

Human Resource competencies and performance: A review and research agenda

As the HR function faces increasing pressure to play a more strategic role, HR professionals must build new competencies to fulfil increasing expectations. This article provides a review of the literature on HR competencies, particularly focusing on HR competency models and the relationship between competencies and performance. It finds that there is little agreement in the literature on HR competencies and evidence of the link between HR competencies and performance outcomes is mixed. The studies are analysed in terms of methods, measures, unit of analysis, and context. The conflicting outcomes of these studies can be attributed to one or more of these dimensions. Each dimension reveals avenues for future research. In particular there is a need to explore the role of context, and develop our understanding of the relationship between individual competencies and HR unit competencies, and performance.

Keyword: HR competencies, performance, literature review

1. Introduction

Changes in businesses and in the business environment have triggered fundamental changes in the Human Resource (HR) function. In many firms, the HR function has expanded beyond the traditional tasks of personnel management such as staffing, benefits, and compensation, to include tasks such as strategic planning, management of change and continuous improvement. Some researchers claim that the role of the HR function is becoming increasingly vital to successful business (Ulrich and Brockbank, 2005; Guest, 1997). In particular, such researchers place emphasis on the need for HR to act more as a business partner by playing a more strategic role and contributing to value creation (Brockbank, 1999). Evidence suggests that the roles and responsibilities of HR professionals are evolving; firms are shifting focus from HR administration to more strategic issues (Lawler and Mohrman, 2003; Yeung, Brockbank and Ulrich, 1994).

The changing nature and role of the HR function has direct implications for the competencies of HR professionals (Bell, Lee and Yeung, 2006). HR professionals must meet growing expectations whilst facing simultaneous pressures to improve performance in terms

of impact on employees and business outcomes, and to reduce costs (Kochanski and Ruse, 1996). In order to achieve such results, “traditional” HR skills, knowledge and abilities are no longer sufficient, but need to be supplemented by additional skills (Baill, 1999). In the academic literature, this has driven the proliferation of prescriptive HR competency models, and some attempts to show how these HR competencies relate to business success. However, no attempts have been made thus far to draw this literature together. This article aims to fill this gap by providing a review to show what we know about HR competencies and how these competencies contribute to performance. Studies in this field are compared with regard to the methods and measures employed, unit of analysis, and context. The article further aims to highlight gaps and areas that require further academic attention.

2. Defining competency

The word competency has come to mean several different things, which creates a lot of confusion. It might be something that organizations do well, qualities that employees must possess, the knowledge and skills to perform a specific task, or certain characteristics and attributes (Gorsline, 1996). Interest and research in management based competency models can be traced back to the influential study of Boyatzis' *The Competent Manager* (*ibid.*, 1982). Boyatzis defines competency as an underlying characteristic of an employee (motive, trait, skill, self-image, social role, knowledge) that results in superior performance. McEvoy et al. (2005) attempt to draw together different definitions and define competencies as a configuration of personal characteristics such as traits and motives, along with knowledge and skills that are inferred from observable behaviour. However, a core element of the definition of competencies omitted by McEvoy et al. (*ibid.*) is performance. Boyatzis (1982) explicitly links competencies and performance, and the impact of competencies on overall

organizational performance is one of the basic premises of HR competency research (Ulrich et al., 1995; Ulrich and Brockbank, 2005; Kesler, 1995; Gorsline, 1996). Ulrich et al., for example, explicitly state that HR professionals demonstrate competence when they “add value to their business” (1995: p.474).

How the HR function adds value to business is a critical issue since the HR function constantly faces the challenge of having its contribution to value creation questioned (Caldwell, 2003; Svoboda and Schröder, 2001). The literature suggests that at least part of the formula involves the competencies of HR professionals. HR professionals possessing the right competencies are assumed to add value to their businesses because these competencies allow them to align the HR function with the specific needs and circumstances of their organization (Quinn and Brockbank, 2006), and to quickly anticipate new challenges and developments (Svoboda and Schröder, 2001). Given the increasingly international nature of the context in which HR managers work, in particular those working in multinational corporations (MNCs), HR managers are expected to possess an increasingly wide variety of competences such as cross-cultural management skills.

