Social skills are increasingly valuable in the jobs market

(Štefan Štefančík / Unsplash)

By David Trilling

Knowing how to calculate expenses with Microsoft Excel is a marketable skill. So is being able to operate a lathe. But in recent years, employers have found they can pay for computers and robots to do such repetitive tasks. Indeed, economists predict many jobs will be automated in the coming decades (and new ones created).

Yet there's something computers are not so good at: socializing. Jobs with social skills are paying higher wages as the labor markets respond to automation, a new paper finds.

An academic study worth reading: "The Growing Importance of Social Skills in the Labor Market," forthcoming in *The Quarterly Journal of Economics*.

Study summary: “Computers are still very poor at simulating human interaction,” writes David Deming of Harvard University. “Human interaction requires a capacity that psychologists call theory of mind — the ability to attribute mental states to others based on their behavior, or more colloquially to ‘put oneself into another’s shoes.’”

For example, while a programmer can perform routine tasks, a manager needs more diverse skills, that ability to interact with others. Deming develops a model of “trade tasks,” whereby a worker with high social skills has the advantage of being able to “trade” his tasks with colleagues to maximize efficiency: “I’ll calculate your expense report if you edit my memo,” for example. This mirrors how countries trade: A tropical nation might exchange fruit for a mountainous country’s coal or meat.

Looking at data on employment, wages and types of job tasks over several decades, Deming quantifies the added value of these social skills.

The data come from the Department of Labor’s Occupational Information Network, a periodic survey on the abilities, activities, skills and knowledge required for different occupations. And for individuals’ skills and wages, Deming uses the 1979 and 1997 National Longitudinal Survey of Youth, a representative sample collected regularly by the Labor Department.

Key takeaways:

- Between 1980 and 2012, the share of American jobs requiring both high math and high social skills grew about 7.2 percentage points; the share requiring low math and high social skills grew about 4.6 points. Together, the share of social skill-intensive jobs grew 11.8 percentage points between 1980 and 2012.
- By contrast, the share of jobs with high math and low social skills (traditionally many STEM jobs) declined about 3.3 percentage points over the same period.
- The change is reflected in pay: “Wages for high math, low social skill jobs grew by only about 5.9 percent between 1980 and 2012, compared to about 26 percent for high math, high social skill occupations.”
- There is no evidence that social skills boost salaries in math-intensive jobs.
- The strong growth in high social skills jobs that Deming found accelerated after 2000, when social skills became “a significantly more important predictor of labor market success” for young adults.
- Males enjoyed slightly more growth in wages associated with social skills over the survey period, suggesting “that differences in female labor force participation across the last few decades are not directly driving the results.”
- Workers with higher social skills seek social skill-intensive jobs.

Helpful resources:

Our 2017 literature review looks at how robots are replacing some workers, but also creating new jobs. Elsewhere, we review the literature on minimum-wage policy and proposals for a universal basic income.

Two 2015 papers look at the relationship between socio-emotional skills in kindergarten and jobs as a young adult: the *American Journal of Psychiatry* looked at the impact of early

intervention on wellbeing at age 25; the *American Journal of Public Health* discussed the relationship between social skills in kindergarten and adult wellbeing.

This 2014 paper in *Industrial & Labor Relations Review* looks at "People Skills and the Labor-Market Outcomes of Underrepresented Groups."

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