



The Impact of Informal Learning at Work on Business Productivity

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1. INTRODUCTION

1.1 This report presents the findings from a study of the impact of informal learning at work on business productivity, funded by the Department for Trade and Industry (DTI). The study was carried out between October 2002 and September 2003. The aims of the study were to:

- a) review existing literature and survey data on informal learning in the workplace;
- b) propose ways in which the links between informal learning in the workplace, product market strategies and business performance might be tested in a survey;
- c) provide an analysis of best practice;
- d) propose ways to target case study material at a business audience in order to illustrate the range of practice of informal learning and the impact of such learning on business performance.

1.2 In order to explore the phenomenon of informal learning, the research team adopted a multi-layered methodology comprising:

- a review of published academic research (including international perspectives and web sites relating to them);
- a review of literature produced for practitioners;
- a review of existing national surveys on skills, learning and training;
- a review of the case study literature on business/organisational performance;
- semi-structured interviews with key informants from government departments and other organisations with a policy perspective on informal learning at work;
- semi-structured interviews in four case study organisations (selected by the research team on an opportunistic basis);
- a consultative seminar to discuss the project's provisional findings.

1.3 This multi-layered approach elicited considerable evidence about the complex nature of learning at work. Initial reading of the academic, policy-focused and practitioner-based literature revealed that the varied use of terminology could, in turn, serve to shed valuable light on the nature and extent of workplace learning or further shroud the phenomenon in obscurity.

1.4 There are several different definitions of the term, informal learning, presented in the academic, policy-based and practitioner-focused literature, and some writers discuss the topic without defining it at all. The research team decided, therefore, to visit four disparate organisations (3 private sector and 1 public sector) to discover how (if at all) terms such as workplace learning, informal learning, and productivity were perceived and used in the workplace and how individuals learn to do their jobs. This resulted in four case studies of: an

NHS Primary Care Trust; an upmarket hairdressing salon; a car dealership; and an accountancy practice. Given the time available for the project, this had to be an opportunistic sample. Despite the limited nature of the sample, however, this work provided the research team with important insights into the ways in which employers and employees articulate and make sense of their learning at work. Furthermore, these insights are helpful when considering how to prepare material to assist organisations in reviewing their approach to workplace learning and workforce development.

1.5 The research team hosted an invitational seminar on 4 September, 2003 (see appendix A for list of delegates). The event was designed as a consultative event to discuss the project's provisional findings on the relationship between learning at work and business productivity. All the delegates were provided with a copy of the team's paper and were invited to provide comments. The feedback we received indicated that delegates were supportive of the argument presented in the paper, and which has been developed for this final report. Two other speakers, Dr Cathleen Stasz and Professor Robert Blackburn, also gave papers on topics closely related to the project's theme. All the presentations were very well-received and generated lively discussion and debate.

1.6 In this report, we draw on our case study evidence to argue that theories of workplace learning (including informal learning) must be derived from empirical research because learning cannot be separated from its context. What emerges is that workplace learning manifests and constructs itself in different ways according to the character of the organisation and the wider context (i.e. in terms of statutory and other regulatory frameworks, product markets, client base etc) within which each organisation operates. Debates about the distinction between 'formal' and 'informal' variants of learning continue to rage in academic and policy circles and have resulted in various lists of activities and characteristics under each heading. Despite all this effort, there is still disagreement about the content of the lists and the relevance of the distinction. There are plausible arguments for avoiding the terms 'formal' and 'informal' (Billett, 2001) which, in a sense, give arbitrary labels to a process which takes on different (often in parallel) dimensions of formality and informality according to the context in which it takes place (see Fuller and Unwin, 2004a).

1.7 Learning at work does indeed take many forms, although traditionally it has been divided into just two modes: on-the-job (informal) and off-the-job (formal). Investigation into the nature of on-the-job learning has revealed that the term 'informal' is helpful because it draws attention to the workplace as a site for learning in which people learn both with and without structured and specialist support. The important point here is that this learning is not the primary goal of the workplace but a by-product of workplace activity in general. We need, therefore, to start from an analysis of the organisational context and work process in order to uncover and unpack what is being learned, how it is being learned and by whom. This is in contrast with much of the organisational learning literature (e.g. Senge 1990, Pedler et al 1989) which aims "to create an ideal type [of organisation] where continual transformation is believed to benefit individuals ...and the organisation..." (Findlay et al 2000: 486). In this approach there is a

strong tendency to privilege the role of learning rather than seeing it as an activity which derives from the primary purpose of the business. Adopting an approach which focuses first on organisational context, enables us to explore the relationship between different forms of work organisation, people management, learning and performance, without making assumptions on causality. It also raises questions about the relative quality of the learning, in that some activity may have a more positive focus and effect, whereas other activity may be used to vent grievances (e.g. working more slowly as a protest against increasing managerial demands), or be related to complacency or incompetence.

1.8 Following the Introduction, the report is divided into five sections. The first both reviews and draws on the literature from which three metaphors of learning emerge: 'learning as attainment'; 'learning as participation'; and 'learning as construction'. The first two of these have been commonly used but have a number of shortcomings. As a result we will argue that the third metaphor provides a fruitful way forward. The second section analyses data from relevant national surveys of education and training through the lens of these metaphors. The report goes on to examine the discrete literatures which examine the relationship between learning and productivity (section three) and leads into section four which presents original empirical data from the project's case studies. The report concludes by arguing that there is a link between informal learning at work and productivity but the nature of this link is positively or negatively mediated by the organisational context.

2. LEARNING AT WORK

2.1. Contemporary policy interest in 'informal learning' can be located in policy concerns about the relationship between learning and economic performance and productivity, in particular, as well as in broader theoretical debates about how people learn. Over recent years academics have increasingly been challenging conventional learning theory. They propose that theorisations based on the metaphors of 'learning as product' and 'learning as attainment' fail to capture the nature of much of the learning that takes place at work, in education or life more generally. During broadly the same period, policy makers in the UK and internationally have increasingly drawn on some of the implications of this new thinking to provide the underpinning for policies designed to address such diverse purposes as: upgrading the skills of the workforce; fostering lifelong learning; and widening participation to increase social inclusion (see inter alia UNESCO 1996; EC 1996; OECD 1996; DfEE 1998).

2.2 Moreover, the changing nature of work and production, and processes such as globalisation have focused researchers' and practitioners', as well as policy makers' attention on the relationship between workplace learning and organisational performance. A recent review of 'non-formal learning' (Colley, Hodkinson, and Malcolm, 2003) confirms that since the mid-1990s policy interest in learning that happens outside the orbit of specialist educational institutions has increasingly been fuelled by an 'economic instrumentalism'. In similar vein, Garrick (1998: 4) suggests that much of the human resource practitioner literature fails to unpack the assumptions that lie behind the increasing focus on informal learning at work: "this new discourse can either bypass or obscure what actually happens to individuals at work".

2.3 Economic and much policy-led research works within the frame of human capital theory, which implicitly takes a 'learning as product' perspective. This is evident in the measures, such as qualifications and time spent in formal education and training, that are used as proxies for skill. Economists working in this tradition, for example, often refer to these indicators as 'human capital endowments'. For them, these endowments are central explanatory factors for the higher wages (due to increased productivity) that the more highly qualified get paid. However, there has been growing recognition, prompted at least in part by the growing interest in 'learning as process' perspectives, that the activities undertaken in the workplace - and the social relations of production - provide the key to understanding how people learn at work and the ways in which their learning may link to individual and organisational performance. Focusing on processes associated with, for example, problem solving (alone or often with others), the implementation of new technology, the introduction of new forms of employee involvement, and apprenticeship programmes, has increased recognition of the workplace as an important site for learning, and fuelled interest in how it may be improved. There is a lively academic debate on why informal learning at work is attracting attention, which is based on deconstructing the human capital discourse associated with learning at work (see inter alia, Garrick 1998, 1999; Solomon, 1999; Butler 1999). Such critiques home in on the link between economic imperatives and workplace reforms. Garrick (1998), for

example, argues that the introduction of flexible working practices should not be taken at face value as empowering workers but should be unpacked to expose the hidden realities (eg work intensification).

2.4 The title and specification for the current project are illustrative of the DTI's policy perspective, which has economic preoccupations at its heart. However, it also recognises, through its interest in informal learning at work, that traditional understanding of learning as something which occurs mainly in specialist educational settings may well be inadequate. Relying solely on an economic understanding of the relationship between education, training and performance is unlikely to capture the, as yet, uncertain relationship between learning and performance. We will argue in this report that the development of a more satisfactory account needs to include a better understanding and conceptualisation of learning at work, in terms of the learning processes and outcomes involved, and the organisational context in which learning takes place. Stasz (2001) identifies the difficulties of measuring workplace skills from the economic perspective and suggests that an approach based on socio-cultural theories of learning can illuminate the nature of skills, how they are developed and utilised at work, and their role in organisational performance. Her analysis helps to pinpoint the need to draw on contrasting learning theories if we are to illuminate the relationship between learning and performance.

2.5 To this end, we start with a short (and necessarily simplified) overview of the main theorisations of learning in order to help locate contemporary thinking and research on workplace learning in its wider theoretical context.

The Discourse of Learning

2.6 In recent years, the term 'learning' has begun to be used in many countries by policymakers, practitioners and some educational researchers in preference to 'education' or 'training'. This shift is best represented by the adoption of the phrase 'Lifelong Learning' which seeks to acknowledge that people learn in many different settings and that only some of this learning is classroom-based and/or accredited through qualifications, and that it can occur over the lifecourse. The importance of learning from and through experience has long been recognised in adult and vocational education circles, as has a desire to distinguish 'informal' learning from structured/organised/accredited activity. In 1926, Lindeman, for example, defined adult education as follows:

...a cooperative venture in non-authoritarian, ***informal learning***, the chief purpose of which is to discover the meaning of experience; a quest of the mind which digs down to the roots of the preconceptions which formulate our conduct; a technique of learning for adults which makes education coterminous with life and hence elevates living itself to the level of adventurous experiment. (Lindeman, 1926, p.546, our emphasis)

2.7 Consider the following extracts from the *Oxford English Dictionary* (OED):

Learn: 1) to get knowledge of (a subject) or skill in (an art, etc.) by study, experience or teaching; also to commit to memory (especially phrases). 2) To acquire knowledge of a subject or matter; to receive instruction 3) to become informed of, ascertain, to hear of.

Learning: 1) the action of learn 2) What is learnt or taught: a) a lesson b) information c) a doctrine d) a science e) an acquirement 3) Knowledge...got by study.

2.8 In contrast with Lindeman's focus on the process dimension of (informal) learning, the definitions of learning given in the OED reinforce what writers such as Sfard (1998), Beckett and Hager (2002), and Engeström (1994) have argued. They suggest that, until relatively recently, theories of learning, which focus on the attainment of knowledge, skills and attitudes, have predominated.

2.9 Engeström defines this traditional view of learning as follows:

...a subject (traditionally an individual, more recently possibly also an organisation) acquires some identifiable knowledge or skills in such a way that a corresponding, relatively lasting change in the behaviour of the subject may be observed (Engeström 2004, in press).

2.10 The notion that learning involves some sort of persistent or enduring change which can be observed or reported, goes hand in hand with the learning as product view that learning can (and should) be measurable. It implies that 'before and after' states of learning can be identified and that the distance between them can be judged. Engeström (1994:11) has identified some of the ideas which are central to this perspective and which draw primarily on behaviourist explanations of learning which underplay the role of the mind and active mental engagement:

- 'Learning is the receiving and memorizing of factual knowledge;
- Learning is practising skills by repeating the same task over and over, motivated by rewards which reinforce correct performance;
- Learning is the appropriation of new attitudes and behavioural models based on experience and social experience.'

2.11 In their recent book, Beckett and Hager (2002) discuss the assumptions underlying the traditional perspective on learning, or what they term, the 'standard paradigm of learning'. Key ideas include the concept of the "human mind as a stock room", empty early on but steadily stocked with knowledge over time and, relatedly, that the "best learning is propositional (true, false; more or less certain" (2002: 98). It follows from this perspective that the learning of knowledge and skills are considered as separate achievements: "knowledge is treated as a collection of immovable, ready-made facts unconnected to activity; and skills are merely motor performances in which knowledge and thought have no part" (Engeström 1994: 11).

2.12 The limitations of the behaviourist perspective, which essentially sees learning as resulting from individuals' (conditioned) responses to stimuli, have been highlighted by the development of cognitive and social theories of learning (Reynolds et al 2001). The focus of cognitive learning theories is the mental activity engaged in by individuals as they seek to make sense of their experiences: "theories of cognition regard the learner as a powerful information-processing machine whose task is to internalise knowledge about the world" (Reynolds et al 2001: 32). The cognitive perspective is linked to the idea that there are different stages of cognitive development, for which different pedagogic strategies are appropriate (see for example, Bloom 1956, Piaget 1963, Gagne 1966). Furthermore, and crucially, the individual learner is viewed as the relevant unit of analysis and as the object of teaching and instructional strategies designed to facilitate his or her attainment. In contrast, social theories of learning see learning as a process embedded in the relations of social practices, such as work (see for example, Lave and Wenger 1991, Chaiklin and Lave 1993). The focus from the social or situated perspective, is on learning as an integral part of (all) social practice, in other words on learning as (co-) participation in 'communities of practice' (Lave and Wenger, 1991).

2.13 The different theoretical approaches have been used to distinguish between different types of learning. Although learning types have tended to be applied mostly to categorise learning located in specialist educational settings, they are also applicable to learning in other sites, such as the workplace. There are various categorisations: Marton et al (1984), for example, distinguish between surface level and deep level learning. The former is associated with behaviourist learning processes of copying and repetition whereas the latter is associated with cognitive processes where learners engage in making sense of the underlying concepts and principles, which will enable them to make connections between ideas, knowledge and practice. Engeström's (1994) categorisation draws on Bateson's (1972) level 1, level 2 and level 3 learning, but is developed and 'rebadged' as first, second and third order learning. First order learning relates to behaviourist notions of learning by conditioning and imitation, and second order learning relates to cognitive notions of learning through investigation and internalisation:

Here the learner pauses in order to reflect upon the problem and formulates a hypothetical explanation of the principles behind successful solutions. The learner then tests the hypothesis and modifies it according to the results. In other words, the learner *constructs* a theory of the phenomenon under study. (Engeström 1994: 17, our emphasis)

2.14 Third order learning for Engeström incorporates a strong critical edge to the learner's investigative endeavour, such that the learning process results in some transformation in practice. Whereas such distinctions between types of learning are reflective of psychological (behaviourist and cognitive) theories of learning, they are not so much concerned with the notion of learning as a social process. In this regard, Engeström (2001) has further developed his third order learning to encompass 'transformative' or 'expansive' learning which is achieved when

individuals, often from different backgrounds, work together to create novel solutions to workplace problems and, hence, to effect organisational change.

2.15 For the purposes of this report, we suggest that Beckett and Hager (2002) have usefully grouped together traditional behaviourist and cognitive perspectives on learning under the 'standard paradigm of learning' and newer more socially-orientated perspectives under their other label the 'emerging paradigm of learning'. They argue that the emerging view is more relevant to understanding how people learn (with others) through practice in the workplace. This alternative emphasises learning as process or as participation in social practice. Beckett and Hager (2002: 115) suggest that this 'emerging paradigm' is exemplified by 'informal practice-based workplace learning' which:

- is organic/holistic
- is contextual
- is activity-and experience-based
- arises in situations where learning is not the main aim
- is activated by individual learners rather than by teachers/trainers
- is often collaborative/collegial.

2.16 Although Beckett and Hager (2002), like Eraut (2000) and Eraut et al (2000), distinguish between, and accept that there is a difference between, formal and non- or in-formal learning (ie, between learning which takes place in specialist educational and non-specialist educational settings), they are keen to stress that formal learning should not be seen as superior. Indeed, Eraut et al (2000) point out that in many settings, learners experience a mix of formal *and* 'non-formal' learning approaches. For Eraut (2000) the most important characteristic distinguishing types of 'non-formal' (his preferred term) learning is the extent to which there is an intention to learn. He has developed a three level categorisation of intentionality which contrasts 'deliberative learning' (conscious, planned learning) with 'reactive learning' (near spontaneous - the level of intentionality will vary) and 'implicit learning' (no intention to learn coupled with lack of awareness –at the time- of learning) (2000: 115). Marsick and Watkins (1990) also highlight the difference between intentional and non-intentional workplace learning, but unlike Eraut (2000) they posit a simple binary distinction. They refer to intentional learning as 'informal learning' and suggest it includes activities such as self-directed learning and coaching. They refer to the alternative as 'incidental learning' and define it as "a by-product of some other activity such as sensing the organisational culture, or trial and error experimentation" (ibid 1990: 8). The interesting point here is not so much the terms offered by these authors but their shared recognition that more or less intentional types of learning can occur in the workplace as an integral part of the work process.

2.17 Taking a slightly different tack, Billett (2001) and Colley, Hodgkinson and Malcolm (2003) reject any conception of formal and informal learning as distinctive types of learning, preferring to argue that all learning processes (experienced within or outside specialised educational institutions) can be

characterised by formal and informal attributes: “it is not possible to separate out informal/non-formal learning from formal learning, in ways that have broad applicability or agreement...it is more sensible to see *attributes of informality and formality* as present in all learning situations” (Colley et al 2003: 3 original emphasis). Billett (1999) claims that workplace learning should be viewed as a structured activity because its characteristics are taken from the (structured) goals and activities of the organisation. He suggests that focusing on understanding the structured nature of workplace learning is more fruitful than looking for elements of formality and informality. We would argue that an approach which investigates issues relating to what is hidden, what is explicit and what is *contested* about learning at work is preferable to one preoccupied with identifying formal and informal attributes of learning.

2.18 In this regard, Darrah (1996) usefully distinguishes between learning which takes place inside and outside a formalised curriculum, and highlights the importance of the ‘hidden curriculum’ that runs along side it. On the basis of his detailed ethnographic research in the workplace, he concludes:

...quite apart from the formal attempts to provide instruction, experiences are structured by the organization of work and the technology used, and those experiences provide a powerful, largely unacknowledged curriculum. (Darrah, 1996: 36)

Tacit Learning

2.19 The notion that the possession, utilisation and development of skills and knowledge can be ‘hidden’ from view has long been of interest. Michael Polanyi developed the concept of tacit knowledge in the late 1950s and early 1960s as part of an enquiry into the nature and justification of scientific knowledge and more broadly the character of human knowledge. He drew a distinction between tacit (practical) knowledge and explicit (codified) knowledge but acknowledged that the boundary between the two was not at all clear, arguing that all knowledge was a combination of the codified and the tacit and that the two worked together to enable human beings to act (see Polanyi, 1967). Neisser (1983:3) argued that there is a direct link between action-centred skills and tacit knowledge:

The skilled carpenter knows just how a given variety of wood must be handled, or what type of joint will best serve his purpose at a particular edge. To say that he ‘knows’ these things is not to claim that he could put his knowledge into words. That is never entirely possible...The practitioner’s knowledge of the medium is tacit. It is essential to skilled practice: the carpenter uses what he knows with every stroke of his tool.

2.20 Similarly, Nonaka, Takeuchi and Umemoto (1996:835) argue that, “Tacit knowledge and explicit knowledge are not totally separate but mutually complementary entities. They interact with and interchange into each other in the creative activities of human beings”. Thus, according to Eraut (2001:27), “Implicit learning occurs during work activities and social interaction without one being

aware of it". If tacit knowledge is central to our ability to perform skills, then, according to Eraut (ibid), it is also central to our broader understanding of the work context and of the people with whom we work. This leads Eraut (ibid, pp.20-21) to define work-based knowledge as comprising: a) codified knowledge; b) cultural knowledge (that is knowledge "created, shared and used by groups of people working together, networking or socially interacting with each other"; and c) personal knowledge (which is "constructed through personal experience and reflection and through social interaction"). In order for this inter-related knowledge base to be effective, however, Eraut argues that managers in organisations need to have a much better understanding of the role informal learning plays in the workplace.

2.21 Fuller and Unwin's (2003) recent research on workplace learning in the UK steel and metals sector suggests that people are constantly put in the position of having to teach (a word that can be interchanged with show, instruct, coach etc) a colleague how to improve their practice. This often happens *informally* in the sense that the need arises in a naturalistic and unplanned way. The act itself, however, involves a *conscious* and *explicit* process in which skills and knowledge are passed from one person to another or others using a range of pedagogical skills, which may or may not reflect knowledge of experiential or didactic approaches to teaching and learning. In addition, and importantly, the act is usually instinctively collaborative as the parties recognise that each has something to bring to the occasion.

