

HR DEVELOPMENT STRATEGY THROUGH COMPETENCY PROFILE ANALYSIS

Kumala I. Suryo and Kirti Peniwati
PPM Graduate School of Management
Jl. Menteng Raya 9, Jakarta 10340, Indonesia
Kml@lppm.ac.id / Kirti@cabi.net.id

Abstract: A qualified staff must acquire a set of skill, of which both the individual staff and the organization is responsible for its development. The AHP methodology is used to identify the required skill, and their relative priority, for faculty members of PPM Institute of Management. The model is used as the measuring instrument to assess the current skill profile of every individual staff. Staff development program can be proposed through the analysis of the assessment result and the benchmarking process.

Introduction

PPM Institute of Management (PPM) was established in 1967, and claimed to be the pioneer for management education in Indonesia. Its key business units are a graduate program (master's degree only), short term training programs, consulting services, and correspondence courses. Each of its more than 60 professional staff is expected to contribute in all of the institute's activities, with a large degree of flexibility to account for the individual preference and expertise.

There is a set of skills of which each staff needs to develop continuously, taking into account not only the need of the organization but also the preference of the individual staff. Hence, the organization requires a system to reward its staff based on their overall skill level as well as their actual contribution to the organization. We need a comprehensive framework to facilitate the process of staff evaluation and development, based on the set of skills required serving the organization. The framework needs to enable the organization to use it to rate the staff based on their overall skill level. In this framework, all the required skills must be determined based on competencies needed to perform business activities. The skills must be prioritized and it must be possible to obtain a composite value representing the overall skill level. The AHP [Saaty, 1990] is the methodology to meet this requirement.

The purpose of this paper is to present an AHP model for the PPM staff development, such that entering staff data in the model with Expert Choice will automatically generate the rating of the staff. The model will include the identification of the set of skills required, based on the organization's business activities, and the development of maturity indices (without definitions) to make the instrument for staff assessment. The use of the model is illustrated with a hypothetical example to show how it works.

The design of HR development strategy

No doubt that the competencies of PPM staff would determine the quality and reputation of the Institute. Competency is defined as "an *underlying characteristic* of an individual that is *causally related to criterion-referenced effective and/or superior performance* in a job or situation" [Spencer and Spencer, 1993]. We would argue that for PPM, given the set of current activities, those competencies are: advanced concept of management, concept implementation, creative problem solving, transfer of knowledge, and creative opportunity finding. This set of competencies should have been determined based on the priority of the productivity and quality of services that should be generated by professional

staff of PPM. In this paper, the priority of the competencies is assessed directly with respect to the goal and is judged to be equal.

To achieve those competencies, a qualified staff must acquire a set of skills, of which both the individual staff and PPM itself are responsible for its development. A given staff may or may not already possess the combination of skills as required. PPM must first identify the required combination of skill which ideally possessed by its staff, indicating their relative priority, assess current skill profile of every individual staff, then analyze and propose staff development guided by the required skill profile. At the end, PPM's staff development plan would be determined based on the need of all staff individually and the availability of PPM's funds and other resources. Discussion with each staff is necessary, with the idea that staff's interests and potentials to emphasize certain skills over the others must be taken into account. A by product of this process is staff rating based on current skill level as well as the expected change in the rating after staff development activities have been carried out.

Steps in formulating strategy for staff development

Steps in formulating the HR strategy are as follow:

1. Determine the required skill combination using the AHP. It is based on the set of competencies needed for a staff to perform his or her job well. For the purpose of this paper, they are identified and prioritized directly with respect to the goal, rather than carefully developed through business units and processes.
2. Develop Maturity Indices (MI) for each skill to be used as a measurement scale for that particular skill. A definition for each maturity index must be provided, but will not be presented in this paper.
3. Assess the skill profile for each staff, guided by the definition of the MIs. Staff rating would be produce by conducting assessment for all staff.
4. Conduct interview with each staff, and determine skills to be developed by taking into account his personal interests and potentials, using the required skill combination as a guide.
5. Determine individuals to be used as benchmarks for high MI, to facilitate the process of identifying development activities to be done to increase skill levels.
6. Evaluate the results for all staff, and determine overall plan based on organization's resources available.

