





“Impact of HR managers’ competencies on organizational effectiveness: Mediating role of innovative HR practices”

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IMPACT OF HR MANAGERS' COMPETENCIES ON ORGANIZATIONAL EFFECTIVENESS: MEDIATING ROLE OF INNOVATIVE HR PRACTICES

Abstract

With increased business intricacies, human resource (HR) managers must possess relevant competencies to meet market demands. The study investigates the relationship among HR competencies, innovative HR practices, and organizational effectiveness. It also conducts an importance-performance analysis for HR competencies to identify the skill gap. A structured questionnaire comprising 31 questions was used to measure various components of HR competencies, innovative HR practices, and organizational effectiveness. 247 HR managers working in various companies in Tamil Nadu are selected based on a purposive sampling technique. Importance-performance analysis was carried out for items and dimensions of HR competencies. Confirmatory factor analysis, correlation analysis, and mediation analysis using regressions are further carried out on the collected data. The skill gap analysis revealed that the abilities to use the latest insights in various HR practices, co-craft strategic agenda, align the company's activities with customer needs, and connect people through technology must be improved. The regression results indicated that the competencies of the strategic positioner, credible architect, capacity builder, and technology proponent are needed to improve organizational effectiveness. The innovative HR practices partially mediated the relationship between HR competencies and organizational effectiveness. The study meets the literature gap in the area of the contribution of HR managers toward organizational effectiveness through their competencies and the adoption of HR practices.

Keywords

human resource competencies, managers, organizational effectiveness, mediation, human resource practices, innovation

JEL Classification

M10, M12

INTRODUCTION

The progression of human resource (HR) managers from the industrial revolution to the present century has evidenced significant changes in HR functions for organizational development. HR managers face knowledge replenishment, change management, and leadership development challenges. HR managers are emphasized to play strategic roles and compete with key decision-makers within the business. They are expected to manage uncertain problems that require them to adopt a competency-based HR framework, as competencies are essential to meet current and future requirements. They must demonstrate specific competencies for improvement in organizational performance. During a crisis, they must provide supervisory support and positive reinforcement, appreciate employees' work, and be involved in transparent communication to gain employees' trust.



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The individual competencies are systematized into competency models for people in any profession to have clarity on the competencies that will improve organizational effectiveness. The HR managers use their competencies to their best and bring innovative HR practices for organizational effectiveness. Firms with a stronger focus on nurturing the HR competencies of HR managers are more likely to develop and use innovative HR practices that meet the demands of the dynamic business environment. The HR competency model that captures various facets of competencies is needed to align with the changing business demands. There are various HR competency models worldwide, and these models consider the HR managers to have long-term strategic thinking for achieving competitive advantage. In the technology-influenced era, firms consider their HR managers more valuable and unique in bringing in various systems and procedures that increase business sustainability. In addition, with the ever-changing nature of employee demographics in firms, HR managers are expected to adapt, learn, and implement suitable HR practices to enhance human capital.

1. LITERATURE REVIEW AND HYPOTHESES

The responsibilities of HR managers have widened, and they involve various issues that promise great avenues for organizational growth (Fenech et al., 2019; Kurdi-Nakra et al., 2022). Their role in organizational decision-making and high workplace performance is imperative (Gollan, 2012). They must identify the internal and external risks and prepare the company at the cybernetic level (Bãndoi et al., 2022). The emotional intelligence of the HR managers influences the decisions on the implementation of human resource management practices (Cuéllar-Molina et al., 2019). The competencies are the basis for HR managers' contribution to organizational effectiveness. Competency is an individual's ability associated with the type of risk someone takes, career growth, and organizational development (Boyatzis, 2008). A competency model is a model built to recognize the skills, knowledge, and attitude required for the people within organizations. It is designed based on specific requirements. The employees' individual capabilities are found to impact the success of an organization (Bustinsa et al., 2019; Brewster et al., 2000; Porter, 1998) through organizational practices and organizational sustainability (Stahl et al., 2020).

1.1. HR competencies, innovative HR practices, and organizational effectiveness

Competencies are defined as the combination of observable and non-observable factors like knowledge, skills, attitudes, behavior, commitment, and innovativeness, which enable superior performance

and create competitive advantage for the firms. Competency characteristics are connected to superior performance in carrying out a job. They include motives, traits, self-concept, knowledge, and skills. The knowledge, abilities, and personal traits that any individual builds through learning are competencies. Competencies include technical skills, people skills, and language skills. They include all characteristics individuals need to perform in a specific society (Ley, 2006). The dimensions of HR competencies are strategic positioner competencies, credible architect competencies, capacity builder competencies, change champion competencies, HR innovator and integrator competencies, and technology proponent competencies (Ulrich et al., 2012b).

The emphasis on understanding business led to one of the six HR competencies – strategic positioner. HR professionals create value when they make organizational decisions based on external business dynamics. Increased globalization and outsourcing of manufacturing outside the original base nation of the organization make it imperative for HR professionals to understand and evolve systems and processes reflecting these changes. HR professionals must align HR strategy and plans with the organization's strategy and business plans. This strategic partnership impacts HR services such as the design of job roles, recruitment, performance appraisal, reward and recognition, and employee training and development. Credible architect HR competency involves identifying the organization's priorities and working on them with appropriate skills. This competency is also the basis for building relationships with business partners using their communication skills. The relationship built assiduously evolves into trust among the HR professionals within the organization.

