

Implementation of Competency Based Human Resource and Knowledge Management to Organizational Culture and Implication to Organizational Performance

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Abstract

This study aims to analyze the implementation of competency based human resource management, knowledge management, organizational culture, organizational performance, and the influential correlations both partially and simultaneously. The analysis unit of the study conducted in 42 regions in the five state-owned energy sector companies in Indonesia. Therefore, the units of observation in this study were composed of 47 middle managers, 81 line managers and 155 employees and analyzed by using the Structural Equation Model (SEM) based on the model variance with Partial Least Square (PLS). The result showed that the implementations of competency-based human resource management, knowledge management, organizational culture and organizational performance have been achieved well. The simultaneous implementation of competency-based human resource management and knowledge management had a small effect on the performance of the organization and so not significant. The simultaneous implementation of competency-based human resource management and knowledge management had a very large effect on the performance of the

organization through the organizational culture.

Keywords: competency-based human resource management, knowledge management, organizational culture, organizational performance, state-owned energy sector company

1. Research Background

An organizational performance can be achieved through a variety of factors, where one key factor is human factor. To direct human behavior toward the achievement of the objectives, it is required human resource management system that deliberately developed to support a positive behavior. The system that has been developed was a system of human resource management based on competency.

Competency-based human resource management (CBHRM) is a pattern approach in building of human resource management system that is reliable to utilize the competence of employees as a center. To point expedite the process of human resource management implementation, it is required to be structured and integrated competency-based management. Therefore, the human resource (HR) department needs to raise its role, not only as an administrative expert but also being a strategic partner. In the absence of CBHRM implementation, it needs a alignment to the vision, strategies and key organizational capabilities. If the alignment is realized, there will be a process of internal integration (internal fit) among the individuals, departments, business units, divisions and the organizational goals.

Along with the development of information technology, the company also works to implement the knowledge management to support all company programs. The knowledge management is a strategy used by the organizations to facilitate knowledge workers to transfer the knowledge, which is done systematically to construct, renew, and applying knowledge to achieve the organizational effectiveness.

The successful implementation of competency-based human resource management and knowledge management needs to be supported by an optimal organizational culture. One of indicators of successful CBHRM implementation is acculturation, that the implementation of the system has the competence to guide how to act employees. Similarly, the indicators of successful implementation of knowledge management is the transformation of knowledge to take place continuously and eventually into the culture and how the members of the organization.

The state-owned energy sector company organizational performance issues the energy sector viewed from a financial perspective in the 5 (five) years (2005-2010), occur up and down, even in 2005, 2007, and 2008 the companies suffered higher losses. The company performance, according the perspective of the customer, based on the data as 13% YLKI community power users, was not satisfied to the PLN electricity service, and this percentage was much higher compared to neighboring countries, like Malaysia as only 3% and Hong Kong that no electrical complaint.

By looking at the prospects, challenges and ongoing issues in line with the dynamics, the state-owned energy sector companies in Indonesia need to analyze the role of the department of human resource in order to contribute to optimal attraction and retain people with the skills,