

# COMPETENCE MANAGEMENT

- As a tool to develop new managers

Case: Case company X

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-as a tool to develop new managers  
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## ABSTRACT

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The purpose of this thesis is to study intellectual capital, as well as, individual skills and competences as a competitive advantage. The work concentrates on identifying, assessing and developing competences on an individual level and presenting ways to make competence management part of the managerial work. In order to create new managers from within the case company, company values and culture are used as viewpoints to create value-based leadership that supports learning and competence development. The thesis was carried out in cooperation with the case company X.

The theoretical part of the work concentrates on describing how competences can be managed and how the development work can be planned. It covers also theory regarding how competence management can be implemented as part of the everyday managerial work and what kind of competences the managers should possess, in order to manage competences. The effects of the company values and culture are also studied, in order to understand how they can support learning and competence development and how value-based leadership can guide the process.

In the empirical part of the thesis, a competence identification using competence maps are made for the employees working in the case company's shops. The competence assessment tools are tested, with the aim of understanding how the tools should be developed to meet the case company's object to create new manager's. The current competence level and possible gaps of the managers' are identified, with the intent to develop competencies to meet the future need. The research methods are both quantitative and qualitative as the data collection is partly done by a questionnaire and partly through an action-research.

As a result, the work presents an example process for creating new managers and developing individual skills. The process is applicable through the organisation, but requires considering competence management in a wider scale.

Key words: Competence, competency, core competence, value-based leadership

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## TIIVISTELMÄ

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Tämä opinnäytetyö tutkii tietopääoman sekä yksilön osaamisen roolia yrityksen kilpailukyvyn vahvistamisessa. Työ keskittyy tunnistamaan ja kehittämään osaamista yksilötasolla sekä etsimään tapoja tehdä osaamisen johtamisesta osa päälliköiden päivittäistä johtamistyötä. Työssä käytetään yrityskulttuuria sekä arvoja näkökulmana arvo-pohjaisen johtamisen synnyttämiseksi. Toimeksiantajayrityksen tavoitteena on synnyttää tulevaisuuden päälliköt yrityksen sisältä. Työ esittelee keinoja osaamisen johtamisen ja kehittämisen hyödyntämiseen, tavoitteen saavuttamiseksi. Työ on tehty yhteistyössä yrityksen X kanssa.

Opinnäytetyön kirjallisuusosio keskittyy kuvailemaan, miten osaamista voidaan johtaa ja sen kehittämistä suunnitella ja toteuttaa. Se esittelee, millaista osaamista päälliköiltä vaaditaan henkilökuntansa osaamisen johtamiseksi ja määrittää mikä päälliköiden rooli osaamisen johtamisessa on. Teoriaosio ottaa huomioon arvojen ja yrityskulttuurin vaikutuksen osaamisen kehittämisessä, sekä selvitetään miten arvojohtaminen voi tukea prosessia. Kirjallisuusosio tarjoaa myös konkreettisia työkaluja osaamisen tunnistamiseen, arviointiin ja kehittämiseen.

Työn empiirinen osuus määrittää osaamisalueet ja -vaatimukset toimikseantajan myymälähenkilökunnalle, hyödyntäen osaamiskarttoja työkaluna, sekä testaa työkaluja yksilön etenemisen edesauttamisen näkökulmasta. Tutkimus selvittää päälliköiden asennoitumista osaamisen kehittämistä kohtaan, sekä pyrkii selvittämään osaamisen tämänhetkisen tason ja mahdolliset kehityskohteet. Tutkimustapoina käytetään sekä laadullisia, että määrällisiä keinoja, sillä tutkimusaineisto on kerätty hyödyntäen osaksi kyselyä, osaksi toimintatutkimusta.

Tutkimuksen tuloksena esitellään esimerkkiprosessi, jonka avulla päälliköt voivat edesauttaa uusien päälliköiden synnyttämistä. Prosessi on mahdollista monistaa myös muihin yksiköihin organisaatiossa, mutta se vaatii osaamisen johtamisen tarkastelua laajemmasta näkökulmasta.

Key words: Osaaminen, kompetenssi, ydinosaaminen, arvojohtaminen

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## KEY CONCEPTS:

*Competence:* cluster of related abilities, knowledge, and skills that enable a person or an organization to act effectively in a job or situation

*Competency:* cluster of related abilities, knowledge, skills, attitudes and behaviour that enable a person or an organization to act effectively in a job or situation

*Core competence:* Core competencies give the organisation a competitive advantage, by creating and delivering value to its customers in its chosen field.

*Value-based leadership:* Motivating employees by connecting organizational goals to employees' personal values. Leading by example and communicating the values on an ongoing basis to the entire workforce.

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## 1 INTRODUCTION

In the introduction part of this thesis, we take a look at the background for this work. This part presents the benefits of implementing competence based management, as well as, the structure of the work.

### 1.1 Background

As the world of work is changing, companies are facing a variety of challenges and are trying to create new competitive advantages. In this tightening battle, the organisations have become more aware of their employees and the intellectual capital they possess. The significance of knowledge management has been recognized as an important part of strategic work and leadership. Ojala (2008, 15) states, that knowledge management is more commonly seen as a competitive advantage, as the future opportunities need to be created on these two resources; money and people or in other words, knowledge.

The changing expectations of the customers set new challenges also for the fashion industry. As fashion companies start developing their processes, the role of knowledge management increases in importance. Companies that can operate in a flexible way are more likely to succeed in the markets. According to Viitala (2007, 9), only the companies that possess staff that is capable of ongoing creativity and development work, can renew their selves to meet the requirements of the changing markets. The strongest companies are the ones that can adapt new knowledge and develop it successfully.

Fashion clothing sales in Finland have been facing serious challenges over the past years. According to the Textile & Fashion supplier and retailers Finland and Kankaanpää (2016), the fashion industry decreased by almost 8%, in the year 2015, which has been the trend of the markets for the past three years. The competition in the fashion industry is still fierce and the recovering markets are likely to tempt new competitors as well. Companies need to develop their strategies and recreate their processes,

in order to answer the changed markets and to be able to grow or maintain their current positions in Finland's fashion markets. The need to develop increases the importance of the employee's intellectual capital and competency.

The author's interest towards the subject was first risen from the lack of structures and tools for training and competence development in the case company. The tools for training and orientation were missing, as well as, a wider plan for competence management. The importance of the subject is however, inevitable as the case company is aiming for strengthening the current position in the markets. This work aims to argue the benefits of competence management for the case company and to introduce ways to reinforce the current positioning and find new ways to increase the employee engagement by managing competencies.

The aim of this thesis is to help the case company reach the goal of finding the future managers within the company. The work provides the case company tools for identifying, assessing and developing competencies. As a result, it aims to create an example process for competence management.

The case company's culture is based on employee satisfaction and the feeling of community, which are seen as the main enablers of the excellent customer service. In order to maintain and support the existing culture this work's purpose is to help understanding competence management as part of the company culture. Value based leadership is seen as an important tool to support and develop the culture to meet the aim of making competence management work as part of everyday managerial work in the case company. Some parts of this work has been removed by request of the case company.

## 1.2 Benefits of competence management

Boud and Garrick (1999, 1) state that in the future, learning new competencies and improving effectiveness will be required as part of any

job regardless of the level. At the same time, the managers need to appreciate their role in fostering learning. Training used to be enough at the beginning of an employment ship and the rest of the needed knowledge was picked up from the fellow workers along the way. In the changing world understanding how learning happens, needs to be understood at all levels and managers need to find new ways to communicate about it. (Boud & Garrick 1999, 2)

According to Riitta Viitala (2005), companies have created strategies for managing knowledge since the 1980's, and management practises have developed in a rapid pace, ever since. Even though, the importance of knowledge management is widely recognised, only a small part of the companies has been able to successfully create an ongoing process to maintain the knowledge management work. This is partly because of the missing clarity of the subject: different concepts and the complexity of the subject. To successfully manage knowledge through the organization, the company needs a common understanding on the subject and what are the focus points, according to the company's strategy. (Viitala, 2005 7-9)

Otala (2008, 15-16) points out, that knowledge, as a resource, should be valued to be as important as economic capital and it should be managed the same way; through the whole organisation. Boudreau & Ramstadt (2008, 13) visualize a future, where competencies and managing competencies are appreciated as strategically valuable resources and company success factors.

There are two significant reasons to see competence management as a competition advantage: it helps the company to find ways to compete in a more profitable way on intellectual capital and it encourages the company to look at competence management on a wider scale (Boudreau, Ramstad 2008, 40). Virtainlahti (2009,68) adds, that competence management is a way to differentiate form the competitors, to manage change and to ensure productivity.

### 1.3 The Structure of the work

This thesis consists of five main chapters; introduction, literature review, research, research results and conclusions.

'The literature review' part is the second main chapter of the work. It is divided into two significant parts. The first part of the theory concentrates on defining what are competencies, what are the main ideas behind competence management work and the themes relevant for this work. The competence management literature aims to help creating a tangible and activity concentrated competence management plan. The theories are aiming to create a holistic picture of the management steps and the main ideas, related to the subject. It also seeks to find concrete tools for the case company to identify, assess and develop competencies, as well as, to help creating an example process, in order to, implement an efficient and successful competence management work also in the future.

The second part of the theory aims to create an understanding regarding value based leadership and how to use it, in order to make the company culture support competence management work. The company values are also studied from the viewpoint of understanding how they can guide the competence identifying, assessing and developing work. It also presents ways to connect competence management to the company strategy and vision.

The third main chapter, 'research', introduces the case company more specifically, describes the current need for competence management in this organisation and presents the research questions. In this part of the work, the objectives, scope and limitations for the research are also presented, as well as, the research strategy and methods.

In the fourth chapter, the work presents and summarizes the research results and findings.

The fifth chapter presents the conclusions of the research, based on the theory. It offers an implementation plan for the case company and future

development ideas and actions. The reliability and validity of the research are also analysed at the end of this part.

## 2 LITERATURE REVIEW

The literature review is divided into two parts. In the first part, we create a common understanding of what are competencies and how they can be managed. We find out, how to define, assess and develop competencies and how competence mapping for a specific role is done. Competencies and knowledge management are studied as part of a manager's daily work, aiming to find tools to create an example process for competence development. In the second part of the literature review, we take a look at value based leadership and how it can support the competence management work. We also learn how competence management should be acknowledged as part of strategic work and how company vision guides the planning of competence development.

