Newsroom | Workday

Talent Shortage Concerns Drive Shift to Skills-Based Strategies, Workday Research Finds

Leaders Turn to Skills-Based Talent Strategies to Navigate Uncertainty and Boost Productivity in the Age of AI

London, UK, March. 5, 2025 – Workday, Inc. (NASDAQ: WDAY), the AI platform for managing people and money, today released "The Global State of Skills", revealing a pressing challenge for businesses worldwide: More than half (51%) of business leaders are worried about future talent shortages, and only 32% are confident their organisation has the skills needed for long-term success.

As AI transforms industries, the skills required to thrive in the workforce are evolving fast. However, many organisations lack visibility into the existing capabilities of their people – only 54% of leaders say they have a clear view of the skills within their workforce today.

This growing uncertainty is exposing the limitations of traditional talent management approaches that focus on job titles, degrees, and previous companies worked for. In response, organisations are accelerating a shift to skills-based talent strategies, which prioritise an individual's capabilities over traditional credentials and provide a more agile, data-driven approach to hiring, developing, and deploying talent.

Key Findings:

- **Skills-based strategies are no longer a "future of work" concept – they're a competitive advantage.** 81% of leaders agree that adopting a skills-based approach drives economic growth by improving productivity, innovation, and organisational agility.
- **The movement is already underway.** More than half (55%) of organisations worldwide have begun the transition to a skills-based talent model, with an additional 23% planning to start this year.
- **Beyond business impact, skills-based strategies can help close opportunity gaps.** Leaders cite increased access to job opportunities for employees (82%), higher workforce equity (72%), and lower unemployment (61%) as key benefits.

AI Boosts the Shift to Skills-Based Talent Management

AI is both a catalyst for and an enabler of this shift. While the rise of AI is transforming jobs, it is also helping organisations build more agile, skills-driven workforces. According to the research, AI is playing a pivotal role in the transition by:

- Streamlining routine and repetitive tasks (52% of leaders agree)
- Enhancing decision making with data-driven insights (52% of leaders agree)
- Personalising learning and development programmes (47% of leaders agree)
- Predicting future skills needs (45% of leaders agree)

"At Ferring, we are committed to a culture of continuous learning where employees can connect with new skills, opportunities and projects that align with their ambitions," said Lynn Van Oossanen, Global Head of People Solutions, Ferring Pharmaceuticals. "With AI-powered technology, we can now identify skills gaps in real-time, enabling employees to seek out growth opportunities while helping managers connect with the right talent more effectively."

AI Is Accelerating, But Human Skills Remain Irreplaceable

While technical skill sets are in high demand, today's research highlights an equally critical need for uniquely human skill sets. Social skills like communication and teamwork, and individual skills like resilience and creativity are listed as the most impactful skill gaps in organisations today, followed by digital fluency, including AI and software proficiency.

This aligns with findings from Workday's "Elevating Human Potential: The AI Skills Revolution" report, which found that relationship-building, empathy, conflict resolution and ethical decision-making are critical for success in an AI-driven economy.

"AI is reshaping the workplace, but the human element has never been more essential," said Chris Ernst, Chief Learning Officer, Workday. "Organisations that embrace a skills-first mindset will not only unlock AI's potential but also harness human ingenuity in new and transformative ways."

Challenges to Adoption – and the Path Forward

Despite the momentum behind skills-based strategies, business leaders cite several key challenges:

- The time required to reskill employees (43%)
- Resistance to change (38%)
- Lack of infrastructure to support skills-based talent management (28%)
- Inadequate skills measurement tools (28%)

Technology alone isn't the solution, the research finds. Overcoming these challenges requires a shift in mindset – one that includes clear communication of the benefits (48%) and effective change management (48%) to drive adoption across organisations.

The Future of Talent is Skills-First

For years, skills-based talent strategies were seen as an aspiration. Today, thanks to AI and data-driven insights, they are a business imperative. Workday believes organisations that embrace this shift will not only outmaneuver the competition but also future-proof their workforce in an era of rapid transformation. As the relationship between AI and human talent deepens, the skills movement will only accelerate, creating a smarter, more resilient and more inclusive world of work.

For Additional Information:

- Download "The Global State of Skills"
- Learn about Workday's journey to becoming a Skills-Based Organisation
- Download "Elevating Human Potential: The AI Skills Revolution"

About the Report
These findings are based on a global study of 2,300 business leaders in director positions or above from organisations employing at least 100 people worldwide. The survey was administered by Hanover Research on behalf of Workday in November 2024. All respondents were employed full time across the following regions: North America, EMEA, and Asia Pacific and Japan. Workday leaders and employees were not included in the survey set.

About Workday
Workday is a leading enterprise platform that helps organisations manage their most important assets – theirpeople and money. The Workday platform is built with AI at the core to help customers elevate people, supercharge work, and move their business forever forward. Workday is used by more than 11,000 organisations around the world and across industries – from medium-sized businesses to more than 60% of the Fortune 500. For more information about Workday, visit www.workday.com/en-gb/.

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