



## COMPETENCIES OF HUMAN RESOURCE PROFESSIONALS IN THE PRIVATE SECTOR OF MONGOLIA: A PAIR-DESIGNED INVESTIGATION AND COMPARISON WITH THE GLOBAL NORM



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### ABSTRACT

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Mongolia is defined as one of the 3G /Global Growth Generators/ countries and is predicted to generate high growth and profitable investment opportunities over the next 30 years due to its growing young generation and natural resource. Even though Mongolia has increasing development in economy and business, very limited numbers of studies have been published to reveal the economic and management situations in this country. To contribute to closing this gap, the main purpose of this study was to understand the management, especially the field of human resources (HR). This sub management field is immature and has a history less than twenty years in Mongolia. In addition, the researcher examined HR competencies in Mongolia based on the Human Resource Competency Study (HRCS) model 2012 which is composed of six HR competencies namely: strategic positioning, credible activist, capability builder, change champion, HR innovator, and technology proponents. Furthermore, the local HR competency result was compared with global norms which were identified by the RBL group in 2012. The pair design was carried out, and a total of 200 data has complied from both HR managers as well as employees from 50 private companies in Mongolia. Based on the 5-point Likert scale, local competence levels ranged from 3.5 to 3.8. The results of this study showed that local competency levels were lower than the HR global norms.

**Contribution/ Originality:** This study contributes in the existing literature on the topic of HR competencies and HR effectiveness. A pair research design is applied to reveal local competency of HR managers in the private sectors in Mongolia. local competency levels of HR professionals are found to be lower than the global HR norms.

## 1. INTRODUCTION

Mongolia, a country of steady growth in the recent years, has a population of approximately 3.1 million, the projected population of 4 million by 2050, the life expectancy of males at 65.3 and females at 73.9, Gross Domestic Products (GDP) per capita of 3967.8 USD dollar. It is landlocked by two nations: the Russian Federation and the People's Republic of China. After the democratic elections were held in 1993, Mongolia made the transition to a full market economy. Looking at the labor market in Mongolia, 141.5 thousand legal units can be found officially enlisted by the state registration office in 2016, of which 51.0% (72 182) are operating and 63.9% (90 418) of legal

units are located in the capital city Ulaanbaatar. Among the Mongolian population, about 42.5% (1 275.6) are economically active population and of which, 89% (1 147.8) are employed. An employment rate was increased by 3 percent between 2015 and 2016 (National Statistic Office of Mongolia [NSOM], 2016).

Mongolians have a family-oriented and collectivistic culture like other Asian countries and are heavily influenced by the nomadic lifestyle. Most of the business in Mongolia is family-owned private companies (Chimeddosrj, 2013; Tudev & Damba, 2015). Moreover, few studies have evaluated the overall management competency of the organizations in Mongolia. To take an example, a study conducted by the Corporate Governance Development Center in cooperation with the International Financial Corporation (Corporate Governance Scorecard, 2013) stated that there can be a long way for Mongolian companies to reach the best practices in corporate governance. Also, in 2015 extensive studies (Palan, 2003; Shatz et al., 2015) claimed that a management team in Mongolia seems to possess less professional knowledge, strategic tactics as well as experience.

Furthermore, human capital has been considered as one of the most important resources in any organization. Therefore, the competent workers are the most valuable resource of any organization both in the private and public sectors in achieving organizational goals. The competency-based approach to human resource management has become an indispensable integral part when the researchers discussed the performance, productivity, contribution and efficiency for the last decades. Generally, competency contains the meaning of someone's knowledge, skills, abilities, or other personality characteristics that affect his or her job performance (Becker, Huselid, & Ulrich, 2001).

In previous literature, 114.5 million and 95 million published articles appeared on the subject of "HR competency" and "HR competency model", respectively. This outcome clearly indicates that HR competency can be one of the significant topics in Human Resource Management (HRM) discussed globally. However, there is no an in-depth investigation to be carried out on HR people and their competencies in Mongolia concerning who they are, what their educational backgrounds are, how they are ranked in terms of their skill and abilities at the international stage, how they are valued by their employees in the organizations and so on.

Revealing the local competencies of HR professionals brings the personal development of these individuals as well as the growth of the organizations they work for. Definitely, well-defined skill competencies for a position encourage individuals to function more effectively (Tas, LaBrecque, & Clayton, 1996). In the case of Mongolia, there is no officially localized and identified competency model for HR people while employers make hiring, define the job scope, promotion, and they are evaluated by their HR managers. Also, somewhat the lack of the competency model also results in lowering the individuals' learning motivation.