Based on the above discussion, HR competencies might be defined as combinations of traits, knowledge, skills, and motives that HR professionals need to perform well in their different roles and contexts. With this definition in mind, the article next turns to analyse the research in the two areas of focus: HR competency models and the competency-performance linkage.

3. HR Competencies

3.1 Literature review on HR Competencies

A computerized database (ISI Web of Knowledge) was used to identify scholarly work on HR competencies. The database was searched using key words such as HR competencies, HR capabilities, HR professionalization, HR performance, and HR effectiveness. Once articles relating to the topic were identified, the reference lists were used to identify further scholarly work in the field.

By far the most studies in the literature on HR competencies are concerned with identifying which competencies HR professionals need, in particular relating to the changing role of the HR function (Ulrich et al., 1995; Lawson, 1990; McEvoy et al., 2005; Gorsline, 1996). From the articles and books identified in the literature search, 12 distinct models or categorizations were found for conceptualizing and organizing HR competencies. The studies are summarized in Table 1.

[Insert Table 1 here]

3.2 Competency clusters

Table 1 shows the main components of the competency models developed in each study. Although the precise focus of each study shows slight variation, all attempt to answer the question of what competencies HR professionals need to perform well. The results of the studies are presented in competency clusters. One difference, however, in these models is their level of application. One can distinguish between studies that attempt to create generic competency models applicable to different firms (e.g. Ulrich et al., 1995; Lawson, 1990), and studies based on single case-studies which identify relevant HR competencies and development tools for a specific organization (e.g. Gorsline, 1996; Morris, 1996).

Table 2 demonstrates how the competency clusters of these models compare with each other. Four competency clusters clearly dominate the models: business knowledge, personal skills/credibility, HR service delivery and HR technical skills. However, although there appears to be some level of agreement in the labelling of important competency areas, a closer look at the clusters in each study reveals different definitions and understandings of what these competencies entail.

[Insert Table 2 here]

Taking business knowledge, the most commonly cited cluster, as an example, Table 3 lists the various individual competencies specified under this cluster for each of the reviewed models. Table 3 illustrates the lack of consensus over what business knowledge competence involves. Whereas the Michigan model emphasizes knowledge of the value chain and the business value proposition, the Reliant Energy case study focuses on financial, business unit and strategic knowledge, and Nortel's case model includes innovation, customer-service orientation and building business partnerships. The highest level of agreement occurs for strategic understanding and possessing a value-added perspective. Even then, these appear in only a third of the models.

[Insert Table 3 here]

3.2.1 Methods

Table 1, which summarizes the work on HR competency models, also shows the variety of approaches employed in constructing these models. The SHRM model was built by asking CEOs what skills, attributes and capabilities HR professionals should possess (Lawson and Limbrick, 1996). The Michigan School model was built through extensive survey work with HR managers and their associates, along with reviewing previous literature (Ulrich and Brockbank, 2005). Kesler (1995) highlights the importance of the line managers' perspective and uses their opinions as a basis for the model built at Whirlpool. The model developed by Johnson and King (2002) almost solely relies on previous research, and uses interviews with HR managers to confirm and supplement their findings. The difference in approaches may partly explain why there is relatively little agreement over the content of the competency models. Nevertheless, the most commonly employed approach in these studies was to interview certain stakeholders, in particular HR professionals themselves and other managerial employees having close dealing with HR. However, it seems that most of the competency work has been conducted from a managerial perspective at the neglect of the employee stakeholder (Graham and Tarbell, 2006). Graham and Tarbell's (2006) study found that employee perceptions of what competencies HR professionals need in the dimension of personal credibility was clearly different to the perceptions of top managers on the same dimension. The study makes the point that HR competency sets need to be broadened in order to reflect the employee stakeholder. This suggests that to attain a more comprehensive picture of HR competencies, a multiple-stakeholder perspective should be employed in future research.

