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# Prioritizing Small and Mid-Sized Businesses: Early Lessons for Skills and Credentials Leaders

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## Foreword

Efforts to validate skills and verify credentials and to record them in secure, portable portfolios (Learning and Employment Records, or LERs) are a lynchpin strategy to shifting toward [Skills First talent management practices](#) at scale.

To fully implement Skills First strategies, individuals need secure, trusted means of collecting, recording, and sharing their skills, experiences, and credentials. Education organizations need methods of sharing detailed competency and credential data, beyond transcripts, delivering proof that learners have the knowledge and skills gained through education programs. And employers need skills data and information to make decisions, manage talent effectively, and support their shift away from proxies of job readiness toward evidence of performance.

Ample opportunity exists for this growing movement to help small and mid-sized businesses (SMBs) meet their talent challenges and to help SMBs become more competitive and resilient in turbulent economic and political times through implementation of Skills First talent management practices. We do not, however, have a solid understanding of how SMB leaders understand the Skills First movement, what they might value about verified credentials and validated skills, and the features of digital wallets that would be most helpful to them.

This report is based on a national survey of SMBs across all industries and sectors and complemented by multiple in-depth focus groups and interviews with SMB leaders from communities in six states. It provides early lessons and insights about how SMBs understand these efforts, how they understand and align behind Skills First talent management practices, and how and what they would value most in the tools and products that enable verifiable credentials and validated skills. It is intended to support the ongoing learning and adaptation of organizations advocating for adoption of Skills First practices and those leading efforts to design and scale LERs, with insights into SMB priorities.

This paper is the first in a series of publications and resources focused on SMB engagement in these issue areas.

## Why SMBs?

SMBs, which we define here as enterprises with fewer than 1,000 employees,<sup>1</sup> play a significant role in the US economy.

SMBs make up most of the businesses registered in the United States, more than [99%](#), and employ about [51%](#) of the US workforce. Businesses with fewer than 1,000 employees also generate [44%](#) of the US's gross domestic product, contributing \$5.9 trillion in economic activity.

SMBs are also innovation engines. Although SMBs face barriers to working through the full patenting process, microenterprises with fewer than 10 employees are the [most productive](#) in the space, receiving double the patents per employee compared with large businesses.

SMBs also create local impact, with every dollar spent at an independent business [circulating](#) multiple times in a local economy through wages, goods and services purchased, and even charitable donations. SMBs also support diverse local economies and more resilient supply chains.

SMBs face significant talent challenges, similar to those faced by large organizations and likely even more acute given limited financial and human resources capacities. [Harvard Business School](#) research focuses particularly on the squeeze that smaller businesses face. They are less able to recruit talent aggressively from around the nation or world, relying primarily on local labor forces, and they are often unable to invest in talent planning and training, thus leaving their incumbent workforces less prepared for disruption than large organizations.

SMBs also face [challenges](#) in keeping up with salary expectations from candidates and workers and in competing with larger companies. Finding skilled workers is an ongoing challenge, as are hiring delays that create additional responsibilities for existing staff and lost productivity.

Our survey asked SMB leaders about their talent challenges. Of the respondents, 37.5% indicated that they struggled to find candidates with the right skill sets, and 34.4% said they had difficulty hiring for specific roles. Further, 32.8% of respondents indicated that they had trouble hiring in general, with overall labor shortages affecting their ability to fill open roles. They also noted increased competition from larger organizations, and they are not able to keep pace on wages, especially.

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<sup>1</sup> There is no universal definition of Small and Mid-Sized Businesses in the US. For the purposes of this report, we use a filter of up to 1,000 employees, regardless of revenue, and we consider organizations with more than 1,000 employees as "larger businesses" for comparative purposes.

