



SAP Report | PUBLIC

3 key takeaways from a top HR trend today: Skills-based talent management

Introduction

For the last five years, the [HR research scientists at SAP SuccessFactors](#) have conducted research to understand the top HR and workforce trends facing organizations. Each year, the topic of skills has dominated the trends literature and settled in the top rankings of our trends reports.



This year was no exception—skills once again emerged as a top priority for organizations to address in 2025, with trends highlighting key themes such as:

- 1 The need to close pervasive skill gaps resulting from rapid AI development
- 2 The value of becoming a “skills-based” organization and adopting practices like skills-based hiring to more accurately find and secure the skills needed for the future
- 3 The importance of building a strong learning culture and designing meaningful learning experiences to encourage employees to reskill and upskill internally
- 4 The power of leaning into “human skills” like critical thinking, communication, and emotional intelligence as a unique differentiator against AI

Yet despite the ongoing attention and prioritization of this topic, many organizations are struggling to move forward in (or even begin) their skills journey. As SAP emphasize in its 2025 trends report, “[The top 5 HR trends today—and HR’s guide to what’s next](#),” technological advances have made executing a successful skills strategy more possible today than HR could have dreamed of only a few years ago. But making it a reality will require the courage to jump in and start. This paper dives deeper into three key takeaways from this year’s #3 trend, “Striking a balance to steer skills forward” and explain how SAP SuccessFactors solutions can help make skills a reality in your organization.

Takeaway #1: Being “skills-based” does not have to mean going *all in* on skills

According to the research, only **34%** of organizations say they want to eventually take an entirely skills-based approach, whereas **63%** say they want to include skills data *in addition to other information* when making decisions. While employees and managers agree that skills should be prioritized when making decisions, this information shouldn’t be used alone. According to survey data, basing decisions **70%** on skills and **30%** on other criteria is what employees and managers find to be the right balance when making decisions.

Years of studying skills from various angles have made it clear that there is no one-size-fits-all approach to skills, as different parts of practices within a single organization may be better suited to a more heavily skills-incorporated approach than others. Research on skills-based hiring suggests that the right approach to skills will depend on role type. A true “skills-based” approach may make sense for roles that rely heavily on “static” and technical skills (for example, IT roles) or that use tools or processes common across industries (for example, HR, finance, and administration). However, this approach would not be a good fit for roles where critical skills are constantly evolving or where other information is crucial context for decision-making (for example, senior leaders, roles in operations, and product development).

By moving away from the notion that being “skills-based” means you must be *all in* on skills, organizations can find the approach(es) to skills that make the most sense for them, considering their unique goals and circumstances. The [SAP SuccessFactors skills framework](#) was designed to help organizations do just this. The framework outlines four different approaches (skills-implied, skills-included, skills-led, and skills-based) to incorporating skills into HR practices, along with examples of the roles and functions for which each approach may be most appropriate, as well as the tools and technologies that can be used to enable them.

	Skills-implied	Skills-included	Skills-led	Skills-based
How work is organized	Work is organized entirely around jobs. Organizations do not make decisions based on skills data but rather assume skills from other artifacts, like educational background or previous job titles.	Work is still organized around jobs which are connected to a few (primarily technical) skills.	Work is organized around jobs, but these jobs are connected to many skills, including both technical and professional skills.	Work is organized entirely around skills. Organizations make decisions based on skills evaluation and demonstrated capabilities, rather than traditional criteria such as educational degrees or prior job titles.
Enabling technologies and tools	Job profile builder	- Job profile builder - Talent intelligence hub: attributes library - AI-assisted skills in job details - Skills rating on performance assessment and 360-degree review	- Job profile builder - Talent intelligence hub: attributes library, growth portfolio - AI-assisted skills-based job recommendations - AI-enabled career exploration - Opportunity marketplace recommendations	- Job profile builder - Talent intelligence hub: attributes library, growth portfolio - AI-assisted skills architecture creator - AI-assisted skills inference - AI-assisted skills-based applicant screening - Calibration for performance management based on skills

Takeaway #2: Building employees' motivation to upskill requires both intrinsic *and* extrinsic components

The research shows there are many different types of learners within organizations, all of whom have different motives for learning and preferred learning methods. Tapping into employees' intrinsic motivation by considering these unique motives and preferences and driving personalized learning experiences is an important first step to encourage employees to take control of their own upskilling.

