

Redefining Capability for an AI-Enabled Workforce

The Human, Team and System
Capabilities Shaping the Future of Work

Beth Hall FAITD

24th November 2025

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Foreword

The preliminary results of our 2025 AITD Benefits Survey reveal an unequivocal message: AI capability readiness has emerged as the defining professional development priority for Australia's learning and development sector. With AI mentioned in nearly every open response and 70% of members identifying it as a critical research focus, this isn't simply interest, it's an urgent call for practical guidance and implementation frameworks that can be applied immediately in our workplaces.

Members are asking for ethical implementation guidance, capability frameworks, and actionable tools that address the profound questions they're grappling with daily: How do we responsibly integrate AI into daily practice? What capabilities must we develop to remain effective and strategically relevant?

This research report responds directly to that call. Through in-depth conversations with L&D practitioners across government, corporate, education and frontline sectors, we've identified the critical capability shifts the profession must navigate: systems built for stability breaking under the speed of modern work; human strengths like judgement and contextual reasoning becoming the true differentiators; and performance shifting from individual competence to integrated team capability, how well humans and AI work together.

The insights are uncomfortable but essential. Organisations are demanding adaptability while preserving governance, workflows and role architectures that prevent it. We're upskilling individuals while team structures remain unchanged. We're producing more content when the real problem sits in work design, psychological safety and systemic coherence.

This research directly informs AITD's response to our community needs. We have focussed our past conference on AI insights and L&D, and our 2026 Conference will focus on capability building (which includes AI), plus we are rapidly gaining insights and developing resources for our member needs via our AI Essentials for L&D professionals course. Thank you so much to Beth for driving this research forward, and for our AITD board who have actively engaged in this process.

Ben Campbell

Chief Executive Officer

Australian Institute of Training & Development

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Version 1.0 2025

Executive Summary

AI is reshaping the speed, structure and cognitive demands of work faster than traditional capability systems can respond. This research set out to understand what capability now looks like in an AI-enabled workplace, how it is emerging in practice, and what this means for L&D professionals across Australia.

Across a landscape scan, contemporary theory and contributions from 18 practitioners spanning corporate, government, education and frontline environments, four shifts became clear:

1. **Capability is moving from skills to adaptability.**

Static skills maps and content-heavy programs cannot keep pace with the changing nature of work. Capability now depends on how people interpret context, apply judgement and adapt in unfamiliar situations.

2. **Human strengths are becoming the differentiator.**

As AI accelerates procedural and analytical tasks, value increasingly lies in human judgement, contextual reasoning, ethical discernment, influence and tacit knowledge.

3. **Performance is shifting from individuals to teams.**

Outcomes now depend on the integration of human capability and AI agent contribution. Team coherence, shared guardrails and collective sense-making matter more than individual proficiency.

4. **Readiness is becoming a continuous state, not a gate.**

Past exposure can no longer predict performance in fast-changing contexts. Readiness emerges through clarity, psychological safety, manageable cognitive load and supported exposure in the flow of work.

Beneath these shifts sit deeper structural tensions, misalignments between the speed of work and the systems designed to support it. These tensions explain why capability systems are struggling to adapt and what L&D must redesign to support safe, effective AI-enabled work.

Key Findings

This research identified four capability shifts and seven systemic tensions that together show capability uplift depends as much on redesigning the environment as developing the individual.

The Four Capability Shifts

1. From skills to adaptability

Work is changing faster than skills catalogues can be updated; adaptability is now the primary currency of performance.

2. Human strengths as the differentiator

As AI lifts the technical baseline, judgement, ethics and contextual reasoning now determine safe and effective outcomes.

3. Capability must shift from individuals to teams

Performance depends on how well human capability and AI agent contribution integrate at the team level.

4. Readiness as a continuous state

Readiness is shaped by clarity, cognitive load and supported exposure, not tenure, qualifications or past experience.

The Seven Tensions Shaping These Shifts

1. Stability vs adaptability

Systems designed for predictability now constrain responsiveness.

2. Content vs context

Learning supply focuses on content even though capability depends on context.

3. Individual performance vs team capability

Organisations develop individuals while performance increasingly depends on teams.

4. Governance vs experimentation

Unclear or restrictive guardrails inhibit safe, supported use of AI.

5. Technical capability vs human strengths

AI lifts technical output: human judgement and influence become the differentiator.

6. Formal readiness vs real readiness

Legacy readiness signals fail in new contexts, masking true adaptive capability.

7. Transformation speed vs human capacity

Change is outpacing human capacity; cognitive load is now a strategic limit.

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Introduction

Work is now changing faster than the systems designed to support it. AI is accelerating tasks, reshaping workflows and increasing the cognitive and ethical demands placed on people. This shift is exposing a deeper issue. The core challenge is not a lack of skills. It is a design gap. Organisations are asking people to adapt while operating inside structures built for stability, including fixed roles, static capability frameworks, course-based learning cycles and governance settings that make experimentation difficult. Adaptability is being demanded at the individual level while the conditions needed to support it have not been redesigned.

This research examines how capability is emerging inside AI-enabled workplaces where human judgement, team coordination and system design now carry more weight than technical proficiency. The purpose is practical. It is to provide Learning and Development (L&D) professionals, capability leaders and organisational decision makers with evidence, shared language and clear insights that support the redesign of capability systems for environments defined by speed, ambiguity and technological acceleration.

The following sections outline the methodology, present the major shifts shaping capability, and identify what these findings mean for the future role of L&D at a time when content is abundant but organisational coherence is increasingly difficult to achieve.

