



### HR COMPETENCY USING THE MODEL OF PEOPLE CAPABILITY MATURITY AND ITS IMPACT ON HR COMPETITIVE ADVANTAGE

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#### Abstract

The purpose of establishing a company is to operate over an extended period, so company should have ability in competing. The competitiveness of a company can be captured by prioritizing the competitive advantage of human resources (HR), because HR is a key resource in a company. However, in reality the competitive advantage of HR is still relatively weak. This study aims to analyze human resource (HR) competency using the Model of People Capability Maturity (PCM) to determine its impact on HR competitive advantage. The research sample was 426 respondents who were taken using a quota sampling technique from a population of employees at three networked companies in Bali. The analysis technique uses linear regression analysis with SPSS v.23 application. Human resource competencies based on the model of Model of PCM significantly influence the competitive advantage of human resources, with four components, namely: strategic partner, administrative expert, employee champion, and change agent.

**Keywords:** HR competencies; model of PCM; HR competitive advantage; strategic partner; administrative expert; employee champion; change agent

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### INTRODUCTION

Companies are fundamentally established to survive and thrive in an increasingly competitive business environment. From a strategic perspective, a company's sustainability is largely determined by its ability to build competitive advantage stemming from the effective and sustainable management of internal resources (Porter, 1985). One of the primary sources of this competitive advantage is human resources (HR), as HR plays a direct role in the process of value creation, innovation, and the implementation of organizational strategy (Qehaja & Kutllovci, 2015). Therefore, HR competency is a key factor in determining a company's long-term competitive position.

HR competitive advantage is determined not only by education level or work experience, but also by the maturity of HR capabilities in consistently carrying out strategic roles, functions, and responsibilities. In this context, HR competency is understood as a combination of knowledge, skills, attitudes, and behaviors that enable individuals and organizations to achieve superior performance. HR with high competency and

systematically managed resources will be more adaptive to changes in the business environment, capable of generating innovation, and contributing to the creation of sustainable added value for the organization.

As the modern management paradigm evolves, HR competency management is no longer viewed as an administrative activity, but rather as a strategic process integrated with organizational goals. One relevant approach in this context is the People Capability Maturity (PCM) Model, which emphasizes gradual, systematic, and sustainable competency development. The PCM model views HR capabilities as a strategic organizational asset that must be developed through learning processes, standardizing work practices, strengthening a performance culture, and enhancing the organization's collective capabilities. Therefore, the level of HR capability maturity is an important indicator in assessing an organization's readiness to build HR competitive advantage.

In practice, organizations with a higher level of HR capability maturity tend to have more competent, consistent, and strategically aligned human resources. This enables organizations not only to improve individual performance but also to build HR competitive advantages that are difficult for competitors to imitate. This HR competitive advantage is reflected in the organization's ability to retain top talent, increase productivity, accelerate innovation, and respond more effectively to the dynamics of the business environment.

However, empirical evidence suggests that HR competitive advantage has not yet been fully realized evenly, particularly at the regional level. According to data from the Central Statistics Agency (BPS) of Bali Province in 2019, Bali ranked 12th out of 34 provinces in Indonesia for human resource competitiveness. This position indicates that the quality and competitiveness of Bali's human resources still face various challenges in supporting the strengthening of organizational competitive advantage. Bali's economic structure, dominated by the service sector, particularly tourism, has resulted in HR competency development being more focused on operational and service skills, while strengthening strategic competencies such as innovation, digital literacy, leadership, and organizational capability management has progressed relatively slowly (BPS, 2019).

This situation indicates a gap between the increasingly complex needs for HR competencies and the maturity level of HR capabilities possessed by organizations. Lack of attention to systematic HR capability development, limited sustainable competency development programs, and weak integration between organizational strategy and HR management have the potential to hinder the development of HR competitive advantage. In the long term, this can undermine an organization's ability to maintain competitiveness amidst increasingly fierce competition.

Although the relationship between HR competencies and competitive advantage has been widely discussed in the human resource management literature, research specifically examining the role of the HR Capability Maturity Model (PCM) as a mechanism for strengthening HR competencies and its implications for HR competitive advantage is still relatively limited, especially in the context of a service-based economy such as Bali. Most previous research still focuses on partial HR management practices, without linking them to the holistic level of HR capability maturity.

Ulrich (1997) argued that the competitive advantage of human resources is reflected in four primary roles: strategic partner, administrative expert, employee champion, and change agent. These four roles emphasize that the HR function is no longer limited to administrative activities but rather contributes directly to achieving the organization's strategic goals and creating added value. Consistent with this view, Lin et al. (2014) stated that the competitive advantage of human resources is reflected in improved individual and organizational performance resulting from effective HR management.

In the context of modern organizations, implementing these four HR roles requires a shift in the management paradigm from a resource-based approach to a competency-based approach. This competency-based approach positions the development of HR capabilities as the primary foundation for building HR competitive advantage, as mature competencies enable employees to consistently and sustainably fulfill strategic roles.

