THE IMPACT OF A COMPETENCY ACQUISITION PROCESS ON THE WORK PERFORMANCE OF SALES STAFF

by

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DIE IMPAK VAN 'N PROSES VIR DIE VERKRYGING VAN BEVOEGDHEDE OP DIE WERKSPRESTASIE VAN VERKOOPSPERSONEEL

deur

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SUMMARY

THE IMPACT OF A COMPETENCY ACQUISITION PROCESS ON THE WORK PERFORMANCE OF SALES STAFF

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The business environment is currently typified by rapid and ongoing change, which causes the future to be increasingly unpredictable and unsettled. Companies are struggling to maintain their competitive edge and to survive. It is therefore important that management should ensure that the necessary competencies and abilities are available to enable the coordination of both diversifies and specialized functions within the organisation, providing for current and future requirements.

The purpose of this study is to determine the relationship between embarking on the Competency Acquisition Process (CAP) learning program for account managers and work performance. In order to attain this goal, the primary focus of the literature study was investigating what a learning organisation is, the importance and principles of a learning organisation, the types of learning and characteristics and approaches to a learning organisation. The company as a

learning organisation and CAP was defined. Learning is then linked to performance by looking at the relationship between the two variables and also comparing the traditional approach of training with learning as a process.

A questionnaire was designed consisting of forced-choice questions and answers and some open-ended questions. The purpose was to survey a large number of people about the topic of the research. Percentage in sales growth per sales staff member was obtained from the sales database department, and correlations were made with CAP progress data on SAP HR.

From the analysis of data the following results were apparent:

- Embarking on CAP improved the relationship between subordinates and management and also assisted in improving teamwork amongst team members.
- Most sales staff believes that CAP significantly influenced their In Trade Outlet Survey (ITOS) ratings.
- CAP assisted the company in gaining a larger market share.
- The majority of the respondents strongly agreed that the competencies and knowledge gained through CAP assisted them in increasing their sales of carbonated soft drinks.
- CAP is believed to have improved the company's Customer Service Measurement.
- CAP significantly improved the levels of confidence of the sales staff .
- 99 % of the respondents believe that the Value Chain learning outcome positively influenced their work performance.
- 99 % of the respondents believe that the learning outcome: Knowledge of how sales fits in the Value Chain positively influenced their work performance.
- Every respondent in the survey believed the product knowledge module had a positive impact on their work performance.

- CAP emerged to be the learning intervention that has the most impact on the work performance of sales staff, followed by coaching by managers and the Sales Academy.
- The results of the survey indicated that 96 % of the respondents believe that CAP was a worthwhile initiative.

Significant differences were found in sales growth since embarking on CAP between different race groups. Significant differences for CAP progress were found in respect of different plants.

The research aimed to prove the hypothesis that CAP improved work performance. The core measurement of sales staff is growing sales volume, with all the other measurements measured in the questionnaire supporting this core function.

SAMEVATTING

DIE IMPAK VAN 'N PROSES VIR DIE VERKRYGING VAN BEVOEGDHEDE OP DIE WERKSPRESTASIE VAN VERKOOPSPERSONEEL

deur

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Die huidige besigheidswêreld word gekenmerk deur vinnige veranderings wat die toekoms onvoorspelbaar en onseker maak. Organisasies sukkel om •n kompeterende voordeel te behou en om te kan voortbestaan. Om die rede is dit van belang dat bestuur moet verseker dat daar volgehoue bevoegdhede en vermoëns beskikbaar is met die doel om gediversifiseerde en gespesialiseerde funksies binne die organisasie te kan bestuur, om te voorsien in huidige en toekomstige behoeftes.

Die doel van die studie was om die verhouding tussen die aanvang van die program vir die verkryging van bevoegdhede (CAP) vir verkoopspersoneel en hul werksprestasie te bepaal. Ten einde hierdie doel te bereik is die primêre fokus van die literatuurstudie die ondersoek van wat •n lerende organisasie is, die

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noodsaaklikheid en beginsels van •n lerende organisasie, die tipes leer en eienskappe en benaderings tot •n lerende organisasie. Die literatuurstudie beskryf die maatskappy as •n lerende organisasie en definieer CAP. Leer word aan prestasie gekoppel deur die verhouding tussen dié twee veranderlikes te ondersoek asook om die tradisionele benadering tot leer te vergelyk met leer as •n proses.

•n Vraelys is saamgestel wat bestaan het uit gedwonge-keuse vrae en oopeinde vrae. Die doel was om •n groot aantal mense oor diverse areas te bereik. Die persentasie groei in verkope per verkoopsverteenwoordiger is bekom by die verkoopsdatabasis departement, en korrelasies is getrek met CAP vorderingspersentasies soos op die SAP HR rekenaarprogram.

Vanuit die analise van die data kan die volgende afleidings gemaak word:

- CAP verbeter die verhouding tussen bestuurders en ondergeskiktes asook die spanwerk tussen spanlede.
- Meeste verkoopspersoneel glo dat CAP hul ITOS resultate positief beïnvloed het.
- CAP het •n impak op die verkryging van •n groter markaandeel.
- Die meerderheid van die respondente stem ooreen dat die bevoegdhede en kennis verkry deur CAP hulle gehelp het om hul verkope van gaskoeldranke te verhoog.
- Dit word geglo dat CAP die maatskappy se klantbevredeginsmaatstaf verbeter het.
- Deur CAP te doen is die selfvertroue van verkoopspersoneel merkwaardig verhoog.
- 99 % van die respondente glo dat CAP hul werksprestasie positief geïmpak het.

- 100 % van die respondente rapporteer •n merkwaardige verbetering van hul werksprestasie na voltooiing van die module op produk kennis.
- CAP kom voor as die leerintervensie met die hoogste impak op werksprestasie vir verkoopspersoneel, gevolg deur leiding van bestuurders en die verkoopsakademie.
- 96 % van die respondente glo dat CAP die moeite werd was.

Merkwaardige verskille in verkoopsgroei tussen verskillende rasse is statisties gevind in die navorsing, sowel as in die vordering in die program vir die verskillende takke.

Die navorsing wou bewys dat CAP die werksprestasie van verkoopspersoneel bevorder. Die sleutel maatstaf van verkoopspersoneel is hul groei in verkope, en al die ander maatstawwe is gemeet in die vraelys wat die sleutelfunksie ondersteun.

1   INTRODUCTION

To be a world class learning organisation, continued pressure to perform at increasingly higher levels of performance raises the demands on each employee. Employees need to acquire competencies necessary to perform well in their work. During 2002, a lack in competence was identified in the company's sales staff. An outcomes-based Competency Acquisition Process (CAP) was developed, and subsequently aligned with Unit Standards to make up a NQF level 4 learnership accredited by the Services Seta, called the National Certificate in Customer Management. One hundred and eighty-nine learners embarked on this program in November 2003.

What is CAP? CAP is a learning framework with tools designed to enhance competence and performance of individuals and organisations. The overall aim of CAP is to help create an advanced learning environment by encouraging learning, providing a range of learning opportunities and increasing individual accountability for learning. It comprises a suite of five document types, is electronically based and addresses current and future job competence requirements. It is based on the concept of self-managed, lifelong learning, which is one of the characteristics of a learning organization (L&D Intranet). The purpose of CAP is not only to ensure competence in an employee's current role, but also to prepare for future resourcing needs of the company. It is believed that not only do factors such as morale, money, motivation etc enhance performance, but that this attainment of competencies positively impact the work performance of the sales people, thus improving several results measured by the company, such as customer satisfaction.

A literature study will be undertaken, addressing aspects influencing the performance of employees as well as the learning organisation. As the goal

of any learning intervention is to improve performance, it is crucial to evaluate performance continuously.   Lastly the transfer of skills and competencies to the workplace will be explored.   This will enable the researcher to establish the relationship between work performance and implementation of the Competency Acquisition process.

The company has entrusted an enormous amount of time, financial and human resources into the development and implementation of CAP.   By proving that CAP positively enhances competence and work performance of the sales staff, resulting in improved performance, the increased credibility of the program and learning & development in the company will be achieved.

1.1   The Purpose of the Study

The purpose of the study is twofold:

- To establish employees perception of the influence that CAP have on their work performance.
- To statistically establish whether there are any correlation between sales growth and CAP progress.

1.2   Conclusion

As with any learning intervention, the transfer of learning into the workplace must be evaluated.   CAP has been a major investment and business initiative for the company.   Therefore it was decided to measure employees' perceptions of the impact of the CAP learning program for sales staff on their work performance.

2   THE LEARNING ORGANISATION

2.1   Introduction

Organisational learning as a concept is not easy to understand.   In this chapter attention will be paid to the concepts relevant to a learning organisation.

Senge (1994:5), Vaill (1996), and Hattingh and Smit (2004) presents the conceptual underpinning of the work of building a learning organisation. An understanding of the concept of learning organisation is crucial in dealing with the subject being researched.

The learning organisation operates on three levels namely individual learning, team learning and organisational learning.   Senge (1990:12) identified five disciplines of the learning organisation, namely systems thinking, personal mastery, mental models, team learning and building a shared vision. Systems thinking is a conceptual framework that helps us see the overall patterns more clearly, for seeing patterns of change rather than snapshots, and thus improves our ability to effectively change them. Personal mastery refers to a special level of proficiency. It is the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively.   A mental model is our perspective on an event, situation, activity or concept. It is a deeply embedded assumption that influences how we understand the world and take action in it. Team learning is the process of creating desired results in a team through the development of competencies.   Building a shared vision is a shard focus by a team who wants to achieve results.

Training plays an important role in the learning organisation, but it is not the sole distinguishing feature of a learning organisation.   The learning organisation constitutes a new perspective on learning, education, training and development.   This is what Senge (1990:13) calls *metanoic organisation*.   The term *metanoia* means *mind shift.*   A mind shift is a fundamental change. This is the core of learning, which is continuous and systematic in approach, helping organisations to increase performance.

Against this background, the concept of the learning organisation will be explained in this chapter.

2.2   *Importance of a learning organisation*

The following are some of the key features of the rapidly changing environment within which organisations have to function:

- Peter Vaill (Vaill, 1996) advocates "learning as a way of being" as the only way in which organisations will succeed in excelling in this turbulent times.
- The advice of Bill Gates is **Business @ at the speed of thought** for coping with the demand for quick responses to change and new challenges in our globalised and highly competitive world (Hattingh & Smit, 2004:2).
- The frightening expansion of knowledge, driven by increasingly sophisticated technology, means that it is very difficult to grasp the new information that is critical for our business, while our existing body of knowledge is in a constant state of decay. This means that we have to find new ways of managing knowledge and ensuring that we are constantly *learning* what is relevant, *unlearning* what has become outdated, and *relearning* to ensure that we can create a future for ourselves and our organisations (Hattingh *et al,* 2004:2).

Successful organisations are those which manage to remain effective despite the unstable and unpredictable external environment. One of the reasons why they succeed is that they understand the critical link between learning and change in performance.

Marquardt (1996:xv-xvi) stated the following: "*dinosaur-like organisations with slow, pea-sized brains will not survive in the faster, information-thick atmosphere of the new millennium… Put very bluntly, organisations must learn faster and adapt to the rapid change in the environment or they simply will not survive*".

Continual change requires continual learning and an organisational culture that promotes learning. What is needed are *learning organisations* (Hatting *et al, 2004*).

2.3   *Definitions of a learning organisation*

Definitions from some of the experts in the field of learning organisations will be discussed:

- The learning organisation is "an organisation that has woven a continuous and enhanced capacity to learn, adapt and change into its culture. Its values, policies, practices, systems and structures support and accelerate learning for all employees. The learning results in continuous improvement in areas such as work processes, products and services, the structure and function of individual jobs, teamwork, and effective management practices, to name a few. More than anything, however, it results in a more successful business" (Bennet & O'Brien, 1994:42)

- Peter Senge (1994:3) describes learning organisations as those in which "people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together".

- A learning organisation is "an organisation that is striving for excellence through continual organisational renewal… one that is continually getting smarter. In a never-ending cycle, it gets smarter and smarter. The organisational IQ continually increases" (Hitt, 1995:17).

- "A learning organisation harnesses the full brainpower, knowledge and experience available to it, in order to evolve continually for the benefit of its stakeholders" (Mayo & Lank, 1995:26).

- Learning organisations are created through three overlapping stages: "The first step is cognitive. Members of the organisation are exposed to new ideas, expand their knowledge, and begin to think differently. The second step is behavioural. Employees begin to internalise their new insights and alter their behaviour. And the third step is performance improvement, with changes in behaviour leading to measurable improvements in results: better delivery, increased market share or other tangible gains" (Garvin, 1993:90).

- "A learning organisation involves all employees in identifying and solving problems, thus enabling the organisation continuously to experiment, improve, and increase its capacity to deliver new goods or services to its customers. The learning organisation encourages the development of critical thinking, communication, interpersonal and technical skills by everyone in an organisation. The capacity to create, anticipate and respond to changing customer demographics and demand are its hallmarks" (Hellriegel & Slocum, 1996:680).

2.4   Principles of a learning organisation

Learning in organisations can take place at three levels: individual, team or group, and organisational.   Learning organisations have developed the capacity to encourage and maximise all three levels.

2.4.1 Individual Learning

Individuals are the basic units of groups and organisations. Senge (1990: 236) affirms that "organisations learn only through individuals who learn. Individual learning does not guarantee organisational learning, but without it no organisational learning occurs".   It is also noted that individual learning is a necessary but insufficient condition for organisational learning.   It is essential to the continuing transformation of the organisation, to expand core competencies, and to prepare everyone for an unknown future. Therefore, each person's commitment and ability to learn is essential. Individual learning opportunities include self-managed learning, learning from colleagues, e-learning, daily work experiences, special project assignments and personal insights.

There are a number of important factors and techniques that contribute to increasing the power and impact of individual learning in the organisation (Marquardt: 2002).

2.4.1.1 Locus and focus of individual learning

Learning should be a constant in the work environment, whether through on-the-job coaching, electronic performance support systems, action learning or reflective planning. Classroom training, whenever possible, should be designed for small "just in time" formats that provide immediate application to the job.

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2.4.1.2 Accelerated learning

The many varied techniques of accelerated learning increase the ability to learn more information in less time and increase retention. Accelerated learning techniques engage all parts of the brain and do so in conjunction with both conscious and subconscious mental functions. This ensures that all means of learning and retention is utilised as simultaneously and fully as possible. Accelerated learning has also proved effective at building innovation, imagination and creativity into the learning process.

The following learning accelerators are among the most powerful:

- Mnemonics for greater recall and retention
- Music to engage the whole brain
- Metaphors and stories to engage the whole learner for concept development and transfer of learning
- Peripherals to create a richer and more integrated learning environment
- Lighting, colour and room arrangements that create receptive learning states
- Mind mapping or information graphs to aid learning, recall, concept formation, idea generation and planning

Different accelerators are more effective for different individuals. Learning organisations should therefore provide a variety of choices. To enhance accelerated learning, a number of basic principles have been identifies for enriching the learning environment:

- Provide a natural, comfortable and colourful setting

- Help people eliminate or reduce fears, stressors or learning barriers
- Accommodate different learning styles, speeds and needs
- Present material pictorially as well as verbally
- Treat learning as a concerted effort of equal individuals.

2.4.1.3 Individual development plan

Individuals in learning organisations consider learning a *way of life.* They recognise that employers cannot guarantee them lifelong employment, but will assist them in becoming lifelong employable individuals. Both the organisation and the individual contribute to the employee's long-term career development. Organisations should be as direct and open as possible about future business directions and plans, and then plans for individual employees' development can be compiled that will make individuals valued assets of their companies. If a company then moves in a direction that no longer matches the skills or interests of an individual, that employee will possess competencies and know-how that are in demand at other organisations.

Learning organisations continuously encourage, support, accelerate and reward individual learning through organisational systems and processes that promote constant self-development and employability. Development opportunities are available to everyone in the organisation. Resources include   courses,   workshops,   seminars,   self-learning   materials, development groups, coaching and mentoring. Employees are expected to learn not only the skills related to their own jobs but the skills of others in their divisions.

Learning is performance based (closely tied to business strategies) and is also an integral part of all organisational functions. Individual learning is transferred to the organisation database for future application.

2.4.2 Team Learning

Team learning is not the same as team training, where groups of people are trained together, or team building, which is geared towards developing group cohesion. Rather, the essence of team learning is dialogue, which demands that individual members suspend their own assumptions and enter into genuine "thinking together". This allows the group to discover insights which would not be attainable individually (Senge, 1994:198).

Senge (1994:198-201) depicts that dialogue requires a balance between advocating one's own ideas, and enquiry, which is the skill to probe issues in depth, building on the ideas of others and exploring different points of view until the best possible solution is found.

Teams have become increasingly important in organisations, whether they are managing cross-functional projects, working on manufacturing lines, or reengineering business processes. To equip these teams with the competencies they need, learning organisations have taught them quality processes, problem-solving techniques and team interaction skills.

Work teams must be able to think, create and learn effectively as an entity. Team learning should occur every time a group of people is brought together, whether for short-term, specific purposes or to address long-term organisational issues.

It is important to recognize that team learning differs radically from team training, because it involves more that the acquisition of group skills. Team learning emphasizes self-managed learning, creativity and the free flow of ideas. A successful team learning system ensures that teams share their experiences, both negative and positive, with other teams in

the organisation and thereby promote dynamic business intellectual development. As teams learn, they may become microcosms for learning throughout the organisation. The team's insights can be put into action, while its newly developed skills are passed along to other individuals and teams. A team's accomplishments can set the tone and establish a standard of mutual learning for an entire organisation.

Team learning requires three elements:

- The need to address complex issues through collective insight
- The need for innovative, coordinated action
- The ability to encourage and stimulate learning in other teams

Team learning occurs more rapidly and completely if teams are rewarded for their contributions to the organisation. High level team learning enables high level collective thinking and communication as well as the ability to work creatively and constructively as a distinct entity.

2.4.3 Organisational Learning

Organisation learning is distinguished from individual and team learning in two basic respects. First, organisational learning occurs through the shared insights, knowledge and mental models of employees of the company. Second, organisational learning build on past knowledge and experience, which depends on mechanisms such as policies and strategies.

Although the types of learning associated with individuals, teams and organisations are interrelated, organisational learning is seen as more than the sum of individual and team learning individuals and teams are the agents through which organisational learning takes place, but the process

is influenced by a much broader set of social, political and structural variables.

Dixon (1994:134) describes organisational learning as all the formal and informal processes through which organisations adjust themselves defensively to new realities confronting them. He believes that without such a learning capacity organisations are doomed to mediocrity or extinction, as they will inevitably perpetuate past practices which are not appropriate to the new challenges of changing environments. Dixon (1994:44-46) depicts organisational learning as a four-step process:

Figure 2.1 Organisational learning process
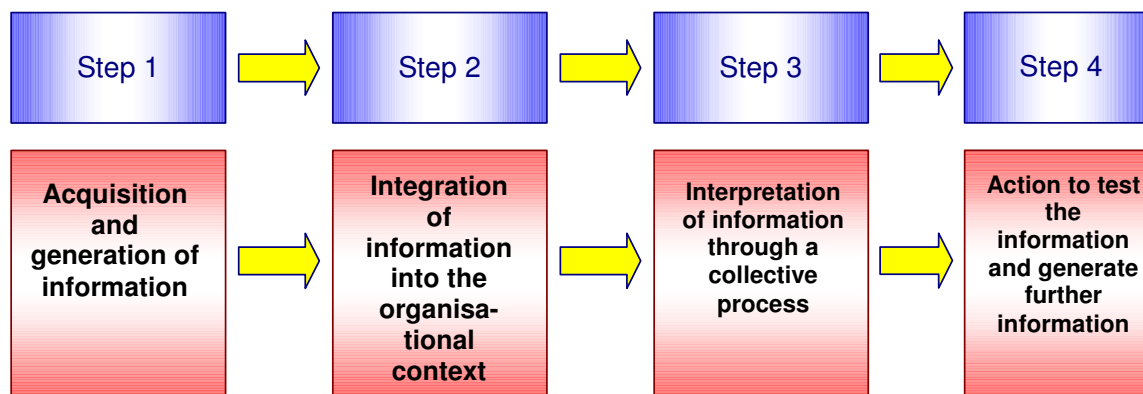
SOURCE: Dixon (1994)

- Step 1: The <u>acquisition</u> of information by members of the organisation and the <u>generation</u> of information through work processes.
- Step 2: The <u>integration</u> of information into the organisational context, which is more complex than the reflective observation at individual level.
- Step 3: <u>Interpreting</u> the meaning of the information through a collective process, in which the different perspectives of organisational members need to be considered.

- Step 4: <u>Action</u>, where the validity of the interpretation of information is tested, which serves to generate further information, thus restarting the learning cycle.

Dixon (1994:134) states that "organisational learning is the intentional use of learning processes at the individual, group and system level to continuously transform the organisation in a direction that is increasingly satisfying to its stakeholders".   A learning organisation will require the adoption of workplace practices where trust, partnership and skills development provide the basis for worker autonomy, discretion, and job satisfaction and employee commitment. See figure 2.2 below.

Figure 2.2 Workforce Model
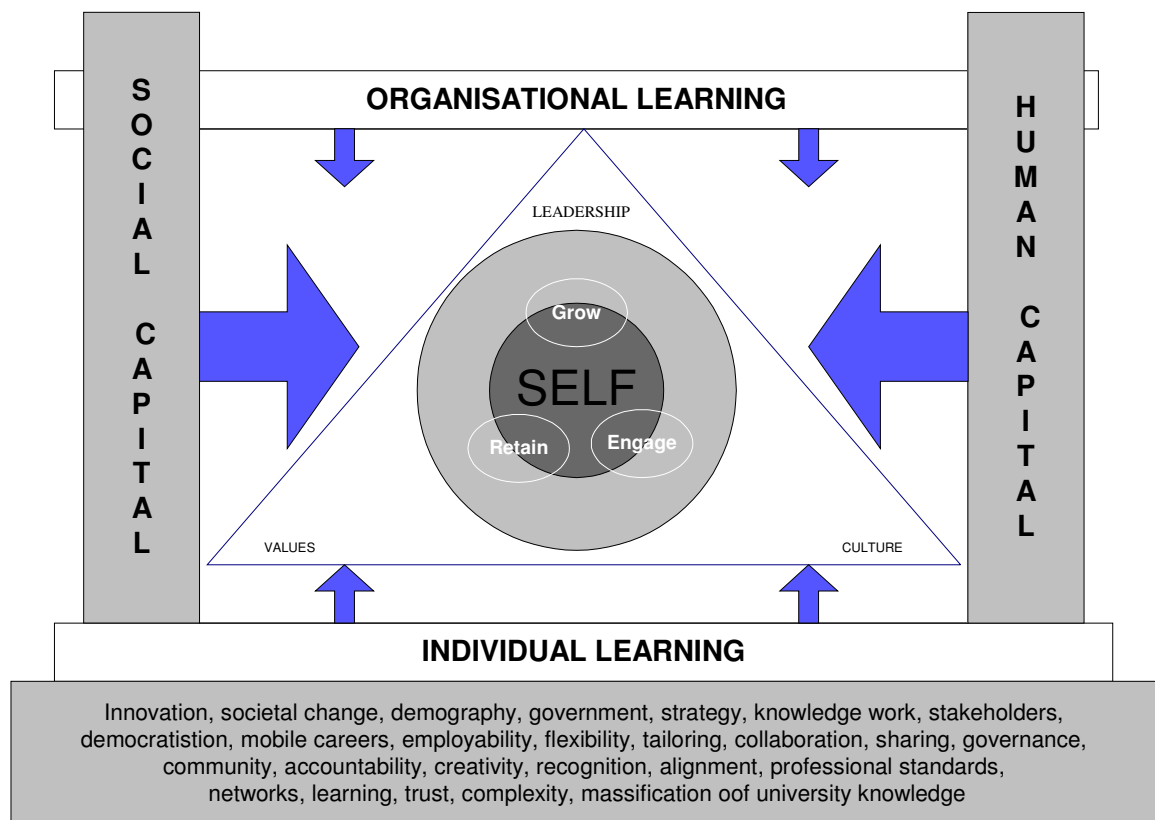
SOURCE: Jorgensen, B. (2004)

2.5   Types of learning

There are three types of organisational learning: adaptive, anticipatory and action learning. They are not exclusive of one another, in that an individual, team or organisation may employ more that one type of learning at the same time (Marquardt, 2002).

2.5.1   Adaptive learning

Adaptive learning occurs when an individual, team or organisation learns from experience and reflection. Organisationally, adaptive learning proceeds as follows: the company takes an action intended to further an identified goal, the action results in some internal or external outcome, the resultant change is analyzed for congruence with the goal, and the company initiates a new action or modifies the previous action based on the outcome. Adaptive learning moves from action to outcome, then to results assessment, and ends with reflection.

Adaptive learning may be either single loop or double loop. Single loop learning is focused on gaining information to stabilise and maintain existing systems. It is concerned with obtaining direct solutions to immediate conflicts or obstacles, which are often symptoms of underlying problems. This type of learning is undoubtedly the only kind of loop learning used in most organisations today. Double loop learning involves in-depth questioning of the system itself to ascertain why errors or successes occur in the first place. It looks at organisational norms and structures and raises questions about their validity. Most organisations are unwilling to engage in double loop learning because it involves disclosure of errors and mistakes, as well as the often uncomfortable process of questioning existing assumptions, norms, structures and practices.

2.5.2 Anticipatory learning

Anticipatory learning takes place when an organisation learns from anticipating various outcomes. This approach seeks to avoid negative results and experiences by identifying the best future opportunities while discovering ways to achieve them. Anticipatory learning thus moves from vision to reflection, and then to action.

Anticipatory learning is a generative and creative type of organisational learning. It significantly empowers the organisation because employees are more proactive, reflective and creative in their learning.

2.5.3 Action learning

Action learning involves working on real problems, focusing on the acquired competencies, and actually implementing solutions. It provides a well-tested method of accelerating learning that enables people to learn better and handle difficult situations more effectively. Used as a systematic process, it increases organisational learning so that a company can respond to change more effectively.

Action learning is both a dynamic process and an influential program. It derives its power and benefits from six interactive and interdependent components discusses below. Each component is necessary to create the optimum capacity and effectiveness of action learning.

2.5.3.1 The action learning problem or challenge

Action learning is built around a problem, project, challenge, issue or task, the resolution of which is of great importance to an individual, a team, and/or an organisation. The problem should be significant, be within the responsibility of the group and provide opportunity for learning. It is one of the fundamental beliefs of action learning that we learn best when we undertake an action, reflect on it and learn from it, especially when the action involves something real and valuable on which to focus, a subject that is relevant and meaningful. It also creates an opportunity to test our accumulated competence.

2.5.3.2 The action learning team

The core entity in action learning is the action learning team, which is composed of four to eight individuals. Research has shown that this number is ideal because groups of less than four members do not display enough diversity, creativity and challenging dynamics, whereas groups of more than eight are too complex and do not allow each individual enough time to participate, an important element in action learning. Ideally, the team's makeup should be diverse so as to maximise various perspectives and obtain fresh viewpoints.

2.5.3.3 The action learning coach

Facilitation helps the team slow its process, allowing sufficient time for reflection. The action learning coach may be a team member who is familiar with the problem being discussed or an external participant who may not necessarily understand the problem or organisational context, but possesses the required facilitation skills.

The coach guides participants toward reflecting on what they are learning and how they are solving problems. He or she helps team members think about their ways of listening, how they may have reframed the problem, their feedback styles, their approaches to planning and working and the assumptions that may be shaping their beliefs and actions. The coach also encourages participants to focus on their achievements, their difficulties, the processes they are employing, and the implications of these processes.

Participants also gain key organisational learning skills through the action learning process. These include new ways of thinking about the organisation by addressing unfamiliar problems, improved self-understanding gained from feedback from others in the group, the ability to reflect critically on their assumptions and reframe to initiate innovative and more effective action, and teamwork skills derived from examining their behaviour and working toward resolution of problems.

2.5.3.4 Insightful questioning and reflective listening

By concentrating on the right questions rather that the right answers, action learning focuses on what we do not know as well as what we do know. Action learning works through a process that begins with asking questions to clarify the nature of the problem, reflecting on and identifying possible solutions, and then taking on action.

The procedure of asking questions rather than immediately providing solutions softens the group and defuses defensiveness. Asking the right questions when everything is uncertain and nobody knows what to do next, encourages outside-the-box creativity. The insightful questions of action learning may lead to a wide array of benefits, such as shaking up underlying assumptions, opening up to greater learning, developing

listening skills and thus more caring and trust among group members, enhancing creativity, empowering each team member, developing new mental models and attaining an elevated level of acumen and understanding that will lead to better reflection and more effective action.

This process of questioning and reflecting also encourages team members to view one another as a learning resource.

2.5.3.5 Taking action

For activists of action learning, there is no real learning without action, for the effectiveness of ideas can be determined only after implementation. Therefore, members of the action learning group must have the power to take action themselves or be assured that any appropriate and reasonable recommendations will be implemented.

2.5.3.6 Commitment to learning

Solving organisational problems result in immediate, short-term benefits for the company. The more significant and longer-term benefit, however, is the learning gained by each group member and the application of the group's new knowledge throughout the organisation.

Action learning places equal emphasis on accomplishing the task and on the learning and development of individuals and organisations.   The action learning process results in powerful, transformative learning due to a number of key learning principles:

• Greater learning occurs when learners are allowed ample time and space, when a sense of urgency exists, when we can see results,

when we are allowed to take risks, and when they are encouraged and supported.

