2021 Value of IT Certification

Employer Report

A deeper look at the importance and impacts of IT certification for organizations.

Pearson VUE

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Overview

In our most recent Value of IT Certification survey, we learned that more than ever, the IT community places a great deal of value on certification and credentialing. For many, it's a pursuit that becomes a passion, a lifelong commitment to learning — so much so that candidates frequently finance that pursuit on their own. But in the results of that same survey, we noticed a shift taking place.

Employers, challenged to build teams that can keep up with the pace of technological advancements and frustrated by the resulting skills gaps, were considering anew the value that IT certifications might offer. And as they realized outcomes like improved quality of work, productivity, efficiency, innovation, and the ability to mentor others, the downstream impacts to profitability began to reveal themselves as well.

Intrigued by this development, we decided to investigate further, surveying IT managers and hiring decision makers to see if this was a temporary trend or something with staying power. The results suggest it's the latter, with organizations now actively investing in learning and development programs, supporting certification initiatives, and seeing positive impacts that benefit their employee base and bottom line.

4.3 MILLION
jobs could be left unfilled by 2030, casualties of the tech talent shortage[1]

[1]Korn Ferry Institute, Future of Work: "The Global Talent Crunch," Spring 2018.

Key findings

1. Employers are prioritizing upskilling efforts.

63% OF ORGANIZATIONS
surveyed cover all IT staff training and credentialing costs

2. IT certification helps employers find and hire the best talent.

60% OF IT MANAGERS stated
that job applications with IT certifications are significantly more likely to be reviewed

3. Employees with IT certifications outperform their non-credentialed peers, leading to a measurable return on employer investment.

66% OF IT MANAGERS
said employees with IT certifications produce higher quality work

A shortage of tech talent.
An alarming economic impact.
A shift from awareness to advocacy.

A growing deficit of technology talent is negatively impacting the global economy and creating costly skill gaps in the IT industry. Korn Ferry's Global Talent Crunch study estimates the gap between future talent supply and demand in 20 major economies across three sectors: 1) financial and business services, 2) technology, media, and telecommunications (TMT), and 3) manufacturing.

If left to run its course, this shortage will create 85.2 million unfilled jobs by 2030 and nearly $8.5 trillion (U.S.) in unrealized annual revenue. Technological advancement across all economic sectors could be hindered by an acute global labor shortage of 4.3 million TMT workers by 2030.[2]

In an even more dire analysis, research from IDC predicts that by 2022, monetary losses resulting from IT skills gaps will be $775 billion worldwide. Put in perspective, IDC estimated the financial impact of skills gaps in 2019 to be $302 billion — an increase of 157% in just three years.[3]

To mitigate the financial losses, employers have increased employee upskilling investments. According to Global Knowledge's "2020 IT Skills and Salary Report," 80% of North American managers and 78% worldwide report skills gaps.

In terms of productivity, **67% of IT decision makers believe skills gaps cost their employees between three and nine hours of work per week**. Twelve percent say the cost is north of 10 hours per employee per week. If an IT professional is losing an average of 10 productivity hours per week to skills gaps, that's equivalent to 520 hours per year. With the average North American IT salary at $115,906, that's nearly $29,000 wasted per employee. Add in the opportunity costs of not training employees to overcome business challenges and the losses are even more substantial.[4]

The U.S. will lose

$162 billion
(in unrealized output)
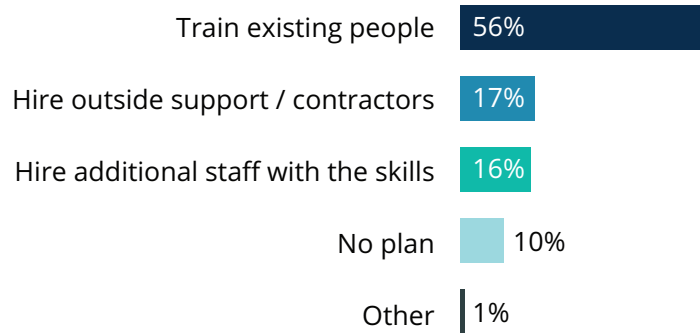by 2030 due to technology
skills shortages[2]

