

Conversations outside the comfort zone: identity formation in SME manager action learning

Abstract

In this paper we consider the construction of narrative identity and particularly how managers of small businesses may construct new narrative identities within the activity of the action learning situation. We build on recent work to suggest that the ‘world’ of managers can be explored through a consideration of Vygotsky’s (1978) socio cultural theory of learning and what he referred to as the Zone of Proximal Development. We argue that for small business managers, a consideration of identity is fundamental to personal and business development and that this encompasses a consideration of present concerns and interests, existing capacities and understandings and skills to find solutions to problems faced. We base our propositions on the evidence that many small business managers feel the need to focus on operational activities which prevents consideration of the long term, and, we suggest that they suffer from a lack of aspiration or confidence which serves to define and reinforce a ‘stuck and struggling’ identity. Action learning should not be viewed merely as an opportunity to pose and find solutions to problems; more importantly it offers the possibility of considering which aspects of a learner’s self image are potentially blocking progress and change, to engage in identity work and to surface and take action upon those elements of one’s current identity which prevent thoughtful action. We suggest that this re-theorization of action learning provides a basis for emphasising the identity-forming potential of sets and we also propose that action learning practitioners (set advisors) use Vygotsky’s notions of socio cultural practice and the Zone of Proximal Development to encourage the re-narration of identities in the action learning situation

Introduction

In the UK it has long been recognised that many managers in small organisations are ‘stuck and struggling’ (Gold and Thorpe, 2008), more concerned about survival than growth. Even before the recent credit crunch, many small organisations had a poor record of seeking support for development from official sources such as Business Link and initiatives such as Investors in People (Matlay, 2004). There are many reasons for this response including the

need to focus on operational activities which prevents consideration of the long term, reinforced by limitations on performance measurement, lack of time (Garengo *et al*, 2005) and, we suggest, a lack of aspiration or confidence which serves to define and reinforce their ‘stuck and struggling’ identity. In this paper, we seek to explore how such an identity can constrain efforts to change and to examine how, through the challenge and support of others in an action learning set, identities can be re-formed and new actions supported. We will begin by considering the idea of narrative identity and its effect in enabling and constraining action in small organisations. We will then explore the Vygotskian ideas of the Zone of Proximal Development (ZPD) and scaffolding which provide a useful approach to theorizing identity formation in the action learning situation before presenting two case studies of action learning for managers of small businesses.

Identity Formation

The term identity is commonly associated with how a person can be defined by characteristics such as physical properties, practices and relationships that they share with others and those characteristics which make them different from others (Jenkins, 1996). Much of the literature on identity treats it as category consisting of a particular set of characteristics which, following Erikson (1968), become accepted by individuals as a self, who then set a path for possible development in the future. This does not deny the influence of others and of culture but it is for individuals to decide how such influence will become incorporated into their identities. According to Erikson, identity formation involves a mental judgement process by individuals based on perceptions of how others judge and how they judge themselves ‘in comparison to them and to types that have become relevant to’ them (p.23). We can regard this focus on individual functioning as one pole of a dimension of identity formation. At the other pole, there is a recognition of the importance of social and cultural influences. It is argued that the tendency to concentrate on individual functioning represents identity as fixed and stabilised rather than to see the potential for movement and re-formation that can arise from interaction with social and cultural factors (Wertsch 1991),

Berger and Luckmann (1971:194) suggested that identity is formed by social processes through our engagement with other people, inanimate objects and nature. Knights and

Willmott (1999), following a similar thought process, presented self-image or self-identity as being ‘confirmed, challenged, defended or transformed’ through interaction (1999:146). Knights and Willmott also argued that individuals are likely to attempt to negotiate outcomes in their encounters with others which are acceptable in terms of their own self-identity. Giddens however (1991) presents a notion of identity which emphasises the centrality of one’s own self identity in defining one’s own self-image rather than it primarily being mediated by social relations. For Giddens (1991:32-3) the self is a ‘reflexive project’; a process of connecting personal and social change. His definition (1991:53-4) is useful in our context of the narrative construction of identity:

‘Self-identity is not a distinctive trait, or even a collection of traits, possessed by the individual. *It is the self as reflexively understood by the person in terms of his or her biography.* [...] a person’s identity is not to be found in behaviour, nor ... in the reactions of others, but in the capacity to *keep a particular narrative going.*’ (original emphasis)

