Workforce Capability Challenges

Centranum Research 2021

Key issues, themes and priorities

Comparisons with 2020

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Contents

Key Findings – 2021 Survey results versus 2020

1. A continuing increase in those reporting challenges with aspects of capability and competency, with the exception of core competencies. A continuing reduction in the number of challenges related to performance management. Slightly fewer challenges related to culture and strategic HR.

2. A marked increase in those facing challenges of staff retention and engagement. More of a focus on the challenges of career development and succession.

About the Survey

The Centranum software has 3 main solution areas: capability development, performance management, talent & succession planning. Any individual who downloads information is asked to provide their current key workforce challenge.

Responses reported are of the ONE key challenge cited by individuals downloading resources from our website from January 1st, 2021, to mid-November 2021.

(This research summary will be updated at the end of 2021)

The kinds of challenges mentioned are of course a product of the information on our website and the roles of our website visitors. Most are senior managers in HR, Learning and Development, or Organizational Development, with a few managers from Operational areas.

Below is a summary of the themes of the challenges reported in 2021 and how that compares with 2020.

Key Capability Challenges

As with the previous year, Capability Challenges fall into several themes – in order of frequency mentioned;

- Competency models
- Achieving, tracking, and maintaining Capability Levels
- Competencies and Performance
- Strategic use of competency management
- Competency based Learning and Development
- Culture and Change
- Engagement
- Competencies in Hiring
- Career & Succession
- Leadership Development
- Core Competencies

The key challenges in each theme remain much the same as in 2020 but reflect a greater emphasis on practical implementation of competency management.

Interest in competency models and other aspects of capability/competency continues to increase.

Interest in performance management and a strategic approach continues to decline. Interest in L & D is steady.
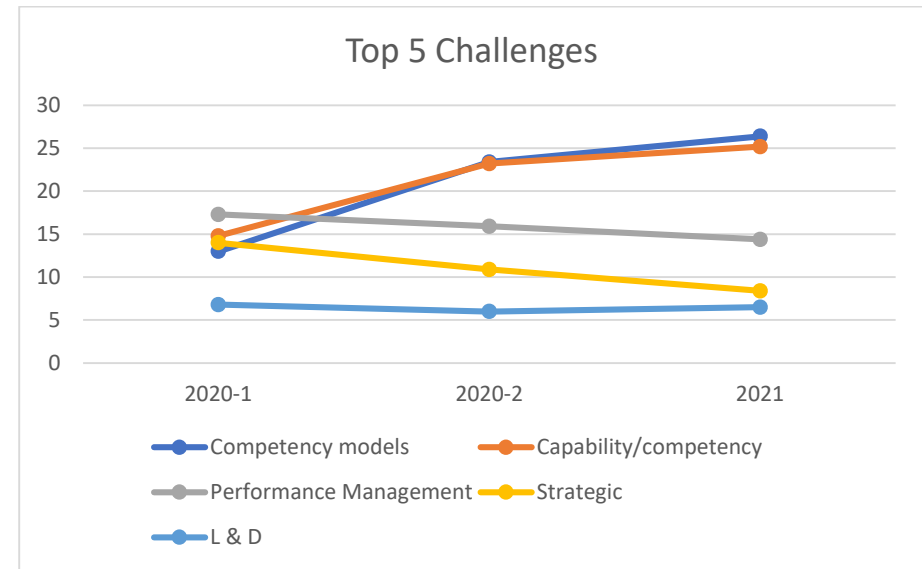
Other challenges show significant changes – less interest in culture/change, hiring, and core competencies growing interest in engagement, career and succession planning
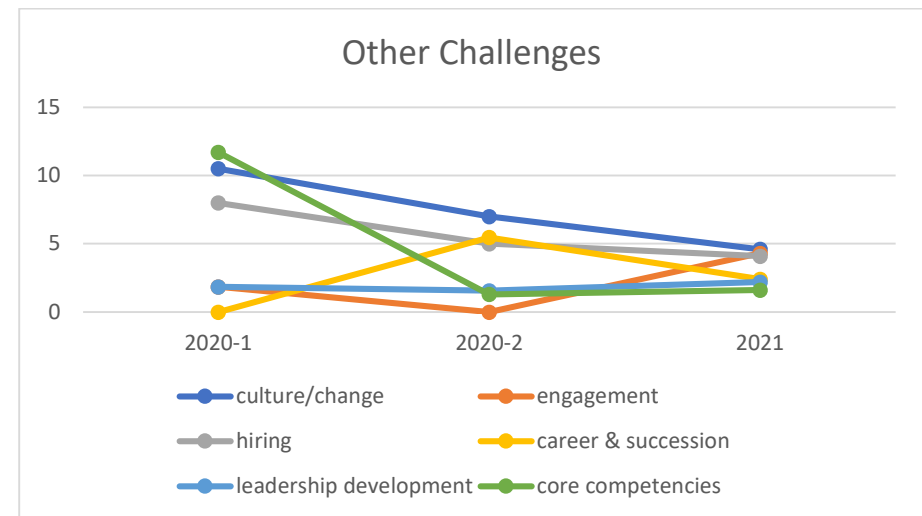
COMPETENCY MODELS OR FRAMEWORKS

