

Jobs That Pay Well Require More Than Degrees: Communication, Teamwork, Sales/Customer Service, Leadership, and Problem Solving/Complex Thinking Are the 5 Most In-Demand Competencies, Georgetown University Report Says

Communication skills are most valued competency across occupations, boosting earnings as much as 20%

(Washington, DC, November 19, 2020) Workers need more than just their education credentials to qualify for jobs that pay well, keep those jobs, secure promotions, and boost their earnings on the job. A new report from the Georgetown University Center on Education and the Workforce (CEW) finds that a set of general cognitive competencies yields the highest economic rewards, while physical competencies are less valuable in the labor market. *Workplace Basics: The Competencies Employers Want* shows that communication, teamwork, sales and customer service, leadership, and problem solving and complex thinking are the five most in-demand competencies across the labor market, while strength and coordination are the least in demand.

The CEW report explores how 120 knowledge areas, skills, and abilities are demanded across the workforce and within specific occupations—and how the intensity with which workers use these competencies, along with their education level, can affect their earnings. The findings are based on the Occupational Information Network (O*NET) database, which includes information on competencies for more than 1,000 occupations.

The jobs in which cognitive competencies are used most intensively tend to be held by workers with higher levels of education. In fact, 77% of the workers who use communication most intensively have a bachelor's degree or higher, compared to 10% of workers who use strength and coordination abilities most intensively. While formal education is not the only way for workers to acquire competencies demanded across the labor market, postsecondary degrees may be a way for workers to provide information about their likely cognitive competencies to potential employers.

“When it comes to earnings, education matters, but so do general competencies,” lead author and CEW Director Dr. Anthony P. Carnevale said. “Workers need to focus not just on college degrees, but on the knowledge, skills, and abilities they need to reach high earnings in their occupations.”

Competencies like communication that are in high demand across the workforce are associated with higher earnings in jobs in which they are used most intensively. A one-quartile increase in the intensity with which workers use this competency within a job is associated with an average earnings premium of 20%. Similarly, a one-quartile increase in the intensity with which workers use problem solving and complex thinking is associated with an average earnings premium of 19%. However, the competencies that are in the highest demand are not always the ones that produce the highest earnings.

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Sales and customer service competencies, though widely required across occupations, are not as likely to boost workers' earnings.

Competencies that are in lower demand overall, such as engineering and mathematics, often still yield high earnings for workers in the occupations in which they are in high demand. For example, STEM occupations have the highest median earnings of all occupation groups, at \$81,600, in part because they compensate workers for high levels of educational attainment—73% of STEM workers have a bachelor's degree or higher. The high earnings are also associated with mastery of competencies used intensively in STEM occupations, including digital technology, mathematics and computer science, and engineering and physical sciences.

Intensive use of in-demand competencies can enable workers with lower levels of formal education to earn more than those with higher levels of formal education. For example, high school-educated workers who use communication most intensively in healthcare professional and technical occupations have higher median earnings (\$52,300 per year) than the median for workers with some college or an associate's degree (\$49,200 per year) in the same occupational group. Likewise, for workers in blue-collar occupations, higher levels of formal education only lead to a slight earnings premium, but using competencies at the highest intensity can enable those with less education to earn more than their counterparts with more education.

“To compete in the modern economy, workers need a mix of general competencies valued across the labor market and the specific competencies valued in their occupations,” said Megan Fasules, co-author and assistant research professor and research economist at CEW. “The right mix of education and competencies for an occupation can lead to high economic rewards.”

The COVID-19 pandemic and recession may hasten changes to the mix of competencies required of workers in the labor market. Workers in services and support occupations saw the largest initial drop in employment across occupational groups. Meanwhile, workers in professional and technical occupations were more protected from pandemic-related unemployment initially, in part because their roles are better suited to working from home.

Automation may play a role in affecting which occupations will exist in the future and the mix of competencies that workers will need for their jobs. CEW researchers estimate that, on average, 28% of tasks within all occupations are at risk of automation, and find that physical and low-level cognitive tasks are particularly susceptible to automation. General competencies that are transferable across occupations are a good bet for workers amid this uncertainty.

Other Findings:

- The most intensive use of problem solving and complex thinking among blue-collar occupations is associated with an average earnings premium of 89% above the median.
- The top five competencies in demand for managerial and professional office occupations are all general competencies: communication, teamwork, sales and customer service, leadership, and problem solving and complex thinking.
- In food and personal services occupations, few workers need the most intensive use of problem solving and complex thinking, but those who do receive an average earnings premium of 130% above the median.
- Community services and the arts is the only major occupational group in which workers appear to suffer an earnings penalty for more intensive use of almost all of the most in-demand competencies.

To view the full report, visit cew.georgetown.edu/competencies.

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