Capability builder HR competency requires HR professionals to create the optimum enabling environment. HR leaders have the task of aligning strategy and culture with HR practices and systems. An illustration would be to build capabilities that match the organization's requirement to collaborate with local government agencies for their business. The following HR key competency is change champion. HR leaders will have to influence other business leaders to initiate the change, communicate it to the employees, facilitate to remove resistance, sustain the change, and ensure the intended outcomes. HR professionals should ensure that all resources required for the change are in place. HR innovator and integrator HR competency have a more significant influence on organizational effectiveness. This competency is vital to building talent and designing meaningful employee rewards. HR must be innovative in designing the organization and building a leadership pipeline. HR leaders should exhibit competence in building fair, equitable, and transparent performance management systems and reward mechanisms that retain talent through financial and non-financial rewards.

The last HR competency is technology proponent, which reflects the changing times, where increasingly technology has begun to influence individual and organizational lives. Technology helps deliver employee services seamlessly, build human capability data, and helps in workforce planning analytics. Social media helps organizations to source new talent, keep in touch with stakeholders like customers, and has become an effective alternate communication medium. HR professionals must be tech-savvy to capitalize on the phenomenal opportunities technology provides to build organizational effectiveness. The recent pandemic has only further increased the need for this HR competency, with recruitment, onboarding, induction, and work increasingly becoming virtual.

The HR competencies that impact organizational performance have shown more significant implications for HR talent planning, assessment, and development (Ulrich et al., 2012b). When companies strive to develop knowledge and skills of their HR managers, adopt innovative approaches, and adjust to ever-changing customer demands, they can achieve more significant success in the high-

ly competitive business environment. The theory offers many HR competency models that include different sets of skills to obtain competitive advantages. Moreover, considering the growing trend of employee turnover, HR managers should choose the most suitable HR practices to keep the most productive talents. There is a clear talent gap for HR business partners as HR competencies are treated as secondary and substituted by line managers and non-HR business partners (Reilly et al., 2007). New demands are being placed on HR managers to develop leaders and recruit and retain a quality workforce.

Moreover, firms strategically aiming to be flexible and respond to environmental challenges follow innovative HR practices. Innovative HR practices are the outcomes of HR managers expected to possess various competencies. According to Ulrich et al. (2012b), HR managers need HR competencies to develop innovative HR practices. The innovative HR practices include selective hiring, extensive and well-designed training, self-managed teams, decentralization of decision-making, information sharing throughout the organization, comparatively high compensation, and compensation contingent on organizational performance (Pfeffer, 1998). When firms adopt change, they alter the entire vision, strategies, systems, and process that requires new HR competencies to capture customer mindset, business knowledge, effective communication, credibility, integrity, and system perspective (Yeung et al., 1996). The HR leaders must provide supervisory support and positive reinforcement, appreciate employees' work, and be involved in transparent communication to gain employees' trust (Dirani et al., 2020). Based on the resource-based perspective, the capacity of the HR managers can be considered as resources that help to achieve competitive advantage through the various HR practices they develop (Barney, 1991).

Organizational effectiveness is a topic of interest in both behavioral and social sciences research (George et al., 2019). Previous research exclaims that organizational effectiveness represents the capacity to access resources from their environments (Amah & Ahiauzu, 2013). In addition, it is linked to the company's capacity to access and absorb the needed resource to achieve organizational goals (Federman, 2006). The managerial competencies

such as leadership, problem-solving, strategic competency, and customer focus show a direct and positive link with organizational effectiveness (Hawi et al., 2015). Human resources are the only variable in business that could provide more value to the organization through continued capability enhancement. Developed economies have come to rest more on services and the knowledge industry (Mejri et al., 2018). Scholars opine that human resources are a source of sustainable competitive advantage (Barney, 1991; Huselid, 1995; Wright et al., 1998). In line with Barney's (1991) view of considering human resources as a rare asset to the organization for achieving competitive advantage, the HR competencies of HR managers are viewed as assets that lead to organizational effectiveness. The competency-based superior performance leads to organizational effectiveness (Shet et al., 2019). The six HR competencies impact organizational performance (Ulrich et al., 2012b).

Today's firms operate in a volatile, uncertain, complex, and ambiguous world that requires human capital as the key ingredient for achieving competitive advantage (Hayton, 2003). The behavior of human capital has a direct effect on organizational competitiveness (Werner & DeSimone, 2011). The human resource competency study conducted by RBL Group and Michigan Business School indicated that the competencies of HR executives showed a more significant impact on the HR department (48.2%) and business capabilities (48.3%) (Brockbank et al., 2018). In comparison, the impact on business results (3.5%) is less. Thus, competent HR professionals are found to show greater business results. They are the architect and know how to create an agile workforce that ensures diversity, equity, and inclusion (Ulrich et al., 2012a). The competencies of human resource directors affect the performance of exponential organizations (Zhang et al., 2023b).