26% (versus 20% in 2020) of respondents reported development of competencies and or a competency model or framework as their key challenge.

Major themes are still;

How to develop a competency model and how to implement competency models successfully

- how to define competencies clearly and as a common language
- deciding what are current and future competency requirements
- identifying and mapping competency needs for specific jobs
- identifying career pathways using competencies and competence levels

New challenges in 2021

- understanding how competency and performance are related.
- Updating a competency model that is no longer relevant

- As one respondent put it; *"Competency model used in the organization is out-dated and not applicable to todays' environment".*

ACHIEVING, TRACKING AND MAINTAINING CAPABILITY LEVELS

The key challenge of 25% of respondents in 2021 versus 20% in 2020.

Three main themes from 2020 continue.

- Tracking Capability
- Identifying Capability Gaps
- Developing Capability

The need to track staff competency across the organisation and identify gaps was mentioned by 31% of those giving Capability as their greatest challenge in 2021. They need to be able to get *the right staff in the right place*"), to close the gaps. They are looking for a centralised place to keep capability information so that there is a view of capability and gaps across all parts of the organization.

This leads on to the third theme the priority for 40% of the respondents in this group, that of building capability and competency. Many mentioned they need to build capability to drive performance and ensure business success.

New themes reflect a move to ensure effective implementation of competency management processes.

New themes for 2021

- o How to assess competencies
- o Using competencies to drive Compliance

28% of these respondents said their biggest challenge was measuring or assessing competencies.

Another 3% mentioned compliance as a major challenge that they hoped could be solved with a competency-based approach. As is the case in the healthcare industry

COMPETENCIES AND PERFORMANCE

The next largest group of respondents (14% versus 17% in 2020) reported aspects of performance management as their greatest challenge

However unlike in 2020 when challenges were mostly about aspects of performance appraisal, in 2021 challenges are broader, falling into 4 distinct themes

- o Effective processes for driving performance, especially balancing competency and performance (55%)

"Building the right capabilities for the best performance"

- o Improving productivity (22%)

"Inconsistent performance amongst staff."

- o Defining or Clarifying role expectations. (22%)

"Defining job descriptions and incorporating competencies into those job descriptions so that performance expectations are set for all employees."

- o Aligning individual performance to organisation goals (1%)

Aligning workforce to achieve company goals

Very few respondents mentioned performance management systems per se.

However, the inclusion of competencies into performance management processes is not straightforward. As one respondent said

"Biggest challenge is to get the organization to realize the difference between competencies and key performance indicators."

Organisations need to clearly distinguish the concepts. Refer https://www.centranum.com/resources/competency-management/competency-and-performance/

STRATEGIC USE OF COMPETENCY MANAGEMENT
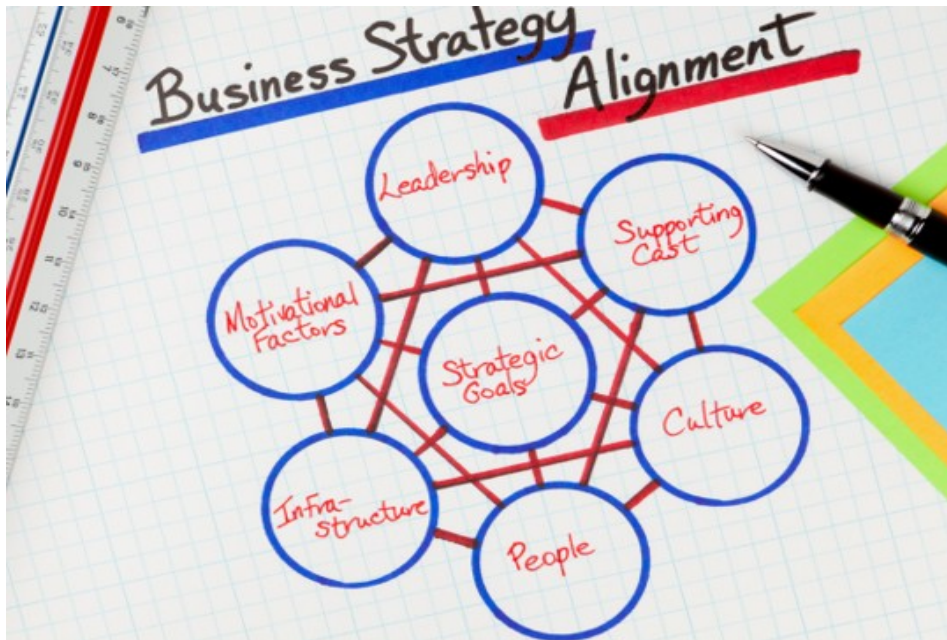
In early 2020 more than 14% of respondents were looking at competency management from a strategic theoretical perspective, reducing to 11% in the second half.

