The Individual's Expectations on Competence Development in a Transnational Organization

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Titel
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The Individual's Expectations on Competence Development in a Transnational Organization

Författare
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Karolina Fredén Fredrik Nilsson

Abstract

Background: The turmoil caused by the new demands of globalization has forced multinational companies to rethink their traditional worldwide strategic approaches. The new strategies have resulted in reviews and questioning of the organizational structures and processes used to manage worldwide operations. A major part of this management is to develop the competences the company needs. To be able to develop the employees' competence is important for companies such as IKEA's Trading Area South East Asia (TASEA). Therefore TASEA has to understand the factors that influence the employees' expectations regarding competence development.

Purpose: The purpose of this thesis is to understand the individual's expectations on competence development in TASEA and give recommendations to improve the conditions for competence development.

Method: This study has been conducted as a case study of the TASEA organization. It is based on interviews with 29 members of the purchasing teams and 3 members of the top-management. The empirical research was conducted on site in the Bangkok, Jakarta and Ho Chi Minh City offices.

Result: The view of competence differs a lot between theories, management and the individual employee. A number of conflicts have been analyzed and some practical suggestions have been presented in the case of TASEA.

Nyckelord
Keyword
competence, competence development, individual, IKEA, Per Åman, South East Asia, transnational

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Titel
Title
Individens förväntningar på kompetensutveckling i en transnationell organisation

Författare
Author
Karolina Fredén Fredrik Nilsson

Sammanfattning

Bakgrund: Förvirring skapad av globaliseringens nya krav har tvingat multinationella företag att omvärdera sina världsomspännande strategier. De nya strategierna har resulterat i översikt och ifrågasättande av de organisatoriska strukturer och angreppssätt som använts för att leda världsomspännande operationer. En stor del av detta ledarskap är att utveckla de kompetenser som företaget behöver. Att kunna utveckla de anställdas kompetens är viktigt för företag som IKEAs Trading Area South East Asia (TASEA). Det är därför viktigt för TASEA att förstå de faktorer som påverkar den anställdes förväntningar på kompetensutveckling.

Syfte: Syftet med uppsatsen är att förstå individens förväntningar på kompetensutveckling i TASEA och ge rekommendationer för hur förutsättningarna för kompetensutveckling kan förbättras.

Genomförande: Studien är utförd som en fallstudie av TASEAs organisation. Den baseras på intervjuer med 29 medlemmar av organisationens inköpsteam samt 3 medlemmar av högsta ledningen. Den empiriska studien utfördes på plats i Bangkok, Jakarta och Ho Chi Minh City.

Resultat: Synen på kompetens skiljer sig mycket mellan teorier, chefer och de individuella anställda. Ett antal konflikter har analyserats och praktiska förslag har presenterats i fallet TASEA.

Nyckelord
Keyword
competence, competence development, individual, IKEA, Per Åman, South East Asia, transnational

Acknowledgements

When we got in contact with IKEA in December last year, we hoped that this co-operation would lead to an adventure for us. When we today look back on the last six months we know that it has, indeed, been an adventure in many way. After much work and many interesting experiences we have completed a thesis that has taught us many valuable lessons. We would therefore like to start by sending many thanks to IKEA's TASEA organization. We hope, and think, that you will find this thesis interesting and helpful.

We would especially like to thank Göran Westman, Lena Öhlund, Kia Carlsson and Mi-Sook Park Westman for their contributions.

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Last, but most important, we would also like to send some specific greetings to our dearest ones. Martin and Maria, thank you for your fantastic support for our work and your patience with our late hours and foul moods during this semester. And that you could stand visiting us in Thailand…

Karolina and Fredrik

Linköping, the 3rd of June 2003

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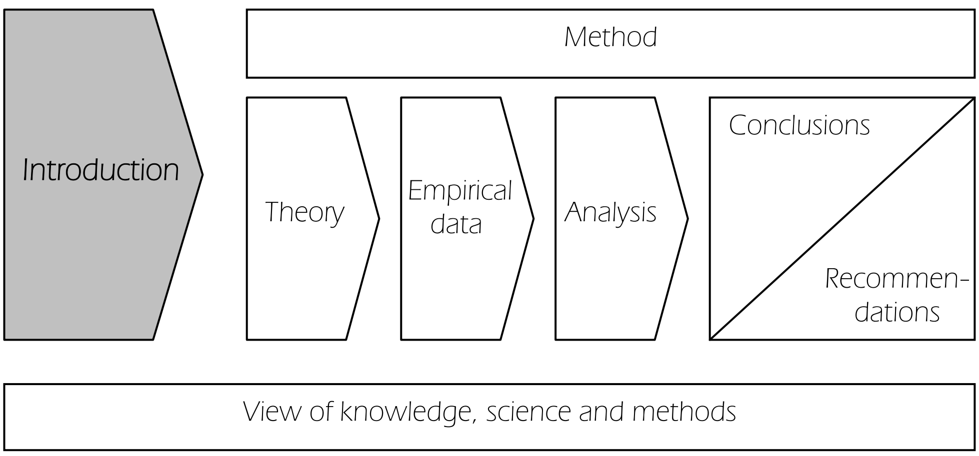
Chapter 1

Introduction

This first chapter of the thesis gives the reader an introduction to the topic competence and competence development in companies like IKEA, the case company of this study. The chapter starts with a background and then follows a problem discussion. The discussion leads to a number of in is research question that will be investigated in the study. From the research questions, the purpose for the thesis is derived and the delimitations of the purpose are stated. The chapter ends with a short overview of the thesis' disposition.



1.1 Background

When IKEA and its founder Ingvar Kamprad in 1961 decided to start business in Poland in search for greater volumes and lower prices, the company took their first step towards the global organization of the present IKEA (Torekull, 1998). Today, IKEA has stores spread over 22 countries in four continents, a purchasing organization that is sourcing from 55 countries "all over the world" and a logistic apparatus that spans the globe (IKEA facts and figures, 2002). The company's worldwide expansion is driven by the founder's "*intuitive quest for new opportunities*" and a history of successful relationships with suppliers worldwide (Grol et al, 1997:93).

It has often been said that we live in a dynamic and turbulent world. The reason may be the continuous change of the international economic environment that requires continuous evolution of the social sciences, not least in the business related areas. Different areas of research have had their own focuses on what this change means to them. One major focus has been on nation states and their relative competitiveness and comparative advantage. The trend there is that the domination of the United States is declining, the restructuring of Europe has lead to stagnation and that East Asian nations gain more and more economic power. The second major focus is on the organization of industrial companies. The institutions associated with mass production systems have met a decline and more flexible forms of industrial organization have proven successful. A third focus has been on the changing dynamics of competition among firms. (Barlett and Ghoshal, 1998)

Countries can be different in many aspects. The management of a transnational firm has to decide if these differences are significant enough to be considered. Is there a need for the organization's behavior to adapt to the international diversity or are there ways to overcome the constraints imposed by cross-border variety? (de Wit and Meyer, 1998) According to Levitt (1983) the technological, social, and economic development has created a unified world marketplace, a global village, in which companies must use global scale economics to be competitive. In many cases this has lead to a slimmed and more standardized product range and specialized production. At the same time consumer tastes are becoming more homogenous worldwide.

Douglas and Wind (1987) however point to the numerous barriers of standardization. They suggest that by adapting products and marketing strategies to the individual market, the firm can reach greater returns than before. Barlett and Ghoshal (1998) show in their research that companies need national responsiveness to local needs to be successful. This, of course, contradicts Levitt's (1983) opinion that the tastes of consumers are homogenizing, leading to standardization of products and production, even if this is the long term trend.

Barlett and Ghoshal (1998:9) believe that there are important short- and medium-term trends that must be considered as ”*the international economy jolts along – perhaps eventually towards Levitt's global village*”. By being global the firm can benefit from economies of scale in production, distribution, marketing, and management (Levitt, 1983). According to Brown and Duguid (1998) some researchers suggest that in the future, no formal organization needs or should come between the empowered individual and the ”global village”. Many of the proponents of this theory favor a transaction cost view of the company or organization. Transaction costs are the glue that holds an organization together and one reason for this is inefficiencies in communication. As new and better ways to communicate develops, transaction costs might be driven so low that firms dissolves into markets of self-organizing individuals.

Other researchers have according to Brown and Duguid (1998) come to a conclusion that counter the transaction-cost approach mentioned above. These “knowledge-based” arguments suggest that organizational knowledge provides a synergistic advantage not replicable in the marketplace. Knowledge is often thought to be the property of individuals but a great deal of knowledge is both produced and held collectively. It is therefore knowledge and not transaction costs that hold an organization together.

1.2 Problem Discussion

The turmoil caused by the new demands of globalization has forced multinational companies to rethink their traditional worldwide strategic approaches. The new strategies have, according to Barlett and Ghoshal (1998), resulted in reviews and questioning of the organizational structures and processes used to manage worldwide operations. IKEA's Trading Area South East Asia (TASEA) is a purchasing organization that is in this situation after a recent review and reorganization (Öhlund, 2003). The result of a change in strategy looks different in every company (Barlett and Ghoshal, 1998), and TASEA chose to organize based on competence and material areas and with little regard to national borders (Öhlund, 2003). Even within particular industries very diverse strategies have evolved, and while some companies have prospered, many are struggling to stay afloat. A study by Barlett and Ghoshal (1998) shows that in many cases the companies knew what they had to do to stay competitive on a global level, but the problem was how they should develop the organizational capabilities to do it.

For the companies that set out to be worldwide competitors the ability to link and leverage knowledge is increasingly the factor that differentiates the successful companies from the others (Barlett and Ghoshal, 1998). Knowledge is one part of the definition of competence according to many authors. Different authors also include things like skill, motivation, social factors and so on (Ellström, 1992). How the individual perceives the word competence is therefore important to know for a company that wants the individual to develop. If an individual does not include, for example, motivation in the definition, the individual will not seek to develop motivation and therefore one part of competence and development will be lost to the company.

By engaging in competence leveraging and development, the organization can increase its productivity (Lewis, 1998) and it is also important to create an organizational culture that can benefit from the new and extended knowledge (Mullin, 1996). In the beginning of the new decade, IKEA was in a situation where large volumes and low prices were the main focus. This approach resulted in short-term solutions where IKEA was mainly buying from its suppliers and not helping them to develop a more efficient business. (Öhlund, 2003) An even worse problem was that a large number of trading offices in 35 countries were competing internally within IKEA to get the orders from headquarters. The organization was built from a competition where everybody wanted to ”win” the orders. As a result, the trading offices specialized more in marketing themselves and less in purchasing. (Westman, 2003a) Partially because of this, IKEA was reorganized into 17 regional business areas (Carlsson, 2003). The offices within each area are now centrally co-ordinated and do not compete with each other (Westman, 2003a).

A different aspect of the new organization, where TASEA is one of the areas, goes under the slogan ”*From trading to purchasing*”. IKEA no longer wants an organization where the purchaser buys from a supplier and sells to headquarters, but rather buys on a mandate from IKEA. This gives the trading areas the possibility to work closer both to headquarters, through the purchasing managers, and to the suppliers, through the purchasing teams. ”*From trading to purchasing*” allows TASEA to work more with the core competences logistics, purchasing, and production technology. At the same time, the new organization has created a demand for new and extended competences. According to the TASEA’s Trading Area Manager some of them are leadership, taking responsibility, and the ability to work independently in a responsible way. (Westman, 2003)

After a short period of working in the new organization the management felt that they wanted to evaluate the situation in the organization after the change. Therefore they decided to co-operate with us when we contacted them and asked if they were interested to be part of a thesis about transnational organizations. After the first interviews with the Trading Area Manager and the Human Resource Manager about the general situation in the organization, we found that the interesting question was whether or not the employees wanted to develop the new competences that the organization required, or if they even were aware of them. In other words to find out what the individual's expectations are regarding competence development and if these expectations were consistent with the demands in TASEA. The question was not only interesting from the company's point of view, but also from a theoretical point of view. There is generally little research about the role of competence in transnational organization, and the theories that can be found are often on starting on an organizational or management level. This research looks at the issue from the individual's point of view, something that has rarely been done in this context.

According to Thomas et al (2001) knowledge is bounded up with human cognition, and the management of knowledge occurs within a social context. Therefore, human and social factors play a part in the production and use of knowledge. Today, the management of knowledge involves more than just having intelligent employees. Many human factors influence the individual's competence development such as the individual's motivation and attitude towards development. To be able to develop the employees' competence it is therefore important for TASEA to understand the factors that influence the employees' expectations regarding competence development.

1.2.1 Research Questions

- How does the individual TASEA employee perceive the words competence and competence devlopment?
- Which are the individual employee's expectations on competence development in TASEA?
- Which factors influence the individual's expectations on competence development?
- How can the conditions for competence development be improved in TASEA?

1.3 Purpose

The purpose of this thesis is to understand the individual's expectations on competence development in TASEA and give recommendations to improve the conditions for competence development.

1.4 Delimitations

To investigate all the factors that influence the individual would be an impossible quest. Therefore, a number of factors that we consider to be the most important have been selected. Of course, there could be others that are more important and we are sure of that there are other factors that at least influence the individual. The selection has been based on theory that have been studied and empirical findings.

1.5 Disposition of the Thesis

Figure 1 is a visualization of the disposition of the thesis. It reappears at the beginning of every chapter to show the reader which part of the process it describes. There is also a small outline of the figure in the header of every page to aid the reader in keeping track of the different parts of the thesis.

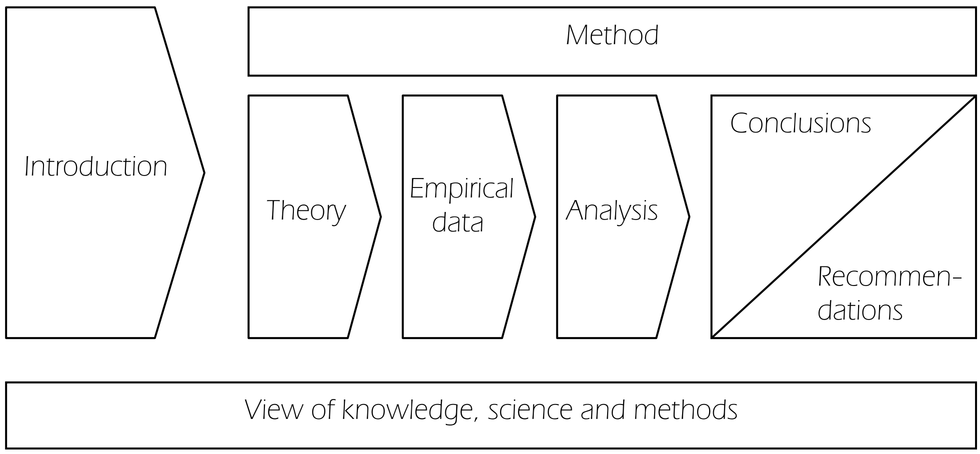


Figure 1 The disposition of the thesis.

Chapter 1 gives the reader an *Introduction* to the thesis. It starts with an introduction which is then followed by a description of the background to the problems that this thesis deals with. This leads to the research questions that will be answered in the thesis and the purpose of the study.

Chapter 2 is named *Methodology* since it describes the authors' thoughts about and views of knowledge, science and methods. It serves as a foundation on which the whole study is built and shows how these views have influenced the work. The chapter also includes a description of how the study has been conducted.

The *Theoretical Frame of Reference* is divided into three chapters.

Chapter 3 deals with the term *Competence* and how it can be defined.

Chapter 4 describes different aspects of *Competence Development*.

Chapter 5 contains a theoretical framework about *Competence in the Organization* and it is the final theoretical chapter.

The *Empirical Data* is divided into two chapters.

Chapter 6 starts with a comprehensive background description about the case company *IKEA*. After that the organization of *TASEA* is presented and TASEA's views competence development is described.

Chapter 7 has empirical data from interviews with members of the *Purchasing Teams* of TASEA.

The *Analysis* is divided into three chapters, corresponding to the three theoretical chapters.

Chaper 8 analyzes the use of the term *Competence* in TASEA.

Chapter 9 takes up *Competence Development* and how it is perceived.

Chapter 10 looks at a number of factors that influence *Competence in the Organization* and summarizes the analysis with a gap analysis.

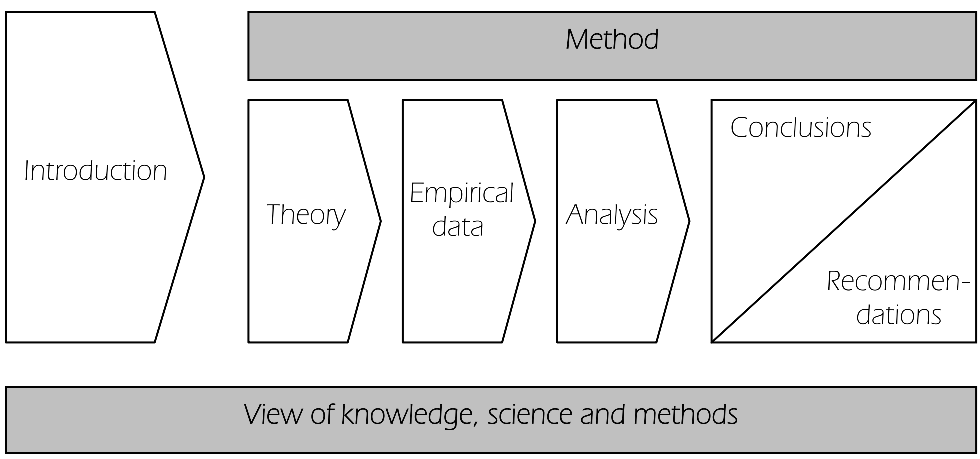
Chapter 11 presents the *Conclusions* that are drawn and answers the first three research questions.

Chapter 12 gives *Recommendations* to TASEA and other organizations in similar situations and suggests topics for further research. In doing so the final research question is answered and the purpose of the study fulfilled.

Chapter 2

Methodology

This methodology chapter describes the authors' view of knowledge, science and methods. These are three different areas that are closely connected and it is very important that the reader knows the authors' view of science, the purpose and how the study has been performed. Otherwise, the quality of the study can not be evaluated. The chapter starts with a short introduction to how the study has been conducted and then follows a description of the practical methods that were used. The chapter also includes reflections on the work.



2.1 Introduction to the Study

The work began when we contacted TASEA and its manager, Göran Westman in December 2002. He told us about the TASEA reorganization and about the situation and the changed demands for the employees' competences. From his description we found a topic that we thought was an interesting subject for our thesis and something that TASEA was also very interested in. From that first contact we had only a very vague picture of the situation in the organization. In the beginning of 2003 the work started by formulating a preliminary purpose and studying literature about mainly methodology, global companies, competence and competence development. In February 2003 we went to Bangkok, Thailand and met with Göran Westman, his Deputy Katarina Carlsson and the Human Resource manager, Lena Öhlund. They explained TASEA's situation in a more comprehensive way that allowed us to understand why the subject was of particular interest. The purpose was reformulated to deal with competence on the individual level and now the work continued with studies of the company and interviews during several weeks. The empirical knowledge for the study was mainly collected through interviews with the TASEA management and with 29 respondents from TASEA's purchasing teams. The latter interviews lasted about one hour each, and took place during six weeks in Bangkok, Jakarta and Ho Chi Minh City.

When the interviews had been completed, we communicated our first impression to the three managers in an interview where they gave us their reaction and response to this material, which was very helpful when interpreting the result. In April we returned to Sweden to complete the study. More literature was studied to complement the frame of reference, the empirical data was compiled and thereafter we analyzed it to reach the end result during the month of May.

2.2 View of Knowledge and Science

The theory of knowledge is also called epistemology and concerns questions about human knowledge according to Hartman (1998). Knowledge theory is a base for both the theories about science and method. Hartman believe that people often say that they know something. But how can anyone be sure of that? Knowledge in itself is valuable but it is also valuable because knowledge can be used and therefore we should gain as much knowledge as possible. But if one does not know what knowledge is, one can not search and find it. If one found it by accident, one would not recognize it as knowledge. The theory of knowledge gives us the answer of what knowledge is and therefore also the possibility to search for it. Plato (in Molander, 1988) argued that knowledge could only be gained about the eternal and non-changeable and through our reason or soul, not by our senses. He therefore rejects observations as one way of gaining knowledge, something that many after him have objected against.

What is true is often thought of as something that is consistent with the world according to Hartman (1998). One also has to be able to justify his or her statement and have good reasons for the view. Often this is complemented with, for example, the condition that one has to be able to explain the statement. There are basically two ways of doing this. The first way is empirically, by experiencing something. The second is by being rational in mind. We think that what knowledge is, what it is constituted of and how it is gained is mainly a philosophical question. It is very difficult to put down in words although our view of knowledge has influenced this whole research. We have strived to justify our result in such a way that it can be fully explained. It is our belief that this can be done both empirically and rationally and therefore these methods have been combined during the research.

The roots of science go very far back in time, but the first use of science, as we understand it today, came in the 17th century according to Rosing (1994). It was at that time that systematic use of observations and experiments started, and that regularities in the discoveries were expressed as mathematical relations. According to Molander (1998) scientific theory is the study of the sciences' logical and methodological grounds, on which the different sciences are built. Every science must be based on logic that set the rules of research, but also on methodology that examines which rules should be followed in order to solve a problem in a satisfying way. Which sets that is though to be the most usable often depends on what paradigm the researcher belongs to.

2.2.1 Objectivity

Often, objectivity is a goal in scientific research (Hartman, 1998). Others argue that objectivity is something unreachable, since human beings live in a social world (Molander, 1988). Bourdieu defines habitus as "*the basic stock of knowledge that people carry around in their heads as a result of living in particular cultures or subcultures*" (in Layder, 1994:143). The background environment, the habitus, will influence the behavior and anticipations about what we will want and what we can achieve. Giddens believes that rules and resources define what an individual is able to do. Both Bourdieu and Giddens (in Layder, 1994) discuss that everyone has a frame of reference and we are not always aware of this. According to Arbnor and Bjerke (1997) different methods are used in research because of different views. The method is a product of the researcher's basic assumptions about the world he or she lives in. This is often called a paradigm and constitutes what is wrong and what is right in different situations. A researcher's work and the results are often judged in a paradigm perspective and reality is what we understand it to be.

Weber (in Gilje and Grimen, 1992) argues that the researcher has an obligation to his or her research material. A researcher can not be entirely objective and therefore the researcher must be aware of where and when he or she has been subjective. It is important to inform the reader about the researcher's pre-understandings regarding expectations, experience and knowledge. According to Kvale (1997) objectivity is a term with many definitions. What one researcher considers as objectivity, another may reject. Objectivity can for example be defined as not being influenced by personal expectations and that the research can be tested and when done again, give the same result. Kvale, like Weber, emphasizes that the researcher has a moral responsibility towards his or her research. According to us, one part of this responsibility is openness about how the study has been conducted and what factors that may have influenced the results.

Our belief is that one can not be entirely objective in a research like this. Who we are and what we have done always influence, although we might not be aware of it all the time. It is our belief that we are a part of social systems and we carry them with us in what we are doing, thinking and interpreting. Our social systems shape us and influence our daily life. Since we can not always be objective, and sometimes do not even desire to be, we think that the best way of avoiding negative influence on our research due to lack of objectivity is to be as aware of it as possible. What is considered to be objective has changed through history and objectivity can be said to be a subjective view, partly based on different paradigms. If enough individuals consider something to be objective, it is seen as objective. With this we believe that there are no eternal truths and no real objectivity in researches like this one.

2.2.2 Paradigm

Kuhn was the first one to introduce the term paradigm. Molander (1988) argues that if every mismatch between theory and observation were reason to rejection of the theory, every theory would be rejected according to Kuhn. Paradigms are the reason for why theory is not rejected all the time. A paradigm is the framework of thoughts, norms and ideals that dictate what is scientifically accepted and what is not in a certain field of science and in a certain group of scientists. When scientific research changes and makes progress the paradigm also evolves. When there are too many things and facts that suggest that the paradigm is false, the need for a new paradigm arises. Under a crisis period many paradigm coexist side by side and after a while, there is a change of paradigm. This change is not the acceptance of a new theory and the rejection of another with the help of arguments according to Kuhn. Instead, it is a change of perceiving the world. Arbnor and Bjerke (1997) believe that the change of paradigm in social science is more evolutionary than Kuhn's revolutionary theory. In the field of social science, old paradigms usually survive and function side by side with new paradigms. According to these authors paradigms can cause blockages in researchers' minds and filter away facts that can not be explained in the paradigm. With a more evolutionary view this problem is not so sever as with the revolutionary view, because of the coexistence of paradigms.

Hartman (1998) sees great differences between natural and social sciences. They investigate different things and therefore they differ considering method and result. According to Arbnor and Bjerke (1997) there are two widely accepted paradigms: positivism and hermeneutics.

The term positivism was first used by the sociologist Comte in the 19th century. Positivism is often used to describe knowledge and theories that are based on quantitative phenomena. The most important way to reach knowledge is by observing the reality, either in natural situations or by doing experiments. (Hartman, 1998) Even if we think something is true it can not be unless it can be proven (Rosing, 1994). The positivistic view is that common rules for method can be used in every research and is not dependent on the research in itself. The researcher's influence should be eliminated or at least minimized. Science is based on data that can be observed and observation and interpretation must be held apart. (Kvale, 1997)

Even if a strict positivistic view is not always used in research, most studies today build on positivism in some way. There are different ways to reach conclusions according to the positivistic tradition, where the most common are the inductive and deductive methods, or a mix of the two called the hypothetic-deductive method. The inductive method uses empirical data to reach conclusions. Collected facts and well known truths are put together to form the analysis. The deductive method uses a logical, intellectual conclusion. By setting up a number of statements, enough data to make logical conclusion can be presented. Note that just because something is logical it is not always true. As the name reveals, the hypothetic-deductive method formulates and tests hypothesis. The tests are done with empirical data and thus theoretical and empirical aspects are combined. (Eriksson and Wiedersheim-Paul, 1999)

The hermeneutic view wants to understand the world human beings live in. Every human being perceives their self and their situation differently. This is because of our different "life worlds"[1]. (Hartman, 1998) The object with a research is to understand the individual's life world and his or her relation to it. This can be done on an objective level but has to be complemented with the researcher's interpretation and understanding of what the respondent is telling. (Kvale, 1997)

Even though we have a more hermeneutic view than a positivistic, we believe that we are very influenced by both views. The object of this study is to understand the respondents' view and expectations about competence and competence development. The research is based on the individual's life world and not on an "objective reality". The aim is to describe these life worlds and to be able to do this, we have to listen, understand and interpret. Some of the respondents had a low level of spoken English and this meant that we had to explain questions and also interpret what the respondent really meant. In a case like this, it is impossible to make the researcher "invisible". But we also have been influenced by the positivistic tradition, partly because of our backgrounds in the natural science field. We tried to make every interview situation the same, using the same structured interview guide and presenting us in the same way.

[1] Translation from the Swedish word livsvärld. Hartman 1998:95

Knowledge about the life world is not gained by measuring but by interpreting human behavior and by trying to understand their view of the world. This knowledge is often called pre-understanding. According to the hermeneutic view, pre-understanding is something that everyone has and that is natural. In the positivistic view, the researcher's pre-understanding should be eliminated. (Hartman, 1998) We think that our pre-understandings have influenced our work in a positive way. Fredrik is well aquatinted with IKEA since childhood and has had various employments in the company during the years. He has also experience of Asian cultures from a number of stays in different parts of the continent. These include two years in South Korea with his family 1994-1996, one semester at a Malaysian college 2001 and ten weeks in an IKEA-project in China 2002. Because of this, and also from taking courses such as "Asian Business Environment" at college in Malaysia, Fredrik has had a great interest of the region and a generally good knowledge of the countries. It is our belief that this has helped us to understand the respondents and their situation better. From her studies of pedagogy, Karolina has gained knowledge about competence and development from a slightly different angle than our business studies has given us. We believe that this has given us a richer understanding of the phenomena.

2.3 Choice of Methods

In order to build a ground for good research everything has to be documented in a proper way. Part of this documentation is the presentation of the chosen methods, and the justification of why they were used. (Eriksson and Wiedersheim-Paul, 1999)

2.3.1 Qualitative and Quantitative Methods

According to Lekvall and Wahlbin (2001) research can be done using either a qualitative or a quantitative method. It is often difficult to clearly distinguish between the two since a method that is qualitative in one case may be regarded as quantitative in another. Quantitative research means that the topic of investigation can be expressed as a numerical value. A qualitative research on the other hand means that the result of the investigation can not be expressed in a meaningful numerical format. Hartman (1998) describes a quantitative method as one that answers the question of how something works, whereas the qualitative method investigates why it works in a certain way.

Quantitative and qualitative involves more than just numbers and like Lekvall and Wahlbin (2001) say, it is not always easy to separate the two. This research will investigate what the respondents think but also why they think so. It is a qualitative research, because the main interest is to understand. According to Creswell (1998) qualitative research is characterized by interpretation, natural settings for the respondents and trying to make sense of personal experience. This could in short summer up the characteristics for this study too.

2.3.2 Case Study

Research is often conducted either as experiments, surveys or case studies according to Yin (1994). A survey is used when a small number of parameters are to be investigated from a statistical perspective. Large numbers of people are questioned and the answers are standardized so that they can be processed as one material. Also the experimental method uses a large material to reach its conclusions. Lekvall and Wahlbin (2001) believe that a case study on the other hand is a research method of ever increasing popularity that conducts a detailed in-depth investigation of a single occurrence. The goal is often to describe and investigate from different points of view, and new areas of interest may therefore be found during the process.

According to Lekvall and Wahlbin (2001) most case studies are of a qualitative nature, with a small sample that has been handpicked for the study. During the process of a study, new areas of interest may evolve. In this research the focus was not the same at the beginning of the process as it is in the final product. The focus has continually changed as we have learned more about the company, the respondents and have had time to study the field deeper. We have been influenced by the environment, because we stayed in Asia for nearly seven weeks and had a chance to know a little about the people and their home environment.

Eriksson and Wiedersheim-Paul (1999) write that science often requires empirical measurement of experiments that rests on theoretical grounds. From this point of view the case study is only recognized as a method of constructing a hypothesis or to illustrate something. A different viewpoint is that measurability is not everything that matters, and that the role of the interpreter in a case study can be as valuable. Yin (1994:13) points out another important part of the case study in his definition:

"*A case study is an empirical inquiry that investigates a contemporary phenomenon and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.*"

In other words, the environment in which the case is studied is an important part of the research according to Yin (1994). Sometimes the answer to a question can lie in the context rather than in the defined sample, which means that the sample or the research process may have to be altered. We believe that the answer to why our respondents think the way they do can be found both in themselves and in the environment.

2.3.3 Interviews

According to Kvale (1997:25) the "*research interview is a specific form of conversation*". The objective with a qualitative interview is to understand the individual's life world, from the individual's perspective. According to Yin (1994) it is most common that case study interviews are of an open-ended character. In such an interview the respondent is asked for both facts of the matter and personal opinions about events. Yin (1994:84) also proposes that "*you may even ask the respondent to propose his or her own insights into certain occurrences and may use* *such propositions as the basis for further inquiry."* This method was used initially in the research as different persons from the company's management were interviewed about the background of the organization and the researched topic. This way we could gather information about different aspects that influence the need for competence development and the employees' views of competence. Based on this information, the respondents could be chosen and the interviews with the purchasing team members could be design to cover topics that were of value for the research. According to Jensen (1995) in an open interview it is very important not only to notice what is said but also what is said "between the lines". The researcher always has to interpret to be able to understand what is really said. We tried to make the interviews, both the open and the more structured ones, like an ordinary two-way conversation where the respondent could feel relaxed. After the interviews with the members of the purchasing teams, which will be described hereafter, were completed another round of open interviews with the managers were conducted. This time we asked them to share their view of the results from the interviews with us. The choice of an open interview as our method was due to our interest in the managers reactions and thought about our material.

