EXPLORING THE INPUT OF COMPETENCE ASSESSMENT TO GOAL-SETTING IN VARIOUS TYPES OF ORGANIZATIONS

Anete Butkēviča
University of Latvia, Latvia

Uldis Zandbergs
Baltic Computer Academy Ltd, Latvia

Dace Namsone
University of Latvia, Latvia

Signe Briķe
Baltic Computer Academy Ltd, Latvia

Abstract. *The aim of the present research is to investigate the existing practices of linking competence assessment to organizational goal-setting in various organisations in Latvia. The importance of linking employee competences to goal-setting within organizations has been established in scientific literature. Nevertheless, there is evidence gathered in this interdisciplinary research that existing methods of competence assessment used by various organizations in Latvia do not translate well into organizational goal-setting. The research is based on information gathered from semi-structured interviews with representatives of managerial positions in private and public, including educational service organizations (26 in total). Additionally, publicly available development plans are analysed. Empirical data are analysed according to a conceptual framework of criteria impacting the goal-setting process. Three subsets of criteria are used that guided interview question formulation and interview data analysis: formulation of a goal; employee's ability to reach the assigned goal; employee's self-assessment on his/her ability to reach the assigned goal. Analysis of the results indicate that when setting goals and assessing employee competences in relation to those goals, management decisions are greatly guided by subjective approaches. Such identified approaches in observed private and public service organizations indicate common risks that are discussed in this research.*
Keywords: *competence assessment; management; organizational goal-setting.*

Introduction

Goal-setting has been established as a vital part of organisation performance management (Armstrong, 2000). The way goals are set within an organisation leaves an impact on the behaviour of employees and management of the employees by their managers (Locke & Latham, 2002). Setting appropriate goals

may improve the performance results of employees (Seijts, Latham, Tasa, & Latham, 2004). Goal-setting itself may be linked to a motivation system of employees (Berrel & Huan, 2004). It may act as part of the motivation system by enabling a behaviour that results in increased performance (Lunenburg, 2011; DuBrin, 2012). Setting appropriate and challenging goals may help with retaining existing employees within the organisation and with decreasing the need to compete in the employment market (Echols, 2007; Rodriguez, 2008). But at the same time goal-setting raises a question of whether it is done properly.

There are best practices for goal-setting (Locke & Latham, 2002; Lunenburg 2011), but they are usually expressed in terms of what is a good goal. This works well with goals that organisations are sure to be able to reach because they have had experience with reaching similar goals in the past. The challenge arises when new goals are not similar to the previous ones or if the resources used for reaching them are not the same as before. To be more specific, the evaluation of possibility of reaching the goal at the end of the period at the time of setting the goal needs a reliable criterion that can indicate the possibility of reaching the goal.

A competence has been used as a measure for employees for some time now (McClelland, 1973; Boyatzis, 1982) and has been used as an important resource of an organisation (Prahalad & Hammel, 1990). Best practices of competence management have been identified for the organisations to gain more benefit out of the process (Campion et al., 2011). But the evidence gathered in this research indicates that organisations in Latvia tend to treat goal-setting and competence management of employees as separate disciplines. Moreover, such observations apply to both private and public service organizations. The existing employee competences are not used as an input for the goal-setting diminishing the organisations' ability to forecast possible challenges in reaching the goals.

Another group of problems that arise because of a missing link between goal-setting and assessment of competences needed to reach the goals relates to how organisations in Latvia tend to conduct employee development. Empiric evidence gathered shows that development is positioned as an additional motivator for the employees to remain with the organisation especially when options of monetary motivation are limited, and the managers generally recognize that employee development is beneficial to the organisation. At the same time managers struggle to find the most effective ways of employee development and seldom recognize a direct link between employee development and improvement in reaching the goals of employees and organisations.

Research aim: The aim of the present research is to investigate the existing practices of linking competence assessment to organizational goal-setting in various organisations in Latvia.

Research questions:

1. How does an organization formulate its goal in relation to how it can be assessed?
2. How does management assess employees' ability to reach the formulated goal?
3. How do employees assess their ability to reach the formulated goal (as perceived by management)?
4. What similarities and differences of aligning employee competence assessment to goal-setting can be observed in different types of organizations?

Methodology used, results gathered, and discussion and conclusions will be described further in the research.

Materials and Methodology

In order to gather empirical data, 26 organizations were selected. The guiding principle for selection was to include organizations that represent different areas (private and public service), sizes and forms of work performed. All the selected organizations stated that the question of employee competence assessment and goal-setting management was relevant to them.

Private sector (business) organizations were selected according to the European Commission's defined criteria for organization size: number of employees, turnover, balance of income and expenditure, relation to other organizations (European Commission, 2008). Four groups are represented: small and micro (N=3), medium (N=4), large (N=7) size organizations.