1.2. Innovative HR practices and organizational effectiveness

The critical feature of innovative practices is to develop human capital to provide a sustained competitive advantage for the organization (Zhang et al., 2023a). According to the resource-based view of the firm, the HRM practices bring in a unique pool of employees who contribute to organizational perfor-

mance (Zheng et al., 2009). Nasomboon (2014) indicated the effect of HR practices on employee engagement and organizational performance. Bustinza et al. (2019) found that a well-conceived organizational structure that provides role clarity, methods to ensure continuous learning of employees, and a conducive environment motivates employee performance that correlates with enhanced organizational effectiveness. Boselie and Paauwe (2005) analyzed the existing literature review to conclude that HRM helps organizational effectiveness through its efforts to recognize and recruit strong performers. In addition, when given the confidence to work and monitored, the new recruits can achieve their goals.

A strong HRM system brings in common understanding among employees so that the employees perform in line with the organizational strategic goals and achieve high firm performance (Guan & Frenkel, 2018; Singh, 2004). Innovative HR practices impact the individual-level attitudinal variable of employees, such as satisfaction, commitment, empowerment, engagement, and trust in management, thereby directing employee behavior toward organizational goal achievement (Messersmith et al., 2011). Innovative HR practices improve organizational performance by positively influencing the internal social structure (Evans & Davis, 2005). The HR managers are involved in contributing to organizational effectiveness through the adoption of innovative HR practices based on the positive norm of reciprocity for their association with the organization. Although most studies have examined the contribution of innovative practices to firm performance among employees, very scanty studies have looked from the perspective of HR managers. There is still much that researchers must know about HR competencies and mediating links in the relationship between innovative HR practices and organizational effectiveness. It is argued that when innovative HR practices from HR competencies meet dynamic industry demands, it will lead to higher firm performance. Long et al. (2013) showed that firms that have better HR competencies among HR managers impacted organizational performance.

Previous studies have clearly shown the positive effect of employees' competencies on organizational development. Moreover, the competencies are key in implementing innovative practices critical for effective organizational functioning. With much im-

portance on the competencies of HR managers, this study aims to examine the contribution of HR competencies toward organizational effectiveness. It

- 1) measures the level of human resource competencies of HR managers;
- 2) conducts importance-performance analysis to identify the skill gap of HR managers;
- 3) examines the impact of HR competencies on organizational effectiveness; and
- 4) examines the mediating effect of innovative HR practices in the relationship between HR competencies and organizational effectiveness.

Based on the literature review, the following hypotheses are proposed:

H1: HR competencies are positively related to innovative HR practices.

H2: Innovative HR practices mediate the relationship between HR competencies and organizational effectiveness.

The hypotheses are thus framed in line with the purpose of the study to understand how human resource managers' competencies help achieve organizational effectiveness through innovative HR practices.

2. METHOD

A cross-sectional survey is adopted for data collection. The HR managers working in various companies in Tamil Nadu in various sectors were selected based on a purposive sampling technique. The snowball technique is used to select the companies for study from industry sectors such as consulting and professional services, information technology, manufacturing, and e-commerce. The questionnaires are sent to the HR heads of the organizations under the selected sectors. The HR managers were asked to respond anonymously to the questionnaire based on their interests. Later the completed questionnaires were collected from the HR heads. Overall, 350 questionnaires were circulated to HR managers. With a response rate of 81%, 283

filled questionnaires were received. After checking for the completion of responses, 247 usable questionnaires are considered for data analysis.

2.1. Measures

The questionnaire contains thirty-one items that measure the study constructs, including the human resource competencies of Ulrich et al.'s (2007) framework, innovative HR practices (Xiu et al., 2017), and organizational effectiveness (Wright et al., 2001) on a 5-point Likert scale and demographics (two items) of HR professionals. The HR competencies include six competencies, each with three items: strategic positioner competencies, credible architect competencies, capacity builder competencies, change champion competencies, innovator and integrator competencies, and technology proponent competencies. The HR competencies alone are measured on the level of importance (1 – Not important to 5 – Most important) and the level of performance (1 – Unsatisfactory to 5 – Exceeds expectation). The innovative HR practices covered free market recruitment and selection, self-managed teams, decentralized decision-making, employee participation, extensive training and development, job rotation, information sharing and open communication, compensation contingent on performance, and competitive compensation. The innovative HR practices and organizational effectiveness are measured using five items on a scale of 1 to 5 (1 – strongly disagree to 5 – strongly agree). The time taken to fill out the questionnaire ranges between 15-20 minutes.