3.2.2 Measures

Most of the studies are not explicit about what kind of data they worked with (qualitative, quantitative), how they measured competencies or how they arrived at competency clusters. Only Ulrich and Brockbank (2005) mention that exploratory factor analyses were used to identify patterns in their data that allowed them to generate a model of five competency clusters. Furthermore, most of these studies are not explicit about how their results can be applied in practice and future research. It appears that most of the models offer only a description of what competencies HR professionals need or have and few studies take any steps in validating or operationalizing these constructs. The exception is the work done by the Michigan School, which created measures and tested the competency domains (Ulrich et al, 1995; Brockbank and Ulrich, 2009). This perhaps also explains why the Michigan school model is so influential. Not only has it influenced the development of other competency models (Svoboda and Schröder, 2001; Quinn and Brockbank, 2006), but as will be shown later, it is also the most common model used in empirical studies relating to HR competencies and performance.

3.2.3 Unit of analysis

Another area in which these studies differ is in the unit of analysis. As mentioned previously, competencies may be analysed at the individual level and at the organizational or unit level. There is a close relation between these two levels of analysis, but also a distinction which needs to be kept in mind. An organizational competence may comprise of unique or large combinations of individual competencies (Kochanski and Ruse, 1996). As can be seen in Table 1, some studies were conducted at the individual-level of analysis, some at the HR unit-level, and in some cases the level of analysis is unclear. The difference in level of analysis may partly explain the variance in the findings of these studies. The competency

requirements at the individual-level are not necessarily the same as the competency requirements at the HR unit-level.

In their case-study on Eastman Kodak, Balancero et al. (1996) found that HR competency requirements vary according to the HR role to which an individual is assigned. Their research identified six different HR roles within the HR function (e.g. operational support, consultant, initiative leader) and each role required a different set of competencies. Comparing the competency requirements of each role, they found that some competencies are relevant to all HR roles (core competencies), some were relevant to at least half of the HR roles (leverage competencies) and others were unique to a single role (role-specific competencies). Relatively few of the identified competencies were in the core and leverage levels, whereas most were role-specific. An interesting finding from their study is that business knowledge, which is so prominent in other models, is only necessary for one particular HR role (*ibid.*). They suggest that HR professionals need a broad range of competencies, but the specific competencies needed by each HR professionals depends on their role.

Based on Balacero et al.'s (*ibid.*) study, we can expect individual-level and HR unit-level competencies to differ. Applying this to the findings of the review of competency models, we might conclude that the broad competency clusters represent unit-level competencies, but the specific competencies within each cluster vary across individual HR professionals according to their roles. More research is required to improve our understanding of how individual-level and HR unit-level competencies relate to each other.

3.2.4 Context

Each of the studies listed in Table 1 was conducted in a different context, which may also be a contributing factor to the variance in results. Although most of the research was conducted in the US, the studies have involved different organizations from different industries at different points in time. The variance in results raises questions about the generalizability of HR competency models. The case-study approach to identifying HR competencies has been criticized because it only gives firm-specific advice and insights (Brockbank et al., 1999; Ulrich et al., 1995), while attempts to produce universalistic/generic sets of competencies have been criticized because these ignore the role of context (Caldwell, 2008). Caldwell (*ibid.*) argues that the logic of business-partnering is increasingly seen as context-specific, which perhaps explains why the specific competencies identified in different studies vary so greatly.

Drawing on the insights from Kochanski and Ruse (1996), the organizational context can be expected to have a significant impact on HR competencies. Kochanski and Ruse (*ibid.*) group competencies into three tiers: strategic, core and requisite, and suggest that organizations as well as organizational units ought to prioritize between their competencies. Once the HR function identifies which competency bundles have the most strategic value to their organization, these will become the competencies given the highest value and priority.

Other organizational factors which are expected to have an impact on the relative importance of HR competencies and how they are perceived are the degree of centralization of the HR function, the resources devoted to HRM, the hierarchical position of particular HR professionals (Roehling et al., 2005), and the degree of internationalization (Evans et al., 2010). For example, MNCs dealing with the complexities that accompany international and cross-cultural operations are likely to value HR competencies in managing the global-local dilemma which they face in supervising a global workforce (Evans et al., 2010). Further, the

particular characteristics, such as the strategic orientation, of a MNC place additional requirements on the competencies of HR professionals (*ibid.*).

