The next leadership KPI: Talent retention or talent mobility? - ETHRWorld.com

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Executive Summary

This article addresses a growing tension in leadership performance measurement: whether talent retention remains an adequate KPI in an AI-driven labour market, or whether internal talent mobility better captures effective leadership. The authors argue that retention as a primary metric is increasingly insufficient, as it fails to account for skill development, capability deployment, and organisational adaptability. Drawing on the ETHRWorld Global Learning & Skilling Report 2025 and Fuel50 data, the article presents evidence of widespread gaps in workforce skills visibility — 55 percent of organisations lacked centralised skills data, and only 16 percent had enterprise-wide skills frameworks. Practitioner perspectives from Axis Bank, BP India, Nippon Paint India, ArcelorMittal Nippon Steel India, and Ashoka University illustrate varied organisational approaches to internal mobility, including skills mapping platforms, manager recognition programmes, and adjacency-based role transitions. The article concludes that the most capable organisations will be those that build infrastructure to identify, develop, and redeploy existing talent, shifting the leadership question from retention volume to talent flow quality and bench strength.

Key Insights

1. 55 percent of organisations lacked centralised workforce skills visibility, while only 16 percent had enterprise-wide skills frameworks, creating a structural barrier to effective internal mobility according to the ETHRWorld Global Learning & Skilling Report 2025.
2. Axis Bank's internal mobility rate rose from approximately 40 percent in FY23 to over 65 percent through skills-mapped talent marketplaces and managerial accountability programmes, illustrating that deliberate design can shift mobility outcomes at scale.
3. Manager incentive structures represent a systemic barrier to internal mobility: managers evaluated on team stability have little structural incentive to release high performers, creating a contradiction between organisational mobility goals and individual managerial reward systems.

Practical Takeaways

- Organisations measuring internal mobility as a single percentage risk optimising for volume rather than value; a more nuanced scorecard that tracks ready-now successors for critical roles, lateral or stretch role movements over 12–18 months, and backfill calibre may offer greater diagnostic accuracy.
- Assessments of employee suitability for new roles that incorporate adjacent skills and future potential — in addition to current skills — may enable faster internal transitions, particularly as AI alters the skill profiles of existing roles.

Critical Analysis

Strengths: The article synthesises practitioner voices across diverse industries and functions, providing contextual grounding for an abstract strategic argument. The inclusion of counterpoints — such as BP India's caution against simplistic mobility targets in technical and safety-critical environments — adds nuance. The Axis Bank case provides concrete metrics that strengthen the otherwise qualitative narrative. Limitations: The primary quantitative sources are the ETHRWorld's own proprietary report and Fuel50 vendor data, both of which carry potential self-interest bias. The Fuel50 statistic that 92 percent of HR leaders claim adequate skills visibility while 74 percent admit visibility gaps is presented without methodology or sample size context. Anecdotal case studies (e.g., the unnamed manufacturing firm) are not independently verifiable. The article is structured as a themed editorial piece tied to ETHRWorld's August editorial calendar, which introduces editorial agenda bias. Biases: The overall framing favours mobility as a superior construct to retention without empirically testing this claim; the argument is largely normative and practitioner-affirmed rather than research-validated.

Organizational Practice

Axis Bank built an internal talent marketplace called 'Thrive' that maps employee skills to roles, continuously enriched through performance conversations, manager feedback, promotion assessments, and learning journeys. The bank's 'Ahead Of Curve' recognition programme rewards managers quarterly for enabling internal mobility. ArcelorMittal Nippon Steel India operates a 'LEAD Talent' programme designed to develop current and future leaders around present and emerging business needs. Nippon Paint India provides employees with opportunities to take on larger responsibilities and cross-functional moves while supplementing with external hiring for specialised expertise.

Strategic Implications

The article reflects a directional shift in how leadership effectiveness may come to be defined — away from attrition-based metrics toward capability deployment and internal talent flow. If the skills visibility gap identified in the data persists, organisations may face increasing pressure to invest in skills infrastructure as a prerequisite for any mobility strategy. The framing also points to a potential redesign of manager performance metrics, where talent development and release — not just team retention — become components of leadership evaluation. The emerging workforce profile described at Ashoka University suggests that incoming talent may already carry cross-functional career expectations, which could accelerate organisational pressure to formalise non-linear career pathways.

Validation Status: passed
