



# Fuel50 Capability Trends Report™

The Deconstruction of Jobs Edition





At Fuel50, your future is our passion.

This Fuel50 Capability Trends Report™ brings you the latest capability trends from across the globe.

We encourage you to reflect on their relevance to your organization and hope that they inspire a vision for positive change within your people strategy and capability requirements.

Our dedicated team of Organizational Psychologists and HR Professionals is world-leading in capability design and research. Together, we have developed our own 'Fuel50 Talent Ontology™' to reflect the capabilities showcased in this report and many more. These capabilities are now available for use by all our clients.

For more information on any of the trending capabilities or to discuss how you could increase your organization's bench strength in these areas, please contact Fuel50.

Welcome to the future of work.



**In this Fuel50 Capability Trends Report, we are exploring the likelihood of organizations transitioning from being job-based to skills-based. In the event of this, we are suggesting critical organizational, leadership and employee capabilities to support this transformation. This report is designed to help you harness the latest global capability trends to ensure that your organizational talent strategy is aligned to the current driving global forces.**

## **The global trends driving interest in Skills-Based Organizations**

In today's world, we have seen the increasing need for organizations to be more agile and adaptable in response to the global pandemic. The economic, social, and psychological impact of COVID-19 is ongoing and will have a lasting effect on organizations as we know them. The pandemic disrupted labor markets, triggering what is described as one of the "worst job crises since the Great Depression." As a result, millions were left jobless or with reduced incomes. Meanwhile, many businesses had to close or downsize, and most had to adjust to a new way of working as business premises became obsolete. The post-pandemic world has an inherent danger of job insecurity, increased poverty, and inequalities<sup>1</sup>. While the future remains uncertain and unpredictable, we can be sure that there will be an ongoing need for organizations to respond quickly and adapt to change as we navigate our new global pandemic reality.

When reviewing the literature, it was evident that organizations surviving the global pandemic had successfully changed the way they:

- Operate and maintain profitability.
- Optimize e-commerce.
- Organize supply chains.
- Leverage digitization, automation, and AI.
- Facilitate remote working.
- Manage organizational cultural change.
- Maintain employee wellness.

Redesigning and executing process changes, like those listed above, is not easy, let alone doing this continuously in response to the evolving and complex global environment. However, research suggests those organizations taking a skills-based approach to talent development have a competitive edge.

## **What are Skills-Based Organizations?**

Skills-Based Organizations have a more agile and employee-centric approach to work where employees are valued for their skills rather than their job title, level, or educational qualifications. It is a new operating model of work where employees are matched to tasks and projects based on skills, capabilities, and interests<sup>2</sup>. Focusing on skill sets instead of job experience can help organizations optimize their existing talent pool. Skills-Based Organizations are moving away from traditional job structures and adopting agile talent development strategies. They have flatter, team-based structures with leaner job architectures, i.e., fewer levels and job titles as well as broader pay structures<sup>3</sup>.

<sup>1</sup> The impact of COVID-19 on employment and jobs. <https://www.oecd.org/employment/covid-19.htm>

<sup>2</sup> The skills-based organization: Fueling the 21st century enterprise with skills. <https://www2.deloitte.com/us/en/blog/human...>

<sup>3</sup> The organization of the future. <https://www2.deloitte.com/us/en/pages/human-capital/articles/job-architecture-of-the-future.html>

## What are the benefits of being a Skills-Based Organization?

Moving away from rigid job architectures to an agile skills-based approach has many organizational and employee benefits. Companies that have clear visibility to all the different types of talent at their disposal, with a line of sight to how work is getting done, by whom, with what skills, performed where and at what value, will have an immediate and significant competitive advantage.

- **Increased talent supply:** By tapping into skills as opposed to job titles only, organizations can source talent from a broader, more diverse talent pool at scale, which allows them to address talent demand and supply more effectively. In turn, this presents a different way of solving talent shortages. Effective skills management strategies enable organizations to pivot in response to rapid dynamic and competitive environmental demands. And visibility to the skills pool makes it easier to transfer skills to other parts of the organization affected by change.
- **Enhanced career opportunities & growth:** An organization that adopts a transparent culture around skills can promote curiosity and creativity by enabling employees to think outside of the box about work experiences and, ultimately, their career trajectories. When organizations appreciate skill sets for their collective value of interdisciplinary and cross-functional knowledge, it opens up more growth opportunities for employees.
- **Reduced bias in selection & promotion:** Focusing on skills provides a more objective assessment of suitable talent in hiring and promotion processes and may also reduce unconscious biases associated with these processes<sup>4</sup>.

