

THE MODERATING EFFECT OF
ORGANIZATIONAL SUPPORT ON THE RELATIONSHIP
BETWEEN SOCIAL COMPETENCIES, TECHNICAL
COMPETENCIES, WILLINGNESS AND HR
PROFESSIONALS' EFFECTIVENESS:

A STUDY AMONG BANK MANAGERS IN PAKISTAN

AQEEL AHMAD

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A STUDY AMONG BANK MANAGERS IN PAKISTAN

By

AQEEL AHMAD

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Kolej Perniagaan
(College of Business)
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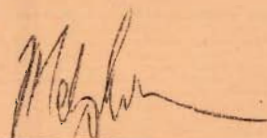
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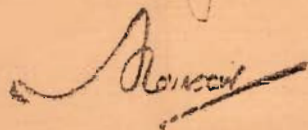
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ABSTRACT

The banking sector is the backbone of any growing economy and this sector has also played an important role in the economy of Pakistan. The Human Resource (HR) professionals in Pakistan have been claimed to be responsible for the banking employees' performances who subsequently contributed towards the growth of banks. Thus, HR competency had been speculated to have some connection with HR professionals' effectiveness. The objective of this study was to determine the influence of HR competencies on their effectiveness in the banking sector of Pakistan. The study was motivated by the resource-based view (RBV) and human resource competency model. The impact of HR professionals' social, technical competencies and willingness on their effectiveness were examined. The study also examined the moderating effect of organizational support on the relationship between HR professionals' social, technical competencies and HR professionals' willingness and HR professionals' effectiveness in the said banking sector. The survey method was used to conduct the study and the questionnaire was adapted from past researchers' instruments. The sample was 370 private bank branch managers in Pakistan and 183 responded. This gave the study a response rate of 49 percent. The results suggested that the HR professionals' social, technical competencies and HR professionals' willingness had a positive and significant relationship with HR professionals' effectiveness. The study also found that the organizational support had moderated the effects on the relationship between the competencies and the willingness of HR professionals with the HR professionals' effectiveness. Finally, this study had recommended the need for HR professionals to further enhance their competencies in the areas of credible activist, strategic architect and business ally in the banking sector of Pakistan.

Keywords: bank, HR competency, human resource management, HR professional effectiveness, Pakistan

ABSTRAK

Sektor perbankan merupakan tulang belakang kepada mana-mana ekonomi yang sedang berkembang dan sektor ini juga dikatakan telah memainkan peranan penting dalam ekonomi negara Pakistan. Para profesional sumber manusia di negara tersebut telah didakwa bertanggungjawab ke atas prestasi kakitangan perbankan yang seterusnya menyumbang terhadap pertumbuhan sector perbankan. Oleh itu, kompetensi sumber manusia dikatakan mempunyai suatu perkaitan dengan keberkesanan sumber manusia. Objektif kajian ini adalah untuk menentukan pengaruh kompetensi sumber manusia terhadap keberkesanan sumber manusia di sektor perbankan Pakistan. Kajian ini telah didorongi oleh pendekatan yang berdasarkan sumber (RBV) dan model kompetensi sumber manusia. Impak kompetensi sosial, teknikal sumber manusia serta kesanggupan sumber manusia terhadap keberkesanan sumber manusia telah ditinjau. Kajian ini juga telah mengkaji kesan perantaraan (moderating) sokongan organisasi terhadap hubungan di antara kompetensi sosial, teknikal dan kesanggupan para profesional sumber manusia dengan keberkesanan para profesional sumber manusia. Ia telah menggunakan kaedah tinjauan dan soalselidikanya pula telah diadaptasi dari instrumen pengkaji-pengkaji terdahulu. Sampel kajiannya ialah 370 orang pengurus cawangan bank swasta di Pakistan dan 183 penguru itu telah menjawab. Jadi kadar jawapan tinjauan ini ialah sebanyak 49 peratus. Keputusan kajian pula mendapati bahawa kompetensi sosial dan teknikal sumber manusia serta kesanggupan sumber manusia mempunyai hubungan yang positif dan signifikan ke atas keberkesanan para profesional sumber manusia. Ia juga mendapati bahawa faktor sokongan organisasi telah bertindak sebagai pengantara di antara kompetensi dan kesanggupan profesional sumber manusia dan keberkesanan sumber manusia. Akhir sekali, kajian ini mencadangkan agar para profesional sumber manusia berusaha mengukuhkan tiga kompetensi mereka dari segi aktivis yang dipercayai, akitek yang strategik dan rakan niaga dalam sektor perbankan Pakistan.

Katakunci: Bank, Keberkesanan Para Profesional Sumber Manusia, Kompetensi Sumber Manusia, Pakistan, Pengurusan Sumber Manusia

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LIST OF ABBREVIATIONS

Abbreviation	Description of Abbreviation
HRM	Human Resource Management
HRSC	Human Resource Social Competencies
HRTC	Human Resource Technical Competencies
HRPW	Human Resource Professionals' Willingness
HRPE	Human Resource Professionals' Effectiveness
OS	Organizational Support
CA	Credible Activist
TMOD	Talent Manager and Organization Designer
CCS	Culture and Change Steward
SA	Strategy Architect
BA	Business Ally
OE	Operational Executor
RBV	Resource Based View
OECD	Organization for Economic Co-operation and Development
SBP	State Bank of Pakistan
NPL	Non-performing Loan
NBP	National Bank of Pakistan
GDP	Gross Domestic Product
LSC	Large Scale Manufacturing
FDI	Foreign direct investment

Abbreviation	Description of Abbreviation
DFI	Development Financial Institution
NCB	Nationalized Commercial Banks
NIBAF	National Institute of Banking and Finance
SWCP	Securities and Exchange Commission of Pakistan (SECP)
CLA	Corporate Law Authority
BCO	Banking Companies Ordinance

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Due to the shift in an economic productivity from agriculture to industrial to services and now to information technologies, the role and function of the human resource (HR) in organizations is changing. Further, these changing functions and roles of the HR in organizations demand a shift in managerial roles in terms of developing new competencies and capabilities of the HR and therefore the human resource management (HRM) function has also shifted from operational to a strategic and people orientation (Lemmergaard, 2009). In the past, HRM was considered to be a staff function where its role was considered as administrative and HRM operations were often regarded as a commodity. This role has undergone changes and in recent time HR professionals' primary role in terms of people orientation is to influence the workforce mindset, skill-set and work-related behavior for formulation and implementation of organizational strategies including the alignment of HRM with the strategic needs of an organization (Bal, 2011; Beatty, Huselid & Schneider, 2003).

Since the advent of the 21st century as mentioned above the HRM function is experiencing a shift. This paradigm shift has resulted from the way HR are being evaluated and considered as one of the key emerging resources in the organization (Lawler & Mohrman, 2003) and will, therefore, generate new opportunities for the HR function and would help to develop a broader role for HR professionals in the

organization's operation. Ulrich, Allen, Brockbank, Younger and Nyman (2009) have reiterated that business challenges have become more complex because of globalization of markets, products and services. The changes in the business environment due to evolving information and communication technology have also generated more competitive pressures because of customers and suppliers' awareness and changing needs thus creating a demand for higher level of competent skilled and responsive workforce in the organizations.

Human resource competencies are said to be a set of characteristics contributing to the effectiveness of HR performance that enables an organization to carry out its business strategies in a competitive market (Long, 2009). This requires special managerial skills particularly in HR professionals who are now people managers and supervisors providing support to areas that are central in profit making. As such, they are required to have diversified skill-set and mind-set to deal with diversity of employees and stakeholders of the organization. A competency model involving knowledge, skills, capabilities and behaviors is necessary in the present times to enable the HR professionals to perform a job or to sustain the desired organizational culture and growth (Ulrich *et al.*, 2009). According to Long (2009), competencies are used in many facets of HRM ranging from individual functions such as recruitment and performance management to organizational strategic planning as well as the design of organizational structure and culture. Therefore, competencies can be said to be the foundation of the modern organizational HRM functions around the globe.

Budhwar (2001) investigated the HR practices in India and found that HRM is in its infancy stage in South Asia. He pointed out that there is a strong need for Indian HR

managers to emphasize on issues related to HR performance. Furthermore, organizations from developed countries are setting up their businesses in India and realize that innovative HR practices are needed in India to make the organizations more professional in their HR practices. Nanayakka (2003) found in his study that in Sri Lanka the overall HRM performance was below the expected levels and the HRM strategy - business strategy link was found to be the weakest. According to Siddiquee (2003), a significant emphasis is needed on HRM in Bangladesh. Aycan, Kanungo, Mendonca, Deller, Stahl and Kurshid (2000), also state that Pakistan is an 'under-researched' country in the field of human resource management. On the other hand, Qureshi, Akbar and Khan (2010) in their study on HRM in the banking sector of Pakistan found that such research is still lacking in these areas while implementation the HRM practices in the banking sector of Pakistan is more demanding because of global competition, technology advancement and branchless banking.

1.2 The Banking Sector of Pakistan

Within the service sector of the economy, the 21st century has acknowledged the rising role of the financial sector such as insurance and banking (Natarajan & Shekhar, 2000). In establishing a strong link between this sector and the economy Janjua (2003) argued that the failure of a single bank can lead to the failure of the entire economy, because banks play a vital role in shaping the economy of any country. The core function of banking is to bring financial stability, as well as provide financial resources necessary for economic development of the country e.g. promote capital formation, investment in new enterprises, promotion of trade and industry, development of agriculture and implementation of monetary policy.

Economic Adviser's Wing report (2008-2009) highlighted that Pakistan is focusing its efforts on banking growth and the banking sector has raised its contribution from 1.8 % to 6.2 % in Gross Domestic Product during the last few decades. Today, the banking sector has become a growing service sector in Pakistan (Ejaz, Ejaz, Rehman & Zaheer, 2009).

In order to emphasize the significance of this sector which has been chosen as the context of the study, the State Bank of Pakistan mentioned in its annual report (2008-2009) that 579 new bank branches have been opened during the first six months of 2008-2009. Assets of all banks showed a net expansion of Rs. 139.7 billion in the first six months of 2008-09 and stood at Rs. 5652.7 billion as compared to Rs. 5171.4 billion in the same period last year. Raza (Former Governor of the State Bank of Pakistan) mentioned in his speech (2010) that banking technology which was almost non-existent in Pakistan until a few years ago is revolutionizing the banking services and this sector is facing a tremendous change (Hunjra, Chani, Aslam, Azam and Rehman, 2010). Access to internet banking, ATMs, mobile phone banking and other modes of delivery have made it possible to provide convenience to the customers while reducing the transaction costs to the banks. Furthermore, Credit, Debit and Smart Cards are thriving and are expanding businesses in Pakistan. However, this growth is not without pain as not only the human resource but also the HR professionals need to rapidly acquire new skills and competencies to effectively meet the new needs of the sector.

1.3 Human Resource Management in the Pakistani Banking Sector

Bukhari (2008) highlighted the fact that HRM as a system is a new phenomenon in the Pakistani business environment and has as yet not been well-established in the banking sector of Pakistan. The State Bank of Pakistan mentioned in its instructive report (2002 -2003) that all functions of Administration Department be merged into the Human Resource Department effective from January 2002 thus providing an impetus to the entrenchment of the new phenomenon in the banking sector of Pakistan. Hiring external consultant is required to meet new challenges of the banking sector in the wake of enhanced competitive environment leading to a growing emphasis on the effectiveness of the HR management function (Abbas & Malik, 2010).

Contrary to the desirability of improving the various HR practices it is suggested that HR practices such as recruitment and selection, training and development and reward and compensation are not being properly implemented in the Pakistani banking sector. Due to this the employees are dissatisfied and they are unable to deliver what is expected from them. There is therefore, enough scope for banks to improve their performance through corrective measures in improving the HR management practices, best choice for asset portfolio and reduction in non-performing loans (NPLs) (Abbas & Malik, 2010; Bukhari, 2008; Khan *et al.*, 2011). The emphasis it seems has shifted from managing established traditional HR functions to providing guidance for implementing business strategy. As a result, HR professionals are realizing that they must perform their roles at a strategic level more than at the functional level in the organization. Moreover, HR professional's performance and his or her contribution to

the firm's performance consistently emerge as a key theme in most of the extant literature.

For example as reported earlier HRM is a burning issue of the 21st century, and as the new sectors are emerging, the dynamics of the markets are changing due to globalization and changes in the technological structure (Balagam & Fariduddin, 2008). While Venkatesh (2009) reported that HR professionals around the world are the strategic resources that need to be more effective and competitive to respond to the demands of global competitiveness, Balagam and Fariduddin (2008) in their earlier cited article also pointed to the fact that the banking sector throughout the world is facing newer challenges in terms of narrowing spreads, new banking products, players, mergers and acquisitions. In term of Industry Life Cycle, this sector is in the mature stage and the technological challenges are pushing this sector into renewal stage. Thus competent HR professionals in the banking sector are becoming equally important.

In addition, Pakistan is also facing a paradigm shift when it comes to recruiting, training, rewarding, performing and retaining of the potential employees especially in the banking sector. In order to deal effectively with all these challenges the HR professionals must develop the competencies that will allow them to perform their task more effectively. Many researchers emphasize the fact that HR professionals in Pakistan are not working effectively. The key issue for this is their lack of competencies which is an obstacle to achieving better business performance and therefore they need to improve (Ahmad, Kausar & Sharif, 2012; Balagam & Fariduddin, 2008; Mangi, Jhatial, Shah & Ghumro, 2012).

1.4 The Growing Non-Performing Loan (NPL) in Pakistani Banking Sector: The HR Perspectives

The NPL has been a growing concern of the bank managers and the credit officers in the banking sector everywhere including in Pakistan. The NPL issue is another word for poor debt collection among the bankers (Back, Jakubik & PiloIU, 2013). Indeed the NPL today is the biggest challenge for Pakistani banking sector since the last few years. NPLs are financial records of unpaid loans by borrowers to banks. The results of the study by Ansari (2006) revealed that NPLs have generated negative impact on the Pakistani banking sector.

Table 1.1
NPL of Major Private Banks Operating in Pakistan

Major Banks	Non Performance Loans (NPLs) in Billion				
	2006	2007	2008	2009	2010
Habib Bank Limited	26.92	24.59	36.08	42.30	44.80
United Bank Limited	16.26	22.35	27.84	39.10	46.40
MCB Bank	8.57	10.73	18.27	23.24	23.90
Allied Bank Limited	10.48	11.36	13.77	16.28	18.90
Bank Al Habib	0.3	0.3	1.3	2.3	1.7
TOTAL	62.53	69.33	97.26	123.22	135.70

Source: *Economic Bulletin (2010)*

The data in Table 1.1 as well as in Figure 1.1 showed that the NPL had been growing disproportionately in the five leading banks in Pakistan. For example NPLs in the five biggest banks (Habib bank, United Bank, MCB bank, Allied Bank and Bank Al Habib) in Pakistan have risen from 62.53 billion in years 2006 to 135.70 billion in years 2010. The large amount of NPLs in the banking system is considered to be

developing a highly negative impact on the future growth of the banking sector. Thus, the rising NPLs are hampering the profitability of Pakistani banking sector (Khan, 2010). According to experts this problem usually crops up due to the lack of trained staff in debt disbursement and collection. Lack of skilled employees working in the bank’s operations directly reflects on the HR department performance (Sultan, Wajid, Omar, Waseem & Rustam, 2012).

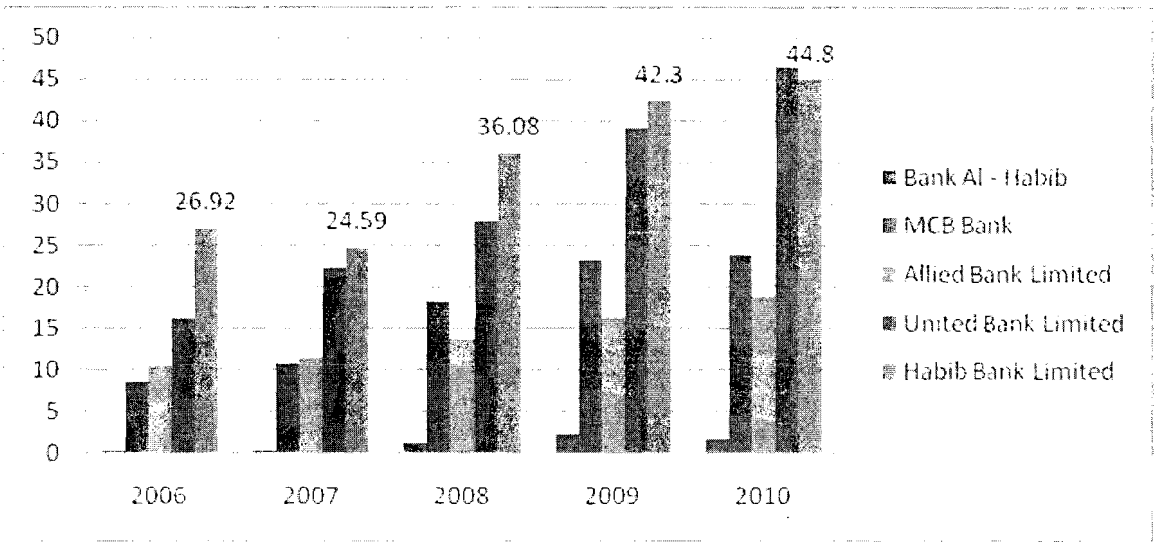


Figure 1.1: NPL of Major Private Banks Operating in Pakistan
Source: Economic Bulletin (2010)

1.5 Problem Statement

In the previous section, it was identified that the bank managers and credit officers in Pakistan are poor debt collectors as indicated by the increasing NPL figures over time (Back *et al.*, 2013). But who amongst the professionals in the banks must actually share the responsibility of having these individuals in these positions in the first place which subsequently resulted in the growing NPLs in the banks. It was said that this came about because the HR professionals were weak in performing their roles of recruiting, training and developing the appropriate talent in the banks (Bhatti &

Qureshi, 2007; Bukhari, 2008). They had probably recruited the wrong candidates who got promoted to becoming bank managers and credit officers and subsequently also failed in providing the right and appropriate training to these people (Khan, Rehman, Rehman, Safwan & Ahmad, 2011; Khilji, 1999; Qureshi, *et al.*, 2010). Thus the effectiveness of the HR professionals is very much under scrutiny (Sultan *et al.*, 2012).

A Consulate General Swiss Report (2011) also mentioned in its finding that the major challenge for banks in Pakistan is the increase in NPLs. There could be several reasons for these increasing NPL trends like the customers' inability to pay and bad debt collection practices. But researchers have found that poor debt collection practices were the main reasons (Haneef, Riaz, Ramzan, Rana, Ishfaq & Karim, 2012).

In addition, the dominant factor reported by Qureshi *et al.* (2010) is that the loan officers and debt collectors are not professional and they lack the competencies required for the job. Khan *et al.* (2011) reported that unluckily, in Pakistani banking sector the recruiting process to identify the employees with core competency is lacking and the employees fail to perform what is expected from them. They recommended that the success of Pakistani banking sector is dependent on the HR practices, particularly training of the employees which would support their role more effectively. Moreover, it is suggested that the Pakistani banking sector should give due consideration to the training of their employees for reducing the NPLs. Janjua and Malik (2011) argued that banks could reduce their NPLs by improving their HRM effectiveness. The HR professional is responsible for employee's performance

because he is involved in recruiting, retaining and rewarding. While Reilly (2012) suggested that being competent HR professionals need greater emphasis on hiring the right talent in place to overcome the obstacles of the business performance. If performance of the bank officers has to be improved as required by the strategic consideration of the banking sector in Pakistan to reduce NPLs, it has relevance and relationship with HR professionals' competencies and their professional effectiveness.

In other words there is a need to empirically identify the factors contributing to HR professional ineffectiveness in the context of Pakistani banking sector. In the 10-year strategy paper for the banking sector reforms, the State Bank of Pakistan (2008) mentioned that one of the issues and constraints in Pakistan is the lack of competencies of HR as the major limitation for growth of the financial sector. In addition, Hussain (former Governor of the State Bank of Pakistan) highlighted in his strategic plan 2005-2010 that unskilled and non-professional employees had badly affected the efficiency and progress of the Pakistani banking sector. The study of Awan (2009) on Pakistani banking sector strongly argued that the banking sector needs to train employees so that they have relevant skills and knowledge in their respective domain. Qureshi *et al.* (2010) emphasized that the training and development of banking staff is the function of HR professionals within the respective banking institutions. Through training and development, HR professionals can enhance the capabilities of the employees in the Pakistani banking sector and absence of such skills and capabilities in these employees could be attributed to the ineffectiveness of the HR professionals (Awan, 2009; Hussain, 2008) and this needs to be investigated further.

The HR professional effectiveness is also of great concern to corporate executives and HR professionals. It is logical to expect that HR professionals have to master certain competencies to enhance their effectiveness (Kouzes & Posner, 2002; Ulrich & Brockbank, 2005). HRM effectiveness was found to be below the expectation levels in South Asia and they need competent HR professionals in government, manufacturing, trade and commerce and service and financial sectors (Khilji, 2001; Nanayakka, 2003; Sheth, 1990; Siddiquee, 2003). The present study has divided Ulrich's human resource competency model into social (people related) HR professional competencies. In social competencies, the HR professionals focus more on the intangible relationships and interpersonal understanding among the employees of the organization. Social competencies consist of specific learned behaviors across a given situation (Fernandez & Rainey 2006). Technical-related competencies are employed to design and develop the HR structure, system and processes (Drejer, 2000). The study conducted in South Asia by Daharmasiri (2009) reported that it is also logical to assume that HR Professional competencies are needed to be measured to find its relationship with HR professional effectiveness and hence it becomes a significant area to study from the view point of Pakistani banking sector. According to Qureshi *et al.* (2010), there are insufficient studies carried out in the banking sector of Pakistan on the issue of HR professional competencies, and this research thus intends to empirically assess the relationship of HR professionals' competencies with HR professionals' effectiveness in the banking sector of Pakistan.

Willingness' is another part of the variables that is anticipated to have a significant impact on HR professionals' effectiveness. The word 'Will' is associated intrinsically with motivation and this factor can affect employees' effectiveness. Currie and

Kerrin (2003) claimed that the employees' lack of willingness and motivation in contributing their knowledge results in task failures. Smith and McLaughlin (2004) in their study have also used 'will' as a performance indicator of an employee. Moreover, they argue that if 'will' is combined with employees' competencies and capabilities, then personal performance will go up. Further, without due organizational support (OS) in terms of available structures and system, the competencies of the organizations HR professionals cannot be effectively aligned with the needs of the organization. Lack of OS will also not meet the organizations need to continually upgrade the existing employee skills. This need is greater now than ever before. This becomes more relevant when newer technologies are developed and implemented (Mello, 2006). In this regards Mathis and Jackson (2004) suggested that OS is one of the key factors that is believed to affect employees' performance. Sharif and Ahmad (2009) in their study also propose that OS has some moderating role while studying the behavioral variables and their relationship in the organizations. So far, the researcher has found a lack of empirical evidence on the influence of OS on the relationship between HR professionals' competencies and HR professionals' effectiveness.

In addition, Aycan, Kanungo, Mendonca, Deller, Stahl and Kurshid (2000) had stated that Pakistan is an under-researched country in the field of HRM. This observation was supported by Qureshi, Akbar, and Khan (2010) who found through their study that research on HRM in the banking sector of Pakistan is still lacking. Abdullah, Musa and Ali (2011) too highlighted the limited number of studies available on HR professional competencies in Asia. With regard to the factors linking to HR professional effectiveness, it was found that there are very limited studies that

examine the influence of HR professional competencies and HR professional willingness on HR professional effectiveness. Previous studies (Boyatzis, 2008; Kesler, 1995; Schoonover, 2003; Schuler, 2001; Ulrich, Brockbank, Johnson & Younger, 2007; Yeung, Woolcock & Sullivan, 1996) have focused only on the identification of HR professional competencies and HR professional roles.

In addition, most of the empirical research on HR professional competencies have been developed and tested in countries like Malaysia, USA, Taiwan and European Countries (Boselie & Paauwe, 2005; Han *et al.*, 2006; Long, 2009; Ulrich *et al.*, 2007). As such, the results of those studies may not be applicable in the context of developing countries like Pakistan, Sri Lanka and Bangladesh. This is due to the different research settings, unique national culture and the practices of different nature of human resource management. Furthermore, the previous studies on HR professional competencies have been seen to be carried out mostly in the manufacturing firms (Abdullah, Musa & Ali, 2011; Han *et al.*, 2006; Long & Ismail, 2009; Ulrich *et al.*, 2007) with research on the financial sector covering only 2 %. Therefore, the present study had intended to fill up the gaps in the HR professionals' effectiveness by examining the influence of HR professionals' competencies and HR professionals' willingness with the moderating role of organizational support in the Pakistani banking sector.

1.6 Research questions

In the above discussion, this study was carried out to answer the following questions:

1. Do HR professionals' social competencies affect HR professionals' effectiveness in the banking sector of Pakistan?
2. Do HR professionals' technical competencies affect HR professionals' effectiveness in the banking sector of Pakistan?
3. Does HR professionals' willingness affect HR professionals' effectiveness in the banking sector of Pakistan?
4. Does organizational support moderate the relationship between HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness and HR professionals' effectiveness?

1.7 Research objectives

This study had intended to examine the relationship between HR professionals' competencies, HR professionals' willingness with HR professionals' effectiveness and moderating effect of organizational support on HR professionals' competencies, HR professionals' willingness on HR professionals' effectiveness. Therefore, the specific objectives of this study were as follows:

1. To examine the influence of HR professionals' social competencies on HR professionals' effectiveness in banking sector of Pakistan.
2. To determine the influence of HR professionals' technical professionals' competencies on HR professionals' effectiveness in Pakistani banking sector.

3. To find out the influence of HR professionals' willingness on HR professionals' effectiveness in banking sector of Pakistan.
4. To determine whether Organizational Support moderate the relationship between HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness and HR professionals' effectiveness in the banking sector of Pakistan.

1.8 Scope of the Study

The present study had focused on the large privatized and oldest banks in Pakistan as they have more than 50 years' track record. As such, these organizations would be able to offer important insights on their HRM practices. Apart from this, these banks also provide substantial loans to almost all the sectors in Pakistan. Nation-wide operations of the banks present an opportunity for a national outlook on the issue under the study. Since the performance of banks depends on attracting, managing and motivating their employees, the role of HR professionals' competencies and its relation with HR professionals' effectiveness is very significant.

The present study was expected to contribute towards the existing body of knowledge of human resource management, human resource professionals' competencies, willingness and human resource effectiveness literature. In addition, the study was to show the role of organizational support as the moderating variable in the present study between the relationships of HR professionals' competencies and HR professionals' effectiveness as this area was said to be under-researched in the context of Asian financial sectors. As far as the practical contribution is concerned; the findings of the

present study might facilitate the policy and decision makers of the Ministry of Finance and the financial institutions like the State Bank of Pakistan and the Pakistan Banking Council to develop effective strategy to attract, retain, and motivate the potential professionals in the banking sector.

1.9 Significance of the Study

HR effectiveness is one of the main themes that are constantly being reviewed and discussed by scholars around the world (Huselid, 1995; Guest & Conway, 2011; Wright, Dunford, & Snell, 2001). It is even more significant in this present day as business environment is shaped by uncertainty and high competitiveness. HR is said to be predominantly the most important human asset of any organization. This study endeavors to link the competence of HR professionals in banks with the effectiveness of HR professionals. The banking sector in Pakistan contributes around 6.2% towards the GDP of the country. Banking sector is also considered as one of the major pillars on which the economy of the country depends. According to Abbas and Malik (2010), the banking sector of an economy generally performs three basic functions namely the facilitation of payment system, the mobilization of savings and the allocation of funds to stakeholders like government, investors, consumers and business community who can utilize them for the generation of economic activities.

This study has attempted to provide new insights into the body of knowledge and practice of HR professionals' competencies in the banking sector of Pakistan. HR professionals' competencies in the banking sector still require improvement in Pakistan which can enable them to hire, develop and motivate their employees. These

employees when properly trained and motivated can help to lend money prudently and reduce the non-performing loan (NPL) successfully (Bukhari, 2008). These improvements in HR practices will help the Pakistani economy, which is suffering from many other political and security challenges. It can eventually result in helping Pakistan stand on its own feet financially. This study might also be taken as a benchmark for the banking sector of other developing countries like Bangladesh and Sri Lanka. Moreover, this study would be a significant initiative in the development of the HRM as a profession in developing countries like Pakistan and as such will contribute to the HRM body of knowledge of Pakistan and South Asia.

The findings of this research could be extended to other developing countries of the South Asian region with special focus on the countries of South Asian Association for Regional Co-operation (SAARC)¹ and Developing-8 (D-8)² economic blocks because of economic development indicators (e.g. GNP, GDP, FDI and Exports). This assertion is based on Pakistan regional contextualization, its similarities and developmental levels with the SAARC and D-8 countries making it a significant context for research. Finally, results of this study on the HR professionals' effectiveness will relate to the improvement of the banking performance and the overall economic development of Pakistan.

¹ Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka

² Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, Turkey

1.10 Definition of the Key Terms

1.10.1 HR Professionals

Ulrich, Brockbank, Johnson, Sandholtz and Younger, (2008) defined HR professionals that HR refers to the group of people who make up the profession, who work in HR department, and who design and deliver the HR practices, policies, procedures and programs that manage employees and organization. Dessler (2010) defines that HR professionals are responsible to facilitate the employees through training, appraising, rewarding and compensating.

1.10.2 HR Professionals' Effectiveness

Rastogi and Dave (2004) argued that effectiveness is best seen as something the HR professionals create from a situation. Moreover, he meets the goals in every share of the activities of organizations.

1.10.3 HR Professionals' Competencies

Ulrich and Brockbank (2005) stated that HR professionals master the knowledge of external realities of today's business environments. They must be fully literate how they can add value for their investors, commercial customers, internal customers like managers and employees. Therefore HR professionals are required to become active players and partners of business and develop human abilities and organizational capabilities that enable an organization to compete now and in the future.

1.10.4 HR Professionals' Willingness

The word 'Will' is associated with intrinsic motivation to be effective or not. If 'will' is combined with employees' competencies / capabilities, then personal performance will go up (Smith & McLaughlin, 2004).

1.10.5 Organizational Support

Mathis and Jackson (2004) defined Organizational support, such as resources, infrastructures, moral and social support which is to affect the employees' performance

1.11 Organization of the Chapters

This thesis contains six chapters. The summary of each chapter is given below. Chapter One (The Introduction) provides a brief introduction to the research background and the problem statement for the study followed by research questions and objectives, as well as the justification of the study. This chapter also discusses the contributions of the study, definition of key terms, and scope of the study.

Chapter Two (Literature Review) starts with the introduction. This chapter reviews some of the relevant concepts, models and theories related to managerial and human resource management effectiveness (dependent variable), human resource professional competencies (independent variables) and human resource professional

performance. Combining the Ulrich performance model and the performance model of Smith and McLaughlin, the conceptual research model and hypothesis for the present study are proposed. Furthermore, the chapter highlights the significant role of organizational support as a moderating effect between the relationship of human resource professional competencies and human resource professional effectiveness. This chapter also presents a brief outline about Pakistan, its economy, and financial sector as well as the banking sector including its development in Pakistan. Finally, underpinning theory, the research model and the hypothesis of the present study presented. The specific focus of the study is on the effectiveness of human resource professionals in the private banks in Pakistan.

Chapter Three (Literature Review on Pakistan) provides the overview of the sample country – Pakistan, its economy, its service sector, its banking sector and the role of human resource management in Pakistani banking sector.

Chapter Four (Methodology) thoroughly describes the research methodology of the study which includes the measurement of variables, survey instrument, sample and sampling techniques, data collection procedures, and method of data analysis. It also describes the process of checking the reliability of the constructs through pilot study prior to data collection for the main study.

Chapter Five (Findings) presents the analysis of the data including data processing and verification. The response rate for the data collected is also discussed. Inter-item correlation is reported, because this provides important information about the internal consistency and what could be done to improve it followed by reliability test for all

the items in the construct using Cronbach Alpha. The result of the correlation, multiple regression of independent and dependent variables have been presented in this chapter also. Furthermore, moderating effect of the organizational support between the independent and dependent variables have been presented and the summary of the hypotheses has provided.

Chapter Six (Discussion, Conclusion and Recommendation) reports the discussion of major findings of the study with possible justifications and suggestions regarding the result. Finally it provides the concluding remarks including the major contribution and implications of the research and limitations of this research ending in highlighting future research direction.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews previous literature on related theories, models, and research frameworks pertaining to the study. The study is on the effectiveness of HR professionals in the banking sector (specifically the Pakistani private banking sector). The chapter has twelve parts. First it starts with a review on the rising importance of human resource management in organizations. Second, it reviews the concepts of human resource professionals' effectiveness. Third, it reviews the concept of HR professionals' competencies. Fourth, it reviews the works related to the relationships between HR competencies and HR professionals' effectiveness. Fifth it reviews the concepts of HR willingness and its links with HR professionals' effectiveness. Sixth it reviews the works on the links between HR professionals' competencies, HR professionals' willingness and HR professionals' effectiveness. Seventh it reviews the works related to the moderating roles of organizational support. Eighth it identifies the gap in knowledge in the HRM literature with the concepts reviewed earlier. Ninth it discusses the research model based on the literature. Tenth it discusses the potential underpinning theory options for the research model. This is followed with a discussion on hypotheses' development from the literature. Finally the chapter ends with a summary.

2.2 The Rising Importance of Human Resource Management in Organizations

2.2.1 Introduction

The historical trends of the human resource management (HRM) concept and practice can be seen from various perspectives such as the development of HRM as a professional and scientific discipline, as an aid to management, as a political and economic conflict management between employers and workers and as a growing movement of workers' involvement which is influenced by developments in industrial and social psychology (Kabene, Orchard, Howard, Soriano & Leduc, 2006; Schuler, 1990).

The area of HRM has come a long way from its humble beginning (Bamberger, Bacahrach & Dyer, 1989; Francis & Keegan, 2006; Pucik, 1996). Employee recruitment, keeping record of payrolls, promotions, retirement and other routine issues were by tradition the responsibility of personnel managers in the personnel departments (Schuler, 1990). Gradually, over the years personnel managers have supposedly assumed an increasingly important role – not only within the HR section of the organization, but also within overall decision-making process of the organization. HR heads have assumed added importance in the wake of increased competition encouraged, *inter alia*, by revolution in the information and communication technology, which has made information available with speed to consumers and rivals organizations alike.

Organizations can no longer afford to take their competitive advantage position for granted. Literature highlighted that HR professionals can add value more effectively to organization's growth by sustaining or enhancing its competitive advantage. It is the HR professionals who make the physical and intellectual investment valuable and productive (Singh, Darwish, Costa & Anderson, 2012).

The next section will briefly explain the development of HRM from past to present. This historical analysis is to reveal the growing value of workers from being just one of the means of production in the 20th century industrial economy to being a key source of sustainable competitive advantage in the 21st century knowledge economy.

2.2.2 The Evolution of Human Resource Management

The history of HRM is said to have started in England in the early 1800s during the craftsmen and apprenticeship era and further developed with the arrival of the industrial revolution in the late 1800s. HRM is said to have started from the term 'Personnel Management' (PM). In the early 1900s, the PM was primarily involved in record keeping of workers information as well as hiring and firing of the workers. During this era, many changes occurred in the workplace. After the industrial revolution, machines and factory methods that increased production were introduced. However, several problems occurred with this increased production. Since the machines required several people to operate them, the number of workers increased dramatically. This forced managers to develop rules, regulations and procedures to control the workers. Some of the regulations required an increase in job

specialization, which led to boring, monotonous jobs (Anthony, Perrewe, & Kacmar, 1996).

For that period, the then existing management philosophy was called 'scientific management'. The prime objective of scientific management was to increase the workers' efficiency. The output of the workers was measured through time and motion studies that determined the most efficient use of workers' capabilities in the production process. The task could then be divided into pieces, and the number of tasks to be completed by a worker during an average workday could be computed. These findings formed the basis of the piece-rate pay systems, which were seen as the most efficient way to encourage workers. During the scientific management era, the workers were treated as if they were machines and that they had only some social needs. Therefore, the conducive working environment was not provided to the workers but abuses such as the usage of child labor and the existence of unsafe working environments were very common (Anthony *et al.*, 1996).

The next step in the development of human resources occurred in the late 1920s and early 1930s when the Hawthorne Studies were conducted. As a result of these studies, more organizational managers were made aware of the social side of workers and the effect of social factors on the organizational performance. Expanding on the human relations school of thought including academic findings from various disciplines such as psychology, political science, sociology and biology, the behavioral science era was born. This era focused more on the total organization and less on the workers. It examined the process of how the employees would affect the workplace and how the workplace would affect the employees. Because of this development, most

researchers believe that the human resource management and organizational behavior grew out of the behavioral science school of thought (Anthony *et al.*, 1996; Lloyd & Rawlinson, 1992; Tyson, 1985).

The period from late 1930s to early 1960s, labeled as the time of the deployment and mobilization of workers, had a great impact on the development of personnel management. Managers came to realize that the workers' output and motivation had a major impact on the profitability of the organization. With the passage of time, the human relations movement stressed that workers were motivated not just by extrinsic reward (financial rewards) but also by social and psychological factors, such as intrinsic rewards (appreciation of work achievement). From 1960 to 1990, this period witnessed an unprecedented increase in the form of labor legislations in the West in relation to the employment relationship such as, occupational health and safety, retirement benefits and tax regulation. As a result, PM was overloaded with the extra responsibility of legislative fulfillment that required the collection, analysis and reporting of voluminous data to statutory authorities. That was the time when the term personnel department was changed to human resource department and the field of HRM was born. Consistently, the term 'Human Resource Management' gradually replaced the term 'Personnel Management'. If we take the year 1920 as the time when many believe that the first formal HRM function and department were initiated, then it is possible to think that the field is nearly 90 years old. During this 90-year period, there have been considerable changes in both the science and practice of HRM (Ferris, Hochwarter, Buckley, Cook, & Frink, 1999; Haslinda, 2009).

2.2.3 Human Resources Management from 1990s Onwards

The above mentioned developments had reflected the dramatic change that occurred after 1990s and continued thereafter. During this period, the focus of businesses around the world had begun to shift from competing on the local country - based competencies to encompass the world where such competencies are required to be leveraged. With the rapid change and complexity of the business environment in the context of globalization, human resources slowly became important and began to be recognized as a source of competitive advantage for organizations (Porter, 1980). It was further proposed that the said competitive advantage could be sustained through the wise deployment of the human resources and their capabilities (Drucker, 1985; Kanter, 1994; Prahalad, 1995; Gupt & Govindarajan, 2001).

The function of HR management in the organizations thus was also changed in line with the shift in the economic activity which moved from agricultural to industrial to services and now to information orientation and focus. In the beginning, the HR management was also considered as a 'staff' function and entailed the application and implementation of rules and policies. Its role was basically administrative and its work was more focused in treating the employees as a commodity with no distinguishing attribute or features (Lemmergaard, 2009). On the other hand, in any transitional economy where the activity is shifting from agriculture and industry to service and technology orientation, the expert and observers both inside and outside of organizations have come to realize that that the employees are strategic resources in terms of the value that they offer to the organizations with the unique feature of being repositories of knowledge skills and capabilities (Beatty et al., 2003; Inyang,

2010). Hence the HR's role has become more central to the organization for it is the people who actually implement the strategies by leveraging their skills and capabilities. This has necessitated the need for HR professionals to recognize this change and adapt to it. To enhance HR's organizational contribution, HR professionals will not only need to transform what they do but will need to also recognize that perceptions of their work will have a significant impact on the organizational performance (Beatty *et al.*, 2003).

In the ongoing transformation to services and information economy, HR needs to be seen as a 'strategic partner' to other line managers in the business context (Cascio & Boudreau, 2012; Mondy & Mondy, 2014). Along with these developments, businesses in turn began to view HR professionals as potential partners in the strategic management activities who need to be involved in the strategic decision making processes in the organization. Previously, the HR departments had only been responsible for recruiting and motivating the organization's employees within specified legal and cost constraints. Now they are starting to be viewed as 'human capital managers' and as potential sources of competitive advantage (Barney & Wright, 1998; Cappelli & Sing, 1992; Chadwick & Cappelli, 1999; Pfeffer, 1998; Schuler, Jackson & Storey, 2001). As mentioned earlier, this significant change can be attributed to the changes in global trends and factors like advancement in technology and workforce diversity. The increasing importance of HR department has not happened unintentionally or accidentally. Rather, the above trends are an outcome of specific changes in the rapid business changing environment. With the increased rate of globalization, an organization's capability to compete in a global environment becomes increasingly contingent on having a competent work force with

the necessary and required skills and capabilities. This competitive and dynamics environment had begun to place significant pressures on industry competitors while shareholders require and expect that their employees produce innovative products and services for their customers (Brockbank, 1999).

Ulrich *et al.* (2007) argue that in the world of business, familiar themes continually emerge, for example discovering new opportunities and confronting new challenges with the emergence of new markets such as Russia, China, Brazil and India and South Africa (labeled as BRICS). The world is considered to have become more like a 'global village' with new issues that are generic in nature and include managerial choice in terms of exchange rates, trade barriers, tariffs, and distribution networks. Furthermore, the connected world is becoming smaller because of advancements in transportation and communication connectivity due to advancement in technology. Further, there is also a rapid change as well as greater visibility of available services for the same reasons i.e. advancement in technology. Customers have become more demanding, more aware and increasingly segmented. Investors too have become increasingly familiar and concerned about not only financial results, but also product intangibles. Competitors come from both traditional large global players and increasingly smaller organizations with skills that allow them to be nimble and flexible in the response to the environmental needs and wants.

On the other hand, employees increasingly represent diverse demographic backgrounds. In some parts of the world, employees are aging more than in others. Employee expectations are also constantly rising as they gain higher educational qualifications and skills. Most of these changes and trends are outside the control of

any one individual or any one organization. They occur in both predictable and unpredictable ways. They affect all aspects of business from how to fund a firm, how to position the organization in customers' minds and how to engineer and deliver products. HR practices are also becoming more integrated, aligned, and innovative. HR departments are operating more like a business within the business, with a clear strategy and channels of distribution. HR professionals are being asked to understand and facilitate the businesses and to do so; they need to be well aware of these current business developments. HR professionals are expected to utilize the competencies they possess or develop the competencies for growth of the business (Brockbank, Ulrich, Younger & Ulrich, 2012).