- Critical learning occurs when learners are able to question the assumptions that inspire actions.

- Learning intensifies when learners receive accurate feedback from others, observe the results of our problem-solving actions, and reflect on their actions.

- Action learning is most effective when learners examine the organisational system as a whole.

- By working cooperatively on real issues, the group can move to higher levels of learning relative to application, synthesis and evaluation.

- Action learning is built on the entire learning cycle: learning and creating knowledge via concrete experience, observing and reflecting on this experience, forming generalisations from experiences, testing the implications of those generalisations through new experiences and beginning the cycle again.

2.5.4 Schein's types of learning

Edgar Schein (1993) points out that before individuals or organisations can learn competently, they must understand that there are distinct types of learning, each functioning within different time frames and possibly applicable to different stages of a learning or change process. He refers to three types:

- **Habit and skill learning**. This form of learning is slow because it calls for practice, and learners must be willing to put up with their own temporary incompetence. Learning of this type takes hold when we are given opportunities to practice and make errors and are consistently rewarded for correct responses.

- **Emotional conditioning and learned anxiety**. This has become familiar through the work of Pavlov on the conditioning of dogs. Once this time of learning has occurred, it will continue even after the original stimuli are discontinued.

- **Knowledge acquisition**. Most learning theories imply that the essence of learning is acquiring information and knowledge through various kinds of cognitive activities. This point of view, according to Schein (1993) ignores the following factors:
  - o Learning happens only if the learner recognises a problem and is motivated to learn
  - o Even with insight, the learner often cannot produce the right type of behaviour or skill with enough consistency to solve the problem
  - o Insight does not automatically change behaviour, and until behaviour changes and new results are observed, we do not know whether or not our cognitive learning is valid

Senge (1990:191) confirms that "learning has very little to do with taking in information. Learning, instead, is a process that is about enhancing capacity. Learning is about building the capability to create that which you previously couldn't create. It's ultimately related to action, which information is not".

2.6   The symptoms of organisations facing learning disabilities

A survey conducted in 1983 by Royal Dutch/Shell found that one third of the companies featured in the Fortune 500 in 1970 no longer existed. Most of the companies had plentiful evidence that it was in trouble. Managers however ignored the evidence and did not understand the implications of those threats. They did thus not come up with alternative solutions during

the curtail time, which caused the imminent failure of the companies (Senge, 1990).

People tend to accept this continuous failure of companies under the laws of "survival of the fittest". This high corporate mortality rate is even worse if it badly affects all companies, not just the ones that fails. Sometimes even the most successful companies are poor learner, surviving but never living up to their full potential. Some companies are considered excellent, when in actual fact they are mediocre.

2.6.1 Learning disabilities

Some organisations learn poorly because they are designed and managed to create fundamental learning disabilities. Learning disabilities in organisations go largely undetected. Before these learning disabilities can be cured, it is important to identify the seven learning disabilities as outlined by Senge (1990: 18-25):

2.6.1.1 Position boundaries

Because employees are trained to be loyal to their jobs, they sometimes confuse the tasks they perform every day with their own identities. These people do not know the greater purpose of taking part in the enterprise. Most see themselves as functioning within a system over which they have no influence. The consequence is that employees end up seeing their responsibilities as limited to the boundaries of their position, and they just try to cope with the external forces outside of their control. When people in organisations focus only on their position, they have little sense of responsibility for the results produced when all positions interact. People confuse their jobs with their own identity.

2.6.1.2 External locus of control

Most people have the propensity to blame someone else or some system when mistakes arise. The syndrome of blaming others when things go wrong is the derivative of "I am my position". When people focus only on their tasks, they do not see the impact of their actions beyond the boundary of their position. When those actions have negative consequences, they misconstrue those new problems as externally caused. In many companies, Sales can blame Distribution; the latter can blame Manufacturing, and so on.

2.6.1.3 The illusion of taking charge

Managers often suggest proactiveness and the need to take charge when facing difficult problems. This means that people should face up to difficult issues, stop waiting for others to do something, and solve problems before they become crises.

Many managers often adopt the attitude that, by virtue of their position, they are in complete control of their field of expertise. Such managers do not tolerate any constructive criticism of their decisions. This misconception is referred to as "the illusion of taking charge".

Senge (1990) states that *"all too often, 'proactiveness' is reactiveness in disguise. If we simply become more aggressive fighting the 'enemy out there', we are reacting – regardless of what we call it. True proactiveness comes from seeing how we contribute to our own problems. It is a product of our way of thinking, not our emotional state."*

2.6.1.4 The fixation on events

People are accustomed to consider life as a series of events, with an obvious cause for each one. Conversations within organisations are dominated by, or centred on short-term events, such as budget cuts, transfers/promotions, competitor product launches etc. Focussing on events leads to "event" explanations, which may to some extent be true, but they distract people from seeing the longer-term patterns of change which causes the events. They also disallow people to understand the causes of such patterns. Ironically, the primary threats to our survival come from slow, gradual processes.

2.6.1.5 The parable of the boiled frog

Senge (1990:22) illustrates in "the parable of the boiled frog", the reaction of a frog when it is put in a pot of water that is room temperature, and the temperature is gradually increased to boiling point. As the temperature rises, the frog will do nothing, but enjoy itself. As the temperature gradually increases, the frog will become groggier and groggier, until he is unable to climb out of the pot. This happens even if nothing contains the frog; he will just sit there and boil. The reason for this is that the frog's internal apparatus for sensing threats to his survival, is geared to sudden changes in his environment, not to slow, gradual changes.

2.6.1.6 The delusion of learning from experience

The core learning dilemma that confronts organisations, is that employees learn best from experience, but never directly experience the consequences of many of their most important decisions. This is due to the division of functions resulting from hierarchical structures. As a

result, in the analysis of the most vital problems in a company, the complex issues that cross functional lines, become an impossible or nonexistent exercise.

2.6.1.7 The myth of the management team

The "management team" is faced with the task of dealing with the above-mentioned dilemmas and disabilities. They are supposed to sort out the complex cross-functional issues that are imperative to the organisation. Chris Argyris, in Senge (1990) believes that most management teams break down under pressure, because even though they may function well with routine issues, the "teamness" seems to wane when they confront complex issues that may be embarrassing or threatening. The consequence is what Argyris calls "skilled incompetence" – teams full of people who are incredibly proficient at keeping themselves from learning.

2.7   *Approaches to a learning organisation*

Senge (1990:26) believes that the five disciplines of the learning organisation, as described below, can act as antidotes to the above-mentioned learning disabilities.

2.7.1 Systems Learning

The systems perspective reports that when placed in the same system, people, however different, tend to produce similar results. It looks beyond individual personalities and events into underlying structures which shape individual actions and create the conditions where types of events become likely. Marquardt (2002) describes systems thinking as a conceptual framework with which to make full patterns clearer and determine how to change them effectively.

Donella Meadows in Senge (1990) articulates it: *"A truly profound and different insight is the way you begin to see that the system causes its own behaviour."*

This means that the system structure is concerned with the key interrelationships that influence behaviour over time.   These interrelationships include key variables, such as population, natural resources, production, product ideas and others.

The term "system structure" does not just mean structure outside the individual. The nature of structure in systems is subtle because the individual forms part of the structure. This means that we often have the power to alter structures within which we are functioning.

Senge (1990:52) explains the systems perspective under multiple levels of explanation, in any complex situation, as illustrated by the figure below:

Figure 2.3 Multiple levels of the systems structure
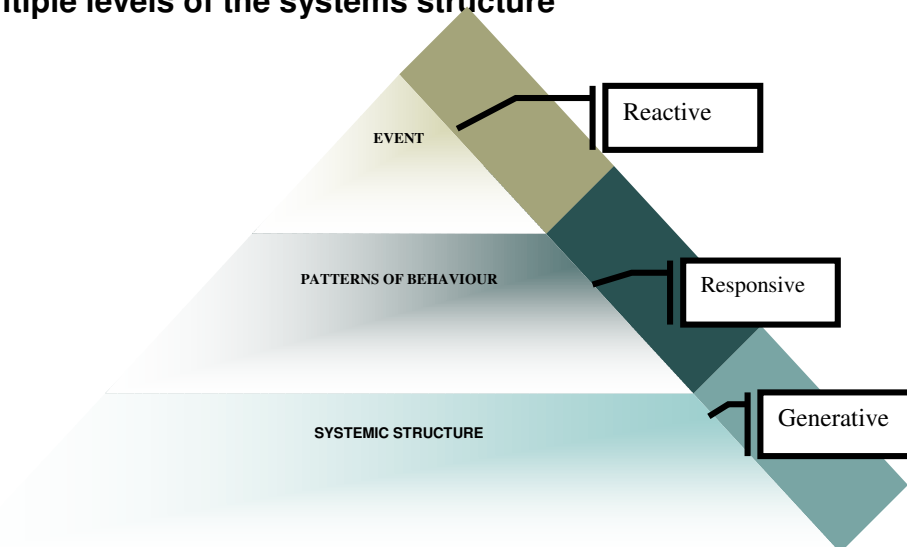
SOURCE: Senge (1990)

Events occur within a troubled organisation and at this point problem-solving stops and people quickly come up with solutions.   The organisation functions in a **reactive** mode.   This leaves little room for preventative actions.   Managers and/or employees who focus on events spend little time adding real value to organisations.   Event explanations are the most common in contemporary culture, and that is why reactive management prevails.

Pattern of behaviour explanations focus on seeing longer term trends in the business and assessing their implications.   For example, in the soft drinks business customer needs and sales are inherently prone to cycles and instability.   Therefore, sooner or later, severe crises are likely at the plants.   Pattern of behaviour explanations begin to break the grip of short-term reactiveness.   They suggest how the company can **respond** to shifting trends.

The third level of explanation, the "**structural**", is the most rare, and most powerful.   It focuses on the cause of the patterns of behaviour.   Though rare, when structural explanations are clear and widely understood, have considerable impact.   Structure represents not only the physical structure of the organisation, but also systems, procedures, policies, standing instructions, and management attitudes.   The reason that structural explanations are so important is that only they address the underlying causes of behaviour at a level that patterns of behaviour can be changed. Structure produces behaviour, and changing underlying structures can produce different patterns of behaviour.   In this sense, structural explanations are inherently **generative**.

Marquardt (2002) believes that learning is not possible, nor can it be sustained, without understanding and developing five related subsystems.

These subsystems are learning, organisation, people, knowledge and technology (see figure below). All five are necessary to sustain viable, ongoing organisational learning and resulting corporate success.

Figure 2.4 Systems Learning Organisation Model
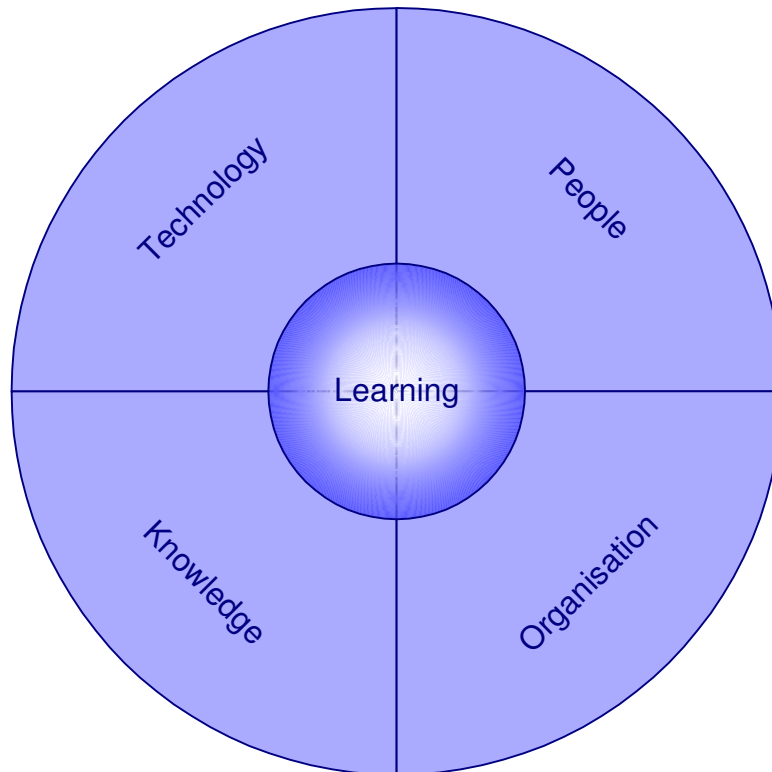
SOURCE: Marquardt (2002)

The organisation, people, knowledge and technology subsystems are necessary to enhance and supplement learning, which then in turn, filters through the other four subsystems. They are obligatory partners in building and maintaining organisational learning. They are dynamically integrated and complementary to one another. If any one system

structure is ineffectual or not present, the others will be considerably compromised.

2.7.1.1 Learning subsystem

Learning is the core subsystem of the learning organisation. It takes place at the individual, group, and organisational level. The learning subsystem refers to levels and types of learning that are essential for the learning organisation.

Figure 2.5 The learning subsystem
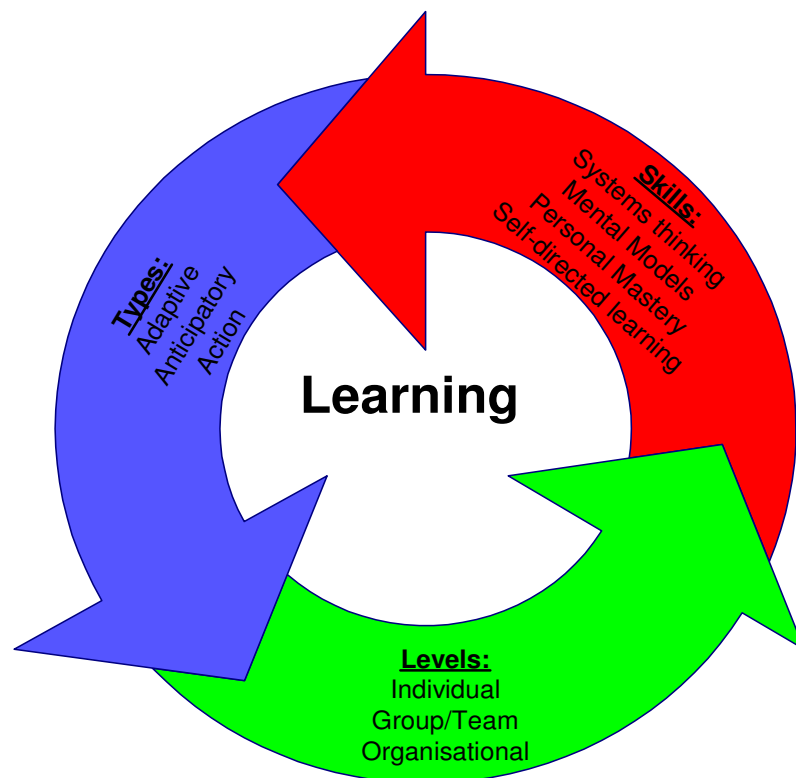
SOURCE: Marquardt (2002)

Levels of learning:

Individual learning refers to changes in skills, insights, knowledge, attitudes/attributes and values acquired through self-study, technology-based instruction and observation.

Group or team learning covers the increase in knowledge, skills and competencies accomplished by and within groups or teams.

Organisational learning characterizes the improved intellectual and productive competence gained through commitment to, and opportunities for continuous development across the organisation.

Types of learning:

Three methods of learning are of value to the learning organisation. Although each is distinctive, they often have common characteristics and complementarities among them.

Adaptive learning occurs when a person reflects on past experiences, and then modifies future behaviours.

Anticipatory learning is the process of obtaining knowledge from envisioning various futures. This approach to learning seeks to avoid negative results and experiences by identifying the best future opportunity and determining ways to achieve that future.

Action learning means inquiring about and reflecting on reality on a current, real-time basis and applying that knowledge toward developing the individual, the group, and the organisation.

2.7.1.2 The Organisation Subsystem

The organisation itself, the setting in which the process occurs, is a subsystem of a learning organisation. The four key dimensions or components of this subsystem are vision, culture, strategy, and structure (see figure 2.6)

Figure 2.6   The organisation subsystem
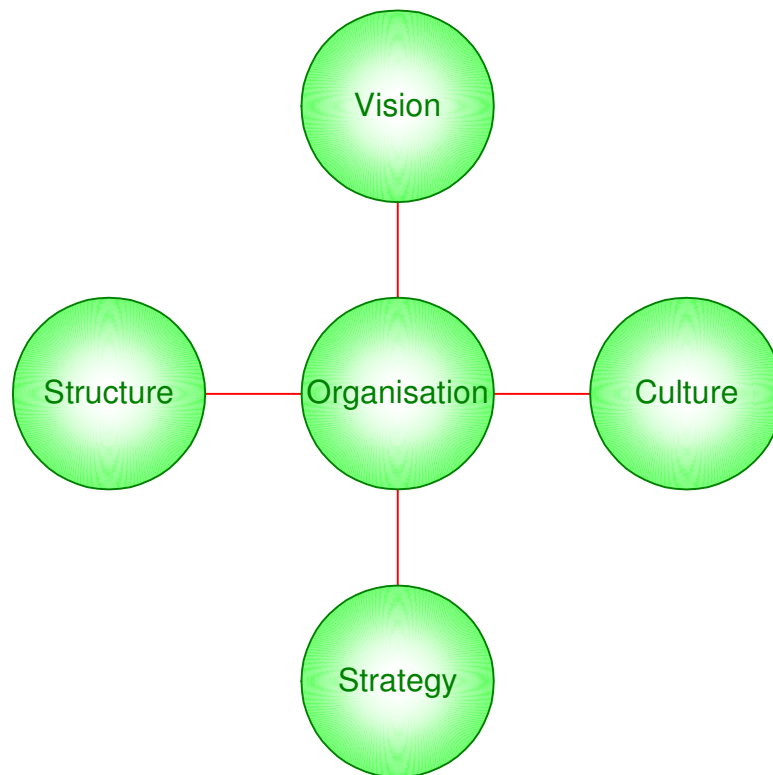
SOURCE: Marquardt (2002)

Vision includes a company's hopes, goals, and direction for the future. The culture of a learning organisation supports an evolving vision of the company, within which learning and learners creating the company's continuously new and improving products and services.

Culture refers to an organisation's values, beliefs, practices, rituals, and customs. In a learning organisation, the corporate culture is one in which learning is recognised as absolutely critical for business success. In a learning organisation, learning has become a habitual and integrated part of all organisational functions.

Strategy relates to the action plans, methodologies, tactics, and steps in use to achieve a company's vision and goals. In a learning organisation, strategies optimise the learning acquired, transferred, and utilised in all company functions and operations.

Structure includes the company's departments, levels and configurations. A learning organisation is a streamlined, unbounded, flat structure that maximises contact, information flow, local responsibility, and collaboration within and outside the organisation.

2.7.1.3 People subsystem

The people subsystem of the learning organisation includes managers and leaders, employees, customers, business partners and alliances, suppliers, vendors, and the surrounding community (see figure 2.7). Each group is valuable to the learning organisation, and all must be empowered and enabled to learn.

Figure 2.7 The people subsystem
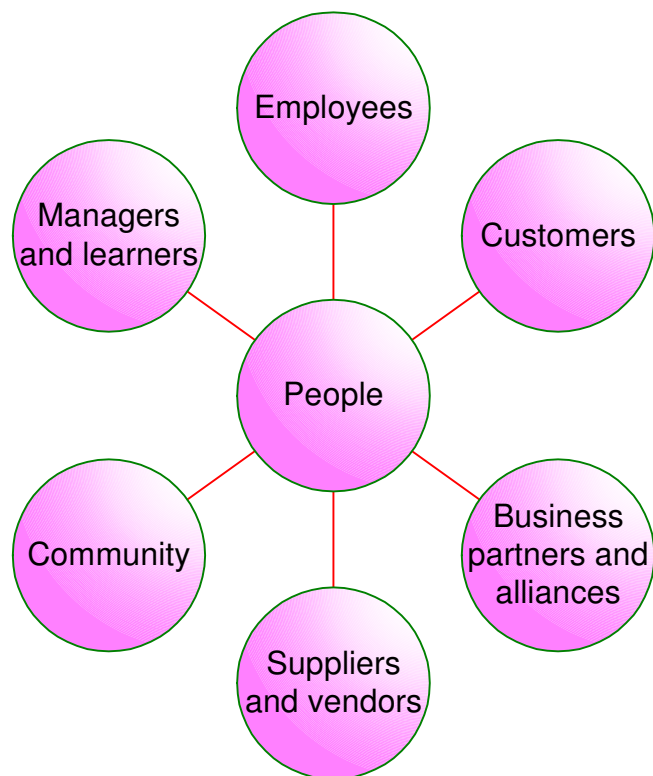
SOURCE: Marquardt (2002)

As learners, **managers and leaders** carry out coaching, mentoring, and modelling roles with the primary responsibility of generating and enhancing learning opportunities for the people around them.

Employees are empowered and expected to learn, plan for their future competencies, take action and risks, and solve problems.

Customers participate by identifying needs, receiving training, and establishing a connection to the learning of the organisation.

Business partners and alliances benefit by sharing competencies and knowledge.

Suppliers and vendors receive and contribute to instructional programs.

Community groups such as social, educational, and economic agencies share in providing and receiving learning.

2.7.1.4 Knowledge subsystem

The knowledge subsystem of a learning organisation manages the acquired and generated knowledge of the organisation. It includes the acquisition, creation, storage, analysis and data mining, transfer and dissemination, and application and validation of knowledge (see figure 2.8)

Figure 2.8 The knowledge subsystem
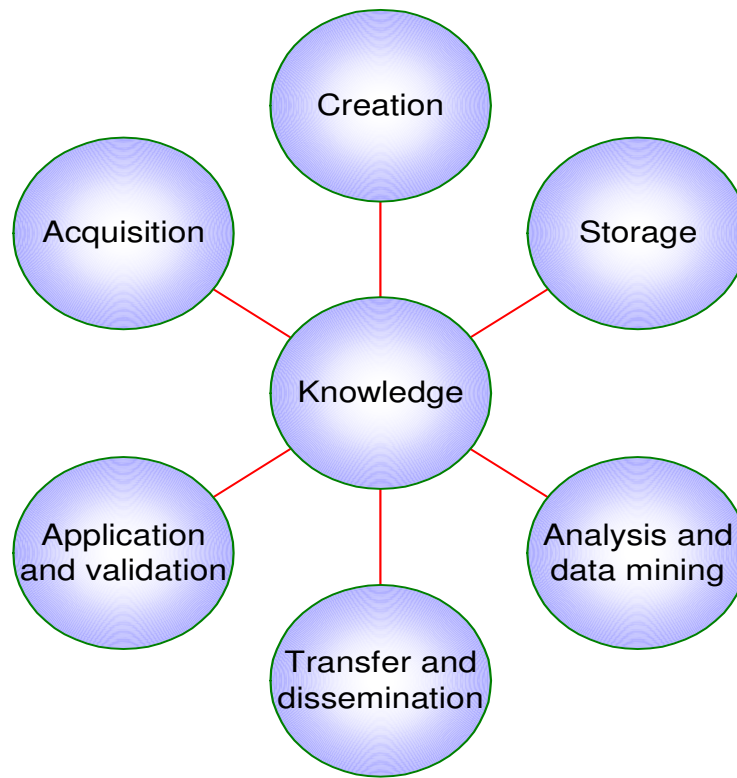
SOURCE: Marquardt (2002)

The six knowledge elements of organisational learning are continuous and interactive, rather than sequential and independent. Knowledge management is continually subjected to perceptual filters as well as to proactive and reactive activities. Knowledge management is the heart of the learning organisation. Successful learning organisations systematically and technologically guide knowledge through each and all of these six stages.

Acquisition is the collection of existing data and information from within and outside the organisation.

In **creation**, new knowledge is generated through a number of different processes ranging from innovation to elaborate research. It can also come through the ability to see new connections and combine previously known knowledge elements through complex inductive reasoning.

Storage refers to the coding and preservation of the organisation's valued knowledge for easy access by any employee, at any time, and from any place.

Analysis and data mining involves techniques for analysing data, as well as for reconstructing, validating, and inventorying this critical resource. Mining enables organisations to find meaning in their data.

Transfer and dissemination is the mechanical, electronic, and interpersonal movement of information and knowledge, both intentionally and unintentionally, throughout the organisation.

Application and validation covers the use and assessment of knowledge by members of the organisation. This is accomplished through continuous

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reprocessing and inventive use of the organisation's knowledge and experience.

2.7.1.5 Technology subsystem

The technology subsystem is composed of supporting, integrated technological networks and information tools that allow access to and exchange of information and learning. It includes technical processes, systems, and structures for collaboration, coaching, coordination, and other knowledge skills. It encompasses electronic tools and advanced methods for learning, such as simulation, computer conferencing, and collaboration. All these tools work to create knowledge freeways. The two major components of the technology subsystem apply to managing knowledge and enhancing learning (see figure 2.9)

Figure 2.9 The technology subsystem
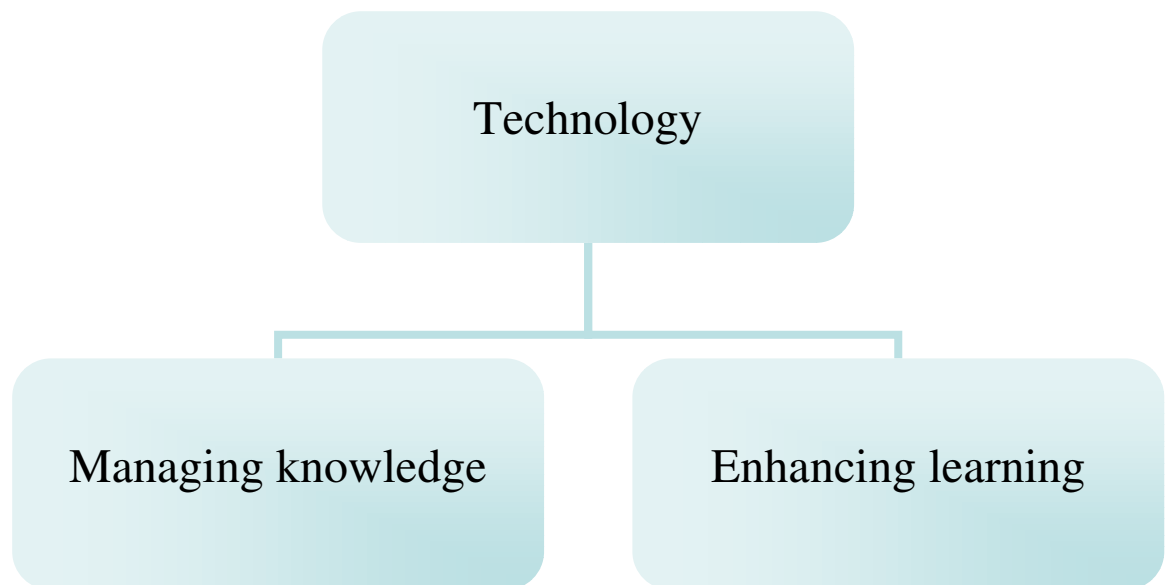
SOURCE: Marquardt (2002)

Technology for managing knowledge refers to the computer-based technology that gathers, codes, stores, and transfers information across organisations and worldwide.

Technology for enhancing learning involves the utilization of video, audio, and computer-based multimedia training for the purpose of delivering and developing competencies.

2.7.1.6 Distinctiveness of the systems learning organization

The systems learning organization has remarkable supremacy to bring about company success. What are some of the dimensions of such an organization?

Learning is accomplished by the organisational system as a whole. All constituencies know the critical importance to current and future success of lifelong learning that occurs throughout the organization. Learning is a continuous, strategically used process that is integrated with, and runs parallel to operations. In learning organizations, there is a focus on innovative and generative learning. Well-developed core competencies serve as an anchoring point for new initiatives. Systems thinking are fundamental. Agility and flexibility are valued. It possesses the ability to continuously adapt, renew, and revitalize itself in response to the changing environmental demands.

A systems learning organization has a corporate climate that encourages, rewards, and accelerates individual, group and organisational learning. Employees network in an innovative manner that resembles a community both internal and external to the organization. Change is embraced, and unpredicted surprises and even failures are considered as opportunities to learn.   Everyone is driven by

a desire for quality and continuous improvement. Aspiration, reflection and conceptualization reflect daily activities. People have constant access to information and data resources that are vital to the organisation's success.

The organization that incorporates all five subsystems of this model will have remarkable capabilities to:

- Anticipate and adjust more readily to environmental influences
- Accelerate the development of new products, processes and services
- Become more proficient at learning from competitors and collaborators
- Expedite the transfer of knowledge from one part of the organization to another
- Learn more successfully from its mistakes
- Utilise employees better at all levels of the organization
- Reduce the time required to implement strategic changes
- Stimulate continuous improvement in all areas of the company
- Attract and retain the best workers
- Increase worker commitment and innovation/creativity (Marquardt, 2002)

Learning must be linked to core business strategies and the results demanded by manager, customers, partners and shareholders. They will be measuring effectiveness not by counting training courses or classroom attendance, but by business performance. In systems learning organizations learning underpins business outcomes such as human capital developed, talent acquisition, channel management, leadership capacity, decreased cycle time, new-product rollout speed, merger and acquisition integration, risk management and legal

compliance, and employee and customer retention and satisfaction (Manville, 2001, in Marquardt, 2002).   Only organizations that have embraced all five subsystems will be able to meet these challenges.

