COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT AFFECTING CORE COMPETENCY OF EMPLOYEES: A CASE STUDY OF OIL AND GAS COMPANY IN THAILAND

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Abstract: *The objectives of the research were to study the level of core competency and competency-based human resource management affecting core competency in an oil and gas company in Thailand. The sample was 344 employees who were drawn by simple random sampling method and the data were analyzed by using statistical program. The statistics used in the research were percentage, arithmetic mean, and standard deviation. Multiple linear regression analysis was used to test the hypothesis. The results found that the level of core competency within the company was at high level. In addition, recruitment and selection, training and development, performance management, career management and reward management could affect core competency within the company. All independent variable could explain the variation in core competency at 71.2%.*

Keywords: *Competency-Based Human Resource Management, Core Competency, Recruitment, Selection, Training, Development, Performance Management, Career Management, Reward Management*

1. Introduction

The human resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the ability of all employees within the organization in order to achieve the goals or the activities of an organization because employee's knowledge and skills are central to companies' ability to be highly competitive.

Main objective of this study is to find out the competency-based HRM that affecting core competency of employees in an oil and gas company in Thailand. So, an organization should look for new methods and ways to maximize the use of employees' knowledge, skills and social competencies in ongoing operations and in the implementation of long-term strategies. In the broadest sense, all activities of an organization are always based on the competencies of employed persons. Therefore, the main job and challenge of human resources management is to identify and develop competencies in a way that will enable the most efficient management of employee competencies in an organization and operation of the organization.

The concept of Armstrong (2001) has mention a competency is closely linked to human resources management. It is immediately related to the key strategic goal of HRM. In additional, Baron & Armstrong (2012) said the theory of human resources may be linked in an obvious manner with the mainstream trend to promote the value and significance of competencies, assuming that the effective management of competencies possessed by employees builds the value of an organization.

For this research, researcher uses a competency-based human resource

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management model, which is a contemporary human resource management approach was applied in this research by studying the ideas of many scholars such as Brockmann, Clarke, Mehaut, & Winch (2008) said competency-based management is a new trend in human resources management that emphasises specific competencies utilized in a given job, allowing for more individualized management and more individual competency development. Moreover Dubois & Rothwell (2008) proposed that competency-based human resources management assumes looking at expected results and organizational requirements from the perspective of an employee rather than from the perspective of a job position held by an employee.

Finally, core competencies of employees can provide a structured model that can be used to integrate management practices throughout the organization. Competencies that align their recruitment and selection, training and development, performance management, career management and reward management to reinforce key behaviors that the organization values.

However, There is many factors would be effected to core competency of employees in an oil and gas company in Thailand in term of human resource management. This study researcher focusing on studying the employee

Independent variables are derived from the competency model specified by Spencer and Spencer. The competency model that Spencer & Spencer (1993) identified apart from training and development, a competency model can be used by an organization in a variety of ways. For example, this model can be used for recruitment and selection, performance management, career management and reward management in information systems.

And dependent variables are derived from core competency dictionary of oil and gas company in Thailand (PTT Core Competency Dictionary, 2012). Which

competency management practices that makes people in the organization have the same ability, but not necessarily at the same level due to core competency of each employee will consistent with the employee level within organization and the results were presented to executives and human resources manager to create a human resource development plan in order to comply with the opinion of employees

2. Research Objective

1. To study the core competency level of employees in an oil and gas company in Thailand.

2. To study the competency-based human resource management factors affecting core competency of employees in an oil and gas company in Thailand.

3. Hypothesis

Recruitment and Selection, Training and Development, Performance Management, Career Management, Reward Management could affect core competency of employees in an oil and gas company in Thailand.

