The long-term employability of the American workforce is of great interest to the Federal Reserve, given our dual mandate of low inflation and maximum employment. Based on what we’re seeing, the skill sets needed by workers are evolving just as the preferences of employers are also evolving. Workers must be equipped with both soft and hard skills to navigate the future we envision.

Developing soft skills early
When employers consider job candidates, they want to know if the person has the necessary work ethic, will reliably show up for work, can work with others, can act professionally, and can pass a drug test. In the Atlanta Fed’s conversations with employers in the Southeast, we frequently hear about a prevalence of job candidates who fail initial screenings because they lack these softer skills. The sooner workers possess these skills, the more likely they are to have lifelong employment.

One successful program that addresses these concerns is Year Up, which works with young adults in eight metro areas to develop professional demeanor and personal presentation skills. Year Up backs this up with stipends, internships, and college credits—all to put the individual on the path to economic self-sufficiency.

Another successful program is STRIVE, a national program that helps communities build a local education ecosystem with sustainable civic infrastructure. The idea is to create a cradle-to-career approach to development. In Atlanta, we’ve seen the STRIVE model in action in an organization called New Hope Enterprises. Successful programs like 12 for Life blend work education with content designed to raise students’ commitment to, and even passion for, work.

Fostering hard skills
Twenty years ago, I attended a seminar where a presenter asked rhetorically, “Is there anything you would not buy online?” Participants mentioned a number of things that are now routinely purchased online. Fast forward to today. It’s worth asking, “Is there any work...
machines cannot do?” I predict that many of the tasks you might envision now will be automated in some form in 20 years. Even today, we’re seeing a variety of machine operators become machine tenders who monitor digital interface devices and intervene only if something goes wrong.

Most workers will deal with a digital device of some kind. Familiarity with technology and the literacy and numeracy skills to operate such a device will be essential. In a world where routine and repeatable tasks are often done by machine, human work will call for problem analysis and troubleshooting, critical thinking where judgment and discretion are required, and fine, customized work involving customer or colleague interaction and communication.

Workers will need lifelong learning skills to adapt to changing job requirements that the pace of technology dictates.

Changing work arrangements between employers and workers
The share of employed people working fewer than 35 hours a week rose sharply during the Great Recession. Usually, hours are restored in a recovery, but that restoration has not occurred this time. Involuntary part-time employment, which we sometimes refer to as part-time for economic reasons, seems to have become a structural issue. Part-time positions are typically prevalent in certain industries, but our research finds that the use of part-timers has become quite widespread.

Although we anticipate that the use of part-time personnel will continue to decrease, we do not expect it to reach prerecessation levels. One implication of part-time labor is that those workers are less likely to receive employer-sponsored training, which means the burden of training will fall elsewhere.

What does the future hold?
In my view, the employability of young people and adults who are deficient in soft skills will go nowhere but down. Job-specific requirements in most industries and vocations will evolve rapidly and become more digitally demanding. Widening automation and digitization will reduce routine job tasks. Workers will need to trade on what cannot be programmed. And work arrangements with employers may be structured to provide those employers more tactical flexibility in their workforce management.

At the Atlanta Fed, we feel the workforce development system needs to operate with greater coherence, cohesion, and coordination if it is to remain relevant. Through our community and economic development program, we’re working to help workforce training providers, educators, and employers become better aligned. To this end, we’ve catalyzed a program called the Metro Atlanta Exchange for Workforce Solutions (or MAX). This effort brings together more than 25 entities as partners to think and act in a more coordinated and streamlined fashion. It’s our hope it will help prepare the region’s workforce development stakeholders for the reality of a 21st century economy.