The results of the comparison between HR competency models may be connected to the issue of context and the debate whether HR competencies are universally applicable or context-specific. The comparison of the models found that there is agreement at the competency cluster level, but disagreement in terms of specific competencies within each cluster. This suggests that certain competency areas might be more universally applicable, whereas specific competencies depend on the context. However, more research is needed in this area since current research addresses only a limited set of contextual factors and little is yet known about how these impact HR competencies.

4. HR competencies and performance

As was mentioned earlier, one of the basic assumptions in HR competency research is that HR competencies add value to their businesses (Ulrich et al., 1995). This means that HR competencies are expected to have a positive impact on organizational performance. But a key question is how to determine this. Since there are many factors influencing overall business outcomes, how is it possible to isolate the impact of HR competencies? One approach is to look at the mediating variables and examine the relationship between HR competencies and performance at lower levels than the organizational level. For example, it might be expected that HR competencies have an impact on individual or HR unit performance, which in turn affects organizational performance. Alternatively, competencies can be combined so the focus is on HR unit competencies and HR unit or organizational performance. Both these approaches are considered below.

4.1 Individual level

Figure 1 illustrates the expected relationship between HR competencies at the individual level and individual performance. Individual performance is expected to have an impact on the HR unit's performance, and organizational performance as a result. The areas which are in grey are those where no research has been found.

[Insert Figure 1 here]

The only research that could be found from this competency-performance perspective is a limited amount of research on what competencies HR managers actually demonstrate as opposed to what they should possess. Kesler's (1995) study on the reorganization of HR at Whirlpool found that of the three competency categories (performance capabilities, HR technical know-how, and business know-how), HR professionals were constantly rated as least effective in business know-how. Another survey, the Human Resource Competency Study (HRCS), based on the five competency domains of the Michigan School model, found HR professionals least effective in the areas of HR technology and business knowledge, and most effective at establishing credibility and delivering HR services (Brockbank and Ulrich, 2009).

The link between HR competencies and individual performance remains largely unexplored. Although many studies on HR competencies appear to be concerned with competencies at the individual level, most of the discussion pertaining to performance looks at organizational performance. Research thus far has neglected the individual level of

analysis in measuring performance, although it seems that individual performance is an important mediating variable between competencies and organizational performance. A study by Levensen, Van der Stede and Cohen (2006) examines the link between managerial competencies in general and performance at the individual and business-unit level. They find evidence of a positive relationship between competencies and individual performance, but the link between competencies and business-unit performance is much weaker.

Given that the link between competencies and individual performance is strong and that it is an important mediating variable leading to organizational success, future research needs to address this relationship. Potential ways to measure individual performance are in the ability to meet performance objectives (Levenson et al., 2006), perceived effectiveness (Boselie and Paauwe, 2005; Perry and Kulik, 2008), and career success in terms of career progression and perceived career success (Turban and Dougherty, 1994). A small amount of research exists on HR career progression (see Kelly and Gennard, 2000), but the relation to competencies is not explicit.

4.2 Unit and organizational level

Figure 2 illustrates the relationship between individual competencies, HR unit competencies and HR unit performance, which in turn should result in an impact on overall business performance. No research has been found in the grey areas.

[Insert Figure 2 here]

At least three studies exist which examine the link between HR unit competencies and HR unit performance. Huselid, Jackson and Schuler (1997) measured the impact of HR capabilities on HRM effectiveness. HRM effectiveness was used here as a proxy for HR unit performance. They measured HRM effectiveness in two domains: technical HRM and strategic HRM, and they looked at two types of HR staff capabilities: professional HRM and business-related capabilities. The study found both types of capabilities to have a positive impact HR unit performance in terms of increased effectiveness of strategic HRM activities; HR professional capabilities was found to have a stronger effect than business capabilities. On the perceptions of HR unit performance, Huselid et al. (1997) found that perceived technical HRM effectiveness is higher than perceived strategic HRM effectiveness. By technical HRM, they mean the traditional, administrative tasks of HR managers, and strategic HRM refers to policies and practices which contribute to business strategy, implying the business-partner role of HR professionals (*ibid.*).