[2]Korn Ferry Institute, Future of Work: "The Global Talent Crunch," Spring 2018.
[3]International Data Corporation's Future Scape: "Worldwide Services 2020 Predictions"
[4]Global Knowledge, 2020 "IT Skills and Salary Report"

Given the expense associated with hiring—new talent can cost $4,000 or more per candidate, while developing existing employees costs between $1,200 and $1,400—many employers have increased their focus on upskilling and reskilling initiatives.[5] When asked how they'll respond to rising skills gaps, 56% of IT decision makers said they'll train their existing staff. This is an increase of 17% from last year, signaling that many may be starting to understand that hiring isn't a viable solution to skill shortages. Upskilling current employees reduces the need to go outside the organization for new talent, plus it's a great way to invest in an existing team.

How managers plan to handle skills gaps

Train existing people	56%
Hire outside support / contractors	17%
Hire additional staff with the skills	16%
No plan	10%
Other	1%

Source: Global Knowledge, "2020 IT Skills and Salary Report"

63% OF IT DECISION MAKERS represent companies that provide formal training for employees, an increase of 4% from 2019.[6]

[5]Josh Bersin, "Rethinking the Build vs. Buy Approach to Talent," October 2020.
[6]Global Knowledge, 2020 "IT Skills and Salary Report"

A 2021 Pearson survey of hiring decision-makers and learning and development (L&D) professionals clearly showed that companies have prioritized their investments in employee skilling by formalizing L&D programs.

Many are using L&D for employee retention, and most feel strongly that it will become even more of a priority in the future.[7] The report also concluded that employers understand providing employee learning opportunities is the key to building a strong workforce, and many are putting employees at the heart of their L&D strategy.

Increases in formalized L&D programs, 2019-2021

Which of the following best describes your organization's policy/strategy around learning and development?

44%
46%
39%
35%

'19   '21   '19   '21
US (n = 600)   UK (n = 615)
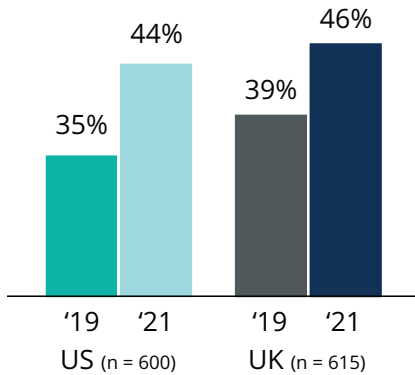
The organization has a formal, centralized policy, and strategy that is the same across the markets in which we operate.

Source: Pearson The Currency of Learning 2021 Employer Research Report

The importance of L&D will continue to increase

When you think about the next two years, do you think learning and development will be...

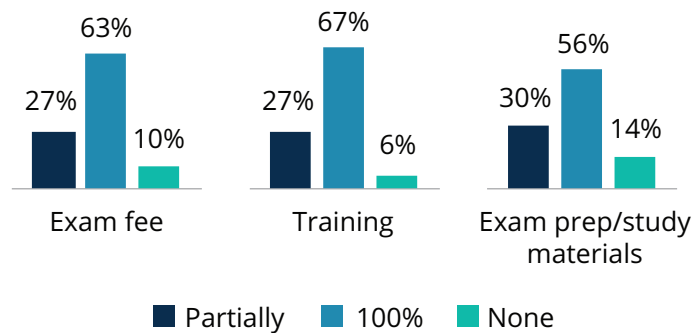|	More of a priority at your company	No change	Less of a priority
US	65%	19%	16%
UK	65%	18%	18%
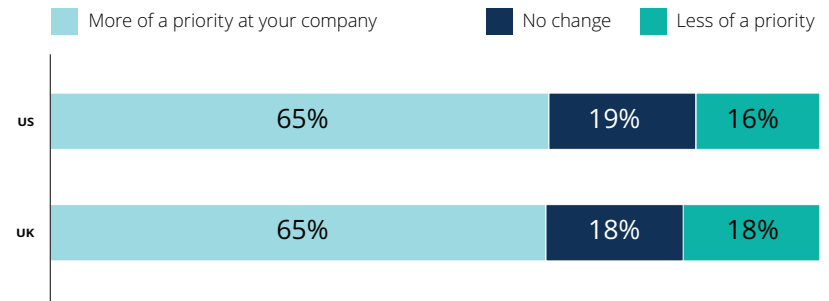
Source: Pearson The Currency of Learning 2021 Employer Research Report

