An Analysis of an Employee Competence Development Process and its Fundamental Factors

A Case Study of IKEA and Volvo

Bachelor thesis within Business Administration

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Subject terms: Strategic Human Resource (HR), Employee Competence Development Process, Goal setting, Development talks, Performance evaluation, IKEA, Volvo, Infrastructure, Organizational Culture, and Process Standardization.

Abstract

Purpose: The purpose of this study is to investigate: (1.) how an employee competence development process works within two Swedish-founded organizations and (2.) what fundamental key factors facilitate this process.

Background: Traditional HR has evolved to operate more strategically. Strategic HR has a proactive approach, which is vital for today’s organizations. Accordingly, the focus has changed; instead of only emphasizing the organization as a whole, the individual employee and its competencies is now the focus. Thereby the employee competence development process has developed and has become an important part of organizations. Moreover, there are clearly components to the process that need to be in place in order to facilitate it. This thesis will investigate the employee competence development process itself and what internal and external factors that facilitate or even hinder it.

Method: The thesis is a qualitative case study of two Swedish-founded multinational organizations. The study philosophy is neither purely positivistic nor interpretive and is therefore placed in between the two. The research approach will thereby be abductive. Two case studies have been done, and the information has been retrieved from 14 respondents, seven from each case, through semi-structured in depth interviews.

Conclusion: Organizations should follow basic guidelines for an employee competence development process. Three steps composed the guidelines for the process: Set SMARTER Goals, Create a Development Plan, and Evaluate and Document the Performance. However, every organization needs to adjust the guidelines to make it applicable for their specific conditions. This study found three fundamental factors that facilitated or hindered the utilization of the employee competence development process; The Process’s Infrastructure, Organizational Culture and Development Climate, and the Standardization of the Process.
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1 Introduction

The first section will present and introduce the reader to the thesis’s broader context; presenting information connected to the research problem’s background will perform this. Further information should motivate the purpose of study, were a discussion on problem statement and purpose of the thesis will follow. Lastly, the reader will also receive information about the delimitation of the research in this section.

1.1 Background

A radical change has been taking place within Human Resource (HR) function in numerous organizations, primarily driven by the increasingly competitive environment, both externally and internally (Cruz, 2006). As a result, changes have led to the dramatic evolution from what was a traditional human resource management to strategic human resource management (Drejer, 2000). HR functions have previously been strictly limited to administrative operations (Wright, McMahan, McCormick, & Sherman, 1997). However, HR management must now be considered and respected as a critical strategic partner and contribute to the overall objectives of the organization (Cruz, 2006).

Traditional HR has partly undertaken the role of handling transactions as they arise. Transactions can involve compliance with changing laws, and repairing difficulties between supervisors and subordinates (Cruz, 2006). Furthermore, it can also involve recruiting and screening applicants for current needs. Traditional HR will consequently respond to events after they have evolved (Wright, McMahan, McCormick, & Sherman, 1997). Strategic HR on the other hand, is more dynamic and transformational (Cruz, 2006). It recognizes that individuals in the organization are the main generators of success factors for growth, modification, and change management. In practice, individuals are the ones who can apply or produce changes in the organization (Drejer, 2001). The HR department therefore plays a transformational role and assists the organization in identifying and confronting challenges it faces in its environment.

We challenge organizations to work efficiently in the modern globalized environment just as Cruz (2006) suggests. Traditional HR functions need to reconsider, redefine, and reevaluate their approach and business value (Athey & Orth, 1999). It is essential for HR managers to realize that they need to expand or develop their departments more like a business (Cruz, 2006). The HR functions must therefore have clear objectives, tactics, products, services, and structures to reach specific goals, as any other function in a business. These factors should be aligned with the overall organization’s strategies and objectives (Drejer, 2000).

Cruz (2006) has in his article, covered the aspect of strategic HRs’ involvement. He argues that a higher involvement of HR in organizational strategy relates to the perceptions of HR effectiveness. Cruz (2006) also emphasizes the importance of HR executives. Athey and Orth (1999), convince the reader that strategic HR is of importance to the organizations future.
success, and that the HR function holds the main responsibility. They bring forward different trends in the evolution of strategic HR and the importance of alertness within the department. The article explains the importance of HR executives to quickly translate business strategy into new learning and performance requirements, hence implementing a proactive strategic standpoint. This proactive strategy is essential to implement employee competence development. One definition of competence development is the professional and personal development of each employee, which is in line with company values, goals and vision (Ingebricson & Karlstad 2013). Competence development will also retain and develop critical skills in the organization over the long term (Ingebricson & Karlstad 2013).

After investigating the subject further, one understands that competence development also influences what concerns many different stakeholders at all levels of the organization. This goes especially for the managers, the HR department, and of course the employees. Moreover, resources invested in competence development enable the organization to act proactively and avoid damage (Ellström & Kock, 2008).

In 1991, Barney (1991) explored the idea of an internal competitive environment with focus on individuals. In addition, the published article resulted in certain favoritism towards competence development of employees. Employees are the ones who are going to change and evolve instead of the tangible assets in the organization. Nevertheless, Drejer (2000) suggests the organization is the fundamental building block for competence development. He suggests when organizations learn, individuals become change agents who in some way influence the way others in the organization think, act, and learn.

One could then ask: how do organizations develop employees’ competencies through strategic HR? This question led to an investigation on Strategic HR, and the different fields and aspects it contains. The strategic HR wheel describes and defines HR areas and specialties (Mclagan, & Bedrick, 1983). The wheel portrays the entire HR function and is a circle diagram that represents the core activities. It defines eleven different areas, which focus on improving productivity, satisfaction, development, readiness to change, and work life quality. To reach improvements, all areas use different methods and models. All areas of the HR wheel are part of strategic HR and should have a strategic purpose and precision. Moreover, the HR wheel clearly demonstrates two different functions, namely human resource management (HRM), and human resource development (HRD). The HRM is more concerned to obtain, maintain, and develop employees, whereas HRD focuses on the improvement of the organization and its employees. As we observe, the HR wheel consists of seven fields or areas, which are connected to the human resource management functions (HRM), and the remaining four are more connected to human resource development functions (HRD) (Mclagan, & Bedrick, 1983).
The subject of interest is how organizations develop their employees, so the field of performance management systems will be most appropriate to research further.

One of the definitions for performance management (PM) is that it translates goals into measurable business results. It is about doing everything to support your employees in their success and encourage them to manage their own performance (Caldwell, 2000). However, the focus goes beyond the individual employees and stretches to teams, programs, processes and the organization as a whole (Mayer & Davis, 1999). A well-built and structured PM program will address matters necessary to accurately generate and maintain a healthy and efficient result oriented organization (Caldwell, 2000). It will further support the organization, nurture individual performance, and promote continuous employee and management development (Caldwell, 2000). It will also support and promote the increase of overall organizational effectiveness (Mayer & Davis, 1999).

The first step towards implementing a well-structured and functioning PM is to have an open proactive relationship between employees and management (Caldwell, 2000). PM is not to be confused for something you do to your employees; it is something you do with them; it is a partnership (Caldwell, 2000). The key is for partners to be committed; managers and employees need to be willing to work together in order to obtain full benefits from PM (Caldwell, 2000).

Managers can practice and obtain relationships in numerous ways, however the most practiced method is performance appraisals (Mayer & Davis, 1999). The subject has several words connected to it, such as competence development, performance review, personal business plan etc. (Mayer & Davis, 1999). Nevertheless, throughout the thesis employee competence development process will be the phrasing of choice.
This process is an interaction between an employee and his/her manager. It takes the form of a discussion, in which one assesses an employee’s work performance to operational needs (Mayer & Davis, 1999). One will discuss strengths and weaknesses, as well as opportunities for improvements (Mayer & Davis, 1999). The employee competence development process gives managers the opportunity to advance their relationship with their employees. It further gives them the support they need in order to grasp individual goals for personal and business development (Mayer & Davis, 1999).

However, the utilization of the competence development processes has as much to do with the structure and environment of the organization as it does with the structure of the process itself (Bretz, Milkovich, & Read, 1992). It is easy to state and plan a process on paper, however applying and implementing the processes is more complicated (Bretz, Milkovich, & Read, 1992). In practice, the employee competence development process is influenced by numerous external factors. Bernardin and Villanova (1986) argue that a better understanding of the organizational contexts in which the process takes place is necessary in order to improve the degree to which research contributes to the processes in practice. The knowledge of the complexity of the processes provides an opportunity for researchers and managers (how to utilize the process) to critically assess their understanding of the phenomenon (Bernardin and Villanova, 1986).

To sum up, traditional HR is passé and strategic HR with its proactive approach is now vital for today’s organizations. Accordingly, the focus has changed; instead of only emphasizing the organization as a whole, the individual employee and its competencies are now the focus. Thereby the employee competence development process has developed and has become an important part of organizations. Moreover, there are clearly components to the process that need to be in place in order to facilitate it. This thesis will investigate the employee competence development process itself and what external factors that facilitate or even hinder it.

1.2 Problem

The radical change that has been taking place in the administrative HR functions has led to the evolution of a strategic HR partner (Cruz, 2006). This function is required to be more business focused and transformational in its approach (Cruz, 2006). We therefore ask, how does a proactive and transformational approach originate, and what strategies and specific tools are needed to reach a successful outcome?

Competence development is a tool used in order to develop competent employees and create a proactive business holistic and transformational attitude (Drejer, 2000). Nevertheless, competence development is a broad concept, and has different angles. The angle of this research is on the competence development of the individual employee. Furthermore, the problem is then, how does one develop employees’ competencies, and how does one make it consistent/sustainable and of high quality? An investigation is therefore performed in order to collect knowledge on how the process of employee competence development is executed and on what key factors the process is built.
The phenomenon is of interest since we are of the opinion that most organizations today utilize an employee competence development process (Drejer, 2000). We wish to investigate if there are fundamental building blocks that need to be in place in order to execute and implement the process. To further prove the importance of the topic, we would like to challenge that tools and processes are never better than the person who supports and manages them. Moreover, the organization is never better than its employees. It is therefore vital for organizations to have the knowledge and awareness of how to develop their employee competence development process. This research will then act as a tool or guideline for managers in their search for a deeper understanding of this process.

To summarize, through our qualitative study, the empirical findings will help us understand how organizations develop their employees, and what fundamental building blocks and principles need to be involved.

1.3 Purpose

The purpose with this research is to get a full understanding of how an employee’s competence development process works in two Swedish-founded organizations. We also study if there are fundamental building blocks, which facilitate and support the employee competence development process. The purpose is to investigate (1.) how the employee competence development process works in two chosen organizations and (2.) what fundamental key factors that facilitate or hinder the employee competence development process.

1.4 Delimitation

Our intention is to get a deeper understanding of how the process is operated and further increase our knowledge on how to implement the process. It is important to note that the thesis will not focus on why the process should be implemented and used neither will we investigate if the process generates benefits. Moreover, the thesis will investigate the perceptions of two Swedish founded organizations by interviewing managers and employees. The perspective is therefore from the respondent’s (managers and employees) opinion of the process. This will make the research subjective, which constrains us to generalize the results.

1.5 Definitions

In this thesis, the utilization of a number of keywords is apparent. In order to facilitate the reading we provide a list of definitions of key terminologies. Throughout the thesis, we will refer to the definitions presented. Moreover the definitions for the employee competence development process and the fundamental factors are the authors own.

- **Competence:** a collection of related knowledge, skills and abilities, that enables an employee to act effectively and efficiently in their job position (Business Dictionary, 2013).
• **Competence development:** Is the professional and personal development of each employee in line with company values, goals and visions. Further, how one can retain and develop critical skills in the organization over the long term (Ingebricson, & Karlstad, 2013).

• **Employee competence development process:** In this thesis we define this as the interaction between an employee and his/her manager, which takes the form of continuous dialogue. The process takes the form of three steps, namely: goal setting, development talks, and performance evaluation.

• **Fundamental factors:** Refers to the external or internal factors that facilitate or hinder the employee competence development process.

## 2 Methodology

This section is constructed in order for the reader to engage him/her in the thoughts and reflections of the authors. In order to make sense of the different research philosophies and research approaches, a thorough and detailed discussion is held. The information covered in this section will later be concluded in the method section, where the research philosophy and approach for this thesis is stated.

### 2.1 Research Philosophy

“The expression research philosophy relates to the relationship between knowledge and the process by which it is developed” (Saunders, Lewis, & Thornhill, 2007, p. 100). Though this sounds somewhat grand, it is exactly what researchers do when they are undertaking research. The purpose might be to find an answer to an already existing problem or question, however, one can find new knowledge within the same subject. It is therefore important to recognize the underlying philosophies to practice and to understand the relationships of the key components of research methods.

The research philosophy selected undertakes definite assumptions about the way to view the world (Collins, 2010). These assumptions will give the foundation or platform to introduce the research strategy. The viewpoint will guide the choice of philosophy, style of work and reflections. Moreover, knowledge about different research philosophies will also prevent misunderstandings and hindering to criticize a partner for not taking a factor into consideration that his/her selected philosophy does not allow for (Collins, 2010).

In this section, different approaches to research philosophies will be discussed, these are: epistemology, ontology, scientific approach, and ethnographic approach. Each approach includes important differences, which influence the attitude towards the research process, all of which affiliated with either positivism or hermeneutics. In short, positivism focuses on natural science and hermeneutics is concerned for humanities or social science.

According to Maylor and Blackmon (2005), there are two main research approaches; the scientific approach and the ethnographic approach. It is possible to mix these two approaches when researching the study area (Maylor & Blackmon, 2005). However, the utilizations of
research approaches have some guidelines, which one needs to follow. The scientific approach states that statistics and science has a major role for this research method (Maylor & Blackmom, 2005). This approach is therefore best suited for studies where one measures and analyzes numbers. The scientific approach is relatively easy to understand and analyze, and is therefore often preferred (Maylor & Blackmom, 2005).

The ethnographic approach is concerned with understanding the meaning of one specific situation or result (Maylor & Blackmom, 2005). Additionally, the ethnographic approach is not satisfied with numbers or confirming hypothesis statements, it desires to know the in-depth explanations and value of the result (Maylor & Blackmom, 2005). In other words, the ethnographic approach is a better choice for social science related research questions in which the researcher wants to know why, and how (Maylor & Blackmom, 2005). Moreover, the two research approaches mentioned have suggested research perspectives affiliated to them (Maylor & Blackmom, 2005). For the scientific approach, perspectives such as positivism, realism, and empiricism are to highlight. Meanwhile, the ethnographic approach focuses on perspectives like interpretivism, constructivism, and subjectivism (Maylor & Blackmom, 2005).

Saunders, Lewis, and Thornhill (2007) have a slightly different approach to research philosophies. Instead of dividing them into two ways of thinking, scientific and ethnographic, they have chosen three different perspectives; epistemology, ontology, and axiology. Epistemology takes on three main perspectives; positivism, realism, and interpretivism, though Saunders, Lewis, and Thornhill (2007) use the term philosophies instead of perspectives for these. Epistemology describes positivism as pure science and statistics, just as the scientific approach does (one can see similarities between epistemology and Maylor and Blackmom (2005) scientific approach). However, the view of epistemology believes that interpretivism is statistically measurable but still has a concern for social and humanitarian worldview. This places interpretivism slightly in-between the two views, epistemology and ontology, but it still belongs to epistemology.

On the other hand, Maylor and Blackmom’s (2005) description of interpretivism is not consistent with Saunders, Lewis, and Thornhill (2007). They mean that interpretivism focuses on the meaning and reason within social science. This places interpretivism in Saunders, Lewis, and Thornhill’s (2007) terms, within ontology. Another similarity between the two authors is the belief that interpretivism is subjective and that the philosophy leans towards the social science view. One can therefore develop a critical and knowledgeable approach that aims to combine two types of research philosophies. Mingers (2001), Goles, and Hirschheim (2000), Robey (1996), and Tashakkori, and Teddlie (1998) demonstrate views of the potential benefits of the practice of multiple research philosophies. (1.) A Better understanding of the phenomenon in question. To get a 360-degree understanding of the different methods might be more suitable for different stages in the research. (2.) An improved research process and quality, which broadens the scope and validity of the research through triangulation. (3.) Individual and social benefits, are created by valuing academic freedom and promote diversity.
Even though the usages of multiple philosophies tend to hinder the quality of the research’s validity, it enables the researcher to get a deeper picture of the research phenomenon. It will also contribute to the effectiveness to deal with phenomenon in its real context and help explore what method that would be “best” suited to solve the research problem (Mingers, 2001).

2.2 Research Approach

All different philosophies are applied to a research approach: inductive, deductive, or abductive approach. This implies that when conducting a research the aim should be to present an accurate picture of reality through relating theory with empirical findings. However, there are numerous approaches that research can practice to achieve this.

Saunders, Lewis, and Thornhill (2007) emphasize that there are two approaches to research: the deductive and the inductive approach. Patel and Davidson (2003), and Alvesson and Sköldberg (1994) further add one more approach to the to earlier mentioned; the abductive approach. As mentioned previously the choice of which approach the researcher will practice depends on what starting point (research philosophy), with relation to what theory, the researcher believes to be most accurate.