Boselie and Paauwe (2005) conducted an empirical study on the widely cited Michigan school model and looked at the relation between the five competency domains and the relative ranking of the HR function. They use ranking of the HR function as an indicator of unit performance. By relative ranking they refer to the perceived performance of the HR function in comparison to HR functions in other organizations. They found two of the competency domains, personal credibility and HR delivery, had a positive effect on the ranking of the HR function.

Han et al. (2006) also examined the link between HR competencies and HR effectiveness at the HR unit level. They based their study on an earlier version of the Michigan model which included three validated competency domains: HR expertise, change management, and business knowledge. They found HR expertise to be a strong predictor of

perceived HR effectiveness, and also change management has a positive impact, but contrary to expectations, business knowledge has almost no effect. It is interesting to note that in all three studies, business knowledge appears to be comparably unimportant in relation to HR unit performance.

It seems that only one study, the one by Huselid et al. (1997), has examined the relationship between HR unit performance and organizational performance. They found perceived strategic HRM effectiveness has a positive impact on firm performance, but found no significant relationship between technical HRM effectiveness and firm performance.

Two studies have examined the link between HR unit competencies and organizational performance, skipping the HR unit performance link. These studies produced conflicting results. The Human Resource Competency Study (HRCS) was conducted by the Michigan School researchers and tested which competency domains of the Michigan model have the most influence on business performance. The study found that four of these competency domains made a significant impact to business performance: strategic contribution, personal credibility, HR delivery and business knowledge. Only the impact of HR technology on performance was not statistically significant (Brockbank and Ulrich, 2009). Boselie and Paauwe (2005), however, conducted a similar study on HR competencies in the European context and found only one factor in the Michigan School model, namely strategic contribution, had a significant impact on financial competitiveness.

4.2.1 Methods

All of the above studies were based on large-scale surveys involving several organizations and several hundred respondents. In all cases, the respondents included HR professionals and

line managers. In the HRCS, Brockbank and Ulrich (2009) refer to HR professionals and non-HR associates from management, marketing, finance and manufacturing. They are not explicit about the hierarchical positions of these associates. Han et al. (2006) also included top executives and employees in their study. It is surprising that only one study included employees in the survey. According to Guest (1999), employees' perceptions of HRM practices are crucial for measuring the impact of HRM on performance. Relying solely on managerial respondents is likely to reveal only one side of the story. In addition, it is important to obtain data from different sources when analysing relationships between variables. This is done in all of the studies except the study by Huselid et al. (1997). One criticism of their analysis is that they use the same respondents to rate HR capabilities and HR effectiveness (i.e. the independent and dependent variables), and hence their study might be subject to common method bias and might be considered less reliable.

The results of each study were analysed to determine the existence of statistically significant relationships between the factors under study. Regression analysis is most commonly employed in these studies, with the exception of the HRCS, which conducts a simple variance analysis. The difference in statistical analyses used may partly explain the difference in results between the global HRCS results and the European study (Boselie and Paauwe, 2005). A note of caution is in order when interpreting the results of these studies. Most of the above studies are based on cross-sectional data. The researchers admit that it is difficult to attribute causal relationships between competencies and performance from such data (Boselie and Paauwe, 2005; Brockbank and Ulrich, 2009). Hence, what the data really show is that HR professionals demonstrate certain competencies significantly more in higher performing firms than in lower performing firms (Brockbank and Ulrich, 2009). The only exception is the study by Huselid et al. (1997), which incorporated a one-year lag in the measure of financial data. They argue that HRM effectiveness is more likely to be seen in the

financial performance of an organization in the following year. However, there are no truly longitudinal studies measuring the relationship between competencies and HR unit or organizational performance. Such a study may shed light on the existence and nature of a causal relationship between competencies and performance.

