

Hiring Working Learners

Lauren Rivera, Kellogg School of Management at Northwestern University

In the United States, higher education is both an avenue of economic mobility and engine of inequality. Graduates of four-year colleges earn substantially more, are less likely to be unemployed, and fare better in economic downturns than workers without these credentials (see Hout 2012 for a review). Yet, access to four-year college degrees is highly stratified and is increasingly out of reach for many individuals. College admissions are biased in favor of applicants from wealthy families (Stevens 2007). Tuition is higher than ever, running close to six figures per year at certain institutions, which can be prohibitive for even solidly middle-class families. Many students who attend four-year colleges graduate with crushing debt. Even though employers are increasingly requiring four-year degrees for entry-level jobs, employers also express beliefs that graduates lack basic skills necessary for success (American Association of Colleges and Universities 2021).

There is a pressing need to provide alternative inroads to high quality, stable jobs outside of traditional four-year college degrees. Developing new types of educational degrees or certifications for working learners represents one avenue for increasing economic opportunities.¹ However, a major question surrounding the effectiveness of this type of strategy is whether employers will trust and value these credentials and actually hire people who possess them.

THE CRUCIAL ROLE OF HIRING

Hiring is a critical moment of stratification. As Bills (2003) notes, securing an income and entering an occupation are contingent on a positive hiring decision by an employer. Thus, understanding how employers hire is an important step in understanding whether new educational

¹ Another strategy, which is not the focus of this paper, is to press for the adoption of more equitable and skill-based hiring practices to provide opportunity to students from a wider variety of educational backgrounds (see Stephens, Rivera, and Townsend 2021).

programs for working learners will achieve their intended goal of increasing labor market opportunities for this group.

Hiring is often portrayed by scholars and practitioners as a straightforward matching process between job demands and individuals' skills; employers chose the person who is most skilled for the job. According to this traditional perspective, an obvious way to improve individuals' labor market opportunities would be to provide them with additional skills; for example, one could develop new training or degree programs, such as those that could be targeted at working learners. But this perspective—known as human capital theory in economics—is deeply flawed; workers' skills explain a surprisingly small portion of employers' hiring decisions (Arrow 1998; Sunstein 1991; Tomaskovic-Devey et al. 2005). Employers care about skill, but they often measure skill in a biased way. They also care about much more than skill (Rivera 2020). Below, I discuss four crucial aspects of hiring that influence employers' decisions and are relevant for understanding how employers may respond to workers with novel forms of training or degrees: signaling, social connections, stereotypes, and social dynamics.

Signaling Theory: Searching for Shortcuts

In most hiring decisions, there is a high degree of uncertainty; employers are not able to directly observe workers' performance on the job, so they have to guess which employees will perform better or worse, if hired. Signaling theory states that, to make such guesses, employers will rely on *signals* (or proxies) they believe are associated with performance. In general, the signals they choose to use tend to be those that (a) are inexpensive for employers to obtain but (b) are costly (in terms of time, opportunities, or finances) for individuals without the desired underlying capabilities to obtain, thus yielding greater signal reliability, and (c) employers believe are positively correlated with job performance based on their prior experience with the market (Spence 1974, 2002).

Educational credentials are one of the most common signals employers use to evaluate job candidates at the stage of résumé screening (E.g., Deterding & Pedulla 2016, Rosenbaum et al. 1990). Information about educational credentials is cheap and easy for employers to obtain (e.g., it is listed on a résumé); obtaining credentials entails investments of time, money, and effort by job applicants. In addition, employers may believe certain types of credentials or credentials from specific institutions are correlated with better general or job-specific skills. However, according to signaling theory, the value of a signal lies in its proxy power; thus, the value of a degree is its *perceived correlation with ability rather than the actual skills or knowledge acquired through an educational program* (Collins 1979). This view of education is supported by qualitative studies of hiring, which show that employers often use educational degrees or training as signals of workers' underlying cognitive skills, reliability and work ethic rather than as signals of mastery of job-specific skills (e.g., Moss and Tilly 2001). In addition, some employers favor educational degrees from well-known, higher-status, or more selective programs because they believe that higher quality individuals attend these program, net of actual program content (Rivera 2015).

