

From Early Career To Emerging Talent

An ISE report into the case for a skills-based approach to student recruitment and development

Institute of
Student
Employers

ise.

Trends,
benchmarks
and insights



Contents

3	1	Introduction: From 'Early Careers' to 'Emerging Talent'	19	4	The skills-based organisation (SBO)
5		Does the SBO only exist on a consultant's slide-deck?	21		Adopting a skills-based approach within early careers
6		Why the word 'skills' is problematic	22		How data and analytics drives the SBO strategy
6		Why the words 'early' and 'student' are also problematic	23		HR tech's role in creating the SBO
7		Recommendations	24		Barriers to the SBO
8		How the ISE can help you	25	5	Skills within education
9	2	Avoiding change is not an option	26		Evolving employability provision
9		We are both living longer and having fewer kids	27		Putting career development back in development programmes
12		A high-skill economy with a shortage of higher skills	28	6	What next?
14		Solutions to the labour market squeeze	29		Appendix one: Employer self analysis
16	3	Skills at the heart of understanding work	30		Appendix two: Resources
17		What do we mean by skills?	31		Appendix three: ISE employer survey on adoption of future talent strategies
17		Understanding the macro skills gap			
18		Mapping skills in your organisation			

Introduction:

From 'Early Careers'
to 'Emerging Talent'

1





The solutions employers use to attract and hire talent, how they map talent needs across their organisations and to the external market, how they deploy and redeploy employees, all require alternative solutions to those that are the norm at present.

A lot has been written in recent years about the skills-based organisation but very little from an early career viewpoint. Here at the ISE we are no doubt biased, but we believe the early careers sector has a significant role to play in the reshaping of talent management strategies that place skills at their core. Student recruiters and developers have long taken a skills first approach to the employability, recruitment and development of students.

Most students, almost by definition, have limited experience of the roles they apply for as they transition out of education and into work. So recruiters of students place a strong emphasis on the potential candidates can demonstrate, potential to grow and develop into a role and career. Assessing for skills, although they may be defined and articulated differently from organisation to organisation, is how employers spot potential. Through structured development programmes, employers develop the skills of their hires.

We should say at this point that the word 'skills' is problematic in this context. In this paper, we are using skills as a catch-all to describe a range of capabilities and attributes. Another reason for using the word skills is its use in the debate on the skills-based organisation (SBO).

The SBO approach to talent management is a markedly different way of thinking about how organisations identify, develop and deploy talent across the whole employment life cycle. The skills-based approach places less focus on an individual's technical experience and a greater emphasis on other factors, be they termed skills, capabilities or aptitudes.

The two forces of demographic and technological change are leading organisations to integrate at least an element of the skills-based approach:

1. Changes to the availability of talent in the workforce driven by declining birth rates and increasing average lifespans. People are having fewer children and living longer in both developed and developing economies.
2. Economies, and the employers that operate within them, need a workforce that is higher skilled than lower skilled as technology changes the nature of activities most organisations undertake.

These two forces will change the shape of labour markets and make talent scarcer. This will lead organisations to focus less on a person's age, education exit point, and prior technical experience. The impact on the early career end of the labour market will be twofold:

1. As the definition of early careers broadens, student recruitment and development teams will work with a much broader definition of talent that includes career changers and those re-skilling or up-skilling – from either inside or outside their organisation.
2. Early careers teams will work as part of a broader organisational ecosystem where greater integration through HR and the business will become the norm, where strategic workforce planning, learning cultures, technology and data play a crucial role in how talent strategies are deployed.

For those involved in education and as solutions providers, the shift in how organisations hire and manage talent presents both challenges and opportunities. The skills students seek to develop through the learning experience, and how employers work with the education system within both vocational and more academic pathways, are likely to change.

The solutions employers use to attract and hire talent, how they map talent needs across their organisations and to the external market, how they deploy and redeploy employees, all require alternative solutions to those that are the norm at present.



Does the SBO only exist on a consultant's slide-deck?

There is an element of controversy around the skills-based organisation. Is this just a re-packaging of existing practice or older ideas, or a push from consulting and tech firms to generate new business? Some argue that skills mapping technology doesn't deliver on the promises proponents make, that organisation cultures are too complex for a skills first approach to work. For a fuller explanation of this view, read 'Is the juice worth the squeeze?' (see Appendix Two: Resources for a link.)

We have spoken to consulting businesses who have always considered themselves to be learning based, skills-focused organisations. As technology has changed their business models from hardware to software to cloud and now AI, organisations have had to continually reskill and redeploy their people.

Some businesses operate in regulated markets where long-term workforce planning is fully integrated into how they manage talent – their operational talent needs can be predicted for many years ahead. The railway industry is a good example. Train operating companies have a clear idea of how many train drivers, conductors and head office staff are needed to run a railway, people want to work on the railways and staff retention is high, so workforce planning and talent management is predictable.

Whilst these arguments apply in part to some sectors, ISE data suggests there is a genuine shift in employers' thinking. In a 2004 poll of ISE employer members, 58% said they have partially adopted the skills-based approach and only 3% said this is an approach they are not considering. We have seen at least two employers change the names of their student recruitment and development teams from 'early talent' to 'emerging talent'.

That's not to say that there isn't an element of emperor's new clothes within some aspects of the SBO. Or to deny that the SBO approach is difficult and challenging to implement and may not be right for all organisations or teams within them.

But many organisations, and society as a whole, will face talent shortages where they currently don't. Without a long-term talent management strategy, organisations will face scenarios where they simply don't have enough people resources to deliver on their organisational objectives.

The reality is that most organisations recognise the need to change, to adopt at least some elements of the skills-based approach, but most are still finding their way. To quote one ISE member, "we are flying the plane as we build it".



Why the word ‘skills’ is problematic

What is a skill? What is an attribute? What are capabilities? Technical definitions of skills and other related terms exist as do arguments about what the definitions entail. But managers, students, educators, recruiters etc also all take a view on what a skill, is with different ideas on what can be learned, taught and what individual traits are innate in a person.

When most people think of a skill, they are mostly thinking of an ability they consider as something individuals can develop to a greater or lesser extent. Whilst an element of inherent aptitude pre-disposes individuals for certain activities, e.g. a highly numerate person with great attention to detail might develop into a successful forensic accountant, another individual may not have great attention to detail but with a bit of work can get better at it. This makes agreement on what constitutes a skills-based approach problematic

Another problem with the use of the word skills is the danger that we take a reductive, overly simplistic view of skills. Many work-related skills evolve over a lifetime of work and are more complex and nuanced than can be depicted by a simple descriptive word and paragraph of definition. For example, leadership covers a multitude of facets that could be called skills, mean different things in different contexts, and can take a number of years, even a lifetime, to develop fully.

But the word skills does give us a term to describe and assess the issues this paper is concerned with. For the sake of simplicity, we will use skills as a generic term to cover the attributes, capabilities, behavioural skills, cognitive skills, and technical skills that contribute to an individual's career and employment efficacy.

Why the words ‘early’ and ‘student’ are also problematic

As employers in the UK embraced school-leaver and apprentice hiring alongside their graduate programmes, many teams replaced the prefix ‘graduate’ with ‘student’, ‘early talent’ or ‘early career’ to describe their recruitment and development activities.

But as talent hiring and development strategies become broader in scope, the words ‘early’ or ‘student’ carry education exit-point and age connotations that will increasingly be no longer fit for purpose.

Here at the ISE, we do get enquiries about what teams are calling themselves and we see employers experimenting with new terms, but as yet there is little consensus. At the ISE we've experimented with terms such as ‘total talent’ and ‘future talent’, but both are used elsewhere in the HR world so would create further confusion.

So we've adopted the phrase, Emerging Talent (pioneered by both HSBC and Rolls Royce) to describe the breadth of experiences our sector works with. Practice may change, but for now we think this is the best fit.

“...
Many work related skills evolve over a lifetime of work and are more complex and nuanced than can be depicted by a simple descriptive word and paragraph of definition.

“...
“

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don’t let yourself be lulled into inaction.”

Bill Gates



Recommendations

This paper makes five broad recommendations that employers need to consider when creating a long-term skills-based talent strategy:

1. Adoption of a future focused emerging talent strategy

In an ISE survey (see Appendix Three) 58% of employers surveyed are already partially adopting a skills-based strategy, and another 29% are considering it. This indicates a growing recognition of its importance. Organisations should continue to explore and fully adopt this approach in order for their people strategy to meet their broader goals.