In 2021 this has reduced further to 8%, as the focus continues to evolve towards how to implement such systems in practice.

The broadest challenge is how to align HR processes with the organisation's strategy, goals and culture.

Mentioned by 31% of respondents in this group.

"To *be successful in describing the future need of competencies for the organization. To be successful in picturing the current and existing competencies in the org and how to get from where we are to where we need to be to achieve our goals and objectives*".

In both 2020 and 2021 some respondents mention a mismatch between development initiatives and organizational goals.

In 2021, for the first time, some (5%) mention using competency management as a support for scaling up the organization, and a few (3%) mention competencies as a means of managing human capital risks.

The majority (61%) of respondents in 2021 mention the challenge of aligning and improving processes within HR itself.   The majority are looking to implement competency management as a unifying factor in people management, *"Implementation Competency Based Human Resource Management"*, "*Operationalising a competency model in different HR processes*" and to improve the credibility of HR processes.

COMPETENCIES AND LEARNING AND DEVELOPMENT

As in 2020 around 6-7% of respondents said Learning & Development was their biggest challenge.

In 2021 most of these respondents noted this as a high-level challenge to improve Staff Capability.

Around 12% were looking for training for themselves in how to implement the Competency Based Training approach.

Another 12% said their challenge was to implement training for each job role. A few of these mentioned performance improvement and lean, targeted training as their challenge.

Only a few mentioned other challenges in this area – such as planning individual learning, coaching, transfer of training from classroom to job, and return on investment.

In some industries, and many 'high reliability' organisations, the approach to competency assumes that training is the same as competence. However, a wealth of evidence from independent research shows that training does not guarantee competence on the job, In fact a very high percentage of skills learnt off the job are not applied on the job afterwards.

Competency based training approaches need to be supported by on job coaching and competency audits. This challenge is not yet raised by our respondents

COMPETENCIES AND CULTURE

In early 2020 Over 10% of respondents said developing or changing Organizational Culture was their major challenge.

Perhaps due to the impact of the pandemic, the frequency of this challenge diminished steadily over time to average less than 5% of respondents in 2021.

In 2020 the focus was on moving to a culture more appropriate to operations, and one that would be supportive and build engagement for staff.

In 2021 only a few were looking to implement new Values or a more Values driven culture.

Likewise, only a minority mentioned a general need to develop the organisation and others faced a challenge to reduce conflict between different employee groupings.

A few mentioned the need to move to a new virtual culture post pandemic.

In 2021 by far the most respondents in this group said their challenge is instilling a performance culture – variously described as getting rid of apathy, complacency, and building

- o Accountability
- o Initiative
- o Resilience
- o Flexibility.

COMPETENCIES & ENGAGEMENT

Very rarely mentioned as a challenge in 2020, ensuring staff are engaged and retained was mentioned by more than 4% of all respondents in 2021.

Perhaps the 31% who said building engagement, wellness, trust, and a stress-free workplace was their priority are taking a more proactive approach.

A key facet of engagement is the sense that there is opportunity for self-advancement. Larger organisations can use competency models to build and showcase career pathways and development trajectories.

Since Engagement is not a competency the link of competency management to engagement is firmly in terms of retaining staff. A need to make sure that people feel their capabilities are being used constructively. 49% mentioned retaining staff as their biggest challenge, and another 20% said staff turnover was their key challenge. Combined 69% of respondents have a problem in retaining staff.

OPPORTUNITIES

COMPETENCIES AND RECRUITMENT

The percentage of respondents reporting their key challenge to be the use of competencies in recruitment has reduced steadily from 8% in early 2020 to only 4% in 2021.

Of those who mentioned hiring as their key challenge in 2021 two thirds said their key challenge was using competency models.

