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Competency-based human resource practices in Malaysian public sector organizations

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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 Malaysian public service, out of six competency-based human resource practices, only five practices were implemented. They were recruitment and selection, training and development, career development, performance management and reward. From 300 copies of questionnaire distributed using simple random technique, 140 were useable. The data was analyzed further using factor analysis and it was found out that training and development items had combined with a reward practice. This new dimension was labeled as organizational development. Others remain the same dimensions. It was also found out that competency-based performance management, organizational development and career development were practiced to a high extent. Meanwhile, competency-based reward and recruitment and selection were practiced to a moderate extent.

Key words: Human resource practices, service quality, competency, Malaysia, public service.

INTRODUCTION

Globalization has influenced very much the way organizations manage their human resources. Competency is looked upon as the answer to globalization. Through its integration with human resource practices, competent workers who possess competencies (skill, knowledge and abilities) as needed by the organizations will be hired and more of their capabilities will be boosted further through training and then rewarded for their demonstrated and potential competencies. 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 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 were done on competency-based human resource practices.

Literature review

Competency-based human resource practices have long way been practiced by public services of other countries like US (Hood and Lodge, 2004), UK (Horton, 2000a; 2000b; Farnham and Horton, 2002), Netherland (van der Meer and Toonen, 2005; van Vulpen and Moesker, 2002; Hondeghem and Vandermeulen, 2000), Germany (Loffler, Busse and Hoppe, 2002), France (Jeannot and Lichtenberger, 2002), Italy (Cerase, 2002), Belgium (Hondeghem and Parys, 2002; Brans and Hondeghem, 2005), Sweden (Moqvist, 2002), Finland (Virtanen, 2002) and Poland (Mikulowski, 2002) since 1980s. However, the implementation was decentralized to the departments and thus, was not holistic. The reason why they started to adopt the practices was due to either dissatisfaction involving the staff or the customers due to inconsistencies in the staff management (Lodge and Hood, 2005).

Competency-based human resource practices used competency framework (competencies that distinguish high performer from average performers in all areas of organizational activity) as the foundation for recruitment, selection, training and development, rewards and other aspects of employee management (Horton, 2000).

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 and 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 and 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 and 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 and 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 in regards to delays in public service delivery (PCB, 1999 - 2006). Out of reformation or organizational change in order to increase the level of service quality, it started to implement competency-based human resource practices at the end of 2002. From six competency-based human resource practices, only five are implemented which are competency-based recruitment and selection, training, career development, performance management and reward (PSDM, 2004).

Competency-based recruitment and selection is defined by Malaysian public service as the extent of screening methods that are used to select a small number of strong candidates from a large group of applicants quickly and efficiently. Competency-based recruitment and selection start with the identification of the competencies needed by an organization to achieve its goals, missions and objectives which are known as selection competency template. Some competencies that are important for service provision in the public sector in order to enhance service quality are emotional intelligence, customer ser-

vice orientation, interpersonal communication and team player skills. Meanwhile, some instruments which are needed in order to ensure that the best or competent candidates are selected and recruited are competency-based application form, competency-based advertisement; competency based behavioral interview, competency test, simulation and assessment centers. Just noticeable difference scales and IT are used to determine the candidates that match the selection competency template that was set up earlier (PSDM, 2004). Consequently, qualifications which are more restricted to educational knowledge and titles are now of little value for effective executive search and executive resource planning (Brans and Hondeghem, 2005). Instead skills, knowledge, behaviors and capabilities are of priorities in order to eliminate the gap between the competencies requested with the competencies possessed. Once the best candidate is identified, competency gaps form the basis for an initial new hire learning plan (Draganidis and Mentzas, 2006).

On the other hand, competency-based training and development is defined as an attempt to bridge the gap between current demonstrated competencies levels to target levels of job profile. In order to close the gap, individual employees have to prioritize development needs which would produce the greatest impact on performance (PSDM, 2004). Thus, closer alignment between training and desired competencies leads to workers who become more competent and capable in the workplace (Holton et al., 2006).

