

College Degrees Are Overrated

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FULL TEXT

Recruiters are insisting on college degrees for jobs that don't need them. Why? Risk aversion. If recruiters recommend a nongraduate who doesn't work out, they'll get blamed. Whereas, if they reject a nongraduate who would have been a huge success —well, no one will ever know, will they? It's a costly but undetectable mistake. Byron Auguste has co-founded a nonprofit organization, Opportunity@Work, whose purpose is to give a leg up to people he calls STARS, short for "skilled through alternative routes." I interviewed him recently.

He told me that he's haunted by the invisible tragedy of successful careers that never happen because applicants without college degrees aren't given a chance. It affects first-time job-seekers, those stuck in dead-end careers, and older victims of layoffs who no longer qualify for the jobs they landed at a more forgiving time.

"It's a pretty dysfunctional market in a lot of ways," he says. "You're not just giving extra weight to a bachelor's. You're insisting on it. And there's no way to even learn what you're missing. That's why you can keep making this mistake over and over."

In 1971, Auguste's father left a job on a shipping dock to study computer programming. Despite lacking a college degree, he was hired by Detroit Edison. "That was where our family's trajectory into the American middle class began," Auguste says. Indeed: Auguste got a bachelor's degree from Yale and a doctorate in economics from the University of Oxford. He spent 20 years at the consulting firm McKinsey & Co., rising to senior partner, then worked for President Barack Obama as deputy assistant to the president for economic policy and deputy director of the National Economic Council before cofounding Opportunity@Work in 2015.

It's a classic American success story. Yet today, an employer might not take a chance on someone like Auguste's father.

One problem is that employers have come to over-rely on a bachelor's degree as a convenient, even though not entirely reliable, signal that a person has some degree of intelligence, perseverance and sociability, as Bryan Caplan, an economist at George Mason University, wrote in a 2018 book, "The Case Against Education: Why the Education System Is a Waste of Time and Money."

Another problem is snobbishness about education in the United States, Auguste explains. "The level of class segregation in this country right now is off the charts, more than it ever was," he says. "It's really nuts."

He tells the story of a software development contractor he encountered while starting Opportunity@Work that used an algorithm to hire employees with unconventional backgrounds. The contractor performed so well for a consumer products company that an executive at the company invited the new hires to dinner, not knowing that nearly all lacked college degrees. The dinner was a disaster. The small talk — "So, where did you go to college?" — died. "The client was so unnerved," Auguste recalls, "they did not hire that firm again for three years."

Now the software contractor avoids client dinners. "They think 'inclusion' as a message backfires, and want to be judged by contract/technical performance alone," Auguste wrote in a follow-up email.

There are solutions, Auguste says, and the first one is to do less. That is, less screening out of candidates just because they lack a bachelor's degree. Then look for other signals of a candidate's qualities. For example, give the candidate a test of the skills that the job truly requires. Accept a certificate of completion of a training program or an associate degree in lieu of a diploma from a four-year school. If someone is applying for a programming job, ask to see her or his portfolio on GitHub, a web-based service that allows programmers to store and manage their

code. "There isn't just one way," Auguste says.

Opportunity@Work has identified 51 "gateway" jobs that give workers without college degrees a good shot at moving up. For example, succeeding as a customer service representative often leads to a well-paying job as a sales representative, and thriving as a computer support specialist often opens the door to work as a system administrator. Employers should remove degree requirements from those gateway jobs, the organization says. STARs —people who are "skilled through alternative routes" —live in all parts of the country and are of all ages, according to Opportunity@Work's research. The group numbers about 70 million adults and encompasses 62 percent of African Americans, 55 percent of Hispanics and 50 percent of non-Hispanic whites.

Auguste is not, of course, the only person blowing this trumpet. Every month, it seems, I hear from yet another organization trying to help people gain skills and climb into the middle class. Academics are active as well. In my old job at Bloomberg Businessweek, I interviewed Joe Fuller of Harvard Business School for a story titled "Demanding a Bachelor's Degree for a Middle-Skill Job Is Just Plain Dumb."

Fuller has new research. Many companies automatically screen out people with dings like six months or more of unemployment, he told me. "The whole process is designed to be hyperefficient. The great irony is that less than half of employers say, 'We're quite satisfied with the skills of the people we're hiring.'"

Alicia Sasser Modestino, a professor of economics and public policy at Northeastern University, told me her research shows that employers are pickiest when there are lots of people looking for work. But even at times when workers are scarce —as is the case now, with more than 10 million unfilled jobs reported —employers remain reluctant to hire people who don't satisfy traditional criteria, she says.

I also spoke recently with Robert Falzon, vice chair of Prudential Financial Inc. He agreed with Auguste that the workers that companies need are often already on their payrolls. They just need training to move up, Prudential's research shows. Some employers worry that workers who gain new skills will take them to a rival, Falzon acknowledges. "But if you commit to skilling," he says, "it will make people feel more loyal. I think it's a risk that you have to take."

Renee Fellman, an expert in fixing troubled companies who has been the interim chief executive for 20 companies, agrees. "I think the whole idea that everybody has to go to college is ridiculous," she told me. In an email, she added: "One of the best and brightest managers at one of the manufacturing companies did not go to college. I think he was hired shortly after finishing high school. Work experience? Gas station!"

Number of the week

13.1 percent

The increase in producer prices in Germany in September from a year earlier, according to the median estimate of economists surveyed by FactSet. That's substantially higher than the inflation affecting consumers; Germany's harmonized consumer price index rose 3.4 percent in August from a year earlier. The producer price index is scheduled to be reported by the Federal Statistical Office on Wednesday.

Quote of the day

"Now I ask you ...what can you expect of man in his capacity as a creature endowed with such strange qualities? Go ahead, shower him with all the blessings of the earth, plunge him in over his head in happiness so that only the bubbles pop up on the surface of the happiness as if on water; give him such economic affluence that there would be nothing left for him to do but sleep, eat gingerbread and attend to the non-cessation of world history; even then, even in that case, man would, out of sheer ingratitude, out of sheer perversity, do something loathsome."

—Fyodor Dostoyevsky, "Notes From Underground" (1864)

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