# Competence-Based Human Resource Development: Generating the Grand Theory in the Context of Human Resource Management and Organisational Competency

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**Abstract**

The present study investigates competency-based human resource development. We employed secondary data to conduct a qualitative literature review. As the overarching theory of human resource competency, the Window-Model theory is also examined. Enhancing employee performance necessitates the concept of human resource competency. Performance of employees facilitates the attainment of organizations' objectives, goals, vision, and purpose. It is imperative to minimize the discrepancy between the anticipated and actual skills of employees in order to effectively manage and optimize human resources. Selecting a grand theory as the primary source is necessary due to the increase in human resource competency research, which is followed by the development of middle-range theories. Knowledge, skills, expertise, and attitudes are the four windows through which the Window Model Theory observes human self-development. By employing the appropriate grand theory for a research variable, the main theoretical underpinning can be simplified and the research idea can be more accurately determined.

**Keywords**: Competence, Development, Human Resource, Grand Theory

***\*\*This paper is a partially condensed section that is derived from the author's doctoral thesis proposal. It focuses on a single variable, which is one of the three other variables (empowerment, IT utilisation, and performance). The central focus of this article is the competence of the staff, which is the independent variable of the proposed concept for the doctoral paper. This grand-theory paper therefore does not include any additional variables that were suggested in the doctoral thesis theme.***

## 1. INTRODUCTION

Competency-based human resource management addresses the changing demands of the workforce, highlighting the limitations of traditional work-based HR management in adapting to rapid changes [1]. The evolution of HR management theory generated diverse perspectives on competencies shaped by the strategic integration and appropriateness of organizational

management. Literature on HR management defines competencies as individual traits that have been shown to lead to enhanced performance. Competencies encompass both observable knowledge and skills, as well as the foundational components of competency, including traits and motives [2], [3], [4], [5].

Competence in human resources is essential in the contemporary, rapidly changing, technology-oriented environment. It includes cognitive ability, mental disposition, and competence, which constitute the foundational resources an employee requires to perform effectively and excel in their role [6]. Competencies encompass the knowledge, skills, attitudes, and personal characteristics essential for achieving success in a job [7]. These competencies are crucial for qualified employees to enhance the performance and growth of an organization. Human resource management is crucial for organizational success, especially regarding human resource competencies [8]. Competence encompasses the integration of skills, knowledge, and abilities applied consistently to attain organizational objectives [7], [8]. Employee competence arises from the interplay of personality traits and work behaviors. Organizations and human resource managers must respond to internal and external changes by emphasizing competencies that correspond with the evolving requirements for human resource capabilities [9].

Human resource competence significantly influences employee performance, productivity, and overall work effectiveness, which organizations anticipate from their workforce [10]. The evolution and transformation of the business landscape pose challenges for the management of human resource competencies [11]. Researchers are increasingly investigating the overarching theory of human resource competence, exemplified by the Window-Model Theory, which elucidates social life, history, and human experience. This model facilitates the examination of human self-perception and communication roles, emphasizing the dynamics of self-awareness in relation to behavior, emotions, and motivations [10], [12], [13], [14].

At last, competency serves as a fundamental organizational capability in strategic management, utilized to attain competitive advantage [15]. This resource is utilized internally to attain this advantage. This review analyzes the development of management theories and competency-based Human Resource management theory, emphasizing its significance for organizational competency as a foundation for competitive advantage. Both perspectives pose epistemological inquiries and enhance the advancement of competency as a scientific discipline.

## 2. LITERATURE REVIEW

### 2.1 Theory of Human Resource Management

Human resource management theory has evolved from general management theory, which outlines the changing principles of management from 1900 to 2000 [16]. In the evolution of management theory, there are a variety of perspectives and approaches, including classical, human resource, quantitative, systems, contingency, and information technology approach [17]. Connecting and illustrating the interplay of various approaches to pertinent theories, the management theory diagram illustrates the progression of management thought and practice [18], [19]. The dynamic nature of the diagram illustrates the interrelationships among environmental

needs, structural relativity, and operational requirements that are relevant to the organization's direction and practice [19].

Human resource management (HRM) is an essential domain within management science, concentrating on the administration of human resources [20], [21]. Human resources are essential for achieving organizational goals, representing the most significant and intricate resource within a company [22], [23]. The six M's—men, materials, methods, money, machines, and markets—are critical for the attainment of these objectives. Human Resource Management is crucial for all management levels to acknowledge its significance, as human factors continue to be a vital component of an organization's success, notwithstanding technological advancements [21], [22], [23].