### 2.1 Competence, competency and core competencies

Sanghi (2007, 8-9) defines competence being a skill that represents what a person can do, whereas competency refers to behaviour by which it is achieved and focuses more on how the person does it. Sanghi continues explaining that competencies are born both from knowledge as well as skills. In order to understand the difference between knowledge, skills and competencies, Sanghi uses learning how to drive a car as an example process. The development happens on three different level. The first level is the knowledge level, where the individual understands the meaning of driving a car, by reading. On the second level, the individual is practising to drive the car in a non-traffic area, and the level is about creating a skill. On the third level, the skill turns into competence, as the individual is able to drive in traffic, this level is called applying.

Ranki (1999, 28) explains that new competencies are created from the interaction between the individual and the working environment and that new requirements are born whenever the environment changes.

Virtainlahti (2009, 24-25) continues that the competencies are created from skills, knowledge, experience, contact's and networks, as well as, attitude and willingness. Motivation and energy have an effect on

competencies, as well.

Long and Vickers-Koch (1995 7-22) divide competencies, from the company's point of view, into four different categories. Support competencies are the competencies that help adding value for the customers, they are, for example, economic- or HR-department related competencies and in most cases, serve the company's stake holders. Basic competencies are common and crucial for all the companies operating in the same field of business. The third category is critical, or core competencies; these competencies differentiates the company from the competitors, and are the competitive edge of the company, as they create the possibility to offer something different for the customers. The last one are the important competencies of the future: these competencies provide a possibility to launch on new markets and to succeed in the competition, also in the future.

### 2.1.1 Managing competencies

Viitala (2005,133) underlines the role of every manager or leader in an organisation, when defining and developing knowledge and competencies. She states few certain requirements for successful competence management work. The first requirement is that the competence management should be seen as a part of the normal management work, and all the managers should be trained to manage competencies. Competencies should be seen as a success factor of the business, and the matter should be taken under consideration also from the viewpoint of inner communications. In order to successfully implement the competence development work, all the company actions and structures should support it, and both the competencies and the actions for the development, should be continuously assessed. One of the most important requirements for successful competence management work is, that the company possesses the needed professional skills and that it has competence management professionals working and supporting the organisation. The best results can be achieved when the competencies and the

development work are also acknowledged as part of the rewarding system. (Viitala 2005, 22)

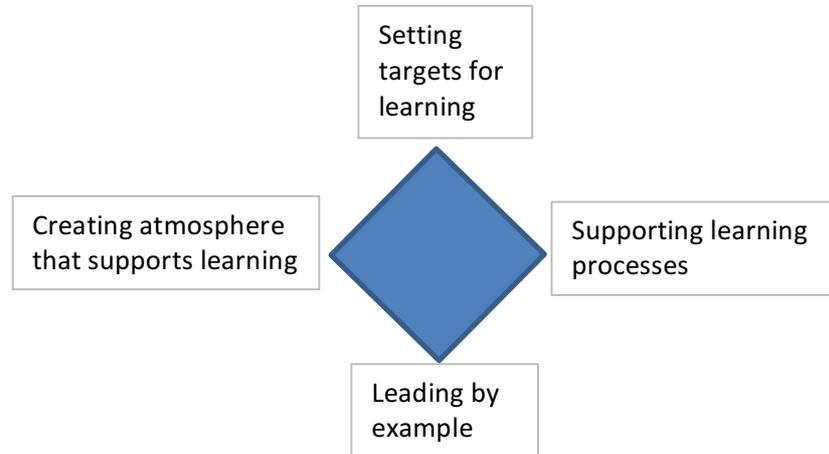


FIGURE 1. The main elements of competence management for a superior (Viitala 2005, 313)

The role of the manager in competence management, according to Viitala (2005, 313-314), has four main tasks that define the success of the process. The manager should have clear objects for learning and be supportive towards learning processes. Leading by example and creating an atmosphere that supports learning, are also important, in order for the employees to learn and develop. The manager of the department is responsible for maintaining and continuously developing the competencies. The manager has to have an understanding, how competency supports the implementation of the strategy and vision of the whole organisation.

In order to manage competencies, according to Ojala (2008, 82-83), the company needs to have a common understanding on competencies through the whole organisation. The terms, processes and tools for the competence management work need to be clear for everyone in the company. This can be organised, for example, through Intranet with a learning tool. This tool offers a view of the competence and learning

culture of the organisation for the new employees, and can be used as a tool for the managers in their competence management work.

Otala (2008, 98-100) introduces a model for competence management where a “competence master” is responsible for one specific strategic competence area, and for defining how knowledge is understood, as well as, what competencies are needed. The competence master also defines what level of expertise is needed to execute the strategy successfully. One of the area of responsibilities, is to ensure that the learning process can be implemented through the whole organisation. The competence master has to be aware of all the development actions and learning programmes in the company. The competence master can have a competence team to support the work and to help in creating a more holistic picture of the learning needs.

Viitala (2005, 67) states that, the most important guidelines for the competence management work are the company vision, strategy and goals. Also, the feedback and expectations of the customers should be seen as an important asset for competence development. The company’s quality requirements need to be acknowledged as part of the management work. The customer expectation, according to Viitala, can be used to give the competence management work the purpose, the employees need, for rationalising the development work. Otala (2008, 112) continues, that the need for specific competence is usually born when the business environment is continuously developed and changed by, for example, technological development, new industrial machines, or an aim to serve the customer better.

### 2.1.2 Defining competencies and assessing development needs

Identifying the company’s competence level is the first step of any competence development work; understanding what competencies are available and what are needed in the future, set the demands for the development work (Viitala, 2005, 86). Otala (2008, 105) adds that the company can define what competencies it is lacking, by comparing the

existing competencies to the required competencies. The required competencies can be divided into two groups; the competencies that are necessary for the company's survival and the competencies that are needed to succeed in a certain role or position. In order to define the lack of certain competencies, the company needs a competence survey. (Ojala, 2008, 106)



FIGURE 2. Competence management process (Viitala 2007, 186)

Viitala (2007, 186) points out that the individual's competency should be evaluated from two point of views: from the current role and the competence requirements related to the role, as well as, from the viewpoint of future changes and challenges. Ojala (2008, 113) continues that different kind of evaluations, for example, quality evaluation, team evaluations or manager evaluations, can create a new need of competencies for the organisation, as well as, for an individual. By offering a developing path for the individual, the company can speed up the process of competence development of the whole organisation. (Ojala 2008, 113)

Ojala (2007, 175) continues that by doing a competence evaluation the company can define what competencies already exist and what competencies need further development. Usually, the competence requirements are defined for certain department. The managers, together

with the team, define the required competencies and the future demands. The most common way is to define competencies in a wider scale, concerning the whole team and after that for a certain role and individual. Ranki (1999, 35) adds that competence evaluation should never be the main object, rather the basis for the development work.



FIGURE 3. The process of competence identification (Kotonen & Tuominen & Suomäki 2012, 46)

Defining the competencies for a certain role can be done by using competence mapping as a tool. The main idea of the mapping, is to summarize relevant competencies for the specific job, as well as, the core skills and personal skills that are common to all employees. Besides these competencies, the map shows the duties that are related to each

competence area. It is important to get the personnel involved to the development process from the beginning, by filling in the map together with the staff. The main idea is, that both the company and the personnel will benefit from the process. (Savonen, 2014)

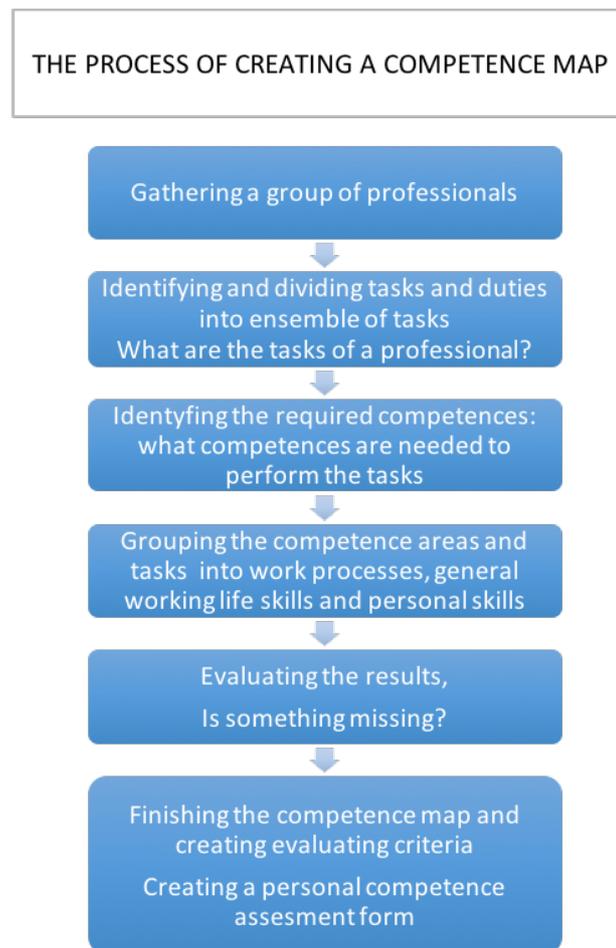


FIGURE 4. The process of creating a competence map (Kotonen & Tuominen & Suomäki 2012, 48)

### Using competence maps for identifying competencies

Savonen (2014) explains, that the first step is to gather a group of professionals, partly from managers and partly from employees; a good ratio is 1/3 from managerial level and 2/3 employee level. The group starts identifying specific tasks and duties and divide them into ensemble of

tasks. These ensembles of tasks are then turned into competence areas using a question; what competencies are needed to perform the tasks. After the competencies have been defined, they are grouped into different working processes. In addition to the specific work associated competencies, the map also consists general working life skills and personal skills that are needed in every working environment.

