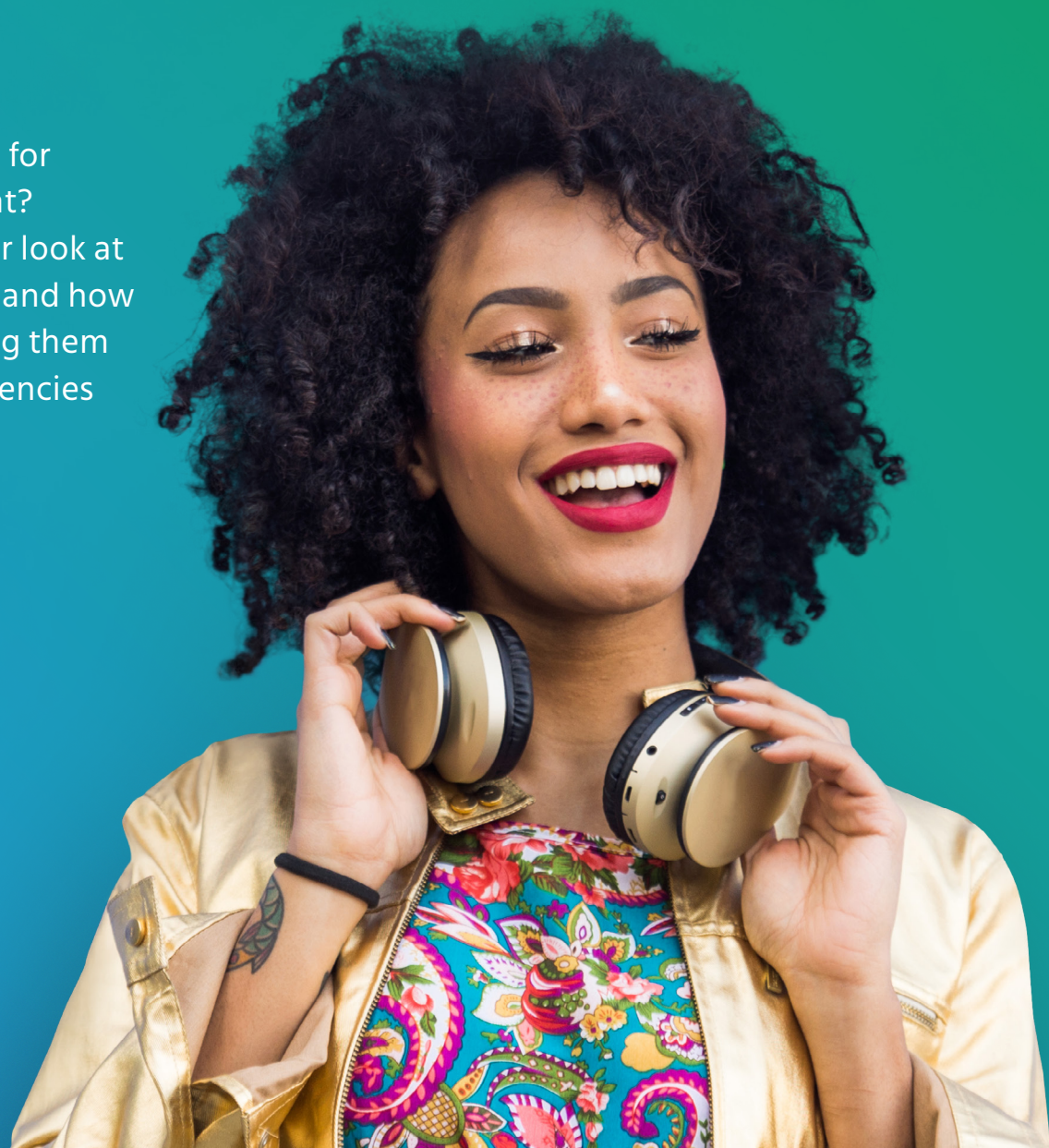


# Best and next practices in competency, skills and job architecture management

Is there a Holy Grail for career management? Mercer took a closer look at the latest practices and how companies are using them to manage competencies and skills.



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# Foreword

The increasing speed of digitalization drives economic and societal change and consequently affects our work environments. Business models need to be adapted, and often a complete turnaround of products and processes is required. The last few months have shown us how urgent it is that companies become agile, flexible and anticipatory — and that ongoing transformation is our future state.

This transformation will span all areas of life and work. Processes, organizations, people and their capabilities will be affected. A remarkable shift in required competencies is already noticeable. Those that we regard as essential will soon change completely. With such a shift underway, it's shocking that two in five HR managers don't even know what competencies they currently have in their workforces, let alone what their future requirements will be.<sup>1</sup>

It's no surprise that interest in the somewhat dated topic of competency and skills management is regaining momentum.

A successful career and competency management program is like a Rubik's Cube — an idea that's been around almost as long. (Ernő Rubik's puzzle received a Game of the Year award in 1980, with the first speedcubing world championship won by Jury Fröschl in 1981 in Munich with a record time of 38 seconds.)

As with this 3-D puzzle, changes to one part — a job family, for example — lead to changes in others — such as competencies. And like the Rubik's Cube, there are different ways to get to the solution. The questions that arise in the process are only partly new. But the career management puzzle involves many players: HR, managers, employees and the works council. In an environment that runs faster, and that requires more agility and adaptability, career solutions must also fulfill higher expectations.

It's time for HR leaders to drive this transformation and shape the future of their workforces.

We hope this study delivers helpful insights for your stake in the career and competency management puzzle.

Enjoy the read!



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<sup>1</sup> Mercer. Global Talent Trends 2020

# About this study

Do you know what talent you have onboard — and where in your organization these people are currently located? What would it take to reskill or upskill your workforce to fulfill business-critical tasks in new job areas? How can you do a better job of managing your talent and your employees' careers?

In a fast-changing talent landscape, with increasing employee expectations regarding career opportunities and a wealth of digital tools and technology, the **need for new approaches to career management** becomes more apparent.

Mercer researched best and next practice for career management and underlying competency/skill models to examine **how companies are currently practicing career management** in the market. We also asked **what practitioners and experts think next practice will be** for the design, application and implementation of career frameworks. More than 70 senior HR experts from leading organizations in all industries participated in an **online survey and in semi-structured interviews** to provide quantitative and qualitative insights on career management and competency management. We augmented these results with insights from university professors and senior Mercer subject matter experts, drawing on the latest research and international client projects.

A 360-degree perspective reflects the latest quantitative and qualitative insights provided in this report.