The required combination of skills

Establishing a policy for staff development for PPM staff is not easy, since it involves too much subjective judgments. Every staff would want to be developed based on their interest, without taking into consideration of what is needed by the organization. With limited budget for staff development, PPM needs to have a way to prioritize staff development activities, which is easy to understand by the staff. This is necessary to ensure acceptance by the staff.

The structure of the model follows the approach used by IBM Rochester [Eyrich, 1991], employing the AHP's absolute measurement.

Development of the hierarchy

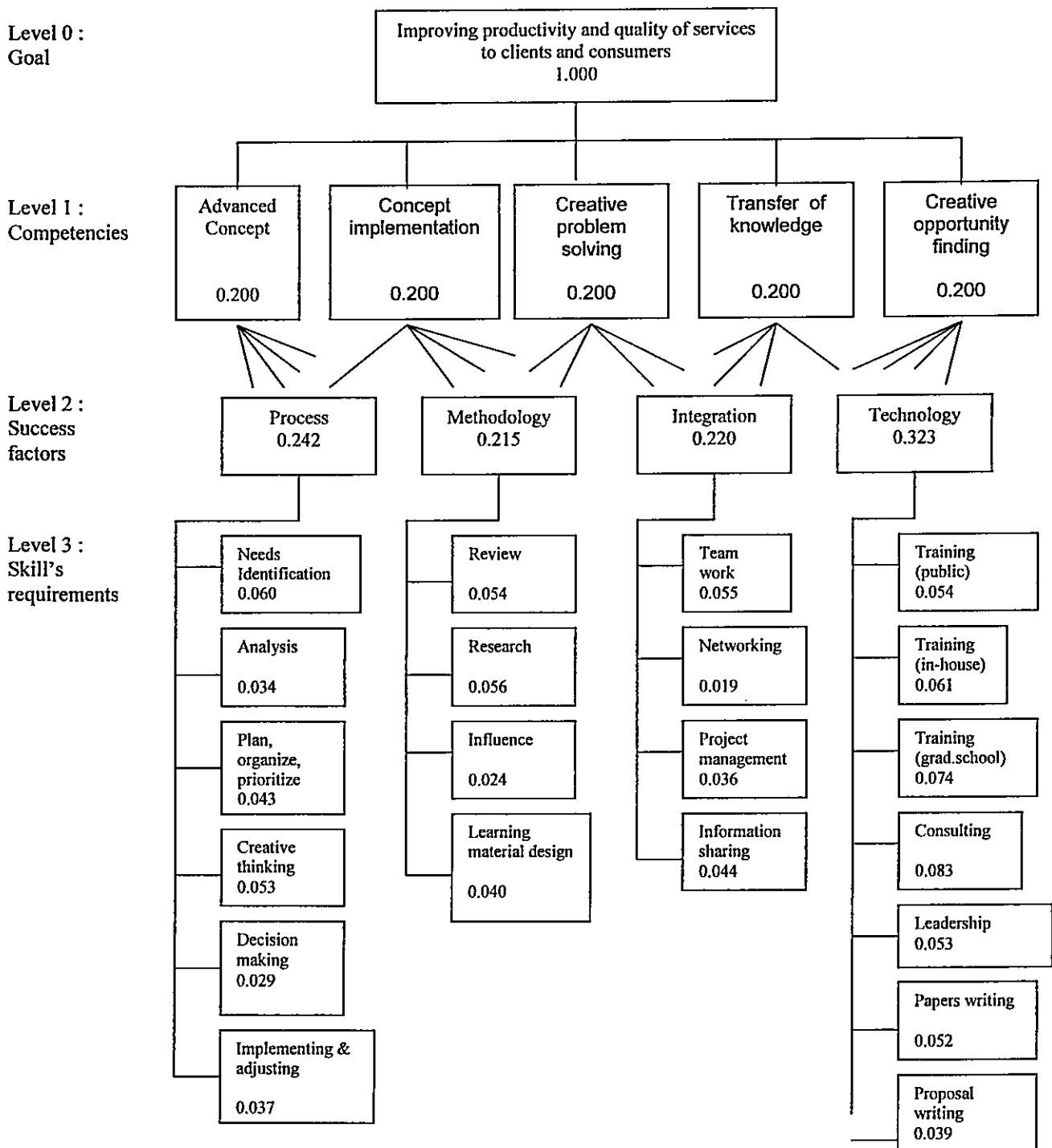
Hierarchy in Figure 1 is constructed with *Improving productivity and quality of services to client and customer of PPM Professional Staff* as the Goal in Level-0. The four competencies located in Level-1, right below the Goal, are:

