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University of Phoenix™

Future of Skills Development

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Executive Summary

Organizations recognize that skills are central to future workforce success, but many are still building the capabilities needed to identify, develop, and validate those skills effectively. As AI, automation, and emerging technologies reshape work, HR leaders face growing pressure to anticipate evolving skill needs, assess workforce readiness, and connect development efforts to business outcomes.

While HR leaders are largely aligned around the importance of skills development, particularly soft skills, they face growing uncertainty about how workforce needs will evolve in a rapidly changing technological environment. At the same time, organizations encounter practical challenges that slow progress, including limited time, constrained resources, difficulty personalizing development, and inconsistent skills management practices.

The findings reveal a consistent visibility gap. HR leaders are generally confident they know which skills employees need today, but have less confidence that employees possess those skills and even less confidence in their ability to predict future skill requirements. As workforce demands continue to change, future success will depend on creating an integrated skills ecosystem that enables leaders to identify emerging skills and make more informed talent decisions.



Survey Methodology

The survey was conducted online within the United States by The Harris Poll on behalf of University of Phoenix from July 14 – 27, 2026 among 755 employed adults ages 25+ who have a job title of manager/supervisor or higher, works in human resources or learning and development function, and engages in at least one talent acquisition, talent development, and/or workforce planning activity as part of their role (“HR leaders”).

Data are weighted where necessary by employee size to bring them in line with their actual proportions in the population.

Respondents for this survey were selected from among those who have agreed to participate in our surveys. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For this study, the sample data is accurate to within +/- 4.6 percentage points using a 95% confidence level. This credible interval will be wider among subsets of the surveyed population of interest.

All sample surveys and polls, whether or not they use probability sampling, are subject to other multiple sources of error which are most often not possible to quantify or estimate, including, but not limited to coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments.



Summary of Findings

Technology Change Is Increasing Pressure on Workforce Planning

Organizations are navigating future skills needs with limited confidence amid rapid technological change.

As organizations look toward the future, nearly all (97%) report at least one source of uncertainty, with the pace of technological change becoming the greatest source. More than one-quarter of HR leaders (27%) report keeping pace with technological advances, including AI and emerging technologies, as their single biggest source of uncertainty when planning for future workforce skills needs, followed by knowing employees' ability to upskill, reskill, or retrain (16%), and understanding what skills will be necessary in the future (12%). [Q1]