Selected public service organizations are divided in two groups: public schools providing compulsory education programmes (hereafter: schools) (N=8) and other public service organizations (N=4) that are directly governed by the state or a municipality. To represent the diverse kinds of public schools found in Latvia, selection was based on three criteria. First, school size is expressed in management workload rate and in number of students. All schools are ranked in six groups (very small to very large) according to these size measurements and four of these groups are represented in this research. The second criterion is the different administratively territorial division where five different groups are identified, all of them represented in this research. The third criterion is the type of education programme provided by a school. Seven groups are identified and five of them are represented in this research.

The main approach for gathering empirical data from all of these organizations was by conducting semi-structured interviews with representatives of higher, middle or lower level managerial positions (hereafter: managers). In schools, principals were interviewed. Interviews were done in the period of

March - May, 2017. Publicly available internal documents of schools (development plans) were additionally gathered to complement data obtained in interviews.

Each respondent was presented a set of 3 main questions and was asked to express their opinion in a free form. The interviewers were instructed to ask additional questions from a supplied list if the answers were not deemed sufficiently explanatory. The interview questions were:

1. *What kind of goals does your organization set?*
   a. *Please provide an example of a typical goal!*
   b. *What numerical values do you use for the goals?*
2. *How does the management know that the employee is capable of reaching the goal?*
   a. *Are any specific parameters measured in employees before assigning a goal to them? Which ones?*
3. *How does the employee know that he/she is capable of reaching the goal?*
   a. *Based on what parameters does the employee expresses his ability to reach the goal?*

The answers were then analysed for key concepts and the context of key concepts was compared between the organisations for similarities of use.

Interview and document data were later analysed according to a previously developed conceptual framework of criteria impacting employee competence assessment in relation to goal-setting.

In an early stage of this research, a conceptual framework of criteria was developed from an analysis of scientific literature of criteria influencing the whole goal-setting process that any public or private service organization can experience. Based on the analysis, a set of criteria (five in total) was established and a subset of criteria (28 in total) was further identified that can influence the result of goal-setting process. For this research, three subsets of criteria are used that guided interview question formulation and interview data analysis:

1. Formulation of a goal (Tompkins, 2005);
2. Assessment of an employee's ability to reach the assigned goal done by the management (Klein, Cooper, & Monahan, 2013);
3. Employee's self-assessment on his/her ability to reach the assigned goal (as understood by the management) (Bandura, 2013);

Results
Formulation of a goal

Goals are very often formulated in ways that do not contribute to an objective and structured understanding of how to determine if the goal is reached or not.

More importantly, such an approach to goal formulation indicates that an organization can't objectively determine the necessary resources (employee competences) to reach the goal and whether the organization have them. Contrary to interviewed principals' statements that a goal should be measurable and attainable, official school goals found in the school development plans show that goals are formulated in a free form, using qualitative indicators and are not expressed in measurable units. Only one of the selected schools had a goal formulated with elements that can be measured (specific time, quality rank to be reached). Private sector organizations more frequently have goals that are all measurable and testable. Indicators describing how goals are formulated in different organizations are grouped according to theoretical assumptions (Tompkins, 2005) and topical themes derived from the interview data (see Table 1).

Table 1 **Results for criteria: Formulation of a goal** (prepared by authors)

No.	Indicators (describing the criteria)	Types of organizations		
		Schools (N=8)*	Other public service (N=4)	Private (N=14)
1	Freely formulated and unmeasurable	3	2	3
		7		
2	Some goals are quantitatively formulated	7	2	4
		1		
3	All goals are measurable and testable	0 (document content only)	0	7

* For schools 1st row related to interview data, 2nd to document content

Assessment of employees' ability to reach a goal

An assessment of employee ability to reach a goal is done through a management assessment based on previous experience, referencing to formal job descriptions, qualifications, consensus reached during meetings and gut feeling and other subjective and unstructured ways of assessment. A regular progress assessment is done, but there are minimal indications that it is objective and directly aimed at assessing competences. In all cases, this assessment happens after a goal is set and not before. Many interviewed managers admit that an evaluation of reaching a goal at the point when it is defined is an intuitive estimate and most principals rely on a positive mutual feeling that a goal is "the right goal". Half of private and public service organisations interviewed indicated that regular progress assessement of employee goals is part to goal-setting process and represents the assesment of employee experience. In addition some of these organisation rely on assessment of employee qualifications and competences.

Almost no linking of assessment practices of teacher ability with goals can be found in school development plans. In three cases there are mentions of teacher professional development, competence development, further education to be organized and adjusted to the "priorities" of the school. Assessment, specifically, is not mentioned. Indicators on which management assesses employee ability to reach a goal in different organizations are summarized in Table 2.