Report Objectives

This report aims to support L&D practitioners, capability leaders and organisational decision makers by:

- 1. Clarifying the new capability landscape.**
Providing an evidence-based picture of how AI is reshaping work, capability and learning, including the shift from skills to adaptability, from individual performance to team capability, and from static readiness to continuous readiness.
- 2. Informing capability frameworks and strategy.**
Translating insights from practice into practical guidance for updating capability frameworks, role profiles and learning strategies so they reflect the realities of AI-enabled work, not legacy assumptions.
- 3. Strengthening L&D's role as a strategic partner.**
Equipping learning and capability professionals with language, concepts and evidence they can use to influence leaders, shape work design and advocate for system-level conditions that enable adaptability.
- 4. Shaping AITD's future support for members.**
Informing AITD's programs, resources, advocacy, communities of practice and future research so members receive timely, practical support aligned to emerging needs.

Methodology

This research was led by Beth Hall FAITD, who conducted the landscape scan, designed the methodology, interviewed all contributors, completed the thematic analysis and authored the report.

A practitioner-led, mixed-method approach was used, combining lived experience, contemporary theory and systematic thematic analysis. The methodology comprised four stages:

Stage 1: Landscape scan

Current literature, industry commentary, white papers and global insights on AI, capability development and the future of work were reviewed. Consulting experience across sectors was used to identify recurring patterns and surface four provisional themes for testing through interviews.

Stage 2: Semi-structured interviews

Eighteen semi-structured interviews were conducted with capability leaders, L&D practitioners, educators, public sector leaders and frontline specialists across Australia. Participants were recruited through professional networks and targeted LinkedIn outreach, with additional contributors identified through snowball referrals. Sampling was purposive, aiming for diversity of sector, seniority and work context rather than statistical representation. Interviews were structured around the initial themes while allowing new insights and concerns to emerge.

Stage 3: Transcription and analysis

Interviews were recorded and fully transcribed to preserve tone and practitioner voice. AI tools supported analysis by clustering concepts, surfacing early patterns and generating initial code maps. Interpretation and validation were completed manually; AI served as an accelerator, not the source of judgement. Themes were iteratively checked across transcripts to confirm consistency and variation by context.

Stage 4: Theme consolidation

Using deductive (theme-driven) and inductive (data-driven) coding, transcripts were analysed for alignment, contradiction and sector variation. Through successive refinement, the initial themes were strengthened, clarified and expanded based on practitioner contributions.

The resulting themes reflect theoretical predictions but also the lived reality of L&D practitioners navigating AI-enabled work, with identifying details removed where required to protect confidentiality.

All contributors participated voluntarily and provided informed consent.

Contributors

Special thanks to the practitioners who generously contributed their time, reflections and real-world examples through in-depth interviews. Their lived experience has shaped the themes, analysis and recommendations contained in this report.

FAITD contributors

Jason Fletcher FAITD

Jina Hardy FAITD, Chief Learning Officer, LX Design Agency

Kathryn McGilvray FAITD, eLearning Educational Solutions

A senior FAITD member who participated anonymously

MAITD contributors

Sejal Amin (McNicol) MAITD, Learning & Organisational Development Expert

Shai Desai MAITD, Learning Plan

Kate Fraser MAITD

Zoey Keleher MAITD, Learning & Development Manager

Andrew Napier MAITD, Principal Consultant, Learning Plan

Michelle Ockers MAITD, Learning Uncut

Joanne Spriggs GAICD MAITD

Natalie Wieland MAITD, Founder, Vidiversity

Morgan Yarwood MAITD

Stanley Yip MAITD, Manager, Learning Innovation and Workforce Programs

Other contributors

Chris Browne, Workforce Planning Specialist

Arun Pradhan, GM Learning, ANZ Bank

Rob Whyte, Head of Learning & Development

Damien Woods, Chapter Lead, Learning

THEME 1: From Skills to Adaptability

Why capability systems built for stability are breaking under the speed of modern work

The skills mindset is breaking

Organisations have long responded to disruption by adding more upskilling, reskilling and content, assuming people could learn at the pace work evolved. Practitioners described how this logic now breaks down in practice. The FAITD member observed that many organisations are still responding to rapid change with traditional professional development logic, focusing on filling Learning Management System platforms and completing Continuing Professional Development plans rather than teaching people how to learn. They described the informal 70% of learning as unstructured. Practitioners often find themselves 'lurching from one crisis to the next' to keep up. In their view, learning agility has not yet been meaningfully operationalised. People are adapting because the environment forces them to, not because systems support intentional, in-context learning. Their conclusion was that capability teams must shift from content supply to helping people develop deliberate, evidence-based methods for navigating continual change.

How Capability Systems fell Out of Sync with Work

Stable roles → Static skill lists → Course-centric L&D → Rising complexity → Adaptive capability

Work is moving faster than people can adapt

Work is shifting faster than people can reasonably adapt. New tools, expectations and structures outpace both human capacity and system design. The problem is not a lack of willingness or talent. The problem is that capability systems were built for a slower world and have not evolved. How this outdated capability logic plays out depends on the work environment, and practitioners saw distinct patterns across knowledge, frontline and regulated settings.

Knowledge work

The consequences of outdated capability logic show up differently in different environments. In knowledge work, the rapid decay of skills and knowledge has undermined the value of traditional capabilities frameworks. Michelle highlighted that the half-life of many skills has shortened to the point where, by the time frameworks are documented, they are already behind practice. At the same time, Kathryn noted that capability practitioners still tend to design learning separately from work, as if the two were distinct systems. She argued that L&D needs to evolve into a form of "learning engineering," where practitioners map where AI should perform tasks and where human judgement must sit, designing for learning and workflow as one integrated system rather than two parallel tracks. Damien observed that even when everyone knows that capability develops through experience, feedback and stretch, corporate processes still ask for lists of skills. This keeps systems anchored in outdated logic.

Frontline work

On the frontline, the same structural problem appears in a different form. In high pressure, unpredictable contexts, workers are often given generic e-learning that sits well above their literacy levels and then expected to transfer that knowledge directly into complex environments.