2.7.2 Personal Mastery

Organisations learn only through individuals who learn.   Although individual learning does not guarantee organisational learning, no organisational learning occurs in its absence.   "Personal mastery" is the phrase that Senge (1990:141) sees as the cornerstone of the learning organisation because a company's commitment to and capacity for learning can be no greater than the sum of those of each individual employee.   Personal mastery refers to a special level of proficiency, similar to that of the master craftsman who is committed to lifelong learning and continually improves and perfects his or her skills.   It is a discipline of constantly clarifying and deepening our personal vision, energies and patience.

Personal mastery encompasses more than just competence and skills, but it is grounded in competence and skills.   It is about approaching lif as a creative work – to live life from a creative viewpoint rather than being reactive.   Robert Fritz in Senge (1990) describes it as follows: "Throughout history, almost every culture has had art, music, dance, architecture, poetry, storytelling, pottery and sculpture.   The desire to create is not limited by beliefs, nationality, creed, educational background or era.   The urge resides in all of us … it is not limited to the arts, but can encompass all of life, from the mundane to the profound".

When personal mastery becomes a discipline it embodies two fundamental activities.   The first is continually clarifying what is important to us (personal vision) and the second is continually learning how to see

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current reality more clearly. Fritz designed a three stage process for adopting a *creative* orientation to life. It includes articulation of a personal vision, seeing current reality clearly and making commitment to the results you want. The concepts offer ideas for developing own personal mastery and creativity and the methods for generating creative tension. If the creative tension is understood, people move toward the vision. Robert Fritz describes how contradictory underlying beliefs can limit individuals from achieving goals. Fritz illustrates *creative tension* by using a rubber band. Imagine a rubber band, stretched between your vision and current reality. When stretched, the rubber band creates tension, representing the tension between vision and current reality. Tension seeks resolution or release. Structural tension results because it is a structure of conflicting forces.

Learning in this context means expanding the ability to produce results we truly want in life. It is lifelong generative learning. And learning organisations are not possible unless they have people at every level who practice it.

People with high levels of personal mastery are continually expanding their ability to create the results that they truly desire in life. From their quest for lifelong learning comes the spirit of the learning organisation. They share several basic characteristics: they have a special sense of purpose that lies behind their visions and goals. Their vision is a calling rather than simply a good idea. They are deeply inquisitive, committed to continually seeing reality more and more accurately. They feel connected to others and to life itself. They feel as if they are part of a larger creative process, which they can influence, but cannot independently control.

Personal mastery entails a commitment to continuous learning at all levels of the organisation. This includes all-encompassing support for any kind

of development initiative for employees of the organisation. Traditional training and development activities are insufficient; they must be accompanied by a conviction that no member is ever finished with learning.

2.7.3 Mental Models

A mental model is an image of or perspective on an event, situation, activity or concept. It is a deeply ingrained assumption that influences how we understand the world and take action in it. For example, each person may have a different mental model of *school* or *parent* or *government,* based on their experiences, previous perceptions, frame of reference or upbringing.

Mental models of what can or cannot be done in different situations vary tremendously from person to person and are often entrenched and difficult to change. Senge (1990:9) stresses that the discipline of working with mental models starts with turning the mirror inward, learning how to unearth internal pictures or images of the world and then bring them to the surface and hold them up to rigorous scrutiny. It includes the ability "to carry on learningful conversations that balance inquiry and advocacy, where people expose their own thinking effectively and make that thinking open to the influences of others".

Often new ideas do not get implemented because they conflict with deeply held internal images of how the world works, images that limits people to familiar ways of thinking and acting. That is why the discipline of managing mental models – surfacing, testing and improving our internal pictures of how the world works – guarantees to be a major step forward for building a learning organisation.

The major problem with mental models arises when the models are tacit, when they exist below the level of awareness. Because people remain unaware of their mental models, they are never examined. Therefore they remain unchanged. The gap between mental models and reality amplifies as the changes take place in the environment.

Learning new skills and implementing institutional innovations that help bring new skills into everyday practice, are both requirements for developing an organisation's capacity to work with mental models. The discipline has two vital sides: business skills and interpersonal issues. Only if these skills are acquired, will people at all levels surface and challenge their mental models before external circumstances compel rethinking.

2.7.4 Team Learning

Lumsden (1997:5) defines a team as a diverse group of people who share leadership responsibility for creating a group identity in an interconnected effort to achieve a mutually defined goal within the context of other groups and systems. Senge (190:235) believes that in a team there is commonality of purpose, a shared vision and an understanding o how to complement one another's efforts. A team is a group of people working together to achieve results. Alignment is a necessary condition before empowering the individual will empower the whole team. Team learning is the process of learning collectively and it builds on the disciplines of developing shared vision and personal mastery, for talented teams are made up of talented individuals. If teams learn, they become a microcosm for learning throughout the organisation. Team accomplishments can set the tone and establish a standard for learning together for the larger organisation.

The discipline of team learning involves mastering the practices of dialogue and discussion, the two distinct ways in which team conversation takes place. In dialogue there is the free and creative exploration of complex problems. In discussion, different views are presented and defended and there is a search for the best view to support decisions that must be made at the time. Dialogue and discussion are complementary. Successful dialogue and discussions enables teams to recognise leaps of abstraction, or jump from an observation to a generalisation balance inquiry and advocacy and recognise distinctions between espoused theories (what is claimed) and theories in use (the implied theory behind actions) (Senge, 1990).

Dialogue is the critical medium for creating and coordinating learning in the workplace because it promotes collective thinking and communication. Dialogue improves the organisations ability to tap the collective intelligence of teams and equips teams to see the world as a whole rather than as fragmented parts (Senge, 1990).

2.7.5 Shared Vision

Senge (1990:206) describes shared vision as an impressive power and a force in people's hearts. Hardly any forces in human affairs are as powerful as shared vision.

At its simplest level, a shared vision is the answer to the question: what do you want to create? Shared vision creates a sense of commonality that saturates into the organisation and gives coherence to diverse activities.

Lumsden (1997:124) explains that people who have experienced excellent teamwork feel that they shared a team vision of what they were doing and

were they are going.   This vision is more holistic than the goals and objectives; it is something total the team sees ahead as the result of its work.

Generative learning only occurs when people are striving to accomplish something that matters deeply to them.   In fact, the whole idea of generative learning - "expanding your ability to create" – will seem meaningless until people become excited about some vision they truly want to accomplish.   Shared vision is thus vital for the learning organisation because it provides the focus and energy for learning.

Employees of the company can excel and learn, not because they are forced to do so, but because they want to.   This approach encourages personal mastery that allows freedom of choice and honest commitment to generative learning.

2.8   *Learning capacity of organisations*

John Redding (1994) in Marquardt (2002) has identified three dimensions to consider while building the learning capacity of the organisation:

Speed of learning refers to how quickly the organisation is able to complete each learning cycle (planning, implementing and reflecting) and to complete iterations of the learning cycle.

Depth of learning refers to the degree of learning the organisation achieves at the end of each cycle, which it accomplishes by questioning assumptions and improving its capacity to learn in the future.

Breadth of learning is concerned with how extensively the organisation is able to transfer the new insights and knowledge derived from iteration of the learning cycle to other issues and parts of the organisation.

In learning organisations, we are now witnessing a paradigm shift in emphasis from training to learning. Training signifies a one-way transfer of established wisdom or skill from the expert instructor, whereas learning varies from this process in several important ways. Learning involves not only absorbing existing information but also creating new solutions to problems that are not yet fully understood. Learning may take place with or without a teacher because it is a personal, group and organisational ability. Some of the significant differences between training and learning are shown in Table 2.1 below.

Table 2.1 Contrasts between training and learning

TRAINING	LEARNING
From the outside in, done by others	From the inside out, learner motivated
Assumes relative stability	Assumes continuous change
Focuses on knowledge, skills, ability and job performance	Focuses on values, attitudes, innovation and outcomes
Appropriate for developing basic competencies	Helps organisations and individuals learn how to learn and create innovative solutions
Emphasises improvement	Emphasises breakthrough
Not necessarily linked to organisation's mission and strategies	Directly aligned with organisation's vision and requirements for success
Structured learning experiences with short-term focus	Formal and informal, long-term oriented, learner initiated

SOURCE: Marquardt (2002)

Walter Kiechel (1990) in Marquardt (2002) sees learning and training in these terms: "with training, the organisation supplies information to employees; with learning, the organisation encourages employees to wonder, question, and find their own answers".

2.9 Characteristics of a Learning Organisation

There are several sources who speculate what a learning organisation ought to be. A comprehensive definition of a learning organisation is presented by Pedler *et al* (1991:1) as "*an organisation that facilitates the learning of all its members and continuously transforms itself*". Organisations that encourage learning continuously improve and operate differently from organisations that do no. Argyris (1978), Revans (1982) and Deming (1988), whose findings are endorsed in research conducted by Peddler *et al* (1991), list the following characteristics of a learning organisation:

2.9.1 Learning approach to strategy and participative policy making

A learning approach to strategy and participative policy-making means a conscious structure of policy and strategy formulation, implementation and evaluation as a learning process. Employees, shareholders, customer, suppliers and managers are given an opportunity to make a contribution through debates, conflicts and participation. Diversity should also be considered, for example women, blacks, different religions etc.

2.9.2 Informatting

Informatting describes the state of affairs in which information technology is utilised to inform and empower, rather than disempower. This involves a major shift in attitude, namely, that information should be made

accessible to the broad spectrum of employees who should be able to understand what the information is used for and who understand the available data.

2.9.3 Formative accounting and control

Formative accounting and control ensures that systems of accounting, budgeting and reporting are structured to assist learning on order to satisfy the customer.   This involves a huge change by involving customers. The emphasis here is on auditing, managing and accounting for actions.

2.9.4 Internal exchange

All internal departments contract with one another to come up with the best internal practices. The departments collaborate rather than compete in order to understand and adopt the roles of internal customers and suppliers.   By doing this, a constant dialogue is maintained during discussions, negotiation and contracting.   This process of internal exchange optimises performance.

2.9.5 Rewarding flexibility

In a learning organisation new, alternative ways of rewarding should b explored.   Money should not be the only way to reward employees. Reward systems should not be based on reasons, but on processes, which is in agreement with the underlying principle.   In a learning organisation, underlying assumptions used to reward employees, are out in the open.

2.9.6 Enabling structures

Structures support creating opportunities for individual and organisational development. The roles are broad based in line with the established and contracted needs on internal customers and suppliers, in such a way as to allow for personal growth and development. The goal is to create a learning environment, which will allow space for meeting current needs and respond to future changes.

2.9.7 Boundary workers as environmental scanners

Data collection from the external environment should involve all those who are in touch with the external customers, as they are in regular contact with them and can carry back disseminated information. These boundary workers are in a favourable position to collect vital information, which may not be readily available for other employees.

2.9.8 Inter-organisational learning

This refers to joint training, sharing in investment, research and development, which involve organisations that engage in mutually advantageous learning activities.

2.9.9 Learning climate

The learning climate should allow for experimentation, learning from mistakes and risk-taking. Mistakes should be allowed and external stakeholders, customers, competitors and suppliers should participate in learning.

2.9.10 Opportunities for self-development

Self-development is based on making resources and facilities available to all employees of the organisation. Resources include seminars, courses, workshops etc. A learning organisation has an awareness of external competition, involves people by giving them insight into issues and encourages them to develop themselves and contribute as individuals and within teams. The learning organisation also takes advantage of all knowledge and experience within it, and applies this for future success.

2.10 *Benefits of being a learning organisation*

Learning organisations respond quickly and effectively to the new challenges posed by rapid and unpredictable change and unforeseen events. They are neither debilitated nor incapacitated by it, because the way in which they operate enables them to thrive on chaos, instability and unpredictability.

Table 2.2 below reflects some of the key benefits that a learning organisation has in coping with the challenges of the new work environment:

Table 2.2: Benefits of a learning organisation

Key challenges of the new world of work	Benefits of a learning organisation
Rapidly changing world of work and external environment	• A learning organisation is more adaptable to environmental input • It thrives on change as an opportunity for renewal and growth • It responds rapidly to internal and external change without becoming dysfunctional • It is geared towards adapting quickly and without much trauma • Its structures, processes, staff and culture are flexible and adaptable
Continual change that is discontinuous and without a clear pattern	• Its managers and staff are in a learning mode as a "way of being" and therefore open to new challenges and equipped to cope with whatever is thrown at them • It is designed and managed in a way that encourages continuous renewal and reinvention • Its employees learn more effectively from mistakes, and use these as learning opportunities for tackling the road ahead • It anticipates environmental change and plans proactively how to respond
Highly competitive environment	• Its management and staff are skilled at learning and reacting faster than the competitors • It constantly scans the environment to identify trends and is geared towards responding proactively to external demands • It encourages, and is very good at, the accelerated development of new products and the renewal of processes and services • Its organisation-wide learning results in continuous performance improvement

Constant decay of existing knowledge and skills and redundancy of products and services	• It "habitually" innovates and experiments as a usual way of functioning • It encourages and facilitates continuous improvement in all areas of the organisation • It succeeds in rapidly transferring learning between different parts of the organisation • It benefits from the creative and innovative contributions of all staff members – not only those appointed to strategic positions.

Source: Peddler *et al* (1991)

2.11 Building learning organisations to enhance competitiveness

There is no single model to follow as different experts present different models, although there is much agreement about the main building blocks.

For example, Bennet et al (1994:42-47) identify 12 key factors:

- Strategy and vision
- Executive practices
- Managerial practices
- Climate
- Organisation and job structure
- Information flow
- Individual and team practices
- Work processes
- Performance goals and feedback
- Training / education
- Individual and team development
- Rewards and recognition

Hitt's (2995:19-22) framework includes:

- Shared values
- Style
- Structure
- Skills
- Systems
- Staff
- Strategy
- Synergistic teams

The recommendations of various experts have been consolidated by Hatting *et al* (2004) into the nine building blocks described below:

Figure 2.10 The nine building blocks of learning organisations

Promote learning, unlearning and relearning	Integrate learning and work	
Create an environment conducive to learning	Reward learning	Encourage risk-taking and innovation
Learn from mistakes	Empower employees	Encourage trust, openness and dialogue	Value knowledge assets
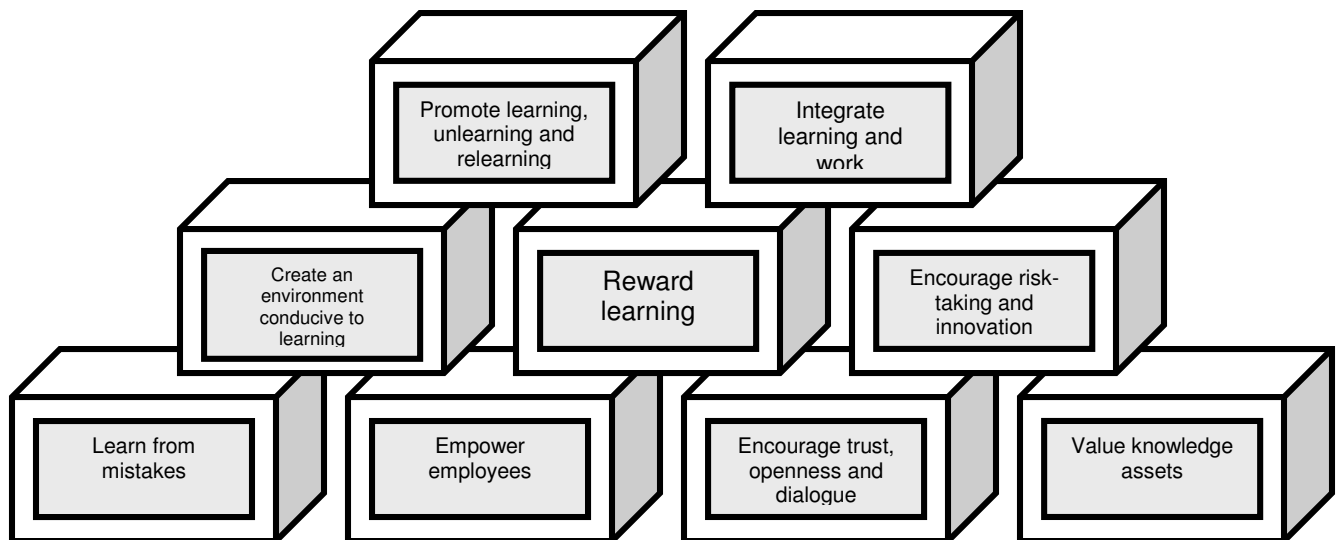
SOURCE: Hatting *et al* (2004)

2.11.1   **Building block 1:   Promote continuous learning, unlearning and relearning**

"*The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn*"

- Alvin Toffler

Organisations that wish to survive and thrive in the 21st century work environment will have to develop the capacity to learn, unlearn and relearn continuously. This learning skill must be build at individual and team level, but organisations as a whole must develop this learning competency.

Learning is necessary to grasp new information, for example new trends in the continuously changing environment, new products, potential new markets and new technology. However, Toffler stresses the need to unlearn what we already know and understand and relearn new skills, approaches, paradigms etc.

Koulopoulos (1997:11-13) emphasises the importance of learning: "*I've seen more companies fail because of their success than any other reason… In today's corporation, if memory cannot be constantly and consistently altered, it is a liability. The problem is not that everything we remember is wrong, but that the inability to question these buried memories assumes that everything we remember is right. In these cases, the corporate memory becomes the water wheel that holds organisations hostage to a single stream of thought*".

2.11.2   Building block 2: Integrate learning and work

Effective organisational learning is based on the fusion of learning and work.   Within the workplace context, learning must be inextricably intertwined with work.   Learning can no longer be a separate activity that takes lace only in the classroom.   It is important to ensure that people in organisations are learning all the time – learning for work, learning while working and learning through working.

2.11.3   Building block 3:   Create an environment conducive to learning

The following are some guidelines on creating an organisational environment conducive to learning:

- Identify and eliminate constraints within the culture, value system, structure and way of doing things in the organisation that inhibit learning.
- Opportunities must be created that specifically encourage people to lean – outside formally structured courses
- Because learning does not only take place in a lecture room or auditorium, learning spaces should be created for the informal sharing of knowledge.   Examples are open-plan offices, cafeterias and coffee rooms, where informal interaction between staff members is encouraged.

2.11.4   Building block 4: Reward learning

Learning should not only be valued; there should also be a culture of rewarding learning continuously, as well as during performance

reviews and at special award ceremonies. Rewards offered must not be limited to gifts such as money or a gold watch, but must include further learning opportunities.

2.11.5   **Building block 5: Encourage risk-taking and innovation**

Experimentation and risk-taking should be encouraged so that employees go beyond the familiar boundaries and known formulas to find creative ways of meeting unknown challenges.

This implies the need to build a culture that supports critical questioning and challenging existing paradigms and perspectives. It also means that all employees must be empowered to try new things and should not be afraid of being punished if they make mistakes. This cannot happen in an autocratic work environment where employees do only what they are told to do within very clear and narrowly defined parameters.

2.11.6   **Building block 6: Learn from mistakes**

A degree of failure is inevitable in a situation in which people have to take risks and find innovative solutions to previously unknown problems.   Therefore, failure cannot be avoided, but the inexcusable error in today's highly unpredictable and highly competitive world is that of failing and then not learning from it.

Managers should encourage a culture in which mistakes are allowed and where failures are openly discussed to ensure that people learn from one another's mistakes.

2.11.7 Building block 7: Empower employees

Empowerment, individual ownership and the delegation of authority should be encouraged, as well as commitment to problem-solving and experimentation – as opposed to waiting for the manager to devise the solution.

2.11.8 Building block 8: Encourage trust, openness and dialogue

The following are some of the features of an organisation in which trust, openness and dialogue are promoted:

- People at all levels have access to information that will assist them in their jobs.
- Unpleasant or embarrassing information, which is normally withheld to save face or avoid embarrassment, is not hidden but is discussed in order to learn lessons from it and avoid future mistakes.
- Information is shared honestly and freely between members of the organisation, horizontally, vertically and laterally.
- Questioning of accepted wisdom and practices is encouraged and nothing is considered to be non-discussable.
- Information-sharing is not restricted to the superficial communication of facts and the expression of points of view. There is a true engagement with one another's points of view to unearth underlying assumptions.
- People recognise how their mental models impact on the way they view issues and how they act.
- People keep an open mind to alternative views and assumptions and truly try to understand the paradigms of people whose views differ from theirs.

- People are willing to think through issues together to try to understand one another' points of view and to reach common understanding in the interest of achieving the organisation's goals.

- People are not afraid to change their points of view when faced with convincing information or reasoning.

2.11.9   Building block 9: Value knowledge assets

"Knowledge is the food of the learning organisation. It is the nutrient that enables the organisation to grow" (Marquardt, 1996:129-130).

In the new global business environment competitiveness will be determined by how effectively organisations manage their knowledge assets, and this requires a fundamental shift in business practices.   Organisations will have to learn to exploit their knowledge assets and put them to work to improve their competitiveness.

Each of the nine building blocks is linked to the other and none of them can individually build a learning organisation. For example, learning from mistakes can only happen if employees do not fear punishment when they take risks; and people will only take risks and innovate in an environment in which employees are empowered, where they have access to the information they need, and where managers do not frown upon those who challenge existing values or practices within the organisation.

2.12 The company as a Learning Organisation

"For a company to continue achieving tomorrow, it must invest in its people today." (ABI: L&D Intranet)

Developing a company's workforce is essential to remain competitive in today's increasingly demanding business environment. The creation of a coherent learning and development strategy that supports business goals is vital if learning and development is to continue being seen as a key player

Specifically, the Learning & Development initiatives support the business goal of continually developing the skill, knowledge and competence levels of employees, in order to support the company in its operations of today, as well as to take up the challenges of the future (L&D Strategy, 2004).

2.12.1 Learning and Development Vision and Purpose

The Learning & Development vision is for the company to become a *world-class company*, made up of business-focused teams and individuals who add value through their *superior levels of performance*, whose levels of *competence* are *ahead of demand* and who is committed to *self-managed life-long learning* principles.   The purpose of Learning and Development in the company is to, in close *partnership* with management and individual employees *add value* to the business by:

- Providing direction and meaning for learning.
- Responding to the L&D needs across the business.
- Creating, maintaining and facilitating systems, processes and resources to develop human capital (L&D Strategy, 2004).

Table 2.3   Methodology of the company becoming a Life-long Learning Organisation

STAGE 1	Status quo-based organisation • Skills are defined by traditional job definitions rather than by strategic requirements. • Training is predominantly formal and classroom based. • Trainers are training professionals with limited technical knowledge. • A menu of available courses, as opposed to business needs, determines training needs. • There is little acknowledgement of core value chain skills for development and retention. • There is a perception in the organisation that job security is not at risk
STAGE 2	Trial-and-error discomfort-based organisation • Skills are redefined within the context of multi-skilled teams and strategy. • Team members' skills and soft skills tend to be provided haphazardly. • Informal multi-skilling takes place. • Line becomes more involved with the training effort. • Training needs are linked with business needs, but largely in a mechanistic way – thus everyone in the targeted team or group gets sent on the course. • Training is still largely measured by training days as opposed to impact on productivity. • There is often little acknowledgement of core skills and high skills turnover. • There is a perception that job security may be at risk.

STAGE 3	Consolidating organisation-in-transition • Skills are captured in competency-based standards, in line with best practice. • Training happens as per curricula supporting competency-based standards. • Workplace assessment leads to certification. • Multi-skilling is formalised across the value chain. • There is total line involvement with the training effort – trainers and coaches are an integral part of line structures. • Training focus is on the development and retention of core skills. • Job security is replaced by employment security as employees become more flexi-skilled and truly value adding.
STAGE 4	Organisation with an ability to sustain • Employees take ownership for ongoing skills development aligned to competency-based standards. • Skills flexibility in teams, enabling cross-functional career moves. • Increased flexibility regarding the delivery of training as more employees are assessed as competent. • Ongoing updating of certification. • Multi-skilling a normal part of the training effort. • Core skills are in place in the value chain, and succession is ongoing.

Source: L&D Strategy, 2004

2.13 Forms of learning in the company

2.13.1 Internal formal learning

2.13.1.1   Inhouse training courses/interventions

Obtaining knowledge and skills through an internal formal learning programme that comprises various learning methodologies.

These include in-house training courses or interventions, internally organised training interventions that use external suppliers as facilitators and the Competency Acquisition Process (ABI Intranet: L&D).

2.13.1.2   *Competency Acquisition Process*

The Competency Acquisition Process provides an easily accessible, simple to use, self-study learning platform aimed at defining role competencies and encouraging individual learning ownership, whilst achieving competence

The Competency Acquisition Process entails obtaining knowledge and skills through an internal formal self-directed learning programme that incorporates various blended learning methodologies.

It provides an easy access, simple to use learning platform aimed at defining role competencies and encouraging individual learning ownership, whilst achieving competence (ABI Intranet: L&D).

2.13.2 Internal informal learning

This includes on-the-job learning, coaching, working directly with subject matter experts etc.

Transference of knowledge and skills that takes place on-the-job. This can be facilitated by an experienced person / expert in their field and can involve structured inputs, but is more commonly conducted in an informal way (ABI Intranet: L&D).

2.13.3 Formal external learning

The pursuit of studies through a formal educational institution (e.g. recognised university, college, technikon or learning institute) that will result in a formal qualification, professional registration or certification (ABI Intranet: L&D).

2.13.4 Competency Acquisition Process (CAP) (ABI Intranet: L&D)

2.13.4.1   *What is the Competency Acquisition Process*

"Being smart means accomplishing something beyond current levels of ability" – Robert X. Cringelky

At its core, CAP is built on five building blocks :

- A structured approach to learning and development.
- A learning framework with assessment tools designed to enhance competence and performance of individuals and the company
- Looks at raised levels of current job requirements and future requirements where possible
- It is based on the concept of self-managed life-long learning
- Comprises a Suite of 5 Document Types which is outcomes-based and incorporates a specified blend of learning methods

2.13.4.2   *What is the Competency Acquisition Process in the company?*

A quote taken from the ABI 2002 Annual Report sums it up:

"Continued pressure to perform at increasingly higher levels of performance raises the demands on each employee.

Training delivery, self-learning and learning processes in general have been stepped up to ensure that a sufficiently skilled workforce supports our growth ambitions."

The overall aim of CAP is to help create an advanced learning environment by encouraging smarter learning, providing a range of learning opportunities and increasing individual accountability for learning.

To attain this, CAP is based on targets which are defined and set, is measurable and is geared to having a direct impact on performance.

2.13.4.3   *Advantages of the Competency Acquisition Process*

- Defines competencies and provides a structure and process to obtain them
- Facilitates performance improvement
- Allows us to measure skills
- Facilitates multi-skilling and increased individual
- value add
- Viewed as a motivator
- Nurtures individual development and obtaining
- qualifications
- Builds a life-long learning organisation
- Assists with succession planning
- Assists with "Employer of choice" and as a benefit
- Best in class

2.13.4.4   Competency Assessment

Assessment plays a critical role in the acquisition of skills and in an outcomes-based approach to learning.

By introducing assessments during and after training/learning, CAP adopts an approach that can quantify not only that the learner is acquiring knowledge and/or skills, but that the learner can also apply that knowledge and/or skill in the workplace and so add value to the business.

2.13.4.5   Responsibilities of various role-players

Learners

- Ensure that they are familiar with their Suite of Documents, learning material, relevant policies and procedures and how to access all these on the intranet
- Work with their managers when commencing CAP, to schedule a learning and assessment time-based programme
- If applicable, to ascertain, together with the assessor/manager, whether there are aspects of the programme where Recognition of Prior Learning (RPL) can be applied
- Inform the assessor of readiness for assessment and to be prepared to be assessed in a variety of circumstances
- Be open to receiving feedback from the assessor and provide additional evidence if required
- Drive and direct their own learning process, with manager support, to ensure that competence is achieved in the

specified time frame

Manager/Assessor

Generally managers at the company are trained assessors and will be responsible for both supporting the learning process and assessment. However, there may be instances where the direct manager will not do the assessment.

The role described below covers both the learning process, support role and the assessment.

- Full accountability for driving and managing the process and progress.
- Ensure that all new learners to CAP have received a Learning Pack and have been fully informed of the process through a one-on-one discussion with their manager. This includes going through all the points in the Pre-Assessment Meeting Guidelines and completing and signing the Pre-Assessment Meeting Checklist document.
- Ensure that all new learners can access the CAP documentation on the intranet i.e. the Suite of Documents and the Learning Material.
- Manage, co-ordinate, support and coach the learner through the entire process.
- In conjunction with the HR, compile a progress monitoring system.
- If applicable, to assist the learner in identifying whether there are aspects of the programme where Recognition of Prior Learning (RPL) can be applied.

- Ensure that the learner is ready for assessment and provide coaching if required prior to assessment. In the case of a learner being found "Not Yet Competent", the assessor/manager must provide additional coaching to ensure that the learner is ready for a subsequent assessment.

- Assess the learner timeously, efficiently and in adherence with the principles of assessment

- Provide detailed, constructive and timeous feedback to the learner. This refers not only to specific feedback on assessment activities but also to build the linkages between CAP and individual performance, daily work activities and how excellence on CAP can contribute to business results

- Assist learners build up a Portfolio of Evidence to show acquisition of skills and knowledge.

- Work with learner to assist them achieve competence in the specified time frame

Human Resources (HR)

HR at each site is a vital role-player in CAP.

- Assist managers to drive and manage CAP at the site and report on progress.

- In conjunction with the Line Managers, compile a progress monitoring system.