According to Kvale (1997) another common form of interview is to do it in a semi-structured way, neither a totally open conversation nor strictly following a structured questionnaire. An interview guide is often used with different themes that the researcher wants to cover. The interview guide that was used during our interviews with members of the purchasing teams can be seen in appendix 1. This guide was not followed strictly. Sometimes the respondents did not understand and we had to explain, sometimes new questions and topics were raised during the interview and sometimes there were reasons not to ask some respondents certain questions. The time limit was set to one hour for each interview which enabled us to pace all interviews approximately the same, though some interviews were longer and some shorter by up to about fifteen minutes.

According to Kvale (1997) one of the most important factors for the researcher when doing interviews is how much time and money is available. For us time was the limiting factor and therefore the research was limited to investigation of the purchasing teams only, since we found out in our interviews with management (Westman, 2003a and Öhlund 2003) that this was the most important part of IKEA's trading organization.

Kuala Lumpur in Malaysia and Hanoi in Vietnam were excluded from the sample, because too much traveling would reduce the time available for interviews. Therefore the study concentrated on Bangkok in Thailand, Jakarta in Indonesia and Ho Chi Minh City in Vietnam. The business development team was also excluded because of the team's focus on developing products and factories rather than purchasing. We decided not to interview all the employees but about 30 of them, which represents about a third of the company's total number of purchasing team members, and about half of the members in the selected teams and offices.

Since we wanted to talk about changes that had come with TASEA's new organization, we chose to interview those employed longer than two years whenever possible. In some positions this was not possible and a few respondents had not been employed for two years. None the less, all but one of them had experienced both the old and the new organization. Tables of which respondents were chosen and how they were distributed over the different positions, teams and offices can be seen in appendix 2.

After the selection of respondents had been completed and all of the interviews had been conducted, the final number of respondents from the purchasing teams was 29. Before the interviews we let the respondents know that the interviews would last approximately one hour each, and to make the respondents feel more relaxed we started by small talking and after that we introduced ourselves and the topic. We tried to make every interview as personal as possible to reach the highest level of openness. Every respondent was ensured that his or her answers were anonymous and we also explained what this meant.

During all of the interviews one of us took notes and the other one interviewed. We took turns at each task so that approximately half of the interviews were conducted by each person. This enabled us to concentrate on different parts of the interview, one on asking questions, listening and following up interesting answers, and the other on taking notes. To aid the person taking notes, so that he or she could focus also on the "unspoken messages" and the context, we also used a tape recorder. According to Kvale (1997) the tape recorder is a good help for remembering since one easily forgets details and the memory is also selective in what is remembered. The tape recorder only gives an image of what have been said, because it can not record the context, hand movements and so on. Since one of us also took notes during the interview, we were able to notice this. One of the respondents hesitated when asked if a tape recorder could be used, but when we explained that we only intended to use it for our own listening and that nobody else would listen to the tape, the respondent changed opinions.

2.4 Quality of the Study

Because a research design is supposed to represent a logical set of statements, it should be possible to judge the quality of any given design according to certain logical tests. This thesis will be judged using four of the most common tests. (Yin, 1994)

2.4.1 Construct Validity

Construct validity refers to the investigator's ability to develop a sufficiently operational set of measures when conducting the investigation. The reason why high construct validity is needed is that data should be collected using objective judgments. One way to increase construct validity is to use multiple sources of evidence. First the measures that are to be used have to be defined. Then the investigator must make sure the measures actually show what they are supposed to. If it is possible to confirm measures with different types of data that show the same result, the construct validity can be considered high. (Yin, 1994) In the interview guide we chose to ask questions about skills, competence and responsibilities to see if the respondents made any differences between them. To reveal if the employees want to have a specialist or generalist focus on knowledge, we asked about what skills and competences were the most important, what they thought about the competence profile and if they had read the Business Plan.

2.4.2 Internal Validity

Internal validity is the ability of the instrument to measure what the investigator intends to measure. Therefore the correspondence of the operational definition of a measure and the definition used in the report for that measure is crucial to the internal validity. (Eriksson and Wiedersheim-Paul, 1999) However, Yin (1994) says that for case studies the internal validity is a concern only for casual, or explanatory, studies in which an investigator is trying to determine a relationship between two events. Yin continues to say that if extended to the broader problem of making inferences, internal validity is an issue. An inference occurs every time the investigator can not observe the event, but has to receive it from a secondary source. The problem is that the source may not include all the data or present an incorrect picture of the event. We believe that a problem like this could occur every time one uses secondary source data, like the literature that was studied for this thesis. Most of the research that has been read was conducted in western countries. How generalizable this is to the studied Asian countries is not an easy question to answer.

2.4.3 External Validity

The external validity shows if the result of the study is generalizable into other dissimilar situations. Generally case studies are criticized to be a poor ground for generalization since they are not statistically good enough, as are surveys. But keeping in mind that survey research relies on statistical generalization, whereas case studies rely on analytical generalization, this criticism should be avoided. In analytical generalization a particular set of results is generalized to some broader theory. It is important to note that a case study can not be generalized automatically into any other situation. First, circumstances have to be compared, and replication should be made in a few areas where theory shows that the same result should be obtained. If this is successful, the number of cases for generalization can gradually be increased. (Yin, 1994)

In order to achieve a high external validity it is also important to be careful with the way that data is collected. If data is not collected according to the definitions or if it is collected from an incorrect or incomplete set of data, the external validity will be low. (Eriksson and Wiedersheim-Paul, 1999) We also think that it is important to be aware of the special context of this research. In some cases, the results are probably generalizable but absolutely not in all. According to us, the effects on the respondents can not be isolated but one have to consider as much of the context as possible. But by isolating effects, one could get a general idea of the problem.

2.4.4 Reliability

The reliability of the research is the consistency and stability of results according to Yin (1994). If a later investigator follows exactly the same procedures as described by an earlier investigator and conducted the same study over again, the later investigator should arrive at the same findings and conclusions. The goal of reliability is to minimize the errors and biases in a study. The general way to increase reliability is to make as many steps as operational as possible and to conduct the study as if every step was subject for auditing. We believe that a later research would reveal the same main results as ours. Many of the factors that influence the respondents, like culture, are not easily changeable over time and they also influence the individual on a very deep level.

2.5 Using the Results

For any study to be meaningful the conclusions must be useful for someone. According to Hartman (1998) positivistic methods can be used to explain and predict events because they use propositions that are universally valid. With the methods used in this thesis the generalization can not be done in the same way since the object of this study is to understand the respondents' life worlds and not to find universal laws. Eriksson and Wiedersheim-Paul (1999) argue that results can be used either in a certain situation, for example for a company before a time of change, or generalized to different situations or over time. The result of this thesis will be used in both ways. Many of the conclusions from the work will be of specific interest for TASEA in the situation that they face at the moment. Indeed, this was the reason why they wanted to co-operate in the research. Even so, very little of the result is exclusive for TASEA, and most can also be of interest for other organizations in similar situations.

The understanding of the respondents' life worlds can give valuable information to other organizations facing similar problems and/or contexts. Parts of the conclusions can be isolated and found useful also in situations that have only one or few factors in common with this case. One example of this is the gap analysis of the current situation in TASEA that ends the analysis chapters. Organizations that find themselves in similar gaps, one or many, can find this thesis useful in their own work to overcome these. Also from a scientific point of view the result will be of interest. Though most of the theories and ways of reasoning are not new, the way they co-exist in this thesis have rarely been seen. Considering also the way they have been used in a context that is rather unusual, this thesis has a unique value that can be used, for example, when evaluating the theories in a grander perspective. At the end of the thesis a number of recommendations, both for specific use of the conclusions and for further research that is actualized by this thesis, will be presented. A number of these recommendations could be used by organizations that are facing similar problems or contexts.

2.6 Reflections on Our Work

After every interview, after every read article, every discussion and so on, our pre-understanding has changed. An interpretation on the final stage of the research could therefore have been interpreted differently in the beginning. We might for example have changed our attitudes towards the respondents or changed our explanations of the questions during the interviews. Our own pre-understandings could also make us miss some important information, since we were expecting something else et cetera.

When doing interviews, the researcher must be aware of the affect he or she has on the respondent according to Kvale (1997). By the researcher's presences or appearance, the respondent can be influenced to answer or behave in a specific way. This was limited for example by dressing neutrally and assuring that we were students and not employed by TASEA.

We tried to make the interview situation as personal as possible and make the respondent feel like they could say anything to us. One important step in this process was to ensure that everything said during the interview would be anonymous. This is something that Kvale (1997) emphasizes, since this can make the respondents to talk more freely. Before starting the interviews we were prepared for a situation where the respondents would hide their opinion and avoid answering questions that could be perceived as sensitive. We were therefore surprised to find that the respondents, in our opinion, were very open, although sometimes careful.

It was also a problem that we are European, as are most of TASEA's management, and some of the respondents therefore assumed that we also were TASEA employees that were there to judge them. Sometimes the respondents did not want to give an answer that were extreme, especially when asked about something delicate, but wanted to give the answer "so-so" and in these cases we tried to understand and asked them what this meant. Some of the respondents also wanted to give the "right" answer and asked for some alternatives. We explained that there was no right or wrong and after that the respondents felt freer to talk.

Each interview was typed out as soon as possible after the even, using the notes and the recorded tape. It was normally done the same day, and never later than four days later. After the interviews had been typed we decided not to send them back to the respondents. To send the interviews back is an often practiced method for controlling that the interviewers have understood the respondents correctly according to Kvale (1997). This was not done for several reasons. The answers that the respondents gave were generally easy to follow since the level of English often was basic. In most cases the notes from the interview were identical with the script that was typed out from the tape recording which shows that there was little room for misinterpretations.

Early in the interviewing process we also noticed that the respondents wanted to answer the questions with the answer that they thought was the "right" answers according to IKEA, and for example not confess that they did not know what we were talking about. We were afraid that if they saw our typed interviews they would want to change their answers into the "correct" one and not the spontaneous one. This leaves room for misinterpretation, but we think that a possibility for the respondents to change their answers would affect the result even more.

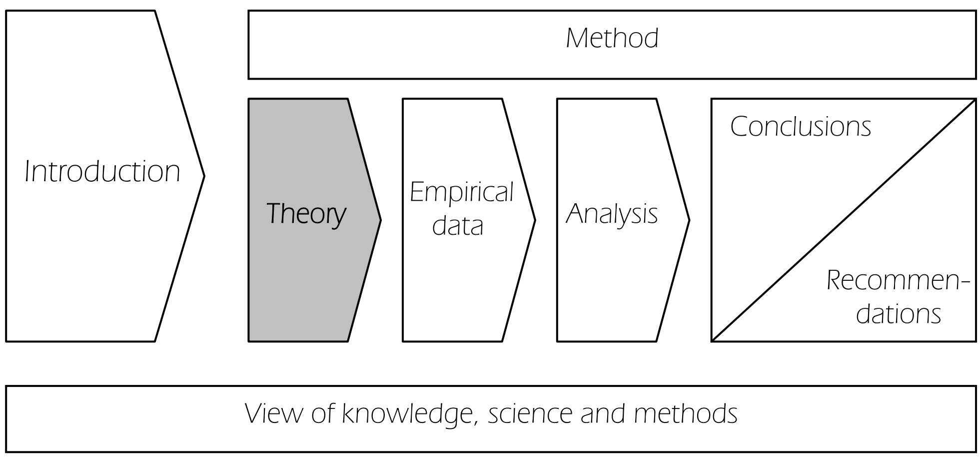
Some of the questions in the interview guide were there mainly to see if the respondents made a difference between different terms and to sorter out opinions that would only reflect TASEA's view and not the respondent's own. Often, the respondents did not make a difference between these questions and this sometimes caused irritation because they thought that we asked them the same questions. In these cases, we explained the reason. After a while, we decided to inform the respondents about this in the beginning and after that, this was not a problem.

Many of our problems during the study can be related to different cultures and languages. There is no simple solution to how these problems can be dealt with. We tried to minimize them by being aware of the differences between us and the respondents and knowing as much as possible about their background.
During the work of this thesis we have come across problems concerning literature. One of the problems has already been mentioned; that much of the research is done by Westerners in Western countries. But there is also some other literature problems and there is a needed to develop the research in this field. In the Recommendations chapter we will therefore discuss this further.

Chapter 3

Competence

The theoretical frame of reference consists of three chapters, *Competence*, *Competence Development* and *Competence in the Organization*. This first chapter highlights the important characteristics that are commonly used in definitions of competence in order to give the reader a chance to form an own opinion of the subject. No definition or view of competence is preferred in the thesis, but the most important characteristics are summarized at the end of the chapter to make the use of these theories easier.



3.1 Introduction

According to many authors, the word competence has a wide and non-specified meaning (for example Ellström, 1992; Hall, 1980 and Stevrin, 1986) and the term in itself has an "open" characteristic (Stevrin, 1986). Competence can exist on different levels, such as organizational, team and individual level (Stevrin, 1986), and companies benefit from competence on all these levels (Turner and Crawford, 1994). This chapter will deal with competence from a "multi-meaning" way. It will also take into account two of the different levels that competence exists on; individual and organizational.

3.2 Individual Level

Since competence does not have an absolute meaning, authors include different things in their definition of the term. During these studies of the phenomena, many different explanations have come up, and in this chapter we will highlight those that we find illustrate the term in an understandable way, and also differences and similarities between different definitions. When defining competence, many authors take their starting point at the individual level, and so will we do. The meaning of personal competences is that these competences are possessed by the person and when leaving an organization, his or her competences are lost to the organization (Turner and Crawford, 1994).

3.2.1 Competence as a Relative Term

Many authors define competence in relation to a problem or a specific situation (for example Sahlqvist and Jernhall, 1998; Keen, 1991; Ellström, 1992 and Spencer and Spencer, 1993) White (in Ellström, 1992) defines competence as an organism's capacity to its environment. According to Sahlqvist and Jernhall (1998:11) "*competence involves the ability to solve a problem*". These authors describe competence as a relative concept, relative to a task or a problem. Keen (1991) describes competence as the ability to handle a situation, to be able to take action and to have planning in advance. The general meaning of competence is according to Stevrin (1986) that an individual, or organization, has a skill or ability to perform certain activities. According to Hall (1980) the fundamental human competence is that people are able to do what needs to be done to deal productively with both one another and their environments.

Stevrin (1986) emphasizes that competence can not be viewed as an isolated phenomenon, but in relation to the surrounding environment. If an individual is very adapted to the environment, he or she is looked upon as a competent person. According to Stevrin competence is joined together with for example the ability to solve problems, to work together with others and the ability to lead. White (in Hall, 1980) describes competence as the key to adaptive fitness: the more competent we are, the more fit we are to interact effectively with our social and physical surroundings, to the demands they make on us. Adaptive behavior according to Hall (1980) is any behavior that helps one to meet environmental demands, as an ability to make appropriate responses to changing circumstances. Competence, as a state of adaptive fitness and response readiness, is a sustained capacity of people to respond in a committed and creative fashion to demands placed on them by their environments.

According to Spencer and Spencer (1993:9) a competence is:

"*an underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation.*"

By underlying characteristics Spencer and Spencer (1993) argue that the competence is a fairly deep and enduring part of a person's personality and can predict behavior in a wide variety of situations and job tasks. Causally related means that a competence causes or predicts behavior and performance. Criterion-referenced means that the competence actually predicts who does something well or poorly, as measured on a specific criterion or standard. Spencer and Spencer (1993) argue that competence is relative to something and this something can also be used to judge the competence.

3.2.2 Competence and Knowledge

Most authors (for example Axelsson, 1996 and Sahlqvist and Jernhall, 1998) think that used or usable knowledge is very essential part of competence. It is often considered as something that the individual needs to posses, otherwise the problem and the work can not be carried out in a suitable way (Sandberg, 1994). Spencer and Spencer (1993) argue that knowledge is the information a person has in specific content areas. According to Keen (1991) knowledge is to know facts and methods. It also includes using knowledge. Ellström (1992) uses the term cognitive factors and in this he includes different kinds of knowledge and intellectual skills, for example, an ability to solve problems and make decisions. Sandberg (1994) includes both theoretical and practical knowledge as parts of competence. The practical knowledge is often called the skill or ability to get something done in a situation. Skill will be discussed separately later in this chapter.

To be able to handle the problem, task or situation, authors have included different concepts in their definitions. The most common that we have come across is that competence is “more” (in for example Sahlqvist and Jernhall, 1998 and Stevrin, 1986) and this ”more” is often more than knowledge in itself and the skill or ability to do something. Stevrin (1986) describes competence as more than having knowledge or having access to it. According to Sahlqvist and Jernhall (1998) knowledge of a subject is an absolute concept; it is independent of any task or interest. Competence on the other hand is relative a task and problem. Once an individual has acquired knowledge, it remains with that person, irrespective of whether or not he or she uses it. In itself, knowledge can have a value for the individual. But for an organization, the knowledge is only valuable when it is used. Knowledge is what points the way, but can not function on its own. Hall (1980) emphasizes that competence is more fundamental than the special skills that belong to experts. Without competence, the capacity to do what needs to be done and to learn from past experience, there would not be any special skills and because of that, no expertise. Competence is therefore not only specialized knowledge.

Ellström (1992) have found two different kinds of knowledge; explicit and implicit. Explicit knowledge is a kind of knowledge that can be put into words and therefore also can be communicated to others. This kind of knowledge is often called theoretical knowledge. According to Turner and Crawford (1994) explicit knowledge is formal and systematic.

Implicit knowledge on the other hand is often called “silent” or tacit knowledge. Often, this kind of knowledge can not be put into words because of cognitive or psychological reasons. Tacit knowledge is sometimes used in work, without being noticed or asked for by the employer. (Ellström, 1992) Sandberg (1994) describes tacit knowledge as the employees’ familiarity with their work and their ability to make judgments about their performance. According to Turner and Crawford (1994) tacit knowledge is highly personal and does not belong to the organization.

3.2.3 Competence and Skills

Beside knowledge, skill is the other factor that most authors can agree on. In many cases, skills resemble tacit knowledge according to Sandberg’s (1994) definition above. Competence is a bundle of constituent skills and technologies, rather than a single discrete skill or technology (Hamel, 1994). Keen (1991) argues that skill is needed to be able to handle a tool, to communicate in speech and writing, and to complete a task. According to Spencer and Spencer (1993) skill is the ability to perform a certain physical or mental task. Mental or cognitive skills include analytic thinking and conceptual thinking. In Ellström's (1992) definition of competence, the term psychomotor factors is used, that is, different kinds of perceptual and manual skills such as dexterity. Sahlqvist and Jernhall (1998) and Axelsson (1996) also emphasize the need of skills to solve a problem.

3.2.4 Competence and Social Aspects

The majority of the authors that were studied for this thesis have included knowledge and skill in their definition of competence. Most of them have also complemented these two factors with other factors, mainly concerning the individual's social ability and the individual's personality. According to Sahlqvist and Jernhall (1998) competence embraces both technical and social abilities. It implies the ability to co-operate, to lead and to be led. Stevrin (1986) think that an individual's competence can be divided into two parts. The first is called "technical competence". That is the kind of knowledge that can be attached to knowledge in a specific area. The second part is called "social competence" and that is the competence that is used when doing something together with others. Hall (1980) describes this necessary part of competence as dealing productively with other people. Ellström (1992) suggests that social factors, for example ability to co-operate, manage and communicate are very important. Sandberg (1994) has found that a network of professional contacts is one essential part.

Sahlqvist and Jernhall (1998) argue that contacts are an essential part of competence. Also Keen (1991) emphasizes the need of contacts. According to her, the possibilities to learn something increase when having social contacts. This refers to things like influence, networking and social attitude. She also believes that values are very important. Individuals must be able to share values with each other and also take responsibility for their own actions and doings. Spencer and Spencer (1993) also take account of a person's values.

3.2.5 Competence and Personal Aspects

According to Axelsson (1996) there are several attributes that are important parts of an individual's competence. Spencer and Spencer (1993) argue that motives, traits and self-concept are a part of the competence definition. By motives they have considered the things a person consistently thinks about or wants that causes action. According to them motives drive, direct and select behavior toward certain actions or goals and away from others. Traits are the physical characteristics and consistent responses to situations or information like emotional self-control and initiative. Self-concept is a person's attitudes, values or self-image.

According to Axelsson (1996) a person's values are respondent or reactive motives that predict what he or she will do in the short term and in situations where others are in charge. Argyris (1962) thinks that values are commands or directives to which individuals are committed. If the value is to affect human behavior, the individual has to be dedicated. Hall (1980) also argues that commitment is very important. For people to do what is required of them in a creative fashion they must not only have the opportunity to put their talents to work, they must also be committed to and interested in their task.

Keen (1991) emphasizes the need of being experienced. By being experienced, you have learned from mistakes and achievements. Ellström (1992) includes affective factors in his definition of competence. With affective factors he considers the motivational and emotional conditions for action, for example, engagement and values. He also includes personal factors, conditions for action related to personal traits such as self-confidence and self-image in the aspects belonging to the individual itself.

3.2.6 Putting all the Pieces Together

To know what has to be done and to do it is not always the same thing. Putting all the pieces together is an important part of competence that not all authors have included in their definitions. Keen (1991) uses a hand to describe competence in an illustrative way, to show what is included and also that it has to function together. According to her, the whole hand is necessary and without one part, the hand can not function perfectly.

Competence works in the same way; it is also constituted of different necessary parts according to Keen (1991). The fingers (skills, knowledge, experience, contacts and values) and palm (that is needed for co-ordination) work together, and the wrist is used to support and control this. Sahlqvist and Jernhall (1998) have an explanation that resembles Keen's and they describe competence as a combination of knowledge, skills, experience, contacts and values, along with co-ordination and management.

3.2.7 Not all is Visible

According to Spencer and Spencer (1993) knowledge at best predicts what someone can do, not what he or she will do. Knowledge and skill competences tend to be visible, and relatively superficial, characteristics of people. Self-concept, trait and motive competences are more hidden, deeper, and central to personality. Spencer and Spencer picture competence as an iceberg, which has most of its content below the surface and therefore not visible to the eye, see figure 2.

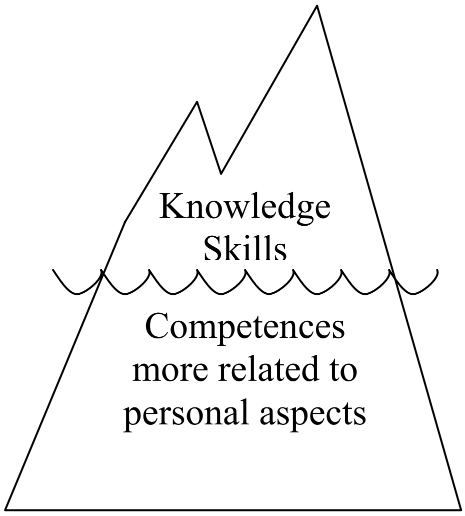


Figure 2 The iceberg metaphor. Source: Spencer and Spencer, 1993:11

Many organizations select new employees on the basis of surface knowledge and skill competences and either assumes that recruits have the underlying motive and trait competences or that good management can instill these. Motive, trait, and self-concept competences predict skill behavior, actions, which in turn predict job performance outcomes. (Spencer and Spencer, 1993) According to Ellström (1992) tacit knowledge is also something that is not always noticed by others and sometimes not even by the individual itself.

3.3 Organizational Level

A company's competence is defined as the specific and intangible assets of the company assembled in integrated clusters, which span individuals and groups to enable distinctive activities to be performed (Winterscheid, 1994). Competence at the collective level not only refers to human competence but also to the organization's systems and routines (Sandberg, 1994). The organization gives the individuals possibilities to take action in setting up good working conditions (Ellström, 1992). A part of the collective competence is therefore the result of the company's effort to develop a system that ensures that individual people can effectively use each other's competence and make use of the lessons learned during earlier development efforts (Sahlqvist and Jernhall, 1998). Prahalad and Hamel (1990) believe that competence reflects the expertise of an organization resulting from its collective learning.

Corporate competence consists of a combination of corporate characteristics, skills, motivation and knowledge, all owned by the organization. These are embedded in the organization's systems, mechanisms and processes and diffused in its people, technology and structures. It does not depend on individuals, and can therefore endure over time. (Turner and Crawford, 1994) This view differs a lot from many other authors' (like Argyris, 1962 and Axelsson, 1996) who believe that the individual has a more significant part in the competence of the organization. Helleloid and Simonin (1994) include the context of functional areas, abilities and skill, resources and organizational culture in their definition of competence. Competence includes the know-how of employees, as well as suppliers, advisers and distributors, and the collective attributes that add up to organizational culture. A functional capability relates to the ability to do specific things and it results from the knowledge, skill and experience from employees and others in the value chain[2]. A cultural capability applies to the organization as a whole. It incorporates the habits, attitudes, beliefs and values that permeate the individuals and groups which comprise the organization. (Hall, 1994)

Argyris (1962) calls competence on the organizational level administrative competence. This kind of competence "*is related to the organization's abilities to achieve its objectives, maintain itself internally, and adapt to its external environment*" (p 15). There are many factors that influence the organization's competence. Some of

[2] The value chain includes, for example, suppliers, distributors, stockbrokers, lawyers, advertising agents and so on.

these factors will be discussed in chapter 5. Argyris mention leadership, effectiveness of groups and intergroup relationships, formal organizational structure, managerial controls, policies and practices, the technology and the people at all levels of the organization. Axelsson (1996) includes scientific research, concepts, routines and procedures, the ability to learn in the company and individual’s competence in his definition of organizational competence. This approach, compared to Argyris (1962), is more oriented towards development and future needs. Axelsson (1996) also emphasizes that although organizational competence depends on the individuals’ competence, the competence on the organizational level can in fact be both more and less. It all depends on how well the individuals’ competence is used, what kind of development that is available, what kind of technique that is used and the organizational climate.

Chiesa and Barbeschi (1994) define competence as moving towards the future. According to them a competence can be defined as a unique mix of knowledge, skills and technologies leading the generation of a series of profitable innovations. This approach suggests that the company should be viewed as a dynamic system, the key resources of which are embedded in the organization as the result of a cumulative process. Also Hall (1980) argues that collective competence is how well equipped the organization is to meet the future. According to Hall, all individuals have a natural will and ability to develop. Therefore the focus of yr management should be on the organization’s competence, that is how individual, and by that, collective, competence can be developed.

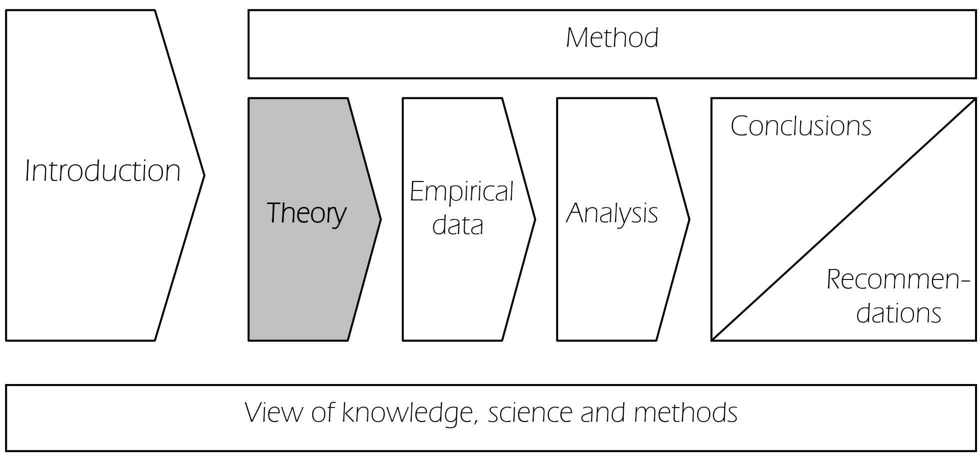
3.4 Summary of Chapter 3

In this chapter we have shown that competence can be defined in a lot of ways. The authors that we have studied for this thesis seem to agree that competence consists of more than one thing and also that there are no definition that is used universally. (Ellström, 1992) Often, the individual level is used as a starting point when defining competence. Most authors include knowledge and skill, or the ability to do something at the individual level. This is put in relation to a situation, job, problem or task. What is considered as competence is also put in relation to the environment. Some authors include social aspects and some more personal, like motivation and behavior. (See for example Ellström, 1992 and Keen, 1991). According to Keen (1991) the pieces can not function on their own, and something that hold them together is therefore needed. This "glue" is also included in her definition of competence. Spencer and Spencer (1993) and Ellström (1992) also argue that there are parts of an individual's competence that are not always visible. None the less, these parts are also important.

As mentioned above competence can exist on an individual but also on an organizational level. In an organization, individuals can have competence but it can also be embedded in the organization's systems and routines. (Turner and Crawford, 1994) When competence is developed it is important for the organization to have a system that can benefit from the individuals' learning, otherwise the result of the learning process will be lost for the organization (Axelsson, 1996). According to for example Hall (1980) this development involves meeting the future.

Chapter 4
Competence Development

This second chapter of the theoretical frame of reference describes competence development on the organizational as well as the individual level, and how these are connected. The chapter includes definitions of the term competence development, different views of how it occurs and factors that influence and are influenced by competence development. At the end of the chapter the different parts of theory are summarized to make up a framework that corresponds with the purpose of this thesis.



4.1 Individual Level

As were mentioned in the previous chapter, competence is more than knowledge. If the two terms were synonymous, competence development would simply mean going to a course (Sahlqvist and Jernhall, 1998). Human beings are designed for learning (Senge, 1990). Hall (1980) thinks that there is a competence motive, a need among people to demonstrate their competence. This need does not exist only for the sake of the individual's survival, but also for purposes of continued growth and self-enhancement. Every individual values being competent, as a personal expression of biological and physiological growth. The real payoff of competence is self-respect. Ellström (1992) thinks that learning is the relatively enduring changes in the individual as a result of the individual's interaction with the surrounding environment. Learning is a change of the individual's competence and therefore, all parts of competence are included in the learning, not only knowledge.

Senge (1990) argues that our society is oriented towards controlling individuals, rather than encouraging them to develop and learn. He also thinks that people are born with motivation and willingness to learn, but that the management systems destroy this and create situations where the superior performance can not be reached, since this depends on superior learning. According to Argyris (1962) human effectiveness is decreased if the work does not fulfill the participants' aspirations of self-responsibility, self-control, and the use of their intellectual and interpersonal abilities. Managers have long been designing organizations that have ignored the individual's potential competence, responsibility, constructive intent, and productivity. Hall (1980:9-10) puts it:

"*More often than not, we organize and manage as if workers were deficient, as if incompetence rather than competence were the defining feature of the human condition*."

According to Sahlqvist and Jernhall (1998) competence must be used, otherwise people can get stressed. Because of factors such as rapid technological changes and the move in Western companies towards service-oriented products, the need for constant improvement is greater then ever before (Sandberg, 1994). In the dynamic and unpredictable world of today it is not enough to have a management that knows and learns. Instead, it is increasingly important that every level and every individual take part in the learning and acting. (Senge, 1990)

Learning is an interplay between the individual and the surrounding environment. Ellström (1992) have found that there are three different kinds of surroundings. The social surrounding consists of other individuals, the physical-material of natural structures and processes, and the cultural-symbolic of different types of information, individual and collective knowledge and ideological-cultural thoughts about what is desirable or possible to do in certain situations. The interplay between individual and environment is characterized by the individual's actions to influence and shape his or her surrounding towards certain goals. The individual can be more or less aware of these actions. At the same time, the individual is influenced by the actions meant and non-meant consequences.