2. Develop workforce planning and skills-based hiring capabilities

There is significant room for growth in future talent workforce planning and skills-based hiring methodologies. Businesses should invest in these areas to better align their workforce management tools and practices with future talent needs.

3. Build internal mobility and career pathways

Enhancing internal mobility programmes and creating clear career pathways can improve employee retention and development, reducing the need to hire externally. Organisations should focus on these areas to maximise the potential talents of their existing workforce.

4. Source optimal technology solutions

Investing in skills identification and mapping platforms, career development software, and agile working platforms can support future talent strategies if done well. These technologies can streamline processes and enhance workforce capabilities.

5. Create diverse hiring and development pathways

Developing specific attraction and recruitment strategies for older workers, career changers, and other underrepresented groups can diversify the talent pool. Organisations should invest in these initiatives to build a more inclusive workforce that maximises the pool of available talent.

To quote Bill Gates, “We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don’t let yourself be lulled into inaction.”

Note: Appendix One details a self-assessment inventory to determine the status of your organisation in regard to skills-based practices.



How the ISE can help you

On the ISE website we have published our thinking on the future of early careers which outlines the forces driving change and the case for organisations to adopt broader talent strategies. The goal of the ISE's work is to deliver content alongside a forum for debate and learning that fosters and supports broader talent strategies.

We aim to help ISE members collaborate to develop education and employability strategies and enable product/service development in an environment where practices are driven less by education exit point and age, more by hiring and retaining and developing for potential.

Across the next ten months, the ISE will produce engaging content that informs the industry (both within our circle of influence and the broader HR and business leader community), and provides practical, actionable outputs for members. We will:

- Explore existing practices that members can implement
- Help members create new practices and products
- Increase collaboration between different member groups to develop new solutions.

We are achieving this by:

- Working with employers to understand current employer practices, thinking and problems to be addressed.
- Working with careers teams, educators, and private providers to explore how students can be better prepared for the future of work.
- Working with suppliers to understand future talent solutions and products, skills identification and development approaches, and broader HR processes.

Avoiding change
is not an option

2



Some may remember 2022 as the year we emerged from the gloom of the Covid pandemic into a record-breaking heatwave. Recruiters remember the year as one where candidates were in extremely short supply; the government's 2022 Employer Skills Survey¹ reported over half a million skill-shortage vacancies (531,200), more than twice pre-pandemic levels. HR functions struggled to manage retention, meet pay pressures, and fulfil recruitment needs as the economy recovered.

In a low-growth economy where recruitment activity remains suppressed, 2022 might appear to be a pandemic created anomaly. Yet, even in the current constrained environment some sectors still report talent shortages. The current unemployment rate of 4.3%² is low by historic measures and indicates just how little latent capacity exists in the labour market.

Once the economic cycle turns to growth, long-term talent shortages are highly likely to become acute once again. Two broad forces are likely to create talent shortages across a wide range of industries: changing population demographics and technology-driven skills requirements.

We are both living longer and having fewer kids

Just pause for a moment and think about a baby born today. Many of them may still be working as they see in the next century. Boys born in the UK can now expect to live to 86.7 years old and girls to 90 years old, according to the ONS³. In the UK there are currently around 13 million people aged 65 or over who make up nearly a fifth of the population. The ONS predicts this number will rise to 22.1 million people by 2072.

But we are not just living longer, we are also having fewer children. There were 591,072 live births in England and Wales in 2023, the lowest since 1977. And the total fertility rate (TFR) as at its lowest since records began: an average of 1.44 children born per woman (see Figure 1). In the UK, there are now fewer 15-19 year olds than 55-59 year olds. In 2023, more people died than were born for the first time in 50 years (excluding Covid)⁴.

¹ <https://explore-education-statistics.service.gov.uk/find-statistics/employer-skills-survey/2022>

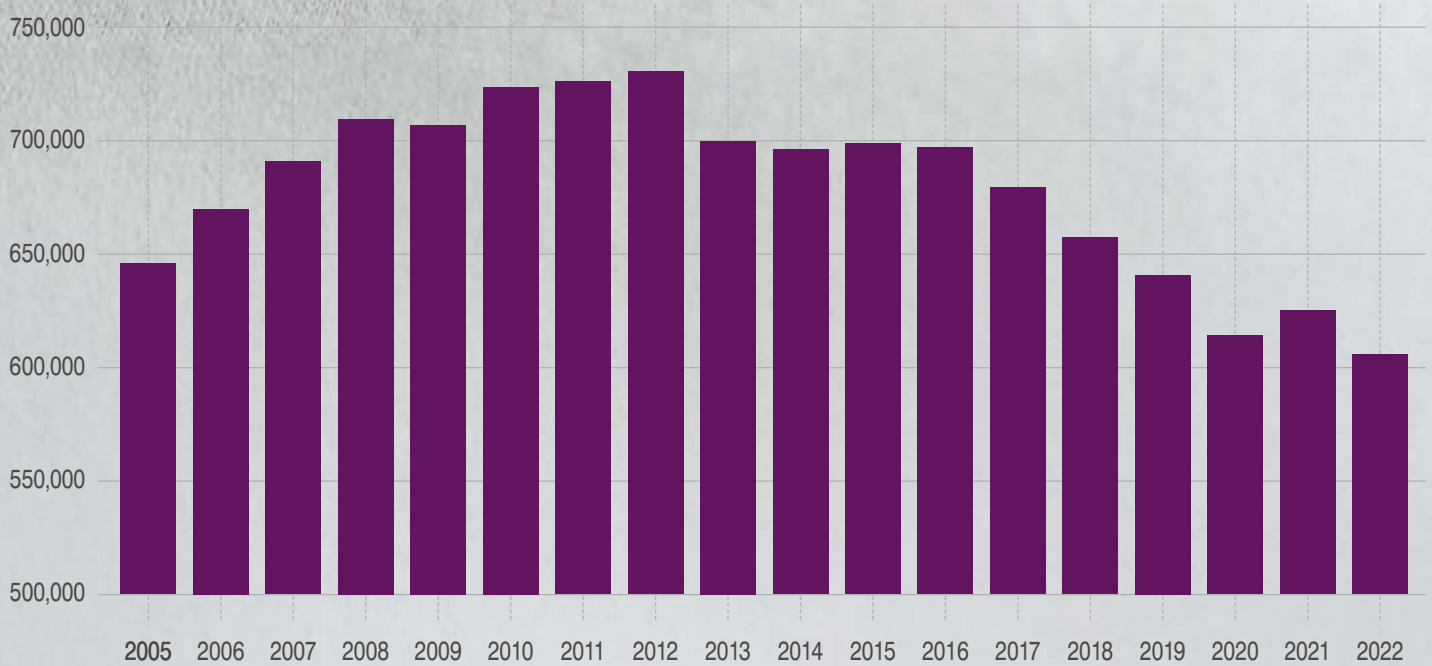
² <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment>

³ <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies>

⁴ <https://www.bbc.co.uk/news/articles/cn0ezy14rj8o>



Figure 1:
Number of live births in England & Wales⁵



⁵ <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/bulletins/birthsummarytablesenglandandwales/2023#live-births>



“...

Over the 10 years between mid-2022 and mid-2032, the population of the UK is projected to increase by 4.9 million (7.3%) from an estimated 67.6 million to 72.5 million; this increase is projected to arise from net migration of 4.9 million compared with 6.8 million births and 6.8 million deaths”

Office for National Statistics

Apart from low economic growth, there is another reason employers are not yet feeling the impact of demographic shifts: the number of 18-year-olds in the UK is still predicted to grow for the next five years (add 18 to the years in figure 1 to see how birth rates move through the demographic timeline). But come 2030, a long-term decline in the number of young people leaving education will set in.

Immigration will act as a buffer to declining birth rates (see figure 2), but is a politically charged issue. Although successive UK governments have sought to reduce immigration levels, all the UK’s foreseeable projected population increase is predicted to be driven by immigration.

Long-term migrants within the UK also tend to be of working age and higher educated: 41% of those born abroad have a university degree, compared to 25% of people born in the UK. So the working age population in the UK will still increase as long as immigration levels continue as predicted (see figure 3). But the profile of that population will shift, becoming older as birth-rates decline.