When the learning does not match the reality of the work, people understandably default to survival strategies. Zoey described this as learning chaos rather than learning agility. From her perspective, this chaos is not resistance, it is a rational response to overload, mismatch and poorly designed learning experiences. Drawing on frontline experience, Zoey cautioned that many organisations underestimate how foundational skills shape people's ability to engage with learning. She noted that it is common to see workforces with literacy and numeracy levels closer to Australian Core Skills Framework levels 2 to 3 being asked to absorb content written at level 4 or higher. Capability work must be calibrated to actual workforce starting points, not assumed ones. When learning outpaces comprehension, people click through and get sent into complex environments unsupported. Performance issues then get blamed on mindset, not design. Zoey's warning was that capability systems need to be calibrated to the real starting point of the workforce, not an assumed one.

In frontline operational environments, Joanne has seen AI driven agents starting to shape workflows and operational decisions, forecasting, scheduling, resource allocation, while the development available to frontline teams remains anchored in narrow, task level training. Teams are expected to adapt to AI-shaped structures without the sense-making or adaptive capability required to navigate them.

Regulated and public sector work

In regulated and public sector environments, practitioners described yet another expression of the same underlying issue. Employees often want to experiment with AI and new ways of working but find themselves caught between unclear governance, reputational risk and slow decision pathways. As Kate explained, many people are effectively waiting for permission rather than refusing to adapt. Role definitions and formal skill requirements remain fixed even as the actual work changes around them. Rob noted that this creates a situation in which the system holds people still even when adaptability is clearly needed. Morgan warned, rigid audit and compliance requirements can make experimentation feel unsafe, which means people gradually learn to avoid change even when it is strategically important. Natalie described organisations that have progressed only as far as the policy stage of AI governance. In those settings, team members are unsure what they can and cannot do, and uncertainty grows faster than clarity.

A clearer logic for capability in instability

Skills are discrete building blocks. Competency is performing known tasks under known conditions. Capability is applying judgement in unfamiliar conditions. Adaptability is responding as conditions keep shifting.

Concept	Defined as
Skills	Discrete, teachable building blocks
Competency	Performing known tasks in known conditions
Capability	Applying judgement in unfamiliar conditions
Adaptability	Responding as conditions keep shifting

The fundamental challenge is not that people lack skill or adaptability. The challenge is that capability systems built for stable environments have not evolved to support work that is fast, relational, contextual and ambiguous. Organisations are relying on content when the work

requires conditions. They are urging adaptability while leaving people to navigate contradiction, overload and risk without structural support.

What this means for capability and L&D

The common thread across these insights is clear: adaptability is not an individual trait to be trained, but a system property that L&D can help design, test and steward.

This shift places capability practitioners at a critical inflection point. We cannot keep producing content and expecting capability to emerge in systems that contradict the very behaviours we are trying to build. Learning science reinforces this: capability develops through practice, feedback and application in context, not content exposure alone.

Practitioners consistently reinforced that stepping into this systems role requires L&D teams to broaden their remit and shift their own practice. Their perspectives highlight the changes required:

- Michelle described capability teams as “tuning in” to the organisation, picking up weak signals of change, testing responses and amplifying what works.
- Kathryn argued L&D cannot credibly advise on AI-enabled work while clinging to static, course-centric models internally.
- Jina distinguished between practitioners grounded in learning science and those who “fell into” L&D, noting the capability risk when teams lack experimentation depth.
- Arun argued capability teams must think more like performance consultants, asking which combination of technology, process and people change delivers the intended outcome.
- Damien warned that L&D becomes the bottleneck if it fails to shape system conditions rather than produce more content.
- Sejal reinforced that capability must be integrated with work design, not layered on top of unchanged workflows.
- Jason described how AI-enabled skills intelligence may soon surface capability “black holes” and transferable talent, if systems are designed to inform real decisions.

Effective capability systems must therefore draw on behavioural evidence, performance data, learning science and AI-informed insight to understand how capability is emerging in real work, not on attendance or completion metrics. A useful starting point is asking how often people apply what they learn, what gets in the way, and what happens when conditions are adjusted.

The emerging reality is simple. Skills will continue to matter, but they cannot compensate for system design that fails to support the speed or complexity of modern work. Adaptability is now the organising capability of the AI era, the ability to learn, interpret, experiment and exercise judgement in unfamiliar contexts. But it can only exist when the environment makes it possible. The greatest risk is not that AI will replace skills, but that organisations will accelerate work faster than they redesign the environments needed to develop capability.

Taken together, these insights show that adaptability is not an individual trait, but a system property shaped by design, workflows and learning conditions.

Key actions for practice

1. Redesign systems, not people

Examine workflows, governance and work design. Adaptability cannot emerge when structures contradict expectations.

2. Make skills dynamic and visible

Use AI-supported skills intelligence and practitioner insight to keep skills data current and direct learning effort toward emerging needs.

3. Protect the foundations of adaptability

Prioritise clarity, capacity, psychological safety and structured development pathways. These are preconditions for adaptability, not optional extras.

4. Shift L&D from content to conditions

Anchor capability development in learning principles such as spaced practice, retrieval, feedback and social learning so conditions support how people learn.

THEME 2: Human strengths as the differentiator

Why judgement, presence and tacit knowledge now enable trust and effectiveness in an AI-enabled workplace

In this report, human strengths refer to the judgement, tacit knowledge and relational capability that enable safe interpretation of AI-enabled work.

Human strengths are rising in value

AI is rapidly absorbing the procedural load of work by synthesising information, integrating data and producing polished outputs that once required significant time, skill and cognitive effort. People who once struggled with analysis or written communication can now produce high-quality outputs with far less effort.

Practitioners stressed that this does not diminish the importance of human capability. It increases it. As AI accelerates the production of answers, it magnifies the consequences of poor judgement. The differentiator in an AI-enabled workplace is no longer who can produce information, but who can interpret it, validate it, communicate it and carry it safely into complex organisational contexts. Natalie talked about people who want to use AI but are unsure what is allowed. In those moments, caution replaces curiosity. Chris referred to this as the adoption paradox: people want the benefits of AI but avoid using it because of low confidence, fear of judgement or uncertainty about expectations.