After reviewing the literature, we found the Human Resource Competency Study (HRCS) model 2012. This model has been initiated and conducted continuously by Michigan University associated with the RBL group since 1988. For two reasons, the HRCS 2012 model was selected to be utilized in this study. First, the six dimensions of this model (strategic positioner, credible activist, capability builder, change champion, HR Integrator/innovator, and technology proponent) were reported to have an impact on the perception of the personal effectiveness of HR managers as well as the business performance where HR managers work. Second, at the same time, the researchers revealed the global norms of each competency on the HRCS 2012 model. The global norm implies that the average mean score of respondents from the entire database that came up from a given respondent group (The RBL Group, 2012). Therefore, using this broadly studied competency-model was more likely to increase the efficiency of our research.

Furthermore, it was also important to examine the individual effectiveness of HR managers in terms of role, service, and contribution since the outcome of the chosen competency model was asserted to be directly connected with the performance of HR professionals. Moreover, we found a study (Han, Chou, Chao, & Wright, 2006) that was conducted to analyze the relationship between the perceived HR competencies and effectiveness from four

targeted respondents within Taiwanese firms. Thus, all the above literature motivates the researchers to examine the association between these two variables in the Mongolian context.

Consequently, the overall purposes of this research included to explore the self-evaluated competencies of HR professionals in Mongolia, to compare the locally reported competencies on HRCS model 2012 with the global norms and to check the correlation between HR competencies evaluated by managers themselves and HR effectiveness evaluated by their employees. Also, this study aimed to discuss the general picture of HRM in Mongolia. The findings of this investigation can beneficially contribute to the development of the HR field in Mongolia.

## 2. LITERATURE REVIEW

### 2.1. HRM and Mongolian Labor Market

Mongolia is defined as one of the 3G /Global Growth Generator/ countries along with 11 countries such as are Bangladesh, China, Egypt, India, Indonesia, Iraq, Nigeria, Philippines, Sri Lanka, and Vietnam that are predicted to produce high growth and profitable investment opportunities over the next 10, 20, 30 years due to their growing young generation and natural resources. More specifically, Mongolia is projected to have the annual average growth rate of per capita GDP over 2010-2050 of 6.3 percent. This factor made this nation to be placed in the 4<sup>th</sup> place among others. In addition, the working age-group of this country is expected to grow up to 18.7 percent over the same period (Buiten & Rahbar, 2011).

Mongolia is a country that has successfully balanced out foreign diplomacy with its two neighboring countries -China and Russia- as well as its third neighboring countries all around the world. In recent years, Mongolia runs thirty-one embassies and eighty-one consulates abroad. In addition, , twenty-three foreign embassies and twenty-seven consulates operate in Mongolia. Thirty-four out of fifty-one ASEM countries hold diplomatic representatives which reside in Mongolia (Ministry of Foreign Affairs of Mongolia [MFAM], 2019). This nation is not only thriving its diplomatic relationships with all of its neighbors; it is also attempting to develop deep economic ties with nations around the globe in order to strengthen its economic capacity as well as to diversify its economy. Therefore, it is certainly crucial for these investors (firms and individuals)- who are looking for an opportunity to invest in profitable businesses in Mongolia- to have a clear understanding of the Mongolian labor market.

As noted previously, a majority of companies in Mongolia is family-owned and small-medium sized companies. Also, Table 1 shows that 138 993 (98%) companies out of 141502 registered enterprises in Mongolia have a size of “1-9” up to “20-49” employees by 2016. This means that the management can be ruled and performed by an owner, however, their management practices can be considered at the developing level by the Corporate Governance Development Center of Mongolia (Chimeddosrj, 2013). Also, in Table 1, 72 182 companies were counted as actively participating in the labor market in Mongolia in 2016. Apart from this figure, 6729 (represents 9%) firms employ more than 20 workers in their organizations. From this picture, it is possible to estimate the overall capacity of the labor market for HR professionals in Mongolia. In practice, the HR-to-Employee rate in Mongolia is at one manager for approximately 50 employees.

Meanwhile, to look at the structure of the market by the sector of the registered companies, Table 2 illustrates that the trade, the real estate, service, construction, manufacturing, agriculture, and mining are made up for the seven main areas which represent about 80 percent of the market in Mongolia. Among them, the mining (11.6%), construction (3.3%) and trade (1.1%) were operated effectively compared to other areas in 2016.

**Table-1.** Registered enterprises by employment size group.

Employment size group / Number of employees/	2016	Operating enterprises by employment size group	Active enterprises in the capital city Ulaanbaatar, by employment size
<i>Total</i>	141 502	72 182	46 153
<i>1-9</i>	129 039	60 668	39 644
<i>10-19</i>	5 734	5 078	2 758
<i>20-49</i>	4 220	3 979	2 112
<i>50+</i>	2 509	2 457	1639

Source: Mongolian Statistical Year Book (2016).