Meanwhile, competency-based career development practice is defined as the extent of development template used to enhance the employee performance in their jobs or to prepare improvements in their future tasks. The competency model is used to identify types and level of competencies required by different jobs in the service. Moreover, career ladders are developed for individual workers to match their competencies with the most suitable job competency profile. These workers have to take their own initiatives to conduct competencies gap analysis to identify the competencies they are lacking. On the other hand, the employers too, have to play their part in developing their employees' careers. Examples of activities that employers can undertake include conducting career development program to gauge employees' potential, strengths and weaknesses, developing job assignments for employees to improve their performance in their existing jobs, training and preparing employees to advance to other assignments in the future as well as providing structured mentoring program for employees (PSDM, 2004).

Competency-based performance management is defined as the extent of performance planning, facilitation and study done between the managers and the workers in order to track and increase individual and organization performance and to provide information for other human resource management practices. In this practice, goals

and objectives are set based on competency-based performance appraisal form (e.g. Annual Work Targets form) before the present and future performance is being discussed with the workers. The performance appraisal is based on objective measure of individual performance produced by the competencies that are important for the success of the organization. In order to ensure the appraisal is just and fair, the employers have to inform employees on the standards used to evaluate job performance. The employers may receive feedback on employees' job performance from multiple sources (e.g. superiors, customers, etc.) to monitor their progress. Behavioral anchored scales which range from one to six is used to enable individuals to assess how much of the required skill/competency/behavior they have been demonstrating. Finally, performance review process is documented by using the Annual Work Performance Report (PSDM, 2004).

Lastly, competency-based reward is defined as the extent of paying for competencies or performance. This could be done by paying the employees that use or demonstrate their current level of competencies that represent high performance in their jobs or their potential to deliver in future (PSDM, 2004). It is a type of pay that rewards employees of their skills, behavior and attitude in performing job roles and not because of their jobs, functions, knowledge, responsibility, age and seniority (Hondeghem and Vandermeulen, 2000; Jahja and Kleiner, 1997). Thus, competency-based reward is inevitable for compensating highly skilled, competent and professional workforce. It provides an incentive for employees to grow and enhance their capabilities (Risher, 2000). It was proposed due to dissatisfaction with the traditional reward in terms of its ability to reflect and reward performance (PSDM, 2004).

METHODOLOGY

The population of the study consisted the public organizations that provide services to the external customers such as the Department of Registration, Immigration and others. Based on the listing by the Malaysian Public Services Department, 444 public organizations that comprise of federal and state agencies were identified. Mail survey was employed using simple random sampling technique in order to ensure that each public organization located throughout Malaysia has the equal chance to be selected as the respondents. Approval from the Chief of Country Secretary was obtained prior to the distribution. Then, 300 copies of questionnaires together with the self returned envelopes were posted to the top management. Items on competency-based human resource practices were constructed from PSDM manual (2004). All these items were prepared in English language as the top officers who are responsible for the implementation of the competency-based human resource practices are educated workers. A seven Likert scale was used to measure the extent of the implementation of these practices (1 = to no extent at all and 7 = Practiced to a full extent).

Data collected were further analyzed for descriptive statistics. Principle Component Factor Analysis was employed to summarize a big number of original variables to a small number of factors.

Furthermore, Varimax Rotation technique was used to obtain simpler and more interpretable factor solutions (Hair et al., 2006).

DISCUSSION OF FINDINGS

A total of 140 useable responses were obtained, giving a response rate of 46.67%. Table 1 shows the profile of the public organizations. Majority of them were local authorities (27.10%), federal departments (23.60%) and land and district offices (22.90%). Majority of them too, were located in Kuala Lumpur (18.60 %).