Figure 2:
Impact of births, deaths and immigration on total UK population predictions

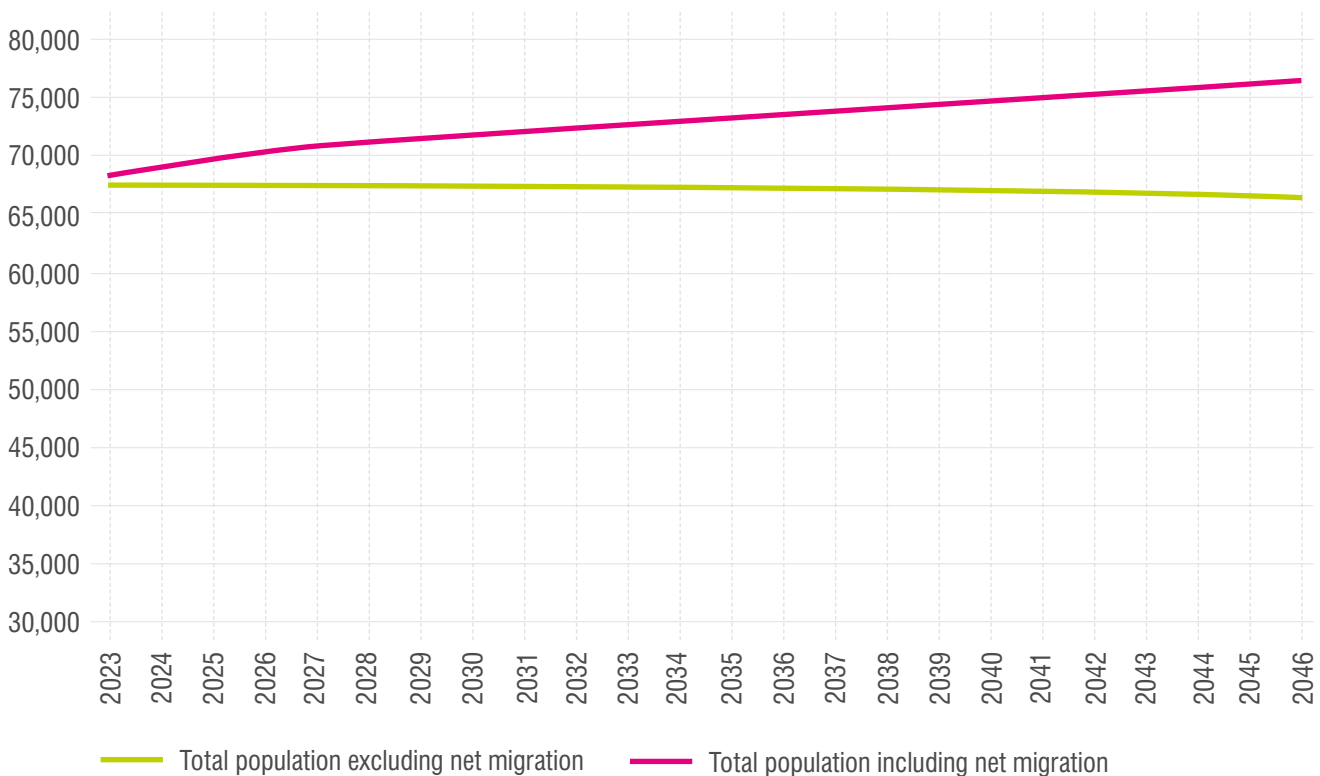
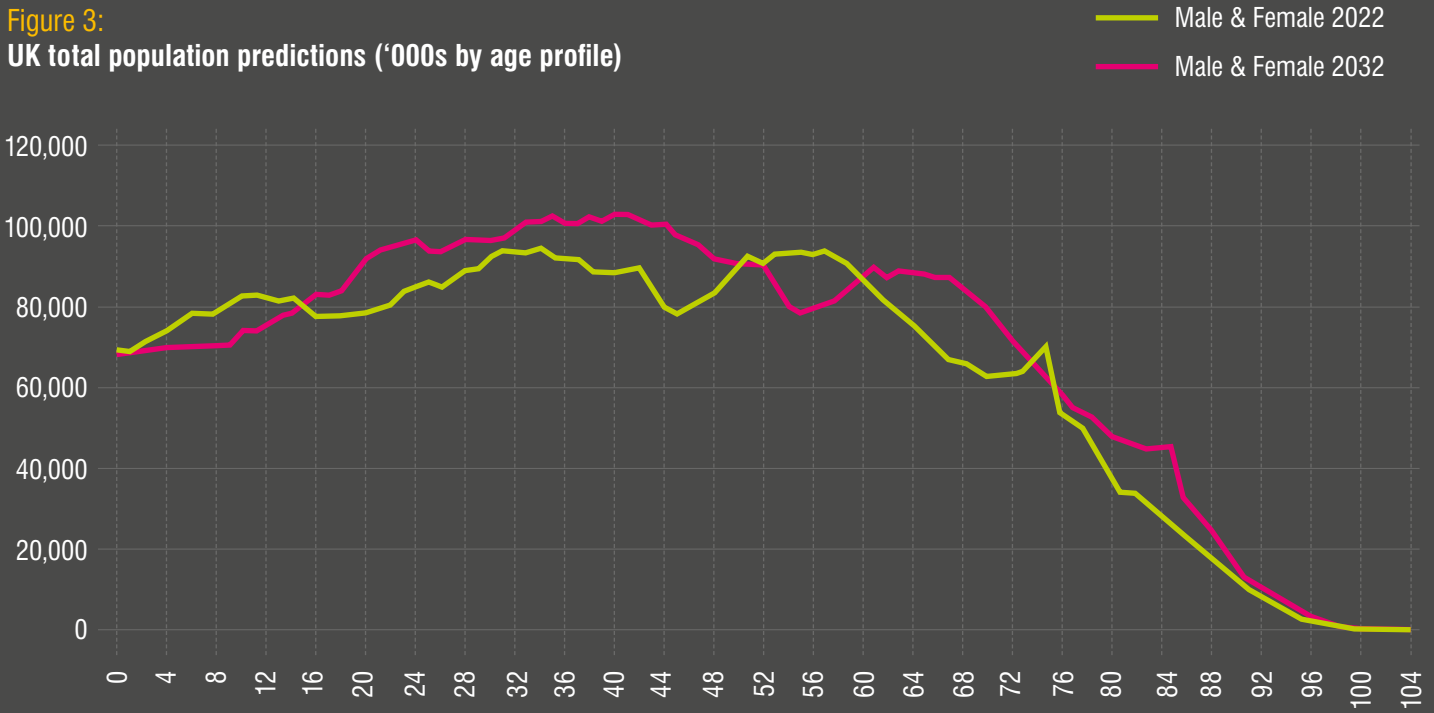


Figure 3 outlines the impact of birth rates, longer lifespans and immigration over the next seven years. We will return to workforce planning later in this report, but employers will increasingly need to factor in shifts in population dynamics to identify talent pools on an ongoing basis.

