THE DEVELOPMENT OF HUMAN RESOURCE PRACTITIONER COMPETENCY MODEL PERCEIVED BY MALAYSIAN HUMAN RESOURCE PRACTITIONERS AND CONSULTANTS

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Abstract

The development of HR competency models/frameworks is an area that has gained a great deal of interest over the years. Most of the notable HR competency models are developed in the US and Europe. HR competency models can assist HR Practitioners to observe their tasks and work dimensions, the competencies they are expected to acquire, and hence profess them. The aim of the study was to develop an empirically substantiated HR Practitioner Competency Model. The HR Practitioner Competency Model with significant competencies was developed through the administration of a self developed survey questionnaire and the target respondents were the HR practitioners and HR consultants in Malaysia. The study undertaken is an extrapolation of the notable studies carried out primarily by Brewster *et al.* (2000), Brockbank and Ulrich (2003), and Ulrich *et al*. (2008). The competency domains in the generic/behavioural competency category, business competency category, and the technical HR competency category were analysed using Exploratory factor analysis (EFA), Confirmatory factor analysis (CFA), and Structural equation modeling (SEM). Altogether 12 competency domains and 103 items were analysed. The competency categories significant in the study were the generic/behavioural competency category and the technical HR competency category. The business competency category was not significant in the study. The competency domains significant in the HR Practitioner Competency Model were: relationship building and process drivers; personal credibility and attributes; resourcing and talent management; and employee relations and compliance. Altogether 14 competency factors were significant in the study and these include process management, flexibility, information seeking, strong initiative, pride at work, pro-activeness, ability to change, leadership, organisation development, career planning, succession planning, human performance improvement, discipline, and occupational safety and health. The empirically tested HR Practitioner Competency Model was derived in a local Malaysian cultural setting and it will benefit the HR practitioners, HR consultants, HR communities of practice, the academia, organisations, and other related individuals.

APPROVAL PAGE

I certify that I have supervised / read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, as a thesis for the fulfilment of the requirements for the degree of Doctor of Philosophy.

……………………….........

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Declaration

I hereby declare that the thesis is submitted in fulfilment of the PhD degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

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List of Abbreviations

AFTA	Asian Free Trade Agreement
AGFI	Adjusted Goodness-Fit-Index
AHRI	Australian Human Resources Institute
AIC	Akaike’s Information Criterion
AMOS	Analysis of Moment Structures
AOEs	Areas of expertise
ASTD	American Society for Training and Development
AVE	Average Variance Extracted
CAIC	Consistent Akaike’s Information Criterion
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CIPD	Chartered Institute of Personnel Development
CMIN	Chi Square
CMIN/df	Normed Chi Square
df	Degree of Freedom
DOL	Department of Labour
DV	Dependent variable
ECVI	Expected Cross – Validation Index
EFA	Exploratory Factor Analysis
EOSC	Employment Occupational Standards Council
EPC	Expected Parameter Change
EQS	Equivalent Structural Modeling
FMM	Federation of Malaysian Manufacturers
GDP	Gross Domestic Product
GFI	Goodness-of-fit index
GLM	General Linear Model
GOF	Goodness-of-Fit
HCM	Human Capital Management
HR	Human Resource
HRBOK	Human Resource Body of Knowledge
HRCI	Human Resource Certification Institute
HRCS	Human Resource Competence Study
HRD	Human Resource Development
HRDC	Human Resources Development Council
HRM	Human Resource Management
IFI	Incremental Index of Fit
IPMA	International Public Management Association
IV	Independent variable
KSA	Knowledge, Skills, and Attitudes
KPI	Key Performance Index
MI	Modification Index
MLI	Maximum Likelihood Indicator
MNCs	Multinational Corporations
NAPA	National Academy of Public Administration
NCS	National Competency Standard
NCVER	National Centre for Vocational Education Research

NCVQ	National Council for Vocational Qualification
NFI	Normed Fit Index
NNFI	Non- Normed Fit Index
NOSS	National Occupational Skills Standard
NCSU	North Carolina State University
NSTF	National Skills Task Force
OECD	Organisation for Economic Co-operation and Development
PHR	Professional in Human Resource
PNFI	Parsimonius Normed Fit Index
PwC	PricewaterHouseCoopers
RCMP	Royal Canadian Mounted Police
RMSEA	Root Mean Square Error of Approximation
RMSR	Root Mean Square Residual
SCANS	Secretary’s Commission on Achieving Necessary Skills of United States
SEM	Structural Equation Modeling
SHRM	Society for Human Resource Management
SMC	Squared Multiple Correlation
SME	Small and Medium Enterprise
SMIs	Small and Medium Scale Industries
SPHR	Senior Professional in Human Resource
SPSS	Statistical Package for Social Sciences
SRMR	Standardised Root Mean Residual
TLI	Tucker-Lewis Index
VE	Variance Extracted
WFPMA	World Federation of Personnel Management Associations
WLP	Workplace Learning and Performance

