



# Graduate Employability Report

*A Cengage survey examining graduate  
employability, education ROI and degree  
stigma among 2- and 4-year college graduates*

# Contents

---

<b>Overview .....</b>	<b>3</b>
<b>Key Takeaways .....</b>	<b>4–6</b>
<b>Findings and Results: A Closer Look .....</b>	<b>8–22</b>
The Cost and Value of Education .....	8
Graduate Employability & Higher Ed Accountability .....	14
Degree Stigma & Non-Traditional Education .....	20
<b>A Final Word from CEO Michael Hansen .....</b>	<b>23</b>
<b>Survey Methodology .....</b>	<b>24</b>

# Overview

**Today, there are 7 million open jobs but 15 million un-or-underemployed Americans. Part of the reason for the gap is because our society believes all good jobs require a college degree—for which the average graduate takes on \$30,000 in debt<sup>1</sup> to attain—only to find out they haven’t developed the right skills for entry-level work.**

At Cengage, we are driven by “Education for Employment,” a shift from prioritizing only the traditional multi-year degree model, to an employment-first model, where educators are responsible for preparing graduates with the skills and experience to find meaningful employment. As outlined in this research, there exists major gaps between post-secondary education and employment - and students and graduates are stuck in the middle.

Every year, we ask millions of students to make major investments in higher education without the guarantee that they will ever achieve sustainable employment and the “American Dream.” And right now, their investment is not paying off.

- Nearly half of graduates don’t believe their education was worth what they paid and one in three don’t believe their education helped them land their job.
- Half of graduates don’t apply to entry level jobs because they feel underqualified and almost one in five don’t have needed job skills.
- One in five say their college didn’t provide them with needed job skills; nearly two in five (38 percent) occasionally or rarely use the skills they learned

To understand how we can reinvent our education system and improve career-readiness, we conducted a survey of 1,600 recent college graduates from 2-year and 4-year institutions to learn how education enhances employability and at what cost.

What we discovered and will review throughout this report:

1. Students are making tremendous investments in college, our education system must better equip students with the skills they need to enter the workforce.
2. The perception of a degree—even among 2- and 4-year graduates—affects job applicant confidence.
3. Colleges and universities must prioritize career-readiness and employers must de-stigmatize non-traditional degrees.

<sup>1</sup> U.S. Department of Education, “National Center for Education Statistics, 2015–16 National Postsecondary Student Aid Study,” 2018

# Key Takeaways

## Long on Debt, Short on Skills

Today's graduates have invested in a 2- or 4-year degree that could take more than 10 years to pay off and costs at least 21% of their monthly salary, causing them to consider a loan forbearance on their student debt.

This is a tremendous investment to “live the American Dream” and achieve meaningful employment. Has it paid off? Not for everyone. While most students say their education prepared them for their career, some students disagree. Despite the substantial investment that students make an estimated:

**2 in 5**

**only occasionally or rarely use the skill** they learned in school in their daily job

**1 in 3**

say it took **more than six months** to find a job after graduation (BLS data show most Americans find employment within 1 month)

**One in five** graduates surveyed say their college experience didn't provide them with the skills they needed to perform their first job, meaning basic business acumen is missing from college course instruction for one in three (33%).

So, how can colleges close skills gaps?  
Give students hands-on experience.

**66%**

of graduates want more real-world work experience,  
and believe colleges should prioritize:



**experiential learning** and access to **online licensing/certification** programs



school-sponsored **co-ops and internships**



**mentorships and introductions** to local business leaders

# Key Takeaways

## “Degree Pedigree” Shakes Employability Confidence

Even with a degree in hand, graduates aren't confidently entering the workforce. Unfortunately, 2-year degrees are still stigmatized. Graduates can't shake the perception that their degree doesn't “compete” with peers who attended a 4-year college or followed a more traditional education path.

**Half of recent graduates** didn't apply to jobs because they felt underqualified. While 4-year graduates were concerned they didn't have the right skills, *degree stigma contributed to 2-year graduates fear that their academic merit didn't measure-up*. This has stymied diverse hiring by discouraging entire pools of capable talent from applying to open jobs.

**4-year graduates are more likely to suggest other academic avenues over a 2-year degree**

**6X**

more likely to recommend a 4-year degree over a 2-year degree to land a job in their field

**2X**

more likely to recommend skills certification versus a 2-year degree to land a job in their field

**...which has led 2-year grads to believe that colleagues are more qualified**

**Half**

didn't apply to a job because they believed their colleagues have higher academic merit

**1 in 3**

didn't apply to a job because they were concerned they didn't have all of the skills listed

## No Skills, No Confidence: Who Should Be Accountable?

With nearly one in three graduates choosing to attend their college because of its job placement rate, graduates have a lot of faith that the college they choose will help them successfully enter the workforce. Yet, two in five say their college didn't play a role in helping them find a job. To improve graduate employability and job placement, should colleges be held accountable for students' career readiness?