Why judgement and presence now carry risk

Across sectors, practitioners consistently identified the capabilities least susceptible to automation as the ones becoming most valuable. Empathy, ethical discernment, contextual reasoning, credibility, human presence and tacit knowledge repeatedly emerged as qualities that determine whether AI-enabled work is trusted. Organisations operate in relational, political and ethical environments that require human accountability. AI can generate options, but it cannot decide what is appropriate. That responsibility rests with people.

Human Strengths That Enable Safe AI Use

- Judgement decides when AI outputs are appropriate, incomplete or risky.
- Ethical reasoning identifies consequences and ensures decisions align with organisational values.
- Contextual intelligence interprets AI recommendations within the realities of the environment, stakeholders and constraints.
- Tacit knowledge detects inconsistencies that tools cannot see because it comes from experience, not data.
- Influence and credibility ensures AI-supported recommendations are accepted, trusted and acted upon.
- Presence and communication carries sensitive decisions into interpersonal, political and nuanced situations.

Jason added that, in a world where information is accessible instantly and the distance between a question and an answer has almost disappeared, what matters now is not storing knowledge but interpreting what surfaces. That interpretation demands judgement and contextual reasoning, not memorisation.

Tacit knowledge is the hidden advantage

Tacit knowledge featured strongly in practitioner insights. Chris described tacit knowledge as the accumulated insight that develops through repeated exposure to relational and ambiguous situations. It enables people to detect inconsistencies, sense context shifts and recognise when a technically correct answer is still the wrong one.

Practitioners in regulated settings emphasised similar dynamics. In these environments, AI can process information quickly, but oversight still depends on people who understand systems, stakeholders, legal boundaries and the history behind decisions. Morgan noted that accountability rests with humans, not the tool, and that stakeholders look for credibility in the person carrying the work. In the public sector, Rob and Kate highlighted the importance of human presence and the ability to explain decisions plainly. Even when AI has completed most of the analysis, decision makers seek reassurance that someone with judgement and institutional awareness has reviewed the output and is prepared to take responsibility for it.

The new risks in AI-enabled work

Practitioners in L&D have observed new capability risks emerging as AI becomes embedded in workflows. Natalie described how AI-generated learning assets often drift toward sameness, lacking the nuance that signals lived experience. Sejal raised concerns that AI is beginning to erode traditional cognitive and critical thinking skills, making contextual judgement and ethical reasoning even more important. These observations point to a broader risk. If organisations continue to evaluate people using tools that assume human cognition is the primary driver of output quality, they will misinterpret capability in an AI shaped environment.

Human strengths are now core safety mechanisms. For example, several practitioners described situations where AI produced technically accurate reports that failed in stakeholder settings because the presenter lacked the contextual awareness to read the room or anticipate organisational sensitivities. In contrast, experienced people with strong relational capability were able to intervene, reframe the work and prevent reputational risk. The difference was not technical proficiency but human judgement.

Human strengths are not peripheral to AI-enabled work. They are the mechanism through which it succeeds or fails. Together, these risks highlight a widening gap between what AI can produce and what humans must still discern.

Why human judgement gaps are widening

Early-career workers are especially exposed to these dynamics. When people understand how AI works, its data sets, prediction logic and limitations, they can more clearly see which capabilities remain uniquely human. Stanley has seen how fragile Early-career capability becomes when this deeper understanding is missing. Young professionals may be quick with tools but lack the conceptual and ethical grounding to know when and how to rely on them. At the same time, Andrew and Kathryn both pointed to generational and pipeline shifts that complicate this picture. Early-career professionals often progress in responsibility faster than their capability depth develops. Those who have grown up with AI and digital tools can be quick and confident but may over trust outputs. More experienced workers often have stronger judgement but lower confidence with AI. Designing for adaptability therefore requires supporting these groups

differently rather than assuming Early-career equals digitally fluent and late career equals resistant.

The interplay between AI and foundational capability creates additional risks. Young professionals can appear highly capable on the surface while still developing deeper capability underneath. Morgan highlighted the compounding risk of experienced workers retiring and taking tacit knowledge with them at the same time as Early-career pathways contract and responsibilities expand. Under those conditions, organisations create brittle capability that looks strong until the situation changes.

Opportunity gaps and the masking effect

Uneven access to AI surfaced as a major theme. Some individuals have strong literacy, motivation and permission to experiment with AI, while others operate in cultures where experimentation feels risky. Damien described how early adopters gain more capacity for higher order thinking while others remain trapped in manual work. Practitioners in retail, education and public sector settings described similar patterns. Without intentional access and cultural permission, AI becomes a differentiator of opportunity rather than true capability.

The masking effect compounds this risk. Zoey observed that people can now produce sophisticated outputs before they have developed the underlying judgement required to interpret them. This creates hazards in recruitment, performance and promotion decisions, where presentation can be mistaken for capability. Joanne noted that guardrails for AI use are still emerging, which means ethical oversight often lags practice. AI enables people to appear more capable than their decision-making supports, creating performance and ethical risks for organisations.

AI literacy strengthens human reasoning

Educators are encountering similar challenges and opportunities. Stanley described how walking educators through the inner workings of AI models helps deepen their appreciation of uniquely human strengths. When people understand how AI generates outputs and where it fails, they become more capable of questioning, interpreting and challenging it. Multiple practitioners described AI literacy not only as a technical skill but as a capability that strengthens critical thinking.

Jason reflected on higher education discussions where the consensus was that AI literacy will soon be treated as ambient capability, like email or basic office software. For him, the real capability gap is emerging in human strengths: the ability to question AI outputs, recognise when something does not look right and decide when deeper human reasoning is required.

What this means for capability and L&D

Human strengths are becoming the core differentiator because they are scarce, consequential and impossible to automate. They sit at the intersection of judgement, experience, communication and credibility. They shape organisational trust, risk and influence. Technical capability remains essential, but it no longer differentiates professionals. The differentiator is the quality of sense-making and judgement people bring to work.