Except for these active firms, almost the half of the registered organizations have not started activating yet, but somehow have interests in operating in the market soon or later. Therefore, it can be predicted that more new job vacancies will be created for HR applicants as well as other job seekers in the future.

**Table-2.** Registered enterprises and annual productivity percent.

<i>Divisions employed by classification of economic activities</i>	Total Registered enterprise	Actively operating enterprise	Annual Productivity changes in the business sector /%/
<i>Wholesale and retail trade, repair of motor</i>	60 171	27 744	1.1
Other community, social and personal services	14 460	7 748	-
Real estate, renting and other business activities	14 183	6 944	-
<i>Construction</i>	11 430	6 074	3.3
Manufacturing	10 406	5 303	-8.8
Agriculture, forestry, fishing, and hunting	7 078	3539	-1.5
<i>Mining and quarrying</i>	1 259	690	11.6
<i>Total</i>	109 627	58042	

Source: Mongolian Statistical Year Book (2016).

In Mongolia, the private sector is composed of three categories of ownership: Mongolian, Joint venture and foreign firms. Table 3 depicts that foreign and joint ventures offer more salary to their employees than Mongolian investment companies. Among them, foreign investment organizations are ranked at the highest salary offer of 1 781.9 thousand Mongolian tugrugs for male, and of 1 910.3 thousand tugrugs for female by 2016. So, it can be assumed that the foreign investment companies set up English as a language requirement for the local applicants. Therefore, either HR applicants or other job seekers want to be hired to earn more salary in the private sector in Mongolia, a good level of English skills is recommended.

**Table-3.** The salary amount offered by the companies in the private sector.

Types of ownership (Private company)	Average (Thousand tugrugs)	Male (Thousand tugrugs)	Female (Thousand tugrugs)
Mongolian	662.0	693.4	626.4
Joint ventures	857.6	872.4	841.8
Foreign	1 842.4	1 781.9	1 910.3

Source: Mongolian Statistical Year Book (2016).

According to Table 4, at the end of 2016, Mongolia had a population of 3.1 million with 1,275.6 thousand economically active. Aside from the employment rate reached 54.5%, approximately 10% of unemployment existed in the labor market.

Table-4. Employment 2016.

<b>Indicators</b>	<b>2016 /Thousand/</b>
<i>Economically active population</i>	1 275.6
Employed	1 147.8
Unemployed	127.8
<i>Registered unemployment</i>	34.4
Economically inactive population	831.4
Labor force participation rate %	60.5
Employment rate %	54.5
Unemployment rate %	10.0

Source: Mongolian Statistical Year Book (2016).

In order to deepen this research, the education and gender of the workforce in the labor market were discussed in this section. This nation established its rudimentary university (The Mongolian National University) in 1942. Since that, 105 higher education institutes were counted in 2016 by the Ministry of Education, Culture, Science, and Sports of Mongolia (Ministry of Education Culture Science and Sports of Mongolia [MECSSM], 2016). Among them, there are only two state universities and a private institute that have an HRM degree program, educating prospective HR managers in Mongolia.

Table-5. Students of domestic universities and colleges by profession.

<b>Professional field</b>	<b>2016/2017</b>
Commercial and business management	33 134
Education	22 006
Engineering	19 010
Medical science	18 540
Law	8 825
Architecture and urban planning	8 247

Source: Mongolian Statistical Year Book (2016).

In Table 5, the most six common subjects chosen by students are listed in the academic year of 2016-2017. To put all together, the statistics indicate that there are about 127 800 unemployed, however, too many managers, teachers and lawyers graduate entering the labor market in Mongolia. It seems that Mongolia is facing a mismatch between labor demand and supply. With this addition, certain studies reported that young graduates lack the basic skill, experience, and responsibility which cause a skill shortage in the labor market in Mongolia (Asian Development Bank, 2016; Gassmann, Francois, & Zardo Trindade, 2015; Shatz et al., 2015; Tudev & Damba, 2015). Therefore, to find out the concrete reason why the majority of students are willing to study business and management as their top choice in Mongolia was one of crucial concern for this work.

Furthermore, to give attention to the gender of people in the labor market, Table 6 shows us an interesting gender pattern between females and males in Mongolia. More females enroll in bachelor as well as master degree programs than males do in this country. The ratio of males and females goes larger at the master degree level. It may be because of Mongolian families which support more their daughters to pursue higher education and to take more responsibility for paying the all necessary school expenses (Adiya, 2010). So, it is also interesting to examine the gender pattern of HR managers in Mongolia.

Table-6. Population and students of Mongolia by sex.