Patel and Davidson (2003) suggest that the deductive approach practices already existing theories and create a hypothesis in an attempt to draw conclusions about a specific study. The opposite is then the inductive approach, with a starting point to first collect data without support of existing theories. One shall thereby develop a theory built on analysis of the empirical data (Saunders, Lewis, & Thornhill, 2007). Moreover, the definition of the abductive approach is the combination of deductive and inductive. It tries to clarify a study of theories with the help of additional empirical findings (Alvesson & Sköldberg, 1994).

To summarize this section, the research approaches mentioned are a supplement to the research philosophies to further guide our research choice.

3 Method

This section presents information about the school of science and research approach utilized in this thesis. It will also present information describing the sources of data, data collection techniques and data analysis procedures exploited in this study. The choice of method used is largely dependent upon the objectives and goals of the thesis. Therefore, this section provides strengths and weaknesses of the chosen methods, as well as feasibility issues faced.

3.1 Research Method

To clarify the methodology section we first stated our research philosophy. According to Maylor and Blackmon (2005), our thesis would be best suited under the ethnographic philosophy with focus on interpretivism, as our research question was about how to execute
the employee competence development processes within the chosen organizations. Further, we did not test a hypothesis; we rather considered the social science point of view.

Nevertheless, this thesis had some attributes from the positivistic view, since we received an already stated theory from the organizations. The aim was therefore not to define a new theory, but rather to find what the already stated theory was presenting. To investigate the question of how to understand, we first needed to answer the question of what we needed to understand.

We therefore considered combining these two research philosophies, positivism and interpretivism. Nevertheless, since a combination could be somewhat unclear, Mingers (2001) dismissed the choice of a combination, our research questions determined our worldview, and steered us to the alternative of multiple research philosophies. Moreover, we felt confident that our knowledge about the research philosophies would help us to stay focused and find the best methods for analyzing the collected data.

To clarify, the link between the positivistic view and our study was that we received an already existing employee competence development theory. However, we were not purely positivistic, as we were not to test if already published theory and reality agreed. Further, we were not to test a hypothesis nor could we generalize our conclusions. The model below portrayed that we followed combination 2 by being both theory testing and theory building in our research.

<table>
<thead>
<tr>
<th>Philosophical Perspective</th>
<th>Analysis 1: Theory-testing</th>
<th>Analysis 2: Theory-building</th>
</tr>
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<tbody>
<tr>
<td>Positivist</td>
<td>Positivist</td>
<td>Combination 1</td>
</tr>
<tr>
<td>Positivist</td>
<td>Interpretive</td>
<td>Combination 2</td>
</tr>
</tbody>
</table>

Table A Philosophical perspective, Alaranta (2006). Combinations of theory-testing and theory-building analyses

Additionally, we needed to add a research approach to the research philosophy; the abductive approach was appropriate for our research. Our theory was the employee competence development processes, researched by using empirical data.

Furthermore, the research approaches chosen to extract the empirical findings could be either quantitative or qualitative in nature. The two approaches differ from one another and one needed to be confident in what data was needed to address and show results of the specific problem. The researcher chose one of the two methods depending on whether he/she wanted a large measurable statistical sample or a deeper understanding of an issue (Saunders, Lewis, & Thornhill, 2009). The latter explains the qualitative research method, which was the one we chose to use for our study. The qualitative research method was in line with our problem and purpose. It was going to give us the answers we needed to conclude our study, as our study was to get a deeper understanding of the process, and not only observing the process on
paper, but to understand how it was actually executed and influenced. One also needed to be aware of the fact that generalizations were not possible with a qualitative research, which meant that we were not able to statistically prove our research question (Saunders, Lewis, & Thornhill, 2009).

There were several different ways to proceed with a qualitative study, such as in depth interviews, focus groups, and observations. Briefly described, all different methods would help the researcher to view the subject in different ways. Our chosen method was in depth interviews, where one would have every opportunity for a dialogue and be able to get the deeper understanding of another person’s perspective (Saunders, Lewis, & Thornhill, 2009).

The main disadvantage with in depth interviews was that misunderstandings could occur, such as being biased or interpreting the data in different ways. Furthermore, interview subjects might have a tendency to be biased or dishonest in their answers (Boyce & Neale, 2006). In depth interviews are easy to plan, but they tend to be very time consuming, which may discourage participants to even partake in the first place (Boyce & Neale, 2006).

However, in depth interviews were necessary and appropriate for answering our research question.

### 3.2 Case Study

There were many different ways to shape a case study; the first step was to clearly define the case study in order to choose an appropriate research method. According to Yin (2009, p. 18) “a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real life context, especially when the boundaries between phenomenon and context are not clearly evident.” The strategy would therefore be to correlate our theory with practice. Further, literature was not able to provide us with practice, one needed to search for the empirical findings where it actually took place. According to Yin (2009), a case study approach was appropriate when; questions of when, how, and why were asked, when the researcher had little control over events, and when the focus was on a contemporary phenomenon. A case study research was appropriate for our study as it aimed to comprehend a phenomenon in its original scene. Further, our goal was not to have a predetermined mindset, rather we were open-minded when it came to the empirical extractions.

According Farquhar (2012) there were three levels of criticism towards case studies. The first one concerned the lack of objectivity of a case study. When one performed a case study, an in-depth understanding of a phenomenon was desired, which meant that objectivity was difficult to achieve. Flyvbjerg (2006) shared this view and stated that the connection of one-sidedness and case studies were common. The second level of criticism referred to a case study's small sample size and that one could not generalize the findings to a wider population. Finally, the last limitation was the connection between the case study approach and a qualitative research approach of data collection (Flyvbjerg, 2006). However, a case study is just as suited for a qualitative research method. The research approach chosen was therefore defined by the research question and how one wishes to discuss and analyze the findings (Flyvbjerg, 2006).
Because of the awareness of limitations and concerns we could avoid to be biased and instead be clear on our thesis goal, thus, avoiding misunderstandings. With our time limitations, the small sample size was unavoidable; however, we chose two organizations in order to get a somewhat wider perspective.

3.2.1 Case Study

The arguments for our choice of organizations were many. Our first challenge was to find organizations that had a well structured and defined employee competence development process. We came to the conclusion that multinational companies have been very successful (if measuring success in managing to expand and being able to spread worldwide), and also been able to obtain, maintain and develop employees. Our second challenge was the limitations of time and resources, which narrowed down our segment significantly to only Swedish-founded companies. We preceded our search for suitable organizations by viewing different organization’s websites and searching for highlighted aspects on employee development. It became clear that two of the organizations described a certain way of working to strengthen and establish a development environment. The two organizations chosen were IKEA and AB Volvo, in which they presented ‘The IKEA way’ and ‘The Volvo way’. Below one can find one of many extracts from each organizations website that further show their emphasis on employee development.

“A company is only as good as its employees, we give pragmatic and honest persons a chance to grow within IKEA, both on a professional and personal level.” (Inter IKEA systems, 2012)

“We can all contribute to the improvement efforts of our colleagues. By giving positive feedback and encouraging each other, we strengthen the willingness to act and learn.” (AB Volvo, 2013)

Additionally, our personal view and perception of the organizations closely correlated with their stated philosophies, and thereby strengthened our choice of organizations. However, IKEA and AB Volvo were from two different industries, which made them practice in different manners. We did not consider the differentiation to be a negative aspect, rather an opportunity to receive a broader understanding and perspective of the employee competence development process. Moreover, when first contacting the both organization we were immediately met in a positive and open manner, which of course was a facilitating factor for our further research and cooperation.
3.3 Data Collection

3.3.1 Non-Probability Sampling

The next step in the method part was to decide upon the sampling technique. The utilization of sampling will either make or break a research, so it was extremely important to choose a technique carefully and with a critical judgment (Lund Research Ltd, 2012).

Non-probability sampling was described as the technique where the sampling process did not give all individuals in the population an equal chance of being selected, (Lund Research Ltd, 2012) which easily could be connected to our research question. The goal with our study was neither to reach objectivity in our selection of samples, nor to generalize. We wanted to design our research so it helped us to understand details and complexities of the research question. Nevertheless, this would then require that we used our subjective judgment when outlining the academic literature and practiced the evolutionary nature of the research process.

Another reason for us deciding to utilize the non-probability sampling technique was that this procedure of selecting units in a sample was quicker and easier (Lund Research Ltd, 2012). Time and resource limitations did also steer us to our choice of a non-probability sampling technique.

The second step was to select the type of non-probability technique we wished to utilize. For this thesis, the decision fell on the purposive sampling. This type of technique demanded us to be critical when it came to the selection of respondents from each organization sampled. The goal was to establish particular features of a population sample that were of interest. The important part was not for the sample to be representative for a population, it would rather be suited for answering our research question. It was therefore important that we picked samples of respondents from different levels within the organization to be able to investigate the individuals’ perceptions of the process.

Furthermore, the purposive sampling also included subunits for techniques used to answer our research question. The chosen technique was the maximum variation sampling, also known as heterogeneous sampling. We used this technique because we demanded to capture a wide range of perceptions relating to our study. This technique also tried to find variations in perspectives; stretching from those circumstances that were viewed to be typical through those that were extreme in nature (Lund Research Ltd, 2012). This sampling method helped us gain a greater insight into the phenomenon by observing it from all angles, which further helped us to recognize mutual themes that were apparent across the sample.

3.3.2 In-depth Interview structure

The type of qualitative method that we used was in-depth interviews. We chose to use general guide approach/in depth interviews, which included a prepared set of questions that could generate open-ended answers (McNamara, 2007). The design of the interview questions was
simple and general in order for the interviewee to answer the questions as freely as possible, without losing touch of the subject focus. The lack of strict structure required us to listen carefully in order to be able to ask follow-up questions.

We started by constructing a sample structure to use as a guideline for the sampling process. We used the same interview structure for both organizations in order to ensure that the answers were not biased or steered. The structure looked as follows: one HR manager, two managers, and four bottom line employees, this to make sure we had representatives from each level within the organizations. At IKEA, we could extract all the information needed by following a systematic structure found in appendix, figure 2.

However, at Volvo we felt that the first interview with the global HR manager was in need of complementary HR interviews. Consequently, the structure then had to be changed. We continued by interviewing three additional employees working within HR, and further three employees working within different administrative functions. The interview structure can be found in appendix figure 3.

The HR manager at IKEA helped us pick appropriate managers to participate in our study. Further, the managers in turn identified coworkers on the bottom line who were suitable for an interview. We used the same procedure for Volvo, where the respondents identified other coworkers within the company who were suitable for our research. This meant that we were utilizing a so-called snowball sampling, as Saunders, Lewis, & Thornhill (2009) labeled it, to choose the appropriate respondents for our interviews.

### IKEA

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Stationed</th>
<th>Type</th>
<th>Duration</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Respondent A</strong></td>
<td>HR manager</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>82 Min</td>
<td>2013-02-21</td>
</tr>
<tr>
<td><strong>Respondent B</strong></td>
<td>Restaurant Manager</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>22 Min</td>
<td>2013-03-22</td>
</tr>
<tr>
<td><strong>Respondent C</strong></td>
<td>Restaurant Manager</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>26 Min</td>
<td>2013-03-26</td>
</tr>
<tr>
<td><strong>Respondent D</strong></td>
<td>Cold-buffet</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>30 Min</td>
<td>2013-03-22</td>
</tr>
<tr>
<td><strong>Respondent E</strong></td>
<td>Sales, Furniture</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>14 Min</td>
<td>2013-03-22</td>
</tr>
<tr>
<td><strong>Respondent F</strong></td>
<td>Sales, Kitchen</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>10 Min</td>
<td>2013-03-22</td>
</tr>
<tr>
<td><strong>Respondent G</strong></td>
<td>Customer Relations</td>
<td>Jönköping</td>
<td>Face to face</td>
<td>12 Min</td>
<td>2013-03-22</td>
</tr>
</tbody>
</table>

Table B Respondents IKEA
The research method chosen, in depth interviews, had many positive aspects to it. Interviewees were allowed to brainstorm freely; however, the prepared questions allowed us to follow a somewhat clear path. The interviews were not limited to a specific set of questions, which allowed us to rephrase our questions or ask a follow up question in order to get further in depth information (Jane, 2013). This further helped to avoid one-word answers where the responses only gave a shallow understanding of the subject.

3.3.3 Secondary Data

Displayed in the frame of reference is the secondary data, to understand the theory and concepts used throughout the thesis. Additionally, it can sometimes be difficult to know from the beginning what secondary data that would be necessary to support the thesis. We therefore decided to base the frame of reference on our empirical findings. In other words, the empirical findings were first gathered and then we selected the theory accordingly to facilitate the readers understanding of the theoretical concepts presented with the findings.

We used different search engines such as Google scholars, Bing librarian of fortune, yahoo, Mahalo, and Duck Duck go, to further extract the most relevant scholar articles and journals. Additionally, we utilized library catalogs where Jönköping University Library was the main search source, further extracting data from Emerald, Scopus, Wiley online library, and Ebscohost publishing. After some brief research on the topic through articles and journals, we also used additional books that were of high relevance to our thesis. In addition, browsing the websites of the chosen companies gave further data about the companies that articles and books would have difficulties to cover.

3.4 Ethics

According to the Swedish research council (2013), the awareness and the usage of well-established ethical principles prevents errors in a qualitative research. The recommendation was that the researcher participated actively in on-going reflectivity, whilst countering sensitively to the respondents needs.
The Swedish research council (2013) further explained that researchers should follow four main informed agreements, namely: information demand, approval demand, confidentiality demand, and utilization. The respondent must be aware of the interview’s purpose and that the researcher follows the confidentiality demands. In addition, we also needed to inform the respondent that they did not have to answer questions that might be uncomfortable. We also informed the respondents that they at any time could stop the interview.

To fill the needs of the approval and information demands, each interview began with a short presentation of the interview structure and purpose. We did also perform a short presentation of the interviewers to create trust and a relationship with the respondent.

At the interview, we gave codenames to the respondents to ensure the security of each identity. Furthermore, the material used, the recorded tapes and notes, were handled in such a way that no outsider could make use of the collected information. Some of the respondents felt comfortable with incorporating their name within the report, but we decided to keep their identity anonymous, to ensure that we fulfilled the confidentiality demands. At last, we informed the respondents that we were only going to use the gathered information and recorded materials to reach the purpose of the study.

3.4.1 Relationship and Social Context

To create a good and safe environment during the interview, the social context and relationship was of high interest. The personal relationship that was developed during the interview was important to collect a valid result. If the interviewee felt comfortable, it was more likely that in depth information about reality was communicated. One needed to make sure that the social context made people confident, relaxed and trustful (Jacobsen, 2002; Johansson & Lindfors, 1993). We therefore paid extra attention to the atmosphere during the interviews, but most importantly we paid attention to the behaviors of the interviewees and adjusted our behavior accordingly. We thereby tried to behave socially correct for the situation.

Moreover, we chose to do all the interviews at the chosen companies offices and in a conference room by the interviewee’s department, this to create a sense of safety and familiarity. Additionally, we started each interview with easy questions such as a brief introduction and common questions about their position and work tasks, in order to break the ice and create a more relaxed environment (Jacobsen, 2002; Johansson & Lindfors, 1993).

3.4.2 Trustworthiness

From our perspectives, as qualitative researchers, the term of validity and reliability has evolved to the expression of trustworthiness. In our research, we wanted to achieve high levels of validity and reliability to eliminate biases and increase the research truthfulness. However, since a qualitative research approach generally does not allow for validity and reliability we have defined them to match our particular research.

The factor of reliability requires the empirical findings to be trustworthy and that one attempts to eliminate inaccuracy and biases in the research (Svenning, 2003). We ensured this
factor as we carefully documented all steps during the process of extracting our findings. We have also conducted a detailed and thorough method section to inform the reader about our choices of practice. This enabled any reader to be able to replicate findings of our thesis.

The second factor concerns validity. The concept of validity has many definitions connected to it (Yin, 1989), one of which, if the research truly measures what it was intended to measure or how truthful the research results were. We would also like to pin point that the term of validity in our case was more concerned for representing, understanding and interpreting our findings. Although some qualitative researchers argued that the expression of validity was not appropriate for qualitative research, we have found ways of including the term in our research.

The measurements of validity can be both externally and internally. The external validity refers to if the results of the study are generalizable or transferable. However, our particular research did not allow for transferability or generalization, so this type was not included. Nevertheless, internal validity discusses 1) the accuracy of how the study has been conducted, (e.g. study design and decision-making), and 2) to what extent the researchers had taken into account alternative rationalizations for relationships that might have been found (Writing@CSU, 2013). We performed the internal validity in the process of comparing the empirical findings with the theoretical framework. This enabled us to develop a frame of reference, which allowed for high quality analysis and conclusions. Moreover, the sections of ethics and limitations of in depth interviews also covered the first type of internal validity.