The demand for strengthening HR competencies is increasing in line with technological developments and the dynamics of the business environment, which require more specific, adaptive, and digital-based competencies. Therefore, organizations need to implement systematic and integrated HR management practices to enhance employee competency, so that the resulting performance not only aligns with the organization's vision and mission but also creates a sustainable HR competitive advantage.

Operationally, the role of strategic partner is reflected in the involvement of HR in the formulation and implementation of organizational strategy; the role of administrative expert is realized through the efficiency and effectiveness of HR processes and systems; the role of employee champion through competency development and increased employee engagement; and the role of change agent through HR's ability to encourage organizational adaptation and transformation. The successful implementation of these four roles indicates a higher level of maturity of HR capabilities and, as emphasized by Lin and Wu (2014), is reflected in real performance improvements and strengthening HR's competitive advantage.

The use of the four-role HR model developed by Ulrich (1997) has provided an important foundation for understanding the strategic contribution of the HR function. However, in the context of the increasingly rapid development of human resource management science, this model is considered to be increasingly classic because it is more than twenty-five years old. The development of global HRM practices shows that the role of HR has undergone a more complex transformation, as reflected in the concepts of HR Transformation and HR Business Partnering. Ulrich et al. (2024) through the concept of HR from the Outside-In emphasizes that modern HR not only focuses on the internal efficiency of the organization, but also must understand external dynamics, such as customer needs, competitive pressures, regulatory changes, and technological developments that affect the company's sustainability.

Ulrich (1997) proposed four human resource roles that emphasize the strategic contribution of HR to an organization. The role of strategic partner emphasizes the alignment of HR policies and practices with business strategy, while the role of administrative expert focuses on improving the efficiency and consistency of work processes. The role of employee supporter focuses on strengthening motivation, engagement, and developing individual competencies, while the role of change agent reflects HR's ability to drive organizational adaptation and transformation. These four roles can only be optimally implemented if supported by an adequate level of HR competency and capability maturity.

From a Resource-Based View (RBV) perspective, these HR roles are crucial instruments in building HR competitive advantage. The RBV emphasizes that competitive advantage stems from resources and capabilities that are valuable, rare, difficult to imitate, and non-substitutable (Barney, 1991). Within this framework, HR competencies systematically developed through organizational capability enhancement are viewed as strategic assets capable of creating sustainable HR competitive advantage.

In modern management practice, the strategic contribution of HR is increasingly determined by the level of mastery of competencies relevant to the demands of the business environment, particularly digital competencies. Digital transformation requires human resources to possess digital and data literacy, a basic understanding of automation and artificial intelligence technologies, cybersecurity awareness, and technology-based adaptability, communication, and collaboration skills. These competencies reflect the maturity level of human resources' capabilities in responding to changes in the dynamic business environment.

Therefore, human resource development focuses not only on strengthening strategic roles, as proposed by Ulrich (1997), but also on enhancing competencies through the Human Resource Capability Maturity Model approach. This approach enables organizations to manage and develop human resource competencies in a gradual and structured manner, thus directly impacting the strengthening of human resource competitiveness. The integration of the role of human resources, the RBV framework, and competency development based on capability maturity forms a crucial foundation for organizations in building sustainable human resource competitiveness.

In the context of increasingly knowledge-based organizational competition, human resources are no longer positioned solely as operational implementers, but rather as knowledge-based strategic assets required to intelligently capture, process, and respond to information (infosense). HR competencies are the primary foundation for building sustainable competitive advantage, particularly as companies face a rapidly changing and complex business environment. The strategic challenge facing organizations is not simply how to improve HR competencies, but how to ensure that these competencies develop systematically, in an integrated manner, and in alignment with the organization's capability maturity level. The People Capability Maturity Model (PCM) offers a comprehensive conceptual framework for mapping, managing, and improving HR competencies through structured maturity stages. Through the application of this model, HR competency

development is no longer sporadic but rather a strategic process capable of strengthening organizational capabilities and generating competitive advantage in HR as a difficult-to-imitate and sustainable resource. Various previous studies have shown that human resource competency and performance play a crucial role in building HR competitive advantage by increasing employee productivity, work quality, and strategic contributions to the organization (Alajmi & Alenezi, 2016; Albrecht et al., 2015; Nibedita et al., 2011; Ranjhan & Mallick, 2018; Adula et al., 2022). These findings confirm that effectively managed HR competency can be a valuable source of competitive advantage for organizations.

However, several other studies have found that employee performance does not significantly influence HR competitive advantage, indicating differences in organizational context, industry characteristics, and competency management and measurement approaches (Jasim, 2014; Swarnalatha & Prasanna, 2013; Qehaja & Kutllovci, 2015; Abdollahzadeh, 2024). These inconsistent empirical findings indicate that the relationship between HR competency, performance, and competitive advantage is not yet fully understood.

This inconsistency indicates a research gap, particularly regarding the need for a more systematic approach to managing and measuring HR competencies as a strategic organizational capability. In this context, the People Capability Maturity (PCM) Model is considered relevant because it captures the maturity level of HR competency management in a structured, gradual manner. The PCM model enables organizations not only to assess individual performance but also to measure HR capabilities as an integrated system within the organization.

