

# Spotlight on STARS in the workplace

How a Gap in Talent Development  
Hurts Employers and STARS



**STARS**<sup>\*</sup>  
SKILLED THROUGH  
ALTERNATIVE ROUTES



Opportunity  
@Work

# STARs experience a persistent talent development gap

Over 70 million workers—half the workforce—are skilled through alternative routes (STARs). STARs are demonstrating valuable skills on the job, but the labor market is discounting those skills. While millions of STARs are ready for higher-wage work, the vast majority do not get the opportunities to transition and find themselves effectively stranded in jobs that do not allow them to develop their full potential. This outcome harms both workers who seek economic mobility and the businesses that need skilled workers.

A novel survey of over 900 workers and 200 manager respondents shows persistent, subtle patterns in workplace behavior that, when taken together, create an environment that undermines STARs' ability to deploy their full potential in the labor market. Specifically, we found that:

- **STARs see fewer development opportunities than their degreed counterparts.** STARs know they have the skills to do their jobs, but they report that their managers do not see their potential. They experience less investment in their professional development than their colleagues with bachelor's degrees.
- **Manager attitudes contribute to the talent development gap.** Managers with degrees tend to overestimate the number of degreed workers in the workforce and prioritize degrees in talent management decisions.
- **The talent development gap has business costs.** These survey results support a growing body of organizational analysis showing that failure to invest in employee talent undermines employee morale, retention, and productivity.

Poor talent management decisions affect all employees, but our research shows that the impacts are more acute for STARs. By deprioritizing STARs for talent development, employers reinforce barriers to STARs' mobility and diminish their own pools of talent.

To achieve equity in their workforce and effectively leverage the talent in their organizations, businesses must include STARs in their talent management plans. We propose concrete steps for employers to unlock talent.

- **Commit institutional resources to supporting STARs' advancement.** Create the incentives and structures to support intentional professional development for STARs.
- **Open pathways to management and leadership for STARs.** Bring a STAR perspective directly to your management and leadership teams.
- **Build manager skills in inclusive talent development.** Focus on managers as the frontline in talent development.

Our labor market cannot thrive, for workers or employers, when businesses routinely underestimate the skills and potential of half the workforce. Positive change begins in the workplace.



**“There is not a company in America right now that isn't trying to improve diversity. There is also not a company that can meet the talent demand with four-year degree individuals alone.”**

– Gayatri Agnew, Senior Director and Head of Accessibility Center of Excellence at Walmart



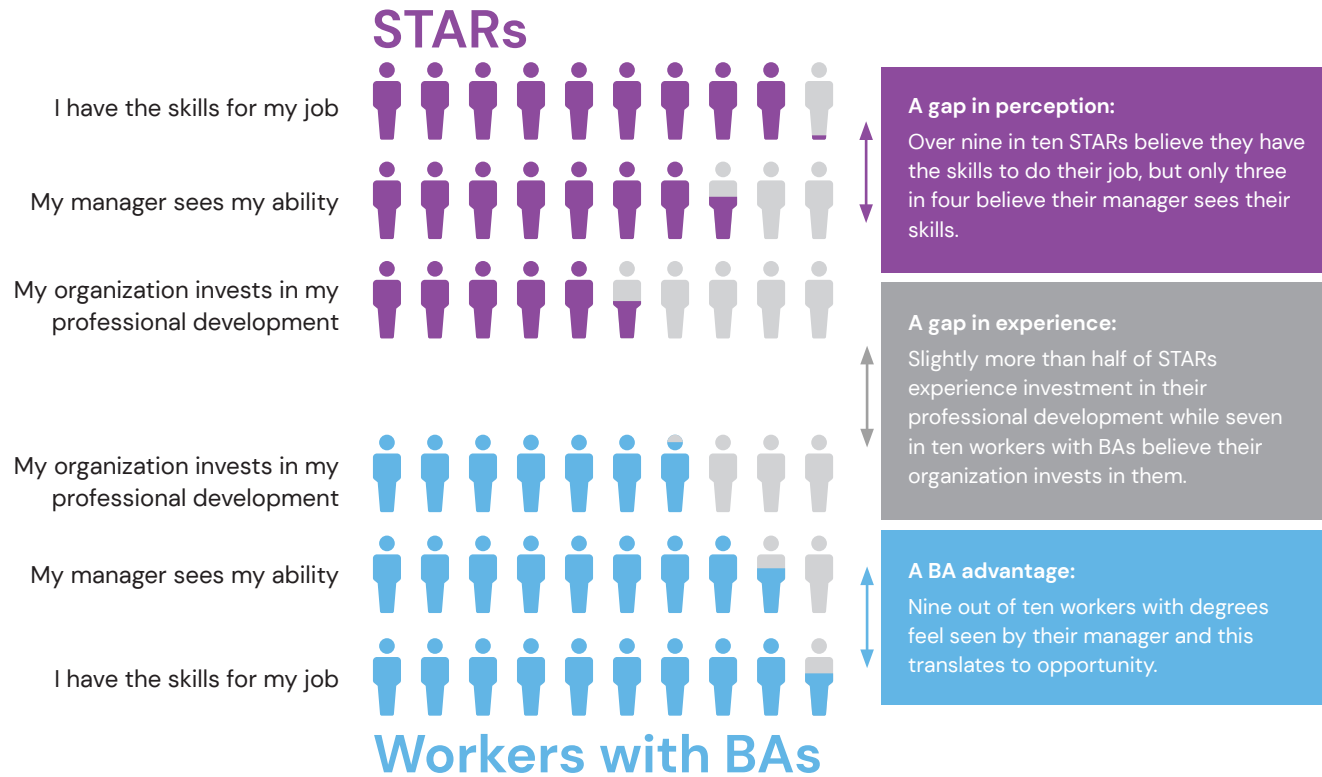
# STAR Perspective: STARs see fewer opportunities for professional development