	<b>Population by gender (2016)</b>	<b>Students in tertiary education institutions by sex and bachelor degree (2016/2017)</b>	<b>Students in tertiary education institutions by sex and Master degree (2016/2017)</b>
Total	3 119.9	133 223	20 066
Male	1 534.0	56470	7514
Female	1 585.9	76 753	12 552

Source: Mongolian Statistical Year Book (2016).

## *2.2. Human Resource Competencies and HRCS Model 2012*

In this study, the definition of competency is described as someone's knowledge, skills, abilities, or other personality characteristics that are used to get someone's job done (Becker et al., 2001). The competency study is crucial for the organizations, employers as well as performance (Palan, 2003) so that once the local competencies of HR professionals are identified, it can be the standing point for the individuals who do any kinds of HR jobs in Mongolia to assess their capabilities and enhance their competencies in order to perform better. In addition, any successful performance of most tasks requires demonstrating the specific multiple competencies from each individual to get things done (Boyatzis, 1982).

It can be appropriate to determine the general competencies of HR people in Mongolia using Human Resource Competency Study (HRCS) - an initiative of the University of Michigan - Ulrich and Brockbank began to conduct this globally accepted ongoing HR competency model since 1988. Until now, seven rounds (1988, 1992, 1997, 2002, 2007, 2012 and 2016) have been revealed. Among these models, the emphasis on choosing the sixth round model was that the Asian perspective has been included in the HRCS model 2012 for the first time instead of only focusing on US or UK participants. In this model, six sub-dimensions of HR competency identified were strategic positioner, credible activist, capability builder, change champion, HR Integrator/innovator, and technology proponent. To discuss briefly, being a strategic positioner enables an organization to accomplish its business strategies in a competitive marketplace; being a credible activist is to build and develop a relationship of trust between internal clients, and perform what they have promised to do; being a capability builder who is able to determine and build essential organization capabilities by melding individual abilities into an efficient and robust organization: being a change champion who can help the organization make change happen at institutional (changing patterns), initiative (making things happen), and individual (enabling personal change) levels; being a HR Integrator/innovator who can innovate and integrate all successful HR practices into combined solutions that address business problems and Technology proponents who make use of it for the efficiency of their work, to connect employees to each other in order to facilitate their tasks and to leverage new communication channels such as social media, teleconference etc. (The RBL Group, 2012).

Furthermore, the scholars of Michigan University (Ulrich, Younger, Brockbank, & Ulrich, 2012) found that each sub-dimensions of the HRCS 2012 model affect the personal effectiveness of HR professionals as well as the organizational business success. Their findings were drawn from the assessment by over 17 300 HR associates as well as 2 600 HR participants globally. The details will be discussed in the section of HR effectiveness next section.

## *2.3. The Global Norms of Human Resource Competencies*

Meanwhile, the final result of the HRCS model was reported to the public. The researchers also proclaimed the global average scores of each dimension of the competencies as well as its impact on the perception of HR effectiveness (Ulrich et al., 2012). According to the study, the global norm was described as the average mean score of respondents given to each competency factor, for the entire database (The RBL Group, 2012). In other words, the data collected from six different respondents (such as HR professionals, supervisors, associates, non-associates, company/group, and region) were calculated to find the average scores of each competency dimension. Therefore, the mean scores of six-domains of this model were validated.

Based on the findings of the comprehensive study, the researchers compared the locally self-reported competencies with the global norms. This allows local HR professionals to find out what their stronger parts are and where they need to improve. Furthermore, this study had another advantage which also gives the opportunity for local HR professionals to moralize themselves based on the effectiveness score rated by their employees.

#### 2.4. HR Effectiveness

This study also intended to examine the effective performance of HR professionals. As we know some jobs are not assessed easily to measure the performance, such as an employee relation specialist or development manager so on Boyatzis (1982). Therefore, this study attempted to assess the effectiveness of HR professionals by surveying employees about their opinion of how their HR managers perform in terms of role, service, and contribution to their organizations. Moreover, we examined whether there occurred any difference in the evaluation of the employee perceived HR effectiveness within the job levels of HR managers in Mongolia. In this study, individual effectiveness was applied to reveal the effectiveness of HR professionals in Mongolia. In the existing literature, limited research has been conducted covering HR competencies or HR effectiveness in this area.

As mentioned previously, the six competency dimensions of the HRCS 2012 model are directly associated with both personal effectiveness and Business performance (Ulrich et al., 2012).