This creates new expectations for capability practitioners. Human strengths cannot be treated as optional attributes at the bottom of capability frameworks. They need to be explicitly defined, embedded into development pathways and evaluated through behavioural evidence, not familiarity with tools. Kathryn stressed that capability teams must build their own literacy and confidence with AI to model the reflective, experimental and analytical behaviours expected of others. Under the pressure of cognitive load, people may outsource their thinking to AI. Sejal

noted the need for conditions that support reflection, pacing and oversight, particularly as workflows evolve.

For AITD members, this means weaving human strengths throughout capability frameworks, program design and learning experience architecture. It also means investing in the human strengths of L&D teams themselves, including facilitation, coaching, ethical reasoning, critical questioning and the ability to challenge organisational assumptions about where value is created. These are the capabilities that allow L&D to hold the line on quality and ensure that AI-enabled work does not outrun the organisation's capacity for safe and ethical governance.

AI will continue to accelerate the production of work. The organisations that succeed will be those that design for human strengths, not just technical proficiency. The competitive advantage of the future is not who has the most advanced tools, but who has the strongest humans shaping them.

Key actions for practice

1. Make human strengths explicit in capability systems

Define judgement, contextual reasoning, ethical discernment, emotional intelligence and influence as central organisational capabilities, not soft skills. These determine whether AI-enabled work is trusted.

2. Democratise access to AI tools and support

Ensure all team members have the opportunity, permission and support to use AI, so capability gaps do not emerge from inequity rather than talent.

3. Strengthen human oversight as a safety function

Create processes where humans validate the meaning, appropriateness and organisational impact of AI outputs.

4. Design for sense-making and reflective practice

Build structured opportunities for teams to analyse outputs, challenge assumptions and practise interpretation in realistic contexts.

5. Normalise experimentation and build confidence

Create environments where people can test, question and learn with AI without fear of judgement or penalty.

THEME 3: Capability must shift from individuals to teams

Why performance now emerges from integrated human and AI agent contribution

In this report, AI agents refer to AI systems embedded in workflows that perform tasks semi-autonomously, not informal chatbot use.

Human and AI contributions are reshaping performance

AI is now entering the flow of work in ways that fundamentally reshape how performance emerges. Until recently, capability systems focused primarily on individuals. Organisations built skills pathways, assessed competence at the individual level and concentrated on whether a person could perform a task. As AI begins carrying out substantive elements of analysis, pattern detection, content generation and decision support, humans are no longer the sole contributors to outcomes. Teams increasingly comprise human capability and AI agent capability working together. Performance is becoming a team property. Capability systems built around individual uplift are now misaligned with how value is created.

How Performance Now Emerges

Human strengths → AI agent contribution → Team sense-making → Performance

AI is entering workflows faster than teams can adapt

Practitioners across sectors observed that although AI agents now perform tasks within workflows, most teams have not been redesigned to integrate these contributions. Instead, AI is being layered onto old structures as a personal productivity tool, creating fragmentation, inequity and risk.

Joanne provided clear examples from high volume service contexts. AI agents forecast demand, allocate resources and generate operational recommendations that influence entire teams, yet teams often lack shared rituals for reviewing or validating these recommendations. Individuals use AI in isolation, but teams do not work with AI collectively. As she put it, AI is contributing, but the team is not integrating.

Kate described building agents to generate customer personas and evaluation insights, pre-configuring prompt sequences so the agent can guide users through the workflow while still requiring humans to gather real data and stories. Joanne described teams using agents to support the design of capability frameworks, with users engaging directly with agents for early stage thinking before moving into human in the loop refinement. Their examples demonstrate the shift from AI as a personal tool to AI as an embedded collaborator in team-based workflows.

Uneven readiness creates inconsistent team performance

The pattern is not limited to frontline environments. In public sector contexts, Kate noted that some teams experiment early and integrate AI into their workflows, while others avoid AI due to unclear permission or governance. This results in two teams doing identical work in entirely

different ways. Morgan described how audit requirements, legacy systems and cautious governance inhibit team level experimentation, meaning AI remains a capability in pockets rather than across the team.

This uneven adoption creates fragmentation. Damien noted that individuals with strong AI literacy generate more capacity for higher order thinking, while those with lower literacy or confidence remain trapped in manual tasks. Over time these differences become performance gaps that reflect opportunity, not capability.

Stanley observed that AI is prompting teams into deeper collective reasoning. Two people can start with the same question, receive different AI outputs and be forced into shared inquiry: which one is right and why. In his view, AI becomes a catalyst for deeper thinking, not a shortcut around it. The work becomes less about who can produce an answer and more about how the team interrogates differences, aligns interpretation and builds shared understanding.

Hidden fragmentation undermines collective capability

The FAITD member noted that many people use AI privately and avoid talking about it because they fear judgement or appearing behind. These differences in adoption create hidden fragmentation within teams. This secrecy prevents shared learning and shared guardrails. Zoey described a quieter form of fragmentation where individuals adopt different AI tools in isolation. One person drafts an email with AI, another responds using a different assistant, and over time the “bots are effectively talking to each other.” Communication appears efficient, but shared language and shared reasoning erode. Individual productivity rises while collective capability weakens.

Signs Your Team Is Fragmented by AI Use

Private, undisclosed use of AI tools

Inconsistent workflows

Misaligned language and terminology

Erosion of shared reasoning

Unpredictable or conflicting outputs

From a capability perspective, this is a structural problem, not an individual one. When AI is used inconsistently, the work becomes unpredictable. Teams lose shared assumptions, processes and checkpoints. Several practitioners described this as invisible incoherence: teams assume alignment because they share goals, but they work with different tools, inputs and expectations. This is why capability is shifting from individuals to teams. Work now depends on how humans and AI agents combine, not on the capability of individuals alone.

