THE HRSG COMPETENCY TOOLKIT

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The HRSG Competency Toolkit

This comprehensive resource contains data, best practices, and digital tools to help HR professionals understand competencies and expand their understanding of a competency-based approach to attracting, retaining, and developing organizational talent.

Read it from start to finish for a deep dive into the discipline of competency-based management or skim specific chapters to explore a particular topic.

About the Toolkit Authors

HRSG is a recognized global leader in competency development, an innovator in competency technology, and a consultant in competency-based management, bringing more than 30 years of expertise to the discipline. We hope this information helps you begin your journey in this field or deepen your understanding of competencies and their application to the talent lifecycle.

What Are Competencies?

Competencies define the abilities, skills, knowledge, motivations, and traits needed for successful job performance. Most importantly, these elements are described in terms of **observable, on-the-job behaviors.**

Competencies are usually developed by industrial organizational (I-O) psychologists who study the science of human behavior. While the competency content developed by different providers can be structured differently, all competencies contain a number of standard elements. Learn more about this topic in the "**Understanding Competency Structures**" section of the toolkit.

WHY THEY'RE EFFECTIVE

Competencies are more effective and actionable than skills statements and other descriptors because they go beyond the basic requirements of a job to identify the behaviors that successful performers demonstrate.

Instead of focusing on WHAT a person typically does on the job, competencies describe HOW an effective worker will achieve success. Most importantly, competencies describe those successful behaviors in terms that are OBSERVABLE.

This enables HR professionals and managers to rely on objective criteria and measurable results rather than intuition and conjecture when evaluating and supporting performance. It also gives the whole workplace—HR, managers, employees, and executives—a shared language for discussing and understanding workplace requirements and performance.

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KEY BENEFITS

By defining the skills, behaviors, knowledge, and abilities required for success in each job you are setting employees and your organization up for success. Whether you're using behavioral, technical, leadership, or a combination, competencies set a standard that you can use to harmonize and improve the whole talent lifecycle.

By defining employee competencies, you can:

- Communicate job expectations in behavioral terms that are easily understood by employees.

- Ensure employees are a good fit both for their position and that their behavior aligns with your organization's core values.

- Describe what success looks like and set a clear baseline against which to assess performance and progress.

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The Business Case for Competencies

Competencies have become the dominant approach to talent management, with nearly three out of four organizations (73%) now using competencies to drive talent management processes. One of the key reasons for the popularity of this approach is the fact that it has a measurable impact on talent outcomes and overall business agility.

TALENT RETENTION

Organizations that use competencies have:

40% lower turnover among high performers

17% lower overall voluntary turnover

TALENT ATTRACTION

Organizations that use competencies have:

87% greater ability to hire the best people

EMPLOYEE PERFORMANCE

Organizations that use competencies have:

26% higher revenue per employee

19% improvement in employee performance

BUSINESS AGILITY

Organizations that use competencies have:

92% greater ability to respond to changing economic conditions

144% greater ability to plan for future workforce needs

156% greater ability to develop great leaders

Source: Sherman Garr, S., (2012) Integrated Talent Management: A Roadmap for Success. Bersin and Associates

Choosing Competency Content

Not all competencies are created equal. Different competency specialists may develop their competency content based on different criteria and approaches, which can impact the quality and utility of the final product. In some cases, content is skillfully developed and highly effective. In other cases, the content lacks detail or has not been carefully validated in real-world workplace settings.

When choosing competencies, evaluate them against these criteria.

Reputation.   Has the competency content been developed by a company with extensive expertise?

Validation.   Has the competency content been tested in real-world workplace conditions?

Inclusivity.   Has the competency content been written in gender-neutral and culturally appropriate language?

Selection.   Does the competency content include a full range of leadership, universal, and technical competencies?

Observability.   Does the competency content clearly describe multiple observable behaviors that define success on the job?

Structure.   Does each competency include multiple levels that define success at various levels of proficiency? Or is the competency only defined with a single level? (Learn more about this topic in the "**Understanding Competency Structures**" section of the toolkit.)

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The 3 Competency Types

All competencies perform the same function in defining on-the-job success in observable, objective terms, but different jobs may include one or more competency types. These types include universal, technical, and leadership competencies.