According to Sahlqvist and Jernhall (1998) there are two kinds of learning, everyday learning and learning by leaps. Everyday learning is a constant and gradual process, often in small steps. The concern is everyday issues. Often it is difficult to tell who is giving and who is receiving knowledge. The learning is seldom noticed or documented but most of our knowledge derives from this kind of learning. Learning by leaps occurs more suddenly and takes large steps at one time. It is often very intense for a short period of time, and then suddenly it stops when a new plateau has been reached. Afterwards, the learning can often be documented.

One important aspect of competence development is that there has to be integration between what is learned in the daily work and in a formal education situation. Ellström (1992) emphasizes that what is thought in the formal situation is not always what the individual really learn. Therefore the two forms of learning have to complement each other. He has found that the individual’s formal competence often differs from his or her real competence. According to Ellström, another important aspect of competence and competence development is that the individual should develop, not only by adjusting to something, but to self be in charge of the development. By this Ellström does not only mean adjusting to existing rules and goals but that the individuals should make these up by themselves.

4.2 Organizational Level

Fombrun et al in Sandberg (1994:5) describes performance in a company “*as a function of all the human components: Selecting people who are best able to perform the jobs defined by the structure, appraising their performance to facilitate the equitable distributions of rewards, motivating employees by linking rewards to high levels of performance, and developing employees to enhance their current performance at work as well to prepare them to perform in positions they may hold in the future*”.

This description of performance is very similar to Ellström’s (1992). Competence development in a company according to him is used to influence the employees’ competence level by recruiting, promotion and employee mobility, formal and non-formal education of the employees and different changes of the work to enhance the using of competence and non-formal education in the daily work situation. This chapter will not take into account every aspect of competence development and will deal mainly with the latter part of the description above, the development part.

"*Although organizational learning occurs through individuals, it would be a mistake to conclude that organizational learning is nothing but the cumulative result of their members' learning. Organizations do not have brains, but they have cognitive systems and memories. As individuals develop their personalities, personal habits, and beliefs over time, organizations develop world views and ideologies. Members come and go, and leadership changes, but organizations' memories preserve certain behaviors, mental maps, norms and values over time*." (Hedberg, 1981:6)

Organizational learning can be understood as a collective phenomenon in which new knowledge is acquired by the members of an organization with the aim of setting, as well as developing, the core competences in the company, taking individual learning as the basic starting point (Garcia and Vaño, 2002). To develop the ability to develop at the organizational level is very important for company success and Argyris (1962) emphasizes that organizational learning is in itself a competence that all organizations should develop. According to Hall (1980) individual competence is natural and come from the inside. It derives from the personal competence motive. Collective competence on the other hand must be supported.

4.2.1 Organizational Development of Competences

Competence in an organization can be developed in many ways. Learning can be defined as "*the ways firms build and supplement their knowledge bases in technologies, products and processes, and develop and improve the use of broad skills of their workforce*" (Chiesa and Barbeschi, 1994:299). According to these authors, learning is concerned with both internal activities and the outer context.

Helleloid and Simonin (1994) argue that effective learning depends upon acquisition, processing, storage and retrieval of knowledge. The latter three do all depend on the acquisition. For acquiring knowledge, the authors have identified five different methods; internal development, assisted internal development, open market procurement, inter-firm collaboration, and merger or acquisition. Internally developed knowledge does not rely on outside sources for knowledge, although the organization may gather information from outside and bring this together to create new knowledge. Assisted internal development utilizes external sources to augment internal development and take advantage of specialized services and knowledge. Market procurement means obtaining new information from the market.

When different organizations have specialized or complementary knowledge, they can often learn from each other by establishing collaborative arrangements. (Helleloid and Simonin, 1994) Hamel and Prahalad (1993) have a similar explanation and argue that there are two ways of accumulating resources in an organization; extracting them from the company reservoir of experience and borrowing from other companies.

Extracting from the inside involves the learning of the organization. According to Chiesa and Barbeschi (1994) learning internally includes for example learning by doing, using, failing and studying. Klein and Hiscocks (1994) describe learning as the process of building up an organization's skills from those that are used in a dedicated way in projects. It involves pulling together the experiences gained in individual projects, recognizing the common themes and organizing them both intellectually and institutionally for future use.

Winterscheid (1994) describes learning processes within organizations as a social and collective phenomenon that increasingly occurs through joint contributions to the understanding of complex problems. According to Ellström (1992) education could be divided into formal and informal education. The informal education happens in the daily work and often consists of tacit knowledge. De Leo (1994) argues that some parts of competence are very difficult to transfer, for example tacit knowledge. Spencer and Spencer (1993) think so too and believe that surface knowledge and skill are relatively easy to develop. Core motive and trait competences at the base of their iceberg in figure 2 are more difficult to assess and develop. Self-concept competences lie somewhere in between the extremes.

The two types of knowledge, explicit and tacit, both require an organizational “machine” to exploit and embed it so that it can contribute to the build-up of company-specific competences. Turner and Crawford (1994) think that it is not until explicit knowledge is diffused into the organization and embedded in its processes or structures that a corporate ownership and competence can be developed. According to Senge (1990) the learning organization is the only one that is able to efficiently extract knowledge from the experiences of every employee.

Borrowing from others includes for example new partners that according to Sahlqvist and Jernhall (1998) can lead to competence development, as networks and virtual organizations also can do. Chiesa and Barbeschi (1994) argue that collaboration with other companies does not only involve gaining accesses to the partner’s skills, but also internalizing them. These authors argue that learning is not just learning from other companies but also from customers, suppliers and other technological sources.

Organizations must learn and that involves more than just responding to the environment. By learning, Bogner and Thomas (1994) emphasize the acquisition of new and unique knowledge through experimentation. Competence evolves through an iteration of doing, learning and then doing some more. This process will occur more often as the organization digest change from their environments.

4.2.2 Development as Something Relative

Competence is relative to a problem; the company’s, group’s or individual’s ability to solve pre-set or chosen tasks. Thus, competence development’s mission is to increase this ability, and to improve the company's ability to perform new tasks. (Sahlqvist and Jernhall, 1998) According to Ellström (1992) education and learning in an organization are often viewed as a "black box". The phenomenon is viewed as simple and unproblematic tools for competence development. Learning is often thought of as a planned and conscious process but learning often happens when one is not aware of it. Ellström also think that learning can not be studied without considering the context. The organizations outer context consists of economic, socio-cultural, political and technological factors that determine the organization. The organizations inner context consists of the economic, social and technological systems that an organization is built on. For example, it includes the formal organizational structure, information and control system, management style and organizational culture. The outer and inner contexts determine the organization's strategy for competence development.

"*Competence is achieved when a person learns how – together with others – to use their knowledge, skills and experience to solve a problem, to get the job done and to further develop existing and new skills in the process*" (Sahlqvist and Jernhall, 1998:95). Learning organizations could consist of groups that contribute knowledge, experience, skills and values to the participants. By co-operating and using joint resources everyone broadens their competence by acquiring new knowledge and experience. (Sahlqvist and Jernhall, 1998)

4.3 Factors for Successful Development

The nature and extent of competences required by a company to perform competitively is not static. At any time the company will have a set of competences that, to a large extent, is appropriate and relevant to its current strategy and operations. At any future time it will need a set of competences appropriate and relevant to the strategy, operations and circumstances at that time. To be able to have a set of new competences, the organization needs to reshape competences and they must enable the organization to change and reshape its activities. (Turner and Crawford, 1994) On an organizational level, it is very important to take care of the competence that exists inside the organization, since it contributes to the organization's character and uniqueness. To be able to handle this extensive learning process takes a lot of motivation, commitment, patience, and willingness. (Stevrin, 1986) According to Chiesa and Barbeschi (1994) the blocks for competence building are accumulation of resources, enhancing the bases of knowledge and skills through learning cycles and committing the organization to long-term objectives.

Sahlqvist and Jernhall (1998) also emphasize the need of commitment. According to them competence development does not only happen by itself. It requires commitment from management and employees. Before any competence development it is important to make an analysis over present competence and the need in the future. To be effective, competence development should be continuous and take place in a learning organization. It should be systematic and directed at the company's needs but also challenging, involving and stimulating for the employee.

Hall (1980) includes commitment as one part of the organization's competence process. In order for individuals to feel commitment, it is important for them to feel that they can have an impact, control their own work, have freedom, spend their time on core activities and have interesting and meaningful tasks that are challenging. It is also important that they feel mutual respect and shared responsibility in the organization.

According to Sahlqvist and Jernhall (1998) it is important with clarity, participation, openness and overview when developing competence in an organization. With clarity the authors believe that the organization must have clear objectives and mission that everybody can understand. Participation means that the management must make the staff feel like full participants in the organization. The staff must receive the right amount of information and be able to ask questions and get answers when wanted. A management that cares about people, what the employees do and how they feel and think automatically generates staff participation. Openness is according to Sahlqvist and Jernhall (1998) supplying and receiving information with the mission of increasing everyone’s insight into what is going on in the organization. Overview and feedback involves knowing what happens to the results of the employees’ work.

Hall (1980) also highlights the need of participation. In this aspect Hall for example includes organizational culture which among many things determines how the management views their personnel. Another aspect of participation is the socio-technical structure that includes for example the way management structures relationships within the organization, both on a physical and psychological level. According to Sahlqvist and Jernhall (1998) both management and employee must take responsibility of competence development in an organization. The management is responsible for the overall development, which is required for the company’s survival. The individual has responsibility for their own competence development. It is not sufficient to rely on the management to take care of this. Management and individual must know each other’s feelings, thoughts, and knowledge base and so on, and therefore, it is very important to have a communication about these issues to create win-win solutions.

As mentioned above, Hall (1980) believes that commitment and participation are two essential parts of the competence process. The last part that Hall thinks is important is creativity. Creativity includes the importance of having control over one’s own work and access to resources. It also includes the social context; ethnics, feedback, and to be able to freely share ideas and to have an open mind.

4.3.1 Goals

An organization has to have a clear definition of where they want to be in the long run. This enables resources to be concentrated on the right things and efforts converge towards the strategic focal point. Building competences requires this and can be viewed as a guided process of resource accumulation. (Chiesa and Barbeschi, 1994) According to Ellström (1992) the same is often taken for true when dealing with individuals. Clear and consistent goals are thought to be one of the necessary things for the individual's action and also the ability to learn from this. Ellström thinks people in general see goals as the starting point and by doing so, they presume at least two things. The first is that individuals can, and will, put down consistent goals in words before taking action, and that the goals remain the same during planning and carrying out the act. The second thing that we assume is that these goals also stipulate action.

According to Ellström (1992) these two assumptions are not always true. Ellström believes that action does not follow a plan, made in advance. Instead, action develops when the individual interacts with the environment and by considering changes in the environment and adapting to these. He thinks that goals are necessary as motivators and for the employee's ability to learn, but there must also be time for critical reflections and trial of the goals. Goals are a necessary but not sufficient condition for motivation and learning. The employees must also understand the goals, accept them and feel a commitment in trying to reach them. The management, the other employees, taking part in the formulation of goals and possibility to reach them, play a large role in feeling commitment. If these factors are not fulfilled, goals can decrease the ability to learn.

According to the goal-setting theory, specific goals increase performance and difficult goals, when accepted by an individual, result in higher performance than the easy ones. Therefore, some researchers claim that challenging goals can motivate individuals. One part of the goal-setting theory is that individuals easier accept the goals if they have contributed to them in some way and participated in the goal-setting process. (Coulter, 2001)

4.3.2 Motivation

Coulter (2001:259) describes motivation as ” *the willingness of an individual to exert high levels of effort in doing a job in order to help the organization reach its goals*.” Motivation also refers to a person’s efforts toward reaching personal goals. According to Söderström (1983) motivation is an important factor in how satisfied an employee is in the work situation. Motivation is also an important factor whether an individual wants and finds it interesting to develop or not (Söderström, 1983) and how an individual solves a problem (Ellström, 1992).

Maslow’s (1954) hierarchy of needs that motivates individuals consists of five levels; physical needs on the bottom of the hierarchy and moving up through safety, social, esteem, and at the top, self-actualization. As each need is satisfied, the next level will become more dominant and the need that has been satisfied will no longer motivate an individual. Herzberg (from Coulter, 2001) has found two different types of factors that motivate individuals. These are called motivators and hygiene factors. These factors are more related to the daily work situation than Maslow’s categories (Schein, 1988).

According to Herzberg (in Coulter, 2001) the factors that create job satisfaction are not the same as those creating job dissatisfaction. Motivators are the factors that cause job satisfaction and make individuals feel motivate to perform well. These factors encompass the job content and include things like the opportunity to achieve, recognition for work, taking on additional responsibility, opportunity for achievement, opportunity for advancement and so on. The hygiene factors on the other hand encompass the job context and include type and quality of supervision, relationship with supervisors, salary, organizational policies and administration, working conditions, relationship with co-workers, and so forth. Both the motivators and the hygiene factors are important but to motivate employees, you have to focus on the motivator, according to Herzberg. Hygiene factors can not be used to motivate, just avoiding job dissatisfaction. Schein (1988) has related Maslow's categories and Herzberg's factors in the way that is shown in figure 3.

Maslow Categories		Herzberg Factors
Physical needs		Working conditions
Safety needs	Hygiene	Salary & benefits
		Supervision
Social		Fellow workers
Esteem		Recognition
	Motivators	Advancement
		Responsibility
Self-actualization		Job challenge

Figure 3 A comparison of Maslow and Herzberg. Source: Schein, 1988:86

According to Coulter (2001) the expectancy theory proposes that an individual tend to act in a certain way based on the expectation that the behavior will be followed by a given outcome and on the attractiveness of that outcome to the individual. The theory consists of the three numbered linkages between the four measurable factors that are shown in figure 4. Here follows a description of the three linkages.

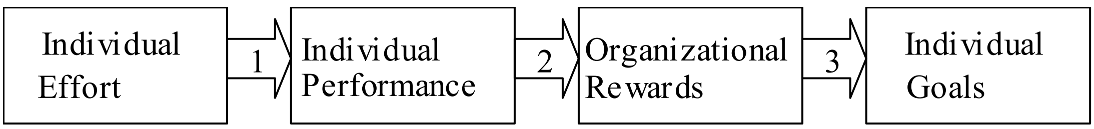


Figure 4 The expectancy theory. Source: Coulter, 2001:262

Expectancy or effort-performance linkage. The probability perceived by the individual that exerting a given level of effort will lead to a certain level of performance.
Instrumentality or performance-reward linkage. The degree to which the individual believes that performing at a certain level is leading to the attainment of desired outcome.
Valance or attractiveness of reward. The importance that the individual places on the potential outcome or reward that can be achieved. Valance considers both the goals and also the needs if the individual. (Coulter, 2001)

According to Coulter (2001) the key is to understand the individuals' goals and the linkages between effort and performance, between performance and rewards, and finally between rewards and individual goal satisfaction. Individuals will be motivated if they can see these linkages.

Ellström (1996) has found that there are two types of motivation. The first one is called "outer motivation" and leads to an uncritical way of learning where the individual does not reflect over the things he or she has learned. The goal is to reach a level where the individual can gain a reward for the learning. The second type is called "inner motivation" and occurs when the action in itself has a value. The individual has a more critical and reflecting view of what is learned.

4.4 Summary of chapter 4

As we have shown in this chapter, competence development can take place on two different levels;§ individual and organizational. Senge (1990) believes that every individual has a motive to learn, and are therefore willing to learn more all the time. According to Ellström (1992) competence is more than knowledge and therefore, all parts of the individual's competence have to be developed. He argues that we learn while interacting with our surrounding environment and there are also two different kinds of learning; learning from every day life and from formal education that has to complement each other to reach the highest level of competence as possible. Sahlqvist and Jernhall (1998) also describe two kinds of learning and call them everyday learning and learning by leaps.

The organization can, due to its structure, benefit from the individuals' competence in different degrees (Argyris, 1962). Hamel and Prahalad (1993) argue that in an organization, competence development can occur by learning or extracting from the inside but also by borrowing from the outside, through new partners, networks and virtual organizations. Competence development in an organization does not only include learning but also rewarding, recruiting and so on. According to Ellström (1992) learning can not be studied without considering the context, both the inner and the outer. These contexts determine the organization's strategy for competence development.

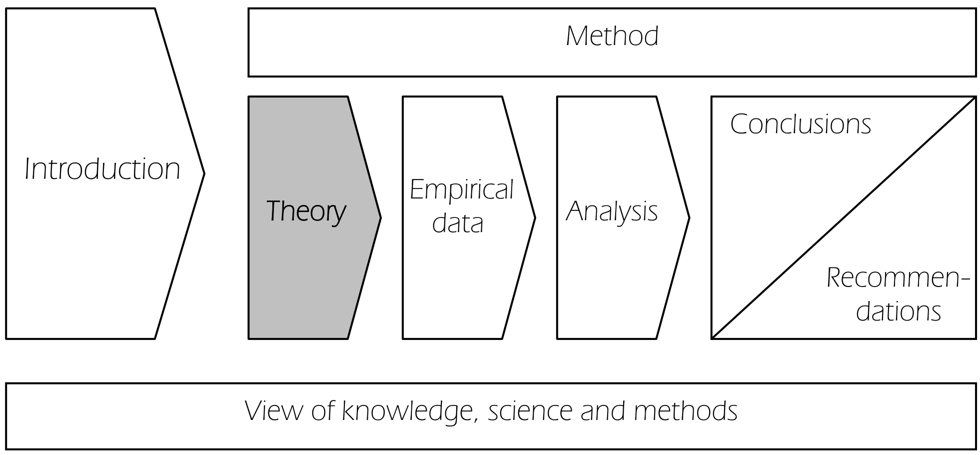
There are many factors that can be considered when wanting competence development to be successful. Commitment, patience and willingness are just some of them. (Stevrin, 1986) Sometimes a goal is needed for motivating but and according to Ellström (1992) there must also be time for critical reflections and trial of the goals. The motivation can be leveraged by letting the individuals participate in the goal-setting process and when facing challenging goals (Coulter, 2001).

By motivating the employees, the competence level can rise through development (Söderström, 1983). Both Maslow's (1954) and Herzberg's (from Coulter, 2001) theories can be helpful when determining what motivates individuals. The individual can also be motivated by getting the expected return from his or her performance (Coulter, 2001).

Chapter 5

Competence in the Organization

This third chapter of the theoretical frame of reference discusses factors that influence the individual's approach to competence and competence development within an organization. The chapter brings up a number of contextual factors that influence the individual, and the effect they have on competence development. All factors are bound to organizations and can be used in the organization's work with competence. The chapter ends with a summary where all the factors are listed.



5.1 Introduction

There are a lot of factors that influence the individual's approach to competence and competence development. One of these is motivation. According to Hall (1980) every individual has an inner drive towards developing. This has been discussed in the previous chapter and therefore we leave that factor now. During our study we have found many other factors and among these we have chosen a few that we think are the most interesting in this case. The first one is the management and its role in the development. Authors like Södergren (1996) emphasize the manager's role for the individual.

One other aspect is the organizational structure. Senge (1990) thinks that we have an inner motivation and that we want to learn, but many organizations' structure hinders this process. Another aspect that we think is interesting is the organizational change that TASEA has done recently. During times of uncertainty, individuals act differently from their ordinary behavior (Ansoff, 1984). The final factor that we will highlight is culture. Ellström (1992) argues that we learn by interacting with the environment and this environment, our culture, is not the same all over the world (Hofstede, 1999).

5.2 Management

"*From a managerial perspective, the increased dependency on human competence for competitive success leads to demand for efficient ways to manage, strategically and administratively, the training and development of human competence in organizations*" (Sandberg, 1994:2).

Many authors emphasize the management's role in the competence development. One is Hall (1980) who argues that the management can set free commitment, creativity and let out the competence in their organizations by using the right principles and methods. If the management does not clearly demonstrate its commitment and stamina, it can not count on the employees' commitment, for example in the competence process, according to Sahlqvist and Jernhall (1998). They also argue that the management has a responsibility to develop the organization and to make sure it survives.

5.2.1 Leadership and Management

According to Arvonen (1989), every social system requires and produces leaders who have a function in that system. Most companies use the terms leader and manager to describe different position in their organization. Giving someone a title as a manager or a leader is a common way to give that individual formal power that he or she can use to get the work done in the best way (Södergren, 1996). In order to give the individual the needed power it is important that the other members of the organization perceives the individual as having that power, and therefore it is important to use the right title for the right position (Bjerke, 1999).

Knowing what the words manager and leader mean is important in an organization that is using these titles to give power to certain employees. Therefore it is interesting to look at how some authors refer to the two terms. Koontz and Wiehrich (1988) argue that the managerial function of leading is defined as the process of influencing people so that they will contribute to organizational and group goals. They are thereby saying that leading is one of many functions that can be used when managing. Byars (1987) looks at leaders and managers as individuals and describes a leader as an individual in an organization who is able to influence the attitudes and opinions of others within the organization; a manager is merely able to influence their actions and decisions. Byars sees leadership as something bigger and more ominous than management, and describes management as a smaller part of leadership, quite opposite of Koontz and Wiehrich's (1988) definition.

As the two definitions show there are different ways to look at management and leadership, managers and leaders. Bjerke (1999) argues that there is no strict difference between leaders and managers in most classic studies. Drucker (in Bjerke, 1999:57) says that "*managers are people who do things the right way (efficiently), and leaders are people who do the right things (effectively)*". It also seems that most authors agree that both management and leadership are needed. For example, Bjerke (1999:57) thinks that "*for a company to be underlead and overmanaged could be as dangerous as for a company to be overlead and undermanaged; therefore, the ideal is a combination of solid management and clever leadership*".

5.2.2 Characteristics of Leaders

Likert and Likert (1976) classified managers in categories or systems. They found that the most successful leaders were from what they called "the participative group". Managers from this group have complete trust and confidence in their subordinates in all matters, they are always getting input and suggestions from the subordinates and are using these inputs and suggestions in a constructive way. The managers also encourage much communication in all directions of the organization, give rewards for participation in goal-setting and reaching goals, and support decision-making throughout the organization. These managers work in a group with their subordinates and they are very participative in every issue.

Regardless of a person's qualities in different areas, "*it is the willingness of people to follow that makes a person a leader*" (Bjerke, 1999:66). People tend to follow leaders that can help them fulfill their own personal goals, which means that a good leader must be able to motivate the subordinates in reaching the organization's goals. Successful leaders are relying on legitimate power. Power often comes from position, but it is derived from our different cultural system of rights, obligations and duties, that makes others accept the leader's position as being legitimate. (Koontz and Wiehrich, 1988) Most studies that try to map the competences that a leader needs have been conducted by Western, and especially American, researchers. This is a problem according to Bjerke (1999), because different parts of the world have different requirements on their leaders.

Koontz and Wiehrich (1988) argue that leadership skill is a compound of different abilities such as the ability to use power effectively and in a responsible manner, the ability to comprehend that human beings have differing motivational forces at different times and situations and the ability to inspire. Hall (1980:215) puts it: "*organizational competence varies as a function of managerial competence*". If managers act competent, this can lead to the creation of conditions for competence in the whole organization. By creating a "competence developing environment" the employees feel that competence is an important aspect which also is appreciated and therefore important to develop further.

Bennis (in Bjerke, 1999) is suggesting that four competences are evident to some extent in all leaders:

- *Attention through vision*. The ability of others to draw others to them, not just because they have a vision but because they communicate an extraordinary focus of commitment.
- *Meaning through communication*. To make dreams apparent to others and to align people with them, leaders must communicate their vision. Communication and alignment work together.
- *Trust through positioning*. Trust is essential to all organizations. Leaders manage trust through reliability.
- *Development of self*. Leaders know their skills and deploy them effectively. Without management of self, leaders can do more harm than good.

5.3 Organizational Structure

According to Hall (1980) people are influenced by the "Pygmalion effect". He thinks that what we expect of others influences how we behave toward them so much that we see only the reactions and achievements we anticipate. Once we have formed an expectancy of how others will perform or once we have labeled their performance, we will communicate this by the way that we interact with them. For those we value, we will create more pleasant and supportive "climates", be more helpful and give feedback on performance than for those that we do not value as much. We will give more valuable and challenging information to those of whom we expect more and also more opportunities and encouragements. Depending on what we expect or believe of others, we will change our own behavior so that we are sure to get what we expect. The conclusion that Hall draw is that people might become more competent when their managers expect them to be.

The design of organizations and also the structuring of work reveal the management's values and also their assumptions about different people's behavior and ability. Often, managers have expected the worst and organized and managed according to this worst scenario. (Hall, 1980) According to Ellström (1992) the individual's work situation can be described by different degrees of freedom that the work implies. The individual can have different possibilities and degrees of defining and interpretation of the work, how to best solve the work related questions, and how much the individual can value the result of his or her work. The objective space of freedom is the real space and sets the limits for the individual's possibilities to take advantage of and develop competence. The objective space of freedom can differ from the subjective space and the individual can believe that the space is smaller, or bigger, than it really is. The subjective space is according to Ellström based on the individual's social and cultural context and also on the individual in itself.

Ellström (1992) argues that the work has to be challenging for the individual and give him or her a lot of opportunities to learn. The individual should be given possibilities to influence the work and goals, choose work method and evaluate the result of the efforts. Therefore, both the objective and the subjective space of freedom must be considered in structuring the organization. According to Hackman and Oldham (1980) the structuring of the work has a great signification on whether the individual find the work interesting and motivating or not. Important factors are the variety of skills demanded, that the individual can see the result of his or her own actions, that the work is perceived as something important, the autonomy and finally the amount of feedback that the individual gets on his or her work.

Etzioni (1975) has divided organizations into three groups based on the relationship between the individuals with power and those without in the organization, something that he calls the compliance structure of the organization. He names these categories *coercive*, *utilitarian* and *normative* organizations. All organizations have all different kinds compliance patterns but in most organizations one patterns is the dominant. A figure illustrating Etzioni's categories is shown in figure 5.

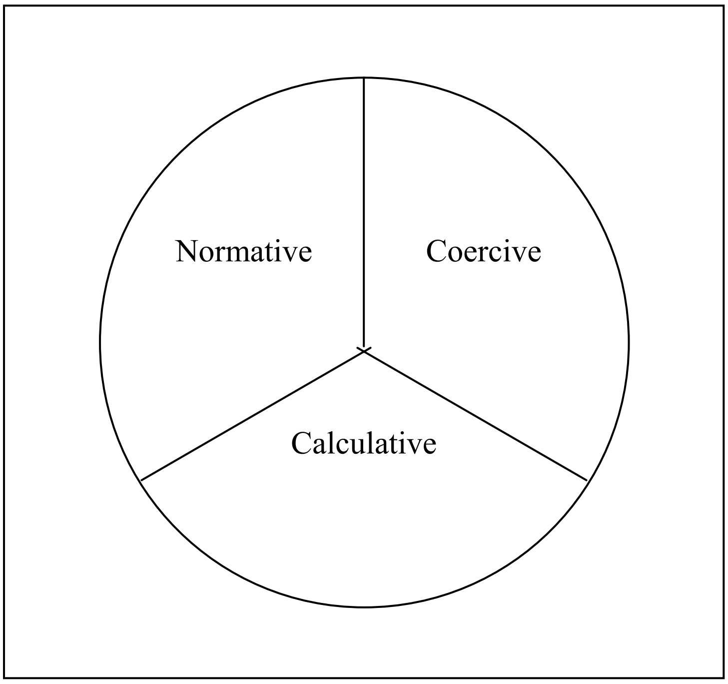


Figure 5 Etzioni's categories of organizations.
Source: Own revision of Etzioni, 1975

In a coercive organization there is a high level of alienation between the organizations' members. Force, direct or indirect, is used to control the organizational tasks and if the force were lifted, everyone would leave the organization. Examples of coercive organizations are concentration camps and prisons. (Etzioni, 1975)

The utilitarian organization is characterized by calculative involvement from its members. Blue-collar workers in industries are the most typical in this group. In this kind of organizations, remunerative power is used, such as manipulation of wages, salaries, rewards and working conditions. Allocation and manipulation is used to reach a desired level of performance in the organization. Although basic values, prestige, esteem and other factors also influence the workers' performance and can be used to control, these factors are secondary to remunerative rewards and sanctions. (Etzioni, 1975)

Normative organizations are characterized of a high degree of commitment from its members. Directives has been internalized and accepted as legitimate. Leadership and rituals are important tools when controlling the organization. Typical organizations in this group are for example religious organizations, hospitals, universities and voluntary associations. (Etzioni, 1975)

Eztioni (1975) argues that in some organizations there are so called dual compliance structures, where two compliance structures occurs at the same time. These organizations will waste some power resources through neutralization and some loss of involvement due to the conflicting expectations towards the members in the organization.

5.4 Organizational Change

In many organizations, changes are considered as a problem. Organizational changes are often thought of as a linear process, where every step is dependent of the previous. But organizations change all the time and the process is not as rational as one would like to think. (Haslebo and Nielsen, 1998) Both O'Toole (1995) and Ansoff (1984) argue that insecurity is often a reason of individuals' resistance against organizational changes. Ansoff (1984) points out that this can be due to the individual's feelings that his or her position in the organization may be threatened but also because of more egoistic reasons. According to Stewart (1985) resistance can occur because of unclearness about the situation.

Rumelt (1995) argue that the assumption about organizations' changes due to exogenous changes is wrong. Organizations do not change so easily as the theory often presume. Rumelt's theory is based on the organization but according to us, this could also be applied on the individual level. According to Rumelt (1995) there are five frictions that make organizations change slowly:
Distorted perception. If perception is distorted, change may be hindered. Reasons for this are hubris, denial, that the organization is unable to

look into the future with clarity, and that a group's mental structures restrict the members' thoughts.

Dulled motivation. The need of a change is not priced high enough. This can be due to the direct costs of change; a new product can reach success at the cost of an old and subventions to a problem business from another business.

Failed creative response. There can be a blockage when things happen too fast or the situation is very complex. If an individual think that the problem can not be solved, there can also be a blockage. If the change is not clear enough, individuals will not take action to reach the new goals.

Political deadlocks. The most common reasons of political deadlocks are differences in personal interest, in beliefs and in fundamental values.

Action disconnects. Sometimes, even though the points above have been fulfilled in a good way, changes will not occur easily. This can be due to for example that the management does not have a clear vision, that competences are lacking or that individuals are used to "the old way".

According to Johnson (2000) culture can be managed to achieve strategic change. Others question this and argue that culture change programs can result in compliance to change without the underlying values of people being affected. The implication is that organizational members may "go along" with change programs but that fundamental assumptions and values still reign.

5.5 Culture

Culture is a topic that has been studied from a number of different standpoints, such as sociology, anthropology and English literature (Barker, 2000). Still there is no universal definition of what culture is. In 1952, Kroeber and Kluckhohn identified no less than 164 different definitions of culture, and there has been much work done in the area since then (Groeschl and Doherty, 2000). Bennett (1998) claims that cultural studies is an interdisciplinary field and that perspectives from different disciplines can be selectively used to examine the relations of culture and power.

5.5.1 Definitions of Culture

The most famous definition is by Hofstede (1999:37) who sees culture as "*the collective programming of the mind that distinguishes the members of one group or category of people from another*". According to Hofstede (1999) the core element of culture are values which determines what people in a culture sees as normal, good and so on. In a similar fashion Schein (1992) defines culture as a set of basic assumptions shared by members of a group. Hall (1997:6) defines cultural studies as "*a cluster (or formation) of ideas, images and practices, which provide ways of talking about, forms of knowledge and conduct associated with a particular topic, social activity or institutional site in society.*" Bennett (1998) has a similar definition that also uses values, beliefs, routines and habits as important parts of the analysis.