Investments in upskilling

IT certification and recertification play a vital role in corporate upskilling initiatives. More than ever, employers are prioritizing corporate upskilling initiatives, both encouraging certification efforts and covering the costs of IT credentialing, saying it brings a "tremendous amount of transferable value" to teams and organizations.[8]

More than half of companies represented in the survey cover 100% of the costs for training and credentialing their IT staff.
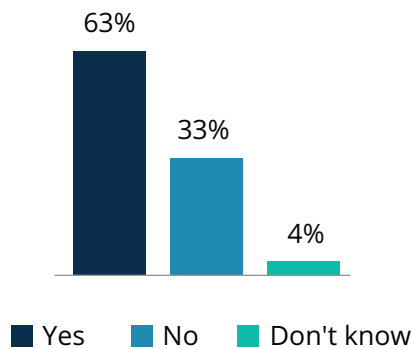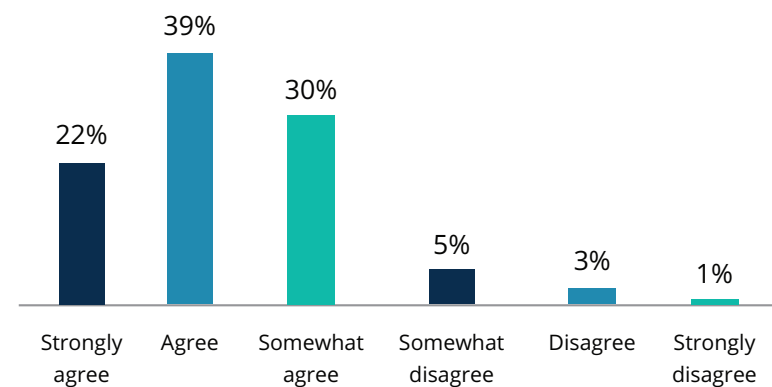
How much of these costs does your organization cover?

	Exam fee	Training	Exam prep/study materials
Partially	27%	27%	30%
100%	63%	67%	56%
None	10%	6%	14%

■ Partially　■ 100%　■ None

[8]Global Knowledge, 2020 "IT Skills and Salary Report"

Investments in upskilling

63% also have corporate-wide tracking systems of the number of and types of certifications held by employees:

61% of the IT managers surveyed say that IT staff in their company have sufficient time for upskilling:

Does your organization have a corporate-wide system for tracking the number of and types of certifications held?

63%

33%

4%

■ Yes ■ No ■ Don't know

Do you agree or disagree that IT staff are given sufficient time for upskilling?

22%

39%

30%

5%

3%

1%

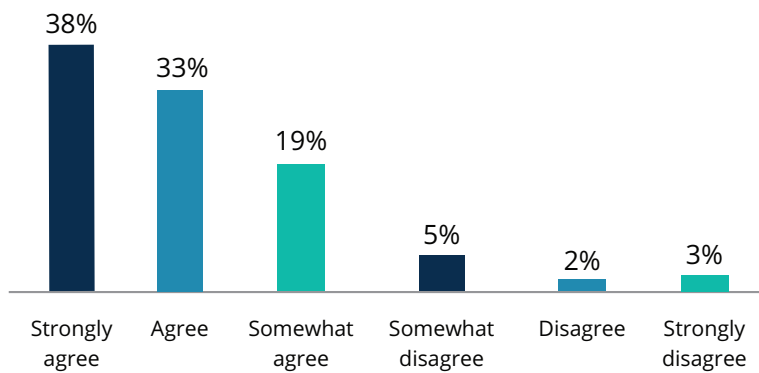Strongly agree | Agree | Somewhat agree | Somewhat disagree | Disagree | Strongly disagree

"*We want to encourage individuals' career growth and learning, so we are providing that opportunity for them to continue to grow their career — and we know that opportunity brings value back to our company as well.*"

– Software Development Manager, St. Paul, Minnesota

Investments in upskilling

71% agree that corporate management encourages and reimburses employees for the costs of IT certification, confirming a commitment to L&D and the critical role certification plays in upskilling.