2.2. Importance and performance analysis (IPA)

Importance and performance analysis is used to identify the areas of skill gap that the HR professionals must improve. IPA highlights the good areas and areas for improvement using importance and performance scores of HR competencies. The importance and performance scores of DP attributes are plotted, and the four quadrants on the scatter plot are arrived by dividing the *x*-axis and *y*-axis based on the central tendency measure of the median. The extreme observations provide the difference in importance and performance, indicating the HR professional's skill gap. The naming of the four quadrants is "Concentrate here," "Keep

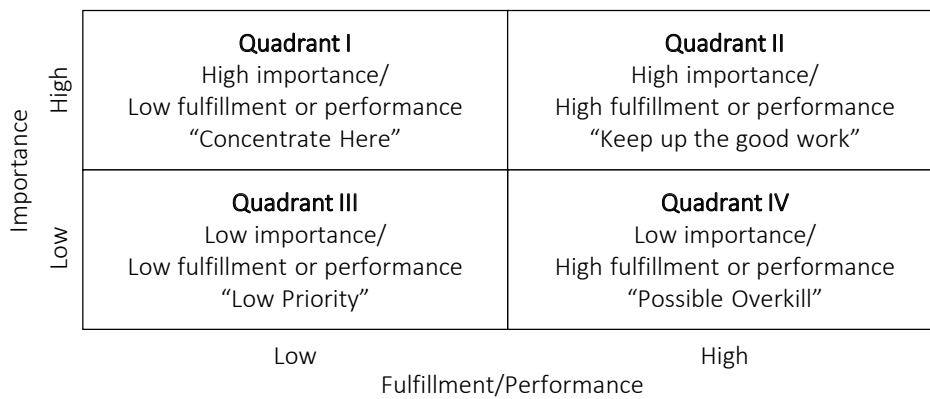


Figure 1. Importance and performance matrix

up the good work,” Low priority,” and “Possible overkill.” The IPA framework is given in Figure 1, with fulfillment or performance on the *x*-axis and importance on the *y*-axis.

from the IT and ITES sector, 29 (12%) from other manufacturing sectors, and 17 (7%) from other services sector. The data are sufficient to run regression and mediation analyses in the IBM SPSS version 23.

2.3. Demographics

The selected organizations in different sectors possess more than two employees in the HR division. Most of the respondents were male (209; 85%), and 38 (15%) were female. 19 (8%) respondents had less than nine years of work experience, 48 (19%) had 9-15 years, 59 (24%) had 16-25 years, 102 (41%) had 26-35 years, 19 (8%) had above 36 years. 29 (12%) belonged to the age group of fewer than 36 years, 56 (23%) were 36-45 years, 124 (50%) were 46-55 years, and 38 (15%) were more than 56 years. 112 (45%) respondents were from the automobile sector, 9 (4%) from the chemical industry, 49 (20%) from the engineering sector, 10 (4%) from healthcare, 20 (8%)

3. RESULTS

Descriptive statistics are calculated after checking for the reliability and validity of the scale. Then, the results of the importance-performance analysis are followed by the results of correlation and regression-mediation analyses.

3.1. Reliability and validity of dimensions of the scales

The Cronbach’s alpha value of all the six dimensions of HR competency, innovative HR practices, and organizational effectiveness ranges from .666

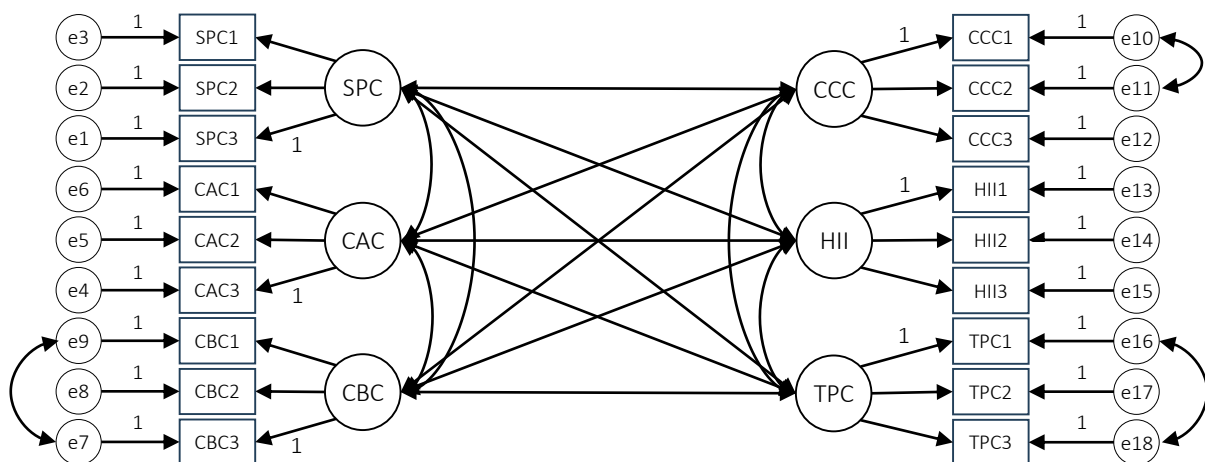


Figure 2. Confirmatory factor analysis

Table 1. AVE and discriminant validity

Variables	AVE	MSV	MaxR(H)	SPC	CAC	CBC	CCC	HII	TPC
SPC	0.745	0.437	0.907	0.863	–	–	–	–	–
CAC	0.684	0.292	0.874	0.140	0.827	–	–	–	–
CBC	0.698	0.292	0.921	0.069	0.540	0.835	–	–	–
CCC	0.729	0.080	0.897	0.095	0.080	0.178	0.854	–	–
HII	0.749	0.437	0.908	0.661	0.381	0.381	0.255	0.865	–
TPC	0.728	0.191	0.948	0.206	0.308	0.437	0.282	0.424	0.853

