THE DEVELOPMENT OF HUMAN RESOURCE COMPETENCY MODEL IN PUBLIC SECTOR ORGANIZATIONS IN MALAYSIA

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Abstract: Competency is a set of behavior patterns including knowledge, skill, and attitude in order to perform its tasks and functions in the delivery of desired results or outcomes. Competency helps align the human resource with the organization’s strategic objectives, or other human resource functions, to ensure harmony and consistency across the many aspects of human resource activities that impact human and organization performance. This paper reviews and discusses the development of human resource competency model required by human resource practitioners in organizations. The argument is based on the human resource competency framework. The aim is to assess the literature of human resource practitioners especially in Malaysia in the organization of the importance of competencies for human resource development in the context of the organization. The paper concludes by citing the majority of research in human resource to develop a competency model to improve the organizational performance.

Keywords: Competencies, human resource, organization performance.

1. INTRODUCTION

Today’s global workforce is increasingly dynamic, complex, and unpredictable. This scenario requires workers to be more efficient, productive, competent, and knowledgeable at the workplace. In many developing countries such as Malaysia, the inflow of funds, new technologies, management skills, and smart partnership have catalyzed rapid economic development (Hamid, 2010). To ensure Malaysia retains its competitiveness in the new global economy, the government has initiated and implemented various policy measures and projects aimed at promoting the use of knowledge and technology to spur further economic growth of the nation. Thus, human resource has been recognized as one of the important strategy to achieve the nation’s vision and aspiration. Human resource practices include performance appraisal, human resource planning, recruitment, compensation, training, administering benefits, and other dimensions. These human resource practices have been identified and investigated by many empirical studies in past

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literatures. They consist of compensation, training and development, recruitment and selection, compensation, training and development, and performance appraisal (Soomro, Gilal & Jatoi, 2011). Human resource has a role to play as talent and succession managers by providing professional and technical expertise. It must also ensure that human resource managers are active in managing this process. Again its roles and competencies as an influencer are important. Human resource’s roles have shifted from training suppliers to learning managers (Nijof, 2004).

Human resource practitioners also have to act as ethics champions by helping to develop the right ethical culture and showing examples to employees through open-door policies or other supports if ethical issues arise (Vickers, 2005). In addition, human resource practitioners must be integrators, bringing other people and processes together and collaborating closely with others (Losey, Meisinger, & Ulrich, 2005). They must also act as employee champions in part by serving as managers of diversity as well as creating cultures that facilitate employee loyalty and engagement (Jensen, 2005). Clearly, human resource practitioners have come a long way from merely keeping records and managing payroll systems. Their jobs now require them to play many new and different roles unlike in the past. These roles require development of new competencies or the acquisition of new ones. Many of these competencies revolve around technical skills such as business competencies, but others also require soft skills in areas such as communication, coaching, influencing, and understanding others among other competencies. With the shifting roles of human resource due to the changing business demands, organizations must establish new contracts with customers, manage disruptive technologies and create new forms of engagements with employees. Furthermore, they also face inquiries from investors who could determine the organization’s market value through their assessments of the intangibles things related to the organization, not just its present or past earnings (Ulrich & Beatty, 2001). In relation to the changing demands of the human resource professions are the new competencies that enable human resource to be effective in driving firm performance and creating sustainable competitive advantages.

2. HUMAN RESOURCE PRACTICE IN MALAYSIA

During the period of British colonization in the nineteenth century, the British integrated their practices in the human resource with the Malayan context. Since then, Western and indigenous human resource thoughts and ideology has become the legacy of this nation (Hamid, 2010). Major changes in human resource practice took place after the inauguration of Malaysia. Most important change occurs during the implementation of Malaysia Vision 2020 that aimed at shifting Malaysia towards a developed nation. In addition, multilateral agreements like AFTA (ASEAN Free
Trade Agreement) that was ratified for ASEAN economic integration through trade liberalization is believed to have substantial influence on the human resource practices in this region as well as on human resource practitioners of Malaysia. That influence brought about the systematic and radical organizational changes in human resource and general management (Tataw, 2012). In this regard, the New Economic Model (NEM) that envisioned economic growth to be primarily driven by the private sector has been established in order to move the Malaysian economy into a higher value added state (Islam, 2010). The modern Malaysia represents a multi ethnic as well as multi-cultural heritage. This situation epitomizes the complexities associated with the strategic organizational changes and initiatives to shift it towards a developed nation. Above all, Malaysia needs skillful, competitive and knowledge-based public sector that can offer greater efforts. In human resource, the competency of workforce is one of the important elements in shaping the development of an organization. The significance of competencies is required in the performance of tasks in order to reduce errors and costs. McKelvey (2009) argued that more employers expect their workers to have a higher education as a marker of job skills and intellectual abilities to demonstrate jobs competencies. The term competency has been used to refer to behaviors, while the term competence has been used to refer to standards.