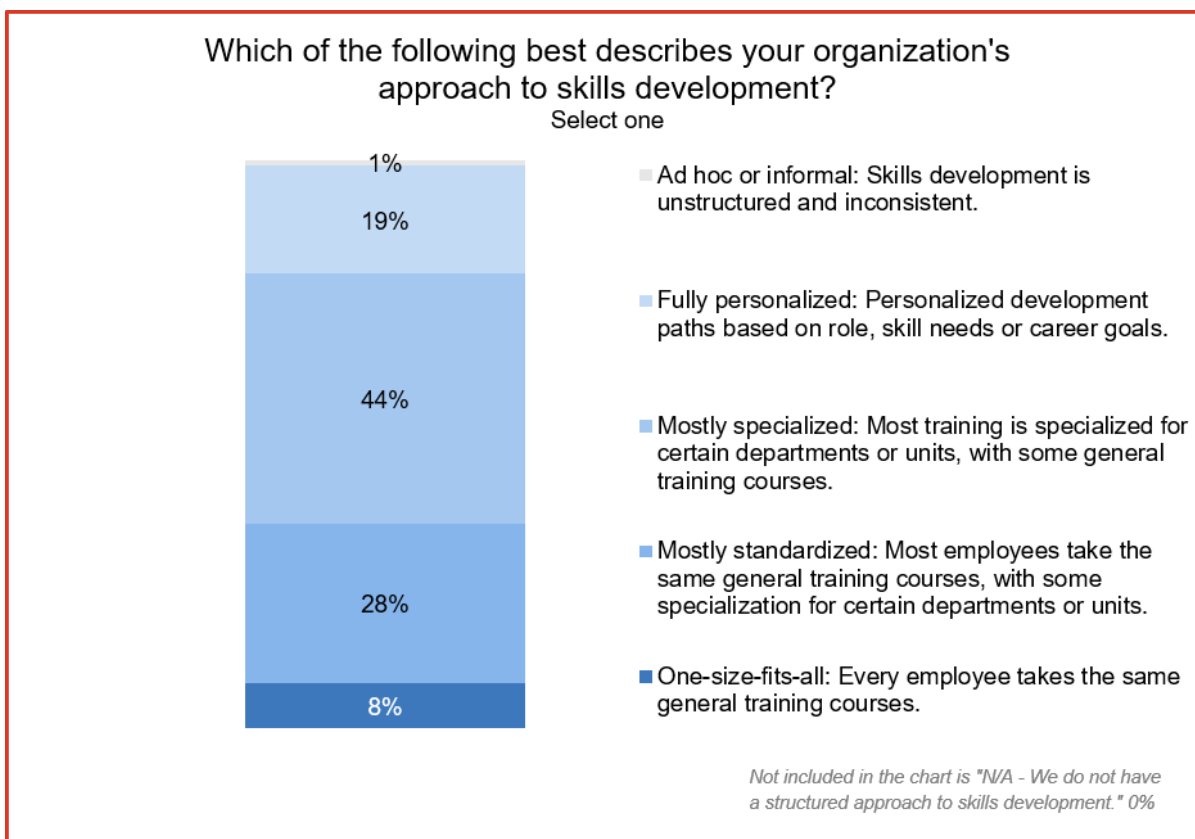
While organizations are taking steps to anticipate future skills requirements, confidence remains somewhat limited. Less than half of HR leaders (46%) are very confident they can predict the skills employees will need to do their job over the next 2-3 years. To address this challenge, organizations are relying on both internal and external intelligence, with formal workforce planning or strategic planning processes (46%), feedback from business leaders and department heads (45%), and regular reviews of industry reports and labor market data (45%) emerging as the most common methods used to monitor future skill needs. At least a third also are consulting with employees about skills they want to develop (43%), using technology or AI-driven skills forecasting tools (42%), analyzing job postings or competitive hiring trends (38%), and engaging with external partners, consultants, or industry associations (33%). [Q9, Q17]

Organizations Prioritize Skills Development, but Alignment Gaps Persist

While skills development remains a priority, many organizations struggle to align efforts with business goals and individual employee needs.

Despite recognition of the importance of skills development, many organizations face challenges ensuring these efforts support broader business objectives. Nearly 3 in 5 HR leaders (59%) say soft or durable skills (e.g., communication, collaboration, problem-solving) represent their organization's primary talent development focus, compared to only 37% who say their organization is prioritizing technical skills. However, prioritization does not necessarily translate into execution. More than 2 in 5 HR leaders (43%) say their organization's skills development efforts are not very closely aligned to business priorities, suggesting that many organizations continue to face challenges connecting learning investments to strategic outcomes. [Q2, Q3]

A contributing factor may be the continued reliance on standardized development models. More than a third of organizations (36%) report their organization's approach to skills development is one-size-fits-all or mostly standardized, while only 19% say skills development is fully personalized based on employee roles, skill needs, or career goals. Many organizations acknowledge the importance of skills but have yet to modernize how learning is delivered and tailored to individual workforce needs. [Q4]



A Workforce Readiness Gap Is Emerging

Many organizations understand the skills employees need but are less confident those skills exist across the workforce.

There is a notable gap between understanding workforce skill requirements and confidence in workforce capability. Nearly two-thirds of HR leaders (64%) say they are very confident they know which specific skills employees need to do their jobs, yet only 43% are very confident employees actually possess those skills. This gap suggests that workforce skills visibility remains a significant challenge. [Q8, Q7]

This gap extends to managers' ability to address skill deficiencies. Less than half of HR leaders (49%) feel very prepared to identify, assess, and discuss skill gaps and development needs with employees at their organization, suggesting that organizations may understand workforce requirements conceptually, but lack the processes, tools, or resources required to close identified gaps effectively. [Q18]

Organizations' Continued Reliance on Traditional Skills Measurement Approaches Limits Workforce Visibility

Skills measurement practices remain heavily dependent on manager judgment and performance-based indicators.