- Provide support to line management and learners in the form of coaching and
Counselling

- With managers, assist learners build up a Portfolio of Evidence (PoE) to show acquisition of skills and knowledge.

- Moderate assessments and PoE's to ensure sufficient evidence is shown to warrant signing off competence levels.
- Assist managers to develop developmental coaching skills to close competence gaps in their learners.
- Participate in monthly follow-up in management meetings.
- Link employees to CAP on SAP HR.
- Actively encourage a life-long learning approach and environment.

Learning & Development (L & D)

- Support and advise Line Managers and HR to assist with ongoing progress.
- Manage and monitor progress of competency acquisition against targets by obtaining regular update reports from HRC/S/Line Managers, drawing SAP reports and liaising with plant management
- Visit operations on a regular basis.
- Control quality through moderation of assessments.
- Feedback review of materials for updates and improvements (ABI Intranet: L&D).

2.13.4.6   The link between workplace assessment and assessment towards a National Qualification

The company as an Accredited Provider

Learning and development legislative requirements have placed new demands and compliance requirements on business.

As a result, the company is registered as an Accredited Training Provider through the Food and Beverage Sector Education and Training Authority (Foodbev SETA). This is a statutory body that administers education and training within the Food and Beverage industry.

Therefore, although CAP is entirely business based, it has the advantage of aligning to unit standards and legislative requirements, which can accommodate learners obtaining and linking into national qualifications.

In some disciplines of the business, the company has applied for accreditation of Learning Programmes. This means that these programmes have been linked to all the unit standards (these are statements of desired education and training outcomes and their associated criteria that are recognized nation-wide) that go to make up a qualification. In essence, this means that if learners who participate in one of these CAP programs, such as the CAP learning program for sales staff, and are successful in achieving competence, you will not only be fully competent in your job at the company, but will also receive a nationally recognised qualification.

Learnerships

Employees who wish to achieve a national qualification through the company may enroll as a learner on a recognised learnership. A learnership is a structured learning program that combines formal learning with practical work-based learning in an integrated program.

The learnership leads to a nationally recognised qualification that is registered by SAQA. At this stage, the National Certificate in Customer Management that is offered to Account Managers in the company is offered as an internal learnership.

2.14 Conclusion

The foregoing chapter discussed an integrated approach to learning organisations. The concept of a learning organisation, within a changing environment, was explored in terms of various definitions. The underlying principles of a learning organisation are looked at in terms of individual, team and organisational learning. The chapter clearly explained the learning organisation concept involved with regard to the five disciplines, which represent the experimentation, research, writing and invention of many people. The characteristics of a learning organisation were covered to distinguish them from organisations that are not.

The learning disabilities described in this chapter explained that people fail to see how their activities affect other positions, to the extent that when problems arise, they quickly shift the blame. Being proactive aggravates the situation of disability. This impedes their ability to learn from their mistakes or experiences. The most important consequences of their actions can occur elsewhere in the system, eventually failing to create the same problem they are blaming others for. Through learning, individuals tend to understand the structure that causes the system's behaviour and see more clearly their power to change behaviour within larger systems.

Understanding the concept of the learning organisation will help learners to understand the art and practice of learning, and its impact on performance. The link between learning and performance will be discussed in the next chapter.

3   LINKING LEARNING TO PERFORMANCE

3.1   *Introduction*

All organisations learn, but not all are learning based.   Many are performance based, or short term focused.   Today, the performance based approach is not sufficient.   Learning based organisations focus on getting the job done more efficiently.   They view learning as the best way to improve long term performance (Guns, 1996:2).

The learning based organisation willingly sacrifices today's performance for the sake of tomorrow's performance (Guns, 1996:2).   The performance based organisation does not make this sacrifice, and for that reason it may appear more successful in the short term.   However, several important factors create a different long term picture:

- Today's performance is the result of yesterday's learning. Tomorrow's performance is the result of today's learning.
- Because the learning based organisation keeps reinvesting in learning, its performance steadily improves over time.
- Because the performance based organisation does not reinvest in learning, its performance eventually suffers.

The research will address the relationship between performance management and learning, the transfer of learning to job performance, identify the barriers to transfer of learning, consider strategies for ensuring transfer of learning to performance, why it is so important to measure transfer, and compare the traditional approach to learning with learning as a process.

3.2 The relationship between performance management and learning

A strategic approach to training can generally be characterised by a long term perspective about why and how training is designed and implemented in the short and long term. A strategic approach to the management of training must operate effectively at corporate, divisional and operational level, with the training at the operational level integrated into daily routines and procedures. The training must have a "good fit" with the business, and the training function must be linked to line management. To achieve this, it is necessary that the training strategy be developed at board level as an integral part of the overall strategy of the organisation. According to Harrison (1992) in Rainbird (2000:74) the existence of a training strategy implies the existence of a business strategy which is known by all managers and employees.

Hansen (1994) in Rainbird (2000:74) examined the relationship between performance management and learning, particularly the learning strategy. She argues that the tensions in levels between performance management and learning emanate from different time-frames and from the respective emphasis given by organisations to performance management and learning. The case study research revealed that the implementation of a performance management system into the organisation was directed towards achieving short term performance objectives.

Even though the performance management system aimed at being both development and reward driven, this was seen to be highly problematic. The focus on short term performance objectives and rewards had consequences for the limited importance, time and resources allocated to learning at operational level by line management. This highlighted the conflicting and competing objectives of the performance management system and the different time-frames which performance management and

learning implied. The emphasis was on short term performance goals, which were output related and sacrificed long term needs.

The relationship between performance management and learning can be characterised by its inherent tensions in terms of timescales and importance given to the two components. This does not always mean that these tensions will be of a similar extent at all times and in all organisations contexts. Whittington et al (1999) in Rainbird (2000:74) utilised the notion of complementarities in order to understand the possibility of coherent and interlinked changes which help organisations improve their performance.

Complementarity theory proposes that by combining a number of practices at the same time the complete system of practices is much greater than the sum of its parts (synergy). Applying the concept of complementarities to the relationship between performance management and learning strategy, it can be argued that performance management and learning can come together to improve business performance when development and learning are emphasised in the appraisal process, as opposed to reward outcomes.

3.3   The transfer of learning to job performance

It is estimated that, although American industries spend up to $100 billion annually on training and development, not more that 10 % of these expenditures actually result in transfer to the job (Baldwin & Ford, 1998 in Hodges, 2002:104).   Time, resources, talented delivery personnel or sophisticated technology are invested, only to find that the knowledge and skills that were taught are not applied on the job.   Assessment demonstrated competence, but still transfer of learning does not always take place. What factors influence the transfer of learning?

3.3.1 Identifying the barriers to transfer of learning

It is widely agreed that transfer of learning involves the application, generalisability, and maintenance of new knowledge and skills (Ford & Weissbein, 1997 in Hodges, 2002:105).   Researchers have generally viewed transfer as being affected by a system of influences. It is seen as a function of three sets of factors: <u>trainee characteristics</u>, including ability, personality, and motivation;   <u>training design</u>, including a strong transfer design and appropriate content;   and the <u>work environment</u>, including support and opportunity to use. Holton, Bates & Ruona, 2000 in Hodges, 2002 developed a Learning Transfer System Inventory that they administered to 1 616 training participants from a wide range of organisations. The study revealed the sixteen transfer system constructs. The table below provides the list of these and definitions for the constructs.

Table 3.1 Learning Transfer Inventory Factor Definitions

Transfer Factor	Definition
Learner readiness	The extent to which individuals are prepared to enter and participate in training
Motivation to transfer	The direction, intensity, and persistence of effort toward utilising in a work setting skills and knowledge learned
Positive personal outcomes	The degree to which applying training on the job leads to outcomes that are positive for the individual
Negative personal outcomes	The extent to which individuals believe that not applying sills and knowledge learned in training will lead to outcomes that are negative
Personal capacity for transfer	The extent to which individuals have the time, energy, and mental space n their work lives to make changes required to transfer learning to the job
Peer support	The extent to which peers reinforce and support use of

	learning on the job
Supervisor support	The extent to which supervisors/managers support and reinforce use of training on the job
Supervisor sanctions	The extent to which individuals perceive negative responses from supervisors/managers when applying skills learned in training
Perceived content validity	The extent to which trainees judge training content to reflect job requirements accurately
Transfer design	The degree to which (1) training has been designed and delivered to give trainees the ability to transfer learning to the job, and (2) training instructions match job requirements
Opportunity to use	The extent to which trainees are provided with or obtain resources and tasks on the job enabling them to use training on the job
Transfer effort – performance expectations	The expectation that effort devoted to transferring learning will lead to changes in job performance
Performance – outcome expectations	The expectation that changes in job performance will lead to valued outcomes
Resistance – openness to change	The extent to which prevailing group norms are perceived by the individual to resist or discourage the use of skills and knowledge acquired in training
Performance self-efficacy	An individual's general belief that he is able to change his performance when he wants
Performance coaching	Formal and informal indicators from an organisation about an individual's job performance

Source: Hodges (2002: 106)

Of these barriers, organisations can usually determine those that happen most frequently for them.

3.3.2 Strategies for ensuring transfer

Five general areas provide the opportunities to ensure transfer of learning to job performance (Hodges, 2002):

- **Market the program**. If the entire organisation does not truly appreciate the importance of transfer, few commitments will be made by those most necessary to make it happen. If the participants and their managers do not see the benefits of transfer, entire programs or portions of them will be a waste of time and money.
- **Design transfer strategies into the program**. Anticipating barriers before the program is designed provides the best opportunity for the field to work hand in hand with program designers.
- **Ensure involvement by all role players before, during and after the program**. Program task force members determine their roles as enablers by planning for overcoming barriers and determining the best enablers to put in place for the newly skilled employee. They ensure the training design addresses potential barriers during the program so ways in which the participant can overcome them are addressed. They follow up to see how effectively the impact of the barriers has been reduced or eliminated.
- **Demonstrate the extent to which transfer takes place by summative evaluations**. These evaluations will provide detailed data to assist future programs.
- **Communicate program successes** (and failures) to the organisation, so that the lessons learned can be used for future programs.

3.4   Why is it so important to measure learning and performance

Since the mid 1990s there has been a surge of interest in determining the business impact of learning programs. This is exciting because it demonstrates the importance of showing the value of learning programs in language that stakeholders understand. Due to this interest, an outbreak of activity and resources in focusing on Return on Investment (ROI) analysis. Though significant and important, the focus of ROI activity often leaves some of the more basic and fundamental evaluation methodologies considered as unimportant (Hodges, 2002:1).

Two factors that are often neglected are *learning* and *performance evaluations*. This is unfortunate because these are the two types of evaluation that offer the best opportunity to uncover the reasons for a learning programs difficulty or failure. For example, if an evaluator finds a negative ROI, measuring learning and job performance can determine the reason. These are the evaluations that can answer questions such as:

- Is the problem that the program participants never applied the skills or knowledge on the job, or is it that they never learned them to begin with?
- If the skills or knowledge were learned but not applied, what is inhibiting the application?
- What should be done? Should the program be cancelled?
- Should a new supplier be selected?
- Is the program more suitable for a different audience?
- Should the program developers attempt to improve the program?
- If improvement is sought, what specific type of improvement is needed?
- What lessons learned can be applied to future programs?

3.4.1 Program evaluation overview

Below is a diagram that depicts how measuring learning and job performance fit in the overall evaluation process:
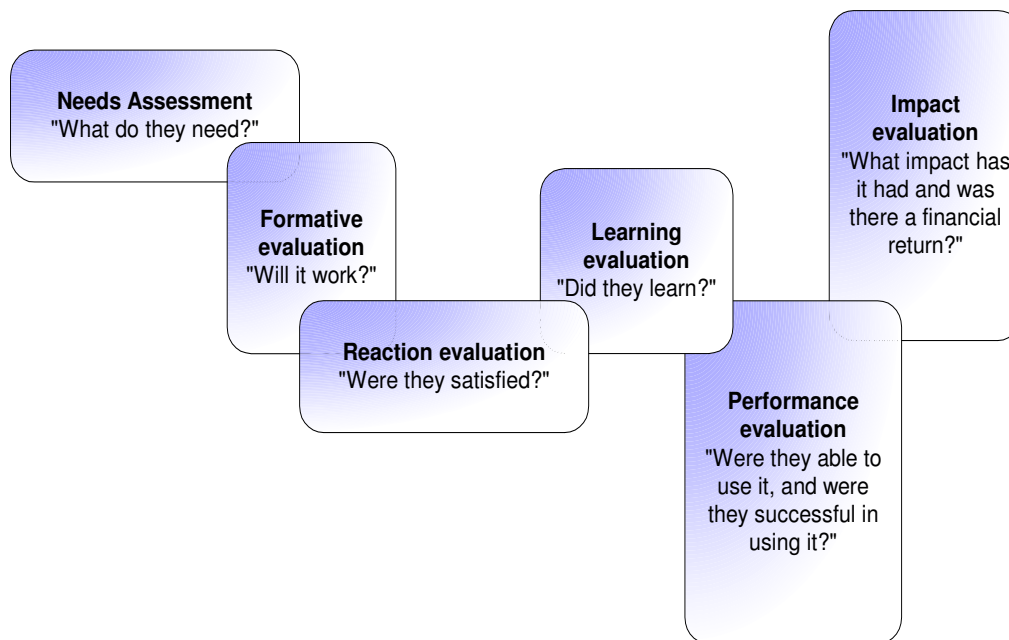
Figure 3.1: Components for HRD evaluation (Hodges, 1999 in Hodges, 2002)

Each component is an area of expertise unto itself. A *needs assessment* produces the clear definition of the objectives for the program. Program planners identify potential barriers to performance and begin to develop transfer enables (Sullivan, 1998 in Hodges 2002). During the *formative evaluation* component, a prototype program undergoes the rigors of usability engineering and quality-assurance testing. Usability engineering involves activities throughout the lifecycle and has its goal the design of a program that leads to productivity and ease of use. Quality assurance focuses on the actual functioning of the program, ensuring that it has been designed according to requirements and that no technical errors occur during its use.

The remaining components constitute the *summative evaluation*. These include:

Reaction evaluation. Once implemented, the evaluator determines if the participants were satisfied with the learning program. Often they are asked if they expect that they will be able to successfully use the knowledge or skills taught. The evaluator can use surveys and/or conduct interviews or focus groups at the completion of program modules or at the end of the entire program.

Learning evaluation. The purpose for this evaluation is to determine the extent to which the program has met its learning objectives. The evaluator tests the students to determine the extent to which they acquired the knowledge or skills specified in the program objectives. For the CAP learning program for sales staff in the company, this is done by the relevant line managers who have been trained and registered as Assessors with the Foodbev Seta.

Performance evaluation. The purpose for performance evaluation is to determine the extent to which the program has met its performance objectives.

Impact evaluation. The purpose for the impact evaluation is to determine the degree to which the program has met its business objectives and the degree to which expectations of the stakeholders for the program have been met.

3.5 Employee development and productivity

The obvious goal of training and learning is to increase productivity, profitability and quality. Of the three, the first enjoys the highest priority

because of the competition of the global economy. Often because of downsizing, fewer workers do more; therefore employees have had to become more productive. Although there are many ways of increasing worker productivity, one approach that has received generally less attention on the one hand, and offers the option of a major application of futures learning and thinking is that of employee evaluation. Employee evaluation has become performance evaluation; and then shifted to its present version of performance improvement. Employees themselves have become human capital and as such training is perceived as way of securing return on investment (Buchen, 2004).

Bourne, Franco & Wilkes, (2003:15) demonstrates below how a development program for sales staff can lead to improved ROI:

Figure 3.2: An example of a successful development map
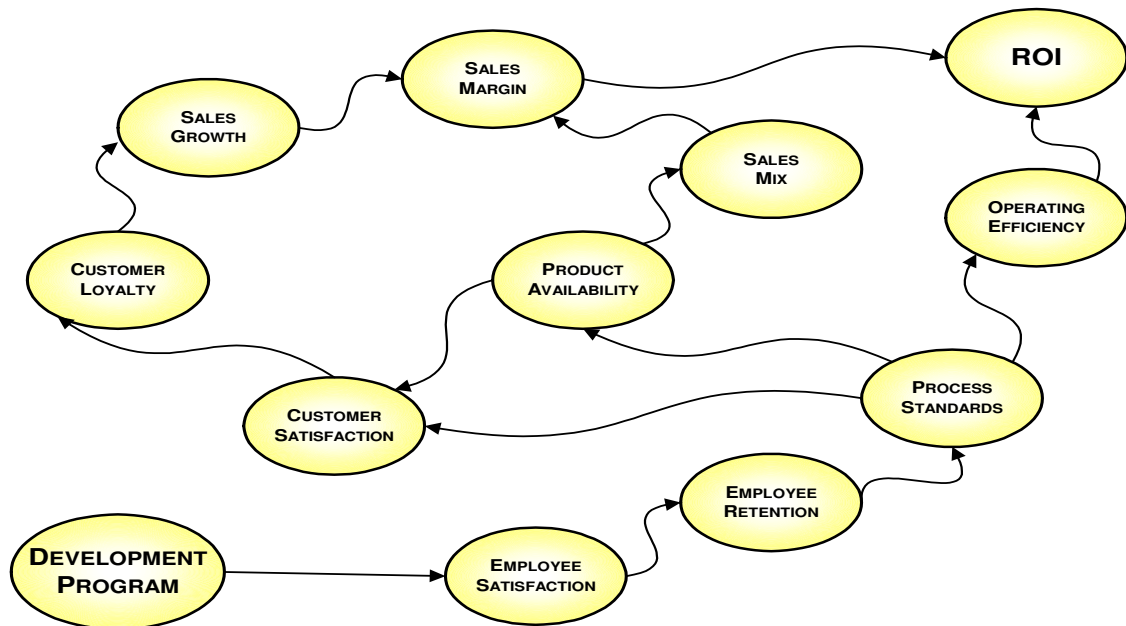
SOURCE: Bourne et al (2003)

According to Brumbeck (2003:168) there is eight compelling reasons why people should be empowered at work. Briefly put, the reasons are:

- All species are genetically programmed to manage their own lives
- Human beings have a psychological need to develop their potential
- Empowering others is the morally right thing to do
- Not being empowered can be unhealthy
- The language of commanding and controlling (e.g. "subordinate") is subjugating
- As in physics where every action produces an equal reaction, labour relations is a history of management actions and the reaction those managed
- From a philosophical standpoint, the autonomy of will is an intrinsic human condition, and
- Empowerment is good for performance; empowered people simply outperform commanded and controlled people.

3.6   The traditional approach vs. learning as a process

In the traditional approach, nothing happens before training, so knowledge and performance lines stay the same. During training, individuals are exposed to new knowledge and the knowledge line becomes significantly higher in the graph. After training, the performance line dips slightly as individuals attempt to apply new knowledge in their old work environment. In a non-supportive environment, the resistance people face will often lead them back to the old ways of working, and performance returns to the original level. Since new knowledge has not been applied, it is quickly forgotten and no performance change has occurred (United Nations System Staff College).

Figure 3.3: The traditional approach

Traditional Approach
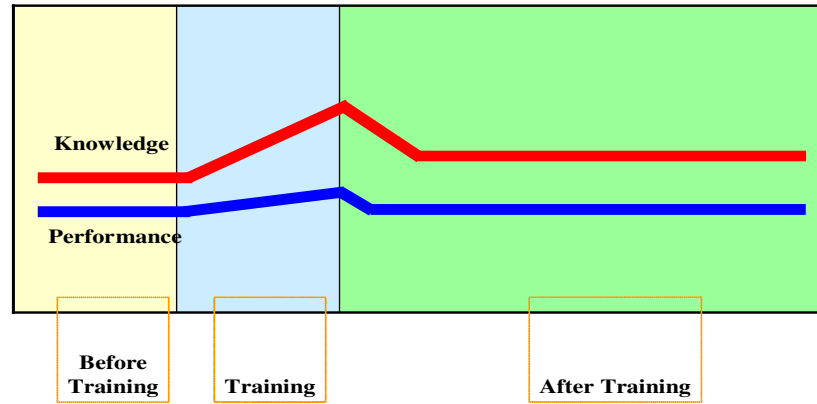
SOURCE: UNSSC, 2004 (www.unssc.org)

The curves change dramatically when a training event is part of an effective process of preparation, participation and performance – the Three Ps – and carried out in an environment of measurement and accountability. Both the knowledge and performance lines begin to move even before participation in the training event. The real impact is seen after training as the participants' performance is actively supported through effective tools, follow-up events, coaching and other assistance. As a result the knowledge and performance lines both continue to rise after the training experience. It is a point where the return on investment is high (UNSSC, 2004. www.unssc.org).

Figure 3.4: Learning as a process

Learning as a Process
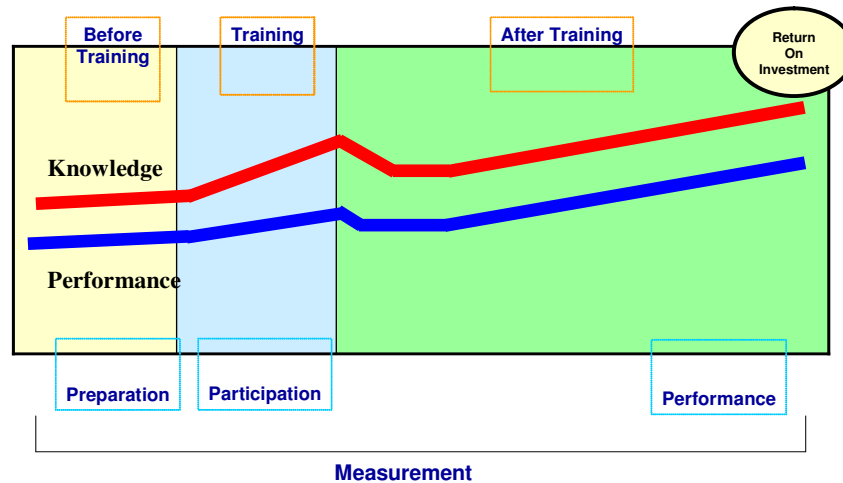
SOURCE: UNSSC, 2004 (www.unssc.org)

The new paradigm for human resources development requires you to view training as an inseparable part of performance improvement and management. In this view, training is a process that involves dynamic interrelationships with the other functions of the organisation, especially supervisors, managers and performance management systems (Brinkerhoff & Jackson, 2000:2). These functions must work in harmony to produce successful performance.

The success of this dynamic interrelationship depends on forming cooperative alliances among training leaders and other key players, such as line managers, supervisors, human resource practitioners and trainees. All of these individuals are needed to define and manage training as a systemic process. Working closely together, they must focus attention on the critical business needs of the organisation, then analyse performance systemically to identify barriers to and opportunities for improved

effectiveness.   When identified from a business-process-improvement perspective with input from all of the stakeholders, learning needs can be tightly focused and clearly liked to critical business objectives (Brinkerhoff & Jackson, 2000:2), thus increasing business results.

3.7   *Theoretical linkage between learning and performance*

Organisational learning has been regarded as one of the strategic means of achieving long-term success (Senge, 1990). A learning organisation is one that learns continuously and transforms itself where the organisational capacity for innovation and growth is constantly enhanced (Watkins and Marsick, 1993 in Yeo, 2003). It has the powerful capacity to collect, store and transfer knowledge and thereby continuously transform itself for corporate success. It empowers people within the organisation to **learn as they work**. What are the various outcomes associated with learning and how are they measured in terms of performance for the organisation. The financial versus non-financial outcomes, social science and social psychology perspectives, as well as the gaps on the linkage between learning and performance measures will be addressed.

3.7.1 Financial versus non-financial outcomes

From a traditional perspective, organisational performance is commonly referred to as financial performance where considerations of budgets, assets, operations, products, services, markets and human resources are crucial in determining the overall bottom-line of an organisation (Dixon, 1999, Thurbin, 1994 and Smith, 1999 in Yeo, 2003). As such, the financial benefits of organisational performance are often associated with organisational success (Thurbin, 1994 in Yeo, 2003). However, the notion of performance embraces a far wider dimension of interpretations. With the focus on organisational learning, the performance outcomes

associated with it need to be more carefully dealt with. The importance of performance measurement systems is manifold.   Not only does it demonstrate how an organisation does, how well it does and how much progress it makes over time in achieving its goals, most importantly, it helps to manage organisational change. It deals with the clarification of goals, the strategic alignment of people and processes, the monitoring of progress, and the management of consistent communication of job expectations and organisational culture to support the various transformational initiatives (Thomson, 1999 in Yeo, 2003). As can be seen, some of these organisational renewal objectives are not easily quantifiable, particularly when different levels of an organisation are involved.   Hence, qualitative measures are more appropriate in investigating these key objectives that dominate and direct decision-making and action-taking levels (Thurbin, 1994 and Hedges, 1998 in Yeo, 2003).

Performance management should not be treated as a separate isolated system. Instead, measurement should be considered at the individual, process and organisational levels.   In this way, it can facilitate the alignment of goals of all individuals, teams, departments and processes with the strategic aims of the organisation and incorporate the decisions of stakeholders in the planning and management of activities (Oakland, 1999 and Yeo 2002 in Yeo 2003). This is in line with Romme (1997 in Yeo 2003) notion of organisation as a circular structure where individuals can participate directly or through representation in the decision-making process. Several factors have been found to be critical to the success of performance measurement systems.   These include the level of top management support for non-financial performance measures, the involvement of all individuals in the development of performance measurement, the clear communication of strategic objective, the

inclusion of customers and suppliers in the measurement process, and the identification of key drivers of performance (Oakland, 1999 in Yeo, 2003).

In order to achieve positive business outcomes, there must be clear allocation of responsibilities within the people structure. Although it is generally accepted that organisational management plays a vital role in translating strategic goals, it will not be possible without the full cooperation and commitment of all employees. If they accept their full share of responsibility, they must be able to participate fully in the making and monitoring of arrangements for achieving the requirements. This is a total involvement approach which emphasises the need for participation of every individual employee (Oakland, 1999 and Yeo, 2002 in Yeo, 2003).

3.7.2 Social science and social psychology perspectives

This social science perspective of organisational learning explains human behaviour while social psychology deals with the cognitive aspect, explaining what influences impinge upon human beings from their environment and how they respond to these influences (March and Simon, 1994 in Yeo, 2003). Focusing on these two perspectives allows us to analyse informal or non-financial performance measures. The challenge, however, is to identify whether the learning that takes place is made explicit or left at the tacit or implied level. This can take place at the individual, team or organisational level. By identifying these areas and the informal measures used, key learning processes can be set up for organisational learning to be captured and shared (Hedges, 1998 in Yeo, 2003). The cognitive and behavioural aspects of learning are very much similar to the human resource development perspective where learning results can be defines as knowledge and expertise or competence. Knowledge results are defines as mental achievements (cognitive) that are acquired through study and experience. On the other hand, expertise

or competence is regarded as a set of human behaviours demonstrating effective results and optimal efficiency acquired through study and experience within a specified domain (Swanson and Holton, 1999 and Martin, 2000 in Yeo, 2003). All organisations rely on human knowledge and expertise in ordered to establish and achieve their goals.

Since every organisation's success is built upon the participation of its people, one of the primary management challenges is to create an organisational citizenship, otherwise known as shared vision or systems thinking (Senge, 1990). It is a plural state of mind, a shared attitude dedicated to its task and an attitude that can readily influence other groups. It is always accompanied by a sense of mission and an urgent purpose (Liman-Blumen and Leavitt, 1999 in Yeo, 2003). Such an association of citizenship can be further defined as a motivated and consistent alignment of individual goals with team goals and ultimately corporate goals (Brightman and Moran, 1999, Rifkin and Fulop, 1997, Bowerman, 2000 and Yeo, 2002 in Yeo, 2003). This can be explained with reference to the focus-will-capability performance system (Smith, 1999, Smith and Saint-Onge, 1996 in Yeo, 2003) where "focus" refers to the strategic direction provided by management, "will" refers to the cognitive and behavioural responses required by the focus, and "capability" refers to the competence required by individuals to carry out the focus. These three elements emphasise the importance of collective consciousness, intellect and performance gearing the organisation towards innovation and competitiveness (Harung, 1996, Wright et al., 2000, Rowley, 2000, Day *et al.*, 1999 in Yeo, 2003).

The other dimension of non-financial performance can be linked to competence of individuals. The term "competence" in itself is closely related to the process of learning that people go through to gain greater expertise and proficiency in doing something (Dreyer, 2000 in Yeo, 2003)

competence is intimately related to knowledge management in several ways, e.g. team learning involves the processes through which members share, generate, evaluate and combine knowledge. Knowing who is good at what appears to be an important contributor to team and organisational performance (Argote, 1999 in Yeo, 2003).   The ability to create knowledge, diffuse it throughout the organisation an ensure that it is utilised does not depend entirely on management; it lies in the responsibility of every individual.   Through a funnelling process, such communication and transfer of knowledge will enhance the flexibility, controllability and quality of work (Yeung *et al.*, 1999, Hitt, 2000 and Pruijt, 2000 in Yeo, 2003).

As perceived by a number of management scientists, knowledge and competence are regarded as examples of intangible assets contributing to organisational success in one way or another. This is so as many organisations realise that people are the true agents in business and that all assets and structures, whether tangible or intangible, are the result of human actions. Sveiby, 1997 in Yeo, 2003 categorises intangible assets into three types:

- Employee competence
- Internal structure
- External structure

Employee competence refers to the individuals' ability and capacity to act in a wide variety of situations to create both tangible and intangible assets.

Internal structure refers to patents, concepts, models and systems, which are created by employees and are generally owned by the organisation.

