

Human Resource Competencies and Their Relationship with Human Resource Management Effectiveness

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Abstract. This research aims to study the relationship between Human Resource (HR) Competencies (knowledge of business, HR functional expertise, and managing change) and Human Resource Management (HRM) Effectiveness. The uniqueness of this paper lies in its attempt to test these relationships, which contribute to the current literature, which is very limited in this area. The sample for this research includes 201 HR professionals. Data were analyzed using SPSS Version 20.0. The findings provide strong support for all hypotheses developed for this study.

Keywords: human Resource Competencies, Knowledge of Business, HR Functional Expertise, Managing Change, HRM Effectiveness

1. Human Resource Management

Human resource management (HRM) concerns the people that influence operations, productivity, the quality of work life, and productivity [1]. The operational objectives of HRM of a corporation is to access and maintain an adequate level of manpower strength, in terms of both quality and quantity, needed to achieve organizational/business goals while providing its employees a productive, safe, happy work environment, and satisfying terms employment [2]. Nowadays, HRM has changed its role, from general administration to HR strategic partner [3]. The core competitive advantages of an organization are based in the foundation of its human resources or human capital [4].

2. Human Resource Competencies

There are a few major studies on HR competencies. Abdul Hamid, Raja Mohamed Fauzi, and Juhary [5] developed an empirically substantiated HR Practitioner Competency Model based on Malaysian context. Altogether 12 competency domains were emerged: leadership, building work relationship, personal credibility and attributes, self-development, entrepreneurial and business acumen, strategic orientation, customer orientation, essential performance enablers, resourcing and talent management, learning and development, rewards and performance management, and employee relations and compliance,

Erasmus, Loedolff, and Hammann [6] reported on research into the required competencies of HR development practitioners in selected South African organizations. Their data analysis indicated that, firstly the importance of various competencies and the present satisfaction level, and secondly the differences between groups of some biographical variables in terms of the average level of importance and satisfaction of competencies.

de Pablos and Lytras [7] analyzed in depth the organizational requirements for the exploitation of HRM towards increased organizational performance, and to provide a conceptual framework for the analysis of HRM in learning organizations. The major contribution of their paper is the Requirement Framework for the Adoption of Technology Enhanced Learning and Semantic Web Technologies, which can guide strategies of effective competencies management in modern organizations.

Wan Khairuzzaman and Long [8] examined the strategic contributions of HR professionals to organization. The study analyzed the relationship of HR competencies (business knowledge, strategic contribution, HR delivery, personal credibility, HR technology, and internal consultation) with demographic

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factors of HR profession such as experience, education level, firm's size, and salary. The paper also argues that business and human resource related competencies are related to certain HR roles in an organization

In Hong Kong, a study examining required human resources competencies in the future was conducted by Selmer and Chiu [2]. They found Change Agent, Professional Personal Skills, and Innovation and Crisis Management had the largest assessed differences between the two groups of CEOs and HR practitioners. The CEOs also thought that high levels of these three competencies would be required in the future.

Ulrich, Brockbank, Yeung, and Lake [9] showed critical HR professional competencies in those domains as 18.8% for business knowledge, 23.3% for functional HR expertise, and 41.2% for management of change.

A lot of research has been done on HR competencies. HR competencies described by Ulrich was chosen in this project because it is the most widely cited study of HR competencies as highlighted by McEvoy, Hayton, Warnick, and Mumford [10]. In addition, most work on HR competencies was conducted by Ulrich and colleagues [9, 11, 12]. The dimensions used were *Knowledge of Business, HR Functional Expertise, and Managing Change*.

3. Previous Studies on Human Resource Competencies and Outcomes

Article by Ulrich, Younger, Brockbank, and Ulrich [13] aimed to describe partial results of the 2012 Global Human Resources Competency Study (HRCS). They pointed out the six fundamental competency domains that HR professionals must demonstrate to impact business performance – strategic positioned, credible activist, capability builder, change champion, HR innovator and integrator, and technology proponent. They also found that HR professional competence explained almost 10 percent of business success. But the competencies that predict personal effectiveness are slightly different than those that predict business success, with insights on technology, HR integration, and capability building having a greater impact on business results. HR professional competence and the HR organizational effectiveness required for contribution and sustained high performance.

Choi, Wan Khairuzzaman, and Salmiah [14] examined the competencies of HR professionals from Malaysian manufacturing companies in the southernmost state of Malaysia, Johor. The competencies that are examined are business knowledge, strategic contribution, HR delivery, personal credibility, HR technology, and internal consultation. They found that the top nine ranking HR competency factors are from the domain of personal credibility and HR delivery.

Long [17] and Long and Wan Khairuzzaman [18] examined HR competencies and their relationship to the success factors among 32 HR professionals from Malaysian manufacturing companies situated in Johor. The HR Competency Survey model (strategic contribution, personal credibility, HE delivery, business knowledge, and HR technology) by Brockbank and Ulrich [11] is used in his study. Both of his studies found that competencies such as strategic contribution, business knowledge, and HR technology have significant correlation with firm performance. However, no correlation was found between personal credibility and HR delivery in assessing a firm's performance.

Han et al. [16] explored the relationship between HR competencies and HR effectiveness in Taiwan. They found that in the Taiwanese high-tech context, HR competencies of field expertise and change management are strongly related to HR effectiveness as perceived by line managers and employees, while business knowledge is not.