**60%**

believe that colleges should be held accountable for helping them find meaningful employment

**40%**

believe their college invests more in activities that don't contribute to their future, such as campus beautification initiatives, athletic programs and non-academic events

# Key Takeaways

## The Employer Mindset Must Change

It's clear institutions have more work to do in creating career-ready graduates. However, recent graduates are also looking toward employers to change their view of "career readiness" to go beyond the degree that's listed on a resume. Currently, 35% of all job openings require at least a bachelor's degree to apply.<sup>2</sup> However:

**58%** of recent grads aren't convinced that **employers should require a traditional degree** to apply to most jobs


Recent graduates see value in non-traditional education, such as online certifications or training in their field of work.

**2 in 5**

recommend future students pursue a 2-year degree and online certifications to acquire the skills needed in their field of work

**Half**

are considering additional certifications or training courses to advance in their field



Changing this mindset—for both employers and employees—has the power to unlock a more diverse hiring pool and create a more inclusive and highly-skilled workforce.

<sup>2</sup> Georgetown University, "Recovery: Job Growth and Education Requirements Through 2020," 2020





# A Closer Look

---

**at the Cost + Value of Education**

# Cost + Value

## Do you currently have student debt?

	All	2-Year	4-Year
Yes	49%	46%	52%
No, I paid my student loans in full	22%	20%	24%
No, I didn't take student loans	23%	26%	20%
I don't know	6%	8%	4%

With 44.7 million Americans<sup>3</sup> carrying student debt, it's no surprise that debt poses a burden for many recent graduates.

**About half of recent graduates currently have student debt and just twenty-two percent have paid their student loans in full.**

2-year graduates are less likely than 4-year graduates to take on student debt.

## Do you believe your degree is worth what you paid?

	All	2-Year	4-Year
Yes	56%	58%	54%
No	31%	27%	35%
I don't know	13%	15%	12%

The majority of graduates believe their degree was a worthwhile investment.

**However, nearly half aren't convinced their degree was worth what they paid.**

	Have Student Debt	Don't Have Student Debt
Yes	55%	59%
No	34%	27%
I don't know	10%	15%

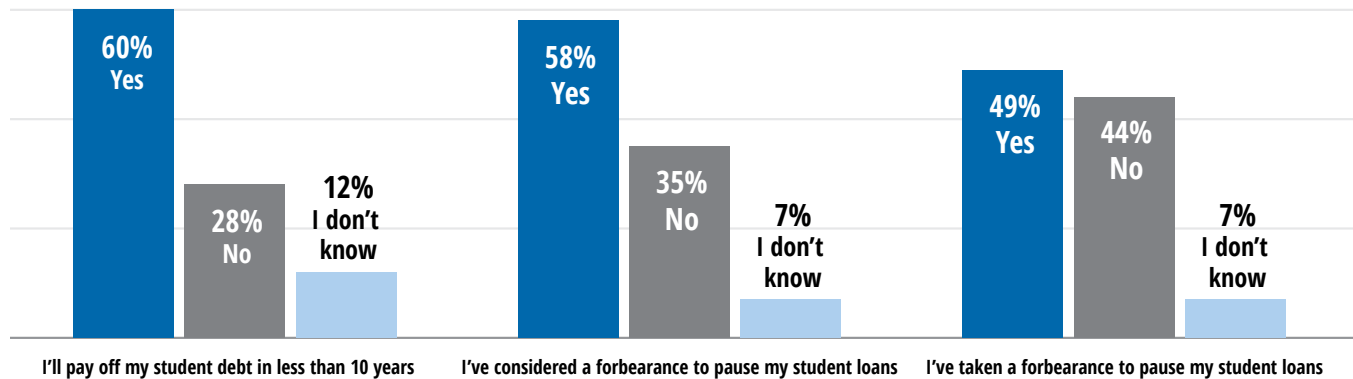
Those currently holding student debt were just as likely as those without student debt to question the value of their degree.