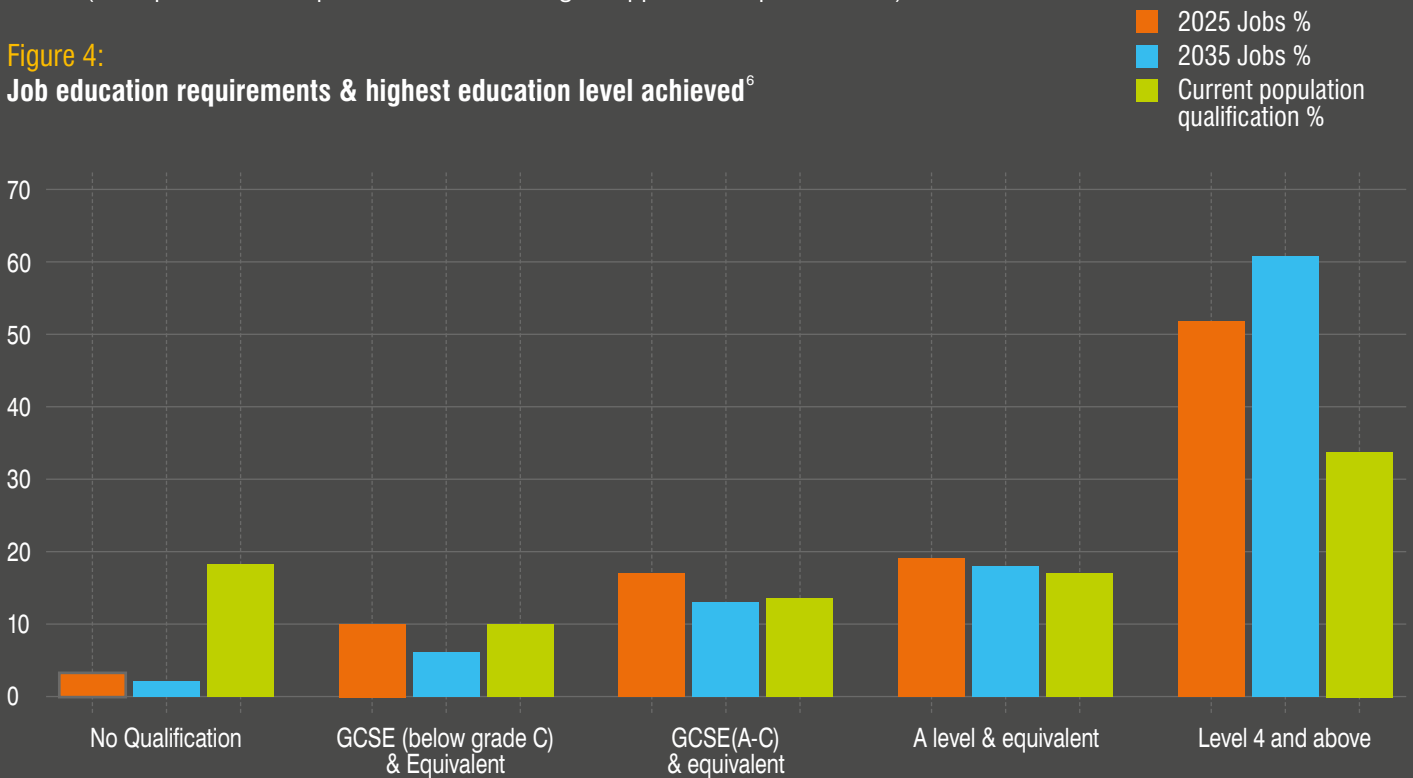
Figure 3:
UK total population predictions ('000s by age profile)



A high-skill economy with a shortage of higher skills

Plotting the qualification profile of jobs in the economy to the population’s qualification levels, we find that more of UK workforce is underqualified for the jobs they do than overqualified (see figure 4). In the UK, we have more people with no qualifications than the economy needs, and not enough people educated or trained to level 4 qualifications or above. (Examples of level 4 qualifications include higher apprenticeship and HNCs.)

Figure 4:
Job education requirements & highest education level achieved⁶



⁶ <https://www.ons.gov.uk/visualisations/censusworkforcequalifications/>

The shift to a higher skilled economy is true of the last 15 years and is the predicted trend for the coming decade.⁷ Over the last 20 years, the number working in level 6 jobs (graduate) increased by 4.75 million, whilst the number working in jobs at a skill level below graduate fell by 865,000.⁸

Currently, only 16.4 million people in England & Wales are educated to level 4 and above, yet there are 18.6 million jobs currently at that level, rising to 22.7m over the next 10 years. So the UK already has a skills deficit and most of the additional workers required by the economy will require training to at least level 4.

Not all sectors and jobs will be impacted in the same way though. Some industries have higher skill needs than others: employers who need STEM skills are predicted to have a requirement for an additional quarter million people. The health sector will require an additional 173,000 professionals. Some sectors will also require higher levels of semi-skilled workers, e.g. within customer service occupations (see figure 5).

⁷ <https://www.universitiesuk.ac.uk/sites/default/files/field/downloads/2023-08/jobs-of-the-future.pdf>

⁸ <https://www.nomisweb.co.uk/datasets/apsnew>

Figure 5:
Eight highest growth and largest decline in roles by volume 2025-2035 ('000s)

Occupation	2025	2035	2025-2035
Business, media and public service professionals	2882	3234	352
Science, research, engineering and technology professionals	2307	2563	256
Caring personal service occupations	2584	2832	248
Corporate managers and directors	2447	2681	235
Other managers and proprietors	1416	1637	221
Health professionals	1790	1963	173
Teaching and other educational professionals	1910	2082	172
Customer service occupations	778	889	111
Process, plant and machine operatives	921	907	-14
Elementary trades and related occupations	390	368	-22
Skilled construction and building trades	947	889	-58
Skilled metal, electrical and electronic trades	1091	1030	-61
Sales occupations	2026	1927	-99
Elementary administration and service occupations	3204	3086	-118
Secretarial and related occupations	707	570	-137
Administrative occupations	2826	2685	-142



But whilst there is some employment growth predicted in semi-skilled areas such as the care sector, most lower-skilled occupations are set to decline: a quarter million plus people are currently employed in secretarial and administrative roles that technology is likely to replace.

Solutions to the labour market squeeze

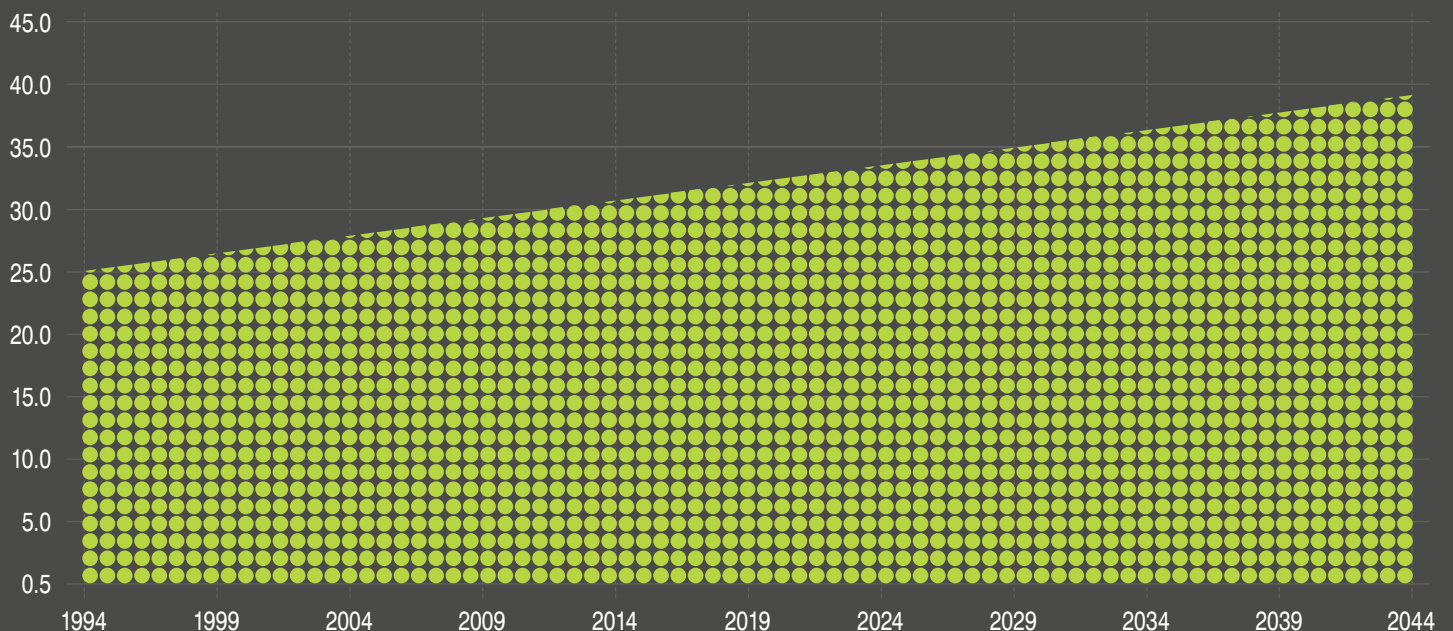
The data analysed in this paper so far presents a fundamental problem facing employers: how to adapt to a changing labour market profile and how to increase skills within the workforce. Employers plan for growth, and growth generally requires more people. And technology is unlikely to reduce the numbers of people most employers employ.

Despite offshoring, technology change, the 2008 financial crash and a global pandemic, the long-term trend shows that UK PLC continues to employ more people. The full impact of AI is uncertain, but history tells us that technological change tends to increase the complexity of work – as the current popular quote goes, ‘AI will not take your job, but someone who can use AI will’. If predictions prove correct and this trend continues, over the next decade UK employer demand could increase by over 5 million people (see figure 6).

Add together the workforce predictions by skills and volume, and in the next 10 years employers within the UK will require an additional three to four million more people in work who are educated/trained to at least level four.