For Giddens then, identity is neither something we are born with nor is it wholly shaped by others’ reactions to our behaviour. It is an ongoing narrative, or series of narratives, which is essentially of and from within oneself. Other writers give greater emphasis to the role that narratives play in how we experience identity and how it is constructed, particularly in relation to others (Widdershoven, 1993; Czarniawska, 1997). When we talk about who we are, narratives provide illumination of characteristics and the categories into which we place ourselves. Gergen (1994) points to the way narratives provide a resource for conversation to make lives meaningful. The temporal structure of narratives and the incorporation of characterisation of self and others provide for connection and unity in a person’s life (Ezzy, 1998). Based on this construction, we can talk about who we are and in this way, relationships with others can be managed by attempting to make clear to others how they should relate us. So, identity talk is concerned with how we engage with others; or a way-of-being-in-relation-to others (Shotter and Cunliffe 2003). If others refuse to accept this way-of-being, or provide a challenge that is considered acceptable to the individual, this opens a space for new resources of talk to be considered which in turn may lead to a new or revised way-of-being. Consciously inviting and responding to others’ reactions to us or paying attention to how we construct, maintain and develop relationships with others can lead us to devising novel forms of talk and shaping a new identity. There is a significant body of work

that has described the practices which people use to establish, maintain and alter their identities in social situations (Goffman, 1959; Antaki and Widdicombe, 1998). A central theme in this work has been to examine how individuals use interactional and linguistic resources to negotiate their identities with others. Goffman (1959:3), for example, focused on how individuals use their interactional competences to present a public image to others. The interactional competences by which this is achieved include dramatic style, expressive control, misrepresentation and mystification. Others have examined the linguistic resources that people employ and draw on to present their identity to themselves and others (Antaki and Widdicombe, 1998). This work has focused on the stories, discursive repertoires, claims and categories that people use when trying to present their identity to others. On certain occasions, such 'identity work' may seem purposefully Machiavellian or manipulative, i.e., consciously presenting a false image of one's self; however this is generally not the case. Rather, people habitually and routinely engage in identity work to present themselves as credible, to position themselves vis-à-vis others, to maintain their own identity of themselves and to add authority to their own actions and beliefs

Identity and managers of small firms

Rae's (2004) framework for entrepreneurial learning comprises a model with three major themes; personal and social emergence, contextual learning and negotiated enterprise (see Figure 1) The model is helpful in understanding how these three strands of notions of identity, practice and profession come together and interlink in the learning process. Rae's (2004:494) first theme is that of personal and social emergence and he discusses both the narrative construction of identity and the tension between current and future identity within this theme. We explain here how action learning provides a setting for managers of small firms to narratively construct their identity and surface, explore and resolve these tensions between current and future identities.