<sup>3</sup> LendingTree Student Loan Hero Stats, Jan 2021



# Cost + Value (continued)

## Do any of the following scenarios describe your student debt situation?



*All respondents with student debt*

"Yes" Responses	2-Year	4-Year
I'll pay off my student loan debt in less than 10 years	63%	58%
I've considered a forbearance to pause my student loans	67%	51%
I've taken forbearance to pause my student loans	57%	43%

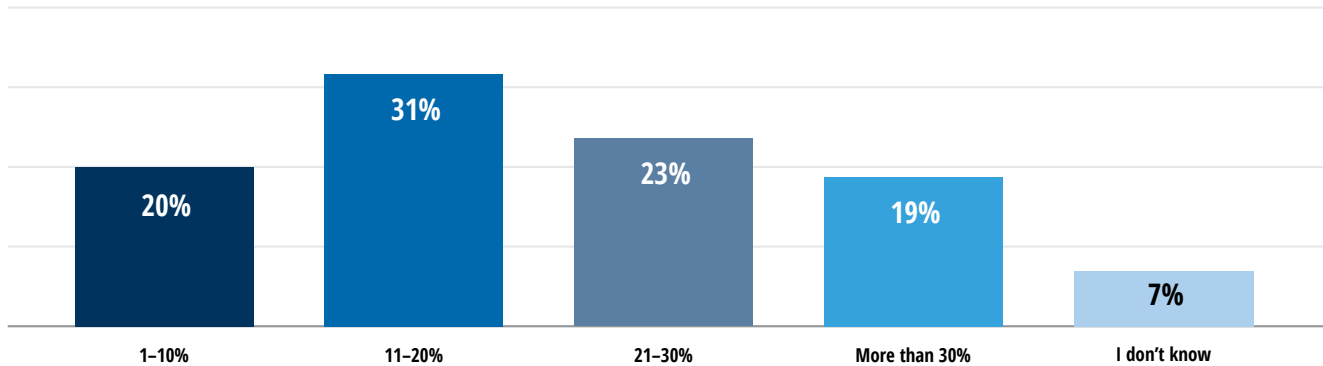
The high cost of student loans has made 58% of graduates consider taking a forbearance on their student loans.

**Half of all graduates have taken a forbearance.**

2-year graduates struggle more than 4-year graduates and are:

- One in three times more likely to consider a forbearance
- One in three times more likely to have already taken a forbearance

## What percentage of your monthly salary goes to student loan repayments?



*All respondents with student debt*

Salary paid to debt	2-Year	4-Year	Salary	2-Year	4-Year
1-10%	16%	24%	<\$50K	36%	28%
11-20%	30%	33%	\$50-\$99,999K	35%	37%
21-30%	23%	23%	\$100K-\$149,99K	17%	20%
More than 30%	24%	14%	>150k	9%	9%
I don't know	7%	6%	Did not share	3%	6%

**Two in five graduates give up at least 21% of their monthly salary to pay down student loans, though the U.S. Dept of Education recommends students do not take on loan payments that exceed 8 to 10% of total monthly income.**

One in five use more than 30% of their salary to make loan payments each month.

2-year graduates are stuck putting more of their monthly salary to debt than 4-year graduates. They're nearly twice as likely as 4-year graduates to put more than 30% of their salary toward loans.

Despite paying more toward their student loans each month, 2-year graduates on average have lower salaries than 4-year graduates with more than one in three making less than \$50K per year (national avg. salary for 4-year degree holders).

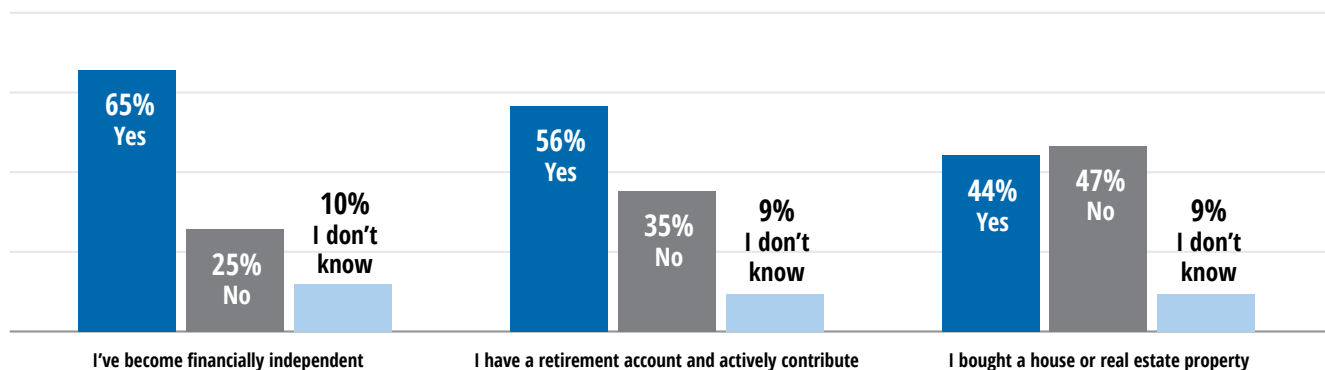
# Cost + Value (continued)

## Did your degree allow you to earn a higher salary?

**Sixty-four percent of graduates say their degree helped them earn a higher salary.**

	All	2-Year	4-Year
<b>Yes</b>	64%	62%	67%
<b>No</b>	24%	25%	24%
<b>I don't know</b>	12%	13%	9%