The functions of human resource management are extensively connected to general management functions [24], [25]. Numerous functions have been proposed by management experts. The framework commonly recognized and utilised is proposed by G.R. Terry [26], [27], which includes planning, organising, actuating, and controlling (POAC).

**Planning:** Human resource planning in companies is a series of actions aimed at forecasting and addressing the future requirements of workers or human resources within a business. Human Resource Management planning is to ascertain labor requirements in both quantity and quality for a certain timeframe and to identify methods for fulfilling these demands [26]. Consequently, HRM activities may operate effectively, aligned with their requirements and significance.

**Organising:** Once the programmes are designed and finalised, it is essential to establish an organisation to execute them [27]. The organisation serves as a mechanism for goal attainment; hence, personnel managers must establish an organisation by devising a structure that delineates the relationships among tasks, people, and physical elements.

**Actuating:** This term is also referred to as motivating or commanding employees to begin functioning. In essence, this function will encourage employees to engage in active labour. Leadership is closely associated with direction in this instance [27]. The direction of those under their leadership will be a critical responsibility of the leader.

**Controlling:** This term denotes the standard activities of the control process, which include the observation of planning activities and the correction of mistakes that occur during the implementation of the plan [26].

The management theory diagram shows how key ideas interact to evolve management thought and practice. This diagram is dynamic, depicting an improvement in management thinking (stretched line), management theory interaction and linkage (dotted line connectors), and their interrelationships based on environmental needs, structural relativity, and operational requirements [28], [29].

Figure 1.1: Management Theory Chart (adapted from DuBrin, 2006)
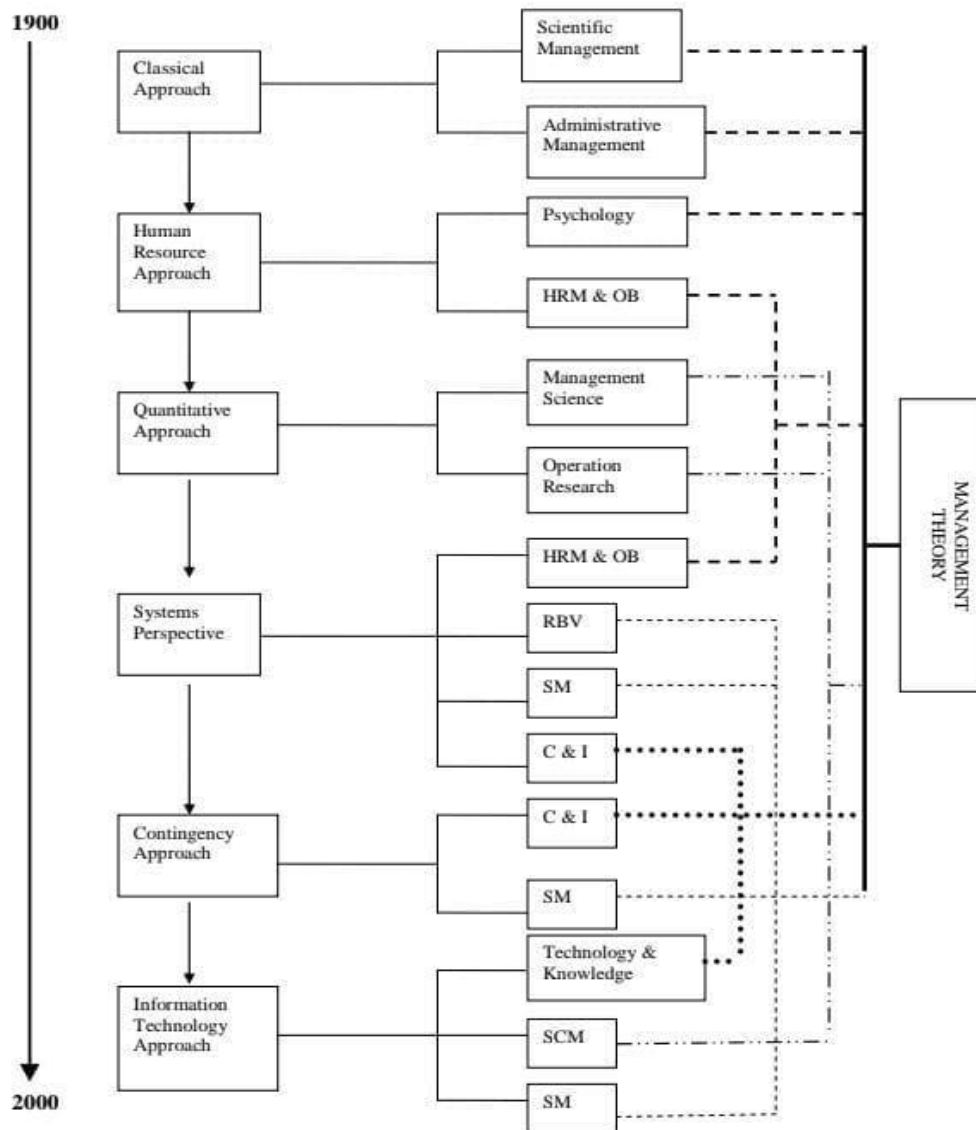


