

**Workplace Training and the High Skills Vision:
Where does Investors in People fit?**

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Editor's Foreword

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Abstract

Introduced in 1991, the purpose of the Investors in People (IiP) Standard was to create a benchmark for good training and development practice. Since this time, the Standard has become a central feature of the UK government's training policy. Much of the debate so far on IiP has focused on the extent of uptake. The aim of this paper is to broaden this debate: first, by reviewing the existing evidence on variations in accreditation rates across industrial sector and on the impact of the Standard on training and development activity; secondly, by exploring the new directions the Standard is taking. The paper discusses the policy implications that arise from the research undertaken to date and, in relation to the new directions the Standard is taking, considers the areas in which further research is needed.



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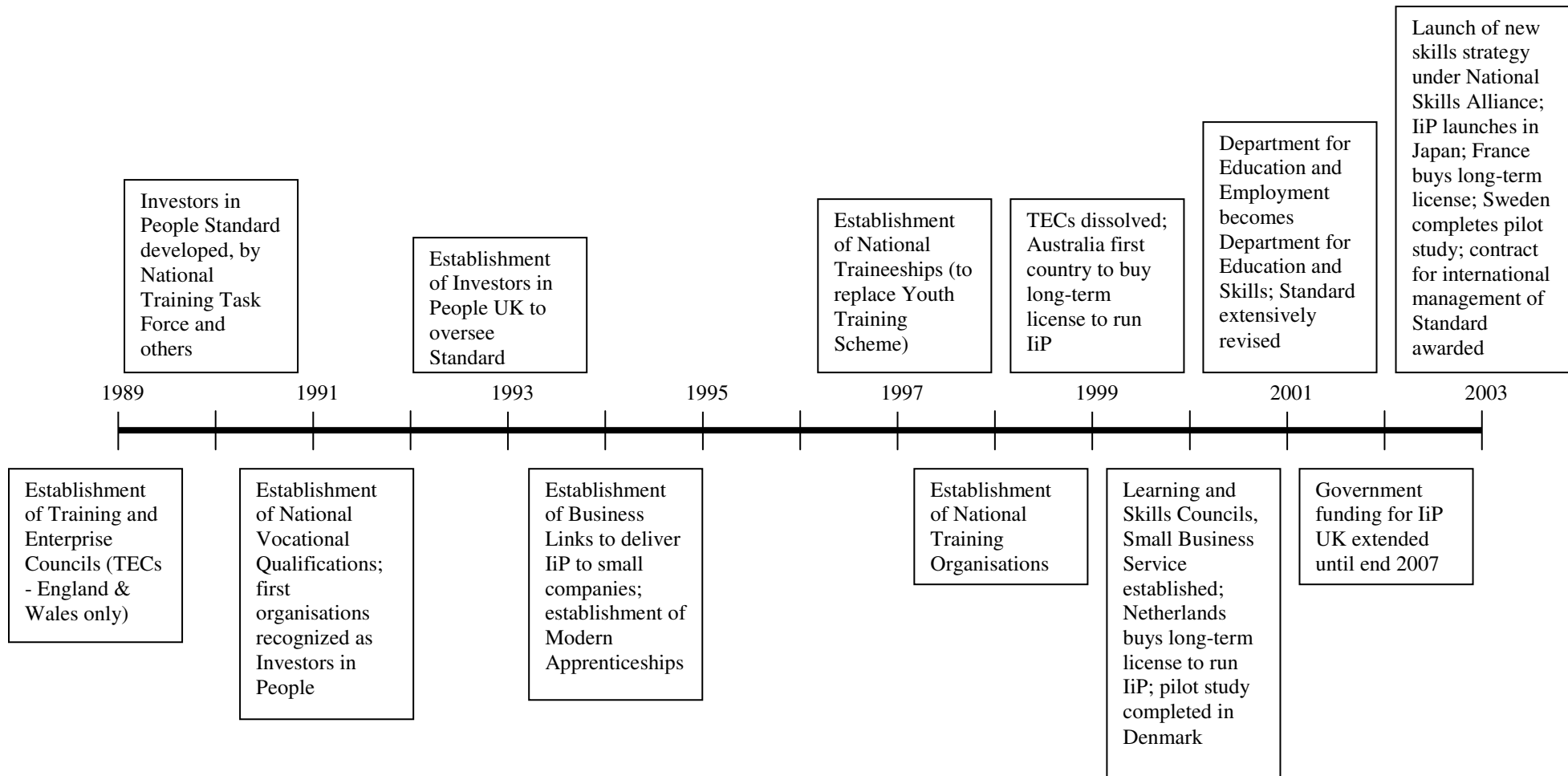
1. Introduction: More than a decade of Investors in People

The Investors in People (IiP) Standard was introduced in 1991, the purpose being to create a benchmark for good training and development practice. Based on research conducted by the then Department of Employment's National Training Task Force, the Standard sought to establish guidelines for best practice in people management and workforce training, with companies meeting these guidelines being rewarded with accreditation. The Standard was intended to be applicable to all work organisations, irrespective of size or sector (Alberga et al., 1997). Since its introduction, it has become a central pillar of the Government's national training policy.