Despite saying a degree led to a higher salary,  
1 in 3 don't consider themselves financially independent



All respondents

## Do any of the following describe the financial progress you've made since you graduated?

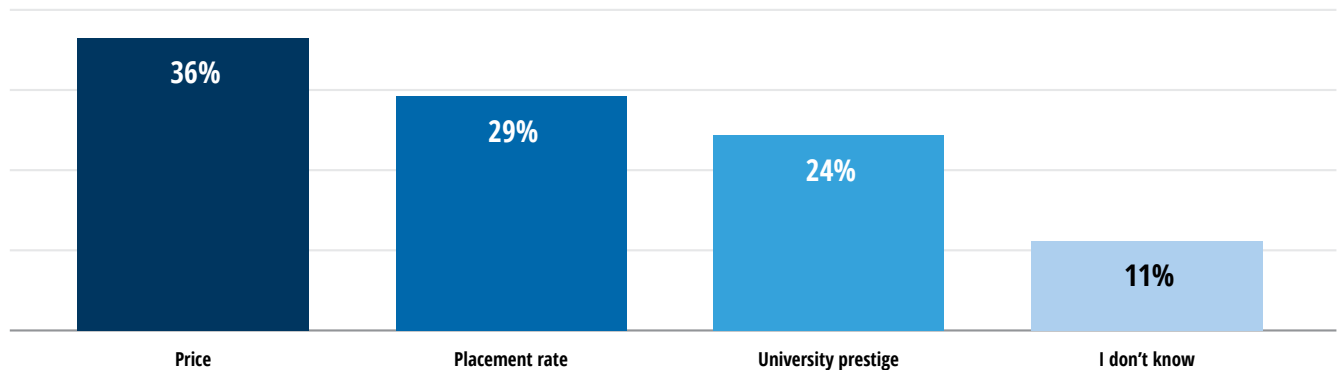
	2-Year	4-Year
<b>I am not financially independent</b>	26%	24%
<b>I don't have a retirement account</b>	36%	34%
<b>I haven't bought a house or real estate</b>	47%	48%

**One in three have not started saving for retirement and almost half don't own homes.**

2-year graduates are equally as likely as 4-year graduates to admit they're not financially independent and aren't saving for retirement.

# Cost + Value (continued)

## Which of the following was the biggest factor in your decision to attend your college/university?



	2-Year	4-Year
Price	36%	37%
Placement rate	33%	25%
University prestige	20%	28%
I don't know	11%	10%

Graduates are focused on getting a job after graduation.

**When deciding on a school to attend, price is the top consideration, followed by job placement rate.**

2-year graduates are more likely to prioritize a school's job placement rate than 4-year graduates, who are more concerned about a school's "prestige."



# A Closer Look

---

**at Graduate Employability  
& Higher Ed Accountability**



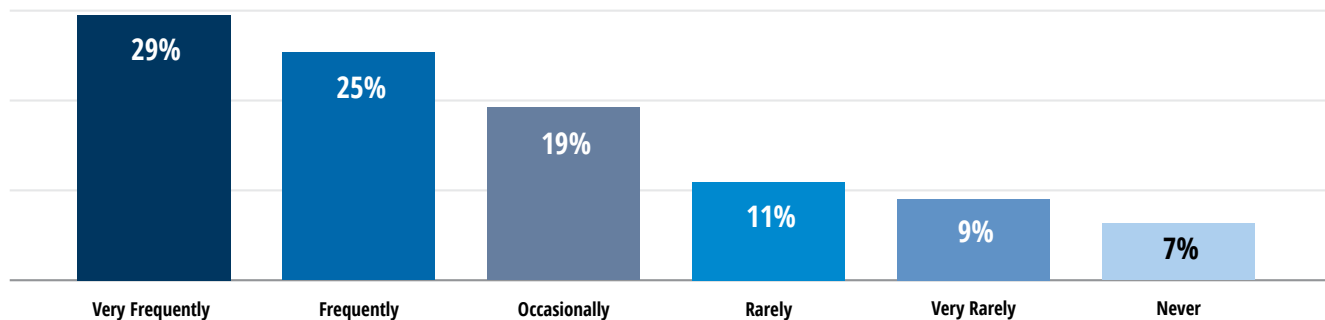
# Employability

## Did your college education provide you with skills needed to perform your first job?

	All	2-Year	4-Year
Yes	69%	67%	71%
No	21%	21%	20%
I don't know	10%	12%	9%

Sixty-nine percent say they graduated with skills needed to perform their job, and twenty-five percent frequently use those skills to perform their daily job.