Before moving to the next stage, the results are assessed and required changes are made to the map. Also the assessment criteria for the evaluation work needs to be created (Savonen 2014). Ranki (1999, 50) adds, that the level of competency can be assessed, for example, by using measures such as, beginner, performs well and performs with excellence, as the levels of competency. The competence evaluation should contain self-assessment, as well as, the manager’s, co-workers, stake holders and the customer’s evaluation on the competency level of the individual. Repeating the assessment and evaluation of the competencies for example every year, increases the benefits of the work as the direction of the change can be assessed easier. (Ranki 1999, 50-52)

	Competence areas	1	2	3	4	5	6
A	Has a competence relevant for the ...	does something that can be ...	does something that can be ...	does something that can be ...	does something that can be ...	does something that can be ...	does something that can be ...
B	Has a competence ...	does something ...	does something ...	does something ...	does something ...	does something ...	does something ...
C	Has a competence ...	does something ...	does something ...	does something ...	does something ...	does something ...	does something ...
D	Has a competence ...	does something ...	does something ...	does something ...	does something ...	does something ...	does something ...
E	Has a competence ...	does something ...	does something ...	does something ...	does something ...	does something ...	does something ...
F	general working life skills	is capable of interaction and ...	cooperation	Is capable of trouble-shooting	e of learning	Acts ethically	esthetic skills
G	demonstrates personal skills	demonstrates a quality and customerori	Has international skills	Takes care of occupational safety and	Follows the principles of sustainable developmen	Follows the principles of entrepreneurship	Uses technology and IT

FIGURE 5. Competence map (Kotonen & Tuominen & Suomäki 2012, 50)

## **Competence matrix**

The competence matrix can be created for a specific group or even for the whole organisation. The matrix offers a holistic view on the competency level of different competencies and the number of people that possess the specific competence. The matrix can be created by gathering the data from the assessment forms, and the evaluation discussions, into one matrix. It makes it easier to define how many employees should possess specific competencies and whether the reality meets with the need. Creating the competence matrix requires evaluation discussion where the competence level is defined together with the individual and the manager. (Ranki 1999,57)

### 2.1.3 Competence management process

Knowledge management is about harnessing, developing and exploiting organisational intellectual capital. (Ståhle & Grönroos 2000, 17) Sydänmaanlakka (2002,12) adds that it can be seen as a deep cultural change and a process, that has a clear starting point. He adds that competence management process needs to be built on existing structures, which means that the competence manager needs to have a clear understanding on the company's current state of knowledge and competencies. Sydänmaanlakka continues, that competence management process aims for continuous development of the competencies, in order to improve the performance.

Savonen (2014) presents an example model of competence management process and the roles of HR-department, manager and the employee.

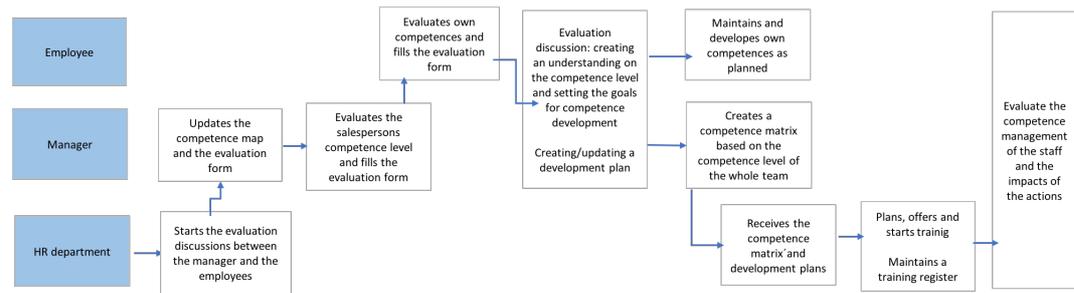


FIGURE 6. Example of a competence development process of the staff (Savonen, 2014)

According to Savonen (2014), the competence development process starts from the HR- department that acknowledges the need for development and starts the conversations between the managers and their teams. The managers update the competence map and the evaluation form and make the evaluations on their employees' competencies. After that, the managers instruct the employees to make self-assessment of their level of competencies. The manager and the employee have an evaluation discussion that aims to create a common understanding on the individual's competence level and to define the need and a plan for competence development. The employee is responsible for maintaining and developing the competencies as planned with the support of the manager. The manager continues the work by creating a competence matrix based on the whole team's competency and forwards it back to the HR-department, that can plan, offer and start the needed training in a wider scale. The HR-department also maintains a training register. Evaluating the competence management and the impacts of the actions are repeated as a continuous process by all the members.

Sydänmaanlakka (2002, 117), sees the department managers as the main owners of the process and that they are responsible for planning the development of the department and the individuals, as part of the planning and development discussions.

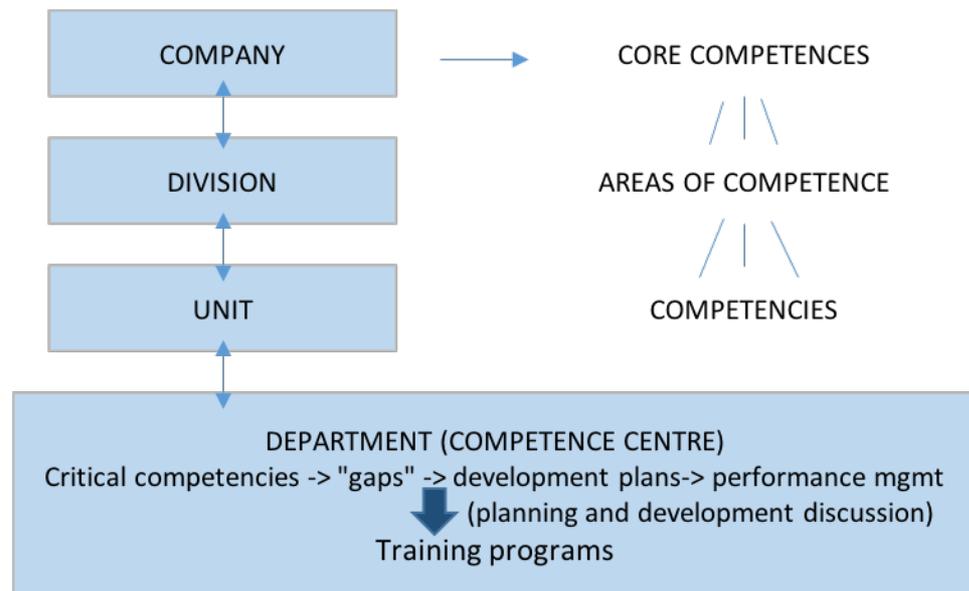


FIGURE 7. Competence management in practice (Sydänmaanlakka 2002, 117)

#### 2.1.4 Developing competencies

Martin (2010, 100-102) explains that development is a generic term that covers both informal and formal intentions of educational, training and development activity. The starting point for any development work is to identify the need. According to Martin there are three kinds of development needs; a gap, which is a deficiency between what can be done and what is required. The second one is a problem, which means that a problem has arisen and that a possible training intervention could resolve it. And the third one is a need, which is more aligned with longer-term direction of the company and aims to create a synergy where the human capability meets with the needs of the business.

According to Ojala (2008, 105-110), the aim of competence development work is to ensure that the competency level meets with the competitive strategy of the company and that it intensifies the work performances. The development work should enable and support the realization of changes

and at the same time, ensure and develop the quality of actions. It should also nourish creativity and innovations and aim to reinforce the performances, motivation and engagement of individuals.

Viitala (2007, 184-185) explains, that it is necessary to put things into order of importance when developing competencies. The development work inquires time and resources and, as it has an impact on the productivity, it should be considered as an investment, rather than a cost. Using the company's vision, process analyses and competence survey, the company can create a competence development plan for the next few years. A comprehensive development plan should include actions that cover the development of the whole staff, teams, as well as, individuals. An example content of a plan could include all areas of the development work and it should set the required competence levels for the future. The plan should also contain the needed actions, in order to accomplish the goal level and determine the people that are responsible for taking the project to the end. It should define, who will be involved in the development work and what is the schedule for the work.

For all the managers through the organisation, Viitala states two questions to plan development; What competencies do we need in this team, in order to meet the goals? And how can I nurture and support the team's and the individual's competence development? (Viitala, 2005, 297)

### **Orientation**

Developing individual's competencies starts by orientation to the work and introducing the requirements set for the role. The aim of an orientation is to help the individual work efficiently, as soon as possible. The orientation helps the individual to become part of the organisation and the team. It includes sharing the values, vision and the way of working inside the company, as well as, the rules and safety issues. Evaluation discussions, collecting feedback, reflective meetings and mentoring are effective tools for the development work. (Viitala, 2007, 190)

## Evaluation discussions

Evaluation discussions offer a chance to define the need for training (Ranki, 1999, 58). Viitala (2007, 186) continues, that evaluation discussions can be implemented also in the nature of development conversation. A competence development plan can be created as a result of the discussion, within the managers and after that on an individual level. On the individual level, Viitala sees, that the development discussions are one of the tools for developing individual's competencies. She lists few example questions to guide the content: What competencies do I commit to developing this year? How do I do it? How does my organisation support my development work? How do I follow up my progress? (Viitala, 2007, 186)

Aarnikoivu (2008, 121-123) sums the idea of the conversation to be a dialog, where the participants create new understanding of the matter. It is important to appreciate the other person by listening, especially for the manager. Ranki (1999, 58) continues, that the manager needs to understand the purpose of the discussions and how it differs from every day managing practises.

According to Aarnikoivu (2008, 121) any evaluation conversation can be seen as a three-phased process that starts from preparation, continues by the actual discussion and is followed by the planned actions. The best way to give the discussion a structure, is to have some kind of form that will guide the conversation and help setting goals. The conversation should always be open and support the organisation culture. (Aarnikoivu, 2008, 121-123)

Evaluating individual competencies can make the person feel that they are judged for their actions if the evaluation discussions aren't carefully planned. The planning should start by defining who is responsible for the discussion, what is the role of the evaluated person and how the results will be used. Will the results benefit the individuals and their competence development, or will the results have an effect on their salary or is the

purpose of the evaluation discussion to create a wider perspective on the competence level on certain competency? The evaluation can be part of the discussion and start from the individual's own assessment of his/her competence level and continue towards discussion with the manager. The aim is to create a common understanding on the competence level and to define the development needs. (Ranki, 1999, 76-77)

### **Planning training on individual level**

Improving the performance of the employees under their control, is one the main duties for a manager. Improving performance can be done by training, coaching and through superior leadership and motivation. (Donaldson, 2007, 206) Baruch (2004,73) adds that people need support, advice and guidance to direct their selves, as they do not always have the knowledge or the mental strength to do it without the managers help.