In line with the generalized view of the changing trends in the business environment, Apospor, Nikandrou, Brewster and Papalexandris, (2008) argue that increasing trend of global competition has shifted the interest of management scholars towards the resources that the firm possesses and manages. These resources can contribute to the development and sustaining of a competitive advantage that other competitors cannot imitate. Earlier, HRM had traditionally been viewed as a cost function which needed to be minimized. Currently, there is a growing body of theoretical and empirical work supporting that HRM can be viewed as an investment (Becker, 1994, Wright *et al.*, 2001) and a vital and unique source of competitive advantage influencing organizational performance. HR faces the opportunity to prove that it can contribute to the organizational success through the development of a more strategic role, the delivery of efficient services and the facilitation of organizational change. Thus, there is a growing concern for HRM to prove its utility in improving organizational effectiveness and profitability.

On the HRM – performance link, scholars had developed some useful conceptual frameworks, such as resource dependence theory (Pfeffer & Salancik, 2003), human capital theory (Becker, 1994) and the resource-based theory of the firm (Barney, 1991; Wright & Snell, 1998). These frameworks have been used to explore the relationship between HRM and organizational performance. Most of the studies have reported positive relationships. The review of HR practice and organization performance is beyond the scope of this study, however, the focus of this study was on HR professionals' effectiveness and competencies. As such, the next section will first review the concept of HR effectiveness and then will follow with a review of the HR professionals' competencies and willingness.

2.3 Human Resource Professionals' Effectiveness

2.3.1 Introduction

The notion of managerial effectiveness is not new. It has been of interest to researchers since the 1960s (Fisher, Merron & Torbert; 1987; Mahoney, Jerdee & Nash, 1960; Miner, 1978; Morse & Wagner 1978; Powell & Yalcin, 2010; Wang, 2011; Worsfold, 1989). But the studies on HR effectiveness are recent phenomenon (Sharif & Ahmad, 2009). Human resource management effectiveness can be defined in different ways including the use of organizational performance as an easy interchange for HRM effectiveness, such as employee selection, development and retention (Guest & Peccei 1994). Mathis and Jackson (2011), for example, categorize HRM functions into five categories: staffing, human resource development (HRD),

compensation, safety and health management and lastly employee and labor relations and it is suggested that functions of HRM if successfully carried out will reflect the effectiveness of the HR professionals.

2.3.2 Definition of HR Professionals

Ulrich *et al.* (2008) define HR professionals as the group of people who make up the profession, who work in HR department, and who design and deliver the HR practices, policies, procedures and programs that manage employees and organization. Dessler (2010) defines HR professionals as people who are responsible for facilitating the employees through training, appraising, rewarding and providing compensation.

2.3.3 Types of HR Professionals

Dessler (2010) argues that HR professional usually work in the head office of any organizations. While working in the head office, they can be HR generalist or HR specialist. Both also need a substantial amount of work experience in the field of HRM. As a HR generalist the HR professionals is supposed to manage all aspect of HR work and will be required to have a broad range of competencies. Ulrich *et al.* (2008) suggested that HR generalist is assigned to work with organizational unit. Their responsibility is to participate and contribute in the strategic planning process and ensure that strategies could be implemented through usage of their HR professionals' competencies. Dessler (2010) states that the HR professionals in larger organizations normally supervise many different departments. Each department may be supervised by a manager who is designated as an HR specialist in the specific

HRM function like recruitment and selection, training and development, compensation and performance appraisal. The organizations would expect that their HR professionals will perform these functions efficiently and effectively.

2.3.4 Human Resource Professionals' Performance

Earlier, HR professionals were not considered as creating a vital influence on organizational performance (Sims, 2002). As a result, they were not well treated in most of the organizations, and frequently lacked distinct uniqueness. Since the 1990s, the situation has changed (Lawler & Mohrmn, 2003). The role and influence of HR have increased considerably. Traditionally human resource professionals have struggled to demonstrate the 'return on investment' of their work through their performance to the top management of their organizations. Presently with increased competitive pressures to minimize cost, more are expected of the HR professionals to justify their contributions to their organizations (Fitz-enz, 1984; Gow, 1985). Based on the increased interest in the relationship between HRM and organizational performance, many scholars have keen interest to study HR functions and its competencies as the creator of value addition to the organizational performance (Boselie & Paauw, 2005).

In short, in the 21st century, the HR function has become an important factor in helping organizations to achieve greater competitive advantage (Becker & Huselid 1998; Wright & Snell, 1998). Globally socio-economic development, such as globalization, rising speed in the service sector of the economy, changes in workforce diversity, focus on customer loyalty and emphasis on effective financial performance,

challenge the HR perform function in its role as a creator of added value to the organization (Brockbank, Sioli, & Ulrich, 2002). Particularly within the last ten years, the HRM literature has attempted to show that progressive HR practices would result in enhanced firm performance (Wright, Gardner, Moynihan, & Allen, 2005). Many studies have talked about the relationship of HRM effectiveness and organizational performance (Dalton, 2005; Gollan, 2005; Jiang, Lepak, Hu, & Baer, 2012; Whicker & Andrews, 2004). The key argument here is that the HRM effectiveness is linked to the individual employees' performance which ultimately leads to the sustainability perspective of HRM (Ehnert & Harry, 2012).

2.3.5 HR Professionals' Effectiveness

The study to evaluate the human resource management (HRM) effectiveness started with the research of Tsui (1984) whereby he recommended that the structure of personnel department effectiveness would need to be examined. Rastogi and Dave (2004) argue that effectiveness is best seen as something the HR professionals create from a situation. Moreover, the professional meets the goals set in the activities of organizations. Currently effectiveness of HRM is a critical component in the development process of developing countries. Although, HRM has come under strong criticism in many developing countries with significant reservation about their effectiveness (Bennell, 1994; Budhwar & Debrah, 2001; Praha, 2004; Wang & Shyu, 2008; World Bank, 1994).

Many scholars argue that the HRM effectiveness is a very vast construct. Many studies on HRM effectiveness highlighted how HR professionals do their job in the

organization and how their functions aligned to the organizational performance (Baron & Kreps, 1996; Boxall, 1996; Huselid, 1995; Wright *et al.*, 2001). On the other hand, Caldwell (2008) argues that unluckily, the overarching inquiry of effectiveness has rarely been seriously addressed in the HR competency literature, at least not directly.

Kane and Crawford (1999) reported that one of the barriers of effective HRM is the lack of competent HR staff. The staff of HR department is trying to find out the ways to contribute to their organizations efficiently and effectively. Ruel, Bondarouk, and Velde, (2007) emphasizes that the basic factor for HR staff to be effective is that he or she should be competent and only then can they contribute to and add value to the organizations. The effectiveness of HRM is frequently talked about as HRM's contribution to an organization's output. Han *et al.* (2006) argued that HRM as a management field is in its relatively early stages in Asia compared to the western countries and as such the HR professionals' competencies and their effectiveness have not been thoroughly studied in Asia including in South Asia.

On the other hand, Shehzad (2010) argues effective HR department should have the essential HR competencies to enhance the level of success and competitive advantage. Guest and Conway (2011) also argue that the HR professionals' effectiveness is even more important than the HR practices. HR professional competency is a necessary first step towards the HR professionals' effectiveness. If organizations want to increase the effectiveness of their HR professional they need to focus to develop and enhance their competencies level. HRM research generally, somehow overlooked the influence of HR professional competencies on the relationship between HR

professional effectiveness and performance (Ahmad, Sharif & Kausar, 2012). However, research has also focused on various issues such as measuring the managerial effectiveness, examining the process of ensuring managerial effectiveness and building models of managerial effectiveness (Sharif, Ahmad & Kausar, 2011).

2.4 HR Professionals' Competencies

2.4.1 Introduction

The competency movement has no single origin. The concept of competencies has been around for centuries. Earlier, scholars have believed that in most trade, the novices or trainees learned their skills through working with their masters and were rewarded credentials when they reached the required standards of workmanship associated with and set by the trade (Horton, 2000; Schuler, 1990).

2.4.2 Definition of Competency

Many authors have shed light on the competency concept, creating a whole range of what appeared to be fundamentally different definitions (Boyatzis, 1982; Ulrich & Brockbank 2005). The idea testing competency rather intelligence was first proposed by a Harvard psychologist, David McClelland, in the early 1970s. United States Foreign Service asked McClelland to find a new technique that could predict employees' performance and minimize the bias of traditional intelligence. Therefore, the notion of measuring competencies was developed (Brophy & Kiely, 2002). It is difficult to find a universally accepted definition of competencies. For example, Tas

(1988) defines competencies as those actions and skills judged necessary to execute the duties of a specific position. Albanese (1989) emphasizes, that there is no single set of competencies that can completely perform the managerial role and there are many job specific skills that influence the effectiveness of the managers' job. Competencies are further defined as evident performance (Boam & Sparrow, 1992) or as the things that employees are supposed to do to achieve the outputs required in their job (Wynne & Stringer, 1997).

On the other hand, Hoffmann (1999) developed a typology of the meanings of competency to show that the term has several meanings depending on the purpose for which it is used. He notes that the term competency is multi-faceted, the shifting definition has brought with it a degree of confusion over the nature and concept and its application. Brophy and Kiely (2002) contend that when using a competency-based approach, the focus is on the behaviors that are necessary to perform the job. Competencies focus on how the job or role is performed by identifying those behaviors that contribute to achieving effective performance. Each individual competency consists of a number of observable behaviors that are relevant to the performance of that particular role. Quinn, Faerman, Thompson, and McGrah (1996) developed a definition of competency that recognizes the importance of skills, knowledge and personal characteristics and the linkages between possessing these competencies and performing certain tasks more effectively.

Literature on competencies has expanded rapidly in the last two decades (the 1990s and the first decade of the 21st century) (Boyatzis, 1982; Bartram, 2005; Hamel & Prahalad, 1998; Hollenbeck, McCall & Silzer, 2006). Kurz and Bartram (2002)

explain that competency is not performance itself, but a list of capabilities, actions, procedures and responses available that facilitates a range of work demands to be met effectively by some employees better than others. Competencies are employees' personal characteristics (knowledge, skills, behavior, attitude, aptitudes, and social motives) that are linked to effective and advanced performance in a job (Boyatzis, 1982; Dubois & Rothwell, 2004; Gangani, McLean & Braden, 2006). Ulrich *et al.* (2008) argue that competencies refer to the knowledge, skills and behaviors demonstrated by individuals in the course of getting their work done.

2.4.3 Definition of HR Competency

Martina, Hana and Jiri (2012) argue that competencies identification and development are important tools of human resources management targeted at achieving the strategic goals of the organization. Competencies, i.e. behavior necessary to reach the required level of a HR professionals' performance, in combination with efficient organization management thus become a key factor of success and subsequently also a competitive advantage. In order to be effective in this regard the manager must possess the characteristics most often associated with the description of effectiveness. Therefore, HR professional competencies have become one of most important areas to study. In compliance with the resource-based view, it is necessary for organizations to identify, evaluate and develop key HR professional competencies in order to achieve an acceptable level of competitive advantage. The concept of competency as defined by different authors is given in the next paragraph.

Selmer and Chiu (2004) defined the competency as the work related personal attributes like knowledge, skills and values that individuals draw upon to do their work well. Ulrich and Brockbank (2005) stated that HR professionals master the knowledge of external realities of today's business environments. They must be fully literate and know how they can add value to their investors, commercial customers, internal customers like managers and employees. Therefore, HR professionals are required to become active players and partners of business and develop human abilities and organizational capabilities that enable an organization to compete now and in the future. According to Heinsman, Hoogh, Koopman, and Muijen (2007), HR competencies have become the leading construct in research on various HR practices, such as recruitment and selection, career development, performance management, as well as the management of change. Moreover, it is observable and measureable to improve the employee's performance effectiveness. Martina *et al.* (2012) define competency is a commonly used term for people asserting their working potential in real activities. The competencies refer to the capacity, i.e. abilities to perform a certain activity, to have certain general and specific knowledge, abilities, skills and attitude to be qualified in the specific work related area. In-fact it means that competencies are required for achieving the required level of effectiveness.

Aitchison (2007) pointed out that the main obstacle for HR professional to perform effectively in the organizations is their lack of competencies. Lawler and Mohrman (2003) found that HR professionals who have desired to be strategic partners must have understanding of business strategy and ways to support its implementation. According to Hammonds and Berkley (2006), there is a big gap between the capabilities of those working in HR department and the business acumen needed for

them to be successful strategic partners in a business organization. The prime duty of HR professional is to facilitate the organization’s corporate objectives through people because they are the ones who contribute to the organizational goal according to resource based view (Priem & Butler 2001). The competencies developed thus must be utilized in context with the strategic function of the organization. The study of Grossman (2007) highlights that those HR professional’s who would have succeeded 30, 20, even 10 years ago, are not as likely to succeed today. They are expected to plan new roles. To do so, they will need the new competencies. Many scholars have developed various HR competencies models that have identified and the next section presents the summary of some prominent HR competencies studies.

2.4.4 Models of HR Competencies

Many surveys have been conducted around the globe on HR competencies and some notable ones are presented below in Table 2.1.

Table 2.1
HR Competencies

Sr. #	Name of Authors	Years	HR Competencies
1.	Kesler	1995	Performance Capabilities, HR Technical Know-How and Business Know-How.
2.	Yeung, Woolcock and Sullivan	1996	Core, leadership, HR expertise and Consultation.
3.	US office of Personnel Management	1999	Leadership, HR expertise, Consultation and Core.
4.	Brewster, Farndale & Ommerens	2000	Individual style, organizational involvement, leadership and technical activities.
5.	Schuler	2001	Business competency, Leadership and Managerial competencies, Change & knowledge management competencies and Professional and technical competencies.
6.	Schoonover	2003	Personal Attributes, Leadership & Management Competencies, HR Core Competencies and HR Role-Specific Competencies.
7.	Ulrich, Brockbank, Johnson and Younger	2007	Talent manger/organizational designer, culture & change steward, strategy architect. operational executor, business ally and credible activist.

Source: *Author's own summary*

Table 2.1 lists the various competencies identified by researchers as well professional forums and it indicates the divergence that exists in this area suggesting the necessity for research to identify and integrate the competencies that will be practically relevant to the practitioner and move away from a disintegration of the subject area. Pfeffer (1993) identified the issues that new theories confront when too many proliferations' are permitted to occur which tend on one end to continue to increase the scope of theoretical confusion while reducing the applicability to its practice. As can be noted from the above Table 2.1 where practicing forums point to the individual styles, leadership and technical capabilities to name a few, the research focused more on the core competencies, knowledge as well as expertise.

In this regard, Yeung *et al.* (1996), while quoting Deborah Baber of HR and Organizational Excellence at Quantum among other HR executives (p 50 *ibid*) conclude that three skills dominate the list of competencies that senior executives agree upon and they are 1) solid business knowledge; 2) capacity to facilitate and implement change and 3) Influencing skills. However, the concerns pointed by the HR specialists and the academics and the variations that exist, points to the need for further research but of the nature where there is an effort to consolidate the list through replication and testing rather than adding a new list of competency variables.

2.4.5 Ulrich Models of HR Competencies

When competency models were incorporated into the HR discipline the task of defining the relation between competencies and performance was dominant (Brewster, Farndale, & Ommeren, 2000; Ulrich & Yeung, 1989). According to Caldwell (2010), this was certainly true of the most dominant of HR professional competencies model initially developed by Ulrich and his colleagues at the University of Michigan (Yeung *et al.*, 1996). But over the years the model has undergone numerous updates and revisions (1987, 1992, 1997, and 2002) depicted Figure 2.1 (Ulrich *et al.*, 2008).

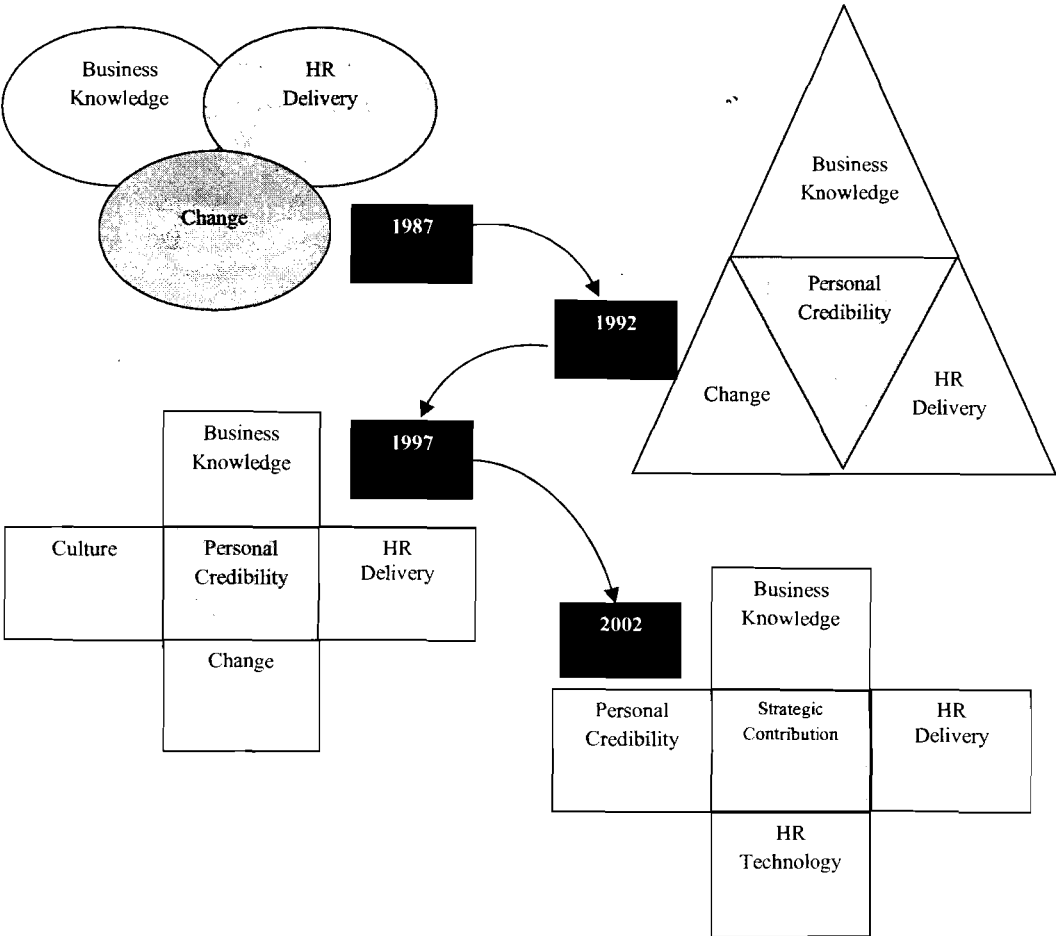


Figure 2.1
Ulrich Models for HR Competencies 1987 to 2002

In the beginning, it was proposed that there were three important HR professional competencies, regardless of the job role or title i.e. 'change management, 'functional expertise' and knowledge of the business. After that research findings suggested that there were two additional essential competencies: 'culture management' and 'personal credibility'. After that this model was modified into five competencies namely; organizations strategic contribution, personal credibility, HR delivery, business knowledge and HR technology. The recent modification of HR professional competencies by Ulrich *et al.* (2007) and his colleagues has suggested six competencies domains as credible activist, cultural and change steward, talent manager/organizational designer, strategic architect, business ally, and operational executor.

The shift that can be noticed is that there is an increasing scope of HR competencies that are articulated across various periods in the development of strategic HR management thought. While the scope of competencies and associated roles have increased in scope what is significant that this increase in scope brought a major shift with the addition of 'Strategic Contributor', giving a substantive impetus to the involvement of HR professionals in the strategic management process of the organization.

The above logic of increasing the scope of HR competencies was well articulated in Yeung *et al.* (1996) quotation of an HR specialist interviewed by them. Yeung *et al.* (1996) interacted Ms. Barbara (HR Executive) her quote given below.

“I think traditionally the more strategic level HR plan has been developed in corporate and then it gets executed or implemented in the business. And now

I'm saying we've got to turn this thing upside down. Because they are close to the business, the senior level HR professionals at the business level need to be prepared to do the in-depth kind of organizational diagnosis and assessment, and then be able to determine what are the critical organizational capabilities that business needs to be able to execute, both short-term and long-term, against their business plans. They have to put together both the strategic level and operational level organizational plans that are required to support the business. Now corporate is there to provide some of the specialized resources or some of the expert knowledge that is needed to both develop and implement these kinds of plans. But the driver, the leadership has to come out of business. And that is a tough switch because we haven't been developing that kind of leadership in the business" (Yeung *et al.*, 1996, p 50).

Based on the above arguments, testing a model becomes germane to this thesis and the knowledge development process. Ulrich's model (2007) is the latest and more relevant to the current business environment and is directly related with the HR professionals in 21st century. The researcher looks at HR professional competencies through the lens of Ulrich model and this HR professional's competency model is depicted in figure 2.2.

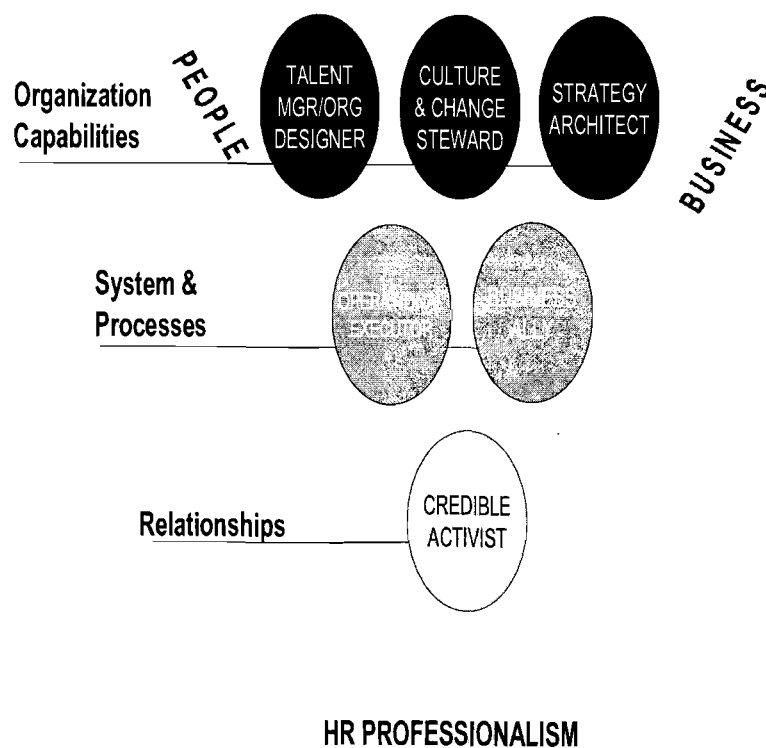


Figure 2.2
HR Competency Model by Ulrich et al. (2007)

The recent modification of HR professional competencies by Ulrich *et al.* (2007) and his colleagues suggest six competency domains. These competencies are related to individual HR professional and the organizational performance. In tracking the changes in the last five years in the field of HR, this model is more dynamic. These competencies including credible activist (CA), emerged as the most significant competency for both individual and the business. The competencies related to culture and change steward (CCS), talent manager/organization designer (TMOD), strategic architect (SA), HR professional is enable to develop organizational capabilities that create competitive advantage. Business ally (BA) and operational executor (OE) they do not differentiate an organization or an employee, but knowledge and competency in these areas is required for better performance. These six competencies are more relevant to the current business environment and are directly related with the HR

professionals in the twenty-first century. These set of competencies are proposed to represent and describe broadly and serve HR functions such as recruitment and selection, managing talent, design the strategic structure which can support the business strategy of the organization. Due to the changes in the past five years in HR department, this model is more dynamic. Each factor under these domains is an action that makes the HR professional effective. The following section explains the competencies identified in the model presented in Figure 2.2 and presents the research hypotheses.

2.4.6 HR Professionals' Competencies

Huselid *et al.* (1997) conducted their study in 293 organizations in United State and found out that HR professional competencies enhance the HR professional effectiveness. An organization's capability is its ability to effectively synthesize a number of the organization's drivers, such as technology, human resources and organization's culture (Drejer, 2000; Yu, Kim, & Kim, 2007). HR professional competencies are defined by Ulrich et al. (2009) as values, knowledge and abilities of HR professional and these will be expected to engage more with employees, line managers and to serve external customers. The researcher has divided Ulrich list of HR professional competencies into social (people related) based HR competencies and technical (system and business related HR processes) based HR competencies. Ramlall (2006) argues that there is a more emphasis on HR professional competencies as means to enhance the HR professional effectiveness. The present study had divided Ulrich's HR competency model into social and technical based HR professional competencies. Social competencies where HR professionals focus more on the

intangible relationships and interpersonal understanding among the employees of the organization. Social competencies consist of specific learned behaviors across a given situation (Rainey, 2003). Technical related competencies on the other hand are employed to design and develop the HR structure, system and processes (Drejer, 2000). The next section explains the HR professionals' competencies in detail.

2.5 HR Professionals' Social Competencies

Many research studies have noted the significance of human factors, such as effective human interacting and shared understanding (Boselie & Paauwe, 2005; Brachos, Kostopoulos, Soderquist, & Prastacos, 2007; Francis & Keegan, 2006). Riggio and Reichard (2008) argue that there have been little preliminary studies to understand the role of social competencies on the effectiveness of leadership and they found that Social competencies help the leader to perform their role more effectively. There is a growing body of evidence that social competencies are related to effectiveness (Eaton, Funder, & Riggio, 2006; Riggio & Carney, 2003). The social competencies focus on the intangible relationships and interpersonal understanding among employees of the organization meaning that the employees work closely with one another. HR professionals create a culture which must be credible and develop strategies in such a way that the employees of the organization respect each other and add value into the organization. The researcher proposed the first hypothesis as:

Hypothesis 1: HR Professionals' Social competencies have an effect on HR professionals' effectiveness as perceived by line managers.

The above hypothesis 1 can be further delineated with sub hypotheses in mention below;

2.5.1 Credible Activist

According to Grossman (2007), credible activist (CA) competency is the top indicator of HR professional performance. This competency is at the heart of what it takes to be an effective HR professional. Ulrich *et al.* (2008) argues that the HR professional needs to be both credible (respected, admired, listened to) and active (offers a point of view, takes challenging assumptions). Some have called this “HR with an attitude”. HR professionals who are credible but not activist are admired but have little impact. Activists who are not credible have idea that no one implements. According Ulrich *et al.* (2009) ‘Credibility’ moves the HR professional up the people axis, and activism moves them up the business axis. Both are involved for HR professional performance.

Since HR professionals work with the human side of business, they need to have strong interpersonal skills. Credible Activists make an environment of trust that lead to results in optimistic working relationships with all employees of the organization. Ulrich *et al.* (2009) in their study found that Credible Activist created a strong relationship between employee effectiveness and business performance. Moreover, in all regions (US, Latin America, China, Australia and India) the Credible Activist competency makes positive contribution to results. Selmer and Chiu (2004) stated that HR professionals as credible can become more effective for their organizations business success. Inyang (2010) argues that HR professionals should act with integrity in all business dealings and honor personal commitment. They need to develop inter-relationships with all the employees of the organization. Highly

effective HR professionals are focused both equally on the organization's business and HR related needs. In general the credible activist domain has the most significant influence on HR professionals' effectiveness. Hence, it is postulated that:

H1a: Credible Activist competency is positively related to HR professionals' effectiveness as perceived by line managers.

2.5.2 Talent Manager / Organization Designer

Attracting, developing and retaining talent are next the most eminent functions of HR professional. According to Ulrich *et al.* (2009) the most effective HR professional are those who both talent managers and organization designers. Talent management focuses on competency requirements and how individuals enter and move up, across, or out of the organization. Organization designer focuses more on how an organization incorporates capability into the structure, processes, and policies that shape how an organization works. Grossman (2007) argues that the value of the human asset appreciates or depreciates depending on the intelligence and effectiveness of the organization's design. On the other hand, Kaplan and Norton (2001) argue that, it is difficult to reach a high sustainable performance without the alignment of organizational design and placement of talent in the organization. It does not matter that, how talented the employees are if the underlying processes and structure are misaligned. HR professionals have to take the lead to engage the employees and enable them to contribute to the organizational performance which requires a good organizational design and it is an important area where HR professionals have to be competent (Morgan & Jardin, 2010).

Developing talent ultimately, leads to higher retention and more productive employees. Organizational structure refers to the structure an organization needs to have to achieve its desirable goals. HR professional is not only about the talent or organization, it is about both of them interacting simultaneously. *Ulrich et al. (2008)* argue that good talent with no supporting organization may not be sustained and good organization may not deliver results without talented employees. HR professional ensures that the company's talent management and organization capabilities are aligned with customer requirements and strategy, integrated with each other and working effectively and efficiently. Building HR professional competencies in the Talent Manager/Organization Designer domain is a significant way to make the HR professional to be effective. HR professionals need to balance between getting and developing the right talent and making sure that the organization's structure is conducive to delivering the desired organization capabilities. *Khatri, Gupta, Gulati and Chauhan (2010)* suggest that, HR professional as a talent manager is responsible of recruiting, managing, analyzing, promoting, and retaining of the employees in their organization. Presently, most of the HR managers are not competent as talent managers and lack in this competency. *Ellehuus (2012)* in his study found that, given that HR professionals' have the competency of talent managers, they are able to generate more profit and they also enhance the employees' performance up to 25 percent. Many managers understand the importance of this competency and most of them fail to make the link between strong talent management / organization designer competency and the success of the business. HR professionals can effectively perform as a talent manager / organization designer competency for the growth of their organization. The present study thus hypothesizes that:

H1b: Talent manager/organizational designer competency is positively

related to HR professionals' effectiveness as perceived by line managers.

2.5.3 Culture and Change Steward

Culture and change became a common buzzword in late 20th century. The 1980s and 1990s brought a dramatic era of downsizing, mergers, acquisitions, and restructuring for many organizations. Culture and change has been acknowledged as an important influential factor in examine performance of the organizations (George, Marcoulides & Heck, 1993; Wilkins & Ouchi, 1983;). Ulrich *et al.* (2008) argue that culture has been an important feature in HR competency studies since 1997. HR professionals need to recognize, articulate and help shape an organization's culture to enable change to happen. Culture is a pattern of activities rather than a single event. As stewards of culture, HR professionals respect those aspects of the past culture that should be respected, at the same time helping to shape a new culture that will facilitate organizational success. Ulrich, Brockbank, Yeung & Lake, (1995) suggest that HR professionals may not be effective except to when they manage the change processes. When culture and change are considered and implemented as parts of a single competency rather than separate competencies, the result can eventually improve the HR professional's effectiveness.

When organizations are going through change, there is a possibility that employees will develop shared understandings about the change initiative in a ways that organization are not intend to support. Rumors and suspicions, combined with incomplete pieces of information, may lead to his understanding about the underlining purpose of the change initiatives (Isabella, 1990). Few decades ago, increasing

numbers of HR professionals were occupied in organizational change efforts, not simply as administrative supporters but as competent change agents (Caldwell, 2003; Ulrich, 1997). A restructuring of HR system is often implemented when organizations undergo structural and/or cultural changes. Wright and Snell (1998) suggested that when companies respond to dynamic environments, the HR professionals are expected to drive their efforts to build flexible organizations where HR first develop practices system in a way that can be accepted; second, expand the skill sets of their employees and finally; develop their employees' behavioral flexibility. It is challenging to become a competent culture and change steward. When the HR department leads an organizational change, chances are high that the HR department will send out confusing rather than coherent and consistent messages to the employees.

Ulrich *et al.* (2008) find that effective HR professionals clearly understand the culture required to deliver the business strategy and communicate the desired culture broadly and frame it in ways that engage employees. The effective HR professionals develop their organizations' potential for change and then transform that potential into effective change processes and structure. Pyshorn and Huisman (2011) emphasized that HR professionals have to take the role of teacher, guiding and facilitating the employees that how to perform better in the cultural change process. He or she can motivate all employees of the organization so that they adjust their behavior to fit-in the new culture. HR professionals are the once who generally adapt the change and are also responsible to sustain the change. HR professionals must work with the management team and other key individuals to ensure the sustainability of the cultural change. Any organization embarking on a culture change program should enlist HR

professionals in defining and enacting the culture. When HR professionals have the skills to make culture real, they help their organization to become competitive and this competency therefore becomes more significant and effective for HR professionals in many organizations (Ahmad, *et al.*, 2012; Brockbank, *et al.*, 2012). This study hypothesizes that:

H1c: Culture and change steward competency is positively related to HR professionals' effectiveness as perceived by line managers.

2.6 HR Professionals' Technical Competencies

Technical competencies are employed to design and develop the HR structure, system and processes (Drejer, 2000; Selmer & Chiu, 2004). The key element of HR professional's success is to possess these system related competencies. Ramlall (2006) highlighted that HR professional without technical competencies may not effectively contribute to their business performance. Huselid *et al.* (1997) also argue that HR professionals' technical competencies are necessary to ensure the effectiveness of HR professionals. If the HR professional effectively deploys these competencies it will enhance the performance of HR department as a whole. The researcher proposes the second hypothesis as:

Hypothesis 2: HR professionals' technical competencies have an effect on HR professionals' effectiveness as perceived by line managers.

The above hypothesis 2 can be further explicated using the following sub hypotheses as mentioned below;

2.6.1 Strategy Architect

Lawler and Mohrman (2003) found that HR professionals who desire to be strategic partners must have understanding of business strategy and ways to support its implementation. Ulrich *et al.* (2008) argue that HR professionals must thoroughly master the strategic architecture of the business in which they work. They need an in-depth appreciation of the business portfolio and what makes each business distinctive in the customers' eyes. HR professionals must understand the business strategy and align HR practices with it. This includes being able to identify the problems central to the business strategy, recognize marketplace trends and their impact on the business, and translate the strategic direction into annual business and HR initiatives. According to Brockbank *et al.* (2012), the HR professionals must also be aware the global business context and they should apply this knowledge in developing a personal vision for the future of the organization. They need to participate in developing customer-focused business strategies and in translating the business strategy into annual business plans and goals.

According to Hammonds and Berkley (2006), there is a big gap between the capabilities of those working in HR department and the business acumen needed for them to be successful strategic partners in a business organization. The prime duty of HR professional is to facilitate the organization's corporate objectives through people because people are the ones who contribute to the organizational goal according to resource based view (Priem & Butler 2001). The competencies developed thus must be utilized in conjunction with the strategic function of the organization. Wright, McMahan, McCormick and Sherman, (1998) conducted their study in US

petrochemical industry and found have that the HR professionals perceived weaknesses in strategy level competency which ultimately effects their performance.

According to Khatri (2002), HR managers need to acquire a set of competencies which will help them to play a more strategic role in achieving organizational goals. They cannot afford to be reactive in today's competitive environment. CEOs, line managers and employees all expect them to be more proactive and perform their role at strategic level and they should be professionally qualified and need to know how to manage employees in the service industry and information economy. Ulrich *et al.* (2009) stated that HR professionals have to thoroughly master the strategic architecture of the business in which they are doing work and it is the best way to make HR professionals effective.

Moreover, HR professional have to regularly take responsibility for the process of developing strategy. However, they are unable to contribute at strategic level in their organizations because it is perceived that they lack the competency to work at the strategic level (Payne, 2010; Reilly, 2012). HR professional, therefore need to focus on a vision on how organization can "win" in the marketplace, now and in the future. He or she can then play an active part in the establishment of the overall strategy to deliver on this vision. This would require of them to recognize business trends and how these will impact the business, thus forecasting potential obstacles to success and facilitating the process of gaining strategic clarity. This linkage helps make customer-driven business strategies real to the employees of the company (Ulrich *et al.*, 2007). On the other hand, Inyang (2010) argued that HR professionals must think how they

can contribute as strategic resource and how to contribute to the organizational growth. The present study thus hypothesizes that:

H2a: Strategy architect competency is positively related to HR Professionals' effectiveness as perceived by line managers.

2.6.2 Business Ally

One way to enhance the possibility of HR professionals' effectiveness is when he or she adapts significant competencies (Lawler, 1992; Ulrich & Lake, 1990) and business related competency has been identified as significant. Business related competencies enable HR professional to understand how business considerations unique to a firm can create firm-specific HRM needs (Schuler, 1992; Walker, 1992). While Heffernan and Flood (2000) report that one new and emerging human resource theme is that competencies and effectively performs their HR practices in helping organizations cope with the changing environment and need to integrate and organization's HR strategy and its business strategy.

According to Caudron (2003), business knowledge is considered extremely important for HR professional. Ulrich and Brockbank (2005) stated that HR professionals need to master the knowledge of external realities of today's business environments. They must be fully literate on how they can add value for their investors, commercial customers, internal customers like managers and employees. Therefore HR professionals are required to become active players and partners of the business and develop human abilities and organizational capabilities that will enable an organization to compete now and in the future.

According to Ulrich *et al.* (2009), for the last two decades the competency of Business Ally has shifted dramatically. At first, “understanding the business” was very significant for an HR professional to be perceived as competent. But, in 2002 it was found (Ulrich *et al.*, 2007) for the first time that “understanding the business” is one of the weakest statistical predictors of an HR professional’s overall competence. Businesses succeed by setting goals and objectives that respond to external opportunities and threats. HR professionals contribute to the success of a business by knowing the social context or setting in which their business operates. They also know how the business makes money, in terms of who the customers are, why they buy the company’s products or services.

Finally, HR professionals have a good understanding of various parts of the business, so that they can help the business (Ulrich *et al.*, 2007). Payne (2010) conducted their study in the Midwest region of the United States and found that HR professionals require to develop competencies particularly those, which are business related. Business related competency is the need of the day. On the other hand Ulrich *et al.* (2008) state that HR professionals are increasingly expected to contribute directly to the success of the business of their organizations, and businesses succeed by profitably responding to changing external conditions. HR professionals therefore help drive the success of the business by knowing the broader setting in which the business operates. In addition, HR professionals must understand the value chain of the business, how it makes money, how it converts less-valuable inputs into more-valuable outputs, and how resources within the company are arranged to deliver on customer expectations.

Furthermore, when HR professionals speak intelligently about a balance sheet or make recommendations based on market condition, their credibility increases. This credibility allows them opportunities to participate in increasingly more strategic discussions at all levels of the organization. Being a business ally is thus not about memorizing only the financials of an organization but rather about being aware of what is going on around them. Inyang (2010) argued that HR professionals must understand the organization's business direction and its competitive position in the market. The HR professionals must have business related competency which can become more effective. Accordingly, this study hypothesizes that:

H2b: Business ally competency is positively related to HR professionals' effectiveness as perceived by line managers.

2.6.3 Operational Executor

Over the past decades, the service sector has been playing a significant role in the world economy (Ahmed & Ahsan, 2011). As a result, a great deal of attention has been devoted recently to the rapidly changing face of the service sector. For example, a number of service sectors are now characterized by intense competition, drastic technological changes, and increase customer expectations (Bharadwaj & Menon, 1993; Spring & Araujo, 2009). Some scholars (e.g. Roth & van der Velde, 1991; Spring & Araujo, 2009) have emphasized the importance of organization operations execution as a competitive edge in service organizations especially in banks. Roth and van der Velde (1991), for example, suggested a service strategy must address how operations will support and network with the competitive weapon of a business.

In the past day-to-day activities and policy issues were the prime responsibility of the personnel department (Anthony *et al.*, 1996). Personnel department managed the paperwork, employee hiring, firing, paying and promoting. Operational implementations of HR activities are administrative in nature. The personnel department focused on the terms and conditions of work and the running of the administrative systems to assist the employee to perform their duty properly (Ulrich *et al.*, 2008). HR professional as an operational executor is responsible for HR procedures that need to be documented and implemented. Employees also have many administrative needs (e.g. to be paid, relocated, hired, and trained). It revolves around the HR professional's ability to execute the operational aspects of managing people and organization. HR professionals ensure that these basic needs are efficiently dealt with through technology and shared services. Furthermore, HR professionals must develop working relationships with line managers and employees and take their suggestion for better operational execution. In addition, employees need to be hired, trained and paid etc. HR professional is accountable to make sure that these fundamental needs are effectively met (Ulrich *et al.*, 2009). The present study hypothesizes that:

H2c: Operational executor competency is positively related to HR professionals' effectiveness as perceived by line managers.

2.7 HR Professionals' Willingness and HR Professionals' Effectiveness

2.7.1 Introduction

This section discusses the concept of HR professionals' willingness and its links to HR performance and HR professionals' effectiveness.

2.7.2 The Concept of 'Will'

The word 'Will' is associated with intrinsic motivation to be effective or not. Willingness is made up of the belief, attitudes, and intentions of the employees involved in knowledge related activities; and capability consists of the knowledge resources of the organization and competence of the individual employees (Smith & McLaughlin, 2004).

Puchik (1996) and Hailey, Farndale & Truss (2005) also talked about the internal aspects of human wants and needs in relation to human resource employees and organizational performance. The will to take action or the willingness to take action on the part of employees and managers will somehow determine the success of organizational performance.

2.7.3 Definition of HR Professionals' Willingness

Smith and McLaughlin (2004) further argue that if will is combined with employees' competencies and capabilities, then personal performance will go up. If HR professionals lack the willingness and motivation to contribute their knowledge and

expertise, then he or she may not be effective. One way by which HR department can add value to the organization is that HR professionals be willing to actively contribute to HRM strategies and their implementation however, according to them the willingness factor has not been taken into consideration in organizational knowledge based work management activities. The present study has planned to examine the effect of willingness on the HR professionals' effectiveness.