## How often do you use the skills you learned in college to perform your daily job?



All respondents

However, when asked what skills they learned in college, most graduates are missing courses in basic business skills

"No" + "I don't know" Responses	All	2-Year	4-Year
Salary Negotiation	53%	46%	59%
Networking	42%	43%	41%
People Management	38%	39%	37%
Time Management	33%	36%	29%
Soft skills	29%	33%	25%

Students feel more confident with skills related to their work and industry, but are woefully unprepared when it comes to the skills needed to advance in their careers.

Half aren't taught how to negotiate their salary, which disadvantages salary mobility at the very start of their career. One in three lack basic productivity skills needed to get ahead in the workplace.

However, 2-year graduates are far more prepared than 4-year graduates with skills in networking and salary negotiation.

## During college, did you have an internship relevant to your career?

	All	2-Year	4-Year
Yes	58%	56%	59%
No	32%	31%	34%
I don't know	10%	13%	7%

In addition to not learning basic career skills, thirty-two percent didn't have an internship and sixty-four percent say it would have helped them land a job.

Students aren't pursuing internships because they don't always fit into course curriculum.

	All	2-Year	4-Year
I couldn't take a job without pay	30%	24%	35%
My college didn't require it	25%	30%	21%
I was unable to secure an internship	17%	14%	20%
I couldn't balance with my coursework	13%	12%	13%
I needed to care for children and family	9%	12%	7%
I don't know	6%	8%	4%

One in four say it wasn't a course requirement and nearly one in five were unable to secure an internship

Colleges must prioritize experiential learning to give students greater access to real world experience.

## Adding experiential learning and real-world work experience into college curriculum would go a long way in creating career-ready graduates.

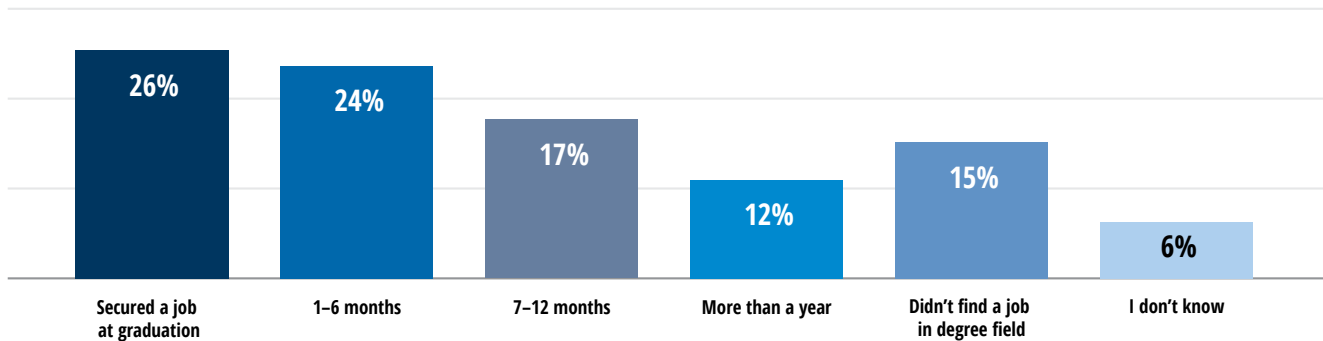
When asked what colleges could have done to improve their ability to get a job after graduation, graduates overwhelmingly agree that making real-world work experience part of their coursework is the most important step colleges can take.

As colleges continue to improve on creating career-ready students, they should consider revising curricula to include basic business courses, find ways to provide greater access to mentors or working professionals, and create associations or working groups that can make introductions to local businesses who would hire students.

Which of the following should your college prioritize to help you get a job faster?*	All	2-Year	4-Year
Introducing and connecting me to local businesses	65%	63%	67%
Giving me greater access to mentors and professionals in my career field	64%	61%	68%
Creating courses that teach me basic business skills	66%	63%	69%
Including applied and experiential learning into my curricula	68%	65%	71%
Adding real-world work experience into my curricula	69%	65%	73%

\*"Yes" Responses

## How long did it take you to get a job that aligned with your degree track after graduating college?



All respondents

	2-Year	4-Year
Secured a job at graduation	22%	29%
1-6 months	25%	24%
7-12 months	19%	15%
More than a year	12%	12%
Didn't find a job in the field	15%	15%
I don't know	7%	5%

**Nearly one in three graduates say it took more than six months for them to find a job in their field.**

2-year graduates are less likely to secure a job as quickly as 4-year graduates. This is not surprising since 35% of all jobs require a bachelor's degree to apply<sup>2</sup>.

Given 2-year graduates have been taught more career-focused skills and take on the same level of internships as their peers, this indicates that outside factors such as bias toward graduates with a 2-year degree could be limiting job opportunities.

