

The Role of Competency-Based Education in Strengthening Trust Between Employers and Higher Education

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Overview

Across the United States, cracks are widening between higher education and the labor market. Employers express doubts about graduates' job readiness and are increasingly looking for evidence of applied skills, while colleges and universities face mounting pressure to prove the value of their degrees. According to recent [Lumina Foundation-Gallup research](#), most Americans believe that college degrees are valuable, but this perceived value is shrinking year over year. Meanwhile, even as the economy shifts, [millions of jobs remain unfilled](#), in part due to misalignment between candidate skills and employer needs.

Amidst this tension, **Competency-Based Education (CBE)** is a promising bridge, a model grounded in transparent outcomes, flexible pathways, and authentic demonstration of skills. By prioritizing what a learner knows and can do over how much time they spend in a classroom, CBE offers a way to rebuild trust between employers and higher education institutions.

At its core, CBE introduces a different value proposition of education, including:

- Co-creation with employers the comprehensive vision for what students will be able to do upon mastery of competencies, and what employers can expect from graduates from day one on the job.
- Potentially faster time to completion without sacrificing quality – students progress at the speed of mastery rather than course loads and credit hours.
- Driving more personalization of education and learning, recognizing what people already know and can do. Then facilitating learning for what is left to master.

Employers are increasingly asking for candidates who can demonstrate their knowledge, focusing less on degrees and credentials – the packaging of competencies – and more on competencies themselves and evidence of demonstration. They are using [Skills First practices](#) that can level the playing field for people without four-year degrees, but who have the ability to do the job. The technologies employers use to find candidates and manage their talent are increasingly able to hold and utilize skills data as well as performance evidence or demonstrations of those skills. And significant efforts to create portable, individualized records of skills – Learning and Employment Records (LERs) – are creating the infrastructure for the scaled ability to use skills information and demonstrations in decision-making.

But is there demand from employers for more and improved CBE programming? Do employers know what CBE is? And would they trust the outcomes of postsecondary education more if competencies were centered? We had the opportunity to talk to employers directly about their understanding of CBE and how they viewed skills and credentials validated by CBE institutions. This brief describes our findings.

What Do Employers Understand About Competency-Based Education?

Although employers are increasingly dissatisfied with traditional education, their familiarity with CBE as a solution to their needs remains limited and uneven.

In general, employers we talked to are not deeply familiar with CBE models and their [core features](#), like clear statements of what a student must master to complete a program and the use of authentic, performance-based assessments to confirm mastery. However, employers do appear to understand the broad benefits of these approaches, including the idea that students can't "pass with a C-minus" and that they must demonstrate their mastery before progressing. Asking employers to describe what they know about CBE also invites funny moments, where responses like "it's education that is based on competencies" are given.

Employers in health care and other industries that require licensure and clinical experiences, however, are well-versed in CBE programs. While these industries recognize that most students are not necessarily gaining all of their postsecondary training in CBE models, they work in environments that require students to demonstrate their competencies, showing mastery before they ever work in their roles. In fact, based on employer feedback, the [American Association of Colleges of Nursing](#) is advocating for competency-based education in nursing programs.

Employers do have appreciation for knowledge and want students to gain mastery of the theoretical foundations of their fields. However, what employers consistently say they are looking for is application of knowledge. It is not enough to understand a lot about a topic – one has to apply that knowledge using skills and intellectual behaviors that are appropriate to the employer's context.

In short: While detailed understanding of CBE is low, employer appetite for what CBE *offers* – transparent, skills-based preparation and validation – is high.

How Can CBE Improve Trust Between Employers and Higher Education Institutions?

At the core of employer trust and skepticism is an opportunity for higher education. Employers deeply want students to emerge from postsecondary education with not only solid knowledge, durable and technical skills, and records of their learning and accomplishments, but also the evidence that verifies they have applied that learning. The employers we talked to did not mention or prioritize formal

experiences like internships or residencies, but emphasized the importance of enabling students to practice and apply their skills in context.

Employers also spoke about the need to provide deeper education and learning opportunities to people in HR and hiring roles about the differences that CBE programs offer.