In part, the IiP initiative was a product of extensive debate through the 1980s over the UK's comparatively poor industrial performance, and the suggested contribution of employee training and skills deficiencies to this problem (Finegold and Soskice, 1988). By providing a mechanism for the systematic assessment of training needs and the monitoring of training delivery in a workplace context, the Standard was presented as contributing towards the development of a high skills economy. IiP differed from the majority of other policy initiatives that defined the British government's policy on skills development during this period, which primarily involved attempts by the state and its agencies to supply a more highly trained workforce through the use of the education system as the main vehicle for upskilling (Lloyd and Payne, 2003). By contrast, Investors in People was demand-led, relying on employers to identify skills gaps in their own organisations. It therefore relied heavily on employers' perceptions of its value as a tool for the development of a more appropriately skilled workforce that would contribute towards enhanced organisational performance and competitiveness.

The Standard has endured for over a decade and now sits amidst a plethora of government training initiatives such as Modern Apprenticeships and union learning representatives, and within the context of a 'complex and shifting jungle' of systems and organisations that have a stake in the delivery of vocational education and training such as the Learning and Skills Councils (LSCs), Sector Skills Councils and the Sector Skills Development Agency (Keep, 2003: 8 – see figure 1).

Figure 1: Over a decade of Investors in People and associated initiatives



While it has been argued that the current system of national vocational education and training is vastly inflated, expensive and unmanageable because of the government's penchant for micro-management through target-setting (Pring, 2003), IiP nevertheless remains one of the headline long-term policies for workforce development. State funding support for the lead body IiP UK has been confirmed until the end of 2007, by which time it is hoped that 45 per cent of the UK workforce will be working for IiP accredited organisations. There is also a renewed interest in encouraging small organisations (employing between 10 and 50 people) to engage with the Standard, as demonstrated by the allocation in 2002 of an additional £30 million to the Small Business Service to help increase accreditation rates. The significance of IiP within the government's strategy for workplace learning is further emphasised in the *21st Century Skills: Realising our Potential* white paper (DfES, 2003) which outlines the National Skills Strategy and emphasises the role of the Standard as a tool for attaining higher skill levels and enhancing productivity.

The primary aim of this paper is to examine the research evidence relating to IiP. As 25.47 per cent of UK employees work for the 34,676 recognised organisations¹, such an analysis is central to understanding government policy on training and workplace training itself in Britain today. IiP UK – the Non-Departmental Public Body (NDPB) part funded by the Department for Employment and Skills (DfES) which has responsibility for maintaining and developing the Standard and ensuring its ongoing relevance and credibility – has sought to encourage as many companies as possible to become involved in the accreditation process. Whether the Standard is, in itself, a 'good thing' has been largely taken for granted. Our aim, therefore, is to broaden the debate by providing a comprehensive overview of the research published to date on the nature, incidence and impact of IiP.

The second aim of the paper is to consider the new directions the Standard is taking. These new directions fall into two main areas. First, mechanisms for the delivery of IiP have changed radically since the Standard was first launched. Arguably, these changes, which include the introduction of LSCs, the abolition of the TECs and the introduction of the Small Business Service, will have a considerable impact on the marketing and implementation of IiP. A major difficulty in reviewing these changes, however, stems from their complexity and continually shifting nature (Pring 2003), which leads to differences in interpretation of government policy at the level of implementation. The second new direction concerns the increasing

internationalisation of the Standard, with the Netherlands, Germany, France, Australia and South Africa all running pilot studies of IiP's potential application. The paper reviews the nature and implications of these emerging new directions.

The remainder of the paper is structured as follows. The next section reviews the current research evidence on the nature, incidence and impact of IiP. Subsequently, the paper turns to the new directions the Standard is taking. The final section offers a discussion of policy implications emanating from the review and also considers, given the new directions the Standard is taking, a future research agenda. The final section also seeks to reach a conclusion over the extent to which IiP has the potential to contribute to the development of a higher skilled workforce, a high skills vision and a learning society.

2. The incidence and impact of the IiP Standard

2.1 Reasons for recognition

Since IiP is a voluntarist initiative, it is appropriate as a starting point to investigate the reasons why organisations become involved with it. There is little of the generalised supply chain pressure that has assisted in the spread of ISO quality certification, with the exception of instances where government bodies have sought a commitment to IiP from their smaller suppliers (Alberga et al., 1997; Ram, 2000). One possible explanation concerns how it has been promoted as a tool for improving organisational performance or increasing employee motivation (Alberga et al., 1997). A further claim made by promoters of the Standard is that it will help in the development of a learning organisation (Taylor and Thackwray, 1996). Through these claims, IiP has come to be viewed as a tool for business improvement that is complementary to other quality frameworks used in both public and private sectors.