Figure 1. The 360-degree perspective

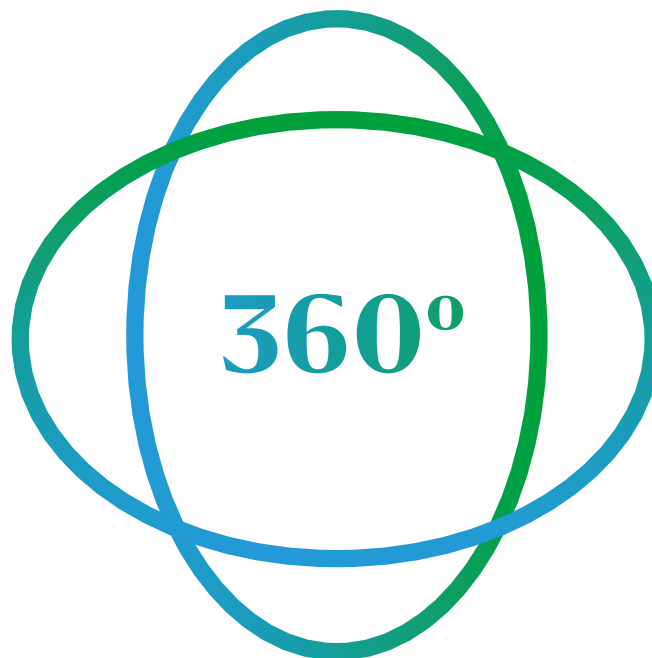
## Snapshot survey

> 50 participants  
20 questions, three topics:

- Career management
- Competency management
- Skill management

## Interviews

> 20 senior subject matter experts  
Virtual semi-structured interviews on current practice, lessons learned, perceived benefits and challenges, and next-step planning



First half of 2020

## Mercer internal insights

> 20 senior subject matter experts  
Virtual semi-structured interviews on market and next practice based on worldwide Mercer projects and research

## Academic perspective and technology

- Research; for example, WEF
- Interviews with universities





**Figure 2.** Participant demographics

## Survey

### 54 respondents




#### Functions

(Top) management HR	60%
Senior expert HR	
• Rewards	13%
• Talent management, workforce planning/analytics; recruiting; learning and development	16%
(Top) management non-HR	4%
Other <sup>1</sup>	7%

### 7 industry clusters



#### Industries

 Automotive/manufacturing, engineering/construction	32%
 Healthcare, life sciences	18%
 Consumer goods/retail	16%
 Financial services, insurance/reinsurance	12%
 Technology	8%
 Energy	4%
 Other <sup>2</sup>	10%

### All company sizes



#### Number of employees

> 100,000	13%
50,001–100,000	19%
10,001–50,000	27%
2,001–10,000	26%
500–2,000	15%

## Client interviews

### 21 interviews



#### Functions

(Top) management HR	75%
Senior expert HR	
• Learning and development	5%
• Talent management	10%
• Transformation	5%
• Legal	5%

### 6 industry clusters



#### Industries

 Automotive/manufacturing, engineering/construction	30%
 Consumer goods/retail	20%
 Healthcare, life sciences	15%
 Technology	15%
 Financial services, insurance/reinsurance	10%
 Services	10%

### Large companies



#### Number of employees

> 200,000	20%
10,001–200,000	40%
50,001–100,000	30%
2,001–50,000	10%

The report is structured along three research dimensions of career frameworks: design, application and implementation.

**Design** considers the **configuration** of a **career framework** — that is, the **definition** and **connection** of its **elements**: job architecture, competencies and skills.

**Application** concerns the use of a career framework in **HR**

**processes** along the HR value chain, as well as **governance policies**, such as ownership and responsibilities, or maintenance processes for regular updates. Finally, **implementation** covers the use of **HRIS solutions** to bring career frameworks to life.

Figure 3. Mercer terminology



#### Career framework (CF)

A career framework builds the **foundation for career management** and is derived from strategic business goals and an organization's employee development philosophy approach. Its function is to ensure that an organization can plan and manage the competencies and skills needed to deliver on the business strategy and plan. It consists of **four elements**: *job architecture, competencies, skills* and *IT solution(s)*.



#### Job architecture (JA)

A job architecture provides an **overarching classification of the nature and hierarchy of jobs** in an organization. It is used as the **structural backbone** of a career framework and therefore all HR processes (for example, strategic workforce planning, recruiting, grading, compensation, performance management, learning and development, etc.).



#### Competencies

Competencies combine **abilities, knowledge and attitudes** demonstrated by a person's behavior. They are part of the job profile, as they describe the **behavior typically expected of an employee** to fulfill job requirements. Core competencies and values are usually distinguished from leadership competencies and functional or technical competencies, such as communication, programming and leadership.



#### Skills

Skills define the ability to perform a specific task or activity to a high level of proficiency. In contrast to competencies, which are rather abstract and generic, skills are much more specific and **describe detailed abilities to perform a job**; for example, English, C++, ABAP, delegating.



#### IT

In the context of career management, the **IT landscape** is one component that is **required to bring career frameworks to life**. This could comprise solutions ranging from a comprehensive HR suite, such as SAP or Workday, to niche solutions and startup tools.



## Results at a glance

Career and competency management is on the agenda of many organizations, with **67% indicating that they expect a 20% efficiency increase in HR and business from implementing a career framework**. Nevertheless, establishing a successful framework remains challenging for most companies.

Interestingly, **nearly 75% of organizations already build on well-defined job architectures and link them to their competency models** as part of an integrated career framework. Having such an integrated framework in place seems to be an established pattern, but we also find organizations using new ways of designing them, whether pragmatic and reduced or case-driven. But across the HR value chain, competency models are used with varying intensity. More than 50% of participants say they use a competency model to create transparency about job requirements, but they struggle with the full integration of competencies in the job architecture.

Simplicity is key — **nearly 50% of organizations limit their competency profiles to four to seven competencies per competency type**. Yet there is still little consensus regarding the use of “competencies” versus “skills” — 44% of participants say they strongly differentiate between the two terms, whereas 39% indicate no differentiation.

A predominant pattern in the market is the combination of job architecture and competencies as the backbone for integrated usage in all HR processes and HRIS suites. Survey results show that most companies have a **job architecture with job profiles in place**. The majority of organizations plan to link **job architecture and competencies**, meaning job profiles bring together job architecture and competency information.

Currently, companies use job architecture and competencies/skills **throughout the entire HR value chain with varying intensity** — often as a foundation and partly enhanced by additional information.

In career framework governance, **joint responsibility between HR and business** to define competencies and skills is typical.

From a technology perspective, most companies use **standard HRIS**, such as SAP or Cornerstone, as a backbone. **Some also use skills management** or resource planning systems — for example, in staffing. **Platform solutions rather than use-case-triggered solutions** are among the evolving patterns. The market holds **many new tools** and startup options, most of which offer **focused functionalities**.





# Finding a winning strategy: Future-ready career frameworks in market practice

## Drivers of career frameworks

**Digitalization** requires new competencies and skills to ensure successful business in the future.

**Talent shortage** increases the need for meaningful handling of human capital and employee-centric measures.

**Workforce expectations** demand transparency about career and development opportunities and an understanding of how to apply skills.