AI is redistributing capability across teams

These examples reveal a broader shift. AI is not replacing human capability. It is redistributing it across teams. Tasks once completed by specialists can now be completed by generalists with AI support, provided oversight is strong. Work that once demanded deep expertise can now be accelerated by agents. This redistribution increases the need for shared coordination, validation and integration. The work becomes less about who has the answer and more about how the team interprets and applies it. Capability therefore shifts from individual proficiency to collective performance.

Individualised learning systems cannot meet this shift. Jina noted that many L&D systems still prioritise individual progression through content rather than shared routines that strengthen team capability. Kathryn added that capability teams themselves must model the integration and sense making they expect others to adopt. If L&D treats AI as an individual upskilling topic rather than a team redesign challenge, organisations will continue strengthening individuals while weakening teams.

Teams need shared sense making to work effectively with AI

The next frontier for capability is not traditional collaboration but transdisciplinary integration. AI accelerates access to information, but it does not guarantee shared understanding. Teams must combine technical knowledge, contextual insight, and human judgement to guide AI and interpret AI outputs effectively.

Michelle described the growing importance of collective sense making. As AI produces more data more quickly, teams need stronger shared reasoning to decide what matters. Andrew emphasised that if a team cannot frame a problem clearly together, AI will produce misguided outputs at speed. AI also blurs role boundaries because one person can now produce outputs that previously required a group. This makes team coherence even more important because individuals may appear more capable than their underlying judgement supports.

Teams become high performing when they learn together

Arun described how his organisation treats the team as the unit of both work and learning. They design team level activities where people work with AI and each other on real problems, rather than sending individuals to learn in isolation. He noted that this approach aligns with agile principles, but many organisations still talk about agile teams without implementing the learning rhythms that make them work.

Psychological safety is now a performance variable

Every practitioner who spoke about AI in team settings converged on the same point: psychological safety is becoming a performance variable. Shai described how teams with norms of inquiry and shared reflection integrate AI more effectively because people feel free to interrogate its recommendations. In teams where hierarchy, fear or blame dominate, people either over trust AI or avoid it entirely. Both responses weaken shared reasoning.

The stakes are even higher in compliance heavy or safety critical environments. Practitioners noted that no single person can hold all the context to validate AI-enabled recommendations. Oversight must be collective. Rob stressed that high stakes work requires structured team moments of shared interrogation, not informal discussion. Morgan noted that when teams lack structured rhythms, individuals become single points of failure. AI accelerates this risk because it increases output volume without increasing the team's collective interpretive capacity. The unit of capability is shifting. AI accelerates individual output, but only teams can ensure interpretation, coherence and safety.

What this means for capability, performance and the future of work

The centre of gravity for capability is moving from individuals to teams. As AI accelerates tasks and introduces new patterns of dependency, the team becomes the site where value is created or lost. Performance now depends on how well teams integrate human strengths and AI agent contributions into coherent, safe and aligned workflows. Capability practitioners must shift from building skills in individuals to designing the conditions that enable teams to understand, question and integrate AI in real work.

This shift aligns with social and constructivist learning theory, which emphasises that adults make sense of complexity through dialogue, shared problems and collective reasoning. Practitioners described examples where the most powerful AI-enabled learning occurred when teams worked on real problems together, compared how they had used agents and surfaced the assumptions behind their decisions. In contrast, sending individuals to complete isolated AI modules rarely changed how the team worked.

For AITD members, this reframing expands the scope of capability. It requires facilitating structured team routines for reviewing AI outputs, questioning assumptions and building shared guardrails. It requires helping teams establish rhythms for integration, such as joint prompt reviews, interpretation sessions or AI-enabled retrospectives. It also requires capability practitioners to be credible partners in workflow design, risk mitigation and change leadership.

Leadership capability must evolve as well. Leaders need to create team level psychological safety, set expectations for AI use, facilitate shared reasoning and ensure collective integration of contributions. Without leadership alignment, AI adoption becomes fragmented and unpredictable.

Organisations that recognise this shift will design capability systems that reflect the real unit of performance. Those that continue investing primarily in individuals will see fragmentation rise, risk increase and performance degrade under the pressure of increasingly complex work.

Key actions for practice

1. Design teams as integrated human and agent systems

Map which tasks agents perform, which tasks humans perform and where judgement must sit. Build intentional handoffs that support quality, clarity and safety.

2. Shift from isolated AI habits to shared AI workflows

Help teams build collective routines for reviewing and validating AI outputs so integration becomes a shared responsibility.

3. Strengthen transdisciplinary capability

Create opportunities for teams to blend contextual insight, stakeholder awareness and technical understanding when interpreting AI-enabled work.

4. Focus development on team sense making and shared reasoning

Prioritise inquiry, dialogue and real work problem solving over individual content consumption.

5. Build psychological safety at team level

Create norms that allow people to question AI outputs, surface uncertainty and challenge assumptions without fear.

6. Prepare capability practitioners to lead the shift

Develop skills in workflow integration, team-based learning design and coordination of human and AI contributions. Practitioners must model the behaviours they are asking teams to adopt.

THEME 4: Redefining readiness

Why the question “who is job ready” no longer fits an AI-shaped workplace

Traditional readiness logic is breaking

For decades, readiness was treated as a gate. If someone had the right qualifications and past exposure to similar work, they were considered ‘ready’. In a slower, more predictable world, these retrospective signals worked: roles changed gradually, tools evolved slowly, and knowledge held its value. Readiness could be front-loaded and assumed to last.

AI accelerates information flows, shortens decision cycles and reshapes work faster than preparation systems can track. Roles evolve while people are still learning them, and curricula lag practice. Static readiness signals now misrepresent actual capability.