UNIVERSAL COMPETENCIES

Universal competencies define natural or inherent behaviors that are often difficult to measure, such as analytical thinking, interpersonal ability, and initiative. They are similar to the "soft skills" that are required for virtually every role, including technical, non-technical, and leadership roles.

Examples of universal competencies include:

- Attention to detail
- Client focus
- Emotional intelligence
- Managing conflicts
- Problem solving

LEADERSHIP COMPETENCIES

Leadership competencies describe the application of knowledge and skills needed for effective performance at the leadership level.

Examples of leadership competencies include:

- Acting with empathy and compassion
- Inspiring others
- Exemplifying integrity

In varying combinations, these three competency types capture the observable behaviors that define success for every type of role, from entry level to executive.

TECHNICAL COMPETENCIES

Technical competencies describe the application of knowledge and skills needed for success in specialized fields.

Examples of technical competencies include:

- Business development (needed for sales roles)
- Fraud detection and control (needed for accounting and finance roles)
- Database administration (needed for IT roles)

Understanding Competency Structure

All competencies are structured to include these basic components:

- The **competency name** identifies the competency in one to five words. Example: "Client Focus."

- The **competency descriptor** provides a one-sentence summary of the competency's objective. Example: "Providing service excellence to internal and/or external clients."

- The **behavioral indicators** define on-the-job behaviors as observable actions. Example: "Shows clients that their perspectives are valued."

MULTI-LEVEL COMPETENCY STRUCTURE

Effective competencies are structured to include behavioral indicators for **multiple levels of proficiency**. A multi-level competency includes up to five progressive levels of proficiency, with each level defined with a summary and a set of behavioral indicators. The higher the proficiency level, the more sophisticated the behaviors and responsibilities become.

Not all competencies are structured to include this level of detail, but research shows that competencies are most effective when defined at multiple levels. Multi-level competencies enable everyone in the organization to see what the path to greater proficiency looks like, assess employees against future career goals, and create development plans that help them achieve those goals.

ANATOMY OF A MULTI-LEVEL COMPETENCY

The example below shows "Client Focus," a multi-level competency developed and validated by HRSG's I-O psychologists.

CLIENT FOCUS

Providing service excellence to internal and/or external clients.

LEVEL 1 **Responds to immediate client needs**	LEVEL 2 **Maintains client contact**	LEVEL 3 **Provides added value**	LEVEL 4 **Provides seasoned advice**	LEVEL 5 **Ensures continued service excellence**
Responds to client needs in a timely, professional, helpful, and courteous manner, regardless of client attitude.	Follows up with clients during and after delivery of services to ensure that their needs have been met.	Looks for ways to add value beyond clients' immediate requests.	Acts as a seasoned adviser, providing independent opinion on complex client problems and novel initiatives, and assisting with decision-making.	Formulates strategies and processes to evaluate emerging and longer-term opportunities and threats to meeting clients' needs.
Shows clients that their perspectives are valued.	Maintains service to clients during critical periods.	Addresses the unidentified, underlying and long-term client needs.	Pushes client to consider difficult issues that are in their best interests.	Determines strategic business direction to best meet clients' evolving needs.
Strives to meet service standards in all circumstances.	Addresses clients' issues in order of priority.	Enhances client service delivery systems and processes.	Advocates on behalf of clients to more senior management, identifying approaches that meet clients' needs as well as those of the organization.	Evaluates the client service model and service standards to identify areas for improvement.
	Keeps clients up to date on the progress of the service they are recieving and changes that affect them.	Anticipates clients' upcoming needs and concerns.		

Legend

1 The competency definition provides a high-level description of the competency.

2 The proficiency scale provides multiple proficiency levels for each competency. Each level reflects a progression from a basic demonstration of the competency towards a more complex and strategic demonstration. For example, an entry-level employee may need to demonstrate level 1 proficiency, while an executive may need to demonstrate level 4 or 5.

Proficiency scales help you compare requirements across jobs, which is especially useful when determining potential career paths within the organization.

3 The notion for each level provides a high-level summary of the overall theme identified for that proficiency level.

4 A behavioral indicator provides a clear description of the observable behaviors that an employee will demonstrate on the job.