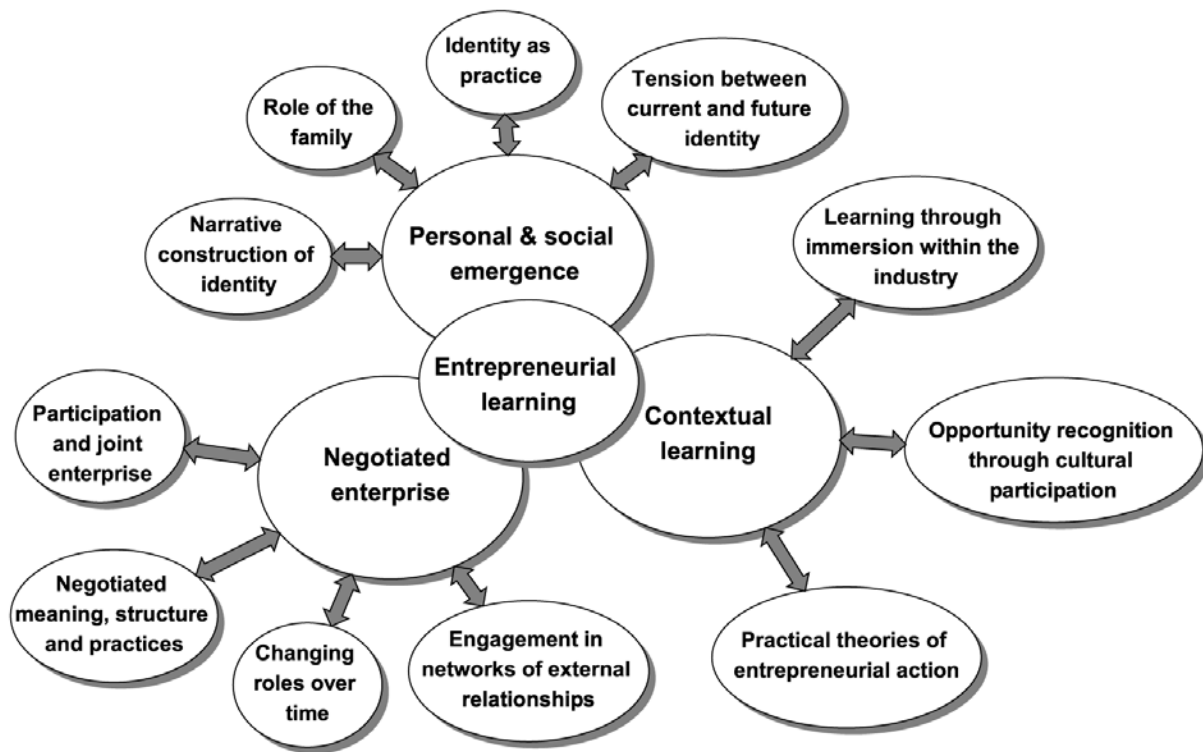


Figure 1: *The triadic model of entrepreneurial learning* (Rae, 2004)

For managers in small organisations, the move towards constructing identity within a unique situation has to connect with the problems and issues faced and the contextual influences suggested by Rae such as the role of the family and engagement with external networks. It is also recognised that SME managers have a preference for informal learning, characterised by doing, exploring, experimenting, copying, problem solving, opportunities taken and lessons from mistakes made in the process (Gibb, 1997; Beaver *et al.*, 1998; Dalley and Hamilton, 2000). This is the predominant everyday approach to learning and change in small organisations. However, it is quite possible and indeed more usual for learning and change to remain at a level of problem solving and reactive adjustment, giving the appearance and effect of stagnation and an endless cycle of struggling for survival. In most cases, this is the local ontological ‘world’ of the small business, as identified by the Council for Excellence in Management and Leadership (CEML 2002). Such conditions both enable and simultaneously constrain the sense of self and narrative identity held by managers.

The link between individual functioning and cultural and institutional influences, can be more widely considered within Vygotsky's (1978) socio-cultural approach to learning and human development. Vygotsky's work considered action as the focus for the study of individual mental functioning, arguing that intentions and goals in action require the use of mediating tools of social and cultural origin. According to Vygotsky, tools, especially those he referred to as psychological tools such as 'systems for counting; mnemonic techniques; algebraic symbol systems; works of art; writing; schemes, diagrams, maps and technical drawings; all sorts of conventional signs, and so on' (1982:137), mediate thoughts, feelings and behaviour. They are crucial to the development of more advanced forms of understanding. It is here we can consider how the dynamic interplay between individual mental functioning and social and cultural influences acquire an energy for identity formation. As argued by Penuel. and Wertsch (1995), the employment of social and cultural tools within action shapes the formation of identity. Tools not only are used to achieve goals, but through reverse action, provide the means by which individuals come to identify who they are. Certainly, through successful and repeated use of tools in action, an individual may come to accept an identity as fixed, unchanging and valued. This certainly seems to be the appearance in many SMEs where managers frequently view positively and value highly the actions that have worked in the past and form versions of themselves in the context of their organisations which are accepted as truth and become difficult to challenge (Devins and Gold 2002).

Gold and Thorpe (2008) have argued that the 'world' of managers can be explored through a consideration of Vygotsky's (1978) socio-cultural theory of learning and particularly what he referred to as the Zone of Proximal Development (ZPD). This is described as 'the distance between the actual development level as determined by independent problem solving and the level of potential development as determined through problem solving under adult guidance or in collaboration with more capable peers' (p. 86). Vygotsky argued that the ZPD closes the gap between what is known and what can be known later. For a small business manager, what is known requires a consideration of identity, consisting of present concerns and interests, existing capacities and understandings and skills to find solutions to problems faced. This provides the starting point for any movement, what Vygotsky referred to as the 'buds' of development and this must always relate to existing identity but with the potential for reconstruction in line with concerns and interests. The limits for such a move are set by the ZPD for a particular moment in time. It is through interaction with others that the

thoughts, feelings and behaviour which constitute an identity can advance. Vygotsky paid particular attention to psychological tools that mediate action and the most important here is language, talk and conversation. We suggest that all this can occur through Action Learning where support, referred to by Hobsbaum *et al.* (1996) as scaffolding, can be provided for managers who consider new possibilities for action.