2.7.4 HR Professionals' Willingness and Performance

Katz (1964) argued that activities and roles can be performed more innovatively if managers are willing. Currie and Kerrin (2003) claim that employees lack the willingness and motivation to contribute their knowledge if competent managers are not appraised fairly resulting in project failures. On the other hand, Chen and Silverthorne (2004) report that competency and willingness affect each other (positively or negatively) while employees' willingness will enhance efficiency and effectiveness of the assigned task because of increased competency. The issue to be studied is how to motivate HR professionals to participate in HRM's practices and contribute their knowledge, skills and experience in the most challenging way. One of the ways for human resource department to add value and performance into the organization is to increase the HR professional willingness to actively contribute in implementing the HRM strategies to achieve competitive advantage. The study of Analoui (1998) argues that willingness of managers ultimately leads to the performance of the organization.

2.7.5 HR Professionals' Willingness and HR Professionals' Effectiveness

Direct research on the links between HR professionals' willingness to act and their effectiveness are scarce. Nevertheless there are studies that had attempted to answer some issues related to HR professionals' willingness and HR professionals' effectiveness (Bamberger, Bacharach & Dyer, 1989; Boselie & Paawe, 2005; Caldwell, 2003; Francis & Keegan, 2006; Hailey, Farndale & Truss, 2005; Janssens & Steyaert, 2009; Kochan & Dyer, 1993; Lopez, Peon & Order, 2006; Schuler, 1990). Thus, where on the one hand, HR functions are undergoing change which impact the HR professionals' effectiveness, the growing perception is that without the willingness of HR professionals to perform well in the respective HR functions, the whole HR process may be undermined. These HR professionals need to be willing to actively develop their skills set in order to become effective (Francis & Keegan, 2006).

Caldwell (2003) and Kochan and Dyer (1993) spoke of the need for HR professionals' to manage change as the business environment changes. HR professionals are the catalyst for change in organization. If their willingness to change and shoulder new responsibilities are lacking, the HR professionals may not perform to their respective organizations' expectations and that may ultimately affect their effectiveness in running their HR department (Hailey *et al.*, 2005). In addition, Katz (1964) argues that activities and roles can be performed more innovatively if employees are willing. According to Smith and McLaughlin (2004), the willingness

factor has been emphasized in organizational knowledge-based work management activities. Huselid (1995) argues that employee's willingness is compulsory prerequisite to be effective and this performance can be ineffective if he or she is not willing to perform. If HR professionals do not have the motivation to enhance or develop their performance level, they may not be able to perform the HR functions effectively. One of the ways for human resource department to add value into the organization is by ensuring that the HR professionals are motivated and willing to actively contribute to implement the HRM strategies to achieve comparative or competitive advantage. Analoui (1998) also argued that competencies alone cannot be adequate managerial effectiveness as there is also a need of willingness of employee which will play a vital role in their effectiveness. This leads to third hypothesis as:

Hypothesis 3: HR professionals' willingness is related to HR professionals' effectiveness as perceived by line managers.

2.8 The Moderating Role of Organizational Support

2.8.1 Introduction

This section discusses the role of moderator in the relationship between the independent variable and the dependent variable. Some researchers believe that most of the time, the relationship between the independent variable and the dependent variable in a study is not direct (Creswell, 2008; McMillan, 2008; Wiersma & Jurs, 2009) and there is the moderator which intervenes in the said relationship.

2.8.2 Organizational Support as a Moderator

The notion of organization support is now well accepted among various scholars and as one vital factor playing a significant role in improving the employees' and organizations' effectiveness (Shore & Wayne, 1993; Yoon & Lim, 1999). With regards to moderating variable of the study, organizational support (OS) has been considered as one of the moderating variable in present study. One of the important factors that has been said to affect employees' performance is organizational support such as resources, infrastructures, moral and social support (Mathis & Jackson, 2004). HR professional may not be effective in performing their role if they lack adequate staff, latest technology, financial resources and empowerment from the top management.

In many studies on relationships in the management literature, the intervening variable or moderating variable has been found to play some role (Chenhall & Brownell, 1988; Krasner, 1982; MacKinnon, Lockwood, Hoffman, Stephen & Sheets, 2002). Sharif and Ahmad (2009) in their HR study had found that organizational support has some moderating role in the study of behavioral variables in organizations. The importance of organizational support as intervening variable in behavioral studies is further enhanced by earlier researchers (see e.g. Schermerhorn, 1975; Shanock & Eisenberger, 2006). Employee's performance is mainly a result of organizational support because it enables the employee to utilize their competencies effectively. Thus, the present study is also interested to investigate the moderating effect of organizational support on HR professionals' effectiveness.

Furthermore, the activities relating to recruitment and selection, training and development and performance-based reward system are the HR sub-functions. If these are supported fairly and properly, they will have an effect on competency building and the willingness of professionals such that their effectiveness will be enhanced accordingly. According to Mathis and Jackson (2004), many factors affect the performance of individual employees including their abilities, efforts expended, and the organizational support they receive. Kane and Crawford (1999) found in their study that HRM effectiveness can be attained by organizational support. While Mendenhall, Jensen, Black and Gregersen (2003) argued that it is very difficult for HR professionals to get adequate support from their organization due to the lack of financial investment in this particular area. Organizational support not only satisfies employees' motivation to take their job seriously but may also affect the employees' willingness (Lin & Lin 2011). Well coordinated management practices can also enhance effectiveness of the employees, particularly and as such organizational support is highly effective in firms that are service-oriented like banks. This leads to researcher's fourth hypothesis as follows:

Hypothesis 4: Organizational Support moderates the relationship between HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness and HR professionals' effectiveness.

2.9 Relationship between HR Professionals' Competencies and HR Professionals' Effectiveness

The present study emphasized on the need to define competencies of HR professionals and their effectiveness and assessing the relationship with competencies

and effectiveness. Huselid *et al.* (1997) emphasized that HR professional competencies are required to ensure HR professional effectiveness. Conversely, Park, Gardiner & Wright (2004) reported that HR competencies are the critical resource over HR effectiveness. The relationship between HR professional competencies and HR professional effectiveness is also of great concern to corporate executives and HR professionals. It is rational that HR professionals require to master certain competencies to enhance their effectiveness (Kouzes & Posner, 2002; Ulrich & Brockbank, 2005).

Furthermore, the study of Khatri and Budhwar (2002) on CEOs, line managers and all employees indicated that they expect the HR professionals to provide them with a set of competencies which will help them to be effective in achieving the organizational goals. Han *et al.* (2006) presented an empirical study in the area of HR professionals' competencies which suggests that HR professionals' competencies influence HR professionals' effectiveness. They conclude that the lack of HR professionals' competencies makes the HR professionals ineffective, leading to unfavorable situations. To be effective in their work, the HR professionals need to develop competencies. Huselid *et al.* (1997) conducted their study in US on 293 organizations and found out that HR professional competencies enhance the HR professional effectiveness which will lead to engage employees, line managers and to serve external customers.

Han *et al.* (2006) argued that as the strategic role of HRM is highlighted and investment in HRM practices is increased, organizations begin to seek answers about the effectiveness of their HR departments and their HR professionals. Question

remain whether HR functions respond sufficiently to facilitate organizations to adjust to changing business settings, manage business effectively, and give services that meet internal customer (line managers and employees) needs. For the reason that the function is made up of a number of HR professionals, one would expect competencies to be related to HR professionals' effectiveness. Wang (2011) found in the study that competencies of a manager lead to an effective manager. HR professionals of organizations therefore, must focus on developing and enhance the competencies necessary to improve their professionals' effectiveness (Beatty *et al.*, 2003; Ramlall, 2006).

2.10 Relationship between HR Professionals' Competencies, Willingness and HR Professional' Effectiveness

There is a growing perception among managers and executives that without a tacit willingness on the part of HR professionals, the HR professionals cannot perform their role more effectively. Analoui (1998) found his study that competencies alone were not adequate to achieve managerial effectiveness there was also a need for willingness of employee to follow which play a vital role to for their effectiveness. Kesler (1995) stated that the lack of HR professional competent has been noted to contribute to their lack of HR professional effectiveness. Huselid *et al.* (1997) found that overall HRM effectiveness increases when the HR professional have certain competencies. According to Brockbank (1999), HR professional have to obtain the competencies if they desire to become highly effective. Currie and Kerrin (2003) claim that employees lack the willingness and motivation to contribute their knowledge resulting in project failures. Analoui (1999) identify through empirical investigation that managers' effectiveness can be explored through their willingness.

HR professionals can perform their tasks more effectively if they are motivated and competent and are willing to change and improve.

Furthermore, the research of Whittaker and Marchington (2003) reported that line managers express their concern that lack of willingness from HR professionals during the executing of a HR practices can affect their overall effectiveness. Huselid (1995) argued that willingness is a necessary condition to perform effectively. He advocates that the performance of even the best employees will decrease if they are not willing / motivated to perform their duties. HR professional can perform effectively if they are competent and willing. According to Brockbank (1999), HR professional have to obtain the competencies if they desire / willing to become highly effective. Ulrich and Grochowski (2012) claimed that HR professionals’ willingness is one of the best ways to make the HR professional effective. The one way a human resource department can add value for the organization is when HR professionals are willing to actively contribute to HRM strategy implementation. HR professionals might be willing to actively develop the skills set that they need in order to become effective (see below figure 2.3).

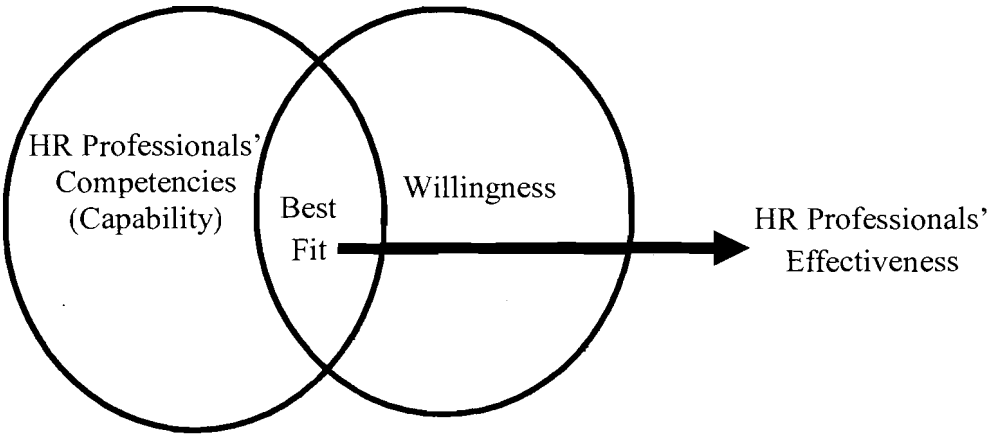


Figure 2.3
The Relationship between HR Competencies, Willingness and Effectiveness

The objective of the above conceptual model (figure 2.3) is to enhance the HR professionals' awareness about the impact of people factors on their effectiveness. The above figure considered the impact of two interrelated factors, namely, HR professional competencies and willingness on HR professionals' effectiveness. Competencies are defined as knowledge, skills and behavior of the employees. Willingness is made up of the belief, attitudes, and intention of the employees involved in activities. Smith and McLaughlin (2004) argued that if competencies and willingness are combined appropriately then the effectiveness of individual level can go up. For this reason, the researcher adopts Smith and McLaughlin's model as the basis for determining the effectiveness of HR professionals from a people-centric and personal perspective.

2.11 HR Professionals' Competencies, HR Professionals' Willingness, Organizational Support and HR Professionals' Effectiveness: The Gaps in the Literature

With regard to the factors linking to HR professional effectiveness, it was found that there are very limited studies that examine the influence of HR professionals' competencies (credible activist, talent manager/organization designer, culture and change steward, strategic architect, business ally and operational executor) and HR professionals' willingness on HR professionals' effectiveness. Previous studies (Boyatzis, 2008; Kesler, 1995; Schoonover, 2003; Schuler, 2001; Ulrich *et al.*, 2007; Ulrich *et al.*, 2012; Yeung, *et al.*, 1996) have focused only on identifying the HR professionals' competencies and HR professional roles.

HR professionals' effectiveness has received less attention from previous studies. Moreover, few of the researchers (Baron & Kreps, 1999; Boxall, 1996; Huselid, 1995; Wright, Dunford, & Snell, 2001) are more likely to link HRM practices with organization's performance rather than HR professionals' effectiveness. For instance, (Boselie & Paauwe, 2005; Han *et al.*, 2006; Long, 2009; Yusoff *et al.*, 2009) only stressed on the HR professionals competencies and its link with the HR professional roles. The researcher contributions are in two forms. First the study focused on the professional effectiveness as the focus of the study and; second "willingness" as a significant variable was added as an additional variable to study the HR professionals' effectiveness. The researcher's objective was to identify the link between HR professionals' effectiveness and the behavioral and cognitive antecedents at an individual level. Therefore, present study seeks to contribute to the HR professionals' effectiveness literature by examining the relationship between HR professionals' competencies and HR professionals' willingness that has received less attention from the previous researchers.

Beside, other research evidences (Ahmad, *et al.*, 2012; Kane & Crawford, 1999; Ulrich *et al.*, 2009) had indicated that the moderating role of organizational support on the relationship between HR professionals' competencies and their willingness and HR professionals' effectiveness has received less attention from the earlier researchers. For instance, Sharif *et al.* (2011) examined the direct relationship of organizational support with HR professionals' effectiveness. Hence, this study decided to expand the knowledge on HR professionals' effectiveness by examining the moderating roles of organizational support in the relationship between HR

professionals' competencies and HR professionals' willingness on HR professionals' effectiveness.

Since, most of the empirical research study on HR professional competencies have been developed and tested in countries like Malaysia, USA, Taiwan and European Countries (Boselie & Paauwe, 2005; Han *et al.*, 2006; Long & Ismail 2009; Ulrich *et al.*, 2007). The results of those studies may not be applicable in the context of developing countries like Pakistan, Sri Lanka and Bangladesh. This is because of the different research settings, unique national culture and different practices along with diversified nature of human resources. In addition to that, previous studies HR professional competencies have been carried out mostly on the manufacturing sectors (Abdullah *et al.*, 2011; Han *et al.*, 2006; Long, 2009; Ulrich *et al.*, 2007), while research on the financial sector cover only 2 % of the total research effort. Therefore, researcher's present study had intended to fill the gaps in the HR professionals' effectiveness by examining the influence of HR professional competencies and HR professional willingness with the moderating role of organizational support in the Pakistani banking sector.

Based on the above discussion, the next section will propose the research model of the study. This research model shows the dependent variable (HR professionals' effectiveness), the independent variables (HR professionals' competencies) and HR professionals' Willingness and the moderating variable Organizational Support for the present study.

2.12 From the Literature to the Research Model

HR professionals' effectiveness is envisaged as a self-reinforcing mechanism of three interacting dimensions (i.e. willingness, capabilities and competencies) and their roles such that all of the dimensions work in harmony. The researcher planned to look upon the three constructs or dimensions as the antecedents of HR professionals' effectiveness and then focused on examining the relationships among them. The capability or competency construct is divided into social-based and technical-based competencies. Social-based competencies focus on the relationships and interpersonal understanding among employees of the organization while the Technical-based competencies are employed to design and develop the organizational HR structure, system and processes. The researcher planned to measure validity and reliability of Smith and McLaughlin's model (2004) of performance by incorporating the Ulrich human resource competency model (2007) for HR professional effectiveness.

The research model shown in Figure 2.4 includes the three following predictors to assess their impact on HR professional effectiveness: HR professional social competencies (credible activist, talent manager/organization designer & culture and change steward), HR professional technical competencies (strategic architect, business ally & operational executor) and willingness.

In most organizational relationships between the independent variable and dependent variables, it is noticed that there is always some role played by a mediating or moderating variables (Avolio, Zhu, Koh & Bhatia, 2004; Hofmann, Morgeson &

Gerras, 2003; Piccolo & Colquitt, 2006; Stewart & Barrick, 2000). In this case, the organizational support has been investigated as a moderating variable between the HR professionals' effectiveness and HR professionals' competencies and his or her willingness in performing the activities and applying the competencies in an effective manner. HR professional' effectiveness ratings were collected from the line managers of the leading banks. Since these groups were the internal HR customers, they were believed to be the right and knowledgeable people with the most to say about HR professionals' effectiveness.

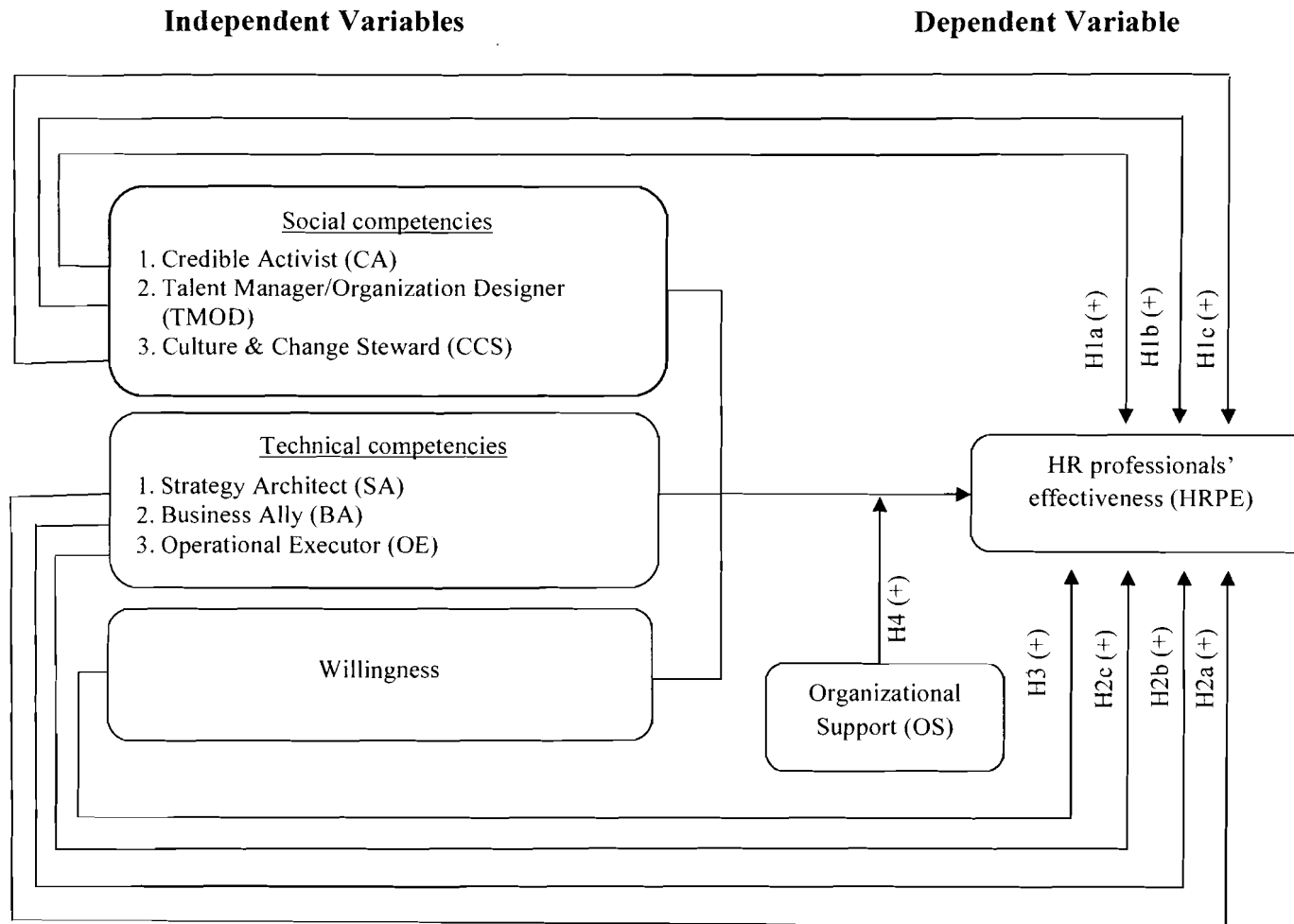


Figure 2.4
Proposed Model for Present Study

2.13 The Underpinning Theory Options

2.13.1 Introduction

In this section, the more appropriate theories are discussed for possible use in the study with regard to factors such as human resources and their competencies.

2.13.2 Social Exchange Theory

The basic assumption of social exchange theory is that individuals establish and continue social relations on the basis of their expectations that such relationships will be mutually advantages. Researchers have increasingly used social exchange theory as a theoretical foundation to understand the employee and employer relationship (Coyle-Shapiro, Jacqueline, & Conway, 2005). This is an essential part of social exchange relationship between employers and employees. Social exchange theory suggests that employees feel obligated to repay the organization through positive attitudes and appropriate behaviors if they get a high level of organizational support from them (Coyle-Shapiro et al., 2005). In fact, the relationship between employee and employer is based on the implicit obligations and trust (Tansky & Cohen, 2001). The theory explains that employees are willing to exchange work performance for additional values such as feelings of being valued and supported (Eisenberger, Stinglhamber, Vandenberghe, Sucharski & Rhoades, 2002).

2.13.3 Organizational Support Theory

Eisenberger, Huntington, Hutchison, and Sowa (1986) advanced the concept of organizational support. According to this theory, it can be argued that organization's concerns for employees' welfare and benefits motivate employees to work with dedication. The organizational support theory holds that in order to meet socio-emotional needs and to assess benefits of increased work effort, employees form a general perception concerning the extent to which the organization values employees' contribution and cares about employees' wellbeing. In general, organizational support would enhance the effectiveness of the employee. Thus employees see their employment as a reciprocal exchange of relationship that reflects relative dependency on each other.

2.13.4 Resource-Based View (RBV) Theory

Barney (1991) argued that according to the resource-based view (RBV), a resource must add value to the organization, it must be rare, it must be inimitable and there must be no adequate alternates for the resource. If one considers the human resource in which the firm invests, through training and competency building considering to enhance their potential to perform their jobs more effectively, then human resources add definitive value to the firms in the shape of providing the firm with a competitive edge in their environment.

Wright, McMahan, and McWilliams (1994) defined human resources as the pool of human capital under the firm's control in a direct employment relationship. HR practices, on the other hand, are organizational activities directed at managing the pool of human capital and ensuring that the capital is employed towards the execution of organizational goals. This leads to recognizing two aspects of human resources. First, knowledge, skills and abilities (competencies) inherent in the individuals that makes up the organization. Second, the characteristics of individuals do not provide value to the firm unless they are utilized effectively through productive and positive employee behavior.

The Resource-based view has made significance contribution in the discipline of HRM (Wright *et al.*, 2001). The emphasis on effectiveness of HR professional is important to an organization's success. The human resource meets the resource-based view conditions for being a source of value and effectiveness. There is no doubt that there are traditional resources of effectiveness such as natural resources, technology, infrastructure and so forth that create value for the organization, however the RBV argument is that these sources are increasingly easy to imitate. As far as HR professional is concerned, this resource not only adds value to the organization because employees have different competencies and motivation level (willingness), which if leveraged effectively will result in added value to the organization these are also difficult to imitate. Further, this resource is also rare because it is very hard to find employees of similar skill-set (competencies) and mind-set and cultural-set in other organizations. In other words employees' competencies have a great potential to be the source of competitive edge. Their uniqueness emerges from the difficulty in duplicating employee's competencies and behavior, at least in the short term.

Humans as a resource are difficult to replace because not everyone has the same competencies who can adapt to the diverse situations and technologies and those who are capable of adding value (Cardy & Selvarajan, 2006; Dolan, Shuller, & Valle, 1999; Haslinda, 2009; Shewchuk, Connor & Fine, 2005).

2.13.5 The Selected Underpinning Theory

The RBV has frequently focused on resources or competencies as a stable concept (Wright *et al.*, 2001). After evaluating the three possible options of underpinning theory, it is viewed that RBV seems to be more suited to explore the constructs identified in the research framework of this study (Han *et al.*, 2006; Ulrich *et al.*, 2008). In this study, the researchers' focus is on the HR professionals' competencies and their effectiveness. Wright *et al.* (2001) also used RBV in their study on employees' competencies. Competencies are regarded as one of the organizational resource which ultimately adds value and provides effectiveness which leads to the organizational success. Horton, (2000) argued that the latest thinking on competencies in the USA is that an organization's ability to learn and develop new competencies is a more vital determinant of its competitive position than its existing endowment of unique structure.

Inyang (2010) argued that the fundamental postulation of the RBV of the firm is resource heterogeneity. This means that the resources that different organizations have are unlikely to be identical. According to these resources possessed by the organization that help it attain sustainable competitive advantage must meet four requirements. They must be 1) valuable, 2) rare, 3), inimitable and 4) non-

substitutable. Snell, Youndt and Wright (1996) argue that HR meets these four requirements. Thus the integration of HR practices and their capabilities with the appropriate strategy can generate a sustainable competitive advantage for the organization and therefore HR most durable source of competitive advantage in the banking sector (Wei, 2006; Wright *et al.*, 2001).

2.14 Summary

This chapter has reviewed some of the relevant concepts, models and theories related to managerial and human resource management effectiveness, human resource professionals' competencies and human resource professionals' performance. This was followed with a discussion of the moderating role of organizational support. Then the Ulrich's performance model and the Smith and McLaughlin's performance model are integrated to form the conceptual research model for the study. Following that, the chapter then developed the research hypotheses. Finally the chapter ends with a chapter summary. The next chapter will discuss the viability of choosing the sample country (Pakistan) and the sample sector (Pakistani banking sector) as the focus of the present study.

CHAPTER 3

PAKISTAN – ITS ECONOMY AND BANKING SECTOR

3.1 Introduction

This chapter is created to further enhance the importance of conducting a study in a developing country and a growing economy in South Asia like Pakistan. For this research, the context is Pakistan and within the economy of Pakistan this research will focus on the banking sector which is part of the financial sector of the economy. The chapter therefore brings a review of the context in terms of the implication and importance of the banking sector as the context for the study. The chapter starts by describing the overview of the country, its economy, its service sector, its banking sector, the importance of human resource management in Pakistani banking sector and finally the chapter summary.

3.2 Brief Profile of Pakistan

Pakistan obtained its independence from the British Raj on August 14, 1947. The British Raj had separated Pakistan into two parts East Pakistan and West Pakistan from India. But, within only twenty-five years of its inception, the eastern part of Pakistan had broken away as another independent nation in 1971 following a yearlong civil war in the region of South Asia. Pakistan got the big loss in 1971. As per World Bank report (2010) Pakistan occupies a strategic location at the crossroads of South Asia, Central Asia, China and the Middle East. It is at the fulcrum of a huge market

potential with a vast population, abundant or diverse human and natural resources which are sources of growth for any country. Pakistan is the sixth most populous country in the world (Bhutto, 2010) and it is likely to surpass Indonesia by 2035, and is one of the most urbanized country in South Asia.

Pakistan has undergone a major demographic transition over the last 40 years, exemplified by high fertility rates from 1960 to the mid 1980s, a progressive decline in the fertility rates thereafter and an overall decline in the ratio of the dependent age population to the working age population from 90 % in the early 1960s to about 68 % today. The birth rate of Pakistan's population has increased as compared to the other South Asian countries. The economic growth is the result of increasing and productive participation of the population in the labor force. Pakistan is a good place for foreign investors to invest in and to get the benefits from the cheap and skills labor as compared to other countries. Pakistan has one of the most extensive irrigation networks in the world. The land of Pakistan is full of rich natural resources.

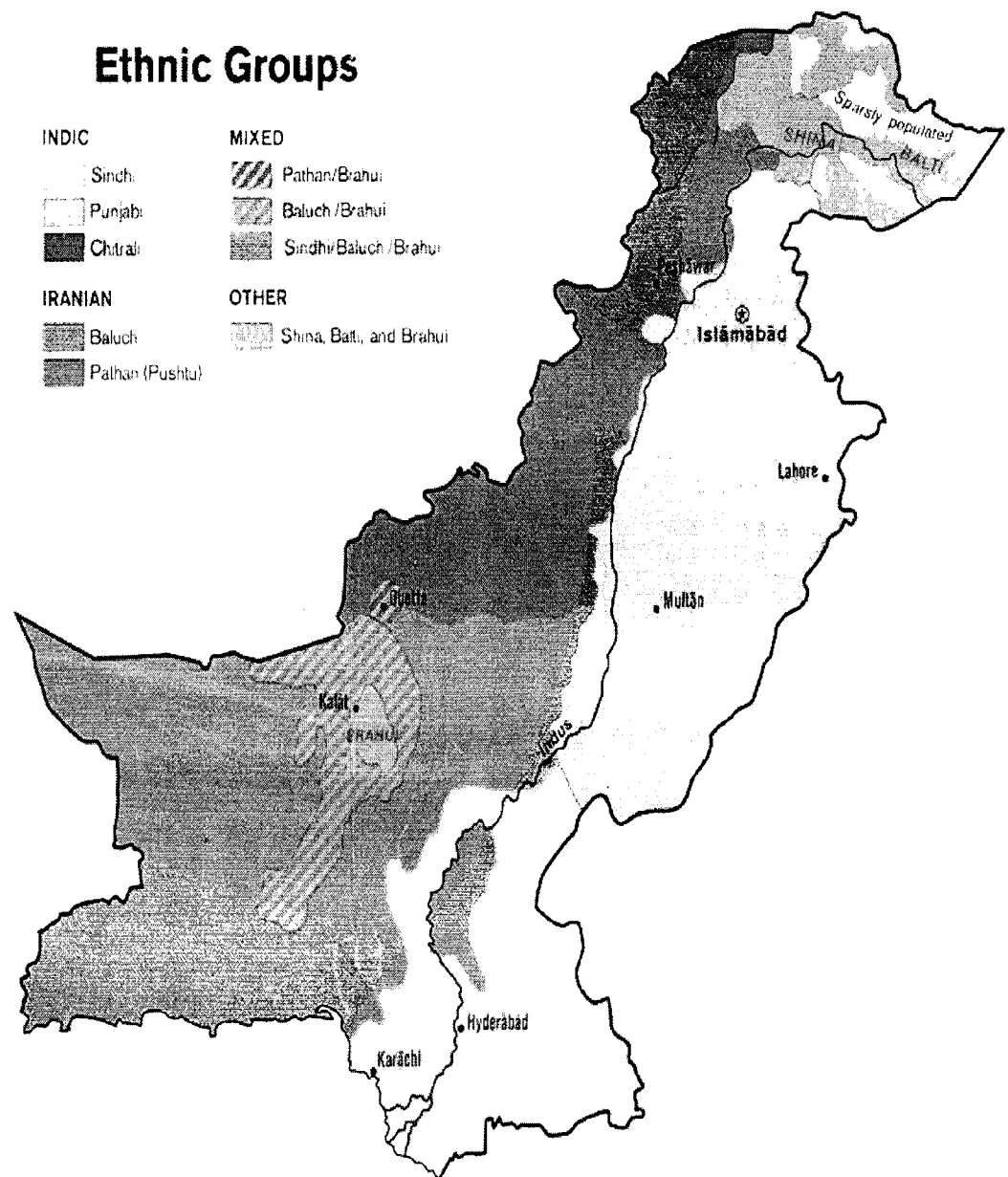


Figure 3.1
MAP of Pakistan

Figure 3.1 shows the map of Pakistan and it is divided into five provinces namely; Punjab, Sindh, Khyber Pukhtoonkhwa (NWFP), Balochistan and Baltistan (created 2010). The tribal belt adjoining Khyber Pukhtoonkhwa is managed by the Federal Government and is named FATA i.e. Federally Administered Tribal Areas. Azad Kashmir and Northern Areas have their own respective political and administrative machinery. The country has a total area of 796,095 kilometer and is nearly four times

the size of the United Kingdom. From Gwadar Bay in its south-eastern corner, the country extends to the north for more than 1,800 km to the Khungerab Pass on China’s border. The country is governed administratively based on a distribution of its administrative affairs into Federal and Provincial list. Table 3.1 highlights the Pakistani political base scenario (1947-2012).

Table 3.1
The Government of Pakistan: Political Base Scenario 1947- 2012

No	Pakistan Government	Years
1	First democratic Government period	1947-1958
2	Army rule Government Period	1958–1971
3	Second democratic Government Period	1971-1977
4	Army rule Government Period	1977-1988
5	Third democratic Government Period	1988-1999
6	Army rule Government Period	1999-2007
7	Fourth democratic Government Period	2008 to present

Source: *History of Government Pakistan, 2012* (www.cssforum.com.pk)

3.3 Pakistan’s Economy

The section had highlighted the Pakistani’s economy in light of its history and the country’s growth. The economy of Pakistan is ranked 47th in the world and ranked 27th as the largest purchasing power parity in the world. Pakistan is also considered as a semi-industrialized economy specializing in textiles, food processing, chemicals, agriculture and other industries. Pakistan economy is so much dependent on agriculture because more than 52 percent population of its income belonging to agriculture. The economy of Pakistan has suffered in the last few years of internal political clashes and fast growing population in the South Asian, declining the foreign investment since 2008, raising the inflation in the country, continuing conflict with

neighboring country of India. Due to inflation and economic global financial issues, Pakistan's economy also suffered and reached a state of Balance of Payment crisis.

Data in Table 3.2 shows the Pakistan Economics Survey report by Wasti (2011-2012). It has been observed that the major momentum to economic growth has come from the services sector which has emerged as the main driver of the economic growth in Pakistan. The share of the Industrial sector has increased to 25.40 percent in 2011-2012 as compared to 23.3 percent in 1999-2000. On the other hand the agriculture sector has declined to 21.1 percent in 2011-2012 as compared to 25.9 percent in 1999-2000. However, the service sector has now contributed around 53.5 percent to GDP where banks are one of the largest operators and will be discussed in later sections.

Table 3.2
Gross Domestic Product (GDP) Sector Wise

	(At Constant Factor Cost – in Percentage)					
	1999-00	2004-05	2008-09	2009-10	2010-11	2011-12
Agriculture	25.9	22.4	21.8	21.2	20.9	21.1
Industrial Sector	23.3	26.3	25.3	26.4	25.8	25.40
Services Sector	50.7	51.3	52.9	52.4	53.3	53.54

Source: *Economic Survey (2011-2012)*

Pakistan has managed to achieve an economic growth of 3 percent per year for 2011 and the biggest flood in the after the fiscal (after June) year. It is forecasted that 6.6 million peoples of Pakistan’s labor force was out of work for two to three months, and the capital stock worth 2.6 billion of US dollar (1.2 percent of GDP) was lost. The study of Paris (2010) reports that during that period, the financial sector in Pakistan steadily grew in foreign remittances and is set to surpass US Dollar 15 billion in 2012

and exports which went from US Dollar 7.5 billion in 1999 to US 19.6 billion Dollar in 2009-2010; both a reflection of the productivity of its populace working world wide. The official gross domestic product (GD) growth went from around US Dollar 65 billion in 1999-2000 to US Dollar 165 billion in 2007to 2008, a factor of 2.5 times. The foreign investment, which averaged only around US Dollar 500 million per year in the 1990s, exceeded US Dollar 8 billion in 2008. Data in Table 3.3 and Figure 3.2 showed the Pakistani GDP growth rate during the period 2001 to 2011. GDP growth rate of Pakistan, which was affected by the global financial and natural food in 2008, had decreased to 2.10 percent from 5.80 percent in 2007..

Table 3.3
Pakistan GDP growth rate, 2001-2010

Year	GDP Growth Rate in Percentage
2001	3.60
2002	5.10
2003	6.40
2004	8.40
2005	6.60
2006	7.00
2007	5.80
2008	2.10
2009	4.10
2010	4.10

Source: *Euromonitor International-Statistics, UNCTAD 2011*

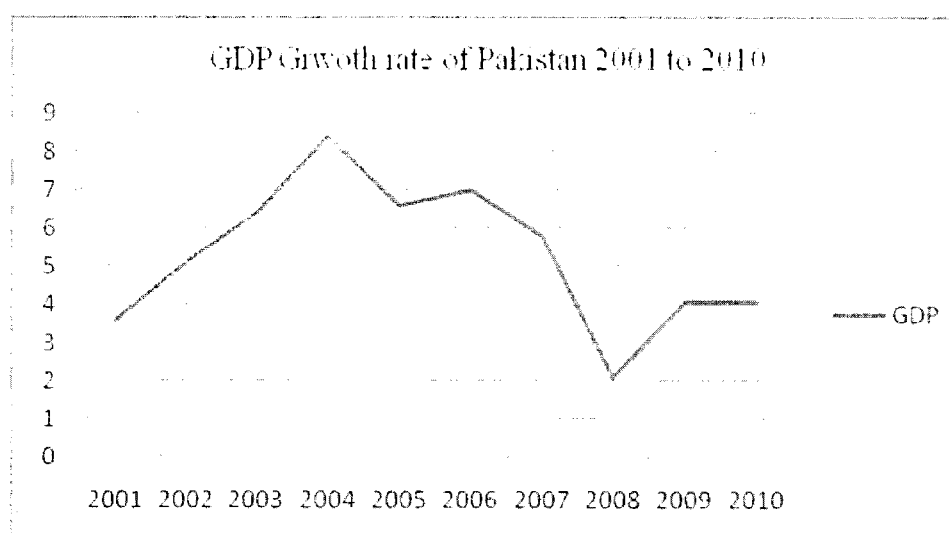


Figure 3.2
Pakistan GDP growth rate, 2001-2010

Table 3.4
Pakistan Degree of Openness 2001-2011

Year	Degree of Openness in Percentage
2001	28
2002	29
2003	28
2004	31
2005	32
2006	38
2007	43
2008	32
2009	34
2010	34
2011	33

Source: UNCTAD 2011

Data in Table 3.4 above, shows that the Pakistan degree of freedom or degree of openness and the trade of Pakistan has not increased so much since the last 11 years. The degree of openness in 2011 is 33 percent as compared to 28 percent in 2001. However, it shows the sign had increased only by 5 percent. While this present study has focused on the formal economy in relation to the financial sector and banking sector; this sector is also affected by the size and behavior of the informal sector. In Pakistan, the informal sector is both a boon and ban depending on which side we look

from. However, Becker (2004) reports that over the last couple of decades it has become clear that the informal economy has a significant income generation potential which can contribute to the growth of the economy of a country. In the case of Pakistan, the war in Afghanistan and its consequences led to its hosting of 2.5 million Afghans for two decades. They have now become part of the informal economy who are doing businesses and are contributing to the Pakistan's economy. It is hard to compile and collect the official data on informal economy, and yet the indicators are that the informal or parallel economy in terms of volume equals the formal documented economy with significant consequences for the financial and banking sector as mentioned above.

3.3.1 Crisis and Stabilization

The developing and developed countries have been facing many adverse shocks consistently increasing the oil prices in the world market, prices of goods and services and global financial crisis along the way. During the year of 2009 the oil prices is 70 US dollar per barrel increased to 125 US dollar per barrel creating a new threats to the economics growth of the developing countries. However, under developing country likes Pakistan also affected by global financial crises and consistently increasing the oil prices and internal & external political conflicts, natural disaster (earthquake 2005 and natural floods) its affect the growth of the country. The country will revert to its potential growth trajectory of around 6 to 7 percentage per year which was the average growth between during the period (1960- 2005). Data shown in Table 3.5, the inflation rate also increase in last 4 years in Pakistan. The inflation in the years of

2011 is 11.20 percent as compared to years of 2001 is 3.5 percent. The increasing the rate of inflation is also not good sign for Pakistan economy.

Table 3.5
Inflation Rate in Pakistan 2001-2011

Year	Inflation Rate in Percentage
2001	3.4
2002	3.30
2003	3.90
2004	9.30
2005	8
2006	7.90
2007	10.30
2008	13.10
2009	12.90
2010	12.10
2011	11.40

Source: *UNCTAD 2011*

Pakistan has been facing a decline in the economic growth since 2008 to until today (2012). The return of macroeconomic stability is very important for growth of Pakistan to provide huge employment to the nation, and better life style and reducing the poverty in the country. The economy is slowly showing the signs of positive growth. Overall, goods and services, industrial sector and especially the agriculture sector have performed better than other sectors. Pakistan Economic Survey (2010-2011) reports that external sectors performance better than the last years. The country exports are registered 28 percent in the years of 2011 (in the first 10 months) as compared to last year 2010, thus, the revenue increased 20 million US dollar for the first time in the history. The country exports are set to exceed 24 billion US dollar in the year of 2011. Second, contributing to the country growth the remittances sector has also increased the level of more than 12 billion US dollar in 2012 as compared to 2011.

3.3.2 Foreign Direct Investment

It is very well defined in the theoretical and practical, foreign direct investment (FDI) leads to several benefits to the recipient countries such as increasing the balance of payment, technology transform, HRM resource strategy, innovation, employment opportunity and increasing the exports volumes in the country. Many developing countries such as India, China, Barisal and Malaysia had been seriously taken the benefit from FDI as a source of capital, new technology adoption, increased the job opportunity to the nation. Even the developing and developed countries are offering a lot of attractive packages to attract the foreign investment to their places. However, foreign investors are interested to invest in developing countries to take benefits from the cheap labors (Falki, 2009; Ghazali, 2010).

Pakistan Economic Survey (2011-2012) reports that the financial global crises have dampened enthusiasm for FDI in developing countries such as Pakistan. The affect of global crises also impact on Pakistan economic growth, the inflows of FDI had declined since 2008 to 2012 (Shahzad, Mathani, Al-Swidi, & Fadzil, 2012). The countries like China, India, Turkey, Brazil and Indonesia also appear to be moving in a positive direction of the economy and attracting lot of foreign investment from the developed countries. Pakistan has a potential market for foreign investors to invest, because of seven largest nations in the world (180 million populations). The largest nation required basic needs such as food, energy and other facilities for their better lives. There is a huge potential for foreign investor to invest in the area of energy sectors, transportation, telecommunication sectors and building up infrastructure (roads, dams and hospitalities) in to the country.

In Pakistan there is a lot of opportunity for foreign investor to explore the natural resources for instance, coal based power projects to generate the cheap electricity, wind power, modern technology and natural gas. Furthermore, FDI in Pakistan stood at 666.7 million US dollar during 2011-12. The major sectors for foreign investors are Oil & Gas exploration. The share of Oil & Gas exploration in total FDI during July – April 2012 stood at 69.8 percent.

