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The Implement of Human Capital Development (HCD) Programs: Analyzing the Effect of Entrepreneurial Competencies on Innovative Work Behavior (IWB)

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ABSTRACT

This study was conducted to examine the implement of human capital development (HCD) programs in analyzing the effect of entrepreneurial competencies on innovative work behaviour (IWB). In this study, researchers are interested in using entrepreneurial competencies as a mediating variable as a measure of the effectiveness of training on employee performance. This variable was chosen because the researchers feel the importance of this aspect of practice in an organization in creating a work environment that is more competitive and viable. Many studies and articles can be found in the literature, which discuss and explore the relationship between HCD toward IWB. HCD activities comprised of training and development. However, only little research has focused on understanding the mediating variables between HCD and IWB.

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INTRODUCTION

The IWB usually includes exploration of opportunities and the generation of new ideas such as creativity related behaviour, but could also include behaviours directed towards implementing change, applying new knowledge or improving processes to enhance personal or business performance which are implementation oriented behaviours. Most of previous work focused on employee creativity and the generation of creative ideas (Mumford, 2003) (Zhou and Shalley, 2003). In line with this, IWB is typically seen to encompass a broad set of behaviours related to the generation of ideas, creating support for them, and helping their implementation (Scot and Bruce, 1998). However the available measures of IWB are mostly short and one-dimensional and empirical evidence of the validity of these measures is limited. Many studies have relied solely on single source data, where individual employees provide the ratings of IWB as well as its correlates. The main purpose of this study is to contribute to the field of individual innovation by developing and validating a measure of IWB and examining a partial and initial nomological network of IWB in the workplace.

As the debate on the IWB is expected to gain momentum, this study is one of trial to identify the extent to which attention has been given by scholars based on what has been published in academic journals thus far. This study aims to find out if there are certain features of IWB studies and whether there are kind of specific themes being discussed. The study was conducted to identify data and information on IWB and journal articles have been the subject of the investigation.

For this study, HCD consist of training and development activities. Training activities refer to a planned effort by a company to facilitate employees' learning of job related entrepreneurial competencies. These competencies include knowledge, skills, or behaviours that are critical for successful job performance. Meanwhile, Development activities refer to formal education, job experiences, relationships, and assessments of personality and abilities that help employees perform effectively in their current or future job and company. Then, IWB focused on the individual behaviour of the employees consist of employee creativity and the generation of creative ideas in order to gain individual innovation among the employees. With regards to these concerns, this paper aims to analyse the relationship between human capital development program consists of training and development activities toward innovative work behaviour.

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Literature Review:

The Innovative Work Behaviour (IWB):

There are many studies rely only on a single data source which provides an assessment of the individual employee IWB and links. The reason of this study is to contribute to the field of innovation to develop and validate individual measurements and examine IWB and early incomplete nomological network IWB at work. However, the measures provided by the IWB mostly short and one-dimensional and empirical evidence of the validity of these measures are limited.

The IWB as an individual's behaviour that is intended to achieve initiation and intentional introduction (within a work role, group or organization) new ideas are also useful, processes, products or procedures (Far and Ford, 1990). Basically different IWB employee creativity, the production of new ideas and useful ideas about products, services, processes and procedures.

Meanwhile, HCD has a positive impact employee attitudes and well-being while the relationship between employee well-being and organization performance is much more complicated (Harter et.al, 2002). Additionally, well-being and satisfied of employees are expected to be innovative, motivated also committed. However, there are many example indicated that especially in organization crisis situations that there may be strongly ill-being employees with the high performance figures.

In this situation, IWB typically includes an exploration of opportunities and also the generation of new ideas which is creativity related behaviour, but could also include behaviours directed towards implementing change and improving processes to enhance personal or employee behaviour.

The Human Capital Development (HCD):

The term of HCD is recognition of the people in the organization and business are important assets that will contribute to the development and growth, in the same way as physical assets such as machines and money. To collective attitudes, skills and abilities of people contribute to organizational performance and productivity. The opinion of human capital theory emphasizes how training and development increase the productivity and efficiency of employees by increasing cognitive their ability (Olanivan and Okemakinde, 2008).

The HCD is distinct from other ad hoc or random learning that may occur within an organization and defined as "organized learning, over a given period of time, to provide the possibility of performance change" HCD encompasses such activities as training and development (Nadler and Wiggs, 1986).

For this study, HCD consist of training and development activities. HCD literature has received formation and learning of organizational performance is very important for restoring your competitive advantage.

The Training and Development Activities:

Based on Human Resource Development (HRD) perspective, training and development encompasses activities that improve the performance of individuals and the organizations. The central notion is that HRD may include training and development, organizational development and career development. Training involves the fostering of learning and education activities designed to improve the overall competence of an employee. Therefore at its most basic, HRD increases workforce competence, skills development and quality, motivation, commitment and development of the organization.

Training is one of the initiatives in the plan and taken by the organization to provide the knowledge and skills also work to change attitudes and behaviours of employees in a consistent manner based on organization goals (Noe and Wilk, 2002). Training programs can help fill the competency gap between existing competencies needed to achieve organizational goals in an effective way. Effective training programs result in increased production; reduce job turnover, and greater employee's satisfaction (Harris, 1990)(Mathieu,1991)(Tannenbaum et.al., 1991). Training is a process which is obtained by improving the skills, knowledge and attitudes aimed at enhancing employee performance. Training given to employees is an investment funded by the organization to produce quality workers. However, training has many forms and methods but the purpose and goals of the organization is the same that enhance the ability to perform the duties and improve employee performance (Faizah, 2007).