2.22 The development of interest in the tacit dimension of workplace learning and performance has its parallels in the field of adult education where theorists and practitioners have long advocated concepts such as self-directed learning and experiential learning. Adult educators are encouraged to get their students to make use of and reflect on their existing knowledge and skills, and to 'facilitate' learning rather than 'teach' (see, inter alia, Boud and Miller, 1996; Weil and McGill, 1989). For some feminist theorists, these processes are significant for helping women value the skills and knowledge they have acquired through domestic responsibility (see, inter alia, Belenky et al, 1986; Tisdell, 1996). A key driving force behind the adult educator's support of the experiential approach is the desire to 'empower' learners. Thus many adult educators have welcomed attempts to recognise and accredit prior learning (APL).

2.23 The conceptualisation of the 'tacit' as advanced by Polanyi and others, as described above, has illuminated the complex nature of workplace performance by problematising the transformation of knowledge into action. Thus the concept is important for those educators, trainers and managers responsible for improving the relationship between on and off-the-job learning. But the claim that the 'tacit' constitutes the most important facet of workplace performance has been and is being advanced as a reason for promoting on-the-job learning above off-the-job learning. In particular, advocates of human capital theory see major advantages in concentrating learning in the workplace for getting workers to be more flexible, to be more competent, and for raising the overall level of learning in organisations (see Garrick, 1998). Ironically, although NVQs may have failed to capture the support of many employers, the principles on which they were

founded (know-how as opposed to know-what) have fuelled the dramatic rise of the workplace's profile as *the* site for work-related learning.

2.24 Despite some differences in emphasis, what all these perspectives have in common is a recognition that the relationship between work and learning is relatively poorly understood and under-theorised. In exploring why this might be so, Beckett and Hager (2002: 100) suggest that workplace learning is a topic "without a settled home" in the sense that it can be approached from different disciplinary perspectives. Their response to this observation is that:

"...the development of research understandings of practice and informal workplace learning will require initially a convergence and synthesis of rather diverse literatures" (ibid).

2.25 It is beyond the scope of this report to provide the sort of synthesis that Beckett and Hager call for, or to review all the ways in which 'informal learning in the workplace' has been viewed. Instead, for the purposes of this project, we provide an analysis of the main approaches to conceptualising learning and the extent to which these might further our understanding of the relationship between informal learning and organisational performance. In so doing, we introduce the main metaphors of learning and argue that workplace learning is increasingly being understood and analysed within the 'learning as participation' metaphor.

Metaphors of Learning

2.26 In recent years, the literature on workplace learning has focused on a number of themes which have extended knowledge and understanding in this area, including, for example: the importance of learning from others; the contribution that informal learning makes to the attainment of work skills; the benefits of 'crossing boundaries' to view problems from a different standpoint; and the relevance of distinguishing conceptually between different forms of knowledge (see Evans et al, 2002; Eraut, 2000; Engeström, 2001, Stasz 2001; Wood and Wood, 1996; Young, 2004). In broad terms, conceptions of workplace learning have drawn on the two main metaphors of learning mentioned above namely: 'learning as attainment' (product); and 'learning as participation' (process) (Sfard, 1998). Although there are differences of degree, both these approaches have tended to focus on individual learners and have paid limited attention to pedagogical processes, tending to treat pedagogy as simply the transmission of 'stable knowledge' from experts to novices. An analysis of the organisational context for learning is largely absent from the first approach and is acknowledged but often underdeveloped, or of secondary interest in the second.

2.27 Theorising learning as 'attainment' underpins strategies which seek to address employees' skills and knowledge deficits through the provision of courses, usually leading to qualifications, which are then assumed to signal that the individual (or at the aggregate level, the workforce) has become more highly skilled. An important aspect of the 'learning as attainment' approach is the tendency to treat knowledge and skills transfer as unproblematic. This is, at least in part, because the knowledge to be gained is seen as well-defined and codified. It is assumed that once individuals

have achieved the specified knowledge (and qualifications), they will be able to reapply it in new contexts. The theory underlying this approach draws on the standard paradigm of learning which emphasises instruction and practice usually in off-the-job settings such as colleges and universities, and which differentiates between 'orders' of knowledge and skills along 'mental' and 'manual' lines. 'Higher order learning' tends to be associated with tasks requiring cognitive and analytical skills (mental labour), with the related pedagogy based on cognitive theories of instruction that are designed to engage the learner's mind in the development of understanding. 'Lower order learning' tends to be associated with the attainment of manual skills via trial and error methods of practice based on behaviourist learning theory. The apotheosis of the 'learning as attainment' approach has been the development of competence-based vocational qualifications which privilege assessment of outcomes over learning.

2.28 Conceiving learning as 'participation' has grown in popularity amongst researchers trying to understand how people learn at work and issues of learning transfer, and who recognise that learning in formal educational settings cannot account for the diverse and on-going learning in which people are engaged in the workplace. A central plank of this approach is the idea that different workplaces offer a range of opportunities (along quantitative and qualitative dimensions) for people to participate (learn). In broad terms, an approach focusing on 'learning as participation' provides an alternative standpoint from which to overcome three major weaknesses in the 'learning as attainment' metaphor. First, it legitimises the workplace itself as a site for and source of, teaching and learning and, therefore, acts as an antidote to the view that privileges formal educational provision over 'informal' processes (see Billet, 2001). Second, it conceives learning as a process which is primarily social and situated (see Lave and Wenger 1991). Hence, the approach is interested in explaining how people learn at work in what appears to be a relatively naturalistic way, through helping each other, by performing tasks and through experience in general (see Fuller and Unwin 2002). Importantly, such learning often occurs without recognition and this helps account for the historical lack of theoretical and empirical interest in this area. Third, the issue of learning transfer is treated as problematic: if learning is conceived as a process embedded in particular social activities, it follows that learning cannot straightforwardly be replicated from one situation or context to another (Eraut 2004 in press). Viewing (all) learning as situated and context-dependent provides a serious challenge to traditional acquisition theories of learning and the supposed superiority of learning in formal educational settings. Such ideas depend on the notion that the knowledge transmitted to and acquired by students is context-free and transferable. Put another way, the learning that occurs in specialist educational settings is just as situated and context-dependent as learning occurring in other settings (e.g. the home, the workplace, social clubs and so on).

2.29 Situated learning theory has provided a theoretical basis from which to critique the idea that transferring learning to other contexts is unproblematic. Lave and Wenger (1991) start from the premise that learning is related to, and embedded in, social situations and the forms of 'co-participation' (such as the workplace) in which it occurs. According to them, the individual makes sense of and masters skills and knowledge in the context in which they are practiced. It follows that the learner "is

not gaining a discrete body of abstract knowledge which s/he will then transport and reapply in later contexts” (Hanks, 1991: 14). The idea that ‘transfer’ is difficult does not only apply to ‘newcomer learning’ but also to experienced workers as Eraut’s (2000) research on continuous professional development has found.

2.30 Although ‘the learning as participation’ approach has drawn attention to the learning context and the problem of transfer, its main focus is on identifying how the relationships between novice and expert practitioners facilitate or inhibit individual learning and the reproduction of communities of practice. The focus is not, therefore, on developing an analysis of the organisational context itself and how this can open up opportunities for learning or create barriers to learning at work. Recent attempts by activity theorists have perhaps moved closer to addressing this task. Engeström (2001) identifies how activity theory has evolved from its concentration on individuals to a focus on systems, which are conceived as having internal contradictions, multiple perspectives and voices and as interacting with other activity systems in networks. A particularly strong feature of Engeström’s approach is his emphasis on the role of ‘horizontal interaction’ and, specifically, how workers learn (and can create new knowledge) through the collective solving of problems. Recent work by Fuller and Unwin (2003, 2004b in press) has built on Lave and Wenger’s approach to learning and Engeström’s work on the development of workplace expertise, by analysing the relevance of the organisational context. They have identified features of the organisational and skill formation environment and culture which influence the extent and quality of employees’ learning opportunities and experiences in a range of organisations.

2.31 Other workplace learning theorists are also beginning to recognise the importance of context and, in particular the relevance of how work is organised, skills are defined and jobs are designed to the quality of learning opportunities available to workers (see, for example, Darrah 1996, Koike 1997, Probert 1999). Probert (1999) for example has argued that the gendered nature of work means that opportunities for and barriers to learning are unevenly distributed across the workforce. She states that: “there are no grounds for believing that the new emphasis on workplace learning will do anything other than reproduce these inequalities since the dominant discourses continue to rely on abstracted conceptions of work and workers that privilege men”. (Probert, 1999: 113). Solomon (1999) is also concerned that the recent emphasis on informal learning at work has a negative side as it may be diminishing options for employees to go off-the-job to take courses. She does not go so far as to suggest that an increasing role for workplace learning will result in workers learning less overall but she does imply that less off-the-job provision gives workers less chance to stand back and reflect critically on their practice: “as workplace learning becomes increasingly integrated into everyday work practices and further away from discrete classroom training programmes, the socialising of people to be certain kinds of workers is accompanied by a complementary socialisation to be certain kinds of learners”. (Solomon, 1999: 123)

2.32 Solomon’s point reminds us that not all learning is desirable and that informal learning (just like learning which occurs in specialist educational institutions) has the potential to produce outcomes which may be detrimental to the individual and organisation. This insight was well-established nearly thirty years ago when Willis

(1977) published his study of how working class, unskilled young men 'learned to labour'. It would be naïve, therefore, to travel from the recognition that the workplace is a rich site for learning to a view that informal learning at work will always be 'A Good Thing'. We would argue that the phenomenon of informal learning needs to be problematised more fully and with more attention paid to its potential disadvantages as well as its usefulness by asking questions such as: to what extent do employers promote informal learning as a justification for not investing in formal training? (see Garrick, 1998)

2.33 The growth in interest of the 'learning as participation' perspective has arisen, at least in part, as a response to research into learning, often characterised as 'informal learning' which is not amenable to direct measurement. This is not to say that changes in behaviour and performance as a result of diverse learning processes are not identifiable. For example, Kitching and Blackburn (2002) found that employers in SMEs evaluated the benefits of 'training'¹ in terms of changes in individual worker performance and not in terms of business performance measures. Most of the employers in their survey were particularly positive about the benefits on-the-job training yielded in terms of individual performance. However, it is not clear from this research how valid the association is between the on-the-job training and changes in individual performance. There is no objective measure of change, the research relies instead on the reports of employers. For example, it is open to question whether their perceptions reflect the result of improvements caused by the learning episode being discussed or whether these would have happened anyway.

2.34 There are similar methodological difficulties with a study of 'informal learning in the workplace' funded by the Department for Education and Employment and conducted by the research consultancy, 'ECOTEC' (Dale and Bell, 1999). This study explored how informal learning in the workplace can contribute to company success. Interviews were carried out with employers and employees from 15 organisations varying in size from small to very large and from the service and manufacturing sectors. All participating organisations had been selected as "leading edge in the training and development of their employees" and as successful performers, as defined by the researchers. Given their designation as successful learning organisations, the research set out to find qualitative evidence of (learning) practices and initiatives which could be seen to be contributing to this outcome. As might be expected in terms of this somewhat 'self-fulfilling prophesy', the authors concluded that informal learning at work had a significant impact on company success. This study throws into relief the methodological complexity that starts to emerge when the purpose of the research goes beyond the identification of practices, which provide learning opportunities, to explore what the effects of such practices might be, for example, in terms of organisational performance. Dale and Bell's work highlights some of

¹ Kitching and Blackburn's (2002:4) survey employed a broad definition of training: "to include any activities at all through which managers and workers improve their work-related skills and knowledge. These activities may occur on or off the job. They may occur in short bursts or be over a longer period of time. They may be linked to a qualification or not.")

the questions which such investigations into workplace learning need to address, including: what kinds of indicators can be used to measure workplace learning outcomes?; how can cause and effect relations be determined?; what features of the organisational context might mediate between learning and performance?; and in what ways is organisational performance being measured? The challenge of designing a methodology capable of studying and drawing robust conclusions about these inter-relationships and causalities should not be under-estimated. The literature search on learning and organisational performance (see Section 4) undertaken for this project indicates just how underdeveloped the field is in this area.

2.35 Given the view that the 'learning as participation' metaphor emerged in opposition to the 'learning as attainment' metaphor, it is not surprising that there is much less emphasis on learning outcome (or product) than on identifying and analysing what Billett (2001) calls "participatory practices". From this perspective, there may be a temptation to use the 'learning as participation/learning as social practice' metaphor to underplay or avoid focusing on both the content and outcome dimension of learning. However, if we are to develop a more detailed understanding of the relationship between (informal) learning and organisational performance, then it may well be necessary to go beyond the participation paradigm to explore ways of conceptualising outcomes, how they are achieved, and their impacts.

Learning as 'Construction': the way forward?

2.36 Our ability to meaningfully discuss the impact of informal learning on business productivity depends at least to some extent on whether we can go beyond the broad view, that learning is participation in social practices such as work. This view encompasses but does not clearly differentiate between a wide range of processes and outcomes including: a) the ongoing accrual of knowledge, skills and understanding that occurs from every day interaction between workers and experience; b) the learning that occurs in mastering a new task or solving a problem; c) engagement with scientific/conceptual knowledge experienced through participation in a formal curriculum; d) creating new knowledge; e) the learning that occurs as relationships between such different types of learning are created; and f) the transformation of new learning into organisational change

2.37 Engeström appears to favour an approach to understanding and enhancing personal and organisational learning that incorporates process and product perspectives.

The problem is that much of the most intriguing kinds of learning in work organisations violates this presupposition [that the knowledge or skill to be acquired are stable and defined]. People and organisations are all the time learning something that is not stable, not even defined or understood ahead of time. In important transformations of our personal lives and organisational practices, we must learn new forms of activity which are not

yet there. They are literally learned as they are being created. (Engeström 2004 in press)

2.38 Learning as attainment and participation both seem central to the types of new activity and transformations that Engeström wants to understand: what can the learners/organisation do or know that they did not before and how did they come to know it or be able to do it? His focus is relevant to our study in that the ability to innovate, particularly in some product markets, is often seen as critical to organisational success. His insight indicates that an understanding of learning at work does need to include process and product/participation and attainment, and that these dimensions are key to attempts to identify any relationship between informal learning and productivity. In terms of the relevance of learning metaphors, it may be helpful to turn to a different metaphor, 'learning as construction', which seems to mediate the dichotomy between product and process. Engeström (1994) refers to 'learning as construction' as a way of capturing the meaning of 'deep learning' and more recently (2004 in press) when his focus has been on explaining the attainment of expertise as a process of 'co-construction'. Hager has also come to favour the metaphor of construction as he has grown dissatisfied with the concept of participation:

...participation in itself does not ensure learning. Quite the opposite, as is demonstrated by participation in closed societies or organisations that are dedicated to resisting change (eg certain religious societies). The construction metaphor, however with its tripartite focus on the construction of learning, of learners, and of the environments in which they operate, has a wider scope (Hager 2003: 33).

Summary: Usefulness of the 3 metaphors

2.39 This section has located the contemporary interest in 'informal learning at work' in economic and policy concerns about the relationship between learning and organisational performance. It has outlined the main ways in which informal learning has been defined, and referred to key debates about the status and lived realities of such learning. The discussion illustrates that workplace learning is a contested area, definitionally, conceptually and in terms of underpinning disciplinary perspectives. To help clarify the theoretical and conceptual ground, we have introduced three metaphors which represent the different (broad) ways in which learning is conceived and which shed light on the strengths and weaknesses of different approaches to learning at work. Two metaphors for learning (learning as attainment and learning as participation) have gained prominence, and a third (learning as construction) is emerging: each reflects a different perspective. The 'learning as participation' metaphor is problematic in that by positioning learning as just one of a number of social practices, we are left with an unhelpfully homogenised picture of an activity which is actually multi-layered and multi-faceted. In this picture, there is no incentive to illuminate and make better use of the tacit dimension. In order to more fully identify, understand and potentially intervene for purposes of improvement, we have to get underneath the concept of participation and examine what people are doing and

why. The 'learning as attainment' metaphor is equally problematic as it focuses attention on outcomes, rather than seeing learning as a combination of outcome and process. The emergence of the 'learning as construction' metaphor is to be welcomed. This is a concept which captures the dynamic nature of learning and, hence, is particularly appropriate in relation to workplace learning which takes place in an environment which is characterised by goal-oriented inter-activity and change.

3. MEASURING LEARNING IN THE WORKPLACE: THE USEFULNESS OF EXISTING SURVEYS

3.1 Interest in 'life long learning', 'workplace learning' and 'workforce development' have recently assumed great prominence in the policy-making community (Stern and Sommerlad, 1999). This debate acknowledges that most learning activity arises naturally out of the demands and challenges of everyday work experience and social interactions with colleagues, clients and customers. Workplace development, for example, is defined as 'activities which increase the capacity of individuals to participate effectively in the workplace, thereby improving their productivity and employability' (PIU, 2001: 6). This definition includes but goes beyond training (which traditionally has a narrow, often course-based, focus) and qualifications (which are often used as a proxy for skills) to an all-encompassing notion of capacities used in the workplace however acquired, displayed or improved. This definition has recently been adopted by the Learning and Skills Council in its consultation on how best to promote and measure its impact on workplace learning (LSC, 2002).

3.2 In recognition of this change in emphasis, at least one survey sponsored by government has been re-titled and has allegedly shifted its focus in order to capture learning at work. In 1999 the Learning and Training at Work (LTW) survey arose out of the annual Skill Needs in Britain (SNIB) surveys which were carried out between 1990 and 1998. Since then, the LTW survey has been carried out with more of an emphasis on recording workforce development and learning opportunities and less of an emphasis on collecting data on recruitment difficulties, skill shortages and skills gaps (Spilsbury, 2002). In this section of the report, we examine the extent to which existing surveys – such as the LTW – successfully meet the challenge of capturing and measuring learning at work as conceptualised by writers in the field.

3.3 Before examining in detail the extent of their success, it is important to note at the outset a number of factors that influence the light each survey can shed on learning at work. First, the different levels at which surveys are pitched, by definition, has a bearing on the type of information collected. A number of surveys reviewed here question employers about issues of relevance such as the provision of training and access to learning opportunities. This information applies across the establishment and inevitably relies on the employer respondent's awareness of activities throughout the establishment. Other surveys question individuals about their own experiences of involvement in these activities. This information is more specific since it relies on individuals responding to questions about their own activities and not across groups of workers or for the establishment as a whole. However, analysts have no way of telling whether these responses apply across the establishment or not. On relatively rare occasions, surveys are able to question both employers and workers from the same organisation about similar issues, thereby providing an establishment wide perspective that can be set alongside views from individual workers. This enables the broad view to be compared with the specific. A good example of such an approach is the Workplace Employee Relations Survey

(WERS) carried out in 1998. This survey questioned 2,191 establishment-level managers and collected 28,237 completed questionnaires from a sample of employees working at each establishment (Cully et al., 1999).

3.4 A second issue worthy of note is the regularity with which surveys are carried out. For those carried out regularly (for example, annually), continuity with the past is crucial and therefore the scope to modify questions with respect to short-term changes in policy emphasis is limited. Only longer-term policy shifts are likely to be included in these surveys, but only after thorough piloting and testing of the instruments devised. Regularly carried out surveys are, therefore, subject to a degree of inertia. As will be shown below, the Labour Force Survey (LFS) – carried out annually since 1984 and quarterly from 1992 – and the Learning and Training at Work (LTW) survey – carried out annually in one form or another since 1990 – are among the longest running data series of relevance to this report. However, both have remained committed to a narrow (if comparatively easy to measure) conceptualisation of training and, by implication, learning.

3.5 A third issue is the degree to which respondents – whether employers or individuals – are guided or prompted by the interviewer to define concepts in a particular way. For example, the Training in Britain enquiry carried out in 1987 defined training as ‘the process of acquiring the knowledge and skills related to work requirements by formal, structured or guided means’ and specifically excluded ‘general supervision, motivational meetings, basic induction and learning by experience’ (Training Agency, 1987: 14). For the employers survey, this was operationalised by dividing training into off-the-job and on-the-job. Respondents were told that ‘off-job training includes all training given *away from the trainee’s immediate work position*. It may be formal or less formal; given at your own premises or elsewhere. It includes all sorts of courses: full or part-time; correspondence or distance-learning; or sessions such as Health and Safety talks’ (emphasis in original). A similar level of direction was given to employers with respect to on-the-job training which they were asked to regard as an activity ‘which takes place at the *normal work position of the trainee* – not in a special training area or school; and where a *manager, supervisor or the responsible person spends a significant amount of time* with a trainee in order to teach a set of specific new skills or update/upgrade existing skills, that have been specified in advance; and which includes periods of instruction where there is *little or no useful output* in terms of products or service’ (emphasis in original).