<sup>2</sup> Georgetown University, "Recovery: Job Growth and Education Requirements Through 2020," 2020

# Accountability

## Did your college play a central role in helping you land your first job?

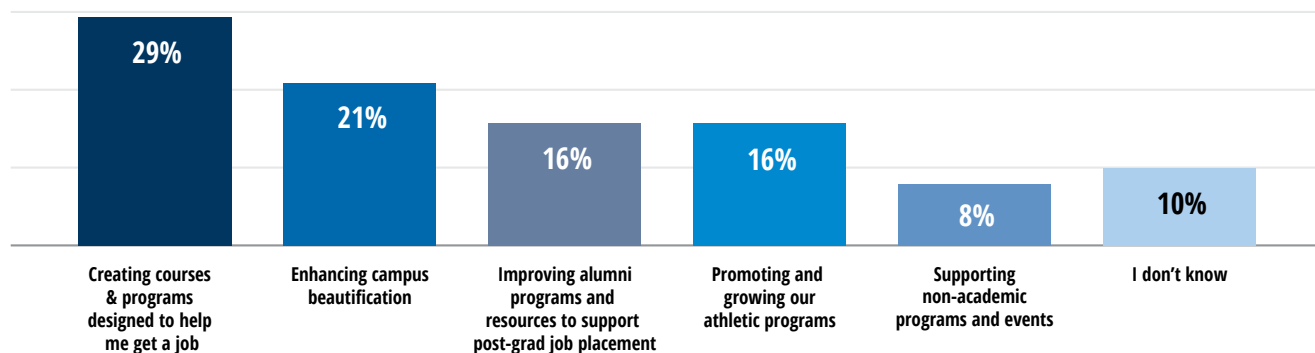
	All	2-Year	4-Year
Yes	53%	56%	51%
No	37%	32%	42%
I don't know	10%	12%	7%

Nearly forty percent of graduates don't feel like college helped them land their first job. This sentiment is even greater among 4-year grads.

60% say colleges should be held accountable for helping them find a job.

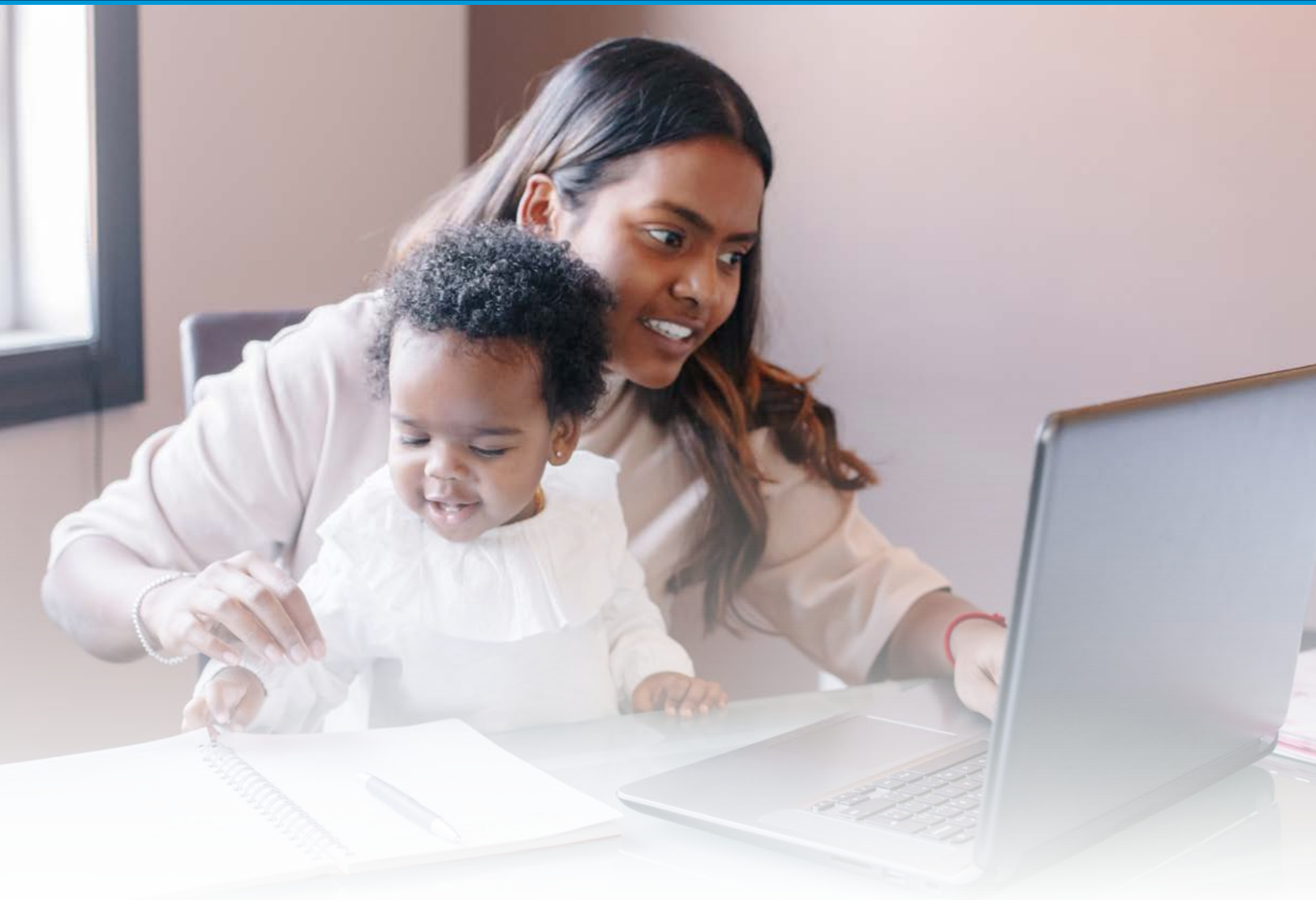
While nearly half believe their college is making some investments in workforce preparedness (through coursework or alumni programs), more than two in five graduates believe their college is more focused on investing in campus beautification, athletic programs and non-academic events.

