Transform Your
Hiring Strategy

Your Guide to Mastering Competency-Based Interviewing

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Your guide to mastering competency-based interviewing

In today's competitive landscape, securing top talent has become increasingly challenging for UK businesses.

With our research showing that six in ten companies face a scarcity of candidates with the necessary skills, the average vacancy now takes over a month (4.8 weeks) to fill, significantly impacting productivity and performance. In response, a quarter of employers are prioritising enhancing recruitment strategies.

By providing a structured method to assess candidates, competency-based interviews can help overcome these challenges. By delving into real-life examples, these interviews enable comprehensive assessments that allow employers to identify talent that aligns with their long-term objectives.

In this guide, we'll explore how you can master competency-based interviewing. From identifying key competencies to formulating targeted interview questions and implementing effective feedback mechanisms, we'll cover everything you need to know to revolutionise your approach to talent acquisition.

What are competency-based interviews?

The Chartered Institute of Personnel and Development (CIPD) has revealed that competency-based interviews are now the most common form of interview structure.

But what are they?

In short, competency-based interviews follow a structured set of interview questions specifically designed to assess whether a candidate has the specific skills, knowledge, behaviours, and experience required for a particular job.

Whether gained in a previous job, through studying, or outside of work, competency-based questions typically prompt candidates to provide concrete examples of when they have demonstrated the skills relevant to the role.

Leaving open-ended questions to the side, these interviews are based on the theory that if someone has previously shown these competencies, they will be able to do so again in the future, allowing employers to make objective and consistent decisions when evaluating potential hires.

Key competencies

Research from Deloitte has found that 98% of business leaders want to move towards being a more skills-based organisation. This hinges on the people in each position having the right skills, behaviours, knowledge, and experience to do what's expected of them and succeed in the role.

While specific skills and expertise will vary across different industries, there are some common competencies that can serve as a useful framework for your hiring. Let's take a look at some of the specifics.
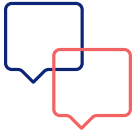
Communication

A successful team requires people who can effectively share information, ideas, and feedback with colleagues, customers, and stakeholders. This not only includes clear writing and speaking skills, but also active listening and the ability to adapt communication styles to different audiences and situations.

Problem-solving

Hearing first-hand how a candidate has dealt with a difficult situation can provide valuable insight into their fit for their role. From how they identified the issue to the way they overcame it, you will gain an understanding of their critical thinking, resilience, adaptability, and collaboration skills.

Leadership

Depending on the seniority of the role, you may want someone who has demonstrable experience in leading a team towards a shared goal. Beyond just previous management experience, this requires skills such as empathy, communication, vision, the ability to inspire and motivate others, and the commitment to go above and beyond.

Teamwork

Hearing examples of when someone has worked as part of a high-performing team will help you judge their fit for the role. This includes collaborating with others, sharing their ideas, overcoming challenges, and welcoming different opinions to achieve the team's objectives.

Decision-making

This involves seeking specific examples of when a candidate has been able to gather relevant information, weigh up all available options and map out potential outcomes in order to make an informed decision. The key skills include showing sound judgement, an analytical mind, as well as the ability to think quickly and communicate clearly.

Critical thinking

Asking for instances where a candidate has been able to consume information to make reasoned, evidence-based decisions will stand you in good stead for finding the right person for many roles. They should be logical, open-minded, curious, and able to grasp new concepts and information at speed.

The rise of competency-based interviewing

Data from the [Federation of Small Businesses](#) reveals that 82% of small firms are struggling to recruit people with the right skills and experience.

So, with the competition for talent heating up, it's no surprise that over a quarter of businesses believe that finding people with the right skills is their number one priority for the year ahead.

But how are they going about it?

Findings from Totaljobs show that 85% of employers are turning to skills-based hiring methods within their recruitment.

Whether it's rewriting their job adverts to spotlight the necessary skills (43%) or adopting competency-based interviews (40%), employers across the UK are changing the way they recruit. With these factors in mind, it's worth establishing the benefits employers can leverage by implementing a competency-based approach to interviewing.