STARs overwhelmingly have confidence in their ability to do their jobs. Over 90% of the STARs we surveyed indicated that they had the skills for their job. However, when asked about their manager, only 76% of STARs expressed confidence that their manager sees their ability to do higher wage work. This means **one out of four STARs feels unseen by their manager, while only about one out of ten workers with BAs has this experience.**

Their perceptions bear out in their professional development experiences. **Only slightly more than half of all STARs (55%) believe that their employer invests in their professional development.** In contrast, almost seven in ten workers with bachelor's degrees agree that their employer invests in their professional development.

**These numbers reflect a talent development gap.** Across all workers, there is an unfulfilled interest in professional development, but the gap is especially acute for STARs. There is a real opportunity for employers to improve these practices, open opportunities to millions of STARs, and shore up their talent pipelines. Given the sheer number of STARs in the workforce, any effective talent development effort must address the disinvestment in STAR talent.

## The Talent Development Gap: STARs have confidence in their abilities but do not see the same opportunities for development as their degreed counterparts





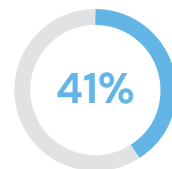
## Management Perspective: Manager attitudes contribute to the STAR talent development gap

STARs' perceptions of their managers reflect the centrality of managers to employee experience. **Managers make the day-to-day decisions about who gets professional development opportunities.** When managers identify a worker as "high potential", they tend to offer them mentoring, special assignments, more time with senior leadership, access to training programs, and more.<sup>1</sup> In fact, there is an extensive organizational management literature on how managers can identify and coach high potential employees.<sup>2</sup> The flip side of this "high potential" narrative is that employees who are not identified as such will not get these same opportunities to thrive in the workplace.<sup>3</sup> Such decisions, multiplied over millions of managers and workers, have a cumulative impact on STARs' prospects.

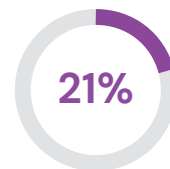
Our survey of managers suggests that manager decisions about employee potential are influenced by misperceptions about the prevalence of bachelor's degrees and their value as a signal of capabilities. **Most middle- and upper-level managers have bachelor's degrees (59%)** and many of them overestimate the prevalence of degrees in the labor market.<sup>4</sup> While there are more STARs in the labor market than workers with degrees, a

significant number of managers with degrees think that the majority of the workforce has a degree. Only a small percentage of STAR managers make this same error.

**Workers with BAs are a minority in the workforce but many managers don't know this basic fact.**



Managers with BAs who think BAs are the majority



STAR managers who think BAs are the majority

This difference is significant because, **among managers who overestimate the prevalence of degrees, we see a higher prioritization of degrees in their talent management decisions** than their peers who have an accurate picture of labor market composition. These managers tend to prioritize degrees higher in their hiring decisions and see those degrees as important to professional success, naming the bachelor's degree as important to getting a good job (50%) and to getting a high paying job (58%).