4.2.2 Measures

The data used in these studies are measures of perceptions of HR competencies and HR effectiveness or performance. Some differences occur in the way that organizational performance was measured. Huselid et al. (1997) used financial statements to measure firm performance, whereas the other studies used perceptions of HR unit and organizational performance. On the surface, mere perceptions of organizational performance do not appear to be the most accurate measure of performance, but Boselie and Paauwe (2005) argue that linking HRM and financial performance directly to either accounting or market-based measures does not provide reliable results either. They state that such studies do not give an accurate picture of the causal link between HRM and performance, but are more likely to present reverse causality.

Another point worth noting is the pervasiveness of the Michigan school model. Most of the studies are based on the work carried out by the Michigan school perhaps because it is the most comprehensive work available within the literature and the dimensions of the model(s) have already been empirically tested and validated (Ulrich et al., 1995; Han et al., 2006). On one hand, this makes comparison between different studies more straight-forward. On the other hand, however, given the disagreements among the competency models as discussed earlier, over-reliance on the Michigan school model may produce an inaccurate picture of the relationship between competencies and performance because competencies are

conceptualized and measured in only one particular way. Indeed, both the studies by Han et al. (2006) and Boselie and Paauwe(2005) find multicollinearity between the competency domains. This suggests that in practice, the way various competency domains are perceived is not significantly different and raises questions about construct validity. Han et al. (2006) found that HR expertise and change management correlate highly with each other and found that combining both domains into one factor would be a better fit for their dataset. This might be because both constructs represent the 'people side' of HRM, whereas business knowledge represents the 'strategy side' (*ibid.*).

4.2.3 Unit of analysis

Some confusion occurs concerning the level of analysis. As has been established, the unit of analysis in these empirical studies is the HR unit and the organization. However, most of the competency models, including the Michigan school model, have been developed at the individual level. Perhaps a reason why the Michigan model has been used despite the difference in unit of analysis is because it is assumed that the individual-level model is also applicable to the HR unit a whole. However, as the study by Balancero et al. (1996) suggests, this is not necessarily the case because the roles and therefore competency requirements vary across individuals within the HR unit. Little work has yet been carried out in the field of HR competencies which examines how individual competencies relate to HR unit competencies.

4.2.4 Context

Each of these empirical studies has been carried out in different contexts, which may also be a factor in explaining the variance in results. The HRCS was carried out on a global level and

included organizations of all sizes and covered many industries. Boselie and Paauwe (2005), who replicate the HRCS to a large extent, focused on the European context and used European multinational corporations (MNCs) in their sample. These MNCs were also from a variety of industries. The study by Huselid et al. (1997) was conducted in the US context and included US publicly held firms. Han et al. (2006), in contrast, focused only on the Taiwanese context and included local firms in their study, most of which were in the technology sector.

The surprising result obtained by Han et al. (2006), which is the non-significant relationship between business knowledge and HR effectiveness, was attributed to the Taiwanese context. The HR function has a shorter development history in Taiwan compared to the US, and it seems that the HR function in Taiwan is still considered to be mostly a personnel management function rather than a strategic partner (*ibid.*). In addition, the stark difference in results between the global HRCS and the European counterpart led by Boselie and Paauwe (2005) may be attributed to the different context as well as the different statistical analyses. These issues confirm the need for more research exploring the role of context, particularly national, regional and cultural contexts, on the relationship between HR competencies and performance outcomes at each level of analysis.

5. Conclusions

This article has provided an overview of the literature in two key areas of HR competency research: competency models and the competency-performance linkage. The literature on HR competency models reveals areas of consistency and disagreement. Four competency clusters dominate the various models: business knowledge, personal skills/credibility, HR delivery and HR technology, but the content of each of these competency domains reveals stark

differences across studies. What is meant by personal credibility in one study is dissimilar to personal credibility in another study.