**Table-7.** Impact of HR competencies on perception of HR effectiveness and business performance.

HR competency dimensions	Mean Score on this competence element (1 to 5)	Impact on Perception of HR effectiveness (Beta weights scaled to 100%)	Impact on Business Performance (Beta weights scaled to 100%)
Strategic positioner	3.89	22%	14%
Credible Activist	4.23	17%	15%
Capability builder	3.97	16%	18%
Change champion	3.93	16%	16%
HR innovator and Integrator	3.90	17%	19%
Technology proponent	3.74	12%	18%
Multiple R <sup>2</sup>		42.5%	8.4%

Source: "The New HR Competencies–Business Partnering from the Outside in" by Ulrich et al. (2012). RBL Group, Boston, MA.

According to Table 7, about 42.5 percent of individual effectiveness and 10 percent of business success can be explained by HR professional competencies of the HRCS 2012 model regarding the global competency scores.

After the revolution in 1990, Mongolia transformed and changed its political and economic system into democracy. The labor market was also affected by the demographic structure and its dynamics. So, it is clearly noted that the history of HRM in Mongolia was not lasting longer than 20 years. In addition to this, a very limited number of higher education providers focus on preparing HR managers in this country. Thus, this young management field deserves further extensive investigation efforts. Although few major studies (Regsuren et al., 2012; Shatz et al., 2015) have been conducted, these studies mostly concentrated on the perspective of the youth education and the educational system in Mongolia, not truly covering the management side of the labor market.

Above all reviews in the existing literature demonstrated that conducting this study could be reasonable and valuable to the HR field in Mongolia. Therefore, based on the discussions above, this study addressed the following research questions:

Question1: Is there any difference between the global and the local competencies? Are the local HR competency scores lower than the global norms in Mongolia?

Question2: Do employees evaluate the effectiveness of HR professionals differently in terms of the job-levels in Mongolia?

Question3: Is there a positive relationship between HR competencies and HR effectiveness in Mongolia?

### 3. METHODS

In order to reach the research objectives, the pair design and quantitative method were applied in this study. For the purpose of testing the developed hypotheses, the survey was used to compile the standardized data from a targeted sample in Mongolia.

The survey of this study was composed of two separated questionnaires in order to avoid single-response bias and make sure more reliable measures by gathering data from multiple respondents (Gerhart, Wright, MC Mahan, & Snell, 2000).

For the purposes of revealing HR competencies and employee perceived HR effectiveness in the private sector in Mongolia, four scales were utilized, and all items were tested empirically in the previous studies. Particularly, HR competencies were measured 75 items adapted from the originally established scale of the RBL Group (The RBL Group, 2012) covering all six competency dimensions of the HRCS 2012 model. Five Likert-scales have been employed from (1) very poorly to (5) very well with regard to HR effectiveness, which has three sub-dimensions: HR service, role, and contributes. Altogether 30 items were included to evaluate the employee perception of HR effectiveness. Among them, the 25 items for HR service and 10 items for contribution were generated by the research (Yeung, 1996) and seven Likert-scales have been applied. As for the HR role, there were 5 items developed by McMahan (1996) and ten Likert-scales have been utilized from (1) no meeting needs to (10) to a very great extent.

Furthermore, the sample population was targeted in Mongolia. For this reason, the questionnaires were translated from English into Mongolian by the Mongolian researcher whose mother tongue is Mongolian, currently studying in a graduate program which is taught in English. Also, peer and expert validity were adopted in order to ensure all measurements were validated. In particular, two English reviewers (a movie translator at Mongol TV, and a certified lawyer with a master's degree in India) did back translation from Mongolian into English. When the back translation part was finalized by the researchers, two Mongolian graduate students reviewed the content of the translated questionnaires before the expert review was conducted. Lastly, the final version of the Mongolian questionnaires was examined by two senior HR practitioners who have over 15 years of working experience in the HR field and worked for two highly prestigious organizations in Mongolia (Ulaanbaatar BUK and Mongolian customer) to verify the content validity of the questionnaires.

The survey was limited only to HR practitioners as well as employees who have at least one-year tenure in their organizations in the private sector. There was no restriction on industry categories as each manager has to obtain the necessary competencies of an HR professional in order to perform effectively in an organization (Han et al., 2006). Therefore, the participants from all types of industry categories have been accepted into this study.

The HR professional's questionnaire was composed of two parts including the measurements of HR competencies and the demographic characteristics, inviting HR professionals to do self-evaluation of their competencies. Likewise, an employee questionnaire was made up of four parts including HR service, role, contribution, and the demographic features, asking three employees to assess the outcomes of their HR managers who work for the same company as the employees do.

Based on the literature review and the purposes of this study, the following three hypotheses were built to be empirically examined by the study.