Do you agree or disagree that managers encourage and cover costs for IT certification?

| Strongly agree	Agree	Somewhat agree	Somewhat disagree	Disagree	Strongly disagree
38%	33%	19%	5%	2%	3%

Impacts on talent acquisition

The shortage of adequately skilled job applicants means HR teams are digging deeper to screen candidates. In fact, according to Yello, 50% of recruiters say screening candidates is the most time-consuming part of hiring.[9] Other experts note that screening resumes is the most critical, albeit the most labor-intensive and challenging task for HR personnel.[10]

That process is simplified when applicants bring IT certifications to the table. Job candidates with IT certifications are more likely to be selected from the applicant pool, making it easier for employers to identify and interview candidates with the right skillset.

- 60% of IT hiring managers surveyed stated that applications with IT certifications are significantly more likely to be reviewed.

- IT credentials also increase interview efficiency. **51% of IT hiring managers felt that IT certification positively impacts the ease of the interviewing process.**

- 66% felt that candidates with IT certifications had a better chance of being selected for interviews.

Assuming equivalence in education and experience, how much of an advantage do applicants with IT certification have in the review of applications?

Very significant 27% | Significant 33% | Moderate 26% | Slight 8% | None 7%
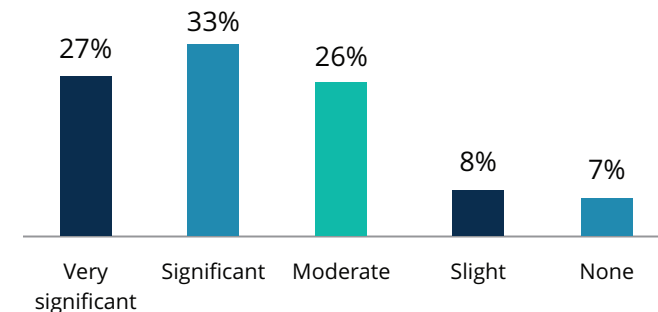
How much of an advantage do applicants with IT certification have when it comes to being selected for an interview?

Very significant 31% | Significant 35% | Moderate 21% | Slight 7% | None 7%
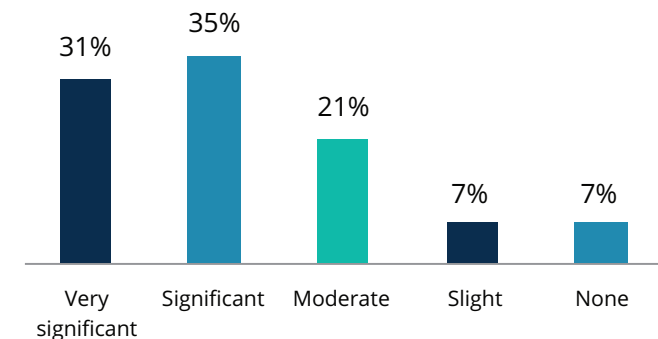
[9]Yello, 2020 Recruitment Operations Benchmark Report
[10]Analytics India Magazine, January 2021

Impacts on talent acquisition

Hiring managers feel more confident extending job offers to applicants with IT certifications. Confidence is also increased when onboarding new employees who bring credentials with them.

- For some hiring managers, certifications helped judge the depth of candidate qualifications, though none believed that just being certified meant the applicant could perform the role. Still, certifications provided a baseline of trust regarding the candidate's skill level, especially in the case of more complex technologies. Without the certifications, candidates might otherwise not progress in the hiring process, especially when time was short for the hiring manager.

- Certification holders are perceived as more trustworthy and capable of filling leadership roles because of their willingness to invest the time, effort, and money to obtain certification.

How much of an advantage do applicants with IT certification have in terms of the ease of the interview?

22%	29%	33%

22% — Very significant
29% — Significant
33% — Moderate
8% — Slight
9% — None
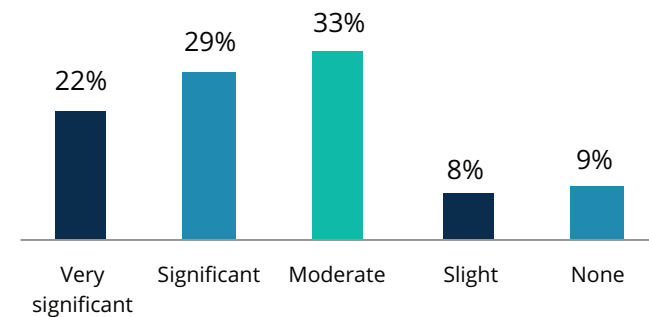
"*If I had two new employees and one had a certification and the other did not, I would ask the one with the certification to be a team lead. I would put more faith into that person and rely on them more.*"

– Sr. IT Manager, Minnetonka, Minnesota

ROI for the organization

Employees with IT certifications outperform their non-credentialed peers, keep abreast of latest technologies, and bring expertise that translates into quantifiable gains. According to our respondents, they also produce a higher quality of work.