The application of the PCM model is becoming increasingly important in labor-intensive companies, such as retail chains, where the quality of HR competencies and consistent performance are crucial for establishing HR competitive advantage. By using a capability maturity approach, organizations can more accurately identify HR competency positions and design development strategies that directly impact strengthening HR competitive advantage.

Various studies on human resource competencies and organizational capacity show that the implementation of the Model of PCM focuses more on the technology, manufacturing, or project-based organizations sectors, so there is a research gap regarding how the Model of PCM functions in networked retail companies that have different characteristics. Furthermore, empirical evidence regarding the application of the Model of PCM in Indonesia, especially in Bali, is still limited, so there is not yet an adequate understanding of the model's suitability in the local context. Another gap is the lack of studies that directly test the relationship between human resource competencies based on the Model of PCM and employee competitive advantage, so it is unclear how stages of human resource capabilities can contribute to individual and organizational competitiveness.

Theoretically, the use of the Model of PCM in this study has a strong basis. As a model that maps the level of competency maturity, the Model of PCM is able to describe an organization's ability to systematically develop, manage, and optimize HR capabilities. In the context of a networked retail company in Bali, the Model of PCM is relevant for measuring the extent to which the company has a mature process in building HR competencies that support efficiency, service standards, productivity, and adaptability. When this model is linked to the concept of competitive advantage, this study can explain how HR competencies formed through the stages of the Model of PCM can become a source of competitive advantage that is valuable, rare, difficult to imitate, and difficult to substitute in line with the Resource-Based View (RBV). Thus, testing the Model of PCM in this context not only broadens theoretical understanding but also provides new explanations regarding the mechanisms by which HR competitive advantage is created.

The urgency of this research lies in the need to provide a stronger empirical and conceptual understanding of PCM-based HR competencies in retail companies that employ a large workforce. Because networked retail companies in Bali are businesses with high labor intensity, measuring HR competencies through the Model of PCM is crucial for mapping the strengths and weaknesses that can affect employee competitiveness. The results of this research are expected to make a positive contribution to the development of HR management science, particularly in the Indonesian context, and offer findings that can be used by practitioners to design employee competency development strategies. Furthermore, this research also aims to identify the types of competencies required by HR to be able to compete at the regional, national, and global levels, thereby providing a basis for improving the quality of the workforce in a sustainable manner.

Based on the background description, the issues raised in this study can be formulated as follows: (1) How do human resource competencies, fitting with model of PCM, influence the capabilities of strategic

partner capabilities? (2) How do human resource competencies, fitting with model of PCM, influence the capabilities of administrative expert? (3) How do human resource competencies, fitting with model of PCM, influence the capabilities of employee champion? (4) How do human resource competencies, fitting with model of PCM, influence the capabilities of change agent?

The objectives of this research are: (1) Assessing the influence of HR competencies fit with model of PCM on strategic partner capabilities (3) Assessing the influence of HR competencies fit with model of PCM on administrative expert capabilities (4) Assessing the effects of HR competencies Assessing the influence of HR competencies fit with model of PCM on employee champion abilities (5) Assessing the effect of HR competencies Assessing the influence of HR competencies fit with model of PCM on the ability of change agents.

The resource-based view (RBV) concept was initially introduced by Wernerfelt in 1984. RBV theory focuses on internal analysis to determine a firm's resource strengths and weaknesses. In a review of the academic literature, the RBV theory is used as a way to explain competitive advantage that ultimately results in high performance within a firm (Barney, 1991). The RBV theory argues that the importance of key resources that exhibit certain characteristics allows organizations to develop and implement strategies aimed at fulfilling their resource needs, thus improving their ability to achieve and sustain competitive advantage through superior performance (Clulow et al., 2007). Wright et al. (1994) suggest that human resources are a key strategic asset that can generate sustainable competitive advantage when managed based on a resource-based view. Effective HR management practices play a crucial role in developing and maintaining these human capabilities, so that HRM is no longer viewed as an administrative function but as a source of long-term strategic advantage for the organization.

RBV theory is relevant for this study because achieving competitive advantage requires resources within the company, including human resource competitiveness. This concept begins with identifying, developing, and protecting key human resources through assessing human resource competencies and analyzing their competitive advantage. The discussion on People Capability Maturity (PCM) is structured as a conceptual foundation for explaining HR competency development and its impact on HR competitive advantage. The PCM model was first introduced by Bill Curtis in 1995 as a systematic framework for improving the management and development of human resources on an ongoing basis. Over its development, PCM has been adopted by various multinational companies such as IBM, Siemens, Unilever, Microsoft, and Hewlett-Packard Enterprise, and can be applied to various types of organizations through adaptation to the company's context and strategic needs.

Conceptually, PCM views human capabilities as the primary foundation for developing HR competencies and enhancing organizational capabilities. This model emphasizes that HR competencies do not simply reflect individual attributes but are the result of a structured and ongoing management process. Therefore, the relationship between individual capabilities and organizational capabilities is key in explaining how HR competencies strategically contribute to achieving business goals and building HR competitive advantage.