Pakistan has provided lot of opportunities for foreign investors to invest in the country especially in energy sector which now suffers a day's shortage of power of between 12 to 14 hours. To attract the foreign direct investment (FDI) into Pakistan, the policy makers need to improve the law and order situation in the country. The Board of Investment (BOI) under the supervision of the Prime Minister's Department is trying very hard to increase foreign investment from the abroad. The Board of Investment has been creating user-friendly investment policies and at the same time promoting the country in various international trade exhibitions. The Pakistani government has need to improve the overall country's infrastructure so as to be equivalent to other developing countries such as India, China and Malaysia. Ghazali's study (2010) pinpointed that the Pakistani policy makers should work harder to attract the foreign investments into the country. It should be realized that to many developing countries (including Pakistan) and developed countries, foreign direct investment is a very important factor, which supplements domestic investment and influences economic and financial growth of their countries. In addition, it should be realized also that the most important sectors for foreign direct investments (FDIs) in Pakistan would be the oil and gas, telecom, food and beverages and banking and finance sectors.

3.3.3 Prospects of Economic Growth

Recently Paris (2010) reports that Pakistan has a population of approximately 180 million people and over 100 million under the age of 25. As such, the Pakistani government should provide better education facilities and jobs to the youngsters. These efforts will reduce the poverty of the country. Besides a large population, Pakistan shares with the three other Asian giants, China, India, and Indonesia, a large domestic market of future consumers and the potential of being one of the workshops of the world. World Bank (2010) reports that in terms of structure, Pakistan has been undergoing remarkable political and constitutional changes over the 2008-2009 periods. Civil society and the judiciary have been playing a more active and independent role. With these changes, the role of provincial governments in delivery of social and economic services has been enhanced. During the last two years Pakistan's economy is becoming more flexible. The Pakistan Economic Survey (2011-2012) indicates that the flexibility of Pakistan's economy comes from the potential as well as the substantial growth in remittances (as per migration policy institute report 2011). For instance in 2000, the remittances were US dollars 1075 million while in 2010, the remittances stood at US dollars 9683 million. Apart from that, the World Bank (2011) also reports that Pakistan is registered among the top 10 recipients of remittances among the developing countries, fetching US dollars 14 billion in 2012.

There is lot of potential for privatization sectors to attract foreign investment to Pakistan. The Pakistani policy makers need to focus on the Middle East investors for its agriculture and livestock sectors. There is huge potential for export items to supply

products such as wheat, rice, milk, poultry meat, edible oil, flowers, fruit and vegetables to the Middle East countries. Table 3.6 shows the ranking of doing business in Pakistan in comparison to other countries. The World Bank Report (2011) is based on the analysis of several annual records and the regulations which promote business activities. These activities were confirmed by the World Bank Report published in late 2011 which ranks Pakistan at 105th position well ahead of its neighbors like China (at 91st) and India (at 132nd) based on their business transactions.

Table 3.4 shows the other Pakistan's rankings in terms of its conduct of doing business such as starting business ranking (90th), dealing with construction permits' ranking (104th), getting credit ranking (67th), protecting investors' ranking (29th), trading across borders' ranking (75th), enforcing contracts (154th) and closing a business (74th) also highlight and compared with Indian rank starting business rank (166), dealing with construction permits (181st), getting credit (40th), protecting investors (46th), trading across borders (109th), enforcing contracts (182nd) and closing a business (128th). Based on the report of doing business comparison with India and Pakistan, Pakistan doing business ranks is much better than India. The result indicates there is a potential for foreign investors to consider Pakistan as a good place for investment in South Asia region.

Table 3.6

Doing Business in Pakistan Comprising with other Countries 2010 to 2011

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Credit	Protecting Investors	Trading Across Borders	Enforcing Contracts	Closing a Business
Singapore	1	4	3	8	2	1	12	2
United States	3	13	17	4	5	20	7	15
United Kingdom	7	19	22	1	10	13	21	6
Thailand	17	78	14	67	13	17	24	51
Malaysia	18	50	113	1	4	29	31	47
China	91	151	179	67	97	60	16	75
India	132	166	181	40	46	109	182	128
Pakistan	105	90	104	67	29	75	154	74

Source: *World Bank Report 2011*

The World Bank Report (2011) is based on a several of annual records on investigation the regulations the promote business activities. The Government of Pakistan also facilitates the foreign investor to start their business in the country. Foreign investors establish a sole proprietorship, can enter into partnership with any local person or foreigner and even establish a company with or without participation of local shareholder/s. Simply they need to take registration with Board of Investment, Government of Pakistan. Relevant provisions of the Contract Act, 1872, and for partnership Act 1932 shall apply. The Government is also taking initiative to reduce the cost of energy. However, Pakistan has huge coal resources and there is a potential to harness the enormous coal reserves by utilizing it as a source of energy for power generation which can mitigate the occasional shortage, which directly affect production capacity in the country. As a policy implementation process, Pakistan Economic Survey (2010-2011) reports that federal and provincial governments have leased out a coal block for an integrated mining project to China, UAE and UK to install power plants in Pakistan. The federal government has developed the infrastructure for coal extraction from fields (i.e. roads, water supply, communication network, airstrip and railway track). The establishment of experimental small scale open mining is also under consideration to collect data for large – scale mining, as a guideline for investors. On the other hand Pakistan is blessed with a huge solar and wind potential in many areas. The government is making efforts to address these issues in order to improve investment climate in the country. In this way the shortage and high cost of energy, and the rising cost of doing business in Pakistan can be managed and brought down.

Pakistan has a lot of young human potential in the field of entrepreneurship. There are many success stories of entrepreneurs in various businesses that are growing. They have potential to contribute in the Pakistan's economy. There is another initiative that Pakistan is opening up trade with other countries that can increase economic growth. This will have a direct bearing on the way financial and banking sector operates as well as its performance potential, making it an excellent context for study involving management practices.

3.4 Service sector in the Pakistani Context

Globally the importance of the service sector has been recognized. This sector has known as the engine of economic growth in all economies. Ahmed and Ahsan (2011) report that services sector is larger, and a rapidly growing sector in the world economy. If we look the share of services sector in total GDP is 47 percent in low income countries, 53 percent in middle income countries and 73 percent high income countries. Many scholars such as (Clark, 1941; Kuznets, 1957; Fuchs, 1980) report that shifting from agriculture to manufacturing and from manufacturing to services in the route of economic development. Many developed economies shift more from agriculture sector to services sector and less towards industrial sector (Kongsamut, Rebelo, & Danyang, 2001). According to Rath and Rajesh (2006) that one of the reason of higher growth (52 percent) of Indian's economy is the growth in services sector. The share of services sector of GDP around 65 percent in Singapore, and 42 percent in Indonesia. This share is 65 percent in Singapore and 42 percent in Indonesia.

The services sector is also playing an important role in economic growth of Pakistan. According to Pakistan Economic Survey (2011-2012) the economy of Pakistan has transformed its structure. The economic survey of Pakistan data reveal that services sector has increased from 39 percent of GDP, in the year of 2011-2012 GDP is 53.5 percent as compared to the years 1960- 1961, thus, it is the biggest contribution in the growth of domestic product of Pakistan. The further improvement of the service sectors will increase the economic growth of Pakistan.

It is important to further note that the services sector of the economy is a composite of highly diversified sub sectors. Broadly it can be broken into major sub sectors and these are; distributive, producer, personal and social services sectors. These sectors are further divided into various clusters. However, as this thesis is focused on the banking sector it is more significant to point out that financial sector includes banks (see Table 3.7), which are not only facilitation to the consumers need for managing personal finances (consumer banking) but is also responsible to provide for the capital need of industrialist and business community (commercial banking).

Table: 3.7

Distribution of Services Sector in Pakistan

I. Distributive Services	
• Transport, Storage and Communication	<ul style="list-style-type: none"> • Railways • Water Transport • Air transport • Pipeline Transport • Road Transport • Mechanized • Non-Mechanized • Communication • Storage
• Wholesale, Retail Trade and Hotels and Restaurant	<ul style="list-style-type: none"> • Wholesale and Retail Trade including imports • Purchase and Sale Agents and Brokers • Auctioning
II. Producer Services	
• Financial Institution	<ul style="list-style-type: none"> • State Bank of Pakistan • Commercial Bank • Other Financial Intermediaries • Insurance Corporation and Pension Funds
III. Personal Services	
• Entertainment and Recreation Services	
• Ownership and Dwelling	
IV. Social Services	
• Public Administration and Defense	
• Social Community and Private Services	<ul style="list-style-type: none"> • Education • Medical and Health Services • Other Household and Community Services

Source: *Annual Report of State Bank of Pakistan*

The main Pakistani subsector of services sector and the growth rate is highlighted in the Table 3.8. For example, Transport, Storage and Communication 5.07 percentage; Wholesale and Retail Trade 4.95 percent; Finance and Insurance 6.80 percent; Ownership of Dwellings 5.19 percent; Public Administration and Defense 48

percentage; and Social and Community Services 6.52 percentage. The recovery that has been witnessed in agriculture and industry have also resulted in a positive impact on the performance of the whole sale and retail trade which forms a component of the service sector of the economy. The service sector of Pakistan can rapidly grow as compared to other developing countries.

Table: 3.8

Annual Growth Rates of Pakistan's Sectors (1975 to 2009-2010)

Sector	Growth Rate %
Transport, Storage and Communication	5.07
Whole Sale and Retail Trade	4.95
Finance and Insurance	6.80
Ownership of Dwellings	5.19
Public Admin and Defence	4.84
Social and Community Services	6.52

Source: *Economic Survey of Pakistan*

Ahmad and Ahsan (2011) report that during 1975-2010 the growth rate of the service sector is due to the growth in the finance and insurance sector, for instance the growth rate of finance and insurance sector is 6.8 percent which is the highest than the other services sectors, it can be seen on Table 3.8.

The service sector in Pakistan has emerged as the leading and the fastest growing sector. As mentioned above that the service sector contribution toward the GDP is higher than the other sectors of Pakistan. The service sector is not only the one sector, it is divided (see Table 3.8) the other sectors as well. Furthermore, within these sectors the contribution of the banking and finance is very significant towards the economic growth of Pakistan. The next sections will present a brief outline of the financial sector as well as the banking sector including its development in Pakistan.

3.5 Pakistan's Financial Sector

3.5.1 Introduction

According to Mirza (1995), the Pakistani financial sector comprises banking and non-banking financial institutions. The banking sector includes all public banks, domestic private banks and foreign banks operating in the country. Non banking financial institutions comprise all development financial institution, investment banks, leasing companies and Mudarbas. According to Pakistan Economic Survey (2011-2012), a well established financial sector role is very significant in the economic development of any country. This sector utilizes the money to facilitate the capital inflows, productive and potential investment. On the other hand, Rehamn and Raoof (2010) report that along with the economic development the financial sector also contribute in social development of the country. Pakistan did not inherit a very progress financial sector at the time of independence. The growth in this sector has seen some ups and down however, at this point in time, according to Pakistan Economic Survey (2011-2012), Pakistan's financial sector is integrated with the world economy and this is reflected in its performance.

3.5.2 Historical Perspective of Banking Sector of Pakistan

The Habib Bank was established in 1941 in Bombay (India) before independence of Pakistan in 1947. Habib Bank is the first Muslim owned bank in the region of India. After the partition of Indian and Pakistan, the Head office of Habib Bank moved from

Bombay to Karachi. Before the independence, the banking system was under the control of British banks. The State Bank of Pakistan was established on July 1st, 1948. (Bharathi, 2010; Qayyum & Ahmed, 2007).

3.5.2.1 Period of 1947 to 1970

Most of the banks start operation after the partition of India and Pakistan. After the independence, Central Bank of Pakistan (SBP) was established on 1st July 1948. In the years of 1949, National Bank of Pakistan (NBP) was owned by the Government under the State Bank of Pakistan. Total number of Pakistani banks only 4 in the years of 1948. Early 1960 is golden period for Pakistan financial and economic development. The banking sector also registered noticeable growth during this period and lent a strong helping hand to the government to achieve rapid economic development of the country. The Commercial banks had made marvelous progress and achieved exceptional growth before the nationalization 1973. There were 14 scheduled Pakistani commercial banks with 3,323 branches all over Pakistan (Qayyum & Ahmed, 2007; Raza, 2010; Rehman & Raoof, 2010).

3.5.2.2 Period of 1971 to 1990

In 1974, the political regime decided to nationalize all 14 commercial banks. These 14 commercial banks were then merged to become five Nationalized Commercial Banks (NCBs). One of the rationales given for nationalization was to stop the accumulation of wealth in few hands. Since the banks were nationalized, the merits and demerits of the public ownership of banks has been a subject of controversy. The experiment of

nationalization, however failed to give the desired results, as political interference in lending decision and also in the appointment of the boards and chief executives marred the operations of these banks (Bharathi, 2010; Raza, 2010). The era of nineties saw privatization, deregulation and restructuring in the domestic banking sector. However, before this took place there was a flood of insincere, nonprofessional and incompetent candidates who were recruited in all the domestic banks of the country (Khan, 2004) on political consideration. Before the reforms there was no balanced structure in banks. In mid 1980s public sector banks were dominating the financial sector. This changed when Government allowed local private banks to operate and also privatized the national banks in 1990s. Main aim of these reforms was to restructure banking sector and make banks more competitive.

3.5.2.3 Period of 1991 to Onward

In order to encourage private sector participation, enhance efficiency and promote competition among banks, the Banks (Nationalization) Act, 1974 was amended during 1991. Besides privatization, fresh licenses were also issued to private sector sponsors to set up new commercial banks until the end 1994. These new banks provided the necessary competitive stimulus in the system and have contributed to the enhancement of the banking sector of Pakistan. Large numbers of various reputable foreign shareholders have invested in locally incorporated Pakistani banks. In 2001, the SBP was divided into three parts: the SBP, as the central bank, SBP Banking Services Corporation, and National Institute of Banking and Finance (NIBAF).

The Securities and Exchange Commission of Pakistan (SECP) replaced Corporate Law Authority (CLA) as an independent regulatory body for the capital markets in Pakistan. The SECP also regulates leasing and investments banks. The legal and regulatory framework was strengthened significantly, and SBP powers under the Banking Companies Ordinance (BCO) were enhanced in order to make it an effective regulator. Strengthening of the framework is a dynamic process and as recently in April, 2011 the amendments in the BCO were carried out which further reinforced SBP's role as regulator of the banking sector. Merit-based recruitment, competency-enhancing training, performance-linked promotion and induction of competent HR professionals are now regular feature of SBP's corporate strategy (Qayyum & Ahmed, 2007; Raza, 2010).

The Banking sector of an economy is generally the most significant player and it can apply its positive influence on various other segments of the economy of the country. The following section focuses exclusively on the banking sector of the Pakistani economy which is the context setting of this thesis.

3.6 Role of the Banking Sector in an Economy

Researchers have claimed that in the 21st century, the banking sector will play a critical role in the economic wellbeing not only of the country but the world. Khan (2004) suggest that the banking sector is one of the most sensitive businesses all over the world and plays a significant role in a contemporary world of money and economy of any country (Bollard, Hunt, & Hodgetts, 2011) and Pakistan is no exemption. In

this form any modern way of financial system contributes to economic development and provides the better living standards to the rest of the economy. These services include transforming short term deposit into longer term lending which is one of the most important roles that banks perform for any economy. For example they provide clearing and settlement systems to facilitate trade, channeling financial resources between savers and borrowers, and various products to deal with risk and uncertainty. Banks also offer a repository for savings, and then transform them into long-lived (illiquid) assets – through housing loans as well as lending to businesses. In addition, banks play a role in providing payment and settlement services which are necessary for households, business and other financial institutes to settle day to day transactions.

To be more explicit about the role a banking sector plays in their economy Abbas and Malik (2010) suggest that banking sector of an economy generally perform three roles which include the facilitation of payment system, mobilization of savings, and allocation of funds to stakeholders like government, investors, consumers, and business community who can utilize them for the generation of economic activities. On the other hand, Rehman (2011) reports that banks indulge in catering to the needs of government, public sector organization and private businesses. All the above lead us to conclude that the banking sector, therefore, plays a vital role in the developmental activities in terms of offering financial resources to the public and private sector for achieving the developmental goals.

3.7 Banking Growth in Pakistan

According to Pakistan Economic Survey (2010-2011), the banking system, which consists of 88 % share of the total financial sector, is now comprised of 34 commercial banks and 4 specialized banks. The share of non-bank financial institutions is approximately 12 %, and includes leasing companies, Mudarabas insurance companies, housing finance companies, investment banks, mutual funds and venture capital companies (VCC). The total number of branches of all banks operating in Pakistan stand at 9,908. Out of these the private sector scheduled banks have 7154 branches as in June 2011. The banking sector of Pakistan has major change in last few years as about 81 percent of the banking assets are now controlled by the private sector. On the other hand, the study of Rehman and Raoof (2010) highlighted that Pakistani banking performance has been ranked second among the South Asian region countries. Pakistani Banking sector has increased the probability and capital ratio 11.91 percent as compared to 10 percent in year of 1999.

As per Economic Survey of Pakistan (2011-2012), the banking system and its key elements posted a strong growth trend, particularly in terms of the deposit base. However, the asset of the banking system shifted further toward investment, as banks continued to invest in government papers and bonds of public sector enterprises. On a Year on basis the asset base of the banking system registered an increase of 15 percent and stood at Rs. 8207 billion in December 2011 as compared to Rs. 7138 billion in December 2010, see below Table 3.9.

Table 3.9
Highlights of the Banking System (Rs Billion)

	2005	2006	2007	2008	2009	2010	2011
Total Assets	4,353	5,172	5,628	6,516	7,138	7,763	8,207
Investments (net)	833	1,276	1,087	1,737	2,142	22,845	3,053
Advances(net)	2,428	2,688	3,173	3,240	3,349	3,263	3,341
Deposits	3,255	3,854	4,218	4,786	5,450	5,769	6,238
Equity	402	544	563	660	697	753	784
Non-Performing Loans	177	218	359	446	548	613	607

Source: *State Bank of Pakistan Report (2011-2012)*

Table 3.8 shows that the deposits of the banking system increased to 6238 billion rupees in December 2011 from 5450 billion rupees in December 2010, thus, posting a growth of 14.4 percent year on a yearly basis. A down side of this growth has been the increase in NPL. The NPL has grown since 2007, making credit risk a major challenge for banks. NPLs reached Rs. 607 billion in December 2011 against Rs. 548 billion recorded in December 2010.

The Governor of the State Bank of Pakistan, Syed Salim Raza (2010) stated there was a huge competition among Pakistani banks to upgrade their technologies and on-line banking services to provide the better facility to the customer. Network of ATM has been expanding in Pakistan every way approximately 5200 ATMs operating throughout the country in the years of 2011. Progress in creating online branches of banks has been significant so far and it is expected that almost all the bank branches will be on line or automated. Utility bills payment and remittances would be handled through ATMs, kiosks or personal computers and will reduce both time and cost of banking. Furthermore, Pakistan is the first country in South Asia to have issued branchless banking regulations. The concept of branchless banking has opened a new avenue for efficient channeling of funds for those people who are still unbanked.

Keeping in view its importance, the state bank took the lead and introduced branchless banking regulations in 2008. Since 2008, branchless banking has expanded steadily with increased participation of stronger as well as new players, and deploys low-cost services all over the country, including the neglected areas.

The Pakistani financial sector is going through a dynamic transaction, led by the increasing trend of technology solutions in Pakistan. The Development Finance Group – State Bank of Pakistan (2012) reports that during the quarter ending March 2012, more than 25 million transactions worth \$938 million have been processed through branchless banking channels. The growth in number of transactions is mainly due to the increasing volume of bill payments and person to person fund transfers. According to Syed Salim Raza (the Present Governor)(2010), the State Bank of Pakistan grows as branchless banking channels become increasingly available. He says that the speed at which financial services reach the un-served population will depend on the actions and decisions of both the public and private sectors. The increasing use of branchless banking will help the trajectory of financial inclusion in the country, which will help to build a healthy and proactive banking sector of Pakistan.

However, this growth is not without its pain as the HR will need to keep pace with technology, in term of acquiring skills and capabilities to make the most of the strong implication of technology. The next section covers the banking sector and human resource management in Pakistan.

3.8 Banking Sector and Human Resource Management in Pakistan

Human resource management has not been well-established in the banking sector of Pakistan even though Khan (2004) states that Pakistan has a well developed banking system. As mentioned earlier the network of banking system in 1947 is not well established but witnessed phenomenal growth in the first two decade. By 1970, it had acquired a flourishing banking sector. The Governor of State bank of Pakistan Yaseen Anwar pointed to the well developed banking sector and financial infrastructure which can help in meeting the credit demand of the productive sectors of Pakistan. The banking sector is largely responsive to the needs of the growing economy, as well as being considered safe, relative to some of the advanced nations, where confidence in financial institutes has declined as a result of the recent financial crises. Nevertheless the downside of this growth as Rehman and Raoof (2010) report are the non performing loans which and have are huge little percentage change recovery. This they attribute to the HR practices including hiring of managers on political basis and under the influence of those forces which provided them the job to the detriment of professionalism, poor customer services and a high bureaucratic approach which leads to inefficiency of Pakistani banking sector.

In the banking sector, the employees are the backbone and the banks need to carefully hire, motivate, trained and develop their employees. HR department is responsible for these functions where the HR department like any other departments exists in the organization to achieve the goals of any organization. As it's most significant function the department identifies and utilizes the skills and potential of the

employees to gain competitive advantage. In the 21st century the organizations are expecting from their HR department to provide them the competent, trained, motivated and well professionals employees. On the other hand, Shaari, Khalique and Isa (2011) argue that the incompetent and weak banking system will jeopardize the whole economy of a country. The study of Bollard et al. (2011), states that the failure of any larger banks could have serious repercussions for the rest of the economy. These are some of the issues the banking sector is facing in Pakistan. According to State Bank of Pakistan report (2012), keeping these issues in mind they decided to acquire senior HR professionals from Bank Negara Malaysia as Advisor on human resource management department. The Bank Negara itself has successfully undergone a change management process some years ago and provided an excellent benchmark for Pakistani banking sector. The contracted period between State Bank of Pakistan and Bank Negara Malaysia nearly 18 months (date of contract 1st Jan 2001 to 30th June 2002) the advisors provided a new strategic outlook to all aspects of HRM. After detailed study of existing system, policies and procedures assisted by a small but efficient team that was assigned for the task, the advisor recommended to restructure the HR departments in the banking sector.

From January 02, 2002, Human Resource Management department has been established in the State Bank of Pakistan and this new structure involves a major paradigm shift in people management where HR professionals suppose to perform their roles as a facilitator, change agent, specialist, designer and advisor to the line managers and provides efficient and effective HR services. Under the revised structure, employees have carefully been deployed after taking into account competency gaps in various functional areas (especially credit management) and

requirements of operational and development work. Human resource professionals are people managers in support areas of profit making in the organizations. They are required to have diversified skill-set and mind-set to deal with employees on the work place. Based on this new challenge on HR professionals, it is expected that they will contribute the performance of the banks through their competencies.

3.9 Role of Human Resource Management in Banking Sector

According to El-Said (2007), with the increasing pressure of financial innovation and the trends towards financial integration, the banking sector is facing many changes in its nature and the roles of various players in this sector. All these changes will definitely have their implications on the HR professionals working in this sector, as well as on the set of competencies needed in the HR professionals to be in-charge of its development. HR professionals today become more involved with their top management in both designing and implementing their strategies that will be achieved through people. Top management desires to see how the HR professionals' plans will make the banks more valuable through improved performance. Effective HR professionals are considered a key to the sustainability of all businesses successes. HR professionals are thus accurately concerned by their challenges in recruiting, training, and developing the sustainable employees who best serve the banks objectives through their performance. Effectiveness of HR professionals in banking sector of Pakistan is important for all stake holders: government, owner of the banks, Investors, debtors, creditors, depositors and line managers. The effectiveness of HR professionals gives directions to the stake holders to make decision that either they should invest money in bank or somewhere else. Similarly, it provides a direction to line managers whether to improve its deposit service or recovery of the non

performing loans or both, to improve its finance. These services can be achieved through their valued employees. Employees are therefore the key factor in any organizational success, innovation and profitability.

Pakistan's banking sector has performed remarkably under tarrying circumstances generated worldwide. It has survived various challenges during its short history. It has experiences shocks in the form of nationalization and privatization. With both, the banking sector had to reorganize itself and start from scratch. The performance of the banking sector improved greatly in the privatization era, especially after 1996. The reforms of 1996 freed the country's banking sector from government influence, which gave it a positive boost. The performance of the banking sector helps the economy to grow. Globalization of Pakistan economy is compelling all the sectors (agriculture, manufacturing and services) to rethink their future strategies. It is widely recognized that services sector is more contributor in GDP in all the developed and developing economies of the country. On the other hand currently the HR professionals are facing many challenges (e.g. hiring the right talent, managing the talent and retraining) in the banking sector of Pakistan. In order to deal effectively with all these challenges the HR professionals must develop the competencies they will allow them to perform their task more effectively. While Venkatesh (2009) reports that HR professionals around the world are forces to be more effective and competitive to respond the demands of global competitiveness.

3.10 Summary

The chapter has highlighted the importance of Pakistan as the sample country for this study as well as the importance of focusing on its banking sector. The banking sector

of Pakistan is slowly growing and playing a catalytic role in the development of the country. The chapter also highlights the importance of the role of human resource management (through the capabilities exemplified by the Human Resource professionals) in Pakistani banking sector.

CHAPTER 4

METHODOLOGY

4.1 Introduction

This chapter presents the research design and the research method that are developed to achieve the objectives of the present study. This chapter includes a brief review of the research design, the types of research methods that are available in the pursuit of the goals of any research. Then, it continues with a discussion on the procedure of data collection, sampling design, as well as the method used to collect data for the present study. This is followed by the description on the measurement of the variables (the survey questionnaire), and the steps taken to improve the construct validity using pilot study and the measurement of its internal consistency and reliability.

Research methodology, its design and data collection methods must find their basis in the appropriate paradigm (Kuhn, 1970) and be guided by the research objective. A ‘paradigm’ is a cluster of beliefs and dictates and influences of what should be studied in a particular discipline, how research should be done and how results should be interpreted (Bryman, 2001; Smith, 2005). The paradigm also informs about the approach to the subject matter keeping in mind the assumptions inherent in the paradigm that is being used and theories that have been developed from them (Kuhn, 1970). The appropriate research method must be able to address the concern of a scientifically formulated research in term of the ontological issue (what is to be studied) as well as the epistemological issue (how it is to be studied). The ontology element refers to our assumptions about how we see the world and the nature of

reality, i.e. does the world consist of a social order or constant change? The epistemology element, on the other hand, refers to our assumptions about the best way to study or inquire into the nature of the world, i.e. should we use an objective approach such as positivism or subjective approach such as case studies to study social reality (Bhattacharjee, 2012; Smith, Thorpe & Jackson, 2009). In other words, Kuhn (1970) views that theory keeps on evolving and maturing and this process of refinement continues, which entails additions to theory, by testing established theoretical framework under new condition and in new contexts.

The theory thus is strengthened by repeated testing and, improvements in pursuit of frontiers of knowledge to a point where a new theory may take over in time if the new theory provides a better explanation of the phenomenon under study. Further scientific inquiry which leads to theory development may take one of two possible forms; inductive and deductive (Bhattacharjee, 2012; Bryman & Bell 2011). With an inductive stance, theory is the outcome of research. This means that the process of induction involves drawing generalizable inferences out of observations of data. Within the realm of social sciences, management and organizational study, being a part of it, the inductive strategy of linking data and theory is typically associated with a qualitative research approach, such as the use of case study method. On the other hand, the deductive strategy is associated with a quantitative research approach. The deductive approach represents the commonest view of the nature of the relationship between theory and research. The researcher, on the basis of what is known in a particular domain and or theoretical considerations in relation to that domain, deduces a hypothesis that must then be subjected to an empirical scrutiny using empirical data. The social researcher must both skillfully deduces a hypothesis and then translate it

into operational terms. Theory and the hypothesis deduced from it comes first and drive the process of gathering data, the process of which is not only used for testing theory but also to refine, improve and possibly extend it. Furthermore, the deductive process appears very linear where one step follows the other in a clear, logical sequence (Bhattacharjee, 2012; Bryman & Bell 2011).

Based on the above discussion, the current study had used a positivist framework and was both descriptive and exploratory in nature. The present study was intended to test a model (Ulrich et al., 2007) which is based on HR performance theory and framework and has been well established in the field of human resource management. The aim to add to the existing understanding and working of HR practices and processes as well as applies the deductive paradigm to hypotheses development and testing thus, addressing the ontological and epistemological issues respectively. Moreover, the study's aim was to add to the existing body of knowledge by testing the applicability of the model in a new context and within a new set of environmental frameworks and can be referred to as theory verification research with additional benefits of theory development and refinement. In addition to that, the researcher's contribution is in adding and examining the relationship and impact of 'willingness' as a variable on HR professionals' effectiveness. Analoui (1999) argues that managers' effectiveness can be explored through their willingness. The researcher's objective was to identify the link between HR professionals' effectiveness and the behavioral and cognitive antecedents at an individual level. Ulrich and Grochowski (2012) claimed that HR professionals' willingness is one of the best ways to make the HR professionals' effective. Previously, the HR competency model did not integrate with the concept of willingness in the empirical studies undertaken on the model.

Furthermore, Dharmasiri (2009) pointed out that in South Asia, the HR professional is willing and able to perform effectively but the organization does not provide the required organizational support. Hence, this study had also intends to expand the knowledge on HR professionals' effectiveness by examining the moderating roles of organizational support with the relationship between HR professionals' competencies and HR professionals' willingness on HR professionals' effectiveness. The researcher has filled this gap through adding the willingness (independent variable) and organizational support (as moderating variable) and contribution or enhancing the HR competency model.

4.2 Research Framework of the Study

Based on the literature presented in chapter 2 and the hypotheses developed there the dependent, independent and moderating variables that are selected (see figure 2.4) from Ulrich *et al.* (2009) human resource competency model. This model proposed the two constructs / dimensions of HR professionals' effectiveness which includes the competency constructs divided into social-based and technical-based competencies. While willingness the third construct in the framework as part of the competency model is drawn from Smith et al. (2004). HR professionals' effectiveness (dependent variable) was based on the framework drawn from Sharif and Ahmad (2009) and Han *et al.* (2006). The Organizational support has been investigated as a moderating variable and was based on the work of Sharif and Ahmad (2009).

In the following section, the thesis provides a discussion on the research design in more detail and highlights the approach to improving, validating and ensuring internal consistency of the research instrument. It is important to note that the actual design of the research must be done in line with the research objectives as well as the hypotheses drawn where the hypotheses reflect the relationship that are under study.

4.3 Research Design

In this section the research design for the present study is explained.

4.3.1 Definition of Research Design

A research design provides a fundamental and comprehensive work plan for the collection and analysis of research data which is intended to answer specific research question (Bhattacharjee, 2012; Punch, 2010; & Bryman & Bell, 2011). Research design thus deals with five main questions; first, what strategy the researcher is going to use, is it quantitative or qualitative? If there is a combination of both approaches, what is the mixture of the strategy? Second, what will be the framework? Third, question deals with sampling decision, from whom the data will be collected? Fourth is what kind of procedures to be used in data collection. And fifth is what kind of tools to be used to analyze the data (Punch, 2010).

4.3.2 Types of Research Design

There are a number of research design proposition based on the qualitative and quantitative research approaches and the decision on the choice is based on the objective of the research as well as the type of the research. For example, Bryman and Bell (2011) recognized that research design comprises of five types and explain them as follows; 1) Cross sectional design or social survey design; it involves the collection of data on more than one case and at a single point in time. 2) Longitudinal design; is a distinct form of research design that is typically used to map change in business and management research. It is usually an extension of social survey design. 3) Case study research design; is the detailed and intensive analysis of a single case (e.g. single organization, location, person and event). 4) Comparative design; in this type of research design there is direct comparison between two or more cases, including cross-cultural research. 5) Experimental design; is usually used as yardstick against which non-experimental research is evaluated.

Bhattacharjee (2012), on the other hand, highlighted the main research design as namely; 1) Experimental design, that are intended to test cause effect relationships (Hypotheses). 2) Field surveys are non-experimental designs that capture snapshots of practices, beliefs, or situations from a random sample of subjects in filed settings through a survey questionnaire or though a structured interview. 3) Cross-sectional field survey, where independent and dependent variables are measured at the same point in time (e.g. using a single questionnaire), 4) Case study research is an in-depth investigation of a problem in one or more real-life settings (case sites) over an extended period of time. Data may be collected using a combination of interview,

personal observations, and internal or external documents. 5) Focus group research design that involves bringing in a small group of subjects (typically 6 to 10 people) at one location, and having them discuss a research problem of interest for a period of 1.5 to 2 hours. Hence, focus groups are not generally used for explanatory or descriptive research, but are more suited for exploratory research.

Kumar (2006) classified the research design into three perspectives, those are first, the number of contacts, second, the reference period and third, the nature of the investigation. The first comprises, cross-sectional studies, before-and after studies and longitudinal studies. The second categorizes the studies as retrospective, prospective and retrospective-perspective. The third perspective classifies studies as experimental, non-experimental and quasi-experimental studies.

In the same manner, different research designs have been proposed, under different conditions and using different classificatory schemes. The current study has used a positivist framework and being both descriptive and exploratory in nature, it was intended to be a cross-sectional survey design method to collect data to test hypotheses. Kumar (2006) describes that cross-sectional is the most commonly used research design in the social sciences. This design is best suited to studies aimed at finding out the prevalence of a phenomenon, situation, problem, attitude or issue, by taking a cross-section of the population.

In this design, the researcher had to decide what he wanted to find out, had to identify the study population, and select a sample to contact as respondents to find out the required information. Subsequently the survey method was used. This was done for

several reasons. First, the method is arguably well accepted and the most commonly used technique in management and social sciences research (Myers, 2009; Veal, 2005). Second the survey method is useful for obtaining precise statistical information (Whitfield & Strauss, 1998). Third, this method is also regarded as the simplest and least expensive especially when the sample population is geographically widely dispersed (Bryman, 2001). Fourth, a considerable advantage of survey method is the potential anonymity of the respondent, which can lead to more truthful or valid responses. Finally, due to high degree of standardization and accessibility of the survey method, this is particularly essential from a data analysis viewpoint as results can be generalized (Ghauri & Gronhaug, 2005). Neuman (2008) argues that in quantitative approach the theory is largely causal and deductive. The data is in the form of numbers and percentage. The next section briefly delineates the research method and the chosen method used for the present study.

4.4 Research Methods

In this section the research methods available for the present study are explained.

4.4.1 Definition of Research Methods

According to Kumar (2006), research method is a framework which includes a set philosophical assumption which initiates the process of collecting, analyzing and interpreting the information to answer the research question and such research method is a unique tool for exploring the research objectives (Mayoux & Chambers, 2005).

4.4.2 Types of Research Methods

Research method can be categorized into qualitative and quantitative methods. Qualitative research designs are aimed at collecting qualitative data in the form of words through observations, in-depth interview, case study and focus group interview. (Bhattacharjee, 2012; Mayers, 2009; Smith, Thorpe & Jackson, 2009). In Qualitative research, there is some resistance to explanation of the nature that the connection between theory and research is somewhat more ambiguous than in quantitative. Bryman and Bell (2011) argued that qualitative findings rely too much on the researcher's often unsystematic views about what is significant and important, and also upon the close personal relationships that the researcher frequently strikes up with the people studied. Precisely, because qualitative research often begins in a relatively open-ended way and entails a gradual narrowing down of research questions or problems. Moreover, it is often suggested that the scope of the findings of qualitative investigations is restricted.

While quantitative design intends to collect quantitative data in numerical form (Bhattacharjee, 2012; Mayers, 2009; Smith et al., 2009), the research can use either qualitative, quantitative or can use both keeping in mind the research objectives. The researcher is of the opinion that the suitable research design is the quantitative approach. Because in quantitative technique, the objective of the study is to derive hypothesis from existing theories. Specifically Bryman and Bell (2011) argued that quantitative research can be interpret as a research strategy that emphasizes quantification in the collection and analysis of data and that involve a deductive

approach to the relationship between theory and research in which the modulation is placed on the testing of theories.

In the above section a brief discussion on the philosophical discussion of research were discussed. Broadly qualitative & quantitative frameworks were proposed. Based on this, it was revealed that quantitative research method was more appropriate for the present study reason. First, the primary objective of the study had to examine the relationship among variables (HR professionals' competencies, HR professionals' willingness and HR professionals' effectiveness) through statistical methods. Second, the design of the present study was cross-sectionals, which means that the collection of data (independent and depended variables) on more than one case and a single point in time using single questionnaire (Bryman & Bell, 2011). Third, the cross-sectional design also allows to engage a large number of respondents at a given time and all the variables of the study were measured together. Finally, the questionnaire was most suitable for data collection technique to achieve the objectives of the present study. It also allows the researcher to collect maximum quantitative data from the respondents. The next section will explain more the justification of the survey questionnaire.

4.5 Research Questionnaire Development

Questionnaire or interviews as part of survey method is required to collect data about people and their preferences, thoughts and behaviors in a systematic manner. Bhattacharjee (2012) suggest that the survey method can be used for descriptive exploratory or explanatory research. This method is best suited for studies that have

individual people as the unit of analysis. Although other units of analysis, such as groups and organizations are also studied using surveys, but more commonly survey studies often use a specific person from each unit as a “key informant”. Furthermore, survey research has several inherent strengths compared to other data collection methods. First, surveys are an excellent vehicle for measuring a wide variety of unobservable data, such as people preferences (e.g., political orientation), traits (e.g., self esteem), attitudes (e.g., towards immigrants), beliefs (e.g., income). Second, survey research is also ideally suited for remotely collecting data about a population that is too large to observe directly. A large area such as an entire country can be covered using mail-in, electronic mail, surveys. Third, due to the ability to respond at one’s convenience, questionnaire surveys are preferred by some respondents. Fourth, large sample surveys may allow detection of small effect even while analyzing multiple variables, and depending on the survey design, may also allow comparative analysis of population subgroups (i.e., within-groups and between –groups analysis). Sixth, surveys research is economical in term of researcher time, effort and cost than most other methods such as experimental research, case study research or in-depth interview.

The survey questionnaire for the present study was drawn from the previous researches (Han *et al.*, 2006; Sharif & Ahmad, 2009; Ulrich *et al.*, 2009) and was adapted through appropriate modification that was suitable for the Pakistani context especially in the banking sector environment. The questionnaire comprised of four parts namely; Part I) personal information of the respondents and background section with 6 items; Part II) The HR professionals’ effectiveness as perceived by the line managers contain 11 items; Part III) HR professionals’ competencies and HR

professionals' willingness as perceived by the line managers comprised total 65 items; Part IV) Organizational support as a moderating variable contains 10 items. Therefore, the survey questionnaire contains total 92 items to achieve the objective of the study.

4.6 Construct Measurement

4.6.1 Details of the Survey Questionnaire

As mentioned, there are four parts to the questionnaire.

Part I), Personal information of the respondents contains six items i.e. designation, name of the bank, qualification, age, number of years working in the bank and gender.

Part II), The HR professionals' effectiveness is defined as the HR professionals concern with and ability to meet the goals that they set for themselves to do the HR work. Moreover, HR professionals in their HRM roles and responsibilities have met the employees' expectations and supporting the job performance of the employees of the organizations. The HR professionals' effectiveness was operationalized using 11 items. The items for the HR professionals' effectiveness (dependent variable) have been used in the works of Han et al. (2006). The operational definition and measure items of the HR professionals' effectiveness are shown in Table 4.1

Table 4.1
Operational Definition and Items for HR Professionals' Effectiveness

Variable	Operational Definition	Items
HR Professionals' Effectiveness	HR professionals' concerned and are able to meet the goals that they set to do the HR work.	HR professionals in our bank are efficient when recruiting candidates needed for the bank.
		HR professionals in our bank are very responsive to meeting the needs of the line managers.
		HR professionals in our bank provide me with useful and timely information regarding HR issues.
		HR professionals in our bank have given value-added contributions to our bank's operational performance.
		HR professionals in our bank have played an effective role in building our bank's human capital to become a source of competitive advantage.
		HR policies, practices and procedures proposed by our HR professionals have generally been effective in supporting the job performance of the line managers and employees of our bank.
		HR professionals in our bank have developed effective HR policies, practices and procedures which support the bank's business plan.
		HR professionals in our bank have managed to improve our employees' motivation and morale.
		HR professionals in their HRM roles and responsibilities in our bank have met the employees' expectations.
		HR professionals in our bank provide/facilitate good career plans for the employees.
		Overall, I am satisfied with the service and support that have been provided by the HR professionals in our bank.

Part III), HR professionals competencies as an independent variables are drawn from both Ulrich *et al.*, (2009) & Smith and McLaughlin (2004). In this first case HR professionals' competencies were operationalized as; A- Credible Activist, B- Talent Manager/Organization Designer, C- Culture & Change Steward, D- Strategic

Architect, E- Business Ally and F- Operational Executor. The Credible Activist variable is defined as the HR professional’s need to be both credible (respected, admired, listened to) and be active (offers a point of view, takes challenges). Credible Activist competency was operationalized using 9 items and is shown in Table 4.2. The items for the HR professionals’ as a Credible Activist are based on the works of Ulrich *et al.* (2009).

Table 4.2
Operational Definition and Items for Credible Activist

Variable	Operational Definition	Items
Credible Activist.	The HR professionals need to be respected, role model with good interpersonal skills.	HR professionals in our bank always try to meet their commitments.
		HR professionals in our bank have earned our trust.
		HR professionals in our bank normally perform accurate and error-free work
		HR professionals in our bank are role models for us.
		HR professionals in our bank respond promptly to our issues.
		HR professionals in our bank are effective in their written communication skills.
		HR professionals in our bank are effective in their verbal communication skills.
		HR professionals in our bank generally have a practice to influence others.
		HR professionals in our bank have effective interpersonal skills.

Talent Manager / Organization Designer concept is defined as a competency requirement which enables individuals to enter and move up, across, or out of the organization. The HR professional needs to design an organizational structure that will help the firm to enable the employee’s capabilities to flourish but creating

structure, processes and policies that will shape how an organization works. This competency was operationalized by 10 items and is shown in Table 4.3. The items for the HR professionals’ are taken as a Talent Manager / Organization Designer based on the works of Ulrich *et al.* (2009).