From a management viewpoint Kotler et al (1997:172) argues that "*culture is the most fundamental determinant of a person's wants and behavior*". They explain culture as a set of values, perceptions, preferences and behaviors that a child receives from family or other key institutions while growing up. Kotler et al (1999:122) defines company culture as "*a system of values and beliefs shared by people in an organization; ... a company's collective identity and meaning*". The company culture "*informally guides the behavior of people at all company levels*" (p 122).

5.5.2 Company Culture and National Culture

The paragraph about Kotler's (1997 and 1999) definitions of culture showed that there are different kinds of culture. Hall (1995) deals with this by treating culture as a twofold problem. The first component she calls the ingredients component. It is concerned with the way that culture manifests itself. The three main ingredients make up her ABC of culture, and they are artifacts, behaviors and core values. This is often pictured as a layer, or onion, model with core values as the deepest and artifacts as the most superficial layer.

The second component of Hall’s (1995) theory is the segments component. It answers the question of *who* we are talking about when we talk about a certain culture. Is it national cultures, company cultures, industrial cultures or maybe regional cultures? Segments are also groups between which interaction take place. The cultures that are of interest for this thesis are the national culture and the company culture, and therefore they will be discussed in more detail.

5.5.3 Management and the Company-Nation Segment

From Hofstede’s (1999) definition of culture we can understand that management is subject to cultural values. Cultural values differ among societies, but they are normally quite stable within a society, even over time. Because of this Hofstede claims that management processes, which all are embedded in culture, are different in different societies and that each society shows a strong continuity. When studying manifestations of culture it is useful to distinguish values from practices. Values are “*invisible except in their effects on people's behavior*” (Hofstede, 1999:39), but practices are visible to the observer and include behavior as well as artifacts. This makes practices more superficial and therefore easier to change than values.

Empirical research by Hofstede (1999) shows that the national culture affected mainly people's values, which were considerably different from country to country even though they worked for the same company and had similar tasks. In a different study he found that people working in different organizations within a single and rather homogenous nation, showed considerable differences in practices but much smaller differences in values. Hofstede’s finding is that on a national level the cultural differences are mainly in values, but at an organizational level the differences are mainly in the practices.

According to Hofstede (1993) there is something called management in all countries, but the meaning of it differs to a larger or smaller extent between countries. Rodrigues (1998:29) sees this as a potential source of problems, since "*different cultures hold different views [and therefore] a management style that is effective in one culture will not necessarily be effective in another*". Because of the differences in management style it is often necessary to make adaptations to the environment. Hofstede (1993) was the first theorist to make a model with a number of bipolar, cultural dimensions that can be used to classify a country. Others, such as Rodrigues (1998), have made expansions of Hofstede's model by reworking or adding dimensions, but the aim to make predictions of how a society works has remained. Rodrigues (1998: 29) argues that in order "*to be effective in cross-cultural management, expatriate managers need to understand the nature of the culture of the country where they are going to be managing, and how to adapt their management style accordingly*". Hall (1995) is of the opinion that when two cultures with large differences meet, the two normally have to find a solution where both have to concede some of their principles.

Even though Ghosn (2002) seems to agree with Rodrigues to some extent about the importance of knowing national culture, he also thinks that "*looking to national culture for an explanation of a company's failure or success almost always means you are missing the point*" (Ghosn, 2002: 41). Instead he thinks that the national culture provides the company with raw material, in the form of human resources that can not be "formed into gold" unless corporate culture is right. A good corporate culture utilizes the productive aspects of a country's culture to the company's advantage.

Research done by Zander (1997) also shows that employees' views and preferences for interpersonal leadership, "*the working hierarchical relationship between manager and subordinate*" (p 15), vary across countries. According to her, the national culture is significant in its domination of the employees and this view goes against those who think that the national culture is insignificant, for example in comparison with the company culture. The interpersonal leadership was found to vary across countries in terms of coaching, directing, empowering and communicating. From this Zander created a model where different national cultures can be divided into different cells, shown in figure 6. In her research she found eight different kinds of interpersonal leadership, two in each cell, and Sweden was placed in cell 2 with empowering coaching.

		Interpersonal Leadership: **Focus**	
		Coaching	Directing
Interpersonal Leadership: **Intensity**	High	Cell 1 *Pep talk coaching* *Personal coaching*	Cell 3 *Pep talk directing* *Communicative directing*
	Low	Cell 2 *Silent coaching* *Empowering coaching*	Cell 4 *Personal directing* *Empowering directing*

Figure 6 The relationship between focus and intensity in interpersonal leadership.
Source: Zander, 1997:294

In the term empowering Zander (1997) includes delegating of responsibility, discussing strategies and sharing of decision-making with the employees. But also that the management appreciate that the employees take initiatives and that the managers take the employees advices. The communicating term measures the frequency of communication in general, communication about personal matters and how often the manager should make the employee proud of the work that they have accomplished.

Coaching involves according to Zander (1997) to make all the employees feel like a part of the team and encourage them to co-operate to make the team reach the highest level of performance as possible. Coaching also means that all players do their best and this is done by keeping the employees informed. The management is interested in the employees' development and career. Directing on the other hand involves the frequency of supervision and reviewing of the managers.

According to Ellström (1992) it is necessary for a company to have an organizational culture that supports and encourages learning. Factors that signify a culture that supports developmental learning are:

- Emphasis on action, initiative and risk taking.
- Tolerance for conflicting opinions, uncertainty and invalid actions.
- Emphasis and encouragement of reflections and critical testing of the own organizational culture – especially the accepted "truths" about what is natural, possible and desired.

5.5.4 Dimensions of Cultural Differences

Most theorists of cross-cultural communication (for example Hall, 1995; Bjerke, 1999) believe that only by being aware of the problems that cross-cultural communication may cause, the process can be as smooth as possible. One way to gain knowledge of such problems is to use a model similar to Hofstede's (1993) cultural dimensions mentioned previously. Hofstede's dimensions are: high or low power distance, individualism or collectivism, masculinity or femininity, high or low uncertainty avoidance and long-term or short-term orientation. The last dimension has replaced the early dimension Confucianism (Hofstede, 1994).

According to Hofstede's (1993) theory, different cultures can have different degrees of *power distance*. The individuals of a culture with high power distance are more likely to accept a centralized power structure, and they need a greater degree of supervision. In this environment laws and regulations that separate the seniors from their subordinates are more likely to be accepted. Authoritarian decision making and strong leadership are often the methods that work best since the subordinates expect it. Conversely, the individuals of a culture with low power distance expect to be a part of the decision making process.

(Rodrigues, 1998) Thailand has a *"moderately high"* degree (Pornpitakpan, 2000), Vietnam has a high degree (Smith et al, 1996) and Indonesia has an even higher degree of power distance (Heuer, 1999). All of them thereby differ from the Swedish culture that has a low degree of power distance (Lewis, 1997).

Hofstede (1993) divides cultures into the dimensions *collectivistic and individualistic* cultures. Collectivistic cultures are, according to Rodrigues (1998) often very integrated, and the individuals are likely to be part of groups that they are reluctant to deviate from. The group is more important than the individual, which means that the individuals get satisfaction from work that is well done by the group, rather than own achievements. A low degree of formal control is needed for work in such cultures. According to Heuer et al (1999) Indonesia is an example of Hofstede's theory that individualism is linked to income. They have traditionally been classified as a collectivistic culture, but with the rising income of the population they are becoming more and more individualistic. This is also underlined by the need of strong leadership that the individuals show, opposite of the normal collectivistic pattern. The relation between income and individualism is something that could apply to all of the countries in this thesis.

According to Pornpitakpan (2000) Thais value the maintaining of harmony in interpersonal relations and hold a high collective responsibility for the family. They emphasize face-saving and encourage interdependence in their group, which makes them collectivistic. Thais are normally nice to ingroup members that they meet on a frequent basis, but more hostile towards outgroup members. Thais are also regarded as materialistic, which is generally regarded as a more individualistic feature. Another sign of individualism is that Thais have a tendency to be hedonistic[3]. In Vietnam individual needs are considered subordinate to the collective (Smith et al, 1996)

[3] To strive for pleasure and happiness only for oneself.

Hofstede's (1993) third dimension is masculinity or femininity. Rodrigues (1998) argues that masculine cultures expect men to be ambitious and have a competitive mind; they stand for the material values in the society. Women are expected to care for immaterial values like taking care of the family. In feminine cultures social relations and life quality are encouraged to a greater extent. Both genders are allowed to strive towards both material and immaterial goals. According to Pornpitakpan (2000) Thailand is rated as a *moderately feminine* culture, with quality of life and caring for others as the main values.

Different cultures are more or less eager to *avoid uncertainty*, both in social interactions and in business life. The individuals of cultures with a high degree of uncertainty avoidance feel uncomfortable in situations where an obvious structure and strong decision making is lacking. (Hofstede, 1994) Structured hierarchical organizations are suitable for such cultures. In cultures with less uncertainty avoidance the individuals are more tolerant towards uncertainty and flexibility. Organic structures that give opportunity to autonomy and challenging tasks suits companies in this kind of culture. (Rodrigues, 1998)

According to Pornpitakpan (2000) Thais have a *moderately high* level of uncertainty avoidance and are concerned with security in life and believe in experts and the experts' knowledge. Smith et al (1996) argue that also the Vietnamese try to avoid uncertainty to a large extent. They are, for example, very formal in interpersonal contacts to avoid uncertainty.

A culture that has a *long-term orientation* have values that are oriented towards the future, like thrift, saving and persistence. Short-term oriented cultures values the past and the present more than the future, which shows in respect for tradition and social obligations. (Hofstede, 1993) Thais are situation and flexibility oriented, and a decision-shifting behavior is common. It is common to adjust principles or even laws to suit a person in the present situation. (Pornpitakpan, 2000) Vietnam tends to focus on seasons rather than days of weeks, and it is not important to complete tasks on time. This is reinforced by the traditional respect for earlier generations and their deeds.

Confucianism, the dimension that was replaced be long-term orientation, is a set of moral and social values designed to bring the ways of citizens and governments into harmony with each other and with their ancestors. The five Confucian virtues are benevolence, righteousness, propriety, wisdom and trustworthiness. The way that Confucianism largely impacts on society is through the five hierarchical relationships that are the fundament of the philosophy. They are: ruled to ruler, son to father, younger brother to older, wife to husband and, the only equal relationship, friend to friend. It is considered very bad manner not to respect this hierarchy. (Yap, 2001)

Since this last mentioned dimension is based on a philosophy that has a limited geographical spread, it is a topic primarily in the Far East, and in societies with a large Chinese population (Rodrigues, 1998). Like Swedish society itself, many Swedish companies are “democratic” and strive to be “lagom”. In the Chinese sphere of influence, Confucian principles hold sway. Thailand is Buddhist and Indonesia is Moslem. Although there are differences in religion, there is an “eastern model” of doing business which is compatible with general Asian values, strongly influenced by Confucianism. This can for example imply top-down obligations, bottom-up loyalty and obedience. (Lewis, 1997) According to Pornpitakpan (2000) Thais emphasize the respect for elders, superiors and patrons and avoid offending them by obliging to their requests. Lewis (1997) argues that in Thailand and Indonesia there are some differences but both countries put strong belief in the hierarchical system. The relationship is based on an unequal relationship between people and fear of “loosing face”, all opposed to Scandinavian ideas. According to Smith et al (1996) the Vietnamese see patience as the ultimate Confucian virtue and have much respect for elder and earlier generations. Not loosing face is also a very important part of the

Vietnamese culture. According to Pornpitakpan (2000), Heuer et al (1999) and Smith et al, all three national cultures in this thesis try to avoid conflict and direct confrontation. They also avoid answering any question with the word “no” because refusal implies disrespect for the relationship to the other person.

Rodrigues (1998) point out some *other dimensions* that are not included in Hofstede’s (1993) model. Since not all of them are of interest for this thesis, the ones that are of value according to us are summarized here. In some cultures most managers agree that decisions should be made in consensus with the employees. Decentralizing the decision making process and giving the employees the power to make own decisions is an important part of organizations in such cultures. This gives the employees the chance to show what they can do, and to develop themselves. Other cultures are quite the opposite. Only top management is regarded as enough knowledgeable and authorized to make decisions. (Rodrigues, 1998) In Thailand the decision making is usually centralized under top officials (Pornpitakpan, 2000).

Not all cultures find it natural to base decisions on objective analysis, detailed reports and rational decision making are not highly regarded. Decisions are made on emotional and subjective grounds, and requests for rational reasons or proof of information can be interpreted as if the judgment of the decision maker is questioned, or even as lack of respect. (Rodrigues, 1998) According to Pornpitakpan (2000) Thais are not as motivated as many other nationalities by making an effort, seeing the result of it and receiving a reward for it. Instead they think that fate or chance has an important effect on the outcome.

5.6 Summary of Chapter 5

Just as there are a lot of factors that influence the success of competence development, there are also many factors that influence the individual’s approach to competence and competence development. In this chapter we have identified a few of them. The first one that we have taken into account is management, which according to for example Södergren (1996) play an important role in the individual's development and Hall (1980) argues that the management can set free commitment and creativity in the organization. Many authors, for example Byars (1987), make a difference between being a leader and a manager. Some, like Koontz and Wiehrich (1988), argue that leading is a part of managing and Byars thinks the opposite, that leadership is bigger than management. Leaders can have different characteristics (see for example Likert and Likert 1976) but it is the willingness of people to follow that makes someone a leader according to Bjerke (1999).

The second aspect that has been considered is organizational structure. Hackman and Oldham (1980) argue that the organizational structure influences whether the individual will find the work interesting and motivating. According to Senge (1990) the natural will of individuals to develop have been destroyed by the way organizations have been structured. Hall (1980) believes that managers have expected the worst from the employees and therefore have created an organization for the worst case scenario. Ellström (1992) argues that the work has to be challenging for the individual and give the opportunity to learn. By giving the individual a large objective and subjective space of freedom the individual can be a part of goal-setting and influence the work situation. Etzioni (1975) describes three different types of organizations; *coercive*, *utilitarian* and *normative* where individuals participate for different reasons.

Another factor that is important in the competence development process is if the organization has done a recent organizational change or not. Changes are often considered as a problem (Haslebo and Nielsen, 1998) often because of the following insecurity (O'Toole 1995) and Ansoff 1984) and unclearness (Stewart 1985). According to Rumelt (1995) organizational changes are influenced by different frictions that hinder the process.

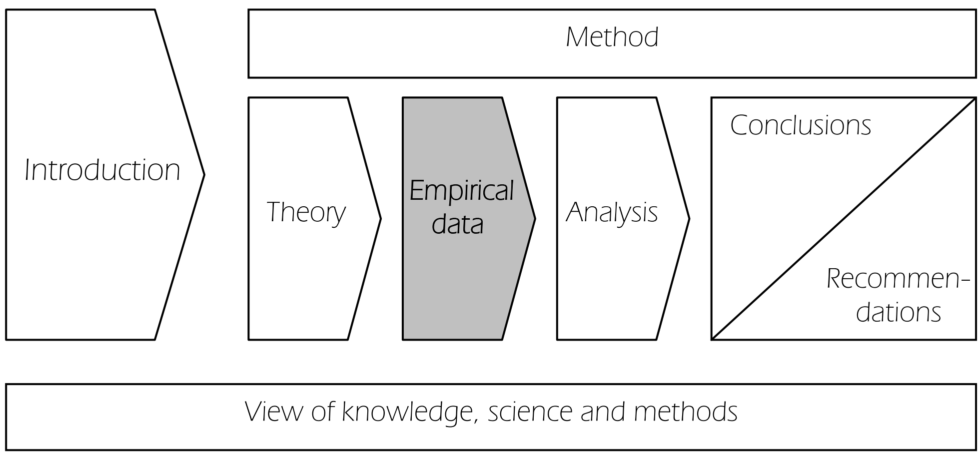
The final aspect that has been highlighted is culture. For example Ellström (1992) argues that learning occurs when an individual interacts with the environment which differs around the world according to Hofstede (1999). Culture can be defined in a lot of ways. Hofstede's (1999) definition involves values that are separating two groups from each other and that endure over time, Schein's (1992) shared basic assumptions and Bennets's (1998) values, beliefs, routines and habits. According to Kotler (1997) culture determines people's wants and behavior.

Culture can exist on two levels, the national and corporate (Kotler et al, 1999). Hofstede (1999) argues that on a national level the cultural differences are mainly in values, but at an organizational level the differences are mainly in the practices. Since different countries have different values, for example in view of management, Rodrigues (1998) has found that there may have to be adaptations to the environment in a company. When wanting to know the characteristics of a culture, one could for example use the dimensions provided by Hofstede (1994). He argues that cultures can be defined in terms of high or low power distance, individualism or collectivism, masculinity or femininity, high or low uncertainty avoidance and long-term or short-term orientation. The last dimension has replaced the early dimension Confucianism.

Chapter 6

IKEA and TASEA

The presentation of the empirical data that was collected for this thesis is divided into two chapters, named *IKEA and TASEA*, and *Purchasing Teams*. This first chapter is based on secondary data from published works as well as internal material, as well as interview data from the top management of TASEA. The chapter starts with a background description of the company and its values. After that the organization and the situation in the company are described, and the management's vision of how the organization should work is presented.



6.1 Introduction

The giant furniture company IKEA from the small Swedish city of Älmhult is one of Sweden's most famous companies. It was founded 1943 by the icon Ingvar Kamprad, who is still an important leader in the company. Since then a lot has happened and the ever growing IKEA is now employing 75,500 co-workers and has an annual turnover of 12 billion Euros. Today IKEA has a total of 175 stores in 31 countries, 154 of them fully owned by IKEA and the rest by franchisees. (IKEA webpage, 2003b) To keep these stores running IKEA has about 2,000 suppliers in 55 countries, all co-ordinated by the 40 Trading Service Offices in 33 countries (IKEA Inside webpage, 2003).

6.2 History

In 1943 Ingvar Kamprad started his first business under the name IKEA, Ingvar Kamprad Elmtaryd Agunnard, an acronym of his name and his birthplace. During the first years the business developed from sales of pens, postcards, et cetera to become a furniture company. In 1953 the first furniture showroom opened in Älmhult, the city that is still the heart of the concern. (IKEA webpage, 2003a) Shortly afterwards IKEA was boycotted by other Swedish furniture manufacturers because extremely low prices, something that, according to Torekull (1998) proved to be one of the early success factors. IKEA was now forced to start designing their own products, and had to look for new solutions in manufacturing. The result was that IKEA moved production to Poland in 1961 and the first step towards the global IKEA was taken. The new Polish suppliers proved to be able to deliver at a lower price and at the same time the "knock-down" concept was introduced, resulting in the famous flat boxes (Barlett and Ghoshal, 1992). According to the company's webpage this ultimately led to "*innovative design and improved function at lower prices*" (IKEA webpage, 2003a).

During the following decade IKEA was successful in predicting and utilizing the boom in car usage among its customers. Stores were placed outside the cities in locations that were easy to reach by car and had good parking facilities, something that is still important for IKEA today. At the same time IKEA invented the self service concept and more customers could be served, or serve themselves, without hiring any more employees. (IKEA webpage, 2003a) Letting the consumers be a part of the logistic chain allowed IKEA to provide even lower prices and it became another important part of IKEA's philosophy (Grol et al, 1997).

The following paragraph from Grol et al (1997:93) shows what IKEA had become in the first 30 years:

> " *Customers were able to purchase attractive quality furniture at low prices; furniture suppliers benefited from long production runs, and IKEA, through volume sales, was able to make considerable profit from small margins. IKEA's business strategy did not evolve from 'strategic planning,' which is still scorned today in the company as being 'too sophisticated'. It evolved from creative responses to difficult problems, turning them into solutions pragmatically and often with considerable risk. Not going by the book, or adopting conventional solutions, and learning by adopting appears to be a distinguished trait of Ingvar Kamprad's and IKEA's intuitive way of doing business.*"

During the seventies IKEA started to expand internationally, and that is still the trend. The expansion focused on entry into markets with growth potential, and it has been driven by Kamprad's search for new opportunities and suppliers outside Sweden rather than a formal development strategy. Good logistic solutions were always an important part of the development plans and sometimes even the reason for certain store solutions. The more the company expanded, the more important the maintenance of the IKEA culture became, and the Swedish values were presented more clearly. (Grol et al, 1997)

6.3 Vision and Business Idea

IKEA is a company that has always done things its own way. Strong growth and good enough margins have ensured that the company never had to look for outside investors to fund the business. Therefore it has always been possible to do things the "Kamprad way". This has resulted in a very strong company culture which in turn has formed the key elements of IKEA's winning formula: simple, high-quality, Scandinavian design, knock-down furniture kits that customers transport and assemble themselves. (Normann and Ramirez, 1993)

Business at IKEA is always done according to Ingvar Kamprad's vision "*to create a better everyday life for the many people*" (IKEA Inside webpage, 2003). The way to do it is described in IKEA's business idea:

"*To offer a wide range of home furnishings with good design and function at prices so low that as many people as possible will be able to afford them.*" (IKEA webpage, 2003b)

The goal is to service people with "*many different needs, tastes, dreams, aspirations, and wallets; people who want to improve their homes and create better everyday lives.*" To reach that goal IKEA has to "*find simple solutions, scrimp and save in every direction, except on ideas.*" Another important part of the idea is that the customers do part of the work. (IKEA webpage, 2003b)

Ingvar Kamprad has said that "*the true IKEA spirit is founded on our enthusiasm, on our constant will to renew, and on our cost consciousness, on our willingness to assume responsibility and help, on our humbleness before the task, and on the simplicity in our behavior*" (Barlett and Ghoshal, 1992:77). As a result of this attitude, a very distinct organizational culture and management style has emerged.

6.4 Organization of the Concern

The IKEA Group is one part of the so-called Kamprad sphere; that is companies controlled by the Kamprad family. The other two parts are the Ikano Group and the Inter IKEA Group. These three groups are active in several areas of business, including banking, finance, insurance, real estate, production and purchase.

To secure the continuation of IKEA even after his own retirement, Ingvar Kamprad created an organization and ownership situation that would guarantee long-term commitment, independence and security. The IKEA Group is owned by the charitable foundation Stiching INGKA Foundation in the Netherlands, which is operating through fully owned INGKA Holding, the parent company of all IKEA's businesses. The IKEA Group is basing its activities on "the IKEA concept" and the brand name "IKEA," owned by Inter IKEA Systems. How the group is organized can be seen in figure 7.

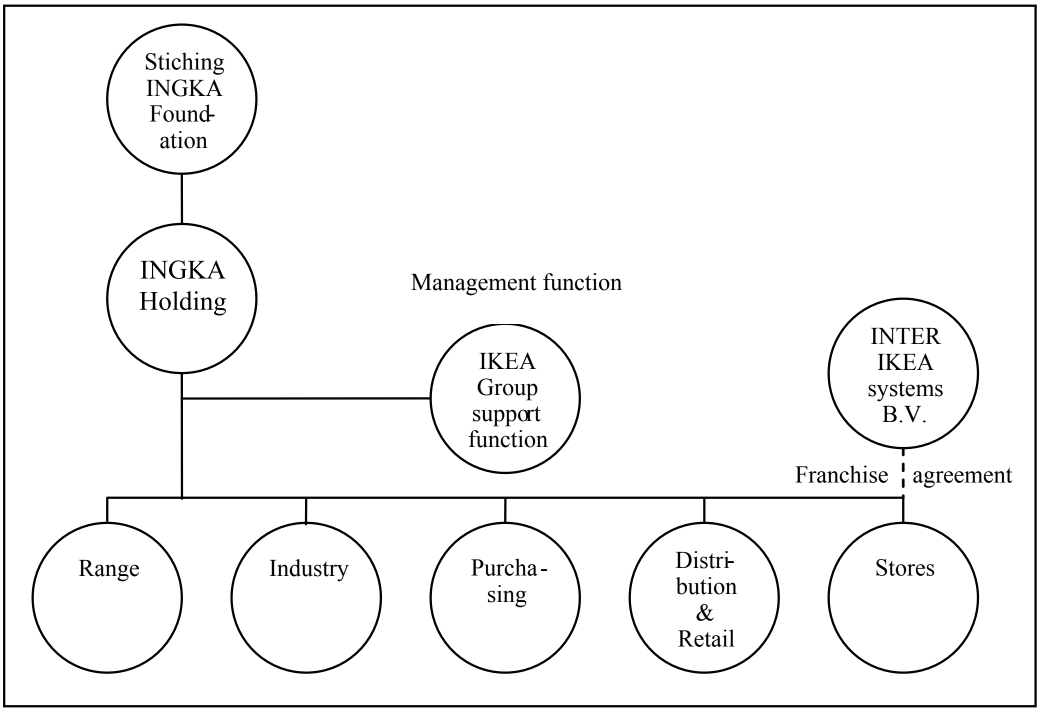


Figure 7 The IKEA organization. Source: Ikea webpage, 2003a

IKEA of Sweden, often abbreviated IoS, is responsible of the product range in all markets, and of securing the supply of goods to the stores and warehouses. Älmhult also houses the top management of Trading, the organization that handles all purchasing issues, including quality, service and delivery information. IoS orders the products from Trading that sources from suppliers. This part of the IKEA Group will be of the greatest interest for this report. Other members of the IKEA Group are generally classified as distribution, retailers and other companies. (Idén, företaget och människorna, 1993) Figure 8 shows how Retail, IoS, Trading and Distribution are connected in what is internally known as "*the IKEA pipeline*".

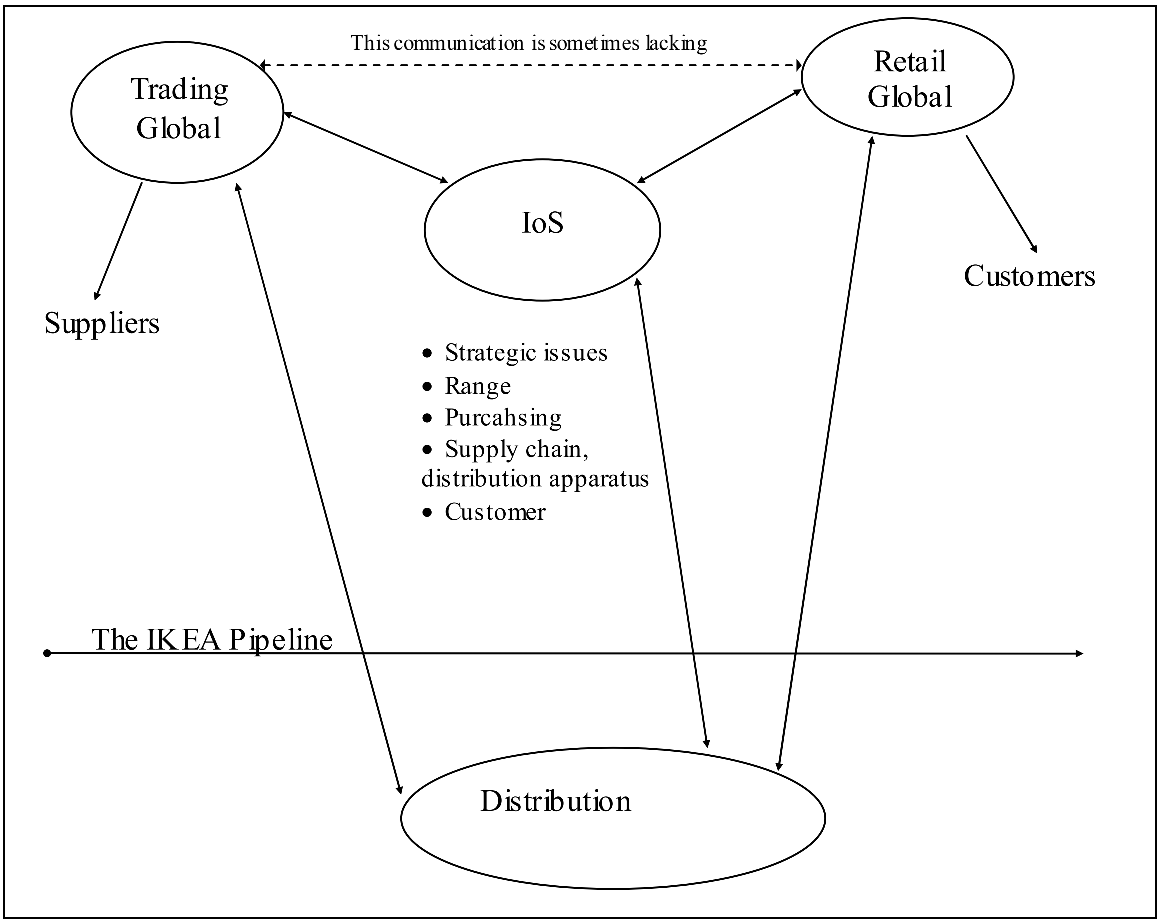


Figure 8 The IKEA pipeline. Source: Interview material Öhlund, 2003a

6.5 TASEA

Since IKEA has suppliers in 55 countries, 40 trading offices have been opened in different parts of the world over the years (IKEA Inside webpage, 2003). The trading office takes care of the contact and the development of the suppliers in its region (Westman, 2003a). Until recently, each office was their own and competed with other offices around the world for the orders from IoS. This meant a vast number of bids every time a new product was launched and an unnecessary amount of work for the people at IoS. Therefore IKEA is now divided into 17 trading areas and working in a closer co-operation with the suppliers. (Carlsson, 2003)

Trading Area South East Asia (TASEA) consists of the offices in Bangkok, Kuala Lumpur, Jakarta, Hanoi and Ho Chi Minh City. This thesis will focus on the offices in Bangkok, Jakarta and Ho Chi Minh City. The management of TASEA is mainly located in Bangkok, but each of the sites has members of the management group in their office. (Carlsson, 2003) The business is now divided by the material that they are working with, rather than by national boundaries. (Öhlund, 2003a) The material areas are presented later in this chapter.

The new organization has resulted in that individuals of very diverse countries have to co-operate within the frame of an organization that is based on values that are sometimes not present in the local cultures. The region spans different cultures, religions, ethnicities, languages, political systems and standards of living. To read more about this, refer to appendix 3. According to Naisbitt (1996), the countries in the region have citizens that have lived in a dictatorship, and under conditions of war, poverty and insecurity. They are Muslim, Buddhist, Confucianist, members of ethnic minorities, positively discriminated ethnic majorities and so on. These and many more factors make up the context for TASEA.

6.5.1 From Trading to Purchasing

One important component of IKEA's purchasing strategy is that the suppliers are making profit and develop. In the competitive atmosphere that existed in IKEA, suppliers were sometimes ready to do business with IKEA without making profit in order to get IKEA as their customer. The reason is that making business with a large international company gives a good reputation and better possibilities to get more business in the future. The trading offices were happy about the low prices they could present, and were also trying to gain good contacts with people in IoS to gain even more business. (Westman, 2003a)

TASEA wants to change from a "*marketing to a material organization*" and a slogan in TASEA is "*from Trading to Purchasing*." Trading means a situation where a seller, the trading office, persuades the buyer, IoS, to buy the product. Purchasing, on the other hand, means that the Purchaser at a Trading office has a mandate from IoS to buy for them. (Westman, 2003a) Öhlund (2003a) describes the situation a similar way:

"*Trading was about getting large volumes for a supplier, but there was no long term plan and no development of the supplier. In purchasing we look for the best buy. By looking at the costs and working with the suppliers rather than the price we can help the suppliers lower their costs. We work with production capacity rather than buying articles, and we look at the big picture with the supplier's strengths, weaknesses and other customers as important parts. This put new demands on our co-workers*."