Moreover, one last final factor of trustworthiness has been included, the term triangulation. The definition for this term is, a strategy for improving the validity and reliability of research (Yin, 1989). Mathison (1988) explained this by saying: “Triangulation has risen an important methodological issue in naturalistic and qualitative approaches to evaluation [in order to] control bias and establishing valid propositions because traditional scientific techniques are incompatible with this alternate epistemology.” (p. 13). Triangulation strengthens a study by combining methods, such as combining philosophies or using several kinds of methods or data (Patton, 2001). Our decision was to combine two research philosophies, which gave us the opportunity to utilize numerous sources of data and include two case studies to further strengthen the trustworthiness and triangulation.

3.5 Pilot Study

To try out our chosen research method we decided to do a pilot study. The reason for this was that we wanted to know whether our research questions were relevant, and approximately how long an interview would take. According to Kvale and Brinkmann (2009), a pilot study was helpful to give notice to the most valid aspects of the subject, and further try out the research questions in the created questionnaire. To clarify, the answers were not part of the actual study.

The pilot study we executed consisted of two interviews with two external respondents. The respondents were both working full time, and had worked in the same work place for at least one year. The interviews were open and followed a semi-structured research form in where
we had constructed a template of questions. This ensured that we got the answers we needed to compare the two interviews. Nevertheless, it was still an open interview and the beforehand made questions worked only as a guideline and not as a set survey. We conducted the interviews over telephone and they took approximately 20 minutes. We did not record them but we took detailed notes during both interviews. This assisted us to further analyze and compare the answers from the two respondents. We discussed the results and agreed that the structure of the interview guideline was relevant and useful. There were also certain small limitations, which made us realize that the pilot study was necessary and convenient for our further research. Moreover, it also made us more aware of what specific factors we should focus on, in order to retrieve the accurate information.

3.6 Data Analysis

There were many ways to extract the meaning from qualitative data. However, one must find a method to structure the information into categories, this to utilize the full understanding of the collected data (Saunders, Lewis, & Thornhill, 2009). We chose the following structure; transcribing, unitizing data, categorizing, recognizing relationships and developing categories, and developing and testing theories to reach conclusion.

3.6.1 Transcribing

After each conducted and recorded interview, we started the transcribing process. We sat down and listened to the recorded interviews and simultaneously wrote down the conversations as precisely as possible. Additionally, we attempted to include the tone with accompanied body language as transcribing, for example when respondents used irony or sarcasm; “The competence development process is ‘terrible’”. The usage of the word was with an ironic tone and a correct interpretation was vital to understand the situation. Furthermore, we left out some information that was insufficient or irrelevant to our research, this to ensure that we were not mislead from our research question, and to save time from analyzing irrelevant data.

3.6.2 Qualitative Data Analysis

When we collected the data through our interviews we first considered the inductive approach, because at that point we had no predetermined theory or hypothesis on how to execute the employee competence development process. We were then interpreting the meaning of the information explained to us. However, by using this approach we found an existing competence development theory for both organizations. From this point forward, we reconsidered our choice of research approach and utilized both the inductive and deductive approach. Instead of interpreting a new process, we were now focusing on investigating the fundamental ingredients in the already existing process. When we further analyzed our data, we held the abductive approach in mind.

The next step was to dig deeper into the transcribed data. We modified the processes developed by Saunders, Lewis, & Thornhill (2007) so it better suited our research phenomenon. The process looked as followed;
• Unitizing data
• Categorizing
• Recognizing relationships and developing categories
• Developing and testing theories to reach conclusion

**Unitizing Data:** We reviewed our transcribed notes in order to find and highlight key information. We searched for quotes from the respondents that specifically highlighted their perception of the employee competence development process. The vital information found helped us to structure and comprehend the collected data. Furthermore, to structure the relevant data we unitized similar information and positioned it into different category boxes that we named accordingly.

**Categorizing:** The categories in the boxes were the foundation for the information that was later placed in the frame of reference. The important part was to identify categories that were relevant for the data, and related to the research question. Saunders, Lewis, & Thornhill (2007) mentioned different terms to identify categories. They further explained that one could extract these terms from the data, by respondents, or from literature. With this structure, we were confident to find the appropriate term for our categories. We then affiliated each category with a corresponding color.

**Recognizing Relationships and Developing Categories:** The utilization of this step was to further organize the information within each category. In this stage, we went through the information several times to arrange the already highlighted paragraphs and sentences into the affiliating categories. Within each category, we further structured the information by using subheadings, which further simplified the framing of the theoretical section.

**Developing and Testing Theories To Reach Conclusion:** After we mapped out the information carefully it became clear how we would proceed with the analysis. The final stage was to develop a hypothesis of how the categories influenced the theory, in our case the employee competence development process. However, we were not testing a hypothesis, our goal was to understand the theory rather than to test it, and develop ideas for further research questions.

Further, we did not demonstrate the transcribed interviews in this thesis, as we instead displayed quotes from the respondents to build arguments. We wanted the readers to focus on the meaning and purpose of the phenomenon and not pinpoint exactly what every respondent had said.

4 **Frame of Reference**

This section begins by presenting a short definition for basic concepts of the employee's competence development process. The next section equips the reader with necessary knowledge and tools to make sense of the presented findings. It will also act as tool to make informed reflections of the purpose and critically revise the analysis and conclusion sections.
4.1 Competence Development

The subject competence development is a complex subject, which has numerous approaches and implementation strategies attached to it (Drejer, 2001). Bergenheneegouwen, (1996), argues that competence development is in the need of a theoretical model, for it to work in practice. He continues by saying that evidently it is difficult to develop a general method that suits several companies. The complication is that all authors have their own angle on competence and competence development. To give an example, Bergenheneegouwen (1996) is of the opinion that the process of learning can be perceived as competence development, whilst Suikkia, Tromstedta, Haapasalo, (2006) talk about a competence development process through motivation. Hence, this will further complicate the generalization of a theoretical model and leads to that almost all fail to provide a general model (authors are subjective). Drejer (2001) states that it is probably more realistic to develop a set of methods, which later can be used by companies to make their personal model for competence development. He further explains that the methods should cover a variety of models, for it to be general and valuable for companies in different lines of business.

Furthermore the majority of research papers were limited to a theoretical part of competence development, few has focused on including an empirical finding part. We feel that this has created a gap between the academic and practical world, hence researchers have presented numerous theories but few suggestions have been tested. Drejer (2000), Timothy, Athey and Michael (1999) Suikkia, Tromstedta, Haapasalo (2006), Wright. McMahan, McCormick, & Sherman (1997), Schmiedinger, Valentin, Stephan, (2005), all present a suggested framework for best utilization for competence development but they all fail to present empirical findings to prove their models function in practice. We therefore challenge presented theory with new supporting empirical findings, regarding two specific cases, to add valuable practical knowledge within the subject.

4.2 Employee Competence Development Process

Referring back to the definition section, one learned that the employee competence development process that was extracted from the findings, hence the two cases, consisted of three steps; (1) goal setting, (2) development talks, and (3) performance evaluation. This section will cover the frame of reference for these, in order to provide the reader with the knowledge needed to understand the concepts of the steps.

4.2.1 Goal setting

Over the past 35 years goal setting theory has emerged within the field of industrial–organizational psychology. There are today more than 400 correlational and experimental studies, which provide evidence for the goal setting methods validity (Latham & Locke, 2007; Locke & Latham, 1990). The main principle is modest: By setting clear and understandable goals the performance of employees will improve at any given task (Locke et al. 2002). However, numerous authors, displayed below, have studied this topic further, which has made the demonstration of goal setting extremely broad. What follows is a short summary of how goal setting influences the employee in the work place (Locke et al. 2002).
Emmons and Diener (1986) found that goal fulfillment strongly correlated with encouraging affects. They also revealed evidence of that simple occurrence of self-rated significant goals was strongly correlated with encouraging affects. Brunstein (1993) also demonstrated evidence that perceived goal progress appeared to act as a promoter for increased feelings of wellbeing. There are also studies that demonstrate that after improvements, perceived individual effectiveness is likely to increase, and thereby raise the sense of wellbeing (Locke & Latham, 2002). To sum up, if employees improve their sense of effectiveness by participating in goal setting, they are not only stimulated to set further goals but are also prone to develop higher expectations of success (Karakowsky & Mann, 2008).

Moreover, employees with clear goals seem to be more capable to direct their attentiveness and determination toward goal-relevant activities and away from goal-irrelevant activities. Goal setting will therefore support employees in their search for greater self-restrain. The founding of clear and understandable goals also appears to play a role in increasing employees’ enthusiasm. Moreover, important goals lead to the creation of energy and drive, whilst less important goals will have an opposite effect. Goal simplicity will also increase determination, making employees less vulnerable to the negative effects of apprehension, frustration and disappointment. Ultimately, well-defined and clear goals act to help employees realize and practice more efficient strategies and support approaches of thought and insight (Locke & Latham, 2002; Smith, Locke, & Barry, 1990; Locke, Shaw, Saari, & Latham, 1981).

The question then stands, how does one set clear and understandable goals? One method often spoken about is SMART-goals. This approach is a simple tool for organizations to go beyond the empire of fuzzy goal setting into an actionable plan for results. Further, SMART is a shortening for specific, measurable, achievable, relevant, and time-based. Macleod (2012) explores the following about SMART goals.

**Specific:** The essential first step in goal setting is for organization to set objectives that are specific. It will bring much needed practical reality to differentiating effort from results. Effort is indeed admirable, but it will only develop into a wheel spinning exercise if not results follow. In the process of only using effort as a practice of reaching goals, valuable time and resources are wasted. Documenting objectives and goals in written and plain language will create certainty about exactly what needs to be accomplished in order to reach the set goals.

**Measurable:** “You can’t manage what you don’t measure.” (Macleod, 2012. P. 70). Therefore, to quantify the goals is essential so that one can measure the level of accomplishment correctly. Furthermore, by having specific measurement criteria’s, the possibility of encountering disagreements will decline. Also hidden beneath the surface is the criterion of being accountable for reaching goals. It is much more difficult for employees to avoid accountability when criteria’s are clearly stated and imbedded within the measurements, leaving no space for individual interpretation.

**Achievable:** Goals must also be reasonably achievable, with respect to available, resources, time, and knowledge. In order for managers to be aware of their employees’ talent, they will
need to have an open dialogue with their employees and try to negotiate and agree upon goals that are achievable and realistic.

Relevant: This factor concerns the fact that organizations must beware of using up scarce resources without a clear direction. One must have heard quotes or sayings such as “doing the wrong things right” or “being in the thick of some very thin issues.” (Macleod. 2012. P. 70)

It is natural for employees to lay their energy and focus towards those things they find more attractive and enjoyable. Unfortunately, those particular assignments might not be the best suited for the organization in its strive for attaining goals. Therefore, one must state goal relevance and make them explicit. It is essential for an employee that they understand that what is being done is in fact, relevant. To ensure that goals are relevant, a complete comparison of prior validation of the correlation of expected outcomes with the proposed goals need to be performed. Later, one should also list each goal in writing and have them in order of priority.

Time based: The last and final part of SMART goals is the time based, or as other refer to “timely, or just “time”. This factor makes it clear that the goals need to be accomplished by an agreed-upon time. Setting a period of “as soon as possible” is not sufficient. By not having a predetermined deadline, employees will only have a general conception about due dates, which generates a weakening in the determination of reaching closure.

Two more letters; E and R have been developed over time, making the final product of SMART goals to SMARTER goals. E stands for engaging, whilst R is a shortening for rewarding. The influence of engagement and rewarding of goal setting is mainly relevant for physician executives.

Engaging: It is important that managers describe the conditions behind the proposed goals and seek creative input form the employee. This supports the employee’s sense of ownership, both in his/her goals and its success. “Tell me and I’ll forget; show me and I may remember; involve me and I’ll understand,” (Macleod. 2012. P. 71).

Rewarding: Motivational studies have shown evidence that rewards supports the fostering of desired behaviors. Managers can attempt to retain satisfaction with various kinds of rewards, either internal external or a combination of both.

Nevertheless, well-defined and understandable goals have not been without their critics. Researchers are questioning how specific and fixed objectives are functioning in an environment of ever changing conditions. There is also the problem of facing conflicting goals within the organization, as does the failure to provide feedback (Macleod. 2012). It its therefore extremely important that management avoid these types of issues by practicing flexibility, intra-organizational arrangement, and frequent feedback in the process of goal setting (Macleod. 2012). Management must also make sure that all the necessary support features are in place. Some perceive the goals as impractical without certain support, thereby reducing the probabilities for future staff commitment (Macleod. 2012).
4.2.2 2. Development Talk

There are many names and definitions for the development part of an employee competence development process; some may refer to it as, performance appraisals, performance, review, personal business plan, or performance evaluation (Mayer & Davis, 1999). However, development talk was the chosen term for this thesis.

The manager was the one to drive the development talk, and the definition was a review and discussion of an employee's performance of given duties and responsibilities (Mayer & Davis, 1999). The review is based on the results generated by the employee in the actual day-to-day job, and will not consider the employee's personal characteristics, neither the relationship the employee has with its manager (Mayer & Davis, 1999). The development talk measures abilities and achievements with reasonable accurateness and consistency. The talk provides a way for the manager to help identify areas for performance improvement and to help stimulate qualified growth (Mayer & Davis, 1999). However, it should not be considered as the manager’s only communication tool, instead an open line of communication throughout the year. This will support the employees and increase effective working relationships (Murphy & Cleveland, 1995).

The main objective of a development talk was to utilize every skill, knowledge and interest within the organization (Murphy & Cleveland, 1995). This will subsequently result in a more motivated workforce, which would influence the productivity and effectiveness (Murphy & Cleveland, 1995). Additionally, having a respectable relationship between an employer and employee will result in fewer conflicts for managers (Murphy & Cleveland, 1995).

The development talks success laid in how the talk is viewed; that is, as being valuable for the employees and the organization as a whole (Arthur, 2008). Too often, insufficient results was projected from managers resistance to even conduct the meeting, only seeing the process as time consuming, difficult, or nonproductive (Arthur, 2008). It also depends on the manager’s willingness to complete a beneficial and objective talk and on the employee’s readiness to react to constructive proposals (Arthur, 2008). Management often oversees or do not understand that the level of effectiveness, commitment and loyalty of their workforce generally regulates the success of an organization (Arthur, 2008). A poorly planned or an emotionally executed process, or the nonexistence of a development talk can significantly weaken an organization and, eventually, its capacity to perform (Arthur, 2008).

By understanding the need of both managers and staff, one will experience great improvements of success (Arthur, 2008). Successful development talks see beyond the main objective of utilizing every skill, knowledge and interest within the organization (Arthur, 2008). They also serve as an enhancement of employer and employee relations, HR development, and employee career development (Arthur, 2008).

4.2.3 3. Performance and Evaluation

The last step in the employee competence development process is to evaluate the employee against the pre set goals and discussed performance factors. This final step is implemented in order to ensure that the employee see how their job and contribution fits within the bigger
picture of the organization, such as vision and mission statement (Heathfield, 2013). It is in this stage where managers should document the performance of employees and communicate how well they have performed (Heathfield, 2013). The documentation will act as a tool for organizations to communicate their commitment towards the employee’s growth and development in his or her career (Heathfield, 2013). It will also provide legal, ethical, and visible evidence that the employer and employee were actively involved in the process of stating and evaluating goals and performance (Heathfield, 2013). Documentation can also capture employees who are not succeeding or improving their job performance. Managers can use the documentation in order to develop a plan for improvement, since it provides a concrete summary of the performance of the employee. Furthermore, there are numerous ways of documenting a coworker’s performance (Kurian, 2012). In the following section, definitions for three different methods for documentations are covered.

The first one is ranking methods, which compare one employee to another, resulting in a gathering of employees in relation to one another (Manoharan, Muralidharan, & Deshmukh, 2011). By using ranking methods, the overall assessment of an employee is considered. In terms of certain criterion, evaluators needs to order a group of employees from best to worst performance and from most effective to least effective (Manoharan, Muralidharan, & Deshmukh, 2011). This type of ranking systems is rarely popular. By comparing employees to one another, some will end up at the bottom, whilst some will rank high. Evaluators are also not able to compare employees across different groups, which often perceives as a discriminatory act (Lipman, 2012). To give an example, it is problematic to say whether the third-ranked employee in-group A is performing better or worse than the third-ranked employee in-group B is. Nevertheless, if an organization has limited amounts of promotions, or bonuses to allocate, the method of ranking can be useful when differentiating amongst employees (Lipman, 2012).

The second type of documentation, job results, is a method were an employee’s results compares against certain objective standards of performance (Stone, 1982). These standards can be supreme but can also be relative to the performance of others (Stone, 1982). Job results are used within competence development programs where one can measure the employee’s job results (Stone, 1982). Examples of measurable results can be quantity and quality of work produced. When evaluators are not able to compare the employee’s job performance to a standard, the employee’s behavior/or personal characteristics are measured (Stone, 1982).

The last and final type of documentation is checklist and weighted checklists. In this method, a number of statements, which describe a specific job, are given. Each of these statements has a weight or a value attached to it (Davies, 2012). The evaluator will then rate the employee and check all those statements, which he/she feels describe the behavior of the employee under assessment (Davies, 2012). One will then evaluate the rating sheet by averaging the weights/values of all the checked statements (Davies, 2012). Critics have for a period, criticized the evaluation systems of organizations, and suggest that an evaluation is never as good as the manager is. It is important that evaluators are objective in their ratings. They need
to understand that the capability of evaluating and developing employees influence the organizations future performance (Manoharan, Muralidharan, & Deshmukh, 2011).