However, Bell et al. (2001, 2002b) offer further reasons why managers seek IiP accreditation, including: the desire for acquisition of a prestigious badge to endorse existing people management activities; involvement of senior managers' in the running of the local Training and Enterprise Council (TEC) which prompted them to commit to the initiative; the use of IiP as a means of professionalising the personnel function and raising the status of personnel managers in order to enhance their career prospects; pressure to follow the lead of high-profile companies that have IiP

recognition; and the desire to reduce training spend by focusing training activity more closely on business strategy (see also Down and Smith, 1998). There are clearly many reasons why managers choose to seek IiP recognition, several of which are not necessarily related to the development of a highly skilled workforce through improvements in training activity. In other words, the decision to seek IiP accreditation may be as much about internal organisational politics or inter-organisational networking as about perceived impact on training and development activity.

2.2 Variation in the incidence of IiP accreditation

While a large minority of workplaces have secured IiP accreditation, with thirty-two per cent of workplaces with 10 or more employees having accreditation (Cully et al., 1999), there is evidence that the take-up of the Standard across different sectors of the economy is uneven. This is despite the fact that the Standard was initially founded on the assumption that a single definition of good training and development practice would be applicable across industrial sector and organisational size categories (Alberga et al., 1997). Research carried out in the 1990s indicated that some employers were not engaging with the Standard because of the reputation it had acquired as an overly bureaucratic and paper-based system (Ram, 2000). This was most evident in relation to the small business sector, where accreditation rates were lower than in companies employing more than 50 people. It is generally accepted that small companies are less likely to offer workplace training and that this lack of training activity has a negative effect in terms of product innovation and differentiation (Ashton and Felstead, 2001: 182). The lower rate of accreditation in small businesses therefore calls into question the value of the initiative in addressing the UK's poor productivity record, since more than 40 per cent of employment is in organisations classed as small or medium sized (Storey, 1997). Increasing take-up in smaller organisations became a key objective of TECs in the final years of their existence and this objective has been carried over into the current delivery mechanisms.

Several reasons have been put forward as to why accreditation rates are lower in small businesses. For example, Hill and Stewart (1999) argue that training activity in small businesses is reactive and ad hoc rather than planned and formalised, meaning that IiP is not necessarily appropriate. These authors also found small

businesses eschew accreditation because of time pressure, cost implications, lack of clarity as to its essential nature and lack of expertise in terms of being able to introduce it. In addition, Dodd et al. (2001) argue that the lack of take-up of IiP within small businesses relates to the numerical targets for accreditation rates that IiP UK has been set. TEC funding from central government in the early 1990s became increasingly based on outputs, resulting in a 'payment by results' type system (Curran and Blackburn, 2000). This method of performance management, within which funding was in part dependent on the number of IiP recognitions achieved, encouraged TECs to focus on companies that were most likely to be able to secure accreditation. By the mid-1990s, it was being suggested that TECs were 'cherry picking' employers – deliberately targeting larger companies that already had a substantial number of the policies and procedures in place that were necessary to secure accreditation (Mawson, 1996; Spilsbury et al., 1995). In this respect, recognition as an Investor in People merely encapsulated what 'good' employers were already doing, rather than encouraging the introduction of better practice (Bell et al., 2001). In addition, the initial focus on companies where training procedures were better established meant that the companies most in need of help or guidance – small and medium sized companies in particular – were precisely the ones that received the least encouragement to engage with the Standard.

There is also evidence of variation in the take-up of IiP by industry. IiP UK's own statistics demonstrate that the combined figure for commitment and recognitions is higher in the electricity, gas and water supply industry, transport and communication and public administration. This is largely supported by analysis of the 1998 Workplace Employee Relations Survey, which shows that, when background variables such as workplace size are controlled for, public sector workplaces are more likely to have secured accreditation than private sector workplaces; as are workplaces in electricity, gas and water supply, the wholesale and retail trade, hotels and catering and financial intermediation (Hoque, 2003). The importance of customer service within these sectors may have resulted in an appreciation of the importance of initiatives such as IiP. Alternatively, in the case of the wholesale and retail trade and hotels and catering – where labour turnover is above average – it is possible that formal training programmes have been developed in order for basic skills to be taught to new recruits. Hence, it may be easier for workplaces within these sectors to demonstrate that they meet the requirements of the Standard.

Debate has also emerged over the appropriateness of the Standard in other sectors. For example, in the healthcare sector, while some commentators have suggested that IiP accreditation may have the potential to raise service quality (Spiers, 1994), others have suggested that the National Health Service was slow to respond in the early 1990s because of other organisational changes already underway (Mason, 1994), and because of the difficulties involved in terms of securing buy-in from medical staff (Smith, 2000). This is despite the fact that significant pressure was placed on public sector organisations to become involved in IiP in its initial stages. In the education sector, it has been argued that the take-up of IiP has been hindered by the Standard's commercially rooted language (Daniel, 1997). Within universities, for example, staff have been found to display cynicism towards techniques such as performance appraisals introduced as part of the accreditation process, as they are neither familiar nor comfortable with them (Watson and Watson, 1999).