Table 2 **Results for criteria: Assessment of an employee's ability to reach the assigned goal done by the management** (prepared by authors)

No.	Indicators (describing the criteria)	Types of organizations		
		Schools (N=8)*	Other public service (N=4)	Private (N=14)
1	Previous experience	2	3	9
		0		
2	Training new employees	3	0	1
		0		
3	Regular progress assessment	4	2	7
		0		
4	Subjective assessment done by management	7	2	4
		0		
5	Employees' qualification, job description	0	3	2
		0		
6	Employees' skills, knowledge, competences	2	1	1
		3		

* For schools 1st row related to interview data, 2nd to document content

Employee self-assessment to reach a goal

Management of private and public organisations rarely controls or formalizes employee self-evaluation in relation to employees' ability to reach a goal. If it is done, then it's an independent activity or done subjectively by the management through meeting discussions and is not related to objective measures of employee competences. In almost none of the reviewed school development plans are mentioned procedures for how teachers do assessment on his/her ability to reach the assigned goal. Generally, in these documents there are no indications that in schools, teachers would do self-assessment to determine their ability to reach a goal. Indicators for how employees do assessment on their ability to reach a goal are summarized in Table 3.

Table 3 **Employee's self-assessment on his/her ability to reach the assigned goal (as perceived by the management)** (prepared by authors)

No.	Indicators (describing the criteria)	Types of organizations		
		Schools (N=8)*	Other public service (N=4)	Private (N=14)
1	Employees' subjective assessment	1	4	8
		0		
2	Regular progress assessment	5	0	6
		1		
3	Subjective assessment done by management	4	1	4
		0		

* For schools 1st row related to interview data, 2nd to document content

Similarities and differences in selected organizations

Private sector organizations are more likely than public sector organizations to formulate goals so that they are measurable and testable. Even if school principals state that goals should be partly quantifiable and measurable, it does not guarantee that they are such in reality. For all selected organizations goals are usually expressed in terms of what needs to be achieved without indicating what resources are needed in order to reach the goals.

Private sector and other public service organizations tend to rely more on previous experience when assessing employees' ability to reach an assigned goal compared with schools. All organizations tend to do a regular progress assessment which means that employees' ability to reach a goal is assessed after the goal is formulated and set. All organizations also tend to have a subjective assessment of employees' ability done by the management. Another similarity is that employee skills, knowledge and competences are rarely measured in relation to determining employees' ability to reach a goal. It should be also taken into account that even if managers use concepts such as "competence", this research did not specifically try to investigate how do they understand and define employee competences.

In all organizations employees can address their inability to reach a goal but in nearly all cases management does not make changes to the goals. In cases where employees say the goal is not reachable, private sector organizations try to motivate their employees, schools tend to reach a common understanding of the goal. In all selected organizations some type of subjective assessment is being done either by the employee or by management. In schools, a prevalent approach is teacher self-assessment, but this research did not investigate what sorts of teacher job activities are assessed and how and if they relate to goal-setting.

Discussion

Data gathered from the interviews in organisations in Latvia show several main characteristics. First, goals are usually expressed in terms of what needs to be achieved. The goals usually do not indicate what is needed in order to reach the goals which contradict the best practice indicated in scientific literature (Latham, 2003). Regarding goal formulation, managers use terms such as *"qualitative and quantitative goals"*. Quantitatively formulated goals are assessed according to predefined indicators. Qualitative goals are assessed according to a subjective evaluation done by management or an expert. In schools, principals aim to formulate goals as understandable for all teachers, measurable and attainable. Interviewed principals point out to the twofold nature of goals, that a goal can be assessed by both qualitative and quantitative measures: *"It can't be only numbers or results, sometimes it is attitude of students and teachers"*. Contrary to this, development plans show that goals are mostly formulated in a free and qualitative way that rises questions of proper accountability systems for schools in Latvia (Hallinger & Heck, 2002: p. 20).