In most cases, the performance and evaluation will provide some sort of personal gain, such as promotion, increase in salary, or recognition (Hale, 2002). This final step of the evaluation process is extremely important since it provides the employee with concrete evidence of why, how, and how well they achieved goals and critical components (Hale, 2002).

4.3 Fundamental Factors that Facilitate the Process

As mentioned in the background section there were several external factors that facilitated the implementation of the process. The founded fundamental factors in our empirical findings were: organizational infrastructure, organizational culture, and process standardization. The link between these factors and the process were as follow. The organizational infrastructure was fundamental for the employee competence development process as it was the skeleton that it was built upon. Furthermore, the organizational culture was a fundamental factor since it regulated the “development-climate” of the organization. Finally, standards simplified communication, handoffs, and partnership within the process.

To be able to understand the findings and analyze section, one needs to know the frame of reference for each factor.

4.3.1 Organizational Infrastructure

The traditional way of describing infrastructure is to define it as; usually a large-scale system wherever there is an executed process or procedure to be or structured (Star, 1999). Connected to the comprehension of infrastructure are terms such as, railroad lines, plumbing systems, or water pipes, however, this is not the case today (Star, 1999). Even though this definition is metaphorically similar to the more modern description of infrastructure, it can now also be linked to organizations, hence organizational infrastructure (Star, 1999).

Organizational infrastructure is an intangible asset vital for the organization to function. By intangible referring to roles, responsibilities, authority, control within the organization, and bureaucracy, to name a few (DS Performance Group, 2010). An additional definition is the systematic framework that provides support to strategic planning within the organizational hierarchy (Dixon & Loukus, 2013). Additionally the role of organizational infrastructure is to facilitate the alignment of the organizations’ mission, vision and objectives within any department or division in need of development (Dixon & Loukus, 2013).

Moreover, the organizational infrastructure’s interpretation varies in different situations. By dividing it into four categories; Goals and results, people, process, and structure (DS Performance Group, 2010) one can define the phenomenon. The purpose is for organizational infrastructures’ to create a frame on which the organization can be built on, and establish ways of working (DS Performance Group, 2010).

Goals and results is the first category that focuses on the infrastructure’s development. Here the organization needs to set a goal in order to know in which direction they are heading,
what to prioritize, and how they can build their infrastructure in order to meet that goal (DS Performance Group, 2010). The ‘Results’ part of this category should simply define what measurable factors are of importance. When the aligned goals and the results are in place, the organization will have a good foundation to create a well functioning organizational infrastructure (DS Performance Group, 2010).

The People category is affiliated with the organizational infrastructure by the strategic human resource factor. It is about having the right people to do the right things (DS Performance Group, 2010). Suikkia, Tromstedt, and Haapasalo (2006) believe that competence management focuses on ‘doing the right thing’ instead of ‘doing things right’. Therefore, one needs to implement an infrastructure that structures the recruitment process, having proper job descriptions, and motivating the employees to an increased performance level (DS Performance Group, 2010).

Process is the biggest part of the organizational infrastructure. It can be anything from, how to set goals, how to take an order, how to manage a meeting, or how to solve problems (DS Performance Group, 2010). Factors that further influences the execution of the process, has its foundation in norms, code of conduct, and other policies developed by the organization. Without processes, organizations neither exist, nor organizational infrastructure (DS Performance Group, 2010).

Structure is the final category which involves the organizational structure, meaning, who in the organization has what responsibility and who does what. This structure therefore highlights the importance of having control over the organization, by being able to distribute the authority correctly according to each employee’s job role. An organizational chart or other authority and role tables present the infrastructures structure. The purpose of this category is to structure the people and distribute responsibility so that it becomes clear throughout the organization and is therefore similar to the people category. The structure for the organizational infrastructure must be transparent and comprehensible, to increase performance and decreasing rework and ambiguity (DS Performance Group, 2010). As this might be difficult Wright, McMahan, McCormick, and Sherman (1997) suggests the involvement of HR as support and responsible for competence development was strongly related the process effectiveness.

All of these categories explain different parts of organizational infrastructure. To summarize it is the skeleton or building blocks for the entire organization in order to be successful (Dixon & Loukus, 2013).

### 4.3.2 Organizational Culture

Schein (1992) is one of many researchers that have defined organizational culture. He offers a formal definition of the subject, which follows. “Culture is a pattern of shared basic assumptions that a group learned as it solved its problems of external adaption and integration, that has worked well enough to be considered valid and therefore to be taught to new members as the corrects way to perceive, think, and feel in relation to those problems” (p.12).
“Culture forms the superglue that bonds an organization, unites people, and helps enterprise accomplish desired goals” (Bolman & Deal, 2008, p. 253) To represent organizational culture one often says that it is like different layers along a range of accessibility. It built on five different layers, namely: the material artifacts, the behavioral patterns, the behavioral norms, the values and believes of the organization, and last the basic and fundamental assumptions shared by organizational members. The first layer (the material artifacts) is the most noticeable one, which an outsider can easily perceive. The last layer (fundamental assumptions) is the deepest one (Cook & Rousseau, 1988). To be able to understand these layers and explain them further, Schein (1992) has created three fundamental categories where one finds culture. The categories consist of: observable artifacts, espoused values, and basic underlying assumptions. The observable artifacts represents an organization’s attitudes, behaviors, and beliefs, hence it shows what is important and meaningful for the organization. Examples of these are the organization’s products, its style, published values and mission statements, stories, rituals, and ceremonies. These are all under the first layer mentioned above, namely the material artifacts. The second category: espoused values, is representing what the managers and employees actually believes and how they behave. This often reflects by the leadership in an organization, and is under the layers of behavioral patterns, behavioral norms, and values and beliefs. The last category: basic assumptions, is about the assumptions that exist outside conscious awareness, and members are typically unaware of the assumptions content or influence. This is then under the last layer with the same name (Cook & Rousseau, 1988).

Moreover, one can explain culture as both a product and a process. It is a product in the sense that it embodies wisdom, which is emerged from experience (Bolman & Deal, 2008). It is a process as it is renewed and recreated when newcomers learn the old ways and eventually transform and becomes teachers themselves (Bolman & Deal, 2008).

Furthermore, Dickson and Mitchelson, (2007) states that culture is a subject that is of great matter for organizations. It is vital for all stakeholders; the owners, the shareholders, and not least the employees who live and work within a system of shared values that affects their day-to-day functioning.

The role of leadership and how it affects the culture is a vital discussion. Some argue that the leaders simply create the culture (Dickson & Mitchelson, 2007), others argue that leadership is only an artifact of culture (Lord & Day, 1988). The common discussion is about whether one can simply manage culture or not (Witte & Muijen, 1999). Some pragmatics argues that one cannot manage organizational culture, it simply evolves, whereas others actually offer tools on how to best manage organizational culture (Martin, 1985). Moreover, the researchers who do not believe that one can manage culture rather argue that the culture is a result of an interaction between the individual and an organizational process, and one cannot influence it in a direct way (Witte & Muijen, 1999). Nevertheless, Dickson and Mitchelson, (2007) states that “leaders create cultures, and cultures yield leaders”. The dynamics of this reciprocal process vary from organization to organization; form industry to industry, and from society to society.
Furthermore culture plays an important role when it comes to the development of an organization and more specifically how well it allows or prevents employees to develop and emerge to future leaders (Dickson & Mitchelson, 2007).

4.3.3 Process Standardization

Standardizations of internal business procedures relates to the description of a two-edged sword (Wankel, 2009). If done correctly the standardization of procedures can lead to enormous amounts of benefits, though, if implemented poorly or designed inaccurately, standardization of procedures could be harmful for the organization (Wankel, 2009). The challenge lies within the decision to standardize processes, structures and tools, or whether to utilize the procedure in its original form (Wankel, 2009).

To be able to fully understand standardization of internal business procedures, one needs to define the two concepts, business process and standardization. A business process is simply one that describes the way an organization does its work (Davenport, 2005). It describes the activities chosen to achieve a particular goal or objective (Davenport, 2005). Standardization on the other hand, refers to the ability to recognize in practice, a fixed set of methods and conditions that enables recurrent high performance, which must also be communicated through a common tongue (Wankel, 2009).

The term standardization can be stated and defined on paper, but it is a poorly understood subject in practice. Exceptional studies can be found on the process standardizations influence on the economic phenomenon, technical phenomenon, or as a strategic influence (Cargill, 2011). However, the objectives academic view of these studies often shines through and is therefore of little help to practitioners who are operating and producing standards (Cargill, 2011). To clarify, practitioners are often working in areas with inadequate knowledge, high economic incentives and fast changing relationships, which limits their utilization of existing neutral theories (Cargill, 2011).

Organizations pursue to standardize procedures for several significant reasons. Standardization of a process can present information on how the business should be operating. It can also facilitate communication, assist handoffs, and make it possible to practice performance benchmarking (Davenport, 2005). One can say that standardization of a process is a reflection of the organizations level of expertise. As one solves problems, or as new inspiring settings are exposed, one can capture the experience in the standards of a process (Davenport. 2005). The Knowledge clusters into the memory and long-term capabilities of the organization, hence, forming and renewing the organization procedures. Process standardization will therefore reduce the inconsistency that is inherent in situations, and help the organization to allocate resources efficiently (Davenport. 2005). To summarize, processes standardization increase organizations efficiency, since it supports the organization to use established knowledge and experience in the performance of transferring techniques, processes and practices (Davenport. 2005).

Furthermore, Davenport (2005) presents two categories for process standardization, where the first approach is the process performance standards. Once organizations have developed a
set of activities and movements comprised within a process, one can start the process of comparing results (before and after standards have been implemented for a process). The next step will then be to start an investigation of costs, time, and resources involved for the process to function in the most effective manner. This to further support the development of a process and increase its efficiency (Davenport. 2005).

The second type of category is the process management standards, which indicates the management and measurement of a process (Davenport. 2005). In addition, it will consider whether the standardized process is on a course for continuous improvement. The ground for management of process standards is in the statement that upright process management, will ultimately result in suitable process flows and performance (Davenport, 2005).

Nonetheless, a standardized process may still experience failure. According to Cargill (2011), one must then examine the viewpoint of whether the participants accomplished their goals from participating in the standardized process. To give an example, a process may be perceived to have failed, but it may well be an indicator of that the expectations of the participants are not in line with what the process has been set up to generate. To sum up, the failure of standardization are judged according to each participant’s expectation, so that one does not fail to capture the minds and hearts of the using population.

4.4 Company Descriptions

We applied our thesis to the case studies IKEA, within retail, and Volvo, within the industrial industry. Below are brief facts about the two organizations are covered.

4.4.1 IKEA

“At IKEA our vision is to create a better everyday life for the many people. Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them” (Inter IKEA systems, 2012).

In order for one to fully understand IKEA’s organization, it is important to look at the organizations historical development and how the organization has been able to develop into a leading global furnishing retailer (Inter IKEA systems, 2012). One has to remember that IKEA is a company that has developed from a concentrated small-scale domestic market in Agunnaryd in 1943, to a global mass producer of furniture, with 139 000 employees spread over 44 countries (Inter IKEA systems, 2012).

The founder himself, Ingvar Kamprad, established the business structure of IKEA. Ingvar has always strived to develop a solid and strong ownership structure, since he was of the opinion that with a standardized ground the organization would have the means it needed to grow and prosper, hence, reach its goal of being an independent and long termed oriented organization (Inter IKEA systems, 2012). With IKEA’s unique business strategy, the organization was able to quickly discover new customer segments and fill a consumer need, which acted as a
great tool for the growth and profitability of the organization (Inter IKEA systems, 2012). Kamprad managed the organization until 1982, when the Stitching INGKA foundation overtook IKEA and thereby became the formal owner of the organization. Today INGKA Holding BV is the parent company of all enterprises associated with the IKEA group (Inter IKEA systems, 2012).

Today, IKEA is known as a global multinational corporation within the retail business, with Inter IKEA system BV as its main driver of the corporation. IKEA is active in 290 stores in 26 countries, however; approximately 40 stores in 15 countries are functioning under other franchising corporations, and are owned by managers outside the IKEA group (Inter IKEA system, 2012).

4.4.2 Volvo

“The Volvo Group's vision is to become the world leader in sustainable transport solutions by:

- Creating value for customers in selected segments
- Pioneering products and services for the transport and infrastructure industries
- Driving quality, safety and environmental care
- Working with energy, passion and respect for the individual.” (Volvo group, 2013)

The year of 1927 in Gothenburg, Assar Gabrielsson and Gustaf Larsson came together in order to develop safe vehicles of high quality (Volvo group, 2013). The years and decades passed and Volvo expanded into a group of different operations within different industries such as; the manufacture of cars, marine and industrial engines, buses, construction equipment and components for the aircraft industry (Volvo group, 2013). Along the way, parts of the Volvo Group has been sold of, so as for today, Volvo group is one of the world leading manufacturers of; trucks, busses, construction equipment, and marine and industrial engines (Volvo group, 2013). Additionally, the Volvo group was further complimented with acquisitions in the different industries, including companies such as, Mack Trucks, UD Trucks, Renault Trucks, and NovaBus (Volvo group, 2013). Apart from the manufacturing segment, Volvo Group has an additional financing and business service, which acts as a support for the organization. Moreover, Volvo group now employs approximately 120 000 employees within production facilities in 19 countries. In 2012 the sales operations counted to over 190 markets, with there headquarter located in Gothenburg, Sweden (Volvo group, 2013).

5 Empirical Findings

Section 5 will provide gathered information from personal interviews. The focus lies to present the findings of the employee’s competence development process and further present fundamental factors, which facilitates the operation of the process. To bear in mind we conducted all interviews by personal communication and one can find further details in table B and C.
5.1 Employee Competence Development Process

We found a similar performance and development process in both organizations. The findings from each organization will now present a description of one combined process. The global HR management was the ones who stated the guidelines for the employee competence development process. They further emphasized the importance of having such a process. In an attempt to describe the significance of having an implemented employee competence development process Respondent 1 said, “We believe that individuals can contribute to the organizations vision.” Additionally, Respondent A underlined how vital the employees were to the organization by the following quote, “The organization is never better than their employees.”

Furthermore, the purpose of the employee competence development process was stated as aligning individual and team goals with the organizations’ overall strategic objectives. The process found within both organizations was composed by three main steps namely; (1) goal setting, (2) development talk, and (3) performance evaluation. However, the findings presented us with additional knowledge, which made us rename the steps. The new terms develop to: (Step 1) Set SMARTER goals, (Step 2) Create a development plan, and (Step 3) Evaluate and document the performance.

Each organization had guidelines for the process that consisted of a template stating how the manager should perform the process. This template should act as a supporting tool, so that the manager knows how to execute the different steps, and what to emphasize during the whole process (Respondent A & 1).

Although there were conflicts about with whom the responsibility of development should lay, both organizations agreed that the responsibility for development lied with the individual employee (Respondent A). They were of the opinion that every individual had the capability and the determination to improve their business operations, and the desire to develop professionally. Respondent 1, explains that one needs to give the employee the opportunity to develop. Nevertheless, the manager should make sure that the employee knows the needed competencies to achieve the set goals. Respondent A clarifies, “We inform new recruits that it is up to them to take responsibility for their own development process. They need to express where they want to go. Managers will than act as a support function.” Respondent F highlighted this by saying, “I take responsibility for my own development”.

Nevertheless, in order for the process to function efficiently, one needed to plan certain objects and structures in beforehand. A proper job description was vital, including affiliating competencies. One also needed to structure a competence platform. The job descriptions and a competence platform should act as a guide to what each employee was required to understand. It would also communicate what competencies that were required for specific job positions. Respondent 2 meant, “The job description is the only thing that tells you about what you should be doing”. The job description further strengthens the belief of having a structured and understandable platform for competencies.
5.1.1 Step 1 Set SMARTER Goals

Both organizations agreed upon that the first step in the employee competence development process was to structure how the goal setting process should be executed (Respondent A & 1). This to make sure that the companies overall goals clearly aligned with goals that were set in every level of the organization (Respondent A & 1). Both of the organizations emphasized the importance of goal setting and that it was vital for all employees on every level to work towards the same goal in order to reach the desired vision (Respondent A & 1).

Within the process of goal setting, a procedure described how the goal setting process functioned. Firstly, they defined the goals at a global strategic business level. The second step was to break down the goals to a division level, which in turn was transferred into department level goals, and finally down to employee level (Respondent A & 1). Further, goals that were to be set should no only be corresponding to the business strategy, it should also agree with the employee’s team, function, and/or unit’s goals (Respondent A & 1).

Respondent 1 explained the importance of this process by saying “Structuring the goals in this manner enables the employees to be aware of what the organization requires from them.” Furthermore, it was essential to speak the same language throughout the whole organization, from global management to the bottom-line functions (Respondent A). This to create a common understanding and to be able to reach the pre set goals more efficiently (Respondent A). When a common language was used, misinterpretations of definitions and competencies would decrease, and it would facilitate the collaboration across the organization (Respondent A). The employees seemed to appreciate the fact of having specific goals. Respondent E said: “The goals we set are very specific. This makes it easy to bring the goal to the floor and actually perform it in every-day practice”. She explained that an example of a specific goal could be that she should be able to organize a new kind of specific order. She felt that this was very easy to understand and she knew exactly how to act to reach it, and further fulfill the goal.