Also Westman (2003a) points to the new demands on the co-workers. He says that this is a change that requires new competences and it has created a great need for competence development. TASEA wants to build competences in the areas of material and technical knowledge that are as good as the suppliers', and drive the development together with the suppliers. TASEA's work is now integrated with the suppliers', and products are developed in a tight co-operation. When IKEA is looking for a new supplier they buy capacity rather than articles. They see to what the supplier is good at and build long term co-operation with continuous development. IKEA normally design the product themselves which is different from most companies that just buy the article as it is from the supplier. (Öhlund, 2003a)

In general it can be said that Asia has a less developed production apparatus than Europe. Asia is still in the starting phase of development of production technology and there are big differences between countries in Asia. When IKEA works with a supplier they must often develop the supplier in questions of quality, environment, social issues such as working environment and child labor, et cetera. This also creates problems since it involves the meeting of different cultures and traditions. (Öhlund, 2003a)

6.5.2 The New Organization

The reorganization of the South East Asia region was officially implemented on the first of September 2002. Four countries, each with its own country manager, and five offices were involved (Carlsson, 2003), which resulted in major changes, for example in co-ordination, work closer with different cultures, share information with other offices, stop competing with other offices and for some to end business with some suppliers. The toughest change came in Malaysia where the cost of production proved higher than in the other countries and the office was downsized, something that has created discomfort all over the region. The new organization demands more co-operation, a broader perspective on IKEA and more communication. Vietnam and Indonesia are the fastest growers in the region. Vietnam has a good production apparatus and low labor costs. Indonesia involves a lot of uncertainty, for example political and economic, but has many natural resources and cheap labor. Malaysia can not quite keep up with the others and are not competitive. Thailand has some strong areas but is not so good in others. (Öhlund, 2003a)

IKEA realized that competition between offices in the same region was not good for the company. Instead IKEA is now looking to the regions and aims to lower the number of suppliers, and at the same time getting a longer perspective on their co-operation with the suppliers. Trading Area South East Asia became an independent trading area and thereby independent of the Asia region. In TASEA, the countries of the South East Asia Region are now working together across the national borders, and are divided by the material of their suppliers into material areas. The material areas are reporting directly to the Trading Area Manager. There are also a number of support functions; they are Quality and Environment, Human Resource, Controlling and Administration, Operations and Logistics and Purchasing Development. (Öhlund, 2003a) This is illustrated in figure 9.

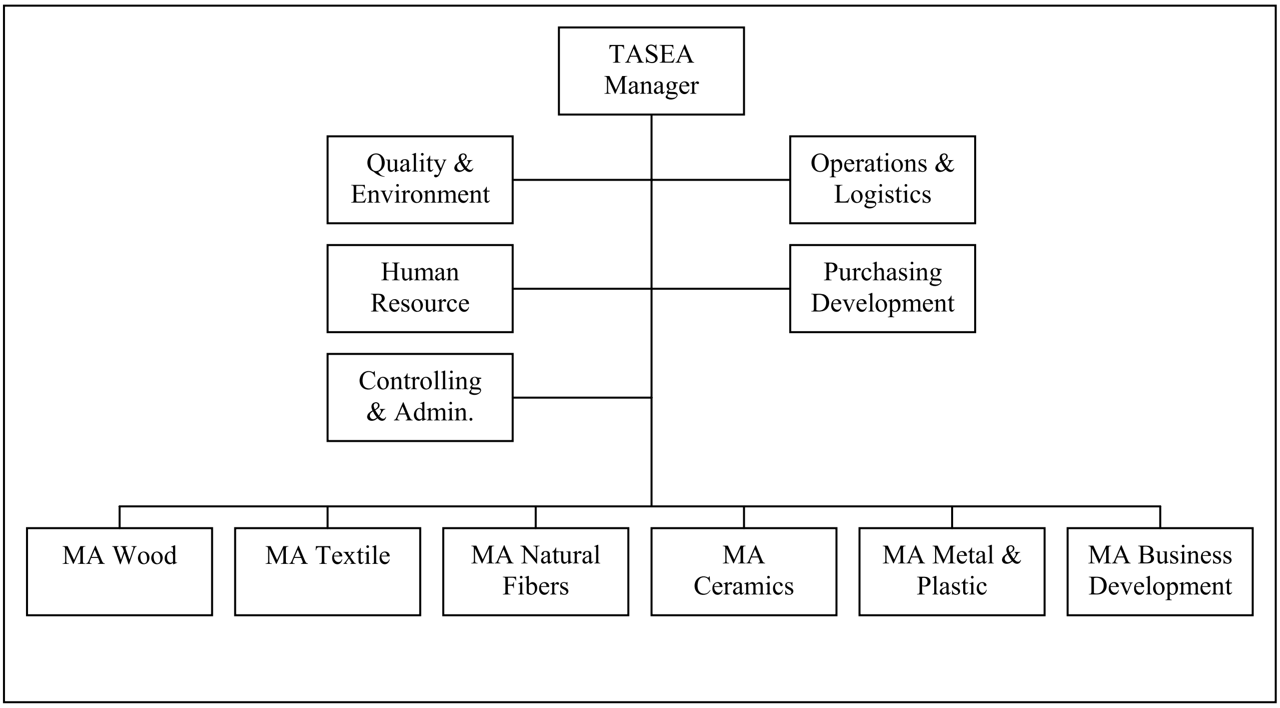


Figure 9 The TASEA organization. Source: TASEA Organizational Chart, 2003

6.5.3 Material Areas

All the different material areas are present in at least two of the regions five offices, some in all of them. The different material areas are:

- Wood in Vietnam, Indonesia and Thailand
- Metal and Plastic in Vietnam and Thailand
- Ceramics in Vietnam and Thailand
- Natural Fibers in Vietnam, Indonesia and Malaysia
- Textile in Vietnam, Indonesia and Malaysia
- Business Development (all materials) in Vietnam and Indonesia

(Öhlund, 2003a)

In order to illustrate how the material areas work, a real life example described by Öhlund (2003a) will be used. The example is the Ceramics material area and the organization is charted in figure 10. They are present in two countries, Vietnam and Thailand. Leading the material area is a Material Area Manager (MAM) that is always located in one of the offices where the material area is present. In this case the MAM is in Ho Chi Minh City. The material area can also have some supporting functions, in this case there are a Deputy MAM (located in Bangkok), a Quality and Environment Manager and a Material Area Specialist.

Ceramics has purchasing teams in each of the two countries with a Team Leader that has responsibility for the employees in each team. Westman (2003a) means that today the teams are divided by countries, but in the future they may be based on products. The Team Leader is normally a purchaser in the team that also consists of Technicians and Business Supporters.

Before the reorganization the purchaser had business responsibilities only, but now they have also become managers for their team. It has been difficult for many of them to have responsibility for human resources and organizational issues, such as holding salary talks with their friends. The Technicians mainly work with environment and quality issues, and the Business Supporters are mainly dealing with logistic issues and support for the purchasing process. The three functions; Purchaser, Technician and Business Support, are responsible for all aspects of the business and shall complement of each other.

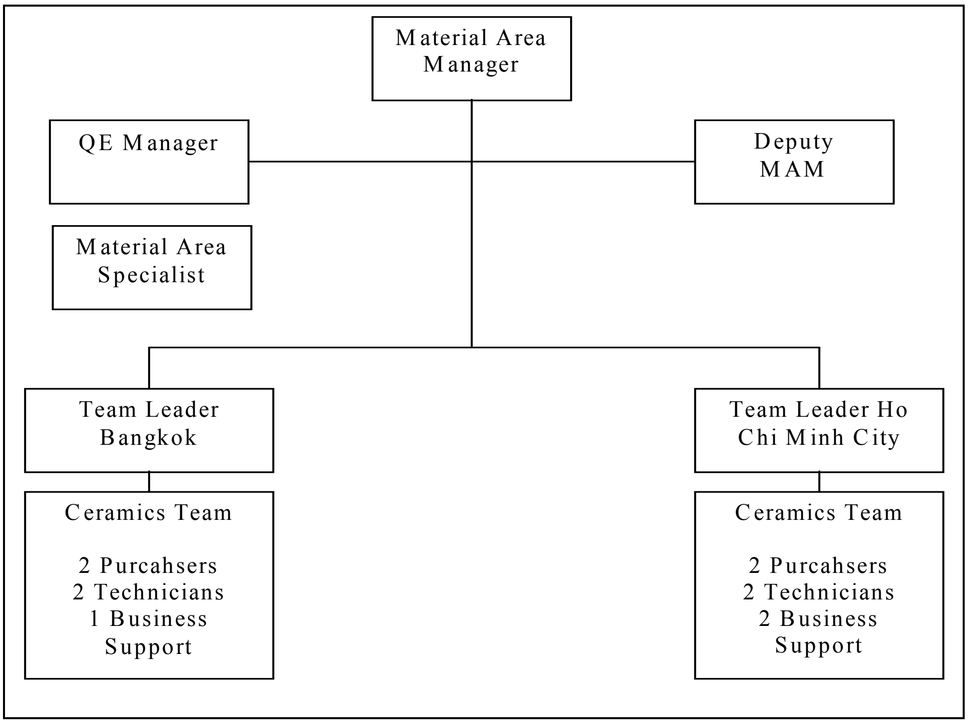


Figure 10 Organization of the Ceramics material area.
Source: TASEA Organizational Chart

6.5.4 TASEA's Purchasing Teams

According to the Trading Area Manager, the purchasing team is the core of all trading activity and TASEA's core competence is the competence of the team, namely logistics, purchasing and technology. All other parts of the organization are support to the purchasing team. Therefore, he says, TASEA must focus on the team. The Purchaser is the manager and IKEA's representative towards the suppliers. Because responsibilities have not always been divided like this, it is easy for the Purchaser to take a step back and let their old managers, or people from IoS, take responsibility when they visit the factory. But now the managers should only support and the team should be able to handle all purchasing on their own. This is not the situation today and development is needed. (Westman, 2003a) Carlsson (2003) says that the purchasing teams are still “immature” since they are rather new in TASEA. They have not been given responsibility and the culture also has an affect on this. Different offices have different amounts of experience and may therefore work better or worse than other offices.

6.5.5 TASEA’s View of Competence Development

TASEA wants to move away from being a company of specialist and instead be what they call generalists. In the TASEA organization there are many good specialists with solid hands-on experience. Normally these want to deepen their knowledge in their own specialist area. There are also many employees that have only basic knowledge in the area of their work, which signals recruitment of the wrong people. The new organization requires more leadership and general knowledge in areas such as how to lead work, how to help and to know what is needed in certain situations. An example of this is the product specifications from IoS that TASEA is working with. Today they are very specific in their details, but as time goes they will become less detailed and the co-workers in the trading area will have to make their own interpretations. The goal with the reorganization is for TASEA to become “good industrialists”. (Westman, 2003a)

Competence development in TASEA should result in that the employees can see the entire company and know that what they do also affect other people in the company. They also have to be more customer oriented. This can be a problem in this region because of the lower degree of development in the society. For example, how can someone who has never had a kitchen know the needs of a kitchen customer? A problem is how to get past differences in nationality, religion and ethnicity, that has a strong influence on the organization. There is also the question of how the IKEA culture affects competence development? Is it, for example, possible to be a manager in the hierarchical South East Asia, and at the same time be a humble person? (Westman, 2003a)

IKEA is also striving towards a "managerless" organization without direct leadership. Every person has to take responsibility for themselves and others. The big question is if the employees are given the opportunity to take responsibility today? (Westman, 2003a)

Today IKEA is using competence profiles that specify the desired situation for employees in every position, see appendix 4-7. The competence profile includes the responsibilities, general requirements and personal attributes for employees in their respective position. Westman (2003a) suggests that there is a suspicion in the organization that the employees of TASEA do not necessarily live up to the competence profile today. Knowledge about mapping the situation is lacking in the organization which means that also leadership competence is needed since it is the leaders that should be able to map individuals. IKEA also desires more diversity in their organization. At present there are too many Scandinavian transfer employees. The idea is that the future leaders will be recruited from today's Purchasers, who have the lowest leadership position in the organization.

Earlier, competence development in TASEA was done at office level. The employees were developed from the roles that they had and normally the employees attended courses that were listed for their position in the "course catalogue" and not what they really needed. Now TASEA tries to start from the needs at organizational, team and individual level. The vision and the business idea are connected to a business plan for the region that deals with all three levels. The plan is therefore an important tool in competence development. (Öhlund, 2003a)

IKEA is working mainly with internal resources, letting line managers and human resource staff teach the training programs. According to TASEA's Human Resource Manager people with specialist competences should be teaching to as large an extent as possible. Trading also has a function in Älmhult that is co-ordinating and administrating the learning and Asia generally needs more competence development than other parts of the world. Trading is focusing their training on professionalism and functionalism, production technology, leadership, and “the science of learning”. (Öhlund, 2003a)

6.6 The Essence of Chapter 6

To summarize the empirical data from this chapter that is of most importance for the study, we have put together a list of characteristics that TASEA’s management wants their employees to have. The list consists of fourteen aspects that the management has put forward as significant for the future of the new organization. Since the aspects came up in open interviews the list may lack some characteristics, but reflects the general vision of TASEA. The characteristics are summarized in figure 11, and will be compared to the purchasing teams opinions at the end of chapter seven.

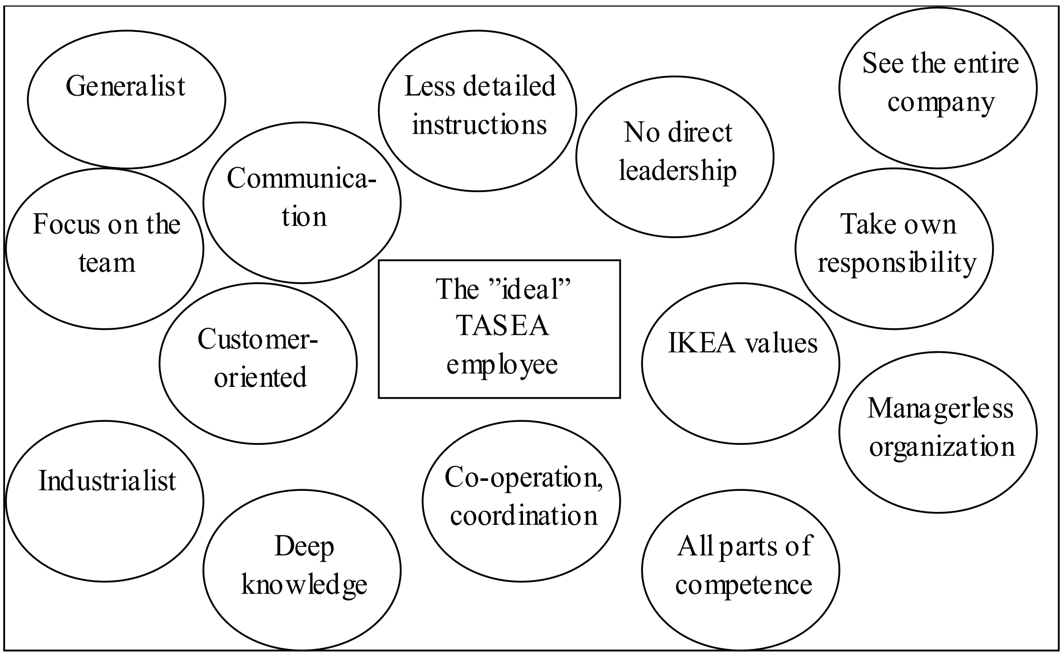
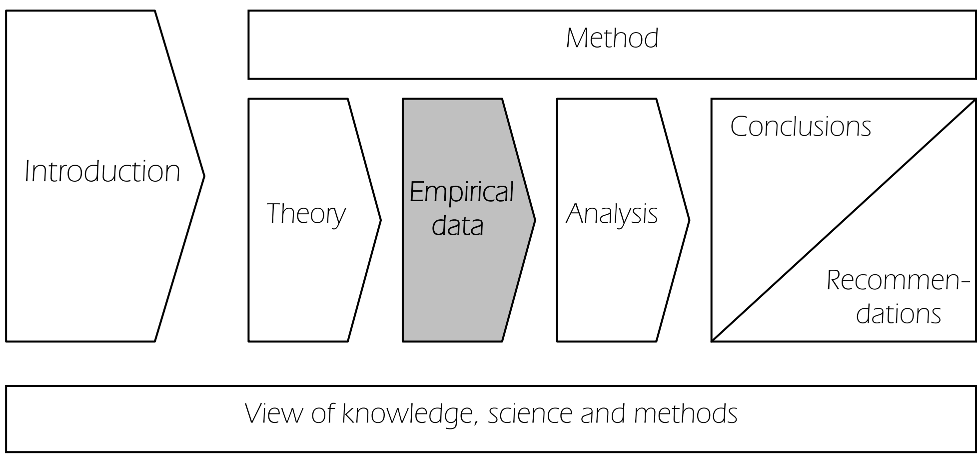


Figure 11 The ideal TASEA employee’s characteristics.

Chapter 7

Purchasing Teams

This second chapter of empirical data is an account of the data that was collected from structured interviews of 29 members of TASEA's purchasing teams. The chapter is divided into subchapters based primarily on the structure of the theories but adjusted for the form of the interviews. This means that some questions from the interviews will only be covered indirectly not mentioned, whereas other questions may be presented more than once. As long as there is no reference the data comes from respondents. The chapter ends with a comparison of chapters 6 and 7.



7.1 Skills

The first section of questions in the interview was concerned with the skills of the respondents. The reason why they were first asked about skills and after that about their competences is that it would show if the respondents perceived the two words as different. Another reason was to get a chance to return to the subjects skills and competences a short while into the interview when the respondent hopefully had become more comfortable with the situation. The idea was that this should give a broader material and the respondent would get some time to think about the topic.

On the question of which skills were needed to perform the respondent's work there were rather homogenous answers within the same positions. For the Technicians the answers mainly covered technical issues and knowledge about the material that the respondent was working with. A few respondents complemented this with answers about business knowledge and skills in communication. One respondent mentioned knowledge about the company as being an important skill. When asked to specify which skill was the most important the answers focused even more on technical and material skills. It is interesting to note that a previously not mentioned skill, personal management, was mentioned here. Also communication and knowledge about IKEA appeared again.

In the same situation the Business Supporters considered communication the most important skill. There was a much greater variety of answers from the Business Supporters but also in this group technical and material knowledge was considered important. There was also a few who did not see each skill as isolated, but as one part in the way they work. Other skills that were mentioned were negotiation, computer, English, administration and logistics. Considering how closely the Business Supporters' job is related to delivery and logistics, it was surprising to see that only two of them mentioned it.

The Purchasers showed a wider field of view when they answered the question about what skills they needed. They generally answered with a higher number of skills and reasoned about why they were needed. The most common answers were negotiation skills, technical and material knowledge and leadership or management skills. The Purchasers were also more concerned about company knowledge and team work within their purchasing teams. Especially when asked to specify the most important skill they answered that they had to be team leaders or team players.

When asked if they had the skills they had described earlier about half of the Technicians and Business Supporters said yes, and the other half no. Very few of them motivated their answers, but generally everyone thought that they had to continue learning and developing. The Purchasers mainly answered that they had the skills needed and they also motivated their answers in a much more detailed way. When asked what they wished to be better at all positions gave a variety of answers, mainly concerned with technical and material knowledge. The Purchasers put more emphasize on leadership and management.

When the respondents were asked what skills would be needed for someone in their position in the future there was a big problem. For most respondents it was difficult to make the abstraction and think about a hypothetical scenario. Instead most of them answered what they personally needed to be better at or new skills that they had learned and wanted to use in the future.

7.2 Competence

TASEA defines competence as "*the knowledge, the motivation, and the capability to handle the crucial situations in the assignment*" in their Purchasing HR Directions for 2003 to 2006 (2003). All respondents were asked what they thought competence was. Most of the answers were about specific tasks or skills and that the person had to be able to handle the demands or requirements of the company. The focus was on knowledge, but many also related the competence to their work. Only one person answered that motivation was a part of competence. A problem with the question is that a number of respondents did not know the word competence and could not answer the question. Others avoided to answer the question and instead talked about what competences were needed in their work. Less than half of the respondents answered the question in a way that suggested that they understood the word and could talk about it in a context that is outside of their own position, if only slightly.

On the question about which was the most important competence for the respondent, all groups seemed to focus on technical and material skills or knowledge, but also on communication. The Business Supporters had a greater variety of answers than the other positions, and competence in the fields of orders and logistics were more common than before. The Purchasers talked more about leadership and social skills than the other groups. The answers of this question were very similar to the answers about what skills are needed. It is obvious that very few make a distinction between the two words. Of course the poor understanding of the word competence explains part of this.

When asked what the respondents thought about TASEA's definition of competence, many of the respondents were surprised to see motivation as a part of it. Most of them though it was good as a part of the definition but a few Purchasers did not see it as a part of competence, for example: "*I feel so-so about motivation. Motivation is more to yourself, not part of competence. You can have competence without motivation*." and "*I never thought motivation could be included in competence*." Others did not understand what motivation and capability meant, for example "*we don't know what to do without motivation, if we do right or wrong*" and capability was repeatedly confused with capacity.

The respondents had very different opinions about what the words of the definition mean and how they are connected. The word that was most commented on was knowledge. Most respondents thought that knowledge was the most important to have, otherwise you could not handle the job. A good example of how many ranked the different parts is: “*Knowledge is the most important. Motivation, everybody has it and capacity comes with knowledge.*” The quote also represents how capability often is confused with capacity. Some had an opposing opinion and said that knowledge can always be acquired, and that capability and motivation was determining a person’s competence.

When asked about which part of the definition was the most important, more respondents answered knowledge than motivation and capability together. Some respondents answered that all parts were equally important and that they should not be separated from each other. The group of employees that were most focused on knowledge was the Technicians, and the greatest diversity came from the Business Supporters.

One criticism about the definition was that it only mentions the critical situations. The argument was that competence is important also in the daily work. When asked if something was missing, some respondents presented isolated suggestions. Besides the issue of competence in daily work the suggestions were energy, spirit, confidence, relationship, support, team work, “everything is changing”, experience and personal characteristics.

7.2.1 The Competence Profile and the Business Plan

As mentioned in the previous chapter TASEA uses a detailed description of every position as a guideline for the employees to do their work., called the competence profile. It consists of four sections; purpose, responsibilities, general requirements and personal attributes. The profiles for Team Leaders, Purchasers, Technicians and Business Supporters can be seen in appendix 4 to appendix 7. About a fourth of the respondents said that the profile showed the work that they do every day, and of these all but one worked in the Ho Chi Minh City office. Most of the respondents said that they do not fulfill everything in the competence profile and that they see it as a goal. The main reasons why the respondents could not fulfill it was lack of training and that the described task was not their responsibility. For example, most Business Supporters do not think it is their job to "*decrease the costs between row 2 and row 48*", it is the Purchasers' job. Many of the answers focused on the sections responsibilities and requirements, and many ignored that personal attributes were a part of the profile. Some Technicians thought there were too much in the profile and that the demands were too high. Several others said that some, or several, things were missing but could not specify what. The Purchasers more often had a better understanding of the profile and they wanted to add something to it more frequently. The suggestions of topics to be added to the profile showed a list of "softer values", such as support others, team work and IKEA culture. Many were overwhelmed by the document and could not absorb everything. These respondents also showed signs of being afraid to answer in case they would not give the "correct answer".

The Business Plan is another very important document that the TASEA management is using to guide their employees. It contains both technical goals, business goals and "softer goals", like human resource goals. Approximately two thirds of the respondents had not read the business plan or were not sure if they had. The ones that said they had read it gave very unreliable answers and many of the others indicated that they had actually not read it or did not really know. Some had discussed it in the team but not read it themselves. Others had submitted material to it in the "creation stage" but not read the final result or only read the technical parts concerning their task. When the respondents were asked if they had read the business plan for their material area, about two thirds said yes, but many appeared to do it because they thought it was the "correct answer", not because they had read it.

When asked to talk about what message the business plan gave regarding competence development, only the respondents that were Team Leaders showed any signs of having read and comprehended any of it. This means that none of the Technicians, Business Supporters or Purchasers without team responsibilities had any idea about how to work with competence development according to the business plan. Some of them avoided the question and answered that the business plan focused on turnover, technical issues, negotiation or price levels. Some tried to guess and said that "*we need to be better*" or gave other vague answers.

7.3 Competence Development

In general, there was three different ways of thinking about competence development. The first was that it means following the company's course catalogue, and go to the required training. One answer that exemplifies this is: "*Competence development is improving your competence in every way.* In what ways? *I have been promoted to Team Leader; there should be competence development during the way from Purchaser to Team Leader.*"

The second way of thinking meant that the individual was responsible for the development and had to take the initiatives. One respondent puts it: "*Do it by myself, spend time in the factory and learn from suppliers. Step-by-step on my own and find different ways to understand the problems. Get background through training.*"

The final way of thinking was to use the definition of competence that we had presented earlier to explain it. The respondents using the last way usually did not know what competence development meant. An example of this is: "*To develop your competence. Knowledge that is needed (education) to develop competence. Motivation comes from the inside.*"

Many respondents also said that support from their colleagues, managers and the company was an important part of competence development. Others pointed out the value of practical learning, both in the office and together with the suppliers. In general the Purchasers had a better understanding of the topic than the other positions and could explain their thoughts.

The respondents were asked which competences they wanted to develop, and again most of the answers concerned technical skills and material knowledge. For the Technicians this was nearly the only answer, whereas the other groups had some more alternatives. The Business Supporters wanted to develop knowledge about logistics and in some cases communication. The Purchasers had leadership and management as the competence that most wanted to develop, but some also answered business and negotiation skills.

The reasons why the respondents wanted to develop these specific competences were mainly to develop as a person and career development. To develop as a person often meant to increase that person's amount of knowledge. This was most obvious among the Business Supporters, who answered nothing but these two reasons. The Technicians also had reasons like defending their position, helping the suppliers and contributing to the company. Also the Purchasers wanted to contribute to the company, but some also did it because it brought value to themselves or was interesting for them. Every respondent except one thought that TASEA would give them the possibility to develop their competences. A few of them pointed to the possibilities to develop that were present within the company and outside it, for example with suppliers and at universities.

In one question in the interview the respondents were asked what they thought or felt about competence development. Regardless of many tries to rephrase the question, at least one fourth of the respondents, and probably more, answered the wrong question. Instead many answered how they could develop in TASEA. Many see competence development as something you do to advance in your career. "*Career is more important than the learning part*" one respondent answered when asked if career or development was more important. The reasoning seems to be that you must complete a certain number of courses from "the catalogue" before you go on in the career. Therefore there was much focus on getting new jobs and career improvement, especially from the respondents in Jakarta.

Many respondents expressed that they competed with other people inside the organization and must continue to develop because of this. A common way to look at training is that it gives goals to work towards, "*so that you know what you are supposed to work with.*" The respondents understand that competence development is good and also needed, but they do not always understand why. Again there is a clear connection between education and advancement in the career. At the same time the connection between achievements in their work and career advancement was not so obvious to many.

The most important success factor for competence development seemed to be the attitude of the person. More than two thirds of the respondents thought that they were responsible for the development of their competences themselves. Many also thought that the support from the manager or the team was important for them. It is important for many of the respondents to have a goal or a plan for their competence development, so that they know what they have to reach. Other things that make competence development successful are the possibility to use what you learn in practice and to have a good mix of participants at courses.

7.3.1 Development Talk

Everyone has a development talk at least once a year. All respondents answer that it is held between the team member and the MAM. A few answered that the MAM and Team Leader worked together in the talk, but no one said that they should have it with only the Team Leader. Nobody showed signs of being aware that the goal is for the Team Leader to hold the development talks in the future.

The result of the development talk is normally a plan with different goals that both the manager and the team member signs. The plan is taken very serious because it is a document with a signature on, which makes it a contract in the eyes of the respondents, and therefore they think it is very important to follow it in detail. Many respondents see the plan as a number of steps that have to be fulfilled in order to advance to a higher position. The vast majority of the respondents focus on training and courses in their answers, and nearly nobody mentioned other ways of developing.

In the development talk the respondents normally want feedback and assessment from the manager. "*He explains what I have done in the past, he can judge me*." The respondents thought that it was important with clarity and more details about what they shall do, and they appreciate very much that they can have a talk with the manager, person to person. The respondents also want the manager to know everything that they are good and bad at, and give feedback on this. The respondents want the manager to tell them what they should do in the future and how they should develop.

Some of the respondents are not satisfied because they feel that the manager does not keep his or her promises, especially about sending them to training. In Jakarta a common opinion was that there was too little connection between the development talk and the salary talk. Since there is six months between the development talk and the salary talk the respondents fear that their achievements are not taken into account when they discuss pay-raise. The respondents wanted more salary talk and less development talk, preferably at the same time, since they felt that these two were connected.

7.4 Organization

At the beginning of each interview, each respondent was asked what the best thing about working with IKEA is and what is not so good. On the first question the Technicians and the Business Supporters had similar answers. Most popular was the freedom to plan your own work and the chance to learn within the company. Many, mostly Business Supporters, also said that the environment in the company was one of the best things. The Purchasers were more satisfied with the challenges they received in the company and their answers were more varied. Almost all the respondents were positive towards IKEA. They wanted to make their own choices, but also have someone to tell them what to do if they asked and they could not always plan by themselves.

On the question about what is the not so good about working with IKEA, all groups of respondents had similar answers. They were all concerned about the new organization and problems associated with it or the change process. Unclear organization and communication, more people involved and a higher workload for the respondents were the most commons answers. Some were also concerned about their salary and thought it was too low, something that many also brought up in questions later in the interview. The Purchasers focused more on the organization whereas the Business Supporters and Technicians focused more on personal issues.

On the question whether the content of the respondents' work had changed since the new organization was launched almost everyone answered: "*No, but…*" After that followed a description of what had changed. In most cases the respondents did make sense since the changes they described were mainly changes of context. Examples of this are "*higher workload*", "*work is more spread out*", "*more difficult to communicate*", "*more travel*", "*more meetings*", "*more focus on the material areas*" and "*that the office atmosphere has disappeared as a result of the focus on the material areas*".

In Jakarta the respondents saw a risk that their suppliers would get less business when they functioned as one region. They did not trust that there is transparency in the organization and feared that other offices would cheat in the intraorganizational "competition". Shortly after the implementation of the new organization one of the MAM's in Jakarta moved to Bangkok due to personal reasons. Many employees interpreted this as if TASEA was abandoning Jakarta and thought that the existence of the office was in danger. Many respondents, not only in Jakarta, felt that their managers were further away and that this caused miscommunication and a worse relationship to their managers. The respondents experienced that they had more managers than before and that there were more bureaucracy in the organization. A related point is the feeling that it took longer to get things started in the new organization. A good example of this was the following answer:

"*On one side the new organization is smarter, but on the other it is too complicated. More bosses and less co-workers. There used to be one manager for Ceramics to report to, now we have MAM, deputy MAM, quality manager, material expert, Team Leader, but the same amount of staff. There are more bosses and we have to report to all of them. This means more administrative job and many demands from the bosses. There are so many meetings, we have no time to work.*"

Some respondents thought that TASEA would loose on the new organization in terms of time and cost efficiency. Most thought that it was very good to have contact with people in other places because they learned a lot from it.

The respondents were also asked if the requirements on their competences had changed with the new organization. Nearly half of the respondents said that the requirements had not changed and then most of them continued to describe different changes to the requirements. The new competences that were required according to the respondents were:

- Communication
- More knowledge
- Team work
- More practical work
- Culture
- More focus on business
- More professional
- Time management
- More demands from IKEA’s specifications
- Co-operation between countries instead of competition; this was said only in Jakarta

When asked about what their responsibilities were most of the respondents answered with specific work tasks. Almost all of the Purchasers also said that they were responsible to make the team function. Only one other respondent mentioned the team. All individuals experienced different changes to their responsibilities after the new organization and no clear patterns could be seen in these experienced changes. The only tendencies were that the Business Supporters felt a little closer to the suppliers, and that the Purchasers, especially Team Leaders, felt more responsibilities for the team.