Second, employee ability to reach goals is not expressed in terms that can easily be translated into the improvement of the ability in case it is not sufficient to reach the goals successfully. Because managers avoid expressing goals in terms of competences required to reach them, they also have no motivation to conduct a competence assessment for their employees. This creates a potential for dissatisfaction of employees with the organisation and may decrease the ability of an organisation to retain their employees (Kyndt, Dochy, Mishielsen, & Moyaert, 2009). Most of indicators imply that management's intuitive assessment is required. It is also difficult to make guesses about new employees whom management have not formed an opinion or lack previous experience in working with them. In schools, great deal of time is spent on meetings where management and teachers are working together to reach a consensus and shared understanding of the essence of the goal which is regarded as an effective approach to goal-setting in schools (Hallinger & Heck, 2002). Interviewed principals use these meetings to subjectively assess teachers' understanding of the goal and whether they are for or against it. Such an approach is used also in regular weekly meetings. The ability of a teacher is mostly interpreted as a principal's intuitive assessment of teachers' professional and emotional readiness to understand and agree collectively to reach the school goal: *"If I see that during meetings they [teachers] come, communicate and are satisfied, they have suggestions, they are open for collaboration then it is an indicator and I can say [..] it has worked, they are not against it, we fit as a team"*. Five interviewed principals mentioned lesson observation as an approach to determine the ability of a teacher to reach school goals. Others mention tools such as employee questionnaires or self-assessment.

But it should be pointed out that only one interviewed principal used the concept "competence" when talking about teachers' ability to reach a goal and that through lesson observation teacher competence is determined. Other interviewed principals don't use concepts such as "competencies, skills, knowledge" in regard to determining teacher ability to reach a goal. To conclude only in two cases assessment of teachers' ability is linked to goal-setting.

Third, procedures for employees to do a self-assessment of the ability to reach the goals in organisations are limited and done mostly individually. The reasons for this indicated by organisations participating in the research relate to the first two characteristics. Usually managers let employees express their self-evaluation and doubts about their ability to reach a goal during meetings or individual meetings. Some organizations try to cultivate an organizational culture where employees turn to managers and express their opinion about the goals. However, interviewed managers say that the goal does not change after employees have expressed their doubts. In some cases, employees' opinions are heard out by management not for changing the goal but for other reasons. Even if an employee reasons that he/she is not capable to reach a goal, management does not take into account his/her objections. Such a passive response to employees who speak up is a common practice in other organizations (Detert & Burris, 2007). Managers are looking for ways how to motivate their employees in such situations. Authority is also being used to force employees to agree with challenging goals. Some managers admit that they set goals purposely that are beyond their employees' capacity to attain.

In schools, teachers evaluate their ability to reach a goal mainly by participating in meetings with other teachers and management and by doing a self-assessment. Other approaches are: informal conversations with the principal, conversations in methodical meetings, feedback from management: *"In everyday conversations I can find out a lot. I can see what has been understood"*. Regular progress assessment happens by doing a teacher self-assessment and lesson observations. However, as one principal says, a teacher self-assessment is done but the results of these activities are not reviewed. As another principal state: *"I would like that a teacher is so professional that he/she can say: this is my goal, have I achieved it"*.

Conclusions

Based in the information gathered in this research it can be concluded that there is evidence that all the selected organisations have created a set of procedures for goal-setting. There are typical characteristics that are common in the majority of the organisations according to the opinion of the managers. The goals are set based on the experience of the managers working in similar situations

with the existing set of employees the managers have evaluated by using subjective methods. Some of the goals are formulated as qualitatively measurable goals which implies that the measurement of success will be made based on a feeling that is not necessarily expressed in unquestionable terms. The ability of the employees assigned to the goals to reach them has not been a major concern of the managers and the involvement of employees in the goal-setting process is limited in most organisations, except in schools where teachers are actively involved.

All organisations have established procedures to assess their employees. The assessment of employees is typically made at the end of the business cycle together with the assessment of goals reached, and part of the assessment is based on the proven work results e.g. goals reached without a prior assessment of the ability to reach the goals. This puts the organisations in a gambling mind-set. Some of the organisations also indicate that their employee assessment methods are subjective and lack rigorous criteria for the assessment.

Therefore, organisations in Latvia may be prone to several risks. First, the organisations are unable to forecast their ability to reach goals based on the assessment of their employees. That may impair the ability of the organisations to realise their potential and miss the available opportunities in the market. It also may decrease the ability of organisations to participate in the development activities of the organisation itself like participating in a reorganisation project regardless of whether those projects have stemmed from internal need or outside influence.

Second, the organisations have decreased ability to participate successfully in the employment market since their employees may not feel sufficiently apreciated. For the private sector organisations, that may result in a higher employee turnover and decreased ability to rely on the existing taskforce to be available for their endeavours. For the public service organisations, that may result in inability to fill their vacancies and decrease in prestige and image in the eyes of society, which is already a problem regarding school teachers' low professional prestige in Latvia (OECD, 2016).

Therefore, it should be concluded that using competence as a building block describing both employees themselves and the goals they are required to reach provides the organisations with several benefits. It makes the definition of the goals more precise and aligns better with existing employees. It allows for better forecast of reaching the goals at the start of the business cycle. It potentially provides the organisations with the input for the improvement of goal-oriented employee development.

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