

The importance of clear performance definitions: comparing competencies and skills

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People often discuss employee performance using very vague terms. Many of these terms sound emotionally powerful, but lack any common, agreed upon meaning (e.g. passion, team spirit, A player). Managers who discuss performance using these vague sorts of terms are likely to frustrate employees. There is nothing motivating about being told to “work smarter, not harder” or “give 110%”. All it does is tell people that they are doing something wrong, without giving any insight into what they actually should be doing.

Another reason why clear definitions are important is because many performance management terms have ties to specific psychological concepts related to employee behavior. For example, there are very concrete differences between employee competencies and employee skills. Many competencies are associated with inherent personality and ability traits that are influenced by genetics and in many cases cannot be significantly changed or developed. Skills are associated with knowledge and capabilities that people can acquire through formal education or on-the-job training and experience. Training methods that can effectively develop employee skills often fail when used to change employee competencies.

A final reason to adhere to specific performance definitions is to avoid having terms losing their meaning. This is a particular problem associated with the term “competency”. The concept of competencies calls attention to the unique influence that employee behavior has on job success. It reinforces the fact that job performance is a result of many behaviors, and there are many ways to succeed and fail in a job. Unfortunately, the term competency is sometimes used to describe virtually any aspect of an employee or job that is related to job performance. It is at risk of becoming a word that is used for everything, and therefore becoming a word that means nothing. Competencies should ideally be used to describe categories of employee behavior that drive success within a job or work environment. Competencies, like behavior, are not something employees “have”. They are things an employee either displays or has displayed in the past. Employees may have skills, qualifications, aptitudes, or interests associated with certain competencies, but you can never know if an employee will actually display a competency until you observe them in a job.

We define competencies as “generalized clusters of job relevant behaviors that do not necessarily rely on specific technical knowledge and experience”. They are distinguished from skills that may also influence job success. Table 1 lists several ways that competencies and skills differ from one another. From a psychological perspective, competencies focus on behaviors that are influenced primarily by a person’s natural motives, interests, and abilities rather than their specific knowledge of technical facts and information. To put it another way, your past education, training, and experience determine what you know how to do, but competencies reflect how you actually use that knowledge to get things done. One way to test if you are talking about a competency versus a technical job behavior is by considering if someone would ever say “I don’t know how to do that”. People may admit to being less effective at certain competencies, but it is unlikely for someone to say they simply do not have the knowledge or experience a competency requires. For example, you can imagine someone saying “I don’t know how to use Excel”, but it is hard to imagine someone saying “I don’t know how to Build Relationships”.

This distinction is important because the methods used to assess and develop competencies are much different from the methods used to assess and develop skills. Competencies are primarily developed through providing people with job experiences that increase their self-awareness and self-management skills with regard to behaviors related to the competency. They can only be fully assessed through observing employee behavior on the job. In contrast, skills are usually developed through providing people with formal training, instruction and education. Skills can be evaluated to some degree by observing on the job behavior, but they can also be effectively evaluated using standardized tests or job simulation exercises.

Simply making managers and employees aware of the difference between job competencies and job skills can significantly improve the quality of performance conversations. Managers will be able to provide more accurate advice on how employees can increase their performance, and employees will better understand what is required to act on this advice.

Table 1

Competencies	Skills
Behavioral categories that influence job performance such as “building relationships”, “managing stress”, or “planning & organizing”	Knowledge & experience required for jobs such as “C++ programming”, “employment law”, or “post-merger integration”
People are “effective or ineffective” at competencies	People “know or don’t know” skills
Less than 100 competencies can describe the jobs in most large companies	Over 1000 skills are needed to describe the jobs in most large companies
Competencies tend to stay the same over time; they do not change much	Skills change significantly as new ones are created and others become outdated
Competencies are primarily developed as a result of on-the-job learning	Skills are developed through a mix of formal training, education & experience
People struggle to assess their own effectiveness with regard to competencies	People can assess their own skills if given clear definitions for proficiency levels