**Figure 1.1** presents a chart that depicts the evolution of management thought and practices, highlighting the interconnections and interactions among various relevant approaches and management theories. The chart exhibits a dynamic nature, indicating that while the approaches and perspectives are represented as progressive (depicted by straight-line arrows), the interactions and interconnections among management theories (shown by dashed and dotted-line connections) transcend chronological order. Their relationships are influenced by environmental needs and the relative structural and operational requirements relevant to organisational conduct and practices.

## 2.2 Theory of Human Resource Competence

Competency-based HR management identifies, defines, and applies organisational competencies [29]. This method manages staff recruitment, selection, placement, orientation, training, performance management, and incentives [30]. It explains future knowledge, abilities, and behaviour to assist organisations make decisions, as well as underpins selection, training, professional development, performance assessment, and succession planning. Competency-based HR management improves employee performance and benefits the organisation by concentrating on success criteria.

The concept of "competency" originated in the late 1960s and 1970s as a field within personnel management [31]. It developed professionally in human resource management in 1980. [31] characterised human nature as competency, whereas [32] argued that behavioural traits are more influential than talent in predicting performance success. Competency, although acknowledged in leadership behaviour research, has historically been regarded as secondary to personality traits.

Human resource competence denotes the capability to execute a job or task, grounded in skills, knowledge, and work attitude. This concept encompasses various personality traits that significantly affect employee commitment, performance, and satisfaction. The concept originated in 1959 as a means to enhance performance through motivation [33]. Currently, it is gaining popularity and receiving attention from scholars such as David McClelland, Richard Boyatzis, and TF Gilbert [30], [31], [32]. Competence is a multifaceted and extensive concept within personality psychology, characterised by varying definitions proposed by different scholars. The concept has been increasingly recognised and is becoming prominent among experts in the field.

Elaborating further, various experts provide the following definitions of competence:

a. Woodruff (1991), in [33] defines competence as the integration of personal competence and workplace achievement. Personal competence encompasses the aspects of artificial behaviour that indicate performance and achievement in the workplace, contingent upon an individual's expertise in their respective field.
b. Mansfield (1997), in [33] proposes that competence serves as a personal qualification that enhances performance outcomes.
c. Rankin (2002), in [33] defines competence as a set of behaviours and skills that individuals are anticipated to exhibit within their organisation.
d. Mirabile (1997), in [33] defines competency as "a collection of interrelated knowledge, skills, and abilities, along with other attributes linked to high performance in a job." Competency is linked to superior performance achievement and is a measurable quality essential for attaining strategic goals in contemporary and future organisations. It delineates competency into three developmental phases: The initial phase involves individual competency; the subsequent phase focuses on competency management within an organisation utilising the competency model, and the final phase entails identifying the organization's core competencies. This developmental phase introduces two perspectives on competency: organisational competency and individual competency.

### 2.3 The Grand Theory: The Window-Model Theory

The identification of the primary theoretical framework utilised to define the concept of research conducted constitutes the essence of grand theory. Grand theory, middle range theory, and applied theory serve as unified frameworks for researchers in the compilation of scientific papers. Grand theory can be defined as a comprehensive explanation of social life, history, or human experience grounded in theoretical frameworks. Charles Wright Mills, a social scientist, published his work in 1959 [23], [32]. A grand theory serves as the primary framework for comprehensively explaining a phenomenon. In the context of scientific papers, the discussion of theory necessitates the inclusion of a middle-range theory to enhance the tangibility of the theoretical structure, thereby facilitating the development of a research model.