3.6 In the course of this section, we will come across other examples of surveys which provide interviewees with concrete definitions of concepts to be applied when reflecting on their working lives. An alternative strategy is to rely on respondents’ self-definition of concepts and therefore an acceptance what respondents report. The Labour Force Survey (LFS) offers a good example of this approach. Here, individuals to each of the quarterly surveys are asked: ‘Over the four weeks ending Sunday the [date four weeks before interview] have you taken part in any education or training connected with your job, or a job that you might be able to do in the future?’ Whatever respondents deem to be ‘training’ is recorded. Research reviewed below suggests that such an approach

tends to pick up the most formal and deliberative interventions and is less likely to record other, equally if not more important, learning activities.

3.7 We now turn to a detailed examination of the main surveys which, potentially at least, may shed some light on the extent of learning, and its impact on individual and business performance (see Table 1 for a summary).

**TABLE 1:
TRAINING AND LEARNING QUESTIONS USED IN EXISTING SURVEYS**

Survey	Questions
Labour Force Survey	<p>Key Questions: (a) ‘Over the four weeks ending Sunday the [Date] have you taken part in any education or training connected with your job, or a job that you might be able to do in the future?’ (b) ‘Apart from job related training or education, have you taken part in any other leisure or education classes in the four weeks ending [Date]?’</p> <p>Subsidiary Questions: Since Spring 2000, the NALS questions listed below.</p>
Learning and Training at Work	<p>Key Questions: (a) ‘I am now going to ask you some questions about off-the-job training. By off-the-job training, we are including all training away from the immediate work position. It can be given at your premises or elsewhere. It includes all sorts of courses – full or part-time; correspondence or distance learning; Health and Safety training, and so on – as long as it is funded or arranged by you. Have you funded or arranged any off-the-job training over the past 12 months for any of the employees at this location?’ (b) ‘By on-the-job training, I mean training at the desk or place where the person usually works. Typically, this kind of training is planned in advance, with no, or very little, useful output <i>whilst the training is being undertaken</i>. I’m not including off-the-job training, which is undertaken away from the usual work position. Have you carried out any on-the-job training at this location over the past 12 months?’</p> <p>Subsidiary Questions: (a) ‘Which of the following organisations have you built links with, or do you network with, in order to give your employees training and development opportunities? Schools; Learning Partnerships; National Training Organisations, also known as NTOs or Industry Training Organisations, also known as ITOs; Further Education establishments; LSCs or Learning and Skills Councils, formerly known as TECs; Ufi, the University for Industry, also known as</p>

	<p>Learndirect; none of the above’.</p> <p>(b) ‘Do you help your employees at this location to learn things not connected to their job?’</p> <p>(c) ‘Do you offer learning opportunities in any of the following to employees at this location? Basic literacy; Basic numeracy; Communication – through either written work or oral presentation; Working with others; Application of numbers; Problem-solving; Information technology; Managing their own development; None of the above’.</p> <p>Business Performance:</p> <p>‘I’d like you to think about all the training, off-the-job and on-the-job, provided at this establishment in the last 12 months. What impact would you say the training has had on turnover/employment/labour productivity/profit margin on sales or services, if private sector [ask each in turn]? Would you say the training has led to a large increase in turnover/employment/labour productivity/profit margin on sales or services, if private sector [ask each in turn], a small increase, a small decrease, a large decrease or has the training made no difference?’</p>
<p>Workplace Employee Relations Survey</p>	<p>Key Questions:</p> <p>(a) ‘During the last 12 months, how much training have you had, either paid for or organised by your employer? Include only training away from your normal place of work, but it could be on or off the premises. None; Less than 1 day; 1 to less than 2 days; 2 to less than 5 days; 5 to less than 10 days; 10 days or more’.</p> <p>(b) ‘What proportion of experienced [employees in the largest occupational group] have had formal off-the-job training over the past 12 months? PROMPT: off-the-job training is training away from the normal place of work, but either on or off the premises’.</p> <p>Subsidiary Question:</p> <p>‘About how long does it normally take before new [employee in the largest occupational group] are able to do their job as well as more experienced employees already working here? One week or less; More than one week, up to one month; More than one month, up to six months; More than six months, up to one year; More than one year’.</p>
<p>National Adult Learning Survey</p>	<p>Key Questions:</p> <p>(a) ‘In the past three years have you been on any taught courses that were meant to lead to qualifications even if you did not obtain them? (include all courses even if started before then)’.</p> <p>(b) ‘(In the past three years) have you been on any taught courses designed to help you develop skills that you might use in a job? (include courses however short)’.</p> <p>(c) ‘(In the past three years) have you attended any courses or received any instruction or tuition in driving, in playing a musical instrument, in an art or craft, in a sport or in any practical skill? (include all courses and periods of instruction or tuition, however,</p>

	<p>short)'. (d) '(In the past three years) have you attended any evening classes?' (e) '(In the past three years) have you carried out any learning which has involved working on your own package of materials provided by an employer, college, commercial organisation or other training provider? (exclude self-taught learning if not working from package of materials supplied by training provider)'. (f) '(In the past three years) have you been on any other taught course or received any other instruction or tuition in anything? (include all courses and periods of instruction or tuition, however short)'. (g) 'In the past three years, have you studied for any qualification without taking part in a taught course?' (h) '(In the past three years) have you received any supervised training while you were actually doing a job? (by this I mean when a manager or experienced colleague has spent time helping you learn or develop skills as you do specific tasks at work)'. (i) '(In the past three years) have you spent any time keeping up to date with developments in the type of work you do without taking part in a taught course? (for example, by reading books, journals or manuals or by attending seminars)'. (j) '(In the past three years) have you deliberately tried to improve your knowledge about anything, taught yourself a skill or studied for a qualification without taking part in a taught course?'</p>
<p>Meaning of Training Survey</p>	<p>Key Question: Following the LFS four week training question (and the thirteen week version), individuals were asked 'Does that mean you [took part/didn't take part] in any of the following: Instruction whilst performing your normal job; Instruction which took you away from your normal job; Learning from the day-to-day experience whilst doing your job; Evening classes; Correspondence course such as Open University; Teaching yourself from a book/manual/video/computer/cassette; Any other kind of learning that might help with your work now or in the future?'</p>
<p>Nature of Training in Small Firms Survey</p>	<p>Key Question: Preamble to telephone survey invited respondents to consider 'training' as including 'any activities at all which managers and workers improve their work-related skills and knowledge. These activities may occur on- or off-the-job. They may occur in short bursts or be over a longer period of time. They may be linked to a qualification or not'.</p>

Note:

This table lists the key questions around which existing surveys on training and

learning are based. Other questions are only listed if they serve to broaden the focus of attention (subsidiary) or make the link between training/learning and business performance (hence these are labelled business performance).

Labour Force Survey (LFS)

3.8 A complete range of training statistics are published annually in a single volume entitled *Education and Training Statistics for the United Kingdom* (Department for Education and Skills, 2002). The series first began in 1990 under the shorter title of *Training Statistics* (eg, Department for Education and Employment, 1996). Its continued publication and its enhanced length bears testimony to the growing importance attached to the topic.

3.9 At the heart of earlier versions of the publication was the view that training refers to 'intentional intervention to help the individual (or the organisation) to become competent, or more competent, at work' (Department for Education and Employment, 1996: 1). This explicit definition has been dropped since 1997 when education and training statistics have been published alongside one another in a single volume. However, it still remains implicit in the information reported. For example, many of the same data sources are drawn upon in the most recent volumes as in earlier ones. Nevertheless, there are many difficulties in deriving a consistent, precise, understandable and hence reliable statistical definition, so the volume continues to draw on a range of different approaches and data sources. However, the Labour Force Survey (LFS) is among the most drawn upon source of training data, especially when gauging change over time.

3.10 Each LFS contains data on a random sample of individuals throughout the United Kingdom. Every quarter almost 60,000 households are contacted and information is collected on a total of around 150,000 people. Of this total, about 65,000 are 16 and above and are in work. The key question for this report and reference point for many of the subsequent questions asked of those individuals who report undertaking training is: 'Over the four weeks ending Sunday the [date four weeks before interview] have you taken part in any education or training connected with your job, or a job that you might be able to do in the future?' Since the summer 1994 quarter, the training incidence questions have begun by asking respondents whether they have engaged in any job-related education and training in the previous three months, and then whether 'any of that education or training' has taken place over the standard four-week period. Unfortunately, this addition produced a drop of between 1 and 2 percentage points in the recorded four-week participation rate. A possible explanation for the discontinuity is that there may be an element of confusion over the interpretation of the word 'that': perhaps a minority of respondents answer 'no' if 'that' training came to an end before the start of the four weeks, even though they may have undertaken another episode of training during the four weeks before interview. Officials rightly recommend caution in comparing years before and after this discontinuity, and this obviously has to be taken into account when reporting trends using this measure of training incidence (Felstead et al., 1999).

3.11 Many of the subsequent questions seek to uncover information about the training undertaken in the four weeks before interview. This includes the length of the episode, the location and mode of delivery, the financial costs and whether skills acquired were certified. More recently, a module of questions on adult learning has been added to the survey. These have been asked of respondents since the spring 2000 quarter. As a relatively new module under development, the responses given are not included in data sets supplied to academics via the Data Archive, instead the relevant variables are included on Office of National Statistics data sets only. Nonetheless, the additional questions do offer a slightly broader perspective on learning at work. The questions ask about 'learning which has involved working on your own package of materials', 'supervised training' which respondents are told refers to 'when a manager or experienced colleague has spent time helping you learn or develop your skills as you do specific tasks at work', and 'keeping up to date with developments in the type of work you do without taking part in a taught course'. However, the results to emerge from this new set of questions have not yet been published. Nevertheless, they have their genesis in the National Adult Learning Survey carried out in 1997 and 2001, the results of which are publicly available (Beinart and Smith, 1998; La Valle and Blake, 2001).

Learning and Training at Work (LTW)

3.12 While the LFS provides the key source of individual-level training data, the LTW survey is frequently regarded as the main source of information on the employers' perspective. Although its focus (and title) has changed, it can still claim to provide trend data stretching back to 1990 when it first began life as the Skills Needs in Britain survey (SNIB) (although there are difficulties in making comparisons, these can be overcome, see Singh, 2001). The SNIB surveys cover medium and large sized employers (defined as establishments with 25 or more employees) and were intended to provide snapshots of skill needs and employer-sponsored training at the time of each survey for Britain (in the 1998 survey Northern Ireland was added). Every year around 4,000 telephone interviews were carried out with employers drawn from a sample stratified according to region, industry and establishment size. Employers were asked questions about the incidence and cause of any hard-to-fill vacancies they had, and whether there was a gap between the skills their workers possessed and the needs of the business. They were also asked about on-the-job and off-the-job training. In both cases, respondents were given definitions of each and asked to respond to the survey with these concepts in mind. Interestingly, the definitions mirror quite closely those used in the Training in Britain enquiry in the late 1980s (Training Agency, 1987). The off-the-job training definition is very close indeed (see above for full outline). The only change made directs respondents to include an activity only if 'it is funded or arranged by you' (IFF, 1998: The Questionnaire, Q20). On-the-job training is defined more concisely – but in a similar spirit to the definition adopted by the Training in Britain enquiry – as: 'training given at the desk or place where the person usually works' (IFF, 1998: The Questionnaire, Q29.2).

3.13 In 1999 the two central foci of the SNIB surveys were separated and addressed by two distinct employer-level surveys carried out in England (previously SNIB had covered Britain and towards the end the UK). The Employers Skills Surveys (ESS) were launched with the intention of providing more robust data on hard-to-fill vacancies, skills shortages and skills gaps. In particular, these surveys were designed to make the distinctions between these concepts clearer. For example, rather than equating hard-to-fill vacancies with skill shortages, the ESS distinguishes between hard-to-fill vacancies which are skill related and those which are not. The latter may be attributable to company-specific factors such as limited efforts at job advertising or the relatively unattractive salaries or job conditions on offer. The first ESS was carried out in 1999 and comprised 23,070 telephone and 3,882 fact-to-face interviews. The 2001 exercise was restricted to telephone interviews only but nonetheless gathered information from 27,031 employers. However, the third in the series – carried out in 2002 – was based on telephone interviews with 4,054 employers (Hudson, 2000; Singh, 2001; Hillage et al., 2002). The next in the series – with data collected in spring 2003 – is largest yet, with a sample size in the order of 70,000 employers. This will allow sectoral, regional and local analyses. Unlike previous ESSs, the Learning and Skills Council (LSC) is the lead organisation responsible for its delivery under obligations set out in the Learning and Skills Act 2000. The Act commits the LSC to provide a sound and coherent analysis of the labour market on which to base national and local strategies for improvement. However, to maintain consistency with previous surveys and provide the basis for time-series analysis, wherever possible, many of the same questions have been used. Questions which direct employer respondents to report ‘training that you have funded or arranged over the last 12 months’ have also been added.

3.14 At the same time as the launch of the ESS, the LTW survey began. It gives much more emphasis to workforce development and employer awareness of, and involvement with, a number of training and development initiatives such as Modern Apprenticeships and the New Deal. In order to maintain continuity with the SNIB surveys, the LTW surveys are carried out by telephone with a sample of around 4,000 employers using many of the same questions and concepts as their predecessors. So, the emphasis on on-the-job and off-the-job training remains a core feature of the annual survey. Nevertheless, the questionnaire does contain three questions about ‘learning’. One is on employers links to other organisations that might help employees learn. Another is on allowing employees access to learning activities not connected to work. Last but not least, employers are asked whether they provide employees with learning opportunities in eight areas (such as working with others, problem-solving, communication and managing their own development). This question has most potential for the purposes of measuring learning at work. However, its potential is limited by the crude ‘yes/no’ response employers are allowed to use in reply. In the most recent survey – carried out in Autumn 2002 – an additional question was added in order to elicit the perceived impact that training provided over the previous twelve months had on productivity and profitability (Spilsbury, 2003). Two thirds of employers who offered on- or off-the-job training during this period said that this training had led to an increase in labour productivity and nearly half of those in the private sector said that this had led to an increase in profit

margins. While these findings make a useful link between training and business performance, the connection is made with respect to the ways in which capabilities are acquired by intentional, planned and conscious interventions such as attendance on off-the-job courses or group instruction on-the-job.

Workplace Employee Relations Survey (WERS)

3.15 Outside of the LFS and LTW, researchers seeking quantitative data on training and learning have to draw on less regularly conducted and more intermittent surveys. Although these provide valuable cross-sectional insights, trend analysis is restricted especially as the surveys themselves tend to be shaped by the context in which they are carried out. The 1998 Workplace Employee Relations Survey (WERS) is a case in point. While it is the fourth in the series – others being carried out in 1980, 1984 and 1990 – it differs substantially from its predecessors in terms of emphasis (less detail on the institutional and collective structures of employee relations) and design (an employee questionnaire was distributed to samples in each participating establishment for the first time). However, only a limited number of questions were specifically asked about workplace learning. Nevertheless, both managers and employees were asked about one type of learning only – formal off-the-job training. Employees were asked: ‘During the last 12 months, how much training have you had, either paid for or organised by your employer?’. Respondents were instructed to ‘include only training away from your normal place of work, but it could be on or off the premises’ (WERS Sample of Employees Questionnaire, B2). Similar instructions were given to managers when they were asked who they trained and what the training covered (Cully *et al.*, 1999: 62-64, 148-151).

3.16 WERS also provides an insight into the changing context of employment relations and the greater involvement and participation that employees now have at work. Comparison of management responses to the WERS in 1984, 1990 and 1998 suggest, for example, that regular circulation of newsletters or meetings between senior management and the workforce have both increased in prevalence – rising from just over a third of workplaces in 1984 to almost half in 1998. The proportion of workplaces where management provides information to employees on a range of matters (including the financial position of the establishment, investment plans and future staffing arrangements) has also risen, albeit from a smaller base of 20% in 1984 to 36% in 1998. However, there remain a substantial minority of establishments where management divulges little information to its workforce – this has remained more or less constant over the 1984 to 1998 period at around 16% (Millward *et al.*, 1999: 229-232). Other survey evidence also suggests that employee involvement is becoming extensive. For example, a survey carried out on behalf of the Chartered Institute of Personnel and Development in 2001 found that many aspects of high involvement working had taken root in British businesses (Guest and Conway, 2001). Almost two-fifths (38%) of the workers questioned reported that programmes for employee involvement such as self-directed work teams or quality circles were in place, well over eight out of ten (85%) said that their organisation kept them informed about how the business was doing, and three-

quarters (76%) said that their employer allowed them sufficient opportunity to express their views and raise concerns about their work on all or most occasions.

3.17 Based on WERS, some authors have gone a step further by demonstrating a positive link between these developments and the incidence/extent of formal training (Whitfield, 2000). Other data sets focused on the use rather than acquisition of workplace skills have revealed a demonstrable link between greater levels of employee involvement and higher skills usage at work (Felstead and Ashton, 2000; Felstead and Gallie, 2002). The implication here is that some organisational contexts are more permissive than others of enhancing learning whether by formal or informal means. A key challenge for survey designers is to develop questions that enable researchers to differentiate between these different learning contexts.

National Adult Learning Survey (NALS)

3.18 This series began in 1997 and is primarily used by DfES to monitor progress towards the National Learning Target of reducing the proportion of non-learners to 24% of the adult population by 2002. A second survey in the series was carried out in 2001 and some of its questions are now carried in the LFS (see above). It breaks new ground with the surveys reviewed above by collecting information on a wider range of learning activities. It is not restricted to 'education and training as conventionally understood – viz. periods of instruction received from a teacher or trainer' (Beinart and Smith, 1998: 33). Instead it collects information about respondents' involvement in both taught and self-directed learning through a series of wide ranging questions.

3.19 The survey instrument is constructed to ask respondents about ten specific types of learning; six are defined as taught learning, four as self-directed learning. Taught learning comprises: taught courses intended to lead to qualifications; taught courses designed to develop job-related skills; courses, instruction or tuition in driving, playing a musical instrument, arts and crafts, sport or any practical skill; evening classes; learning from packages; and any other taught course, instruction or tuition. Self-directed learning comprises: independent study for qualifications without taking part in a taught course; supervised on-the-job training; time spent keeping up-to-date with job-related developments by reading books, manuals or journals or attending seminars and talks; and deliberately trying to improve knowledge by means other than taking part in a taught course. All these types of learning are characterised as vocational if they are initiated to help with respondents' current or future employment and as non-vocational if they are not.

3.20 The 2001 results suggest that 59% of adults aged between 16 and 69 in England and Wales have taken part in taught learning in the last three years. A similar proportion (60%) have taught themselves something during the same period. In the majority of cases, both forms of learning are motivated by the need to maintain and enhance employability currently and in the future. Work, therefore, remains an important motivator for learning – 80% of taught learning

episodes and 55% self-directed learning events are prompted by the need to remain in paid employment (La Valle and Blake, 2001).

One-off Surveys

3.21 Many of the issues discussed above have also been addressed and applied in a range of one-off surveys. The meaning attached to the word 'training', for example, has been the subject of thorough analysis (Campanelli et al, 1994). Analysis of the everyday use of the word 'training' and cognitive interviews with survey respondents following the administration of a series of 'training' questions shows that there are substantive variations in the interpretation given to the meaning of 'training' when used in interviews used to gather data. Respondents typically view training in narrower terms than do researchers, often restricting their interpretation to formal training courses. Employers tend to confine their conception of training to that which is funded or initiated by themselves. Respondents with different educational and other characteristics include different activities. Campanelli et al (1994) suggest that instead of asking individuals about their training activities, a more useful approach is to ask about how they learned to do their jobs and then to list specific activities in order to prompt individuals to identify not only formal training activities, which may or may not lead to certification of some kind, but also other types of learning activity.

