



University of Phoenix
2026 Study

Career Optimism Special Report™ Series

The Illusion of Progress in **Skills-Based Hiring**



A Letter from Cheryl Naumann



Cheryl Naumann

Chief Human
Resources Officer
University of Phoenix

In today's labor market, the pressure to evolve hiring practices has never been greater. Employers are rethinking what "qualified" means. Job seekers are navigating systems that don't always capture the skills they've worked hard to develop. And AI, while full of promise, is surfacing just as many concerns as solutions.

This disruption comes at a time of unprecedented competition. **Job applications surged 23% last year**, on top of 31% growth in 2024, far outpacing the 6% growth in openings—thanks in part to AI tools that make it easier than ever to apply en masse. With **job openings flatlining throughout 2025**, both hiring teams and candidates are feeling the squeeze: more résumés, less clarity, and growing pressure on systems never built for this scale.

Many employers report they are adopting a skills-first mindset, but implementation is falling short. Policy change without structure is not enough, especially when broader hiring systems are under strain.

At University of Phoenix, we have a 50-year history of serving adult learners who bring rich, real-world experience to the table. They are pursuing higher education to translate this experience into measurable skills, while gaining new ones along the way.

We've long believed that skills-based education matters and have made great progress as an institution in skills-mapping each of our courses. But, like so many other organizations highlighted in this report, we are just beginning to address how to bring this skills-first mindset to our own hiring and talent development journey.

Like many employers, we're exploring how to better identify, measure, and reward skills within our own workforce, navigating what it truly means to put skills-based hiring into practice. This commitment is why we launched this Career Optimism Special Report™. We desired to examine where organizations are making headway on skills-based hiring and where there are still critical gaps in implementation. The findings are clear and validating: **the majority of employers want to hire based on skills, but they're often under-equipped to do it in a consistent or scalable manner.** And in the absence of clarity, many of the hiring stakeholders we surveyed see the process defaulting to relying on legacy metrics including personal networks, intuition, or the implementation of new technologies that many don't fully trust yet.

This report offers a data-driven look at the systems behind hiring and what it will take to build a more effective and future-ready workforce together. It's a call to action and open invitation for business leaders, educators, and job seekers alike to join us on this journey to collaborate, clarify, and champion a hiring ecosystem where skill is seen, valued, and rewarded.

A woman with dark hair tied back, wearing a white button-down shirt, is seated at a wooden table. She is looking down at a clipboard held by another person whose hand is visible on the left. The background is a blurred office setting with white shelving and small potted plants.

Executive Summary



In today's workforce, skills are the currency of opportunity. Yet this growing understanding among employers and job seekers isn't consistently reflected in how organizations are structuring hiring systems, defining qualifications, or assessing candidates.

This special report from University of Phoenix Career Institute® explores the growing gap between intention and implementation in the shift to skills-first hiring. Skills-first practices are gaining significant momentum: **82%** of hiring stakeholders* report that their processes are shifting toward a more skills-based approach. However, for most organizations, hiring systems haven't evolved in lock-step. More than half (**53%**) of employers report a lack of standardized hiring practices within their organizations—meaning there are no consistent criteria, evaluation frameworks, or interviewer training in place to support this shift towards skills-based models. What's more, **57%** of hiring stakeholders wish they had better training on how to evaluate candidates' skills. This reality, where policy and infrastructure are often misaligned, perpetuates an illusion of progress towards a skills-first hiring landscape, creating complacency among employers, despite a reality that is rooted in growing dysfunction.

Key findings include:

58%

of **job seekers** say they've been rejected for roles they were qualified to fill, with nearly 1 in 5 hiring stakeholders (22%) believing that poorly designed application systems are filtering out qualified candidates.

Nearly

1 in 4

non-HR hiring stakeholders* (24%) receive no training before interviewing candidates.

79%

of **hiring stakeholders** say referrals actively influence hiring decisions, even though 75% say personal connections aren't important to the hiring process.

57%

of **job seekers** and 47% of hiring stakeholders believe that AI introduces bias into the hiring process.

Only

30%

of **hiring stakeholders** feel they frequently receive graduates who are fully prepared for the roles they are hiring for, despite 62% believing universities equip graduates with job-ready skills.

