

## THE DEVELOPMENT OF HUMAN CAPITAL AT WENDY'S CIHAMPELAS WALK USING COMPETENCY BASED HUMAN RESOURCE MANAGEMENT (CBHRM) IMPLEMENTATION

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*Abstract. Becoming one of the developing countries in Asia, Indonesia has many potentials in its industry. The most significant industrial development is Food and Beverage. This big contribution of food and beverage industry in Indonesia leads to the increasing number of the restaurant as part of this industry. Bandung, as the capital city of West Java, is the biggest contributor to the development of the restaurant industry based on BPS statistic data 2017. According to the official website of several fast food restaurants in Bandung, there are 5 biggest fast food restaurant based on its branches distribution. Wendy's has the fewest branch among them. In order not to lag behind others and increase the competitiveness, Wendy's Cihampelas Walk as one of Wendy's branch in Bandung needs to develop its human capital more using the approach called Competency Based Human Resources (CBHRM) that they already implemented. This research aims to find which aspect needs to be improved from the CBHRM implementation by using the canonical correlation analysis method. The result of this research is to know the lacking factor of CBHRM which will be expected to help the company focus on improving the aspect.*

*Keywords: Competency Based Human Resource Management ;Human Capital Development;Competency*

### INTRODUCTION

According to Badan Pusat Statistik (2018), the big contribution of food beverage industry in Indonesia showed by leads to the increasing number of the restaurant as part of this industry. Bandung, the capital city of West Java, is the biggest contributor to the development of the restaurant industry based on the most amount of restaurants.

Table 1.1 Number of Restaurant by Regency / City in Jawa Barat Province,2017

No.	City / Regency	Number of restaurants
1	Bandung	742
2	Karawang	555
3	Depok	351
4	Bogor	336
5	Bekasi	235
6	Cianjur	218
7	Garut	214
8	Subang	159
9	Cirebon	147
10	Tasikmalaya	132

No.	City / Regency	Number of restaurants
11	Pangandaran	124
12	Sumedang	116
13	Purwakarta	102
14	Cimahi	95
15	Sukabumi	74
16	Majalengka	67
17	Kuningan	64
18	Ciamis	52
19	Banjar	45
20	Indramayu	34

Restaurant is a place or building which is commercially organized, which organizes services to all the guests in the form of food and drink (Darmaatmadja (2011:17). There are several types of restaurant according to Sujatno (2011:15), restaurants are classified into White Tablecloth, Casual Dining, dan Quick Service Restaurant / Fast Food Restaurant. Lately, there are many fast food restaurants as a result of increasing an instant lifestyle. Fast food, by definition, is "designed for ready availability, use, or consumption with little consideration given to quality or significance" (Merriam-Webster, 2015).

Based on several official websites of fast food restaurants in Bandung, there are 5 biggest fast-food restaurants based on its branches distribution and Wendy's has the fewest branch among them.

Table 1.2 Number of Fast Food Restaurant in Bandung City

No.	Name	Number of outlets
1.	KFC	22
2.	Dunkin Donuts	17
3.	Hoka-Hoka Bento	15
4.	Pizza Hut	11
5.	Wendy's	4

In order not to lagging behind others and increase the competitiveness, Wendy's Cihampelas Walk as one of Wendy's branch in Bandung, needs to develop its human capital more using the approach called Competency Based Human Resources (CBHRM) that they already implemented. Good employee performance is directly proportional to its company performance. Thus, when the employee performs well then it will affect the company performance positively. Competency-Based Human Resource Management (CBHRM) is one of the human resource management approaches. Dubois & Rothwell (2008) stated that Competency-based human resources management assumes looking at expected results and organizational requirements from the perspective of an employee rather than from the perspective of a job position held by an employee. Competencies become the foundation for the functioning of the entire human resources management system. Wendy's Cihampelas Walk already implements this approach to develop its human capital but there's some aspect that still lacking. This research aims to find which aspect needs to be improved from the CBHRM implementation by using the canonical correlation analysis method. The result of this research is to know the lacking factor of CBHRM which will be expected to help the company focus on improving the aspect.