Unlocking new talent

By targeting specific competencies, 4 in 10 employers believe they are attracting a wider pool of talent, with 35% saying it has also improved the quality of candidates.

When it comes to interviewing, by focusing more on demonstrable skills rather than just industry experience or qualifications, recruiters can identify people from outside their industry who fit the profile they are looking for, even if they don't necessarily meet the usual criteria.

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Reducing bias

Whether someone's particularly charming, has been to a prestigious university, or even has remarkable interests outside of work — unconscious and conscious biases can influence decision-making.

By focusing solely on candidates' answers, competency-based interviewing techniques create objectivity and ultimately, a fairer, more successful interview process.

This helps to mitigate the impact of bias and leads to tangible benefits in diversity, equity, and inclusion. In fact, 31% of employers have noted improvements in the diversity of their teams since embracing competency-based recruitment.

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Minimising risk

29% of businesses believe that competency-based recruitment methods shorten the time it takes to make a hire, with 23% believing it also reduces the cost.

Beyond this, it's well known that bad hires are expensive, hinder productivity, dent morale, and quite frankly, waste time for everyone involved.

By evaluating candidates using competency-based questions, recruiters can gain a clearer understanding of their key skills and abilities, and ultimately, whether they are a good fit for the role.

29%
of businesses believe that competency-based recruitment methods save time

Improving employee retention

Studies show that 3 in 10 new hires leave a job within the first 6 months, showing how important it is to get it right. Fortunately, 22% of businesses report that competency-based interviews help to improve employee retention.

By ensuring the successful candidate is well-matched to the job, competency- based interviews lead to higher job satisfaction and performance, reducing the likelihood of an early departure.

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Enhancing Employer Branding

Competency-based interviews help to ensure a positive candidate experience because each applicant knows that they are being judged fairly. As a result, over a third of employers believe that competency-based recruitment methods are helping to improve candidate engagement.

Ultimately, this model can leave both successful and unsuccessful candidates with a good impression of your organisation, helping to boost your employer brand and reputation, with positive experiences spreading by word of mouth and online reviews.

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6 steps to effective competency-based interviewing

Whether it's reaching a wider pool of talent, adopting a more diverse hiring strategy, or avoiding the risk of a bad hire, the benefits of adopting competency-based interviews are becoming clear.

But how do you go about it?

We've outlined 6 practical tips you can use to successfully embed them within your talent acquisition strategy and reap the rewards of a more skills-focused interview process.

1. Identify key competencies

Before preparing your questions, you'll need to know what competencies you're looking for. Finding these will depend on the industry you're in, your unique company culture, and of course, the specific role in question.

Make sure you're focused on the right competencies by:

1. Reviewing the job description, making a note of essential duties, responsibilities, and required knowledge and experience.

2. Talking to people currently working in the role or the line manager for the position.

3. Listing the skills, knowledge, and abilities you're looking for.

For example, if you're recruiting for a HR manager, key competencies might include:

- Communication and active listening
- Critical thinking
- Leadership and people management
- Negotiation

2. Formulate questions

Once you've identified what you're looking for in the perfect candidate, the next step is to craft competency-based questions that encourage candidates to provide specific examples in their responses.

For example, going back to the competencies outlined for a HR Manager position, you might consider asking:

> **"Can you tell us a time when** you have had to communicate sensitive information with senior stakeholders?"
>
> **"Can you describe your experience** in negotiating with potential hires?"
>
> **"Have you ever** led or managed a team during a period of change? **What was the outcome?"**

You may also want to prepare a series of follow-up questions to fall back on should the candidate go off-topic.

This could include questions like:

> "What steps did you take to reach that decision?"
> "What were the results?"

3. Inform the candidate

Interviews can be nerve-wracking for candidates, so it's beneficial to put them at ease in order to get a clear view of what they can offer your business. Ahead of the interview, let all candidates know that you will follow a competency-based format. This ensures they know what to expect and can come prepared.

This can be as simple as a message that lets the candidate know what to expect. For example:

> "During the interview, we'll discuss your CV and experience, ask specific competency-based questions related to this role, and address any questions you may have for us."