**Erin**  
Internal Audit Manager

*"When I think about somebody sitting right next to me with the same skill set, but they have a bachelor's degree, I don't know who they are going to pick."*

Erin worked her way up in the mortgage industry to the role of audit manager through a series of jobs in compliance, vendor management, and due diligence. In her current role, she evaluates company policies and procedures, identifies deficiencies, and recommends improvements. With thirteen years of experience, she is a subject matter expert who interacts with high-level executives and presents at industry conferences. She believes the mortgage industry is particularly friendly to workers without degrees because the skills can be learned on the job and through company-sponsored training programs. Even so, she worries that she could be displaced by someone with a bachelor's degree.



## Business Implications: The STAR talent development gap costs employers

Businesses incur significant costs by ignoring talent. First, **there is an opportunity cost to overlooking internal potential.** Employers invest significant resources in talent acquisition: sourcing, screening, hiring, and onboarding are time consuming and costly activities. New employees, on average, take up to eight months to become fully productive,<sup>5</sup> and each new hire represents a risk as future good performance is not assured. But employers have a great deal of information about their own employees that allows them to make better assessments about their readiness for new positions. Investments in a known employee will generally carry lower risks and costs than sourcing, hiring, and onboarding a new employee.

Further, research shows that **without opportunities for growth, workers can become disengaged.**<sup>6</sup> While regular manager attention and feedback builds engagement, the opposite also holds true.<sup>7</sup> And, as unhappy employees spread their discontent to their colleagues, overall employee engagement suffers.<sup>8</sup> Organizations with lower employee engagement see higher levels of voluntary turnover, absenteeism, errors, and accidents.<sup>9</sup>

**Ultimately, these professional development decisions impact the bottom line.** Employee turnover adds to talent acquisition and onboarding costs. Errors and accidents affect product quality and, by extension, customer loyalty. Overall, organizations with low employee engagement experience 18% lower productivity, 16% lower profitability, 37% lower job growth, and 65% lower share price over time.<sup>10</sup>



**Mike**  
Senior HR Professional  
and member of the  
STARs Advisory Council

*"I was a top performer in my job and management had put me up for a major promotion. I went through several interviews and was told the final interview was a formality. I was basically instructed to start packing my belongings to move to headquarters. In that last interview, my lack of a degree came up and suddenly there was radio silence. The position sat vacant for six weeks while they reopened the hiring process and brought in someone new. That person left after two months and they finally offered me the job."*

Mike has helped several start-up businesses build their human resource functions from the ground up. Mike's strong people skills and affinity for systems lead naturally from customer service to people operations to a broader HR role. He got his first chance to demonstrate his full potential when a start-up hired him to establish processes and procedures for their growing business. Mike put in place the building blocks for successful people management including all major systems (HRIS, ATS, etc), a talent acquisition strategy, and a performance and compensation framework. Since then, as a consultant and on staff, Mike has provided strategic and operational guidance to multiple new businesses. While his skills have always been in demand, he suspects he has been overlooked more than once for his lack of a degree.



# Call to action: Invest in STARs' advancement for an inclusive and productive workforce

When employers overlook STARs' potential, we see a negative impact on individual mobility as well as business outcomes. Cumulatively, this affects the vitality of our labor market. Employers can take action in their own workplaces to correct this oversight.



**Commit company resources to STARs' advancement.** Recognize the systemic underinvestment in this talent pool and make institutional shifts for effective change. Consider new processes, norms, and incentives to advance STARs.

- **Set targets** for STAR hiring and promotions. Track progress using relevant metrics such as employee engagement, staff retention, and STAR promotions.
- **Establish incentives** for managers to cultivate the STARs on their teams. Rewards may be monetary and reputational.
- **Develop a common language** for skills-based hiring and performance reviews. Replace degree requirements in job descriptions with a clear articulation of skills.
- **Provide time and resources** for employee training for new processes.



**Open pathways to management and leadership to STARs.** Increase the diversity of your senior ranks to broaden the management perspective and promote upward mobility.

- **Identify STARs** in senior positions and surface the barriers that they faced over their professional trajectory to those roles at your company.
- **Identify the job pathways** from entry level to management in your organization. Use the insights from conversations with STAR managers to address barriers to STARs on those pathways.
- **Assess your leadership model** for biases towards pedigree that exclude STARs.
- **Rebuild talent development procedures** to address the barriers and biases identified. Bring STAR manager perspectives to the effort to ensure inclusivity.