Note: SPC – Strategic Positioner Competencies; CAC – Credible Architect Competencies; CBC – Capacity Builder Competencies; CCC – Change Champion Competencies; HII – HR Innovator and Integrator Competencies; TPC – Technology Proponent Competencies; AVE – Average variance extracted, MSV – Maximum squared variance, Max R(H) – Maximum reliability.

to .903 (the diagonal values in the correlation matrix, given in Table 2), establishing the reliability of the scales used. Moreover, the values of composite reliability (CR) are also above 0.7 (the values given in brackets in Table 2) establishes the scale reliability. Figure 2 presents the results of the confirmatory analysis.

The values of average variance extracted (AVE) are greater than 0.5, indicating the amount of variance captured by the construct in relation to the variance due to measurement error. Using AMOS 21.0, the six-factor model of HR competencies was derived, and the results indicated an acceptable and good fit ($\chi^2/df = 3.385$, TLI = 0.907, CFI = 0.929, AGFI = 0.818, RMSEA = 0.089, SRMR = 0.062, GFI = 0.875, RMR = 0.043, NFI = 0.903, PNFI = 0.691). Although the value of the normed chi-square is high, the other indices are in the acceptable range indicating the validity of the scales. The discriminant validity of the scale is also established, as given in Table 1.

3.2. Descriptive statistics

3.2.1. Level of HR competencies and organizational effectiveness

The descriptive analysis is carried out to explain the basic feature of the data. Table 2 represents the descriptive statistics of HR competency dimensions and contribution to organizational effectiveness. The mean values for the HR competency dimension on the importance and performance scales are given. The significant correlation values among all the study variables range from 0.113 to 0.413.

3.3. Importance-performance analysis for HR competency attributes

The mean score for the HR competency is given in Table 3. For all six dimensions, the corresponding scores of importance and performance of HR competencies of all items range from 3.46 to 4.68.

Table 2. Mean values and reliability values of HR competencies and organizational effectiveness

Variables	Mean		Standard deviation	1	2	3	4	5	6	7	8
	Importance score	Performance score									
SPC	4.37	3.65	.76	(.897)	–	–	–	–	–	–	–
CAC	4.16	4.09	.68	.154*	(.866)	–	–	–	–	–	–
CBC	4.47	4.04	.74	.012	.403*	(.873)	–	–	–	–	–
CCC	4.60	4.47	.61	.099	.113*	.186**	(.890)	–	–	–	–
HII	4.21	3.97	.76	.586**	.340**	.287**	.244**	(.899)	–	–	–
TPC	4.24	3.83	.98	.135*	.228**	.406**	.276**	.310**	(.888)	–	–
IHRP	3.98		.65	.473**	.410**	.378**	.216**	.312**	.414**	(.813)	–
OE	4.14		.49	.217**	.326**	.413**	.203**	.318**	.385**	.417**	(.888)

Note: SPC – Strategic Positioner Competencies; CAC – Credible Architect Competencies; CBC – Capacity Builder Competencies; CCC – Change Champion Competencies; HII – HR Innovator and Integrator Competencies; TPC – Technology Proponent Competencies; IHRP – Innovative Human Resource Practices; OE – Organizational Effectiveness; * Correlation significant at 0.05 level; ** – Correlation significant at 0.01 level.

Table 3. Mean score of HR competencies (HRC) based on importance and performance

Variables	Item code	Item	HRC Importance	HRC performance
Strategic Positioner Competencies – SPC	SPC1	Ability to interpret global business context and decode customer expectations	4.11	3.46
	SPC2	Ability to co-craft strategic agenda	4.40	3.74
	SPC3	Aligning actions of the company to meet customer expectations and needs	4.61	3.75
Credible Architect Competencies – CAC	CAC1	Ability to involve other persons in decision making	4.05	4.11
	CAC2	Ability to think from others' points of view	4.42	4.17
	CAC3	Ability to disseminate and share information with other	4.01	3.99
Capacity Builder Competencies – CBC	CBC1	Total quality management and building employee skill, will, and involvement	4.33	4.29
	CBC2	Ability to use the latest insights on key HR practices in appraisals, career management, and rewards	4.68	3.71
	CBC3	Ability to build commitment amongst HR functionaries and other employees	4.41	4.14
Change Champion Competencies – CCC	CCC1	Ability to educate and convince employees about the need for change in the company	4.68	4.36
	CCC2	Ability to prepare the internal capability of the company to change with respect to the external pace of change	4.48	4.49
	CCC3	Ability to overcome resistance to change	4.63	4.57
HR Innovator and Integrator Competencies – HII	HII1	Building talent, increasing employee capability for new product innovation, and enabling the company to be an employer of choice	4.33	4.10
	HII2	Facilitating workforce restructuring	4.25	3.91
	HII3	Ability to downsize the workforce as per the requirement of the organization.	4.04	3.89
Technology Proponent Competencies – TPC	TPC1	Ability to improve the utility of HR operations, including employee self-service	4.25	3.77
	TPC2	Connecting people through technology	4.44	3.89
	TPC3	Ability to conduct social audits periodically	4.05	3.80