The literature on the competency-performance linkage confirms positive effects of competencies on performance, but which competencies are significant and how these affect performance varies from one study to another. In some cases it is difficult to compare the studies because they appear to look at very different things, and those that are comparable, produce conflicting results. Nevertheless, one interesting finding from the empirical research is the relative unimportance of the business knowledge competency domain which runs counter to most arguments in HR competency research.

The studies have been analysed along the dimensions of methods, measures, unit of analysis, and context. The variance in results for the studies in both research areas may be attributed to one or more of these dimensions. Further, each of these dimensions highlights gaps and avenues for future research.

Analysing the methods of these studies shows that most studies on HR competencies and on the performance linkage are carried out from the managerial perspective. This is a weakness in the studies on HR competencies because the voice of the employee stakeholder has not been heard and accounted for, and is likely to lead to biased results. More research into understanding HR competencies, and into understanding the link between HR competencies and performance needs to be carried out from a multiple-stakeholder perspective. Additionally, with competency-performance studies, there is a need for longitudinal studies to improve our understanding of the nature of causality between competencies and performance.

Looking at the measures employed in these studies reveals how little work has been done to validate and operationalize competency models. The only exception is the Michigan

school studies, and this perhaps explains their pervasiveness in subsequent research.

Although basing studies on similar constructs and similar measures makes cross-comparison more straight-forward, its popularity is not unproblematic. A consequence of over-reliance on the Michigan model is that research on HR competencies may become biased. Two empirical studies based on the Michigan model find high levels of multicollinearity, which means that it is difficult to determine the actual impact of each competency domain on performance. In some cases, it might make more sense to treat separate domains together as one construct. This means that the Michigan model may not provide the best constructs for measuring competency and performance linkages, and hence there is a need for more validation studies and alternative competency models.

Scrutinizing the level of analysis reveals another area of confusion in HR competency research. In many studies the level of analysis is not explicitly stated and it is unclear whether the study concerns or affects individual HR professionals or the HR unit as a whole. Unit or organizational competencies are closely related, but distinct from competencies of individual employees. Unit or organizational competencies may be thought of as aggregated individual competencies, but some level of variance can be expected between the two level. Roles of individuals within the HR function vary and competency requirements differ accordingly. There seems to be no research that examines the relationship between individual and HR unit competencies and there is a need to explore this relationship further. To what extent can individual competency models be applied to the unit level? And how do these relate to each other? In order for our knowledge to progress in this area, it might be useful to develop models of HR roles which can be applied across different contexts in future studies. Another gap relating to the unit of analysis is the lack of any research examining the relationship between competencies and performance at the individual level.

The role of context brings up a number of questions. To what extent are competencies applicable across different contexts? Research needs to be conducted in this area as there appears to be some disagreement about whether competencies are context-specific or universally applicable. Context may be a major reason for the variance in results of the various studies reviewed in this paper. Each study was conducted in a different geographical, temporal, and industrial context. Yet little is known about how the organizational, industrial, national and cultural context affect HR competency requirements and the relationship between competencies and performance. In particular, little empirical research has been conducted on the competencies of HR professionals in MNCs. The added complexity of dealing with several national and cultural contexts at once are likely to add a unique flavour to the competency needs of HR professionals acting in such an international environment.

6. Implications

This review provides a number of implications to HR practitioners and HR researchers alike. Firstly, the research conducted on what competencies HR professionals need suggests that there are four broad competency domains that are applicable to HR professionals in the fulfilment of a more strategic role. However, the disagreement among researchers on the content of these competency domains implies that HR professionals should be sensitive to their organizations and identify which competencies are relevant to their context. In addition, the research exploring the relationship between competencies and performance suggests there is a positive relationship between at least some competencies and performance. However, the mixed results also prove that no magic recipes have yet been found that will lead to superior performance on either the functional or organizational level.

For HR researchers, this review has highlighted a number of areas that require further investigation. This is by no means a comprehensive list of the research gaps in this area, but particularly noteworthy areas are the need to conduct competency research from a multiple stakeholder perspective, pay more attention to the level of analysis, particularly the individual level, and there is a need to develop our understanding of how contextual factors affect HR competencies and the competency-performance relationship.

