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How Smart Companies Overcome Today's Talent Paradoxes

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ARTICLE   SEPTEMBER 04, 2025   12 MIN READ

Companies' talent needs are changing, but the way companies manage talent isn't keeping up. Workforce demands evolve in a matter of months, leading to widening skills gaps. Nearly two-thirds of leaders (64%) reported using generative AI (GenAI) to reshape their organizations, a sign of the magnitude of the shift. Geopolitical and global economic tensions are exacerbating the situation.

To find, develop, and retain people with needed capabilities in dynamic and sometimes volatile business conditions, companies must balance four core paradoxes: preserving predictability at

accelerated speeds, dealing with scarcity in the midst of abundance, managing the need for rapidly evolving skills with slow training methods, and reconciling individual motivation with common incentives. Resolving these paradoxes in an optimal way isn't about choosing one over the other. It requires figuring out how to turn seemingly incongruous tensions and apparent contradictions into tangible sources of competitive advantage.

Companies that take a strategic approach to navigating the turbulence can create a powerful competitive advantage. Doing so involves focusing paradox-busting activities on the main stages in the talent management life cycle: anticipating, attracting, developing, and engaging employees.

The Paradoxes of Modern Talent Management

A paradox is a situation with seemingly contradictory qualities or phases. Modern talent management is awash in contradictions. (See Exhibit 1.)

EXHIBIT 1

Modern Talent Management Is Beset with Paradoxes

Predictability	**Scarcity**	**Skills**	**Motivation**
Increased business volatility, but slow talent-planning cycles	An abundant workforce, but too few people with the right fit in the right place at the right time	Rapid changes to necessary capabilities, but long lead times to develop them	Individual motivators for work, but one-size-fits-all incentives

Source: BCG analysis.

Predictability. Demands for talent evolve quickly in response to equally rapid market shifts. But building skills takes time. This is the predictability paradox, and people management leaders are well aware of it. In a 2023 survey, 70% of HR professionals cited talent gaps and people challenges as their biggest business obstacle. Companies can use scenario planning—imagining multiple "what if" situations—to manage in a climate of ambiguity and to anticipate the types of talent they'll need in the future. Many companies take that approach for financial planning and for sales and operations planning, but too few do it for strategic workforce planning. Talent planning that's out of sync with business planning also poses a budget problem, since the company may not be able to identify and reserve funds for needed talent initiatives.

Scarcity. Flexible work models, talent mobility, and access to more hiring channels have given companies access to more talent than ever. Despite the seeming abundance of potential

employees, many enterprises can't find people with the precise capabilities, culture fit, or leadership potential they seek. This is the scarcity paradox. In 2023, 77% of employers worldwide reported having difficulty finding the skilled talent they needed, a 17-year high. At the same time, major talent pools remain underused. In the US alone, about 70 million people are classified as "skilled through alternative routes" because their capabilities come through experience or training rather than in the form of a four-year college degree. Yet many employers lack effective mechanisms to find, evaluate, and integrate people with such skills.

Skills. The skills that companies need change seemingly overnight. And those skills may be outdated by the time companies embed them in learning and development programs. The most common types of learning and development programs, such as on-the-job training, take the most time. The gap in AI skills is particularly noticeable. In BCG's 2025 AI at Work survey, just 36% of respondents said that their employers provided sufficient AI training. In many cases, companies do not redesign methods for developing critical skills to keep up with the times, and do not measure them properly to determine the return on the investment.

Motivation. A disconnect exists between employees' motivation and engagement with work and organizations' tendency to offer generic incentives that may not meet individual needs or foster sustained commitment. Employees derive job satisfaction from various motivations, including meaningful work, connecting with colleagues, financial compensation, and flexible work options. But companies often take a one-size-fits-all approach to engagement, a disconnect that decreases job satisfaction and increases turnover. According to previous BCG surveys, 53% of frontline workers felt burned out and 43% were actively looking for a new job, signs of widespread disengagement and unmet individual needs.
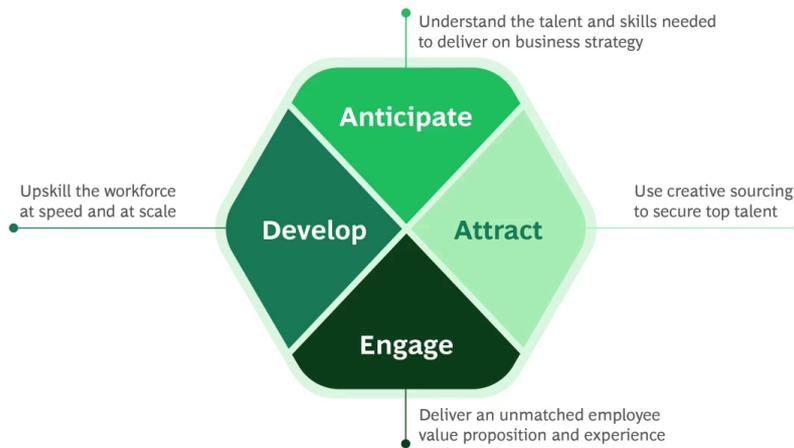
A Framework to Turn Talent Paradoxes into Treasures

