

White Paper

Effectively Gauging Competencies of Your Employees

Jan. 2023





OVERVIEW

A company is only as **powerful** as its **workforce**.

But what happens if employees lag in staying updated with current needs in terms of skills and competencies?

This question is particularly relevant for the post-pandemic environment we currently operate in. With most businesses required to adjust to new work environments and rapidly evolving technologies, gaps in skill sets have become even more prominent. In fact, according to a report by McKinsey & Company, over 87% of enterprises lack a clear understanding of the abilities that teams need and the skills they lack.

Digitization has also placed new demands on employees — they now require different competencies to support the way work gets done in present times, as well as meet the evolving business priorities their organizations set. This stresses the pressing need to deliver skills that are not just today-ready but future-ready too.

In this paper, we delve into the best approaches to effectively gauge employees' competencies and the salient reasons why this is important. We also give you a blueprint of effective learning strategies to ensure your teams are skilled, trained, ready, and competent to take on future challenges in the workplace.

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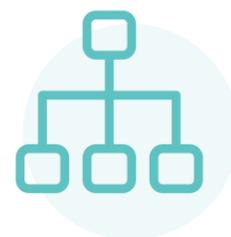
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01 Introduction

At a structural level, bridging skill gaps seems simple and logical enough:

- Understand what your people's current skill sets are and what the targeted skills are.
- Figure out how to close the gaps and reach there.
- Finally, move towards a truly skills-driven workforce.



However, the reality is different, and complications abound, specifically in clearly identifying the gaps and needs and effectively applying strategies to bridge these.



According to several global surveys, most industries have recognized the urgency to address skill gaps.

They believe skill building — specifically upskilling and reskilling — are more effective than hiring/contracting or redeploying employees. The same reports also point to a shift in the kind of skills the focus is on.

There has been a shift, especially since the pandemic, towards developing more emotional intelligence, empathy, self-confidence, and active listening, besides skills like adaptability, resilience, effective remote communication, time management, discipline, and continuous learning.

Effectively gauging employee competencies is crucial to achieving skill transformations- and being ready for the needs of the future.

According to Lumofy, organizations need the following three-pronged approach to accomplish this:



Assessing demand and need for specific skills in the future.



Designing a targeted portfolio of initiatives to close gaps.



Launching an organizational structure dedicated to learning.

In this paper, we shall also demonstrate the interconnectivity between effectively gauging employee competency and how a collaborative learning environment in workplaces can enhance the development of new competencies efficiently and seamlessly.



02 What is Employee Competency?



Competency

Can be defined as a set of demonstrable characteristics and skills that allows an employee to improve the performance and efficiency of a job or task.

Competencies fall under three main categories:



Core competencies



Cross Functional
competencies



Functional competencies



Core Competencies

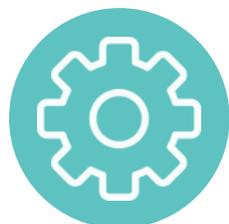
A core competency is an individual's skill, knowledge, qualification, or ability to successfully perform a job or task. For example, an administrative assistant would use core competencies such as organization skills, verbal and written communication, and client service to excel. Other important core competencies include problem-solving, adaptability, planning, work standards, decision-making, etc.

Core competencies help employees express, reinforce and reward themselves with organizational values.



Cross-functional competencies

On the other hand, cross-functional competencies allow an employee to work across different departments and functions. Think of it as having the competencies to be a 'jack of all trades!' Examples include budgeting or IT skills.



Functional competencies

Encompass the technical know-how, expertise, and skills applied to any specific function, for example, software development, risk analysis, tax accounting, etc.

These three categories can be further broken down into cognitive, behavioral, and technical competencies that cover the entire talent development lifecycle from individual contributors to first-time managers and leaders.

03 What is Employee Competency Assessment?

Employee competency assessments

are the process by which enterprises measure employees' capabilities and readiness to excel at their jobs. While these assessments come in various forms and can range from simple to complex, they should ideally be conducted within the context of a more comprehensive organizational strategy. Employee competency assessments are used to gauge each employee's aptitude and suitability for a role, in addition to identifying underlying strengths and weaknesses.



When done right, such assessments allow enterprises to build up an inventory of skills available across their workforce, identify gaps, and use this data to provide focused and targeted training and growth opportunities.





