The Skills-First Workforce:
A Strategic Guide to Internal Hiring and Mobility

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# Skills are at the heart of workforce agility

Businesses are struggling to keep up with change. Critical roles go unfilled, hiring costs are rising, and talent pipelines aren't keeping pace. The problem? Traditional workforce planning isn't built for agility.

To stay competitive, companies need a smarter approach—one that prioritizes skills over static job titles and resumes.

This guide explores how businesses can:

- **Move beyond rigid, job-based models** to a skills-first approach.
- **Measure and understand workforce skills** accurately to unlock internal talent.
- **Make workforce planning more predictive and proactive** to meet future business needs.

By embedding skills insight into decision-making, organizations can reduce hiring costs, improve retention, and create a workforce that moves with the business.
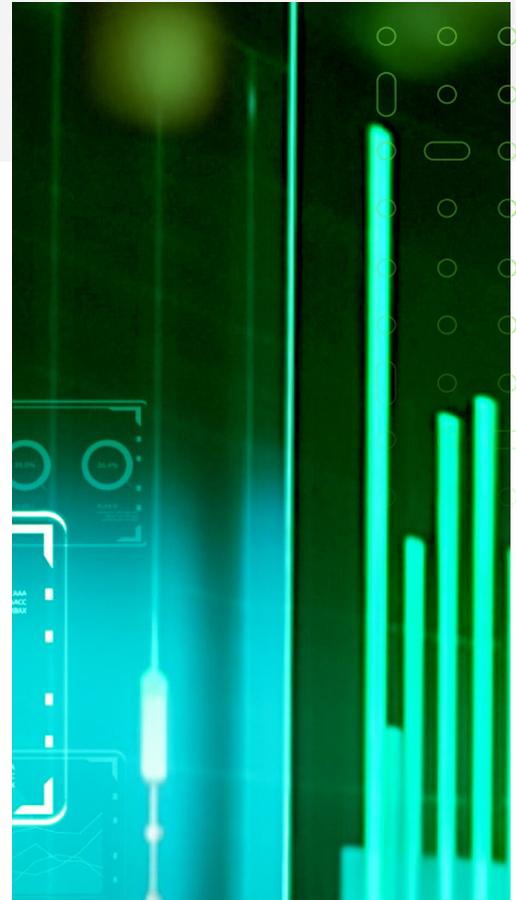
1. The hiring trap: why companies struggle to fill roles despite internal talent

The problem: companies hire externally while overlooking internal talent

Companies face a paradox: while critical roles remain unfilled, talent is often hiding in plain sight. Many organizations look externally because they lack visibility into their existing workforce. Skills data is often scattered, inconsistent, or outdated—making it impossible to match people to roles with confidence.

External hiring is essential for bringing in fresh expertise and capabilities, but relying on it too heavily leads to higher costs, longer hiring cycles, and missed opportunities to develop internal talent.

71% of CEOs cite talent shortages as their top external challenge to meeting business objectives.

Deloitte, 2024, 2024 Global Workforce Trends

More than a third of workers say they have skills that are not clear from their qualifications, job history, or job title.

PwC, 2024, Global Workforce Hopes and Fears Survey 2024

A smarter workforce strategy: build, buy, redeploy

The most effective organizations balance three approaches to talent planning:

- **Build:** Invest in upskilling and career development to grow talent internally.
- **Redeploy:** Match employees to evolving business needs based on their skills and reskilling potential.
- **Buy:** Hire externally when specific expertise is needed that cannot be built internally.

Yet, many companies struggle with skills visibility, making it difficult to identify internal talent before turning to external hiring.

Why skills visibility is the missing piece

Most organizations don't have a clear, objective understanding of their workforce's capabilities. Instead, they rely on:

- **Outdated job descriptions** that don't reflect evolving skills.
- **Performance reviews** that focus on past achievements rather than future potential.
- **Siloed skills data** scattered across HR and business functions, making it difficult to compare and act on.

Without a standardized, real-time view of workforce skills, companies risk higher costs, slower hiring, and lower retention.

> Skills-based redeployment strategies are becoming a key tool for industry transformation, helping organizations address skills gaps quickly and economically.
>
> WEF, 2023, Putting Skills First: A Framework for Action

2. Rethinking skills: the foundation for smarter workforce planning

## The hidden problem: a narrow focus on technical skills

Not all skills contribute equally to workforce agility. Some are essential for performing a job today, while others enable adaptability and long-term mobility.

Yet many organizations over-prioritize technical and perishable skills—those that are easier to define, measure, and hire for—while underestimating the importance of behavioral and transferable skills that drive agility and career growth.

Without a structured way to define and measure skills, businesses risk chasing short-term gaps instead of building a future-ready workforce.

Skills are **5x** more predictive of a person's future performance than their education.

Multiple Pathways Initiative, 2024, Skills-Based Internal Mobility Playbook

93% of leaders say moving away from a focus on jobs to skills is important for organizational success.