The takeaway from this research for the development of new educational programs for working learners is that for a new credential to be a valuable signal to employers, information about the credential should be fast and easy to obtain (e.g., it should be readily available on a résumé), involve substantial investments of time and effort by program participants to complete, and *employers must believe that the credential is positively related to job performance*. This last aspect is the most challenging for a completely new type of credential that is unfamiliar to many employers. Employers are unlikely to take time on their own to research unknown educational or training programs. For example, in an audit study of hiring, Deterding and Pedulla (2016) found that employers did not differentiate between graduates of for-profit and fictitious colleges; all were unfamiliar to employers and were penalized in evaluation. Thus, for a new type of educational program for working learners to

successfully translate into increased labor market and economic opportunities, employers have to know about the program and believe in its value. This will take substantial outreach and education to employers.

Social Connections: The Power of Familiarity

Education is one signal employers use to make hiring decisions. Social connections are another. Research shows that employers prefer to hire employees who have existing ties to an organization and who are referred by employees or customers (Fernandez & Galperin 2014, Fernandez & Weinberg 1997). Institutionalized social capital—i.e., ties to other employees in the form of shared institutional affiliations, such as being graduates of the same educational institutions—also provides advantages in hiring (Rivera 2015).

Whether the ties are individual or institutional, social connections can be used by employers as a signal of underlying skill. For example, employers may believe socially connected individuals may know more about the formal and informal demands of jobs and be better matches with job requirements. Similarly, relying on social connections may produce a richer pool by identifying workers who are more appropriate in terms of easy-to-screen-for formal requirements, such as education. Employers may also believe that selecting individuals with existing social ties may foster social enrichment by enhancing on-the-job training, satisfaction, or mentoring (see Fernandez et al. 2000). However, using social capital as a screening device may also serve a practical purpose. When employers have more candidates than they have the capacity to review, giving preference to workers with personal connections may be a way of narrowing down the consideration set to a more manageable size (Rivera 2015).

The literature on social capital in hiring suggests that that simply equipping participants with enhanced technical skills is unlikely to translate into increased labor market opportunities. Instead, programs will need to develop institutional ties with specific employers (e.g., formal recruitment

channels or internship programs) and personal connections between program staff, program participants, and employers. In addition, as time passes, developing strong alumni networks can be useful for providing additional job connections and opportunities for graduates; alums will understand what value a program delivers and can potentially open opportunities at their current or past employers for other program participants.

Stereotyping: Different Interpretations of the Same Credential

Demographic characteristics are another signal employers use—whether consciously or unconsciously—to evaluate workers. Research shows that employers view workers through the lens of status beliefs about the competence and worth of particular groups (Ridgeway 2001) as well as stereotypes of what particular groups of people are like (descriptive stereotypes) or should be like (prescriptive stereotypes) (Heilman 2001). Stereotypes tend to fall into two major categories: those pertaining to competence (e.g., skills and abilities) and those pertaining to warmth (e.g., niceness, communality) (Cuddy et al. 2008). Status beliefs and stereotypes influence employers' expectations and evaluations of workers and often result in biases by race, gender, age, disability status, and social class (Baert 2018; Ridgeway 2006).

Numerous studies show that even when workers display identical qualifications, performance, or behaviors, employers perceive them in terms of group-based stereotypes and differ in their willingness to hire them (for a review, see Heilman 2001). Employers hold members of low status or negatively stereotyped groups to higher evaluative standards and more heavily scrutinize their performances for errors (Biernat et al. 2012); they also reward them less for equal performance (Castilla 2008, Correll et al. 2007). Group-based stereotypes play a direct role in shaping who employers do and do not hire and disadvantage members of low-status or negatively stereotyped groups (see Baert 2018 for a review).