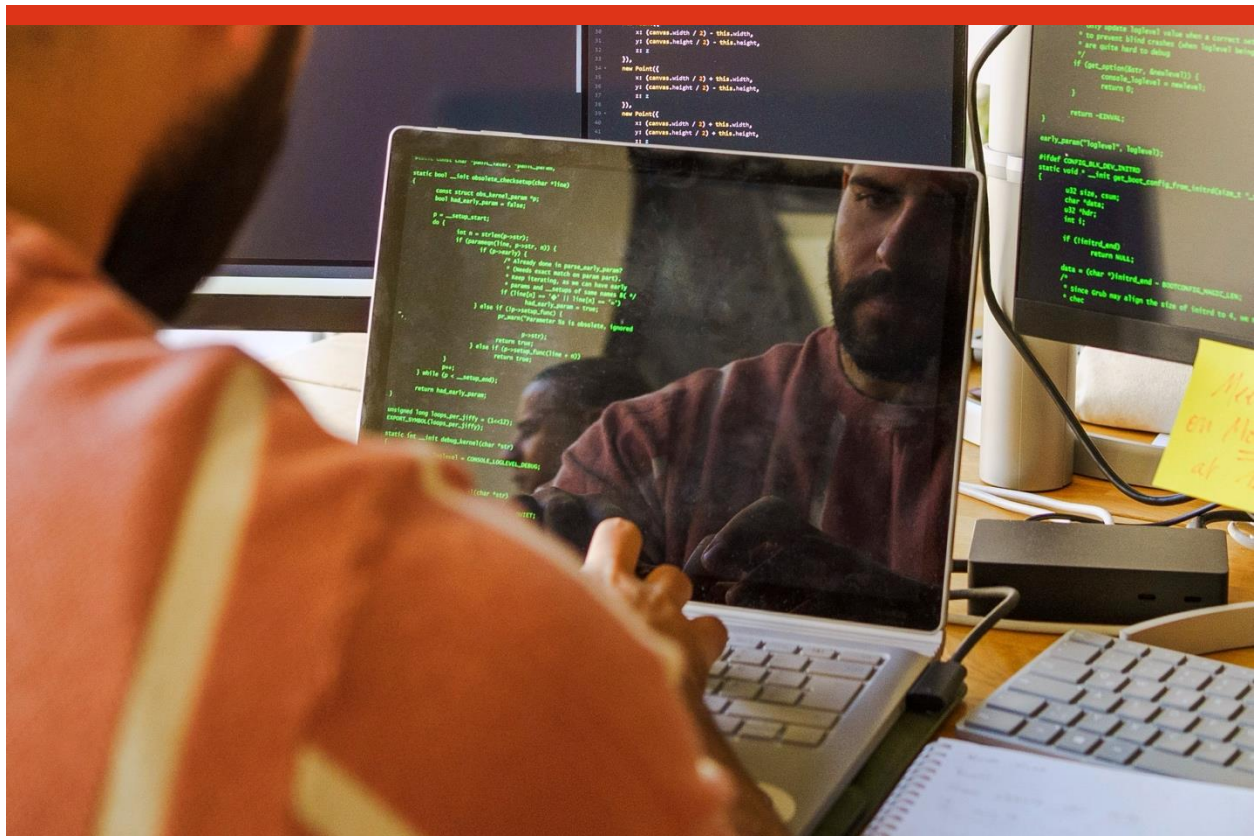
**Hiring stakeholders are full-time employees with influence (participated in an interview, gave feedback on a candidate during the process, etc.) over hiring decisions at their company at the time of the research.*



Without clear frameworks, hiring often defaults to referrals, inconsistent interviewer bias, or AI tools that many hiring stakeholders don't trust or audit. As a result, qualified candidates are overlooked—not for lack of skill, but because organizations lack scalable, consistent ways to recognize fit for a role.

As traditional hiring signals evolve and AI becomes more prevalent, employers must establish modern frameworks that prioritize clarity and readiness. Signaling the desire to focus on skills-based hiring may reflect progress but without a thoughtful plan to recognize and validate a broader range of skilled talent, the hiring system risks excluding the very individuals the shift aims to include.