## LITERATURE REVIEW

### *Human Resource*

Human capital is a new form of Human Resource where the difference is in the fundamental philosophy inherent in both forms. In Human Resources, humans are placed as resources. Whereas in human capital, humans are capital or assets. The next difference can be seen from how the strategies used in each form.

Chen and Lin (2003) state that company expenditure in relation to human resources must be seen as an investment in human capital. The organization's view that management means investments in human resources (human capital) are seen not as current expenses borne by the company, but rather as investments in assets that have value in the future. The implication is that if the condition of a company experiences sluggishness/decline, the costs associated with human resources are no longer seen as costs that must first be carried out by the organization is to change the perspective, from managing expense to value creation (creation of value) ) because human capital has invested knowledge and expertise in the company, where the market judges by looking at the company's activities, and reflected in the value added generated.

Human capital is a combination of knowledge, skills, innovation and the ability of a person to carry out their duties so that they can create value to achieve goals. The formation of added value contributed by human capital in carrying out their duties and work will provide continuous benefits in the future for an organization (Malhotra, 2003).

According to Totanan (2004), a company will have different performance in managing different people. That means different people in managing the same assets will produce different added values. So it can be concluded that the tangible assets owned by the company are passive without human resources that can manage and create value for a company.

### **Competency Based Human Resource Management ( CBHRM )**

In 1973, David C McClelland published a paper "Testing for competence rather than intelligence". Explaining the back ground and the concept of competency in psychology. It reviewed previous researcher and concluded the traditional psychology test and academic science / knowledge was not accurate to predict job performance and the success in social life. It was found as social economy based. This would cause new implement "Competency" to predict the success at work and in a better social life and economy classification.

The progress of job competency measuring that he suggested has enabled practitioners and human resource manager to place the right man on the right job. Psychologists firstly identified the activity at work, tested to measure the ability needed by the job, analyzed performance score factors after convincing that competency score which had already been developed was reliable and proven by the achievement at work. In competence based human resource management

approach, the analysis begins from the job holder without any characteristic assumption and determines disclosure attitude which is related to the success at work. Competency method focuses on criterion validity, what the factors of superior performance at work is not on the factor of individual characteristic, in the hope that they will mostly be related with job performance. The selection of competence based will be able to predict job performance without racial discrimination, age, sex and demography factor. This became the first time CBHRM was introduced.

The increasing intense competition in the business makes the role of human resources as the determining factor of the company become very important. The skill and knowledge of the employee become the main capital that company must keep and develop in order to support the successful implementation of the work. Hence, competency of the employee becomes the most potential value in order to increase the value of the company (Sienkiewicz, 2014).

Competency Based Human Resource Management (CBHRM) becomes one of human resource management approaches today. Dubois & Rothwell (2008) stated that Competency-based human resources management assumes looking at expected results and organizational requirements from the perspective of an employee rather than from the perspective of a job position held by an employee. Competencies become the foundation for the functioning of the entire human resources management system.

Competency Based Human Resource Management is one of the human resource management approaches based on competencies which includes recruitment and selection, training, performance appraisal, awards and sanctions and pension programs. The aim of Competency Based Human Resource Management is to manage human resources as capital or intellectual capital through competency development. In CBHRM, all related processes like employee recruitment and selection, employee development, succession planning, performance management, career management, and compensation are based on competencies. Any organization that aims to generate better returns on investment from their human capital has to focus on the competency of their workforce (Palan, 2007).

### **Competency**

LOMA Competency Dictionary (1998) defines competency as the personal aspects of an employee that enable him or her to achieve superior performance. They include trait, values, attitude, knowledge and skills. Competency-driven behaviors produce performance.

A competency consists of expertise, knowledge and attitude, but in its application consistently, expertise, and knowledge must be in accordance with the performance standards required in the work (Francesco, 2003). According to Spencer & Spencer (2009) competency is someone's basic characteristic which has a causal relationship with outstanding work performance or work effectiveness.