The IPA is conducted separately for attributes and dimensions of HR competencies. First, all 18 attributes of HR competencies are considered for IPA. Table 3 provides the “Importance” and corresponding “Performance” scores of the HR competencies attributes, and the gap between the scores indicates the scope for improvement. A two-dimensional matrix was constructed, with HR competencies with performance on the *x*-axis and importance on the *y*-axis, based on the importance and performance scores. A scatter plot was drawn with the mean scores and the median dividing the plot into four quadrants, as given in Figure 3. The median is considered a better measure of central tendency (Martilla & James, 1977).

The quadrant “Concentrate here” has the attributes (item codes CBC2, SPC2, SPC3, and TPC2) with high importance and low performance. The

quadrant “Keep up the good work” has attributes (item codes CCC1, CCC2, CCC3, CAC2, and CBC3) scoring high on importance and performance. The quadrant “Low priority” has the attributes (item codes TPC1, TPC3, HII2, HII3, and SPC1) that score low in importance and performance. In the quadrant “Possible overkill,” the attributes (item codes CAC1, CAC3, HII1, and CBC1) perform highly, although receive less importance.

Second, the IPA is carried out for dimensions of HR competency, and the scores are plotted in Figure 4. The vulnerability assessment falls on the median line of the performance score. The response mechanism falls on the median line of importance scores, the resource base is in the “Low priority” quadrant, and community preparedness is in the “Possible overkill” area.