This echoes the findings of our candidate-focused Value of IT Certification survey, when 81% of respondents who earned certifications in 2020 said their quality of work had improved.[11]

Assuming equivalence in job role, tenure, education, and experience, how much does IT certification positively impact quality of work?

26%	40%	26%	6%	2%
Very significant	Significant	Moderate	Slight	None
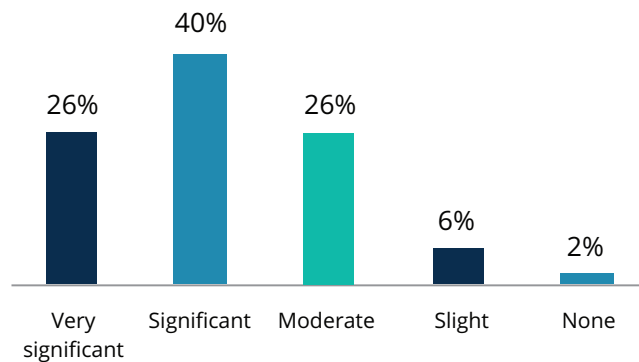
66% OF IT MANAGERS we surveyed said that IT certification significantly and positively impacts work quality.

ROI for the organization

Not only do IT-credentialed staff produce better quality work, but they also work more efficiently and are more productive.

- 63% of IT managers feel that IT certification significantly increases employee work efficiency (i.e., completing tasks in less time).

How much does IT certification positively impact efficiency (ability to complete tasks in less time)?

30%   33%   30%   5%   3%
Very significant   Significant   Moderate   Slight   Not at all
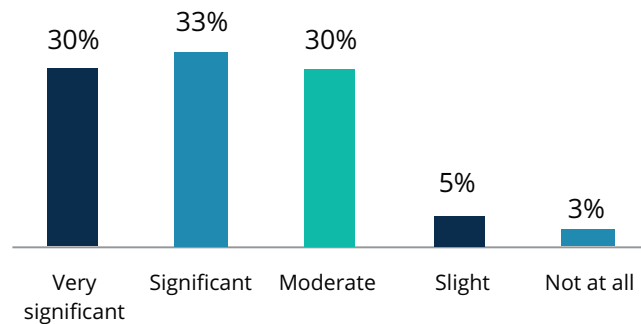
Again, this reflects the results from our candidate survey, where 72% of candidates say that after earning certification, they were able to produce more in less time.[12]

- 69% of IT managers feel that it significantly increases productivity/the employee's overall contribution.

How much does IT certification positively impact productivity (ability to contribute more overall)?

27%   42%   22%   7%   3%
Very significant   Significant   Moderate   Slight   Not at all

12
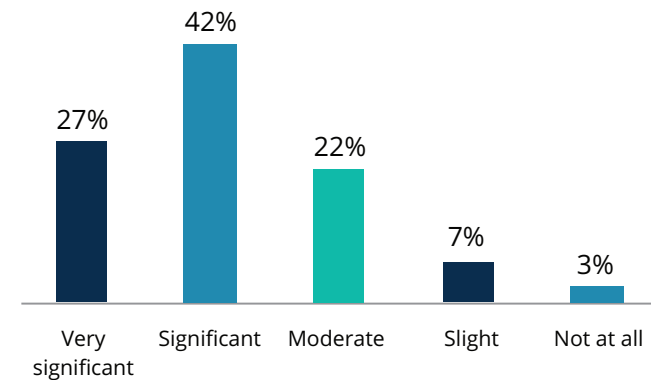
ROI for the organization

The IT managers we surveyed feel that the biggest advantages of hiring employees with IT certifications are their ability to stay abreast of the latest technologies and talent for mentoring.