04 Why Should an Organization Measure Employee Competency?

It's a competitive business arena out there, and in order to succeed, an organization needs to ensure a solid alignment between the competencies and skills of its workforce and its business goals. Without such alignment, goals will be unreachable

On the other hand, the lack of well-defined goals makes identifying the necessary skills difficult. Effective measurement of employee competency should therefore be conducted alongside a detailed review of organizational goals. This will help the organization understand how healthy it is in terms of specific skills and competencies.



According to the American Institute for Research, many organizations traditionally relied on their employees' educational and employment backgrounds to understand competencies. But the dynamically evolving technology of today makes this process redundant.

It could be that employees have extensive skills and competencies that have yet to be recognized and captured by traditional assessment methods. It could also be that while credentials align with job roles, the training received was not up to date.

Thus, it becomes imperative for enterprises to employ several alternative approaches to assess employee competencies regularly and effectively. This allows the organization to maintain a current understanding of its capabilities.

05 How Do Competency Assessments Help Employees

Individual employees also benefit significantly from competency assessment programs. Most rely on their formal training to understand their core competencies but don't realize how many other skills they could have picked up on the job or over the years. Competency assessments allow them greater clarity on the knowledge and competencies they need to grow into newer roles.

Measuring and understanding competencies allow them to understand their baseline skills and how these could be transferred into different roles. It also allows them to identify the skills they will need in the future.



When organizations pair competency measurements with training and development, employees can better plan and map their career trajectories

Creating a Continuous Learning Environment

Training and development are among the heaviest investment areas for any organization, yet the effect achieved is often below par. This is mainly because most organizations use a single learning and development plan — like a one-size-fits-all — rather than trying to understand exactly where each employee is lacking.

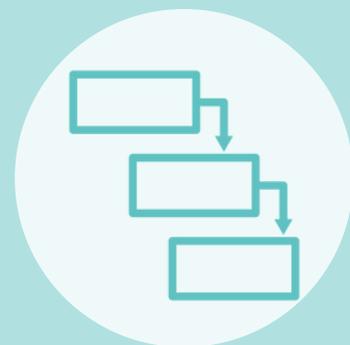
Assessments help identify areas of development an employee needs to progress in their job role. This allows for customized learning and development schedules tailored to individual needs and, therefore, is more effective in achieving the organization's goals.

06 Best Approaches to Measuring Competencies

There are numerous ways in which competencies can be measured and an organizational inventory of skills created. But generally, these methods are more effective when used in tandem to gain a holistic picture of the organization's talent base.

Some popular methods include:

- Traditional tests and assessments
- Workplace simulations
- 360-degree reviews
- Psychometric evaluations
- Performance reviews
- Self-assessments
- Manager reviews
- Existing work products and their results
- Experience, education, and certifications



The essential steps that need to be incorporated into any competency assessment include the following:

1. Begin With the Information You Already Have

Your existing data on your employees is the perfect starting point for creating competency profiles. Data from performance reviews and manager feedback can provide valuable insights into core skills and natural abilities, especially in areas outside their current domain of expertise. A great tip is to comb through the LinkedIn profiles of your team members. This will help you identify those with specific skills not being utilized in their current roles, for example, graphic design or programming.



2. Ask About Expertise



Self-assessments can provide basic, albeit valuable, clues into the areas in which the employee has some background or experience. For an in-depth assessment, consider creating questionnaires that can be used more objectively, keeping in mind that some may exaggerate their abilities and others may underplay them.

3. Evaluate the Work Product or Task Outcomes

Evaluating the work product or the outcomes of a task or project allows the measurement of a wide range of competencies and skills, from writing to management. Of course, this is trickier when done at scale, but organizations can consider including more skill-specific assessments directly into performance reviews.



4. Test Hard Skills



Objective assessments make measuring technical or hard skills easier. Examples include asking the employee to use a piece of equipment or write a page of code. Many companies offer formal online skill assessment programs, or these can be created in-house.

5. Assess Soft Skills

Soft skills, such as leadership or communication, are a tad more challenging to measure, but their importance should never be underestimated. You can conduct simulations where employees can be asked how they would respond or handle certain situations. Such simulations allow the measurement of flexibility and emotional intelligence.



6. Conduct 360 Reviews



In such assessments, employees are reviewed not only by their managers, but their peers. Such assessments are pretty useful in identifying a lack of competency in specific areas.

07 Best Practices for Implementing Employee Competency Assessments



Several key considerations need to be taken into account when conducting any competency assessment. These include:

1 Ensuring That the Employee Competency Assessment is Aligned With the Goals and Objectives of the Business

This means organizations should know what they are looking for; otherwise the result of the assessment will be of little use. This should, of course, be aligned with a clear understanding of the core competencies they require in their workforce to reach their business goals.