Research on stereotyping is relevant for new certifications for workers in two ways. First, employers may hold negative stereotypes about workers who do not possess four-year college degrees that may disadvantage working learners without these credentials. Such stereotypes are important to understand so program officers can work to combat them when dialoging with employers. Second, research suggests that employers may interpret the value of the degree differently depending on the demographics of the degree holder. For example, Gaddis (2015) found that employers interpret the same educational credential differently for Black and White workers; even among graduates of the most elite institutions, employers still view Black workers more negatively. Likewise, how employers interpret educational credentials varies by applicant gender (Quadlin 2018). Racial and gender biases in how employers view workers' qualifications are especially pronounced for workers who have unconventional work histories or alternative qualifications (Pedulla 2020), such as many working learners do. Thus, in considering the value of new types of credentials for working learners, it is important to understand that these degrees may not yield similar opportunities for all demographic groups.

Social Dynamics: The Importance of Interviews

Finally, it is important to keep in mind that hiring is an inherently social process. Job interviews are among the most common tools employer use to hire workers, and estimates of skill play a surprisingly small role in how employers evaluate workers in job interviews (Dana et. al 2013). Consequently, equipping participants with precisely the skills needed to succeed in a job does not guarantee success in the hiring process.

What factors other than skill matter in getting a job offer? As noted earlier, group-based stereotypes play an important role in shaping how employers evaluate job candidates. But in addition, there are two factors that have a strong association with success in employer interviews:

whether the employer who conducts the interview *likes* the candidate and whether they perceive the candidate to be similar to themselves (see Rivera 2020).

Liking is a powerful driver of interpersonal attraction. Employers rate workers they like more favorably, net of qualifications, performance, or behavior (Dipboye et al. 1994). The emphasis on likeability makes sense in many ways. Many people spend the bulk of their waking lives at work, and positive emotional connections with coworkers can provide employees with enhanced job satisfaction, organizational attachment, and meaning in their lives (Chatman 1991). However, liking can also be a source of bias that distorts perceptions of workers and reproduces advantages for members of dominant groups. This is because liking casts a halo effect on quality evaluations (Clore & Storbeck 2006). It is not just that employers want to be around people they like; they also rate those they like as more competent, holding constant actual skill (see Rivera 2020 for review). Liking can stem from numerous bases; some of these may be job relevant, such as a shared passion for the work required or an organization's mission, while others may be less relevant. For example, interest in and knowledge of professional sports are major sources of coworker attraction in male-dominated industries in North America; in most cases, these bear little relevance to the actual work performed in an organization and systematically disadvantage women (e.g., Turco 2010). Conversely, employers report disliking (and penalizing) workers who violate prescriptive stereotypes, such as women who behave assertively or mothers who succeed in the workplace, even when these employees are perceived as being exceptionally competent (Benard & Correll 2010).

In addition, perceived similarity matters in job interview evaluations. As with liking, similarity has direct and indirect effects on decision making. Employers actively choose to hire and promote workers who are similar to themselves and to existing employees. A growing number of organizations encourage or require evaluators to measure a worker's degree of cultural or organizational fit in hiring and promotion decisions (Cubiks 2013). Purposefully selecting

workers who are similar to other employees in terms of values, personalities, and behavioral styles relevant to the job, or what is known as person-organization (P-O) fit, can indeed result in more productive and profitable workforces (see Chatman 1991). Yet, while many organizations ask managers to assess fit in hiring and promotion decisions, far fewer specify which types of similarities to use in selection and how to measure fit. As a result, employers often measure P-O fit through similarity to the self, especially via similarities in backgrounds, hobbies, and self-presentation styles only tangentially related to the job (Rivera 2012), especially when evaluation is unstructured (e.g., Cable & Judge 1997). This can result in biases in hiring, especially by gender, race, and social class (Rivera 2012).

Similarity also has more subtle effects on evaluation. People define merit in their own image. When asked what constitutes a good student, driver, or parent, people generally describe the kind of student, driver, or parent they are (Kruger & Dunning 1999). The same is true of employers. For example, those who believe their strengths are analytical versus social in nature weigh the former more heavily when evaluating workers and vice versa (Rivera 2015).

Consequently, social dynamics are important to keep in mind when understanding how employers evaluate job candidates, especially in job interviews, and which types of candidates they ultimately hire. Therefore, in thinking of the curricular content of degree programs for working learnings, simply imparting technical skills is insufficient for creating labor market opportunities; preparing job seekers for the interpersonal aspects of the hiring process is also crucial.

