

# Chapter 18

## Micro–Credentials: Not Working as Advertised

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### **ABSTRACT**

*The explicit intention of governments in making investments in micro-credentials in Canada was to respond to a growing skills gap in the human capital market. Employers complained that they were unable to find potential employees with the skills needed. Given the challenges faced by colleges and universities and the challenges within the Canadian economy, micro-credentials looked like a potentially effective response to the need to upskill and reskill the workforce. The results have demonstrated that this linking of higher education to human capital market needs is not working and is, in fact, a fiction. This chapter explores the state of play of micro-credentials in Canada against a background of institutional precarity, shifting government policies and a larger economic picture. It suggests that not only are micro-credentials a weak response to the labour market needs, they represent system “noise” rather than a reasoned response to a social and economic challenge.*

### **INTRODUCTION**

This chapter examines the launch and development of micro-credentials in Canada from 2020 to 2024 and how their emergence reflects underlying issues in which higher education is developing in Canada. Given the financial and operational precarity of colleges and universities and labour market challenges which confront governments in Canada, micro-credentials need to be understood both as political and economic instruments and as commercial opportunities for colleges and universities (Wheelahan & Moodie, 2022). Though some saw the potential of a

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focus on micro-credentials as a harbinger of a significant change of programming at colleges and universities, it is already clear that they are “noise” rather than an agent of transformative change (Murgatroyd, 2022). The chapter will use available reports and evidence, exploring the extent to which policy and government expectations that led to investment in micro-credentials were matched by what happened in fact.

To understand the issues and concerns, some context is needed. It is important to understand the precarity of Canadian postsecondary institutions, the Canadian economy, and its human capital market.

## **The Precarious State of Post Secondary Education in Canada**

Canada’s higher education systems are complex and compartmentalized. Each of Canada’s ten Provinces and three territories has sole and direct responsibility for all aspects of education, except for the provision of education on Indigenous reserves. The Government of Canada intrudes into this domain by offering financial support to students and funding for innovation related to labour market needs or research, which can impact postsecondary education. It can also impact the complex system by severely restricting access to higher education for international students, as it has just done (Usher, 2024a, 2024b).

## **Growth of the Student Population**

Over the past thirty years, provincial and territorial governments have reduced per capita funding for postsecondary education, such that in some provinces, student fee revenues now exceed government investment, especially in the college sector. Using OECD 2024 data, investment in higher education as a percentage of total government funding has been falling at 7.5% each year in Canada since 2016 (OECD, 2024).

Despite declining government revenues, access to higher education has expanded significantly since 2016. In 2022-3, there were 2.22 million students (Usher & Balfour, 2024). This level of registration is a significant increase from the 2.05 million enrolled in 2016 (Statistics Canada, 2022). One-third of these students are enrolled in colleges, and two-thirds in universities. This significant enrollment growth was fuelled largely by international students, which accounted for 25% of students in colleges and 18% of students in universities in 2022-23.

At the same time, Canada’s youth population (aged 18-21) declined by about 1.2% between 2012 and 2022, contributing to a degree of enrolment weakness in higher education. However, it is now clear that, largely due to immigration, the youth population numbers are set to increase substantially over the period 2022-2032, but the distribution of this growth will be uneven across the country. This demographic shift could lead to large increases in enrolments in some regions, ranging from 15%

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