The individual capabilities of employees, including knowledge, skills, and technical mastery, collectively constitute organizational capabilities. Organizational capabilities reflect a company's level of readiness to carry out core business activities, improve performance, and respond to innovation opportunities and environmental changes. Thus, improving HR competency through the PCM approach is directly linked to an organization's ability to create value and build a competitive advantage that is difficult to replicate.

In its implementation, PCM provides a structured framework for managing and developing HR competency through integrated HR management practices. Employees are classified based on competencies that encompass a combination of knowledge, skills, and process capabilities, developed through education, training, and work experience. These practices are designed to align with the company's core competencies and strategic objectives. Furthermore, PCM categorizes HR management practices into several maturity levels, reflecting the extent to which HR processes have been standardized, documented, and optimized to support the continuous strengthening of HR competency (Curtis et al., 2001).

Strategically, the PCM philosophy emphasizes that HR competency is a strategic resource and a key factor in creating HR competitive advantage. Therefore, individual competency development must be managed in alignment with the organization's business strategy. In organizations that have reached a higher level of HR capability maturity, HR competencies are expected to contribute directly to improving performance and

strengthening HR competitive advantages in a sustainable manner, although the effectiveness of HR practices remains influenced by the organizational context and its business environment (Li et al., 2015).

The concept of HR competitive advantage is inseparable from the maturity level of the capabilities and competencies of an organization's human resources. From a strategic perspective, HR is no longer understood solely as an administrative function, but rather as a key source of capabilities that determine an organization's ability to survive and excel in competition. Ulrich (1997) suggests that HR's contribution to organizational excellence is realized through four primary roles: strategic partner, administrative expert, employee champion, and change agent. These four roles represent the operational manifestation of HR competencies and capabilities in creating organizational value.

Along with business transformation, digitalization, and the complexity of the competitive environment, the HR role framework has undergone conceptual development that increasingly emphasizes the importance of HR capability maturity. Lado and Wilson (1994) demonstrated that a competency-based HR management system is a source of sustainable competitive advantage because it can generate valuable, rare, difficult-to-imitate, and non-substitutable capabilities. Furthermore, Ulrich (2016), using the HR Transformation framework and the outside-in approach, emphasized that HR competencies must integrate internal efficiency with external demands, such as market dynamics, customer needs, technological developments, and regulatory pressures.

In this context, the People Capability Maturity Model (PCM) becomes relevant as a systematic framework for understanding how HR competencies develop gradually from the basic to the strategic level. HR with a low level of capability maturity tends to focus on operational activities and descriptive analysis, while HR with a high level of capability maturity is able to utilize predictive and prescriptive analytics to support strategic decision-making and long-term value creation (Rigamonti et al., 2024). Thus, HR roles need to be understood as a reflection of the level of capability maturity that supports HR competitive advantage, as explained in the Resource-Based View framework (Barney, 1991). Based on Ulrich's (1997) framework, the four HR roles in this study are positioned as key mechanisms linking PCM-based HR competencies to HR competitive advantage:

**Strategic Partner.** In this role, HR contributes to the alignment of business and HR strategies through the design, implementation, and evaluation of HR systems and policies that support organizational goals. HR competencies at higher PCM maturity levels enable the development of unique organizational capabilities, such as learning capacity, innovation, and an adaptive work culture (Lengnick-Hall et al., 2009). The strategic partner role reflects HR's ability to directly contribute to the creation of HR competitive advantage by developing difficult-to-imitate strategic capabilities.

**Administrative Expert.** The administrative expert role emphasizes process efficiency, standardization, and HR system reliability. Within the PCM framework, HR capability maturity is reflected in process mastery, operational discipline, information technology utilization, and the ability to continuously improve processes. These competencies enable HR to manage personnel administration, compensation, and HR information systems consistently and efficiently, thereby strengthening operational stability and the foundation of HR competitive advantage based on system reliability (Ulrich, 2016).

**Employee Champion.** In this role, HR serves as a liaison between the organization's interests and employee well-being. Interpersonal competencies, empathy, communication, and an understanding of employee dynamics—developed at higher PCM maturity levels—enable HR to increase employee engagement, commitment, and contribution. This role provides HR competitive advantage by increasing motivation, productivity, and talent retention (Albrecht et al., 2015; Ulrich et al., 2024).

**Change agent.** The change agent role represents HR capabilities in facilitating organizational transformation, building an adaptive culture, and ensuring HR readiness to face the dynamics of the business environment. Within the PCM framework, problem-solving competencies, agility, and the ability to influence others develop systematically as capability maturity increases. This role supports HR competitive advantage by increasing organizational resilience, adaptability, and the ability to continuously innovate (Lengnick-Hall et al., 2009; Ulrich, 2016).

Theoretically, the integration of these four roles confirms that HR competencies based on the HR Capability Maturity Model are a source of HR competitive advantage. Competencies developed systematically through the PCM produce HR capabilities.

Empirical studies have shown that human resource competency is a key factor in establishing HR competitive advantage. HR competency enables the HR function to effectively fulfill its role as a strategic partner, administrative expert, employee advocate, and change agent. In various organizational contexts, particularly in the service sector and labor-intensive organizations, higher levels of HR competency have been shown to strengthen HR capabilities in driving organizational change, increasing the efficiency of administrative processes, and supporting employee engagement and development (Swarnalatha & Prasanna, 2013; Izuchukwu et al., 2014; Emegwal & Ogbonmwan, 2018; Ling & Nasurdin, 2010; Jasim, 2014; Amarakoon et al., 2018).