Figure 6:
UK population employed (millions)





Governments have a role to play in boosting skills within the labour market. Through policy development and implementation, the government can impact the development of skills within the education and training system.

When we understand the demographic challenges facing the UK, we can see why policies to assist the 9.34 million people aged 16-64 who are currently economically inactive and the nearly 946,000 young people who are classified as NEET (not in education, employment or training) are both economic and social issues to address.

The creation of Skills England and Apprenticeship Levy reform are examples of the current government's plans to boost investment in education and skills.

This overall analysis of evolving labour market trends and predicted future skill needs make the business case for the skills-based talent strategy that works across a number of demographics:

1. Continue to hire and develop young people entering the labour market through a range of pathways across vocational and academic routes with a long-term hiring proposition based on development and retention.
2. Retain existing employees with a value proposition based on continued career development through reskilling, upskilling and flexible career options that evolve as individuals' circumstances change.
3. Have a hiring strategy to attract external people based less on experience, more on skills and potential, with a view to long-term development and retention.
4. Ensure all your people strategies attract, develop and retain fully diverse talent.

In short, those employers who can hire, train, re-train and retain a skilled workforce are those that will succeed in the long-term. Those that ignore demographic changes and skills needs are unlikely to employ sufficient talent to meet their needs. Those that can evolve a successful early careers strategy into a broader emerging talent strategy are future proofing their businesses.

**“...
Our projections indicate job growth will be concentrated in professional occupations, which tend to be better paid. This creates opportunities, both for young people yet to enter the labour market and for adults trying to move up the occupational hierarchy. By contrast, workers in the occupations most susceptible to technology change tend to be lower-skilled and lower-paid”**
National Foundation for Educational Research.

Skills at the heart of understanding work

3



In a world where people will live and work much longer than in previous generations, where job roles and career paths are disrupted with greater frequency by technology, work structures will need to enable a far greater degree of flexibility than may have historically been the case. The future world of work will require people to have the right mix of skills that enable them to take an adaptable approach to work alongside the technical skills they will develop and drop as job roles change.



What do we mean by skills?

Many an argument has been started in an attempt to define skills; one we'll try to avoid here. A useful way of thinking about employment skills is the categorisation proposed by skillsforskills:⁹ behavioural, cognitive and technical.



Behavioural skills

The skills that underpin natural behaviours and motivations. These are the skills that are likely to be consistent requirements across multiple employers and jobs/roles.



Cognitive skills

The skills of mental capacity around numerical ability, verbal ability, and logical thinking, typically developed but based on innate capacity. These skills are likely to have a baseline ability for different levels in organisations and for different roles e.g. accountancy/banking will typically look for a certain level of cognitive skill.



Technical skills

The skills required for performing a specific task, typically learned or acquired. These are the skills that are more likely to differentiate job families or skills clusters.

A useful way to contextualise skills is to think of them related to roles and tasks: what skills do you need to be an actuary or a marketer, what skills do you need to be a manager or a project leader.

Understanding the macro skills gap

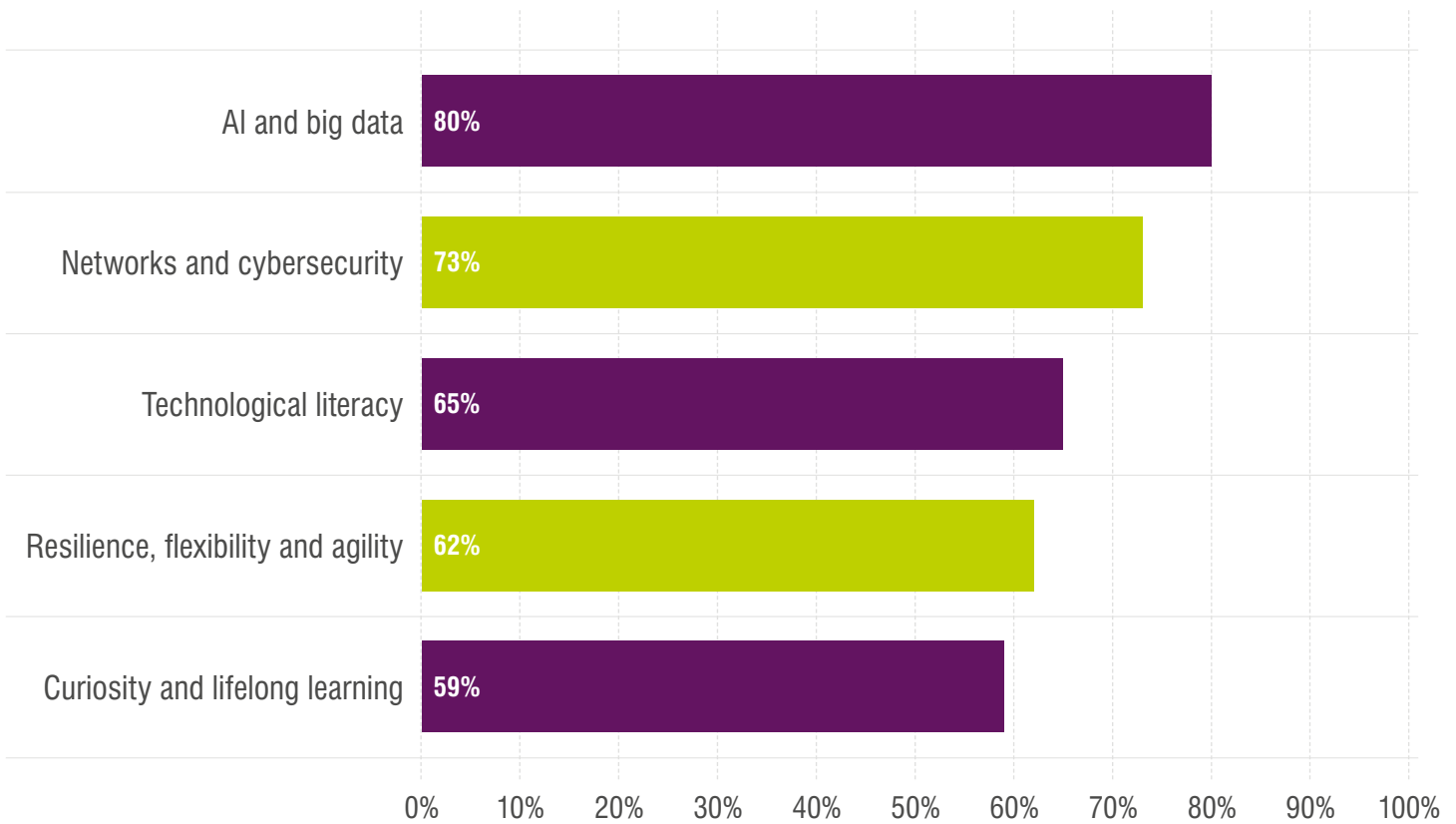
Employers are placing increasing importance on the category of skills we might call behavioural. The World Economic Forum 2025 Future of Jobs analysis reported that 69% of UK organisations placed resilience, flexibility and agility in the top five skills that will increase in importance by 2030 (see figure 7). In the 2024 ISE development survey, the top skills employers thought students weren't as proficient in as they expected were: self-awareness, resilience and personal career management.

In the cognitive skills category, ISE employer dissatisfaction levels are more mixed. 25% are dissatisfied with written communications skills, 20% with verbal communication, dropping to 13% for interpersonal skills and only 4% dissatisfied with numerical skills.

In the technical category, WEF also reported that technology related skills will be increasingly required by employers: AI and big data, networks and cybersecurity, technological literacy. ISE data reports that employers are more satisfied with the tech skills demonstrated by their student hires. Less than 10% of employers were dissatisfied with levels of basic IT and digital skills, coding and programming, and data analysis skills.

⁹ <https://www.skillsforskills.org/framework>

Figure 7:
Top skills of increasing use to organisations by 2030 (WEF UK data)¹⁰



Data collation and analysis is continually increasing our understanding of the skills mix employers are recruiting to. The EU, through Skills-OVATE, provides detailed online information on employer skill demand across 32 European countries. Companies such as Lightcast provide online skills libraries and labour market analytics built from millions of data points. One objective of the newly created body, Skills England, is to map skills needs at a national and regional level in order improve skills development across the country.