3.22 This particular approach was adopted in the Family and Working Lives Survey carried out in 1994/1995 with 11,237 individuals aged 16-69 years old (Dex and McCulloch, 1997). It was also adopted in part by the Meaning of Training Survey (Felstead *et al.*, 1997). The individual-level element of this research was carried out in February 1996 and comprised 1,539 face-to-face interviews. This reveals that training participation rates are increased as soon as a prompt card is presented to respondents who initially do not report receiving job-related education and training prior to interview. In this particular case, 2.9 percentage points were added to the standard LFS four-week participation rate and 5.0 percentage points were added to the thirteen-week rate. Respondents were then asked to say in which modes of training they had engaged. The responses suggest that it is the less formal modes – 'instruction or training whilst performing your normal job', and 'teaching yourself from a book/manual/video/cassette' – that are most likely to be under-reported. This finding is consistent with the conclusions of Campanelli et al (1994), who show that respondents often take a narrower view of the meaning of training than do researchers or policy-makers. Nevertheless, 'teaching yourself' appears to be an important, if under-estimated, mode of training.

3.23 The narrow interpretation respondents give to the word 'training' is particularly problematic when surveying small businesses since they tend to be heavier users of informal learning. In this context, a recent telephone survey of small employers invited respondents to think of 'training' in broad terms 'to include any activities at all through which managers and workers improve their work-related skills and knowledge. These activities may occur on- or off-the-job. They may occur in short bursts or be over a longer period of time. They may be linked to a qualification or not' (Kitching and Blackburn, 2002: 4). Throughout the

survey, similar but shorter phrases were used to remind respondents to conceive of training broadly at least for the purposes of the survey (also see Small Business Council, 2003).

Summary

3.24 Policy language has changed in recent years. Where once policy-makers would have used the word 'training', they now use the word 'learning'. To reflect this change of emphasis, survey results and sometimes their titles have simply been rebadged to reflect this policy spin. Despite its billing the Learning and Training at Work survey, for example, is still mainly focused on measuring training based on a concept first used in 1987 (Spilsbury, 2003). This defined training as 'the process of acquiring the knowledge and skills related to work requirements by formal, structured or guided means' and specifically *excluded* 'general supervision, motivational meetings, basic induction and learning by experience' (Training Agency, 1987: 14). In other words, the LTW remains rooted in a tradition of measuring the additional productive capacity of individuals in terms of whether or not they have attended certain courses or have followed a structured programme of activities under the guidance of others.

3.25 Existing surveys are less well developed in terms of broadening the scope of their enquiries beyond the narrow interpretation given to training by individuals who view it as formal training courses and employers who view it as an activity which is funded or initiated by themselves (Campenelli et al, 1994). In other words, they have more difficulty in providing information on learning activities beyond course attendance, fees and opportunity costs. However, some attempts are beginning to be made to do so. The 2001 National Adult Learning Survey, for example, is not restricted to 'education and training as conventionally understood – viz. periods of instruction received from a teacher or trainer' (Beinart and Smith, 1998: 33), but collects information about respondents' involvement in both taught and self-directed learning. Some of these questions now comprise a module on adult learning in the Labour Force Survey. These include questions on self-study using a package of materials, receiving help from a more experience colleague on a particular task and keeping abreast of occupational developments. This offers a slightly broader perspective on learning at work and suggests that the workplace itself offers opportunities for learning that cannot be easily provided in other venues.

3.26 Research is increasingly suggesting that some organisational environments are more conducive to the enhancement of learning and skills than others. These environments are characterised by high levels of employee involvement in decision-making. Surveys which focus on employee involvement are therefore receiving increased attention from those interested in identifying the most conducive organisational environments for learning. Surveys such as the Workplace Employee Relations Survey and those carried out by the Chartered Institute of Personnel and Development are among the most prominent sources of such evidence.

3.27 Overall, this section has shown that survey evidence on learning is uneven. There is an abundance of evidence on training – course attendance and the costs employers bear – and this stretches over more than a decade. However, there is relatively little survey data on other forms of learning activity – such as watching, working and learning from others – which can only be undertaken as an active participant in the workplace. In contrast, evidence on employee involvement has a long history but only relatively recently has the connection been made to learning (see Felstead and Gallie, 2002). While policy language has changed, it is clear that the concept of ‘learning as attainment’ still holds sway, relatively little survey evidence exists on ‘learning as participation’ and ‘learning as construction’ needs to substantiate and corroborate the connection between job design and the different types of learning.

3.28 Given the complexity of the topic, it is perhaps not surprising that our discussions with key informants from government departments and other policy-focused organisations revealed a range of perspectives on informal learning. There was recognition that different types of learning can happen simultaneously (e.g. formal and hidden curricula) and that there is no simple uni-directional causal relationship between activities defined as ‘informal’ and ‘formal’. These key informants all agreed that informal learning was important, though some were more circumspect than others about the causal relationship between informal learning and productivity. It is to this relationship that we now turn.

4. THE RELATIONSHIP BETWEEN LEARNING AND PRODUCTIVITY

4.1 In recent years, as we outlined above, workplace learning has been rising up the policy agenda. Employers and policy-makers alike have drawn attention to the way in which factors such as technological innovation and the increasing competitiveness of the economic environment have led to changes in the way work is organised (e.g. team working, performance management) and in what is required from employees (e.g. multi-skilling and increased responsibility for individual performance). From this perspective, the need to understand the conditions likely to support learning at work becomes a crucial matter at the same time as the need to develop evidence-informed theorising of learning in the workplace has become more acute.

4.2 There are a number of discrete literatures which seek to address aspects of the relationship between learning and productivity, namely those concerned with high performance working practices (HPWP), training and organisational performance, the determinants of training, organisational learning and performance as well as case studies of learning in organisations. We now deal with each in turn.

The High Performance Literature

4.3 There is a substantial body of evidence in this literature of a link between skill levels and organisational performance². Here, as in the other literatures, performance is defined in a number of different ways, for example, through value added either in terms of value added/cost or value added/employee, operating profit or employee perceptions of productivity. In addition to these general measures, some studies (see, inter alia, Appelbaum et al. 2000) use measures specific to the industry; for example, in steel they use “uptime”, namely the percentage of the time during which the equipment is scheduled to operate that it actually does, while in the apparel industry they use throughput time, the time from when cut parts are ready to be assembled to the time at which products are ready for shipping. Recent literature (Appelbaum, et al. 2000, Chaston, 1997) is suggesting that, at the level of the firm, it may be more fruitful to use measures tailored to the industry.

4.4 There are very few studies in this tradition that directly examine the part played by learning, be it either formal or informal. Most authors make the point that organisational specific skills have an import role to play in facilitating high performance levels. With the exception of Appelbaum et al (2000: 119), however, who do measure “informal training”, there is no attempt to measure the impact of informal learning as a separate variable.³

4.5 What the studies of HPWP also demonstrate is the importance of trust between workers and managers as a crucial pre-condition for effective learning.

² There is a substantial literature in this area: for a recent summary see Ashton and Sung (2002) and Wood and Wall (2002).

³ See for example the recent work by Doeringer et al, 2002.

Indeed, where that is absent we have a long tradition of studies documenting how workers can use informal learning to subvert organisational objectives (Roy, 1952; Friedman, 1997).

4.6 The lack of attention to informal learning is surprising given that the exercise of discretionary behaviour plays a crucial role in many theories of HPWP. Almost all the studies tend to see a theoretical link, with high performance working practices producing high levels of skill, which then lead to the exercise of discretionary behaviour among employees, which in turn produces the performance outcomes. Yet central to the exercise of discretionary behaviour is the ability of employees to use their tacit knowledge of the organisation and its systems to identify and generate improvements in their own and others' performance. This involves the employee learning about the organisation and its objectives, acquiring problem-solving and decision-making skills as well as the ability to communicate with colleagues. Most of these skills are believed to be acquired 'on-the-job' through informal learning. The recent work of Patterson et al (2003) would support this interpretation. They found that both job enrichment and skill enhancement independently predicted subsequent productivity a year later. This is exactly what we would have expected in that it takes time for the construction of learning to pay-off in terms of higher skills and changes in behaviour.

4.7 While there is a general consensus concerning the basic elements of the high performance model, namely that skills facilitate the exercise of discretionary behaviour, which then drives performance, there is considerable debate over which other variables should be included in the skills, discretion/performance equation and how they operate. Guest et al. (2001) and Purcell (2002) see employee motivation and management behaviour as playing a crucial role⁴. Others, such as Becker and Huselid (1998:59), start the causal process with business and strategic objectives which then drive the design of the Human Resource (HR) system which produces the requisite job design and work structures that generate and sustain the high skills among employees and so on.

4.8 Here the direction of causality is seen as uni-directional, with force from one variable or set of variables (skills + involvement) driving the next variable (exercise of discretion) which in turn drives forward the next (performance), in much the same way that the force from the billiard cue drives the ball which then propels the next billiard ball. However, there have been recent suggestions in the literature that this may be an inadequate conceptualisation of the problem (Ashton and Sung, 2002; Purcell, 2002). Given that we are talking of a complex web of interdependent practices and behaviours, it may make more sense to think in terms of feedback loops between the factors or variables involved (Argyris and Schon, 1978) or figurations to use the term popularised by Elias (1978), especially when you consider that we are talking about informal learning operating at different levels on the organisation.

⁴ Purcell and colleagues have subsequently elaborated on these ideas, see Purcell, Kinnie and Hutchinson, (2003); Pucell, Kinnie, Hutchinson, Reyton and Swart (2003).

Training and Organisational Performance

4.9 The training literatures address two main problems. The first is the relationship between (formal) training and performance. The second is the determination of different levels of training and learning in the organisation. There is some uncertainty in the literature about the relationship between formal training and performance. At the national level, there has been the suggestion that the lack of skilled (trained) managers has contributed to low levels of performance in UK industry (Bosworth 1993). However, perhaps the best known work in this field is that of the National Institute of Social and Economic Research (NISER) which demonstrated that levels of training and skill were important in explaining the differences in productivity observed in companies operating in different countries (see for example, Mason and van Ark, 1993; Mason, van Ark and Wagner, 1994).

4.10 While the NIESR work is largely about formal learning in the context of training programmes, it suggests that there may be a number of mechanisms at work which are likely to involve informal learning. These range from the ability of shopfloor workers to perform a wide range of tasks leading to a higher quality product or service to the fact that a higher skilled workforce allows the earlier introduction of new technology and machinery (Ashton and Green, 1996:60). However, at the level of the firm, other studies of the incidence of training have produced more ambiguous results. Thus, the research of Doeringer et al, (2002) found that the incidence of formal training was not linked to firm performance. What we can be certain of is that the attainment and operation of technical skills involves informal or incidental learning, as demonstrated by the work of Darrah (1996) and van den Tillaart et al (1998).

The Determinants of Training

4.11 This group of studies, which seek to identify the factors that drive training and learning in firms, has produced less ambiguous results. Research in Australia and the UK has identified workplace change as the most important factor in creating the demand for training/learning in enterprises. In Australia, this was first identified by the work of Hayton and his colleagues (Smith and Hayton, 1999) and subsequently by Ridoutt et al. (2002). In the UK, Kitching and Blackburn (2002) have produced similar findings. Of course, the term workplace change is broad and covers a number of separate items, but there are main forces that trigger such change including new technologies and products and organisational change. What all this tells us is that the major demand for training and enhanced learning in the workplace is a *derived demand*, one that emanates from the business need to change either the technology or the organisation itself. The implication of this for informal learning is that we may have to make a distinction between incidental learning as an everyday process and the more deliberate informal learning required for change.

4.12 While workplace changes are clearly the most important drivers of training there are others. One of these is the type of product market strategy adopted by the enterprise and, related to that, the way in which production is organised. Recent research in the UK (Green, et al. 2003) has found a link between high specification product market strategies and high skill levels in the labour force. Similarly, Kitching and Blackburn (2002) found a link between the adoption of a strategic orientation to training and competing on non-price factors, suggesting that those competing on non-price factors were also operating in high specification product markets. Cosh et al (2003) identified firm size and employee group as key determinants of the amount firms spent on training. They found that larger companies spent more on off-the-job training and that more highly skilled workers participated in more off-the-job training. They also identified a positive link between amounts spent on training and business performance. It should be noted that this report defines both on and off-the-job training as a formalised activity that is planned and allocated a budget.

4.13 There are of course problems with this literature. It spells out the factors affecting the level of learning and training within the enterprise but we have no way of knowing how much of this learning is 'informal' or how it translates into performance. The only evidence we have here is from Kitching and Blackburn (2002) which indicates that, among SMEs, the orientation of the owner/managers is important in transforming high levels of learning/training into higher levels of performance. However, we do know that the introduction of HPWP does create the conditions for workplace change and in that sense these results are compatible with the findings from the studies of high performance work organisations.

Organisational Learning and Performance

4.14 Recent work on knowledge management suggests that there may be a link between knowledge and intellectual capital (IC) and performance, although work in this area is still at an early stage. However, the literature on SMEs is already starting to reveal a possible link between the management and use of (informal) learning and performance. Researchers are investigating the possibility that those SMEs which grow are more entrepreneurial in their behaviour (Miller, 1983; Covin and Slevin, 1988) and that such firms take a different approach to problem solving (Goldsmith 1989). Rather than seeking incremental solutions to problems (single-loop learning), they seek more innovative and radical solutions, questioning existing ideas (double-loop learning).

4.15 Chaston et al (1999), using a small number of case studies in which they could observe how companies handled new challenges, found evidence of such double-loop learning in companies that were successful in identifying new ways to improve the firms' operational processes to meet market challenges. These companies had a well-established system for documenting and disseminating knowledge within the organisation and employees were encouraged to question and improve processes and procedures and share information. These are the kind of working practices associated with high performance companies.

4.16 Those companies, which failed to respond to challenges, had a more traditional organisational structure where most employees had to fulfil their assigned tasks by using tacit knowledge. None of the firms had been able to formalise and systematically collate information about working practices inside their respective organisations. Chaston et al (1999: 276) comment that: "As a result little of the explicit 'know how' which exists within these firms has ever been converted into explicit knowledge which can be utilised by employees in the rapid solution of new operational problems". What this research is suggesting is that there may be a link between this type of organisational learning and organisational capabilities and then between organisational capabilities and organisational performance. Once again we find that, in this process, informal learning plays a crucial role.

Case Studies

4.17 In general, the case study literature confirms the findings from the other literatures. Thus the case studies emanating from the International Labour Office (ILO) suggest that informal learning plays an important role in facilitating the effective use of high performance practices such as self-managed work teams, teamworking, continuous improvement and Total Quality Management (see Ashton and Sung, 2002). The hypothesis is that skills such as decision-making, problem-solving and communication are acquired through informal learning in the workplace. This was also one of the findings in the only detailed case studies we have that directly addressed this question of the relationship between informal learning and productivity, namely those undertaken by Koike in Japan and East Asia (Koike and Inoki, 1990; Koike, 2002).

4.18 Using matched plants in Japan, Malaysia and Thailand, Koike and Inoki (1990) found that the use of group working, devolved employee decision making

and extensive learning produced much higher levels of intellectual skills among employees in the Japanese plants. This meant that they were able to identify and rectify potential faults before they disrupted the production process. These employees had much higher levels of skill both in terms of the breadth and the depth of their knowledge of the organisation and its production processes, most of which was acquired through informal learning. The result was productivity levels three times higher in the Japanese plants than in the others.

4.19 Other case studies of learning in organisations suggest that, where companies have established effective learning cultures, this has involved a great deal of informal (incidental) learning (Figgis et al. 2001; Dawe, 2003). They also suggest that where such cultures are sustained through time, they are driven by business needs not policy initiatives (Johnston and Hawke, 2002).

5. EVIDENCE FROM THE PROJECT CASE STUDIES

5.1 Our review of the different literatures, which explore the relationship between learning and productivity, has revealed that only Koike and Inoki (1990) and Koike (2002) have addressed this relationship directly, but they did find a strong link between informal learning and performance. However, the remainder of the evidence, when taken together, suggests that informal learning impacts on productivity in three ways: first, through increasing the level of skill in individuals; second through facilitating the effective operation of HPWPs; and third, through facilitating organisational learning. However no studies have examined these dimensions explicitly.

5.2 A second outcome of this review is that it has exposed the need to identify different types of informal learning as well as the role it plays at different levels within organisations, and to then establish the impact of such learning on productivity. We now draw on our own case studies as a first step in tackling these issues. In each of these we can start to see the different ways in which (informal) learning is linked to performance outcomes.

5.3 The four case studies revealed that the phenomenon of informal learning and organisational performance are attached by an umbilical cord, which both anchors and feeds their relationship. We would argue that the findings from these case studies do provide evidence of links between informal learning and business productivity. In each case study, a range of questions were posed to encourage employers and employees to discuss their interpretation of such terms as: workplace learning; informal learning; organisational performance; and business productivity. We now present the key points to emerge from each case study. Full accounts of the case studies are presented in Appendix B.

Hairdressing Salon

5.4 This small, single owner hairdressing salon, in a market town in the East Midlands, has 8 staff and an annual turnover of £200,000, of which 10-15% is net profit which is reinvested into the business every year. The owner belongs to an elite club of hair designers of which there are about 500 members in the UK. Annual membership of the club (which has just celebrated its 25 year anniversary) costs several thousand pounds per year. As a result of adopting the club's sales techniques, the salon's annual turnover of products has increased by 500%.

5.5 The motivation to learn in the salon is stimulated by the desire to earn money and to ensure that the salon achieves maximum capacity. If stylists can continually reach their targets, they will be promoted every three months and could end up as a profit sharing partner in the business. This competitive approach did not appear to undermine team-based approaches to learning. Staff described how they learn, informally, from each other in the salon through observation and through discussing the best techniques in relation to each other's clients. They also coach each other to improve their skills and learn by reading trade magazines. From this case study, it emerged that:

- Performance measures and productivity are transparent and the owner is always aware how individuals and the salon are performing at any one time.
- The organisational culture of the salon encourages learning. The career structure is clear, and staff encouraged to learn from each other and to share ideas throughout the working day.
- The owner was able to clearly state the links between informal workplace learning and individual/organisational performance.

Accountancy Practice

5.6 This small accountancy practice, in the South of England, employs 3 partners and 11 other staff. The case study has illuminated the relationship between the context of the organisation, the profession itself and learning. There was recognition of the central role learning plays in the success of the organisation, individual performance and the pursuit of professional qualifications, and fulfilment of continuous professional development obligations laid down by the profession's governing body.

5.7 There is a strong learning culture within this organisation which is characterised by:

- An organisational culture which recognises the relationship between learning and organisational performance, and which encourages the sharing of knowledge and expertise between staff at and across all.
- The commercial reality of running a small organisation offering a professional service to clients means that partners develop a range of generic skills in addition to their professional accountancy expertise. These generic skills tend to be developed 'informally' through experience and interactions between peers, whilst the professional skills (for all the accountancy staff) are developed through a combination of formal study and learning in the workplace.
- The creation and use of artefacts (e.g. documents) is an integral part of the work activity. They are used to evaluate individual performance, for self-evaluation, and to provide the basis for discussions on how individual and organisational improvements can be achieved.
- The regulatory framework within which the practice operates is an important driver of learning and performance. Learning is necessary to comprehend changes and their implications, and to provide clients with useful advice. The regularity of such changes keeps learning at the forefront of working practice.
- A professional culture and institutional infrastructure which recognises the necessity for 'structured' and 'unstructured' learning and the inter-relationship between more or less formalised modes of participation in learning. A key component of this is the willingness of staff to help each

other in relation to problems and issues arising at work as well as from the formal study path that junior and part-qualified accountants are following.

NHS Primary Care Trust

5.8 The National Health Service (NHS) is the largest organisation in Europe, employing around one million people in England. There are 303 Primary Care Trusts (PCT) in England responsible for the provision of health services to their populations, including: General Practitioners (GP); hospitals; dentists; mental health care; walk-in centres; NHS Direct; patient transport; population screening; pharmacies; and opticians. They are also responsible for integrating health and social care at local level. Each PCT is different in terms of its style and culture, but they are all governed by the same 130 national performance measures (e.g. that patients will see a doctor within 48 hours).

5.9 This case study covers two neighbouring PCTs, in the North West of England, which currently work together in terms of providing training courses and related services to their combined workforces in both the clinical and administrative fields. The two PCTs are covered by the Health Informatics Service which is responsible for organising training in Information and Communication Technology (ICT) across both PCTs as part of the NHS's ICT Strategy. Everyone in the NHS has to have an email address and know how to use it. They also develop web-based materials to update staff in terms of knowledge and skills, and eventually, these materials may be accessible to the general public as part of the drive for 'evidence-based medicine. The case study revealed:

- All NHS sites are dominated by performance measures laid down by central government. This is leading to senior managers becoming distanced from the everyday work of their service and, hence, losing sight of the important role which informal learning plays in the workplace. Whilst it might be possible to 'measure' the effectiveness of some of that informal learning, much occurs through collegial activity which cannot be defined in performance measurement terms. Other ways need to be found to recognise the contribution of informal learning to the overall effectiveness of the service.
- As nurses take on more of the tasks traditionally assigned to doctors, this is leading to a form of specialisation which restricts the informal flow of skills and knowledge from nurse to doctor.
- The emphasis on formal education and training in the NHS discriminates against informal learning despite the fact that much of that learning is extremely valuable to the delivery of effective medicine. The interviewees said the NHS needed to follow the example of some private sector organisations which have developed vehicles for rewarding employees' good practice in the workplace.