2 Communicating the Purpose of the Assessment to Employees

Competency assessments can sometimes end up being stressful for employees, especially if they think such assessments may be used negatively against them. Therefore, ensuring that everyone understands the process is meant to help both the organization and its team reach their full potential is crucial.

3 Keep it Simple

Complicated assessments that remain high-level are unlikely to provide any actionable data. Keep the focus on identifying broad groups of competencies that are most likely to align with learning and career paths.

4 Use the Data

Data is only valuable if it can be acted upon. Before beginning any competency assessment, ensure a plan is in place to address any gaps that are identified. These plans generally include reskilling and upskilling.

08 A Competency-based Approach to Learning and Bridging Gaps

Once competency assessments are complete, and gaps have been identified. **What's next?**

It's time to bridge gaps through an emphasis on learning and developing learning journeys which aim to develop new competencies, refine existing competencies, and support the transfer of the learnings to the job.

Lumofy is on a mission to embrace continuous learning and advocates the transformation of skills through tailored competency-based learning programs that not just deliver but unleash the true power of human potential.

The road map that Lumofy crafts for an organization's learning journey is:



It offers the following key services to drive learning in an organization:



The Lumofy Learning Platform (LXP)

to unlock hidden potential and achieve custom learning objectives.



Talent Assessments

to identify gaps with detailed analytical reports using globally accredited assessments.



Content Design and Development

to elevate an organization's learning content through digitization that offers easy access and tracking.

Lumofy's services are designed to accelerate growth within an organization irrespective of the nature of business and include a combination of personalized learning strategies and developing behavioral, cognitive, and technical competencies.

The Need For a Competency-based Approach

As already identified, developing employee competencies is a critical factor in successful, high-performing organizations. It is widely accepted that formal education does not necessarily equip employees with the appropriate skills to thrive in a work environment that is dynamic and evolving. Therefore, what is required is a structured strategy that focuses on training teams to meet the specific requirements of your organization.



Enter Lumofy's competency-based approach with four key stages:

Stage 1: Mapping Competencies

Lumofy competency mapping frameworks are designed for the long haul and align with strategic objectives while focusing on all key types of competencies- core, functional, and cross-functional- in a structured manner.

The core focus is on combining personal attributes, interpersonal skills, leadership skills, and analytical abilities to bring about a marked improvement in performance across all job roles.

Also, the importance of non-technical competencies cannot be underestimated – even in an exceedingly digital, high-tech world. Of course, any high-performing employee will need to have the basic technical competencies to deliver, but it is the so-called soft skills – the emotional skills, that allow for greater collaboration and effectiveness and contribute to improved performance and job satisfaction.

Lumofy's approach to mapping competencies provides a holistic view of an employee's evolution- and helps identify possible areas to grow.

Stage 2: Assessing Talents

Lumofy provides decision-makers with tools for more intelligent decision-making and real-time visualization of gaps. It does these through various assessments, including:



**Aptitude
assessments**



**Technical
assessments**



**Cognitive
assessments**



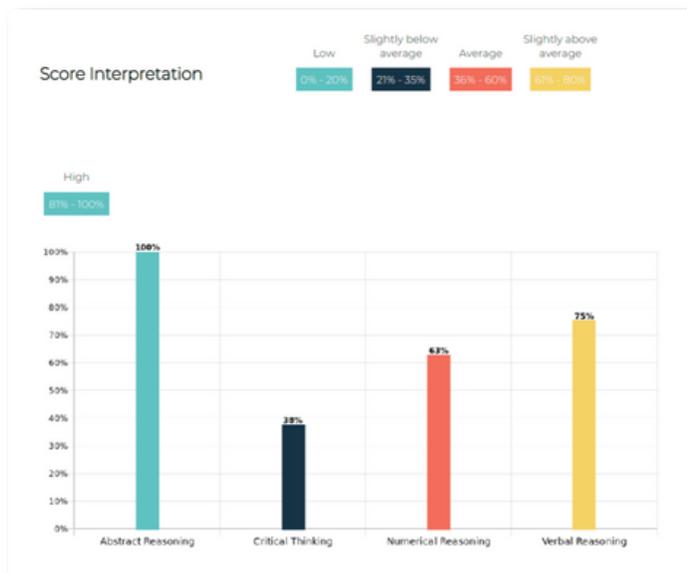
**Behavioral
assessment**



**Psychometric
assessments**

At the end of the assessments, an automated report is generated, which provides the following:

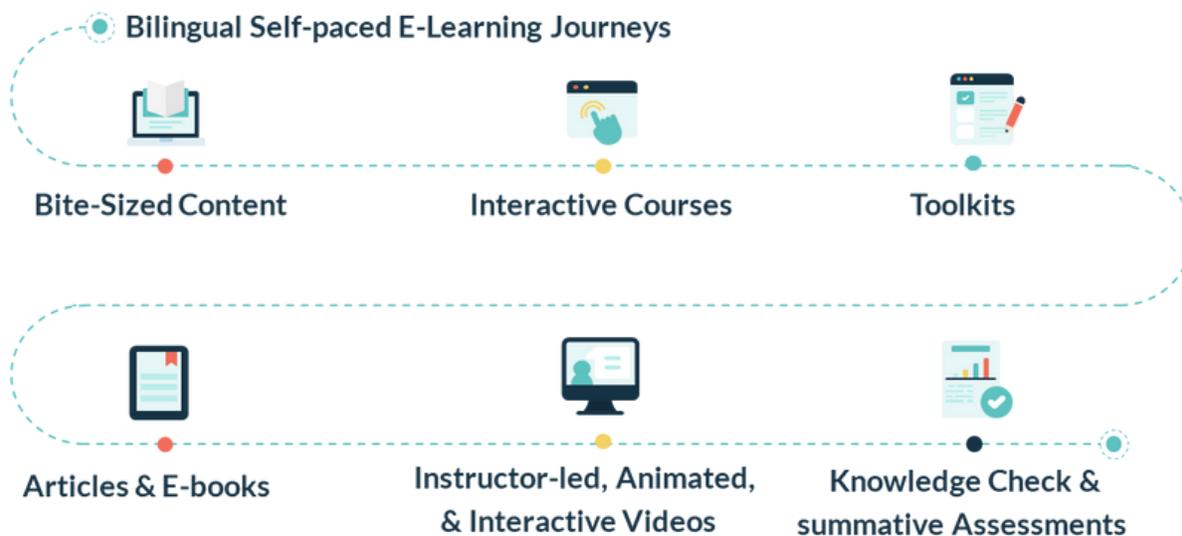
- A summary of learner's performance levels
- A highlight of the learner's behavior
- Identification of skill and competency gaps
- A highlight of strengths and opportunities for development



Stage 3: Personalized Learning Paths

Lumofy learning content is relevant and apt for today's learning environments – where individualism is recognized, and personal developmental goals are taken into account. Every employee has different learning styles, needs, and methods of learning.

Therefore, the current learning environment calls for **customization**, **personalization**, and **flexibility** – which Lumofy delivers through:



Stage 4: Measuring Success

The Lumofy platform provides an interactive dashboard for both administrators and learners, allowing for **easily accessible** and **real-time overviews** and **tracking**:



Dashboards for administrators

These enable a holistic view of all learning activities and engagement on organizational, departmental, and individual levels, as well as reviewing and sharing feedback with learners. The dashboard also includes performance report export capabilities.



Dashboards for learners

These allow learners to track personal progress, monitor performance levels, and receive feedback. It also enables overseeing personal learning engagement, strengths, and areas of improvement with the ability to resume paused courses easily. Employees can also view any badges earned on the organizational leaderboard!

The Lumofy Advantage

- A responsive interface
- Create learning courses
- Personalized learning paths
- Scheduling of live training sessions
- Access to the latest learning programs developed by Lumofy
- Increased engagement through a gamified learning experience
- Competency gaps identified by utilizing various assessment tools
- Mapping competencies to different job roles
- Creating your own competency framework
- Monitoring of learning activities via an intuitive dashboard
- Easy feedback and rating
- Create quizzes and surveys using the quiz engine
- Recording personal development plans

CONCLUSION

Gauging employee competencies may take a considerable amount of time that employers feel can be better diverted to other, more productive tasks. However, an ongoing assessment process can be extremely helpful to all types of organizations.

It enables a clear understanding of any gaps in the required competencies and provides rewards in terms of self-worth for the employee and positive business outcomes for the organization.

Organizations also gain a competitive edge when competencies are well-defined and articulated. It also builds focused cohesion within organizations, enhancing transparency and alignment with their core values and vision.

RESOURCES

- <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/building-workforce-skills-at-scale-to-thrive-during-and-after-the-covid-19-crisis>
- <https://www.nature.com/articles/s41599-022-01047-1>
- https://www.researchgate.net/publication/318337482_Competency-based_Learning_for_Organizational_Managers



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