Table 4.3
Operational Definition and Items for Talent Manger/Organization Designer

Variable	Operational Definition	Items
Talent Manager / Organization Designer	HR professionals are responsible for attracting, retaining and rewarding talent through a good organizational structure.	HR professionals in our bank provide accurate and candid feedback.
		HR professionals in our bank are successful in attracting talented employees
		HR professionals in our bank are able to promote talented employees.
		HR professionals in our bank are able to retain talented employees.
		HR professionals in our bank are able to facilitate the establishment of clear performance standards.
		HR professionals in our bank are able to develop effective training programs for our officers.
		HR professionals in our bank are good at performing organizational analysis and audits.
		HR professionals in our bank facilitate the design of organizational structure.
		HR professionals in our bank facilitate the design of effective internal communication processes.
		HR professionals in our bank know when and how to leverage teams.

The Culture and Change Steward is defined as the HR professional’s competency to appreciate, articulate, and help to shape a company’s culture. Culture is a pattern of activities rather than a single event. As steward of culture, HR professionals need to

respect the past culture and also can help to shape a new culture. They guide employees in how their actions reflect and drive culture. The Culture and Change Steward competency was operationalized by 8 items and is shown in Table 4.4. The items for the HR professionals’ are taken as a Culture and Change Steward based on the works of Ulrich *et al.* (2009).

Table 4.4
Operational Definition and Items for Culture & Change Steward

Variable	Operational Definition	Items
Culture & Change Steward	HR professionals appreciate, articulate, facilitate and respect to shape a organizational culture.	HR professionals in our bank play an effective role in helping employees to understand the importance of change in the organization.
		HR professionals in our bank facilitate the change processes in our bank.
		HR professionals in our bank are able to monitor effectively the progress of change processes in our bank.
		HR professionals in our bank take a proactive role in bringing about change.
		HR professionals in our bank play an effective role in communicating the desired culture throughout our bank
		HR professionals in our bank design and deliver those HR practices that create and maintain the desired culture in our bank.
		HR professionals in our bank share knowledge across organizational boundaries.
		HR professionals in our bank help to create the need for change.

The Strategic Architect is defined as the HR professional competency with a vision on how organization can “win” in the marketplace, now and in the future. Strategic Architect competency was operationalized by 12 items and is shown in Table 4.5. The items for the HR professionals’ which are taken as a Strategic Architect are based on the works of Ulrich *et al.* (2009).

Table 4.5

Operational Definition and Items for Strategy Architect

Variable	Operational Definition	Items
Strategy Architect	HR professionals have played an active part in the establishment of the overall strategy to deliver the vision in present and in the future.	HR professionals in our bank play a significant role in the development of our bank's business strategy.
		HR professionals in our bank engage in constructive problem solving effecting external clients.
		HR professionals in our bank are able to forecast regularly the potential obstacles to the bank's success.
		HR professionals have played a significant role in the development of our bank's future business vision.
		HR professionals in our bank help to identify problems which are central to the bank's business strategy.
		HR professionals in our bank are able to recognize business trends and their impact on the bank's business.
		HR professionals in our bank contribute towards the building of the bank's brand image to customers, shareholders and employees.
		HR professionals in our bank ensure that the key leaders are aligned around major change initiative.
		HR professionals in our bank are proactive in contributing to business initiatives.
		HR professionals in our bank facilitate the dissemination of customer information.
		HR professionals in our bank remove low value work.
		HR professionals in our bank translate business strategy into annual business initiatives.

The Business Ally is defined as a person who can help another to succeed in achieving the agreed goals and objectives. HR professionals contribute to the success

of a business by knowing the social context or setting in which their business operates. Business Ally competency was operationalized through 11 items and they are shown in Table 4.6. The items for the HR professionals’ as a Business Ally are based on the works of Ulrich *et al.* (2009).

Table 4.6
Operational Definition and Items for Business Ally

Variable	Operational Definition	Items
Business Ally	HR professionals contribute to the success of a business in which their business operates. He must take care of the business success by setting goals and objectives that respond to external opportunities and threats.	HR professionals in our bank help to perform competitor analysis.
		HR professionals in our bank normally help to take care of the requirements of external customers.
		HR professionals in our bank are fully aware of bank’s business model.
		HR professionals in our bank have adequate knowledge about Pakistan’s banking sector.
		HR professionals in our bank are familiar with new emerging technologies in the banking sector.
		HR professionals in our bank realize the importance of research and development (R&D) related to HR work.
		HR professionals in our bank are able to perform R&D tasks related to HR.
		HR professionals in our bank are knowledgeable in the operations of our bank.
		HR professionals in our bank are aware of the external political environment.
		HR professionals in our banks are aware of the social issues having an impact on the bank’s business.
		HR professionals in our bank are familiar with the issues related to the mergers and acquisition.

Operational Executor is defined as the HR policies need to be drafted, adapted and implemented. The Operational Executor competency was operationalized through eight items and is shown in Table 4.7. The items for the HR professionals’ which are taken as a Operation Executor are based on the works of Ulrich *et al.* (2009).

Table 4.7
Operational Definition and Items for Operational Executor

Variable	Operational Definition	Items
Operational Executor	HR professionals are responsible to develop the policies and implement in such a way that employees can take benefit from those policies.	HR professionals in our bank play a role in the design and allocation of physical space.
		HR professionals in our bank are good at managing the labor policies and procedures.
		HR professionals in our bank are able to use information technology for implementing HR practices.
		HR professionals in our bank are able to use HR information systems to make better decisions.
		HR professionals in our bank are able to develop and organize suitable training programs that meet the needs of functional departments.
		HR professionals in our bank are good at designing a proper performance-based compensation system.
		HR professionals in our bank are able to design a non-financial reward system.
		HR professionals in our bank are able to design an appropriate benefit system.

In the case of the independent variable Willingness; it is derived from the word ‘Will’ which is associated with intrinsic motivation to be effective or not. If employees lack the willingness and motivation to contribute their knowledge and expertise, the result will be the project failures. One way by which human resource department can add value to the organization is where HR professionals become ‘Willing’ to actively contribute to HRM strategies and their implementation. The ‘Willingness’ construct

was operationalized through 7 items and is shown in Table 4.8. The items for the HR professional ‘Willingness’ (independent variable) are based on the works of Smith and McLaughlin (2004).

Table 4.8

Operational Definition and Items for HR Professionals' Willingness

Variable	Operational Defining	Items
HR Professionals' Willingness	HR professionals must develop the positive attitude towards their career growth which will lead to the organizational growth.	HR professionals in our bank are positive towards their own career growth.
		HR professionals in our bank are self-motivated to take proactive actions.
		HR professionals in our bank are willing to develop people within the bank.
		HR professionals in our bank have shown their desire to contribute to improve the bank's performance.
		HR professionals in our bank have shown their ability to facilitate the implementation of improvement strategies in the bank.
		HR professionals in our bank have the attitude to perform their job effectively.
		HR professionals show the willingness to contribute their knowledge into HR functions.

Part IV), The Organizational Support is defined an important factor that has been said to effect employees’ performance is organizational support such as resources, infrastructure and moral support. The Organizational Support was operationalized through 10 items and is shown in Table 4.9. The items of the Organization support (moderating variable) are based on the work of Sharif and Ahmad (2009).

Table 4.9

Operational Definition and Items for Organizational Support

Variable	Operational Definition	Items
Organizational Support	Organizational support refers to how much an organization cares of its employees such as organizational resources, e.g. infrastructure, financial resources and moral support.	Top management has clearly communicated the bank vision/mission to the HR professionals.
		HR department has adequate staff to do their work effectively.
		HR department has the latest technology to perform their job effectively.
		HR department has the empowerment to implement the policy decision which can lead to HR professionals' effectiveness.
		The HR professionals in our bank have enough organizational support to perform effectively.
		HR department has been provided with adequate training budget in order to enhance the competency level of their HR professionals.
		HR professionals in our bank have organizational support to provide accurate and candid performance feedback.
		The bank provides helpful working environment to HR professionals which will lead to self-motivation to perform their job.
		HR professionals in our bank are competent to perform their duty effectively but they don't have support from the organization.
		HR professionals in our bank are willing to do their job effectively but they have not received support from the Organization.

To ensure measurement consistency among variables, this research measured all items using 1 to 5 points Likert scale except for the demographic data. The Likert scale is designed to examine how strongly the respondent agree or disagree with a certain statement (Sekaran, 2005). These five points scale, where 1=Strongly Disagree,

2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. This has been the most widely used method of scaling in the social sciences research. Moreover, this scale is much easier to construct, and much more reliable than other scales (Dumas, 1999).

4.6.2 Questionnaire Design

Questionnaire was designed in English language and divided into four sections with a total of 92 questions (including the section of demographic information). Furthermore, every set of questionnaire was attached with a cover letter stating the objective of the study, instructions, confidentiality of the information or data, anonymity of the respondents and finally how to return the questionnaire to the researcher. The arrangement of the questionnaire is depicted in Table 4.10. The Appendix 1 shows the complete questionnaire with cover page that was used for actual data collection.

Table 4.10
Section-wise Arrangement of Questionnaire

Questionnaire Sections	Descriptions
Part I	This section contains 6 items about personal information.
Part II	This section contains 11 items about HR professionals' effectiveness.
Part III	This section contains 65 items about HR professionals' competencies and HR professionals' willingness.
Part IV	This section contains 10 items about organizational support.

Before sending the final draft of the questionnaire, a pilot test was conducted to ensure reliability and validity of the content measurement scale. According to

Sekaran (2005), the reliability is an indication of stability and consistency with which the instruments measure the concepts and ensures the goodness of the measures.

4.7 Population and Sampling

In this section the population of the study is discussed. Apart from that, sampling frame, sampling techniques, sample size and unit of analysis of the present study are highlighted.

4.7.1 Population of the Study

The term population refers to the universe of units that relate to the research objectives; while the term sample refers to subset of those units from which evidence is gathered. The inference task then is to use evidence from a sample to draw conclusions about the population (Bryman & Bell, 2011; Smith *et al.*, 2009). Sampling, therefore, is the process of selecting a few (a sample) from a bigger group (the population) to form the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group in other words a sample is a subgroup of the population the researchers are interested in (Kumar, 2009).

As the study endeavors to determine the influence and relationship of HR professionals' competencies and the HR professionals' effectiveness in the banking sector of Pakistan (see Chapter 1 for context choice) the population of interest is the

branches of the scheduled banks operating in Pakistan. To further focus the study choice of banks and branches to be incorporated in the study becomes important.

According to Pakistan Economic Survey (2010-2011), total number of branches of all banks operating in Pakistan stood at 9,908 as compared to 9673 as of June, 2011 a growth of 2.5 % in six months. Out of these total the private sector scheduled bank had 7154 branches as of June 2011. Assets of all banks showed a net expansion of Rs. 355.4 billion in the first six months of 2010-2011 and stood at Rs. 7,137.7 billion. Hence, the asset base of the banking sector increased by 5.2 % during July – December 2010. The banking sector of Pakistan has undergone a significant change in recent years as about 81 % of the banking assets are now controlled by the private sector.

Table 4.11
Scheduled Private Banks Operating in Pakistan (As on 30th June, 2011)

Sr. #	Bank Name	Total Branches
1	Allied Bank	809
2	Al Baraka Bank	87
3	Askari Bank	218
4	Bank Al-Falah Ltd	360
5	Bank Al Habib	284
6	Bank Islami Pakistan Ltd	70
7	Dawood Islamic bank Ltd	42
8	Dubai Islamic Bank	64
9	Faysal Bank Ltd	242
10	Habib Bank Ltd	1462
11	Habib Metropolitan Bank	135
12	JS Bank Ltd	48
13	KASB Bank Ltd	70
14	MCB Bank Ltd	1135
15	Meezan Bank Ltd	226
16	Mybank Ltd	80
17	NIB Bank Ltd	179
18	Samba Bank Ltd	28
19	Silk Bank Ltd	85
20	Soneri Bank Ltd	184

21	Standard Chartered Bank Ltd	143
22	Summit Bank Ltd	76
23	United Bank Ltd	1127
TOTAL		7154

Source: SBP Annual Report (2011)

Table 4.11, provides a list of all active private scheduled banks operating in Pakistan along with the number of branches that belong to each bank.

The following paragraph lays down the approach under taken to select the banks that would form the sampling frame for survey. The unit of analysis (employees) within these banks has been explained later.

Commercial banks in Pakistan can be divided into four categories:

1. Public Sector Banks
2. Local Private Banks
3. Foreign Banks
4. Specialized Banks

Within the banking sector of Pakistan this study focused on the HR professionals' effectiveness and HR Professionals' competencies of local private sector banks in Pakistan. The reason for this focus stems from the fact that at present more than 80 % of banks belong to the private sector which stand in stark contrast to 85 % banks belonging to the public sector in 1990 (Shehzad, 2010). Furthermore, the total number of branches of all banks operating in Pakistan stood at 9,908 out of these 7154 branches belong to the private sector bank (Pakistan Economic Survey, 2010-2011).

4.7.2 Sampling Frame

The goal of developing an appropriate sampling frame requires that it should be highly representative of the population of interest. As has already been explained the data collected from a highly representative sample will generate sufficiently robust results to ensure reliability and validity of findings and for this purpose, the researcher identified those banks which constituted the larger group of branch ownership. With the help of banking experts a cut off level of 250 branches were specified, as below this level the sample would be too thinly dispersed making data collection in time and space more ineffective. The selected banks are presented in Table 4.12.

Table: 4.12

Local Private Banks Branches in Pakistan

Sr. #	Name of Banks	Total No. of Branches
1.	Allied Bank	809
2.	Bank Al Habib	284
3.	Habib Bank Ltd	1462
4.	MCB Bank Ltd	1135
5.	United Bank Ltd	1127
Total		4817

According to a figure taken from the Economic Bulletin (July-August 2010) currently the total number of these five local private bank branches in Pakistan are 4817 (see Table 4.12). As per State Bank Annual Report (2011) 70 % branches of all branches comprised in the private sector banks belong to of these five banks. Further the Economic Bulletin (July – August, 2011) presents that in terms of employees, these five private banks have approximately more than 60 % share in all private banks in Pakistan and the total Assets of these five private banks constitute approximately 63 % share of all the private banks in Pakistan

4.7.3 Sample Size

The sample size can be determined either by using statistical techniques or through some rules of thumb (Aaker, Kumar & Day, 2001). Determination of sample size is important because practically it is almost impossible to collect data from every element of the population due to high costs, time constraints and lack of human resources (Bryman & Bell, 2011). That is why Sekaran (2005) and Zikmund, Babin, Carr & Griffin, (2010) argued that the sampling is conducted instead of collecting data from every element of the population. In addition, choosing an appropriate sample from the population is likely to produce more reliable results for the study (Sekaran, 2005), particularly if the sample is representative of the whole population.

For the present study, the unit of analysis was the bank manager of five private banks (see Table 4.12). The bank managers are responsible to take care of the bank business and they are also responsible to motivate, retain and develop their staff members. They are well aware of the policies of the banks. Moreover, they are who officially correspond with their HR department, understand the working of the various departments, as well as work with and through employees and normally belong to the category of Chief Managers, Branch managers, Operations managers, Credit managers, and Customer Relation managers. On an average from each branch 2 or more such managers were selected depending upon the size and location of the branch. Thus the total number of managers working in these branches who are approximately 9650 and form the secondary sampling frame for the present study. In order to select the sample size the study applies two approaches. One follows the rule of the thumb in deciding the size of the non-probability sample, which suggest that

number of observations should be several times greater preferably 10 times or more (Hair et al., 2006) than the variables used in the study. In the present study a maximum of nine variables per construct has been recorded thus the required observation should be 90 or more. Second the study applied the rule given by Krejcie and Morgan (1970) who propose that if population size is 10,000 then the sample size for a probability sample should be approximately 370 respondents with 5 % margin of error and 95 % confidence interval.

For the first case a response rate of 30 % is estimated given the response behavior generally associated with research undertaken in developing countries. This translates in to a minimum 300 sample size to which the survey would be addressed. For the second the number of sample size recommended by (Krejcie & Morgan, 1970) is 370 for a population of interest of around 10000. The study therefore opted for 370 which cover the requirements of the desired number of observation and response rates as indicated in the first case.

4.7.4 Unit of Analysis

The unit of analysis of the study as mentioned earlier was the managers of the private banks in Pakistan. Only permanent (full time) managers have been included in this study, because permanent employees are who expect long-term association with their employers (Price & Muller, 1986). Moreover, full time employees usually become more committed and accountable to the organization as compared to part time or contract base employees. In addition, the HR professionals are aligned with the line managers in developing and delivering HR function effectively that support the

banking performance. Effective HRM requires close co-operation between HR professionals and line managers, (Kochan, 2004; Lemmergaard, 2009). According to Yusoff et al. (2009), one tool for Malaysian organizations to minimize the HR professionals' effectiveness gap is, to develop a liaison between HR professionals and line managers. This liaison allows HR professionals to understand the professional needs of the line managers, which in turn enables HR professionals to be more effective.

4.7.5 Sampling Techniques

Bhattacharjee (2012) explain that sampling techniques can be grouped into two broad categories: probability sampling and non-probability sampling. In probability sampling every unit in the population has a chance of being selected in the sample, and this chance can be accurately determined, while Smith *et al.* (2009) categories probability sampling into four main techniques namely; 1- Simple random sampling has an equal chance of being part of the sample. The main drawback of simple random sampling is that it can mean that small but important parts of the population are missed altogether or sampled so little that the researcher cannot make confident statements about them. 2- Stratified random sampling divides the population up into homogeneous groups called strata, and then take a simple random sample within each stratum. 3- Systematic random sampling method relies on there being a list in some or other of the units in the population that the researcher is interested in. The population list is essentially organized randomly, so that picking in this systematic way does not introduce bias. 4- Cluster sampling involves random sampling will lead to practical problems where the population units are spread very widely such that the

cost of approaching them is very high. Clustering sampling deals with this by first dividing up the population into what are called cluster, and then sampling all the units within the selected clusters.

Smith *et al.* (2009) argue that precision is most straightforward, since its main focus is the size of the sample achieved. However, the principle of bias is where non-probability sampling methods can most easily fall. While in non-probability sampling some units of the population have zero chance of selection or where the probability of selection cannot be accurately determined. Moreover, non-probability sampling categorizes into four main techniques namely; 1- Convenience sample can meet the first requirement of a big enough sample most easily. 2- Quota sampling divides the relevant population up into categories (male / female or country or origin) and then selection continues until a sample of a specific size is achieved within each category. The aim of the quota sampling is to ensure that every sector in a sampling design is filled. 3- In Purposive sampling the researcher has a clear idea of what sample units are needed and then approaches the potential sample members to check whether they meet eligibility criteria. 4- Snowball sampling starts with someone who meets the criteria for inclusion in a study who is then requested to name others who would also be eligible for that particular survey.

In this study, snowball sampling technique has been used. In this technique, sampling procedures in which initial respondents were selected and additional respondents were obtained from information provided by the initial respondents (Zikmund et al., 2010). Snowball technique is worth distinguishing because it has attracted quite a lot of attention over the years. With this approach to sampling, the researcher makes initial

contact and identifies with a five groups of people who were relevant to research topic and then uses these to establish contacts with others, so the desired sample size could be achieved. It is an extremely useful method for achieving access to information from the respondents who are very hard to locate under normal situations. When the researcher needs to focus upon or to reflect on relationships between people, tracing connections through snowball sampling may be a better approach than conventional probability sampling. (Bhattacharjee, 2012; Bryman & Bell, 2011; Cavana, Delahaye & Sekaran, 2005).

4.8 Reliability and Validity Analyses

Reliability and validity is very important part of a good research. The purpose of reliability and validity is to analyze the internal stability of the survey tool. Furthermore, it is also very important that measures truthfully represent the variable or concepts (Zikmund *et al.*, 2010). In the present study the research questionnaire was adapted from previous researchers (Han *et al.*, 2006; Sharif & Ahmad, 2009; Ulrich *et al.*, 2009) and therefore it required to be tested for applicability in the business context of Pakistan which would help establish its ecological validity and reliability. Once the research questionnaire had been initially developed, it was shown individually to two practitioners and three academicians to seek their guidance regarding face and content validity and as to the appropriateness of the instrument within the Pakistani context especially in the banking sector environment. On their suggestion a few items from the instrument were excluded for the reason that those items were more specific / suitable for the developed countries context. The excluded items are presented in Table 4.13.

Table: 4.13.

Items excluded from the questionnaire

Sr. No.	Items
1.	Have chemistry with key stakeholders.
2.	Managing work life balance within the organization.
3.	Globalization business.
4.	External political environment.
5.	Demographic trends that influence the business.
6.	Government regulations.
7.	Mergers and acquisitions
8.	Market capitalization valuation and intangibles.
9.	Production and manufacturing processes.

4.8.1 Development of HR Willingness Construct

In order to create a valid and reliable measure for the construct ‘Willingness’ a list of 15 items were recognized and listed down which were drawn from literature. An initial scrutiny of the listed items was undertaken to prune the number of items to 10 with the aim of ensuring that on the face of it these items reflected the concept of ‘willingness’ as identified in the literature with special reference to motivational theory. To further refine the face and content validity, reliability and sensitivity for the items, this list was presented to three academicians and two practitioners / experts who have been teaching organization behavior and HRM related courses. These academicians belonged to two universities including University of Management and Technology as well as University of the Central Punjab. The academicians / experts reduced the list to 7 items which were then retained in the pretest questionnaire. Furthermore, a pilot study reported below was undertaken to ensure the internal consistency and reliability of these items. The test retest and inter item correlation of

willingness are mentioned in the analysis chapter. All the seven items are measured by the likert scale from 1 to 5, whereas 1 for strongly disagree and 5 for strongly agree.

4.8.2 The Pilot Study

The basic objective of the pilot study is to measure the internal consistency of the survey instrument. This is in line with the questionnaire development procedures (Bryman & Bell, 2011). For the pilot study, 35 questionnaires were distributed to bank managers from five different private banks located in Punjab province (Pakistan). Punjab is the most populous province of Pakistan. According to 1998 census, the population of the province is 7, 25, 85,000 almost 50 % of the total population of the country. The literacy ratio is 46.56 % again the highest among the provinces. Finally, more than 50% of private bank branches are located in the Punjab province. Before giving out the questionnaire, the researcher explained the purpose of this pilot study. Out of 35 questionnaires, 20 questionnaires were collected and all the respondents found the questionnaire easy to complete in an appropriate time span of an average of 20 minutes, further there were no major observations requiring change to the questionnaire thus establishing the ecological validity of the instrument (Bryman & Bell, 2011).

Based on a few suggestions the wordings of the items were changed to include the words “HR professionals in our bank”. The amended altered items are shown in Table 4.14.

Table 4.14:
Description of amended items after pilot study

Question Number	Old Questions	New Questions
1.	They are active towards his career growth.	HR professionals in our bank are positive towards their own career growth.
5.	They are aware of their strengths in developing people within our bank.	HR professionals in our bank have shown their ability to facilitate the implementation of improvement strategies in the bank.

The next step is to run the internal consistency analysis using Cronbach alpha. Reliability refers to the consistency of a measure of a concept and the validity refers to the issue of whether or not an indicator or indicators that are planned to test for the concept really measure that concept (Bryman & Bell, 2011). Measurement gives a consistent yardstick for making such distinctions. According to Sekaran (2005), reliability is an indication of stability and consistency with which the instruments measure the concepts and ensures the goodness of the measures. Smith et al. (2009) also argued that reliability is important because it assesses how far each questionnaire can be relied upon to produce the same result for each occasion that it is used. Results of the analysis are presented in Table 4.15 which shows the summary of the reliability statistics of each construct used in the major study for this thesis. The generally agreed Cronbach's alpha is 0.60 as an acceptable reliability coefficient (Sekaran, 2005). It was found (Table 4.15) that the overall Cronbach Alpha of the instrument is 0.985 and the entire scale variables used in the research instrument are acceptable within acceptable limits.

Table 4.15

Summary of Reliability Statistics of all Variables (Cronbach's Alpha)

Sr. No.	Variables	Cronbach's	No of Items
1	HR Professionals' Effectiveness	0.935	11
2	Credible Activist	0.853	09
3	Talent Manager/Organization Designer	0.889	10
4	Culture & Change Steward	0.940	08
5	Strategy Architect	0.964	12
6	Business Ally	0.889	11
7	Operational Executor	0.898	08
8	HR Professionals' Willingness	0.942	07
9	Organizational Support	0.898	10
Overall Cronbach Alpha		0.985	86

As all the constructs and their associated items in this study have been designed according to the relevant literature thus the proposed survey instrument has fulfilled the basic requirement of a valid instrument (based on the appropriate Cronbach alpha value).

4.8.3 Data Collection

Punch (2010) stated that quantitative research is an empirical research where the data are in the form of numbers. The data collected was cross sectional and involved a survey instrument using Likert Scale for its various constructs. However, descriptive data is also collected regarding the respondents and their organization.

The researcher started data collection for this present study by distributing questionnaires to individual manager with whom the researcher had contacts and they formed the first tier of Snowballing references. These individuals from various banks were provided with an official introductory letter from the College of Business, Universiti Utara Malaysia (UUM) along with a cover letter explaining the purpose of

the study. The cover letter attached with the survey questionnaires specifically informed the individual managers that this survey is significant for the purpose of academic research and any data collected will be treated with strict confidence. This is in keeping with ethical guidelines and in the event of collecting any potentially sensitive data with regard to firm operations.

As mentioned earlier the researcher aimed to follow the snowballing approach to widen the data collection base and it entailed delivery of questionnaires to a wider circle of potential respondents than could be possible using convenience sampling. Smith *et al.* (2009) stated that Snowball Sampling starts with someone who meets the criteria for inclusion in a study who is then requested to name others who would also be eligible for that particular survey. Similarly, Bryman and Bell (2011) state that the researcher makes initial contact with a small group of people who were relevant to the research topic and then uses these to establish more contacts. This approach works well for research which involves tapping into networks whose membership is confidential.

The researcher had requested his colleagues who have very good relation with the high banking officials (e.g. Regional Heads, Vice Presidents and Deputy General Managers) for the initial introduction. In this way the researcher was able to establish initial contacts with relevant senior managers in the corporate offices of the different banks. These contacts were then used for further snowballing. The researcher personally distributed the survey document to the bank managers and briefly explained the purpose of the survey. It was researcher's personal observation that personal distribution of the questionnaires creates sense of importance of the research

in the mind of the respondents. As a token of appreciation for their contribution to the research and data collecting effort they were also given a souvenir of the university. Given this approach the researcher was able to get the list of further contacts who were there approached in an ever widening circle and 370 survey documents were finally distributed. All the contacted respondents were provided with, not only the introductory letter of the College of Business, UUM (mentioned earlier) but also the cover letter, the survey instrument and a self addressed envelope to facilitate the respondents in sending back the completed questionnaire. To increase response, the researcher kept a direct contact with the initial contacts and snowballed references to ensure that the completed survey documents could be received back within an approximate period of two months.

The researcher maintained a notebook during the data collection period. In this notebook the researcher noted the respondents' name, contact number, date the references and the number of questionnaires sent and the number of questionnaires received from them. To complete the data collection process the researcher had spent about three months beginning from January, 2012 to March, 2012.

4.9 Data Progressing and Analysis

Data from the survey questionnaire was coded, recorded and analyzed using Statistical Package for Social Science (SPSS) latest version. Punch (2010) argued that SPSS can read data in almost any format (e.g. numeric, dollar, alphanumeric etc.). In order to examine the hypotheses of the constructs developed on the basis of literature review different analyses procedure have been employed. First of all

normality of the response variable was examined, upon the results of normality test further analyses were employed. Current with material on normality of the data using Kolmogorov-Smirnov (K-S) test was employed. The use of K-S test helped the researcher in getting the contextual verification for the constructs of this study. Moreover, Skewness and Kurtosis test were also employed to establish normality of the data and the results are mentioned in the next chapter.

4.9.1 Statistical Analysis

Descriptive statistics were used to capture the respondents' profile, which includes mean score and standard deviation of each item. Moreover, demographic data were also presented in a compressive manner by using frequency computation and were presented in the form of tables. The correlation and multiple regressions are statistical techniques that allow the researchers to know about relationship and the impact on dependent variable of more than one independent variable (Hair et al., 2011). The Pearson correlation was employed to examine the relationship of the independent and dependent variables; since the focus of this technique is to analyze the significant relationships between the variables hence correlation test was employed for testing H1, H2, and H3. The moderating variable was analyzed through hierarchical moderated regression as suggested by Cohen and Cohen (1983) hence H4 was examined through this technique. Lastly, the overall impact of the independent variables on dependent variable was examined by applying regression analysis.

4.9.2 The Choice between Structural Equation Model (SEM) and SPSS in Data Analysis

The SEM has been widely discussed among quantitative researchers as an effective tool for analyzing complex relationships between variables (Fox, 2006; Kenny & McCoach, 2003; Reisinger & Mavondo, 2007). The researcher had analyzed its capabilities and found that the data in the study were not that complex as to warrant the use of the SEM tool. The usual multiple regression and multiple correlation tools (through the SPSS software) were deemed as adequate to handle the data analysis for this study.

4.10 Summary

This chapter has thoroughly described and argued the research methodology of the study which includes the measurement of variables, survey instrument, sample and sampling techniques, data collection procedures, and method of data analysis. It is also described the process of checking the reliability of the survey instrument through pilot study conducted prior to the actual data collection. The results of the analysis through different statistical tests are presented in the next chapter.

CHAPTER 5

FINDINGS

5.1 Introduction

The previous chapter thoroughly described the research methodology of the study. It also explained the process of checking the reliability of the instrument through pilot study conducted prior to actual data collection. Sampling frame and sampling size are also explained in detail. Furthermore, data was collected through snowballing sampling technique. In the end data processing and analysis are also explained including the statistical technique to be used to test the study hypotheses.

This chapter presents the results of the data analysis of the study. SPSS latest version is used to analyze the data. The chapter begins with brief discussion of the respondents' profile of the study. The descriptive statistics particularly means, standard deviations, and inter-correlations among the study constructs are also reported in this chapter. Finally, results of multivariate data analysis is reported, which test the hypotheses posited in this study.

5.2 Preparing the Data

In the methodology chapter, the sample size for the present study was as indicated 370 respondents. Data was collected from the private banks in Pakistan. The data for all constructs used in this study was obtained through self-administered questionnaires. As mentioned earlier the researcher followed the snowballing

approach to widen the data collection base and it entailed delivery of questionnaires to a number of focal persons within the various banks, who have further contacts thus enabling a growing and widening circle of respondents than could be possible using convenience sampling. The researcher started data collection for this present study by distributing questionnaires to individual manager with whom the researcher had contacts and they form the first tier of Snowballing references. Individuals from various banks were provided with an official introductory letter from the College of Business, Universiti Utara Malaysia (UUM) along with a cover letter explaining the purpose of the study. The cover letter attached with the survey questionnaires specifically informs the individual managers that this survey is significant for the purpose of academic research and any data collected will be treated with strict confidence.

5.3 Response Rate of the Study

A response rate is widely defined as a percentage of the initial selected sample for inclusion in the study (Sitzia & Wood, 1998). According to Biemer and Lyberg (2003), the response rates are generally considered to be the most widely compared statistic for considering the quality of surveys in social science research. Therefore, the response rate must be maximized to indicate representativeness of the population in order to generalize the study findings.

In all, a total of 370 survey questionnaires were distributed to the respondents during the period of January to April, 2012. Finally, 187 filled up questionnaires were received back. As a first step after the responses were received, the questionnaires

were subjected to direct observation and screening to observe if any questionnaire has anomaly/irregularity or inconsistency. It was found that four questionnaires were incomplete (see table 5.1 for summary). These were taken out of the total workable responses. In detecting the multivariate outliers the Mahalanobis distance measure was utilized. Based on the output of SPSS, the Mahalanobis distance of all the cases ranged between 0.923 and 31.822. When comparing these values to the Chi Square value with & degree of freedom at the 0.001 level of significance, only three values were higher than 26.124 with leverage values lower than 0.5. These results indicated the less influential power of these outliers (Hair et al., 2011) thus they were retained for further analysis. The relevant tables are attached as Appendix 2.

Table 5.1
Summary of the Response Rates

	N (Managers)	Percentage (%)
Distributed Questionnaires	370	100
Returned Questionnaire	187	50.5
Unusable Questionnaires	04	1.08
Response Rate	183	49.4

5.4 Normality of the Data

According to Field (2009), normality is a significant issue to be examined during data analysis because most statistical tests require normal data distributions. Several scholars including Hair, Black, Babin, Anderson, Tatham (2006) and Field (2009) suggested that normality of the data can be confirmed by calculating the Skewness and Kurtosis rating. Generally Kurtosis gauges the degree to which scores cluster in the tails of a distribution while Skewness is a measure of the asymmetry of distribution (Hair et al., 2006). Further according to scholars the data is assumed to be normally distributed if the Skewness and Kurtiosis rating are within +2 to -2

(Field, 2009; Hair et. al., 2006). In this study the cut off rate of all the constructs of Skewness (0.117) and Kurtosis (.679) (see Table 5.2) were normally distributed because both Skewness and Kurtosis ratings are within +2 to -2 range (Tabachnick & Fidell, 2007).

Table 5.2
Tests of Normality

	Kolmogorov-Smirnov ^a				
	Statistics	Df	Sig.	Skewness	Kurtosis
Studentized Residual	.044	183	.200*	.117	.679

Before undertaking the statistical test which is based on the assumption of normality it is recommended to run Kolmogoroy-Smirnov (K-S) test to further check the distribution of the relevant variables (Diamantopoulos and Schlegelmilch, 1997). In Table 5.2 the result reports the 2-tailed sample test of 0.2 confirming the multivariate normality assumption required for regression analysis. Which exceeds the cut off level of 0.05 for non normality suggesting that the data follows a normal distribution. The relevant tables are attached as Appendix 3.

5.5 Test Re-Test of HR Professionals’ Willingness

The development of willingness construct comprised of three steps. In step one, the willingness items were generated and listed down which were drawn from literature (as mentioned in the chapter 4). In step two, the issue of face and content validity and reliability of the willingness construct items were presented to three academicians and

two practitioners. In step three, pilot study was conducted and based on the pilot study few suggestion regarding wordings of the items were changed (see Table 4.14).

The stability and internal consistency of an instrument or construct can be determined using test-retest and inter-item analysis (Cavana, Delahaye & Sekaran, 2005). The test-retest of determining reliability involves administering the same scale to the respondents as two separate times to test for stability. The purpose of pre-testing a questionnaire is to refine the research instrument to make sure it has measurement items that cover all aspects of the variable (Cavana et al., 2001; Zikmund et al., 2010).

Table 5.3
Test Re-Test of HR Professionals' Willingness

Items	Test Mean	Re-test Mean	Correlation	p-value T-test
HRPW1	3.38	3.25	0.938	0.315
HRPW2	2.87	2.95	0.909	0.246
HRPW3	3.09	3.22	0.928	0.489
HRPW4	2.97	3.05	0.943	0.425
HRPW5	3.21	3.08	0.908	0.219
HRPW6	3.13	3.02	0.94	0.337
HRPW7	3.30	3.13	0.91	0.15

In the above Table 5.3 the Re-test Mean score of all the items of willingness are more or less the same. The correlations among all the items are very high. P-value of t test means to test whether both (pre-post) responses are same or different. In this case all *p* - values are greater than 0.05 it means both responses are same.

Table 5.4:
Inter Items Reliability Analysis of HR Professionals' Willingness

No. of Items	Independent Variable	Cronbach's Alpha	Overall Cronbach Alpha of (HRPW)
1.	Positive their own career growth	.943	.944
2.	Self motivated	.937	
3.	Willing to develop people	.935	
4.	Desire to contribute	.935	

5.	Facilitate the implementation of strategies	.933
6.	Attitude to perform effectively	.933
7.	Willingness to contribute knowledge	.932

In the Table 5.4 the reliability of the HR professionals’ willingness has been measured using Cronbach’s Alpha (a measure of internal consistency) which refers to the degree of correlation among seven items. In this case the range of Cronbach’s Alpha are .932 to .943, which shows that there is strong Inter-item correlation among the seven items and the overall Cronbach’s Alpha of HR professionals’ willingness is .944. The generally agreed upon lower limit for Cronbach’s Alpha is 0.60 in exploratory research (Sekaran, 2005).

5.6 Respondent Profile for the Study

This section describes the demographics of the respondents who participated in this study. The individual characteristics of the respondents such as designation, bank, educational qualification, age, gender and years working in the banking sector are presented in the Table 5.5.

Table 5.5
Profile of the Respondents

Variables	Category	Frequency	Percentage
Designation	Branch Manager	71	38.8
	Operations Managers	62	33.9
	Customer Relations Manager	18	9.8
	Credit Manager	20	10.9
	All Others	12	6.6
Bank Name	Habib Bank Limited	30	16.4
	United Bank Limited	40	21.9
	Allied Bank Limited	35	19.1
	Muslim Commercial Bank	47	25.7
	Bank Al Habib	31	16.9

Highest Qualification	MS/M. Phil	6	3.3
	Masters	147	80.3
	Bachelor	30	16.4
Age	Less than 30 Years	36	19.7
	30-40 Years	79	43.2
	41-50 Years	41	22.4
	More than 50 Years	27	14.8
Years Working in the Banking Sector	1-3 Years	23	12.6
	4-6 Years	34	18.6
	7-10 Years	44	24.0
	11-15 Years	29	15.8
	More than 15 Years	53	29.0
Gender	Male	141	77.0
	Female	42	23.0

As can be seen from Table 5.5, all respondents were full time employees of the private banks in Pakistan and they generally hold managerial position in the banks. Those who are not serving in the managerial position were not include in this study. Managerial position was of significant importance in choice of respondent. This was explained to the focal person during the snowballing process of data collection, and that the respondents need to be well versed with HR polices and should regularly interact with other employees in the process of implementation of the policies along with receiving feedback. Others who are not aware of the practices will not be in a position to be informed of the overall effectiveness of specific decisions across employees of their banks. Most of the respondents (38.8 %) were branch managers, responsible for managing the day to day affairs in their branches and are generally supported by operations managers (33.9 %) who also operate in branches and generally hold the number 2 position in the branch.

Customer relation managers as well as credit managers accounted for 20.7 % of the respondents. As can be observed there was another category 'All others' which

include managers responsible for information technology services as well as manager legal affairs. Muslim Commercial Bank had the highest (25.7 %) participation in this survey. United Bank was the second highest (21.9 %) participating bank while Allied Bank, Bank Al-Habib and Habib Bank had 19.1 %, 16.9 % and 16.4 % participation respectively. With respect to the respondent age, majority, (62.9 % of the respondents) was 40 or below 40 years of age while those between 40 to 50 years of age were 22.4 % and the senior respondents those above 50 years were 14.8 %. The Table 5.5 also showed that 55.2 % respondents had 1 to 10 years work experience in the banking sector and 29 % have served for more than 15 years while those between 11 to 15 years work experience were 15.8 %. This provides prima facie evidence that most of them were well versed with the practices in their respective branch. As far as educational qualifications were concerned, almost 80.3 % of the respondents had a Master' degree while the remaining 16.4 % and 3.3 % held Bachelor and MS/M. Phil degrees respectively. This reflected that highly educated respondent participated in this survey. Where gender participation was concern, 77 % of the respondents were male while 23 % were female respondents showing a good mix of gender contribution in the survey.

5.7 Descriptive Analysis of the Variables

In order to understand the dispersion of perceptions of the sampled managers regarding the various sub constructs of HR professional competencies and their effectiveness, means and standard deviation were calculated. The constructs were measured on a five point Likert scale of 1 – 5, where 1 represents “Strongly Disagree” and 5 “Strongly Agree”. In this regard, any scores that are below the midpoint (3.00)

can be considered as low with regard to the how respondents have evaluated the HR competencies, willingness and their effectiveness. Mean scores between 3.00 to 3.50 can be seen as indication of moderate level, and the mean scores above 4.00 can be considered as an indication of the strong presence of competency and effectiveness. The results are presented in Table 5.6.

Table 5.6
Descriptive Statistics of all the Variables

Constructs	N	Mean	Standard Deviation
HR Professionals' Effectiveness (HRPE)	183	2.80	.918
Credible Activist (CA)	183	2.99	.716
Talent Manager Organization Designer (TMOD)	183	3.03	.753
Culture and Change Steward (CCS)	183	3.04	.784
Strategic Architect (SA)	183	2.89	.827
Business Ally (BA)	183	2.98	.891
Operational Executor (OE)	183	3.25	.766
HR Professionals' Willingness (HRPW)	183	3.05	.949
Organizational Support (OS)	183	3.15	.978
Valid N (List-wise)			

The results shows that most mean scores for the sub constructs of interest are below the desired score 3.0. In other words except for TMOD, CCS, OE, HRPW and OS all other sub constructs as well as HRPE score below this level and therefore indicate a deficiency in competencies as well as the effectiveness of the HR professional as perceived by sampled line managers of the banks. The respondents, as indicated earlier, show that they consider TMOD, CCS, OE, HRPW and OS to be of a moderate standard where these scores are just higher than the 3.0 level. As far as dependent variable is concern, it is to be noted that the mean value of HR professionals' effectiveness is also less than the mid point average (2.80). The statistics significance of these perceptions about the competencies and effectiveness of the HR

professionals', as perceived by the line managers of the sampled banks is also to be noted.

5.8 Inter-Item Correlation

Inter-item correlation is an important component of item analysis and is produced by checking items in the scale with every other item. According to Hinkin (1998), every item needs to address a single issue and item should be clear and easy to be understood by the target population. This matrix provides important information about the internal consistency and what could be done to improve it. Ideally each item should be correlated highly with other items measuring the same construct. Items that do not correlate with the other items measuring the same construct can be dropped without reducing the test's reliability. Appendix 6 displays the correlation of each item in the corresponding construct with every other item in the same construct. The relevant statistics 'r' in this case ranges between 0.305 to 0.870, which shows that there is Inter-item correlation among all the items except item number 09 & 10. These are below the cut off value of 0.30. If the item total correlation is negative or too low (less than 0.3), it is wise to examine the item for wording problem and conceptual fit. One can modify or delete such items. In case of deleting result it may only bring a minor difference in the alpha calculation because alpha is based on the number of items in the construct as well as their average inter-correlations (Leech, Barrett & Morgan, 2011). In this case the researcher decided to withdraw items number 09 & 10 from inter-item correlation matrix of organizational support. The tables are attached as Appendix 4.