These findings demonstrate a relatively consistent pattern: the more mature HR competency, the more effective HR capabilities are in managing work processes, supporting organizational adaptation, and aligning HR policies and practices with business strategy. Several other studies across various industry and regional contexts have also found that systematically managed HR competencies contribute to strengthening HR capabilities as strategic partners and change agents, ultimately improving organizational competitiveness and performance (Nibedita et al., 2011; Kariuki et al., 2018; Koçoğlu et al., 2009; Martinson & Deleon, 2016).

Within this research framework, these HR roles are viewed as mechanisms that bridge HR competencies with HR competitive advantage. The role of strategic partner fosters alignment between business strategy and HR management policies, enabling organizations to optimally utilize HR competencies. The role of administrative expert enhances the efficiency and reliability of internal processes, strengthening HR operational excellence. The role of employee support contributes to increased productivity, commitment, and workforce retention, while the role of change agent strengthens HR adaptability and capability renewal in response to the dynamics of the business environment. Thus, HR competencies developed through higher levels of HR capability maturity not only enhance the effectiveness of HR roles but also directly contribute to the formation and strengthening of sustainable HR competitive advantage.

## METHOD

In this study, the population comprises all employees engaged in various operational and managerial functions across three networked retail companies in Bali, namely: Indomaret, Alfamart, and Circle K, with a total of 4,258 employees. The three companies were chosen because they have a large network in Bali. Sampling in this study used a sampling quota of 10%, which amounted to 426 respondents. Populations above 1,000 can be taken into samples ranging from 10 to 15% (Sugiyono, 2018).

The variables examined in this study consist of one independent variable and four dependent variables. The independent variable is model of PCM based human resource competence. The dependent variable is human resource competitive advantage, which is measured through four key components: strategic partner, administrative expert, employee champion, and change agent.

This study employed a questionnaire for collecting data. In the questionnaire there is a Likert scale system for assessing answers with questions, the score used in this study is a scale of 5, namely: Score 5 is given for strongly agree answers, score 4 is given for answers that agree, score 3 is given for answers that quite agree, score 2 is given for disagree answers, score 1 is given for strongly disagree answers.

Analysis of the data was performed through linear regression methods in this research. The analytical procedure involved several stages: (1) testing the research instruments through validity and reliability assessments; (2) performing classical assumption tests, including the normality test, multicollinearity test, and heteroscedasticity test; and (3) conducting hypothesis testing. The level of significance used in this study was 95%, with a margin of error ( $\alpha$ ) of 5%. If the significance value (p-value) is  $\leq 5\%$ , this indicates that the independent variable significantly influences the dependent variable. Conversely, if the significance value  $> 5\%$ , the independent variable does not exert a significant effect on the dependent variable.

In this study, the population included all employees working in operational and managerial functions at three chain retail companies in Bali: Indomaret, Alfamart, and Circle K, totaling 4,258 employees. This population comprised several job categories relevant to measuring PCM-based HR competencies and HR

competitive advantage, including: store crew (cashiers and sales assistants), store supervisors, area supervisors, merchandisers, administrative staff, and operational managers. The distribution of employees in each company was as follows: Indomaret had 2,310 employees, Alfamart had 1,568 employees, and Circle K had 380 employees. These three companies were selected because they have the largest store networks in Bali and employ a large (labor-intensive) workforce, making them relevant for testing HR competencies within the context of the Model of PCM.

The sampling technique used was quota sampling, amounting to 10% of the total population, resulting in a sample size of 426 respondents. Based on Sugiyono's (2018) guidelines, for populations exceeding 1,000, a sample size of 10%–15% is considered adequate for generalization purposes. This 10% quota is divided proportionally among each company based on the number of employees, ensuring a representative sample.

The variables examined in this study consisted of one independent variable and four dependent variables. The independent variable was human resource competency based on the Model of PCM. The dependent variable was human resource competitive advantage, operationalized into four components based on constructs validated in the HR role literature: strategic partner, administrative expert, employee champion, and change agent.

Data collection was conducted through a structured questionnaire. The questionnaire instrument used a five-point Likert scale, with a score of 5 for strongly agree, a score of 4 for agree, a score of 3 for somewhat agree, a score of 2 for disagree, and a score of 1 for strongly disagree.

Data analysis was conducted using linear regression. The analysis procedure involved three stages: (1) instrument testing through validity and reliability tests; (2) classical assumption testing, including normality, multicollinearity, and heteroscedasticity tests; and (3) hypothesis testing. The significance level used was 95% ( $\alpha = 0.05$ ). If the significance value (p-value) is  $\leq 0.05$ , it indicates that the independent variable has a significant effect on the dependent variable. Conversely, if the significance value is  $> 0.05$ , the independent variable does not have a significant effect.