Deloitte, 2024, 2024 Global Workforce Trends
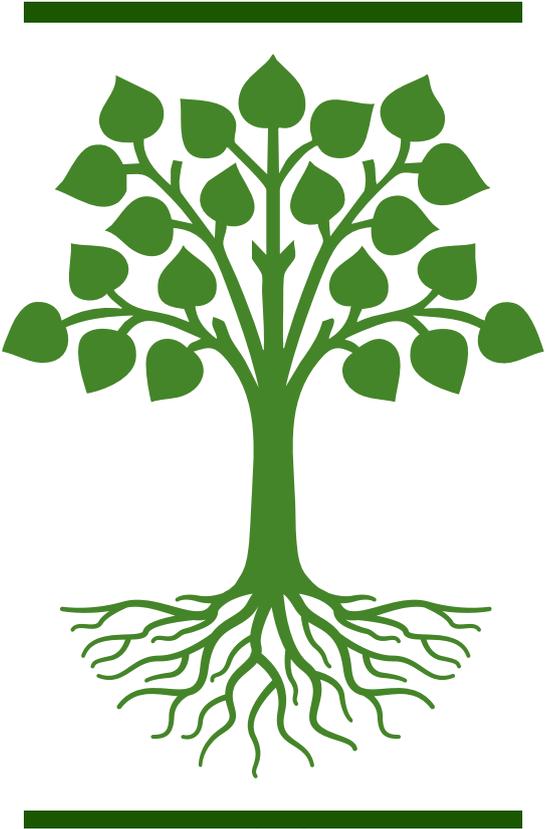
A new way to think about skills

To plan effectively for the future, organizations need a structured way to categorize and apply skills. That's why we group skills into three types:

Perishable skills – Functional or technical skills with a short shelf life (e.g., coding languages, industry certifications). These require frequent updates to stay relevant.

Semidurable skills – Role-specific methodologies or tools (e.g., Agile frameworks, coaching strategies). These provide structure but still evolve over time.

Durable skills and competencies – Foundational skills that enable adaptability, collaboration, and problem-solving. Like a tree's roots, they provide stability and long-term growth potential.

Why a structured skills taxonomy matters

Categorizing skills is just the first step. To make skills truly actionable, organizations need a standardized way to measure and apply them across roles, industries, and career paths.

Our Skills Taxonomy takes a more detailed, research-backed approach—defining 96 behavioral skills that:

- **Are transferable** – These skills apply across roles, industries, and career levels, helping organizations identify employees who are ready for new challenges, leadership roles, or career transitions.

- **Enable workforce agility** – By focusing on behavioral strengths, organizations can proactively identify talent before skill gaps emerge.

- **Provide a foundation for internal mobility and development** – Understanding an individual's behavioral skills unlocks potential, guides career growth, and ensures workforce planning decisions are based on objective data, not assumptions.

Rather than defining what success looks like today, a skills-based approach helps organizations assess potential, plan for change, and build a workforce that's ready for tomorrow.

3. Measuring skills accurately: the key to actionable insights

Why most skills data falls short

Organizations collect skills data in different ways—but not all data is created equal. Without a structured approach, talent decisions become subjective, inconsistent, and reactive.

Common approaches to collecting skills data

- **Self-reported skills –** Employees list their own skills (resumes, surveys). Easy to collect, but often inflated or inconsistent.
- **Inferred skills data –** AI-driven assumptions based on job titles, past roles, or learning history. Scalable but lacks precision.
- **Assessed skills data –** Objective, validated measurement of workforce capabilities. The most accurate, fair, and reusable method for internal mobility, hiring, and workforce planning.

> Self-reported skills are often inflated, with people overestimating their leadership, adaptability, and problem-solving abilities.
>
> Vazire & Carlson, 2014, Do People Have Insight Into Their Abilities? A Metasynthesis

Why assessed skills data matters

Companies that rely on subjective skills data risk making talent decisions based on bias, guesswork, or outdated information. In contrast, organizations that use objective, assessed skills data can:

- **Reduce bias –** Ensuring fairer hiring and mobility decisions.
- **Plan with confidence –** Knowing who has the right skills and where to invest in development.

- **Enable a scalable workforce strategy –** Skills data can be applied across hiring, career growth, and redeployment.

For organizations just starting out, our Global Skills Assessment provides a structured, objective foundation.

For those ready to take action, our Talent Mobility Solution applies these insights to workforce planning.

4. From data to decisions – using skills insight to drive action

How leading organizations apply skills insights

Companies that embed skills data into decision-making can create a more dynamic, future-ready workforce:

- **Align people to opportunities faster** by using AI-powered skills mapping to define job expectations and match employees to career paths.
- **Develop talent internally** by identifying employees with high learning agility who can transition into new or evolving roles.
- **Plan ahead, not reactively** by using real-time skills data to anticipate shortages and target upskilling where it's needed most.
- **Engage and retain** employees by providing clear, personalized career pathways based on assessed skills.