Action learning

‘Group activity and interaction has the potential to enhance confidence and achievement at all levels of learning’. (Norman and Hyland ,2003:269)

Managers may access opportunities to focus on their individual performance and development needs in a group setting through action learning. This management development technique deploys a relational view of learning and attempts to create communities of practice in which the construction of identities is enabled simply by being a part of the system of relations which are produced by social communities (Lave and Wenger, 1991:53)

Action learning as a term is, however, used to define a wide variety of management development practice. For some, its use is synonymous with approaches that might be appropriately used to describe ‘active learning’; for others, when it is the method that is emphasised, the focus moves to stress self-managed learning yet for others, action learning cannot be action learning unless a *Revansesque* or ‘Scientific’ (Marsick and O’Neil, 1999) approach is followed (Anderson and Thorpe, 2007).

Pedler (1991) offers the following definition:

‘Action Learning is an approach to the development of people in organizations which takes the task as the vehicle for learning. It is based on the premise that there is no learning without action and no sober and deliberate action without learning ... The method ... has three main components – people, who accept responsibility for taking action on a particular issue; problems, or the tasks that people set themselves; and a set of six or so colleagues who support and challenge each other to make progress on problems’.

Participants in action learning meet in 'sets', and work on 'real-world' problems. These problems do not have clear solutions and are not puzzles, which are susceptible to expert advice. Through social interaction, team members take advantage of alternative views on their problem; therefore, learning occurs as a function of the experience within the group and not from an external source (Marsick and O'Neil, 1999).

Revans (1980:256-7) suggested that:

'Action learning obliges each to look critically at his own experience, dragging it out for the inspection of his colleagues...his next moves should be ... debated with his fellows *so* that his first perceptions of his own past are constantly and inexorably under review'

Pedler (1996) describes Revans' basic premise: for organisations and individuals to flourish then the rate of learning has to be equal to or greater than the rate of change (expressed as $L \geq C$). This has particular significance in small firms where the development of the owner is often synonymous with the development of the business. Action learning is also particularly well suited to the development of rhetorical and social skills which Thorpe *et al* (2008:44) claim are essential to the effective management of a small business particularly in the management of staff and the development of new networks.

Action learning is implicitly premised on identity work: Pedler (1997) refers to set members engaging in situations in which 'I am part of the problem and the problem is part of me' and has a focus on learning at three levels:

- About the problem which is being tackled
- About what is being learned about oneself; and
- About the processes of learning itself, i.e. 'learning to learn'

Revans (1979:4) placed great emphasis on the idea that action learning obliges subjects to become more aware of their own value systems. He made a distinction between self-development as Do-It-Yourself (Teach Yourself Russian or Teach Yourself Mathematics) and the development *of* self, not merely development *by* the self of what is known of the external world (p.8).

When action learning is viewed as merely a problem solving process in which the objective is to help the learner discover that they were 'wrong' and therefore need to take corrective

action, then it becomes little more than a fault-finding and correction exercise. Willmott (1997) uses Pedler's (1997) exposition of the Harbourne Engineering case to illustrate how action learning can prompt reflection and thoughtful action but also to show how the set may operate in a 'problem solving' mode and in so doing, negate the opportunities for critical reflection and, we suggest, identity formation.

Action learning in small firms

The small business sector includes a significant proportion of the managerial workforce in the UK. SFEDI (2008:4) reports that:

'The business enterprise community of people running businesses with less than twenty employees is huge and ubiquitous; they are the overwhelming majority of businesses in every sector, nation and region of the UK. There are nearly 4.5M such businesses across the UK and over 70% of them have no employees beyond the owners'

Within these businesses, there are approximately 2.8M owner-managers and beyond them, more than half a million more people working in other self-employed capacities; together, they constitute about one in seven of those currently in work. However, in the same research, SFEDI also report that over half of their owner-manager respondents were unlikely to take part in any formal learning and development activity in the coming year. Cost and time were cited as the major barriers to accessing programmes and the majority of owner-managers stated that their development occurred through experiential and informal means.

A significant investment was made in small firm manager development by the UK North West Development Agency in 2004 in the form of the Networking Northwest project. Wholly funded by the regional development agency and offered free of charge to small businesses, the project sought to involve 100 SME owner-managers in 20 action learning sets. The two case studies presented below form part of a wider evaluation study in which participant-observer status was sought and obtained in six action learning set meetings; participants in the study were also asked to complete a learning journal, and a total of 19 learning journals from a potential of around 100 were analysed. Data were also collected by a network of 'recorders' or learning historians (Kleiner and Roth, 1996). These were individuals who were not members of the learning set (although some became *de facto* members as sets formed and

worked together) but were embedded researchers. Their prime purpose was to work in the set collecting data to form the story of the set but also, by agreement with participants, to provide reports to the evaluation team. Data from 26 one-to-one interviews are also used here.