CONCLUSION

While investing in equipping workers with the skills they need to obtain stable, meaningful employment and economic mobility is a critical policy goal, how to do it effectively remains an open question. Credentialing alone may not be a holy grail. Companies, nonprofits, and the federal government could invest in creating alternative degrees, but whether these degrees have currency in

labor markets—and achieve their goal of expanding economic opportunity—will depend on whether employers value them.

What is clear from the research is that simply equipping participants with additional technical skills will likely not be successful in creating certifications that have strong labor market value. Programs need to develop relationships with employers (e.g., via formal recruiting streams for graduates; paid internships or apprenticeships; opportunities to develop personal connections between participants and employers) so that decision-makers are aware of—and belief in—the value of the credential. In addition, it is important to keep in mind that employers may view program participation differently based on the race, gender, age, or social class of the participant.. Thus, the effect of having a new credential will likely vary by demography and may not increase opportunity equally for all groups. Finally, the curriculum of any program should prepare participants to navigate the social and interpersonal dimensions of the hiring process.

In short, it is unclear how employers will respond to the development of new credentials for working learners. One question in my mind is whether they will view them differently from associates degrees or degrees from unknown colleges (Deterding and Pedulla 2016). A promising avenue for future research is to conduct an audit study of these certifications. An audit study (also known as a correspondence audit) involves sending fictitious resumes that are equally qualified but vary in one or more variables of interest (e.g., the possession of a new versus familiar certification) to real employers and observing which candidates employers invite to interview (see Baert 2018 for a review). An audit study could help scholars and practitioners understand how employers view alternative credentials and how their effect on hiring may vary by student demographic characteristics. Doing so could provide valuable insight into the labor market value of new programs for working learners.

References

- Association of American Colleges and Universities. 2021. *2021 Report on Employer Views of Higher Education*. Washington, DC: Association of American Colleges and Universities.
- Arrow K. 1998. What has economics to say about racial discrimination? *J. Econ. Perspect.* 12(2):91–100
- Baert S. 2018. Hiring discrimination: an overview of (almost) all correspondence experiments since 2005. In *Audit Studies: Behind the Scenes with Theory, Method, and Nuance*, ed. M Gaddis, pp. 63–77. Cham, Switz.: Springer
- Benard S, Correll S. 2010. Normative discrimination and the motherhood penalty. *Gender Society* 24(5):616–46
- Biernat M, Tocci MJ, Williams JC. 2012. The language of performance evaluations: gender based shifts in content and consistency of judgment. *Soc. Psychol. Pers. Sci.* 3(2):186–92
- Bills D. 2003. Credentials, signals, and screens: explaining the relationship between schooling and job assignment. *Rev. Educ. Res.* 73:441–69
- Cable DM, Judge TA. 1997. Interviewers' perceptions of person-organization fit and organizational selection decisions. *J. Appl. Psychol.* 82:546–61
- Castilla EJ. 2008. Gender, race, and meritocracy in organizational careers. *Am. J. Sociol.* 113:1479–526
- Chatman JA. 1991. Matching people and organizations: selection and socialization in public accounting firms. *Adm. Sci. Q.* 36:459–84
- Clore GL, Storbeck J. 2006. Affect as information about liking, efficacy, and importance. In *Hearts and Minds: Affective Influences on Social Thinking and Behavior*, ed. JP Forgas, pp. 123–42. New York: Psychology
- Collins R. 1979. *The Credential Society*. New York: Academic
- Correll SJ, Benard S, Paik I. 2007. Getting a job: Is there a motherhood penalty? *Am. J. Sociol.* 112:1297–339
- Cubiks. 2013. *International Survey on Job and Cultural Fit*. Guildford, UK: Cubiks Int.
- Cuddy AJC, Fiske ST, Glick P. 2008. Warmth and competence as universal dimensions of social perception: the stereotype content model and the bias map. *Adv. Exp. Soc. Psychol.* 40:61–149
- Dana J, Dawes R, Peterson N. 2013. Belief in the unstructured interview: the persistence of an illusion. *Judgm. Decis. Mak.* 8:512–20
- Deterding NM, Pedulla DS. 2016. Educational authority in the open-door marketplace: labor market consequences of for-profit, nonprofit and fictional educational credentials. *Sociol. Educ.* 89:155–70