Donaldson (2007, 207) states that instead of standardised training, the training should be specialised to meet the individual's needs, in order to be effective. The fundamental for training is an educational process, where learning can take place. He sets following principles for this process: The training should have a clear purpose and aim for individual development. It should also offer a plan for applying it as part of the actual work and define the benefits the training has to offers. The presentation should be clearly planned so that the individual can learn and appreciate what is being taught. Enabling the time and opportunity for the individual to absorb and practise new skills, requires that the repetition should be planned and the results of the learning process should be systematically reviewed and followed. The pace and style of the training should meet the individual's learning needs and the learning process should involve participation of the individual. The emphasis of the training is on learning from other people's experience rather than one's own mistakes, which requires that the development of material is orderly. (Donaldson, 2007, 207)

### 2.1.5 Managing learning

The skills of the individual's create the starting point and the starting level for an organisation's competency. Organisational competency does not exist without people. The core of competence management, is in understanding how an individual learns and creates knowledge. Understanding learning in individual level is different from defining or rating the competencies on organisational level. An individual, as a psychological being creates learning based on his/her own point of view. This brings upon challenges that may not be easily solved. (Viitala 2005, 16-17)

Learning at work, according to Boud and Garrick, (1991, 29) happens simultaneously with the work and from the urge to work more efficiently. Each profession has its own factual knowledge, theoretical principles, action understanding, process knowledge, tacit knowledge and communicative competence, that are developed as the environment and the markets are changed. (Boud & Garrick, 1991, 30)

Ojala (2008, 287) states that a superior has to have a basic skill set of leading and managing learning, which sets new requirements to the manager's role. The manager should have an understanding on the future competence requirements and should be able to develop and acquire the needed competencies. Most importantly, they should be able to create a culture that supports learning. In order to create a learning organization, the superiors should focus on the future and they should have emotional intelligence. This means, that the superior should possess the skills to support other person's feelings, as well as, skills to react differently in different situations and circumstances. The superior should be able to act as an example and continuously learn new and share the new knowledge with the team. Ranki (1999, 95) adds, that any learning process requires feedback, that motivates and gives the learning a direction. Feedback also helps the individuals to identify their strengths and weaknesses.

Ojala (2008, 287) continues listing managerial skills, in order to manage learning. Most importantly, the superior should have communication,

appearance and dialogue skills and be able to manage thinking and especially the company's thinking process. The managers should possess strong emotional intelligence, ability to create enthusiasm and they should be able to understand and acknowledge the possibilities that technology creates. It is also important, that any manager has the ability to ensure that the employees are capable and have the needed intellectual capital to perform in their job. Creating meaning for the work and leading voluntarily creates space for learning. In order to manage learning, the supervisor should also have skills to understand future competence requirements, acquire and develop competencies, lead the learning inside the organisation and most of all, skills to develop the organisation towards learning organisation.

#### 2.1.6 Organisational learning

Sydänmaanlakka (2002, 33) defines organisational learning as follows:

*“Organisational learning can be defined as the ability of the organisation to renew and change its operations.”*

Otala (2008, 71) adds that organisational learning is about creating a common understanding and adapting it to the way of working. The more individual experiences can be exploited to create the understanding, the quicker the company can create new competencies and activities.

Sydänmaanlakka (2002,7) explains that learning happens at three different levels: on individual, team and organisational level, where the individuals learning is the starting point of all learning. Learning should be seen as a skill that can be developed; it is a process where experiences are turned into competencies. In team learning, the aim is on forming a group, in which the competencies of individual's complement each other. From the organisations point of view, team learning is as important as learning as an individual; as the individual acquires knowledge, skills, attitudes, experiences and contacts, it also changes the behaviour of the team. The team needs to have common targets, action models and shared

responsibility and it needs to regularly evaluate its performances, in order to develop.

Changes in the environment should make us continuously question our action models and develop them (Sydänmaanlakka, 2002, 33). Ojala (2008,72) continues that learning at an organisational level is about continuous repetition and creating a competitive advantage. This means, that the organisation is able to learn quicker than the competitors and this way even have an effect on the changes in the environment. Learning is a creative process, which can be hard to manage. Beamish (2008,50) adds that there are different kind of physical environments, such as, individual, cultural, social, economical and work environments, that will all influence the learning in the work place differently.

In order to create a company that provides a positive culture towards learning, Ojala (2008, 279) introduces a few features; the company should have an open atmosphere and a culture of trust, enthusiasm and energy, the culture should also encourage to curiosity and data acquisition. The atmosphere should be positive, even though criticism is allowable and even wanted and, at the same time, mistakes should be seen as a learning possibility and dealt with openly. The culture should support the transfer of tacit knowledge and encourage the employees to exceed the limits of comfort and to ask and question the action models and structures. Creativity should be supported by appreciating every point of view and by encouraging to present new ideas, solutions and development suggestions. In this kind of culture, everyone feels appreciated and heard and diversity is highly valued, as the culture highlights the feeling of community.

## 2.2 Value based leadership supporting competence management

Viitala (2005, 297) states, that even though the role of the top management is important in managing competencies, they are not in a position to ensure, that the actions take place at the operational level. Plans turn into action and results in the smaller divisions around the

organisation, which increases the role of the line managers, through the whole organisation.

The focus of leadership discussion is moving towards the leader's ability to perceive the most important matters. The focus from creating new theories, is moving to considering leadership from a viewpoint where the needs of the organization, individual and the society are taken under consideration. Value based leadership can be contemplated from, at least three points of views: 1.) The mission of a leader is to add value inside and outside the company. A leader can only be successful by adding value. This can happen by making sure, that the customers benefit from the products and the services, or by ensuring that the employees are motivated to reach the shared goals and that they have a safe working environment. Leadership is about adding value and leading should always be based on the values. 2.) Value based leadership is about committing the organisation to the shared values and making sure that the values, vision and strategy are clear. The aim, is to keep the central values visible at all times and to make sure that the values are deployed through the whole organisation. 3.) Recognising own values and self-awareness is important in value based leadership. One of the core issues in spiritual growth, is to grow into self-organised and morally stable person, who aims for good, even though, it might not seem to offer personal benefit. (Aaltonen, Heiskanen, Innanen, 2003, 185-187)

Otala and Pöysti (2012, 197) introduce an idea of a 2.0 company, that is a modern, competitive workplace, where the culture of the company is valued higher than leadership. People are seen as the most valuable resource and the company sees, that efficiency and profitability are connected to the intellectual capital, mind and knowledge of the employees. The 2.0 companies understand and know how to benefit from the intellectual capital, competencies and creativity of their staff. From the leadership point of view, the company underlines enthusiasm, working together, managing the employees thinking and managing networks and communities. Creating and cherishing the culture of the company is valued to be one of the most important parts of leadership. Culture 2.0 is open,

creates trust and encourages to experiments, it is also positive and highlights winning together as the main goal. (Ojala & Pöysti, 2012, 197-199)

The most important resource for a company is the enthusiasm of the employees as it creates energy, and energy is the key for excellence (Ojala & Pöysti, 2012, 229). The 2.0 leader should be able to create teams where the members supplement each other's competencies and is able to create an enthusiastic team spirit. One of the main competencies for 2.0 leader is emotional intelligence, which aims to manage the thinking of the team towards the best possible results. The competence level of the 2.0 leader contains skills from both, coaches and facilitators skillsets. (Ojala & Pöysti, 2012, 232-233)

### 2.2.1 Company values as a base for competence development work

According to Aaltonen & Junkkari (1999, 101-104), organizational culture is a system, created from rules, assumptions and expectations. These are used to create an image of the environment and actions happening around. Values guide the decision making processes and are seen as the heart of the culture.

Managing human resources is part of the organisational culture and should be based on the values of the company. At the same time, managing human resources creates, develops and renews the culture and the value base. The values and the culture are important to take under consideration when new actions and working models are created. HR actions are in a key role in reinforcing and developing of the company culture. (Viitala, 2007. 33-34)

Viitala (2007,34) explains, that organisational culture guides the way people work and act inside the company. Company culture can be described as the company's personality, which is affected and created over the years by the company's field of business, size, ownership, structure of the staff and education, as well as, experience background,

location and the customer base. Culture can integrate the beliefs of the individuals, bring their aspirations together and channel their actions towards shared ambition. It creates action models and ways of thinking, sets boundaries for what kind of actions are acceptable and what not, it also sets boundaries on how to act outside the company and on what to believe in and to commit to. It has an ability to transfer the way of thinking and acting, as well as, traditions. (Viitala, 2007, 34)

Values are strongly connected to the company strategy, as the strategy itself is a reflection of the values and the realization of the strategy depends on the company culture. Strategy and values should be seen as two different things, where the values represent the identity of the community and the strategy represents the mission. (Aaltonen, Heiskanen, Innanen, 2003, 183)

## 2.2.2 Organisational strategy and vision

Porter (1996,8) defines that

*“competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value”.*

Strategy is about reshaping the future and outthinking your competition. It is about seeking opportunities and turning them into desirable situations. It has to be in line with the events around the company and prepared to face the future challenges. Strategies are successful only when people are engaged and willing to make it work, which makes selling the idea through the whole organisation crucial. (McKeown 2012, 20) Lindroos & Lohivesi (2004, 29) continue, that strategy defines how the company plans to achieve the goals and targets and that the plan needs to be clearly and publically expressed.

In order to create a strategy, company needs to evaluate how the business environment will develop, after that the vision can be crystalized to help setting the goals for the activities. When the vision is clear, the means to achieve the vision can be defined, as well as, the resources and

what kind of development projects are needed. (Lindroos & Lohivesi 2004, 31-32)

Viitala (2007, 61) divides strategy into three different levels, where the first level defines what is the business the company is dealing with, the second one defines what are the success factors for the chosen field of business and at the third level, the company defines what are the operative actions, such as human resources strategy, marketing strategy or production strategy. These strategies support the business strategy of the company. Strategies are the base for any actions of the company and they ensure that the company vision can be achieved. Boudreau & Ramstad (2008, 17) continue, that the success of knowledge management work depends not only on the human resource strategy, but on adapting the decisions regarding knowledge within the organisation, to the main objects of the strategy.

### 2.2.3 Human resource strategy that supports competence management

Sanghi (2007,5) explains, that a successful HR-strategy is derived from the objects, goals and competitive strategies of the organisation. The importance of human beings as an asset and as a competent force have been acknowledged as a key to success in many companies, which has led to HR functions to evolve towards becoming more strategical. Viitala (2007, 70) adds, that the focus of human resource work is starting to concentrate more on the accomplishments inside the processes, for example, how competencies can be used to improve the competitiveness and to increase the efficiency and quality of the processes.

The most important activities of human resource strategy are competence development, recruiting, setting goals, rewarding, motivating and developing leadership. Human resource strategy needs to be in line with the business strategy, and the actions and processes need to support the development plan of the business strategy. In order to create a logical human resource strategy, the company should define the long term targets

and requirements for management. This is the so called “soft” way of managing human resources, as the focus is on developing competencies and committing the staff to the company. Too often, these soft way strategies will not get the support they need and deserve, as challenges on the markets lead to cutting off expenses from human resources. (Viitala 2007, 62-64)

Helsilä & Salojärvi (2009, 69) explain, that strategic work is important when planning the human resource management. A good plan offers tools for developing both action models and competencies. It should support the managers work by creating a picture of the actions that aim to exploit and strengthen the company’s most important resource, intellectual capital.