## Benefits of career frameworks

**Consistent structure** realizes a uniform application across all HR processes.

**Using capability data** identifies critical positions and available skills to close skill gaps.

**Increased employee experience** improves acquisition and retention rates by offering transparent career opportunities and individualizing career choices within a new career management solution.

## Challenges

### Applicability

How to balance varying detail requirements for HR, business and employees

### Maintenance

How to balance regular maintenance efforts while staying up to date

### Implementation

How to provide a user-centric IT landscape and ensure cultural integration

## Success factors

**Stakeholder buy-in** involves the business in the process of identifying and developing competencies.

**Simplicity** reduces complexity in framework definition and application.

**Clarity about application** helps to develop targeted use cases before defining the framework and competencies.

Most companies strive for or already use integrated models, linking job architecture and competencies to leverage the potential of a holistic approach along the HR value chain.

**90% aim to attract and retain talent through increased transparency.**



**Figure 4.** Schematic summary: A majority of organizations link their job architecture to competencies

Exemplary positions on a scale of simple to advanced along three dimensions indicate the variety of existing career frameworks in the market.

Classification does not imply a rating.

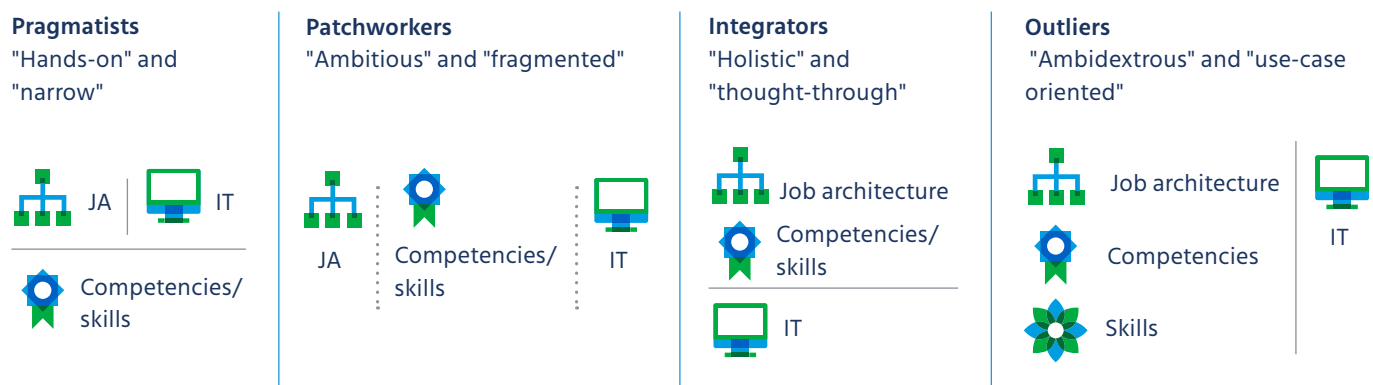
# Designing career frameworks

## Job architecture, competencies, skills and IT solutions — How to (best) design and link the elements of career management

### Design types

There are four distinct types of design (with differences in configuration, number, detail and linkage of career framework elements): Pragmatists, Patchworkers, Integrators and Outliers.

Figure 5. Career framework design types



**Pragmatists** use simple frameworks whose elements are only partly designed. Quick and hands-on solutions are based on concrete needs. A job architecture is only created for parts of the company that are currently restructuring. Or a simple competency framework is designed for just high-priority jobs. There is no differentiation between competencies and skills and no links between job architecture and competencies within job profiles. IT solutions are Excel or Word. Twenty-six percent of the companies surveyed match this type.

**Patchworkers** strive to integrate career framework elements. They have a job architecture, defined competencies and an IT solution in place, and they don't differentiate between competencies and skills. Moreover, the elements aren't linked with each other; for example, competencies are not part of the job profiles. Only 11% of participating companies fit this type.

**Integrators** follow a holistic approach. Job architecture and competency model are defined for the whole company, and job profiles include competencies. And all this is enabled by an IT solution.

Competencies are mostly not distinguished from skills and are summarized within overall categories. Most companies (52%) can be characterized as Integrators.

**Outliers** link all elements and have a holistic IT solution implemented. They differentiate between competencies and skills and use predominantly modern technologies. For example, artificial intelligence (AI) is used to compare available capabilities with needed skills based on employee data. Just 11% can be identified as Outliers.

The **number of employees** may have a slight influence on the **chosen design type**, but industry has no noticeable **effect**.

Nevertheless, typical Outliers are tech or pharma companies, which have a comparatively high-pressure talent market. These companies also have years of experience dealing with demanding employees and the corresponding management of this talent, an affinity for new and innovative technology, and the budget available to accommodate demanding career management. **Integrators** are the most common design type.



## Competency management design in perspective

Overall results show that most companies have implemented some form of job architecture. But types of competency management design differ in the level of detail and linkage to HR processes. The following examples illustrate how design types look in practice and outline the differences.

### Pragmatists

A consumer goods company with ~59,000 employees has recently implemented a job architecture. No competency model has been defined, but descriptions of each hierarchy level are available (eight profiles in total, no technical roles considered). Some business units (such as IT) are advancing quicker in developing consistent job titles and descriptions due to stronger business needs. Competency development is on the strategic agenda for 2025.

### Patchworkers

A manufacturing company with ~149,000 employees uses a global competency model with five core competencies. Each core competency has three or four proficiency levels, and there are specific technical competencies per functional area (business needs drive availability, scope and level of detail). Competencies are used in several HR processes, such as recruiting, performance management, learning and development (L&D), and succession planning. The company intends to review job architecture and include skills in job profiles in the future, and it is currently rolling out an HRIS system.

### Integrators

A consumer goods company with ~73,000 employees has a multilayer model with five core competencies and ten functional focus areas. Technical competencies are designed and renewed by the business. The competency model is linked with the company's job architecture, and the integrated framework is applied throughout the HR life cycle. The next step is to staff projects based on employee skills. Skills are also an essential input in the HRIS system for data analytics.

### Outliers

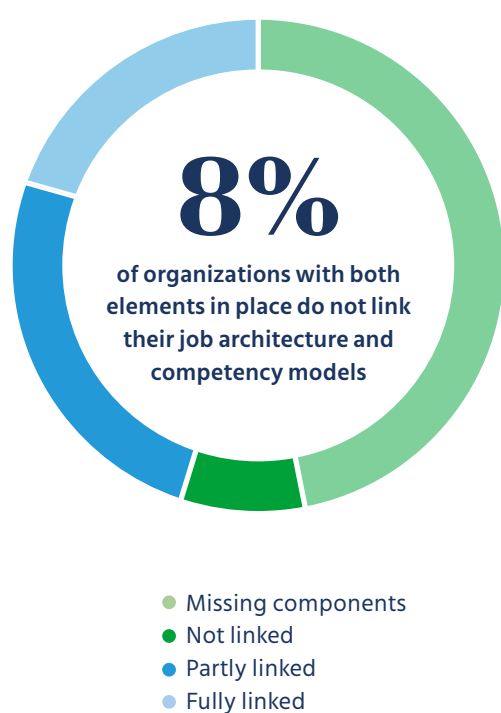
An information technology organization with ~100,000 employees has defined technical and functional competencies as well as leadership principles. A global job architecture is linked to pay structure, and individual profiles are mapped. Different skill solutions are created on top of job profiles to fulfill business requirements. Career management of all employees is based on skills.