As a result, qualified candidates are overlooked—not for lack of skill, but because organizations lack scalable, consistent ways to recognize fit for a role.





Inconsistency in the Hiring Process



Many organizations have embraced the idea of skills-first hiring as the way of the future. In fact, **82%** of hiring stakeholders report that their processes are shifting toward a more skills-based approach.

But this intention is often not consistently translating to a clear shift towards a skills-based hiring system within organizations.



hiring stakeholders report that their processes are shifting toward a more skills-based approach (**82%**).





Even as employers express confidence in their ability to assess candidates—**(92%)** say they know how to evaluate skills—many admit that their internal processes don't support that goal.

More than half **(53%)** of employers report a lack of standardized hiring practices within their organizations, while **51%** believe that most resumes don't clearly showcase job-relevant skills—pointing to a lack of fluency both on the applicant and reviewers' sides.

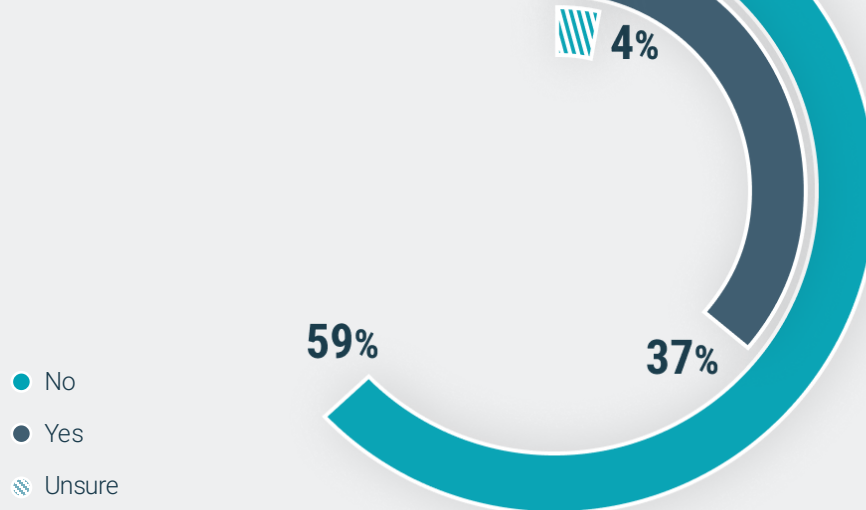
From the candidate's perspective, this leads to frustration and ambiguity. **65%** are dissatisfied with their job search experience, and more than half **(58%)** say they've been passed over for roles they're fit for.

53%

of **employers** report
a lack of standardized
hiring practices within
their organizations.

Fairness in Hiring

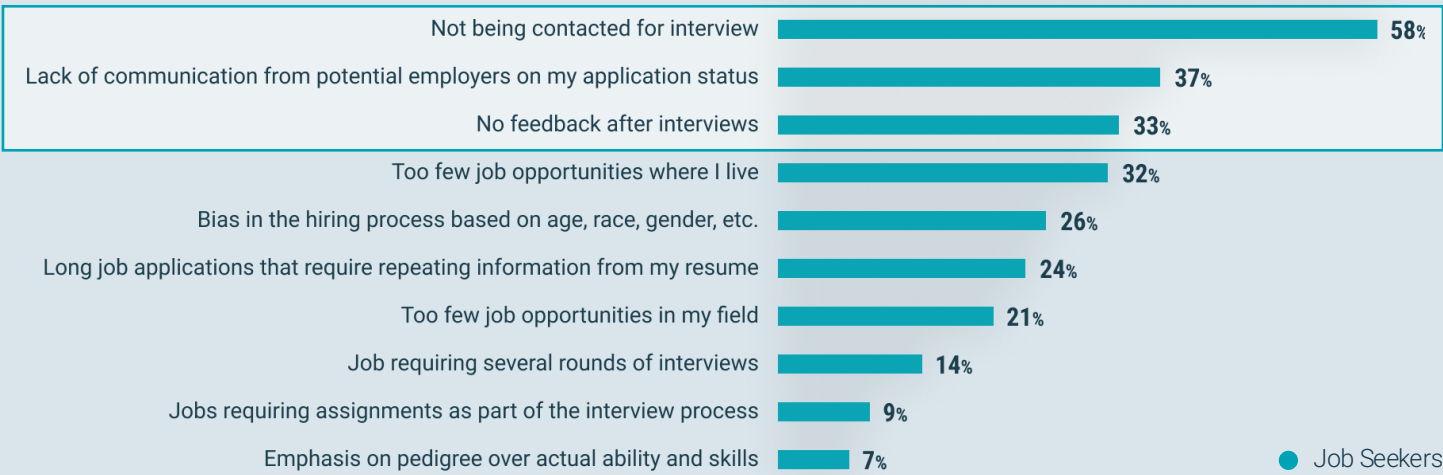
[Shown: Job seekers, % Selected
Somewhat/Strongly Agree,
Somewhat/Strongly Disagree, Unsure]