The dependent variable consists of four main components of HR competitive advantage: strategic partner, administrative expert, employee champion, and change agent. These four dimensions of the human resource competitive advantage construct are treated as separate variables, consistent with operationalizations in the HR role literature. Therefore, the statistical analysis employed four separate linear regression models, not a single regression model. Each regression model tested the effect of the independent variable, PCM-based HR competencies, on each component of HR competitive advantage.

The use of four separate regressions ensured that the influence of HR competencies could be analyzed specifically for each HR role, consistent with the theoretical framework that states that the four roles are distinct yet complementary aspects. This approach also aligns with analysis recommendations for multidimensional dependent variables that are not combined into a single overall latent construct.

Although this analysis uses linear regression, this study could actually be analyzed using other methods such as multivariate regression or Structural Equation Modeling (SEM), particularly SEM-PLS, which is suitable for multidimensional latent constructs. However, for the purposes of this study, four separate linear regressions were deemed adequate and appropriate for the operationalization design of the variables used. Approaches such as multivariate regression or Structural Equation Modeling (SEM), particularly SEM-PLS, can be used to analyze multidimensional latent constructs (Hair et al., 2019). The use of separate linear regressions in this study was deemed adequate because each variable has been directly operationalized and analyzed according to its own hypothesis (Tabachnick & Fidell, 2019; Gujarati & Porter, 2020).

## RESULTS

The research results show that human resource competencies based on People Capability Maturity (PCM) have a positive and significant effect on strengthening HR capabilities as strategic partners, reflecting the formation of HR competitive advantage. This is demonstrated by a regression coefficient of 4.173 with a significance level of 0.000. These findings indicate that increasing the maturity level of HR competencies significantly strengthens the HR function's ability to align HR management policies and practices with the organization's business strategy. Therefore, the first hypothesis (H1), which states a positive effect of PCM-based HR competencies on HR competitive advantage through the role of strategic partners, is accepted.

Table 1. Statistic of Descriptive

	N	Min	Max	Mean	Std. Dev
X	426	0.00	0.56	0.0216	0.10372
Y <sub>1</sub>	426	0.00	1.12	0.7123	0.20631
Y <sub>2</sub>	426	0.20	0.93	0.3124	0.14392
Y <sub>3</sub>	426	0.34	5.14	4.0132	0.09537
Y <sub>4</sub>	426	0.23	6.18	4.2185	1.26423

Source: Data processed (2025)

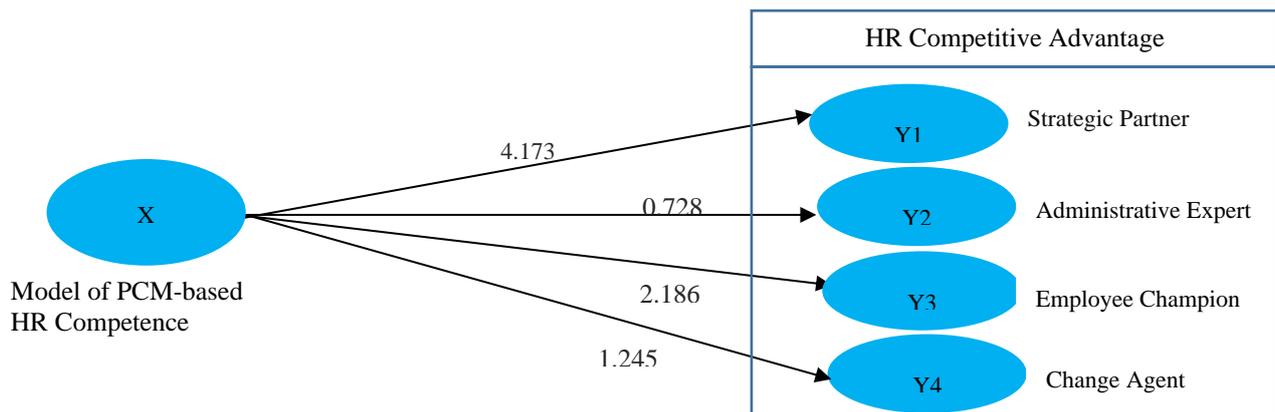


Figure 1. Conceptual Framework

Theoretically, this influence can be explained by the key characteristics of the PCM model, which emphasizes the gradual and structured development of HR competencies through increasing process maturity, standardizing work practices, and strengthening individual capabilities. At higher levels of capability maturity, PCM fosters the development of strategic competencies, such as analytical skills, understanding business processes, managing stakeholders, and strategic planning. These competencies enable HR to actively contribute to the formulation and implementation of organizational strategy, thereby strengthening HR's position as a valuable and difficult-to-imitate source of competitive advantage.

In the context of retail chains in Bali, characterized by high labor intensity and a reliance on consistent service quality, strengthening HR capabilities as a strategic partner becomes increasingly important. PCM-based HR competencies enable the HR function to understand the interrelationships between employment policies, operational efficiency, and service quality, enabling HR decisions and practices to be directed toward supporting the creation of HR competitive advantage. Thus, HR competencies not only enhance the effectiveness of HR's strategic role but also directly contribute to strengthening organizational competitiveness through superior HR quality and capabilities.