The company strategy sets certain requirements for the competencies inside the company. These requirements can be defined by first crystallising the company vision and the company success factors to meet the vision. After this, the strategic goals can be set. All these factors define what competencies are needed, in order to reach the set goals. (Ojala 2008, 111-112).

### 3 RESEARCH

In this part of the work, we focus on creating a more holistic picture of the current state of the Human Resource functions, and competence management at the case company. We take a look at the company vision and reflect the company values and the culture as the base for the competence management work. This chapter also presents the scope, objectives and limitations for the work, as well as, the research methods and strategy. Some parts of the research has been removed by the request of the case company.

#### 3.1 The objectives, scope and limitations

The main aim of the case company is to maintain and reinforce the position in the markets. The customer service, has been recognized as one of the success factors and creates an important competitive advantage. Striving for excellent customer service, requires excellent employee training and a culture of trust and happiness. The role of the manager is seen as one of the key positions in achieving the required quality of customer service.

The country manager also sees the culture as one of the biggest success factors and that training managers within the company, is a way to maintain the culture. Training the staff and concentrating on competence management can be seen as methods to increase the profitability, as the employees become more committed to the company and are more competent to perform in their work. In order to maintain the position in the markets and to create a culture that supports achieving the goal, the case company aims to train all the future managers from the existing employees.

The main objective of this research is to create a process for competence management for the case company and the focus is on competence development of the managers. This research aims to study competence management, in order to define what are the core competencies for the

managers and what new competencies should be required, to achieve the future goal. It also seeks to identify the competence gaps with the aim to plan development work. The case company's motive for competence management is to maintain and reinforce customer service as competitive advantage by increasing the employee satisfaction and motivation and to reinforce the image as a trustworthy and inspiring employer. By finding all the managers inside the company, the case company aims to create a stronger engagement between the employees and the company and as a result, to reinforce the brand image in Finland. By engaging the employees and by ensuring that the required competence level is met in every shop, the case company will be able to offer high quality service regardless of the shop, salesperson and time.

The main research question for this work is:

*How can the case company identify and assess competencies and define the possible competence gaps?*

The sub-issues for the work are:

*How to make competence management as part of the managers every day work.*

*How can the case company use the company values to guide the competence management work?*

This research aims to define the core competencies for the personnel working in the case company's stores and to find out what new competencies are needed to achieve the future goals. The focus is on manager's competencies, and on creating an example competence development process for managers to create and develop new managers. Making the role of competence development process part of the managers every day work is one of the main focuses of the work. As an end result, this research seeks to create an example process for continuous competence development that can be applied through the whole organisation.

The themes for this work were selected together with the country manager. As the author works as a manager, the focus of this work is limited to the competence management of the personnel working in the stores. The managers are responsible for the selling process in the shops, as well as, the training process of the sales personnel, which both have a direct influence on the profitability and efficiency of the company. The work in the shops, is the most visible activity in the eyes of the customers and this way has a straight influence on the customer satisfaction. This is one of the reasons why manager competencies are considered to be one of the core competency areas at the case company and the competence management is seen necessary.

### 3.2 Research strategy and methods

The research is implemented as both as an action research, by mapping the competencies and testing the created tools, and as a quantitative research, which is implemented through a survey for the managers. The action research model is used, in order to create the requirements for the roles in the shops. Both the salesperson's role and the shop manager's role was clarified, by using the competence mapping as a tool. Creating the maps, also helps to set new requirements, that support the managers' new role in competence development work. The maps and evaluation discussions efficiency, as tools to support the manager's competence development work, are then tested with one of the sales teams.

McNiff & Whitehead (2011, 10-15) explain, that action research, from the action point of view, is about taking action to improve practise, and from the research point of view, about finding things out and creating new understanding and knowledge. In action research, the knowledge is about how and why improvement has happened. It can be used when someone wants to evaluate when the actions are affecting on other people's learning, or when something needs to be done differently. Kananen (2013, 42) continues, that action research consists four stages; planning of actions and setting objectives, action or change, evaluation and follow-up.

The competence mapping is carried out as an action research, using the principles of Savonen (2014). The competence mapping and job requirements were created as part of a workshop day, by a group of professionals. The second part of the action research concentrates on the evaluation discussion and aims to find out, how the competence map and evaluation discussions can be used as tools to start the competence development work of a salesperson with potential to become a manager. The discussions were tested with the authors team of sales personnel.

In order to identify the current competence level and attitudes towards competence management, a survey for the managers is conducted. The survey is implemented using quantitative method and the aim is to create generalizations. The purpose of quantitative research is to get answers, that can be analysed from a statistic point of view. (Kananen 2008,10) As this is the first time for the case company to pay attention to competencies or identifying the current competence level, the subject itself is new for the managers. Using the survey as a tool to identify the current competence level, offers an introduction for the managers to this new subject. The survey will help to create a general view on the competence level of the managers.

### 3.2.1 Competence mapping and testing evaluation discussions

Identifying the competencies for sales personnel and managers is carried out by using the competence mapping tools introduced by Savonen (2014).

Creating a competence map for both the salesperson and manager, is the starting point of the research. The competence mapping was implemented as part of the action research and was carried out through a workshop day at the case company's office. Participating the workshop day were the author, as a representor of the managers, the country manager and the case company's marketing consultant.

As the main objective of this work is to understand how to create new

managers by developing competencies, the second part of the action research aims to test the competence maps and the evaluation discussions as a tool to start the development work. The tools and the development work should provide a motivating and a safe environment for learning. The maps and the discussions should help the individual to meet the requirements and expectations, regarding to their job, better. The tools should also help the individuals to create a better understanding of their own strengths and development needs, as well as, creating a picture of their proceeding possibilities in the future.

The tools are tested by the author and the author's team of salespersons. The salespersons are asked to fill in the assessment form, which will be used as the base for the evaluation discussion. In each of the discussions, the employee together with the manager will go through the form and the employees own assessments regarding each of the competencies. As one part of the discussion the development needs for each individual are defined and, if possible, the actions for development planned. The feedback from the staff, regarding the tools, will be gathered and analysed, in order to understand, how these tools should be used and how the role and attitude of the manager affect the results.

### 3.2.2 Competence development survey

In order to find out the managers' thoughts, feelings and attitudes towards their competencies and competence development the research continues by a survey for the managers. The aim of the survey is to find out how the orientation and competence development process is organised at the moment and what kind of challenges the managers are facing regarding their own competencies and what competencies would they see important to gain or develop. As the shop managers will be responsible for recognising the potential in the salespersons and starting the developing of their competencies towards the manager's role, the survey pays special attention on the orientation and training process, that the current managers have gone through. The survey also concentrates on finding

out, how the managers see their role in the process of sales personnel's competence management and how shop managers see competence development work as part of their work. The survey also seeks to find out what competencies need to be developed and whether some areas would benefit from adding new competence requirements.

The data collection method is a Webropol questionnaire. The survey will be conducted anonymously and is sent by the country manager to all the managers. In order to check that the questions are understandable and clear, the draft of the survey will be sent to two persons inside the case company and three outside the case company. With the aim to create an understanding on the current competence level, the survey bases on the manager's competence map, that are created as part of the action research.

## 4 RESEARCH RESULTS

In this part of the work, we look at the results of the case study. We set the competence requirements for the manager's and salesperson's jobs and find out, how the competence maps and evaluation discussions worked as tools to start the development work that aims to create new managers. We also take a closer look at the survey's results and analyse the data collected from the survey, and from the action study, more detailed. We find out where the possible competence gaps are and what kind of competence development work is needed. Some parts of the results have been removed by request of the case company.

### 4.1 Defining the core competencies

Creating the competence map helps setting the requirements for a specific job and creates the base for orientation to the work. The competence maps for manager and salesperson were created during a work shop day, together with the country manager, the author and with the marketing consultant, who has a long experience working in the shops earlier in her career. The workshop day was started by setting up the goals for the work shop. The main goal of the competence mapping was to make the roles of the salesperson and manager more clear and to set clear expectations and requirements for both of the roles, as well as, creating a basic tool for competence development.

The discussion during the work shop day lead to a common understanding, that the case company's culture, together with the values are the company's biggest success factor and should guide all the processes and actions inside the company. The competencies and the competence maps should base on the values and the competence areas should reflect the message that they have. As most of the values guide the managerial work, it was decided, that the values should be more highlighted in the competence map of the manager. This way, as the manager is in charge of training the sales personnel, the values will be included also in the salesperson's competencies, as they guide the

actions of the manager. The aim was to create maps that would also support the idea of value based leadership. Another success factor, that is strongly affected by the staff in the shops, is the customer service and the competence requirements regarding the service should be valued higher when assessing the competencies.

After setting the goals and defining the success factors, the discussion continued by evaluating the current job descriptions and orientation plans for both of the roles. The discussion and analysing the existing material, lead to a common understanding of a few facts:

1. The job description for a salesperson does not exist
2. The job description for a manager is incomplete
3. The orientation plan for either of the jobs does not exist

The need for setting requirements, as well as, creating the orientation plans for both of the jobs, was evident. The competence mapping was started by listing tasks and duties for the salesperson and continued by identifying the competence requirements for the job in question. After the tasks and competencies were clear, they were grouped into work processes.

The role of the salesperson was quite easy to define and the common understanding on the competencies and tasks were easily found. The competencies were mostly based on the current requirements. There are eight competence areas in the competence map of a salesperson.

The salespersons' competencies are seen as the base for the manager's competency, as 90% of the manager's job, includes the tasks from the salesperson's competence map. As the goal is to find the future managers inside the company, the competencies of the manager's will be developed on top of these existing salesperson's competencies. In order to proceed from salesperson to manager, the required competence level as a salesperson was set to be at least at level 4 on the competencies number 4,6,7 and 8 and at level 5 on competencies 1,2,3 and 5.

The competence map of the manager concentrates more on the role of a value based leader and managing the different work processes. In order to make the values more visible, the group decided to use each of the values as the base for each area of competency.

The competence map created for manager is strongly based on the case company's values. Each value creates a competence area, which is then divided into tasks. The competence map of the manager consists also competencies that may not already exist, but will be crucial for managing the competence development process, in the future.

The work shop day ended with evaluating the created maps and comparing the results with the set goals. It was decided that the competence map of the manager should be altered to meet the goal of finding future managers from potential sales personnel, by adding tasks 'Developing my own competencies continuously' and 'Developing the competencies of the team members'. It was decided that these tasks should be part of the value happiness and creating a happy and safe working environment, as developing own competency aims to increase the commitment and the work satisfaction. These skills have not been in an active role before and are expected to have competence gaps. This is, as well, a new role for shop managers and will support the future demand of salesperson's training.