Biggest Job Search Obstacles

[Shown: % Selected]



Even hiring stakeholders acknowledge the disconnect: strong candidates are getting lost in systems that fail to evaluate consistently or clearly.





The Training Gap

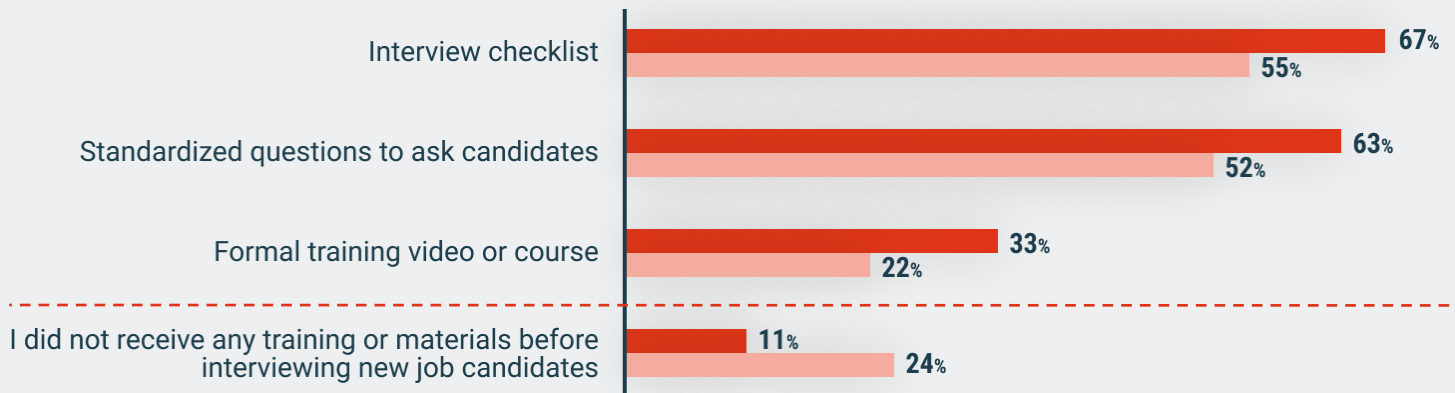
One of the most overlooked barriers to a fair, skills-first hiring approach lies in the preparedness of hiring stakeholders.

While HR teams may set interview policy, **many hiring decisions are ultimately made by non-HR team members**. Yet nearly one in five hiring stakeholders (20%) receive no training before interviewing candidates.

Training / Materials Received Before Interviewing Job Candidates

[Shown: % Top 3 Selected]

- HR Team Hiring Stakeholders
- Non-HR Team Hiring Stakeholders





In the absence of guidance, structured rubrics or shared evaluation frameworks, hiring stakeholders often default to subjective measures of “fit.” This is where unreliable metrics can take root, and where even well-meaning policies fall short in practice.

57%

of hiring stakeholders wish they had better training on how to evaluate candidates' skills.

If the goal is to assess skill and potential objectively, every evaluator must be equipped to do so. **57%** of hiring stakeholders wish they had better training on how to evaluate candidates' skills.

“

Sometimes I think it's a wing and a prayer and a little bit of gut... it's probably 75% of it being gut instinct, 25% actually being truly requisite experience.”