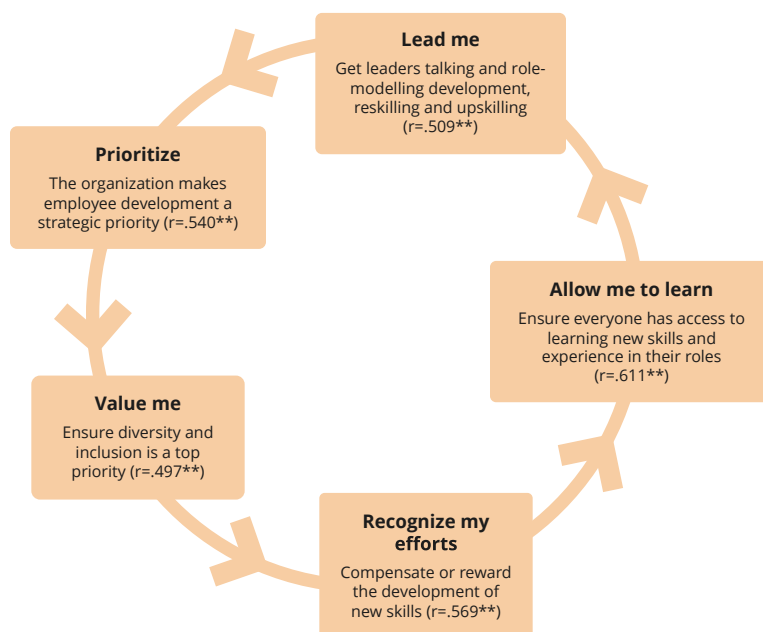


## How prevalent are Skills-Based Organizations today?

Conversations with our clients have indicated that HR Leaders are starting to explore skills-based talent strategies. However Fuel50's Global Talent Mobility Best Practice Research, revealed that 25% of HR teams currently have no visibility to their talent bench strength (i.e., the skills and capabilities) across their organization<sup>5</sup>. In support of this, Mercer's Global Talent Trends Study observed that organizations are beginning to dig deeper to understand their skills. But the majority are only just starting on this path.

<sup>4</sup> Why Organizations are Hiring for Skills Over Experience. <https://huntscanlon.com/why-organizations-are-hiring-for-skills-over-ex...>

There is also growing interest in returning to skills-based pay models, but few organizations have figured out how to approach this. According to Fuel50 CEO & Founder, Anne Fulton, credentialing, skills validation, and block-chain modeling may be strategies to shift remuneration to support a more skills-centric work model in the future. And [Fuel50's Global Talent Mobility Best Practice Research](#) found there was a strong positive correlation between compensating and rewarding the development of new skills ( $r=.569^{**}$ ) and critical business outcomes like revenue per employee, overall business revenues, employee engagement, and retention<sup>5</sup>.



Ultimately, although this is a trending topic, very few organizations have successfully transitioned to being skills-based.

## How to transform to become a Skills-Based Organization

We are at a time when talent optimization and internal mobility are more critical than ever for business agility and business continuity. We anticipate interest will continue to grow for Skills-Based Organizations, so to support HR professionals on this journey, we have outlined some critical considerations:

- 1. Implement a more flexible, agile job architecture:** Many organizations are transitioning to a new operating model of work, moving away from what were hierarchical job architectures to something more agile and fluid<sup>6</sup>. In our recent research, we saw that 35% of organizations surveyed had already simplified to a flat organizational structure, while 25.5% had no intention of doing this at all. A further 24.5% of organizations said they would opt for a more agile skills project-based workforce in the next 12 months. Flexible, agile organizations are quick to mobilize, nimble, highly collaborative, responsive, have free-flowing information, and empower people to act. In contrast, traditional job architectures can struggle to stay up-to-date and respond to the changing needs of the organization. Today's AI-enabled architectures, as supported by Fuel50's Talent Blueprint methodology and market data-feeds, provide a mechanism to stay agile and relevant as organizations evolve. In the first instance, moving to more project-based work units is a start where skills are matched at the project level, as enabled by the Fuel50 Gigs functionality. This feature creates a valuable starting point, using talent marketplace technology to deliver visibility, keep track of skills and facilitate more agile working practices by enabling skills matching at the project level. It also lays the foundation for structural changes in the future. In the future, we are likely to see skills as a foundational unit of currency in the organization. Larry McAlister, VP of Global Talent at NetApp, is already adopting this future-focused approach, "We really want to say, in our internal marketplace, that skills are the new currency. There is growth to be had in so many different directions."