After finalizing the process of setting clear and understandable goals, the process stated that managers should start analyzing the employee’s competence profile (Respondent A & 1). The competence profile was supposed to act as each employee’s ‘bank’ of competencies. This step also included managers to have a short discussion to clarify what the focus should be for the coming year (Respondent A & 1). Not to forget, a comparison of the competence profile and the pre-set competencies that the job description stated was essential. Respondent E elaborated, “I know what is expected of me due to a clear job description”. By comparing competencies across entities, one can see within what area the employee lacks competences. Respondent 7 states that, “You should map out where you are and what your deficiencies are, so that you know what you can improve”. When they had defined this, the manager and the employee together set goals accordingly and tried to reach some kind of consensus (Respondent A & 1). Respondent 1 further explained that they have a process for this. She said, “We have an ID document for this where one can in detail show what skills the employees need to reach their goals and what training they should take to develop these”.


Moreover, the organizations made sure that they documented the goals and development objective that the managers and the employees agreed on (Respondent A & 1). Respondent C said, “We always document everything that we have talked about during the goal setting meeting. The employee then signed this paper. We can the further use this document as a guideline in our next development talk and performance evaluation”.

Furthermore, one can utilize several tools to facilitate the goal setting process. One of these tools, which both organizations were applying, was the concept of SMARTER-goals (Respondent A & 1). They used this to set specific, measurable, attainable, relevant and time-bound, engaging, and rewarding goals. When the decided upon the goals, both parties agreed on a plan on how the employee should meet the set goals (Respondent A & 1). No longer than six months later the manager held a follow-up meeting, this to ensure that managers were able to further support the employee in his/her individual development plan (Respondent A & 1).

5.1.2 Step 2 Create a Development Plan

The purpose with development talks was so that the managers could develop a close communication with their employees, and to be able to constantly follow up the development process (Respondent A & 1). The guidelines stated by the global HR management said that one should have at least one development talk, every 6 months (Respondent A & 1). In the development talks, managers would define what competences were in need of development linked to the goal setting meeting (Respondent A & 1). To elaborate, in this step one would hold a discussion about what the previously set goals were and what competences that was required to obtain them (Respondent A).

When the actual meeting took place, the manager should first start the meeting by communicating the reason and purpose behind the development talk (Respondent A). By communicating the purpose of the development talk, the organizations felt confident that the employees were going to engage in the process with more enthusiasm (Respondent A). The employee first filled out a template aligned with their job description (Respondent 2). The template was a self-evaluation of competencies and behaviors. The participants would than grade themselves on a scale from 1-5, communicating their beliefs of their capabilities. After filling in the form, they were to come prepared to the meeting and be open for a discussion. The manager and the employee together should then go through their thoughts about the template and the possible development opportunities (Respondent A & 1). It was in this stage that the employee could express thoughts or feelings about their current competence level. The manager could then agree or disagree with the employee’s opinion, yet, by having an open discussion they could come to a consensus (Respondent A). Managers also utilized guidelines, job descriptions, and individual and team goals if they were to disagree on an employee’s competence level (Respondent A & 1). When both parties agreed, the manager and employee together set up a plan on how to go about to reach the set goals (Respondent A & 1). To bear in mind, “it is the managers responsibility to support it but they are not accountable. The sole responsibility is with the employee.” (Respondent 4).
The goal with this stage of the process was to create an understanding of self-ownership, a willingness to develop, and a grasp of the development opportunity (Respondent A & 1). Everything during the meeting was then written down and a development plan created (Respondent A). The purpose with a documentation of every employee’s personal future development was to facilitate the employee’s development within the organization (Respondent A). Documentations enabled the entire organization to utilize employee’s competencies. It would also facilitate the support an employee receives. Additionally, the document should follow the template in order to secure coherent information across the organization (Respondent A). Nevertheless, the utilization and purpose of the document was important. “Some people want to put all the things they have done to show how busy they are.” (Respondent 6) which was not the main purpose of the document.

Respondent 4 and 5 further highlight the importance of the manager’s role within the process. Respondent 7 further discussed that some managers did not fully understand the purpose of the development talk, “managers gets measured on the amount of competence development talks they perform, and not on the quality and results that is achieved by it”. Respondent 2 expressed a challenge with measuring the value of the quality instead of quantity by, “We can measure quantitative things like how many competence development talks has been taken place, or number of training courses, thus, we measure the quantities’ rather than the quality of the process”. Respondent 4 highlights “The quality of the development plan is only as good as your manager”. The challenge with development talks was that the quality or the final development plan depends completely on the managers’ competence within this area. Repsondent 4 further underlines ”the competence development process is never as good as the manager”.

5.1.3 Step 3 Evaluate and Document the Performance

Finally, the third and final step in the employee competence development process was the performance evaluation. This should be conducted a year after the first goal setting meeting (Respondent A & 1). The meeting should include an evaluation of the employee’s performance for the past year, which in turn should include a detailed review of the pre set goals (Respondent A). It would also include a review of the employee’s behavior and attitude (Respondent A).

Before this meeting, the employee received a self-evaluation template in which they were able to evaluate them selves and grade their performance on a scale. The participants would once again grade themself on a scale from 1-5, communicating their beliefs of their capabilities (Respondent A). This time the template was to evaluate the final product. Meaning that it should evaluate how the employee reached and accomplished the set goals and discussed competence gaps (Respondent A). The templates were later to be compared and analyzed by the manager and each affiliating employee (Respondent B). During the analysis, both the manager and the employee were able to argue for why they rated the level of competencies as they did. The manager might wish to agree or disagree with the employees’ opinion (Respondent A). Managers utilized guidelines, job descriptions, and
individual and team goals if they were to disagree on an employee’s competence level. After a short discussion, both parties would agree upon a grade or a level of present competencies (Respondent A).

Even though one rated at the highest grade, there should always be a development plan to help the employee stay at the highest rating. Respondent C further explained “The material from the evaluation should later be included in the next goal setting meeting and development talk.” The advantage of having a self-evaluation was explained as followed, by respondent A “Participants who have self evaluated them self have an easier time grasping and understanding requirements for further development.” Respondent C continued by explaining that even if rating system is an advantage “It can sometimes be difficult to understand and interpret the meaning of each grade, but the most important part is to understand what you are good at and what you need to do in order to develop”.

However, one specific evaluation method parted the two organizations. Respondent A explained that IKEA were utilizing the method of ranking when they evaluated their employees. They were comparing each employee with one another, and thereafter distributed percentages as pay rises. The evaluation and comparison of employees enabled the organization to convert each evaluation grade to a percentage. This percentage transformed to a pay raise percentage (Respondent A). By adding personal rewards, the employees would participate in the employee competence development process with higher enthusiasm (Respondent A). Respondent C clarified “personal gains act as a motivator for employees in there pursue of reaching goals and development opportunities.”

The challenge was then to measure and evaluate the successfulness of the evaluation process. Both organizations explained that it was easier to interpret quantitative measurements, such as the ranking systems. To give an example, quantitative measurements on how many competence development meeting that has been taken place, or the number of training courses, or if sales had increased (Respondents A, 2 & 4). They both agreed that it was difficult to measure the effectiveness and the quality embedded within the process. Respondent 4 even said, “We measure the quantities’ rather than the quality of the process.” However, they agreed that for the evaluation process to be as efficient as possible, one must analyze the quality generated.

5.2 Fundamental Factors

The founded three fundamental factors, which follow, appeared during the process of analyzing our data. They facilitate or hinder the employee competence development process. We will first present the findings from IKEA, and secondly present the findings from Volvo.

5.2.1 The Process’s Infrastructure at IKEA

The employee competence development process was only one of many functioning processes at IKEA. This process together with other sub-processes, structures, and systems made up for IKEA’s organizational infrastructure. Moreover, the suggestion was that the employee competence development process would not have generated the best possible outcomes
without a functioning infrastructure. There were also clearly defined authority structures and an everyday cross-divisional communication meeting that further facilitated and organized IKEA’s infrastructure (Respondent B).

Respondent A further explained that it was the over all organizational goal that determined how the organizational infrastructure should be built. It was then department and division managers’ who had the main responsibility that everyone in the organization strived towards the same direction (Respondent A). It was said that when the global division had set the whole organizations goals and objectives, it was then broken down to a divisional level and then further down to department level and finally down to an employee level (Respondent A). Through out this process it was then the manager’s responsibility to facilitate and align each employee’s competence development goal to the overall business strategy (Respondent A).

As managers’ held most responsibility in the employee competence development processes, IKEA utilized the HR function as an underlying infrastructure for additional support and advice (Respondent A). The HR function thereby played a facilitating role to the employee competence development process (Respondent A). Respondent B further emphasized HR’s importance by saying, “for me a support function is were you can ask for help, and get good feedback. Our HR department is very good at that”. Respondent C further elaborated the sufficiency of having HR in the same building, so whenever there was a question, HR were easy to find and would always have an open door. It was vital for the process to have a clear people infrastructure to relay on and know whom to turn to in order to retrieve the right information (Respondent C). However, respondent E uttered that he now had two managers and that he did not feel that either of them knew him. On the other hand, all other respondents at IKEA articulated a good relationship with their manager and felt confident in asking them for help guidance or support in their personal development.

Moreover, considered important was to have the right person for the right job within the process (Respondent A). The organizational governance was therefore one of the infrastructures fundamental building blocks for the employee competence development process to function. Respondent A further elaborated, “If you have the right set of people it is easy to develop them.” She further highlighted that all of IKEA’s employees were just as important and that IKEA would never be better than their employees’ competences and capabilities. In other words, the employee competence development process would never be as good as the organization’s employees would.

Additionally, in affiliation to the employee competence development process Respondent A presented several different program options for the development program. The employees had a huge network of programs and courses to choose from, for further advancement. The network acted as an underlying infrastructure to support the employee competence development process to be of quality (Respondent A). Respondent A further gave some examples of programs that IKEA utilized, “Basic education, introduction programs, leadership programs, greeter programs, and mentor programs, just to name a few”.

To summarize, the respondents at IKEA presented their organizational infrastructure to facilitate the employee competence development process. The infrastructure consisted of;
supporting processes, a clear organizational governance, and comprehensible job roles. In addition, there was no confusion over the execution of the employee competence development process.

5.2.2 The Organizational Culture and Development Climate at IKEA

It was easy to get a sense of the strong organizational culture at IKEA. It was well sensed as one sat down with the first respondent. He started with describing his workplace with the following key words “We always want to be better, and to grow and develop” (Respondent B). This permeated spirit sensed thorough out all the interviews with the employees at IKEA. Respondent C further verified this by saying, “You always have a chance to develop within in this company, and I really enjoy every minute I am at work. It is a fantastic organization with strong fellowship and familiarity”.

The respondents all agreed that the organization was a place where they could grow. The respondents explained it as a fun workplace where everyone was open and friendly (Respondent E). Respondent D explained that, she thought, “the reason for this is that the people who worked at IKEA has an open mind which allowed people to make mistakes”. This enhanced the employee development, since everyone was able to learn and grow from his or her mistakes. The employees could always ask a coworker for help, and were very seldom having the sense of anxiety for making mistakes (Respondent D). The open and learn-by-your-mistakes culture adopted by IKEA developed a calm and relaxing atmosphere. It had further led to encouraged creativity and loyalty amongst the employees.

Respondent B said, “I always want to do my best at work, I perform 100% every day, and IKEA helps me reach my goals and dreams”. Respondent D says that she has developed both professionally and personally since she started working at IKEA.

The employees’ clothes also revealed the open/equality culture within the organization. No matter what status/title they had, everyone wore the same yellow shirt, blue pants and nametag. Respondent C explained this by saying, “we are all employees at IKEA, we just have different work tasks, and the customer can not see the difference between a manager and a cashier, which I believe is very good”. This feeling of equality further improved the loyalty and familiarity on the workplace. The employees wanted to help one another and wanted to grow together (Respondent D). As manager B explains, “I am trying to be a good example and role model towards all of my co-workers, and I try to teach them everything I know. I also try to spread the values that IKEA stands for”. It was not only the managers that had this sense of commitment and willingness to help others grow, the co-workers showed proof of this too. Good leadership inspired and generated other leaders (Respondent B). Respondent D explained that it was important for her to know the values of the organization and what the organization expected from her. She said: “I try to pass on this knowledge to my co-workers and especially new recruits, so that they are aware of what they need to know. I am also trying to involve others in decisions, so that they feel that they participate and contribute”.

Furthermore, it was a good climate/atmosphere between the employees and the managers. The communication between them was good and regular. Respondent D said: “We are always having a very open dialogue with our managers, this enhances us to constantly develop”.
Respondent G verified this by explaining that her relationship with her manager was very friendly and they had a very open and regular dialogue on the job. Moreover, the employees had established an atmosphere of partnership between them. All of the respondents explained that an undefended and welcomed atmosphere from day one had met them. Respondent F clarified, “Everyone is just so nice here, we all say Hi to each other. I have a really good feeling when I am at work”. It was clear that the respondents all putted effort into keeping and strengthen the good atmosphere and culture that was present at IKEA. Respondent B explained that they all worked close to each other, which created a strong cohesiveness. He continued by saying, “We have a lot of associated events that strengthens our bonds even more”.

The feeling of fellowship was strong, and the employees were having a group perspective rather than an individual perspective. They were not putting their own interest above others. However, it also occurred some internal competition, which made them willing to perform well. The organization was always supporting them by giving every employee the tools to be better. Respondent E said that she felt that IKEA sees potential in every individual they recruit. She continued by saying, “they really want to help me get where I want. I feel that they put much effort into developing us employees, which makes me feel appreciated”.

A well-established culture appeared at IKEA, across the whole organization, it acted as an invisible code of conduct. It helped the employees feel welcomed at work and further enhanced an understanding of expectations.

5.2.3 The Standardization of the Process at IKEA

The first interview with the HR manager, respondent A, gave us a structured picture of how IKEA used a global standardized strategy to ensure quality. For example, whichever IKEA store one visits, the same blue and yellow decorated store and the same type of arrangement of merchandises would be meet (Respondent A). Nonetheless, standardized strategies manifests it self in more than just offering the same type of products with the same type of marketing strategy (Respondent A). As respondent A explained, ”the main benefit of operating under a global strategy is the cost savings. We can produce the same products, tools and marketing ads, which will reduce costs and lower prices for our customers”. Respondent A elaborated that IKEA has managed to become a unified organization since a set of standard has been created and developed by the upper global management. They have created all tools, guidelines, and materials that employees were utilizing. This generated an organization that follows the same standards no matter on what level, department or division employed (Respondent A).

At IKEA, Respondent A found the principle, of having standardization within the employee competence development process, across the organization. Respondent B clarified that implementation of standards for tools, guidelines, and materials (utilized in the process) by saying. “One might think that outcomes of process standardization are not sensed. However, I can utilize the standards of the process as good as the manager who implemented it.” In his opinion, a clear structure and standards simplified job assignments. He felt that the standardized employee competence development processes gave him an invisible support to
his responsibility in the process. It further ensured the performance quality of those tasks or steps in the employee competence development process that were more difficult, such as having to set demands (Respondent A).

Even the implementation of standards for required knowledge was successful. Respondent A continued by saying that the right way for continuous employee development, was to have a “standardized competence development plan with standards for basic job knowledge, yet to have flexibility for complementary knowledge”. Since basic job knowledge was described as essential for the organization (Respondent A). The global management was responsible to structure and communicate the competence requirements. This resulted in a competence base, which was structured and consistent across the organization (Respondent A). It was from these standardized competence bases that the employee competence development process used as a starting point in the process. However, the complementary knowledge that employee’s wished to include were more flexible in their structure (Respondent A). The global management has taken in to consideration that members learn new knowledge in different paces, in dissimilar stages and in diverse ways. All respondents did appreciate the flexibility within the process. They further explained, that colleagues, which followed a more intensified learning curve, were not hampered by individuals who wished to follow a slower learning pace. Respondent A was of the opinion that, “if IKEA were not to follow a standardized process for basic job knowledge, we would risk that our employees do not learn what is required. Thereby jeopardizing the confident and loyalty customers have toward our employees.”

Even the lower level employees (Respondent D, E, F, & G) talked about the quality that a standardized the employee competence development process generated. Respondent E stated, “IKEA has a clear career path, which eliminates frustration and confusion”. The global management has generated a structure of a competence base, where they communicated requirements in order for the employee to climb to the next career level.

One could also perceive the standardized employee competence development process when respondents started to communicate standards for introduction, and hand offs. All respondents were clear and consistent in their description on how one should practice within the process, communicating uniformity. Respondent F, “everyone knows what their responsibilities are and what capabilities one needs to strengthen”

Moreover, the same “language” was used for whatever tool or guideline that was implemented, creating a structured and simplified communication within the process (Respondent A). This resulted in that respondents were more confident, since it was easy to understand how to proceed. This created a flexible and confident mobility within the organization; hence, the process utilized the current employees and their capabilities (Respondent A). Respondent A said, “Employees are the greatest cost for organizations. We are therefore utilizing our existing capabilities, resulting in a reduction of costs for new recruits.”