4. Come up with a scoring system

Once you have your questions, you need a consistent way to mark the answers that each candidate provides. Your aim is to hear specific examples of each competency in practice.

> So, create a simple rating system from 1 to 5 for each answer, where 1 means they didn't provide any evidence and 5 means they have shown an exceptional demonstration of the competency in question.

You can couple this with a checklist for 'must-haves' you want to see in the successful candidates. This will help support the scoring process and back up your decisions.

5. Stay objective

While it's important to break the ice with an initial chat, when you get into the swing of things, consistency is key. Asking each candidate the same questions and using the same scoring method ensures an objective assessment of their performance and fit for the role.

You don't want to intimidate them, so feel free to provide candidates with ample time to gather their thoughts, and prompt them with follow-up questions when necessary. You can maintain fairness by limiting the number of prompts given to each candidate and offering the same support to every person.

6. Take notes throughout

Last but by no means least — take notes. Keeping a record of a candidate's answers and the examples they provide will allow you to make a better decision after the interview, avoid creeping biases and provide clear and helpful feedback.

> You can do this by having one person who 'leads' the interview and is responsible for asking questions, and another who is tasked with taking notes. This is often the best way to ensure the candidate has your full attention while ensuring their responses are documented.
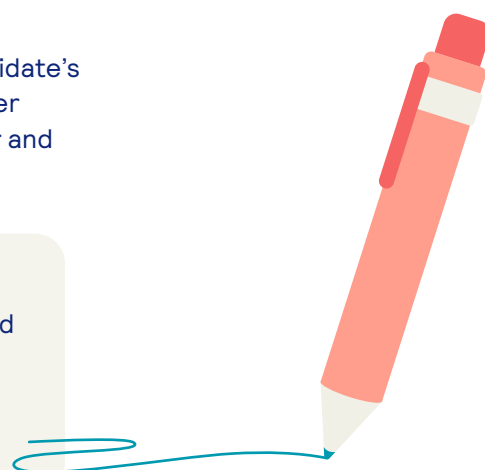
The structure of competency-based questions

For an impartial view of each candidate, it's best practice for any competency-based interview to follow the funnel technique. Doing so will give each candidate the best chance to display how they have the skills and traits needed for the role — and give you the best chance of a successful hire.

But what is it?

The funnel technique

The funnel technique is a structured way of conducting competency-based interviews.

It begins by inviting candidates to introduce examples of when they've demonstrated a specific skill. As the interview progresses, the questions become more focused, probing for specific details about their experiences, before finally clarifying what they have told you.

It's a tried and tested way of interviewing that allows employers to systematically assess a candidate's fit for the role. It also provides clarity to candidates, giving them the best chance to show their strengths, and ultimately, allow fair and objective decisions to be made.

Let's explore how you can structure your competency-based interview questions and the specific steps within the funnel technique.

Introduction

Kick things off by asking the candidate to provide an example of when they have shown the desired competency. For instance, you might ask, *"Describe a time when you hit a tight deadline?"*

When crafting competency-based interview questions, it's best to follow the TED method. This is where you begin your questions with, *'Tell', 'Explain',* or *'Describe'*.

For example:

“Tell me about...”
“Explain how you...”
“Describe a time when...”

Taking this a step further, if you're assessing competencies around problem-solving, you could ask:

> "Tell me about a time when you had to overcome a challenge to complete a project. How did you go about it?"

These types of questions clearly ask the candidate to share specific situations where they have shown the skills you're looking for.

Probe

Once the candidate has answered your initial question, you can delve a little deeper by asking follow-up questions.

A good candidate will likely have readied themselves for a competency-based interview by preparing answers that deploy the STAR technique.

This means their answer will cover the:

Situation: Describing the background or context.

Task: Describing the challenge they were faced with.

Action: Explaining what they did and how and why they did it.

Result: Describing the outcome, what they accomplished, or what they learned from the situation.

If a candidate's response doesn't fully address each of these, or if something particularly catches your interest, you can investigate further with questions such as:

- Who else was involved?
- Why did you take that course of action?
- What effect did that have?
- How did you deal with that?
- What were the results?