Our focus groups revealed several additional challenges:

- Smaller businesses are challenged in growing at a pace that enables them to bring on full-time employees. As a result, SMBs may need to hire part-time employees to bridge gaps, but finding part-time talent with the right skills and who are interested in working in part-time roles can be difficult.
- Multiple business leaders indicated that they felt squeezed by increasing costs of living, especially housing and health care coverage, and limited resources available to pay for increased salaries. Smaller organizations also vocalized that their potential workforce was particularly affected by poor public transportation. “The transportation system here is killing our workforce’s ability to get anywhere they need to go outside of the 8:00 a.m. to 5:00 p.m. window,” one employer commented.
- SMBs often require the responsibilities that may be assigned to multiple positions in a large firm to be filled by one person, and finding the talent who both can and is willing to take on multiple responsibilities can be challenging. “When you have an SMB, until you get to be a pretty good-sized company, there is just no viable way to support a position that does just one thing. Finding people within a reasonable spectrum who are interested in those roles and willing to work along that continuum is tough.”

## What Does “Skills First” Mean to SMBs?

The promise of [Skills First talent practices](#) includes bigger, more diverse talent pools; better and faster hires; increased retention, advancement, and productivity; and ultimately an economy that can work better for everyone. Those strategies, described by organizations, including [Jobs for the Future](#) and [Grads of Life](#), are:

- Revising job descriptions eliminates unnecessary degree and experience requirements and prioritizes the skills that are vital to performance in the role.
- Recruiting and talent **sourcing strategies leverage relationships and partnerships with diverse outlets**, beyond large job posting sites and university campus recruiting efforts.
- **Candidate assessment is done consistently and objectively**, using diverse hiring panels with members who are trained, performance-based assessments, and behavioral interviews.
- **Staff who are in hiring roles receive regular** training on both unconscious bias and candidate assessment tools. Accountability structures ensure compliance with company policies for hiring.
- Employees hired using skills-based strategies are supported through **coaching, mentoring, and training**.



- All employees have a **career path and the professional development and skills training** opportunities to follow those career paths.
- Organizations have broad support across ranks for Skills First talent practices, reflecting a **company-wide commitment** to those practices and their outcomes.

We do not have a strong sense of how many or what proportion of SMBs have taken up the full range of Skills First strategies. However, early insights indicate the following:

1. There is limited awareness on the part of SMB leaders about the label “Skills First” or “Skills Based.” Across our focus groups, only a minority of participants had any familiarity with those terms.
2. SMB leaders who were aware of Skills First strategies were vague about practices beyond removal of degree requirements in job descriptions. They were not generally aware of the entire range of practices beyond the more publicized removal of degree requirements that some large companies and state governments have implemented.
  - a. SMBs may already be using effective Skills First practices in developing skills-based job descriptions. Small and mid-sized employers in the private sector who completed our survey all use skills as the primary basis for hiring and advancement decisions or require credentials only for certain roles.
3. SMBs do not appear to leverage a diverse set of talent sourcing and recruiting partnerships. Among SMB survey respondents, they rely on posting on major job boards (76%), employee referrals (70%), word of mouth (70%), and social media (59%) to find talent. They rely less on partnerships with nonprofit (15%) and workforce agencies (22%) and recruitment events (26%). Larger companies that completed our survey show similar patterns, except they use nonprofit (42%) and workforce (58%) partnerships significantly more, and recruitment events appear to play a major role, with 77% of respondents indicating they find talent in this way.
4. SMBs typically provide fewer training and upskilling opportunities for employees than do larger organizations, due in large part to limited financial and human resources. Organizations with fewer than 1,000 employees provide tuition assistance, apprenticeships, and internal training at about half the rate as businesses with more than 1,000 employees.
  - a. Forty-six percent of SMBs provide **tuition assistance** for current employees, compared to 75% of larger organizations. Only 30% of businesses with fewer than 100 employees provide tuition support.
  - b. Regarding **apprenticeships and Work-and-Learn programs**, 22.5% of SMBs support apprenticeships, compared with 44% of larger organizations. Only 17% of businesses with fewer than 100 employees support apprenticeships.

- c. About 55.8% of SMBs provide **internal training and education**, compared with 82.6% of larger organizations. Forty percent of organizations with fewer than 100 employees provide internal training and education.
  - d. For a deeper dive into SMB upskilling insights, visit: <https://www.aspeninstitute.org/publications/upskilling-for-small-and-mid-sized-businesses/>
5. The business case for SMBs' implementation of Skills First strategies is not as clear as that for large organizations. Without significant time, resources, or people devoted to implementation, SMBs are in a constant state of constraint. They may prioritize immediate needs over systemic changes in hiring systems, and they may be risk averse, concerned that shifting from traditional methods can bring about consequences that can affect their businesses. "Time for an SMB equals money. Time is often even more important than dollar signs," commented a focus group participant.

