



City Research Online

City St George's, University of London

Citation: Tholen, G. (2023). The meaning of higher education credentials in graduate occupations: the view of recruitment consultants. *Journal of Education and Work*, 36(1), pp. 9-21. doi: 10.1080/13639080.2022.2162019

This is the published version of the paper.

This version of the publication may differ from the final published version. To cite this item please consult the publisher's version.

Permanent repository link: <https://openaccess.city.ac.uk/id/eprint/29590/>

Link to published version: <https://doi.org/10.1080/13639080.2022.2162019>

Copyright and Reuse: Copyright and Moral Rights remain with the author(s) and/or copyright holders. Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge, unless otherwise indicated, provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way. For full details of reuse please refer to [City Research Online policy](#).

The meaning of higher education credentials in graduate occupations: the view of recruitment consultants

Gerbrand Tholen 

Department of Sociology and Criminology, City University of London, London, UK

ABSTRACT

Three influential theories are used to understand why employers value and seek out educational credentials in hiring. Qualifications can function as proof of productive skills (Human Capital Theory), as a signal of desirable characteristics (Signalling and Screening theories) or as a means for social closure (Closure Theory). Although these explanations are not necessarily mutually exclusive, they tend to be presented as alternatives in the literature. This article aims to better understand why employers value Higher Education degrees within the labour market by assessing these theoretical explanations in particular in cases where employers do not value HE credentials highly. It draws on semi-structured interview data with external recruitment consultants in England (N = 45). The article finds support for each of the three theoretical perspectives. Yet, the findings demonstrate that employers' reasoning can include more than one of the three theoretical perspectives, creating hybrid forms. The article evaluates the implications for the positional competition for graduate jobs.

ARTICLE HISTORY

Received 11 May 2022

Accepted 20 December 2022

Keywords

Recruitment and selection; higher education; labour market; credentials

Introduction

In the past decades, many countries have developed high participation systems of Higher Education (HE), resulting in large shares of young people entering the labour market with university degrees (Cantwell, Marginson, and Smolentseva 2018). There remains an ongoing debate whether HE qualifications have maintained their value in the labour market. For some, the stable graduate premia are proof of growing labour market demand for the skills that graduates have developed in HE (Goldin and Katz 2009; Autor 2014). Aligned to this perspective is the assumption that because of the importance of human capital in the modern economy, society has largely moved away from ascription to achievement when allocating occupational positions (so-called 'Increased Merit Selection', Jonsson 1992). Achieved characteristics related to individual merit, notably educational qualifications, would be critical for employers to assess candidates. Yet elsewhere some have argued that the association between education and destinations has actually weakened (Halsey, Heath, and Ridge 1980; Devine and Li 2013), and some claim that because university degrees have become more ubiquitous, their relative value in the labour market has declined (Brown 2001; Bol 2015; Horowitz 2018). Brown and Souto-Otero (2020) found that educational credentials lost importance in recruitment advertisement within the UK context; instead, employers place greater emphasis on 'job readiness'.

A key question within the sociology of education, economics, and economic sociology is *why* employers value educational credentials such as HE degrees. Why do employers prefer qualified

CONTACT Gerbrand Tholen  gerbrand.tholen@city.ac.uk 

© 2022 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group. This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited, and is not altered, transformed, or built upon in any way.

workers over lower qualified workers and are willing to pay higher wages for those with higher levels of education? This article examines how employers interpret HE academic qualifications in hiring within the professional labour market. Employers can value educational qualifications for various reasons. The article assesses three key theoretical mechanisms used to explain employer demand for degrees. These are a) Human Capital theories, b) Signalling and Screening theories and, c) Social Closure theories. For Human capital theories, (higher) education is productivity-enhancing and degrees are proof of productive skills. For signalling and queue theories, credentials signal the likelihood of possession of certain personal attributes aiding productivity that are difficult to observe during recruitment. Finally, credentials have also been thought of as a legitimised means for exclusion based on social characteristics such as social class. This article aims to improve our understanding of why employers value Higher Education degrees within the labour market, assessing these theoretical explanations. Although all three have been deemed useful in understanding the employer demand for educational credentials, a systematic and comparative approach to their limitations is currently missing. There is also limited evidence on why some employers do not value educational credentials when hiring for professional positions. And although these theories are usually not thought of as necessarily mutually exclusive, there remains unclarity how these theories may be working in tandem. The article draws on interview data with external recruitment consultants in England. This data explored their experiences working with a wide range of employers and elucidate how these employers use educational credentials in the hiring process. The findings demonstrate that in cases in which employers do not value HE qualification highly, Higher Education is unable to deliver the skills needed, a lack of strength of the degree's signal exists, or degrees present limited means for exclusion. We also find that employers' reasoning can include more than one of the three theoretical perspectives, creating hybrid forms of the three theoretical perspectives. The study shows that the three theoretical approaches should not be considered alternatives. The findings contribute to the literature by specifying the limits of HE degrees in the labour market, aiding our understanding of the positionality within the graduate labour. The relative position of those workers with degrees will depend on the type of roles created, the availability of alternative signals, and the educational composition of those making hiring decisions.

Why do employers value degrees?

The question of why employers value formal education and select on educational credentials such as university degrees has predominantly been answered by economists and sociologists (Bills 2004). The most used theoretical perspectives are human capital theories, signal and screening theories, and closure theories.¹ Because they have received substantial attention within the literature, I will only cover them in brief (for a more detailed discussion see: Bills 2003 or Van de Werfhorst 2011a)

The most influential explanation is provided by Human capital theories (Becker 1964, 1993; Schultz 1971). Through schooling, individuals develop skills and abilities relevant to job performance and become more productive (warranting higher wages). Employers reward schooling as it directly increases on-the-job productivity by developing skills and knowledge within individuals. Employers are willing to pay higher wages and better conditions to hire the more educated. Earnings reflect private rates of return for individuals and express how employers value certain types of human capital such as educational credentials. Education is presented as an absolute good and educational credentials serve as proof of work-relevant skills and abilities.