Clarify

After the candidate responds and you've probed for additional details, it's important to ensure clarity.

Before moving on to the next question, briefly summarise the key points of their answer to ensure you've understood them correctly. Give the candidate an opportunity to provide further details, or simply allow them to confirm with a simple "yes".

Doing this helps ensure that both parties are on the same page, that your notes and scoring are accurate, and that communication is running smoothly.

The top 5 competency-based questions to ask in candidate interviews

Want to use competency-based questions but not quite sure where to begin? Here are our top 5 questions to help you go beyond the CV, avoid biases, and gain a deeper insight into each candidate's experiences and skills.

Feel free to tailor them to your role, use them as a jumping-off point, or pick and choose what best suits the vacancy you're looking to fill.

Competency: Attention to detail

Q: Tell us about a project or task where accuracy and attention to detail were crucial. How did you ensure quality and prevent errors?

If the role in question requires accuracy and precision, asking a candidate to share a specific project where they've needed to show meticulous, error-free work can be a great way to hear first-hand how they may fit the role.

Competency: Conflict resolution

Q: Describe a time when you had to resolve a conflict between team members. How did you approach it, and what was the outcome?

From strategic vision to being able to motivate a team, there are a host of key competencies needed for any leadership or management position.

Sometimes overlooked is the ability to maintain good will between colleagues during periods of high workload. Asking an interviewee about their experience in managing difficult relationships can shed light on how they'd fare in managing a team within your organisation

Competency: Creativity

Q: Explain a time when you approached a problem or task in a creative or innovative way. What was the outcome, and how did it add value?

It's beneficial to have a team who are used to thinking outside of the box to achieve their targets. This question goes beyond asking candidates for specific examples of when they've used their intuition, prompting them to show how they link their actions with the success of the wider business.

Competency: Customer service

Q: Tell us about a time when you've had to handle a difficult customer situation and turn it into a positive experience.

In any customer-facing role, you want your team to be cool-headed, pragmatic, and empathetic. By asking them to share a specific instance where they have been able to resolve an issue for a customer and maintain a positive relationship, you can get a feel for how well candidates embody the soft skills you want as the face of your organisation.

Competency: Teamwork

Q: Describe a successful team project you were a part of. What was your role, and how did you contribute to the team's success?

Working as part of a high-performing team is a skill in itself. Finding out how a candidate views their own contributions within a wider picture can help you understand how well they would be able to contribute to your team projects. You can look out for how they credit their peers, talk about communication with colleagues, or their pride in what the team achieved.

Giving candidates competency-based interview feedback

According to PwC, three-quarters ([78%](#)) of candidates expect to receive interview feedback even if they are turned down for a role, with [our research](#) showing that it's a serious source of frustration when they don't.

So, as a rule, you should try and provide feedback to every candidate you interview.

That's because, whether or not they are successful, a positive experience during the process leaves a lasting impression of your brand and of you as an employer. Plus, with the amount of time that each candidate has dedicated to the process, it's only fair to return the favour.

While providing positive feedback is great, where relevant you should also take time to offer constructive feedback to help candidates to hone their interview skills and improve their career prospects going forward.

Providing feedback helps to:

- **Foster a future talent pipeline:** Just because a candidate is not successful now, it doesn't mean they won't be in the future. By offering feedback you can maintain a good relationship, sharpen their skills, and increase the likelihood of hiring them down the line.

- **Build your brand reputation:** Your employer brand is critical for attracting the best talent. Whether it's online reviews or word of mouth, word spreads. Leaving a positive impression with everyone who applies for your vacancies is key.

- **Protect you from sticky situations:** Every single candidate has the legal right to request feedback after interviewing for a job. Ensuring you document your feedback and get ahead of any potential requests can save a headache down the line.

Below we've outlined how you can offer candidates competency-based feedback.

Key areas to focus on

Following a competency-based interview, it's vital that the feedback you provide aligns with the knowledge, technical skills, and behaviours that were assessed during the interview.

Referencing your notes and scoring system from the interview, look to offer constructive feedback that focuses on:

- **Competencies:** Clearly highlight examples where the candidate demonstrated or fell short of the required competencies for the role.