Although more research on these topics is needed, the common factors across SMB behavior here come down to **access, time, and resources**. For organizations that must prioritize their own work and who are not directly engaged in workforce development activities with outside organizations, awareness of these strategies, their utility, and how to implement them may be limited. Without significant support and assistance, the "people-heavy" Skills First strategies may not be feasible and sustainable for organizations that typically have few staff responsible for human resources, workforce planning, and talent management activities.

Based on these early findings, Skills First advocates can take steps toward increasing awareness and uptake of practices among SMBs.

- Conduct concentrated, consistent, intentional, and concise awareness-building activities for SMBs. These businesses may be a part of local chamber of commerce small business councils, for example, but may not have time to attend every session.
- Create highly accessible resources for SMBs to build understanding of practices and how leveraging those practices will affect their business. Wherever possible, use examples of SMBs in these resources. Sharing insights from large businesses with big human resources and talent teams will not resonate.
- Wherever possible, create capacity for SMBs to implement Skills First practices. This may come in the form of simple "plug and play" tools that SMB leaders can adapt quickly and that create value in the short term. Technical assistance, intermediary support, or "on loan" expertise may also create opportunities for SMBs to benefit from Skills First implementation without devoting limited personnel and resources.
- Adapt the business case for Skills First practices specifically for SMBs. For smaller organizations that hire relatively few people, experience just a few departures, or have limited advancement opportunities, the dominant business case does not resonate. We suggest that "fit" is a high priority for SMBs and will focus our future research on developing this business case.

## How Does “Fit” Fit In?

In our survey and focus groups, we asked SMB leaders to identify where efforts to verify credentials and validate skills within the context of Skills First talent management would create the greatest value for their organizations. Survey respondents indicated that they believed the primary value (55.2%) of verifiable credentials and validated skills was, indeed, “better fit candidates.”

Focus group participants highlighted the importance of fit as often the most important consideration for their hiring and retention decisions. One employer commented, “We are small enough to where both the owner and I meet with everyone we hire, and we have a filter of ‘Would you want to be in a canoe with this person for eight hours?’”

Another noted, “We believe we can train for certain skills, but if folks don’t come to the table with shared commitment to learning, they aren’t going to be a good fit for us.”

There appears to be some murky territory in how employers describe fit as it relates to skills. During our focus groups, employers sometimes characterized fit in terms of personality and relationships. Other times, they referred to fit in terms of values and “shared commitments.” They also framed fit in terms of durable skills like communication, creativity, critical thinking, and growth mindset, among others.

Although much more research is needed, it seems like an important opportunity exists for Skills First advocates to clarify language, especially helping employers gain insights into how durable skills can be taught, practiced, and assessed.

SMB leaders are conscious about how easily the sometimes subjective fit factor can run counter to their goals. A contributor commented, “When we talk about fit, we have to talk about fit and function. An ongoing concern is that often, fit is so subjective and it’s hard to describe, so there are times when we will rule people out because of these subjective things when maybe they are a good fit.”

## What Value Could Learning and Employment Records Have for SMBs?

For LER developers, attention to the needs of SMBs is important, and it may even be a chance to effectively pilot, test, and scale tools. A recent [case study](#) focused on the Center for the Future of Arizona’s (CFA) work with Arizona State University and Karsten’s Ace Hardware to pilot a digital badge illustrates this opportunity. Holly Kurtz, director of workforce development at CFA, commented, “I knew our best opportunity was a small business. It is so hard to break into the big businesses. They are locked up with systems, and they don’t necessarily have the flexibility of looking at something like this. Our big employer partners would likely see this as redundant to their HR systems.”

Although SMBs likely have little awareness of Skills First practices, they appear to have even less awareness of efforts to verify credentials and validate skills and house them in LERs.