- 77% of IT managers say that employees who hold IT credentials have a significant advantage over their non-credentialed peers in this regard.

- 65% say it enhances the ability to guide and mentor others.

How much does IT certification positively impact ability to keep abreast of latest technologies?
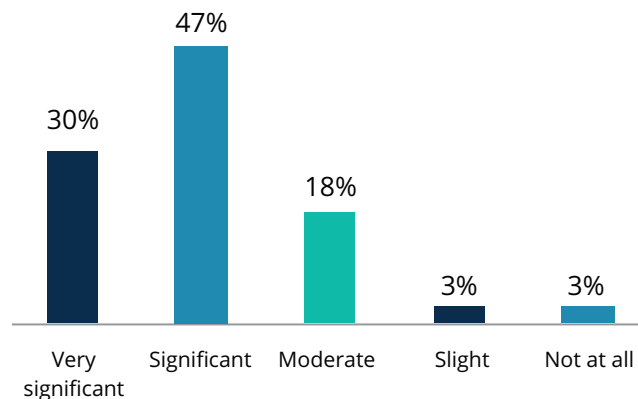
In one of our interviews, the vice president of a software division in a U.S. company referred to this as thought leadership, or as he expressed it, the ability to educate and advise others resulting from knowledge of technologies beyond the scope of current requirements.

### How much does IT certification positively impact ability to guide and mentor others?
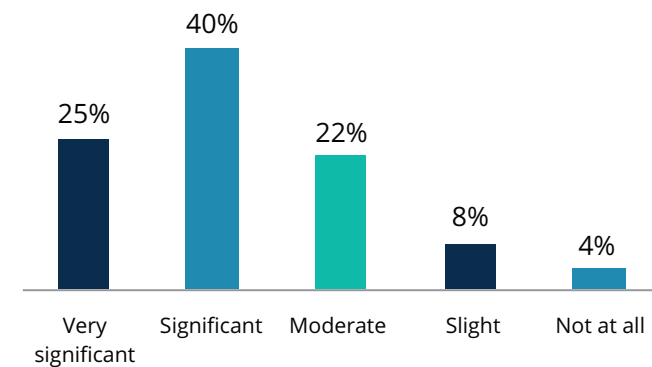
"*Right now, we may not even know about some of the technologies that could be relevant and we could use. The person with a certification would educate us or advise us that other things are possible and are available.*"

– Division VP, Chatsworth, California

ROI for the organization

Nearly two-thirds (63%) believe that IT-credentialed staff are significantly better connected with industry professionals and resources.
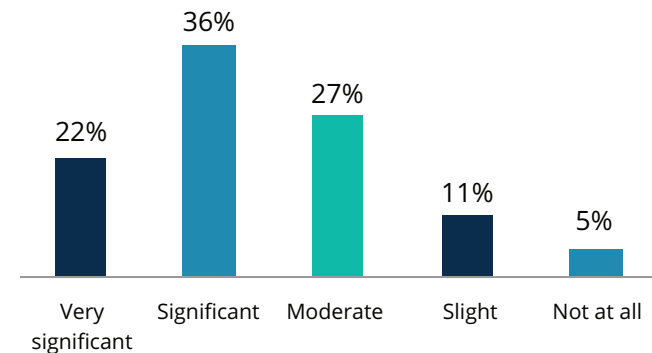
How much does IT certification positively impact connections with industry professionals and resources?
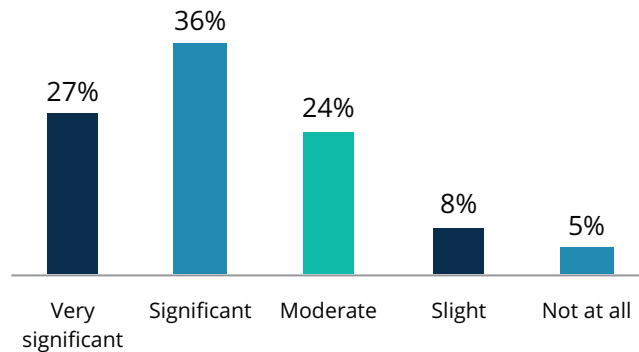
The majority of survey respondents feel that IT-credentialed employees are more innovative, better at problem solving, and offer guidance and mentoring to their peers.