*H1: Hypothesis1: The local HR competencies in Mongolia are lower than the global HR competency-norms.*

*H2: Hypothesis2: Employees evaluate the effectiveness of HR professionals differently in terms of the job-levels in Mongolia.*

*H3: Hypothesis3: HR competencies evaluated by themselves are positively related to HR effectiveness evaluated by their employees.*

The data of this research were collected from August 2017 to January 2018 through the personal network connection of the Mongolian research student who worked as a Human resource manager in two different companies named Altain khuder LLC and Ensada Tractron LLC in Mongolia. Mostly, her ex-colleagues and her colleagues' friends were invited to take part in this study. Due to the complexity of the pair- design, the hard-copy as well as the online questionnaires were personally handed or distributed to respondents only in case the respondent agreed to participate in the survey. Eleven of the 61 pair-questionnaires were deleted due to the large

proportion of missing data. Hence, 50 managers and 150 employees' data collected were fully qualified to match the criteria of this study.

#### 4. RESULT

A total of 200 qualified questionnaires were validated to be analyzed in this study. The researchers utilized the SPSS to demonstrate descriptive and correlation statistics to analyze and interpret the compiled data, which enables the researchers to illustrate the significance and importance of this study.

Table 8 below shows a summary of the profile of HR professionals. From this table, it was observed that 38 females (76%) and 12 males (36%) participated in this survey. Of the respondents, 56% have professional degrees in HR, 38% graduated with a bachelor's degree and 18% possessed a Master's degree. The educational level definitely corresponds to the job level of the respondents. Table 8 also illustrates that the majority of participants are either HR managers (40%) or HR staff (28%). The others are HR seniors (4%) and HR professionals (24%). Altogether 74% of the total participants have been working for no more than 5 years in their current organization. Only 26% of respondents were employed for more than 6 years in their recent companies.

To remind us once again, the data of 150 employees from 50 companies were collected to analyze how employees value the contributions of their HR managers in their organizations at the same time. In brief, most of the sample was gathered from 106 staff members (70.7%) compared to 44 supervisors (29.3%). In addition, 101 females (67.3%) and 44 males (32.7%) were involved in this study. Altogether, 53.3% of all the respondents only studied at the college or the specialized training program. 30.7% of Bachelor's degrees and 6.7% of Master's degree holders contributed their efforts to this study.

Table-8. Descriptive analysis of HR professionals.

Characteristic	Categories	Frequency	Percent
		(N=50)	-100%
Gender	Male	12	24
	Female	38	76
Educational level	Non-Vocational course/degree in HR	11	22
	Only vocational course/training in HR	11	22
	Bachelor degree in HR	19	38
	Master degree in HR	9	18
	Doctorate degree in HR	0	0
Position	HR chief	4	8
	HR professional	12	24
	HR manager	20	40
	HR staff	14	28
Tenure	1-2 years	19	38
	3-5 years	18	36
	6-10 years	9	18
	11-15 years	2	4
	16-20 years	1	2
	21 or above	1	2

Note: N (HR professionals) = 50.

##### 4.1. Descriptive Statistic of the HR Competency Dimensions

In order to achieve the main objective of this study, the mean of each competency- dimension was examined at different positions. All 75 items of six sub-competencies of HR professionals were measured using a five-point Likert-scale.

Table 9 represents the mean comparison between the locally self-reported HR competencies measured at four title groups and the global norms. It can be observed that the classification as HR senior has the highest mean for all six-competency dimensions compared to other groups. It indicates that most HR seniors evaluated themselves as possessing good levels of competencies in all HR competency categories. If we compare it with the global

competency levels, we can say that except for the category of technology proponent, HR seniors felt lower self-evaluations of other competency-dimensions than the global average scores.

These observed patterns can be summarized that the professional knowledge, skill, and abilities of HR professionals in Mongolia need to be developed and improved.

#### 4.2. Descriptive Statistics for the Mean Comparison of HR Effectiveness

In order to find out how the different groups of HR professionals are valued by their employees, we computed the mean of each sub-dimensions of HR effectiveness. As a sub-dimension, HR service and HR contribution were assessed using a seven-point Likert-scale. On the other hand, a ten-point Likert-scale was utilized to measure the HR role.

In Table 10, it can be seen that either HR seniors or HR professionals were evaluated slightly higher for all three sub-variables than the other two groups. However, in comparison with the maximum evaluation scores of 7 (service), 10 (role) and 7 (contribution) and the overall effectiveness of each area, these four groups of HR professionals had moderately lower scores on all three categories. Therefore, it can be concluded that HR professionals in Mongolia are not considered to be effective by employees in their organizations.