7.5 Management

The vast majority of the TASEA management is European and one of the goals for the organization is to have more local managers (Westman, 2003a). Since we are European, some of the respondents mistook us for being the managers’ footmen and thought that we were there to judge them and their answers. In general neither Business Supporters nor Technicians saw their Team Leader as their manager. Less than a third of the respondents mentioned the Team Leader as their manager, all of them also said the MAM. All the other respondents answered MAM or Deputy MAM. There was a tendency for the respondents to answer the MAM or Deputy MAM that was located in the same office. Later in the interviews, when the respondents talked about their relationships to their manager, the picture was similar, with even fewer respondents talking about their Team Leader.

On question about what a good manager is, the 29 respondents specified approximately 50 different characteristics. The most common of them were:

- Support/guide/feedback/listen/trust
- Leader or manager
- Knowledge
- Responsible

Most of the respondents thought that they had good relationships to their managers. About a fourth of the respondents talked about their Team Leaders and the remainder about their MAM or Deputy MAM. About a third of the respondents were not fully satisfied with the relationship they had to their manager. The majority of them were Business Supporters that felt that the manager did not have enough time for them. Most of the Business Supporters that were satisfied with their relationship to the managers were situated in Ho Chi Minh City, and all of them had worked for TASEA for several years. In order to make the relationship better the respondents wanted to talk more to their managers and get more feedback from them, have activities outside the office in order to get closer to each other, and that the managers should have more time for them.

When the respondents were asked to describe what a manager and a leader is, some problems occurred. Making a generous interpretation, the maximum number of respondents that understood the two terms in the same way that TASEA describes it were just a few Technicians and

Business Supporters, but the majority of the Purchasers. The true number is possibly even less. A couple of respondents could not describe a manager and a leader at all, and the remainder described the positions Team Leader and MAM rather than a leader and a manager. In this part of the interview the interviewers put much effort into alternative ways of asking the questions, in order to get answers to the correct questions, and still the result was as mentioned. Furthermore, a handful of the respondents that had a good picture of the difference between a leader and a manager described it opposite of how TASEA defines it, meaning that they described a manager as a leader and vice versa. All but one of them worked in the Jakarta office.

The question about what a manager and a leader is also showed differences between the different material areas and offices. All of the respondents from Ceramics did understand the terms, but only one respondent from Textile. In the other material areas the figure was never higher than half of the respondents. In Bangkok almost everyone understood, but in Jakarta and Ho Chi Minh City the rates were much lower with less than a third of the respondents understanding.

Of the persons that understood the terms leader and manager, almost all said that their manager is a leader, and only one said a manager. One respondent answered that the manager was both a leader and a manager, and some said that they had one who was a manager and one who was a leader. The latter respondents worked mainly for Ceramics. Most of the respondents that understood the terms said that they preferred a leader, and none of them preferred a manager. A few said that they preferred both. Of all the respondents, including the ones that did not understand the question, about half preferred a leader, a couple preferred a manager, some said both, and few did not give any answer.

Almost everyone thought that their manager takes his or her responsibility. The only exceptions were two respondents that did not know their manager well enough to answer the question. The way the managers show it is to take responsibility when there is a problem and to support the team. Some Technicians though that the managers were controlling the details too much and did not give them freedom to do their work in their own way. About two thirds of the respondents were happy with the responsibility that they get, a few wanted more responsibility and less than a third of the respondents, most of them Purchasers, thought they had too many responsibilities. Most of the respondents seemed to have difficulties seeing a difference between responsibility and work load, many probably did not answer the correct question. On the question about what they should have responsibility for, almost every respondent gave technical tasks as an answer. More than half of the Purchasers, all but one of them Team Leaders, also said that they have responsibility for the team.

Almost all of the respondents thought that the style of leadership were different in IKEA than in other companies, and everyone was positive to IKEA’s leadership, though some negative aspects were mentioned. When describing it, most of the respondents talked about the organization rather than the style of leadership. A few of the respondents did not talk about leadership at all.

On the question of IKEA’s leadership style about a third of the respondents thought that the organization was simple, had little hierarchy, was flat and good. A couple thought that there was much hierarchy, more than before, with too many people involved. One of the respondents that thought there was much hierarchy also said that the organization was flat. Our interpretation is that the respondent probably meant bureaucracy instead of hierarchy. Some of the Purchasers, including mostly Team Leaders, thought that the leadership style was the same as in other companies or that they did not know any difference. Most of the answers were correct in some way, but nobody was very convincing about having a deep understanding.

On the question about what was needed to become a manager at IKEA the most common answer was good knowledge or much knowledge. Most did not specify which kind of knowledge they meant, but neither did they answer with specific technical or material areas of knowledge as they had done in earlier questions. Some respondents also talked about general leadership skills and some said knowledge about IKEA. The answers to this question were much better and thoughtful than on the earlier questions. On the question of what the respondent would have to develop to become a manager the answers where again more focused on specific technical and material specialist skills. Other common answers were:

- Knowledge
- Communication
- Experience
- Leader or Management skills

7.6 Comparison of Managers' and Respondents' Opinions

At the end of chapter six a number of characteristics that the TASEA management wanted the employees to have are listed in figure 11. As a summary of the empirical data, the managers' visions will here be compared with the respondents' views. Each of the characteristics in figure 11 will be commented from the respondents' point of view to get a picture of the gap of opinions that exist.

All employees should be generalists and professional industrialists

The respondents appreciated being a specialist more than a generalist. Specialist knowledge in technical and material issues is often emphasized.

The employees should focus on the team in their daily work

The team work was not considered as everyone's responsibility, only the Team Leaders though it was their responsibility. There were a strong focus on "*my own position*" and "*my career*" and although personal development was mentioned as a reason for development, the most common things that were mentioned were salary and career advancements. By getting formal education, one can also advance in the organization.

The employees need all parts of competence

The respondents mainly saw the knowledge part of competence. Parts including social and personal aspects were often forgotten. The respondents also had problems understanding words in the competence definition and how these words were related. Often words like competence, knowledge and skills were mixed up. Formal competence was according to the respondents the most important part and this was developed by going to a course. Some also said that you learn from your daily work. Managers should have certain competences that differ a bit from the employees' competences. Examples of these were social and personal aspects, all representing "softer" values.

The employees need good and deep knowledge

This was the part that all respondents could agree on. Irrespective of position and country, all the employees perceived this as an important part of competence and when working.

The employees must have good communication skills

The respondents saw the need for more communication in the new organization and many of them were aware of the need of communication as a part of competence, especially the Business Supporters.

TASEA should strive towards a managerless organization with no direct leadership

The title manager was very important for the respondents and there was a big difference when perceiving the titles manager and leader. A great respect was shown to titles and European employees. A manager is someone that has a lot of knowledge, can give support and feedback but also judge the employees' performance. The respondents want more time with the managers and also physical closeness.

In the future the instructions of how to work will be less detailed

Many of the respondents expressed a desire for more personal and detailed plans and goals. The documents describing goals that exist today were not perceived as such since the respondents could not relate them to their own situation. Some of them seemed to have difficulties in taking initiatives and seeing the future, and therefore needed help with this.

Every person must take responsibility, both for themselves and others

This has partly been discussed earlier in the paragraph about the team. Freedom in their work is highly appreciated by the respondents. Almost every one of the respondents thought that they were responsible for their own competence development, and having the right attitude were the most important factor when developing competences. Some seemed afraid to say no and always wanted to give the "right" answer.

TASEA builds on co-operation and co-ordination

Some of the respondents did not trust the others' transparency and were afraid to lose their position in competition with others in TASEA.

The employees should work according to the IKEA values and be customer-oriented

Many of the respondents did not see a difference between working in TASEA and other companies. They had problems distinguishing and describing managers and leaders. Instead they talked about formal titles and the individuals holding the titles. The new organization has meant problems in the work situation for many of the respondents and TASEA were seen as a company with much bureaucracy.

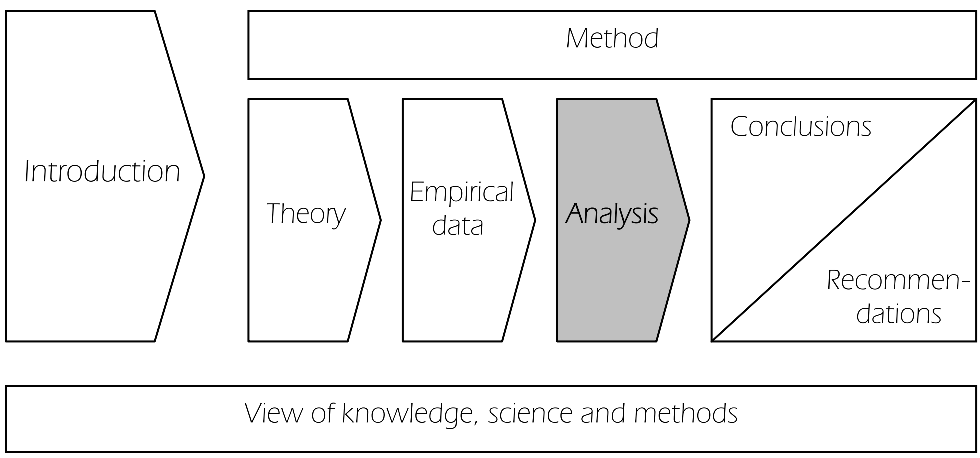
The employees should see to the entire company and know that what the individual does affect others

The respondents showed suspicion about the others' intentions to co-operate and for many of them it was important to defend their position. There was a great difference between the Purchasers and the two other groups in understanding the terms and how TASEA works. The Purchasers also found it easier expressing these thoughts.

Chapter 8

Competence

The analysis consists of three chapters, *Competence*, *Competence Development* and *Competence in the Organization*. Each of the chapters corresponds to the theoretical chapter with the same title. A few exceptions, for example culture, are theories that are used throughout the entire analysis and not gathered in one place. This first chapter analyzes the respondents' view of the term competence, what they include in it and how they look at it in a practical situation. It is also analyzes how the individual looks at the different levels of competence.



8.1 Competence as a Relative Term

As described in the frame of reference, competence is best understood when related to one or more factors. Many researchers (for example Sahlquist and Jernhall, 1998; Stevrin, 1986; Hall, 1980) look at competence related to situations, problems or environments. Different ways to do this in an interview is to relate the answers to situations in the daily work or talk about areas of competence that are very specific to the respondent's position or location. This is something that the respondents did to a very large extent. Many pointed out the importance of using skills or knowledge in real work situations. The most obvious proof that the respondents relate competence to their work is that so many of them define competence as specific skills or knowledge that is needed in their work. When talking about IKEA's definition of competence, some say that the part about crucial situations is important, and others point out that competence is also needed in the daily work. Again, this shows that the relation between competence and situations of work is strong to the respondents.

In one question the respondents were asked to relate competence to situations in the future and tell what competences they thought would be needed in the future. This resulted in a situation where the respondents could not relate competence to the specific situation any longer. The vast majority of the respondents could not give an answer to this question because the scenario was too hypothetical for them. This shows that they relate competence only to the past and present, often by giving real life examples, but not to the future. This shows that the cultures in the study are what Hofstede (1994) calls short-term oriented, something that was indicated several times. It also shows the respect for traditions and respect for social obligations that are dominant among the respondents. Short-term orientation and respect for tradition result in that "looking into the future" is something that is not commonly done in these cultures.

8.2 Knowledge as a Part of Competence

Many researchers think that skill is the same as practical knowledge, and therefore only one of several components of competence (for example Axelsson, 1996; Sandberg 1994). The interviews have dealt with both competence and skills as described under the heading "*competence and skills*", and because of this it was expected that the separate questions about skills and competence would yield different answers. It is therefore remarkable to see that the answers to question as different as "*what are the main skills you need?*", "*which are your most important competences?*" and "*what is competence?*" are very much alike. The respondents had a tendency to answer all questions about skills or competence by describing knowledge about technical and administrative issues or the material they work with. Since describing a skill as having a certain knowledge is opposite of the definition of skill as a part of knowledge, the conclusion that most of the respondents did not see a difference between skills and competence is confirmed.

Having and using knowledge is an important part of competence (Axelsson, 1996; Sandberg, 1994; Keen, 1991). This is something that most of the respondents seem to fully agree with. On all questions about what skills and competences the respondent needed, what they needed to improve and how they defined competence, the most common answers were knowledge about specific technical issues and the material they work with. There is once again a very strong focus on knowledge among the respondents in all situations. Keen (1991) argues that it is important not only to have the different pieces of competence but also to put them together. To some extent the respondents seem to agree with this. One thing that was mentioned in the interviews was the need of time management education and help with structuring the work. According to the respondents this was needed in the new organization. Nevertheless, the focus mainly seems to be on structuring the work and not to benefit from different parts of the individual's competence.

On the questions about what was important for a good manager, many answered good knowledge or knowledge that is superior to that of the subordinates. In IKEA's definition of competence, knowledge is one part of the definition. When asked what they thought about the definition, almost every respondent thought that knowledge was a very important part of it. A few exceptions were respondents who said that knowledge is something that you can gain and that the other parts of the definition, mainly capability, were more important. Some of these respondents also confused capability with capacity.

Many authors (for example Stevrin, 1986; Sahlqvist and Jernhall, 1998) believe that there is something more than just knowledge in itself to the knowledge part competence. These authors mainly refer to the discussion of competence as relative situations, problems or environments, and argue that also knowledge has to be related to these factors. Knowledge in itself is absolute, and certain knowledge may not be suitable for a certain situation. For an organization knowledge has no value unless it is used (Sahlqvist and Jernhall, 1998). Many respondents seemed to be concerned with the connection between the knowledge and tasks in their work. This often resulted in very specific answers or that the respondent motivated their answer by describing an example from their daily work. The answers showed that the respondents were aware of the need for knowledge related to the technical parts of the work they do, but there were very few examples of other situations where knowledge was connected to the task or problem.

The knowledge that the respondents talked about was generally explicit knowledge, often knowledge learned from education. Examples of this are "*basic material course*", "*know IKEA's specifications*" and "*cost calculation*", all common answers. Tacit knowledge, that for example Ellström (1992) think is an important part of competence, had only a very small part in the answers. One reason for this may be that it is difficult to put words on tacit knowledge and communicate it through language. Another reason may be that it sometimes goes unnoticed also for the person using it (Ellström, 1992), and that it is highly personal knowledge (Turner and Crawford, 1994). Nevertheless, the respondents' main interest when talking about competence was what Spencer and Spencer (1993) would call the top of the iceberg; knowledge and skills. Competence was regarded as something formal and could be proven by handing over for example a diploma.

8.3 Skills as a Part of Competence

In order to establish if the respondents made any difference between the two words skills and competence, the interviews had one section about each of the terms. The result was that only very few made a difference between the terms and most respondents seemed to think that they were asked the same questions again. Several sources (for example Hamel, 1994; Keen, 1991; Spencer and Spencer, 1993) argue that skills are important elements of competence, and that in order to have competence, several skills are needed so that problems can be solved. Skills are often referred to as practical knowledge, and since IKEA's definition of competence includes knowledge as one element, IKEA defines skills as a part of competence in an implicit way.

Most of the respondents defined competence by naming a few very specific skills or even tasks. The respondents were asked about both what competences and what skills were needed in their position. On both questions the answers were specific skills or areas of knowledge related to their specialist field. Only few mentioned anything else, and yet fewer said that a wide range of skills were needed. A notable exception is that some, though few, of the Business Supporters answered there is no single most important skill but that they are all connected and equally important. On a total, this shows that the understanding of the relationship between competence and skills is poor in general among the respondents. Indeed, a number of the respondents did not know the word competence. This is important to bear in mind when reading the rest of the analysis.

The Purchasers' answers were somewhat different than those from the other groups. One reason for this may be that the Purchasers are in a higher position than the other respondents and have to manage a team as a part of their work. They generally gave a higher number of skills as answer when they were asked what skills they needed, and they explained to a larger extent why these skills were needed. The variety of the answers was greater in this group and they tended to spread them over a larger number of topics. Still very few indicated that competence consisted of many skills. The difference between the Purchasers and the other groups will be discussed later in the analysis. When asked what competence was, some of the respondents said that skills was part of competence, but few of them meant skills in a wider meaning as described by Hamel (1994) et cetera earlier. Many of them named specific skills that they thought were part of competence, such as communication or patience.

8.4 Social Aspects as a Part of Competence

An individual's competence consists of both technical and social competence (Sahlqvist and Jernhall, 1998; Stevrin, 1986; Ellström, 1992) Social competence is used when doing things with other individuals (Stevrin, 1986) so that the person can deal with them in a productive way (Hall, 1980), and it includes, for example, the ability to co-operate, to lead and be led (Sahlqvist and Jernhall, 1998), to manage and communicate (Ellström, 1992), to share values (Keen, 1991) and to have a network of essential contacts (Sandberg, 1994).

In general, the social aspects seem to have little importance when the respondents talk about competence and skills. They were rarely mentioned as formal parts of competence and were considered as something that is up to each person and therefore not part of competence. This attitude was something that was seen in other parts of the interviews as well. When the respondents talked about team work, many of the Business Supporters and Technicians felt that they had no responsibility for making the team work in a good way. This means that the social part of competence is not present, even though team work is a major part of the new organization.

A reason that may help explaining the lack of social skills is that the respondents have more individualistic than collectivistic view of work. This contradicts the traditional pictures of the national cultures involved, but there are several reasons why it may be true anyway. One is the link between income and individualism that Heuer et al (1999) points out. All three countries have a situation where the income has increased relatively fast over a period of time and especially among educated people, like the employees in TASEA, the situation is different today.

Another reason may be that individualism shows only in some contexts. The judgment about the respondents' individualism was based purely on the answers to questions about work and the company. Related to this is also the question of which people an individual includes in his or her collectivism, namely ingroup and outgroup members (Pornpitakpan, 2000). A person may be collectivistic towards the family, friends and nearest colleagues, but very individualistic towards people that are considered to be strangers. In a situation where many strangers come close to the individual due to a reorganization, he or she may act individualistic in defense from the change. Examples of individualistic behavior will be noticed also in other parts of the analysis.

When talking about the social aspects of competence in other settings, these aspects were much more frequently mentioned and more emphasized. An example of this is the question about what new competences were needed after the reorganization. Some "new" answers appeared and social aspects and the ability to see the big picture were mentioned more often than before. One reason for this may be that the respondents had more time to consider the topic and think about it at this stage of the interview, and therefore could give a broader picture.

Another reason could be that the respondents had absorbed “hints” from the interviewers about what was preferred in the company, but most importantly they had all read the competence definition and the competence profile at that stage.

There are different possible explanations of why the respondents change their answers during the interviews. One observation we made about effects on the respondents was that they seemed to try to give the answer that they think the interviewer wants to hear. If this was true the first set of answers, about competence and competence development, are likely to hold a higher value and the answers about new competences are less interesting.

Another way to view it is that they are aware of the fact that they need to develop these parts, and that the hints got them on the right track. In this case it is interesting to consider if their motivation to learn this is inner or outer motivation (Ellström, 1992), if they learn because they want to obey their managers or because they want to develop themselves. These terms and their effect on the competence development will be discussed later in the analysis.

Of the different parts of social competence (Ellström, 1992), the one that was most frequently talked about was communication. Especially the Business Supporters though that skills in communication was important to their work in IKEA. The reason for this was that they saw themselves as the “middle man” between IoS and the supplier in many situations, and therefore they often have to communicate someone else’s message.

The Purchasers, especially the ones that were Team Leaders, talked more about leadership, management and social skills than individuals in other positions. Naturally this depends on the fact that these respondents are formally appointed leaders and are required to work with this on a daily basis. They also have these parts of competence specified in their competence profiles. A small number of respondents wanted to add some social aspects to TASEA's definition of competence, and the suggestions were relationships, team work and support. The same thing is true for the competence profiles, except that it was mainly Purchasers that wanted to add the social aspects.

8.5 Personal Aspects as a Part of Competence

Competence is related to a number of personal aspects, such as motives, traits, attitude, values, experience and motivation (Axelsson, 1996; Spencer and Spencer, 1993; Argyris, 1962; Keen, 1991; Ellström, 1992). These were especially interesting when the respondents were asked to comment on TASEA's definition of competence. Many of the respondents were surprised that motivation could be a part of competence and had not before thought of a relation between competence and motivation. When the surprise had settled, most of the respondents thought that it was good to have motivation as a part of the definition. A few of the respondents, mainly Purchasers, questioned that motivation had anything with competence to do. They said that it is possible to be competent without having motivation and that personal aspects, such as motivation, are not related to competence. A more detailed analysis of the motivation's impact on competence follows later in this chapter.

Also in other situations some respondents seemed to think that personal or emotional aspects had nothing to do with competence, and that it was based completely on knowledge. When the respondents looked at their competence profiles, almost everyone commented on the sections responsibilities and requirements because they made up some sort of job description, but almost none of them wanted to talk about the section personal attributes. Again they seemed to ignore that personal attributes were of concern when talking about competence. The attitude seemed to be that the personal aspects are my problems and it is up to me to do something about them, they are of no concern for the company. As has been mentioned there were also a small number of suggestions about what could be added to the definition competence. Though they were few, some of them showed signs that indicated that they related competence to personal aspects; they were energy, spirit, confidence, experience and personal characteristics.

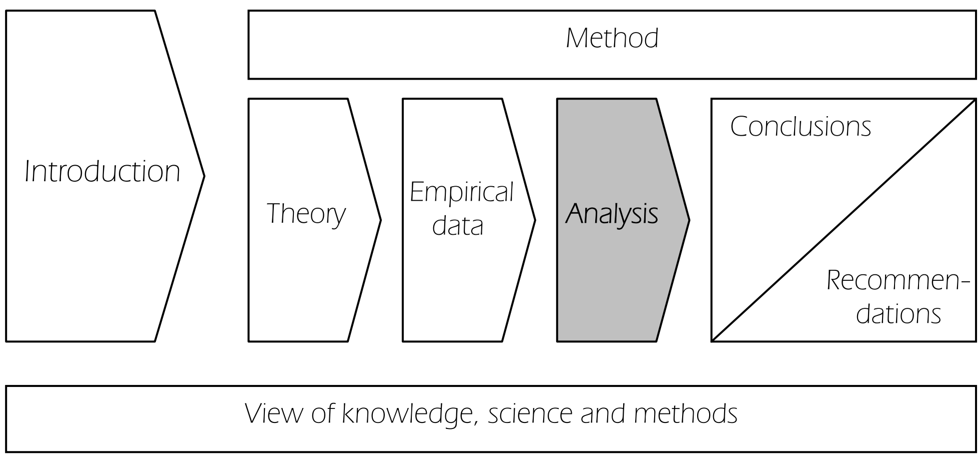
8.6 Organizational Level of Competence

Competence at the organizational level refers both to human competence and to the organization's systems and routines (Sandberg, 1994), settings and working conditions (Ellström, 1992) and it reflects the expertise of an organization resulting from its collective learning (Prahalad and Hamel, 1990). It consists of corporate characteristics, skills, motivation, knowledge, et cetera and can endure over time (Turner and Crawford, 1994) or change from one time to another (Axelsson, 1996). Organizational competence seems to be of little concern to the respondents. All the questions about skills and competence got few or no answers about the organizational context of competence or the systems, conditions et cetera as part of competence. The answers show many of the signs that Rodrigues (1998) use to characterize individualistic cultures, such as little concern for the group, focus on the individual's own achievements and needs, and personal success rather than good team work as a source of satisfaction. Indeed, most of the respondents answered the questions in a very egocentric way and talked about how each topic affected them as persons. When they talked about support or the organization they normally focused on how they needed to be supported themselves and how the organization made their work easier or more difficult.

Another important part of organizational competence is the evolution over time. Axelsson (1996) argues that research and learning are important parts of the competence that gives development over time. Chiesa and Barbeschi (1994) even define organizational competence as moving towards the future. This is a problem for TASEA since the respondents, as discovered earlier, have a short-term orientation and have difficulties seeing the profits that will be realized in the future. Instead they prefer to make decisions that give results today and take actions that can reap rewards within a short and comprehensible period of time. This cultural factor together with individualism means that there is very little understanding of the organizational level of competence within the company. For TASEA it is a problem that that their definition of competence does not include anything about time aspects. If the definition mentioned that competence has a connection to the future it would be easier to for the employees to see the long-term need for competence.

Chapter 9
Competence Development

This second chapter of the analysis looks at the individuals' view of competence development. Some of the aspects that are analyzed are how they want to develop their competence, why they want to do it and in what areas they want to develop. The analysis looks at factors that influence competence development in different ways and how the individuals use or are influenced by these factors. The latter part of the analysis focuses especially on two parts; the use of goals and motivation in competence development.



9.1 View of Competence Development

Sahlqvist and Jernhall (1998) describe competence as more than knowledge, and if they were the same thing, competence development would simply mean going to a course. This is something that has not gone through to all the employees at IKEA. One group of respondents thought that competence development was the same as going to the courses that IKEA arranges for the employees and to "tick off" all the courses on the list. Competence for these individuals is not about what you know or can do, but about what knowledge you have documented and what formal position you have.

This view of competence is of course a problem for an organization that is using expressions such as competence and competence development in their daily activities. If the employees do not understand the words, the company can not expect them to develop in a way that is good for the company. Other respondents also showed that they did not understand what competence development were and could not even connect it to the courses that they had attended. These respondents mainly recited the definition of competence that had been presented earlier in the interview and said that they had to develop the parts of the definition.

There was also one group of respondents that had a better understanding of what competence development was, and in this group the Purchasers were more represented than Technicians and Business Supporters.[4] This group normally said that it was up to the individual to take initiative and responsibility for the development. Instead of talking solely about courses and training some people also mentioned that it was important for them to get support from managers and colleagues, and that they developed from practical learning, for example in the factories. The

[4] The reasons why the Purchasers' understanding often was better are discussed further in chapter 10.

problem, once again, is that the "competence" that they want to develop are specialist skills and knowledge. The fact that they see the practical environment as a place to learn their knowledge is small step towards understanding competence, but it is far from the theoretical definitions, and at the same time far from TASEA's ambitions to go from specialists to generalists.

9.2 Reasons for Development

The main reasons for competence development were according to the respondents to develop as a person, to gain more knowledge and career advancement. Other reasons included defending the own position, helping the suppliers, contributing to the company, to bring value to oneself, or that the development was interesting for them. It was also common to look at training, which many respondents equaled to competence development, as an activity that gives goals to work towards.

Many respondents saw the result of competence development as something that could promote advancement in the career, since the career is more important than learning for many. At the same time, many felt insecure in their role and fear that they would be left behind or "*lose the competition*" with other colleagues if they did not develop. This fear results in that the employees go to courses and think that their competence thereby increases. This is a problem that Ellström (1992) mentions, and he says that a situation can arise where the individual does not learn what the teacher teaches. Therefore it is important to use both formal and informal learning.

According to the respondents, the most important factor for successful competence development is that the attitude of the person is right. Since they felt responsible for the development of their competences themselves, they must also "*feel like doing it*", though they also thought that they must have the support from others. It was important for many of the respondents to have a goal or a plan when they develop their competences. The ability to take initiative was generally low and without instructions the respondents found it difficult to work. It was also important to have a good mix of people in the training situation and thereafter to be able to use the new "competence" in daily work.

In order to get a better understanding of the reasons for competence development mentioned above, for example having the right attitude and setting goals, these will now be viewed in the context of goal theory and motivational theory.

9.3 Goals

According to Chiesa and Barbeschi (1994) building competence requires that the organization has a clear definition of where they want to be in the long run. On the individual level Ellström (1992) believes that goals are necessary as motivators and for the employee's ability to learn, but that there must also be time for critical reflections and trial of the goals. The employees must understand the goals, accept them and feel a commitment in trying to reach them. If these factors are not fulfilled, goals can decrease the ability to learn.

The interviews show that many of the respondents want to have goals to work towards, and that they feel that detailed goals are lacking today. When talking about goals and plans, many of the respondents show a very high degree of the uncertainty avoidance that Hofstede (1994) mentions. Competence was seen as something relative and to be able to develop, the respondents needed goals. They were not satisfied if they did not have detailed goals, plans, work requirements and job descriptions.

The ability to take initiative seems to be low and therefore the respondents do not know how to act in a situation where the "rules" are not clear, or where there is uncertainty. At the same time many of the respondents were afraid to "lose face", something that is very common in Confucianist societies (Lewis, 1997), and therefore they highly desire to avoid uncertainty in the work situation. Examples of the fear of "losing face" could continuously be seen in the interviews, where the respondents rather answered some other question than asked when they did not understand.

Having a goal to work towards can, according to Ellström (1992), be a motivational factor for the employees in TASEA, yet higher salary seemed to be the most important motivator. It is therefore possible that once again the motivators and hygiene factors (Herzberg in Coulter, 2001) have been mixed up. We think that monetary rewards motivate the employees, and that lack of goals creates uncertainty and insecurity in the work situation. Therefore goals to work towards are more of a hygiene factor then a motivator for the respondents. This underlines that the goals are important for the employees, especially since they have a high degree of uncertainty avoidance and fear of loosing face as described earlier.

The need for better goals and plans was one of the most reoccurring topics in the interviews. The respondents said that goals, and detailed plans of how to reach the goals, were needed in order to get somewhere in their work. This leads to a situation where the individuals set their own goals of where they have to go. The problem is that they may not be compatible with TASEA's goals or philosophy. One example is that many respondents said that they have to "beat" other individuals or offices within the same organization, so that they get the orders.

At the same time, the individuals do not know how to reach the goals, regardless if they are set by TASEA or themselves. This could cause at least two different problems. The first is that they do not do the job as long as they have no instructions, because if they ask how to do it they will lose face. The second problem is to try finding their own way to handle the situation, but that method may not in line with the company's way of working. An example of the latter is when they report incorrect figures in order to get orders and then hide it by lack of transparency.

This was indicated by some respondents that did not trust the other offices, especially in Indonesia where corruption is high and suspicion towards others a part of life.

According to the discussion so far, the problem seems to be that TASEA do not give their employees any goals, plans or instructions. The interviews with the management people showed that this was not the case. A number of tools, such as the competence profile, the business plan, the development talk and a document called "*the efficient purchasing team*", are all instructions or plan on how to do the job, and each includes a number of goals for the organization or individual. The problem is that only few of the respondents had read the documents and understood that they could be used as guidelines in their work. According to Westman (2003b) the business plan is the most important tool for the employees to understand their job and the direction in which they are going. Still, only a few of the respondents had read the current business plan and nearly nobody seemed to use it in their work. The one's that knew anything about it talked about price or volume figures as their own specific goals.

Many of the respondents did not use the competence profile in their daily work because they thought it was not detailed enough. They saw it as a goal, but since they did not have instructions about how to meet the goal, they did not know how to act, and thus felt that it was lacking details. In order to satisfy these requests TASEA would have to set the goals, and clearly describe every step in the process to reach it. This, of course, is the opposite of TASEA's idea about a managerless organization where the employees see the big picture and instructions become less and less detailed.

As mentioned the employees must understand the goals, accept them and feel a commitment in trying to reach them. If they do not do this, which the interviews showed, their ability to learn can decrease according to Ellström (1992). In that case it is important to get the individuals to use tools that set goals, such as business plans, and make them understand how to work towards the goals. Again this concerns the topic of competence, since competence to handle these situations seems to be lacking on many hands.