Signalling theory (Spence 1973, 1974; Kroch and Sjoblom 1992) and screening theory (Stiglitz 1975) reject the idea that educational credentials are direct measures of productive skills and knowledge. Employers use high educational credentials rather as a signal of productivity or as a proxy for desirable traits such as trainability. Employers do not have reliable and sufficient information about applicants' innate productivity, competence or trainability. Under this uncertainty, employers look for positive and negative signals associated with groups of workers to assess the potential value of an applicant and become screening devices (Spence 1973; Arrow 1973).

Educational credentials may give employers information about productivity probabilities, intelligence, conscientiousness, and conformity based on their experience and understanding of anyone holding such a qualification (Caplan 2018). Also, grades, study duration, and educational institution may convey useful information. Credentials are thus not absolute markers of skills and knowledge but offer a relative advantage to those that can produce the right signals. Thus, education has a positional role in the allocation of jobs and workers (Thurow 1975; Hirsch 1976; Weiss, Klein, and Grauenhorst 2014). The signal helps applicants distinguish themselves from others and moves them further towards the front of a hypothetical labour market queue.

Finally, the social closure (or credentialist) perspective understands educational credentials to be mainly cultural rather than technical. They are used for exclusionary purposes rather than to increase productivity or screen for trainability (Berg 1971; Bourdieu and Passeron 1977; Collins 1979; Bol 2015; Brown 2001). Educational credentials are socially-sanctioned criteria for allocating labour market outcomes to individuals who possess such qualifications while excluding less or differently educated people regardless of their actual skills. Employers select candidates according to their cultural or professional preferences as participation in HE increases in the general workforce (Rivera 2012). The possession of a certain level of education closes off opportunities for less-educated people, leading to increased economic rewards. In other words, education becomes a means of exclusion. The educated elite can perpetuate class advantage by limiting access to desirable jobs (Dore 1976; Collins 1979).²

So, according to these three theoretical perspectives, (Higher) Education is either a *provider of productivity-enhancing skills* (human capital theory), or a *signal of desirable traits* (signalling and theory), or an *entry ticket* to certain position occupations (closure perspectives). Crucially they tend to be used and presented as distinct theoretical mechanisms (e.g. Weiss 1995; Kerckhoff, Raudenbush, and Elizabeth 2001; Levels, van der Velden, and Di Stasio 2014; Vogtenhuber 2018), often explicitly presented as alternatives (see: Jenkins 2021).

The role of structural conditions

Very few would take these three theoretical approaches as categorical and absolute explanations of employers' interest in educational qualifications such as HE degrees. There is growing evidence to suggest that these explanations' validity depends on particular conditions under which the three theoretical models of human capital, signalling (or queuing), and closure, are more likely to hold.

There is significant evidence that the role of educational credentials differs between national-institutional contexts. Bol and Van de Werfhorst (2011, 119) observe that '(N)ational institutions affect how employers see education, what it brings to the organisation, and how workers signal their potential productivity'. Studies have found that human capital theory holds particularly well in countries with well-developed vocational specific systems (Van de Werfhorst 2011b; Bol and Van de Werfhorst 2011; Matkovic and Kogan 2012; Vogtenhuber 2018). These prepare students for practising particular occupations, and they develop job-specific skills. It is also thought that qualifications form clearer signals of productivity as employers are better able to assess candidates' abilities with certain degrees, partly because of their involvement in designing vocational curricula (Blommaert et al. 2020, 724). Access to occupations is regulated and formalised through educational tracks, which can also be seen as evidence for closure.

Signalling theory may be more relevant in countries without a close relationship between HE and labour market destinations (such as the Anglo-Saxon countries). Based on a vignette study with employers, Di Stasio and van de Werfhorst (2016) show that English employers primarily sort applicants based on relative signals of merit such as grades, in line with queuing theory. Dutch employers instead base their ratings on fields of study and occupation-specific degrees, as predicted by human capital and closure theories (confirming earlier qualitative research, Author A, 2013).

We also know that role of education within the hiring process depends on the position advertised. When jobs are advertised, professional occupations often have explicit educational demands

compared to other types of work (Jackson 2007; Brown and Souto-Otero 2020). On the occupational level, we see that the meaning of degrees for employers can be vastly different. Author A's (2017) qualitative case study on the work of software engineers, lab-based scientists, financial analysts, and press officers demonstrates that within each of these, degrees serve different purposes. For instance, whereas employers hiring lab scientists with an undergraduate degree often signify relevant lab experience and basic knowledge base, for hiring financial analysts a degree is more a screening device for academic and social suitability. The study shows that differences can be linked to the skills and tasks involved in performing these roles, the sector, and the organisations in which employers are based.³ One of the few direct attempts to examine the structural conditions under which hiring occurs is Van de Werfhorst (2011a), which focused on structural – institutional settings to assess how the three theoretical mechanisms apply within the Dutch context. The author hypothesises that the adequacy of mechanisms explaining why educational qualifications are rewarded in the labour market varies between industries and their analysis of overeducation and the impact on wages confirmed this.

The literature demonstrates that various meso and macro-level conditions shape why employers value and select on educational credentials. Yet we know that not all employers value education (Tholen 2017). We do not know under which job-related conditions educational credentials fail to be of importance at the point of hire. To understand the role of educational credentials in labour market outcomes, a systematic and comparative investigation is needed to explain why in particular, university degrees are less effective in the positional competition for jobs.