– Hiring Stakeholder

You sort of learn how to read people and you can tell that's the gut feeling whether this person is going to make it or not at your company.”

– Hiring Stakeholder



The Lasting Power of Referrals



Gaps in hiring systems, like the lack of interviewer training, mean personal connections are continuing to dominate hiring outcomes as hiring stakeholders seek to leverage a shorthand that quickly and reliably demonstrates job seekers' fit for a role.

While **44%** of hiring stakeholders say referrals are not important to the hiring process, **79%** acknowledge that they influence final decisions.

In practice, referrals play a major role in hiring, representing nearly one third of both hiring stakeholders' applicant pipelines (**30%**) and job seekers' recent hiring outcomes (**32%**). Job seekers have noticed: **81%** say "who you know" still matters more than "what you know."

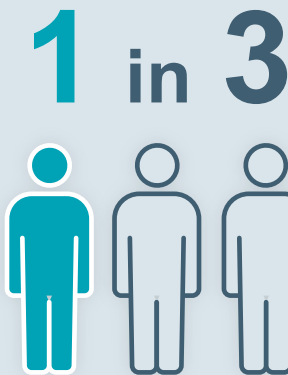


There's credibility [with referrals]. If someone vouches for someone, they're sticking their neck out for that individual... so, I have a little more respect for that individual..."

– Hiring Stakeholder

I think referrals are good, especially if it is coming from someone that I've known for a long time... so, I do place weight on that."

– Hiring Stakeholder



Job seekers have felt overlooked for a job opportunity because they did not know someone who worked at the company (**32%**).

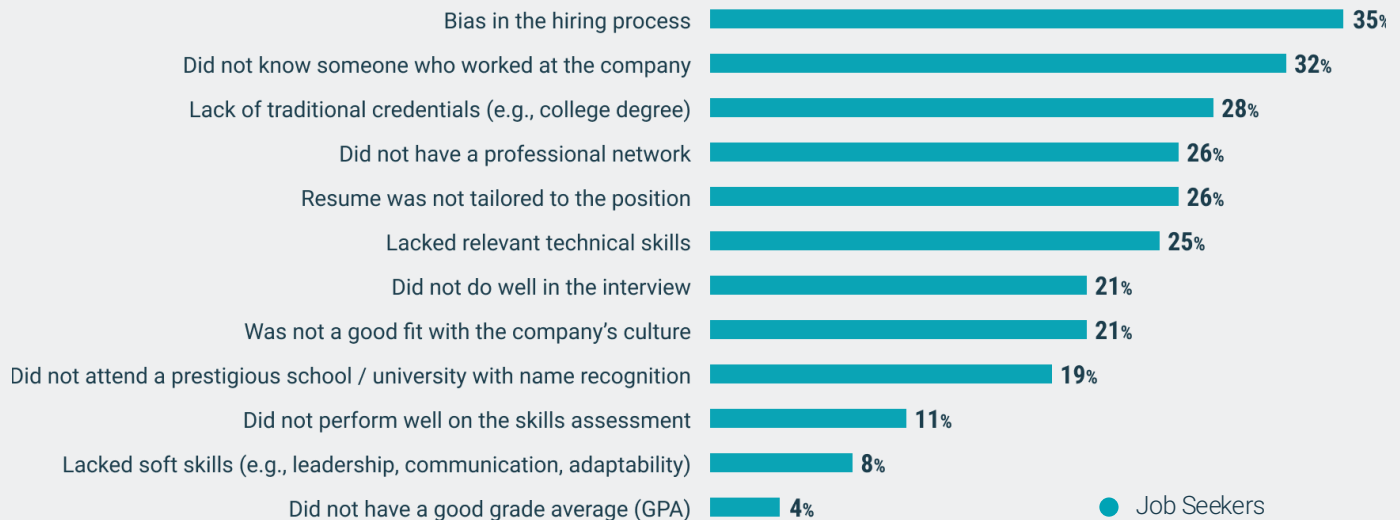


This dynamic doesn't stem from ill intent, but from a lack of clarity around qualification. Without robust, consistent systems to assess skills, hiring stakeholders often fall back on familiar networks or informal cues. When that happens, even progressive hiring goals can reinforce legacy patterns, doing more harm than good in an effort to promote fair, qualifications-based hiring.