<sup>5</sup> Fuel50 Global Talent Mobility Best Practice Research. <https://fuel50.co/mobility-research>

<sup>6</sup> Work Without Jobs. <https://sloanreview.mit.edu/article/work-without-jobs/>

**2. Take a skills-based approach to talent development:** Creating a dynamic talent development strategy will enable your organization to understand the skills they need now, and, in the future, which provides skill transparency to your employees. A skills-based approach enhances talent development strategies by<sup>7</sup>:

- Creating visibility of skills across the organization.
- Highlighting skills gaps, allowing organizations to plan upskilling initiatives.
- Creating a common organization-wide approach to skills and talent management.
- Transforming talent management strategies to include skills management strategies that enable upskilling and re-skilling<sup>8</sup>.

**3. Implement agile methodologies:** Agile methodologies are a huge enabler for the success of skills-based organizations. High-performing organizations have adopted agile core values. These prioritize individuals and interactions over processes and tools, prioritize customer collaboration over contract negotiation, and prioritize responding to change over following a plan<sup>9</sup>. A Skills-Based Organization optimizes organizational, talent, and career agility.

Deloitte's Human Capital blog emphasizes that organizations need to consider the following critical principles for a skills-based approach to be successful<sup>10</sup>:

- Creating a common language of skills across the organization.
- Performance management needs to include skills application and development.
- Leveraging Talent Marketplaces that match skills to jobs, tasks, projects, gigs, and mentoring assignments.
- Learning and development programs should be designed on skills, not jobs.
- Adopt a skills-based approach to recruiting talent.
- Design compensation policies based on skills.
- Include skills into succession planning.
- Leverage technology to help create visibility and keep track of skills development progress.

Our research has identified some transformational capabilities to support organizations in shifting to skills-based organizations. We have found that the following capabilities need to be embedded into three levels (Individual, Leadership, and Organizational) to successfully transition from a job-based to a skills-based organization.

In this report, we identify 15 of our trending capabilities associated with a skills-based organization. These capabilities have been categorized under the following headings:

**Individual Enablers:** Mental Elasticity, Agility, Self-Development, Technologically Savvy, Interdisciplinary Knowledge

**Leadership Capabilities:** Agile Leadership, Change Leader, Empowering Others, Skills Management, Distributed Agile Teams

**Organizational Strategic Imperatives:** Skills Transparency, Agile Business Strategy, VUCA Readiness, Agile Workforce, Disruptive Innovation

We have included some reflection questions to help you evaluate the importance of each capability for your organization.

<sup>7</sup> Navigating to a Skills-Based Approach to Talent Development. <https://www.conference-board.org/topics/next-generation-HR/...>

<sup>8</sup> A Skill-Based Organization of Work: Opportunities & Framework. <https://www.aihr.com/blog/a-skill-based-organization-of-work...>

<sup>9</sup> Work Without Jobs. <https://sloanreview.mit.edu/article/work-without-jobs/>

<sup>10</sup> The skills-based organization: Fueling the 21st century enterprise with skills. <https://www2.deloitte.com/us/en/blog/human...>

# Individual Enablers

One of the fundamental enablers of Skills-Based talent development strategies is the employee's willingness and openness to change, curiosity and creativity. Our research suggests the following capabilities are a great focus area:



## Mental Elasticity

Stretches beyond core strengths and discipline of work. Moves beyond comfort zone and continuously updates knowledge in new areas.



## Agility

Response to new circumstances and challenges is quick and effective. Adjusts response to the situation / interaction based on the evolving nature of it. Makes on-the-spot decisions.



## Self-Development

Shows a commitment to ongoing learning and development that is individually owned. Acquires new knowledge and skills to remain current with and/or grow beyond job requirements.



## Technologically Savvy

Proficient in the tools that allow the facilitation of one's work. Understands the importance of and is willing to adapt to emerging technologies to perform one's job more efficiently.



## Interdisciplinary Knowledge

Understands concepts and draws knowledge from more than one discipline. Applies this knowledge to solving problems or making decisions.