- **Skillset:** Assess the candidate's strengths and weaknesses in relation to their qualifications for the job.

- **Development areas:** Provide actionable advice for how the candidate can perform better in future. This may involve key skills and behaviours they need to develop, or tips on how they can refine their approach to interviews.

Dos and Don'ts

When it comes to providing competency-based interview feedback to candidates, there are several key considerations to keep in mind. Here are some dos and don'ts to ensure that your feedback is effective and constructive.

Dos:

- Give specific feedback for each competency.

- Be constructive. Highlight their strengths and areas for development, pin-pointing what they might be able to do to increase their chances in future.

- Be based on facts and evidence. Point to specific answers they provided in comparison to the job description and competencies required.

- Be timely. Try to offer feedback within a few days of the interview, so it's fresh in the memory and no one's left waiting around.

Don'ts:

- Be based on assumptions. Stick to the facts and avoid phrases like, 'you seemed' and 'I think'.

- Address anything outside of the key competencies or their ability to do the role. Do not comment on unrelated skills, their personality, or their attitude.

- Make comparisons to other candidates within the process. This is unhelpful feedback to any candidate and won't benefit the conversation.

The results

Preparing competency-based interview feedback offers a range of benefits, including:

- **Objective information:** By scoring each candidate against each competency, you'll have clear and usable information that adds structure to your shortlist.

- **Informed decision making:** Whether it's a rejection, invitation to the next stage, or a job offer, by having a consistent way to measure each candidate you will be able to minimise the impact of bias and ensure that you have the best chance of making the right decision.

- **Readily available feedback:** While you should offer it proactively, having clear feedback ready and waiting for each candidate means you can avoid chasing your tail if a request comes.

Examples

Below are some examples of how you can offer competency-based feedback across a range of roles. Feel free to use these as a starting point for your vacancy, tweaking the specifics of the role, competencies, and feedback to meet your needs.

Example: HR Manager

The candidate clearly showed that they can demonstrate keen negotiation skills. They gave a strong example of how they were able to put a structure in place to increase the number of filled vacancies by 20% YoY, while remaining 7% under total staff budget. This is a key competency for the role of HR Manager at our company as we look to expand our team.

Example: Events Manager

The candidate didn't meet the required level for the organisation competency when interviewing for the role of Events Manager.

They gave an example of a previous event they supported the delivery of, however the candidate lacked evidence to show that they managed the entire end-to-end delivery of the event, directing others, or liaising with suppliers – instead pointing to the role that their team leader played. My recommendation is that the candidate attends a relevant course or spends time shadowing a more senior member of their team to hone their organisational skills.
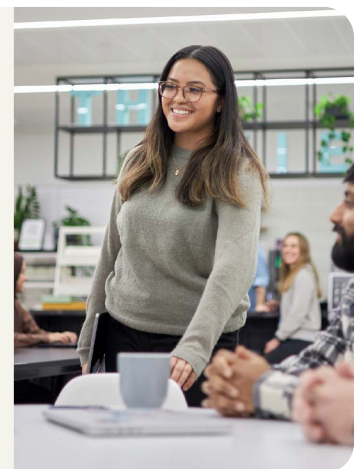
Example: Junior Data Analyst

The candidate did not give an example to show they could demonstrate the competency of using SQL to analyse large data extracts. This competency is crucial to this role and their answer lacked a clear example of how they have done this in the past. To work on this, I would suggest that the candidate attends a training course dedicated to improving their skills in using SQL.

Master competency-based interviewing and bolster your hiring

From broadening your talent pool to boosting retention rates among new hires, it's evident that competency-based interview techniques should be integral to your comprehensive people strategy.

By investing time in identifying the appropriate competencies for each role, crafting well-structured questions, establishing a robust scoring system, embracing the funnel technique, and providing actionable feedback to all candidates, you can significantly enhance the objectivity of your decision-making, mitigate biases, and ensure an exceptional candidate experience.

By embracing these insights and strategies, you can set yourself up for success and make the most of your next round of interviews.