Reasons Job Seekers Felt Overlooked for a Job Opportunity

[Shown: % Selected]



When asked if hiring stakeholders want more training on the hiring process, we heard...



I would like to see a hiring process that focuses on skills, transparent job descriptions, and fair evaluation methods."

– Hiring Stakeholder



You can never have enough training. It is something that continuously evolves and you want to make sure... everyone's on a level playing field and gets an equal shot."

– Hiring Stakeholder

When asked how often hiring stakeholders are asked to evaluate skills for roles that they don't have themselves, we heard...



Quite often... but I wouldn't be the final hiring manager, or I wouldn't be in the final interview because I'm not familiar with the roles."

– Hiring Stakeholder



Not very frequently anymore, just because I've gotten into the routine of it. The first couple months were a little bit of an adjustment."

– Hiring Stakeholder



A Lack of Trust in Emerging Technologies



Artificial Intelligence (AI) was expected to bring greater speed and objectivity to hiring. Instead, it has introduced new layers of doubt among both job seekers and employers.

57% percent of job seekers and **47%** of hiring stakeholders believe that AI impacts objectivity in the hiring process. Despite these concerns, only **37%** of organizations that use AI report auditing their tools for fairness. Half of all hiring stakeholders (**50%**) believe these tools may be screening out qualified applicants.

Job seekers who suspect AI was involved in their application process are significantly more likely to report dissatisfaction with their job search experience (**70%** vs. 50%) and are nearly three times as likely to believe it impacted their visibility to potential employers (**70%** vs. 26%).

Even job seekers with hands-on experience using AI tools say trust is lacking, with **66%** believing it impacts objectivity in the hiring process. The issue isn't familiarity with these technologies—it's transparency. And as **30%** of hiring stakeholders report that AI is starting to replace human roles, the stakes are rising.



I think it's totally unfair. I do not think the filters that are out there are necessarily screening and parsing out the right candidates. To me, that's the start of AI—not being able to reason looking at a candidate based on their experiences, et cetera. I don't particularly love a lot of the filters that are out there."

– Hiring Stakeholder

If the AI model is not properly tuned, you can wind up throwing people out that should be considered in the process or conversely, including people that just wouldn't be a good fit."

– Hiring Stakeholder





Realigning Higher Education as a Strategic Partner for Talent Readiness



Higher education continues to evolve to meet the demands of today's workforce. But there's still a disconnect between how institutions prepare students and how employers see those students showing up in the hiring process.

While **62%** of hiring stakeholders believe universities prepare their graduates for the workforce, only **30%** say that recent grads they interview arrive truly job-ready.



hiring stakeholders say they rarely or never receive candidates from higher ed programs who are fully prepared for the role (**26%**).



Hiring stakeholders identify three primary gaps in candidates' job readiness that universities could address to strengthen their role as talent pipelines:

Practical, hands-on training

Work-based experiences like internships

Soft skills such as communication, adaptability, and collaboration



Over half of hiring stakeholders **(58%)** say not doing well in the interview prevents skilled candidates from getting hired—underscoring that interviewing itself is a skill that job seekers must learn and practice as part of their education. Furthermore, nearly half **(48%)** admit skilled candidates often miss out simply because they struggle to demonstrate their skillsets clearly in the hiring process.

There is also an opportunity for job seekers to better showcase skills acquired through alternative education pathways like continuous learning and certificates, which nearly all hiring stakeholders **(91%)** recognize for their ability to help candidates acquire applicable skills for jobs.

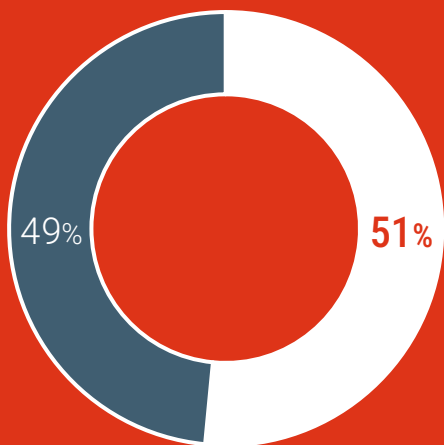
By aligning programs more closely with employer needs, and by helping students better articulate the skills they develop in and outside of the classroom throughout the interview process, higher education can remain central to the skills-first economy.