## Improving efficiency by linking job architecture and competency models

Overall, market experts agree that competencies and skills become more significant when linked with current jobs, and improvement goals are easier to achieve. Survey results seem to support this since only 8% of respondents that have both elements defined do not link their job architecture.

**Figure 6.** Linkage of job architecture and competency models





## Building the foundation for effective workforce management

A **sound job architecture** provides all employees in the organization with a consistent, transparent framework for career paths and development. It is the baseline for the enterprise-wide job and title evaluations necessary for running successful reward and development programs. A global job architecture helps organizations strategically plan and develop their workforce competencies.

### Explore the advantages of Mercer JAT

The **Mercer Job Architecture Tool (JAT)** allows you to build your company's job architecture in an **easy-to-use online platform** that can be accessed and managed globally by an assigned HR team. There's no need for extensive software training or building up your architecture from scratch: Mercer JAT gives you an **intuitive user interface**. And the **built-in intelligence** automatically provides you with relevant job families, levels and descriptions, making it easy to build a solid job architecture quickly.

### With Mercer JAT, you can:

- Build your full job architecture structure, with job families, sub-families and grades based on Mercer intelligence
- Benefit from a tailored job architecture proposal model based on your company-specific setup and our experience
- Access and use more than 25,000 regularly updated jobs and job descriptions from the Mercer Job Library
- Match your uploaded positions to your job architecture using a digital, real-time and intuitive method
- Maintain your job architecture online, export the adjusted job architecture or link it with your HRIS

Find out more at <https://www.mercer.de/jat>.



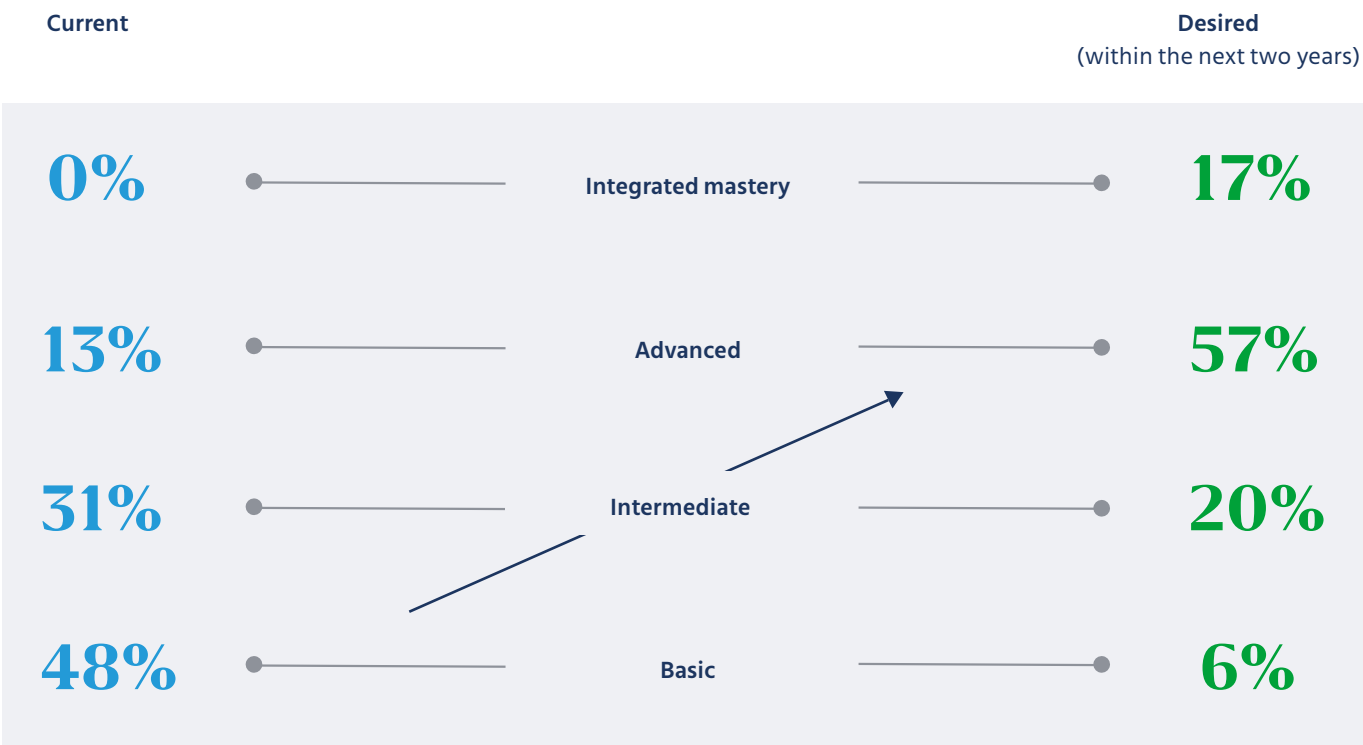


## The maturity challenge

Nearly 80% of companies describe the maturity of their career management as basic or intermediate. This finding shows a startling gap between the realities at most organizations and the best practices defined within current specialist literature. On the other hand, nearly 80% of companies state that they plan to take their career management maturity to the next

level within the next two years, and 17% even strive for the integrated mastery level. Companies at the integrated mastery level have aligned business strategy with career/competency management and job architecture, and they use this structure throughout the company with a high degree of technological support.

Figure 7. Current versus desired career management maturity



**67% of organizations expect > 20% improvement in efficiency in relevant HR/business processes if they can achieve an integrated mastery level.**



# Competency zoom-in

## The benefits of using a competency model

People businesses, in particular, need transparency about available capabilities within their organizations. Comprehensive and consistent competency management is necessary to ensure business functionality and competitiveness. This is why companies use competency models. Nearly half (42%) of participating companies appreciate the transparency that these models provide regarding available competencies and gaps. More than 50% of participants use a competency model to create transparency about job requirements. Furthermore, competency models serve to promote and identify career paths or to manage internal talent market and development opportunities. Collecting and sharing consistent information about available competencies is one of the main reasons for using a competency model.

Figure 8. Benefits of competency models



## Competency types and number of competencies used

There is no unified approach to the type of competencies and terminology used, and the number of competencies varies greatly. Most organizations have defined values (47%), core (58%) and functional/technical competencies (66%). The vast majority also apply leadership competencies (81%).