The two case studies presented chosen are both narratives which illustrate how identity construction occurs in the action learning situation, the ensuing impact on self confidence and a subsequent bias for action. Our analysis is based a Vygotskyian interpretation of identity construction, occurring in particular local settings, drawing on sociocultural resources as tools of mediation which have the potential to enable and constrain. We take the mediated action of the set meeting as the unit of study (Penuel and Wertsch 1995).

Case Study 1: Sean

Sean, a one-man business, specialises in marketing and management strategy, helping organisations to ‘create competitive advantage’. His background is in engineering as the marketing director of a small division of a group of companies. He was made unexpectedly redundant 13 months before our interview took place. His clients are from a range of sectors and are of all sizes – from a one person psychotherapy business to engineering companies with a 15 million pound turnover. He has been in business for just over a year and admits to feeling ‘quite disappointed’ with the acquisition of new clients in his first year which is why he thought that action learning might work for him.

In Sean’s description of his action learning experience, he commences by casting himself as alone and explains how working with others in the set, he takes on a new identity as a co-learner:

Because I work on my own it’s a non-competitive environment to talk about business and bounce ideas and talk to grown-ups...with different points of view

He emphasises the disturbance or discomfort that this causes for him by comparing it to an Alcoholics Anonymous meeting,

I would imagine it’s a bit like Alcoholics Anonymous ...where you sort of sit in a group of people and it’s not just mental and you report back, if you say you’re going to do things really you’ve got to do it

As a result of being in the group, Sean reported that he had taken a much more focused and targeted approach to finding new customers. He has also joined a (public) speaking club along with another member of the action learning set as a way of improving his networking and marketing skills; something he said he would have ‘*avoided at all costs*’ before joining the set.

Sean’s account of his public speaking issue illustrates the constraints which were at his core and how working within the set took him into the ZPD and in doing so, created a new ‘comfort zone’ or identity:

‘Take the public speaking one, I mean I’ve done it for years and dreaded it, hated it but had to do it but the thing about working in your own business, you can tailor your comfort zone to suit yourself so obviously that is the way that I’ve avoided it and no-one’s forced me to do it but talking about it in the group, it’s obvious really, sort of discussions along the lines of, well you know it’s going to help if you get involved in seminars, possibly joint seminars with people doing complementary services but you’re not doing it, it’s because I don’t want to do it, it’s because I’m not confident in doing it so ... (it’s) going to boost your confidence, so that’s what I’m doing’.

When asked what was it about the set that made him begin to reconstruct his identity in this way, he suggested this was:

‘Because a group of people made me face up to the fact that I was cutting off a very positive way of growing my business’.

In contrast to traditional, instructional forms of learning which claim is characterised by a magisterial dialogue (in which an expert explains to a novice what and how something should be done or conceptualised), Sean’s experience can be cast as a Socratic dialogue as the learner takes a more active role in the learning process and becomes more sensitive to ambiguity and more skilled at negotiating meaning (Cheyne and Tarulli, 1999)

Sean talked about the way his set worked and the way in which action was mediated by disturbance:

‘The whole business that led to me talking about developing the business is pretty uncomfortable because ... it is somewhat ironic and somewhat embarrassing ... a

good friend of mine has got a carpet business but his house is a disgrace and I think it's the same thing'

He also talked about feeling uncomfortable in the group and the discomfort he felt in watching somebody else in the group obviously struggling with a number of business and personal issues. In explaining why he was prepared to undergo this discomfort, Sean exemplifies what Hobsbaum *et al* (1996) have termed scaffolding:

'I think it's possibly the mix of people but it is a non-judgemental group of people where there aren't any rules basically, you just go and sit and discuss and I think there's a general feeling that we're helping each other'

Sean admitted to being a 'closed shy sort of individual' who had not previously enjoyed talking but acknowledged that this was the main way in which he was learning to change his behaviour. This change in identity was mediated narratively and for Sean, involved paying attention to the reactions and suggestions of others in the set and of hearing himself speak out loud:

'Vocalising your own stupidity in a way and you can't not do something about it...It's almost the realisation that I'm sat here saying this and I'm not doing anything about it ... and there are people there, you're being witnessed in your own stupidity and I think there is a responsibility if people are prepared to care about it and spend time talking about it, you can't not do anything about it, I mean there is a mutual responsibility within the group.'