Given that the three theoretical frameworks are not necessarily mutually exclusive, there also remains unclarity about the extent to which the three theories may be working in tandem. Jenkins (2021) recently made significant progress in demonstrating why they cannot be understood in isolation. The author observes a need to 'parse to what extent, and under which conditions, employers are likely to rely on approaches consistent with human capital, signalling, and/or credentialist theories – or combinations thereof – when forming a labour queue of potential professional workers with more or less prestigious degrees (p.4)'. Through a qualitative study of hiring decisions in US hospital contexts, Jenkins shows that human capital, signalling, and credentialism, work in combination rather than in isolation. Some employers used all three, sequentially, 'suggesting that these approaches may be more likely to complement, rather than supplant, one another than we had previously thought (p.17)'. There remains a need to expand our understanding of how the three mechanisms relate to hiring decisions across different organisational contexts. To find out, a closer examination of the hiring process is needed.

The views of intermediaries such as recruitment consultants remain surprisingly underused within the existing studies of the value of degrees to employers. The use of intermediaries is widespread often to reduce transaction costs for the employer and jobseeker. They may shorten the job search by providing labour market intelligence based on their experience and knowledge of industries and pools of labour (Benner 2003). Almost invariably, they are engaged in attracting candidates when hired and are often involved in screening candidates and supporting the selection process. Employers who use external recruitment consultants tend to call on the assistance of multiple recruitment consultancy firms. In many cases, only the firm that has supplied the successful placement receives financial remuneration.

As active participants within the hiring process, they gain an insider's view of the recruitment and selection (R&S) process across the sector they work in, as opposed to a single organisation. This is not to say that recruitment consultants are necessarily neutral observers. They too have their own interest, biases, and assumptions that shape their understanding of the hiring process and what they are willing to disclose. Despite their role within the hiring process, within the context of this article, they are perceived as actors whose experiences can tell us something about why the employers they work with value university degrees in recruitment and selection.

Methodology

This article relies on qualitative interview data from a research project on recruitment and selection in the skilled labour market. The wider study aimed at understanding how employers and recruiters make decisions on what is demanded and deemed salient for particular occupations, sectors and organisations. The study draws on interviews with 47 recruitment consultants working for 45 different recruitment consultancies based in England, predominantly in the London area. The consultancies in the study tend to assist middle-sized organisations with their recruitment. Their size ranged from one (self-employed) to thousands (large global recruitment firm).

The consultants were identified with the help of the professional social media website LinkedIn and recruitment companies' websites. Consultants were approached via email. The sample was constructed to achieve the key aim of the wider research project – comparing recruitment practices between various sectors and role types. The sample consisted of consultants recruiting for positions in marketing (N = 10), finance (N = 10), the public sector (N = 9), engineering (N = 9), management consultancy (N = 5) and law (N = 4).ⁱⁱ These large sectors within the UK's skilled labour market represent considerable differences in terms of the type of skills used at work (e.g. soft vs hard skills). The participants were selected and recruited purposefully to allow a balance in gender and years of experience in recruitment.

Most of the interviews were conducted face to face at the interviewees' workplaces or in nearby cafés. A small number of interviews were undertaken via telephone (N = 6). The interviews were held between January 2018 and December 2019. One semi-structured interview with each participant was conducted in a setting chosen by the interviewee. The duration of the interviews was between 30 minutes and more than two hours, with the majority lasting for more than an hour.

The interviews covered what employers look for, the R&S processes, how decisions are made, the importance of particular recruitment tools, and the sector's role in the process. After reading and listening of the transcripts, they were thematically coded. The data in which employers expressed the role of education in hiring was hand-coded to analyse the meaning of education. Categories were created of reasons why degrees were deemed significant. In cases where the reasons corresponded with the three key explanations, they were also coded accordingly. Of particular interest were the instances recruiters talked about employers who were uninterested in or even dismissive of using HE credentials in the recruitment process. These were also later coded within the theoretical framework in which codes such as 'HE as provider of skills', 'relative value of education' and 'cultural matching' were added. The majority of data in which recruiters reflect on the role of Higher educational credentials, one or more of the theoretical frameworks were relevant. A limitation of this methodological approach is that recruitment consultants are not utilised for all positions or used by all organisations (Chartered Institute of Personnel and Development (CIPD) 2009, 9). Also, most external recruiters assist in the recruitment process and have less experience of how employers act during the selection stage.

Findings

Many recruiters highlighted the heterogeneity in the extent to which employers deal with value education within the recruitment and selection process. For very few employers, education was either entirely meaningless or constitutes the most essential criteria. In the conversations about the value of education for employers, recruiters offered various reasons why employers value educational credentials such as university degrees. From the consultants' perspective, we see that all three theoretical perspectives are represented within their reasoning. According to recruiters, degrees are frequently understood as proof of relevant work skills by employers. Yet crucially, this predominantly becomes salient for specific roles, such as scientific, technological roles and roles strongly reliant on numerical skills. Confirming signalling theory, recruiters highlight that degrees convey relevant information on candidates' personal characteristics to employers, mentioning a wide range of

characteristics and dispositions that degrees may be able to signal. Confirming closure theory, many consultants argue that from experience, the recruiting managers they work with prefer candidates based on social resemblance (Rivera 2012), preferring candidates that mirror themselves or utilise their notions of merit to their own characteristics. Educational credentials are part of this, and recruits explain that the educational preferences of the hiring managers are a reflection of their own educational trajectories.

When education is not valued

To further understand why some explanations are more relevant than others, we need to examine the cases in which degrees are not valued highly by employers when recruiting for professional roles. Almost all recruiters knew employers for whom education meant very little, and these cases seem distributed across the sectors the recruiters work in

Everyone has a different preference. I speak to finance directors who would say it is imperative. I speak to other finance directors who say, 'I don't care'. (Albert, finance)

we're working with a client at the moment, we've got multiple roles with them, and one of the Hiring Managers specifically said, I don't worry about education, I'm not worried if people have a degree or not, I don't look for that at all [...] So, it's just different depending on typically who the Hiring Manager is as opposed to a business-wide kind of mandatory thing. (Esme, marketing)

From the qualitative data set, we cannot say with much certainty what share of employers in particular organisations, or sectors deem HE credentials as unimportant. Yet the data can elucidate why education is not of great importance for those employers. The data analysis showed that most of the rationales directly apply to one more of the three theoretical frameworks.

a. The inability of HE to deliver the skills needed

Employers may rate HE not as a reliable or effective developer of work skills and therefore recognise degrees as insufficient evidence of relevant skills (Tholen 2019). If skill development can be achieved through work experience, they will accept the latter as proof of relevant, often hard, skills.