-  Values
-  Core competencies
-  Leadership competencies
-  Functional/technical competencies


Many organizations use **competency catalogs** to enable competency management. A competency catalog is a long list of competencies, organized by type, available to the entire organization. There seems to be no uniform method for detailing the different competency types listed in the catalog.

Most companies (68%) use four to seven values within their competency catalogs. The number of leadership competencies is slightly higher; 30% have defined eight to ten competencies in this category. And just 39% of organizations say they have more than 10 core competencies defined. The greatest variety of competencies is in functional and technical roles — 23% of participants indicate they have as many as 20 in this category.

Industry and organization size appear to have no bearing on the total number of competencies in the competency catalog.


**Competency profiles** are crucial for applying competencies across the organization. Such profiles outline selected competencies for a specific job or function. The competency profile is the basis for HR processes such as the performance dialogue between manager and employee, the starting point of vacancy postings or L&D initiatives.

Within a **competency profile**, most companies use **four to seven competencies per competency type**. Findings suggest that a competency profile consists of **16–28 competencies** in total. Since not all companies use all competency categories, however, the number may be fewer. In any case, it is essential to keep the functionality of a competency model in mind (for example, for managers within a performance review process). The rationale should be to focus on differentiating competencies only.



**In my experience with skill, competency and capability management over the past years, I have seen companies use a variety of good standardized methods and content to speed up the process of defining competencies and skills.**

**Today's technology provides more efficient ways of maintaining relevant internal and external information and keeping it up to date. But, just as it has been in the past, individual company customization will always be necessary to translate strategy and organizational specifics into fit-for-purpose competency and skill management.**



– Tabea Wältermann, Principal,  
Mercer Deutschland GmbH



# Career framework applications

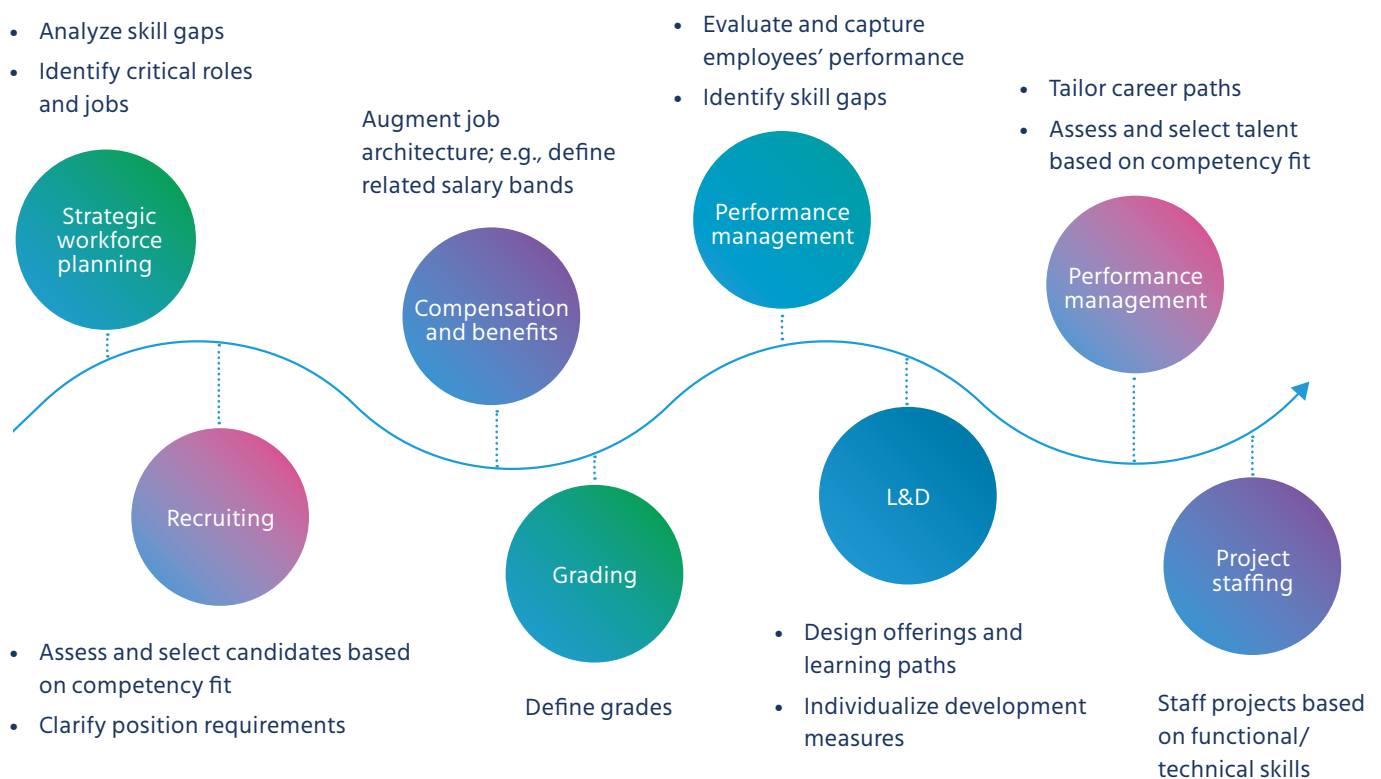
## How to use competencies within different HR processes — Getting real about governance and maintenance

### Competencies across the HR value chain

Competencies can and should be applied along the entire HR value chain. HR activities can be segmented into different processes, such as strategic workforce planning (SWP), recruiting, compensation and benefits, grading,

performance management, L&D, succession planning and project staffing. At every process step, competencies can serve different purposes.

**Figure 9.** Exemplary ways to apply competencies within the HR value chain





## Competencies in perspective

An insurance company with ~147,000 employees, classified as an Integrator, uses a global model with three categories: digital skills, functional/technical skills and personal/professional (soft) skills. The company uses the term skills instead of competencies. The company plans to implement SWP, building on a globally consistent skill framework. Results should foster self-driven upskilling and reskilling to enable career movements. The skill framework is also applied in recruiting and talent management (online learning platform and succession planning). With the consistent application of the skill framework, the company realizes transparency to be able to show employees which skills they will need in the future.

The majority of companies apply competencies within L&D activities (76%), performance management (69%), recruiting (55%) and succession planning (55%). Furthermore, competencies play an essential role in SWP activities (45%). Just about a quarter of respondents include competencies for compensation and benefits (27%), grading (25%) and project staffing (24%).

With the increasing trend toward a gig economy, the importance of managing internal talent, and the rise of skills, we expect competencies will gain greater significance in processes such as project staffing as well as compensation and benefits/grading.