The respondents at IKEA demonstrated that they were working under clear and standardized employee competence development process. The respondents at IKEA seemed to have
recognized a fixed set of methods and conditions that enabled persistent high performance for the process. Nonetheless, they also had a budget for it, respondent A, “since the employee competence development process is stated and developed from the upper management they have also understood the importance of having a budget for implementation and continued development”. IKEA’s global management had understood that having an employee competence development process was an important investment and did not perceive it as a cost (Respondent A). Respondent D, “IKEAs standards for the employee competence development process supports me and my colleges, when it comes to educating coworkers and influencing their personal growth.” Across the organization, employees were aware of the importance of having an implanted employee competence development processes, and were therefore participating with enthusiasm (Respondent A). In short by the standardized way of executing the employee competence development process facilitated the utilization of the process (Respondent A).

5.2.4 The Process’s Infrastructure at Volvo

For the employee competence development process to function, respondent 2 claimed that the organizational infrastructure was vital. If the infrastructure was not in place, one could have the best HR people and the best competence development people but the reality was that it would not work. The infrastructure must be in place in order to support the process and bring in those levels of competences needed (Respondent 2). Respondent 2 further elaborated, “It’s almost like building blocks of a house. You need to have it structured in the bottom otherwise it will just fall down because the infrastructure is just not there.”

However, respondent 2 portrayed a different picture of the perception of Volvos organizational infrastructure. Respondent 2 explained that the perception of organizational infrastructure at Volvo was lose or non-existing. The managers needed to be more up skilled and competent in order to facilitate the employee competence development process. In addition, if the process did not have the competence or support from an organizational infrastructure, it would be very difficult to meet any objectives or goals set for development (Respondent 2). Moreover, respondent 2 gave an example within Volvo where there was lacking infrastructure and how this affected the project group’s process performance. “They do not have the competence within their management infrastructure to be able to do what they want to do.” (Respondent 2).

Respondent 1 stated that, to further structure and control the employee competence development process, the overall goal was used to guide other goals. It would then be clear how one should build the infrastructure accordingly to support the employee’s development or evolution (Respondent 3). In order to reach the set goals there were several e-learning tools that the employees could utilize (Respondent 6). Depending on the quality of the underlying process infrastructure such as, pre-determined competence platforms and profiles, it would either facilitate or hinder the employee competence development process (Respondent 4). If the supporting infrastructure was organized, the outcome of the process would thereby be of higher quality (Respondent 7).
Moreover, respondent 3 further explained that not all administrative functions at Volvo had the underlying infrastructure to facilitate the employee competence development process. Therefore, the process would demand more from the managers. The HR department should therefore be available to support the managers (Respondent 3). Respondent 3 further mentioned that HR should always be involved in the employee competence development process to some extent. Managers were in need of coaching in order to maximize the employee efficiency by placing the right person to do the right things (Respondent 4). Respondent 1 stated, “HR supports the process, but it is still the manager who is responsible for the process”. To conclude, the process was in need of a supporting people infrastructure, hence in this case HR (Respondent 4).

Moreover, respondent 1 further explained that Volvo in the past had been very unstructured and flexible concerning who had what responsibility, and who had the authority to make certain decisions. Therefore, the unclear or lose organizational infrastructure concerning authority structures would weaken the employee competence development process (respondent 1). Nevertheless, Respondent 1 said that Volvo were aware of this weakness and explained that guideline for this was something that the organization must provide. Respondent 1 further explained that one option could be for Volvo to present a clear organizational chart to clarify the structured infrastructure to facilitate the process.

To summarize the respondents at Volvo described that they felt a lack of supporting processes and systems for the employee competence development process to function efficiently. In addition respondent 3, 4, and 2 concluded that many administrative functions at Volvo does not have the infrastructure needed for an employee competence development process to be of value. More specifically the infrastructure had no clear authority lines, or roles and responsibility structures (Respondent 1). However, the respondents present the organizational infrastructures’ faults at Volvo in full awareness of its importance to facilitate the employee competence development process.

5.2.5 The Organizational Culture and Development Climate at Volvo

The culture of Volvo was clearly reflected by the “Volvo-way” and respondent 1 talked a lot about how this was a big reason why people wanted to work at Volvo. She explained: “We care about our passion and respect for each other”. She believed that the Volvo way reflected the culture at the organization and continues by saying “There is no strict instruction on how to perform along the Volvo way it rather lays within the individual’s responsibility to do so. This attracts individuals who are willing to develop and grow by its own initiative”.

Volvo seemed to be an organization were the culture was open and the possibilities to grow was infinite (Respondent 3). HR manager 3 explained the organization as “A great company with sound values, which I can agree upon. It is a big company with many possibilities and the fact that it is global makes the opportunities endless”. However, it was clear that the possibilities to grow were in fact present. The only thing that seemed to be missing was a clear path on how to reach those possibilities. HR manager 3 said: “We do not have a clear career path within the company, which can create some frustration. It is the individual’s
responsibility to grow and develop, and to express its wishes. The manager is then there to support them”.

Furthermore, when the respondents were explaining the culture at their work place they often used the term of “old-men’s club” (Respondent 3, 4, 6, & 7). Respondent 6 said: “It is an industrial culture here at Volvo, we try to move more to a merchandise culture, but it always steers back to the industrial climate”. Respondent 7 further explained it as followed: “For me, Volvo has an genuine craftsman attitude with an entrepreneurial spirit. It is an old-mans mentality”. The co-workers were also dividing the employees into blue-color and white-color workers. This aimed for dividing the employees into two sub groups, administrative workers who wore white-color shirts, and the on-the-floor workers, who wore blue overalls in the plant or production facilities (Respondent 2 & 4).

In fact, the unstructured and flexible culture at Volvo, attracted individuals who were willing to develop and grow by their own initiative (Respondent 1). This had caused that the whole organization appeared to have developed a more individual focus rather than on the group as a whole. Employees were putting their own career above what may be of best interest for the organization as a whole (Respondents 2, 3, 6, & 7). Respondent 6 explained, “Everybody tries to fight to the top and keep information to himself or herself”. Moreover, respondent 3 discussed that the individual mentality of the organization had generated a failure for Volvo. They implemented a forum to be able to efficiently evaluate employee’s capabilities. It was an attempt to increase the efficiency of utilizing present employees. Respondent 3 continued to explain that the failure of the forum by saying “One do not want to talk about the best performing employees because those are the ones you want to keep. You rather highlight and recommend the worst performing ones so that you can get ride of them”. The “we versus them” feeling were only verified by this statement (Respondent 3).

The fact that Volvo is a big and global organization with 120 000 employees also reflected the culture (respondent 7). The view on how well the organization was taking care of its employees’ competencies was slightly different among the employees (Respondent 7). Respondent 3 emphasized the importance of focusing on the employees and their capabilities by saying: “We can have as much high technology robots and processes as possible, but there are still people who are executing the work, hence we will never be better than our employees”. In contrast to this, respondent 7 expressed it as followed: “It is fascinating that a big and global company as Volvo is not more interested in developing their employees. There are so much competence and money that are creating dust in the book shelf”.

To sum up, the perception of the culture at Volvo was very different among the respondents. It seemed, as the culture stated by the upper management, was not in line with the one perceived by the respondents. However, it was clear that the culture at Volvo reflected by an old and well-implemented engineering climate.

5.2.6 The Standardization of the Process at Volvo

At Volvo, the upper global management was the ones who stated and developed standards for Volvo to implement and follow (Respondent 1). All HR Respondents (1-4) could present
clear and structured standardized processes for the employee competence development process. Moreover, the HR manager respondent 3 said, “There are a lot of important and essential competencies within the HR department. However, for the past couple of years HR has portrayed a weak operative profile”. Unfortunately, the effects of HR’s weak profile seemed to have reached, and clearly affected the lower level employees (5-7). Respondent 6 said, “HR has not played an important role”. Respondent 7, “HR has not presented me with any tools or guidelines for the process and their backing is equal to zero” she continued by saying, “an organization needs to have an interest for developing people in the same direction”.

Global management worked hard everyday in order to develop standards for the employee competence development process, which hypothetically should generate high performance. Nevertheless, the lower level respondents (5-7) gave an impression that such standards had not reached them. They were actually describing that the establishment of standardized tools or materials at lower levels were unsuccessful. The standards appeared to have been lost somewhere in between department levels. Respondent 7 continued her discussion by rephrasing her choice of words “on the floor everyone have standards for the employee competence development process, whereas, we at the administrative functions have no standards or even an implemented process to work after at all.” Lower level respondents (5-7) were therefore of the impression that they were not being treated with the same type of respect, in terms of standards for the process. This had later affected the employee’s sense of justice, generating frustration and disappointment. Respondent 2 “global HR management talks about a wonderful model for the employee competence development process, but do they actually really understand the sense of it? For me, each business area has their own way of doing things within the process”.

The four HR respondents (1-4) presented us with a different perspective. Volvo did have a stated employee competence development process and had several stated standards; however, they seemed to lack the ability to communicate it. Several of the respondents referred to the complicated process that global HR was trying to communicate across the organization. Repsondent 3, “Volvo makes standards and the process too complicated. Volvo needs to speak the same “language” in order to implement an efficient communication”. Respondent 7, “Volvo makes the communication process complicated and challenging”. Respondent 2, “it is hard to understand the bigger picture of the processes. The process and standards appears respectable on paper, but we do not understand how to utilize it”.

Various respondents have communicated their thrive for a competence platform. They mean that the global management had failed to create a platform were coworkers competencies and abilities were gathered. Respondent 7 “I whish we had a competence base so I could search for competencies across the organization and utilize existing employees. By having a competence platform we would not only utilize our present staff, we would also prevent to recruit unnecessary capabilities”.

The respondents at Volvos were also presenting a problem with the employee’s career paths. They were referring to the communication of complicated message across the organization.
Respondent 7, “This type of behavior is costly for the organization”. Respondent 6 believed that Volvo lacked a standard for evaluating employees competencies, “They have to look at the career path for individuals, learn to evaluate present and future stage”. The HR manager, responent 3 mentioned, “Volvo does have competence profiles for every position”. Yet, Respondent at the lower levels (5-7) did not seem to be aware of this.

Several respondents also questioned their job positions role and responsibilities. They were of the opinion that job descriptions were outdated and that managers were seeing capabilities and duties with a subjective eye. Respondent 2 “job descriptions at a administrative level are written with a focus on technical skills, making the organization recruit people that lack people skills. Respondent 5, “There is a misperception, between the portrayal of a title and a role”. Respondent 5 continued, “We haven’t really defined what we want to do”. If the managers were unclear on their direction, they would not know what competencies to develop either. Some respondents were also describing the challenges they faced with their evaluators. Repsondent 5 said, ”The employee competence development process is never as good as the manager” Moreover, several people within the organization had been misplaced, since standards for career paths, job descriptions, or recruitment, were unsuccessful (Respondent 5). As respondent 2 elaborated, “technical skills have developed to be essential, resulting in that managers and leaders missed critical people skills”. Respondents (2-7) said that this type of behavior was damaging for Volvo, resulting in enormous amounts of unnecessary costs, diminishes efficiency, and most importantly, the loyalty and trust from employees were lost. The managers had different ways to perform the employee competence development process (Respondent 2 & 7). It seemed to result in differentiations in operations within the employee competence development process as there where no consistence or standardization was found (Respondent 2).

6 Analysis

This section of the thesis will include an analysis of the empirical findings in comparison to the frame of reference, as well as thoughts of the authors. The first section is constructed to analyze the employee competence development process, whilst the second section concerns the analysis of the fundamental factors.

6.1 Employee Competence Development Process

6.1.1 Step 1 Set SMARTER Goals

Our findings revealed that both the organizations understood the importance of setting goals. The HR- managers agreed that it was fundamental to have aligned goals throughout the whole organization (Respondent A & 1). This enhanced efficiency within the organizations since clear and understandable goals were increasing employee performance at any given task (Locke & Latham, 2002).

Furthermore, and as mentioned before, the two organizations had a very similar goal setting process. The global management set goals that were clearly arranged after the business strategy and vision. The goals were then broken down into the different levels within the
organizations (Respondent A & 1). This enhanced the performance capacity of the employees. The theory stated that it was important for employees to understand the goals, and be able to translate them into an individual level. Moreover, when understandable goals were set the employees were more capable to focus their attention towards the “goal-relevant” activities (Locke & Latham, 2002; Smith, Locke, & Barry, 1990; Locke, Shaw, Saari, & Latham, 1981). This was to say that the findings showed that both the organizations placed effort into translating the goals so that they were understandable for every level in the organization, which helped the employees focus on the right things. This in turn led to more enthusiastic and well performing employees.

The similarities between the organizations goal setting process were apparent in several situations. One of the more noticeable ones was that they were both emphasizing the usability of the method of SMARTER goals.

To start off by analyzing the first key factor of the method, namely the fact of setting specific goals, the organizations showed proof of this by several means. Respondent 1 emphasized the importance of structuring the goals so that the employees were aware of what was expected of them. Respondent A verified this by saying: “It is essential to speak the same language throughout the whole organization, from global management to the bottom-line functions”. Additionally, the managers were making sure that they documented the goals that were to be set. Respondent C said, “We always document everything that we have talked about during the goal setting meeting. The employee signs this paper. We can then further use this document as a guideline in our next development talk and performance evaluation”. This clearly aligned with what the theory stated about the significance of having specific goals. Macleod (2012) argued that documented goals in a written and plain language would simplify and particularly clarify the needed accomplishments. This was to say that when the organizations broke down goals to more specific sub-goals for every level, it facilitated the accomplishments of the preset goals.

Moreover, this was closely in line with the fourth factor in the SMARTER method, namely that the goal needed to be relevant. The theory stated that the goal needed to be explicit and relevant to get the most out of it. This was vital to make sure that the employees were putting their energy on relevant tasks rather than on the most enjoyable ones (Macleod, 2012). The fact that the organizations were carefully translating the goals into understandable terms that everyone could relate to was once again facilitating the process of reaching them.

Furthermore, the theory stated that it was important to measure the goals that were going to be set. This made it easy to see if, and when, one reached the desired goals (Macleod, 2012). As mentioned before, the goals that were set within the two organizations were very specific. Respondent E verified this by saying: “The goals we set are very specific. This makes it easy to bring the goal to the floor and actually perform it in every-day practice”. Respondent E had an example of one of her last goals. It was that she should be able to organize a new kind of order. This was a very specific goal that she was easily able to manage on an everyday practice and it was easy for the manager to measure when she had reached it. Once again, the findings and the theory were closely corresponding.
The fact that the goal needs to be achievable was also vital for the process. In theory, this is the A in the smart goal method. The managers need to first be aware of their employees’ talent, and further elaborate and agree upon goals that were achievable and realistic for the individual employee (Macleod, 2012). The findings showed that the organizations were performing accordingly to what the theory states. After the organizations had defined their strategic goals, they started to analyze every individual employee’s current competence profile. They did this to be able to set a focus for the new goals for the upcoming year. Respondent 7 confirmed this when she said, “You should map out where you are and what your deficiencies are, so that you know what you can improve”. In other words, the organizations were aware of the fact that to be able to set new, and most importantly, achievable goals one needed to know the current competence status for every employee. It was after that one can further develop and grow.

Furthermore, every goal needs to have a time frame, this to make sure that the goals were reached by an agreed-upon time (Macleod, 2012). The organizations were both very clear when it came to the time-base for the overall development process. When it came to the goal setting, the organizations both agreed on that a follow-up meeting was to be in place no longer than six months after the goal setting meeting. Further, the performance evaluation would be held a year after the goals were set (Respondent A & 1). We discuss these parts further below in the sections, Development talks, and Performance evaluation.

We also found the last part of the SMARTER method, namely the engaging and rewarding factors in both of the organizations. However, we describe these in the two following sections. Nevertheless, Macleod (2012) argues that goals need to be engaging to support the employees feeling of ownership and participation. The organizations show this in the way of approaching the employees within the development talks. They emphasized that these were specifically for their development, and not for anybody else (Respondent B).

Moreover, the organizations were both using rewards as one tool to increase motivation within their employees, and to make them want to develop. This was in line with what Macleod (2012) argued, namely that rewards support the fostering of desired behaviors. How, and what rewards the organizations were using are explained in detail in the section of Performance evaluation.

To sum up, the goal setting process that the organizations were executing closely aligned with what the theory stated about the subject. They both showed proof of an understanding of its importance. They used the method of SMARTER goals carefully and correctly, which made the goals understandable and efficient. Moreover, the critics and pitfalls that the Macleod (2012) emphasized, concerning constant feedback and conflicting goals, seemed to be well thought through when the organizations presented their goal setting processes.