#### 4.2 Evaluation discussions

The evaluation discussions were implemented by using an assessment form, that was created based on the competence map of the salesperson. Each of the five team members were asked to use the assessment form, in order to evaluate their own competency regarding their job. The author, as the manager, then had the evaluation discussion with each of the salespersons. The aim was to find out, if the competence maps and the discussions can support the manager's role in competence development. Another aim of testing the tools, was to define whether there are still some competencies missing from the manager's map, that could help the

manager to succeed better in the competence development process.

Each of the discussions was different and the content varied according to the salesperson. There was a good variation between the durations of working experience and weekly working hours of the employees. The longest working experience being 12 years and the shortest 8 months. The weekly working hours varied from 35 hours per week to 5 hours per week.

The competency level ranged on some of the competencies clearly and seem to correlate with the weekly working hours. For example, some of the competencies were clearly evaluated lower when the working hours were less than 10 hours per week. This is understandable as these employees work only once a week and have rarely the opportunity to plan and execute the campaigns. This means, that the working hours need to be taken under consideration when setting the competence requirements for different tasks.

When the employee has a long working experience and is working with high weekly hours, the competence level can be required to be high. These individuals also require more planning, regarding their competence development work, as the development is likely to consist areas of responsibility, that are not included in the basic competence requirements of the salesperson. Using the manager's competence map could help in addressing the next development steps and giving more responsibility. Many of these kind of salespersons have also been in charge of the shop when the managers have been, for example, on a holiday. This means, that some of the competencies the individual possesses, are from the manager's competence map.

The team members were asked to give feedback regarding the discussions and the evaluation itself. The main thing that rose from the discussion was the role and attitude of the manager. It is crucial for the success of the discussion, that it is seen as a positive thing. In the worst case scenario, the discussion can be a negative thing, that aims to

underline low performance and fails to motivate and encourage people to succeed in the development work. The overall feedback was positive and the employees, according to the answers, were pleased to make the evaluations, even though it was new to them.

From the managers point of view, giving an evaluation as a number to the employees seemed to be in collision with the case company's values. The discussions were based mainly on the employees own evaluation and the managers' evaluation was given mainly verbally, rather than giving a number for the performance. The development needs were identified together and some actions were addressed, in order to start the development work.

#### 4.3 Current state of competence management

The survey for the managers totals 60 answers, that were collected and reported through Webropol survey tool, the full report is presented in Appendix 5. There was a good division between different areas and durations of employment ships. The survey was divided into three parts, background, orientation and competency. The first part of the survey concentrated on creating a picture of the current situation of the manager's background; what has been their path and what has been the role of their manager in it. The second part concentrates on defining the development needs, regarding the orientation to the job, with an aim to make it support the competence development work in the future. In the third part of the survey the managers evaluated their own competencies using the given criteria.

##### 4.3.1 The current state of managers proceeding process

One of the aims for the survey was to create a picture of the current stage of the managers' experience, before proceeding to manager.



FIGURE 8. Managers previous working experience

52% of the answerers have worked as salespersons and 40% as an accountable salesperson at case company, before starting the work as a manager. Some people might have worked in both of the roles, as the answerers were able to choose multiple options. Only 3 % had no earlier experience working in a shop environment and 28% answered that they had experience working as a manager in another company. According to the number of the answerers to question number 5, 67% of the 60 answerers had worked for the case company before starting the work as a manager. 20 persons out of 60 (33%) did not answer the question number 5, which was addressed to those who had worked as a salesperson at the case company before. This indicates, that the future goal of finding all of the managers within the company, applies to these 33 % of the answerers. The percentage of the managers promoted from the salesperson, is bigger than the percentage of the managers recruited outside the company.

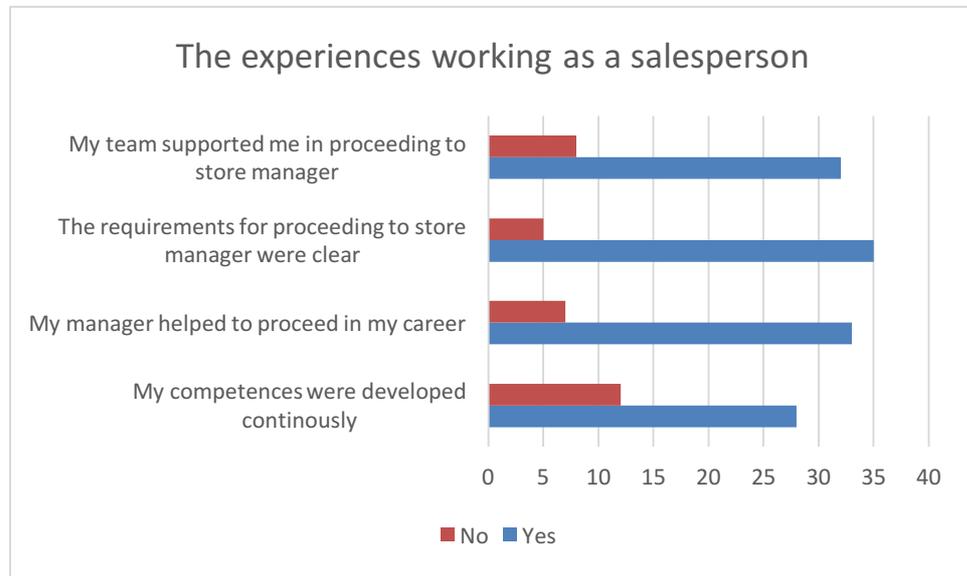


FIGURE 9. Experiences of the managers that have worked as salespersons at the case company

82,5% answered that their manager had helped them to become managers and 70% said that their competencies were continuously developed, which supports the idea that the role of the manager is important, when finding and developing new managers. This also indicates, that the attitude of the manager's towards competence development is positive.

#### 4.3.2 Current state of job orientation

The orientation to the job of manager was one part of the survey. One of the objectives was to find out, who had been responsible for the orientation in the past and how the orientations could be developed to support the competence development work in the future.

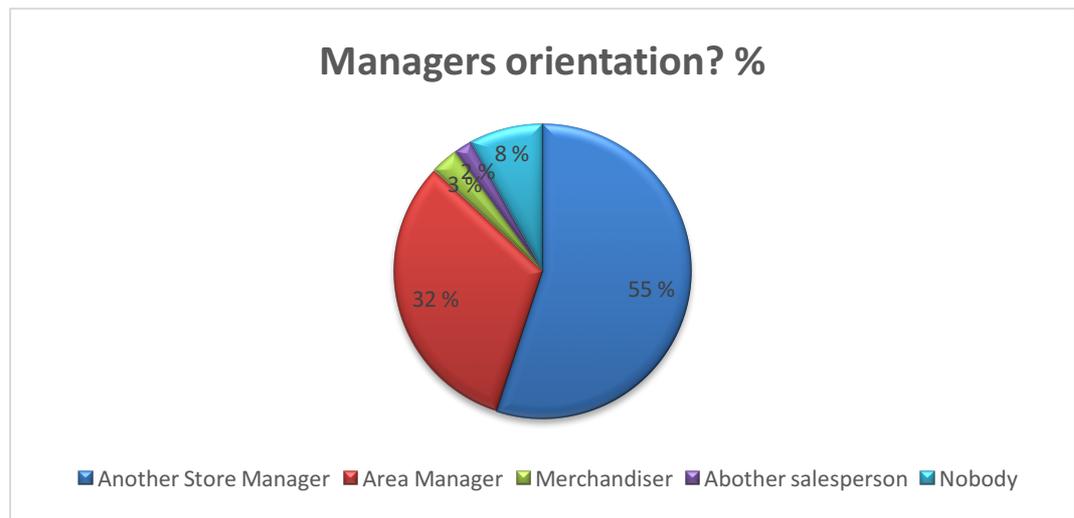


FIGURE 10. Responsibility of the Managers orientation

55% of the answerers told that another manager was in charge of their job orientation and only 30% answered that the area manager had been responsible for it. The most concerning fact is, that 8,3% of the managers answered that they did not get any orientation to their job, at all.

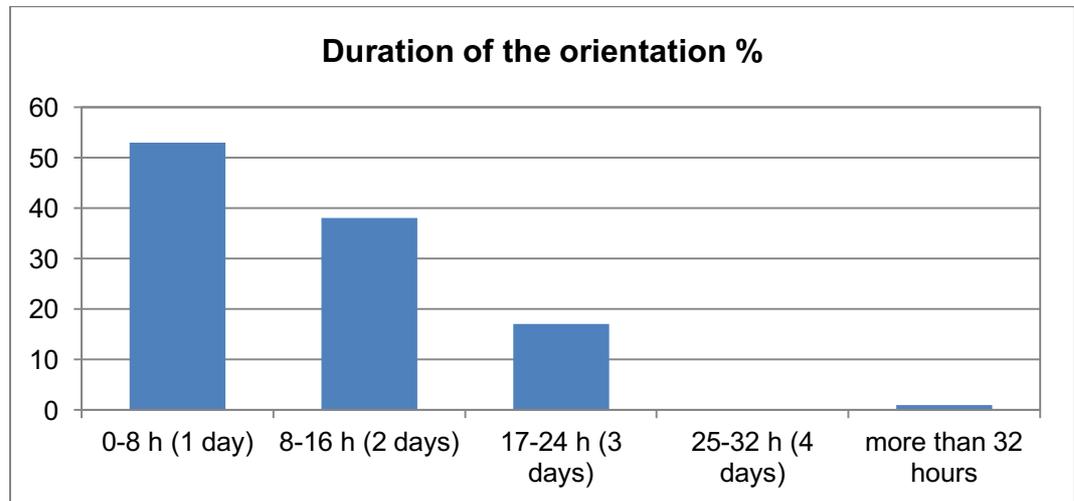


FIGURE 11. Duration of the store manager's orientation

The majority of the answerers say that the duration of the orientation was less than two days; 53,3% one day and 38,3% two days. 73,3% continue that they agree, or somewhat agree, that the orientation to their work was not continued after they had started working in the role. 56,6% agree, or somewhat agrees, that the orientation has not continued, or changed into continuous development of their competencies.

When asking about the content of the orientation, the company values and culture, as well as, creating team spirit, rose above other topics. The case company's culture is one of the success factors and the fact that it has gained the best points, also in the orientation part, shows the importance of the matter.