These findings are consistent with previous research showing that HR competencies oriented toward process analysis and data utilization can strengthen the HR function's strategic contribution to organizational performance and competitiveness (Koçoğlu et al., 2009; Martinson & DeLeon, 2016; Dehaghi, 2019; Elrehail et al. (2020), and Hamzah and Tanai (2024). Joseph (2017) emphasized that increasing HR competency maturity contributes to decision quality, HR process efficiency, and the strategic role of HR within an organization. Shahiduzzaman (2025) shows that digital maturity supports the change in HR's role from administrative to strategic partner, strengthening data-driven decision-making, improving employee experience, and facilitating hybrid work models and continuous learning. However, unlike most previous research conducted in non-retail industry contexts, this study provides empirical evidence that the PCM model is also relevant and effective in strengthening HR competitive advantage in retail chains in Bali. Thus, this study not only extends the generalization of previous findings, but also confirms the contextual relevance of the People Capability Maturity Model in building HR competitive advantage in the retail industry at the regional level.

The following equation represents the regression model:

$$Y_1 = 0.236 + 4.173X + e \dots\dots\dots(1)$$

$$Y_2 = 0.547 + 0.728X + e \dots\dots\dots(2)$$

$$Y_3 = 0.185 + 2.186X + e \dots\dots\dots(3)$$

$$Y_4 = 0.362 + 1.245X + e \dots\dots\dots(4)$$

The proposed structural model, denoted as X, represents the PCM-based HR Competence framework. This model evaluates the influence of four primary dimensions: Strategic Partner (Y<sub>1</sub>), Administrative Expert (Y<sub>2</sub>), Employee Champion (Y<sub>3</sub>), and Change Agent (Y<sub>4</sub>). To ensure statistical integrity, the model also accounts for the error variance (e) associated with these variables.

Table 2. Recapitulation of Data Analysis Results

Variable Relationship	Regression Coefficient	Sig.	Hypothesis
Model of PCM-based HR Competence → Strategic Partner	4.173	0.000	Accepted
Model of PCM-based HR Competence → Administrative Expert	0.728	0.025	Accepted
Model of PCM-based HR Competence → Employee Champion	2.186	0.004	Accepted
Model of PCM-based HR Competence → Change Agent	1.245	0.012	Accepted

### DISCUSSION

The results of the study indicate that HR competencies based on the People Capability Maturity Model (PCM) have a positive and significant effect on strengthening HR capabilities as administrative experts, with a regression coefficient of 0.728 and a significance level of 0.025. This finding indicates that increasing the maturity level of HR competencies significantly strengthens the effectiveness of HR's administrative role. Therefore, the second hypothesis (H2), which states a positive effect of PCM-based HR competencies on HR competitive advantage through the role of administrative experts, is accepted.

From a causal mechanism perspective, PCM emphasizes process standardization, procedural documentation, process discipline, and increased technical capabilities in work management. At higher levels of HR capability maturity, PCM encourages the development of competencies in systems management, understanding policies and regulations, utilizing information technology, and the ability to continuously improve processes. These competencies are core to the role of HR as administrative experts.

Mastery of these competencies enables HR to carry out HR administrative processes such as personnel management, compensation, employee data, documentation, and operational compliance more efficiently, accurately, and consistently. The consistency and reliability of these administrative processes contribute to increased operational stability and the effectiveness of organizational infrastructure, ultimately strengthening HR competitive advantage through system reliability and internal service quality.

The findings of this study are consistent with previous studies showing that technical competence and mastery of HR administrative processes contribute significantly to the effectiveness of administrative roles (Ling & Nasurdin, 2010; Chaşovschi, 2012; Jasim, 2014; Amarakoon et al., 2018). Furthermore, Judrups et al. (2015) emphasized that competency-based HR development requires an integrated administrative system architecture to effectively link individual competencies, organizational needs, and HR development processes. Collectively, these studies emphasize that competent HR not only performs administrative functions but also acts as a safeguard of operational consistency and quality assurance within the HR system.

From a theoretical perspective, these findings further validate the HR Capability Maturity Model as an effective competency development framework. The PCM positions process maturity and strengthening technical capabilities as key mechanisms in building HR administrative excellence. Therefore, organizations that implement PCM principles are in a better position to strengthen HR administrative capabilities, improve operational efficiency, and build a foundation for sustainable HR competitive advantage through well-structured HR management systems and practices

The results of the study indicate that HR competencies based on the People Capability Maturity Model (PCM) have a positive and significant effect on strengthening HR capabilities as employee champions, with a regression coefficient of 2.186 and a significance level of 0.004. This finding indicates that the higher the level

of HR competency maturity, the stronger the role of HR in representing, supporting, and empowering employees. Therefore, the third hypothesis (H3), which states a positive effect of PCM-based HR competencies on HR competitive advantage through the role of employee champions, is accepted.

Theoretically, this influence can be explained by the characteristics of PCM, which emphasize the development of interpersonal competencies, communication skills, an understanding of team dynamics, and the ability to systematically facilitate employee development. At higher levels of HR capability maturity, PCM fosters the development of relational and behavioral competencies that enable HR to build positive working relationships, understand employee needs and aspirations, and provide consistent, process-based support. These competencies strengthen HR's role in creating a healthy work environment oriented toward human development.