Boselie and Paauwe [15] provide an overview of empirical survey on HR competencies in Europe. The results suggested that personal credibility and HR delivery have a positive effect on the relative ranking of the HR function and its professionals. According to non-HR respondents strategic contributions is the competency that will lead to financial competitiveness, while HR managers consider business knowledge to be crucial for added value of the HR function.

4. Hypotheses

The following hypothesis is tested for the present study:

H1: There is a positive relationship between knowledge of the business and HRM effectiveness.

H2: There is a positive relationship between HR functional expertise and HRM effectiveness.

H3: There is a positive relationship between managing change and HRM effectiveness.

5. Methodology

5.1. Design

The study adopted a descriptive survey research design to discover the prediction of the criterion variable (HR competencies) of the HR professionals towards HRM effectiveness.

5.2. Research Site and Subjects

The study took place in various HRM professional courses, programs, and seminar organized by HRM professional body in Klang Valley and Penang. Initially, 210 participants completed the questionnaires, but nine of the questionnaires were discarded from further analysis due to many unanswered questions. The final sample consisted of 201 HR professionals, of whom 76 (37.8%) were male and 125 (62.2%) were female.

5.3. Procedure

The questionnaire was administered to the participants during the course, program, and seminar. Almost all of the potential participants who were approached by the primary researcher in the context of this class, program, and seminar agreed to take part in the study. At the beginning of the course, program, and seminar it was clearly stated to the participants that all the information contained in their questionnaires would remain confidential. Instructions on how to correctly answer the questions were given to them. Participants were asked to return the completed questionnaire at the end of the course, program, and seminar. A token of appreciation was given to the responding participants as incentives. The basic information of the participants (gender, age, race, position, etc) was coded to ensure absolute confidentiality and a better handling of the information. Respondents were told that they would be provided with the results of the study at their request.

5.4. Instrument

HR Competencies Scale has 33 items: its items are adapted from Ulrich et al's [9] study. Three dimensions were adapted reflecting knowledge of business, HR functional expertise, and managing change. Items were rated on a 7-point scale: (7) strongly disagree, (6) agree, (5) slightly agree, (4) neutral, (3) slightly disagree, (2) disagree, and (1) strongly disagree.

The present study measured the effectiveness of the HR function through how well the department is performing in terms of the HR contributions. The items are adapted from Wright, Dunford, and Snell [19]. HR contributions was assessed by asking the respondents to rate their agreement with 10 statements regarding HR's contribution using 1=not at all to 7=to a great extent.

6. Results

6.1. Profile of the Respondents

The majority of respondents (63.0 per cent) were Malays, followed by Chinese (26.6 per cent), Indians (7.8 per cent), and others (2.6 per cent). About 64.3 per cent of the respondents were married. More than half of the respondents (69.5 per cent) were female. Further, 52.3 per cent of the HR professionals have a bachelor degree, 14.9 per cent have Master degree, 23.4 per cent have either diploma or STPM, 5.4 per cent of the HR professionals have SPM, 1.3 per cent of the HR professionals have a PhD, and 1.9 per cent have only certificate from management/HR professional bodies. About 37.7 per cent of the participants are in business/management field of study and 24.7 per cent are in HR/industrial relations fields. For their current position in the organization, 41.6 per cent are HR officer/senior HR officer, 23.4 per cent are HR manager level, and 7.8 per cent are HR executive/senior HR executive. The average of the participants is 34.6 years old. The average number of working experience in HR with the current organization is 7.1 year.

6.2. Mean, Standard Deviation, Reliability Assessment and Correlation

Table 1 provides means, standard deviations, internal consistency estimates, and correlation for the three dimensions of HR competencies (knowledge of business, HR functional expertise, and managing change) and HRM effectiveness.

A correlation analysis was carried out between each of the dimensions of HR competencies and HRM effectiveness to identify the significant effect of the construct. Examination of the correlation coefficient between all variables revealed statistically significant correlation with HRM effectiveness.

Table 1. Mean, Standard Deviation, Reliability Values, and Correlation

<i>Variables</i>	<i>Mean</i>	<i>SD</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
1. Knowledge of business	5.01	1.05	0.95			
2. HR functional expertise	4.97	1.02	.78**	0.97		
3. Managing change	5.02	1.11	.75**	.82**	0.96	
4. HRM effectiveness	4.98	1.10	.73**	.77**	.80**	0.97

**p < 0.01, *p < 0.05

Note: Values in bold are Cronbach alpha values

6.3. Regression

From Table 2, we can observe that knowledge of business ($\beta = 0.21$, $p < 01$), HR functional expertise ($\beta = 0.25$, $p < 01$), and managing change ($\beta = 0.44$, $p < 01$) have a significant effect on HRM effectiveness. Therefore, all hypotheses were significant in the expected direction.

Table 2. Results from the Regression Analysis

<i>Variables</i>	<i>Standardized beta (HRM effectiveness)</i>
Knowledge of business	.21**
HR functional expertise	.25**
Managing change	.44**
R ²	.69
Adjusted R ²	.67
R ² Change	.69
F Change	146.43

Note: **p < 0.01; *p < 0.05

7. Conclusion

The goal of this study was to empirically examine the impact of HR competencies (knowledge of business, HR functional expertise, and managing change) on HRM effectiveness. Interestingly, regression results indicate that all dimensions of HR competencies have a positive relationship with HRM effectiveness. The highest Beta value is managing change, followed by HR functional expertise and knowledge of business.

This study supports the previous study on the relationship between HR competencies and HR effectiveness by Han et al.'s [16].

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