Key Tensions Shaping Readiness in AI-Enabled Work		
Formal readiness	←————→	Real readiness
Qualifications	←————→	Applied Capability
Exposure	←————→	Sense-making in context
Governance	←————→	Safe experimentation
Stability	←————→	Adaptability
Content	←————→	Context

Exposure is no longer a predictor of performance

Practitioners across sectors noted that past exposure no longer predicts performance in fast-shifting contexts. Michelle argued that skills and knowledge now decay so quickly that preparing someone fully in advance is unrealistic. Jason argued we are moving out of a knowledge economy and into an era where readiness depends less on what people know and more on how well they use AI-enabled tools to do real work.

Stanley and Joanne described people entering roles able to produce credible AI-assisted outputs but lacking the judgement to interpret them. On paper they appear ready; in practice they struggle when the context shifts or when outputs require deeper scrutiny. Stanley noted that genuine capability becomes visible only when people can articulate the stories, insights and reasoning behind their work. AI can level knowledge, but it cannot level depth of insight. Readiness depends less on what people know and more on how well they can interpret and apply that knowledge in unfamiliar situations.

The human cost of systems that do not evolve

The human cost is real. Practitioners described escalating emotional and cognitive strain when adaptability is required without structural support. Without leader guidance and psychological permission, paralysis follows. Damien added that many capability teams still equate value with

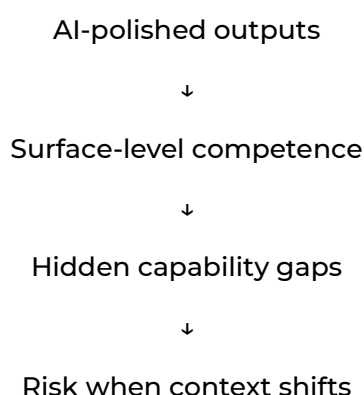
content production. Learning is delivered as information transfer rather than as an experience that shapes behaviour, leaving these emotional and cognitive pressures largely unaddressed.

These pressures intensify when teams lack psychological safety, clear norms and supportive leadership. Adaptability becomes a test of individual resilience rather than a system-supported practice. Shai MAITD noted that in low-safety environments, people keep their heads down instead of experimenting, mistakes are punished more harshly than stagnation. AI then becomes another source of anxiety rather than a tool for exploration. Zoey highlighted the cumulative impact of fragmented communication on people's ability to adapt, describing a 'treadmill effect' where updates arrive through multiple channels, making work feel unstable. From a distance this looks like learning agility; up close it feels like chaos.

Polished output is masking capability gaps

Chris warned of the masking effect of AI. People can generate sophisticated work without developing the reasoning needed to validate it. The first genuine context shift then exposes gaps that were invisible in AI assisted environments. Practitioners consistently reinforced that readiness built on familiarity with past tasks is not predictive of performance in environments shaped by volatility, speed or ambiguity.

The Masking Effect in Readiness



This points to an important distinction. Competency is performing known tasks under stable conditions. Capability is the ability to apply skills and judgement in new or ambiguous conditions. Adaptability is the ability to keep responding as conditions keep shifting. For years, readiness was assessed through a competency lens. While the need for capability and adaptability long predates AI, the AI era has made this requirement far more visible and urgent.

The FAITD member captured this shift clearly. In their view, readiness is becoming a question of how people learn in unfamiliar environments, not how closely their history matches a fixed role.

Readiness is becoming a continuous state, not a precondition

Some organisations have already begun reframing readiness. Michelle described an organisation that abandoned the notion of future ready and instead treated readiness as continuous tuning. Capability work became a cycle of scanning for change, sensing where work was shifting and

adjusting development in response. L&D acted as navigators rather than gatekeepers. Their role was to help the organisation adapt in motion, not prepare for a stable future.

Educators are making similar shifts. Universities and schools are redesigning curricula around complex capabilities, problem solving and team-based learning. Students are being prepared for environments where answers cannot be memorised in advance. Yet many workplaces still assess readiness using outdated logic, treating the role as an exam and the resume as a study guide.

Organisations are creating unready environments

Even highly capable people can feel unready when organisational conditions work against them. Jina framed readiness as a function of clarity, capacity and confidence. If any of these are missing, people hesitate. Shai emphasised that psychological safety shapes whether people lean into new challenges or retreat. Arun noted that organisations regularly mislabel structural barriers as readiness issues. Roles, workflows and governance remain unchanged while new tools are introduced, leaving people to improvise under pressure. When they struggle, they are described as not ready rather than unsupported.

Sejal highlighted the lack of scaffolding and guardrails. People are asked to adopt new tools and expectations without time, practice or safe experimentation. Kate and Natalie both noted that many organisations remain stuck at the policy stage of AI governance. Expectations are unclear, so people are left waiting for permission rather than lacking ambition.

Across these insights, a consistency emerges. Readiness is often a coherence problem. People become ready when work design, learning design, governance and leadership behaviour align. They become unready when these elements contradict each other.

Generational patterns are complicating the picture. Practitioners described graduates may appear confident with AI tools but lack experience in relational, political and unpredictable organisational realities. At the same time, more experienced workers often have strong judgement but lower confidence with AI. Andrew and Kathryn stressed that readiness needs to be defined differently for different groups, not assumed uniformly.

Across these examples, readiness problems consistently trace back to misaligned systems, not individual capability.

The adaptability contradiction

When these experiences are placed next to each other, a deeper pattern becomes clear. Organisations are demanding adaptability from people while structuring work in ways that prevent it. This is what Arun warned of when he observed that many organisations are committed to adaptability rhetorically but not structurally. They use the language of agility while preserving the workflows, governance and role architectures of earlier eras. Sejal described this as a capability erosion cycle: new technologies are introduced without redesigning work, so people are left to carry complexity through personal effort. Learning is bolted on to unchanged workflows. Over time this creates fatigue, inconsistency and an over reliance on individual grit rather than system support. It is a systems issue, not a human adaptability issue. People are already stretching as far as their environments allow. The failure sits in the way work, governance and learning are designed, not in a lack of resilience or willingness to change.

