

Can STARs shine without a college degree?

Eleni X. Karageorge

Workers often referred to as “unskilled” (individuals with high school diplomas, but not bachelor’s degrees) experience a fundamentally different wage trajectory than do workers with bachelor’s degrees. In [“Skills, degrees, and labor market inequality”](#) (National Bureau of Economic Research, Working Paper 28991, July 2021), authors Peter Q. Blair, Papia Debroy, and Justin Heck show how differing wage outcomes over a worker’s career can be explained by an opportunity gap between those with and without degrees. This opportunity gap suggests that access to higher paying jobs often depends less on the skills or experience of workers and more on if they attended college. The researchers argue that these so-called unskilled workers are not unskilled but are “skilled through alternative routes” or “STARs” because they may have gained skills through their work experience, such as on-the-job training and military service, or through a certification program.

The authors find that both those with a bachelor’s degree and those who are STARs have little trouble transitioning between jobs in which the skill requirements are alike. Whether you are a construction worker or an attorney, finding a job doing the same work somewhere else is not hard. However, if a worker wants to transition into a job that pays more and requires a different skill, this move upward usually requires a college degree. Workers with bachelor’s degrees are far more likely than STARs to be able to make that kind of upward jump. Although both groups of workers can get new jobs at similar skill levels as their previous jobs, STARs experience more difficulty transitioning to higher paid work.

The authors say that this opportunity gap in obtaining higher paying jobs may explain income inequality by degree status. This gap does not appear to be driven by differences in knowledge, experience, or skills acquired in college. Instead, this gap is driven by the lack of access experienced by STARs, which slows their movement to higher wage jobs.

In order to find evidence of the financial ramifications of the opportunity gap, the researchers looked at wages among STARs and college graduates for a group of Americans who were 25 years old in 1989. Workers with only high school diplomas were 55 years old before they earned as much as the college graduates did at age 25, when they were beginning their careers. In other words, STARs needed 30 years of work experience to earn as much as their peers with 4-year degrees earned just out of college.

The authors suggest that the wage and upward mobility opportunities that come with a 4-year degree are not tied to what someone learns in college. Instead, those rewards appear to be tied to having earned the degree. This result shows that employers who hire people for better jobs simply prefer hiring people with college degrees. The college degree versus no college degree opportunity gap appears to be the result of an inherent preference for employers to hire workers who have a bachelor’s degree.

According to the authors, degree requirements have become a convenient way for employers to sort through job applicants, since employers view college education as a sign of a worker's potential. A majority of employers surveyed from various industries acknowledge that they ignore applications from people without college degrees even if they have the skills and work experience to perform well in the job.

The researchers suggest that a more equitable and practical solution to counteract this college degree bias would be for employers to stop placing so much emphasis on bachelor's degrees as a prerequisite. Instead, employers should open more opportunities, specifically in jobs that pay higher wages, for less-educated workers to learn on the job. Company policy changes may help make these opportunities a reality. The authors suggest possible options such as removing degree requirements and intentionally recruiting and hiring STARs from lower paying jobs both within a company and outside of an organization.