## **METHODOLOGY**

The methodology used for conducting this research consists of preliminary study, problem identification, literature review, research approach, and the data processing and analysis. This research will use both primary and secondary data. Primary data obtained by distributing questionnaires and doing an interview with Wendy's Cihampelas Walk Store Manager. Secondary data is collected from companies, Biro Pusat Statistik (BPS), the internet, and other communication media. Data sourced from literature studies also used to obtain data that supports the research. The questionnaires will use a five-point Likert Scale, with 1 indicates with 1 indicates strong disagreement and 7 implies strong agreement. The respondents will be Wendy's Cihampelas Walk employee. The data will be analyse with qualitative and quantitative method.

According to Gay and Dehl (1996) determine sample size is different to each type of research. For descriptive research, a minimum sample is 10% of the population. Meanwhile, if the population is large, a minimum sample is 20% of the population. For research that examine correlation relationships, at least 30 samples are taken. For studies that test causality, at least 30 subjects per group are taken. For experimental research, a minimum of 15 subjects per group is recommended. Since the research examine correlation relationship the minimum sample will be 30 and it also become the number of respondents used for pilot test. In order to analyze the data, canonical correlation analysis in Statistical Package for the Social Sciences (SPSS) software will be used.

## **FINDINGS AND ARGUMENT**

In order not to lagging behind among competitors and to develop a competitive advantage in Bandung, Wendy's Cihampelas Walk needs competent human resources. Wendy's Cihampelas Walk aware of the condition, therefore they implement a competency-based human resource management system in order to develop human capital so it will increase employee performance along with its competitive advantage. There are several parts of Competency Based Human Resources Management (CBHRM) that the company already implemented such as recruitment & selection, career development, employee training, performance assessment, and reward system.

In this research, researcher will focus to see how is the correlation between CBHRM system that already implemented by Wendy's Cihampelas Walk with the human capital itself which divided into three aspects. Bontis (1999) defined human capital as representing the human factor in the organization; the combined intelligence, skills and expertise that give the organization its distinctive character. He went on to emphasize that such element, must be those that are capable of learning, changing, innovating and providing the creative thrust, which if properly motivated can ensure the longtime survival of the organization.

Researcher placing CBHRM as an X variable that is correlated with the development of Human Capital as a Y. Human capital inside the employees needs to be built on a systematic concept then it could determine how the upcoming strategy will be implemented. Subsequently, the implementation will be evaluated regarding the impact of it. Based on the flow, researcher concludes that if an employee is given a systematic and sustainable pattern of development, the employee's existing capital will continue to increase. The result of canonical correlation analysis using SPSS software can be seen below. The result will explain how strong is the correlation between CBHRM aspects and Human Capital aspects.

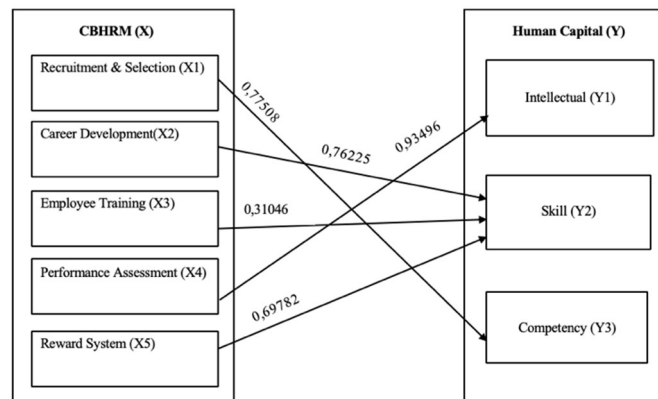


Figure 1. CBHRM correlation with Human Capital

## CONCLUSIONS

The result of canonical correlation analysis showed that performance assessment is the component of CBHRM that considered with the highest contribution value because it has the biggest correlation score with the human capital. Employees think that a good performance assessment system can increase their human capital. The aspect that has the strongest canonical relationship is intellectual. It showed that the performance assessment system applied by the company has a very big impact on employee's human capital development especially for their intellectual. Wendy's Cihampelas Walk needs to maintain it since it has a positive result on human capital development.

The component of CBHRM that has the lowest correlation score with human capital is employee training. It showed that the training program made by Wendy's Cihampelas Walk has not been implemented optimally. The training program needs to be improved so it will increase human capital development especially the employee skill since these two aspects are correlated. With the improvement of the training system, it is expected to develop its human capital.

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