### Reflection Questions

- How do employees react to ever-changing tasks?  
Are they encouraged to develop skills outside of their current job scope?
- Are employees open to development opportunities outside of their current job? Are they given access to projects, gigs, or experiences to support their learning?
- Do employees have visibility of their skills or the skills that are in demand in the organization? Does the organization have any plans or strategies to create this transparency?

# Leadership Capabilities

Leaders are essential to driving and achieving a skills-based culture. Our research has highlighted the need for increasing leadership capability in the following areas:



## Agile Leadership

Creates a culture for self-organization that allows for quick reaction and change. Is open to ideas and innovation.



## Change Leader

Champions new methods, systems, and processes to improve business performance. Exerts influence on changing the status quo.



## Empowering Others

Expresses confidence in the ability of others to be successful. Delegates significant responsibility and authority but provides support as needed.



## Skills Management

Measures and monitors the skills of people to develop workforce capability and aligning it with the organizational objectives.



## Distributed Agile Teams

Utilizes agile methodologies in a team which is spread across two or more geographical locations.

### Reflection Questions

- Are leaders flexible and adaptable in the face of change or are they reactive and rigid? What can be done to improve this?
- Are leaders open to a talent sharing workplace where resources are shared across the organization as opposed to utilized only in their functional area?
- Do leaders have the necessary skills and tools to carry out skills management processes? What can the organization do to improve this?

# Organizational Strategic Imperatives

Organizational systems and processes need to be broken down and critically evaluated to enable a Skills-Based Organization. Our research has identified the following capabilities to focus on at the organizational level:



## Skills Transparency

Identifies and creates visibility of the skills available in the organization and skills needed for the future. Creates an organizational terminology and leverages digital platforms to ensure transparency of skills. Enables a culture of skills transferability across the organization.



## Agile Business Strategy

Drives organizational agility by aligning effort and resources, bringing value to the activity, reducing churn, and producing strategies and operational results. Democratizes strategy through setting visionary targets, but empowering employees to find innovative ways to solve the problems and contribute towards the vision.



## VUCA Readiness

Predicts volatility, uncertainty, complexity, and ambiguity (VUCA) in the working environment. Understands the distinct types of challenges that demand four distinct types of responses.





### Agile Workforce

Attracts and recruits highly skilled workers with specialist skills when it is needed, from inside or outside of the organization. Fills specialized talent gaps for the short to medium term with these knowledge workers.

Educates and empowers employees to view change positively and to behave in ways that facilitate effective change when necessary.



### Disruptive Innovation

Predicts and adapts business model to benefit from the introduction of technology that significantly could affect the way the market/ industry functions.

#### Reflection Questions

- Does the organization have a culture of putting skills at the center of work? What can be done to enable this shift?
- How effectively does the organization respond to change? Can this be improved? Which one of the above capabilities will aid this?
- Does the organization have a view of skills gaps, in-demand skills, and future-focused skills? How do you think technology can assist with creating visibility of skills gaps?





Empowering Others  
 Agile Business Strategy  
**LEADERSHIP CAPABILITIES**  
 Interdisciplinary Knowledge  
**ORGANIZATIONAL CAPABILITIES**  
 Technologically Savvy  
 Disruptive Innovation  
 Distributed Agile Teams  
 Self-Development  
 Agile Workforce  
 Skills Management  
 VUCA Readiness

Mental Elasticity  
 Agile Leadership  
**INDIVIDUAL CAPABILITIES**  
 Skills  
 Transparency  
 Change Leader  
 Agility

For more editions of the Fuel50 Capability Trends Report™ visit:  
[www.fuel50.com/capability-trends](http://www.fuel50.com/capability-trends)

## **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 mobilizes 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.

We believe that a deep commitment to inclusive talent practices is needed and it must start with a charter that is built into your skills architecture & organizational DNA.

Using the Fuel50 Talent Ontology™ drives more inclusive working cultures through:

- Incorporating critical D&I capabilities in all executive and manager level roles, supporting a shift of mindset from the top down
- Amplifying behavioral standards around D&I and holding leaders accountable for driving positive change
- Putting a spotlight on unconscious bias throughout the organization
- Ensuring D&I practices are present in recruitment, performance management and leadership development

The trending capabilities showcased in this report are now available for use by all our clients.

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.

Learn more: [www.fuel50.com](http://www.fuel50.com)