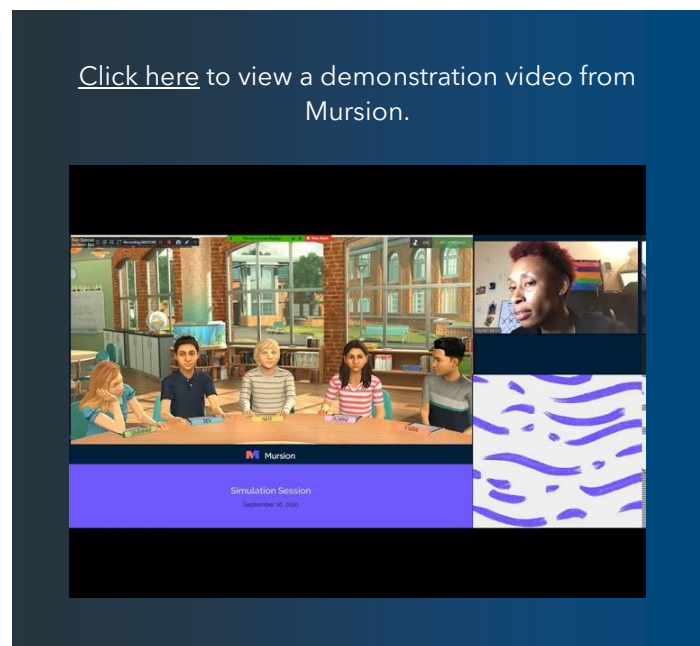
CBE Makes Learning Outcomes Transparent

Traditional transcripts, which list course titles but are sparse on evidence of skills mastered, do little to assure employers of a graduate's capabilities. In contrast, CBE programs provide rich documentation of the performance of the competencies and can link to specific assessments and standards for transparency. For example, CBE teacher preparation programs like Tennessee's [Grow Your Own](#) engage learners in live-actor simulations to demonstrate classroom management. Or in welding or manufacturing, candidates will perform welding techniques or machine building in a performance-based lab setting. Evidence of their performance is captured in videos, along with the rubrics used for assessing that performance for mastery, and shared with employers. Other examples also could connect that evidence to specific performance tasks in industry standards, like the National Center for Construction Education and Research. linked to specific assessments and standards.

When learning is made visible and verifiable, employer confidence increases. Employers indicated that they are likely to trust CBE programs and institutions to develop students who can demonstrate skills.

One employer commented, "I would probably trust a CBE program or institution more. I wasn't always the greatest test taker, but I could demonstrate that I had the right skills. In this environment, validating competencies is much more important – that means students can do things, and that translates to my quality of hire."

Another small business leader said, "If I know what the criteria for a competency is, and the university is signing off, that increases my confidence that someone is capable of doing these things. And if they couldn't, I'd go back to the college and ask what happened here."



CBE is a Response to the Skills First Movement

While the number of people without degrees hired into roles that eliminated degree requirements in 2023 was [minute](#), the Skills First Movement isn't going anywhere. Recent research from [Workday](#) indicates that more than half of companies have already started their transition to skills-based practices, while another 23% plan to begin that work in 2025. In that same study, more than 80% of business leaders indicate they believe that Skills First approaches "drives economic growth by improving productivity, innovation, and organizational agility."

Skills First practices are a wide array of approaches designed to prioritize skills in employer hiring and talent management decisions. But because of limited availability of quality skills data and evidence of performance from assessments, employers don't have much to shift their decision making to, and instead much of the attention has been focused on eliminating degree requirements. Under Skills First, employers are orienting their job descriptions and posting toward skills. CBE will enable learners to demonstrate mastery against those skill requirements. For higher education, this is a call to action to provide more clarity about how the learning experiences they provide are connected to careers and to provide authentic learning and assessments that allow students to demonstrate skills.

Importantly, the call for improved skills articulation is not just reserved for four-year degrees, the degree that is most frequently being removed from job postings. Employers are looking for any credential, including degrees, certificates, badges, and microcredentials, to be a validated record with evidence of an individual's demonstrated skills. Because industry-recognized certifications are often developed and issued by industry bodies in close collaboration with employers based on a discrete assessment, employers do tend to trust these certifications.

CBE Aligns Educational Content with Real-World Needs

Broadly, employers, especially those who are focusing deeply on skills, reflected some significant skepticism in traditional higher education models. While valuing education and often investing deeply in upskilling and employee education opportunities, employers want more from their partners. One employer commented, "If someone says they have a degree from this college, the only thing I really see is the degree and the college. It would be so much more meaningful if I could see what they did and the skill sets they developed to do it. In many cases, you don't leave universities knowing what skills you gained, and you might not even remember the courses you took."

