

Skills are the key to successfully navigating a recession

Higher skilled workers can produce more, helping economies and businesses thrive.



How to out-skill a recession

There are several approaches organizations can take when managing an economic downturn: They can hunker down, [lay off extra employees](#) and freeze all hiring, or go all-in on [innovation](#) and develop new products and ways of operating. But is one approach better, and how can organizations ensure they're equipped to succeed?

The U.S. Bureau of Labor Statistics defines productivity as how efficiently inputs (materials, knowledge, time, etc.) are converted into outputs (goods or services). The well-being of economies and businesses hinges on productivity, as greater [productivity](#) usually leads to higher wages for workers and greater profits – if organizations can produce more, they can sell more goods or services.

Often, the more skilled someone is in a role, the more outputs they can create via a given amount of inputs. Not only do highly skilled workers produce more, but they can also help create entirely new products and services, which, in turn, helps drive greater profitability.

A Gallup and AWS [study](#) confirmed that “digital skills provide immense economic value to businesses and workers worldwide, raising gross domestic product (GDP), revenue growth, innovation, wages, job security, and job satisfaction for businesses that integrate these technologies and the workers who acquire the needed skill sets,” but “while both workers and organizations cite strong interest in digital skills training, companies around the world are struggling to fill vacant jobs that require these skills.”

As AI and digital transformation continue to change the skills required in today's economy, organizations focused on hiring and developing talent with highly sought-after digital skills will have the most productive workforces and the strongest ability to weather economic turbulence.



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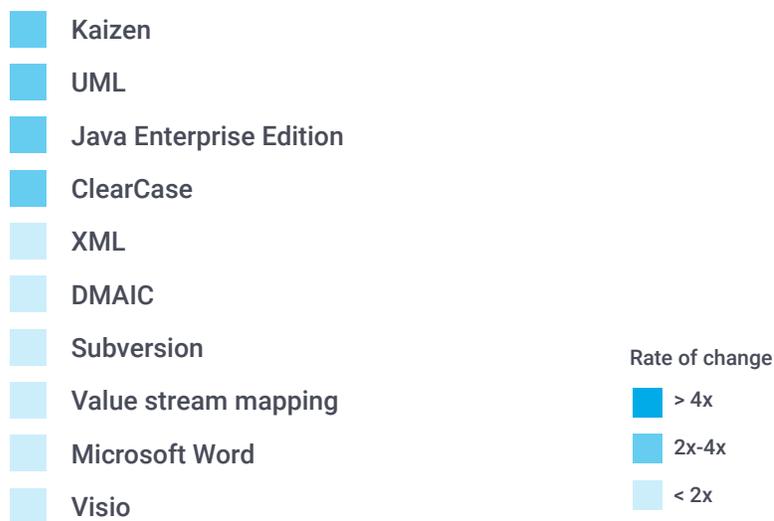
How skills are changing the nature of work

The half-life of skills — the amount of time before a skill loses half its value — is quickly shrinking. In 2017, the measure was about [five years](#), but by 2021, that estimate dwindled to four years. The longevity for technical skills is even bleaker at just [2.5 years](#).

Much of this change is driven by digital transformation and AI. For years, AI has been slowly taking over repetitive tasks that don't require human supervision or nuance. More recent advances in generative AI — AI that creates content based on data, like [ChatGPT](#) or [Deep Dream](#) — have accelerated what AI can do. A new [report](#) by Goldman Sachs predicted the latest advancements in AI could lead to 300 million jobs being lost or degraded.

As a result, jobs that AI can't perform will become [more specialized](#). Kathleen Davis [writes](#), "There are skills that machines just can't do and, as Chamorro-Premuzic says, those are the uniquely human skills, like management, which was recently named as one of the top skills employers are looking for." These complex human skills, like problem-solving and creativity, will leap in value, and workers with these skills will likely have more employment opportunities and command higher salaries. That also means that the competition for top talent, already tough, is probably going to get tougher.

Fastest declining skills in the global airline industry



Source: Eightfold AI Talent Intelligence Platform



To acquire the skills necessary for a changing economy, organizations will need to adopt a skills-based approach to hiring and upskilling. As industries evolve, [reskilled](#) or upskilled workers will be more likely to transition to new jobs, which will help reduce unemployment and mitigate the adverse effects of economic downturns.

Additionally, upskilling helps employees work more efficiently, produce higher quality work, and improve their problem-solving abilities. These outcomes improve morale, with nearly three-quarters of employees with advanced digital skills expressing [high job satisfaction](#) and higher confidence in their job security.

To create a flexible, teachable workforce, organizations must first identify the job requirements of tomorrow and the people with the potential to do them. With skills-based talent planning, leaders can assess and adjust their workforce strategies to changes, internal or external, by proactively upskilling employees full-time or contingent talent for others.