Differences in terms of the uptake of IiP have also been found in relation to national ownership. Recent quantitative research has found that some foreign owned workplaces (i.e. European and North American owned) are less likely to have secured accreditation than are UK-owned workplaces (Hoque, 2003). It may be the case that managers in these workplaces view IiP as being particularly 'British' in terms of form and content, or perhaps feel that their own training processes are already sufficient to ensure quality and relevance. Also, it might be expected that the introduction of IiP would be 'championed' by personnel/HR specialists, who would encourage its adoption and take ownership of the accreditation process (Bell et al., 2001). However, workplaces with a personnel/HR specialist have been found to be *less* likely to have secured accreditation than are those within which no specialist is present (Hoque, 2003). It could be the case that they eschew IiP as they view it as an 'off-the-shelf' initiative, preferring instead to develop their own training programmes tailored to the specific needs of their organisation. The result could also be explained by the fact that little credit is given to the personnel specialist if the accreditation process is successfully negotiated, while failure to secure accreditation could result in damage to an individual's career prospects (Bell et al., 2001).

Overall, while figures relating to percentage of employees working for accredited organizations suggest reasonably high aggregate accreditation rates, there is also evidence to suggest that rates are somewhat uneven – the Standard is certainly not being adopted across all industrial sectors with equal enthusiasm. This suggests

that if the Standard is to make a contribution to improving access to work-based training and improving UK-wide economic performance, then greater effort needs to be placed on raising accreditation rates within certain sectors of the economy, perhaps by introducing flexibility into both the language and requirements of the Standard to better reflect the diversity of workplaces across the economy as a whole.

2.3 The impact of IiP on training activity

Several commissioned research reports have attempted to show that training activity is superior in IiP accredited workplaces than in non-accredited workplaces (Hillage and Moralee, 1996; Rajan et al., 1999; Spilsbury et al., 1995; Rix et al., 1994; NOP World, 2001). In one study, as many as 90 per cent of managers surveyed claimed that working towards IiP played a role in sharpening the focus of their training activities (Rajan et al., 1999). Accreditation has also been found to lead to a closer relationship between training activity and business strategy (Industrial Relations Services, 2000). Other research has found that not only does IiP accreditation have a positive impact on the approach taken to training, but also that it can lead to a reduction in the cost of training, with one in seven companies in one study reporting a fall in training expenditure, as resources became more effectively targeted (Hillage and Moralee, 1996). Rainbird (2000) has suggested that IiP has contributed towards a new emphasis on training and development opportunities for unskilled and semi-skilled employees, with roles having been recombined through job enlargement and multi-skilling.

However, in assessing the contribution of IiP to the development of a high skills vision, it is important to acknowledge that some firms have sought accreditation as a positive endorsement of existing training activity, rather than as a means of actually increasing the amount of training provided or improving their training procedures (Down and Smith, 1998). As such, the Standard may have achieved less change than is sometimes claimed. In addition, there is evidence to suggest that training activity in some accredited workplaces falls below the ideal. Analysis of the 1998 Workplace Employee Relations Survey (Hoque, 2003) indicates that 16 per cent of workplaces with IiP accreditation did not give any formal off-the-job training to experienced employees in the largest occupational group, and a further 18 per cent provided it to fewer than 20 per cent of such employees in the preceding 12 months. 22 per cent of IiP-accredited workplaces had no multi-skilled employees within the

largest occupational group, and 8 per cent did not have a standard induction programme, despite the fact that this was a formal requirement of the Standard at the time the survey was undertaken.

Douglas et al. (1999) also highlight limitations in terms of the training activity undertaken in accredited workplaces. In their study of Scottish local government services, they found employees to perceive little link between IiP and training or between training and performance. Similarly, in Grugulis and Bevitt's (2002) study of an NHS trust in the North-West of England, employees reported little sense of pride in working for an accredited organisation. Personal development and skills training were hindered by an over-rigid adherence to the Standard. In the university sector, Watson and Watson (1999) found IiP could easily become an end in itself rather than a means of more effective people management, with many of the activities necessary to secure accreditation diverting attention away from core work activities. Finally, in the small business sector, instances have been found in which the importance of the IiP logo as a PR device for marketing purposes is recognised by both employers and employees. In such instances, however, accreditation comes to be viewed as a paper-based exercise with no subsequent impact on training activity (Ram, 2000).

Overall, the research suggests that a significant proportion of accredited workplaces are failing to engage in a basic minimum of good training practice. One explanation for this relates to the fact that, until very recently, organisations went through the re-accreditation process only once every three years. There was therefore plenty of scope for them to revert to 'business as usual' (Douglas et al., 1999: 69) once accreditation was secured (Bell et al., 2002a). This was especially likely in organisations that sought accreditation for instrumental PR reasons or as a marketing device (Ram, 2000). Similarly, Bell et al. (2002b) argue that some organisations have become engaged in a cycle of 'badge collecting', to differentiate themselves from their competitors. Within such organisations, IiP and other various quality standards 'come and go' in terms of organisational importance, depending on how close reassessment is. This can lead to 'initiative overload' (Charlesworth et al., 2003), with IiP coming into direct competition with other standards. Also, the 'badge collecting' mentality is likely to lead to only a superficial engagement with the Standard, attention only being paid to it when the organisation is just about to go through the re-accreditation process.