External structure refers to relationships with customers and suppliers.

These three categories revolve around individuals' capacity to learn and manage knowledge in such a way that it produces tangible outcomes such as better quality products or increased sales. In the intangible asset management literature, such an emphasis on knowledge management is largely related to human capital, the new organisational wealth as termed by some. Expanding on human capital, Ehin (2000 in Yeo, 2003) provides two categories of knowledge, explicit and tacit. The former refers to codified forms of information such as documents, databases, articles, books and lectures. Anyone who is able to gain access to it can also interpret and use it. On the other hand, tacit knowledge refers to first-hand experiences acquired through working with more knowledgeable people. It includes ideas and abstractions at the individual level. In contrast to explicit knowledge, tacit knowledge cannot be found in documents, databases or books. It is often shared among people orally and cannot be transmitted. In essence, tacit knowledge is the ultimate source of competitive advantage as individuals experiment, socialise and reflect for better results (Ehin, 2000 in Yeo, 2003). Some ways of measuring human capital and employee competence include such qualitative techniques as in-depth interviewing. This is usually done by using a series on indices and metrics which involve measurements on leadership, motivation, empowerment, employee satisfaction and customer satisfaction (Edvinsson and Malone, 1997 in Yeo, 2003).

Organisational performance has been given another perspective involving non-financial measures such as attitude, commitment and the way individuals acquire knowledge. These variables are governed by the cognitive and behavioural learning theories, hinging on competence. Knowledge, viewed as an aspect of intangible assets, when applied appropriately to work will lead to greater value, contributing to tangible outcomes in turn.

3.7.3 Gaps on the link between learning and performance measures

From the literature, knowledge acquisition is strongly associated with organisational learning, leading to competence. Because the process of learning is volatile and that knowledge acquisition occurs at several levels, any attempt to measure intangibles can be problematic. Organisations already employ a mix of performance measures and what needs to be explored is a broader spectrum which takes into account non-traditional, especially non-financial approaches to performance measurement (Martin, 2000 and Oakland, 1999 in Yeo, 2003). Even so, very little conceptual and empirical attention has been given to the relationships that may exist between organisational learning and performance (Chaston *et al*, 1999 and Hedges, 1998 in Yeo, 2003).

The difficulty could be due to the fact that such cause-and-effect relationships are not necessarily straightforward and hardly clearly defined. It must be realised that the effects occur over many steps, and interventions to create the learning organisation may be complex. To make claims that certain elements result in improved organisational performance requires taking into account several layers of causal relationships. Fundamentally, interventions may change many aspects of an organisation where learning outcomes are not immediately apparent. One of the most obvious factors is that systems theory has made it apparent that many factors affect organisational outcomes. This is an example of multiple causation. Perhaps, the full effects will only be realised after a long period of time as organisational outcomes are both time and space delayed. In addition, there are many intervening variables involved such as factors like environment, leadership and organisational structure, which may influence outcomes. Furthermore, the scope is wide as interventions are likely to involve all levels of employees, embracing a

huge set of competencies (Swanson and Holton, 1999 and Dixon, 1999 in Yeo, 2003).

Another factor for the weak linkage between organisation learning and performance could be due to a phenomenon known as myopia (short-sightedness) of learning. This is when organisations tend to ignore the long run, ignore the larger picture and overlook failures (Leinthal and March, 1993 in Yeo, 2003). These problems impede learning and restrict performance outcomes. The appropriate management of knowledge and human capital is also vital in sustaining an organisation's competitive advantage and performance (Marquardt, 1996). Sometimes the problem lies in the misalignment of goals between individuals, teams and the organisation. This is when the three levels of goal are not unified by a shared vision, resulting in independently unrelated goals. Perhaps one way of examining leaning outcomes is to investigate the interaction processes between individuals (characterised by experiences and skills), teams (characterised by composition and structure) and finally organisation (characterised by situation, culture and physical conditions) (Hacker, 2000 in Yeo, 2003).

3.8   Evaluating training results and impact

Providing training to staff has many costs: the cost of resources involved in preparing and giving the training, the cost to participating organisations in travel and accommodation, and the cost of staff being away from the workplace. To justify these costs, managers need to feel confident that the training they are providing, or asking their staff to attend, will make a difference in their staff's work performance. They need to evaluate that staff members have not only acquired new knowledge, attitudes and skills from the learning/training, but can, and do, put them into practice back on the job.

Evaluation is often looked at from the four Kirkpatrick levels listed below:

1. **Reaction** – how well the trainees liked a particular training program/intervention. Reactions are typically measured at the end of the training.

2. **Learning** – what principles, facts and techniques were understood and absorbed by the trainees/learners. What trainees know or can do can be measured during and at the end of training, but in order to say that this knowledge or skill resulted from the training, the entering knowledge or skills levels must also be known or measured.

3. **Behaviour** – changes in on-the-job behaviour. Behaviour changes in on-the-job behaviour must occur in the workplace itself. Competencies are acquired in training and they then transfer to the workplace. It is deemed useful, therefore, to assess behaviour changes at the end of training and in the workplace.

4. **Results or effectiveness** – Kirkpatrick did not offer a formal definition for this element of his framework. Instead, he relied on a range of examples to make clear his meaning. Those examples are herewith repeated. "Reduction of cost; reduction of turnover and absenteeism; reduction of grievances; increase in quality and quantity or production; or improved morale which, it is hoped, will lead to some of the previously stated results." These factors are also measurable in the workplace (Nickols, 2000).

Figure 3.5 The Structure of Training Evaluation
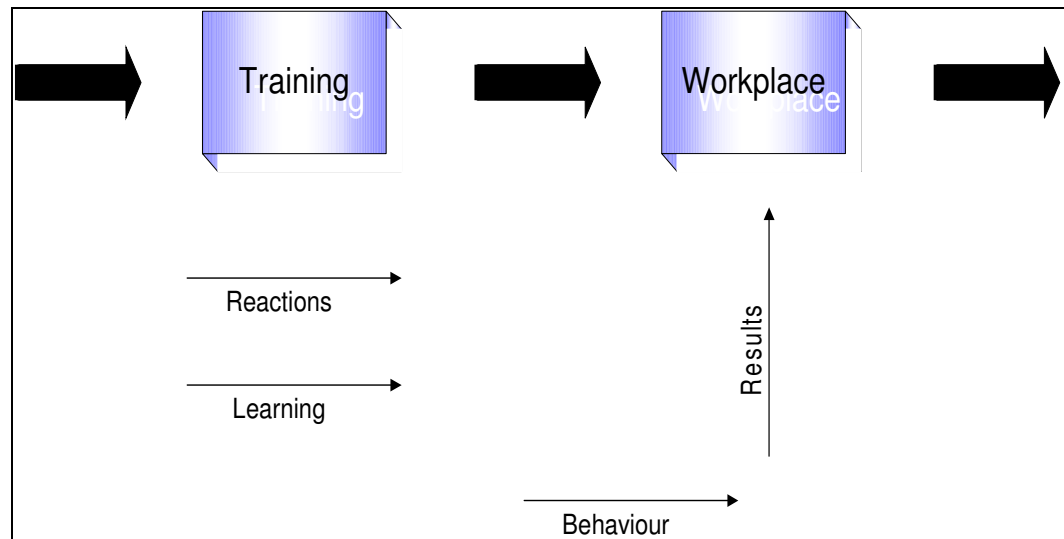
SOURCE: Nickols (2000)

Although level 4, evaluating results and effectiveness, is the most desired result from training, it is usually the most difficult to accomplish. Evaluating effectiveness often involves the use of key **performance measures**. This is where the sound principles of performance management are of great benefit (McNamara, 1999).

3.9 Conclusion

This chapter examined the relationship between performance management and learning, the transfer of learning to job performance, identify the barriers to transfer of learning, consider strategies for ensuring transfer of learning to performance, why it is so important to measure transfer, and compare the traditional approach to learning with learning as a process.

4   RESEARCH METHODOLOGY

4.1   Introduction

Figure 4.1: The Research Process

Step 1		Step 2		Step 3		Step 4		Step 5		Step 6
Need for information / research	⇨	Problem definition	⇨	Research design	⇨	Sampling	⇨	Data collection and analysis	⇨	Recommen dations
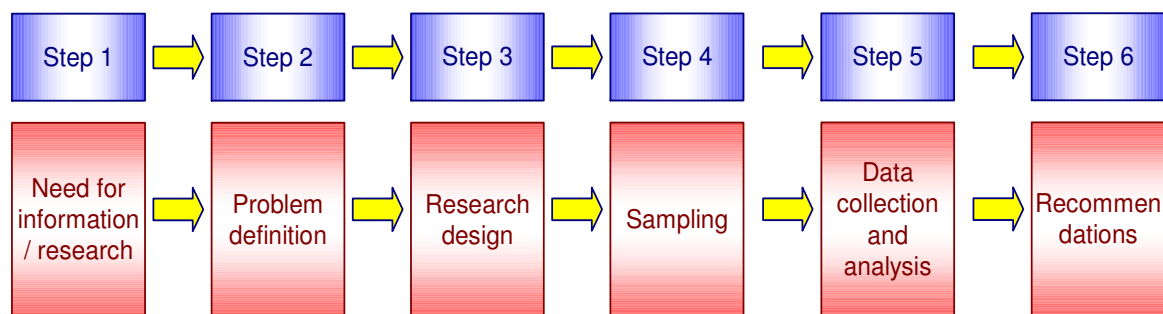
SOURCE: Frazer and Lawley (2000)

The research process is summarised in Figure 4.1 as a cyclical process with many feedback loops. The first step in the research process is to clearly define the research problem to be addressed. Once a problem has been defined an appropriate research strategy must be developed to best address the specific research problem. The research design will consider the appropriate research techniques for the research problem. Once the general research design is decided the next step is to address sampling. Thereafter, data can be gathered and analysed and recommendations can be made. In this chapter a description of each of the steps above will be explained.

4.2   Research Problem

The company invested an enormous amount of resources (time, money, and personnel) into CAP for sales staff. This research aims to determine if CAP positively influenced the work performance of the learners.

4.3 Research Design

Once the problem was defined, the researcher developed an appropriate research design. A research design is simply the blueprint or plan of how the information to answer the research problem will be gathered and answers the question: "how will we collect information to address the research problem?"   The researcher decided to use two methods of analysing the impact of the Competency Acquisition Process on performance:

- A questionnaire/survey completed by relevant line managers and learners
- Growth in sales (prior to the learning program vs some progress made with the learning program)

4.3.1 Questionnaire

A questionnaire consisting of forced-choice questions and answers and some open-ended questions was designed and distributed to the respondents. With regard to the forced-choice questions and answers, the respondents had to pick the one answer that best reflected his or her position. The purpose was to poll a large number of people about the topic of the research.

Hale, (2002) explains the following steps in constructing a survey:

- Define the purpose and the topic you want to measure.
- Write the questions with the audience in mind. Make every question as easy to interpret as possible.

- Design the survey. Have at least one question for every point you want to cover.
- Write the questions. Use simple statements or questions. Keep the number of possible responses the same for each question and make them plausible. If you use absolutes such as "all" or "none", put them at the extremes of a continuum. If possible, use the same continuum for all questions.
- If you use continua:
  - Label the ends of the continua with the extreme opposite positions expected from this audience
  - Use a Likert scale (odd number of positions) and label the central choice so it is neutral.
  - Intermediate positions may be left unlabeled if the audience can easily understand their intermediate nature.
- Provide a line for comments. Many respondents will want to say something more than appears in the answers you have supplied.

The researcher also followed the following rules in developing her survey:

- There should be more than twenty items. This is to make sure the data can be treated statistically.
- There should be fewer than fifty items. This is to keep the time needed to fill out the survey to ten minutes or less.
- The introductory paragraph for the survey should tell respondents why the survey is being conducted and how the results will be used.
- There should be instructions for responding to every type of item used. These should be located directly before the item in the survey so respondents don't have to look them up.
- Every item of a type should be constructed the same way as the others of its type. The scale should go from good to bad the same way for

each. There should be the same number of possible responses for each. The construction and format should be as similar as you can make them.

- If possible, the question should be a single simple sentence.

- Stick to the subject. Avoid questions about areas of interest that aren't related to the objectives being measured.

- Use a Likert scale (odd number of alternatives with a neutral position in the middle). Providing an odd number of alternatives gives the respondent the choice of not taking a definitive stand on an issue. When you use an even number scale, you force people to take a position that they may not agree with. A non-committal is valuable information.

- Provide a continuum of possible answers. Many times a survey contains items hat have only two alternatives, for example true or false. Include a third choice like "I don't know" or "maybe".

- Watch the wording. It is best to keep references general and in the third person. Make sure everyone of your intended respondents understands the words (Hale, 2002).

4.3.2 Sales growth

The researcher will calculate the correlation between the percentage growth in sales volume of all the learners prior to embarking on the learning program and progress made on the CAP learning program, using the statistical program EViews. This will be used to validate the information obtained in the survey/questionnaire. SPSS will be used to calculate the analysis of variance in sales growth since embarking on the CAP program in terms of biographical data.

4.4   Research Sample

While the research design is a plan of the information required to answer the research problem and how it should be collected, sampling addresses the question: "from whom do we need to obtain this information?"   The sample used in this study determined the method of questionnaire administration, for a number of reasons. The sample of one hundred and eighty-nine is geographically dispersed, and not all the respondents have access to electronic mail, necessitating a paper-based, mail survey.

4.5   Data Collection

The next step in the process is data collection.   At this stage the questionnaire is administered. The researcher first requested permission to send out the surveys. They were then couriered to all the plants, and the researcher requested HR's assistance in collecting the completed surveys and returning them.

4.6   Statistical Data Analysis

Following collection the raw data needs to be turned into information through analysis. Data analysis answers the question: "what does it all mean?" The researcher decided to use the following methods to analyse the data:

4.6.1   Correlation

Correlation is a bivariate measure of association (strength) of the relationship between two variables. It varies from 0 (random relationship) to 1 (perfect linear relationship) or -1 (perfect negative linear relationship). It is usually reported in terms of its square (r^2), interpreted as percent of

variance explained. For instance, if r^2 is .25, then the independent variable is said to explain 25% of the variance in the dependent variable (Garson, 2001).

Correlation is the covariance of standardized variables - that is, of variables after you make them comparable by subtracting the mean and dividing by the standard deviation. Correlation is the ratio of the *observed* covariance of two standardized variables, divided by the highest *possible* covariance when their values are arranged in the best possible match by order. When the observed covariance is as high as the possible covariance, the correlation will have a value of 1, indicating perfectly matched order of the two variables. A value of -1 is perfect negative covariation, matching the highest positive values of one variable with the highest negative values of the other. A correlation value of 0 indicates a random relationship by order between the two variables (Garson, 2001).

4.6.2 One-way ANOVA

Analysis of variance (ANOVA) is used to uncover the main and interaction effects of categorical independent variables (called "factors") on an interval dependent variable. A "main effect" is the direct effect of an independent variable on the dependent variable. An "interaction effect" is the joint effect of two or more independent variables on the dependent variable (Garson, 2001).

- Scheffe performs simultaneous joint pairwise comparisons for all possible pairwise combinations of means. Uses the F sampling distribution. Can be used to examine all possible linear combinations of group means, not just pairwise comparisons (SPSS)

- <u>Tukey HSD</u> uses the Studentized range distribution to make pairwise comparisons between groups. The critical value is the average of the corresponding value for the Tukey's honestly significant difference test (SPSS).

4.6.3 Effect Size

For the effective interpretation and application of research results, it is important to note one of the limitations of traditional statistical significance testing: statistical significance is highly dependent on sample size. Therefore, two studies with similar results may yield very different outcomes when statistical significance testing is applied, if the sample sizes used in the studies are different (Cook, 1999).

Because of this dependence on sample size, "statistically significant results" cannot always be equated with "meaningful results", i.e. results that have important business implications. It is possible for a large-sample study to have statistically significant results that do not reflect "meaningful" change or difference (Cook, 1999).

To effectively assess meaningful outcomes, a metric other than statistical significance testing is useful, one that measures the magnitude of a result, rather than the probability that the result is due to chance.

The most commonly used metric to evaluate the magnitude of an outcome is "effect size" (Cohen, 1988 in Cook, 1999), or the "strength of an effect opposed to its p value" (Kenny, 1987 in Cook, 1999).

Thalheimer and Cook (2002) used the following formula to calculate effect size from t-tests:

$$d = \frac{\overline{x}_t - \overline{x}_c}{\sqrt{\dfrac{(n_t-1)s_t^{\,2} + (n_c-1)s_c^{\,2}}{n_t + n_c}}}$$

Effect sizes are generally categorised as small (effect size = .2), medium (effect size = .5) and large (effect size = .8) (Cohen, 1988 in Cook, 1999).

Thalheimer and Cook (2002) categorised effect size as follows:

Relative Size of Cohen's d
negligible effect (>= -0.15 and <.15)
small effect (>=.15 and <.40)
medium effect (>=.40 and <.75)
large effect (>=.75 and <1.10)
very large effect (>=1.10 and <1.45)
huge effect >1.45

Therefore, because effect size statistics are not dependent on sample size, and have a consistent measurement interpretation, they can provide a standardised context for interpreting "meaningful" results above and beyond statistical significance testing (Cook, 1999).

4.6.4 Descriptive statistics

Descriptive statistics will be used in this research to interpret the survey results.

4.6.4.1 The mean

The most commonly used measure of central tendency is the mean. The mean of a set of values is the average of those values. The mean of a set of values is the average of those values. *X bar,* or sometimes an *X* with a horizontal line just above it ($\overline{X}$), is a symbol that indicates true sample mean. This statistic is familiar, easy to calculate, and useful for symmetric distributions. However, if there is an extremely high or low value in the sample, the mean can be misleading (Stamatis, 2003).

4.6.4.2 The median

The median is the second most commonly used measure of central tendency. The median is the middle value in a data set. An *X* with a tilde above it ($\tilde{X}$) is the symbol used to indicate the median. Half of the measurements in a data set lie below the median, and half of them lie above the median. The median is not affected by extremely large or small measurements and is useful for describing nonsymmetrical distributions (Stamatis, 2003).

4.6.4.3 The mode

Another common measure of central tendency is the mode. The mode is the measurement that occurs most often in a sample. The mode is the highest point on a histogram or a frequency polygon (Stamatis, 2003).

4.6.4.4 The range

The simplest measure of dispersion is the range (*R*). The range of a sample is calculated as the difference between the largest and the smallest value. The difference is actually the distance between the

largest and smallest values. The closer these values are, the smaller the range will be (Stamatis, 2003).

4.6.5 Linear regression analysis

Multiple regression is used to account for (predict) the variance in an interval dependent, based on linear combinations of interval, dichotomous, or dummy independent variables. Multiple regression can establish that a set of independent variables explains a proportion of the variance in a dependent variable at a significant level (significance test of R^2), and can establish the relative predictive importance of the independent variables (comparing beta weights). Power terms can be added as independent variables to explore curvilinear effects. Cross-product terms can be added as independent variables to explore interaction effects. One can test the significance of difference of two R^2's to determine if adding an independent variable to the model helps significantly.

Using hierarchical regression, one can see how must variance in the dependent can be explained by one or a set of new independent variables, over and above that explained by an earlier set. Of course, the estimates (b coefficients and constant) can be used to construct a prediction equation and generate predicted scores on a variable for further analysis (Garson, 2001).

Pearson correlation (assumes that the two variables are measured on at least interval scales and it determines the extent to which values of the two variables are "proportional" to each other. The value of correlation (i.e., correlation coefficient) does not depend on the specific measurement units used; for example, the correlation between height and weight will be identical regardless of whether *inches* and *pounds*, or *centimeters* and *kilograms* are used as measurement units. *Proportional* means *linearly*

related; that is, the correlation is high if it can be "summarized" by a straight line (sloped upwards or downwards) (Statsoft Electronic textbook).

This line is called the *regression line* or *least squares line*, because it is determined such that the sum of the *squared* distances of all the data points from the line is the lowest possible. Note that the concept of *squared* distances will have important functional consequences on how the value of the correlation coefficient reacts to various specific arrangements of data (Statsoft Electronic textbook).

4.7 Conclusions

The purpose of this chapter was to review the method of research, the fundamental principles of questionnaire design and some of the concepts of statistics, such as linear regression, correlation and descriptive statistics.

The results and conclusions of this study will be discussed in the next chapter.

5 RESULTS AND CONCLUSIONS

5.1.1 Introduction

This chapter deals with the results of the research done in this study. All the responses were encoded into the Microsoft Excel software package, and also uploaded into the EViews statistical analysis package.

Descriptive statistics (mean, standard deviation, kurtosis, range, variance and sum of squares) were calculated to enable interpretation of the data and the demographics of the sample.

Correlations were calculated in EViews, as well as the correlation and significance (T-test) between CAP progress and increase in sales volume to determine answers to the research questions as defined in the purpose in Chapter 1. Effect size will also be calculated to determine meaningful impact. Analysis of variance will be measured using the program SPSS.

Please refer to the questionnaire, Annexure A, for detailed information the survey.

5.1.2 Demographics

- **Chart 5.1   Sample by job category**

The sample consisted of employees in the following job categories:
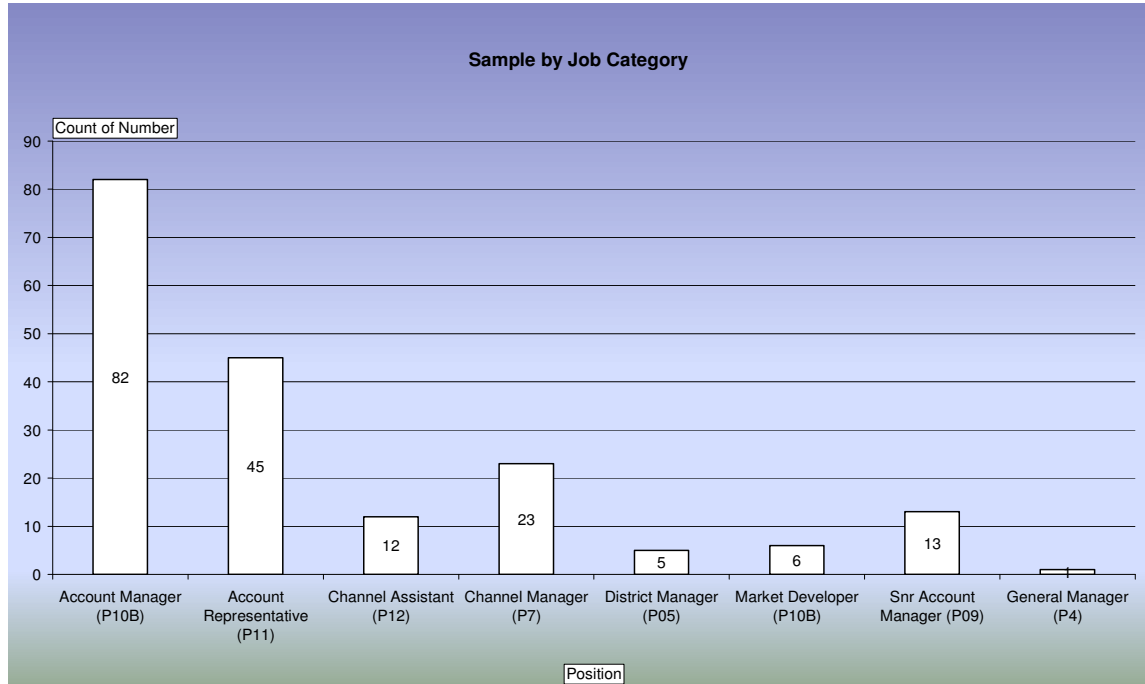
The majority of the sample consists of all the Account Managers, and Account Representatives who are the learners. Managers include Senior Account Managers, Channel Managers, District Managers and General Managers.

- **Chart 5.2   Sample by plant**

Sample by Plant

Count of Number

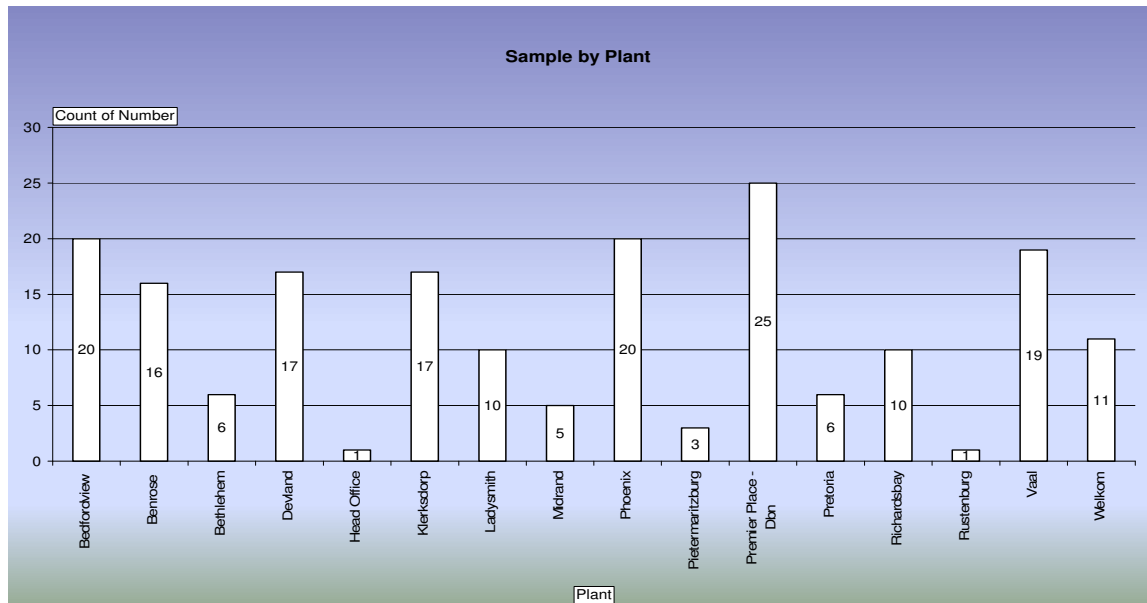| Plant	Count
Bedfordview	20
Bennose	16
Bethlehem	6
Devland	17
Head Office	1
Klerksdorp	17
Ladysmith	10
Midrand	5
Phoenix	20
Pietermaritzburg	3
Premier Place - Dbn	25
Pretoria	6
Richardsbay	10
Rustenburg	1
Vaal	19
Welkom	11

The plants with the highest number of respondents are Premier Place Durban, and thereafter Bedfordview and Phoenix.

- **Chart 5.3   Sample by age group**

Sample by Age Group

Count of Number

Age	Count
23 -	4
24-29	40
30-39	75
40-49	47
50-59	17
60 +	3
Unknown	1
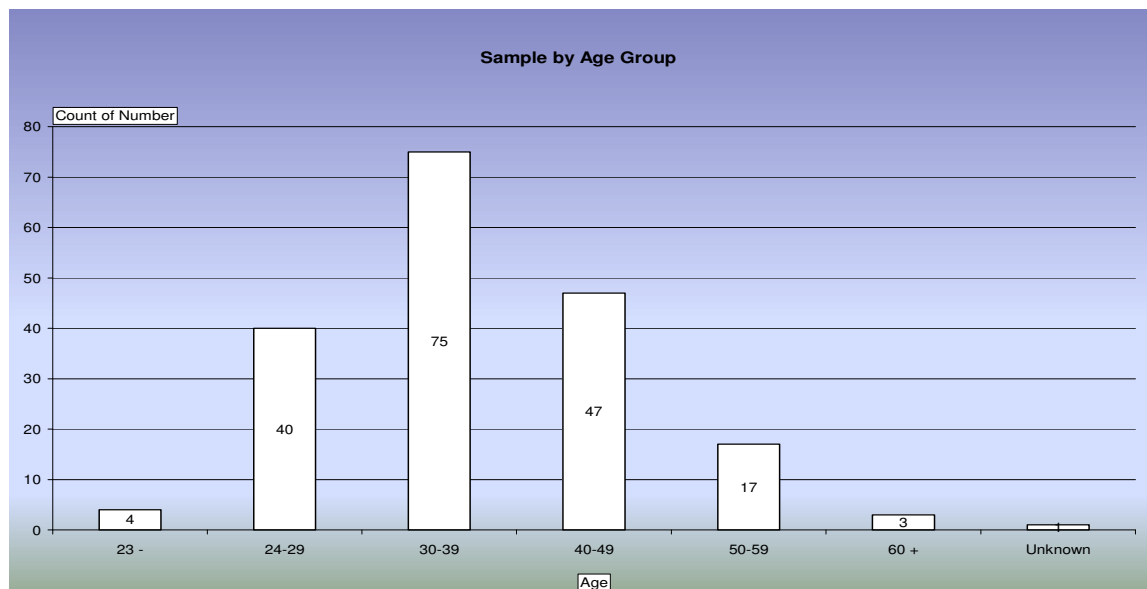
The majority of the company's employees fall into the 30-39 age group, and this sample is representative of the fact.

