

Fuel50 Skills Crisis Report Of 2025

The Three Skill Problems Impacting
Businesses Today





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01

Introduction

The consulting world loves to paint apocalyptic scenarios about the future of work: The World Economic Forum warns that 59% of workers will need reskilling by 2030, while Korn Ferry predicts 85 million unfilled jobs in that same time frame.

Although attention-grabbing, these macro predictions often feel disconnected from daily reality. They're too big, too distant, and too abstract to drive meaningful action now.

But we do have a pressing issue in the present day that's contributing to those not-so-far-off prophecies: Organizations are failing at basic talent management.

At Fuel50, we witness this problem daily in our conversations with enterprise leaders.

Companies think they have their skills and talent problems under control — until the data proves otherwise.

While many HR platforms focus on collecting data, they often miss critical insights about workforce capabilities. They typically provide basic skills tracking but struggle to identify emerging skill gaps that could impact business success.

This report details findings from our research that reveal three interconnected crises impacting business outcomes:

- A visibility crisis that's crippling strategic workforce planning
- A mobility crisis that's driving unnecessary hiring while internal talent sits idle
- A crisis where companies are investing in solutions that won't work

CHAPTER

02

Three Interconnected Skill Problems That Are Impacting Businesses



Our research uncovered over two dozen distinct HR challenges that organizations face today. They range from reskilling and upskilling to diversity and inclusion, and from performance management to succession planning.

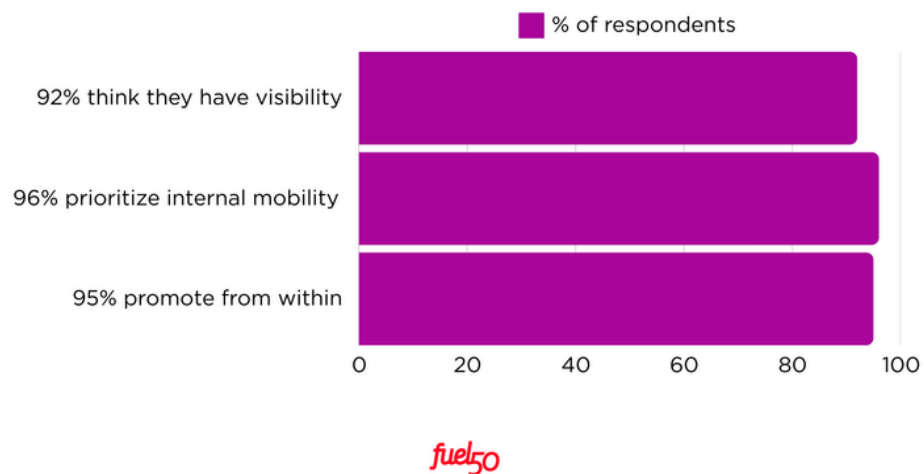
But when we analyzed the data patterns, three fundamental problems emerged that directly impact business outcomes.

01

Most companies can't see their skills landscape

At first glance, organizations appear to have their talent well under control:

- 95% say they have a culture of promoting from within before hiring externally.
- 96% claim matching people to internal opportunities is an HR priority.
- 92% believe they have sufficient visibility into their workforce's skills.



This shows companies understand best practices in talent management, but there's a critical disconnect between perception and reality. The problem lies in how they interpret their HR information. Most HR tools excel at generating reports and dashboards, which create an illusion of insight.

But having data isn't the same as having actionable intelligence. Modern talent, especially high performers, develop capabilities when multiple disciplines intersect, and traditional HR systems weren't built to capture this complexity.

For instance, a marketing manager may learn data visualization while collaborating with the analytics team, pick up basic coding through A/B testing projects, and develop project management expertise by leading cross-functional campaigns.

Traditional HR systems often create a gap between how skills are categorized and the actual capabilities employees possess.

While a person may have a rich combination of marketing, technical, and analytical skills, the system might simply categorize them as having "marketing" skills.

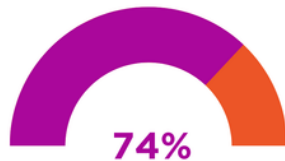
This disconnect becomes problematic when:

- The system sees only a "marketing specialist" classification
- In reality, the employee is a technical marketer with data analysis capabilities who can bridge between marketing, IT, and analytics teams

This visibility issue impacts organizational effectiveness in measurable ways:

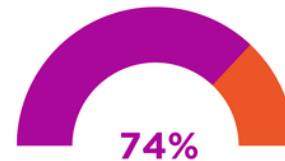
- 74% of companies admit a lack of visibility into skills actively impedes their business objectives.
- 74% struggle to fill internal roles despite claiming to prioritize internal mobility.