CHAPTER 1

INTRODUCTION

1.1 Background

The world of "work and organisation" is becoming even more demanding and turbulent today (Burke and Cooper, 2004). The accelerating rate of change in world economic conditions is exerting enormous pressure on businesses and industries to become more competitive (Dubois, 1998). Day by day, new strategic planning tools, concepts and approaches are being developed to make organisations more efficient and effective.

World wide socio-economic developments such as globalisation, increasing speed towards a service economy, shorter product life cycles, changes in workforce demographics, focus on customer loyalty, the increasing *war on talent,* and emphasis on financial performance challenges the human resource (HR) function in its role for creating added value to the organisation (Brockbank *et al.,* 2002; and Bucknall and Ohtaki, 2005).

Rapid economic globalisation insists on capability to operate in different cultural settings. Countries such as India and the Republic of China where the foreign direct investment was low in the past are steadily growing recipients of this investment. It is necessary to acknowledge the growing complexity of inter- and intra-organisations and multiple cultures in a globalising business context (Keršienė and Savaneviciene, 2005).

The importance of the role of human resource management (HRM) in organisations today is far greater compared to that in the past. Traditionally, the function of HRM in the past was operational and mainly focused on administrative tasks, developing and managing recruitment, carrying out performance appraisal, paying compensation and benefits to the employees, and handling staff welfare. Generally these activities are operational and they are not related to the organisational strategy (Noe *et al.,* 2000).

Today, the function of HRM is more strategic as the human resource (HR) plans and strategies are developed on a long term basis, considering likely changes in the society, industrial relations systems, economic conditions, legislation, global, and technological issues as well as new directions in business operations (Compton, 2009).

Ulrich (1997) lists eight major challenges currently facing organisations and these include globalisation, responsiveness to customers; increasing revenue and decreasing cost; building organisational capability; change and transformation; implementing technology; attracting and developing human capital; and ensuring fundamental; and long lasting change. As a result of these, competition among organisations has significantly increased. Most organisations can copy technology, manufacturing processes, products, and strategy. However, the HRM practices and its organisation are difficult to copy, thereby representing a unique competitive advantage (Pfeffer, 1994, 1998). To be successful in the future, organisations will have to build organisational capability. Human resource professionals and HRM practices will be required to create value by increasing organisational competitiveness (Ferris *et al.,* 1999).

How do we create organisations that add value to the investors, customers, and employees? Human resource management is increasingly becoming an important consideration in organisations. This is especially true in a competitive environment where the management realises that there are certain limitations to the inputs of technology, however advanced it may be. Although sophisticated technology is available to organisations that can afford it, possessing this technology does not guarantee success. Ultimately it is the human capital in the organisation and their collective efforts that are going to make the difference between success or failure of the business.

The organisations today cannot ignore the fact that their employees come from a very diverse background. Today, besides ethnicity, culture, gender, religion, customs and education, there are some other very important considerations such as individual needs, motivation and work preferences that workers have and bring with them into an organisation. Managing the modern workforce requires an approach in which the manager would need to formulate new suitable and compatible solutions that may be complex, but are however competitive and sustainable and could adequately meet the needs of employees in the organisation.

Performance management practices such as selective hiring, extensive training, sharing of information, etc. lead to performance results. Human resource management practices influence employee skills through the acquisition and development of human capital (Wright *et al.,* 1994). Effective recruitment and selection practices can provide the organisation with highly qualified individuals. Training and development opportunities contribute to human capital development.

Human resource management practices can also influence levels of motivation through the use of performance appraisals, pay-for-performance incentives, etc. (Brown *et al.,* 2003). Human resource management practices, too, can also influence the design of work so that highly motivated and skilled employees can use what they know in performing their jobs (Wright and Boswell, 2002).