These capabilities are directly related to the role of employee champion, a role HR focuses on improving employee engagement, well-being, and job satisfaction. HR with a higher level of PCM maturity tends to be more empathetic, responsive, and communicative, effectively bridging the interests of management and employees. This strengthens the quality of work relationships and creates a competitive advantage for HR based on commitment, loyalty, and workforce productivity.

The findings of this study align with previous research showing that interpersonal competence and an understanding of organizational processes significantly increase the effectiveness of HR's role in supporting and empowering employees (Nibedita et al., 2011; Chen & Wang, 2018; Kariuki et al., 2018; Stankiewicz-Mróz, 2024). Furthermore, Zare et al. (2018) and Imran and Atiya (2020) found that employee competence contributes to building a sustainable, high-performance work system. Margherita (2022) also emphasized that HR competence has evolved into a source of strategic value for individuals and organizations. Overall, these findings support the argument that PCM plays a crucial role in strengthening the human dimension of an organization and creating competitively superior human resources.

From both a theoretical and practical perspective, these results confirm the relevance of the PCM Model as a framework for developing human resource competencies oriented toward strengthening employee capabilities. By systematically improving human resource competencies through a capability maturity approach, organizations not only strengthen the role of human resources as employee champions but also build a competitive advantage based on engagement, trust, and sustainable performance. PCM-based competency development is thus a key factor in creating a high-performance, people-centric, and highly competitive workforce.

The results of the study indicate that human resource competencies based on the People Capability Maturity (PCM) Model have a positive and significant effect on strengthening HR capabilities as change agents, with a regression coefficient of 1.245 and a significance level of 0.012. This finding indicates that increasing the maturity level of HR competencies significantly strengthens HR capabilities in responding to and managing changes in the internal and external environments of the organization. Therefore, the fourth hypothesis (H4), which states a positive effect of PCM-based HR competencies on HR competitive advantage through the role of change agents, is accepted.

Theoretically, this influence can be explained by the main principles of PCM, which emphasize continuous learning, strengthening adaptive capabilities, and organizational readiness to face change. At higher levels of capability maturity, PCM fosters the development of strategic competencies that enable HR not only to identify the need for change but also to play an active role in designing, coordinating, and implementing organizational transformation initiatives. Problem-solving competencies are reflected in HR capabilities in managing work process restructuring and employment policy adjustments; agility competencies are evident in the ability to respond to technological and regulatory changes; and meanwhile, the competence to influence others is reflected in the ability to build employee commitment to the change program and minimize internal resistance.

These findings align with the literature, which asserts that mature HR processes and adaptive competencies are key prerequisites for the effectiveness of HR as a change agent. Boxall and Purcell (2000), Swarnalatha and Prasanna (2013), Di Prima et al. (2024) emphasize the importance of HR capabilities in managing organizational change. Wademan et al. (2007) found that the Model of PCM is an effective framework for systematically and sustainably enhancing human capability change, while Wang et al. (2022) demonstrate that technology-driven transformation can only be effective if supported by mature HR processes

and competencies. Wang & Zeng (2017), and Ghazinoory et al. (2025) suggested that adaptive competencies and an understanding of organizational processes are key determinants of the effectiveness of HR's role as a change agent. Collectively, these studies strengthen the argument that PCM provides a systematic framework for developing HR competencies relevant to the role of change agent and directly contributes to strengthening HR's competitive advantage.

However, these findings need to be critically interpreted, taking into account the limitations of PCM implementation in an organizational context. Achieving a high level of HR capability maturity requires resource investment, managerial readiness, and long-term commitment, potentially presenting challenges for small and medium-sized organizations. Furthermore, employee resistance, limited initial competencies, and differences in organizational culture can hinder the effectiveness of HR as a change agent. Therefore, the success of PCM implementation depends heavily on the organization's ability to manage change processes in a gradual, contextual, and adaptive manner.

Overall, this study confirms that the Human Resource Capability Maturity Model (PCM) is a relevant competency development framework for strengthening human resource capabilities as agents of change and building competitive advantage. With a realistic implementation approach aligned with the organizational context, PCM-based competency development can drive sustainable organizational transformation and strengthen human resource competitiveness in a dynamic business environment.

## CONCLUSION

Extrinsic motivation and knowledge sharing can have a positive, significant influence on innovative behavior, and knowledge sharing can directly affect employees. In addition, it has been shown that performance can be significantly influenced, indicating that employees' level of innovation can improve performance. From a mediation perspective, although innovative behavior does not mediate the effect of extrinsic motivation on employee performance, it does mediate the relationship between knowledge sharing and performance. This means that innovative behavior can be explained by knowledge sharing workplace knowledge sharing practices, which will ultimately impact performance improvement. Therefore, construction companies need to structure extrinsic motivation and knowledge sharing to encourage innovative behavior and improve employee performance. Efforts can be made through an innovation-based incentive system, mentoring, and collaborative activities such as post-project lessons learned forums and innovation-sharing sessions among project team members. This study has limitations in sample coverage and has not considered the organizational context that could potentially influence the relationship between variables.

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