**Table-9.** Descriptive statistics for HR competencies mean comparison with global scores

	Mean HR Senior	Mean HR professional	Mean HR manager	Mean HR staff	Overall Local Mean	Global Norm
Strategic Positioner	3.6	3.6	3.5	3.3	3.5	3.89
Credible Activist	4.0	3.9	3.8	3.7	3.8	4.23
Capability Builder	3.9	3.6	3.5	3.5	3.6	3.97
Change champion	3.7	3.8	3.6	3.7	3.7	3.93
HR integrator	3.8	3.7	3.3	3.5	3.5	3.90
Technology Proponent	3.9	3.6	3.4	3.4	3.5	3.74

Note: N (HR professionals) = 50.

**Table-10.** Descriptive statistics for mean comparison of employees' perception of HR Effectiveness

	HR Seniors	HR Professional	HR Manager	HR Staff	Overall effectiveness
Service (7-point Likert-scale)	4.8	4.7	4.5	4.3	4.6
Role (10-point Likert-scale)	5.6	6.6	6.3	5.9	6.2
Contribution (7-point Likert-scale)	4.3	4.5	4.4	4.3	4.4

Note: N (employees) = 150.

Furthermore, the remarkable linking point between Table 9 and Table 10 observed by the researchers has to be pointed out. Even though the competencies rated by HR seniors were lower than the global norms, these HR seniors earned the highest scores of the effectiveness. The potential explanation was that managers at higher job levels occur to possess somewhat good knowledge of HR practices (Rynes, Colbert, & Brown, 2002).

#### 4.3. Reliability Analysis

Cronbach's alpha was used to check the internal consistency in this study. Generally, it should be higher than .70. According to the result, all variables were fulfilled with the essential criterion of the internal consistency, and detail illustrated in Table 11.

Table-11. Cronbach's alpha analysis

Variables	Items	Cronbach's Alpha
HR competencies	75	.97
HR Service	15	.94
HR Role	5	.90
HR Contribution	10	.94

#### 4.4. Correlation Analysis

The correlation analysis was utilized in order to test whether the variables are associated with one another. In this study, the researchers aimed at finding the relations between the sub-variables of HR competencies and HR effectiveness.

In order to test hypothesis number three, a one-tailed test was applied in this study. Particularly, the one-tailed test is usually preferred when researchers want to confirm the possibility of a relationship between two variables in one direction (Lind, Marchal, & Wathen, 2018). Therefore, a one-tailed correlation analysis was performed to test whether there was a positive relationship between HR competencies and HR effectiveness.

It can be observed in Table 12 that the HR contribution had a very low positive correlation with sub-dimensions of HR competencies named capability builder and technology proponent, ( $r=0.239$ ,  $p<0.05$ ;  $r=0.247$ ,  $p<0.05$  respectively). In other words, it means that if HR professionals possess a high level of competence in the categories of capability builder and technology proponent, they can make more contributions to their organizations. Otherwise, there is no more association observed between the sub-dimensions of two variables in Table 12 below. However, it is possible to conclude that the alternative hypothesis was supported.

Table-12 Pearson correlation matrix between sub-dimensions of two variables.

	Mean	Std.D	SP	CA	CB	CC	HRI	TP	HR Competency	Service	Role	Contribution
SP	3.53	.551										
CA	3.85	.426	.541**									
CB	3.61	.549	.694**	.704**								
CC	3.70	.539	.362**	.610**	.684**							
HRI	3.55	.651	.634**	.732**	.749**	.646**						
TP	3.52	.699	.695**	.647**	.723**	.495**	.816**					
HR Competency	3.63	.481	.782**	.820**	.898**	.741**	.915**	.884**				
Service	4.57	.862	.037	-.058	.080	.092	.136	.031	.069			
Role	6.24	1.45	.067	-.054	.058	.039	.121	.072	.068	.800**		
Contribution	4.44	.898	.231	.082	.239*	.147	.211	.247*	.236*	.718**	.841**	
HR effectiveness	5.08	1.00	.112	-.019	.123	.089	.161	.118	.124	.891**	.968**	.914**

Note: \*\*  $p<0.01$  level (1-tailed).

\*  $p<0.05$  level (1-tailed).

N (HR professionals) = 50, N (employees) = 150.

## 5. CONCLUSION AND DISCUSSION

In this study, the researchers focused on the overall pattern of the HR field in Mongolia. After examining the assumed hypotheses, we found three major results. First, the local HR managers rated themselves lower on each dimension of the HRCS competency-model (2012) than the global norms, therefore, Hypothesis One was supported. Second, when we looked at the mean scores of the employee perceived HR effectiveness, employees evaluated the effectiveness of HR managers differently regarding each category of the job titles. Hence, the second hypothesis was also accepted. Lastly, the finding revealed that there was a weak positive correlation between two sub-dimensions of HR competencies and HR effectiveness. The result was consistent with the finding in the project of the HRCS model 2012 (Ulrich et al., 2012). Therefore, our last hypothesis was supported.