**Build managers' competence in inclusive talent development.**

Leverage the unique position of managers to recognize, cultivate, and develop talent. Help them see their outsized role in the cultivation of talent and give them the tools to be more inclusive of STARs.

- **Recognize conscious and unconscious bias** that influences manager behavior. Educate managers about the composition of the workforce and the value of alternative routes to broaden their view of talent.
- **Identify leaders** who are most successful at cultivating and engaging STARs and learn from those leaders.
- **Build manager skills** and reward success. Train managers on skills-based hiring, worker engagement, accurate performance assessment, and asset-based coaching. Include these competencies in managers' performance reviews.

# Appendix

## Endnotes

1. Silzer & Church (2009a) study strategic talent development within companies and the ways organizations identify potential. They assessed the existing and developing talent development processes and implications within organizations and identified career, growth and foundational dimensions of talent potential.
2. Silzer & Church (2009b) examine current practices and approaches that organizations use to identify and assess high-potential talent. Slan and Hausdorf (2004) describe the high-potential identification practices of organizations in relation to managers' perceptions.
3. Heslin (2009) finds that a manager's mindset, coupled with initial assessments, affect the opportunities for growth that an employee receives. Early snap judgments often lead to a general disinclination towards an employee and biases future decisions about the investment and coaching for that individual.
4. Approximately 40% of the workforce has a bachelor's degree, as discussed in our foundational report, Reach for the STARS (2020).
5. Ferrazi (2015) reflects on the numerous costs of onboarding including the high rates of turnover among new staff and the organizational costs of bringing them up to speed.
6. Heslin's 2009 study showed that employees viewed as "high-potential" benefit from extensive developmental opportunities and thrive, while those who are not perceived as "high potential" may experience demoralization and disengagement.
7. A Harter 2020 study published by Gallup showed that employees become engaged when they have a chance to contribute, feel a sense of belonging, and have opportunities to learn and grow. Engagement is dependent on support, recognition, belonging, and growth.
8. This same study found that disengaged workers spread their unhappiness to their colleagues. Interestingly, the percentage of disengaged workers has remained consistent during disruption of the COVID pandemic.
9. According to Seppala & Cameron (2015) the disengagement of employees is found to negatively impact work environments, causing harm to productivity.
10. Multiple studies examine the negative impact of disengaged employees and their effect on productivity and other business outcomes (Pleiter, 2014; Seppala & Cameron, 2015; Tritch, 2003).

# Methodology

## 1. Estimating STARs: Defining the Population Universe

We use the U.S. Census Bureau 2021 Current Population Survey, Annual Social and Economic Supplement (CPS ASEC) available through the University of Minnesota Integrated Public Use Microdata Series (IPUMS) to understand the educational attainment of the U.S. population.

Our study population is limited to adults aged 25 and older in the civilian, non-institutionalized labor force. This excludes active-duty military, residents of nursing homes or correctional facilities, and individuals who are not currently working or looking for work. This population includes 140 million individuals, of which 70 million, or 50%, are STARs. For more information on the demographics of STARs across the United States, please see our foundational report, *Rise with the STARs*.

STARs have graduated high school or earned a GED equivalency and may have attended college, technical schools, or earned associate degrees or technical certifications, however; they have not completed a bachelor's degree. Individuals with a bachelor's degree or higher are similarly diverse. These workers may have attained a bachelor's degree (BA, BS, BFA), master's degree (MBA, MS), professional degree (MD, JD), or PhD. Among workers with at least a bachelor's degree, 37% have a master's degree or higher.

Because we are focused on identifying differences in STARs and NonSTARs by their managerial rank, we must first examine occupational titles. Within the CPS ASEC, there are 526 potential occupation codes. We use an individual's response to their current job/occupation as a proxy for their managerial status, classifying individuals into one of three categories:<sup>2</sup>

- Managerial
- Non-managerial
- Line Supervisor

The end result when examining the data nationally, we find:

Rank	Number of workers by rank (1,000's)	Percentage of workers by rank
Managers	9,381	13.61%
Line Supervisors	4,340	6.30%
Non-managers or line supervisors	55,188	80.09%

Source: Opportunity@Work analysis of the 2021 Current Population Survey, Annual Social and Economic Supplement, Integrated Public Use Microdata Series.