If it's developers or any engineers, they would look at technical qualification, but if it's any kind of marketing, media, commercial, project manager role, they're not worried about it, to be honest. We've placed Senior Managing Directors, CEOs that haven't been to university, and they have some experience and contact and relationships. So, if somebody has got great experience and they've worked their way up and they've done really well, then most employers aren't worried about it. (Heather, Marketing)

b. The strength of the signal

The strength of the signal that the degree provides has been found to be short-lived in some graduate occupations (Tholen 2017). Recruiters emphasised that employers may not understand the HE qualifications as relevant after several years into candidates' careers. Fundamentally, the education-related signals 'compete' with other signals and in particular, work experience. Over time, other signals may take over or the predictive power attached to degrees becomes weaker. Eventually, educational background, in general, has no or a minor role to play in the hiring process.

The graduate roles, usually people who are in the first two or three years of their career, I think they look back and judge on the university and their degree, no real further back than that[.]after that point I guess it becomes more about where they've worked and what they've done, from a work experience rather than an education point of view. [...] Outside of graduate roles and outside of people that we work with that have done a year or two in industry, other than specialist roles and we're talking maybe one in fifty and we don't ever have a conversation, nor get asked to clarify somebody's educational background. It becomes irrelevant really and not looked at. (Ben Engineering/Tech)

The signalling function of educational credentials can also be severely limited if it is unclear *what* the degree signals. Recruiters stress that the signal university degrees offers has been affected by the growth of HE (Araki 2020). For some, there is a perceived overlap between the abilities of graduates and non-graduates. As a result, for some employers, university degrees no longer represent an effective mark of distinction

I think quite often it's to tick a box. I think, historically, perhaps people with a degree were seen as being a better calibre of candidate, but I don't think that's now the case, at all. And, a lot of big businesses, I know some of the big accountancy firms have now removed a degree as being a requirement for some of their roles. Because, companies are now starting to recognise that, you can be really, really good at your job without having gone to university. (Stacey, Marketing)

For other mainly smaller firms who may struggle to attract suitable candidates are not in a position to use qualifications as a screen in recruitment. Aaron, who recruited candidates for sales roles, highlighted that predominantly the larger blue-chip companies value higher education credentials. When asked why this could be, he stated 'I guess they use it as a filter. We're a big company, we're a big name, and our standards are high, therefore the calibre of our people should be high'. Thus, the market position can also make HE credentials more or less suitable as a screen.

Finally, HE credentials may not signal what employers feel they need. The job readiness, intelligence, or trainability that a degree may signal may not be as salient as, for instance, work experience. For this reason, degrees may not be deemed of high importance or secondary to other criteria:

As long as you've got decent A' Levels, that's the level of intelligence which I think is absolutely fine and everything else after that is experience. So I think that could change over time, there's a lot of kids now who are deciding after having got really good A' Level results, I don't want to go to university. (Frank, digital marketing)

What HE teaches may not be what some employers look for in candidates even in high-skilled or graduate work (Tholen 2019). Having completed a HE course is not a meaningful or reliable signal within contexts where competing signals are available or more trusted. As Brown and Souto-Otero (2020, 110) observe "[E]mployers can use a range of other signifiers (such as work experience, job histories, behavioural competences, etc.) to inform and legitimate their hiring decisions.

c. Limits to exclusion

Organisational contexts are crucial to understanding forms of exclusion and inequalities of opportunities (Tomaskovic-Devey and Avent-Holt 2019). Social closure is fundamentally driven by power differences between groups and individuals within organisations. Those in powerful positions can use educational requirements to influence who can access their organisation or profession. In the study, a low valuation of education credentials is often accredited by recruiters to the social and educational background of the hiring managers.

more often than not, it's driven by the hiring manager. People hire in their own mould. So, for example, someone that got a first class from Cambridge, will have high demands on academics, whereas someone that didn't go to university whose career they've got to the same place as Mr Cambridge, but they've gone a different route, it's not that important to them, because they know that there's more than one way to get to the top. (Mark, accountancy)

The educational composition of those responsible for hiring may impact the valuation of degrees. This may even work against those with more exclusive or advanced qualifications

I've never had anyone from a mid-tier university turn around and say, 'I want someone who's Oxbridge'. Never; why would they ever turn around and say I want someone who's knowingly more intelligent than I am to come and work for me. (Jennifer, local government)

education is not a protective characteristic, so you can discriminate against education, positively or negatively. (Simon, marketing)

Social closure in hiring can occur through other means (such as organisational fit criteria). In other words, employers may also close off opportunities to those candidates that do not match the assessors' social background or the organisational culture, irrespective of their educational qualifications. As Hora (2020) observes, 'students' entry into the workforce is not a simple matter of obtaining the 'right' set of credentials, and instead is also a process whereby professional sub-cultures restrict entry to newcomers based on if they look, act, and think like incumbents".(p.323)

Hybrids

Jenkins (2021) found that combinations of all three theoretical approaches can occur in sequence within the hospital sector. The study confirmed that employers adopt more than one meaning within the assessment of educational credentials. Equally important is that it is often hard to distinguish the three approaches within employers' rationales. Within the stories of recruiters, the theoretical explanations were not mutually exclusive. There were many examples in the data where employers describe employers' evaluation of degrees as hybrids of proof of productive skills, signal or closure mechanism. I will give various examples in which two of the approaches come together.