Furthermore, it was interesting to speculate why there was a very weak association between HR competencies and HR effectiveness in the sample size in Mongolia. For this reason, the researchers attempted to respond to this

question by rising the following assumptions in accordance with our findings in the labor market in Mongolia. First, the HRM is comparatively younger and developing the field in this country regarding the transition into the market-driven economy since the Soviet Union collapsed in 1990. Second, it seems that one of the underlying reasons is a lack of knowledge and skill shortage within the local HR managers. In 2015 studies supported this argument by stating that less professional knowledge and experience existing in the management team in Mongolia were observed (Shatz et al., 2015; Tudev & Damba, 2015). Additionally, this argument is certainly associated with higher education degree programs in the country. After reviewing the accessible information about the labor market in Mongolia, we found that there are 105 higher education institutions operating in Mongolia (Ministry of Education Culture Science and Sports of Mongolia [MECSSM], 2016) however, only two state universities and a private institute have an authorized HR degree program to prepare HR managers for the countryside. On the other hand, there is a total of 141 502 officially registered enterprises in the market nationwide. Among them, 69320 (48%) inactive enterprises are already authorized to run a business in the future. At this point, these enterprises need well-qualified HR managers in order to grow and compete successfully in the market. Third, the majority of the graduates of 2016-2017 possessed a degree of commercial and business management, education and law instead of majoring in constructing, manufacturing, agriculture, and mining, which are listed in Table 2 in Chapter two as predominant areas except the trade, real estate and service in the market of Mongolia. With this fact, the concern arose to take look at the educational background of HR managers; Table 8 shows that 44% of HR job holders are non-professional, having no degree in HR. It indicates that HR jobs are likely to be replaced by the management graduates who only have the basic knowledge about HR. Moreover, the researchers also examined the list of the average monthly wage offered to employees by occupations. We found that the job holders of the manager and professional positions earn the highest (1010.0 and 967.1 thousand turgrug respectively) salary amongst the others except for the machine operators (National Statistic Office of Mongolia [NSOM], 2016). This fact led us to recap that the highest salary amount may be one of the strong influential factors for new secondary school graduates to choose the law and management-related subjects as their future careers.

### *5.1. Implications for HR Managers*

Based on the findings, some possible implications and recommendations were discussed as follows. Although the result proved that there was a weak relationship between HR competencies and HR effectiveness, a main valuable contribution of this study was the relationship between self-evaluated HR competencies and employee perceived HR effectiveness have been studied and revealed empirically for the first time in Mongolia. Nowadays, HR effectiveness has become a more significant concern among the business leaders who are beginning to realize the value of individual abilities and skills as one of the main success factors in the business so that it was very crucial to identify the competencies of HR professional in Mongolia (Ulrich et al., 2012).

According to our findings, we proposed two recommendations for HR managers in Mongolian. First, HR managers should strengthen their professional competencies, and take self-directed learning steps in order to contribute to the efficiency as well as the development of their organizations. A degree program in HRM can be a much-recommended source because those programs are competency-based (Yeung, 1996). The higher education program will help HR managers enhance the overall knowledge as well as professional competencies in HRM. According to one of the world's well-known professor Prahalad, one of the reasons why HR cannot affect business outcomes because of a lack of fundamental business and management related theories (Ulrich., 1997). Moreover, reading HRM-related academic papers has become one of the influential factors to demonstrate the knowledge of HR practitioners (Rynes et al., 2002; Sanders, van Riemsdijk, & Groen, 2008). Therefore, HR reading is also recommended by this study. Second, HR managers should be more proactive. It refers to not only heavily been involved in the business strategies and operations, but also spending time in other departments. The study

(Wright, McMahan, McCormick, & Scott, 1998) found that there is a strong association between HR involvement and perceptions of HR effectiveness.

### 5.2. Limitation and Future Research

Firstly, this study did not include any control variables. The competencies may differ across, the size of companies as well as industries (Yeung, 1996). Therefore, it is recommended for future researchers to try to control these factors that may affect the outcome of the evaluation of HR effectiveness. Secondly, all levels of employees were included in evaluating HR effectiveness in this study. In most cases, all employees may not truly know what HR managers perform or not because some of the HR functions are not observed directly (Han et al., 2006). In this case, collecting data from the middle-level managers may enable us to find a significant relationship between HR competencies and HR effectiveness. Thirdly, this research used the HRCS 2012 model that was developed based on the western context. As stated earlier, the management style in Mongolia is strongly influenced by the nomadic life. Therefore, it is recommended to consider the cultural difference while choosing the scale for future study. Finally, this research only focused on the competencies and effectiveness of HR managers. As for the future research direction, it would be more effective to investigate how HR managers broaden and update their knowledge and skills in Mongolia to remain in the public.

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