Applying Competencies to Talent Management

Competency-based management (CBM) involves the use of multi-level competencies throughout the organization to manage talent resources.

CBM translates the strategic vision and goals for your organization into behaviors employees need to demonstrate in order for your organization to be successful.

This talent management approach helps HR define the competencies required to support the organization's talent and business strategy. According to a 2016 study by Brandon Hall Group, 72% of organizations cite competencies as critical to their talent strategy.

In CBM, competencies become the building blocks that help the organization identify, measure, and grow the talent required to meet talent requirements and business goals. These building blocks are used to strengthen entire talent lifecycle, including recruitment and selection, learning and assessment, performance management, career development, succession planning, and workforce planning.

According to a 2021 survey of organizations that use competencies:

- **85%** use them to drive development

- **75%** use them to drive performance management

- **71%** use them to drive assessment

- **70%** use them to drive interviewing

- **55%** use them to drive succession planning

- **53%** use them to drive career pathing

Building Competency Profiles

The starting point for every competency initiative is the development of **competency profiles** for every role. A competency profile consists of a selection of competencies and the specific proficiency levels required for successful performance in the role.

This profile becomes part of the job description, complementing the experience levels, education levels, and professional certifications required for the role. The process of adding the right competencies at the right levels to a specific role is called "mapping."

Mapping competencies and creating competency profiles can be done in-house if your HR team includes I-O psychologists and CBM experts who are familiar with the mapping and profiling process.

If you don't have this expertise on staff, you can choose to hire a competency expert to guide your team through the process or invest in a technology platform that automates the mapping process.

Keep in mind that you don't need to create competency profiles for every role in the organization. If you are implementing CBM for the first time, it's best to start with a pilot project and create profiles for a smaller group of related roles. For example, you can focus on leadership roles, or the roles in a specific department, domain, or business unit. This allows you to learn from the process and apply those insights to the next project.

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Using Competency Profiles

Once the competency profiles have been developed, they can be used to drive a wide range of talent management activities across the talent lifecycle, including interviewing, assessment, development, career pathing, gap analysis, and succession planning.

INTERVIEWING

Competency-based interviewing allows you to base hiring decisions on objective and validated criteria. By defining selection criteria based on the competencies identified for the role, you can ensure a consistent and transparent interview process.

Competencies help you select talent more effectively because they help you evaluate employees based on their proven ability to perform the job successfully.

Some competency content and technology providers can further support interviewing by providing customized interview guides with interview questions that align to the competencies and proficiency levels included in the competency profile for the role. These guides ensure that interviewers ask the right questions (and follow-up questions) to get the information they need from each candidate. They also ensure that each candidate is evaluated based on consistent and relevant criteria.

ASSESSMENT

Competencies focus assessments on helping employees develop the skills and knowledge most needed in their jobs. The competency profile describes the behaviors the employee needs to demonstrate on the job in terms that are easy for them and their managers to understand. This provides a structured and objective basis for targeted, constructive feedback that shows employees where they may need to improve their performance. In addition, multi-level competencies enable employees to see what success looks like at progressive levels of proficiency, so that they can visualize and measure their progress towards the goal level.

DEVELOPMENT

Competency profiles support both development and career pathing for employees.