30% answered that the scorecard had not been included to their orientation at all, which is concerning as it is seen as one the most important tools by the country manager. Also the safety matters rose from the results. One of the most valuable viewpoints, is creating the role of a manager based on your personality and strengths, which got one of the

lowest scores of the survey.

#### 4.3.3 Current competence level of the managers

One of the objectives for the survey, was to acknowledge the competence development needs the managers might have. In order to develop competencies, the current level of competency needs to be defined. The main aim of the survey was to help creating a better picture of the manager's competencies. As the competence map for the manager was based on the case company's values, also the survey followed the structure of the created competence map. The tasks were transferred into questions, in order to define the existing competence level and the possible competence gaps.

Questions regarding the competencies were divided into six different categories, according to the case company's values. The answerers were asked to evaluate their own competence level from 1 to 5, 1 being a novice and 5 an expert.

TABLE 1. The evaluation criteria (Kotonen & Tuominen & Suomäki 2012, 52)

5	<p><b>EXPERT</b></p> <p>Fills the requirements of competent and skilful employee, but also:</p> <p>Is able to perform the job of duty excellently and share the needed information to perform the job</p> <p>Is able to use facts, is intuitive and a developer by heart</p> <p>Is experienced and has tacit knowledge</p>
4	<p><b>SKILLFUL EMPLOYEE</b></p> <p>Fills the requirements of competent employee, but also:</p> <p>Is able to perform the job of duty satisfactorily with initiative and adaptability in special problem situations</p> <p>Has got a holistic picture of the job</p>
3	<p><b>COMPETENT EMPLOYEE</b></p> <p>Is able to perform the job of duty satisfactorily without assistance and/or supervisor</p> <p>Is able to assess what is important, can work independently and make plans</p> <p>Is able to assess different alternatives</p>
2	<p><b>ADVANCED BEGINNER</b></p> <p>Is able to perform the job of duty satisfactorily but requires assistance and/or supervision from time to time</p> <p>Is able to implement rules and guidelines, and to take into account special features of the work place</p>
1	<p><b>NOVICE (new at work)</b></p> <p>Is able to perform some parts of the duty satisfactorily, but requires assistance and /or supervision to perform the entire task</p> <p>Is able to implement rules and guidelines in familiar interaction situations, is able to use knowledge and skills in practiced situations</p>

In all of the categories, the estimated level was above the average. Even though, the variation of the scores between different categories is not wide, the answers create a picture of the competence level and on the areas that need further development.

#### 4.4 Summary of the findings and results

The answering rate of the survey was 66%, which can be seen as a valid take, and the answers create statistics that help in analysing the general situation. As the answerers were asked to assess their own competencies

anonymously, it is possible that the self-assessment can be rated higher than the reality is.

The answerers evaluated to be more competent on the competencies connected to the soft values than the hard values. This indicates, that the soft values seem to define the culture more and the focus of the training has concentrated more on the competencies, that are connected to the soft values.

On the last part of the survey, the managers were asked to answer the level of agreement to stated arguments. According to the answers, the managers would like to get more feedback from their own managers, in order to develop their competencies. They feel, that they would need more tools for their own competence development, as well as, developing the competencies of the sales personnel and for the orientation of a new employee. This all creates a picture, where the managers are willing and ready to take a bigger role in competence management work and that they see their selves in an important role in the process of finding and creating new managers, but they are lacking the tools and action models to implement it.

TABLE 2. Summary of the findings

33% of the manager's has been recruited outside the company
The managers are willing to help the sales personnel to proceed
Job descriptions for all the roles should be made
There is no orientation plan for neither of the jobs
The responsibility of the orientation should be clearly given to certain role
The soft values are playing a bigger role than the hard values
There are competence gaps on two of the competence areas

The current level of finding new managers within the company is 67%, which means that the competence development plan should aim to cover

also the missing 33%. There competence gaps are related to the competence areas mainly connected to two of the values. Managing the sales process, according to the answers, needs development work, as well as, the skills to develop own and the team's competency. Also the orientation process is lacking tools and clear responsibilities.

## 5 CONCLUSION

In this chapter, we reflect on the literature review to the data collected from the case study. The aim is to apply the theory into an implementation plan for the competence development process and to define what actions should be addressed, in order to start the implementation. At the end of this part, we take a look at the common theory, regarding the subject and cross-analyse the resulting implementation plan with the research questions. Also a future recommendations are suggested. Some parts of the conclusions have been removed by the request of the case company.

### 5.1 Conclusion of the research objectives and plans for implementation

According to the survey answers, the willingness to help the sales personnel to proceed in their careers does already exist. This creates an excellent base for the competence development work and for reinforcing the role of the manager in the salesperson's competence development work. According to the survey, the managers are lacking the skills and tools to identify the strengths and weaknesses of their employees. Using the maps as a tool for competence management, helps the managers create a better understanding on the team's competency level.

In order to start the development of an individual, a map for the sales assistant's role, was created and can be found in Appendix 6. The sales assistants' are in charge of the shops and the employees, whenever the manager is absent. The map includes tasks from the managers map and helps starting the development work by building up competency, which augments the salesperson's competency. In order to start the development work, the competency level as a salesperson should be at the required level, set as part of the workshop day. The sales assistant's competence map will help the sales personnel to set personal goals and to create a picture of the next development steps. It also helps to make the role clearer and help training the sales assistants to meet the requirements when they are in charge of the shop.

### 5.1.2 Competence gaps and development needs of the managers

The managers will be in a key role in acknowledging the individual's ambition to proceed and starting the competence development work of the future managers. Competencies, regarding managing the process, have not been required in the past and the survey shows that there are gaps between the current competence level compared to the competence requirements set in the map.

The competence management process demands a certain attitude from the managers, in order to help their own employees to grow and develop. If this willingness does not exist, the process will not start and progress. In the worst case scenario, it could create a situation where the employees in the shops are in unequal position, regarding their competence development.

The managers are the ones to implement any competence development work, which increases the importance of starting the process by focusing on the manager's competencies. Defining the true level of the manager's current competency is needed, in order to find out the true development need. The survey, however, does not give a truthful picture of the current competence level as the next step; the evaluation discussions were missing. People can be expected to have scored their competency level higher than it might be in reality, as they answered anonymously and the manager's evaluation was not part of the assessment.

The competencies related to selling and customer service can be seen as core competencies for sales personnel and the requirement level should be set higher than, for example, presentation skills. The service and selling as competencies are a combination of some basic skills and personality based competencies. Developing these competencies requires deeper understanding of the person's strengths and weaknesses. This kind of knowledge can only be created in one-on-one discussions and requires that the managers take time to listen to their employees.

The development work is about learning on an individual level, and

understanding how an individual learns and creates knowledge is the core of competence management. In order for the individuals to learn, they need to be motivated, which makes the skills of creating motivation and understanding how learning happens important to possess and helps the manager to plan the competence development. These skills are still missing from the competence map and might be useful to add in. Instead of connecting competence management to the competence of creating a safe working environment, it could be beneficial to add it as an own competence to create a bigger value on the subject. This competence would include tasks such as, being aware of the competence level and the gaps of the team, implementing evaluation discussions and planning the training to meet the needs, as well as, orientation skills.

Also adding or changing one of the competencies to 'capable of maintaining and developing the company culture to meet the values' would change the focus more to the value based leadership. This competency area could include tasks like; supporting learning process, leading by example and creating atmosphere that supports learning, as well as, adding value for the employees and the customers.

The current situation is that 33% of the managers are recruited from outside the company. This number can be easily used as a measurement to identify the benefits and results of the development work, concerning orientation, training and competence development.

### 5.1.3 Implementation plan for developing new managers

Choosing to use each value as a base for each area of competence, turned out to make things more complicated at the beginning and required some adjusting before the outcome satisfied all the participants. The tasks were hard to categorise under one value and some of the tasks needed to be altered somehow to meet the value. However, choosing the values to guide the competencies seems natural, as most of the tasks are created from the values at the first place and many of the action models reflect the values and are a part of creating the company culture. The values, as part

of the map, also turns the focus more on the value based leadership. This kind of mapping makes the values more visible and usable as part of the managers' every day work. The culture has a huge influence when creating an atmosphere where learning and developing competencies are appreciated and the role of the managers is evidently important in this process. The case company's culture is already strong, in the sense of committing people to the company and basing the future competence development to the values, will make it even stronger.

The competence management process starts by defining the future competence needs and requirements, as well as, the current level of competency. On the individual level, it can start by finding the right person for the job and defining the starting level, as well as, creating a picture of their strengths and weaknesses. The orientation to the job creates the base for any competence development and introduces the individual to the job requirements with the help of the job description. The orientation also starts to introduce the company culture and values.

In order to create an understanding of the competency level of the whole team, the process aims to evaluate the competency of the individuals first. The object of competence development is to start deepening the knowledge and filling the competence gaps the individual has compared to the job requirements. Defining the development needs makes it easier to plan training and to set goals. Based on the test groups feedback, on the evaluation discussions and the discussions with the country manager, the criteria to evaluate the competence level was decided to be changed to meet the company values better.

The competence development process to create new managers, starts by developing the competencies as a salesperson. Before further development all the salespersons should have gone through an orientation phase where the job description and all the competence requirements are introduced. After a comprehensive orientation, the salesperson starts the work in the shop and as a part of the team. As the competencies start to develop by doing, the first evaluations can be made.



FIGURE 12. The salesperson's competence development

In order to define the current competence level, the salesperson is asked to evaluate own competencies compared to the competence requirements using the assessment form. The competence maps can be used as a tool to manage the salespersons competencies and it helps planning both the individual training, as well as, the needed training in a wider scale.

Evaluating the individual's competency level is done together with the manager, and is mainly based on the individual's own assessment. As part of the evaluation discussion the manager and the employee come together to a shared conception of the individual's current level of competency and the individual's development needs. The evaluation discussions are also a tool for the manager to find out if the salesperson has the ambitions and the required competence level to start developing the competencies towards becoming a manager. If the individual is aiming to become a manager and the requirements are fulfilled, the manager can start developing the individual's competencies with the help of the assistant salesperson's competence map.

The sales assistant's competence map highlights certain skills/tasks from the manager's competence map. Developing these skills, starts the development towards becoming a manager. The sales assistant's map helps planning the steps for the development work. Even though the person might not proceed to the managerial level, the competence development will increase the motivation as the person develops new skills and is given more responsibility. If the requirements are not met, the employee will continue to develop the needed competencies as a

salesperson.