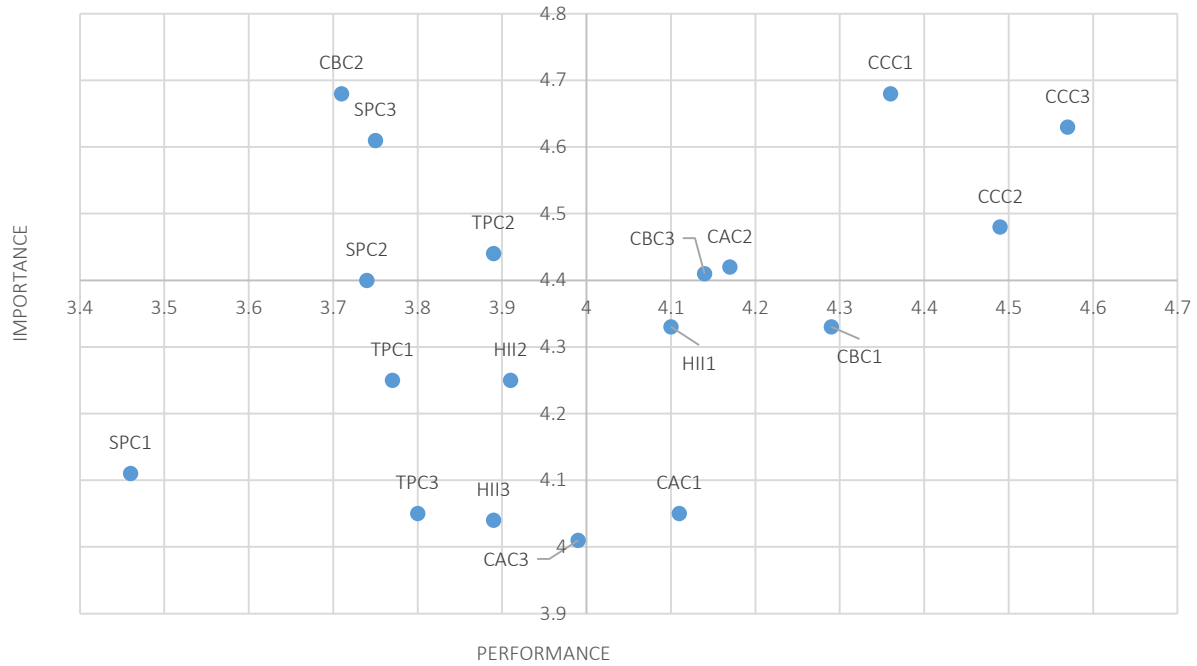


Figure 3. Importance-performance graph – Items of HR competencies

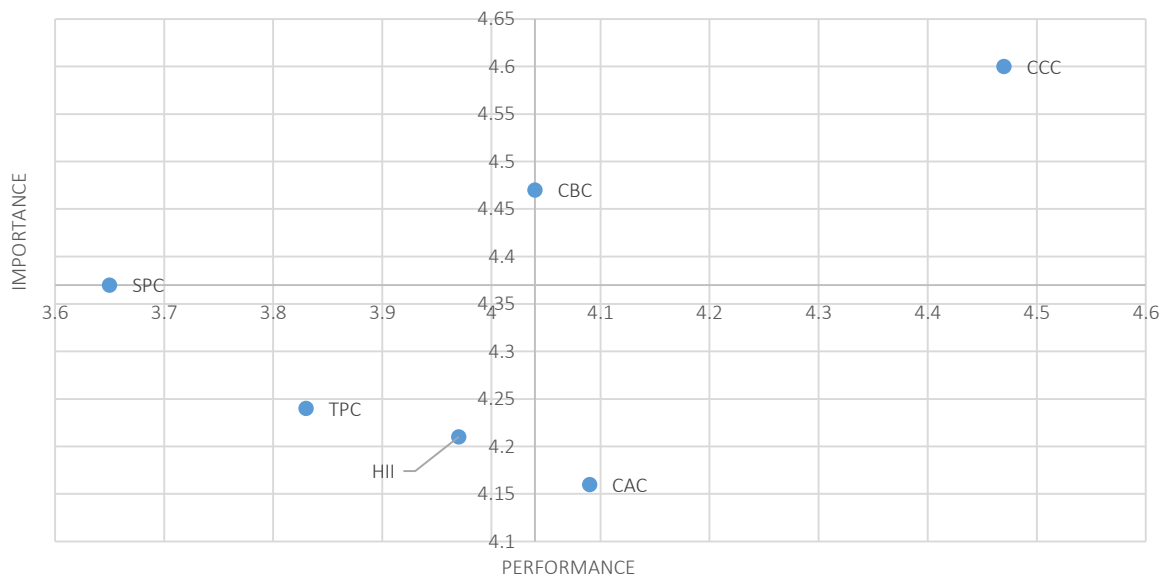


Figure 4. Importance-performance graph – Overall HR competencies

3.4. Regression analysis

Enter method is adopted when carrying out hierarchical regression analysis. The results of the regression analysis are given in Table 4. In the first model, the age and experience of HR executives are entered. All the demographic and study variables are entered into the second model. The second model shows a significantly adjusted R square value of 0.268, indicating that the model explains 26.8% variation in contribution toward organiza-

tional effectiveness by HR competencies. Except for change champion competencies and HR innovator and integrator competencies, all the other HR competencies significantly explain the contribution of HR executives to the organization. Thus, hypothesis 1 is accepted.

3.5. Mediation analysis

HR competencies are considered the independent variable for the mediation analysis, and organiza-

tional effectiveness is the dependent variable. The mediating effect of innovative HR practices is tested in the relationship between HR competencies and organizational effectiveness. In the first step, HR competencies are entered into the regression model, and it was found to predict a 29.3% variance in organizational effectiveness. Innovative HR practices are added as the mediating variable in the second step. Innovative HR practices show a 32% variance in organizational effectiveness.

Moreover, the effect of HR competencies was reduced from $b = 0.430^{**}$ to $b = .321^*$ when innovative HR practices are added in the second step of regression analysis. The mediation analysis shows the partial mediation effect of innovative HR practices as the significance and the magnitude of beta values have reduced. The direct effect of HR competencies on organizational effectiveness is 28.1%,

and the total indirect effect is 34.6%. Overall, the variance explained is higher in the presence of the mediator (34.6%). Thus, hypothesis 2 is also accepted.

4. DISCUSSION

The HR professionals exhibited a high level of change champion competencies (mean = 4.47), credible architect competencies (mean = 4.09) and capacity builder competencies (mean = 4.04), and a medium level of strategic positioner competencies (mean = 3.65). The mean value of contribution to organizational effectiveness is also high (mean = 4.14). The importance-performance and regression analyses clearly show that HR professionals must build their competency on HR innovations. The importance scores for all six HR competency

Table 4. Hierarchical regression analysis

Model	R	R square	Adjusted R square	Std. error of the estimate	Change statistics				
					R square change	F change	df1	df2	Sig. F change
1	.172	.030	.023	.48399	.030	4.590	2	301	.011
2	.536	.287	.268	.41893	.258	17.790	6	295	.000

Results of ANOVA						
Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	2.150	2	1.075	4.590	.011
	Residual	70.507	301	.234	–	–
	Total	72.658	303	–	–	–
2	Regression	20.884	8	2.610	14.874	.000
	Residual	51.774	295	.176	–	–
	Total	72.658	303	–	–	–

Coefficients						
Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. error	Beta		
1	(Constant)	3.911	.090	–	43.546	.000
	Age	-.031	.059	-.056	-.517	.606
	Exp	.097	.049	.217	2.004	.046
2	(Constant)	1.988	.246	–	8.097	.000
	Age	-.024	.052	-.043	-.455	.649
	Experience	.051	.043	.114	1.196	.233
	Strategic Positioner Competencies – SPC	.087	.040	.136	2.177	.030
	Credible Architect Competencies – CAC	.090	.040	.126	2.245	.026
	Capacity Builder Competencies – CBC	.166	.039	.255	4.322	.000
	Change Champion Competencies – CCC	.054	.042	.068	1.291	.198
	HR Innovator and Integrator Competencies – HII	.021	.044	.032	.474	.636
Technology Proponent Competencies – TPC	.096	.028	.192	3.399	.001	

Note: Dependent Variable: Organizational effectiveness; Model 1: Predictors – (Constant), exp., age; Model 2: Predictors – (Constant), exp., age, SPC, CAC, CBC, CCC, HII, and TPC.

dimensions exceed their respective performance scores. The performance scores for change champion competency are significantly lower, though the competency was accorded high importance by the HR professionals. The importance-performance analysis identifies the skill gap in HR competency dimensions. The skills that HR professionals must concentrate on and develop are:

- 1) using the latest HR trends;
- 2) co-crafting strategic agenda;
- 3) aligning companies' expectations with customer expectations; and
- 4) connecting people through technology.