- a) *Advanced concept of management.* It is a competency to learn the newest management concept.
- b) *Concept implementation.* It is a competency to practice the concept in the real world.
- c) *Creative problem solving.* It is a competency to generate alternatives and evaluate innovative solutions to solve problems, develop and implement plan of action.
- d) *Transfer of knowledge.* It is a competency to deliver the knowledge and information to clients and customers.

- e) *Creative opportunity finding*. It is a competency to learn the business environment and generate alternatives and evaluate innovative opportunity for company's development.

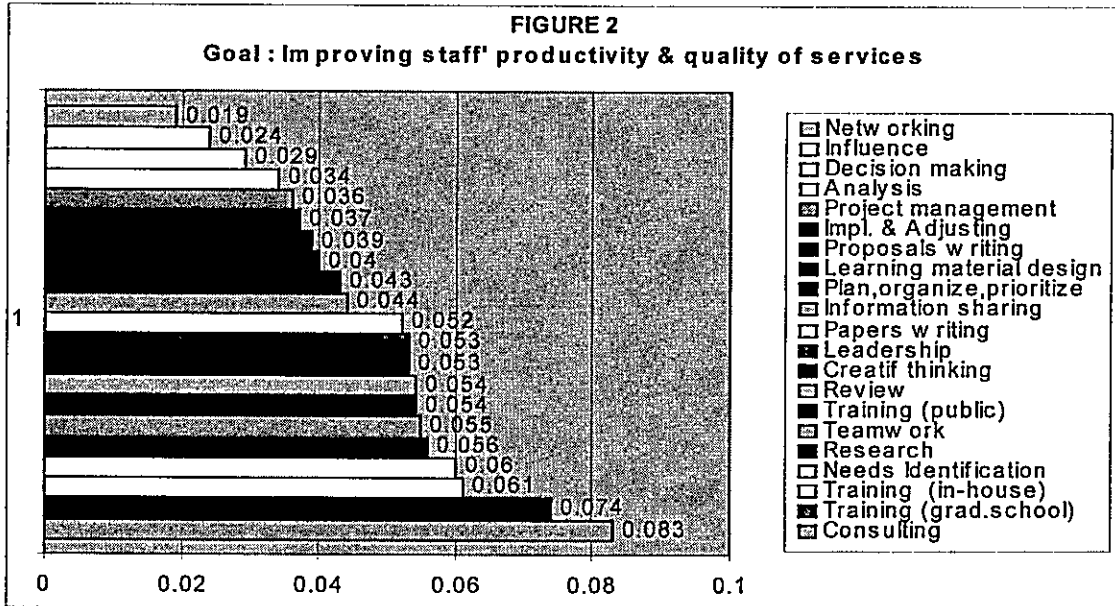
The next level (Level-2) consists of the key success factors for obtaining the competencies, they are process, Methodology, Integration (system solution), and Technology. As shown in the hierarchy, all four-success factors are necessary to achieve each of the competencies. Each success factor is articulated in terms of a set of skill requirements, and located in Level-3. We have 21 skill requirements for the five success factors.