In research, grand theory is the primary notion utilised to investigate a hypothesis. The appropriate big theory enhances study outcomes and supports research gaps and scientific frameworks. Grand Theory is a high-abstraction theory that prioritises formal idea organisation over social comprehension [17]. Researchers must relate the factors evaluated in establishing hypotheses with the grand theory employed in research [19]. Grand theory aids researchers in creating a scientific framework and model for qualitative and quantitative research.

### 2.4 The Theory of Organisational Competence

Organisational competency became a significant focus in strategic management literature in 1990 [35], highlighting core competencies as a crucial source of competitive advantage. This concept derives from the Resource-Based View theory [23], positing that sustainable competitive advantage is rooted in a company's internal resources that are unique, scarce, and challenging for competitors to replicate. In contrast, individual competency emphasises the development of general competencies associated with specific jobs or roles, widely recognised as behavioural competency, to demonstrate how individuals conduct themselves while performing their tasks [30].

Competency and individual competencies are interrelated, since they align human resource objectives with corporate plans to improve performance [31]. Organisational learning transpires through individual learning, which is crucial for the process. Establishing a competitive edge for an organisation necessitates the cultivation of individual talents [33]. Enhanced individual proficiency enables organisations to respond to opponent actions and reactions, thereby securing a competitive edge. Consequently, both talents are vital for attaining organisational success.

Organisational competency might influence individual competencies via competency models [23]. Top management, along with division and unit managers, can pinpoint core competencies that necessitate the company's identification of projects and personnel closely associated with them. The company's executor oversees the site audit, emphasising the quantity and quality of individuals demonstrating that competency [25], [26]. Competency is aligned with the strategic objectives of the organisation and the expertise of individuals [19]. Competency models identify essential skills for the HR system, emphasising employee behaviour and work quality that align with the organization's mission, values, and strategic objectives.

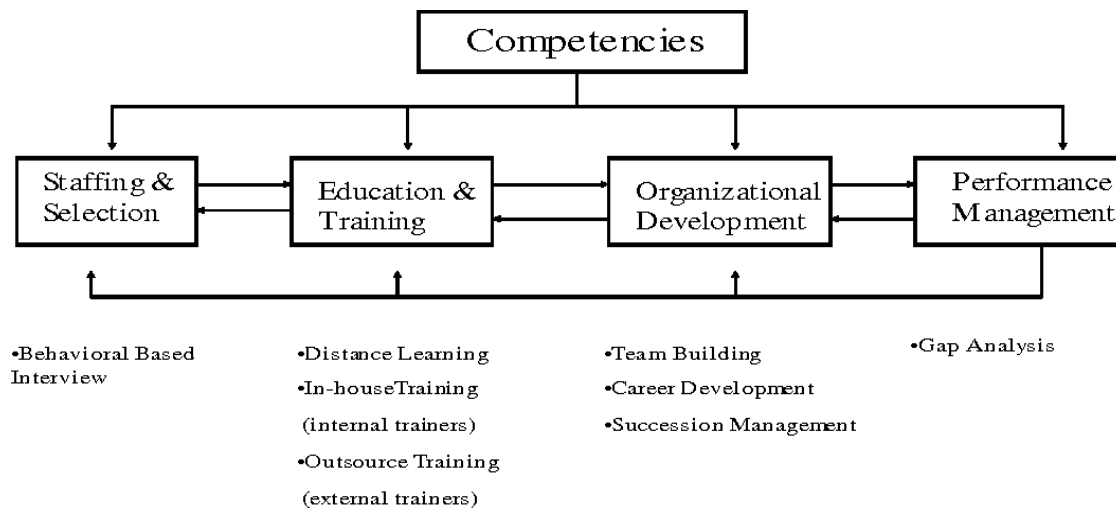**Figure 1.2**: Theory of Human Resource Management to Competency Development Phase



**Figure 1.2** summarises competency-based applications are utilised across multiple sectors, such as staffing and selection, as well as education and training. Staffing and selection are grounded in competencies, categorised into those that are easily coached and those that are more challenging to develop. AMS adopted a behavioral-based interview guide for candidate selection, utilising DDI software. The emphasis was placed on competencies essential for success and those that present challenges in coaching. The education and training function employs competency-based strategies. The implementation process commenced with the identification of competency gaps and the determination of essential competencies required for enhancement. Competencies were categorised into fundamental, core, and visionary types. Competency-based programmes, both online and in-house, were developed with an emphasis on evaluating training through systems for training transfer and performance impact assessment.