This work does not define how to identify the potential managers or what are the needed skills regarding the personality or attitude of the individual. These qualities are assessed by the area manager that is responsible for choosing the managers for an open job. Developing the competencies, however, can start and is preferred to start before the person has been selected to the role of a manager and can work as motivation tool regardless of not proceeding.

On a wider scale, a competence assessment and evaluation helps planning the needed training for a team or the whole organisation. The manager can also define what skills would need developing regarding the whole team and what actions need special attention in the future. The competence level of the team gives the managers feedback also on their own performance in the competence management work. This requires that the assessments are done frequently and development plans are implemented and followed.

## 5.2 The results regarding the research questions

*How can the case company identify and assess competencies and define the possible competence gaps?*

This work concentrated on identifying the competencies that are needed, in order to succeed in a certain role or position. It presents an example model of using competence mapping for identifying the competencies for a certain role, how to assess the competencies and the gaps, as well as, how the evaluation discussions help planning the development work.

The mapping of the competencies was done for the salesperson and managers roles and the job descriptions can now be made based on the maps. The competence map as a tool to develop the competencies has been tested in one shop. This work concentrated only on the personnel in the shops, however, the competence identification can now be done also for the whole organisation by using the presented tools. Identifying the

competence gaps in the whole organisations is crucial, in order to make the competence management process support the company strategy and vision. The terms, processes and tools need to be clear for all the managers in the organisation. As the role of the managers is important for the success of this process, the identified competence gaps should be covered and plan for training the competencies related to the competence management process should be made.

*How to make competence management as part of the managers every day work.*

This thesis provides the case company an implementation plan that aims to develop the salespersons competencies towards becoming a manager. The role of the manager in the process is important as the process aims to make the competence development work as part of everyday work in the shops. Competence management should be seen as part of the normal management work. The managers should be competent to identify the ambition in the individual and have the skills to use the competence development as a motivation tool. Starting the development work before actually proceeding makes the work of the area managers in the recruiting process easier.

The managers' role in the competence management process consists also the responsibility to identify the competence gaps inside the team and plan and suggest further training. It is important for the managers to be aware of the importance of their role as part of the competence management work in a wider scale and how it supports the implementation of the strategy and vision. They should also be able to plan actions that increase the quality and efficiency of the work in order to increase the profitability.

*How can the case company use the company values as guide for the competence management work?*

The case company sees the company culture as one of the biggest success factors and the case company understands that values create the base for the culture. The company values were taken into account when

creating the competence maps and each of the manager's competence area is connected to one of the values. In the future, the managers will have a key role in developing the competence of their team members and using the value based competence maps will make the values more visible and guide the development work. Creating new action models like this process will also develop and renew the company culture. Choosing value based leadership to support the competence management starts to develop the culture towards supporting learning and developing competencies.

### 5.3 Future recommendations

Setting the competence requirements for the employees working in the stores is a good start for the competence management in the case company. It could be beneficial to sharpen and reconsider also the roles of the area managers, the merchandisers, as well as, the country manager. The competence maps, from the viewpoint of competence management process, should be created for all of these roles, as there might be competence gaps in these roles, as well. In order for the process to support the company strategy and vision, the competence management should be implemented through the whole organisation and all the roles and the requirements need to be updated to meet the future plans. All the managers should be seen in an important role regarding competence development. All of the managerial roles should also support the process and each other, in order for the development work to cover all the competence gaps. This requires, that the value based leadership is implemented by the managers at all levels.

In order to make competence management part of the manager's work, it should be part of every manager's work in the organisation. The country manager, is in a key role in applying the manager's new requirements and in developing the new competencies to meet the requirements, as the managers cannot adapt a new way of working by their selves. The competence management work should start from the top, which increases

the role of the country manager as an example setter, who starts to build up the culture that supports learning and helping others to proceed. Closer co-operation with the HR-department and recreating the HR-departments role as part of the competence management work, could also help creating an ongoing process that covers the whole organisation.

### 5.3.1 Competence management as part of the strategy

The importance of competence management is evident as it offers a competitive advantage by finding ways to compete in a more profitable way on intellectual capital and it encourages the company to look at competence management in a wider scale. The competencies can also be used to increase the efficiency and the quality of the processes.

A competence-based management strategy increases the company's flexibility to adapt to changes in the markets or to the customer expectations. It will give a competitive advantage for the company. The employee motivation and engagement can be expected to grow when the competence management is part of the manager's work. It will help increasing the managers' commitment to the strategy and to achieving the shared goals.

The human resource department should strive for the objects, goals and competitive strategies of the organisation, in order to work in a more strategical way. The focus should be more on the accomplishments inside the processes and the aim on improving the position compared to the competitors, as well as, on increasing the efficiency and the quality of the processes. The human resource actions should be planned so that they are in line with the company strategy.

In order to specify the human resource actions to meet the case company's vision and strategy, collaboration with the country manager should be tighter. One HR-person responsible for one chain, could help planning the actions to meet with the needs of the competence management. This would enable collecting data on a wider scale that

concerns the competency of the whole organisations. Having one HR-person, who would be responsible for the competence management through the whole company, would support identifying the future needs and competence requirements, planning the competence identification and assessing the organisations competence level, as well as, planning the development actions in order of importance. All of these actions should be part of the human resources team.

The role of the Hr-department is to ensure that the learning process can be implemented through the whole organisation. The development work starts from smaller departments, continues to apply units, divisions and finally the whole company. This way the competence development will reach the critical competencies, areas of competence, as well as, the company's core competencies. A comprehensive plan should include actions that cover the development of the whole staff, teams and individuals. The aim of the development work should be on increasing the competency level to meet the competitive strategy. The maps and competence requirements should be updated whenever the strategy is changed, this way the possible competence gaps will be recognised and a new development plan can be created.

#### 5.4 Summary of the recommendations

The main objective of this research was to help the case company to create new managers by managing competences. The work aimed to define competence requirements for both the salesperson's and the manager's roles. In order to reach the case company's goal to develop managers inside, the purpose of the research was to find out what competencies the manager's need, in order to manage competencies and what kind of competence gaps there might be. The current percentage of the managers proceeding inside the company is 67% and the goal is to develop the remaining 33% of the managers from the sales personnel, as well.

The competence maps proved to be a helpful tool for defining

competencies for specific roles and together with the evaluation discussions for evaluating and assessing the competence level. In order for the managers to succeed in the competence management work, the maps should contain also skills, that help the managers to create a culture that supports learning. The future training should also concentrate on the manager's emotional intelligence, which has been left out from the competence requirements at this point. The existing values and the company culture have already many features that support managing learning. The survey suggests, that the case company's culture is positive towards helping colleagues to proceed and that the competency on creating a positive and energetic atmosphere is high. The feeling of community is also valued high in the value base. These are important features in the process of creating a culture that supports learning and competence development. There are still some skills that should be added in the competence requirements of the managers, in order to create a culture that fully supports the process.

TABLE 3. Summary of the development needs and new requirements for manager's competency

<b>Competences that require development</b>
Developing the skills of the team members
Developing own competencies
Orientation skills
Utilising the strengths of different types of people in different tasks
Defining the strengths and weaknesses of the employees
Setting clear expectations and job requirements
<b>New competences that should be added to the requirements in the future</b>
Understanding the effect of individual strengths and weaknesses to competence development
Utilising one-on-one discussions to Create understanding on individual learning methods
Creating motivation to learn
Creating an atmosphere that supports learning
Being aware of the competence level and competence gaps of the team
Planning training to meet the needs and objectives of the company/department
Supporting learning process
Leading by example
Adding value for the employees and the customers

The competence survey gave a directive picture of the current competence level of the managers', but in order to make development plans that can be linked to the strategy and help the case company achieve its vision, the competence identification should be done through the whole organisation by using both the competence maps and evaluation discussions. As a result, a competence matrix that covers the whole organisation, can be created and the development needs identified. The survey, conducted as part of this research, scratches only the surface of the competence level identification and can be expected to give a more positive picture as the further discussions on the matter were missing.

#### 5.5 Research summary and validity

Validity of a research defines whether the results answer to the set research questions and the used methods were selected right, in order to create the needed data. (Virtuaali ammattikorkeakoulu)

The literature review offers the needed knowledge to understand what competencies are and how they can be developed and managed as a competitive advantage for a company. The literature review also offers concrete tools for defining, assessing and evaluating competencies, which the case company asked for. The main objective for the research was to understand how competence management can be implemented as part of every manager's work. The literature review provides general information on the manager's role and offers suggestions on how the tools can be used as part of everyday managerial work and how value based leadership can be applied to support the process.

The case company sees that the company culture and the values create a strong base for the actions and processes in the company, and one of the research objective was to find out, how the values could be tied to the competence management work. One part of the theory concentrates on

explaining how the values affect the culture and how the culture can support creating an atmosphere where learning can happen. Value based leadership was chosen to give the managers tools and competence requirements regarding the competence development process. The competence maps help connecting the values to the competence management work.

The qualitative survey as part of the research offers valid information on the current attitudes towards competence management and addresses many shortages on existing action models. The survey also provides a general view on the competence level of the current managers', but in order to plan development actions in a wider scale, the competence evaluations should be done using all of the competence identification tools. Because the evaluation was made as part of the survey, and it was the first time the managers were asked to evaluate their own competency, the answers may not give a truthful picture of the competency level. The matter might have been unfamiliar for many of the managers and the value of their answers might have been obscure, even though, the country manager sent the survey with a cover letter that explained the aim to be planning training and development possibilities for the managers. The country managers letter, however, was probable to increase the number of the answerers, which adds the value of the answers. The results of the survey depend on the individuals; the duration of their experience and their personal skills and the outcome might vary whenever there are changes in this group.

The action research aimed to test the presented tools and to use them to identify how proceeding of the salespersons can be planned. The maps create a better understanding on the job requirements and help planning the orientation and the competence development work. Testing the discussion with only one team creates a narrow understanding on the subject, and in order to test the true effect of the discussion, a wider implementation should be done. The job descriptions were not created as part of this work, even though, they could have been beneficial for the case company.

The work offers the case company tools and an implementation plan for supporting the manager's role in competence management. Using the value based leadership and the company values in creating the competence maps answers to the case company's need to create a culture that supports competence management. It also offers new competence requirements and defines development need in order to achieve the culture the case company is aiming for.

The validity of the research can be evaluated to be good, as the results offer an implementation plan for the managers to develop individual competencies and it is applicable through the whole organisation. The work also offers development suggestions and actual tools for the development work.

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Discussions with the Country Manager/The case company

Case Company's web pages and Intra

## APPENDICES

Appendices have been removed by the request of the case company