The management and other employees that are taking part in the formulation of goals and the possibility to reach them, play a large role in creating commitment (Ellström,1992). The goal-setting theory shows that individuals easier accept the goals if they have contributed to them in some way and participated in the goal-setting process (Coulter, 2001). For this to be true the individual must of course understand that the effort is part of setting the goal.

Some of the respondents talked about the business plan as if it was something that they have to submit information to every year so that the managers know the business situation. They did not understand that the information they provided was a part in setting goals for the time to come so that they would have a tool to help them in their work. Therefore many of them did not read the business plan after they had submitted their material, since they had already done their part of it. A possible problem is that the document has a format that is too difficult for the employees to comprehend. Otherwise, making the employees understand that they are contributing to creating goals for their organization could be an easy method to increase commitment and motivation, and at the same time give the employees better understanding of the work in the organization.

Almost all of the respondents are very happy with the possibility to discuss and plan their own goals alone with the manager in the development talk. This seems to be a format that is very appealing and easily understandable to them. Again they show signs of being very individualistic since they prefer to have talk about themselves, and set goals that are specifically only for them. They want the manager to know everything about them and after that tell them what goals they should work towards. The expectations on the manager as a judge that tells them about their performance and possibilities shows that the cultural dimensions Confucianism and high power distance have a strong influence, even though this goes against the company culture.

9.4 Motivation

"*Motivation is the willingness of an individual to exert high levels of effort in doing a job in order to help the organization reach its goals*." (Coulter, 2001:259) What people are willing to do and how willing they are to do that depends very much on their situation. Maslow (1954) determined a "*hierarchy of needs*" that he argued determined the motivation of an individual. The needs are described in figure 12.

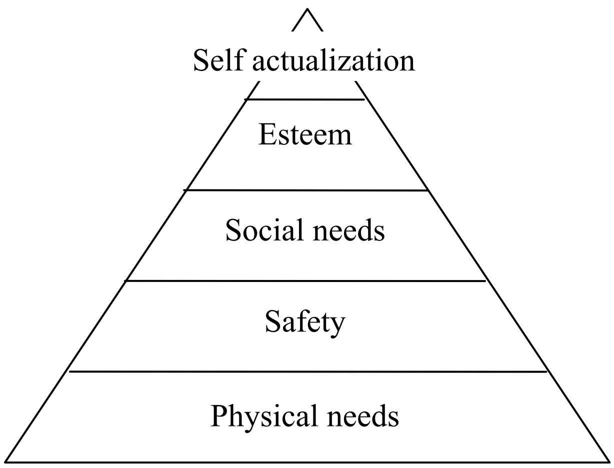


Figure 12 Malsow's hierarchy of needs. Source: Own revision of Maslow, 1954

The individual tries to satisfy the needs, one at the time, and is motivated by the possibility to do this. Once a need is satisfied it does not provide motivation any longer, and therefore it is important for a company to know on what level their employees are in order to motivate them to do a good job. (Maslow, 1954) This especially since the region includes countries that have recently experienced, and still does to some extent, war, dictatorship, poverty and social inequalities, see appendix 3.

It is therefore important not to start at a level that is too high. A person that has physical needs, for example one who is starving will not be motivated by self actualization because all he or she cares about is finding food to survive.

The respondents' answers show a picture that does not really fit with Maslows (1954) hierarchy. One example is that some respondents said they lack safety in that they are afraid that they may loose their jobs or be left behind by their colleagues if they do not develop. At the same time they said that esteem or self actualization, such as getting feedback and binging value to themselves, were factors that were motivating development of competence. This would imply that also social needs helped motivating the respondents, since it is ranked between safety and esteem, but nearly none of these respondents said that any social needs helped their motivation. This, of course, is not consistent with Maslows model.

An alternative to Maslows model are Herzbergs different motivational factors. Herzberg (from Coulter, 2001) argues that there are two different types of factors that motivate individuals; motivators and hygiene factors. Motivators are the factors that create job satisfaction and make individuals feel motivated to perform well. Schein (1988) include fellow workers, recognition, advancement, responsibility and job challenge in the motivators. The hygiene factors are factors that need to be fulfilled to prevent a person from being dissatisfied, and they can in themselves not motivate. Schein (1988) name them working conditions, supervision, salary and benefits.

Also, this model makes the analysis of the respondents' answers problematic. When asked about what is the best thing about working with IKEA, the working conditions, with and open office landscape, and method of supervision, where the respondents are free to solve their task in their own way and then report the results, were the two of the most common answers. On the question about what motivated them to develop their competences, salary was mentioned several times, often together with advancement. This means that according to the respondents, all the hygiene factors are important motivators. Some of the motivators, such as fellow workers and responsibility were not as appreciated as motivational factors. The reason for this inconsistency with the model can be found in other factors that are not included in Herzberg's model. The most important factor in this case is likely to be what Ansoff (1984) names insecurity, and it is analyzed later in this chapter under a separate heading. Herzberg's model will be used in other parts of the analysis, but it is important to bear this inconsistency in mind when it is used.

It is also thought that an individual tends to act in a certain way depending on the expectation that the action will be followed by a given outcome, and on the attractiveness of that outcome to the individual. This is the expectancy theory that was described in the frame of reference earlier. It consists of three variables or links, which are dependent on the four factors individual effort, individual performance, organizational rewards and individual goals, see figure 13. (Coulter, 2001)

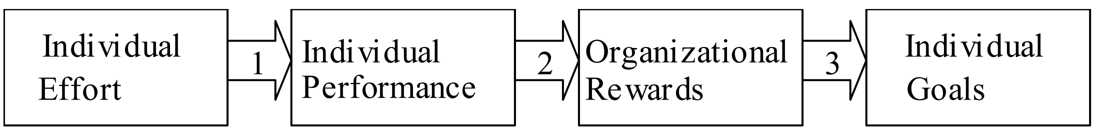


Figure 13 The expectancy theory. Source: Coulter, 2001:262

The expectancy theory is mainly focused on the three links, but in this case it is interesting to first look at the four main factors. The respondents seem to think that individual effort, the first factor, is very important. Many respondents said that they work too much in order to do all the tasks that they have to do. One reason for this is that many of the respondents lack the ability to prioritize their work and manage their time, something that they wish to be better at. This leads to a situation where they put in much effort without really knowing what result or performance is expected from them, or what performance the effort will result in. The result of this was that the respondents did not see the *expectancy or effort-performance linkage*, number 1 in figure 13, which represents the probability perceived by the individual that exerting a given level of effort will lead to a certain level of performance. Without seeing this linkage, the individual will not find motivation in the situation.

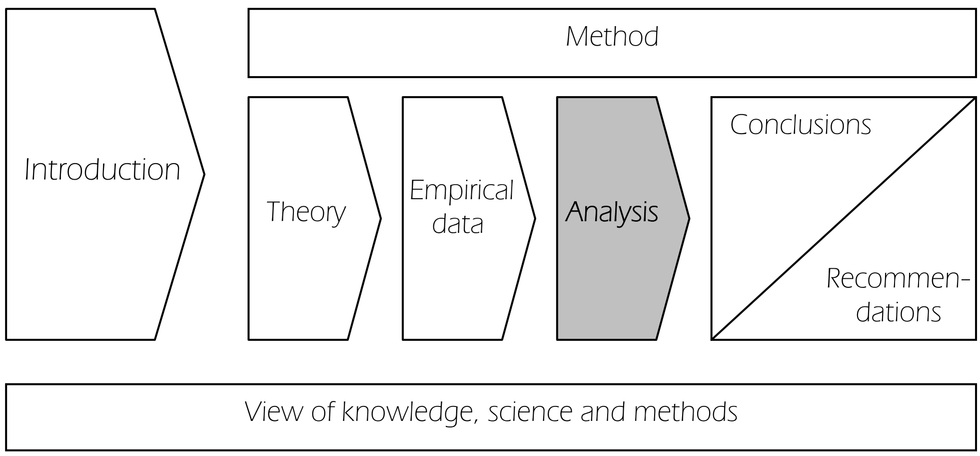
There are many signs that indicate that the respondents are lacking knowledge about their own performance. Many of the respondents, in many different situations, said that they were lacking feedback from their managers. Several considered feedback the most important part of the development talk, some even wanted a judgment about their performance from their manager. Since they could not see the individual performance as one factor in the expectancy chain, it is also difficult for them to understand what it is that determines the organizational rewards. They may try to link the individual efforts to the rewards, which is not always possible. Because of this they also miss the *instrumentality or performance-reward linkage*, which shows the degree to which the individual believes that performing at a certain level is leading to the attainment of desired outcome.

The goals of the respondents mainly seemed to be to get a better salary and promotion to a better position. Education and chances to develop were not perceived as rewards, but rather as a requirement. Ellström (1996) have found that there are two types of motivation; outer and inner motivation, where the outer motivation leads to an uncritical way of learning without reflection, and the inner motivation occur when the action in itself has a value. Most of the respondents clearly need outer motivation, such as salary, more than inner motivation, the satisfaction of learning. There is a yearly development talk and a salary talk where the employees discuss both further development and possibilities to advancements, and the salary. This means that it is possible for the individual to compare the rewards that they perceive, meaning salary and advancement opportunities, with their own goals. Thereby they can see the *valance or attractiveness of the reward*. If the individual thinks that the reward may be in line with their goal, motivation can arise from this linkage. For TASEA there is a risk that they use other rewards than money and career, and that the employees' goals are therefore not met, failing to create outer motivation. In this case the valance variable may be counterproductive and create dissatisfaction rather than motivation. The fact that many respondents though that the low salary was the worst thing about working with IKEA indicates that this could be the case.

Chapter 10

Competence in the Organization

This third chapter of the analysis deals with the organizational factors that have an influence on competence and competence development. The chapter starts with an analysis of how the individuals perceive the role of a manager. The second part of the chapter looks at the impact that organizational change has. Finally the analysis will focus on one position in the TASEA organization, the Purchasers, and see if they as the lowest level of managers differ from the other respondents.



10.1 Impact of Management

According to Sandberg (1994) efficient management of training and development of human competence in organizations is required when a company seeks to achieve competitive success. Hall (1980) argues that management can let out competence in the organization by using the right principles and methods. According to Sahlqvist and Jernhall (1998) clearness in commitment and stamina from the management is needed to secure staff commitment, for example in the competence process. Therefore it is important to look at the role of managers in competence development next to their powers and characteristics.

10.1.1 Role of Managers

A problem for TASEA seems to be that there is a high degree of confusion about who is a manager. The higher management considers the Purchasers as the lowest level of management, making the Purchasers managers over their purchasing team (Westman (2003a). The respondents do not see the Purchasers as managers, and therefore the MAM's or Deputy MAM's are the lowest level of management. Adding to this, many respondents think that the role as a manager is determined by the title. This means that only the people that have a title including the word manager are managers, but also that all people with such titles, for example the Quality Manager, are managers and therefore superior to the purchasing teams. This unclear picture is further blurred for the employees that associate a white face with a manger title, making all European expatriates managers.

An observation that also confirms the confusion is that the perception of the nearest manager is more connected to physical distance than to organizational design. All respondents tended to answer that the MAM or Deputy MAM that was located in the same office was their immediate manager. This can be due to practical solutions arranged by the team or to subjective interpretation by the individual, but in either case it adds to the unclearness for the employees. In Ceramics, the employees had been clearly informed about the structure of the organization and the function of their managers, and this showed in the lack of confusion among the employees. Another tendency was that the respondents in the Bangkok office had a better understanding of who their manager was and the roles of other people with manager titles. A reason for this may be that the higher management and a greater number of managers are located in Bangkok so that they had more frequent contact with them. It is also one of the most common wishes of the respondents that they can have more time to talk with their managers, both in professional situations and in private. Especially notable is that this includes the Business Supporters that often said that their job did not require much co-operation with the manager. This indicates that the employees have trouble understanding the role of the manager and needs more dialogue with the managers to comprehend it.

10.1.2 Sources of Power

Södergren (1996) argues that giving someone a title as a manager or a leader is a common way to give that individual formal power. Power should be used to get the work done in the best way. According to Bjerke (1999) it is what the employees perceive that gives the individual power that should be connected with the title. Therefore it is important that the titles reflect the position of the individual in the eyes of the employees. For the respondents titles were important and there was a high power distance to anyone with a title including the word manager. The Team Leader was seen as superior to the other members of the purchasing team, but not nearly as highly regarded as the managers; they were "*only leaders, not managers*". This meant that the word manager and leader was so closely connected to the specific positions within TASEA that nearly none of the respondents could make the abstraction and talk about managers and leaders on a general level.[5]

[5] A similar phenomenon was seen when the respondents were asked to make abstractions about the future of their position earlier in the analysis.

As described earlier, the Ceramics team had a better understanding of the two terms leader and manager, but still connected the power more to titles than to deeds. This shows that it is clearly the title and not the actions that determine the power of an individual according to the respondents. The distance to individuals with the title manager is very high, whereas the title leader is not very highly regarded. This could be one of the reasons why TASEA has problems with the implementation of the Team Leader as a manager for the group.

10.1.3 Characteristics of Managers

In a study of managers, Likert and Likert (1976) found that "the participative group" of managers was the most successful. Their attributes were complete trust and confidence in their subordinates in all matters, always getting input and suggestions from them and using them in a constructive way. They also encouraged much communication in all directions of the organization, gave rewards for participation in goal-setting and reaching goals, and supported decision-making throughout the organization. Managers in this category worked in a group with their subordinates and were very participative.

According to the respondents they want a leader that has the formal manager title, but also more knowledge than the subordinates. The person must take responsibility for what happens in his or her material area and always be there to give support, feedback and guidance to the subordinates. This means that the participative manager is only partly what the employees want. They do not feel strongly that they want to participate in submitting information or setting goals, but in most of the other parts they agree with Likert and Likert (1976). Even though they want a supportive manager that helps making decision they do not want the manager to get too involved in the daily work. They want to work in an individualistic way, and there is still a rather high power distance.

It is very interesting that the characteristics that the respondents want from a leader are not what they included in their discussions about competence. Definitions of competences that a manager needs by Koontz and Wiehrich (1988) and Hall (1980) are very much in line with the definition of competence that TASEA is using. Bennis (in Bjerke, 1999) on the other hand lists some competences that are closer to some of the characteristics that the respondents want, but still the competences are such that the respondents did not discuss in their definition of competence.

10.2 Impact of Organizational Change

Westman (2003a) said that the organizational change requires new competences and it has created a great need for competence development. Öhlund (2003) also thought that it resulted in major changes, for example in co-ordination of work, that everyone had to work closer with different cultures and share information with other offices, and requirements to stop competing with other offices. The new organization also demands more co-operation, a broader perspective on IKEA and more communication.

According to Hall (1980) the design of an organization and the structuring of its work reflect the values of the management and their assumptions about people's behavior and ability. In TASEA's case it seems like the new organization reflects mainly the values of the management, and to a smaller degree the behavior and ability of the employees. The fact that Westman (2003) knows that much competence development will be needed underlines this. In other subchapters of the analysis it is shown that the employees have difficulties perceiving many of the competences that Öhlund (2003) brings up.

The result of this way of building the new organization is that the employees get roles that they are neither familiar nor comfortable with. The respondents talked much about unclear organization and communication, more people involved and a higher workload.

According to Ellström (1992) the individual's work situation can be described by different degrees of freedom that the work implies, seen in possibilities to define and interpret work, and how much the individual can value the work results.

There are also an objective and a subjective space of freedom, which are defined by the organization and the individual respectively according to Ellström (1992). The objective space is set by the company, and the subjective space depends on the individual's personal attributes as well as social and cultural context. In the new TASEA organization there is a difference between the objective space of freedom, meaning what the management thinks about each employees possibilities and values, and the subjective space of freedom that the employee actually perceives. It seems that TASEA has created the organization on beliefs about the employees that the employees can not live up to, seen from a management point of view.

There are several indicators showing that the subjective space of freedom does not match the objective space set up by the management. One example is that many respondents think that there are "*too many meetings and no time to work*". This new way of working with more focus on meetings and communication is naturally part of the design that the management has regarded as the best way to work. Meanwhile, the respondents expectations on work is the same as before, and therefore they feel that new tasks cannibalize on their routine tasks. This causes discomfort for the employees, since they feel that they can not complete their work in time and therefore they have no time to develop competence. This is a dilemma since the success of the new organization requires that the employees develop their competence (Westman, 2003a).

Another example of how the objective and subjective spaces of freedom are different is that some respondents feel that there are more managers and more hierarchy in the new organization. According to TASEA's organizational chart, no employee has more than one manager and the whole organization has no more than three or four ”layers”, depending on whether or not the Team Leader is considered to be a manager. This is not understood by all the employees and some of them seem to think that every expatriate in the organization is a manager and that they are subordinate to all the supporting functions. According to Hackman and Oldham (1980) the result of this problem is likely to be that the employees do not get any motivation from their work. Another problem is that with the perception of more managers the distance to top management seems longer. Since many respondents seem to think that “local employees” can not get into management positions, this perception means more expatriates and less possibilities for the respondent to advance. The result is a lower motivation once more, since career was one of the most important motivators for the employees.

10.2.1 Insecurity

According to O’Toole (1995) and Ansoff (1984) individuals’ resistance against organizational changes often come from insecurity. Ansoff (1984) argues that it is because the individual feels a threat to their position or some other egoistic reason that causes insecurity. Insecurity about the position has been a major concern for many of the respondents, sometimes clearly stated in the interview, other times implied without being mentioned.

An example of insecurity that clearly shows the problems that follow with it is found in the Jakarta office. The general feeling among the respondents in Jakarta is that the new organization has left them alone. This has been made even stronger by the downsizing of the Kuala Lumpur office that is perceived in Jakarta as an example of what will happen if the office does not take care. They feel that they are working further away from their managers than before, and that the managers move away from their office. The reason for the latter is that one MAM has relocated from Jakarta to Bangkok and that many expatriates are nervous about traveling in Indonesia. This gives them a feeling that nobody is defending their office and their suppliers from the competition of the other offices. The example illustrates that the insecurity of the Jakarta employees has lead to a view of the new organization as a threat and therefore they resist it by trying to compete, instead of co-operating, with the other countries, something that Rumelt (1995) describes as *political deadlock*.

This resistance does not only make the change of the organization more difficult, it also lowers the employee's motivation to work (Rumelt, 1995) and willingness to develop competences (Söderström, 1983). To see how insecurity impacts on the employees' motivation, Herzberg's hygiene and motivation factors (Schein, 1988) can be used. One observation that can be made is that in Jakarta, were insecurity is higher than elsewhere, the hygiene factors are mentioned much more often than in the other offices. Of course this may depend on several other reasons, but none the less there is a clear connection. The risk of losing business and having to compete with others is a major concern about working conditions for the Jakarta employees. In the same way, salary seems to be at the top of most Jakarta employees' wish list and the need of supervision shows in the concern of management moving away. Herzberg's motivators, for example co-workers, recognition and advancements, are rarely mentioned by the respondents in Jakarta, which is in line with Rumelt's (1995) view. One exception is that many of the respondents in Jakarta talk about changing positions and advancing in their career. This could be a criticism to the model, but it could also be due to other underlying motives. One such possible motif is that the employees want to advance because it gives them a higher salary and a more secure position. This is very possible in Jakarta due to the culturally imposed desire for uncertainty avoidance and individualism that many respondents show.

10.2.2 Unclearness

According to Hackman and Oldham (1980) the structuring of the work is a very important influence on whether the individual finds the work interesting and motivation or not. Stewart (1985) thinks that resistance to organizational change can occur because of unclearness. This is something that can be crucial for a company in TASEA's situation. A vast majority of the respondents said that the new organization is unclear and has created confusion. Many even thought that was the worst part of working at IKEA at the moment. Rumelt (1995) argues that when things happen to fast and are not clear, a friction that he names *failed creative response*, the change may be slow.

One part of the new organization that was also not clear to the respondents was that the Team Leader is the manager of the purchasing team. The new titles are confusing for many employees because they have a different view than the management of what the words manager and leader mean. Trying to look at why this is a problem the reasons are to a large extent the same as they were in the case of insecurity. In fact, according to the respondents the main reason why unclearness is a problem is that it creates insecurity.

A major effect of the unclear organization can be seen in the respondents' attitude towards change of work tasks, needed competences and responsibilities, due to the changes in the organization. Most of the answers on these related questions showed that the actual contents of these factors had not changed. Instead the context of their work had changed very much.

In a situation where much of the context is changing and new competences needs to be developed to handle the situation, the motivation of the employees may change in two directions. The first, and desired, direction is according to Sahlqvist and Jernhall (1998) that motivation goes up because the employees find it challenging, involving and stimulating. To have this outcome the process should be systematic and directed at the company's needs. The other direction, that the motivation goes down, is created when the new organization and the change process is perceived as unclear Stewart (1985).

In either case, Sahlqvist and Jernhall (1998) think it is important with clarity, participation, openness and overview when developing competence in an organization. Clarity, in this context, involves that the organization must have clear objectives and mission that everybody can understand. The employees must be given the right amount of information, and the possibility to ask questions and get answers. For a company like TASEA clear directions for the employees creates an understanding of why the context has changed. Previously it has been implied that a written document is of great importance for the employees in TASEA, and therefore the competence profile plays an important role in avoiding unclearness. Clear and distinct specifications in the profile could help in many situations. One example of this could be that they need detailed instructions about working in a team since they have had little experience of it.

The respondents showed signs of having problems taking initiative and setting own goals, and the future was for them too hypothetical and abstract. This could according to Rumelt (1995) hinder the change process by the friction that he calls *distorted perception*. Since the respondents did not understand the reasons for the new organization and most of them thought that it caused many problems, they had not felt any motivation to ease the change process. This friction is named *dulled motivation* by Rumelt.

10.3 Purchasers

In the interviews there was one group of respondents, the Purchasers that separated themselves from the others in the way they looked at many of the issues that were discussed. In general they seemed to be better informed, to have a better understanding of most matters and to do things the way that the management expected to a higher degree. At the same time the company treated them in a different way, and that they had a higher position in the organization. The Purchasers were given more support by the managers, but at the same time the demands on them were higher, something that Westman (2003a) underlines by making them the company's only representative that has authority to do business with the suppliers. According to Hall (1980) the design of the organization reveals the management's values and assumptions about different people's behavior and ability.

The combination of more responsibility and more feed back has given the Purchasers a higher motivation than the other groups of respondents, which is natural according to Herzberg's motivational theory (Schein, 1988). Ellström (1992) emphasize that a challenging work can give a lot of opportunities to learn and Hackman and Oldham (1980) that different organizational structures can give different degrees of motivation. At the same time a number of the Purchasers said that they had too many responsibilities and felt that they did not have the time to handle the situation. One area in which the Purchasers were more motivated than others was their attitude towards the organizational change. One reason may be that the position of the Purchaser received a higher status with the new organization, partly because some of the Purchasers were promoted to Team Leaders, but also because each Purchaser is now responsible for all business with the suppliers. Another possible explanation according to O'Toole (1995) and Ansoff (1984) is that security about the job eliminates resistance. The Purchasers are likely to feel less insecure in their positions when they know that the company is willing to invest in them.

An interesting question to ask is if this means that the Purchasers are now acting as managers, as they are supposed to according to Westman (2003a)? One factor that points in that direction is that the majority of the Purchasers were able to describe a manager in a way that was similar to TASEA's description, something that the other respondents were poor at. The Team Leaders also said that they had to take care of and support the team in their work. For the Purchasers that are not Team Leaders, only one talked about this responsibility, and it seems like the respondents answered very much according to the job description for their position.

According to Hall (1980) many managers expect the worst and organize accordingly. In TASEA the situation seems to be the opposite. The management has great expectations on the organization, yet many of the Purchasers did not fulfill the criteria that TASEA wants from a manager, especially the criteria that are IKEA's core values. This was also shown in the fact that some of the Purchasers, including mostly Team Leaders, thought that the leadership style was the same in IKEA as in other companies and that they did not know any difference. When the Purchasers were asked to describe the difference between a manager and a leader, very few of them gave satisfactory answers. On this question the Purchasers did not have better understanding than the other groups. This means that on the whole, the Purchasers now have responsibilities that their managers used to have, but that they lack many of the qualities that TASEA would like to see in them.

10.4 Gap Analysis

Throughout the analysis there have been many examples of differences between the higher management's and the respondents' visions of TASEA. It includes everything from the definition of competence to the way employees should co-operate. The difference between TASEA's definition of competence and the respondents' view has already been analyzed and will therefore not be brought up again, and the same goes for the view of competence development. In chapter seven a number of characteristics that the management thought were important were compared to what the respondents thought. In a few of the characteristics both managers and respondents agreed. These characteristics were the need for good and deep knowledge, good communication and that the individual should take responsibility for themselves.

Most of the characteristics that the managers thought were important were not agreed on by the respondents. Generally the respondents wanted to be specialists first and foremost, instead of being good generalists and industrialists. Many of the respondent thought that team work was important, but only the Team Leader's business and not their own. According to the managers they should all be involved in creating a functional team. Another important characteristic according to the management is that the employees have many different aspects of competence, something that many respondents do no agree with. Most of them think that knowledge is the only or the most important part of competence and many have problems understanding that there are differences between competence and knowledge. Another of the TASEA visions is that the company in the future can function as a managerless organization with no direct or formal leadership. Here the problem is that many of the respondents want a firm leadership with clear directions and managers that have the right titles.

Earlier it was found out that everyone agreed that they had to take responsibility, but that was only true when talking about oneself. Taking responsibility for others was something that was foreign for most respondents. The managers and the respondents agree that TASEA needs to build on co-operation and co-ordination, but some of the respondents still looked at the situation as a competition where they could not trust their colleagues in other offices. The management assumes that the employees work according to IKEA's values, but many of the respondents had problems distinguishing some of IKEA's most fundamental aspects and thought that IKEA was just like all other companies. They were also very task oriented and had problems seeing that their actions also affected others in the organization. The distance to the management's desired situation with employees that see the structure of the entire company is long. A summary of some of the aspects that have been discussed can be seen in figure 14.

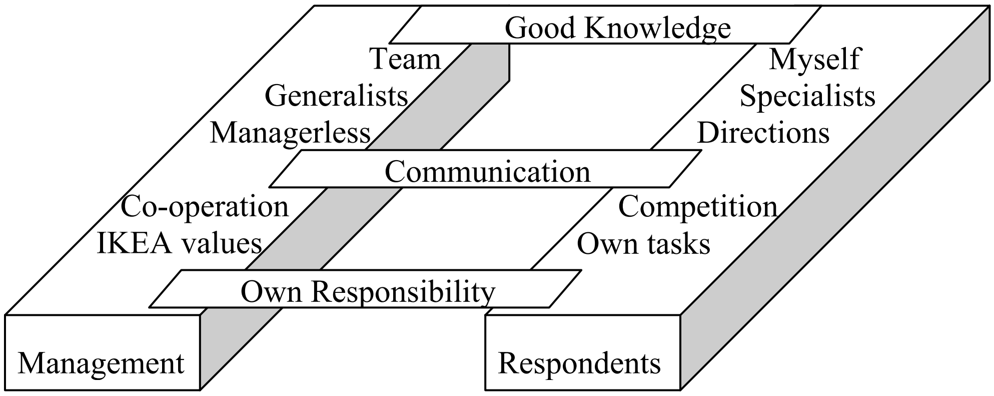


Figure 14 Examples of factors from gap analysis of TASEA.

Throughout the analysis a number of cultural gaps have been pointed out. Adding to this all the gaps that have the differences in culture as their source, it can be seen that the cultural gap is the greatest gap in the organization. IKEA and TASEA in the management's view could be characterized as normative organizations in Etzioni's (1975) terms. The normative organization can be described as an organization where the commitment level from the members are high and rituals and leadership are important tools when controlling.

As could be seen in chapter six, the management expresses the ideal situation as one where every individual takes responsibility, acts like a generalist, is committed to their work and sees the entire company. IKEA's values are often emphasized and influence the way of working, organizing and leading, all personified by Ingvar Kamprad (Grol et al, 1997). The employees in TASEA seem to have a different view of their membership in the organization and seem to view their role in the organization in a calculative manner. The objective of competence development is mainly to get a higher salary or advance in position. For the respondents, salary and career advancements seem to be the most important ways of controlling performance. This dual compliance structure of TASEA could therefore result in loss of resources and involvement.

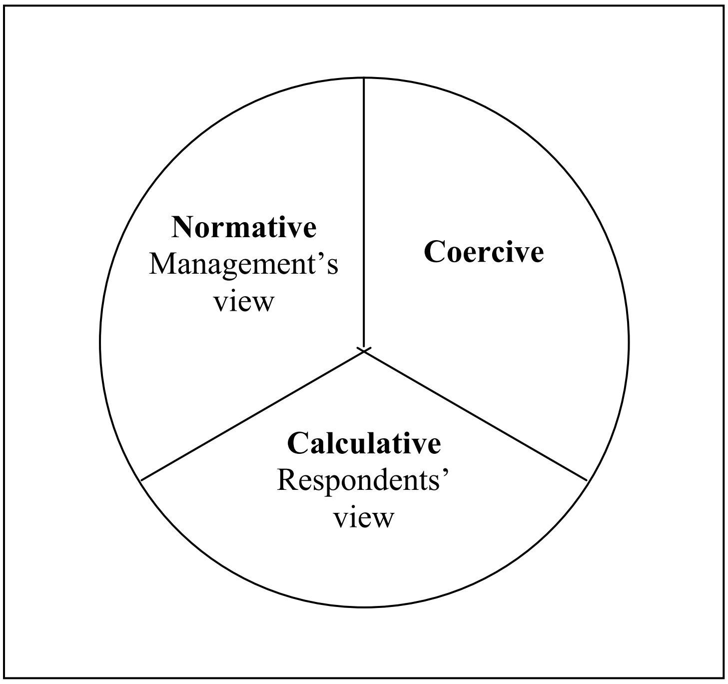


Figure 15 TASEA's placement in Etzioni's categories.
Source: Own revision of Etzioni, 1975

Today the management seems to lead according to cell 1 (figure 16) in Zander's (1997) classification, with a lot more intensity in their leadership and more personal coaching than wanted. The study of TASEA shows that the management wants to use more like the "empowering coaching" in Zander's classification. In the case of TASEA this means that the employees take own responsibility, the organization is managerless where the mangers support and not direct or control the employees. This place the ideal TASEA in cell 2, where Sweden as a country also was placed by Zander. The employees' on the other hand seem to want a leadership with a high intensity level and directing, more like cell 3. Most of them express a desire of more time with the managers and a personal contact with the managers even though the work in itself does not demand that. They also want clear, detailed and personalized instructions.