Another said, "Right now, I don't know if education partners are the places where skills really live. They teach knowledge or technical aspects – I need the experiential piece, where people can put those things together to bring skills to life. Knowledge and skills are two different things. Competency is someone having efficiency and excellence in demonstrating it. I am looking for the competency more than anything else."

This is where the unique blend of learning, practice, and authentic assessment in a CBE program can deliver validated competency to an employer.

Realizing the Full Potential of CBE

Realizing the full potential of CBE will not happen automatically. Both employers and higher education institutions must act intentionally, strategically, and collaboratively.

What Employers Should Do

Invest in Skills Infrastructure

Many employers say they want to hire and advance based on skills, but their HR systems, job postings, and applicant tracking processes remain degree-centric. Efforts like Business Roundtable's [Multiple Pathways Initiative](#) and the collaborative [Skills-First Workforce Initiative](#) are creating new frameworks and opportunities for employers to fully adopt Skills First practices. In particular, employers can advance the cause by using new skills-based job descriptions, skills-based talent management, and skills validation practices described by efforts like the [Partnership for Skills Validation](#).

Demand Change

Most [employers support upskilling](#) for incumbent employees, either through internal training, apprenticeship/work-and-learn programs, or tuition assistance. In the latter case, only about 20% of employers who provide tuition assistance are proactively partnering with [high-quality](#) CBE institutions or programs. Employers can demand more from the institutions they partner with, asking them proactively whether the providers are adopting CBE and advocating within their own organizations for partnerships with CBE institutions, and for increased recruiting and hiring of graduates of CBE programs.

Employers can also add their influential voices to policy conversations, through organizations like the [Competency-Based Education Network](#) and within their industries to support the growth of CBE programs.

What Higher Education Institutions Should Do

Higher education can best help by adopting [quality CBE practices](#), and sharing their experiences and outcomes broadly. Most importantly is the principle for external collaboration and employer feedback.

Authentic employer engagement must be built into the governance and operations of CBE programs, not treated as a one-off marketing tool.

Institutions should:

- Establish employer advisory boards specific to CBE pathways to discuss competencies, authentic demonstrations, and evidence that would be acceptable to the employer in hiring practices.

- Review quarterly and update competencies based on labor market data.
- Include employer feedback in the creation of and monitoring of program evaluation metrics.

Build Stackable, Transferable Pathways

As mentioned above, employers may not have the language of CBE at their fingertips, but they highly value the outcomes and attributes of CBE programs. The capacity of higher education to account for mobile education backgrounds, and to recognize learning gained anywhere, is a consistent demand we hear from employers. Adopting progressive recognition of learning policies that award credit for competencies and embedding regular opportunities for skills assessment into academic programs can help employers support their learners, hastening time to completion, and more quickly reap the benefits of upskilling.

Conclusion

CBE is not just a delivery model, but a powerful framework to design around worker and employer needs to address the challenges facing American higher education.

For employers, CBE offers clearer evidence of workforce readiness and competency mastery. For higher education, it offers a chance to reaffirm its public purpose and reconnect learning to opportunity. But success demands mutual investment. Employers must rethink hiring practices. Institutions must commit to quality and transparency. Both require working together, to design a new social contract for education and work, one where competencies, not credentials alone, are the currency.

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About

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About UpSkill America

UpSkill America, an initiative of the Aspen Institute [Economic Opportunities Program](#), supports employers and workforce organizations to expand and improve high-quality educational and career advancement opportunities for America's frontline workers. We seek to create a movement of employers, civic organizations, workforce intermediaries, and policymakers working collaboratively to implement education, training, and development strategies that result in better jobs and opportunities for frontline workers, more competitive businesses, and stronger communities. Follow us on [LinkedIn](#) and learn more at [upskillamerica.org](#).



About the Competency-Based Education Network (C-BEN)

The Competency-Based Education Network (C-BEN) is revolutionizing how we design, experience, and measure learning throughout a lifetime. We believe learning should be measured by what you can do – the knowledge, skills, and behaviors that lay the foundation for your success – and for more than 10 years we have been guiding our expansive network of education leaders, employers, policymakers, and changemakers towards quality competency-based models and practices. C-BEN is a U.S.-based non-profit organization. For more information, visit [C-BEN.org](#).





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