Mapping skills in your organisation

Whilst the national picture is useful in developing education and training policies, in informing careers professionals and job seekers, organisations are focused on the skills they require to meet current and future needs and challenges. In practice, most employers already continually assess their talent needs to hire and deploy people effectively. Most recruitment strategies are built on an assessment of skills needs in some form.

But as the skills landscape, both in need and availability, changes, as job role content becomes less predictable, future talent strategies will require organisations to understand their core skills needs in greater depth.

Occupational psychologists already map skills within roles and design assessment methods to measure them. New technology providers such as Gloat and Eightfoldpath have entered the market offering solutions that purport to map and evaluate employee skills profiles, to identify needs and gaps, to help employers build their own skills taxonomy, and to help create an internal jobs market based on skills.

Later in 2025, the ISE will publish a paper that explores in greater depth the role of solutions providers and technology in supporting the SBO and emerging talent strategies.

**“...
 Future talent strategies will require organisations to understand their core skills needs in greater depth.”**

¹⁰ <https://www.weforum.org/publications/the-future-of-jobs-report-2025/>

**The skills-based
organisation (SBO)**

4



In their report, 'The skills-based organisation: A new operating model for work and the workforce', Deloitte describe how organisations are developing “a whole new operating model for work and the workforce that places skills, more than jobs, at the centre”¹¹.

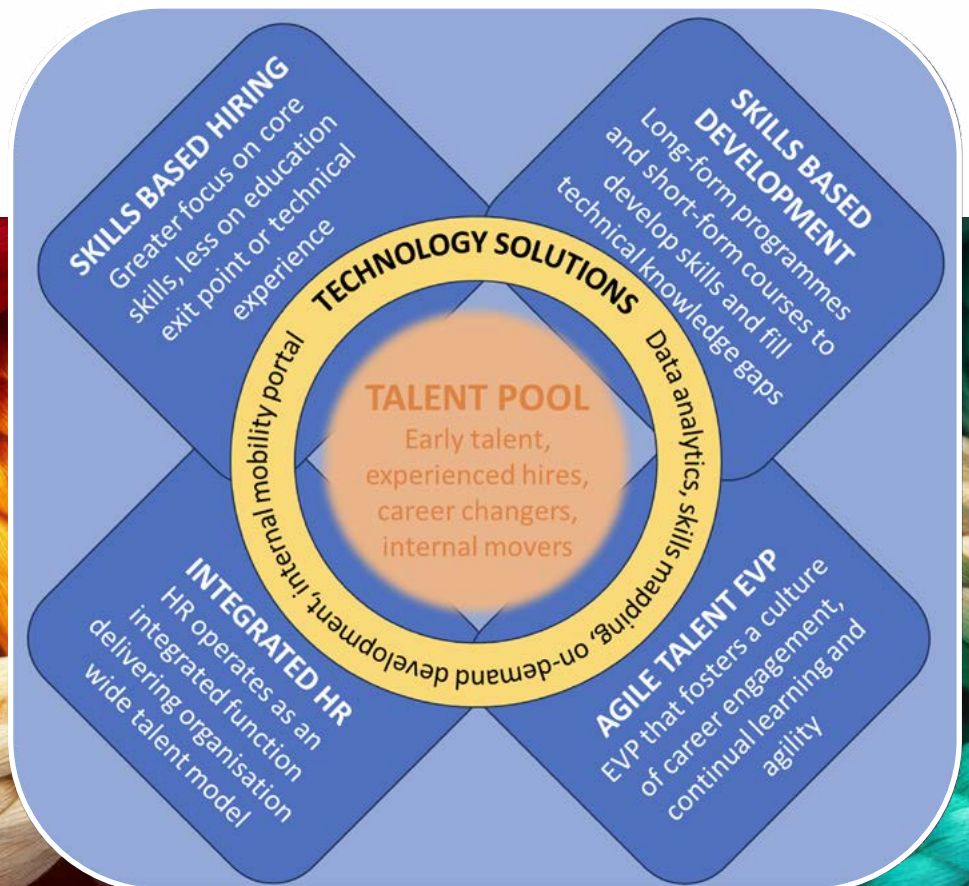
The features of a skills-based organisation include:

- A fundamental shift in how organisations match people to roles based on skills and potential, less on experience in a role – often because the role is new or there is a limited supply of people with the required experience.
- The use of technology to map the skills that current employees possess and that roles require in order to create an internal marketplace for roles.
- Skills-based hiring strategies that focus less on an individual’s experience, more on their capabilities and potential – this may encompass career changers, older workers, people who have near-to work experience.
- Embedded practices and programmes that enable employees to re-skill and upskill in order to move more easily within an organisation.
- Fostering a people culture that rewards skills development, flexibility and mobility through reward systems, career pathways and ways of working.

In the SBO, HR teams and the supporting HR technology become increasingly integrated and integrated with the business (see figure 8).

¹¹ <https://www2.deloitte.com/us/en/insights/topics/talent/organizational-skill-based-hiring.html>

Figure 8:
An integrated skills-based
HR model





But what does this look like in practice? Building an SBO requires a rethink of many operational activities undertaken within the talent function. For example:

- Dropping the requirement for degrees from a hiring requisition
- Designing attraction campaigns that target career changers, ex-military, and other groups onto broader emerging talent entry points
- Offering internal short term project roles in near-to business functions
- Shrinking the number of job titles within an organisation
- Creating TA roles that analyse internal and external job and skills data
- Creating an organisation-wide skills taxonomy
- Building a learning platform that offers short-form courses that develop targeted skills and capabilities

Restructuring work practices at this scale creates significant implementation challenges. And there are criticisms of the SBO movement: the technology over-promises, skills are difficult to map and assess in practice, employees are resistant to new ways of working, HR and business silos hinder collaboration and block change, organisational cultures are complex and take a long period to adjust, technology solutions over-promise.

But when the ISE asked employers to what extent are they working on a Future Talent Early Career proposition, only 3% said they are not. Although only 10% have adopted this approach, 58% are in-process and another 29% say they should. As we stated in the introduction to this report, the macro forces at work leave employers with little option but to revise their strategies (see Appendix Three).

Adopting a skills-based approach within early careers

One way to look at the skills-based organisation is as an evolution in practices, rather than a redesign of the HR function from scratch. This is particularly true for early careers recruitment and development teams.

UK student employers on the whole don't require hires to have studied a specific subject, the concept of transferable skills is embedded across the early career labour market, and teams place a high focus on recruiting and developing the behavioural and cognitive skills highlighted earlier and put in place programmes to develop required technical skills. You don't need a law degree to become a lawyer in the UK.

“...
For Emerging Talent teams to maximise their impact on the broader business strategy, integration into the broader HR function is essential.

As early careers teams evolve into emerging talent teams, the skills-based model will shift operating practices. The activities of a skills-based emerging talent team could include:

- Incorporating broader skills analysis into early career development and recruitment strategies, e.g. refreshed recruitment skills criteria
- Less use of education exit points, e.g. school/college or university graduation, to define the talent pool hired from
- Incorporating career-changers (including demographics such as the ex-military), older workers, and internal switchers into development programmes
- Increasing the learning content focused on developing behavioural skills and cognitive skills to promote a more agile cohort
- Embedding cross-department project work into the construction of development programmes
- Integrating personal career management content into development programmes

For Emerging Talent teams to maximise their impact on the broader business strategy, integration into the broader HR function is essential. Embedding skills-based practices at the Emerging Talent stage will aid the development of practices and cultural change across the organisation.

Student hiring and development operations must not stand alone, siloed from the broader talent management functions of the business. There is a very good reason early career teams should be at the heart of a skills-based approach, even leading the way: they have the very skills and experience to build talent strategies based on skills, they have been doing it successfully for years.

How data and analytics drives the SBO strategy

For an organisation to adapt to demographic and technological change, it requires an understanding of how these forces impact current and future talent needs. The reality of reducing birth rates and an ageing population can be quantified and modelled.

What might happen if an organisation ignores labour market analytics in its decision making process? The organisation that thinks it may be able to scale up and scale down its workforce at will may well find that the talent they require on the upturn simply doesn't exist in the labour market in sufficient quantities. They may not have an EVP that attracts those leaving education, nor be able to entice people from organisations that have invested in reskilling and retention strategies. They may not attract potential career changers who do not see a home for their skills and experiences.

