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Beyond the Badge: Microcredentials and the Skills Economy

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Abstract

Microcredentials are increasingly positioned as flexible alternatives to traditional degrees in a rapidly evolving labour market. However, their proliferation has raised fundamental questions about their meaning, comparability, and value as signals of capability. This article shifts the focus from growth narratives to the problem of trust: under what conditions do microcredentials function as credible indicators of skill? Drawing on current literature and industry perspectives, the paper argues that the effectiveness of microcredentials depends on three interrelated factors: robust educational design grounded in clearly defined learning outcomes, rigorous and verifiable assessment that demonstrates applied competence, and the reputational authority of the issuing body. Without these elements, microcredentials risk contributing to credential inflation, where an abundance of low-stakes certifications undermines their signalling power. The analysis highlights a critical distinction between participation-based certificates and evidence-based credentials aligned with established models such as ISO/IEC 17024 (International Organization for Standardization, 2026). The article concludes that the future value of microcredentials lies not in their volume, but in their ability to function as trusted evidence systems that support meaningful skill development and labour market transparency.

***Keywords*:** microcredentials, skills economy, credential trust, assessment, signalling

1. Introduction

A growing narrative suggests that microcredentials are replacing traditional degrees. Arguments put forward to defend this claim involve the rapidly escalating cost of university education, the speed of technological change, and the unpredictability of future industry needs. The argument is that skills are no longer acquired once - now they must be constantly updated, validated, and made visible. As a result, digital badges and short-form credentials now appear routinely on CVs, reflecting a broader shift toward lifelong learning and rapid skill acquisition. What is often missing from this discussion is a more fundamental focus - not whether microcredentials are growing, but under what conditions they can be trusted as meaningful signals of capability.

2. Body

What do microcredentials demonstrate, and to what extent are they trusted by employers? Even the term itself is unstable. Brown and Nic-Giolla-Mhichil (2022) described the microcredential landscape as "messy and undefined." As Alex Usher (2021) argues, perhaps a touch polemically: “The word “micro-credential”, precisely because it remains relatively undefined, is absolute catnip to politicians. It’s tabula rasa: you can tell politicians the word means damn near anything and not only will they believe you, but no one can contradict you because no one can contradict you.” Yeyati, Seyal, and Henn (2025) note that non-degree credentials, including microcredentials, have proliferated rapidly, yet evidence regarding their labour market value remains limited.

Hiring managers are faced with the challenge of determining the actual value of a flood of emerging badges and certificates as the number of providers has risen rapidly and the prerequisite performance for issuance varies dramatically from one microcredential to another. A European Centre for the Development of Vocational Training (Cedefop) working paper from 2024 states that the perception of microcredentials by employers suffers accordingly (Pouliou, 2024).

The central question, then, is how trust can be built and maintained. After all, as Brown Brown and Nic-Giolla-Mhichil point out – the word “credential” comes from the Latin root credence.

A trustworthy microcredential has, in my view, three defining characteristics:

First, it is based on strong educational principles. As laid out in the Cedefop working paper, learning outcomes must be “assessed against transparent and clearly defined standards”. Desmarchelier and Cary (2022) argue that the value of microcredentials lies not merely in the credential itself, but in their contribution to learner development, employability, and lifelong learning.

Second, credibility depends on rigorous and verifiable assessment. Many microcredentials certify course completion, but employers increasingly look for evidence that a learner can apply knowledge. As Pouliou (2024) notes, for microcredentials to become a "trusted skills currency", assessment must be quality-assured and based on scientifically sound criteria.

Third, trust is reinforced by independent validation and recognised providers. Whether issued by industry bodies, leading universities, or accredited certification organisations, the issuer acts as a proxy for quality. In practice, this mirrors established models of personnel certification under ISO/IEC 17024, where independent assessment and periodic reassessment help ensure that credentials remain meaningful over time. The labour market value of a credential therefore depends not only on the skills it purports to represent, but also on the credibility of the institution that issues and quality-assures it.

The real risk for young professionals entering the working world is credential inflation, where the sheer volume of credentials reduces their signaling power. There is a growing desire to relentlessly accumulate low-cost, low-stakes credentials, but of course CVs do not benefit accordingly. Yeyati et al. (2025) found that the labour market value of additional non-degree

credentials depends heavily on their relevance to the holder's occupation; accumulation of job-irrelevant credentials may yield little benefit and can even be associated with negative returns.

Rather than asking, “Which certificate should I take next?”, individuals should ask:

- What capability am I building?
- How does this credential contribute to that capability?
- What evidence can I provide that I can apply it?

Young people should pursue meaningful microcredentials that are embedded in a broader narrative: supported by projects, experience, and demonstrable outcomes. In the end, what matters is not what you have completed, but what you can convincingly demonstrate. In this sense, the future of microcredentials will not be determined by their volume, but by their ability to function as serious and credible evidence systems.

3. Conclusion

This article has argued that the future relevance of microcredentials does not depend on their continued expansion, but on their ability to function as credible signals of capability. In a fragmented and rapidly evolving skills ecosystem, trust emerges as the central challenge. Microcredentials that are not grounded in transparent standards, rigorous assessment, and credible issuance risk contributing to credential inflation and diminishing labour market value.

The implications of this analysis are both practical and immediate. For individuals, the findings suggest a shift away from accumulating credentials toward deliberately building demonstrable capability, supported by evidence of application. For organisations, including employers and training providers, the results highlight the importance of evaluating and designing microcredentials not as participation records, but as verifiable evidence systems. This includes embedding robust assessment practices, aligning credentials to clearly defined competencies, and ensuring that issuance is tied to recognised quality assurance frameworks.

At a systems level, the approach outlined in this paper provides a pathway to address the current ambiguity surrounding microcredentials. By applying principles already established in certification models such as ISO/IEC 17024, organisations can increase the comparability and credibility of credentials across contexts. In doing so, microcredentials can move beyond their current inconsistencies and contribute meaningfully to labour market transparency, workforce development, and the long-term functioning of the skills economy.

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For studies involving human participants, the authors confirm that the research complied with relevant institutional and national ethical standards. Ethical approval was obtained where required, and informed consent was secured from all participants prior to data collection. If ethical approval was not required, the authors confirm that the study adhered to applicable ethical guidelines.

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