### 3. METHOD

This study employs a qualitative descriptive research method, grounded in multiple references. Qualitative research methods are grounded in positivist philosophy and are employed to investigate the conditions of natural objects. The descriptive method involves the examination of the current status of a human group, a subject, a set of conditions, a system of thought, or a class of events.

## 4. DISCUSSION

### 4.1 The Window-Model Theory as a Grand Theory of Human Resource Competence

Human resource management is essential for organisational effectiveness through the management of value creation and strategic capabilities [24]. Human resource competencies are critical for achieving organisational success through effective programmes and practices. Researchers are examining competency models to evaluate their effectiveness in adapting to change. Aligning an organization's vision, mission, and goals with core competencies and individual employee competencies is crucial for organisational effectiveness [29].

Human resource competencies serve as predictors of individual behaviour and performance [31]. Consequently, specific sets of competencies promote particular behaviours and performance outcomes. In contemporary organisational human resources practice, competence is regarded as both a significant advancement and a challenge in its attainment [33]. The examination of basic competence encompasses a wide range of domains, including knowledge, skills, and abilities, with this theory being extensively applied in the business sector.

The window-model concept was developed by Joseph Luft and Harrington Ingham as a representation of the way in which an individual interacts with others who are referred to as "windows." The objective of the development of the model, according to [23] harmonises this theory in the development of human resources research, asserting that every self-development that humans experience is observed or perceived from four perspectives in the form of a window: knowledge, skills, expertise, and attitude. Further details are illustrated in Figure 1.3.
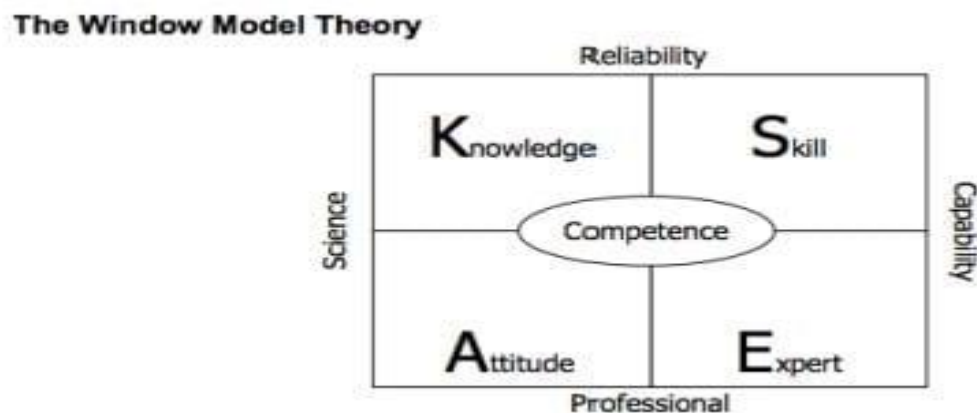
**Figure 1.3**: The Window Model Theory



**Figure 1.3** depicts the Window Theory, which is also referred to as the KSEA theory (Knowledge, Skill, Expert, and Attitude). The discussion on window theory centres on human resource competence. Reliable human resources possess knowledge that is underpinned by relevant skills. Capable human resources possess skills that are underpinned by expertise relevant to their specific field of work. Professionally skilled human resources are essential for developing reliable and independent competencies.

## 5. FINAL CONSIDERATIONS

At last, the author of this paper asserts that human resource competence is essential for a company's uniqueness and must be cultivated in accordance with global developments, especially within the business sector. The choice of an appropriate grand theory, such as the Johari window theory, is crucial given the extensive research on human resource competencies. The review concluded that this theory, emphasising emotional intelligence and communication, is inadequate for human resource competencies because of its concentration on interpersonal relationships.

Theory in HR management has developed to emphasise the effective acquisition and utilisation of labour. The emergence of competency-based HR management represents a transition towards prioritising operational and strategic dimensions to secure a competitive advantage for the organisation. This approach emphasises factors that directly influence an organization's success, enabling enhanced individual competence to respond to competitor actions and reactions effectively.

The present investigation aims at analysing the competencies of two management theory perspectives and to clarify their interrelationship for empirical evaluation. It promotes the investment of organisations in the development of individual competencies that are aligned with long-term business strategies, thereby strengthening HR as an internal resource for sustainable competitive advantage.

## 6. ETHICAL CONSIDERATION

Not applicable

## 7. CONFLICT OF INTERES

The author of this comprehensive theoretical paper declares that there is no conflict of interest.

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## 9. ACKNOWLEDGEMENT

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