Despite the stronger trend in organization performance, a national standard of human resource competencies in professional practice should be highly considered as each country may have a different definition of such competencies. In the Malaysian context, Malaysian organizations are divided into four groups of factors including culture, institutionalization, business structures, systems and roles, and practitioners’ competencies. This division explains how organizations operate under different national legal frames and regulations. Currently in Malaysia the differences among institutionalization, business structures, systems and roles, and practitioners competencies are huge. Moreover, the economic conditions as well as national labor markets situation differ significantly. All these factors affect the requirements to achieve human resource competencies. Although it is difficult to specify how cultural features modify competencies, it is commonly accepted that relationship between managers and subordinates, power distances, uncertainty avoidance, labor force mobility and the other factors should be taken into consideration. Various theories support the idea, that similar organizations require similar human resource competencies. The organizational context also contributes to the extent to which certain competencies are required. Factors like size, type of ownership, industry, outplacement activities, geographical location, and level of internationalization of the business also influence the competence framework. Salleh et al. (2016) revealing the organizational structure and hierarchy in Malaysia are changing because of technological advancement and shifting industrial trends.
3. COMPETENCIES

The word competency comes from a Latin word meaning “suitable” (Bueno & Tubbs, 2004). According to Salleh and Sulaiman (2016) competencies are combination of skills, knowledge, attitudes, and behaviors of workers required for effective performance of activity at workplace. A job competency may be a motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge that an individual uses, and the existence and possession of these characteristics may or may not be known to the individual. Over the years, the competency term has been defined in various ways by researchers. In the context of this paper, the most prominent definition of competency are from Marthandan, Jayashree, and Yelwa (2013) that stated competency of knowledge, skills and abilities, which involve the performance of works is defined as the basic characteristics of a person. It also serves in determining workers’ outstanding performance at the workplace as blending component knowledge, skills, attitudes and intentions that lead to superior performance in the workplace and the ability to take these attributes to workplace ideal perfection. A competency model can serve as an integrative framework for an organization’s entire human resource system. It can help align the human resource system vertically with the organization’s strategic objectives, or horizontally with other human resource functions, to ensure harmony and consistency across the many facets of human resource activities that impact human performance (Rothwell & Wellins, 2004).

A competency is an individual characteristic that can be measured and be shown to differentiate between superior and average performers, or between effective and ineffective performers. Meanwhile, competency can be described as a set of behavior patterns that an incumbent needs to bring to a position in order to perform its tasks and functions in the delivery of desired results or outcomes (Bartram, 2002). Knowledge and skill competencies tend to be visible and relatively surface characteristics, whereas self-concept, traits and motive competencies are more hidden, deeper and central to personality. Surface knowledge and skill competencies are relatively easy to develop and training is the most cost-effective way to secure those employee abilities. In other words, visible competencies such as knowledge and skills may be somewhat technical competencies basically required by the job, whereas hidden competencies such as self-concept, traits and motives are behavioral competencies that drive an individual’s performance in the job. Boyatzis (2007) states that motive and trait competencies have the most direct impact on self-concept and also have an impact on skill. If an individual possesses these three elements of competency including knowledge, skills, and attitudes, they can effectively perform duties as required by the specific job.

From the wide range of related literature, the definition of competency can be summarized as an underlying characteristic of an individual that is causally related
to criterion-referenced effective and superior performance in a job or situation. Job competency is a set of behavior patterns that a job incumbent needs to bring to a position in order to perform its tasks and functions with competence. A job competency can be a motive, trait, skill, self-concept, body of knowledge or an attribute that allows an individual to perform a task or activity within a specific function or job. Skill and knowledge are surface or technical competencies that can be developed easily through training. On the other hand, motives, traits and self-concept are hidden or behavioral competencies that are difficult to develop. Traditionally, it is essential for an individual to possess the required technical competencies at a threshold level in order to adequately perform their job. However, the changing environment and diverse workforce has resulted in behavioral competencies becoming crucial as the greatest determinants of an individual’s performance. Thus, in order to be effective in a job, individuals needs to possess or acquire both technical and behavioral competencies and use these together in performing their tasks.