Car Dealership

5.10 This case study is of a car showroom, which forms part of a two-site car dealership employing 120 people in the outskirts of a city in the East Midlands. The site we studied is the larger of the two and employs 75 people. Both sites offer customers sales, service and parts facilities. The turnover of the business is in excess of £30 million a year. The volume of car sales, trade-in prices and selling prices are crucial aspects of a showroom's activities. They are important for the sales staff involved since a large proportion of their monthly salary is determined by the number of cars sold *and* the profit margins secured on each sale. Organisationally, selling cars is important since most cars carry a profit. However, selling is also important as a means of 'growing the car park' for the servicing and repair business, which is the more lucrative end of the business, and maintaining and promoting the dealership's presence in the area. Business performance is therefore inextricably tied up with success or otherwise of selling cars.

5.11 The case study revealed the following key points in relation to workplace learning:

- Product knowledge for new cars is codified in manuals and brochures held in the Sales Manager's office and readily consulted by Sales Executives or else is available on-line. However, the used car market requires much more learning than the new car market since customers can, in principle, access much of the same product information available to Sales Executives – brochures, on-line information and performance reviews in consumer magazines/television programmes.
- The monthly salary of a Sales Executive is tied to his/her individual selling performance. Making initial contact with customers is therefore crucial since once details (known as the 'qualification') have been taken that customer becomes attached to the Sales Executive throughout the selling process. Competition for customers is fierce and the tactics each Sales Executive uses are jealously guarded from others in the 'team'. For example, one of the Sales Executives interviewed discovered several good vantage points in the showroom where he could monitor, relatively unnoticed to others in the team, unknown cars coming onto 'the territory'. He also used other practices to 'look busy' on the used car forecourt in order to make himself the first Sales Executive encountered by customers browsing the cars on sale.
- The Sales Executives interviewed admitted that they had never had any formal sales training at all – one had been in the trade 27 years, the other for 12 years. Instead individuals spoke repeatedly about how they learnt to do their job better through self-reflection especially when a sale was lost. Only limited help is offered by the Sales Manager, often to relatively inexperienced staff, the remainder simply live or die on their own individual performance – "living off their wits".
- Many of the opportunities to learn from one another in the showroom appear to be severely curtailed by the commission-based payment system in operation in the case study, but also typical of the industry as a whole – "it's a dog eat dog industry".

- Nevertheless, the open management style exercised by the Sales Manager in this particular case study showroom, unlike others mentioned by interviewees, facilitates learning between those on the front line (Sales Executives) and those behind the scenes (the Sales Manager). This is most apparent with regard to the most crucial decision of all – trade-in prices and discounts. Unlike some other dealerships, Sales Executives in this showroom are party to these decisions and therefore get to learn how prices and deals are determined and what pressures their immediate superior is working under. In other words, they are involved to some extent in ‘back stage’ as well as ‘front stage’ work and therefore have more scope to learn other aspects of the showroom business.

Summary: Informal learning and productivity

5.12 Each of these case studies highlights the symbiotic relationship between informal learning and organisational context. We would argue that it is only through such a holistic methodological approach, which seeks to examine workplace learning in situ and integral to other organisational features, that we can begin to understand why and how approaches to workplace learning differ from one organisation to another.

5.13 These case studies illuminate the different ways in which links can be made between informal learning at work and business productivity. In the hairdressing salon, for example, learning is structured at the individual level through the technical requirements of the job, the culture of sharing knowledge, skills and information in the salon, and the rewarding of skill acquisition through the career and salary arrangements. Hence, staff are promoted as they become more productive. At the organisational level, learning is structured through the owner’s use of benchmarking which includes visits by staff to other salons and the sharing of knowledge gained for continuous improvement. The owner clearly uses learning as a strategy to increase productivity, not least because it keeps the salon at the top of the market and enables it to charge higher prices.

5.14 At the accountancy practice, the level of and approach to learning were largely driven by the externally imposed technical and regulatory requirements of the profession. The imperative of running a small business ensured that other learning took place (e.g. entrepreneurial skills, customer care) and more attention was being given to structuring this learning because of its centrality to productivity and overall business performance. A key way of ensuring that both types of learning were maximised was through the expansion of job roles to expose staff to more learning opportunities. Profits in the practice were shared amongst the partners and this provided an incentive for collective problem-solving and sharing of expertise. In this way, the accountancy practice was similar to the hairdressing salon in that collective endeavour was encouraged and seen as the route to organisational success.

5.15 In the case of the car dealership, the pay structure was the most important factor in shaping the learning process. Individual sales executives had their rate of pay determined by the numbers of cars they sold and so learning had become

a very individualistic process. There was no incentive to share skills and knowledge as the emphasis was on the individual rather than collegiality. Unlike the accountancy practice, sales executives did not personally benefit from collective learning and increased organisational performance. Instead the route to increasing worker productivity was through strengthening the link between individual performance and pay. The industry is therefore typified by high labour turnover as those who cannot quickly make the grade are replaced by those whose individual selling style is more productive both for them and in turn the dealership.

5.16 In the NHS case study, the links to productivity were complex and multi-layered. A culture which privileges 'formal' learning and attainment of qualifications had led to the discouragement of informal learning and this appeared to diminish opportunities to create or recognise links between workplace learning and productivity. In addition, the move to greater specialisation of job roles (e.g. senior nurses, surgery managers) was reducing the amount of informal contact between experienced and less experienced staff and so closing down opportunities for sharing skills and knowledge as a part of the daily routine.

6. CONCLUDING REMARKS

6.1 The workplace is a site in which workers engage in many forms of activity that can be said to equate to some form of learning. They acquire new knowledge and skills and often share their learning with others, though in some contexts (notably the car dealership discussed above) they jealously guard learning to further their self-advancement. Attempts to characterise workplace learning have generated a series of terms which, in themselves, have not necessarily increased our understanding of the phenomenon. It is our contention that the term 'informal learning' is still useful in terms of its ability to capture the nature of learning which forms part of everyday workplace life, but that a preoccupation with categorising learning as either 'formal' or 'informal' is unhelpful. It is clear from our case study work for this project, our previous research, and the literature review, that people in workplaces do use and give meaning to the term, 'learning' but make far less use of terms such as 'formal learning' and 'informal learning'. Workplace learning is embedded within, takes its shape from, and can be impeded or facilitated by the nature of its organisational host. This reality should have an impact on research into learning at work and caution us against becoming overly preoccupied with abstracted and inward looking debates about the semantics.

6.2 The 'learning as construction' metaphor has emerged from our project as being more appropriate when discussing learning at work than the metaphors of 'participation' or 'attainment. This is because the concept of construction has more analytical purchase when attempting to expose the many facets of process and product which combine together in any one learning episode, whilst, at the same time, drawing our attention to the relationship between learning and the context in which it takes place. Importantly, the concept also draws attention to the political nature of learning at work by reminding us that learning is a constructed process in which human beings intervene to impose certain structures (e.g. workplace hierarchies) and to achieve certain outcomes.

6.3 In some organisations (e.g. the NHS Primary Care Trust), externally imposed performance measures are resulting in structural change which destroys the conditions necessary for experienced staff to pass on their tacit skills and knowledge to their less experienced peers (e.g. from senior ward sisters to junior doctors). In other organisations (e.g. the accountancy practice), externally imposed regulation of the profession encourages firms to place considerable emphasis on informal learning in order for staff to keep up-to-date.

6.4 All organisations reflect the character of their owners (whether it be the State as in the case of the public sector or individuals and corporate bodies as in the case of the private sector), and of their product markets. The strive for competitiveness results in different approaches to workplace learning. In some organisations (e.g. the hairdressing salon), the owner seeks to become the best in the business by encouraging collaborative approaches to learning, whilst in others (e.g. the car dealership) learning is seen as a weapon in the battle to gain superiority over a fellow employee.

6.5 Each organisation, therefore, uses learning as part of its attempt to construct a workplace environment which will achieve its objectives. In some parts of some organisations ('communities of practice'), standards of performance may exceed those expected by the organisation (see Stasz et al 1996). Learning at work, then, is not simply a matter of participation or of attainment. Rather, it is a constructed and dynamic process, which both contributes to and is shaped by its environment. It follows, therefore, that there has to be a link between informal learning at work and business productivity because the former is inextricably bound up with the everyday way in which employees perform their duties. The strength and visibility of that link differs according to organisational goals, cultures and structures.

6.6 As a result of this project, we believe that it is possible to research the relationship between informal learning and business productivity. In order to take this work forward, we make the following recommendations:

1. Learning and organisational performance should be studied in a holistic way. Attempts to separate workplace learning from its organisational context are likely to misrepresent and misinterpret the nature of the phenomenon. The case studies carried out for this project demonstrate that if researchers start at the level of the organisation (e.g. pay and career structures, product market, organisational goals etc), then the role of learning, which is central to the lived reality of any organisation, reveals itself.
2. It follows from the first recommendation, that we need to develop more sophisticated methodologies for carrying out the type of holistic research advocated in this report. Sophistication must, however, include the ability to replicate the case study research process. We also would stress the need for large-scale surveys which can test out findings and concepts generated by case study work.
3. Our review of the existing survey evidence on learning showed that there is an abundance of evidence on 'training' (e.g. course attendance and the costs employers bear). In the policy discourse, the concept of 'learning as attainment' still holds sway. We need to develop surveys which are based on the concept of 'learning as construction' in order to capture the richness of workplace and work-related learning and the relationship to everyday work activity and organisational context. Our case study research and other research currently underway under the ESRC's Teaching and Learning Research Programme (www.tlrp.org), have provided an important resource from which such a survey could be generated.
4. In order to attract the attention of employers, it is necessary to package the findings from research in a way which speaks directly to their concerns. It follows, therefore, that the focus of any

dissemination strategy must be organisational development and improvement, rather than learning. Our case study research has provided us with valuable ideas about how future research might be presented more effectively and in ways which reflect the different cultures and needs of the business community.

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Appendix A: List of delegates attending consultative seminar

Ann Jackson	Adult Learning Inspectorate
Alan Brown	IER, Warwick University
Alan Felstead	CLMS, University of Leicester
Alastair Thompson	NIACE
Alison Fuller	CLMS, University of Leicester
Andy Dickerson	IER, Warwick University
Caroline Smith	TUC
Cathleen Stasz	RAND
Corri Van De Stege	Leicester College
Chris Jude	NHSU
David Ashton	CLMS, University of Leicester
Ewart Keep	SKOPE
Fiona Aldridge	NIACE/NHSU
Fiona Reeve	Open University
John Stevens	CLMS
Julie Hoey	Scottish Executive
Katie Maughan	Skills Sector Development Agency
Lorna Unwin	CLMS, University of Leicester
Maria Cody	DTI
Martin Quinn	CLMS, University of Leicester
Martyn Sloman	CIPD
Maureen O'Mara	NATFHE
Michele Calandrino	Department for Work & Pensions
Mike Coles	QCA
Patrick Bowen	CITB
Peter Robinson	Inland Revenue
Rachael Smith	DfES

Richard Alcock	Performance Directorate, Cabinet Office
Robert Blackburn	Kingston University
Ron James	Skillfast - UK
Sally Walters	CLMS, University of Leicester
Stephen Boyle	Future Skills, Scottish Enterprise
Sue Otter	DTI (EMDA)
Susanna Greenwood	DfES
Terry Ashurst	Rother Valley College
Tim Oates	QCA

Appendix B: Case Studies

Hairdressing Case Study Leicestershire

This case study is based on interviews with three individuals: David Turrie, the salon owner; Robert Simons, the salon manager who has worked at the shop for 11 years; and Stella Rowe who returned to the hairdressing trade nine months ago after a nine year career break.

Background

'Turrie by Design' (or TBD) is a small hairdressing salon in a town near Leicester. It has been owned by David Turrie, the salon director for six years. Annual turnover is £200,000 of which 10-15% is net profit that is reinvested into the business every year. The shop has eight workstations. In addition to the salon director, there are five stylists (two of whom are part-time), a full-time trainee and a book-keeper (who works at home). Staff turnover is the same for the industry at large (20-30%). At present David is concentrating his efforts on streamlining profits in the existing salon rather than opening more shops. Streamlining will be achieved by employing more staff to ensure the salon is utilised to full capacity. Two more trainees will be taken on this year to support the plan.

Two years ago David started an internal 'training academy' for youngsters aged 14-16 and currently employs five teenagers (four female, one male). The academy runs on Tuesday evenings from 5.00-7.30pm when the salon is closed. Members learn about 'gowning up', where to stand, customer care etc). On a Saturday they meet and greet customers, gown up, wash hair, and answer the phone. Having their own academy means that TBD get 'the pick of the bunch' when selecting school leavers as full-time employees in the salon. David compared the academy to a youth team in a football club and talked about nurturing and coaching his young members of staff.

Learning at work

David belongs to an elite club of hair designers of which there are about 500 members in the UK. Annual membership of the club (which has just celebrated its 25 year anniversary) costs several thousand pounds per year. It was the brainchild of a business entrepreneur in his late 30s who identified a niche market in the hairdressing trade: the need to retail hair products directly to the customer from individual salons. The entrepreneur quickly trained to be a hair stylist and then started the club with two other people: his business partner and the founder of a famous American brand of hair products. The original aim of the club was to maximise the retail of these branded hair products in salons across the world, and to ensure strong competition with supermarkets which were retailing hair products at competitive prices. Buying products from the salon rather than elsewhere meant that hairdressers could offer clients a consultation and educate them about the products, thereby encouraging repeat sales. Club members are only eligible to retail the famous brand of products but if they retail products effectively, enough revenue would be generated to pay the rent on the

salon. An indication of how successful these measures are is that TBD's annual turnover of products has increased by 500% since the introduction of the club's sales techniques.

Club membership also includes business advice and access to training courses for salon owners and their staff. These training courses and advice on management techniques are attractive to salon owners as the latter are often hairdressers and / or designers with little business acumen. Club membership entitles them to attend seminars where successful business entrepreneurs share their knowledge with small salon owners. Owners are also able to network with each other at these events.

As David owns a small company he is forced to learn about tax, accounting and legal matters from external agencies and professional individuals. Through membership of the club, he also contacts other salon owners to chat about business ideas. One problem he's currently facing is that he feels he's no longer learning anything. Having achieved all targets he set himself when launching the business, David is now wondering where else he can take his business. He is currently trying to ensure that salon procedures are streamlined in order to guarantee maximum profitability. He argues a highly productive salon is preferable to opening a second salon, as 'more salons do not necessarily equal more profit'.

The importance of learning

David attaches great importance to learning and sees it as central to the culture of the salon; 'I can't put a figure on it. Very very important'. A poster on the office wall entitled 'Guidelines to greatness' states 'We are a learning organisation' while 'The ladder of learning' features in the salon manual. Regularly updating skills prevents staff becoming bored with their work;

'If you stop learning you standstill and by standing still you go backwards in our trade and I think you get a stale factor, style block' (David Turrie, Salon Director).

David stresses the importance of continually developing his staff and sees this as an essential way of retaining good stylists. Learning is continuous in hair dressing;

'It's never the same, we're forever learning with different hair, although the basic structure you know the different cuts, you'll never do the same cut twice' (Stella Rowe, Graduate Stylist).

However, as with most jobs, in hairdressing stylists need to want to learn themselves. This self motivation is particularly important requirement for informal learning as one has to seek out learning opportunities for oneself. This means being constantly attuned to potential learning opportunities (cf Marsick and Watkins). As Stella said;

'You've got to be prepared to want to learn and you know you can't keep going forward if you don't learn' (Stella Rowe, Graduate Stylist).

In Stella's case, both the motivation to learn and the conducive context to learning are in place.

The motivation to learn in the salon is stimulated by the desire to earn money to a certain extent. If stylists can continually reach their targets they will be promoted every three months and could end up as a profit sharing partner in the business – this has already happened to Robert, the salon manager. While it could be argued that competition between staff may prevent learning this did not appear to be the case in this organisation. All three interviewees highlighted the importance and support of team working.

Definitions of informal learning

The definitions of informal learning offered by the interviewees vary widely. David defines it as one-to-one 'on the job' learning which doesn't lead to a qualification. Robert defines it as;

'...watching other people, taking it upon yourself to learn. You're not been taught directly in a classroom where it's formal'

while Stella said;

'Informal? I would think of that being not a structured learning session, but just learning on a day to day basis in the environment around you'.

Staff learn how to do their jobs through a combination of formal and informal methods on an individual basis and / or as part of a group. Their methods of learning are outlined in the following sections.

Formal individual learning at work

On their first day in the salon, new employees receive an induction. The salon director performs inductions of stylists while the salon manager does other inductions. Inductions involve working through the salon manual for a few hours a day followed by 'hands on' experience on the shop floor. Induction lasts one week. A systematic attempt has been made to document and record knowledge, practices and procedures by creating a salon manual. New employees work their way through this extensive manual which contains information on the day-to-day running of the salon such as where to stand at reception, what to offer clients to drink and how to 'till up' correctly as well as motivational sound-bites and good ideas David has picked up elsewhere. He argues the manual makes his life much easier as in theory, the salon operates the way he prefers. He feels that writing procedures and practices down is better than verbally agreeing things with his staff. The manual is updated regularly by one of the stylists and reviewed by the whole team from time to time. In addition to the salon manual, there is an induction manual for trainees. Trainees are supported by all staff and the manager and another stylist are currently working on D32/D33s so they can assess trainees within the salon. Three times a year product manufacturers send trainers into the salon to teach and/or update staff how to use new techniques and colour etc. Finally, in addition to 'in-house' training, staff are sent on formal training courses twice a year to maintain their skills and technique.

Formal group learning at work

David aims to coach his team by providing his staff with weekly updates and longer team meetings every 4-8 weeks. Team meetings are used for training and informing staff about changes and developments. Role play is sometimes used, for example, staff are encouraged to act the part of a client at reception, so the staff know and recognise what it feels like to be intimidated by staff around the reception area.

Informal individual learning at work

As well as formal learning at work, individuals learn a tremendous amount via informal methods of learning in this particular hairdressing salon. Watching other stylists is a popular way to learn new styles and techniques;

'I use [informal learning] personally in the salon. 'Cos if I haven't got a client and a colleague is doing someone's hair and I think 'wow, that's fantastic' we're allowed to stand and watch and observe that. We're not actually in a lesson or lecture or but you're actually still learning' (Stella Rowe, Graduate Stylist)

Stylists told how they learn from looking at hairstyles in magazines. However, by no means all of this learning was conducted in the workplace during working hours. As well as looking at hairstyles in magazines, stylists gain ideas and inspiration from watching people on television and in everyday life. It seems a hair designer is never really at rest. A keen interest in following fashion means the stylist can copy styles s(he) sees on celebrities within the salon environment;

'You're forever learning. You never fully... You qualify but there's new things coming out. Fashions change all the time' (Stella Rowe, Graduate Stylist).

The junior team members also carefully watch senior stylists, as the latter can offer the key to being a productive hair designer. For example, Stella who was currently trying to increase her utilisation figure said;

'I think I need now to be able to excel personally on building my clientele, learning from... watching the others, how they've managed to do that' (Stella Rowe, Graduate Stylist).

Interestingly, one stylist said he learns a lot from talking to clients, as 'they come from all walks of life'. Each client is individual and conversations need to be adapted accordingly.

Informal group learning at work

All staff are encouraged to share ideas and learn from their team members at 'Turrie by Design'. One way the team works is to consult each other for ideas and advice in front of the client to produce the desired finish;

'We do have our own clients, but do sort of interact with all the other clients as well. I do a lot of David's colours and he'll be with a client and he'll say 'Stella could you give advice on this lady's colour?'" (Stella Rowe, Graduate Stylist).

Another way is to offer support and coaching for each other. For example, most of the stylists have a specialism such as long hair, men's hair, colour / highlighting and so on and they attempt to pass these specialist skills to their colleagues in order to spread excellence within the salon. This knowledge transfer is important for the salon as it results in higher standards and an enhanced reputation.

Monitoring, coaching and managing staff

David talked about stylists needing to have the 'right personality for the job';

"Some people naturally possess social skills but others will never be comfortable with clients".