For capability practitioners, this diagnosis is uncomfortable but essential. Most L&D professionals already understand their strategic role; the challenge is that legacy systems, governance settings and organisational expectations often pull them back into reactive, first-responder mode. Several practitioners noted that L&D is frequently asked to respond to organisational anxiety with more training, even when the real issue sits in role clarity, decision rights or conflicting priorities. In

these situations, learning functions risk becoming part of the overload rather than part of the solution, not through lack of insight, but because the surrounding system is misaligned.

Mislabelled readiness problems are design problems

Practitioners described graduates being fast tracked into roles that implicitly expect mid-career judgement while feedback mechanisms still reflect earlier eras. Others described workers in compliance heavy environments being asked to use AI without guidance and then blamed for hesitating. In each case, readiness was mislabelled as an individual deficit when it was a predictable consequence of misaligned systems.

This leads to an unavoidable conclusion. Readiness problems consistently trace back to design, not individual capability. Organisations are misdiagnosing design gaps as readiness gaps.

The real question is no longer *“Is this person ready?”*

The real question is *“Has the organisation created conditions where readiness can emerge and be sustained?”*

In an AI-shaped workplace, readiness can no longer be prepared in advance, it must be developed, supported and sustained in motion.

What this means for capability and the way we talk about readiness

Capability practitioners need to challenge the legacy logic that equates readiness with past exposure. We cannot keep designing programs that aim to make people job ready as if the job were fixed. Development must build adaptive expertise: the ability to recognise patterns, transfer principles and make sound judgements in unfamiliar contexts.

This requires designing learning that introduces variation, not just best practice, and building experiences that progressively increase complexity through real work scenarios.

It also requires designing systems where readiness is not an individual leap but a supported progression. People need repeated opportunities to test themselves in new contexts, receive feedback, adjust and stretch. Practitioners emphasised that readiness should be developed through repeated, supported exposure rather than a single step.

For capability practitioners, this includes influencing how roles, promotion criteria and selection decisions are shaped. Organisations must move away from equating readiness with familiarity and start valuing the ability to learn, adapt and exercise judgement. It also requires grounding assessments in behavioural evidence and performance data rather than relying on tenure or course completion as proxies. Teams must begin asking different questions: ready for what, in which conditions and under what support.

For AITD members, this reframing expands the work of capability. It requires challenging environments that erode readiness and advocating for conditions that support it. This includes aligning work design, learning design, governance and leadership behaviour with the demands placed on people. Readiness must be treated as a dynamic state shaped by systems, not a static attribute carried by individuals.

Key actions for practice

1. Stop using readiness as a static gate

Challenge uses of “not ready” that rely mostly on qualifications or past exposure, rather than on a person’s ability to learn, apply judgement and adapt in context.

2. Shift from competency to capability as the organising logic

Define readiness by how people operate in ambiguity and unfamiliar conditions, not only what they can do under stable ones.

3. Design environments where readiness can emerge continuously

Align work design, learning design, governance and leadership behaviour so they reinforce capability rather than conflict with it.

4. Create varied, supported exposure rather than one big leap

Build progression experiences across different contexts with feedback and scaffolding to develop adaptive expertise over time.

5. Reframe the role of capability practitioners

Move from preparing people for fixed roles to shaping systems where people can grow into shifting roles without being set up to fail.

Implications for practice

The findings across this research make one point unequivocal: capability must be redesigned at the system level. AI has redefined the speed, complexity and cognitive demands of work. Learning systems built for stability cannot meet these conditions. To remain effective, organisations must respond on six fronts.

1. Treat adaptability as an organisational design outcome

Adaptability does not emerge from individual effort. It emerges from clarity, coherence, psychological safety, cognitive capacity and supported experimentation. Organisations must design these conditions deliberately in workflows, governance, leadership practice and cultural norms.

2. Elevate human strengths into core organisational capabilities

Judgement, ethical reasoning, contextual intelligence, influence and tacit knowledge now determine whether AI-enabled work is interpreted correctly, used responsibly and trusted. These are not soft skills. They are risk controls, performance drivers and capability differentiators.

3. Redesign teams as integrated human and AI systems

Performance now emerges from coordinated human and agent contribution, not individual expertise. Teams need shared guardrails, consistent workflows, collective sense-making routines and structured mechanisms for validating AI outputs. Individualised learning systems cannot support this shift.

4. Reframe readiness as continuous progression

Capability cannot be front-loaded. It must be strengthened continuously, through exposure, feedback, guided experimentation, and lived experience.

5. Balance governance with confident experimentation

Governance should not restrict capability, it should enable it. Clear guardrails create psychological safety, reduce risk, and give people the confidence to experiment responsibly.

6. Manage cognitive load as a strategic constraint

Reduce noise, simplify channels and stabilise priorities so people have the cognitive capacity to learn and adapt.

Conclusion

Capability systems designed for earlier eras cannot meet the demands of an AI-enabled workplace.

The future of capability depends on adaptability, human strengths, collective performance and environments designed for continuous learning and safe experimentation.

For L&D professionals, this represents a strategic shift.

Our role now extends far beyond programs and content. It is about shaping the system conditions, structures, rhythms, guardrails and cultural signals through which capability can emerge and be sustained.

In many ways, this has always been the role of L&D, to develop the human capabilities that enable people to perform, adapt and succeed. AI hasn't changed that purpose. What it has done is make the gaps more visible, the stakes higher, and the need for adaptability more urgent. The opportunity for L&D now is to redesign systems that truly match the speed and complexity of modern work.

Where L&D Must Shift Focus

Redesign systems, not content

Enable human strengths

Strengthen team-based capability

Support readiness in motion

Balance governance with experimentation

Manage cognitive load intentionally

For AITD, this research reinforces our ongoing commitment to supporting the profession and ensuring our work continues to reflect the realities of modern work and the evolving capability needs of our members.

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PO Box 4093
Macquarie Centre
Macquarie Park NSW 2113

02 9211 9414
enquiries@aitd.com.au

ABN: 52 008 516 701