Not only is there evidence that many accredited workplaces are failing to engage in good training practice, but there is also evidence to suggest that managerial and professional employees benefit more from the training that is provided than non-management employees. Hoque's (2003) analysis of the 1998 Workplace Employee Relations Survey suggests, first, that 21 per cent of management/professional employees within accredited workplaces reported receiving no training either paid for or organised by the employer, in the twelve months prior to the survey being undertaken, while the comparable figure for non-management employees was 41 per cent. Second, 30 per cent of management/ professional employees in accredited workplaces had not discussed their training needs with their supervisor or line manager in the last twelve months, in comparison with 55 per cent of non-management employees. Finally, 12 per cent of management/ professional employees in accredited workplaces either disagreed or strongly disagreed with the statement that people at their workplace were encouraged to develop their skills. The figure for non-management employees was 23 per cent. These findings highlight the disproportionate levels of spending on staff in managerial positions at the expense of others prevalent in UK workplaces (Westwood, 2001) and raise questions concerning the effectiveness of IiP in terms of addressing the training needs of different employee groups. IiP does not appear to address inequalities of access to workplace training and development at different levels of the occupational hierarchy, and it should perhaps be of concern that many organisations are gaining IiP accreditation when their training plans and activities are apparently so 'top heavy'.

In terms of explaining negative employee reports of training activity in accredited workplaces, in instances where the IiP accreditation has not led to improvements in training activity as described above, it is perhaps unsurprising that employees are less than enthusiastic about the award. However, further explanations have been put forward for negative employee responses. First, within IiP, there is a stipulation that training activity should have a direct bearing on business need. This in itself can impose restrictive boundaries on developmental training (Down and Smith, 1998; Hillage and Moralee, 1996; Ram, 2000). Second, as a result of the need to demonstrate to assessors that training is taking place, IiP encourages an evidence-based approach to training with organisations becoming inclined to prioritise activities that are more readily tangible and measurable. As a result, a more formalised, prescriptive approach to training and development emerges, with an emphasis on so-

called 'hard' learning (Jones and Hendry, 1994). This, in turn, can lead companies to ignore 'softer' process-based, experiential 'unorganised learning' which relies on activities such as language development, relationships with others, engagement in interpersonal knowledge-seeking or knowledge-sharing behaviour, as this type of 'soft' learning is harder to measure. Indeed, by narrowing the definition of training and development in this way, it has been suggested that IiP may take companies further away from the learning organisation ideal, rather than closer to it (Bell et al., 2002a).

3. The future development of the standard and a future research agenda

The research conducted to date on IiP has exposed considerable variation in terms of the take-up of the Standard and also shortcomings in terms of its impact on training activity. However, the Standard itself is continually undergoing change. These changes relate to the nature of the Standard, the way in which it is managed and potential for internationalisation. Our contention is that, as a result of these changes, past research on IiP cannot necessarily be extrapolated to provide an indicator of its likely future effect. The ensuing sections therefore examine recent changes to the Standard in greater detail and also consider the issues on which more research is needed.

3.1 Changes in the requirements of the Standard

When it was originally launched in October 1991, IiP was based on four key principles thought to lead to good practice in the management of training: commitment, planning, action, and evaluation. Employers were assessed on whether they: made a public commitment at the highest organisational level to develop all employees to better achieve business objectives; reviewed the training and development needs of all employees regularly; took action to train and develop both recruits and existing employees; and evaluated the effects of their investment in training and development. Organisations seeking IiP recognition were tested against these four principles, which were measured using 23 indicators. Assessment was based on an evaluation of the processes used by organisations, such as induction

training programmes, through evidence presented to assessors in the form of a paper-based portfolio and by interviewing a sample of managers and employees in each organisation.

However, small and large employers alike found the requirement to produce a portfolio of evidence to demonstrate the existence of training procedures across 23 indicators cumbersome. The Standard was therefore simplified to a version that has only 12 indicators (see figure 2) as opposed to the previous 23. In addition, an attempt has been made to re-focus the assessment criteria onto outcomes rather than processes (People Management, 2000). The impact of this change, particularly from the point of view of whether it will indeed lead to a greater focus on outcomes, remains very much open to question. It is claimed that the Standard can now be awarded without any paper-based evidence; this is clearly an issue on which research would be welcomed in the future.