5.9 Reliability Analysis

According to Straub, Boudreau & Gefen (2004), reliability measures the degree of correlation between items within an individual construct. Smith, Thorpe and Jackson (2009) argue that reliability is important because it assesses how far each item can be relied upon to produce the same result for each occasion that it is used. There are number of ways by which reliability using Cronbach's Alpha (Cronbach, 1989; Hinkin, 1998) can be calculated. For this study, the researcher used the traditional standard of Cronbach's Alpha for internal consistency. Cronbach's Alpha is basically an estimate for the reliability based on the indicator inter correlations (Henseler, Ringle, & Sinkovics, 2009). In addition to this, Cronbach's Alpha assumes that all indicators are equally reliable. Several scholars including Chin, Diehl and Norman (1988) and Werts, Linn and Jöreskog (1974) suggest to review composite reliability as well as Cronbach's Alpha regardless of the type of reliability coefficient used. An internal consistency reliability value above 0.70 is considered satisfactory (Hardin & Marcoulides, 2011; Straub *et al.*, 2004). The reliability results for various constructs are presented as attached Appendix 5.

The generally agreed Cronbach's alpha is $0.60 < \alpha < 0.95$ as an acceptable reliability coefficient (Sekaran, 2005). It is found that the Cronbach Alpha of the all the construct used in the instrument are between 0.894 to 0.953 and the entire scale variables used in the research instrument are acceptable given these limits. A summary is presented in Table 5.7.

Table 5.7
Summary of Cronbach's Alpha of all the Variables

Sr. No.	Variables	Cronbach's	No of Items
1	HR Professionals' Effectiveness	0.953	11
2	Credible Activist	0.894	09
3	Talent Manager/Organization Designer	0.907	10
4	Culture & Change Steward	0.912	08
5	Strategy Architect	0.947	12
6	Business Ally	0.942	11
7	Operational Executor	0.903	08
8	HR Professionals' Willingness	0.944	07
9	Organizational Support	0.941	08

5.10 Hypotheses Testing

Prior to hypotheses testing, the correlation analysis was conducted in order to find out to what extent the constructs are related to each other. The correlation results provide some support to the hypotheses of the study. Although correlation analysis is reliable, the statistical power is low. A correlation analysis of any magnitude or sign, regardless of its statistical significance, does not indicate causal relationship (Cooper & Schindler, 2003; Zikmund, 2003; Zikmund *et al.*, 2010). In other words, correlation analysis provides no cause and effect relation.

5.11 Correlation Analysis

A correlation analysis is conducted to understand if a relationship exists between variables and variables within the constructs. According to Hair *et al.* (2006), correlation analysis describes the strength and direction of the liner relationship

between two variables / constructs. Pearson correlation is used to examine the correlation coefficient among the study constructs. Pearson's coefficient is a measurement of linear association, and this can range from -1.00 to 1.00. A correlation of '0' indicates there is no relationship at all; a correlation of 1.00 indicates a perfect positive correlation, while value of -1.00 indicates a perfect negative correlation. Cohen (1988) provides a guide in the interpretation of the strength of relationship between the variables. They are as follows: $r = .1$ to $.29$ or $-.1$ to $-.29$ represents 'Small' strength of relationship; $r = .3$ to $.49$ or $-.3$ to $-.49$ represents 'Medium' strength of relationship; and $r = .5$ to 1.0 or $-.5$ to -1.0 represents 'Large' strength of relationship. The correlation analysis is also used to observe multicollinearity, (Meyers, Gamst & Guarino, 2006), an issue that is relevant when regression analysis is run. Multicollinearity increases the variance of regressed coefficients, and tends to reduce the validity of the regression equation. The simplest means to identify collinearity is by examining the correlation matrix for the independent variables. A correlation of .90 and above shows a cause for concern for multicollinearity between variables (Hair *et al.*, 1995; Pallant, 2007).

For the present study, the correlation was run in two waves. These are reported in Table 5.8a and 5.8b. In the first wave the Correlation was run using the dependent variable (HRPE) and the sub constructs (credible activist, talent manager/organization designer and culture and change steward) of HR Social Competencies (HRSC) as well as HR Technical competencies (HRTC) (strategic architect, business ally and operational executor) as independent variables. In the 2nd wave all the independent variables as constructs and sub constructs of HRSC, HRTC, HR Professionals' Willingness, Organizational Support and dependent variable HR Professionals'

effectiveness was run and the results are reported in Table 5.9. The significance in all cases is reported at $p < .001$ level. It can be observed that all relevant Correlation between sub constructs and the dependent variable are below the upper cut off range of 0.90 which will be germane to the regression analysis results reported later. Some correlation between the sub constructs and the associated constructs breach the 0.90 level. However, this is to be expected as the sub constructs are internally constructed to be representative of the construct.

Table 5.8a
Correlation Analysis of the HR Social Competencies with HP Professionals' Effectiveness

	Constructs	HRPE	CA	TMOD	CCS	HRSC
Dependent Variable	HR Professionals' Effectiveness (HRPE)	1				
	Credible Activist (CA)	.819**	1			
	Talent Manager Organization Designer (TMOD)	.760**	.734**	1		
Independent Variables	Culture and Change Steward (CCS)	.730**	.675**	.796**	1	
	HR Social Competencies (HRSC)	.847**	.881**	.938**	.903**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5.8b
Correlation Analysis of HR Technical Competencies with HR Professionals' Effectiveness

	Constructs	HRPE	SA	BA	OE	HRTC
Dependent Variable	H R Professionals' Effectiveness (HRPE)	1				
	Strategic Architect (SA)	.781**	1			
	Business Ally (BA)	.740**	.838**	1		
Independent Variables	Operational Executor (OE)	.581**	.556**	.582**	1	
	HR Technical Competencies (HRTC)	.804**	.934**	.994**	.752**	1

** . Correlation is significant at the 0.01 level (2-tailed).

All the independent variables as constructs and sub constructs of HRSC, HRTC, HR Professionals' Willingness, Organizational Support and dependent variable HR Professionals' Effectiveness was run and the results are reported in Table 5.9. It shows all the correlations among the constructs included in this study.

Table 5.9

Correlation Analysis for all the Variables of the Study

Constructs		HRPE	CA	TMOD	CCS	HRSC	SA	BA	OE	HRTC	Willingness	OS
Dependent Variable	HRPE	1										
	CA	.819**	1									
	TMOD	.760**	.734**	1								
	CCS	.730**	.675**	.796**	1							
Independent Variables	HRSC	.847**	.881**	.938**	.903**	1						
	SA	.781**	.699**	.725**	.781**	.808**	1					
	BA	.740**	.696**	.694**	.723**	.774**	.838**	1				
	OE	.581**	.637**	.648**	.610**	.697**	.556**	.582**	1			
	HRTC	.804**	.765**	.779**	.805**	.861**	.934**	.940**	.752**	1		
Moderating Variable	Willingness	.777**	.755**	.692**	.673**	.777**	.762**	.783**	.693**	.844**	1	
	OS	.734**	.674**	.642**	.614**	.708**	.676**	.743**	.572**	.758**	.7816**	1

** . Correlation is significant at the 0.01 level (2-tailed).

5.12 Regression Analysis

5.12.1 Testing the Normality of the Error Terms

The normality assumption of the error terms was examined through the normal probability plots of the residuals. The histogram and the normality probability plot (P-P Plots) of the standardized residual was the tool based on which normality was confirmed. The results showed that the behavior of the data distribution did not deviate substantially from the associated normal curve. Thus, it can be concluded that the data approximately followed normal distribution. The assumption of normality was also confirmed by examining both P-P and Q-Q plot. The two plots showed that the data lie on the straight lines in both graphs indicating that the data was approximately normality distributed as shown in Appendix 6.

5.12.2 Hypotheses Testing

This section will present the results of the test of the hypotheses proposed earlier in Chapter 2 of this thesis and are being reproduced below. Hypotheses 1 to 4 along with their sub hypothesis require regression analysis. This analysis will include the analysis of the impact of the various independent variables such as HR Professionals' Social Competencies (HRSC) and its sub constructs namely (Credible Activist, Talent Manager/Organization Designer, Culture and Change Steward); HR Professionals' Technical Competencies (HRTC) and its sub constructs namely; (Strategic Architect, Business Ally, and Operational Executor) and HR Professionals' Willingness on the dependent variable HR Professionals' Effectiveness (HRPE) as defined in the study.

Hypothesis 1: HR Professionals' Social Competencies have a positive effect on HR Professionals' effectiveness as perceived by line managers.

H1a: Credible activist competency has a positive effect on HR Professionals' effectiveness as perceived by line managers.

H1b: Talent manager/organization designer competency has a positive effect on HR professionals' effectiveness as perceived by line managers.

H1c: Culture and Change Steward Competency has a positive effect on HR professionals' effectiveness as perceived by line managers.

To test the first hypothesis a simple regression was run, using HRSC as independent variable and HRPE as dependent variable. It is to be noticed that HRSC and HRPE constructs are represented by the mean values of the HRSC's sub constructs of CA, TMOD and CCS.

The result of the regression is shown in Table 5.10.

Table 5.10
Regression Analysis of HR Social Competencies

Independent Variables	Model of Summary				Regression Co-efficient		ANOVA		
	R	R ²	Adjusted R ²	Durbin Watson	Standardized Coefficient β	t	Sig.	F	Sig.
Model-1									
HR Social Competencies (HRSC)	.847	.717	.715	1.889	.847	21.406	.000*	458.238	.000*

Dependent Variable: HR professionals' effectiveness (HRPE)

*Significant at p < .001

The ANOVA analysis provides the statistical coefficient for the overall model fit in terms of F ratio. The total sum of squares 153.573 is the squared error that would occur if we used only the mean of Y to predict the dependent variable. Using HRSC reduces this error by 71 % ($110.089 \div 153.573$) this reduction is deemed statistically significant with an F ratio of 458.7238 and at a significance level of 0.000*. The complete working Table of regression analysis is attached in Appendix 7.

R square (R^2) is the correlation coefficient squared which is referred to as the coefficient of determination. The model using Adjusted R^2 fit for the expression, $Y = a + bx + e$ where y = the HRPE and X is the HRSC is 0.71 with significance at $p < .001$ level. This indicates that 71% of the any variation in HR professionals' effectiveness (HRPE) is explained by HRSC. Durbin Watson, an indicator of auto correlation reported 1.889, which is within the limits of 1.75 – 2.5 (Canjels, 2002) and suggests that there is no auto correlation or serial correlation within the sub constructs of HRSC. The standardized coefficient β reflect the change in the dependent measure for each unit change in the independent variable. Comparison between regression coefficients allows for a relative assessment of each variable's importance in the regression model (Hair et al., 2006). Further the β (Beta) value which is the indicator of the impact of the independent on the dependent, in this case HRSC on HRPE, is of the order of 0.847 with significance at $p < .000$. Given the above data we fail to reject the Hypothesis 1 as the results extends support for the relationship envisaged in the hypothesis and that is HRSC has a positive and significant impact on HRPE.

To test the above mentioned sub hypotheses H1a to H1c, further multiple regression analysis is undertaken where HR professionals' effectiveness (HRPE) is the dependent and the sub constructs of HRSC as defined by Credible Activist (CA),

Talent Manager/Organization Designer (TMOD) and Culture and Change Steward (CCS) as the independent variables. The results of the regression are reported in Table 5.10a and 5.10b.

Table 5.10a
Model Statistics Sub Constructs of HR Social Competencies

Independent Variables	Model of Summary			ANOVA	
	R ²	Adjusted R ²	Durbin Watson	F	Sig.
Credible Activist (CA)					
Talent Manager Organization Designer (TMOD)	.741	.736	1.828	170.393	.000*
Culture and Change Steward (CCS)					
Predictors: (Constant), CA, TMOD and CCS					
Dependent Variable: HR Professional Effectiveness (HRPE)					
*Significant at p < .001					

Table 5.10b
Regression Analysis of Sub Constructs of HR Social Competencies

Independent Variables	Regression Co-efficient				Collinearity Statistics	
	Unstandardized Coefficient B	B		Sig.	Tolerance	VIF
		Standardized Coefficient β	T			
Model-1						
(Constant)	14.423		-4.561	.000		
Credible Activist (CA)	.671	.523	9.098	.000*	.438	2.282
Talent Manager Organization Designer (TMOD)	.254	.208	2.974	.003*	.296	3.381
Culture and Change Steward (CCS)	.247	.211	3.277	.001*	.349	2.865
Dependent Variable: HR professionals' effectiveness (HRPE)						
*Significant at p < .001						

In Table 5.10a the adjusted R² is 0.741 for the multiple regression model. This indicates that 74 % of the variation in dependent variable HRPE is explained by the sub constructs of HRSC (CA, TMOD and CCS). With Durbin Watson at 1.828 there is no auto correlation, which indicates that the model is devoid of any serial correlation (Canjels, 2002) between the independent variables.

An important assumption underlying multiple regression analysis is that there should be no exact collinearity should exist between two independent variables, and this is referred to as multicollinearity (Hair et al., 2011). Since multicollinearity is considered an issue in multiple regression analysis where inter variable auto correlation could lead to distorted regression statistics, it is considered important to check for collinearity statistics. ‘Variance Inflation Factor’ (VIF) and Tolerance values can be used to measure the existence of multicollinearity. The Tolerance values usually ranges from 0 to 1, where the value of 0 indicates constructs are perfectly correlated, and 1 indicates constructs are not correlated. For variance inflation factor (VIF), any value of the construct that is less than 10 indicates multicollinearity is not a problem. It is generally believed that any VIF value exceeds 10 and tolerance values less than 0.10 indicates a potential problem of multicollinearity (Hair et al., 2006). Table 5.10b shows that all the values of VIF of sub constructs HRSC fall between 2.2 to 3.3, which is less than the threshold point as suggested by Hair et al. (2006), while the ‘Tolerance’ values of all the sub constructs of HRSC also fall within the range of 0.29 to 0.43, which meets the criteria for non existence of multicollinearity within the constructs of HRSC. This is also borne by the earlier reported correlation matrix, where all correlations are below the upper cut off level of 0.90.

The result of regression analysis showed in Table 5.10b is that the standardized regression weight within a regression equation for each predictor represents the individual contribution of the construct (Green & Salkind, 2008). Among the three sub constructs of the HRSC used in the study, CA is the highest with $\beta = 0.671$ ($p < .000$) value followed by TMOD $\beta = 0.254$ ($p < .003$) and CCS $\beta = 0.247$ ($p < .001$)

respectively. In other words it is evident that ‘Credible Activist’ is the most significant factor within the HRSC construct that affects or will affect the HR professionals’ effectiveness. The significance of this finding will be further delineated in the discussion chapter.

The second sets of hypotheses are:

Hypothesis 2: HR professionals’ technical competencies have an effect on HR professionals’ effectiveness as perceived by line managers.

- H2a: Strategy architect competency has a positive effect on HR professionals’ effectiveness as perceived by line managers.
- H2b: Business ally competency has a positive effect on HR Professionals’ effectiveness as perceived by line managers.
- H2c: Operational executor competency has a positive effect on HR professionals’ effectiveness as perceived by line managers.

The above hypotheses also required simple and multiple regression formats to test them. The results are presented in Table 5.11, 5.11a and 5.11b. The first hypothesis aims to test the impact of HRTC (independent variable) on HRPE (dependent variable).

Table 5.11
Regression Analysis of HR Technical Competencies

Independent Variables	Model of Summary				Regression Co-efficient			ANOVA	
	Model-1		Adjusted R ²	Durbin Watson	Standardized Coefficient β	t	Sig.	F	Sig.
	R	R ²							
HR Technical Competencies (HRTC)	.804	.647	.645	2.025	.804	18.217	.000*	331.876	.000*

Dependent Variable: HR Professionals Effectiveness (HRPE)

*Significant at p < .001

The Table 5.11 reports the regression statistics including model fit and the beta values with their relative significance. The model fit statistics shows that adjusted R^2 for the model is $R^2=0.64$ with significance at $p<.001$ level. This indicates that 64% of the any variation in HR professional effectiveness (HRPE) is explained by HRTC. Durbin Watson an indicator of auto correlation reports 2.025, which is within the limits of 1.75 – 2.5 (Canjels, 2002) suggesting no auto correlation. Further the β co-efficient which is the indicator of the impact on the independent on the dependent, in this case HRTC on HRPE is of the order of 0.804 (standardized β) at $p<.000$. Given the above data we also fail to reject the hypothesis 2 as the results extends support for the relationship in this hypothesis and that is HRTC has a positive and significant impact on HR professionals’ effectiveness.

Table 5.11a
Model Statistics of Sub Constructs of HR Technical Competencies

Independent Variables	Model of Summary			ANOVA	
	R^2	Adjusted R^2	Durbin Watson	F	Sig.
Strategic Architect (SA) Business Ally (BA) Operational Executor (OE)	.655	.649	2.057	113.033	.000*
Predictors: (Constant), SA, BA, OE					
Dependent Variable: HR professionals’ effectiveness (HRPE)					
*Significant at $p < .001$					

Table 5.11b
Regression Analysis of Sub Constructs of HR Technical Competencies

Independent Variables	Regression Co-efficient				Collinearity Statistics	
	Unstandardized Coefficient	Standardized Coefficient	T	Sig.	Tolerance	VIF
	B	β				
Model-1						
(Constant)	-3.540		-881	.380		
Strategic Architect (SA)	.554	.500	6.128	.000*	.290	3.444
Business Ally (BA)	.226	.219	2.627	.009*	.278	3.601
Operational Executor (OE)	.211	.176	3.218	.002*	.646	1.549
Dependent Variable: HR professionals’ effectiveness (HRPE)						

*Significant at $p < .001$

The ANOVA Model suggests that the model has a good fit. The complete table is attached in Appendix 8.

In Table 5.11a the result of $R^2 = 0.655$ for the model indicates that 65% of the variation in dependent variable HRPE is explained by the sub constructs of HRTC (SA, BA and OE) when construed as the independent variables. The regression model also indicates that there is a significant influence of all sub constructs of HRTC on the HRPE (dependent variable). Further, as applicable in earlier cases Durbin Watson at 2.057 is within the limits of 1.75 – 2.5 and suggest no auto correlation. The standardized regression weight within a regression equation represents the individual contribution of the sub construct to the variation caused in the dependent variable (Green & Salkind, 2008). Among the three sub constructs of the HRTC used in the study, SA is the highest with $\beta = 0.554$ followed by BA $\beta = 0.226$ and OE $\beta = 0.211$ at a significance level $p < .000^*$, $.009^*$ and $.002^*$ respectively. Standardized co-efficient β value, also indicates that Strategic Architect is the most important sub construct in HRTC related to HR professionals' effectiveness. Given the above data we again fail to reject a hypothesis 2 where once again the results extend support to the proposition that HRTC and its sub constructs have a significant and positive impact on the HR professionals' effectiveness.

As done earlier, the issue of multicollinearity was resolved by reviewing the statistics for VIF and Tolerance. Table 5.11b indicates that VIF 1.5 to 3.6 and Tolerance values of 0.27 to 0.64 all indicate that they are well within the cut off levels specified for presence of multicollinearity. In other words in this case also the equation does

not show any collinearity issue in the equation which reaffirms the Durbin Watson statistics reported earlier.

The third hypothesis incorporates the impact of Willingness as an independent variable on HR professionals’ effectiveness.

The third hypothesis is reproduced below;

Hypothesis 3: HR professionals’ willingness is related to HR professionals’ effectiveness as perceived by line managers.

Table 5.12
Regression Analysis of HR Professionals’ Willingness

Independent Variables	Model of Summary				Regression Co-efficient			ANOVA	
Model-1	R	R ²	Adjusted R ²	Durbin Watson	Standardized Coefficient β	T	Sig.	F	Sig.
HR professional' Willingness (HRPW)	.777	.604	.602	1.926	.777	16.629	.000*	276.522	.000*

Dependent Variable: HR professionals’ effectiveness (HRPE)

* Significant at < .001

The ANOVA Model suggests that the model has a good fit. The complete table is attached in Appendix 9.

The model fit statistics shows in Table 5.12 that adjusted R² for the model of the regression, Y = a + bx where y = the HRPE and X is the HRPW is R²=0.604 with significance at p<.001 level. This indicates that 60 % of the any variation in HR professional effectiveness (HRPE) is explained by HRPW. The regression model indicates that HR professional willingness has an impact on the HR professional effectiveness. Further the β co-efficient which is the indicator of the impact on the

independent on the dependent, in this case HRSC on HRPE is of the order of unstandardized 0.777 with significance of ($p < .000$). Given the above data we fail to reject a hypothesis 3 as the results are again extents for willingness having a direct impact on HR professionals' effectiveness.

The fourth hypothesis and its sub hypotheses are reproduced below;

Hypothesis 4: Organizational Support moderate the relationship between HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness and HR professionals' effectiveness.

Hypotheses 4 along with its sub hypothesis require regression analysis. Hypothesis No. 4 is to test the assertion that Organizational Support (OS) acts as a moderator in the relationship between HRSC, HRTC as well as HRPW with HRPE. To recapitulate, moderating variables are independent variable that affects the direction and or strength of the relation between the independent with the dependent variables. The moderator functions as a third variable and helps partition a focal independent variable into sub groups that establishes its domains of maximal effectiveness with regards to a given depended variable (Baron & Kenny, 1986).

In order to examine the significance of the moderating affects of OS, the hierarchical regression analysis were carried out as recommended by Cohen and Cohen (1983). Using the mean-centered data the model was run with OS and the seven independent variables (Model 1), with interaction terms of OS and independent variables being added later (Model 2). The researcher calculated the following F-statistic to test the null hypothesis that the coefficients of all interactions between OS and independent variables are zero (i.e., Model 2 is better than Model 1),

$$F = \frac{\frac{(RSSR - RSSU)}{q}}{\frac{RSSU}{n - k}}$$

In the above F-Statistics formulation RSSR is the residual sum of squares of the restricted regression (i.e. Model 1); while RSSU is the residual sum of squares of the unrestricted regression (i.e., Model 2); q is number of restrictions imposed and k is the total number of parameters in the model and finally n is the total number of observations. The result of the analysis is presented in Table 5.13.

Table 5.13
Summary of the organizational support results from hierarchical regression analyses

	Model 1 Unstandardized Coefficients	Sig.	Model 2 Unstandardized Coefficients	Sig.
(Constant)	-.598	.000	.192	.728
Credible Activist	.485	.000	.488	.032
Talent Manager/Organization Designer	.188	.020	-.058	.810
Culture & Change Steward	.089	.253	.249	.350
Strategy Architect	.245	.004	.703	.014
Business Ally	.035	.643	.125	.584
Operational Executor	-.101	.107	-.781	.000
Willingness	.118	.122	.130	.541
Organizational Support	.147	.014	-.195	.238
Credible Activist X Organizational Support			-.015	.834
Talent Manager/Organizational Designer X Organization Support			.016	.192
Culture & Change Steward X Organizational Support			-.046	.579
Strategy Architect X Organizational Support			-.159	.065
Business Ally X Organizational Support			-.040	.564

Operational Executor X Organizational Support		.242	.000
Willingness X Organizational Support		-.019	.796
R-square	.791	.821	
F value	82.549*	51.035*	
Residual sum of squares	32.025	27.502	

Dependent Variable: HRPE

The result indicates that $F(7, 167) = 3.92$, thus the thesis can reject at 95 % as well as 99 % that there is moderating affect of OS on the relationship between independent and dependent variables. Therefore, it can be conclude that there is empirical evidence supporting the moderating affects of the OS on the relationship between HR professional competencies, HR professionals' willingness and HR professionals' effectiveness relationship. The researcher notes in Table 5.13 that the R^2 of the unrestricted model is 0.82 which indicates that the theoretical model explains 82 % of the variation in HR professionals' effectiveness explained by HR professionals' competencies, HR professionals' willingness, organizational support and the interactions while the restricted model R^2 (without OS intervention is 0.79). Even though the variation between the two R^2 is of a small magnitude, the (calculated F-statistics given above) indicates a strong statistical significance suggesting that OS has a moderating affect. This approach of testing for moderating effect is also followed by Song, Benedetto and Nason (2007). However, Hair et al. (2006) propose another format to determine the moderator.

They state;

1. Estimate the original (unmoderated equation)
2. Estimate the moderated relationship (original equation plus moderator

variable).

3. Assess the change in R^2 . If it is statistically significant, then a significant moderator effect is present. Only incremental effect is assessed, not the significance of individual variables.

Keeping this approach in mind the thesis extends the unmoderated equation and proposes the following 3 moderated relationship equations which include the moderator OS giving the following equation.

$$\text{i- HRPE} = a + b (\text{HRSC}) + c (\text{OS})$$

$$\text{ii- HRPE} = a + b (\text{HRTC}) + c (\text{OS})$$

$$\text{iii- HRPE} = a + b (\text{HRPW}) + c (\text{OS})$$

Therefore, three separate regression test are run where in each case OS is introduced into the restricted models of regression between HRSC, HRTC as well as HRPW with HRPE. The result of the first model where OS is introduced in the equation of HRSC and HRPE is presented in Table 5.14.

Table: 5.14
Regression Analysis of HR Social Competencies

Independent Variables	Model of Summary			ANOVA	
Models	R^2	Adjusted R^2	Durbin Watson	F	Sig.
<u>Model – 5.14a</u>					
HR Social Competencies (HRSC) Without interaction of Organizational Support (OS) Moderation	.717	.715	1.889	458.238	.000*
<u>Model – 5.14b</u>					
HR Social Competencies (HRSC)	.753	.750	1.955	274.169	.000*

With interaction of
Organizational Support (OS)
Moderation

Dependent Variable: HR professionals' effectiveness (HRPE):

*Significant at $p < .001$

It is the interpretation of R^2 increase / decrease / same value in moderated equation against R^2 generated for equation where OS is not introduced in the equation that is germane to answering the question whether OS can be entertained as a moderate to the hypothesized relationship. It can be observed that without interaction the moderating affect of OS as indicted in Table model 5.14a the adjusted R^2 of the model of regression with HRSC as independent and HRPE as the dependent is 0.717. On the other hand, Table 5.14b where OS has been introduced as an independent variable in the above regression, the R^2 jumps to 0.753 which is significant at $p = < .001$ level. Therefore the organizational support moderates the effect of the relationship of HR Social Competencies on HR professionals' effectiveness. Given the above data the thesis fails to reject the Hypothesis 4.

Table: 5.15

Regression Analysis of HR Technical Competencies

Independent Variables Models	Model of Summary			ANOVA	
	R^2	Adjusted R^2	Durbin Watson	F	Sig.
<u>Model – 5.15a</u>					
HR Technical Competencies (HRTC) Without interaction of Organizational Support (OS) Moderation	.647	.645	2.025	331.876	.000*
<u>Model – 5.15b</u>					
HR Technical Competencies (HRTC) With interaction of Organizational Support (OS) Moderation	.683	.680	2.018	193.233	.000*

Dependent Variable: HRPE:

*Significant at $p < .001$

In the same way, two other regressions are run and the results are presented in Table 5.15. It can be observed that without interaction the moderating affect of OS as indicted in model 5.15a the adjusted R^2 of the model of regression with HRTC as independent and HRPE as the dependent is 0.647. On the other hand, Model 5.15b where OS has been introduced as an independent variable in the above regression, the R^2 jumps to 0.683 which is significant at $p = < .001$ level. Therefore the OS moderate the effect of the relationship between HRTC and HRPE.

Table: 5.16
Regression Analysis of HR Professionals' Willingness

Independent Variables	Model of Summary			ANOVA	
Models	R^2	Adjusted R^2	Durbin Watson	F	Sig.
<u>Model – 5.16a</u>					
HR Professionals' Willingness (HRPW) Without Organizational Support (OS) Moderation	.604	.602	1.926	276.522	.000*
<u>Model – 5.16b</u>					
HR Professionals' Willingness (HRPW) With Organizational Support (OS) Moderation	.634	.630	1.934	155.847	.000*
Dependent Variable: HRPE:					
*Significant at $p < .001$					

In Table 5.16 the result shows that without interaction the moderating affect of OS as indicted in model 5.16a the adjusted R^2 of the model of regression with HRPW as independent and HRPE as the dependent is 0.604. On the other, hand Model 5.16b where OS has been introduced as an independent variable in the above regression, the R^2 increase to 0.634 which is significant at $p = < .001$ level. Therefore, the OS moderate the effect of the relationship of HRPW on HRPE. The complete table is attached in Appendix 10.

5.13 Results of the Hypotheses Used in the Study

The summary of the results of the hypotheses that were tested are presented in Table 5.17.

Table 5.17
Summary of the Result Hypotheses

Hypothesis	Statement	Accepted/ Rejected
H1	HR professionals' social competencies have a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H1a	Credible activist competency has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H1b	Talent manager/organization designer competency has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H1c	Culture and change steward competency has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H2	HR professionals' technical competencies have a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H2a	Strategy architect competency has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H2b	Business ally competency has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H2c	Operational executor competency has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H3	HR professionals' willingness has a positive effect on HR professionals' effectiveness as perceived by line managers.	Accepted
H4	Organizational support moderates the relationship between HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness and HR professionals' effectiveness.	Accepted

5.14 Summary

This chapter had presented the findings of the study. It began with a preliminary analysis of the data where it was checked for outliers and normality. The response rate for the data collected was also discussed. The result of the inter-item correlation was also presented, because this matrix provides important information about the internal consistency and what could be done to improve it. This was followed by the reliability test of the survey instrument through Cronbach Alpha. The result of the correlation and the multiple regression of independent (HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness) and dependent (HR professionals' effectiveness) variables had also been presented in this chapter along with the response rate, respondent profile, and the descriptive analysis. In addition, the moderating effect of the organizational support on the relationship between the independent and dependent variables had also been presented in this chapter. At the end, the summary of the hypotheses tested and results thereof was outlined. The next chapter will determine a clear view of the relationship among variables in the model based on findings.

CHAPTER 6

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter discusses the results of the hypotheses tested and presented in chapter 5. These results are discussed in the light of the literature presented earlier as well as the anecdotal evidence gleaned from the business environment of Pakistan focusing especially on the banking sector which was the context of the study. Implications of the research findings as well as the limitations and future direction of the research are discussed and are followed by the concluding remarks.

The purpose of this study was to examine the relationship between HR social competencies, HR technical competencies, and HR professionals' willingness on HR professionals' effectiveness. This study attempts to investigate whether organizational support moderates the relationship between HR professional competencies, HR professional willingness on HR professional effectiveness. In this study, the independent variables were HR social competencies (HRSC) and its sub constructs (credible activist, talent manager/organization designer, culture and change steward) HR technical competencies (HRTC) and its sub constructs (strategy architect, business ally, and operational executor) and HR professionals' willingness on the dependent variable, i.e. the HR professionals' effectiveness (HRPE).

6.2 Discussion

Based on the problem statement of the present study and the review of the literature, the study aimed to achieve the following objectives;

1. To determine the influence of HR professionals' social competencies on HR professionals' effectiveness in banking sector of Pakistan.
2. To examine the influence of HR professionals' technical competencies on HR professionals' effectiveness in Pakistani banking sector.
3. To find out the influence of HR professionals' willingness on HR professionals' effectiveness in banking sector of Pakistan.
4. To determine whether Organizational Support moderates the relationship between HR professionals' social competencies, HR professionals' technical competencies, HR professionals' willingness and HR professionals' effectiveness in the banking sector of Pakistan.

To recapitulate, the thesis in the opening remarks (in Chapter 1) mentioned some studies (Abbas & Malik, 2010; Ahmad *et al.*, 2012; Awan, 2009; Khan *et al.*, 2011) which questioned the level of competencies and effectiveness of HR professionals in the banking sector in Pakistan. Given the significance of the banking sector as well as the question of performance of HR professionals in these banks, the issue therefore, needed to be empirically studied in the backdrop of the proposition that HRM

effectiveness leads to enhanced organizational performance (Schuler & Jackson 2005). This proposition is further supported by Tahir *et al.* (2010) who argue that organizational performance mainly derives from the organizational employees and participation of human resource management practices. Further, other studies have also proposed that HRM effectiveness is below par in South Asia and organizations in these countries need competent HR professionals in all sectors including government, manufacturing, trade and commerce as well as service including financial sectors (Khilji, 2001; Nanayakka, 2003; Sheth, 1990; Siddiquee, 2003). Given these argument, this thesis responded by empirically verifying the presence or otherwise of competencies of HR professionals in the banking sector of Pakistan.

As the result of the study it can be concluded that the perception of the line managers (respondents) perceived that HR professionals' effectiveness was on the lower side (a mean score, 2.80). The detailed mean scores can be seen in Table 5.6. The banking sector is a growing sector in Pakistan and the HR professionals need to improve their performance level. HR professionals have to develop and implement those practices and policies, which can support the job performance of the employees and also of the business of the banks. They need to be prepared the succession planning and give good career plans to the potential employees. Table 5.5 shows that 84 percent of the employees had Masters of Philosophy (M.Phil) and Masters' Degrees with 60 percent of them aged less than 40 years. They were young and very enthusiastic and fell within the generation 'Y' age group. They had expected the HR professionals to be more knowledgeable and dynamic. To deal and work with these employees, the HR professionals must show their worth and their effectiveness.

It was the intention of the study to examine the relationship between the HR professionals' social competencies, HR professionals' technical competencies and HR professionals' willingness on HR professionals' effectiveness and also the moderating effect of organizational support between these competencies and effectiveness. The consideration of organizational support as a moderator was inspired from the argument made by Song *et al.* (2007). The organization needs to provide proper support and resources to further enhance the competencies of the employees for their better performance. According to resource-based view, an organization has to invest and exploit its employee's competencies in order to improve performance and gain competitive advantage (Song *et al.*, 2007). In addition, the researcher was applying the resource-based view of the firm as the underpinning to the development of the theoretical framework which viewed that an organization had to support its employees' competencies in order for it to and thereby achieve effective performance gain competitive advantage.

Based on the results of the hypotheses tested, the study reports several findings. First, there is a strong relationship between HR professionals' competencies and the HR professionals' effectiveness. Second, the HR professionals in the banking sector of Pakistan lacked the competencies to perform their work effectively. Third, the organizational support did play a significant role as a moderator to enhance the HR professionals' competencies which ultimately had affected their effectiveness. The following sections discusses the results in detail.

6.2.1 To determine the influence of HR professionals' social competencies on HR professionals' effectiveness.

The regression results as shown in Table 5.10 had supported hypothesis 1 (HR professionals' social competencies have a positive effect on HR professionals' effectiveness). As accepted (Table 5.10b) sub hypothesis such as, H1a (Credible activist competency has a positive effect on HR professionals' effectiveness), H1b (Talent manager/organization designer has a positive effect on HR professionals' effectiveness) and H1c (Culture & change steward has a positive effect on HR professionals' effectiveness). In the present study, the results showed that all of the sub constructs of HR social competencies had a significant and positive relationship with HR professionals' effectiveness.

This study had also found that HR professionals' social competencies ($\beta = 0.847$, $p < 0.00$) were the most statistically significant contributor to HR professionals effectiveness. The surveyed managers perceived that HR professionals' social competencies had positive relationship and a significant impact on HR professionals' effectiveness in the Pakistani banking sector. The social competencies had focused on the intangible relationships and interpersonal understanding among employees of the organization which implied that the employees work closely with one another, therefore the HR professionals need to create a social culture which would facilitate the employees to contribute their talent to add value to the organization. The findings of this study support the conclusion drawn from previous researchers (Eaton, Funder & Riggio, 2006; Riggio & Carney, 2003), where these researchers had offered the view that social competencies were related to the effectiveness of the employees. Other researchers had also emphasized that the role of social competencies would

help the organizational leaders to perform their role more effectively (Brachos, Kostopoulos, Soderquist, & Prastacos, 2007; Riggio & Reichard (2008).

In terms of the sub hypotheses (H1) proposed this study found that credible activist ($\beta = 0.671$, $p < 0.00$) was the most statistically significant contributor to HR professionals' effectiveness. The findings is in line with the results of the previous researchers (Brockbank, 2012; Grossman, 2007; Ulrich *et al.*, 2008; Ulrich *et al.*, 2012) as they too had proposed that credible activist competency was the top indicator of HR professionals' performance. The rationale for this argument is that, if the HR professionals were credible activists, then they would be in a position to create a positive impact on the HR professionals' effectiveness. The HR professionals as a credible activist need to be open communicators and this skill could supplement the element of trust. Without trust, HR professionals might only perform a transactional role. To gain employees' trust, the HR professionals would need to inform important organizational decisions to employees and then to keep them continuously informed of other related decisions. Furthermore, as HR professionals are responsible for the human side of business, they have to have good professional relationship skills. In this way, it has been argued that the credible activist would be able to create an effective environment of trust that would then result in a more positive working relationship among employees. In all regions which were studied by Ulrich *et al.* (2008) (such as United State, Latin America, China, Australia and India), the credible activist competency was found to be a positive contributor to the bottom line result. This competency was at the heart of what it took to be effective HR professionals.

Ulrich *et al.* (2009) further argued that the HR professional needed to be both credible (respected, admired, listened to) and active (offers a point of view, takes a challenges assumptions). HR professionals who were credible but not activist were admired but had little impact thus lending further support to the findings of this study. On the other hand, the HR professionals who were credible but not activist might only have a small impact on the performance of the employees these they would not be effective as they would not be able to gain enough trust among other employees in terms of implementing the required policies. Brockbank *et al.* (2012) suggested that HR professionals need to do what they say they would do. They should focus on commitments in terms of being supportive to the needs of the employees of the organization. The latest human resource competency study also found in 2012 that credible activist was the more demanded competency required from HR professionals for them to be effective (Ulrich *et al.*, 2012).

The above discussion related to the impact of HR Professional Social Competencies, however this study was also considered in measuring the prevalence of these competencies among HR professionals in the bank. In this regard the present study found that the surveyed line managers considered the HR professionals' competency of being a credible activist to be well on the lower side. This was because the HR professionals were not seen to be developing relationships and trust with their employees (Ejaz *et al.*, 2009). This could be discussed (Table 5.6) where the mean score of HR professionals in the category of credible activist was 2.99. Thus, the HR professionals in the Pakistani banks who are considered neither credible nor activists, were at the risk of being considered ineffective. The logic behind this contention was derived from the proposition that if an individual was not trusted or lacked credence,

then any idea coming from that person would not be given sufficient value and therefore, would not motivate the workers in supporting and or implementing the idea or decision with sufficient rigor to achieve success.

Based on the above discussion, the researcher would propose that the HR professionals in the Pakistani banks need to develop or enhance the ‘credible activist’ competency. In this way, the employees could learn to develop more trust in them and this would create a collegial environment (Mangi *et al.*, 2012). The HR professionals therefore, need to evaluate the current HR practices and try to develop and implement those practices which would facilitate their employees. They would then be able to fulfill the tasks which they had committed earlier (to their employees). This means that they would be able to regain the trust of their employees. They should promote open communication in their organization and also enhance their verbal and oral communication skills. They need to resolve the interpersonal issues between employees and the HR department and take positive action to identify and remedy the root cause behind the interpersonal issues that may result in the poor performance of their employees. The HR professionals could also improve and utilize the interpersonal skills to reduce the distance among the employees. They would also need to find ways to encourage employees to unlock their true potential and contribute to the growth of the banks. This might also minimize the percentage of the non-performing loans (NPLs), employees’ turnover and improve the employees’ retention rate as more open and trusting relationship could build ownership of the business. By taking these actions, the loyalty and the commitment of the employees would probably increase which would then affect the performance of the organizations.

This study also found that talent manager or organization designer ($\beta = 0.252$, $p < 0.003$) are positively and significantly related to HR professionals effectiveness. The findings of this study were in line with other studies (Awan, 2009; Khatri *et al.*, 2010; Ruona & Gibson, 2004). The previous studies viewed that the effective HR professionals were those who were competent of being both a talent manager and an organizational designer. If talent management and the organization design were not aligned, it would not matter how talented the workforce was. If the underlying systems and processes were misaligned with the strategy which is to be implemented through the employees, effective implementation of the strategy would be at risk (Morgan & Jardin, 2010). Khatri *et al.* (2010) suggested that talent management was the process of recruitment, managing, developing and maintaining the organization's potential employees. It was agreed by several authors that in the 21st century, people are the most important asset for a business (Barney & Wright, 1998; Haslinda, 2009; Wright *et al.*, 2001). This argument was also in line with the resource-based theory where employees were regarded as an organizational asset that would significantly contribute to the overall performance of the organization (Inyang, 2010). It is assumed that the talented employees could switch their jobs especially in a very competitive business world (Irshad, 2008; Khatri *et al.*, 2010). This could happen in situations where HR professionals were not competent or were not able to take care of the talented employees in the organizations. This talent exists at all levels of an organization and talent management strategy must include the breadth and depth of the organization pool of employees.

On the other hand, Morgan and Jardin (2010) described that organizational design includes structure, processes, systems and control where the value of the human asset appreciates or depreciates depending on the intelligence and effectiveness of the organization's design. The effective HR professionals work closely with individuals and convert talent into contribution. Ruona and Gibson (2004) suggested that an organizational designer establishes a social philosophy and focuses on individuals and interpersonal relationships and is about ensuring that the structure reinforces the desired organizational capabilities. Hence, HR professionals who want to become effective need to concentrate on developing both the capabilities of managing talent and designing an efficient organizational structure.

The above proposition also needs to be viewed in the context of the banking sector of Pakistan. According to Hunjra *et al.* (2010), the banking sector in Pakistan had been facing a tremendous change for several years in term of advancement of technology to provide good services for the customers of Pakistani banks. The former Governor of the State Bank of Pakistan mentioned in his speech (2011) that banking technology that was almost non-existent in Pakistan until a few years ago. Now the information technology is revolutionizing the banking services. Access to the internet banking, automated teller machines (ATMs), mobile phone banking and other modes of delivery had made it possible for banks to provide convenience to the customers while reducing their transaction costs.

