current employees for new roles, building a pipeline for internal talent mobility and external talent acquisition based on predetermined criteria.

How Digital Credentials Can Bring an Objective Lens to the Hiring Process

For the longest time, the college degree and stated work experience were the main methods of vetting a prospective employee. Digital credentials can tear down the barriers that exist in hiring by providing rigorous, consistent, and verified training that companies desperately need to fill the growing skills gap.

Hiring managers can have confidence that the candidate with digital credentials in an interview knows their stuff and can be an asset to the company. Every candidate who has focused on building their skills and can prove it with a digital credential can get the opportunity and consideration they deserve.

Bias in hiring won't disappear without a concerted effort to bring integrity and equity into the hiring process. Digital credentials are an exceptional way to do that. Through circumspection, organizations can identify the skills earners need to perform their job. By upskilling or reskilling, earners have the opportunity to increase their worth and smash through any bias barrier.

What's Next?

Bias will only disappear from the workplace with a concerted effort to eliminate it. It takes changes to policies for hiring standards, pay standardization, opportunities for employees to upskill, and promotion practices. Digital credentials are a critical component to bringing these to fruition. By creating a workplace based on a person's skills, it levels the playing field. And, makes it anybody's game.

At Credly, we are changing the way people get hired, promoted, and connected to opportunities. Contact us at sales@credly.com to find out how your talent acquisition teams and hiring managers can find the most qualified candidates via digital credentials.

About Credly

Credly is helping the world speak a common language about people's knowledge, skills, and abilities. Thousands of employers, training organizations, associations, certification programs, and workforce development initiatives use Credly to help individuals translate their learning experiences into professional opportunities using trusted, portable, digital credentials. Credly empowers organizations to attract, engage, develop, and retain talent with enterprise-class tools that generate data-driven insights to address skills gaps and highlight opportunities through an unmatched global network of credential issuers.