These results support those of McCartney et al. (2021) and Sivathanu and Pillai (2020), who mentioned that the critical competencies needed for HR managers are consulting, technical knowledge, HR, and business acumen. The HR professionals are good at educating the company's needs to their employees, preparing internally to adapt to external change, overcoming resistance to change, thinking from others' points of view, and building commitment among HR functionaries and other employees. The skills that are grouped under low priority are the ability to:

- 1) improve the utility of HR operations;
- 2) conduct the social audit;
- 3) facilitate manpower restructuring;
- 4) downsize the workforce; and
- 5) interpret global business context.

The skills that come under possible overkill areas are:

- 1) involving other persons in decision-making;
- 2) disseminating information to others;
- 3) building the company to be an employer of choice; and
- 4) maintaining total quality management and building employee capability and involvement.

In the IPA analysis carried out for overall dimensions of HR competency, it is found that technology proponent competencies and HR innovator and integrator competencies are in the low-priority area. The credible architect competencies are under the "Possible overkill" area, which is in line with Ulrich et al.'s (2012b) round 6 HR competen-

cy study. This also aligns with Prikshat et al. (2018) and Srimannarayana (2013). The change champion competencies are under the keep up the good work area, indicating that the HR professionals are good as change agents. The capacity builder competencies fall on the median line of the performance score. The strategic positioner competencies fall on the median line of importance score.

Concerning regression analysis, the age of HR professionals showed an insignificant relation to organizational effectiveness. The next control variable, experience, showed significant effects on the dependent variable, organizational effectiveness. Despite its significance (experience), the independent variables significantly influenced the dependent variable. Also, in the presence of all independent variables, the control variable, experience, reports insignificant effects on the dependent variable in the model. Out of the six HR competency dimensions, strategic positioner competencies, credible architect competencies, capacity builder competencies, and technology proponent competencies showed a significant relationship with organizational effectiveness. Out of these four competencies, capacity builder competencies contributed at the first level ($b = .255$), followed by technology proponent competencies ($b = .192$), strategic positioner competencies ($b = .136$), and credible architect competencies ($b = .126$) toward organizational effectiveness. The remaining two HR competencies, such as change champion and HR innovator and integrator, did not significantly contribute to organizational effectiveness. However, Ulrich et al. (2012b) showed that HR practices must integrate to create and sustain all key capabilities to impact business success significantly. They also showed that the technology proponent domain has the same impact on business success as the capability builder and the innovator and integrator domains. And the technology proponent domain has the same impact on business success as the capability builder and the innovator and integrator domains. Again, as Long et al. (2013) have found in Malaysia, change champion competency significantly impacts organizational performance, but the current study negates this conclusion. Indian HR professionals need to understand the criticality of initiating and sustaining organizational changes that would impact business performance.

With respect to the mediation analysis, the results indicated partial mediation of innovative HR practices in the relationship between HR competencies and organizational effectiveness. Based on the resource-based view of a firm, innovative HR practices are the key resources that contribute toward the betterment of the organization. Although various HR competencies play a significant role in achieving organizational effectiveness, innovative HR practices improved the understanding of the effect of HR competencies. Wongsansukcharoen and Thaweepaiboonwong (2023) indicated the positive effect of innovative HR practices on organizational performance, productivity, and innovation performance.

Future studies can investigate additional competencies related to data analytics, leadership development, and change championing for HR managers connected to organizational growth. Moreover, the difference in the mean values between HR competencies' importance and performance score can be tested for significance. The study can also be expanded to other regions in the country and diverse sectors. The additional variables related to the level of technology adoption in the organization, adoption of external business changes, and adoption of better connection with people can be considered in the relationship among HR competencies, innovative HR practices, and organizational effectiveness.

CONCLUSION

The purpose of this study is to investigate the relationship between HR competencies and organizational effectiveness among HR professionals and the mediation effect of innovative HR practices. Based on the importance-performance analysis, the study underwent skill gap analysis. The key conclusions include the presence of a competency gap among HR managers. The level of HR competencies is found to be high among HR professionals. The strategic positioner competencies, credible architect competencies, capacity builder competencies, and technology proponent competencies to connect with people contribute to organizational effectiveness.

Moreover, innovative HR practices mediate the relationship between HR competencies and organizational effectiveness. Based on these findings, the study recommended that organizations spend time and effort training HR executives on various competencies and measure the innovative HR practices that HR executives implement for the outcomes. However, there are limitations to these findings as the conclusions are based on a relatively modest sample of organizations and a particular time frame. More in-depth and longitudinal empirical research evidence is needed to confirm the outcomes of this study. Yet, the study has thrown valuable insights.

AUTHOR CONTRIBUTIONS

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