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Seventy-four percent of HR leaders still struggle to fill internal roles.

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Seventy-four percent of HR leaders admit that a lack of talent visibility is actively impeding their ability to achieve business objectives.

Organizations have data but lack meaningful insight. Their systems track discrete skills ("Marketing," "SQL," "Project Management") without capturing how these skills combine to create valuable cross-functional capabilities.

This false perception of visibility is particularly dangerous because organizations believe they understand their talent landscape when they actually don't.

As a result, opportunities for internal mobility are missed, external hiring costs increase unnecessarily, and organizations cannot develop talent strategically for future business needs. They aren't only flying blind — they're confidently navigating in the wrong direction.

02

Most companies are bleeding talent while ignoring internal solutions

When faced with business challenges, organizations usually default on hiring more people.

Revenue dropping? Hire more salespeople. Product development slow? Hire more engineers. Struggling with retention? Hire recruiters to backfill faster.

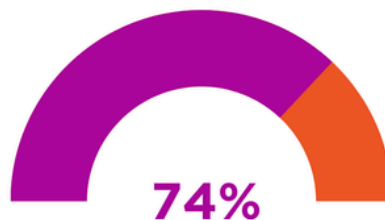
This reflexive response creates a vicious cycle wherein:

1. Limited visibility into internal capabilities leads to poor talent mobility.
2. Seeing no growth paths, talented employees leave.
3. Organizations hire externally to fill gaps.
4. New hires need time to adapt, which further reduces mobility.
5. Repeat.

Our data exposes how deeply embedded this sequence is:

- 74% of organizations fail to fill internal roles effectively.
- 70% struggle with talent retention.

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Seventy-four percent of HR leaders still struggle to fill internal roles.

Yet only 16% plan to prioritize internal mobility as a solution. The business impact of this cycle is severe but often insidious.

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Of companies plan to prioritize internal mobility as a solution.

According to research by Matthew Bidwell at Wharton, external hires cost 18%–20% more than internal moves for the same role. But the real costs go deeper:

- External hires take two to three years to match the performance of internal promotions.
- They're 61% more likely to be laid off or fired.
- They're 21% more likely to leave voluntarily.

Let's take the example of a technology company that needs to build AI capabilities. While searching for outside candidates, they might have dozens of engineers already interested in AI.

Without both visibility into these emerging skills and clear pathways to develop them through mentoring and project opportunities, they default to expensive external hiring.

This approach isn't just expensive, it's actively detrimental to innovation and competitive advantage. While organizations cycle through the hire-adapt-repeat pattern, more agile competitors:

- Identify and develop internal talent faster
- Retain institutional knowledge
- Build cross-functional capabilities
- Ship products and features at a higher velocity

Concerningly, most companies don't recognize this as a systemic problem. With only 16% planning to address mobility, the majority will continue the costly cycle until market pressures force a change -- by then too late for many.



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**"External hires cost 18%–
20% more than internal
moves for the same role."**

**- Matthew Bidwell,
Professor at Wharton
School**

Most companies prioritize the wrong solutions

The data reveals a critical misalignment between what organizations prioritize and what would actually solve their skills crisis. Looking ahead to 2025, HR departments are overwhelmingly focused on performance and productivity (34%), attracting top talent (34%), and retaining it (48%).

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These priorities highlight a persistent focus on outcomes rather than root causes.

Even more telling is what organizations aren't prioritizing: Only 7% intend to implement a common skills taxonomy, while 16% are focused on succession and mobility. Yet these foundational elements enable effective talent management and development.

The disconnect isn't about awareness but understanding. Companies recognize they need better skills visibility and talent mobility, but misidentify the solution. Their actual challenges reveal the true barriers:

- Outdated job profiles (ranked as the top challenge)
- Manual skills mapping (second greatest challenge)
- Inconsistent, fragmented skills data

Without addressing these structural issues, organizations will continue investing in solutions that can't deliver the talent agility they need.

There is hope though. Almost 55% of organizations plan to increase their HR technology budget in 2025, and their tech wish lists indicate evolving priorities:

- 90% need tools that automate and validate skills mapping.
- 89% require an updated, validated skills library.
- 78% acknowledge their current skills mapping is outdated or nonexistent.

Organizations should resist the allure of quick-fix solutions that address symptoms rather than root causes.

While 34% are exploring AI-powered tools and 38% considering rapid deployment platforms, technology alone won't solve fundamental skills visibility challenges.