Organizations that don't have the right skills have much to lose

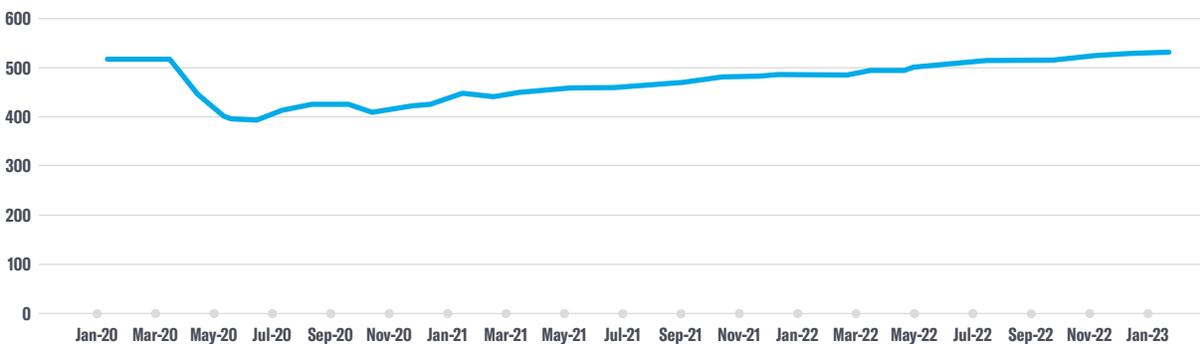
The benefits of having highly sought-after human skills are abundant for both organizations and workers, but the consequences of not having the right skills can be just as significant. Organizations that don't invest in strategic hiring and upskilling risk drawbacks in productivity, innovation, growth, and competitiveness.

As a recent example, Eightfold researchers examined the airline industry. Airlines have faced some of the most extreme operational challenges in recent history, largely due to the pandemic. In 2020, with tourism almost non-existent, airlines struggled to maintain expenses and issued furloughs and layoffs, and many workers – including pilots – taking buyouts or early retirement. From March to June 2020, the U.S. airline industry lost [126,700 employees](#), despite the government giving airlines subsidies to keep employees on payrolls.

Despite these cuts, in 2021, airline leaders said they were [bringing back fewer workers](#) to run even leaner.



Air transportation employment, in thousands



Source: BLS current employment statistics, January 2020 to January 2023

[Research](#) by Marshall Fisher and the Wharton School discovered the “run lean” strategy often fails because sales and operating profits rise with more and better-trained personnel. The airlines experienced this phenomenon in 2021 – when they actually added routes to schedules to accommodate the growing demand for leisure travel, especially during the holidays.

“There were two problems: The airlines’ scheduling people weren’t talking with the operations staff. And as a result, many airlines suddenly found themselves dramatically overscheduled and just as dramatically understaffed, forcing [flight cancellations](#),” CBS News [reported](#).

It took until [November 2022](#) for the airlines to return to the employment levels of March 2020. But the airline industry still [faces](#) a pilot shortage that is predicted to peak this year. Leaders who delayed returning to full staff made inadequate workforce planning decisions. They didn’t consider how understaffing would lead to lost skills, rehiring difficulty, performance – and overall, lower productivity. Although there was no way to predict a pandemic, forecasting the return of customer demand, recruiting the right talent, and retaining talent with the potential to learn new skills should have been the focus.

What high tech can learn from the airline industry

The airline industry made headlines as thousands of passengers were stranded, whether due to staffing shortages, bad weather, overscheduling, or other factors. Airlines should have been prioritizing digital transformation – along with training their employees and finding new ones skilled to use the new technology – to stay ahead of competitors, optimize operations, transform services, and satisfy customers.

Today, the airline industry still faces a labor shortage. To overcome this, airlines must find people in adjacent occupations who can be upskilled to reinforce the talent pipeline. By looking at adjacent skills, organizations can exponentially widen the pool of quality candidates. Organizations like [Activision Blizzard](#) are already using AI to identify skills adjacencies in industries outside of video gaming to increase their candidate pool.

The airline industry could also look at university aviation programs to find students interested in the industry or [veteran-employment programs](#) focused on matching transitioning vets based on their skills. Airlines should also take advantage of AI. [Many factors](#), including the number of flights per day, crew licensing and qualifications, and work regulations, must be continuously monitored to create an optimal schedule. AI models can help airlines adapt to scheduling changes, delays, and cancellations, and may even factor in predicted crew fatigue and reduce risks.