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- **Chart 5.4   Sample by ethnic origin**

Sample by Ethnic Origin

Count of Number

Ethnic Origin	Count
Asian	35
Black	98
Coloured	3
White	51
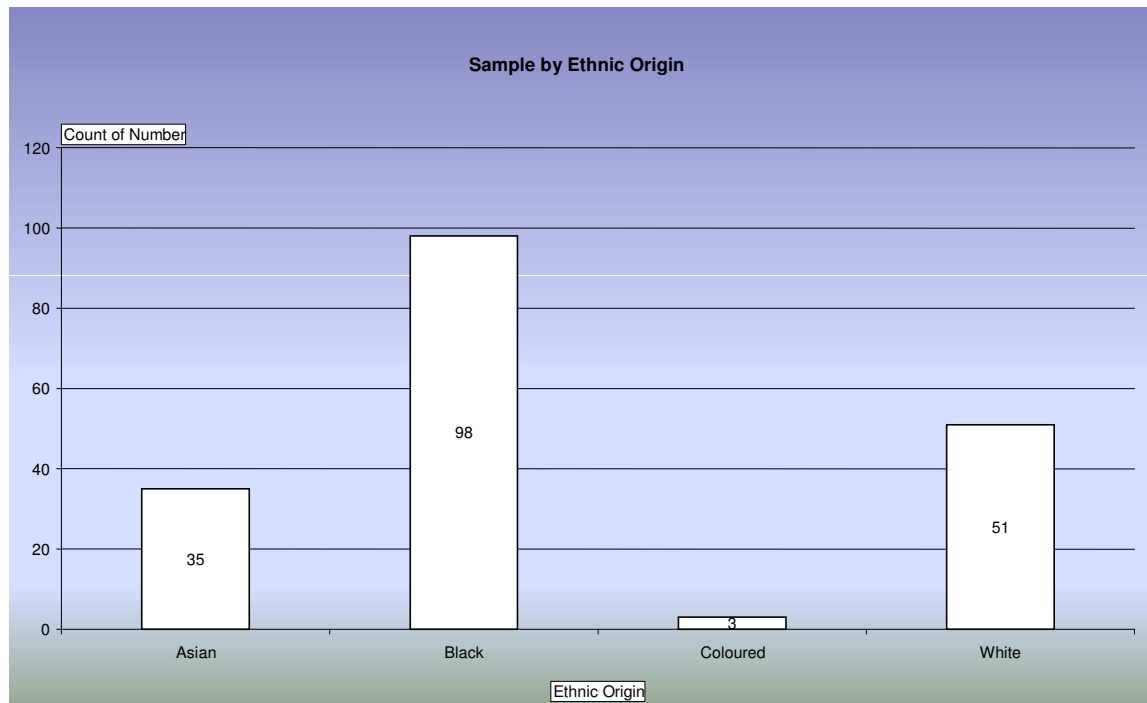
The sample consisted mostly of black employees, and approximately one quarter white staff.

- **Chart 5.5   Sample by education**

Sample by Education

Count of Number

Education	Count
0	1
Degree	23
Diploma	56
Grade 10 / Standard 8 or lower	13
Grade 12 / Standard 10	68
Higher Certificate	15
Honours degree	8
Masters degree	2
Unknown	1

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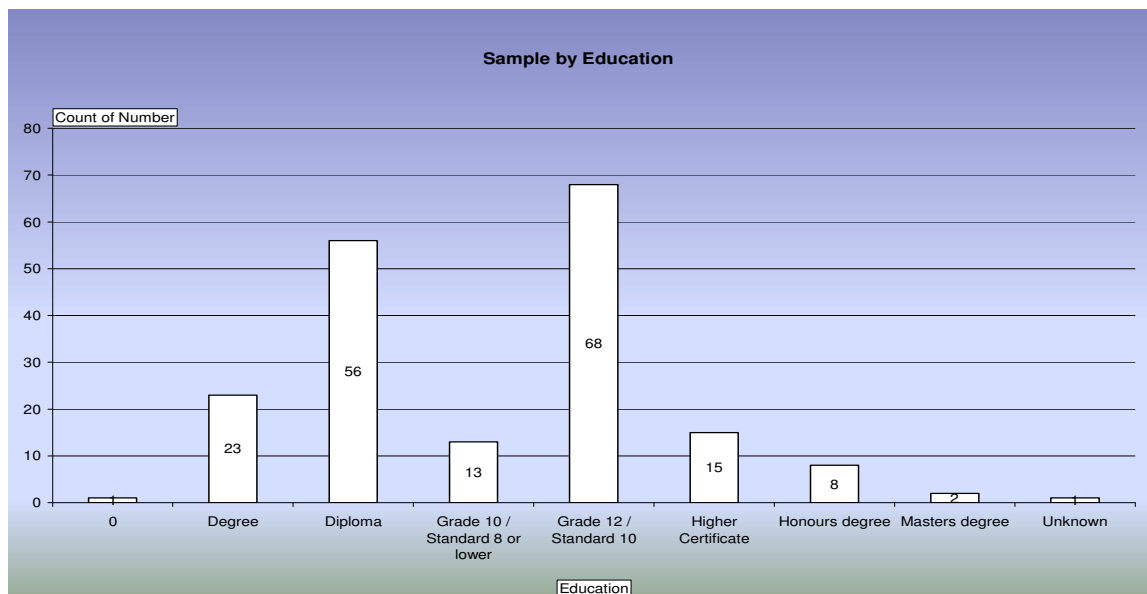
Most of the respondents have attained Grade 12/Standard 10 qualifications. About 30 % of the sample has a diploma. As the requirement for a new recruit as sales rep is a 3 year diploma, this sample is indicative of the great need for development.

5.1.3 Survey reliability

Reliability is used to measure the extent to which an item, scale, or instrument will yield the same score when administered in different times, locations, or populations, when the two administrations do not differ in relevant variables (Garson, 2001).

Cronbach's alpha is the most common form of reliability coefficient. The widely-accepted social science cut-off is that alpha should be .70 or higher for a set of items to be considered a scale (Garson, 2002).

SPSS was utilized to calculate the Cronbach's alpha in respect of the questionnaire. The result was as follows:

Case Processing Summary		N	%
	Valid	145	100.0
Cases	Excluded(a)	0	.0
	Total	145	100.0
a Listwise deletion based on all variables in the procedure.			

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.966	.967	35

The survey reliability is thus very high at .966.

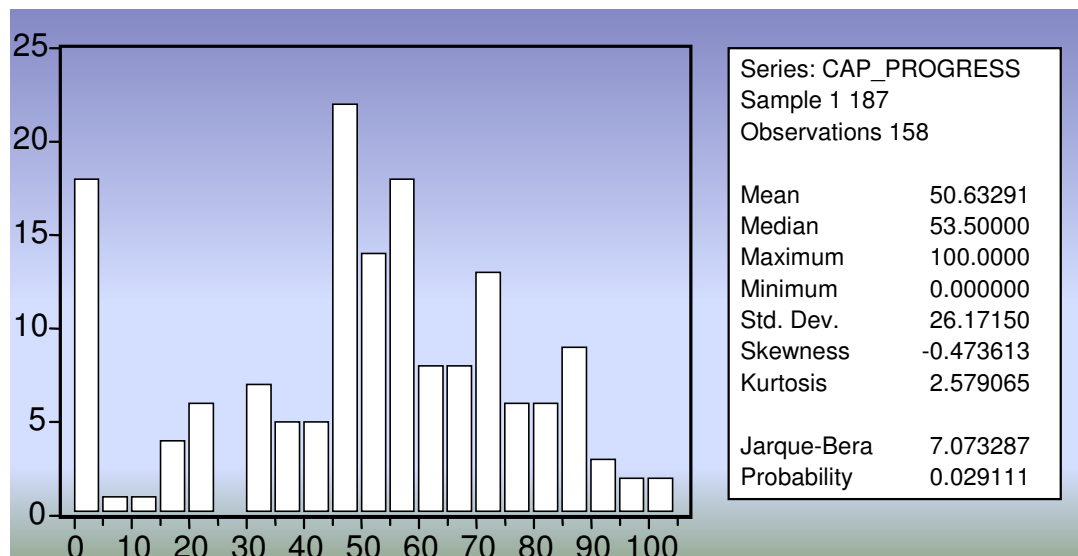### 5.1.4 Item statistics

The item statistics are summarised below:

ITEMS	Mean	Std. Deviation	N
Knowledge and understanding of the ABI business through the Sales Orientation	4.0414	.83230	145
Knowledge about how Sales fits in the Value Chain	4.1310	.83546	145
Identifying New business opportunities	4.0345	.84503	145
Developing and maintaining outlets by applying planned call principles to achieve required presence	4.1517	.82774	145
Generating orders in the outlet to increase sales	4.2759	.86989	145
Planning daily activities and carrying out administrative tasks	3.9517	.90009	145
Marketing principles	3.9586	.89657	145
Product Knowledge	4.3931	.76645	145
Merchandising Standards	4.3517	.87822	145
Profit Story	3.8828	.91669	145
Conducting a business review	3.6552	.90814	145
Channel Specifics	3.7931	.88895	145
Selling Skills	4.2138	.78339	145
Customer Service Skills	4.2276	.86398	145
Using an HHT	4.1655	1.00010	145
Time Management & Daily Planning	3.6483	.84600	145
Account Planning Skills	3.6897	.81238	145
Finance Skills	3.4897	.88284	145
Business Building Skills	3.6621	.85975	145
Presentation Skills	3.6276	.93500	145
Negotiation Skills	3.9103	.88127	145
Increased sales of Carbonated Soft Drinks	3.9724	.85752	145
Increase in Market Share	3.9172	.85394	145
Increased sales of Alternative Beverages	3.9103	.88127	145
Increased business building calls	3.6414	.83063	145
Increased confidence of the Account Manager	4.0690	.86326	145
Improved relationships between Account Manager and customers	4.1862	.84151	145
Improved Customer Satisfaction (CSM)	3.8552	.87384	145
Improved job satisfaction	3.6483	.94671	145
Closer partnership between Channel Manager and Account Manager	3.6552	1.06314	145
Improved ability to function as a team	3.7448	.98446	145
Improved ability to adapt to changing needs and business issues of	3.7793	.92398	145

customers			
Improved ability to tailor sales situations and activities to individual customer needs	3.6276	.92755	145
ITOS Ratings	3.8207	.87137	145
PDA Execution	3.6759	.97811	145

5.1.5 Descriptive statistics

5.1.5.1 CAP progress as at 31 October 2004:

- **Graph 5.1   CAP Progress**


```
Series: CAP_PROGRESS
Sample 1 187
Observations 158

Mean            50.63291
Median          53.50000
Maximum         100.0000
Minimum         0.000000
Std. Dev.       26.17150
Skewness        -0.473613
Kurtosis        2.579065

Jarque-Bera     7.073287
Probability     0.029111
```
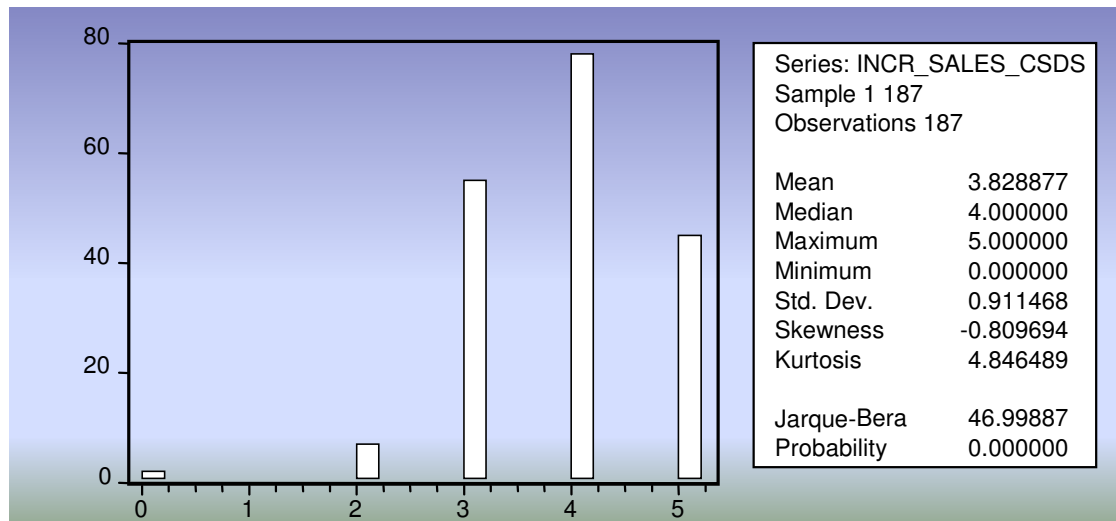
The majority of the learners are between 45 and 60 % competent as at 31 October 2004. The average is 50 % with the median at 53,5 %.

5.1.5.2 Impact on performance measurements

The learners and their managers completed the following questions relating to the sales performance measures, and how they believe that the CAP program for sales staff impacted on these.
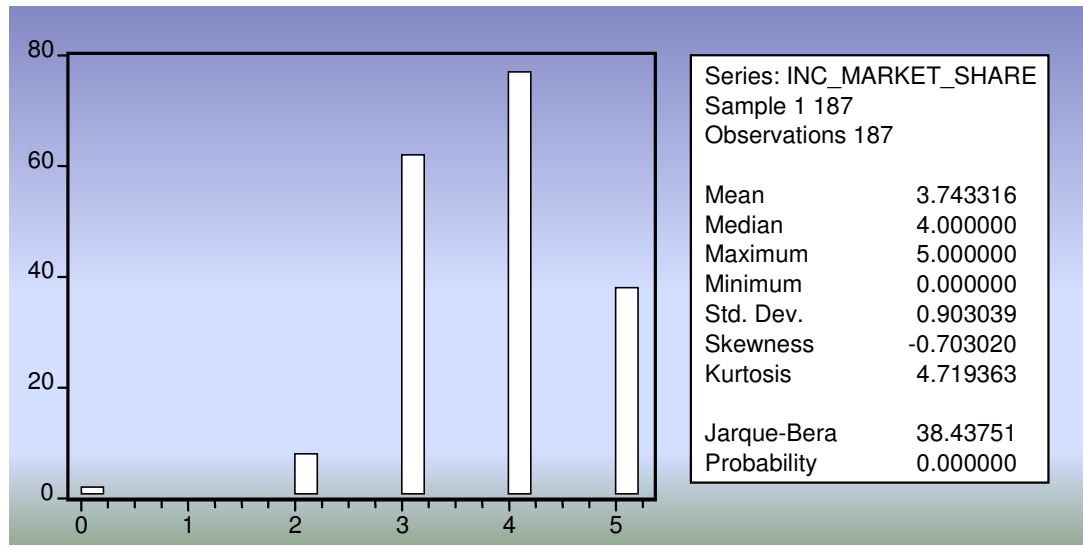
- **Graph 5.2 Increased sales of Carbonated Soft Drinks:**

Series: INCR_SALES_CSDS	
Sample 1 187	
Observations 187	
Mean	3.828877
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.911468
Skewness	-0.809694
Kurtosis	4.846489
Jarque-Bera	46.99887
Probability	0.000000

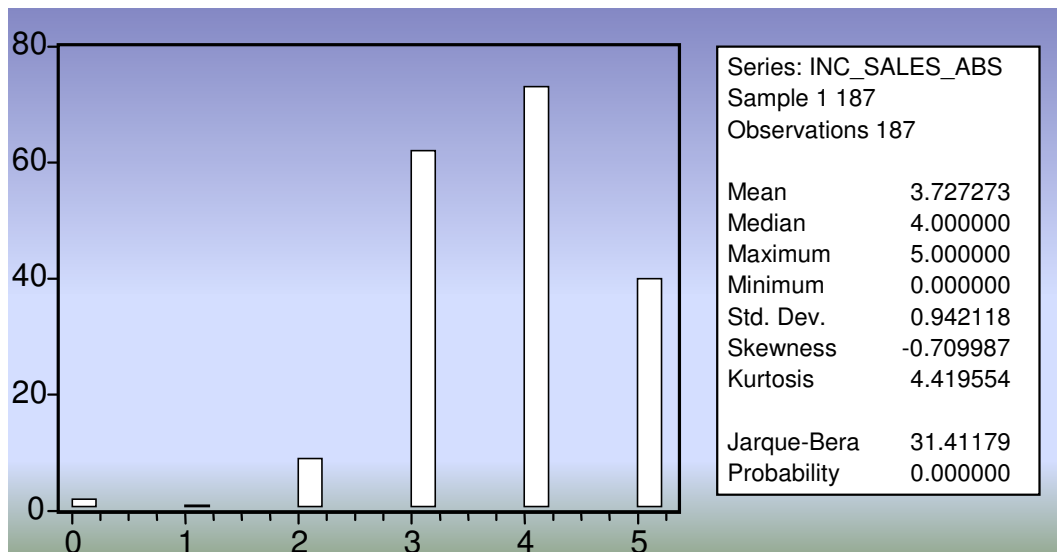Most learners accept as true that the CAP learning program has a <u>well above average</u> impact on their increased sales of carbonated soft drinks. The average of the ratings is 3.82 on a scale of 5.

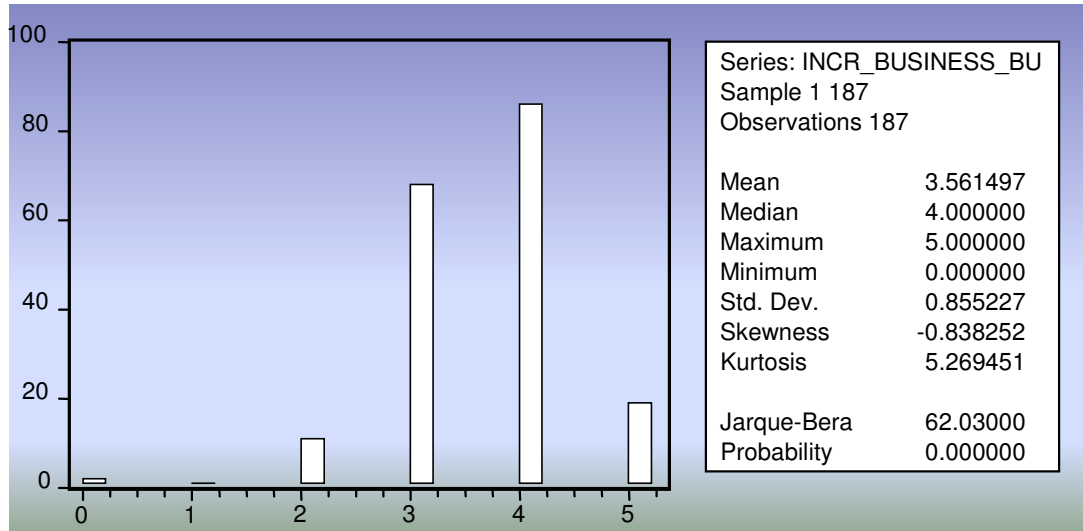- **Graph 5.3 Increase in Market Share**

Series: INC_MARKET_SHARE	
Sample 1 187	
Observations 187	
Mean	3.743316
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.903039
Skewness	-0.703020
Kurtosis	4.719363
Jarque-Bera	38.43751
Probability	0.000000

More than 95 % of the learners believe that CAP has a positive impact on the increase of the company's market share.

- **Graph 5.4 Increased sales of Alternative Beverages**

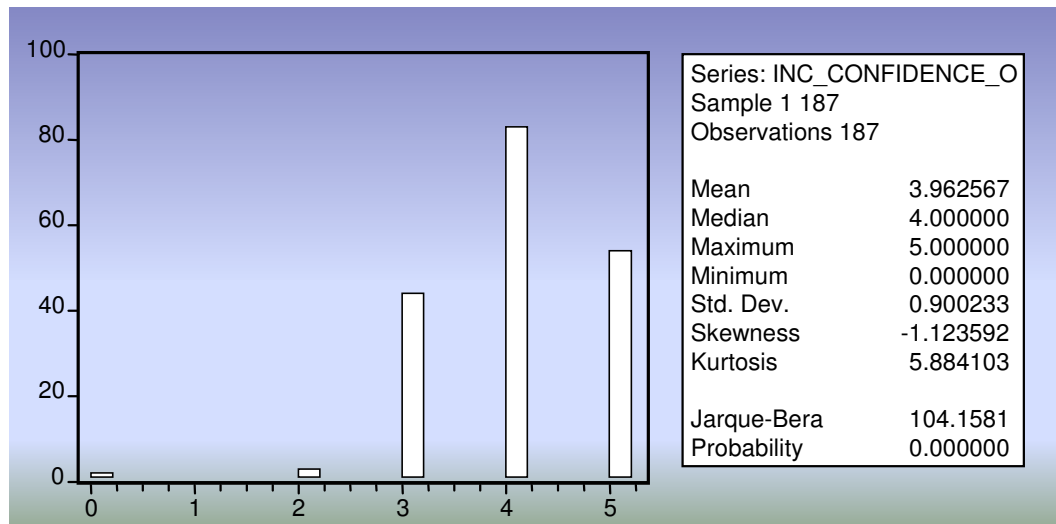|	
Series: INC_SALES_ABS	
Sample 1 187	
Observations 187	
Mean	3.727273
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.942118
Skewness	-0.709987
Kurtosis	4.419554
Jarque-Bera	31.41179
Probability	0.000000

Learners had to rate the impact that they consider CAP to have played in the increase of alternative beverage sales. The mode is equal to 4, which means that most of the learners believe CAP played a well above average role in the increase of sales of alternative beverages.

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- **Graph 5.5 Increased business building calls**

Series: INCR_BUSINESS_BU	
Sample 1 187	
Observations 187	
Mean	3.561497
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.855227
Skewness	-0.838252
Kurtosis	5.269451
Jarque-Bera	62.03000
Probability	0.000000

The average of this measurement came to 3.56, with 3 being an average impact and 4 being an above average impact on performance.

- **Graph 5.6 Increased confidence of the Account Manager**

|	
Series: INC_CONFIDENCE_O	
Sample 1 187	
Observations 187	
Mean	3.962567
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.900233
Skewness	-1.123592
Kurtosis	5.884103
Jarque-Bera	104.1581
Probability	0.000000

29 % of the respondents believe that CAP had a well above average positive impact on the confidence of the sales staff in the company. 44 % answered with an above average impact.

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- **Graph 5.7 Improved relationships between Account Manager and customers**
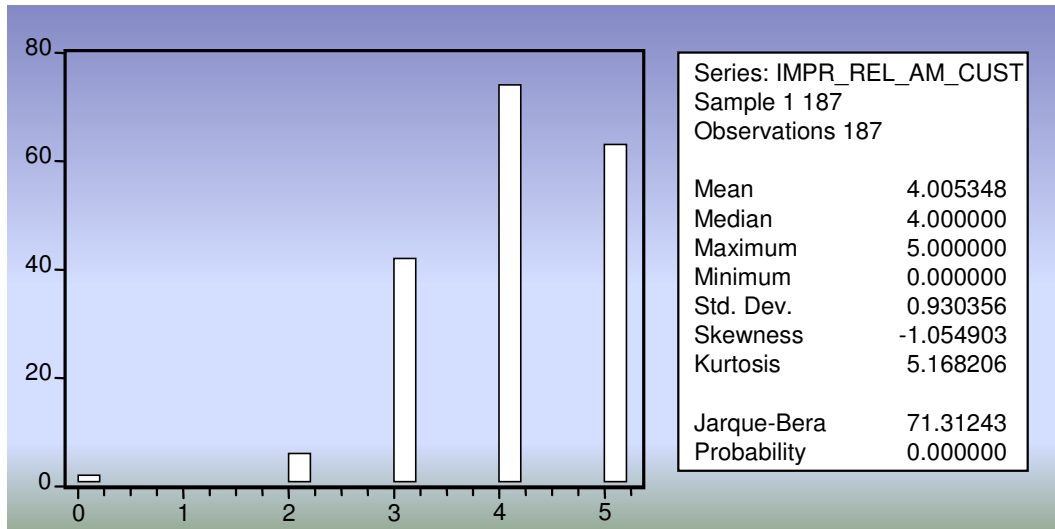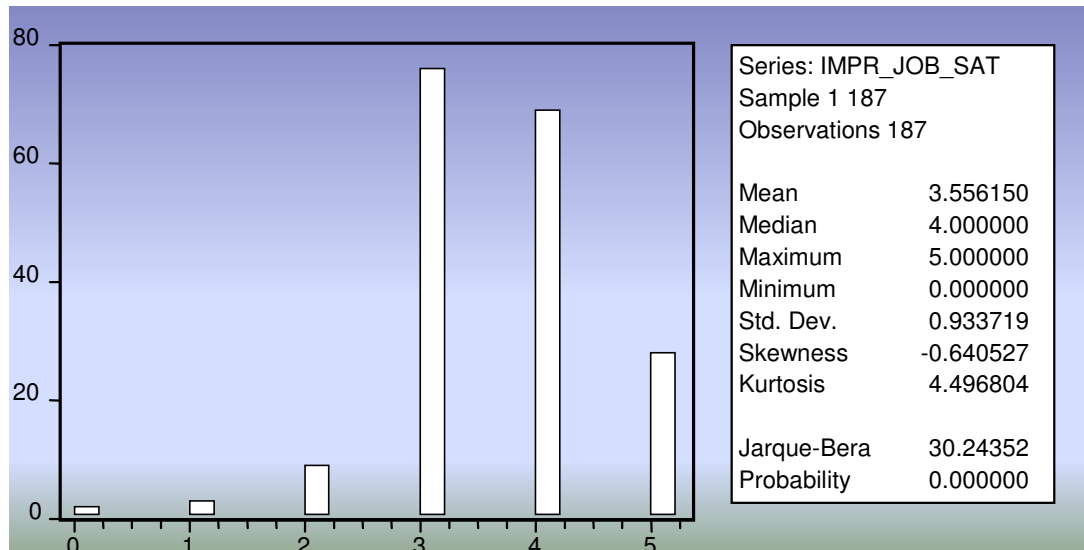

The average of all the ratings equates to 4.00. 34 % of the learners believe that CAP plays a <u>well above average</u> role in improving relationships between the company and its customers.

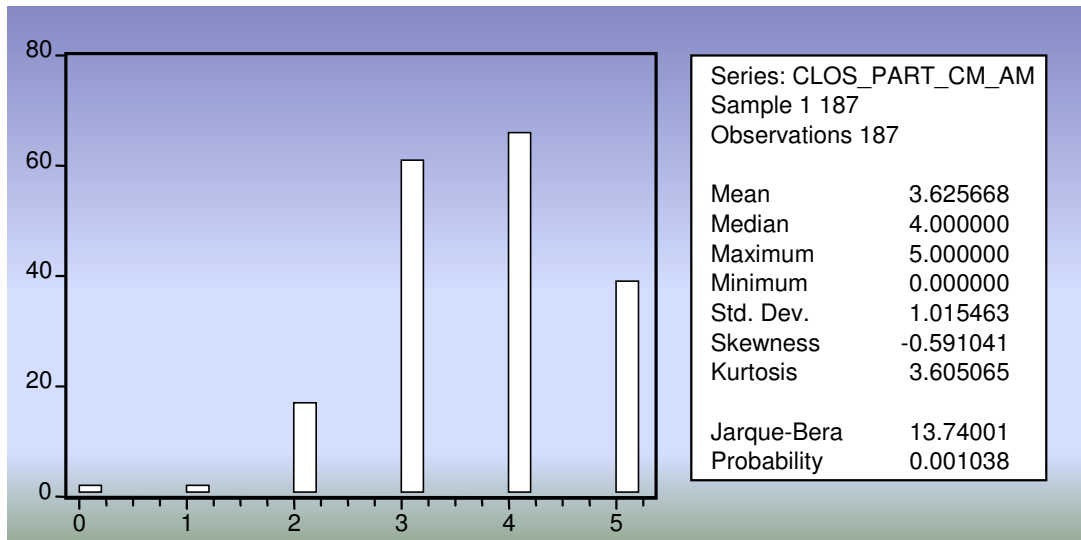- **Graph 5.8 Improved Customer Satisfaction (CSM)**
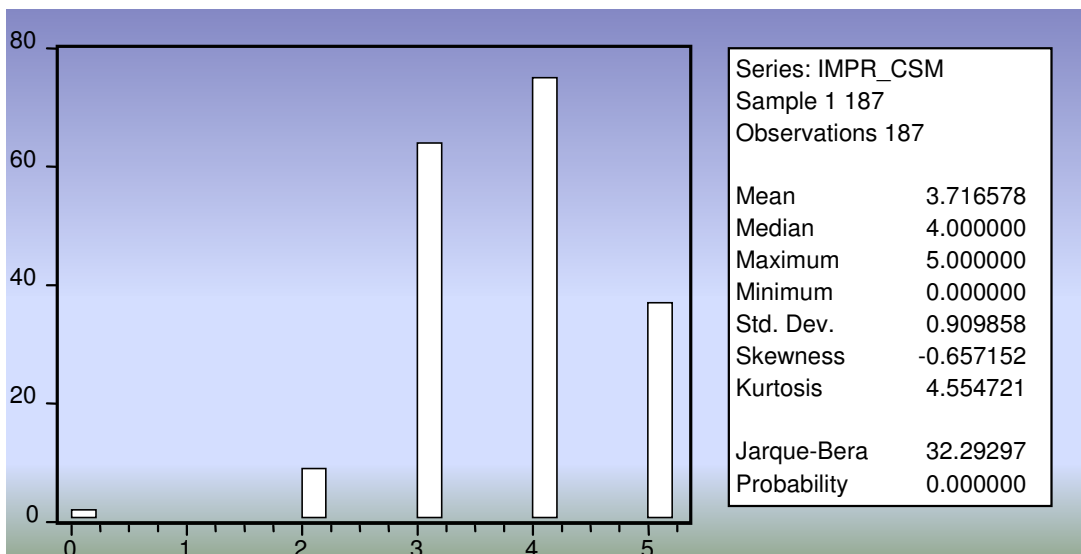
95 % of the respondents believe that the CAP learning program positively influenced the Customer Service Measurement.
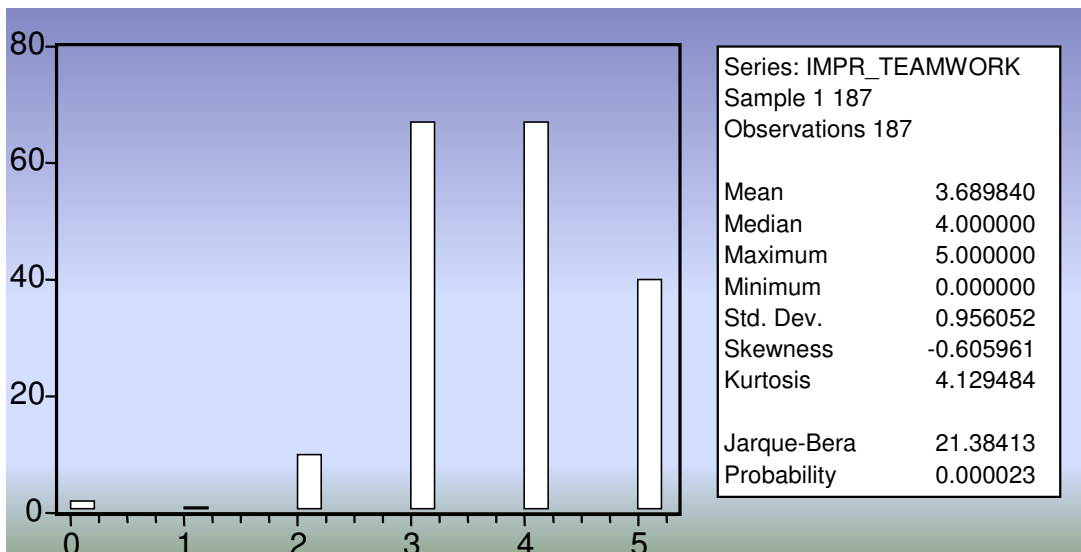
- **Graph 5.9 Improved job satisfaction**

Series: IMPR_JOB_SAT	
Sample 1 187	
Observations 187	
Mean	3.556150
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.933719
Skewness	-0.640527
Kurtosis	4.496804
Jarque-Bera	30.24352
Probability	0.000000

The mean is 3.55, meaning that the average of the ratings leaned between average and above average impact on improved job satisfaction. Learning opportunities play a major role in job satisfaction.