## 2. Workplace Experience STARs Survey and Manager Survey

Opportunity@Work partnered with Professor Peter Belmi and Catherine Owsik of the University of Virginia Darden School, to field two online surveys by a third party firm in August and September of 2021. The first survey was targeted towards STARs and college degree workers and the second was targeted towards only managers. The worker survey was completed by 923 individuals about their sense of belonging in the workplace. The managers survey was completed by 240 individuals about their perceptions of the American workforce, as well as STARs. In both surveys, individuals were asked about their educational backgrounds, work histories, experience in the workforce, and perceptions of those with and without bachelor's degree. This included a combination of validated existing scales and newly developed questions.<sup>3</sup> Frequent attention checks were placed throughout the surveys to ensure respondents were reporting accurately.

The first survey aimed to understand how STAR's perceptions at work (individuals skilled through alternative routes instead of a bachelor's degree) differ from those individuals with a bachelor's degree. This included investigating their beliefs about how their educational background affects their economic opportunity, job mobility, belonging

in the workplace, and perception by others. The second survey focused on managers and how they viewed job success for STARs in comparison to individuals with a bachelor's degree. Here, we also examined their beliefs of how their employees' educational backgrounds affected their opportunities for economic growth, job mobility, acceptance in the workplace, and overall perception.

Both surveys used a number of filtering questions to narrow our sample to those who were full-time employed and between the ages of 25-65. The questions excluded those who were enrolled in school or currently serving in the military. The result was 923 completed responses in the first survey, and 240 in the latter.

In the STAR survey, of the 923 qualified participants, over half were STARs. The average age was 45 years old, with STARs averaging slightly older than non-STARs. Half the overall participants were male, and this 50/50 percentage was consistent for both only-STARs and only-non-STARs. 641 participants (70%) were white, and this percentage was consistent for both only-STARs and only-non-STARs. There was a great deal of variation in the socioeconomic status (SES) backgrounds of respondents (see Table 1).

**TABLE 1. PARTICIPANT COMPARISON OF DEMOGRAPHIC AVERAGES OF STARs AND NON-STARs IN WORKPLACE STUDY.**

	Non-STARs	STARs	Overall
Age	43	47	45
Annual Income	\$83,000	\$42,000	\$62,000

Source: Opportunity@Work analysis of the 2021 Workplace Experience Study conducted by Opportunity@Work in conjunction with Dr. Peter Belmi and Catherine Owsik, of the University of Virginia.

**TABLE 2. NUMBER OF PARTICIPANTS SPLIT BY EDUCATIONAL ATTAINMENT, RACE/ETHNICITY, AND GENDER.**

	non-STARs		STARs	
	Female (or other)	Male	Female (or other)	Male
Non-White <sup>9</sup>	74	71	58	79
White	119	187	151	184

## Methodology Endnotes

1. We exclude 20 million members of the labor force under the age of 25 from our analysis to ensure that the majority of the population studied has completed their education; this threshold is the norm in literature focused on educational attainment.
2. Because we are focused on managerial perception of STARs, we must first understand managerial rank. Managerial rank was determined by an individual's response to their current job/occupation. These responses were then classified into one of 526 potential occupation codes. We define them as follows:
  - **Managerial:** workers who were classified as an executive, manager, or director in their occupational codes
  - **Line Supervisor:** workers who were classified as a first-line supervisor in their occupational codes.
  - **Non/Managerial:** all workers who were not classified as executive, manager, director, or first-line supervisor in their occupational codes.
3. The following validated scales were used in the study: Identity threat (adapted from Cohen & Garcia, 2005); Perceived expectations of Disrespect (Belmi et al., 2014); Sense of Belonging (Good et al., 2012); Inclusive climate measure (adapted from Nishii, 2013); Need satisfaction at work (adapted from Van den Broeck, 2010); Family achievement guilt (adapted from Covarrubias et al., 2020); Depression (Lowe et al., 2005); Creative Self (adapted from Karwowski, 2012).

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### **About Opportunity@Work**

Opportunity@Work is a nonprofit social enterprise with a mission to increase career opportunities for the more than 70 million adults in the U.S. who do not have a bachelor's degree but are Skilled Through Alternative Routes (STARs). For STARs, the American Dream has been fading due in part to an "opportunity gap," in which access to the good jobs required for upward mobility often depends less on people's skills and more on whether and where they went to college, who they know professionally and socially, or even how they look. We envision a future in which employers hire people based on skills rather than their pedigree. We are uniting companies, workforce development organizations, and philanthropists in a movement to restore the American Dream so that every STAR can work, learn, and earn to their full potential.

Visit us at [www.opportunityatwork.org](http://www.opportunityatwork.org).