Profiles support development by helping employees visualize what on-the-job success looks like. Once employees have been assessed, they also have a snapshot of their current proficiency levels. This gives them a clear picture of any gaps between where they are now and where they need or want to be, whether that involves improving in their current role or preparing for a new role. Being able to see the progression required to reach the desired proficiency level gives employees concrete details that they can use to guide their development efforts.
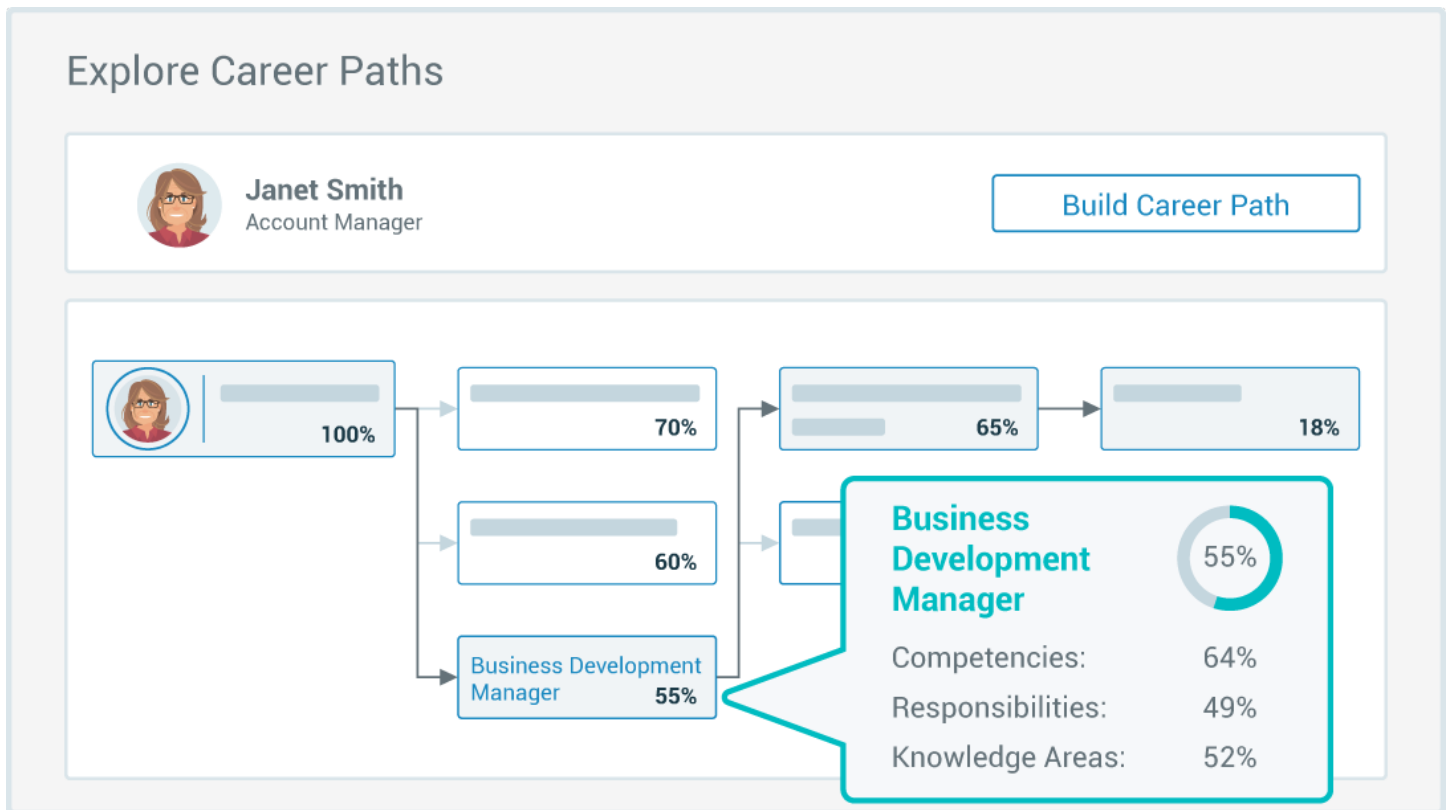
A variety of development resources (including mentorships, on-the-job training, and online courses) can also be mapped to specific proficiency levels and behavioral indicators. This gives employees and their managers access to learning resources that they can use to create tailored development plans that target the required areas for development.

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CAREER PATHING

Competency profiles built with multi-level competencies support exciting career pathing opportunities. When every role in the organization is defined by competencies, it enables employees to compare their current profile or assessed competency levels with any other role so that they can visualize a wide variety of career paths in different departments or business units.

For example, the CompetencyCore platform enables employees to explore career paths by looking across the organization at any other role, whether it represents a vertical or lateral career move. Then they can compare

their existing competency profile to that of a job that interests them to see how qualified they are for the new role. They can also assess themselves directly against the competency profile for that role to see how closely they fit the requirement. And finally, they can build a tailored development plan that helps them acquire the competencies they need to reach their next career goal.