Strategic workforce planning (SWP) is the art of analysing an organisation's workforce needs, both now and for the future, and developing strategies to deliver to those needs. SWP is increasingly playing a key role in how organisations develop their talent strategies. The Australian consultancy firm eQ8 lists six key stages in the workforce planning process¹²:

1. **Setting Objectives:** Define the organisation's strategic goals and objectives to drive the workforce planning process.
2. **Workforce Analysis:** Review the current workforce demographics, skills and capabilities to identify strengths and areas for improvement.
3. **Forecasting:** Anticipate future workforce needs based on business projections and industry trends.
4. **Gap Analysis:** Identify gaps between the current and future workforce requirements to develop targeted strategies [headcount and skills]
5. **Action Planning:** Develop specific action plans to address skill gaps, succession needs, and talent development initiatives.
6. **Implementation and Monitoring:** Execute the workforce plan, monitor progress, and make adjustments to ensure alignment with organisational goals.

¹² <https://eq8.ai/resource-library>

“... The tech stack needs to work.

But not all organisations invest adequate time and resources in the strategic workforce planning process. Analysis conducted by Aptitude Research¹³ found that “workforce planning at most companies is still immature”, and that “only 14% [of companies] are taking a strategic, long-term approach to workforce planning initiatives”.

Workforce planning that fully supports the organisation needs to be strategic in nature, not just focused on current and developing headcount requirements. Two mistakes that hinder good workforce planning are:

- Not planning for alternative scenarios. There are no facts about the future, so organisations need to build in flexibility and actions that cover alternative scenarios as the operating environment evolves.
- Thinking that workforce planning models can be built overnight. Conducting the analysis, building the models, and developing a culture that supports workforce planning takes an investment of time and resources.

There are signs that organisations increasingly recognise workforce planning as a critical business process. Aptitude’s research also found that 48% of companies had increased their investment in strategic workforce planning.

HR tech’s role in creating the SBO

Existing technology platforms may not be suitable for the needs of the skills-based organisation, requiring investment in new technology, HR tech that:

- Has the potential to significantly improve how people and organisations identify both their current and future skills needs, and also the gaps.
- Can enable organisations to deliver opportunities to their employees to develop new skills, to apply skills to alternative fields within organisation, and to foster greater mobility and agility.
- Can help enable a culture that rewards people who develop their skills, who take a flexible approach to their career and encourage others to do the same.

A range of SBO technology solutions has come onto the market in recent years, and the ISE will take a deeper dive into this market later in 2025. At the moment, the market can be grouped into three broad categories:

1. Skills mapping tools that help both organisations and individuals understand their current capabilities, current and future skill requirements, and any gaps that exist between capability and need.
2. Learning tools and platforms that manage and deliver content to employees that enable them to develop skills and knowledge.
3. Recruitment systems that work for both internal and external candidates, possibly at a project level too.

But as anyone who has implemented or used a new tech solution knows, the promise doesn’t always match the reality. A skills mapping tool will only be effective if the organisation can also develop an appropriate skills taxonomy and the business practices that act on the outputs.

And if sourcing the right individual tools for each aspect of the SBO operation isn’t challenging enough, the tech stack needs to work. Various platforms need to feed off each other to be effective: recruitment systems need to work for external hires and internal applicants, skills data needs to be available in real time and to adapt as the business adapts; performance management and reward systems need to link employee information on skills and potential. And technology solutions will only be effective if people use them.

¹³ https://www.apituderesearch.com/research_report/2023-strategic-workforce-planning/



Barriers to the SBO

Sophisticated platforms that enable employees to identify and develop required skills will be irrelevant if line managers do not allow people to take on different experiences within an organisation, or refuse to consider internal candidates who may have the skills to develop into a role but lack specific experiences.

Enterprise-wide learning and growth cultures are not created overnight and not all line managers will immediately buy into internal mobility programmes or alternative hiring programmes, preferring to stick with the hiring behaviours they know. This is why dissemination of labour market knowledge is key to informing decision makers.

As already highlighted, agreeing terminology and definitions of skills can be a challenge. Once an organisation does agree on its skills terminology, understanding also needs to be realised at an individual level. And many roles do require specific cognitive and technical skills so there is a risk that the usefulness of transferable skills is overplayed: rocket builders need rocket scientists, accountants need to be highly numerate.

Employees may be reluctant to participate in skills audits for fear the data could be used for performance management or redundancy purposes. Uncovering and interpreting internal / external skills data requires an investment in time and resources with the return on investment difficult to predict.

Bureaucracies are often siloed and difficult to coordinate. Creating a consistent skills-based approach across HR, recruitment, learning and resourcing teams and linking these to the broader operational activities of the organisation is challenging to say the least.

But this is where we return to the case for change. There are many reasons a skills-based approach to talent is desirable for an organisation, many barriers to implementation, but the forces of demographic and technology-driven change are not going to disappear any time soon.

Skills within education

5



Curricular and extra-curricular activities play a significant role in how young people develop their skills. Across the education system, both in schools, colleges and university, there is a recognition that employability skills should be developed as part of the student experience.

A considerable body of knowledge, research and practice has developed over the last two decades that we don't need to repeat here. Neither will we attempt to codify the wide range of skills templates and criteria that a wide range of organisations have developed. But there are a number of factors that most agree on:

1. Students can develop a core set of skills that will enable them to transition through education and into work, e.g. communication skills, organisational skills.
2. Students can also develop their ability to deal with change and challenging situations, to analyse and solve complex problems, to adopt a positive approach to life-long learning.
3. Undertaking academic work develops core skills that are or can be embedded in the curriculum – we shouldn't forget that academic study is work.
4. The provision and promotion of extra-curricular activities and programmes to help students understand and reflect on their development can be built into the student journey.

In all the above, employers and intermediary organisations have a key role to play in both increasing the understanding and collective knowledge all stakeholders have on the skills successful careers are built on, and in working directly with the education system to develop students' skills (including with students themselves).

Evolving employability provision

As a skills-based approach evolves in the broader economy, there are a number of questions to address around how employers, educators and students can triangulate their activities.

- **Will the academic offering to students be forced to change?**
If employers reduce their focus on the content of the syllabus and if AI changes the ways we develop and use knowledge, will the way in which knowledge is treated change? Will subjects like Interdisciplinary Studies, where students apply knowledge and skills from a range of subjects to develop interdisciplinary solutions, become commonplace?
- **How are students best prepared for a more fluid career landscape?** The curriculum is an ideal place to foster a love of learning, an approach to self-development and growth that will help them deal with the 100-year life. What are the approaches and tools that will equip all students, whatever their background or circumstances, with the skills the future of work will demand of them?
- **What does this mean for education/employer engagement?**
Employer engagement with education can be split into two categories: (1) broad engagement across the curriculum to develop students understanding of their work; (2) developing vocation specific education routes into their sector/organisation. Approaches will vary across types of institutions, so how do we encourage greater collaboration across the education system?

Answers to these questions will vary across institutions, academic disciplines, employment sectors, across regions, and by individual employer needs. Government also has a role to play.

- How content and assessment in the national curriculum is reformed
- How the apprentice levy is re-engineered into the growth and skills levy
- How the Lifelong Learning framework is developed
- How programmes to re-skill and up-skill the workforce are encouraged through adult learning and return to work policies.

Many examples now exist where innovative institutions have embedded skills into the curriculum and the broader student experience. Through 2025, the ISE will explore how employers, schools, colleges, and universities can collaborate further, particularly to increase experiential learning opportunities.

“...
Students can develop a core set of skills that will enable them to transition through education and into work.”



Putting career development back in development programmes

In labour markets where employers have had the power to increase and decrease the size of their workforce as strategies and economic conditions fluctuate, the onus has been on the individual to manage their career and respond to the demands of the labour market.

Organisational career management (OCM) practices, where employers take an active and planned approach to the management of individuals' careers, declined in the latter part of the 20th century as competition and globalisation weakened traditional job structures, and reorganisations, downsizing, outsourcing, and gig working became commonplace across many industries. As employer/employee relationships became more transactional, OCM practices were seen as unaffordable, and cut¹⁴.

The need for individuals to own their career development is unlikely to entirely change. As AI reshapes work there will inevitably be winners and losers, as always happens when technology demands new skills and makes old skills redundant.

But as the supply of labour into the jobs market tightens and demand from employers remains stable or increases, as the reality of a longer working life becomes apparent, employers and individuals will have complex questions about how careers develop:

- What are the typical life stages in individuals' careers and what are the implications for change through different working practices and the '100-year life'?
- How can employers incorporate career consulting methodologies into their employee value propositions?
- How can individuals futureproof their careers by developing the skills for an environment where work is more fluid, jobs often require reskilling, and people will work for much longer?
- How can the careers profession help employers improve career coaching amongst their existing employees?