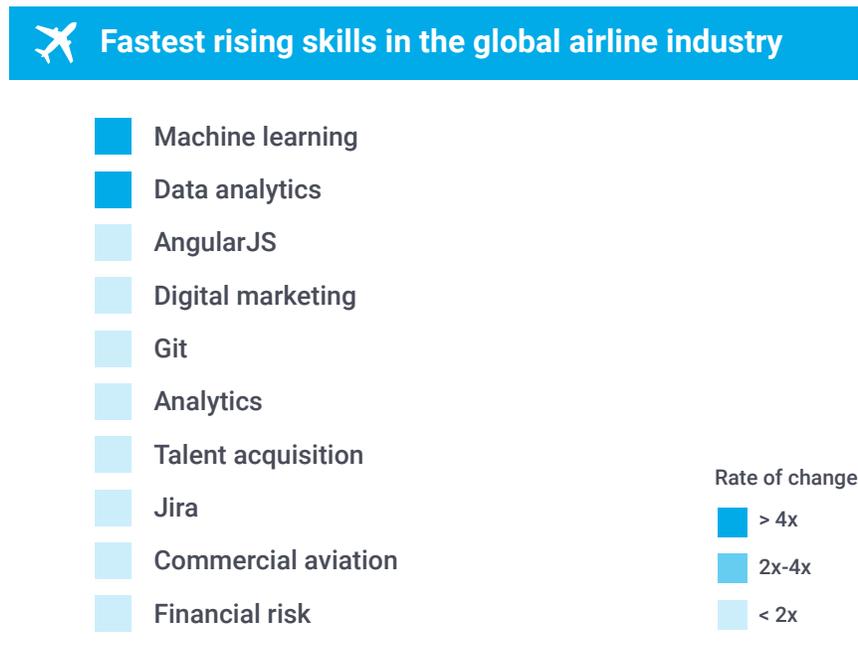


Eightfold’s research provided insight into the top 10 fastest-rising skills in the global workforce. Because these areas will become mainstream, organizations should focus on upskilling their staff with these skills.

Likewise, tech companies can start empowering their workers through upskilling programs and recruiting programs that tap into universities and veteran-employment programs. They can also use AI for many tasks, like chatbot-based customer support, scheduling sales or recruiting calls, or even helping marketers create content faster. Talent Intelligence Platforms, like Eightfold AI, can also help organizations use the power of deep-learning AI to identify, hire, and upskill the right talent.

Could the tech industry have avoided mass layoffs in 2022 and 2023? [Evidence shows](#) that organizations that make cuts deeper and sooner during downturns have difficulty getting back to normal when business returns. And even then, they’re playing catchup and don’t perform as well financially as their peers do. Navigating the future is more difficult when organizations don’t adequately [predict or prepare talent inventory](#) to adapt to new business cycles.

Without proper planning, there will be various periods where there’s a surplus, a shortage, or a group of employees with skills that don’t match current needs. It’s impossible to say if the tech layoffs could have been entirely avoided, but with a skills-based approach, layoffs certainly could have been mitigated, and talent could have been redeployed into more productive roles. Then organizations could continue to maintain and sharpen their people’s skills, and keep producing at high volumes before, during, and after any kind of downturn.



Source: Eightfold AI



57%

“Organizations with a skills-based approach are 57% more likely to be agile.”

– “[Navigating the end of jobs](#),” Deloitte

3 steps to build a skills-based talent strategy

Along with digital transformation and focusing on skills, there are three steps organizations should take to implement a skill-based talent strategy.

- 1 Identify the most immediate skills needs**
Creating programs to advance the skills and engagement of people isn't enough. Organizations must identify the most immediate skill needs and prioritize these areas for the greatest return on investment. With limited budgets for professional development, they must ensure they're investing wisely and that their workers are receiving the most benefits.

Talent Intelligence Platforms, like Eightfold AI, enable organizations to identify current or future skills gaps. Talent leaders can then use that information to build a plan for acquiring those skills through hiring, upskilling, or even bringing in contingent talent for project-based work.

- 2 Increase awareness about skills-development programs**
Talent leaders must make an ongoing effort to alert employees about skills-development programs. Workers may not be aware of career-advancement opportunities and may miss out on participating in these programs. Organizations should use communication campaigns and feature ambassadors to highlight the benefits of skilling and coaching initiatives.

For example, organizations could create an internal [talent marketplace](#), a hub where the organization lists new projects, gigs, mentorships, and events that can help employees gain desired skill sets. A talent marketplace like this could also help managers identify employees outside of their teams with the skills they need to complete a critical project.

- 3 Create the time and space for people to participate**
The lack of time to improve skills and reach professional goals is a significant obstacle to career advancement. People must make a considerable effort to learn new skills and apply that knowledge.

Organizations should give employees the time and space to focus on learning and development. In doing so, organizations will get the skills they need to grow, and their employees will feel engaged and valued.

Unrivaled
talent
insights.

Extraordinary
workforce
potential.

See greatness
everywhere.

Discover your workforce's potential

Workforces fueled by skills-based talent planning, upskilling, and professional development are essential for organizations as the global economy enters its next phase. To succeed, organizations must have the ability to adapt and pivot to constantly changing needs.

Eightfold's Talent Intelligence Platform uses deep-learning AI and one of the world's largest global talent data sets to provide unrivaled insights into your workforce and the industry at large. Recruit talent efficiently, exceed diversity goals, retain top performers, and upskill and reskill your workforce with a single solution for all your talent needs.

[Transform your workforce.](#)

About Eightfold AI

Eightfold AI's market-leading Talent Intelligence Platform™ helps organizations retain top performers, upskill and reskill their workforce, recruit talent efficiently, and reach diversity goals. Eightfold's patented deep learning artificial intelligence platform is available in more than 155 countries and 24 languages, enabling cutting-edge enterprises to transform their talent into a competitive advantage. For more information, visit www.eightfold.ai.