- **Graph 5.10   Closer partnership between Channel Manager and Account Manager**

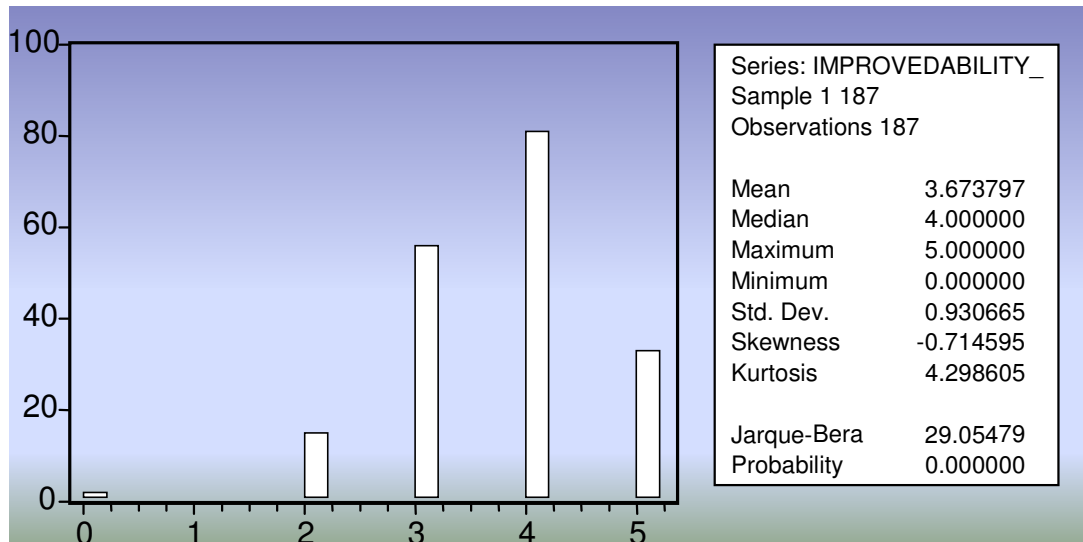|	
Series: CLOS_PART_CM_AM	
Sample 1 187	
Observations 187	
Mean	3.625668
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	1.015463
Skewness	-0.591041
Kurtosis	3.605065
Jarque-Bera	13.74001
Probability	0.001038

90 % of the respondents agree that the CAP learning program enhanced the relationship between the managers and their subordinates.
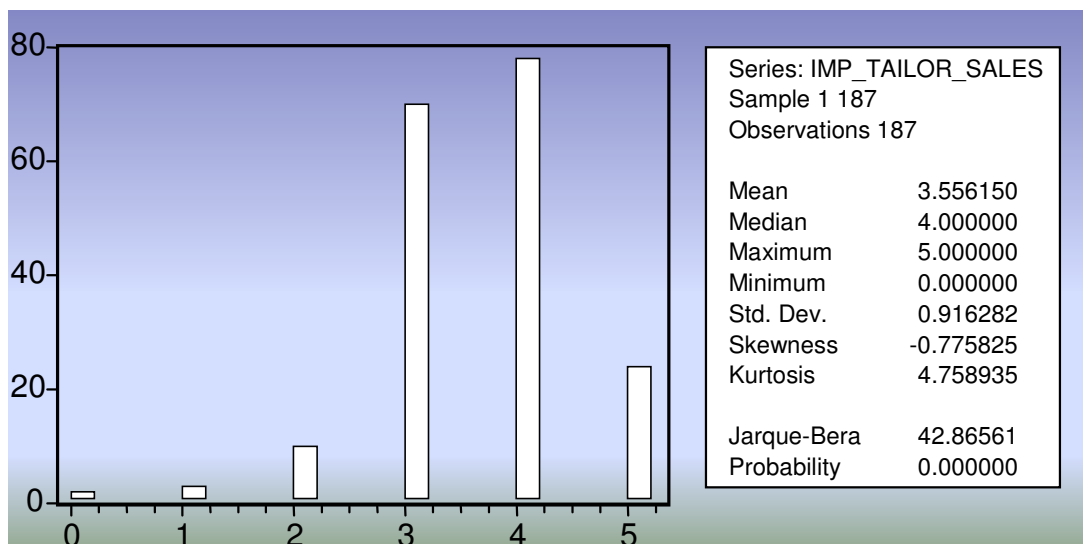
- **Graph 5.11 Improved ability to function as a team**

Series: IMPR_TEAMWORK	
Sample 1 187	
Observations 187	
Mean	3.689840
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.956052
Skewness	-0.605961
Kurtosis	4.129484
Jarque-Bera	21.38413
Probability	0.000023

CAP is believed to have contributed significantly to improved teamwork in the company.

- **Graph 5.12   Improved ability to adapt to changing needs and business issues of customers**

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Series: IMPROVEDABILITY_	
Sample 1 187	
Observations 187	
Mean	3.673797
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.930665
Skewness	-0.714595
Kurtosis	4.298605
Jarque-Bera	29.05479
Probability	0.000000

92 % of the respondents concur that embarking on the CAP learning program for sales, improved their ability to adapt to the dynamic needs and issues of customers.

- **Graph 5.13 Improved ability to tailor sales situations and activities to individual customer needs**

Series: IMP_TAILOR_SALES	
Sample 1 187	
Observations 187	
Mean	3.556150
Median	4.000000
Maximum	5.000000
Minimum	0.000000
Std. Dev.	0.916282
Skewness	-0.775825
Kurtosis	4.758935
Jarque-Bera	42.86561
Probability	0.000000

42 % of the respondents reported that the CAP learning program has an <u>above average</u> impact on their ability to tailor sales situations and

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activities to individual customer needs, and 13 % said that it has a <u>well above average</u> impact.

- **Graph 5.14 ITOS Ratings**
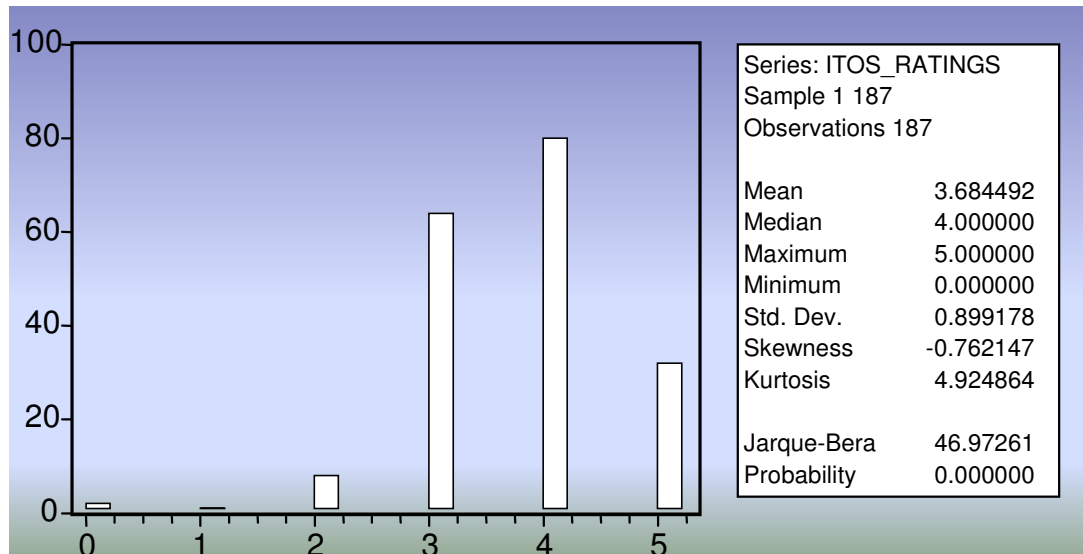
On average the response is 3.68, meaning that CAP certainly improves ITOS ratings. The In Trade Outlet Survey is a survey that is carried out twice a year to check whether and/or ensure that all the outlets are adhering to important regulations set by the business in terms of the following merchandising standards:

- Appearance of the shop and condition of the signage
- Number, type and condition of coolers
- Price and expiry of dates of products
- Points of Sale (POS) displays
- Storeroom Management

- **Graph 5.15 PDA Execution**
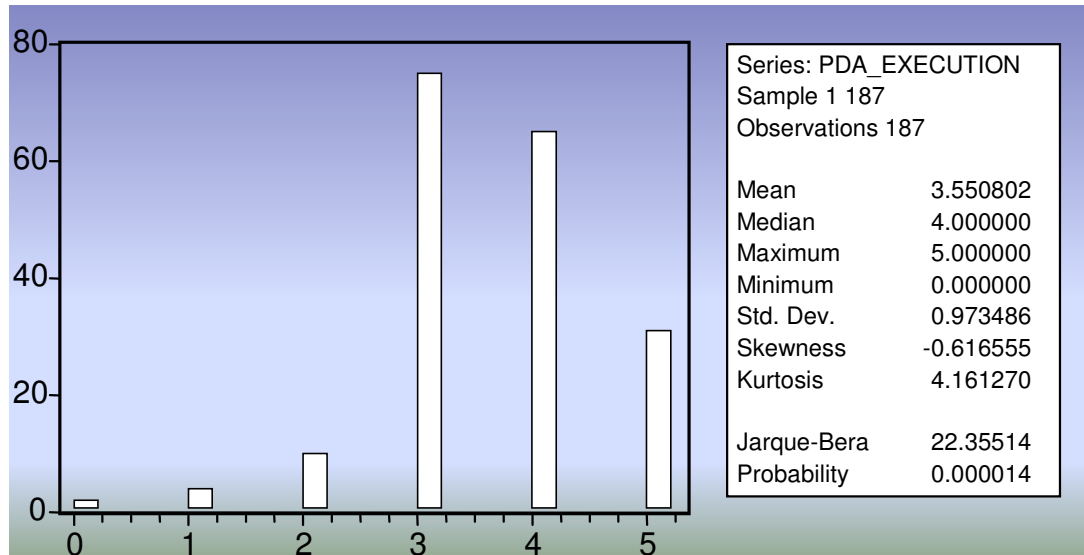
93 % of the respondents concur that CAP impacts PDA execution. PDA (Promotional Dealer Advice) takes place when certain products are sold at a discount to the dealers. This is done to encourage more customer traffic into the stores, thus increase the volume in sales. This is only achieved if the discount is passed to the consumer. At present, this is only approximately 85% effect.

5.1.5.3 The extent to which the learners believe the outcomes have played to-date in enhancing competence, or enhancing work performance

- **Chart 5.6   Knowledge and understanding of the business through the Value Chain**
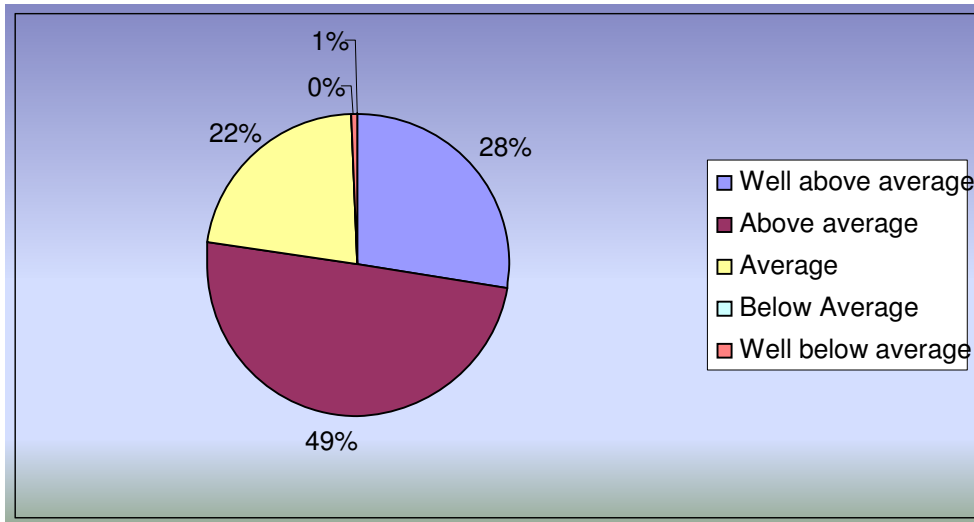
99 % of the respondents believe that the Value Chain learning outcome positively influenced their work performance, of which 49 % rated the impact as <u>well above average</u>, and a further 49 % as <u>above average</u>.

- **Chart 5.7   Knowledge about how Sales fits in the Value Chain**
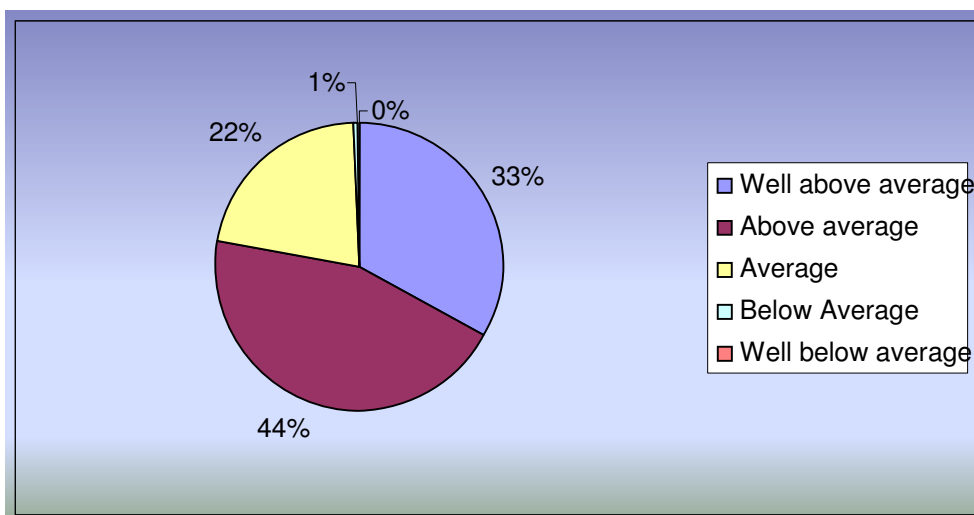
99 % of the respondents believe that the learning outcome: Knowledge of how sales fits in the Value Chain positively influenced their work performance, of which 33 % rated the impact as <u>well above average</u>, and a further 44 % as <u>above average</u>.

- **Chart 5.8   Identifying new business opportunities**
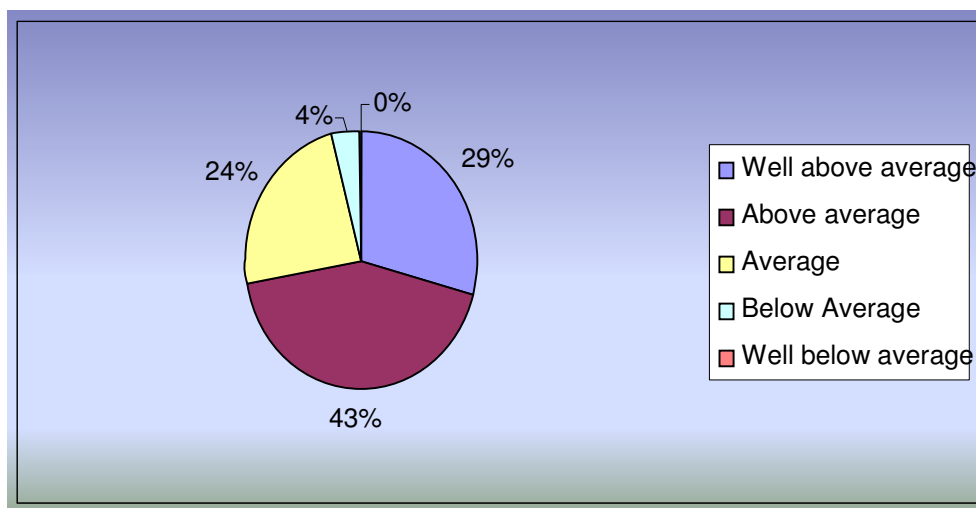
The learning outcome identifying new business opportunities includes the following: conducting on route surveys to identify new business opportunities, e.g. new store openings, sports activities, community activities, identifying areas within the territory where insufficient outlets exist, identifying suitable customers to open new outlets to meet need etc. 96 % of the respondents rated this learning outcome as having a positive impact on their competence in this area.

- **Chart 5.9   Developing and maintaining outlets by applying planned call principles to achieve required presence**
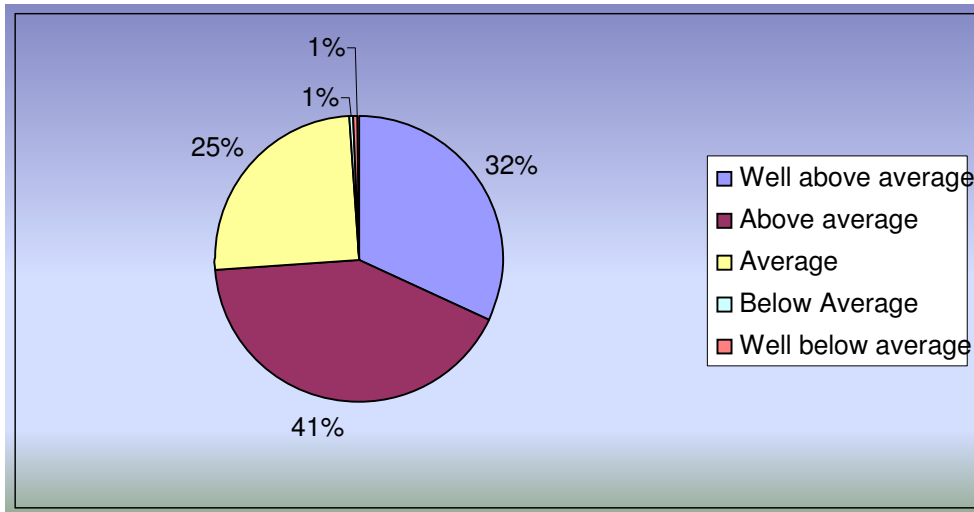
Only 2 % of the respondents did not believe that CAP had an impact on their ability to develop and maintain outlets by applying planned call principles to achieve required presence.

- **Chart 5.10   Generating orders in the outlet to increase sales**
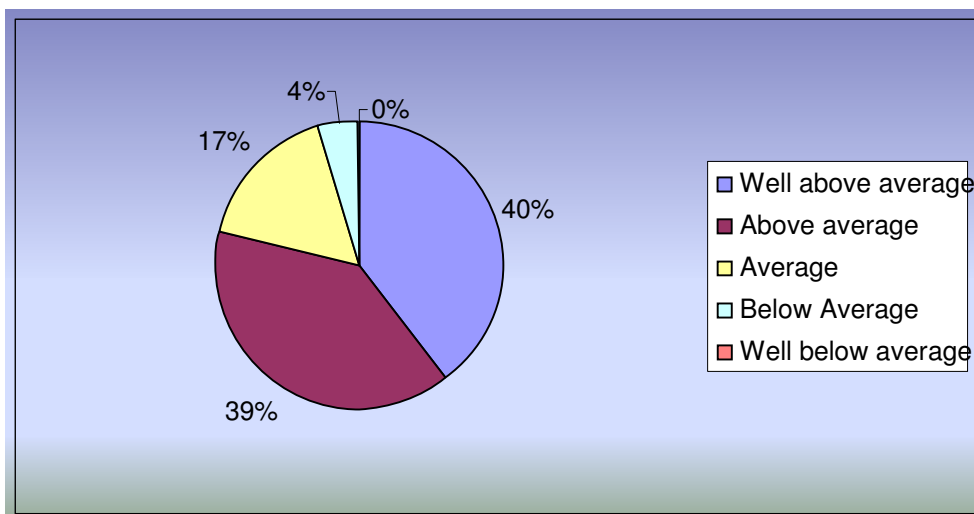
40 % of the respondents in this survey assessed this learning outcome of having a <u>well above average</u> impact on their ability to generate orders in

the outlets to increase sales. This comprises, amongst other criteria, negotiating on issues that includes additional shelf space, and the advantages of selling at RRP (recommended retail price) to increase volumes / profit and building a partnering relationship that enables the Account Manager to take ownership of in-store activities.

- **Chart 5.11   Planning daily activities and carrying out administrative tasks**
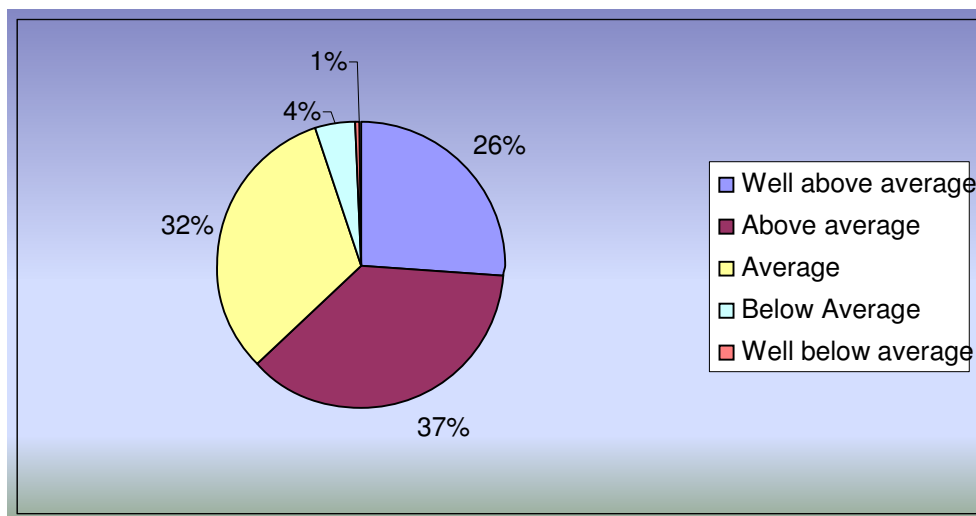
26 % rated this learning outcome as having a <u>well above average</u> impact on their performance regarding planning daily activities and carrying out administrative tasks, and 37 % as an <u>above average</u> impact.

5.1.5.4 The extent to which the learners believe the self-learning modules have played to-date in enhancing competence, or enhancing work performance

- **Chart 5.12   Marketing Principles**
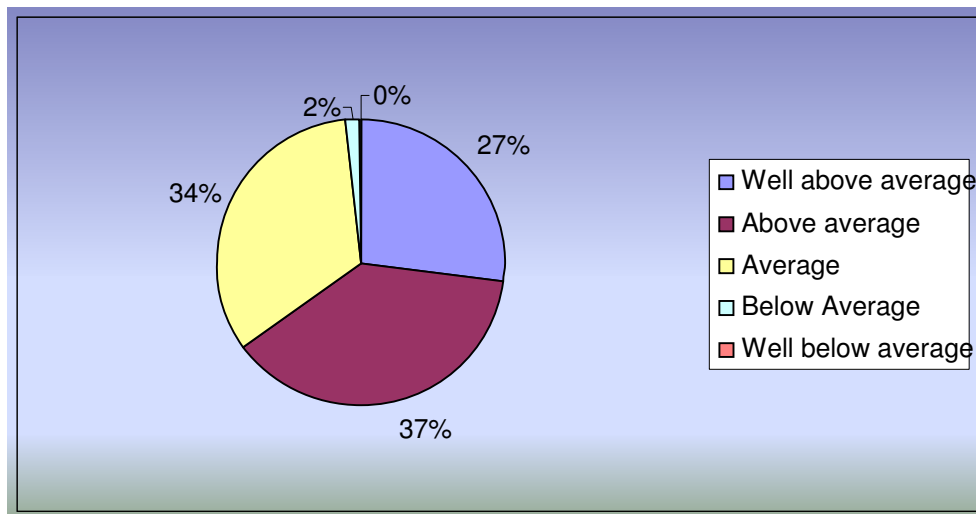
The Marketing Principles module include the following:

- Market factors impacting on the beverage industry
- Steps in the Marketing Management Process
- Roles of stakeholders in the Coca-Cola system
- Marketing terms and concepts
- Marketing challenges for Coca-Cola
- Consumer behaviour concepts

The module consist of self-learning and then a written test with a pass rate of 85 %. Most of the learners felt that this module positively impacted their work performance.

- **Chart 5.13   Product Knowledge**
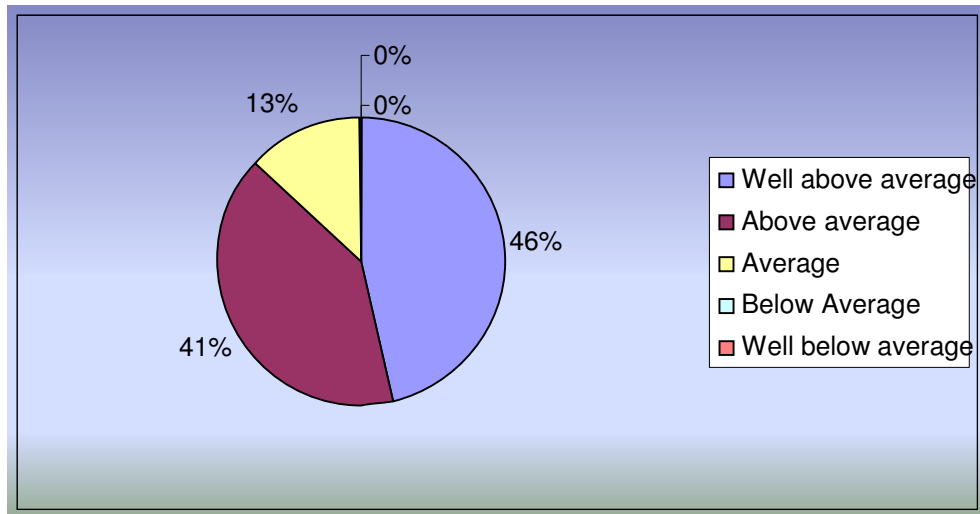
This module includes the following criteria:

- The history of Coca Cola

- The Cola Wars

- The Pre-sell system

- Sparletta and Schweppes product range

- Shelf-life of products

- All aspects of production quality

- Additives used in products

- Different aspects of all products e.g.target market for Bibo, competitors to Valpre, etc

- Consumer psychographics

This knowledge was assessed utilizing a multiple choice formative assessment. The results of the survey indicated that 46 % of the respondents considered this module to have a well above average impact on their work performance and competence, and 41 % rated this module as having an above average impact.

- **Chart 5.14   Merchandising Standards**
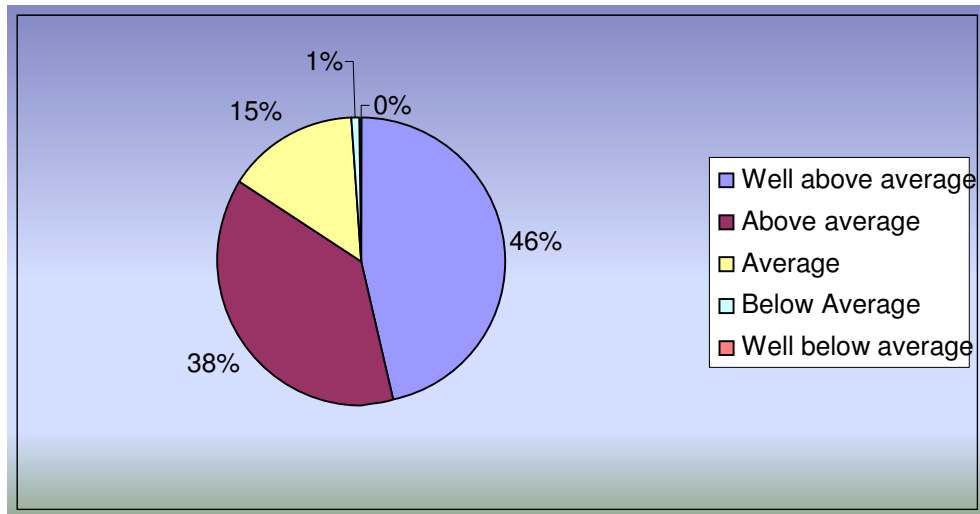
Merchandising standards is assessed via a formative assessment that tests the following knowledge:

- Merchandising definitions and strategy

- Attracting customers to our products

- Product location principles and guidelines

- Product appearance and stocking

- Stock rotation

- Block branding

- Coolers - location, stocking, maintenance

- Ambient equipment – location, stocking, appearance

- Storeroom management

- Pricing

- Merchandising call

The results signify a 46 % rating of <u>well above average</u> impact on the work performance of sales staff, and a further 36 % believe that this module had an <u>above average</u> impact on their performance.