When recruiting staff he aims to ensure he selects stylists who are both technically competent with good emotional / social / soft skills. David said that many of these social skills cannot be learned, but if stylists have the 'right personality', these skills can be developed. He encourages staff to express their own personalities with their clients, as long as this remains within the salon guidelines for customer care. He tells them they are always performing, and can never let their guard down;

"When you open that staff room door and you go out onto the shop floor, it's like stepping onto a stage. 'Cos we did put 'Stage Door' on the staff room door for a while! I always say the last thing clients want to hear is if you've had a bad day. They don't want to know whether your gerbil's died or whatever. There's nothing worse than a hairdresser who talks about themselves all the time" (David Turrie, Salon Director).

David often talks to younger members of staff about how to be a good hairdresser;

"I sometimes ask them how they'd deal with certain scenarios. And I watch them sometimes and try to gently suggest alternative ways of dealing with customers. I always tell them my elephant theory. A perfect hairdresser has big ears so they can listen to the client, a big nose to sniff out their problems but a little mouth" (David Turrie, Salon Director).

As mentioned above, stylists learn by watching each other. At TBD, senior staff also nurture their younger members of staff, in the hope of passing on 'the Turrie way' of work;

'Myself and David, we're passing information on down to the rest of the guys so then productivity's being brought in with the way we're teaching it through the people especially to the younger members' (Robert Simons, Salon Manager).

David motivates the team by organising short team meetings every week and a longer one every four to eight weeks. If any customer complaints have been made, the team meeting uses these criticisms as a learning experience. Such complaints become the basis of staff meetings, without individual members of staff being victimised.

David has very strict ideas with regard to the way the salon should be run and gets irritated with staff if they don't maintain his high standards. Nonetheless, he has a non-hierarchical management style and encourages ideas from his staff. Team working is strongly encouraged by David and embraced by his staff;

'It's very much of a team effort in the salon. You never feel that you're on your own and you know, you've got to take it all on board on your own... ..I can ask any of the team members, you know, I don't have a fear of asking anyone. I can ask David, I can ask Robert , 'cos it is a team and I'm not just saying that for the tape! I've never worked in such a place that's so professional and yet at the same time the team is there to support one another'(Stella Rowe, Graduate Stylist).

Measuring success

David had many systems in place to measure the performance and productivity of individual members of staff. He laughingly joked 'I've probably got too many measures' but in fact, these measures meant he always knew exactly how the business was performing. Last quarter the salon achieved record takings and David is keen to maintain and improve these figures.

On a daily basis, he says he 'gets a kick' if salon takings smash previous records. On a weekly basis, he assesses the performance of individuals by matching their actual performance with targeted performance. Staff are monitored and motivated by a productivity chart, which is on the wall in the staff room (see photo). Each week, stylists have a target number of cut and blow-drys to achieve. For example, the manager who is 'a bit of a superstar' regularly meets his target of 40 women's cut and blow drys per week (he works 40 hours). Stylists are also required to attract 10 per cent of their total weekly target in new clients and to sell £50 of products;

'I treat everybody as a personal business. So on a weekly basis I look at each individual's targets. If each individual is meeting their target, the business looks after itself' (David Turrie, Salon Director).

As well as measuring the weekly performance of individual stylists, David judges the success of the salon on a weekly basis by measuring its profitability. He calculates the percentage of wages to turnover and aims to take 50% over and above total wages and national insurance costs.

On a monthly basis, score sheets are produced for each individual stylist. These reports detail utilisation figures for the month (i.e. how busy stylists are), their profitability and the amount of products sold. One-to-ones are conducted on a regular basis depending on individual need but all staff have an 'appraisal' every three months to review progress, targets and pay. Monthly profit and loss is calculated for the whole business. Finally, annual accounts are used to headline overall business success.

Payment systems and learning

Pay is individualised and reviewed on a regular basis. Promotion occurs if team members have utilisation figures of 75% or more over a three month period. Staff

are either paid a basic wage of £150 a week or by commission. Stylists on the latter earn between 33 – 45% of their total takings, depending on experience and utilisation.

David feels that the payment system in the salon strongly encourages staff to progress and to learn from each other. Junior stylists watch more senior stylists and try to pick up tips on how to be a good hairdresser. The open payment structure facilitates this learning at work;

“Basically, they know what they need to do in order to progress to the next level. The structure is clear, their targets are clear” (David Turrie, Salon Director).

Tips from customers are often relied upon to supplement wages in occupations such as hairdressing but in TBD they form part of the bonus structure. Tips are recorded and shared out each day. David knows how much each member of staff receives from customers but doesn't place much importance on tips. He doesn't use tips as an indication of how emotionally able a stylist is. Although tips are a good sign of how well staff are performing, he argues they are not a true reflection as many customers feel they have to tip as part of the hairdressing experience. Hence, a tip is not always a reflection of good service. A better sign of client satisfaction is whether or not the customer books another appointment before s(he) leaves the salon or if repeat business is generated.

Summary of the links between informal learning, performance and productivity

David states there are definitely links between informal learning and individual / organisational performance. He said 'if you can get the performance right, then it means you get good productivity'.

Performance and productivity are transparent in this case study – the extent of performance measurement means David is always aware how individuals and the salon are performing at large.

The organisational culture of the salon also encourages learning. The career structure is clear, staff are encouraged to learn from each other and to share ideas.

Informal Learning and Business Productivity: Case study of an accountancy practice

Background

This firm of accountants is organised as a partnership practice. It has branches in three market towns in the south of England, one of the branches is also the head office. Across the three offices, the organisation has nine partners and approximately 70 staff. The Partnership was formed over 50 years ago. The current senior partner is the son of the firm's founder. Although the practice originated as a family concern, it is steadily losing its strong family ties as it expands:

“So, no, I'd say not so much the family firm now, but a very close knit firm I would say. But not so much going back to the roots of the [name] family.”
(partner)

The field work was conducted at one branch where there are three partners and eleven staff. The practice offers a wide range of accountancy services, mostly to local individuals and companies. Following an internal promotion at the beginning of April, the office now has three partners. It had operated with two partners for several years and the expansion has prompted a redefinition of the partners' roles so that each partner has become responsible for a specific area of the business. These areas are: staff training and personnel matters; finance, forecasting and budgeting; marketing and maintenance of the property. During her interview the partner explained how reorganising to accommodate a new partner had increased the formality of inter-partner interaction:

“...whereas before I'd go to James and I'd ask, you know, I would do the budget, but I would sit down and go through with him, it would be fairly sort of uhmm, you know, yeah we'll do that, we'll do this, do that, it's now everything comes through me, I do all the budget, I do all the forecasting if something is not quite right within this office, perhaps, then I'll go to the other two and we'll sort of have a formal meeting. So it's just formalising things a bit more because there's three of us rather than two.”

The partnership owns its premises which are located in a listed building. There are tenants occupying another part of the building.

Staff

In addition to the three partners, the practice has one fully and two part qualified accountants. The firm currently has one “junior accountant” and is recruiting another. The rest of the staff are classed as “support staff” although the line between support and accountancy activities is somewhat blurred. Two support staff work in the tax section. They aren't “in-training” but are very experienced and can prepare accounts if required. One of them is an expert in the SAGE accountancy software package and goes out to clients to help them with their systems as well as doing the tax calculations for clients. The other member of this section assists the partner with responsibility for marketing and produces

leaflets, letters and other marketing materials. She is also an expert on the tax affairs of clients who are “ex-pats” and need specialist advice on tax issues.

One person with the help of an assistant runs a PAYE section. This is where client firms sub-contract the operation of the PAYE system for their employees to their accountants. Both members of staff who operate PAYE help out with the preparation of accounts at peak times. There are two secretarial staff who don't get involved in accounts preparation. Four members of staff including one of the partners are part-time.

The purpose of this case study is to explore the relationship between organisational context and learning, making links where appropriate to organisational performance. One to one interviews were carried out with one of the partners, a fully qualified accountant and a trainee accountant. Direct quotes from the interviews are used to illustrate the ways in which the context is relevant to learning and to provide evidence of how interviewees talk about the issues of learning and performance. All names have been changed to protect anonymity.

Relationship between organisational context and learning

This section is divided into four parts:

- The relationship between organisational change and learning
- The relationship between commercial imperative and learning
- Relationship between a regulated profession and learning
- Summary of links between context and learning

Relationship between organisational change and learning

The partners are planning to introduce changes to the way staff are organised and developed. The appointment of a new partner has indicated the need for more transparent relationships between partners and the other accountancy staff to ensure an equitable and realistic distribution of tasks and to improve communication between the partners and the other fully and part-qualified accountants.

“Each partner is to mentor them [accountants] in some way because we're finding that with the three of us demanding their time in different ways, where we don't know the demands of the other two – I don't know what the demands of the other two are, for example, I will use one member of staff a lot and say: “can you do this, can you do this?” They're getting the same from the other two and therefore there's a lot of pressure on them. And we've found out that the staff aren't particularly good at shouting, you know and saying: “wait you've given me too much here”. And what we try to say to them is: ‘look if you are getting too much, it's our problem not yours, but you've got to let us know about it. So we have found that a problem in the past and now we're trying to get round that.” (partner)

The goal of creating a more transparent relationship and strategy for improving communication, in response to a perceived organisational weakness, has also

highlighted the partnership's need to focus more directly on staff development. The recent promotion of the staff member from associate to partner has left a gap at the associate level. This is significant because associates, like partners, but unlike the other accountancy staff, are expected to earn fees for the partnership. Before the promotion, therefore, the partnership had two partners earning fees and one associate, now there are three partners earning fees but no associates. The difference between partners and associates is that the former have general responsibility for running the firm in addition to their responsibilities for earning fees and creating and maintaining a portfolio of clients.

The partners have identified the need to introduce the other accountants to the fee earning role and to encourage them to develop this capacity as it could lead to their promotion as well as adding earning potential to the organisation. The partners have decided to implement a one-to-one mentoring strategy to address the perceived need and opportunity for the firm to develop this stronger "middle tier of staff".

"We've allocated one member of staff to one partner of that level and yeah it's our responsibility for that member of staff.....

I will mentor Susan for example, I will sort of train her with all the various bits and pieces I deal with...but really try and bring her on and the idea with all three of them [part and fully qualified accountants] is that we would all have responsibility to try to bring them on as fee earners, as potential associates or potential partners in the future. So really trying to pass on our knowledge if you like in bringing them on further...I think,, we've lacked doing that in the past." (partner)

Introducing the new mentoring strategy is an example of an internally generated response to perceived organisational weakness and opportunity. It is illustrative of an ongoing analysis of the partnership's performance: "we're constantly assessing you know, the situation, where we're going right and where we're going wrong." It also provides a clear example of where the partners believe that a new organisational arrangement aimed at increasing individual learning and organisational capacity will have a direct and positive impact on the firm's productivity and performance

Relationship between commercial imperative and learning

Analysing the organisation's strengths and weaknesses is a necessary part of ensuring that the partnership makes and increases its profits. In this regard, the partners have implemented tools which facilitate business analysis and which highlight areas, such as the need for staff training, which are having a negative effect on profitability. For example, a computerised time reporting system was implemented three or four years ago. This system allows the time spent on each task to be recorded, the information collated and linked to the production of clients' bills. This tool has enabled the partners to monitor how long tasks are taking and where over- or under-runs are occurring:

"We know commercially and we know from previous years what a certain amount of time on the ledger should be, we know how long a certain job

should take. So if we're giving a member of staff a job we'll know: "right that should take you twelve hours to do". We were in a situation where they were coming back and they had taken twenty hours to do it rather than twelve hours to do it...it was highlighted more because before we'd have manual records and it wasn't so evident." (partner)

The computerised system has provided evidence of employees' productivity. It enables the partners to investigate why tasks have taken longer or have been completed more quickly than expected and to address any issues this raises:

"If Madge took twenty hours on a job rather than twelve, we can only bill twelve hours because that is the commercial reality of what that job should take, so eight hours is our problem factor.. we call that a write off....we can allocate those write offs to staff and we get reports out if as to how efficient staff have been." (partner)

The knowledge gained from the reports generated by the system can be used to monitor individual productivity and to indicate where individuals may need further training, support or even disciplinary action.

"We can try and help those staff to reduce those write offs in various ways. For example on audit clients we have a couple of clients with big write offs, so the next job I sat down with her and went through what she was doing and you know where in fact she was going over budget and just psychologically you know putting a bit of pressure on her, you know to come in on time, and we don't have write offs from that member of staff now." (partner)

Engestrom has written extensively about the role of artefacts as tools through which activity is mediated (eg 1987, 2001). The artefacts produced by accountancy are integral to the practice of the profession and provide concrete and visible evidence of an accountant's style and competence. From the perspective of the supervisor or mentor this provides the material from which a diagnosis of the individual's performance can be obtained, weaknesses remedied and strengths recognised.

"She'd be doing you know thirty pages of notes and queries, telling me that she'd written off a penny here or ten pounds there. And really ones I didn't need to know, rather than doing it as an exception type report telling me what was wrong.., and so it was honing that down." (partner)

"We've had both ends of the spectrum with two members of staff, one very accurate and very slow, one very quick but you know has the tendency to make silly mistakes, make careless mistakes and not apply common sense. So we've been I've had her in on various jobs and we go through what she's done wrong and you know I say to her: "spend an extra hour on, on the job you're doing and actually run through it and read through what you've done ...and make sure all the notes and queries actually tie in with the accounts,...agree with all the working papers"" (partner).

There is a direct relationship between the time taken to complete accountancy tasks and the ability of the partnership to make a profit from doing a client's accounts. The computerised time recording system has been a useful tool in helping to get this link across to staff, although some find it harder to understand that their personal performance has a direct influence 'on the bottom line'. The key point of relevance here is that the computer system acts as a stimulus for learning and vehicle through which learning needs are identified and met for the purpose of improving organisational performance.

"The staff have been made fully aware of the process all the way through, of the budgeting process and we've tried to instil the commercial reality of why we're here ...and what a write off means, what we're getting out of the clients and what the costs that we're incurring and the difference being a profit or, or potentially a loss if they're making big ones." (partner)

The time recording and reporting system is not just used as a tool for monitoring staff performance it is seen by the partners as management information which helps them critically reflect on the way work is organised and budgets specified. Discussions around these strategic matters occur at partnership level.

"...this system has meant that we have the information to be more accountable to each other, when we go to partners' meetings we have reports from the system and we can look down and they say: " Well, why are you making big write offs? You know, why are your debtors over sixty days this amount? Why is your work in progress so high? You know, get some bills out sort of thing." So at partnership level, we are monitored, we monitor each other, we put each other under pressure." (partner)

Partnership

Overall, therefore, the data reveal the extent to which the purpose of the accountancy practice is to make a profit. As indicated above this produces a strong bond between the way the organisation and its staff are managed, relations between partners and staff, and learning. It also highlights the fact that as partners in a small service sector firm, they have to develop and exercise a wide range of entrepreneurial, organisational, managerial and interpersonal skills in addition to the expertise they offer as professional accountants. These 'soft skills' are developed on-the-job through experience and through the device of knowledge sharing and shared responsibility which is fostered through the partnership arrangement and ethos.

"What I find really important is being part of a partnership with James and Steve here, is that if I don't know something – and they're my peers and I have no qualms about looking stupid in front of them or ridiculous. If I've got a question I'll go and ask them. So you know and they do with me.... This is the good thing about the relationship where we just bounce ideas off each other and ask each other questions and which to me is the important part of being in a partnership." (partner)

Size is an important factor which influences the way work is organised and distributed. In a small practice such as this, the partners have to strike a balance between playing to their specialist strengths and being able to operate in a broad range of accountancy areas. Without the ability to work across specialisms the firm would lose flexibility and productivity as the flow of work could be halted to wait for the services of a particular expert to become available.

At the end of each financial year the profits or losses are shared amongst the partners. This appears to provide an incentive for each partner to ensure that he or she makes a valuable contribution in his or her own right but also that they seek ways to promote wider organisational efficiency on the grounds that they will all suffer if there is a weak link.

Relationship between a regulated profession and learning

There is a well-developed and articulated relationship between the formal qualification ladder which leads to fully qualified accountant status and the workplace. The pathway to professional status combines accountancy employment with participation in formalised learning and qualifying activities, including participation in off-the-job courses. Such processes are well-established which means that junior and partly qualified accountants are working with more experienced people who have undergone a similar skill formation and qualifying programme. Wenger (1998) suggests that 'shared participative memory' is likely to be an important component of a functional 'community of practice'. Moreover, the process of becoming an accountant legitimates individuals' status as learners, at the same time as they are becoming progressively more productive and useful as employees. As individuals gain qualifications and professional legitimacy, their status as learners diminishes but their engagement in continuous professional development is ensured through the institutional and regulatory requirements of the profession. These are laid down for each type of accountant, and are monitored on an annual basis by the relevant professional body.

In the case study firm, staff were very comfortable with the interplay between participation in formal learning activities and learning on-the-job. There was a strong culture of learning from each other and more experienced staff took an active approach to helping their less experienced colleagues. The junior accountant said that she benefited from working in an atmosphere where she was encouraged to ask questions and seek help, as well as from the opportunity to consult other staff who were only one or two years further on in their training than her.

“Some days I’m in and out with the partners and others I work on my own...It helps having other trainees to ask and share study information with.” (junior accountant)

The fully qualified accountant saw training and supervision of less experienced colleagues as an important part of her work:

“I haven’t been trained how to train but I have a lot of experience I can pass on.” (qualified accountant)

She went on to explain her ‘teaching style’:

“the only way you can teach is by doing a job together step-by-step....I get better as a trainer the more I do it, you can only do it through experience.”

Other types of learning at work

In addition to the learning that was occurring as a consequence of internal organisational change and the ongoing evaluation of individual and organisational performance, three types of learning at work were mentioned. First, there was ‘new learning’ which occurred as a response to externally imposed changes to the framework governing accountancy practice. For example it was pointed out that the tax rules are regularly changed and “you have to learn the new rules”. Thus, externally imposed changes which are enforced through the regulatory system drive new learning and are an important characteristic of the accountancy learning environment. A radical change to the regulations regarding company audit provide a further example. The proposal is to lift the turnover threshold under which organisations are required by law to have their accounts formally audited. Given that performing this audit is an important source of income to the partnership, the partners are likely to have to generate new ideas and services to mitigate the potential loss. In contrast other externally imposed changes to the tax framework have created new income stream opportunities. One such is changes to the regulations affecting the self-employed which has pushed many of this group to launch themselves as limited companies, a form of organisation which requires specialist accountancy involvement. From the perspective of this practice, it has enabled identification and development of a service tailored to the needs of this new clientele.

Second, there was what one interviewee called “reminder learning”. This referred to the insight that accountants through their training and experience develop a relatively stable knowledge base. There are times when a problem or issue arises which means that they have to “reacquaint” themselves with aspects of their knowledge base which they have not drawn on for a period and with which they need to refresh their understanding.

“Occasionally you have to do something which you haven’t done for a while and you might think: “oh I’ve forgotten how to do this,” and then you sort of, have reminder learning then.” (qualified accountant).

Third, there was “customer knowledge”. This was considered to be ongoing and an integral part of the job which occurred through the day-to-day activities of working with clients’ files: “when you pick up a file you’re actually getting to know the client.”

CPD requirements

The requirements for Continuous Professional Development (CPD) spoken about by the partner and qualified accountant in this case study can be conceived as

more or less formalised forms of participation in learning activities. Although the different professional bodies such as the Chartered Institute of Management Accountants and the Association of Chartered Accountants may have slightly differing CPD specifications, the important similarity is that they require evidence of both “structured” and “unstructured” study. The former refers to participation in off-the-job courses and events usually lasting around half a day each. The latter refers to the necessity for individuals to spend time reading the professional literature, browsing relevant websites and generally keeping up-to-date.

“... there are set guidelines as to how many hours of structured and unstructured learning I have to have. So, structured learning will be, for example, this afternoon I am going on a course on current tax issues, so that will be structured learning. And then there’s my unstructured, which is reading, we get various publications through the office and at home, Accountants’ magazines and you know taxation and tax bulletins and looking the website, Inland Revenue, Customs and Excise. Anything, any new developments...we’ll hear about it and I’ve got to research into it.”
(partner)

The ‘unstructured’ is further divided into ‘direct’ and ‘indirect’ learning:

“The unstructured can be direct and indirect, so my indirect will just be the general reading I’m doing and the direct will be researching a particular issue for a client...for example, a client said to me the other day: “we want to open a branch up in America....and of, you know, various sort of contacts I’ve got, and going into websites and different business organisations.. to collate that specific information for you know on a client’s request.”