For the development activities, it is differ from training activities because development does not necessarily focus on issues related to work bur enables managers to deal with any future changes forces that may impact on the organization. Development activities to facilitate the organization needs for productivity and quality of work life and responsiveness (Schuler and Jackson, 1987). The development activities as "Broadening the Learner's Conceptual and perceptual base in areas not explored or previously experienced by the individual (Mathieu, 1991). Development activities to provide 'learning' Standard and Poor lucre to encourage growth. A major goal for such employee organizational growth is to equip the employee to cope with future unknown any of forces that change may impact on the organization. "

The Entrepreneurial Competencies:

Entrepreneurial competency is an individual characteristic that can be measured or perceived with certainty and can be shown to distinguish between superior and average performers or between performers effective or otherwise. Besides, competency can be seen as a set of behaviour patterns which are available to perform the tasks and functions in the delivery of desired results or outcomes (Bartram, 2002)(Woodruffe, 1992).

According to Carretta,(1992) she suggests that the best way of matching people and jobs is through Contemporary Management Research the use of competency modelling. Competency models help organizations to take a more unified and coordinated approach in designing improvements to HRM systems, including job redesign, recruitment, organizational learning, career management, performance improvements and compensation systems.

Spencer and Spencer (Spencer, 1993) viewed competency as “an underlying characteristic of an individual that is causally related to criterion-referenced effective or superior performance in a job or situation” (p. 9). They identified five types of competency characteristics consisting of motives, traits, self-concept, knowledge and skills. First, motives are the things that an individual consistently thinks about or wants that stimulate action. Motives drive, direct and select behaviour toward certain actions or goals and away from others. Second, traits are physical characteristics and consistent responses to situations or information. Third, self-concept is an individual’s attitudes, values or self-image. Fourth, knowledge is the information that an individual has in specific content areas. Finally, skill is the ability to perform a certain physical or mental task. Knowledge and skill competencies tend to be visible and relatively surface characteristics, whereas self-concept, traits and motive competencies are more hidden, deeper and central to personality. Surface knowledge and skill competencies are relatively easy to develop and training is the most cost-effective way to secure those employee abilities.

MATERIALS AND METHODS

Data Collection:

In this research, questionnaires were used. In order to have better feedback as the respondents come from various education background, the questionnaires were prepared in English and Malay language. The questionnaires were divided into four sections consists of background of the respondent, HCD program consisting of training and development activities, entrepreneurial competencies and lastly IWB.

After taking into considerations the input from a pilot test, an actual survey was conducted and lasted for 3 and half months. The researcher distributed the questionnaires to 290 respondents of SMEs which were registered under Human Resource Development Fund (HRDF) in Malacca. Out of 290 questionnaires distributed, 165 questionnaires were returned and all were used for the final analysis.

Data Analysis:

This research has applied certain method in order to analyse the data collected. The method used was The SPSS 20.0 will be used to tabulate the data gathered from the research questionnaire. It also will be used to test all the hypotheses formed to prove it significance. First of all, all the data will be measured in terms of central tendency of mean, mode, and median, and measures of dispersion in terms of range and standard deviation. In this research the researcher will use Frequency Distribution, Reliability Test, Descriptive Analysis, and Correlations Analysis. A correlation analysis was carried out to ascertain the relationship between the variables which was estimated using the Pearson’s correlation test.

Finding and Discussion:

Correlation Relationship:

Table 2 illustrates the correlation relationship between the human capital development consist of training and development activities, entrepreneurial competencies and IWB. The training and development as an independent variables, entrepreneurial competencies as mediating variable while IWB as dependent variable. The correlation of variables will be discussed, firstly by measuring a correlation between training and development, training and entrepreneurial competencies and training and IWB. Secondly the variable of development and entrepreneurial competencies and development and IWB. Lastly the variable of entrepreneurial competencies and IWB.

Based on the table below, it also illustrated that there are a positive relationships between the HCD consist of training and development activities, entrepreneurial competencies towards IWB. The positive linear means that an increase in one variable would also show an increase in other variables. For the training activities and development activities, the positive correlation coefficient is at 0.872. For training activities and entrepreneurial competencies, also positive correlation coefficient is at 0.602. For training activities and IWB, the positive correlation coefficient is at 0.511. Then, for the development activities and entrepreneurial competencies, the

positive correlation coefficient is at 0.725 while for the development activities and IWB, also positive correlation coefficient at 0.615. The comparison with all the variables toward IWB showed that entrepreneurial competencies achieved a higher correlation coefficient by 83.0% compared to the correlation coefficient for training and development activities on IWB by 51.1% and 61.5%.

Item	Training	Development	Entrepreneurial Competencies	IWB
Training	1			
Development	.872** .000	1		
Entrepreneurial Competencies	.602** .000	.725** .000	1	
IWB	.511** .000	.615** .000	.830** .000	1

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

Conclusions:

The study found that entrepreneurial competencies achieved at a higher correlation coefficient on IWB by 83.0% compared to training and development activities which are 51.1% and 61.5% (Table 1). Furthermore, there are relationship between HCD consisting of training and development activities toward IWB. This study provide some insight into the SMEs and give beneficial to Malacca SMEs firm especially in order to gain innovation employees. Besides, it also can revealing them about the importance of human resource development within the company. Future research may test for wider areas of this study in Malaysia as well as variety of industries covers.

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