FIGURE 1



Pairwise Comparison

The next step in the AHP process is to perform pairwise comparisons, level by level from the top to the bottom. The relative priority of the skill requirements, which is the outcome of this process, is shown with a bar chart in Figure 2. Not surprisingly, *Consulting* turned out as the most important skill to be developed for improving productivity and quality of services of PPM staff.



Maturity Index (MI)

Given a set of skills required, we need to be able to assess the actual skill profile of each staff. To facilitate this process, a five-point maturity scale was developed for each skill, ranges from *poor* to *excellent*. Each of the five indices, for each and every skill, must be defined clearly such that it can be used to guide the process of mapping the skill level of every individual on the scale. If there is an indicator that can be used to measure a certain skill, then the definition should include the value range, which is considered appropriate for each MI.

Individual Assessment

An evaluation system needs to be developed to assess the present skill profile of each staff. Evaluation may either be based on activity records or assessment by individuals who have the experience working with the staff, i.e., students, consulting clients, and peers. Since skill is defined as *a consistently demonstrated ability to perform...* (Dubois, 1998), it is important that evaluation is done regularly. It is quite a challenge to develop measuring tools and techniques which is easy to implement but is a good indicator of a certain skill. Figure 3 shows the example of the assessment of two PPM staff.

Identifying the Development's Needs

It is assumed that the skill profile that has been identified accurately represents the overall skill of the staff being assessed. The next process would be to determine in what skill staff will be developed and up to what level in terms of MI. This can be obtained by allowing each staff to express their preference guided by the relative priority of the skill. What development activities to be done to improve the skill

need to be identified. One way to do this is by studying the benchmark staff. Staff who has been identified as having an excellent index for a particular skill could be used as a benchmark for that skill. One could also argue that it would not be productive and meaningful to use a staff who is rated excellent for a given competence, as a benchmark for a poor rated staff. In this case, one may choose an individual who is rated only one or two level higher for that competence. Benchmark staff could be consisting of different staff for different skill. Figure 3, in the column under the index of excellent shows the benchmark line. PPM will prioritize development activities by taking in to consideration resources availability.

**FIGURE : 3
INDIVIDUAL SKILL ASSESSMENT**

Skill Required	Priority	Index				
		Poor 0.091	Fair 0.162	Good 0.215	V.Good 0.236	Excel. 0.296
Process						
Needs Identification	0.060					
Analysis	0.034					
Plan, Organize, Prioritizing	0.043					
Creative Thinking	0.053					
Decision Making	0.029					
Implementing & Adjusting	0.037					
Methodology						
Concept Review	0.054					
Research	0.056					
Influence	0.024					
Learning Material Design	0.040					
Integration						
Team-work	0.055					
Networking	0.019					
Project Management	0.036					
Information Sharing	0.044					
Technology						
Training (public course)	0.054					
Training (in-house)	0.061					
Training (grad.school)	0.074					
Consulting	0.083					
Leadership	0.053					
Publication	0.052					
Proposal writing	0.039					

Conclusions

Identifying skills requirement is especially important for a knowledge organization, not only because staff performance is generally intangible but also because staff development is both critical and costly. The AHP enables such organization to identify skills requirement and their relative importance, establish scales for measuring skill levels, and obtain a composite score representing the overall skill of an individual staff. The composite scores indicate the rating position of the staff relative to each other.

References

Dubois, D.D. ed. (1998). *The Competency Casebook: Twelve studies in competency-based performance improvement*. HRD Press & International Society for Performance Improvement.

Eyrich, H.G. (1991, April). Benchmarking to Become the Best of Breed. *Manufacturing Systems*.

Saaty, T.L. (1990). *The Analytic Hierarchy Process: Planning, Priority Setting, Resource Allocation*. RWS Publication, Pittsburgh, PA.

Spencer, L.M. and S.M. Spencer (1992). *Competence at Work: Models for superior performance*. John Wiley & Sons, Inc.