The data obtained from the questionnaires was subjected to factor analysis in order to validate the instruments. The Bartlett test value is significant indicating that the factor analysis is suitable. Basing on Eigen value more than one, five factors were extracted. From the results, training and development items had combined with an element of reward practice. This new dimension was labeled as organizational development. Meanwhile, other dimensions remained as the original dimensions (Table 2).

Factor one is competency-based performance management practice. The coefficient values vary from 0.64 to 0.86. There are five practices of competency-based performance management factor which are setting performance appraisal based on objective measure of individual performance, using competency-based performance appraisal form (e.g. the Annual Work Targets form) to set objectives and goals for employees in advance before discussing with them, assessing employees of the competencies important for organization's success by using performance appraisal process, informing employees about standards used to evaluate job performance and documenting the performance review process by using the Annual Work Performance Report.

Factor two is competency-based reward. The coefficient values vary from 0.80 to 0.86. There are three practices of competency-based reward dimension which are to reward employees' job behaviors required to accomplish specific job tasks, individual employee's current level of competence, top performer more than average performer and employees' potential to deliver in the future.

Factor three is competency-based career development. The coefficient values vary from 0.65 to 0.82. There are four items in the competency based career development dimension which are developing job assignments for employees to improve their performance in their existing jobs, training and preparing employees to advance to other assignments in the future, providing a structured mentoring program for employees and conducting career development program to gauge employees' potential, strength and weaknesses.

Factor four is the competency-based recruitment and selection practice. The coefficient values vary from 0.6 to

Table 1. Organizational profile.

Public Agency Category	Number of Respondents	Percentage (100)
1 Local Authorities	38	27.10
2 Federal Department	33	23.60
3 Land and District Office	32	22.90
4 Federal Statutory Bodies	15	10.70
5 State Federal Agencies	6	4.30
6 State Statutory Bodies	6	4.30
7 Land Office	4	2.90
8 Federal Ministries	3	2.10
9 District Office	2	1.40
10 State Secretarial Office	1	0.70
Location		
1 Kuala Lumpur	26	18.60
2 Putrajaya	14	10.00
3 Selangor	14	10.00
4 Kelantan	13	9.30
5 Negeri Sembilan	11	7.90
6 Terengganu	10	7.10
7 Johor	10	7.10
8 Perak	10	7.10
9 Kedah	7	5.00
10 Pahang	7	5.00
11 Melaka	7	5.00
12 Pulau Pinang	6	4.30
13 Sarawak	3	2.10
14 Sabah	2	1.40

0.8. Competency-based recruitment and selection dimension comprise of four practices which are administering simulations in the assessment center to assess level of competencies demonstrated, using psychological tests e.g. cognitive ability tests to support the interviewing process, using computer if there are more than two candidates in finding the closest match to the job's competency requirements and conducting competencies gap analysis to identify the competencies employees are lacking.   Thus, this factor is a combination of three original items from competency-based recruitment and selection dimension and one item from competency-based career development dimension.

The final factor is organizational development.   The coefficient values vary from 0.64 to 0.83. The items are awarding cash incentive for individuals on top of base pay (e.g. excellent service reward) for their demonstrated competencies relevant to the organization, sending employees for training in the development areas important to organization and providing formal training programs to enhance employees' capabilities to hold a higher post.

Table 3 features the reliability of the main variables. The reliability of the main variables were high as the Cronbach alphas were higher than 0.70. These show that the instrument developed was valid.

Table 4 exhibits the mean and standard deviation values of the main variables.   Competency-based performance management, organizational development and career development were practiced to a high extent. Meanwhile, competency-based reward and recruitment and selection were practiced to a moderate extent.

Conclusion and Implications

From the factor analysis conducted, training and development items had combined with an element of reward practice. This new dimension was labeled as organizational development. This shows that competency-based training and development as practiced in Malaysian public service was more towards to increase the level of rewards of the public servants. Three practices were implemented to a high extent such as

Table 2. Loading factors for competency-based human resource practices.