It's easy to think of the talent paradoxes as roadblocks, but they're better viewed as stepping stones. Companies can use a strategic framework to overcome the disconnects and turn how they handle the paradoxes into a valuable competitive advantage. (See Exhibit 2.)

EXHIBIT 2

Taking a Holistic Approach Can Build a Talent and Skills Advantage

The approach incorporates the main steps of the talent management life cycle

Understand the talent and skills needed
to deliver on business strategy

Anticipate

Upskill the workforce
at speed and at scale

Develop

Attract

Use creative sourcing
to secure top talent

Engage

Deliver an unmatched employee
value proposition and experience

Source: BCG analysis.

The framework maps out a holistic approach to building a talent and skills advantage keyed to the four main stages of the talent management life cycle. Companies that do this well take an integrated approach that considers how initiatives at each stage feed into the others.

Anticipate. To overcome the predictability paradox and stay ahead of rivals, companies must anticipate talent shifts rather than react to them. By making talent management a core part of strategic workforce planning, companies can connect talent plays to evolving priorities and "what if" scenarios for eventualities that could affect the business. As part of this, companies can adopt analytics that track market and workforce changes in real time so that when business priorities shift, talent strategies keep up.

A century-old global equipment manufacturer wanted to rejuvenate its talent management to improve business and establish itself as an industry leader. To do this, it first had to identify the new skills its workforce needed, especially in software engineering, data analytics, IoT integration, and sustainability.

A comprehensive strategic workforce planning exercise supported by predictive analytics and real-time workforce insights uncovered future talent gaps. By setting up clear pipelines of prospective talent, the company filled key vacancies up to 30 days faster. Attrition rates dropped below the industry average, enabling the company to reduce its dependence on outside contractors and thereby curb costs. Aligning workforce strategies with long-term business objectives turned the company into an employer of choice for digital and tech jobs, and transformed talent management into a tangible competitive advantage.

Attract. The scarcity paradox describes the challenge of finding the right people despite abundant talent pools. Many employers globally struggle to find candidates with the precise skills they require, a sign of the heightened competition for talent. Historically, talent has been more scarce

in technology-related fields. Today, companies are finding it harder to fill roles for frontline workers and specialized trade jobs, a shift that reflects evolving demands and workforce trends. The traditional practice of running generic recruiting campaigns for all job types doesn't work in such a competitive landscape. Instead, companies must develop targeted, compelling employee value propositions tailored to specific talent segments.

Companies can proactively secure critical skills for both technology and frontline roles and close talent gaps through precision recruiting and by prioritizing skills and competencies over credentials. Instead of automatically buying new talent through external recruiting, companies could aim to improve their ability to spot internal talent and unlock mobility. They could tap methods for sourcing fluid talent such as freelancers and former employees. By refining employer branding and strategically tapping global and local talent pools, companies can attract not just any talent, but exactly the right talent.

Hiring at a leading utility was so slow that engineering roles took up to six months to fill, and filling all essential roles would have taken ten years. The utility adopted a series of moves to make itself a more attractive employer, rebuild its workforce, and strengthen its long-term strategic capabilities, starting with improving hiring. The company created a fast-track hiring committee that is expected to streamline its hiring processes and reduce time-to-hire. It is also expanding hiring channels by recruiting from military veterans programs, universities, vendors, and former area residents who'd moved elsewhere to work.

The company further invested in honing its employee value proposition, partly by working to create a training academy with structured, consistent programs for imparting critical skills. All told, the utility expects the initiatives to help it fill more than 125 jobs in two years and save approximately $20 million within five years by reducing its reliance on contractor labor. By bolstering its internal workforce, the company believes it will be better prepared for increased operational challenges posed by climate risks and competition for skilled workers.