4. Conceptual framework

The study of core competency of employees in an oil and gas company in Thailand. The researchers examined the available literature to find how employee competency study.

consists of three core skills as follows; business and management skills, personal attributes and interpersonal skills. The factors listed researchers have included in the framework of this research as follows:
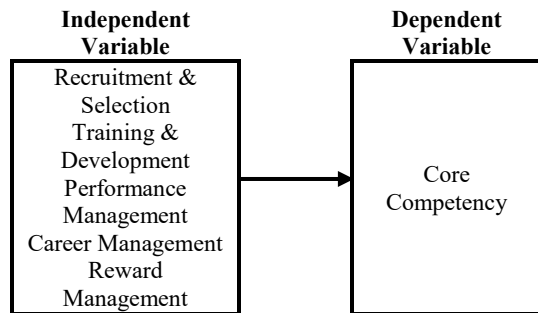
Figure 1 The conceptual framework

5. Scope of Research

In this research, the researchers focused on a specific group of employee who worked in an oil and gas company in Thailand.

5.1 Populations and sample

The population in this research were 2,453 employee who worked in an oil and gas company in Thailand. The sample size was 344 employees who were drawn by simple random sampling method.

5.2 Research Design

Researchers have determined the independent variables and the dependent variable

- **5.2.1 Independent Variables** is competency-based human resource management which consist of Recruitment & Selection, Training & Development, Performance Management, Career Management, Reward Management
- **5.2.2 Dependent Variable** is Core competency
- **5.2.3 Period** March 2016 – April 2016

6. Research Methodology

The research instrument used in this study was questionnaire, which related to competency- based human resource management and core competency. The researcher used 5 point Likert scales to ask respondent rate the level of each variable according to their opinion.

7. Data analysis

The researchers analysed the data using the statistical program. The statistical data was analyzed using percentage, arithmetic and standard deviation. Multiple linear regression analysis was used for hypothesis testing.

8. Result and Discussion

Table 1: personal factor

Personal factors	Frequency	Percentage
Gender		
Male	261	75.9
Female	83	24.1
Total	344	100.0

Personal factors	Frequency	Percentage
Age		
20 – 25 years	174	50.6
25 – 30 years	134	39.0
30 – 35 years	36	10.5
Total	344	100.0
Marital status		
Single	315	91.6
Married	29	8.4
Total	344	100.0
Education		
Bachelor's Degree	90	26.2
Master's Degree	254	73.8
Total	344	100.0
Experience		
≤ 5 years	234	68.0
5 – 10 years	75	21.8
10 – 15 years	35	10.2
Total	344	100.0

According to the Table 1: it is found that the majority of employees in this oil and gas company in Thailand is male aged more than 20 – 25 years. The majority of the status is single; the level of the education is Master's degree and their experience in an oil and gas company in Thailand is less than or equal to 5 years.

64

Table 2: Mean ($\overline{X}$), standard deviation (S.D.) and level of core competency of employees in an oil and gas company in Thailand.

Core Competency	$\overline{X}$	S.D.	Level	Order
Business & Management Skill	4.115	0.558	High	3
Interpersonal Skill	4.242	0.534	High	2
Personal Attributes	4.267	0.536	High	1
Overall	4.213	0.507	High	

According to the Table 2: The results found that the level of core competency of employees in an oil and gas company in Thailand was at high level.

Personal attributes was in high level which was in the first rank at $\overline{X}$ = 4.267 and S.D. = 0.536, and the next rank are interpersonal skill ($\overline{X}$ = 4.242 and S.D. = 0.534), business & management skill ($\overline{X}$ = 4.115 and S.D. = 0.558) respectively

Figure 3: Mean ($\overline{X}$), standard deviation (S.D.) and level of competency-based human resource management in an oil and gas company in Thailand.

Competency-Based Human Resource Management	$\overline{X}$	S.D.	Level	Order
Recruitment & Selection	3.763	0.600	High	4
Training & Development	3.905	0.448	High	3
Performance Management	3.311	0.518	High	5
Career Management	4.082	0.589	High	1
Reward Management	3.997	0.645	High	2
Overall	3.812	0.324	High	

According to the Table 3: The results found that the level of competency-based human resource management in an oil and gas company in Thailand was at high level.