To assess employee capabilities, organizations continue to depend heavily on manager insights. The most frequently used methods for evaluating what skills employees currently have or need are managers' direct knowledge of their employees' skills (51%) and performance reviews (51%), followed by data from LMS, HRIS or talent management platforms (46%). Nearly 2 in 5 also rely on formal appraisals of skills (evaluations, assessments) (39%) and employees' self-reported skills or self-assessments (38%). Professional certifications and credentials are used by 36% of organizations, indicating that more formal skills validation methods are also somewhat common though not mainstream yet. Notably, about 1 in 5 HR leaders (19%) say their organization still relies on paper-based records or manual documentation. [Q10]

When measuring the effectiveness of skills development programs, organizations take a similarly performance-oriented approach, most often relying on performance outcomes (61%), manager feedback or observation of skill improvement (54%), and assessment or test results demonstrating skill proficiency (45%). Around 2 in 5 also measure effectiveness using business outcomes (43%), course or program completion rates (43%), and retention or engagement data (38%). Many also use reduction in skills gaps or time-to-productivity (34%), employee self-reported confidence (33%), and internal mobility or promotion data (27%). Medium and large organizations are generally more likely than small employers (1-99 employees) to leverage formal systems, assessments, and HR technology platforms, perhaps reflecting greater investment in data-driven workforce management. [Q5]

Practical Constraints Continue to Slow Progress

Time, resources, and limited skills visibility continue to hinder workforce development efforts.

Even when organizations recognize skills as a strategic priority, execution is frequently constrained by operational realities. The leading barrier organizations face in building the skills their workforce needs is lack of time, with 37% of HR leaders reporting limited time for employees to participate in development activities. Difficulty personalizing or customizing development for individual needs (32%) and limited budget or financial resources for training (30%) are also cited as obstacles. [Q6]

Organizations also face challenges in understanding both current and future workforce capabilities. More than a quarter of HR leaders cite lack of clarity on future skills needs (27%) and lack of visibility into employee' current skills (26%) as significant barriers, highlighting that organizations are trying to build future-ready workforces but are also operating without complete confidence in either their current skills inventory or future skills requirements. [Q6]

Hiring Leaders Face Similar Challenges Verifying Candidate Skills

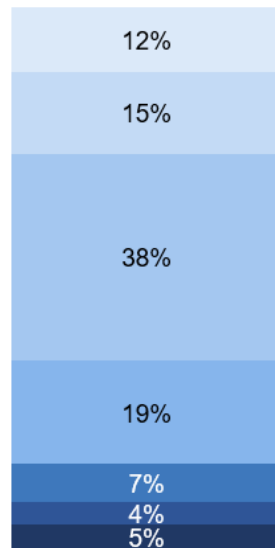
Organizations are increasingly adopting digital credentials as they seek greater confidence in candidate skills verification.

The difficulty organizations experience assessing current employees carries over into the hiring process. While the majority of HR leaders (59%) say soft or durable skills are their organization's primary talent development focus, those same skills are viewed as the most difficult candidate capability to verify or assess when evaluating candidates (20%). This is followed closely by emerging or specialized skills such as AI and cloud computing (18%). This highlights a critical challenge for employers: the skills they consider most important for future success are often the hardest to assess with confidence. [Q2, Q11]

Even after conducting interviews, assessments, and other screening activities, uncertainty often remains. The largest share of HR leaders (38%) say they feel confident that they have properly verified an applicant's skillset and ability to perform the role only after a skills evaluation, assessment, or technical test. Around a quarter feel confident only after a background, reference check, or previous employer verification (15%) or after hiring (12%). This reliance on formal assessment methods suggests traditional hiring approaches alone do not provide sufficient confidence in candidate readiness. [Q12]

Stage of Hiring Process Feel Confident Applicant's Skillset Has Been Properly Verified

Select one

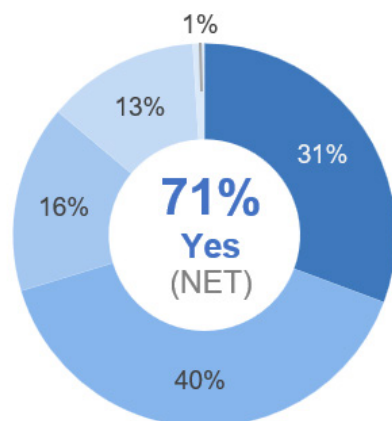


- After hiring (during onboarding or probation period)
- Background check, reference check, or previous employer verification
- After a skills evaluation, assessment, or technical test
- During the interview
- Phone screen or initial conversation
- Reviewing samples or portfolios
- Reviewing the resume