Explore Career Paths

Janet Smith
Account Manager

Build Career Path

100% 70% 65% 18%

60%

Business Development Manager 55%

Business Development Manager 55%

Competencies:	64%
Responsibilities:	49%
Knowledge Areas:	52%

PERFORMANCE MANAGEMENT

Using competency profiles alongside performance objectives in the performance management process ensures that employee feedback focuses not only on what they accomplished, but also how the work was performed. While performance goals address the outcomes that are expected during the review period, competencies define the expectations around how the employee can achieve those goals. Together, these elements provide a more complete picture of the employee's performance, with competencies providing clear descriptions of the on-the-job behaviors they need to model in order to achieve the desired performance levels.

GAP ANALYSIS AND SUCCESSION PLANNING

Competency profiles can be used to conduct workforce gap analyses and create succession plans by assessing the organization's current competency mix and comparing it to current or future workplace or industry requirements. Defining every role with competencies gives HR leaders a universal view of its talent assets across the organization as well as the gaps that can't be filled by existing talent.

This competency data can be used to measure bench strength, identify high-potential candidates, and develop timely plans to develop those candidates and prepare them for future roles.

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Intro to Competency Technology

Over the past decade, rapid advances in technology have made it possible to automate the development of competency profiles. The ability to license premade competency content and manage it on a technology platform has brought competency-based management within reach of organizations of virtually any size.

This technology supports competency initiatives in three important ways:

- Enables HR to create, edit, and manage job descriptions for each role

- Streamlines the development of competency profiles for each role

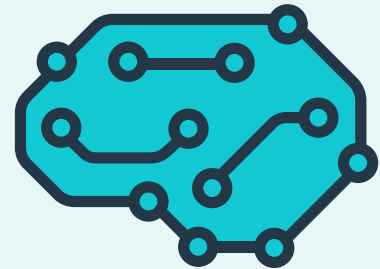- Leverages competency profiles to drive talent management activities

CREATING JOB DESCRIPTIONS AND COMPETENCY PROFILES

Technology has transformed the time-consuming and labor-intensive process of creating competency profiles. The CompetencyCore platform, for example, uses big data and automation to scan millions of jobs and generate detailed, best-practice job descriptions. An AI engine then streamlines the competency mapping process by analyzing the job description and assigning the right competencies and competency levels to create an accurate competency profile.

See the power of AI in Action

See how artificial intelligence (AI) is being used to streamline the process of creating competency profiles.

Cut and paste any job description into the box at the link below and watch the AI engine analyze the content and identify the best competencies for the job.

SEE AI IN ACTION

DRIVING TALENT MANAGEMENT ACTIVITIES

Once competency profiles are in place, they can be used to drive the full range of HR activities. Depending on the technology you choose, your competency platform may enable you to:

- Generate **interview guides** that include competency-based questions aligned with the role's competency profile.

- Issue **assessments** that measure the employee's strengths and weaknesses against the competency profile for their current role or a potential future role.

- Support employee **development** by generating development plans using learning resources mapped to specific competency levels.

- Empower employees to set new **career paths** by exploring any role within the organization, self-assessing against any role, and creating development plans to help them achieve their career goals.

- Gain strategic insights into your talent **bench strength** and develop a **succession plan** based on competency requirements.

Ultimately, advances in competency technology have made complex, multilevel content significantly easier to manage and use across the talent lifecycle.

Key Considerations When Selecting Competency Tech

Competency technology represents a strategic investment in your talent, and the choices you make can have a big impact on both the quality of the competency profiles you create and the types of talent-management activities you can support.

The following key considerations can help you define your organization's unique needs and ensure that the technology you choose supports them.

IS IT "COMPETENCY-FIRST"?

While many talent-management platforms can technically accommodate competencies, few are built specifically to support competency-based management. If you plan to use competencies actively to drive the talent lifecycle, look for software that has been designed to support competency-driven talent processes from the ground up.

DOES IT REFLECT YOUR ORGANIZATIONAL PRIORITIES?

Different platforms tend to focus on different aspects of the talent lifecycle, so it's important to decide which aspects you want to prioritize before you start evaluating your options. For example, do you want to facilitate mentorship opportunities? Do you want to improve the quality of talent you attract with your recruitment process? Do you want to launch a career pathing program? Do you want to identify your organization's core competencies? Once you've set your priorities, you can compare them to the parts of the talent management cycle that each platform supports.