Figure 2: The Revised Investors in People Standard

1. The organisation is committed to supporting the development of its people
2. People are encouraged to improve their own and other people's performance
3. People believe their contribution to the organisation is recognised
4. The organisation is committed to ensuring equality of opportunity in the development of its people
5. The organisation has a plan with clear aims and objectives which are understood by everyone
6. The development of people is in line with the organisation's aims and objectives
7. People understand how they contribute to achieving the organisation's aims and objectives
8. Managers are effective in supporting the development of people
9. People learn and develop effectively
10. The development of people improves the performance of the organisation, teams and individuals
11. People understand the impact of the development of people on the performance of the organisation, teams and individuals
12. The organisation gets better at developing its people

Source: Investors in People UK website
(<http://www.investorsinpeople.co.uk/IIP/Internet/InvestorsinPeople/TheStandard/Default.htm>)

3.2 Changes in the management of the Standard

In addition to changes to the nature of the Standard itself, the way the initiative is promoted and managed has also been adapted. Since 1993, overall responsibility for IiP has resided with Investors in People UK. However, until 2001, local-level responsibility for supporting organisations in gaining recognition rested with the Training and Enterprise Councils in England and Wales and the Local Enterprise Councils in Scotland (TECs and LECs). Measured purely in terms of the number of employers committed or recognised as Investors in People, TECs and LECs were highly successful. This was partly because they were able to offer significant financial assistance to companies in order to encourage involvement, particularly during the early years of the initiative, enabled by cross-subsidy from payments made by larger organisations for TEC consultancy services.

However, following the abolition of the TEC system, responsibility for IiP delivery has become more fragmented. Organisations with 50 or more employees are now referred to their local Learning and Skills Council (LSC), which is responsible for the planning, management and funding of all vocational education and training, including IiP. Like the TECs, LSCs are required to achieve targets for numbers of accreditations set by the Department for Education and Skills, the ministry responsible for IiP policy nationally. However, LSCs are not directly responsible for the delivery of IiP. This role is part of the remit of the Business Link network, which has responsibility for advising and supporting organisations that commit to achieving the Standard. Where smaller companies are concerned, responsibility for managing and marketing the Standard has passed to the Small Business Service (SBS).

This new delivery and accountability structure has the potential, however, to create a number of problems that could further limit the penetration of IiP in the future. First, Dodd et al. (2001) argue that TECs and LECs had generated considerable in-house expertise in terms of working with the Standard and encouraging its adoption. It is questionable whether this expertise can be transmitted to the other bodies now responsible for IiP delivery. In particular, Curran and Blackburn (2000) suggest that the piecemeal nature of the Small Business Service means that it is unlikely to provide a more coherent programme than did its predecessors. At the very least, there is likely to be a period of uncertainty before new relationships and networks are established (Coffield, 2000).

Second, unlike TECs and LECs, the LSCs cannot provide incentives to encourage organisations to seek accreditation. This is possibly the most significant difference between TECs and LSCs in terms of their ability to deliver IiP. TECs were able to determine the level of subsidies offered to companies committed to the Standard, to draw upon reserves and cross-subsidise their activities, while the local LSCs as non-departmental public bodies are only able to draw on Local Initiative Funds to subsidise this aspect of their activity.

Third, there is scope for conflicts of interest to arise within the new delivery system. As stated earlier, direct responsibility for the delivery of the Standard has been passed to the Business Link network and the SBS. However, the SBS forms part of the Department for Trade and Industry, while overall responsibility for the IiP Standard remains with the Department for Education and Skills. This potentially creates a conflict of interest, as the Small Business Service is primarily concerned with selectively targeting companies that can use IiP as a mechanism for the development of personnel management systems, while the Department of Education and Skills is encouraging ongoing mass take-up of the initiative linked to the purchase of training from further education providers.

Overall, the latter two sections have highlighted a number of recent changes in terms of the requirements of the Standard itself, and the manner in which the Standard is managed and promoted. These changes could have a considerable effect on both the rate of IiP accreditation and on the impact that IiP has on training activity. Research on the Standard in its new guise and also on the new delivery systems would therefore play an important role in predicting the extent to which it is likely to play a role in contributing to the achievement of a high-skills vision in the future.

3.3 Internationalisation of the Standard

Not only is IiP unusual for having survived more than ten years as a UK government-led workplace training initiative, it is also remarkable for the way in which it has been promoted as a culturally transferable business improvement tool, with the Standard marketed abroad recently as an employer-led training initiative that enhances productivity. Internationalisation has been driven by two emerging demands: first, by multinational companies seeking to accredit their overseas operations, having already gained IiP recognition for their UK sites; and second, by foreign governmental and

training agencies believing that there are economic benefits to be gained from the introduction of the Standard.

The Standard is managed internationally by a partnership referred to as the International Development Consortium (IDC), including BDO Stoy Hayward consultancy, Assessment North East and the Centre for Assessment and Recognition North West. While Investors in People UK retains overall responsibility for the international strategy, the IDC is responsible for developing new business overseas and supporting partners that already have a licence agreement in place. To become a license-holder, the strategic partner must first successfully complete a pilot, in which several companies are taken through the accreditation process. This provides case studies from which ongoing marketing can be developed. Encouraging a number of high profile companies to secure accreditation and to act as advocates for the Standard is thus seen as crucial to its successful longer-term development. Australia was the first country to become a partner, Germany and France are involved in pilots, and IiP is also being implemented in South Africa. The Netherlands has completed a pilot and has paid for a ten-year license to use the IiP framework as part of a wide-ranging series of initiatives to increase individual employability in the Dutch economy. It appears that IiP's laurel wreath logo is indeed becoming a 'global brand'.