Furthermore, credit, debit and smart cards were thriving and had become an expanding business in Pakistan. This had further shifted the focus of strategy and positioning that banks seek in a growing competitive situation. These strategy

requirements as well as the approaching changes require that the banks recruit, retain and reward their talented workforce. This is once again the responsibility of the HR professionals. Irshad (2008) argued that war-for-talent had not only emerged as one of the major challenges of modern business world but the fighting and winning over talent to improve organizational competitive advantage had also become a core strategy for many fast growing sectors like the banking sector. Riaz *et al.* (2012) found in their study that recruitment and promotion of the employees were on connection-bases rather than skill performance or merit-based in Pakistan. The present study has suggested that line managers viewed HR professionals in their banks were more focused on connection-based hiring and reference-based promotion of the employees. On the other hand, Newby and Howarth (2012) suggested that recruitment could be a time-consuming and costly exercise, with no guarantees that the people whom an organization employed were right for the job or that they would stay longer. If the above mentioned focuses of unprofessionalism were to remain in the banking sector of Pakistan, this might lead to an increase in employee's turnover.

On the downside of the growing banking activity and strategy shift was the high amount of non-performing loans in the banking sector of Pakistan which was directly attributed to the ineffectiveness of HR professionals. As reported by Qureshi *et al.* (2010), the dominant factor in the growing non-performing loans was the lack of professionalism among loan officers or debt collectors who lacked the competencies required for the job. Khan *et al.* (2011) also reported that in the Pakistani banking sector, the recruiting process of identifying the employees with core competencies was lacking and the employees failed to perform what was expected of them. They recommended that the success of the Pakistani banking sector was dependent on the

HR practices, particularly recruitment and training of the employees. Janjua and Malik (2011) also agreed that the banks could reduce their non-performing loans by improving their HRM effectiveness. This would mean that the Pakistani banking sector should give due consideration to the proper selection and training of their employees.

On the question of whether the HR professionals are talent manager / organization designer (TMOD) in the Pakistani banking sector, the surveyed line managers (the respondents) of the Pakistani banks reported that they believed that the HR professionals' competency of being a TMOD was average (mean score 3.03). In a study by Awan (2009), it was argued that there was a need for the HR professionals in the Pakistani banking sector to develop the relevant skills and knowledge in this domain. The present study also found that the HR professionals had ample opportunities for improvement. Irshad (2008) argued that as the financial sector of Pakistan was thriving, the demand for talented employees in the banking sector had also increased. Irshad found that because of the increased competition for good employees, the foreign banks in Pakistan (with their handsome reward packages) were able to attract more talented employees to join them.

The above scenario in the Pakistani banking sector had indicated that every bank whether local or foreign was looking for talented employees to help its individual growth. Bankers (the line managers) had the desire to maximize their banking performance and were exerting more pressure on the HR professionals to perform in meeting their growing needs (Irshad, 2008). This was where the significance of the HR professionals' competencies become more obvious. In the current economic

climate (the initial years of the second decade of the 21st century) and in today's increasingly competitive global market, the placement of wrong people in organizations (like in the banks) could have a negative impact on the staff moral and performance, the company's reputation, the customer's satisfaction and ultimately the economic growth. So how should businesses go about recruiting and retaining not only the right people, but also the brightest and the best? (Awan, 2009). Therefore, the HR professionals would need to develop their skills and capabilities so as to enable them to attract, develop, and retain the right talent so that their banks achieve a respectable level of competitive advantage (Awan, 2009; Irshad, 2008). The HR professionals would then be responsible for managing and retaining the talent of their potential employees as well as helping to design the organizational structure. These functions would ultimately make them more effective.

In conclusion therefore, it needs to be recognized that the HR professionals are responsible for employees' performance because they are involved in recruiting, retaining and rewarding processes. After hiring the officers concerned, they must ensure that these officers were given clear expectations and performance standards required by the organization. In addition, these officers would also need to be given relevant feedback on their performances. If there were some performance-related issue, these officers would need to be sent to some training programs that were related to their job. Apart from that, the issues of organizational design and structure which could support the business strategy and create an environment for retaining good employees in the Pakistani banks were also considered important. A competent talent manager or organization designer would pay adequate attention to both talent and the organization design simultaneously. The HR professionals would need to do an

organizational analysis to determine how they could add value to their organization. Effective HR professional would need to learn how to balance the organization's development and design with the need to obtain good talent. They would need to work with the line managers in the banks to identify the potential employees and the key performers and to give them the required rewards and provide them with good career opportunities and succession planning for their professional growth. In this way, the performance of the bank officers and managers would increase as required by strategic consideration of the banking sector in Pakistan.

Next the discussion moves to consider the third of the major constructs for HR professionals' social competency called culture and change steward. The line managers perceived the culture and change steward impact ($\beta = 0.247$, $p < 0.001$) to be significant for the HR professionals' effectiveness. The study, therefore, also proposed that in the recent business climate, the HR professionals would need to recognize, articulate, and assist in shaping the organization's culture and to enable the necessary change to happen. As the steward of culture, the HR professionals were required to admire and persist with those features of the past culture that should be appreciated and at the same time serve to shape a new culture that would facilitate the organizational success. In this way, HR professionals would appreciate, articulate and help to shape a company's desired culture. When the HR professionals had acquired the skills to make culture real, they would then be able to help their organization to become more dynamic and this competency would be seen to be more significant and effective for the HR professionals in many organizations.

The present study had followed the Ulrich *et al.* (2008)'s arguments. They were the first to recognize "culture and change" as a single factor which was then grouped into a separate competency domain. Culture is generally seen to be a broad concept, but it could be generalized as consisting of patterned ways of thinking, feeling, reacting and mental programming (Pyshorn & Huisman, 2011). Culture is acquired and transmitted mainly by symbols, constituting the distinctive achievements of group of people (Hofstede & Bond, 1984). While, Ogbonna and Wilkinson (2003) reported that culture had become a key concept in the HRM literature, the cultural context had played a significant role in the wider organizational literature too. Culture was a dimension that had shown validity and it had established a link between phenomena at the individual, organizational and societal level. It also impacted the HRM practices which could assist employees to perform their services effectively which in turn lead to the success of the organizations (Aycan, 2005; Tanure & Duarte, 2005).

In this study, the respondents had evaluated the HR professionals as a culture and change steward with a mean score of 3.03 (Table 5.6). On the other hand, this competency among the HR professionals was found to be just average and it would need substantial improvement. As far as culture was concerned, in Pakistan, the *Parchi* and *Sefarish* (nepotism) culture was said to be very common (Irshad, 2008). Khilji (1999) highlighted that HR managers were often forced to hire employees, not necessarily on the basis of merit, but on the recommendations of their committees or workers unions. In banks, if employees were to be hired through these methods, one could expect that the performance of those employees regardless of whether they were tellers, debt collectors or even line managers would be suspect. The role of the HR professionals in the emerging environment would be to curtail these kinds of cultural

practices and introduce the performance culture throughout the banks. Through the culture and change steward competency, the HR professionals could contribute to the development of an environment which would be more professional and merit-oriented, thereby contributing to the performance of the banking sector.

The banking sector of Pakistan was undergoing change and their operations were aimed at better serving the employees and customers. For instance, Pakistan was among the pioneers in introducing branchless banking in South Asia (Raza, 2010). There were rapid changes which were taking place in the banking sector because of the applications of modern technological developments and a shift in customers' wants. HR is a new profession in Pakistan especially in the banking sector and the above mentioned changes were even more challenging for HR professionals in the banking sector. According to Pyshorn & Huisman (2011), when change becomes necessary in the organization then it is the responsibility of the HR professionals to facilitate the change. On the other hand, Caldwell (2010) argued that HR professionals as a change adapter strategically integrates the change across the whole organization, therefore, HR professionals would have to undertake a difficult task in attempting to implement any cultural change in the Pakistani banks. The HR professionals would have to further improve this competency as quickly as possible. This matter cannot be delayed as it would jeopardize the banks' performance.

Furthermore, HR professionals would need to understand the importance of culture as a necessity for change. If the culture in banks were full of negative practices such as the practice of nepotism in promoting non talented employees, the talented or high performing employees would be de-motivated. This would ultimately impact upon the

organizational performance in the banks. A number of studies have shown that the employees' perception of justice would affect their attitudes and behaviors towards their organization (Adams, 1965; Greenberg, 1990; Moorman & Byrne, 2005). Whenever the employees felt that they were fairly treated in the reward process, they would then develop positive attitudes towards the organization (Kim, Moon, Han & Tikoo, 2004; Lind, 2001). It is therefore, the responsibility of the HR professionals to develop a nurturing and just culture in such a way that every employee of the bank improves and contributes his or her potential to their organization. Pyshorn and Huisman (2011) argued that HR professionals would realize the need to develop competencies of not only implementing the culture and change but also to facilitate and guide the employees so that they could adjust their work related behavior to fit this new culture and change in the environment of the organization.

HR professionals would need to be aware of the current culture and foresee, whether this culture could help the banks to achieve their future business targets? If not, then they would need to identify the areas where change could be needed and plan accordingly, and share these insights with the line managers to ensure that the processes of change in culture were effectively implemented and properly managed. The 21st century demands from the HR professionals to bring positive changes to the organizations that they are serving. They must inform and educate their employees about the importance of such change.

In summary, the HR professionals' social competencies and their sub competencies (credible activist, talent manager/organization designer and culture & change steward) are vital in terms of the effectiveness of the HR professionals in the banking sector of

Pakistan. The HR professionals should be well aware of the expansion and growth of the private banking business in Pakistan and the pressures that would result due to this expansion, especially on the need for performance oriented talent pool. The HR professionals further would need to enhance and develop these competency domains, and demonstrate these to improve the perception of the bank employees in terms of how they would be rated. When the HR professionals were perceived to have the necessary social competencies by the organization's population, the effectiveness of the HR professionals improved in practice. The issue of confidence would always play its role here.

6.2.2 To examine the influence of HR professionals' technical competencies on HR professionals' effectiveness.

The regression results shown in Table 5.11 supported hypothesis 2 that, HR professionals' technical competencies have a positive effect on HR professionals' effectiveness. Also accepted were the sub hypotheses such as, H2a (business ally competency has a positive effect on HR professionals' effectiveness), H2b (strategic architect has a positive effect on HR professionals' effectiveness), and H2c (operational executor has a positive effect on HR professionals' effectiveness). The present study therefore showed that all sub construct of HR professionals' technical competencies were considered to be significant and they are positively related with the HR professionals' effectiveness.

This study found that the HR professionals' technical competencies ($\beta = 0.804$, $p < 0.00$) was the statistically most significant contributor to HR professionals' effectiveness. The surveyed managers in Pakistan perceived that HR professionals'

technical competencies had positive relationship and a significant impact on the HR professionals' effectiveness. Technical competencies are employed to design and develop the HR structure, system and processes (Drejer, 2000). The key element of HR professional's success was to possess these system related competencies. Ramlall (2006) indicated that those HR professionals who do not possess technical competencies might not be able to effectively contribute or add value to their business performance. According to Huselid et al. (1997), the HR professionals' technical competency was necessary to ensure the effectiveness of HR professionals. If the HR professionals could effectively deployed these competencies it would enhance the performance of HR department as a whole which ultimately would contribute to the growth of the organization.

Within the sub constructs of HR professionals' technical competencies the study found that the strategy architect ($\beta = 0.554$, $p < 0.00$) was positive and significantly related with HR professionals' effectiveness. The findings of this study are in line with the results pointed by Ulrich *et al.* (2008)'s and Inyang (2010). They had also stated that strategy architect competency was significant in creating HR professional effectiveness. The rationale for this is that the strategic architect is mainly responsible to provide proper inputs and also play an active part in the establishment of the overall strategy of the business. Khatri (2002) reported that the HR professionals would need this competency to play a more strategic role in achieving organizational goals. He further explained that the HR professionals could not afford to be reactive in today's competitive environment. CEOs, line managers and employees would expect them to be more proactive and perform as strategic architect. Becker and Huselid (2006) also suggested that at the strategic level, the HR professionals would

emphasize the system and solutions to business problems rather than focus on individual HR management practices. This would therefore reflect a shift of emphasis from operating efficiency of individual employees to managerial efficiency of the entire organization.

While the managers perceived that an HR professional who is a strategic architect will be more effective, they in general do not consider that the HR professionals in the banking sector to be strong strategic architects. This is indicated by the mean score of 2.89 in Table 5.6. This result is consistent with the previous results such as, Wright, McMahan, McCormick and Sherman (1998) and Payne (2010) who opined that HR professionals lack the competency at the strategic level and which ultimately affects their performance. HR professionals have to learn to focus more on long term basis, on how organization can grow in the competitive environment presently or in the future. On the other hand, Lawler III and Mohrman (2003) argue that strategy architect competency deal with business related issues and involve development of the strategy.

The banking sector plays an essential role in the development of the Pakistan economy by offering financial resources to the entire economy for achievement of the economic development goals of the country. HR professionals in the banking sector of Pakistan therefore, need to understand the importance of the strategy formulation within the overall business environment of the country. The responsibility of the HR department has been given to those managers (by virtue of their experience or through nepotism) mostly also are not formally qualified or hold appropriate degrees in business or HRM. The focus of HR professionals is operational or tactical level in the

banking sector of Pakistan. On the other hand, Pakistani bankers expect from their HR professionals to contribute at the strategic level (Bhatti & Qureshi, 2007). HR professionals must be capable to take a strategic perspective and focus not only on HR departmental work, thus lifting their outlook to incorporate the business level strategy but go beyond and relate to the overall business and economic environment of the country. If HR professionals in banking sector of Pakistan are unable to understand the importance of the strategic architect competency then they may be excluded from strategic decision, which will be detrimental to their effectiveness as proposed in various studies cited above. They may even fail to contribute effectively at the tactical level as they will not be aware of the strategic direction and framework of their organization. This is a serious issue especially in the 21st century, as HR professionals must think outside the traditional organizational box of HRM and develop their skills more at strategic level.

How does the HR professional develop the strategic framework necessary to fill this professional gap is a significant question? One of the things he or she needs to do is to conduct the industry analysis that includes a detail plan for improving the performance of the employees and bank. They need to identify the problems which are central (for instance, the growing percentage of the non-performing loans and employees' turnover etc.) and affect the growth and create a weak the image of the bank. They must be well aware of the new business trends and their impact on the overall bank's business. HR professionals of Pakistan have to develop a vision for the future of the banking sector within which the banks compete. They need to get the feedback from their internal (line managers and employees) and commercial (external) customers who use the banks products and services. In this way, the HR

professionals could understand what kind of strategy would be required to ensure success for their organizations.

The next sub construct of HR professionals' technical competency was HR professional being a Business Ally. The respondent (line managers) consider Business Ally ($\beta = 0.226$, $p < 0.009$) to be a significant contributor to HR professionals' effectiveness. The findings of this study were also in line with the previous studies such as Lawler, (1992) and Inyang (2010). The plausible reason could be that the business related competencies enable HR professional to understand how unique business considerations can create firm-specific HRM needs. Therefore, HR professionals are required to become active players and partners of business and develop human abilities and organizational capabilities that enable an organization to effectively compete now and in the future. Business knowledge is considered extremely important for HR professionals; therefore, HR professionals have to understand and actively participate in the business that enables an organization to compete now and in days to come. HR professionals need to know how organizations resources are arranged and manage to deliver maximum services with regard to their employees' and customers' expectations (Caudron, 2003; Schuler, 1992; Walker, 1992). On the other hand, Inyang (2010) reported that HR professionals need to understand financial reports, business goals, and possess the business insight necessary to understand what would facilitate other functions of the organization. They also need to know how to interpret the financial statements which may allow them to participate in the strategic decision making. Furthermore, this business related competency would successfully help them to anticipate and respond the new to the challenge that would arise in the future.

The line managers (respondents) of Pakistani banks reported that the HR professionals' as a Business Ally was not up to the desirable standard (mean score, 2.98 see Table 5.6). This finding is similar with the earlier results such as Choi and Ismail (2008) as well as Payne (2010) who finds, that one of the barriers to performance in the organization is the lack of business related competency in the HR professionals and the need to develop these in particular. For instance, the HR professionals according to Inyang (2010), they do not know how to make profit, how it converts less-valuable inputs into more valuable outputs and how resources within the organization are arranged to deliver for customer expectations.

It is the responsibility of the HR professionals to draft, adapt and implement the policies and procedures that fill the needs of the strategy and the business environment in the Pakistani banking sector. HR professionals at least need to be aware of the bank's business model globally. Along with this awareness they must have knowledge about Pakistani banking sector. They also need to know the new emerging technologies prevailing in the banking business and how other competitors are taking advantages from them. Mergers and acquisitions were very common in the financial institutions especially in Pakistan. In the 21st century many local and multinational banks had merged in Pakistan and most of the talented employees' had switched their jobs very quickly. It was said that this happened because the HR professionals were not competent enough to take fast actions that could retain those employees (Awan, 2009; Irshad, 2008). In every organization, the employees had many administrative requirements (for instance to be recruited, to get paid for work done, to get transferred if necessary, to get promotion and to be trained). The HR

professionals would need to facilitate and provide these basic needs to their employees. If the HR professionals were not able to provide these kinds of essential services to the employees then it would be difficult to minimize the employee turnover. They must take care of the key performers, as per resources-based view, these potential employees (human resources) would ultimately contribute to the growth of the business. The HR professionals must develop this competency (business ally) for their professional and organizational growth.

This study also found operational executor as a sub construct of HR professionals' technical competency the line managers' perception ($\beta = .211$, $p < .002$) was significant and it was positively related with HR professionals' effectiveness. The significant and positive association between the operational executor and effectiveness is consistent with the previous results such as Ulrich et al. (2008). This was because the HR professional competency as an operational executor would execute the operational aspects of managing employee and organization. Such activities as drafting, adapting, and implementing policies are central to this domain. In addition, employees need to be hired, trained and paid etc. HR professional is responsible to ensure that these primary needs are efficiently met. There is still room for improvement; in addition, HR professionals can automate the operational activities or documentation through enterprise resource planning system. In this way, they can integrate all the HRM functions from hiring to retiring. Competent HR professionals have to concentrate on day to day activities while providing facilitation to their employees taking a long term view of the organization. The operational executor competency may lead to HR professionals being more efficient and effective in the organization.

The line managers (as the respondents) of Pakistani banks reported that the HR professionals as an operational executor had performed better (mean score, 3.25) in the Pakistani banks (see Table 5.6). In the past, the day-to-day activities and policy issues were the prime responsibility of the “personnel” department (Awan, 2009). The personnel department managed the paperwork, employee hiring, firing, paying and promoting and other day to day function to facilitate the employees and operational implementation was the name of the game. The personnel department emphasized a focus on the terms and conditions of work and running the administrative systems to assist the employee to perform their duty properly (Ulrich *et al.*, 2008). As mentioned earlier, in the Pakistani banking sector, the HR profession was new and the HR professionals were still performing their job at the operational level. This could contribute to the general perception of bank managers that the HR professionals were better at being operational executors.

In summary, the HR professional’ technical competencies and their sub competencies (strategic architect, business ally and operational executor) were perceived to have very significant effects on the performance of the HR professionals’ in the Pakistani banking sector. The effective HR professionals had to focus on the long run (strategic) objective (Mondy & Mondy, 2014). In addition, they also need to understand the business philosophy and the new dynamics of the business. In order to achieve the strategic and business objective, they must be operationally competent to get things done as required by the business strategies. Within this context, it was very important to note that the results did not only indicate that there was a perceived and significant relationship between the operational executor and the HR professionals’

effectiveness but the bank managers also perceived that the HR professionals were competent as operational executors.

6.2.3 To find out the influence of HR Professionals' Willingness on HR Professionals' Effectiveness.

The regression results shown in Table 5.12 support the said hypothesis (HR professionals' willingness has a positive effect on HR professionals' effectiveness). The result showed that HR professionals' willingness is significant ($\beta = 0.777$, $p < 0.00$) and it is positively related with HR professionals' effectiveness. In other words, higher the perception of line manager (respondent) regarding the HR professionals being "willing" to undertake appropriate course of action there would be positive perception of the HR professionals' effectiveness. The findings of this study are in line with studies by Analoui (1999), Smith and McLaughlin (2004), Francis and Keegan, 2006 and Ulrich and Grochowski (2012) which stated that HR professionals' willingness is one of the best ways to make the HR professionals' effective. This was so because the HR functions were undergoing change which impact HR professionals' effectiveness. The growing perception is that without the willingness of HR professionals to perform effectively in the respective HR functions, the whole HR process might be undermined (Ulrich & Grochowski, 2012). These HR professionals need to be willing to actively develop their skills set in order to become effective. If HR professionals did not have the motivation to enhance or develop their performance level, they might not be able to perform the HR functions effectively. One of the ways for HR department to add value into the organization was by ensuring that the HR professionals were willing to actively contribute to implement the HRM strategies to achieve comparative or competitive advantage.

The word 'Will' is defined as the mental faculty by which one deliberately chooses or decides upon a course of action. 'Will' is associated with intrinsic motivation to be effective or not. Analoui (1998) found in the empirical study that effectiveness of the managers can be explored through their willingness. Thus the effectiveness of HR professionals can in practice be explored by empirically investigating the managers 'willingness' to act. As a corollary one can suggest that one way a human resource department can contribute to the organization is when the HR professionals become willing to actively add value and leverage their competencies to develop and implement HRM strategies.

Similarly, research by Whittaker and Marchington (2003) reported that line managers express their concern that lack of willingness from HR professionals during the executing of HR practices can affect their overall effectiveness. While unwillingness could be the consequence of many other factors, one factor could be the lack of HR skills that may result in the lack of personal motivation to perform HR task. This is often caused by a high operational workload and the domination of short-term operational pressure (Cunningham & Hyman, 1999; Hailey *et al.*, 2005; McGovern *et al.*, 1997). Huselid (1995) argued that willingness is a necessary condition to perform effectively. He advocated that the performance of even the best employees will decrease if they are not willing / motivated to perform their duties. HR professionals may or can perform effectively if they are competent and willing. According to Chen and Silverthorne (2004), who find that competency and willingness affect each other (positively) employees' willingness will be enhanced in doing the assigned task because of increased competency.

A further question of interest is whether the HR professionals were 'willing' to perform their work in the banking sector of Pakistan. To this end, the results from the surveyed line managers of Pakistani banks reported that they consider the HR professionals' willingness to be on the moderate side. This was indicated by the mean score of 3.05. Competencies alone cannot adequately generate effectiveness; there is also a need of willingness of employee which plays a vital role for their effectiveness (Analoui, 1998; Brockbank, 1999). For example Currie and Kerrin (2003) maintained that irrespective of the capabilities and competencies of the employees, if they lack willingness to contribute their knowledge to the effective implementation of the project then there is a likelihood that the project may fail. In other words, if he or she was competent but was not willing, to leverage these competencies there was a big question mark on their contribution to the organizations.

In addition, the HR professionals in Pakistani banking sector would have to develop positive attitude towards their own careers. Ultimately, in developing their own careers they would acquire or enhance their competency level. In this way, they would become self-motivated to take the new initiatives and show their desire to contribute to the further improvement in the bank's performance. If HR professionals in the Pakistani banks had shown lack of willingness and motivation to employ their competencies then they might not be effective. They might not facilitate the implementation of improvement strategies in the banks. The dynamics of the new business would demand the HR professionals to enhance and develop both their competencies and motivation which would result in their willingness to perform their job effectively.

6.2.4 To determine whether ‘Organizational Support’ moderates the relationship between HR professionals’ social competencies, HR professionals’ technical competencies, HR professionals’ willingness with HR professionals’ effectiveness.

In order to achieve the last objective of the study, the constructed hypothesis 4 organizational support moderates the relationship between HR professionals’ social competencies, HR professionals’ technical competencies and HR professionals’ willingness with HR professionals’ effectiveness. As reported in the result section, the normal model of the relationship between HR professionals’ social competencies and HR professionals’ effectiveness the R^2 was 0.717 (Table 5.14). On the other hand, in the adjusted model where organizational support was introduced as an independent variable in the normal regression, the R^2 increased to 0.753 which was significant at $p = < .001$ level. Therefore the moderator affect was noted and it is supported with the manner in which it operates. For instance, the timely provision of the technological resources, the provision of conducive working environment, and the empowerment for implementing the policy decision and training all part of the organizational support would be important to employees. These factors if institutionalized could enhance the effectiveness of the HR professionals in the banking sector of Pakistan. In other words, it could propose that the organizational support was essential in moderating the effect of the relationship of HR professionals’ social competencies on HR professionals’ effectiveness. Further, if the line managers (respondents) perceive that organization is fully supportive of their efforts as well as the efforts of HR professionals in implementing HR policies that have been articulated and would benefit the employees. Higher would be the perception of HR professionals’ effectiveness. This finding was in line with Reilly (2012) who

suggested that even in cases where the HR professionals were desirous in contributing more to organizational strategy, the lack of organizational support would become an obstacle in doing so.

In the same manner, the other two relationships between HR professionals' technical competencies and HR professionals' effectiveness and then between HR professionals' willingness with HR professionals' effectiveness were tested using organizational support as the moderator. In both the cases, given the results (see Table 5.15 & Table 5.16). It could be proposed that the organizational support had moderated the effect of the relationship between HR professionals' technical competencies and HR professionals' willingness with HR professionals' effectiveness.

Extending the argument for the moderating role of organizational support a number of studies could be presented to substantiate the result. For instance, according to Ellehuus (2012), organization needs to support their HR professionals to enhance their competencies in identifying, developing and managing its high performing employees to contribute more effectively. Heffernan and Flood (2000) also argue that organizations which are already successful, and also recognize the importance of HR professionals to continue successfully, are further willing to support and enhance or develop competencies. On the flip side, a lack of organizational support may affect the employees' willingness and motivation to perform their duties effectively at the workplace. Kane et al. (1999) found that the lack of support from the top management had often led to HRM ineffectiveness. In terms of the factors of organizational support that seem to be important in affecting employees performance.

Mathis and Jackson (2004) identified financial resources, infrastructure, moral and social support.

In the above discussion, it was clear that organizational support moderates the effect of HR professionals' competencies and HR professionals' willingness with HR professionals' effectiveness. The line managers had reported that the banks in general were providing their HR professionals average support (mean score 3.15, Table 5.6). The reason could be of the HR professionals were still considered to be below average. Two points could be highlighted; one that even though overall there was some organizational support available to the HR professionals they generally lack competencies (see earlier discussion) and willingness to improve. Earlier researchers (Analoui, 1999; Ulirch & Grochowski, 2012; Whittaker & Marchington, 2003) had found through their studies that the lack of willingness while performing their duties could affect the HR professionals' effectiveness. Employees' performance was mainly the result of organizational support because it enables the employees to utilize their competencies more effectively in the organizations. From the resource-based theory, the competencies were regarded as one of the organizational resources which would ultimately add value and provide effectiveness to their employees which could then lead to the organizational success. The HR professionals need to willingly enhance their competency level which would positively affect their performance. On the other hand, the organizations should also think and not neglect the support factor and they must provide good support to the HR professionals which could then lead to the improved performance of HR professionals in the banking sector of Pakistan. Thus employees would see their employment as a reciprocal exchange of relationship that reflects relative dependency to each other.

6.3 Conclusion and Recommendations

The present study was aimed to explain and predict the phenomenon of the effectiveness of HR professionals in the private banks. In the context of Pakistan, this study especially focused on a sector demonstrating high growth but a less than stellar performance. Among the sub constructs of the competencies, both Social and Technical, Credible Activist (HRSC) and Strategic Architect (HRTC), were considered to be the most significant competencies that HR professionals must acquire in a developing economy context where the premium was placed on trust and reliability (Credible Activist) as well as Strategic Architect and intuitively both seem to reinforce one another. For executing policy matters in letter and in spirit the organizations concerned need to build the credibility of their HR professionals.

It should be noted that according to findings of the current study, the HR professionals were not as highly competent as they should be, and this would suggest that there is some scope for development if the top management of the banks desire to seek improvements in their banking performance. Further, it would suggest that the focus of the top management should be to instill these capabilities among the HR professionals who would become the focal source and hub of spreading competency based professionalism. As mentioned earlier, the expectations of the staff members in these organizations and the perceptions about the existence and effectiveness of these competencies point to a major gap that would need to be filled. The study had also assessed the moderating effects of organizational support on the relationship between the HR professionals' competencies, the HR professionals' willingness with HR professionals' effectiveness of the private banks in Pakistan.

The results had confirmed that HR professionals' social competencies were found to be more significantly associated with HR professionals' effectiveness than the HR professionals' technical competencies and HR professionals' willingness. With regards to the moderating effects, the organizational support was found to have a significant moderating effect on the relationship between the competencies and the willingness of HR professionals with the HR professionals' effectiveness.

Within the sub competencies of HR professionals' social competencies the credible activist is the higher correlated construct with effectiveness of HR professionals. Furthermore, within the sub competencies of HR professionals' technical competencies, the strategic architect had the higher correlation construct with HR professionals' effectiveness. The study also found in general the HR professionals' were lacking in mostly all the competencies that are significantly related to the professional effectiveness. An improvement in these areas would ultimately lead to the better performance of the banking sector. In other words, a professional value driven HR management in the 21st century needs to have the essential HR competencies to further enhance the level of their effectiveness.

One would need to recognize that the HR of an organization theoretically would meet the resource-based view conditions for being a source of effectiveness of the organizational performance. To further this line of thought, one could propose that as far as the HR professionals were concerned, this resource could also add value to the organization because employees had different competencies and motivation level (willingness), which if leveraged effectively would result in adding value to the

organization. This resource is known to be rare because it is very hard to find employees of similar skill-set (competencies), mind-set and cultural-set in other organizations. Competencies such as the one identified in this study need to be regarded as one of the organizational resources (from the resource-based view), which would ultimately add value and creative effectiveness of their employees which would subsequently lead to the organizational success (Inyang, 2010; Priem & Butler, 2001)

6.4 Implications of the Study

The findings of the present study have several important implications both for theory and practice. Both the theoretical and managerial implications are discussed in the following sections.

6.4.1 Theoretical Implications

The finding of the present study has contributed to the body of knowledge by bringing in new insights on the factors that might contribute to the effectiveness of the HR professionals. Further, the study had indicated that certain factors contribute more to the perceptions of effectiveness than others and thus add to the growing literature on factors that are significant in improving performance of the organizations in the form of competencies and organization capabilities (Teece *et al.*, 1998).

The present study had demonstrated the relationship among HR professionals' competencies, willingness and moderating effect of organizational support on HR

professionals' effectiveness in the context of under-researched non-western organizations using the theoretical framework of the resource-based theory. In the past, most of the previous studies on HR professionals' competencies and their effectiveness had been developed and tested in the developed countries (and also in advanced developing countries) like, European Countries, Taiwan, Malaysia and USA (Boselie & Paauwe, 2005; Han *et al.*, 2006; Long & Ismail 2009; Ulrich *et al.*, 2007). The results of those studies might not be applicable in the context of developing countries like Pakistan, Sri Lanka and Bangladesh. This result from the different research settings, unique national culture and the practices of different and diversified nature of human resources would have different effects in developing countries as compared to developed countries. Thus by studying the competencies and capabilities requirement of HR professionals in a new setting which represents the developing country viewpoint adds to our theoretical knowledge.

The present study as mentioned earlier tested a model (Ulrich *et al.*, 2007) which was based on HR performance theory and framework and had been well established in the field of human resource management. The study's contribution was adding the relationship and impact of "willingness" as a variable on HR professionals' effectiveness. Previously only few researchers (Analoui, 1998; Broackbank, 1999; Smith & McLaughlin, 2004; & Ulrich *et al.*, 2012) had mentioned that managers' effectiveness could be explored through their willingness. The researcher's objective was to identify the link between HR professionals' effectiveness and the behavioral and cognitive antecedents at an individual level. Previously, the HR competency model did not empirically study the integration of 'Willingness'. The study thus had added to the existing body of knowledge by not only testing the applicability of the

adapted model incorporating additional variable in a new context and within a new set of environmental frameworks. This could be referred to as theory verification research with additional benefits of theory development and refinement. In other words, in view of Rod's (2009) contention that any theory would keep on evolving and maturing, this process of refinement would continue. This would entail the additions to theory by testing established theoretical framework under new conditions and in new contexts.

From another viewpoint, the present study would add theoretical value by incorporating the moderating role of 'Organizational Support' especially in relationship between HR professionals' competencies, willingness with HR professionals' effectiveness. In terms of relating the HR professional competencies, other research had as yet not considered the role of any intervening variable (s) in the relationship between competencies and effectiveness. In many studies on relationships in the management literature, the intervening variable or moderating variable had been found to play some role (Chenhall & Brownell, 1988; Krasner, 1982; MacKinnon, Lockwood, Hoffman, Stephen & Sheets, 2002). The importance of organizational support as an intervening variable in behavioral studies has been advanced by earlier researchers (e.g. Schermerhorn, 1975; Shanock & Eisenberger, 2006) but not in this context of HR professional competencies and their effectiveness. On the other hand, Dharmasiri (2009) pointed to the fact that in South Asia, the HR professionals were willing and able to perform effectively but the top management did not provide the required organizational support thus rendering them ineffective. Employee's performance is mainly the result of organizational support because it enables the employees to utilize their competencies effectively for organizational

growth. Hence, this study intended to expand the knowledge on HR professionals' effectiveness by examining the moderating role of organizational support with the relationship between HR professionals' competencies and their willingness with HR professionals' effectiveness. This study has provided clear evidence that the moderating role of organizational support was empirically significant.

The results of the present study had confirmed that line managers' perceptions of HR professionals' competencies had influenced their effectiveness in the non-western context also. Furthermore, the present study was expected to bridge-up the gap in HR professionals' competencies and effectiveness literatures in the context of Pakistan in particular, and South Asia in general. Specifically, the present study had hoped to enrich scholars' understanding about the psychological processes of how HR professionals' competencies and their willingness would influence HR professionals' effectiveness through the moderating role of organizational support. The researcher had filled this gap first, through adding the 'willingness' (independent variable) and 'organizational' support (as moderating variable) and tried to contribution or enhancing the HR competency model.

The results of the present study had indicated the strong support for the notion of the resource-based theory. The applicability of resource-based theory which was previously applied across a variety of situations in the western context is now extended to the HR professionals' competencies and their effectiveness and moderating effect of organizational support linkages in the South Asian context in general, and Pakistani context in particular.

6.4.2 Managerial Implications

The findings of the present study are expected to enrich the managerial understanding of the relationship that HR professionals' competencies and willingness have with their effectiveness in an organizational setting. The outcome of this study therefore attempts to provide some helpful guidelines to the present and future HR professionals in the banking sector of Pakistan to achieve success in their profession.

6.4.2.1 Implications for HR Professionals

The primary objective of this study was to determine the impact of competencies and willingness that would help the HR professionals to become more effective. For many years, HR professionals had been labeled as personnel managers (Anthony *et al.*, 1996) and not considered as part of the strategy development team. Nevertheless it is understood that they could definitely sit where the strategic business decisions were made, if they had certain competencies. The finding of this study has indicated that HR professionals were lacking in the competencies and levels needed in the banking sector of Pakistan and therefore to be part of the strategy formulating and developing team they need to acquire specific competencies which will enable them to do so. Further, the results suggest that the HR professionals need to continuously improve their competencies so that they could achieve higher level of contributory performance to their organizational goals. For instance, if HR professionals are not 'Credible Activist', there will a lack of employees trust in whatever they say. On the other hand, the HR professionals who are not 'Strategic Architect' will be unable to understand the strategic dynamics of the organizations both in and outside the

organization and therefore will not be able to either articulate or implement the given strategy of their organization. The HR professionals need to acquire the Strategic Architect competency just as they need to acquire the Credible Activist competency among others if they want to add more value for their organization performance. Furthermore, the greater obstacle to the HR professionals was their willingness to change while they were involved in the banking sector of Pakistan. The unwilling HR professionals could create the vicious circle of ineffectiveness. Sometimes the unwillingness could come when HR professionals themselves were incompetent (Brockbank, 1999; Chen & Silverthorne, 2004).

Since the performance of the banks would depend on the banks' ability to attract, recruit, manage and motivate their employees, the quality of the HR professionals doing these functions must be of the highest order. They must have the required competencies. The role of HR professionals' competencies and their relationship with HR professionals' effectiveness in turn will ultimately affect the performance of the banks in terms of rectifying the non-performing loans (NPLs) situation. To reduce the NPLs, the banks would need talented, motivated and competent workforce. In this respect, this study and its results will guide and enable the HR professionals to develop some training and development framework which will incorporate the necessary competencies in its training program. It will also help the HR professionals to modify their recruiting and hiring methods in terms of locating potential talented professionals who can respond to the competency development process. This implication is significant given the nature and issue faced by banks in Pakistan.

6.4.2.2 Implications for Bankers

The top management of the banks needs to focus on developing their HR professionals' competencies. The study has found that the HR professionals in the Pakistani banks were lacking on specific competencies. The logic is if the bankers are looking for competent HR professionals, then they need to recruit talented HR professionals (Cascio & Boudreau, 2012). The bankers also need to provide adequate support in the process of developing and enhancing these desired competencies in the form of training and development and providing attractive remuneration for their HR professionals. Through training and development and the provision of attractive remuneration to the HR professionals, it is hoped they will become more willing to improve their competency level which in turn will enhance performance of the organization.

At present, because of the on-going mergers and acquisition processes, the bankers in Pakistan are facing many challenges such as recruiting the right talent and providing adequate and suitable professional training and retention programs. In order to deal effectively with all of these challenges, the bankers need to hire those HR professionals who can cope with these challenges. Sultan *et al.* (2012) argued that in times of high competition in the banking sector, the most critical success factor is recognized as the strengthening of HR department in the bank. Bankers generally would aspire to maximize their banking performance and they would be expected to exert more pressure on the HR professionals to achieve their goals. The HR professionals have to be effective in meeting these challenges, to perform new roles and be ready to develop new sets of competencies. The bankers are expecting that the

HR professionals have to be competent and effective and their HR departments need to work like a business entity within the larger business set-up. Due to this reason the HR professionals need to develop or enhance their competency level so that they can add more value to their organization businesses. When the HR professionals become competent, this will enable the performance level of their employees to be enhanced and this will ultimately meet or exceed the customers' expectations. In this manner, the HR department would serve multiple stakeholders (employees, customer and investors). This study will provide the guidelines to the bankers regarding what HR competencies would be required to enhance their professionals' performance in the banking business and the overall economic developments of Pakistan.

Bankers would want to see how the HR professionals' plans would make the banks more valuable through improved performance. Effective HR professionals are considered the key to the sustainability of the successes of the business. Furthermore, from the view point of the bankers, they are continuously upgrading their technologies and on-line banking services to provide the better facility to the customers in Pakistan. However, this growth is not without pain as the HR professionals would need to keep pace with technology, in terms of acquiring skills and capabilities to make the most of the technological changes in this dynamic environment. Bankers could leverage the available capabilities if they are willing to provide the needed organizational support to ensure the HR policies and plans are carried out successfully. In the banking sector, as any important sector of a country, employees are the backbone and the bankers would need to carefully hire, motivate, train and develop their employees. In other words, the banking top management would be expecting their HR professionals to provide them with the competent, well

trained, highly motivated and professional employees. These employees would ultimately contribute to the growth of the banks. But this would only be possible if the banking top management are appreciative of the need to provide 'organizational support' to the HR professionals' efforts to produce more well-trained bankers and loan officers as well as the supporting staff.

6.5 Limitations of the Study

Even though the present study offers some important insights into the significance of the HR professionals' competencies and their effectiveness, the contributions of the study should be viewed in the light of some limitations. These limitations would need to be recognized and they might also provide an indicator for future research efforts in this area.

The generalizability of the findings in this study was limited in two aspects. First, the context of the study limits the generalizability of the results, and may require caution when applying them to other industrial sectors. It should be noted that the sample in this study was comprised only of the big five local private banks of Pakistan. The results of the study may be applicable or generalizable to only the local private bank sector in Pakistan and thus the findings may not be generalizable to the entire banking sector of Pakistan. Further within the banking sector, the branches of the foreign banks were excluded from the sample. This was done because the operational approach of the HR professionals in those banks were expected to be very different. One needs to keep in mind that generally most of the HR professionals in the local private banking sector had received their initial training and knowledge from

universities in Pakistan and they had brought these inputs to their job environments. Even in such situations involving the movements of these professionals from one bank to another, this would suggest that their competency sets were generalizable. It should be noted that the cultural change within the banks has not reached a level where each bank would be unique. In other words, from the perceptions of the line managers the competency level of the HR professionals on the average would be the same across all banks. However, the fact that banks may differ from other industrial and economic sectors, must be kept in mind when generalizing the results. This also points to the need for extending this study to other sectors to get a comprehensive picture of the phenomenon of HR practitioners and their level of competencies within an economic framework.

Another point is that the present study had relied mainly on self-reported questionnaire data. Thus the possibility of common method variance may exist since all the variables are measured using a single survey instrument. According to Avolio, Yammarino and Bass (1991), the common method variance was most problematic in examining the relationships among the psychological or attitudinal data collected from a single respondent at one point in time. Moreover, this was a problem when data for the study were in fact individual perceptions (in this case, only line managers) and therefore were not factual data. The present study had mainly depended on the data collected through the survey method and from the same unit of analysis i.e. the line managers. The HR managers were excluded from this study.

Although this study had adopted a proper methodological approach during the data collection process, certain limitations did exist. This study had adopted a quantitative

approach in the study design and the analysis of data. Thus this approach might not be able to translate human's feeling or perceptions into number. In this way, the study could have lost out on the recurrence of data as well as the information that could reflect the human competency as a phenomenon unfolded. Furthermore, this study had included a combination of both quantitative and qualitative approach, such as in-depth interview and focus group discussion to provide validity to the findings of this study.

6.6 Future Research Directions

This study was explanatory and descriptive in nature and thus it tended to assure the question of what happens or is happening. A significant area that needs to be addressed is the 'why' and the 'how' of the phenomenon. For example, why is it that highly professionally oriented organizations miss out on inculcating the very factors of professionalism in their HR systems. Therefore, a significant area for future research could be the contextual aspects of behavior rather than the content area of behavior in an organizational setting.