SMB leaders who responded to our survey are generally not familiar with efforts to track and record verifiable credentials. About 25% of respondents indicated that they were “extremely” or “very” familiar with verifiable credentials, but among private sector respondents, only 16% meet that threshold. We provided survey respondents with a definition of verifiable credentials within the survey.

More employers who completed our survey were familiar with efforts to measure and record validated skills, with about 30% indicating they were “very” or “extremely” familiar with these efforts. Another 30% of respondents were at least “somewhat” familiar.

In our focus groups, participants were much more familiar with the term “wallet” than any other.

Employers have specific insights into both verifiable credentials and validated skills.

## Verifiable Credentials

Although credentials matter more in some industries than they do in others—with roles in healthcare, for example, requiring specific credentials and licensures—certifications, certificates, degrees, and other forms of credentials are common, longstanding, and highly trusted means for job seekers to show they have the competencies and for employers to identify potential talent.

As noted in past [UpSkill America pieces](#), terminology is important. Employers, especially SMB leaders who have limited time and capacity to dig deeply into the movement to verify credentials, may struggle to find relevance in technical language and explanations and instead want to understand these aspects:

- How verifiable credentials differ from typical credentials.
- How verifiable credentials operate. How would an employer view them? How would an employer know a credential is verified? How would an employer use a verified credential in their context?
- What value would verified credentials create for employers, and what problems would verified credentials solve?

A [verifiable credential](#) is a digital document that confirms specific details or qualifications about a person. It can represent the same information that a physical credential (degree, certification, license, etc.) represents, while making any evidence of tampering clear and removing opportunities for fraud. Verifiable credentials are issued by an authorized entity, like a government or university, and can be used to prove aspects of identity, including degrees, certifications, and employment history.



Despite the lack of familiarity, SMB leaders indicated they would find value in verified credentials, particularly in the early stages of their talent management processes. They would find most value in verified credentials in the recruiting and application (51.7%), hiring (44.8%), and candidate assessment (37.9%) phases of their talent process. Only 10% of respondents indicated they saw a connection between verified credentials and improved retention.

We asked survey takers to identify the value they believed would be created within their organizations by the availability and use of verified credentials. Of SMB respondents, 45.7% believed that using verified credentials would result in hiring candidates who are better fit for the role. A little more than 31% (31.4%) believed that verified credentials would lead to faster and more efficient candidate screening and background checks. Nearly 23% (22.9%) believed these increased efficiencies would result in reduced time to productivity and proficiency among new hires.

Among SMB survey respondents, about a quarter indicated that they provide credentials or badges to employees who complete internal training, lower than the [33%](#) of national employers of all sizes identified in a recent survey. This is not surprising, given the lower rates of provision of internal education and training by SMBs and given the cost and human resources required to support internal credentialing models.

## Validated Skills

Evidence of skills proficiency, supported in ways that are fraud-proof and trustworthy, are foundational to the long-term success and scaling of Skills First talent management practices. And validated skills are what employers want and need. In our conversations with employers in the past, and in researching this, we have found consistently that employers of all sizes are looking for ways to better understand and assess the skills of their candidates and employees and are eager for those skills to come with proof of competency.

Respondents indicated they would find value across the entire talent management process, including in the recruiting and hiring stages and management of incumbent talent:

- 68.3% of respondents said they would find value in having validated skills during recruiting and application stages.
- 53.7% would find value in candidate assessment.
- 48.8% of respondents would find value in both advancement and promotion activities, as well as upskilling and reskilling efforts.

A validated skill is one that a person has been observed performing based on a set of defined criteria in a context (job, military, school, etc.) and assessed by a qualified entity, like a college or university, government, or employer.

Respondents indicated that validated skills would help their organizations identify and hire candidates who were better fits for their roles (48.6%). Validated skills would also result in faster and more efficient candidate screening (37.1%) and reduced time to productivity and

proficiency among new hires (42/9%). About 25% of our SMB survey respondents thought the use of validated skills would result in improved retention.