- **Chart 5.15   Profit Story**
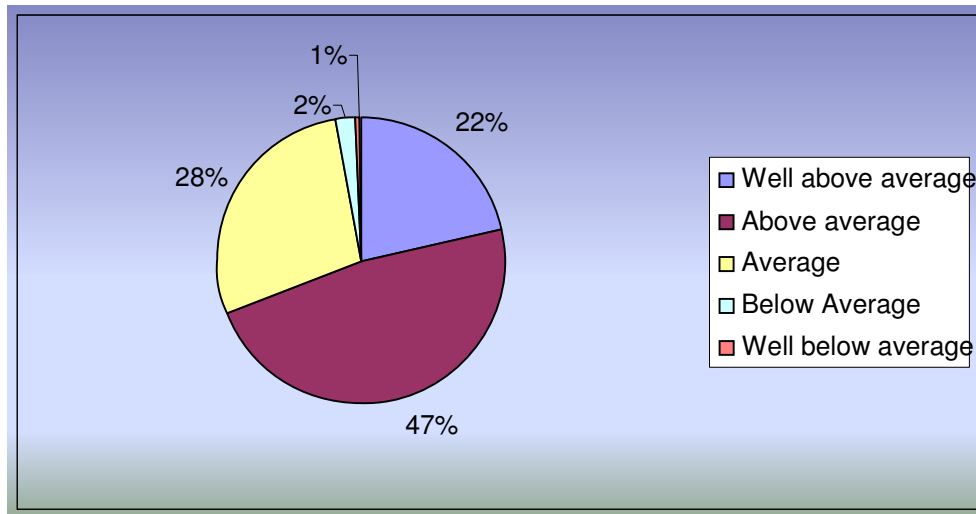
The majority (47 %) of the respondents indicated an above average impact on work performance in respect of the Profit Story module.

- **Chart 5.16   Conducting a business review**
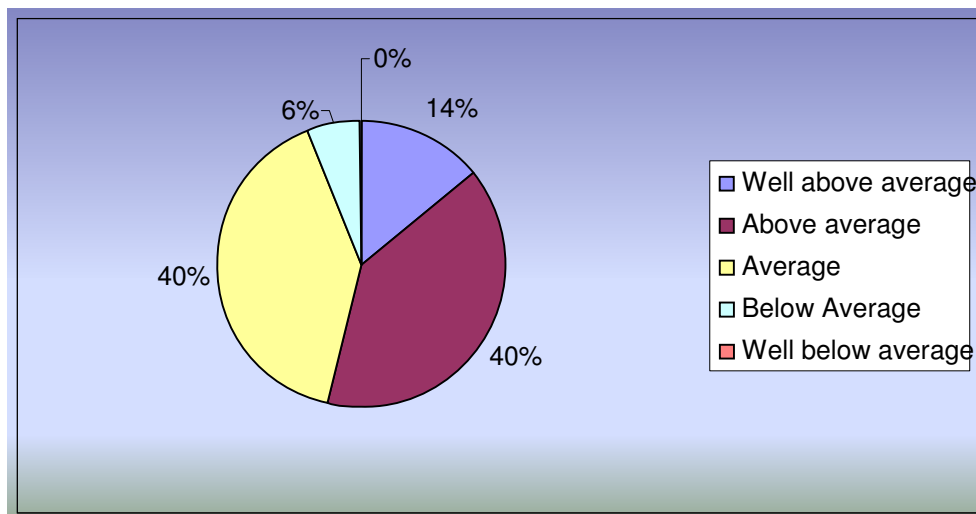
14 % of the respondents rated this module as having a well above average impact on their competence in conducting a business review, a further 40 % as an above average impact and another 40 % as an average impact. Business reviews consist of providing the customer with information on SKU performance, profit achieved, margins, and mark-up.

- **Chart 5.17   Channel Specifics**
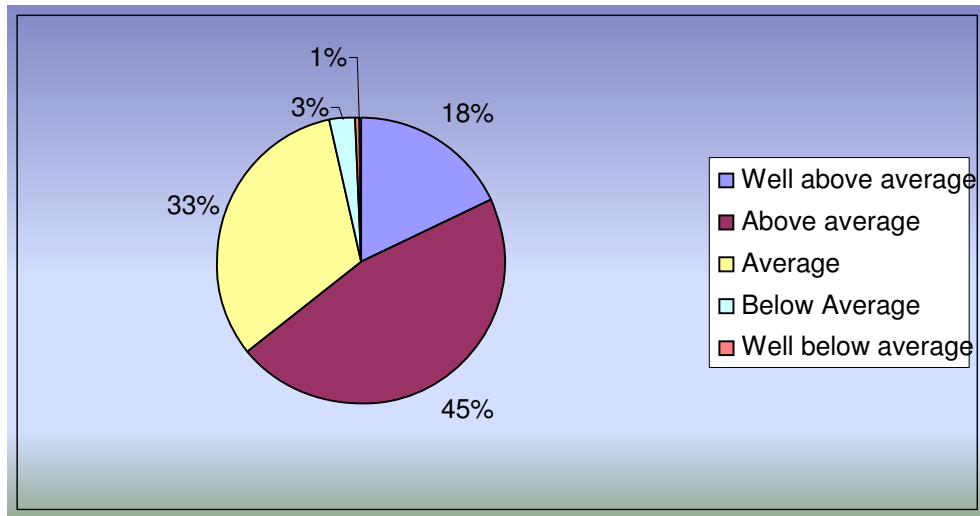

The Channel specifics module is composed of a formative assessment on the following criteria:

- In-store observations
- Customer SWOT
- In-store marketing strategies – brands/packs, pricing, merchandising, promotions, sales and merchandising services
- Planned call
- Profit Story

96 % of the respondents believe that this CAP module has a positive influence on their performance to date.
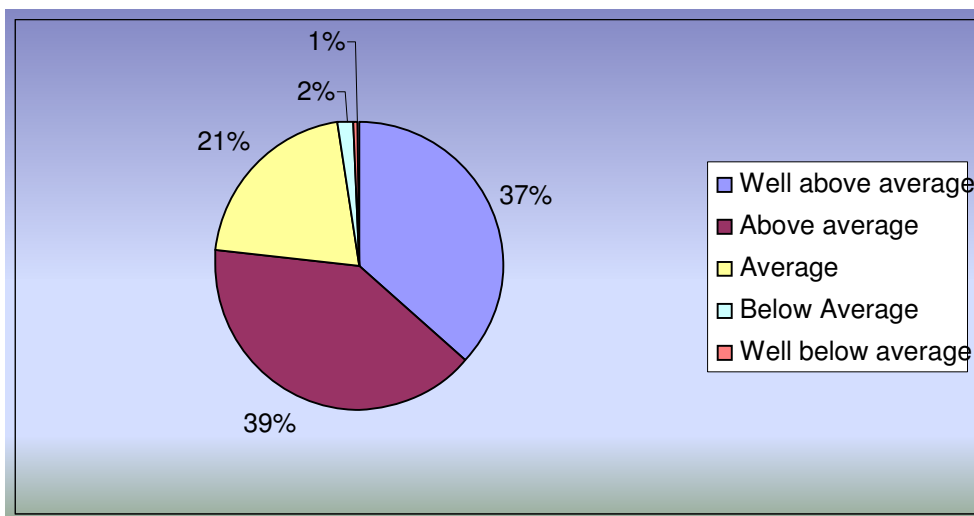
- **Chart 5.18   Selling Skills**
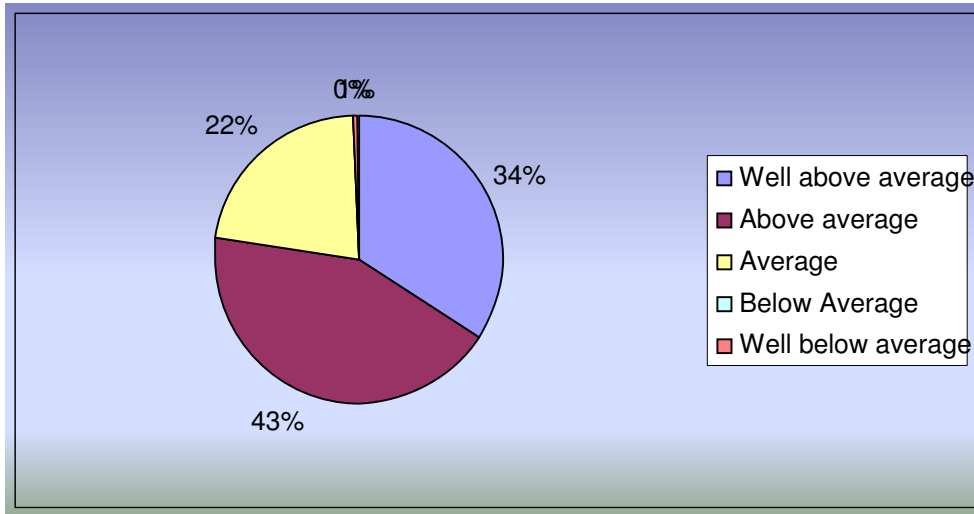
The following ratings apply to the belief of sales staff that CAP impacted their selling skills positively:

- 34 % - well above average
- 43 % - above average
- 22 % - average

- **Chart 5.19   Customer Service Skills**

The following results pertain to the certainty of sales staff that CAP enhanced their customer service skills:

- 37 % - well above average
- 39 % - above average
- 21 % - average

- **Chart 5.20   Using an HHT**
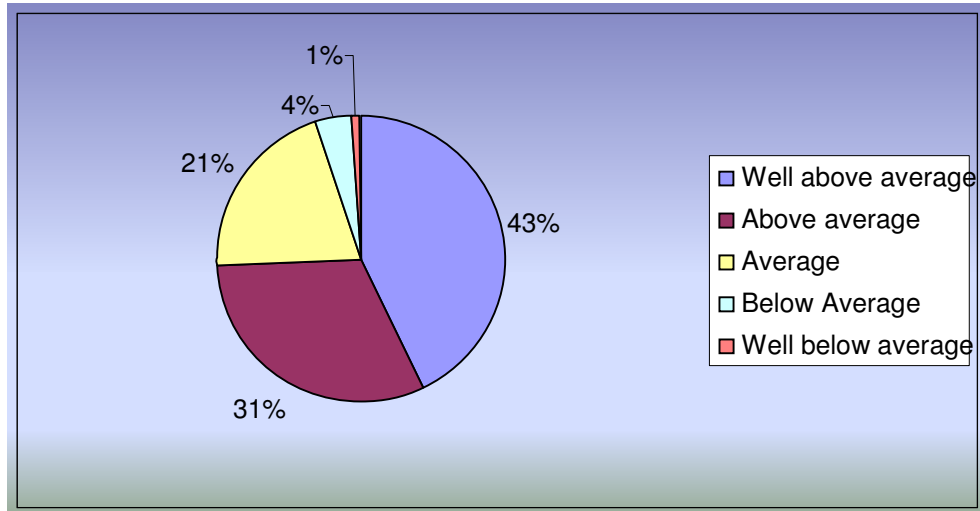
A majority of 43 % of the respondents rated the module on how to use a Hand Held Terminal as impacting their ability to do so as <u>well above average</u>. This indicates a significant improvement in performance as it would result in better customer service and improved time management.

- **Chart 5.20   Time Management & Daily Planning**

After completion of this module, a learner should be able to:

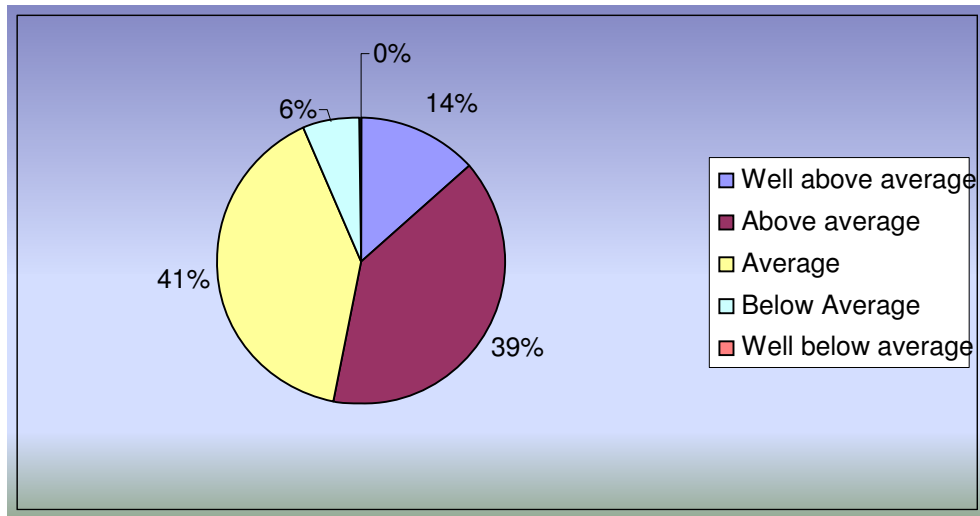- Prioritise daily activities and manage your time effectively using important tools e.g. a diary, working through steps in the planned call
- Use your time more effectively and focus on the "important" as well as the "urgent"
- Spend time on achieving results not fighting fires
- Delegate not abdicate
- Identify time wasters
- Practice effective follow up
- Develop a Do It Now mentality

94 % of the respondents indicated that this module enhanced their time management and daily planning skills.

- **Chart 5.21   Account Planning Skills**
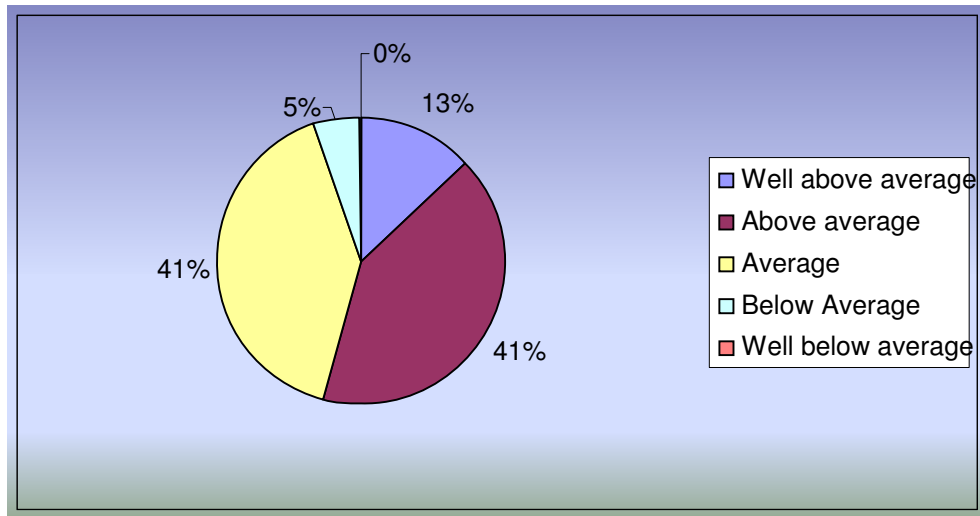
For this module the learners had to attend a 1 day workshop that includes practical exercises and the development of a real account plan, and complete a self-learning module with input and exercises. After completion of the above, the learners should be able to demonstrate competence in:

- Explaining the purpose of planning and where it fits in the planning process
- Developing a SWOT analysis
- Forecasting to improve success
- Identifying outlets for growth by investigating possibilities (needs analysis)
- Integrating information into an account plan
- Organising the information into a document in preparation for making recommendations to the dealer
- Presenting the account plan to the channel manager for approval
- Developing action plans
- Developing and managing a territory budget

95 % of the respondents felt that doing this module enhanced their competence in account planning skills.

- **Chart 5.22   Finance Skills**
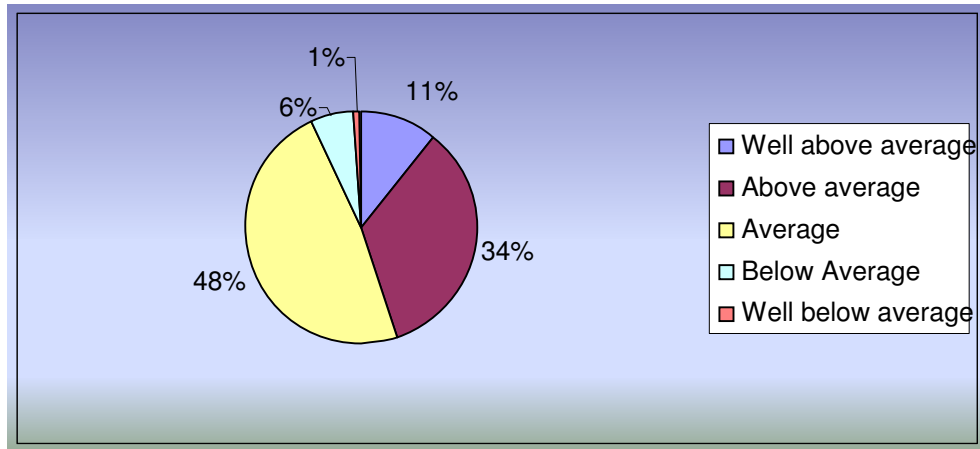
Sales staff learnt in this module:

- How to correctly identify the sources and uses of capital and income

- What flows and balances and net cash flows are

- How to build an income statement

- How to calculate and compare profit margins

- The difference between margins and mark ups and how to use them

- How to construct and interpret a breakeven analysis

- How to differentiate between cash flow and profit

- How to build a cash flow statement

- How to construct a balance sheet

- How to construct a series of financial statements of progressive difficulty

This was done through a 2 day workshop followed by a knowledge assessment. 93 % of the respondents rated this module as having enhanced their competence.

- **Chart 5.23   Presentation Skills**
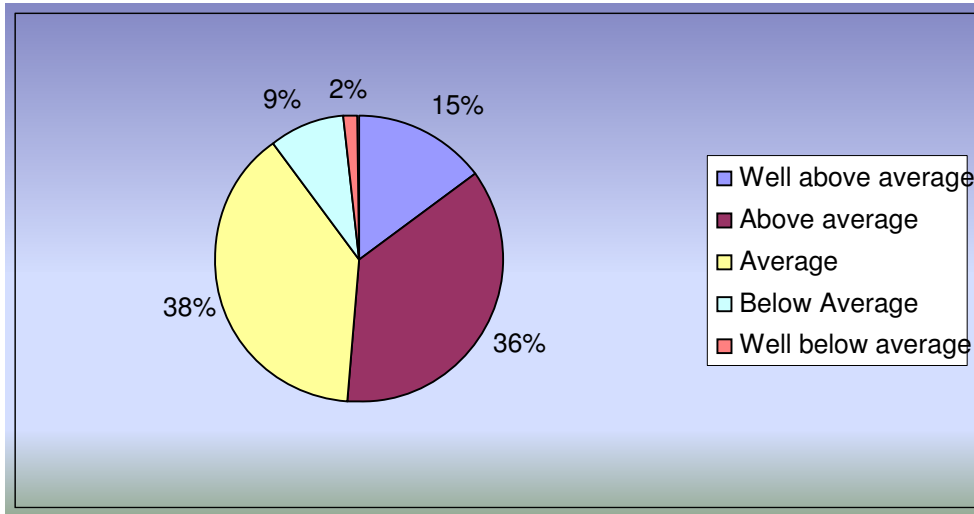
The following ratings apply to the belief of sales staff that CAP impacted their presentation skills positively:

- 15 % - well above average
- 36 % - above average
- 38 % - average

- **Chart 5.24   Negotiation Skills**
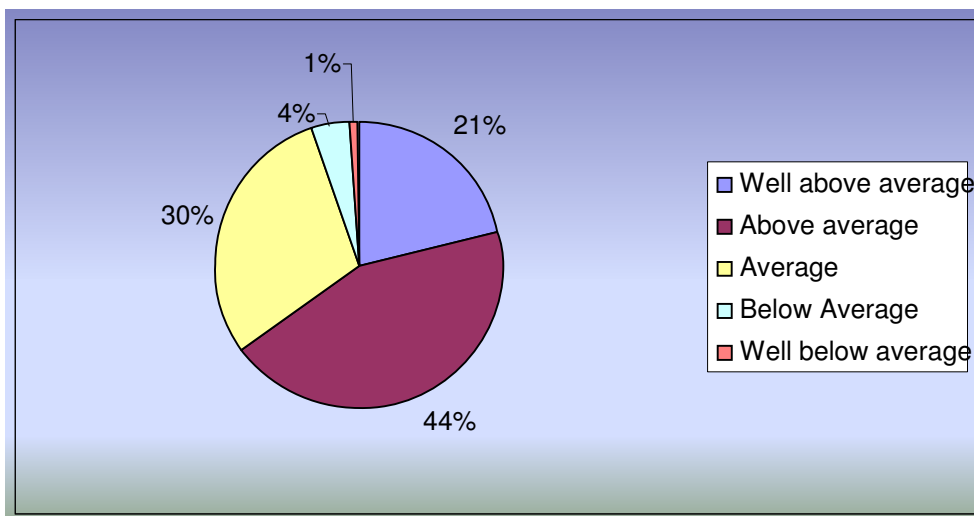
95 % of the respondents believe that CAP enhanced their negotiation skills.

5.1.5.5 General

- **Chart 5.25   Impact of learning interventions**
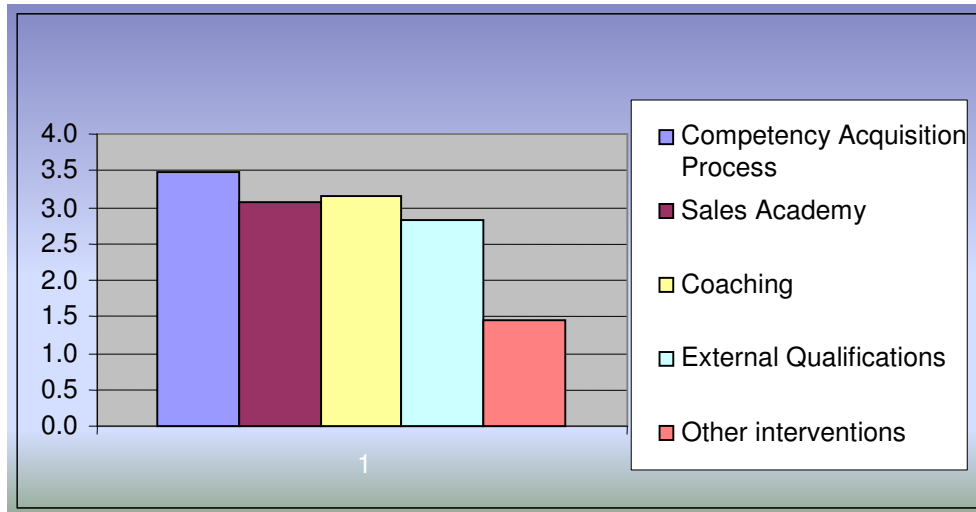
A positive change in work performance is often the result of several learning interventions. Chart 5.21 indicates the learning interventions that may have influenced the work performance of sales staff in the company. The respondents were asked to rate the order from 1-5, by which they believed that it has impacted performance (1 = most impact, 5 = least impact). The results are as follows:

CAP – 3.5

Coaching – 3.2

Sales Academy – 3.1

External qualifications – 2.8

Other interventions – 1.4

- **Chart 5.26   Was CAP a worthwile initiative**

The results of the survey indicated that 96 % of the respondents believe that CAP was a worthwhile initiative.

5.1.6 Correlation

5.1.6.1 Correlation between CAP progress and increase in sales volume

The coefficient of determination is the square of the Pearsonian correlation coefficient. It represents the percent of the variance in the dependent variable explained by the independent.

From the EViews results below can be concluded that 0.02 % of the increase in sales from October 2003 to 2004 is explained by CAP progress made by the learners. There are other factors that affect it also.

The coefficient means that for every one percentage increase in cap progress it causes the increase in sales volume to change by 0.447 %.

The standard error is used to calculate the t-statistic and as this is above 2. It can be concluded that even though it does not explain the entire growth in sales (as there are many other factors influencing it) it is significant and should not be excluded when explaining sales growth.

Table 5.1   Correlation between actual increase in sales volume and CAP Progress made

Dependent Variable: **INC_SALES_VOL**				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
CAP_PROGRESS	*0.44693*	*0.18398*	*2.42922*	*0.0164*
R-squared	*0.00284*	Mean dependent var		*26.4178*

5.1.7 Analysis of Variance (ANOVA)

Tests differences in a single dependent variable among two or more groups, thus the direct effect of one independent variable on one dependent variable.

ANOVA was calculated on the program SPSS by position, plant, race and age. ANOVA lists the pairwise comparisons of the group means for all selected post hoc procedures. Mean difference lists the differences between the sample means. Sig indicates the significance level of the F-test. Small significance values (<.05) indicate group differences.

- **ANOVA by position**

The Scheffe and Tukey HSD tests were used above to calculate if there are any significant differences between the job categories. Both Scheffe and Tukey indicated a significant difference in CAP progress results

between Channel Assistants and Sales Representatives in Table 5.2 (Annexure C).

Effect size was calculated to see if the above results are meaningful and practical, following the same outline as the article by Thalheimer and Cook (2002). The Cohen's d equated to 0.88, which implicates a large effect.

- **ANOVA by plant**

Using the Scheffe and Tukey HSD tests, no significant differences were found between the various plants in terms of sales growth between since embarking on CAP (please refer table 5.3 in Annexure C). Significant differences were however found in respect of progress made on CAP as at end of October 2004. They are listed below:

- o Country (mean = 64%) v Benrose (mean = 36%). Cohen's d = 1.49, thus implicating a huge effect size.
- o Country (mean = 64%) v Bedfordview (mean = 40%). Cohen's d = 1.19, thus implicating a very large effect size.
- o Phoenix (61%) v Benrose (mean = 36%).. Cohen's d = 1.15, thus implicating a very large effect size.

- **ANOVA by race**

In Table 5.4 (Annexure C) the Tukey HSD and Scheffe results indicate a significant difference in sales growth since embarking on CAP between the following race groups:

- o Asian v white – Asians had more than a 100 % increase in sales v 5 % increase in sales of white employees.

o   Asian v black - Asians had more than a 100 % increase in sales v 8 % increase in sales of black employees.

Measuring the effect size resulted in a medium effect in respect of a comparison between Asian and black (0.67) and white employees (0.51).

- **ANOVA by age**

No significant differences in CAP progress or sales growth were evident in the different age groups.

5.1.8 Final conclusions

This chapter dealt with the collection, analysis and display of data collected in the research process.

As indicated in Chapter 1 of this study, primary and secondary purposes were identified and formed the focus of this research project.

The purpose of the study is:

- To establish employees perception of the influence that CAP have on their work performance.
- To statistically establish whether there are any correlation between sales growth and CAP progress.

The responses of the questionnaire were encoded into Microsoft Excel and descriptive statistics were calculated. The descriptive data relating to the survey indicated the following significant results:

- Embarking on CAP improved the relationship between subordinates and management (mean = 4.00) and also assisted in improving teamwork amongst team members (mean = 3.69).

- Most sales staff believe that CAP significantly influenced their ITOS ratings (mean = 3.68).

- CAP assisted in the company gaining a larger market share (mean = 3.74).

- The majority of the respondents strongly agreed that the competencies and knowledge gained through CAP assisted them in increasing their sales of carbonated soft drinks (mean = 3.82).

- CAP is believed to have improved the company's Customer Service Measurement (mean = 3.71).

- CAP significantly improved the levels of confidence of the sales staff (mean = 3.96).

- 99 % of the respondents believe that the Value Chain learning outcome positively influenced their work performance.

- 99 % of the respondents believe that the learning outcome: Knowledge of how sales fits in the Value Chain positively influenced their work performance, of which 33 % rated the impact as well above average, and a further 44 % as above average.

- Every respondent in the survey believed the product knowledge module had a positive impact on their work performance.

- The majority (47 %) of the respondents indicated an above average impact on work performance in respect of the Profit Story module.

- The following ratings apply to the belief of sales staff that CAP impacted their selling skills positively:

- 34 % - well above average

- 43 % - above average

- 22 % - average

- CAP appears to be the learning intervention that has the most impact on the work performance of sales staff, followed by coaching by managers and the Sales Academy.
- The results of the survey indicated that 96 % of the respondents believe that CAP was a worthwhile initiative.

Significant differences were found in sales growth since embarking on CAP between different race groups. Significant differences for CAP progress were found in respect of different plants.

The researcher aimed to prove the hypothesis that CAP improved work performance. The core measurement of sales staff in the company is growing sales volume, with all the other measurements measured in the questionnaire supporting this core function.

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