The interesting aspect of the accountants’ CPD programme is the way in which it explicitly sets out to recognise and encourage practices such as general reading round the topic, which are normally treated as informal and hidden. It provides a concrete example of an approach which recognises that learning consists of a range of participatory practices, all of which are relevant to the concept of the competent professional practitioner. The CPD requirements are monitored. Each accountant has to keep a tally of their structured and unstructured hours and these are reported to the practice administrator on an annual basis. The practice administrator checks the individual’s return and compiles a report on all the CPD that has been undertaken by the partnerships accounts, which is submitted to the professional institute. Evidence of CPD also forms a necessary component of the firm’s audit registration and professional indemnity insurance. Non-compliance with the CPD requirements has real consequences for the individual’s and the firm’s ability to practice.

Summary of links between context and learning

The case study of a small accountancy practice has illuminated the relationship between the context of the organisation, the profession itself and learning. There was recognition of the central role learning plays in the success of the

organisation, individual performance and the pursuit of professional qualifications and fulfilment of CPD obligations.

The learning opportunity profile of the organisation was strong and included:

- An organisational culture which recognised the relationship between learning and organisational performance, and which encouraged the sharing of knowledge and expertise between peers, and between experienced and less experienced staff.
- The commercial reality of running a small organisation offering a professional service to clients meant that partners developed a range of generic skills in addition to their professional accountancy expertise.
- The generic skills tended to be developed 'informally' through experience and interactions between peers, the professional skills (for all the accountancy staff) were developed through a combination of formal study and learning in the workplace.
- The creation and use of artefacts was an integral part of the work activity. They were used to evaluate individual performance, for self evaluation and to provide the basis for discussions on how individual and organisational improvements could be achieved.
- The regulatory framework within which the practice operates is an important driver of learning and performance. Learning was necessary to comprehend changes and their implications, and to provide clients with useful advice. The regularity of such changes kept learning to the forefront of working practice.
- A professional culture and institutional infrastructure which recognised the necessity for 'structured' and 'unstructured' learning and the inter-relationship between more or less formalised modes of participation in learning. A key component of this was the willingness of staff to help each other in relation to problems and issues arising at work as well as from the formal study path that junior and part-qualified accountants were following.

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Case Study of NHS Primary Care Trust

Introduction

The National Health Service (NHS) is the largest organisation in Europe, employing around one million people in England. There are 303 Primary Care Trusts (PCT) in England which are being established to replace Local Health Authorities. Ultimately, PCTs will be responsible for 75% of the National Health Service (NHS) budget which rises to £69 billion in 2005. Each PCT is responsible for the provision of health services to their populations, including: General Practitioners (GP); hospitals; dentists; mental health care; walk-in centres; NHS Direct; patient transport; population screening; pharmacies; and opticians. They are also responsible for integrating health and social care at local level. Each PCT is different in terms of its style and culture, but they are all governed by the same 130 national performance measures (e.g. that patients will see a doctor within 48 hours).

This case study covers two neighbouring PCTs in England, which currently work together in terms of providing 'training' services to their combined workforces in both the clinical and administrative fields. Each PCT employs a Learning Development Manager whose role is to visit the various service sites (e.g. doctors' surgeries; clinics) and help them assess their 'training' needs. The two managers work together to organise a programme of training events (workshops, seminars, residentials etc) called the 'Learning at Work Programme', delivered on an 'academic year' timetable. Many events are delivered by external consultants but the aim is to increase the use of in-house staff.

The two PCTs are covered by the Health Informatics Service responsible for organising training in Information and Communication Technology (ICT) across both PCTs as part of the NHS's ICT Strategy. Everyone in the NHS has to have an email address and know how to use it. They also develop web-based materials to update staff in terms of knowledge and skills, and eventually, these materials may be accessible to the general public as part of the drive for 'evidence-based medicine.

The two Learning Development Managers and the Clinical Knowledge Manager from HIS took part in a group interview for the case study. The work experience of the interviewees made a valuable contribution to the interview: one Learning Development Manager had worked for many years as a nurse, rising to become a senior sister; the second Manager had worked in various administrative roles in the NHS and other organisations; and the Clinical Knowledge Manager combines this role with working two days a week as a General Practitioner in a local surgery.

The role of 'Informal Learning' in the NHS

The three interviewees said that the term, 'informal learning', would only be used by a few people in the organisation, namely those directly concerned with staff development and some senior managers. These senior people would use the term and/or understand it because they come across it in NHS documentation

covering workforce development and lifelong learning strategies. This documentation is beginning to put more emphasis on work-based learning. The majority of employees would not use the term but would talk about the concept in different ways.

The emphasis in the NHS is, and has always been, on formal education and training, with qualifications being the measure of expertise. This was seen to be damaging to the NHS as the much of the work relied heavily on 'experiential learning' with best practice being learned over time and by watching good practitioners. The lack of recognition for informal learning results in some staff not valuing their expertise and so they are less inclined to offer their services to the training department, hence, external trainers are used too much. The following extract from the interview illustrates these points:

Clinical Knowledge Manager (CKM): "The NHS does a lot of good stuff but never badges it as say informal learning or knowledge management...we should because other organisations do."

First Learning Development Manager (LDM1): "We need to recognise this learning because we have a huge retention and recruitment problem and if only people could see that working in the NHS means you will go on learning and your ideas will be valued could help with this problem"

Second Learning Development Manager (LDM2): "When I did a study of district nurses...they go on an induction programme in which there's a lot of informal learning but it isn't recognised...if, within say three month of starting, they hadn't been taken out of the workplace and put on a formal course, they didn't recognise that any learning had gone on...we have to get the message out there. One of the things I'd like is a portfolio for every member of staff to record their learning."

CKM: "Buying in external staff works for certain things but who better than people within the system...but they wouldn't do it because they'd think, 'Oh, no, I'm terrible, I can't show other people'."

LDM1: "Also internal people have to know that if they are asked to give workshops, their own work doesn't suffer. It's better to have internal staff involved because externals may know the theory but can't always make it relevant to what's going on in the workplace."

Dominance of Performance Measures

The dominance of performance measures and targets in the NHS was seen to be the single most important factor influencing the nature of and attitudes to workplace learning. The interviewees discussed how senior staff in the NHS have become far too removed from practice and only see the world through performance targets. They believed that this has led senior managers to forget about the importance of informal learning as part of the everyday life of hospital wards, doctors' surgeries and other NHS sites. The following extract from the interview illustrates these points:

CKM: “Do the Chief Execs in the NHS believe the rhetoric that ‘people are our best resource’. The answer is no they do not.”

LDM1: “Absolutely not – because if they do they should start putting it into reality.”

CKM: “Their actions undermine the rhetoric. They are only bothered about the targets and what’s happening in the next 45 minutes. They should spend time on the important group, the middle grades, the jam in the NHS sandwich. Somebody who’s reached say a ward manager’s post in a hospital or a practice manager in a doctor’s surgery.”

LDM1: “Yes, say the team leaders on a ward...they are absolutely crucial. They are still practitioners but also managers and the senior management need to work with them.”

CKM: “The problem is that as you get higher, the interest in informal learning falls away...the nearer you get to Chief Exec level, it’s all about this week’s pressure, this week’s performance objective....there’s only 130 performance measures at the moment!...all nationally mandated...like achieve a 48 hour target...see a practitioner, a nurse, within 24 hours and a doctor within 48. The daft thing is in my surgery we fail this because we can get you to see a doctor within 24 hours but we can’t get you to see nurse in 48!”

This emphasis on performance measures also meant that the concept of measuring informal learning was seen to be very difficult as a direct correlation between the learning and performance was not easily identifiable. One of the Learning Development Managers explained:

LDM2: “It’s a lot easier to measure formal learning. In one of our areas, everyone in the doctors’ surgeries have, once a month, Wednesday for what they call ‘protected learning time’ where they go away to a hotel or centre and all do workshops and so on. This is planned in advance, it’s not ad hoc, so the doctors do their thing and the receptionists say do another topic...they can join in each other’s sessions if they want so there’s flexibility. It’s been very, very successful because, number one, the time’s protected. But in terms of measuring outcomes that is the most obvious...I’ve never seen it so cleanly before in that it’s so easy to show there’s been an improvement. It could about referrals say but you can actually show a bottom-line benefit from having had that experience. And it’s very difficult to do that normally, but here you’re getting everyone together. I should say too that some like it because it’s an afternoon away from work which is important.”

The interviewees agreed that ways should be found to give more acknowledgement for the amount of valuable learning in the workplace but that this would only happen if a direct link could be found between such learning and productivity. The Clinical Knowledge Manager explained:

CKM: “Yeah, the sub-text is ‘learning isn’t just about going on courses, but don’t be bloody teaching me in the workplace’. I think there’s a lot of things that are done that could be formally recognised. Some things have been tried like the guy who invited a group of managers from various bits of the NHS in one area near here into a meeting about how they could claw back some of the £6 million pound overspend they had at the time. He just wanted to see if these guys who’d been around for so long had any ideas. And they managed to knock off a significant amount of money because they all knew their areas so well they could suggest things for him to put into practice. I think that should be recognised...they got together and shared their knowledge and they should get recognition but I don’t think any of them got ‘employee of the month’ or anything like that. It was just seen as some guys having a chat in a room. But it was a good piece of work. But how would you write a performance measure for that kind of meeting?”

The interviewees said that the impact of performance measures was so great that employees were wary of sitting at their desks and reflecting:

LDM2: “If you’re sat at your desk here, reflecting for a few minutes, people think ‘what she doing, she’s not working’.”

CKM: “The best thing my current boss said to me was, you should have a sign above your desk which says ‘remember, you are paid to think – when did you last honour your contract?’”

LDM2: “The trouble is we’re all too busy to sit and reflect”.

LDM1: “But we do need to do that, to step back because then you’re more effective”.

Informal Learning versus codified knowledge

Any learning that might be classified as ‘informal’ or ‘experiential’, and arose out of a workplace context, was referred to by senior staff in the NHS as ‘anecdotal’ and so not valued. This view is rooted in the medical tradition that only codified and examinable scientific knowledge counts as learning and forms the basis of evidence-based medicine. The interviewees discussed the phenomenon of ‘door-to-needle time’ to illustrate this:

CKM: “Let me give the example of ‘door to needle time’. This means the time it takes to get a patient through the door and actually treated. You can do this very quickly and correctly if you follow the guidelines but important things like asking the patient, ‘did you feel reassured?’, are not in the guidelines... nowhere does it say ‘reassure patients’ but this is very important. The most important piece of advice I got when I did my medical training was from the professor who said, “never, ever show a patient you’re panicking”. What he meant was that if the doctor shows he’s panicking then the patient will panic. If you’ve got a patient who’s likely to go into a cardiac arrest, then if you panic, he’ll definitely go into an arrest.”

LDM1: “Yes, that’s right. I remember when I was a ward Sister, these two student doctors who were completely terrified of patients going into cardiac arrest and said there was no time to do anything. I sat them down and said, ‘well what should you do?’ and they sat there for 3 minutes without saying anything, and I said, “see, that seemed like a long time to be silent, but it was only three minutes, so you need to not be frightened of reflecting on a situation”. But they don’t put that in the textbooks.

LDM1: “It just gets passed down from generation to generation”.

CKM: “In one or two (text)books, people have tried to get their experience written down in such a way as it won’t get dismissed as anecdote, cause that’s the great worry among the hierarchy in the NHS – if you’re telling them, “this is how I do it”, then it’s an anecdote, equivalent to what some bloke told you in the pub and they want a bit more credence than that, but there was an article in the British Medical Journal a couple of months ago that said anecdotes do represent good evidence and should be taken seriously. But this type of learning hasn’t been given enough attention.”

LDM2: “Yes you can have a very good clinician from a technical skills point of view but they might not be able to explain things properly to a patient or relatives because they’ve either not seen someone do that properly or they haven’t instinctively got that skill...it’s not been passed.”

CKM: “It’s interesting because you could argue that the number one important job is patient communication because you’re more likely to get complaints about that...in surgical units it’s enshrined in the protocols so you know that at some point someone is going to have to sit down and explain procedures to the patient but on a busy medical unit, it might not happen...it’s daft really that this is left to chance.”

The emergence of the National Health Service University (NHSU) and the NHS initiative, known as the *Skills Escalator*, to provide employees without qualifications to gain credit for their skills, were regarded as positive developments but within the tradition of valuing formal education and training over informal learning. The interviewees welcomed the new opportunities for employees to gain qualifications and so gain access to progression within and across the different sections of the NHS.

Organisational culture: the case of the doctor’s surgery

Every NHS organisation has its own culture and way of working. The example of the doctor’s surgery was discussed. Each surgery organises the work of doctors, nurses and administrators in different ways. Most surgeries now have a ‘practice manager’, but their interpretation of the role differs enormously from those who play an active part in the day-to-day life of the surgery (e.g. speaking to patients) to those who remain largely in their office in a part of the surgery well away from patients. The key role of the manager is to facilitate and encourage workforce development but the extent to which this happens, and the type of activity which

ensues, vary from one surgery to another and, again, reflects each surgery's culture. A Learning Development Manager explained:

LDM2: "There's no written policy about informal learning...it's very much down to culture, say in a doctor's surgery among the admin staff...Each surgery or practice would look at this topic differently. Informal learning doesn't, I think, get given much kudos...they still use terms like 'sitting by Nellie' and for me that kind of gives the idea of 'I've not really been trained because I haven't been on a course'. But, how can you go on a course to work the system in one practice, which will be different to the one down the road? It's very important that the informal learning is recognised. There are some surgeries where the manager is interested in informal learning and will bring people together to share ideas but it very much depends on the individual...you wouldn't believe the extremes in terms of cultures in surgeries."

The interviewees felt that doctors' surgeries presented a dual problem: a) as independent organisations, they are allowed to create their own ways of working; and b) the personality of the practice manager and the individual doctors had a major effect on the culture of the surgery. They cited one local initiative, the 'Best Practice Fair', which aimed to get NHS organisations to share ideas which might lead to change and improvement. The Fair is organised by the 'Education and Governance Group' of the PCTs, and takes the form of stands at which the different organisations present their ideas. Time spent at the Fair, for both exhibitors and visitors, is regarded as working time and there is no loss of pay for attending.

Although the Fair was seen to be valuable in terms of sharing ideas and bringing people from different parts of the NHS together, many of whom rarely meet, there were criticisms from senior managers about the cost. The Clinical Knowledge Manager said that this was putting pressure on the Fair organisers to try and measure its effectiveness.

Skills and knowledge transfer through informal learning

Whilst the interviewees were concerned about the need to find clearer links between informal learning and organisational performance and/or productivity, they stressed that informal learning was most valuable as a vehicle for the transfer of skills and knowledge between staff. The following discussion draws on a situation common to every hospital:

CKM: "The best example I can think of for informal learning is, it happens twice a year in February and August when junior medics change over in hospital...the people who stop you from dying in hospital are not the doctors, because as a junior doctor you don't spend that much time with your seniors...the Registrar will be in clinic or surgery and the Senior House Officer will be covering more than one ward, so you're left on your tod in a new ward on your own, you don't know how the system works, how to look after someone with oncology problems or whatever, and who saves your bacon but the Senior Sister, every time. What's really funny about this is you spend the first 6 to 8 weeks learning from the Senior Sister and effectively being guided under her control, if you've got any

sense you do anyway, and the remaining 4 months issuing the order or thinking you're issuing the orders! I knew this because my dad's a senior nurse and my brother's a doctor so we know the balance of power...But if you said to a Senior Sister, 'would you run a course for junior doctors, would they?'

LDM1: "I don't see why not. Things are moving in that direction. I mean 20 years ago, you wouldn't even have asked that question. The professional demarcations are beginning to crumble and that's because of the shortage of doctors. That's the reason why nurses are coming to the forefront."

CKM: "That goes on without being recognised or valued. The problem is the Senior Sisters are being put into management roles. Will modern matrons redress that balance?"

LDM1: "I don't think so...No, they'll be managerial...they'll be dealing with paper and making sure the targets are being met..."

Interviewer: "Was this tradition of junior doctors learning from senior nurses formally acknowledged?"

CKM: "I think if you were smart as a junior, you took advantage of it...if you went in knowing it all, then things would go wrong for you and you'd end up eating humble pie. Equally, if you were a nurse who couldn't be bothered telling a doctor which way to go then things would get screwed up for the ward so it was mutually beneficial."

LDM: "As a nurse, you knew you had to help the junior doctors otherwise the patients would suffer so if you had any modicum of ethics, then you'd do it, you were bound to."

Two features of the contemporary NHS were identified as barriers to this age-old tradition of skill and knowledge transfer from senior nurse to junior doctor:

a) Professional Specialisation

The shortage of doctors and the professionalisation of nursing has meant that nurses now carry out many of the medical interventions previously regarded as the preserve of the doctor. One of the Learning Development Managers said that this was leading to junior doctors becoming 'deskilled'. The Clinical Knowledge Manager gave the following example:

CKM: "In my day, for example, if you were on an oncology unit, you had to learn about how to mix the chemotherapy cocktail, and you'd probably never learned this at university, so you might be on at night say and reliant on the night staff to show you...now one of the things about the extended role of the nurse is that that's already done for you so you don't have to learn it as the nurses do it so you don't get the skill transfer from nurse to doctor that you got in the past...this is okay, so as long as the doctor never has to mix chemo."

One of the Learning Development Managers alluded to the growing specialisation within nursing:

LDM1: “The demise of the enrolled nurse who was a very capable practitioner whereas now we have student nurses who are protected and cosseted...though there has been a recognition that the pendulum has swung too far in favour of theory and we need to move back to more practice to get a balance...but as more and more students come on board, there’s less staff to mentor them...and you’ve got the staff nurses running the ward because the sisters are now managers...so you lose that experience...there’s no problem with nurses broadening their skills base but who then carries on the tasks, particularly the actual caring? The qualified nurses aren’t seeing to the patients as much as they used (the auxillaries do that) so you’re getting a lot more complaints from relatives.”

This was seen to be a major problem for informal learning:

CKM: “...the reservoir of knowledge disappears, the body of knowledge that was there in senior nurses disappears up the management tree and only if you’re luck will it actually cascade back down. Tasks can get passed down, written down, but the full skill set that includes the knowledge is harder to pass down in that way.”

b) European Directive on Junior Doctors’ Working Time

The European Directive on junior doctors’ working time was cited as the second barrier to skill and knowledge transfer.

Chris: “... the European directive on working time completely screws up the system. Back in the old days, there was an apprenticeship system so you had a consultant senior registrar, registrar, senior house officer (SHO), junior doctor and they were all working for the one consultant on the wards of that consultant and so the SHO would be in and out of the wards and the junior doctor would get his supervision from him and the SHO would get his from the registrar and so on up the tree and now the European system has shifted everything by moving to a regular shift pattern so all these people don’t see each other regularly and sometimes might not all meet together until a few months after the junior doctor has started on the ward...so all the implicit knowledge the junior doctor should have picked up doesn’t happen. So they get their explicit knowledge through courses and their education but, if we’re not careful, the skills and knowledge transfer that was there before will be stripped out of the system.”

Conclusion

The NHS is a huge organisation divided into many disparate sites, each with its own culture and way of working. Despite these differences, however, three factors appear to be having a significant influence on the nature of and attitudes to informal learning in the NHS workplace:

1. All NHS sites are dominated by performance measures laid down by central government. This is leading to senior managers becoming distanced from the everyday work of their service and, hence, losing sight of the important role which informal learning plays in the workplace. Whilst it might be possible to 'measure' the effectiveness of some of that informal learning, much occurs through collegial activity which cannot be defined in performance measurement terms. Other ways need to be found to recognise the contribution of informal learning to the overall effectiveness of the service.
2. As nurses take on more of the tasks traditionally assigned to doctors, this is leading to a form of specialisation which restricts the informal flow of skills and knowledge from nurse to doctor.
3. The emphasis on formal education and training in the NHS discriminates against informal learning despite the fact that much of that learning is extremely valuable to the delivery of effective medicine. The interviewees said the NHS needed to follow the example of some private sector organisations which had developed vehicles for rewarding employees' good practise in the workplace.

Learning to Sell in a Car Showroom

Introduction

The car salesperson and the estate agent are probably among the most demonised jobs in today's labour market. They are both often regarded as shifty and untrustworthy, yet they handle two of the largest purchases most people will ever make – buying a car and buying a house. This case study is an exploratory examination of how car sales staff learn the ropes of the trade and what factors hinder or help their learning.