Learner archetypes



Archetypes developed from six workshop sessions with 52 learning leaders from 36 SAP customer organizations.

However, according to SAP research, the number one barrier that employees say keeps them from doing more work-related learning is **“a lack of financial reward.”** This implies an equally, if not more important, *extrinsic* component to employees' motivation to upskill that organizations have yet to tap into. The research on skills-based pay shows that HR leaders are concerned that employees might take their new skills (and money) and run to a competitor. While this could be the case with one-time bonuses or yearly merit increases based on skills, offering retention-based incentives like restricted stock units for skills gained would circumvent such risks, offering employees the incentive they need to obtain new skills and—especially when paired with clear career paths and a sense of opportunity for growth and development—the reassurance for organizations that they'll stick around to use them.





Takeaway #3: The best way to leverage our humanness may be to understand the technical changes and advancements of AI

As part of this year's trends report, SAP advocates for a shift from “or” to “and” when it comes to the debate between human vs. technical skills—both will be imperative as AI continues to evolve. Employees will need to lean on their humanness as their unique differentiator against AI while possessing the technical skills and knowledge needed to use and work alongside it. This will require organizations to understand and communicate what are the critical skills (both human and technical) for employees in their organization to possess, as well as offer appropriate learning and development opportunities to help employees bolster them.

But perhaps the most important skill of all to develop will be **AI literacy**, the core competencies of which include:

- knowing about the concepts related to AI
- knowing how to apply AI tools to achieve goals
- being able to detect when interacting with an AI tool
- being able to assess the limitations and opportunities of using AI
- being able to consider ethical factors when deciding to use AI

The research shows that compared to people with high AI literacy, those with low AI literacy are six times more likely to feel **apprehensive**, seven times more likely to feel **afraid**, and eight times more likely to feel **distressed** about using AI at work.

However, AI literacy is more important than comfort—developing AI literacy is a long-term strategy for success compared to focusing too much on any skill (human or technical) that may be relevant for only a short time, considering the rapid pace of AI development.

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Conclusion

Reflecting on this year's top trends—employee disengagement, AI, skills, DEI&B (diversity, equity, inclusion, and belonging), and hybrid work—the pivotal role of HR is clear. These topics are all at critical inflection points requiring HR's expertise and leadership. Executing a successful skills strategy is possible in 2025 for those willing to challenge some assumptions, strike the right balance, and lead with a “fit for purpose” mindset. *So, lean in, HR!* Leverage these takeaways and supporting technology to prove this is your year to shine and to make skills a reality, once and for all.

The statistics and data points referenced in this report are from studies conducted by SAP team of HR research scientists:

Building a culture of lifelong learning.

Research report. Based on survey responses from 1,470 employees and 33 focus group sessions with 92 learning leaders from 52 SAP customer organizations.

Four approaches to a skills-based talent management strategy.

Research report. Based on survey responses from 9,432 employees and interviews with 278 HR leaders from SAP customer organizations.

HR's guide to improving AI literacy and AI readiness across the business.

Research report. Based on survey responses from 2,610 people managers and 1,413 individual contributors and interviews with 79 HR and IT professionals from 52 SAP customer organizations.

Skills-based hiring: Changing mindsets and assessing the timeline.

Infographics. Based on survey responses from 2,269 employees.

The top 5 HR trends today—and HR's guide to what's next.

Research report. Data from 40 global and regional reputable business press sources that put forward 254 individual trends and predictions from which we derived five key themes, or “meta-trends.”

Winning the race for skills with skills-based pay.

Infographic. Based on survey responses from 1,389 people managers and 880 individual contributors and interviews with 49 talent acquisition and talent management leaders from SAP customer organizations.