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IS THERE ROOM TO GROW FOR THE FUTURE?

Once you've chosen a competency-based talent management platform, replacing it down the road is no easy task. Think about the functionality that your HR team and the wider organization will need in the next couple of years, and make sure that it aligns with the platform's existing functionality or, at the very least, the vendor's technology roadmap.

 One of the most valuable aspects of competencies is their ability to break down talent-management silos and connect and align the organization's talent activities. While you don't want to choose a platform that includes more functionality than you'll ever need or use, you do want to choose one that has the breadth of functionality to support the parts of the talent lifecycle that are most critical to your HR practice and the broader organizational mission.

DOES IT SUPPORT ORGANIZATIONS LIKE YOURS?

Some platforms are designed for highly structured, hierarchical enterprises and others are better suited to small and mid-sized businesses. Make sure your competency platform is suited to your organizational structure and budget by asking the vendor for references from customers whose organizations have a similar profile.

IS COMPETENCY CONTENT INCLUDED?

Always confirm whether the competency content itself is included in the purchase of the platform. In some cases, you will need to license the content separately from another vendor, which can create a layer of complexity in terms of managing multiple vendor relationships and importing the content into the platform. Additionally, you will want to see samples of the content to ensure that the quality meets your expectations. Make sure the content is validated by I-O psychologists, structured with multiple proficiency levels, and reviewed for inclusivity.

HOW ARE COMPETENCY PROFILES GENERATED?

Competency mapping, which is the process of identifying the competencies and proficiency levels that align with the requirements for a specific job, is one of the most important (and labor-intensive) parts of launching a competency initiative. Different platforms support competency mapping in different ways, so this is an area to examine closely during the evaluation process.

 Some platforms support a rigid process, where jobs at a specific level are automatically assigned a universal proficiency level. An entry-level job, for example, would be assigned various competencies at a "level 1" across the board, while a junior manager would be assigned "level 2" competencies. To ensure that your platform can build more accurate and nuanced profiles, look for platforms that use artificial intelligence to suggest varying proficiency levels based on real-world job requirements. The platform should also enable you to adjust proficiency levels to ensure your profiles accurately reflect your unique industry or organization. (The ability to compare all five proficiency levels of the competency in question is essential to this task.)

ARE THE PEOPLE AS GOOD AS THE TECH?

Remember that good technology is important, but without good people behind it, you're not getting the complete package. To ensure that the platform you choose can support your competency initiative, evaluate the vendor's expertise alongside the features and functionality of its software. How knowledgeable is the vendor about competencies? Do they develop their own competencies, or do they license content from others? Do they keep competency experts (trained and qualified industrial organizational psychologists) on staff? Do they offer robust implementation and consulting services?

6 Best Practices for Launching a Competency Initiative

Competency profiles are the foundation of any competency-based initiative. Articulating competencies and proficiency levels at the job level brings greater focus and continuity to the entire talent-management lifecycle.

Based on more than two decades of experience guiding hundreds of competency initiatives—large and small—to successful completion, HRSG offers these six recommendations for organizations that are planning to develop multi-level competency profiles and transition to a competency-based HR practice.

1 BEGIN WITH A PILOT PROJECT

Competencies bring the greatest value when they're applied to the whole workforce, but you don't need to do it all at once. Starting with a small pilot project is a great way to explore multi-level competencies and adapt the competency content and profile-building process to the unique needs of your organization.

For example, many HRSG clients begin by creating competency profiles for a small group of related job profiles, learning from the process, and adjusting the approach before rolling them out for the whole organization.

Action checklist:

☐ Identify a small group of jobs for the pilot.

☐ Describe why this small group should be prioritized.

☐ Identify what you'll learn from the pilot.

☐ Describe what you will do from the knowledge you gain.

2 PRIORITIZE AGILITY

It's easy to spend months planning the roll-out of a competency initiative in an effort to ensure success, but it's smarter to prioritize speed over perfection. This enables you to conserve resources, maintain momentum, and focus your energies on encouraging adoption. Once your pared-back initiative is live in the workplace, you can evaluate the impact and make improvements as needed.