Signal and skill

Whether educational credentials signal productivity or proof of productive work skills is not always clear. They can signal the likeliness of productive skills whilst at the same time presented as proof of productive characteristics. For instance, employers may look at secondary educational performance as a signal of work-skills

So, a lot of consultancy comes round to working on Excel and being numerate and being analytical, being a good problem solver. So, clients will often assess that ability just by looking at academics. So, even for a five, six-year candidate, they will go back to their A-levels, have they gone back to A-level. (Brian, management consultancy)

Or, for employers degrees may signify a skill-set as well as a signal of a disposition that is needed for the role

So, if you're looking at a risk role, you want someone with economics or mathematics. Or a broker role, you're looking for someone like who's very mathematically focused. If you want like a claims analyst role, you want history or politics or philosophy, someone who's very analytical. (Lara, insurance)

Skills and closure

Likewise, an employer can look for a particular educational qualification to guarantee certain skills whilst limiting access to those they think as (socially) undesirable. In the quote below, we see that employers may avoid hiring candidates without professional qualifications for productive skills reasons and team fit, suggesting that exclusion is linked to the organisation's social and educational characteristics. Vincent, a recruiter for the legal sector, described what information the education background of the candidate tells the employers as follows:

It is predictability of skills, but it is also where they are going to fit in the team. If they are coming in as a financial controller or a finance manager level and they are managing a team who are all qualified, and this person isn't, sometimes that creates friction in the team.

Signal and closure

Similarly, a signal of desirable characteristics can also at the same time be a closure mechanism. When Isla, a recruiter for local government was asked what an Oxbridge education represents to the employers she works with, she answered:

Intellect. Pure and simple [...] If that person is Oxbridge, they feel like they can talk to that person on an intellectual par and it represents building a team around them; that they perceive to be like-minded. If you're not Oxbridge, then you're just dumb.

Oxbridge degrees become signals for intelligence. Yet the screen for intelligence via degrees closes off non-Oxbridge candidates irrespective of their intelligence. The quote below also demonstrates that the screen for selective HE credentials is also thought to screen for perseverance and dedication but seemingly only by those hiring managers with similar educational backgrounds, which may lead to selection based on educational (and thus to some extent social) homophily.

Well it comes down to the leaders of the company. I mean if the leaders of the company are sort of very highly educated and grant a huge amount of importance to education, they will say 'We don't want anybody who clearly hasn't worked their absolute hardest through their education', because that's a fundamental sign of whether somebody is going to be a good employee to that employer. (Raheem, Law)

The screen for degrees can be set as a minimum standard/floor employers would consider (Di Stasio 2017; see also Richardson 2019), using the term 'tick box' to demonstrate the indiscriminate nature of what is seen as a basic but non-negotiable screen. Yet this itself constitutes a form of closure against non-graduate candidates.

It's nothing other than a way of employers putting a kind of a line in the sand and saying 'We want graduates'. And you can be a graduate with a degree in history or economics, politics, it doesn't matter. (Matt, digital marketing)

But a lot of our clients they don't place as much emphasis on the type of degree it is. not even the results either. I mean some houses just will not look at candidates without a degree, it's just that's how they recruit and it's just not going to change. (Grace, Finance)

Discussion

The study confirms that, according to recruiters, employers frame degrees as proof of enhanced productivity, a signal of desirable traits, as well as a means for exclusion. What matters perhaps most is more under which conditions each interpretation becomes diminished. Whereas the extant literature has focused mainly on the institutional framework, the study demonstrated how organisational and role-specific factors also shape the valuation of HE degrees. It stresses the relevance of the three theoretical mechanisms even in cases where education has a minimal role, whilst simultaneously outlining some of the conditions limiting their importance in employers' valuation of degrees.

Human capital theories assume that degrees prove productive skills and knowledge developed at university are confirmed in this study but only relevant for roles that rely directly on skills and knowledge that HE institutions impart. They alone cannot explain sufficiently why employers are willing to pay superior wages for graduates in roles that do not directly rely on the skills associated with university education such as managerial roles. It also means that degrees may become far less relevant if work skills are developed outside HE. Human capital theories do not deny that human capital is formed outside the educational system but still place formal education as a central skill developer and would struggle to completely disregard it to explain employer behaviour in the graduate labour market (Brown, Lauder, and Cheung 2020). Signalling and screening theories highlight that degrees provide valuable information to the employer about characteristics that are difficult to observe. Employers may assess many, or very few, other signals shaping the valuation of degrees. These signals compete, and their meaning and strength change over time. This may predominantly be an issue in fields and sectors with incumbents from many academic backgrounds such as management, marketing, and the public sector. According to recruiters, closure is also achieved through educational selection. This credentialism is predominantly based on the educational experiences of hiring managers themselves. For those organisations with diverse educational backgrounds, closure is likely to be limited.

The study found that the three approaches are not alternatives, but they can also be applied simultaneously within employers' reasoning. This therefore supports Jenkins' argument that all three theoretical interpretations of credentials – human capital, signalling, and social closure (or credentialism)— work in combination rather than in isolation. Of course, very few understand them as anything but partial explanations of why employers value educational qualifications. Yet that leaves many questions about when and how they are used. Degrees may be proof of productive skills, signals, and means of closure *concurrently*. It is not always possible to distinguish which theory is at play within the employers' rationales. The study found hybrid forms in which two explanations are distinguishably but work in tandem. In these cases, the three approaches seem more like heuristic devices to inform employers' reasoning within the hiring process. A reconceptualisation of what drives employers' valuation of educational credentials is needed to better understand how these perspectives lead to labour market outcomes. Here we can also think about how certain types of workplaces lead to types of valuation in which the three approaches are manifested intersectionally or even defined beyond existing frameworks. The findings present a challenge for those who wish to maintain a rigid distinction between the three theoretical frameworks.⁴