6.1.2 Step 2 Create a Development Plan

According to Mayer and Davis (1999) a development talk was a review and discussion of an employee's performance of given duties and responsibilities. This definition and the respondents’ presentation of the development plan in the employee competence development
process were in line. Respondent A and 2 indicated that the development talk could be used as a tool for the managers to define the employees’ competencies. We therefore considered that the respondents view and Mayer and Davis’s (1999) view aligned. Additionally, both Respondent A and 2 highlighted another important factor to the development talk, namely the communication opportunity. Respondent C was one of many, which clarified that she talked to her employees every day to check how things were and if they would need any support to achieve their goals. In Mayer’s and Davis’ (1999) theory they mentioned communication to be associated with the quality of the development talk. Murphy and Cleveland (1995) considered development talks to be a great communication tool to measure abilities and achievements, and help employees to develop. However, Murphy and Cleveland (1995) also implied that the managers should not use the development talk as their only communication tool. Respondent A acknowledged the importance of other communication tools in addition to development talks. The valuable tools were follow-up meetings and an every day dialogue. Respondent C also highlighted the importance of a good relationship with one’s manager and that a good communication would enhance the employee’s development. In turn, a good communication would additionally open up for a good discussion about the configuration of the development plan itself (Respondent C).

In addition, all respondents believed that the manager played a very important role in the development talk. The challenge was to create an understanding of the value and importance of the process. Respondent A, 2, 4, and 7, meant that managers should drive the process, however the responsibility for development was the employee’s. Arthur (2008) further stated that the management often oversees the development talk, as they seem to not understand its effectiveness. Respondent 7 further discussed the issue that managers did not take the development talk seriously, “managers get measured on the amount of competence performance talks they perform, and not on the quality and results that are achieved by it”. Respondent 2 further expressed a challenge for managers and the organization to understand the quality by, “We can measure quantitative things like how many competence development talks have taken place, or number of training courses, thus, we measure the quantities’ rather than the quality of the process”. As all respondents highlighted the importance of that the manager should fully understand the meaning of the development talk, it would be in line with Arthur (2008) who pointed out the importance of the manager’s involvement.

Respondent 2, 5, and 7 were also communicating a concern about the measurements of the employee competence development process, and that the process quality was only as good as the manager. Consequently, if the manager was incompetent, the quality of the process would be terrible. Arthur (2008) argued that if the managers understood the challenge of emphasizing the value of the process, and dealt with it, organizations would be more successful. In addition, one could often find a correlation between increased loyalty for the organization and managers with high quality development talks (Arthur, 2008). We therefore believed that the respondents at both organizations emphasized the importance of the manager’s competence to achieve a high quality development talk.

To facilitate the development talk and make it even more structured, respondents A and 1 presented a document that should be filled out during the meeting. This document
documented the discussions and stated the development plan on ‘paper’. The purpose with the document was to facilitate the employee’s development, and to enable the organization to benchmark employee’s competencies (Respondent C & 2). By enabling the whole organization to benefit from the employee’s competences by the benchmarking system we argued that this was in line with Arthur (2008), who stated that it was only the successful development talks that could fulfill its purpose by enabling the organization to utilize the employee’s skills, knowledge, and interests.

To summarize, Arthur (2008) stated that for a development talk to be successful, the managers must understand its importance and further be able to help the employee realize the value of it. Respondent B showed that he had understood the importance of making the employee aware of the value of the process. His mission was to make the employee the central figure in the process. He described that he started every development talk with telling the employee that it was for his/her sake they did it. This was one of the reasons to why the managers went through the development talk’s purpose in the beginning of each development talk (Respondent 2). Further, respondent 4 elaborated the managers’ role and said that, the development talk was never better than the managers’ capabilities. Moreover, if the manager cannot execute a high quality process, the employees might not see the purpose of it. The development talk process stated by the respondents on paper therefore appeared to agree with Arthur (2008). Furthermore, what the respondents considered valuable was also in agreement with Mayer and Davis (1999), and Murphy and Cleveland (1995). However, there might be further differentiations to how the process was actually executed in reality.

6.1.3 Step 3 Evaluate and document the Performance

The final step of the employee competence development process was to evaluate the performance of employees in the organization. Heathfield (2013) talked about the importance for employees to understand how their job contributions integrated into the bigger picture of the organization. Further, one should include a discussion about the organizations mission and vision in order to ensure that the employees have the knowledge required to reach their goals. All respondents seemed to have missed this part of the performance and evaluation step. They all agreed that the first step performed, in the performance and evaluation process, was to have a clear and efficient discussion about the pre set goals and performance factors. All respondents seemed to be of the opinion that the focus of this final step lied within the employee’s ability to reach his/her goals.

We therefore believe that IKEA and Volvo have structured the process, by utilizing Heathfield’s (2013) second step, documentation. Respondents A and 3 discussed the importance of documenting an employee’s development. They explained that documentation worked as a tool for the organizations to communicate their commitment towards the employee’s growth and development of his or her career. This correlates with the theory stated by Heathfield (2013). It also seemed that both organizations wished to include the respondent’s point of view. They argued that this would lead to a better understanding of the requirements needed for further development (Respondents A-C, 1, & 3). All respondents promoted the method of having open discussions where the goal was to reach consensus.
Both parties were encouraged to be involved to ensure that every individual was able to present their point of view. This connected to Heatfield’s (2013) suggestion that documentation provided visible evidence that the employer and employee were actively involved in the process of stating and evaluating goals and performance. The majority of respondents demonstrated that an evaluation of employees facilitated the processes of catching or realizing what employees needed for further development. This would be connected to one of Heatfield’s (2013) other suggestions, that documentation should provide a concrete summary of the performance of the employee.

When it came to the actual assessment of the employee’s performance, all respondents gave us the impression that they had adopted the method of job results, named and weighted checklists, and rankings. Stone (1982) explained job results as the comparison of an employee’s job results against the certain objective standards of performance. Respondent A and 3 presented us with a clear description of this. They said that when one reached disagreements of performance levels, one should have compared the employee’s competence level against the stated job descriptions. This demonstrated that the respondents were utilizing job results, as they compared employee’s job results to certain objective standards of performance. Further, the structure of the performance and evaluation was to evaluate the performance of specific pre set goals. This showed evidence that respondents seemed to understand that this type of method was better used if an employee’s job results could be measured (Stone, 1982). By setting and communicating goals across the organizations, one seemed better equipped to compare the performance of each employee to a certain standard.

The next step within the performance and evaluation step was to fill out a self-evaluation template (Respondent A & 3). The respondents were to grade themselves on a number of statements, which described a specific job. This was almost exactly corresponding to Davies (2012) explanation of the named and weighted checklist method. We were therefore of the opinion that named and weighted checklists could be connected to the self-evaluation templates. However, there seemed to be uncertainty of how one should consider the grades given. Participant C, F and 3 said that they sometimes had a hard time interpreting and understanding each grade. It seemed that one had implemented a process for the evaluation method of checklists. Nevertheless, it also appeared that they were not able to communicate each grade description. The majority of respondents agreed with the evaluation of those employees that obtained the highest grade. In order to be able to experience continuous development one needed to have a development plan for individuals who hade scored the highest grades. Even though one might be rated at the highest grade, there should always be a development plan to help the employee stay at the highest rating (Respondent A & C).

The last and final type of documentation method that was recognized was the ranking method, which compared one employee to another (Manoharan, et al. 2011). This final evaluation method was more affiliated with IKEA’s way of performing an evaluating, than with Volvo’s. It seemed like IKEA was utilizing the ranking method when they were performing the process of pay raises. More specifically, as IKEA compared their employees with one another in order to distribute a pay raise, they were in fact utilizing the ranking method. However, one must not forget about the criticism put forward by Lipman (2012). He
argued that the comparison across different groups could be considered as a discriminatory act. However, this perception was not found in the organization, as all respondents except from F, seemed to talk about the personal gain as something positive and motivational. We believe that the positive spirit has evolved due to the fairness of distributions and also that everyone seemed to be content with his or her evaluation grades as they actively participated in the process from start to finish. This can later be connected to Hale (2002) who suggested that personal gain provided the employee with concrete evidence of why, how, and how well they achieved goals and critical components. We therefore consider if personal gain can intensify the employee’s motivation of reaching goals and if it can enable the organization to produce the much-needed quality.

6.2 Fundamental Factors

6.2.1 The Process’s Infrastructure

According to Dixon, and Loukus (2013) organizational infrastructure was the systematic framework that provided support to the organization. In addition, the intangible structure involved roles, responsibilities, authority, bureaucracy and control within the organization. Respondent 2 explained their organizational infrastructure as, “It is almost like building blocks of a house. You need to have it structured in the bottom otherwise it will just fall down because the infrastructure is just not there.” This statement was in line with Dixon and Loukus (2013) as they also described it as a framework to the organization. In correspondence, respondent 2 highlighted that the infrastructure must be there to facilitate the employee competence development process and to bring in the competencies needed for the organization to reach its vision. Respondent 2 additionally emphasized the infrastructures’ importance, and further described that some project groups at Volvo had struggled. “They do not have the competence within their management infrastructure to be able to do what they want to do”. Respondent 2 elaborated this by expressing that if the infrastructure at Volvo was non-existent, then it would not matter what people there was in the organization or what competences there were to be utilized. Without an infrastructure that supports the employee competence development process the quality of the process would be insufficient. Further, the findings indicated that the respondents at IKEA presented an apparent infrastructure that clearly facilitated the employee competence development process. Moreover, the respondents at IKEA did not articulate the influence of infrastructure as apparently as the respondents at Volvo did. In other words, it seemed like respondents at IKEA was unconsciously aware of their well-functioned infrastructure, which facilitated their employee competence development process. IKEA had never experience problems with its infrastructure and never felt the need to question it.

Furthermore, the DS Performance Group (2010) divided the infrastructure into four categories: goals and results, people, processes, and structure. The findings from IKEA and Volvo were extracted and placed into the correlating infrastructure appropriate for each category. The first category involved goals and results, and how the organization must have an over all goal or aim so that they could ‘build’ the infrastructure accordingly to fit the process (DS Performance Group, 2010). Respondent B and C at IKEA explained that the
global objectives steered the organization. It should then be the managers’ responsibility that the rest of the organization followed the set objectives and in turn set their objectives and development plan accordingly. Respondent 1 at Volvo agreed that the goal setting process was vital, to build the infrastructure suitably. We therefore argued that the upper management at both IKEA and Volvo placed the same amount of importance on the goal infrastructure for the employee competence development process. Therefore, we saw a correlation between DS Performance Group’s (2010) theory and the companies view on infrastructure.

After the objectives had been set, one should build the employee competence development infrastructure accordingly. The three remaining categories from theory would represent the different building blocks. The second category was People. The people category, involved having the right people doing the right job (DS Performance Group, 2010). For this category, the findings from the interviews with IKEA indicated that it would facilitate the employee competence development process if working with the right people. Respondent 3 at Volvo agreed on the fact that having the right people was important, and underlined the managers’ role for the employee competence development process. The right managers were a crucial part of the employee competence development infrastructure in order to facilitate the process. As much responsibility lies with the managers, respondent 3 further elaborated that Volvo does not have the management infrastructure needed to support the process. In addition, the managers might need support from HR to be more aware of the employees’ roles and responsibilities to avoid matching the employee with the wrong job role (Respondent 3). We therefore argued, in line with what IKEA indicated that the HR function should always be involved as another supporting role to the employee competence development process and to the managers who utilize it. Respondent 3 concluded that a huge challenge for Volvo was to build the right infrastructure or support system for managers that facilitated the employee competence development process, as this was vary vague today.

The next category presented in the theory was Process infrastructure. According to theory, the processes build the organization and there could be no infrastructure if there were no processes (DS Performance Group, 2010). The focus did not lay with the execution of processes, but rather what processes were needed for the infrastructure to facilitate the employee competence development process (DS Performance Group, 2010). The respondents at IKEA presented a very broad range of development programs and sub-processes to support the employee competence development process. However, it seemed like respondent A at IKEA did not present the information with the full awareness of the connection to infrastructure. They talked about the infrastructure indirectly, by mentioning the variety of development options, and a clear career path for employees who wanted to advance farther in the organization. We therefore argued that this showed evidence of a well-structured infrastructure to support the employee competence development process. Similarly, respondent 7 and 4 at Volvo highlighted the need for proper support from processes and systems. The administrative functions’ were the biggest challenge. The competence platforms and profiles for this area needed improvement and an additional system that could link gaps together, as not all functions had that today.
The final category was the *Structure*. DS Performance Group (2010) presented the organizational structure through organizational charts and authority tables. The purpose was that the structure should be transparent enough in order to decrease the amount of rework and ambiguity between roles. Respondent A at IKEA considered the organizational governance important, and that every employee knows who to ask for the right information. The majority of the respondents at IKEA expressed that they were confident in where to ask for information or how to find development opportunities. As previously mentioned, usually for the employee competence development process, the most important roles to acknowledge were HR and the employees’ managers, which appeared to be rather clear for the respondents at IKEA. However, according to respondent 1, Volvo had for the past years been very unstructured when it came to roles, responsibility, and authority. This had consequently resulted in ambiguity within the decision making process and were therefore forced to be dealt with in order to improve the infrastructure and facilitate the employee competence development process.

Dixon and Loukus (2013) stated that one of the main purposes of the organizational infrastructure was to facilitate the alignment of the organization. Respondent B at IKEA brought up the value they placed with communication in order to avoid misinterpretations. Respondent B together with respondent C both believed that the everyday-communication holds the organization together. In other words, these findings indicated that good communication might facilitate the alignment of the process to the over all objective.

To summarize the value of organizational infrastructure, Dixon, and Loukus (2013) stated that the categories built the infrastructure and was the skeleton of the organization and the employee competence development process. Without one, the organization cannot be successful (Dixon & Loukus, 2013). Moreover the respondents at IKEA indicated that the infrastructure consisted of clear supporting processes, clear roles and responsibilities, and the employees knew where to turn for questions. The respondents at IKEA had thereby presented an unconscious acknowledgement of that DS Performance Group’s (2010) four main categories were vital for the organizational infrastructure to support the employee competence development process. However, the respondents at Volvo described that they felt a lack of supporting processes and systems infrastructure for the employee competence development process to function efficiently, even though respondent 1 and 3 presented several different existing supporting tools. There were further no clear authority lines, or roles and responsibility structures. In addition respondent 2, 3, and 4 concluded that many areas at Volvo did not have the infrastructure needed for an employee competence development process to be of value. The respondents indicated a full aware of the importance of the infrastructure and its meaning. However, it seemed that the organization had failed to implement it.

### 6.2.2 The Organizational Culture and Development Climate

The theory stated that one divided the organizational culture into five different layers, which can further be categories into three main categories namely: Observable artifacts, espoused values, and basic assumptions. These categories were differently revealed in the two
organizations we examined. Moreover, the differences in the overall organizational culture within IKEA and Volvo were evident. We started by analyzing the observable artifacts, and more specifically, the published values and mission statements. Both IKEA and Volvo had clear reports on how to manage their organizations and what their values were. They had both published these directions and values in reports called the “IKEA way” and the “Volvo way”.

IKEA stated in their “IKEA way”: “A company is only as good as its employees, we give pragmatic and honest persons a chance to grow within IKEA, both on a professional and personal level.” (Inter IKEA systems, 2012). After we examined our interviews we held at IKEA, all the respondents seemed to perceive their organization in the same way as IKEA had stated in their vision. All the respondents agreed upon the fact that they enjoyed going to work. They expressed that their workplace was a place where one could grow and develop both personally and professionally (Respondents A-G). This closely correlated to what the theory stated about the espoused values of the organization. The theory argued that the significant values were not the ones on paper, but rather the ones that managers and employees actually believed and further behaved after (Cook & Rousseau, 1988). Accordingly, the answers from the respondents show that the observable artifact was the same as the espoused values.

Moreover, the perception of the espoused values that reflected by the behavioral patterns and norms within the organization, were also very similar between the respondents at IKEA. Many respondents explained how the familiarity among the coworkers was increasing their sense of loyalty and satisfaction at work (Respondents B-E). Almost all of the respondents also explained how their managers often encouraged them to develop and grow within the organization (Respondents B, C, D, & E). This feeling of openness and kindness was obvious during the interviews; it almost seemed to be an established behavioral norm to be open and kind. The respondents agreed that they were not afraid of making mistakes and they were always able to ask a coworker for help if they needed. This only verified the fact that IKEA seemed to have been able to implement a culture where they gave everyone a chance to grow and develop.

The cohesiveness among the respondents showed proof of a well-established culture at IKEA. Observable artifacts that aligned with the espoused values among the managers and employees represented the culture. Moreover the basic assumptions seemed to be consisting of a constant strive for development and growth among all the respondents at IKEA. The revealed clear and cohesive culture at IKEA was not so evident at Volvo. To refer back to the “Volvo-way” and their observable artifacts, we examined their statement that was as followed: “We can all contribute to the improvement efforts of our colleagues. By giving positive feedback and encouraging each other, we strengthen the willingness to act and learn.” (AB Volvo, 2013). Their observable artifact also reflected by a culture that wanted to emphasize individual growth and development. Various respondents, however totally dismissed by others, in some way verified this. The findings showed that the respondents that worked in the upper management were having a perception of a culture that was in line with the one showed in the observable artifacts, the “Volvo-way” (Respondents 1 and 4). They
were emphasizing the development opportunities within the organizations and the organization’s sound values. In contrast to this, another respondent explained how disappointed she was on how such a large organization as Volvo was not more interested in developing their employees (Respondent 7). This feeling was not in line with what the culture seemed to reflect on paper.