**More than 50% of organizations use competencies in L&D, performance management, recruiting and succession planning.**



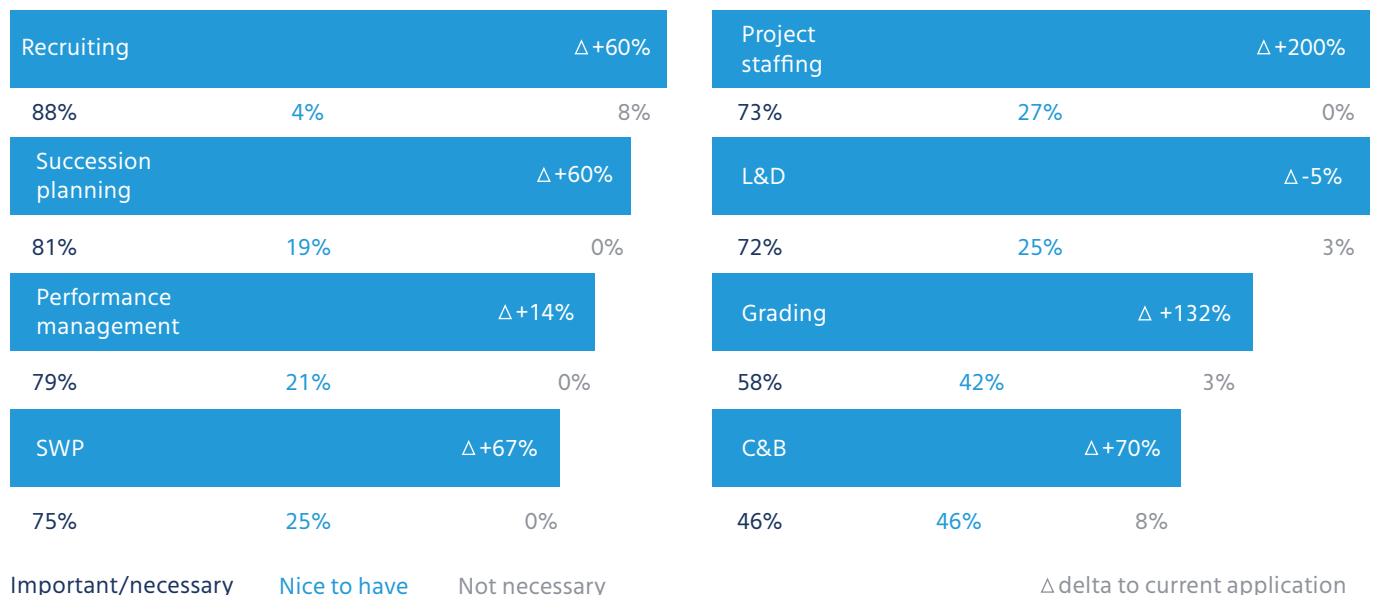




## The future importance of competency application across the HR value chain

Companies see recruiting (88%) and succession planning (81%) as the HR processes in which applying competency models will be most important in the future. For performance management (79%) and SWP (75%), the application of competencies also seems to be critical. The importance of competencies will increase most in the areas of project staffing (+200%) and grading (+132%).

**Figure 10.** Future importance of competency application



Out of nine HR processes, eight will build on competencies in the future. Especially for project staffing and grading, we can expect a significant increase in importance. Unfortunately, that does not imply that one competency model will work the same way for all processes.

For organizations working on implementing competency models, it would be beneficial to define individual use cases; that is, the areas in which they plan to use competencies in the respective HR processes. This will affect both competency model design and implementation timeline.

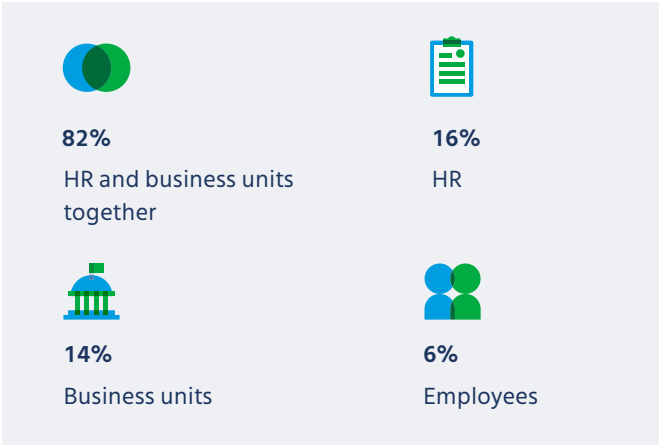


## Career management and competency model governance

Managing careers and competencies consistently requires clearly defined responsibilities. For the most part, current governance and responsibilities are equally shared between HR and business units or between a mix of HR, business units and employees. Top management is rarely held responsible. More than 80% of research participants state that the responsibility for defining competencies is a shared task between HR and the business. Only 6% of organizations involve their employees.

As all parties are essential stakeholders, collaboration is crucial for leveraging the full potential of competencies and career management.

Figure 11. Career management and competency model governance



Examples illustrate that HR takes ownership of the framework and consistency, whereas business is responsible for functional amendments. Therefore, **HR is the central owner** of defining and establishing regular updating cycles. Additionally, HR ensures consistent career framework elements.

On the other side, the **business is the functional owner** driving the active use of career framework data and is responsible for providing technical expertise. The business is also responsible for highlighting needed updates.

To accomplish business targets and align overall company strategy, companies must allocate responsibilities — and define them clearly — to foster collaboration between HR and the business. To leverage the full potential of a career framework, both HR and business need to actively contribute.

## Competency model and competency profile maintenance

To ensure that the competencies used are relevant for the business and up to date with market requirements, maintenance is crucial. Surprisingly, fewer than 20% of organizations have a standardized maintenance process in place. For the most part, updates are conducted selectively and owned by HR (general) (46%) or L&D (43%). Managers (26%) and HRBPs (15%) are held to less accountability. With shared responsibilities, conflicts of interest might arise. Frameworks and systems enable transparency and increase the quality of discussions and decisions.