The findings also have implications for understanding the positional competition between graduates. Educational credentials continue to be of consequence in the allocation of skilled positions, but distinct limitations impact how educational attainment leads to labour market destinations. The value of degrees on the micro-level depends on the role itself, the availability of other signals, and employers' and candidates' social and educational characteristics. Competitive advantage based on educational attainment will be more context-specific than applicable to the whole graduate labour market. The role of university degrees in graduate employability is rather difficult to generalise for this reason. In general, graduates will still have a positional advantage over non-graduates. Even if degrees are not valued, graduates may still be able to find advantages linked to their educational experiences. Graduates may be able to translate cultural capital, lived experiences self-presentation into personal capital during the job-seeking and the recruitment process (Brown, Hesketh, and Williams 2003; Tomlinson 2017)

If educational attainment is to promote social mobility, the context in which employers understand degrees becomes highly salient. It is often thought that the expansion of education has led to growing academic requirements to enter graduate-level positions independent of changes in skill level of jobs (credentialism). Employers would demand higher-prestige credentials to maintain the same selectivity. Advantaged social classes would seek to secure qualitatively better types of education in the face of the expansion of educational opportunities for other groups (Lucas 2001). The labour market value of a degree indeed strongly depends on the specific course studied and the institution at which it was awarded (Boliver 2011). Yet how and why employers value (undergraduate) degrees requires us to think about broader questions about the role of HE as skill provider, signals available to employers, and the socio-economic composition of those in hiring positions. We know that different social groups use and understand educational credentials differently (Breen and Goldthorpe 1997; Rotman, Shavit, and Shalev 2016; Markovits 2019). Those who are better able to seek advantages through their education may understand the conditions under which their degrees are valued. They may also have an advantage in accruing and apply non-education resources. The study of positional advantage within the graduate labour, in particular, may need to look closer at which signals are available to employers as well as the quality of the signal of HE degrees.

Conclusion

The three theoretical frameworks assessed in this article do not rule out each other. There remains limited evidence of how they could operate simultaneously and under which conditions. So far, research has done well in contextualising these mechanisms concerning the structural and institutional settings in which employers and employees operate (Bol and Van de Werfhorst 2011b; Matkovic and Kogan 2012; Van de Werfhorst, 2011b). This article offers additional insights into

how, according to recruiters, employers in skilled occupations understand the value of HE degrees. It makes three contributions to the existing literature.

First, it demonstrates the limits of educational degrees in the labour market. These can be directly linked to the role of degrees as proof of productive skills, signal of desirable characteristics, or a mechanism of closure. What matters in understanding the value of degrees for employers is not so much whether employers need proof of productivity, signals to effectively screen candidates to reduce uncertainty or exclude specific candidates, but whether educational credentials can do so.

Second, the study shows that the three theoretical approaches should not be considered alternatives. More than one explanation can drive employers' valuation, and employers may have a range of motivations shaping their educational requirements. More research is needed to create alternative conceptual categories that can help explain why employers value HE credentials.

Third, the study showed that the positionality of the graduate labour market depends on the type of roles created, the availability of alternative signals, and the educational composition of those making hiring decisions. This creates a more nuanced understanding of the demand side in hiring. Instead of assuming that the valuation of degrees depends on the relative supply of credentials the disaggregated demand for HE degrees will be far more unpredictable.

There remains uncertainty about the transferability of the findings. The specific context of UK labour market and educational contexts are likely to shape how degrees are used and understood. For instance, compared with other continental European countries, strong school-to-work pathways in which there is a tighter relationship between degree subject and labour destination (Levels, van der Velden, and Di Stasio 2014; Tholen 2014). It is also important to note that recruiters have an active role in constructing hiring criteria and requirements. Their views mediate those of employers, and we cannot assume that their views of educational credentials are kept entirely separate in their accounts. Future research that includes the views of other stakeholders in the process, such as the hiring managers or HR representatives, may triangulate the findings.

Notes

1. There are other theoretical frameworks used such as segmented labour theory and network Theory see Rosenbaum et al. (1990) Bills (2003).
2. Closure can also be manifest in occupational groups' attempts to regulate access through accreditation, certification or licencing, often raising the minimum standards of entry as increasing numbers of potential candidates attain formerly scarce qualifications (Weeden 2002) or maintain their occupational status, (e.g. medical professions).
3. There is little comparative research to establish which theoretical framework is associated with hiring organisations or sectors, and exception is Souto-Otero and Białowski (2021).
4. It is important to note that some studies that directly compare the three perspectives already do not understand these frameworks in absolute terms. For instance, Di Stasio and van de Werfhorst (2016) investigate the likeliness of education to function as a positional good skill acquisition or closure mechanism for various countries based on empirical data on overeducation and the financial returns. The authors do not exclude the possibility that more than one may apply.

Disclosure statement

No potential conflict of interest was reported by the author.

Notes on contributor

Gerbrand Tholen is a Senior Lecturer in Sociology. His research interests include the graduate labour market, the role of education within work, occupational change, recruitment and selection, and the marketisation of Higher Education. He is the author of *Graduate Work: Skills, Credentials, Careers, and Labour Markets* (Oxford: Oxford University Press, 2017) and *Modern Work and the Marketisation of Higher Education* (Bristol: Policy Press, 2022).