Career management was in high level which was in the first rank at $\overline{X}$ = 4.082 and S.D. = 0.589, and the next rank are reward management ($\overline{X}$ = 3.997 and S.D. = 0.645), training and development ($\overline{X}$ = 3.905 and S.D. = 0.448), recruit and selection ($\overline{X}$ = 3.763 and S.D. = 0.600), performance management ($\overline{X}$ = 4.082 and S.D. = 0.589) respectively

Figure 4: Multiple linear regression of competency-based human resource management affecting core competency of employees in an oil and gas company in Thailand.

Competency-Based Human Resource Management	b_j	t	p-value
Constant	1.056	5.575	0.000**
Recruitment and Selection	-0.055	-2.056	0.041*
Training and Development	0.076	2.207	0.028*
Performance Management	0.061	1.984	0.048*
Career Management	0.224	6.364	0.000**
Reward Management	0.488	14.899	0.000**
R = 0.844; R^2 = 0.712; F = 167.106; p-value = 0.000**			

Remark $* p \leq 0.05$
$** p \leq 0.01$

According to the Table 4: it is found that F = 167.106, p-value = 0.000 (less than 0.01), R^2 = 0.712, this can explain that all independent variables could explain the variation of core competency at 71.2. Reward management has most influence on the core competency (b_6 = 0.488), followed by career management (b_5 = 0.224), training and development (b_2 = 0.076), performance management (b_3 = 0.061), recruitment and selection (b_1 = -0.055) respectively.

9. Conclusions

9.1 Core competency in an oil and gas company in Thailand

The result of the research found that the competency model and implications derived from the findings of this study should be valuable to executive manager and human resource department and can be increased an employee competency. In order to obtain effective performance even more. The researchers recommend that the company should be used competencies identified above into its future competency-based human resource management plan as detailed as follows.

Core competencies of employees could be explained personal attributes skill that are a key company success in business, which combined with applied learning and initiating action skills. Employees will focus on applied learning skill (internal and external training) that contribute to ongoing performance improvement and knowledge management in employee and company operations. In terms of initiating action skill that contribute to innovative outcomes. So, personal attributes skill of employees can add value to the company and develop expertise of employees even more which consistent to concept of HR Washington State Human Resources (2012) and Lincoln (2014) said that employee competencies are the measurable or observable knowledge, skills, abilities and behaviors critical to successful job performance. It is the ability of an individual to do a job properly. Competency can also be viewed as a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees.

Interpersonal skill in core competency of employees is build the positive relationships with colleagues and can be contributed to making the work environment a more enjoyable place. Especially work of employees can become more rewarding and less stressful with improved relationships with coworkers, including contribute to creating teamwork, communication skill and trust from colleagues. It's important that every employees feels comfortable with work and communication in the workplace. Consistent to concept of Cripe, E.J. &

Mansfield, R.S. (2002), Department of Personnel, Colorado State (2014) and Fermilab (2014) suggested that the interpersonal skills involved building positive working relationships include maintaining a positive attitude and initiating open and candid relationships with people at all levels to facilitate the accomplishment of work goals. In order to build trust include being reliable and dependable of employees. As well as organizing thoughts before speaking and communicating with colleagues clearly and articulately by using graphics or other aids to clarify complex or technical information.

In terms of business and management skills consisting of analysis and decision making. Employees learned about generating and evaluating alternatives before making a decision or taking action, considering the risks associated with each option and selecting the option that has the best balance of risk and reward. As well as having dealt with time and use available resources to complete the task successfully and efficiently. Which is similar to the concept of Triantaphyllou, Evangelos (2000) mention that a major part of decision-making involves the analysis of a finite set of alternatives described in terms of evaluative criteria. Then the task might be to rank these alternatives in terms of how attractive they are to the decision-maker(s) when all the criteria are considered simultaneously. Another task might be to find the best alternative or to determine the relative total priority of each alternative when all the criteria are considered simultaneously. Solving such problems is the focus of multiple-criteria decision analysis (MCDA).