As the interest in measuring and predicting performance at the workplace has grown over the past decade, the term competency appears to have become a staple of a Malaysian practitioner’s terminology. While it is among the most frequently used term among the Malaysian organizational practitioners, it is also one of the least understood (Hamid, 2012). There are two general types of competencies, namely individual competency and organizational competency. Individual competency is basically related to the characteristics of an individual, whether he can be taught, trained, and contribute to activities at the workplace (Garavan & McGuire, 2001). Furthermore, it refers to the underlying aspect of a person that enables him to be competent (Han, Chou, Chao, & Wright, 2006). In contrast, organizational competency is characteristics of organizations that work characteristics (unclear) (Garavan & McGuire, 2001). Therefore, the main focus of the competency of organization is to verify the level of workers’ skills. As a result, the body will recognize a new set of skills, which need to be transferred to the employees. Competency is also enhancing the quality of individual and organizational performance. Thus, organizations are more aware of how to align employee skills with assignments to ensure that they are competent to carry out their duties effectively. Organizations require a higher level of competency than the knowledge and skills to respond to the specific needs of professional practice (Sauber, McSurely, & Tummala, 2008).

It is necessary to emphasize the essential value of competency, since competencies terminology is widely used in many aspects of human resource studies. Additionally, employees’ competencies are considered by literatures as one factor that contributes most to the sustainable creation of organization excellence (Vathanophas, 2007). Although various definitions of competency refer to an individual or employee performance in the context of organizational performance in doing tasks or jobs, the most common categorization is the hard and soft skills. These orientation of
competencies describe the technical skills and knowledge which contains a threshold as they represent a minimum level necessary for the employees to be able to perform a job with the basic competence. Furthermore, competencies can be seen as a set of behaviors that characterize better performance in every aspect of an individual. The individual’s competency is shown in everyday jobs, roles, functions, and duties to complete the given tasks within the organization standard. Therefore, competency is a key element in the success of professionals. It is required to support and maintain a strategic plan, vision, mission, and goals of the organization (Hoemeyer, 2006).

4. COMPETENCIES IN HUMAN RESOURCE

Since the 1980s, the shift from personnel management to human resource management has required treating people as key resources. Armstrong (2009) claimed that human resource management puts greater emphasis on business functions, rather than problem-solving and mediation. It has been understood that it is necessary for human resource professionals that they assume certain roles if they are about to make any contribution to the business (Ulrich, 1997). However, managing human resources during organizational change is not an easy task. Human resource professionals are supposed to have a crucial role in managing change in an organization. Their roles must be related to the organizational needs. With the increase in general competition, organizations must become more adaptable, resilient, agile, and customer-focused in order to succeed (Ullah, 2012). The roles of human resource professionals are not only important for managing organizational change but also for establishing changes in a business area (Ullah, 2012). The management of change is critical, as an organization’s external rate of change must be matched by an internal rate of change if the organization is to remain competitive. One of the most important elements which is personal credibility, deals with the extent to which human resource professionals embody the values of the firm and act with proper attitudes when dealing with human resource issues in their efforts to create results. Human resource professionals, by virtue of their knowledge of human performance, are well positioned to exercise strategic leadership and contribute significantly to a firm’s competitive advantage (Long & Ismail, 2011). In high-performing companies, human resource professionals are a part of business at a strategic level. They may manage the culture, change, communication, decision-making and connectivity (Boselie & Paauwe, 2004). Graham and Tarbell (2006) represented the employees’ view regarding the credibility of human resource professionals. Based on the study conducted in organizations in European countries, Boselie and Paauwe (2004) suggested that personal credibility and the human resource function have a positive effect on the importance of human resource function and its' professionalism.

