



LearningPlanet

The Soft Skills Crisis

Why Most Organisations Still Underinvest in Human Capability

A White Paper for HR Leaders, L&D Directors, and Executive Teams



Executive Summary



Artificial intelligence is transforming productivity, automation, and decision-making at unprecedented speed. Organisations are investing heavily in digital capability, AI integration, and systems modernisation.

Yet while technical capability accelerates, a critical capability gap is widening elsewhere: human skills.

Global research consistently shows that employers rate communication, collaboration, adaptability, emotional intelligence, and leadership capability as equally – and often more – important than technical expertise (LinkedIn Learning, 2019; World Economic Forum, 2023).

However, despite widespread agreement on their importance, structured and scalable investment in human skills often remains inconsistent.

This white paper explores:

- Why the soft skills gap persists
- How AI is increasing – not reducing – the need for human capability
- The measurable impact on retention, engagement, and performance
- A practical framework for scalable human skills development

The conclusion is clear: technological advancement without parallel human capability creates organisational fragility.

Part I – The Evidence Behind the Soft Skills Gap

1. Agreement Without Implementation

LinkedIn's Global Talent Trends report found that 92% of talent professionals say soft skills are equally or more important than hard skills (LinkedIn Learning, 2019).

Similarly, the World Economic Forum (2023) ranks analytical thinking, resilience, flexibility, and leadership among the most critical workforce skills for the next five years.

Despite this, many organisations:

- Prioritise compliance and technical training over interpersonal capability
- Deliver soft skills training as one-off workshops
- Assume managers naturally possess people leadership capability

The contradiction is clear:

We acknowledge human skills matter most – but we rarely embed them systematically. IBM's Institute for Business Value (2022) highlights that while organisations recognise the importance of human skills, many struggle to operationalise them at scale.

The issue is not awareness.

It is a structured implementation.

2. AI vs Human Capability: The Growing Paradox

Automation and AI are rapidly reshaping work.

McKinsey Global Institute (2018) predicts that demand for social and emotional skills will grow significantly alongside technological skills as automation increases.

AI excels at:

- Data processing
- Pattern recognition
- Forecasting
- Workflow automation

But AI cannot:

- Build trust
- Regulate emotion
- Navigate complex interpersonal tension
- Deliver authentic empathy
- Inspire discretionary effort

As systems become more efficient, human relationships become more visible as performance drivers.

Deloitte (2020) emphasises that trust, leadership, and human connection are key differentiators in modern organisations – especially in technology-enabled workplaces. The more automated work becomes, the more valuable human judgement, empathy, and persuasion become.

Technology scales productivity.

Human capability sustains culture.



3. The Capabilities That Drive Performance



Employer surveys consistently highlight several human capabilities as critical economic drivers:

Empathy

Linked to customer satisfaction, psychological safety, and trust.

Persuasion & Influence

Critical for change management, sales performance, and cross-functional alignment.

Conflict Management

Reduces team dysfunction and increases accountability.

Communication & Feedback

Drives clarity, performance improvement, and engagement.

The Chartered Management Institute (2022) reports ongoing concerns from employers about gaps in people-management capability, particularly in communication and conflict handling.

These are not peripheral skills.

They determine whether the strategy translates into execution.

Part II – The Business Impact

4. Retention & Engagement: The Human Variable

Gallup's State of the Global Workplace (2023) consistently shows that managers account for at least 70% of the variance in employee engagement scores.

Employees most commonly cite:

- Poor communication
- Lack of recognition
- Ineffective management
- Unresolved conflict

Rarely do exit interviews cite insufficient technical systems as the primary reason for leaving.

They leave managers.

They leave cultures.

They leave environments where human skills are weak.

Al-Asefer and Zainal (2022) demonstrate a clear relationship between soft skills capability and early-career retention outcomes.

Underinvestment in human skills leads to:

- Higher turnover
- Lower engagement
- Increased absenteeism
- Reduced discretionary effort

Engagement is not a perks problem.

It is a capability problem.



5. The Financial Risk of Underinvestment

PwC's Workforce Hopes and Fears Survey (2021) shows employees increasingly expect strong leadership, communication, and support during technological change.

Without investment in human capability, organisations experience:

- Slower change adoption
- Increased rework due to miscommunication
- Customer churn due to poor service recovery
- Leadership pipeline fragility

Soft skills may appear intangible – but their absence is measurable.

Retention costs, disengagement, and stalled change initiatives carry significant financial impact.

Human capability is a risk mitigation strategy.

Part III – Why Organisations Continue to Underinvest

Several structural reasons persist:

1. Soft skills feel harder to measure.
2. Behaviour change requires reinforcement, not one-off workshops.
3. Compliance training consumes budget.
4. Promotion is mistaken for preparation.

Harvard Business Review (Robles, 2012) highlights that executives consistently rank integrity, communication, and teamwork among the top required capabilities – yet structured reinforcement often remains limited.

The problem is not recognition.

It is repetition and scale.

Part IV – A Framework for Addressing the Soft Skills Crisis

Effective human capability development must be:

1. Structured

Integrated into leadership and team development plans.

2. Scalable

Accessible across departments and geographies.

3. Reinforced Over Time

Microlearning and spaced reinforcement outperform episodic workshops.

4. Contextual

Scenario-based learning linked to real workplace moments.

5. Measurable

Aligned to engagement, retention, customer satisfaction, and performance metrics.
Human capability develops through small, repeated practice – not exposure alone.

Conclusion

The organisations that will thrive in the AI era are not those with automation alone.

They are those that combine:

- Technical intelligence
- Emotional intelligence
- Structured human capability development

The soft skills crisis is not about awareness.

It is about whether organisations are willing to invest in human capability with the same discipline applied to technology.

Technology scales productivity.

Human capability scales sustainability.

Appendix A – Implementation Model for Scalable Human Skills Development

A modern human capability strategy typically includes:

- Short, focused microlearning modules (1–10 minutes)
- Structured learning pathways for managers and frontline teams
- Reflection tools and workbooks
- Reinforcement over time
- Scenario-based application

This enables behavioural change without removing employees from operational responsibilities.

Appendix B – Example: LearningPlanet’s Approach

LearningPlanet provides:

- 400+ soft skills microlearning videos
- Leadership, customer service, communication, conflict, resilience
- Structured learning pathways (20 minutes to 2 hours)
- SCORM deployment options
- Monthly new content
- Workbooks and quizzes for reinforcement

The model supports AI-enabled workplaces by embedding human capability at scale and reducing retention and engagement risks associated with underinvestment in soft skills.

For more information: learningplanet.tv

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