The concept of HRM continues to be debated in the academic literature. The concept was initially coined in the United States of America (USA) in 1960s and 1970s and since then, it has been adapted increasingly around the world (Brewster, 1995). In the struggle to think of new approaches to HRM, many private businesses and government entities are moving towards competencies and competency-based systems as the answer to meeting organisational needs. Competencies can be used to facilitate change in human resource. There is recognition that the role of HRM is moving from an emphasis on rules to focus on results and deliverables. To help facilitate the paradigm shift, both public and private organisations recognise the importance of identifying new competencies (NAPA, 1996).

A great deal has been written on the evolving role of human resource and the shift from a more transactional to strategic, or transformational role by authors including Boudreau and Ramstead (2007), Compton (2009), Flamholtz (2005), Phillips (2005), Nankervis *et al.*(1999), and Ulrich and Brockbank (2005). The authors, too, compared the traditional role of human resource with an emerging need for a more strategic function. Traditionally, the role of human resource has included a fair percentage of administration work, which in many organisations has now been outsourced, substituted for advanced information technology programmes, or in some way reorganised within the overall structure of human resource.

According to Ulrich and Brockbank (2005), it was rather rare and unusual for HR to get involve with external customers twenty years ago. HR professionals concentrated on staffing, compensation, training, policies, and other programmes that primarily focus on employees and kept companies legally compliant. In the last decade, the concentration was on becoming business partner and aligning the work with business strategies. HR professionals have been coached to spend time with general managers and their counterparts in sales, marketing, and manufacturing to ensure that HR work helps to deliver business results. Human resource must value the finance and sales perspective and without this HR is redundant (Ulrich and Brockbank, 2005).

The strategic role of HR leaders in their organisations has changed considerably, especially during the past five years. Senior managers continue to struggle with how to redesign and expand the role of HR function and the system of workforce management practices to enhance the value (Becker and Huselid, 2006). Ulrich *et al.* (2009) asserts that as business challenges become more complex, HRM must transform to contribute to the changing demands. This include the organisation of HR departments, and the design of the HR practices in relation to business requirements.

Boselie and Paauwe (2005) asserts that in the future, human resource manager is expected to be an entrepreneur who is willing to take risks, is customer oriented, has business knowledge and specific HR knowledge, is responsible and accountable for human resource results, is open minded, and knows how to motivate and persuade people, and implement and facilitate change.

Globalisation of individual companies and capital markets over the past two decades has changed the business landscape. Many US organisations have expanded operations overseas. To respond to global competition, organisations are adopting new technologies to provide better, lower-cost solutions for their customers and competitors. At the same time, global capital markets are putting pressure on firms to innovate and reduce costs (SHRM, 2008).

With global economic uncertainty, technological change, customer demands, demographic transitions, and industry convergences, HR issues are more important to leaders now than ever before (Brockbank and Ulrich, 2003). Global competition has become so intense that HRM professionals are tasked by their organisations to optimise the skills, talents, and creativity of every employee. Failure to do so will probably mean that the organisation will be unable to compete in the globally interconnected world (Junaidah, 2007).

In Asia and as in most parts of the world, HR management in the 1970s was known as personnel management. The themes then were employee welfare and participation. In 1980s, the emphasis was on training, development and empowerment; in 1990s, the emphasis was on talent management and engagement. But in the new millennium, the emphasis is on talent war and how to win it (Chua, 2009).

Malaysia is no exception to these challenges. HRM is presently a rapidly growing discipline in Malaysia. Also aided by researchers and practitioners, the area of training and development itself has grown significantly in recent years in Malaysia. The term "human resource development" or even "human capital development" is increasingly being used to replace training and development. The amount of development in this area will benefit the development of people at work which will sharpen the competitive edge of participating organisations (Yong, 2003). This could be so because of the importance given to talent management and retention in organisations today.

Ulrich (1997) in his book, *Human Resource Champions* challenged HR to shed its old myths, adapt new competencies, redefine its roles to focus on results, and evolve into a true profession that makes a difference for the organisations. The complex challenges faced by organisations and the strategic thinking on professionalism of human resource over the past decade has somewhat led to the growing momentum on the development of HR competency models. HR competency models can assist in refocusing and revitalising the HR profession and the workforce.

To be effective in organisations, HR practitioners have to change and transform themselves as business partners (Ulrich, 1997). As business partners, the HR practitioners must practice four roles as a strategic partner, as a change agent, as an administrative expert, and as an employee champion. Each role furthers the goals of both the business and its employees.