Moreover, the “we versus them” feeling was evident during the interviews. Respondents 3 and 6 explained that employees were often placing their own interest above the one that seemed to be best for the organization. Many were fighting to the top on other’s expenses. This showed, once again, that the perception of the sound and developing culture stated in the “Volvo-way” was not apparent to be cohesive throughout the organization.

Furthermore, the sense of a division between the employees was also evident when we analyzed the findings. When respondent 4 and 2 talked about the employees, in general they both divided them into white-color and blue-color workers. This aimed at the on-the-floor workers, who wore blue overalls in the plant, and the administrative workers who wore white-color shirts. Comparing this to our findings at IKEA, where all respondents wore the exact same clothes regardless of what position they had in the organization. The IKEA respondents described that they felt that this was a very good way to increase equality among the employees. They felt that they all were equally valued (Respondent C). However, one needs to bare in mind that the clothes that an employee wore in the plant, hence a blue overall may not be suitable for a business meeting, hence the clothes is not the point. (Still, the manager at IKEA wore the same clothes as the one who drove the forklift.) The point is that, the principle of a culture where the employees did not divide themselves up in different categories were much more evident at IKEA than at Volvo.

Moreover, the culture of an organization of course reflects by its business industry. Volvo and IKEA are not in the same industry, which we believe can have an effect on the different cultures. The respondents at Volvo (3-7) explained that the culture of Volvo sensed as an “old-men’s-club”, where a craftsman’s mentality was consistent. A division appeared in the organization between engineers and the administrative employees. This mentality seemed to have influenced the way the respondents developed. In contrast, IKEA’s culture mirrored the equality of the employees. They did not show any differences or divisions among each other. However, the fundament is that no matter what industry an organization is operating in, the culture should be cohesive throughout the whole organization, hence from the observable artifacts, through the espoused values and further through the basic assumptions (Bolman & Deal, 2008). The culture within Volvo seemed to be more about subcultures among the different levels in the organization. The respondents we met only referred to the closet manager they had, or the closet coworker they were cooperating with and not the organizations as a whole, when they referred to the organizational culture. In contrast to this, the culture at IKEA seemed to be strongly cohesive among all of the respondents.

6.2.3 The Standardization of the Process

Wankel (2009) theory stated that the standardization of a process could generate benefits and reliance for an organization. However, it could harm the organization if the process standards
were poorly implemented or inaccurately designed. This was exactly what our two cases demonstrated for us. Respondents at IKEA demonstrated that they had been able to implement an efficient, simplified and understandable process. Whilst Volvo respondents were demonstrating an organization, were inconsistency and confusion was shining through (respondent 5-7).

All respondents have showed evidence of that global management was the ones who developed and communicated standards for the employee competence development process. The HR managers (A, & 1-4) also presented evidence that their perception of standardization of the process was correlating with Davenport's (2005) presented theory. These respondents communicated that standards had simplified communication, handoffs, and partnership for the process, which correlates with Davenport's (2005) presented theory. However, one organization seemed to be successful in their implementation of standards for the process, whilst the other seemed to be unsuccessful.

At IKEA Respondent B justified that even though he was working at a subsidiary of IKEA he still utilized and experienced benefits generated from a standardized process. However, at Volvo the lower level engineers within the organization were the only once who were practicing standards for the process (Respondent 3). Volvo had successfully implemented standards were they were most needed and evident, within the manufacturing functions. Here they could not afford to not be precise in their requirements, since faults and poor quality would reach the final customer. Yet, there was another story told by our respondents (5-7) in the administrative functions. Respondents (5-7), feelings of inconsistency and lack of respect for standards within the process have resulted in an administrative department where everyone was taking their own route. This we believe was a result of the complicated messages that global HR tried to communicate. As Wankel (2009) suggested, the success of standards were dependent on the usage of a common langue.

The respondents at the administrative functions seemed to not be able to interpret or understand the communicated information received from global management. Further, since the implementation for standards, in the administrative functions, had seemed to be unsuccessful a sense of dissentient had developed. This appeared to result in that the organizations’ different departments had generated their own system of operating within the employee competence development process. The generated quality of the process was therefore not consistent. This was a result of that the developed standards were not utilized. It seemed that Volvos global management had not been able to communicate their standards and requirements in an efficient manner. The process therefore seemed to be neglected and mistreated.

Standardization of processes was according to Davenport (2005) evidence of the level of the organization expertise. We would like to connect this to IKEA’s standards for basic job knowledge. They had realized in practice, that if they were not to follow a standardized process for basic job knowledge, they would risk that their own employees did not learn what was required. The respondents were also of the opinion that since every level within IKEA had a competence base. This enabled the organization to be very efficient, since they had
respondents who were aware of their strengths and improvement areas. This meant that they were able to individually work on their particular development plan, hence develop on their own. We therefore challenged Cargill (2011) and suggested that respondents at IKEA had proven him wrong. Even though the presentation of theories, according to Cargill (2001), was with an objective eye, respondents at IKEA had found ways of utilizing existing theories of standardization.

Within Volvo, the representation of efficiency concerning individual development was not made. Lower level respondents (5-7) even suggested a lack of a competence platform within Volvo. Yet, the global management, had once more, been wrongly accused; Volvo did have a competence base. However, it seemed to be inconsistent, and difficult to manage. In addition, we got the impressions that even the global HR manager (respondent 1) seemed to be a bit confused how to operate and utilize the platform. They also seemed to have difficulties with their standards of job descriptions. Technical skills had developed to be essential, resulting in that managers and leaders missed critical people skills. This type of behavior was damaging for the organization and the process, resulting in enormous amounts of unnecessary costs, diminishes efficiency, and most importantly, the loyalty and trust from employees were lost.

Cargill (2011) suggested that the judgment of standardized failures should fall on each participant’s expectation. This way one does not fail to capture the minds and hearts of the using population. As discussed previously, it seemed that Volvo was more successful in their interpretation of the manufacturing expectations. At this level Volvo had no problem communicating standards needed for ensuring high quality and efficiency for the process. However, at the administrative functions, Volvo appeared to have a much harder time translating expectations and thoughts. Volvo did not understand that they were communicating standards, to the using population of respondents from the administrative office, which were not expected or needed (Respondents 5-7). This seemed to have resulted in a mistreated and negated employee competence development process. As Wankel (2009) suggested, if standards were implemented poorly or designed inaccurately, standardization of procedures could be harmful for the organization. Volvo therefore needs to analyze the expectations of the respondents in order to interpret what standards to utilize. Otherwise, the development and implementation of standards would be in vain.

Another aspect that separated the two organizations was the process of comparing results, more specifically the theory constructed by Davenport (2005). IKEA’s respondents appeared to have understood the value of standardizing their process, as the organization had further utilized it across the world. Respondent A explained, “The main benefit of operating under a global strategy is the cost savings.” This showed evidence of that IKEA had been able to measure and compare results before and after operating under a standardized employee competence development process. They had also utilized Davenport (2005) second step of investigating costs, time, and resources involved and came to the conclusion that they were more profitable under a standardized employee competence development process.

The last and final factor of discussion was the budget and the value perception. IKEA’s global management seemed to have understood the importance of having an employee
competence development process and did not perceive it as a cost. We believe that since standards, for the process, at IKEA have been successfully implemented the value can easily be measured. IKEA had been effective in their implantation of standards, which also enabled them to measure results (before and after implanted standards); hence, the generated benefits were much easier to interpret. However, at Volvo lower level respondents communicated that the implementation of standards, communicated by the global management, was not successful. Therefore, we found few benefits as one presented measurements on the performance of standards. We believe that this results in cut of budget for the operation of standards, since the upper level management believed that the standards were not operative. It seemed that Volvo had been caught in a vicious circle, whilst IKEA was operating under a circle were benefits seemed to never end.

6.3 Employee Competence Development Models

After analyzing the findings and data, we summarized the information presented in two models to make the process and the facilitating factors more comprehensible. The first model show the employee competence development process. The second model shows the three factors that either facilitates or hinders the execution or quality of the process.

The figure below presents in short the employee competence development process and its three steps within the organizations.

![Employee Competence Development Process](image)

Figure 2. The employee competence development process and its three steps (Source: authors’ own, 2013)

The figure below represents the process and the three fundamental factors that facilitate or hinder it.
7 Conclusion

This section concludes the study by answering how the employee competence development process is performed. We will also conclude the fundamental factors' influence on the process.

Presented theory demonstrated that no general competence development model was applicable in every organization; instead, they should follow basic guidelines that they could adjust accordingly. These guidelines were, according to this study, the three steps: Set SMARTER Goals, Create a Development Plan, and Evaluate and Document the Performance. However, the organizations needed to adjust these guidelines to make it applicable for their specific conditions. This study found three fundamental factors that facilitated or hindered the utilization of the employee competence development process; The Process’s Infrastructure, Organizational Culture and Development Climate, and the Standardization of the Process.

The findings collected from our two cases, IKEA and Volvo, presented a well defined and structured employee competence development process on paper. The process had been developed by the upper HR management and was supposed to be communicated throughout the whole organization. The process contained three steps, namely, goal setting, development talks and performance evaluation. However, as we analyzed our findings we decided to rename these as we believed that the steps were in the need of further development, this to better match reality.

The first step in the process was to Set SMARTER Goals. It highlighted the core of the process and was fundamental for further development. The goals originated from the overall mission and vision of the organization. They were then further broken down to the different levels within the organization, and then into individual level, to create understanding among all employees. The goals should all be: Specific, Measurable, Achievable, Relevant, Time-based, Engaging, and Rewarding, henceforth Smarter-goals, to be as efficient as possible.

The second step in the process was to Create a Development Plan. It was fundamental to understand the value of the whole development process and then make sure that the execution was of high quality, to generate the best possible outcome. In order to ensure value it all came down to the performance of the manager. It was the manager’s responsibility to guarantee the
quality by understanding the value. Additionally, the usage of the development talk should not be the only communication tool. One should emphasize the importance of having a daily dialogue and check-up on each employee’s competence development.

The final step of the employee competence development process was to *Evaluate and Document the Performance* of the organization’s employees. In this step, employees had the opportunity to realize how their contributions correlated with the bigger picture of the organization. By involving individuals in the process of evaluation, they would easier understand and interpret the pre-set goals, hence achieve intensified performance. When it came to the actual assessment of the employee’s performance, it was apparent that one must utilize various evaluation tools. These tools were applied in order for organizations to evaluate if the pre-determined goals had been reached, and to measure how well they had been attained. The documentation of the evaluations would provide the environment with evidence of active involvement by the employer and employee in the process of stating and evaluating goals and performance. Documentations facilitated the processes of catching or realizing what employees needed for further development. It was also important to communicate what the different evaluations meant, to ensure that each employee could develop on their own. The last and final step of the performance and evaluation was personal gain. This intensified the employee’s motivation of reaching goals and it enabled the organization to produce the much-needed quality.

The *employee competence development process’s* three steps were stated and supposed to be performed in the same manner in both organizations. However there were differentiations to actual execution of the process in reality. It was not only the process on paper that was extracted from the findings, but also information about what the organizations consciously/unconsciously did to facilitate or even hinder the process. The respondents at IKEA presented a well-organized infrastructure, a coherent organizational culture, and well communicated standardized processes. In contrast, the respondents at Volvo demonstrated a lack of infrastructure, an incoherent organizational culture, and miscommunicated standards for processes. We thereby investigated these three key factors to further understand their importance and influence on the employee competence development process.

The *Process’s Infrastructure* was fundamental for the employee competence development process as it was the skeleton that supported the organization. Without the infrastructure, the organization could not function and further the employee competence development process would be affected negatively.

The respondents at IKEA had the structure, processes, and organizational governance well organized and they presented a well-structured organizational infrastructure. Additionally, the respondents at IKEA did not express inefficiency in the employee competence development process. However, the respondents at Volvo expressed full awareness of the faults in their organizational infrastructure, such as unclear authority structures and not enough supporting systems or processes. Furthermore, as first mentioned, well-structured processes, a clear structure and well-defined organizational governance were building blocks in the
organizational infrastructure. These factors needed to be organized and implemented in order to facilitate the employee competence development process.

Furthermore, the Organizational Culture and Development Climate was a fundamental factor since it regulated the development of the organization. It was important to have an open culture where everyone strove to develop and grow together. A culture that was cohesive throughout the whole organization, from the top manager to the bottom line employee, was a succeeding one. The respondents at IKEA showed proof of an integrated and implemented culture in every employee. In contrast, the respondents at Volvo did not show proof of a cohesive culture at all. They agreed that people placed their own interest above what seemed best for the organization. To conclude, a cohesive culture facilitated the employee competence development process since it bonded the people together and helped the organization to accomplish desired goals.

The findings for The Standardization of the Process showed that it generated quality for the employee competence development process. It was the upper global management who were the one’s that developed and later communicated standards throughout the organization. The most important part was to ensure that one communicated understandable standards with a common language, this to ensure that each department could understand and utilize the process standards. Standards simplified communication, handoffs, and partnership within the process. It also ensured that the organization followed the same development route.

It was evident that the respondents at IKEA had been successful in their implementation of standards for the employee competence development process. All respondents communicated confidence in their performance, and explained that they had clear guidelines to follow. However, at Volvo respondents communicated that the implementation of standards were successful were they were most transparent, hence in the manufacturing functions. This had resulted in confusion and frustration across the administrative functions, and every individual were taking their own development route. We therefore concluded that by implementing specific and structured standards the employee competence development process would experience a better support. Further, by implementing standards for individuals to follow, one ensures quality and consistency.

To conclude our research we answered our research questions in the following manner:

1. An employee competence development process consists of three steps: 1 Set SMARTER Goals, 2 Create a Development Plan, and 3 Evaluate and Document the Performance.

2. The fundamental factors that facilitate the process are: The Process’s Infrastructure, Organizational Culture and Development Climate, and The Standardization of the Process.

8 Discussion
The final section discusses the process of writing the thesis. We have incorporated a section on outcomes, weaknesses, and strengths of this study. This section will also present further research on the phenomenon.

Throughout the thesis, we have come to realize that there were both strengths and weaknesses in the writing process. By first presenting the strengths, the first one was that we chose to investigate two organizations, this because it gave us a broader perspective. If we had chosen one organization, the results and findings would have been somewhat biased and only reflected one organization’s point of view on the process. Additionally we would not have been able to answer our second research question, which concerned the fundamental factors. We found the factors from the discussion about the employee competence development process. Two of the factors were more apparent at one organization whilst the remaining factor was clearer for the other. This proved that if we were to choose one organization to investigate, not all three factors would have been included in the thesis.

Another strength was that we let the empirical finding drive the thesis; this made us less biased towards the results and thereby more objective. The frame of reference therefore played more of a facilitating role to support the findings. We had therefore no pre-set assumptions or subjective thoughts about how to execute the process. In addition, if the empirical findings were not the driving force, we could not have stated or answered our second research question. We could not predict to investigate the fundamental factors as they appeared during the process of analyzing the findings.

Even though the empirical findings were the driving force and therefore generated strengths, it also had its weaknesses. We had to change our topic several times and rewrite large parts of the thesis due to new gained knowledge. The changes made, turned out to be very time and energy consuming. Moreover, a qualitative research approach did not allow for generalizations. This implied that our thesis could only be applicable for the investigated cases and we could not say that the results found concerned the entire population. The final weakness, which was also mentioned as a strength, was that we could instead have chosen to investigate one organization or one specific department. We could thereby retrieved more in depth knowledge for that specific case. Additionally, this would have made it possible to interview more respondents and thereby generalize the results for that department.

Furthermore, one can perform further research on the phenomenon as our research question only focuses on how to implement the process. Further research could therefore be to investigate why one should implement and utilize the process. One could also answer questions such as what does the process generate and how to further measure the results? Whilst it is easy to write the process on paper, there are numerous ways of execute and implement it. In addition, there might be other variables, which our cases did not present, influencing and facilitating the process. One could therefore further dig deeper into the process to make an even more in depth investigation of its fundamental factors. We therefore suggest further research within each presented fundamental factor, to achieve more in depth knowledge on how they facilitate or hinder the process. As each fundamental factor is individually a huge research area it opens up for further research within each feature.
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10 Appendix

10.1 Figure 2 Interview Structure IKEA

10.2 Figure 3 Interview Structure Volvo
10.3 Structure for Interview Questions

1. Introduction, presentation
   - Presentation of interviewee and interviewer
   - Who are you what is your background?

2. The company
   - Key words that you believe represents the company.

4. Competence development process
   - What does the company do to develop you?
   - How do you know what the company requires from you?
   - Have you developed since you first started?
   - How do you know what you should develop individually?
   - How do you contribute to your employees/co-workers development?

4. Process
   - Who do you think contributes to your competence development?

3. Human Resources
   - What is HR for you?
   - What is HR’s role?
   - Describe your opinion of HR.