Action checklist:

☐ Explore ways to reduce the size of the project, such as reducing the number of stakeholders, the number of competency profiles to be developed.

☐ Identify the impact you want to make. How will you measure it? Can you reduce those metrics to simplify the initiative?

☐ Explore whether the initiative can be broken into phases. If so, what would phase one look like?

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3 SUPPORT THE STRATEGY

Organizations use competencies for many reasons, including strengthening organizational culture, improving retention, or ensuring the organization has the talent it needs in the future.

For example, a client who wants to improve retention may focus on department that experiences higher-than-average turnover, implementing career pathing and development opportunities for that group of employees.

Make sure you have identified your main goal before starting a competency-based initiative, and that this goal aligns with broader organizational priorities.

Action checklist:

☐ Describe the talent challenge you plan to address with this competency initiative.

☐ Describe how this talent challenge impacts the organization's ability to achieve a strategic goal.

4 COMMUNICATE THE GOAL

Depending on the scope of your project and your organizational process, developing competency profiles can require input from HR staff, managers, employees, executives, boards of directors, and other external audiences. Invest some time and resources in developing your communication approach, including presentation materials that help stakeholders understand the competency approach, the project goals and objectives, and their role in the process. This will both increase support for the project and enhance outcomes.

The key is to understand the target audience and gear the messages to their priorities. Show employees how competencies will support them in planning and managing their careers. Show managers how the initiative will make hiring and managing employees easier and more effective. Show executives how competencies support the strategic vision and goals for the organization.

Action checklist:

☐ Make a list of the stakeholders you will need to engage for this initiative.

☐ Identify each stakeholder group's priorities and explore how this initiative supports those priorities.

☐ Decide how you will communicate with each stakeholder group based on their communication preferences.

☐ Consider what communication materials you will need to develop, and identify the resources you will need to develop them.

5 DOCUMENT THE PROCESS

It's essential to document the development process for your competency profiles in order to provide your organization with a measure of legal defensibility and demonstrate that they were developed in a fair and inclusive way.

Record and file information including the names and positions of people who participated, their individual feedback, and the process by which that feedback was synthesized to make decisions about the competencies and proficiency levels attributed to each job profile. You can also rely on a technology solution like CompetencyCore to collect and preserve this information.

Action checklist:

☐ Determine the legal and ethical requirements you need to support.

☐ Decide which specific actions and decisions need to be recorded.

☐ Decide how you will record and store this information, whether in Word documents, spreadsheets, or a competency platform.

6 SHARE THE SUCCESS

Competencies can have a big impact on the organization in terms of its culture and its performance. But unless you communicate those impacts—in presentations, newsletters, and other promotional channels—they can go unrecognized. Whether it's positive employee feedback or an improvement in KPIs, take the time to share the good news. It will increase awareness and organizational buy-in and provide forward momentum for additional projects.

Action checklist:

☐ Determine which baseline measurements you will take before rolling out the initiative.

☐ Determine how you will measure performance against the baseline after the launch of the initiative.

☐ Decide on the timeframe for measuring performance against the baseline.

☐ Decide when, how, and with whom you will share these performance metrics.

Next Steps

We hope this toolkit has been helpful in introducing you to the fundamentals of competency-based management, or in expanding your existing knowledge of the discipline.

Competencies are no longer only available to large enterprises that can afford to hire specialist consultants. Licensed, off-the-shelf content and specialized competency software enable companies of any size or type to implement competencies affordably and effectively so that they can benefit from this powerful approach.

If you have questions about how to implement competencies in your organization, please book a complimentary consultation with one of our **competency specialists**.

You can also continue the learning with these helpful links:

Competency training. Learn how to launch a competency initiative and earn globally recognized competency certification from the Competency Academy.

Competency technology. Find out how technology has transformed the process of developing competency profiles and **book a demo** for a closer look.

Competency services. Explore customized solutions designed to support enterprises and their unique organizational goals.

About HRSG

HRSG is a world-renowned competency specialist serving a global clientele. For three decades, HRSG has delivered competency content, products, and services to define talent needs, address skill deficiencies and improve individual and organizational performance.