58% say that IT certifications significantly or very significantly impact employee innovativeness.

How much does IT certification positively impact innovativeness?

ROI for the organization

67% see a significantly positive impact on problem-solving ability.

How much does IT certification positively impact problem-solving ability?

31% — Very significant
36% — Significant
22% — Moderate
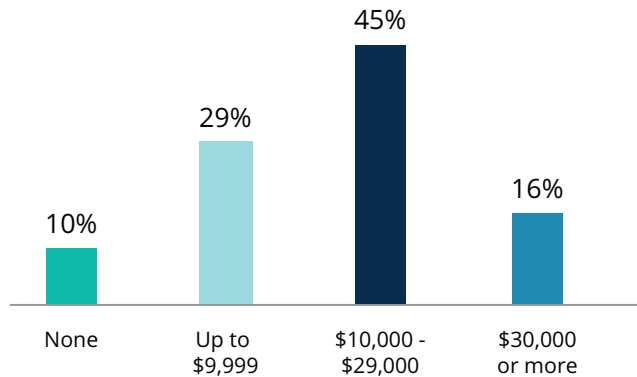8% — Slight
4% — Not at all
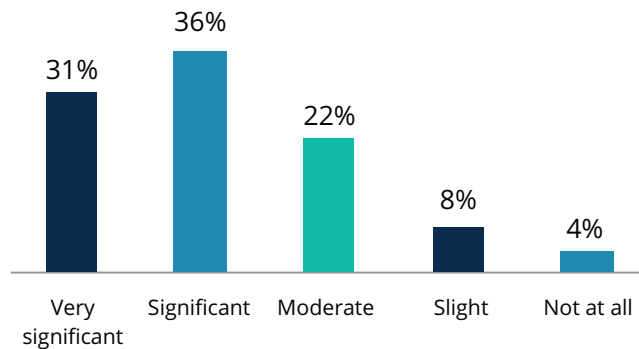
On their own, each of these measurements represents a benefit for employers. Their collective value, however, is even greater. An efficient, highly productive workforce can generate cost savings, improving the organization's bottom line and increasing its potential return on investment (ROI). In fact, the 2020 Global Knowledge study reported that 94% of decision makers worldwide said certified team members provide added value above and beyond the cost of certification. To put a number on it, more than half of those surveyed estimate the annual economic benefit of a certified employee is greater than $10,000. Sixteen percent estimate the benefit is $30,000 or higher.[13]

94% OF DECISION MAKERS

worldwide said certified team members provide added value above and beyond the cost of certification.[13]

[13]Global Knowledge, 2020 "IT Skills and Salary Report"

ROI for the organization

Estimated annual economic benefit of certified employees

45%

29%

16%

10%

| None | Up to $9,999 | $10,000 - $29,000 | $30,000 or more |

Source: Global Knowledge, "2020 IT Skills and Salary Report"

Estimated ROI per credentialed employee

$10,000
ADDED VALUE
per certified employee[14]

Conclusion

As they recognize its ability to mitigate bottom-line impacts, close skills gaps, and boost everything from productivity to morale, employer support for IT certifications continues to strengthen. In fact, certifications have become so prevalent in today's IT workforce, that they're rapidly becoming more of an imperative than a superfluous qualification.

According to the "2020 IT Skills and Salary Report," more IT professionals are certified this year, with 87% holding at least one certification, while nearly 40% are already pursuing their next one.[15] Our own research revealed that 30% of IT professionals currently manage (or have in the past 12 months) staff members filling full-time IT positions, and 97% have at least one staff member who holds a professional IT certification.

The data clearly shows the perceived value of IT certification is trending upward, as organizations, seeing the benefits on everything from employee relationships to ROI, champion credentialing initiatives and encourage their pursuit.

[15]Global Knowledge, 2020 "IT Skills and Salary Report"

Methodology

To obtain a preliminary sense of how employers judge the value of IT certification, in December 2020 Pearson VUE Research Services and Research Perspectives, LLC. partnered to conduct exploratory qualitative research. This research was gathered via interviews with a sample of 10 IT managers, each of whom had experience hiring and/or overseeing IT professionals with one or more IT certifications. To validate insights gleaned from the interviews, a quantitative online survey was completed by 107 US-based IT managers sourced by Paradigm Sample.

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