9.2 Competency-based human resource management affecting core competency in an oil and gas company in Thailand

The results of this research showed that competency-based human resource management affecting core competency in an oil and gas company in recruitment and selection, training and development, performance management, career management and reward management significantly affect core competency of employees.

In terms of reward management, compensation, benefits or bonuses is the main factor that will help increase the motivation to work effectively. Moreover is an incentive to employees develop their competencies always. Consistent to concept of Murlis, Michael Armstrong & Helen (2004) has indicated that reward management consists of analyzing and controlling employee remuneration, compensation and all of the other benefits for the employees. Reward management aims to create and efficiently operate a reward structure for an organization. Reward structure usually consists of pay policy and practices, salary and payroll administration, total reward, minimum wage, executive pay and team reward.

Career Management is a minor side effect of the reward management of the organization. In career management field shows that the company is planning a career advancement for employees. In this aspect, which shows that the company is planning a career advancement for employees by giving a priority in performance efficiency and responsibilities of the employee assigned to use as criteria for adjusting employee levels, resulting employees is committed develop the capabilities of oneself always which consistent to concept of McDowall & Silvester (2006) said that organizations increasingly incorporate self-development features into their career management interventions. In general, these initiatives emphasise job-related issues, reinforced by the use of competencies that focus on performance at work. However, individual career development goes beyond the assessment of strengths, weaknesses and training to improve job performance.

Knowledge Management is the most importance factor for training and

development in an oil and gas company. Because the company focuses training and development plans to address missing competencies or gaps in competency proficiency levels. In particular, it can be helped increase the performance in a variety of ways including the knowledge that is applied to the operation will enable the company to have employees that have the knowledge and competency that positive impact to the company in the conditions that are highly competitive. Consistent to concept of Kashmir Observer (2016) said training and development is a function of human resource management concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. Training and development can also be described as an educational process which involves the sharpening of skills, concepts, changing of attitude and gaining more knowledge to enhance the performance of employees.

Performance management is a factor that the company pays attention to improve and develop process of work. Including performance management of employees to be effective even more. Which is consistent with the vision, mission and values of the company to drive the performance management of the company achieve its goals which relative to concept of Aguinis, Herman (2009) mention that performance management is a concept in the field of human resource management. "Performance management is a continuous process of identifying, measuring and developing the performance of individuals and aligning performance with the strategic goals of the organization".

Lastly, company has a benchmark for the process of recruitment and selection employees with knowledge and ability but the company is not able to allocate staff to positions that match their abilities and needs of employees. Because employees can not refuse jobs after the company agreed to accept joined. As a result, employees can not show the capabilities that are available to suit the job was not chosen by the employees themselves. Therefor, researchers propose the way that complies with the results of this research by using the theory of Staffing or "Put the right man on the right job" is the best way of matching people and jobs is through the use of competency modeling. Competency models help organizations to take a more unified and coordinated approach in designing improvements to HRM systems in the future (Tim Brown, 2008).

10. Recommendation

The recommended competency model can be organized into five types of competency-based human resource management in an organizational as follows:

1. Company should manage a reward management by taking into account the performance more comparable to the petroleum industry and leading businesses that resembles similar.

2. Company should consider the career advancement from the performance at work even more, as well as knowledge & individual competency, attitude and potential of employees to meet the company recruitments.

3. Company should promote the training and development in a global level to provide employees with the knowledge and ability to operate effectively in its responsibilities even better.

4. Company should promote the performance management of employees to provide an international standard, which led to the development in order to raise performance at work of employees.

5. The recruitment and selection process, company should take into consideration the position that meet the needs of employees.

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