ORCID

Gerbrand Tholen  <http://orcid.org/0000-0001-6439-5046>

References

- Araki, S. 2020. "Educational Expansion, Skills Diffusion, and the Economic Value of Credentials and Skills." *American sociological review* 85 (1): 128–175. doi:10.1177/0003122419897873.
- Arrow, K.J. 1973. "Higher Education as a Filter." *Journal of Public Economics* 2 (3): 193–216. doi:10.1016/0047-2727(73)90013-3.
- Autor, D. H. 2014. "Skills, Education, and the Rise of Earnings Inequality Among the 'Other 99 Percent'." *Science* 344 (6186): 843–885. doi:10.1126/science.1251868.
- Becker, G. 1964. *Human Capital: A Theoretical and Empirical Analysis, with a Special Reference to Education*. New York: National Bureau of Economic Research.
- Becker, G. 1993. "The Economic Way of Looking at Behavior." *The Journal of Political Economy* 101 (3): 385–409. doi:10.1086/261880.
- Benner, C. 2003. "Labour Flexibility and Regional Development: The Role of Labour Market Intermediaries." *Regional studies* 37 (6–7): 621–633. doi:10.1080/0034340032000108723.
- Berg, I. E. 1971. *Education and Jobs: The Great Training Robbery*. Boston: Beacon.
- Bills, D.B. 2003. "Credentials, Signals and Screens: Explaining the Relationship Between Schooling and Job Assignment." *Review of Educational Research* 73 (4): 441–469. doi:10.3102/00346543073004441.
- Bills, D.B. 2004. *The Sociology of Education and Work*. Oxford: Blackwell Publishing.
- Blommaert, L., A. Muja, M. Gesthuizen, and Maarten H J. Wolbers. 2020. "The Vocational Specificity of Educational Systems and Youth Labour Market Integration: A Literature Review and Meta-Analysis." *European sociological review* 36 (5): 720–740. doi:10.1093/esr/jcaa017.
- Bol, T. 2015. "Has Education Become More Positional? Educational Expansion and Labour Market Outcomes, 1985–2007." *Acta sociologica* 58 (2): 105–120. doi:10.1177/0001699315570918.
- Boliver, V. 2011. "Expansion, Differentiation, and the Persistence of Social Class Inequalities in British Higher Education." *Higher Education* 61 (3): 229–242. doi:10.1007/s10734-010-9374-y.
- Bol, T., and H.G. Van de Werfhorst. 2011. "Signals and Closure by Degrees: The Education Effect Across 15 European Countries." *Research in Social Stratification and Mobility* 29 (1): 119–132. doi:10.1016/j.rssm.2010.12.002.
- Bourdieu, P., and J.-C. Passeron. 1977. *Reproduction in Education, Society and Culture*. Beverly Hills: Sage.
- Breen, R., and J.H. Goldthorpe. 1997. "Explaining Educational Differentials: Towards a Formal Rational Action Theory." *Rationality and Society* 9 (3): 275–305. doi:10.1177/104346397009003002.
- Brown, D. K. 2001. "The Social Sources of Educational Credentialism: Status Cultures, Labor Markets, and Organizations." *Sociology of Education* 74 (extra issue): 19–34. doi:10.2307/2673251.
- Brown, P., A. Hesketh, and S. Williams. 2003. "Employability in a Knowledge-Driven Economy." *Journal of Education and Work* 16 (2): 107–126. doi:10.1080/1363908032000070648.
- Brown, P., H. Lauder, and S. Y. Cheung. 2020. *The Death of Human Capital: Its Failed Promise and How to Renew It*. New York: Oxford University Press.
- Brown, P., and M. Souto-Otero. 2020. "The End of the Credential Society? An Analysis of the Relationship Between Education and the Labour Market Using Big Data." *Journal of Education Policy* 35 (1): 95–118. doi:10.1080/02680939.2018.1549752.
- Cantwell, B., S. Marginson, and A. Smolentseva, edited by. 2018. *High Participation Systems of Higher Education*. Oxford, New York: Oxford University Press.
- Caplan, B. D. 2018. *The Case Against Education: Why the Education System is a Waste of Time and Money*. Princeton, New Jersey: Princeton University Press.
- Chartered Institute of Personnel and Development (CIPD) 2009. *Annual Survey Report: Recruitment, Retention and Turnover*. London: CIPD.
- Collins, R. 1979. *The Credential Society: An Historical Sociology of Education and Stratification*. New York: Academic Press.
- Devine, F., and Y. Li. 2013. "The Changing Relationship Between Origins, Education and Destinations in the 1990s and 2000s." *British Journal of Sociology of Education* 34 (5–6): 766–791. doi:10.1080/01425692.2013.816039.
- Di Stasio, V. 2017. "Who is Ahead in the Labor Queue? Institutions' and Employers' Perspective on Overeducation, Undereducation, and Horizontal Mismatches." *Sociology of Education* 90 (2): 109–126. doi:10.1177/0038040717694877.
- Di Stasio, V., and H.G. van de Werfhorst. 2016. "Why Does Education Matter to Employers in Different Institutional Contexts?: A Vignette Study in England and the Netherlands." *Social Forces* 95 (1): 77–106. doi:10.1093/sf/sow027.
- Dore, R. 1976. *The Diploma Disease: Education, Qualification and Development*. Berkeley: University of California Press.
- Goldin, C., and L.F. Katz. 2009. *Race Between Education and Technology*. Cambridge, Mass: Harvard University Press.
- Halsey, A., A. Heath, and J. Ridge. 1980. *Origins and Destinations: Family, Class and Education in Modern Britain*. Oxford: Clarendon Press.