As we have said previously, traditionally the recruitment function has not used a competency-based approach – or where it has done so the competencies involved have been very broadly defined core competencies.

Such competencies are not easy to assess objectively. There is a plethora of material on the net showing applicants how to score well on these kinds of competency-based interview questions.

A further 21% mentioned the challenge of competency management in hiring along with other HR processes

Notably over 12% reported initiatives in using competency management to move from external talent acquisition to internal mobility.

As one respondent said "*Finding the right skill, at right time, with the right competencies to fill in need is always a challenge*.

Salespeople present a particular challenge for recruitment, but one that competency models can help. Research shows there is no magic bullet in sales, different people succeed by using their strengths.

Competency models can help to clarify what is needed for success in different types of sales.

COMPETENCIES IN CAREER & SUCCESSION PLANNING

In 2021 for the first time there are a small but significant number of respondents indicating career and/or succession planning as a key challenge. Many are looking for a way to solve this with competency management.

Of this group of respondents most (71%) are looking for ways to implement clear career pathways.
As respondents said
"Growing our people by developing clear career paths for roles"

"Career advancement and transparency around it"
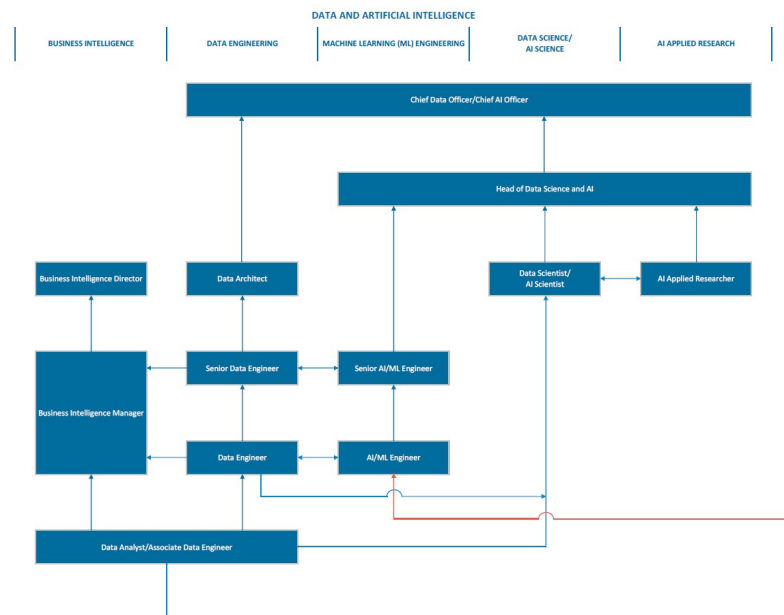
21% have succession planning as their key challenge. Here most gave succession as a general challenge often linked to retention issues.

The same was true of the 7% who said both career development and succession planning are their key challenge

LEADERSHIP DEVELOPMENT

Marginally fewer respondents (2.2%) said that Leadership Development is their major challenge when downloading competency management resources, but this is a significant increase over 2020.(1.6%)

The challenge appears to be a general one of developing leadership skills, coming up with a suitable competency model, and ensuring readiness of future leaders.

The specific competency challenges that were mentioned included;

- o people management skills,
- o building the leadership team
- o people stepping up
- o agility and accountability for leaders
- o inclusivity
- o influence and inspiration

As one respondent put it

Building a strong leadership team to support business growth and identifying competency requirements and assess gaps.

CORE COMPETENCIES

The interest in core competencies is waning. In the first half of 2020 almost 12% of respondents cited some aspect of Core Competencies as a key Capability Challenge. In 2021 this has reduced to only 1.5% - although there is now more interest in "soft skills"; social and emotional intelligence and problem solving.

The 2020 core competency approach was to find a generic set of competencies that could be applied to all roles in an organisation, with the selection distributed according to role type, and sometime seniority. A one size fits all approach that research has found ineffective to drive organisational performance improvement.

In 2021 most respondents in this group are still looking to implement such "behavioural competencies", a somewhat paternalistic terminology that may alienate staff.

A few organisations (3% of this group) are looking to use core competencies to communicate the organisations' values – and expectations of how staff can contribute to achieving them.

Communication is a core competency frequently mentioned along with flexibility, creativity, and leadership

We hope you have found this information helpful
Contact us for more information
info@centranum.com

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go to
www.centranum.com/competency-management-software
or
www.centranum.com/clinical-competency-managementsoftware

For more competency management resources go to

https://www.centranum.com/resources/competency-management/