Develop. BCG Henderson Institute research suggests that up to 29% of workers globally could see demand for their jobs disappear by 2030 because of automation and shifting skills needs. Traditional talent development—built on fixed, curriculum-heavy training programs that are often rigid, slow, and disconnected from real-time business needs—is insufficient to upskill employees at the pace they need to learn new skills. Progressive companies are embracing agile, responsive skill-building methods that evolve along with business demands, flexibly, modularly, and dynamically. These methods include micro-learning modules and adaptive learning, which help employees acquire and apply new skills quickly, increasing their productivity and the company's responsiveness to changing business conditions.

A fast-growing global shipping and logistics company wanted its workforce to have the skills it needed for the future, especially in AI and GenAI. At the same time, the company was concerned that standard learning and development programs couldn't impart required knowledge fast enough for workers to keep up, given how quickly AI skills are changing. The company created a three-pronged AI upskilling program that started with 20 hours of self-paced online content, including core curriculum and customizable electives. Employees then received three days of in-

person training linked to case studies, simulations, and strategic sessions, followed by individualized actions plans for putting their new skills into practice, as well as ongoing peer support.

In two years, the company used the program to upskill more than 1,260 employees worldwide. The immersive format helped standardize AI knowledge across the workforce. It allowed teams to operate more cohesively, and workers reported that they were satisfied with the delivery and approach. By embedding AI capabilities into ways of working, proactively addressing skill gaps, and establishing a culture of continuous learning and innovation, the program helped employees identify and implement new business opportunities, strengthening the company's competitive edge.

Engage. Employees who feel engaged and rewarded at work are less likely to burn out or look for other jobs. Yet many companies provide only plain-vanilla perks that employees don't see as engaging or rewarding—a risky shortcoming in a competitive job market. According to previous BCG research, 28% of employees didn't see themselves working at their current organization in the next 12 months, and in some countries, the risk of attrition is as high as 36%. To cultivate engagement, companies need to understand what motivates and inspires people, embrace employees' preferences, and adapt engagement strategies accordingly. Employee engagement leaders foster deep connections with people by providing tailored career development paths, flexible work arrangements, personalized performance snapshots, authentic recognition, and other individualized opportunities.

Improving employee performance is a common challenge, including at financial institutions. Multiple banks in India wanted to determine whether their employees' poor performance was due to lack of motivation, lack of clarity about job roles, or other factors. The institutions used advanced analytics and digital tools to make sure that employees know what was expected of them, how their performance measured up to organizational goals, and how they could improve. With this system in place, both employees and their managers scan weekly and monthly performance reports that the tools produce to track results, making adjustments as appropriate. The tools send employees regular nudges to remind them of their progress toward stated goals, and they also compare the performance of different cohorts to promote healthy competition. Leaders can use the tools' unified dashboard to track critical KPIs and to review leading and lagging metrics, ensuring that they see success stories and early warning signs of potential problems.

The banks also link performance metrics to rewards and recognition and adjacent processes to help people make decisions about their career paths.

Use of the digital tools has significantly improved employee motivation and satisfaction, leading to productivity increases of as much as 10% and directly influencing business outcomes. By clarifying personal goals that are more closely connected to overall company goals, the banks grew their business 2% to 3% compared to industry benchmarks.

Getting Started

Company leaders can take the following steps to implement the framework:

- **Make skills-based workforce planning a strategic imperative.** Align workforce strategies with budgeting cycles, ensuring that financial planning processes match the agile pace of talent plans. Use data analytics to refine forecasts, maintain responsiveness, and reallocate resources to emerging talent priorities.

- **Adopt a personalized approach to attracting talent.** Integrate skills-based hiring and innovative selection methods to sync talent needs with candidate capabilities across a spectrum of roles.

- **Embrace agile, continuous learning.** Tailor upskilling to immediate and future business needs. Prioritize dynamic, modular skill-building opportunities that let people apply new capabilities immediately.

- **Create a compelling employee experience.** Tailor career paths to people's roles and career aspirations so that they resonate on a personal level but also provide the company with a return on its talent investment. Transform check-ins into high-value touchpoints or career-related conversations. Make engagement a strategic differentiator.

Talent management leaders turn common tensions into a competitive edge. They chart a clear path through talent paradoxes by anticipating thoughtfully, attracting intentionally, developing swiftly, and engaging authentically to achieve sustained business success. Organizations that follow this approach will shape the future of work.

The authors would like to thank Neetu Chitkara, Niharika Jajoria, and Alex Greene for their assistance on this article.

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