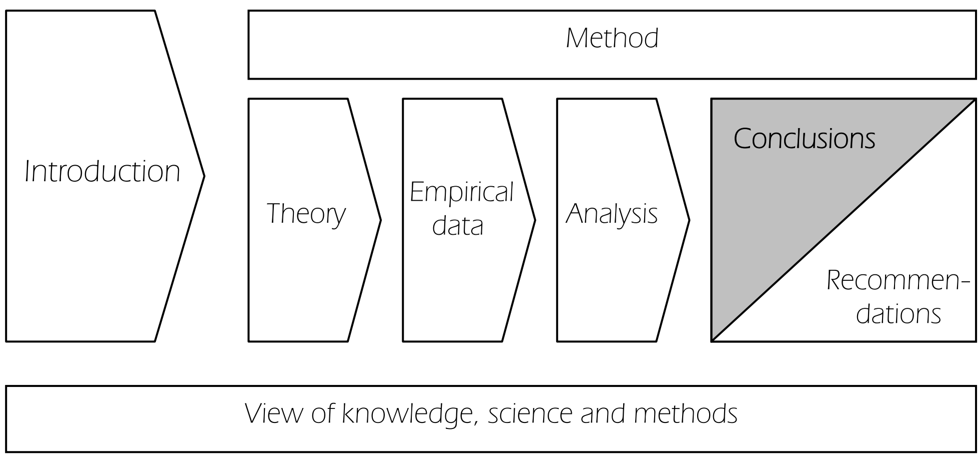
		Interpersonal Leadership: **Focus**	
		Coaching	Directing
Interpersonal Leadership: **Intensity**	High	Cell 1 *Pep talk coaching* *Personal coaching* **TASEA today**	Cell 3 *Pep talk directing* *Communicative directing* **The employees**
	Low	Cell 2 *Silent coachning* *Empowering coaching* **The ideal TASEA**	Cell 4 *Personal directing* *Empowering directing*

Figure 16 The relationship between focus and intensity in interpersonal leadership applied to the TASEA situation. Source: Own revision of Zander, 1997:294

Chapter 11

Conclusions

This chapter concludes the analysis of the material. The first three of the research questions that were presented in the first chapter will be answered here. First, conclusions about how the individuals perceive the words competence and competence development will be presented. After that comes the conclusions about what expectations the individuals have, and what factors influence their competence and its development. The fourth question will be answered in the following chapter, Recommendations.



11.1 Perception of Competence

This part of the Conclusions chapter answers the reasearch question:
How does the individual TASEA employee perceive the words competence and competence development?

According to the respondents, competence was something that the individual has and they did not seem to be aware of the organizational level of comeptence. For the respondents, competence meant having a lot of knowledge related to the work situation, and a competent indivdual is someone that acts like a specialist in a special area. Explicit knowledge is the most important part of competence. Competences are developed by attending a course to gain formal knowledge and from this the competence reaches a higher level.

The respondents generally made no difference between skills, knowledge and competence and according to the respondents competence is made up of a few very specific skills. The respondents rarely mentioned social aspects as a part of competence, despite the fact that much of TASEA's work is conducted within teams. Social aspects were considered to be "*up to the individual*" and therefore not a part of formal competence.

Personal aspects were also considered as something that was "*up to me*" and not a part of formal competence. The respondents' interest was more focused on what knowledge the organization demanded from the individual and not on how the individual acted or thought. In the theoretical chapter Competence we used Keen's (1991) model to describe competence. According to Keen, competence could be represented by using a hand. The five fingers represents skills, knowledge, experience, contacts and values, the palm co-ordinate and manage them and the wrist supports and controls. Using her words, the respondents lack a couple of fingers and there are no palm or wrist to co-ordinate, manage, support and control.

11.2 Expectations on Competence Development

This part of the Conclusions chapter answers the research question:
Which are the individual employee's expectations on competence development in TASEA?

When asked about the future, the respondents had difficulties in seeing the link between the work situation and competence and could therefore not answer this questions. For them, it was too hypothetical. The development gives the individuals a goal to work towards, something that is important when they have difficulties setting goals on their own. The respondents were satisfied with the training and courses that TASEA provided today. They wanted to develop and thought that TASEA would give them the possibility to do this. Most respondents though that when you develop your competences, you go to a course and after that, your competence level is higher. Since competence is thought of as specialist knowledge, competence development is done by attending a course. Some also mentioned that you need get support from others and learn from your daily work.

The respondents wanted to develop because they desired to gain more knowledge, advance in their careers, avoid being left behind the others and develop as persons. Development is something that the individual have to be responsible for, even though the support from managers is needed. The most important factor for successful competence development was that the individual had the "right" attitude and felt motivated to participiate, that they got the needed support and that there were possibilities to use the gained knowledge in the daily work.

11.3 Factors of Influence

This part of the Conclusions chapter answers the reasearch question:
What factors influence the individual's expectations on competence development?

We have found culture to be a great influencer on the individual's expectations and approach to competence and competence development. One reason for the difficulties to "look into the future" can be that the cultures of the studied region are what Hofstede (1994) calls short-term oriented or Confucianist societies. Looking into the future is not something that is normally done in these cultures, and therefore the respondents are not used to this situation.

We found that the respondents had an individualistic view of working in TASEA. This individualism could for example explain the fact that the respondents do not include social aspects in their explanation of competence. The individuals seem to focus more on their personal success than on team work as a source of satisfaction. Most of the respondents related the questions to themselves as persons and not to the team or the organization and wanted to set goals that were personal.

The respondents seemed to avoid uncertainty (see Hofstede, 1994) to the highest degree possible. They wanted clear, specified and detailed goals, plans, work requirements and job descriptions. The respondents indicated that they were not used to taking initiative themselves and therefore they needed help in doing that. In a situation where the rules are not clear, they did not know how to act and therefore they tried to avoid these situations, partly because of fear of loosing face. The respondents were also influenced by high power distance (see Hofstede, 1994) and thought that managers were on a much higher level than themselves. They did not think that the competences they needed themselves were the same as the managers' competences and thought that becoming a manager was difficult for local employees.

Goals can be an important motivator according to Ellström (1992) and we think it can help the respondents avoid uncertainty and help them look forward if they are short-term oriented. Many of the respondents felt that detailed goals were lacking. At the same time the respondents did not see the goals that had been set up for them or thought that they are not detailed enough, something that create uncertainty for the employees. Since the documents describing the goals are not perceived as such, there is no commitment to them and the respondents sometimes make up own goals that are not consistent with TASEA's.

The TASEA region includes countries that have experienced war, dictatorship, poverty and social inequalities in recent years. This is a fact that we believe influence the respondents' motivation. According to Maslow's (1954) hierarchy of needs it is very important for a company not to start on a hierarchy level that is too high. An example of this is when TASEA expects that the employees want self-actualization, but the employees themselves strives after safety. If the employees feel that the situation is insecure their motivation could be reduced. The individual becomes more concerned about the basic needs, like safety, than developing as a person. A consequence of this is that the respondents show signs of being motivated by Herzberg's hygiene factors (see Coulter, 2001), such as salary and supervision, and not only by the motivators.

Even though goals are important to the respondents, higher salary seemed to be the most important motivator. We believe that monetary rewards motivate the employees, and that lack of goals creates uncertainty and insecurity in the work situation. Therefore we consider goals to be more of a hygiene factor than a motivator for the respondents. The outer motivation (Ellström, 1992), like career advancement, seemed to be more important to the respondents than inner motivation. Individual effort was considered very important but the respondents had difficulties in relating this to performance and rewards according to the expectancy theory (Coulter, 2001).

The respondents considered a manager to be someone who had a formal title that included the word manager and who had more specialist knowledge than the employees. Important characteristics for a manager were to take responsibility of the material area, give support, feedback, guidance and know everything about the employees' actions. According to the respondents, the managers should have competences that they did not include in their own definitions of competence. The relationship to the manager was influenced by an individualistic way of working and high power distance to anyone with the title manager. The respondents also found it difficult to talk about leaders and managers in general. Instead, they wanted to talk about the individuals in TASEA that had a position as leader and manager and their personal way of leading or managing. Overall there seemed to be much insecurity and unclearness, something that often reduces motivation.

We believe that the resistance of the organizational change partly can be explained by the respondents' uncertainty avoidance and feelings of insecurity about today's situation. They felt further away from the managers than before, more insecure of their position and career advancements and there was unclearness of whom their manager was. All this has probably led to that the level of motivation has decreased.

The new organization mainly reflects the management's thoughts about how work is best organized. In TASEA this has made the situation for the employees uncomfortable. The employees have been given a big objective space of freedom, but it is different from the space of freedom that the respondents perceive, and again this causes insecurity and unclearness. They considered the new organization to be more complex than the earlier organization and the felt that many new tasks disturbed their daily work.

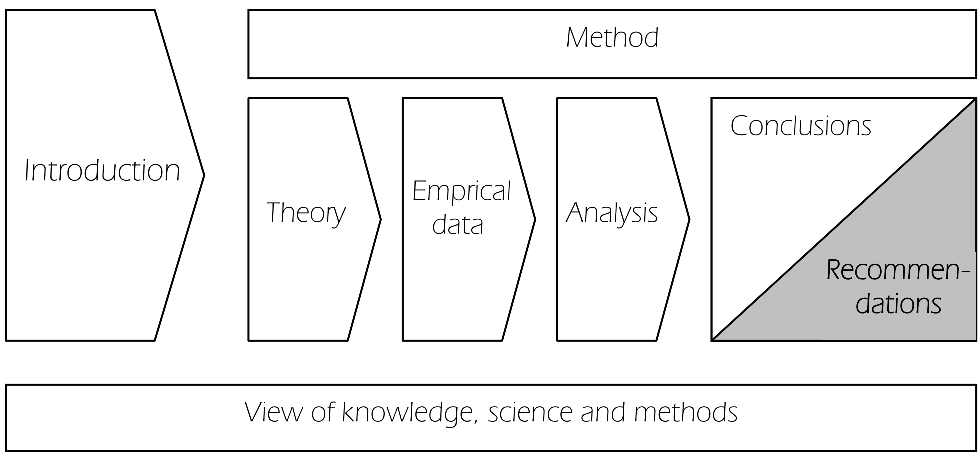
As a group, the Purchasers differed from the others. They showed more responsibility both for themselves and for the team they worked in, had a greater understanding of abstract topics and more motivation to develop in the new organization. The Team Leaders also differed from the rest and could see more social aspects of competence than the rest. These differences can, as we see it, be due to explicit demands from the organization and that the Purchasers and especially the Team Leaders have higher positions and receive more responsibilities in the new organization.

The analysis chapters ended with an analysis of the gap between the desired situation as described by TASEA's higher management and the respondents view of the situation. There were only a few points were the two groups agreed, but a number of points of disagreement. This will naturally influence the individuals expectations on competence development since the vision that TASEA has are not shared by its employees. Unless TASEA finds a ways to make the employees aware of the situation, it will be impossible to reach the goals with the new organization and the new organizational structure will create more problems than advantages. If this can not be achieved, TASEA will have to adapt to the view, often culturally imposed, that the employees have.

Chapter 12

Recommendations

This final chapter of the thesis will give recommendations based on the results from the study. It consists of three parts; first two practical and then one theoretical. The first part answers the fourth and final research question about how the conditions for competence development can be improved for TASEA. The second part is an action plan with suggestions to real actions and things that are important to bear in mind for TASEA. The third part of the recommendations gives suggestions for further research about competence and other related areas.



12.1 Posssible Improvements in TASEA

This first part of the Recommendations chapter will answer the fourth research question: ***How can the conditions for competence development be improved in TASEA?***

Since TASEA's competence definition today is difficult for the respondents to understand, some explanations need to be given. Even though the respondents knew the words, they did not know what was included in their meaning and how they were related to each other. If the employees do not fully understand this base, it can not be used as a tool for competence development. Most of the respondents did not include social and personal aspects in their definition of competence and showed many signs of being individualistic. Therefore they need help to see the social parts of competence and also that there is an organizational level of competence. Since they were not aware of the social and personal aspects of competence they will not seek to develop this part in their competence development. If TASEA wants the employees to develop these aspects the competence definition would have to emphasize this or they would have to use some other tool, like the competence profile, to let the employees know what is important.

The reason why the TASEA management wants the employees to develop their competences is that they want to reach the goals for the new organization. In the analysis it has been established that there is a gap that TASEA wishes to close. But before they can do that everyone has to be aware that it exists, and this is true especially for the employees in lower positions. Therefore the gap analysis can be used to establish what the problems are and how they can be dealt with in the organization. Once the employees know the gap it will be easier to motivate why they have to develop the competences that TASEA requires.

The most fundamental gap in the organization is the gap between the company culture and the culture of the employees. Therefore it is important for TASEA to map the cultures that are included in the organization to gain awareness of the nature of this problem. Hofstede (1999) and Johnson (2000) points out that it can be very difficult to change cultures. This means that IKEA’s culture is unlikely to change towards the local cultures, unless the management introduces a comprehensive program to do this. It also means that it will be difficult for TASEA to change the culture of its employees. Since IKEA is a company with a strong company culture, it is unlikely that they will change, or want to change, it in order to adapt to the local cultures. Instead the cultural mapping will enable them to see what methods are most suitable to use when spreading the company culture to the employees. Being aware of the other cultures is the most important success factor for spreading the company culture.

The respondents did not use the TASEA documents as tools in their work. Many of them were probably not aware that this was the management’s intention. In order to be able to use the documents in the way that the respondents wanted, many of them have to be more detailed and related even more to the specific individual. This is opposite of IKEA’s managerless organization where every employee sees the big picture and needs less detailed instructions. The challenge for TASEA is to combine these two, or else the documents can not be used as tools when developing competence. If TASEA can make the employees understand that they are contributing to creating the goals, the commitment towards them would be increased. Otherwise, the employees will not feel any motivation when looking at and reviewing the documents. This could also give the employees a better understanding of the whole TASEA organization, how work is conducted and why.

The goal of competence development is to prepare for the future. The respondents showed signs of being short-term oriented and therefore they had problems seeing this future. None of the documents concerning competence that we have seen have included the future, something that we think is important. If this was included, the employees would get help in being more long-term oriented.

There is a lot of confusion about what it means to be a leader and a manager and who is a leader or a manager. The management's view that the Purchaser or the Team Leader is the lowest level of management is not always consistent with the respondents' view. They think a manager is someone that has a title including the word manager. As a consequence, the Team Leader can never be a manager and everybody with the title manager is considered as my manager. For the new organization, this situation has to be cleared up and new titles may have to be considered. One solution can be that the manager and the employee spend more time together to straight things out, something that is appreciated among the respondents. It also seems like physical distance is a factor that influences the employees' view of their manager.

Since the respondents have problems in seeing the linkages between effort, performance and rewards, they need help with this. If the individual can see the linkages, this can raise their motivational level. Through the development and salary talks, the individual can compare own goals with the rewards. Most of the respondents are motivated by salary and career advancements and see education and development as a requirement. Therefore, the first two can be used as a motivating reward. If something else than monetary rewards and career is used, there is a risk that this is not perceived as rewards and that the individual's goals are not met.

Our interviews show that the higher management was surprised to find out that the respondents can not describe a leader and a manager and that so many had not read the business plan. It seems like managers have to be reminded of the fact that what is taught is not always what the individuals learn. Sometimes, a course needs to be followed up to see what the individuals really learned. In this special context, where much is designed by and for Scandinavian employees, the local employees may not have the same view of life, work and what is important for the managers. Therefore they may attend courses for reasons that are different than the management's reasons, and learn things that were not intended.

12.2 Action Plan for TASEA

The answer to the fourth research question given above is the base for how TASEA can improve the current situation and overcome the differences between the management's and respondents' opinions. In this section we will present an action plan for how the work can continue. This action plan has been divided into three parts; *Improvements that Can be Made Directly*, *Improvements to Consider* and *Important Factors to Bear in Mind*.

12.2.1 Improvements that can be Made Directly

- Use the gap analysis to see what areas TASEA needs to pay attention to. Present the gap to everyone in the organization, especially the members of the purchasing teams.

- Since the employees do not understand the word competence they need help with this. The respondents lacked understanding of the parts included in competence and also what these parts mean and how they are related.

- Review the use of the word competence and other words with difficult definitions in important documents.

- Analyze the use of such tools as competence profile and business plan. Are they suitable for their purpose, considering the needs of the employees? Do the employees know how they should be used and that they are important?

- Explain the titles and terms manager and leader very clearly. Review the way they are used in the organization considering how the employees understand the words.

- Make it clear to everyone that the Purchasers are the first level of managers. If there is still confusion about this, consider including the word manager in their title.

- Help the employees understand the need of working towards the future by making it a part of definitions and including it in documents like the competence profile.

- Make the employees understand that they are part of setting their own goals.

12.2.2 Improvements to Consider

- Map the cultures that are represented in the organization. Find out how they affect the business situation and how it is easiest to spread the company's culture to members of these cultures.

- Have a system for regularly following up the result of training and courses to see what the individuals really learn. It is not always what TASEA teaches that is learned by the employees.

12.2.3 Important Factors to Bear in Mind

- Be clear about the structure of the organization. The employees are not always aware of who is on what level, and how many levels there are. This complicates their work since they are cautious to follow the hierarchy.

- Make the role of the supporting departments clear to all the employees. Now they see support function managers as their bosses.

- Have the managers spend more time with the employees to straighten out the organization and relation between managers and employee. The employees want to talk to the managers often and get much feed back.

- The management must be aware of that many of the respondents are more motivated by salary than anything else. This must be taken into account when other rewards or motivational factors are considered and pointed out if these are used.

- Be aware of the differences between managements and employees that exist today. There are differences for example in looking towards the future and view of titles.

12.3 Further Research

During the research for this thesis we have studied fields of literature such as competence, competence development, factors that influence competence development, organizational competence, transnational and cross-cultural organizations, management and business in South East Asia. Through our literature studies we have found that there are great differences in how well these areas are covered, and therefore we want to present a few areas that we feel need to be developed further.

In the field of competence and competence development, research has been done during a relatively long period of time. The earliest work that has been used in this thesis is from the beginning of the 1960's. Since then the field has developed much, but yet there is no common terminology for researchers. To enable for further research in the area, a literature review that develops a standardized theoretical terminology would be of great value.

Most literature about competence and competence development reflects only one side of a two-sided coin. Either the research is concerned with definitions of the terms and the direct use of them, or with the factors that influence them only. Very little research has a broader view that takes into account both competence and the factors that it depends on. For the factors that influence competence, the sources are often research about that specific factor with no connection to competence. In the cases where the author has related the factors to competence, a definition of competence is often missing, which can make it difficult to judge the value of the theory.

The research that can be found about competence in organization is often done on different level than this thesis. The focus of the research is often on top-management, middle-management or organizational structure. Very little research is done on the individual level or the lowest level of the organization, something that this thesis has shown is crucial for the success of a company's competence strategy.

One of the most important factors that influence the organization and its competence is the individuals' cultures. A majority of the theories that have been used come Western countries and are conducted by Western researchers. This is something that we think has influenced all the areas of theory that have been used and made it more difficult to judge the validity of them. One example of how all theories are not perfectly transferable into a new cultural setting is Maslow's (1954) motivational theory that has been discussed in the thesis.

The research that is done about cultures in the South East Asia region is mainly based on theories that have evolved in Western cultures. It would be interesting to see theory about culture that is developed from the cultural situation in other parts of the world and that are not based on "Western" theories. It has also been difficult to find research that, at the same time, analyzes all of the countries involved in this thesis. This is even more problematic when trying to consider all the cultures that can exist inside national cultures, in one study. This has made it difficult to compare the cultural characteristics of each country to the others, since every researcher have their own interpretation.

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Appendices

Appendix 1 Interview Guide

Before the interview:
Introduce ourselves; name, master thesis, master of business and administration, from the University of Linköping in Sweden.
Tell the co-worker what the interview is about and how the result will be used.
The interview is about the co-worker's own opinion.
If there is anything the respondent does not understand, do not hesitate to ask!
Inform the co-worker about anonymity.
Appendix to the interview: IKEA's definition of competence and competence profile for the respondent's position.

Background questions
Interview number:
Name:
Gender:
Nationality:
Office:
Material Area:
Who is your manager? His/her function:
What is your function?
How many years have you been with IKEA?
What is the best part of working with IKEA?
What is not good in working with IKEA?

Questions
1. In your opinion, what are the main skills needed to perform your work?

1.1 Do you think you have these skills?

1.2 Which is the most important skill?

1.3 Is there anything you wish you were better at?

2. If you look into the future, which skills do you think will be most important for your function?

3. In your opinion, what is competence, what does the word mean?

3.1 Which are your most important competences as a Purchaser/Team Leader/Technician/Business Support?

3.2 Which competences do you want to develop further?

3.3 Why do you want to develop these competences?

3.4 Do you think IKEA will give you the possibility to develop these?

3.4.1 If no, why not? If yes, how?

4. This is IKEA's definition: "*Competence is defined as the knowledge, the motivation, and the capability to handle the crucial situations in the assignment*".

4.1 What do you think about this definition?

4.1.1 Why?

4.2 What do you think is missing in the definition?

4.3 Which part of the definition do you think is the most important?

5. What ,do you think, is competence development?

5.1 What do you think about competence development?

5.2 When you take part in competence development, why do you do it?

5.3 Who is responsible for the development of your competences?

5.4 What is important for successful competence development?

5.5 Do you have development talks?

5.5.1 How often?

5.5.2 How is it done (method)?

5.5.3 What is the result (psychological and material)?

5.5.4 What are your expectations on the talks?

6. Have you read the Business Plan for TASEA 2003?

6.1 Have you read the Business Plan for your Material Area?

6.2 What was the message regarding competence development in the Business Plans?

7. There is a competence profile for your function. Do you know it's content?

7.1 Is it a good description of your function?

7.1.1 Why/why not?

7.2 Are there things that are important to your function, but that are not covered in the profile?

8. A short while ago TASEA implemented a new organization.

8.1 Has the content of your work changed since then?

8.1.1 How? Is that good or bad?

8.2 Have the requirements on your competences changed?

8.2.1 How? Is that good or bad?

8.3 What are your main responsibilities?

8.4 Have your responsibilities changed?

8.4.1 How? Is that good or bad?

9. What is a good manager from your point of view?

9.1 What kind of relationship do you have to your manager?

9.2 What makes it good/not good?

9.3 What do you think is needed to make it better?

9.4 Do you see your manager as a leader or a manager?

9.5 What does it mean to be a leader or a manager?

9.6 Which kind do you prefer? Why?

9.7 Do you think your manager takes his or her responsibility?

9.7.1 In what way?

9.8 How much responsibility does your manager give you?

9.8.1 In what way is it too much/little?

9.9 In what areas do you think you should have responsibilities?

10. Is IKEA's style of leadership different from the style of leadership in other companies that you know of?

10.1 If yes, in what way?

10.2 Is that good or bad?

10.3 What is IKEA's leadership style?

11. What is needed for a person to become a manager at IKEA?

11.1 What competences would be important for you to develop if you were to become a manager at IKEA?

Appendix 2 Sample of Respondents

The following managers were interviewed in the first round of open interviews:
Göran Westman, Trading Area Manager
Lena Öhlund, Human Resource manager
Katarina Carlsson, Deputy Trading Area Manager

The following managers were interviewed in the second round of open interviews:
Göran Westman, Trading Area Manager
Lena Öhlund, Human Resource manager, *not quoted in the thesis*
Katarina Carlsson, Deputy Trading Area Manager, *not quoted in the thesis*

The respondents for the semi-structured interviews were chosen from all purchasing teams except Business Development, all positions in the teams and from the Bangkok, Jakarta and Ho Chi Minh City offices according to the tables:

	Ceramics	Metal/ Plastic	Natural Fibers	Textile	Wood
Business Support	1	2	3	1	3
Technician	0	1	3	2	3
Purchaser	3	1	1	2	3

	Bangkok	Jakarta	Ho Chi Min City
Business Support	3	3	4
Technician	2	4	3
Purchaser	3	3	4

Appendix 3 Country Presentation

Unless otherwise stated the sources of the material in Appendix 3 is *Länder i fickformat webpage (2003)*

Thailand

Constitution: Monarchy
Capital: Bangkok, 12 million inhabitants
Inhabitants: 62,3 millions
Increase in population: 1,0 %
Literacy: 94 %
Ethnic Groups: Thai 80 %, Chinese 14 %, Malays, Khmers and remaining 6 %
Religion: Buddhists 95 %, Muslims 4 %, Christians 0,5 %, Hindus, Sikhs and remaining 2 %
GNP per capita: 1 954 US dollar
Branch of business and part of GNP: agriculture 10,5 %, industry 40 %, service and remaining 49,5 %
Natural resources: plaster, tin, zinc, led, sapphires, natural gas, fish
Most important export goods: clothes, electrical devices, computers and light industry goods, fish and shellfish

The kingdom Thailand was established in the mid 14th century. Thailand is the only South East Asian country that has never been taken over by a European authority. (CIA webpage, 2003)

Indonesia

Constitution: Republic
Capital: Jakarta, situated on the island Java, 8.4 million inhabitants
Inhabitants: 204 millions
Increase in population: 1,5 %
Literacy: men 92 %, women 82 %
Ethnic Groups: Javanese 45 %, from the Sunda islands 14 %, Madureses 7,5 %, remaining 33,5 % (ethnic Chinese and a large number of minorities)
Religion: Muslims 87 %, Protestants 6 %, Catholics 3 %, Hindus 2 %, Tribe religions 1 %, remaining 1 %
GNP per capita: 715 US dollar
Branch of business and part of GNP: Agriculture 17 %, industry 35 %, trade, service and remaining 48 %
Natural resources: oil, natural gas, forest, tin, copper, coal, nickel, bauxite, gold
Most important export goods: oil, natural gas, plywood, natural rubber, coffee, palm-oil, timber, clothes and textiles, shoes

Indonesia was independent from the Netherlands in 1949. After four decades of authoritarianism, Indonesia today has problems with poverty, making a system with popularly-elected government work, corruption, armed conflicts in the country and holding the military and police accountable for human rights violations. (CIA webpage, 2003) In October 2002 the Indonesian tourist destination of Bali became the target of a terrorist attack (CNN webpage, 2003). Since then there has been an atmosphere of insecurity in the country and the number of visits to Indonesia from IoS declined during a period after the attack (Carlsson, 2003).

Vietnam

Constitution: Republic
Capitol: Hanoi, 2,1 millions inhabitants
Inhabitants: 80 millions
Increase in population: 1,4 %
Literacy: men 93 %, women no data
Ethnic Groups: Vietnamese 85 %, Chinese, Thai, Tay, and Muong each 1-2 %, beside this about 60 different ethnic groups.
Religion: Buddhists 65-70 %, Catholics 8 %, Confucians, Daoists, Protestants and others
GNP per capita: 400 US dollar
Branch of business and part of GNP: Agriculture 23 %, industry including construction and transport 34 %, service and remaining 43 %
Natural resources: oil, coal, tin, zinc, iron
Most important export goods: raw oil, rice and other agricultural products, handicraft and light industry goods, textiles, fish and shellfish, coffee

Vietnam was occupied by France in 1884. The Vietnamese people declared independence after World War II but France continued to rule until 1954 when Communist forces, led by Ho Chi Minh took control over the north. In an attempt to help the government in the south, US forces were in Vietnam from the 1960s until 1973. In 1975, the North Vietnamese forces overran the south. (CIA webpage, 2003)

Appendix 4

Competence Profile Material Team Leader

Responsibility

- Business Management
- Cultural Ambassador
- Operational & Competence development
- One IKEA

Competencies

- Management & Leadership skills
- IKEA Range Strategy knowledge
- Purchasing process knowledge
- Production knowledge
- IKEA knowledge

Personal Characters

- Good communicator
- Result and change oriented
- Sense of perspective
- Diversity oriented
- Intellectual ability

Appendix 5

Competence Profile Purchaser / Business Developer

Content
Describes the function Purchaser/Business Developer in Trading Asia Pacific organization.

Purpose
Specify the responsibilities, authority and profile of Purchaser or Business Developer. It shall be used in recruitment, development talks, successor planning and as input for training and education programs. The competence profile doesn't describe the function completely and should be seen as a guideline and working tool.

Scope:
To reach a business possibility/advantage in a given area (geographical and material) and sell it internally. To assure and continuously improve the suppliers performance level.

Responsibilities:

- Constantly improve competitiveness to Row48.
- Responsible for the total business with their suppliers in the given area, from A to Z, responsible for suppliers development and relations.
- IKEA Ambassador
- Organize and manage all contacts and work towards the suppliers.
- Contribute to the team development.
- Start up – develop - discontinue suppliers.
- Secure suppliers fulfil IWAY requirements.

General requirements:

- Good knowledge of purchasing.
- Very good knowledge of IKEA's purchasing processes.
- To have a very good market knowledge; players and their abilities inside given areas.
- Understand IKEA’s demands and needs.
- Good knowledge about cost drivers and finance.
- Knowledge of range, goods-flow-chain, material and production.

Personal attributes:

- Judgement
- Ability to make wise decisions – common sense. A reflecting mind where decisions are made on relevant amount of information where institution is used wisely. Risks are taken but under consideration.
- Result and Change Oriented
- Have a good track record in getting things done. A high level of energy. Ability to do
- many things simultaneously. A constant desire to improve and look for better solutions. Question old practices. Look for new possibilities and finding new solutions. Dare to do things. “Only while sleeping, one makes no mistakes”.
- Open to Ideas and Feedback
- Open to learn from others. No prestige and “not invented here” mentality. “Stolen with
- pride” is the guideline. Open to feedback. Be available and to listen to people. Show integrity, honesty and reliability in interpersonal relations.

Communication

- A high ability to communicate in a broad sense, i.e. active listening, negotiation, selling & persuasion and questioning.

Appendix 6

Competence Profile Technician

Content
Describes the function Technician in Trading Asia Pacific organization.

Purpose
Specify the responsibilities, authority and profile of Technician. It shall be used in recruitment, development talks, successor planning and as input for training and education programs. The competence profile doesn't describe the function completely and should be seen as a guideline and working tool.

Scope:
Operational responsible that quality and environmental requirements are fulfilled to the lowest possible cost.

Responsibilities:

- Work with cost improvements (product and production improvements).
- Secure IKEA TQE-demands on the suppliers and products.
- Actively working with technical and material development.
- Claim and corrective action handling.
- Contribute to the business development within the team.
- Product documentation.
- DWP (Dimension-Weight-Packaging)
- Support start up – develop - discontinue suppliers.
- Support suppliers in fulfilling IWAY requirements.

General requirements:

- An understanding of the different production processes and the material characteristics/performance.
- Able to work with and understand supplier's daily operational activities.
- Understands how the IKEA product range meets the customer's requirements.
- Good Knowledge of Quality and Environmental management systems.
- Able to audit and analyze suppliers working methods in quality, working conditions and environmental performance.
- Have a very good knowledge concerning the local and international legislation in
- his/hers product area concerning Environmental, Health & Safety and material/article laws.
- Good knowledge about cost drivers in production.
- Knowledge of our information systems (GPS/CASY).

Personal attribute:

- Is a field operator with the ability to organize, set responsibilities and work unsupervised.
- The ability to set goals, implement and follow up.
- The ability to work with and through others.
- Improvement driven, with a “hands on” practical approach to their work.
- Be a good communicator.
- Pro-active and methodical.

Appendix 7

Competence Profile Business Support

Content
Describes the function Business Support in Trading Asia Pacific organization.

Purpose
Specify the responsibilities, authority and profile of Business Support . It shall be used in recruitment, development talks, successor planning and as input for training and education programs. The competence profile doesn't describe the function completely and should be seen as a guideline and working tool.

Scope:
Operational responsible that agreed business set-ups are running and continuously being improved.

Responsibilities:

- To decrease costs between Row 2 and Row 48.
- Assure to find the most competitive distribution solution for each supplier / country.
- Assure the agreed service level.
- Secure the right information in CALC.
- Follow-up and analyze (volumes, order types, costs and prices).
- Contact to DS organization.
- Assure quality of delivery information to other IKEA units.
- Monitoring and fore-checking the daily business (delivery plans, sales, stock, goods in transit) and taking necessary actions.
- Work with start-ups for new suppliers.

General requirements:

- Knowledge of transport and logistics.
- Knowledge about all our order and distribution methods.
- Knowledge of the whole supply chain and who does what.
- Understand production-planning processes.
- Knowledge of our information systems (GPS/CALC/Business Objects).

Personal attributes:

- Analytical.
- Showing initiative to find new solutions and to optimize the existing.
- Good communicator.
- Administrative skills.
- Team Player.