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Measuring and Addressing Competency Gaps

All companies realize the importance of nurturing a talented workforce. With it, everything is possible—the sky is the limit! Without it, you can count on numerous unsuccessful strategic efforts—one after another. Among the wide range of organizational processes related to retaining high-performing employees, corporate competencies have become a focal point, helping successful organizations understand where to focus resources such as incentives, coaching, and training programs. By clearly identifying the right competencies, organizations can make sure they are recruiting and managing talented people in the most strategic way, putting the right people in the right jobs with the abilities to perform at their maximum potential every day.

In organizations utilizing best practices, a small set of core leadership and values-based competencies are established across the organization. These competencies are broadly applied to all employees and send a powerful message, reflecting the company's culture, business strategy, expectations and unique market dynamics.

Measuring competency gaps within your organization and addressing them proactively allows you to focus on the areas you need most to impact your business performance, employee engagement and retention, and overall profitability.

Measuring Competency Gaps

Competency assessment is essential in the process of building an employee's career development plan. One of the critical elements of performance management is coaching people to develop the skills that may be holding them back from realizing success and eventually moving up the corporate ladder. This development planning process is traditionally tied to an assessment of the individual's skills gaps – assessed against specific competencies, that the organization believes are valuable. Individuals, managers and HR administrators can each evaluate gaps against the current job or a potential position and devise development strategies accordingly.

The assessment gives the employee a sense of what is necessary to perform at a higher level, and specifically what skills and competencies are necessary to develop for success. The organization, in turn, gains a sense of the employee's fit and potential within the company as well as a clearer understanding of which competencies result in higher performance.

Types of Competency

Let us examine various competency types used in performance management: Values-Based Competency, Leadership Competency and Functional Competency.

Values-Based Competency (Core)

The values-based competency is based upon “the type of company you want to be” — reflecting the type of people and behaviors that are valued. This type of core competency is often designed personally by the CEO and / or select top executives.

Leadership Competencies

Leadership competencies are those used to assess an individual's ability and skills to be a leader or manager. These are usually a unique set of competencies only applied to people with a certain level or certain potential.

Some examples of competencies that may be included are:

- Execution
- Energy
- Strategic decision-making
- Communication

Functional Competencies

The third type of competencies used in performance management are functional competencies, or those that pertain to a particular job function. These competencies are rarely defined at an enterprise level, but rather are created at the department level since they often take the form of specific skills (e.g., “database administration”) and are best managed at a group or functional level.

Addressing Competency Gaps

Successful organizations focus on the competencies required for their industry at their level of maturity. When desired competencies are clearly articulated, employees can be expected to bear more responsibility for developing those competencies. One way this is done is by requiring employees to formulate development plans or goals that arise from competency-based performance reviews. The competency review process includes providing a clear and ongoing communication plan to all employees about what they are doing and why, with a focus on clear roles and accountabilities and alignment of their talent initiatives with systems such as rewards, recognition, and compensation to drive results.

Conclusion

Ultimately, your organization’s core competencies help define and sustain your position and reputation in your industry. Measuring competency is critical for assessing any gaps that may exist between your current workforce and the current and future needs. Competency assessments provide critical information for management to put in place the necessary training and development programs to cultivate sustainable talent pools for the future. Tying competency gap assessments to development programs are a win-win proposition; it provides organizations with a means of upgrading and retaining their valuable workforce, and employees recognize that development programs enhance their job security and prospects for career growth

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