## Based on your experience, which of the following investments do you think your college prioritizes?



All respondents





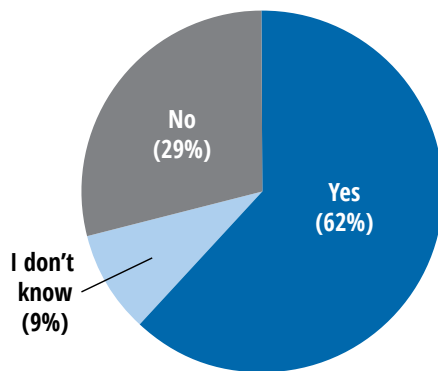
# A Closer Look

---

**at Degree Stigma &  
Non-Traditional Education**

# Degree Stigma

## In reality, did you need a degree to perform your first post-graduate job?



Today, twenty-nine percent of all open jobs require a bachelor's or associate's degree<sup>2</sup>.

**Yet, almost one in three graduates say they didn't need their degree to perform their first job.**

Even though they didn't initially use their degree, 83% would recommend getting a degree or certification to work in their career field.

## What type of education would you recommend to someone looking to pursue a job in your field?

	All	2-Year	4-Year
4-year degree	43%	32%	55%
2-year degree	19%	29%	9%
Skills certifications	21%	19%	22%
I wouldn't recommend any form of higher education	9%	11%	8%
I don't know	8%	9%	6%

**But 2-year degrees still don't earn the respect they deserve and were the least recommended degree.**

In fact, 4-year graduates were just as likely to recommend *not pursuing higher education at all* as they were to recommend a 2-year degree.

This confirms long standing stigmas associated with 2-year degrees. While our data shows that 2-year graduates are just as prepared—if not more prepared—to enter the workforce, recent graduates still seemingly perceive 2-year degrees as less valuable forms of education.

<sup>2</sup> Georgetown University, "Recovery: Job Growth and Education Requirements Through 2020," 2020

# Degree Stigma (continued)

## Have you ever not applied to an entry level job in your field because you felt underqualified?

	All	2-Year	4-Year
Yes	50%	50%	50%
No	41%	38%	43%
I don't know	9%	12%	7%

**Half have missed out on entry level jobs because they felt underqualified.**

### Why did you feel underqualified?

	All	2-Year	4-Year
I didn't meet degree requirements	8%	9%	7%
I had some, but not all the skills listed	39%	31%	47%
Current employees had higher degrees	25%	26%	23%
Current employees had certifications I did not have	22%	26%	17%
I don't know	6%	8%	6%

**Nearly half worry their education doesn't compete with their peers.**

Whether it's not having skills certification or a "high level" degree, graduates question if they're worthy of getting a job over someone else.

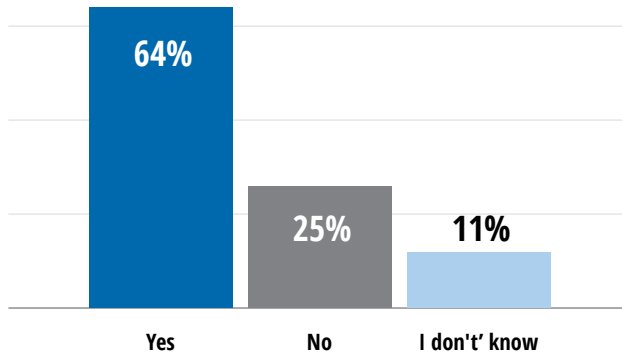
**2-year graduates have an even bigger case of impostor syndrome.**

Consistent scrutiny over the value of a 2-year degree has contributed to 2-year graduates being one in three times more likely to not apply to a job out of fear that they can't match the educational merit of their peers.