91%

of hiring stakeholders recognize continuous learning and certificates for their ability to help candidates acquire applicable skills for jobs.

How Well a Job Application / Resume Showcases Job-Relevant Skills

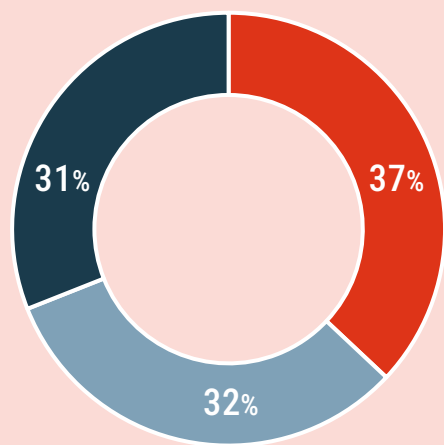
[Shown: Hiring Stakeholders, % Selected]



● Not Well ● Well

How Often Hiring Stakeholders Ask Job Candidates to Demonstrate Skills

[Shown: Hiring Stakeholders, % Selected]



● Rarely/Never ● Sometimes ● Often/Always



A Path Forward: Building a Smarter Hiring System



To realize the promise of skills-first hiring, organizations must go beyond workplace policy shifts. Real transformation requires structure, training, and collaboration across sectors.

Clearly Define Qualification

C-suite leaders must set clear, role-specific standards, recognizing both academic achievement and applied skill. Hiring should align with internal learning and development frameworks to ensure consistency and mobility.

Equip the Evaluators

Every **hiring stakeholder**, inside and outside of the HR function, must be empowered to assess talent fairly and consistently. That means training, rubrics, and systems that focus on both hard and soft skills.

Empower Job Seekers to Show, Not Just Tell

Job seekers must take an active role in demonstrating their strengths through examples of what they've built, led, learned, or solved. In today's landscape, impact matters more than format.

Support Students with Skills-Based Learning & Storytelling

Higher education institutions must continue embedding real-world experiences and soft skill development into their programs. Just as critically, they must help students communicate their capabilities in ways employers recognize.





Conclusion: From Illusion to Implementation



Skills-first hiring isn't a trend. It's a transformation. But intention alone is not enough.

Even hiring stakeholders' best hiring policies and the strongest talent credentials can fall short when systems lack clarity and consistency. If we want a hiring ecosystem that's objective, efficient, and future-ready, we need structure. We need training. And above all, we need clarity.

This report underscores that a skills-first future won't happen by accident. It will require alignment across employers, educators, and job seekers—each playing a distinct role in shaping a more equitable and effective talent system.

The opportunity is real, but so is the risk. Without structure, even the best intentions can lead us back to the same barriers we set out to remove. But when we build systems that truly center on fair hiring, standardization, and real skillsets, we don't just improve hiring; we unlock the full potential of the workforce and build a system that works better for everyone.

If we want a hiring ecosystem that's objective, efficient, and future-ready, we need structure. We need training. And above all, we need clarity.





Methodology



The Career Optimism Special Report™ Series: The Illusion of Progress in Skills-Based Hiring comprised of a 20-minute online survey conducted among n=2,000 U.S. adults in two categories including n=1,000 Job Seekers and n=1,000 Hiring Stakeholders in order to assess the state of the hiring process, the direction it's headed, and the barriers that get in the way, both for candidates trying to break through and hiring managers trying to find the right talent.

Job Seekers were defined as U.S. adults (ages 18 and older) who were recently hired or actively seeking employment at the time of the research. Hiring Stakeholders were defined as U.S. adults (ages 25 and older) who were employed full-time and had influence (participated in an interview, gave feedback on a candidate during the process, etc.) over hiring decisions at their company at the time of the research. Fieldwork was conducted from June 2–13, 2025.

The quantitative survey was supplemented with 10 qualitative one-on-one video interviews with Hiring Stakeholders from the survey respondents who agreed to be recontacted for additional research.