Interestingly, respondents from SMBs on this topic diverged somewhat from larger organizations that completed our survey. Larger employers agreed with SMB leaders that validated skills would contribute to better fit candidates but found significantly more opportunity than SMBs in using validated skills to improve employee career mobility and advancement and to improve cross-functional deployment of talent in the business. We hesitate to place too much emphasis on this difference because it could be an artifact of the role held by the survey completer and limited sample size. However, this finding is generally consistent with the understanding that SMBs place relatively less emphasis on employee upskilling and may have fewer opportunities for advancement and redeployment of talent.

We asked SMB survey respondents to weigh in on the kind of information they would want to have at their fingertips about each validated skill. We asked them to rate the importance of five information areas on a scale of 1 to 100, with the higher figure being most important.

Overall, employers appear to value **all** forms of skills data and information, especially as they have little comprehensive, machine-readable skills data available currently. We can see, however, that employers are most interested in having a good understanding of individuals' skills proficiency and having evidence that the skill has been demonstrated. This aligns to [past UpSkill America research](#) to gain employer insights into a digital credential and skills profile platform.

Information area	Median rating
Evidence of skills <b>proficiency/level</b> , ideally aligned to an industry framework	75
Evidence of skill <b>demonstration</b> , having an artifact of learning	73
Defined <b>criteria</b> for assessment, understanding the rubric used in assessing skills proficiency	70.5
Description of <b>assessment activity</b> (information about how the assessment happened)	69.5
Information about learning <b>context</b> , where the skill was gained (on the job, school, military, etc.)	60

Skills will ultimately be able to be validated by any qualified entity. We asked survey respondents to indicate which entities they trusted most to validate candidates' and

employees' skills. SMBs expressed trust in organizations that are currently responsible for most credentialing, including industry associations (57.1%), non-college education providers like bootcamps and workforce training providers (57.1%), and colleges and universities (51.4%). Relatively few SMBs look to other employers, within or outside of their industries, for skills validation.

When asked whether having a record of validated skills would increase employers' trust in the entities they do not trust today, feedback was mixed. About 42% of SMB survey respondents said validated skills would increase their trust in validating entities, but nearly as many responded that "it depends."

A larger proportion of respondents indicated that being involved and participating in setting skills criteria and assessments would increase their trust that people with validated skills could demonstrate those skills—61% of respondents agreed, whereas another 27.3% said, again, "it depends."

Although more research on this topic is needed, our conversations with small and mid-sized businesses underscore how deeply relationships and the local ecosystem affect their decisions. Small businesses likely have a local community college and training partners, but they do not have easy access to national partners or a wide array of organizations.

Another focus group participant spoke about the deep knowledge that smaller businesses working in local ecosystems build about each other's training and workforces. They commented, "Employers know the training that their partners down the street are doing and the kind of quality that comes out of that workforce. I have been in a position to hire a bunch of welders, and I knew exactly which welders I would want to hire from neighboring employers, and which I wouldn't."

Because their context is local, small and mid-sized businesses may benefit particularly from well-designed efforts to align on skills needs and talent strategy. One focus group participant commented, "There is some competition, but there is also interdependence—businesses know they have to have each other and that we exist in an ecosystem. There are certain things that everyone benefits from, and so that's when we lay down our swords."

## What Tools Do SMBs Need, and What Would They Use?

To effectively engage SMBs in using verified credentials and validated skills for decision making and implementation of Skills First talent management, platforms and tools need to include the right information and functionalities. Consider, too, that SMBs are much less likely to use applicant tracking and human resources information systems. According to our survey, only about half of SMBs have these systems in place. These rates drop to about 40% for organizations with fewer than 500 employees and to just 27% for businesses with fewer than 50 employees.

Nick Moore, Alabama's director of the Governor's Office of Education and Workforce Transformation, has thought deeply about how to create value for employers in Alabama, especially the small and mid-sized employers that make up more than 99% of Alabama businesses and employ 47% of the state's employees. The Talent Triad is the state's answer to persistent talent challenges and a key to its goal of increasing the number of credentialed workers by 500,000, addressing both the supply of talent and workforce participation rates. The Talent Triad is a tool powered by EBSCOed that powers a skills-based economy through a talent market place, including a skills-based job description generator, a digital wallet where individuals can manage their verified credentials and validated skills, and a credential registry.