The answer to these questions requires a greater understanding of career development practices. A willingness to create new roles for employees, adapting existing roles to fit employee preferences, helping employees to craft their own roles, facilitating career planning discussions with line managers, are indicators that employers are implementing OCM strategy.

Technology will no doubt have a role to play in the availability and delivery of career coaching and guidance. But the SBO model also presents an opportunity for careers professionals to help employers embed career management tools into development programmes.

¹⁴ <https://uk.sagepub.com/en-gb/eur/understanding-careers/book242339>

What next?

6



This report has laid out the argument for a skills-based approach across the early careers sector, and has even suggested that Early Careers rebrands to Emerging Talent. With such a broad topic, a report of this nature explains the key issues ISE members should consider and address, but omits a large element of detail.

As data from ISE members shows, this is also an area where many practices are in their infancy, and little exists in the way of case studies to call in. Over the next 12 months, the ISE will create, in collaboration with employers, careers teams and solutions providers, a body of content that will delve into the challenges of developing a skills-based approach and provide insights and solutions as our collective knowledge increases in this space.

Our core areas of focus are grouped under the following headings:

- From student talent to emerging talent - the route map
- Skills at the core of emerging talent strategies
- Skills-based hiring in practice
- Skills-based development in practice
- Embedding skills into the student experience
- Developing a strategic workforce plan for emerging talent
- Integrating emerging talent across the HR function
- Technology solutions that enable emerging talent strategies
- Integrating career management into development programmes

We would like to hear your examples of adopting skills-based approaches within your early career function, how you are building skills into your student offer, and any solutions your organisation has developed for employers or educators. If you would like to be involved in the debate and the creation of content, please send your details to research@ise.org.uk

We have also created an Emerging Talent WhatsApp group. If you would like to join the group, register here: <https://ise.org.uk/page/your-membership> Detailed below are a series of factors to consider when assessing your organisation's readiness to adopt skills-based practices and preparedness for a challenging labour market.

Appendix one: Employer self analysis



Headcount and labour markets

- We fully analyse current headcount across the organisation
- We fully assess our current unmet headcount challenges
- We use labour market data to analyse talent availability in the labour market
- We forecast future headcount demand beyond current and near-future vacancy requirements
- We assess and map the potential future internal and external supply of talent available to the organisation considering demographic forces, education routes, immigration policy, regional challenges

Skills analysis

- We assess the skills of our current workforce and match them to the needs of the business
- We assess the future skills needs of the organisation
- We understand current skills availability within the broader labour market
- We assess future skills availability within the broader labour market
- We map our skills requirements to skills development practices within the broader economy, e.g education and training systems

Strategic planning

- Workforce implications (supply and demand) of future business plans
- We have the right stakeholders within the business involved in strategic workforce planning
- We have developed the business case for adoption of skills-based approaches to talent
- Our HR teams are integrated and adopting organisation-wide approaches to talent resourcing and management
- We are investing in technology, practices and tools to uncover the data we require and implement our future talent strategy

Emerging Talent practices

- We understand the implications of shifts in the student market for our business needs
- We are developing our hiring and development practices to consider a broader definition of talent that focuses less on age and education exit point
- Our development programmes are structured to develop the skills, capability and practices aligned to future business needs
- We have built career management practices into our development programme



Appendix two: Resources

Access the ISE Future of Early Talent Knowledge Hub:

<https://ise.org.uk/page/futureofearlytalent>

Read the Deloitte paper that outlines the case for the skills-based organisation:

<https://www2.deloitte.com/us/en/insights/topics/talent/organisational-skill-based-hiring.html>

Read a criticism of the skills-based approach:

<https://talentstrategygroup.com/is-the-juice-worth-the-squeeze/>

Understand more about skills under the headings of behavioural, cognitive and technical skills:

<https://www.skillsforskills.org/framework>

Increase your understanding of workforce planning:

Strategic Workforce Planning Institute

Read the World Economic Forum's latest report on the future of jobs:

<https://www.weforum.org/publications/the-future-of-jobs-report-2025/>

Read Universities UK's report on

<https://www.universitiesuk.ac.uk/what-we-do/policy-and-research/publications/jobs-future>

Review the ONS data on the current labour market:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/january2025>

Analyse the ONS data on future population projections:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections>

Read the Government's understanding of current and future skills needs:

<https://www.gov.uk/government/publications/future-skills-projections-and-analysis>

Review the OECD data on country by country skills data:

https://www.oecdskillsforjobsdatabase.org/imbances.php#UK/_/_/



Appendix three: ISE employer survey on adoption of future talent strategies

In mid-2024 the ISE surveyed 41 employers on their adoption of future talent strategies. Here is a summary of the findings.

The survey revealed

a mixed landscape on the adoption of skills-based approaches to early careers. While only 10% of organisations have fully embraced this strategy, a significant 58% have partially adopted the approach. Additionally, 29% of respondents acknowledge the need to adopt such an approach, leaving only a small fraction (3%) not considering it at all.

Redeployment, Upskilling and Reskilling

Organisations are progressively focusing on redeploying, upskilling and reskilling their workforce. Currently, 28% have fully implemented these strategies, while a substantial 51% are partially on board. Another 15% of organisations are contemplating these strategies, with only 5% not considering them at all.

Internal Career Pathways and Mobility

Promoting internal career pathways is gaining traction, with 21% of organisations actively fostering internal mobility. An additional 51% are partially engaged in this practice.

Future Talent Workforce Planning

Currently 26% of organisations are actively engaged in such future talent workforce planning, while 28% have strategies under development.

Future Talent Focused EVP

A future talent-focused Employee Value Proposition (EVP) is becoming increasingly important. While 30% of organisations have already developed such an EVP, another 49% are in the process of doing so.

Skills-Based Hiring Methodology

The adoption of skills-based hiring methodologies is still in its early stages. Only 23% of organisations are actively using this approach, with 36% having strategies under development.

Attraction and Hiring Pathways (see figure 9)

The survey highlights diverse attraction and hiring pathways utilised by employers. Over 80% have strategies for attracting apprentices and graduates. However, there is a notable gap in strategies for older workers and career changers, with no specific attraction strategies for the former and only 15% for the latter. Interestingly, 31% of organisations have specific pathways for hiring ex-military personnel.

Figure 9:
What is your approach to hiring the following groups of people?

	We've an attraction strategy	We've a specific recruitment pathway	We run a specific onboarding route	We've hired this group but not as part of a specific initiative	We don't have a hiring strategy for this group
School leavers	50%	38%	34%	16%	31%
Apprentices	83%	80%	71%	9%	0%
Graduates	86%	74%	74%	11%	3%
Semi-experienced hires	9%	16%	6%	66%	22%
Career changers	9%	15%	9%	48%	39%
Ex-military	28%	31%	13%	28%	38%
Ex-prisoners	3%	3%	0%	13%	88%
Return to work parents	15%	12%	6%	53%	44%
Older workers	0%	0%	0%	56%	56%
Internal career changers	16%	31%	9%	44%	25%

Development Interventions

Development interventions are varied, with 80% of organisations running school-leaver apprentice programmes and 65% offering graduate apprentice programmes. Additionally, 83% have graduate programmes in place. However, only 22% offer internal mobility programmes. Career coaching and guidance are provided by 38% of organisations, while short-form courses on core and technical skills are offered by 42% and 35%, respectively.

Future Talent Technology Solutions (see figure 10)

The deployment of future talent technology solutions is evolving. Only 15% of organisations have skills identification and mapping platforms, but 42% are exploring these options. Career development software is used by 41% of organisations, while agile working platforms are adopted by only 16%. Notably, 68% have Applicant Tracking Systems (ATS) that work for both internal and external candidates, but this indicates there are 32% who don't.

Figure 10:
What future talent technology solutions does your organisation use?

	Yes	No	Partially	Under development
Skills identification and mapping platform	15%	21%	21%	42%
An ATS that works fully for both internal and external hires	68%	15%	15%	3%
Agile working platform	16%	56%	25%	3%
Personal career development software	41%	19%	25%	16%
An LMS system that facilitates internal training to support a future talent model	38%	19%	25%	19%

Institute of
Student
Employers

ise.

6 Bath Place,
Rivington
Street, London,
EC2A 3JE
ise.org.uk