The case study is based on four interviews in a car dealership. Interviews were carried out with the owner, the Sales Manager in one of the two showrooms operated by the dealership and two out of the four showroom Sales Executives who worked there. The interviews were conducted in June 2003 and were fully transcribed. Extracts from these interviews are used in this report where appropriate. The interviewees and the dealership have been anonymised to protect the identity of the car manufacturer, the dealership and those interviewed. Real names have been replaced with pseudonyms.

The car showroom studied is one of two based on the outskirts of an English city. As a whole, the dealership employs 120 people. The site we studied is the larger of the two and employs 75 people. Both sites offer customers sales, service and parts facilities. In addition, one of the sites has a paint shop at the rear and houses the accounts and support departments for the dealership, while the other acts as the registered office for the business. The turnover of the business is in excess of £30 million a year and staff turnover is quite modest by industry standards – it is currently running at 8-9% per year compared to the industry average of 25%.

The previous buildings at the site were demolished and a new complex was erected on the same site in 2002. The demolition and reconstruction costs came to £4.2 million. The car manufacturer met these costs with the site subsequently leased back to the dealership for a designated number of years. Similar developments are also taking in place across the car manufacturer's prime location sites in preparation for the European Commission's prohibition on 'location clauses' in all dealership agreements as from October 2005 (DTI, 2003).

The showroom is located on a busy main road into the city centre. It is a two-storey building with glass curtain walling at the front and to the sides. The customer entrance is at the front the building and customer parking is to the rear. A short road takes customers past the used car forecourt that is to the side of the showroom and in full view of showroom staff. The car service and parts counter is towards the back of the showroom with self-service refreshments and comfortable seating nearby. New cars are arranged in a semi-circular pattern and patterned flooring (known as the 'yellow brick road') leads customers from the sliding door entrance to the Sales Executives who each have a desk dotted around the selection of new cars on display. The Sales Manager is located in an office 'off stage' and to the right the showroom floor. His office is strategically placed down a short corridor and behind a small partition. It has a window

overlooking the used car forecourt and with the door open it affords limited visual access to the showroom floor. Further down the corridor is a door which leads to the used car forecourt and customer parking to the rear.

The interviews highlighted some of the key elements required to sell new and used cars in a showroom environment. The sale and the price at which this takes place are both crucial aspects of a showroom's activities. They are important for the sales staff involved since a large proportion of their monthly salary is determined by the number of cars sold and the profit margins secured on each sale. Organisationally, selling cars is important since most cars carry a profit, albeit variable in size (used cars, for example, tend to carry higher profit margins than new). However, selling is also important as a means of 'growing the car park' (Brandon Ainsworth, Dealership Owner) for the servicing and repair business which is the more lucrative end of the business, and maintaining and promoting the dealership's presence in the area. Business performance is therefore inextricably tied up with success or otherwise of selling cars.

This case study report is organised around the key aspects of the car salesperson's job and in particular how these skills are acquired and honed over time: (a) learning the product; (b) learning to smooze the customer; (c) learning to close the sale; and (d) learning to price cars. We end by identifying some of the barriers and facilitators to learning these aspects of the job.

Learning the Product

A key aspect of selling a product is knowing its capabilities, limitations and what comes factory-fitted and what does not. This knowledge can then be used to 'create the desire for the product' (Joseph Reid, Sales Manager). Much of this product knowledge for new cars is codified in manuals and brochures held in the Sales Manager's office and readily consulted by Sales Executives or else is available on-line. Product knowledge courses run by the manufacturer are also considered useful in this regard. Furthermore, such courses often promote bouts of learning from peers.

'Product knowledge courses – they'll [Sales Executives] come back and you hear them talking to people, 'Oh, I didn't know that could do that', so, all of a sudden, they're confidence is like, 'Well, yeah, actually the X [car model] does this, this and this' ... They're like animals out there, they're like, they'll pick something up, you know. They might hear what one of them says and then all of a sudden you'll hear it come into their like, you know, delivery patter' (Joseph Reid, Sales Manager, p33).

However, the used car market requires much more learning than the new car market since customers can, in principle, access much of the same product information available to Sales Executives – brochures, on-line information and performance reviews in consumer magazines/television programmes.

'They [customers] know what the [new car] spec is. Whereas with a used car, they don't know the spec because it's used ... what it's

got, has it got this, has it got that, how many owners is it, what mileage is on it, what's the miles to the gallon, what insurance group is it, when was the last service done, will it have a service, will it have an MOT' (Joshua Bowley, Sales Executive, p13-14).

This information is kept in paper files that all Sales Executives can regularly consult to update themselves. Alternatively, they may make a point of going around the used car forecourt to reacquaint themselves with what is currently available and jogging their stock memory (car history, standing values, preparation costs, list prices and length of time on the forecourt).

'I get out there, go round them [used cars on forecourt] every day ... I go round most of those every day, and I'll straighten all the pitch up myself, you know, I'll straighten the pitch up. Put the cars all level, line them all up, make sure the price is level ... I do that because that's what I've done at the old place again, where I've come from ... because you've got to get into the know' (Joshua Bowley, Sales Executive, p15).

To reinforce learning some individuals keep their own records of the products they sell, for how much, to whom and with what extras.

'I'll log whether it's new or used, the customer's name, the car, the registration number, the part exchange, is it on finance, workshop in, workshop out, valeting bay in, valeting bay out, insurance, tax and extras ... I've done it up on my computer at home and I print them off onto paper and I've got a file, folder, in there from when I started ... So I know exactly when the car's going out, when I've received the insurance, when it's come out the workshop, when it's booked in at valeters, telephone number, what extras we're putting on it ... One, so I know how many cars I've sold. Two, so when I come in to Joseph, 'Well, hang on a minute, I've sold that on it and this on it'. And three, it's my own diary and it's my customer base. They're all my customers, I've got contacts for all of them' (Joshua Bowley, Sales Executive, p23).

Learning to Smooze the Customer

The monthly salary of a Sales Executive is tied to his/her individual selling performance. Making initial contact with customers is therefore crucial since once details (known as the 'qualification') have been taken that customer becomes attached to the Sales Executive throughout the selling process. While the competition to make the first contact with customers is intense, Sales Executives go to great efforts to make the chase as discrete and innocent as possible.

'We wouldn't want people putting a real sprint in after them [customers entering showroom] and knocking them over or anything like that!' (Brandon Ainsworth, Dealership Owner, p28).

Nonetheless, the competition for customers is fierce and the tactics each Sales Executive uses are jealously guarded from others in the 'team'. For example, one of the Sales Executives interviewed discovered several good vantage points in the showroom where he could monitor, relatively unnoticed to others in the team, unknown cars coming onto 'the territory'. He also used other practices to 'look busy' on the used car forecourt in order to make himself the first Sales Executive encountered by customers browsing the cars on sale.

'I keep looking out the corner of my eye all the time. If I'm not standing out here and just standing in the showroom then I can see people coming ... So I'm just always monitoring, walking – even if it's picking up paper, even if it's putting the price level in that car over there, I'm always thinking, looking ... which is why I go out there on the forecourt. If I go out there and look round the car, I'll put a price sticker straight or just think of moving the car or whatever ... I sometimes just walk up to the front door and just stand there behind one of the posts ... My mind's ticking all the time, while I'm sitting here talking to you I'm thinking, 'Am I missing a customer out there?'" (Joshua Bowley, Sales Executive, p16-17 & p21).

Another goes a step further by using the information gathered from watching the cars coming over 'the threshold' in order to start the client encounter.

'[During the interview and through a window the interviewee noticed a strange car coming onto his pitch] L plate Polo, time they changed, they're here for a, they're on a mission. That's, that's, that's the talk, they're on a mission, aren't they? Yeah, L plates, L plate Polo ... You walk with a paper in your hand ... and I'll say to you, yeah, 'Are you, are you OK, sir? 'I've just come to have a look round'. 'Oh have you, is this yours?', 'Yeah, Polo yeah'. 'Yeah, they were good old cars, how long have you had that?' You're away aren't you? You're away, 'cos the guy says, 'It's been a good car to me'. Or there's something wrong with it or 'What have you come to look at anything in particular?' 'Well, not really', 'Well were you looking at say a Polo as well?' What are you doing, you're walking onto the used car pitch. And you've made your contact and you're away. You can't just say, 'Have you come to buy a car?', I'd never even *dream* of saying that. Never even dream of it. I would talk about anything, you know, colour of your car or anything. What you're wearing or something like that, you know. But it's the first contact, and you've done it' (Alex Wallet, Sales Executive, p15).

Once the customer encounter starts, the Sales Executive has to remain calm whatever the customer decides to say or do. This is a difficult skill to acquire and it is one which is self-taught. One way of dealing with this is to let off steam when back stage out of sight of the customer or by drawing on industry folklore.

'I put on like a, a façade, and 'Yeah, that's OK, right, that's fine, we'll do that for you'. And then go round the back and then let off steam

[laughs] Cos actually ... you can't be nice all the time! ... 'The customer is always right', but, you know, we have a little saying – [laughs] the tape's on – 'The customer's always lying' and they will. That's a trade saying [laughs]' (Joseph Reid, Sales Manager, p30).

Another is to remember the manufacturer and dealership being represented in order to restrain any reaction.

'They [customers] talk to you like dogs ... I've often thought sometimes, you know, saying to a guy, you know, 'Wait a minute, I don't get paid enough to be spoken to the way you're talking'. You are trying to help them, the more you try to help them, the more they seem to dig in ... You can't just lose your rag and go barmy because you're still representing the company' (Alex Wallet, Sales Executive, p10).

Sales Executives also teach themselves to take pleasure in the final outcome however rocky the route to the sale.

'No matter how awkward they are ... if I sign the order at the end of the day, I'm the one really, that's, as they say, having the last laugh ... I love the buzz of it, so when I'm signing an order I can feel the hair going up on my back, thinking, you know, I've pleased them, we've done a deal, they're happy, I'm happy, the company's happy' (Joshua Bowley, Sales Executive, p9).

As well as insulating themselves from customer abuse, the Sales Executive also has to put on an outer exterior whatever his/her feelings are at the time (cf. Boyd and Bain, 1999 for aircraft staff; Harris, 2002 for barristers and solicitors). For example, if sales are difficult to come by, experienced Sales Executives learn that desperation is detectable and can sully their performance in the customer encounter. Sales Executives therefore have to pep themselves up and put on a front when 'on stage' however their feeling or what mood they are in.

'The worst thing you can do is get down. You've got to pick yourself up ... because if you're down it shows to the customer ... then you start trying too hard ... Just plod on, plod on, it'll come right. And let's be fair, a lot of it is luck as well. A guy can speak to three customers out there, and not sell a car. And a guy could walk in here and say, 'I want to buy that red estate'" (Alex Wallet, Sales Executive, p13).

Learning to Make the Sale

The manufacturer has produced an optimum route to the sale process comprising all the necessary steps to be followed. These include: meeting and greeting the customer; qualifying the sale (identifying their needs and requirements), selecting an appropriate vehicle; carrying out a test drive; negotiating a price; making financial arrangements; trailing the closure of the deal (e.g., collecting a deposit); and making a secondary closure. While useful to new

recruits this process map is considered too cumbersome to apply in reality and gives undue emphasis to the technical rather than the social aspects of selling.

'It's [route to sales process map] so in-depth ... I mean, every, everything's in it, you know, it's like any job, you're going to take a shortcut to get to the end result' (Joseph Reid, Sales Manager, p37).

The Sales Executives interviewed admitted that they had never had any formal sales training at all – one had been in the trade 27 years, the other for 12 years (but had only joined this particular dealership within the last 12 months).

'When I first came into it [selling cars], there wasn't any training – 27 years ago ... I can remember to this day I was given an order pad and a desk, and sit there, and go from there. You'll find a lot of car salesmen err, it's like myself, never have real qualifications, live off their wits and live off their tongue and so forth, and it was a joke wasn't it, you know, gift of the gab and all this type of thing' (Alex Wallet, Sales Executive, p3).

'I just got put in the showroom, there's your first customer, talk to the customer and that was it ... in 12 years of [being in car sales] I've never been on a sales course. I've never been on any courses in my life. The only course I've been on is the one course here' (Joshua Bowley, Sales Executive, p4).

Instead individuals spoke repeatedly about how they learnt to do their job better through self-reflection especially when a sale was lost.

'The only way I think you can, can learn like negotiating a deal or closing a deal, is actually trying to analyse it at the end. Well, why didn't I do that? And you'll look at it and, well, they, they liked, they liked it and the price was right, they did this, this, this and this. Well why didn't they buy it? Did I do something that, that I should have done, or didn't do something – but, what, what is that, I don't know. So maybe the next time you, you slow that process down and try and go through everything again' (Joseph Reid, Sales Manager, p24).

'I'm still one of the most critical people of myself. If, if I've lost the deal, I say to myself ... 'Fancy doing that' or 'I should have known better' ... You can't sell to everybody who walks in it's impossible. That's Utopia! ... I'm still critical after all these years, 'Did I handle that very well? No, I didn't', 'Perhaps I spoke too sharp to them', 'Perhaps I was too nice to them'' (Alex Wallet, Sales Executive, p5).

Only limited help is offered by the Sales Manager, often to relatively inexperienced staff, the remainder simply live or die on their own individual performance.

'They'll come into the office and they might say, 'Oh, I can't, you know, I can't get this customer to buy this car', and we might sit down and we might look at it together, we might see, we might think, 'Well, have you tried doing this?', 'Yes, I've tried doing that', 'Oh, OK, and they still don't want to buy it. Have you tried giving them more money?', 'Yes, I've tried to give them more money'. 'Well, OK, well what do you think?', and we'll try and get it out, between the two of us, 'Should I ring them?'" (Joseph Reid, Sales Manager, p33).

Learning to Price Cars

However, Sales Executives can draw on more sources of support when pricing cars offered in part exchange for used or new cars. All sales staff use the same industry price guide which is issued on quarterly basis to those in the motor trade who subscribe. However, this is a backward looking guide and does not necessarily reflect the strength of demand and supply for particular cars in the local area. The price guide is therefore used as a first estimate that is trimmed and amended according to local conditions and the pressure under which the sales team are operating at the time (e.g., a few extra new car sales may be required to trigger bonuses allowing profit margins to be squeezed). Sales Executives have to agree trade-in prices with the Sales Manager before offering a quotation to the client.

'I can look at that [used car price manual] and it says it should be that in the guide but actually ... it might be wrong, it might be right ... you get to see things and you learn, well, you learn by your mistakes cos it costs you money ... So I think, 'OK, that's fifteen hundred pounds', well actually, I might send it to auction, and it might only make one thousand pounds, so actually I'm five hundred pound out of bed. So then I've got to make up for that loss, so I'm five hundred pounds down and if that happens two or three times in a month then, all of a sudden, people are gonna start looking, 'Well, actually, you're not doing your job right, you're not valuing stuff'. But on the other side of that is what if I value them too less, then I might not be selling enough cars because if I only saw that car at eight hundred pounds and she went down the road and was offered two thousand pounds for it, there's a big, big difference' (Joseph Reid, Sales Manager, p12).

All part exchange prices quoted are entered into a showroom logbook which is available for all to scrutinise. This enables Sales Executives to compare their trade-in estimates with those finally authorised by the Sales Manager with other staff on cars of similar age, mileage, engine size and so on. In this way, Sales Executives can improve their valuation of cars and thereby minimise the moderation that has to be exercised by the Sales Manager. However, some limited moderation is likely since the Sales Manager has access to a wider pool of price knowledge to which other sales staff have only restricted access (i.e. the local auction market).

'It's [the price quoted] put manually on a log, each salesman will do it. And I know who's, who's been in, you know, cos you're actively out and about, so. I know when we go outside that woman will be on that log, it will be how much has been offered for that car, which is fifteen hundred pounds, and it's inputted into the system and then two days later it will kick out a reminder to say, well, follow up this customer, you offered fifteen hundred pounds. I might be at the end of the month and I might be one or two short of my target, I'll think, 'Well, if I offered her seventeen hundred pound, would she buy the car?' ... It's [the showroom log] got the information for me and it's got the information for the other salesmen as well' (Joseph Reid, Sales Manager, p19).

Barriers and Facilitators of Learning

Many of the opportunities to learn from one another in the showroom appear to be severely curtailed by the commission-based payment system in operation in the case study, but also typical of the industry as a whole.

'It's dog eat dog ... easy as that ... without being crude, that's, that's how we work ... I get paid on commission of what I get. I get paid a basic salary plus commission on what I sell, so all I'm really interested in is what I sell for my living ... and to get on with all the staff ... like young lads ... I don't really have to [pass on tips to them] because it's a game where he's got his cars to sell, I've got mine to sell, we're paid individually, we're not paid as a team' (Alex Wallet, Sales Executive, p11).

Nevertheless, the open management style exercised by the Sales Manager in this particular case study showroom – unlike others mentioned by interviewees – facilitates learning between those on the front line (Sales Executives) and those behind the scenes (the Sales Manager). This is most apparent with regard to the most crucial decision of all – trade-in prices and discounts. In this case study, Sales Executives are party to these decisions and therefore get to learn how prices and deals are determined and what pressures their immediate superior is working under. In other words, they are involved to some extent in 'back stage' as well as 'front stage' work and therefore have more scope to learn other aspects of the showroom business.

Key Points

- The volume of car sales, trade-in prices and selling prices are crucial aspects of a showroom's activities. They are important for the sales staff involved since a large proportion of their monthly salary is determined by the number of cars sold *and* the profit margins secured on each sale. Organisationally, selling cars is important since most cars carry a profit, albeit variable in size (used cars, for example, tend to carry higher profit margins than new). However, selling is also important as a means of 'growing the car park' for the servicing and repair business which is the more lucrative end of

the business, and maintaining and promoting the dealership's presence in the area. Business performance is therefore inextricably tied up with success or otherwise of selling cars.

- Product knowledge for new cars is codified in manuals and brochures held in the Sales Manager's office and readily consulted by Sales Executives or else is available on-line. However, the used car market requires much more learning than the new car market since customers can, in principle, access much of the same product information available to Sales Executives – brochures, on-line information and performance reviews in consumer magazines/television programmes.
- The monthly salary of a Sales Executive is tied to his/her individual selling performance. Making initial contact with customers is therefore crucial since once details (known as the 'qualification') have been taken that customer becomes attached to the Sales Executive throughout the selling process.
- Competition for customers is fierce and the tactics each Sales Executive uses are jealously guarded from others in the 'team'. For example, one of the Sales Executives interviewed discovered several good vantage points in the showroom where he could monitor, relatively unnoticed to others in the team, unknown cars coming onto 'the territory'. He also used other practices to 'look busy' on the used car forecourt in order to make himself the first Sales Executive encountered by customers browsing the cars on sale.
- The Sales Executives interviewed admitted that they had never had any formal sales training at all – one had been in the trade 27 years, the other for 12 years. Instead individuals spoke repeatedly about how they learnt to do their job better through self-reflection especially when a sale was lost. Only limited help is offered by the Sales Manager, often to relatively inexperienced staff, the remainder simply live or die on their own individual performance – 'living off their wits'.
- All sales staff use the same industry price guide which is issued on quarterly basis to those in the motor trade who subscribe. However, this is a backward looking guide and does not necessarily reflect the strength of demand and supply for particular cars in the local area. The price guide is therefore used as a first estimate that is trimmed and amended according to local conditions and the pressure under which the sales team are operating at the time (e.g., a few extra new car sales may be required to trigger bonuses allowing profit margins to be squeezed). Sales Executives have to agree trade-in prices with the Sales Manager before offering a quotation to the client.
- All part exchange prices quoted are entered into a showroom logbook which is available for all to scrutinise. This enables Sales Executives to compare their trade-in estimates with those finally authorised by the Sales Manager with other staff on cars of similar age, mileage, engine size and so

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- Many of the opportunities to learn from one another in the showroom appear to be severely curtailed by the commission-based payment system in operation in the case study, but also typical of the industry as a whole – ‘it’s a dog eat dog industry’.
- Nevertheless, the open management style exercised by the Sales Manager in this particular case study showroom – unlike others mentioned by interviewees – facilitates learning between those on the front line (Sales Executives) and those behind the scenes (the Sales Manager). This is most apparent with regard to the most crucial decision of all – trade-in prices and discounts. In this case study, Sales Executives are party to these decisions and therefore get to learn how prices and deals are determined and what pressures their immediate superior is working under. In other words, they are involved to some extent in ‘back stage’ as well as ‘front stage’ work and therefore have more scope to learn other aspects of the showroom business.

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