- Dipboye RL. 1985. Some neglected variables in research on discrimination in appraisals. *Acad. Manag. Rev.* 10:116–27
- Dipboye RL, Smith CS, Howell WC. 1994. *Understanding Industrial and Organizational Psychology*. Orlando, FL: Harcourt Brace
- Fernandez RM, Castilla EJ, Moore P. 2000. Social capital at work: networks and employment at a phone center. *Am. J. Sociol.* 105:1288–356
- Fernandez RM, Galperin RV. 2014. The causal status of social capital in labor markets. *Res. Sociol. Organ.* 40:445–62
- Fernandez RM, Weinberg N. 1997. Sifting and sorting: personal contacts and hiring in a retail bank. *Am. Sociol. Rev.* 62:883–902
- Gaddis SM. Discrimination in the credential society: an audit study of race and college selectivity in the labor market. *Social Forces* 93:1451-1479.
- Heilman ME. 2001. Description and prescription: how gender stereotypes prevent women's ascent up the organizational ladder. *J. Soc. Issues* 57(4):657–74
- Hochschild AR. 1983. *The Managed Heart*. Berkeley: Univ. Calif. Press
- Hout, M. 2012. Social and economic returns to college education in the United States. *Ann. Rev. of Soc.* 38:379-400.
- Kruger J, Dunning D. 1999. Unskilled and unaware of it: how difficulties in recognizing one's own incompetence lead to inflated self-assessments. *J. Pers. Soc. Psychol.* 77:1121–34
- Moss, P, Tilly C. 2001. *Stories employers tell: race, skill, and hiring in America*. New York: Russell Sage.
- Pedulla, D. 2020. *Making the cut: hiring decisions, bias, and the consequences of nonstandard, mismatched, and precarious employment*. Princeton: Princeton Univ. Press.
- Quadlin N. 2018. The mark of a woman's record: gender and academic performance in hiring. *Am. Soc. Rev.* 83(2):331-360
- Ridgeway CL. 2001. Gender, status, and leadership. *J. Soc. Issues* 57(4):637–55
- Ridgeway CL. 2006. Gender as an organizing force in social relations: implications for the future of inequality. In *The Declining Significance of Gender?*, ed. F Blau, M Brinton, D Grusky, pp. 265–87. New York: Russell Sage
- Rivera LA. 2012. Hiring as cultural matching: the case of elite professional service firms. *Am. Sociol. Rev.* 77:999–1022
- Rivera LA. 2015. *Pedigree: How Elite Students Get Elite Jobs*. Princeton, NJ: Princeton Univ. Press

- Rivera LA. 2020. Employer decision making. *Annual Rev of Sociology* 46(1): 215-232
- Rosenbaum JE, Kariya T, Settersten R, Maier T. 1990. Market and network theories of the transition from high school to work: their application to industrialized societies. *Annu. Rev. Sociol.* 16:263–99
- Spence M. 1974. *Market Signaling: Informational Transfer in Hiring and Related Screening Processes*. Cambridge, MA: Harvard Univ. Press
- Spence M. 2002. Signaling in retrospect and the informational structure of markets. *Am. Econ. Rev.* 92:434–59
- Stephens N, Rivera L, Townsend S. 2021. The cycle of workplace bias and how to interrupt it. Working paper: Northwestern University and the University of Southern California
- Stevens ML. 2007. *Creating a Class*. Cambridge, MA: Harvard Univ. Press
- Sunstein CR. 1991. Why markets don't stop discrimination. *Soc. Philos. Policy* 8:22–37
- Tomaskovic-Devey D, Thomas M, Johnson K. 2005. Race and the accumulation of human capital across the career: a theoretical model and fixed effects application. *Am. J. Sociol.* 111:58–89
- Turco CJ. 2010. Cultural foundations of tokenism: evidence from the leveraged buyout industry. *Am. Sociol. Rev.* 75:894–913