Companies that prioritize internal mobility retain employees nearly twice as long as those that don't.

LinkedIn, 2022, Workplace Learning Report 2022

The key to a workforce that moves

Skills data is only valuable when put into action. Organizations that apply skills insight to hiring, mobility, and workforce planning gain a competitive advantage—ensuring talent decisions are data-driven, scalable, and aligned with business strategy.

How we can help

Without accurate skills data, internal mobility remains a guessing game. SHL's solutions provide the missing piece—an objective way to measure, understand, and act on workforce skills. We provide the objective data and technology to make this shift possible, whether organizations are just beginning their journey or looking to scale.

For organizations in the early stages of skills-first planning, our Skills Development Solution provides a structured, objective foundation to measure workforce skills. By assessing behavioral skills across roles and levels, organizations gain a clear, comparable skills baseline that can be used for internal hiring, development, and workforce planning.

For organizations ready to act on skills data, our Talent Mobility Solution turns insights into action. By applying AI-powered skills mapping, organizations can identify which skills matter for different roles, map employees to career opportunities, and optimize internal hiring and redeployment decisions.

Our solutions enable:

- **Clarity on workforce skills –** Objective, standardized data ensures fair, evidence-based talent decisions.
- **Faster, smarter internal hiring –** Organizations can confidently match employees to roles based on skills insights rather than relying solely on external hiring.
- **Stronger employee engagement and retention –** Clear career pathways help employees see their future within the organization, boosting engagement and reducing attrition.
- **More strategic workforce planning –** Leaders gain data-backed visibility into who is ready for growth, reskilling, or redeployment before skill gaps emerge.
- **Workforce agility at scale –** Skills insight helps organizations navigate change, plan proactively, and future-proof their talent strategy.
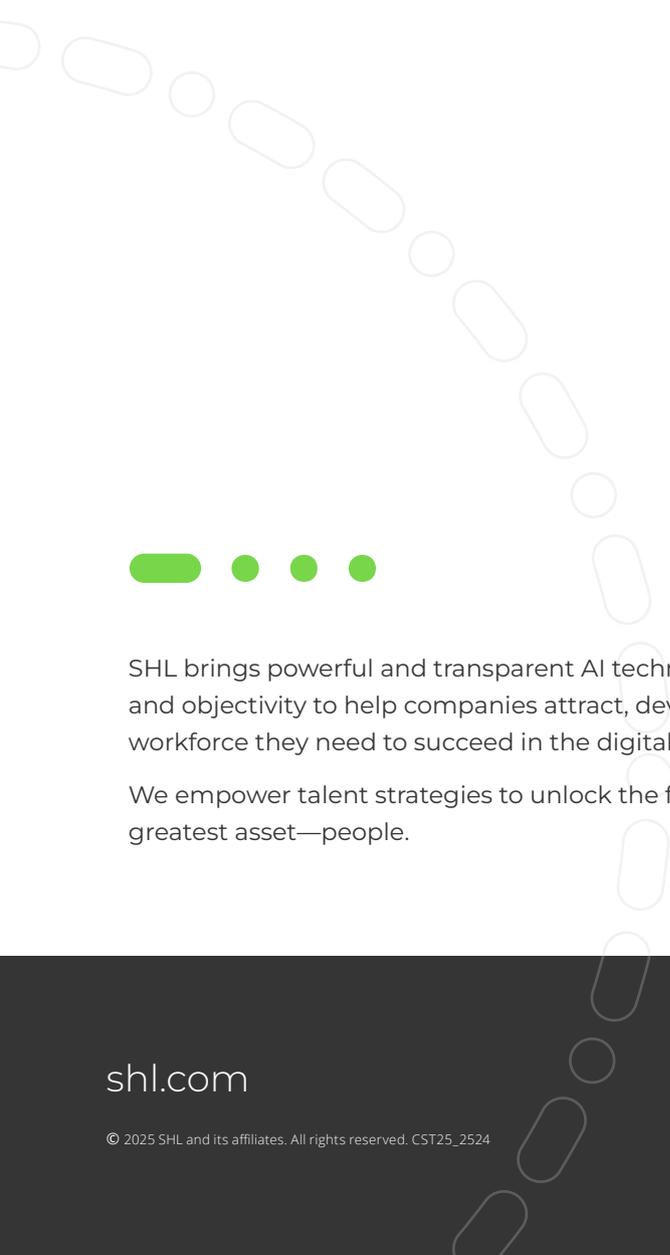
The shift to skills-first workforce planning is accelerating.

Organizations that act now will gain a competitive edge. Let's talk about where your organization stands—and how SHL can help you move forward.

Book a demo

Not ready to chat?

Explore our Talent Mobility Solution to learn how skills insight can drive real results for your workforce.

SHL brings powerful and transparent AI technology, data science, and objectivity to help companies attract, develop, and grow the workforce they need to succeed in the digital era.

We empower talent strategies to unlock the full potential of your greatest asset—people.

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