Items	Factor				
	1	2	3	4	5
Set performance appraisal based on objective measure of individual performance.	.86	.09	.12	.20	.11
Set objectives and goals for employees in advance using a competency-based performance appraisal form before discussing with them (e.g. the Annual Work Targets form).	.82	.09	.08	.16	.17
Use the performance appraisal process to assess employees in the competencies important for organization's success.	.73	.07	.32	.03	.20
Always inform employees about standards used to evaluate job performance	.70	.13	.20	.13	.27
Document the performance review process by using the Annual Work Performance Report.	.64	.19	.25	.12	.09
Determine pay based on employees' job behaviors required to accomplish specific job tasks.	.13	.86	.05	.16	.09
Determine pay based on the current level of individual's competence.	.15	.84	.18	.16	.12
Pay top performer more than average performer.	.03	.82	.16	.10	.13
Pay for competency in the form of potential to deliver in the future.	.15	.80	.02	.14	.17
Develop job assignments for employees to improve their performance in their existing jobs.	.28	.07	.82	.13	.07
Train and prepare employees to advance to other assignments in the future.	.34	.11	.79	.11	.21
Provide a structured mentoring program for employees.	.17	.32	.65	.22	-.04
Conduct career development program to gauge employees' potential, strength and weaknesses	.10	.03	.65	.45	.34
Administer simulations in the assessment center to assess level of competencies demonstrated.	.20	.22	.17	.80	-.09
Use psychological tests e.g. cognitive ability tests to support the interviewing process.	.10	.12	.19	.75	.18
Use computer if there are more than two candidates in finding the closest match to the job's competency requirements.	.08	.28	-.02	.75	.18
Conduct competencies gap analysis to identify the competencies employees are lacking	.25	-.03	.35	.60	.18
Award cash incentive for individuals on top of base pay (e.g. excellent service reward) for their demonstrated competencies relevant to the organization.	.30	.07	.07	.04	.83
Send employees for training in the development areas important to organization.	.16	.30	.06	.10	.73
Provide formal training programs to enhance employees' capabilities to hold a higher post.	.26	.21	.38	.02	.64
Eigen value	3.42	3.22	2.78	2.61	2.09
Variance Percentage	17.10	16.10	13.88	13..04	10.45
Bartlett Value	.00***				
KMO Value	.90				

Note: Factor 1: Performance Management, Factor 2: Reward, Factor 3: Career Development, Factor 4: Recruitment and Selection, Factor 5: Organizational Development

competency-based performance management, organizational development and career development. However, two practices were implemented to a moderate extent which are competency-based reward and recruitment and selection. Difficulties in implementing these two practices is the main reason of the moderate extent. Some measures should be taken to increase the level of the practices in order to achieve the goal of their

Table 3. Reliability coefficients for main variables.

Variables	Items	Cronbach Alpha (α)
Performance Management	5	.87
Rewards	4	.89
Career Development	4	.84
Recruitment and Selection	4	.78
Organizational Development	3	.76

Table 4. Mean and standard deviation of main variables.

Variables	Mean	Standard Deviation	Maximum	Minimum
Performance Management	5.18	1.02	7.00	1.80
Reward	4.06	1.58	7.00	1.00
Career Development	4.88	1.06	7.00	1.75
Recruitment and Selection	4.00	1.39	7.00	1.00
Organizational Development	5.48	1.12	7.00	1.67

Note: All items used Likert scale 7 points (1 = to no extent at all; 7 =Practiced to a full extent)

implementation that is to increase the level of service quality. For example, competency-based reward that is currently in practice should be used to reward employees' potential to perform in future and their current level of competencies in fulfilling specific job tasks. This will motivate them to work harder and perform especially in delivering quality services to the customers. Furthermore, every public organization should be given the authority to select and recruit employees according to the competencies needed which are vital for their organizations. Thus, quality services will be consistently provided to the public and this will assure their satisfaction and loyalty to the government.

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