The highest-performing companies in our dataset take a more strategic approach by building an integrated talent infrastructure:

- Developing flexible, adaptable skills frameworks
- Implementing consistent skill assessment methodologies
- Creating systems that capture skill development in real-time
- Leveraging advanced technologies to accelerate and scale these capabilities

This isn't about moving slowly—it's about moving intelligently. Companies that build this foundation can implement new technologies more effectively and see immediate value, while those that skip these steps often replace their expensive new tools within 18–24 months due to poor results.

The most successful organizations aren't choosing between speed and substance—they're sequencing their efforts to achieve both.

CHAPTER

03

How to Solve These Issues?

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The skills crisis isn't a problem of training, technology, or even talent but, rather, of systems.

Forward-thinking organizations succeed by revamping how skills function in their business model.

Here are three things they're doing right.



1. Skills as an operating system

Most organizations treat skills as static assets (things people have or don't have). The breakthrough comes when they treat skills as an operating system that runs the business.

Third-party data shows companies that take this approach see three times higher innovation rates and two times faster time-to-market on new initiatives.

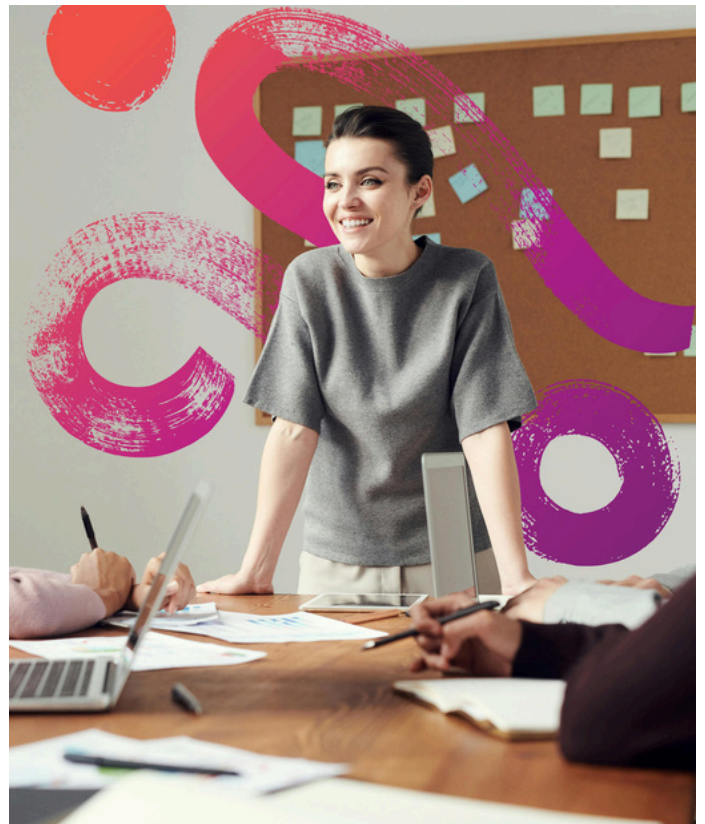
When skills steer operations, visibility and mobility happen organically because they're essential to how work is done.

2. Embedded learning instead of learning programs

Traditional approaches separate learning from work, but progressive organizations are embedding skill development into their daily operations.

Looking at our survey data, companies that adopt this systemic methodology show significantly higher rates of internal mobility and employee retention.

More importantly, they report stronger alignment between skills development and business outcomes.





3. Value creation over role fulfillment

Instead of matching people to roles, leading organizations are producing value streams based on skill combinations.

They ask, "What unique value can we create with our current skill portfolio?" rather than, "How do we fill these positions?"

This shift from role-first to value-first thinking transforms how companies approach talent strategy.

It's no longer about filling seats—it's about maximizing the impact of your skill ecosystem.



Leverage Fuel50 to future-proof your workforce

Ready to begin? Fuel50's talent intelligence platform helps organizations map their talent landscape, unlock hidden capabilities, and build dynamic talent ecosystems that drive real business results.

Some of our customers see an average 60% reduction in employee churn and significant improvements in internal mobility.

[Book a demo](#)

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Fuel50 is the AI Talent Marketplace solution that delivers internal talent mobility and workforce reskilling.

With hyper-personalized AI and a deeply embedded commitment to diversity and inclusion, Fuel50 activates your talent.

Fuel50's ethical AI matches your people to opportunities in real-time, automatically maps your workforce architecture, and provides deep data insights for predictive talent and workforce planning.

Over 80 organizations around the globe saw immediate impact since deploying Fuel50, with up to 65% increase in lateral movement, 35% increase in internal recruitment, and 60% reduction in employee churn.

Fuel50 powers the workforce of the future.