Not included in the chart are "N/A - We rarely feel confident about candidate skills at any stage" 0% and "N/A - We do not formally verify applicants' skillsets"

To address this challenge, organizations are adopting digital methods of skills verification. More than 7 in 10 HR leaders (71%) say their department relies on micro-credentials, digital badges, digital wallets or other digital ways of verifying skills when evaluating job applicants, though less than a third (31%) use them for all applicants. When evaluating these credentials, the most important consideration is the trustworthiness of the issuing organization (24%), followed by the ability to verify credentials through outside sources (16%). As digital credentials become more common in hiring, employer confidence will depend on the credibility and verifiability of the skills being presented. [Q13, Q14]

Department Relies on Microcredentials, Digital Badges, Digital Wallets or Other Digital Ways of Verifying Skills When Evaluating Job Applicants



- Yes, we use these for all applicants.
- Yes, we use these for some applicants.
- No, we do not use these but are planning to do so in the future.
- No, and we are not planning to.
- Not sure

Formal Skills Management Processes Remain Inconsistent

Many organizations still lack formal processes needed to support future workforce readiness.

Despite mounting pressure to build future-ready workforces, many organizations have not yet institutionalized the practices required to identify and address skills gaps. Only 44% of HR leaders say their organization conducts formal skills gap analyses regularly to identify the difference between current employee capabilities and future skill needs, and just 51% say their organization very clearly communicates to employees the skills they need to develop to advance their careers or perform future roles. This suggests employees may be expected to develop future-ready skills without receiving sufficient guidance on which skills matter most or how those skills connect to career progression. [Q15, Q16]

Industry Spotlight

While many workforce challenges are shared across industries, organizations appear to be progressing at different rates in building skills-based workforce practices.

Healthcare organizations consistently demonstrate the highest levels of confidence and maturity across several measures. Healthcare leaders are more likely to report close alignment between skills development and business priorities (65%), to be very confident that employees possess the skills needed to perform their jobs (70%), to be very confident they know which skills employees need (82%), and say their organizations communicate future skills expectations very clearly (71%). Healthcare organizations are also among the most active users of digital credentials in hiring, with nearly half (47%) reporting they use microcredentials, digital badges, digital wallets or other digital ways of verifying skills when evaluating all job applicants.

Manufacturing organizations face particularly high levels of uncertainty related to technological change. Nearly one-third (32%) identify keeping pace with technological changes as their greatest source of uncertainty when planning for future workforce skills needs, and manufacturing leaders are the most likely to rely on skills assessments and technical testing (49%) before feeling confident in a candidate's capabilities. The majority of manufacturing organizations (56%) also place greater emphasis on technical skills development, whereas a majority in the other industries prioritize soft or durable skills.

Financial services organizations place a greater emphasis on soft or durable skills than any other industry, with nearly two-thirds (64%) identifying those skills as their primary development focus. Financial services leaders are the least confident that employees possess the skills needed to do their jobs (only 35% are very confident) and the least likely to say their organization very clearly communicates to employees the skills employees need to develop to advance their careers or perform future roles (35%). One in 5 (20%) identify knowing employees' ability to upskill, reskill, or retrain as their greatest source of uncertainty when planning for future workforce skills needs.

Conclusion

The findings point to an important shift in how organizations approach talent strategy. The challenge is no longer recognizing the importance of skills. Instead, the challenge is building the capabilities required to manage skills as a strategic workforce asset.

Across workforce planning, talent development, skills measurement, and hiring, organizations face a common obstacle: limited visibility into current and future workforce capabilities. HR leaders are generally confident they understand the skills employees need, but significantly less confident those skills exist across the workforce or can be readily validated in candidates. As technological change accelerates, these gaps become more consequential.

Closing this gap will require more than additional training programs. Organizations will need stronger workforce planning practices, more reliable skills data, clearer communication about future expectations, and more personalized approaches to development. Equally important will be the ability to validate skills through trusted assessments, credentials, and other evidence-based measures.

Organizations that successfully build this foundation will be better positioned to adapt to technological change, deploy talent more effectively, and prepare their workforce for evolving business demands. Those that continue to operate with limited skills visibility risk making critical talent decisions without the insight needed to support long-term growth and competitiveness.