However, the internationalisation of the Standard has generated a number of dilemmas. First, IiP was established in order to improve the competitiveness of UK business through skills development and human resource management. As such, promoting the Standard abroad could be seen as giving up an important source of national competitive advantage. Second, the international viability of the Standard may be jeopardised because of IiP UK's insistence that it must not be adapted to fit specific cultural or economic circumstances, as the initiative is regarded as applicable irrespective of contextual factors. Strategic partners are not permitted to change the Standard in any way² or to fundamentally affect the method of its delivery. This inflexibility in transfer could be seen as indicating lack of sensitivity to national context. Third, it might be seen as ironic that IiP is being exported to countries such as Denmark, the Netherlands and Germany, as several academic commentators have suggested that Northern European, and particularly Scandinavian, countries provide models to which the UK might aspire in the development of a high skills vision (Lloyd and Payne, 2003; Keep, 2000; Coffield, 2002). Nevertheless, it might be useful to explore employer demand for, and the impact of, a demand-side initiative

within an environment in which there is already a high level of training activity and/or a high level of training compulsion.

The internationalisation of the Standard will enable comparative research to be undertaken on the impact of different delivery strategies and mechanisms. For example, in countries with a tradition of co-determination, the Standard will almost certainly come to be implemented and operated as a shared project in partnership with works councils and trade unions. This could produce valuable insights in terms of the effect of introducing the Standard in partnership with trade union bodies rather than as an employer-led initiative. A further example of the scope for comparative international research can be highlighted by a brief but telling contrast between the delivery of IiP in the UK and the Netherlands. A number of studies indicate that the Netherlands suffers from an education-jobs gap (Livingstone, 1998) in which employees possess a level of work knowledge that they have few job-related opportunities to use (Batenburg and de Witte, 2001). As such, the Dutch government's interest in IiP stems from the desire – as in the UK – to raise levels of employer demand for skills. A key difference between IiP in the UK and the Netherlands, however, relates to implementation strategy. Although the Dutch government started from the same viewpoint as the UK government – that skills development in the workplace results in a stronger economy – their method of encouraging this has been somewhat different. In the UK, large and prestigious companies were targeted to give the Standard prestige and credibility in the early stages, in the hope that a 'long tail' of companies would form a line behind these fashion setters. In the Netherlands, by contrast, the main aim has been to bring companies that have little or no engagement with training and development activity up to a basic level. Indeed, the Dutch government has deliberately used IiP as a means of introducing people management techniques and training into smaller organisations and sectors with little or no history of workforce development. As such, the organisations most in need of assistance in terms of developing a training planning process are the most likely to have received it from the bodies responsible for the promotion of the Standard.

4. Discussion: policy and research implications

The first aim of this paper was to review the research conducted to date on the nature, incidence and impact of IiP. The second aim was to examine the new directions the Standard is taking. The remainder of the paper considers the research questions that emerge from these new directions, and the policy implications that can be drawn from previous research findings.

The first area of concern raised within the research relates to the extent to which the Standard has been adopted. There is clearly a particular problem in terms of low rates of accreditation within the small business sector. This in part is driven by the initial approach adopted by the TECs, which promoted IiP to larger companies that already satisfied many of its requirements, in order to enable government targets to be reached and to help raise the profile of the Standard. However, despite the need for training in small companies, it is important that they are encouraged to seek IiP accreditation for appropriate reasons. One recent suggestion to encourage engagement with IiP involved making tax credits available to small firms that commit to the accreditation process (Adams, 2001). Such initiatives could prove problematic, however, as they could encourage engagement with the Standard for instrumental purposes, with companies seeking accreditation because of financial incentives rather than out of any genuine commitment to training and development. With regard to government commitment to provide £30 million to help smaller companies achieve accreditation (Blythe, 2003), although this is likely to be constructive in removing the obstacle of cost, it will not deal with the greatest stumbling block within this sector, which is that many small businesses simply cannot see the benefit of a generic approach to staff training and development that requires adherence to externally imposed criteria. As for a future research agenda, there is clearly scope for research on reasons for engagement or disengagement with the Standard in the small business sector, particularly in terms of whether the new Standard – now that it has been redesigned to be less procedurally based – will lead to a greater willingness on the part of small businesses to engage with it.

However, encouraging the adoption of the Standard among smaller businesses could also have certain negative unintended consequences. In particular, the Standard may come to be devalued in the eyes of large, prestigious organisations. As a manager

in one research study said, ‘if the hairdresser down the road can get IiP as well, then it starts to lose some of its shine’ (Bell et al., 2001). For IiP to remain fashionable and prestigious as a badge, it is essential that it retain a degree of exclusivity. As such, in its current guise, IiP may not prove to be the most effective method to universalise best practice. If it were to play its part in raising standards more generally, while at the same time retaining a degree of exclusive appeal, one possible solution would be for several levels of award to be incorporated into the Standard. This could include the development of some kind of advanced or ‘gold’ Standard to enable the highest performers to differentiate themselves from the growing mass of organisations with accreditation, while the lowest performers could be encouraged at the very least to cross some kind of performance threshold, evidenced perhaps through an initial award. This would prevent the badge from losing its lustre as indicating membership of an exclusive club, while at the same time encouraging a wider range of companies to engage with the Standard.