2-year graduates aren't as concerned about skills gaps as 4-year graduates. This shows that despite fears that their degree makes them less qualified, they feel they have the needed skill sets to perform.

# General Findings

## Would licensing and credentialing opportunities offered through your college have improved your ability to get a job?

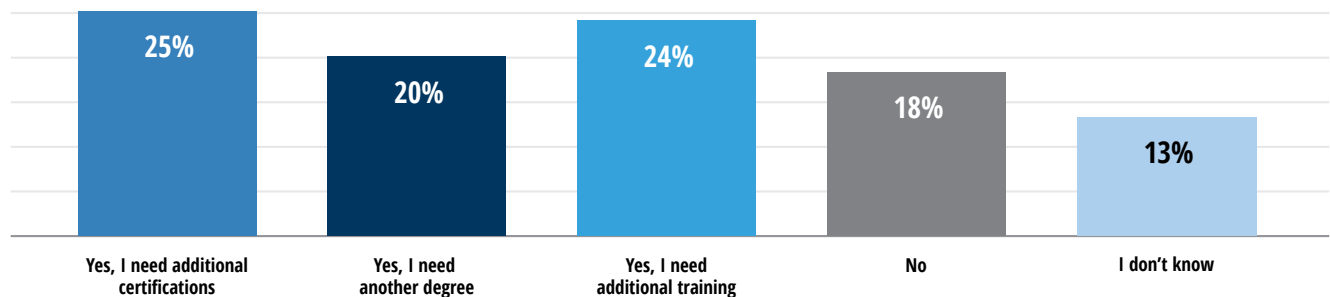


**Almost two in three say their college needed to focus more on credentials**

Despite completing a 2- or 4-year program, graduates believe acquiring more licensing or credentials would help them compete for jobs. This shows that institutions must think outside of “traditional coursework” to ensure students are career-ready.

Reflecting on how their degree did or didn't serve them in their career, graduates are more open-minded to non-traditional education paths to sharpen their skill sets. In fact, graduates are more than twice as likely to pursue training or credentialing instead of another degree.

## Are you considering additional training or educational courses to get ahead in your career?



**58% say employers should stop requiring degrees for most jobs**

A degree is not for every student or every job, which is why more than half of graduates believe employers should eliminate degree requirements for certain positions. It's time employers look beyond the degree listed on a resume and focus on the skill sets candidates bring to the table.

# A Final Word *from CEO Michael Hansen*



The market dynamics of education are rapidly changing. Students and graduates are demanding a better return on their education investment more than ever before. Is education really delivering on the promise of a good job, career growth or a better life? Or is it saddling students with debt they cannot repay because they cannot find meaningful employment?

COVID has accelerated these financial and employment challenges, while also driving radical change in education. One opportunity in the transformation of education is the shift from the traditional multi-year degree model to an employment-first model. We call this “Education for Employment.”

The reinvention of education relies on making Education for Employment a fundamental goal and not a derivative result of education. Learners must have a clear, efficient pathway between the job they want and the skills they need to acquire; academic institutions need to break beyond the traditional degree and offer different programs that help learners develop the skills and experiences they need to be employable post-graduation; and employers must define the appropriate skillset for jobs and help embed their development into different learning programs, nothing more, nothing less. It is no surprise that the most innovative companies and academic institutions are finally beginning to take a hard look at both learning and hiring requirements, and stepping in to fill the skills gaps left by traditional post-secondary education.

At Cengage, we are driven by the “Education for Employment” model where educators are responsible for instilling the capabilities and skills within each learner, equipping that individual to gain meaningful employment at the completion of their education endeavor, be it a two- or four-year degree, if pursuing a traditional higher education track, or something else.

Education for Employment is a critical imperative to address many ills of our current society, including degree stigma, access to affordable, quality education, and normalizing the pursuit of certificates, badges and other shorter duration programs that help individuals develop employable skills in a flexible, real time manner.

As this research shows, students’ needs are not being met by the traditional educational model – and we, collectively, amongst academic institutions and employers, owe these learners the appropriate return on their large investment in their education and in their future.

A handwritten signature in black ink, appearing to read "Hansen".



# Survey Methodology

## WHO

1,600 U.S. working adults

Evenly split between those who graduated from a 2- or 4-year institution in the last five years

Employed full-time or part-time in:

- Retail / Hospitality
- Healthcare
- Manufacturing / Engineering
- Finance / Insurance
- Technology

## WHEN

March 2–12, 2021

## HOW

Online survey  
conducted with a mobile  
survey platform

# Thank You

*For more information about this study contact [cengage@shiftcomm.com](mailto:cengage@shiftcomm.com)*