For Moore, the intersection of technology efforts in support of shifts toward skills-based talent management is clear. "You cannot do skills-based hiring at a level that is a value add without embracing the technology that is creating networking and signaling effects between talent supply and demand. Some are trying to make the case that you can do this without Learning and Employment Records, but that misses the point in what we're defining as skills-based talent management. If we're just making up competencies and dropping them in, we'll ultimately land in a worse place."

SMBs are the priority for the Talent Triad for multiple reasons. Moore commented, "SMBs have the greatest potential upswing and the lowest risk. They don't have 500 locations; they're not always doing business across state lines. This can be a plug in for them."

Moore reflected on the evolution of the Talent Triad over the past few years, especially in the context of small business engagement. "The current version is too complicated for SMBs. They're more concerned about matching up with people who have a profile that meets their job description—they're not worried about getting wonky with the job description itself. They also are having a hard time taking their current job descriptions and using the Triad because they don't have any real foundations for building skill-based descriptions. We understand that they see it as being overengineered and overcomplicated."

Moving forward, the Triad will streamline to focus on its core functions, without losing aspects that employers and individuals value. "It's twofold. First, we're translating learning assertions into competency statements and matching people to jobs based on connections between those assertions and job descriptions. For employers, it's about allowing them to customize and work at the micro-level, find qualified individuals, and curate their talent pool based on those matches. That's what we need to do and focus on."

In addition to considering integration with applicant tracking systems (ATS) and human resources information systems (HRIS) platforms, SMBs may require stand-alone technology that human resources teams with limited capacity can easily learn and use.

When asked to consider the technology solutions that may support their talent practices:

- 49% of SMBs want the ability to easily distinguish the skills proficiency of potential candidates.
- 49% want the ability to easily distinguish which potential candidates have the skills required for roles.
- 34% want to easily verify employment and work history.
- 30% want to easily verify licenses, certifications, and other credentials.
- 26.4% would like the ability to easily target upskilling and reskilling opportunities to specific current employees.
- 20% would like to easily understand current employees' skills.

These functionalities align with the insights we have shared. SMBs view verified credentials, validated skills, and the wallets those records come in primarily as opportunities to affect the hiring and candidate assessment process. With limited budgets, capacity, and growth opportunities, upskilling and advancement of incumbent workers are lower priorities. Skills proficiency and fit for hire are clearly the top priority for small and mid-sized businesses.

We also consistently heard a level of exhaustion and initiative fatigue across our focus groups, especially for smaller organizations that do not have dedicated people to support this work.

- "I can hear employers saying, 'Oh, great, ANOTHER system.' This just becomes way too much, especially for small employers who don't have anyone dedicated to this. Or the one person who is designated to lead on this also wears three other hats."
- "You can't expect workplace HR professionals to be experts in these systems. Ugh. It is a flurry, and it is so hard to keep up."
- "I'm always skeptical. I remember that quote from Ronald Reagan: The most terrifying words are 'I'm from the government, and I'm here to help.' That's true. We're all a little jaded from government programs that are supposed to help us."

For LER leaders, ensuring that tools and platforms are functional, simple enough to use without investment in HRIS and ATS products, and inclusive, with both technical and durable skills data, will be important for engaging SMBs.



Montana's average business has six employees, and two-thirds of workers are employed by small businesses in the state (the highest proportion in the nation). Accelerate Montana is designing a system for SMBs that is focused intentionally on supporting SMBs to manage and redeploy their current talent rather than on recruiting new talent.

Paul Gladen, director of Accelerate Montana, commented, "Talent pool deployment is important. They're not as worried about recruiting, which will arise only a few times a year. What they're really hoping is that their current employees will stick around. So, our goal is to bring better data and technology for skills to help SMBs better manage who they already have."

Although Montana's products and tools are still under development, they focus on small business priorities from the outset and think about the unique needs and constraints that SMBs face.