SAP SuccessFactors solutions and capabilities to enable a skills-based talent management strategy

SAP SuccessFactors HCM

- Leverage the talent intelligence hub as a framework within SAP SuccessFactors to manage your skills strategy. This AI hub powers a variety of experiences across the HCM suite.
- Utilize the employee growth portfolio which reflects skills, competencies, preferences, and more. New skills are automatically added after employee validation, based on completed learning courses, performance and goals forms, 360-degree reviews, continuous performance management activities, completed projects, and more.
- Improve talent decisions for leaders with an AI-enabled skills foundation that automatically keeps skills up to date with team portfolio. The team portfolio shows managers the level of skills and competencies for each individual and team wide. A heatmap view provides a quick glance into areas requiring review and upskilling.
- Create an AI-based skills library by extracting skills from job profiles in job profile builder with AI-assisted skills architecture creation. These skills are then added to the attributes library within the talent intelligence hub, automatically mapped to job roles in job profile builder and displayed on the growth portfolio.

SAP SuccessFactors Recruiting

- Enable recruiters to create compelling job postings that include relevant skills to help attract top talent using AI-enhanced job descriptions.
- Derive skills automatically from candidates' resumes to help interested talent find and apply for roles that match their skills, including skills listed on job details page using AI-assisted skills validation.
- Provide candidates with the ability to search for open opportunities based on skills that match their own skills using AI-assisted skills-based job recommendations.
- Enable recruiters to view a skills compatibility score for applicants compared to the skills required for a job using AI-assisted skills-based applicant screening. Recruiters can see details around the applicant's skills on their profile, including exact skills matches, additional relevant skills, potential skills, and unmatched skills.
- Provide interviewers with AI-recommended skills-based interview questions to help them prepare for engaging discussions with top candidates.
- Enable recruiters and hiring managers to rank candidates' skills while providing interview feedback to compare applicants based on their skills using skills-based evaluations.

SAP SuccessFactors Performance & Goals

- Reveal hidden skills and ensure all employee skills profiles are up to date with inferred skills based on continuous performance management data, such as feedback, activities, and achievements.
- Utilize performance assessments and 360-degree reviews to assess and rate skills.
- Enable insights into growth opportunities and highlight areas of achievement by adding, rating, or commenting on the skills of peers.
- Efficiently view, compare, and update skills and competencies for multiple employees with the team rater experience.
- Recognize and reward employees fairly and objectively, and standardize performance levels across the organization.

SAP SuccessFactors solutions and capabilities to enable a skills-based talent management strategy

SAP SuccessFactors Learning

- Leverage AI-driven learning recommendations based on must-know, need-to-know, and want-to-know skills. Admins can also add assignments based on specific skills or attributes, as reflected within the employee growth portfolio.
- Help foster continuous learning and provide guidance on building skills for the next proficiency level using dynamic search based on criteria, including duration, mobile availability, and specific skills.

SAP SuccessFactors Career and Talent Development

- Intuitively guide career and development experiences and forward-thinking talent planning with AI-driven insights, skills data, and personalized recommendations to accelerate employee and organizational growth.
- Leverage the growth portfolio as the starting point for employees' development journeys. Use integrated AI-driven talent intelligence to make relevant recommendations by understanding an individual's skills, capabilities, aspirations, interests, and preferences.
- Connect employees to new growth and development opportunities such as learning courses, mentors, temporary assignments, dynamic teams, and internal job openings using AI-driven personalized recommendations within opportunity marketplace.
- Explore career options with AI-driven career recommendations and career path exploration to discover potential future roles dynamically based on skills, interests, and aspirations.
- Provide personalized development suggestions to help employees pursue target roles using AI-assisted career insights.

SAP SuccessFactors HCM and SAP S/4HANA Cloud

- Provide prebuilt integration with common people and skills data across HR and finance operations. This enables efficient and effective project management and resource allocation based on the skills required and skills available.

SAP SuccessFactors HCM and SAP Fieldglass

- Provide prebuilt integration with common people and skills data across HR and procurement operations. This enables full visibility and continued development of skills for both permanent employees and contingent workers.

SAP SuccessFactors Workforce Analytics

- Provide predictive analytics, machine learning, and real-time data visualization to understand the skills you have, need, and will need—in direct alignment with financial and operational plans.



Learn more

For more information, contact your SAP partner.

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