The question that arises is which competencies employees need to develop to ensure an effective or superior performance in their current and future jobs. Kuijpers
(2003) discerns three important types of competencies at work. First, functional competencies are defined as the knowledge and skills necessary for employees to successfully perform their jobs. These functional competencies are based upon the employees’ tasks and roles and, hence, differ according to the industry and function. Second, learning competencies are defined as the individual characteristics of an employee that enable them to develop new functional competencies. According to Lindley (2002), learning competencies increasingly gain importance in the work environment since the rise of knowledge economy and the growing need for flexibility that makes it important for employees to continuously invest in their development. Finally, career competencies are described as individual characteristics of an employee that enable them to guide functional and learning competencies in the right direction (Kuijpers, 2003). Thereby, career competencies refer to the employee’s creation of a career identity by gaining insight into an individual’s own possibilities and motives and the his ability to proactively translate these insights into concrete actions that can direct individual career (De Vos & Soens, 2008). As the new career era holds individuals primary responsible for their own career, career competencies become increasingly important today. Organizations can become more successful if the human resource practitioners know how to integrate competencies throughout all aspect of workers’ jobs including career and professional development (Salleh & Sulaiman, 2016).

5. HUMAN RESOURCE INITIATIVES IN THE MALAYSIAN PUBLIC SERVICE

Malaysia had pledged to develop world class human capital and incorporated it as a national agenda. Thus, Malaysia has been practicing competency-based human resource in private and public sector organizations. This practice used competency framework which is used to differentiate high performers from average performers in all areas of the organization’s activities. It also serves as the basis for recruitment, selection, training and development, compensation and other aspects of employee management. Competency-based human resource practices provide two types of integration which are input and output of human resource practices. Therefore, competency-based human resource practices is more like a control system to ensure that there is a coherence and uniformity in the system and thus. This can help organizations to achieve their expectation and target (Abdul Ghani Azmi, 2010). Malaysia is in a transition, moving from production-based economy to knowledge-economy. In order for Malaysia to remain competitive in the new global economy, the government has initiated and implemented a variety of measures and projects aimed at promoting the use of knowledge and technology, including improving the competencies of the workforce to stimulate economic growth policy. Organizations in both private and public sectors are encouraged to become a knowledge-intensive to remain competitive and relevant in order to survive in the new economic era.
Human resource development has also been recognized as an important strategy for achieving the vision and aspirations of the country (Mohd Yusof, 2010).

Globalization has influenced very much the way organizations manage their human resources. Salleh, Sulaiman, and Gloeckner (2015) stated that to become global players, organizations need to provide workers with related competencies to meet the challenges of globalization. Competency is looked upon as the answer to globalization. Through its integration with human resource practices, competent workers who possess competencies needed by organizations will be hired. Moreover, their capabilities will be boosted further through trainings. These kinds of workers are very much of an asset. Malaysian public service started to use competency-based human resource practices at the end of year 2002 as the response to increase the level of service quality. In the Malaysian public service, out of six competency-based human resource practices, only five practices are implemented. They are recruitment and selection, training and development, career development, performance management and reward. After five years of implementation, there is a need to determine the dimensions of competency-based human resource practices in Malaysian public service. Thus, this is the reason why this study is carried out. There are also quite a few studies that have been done on competency-based human resource practices (Azmi, 2010).

Competency-based human resource practices have long way been practiced by public services of other countries since 1980s. However, the implementation only confined at department level and there was now not holistic and thus, was not holistic. The reason why they started to adopt the practices was due to either dissatisfactions among staff or customers due to inconsistencies in the staff management (Lodge & Hood, 2005). Competency-based human resource practices provide two types of integration which are vertical and horizontal integration. Vertical integration ties individual employees and their behaviour to the strategic objectives of the organization while the horizontal integration ties each human resource practice closely together in one frame of reference and language (Brans & Hondeghem, 2005). Thus, competency-based human resource practices are more like a control system in ensuring there are coherence and standardization in the system and thus, the end results expected and targeted by the organizations could be fully achieved.

Moreover, in competency-based human resource practices, competency is tied to every human resource practice either at the input or output level. At the input level, competencies which are vital for the organizations in achieving their goals are identified. This list of competencies is known as competency frameworks (Hondeghem & Parys, 2002; Mikulowski, 2002). The competencies could be of five different types which are psychomotor, cognitive, affective, personality and social (Moqvist, 2002) which could be classified further into two which are hard and soft.
or generic and specific (Brans & Hondeghem, 2005). These competencies will be the base for every human resource practices such as in selecting and recruiting, training, career developing, appraising performance and rewarding the employees. By doing this, organizations can ensure that competency at the output level or in other words, performance is more measurable and easier to be obtained. This is important as output produced by the public sector organizations is much more difficult to measure (Hondeghem & Vandermeulen, 2000). This is due to the many roles that they have to play e.g. facilitator, pace setter, authority and developer (Ilhaamie, 2009).