"With big organizations, they're looking for precision in the data. They need precise skill sets and to understand how tools will help them find a needle in a haystack. SMBs need a Swiss army knife," Gladen said. "What we are looking for is for an employer to be able to essentially adopt a tool and operate it as a standalone solution for them. If they're coming in with no existing HR systems or recruiting systems, they should be able to set up their account and import their data, and we'll crunch all that and present it back to businesses."

## Insights and Conclusions

Although additional research and exploration are needed to support deeper engagement and understanding of small and mid-sized business needs in the realm of Skills First talent management and the supporting movement of verifying credentials and skills, there are some early lessons.

### Context

- A significant awareness gap exists about Skills First practices and efforts to verify credentials and validate skills among employers.
- Engagement and implementation strategies that have been built for larger organizations will likely not be as effective with SMBs. SMB leaders often fill multiple roles and may not be able to devote time, energy, and resources to learn about and implement these strategies.
- SMBs appear to be all over the map in terms of uptake of Skills First practices. Although more research is needed, advocates should attempt to understand both

where SMBs may already be implementing practices and which Skills First practice most aligns with their current talent challenges. Advocates should not take for granted that hiring is a top priority for SMBs and should recognize the structural and organizational limitations that some SMBs will face in implementing all Skills First strategies.

- SMBs use technology to support their talent management (HRIS and ATS) at rates far lower than those of larger organizations. Advocates have opportunities to help SMB leaders who use manual processes or who cobble together resources to solve problems using their LER systems. These businesses will also not likely be concerned about integration and interoperability.

## Priorities

- More research is needed to determine a precise business case for SMB uptake of Skills First practices and LER tools. Our findings indicate that fit is a big priority for SMBs, and one that can be well served by these approaches, but there appear to be good opportunities to better understand what SMBs really mean by fit and the kind of data they need to recognize good fit candidates while also supporting fairness in those decisions.
- When presented with an ideal state in which employers would have access to verified and validated credential data for candidates and employees, employers indicate that this data would be valuable to them. That said, they appear to value validated skills data to a greater degree. This makes sense for SMBs, given the higher proportion of organizations making talent decisions based entirely on skills.
- SMBs, if given the chance, appear to prioritize data about skills demonstration and proficiency, underscoring the need for rigorous and widespread validation of skills data that reflects that an individual has the skills, at what level those skills are held, and how they can be deployed in an organization.

## Design Considerations

- Materials developed for SMBs should be tailored and targeted, recognizing both that SMBs need to see examples of similar organizations and to access information and resources that address their unique perspectives and needs.
- Designers of credential and skills platforms should err on the side of simplicity and user friendliness and should create opportunities for platform use to be as easy as possible. Wherever appropriate, engage small businesses in design conversations early on, and prioritize SMB needs alongside those of larger organizations.
- SMBs appear to find most value in validated skills. This ensures that LER platforms and tools incorporate skills data leveled by proficiency and contextualized against industry

standards or some other benchmark. It will also help all companies, especially SMBs, understand and make the best use of those skills data.

- SMBs noted consistently that they constantly combine skills from across domains within one position that might, in larger companies, be a single full-time employee (FTE). Retaining flexibility for employers to mix and match skills within LER platforms is likely the right approach to maximize use for all employers.

With these early insights, we hope that we have started to address the real and complex challenge of supporting and designing for SMBs' engagement and implementation of Skills First practices and the technology tools that underpin that work.

Although SMBs are harder to engage due to the sheer number of organizations, and there is potentially less incentive to engage them due to their smaller size, they are a lynchpin in scaling the Skills First movement. Further, they may be the movement's greatest beneficiary. With limited resources and capacity, SMBs represent an opportunity for Skills First advocates to make a tremendous difference in the lives and livelihoods of SMB leaders and employees.

Moving forward, we will continue to explore the questions elevated in this research in collaboration with our partners:

- What is the tailored business case for SMB adoption of Skills First practices?
- How should the Skills First community consider fit in the context of skills?
- What is the best role for intermediary organizations in supporting capacity building for SMBs?
- What turnkey solutions could be developed for SMBs?

UpSkill America is committed to further exploring these questions and others in support of a society and economy where all learning counts.

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## About UpSkill America

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





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