However, future research should also include other players in the banking sector e.g. local public, local private, and local multinational banks in Pakistan. Comparison of these local, public and multinationals banks in Pakistan could provide a better insight of the HR professionals' competencies and their effectiveness in the Pakistani banking sector. These could also help to resolve the earlier mentioned issue of generalizability.

In summary, although there were limitations, the present study had met all of the four research objectives as mentioned in Chapter 1. The first three objectives were to examine the influence of HR professionals' competencies and willingness on HR professionals' effectiveness. The last objective dealt with the moderating effect of organizational support on the relationship between HR professionals' competencies, willingness and HR professionals' effectiveness. The study had also examined the moderating role of organizational support in understanding the HR professionals' effectiveness especially in the context of private banks in Pakistan. The result of the study had supported the empirically tested hypotheses. Furthermore, the results of the present study had pointed out the importance of examining the role of employees' perceptions of HR professionals' competencies, HR professionals' willingness in predicting the HR professionals' effectiveness. Finally, the study had contributed by adding and examining the relationship and the impact of 'willingness' as an independent variable and the role of 'organizational support' as moderating variable on HR professionals' effectiveness in the context of a developing economy such as Pakistan. The six competencies together with willingness and organizational support could enhance the performance of all the HR professionals in the banking sector in Pakistan and it did improve the effectiveness of HR professionals at the individual level.

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Appendix 1



COLLEGE OF BUSINESS Survey Questionnaire

RESEARCH TITLE

The Moderating Effect of Organizational Support on the Relationship between Social Competencies, Technical Competencies, Willingness and HR professionals' effectiveness Link: A Study among Bank Managers in Pakistan

Dear Sir / Madam:

I am conducting an academic research study in the area of human resource management as part of my Ph.D. program at the College of Business, University Utara Malaysia.

This is an academic research survey which needs some time from your busy schedule. The survey intends to understand HR professional competencies and effectiveness in the banking sector of Pakistan.

Any information that you provide will be kept confidential and used for research purpose only. In this regard you are requested to kindly fill the survey form as attached herewith.

This survey will take about 20 minutes of your precious time which will be extremely valuable in fulfilling the requirement of Ph.D. research. For your convenience, I have enclosed a self-addressed postage paid envelope for the return of the completed survey.

If you have any questions about the survey or the research study, please give me a call or SMS at (0092-300-451-8489) or email at aqeel@umt.edu.pk or aqeel_pk@hotmail.com

Your prompt response to this research study will be highly appreciated.

Sincerely,

Aqeel Ahmad

Ph.D. Scholar

College of Business

University Utara Malaysia

PART 1

RESPONDENT'S BACKGROUND

The following information is strictly confidential and will only be used for research purpose. I will be grateful if you could kindly fill the required information.

Instruction: Please **TICK** (✓) in the appropriate box.

1. **Designation:**

	Chief Manager		Branch Manager
	Manager Operations		Customer Relations Manager
	Credit Manager		Any other title, please specify ()

2.

Banks:

	Habib Bank Limited		United Bank Limited
	Allied Bank Limited		Muslim Commercial Bank
	Bank Al Habib		

3. **Highest Qualification:**

	Ph.D.		MS/M. Phil
	Masters		Bachelor

4. **Age:**

	Less than 30 years		30 – 40 years
	41 – 50 years		More than 50 years

5. **Years working in the banking sector**

	1 – 3 years		4 – 6 years
	7 – 10 years		11 – 15 years
	More than 15 years		

6. **Gender:**

	Male		Female
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PART II

HUMAN RESOURCE PROFESSIONALS' EFFECTIVENESS

Please read the following statements and **encircle** the response that closely represents your opinion. The statements are anchored on the following 5 point Likert Scale:

1 - Strongly Disagree: 2 - Disagree: 3 - Neutral: 4 - Agree: 5 – Strongly Agree:

HR Professionals' Effectiveness

Definition:

HR professionals' Effectiveness means that the HR professionals are concerned and are able to meet the goals that they set to do the HR work.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank are efficient when recruiting candidates needed for the bank.	1	2	3	4	5
2.	HR professionals in our bank are very responsive to meeting the needs of the line managers.	1	2	3	4	5
3.	HR professionals in our bank provide me with useful and timely information regarding HR issues.	1	2	3	4	5
4.	HR professionals in our bank have given value-added contributions to our bank's operational performance.	1	2	3	4	5
5.	HR professionals in our bank have played an effective role in building our bank's human capital to become a source of competitive advantage.	1	2	3	4	5
6.	HR policies, practices and procedures proposed by our HR professionals have generally been effective in supporting the job performance of the line managers and employees of our bank.	1	2	3	4	5
7.	HR professionals in our bank have developed effective HR policies, practices and procedures which support the bank's business plan.	1	2	3	4	5
8.	HR professionals in our bank have managed to improve our employees' motivation and morale.	1	2	3	4	5
9.	HR professionals in their HRM roles and responsibilities in our bank have met the employees'	1	2	3	4	5

	expectations.					
10.	HR professionals in our bank provide/facilitate good career plans for the employees.	1	2	3	4	5
11.	Overall, I am satisfied with the service and support that have been provided by the HR professionals in our bank.	1	2	3	4	5

PART III

HR PROFESSIONALS SOCIAL, TECHNICAL COMPETENCIES AND HR PROFESSIONALS' WILLINGNESS

Please read the following statements and **encircle** the response that closely represents your opinion. The statements are anchored on the following 5 point Likert Scale:

1 - Strongly Disagree: 2 - Disagree: 3 - Neutral: 4 - Agree: 5 – Strongly

Agree:

HR Professionals' Social Competencies

HR Professionals' Social Competencies are further categorized into three, namely; Credible Activist, Talent Manager/Organizational Designer and Culture & Change Steward. Below are the definitions.

Credible Activist

Definition:

The HR professionals need to be both credible (respected, admired, listened to) and active (offers a point of view, takes challenges). HR professionals who are credible but not activist are admired but have little impact. Activists who are not credible have ideas that no one implements.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank always try to meet their commitments.	1	2	3	4	5
2.	HR professionals in our bank have earned our trust.	1	2	3	4	5
3.	HR professionals in our bank normally perform accurate	1	2	3	4	5

	and error-free work					
4.	HR professionals in our bank are role models for us.	1	2	3	4	5
5.	HR professionals in our bank respond promptly to our issues.	1	2	3	4	5
6.	HR professionals in our bank are effective in their written communication skills.	1	2	3	4	5
7.	HR professionals in our bank are effective in their verbal communication skills.	1	2	3	4	5
8.	HR professionals in our bank generally have a practice to influence others.	1	2	3	4	5
9.	HR professionals in our bank have effective interpersonal skills.	1	2	3	4	5

Talent Manager / Organization Designer

Definition:

HR professionals are responsible for promoting the potential of their talented employees which will ultimately lead to higher retention and more productive employees. Organization design focuses on how a company embeds capability (for example, collaboration) into the structure, processes, and policies that shape how an organization works.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank provide accurate and candid feedback.	1	2	3	4	5
2.	HR professionals in our bank are successful in attracting talented employees	1	2	3	4	5
3.	HR professionals in our bank are able to promote talented employees.	1	2	3	4	5
4.	HR professionals in our bank are able to retain talented employees.	1	2	3	4	5
5.	HR professionals in our bank are able to facilitate the establishment of clear performance standards.	1	2	3	4	5
6.	HR professionals in our bank are able to develop effective training programs for our officers.	1	2	3	4	5

7.	HR professionals in our bank are good at performing organizational analysis and audits.	1	2	3	4	5
8.	HR professionals in our bank facilitate the design of organizational structure.	1	2	3	4	5
9.	HR professionals in our bank facilitate the design of effective internal communication processes.	1	2	3	4	5
10.	HR professionals in our bank know when and how to leverage teams.	1	2	3	4	5

Culture & Change Steward

Definition:

HR professionals appreciate, articulate, and help to shape a company's culture. Culture is a pattern of activities more than a single event. As a steward of culture, HR professionals respect the past culture and also help to shape a new culture. They guide employees in how their actions reflect and drive culture.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank play an effective role in helping employees to understand the importance of change in the organization.	1	2	3	4	5
2.	HR professionals in our bank facilitate the change processes in our bank.	1	2	3	4	5
3.	HR professionals in our bank are able to monitor effectively the progress of change processes in our bank.	1	2	3	4	5
4.	HR professionals in our bank take a proactive role in bringing about change.	1	2	3	4	5
5.	HR professionals in our bank play an effective role in communicating the desired culture throughout our bank	1	2	3	4	5
6.	HR professionals in our bank design and deliver those HR practices that create and maintain the desired culture in our bank.	1	2	3	4	5
7.	HR professionals in our bank share knowledge across organizational boundaries.	1	2	3	4	5
8.	HR professionals in our bank help to create the need for change.	1	2	3	4	5

HR Professionals' Technical Competencies

HR Professionals Technical Competencies are further categorized into three, namely; Strategy Architect, Business Ally and Operational Executor. Below are the definitions.

Strategy Architect

Definition:

HR professionals have a vision how an organization can “win” in the marketplace, now and in the future. He or she plays an active part in the establishment of the overall strategy to deliver this vision. This linkage helps to make customer-driven business strategies real to the employees of the company.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank play a significant role in the development of our bank's business strategy.	1	2	3	4	5
2.	HR professionals in our bank engage in constructive problem solving effecting external clients.	1	2	3	4	5
3.	HR professionals in our bank are able to forecast regularly the potential obstacles to the bank's success.	1	2	3	4	5
4.	HR professionals have played a significant role in the development of our bank's future business vision.	1	2	3	4	5
5.	HR professionals in our bank help to identify problems which are central to the bank's business strategy.	1	2	3	4	5
6.	HR professionals in our bank are able to recognize business trends and their impact on the bank's business.	1	2	3	4	5
7.	HR professionals in our bank contribute towards the building of the bank's brand image to customers, shareholders and employees.	1	2	3	4	5
8.	HR professionals in our bank ensure that the key leaders are aligned around major change initiative.	1	2	3	4	5
9.	HR professionals in our bank are proactive in contributing to business initiatives.	1	2	3	4	5
10.	HR professionals in our bank facilitate the dissemination of customer information.	1	2	3	4	5
11.	HR professionals in our bank remove low value work.	1	2	3	4	5
12.	HR professionals in our bank translate business strategy into annual business initiatives.	1	2	3	4	5

Definition:

HR professionals contribute to the success of a business by knowing the social context or setting in which their business operates. HR professionals must take care of the business success by setting goals and objectives that respond to external opportunities and threats.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank help to perform competitor analysis.	1	2	3	4	5
2.	HR professionals in our bank normally help to take care of the requirements of external customers.	1	2	3	4	5
3.	HR professionals in our bank are fully aware of bank's business model.	1	2	3	4	5
4.	HR professionals in our bank have adequate knowledge about Pakistan's banking sector.	1	2	3	4	5
5.	HR professionals in our bank are familiar with new emerging technologies in the banking sector.	1	2	3	4	5
6.	HR professionals in our bank realize the importance of research and development (R&D) related to HR work.	1	2	3	4	5
7.	HR professionals in our bank are able to perform R&D tasks related to HR.	1	2	3	4	5
8.	HR professionals in our bank are knowledgeable in the operations of our bank.	1	2	3	4	5
9.	HR professionals in our bank are aware of the external political environment.	1	2	3	4	5
10.	HR professionals in our banks are aware of the social issues having an impact on the bank's business.	1	2	3	4	5
11.	HR professionals in our bank are familiar with the issues related to the mergers and acquisition.	1	2	3	4	5

Operational Executor

Definition:

HR professionals are responsible to develop the policies and implement in such a way that employees can take benefit from those policies.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank play a role in the design and allocation of physical space.	1	2	3	4	5
2.	HR professionals in our bank are good at managing the labor policies and procedures.	1	2	3	4	5
3.	HR professionals in our bank are able to use information technology for implementing HR practices.	1	2	3	4	5
4.	HR professionals in our bank are able to use HR information systems to make better decisions.	1	2	3	4	5
5.	HR professionals in our bank are able to develop and organize suitable training programs that meet the needs of functional departments.	1	2	3	4	5
6.	HR professionals in our bank are good at designing a proper performance-based compensation system.	1	2	3	4	5
7.	HR professionals in our bank are able to design a non-financial reward system.	1	2	3	4	5
8.	HR professionals in our bank are able to design an appropriate benefit system.	1	2	3	4	5

HR Professionals Willingness

Definition:

Will is associated with intrinsic motivation to be effective or not. If HR professionals lack the willingness and motivation to contribute their knowledge and expertise, then he/she may not be effective. One way by which HR department can add value to the organization is that HR professionals be willing to actively contribute to HRM strategies and their implementation.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	HR professionals in our bank are positive towards their own career growth.	1	2	3	4	5
2.	HR professionals in our bank are self-motivated to take proactive actions.	1	2	3	4	5
3.	HR professionals in our bank are willing to develop people within the bank.	1	2	3	4	5
4.	HR professionals in our bank have shown their desire to contribute to improve the bank's performance.	1	2	3	4	5
5.	HR professionals in our bank have shown their ability to facilitate the implementation of improvement strategies in the bank.	1	2	3	4	5
6.	HR professionals in our bank have the attitude to perform their job effectively.	1	2	3	4	5
7.	HR professionals show the willingness to contribute their knowledge into HR functions.	1	2	3	4	5

PART IV

THE ROLE OF ORGANIZATIONAL SUPPORT

Please read the following statements and **encircle** the response that closely represents your opinion. The statements are anchored on the following 5 point Likert Scale:

1 - Strongly Disagree: 2 - Disagree: 3 - Neutral: 4 - Agree: 5 – Strongly

Agree:

Organizational Support

Definition: One of the important factors that has been said to effect/improve employees' performance is organizational support; such as organizational resources, e.g. infrastructure, financial resources and moral support.

No.	Statements	S.Dis.	Dis.	N	Agr.	S.Agr.
1.	Top management has clearly communicated the bank vision/mission to the HR professionals.	1	2	3	4	5
2.	HR department has adequate staff to do their work effectively.	1	2	3	4	5
3.	HR department has the latest technology to perform their job effectively.	1	2	3	4	5
4.	HR department has the empowerment to implement the policy decision which can lead to HR professionals' effectiveness.	1	2	3	4	5
5.	The HR professionals in our bank have enough organizational support to perform effectively.	1	2	3	4	5
6.	HR department has been provided with adequate training budget in order to enhance the competency level of their HR professionals.	1	2	3	4	5
7.	HR professionals in our bank have organizational support to provide accurate and candid performance feedback.	1	2	3	4	5
8.	The bank provides helpful working environment to HR professionals which will lead to self-motivation to perform their job.	1	2	3	4	5
9.	HR professionals in our bank are competent to perform their duty effectively but they don't have support from the organization.	1	2	3	4	5
10	HR professionals in our bank are willing to do their job effectively but they have not received support from the Organization.	1	2	3	4	5

THANK YOU !

Appendix 2

Outlier Detection Results

Alpha	0.001	0.01	0.05
Chi square	26.12448	20.09024	15.50731

Outlier Table

Sr.#	Mahalanobis	Cook	Lev	Sr.#	Mahalanobis	Cook	Law
1	31.82225	.01039	.17485	93	6.48984	.02053	.03597
2	29.65776	.00893	.16295	94	6.48638	.01114	.03566
3	28.19849	.07149	.15494	95	6.47614	.00024	.03564
4	23.46990	.01115	.12896	96	6.45504	.03826	.03558
5	20.62271	.02241	.11331	97	6.33555	.00030	.03547
6	19.82834	.02079	.10895	98	6.31644	.00373	.03481
7	19.31157	.00027	.10611	99	6.30838	.00246	.03471
8	19.02474	.07180	.10453	100	6.21902	.00084	.03466
9	18.82386	.01034	.10343	101	6.20766	.00535	.03417
10	18.08587	.00467	.09937	102	6.19259	.00188	.03411
11	16.70973	.00173	.09181	103	6.07675	.00038	.03403
12	16.34654	.00901	.08982	104	5.83553	.00110	.03339
13	16.28373	.00030	.08947	105	5.69987	.00315	.03206
14	16.23059	.00455	.08918	106	5.64799	.00166	.03132
15	15.56784	.06767	.08554	107	5.55570	.00116	.03103
16	15.47327	.00254	.08502	108	5.55138	.00215	.03053
17	15.03990	.00074	.08264	109	5.54741	.00125	.03050
18	14.68960	.00061	.08071	110	5.41061	.00088	.03048
19	14.57046	.00055	.08006	111	5.40422	.00170	.02973
20	13.88529	.01778	.07629	112	5.35344	.00121	.02969
21	13.86143	.00638	.07616	113	5.24342	.00000	.02941
22	13.70147	.03694	.07528	114	5.23620	.00252	.02881
23	13.57628	.00142	.07459	115	5.23324	.00005	.02877
24	13.49900	.00012	.07417	116	5.22552	.00063	.02875
25	13.45108	.00241	.07391	117	5.12508	.00034	.02871
26	13.37855	.00167	.07351	118	5.12508	.00034	.02816

27	13.37626	.00216	.07350	119	5.09888	.00281	.02816
28	13.24424	.00118	.07277	120	5.05166	.00190	.02802
29	13.17125	.02731	.07237	121	4.96242	.00000	.02776
30	12.95895	.09726	.07120	122	4.95788	.01011	.02727
31	12.68570	.00058	.06970	123	4.87859	.00064	.02724
32	12.62908	.03236	.06939	124	4.86436	.00143	.02681
33	12.31773	.00452	.06768	125	4.77174	.00041	.02673
34	12.17161	.00054	.06688	126	4.71301	.00910	.02622
35	11.70915	.00271	.06434	127	4.63216	.00696	.02590
36	11.70532	.00007	.06431	128	4.61115	.00017	.02545
37	11.60135	.03935	.06374	129	4.51134	.00047	.02534
38	11.49074	.00825	.06314	130	4.50496	.00812	.02479
39	11.33140	.00049	.06226	131	4.42436	.00692	.02475
40	11.01340	.00080	.06051	132	4.40701	.00312	.02431
41	11.00108	.00446	.06045	133	4.33668	.00243	.02421
42	10.97058	.00950	.06028	134	4.32931	.00267	.02383
43	10.86738	.00035	.05971	135	4.20745	.00420	.02379
44	10.84149	.00223	.05957	136	4.20023	.00009	.02312
45	10.48706	.00004	.05762	137	4.14805	.00102	.02308
46	10.43188	.00196	.05732	138	4.12963	.00030	.02279
47	10.42730	.00638	.05729	139	4.12963	.00030	.02269
48	10.29917	.00000	.05659	140	4.03342	.00280	.02269
49	10.19864	.01924	.05604	141	3.99259	.00100	.02216
50	10.08342	.00219	.05540	142	3.99174	.00519	.02194
51	9.95282	.00141	.05469	143	3.94692	.00027	.02193
52	9.67688	.00008	.05317	144	3.92780	.00043	.02169
53	9.57315	.01289	.05260	145	3.79586	.00551	.02158
54	9.49058	.00019	.05215	146	3.77209	.00184	.02086
55	9.45520	.00001	.05195	147	3.76930	.00010	.02073
56	9.43326	.00249	.05183	148	3.76364	.00011	.02071
57	9.36753	.00037	.05147	149	3.61682	.00041	.02068
58	9.36046	.00097	.05143	150	3.57412	.00008	.01987
59	9.28202	.05829	.05100	151	3.47084	.00027	.01964
60	9.09612	.01059	.04998	152	3.46798	.00014	.01907
61	9.04368	.03460	.04969	153	3.31457	.00086	.01905
62	8.93116	.00160	.04907	154	3.22331	.00003	.01821

63	8.88632	.00008	.04883	155	3.22253	.00444	.01771
64	8.79415	.00059	.04832	156	3.18246	.00601	.01771
65	8.79343	.00028	.04832	157	3.16552	.00206	.01749
66	8.74918	.00005	.04807	158	3.13731	.00627	.01739
67	8.73410	.02921	.04799	159	3.12927	.00966	.01724
68	8.66433	.00542	.04761	160	2.86554	.00057	.01719
69	8.56080	.00370	.04704	161	2.85585	.00199	.01574
70	8.52378	.00363	.04683	162	2.84701	.00001	.01569
71	8.47768	.00167	.04658	163	2.78466	.00190	.01564
72	8.46716	.01347	.04652	164	2.76383	.00027	.01530
73	8.20274	.00183	.04507	165	2.63296	.00230	.01519
74	8.04371	.00498	.04420	166	2.62836	.00401	.01447
75	7.93250	.02778	.04359	167	2.62239	.00667	.01444
76	7.89812	.00164	.04340	168	2.57849	.00003	.01441
77	7.86527	.00026	.04322	169	2.46311	.00003	.01417
78	7.79398	.00123	.04282	170	2.37980	.00031	.01353
79	7.59512	.00465	.04173	171	2.24705	.00076	.01308
80	7.47793	.00004	.04109	172	2.21183	.00262	.01235
81	7.40162	.00403	.04067	173	1.93793	.00040	.01215
82	7.27396	.03107	.03997	174	1.76544	.00265	.01065
83	7.08405	.01131	.03892	175	1.75367	.00100	.00970
84	7.07206	.01490	.03886	176	1.67979	.00203	.00964
85	7.02456	.01134	.03860	177	1.65826	.00080	.00923
86	6.98454	.00142	.03838	178	1.65402	.00174	.00911
87	6.76979	.00051	.03720	179	1.62131	.00013	.00909
88	6.72108	.00692	.03693	180	1.60163	.00000	.00891
89	6.70459	.00163	.03684	181	1.41978	.00036	.00880
90	6.64030	.00000	.03649	182	.94384	.00059	.00780
91	6.56288	.00013	.03606	183	92318	.00010	.00519
92	6.54616	.00021	.03671				

Appendix 3
Test of Normality

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Studentized Residual	183	100.0%	0	.0%	183	100.0%

Descriptives

			Statistic	Std. Error
Studentized Residual	Mean		-.0027009	.07433599
	95% Confidence Interval for Mean	Lower Bound	-.1493721	
		Upper Bound	.1439702	
	5% Trimmed Mean		-.0066348	
	Median		-.0860276	
	Variance		1.011	
	Std. Deviation		1.00559861	
	Minimum		-2.84041	
	Maximum		3.24677	
	Range		6.08718	
	Interquartile Range		1.18149	
	Skewness		.117	.180
	Kurtosis		.679	.357

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Studentized Residual	.044	183	.200*	.991	183	.340

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Appendix 4

Inter-Item Correlations of All Variables

Inter-Item Correlation Matrix of HR Professionals' Effectiveness (HRPE)

	HRPE-Q1	HRPE-Q2	HRPE-Q3	HRPE-Q4	HRPE-Q5	HRPE-Q6	HRPE-Q7	HRPE-Q8	HRPE-Q9	HRPE-Q10	HRPE-Q11
HRPE-Q1	1.000										
HRPE-Q2	.810	1.000									
HRPE-Q3	.688	.741	1.000								
HRPE-Q4	.699	.674	.711	1.000							
HRPE-Q5	.669	.704	.602	.706	1.000						
HRPE-Q6	.603	.651	.638	.596	.693	1.000					
HRPE-Q7	.648	.599	.591	.626	.713	.670	1.000				
HRPE-Q8	.567	.692	.552	.560	.570	.634	.553	1.000			
HRPE-Q9	.607	.685	.571	.589	.652	.544	.562	.731	1.000		
HRPE-Q10	.672	.652	.620	.598	.632	.592	.587	.668	.730	1.000	
HRPE-Q11	.699	.755	.626	.646	.707	.670	.671	.709	.714	.775	1.000

Inter-Item Correlation Matrix of Credible Activist (CA)

	CA-Q1	CA-Q2	CA-Q3	CA-Q4	CA-Q5	CA-Q6	CA-Q7	CA-Q8	CA-Q9
CA-Q1	1.000								
CA-Q2	.752	1.000							
CA-Q3	.599	.571	1.000						
CA-Q4	.526	.561	.575	1.000					
CA-Q5	.551	.489	.484	.703	1.000				
CA-Q6	.491	.431	.484	.407	.489	1.000			
CA-Q7	.415	.429	.478	.374	.434	.671	1.000		
CA-Q8	.385	.330	.339	.336	.385	.448	.474	1.000	
CA-Q9	.463	.408	.480	.397	.393	.594	.635	.648	1.000

Inter-Item Correlation Matrix of Talent Manager / Organization Designer (TMOD)

	TMOD-Q1	TMOD-Q2	TMOD-Q3	TMOD-Q4	TMOD-Q5	TMOD-Q6	TMOD-Q7	TMOD-Q8	TMOD-Q9	TMOD-Q10
TMOD-Q1	1.000									
TMOD-Q2	.742	1.000								
TMOD-Q3	.646	.704	1.000							
TMOD-Q4	.468	.517	.697	1.000						
TMOD-Q5	.475	.517	.569	.604	1.000					
TMOD-Q6	.224	.250	.237	.201	.252	1.000				
TMOD-Q7	.402	.418	.475	.440	.428	.294	1.000			
TMOD-Q8	.410	.383	.410	.392	.404	.252	.694	1.000		
TMOD-Q9	.404	.378	.314	.355	.406	.236	.572	.729	1.000	
TMOD-Q10	.410	.389	.452	.421	.445	.133	.573	.708	.750	1.000

Inter-Item Correlation Matrix of Culture & Change Steward (CCS)

	CCS-Q1	CCS-Q2	CCS-Q3	CCS-Q4	CCS-Q5	CCS-Q6	CCS-Q7	CCS-Q8
CCS-Q1	1.000							
CCS-Q2	.767	1.000						
CCS-Q3	.602	.722	1.000					
CCS-Q4	.502	.610	.663	1.000				
CCS-Q5	.545	.639	.618	.782	1.000			
CCS-Q6	.416	.373	.490	.512	.551	1.000		
CCS-Q7	.425	.433	.460	.528	.581	.662	1.000	
CCS-Q8	.435	.494	.529	.592	.615	.626	.766	1.000

Inter-Item Correlation Matrix of Strategic Architect (SA)

	SA-Q1	SA-Q2	SA-Q3	SA-Q4	SA-Q5	SA-Q6	SA-Q7	SA-Q8	SA-Q9	SA-Q10	SA-Q11	SA-Q12
SA-Q1	1.000											
SA-Q2	.764	1.000										
SA-Q3	.714	.716	1.000									
SA-Q4	.616	.650	.735	1.000								
SA-Q5	.599	.580	.702	.766	1.000							
SA-Q6	.508	.510	.603	.652	.718	1.000						
SA-Q7	.553	.502	.587	.608	.662	.725	1.000					
SA-Q8	.518	.493	.593	.614	.641	.665	.737	1.000				
SA-Q9	.572	.578	.586	.587	.547	.565	.608	.636	1.000			
SA-Q10	.548	.528	.584	.598	.530	.531	.589	.651	.694	1.000		
SA-Q11	.497	.534	.459	.494	.533	.481	.533	.559	.604	.652	1.000	
SA-Q12	.568	.518	.510	.597	.598	.546	.583	.646	.604	.684	.736	1.000

Inter-Item Correlation Matrix of Business Allay (BA)

	BA-Q1	BA-Q2	BA-Q3	BA-Q4	BA-Q5	BA-Q6	BA-Q7	BA-Q8	BA-Q9	BA-Q10	BA-Q11
BA-Q1	1.000										
BA-Q2	.717	1.000									
BA-Q3	.576	.702	1.000								
BA-Q4	.576	.585	.721	1.000							
BA-Q5	.538	.560	.692	.815	1.000						
BA-Q6	.513	.524	.654	.714	.734	1.000					
BA-Q7	.483	.539	.580	.590	.696	.775	1.000				
BA-Q8	.430	.449	.527	.629	.680	.681	.665	1.000			
BA-Q9	.478	.530	.515	.556	.653	.610	.620	.718	1.000		
BA-Q10	.470	.535	.576	.587	.635	.618	.597	.634	.768	1.000	
BA-Q11	.582	.581	.559	.626	.663	.679	.643	.676	.720	.751	1.000

Inter-Item Correlation Matrix of Operational Executor (OE)

Inter-Item Correlation Matrix of HR Professionals' Willingness (HRPW)								
OE-Q2	.626	1.000						
OE-Q3	.492	.626	1.000					
OE-Q4	.506	.553	.739	1.000				
OE-Q5	.482	.486	.589	.731	1.000			
OE-Q6	.432	.524	.534	.676	.634	1.000		
OE-Q7	.406	.532	.469	.571	.623	.729	1.000	
OE-Q8	.297	.454	.441	.526	.569	.671	.754	1.000

	HRPW-Q1	HRPW-Q3	HRPW-Q3	HRPW-Q4	HRPW-Q5	HRPW-Q6	HRPW-Q7
HRPW-Q1	1.000						
HRPW-Q2	.356	1.000					
HRPW-Q3	.305	.718	1.000				
HRPW-Q4	.306	.689	.733	1.000			
HRPW-Q5	.290	.647	.723	.763	1.000		
HRPW-Q6	.288	.653	.740	.750	.812	1.000	
HRPW-Q7	.281	.673	.740	.740	.873	.829	1.000

Inter-Item Correlation Matrix of Organizational Support (OS)

	OS-Q1	OS-Q2	OS-Q3	OS-Q4	OS-Q5	OS-Q6	OS-Q7	OS-Q8	OS-Q9	OS-Q10
OS-Q1	1.000									
OS-Q2	.789	1.000								
OS-Q3	.773	.804	1.000							
OS-Q4	.694	.716	.688	1.000						
OS-Q5	.694	.735	.678	.760	1.000					
OS-Q6	.645	.695	.648	.661	.766	1.000				
OS-Q7	.639	.642	.627	.651	.700	.698	1.000			
OS-Q8	.546	.566	.547	.548	.596	.645	.732	1.000		
OS-Q9	-.441	-.449	-.373	-.278	-.369	-.263	-.241	-.203	1.000	
OS-Q10	-.436	-.424	-.355	-.272	-.366	-.234	-.281	-.161	.888	1.000

Appendix 5

Reliability Analysis of All Variables

Reliability Analyses of HR Professionals' Effectiveness			
No. of Items	Dependent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (HRPE)
1.	Efficient Recruiting	.948	.953
2.	Responsive	.946	
3.	Timely Information	.949	
4.	Value added contribution	.949	
5.	Building human capital	.948	
6.	HR Policies generally supportive	.949	
7.	Effective policies for Business	.950	
8.	Motivation and moral employees	.950	
9.	Met employees expectation	.949	
10.	Facilities for career	.948	
11.	Overall satisfied	.946	
ANOVA Result: Statistics: F = 11.502; p<.000			

Reliability Analysis of Credible Activist			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (CA)
1.	Meet their commitment	.878	.894
2.	Earned our respect	.882	
3.	Accurate error free work	.881	
4.	Role models for us	.883	
5.	Respond promptly our issues	.882	
6.	Effective written skills	.881	
7.	Verbal communication skills	.882	
8.	Influence others	.890	
9.	Effective interpersonal skills	.881	
ANOVA Result Statistics: F = 15.174; p<.000			

Reliability Analysis of Talent Manager / Organization Designer			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (TMOD)
1.	Accurate and candid feedback	.899	.907
2.	Attracting talented employees	.898	
3.	Promote talented employees	.894	
4.	Retain talented employees	.899	
5.	Clear performance standards	.898	
6.	Training programs for employees	.900	
7.	Performing organizational analysis & audit	.896	
8.	Facilitate organizational structure	.896	
9.	Design internal communication processes	.899	
10.	Know when to leverage teams	.897	
ANOVA Result Statistics: F= 1.887; p<.050			

Reliability Analysis of Culture and Change Steward			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (CCA)
1.	Helping employees to understand change	.905	.912
2.	Facilitate the change process	.899	
3.	Monitor the change processes	.899	
4.	Proactive in bring about change	.897	
5.	Communicating the desire culture	.894	
6.	Design & deliver HR practices to maintain culture	.907	
7.	Share knowledge across organization	.903	
8.	Help to create the change	.900	
ANOVA Result Statistics: F= 4.496; p<.000			

Reliability Analysis of Strategic Architect			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (SA)
1.	Develop business strategy	.943	.947
2.	Constructive problem solving	.944	
3.	Forecast potential obstacles	.942	
4.	Develop future business vision	.941	
5.	Identify business problems	.942	
6.	Recognize business trends	.943	
7.	Building brand image	.942	
8.	Aligned around major change	.942	
9.	Contributing business initiatives	.943	
10.	Dissemination of customer information	.943	
11.	Remove low value work	.945	
12.	Business strategy into annual business initiatives	.943	
ANOVA Result Statistics: F= 1.234; p<.259			

Reliability Analysis of Business Ally			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (BA)
1.	Perform competitors analysis	.940	.942
2.	Take care external customers	.938	
3.	Aware of business model	.942	
4.	Knowledge about Pakistani banking	.935	
5.	Familiar with new technologies	.933	
6.	Realize R&D importance	.934	
7.	Perform R&D	.936	
8.	Know the operations of the bank	.936	
9.	Aware external political environment	.936	
10.	Aware social issues	.935	
11.	Familiar with merger and acquisition	.934	
ANOVA Result Statistics: F= 2.527; p<.005			

Reliability Analysis of Operational Executor			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (OE)
1.	Allocate physical resources	.902	.903
2.	Managing labor policies	.892	
3.	Use IT for implementation of HR practices	.891	
4.	Use IT for better decision	.883	
5.	Develop suitable training program for employees	.887	
6.	Design performance based compensation system	.884	
7.	Design non-financial rewards	.887	
8.	Design appropriate benefit system	.895	

ANOVA Result Statistics: $F= 12.763$; $p<.000$

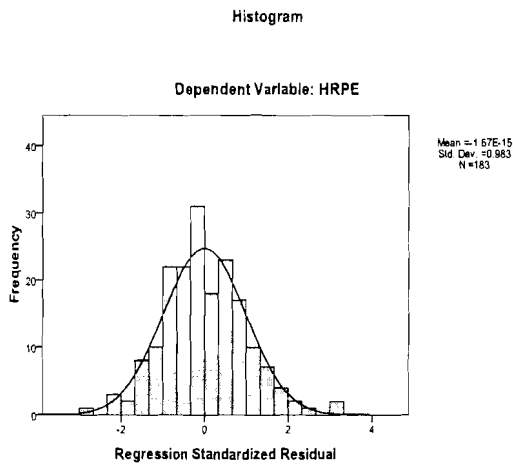
Reliability Analysis of HR Professionals' Willingness			
No. of Items	Independent Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (HRPW)
1.	Positive their own career growth	.943	.944
2.	Self motivated	.937	
3.	Willing to develop people	.935	
4.	Desire to contribute	.935	
5.	Facilitate the implementation of strategies	.933	
6.	Attitude to perform effectively	.933	
7.	Willingness to contribute knowledge	.932	

ANOVA Result Statistics: $F= 7.775$; $p<.000$

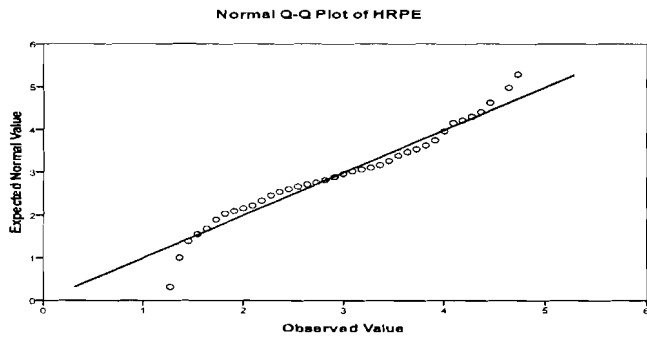
Reliability Analysis of Organizational Support			
No. of Items	Moderating Variable	Cronbach's Alpha Item Deleted	Overall Cronbach Alpha of (OS)
1.	Communicate vision to HR professional	.932	.941
2.	Adequate staff	.928	
3.	Latest technology to perform job	.931	
4.	Empowerment to implement the policy	.932	
5.	Enough organizational support	.930	
6.	Adequate training budget	.932	
7.	Organizational support to provide accurate feedback	.934	
8.	Provide helpful working environment	.940	

ANOVA Result Statistics: $F= 2.043$; $p<.048$

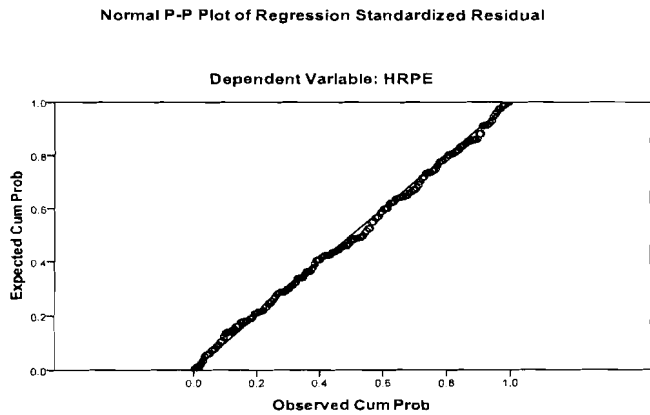
Appendix 6
Histogram of the Regression Residual



Testing Normality using Q-Q Plot



Testing Normality using Normal Probability Plot



Appendix 7

Regression Analysis of HR Professionals' Social Competencies

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.847 ^a	.717	.715	.49015	.717	458.238	1	181	.000	1.889

a. Predictors: (Constant), HRSC

b. Dependent Variable: HRPE

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	110.089	1	110.089	458.238	.000 ^a
Residual	43.484	181	.240		
Total	153.573	182			

a. Predictors: (Constant), HRSC

b. Dependent Variable: HRPE

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.647	.165		-3.921	.000		
HRSC	1.140	.053	.847	21.406	.000	1.000	1.000

a. Dependent Variable: HRPE

Sub Constructs of HR Social Competencies (Credible Activist, Talent Manager/Organizational Designer and Culture and Change Steward)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.861 ^a	.741	.736	.47171	.741	170.393	3	179	.000	1.828

a. Predictors: (Constant), CCS, CA, TMOD

b. Dependent Variable: HRPE

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	113.743	3	37.914	170.393	.000 ^a
	Residual	39.830	179	.223		
	Total	153.573	182			

a. Predictors: (Constant), CCS, CA, TMOD

b. Dependent Variable: HRPE

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.731	.160		-4.561	.000
	CA	.671	.074	.523	9.098	.000
	TMOD	.254	.085	.208	2.974	.003
	CCS	.247	.075	.211	3.277	.001

a. Dependent Variable: HRPE

Appendix 8

Regression Analysis of HR Professionals' Technical Competencies

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.804 ^a	.647	.645	.54721	.647	331.876	1	181	.000	2.025

a. Predictors: (Constant), HRTC

b. Dependent Variable: HRPE

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	99.375	1	99.375	331.876	.000 ^a
	Residual	54.198	181	.299		
	Total	153.573	182			

a. Predictors: (Constant), HRTC

b. Dependent Variable: HRPE

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.194	.169		-1.144	.254
	HRTC	.992	.054	.804	18.217	.000

a. Dependent Variable: HRPE

Sub constructs of HR Technical Competencies (Strategic Architect, Business Ally and Operational Executor)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.809 ^a	.655	.649	.5444	.655	113.033	3	179	.000	2.057

a. Predictors: (Constant), OE, SA, BA

b. Dependent Variable: HRPE

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	100.514	3	33.505	113.033	.000 ^a
	Residual	53.058	179	.296		
	Total	153.573	182			

a. Predictors: (Constant), OE, SA, BA

b. Dependent Variable: HRPE

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.162	.184		-.881	.380		
	SA	.554	.090	.500	6.128	.000	.290	3.444
	BA	.226	.086	.219	2.627	.009	.278	3.601
	OE	.211	.066	.176	3.218	.002	.646	1.549

a. Dependent Variable: HRPE

Appendix 9

Regression Analysis of HR Professionals' Willingness

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.777 ^a	.604	.602	.57936	.604	276.522	1	181	.000	1.926

a. Predictors: (Constant), Willing

b. Dependent Variable: HRPE

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92.818	1	92.818	276.522	.000 ^a
	Residual	60.755	181	.336		
	Total	153.573	182			

a. Predictors: (Constant), Willing

b. Dependent Variable: HRPE

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.500	.145		3.456	.001		
	Willing	.752	.045	.777	16.629	.000	1.000	1.000

a. Dependent Variable: HRPE

Appendix 10

HR Professionals’ Social Competencies with interaction of Organizational Support

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.868 ^a	.753	.750	.45919	1.955

a. Predictors: (Constant), HRSC, OrgSup

b. Dependent Variable: HRPE

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	115.619	2	57.810	274.169	.000 ^a
Residual	37.954	180	.211		
Total	153.573	182			

a. Predictors: (Constant), HRSC, OrgSup

b. Dependent Variable: HRPE

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	-.668	.155		-4.319	.000		
OrgSup	.252	.049	.269	5.121	.000	.499	2.006
HRSC	.884	.071	.656	12.507	.000	.499	2.006

a. Dependent Variable: HRPE

Appendix 11

HR Professionals' Technical Competencies with interaction of Organizational Support

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.826 ^a	.683	.680	.52001	2.018

a. Predictors: (Constant), HRTC, OrgSup

b. Dependent Variable: HRPE

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	104.900	2	52.450	193.967	.000 ^a
Residual	48.673	180	.270		
Total	153.573	182			

a. Predictors: (Constant), HRTC, OrgSup

b. Dependent Variable: HRPE

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.234	.161		-1.454	.148		
OrgSup	.273	.060	.291	4.520	.000	.425	2.352
HRTC	.720	.079	.584	9.074	.000	.425	2.352

a. Dependent Variable: HRPE

Appendix 12

HR Professionals’ Willingness with interaction of Organizational Support

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.796 ^a	.634	.630	.55887	1.934

a. Predictors: (Constant), Willing, OrgSup

b. Dependent Variable: HRPE

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	97.353	2	48.676	155.847	.000 ^a
Residual	56.220	180	.312		
Total	153.573	182			

a. Predictors: (Constant), Willing, OrgSup

b. Dependent Variable: HRPE

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.338	.146		2.312	.022		
OrgSup	.279	.073	.297	3.810	.000	.335	2.988
Willing	.518	.075	.535	6.864	.000	.335	2.988

a. Dependent Variable: HRPE