Malaysian Public Service has been receiving high number of complaints from the public since the 1990s with regards to delays in public service delivery (PCB, 1999 - 2006). One of reformation or organizational change in order to increase the level of service quality is the implementation of competency-based human resource practices. From six competency-based human resource practices, only five are implemented in public service. One of the strategies to enhance service quality is to implement The Malaysian Remuneration System (MRS) under new public management. The MRS has placed greater emphasis on knowledge acquisition, skills development and inculcation of good personal values among public service employees. The achievement of specific competencies or proficiencies related to the job will be given due recognition and reward in the form of salary increment and career advancement. Hence, under the MRS, competency becomes one of the main elements in determining the progression of careers and salary in the public service. In addition to the annual performance appraisal report, an assessment known as Competency Assessment is introduced under the MRS to encourage self-development among employees, the cultivation of learning culture in the organization and to prepare for the implementation of the Competency-based Human Resource Management in the public service. This assessment will be one of the elements for consideration of employees’ annual salary progression or promotion. It is in the form of examination and/or courses, which are designed to evaluate the Competency Level of employees.

6. HUMAN RESOURCE SYSTEMS

The system theory is regarded as having four main features: (1) the system is goal oriented; (2) systems have inputs; 3) systems need to have a process to function; and (4) outputs to achieve their goals (Banathy, 2000). To use the system, human resource practitioners conceptualize the organization as a system that has goals and objectives. Furthermore, the systems theory also represents the organization as receiving input from the environment, and then transforming those inputs into some outputs for an external system. Thus, the systems theory considers the organization as a system. There are different types of organizational systems. The organizational human resource is an important element of the system. Ferguson and Reio Jr. (2010) identify human resource as a system where, the employees are
considered as the input in the process flow of the system. The human resource practices is the process of the system, while the organization’s performance is the output of this system. Figure 1 shows the conversion of these inputs through a set of distinct, interrelated activities, and processes to achieve the outputs of employee competence and performance.

Accordingly, the system theory viewpoint concentrates on the positive effects of the human resource system with employee outcomes (Gould-Williams, 2003). The rationale is that human resource encourages employee outputs (Bowen & Ostroff, 2004; Lepak, Liao, Chung, & Harden, 2006). Additionally, the system theory identifies the dimensions of human resource practice, with the human resource system being narrowed down into sub-systems such as recruitment and selection, training, compensation, and appraisal practices. Furthermore, the system theory is one of the configuration theories of human resource. Thus, the systems theory is the most functional theory utilized in the field of human resource to construct a theoretical framework. Jelenc and Świercz (2011) utilizing the systems theory to address employees’ capability as part of the outcome of the system, as capability ought to have a model of the complete end-to-end system. Importantly, the systems theory has the major strengths because this theory was considered from other theories utilized in the field of human resource to construct a theoretical framework. Furthermore, the study on system theory can contribute to organizations because the systems are goal-oriented based on employee’s performance, they have inputs and throughputs on human resource practices, and it can achieve outputs to achieve their goals on employees’ competency.

Systems theory in human resource provides a useful framework for examining organizations and their management practices. Thus, the current study employs the systems theory to discuss that an organizational system includes different organizational ‘sub-systems’; these sub-systems work together and use the
system processes to transform organizational inputs into performance outcomes or employee competency. The human resource sub-system, consists of human resource practices that are transformed into an implemented system of processes associated with practices such as, recruitment and selection, training, performance appraisal, and compensation practices. It is these applied processes that directly affect employee competence outcomes.

7. CONCLUSION

In conclusion, the competency skills could become the driving force of organizations’ performance. Competency enables the production of high-skilled workforce if it is developed in line with organizational objectives, mission, and vision. It also serves as performance tools in the technological revolution-taking place at the global stage. The expected result of this paper is that it would have implications on the human resource competency model of efficiency in Malaysia public sector organizations. It also provides evidences and the most competencies required by from employees and by organizations.

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