Figure 12. Responsibility for competency model maintenance



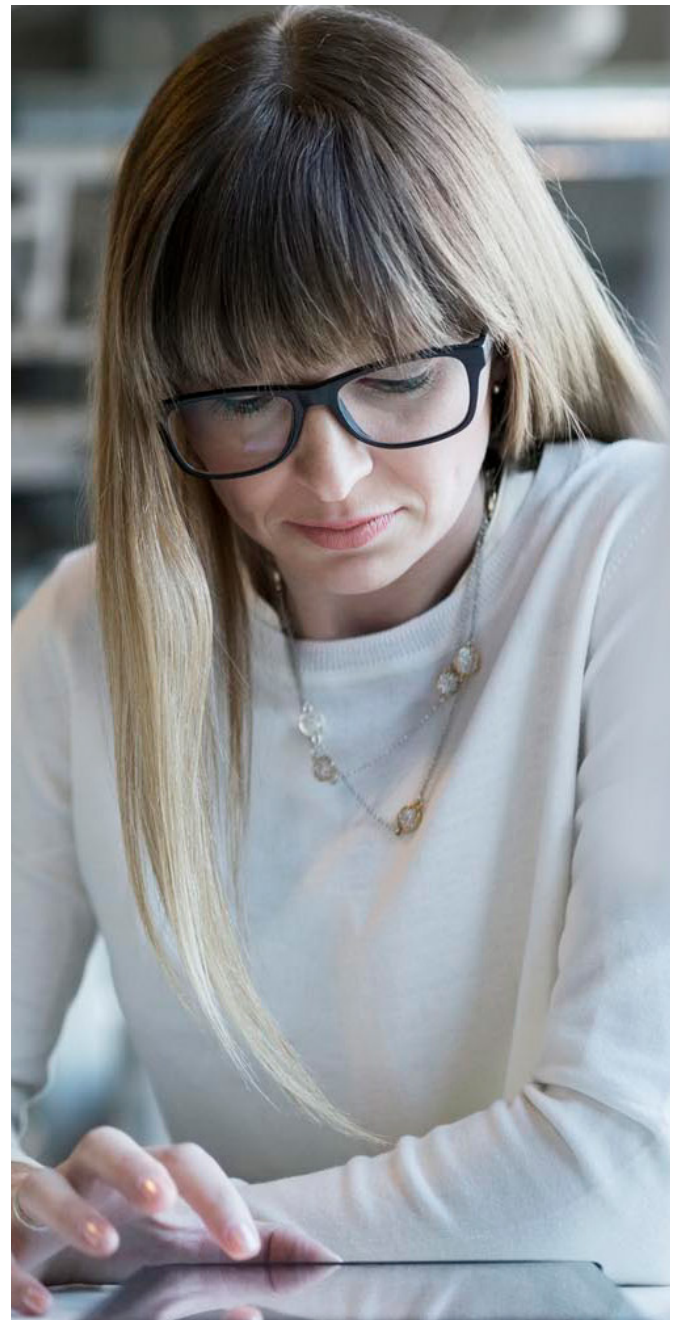
To address common issues with implementing a maintenance process, companies must think about the use cases of the framework. Design a career framework so that maintenance is not a matter of assigning responsibility but rather a natural, regular updating process — responsible parties update competencies while using them in their day-to-day practice.

Research indicates that changing market requirements and jobs are the main reasons for updating competency profiles, which is most often done directly in the respective HRIS. Without automated updates of competency profiles, the business has an increased responsibility to communicate new competency needs to HR since they are most likely to be aware of changing capability requirements. Any interaction between HR and business along the HR value chain (for example, recruiting, L&D) can start a dialogue about competency profile updates.

**> 70% of organizations conduct irregular competency updates; that is, event-driven (32%) or selective (42%).**

**76% of HR, 20% of managers and 4% of employees update the competency profiles through systems — often based on conversations.**

On top of the responsibility for maintaining competency models and profiles, companies must also deal with data protection issues. Even though transparency ranks as a positive characteristic and as very important, it can come with some anxieties. Employees might fear becoming too transparent, with no limits on how their employers can screen them. Resulting conflicts of interest may be hard to solve. Determining what degree of detail is needed at what level, as well as who should get what kind of information, helps companies design appropriate models and processes.



# Implementing career frameworks

## How to implement career and competency management from a technological perspective

### A mix of HRIT platforms and startup solutions

Defining a career framework and competency model is the first step in creating functional career management. But bringing it to life requires adequate technology. Most companies use HR suites as basic HRIT platforms but enhance them with innovative startup or self-made solutions to improve automated competency management.

Companies can rely on three different types of technologies for managing competencies:

1. **Suite solutions** that are holistic and come as a package
2. **Best-of-breed solutions** that are the best of their kind and are often used in modules
3. **Startup solutions** that are innovative and often niche solutions

The most frequently used platform in the market is SAP SuccessFactors, followed by Workday and Cornerstone. Interestingly, 25% of participating organizations already use startup solutions.

In the future, many companies aim to capture competencies automatically using algorithms or AI (often provided by startup solutions). Companies can do this by **crowdsourcing skills** as an ongoing process, or they can base competencies on a **skills gap analysis** to derive measures that close these gaps. Creating a **company LinkedIn** platform is another common trend for increasing digitalization.

Automated capturing of competencies is only one part of a wholly automated competency management process. A holistic technological solution does not yet exist in the market. Organizations are struggling to find the one technology platform that fits their needs and are therefore experimenting with different solutions.





## Innovative solutions to enhance HR suites (examples)

### In talent management:

**Lexonis** enables cloud-based talent management built on IBM Watson Talent Frameworks. It helps companies better understand workforce capabilities and define, manage and assess competencies. Lexonis allows organizations to view, manage and share job competency profile data from a secure online location to leverage employee assets, competencies and skills.

**Eightfold** is an AI-based platform that connects recruiting, management and data-driven analyses to create individual career paths based on an employee's skills and potential. It uses deep learning, personalization, optimization and equal-opportunity algorithms to detect candidates who are most likely to succeed in a job based on skills and potential.

**Mettl** offers a cloud-based assessment platform that allows companies to build a tailored assessment portfolio; for example, for L&D and recruiting to evaluate talent holistically, hire the right talent and develop the right skills. The solution allows testing of 3,000+ skills in psychometric or technical assessments and simulations. It also offers a hackathon platform, a case study simulator and a 360-degree feedback tool.

### For planning workforce and talent movements across the organization:

**Dynaplan** is a workforce planning software platform using analytics technology and scenario simulation for modifying assumptions and budgets for strategic workforce and business planning. The platform provides flexible simulation modeling to identify gaps between workforce supply and demand and to display how the gaps develop over time for each job cluster.

**Fuel50** provides a talent platform for personalizing career paths, including connecting directly with mentors, coaches and colleagues, to create employee engagement and retention. Fuel50 offers gamification, AI and 360-degree feedback to drive succession and talent development as well as performance management.