The badge will only lose its lustre, however, if the proportion of organisations applying for accreditation can be significantly increased. This, in itself, may prove difficult to achieve. As argued earlier, the initial TEC policy was to deliberately promote IiP to large, prestigious companies that already satisfied many of the requirements, in order to reach government-set targets and raise the prestige of the Standard. Such a policy meant that the companies with the most to gain from the Standard – smaller companies engaging in little training and development activity – were precisely the ones that received the least attention. Encouraging these companies to engage with the Standard could prove to be extremely difficult. Those responsible for the present delivery structure will have to overcome the image of IiP as a business improvement tool for larger businesses. Encouraging organisations that for over a decade have dismissed the Standard as irrelevant to their needs is likely to prove a considerable challenge.

As such, rather than setting blanket numerical targets, there is perhaps scope to set key performance indicators relating to progress towards genuine engagement with the Standard in certain key areas of the economy. One alternative would be to take an approach similar to that currently being pursued in the Netherlands. Although the implementation of IiP in the Netherlands is still in its early stages, lessons may well be learned from the Dutch experience, in particular from the way that the Department for Economic Affairs is deliberately using IiP to encourage adoption of best practice

in sectors of the economy that are most in need of improvement. This approach involves less of a focus on the achievement of blunt numerical targets or the overall proportion of companies that have secured accreditation, and greater concern for training needs in specific sectors. In terms of future research, an evaluation of the Dutch system would prove highly illuminating in terms of assessing the impact and effectiveness of a more focused delivery system.

The research conducted to date also highlights variation in accreditation rates by industrial sector. This too calls into question the viability of a single benchmark standard and the suitability of an approach to training that relies on the notion that 'one size fits all'. Other business improvement tools have already called this approach into question; the revised ISO quality management standards distinguish clearly between sectors and activities, offering companies a range of certification routes. This suggests scope for research exploring the potential for industry specific Standards tailored to specific sectors of the economy, perhaps being managed by the newly created Sector Skills Councils.

The next key concern highlighted by the research conducted to date relates to the nature and extent of training activity in accredited organisations. There is ample evidence to suggest that many accredited workplaces are failing to engage in basic good practice, such as guaranteeing a minimum annual level of training or manager-employee discussions of training needs. There is also evidence that managerial and professional employees benefit more from training activity than non-management staff in accredited companies. This suggests a need to ensure that training opportunities are made available to all employees within the workplace, and not just to those towards the top of the organisation. It also suggests a need to implement more stringent assessment mechanisms to ensure that accredited workplaces maintain their training and development systems between assessments – random spot-checks, for example. The problem with such mechanisms, however, is that they may, in themselves, deter companies from engaging with the Standard, and hence render it even more difficult to raise accreditation rates.

There is also evidence that the Standard has encouraged a focus on 'hard', measurable aspects of training, while discouraging softer, experiential learning, such as tacit skill development and knowledge transfer. However, the Standard has now been redesigned such that it relies much less on a demonstration of the systems and processes that are in place to deliver training activity, and more on training outcomes.

Whether the Standard, in its redesigned format, will refocus activity away from formal training processes and onto wider notions of skills acquisition remains open to question. This is clearly an issue on which there is a need for further research. There is also perhaps scope for wider debate as to whether IiP *should* focus on measurable training rather than on broader ‘softer’ definitions of training activity, if only to help to lift the UK out of its current low skills equilibrium (Westwood, 2001).

In sum, the evidence presented in this paper suggests that IiP has had mixed effects. On the positive side it is one of the longest standing government-led training initiatives and one of the few that starts from the premise of assessing the demand for skills in workplaces rather than simply focusing on increasing supply, the main focus of the UK government’s strategy for skill development in recent times. On the negative side, it is evident from this review that IiP has a number of shortcomings, in terms of variable accreditation rates and in terms of the extent and nature of skills training that accreditation has encouraged.

As such, the value of IiP as a mechanism for realising the high skills vision currently remains questionable. Its future effectiveness depends on whether the redesigned Standard is capable of encouraging a greater focus on outcomes rather than processes, and genuine, embedded engagement with a broader range of training activities rather than just formal training procedures. It also depends on whether changes to delivery mechanisms are successful in raising accreditation rates in key sectors of the economy – the small business sector in particular – while at the same time not causing the award to lose its status as an ‘executive club’. Given the persistence on the part of the Department for Education and Skills to set blanket targets, it is perhaps questionable whether this will be achieved. It is only if lessons can be learned from past experience and also from the different approaches taken in adopting the initiative in other countries, that the Standard will to continue to be regarded as relevant or effective in the UK for another decade.

Notes

- 1 As of July 2003 (source Investors in People UK)
- 2 This means that the initiative is known as ‘Investors in People en France’ or ‘Investors in People Nederland’, rather than being translated into the native language of the country in which it being implemented.

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