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Table 1: Summary of studies on HR competency models

Author(s)	Year	Affiliation/Case- organization	Unit of Analysis	Application	Sources	Competency Model
Lawson, Limbrick	1989-1990	SHRM	Individual	Generic	CEO interviews	Goal & action management Leadership Influence management Business knowledge HR technical proficiency
Ulrich, Brockbank, Yeung, Lake	1987-2007	University of Michigan School of Business	Individual	Generic	Interviews with HR managers, HR associates	Strategic contribution Personal credibility HR delivery Business knowledge HR technology
Kochanski, Ruse	1996		HR function	Generic	Previous research	Competency tiers Customer engagement Invention & discovery Making & delivering
Johnson, King	2002		Individual	Generic	Literature review and some interviews with HR managers	Classical IR Traditional HR New HR Personal HR
McEvoy, Hayton, Warnick, Mumford, Hanks, Blahna	2005	Reliant Energy	Individual	Generic	Literature review, external consultants, benchmarking visits	Business knowledge Organizational competence HR technical competence Professional credibility
Keller, Campbell	1992	GE	Individual	Case-specific		Functional HR Business competence Personal competence Organizational competence

Kesler	1995	Whirlpool	Individual/ HR function	Case- specific/ generic	Internal 'design team', consultant, benchmarking, interviews with managers	Performance capabilities HR technical know-how Business knowledge
Gorsline	1996	Bank of Montreal	Individual	Case-specific	Interviews with HR managers, HR clients	Understand the future Seizing the initiative Client-focus Influencing Business linkage HR service support Consulting & change
Morris	1996	Nortel	HR function	Case-specific	Internal 'design team', interviews & workshops with HR professionals	Personal impact Interpersonal impact Business impact
Balancero, Boroski, Dyer	1996	Eastman Kodak	Individual	Case-specific	Internal 'design team', Interviews with HR managers, line managers	Personal integrity Ambition & drive Team skills
Svoboda, Schröder	2001	Deutsche Bank	HR function	Case-specific	Consultants, Michigan School model, benchmarking, Interviews with HR managers	Understanding the customer Personal credibility Running the business HR service delivery
Quinn, Brockbank	2006	BAE Systems	Individual/ HR function	Case-specific	Consultants, Michigan School model, interviews and workshops with HR personnel	Consulting Self competence Management competence Organizational design Business knowledge HR knowledge

Table 2: Competency clusters

	SHRM	Michigan	K & R	J & K	Reliant	GE	Whirlpool	Montreal	Nortel	Kodak	Deutsche	BAE
Strategic contribution		x										
Personal credibility/skills		x		x	x	x			x	x	x	x
HR delivery		x	x			x		x			x	x
Business knowledge	x	x			x	x	x	x	x		x	x
HR technology	x	x	x		x		x					
Goal & action management	x											
Func. & org. leadership	x											
Influence management	x											
Customer focus			x					x			x	
Classical IR				x								
Traditional HR				x								
New HR				x								
Organizational competence					x	x						x
Performance capabilities							x					
Future orientation								x				
Initiative								x				
Consulting and change								x				x
Ambition and drive										x		
Team skills										x		
Management												x

Table 3: Individual competencies for business knowledge cluster

	SHRM	Michigan	K & R	J & K	Reliant	GE	Whirlpool	Montreal	Nortel	Kodak	Deutsche	BAE
Business Knowledge	x	x			x	x	x	x	x		x	x
strategic focus/knowledge	x				x					x		x
value added perspective	x	x	x							x		
organizational awareness	x											
labour knowledge		x										
financial knowledge					x	x						
business unit knowledge					x			x				
industry knowledge	x						x	x				
general management skills	x			x								
technology drivers						x						x
organizational design						x						
strategic alliances						x						
business/political issues						x						x
competitive strategy							x					x
micro and macro economics							x					x
logistics							x					
markets/sales							x	x				x
products												x
analysis									x	x		
innovation									x			
customer service orientation									x			
building business partner-ships									x			

Figure 1: HR competencies and individual performance



Figure 2: HR competencies and HR unit competencies