- Hirsch, F. 1976. *Social Limits to Growth*. Cambridge, Mass: Harvard University Press.
- Hora, M.T. 2020. "Hiring as Cultural Gatekeeping into Occupational Communities: Implications for Higher Education and Student Employability." *Higher Education* 79 (2): 307–324. doi:10.1007/s10734-019-00411-6.
- Horowitz, J. 2018. "Relative Education and the Advantage of a College Degree." *American Sociological Review* 83 (4): 771–801. doi:10.1177/0003122418785371.
- Jackson, M. 2007. "How Far Merit Selection? Social Stratification and the Labour Market." *The British Journal of Sociology* 58 (3): 367–390. doi:10.1111/j.1468-4446.2007.00156.x.
- Jenkins, T.M. 2021. "Making the Cut: Status, Credentials, and Hiring in Medicine." *Social problems* spab046. doi:10.1093/socpro/spab046.
- Jonsson, J. O. 1992. *Towards a Merit-Selective Society?*. Stockholm: Swedish Institute for Social Research.
- Kerckhoff, A.C., S.W. Raudenbush, and G. Elizabeth. 2001. "Education, Cognitive Skill, and Labor Force Outcomes." *Sociology of Education* 74 (1): 1–24. doi:10.2307/2673142.
- Kroch, E.A., and K. Sjoblom. 1992. "Schooling as Human Capital or a Signal: Some Evidence." *The Journal of Human Resources* 29 (1): 156–180. doi:10.2307/146060.
- Levels, M., R. van der Velden, and V. Di Stasio. 2014. "From School to Fitting Work: How Education-To-Job Matching of European School Leavers is Related to Educational System Characteristics." *Acta sociologica* 57 (4): 341–361. doi:10.1177/0001699314552807.
- Lucas, S. R. 2001. "Effectively Maintained Inequality: Education Transitions, Track Mobility, and Social Background Effects." *The American Journal of Sociology* 106 (6): 1642–1690. doi:10.1086/321300.
- Markovits, D. 2019. *The Meritocracy Trap*. New York: Penguin Press.
- Matkovic, T., and I. Kogan. 2012. "All or Nothing? The Consequences of Tertiary Education Non- Completion in Croatia and Serbia." *European sociological review* 28 (6): 755–770. doi:10.1093/esr/jcr111.
- Richardson, H. 2019 "Job Applications 'Filtered by University Ranking'". *BBC News*, September 18. Accessed 3 January 2022. <https://www.bbc.com/news/education-49728941>
- Rivera, L.A. 2012. "Hiring as Cultural Matching: The Case of Elite Professional Service Firms." *American Sociological Review* 77 (6): 999–1022. doi:10.1177/0003122412463213.
- Rosenbaum, J.E., T. Kariya, R. Settersten, and T. Maier. 1990. "Market and Network Theories of the Transition from High School to Work: Their Application to Industrialized Societies." *Annual Review of Sociology* 16 (1): 263–299. doi:10.1146/annurev.so.16.080190.001403.
- Rotman, A., Y. Shavit, and M. Shalev. 2016. "Nominal and Positional Perspectives on Educational Stratification in Israel." *Research in Social Stratification and Mobility* 43: 17–24. doi:10.1016/j.rssm.2015.06.001.
- Schultz, T. W. 1971. *Investment in Human Capital*. New York: The Free Press.
- Souto-Otero, M., and P. Białowolski. 2021. "Graduate Employability in Europe: The Role of Human Capital, Institutional Reputation and Network Ties in European Graduate Labour Markets." *Journal of Education and Work* 34 (5–6): 611–631. doi:10.1080/13639080.2021.1965969.
- Spence, M. 1973. "Job Market Signaling." *The Quarterly Journal of Economics* 87 (3): 355–374. doi:10.2307/1882010.
- Spence, M. 1974. *Market Signaling-Informational Transfer in Hiring and Related Processes*. Cambridge, Mass: Harvard University Press.
- Stiglitz, J. 1975. "The Theory of "Screening," Education, and the Distribution of Income." *The American Economic Review* 65: 283–300.
- Tholen, G. 2014. "Graduate Employability and Educational Context: A Comparison Between Great Britain and the Netherlands." *British Educational Research Journal* 40 (1): 1–17. doi:10.1002/berj.3023.
- Tholen, G. 2017. *Graduate Work: Skills, Credentials, Careers, and Labour Markets*. Oxford: Oxford University Press.
- Tholen, G. 2019. "The Limits of Higher Education Institutions as Sites of Work Skill Development, the Cases of Software Engineers, Laboratory Scientists, Financial Analysts and Press Officers." *Studies in Higher Education* 44 (11): 2041–2052. doi:10.1080/03075079.2018.1490894.
- Thurow, L. C. 1975. *Generating Inequality: Mechanisms of Distribution in the U.S. Economy*. New York: Basic Books.
- Tomaskovic-Devey, D., and D.R. Avent-Holt. 2019. *Relational Inequalities: An Organizational Approach*. New York: Oxford University Press.
- Tomlinson, M. 2017. "Forms of Graduate Capital and Their Relationship to Graduate Employability." *Education and Training* 59 (4): 338–352. doi:10.1108/ET-05-2016-0090.
- Van de Werfhorst, H.G. 2011a. "Skills, Positional Good or Social Closure? The Role of Education Across Structural–Institutional Labour Market Settings." *Journal of Education and Work* 24 (5): 521–548. doi:10.1080/13639080.2011.586994.
- Van de Werfhorst, H.G. 2011b. "Skill and Education Effects on Earnings in 18 Countries: The Role of National Educational Institutions." *Social Science Research* 40 (4): 1078–1090. doi:10.1016/j.ssresearch.2011.03.004.
- Vogtenhuber, S. 2018. "The Institutional Conditions of Inequality in Credential and Skill Attainment and Their Impact on Occupational Placement." *Research in Social Stratification and Mobility* 55: 13–24. doi:10.1016/j.rssm.2018.03.005.

- Weeden, K. 2002. "Why Do Some Occupations Pay More Than Others? Social Closure and Earnings Inequality in the United States." *The American Journal of Sociology* 108 (1): 55–101. doi:[10.1086/344121](https://doi.org/10.1086/344121).
- Weiss, A. 1995. "Human Capital Vs. Signaling Explanations of Wages." *Journal of Economic Perspectives* 9 (4): 133–154. doi:[10.1257/jep.9.4.133](https://doi.org/10.1257/jep.9.4.133).
- Weiss, F., M. Klein, and T. Grauenhorst. 2014. "The Effects of Work Experience During Higher Education on Labour Market Entry: Learning by Doing or an Entry Ticket?" *Work, Employment and Society* 28 (5): 788–807. doi:[10.1177/0950017013506772](https://doi.org/10.1177/0950017013506772).