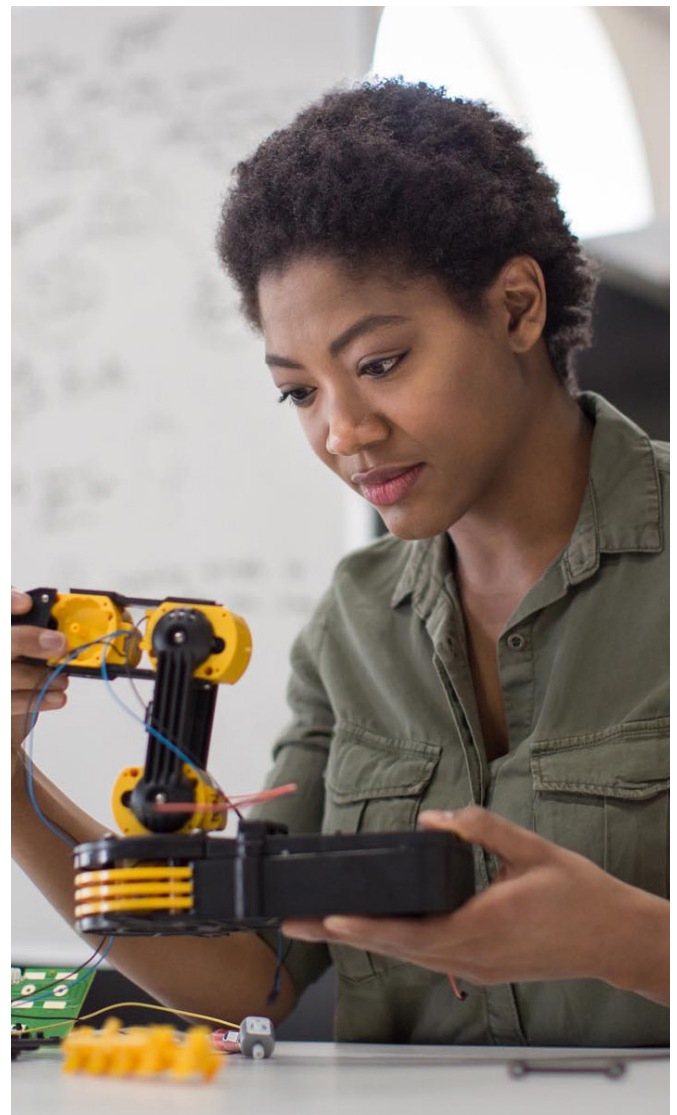
**Maize/H-farm** explores the impact of technology on business, education and society with an anonymized self-assessment of technical competencies. This personalized e-learning platform on digital skill transformation provides an initial assessment and allows the user to create a tailor-made path based on knowledge level.

### Regarding education and learning:

**Burning Glass** offers a software platform to compare job postings with candidate profiles, to analyze and assess skills, and to identify gaps and development opportunities. The use of real-time job data lets companies track trends, identify new and emerging skills, and uncover skills in short supply.

**Edcast** is an AI-powered cloud solution that can access knowledge from an existing learning management system (LMS) or any external learning provider. The learning software offers pre-built and customizable dashboards to track learner completion in a personal learning library.

**General Assembly** teaches entrepreneurs and business professionals practical technology skills online or at campuses in numerous countries. The education organization offers short courses, online classes and immersive 10- and 12-week courses in data, design, technology and marketing.





## What's next?

There are many approaches to managing careers and competencies available in the market. The majority of companies tend to use traditional methods, but the desire for something new is evident. Almost half of organizations use or plan to use innovative approaches, such as a company LinkedIn platform, online self-assessments and an internal talent marketplace.

A **company LinkedIn** platform enables employees to tag their skills and competencies to their profiles so available resources are openly communicated within the company; for example, to facilitate project staffing. Among participating companies, 38% are already using such a platform or plan to do so.

**Online self-assessment and skills-gap analysis** allow employees to assess their competencies and skills by job profile. Results suggest potential skills gaps that companies can use to derive development measures. Survey results show that 48% of participants currently use or plan to use such assessments.

An **internal talent marketplace** facilitates the internal organization of talent supply and demand; for example, senior managers can recruit internally to engage talent to participate in their projects, and employees may choose projects according to their skills. This approach is currently in use or planned for future use by 46% of organizations.

There are many other possibilities, but only a few are currently in use. For example, more than 80% of participants say they have only heard of or are even unfamiliar with skill mining or competency-based task management.

**Skill mining** refers to a knowledge management tool that automatically identifies employees' skills by analyzing past behavior — such as questions answered or documents created — similar to crowdsourcing.

Competency-based **task management** means that tasks are no longer organized based on workforce structure but on the individual skills available in the organization.

Another innovative approach is the use of a **simplified competency framework**. This framework focuses only on core competencies to avoid an overly detailed and complex competency catalog. Although this sounds promising, 71% of participating organizations say they have only heard of it or are unfamiliar with it.

Of course, not all approaches are suitable for every company, and there are many different ways to boost career management. Companies can benefit from transparency about skills (both available and required), facilitate internal recruiting and foster the responsibility of employees to own their careers. Organizations should identify which of the upcoming innovative approaches are most useful for overcoming their specific challenges.



## Expectations for the future of career and competency management

Overall, the key goals of career management efforts remain the same: Transparency, simplicity, company-wide (ideally global) consistency and enhanced user experience on a single platform continue to top the list. However, there are some new developments, such as an enhanced focus on skills in addition to competencies.

**Figure 13.** Expectations for the future of career and competency management





## Closing thoughts

Career frameworks are emerging as the best answer to the challenges organizations are facing today. Amid digitalization, talent shortages and shifting perceptions in how jobs and careers contribute to personal well-being, HR functions seek to define “the new normal” and organize the future of work.

The conversation about competencies and job architectures might not be new. Yet thinking about how they connect is a hot topic in the market: career frameworks bring job profiles together with capabilities and make them available to all users in an organization. *“Ensuring that the right skills are in the right place at the right time to achieve operational and strategic business goals”* is still the common objective.

With the rapid speed of change in jobs and employee experiences, the understanding of careers — and consequently, career management — is shifting. Flexibility is crucial in times of constant change. The COVID-19 crisis has demonstrated just how true this is in almost all dimensions of work and life.

Many organizations agree that having a career framework in place is the best way to manage this change. By building on a consistent structure for both jobs and competencies, a career framework creates one HR for all organizational customers, ensuring a consistent record of available capabilities — and those that need development. This alignment of talent management between HR and business across the employee life cycle creates an enhanced employee experience.

The question that remains is how to achieve the necessary flexibility within a rigid framework. Is there a one-size-fits-all approach to a career framework? Our survey reveals that, although there are different methods for career management, **most organizations (75%) follow a holistic approach**, striving to integrate their job architectures with competencies. Critical factors for success include **reducing complexity, ensuring stakeholder buy-in** — by involving the business in identifying and developing competencies — and **achieving clarity about the application of the framework in advance** through targeted use cases.

Many companies have established values, core and leadership competencies, but **skills are becoming increasingly important**. Having the right **functional capabilities available informs strategic make-or-buy decisions**. A few companies are **experimenting with new technologies** to make use of the detailed information that AI algorithms already provide. But **transparency also has its downsides** and should be treated with care. Companies must ultimately determine whether their employees, works councils and the overall company culture provide the environment for detailed information exchange on an individual level.

Overall, the Holy Grail of **career management** seems to be **unique** for every organization. Depending on the business strategy, specific company needs and the use cases across the employee life cycle, the experience and lessons available in the market can help determine the best solution for the particular context — and prevent making the same old mistakes.

**Proven methods** can and should be reasonably **enriched** by the many **innovative new approaches and technologies**.

Understanding the problem a career framework must solve is the basis for its design, application and implementation. And this starts with a question for which every organization must find its own unique answer:

**What does career mean for us today, and what will it mean in the future?**



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