Sean's case illustrates the power of action learning to enable learners to re-form their identity by examining their core selves and moving into the ZPD (Vygotsky, 1978); from casting himself as an individual who, at the beginning of the process, claimed that he could not do certain things to someone who, through action learning, 'can't not do something'. Through the successful completion of a new action against a more demanding goal, he is able to articulate a new view of himself and through the reverse action of such tools, his identity is re-formed.

Case study 2: Susan

Before setting up her consultancy business, Susan had been Worldwide Communications Director for a prestige car manufacturer; her particular expertise is in public relations and crisis management. Susan now works with clients in a wide range of businesses including the automotive industry. From the beginning of the interview, it was clear that Susan had a strong sense of identity:

'I do quite a lot of charity work, I'm a Princes Trust mentor and I'm a Listener ... one of these telephone charity service ... people phone up for help and it's helped me a lot ... asking open questions rather than closed questions.'

She had also developed a clear narrative of her recent past which involved her being divorced two years earlier, becoming a single parent to her twin eight year old daughters and having entered into a new relationship with a man who did not disclose to her that he was still living with his wife when he moved in with her and her daughters. Her time as a member of the learning set meeting coincided with her trying and eventually succeeding to sell the marital home (a Sunday Times 'Property of the Week') and re-establishing herself and her eight year old twin daughters in a much more modest home (a 'cottage') in a new town. Susan's 'identity' talk was clear and she used contrasts and placed emphasis on important points to illustrate her narrative.

Susan was in the early stages of setting up a PR business with a new colleague and admitted to finding the transition from senior management in a large corporate organisation to becoming an SME manager, a difficult one in terms of making sense of who she was. During the first action learning set meeting, Susan admitted to feeling quite uncomfortable but she decided to listen and decided to commit to attend the next meeting because she liked the way in which there was such a clear emphasis on taking action rather than just talking. However, Susan admitted to feeling like a '*kind of an outsider*' at the first couple of meetings because the process was new to her and because of the personal nature of some of the discussions. She used strong contrasts to illustrate her discomfort and the challenge which even being in the group presented to her core self:

'I was at a difficult point in my life then and I think that probably had an effect as well and for me it was different, I had a very senior position in corporate life and to

suddenly be in a village hall in the middle of nowhere talking to a group of women about their problems, I was kind of thinking, what have you come to and what are you doing here?’

The final sentence – Susan’s rhetorical question, is a narration of her sociocultural view of her history. She explained how the group forced her to question her core self and to engage in the socratic dialogue (Cheyne and Tarulli, 1999) mentioned in Sean’s case.

... ‘The second (set meeting) I went to was useful and what I did like was that the group...were quite challenging and digging; ok so now explain why and just trying to peel away those layers to get to what is the problem’.

This idea of peeling away layers to reveal the ‘problem’ sits in contrast to conceptions of action learning as merely a problem solving and posing exercise; its potential lies in presenting a challenge to a learner’s core self and thereby prompting action in new directions and with new purpose. Though her interaction with other members of the set, Susan’s identity is disturbed progressively from one meeting to another – a process that clearly was not easy for her. Susan talked about the ‘discomfort’ of being in a set and uses the idea of ‘being pushed’ into refer to what Vygotsky terms the ZPD;

‘There’s a level of discomfort in there because it’s always somewhat uncomfortable being pushed further than you’re used to pushing yourself especially with people who don’t know you and who you don’t know and although it’s about business, it’s not really, it’s about how you are reacting to business, your situation and why and so on and I think it should be uncomfortable to be effective, I mean I think if you’re just sitting there having a glass of wine and chatting you’re actually not going to get very far ... there was a point where one of the girls was almost in tears, not because anyone was being beastly or bullying.... but because she was suddenly having to confront things that she hadn’t had to confront before and there were a couple of times (when) I had to confront myself and I thought, well I’ve got to really sit and think about this one, what is the underlying issue here that I’ve got to deal with?’

Susan suggested why she thought action learning worked and provides an example of scaffolding (Hobsbaum *et al*, 1996):

‘(It’s about) how you ask a question without being presumptuous, how to try and draw the person out of themselves without assuming you understand where they’re coming from and without having to put your views upon them.’

In contrast to Sean’s experience of ‘vocalising his stupidity’, Susan’s narrative reconstruction of identity occurred largely through an inner dialogue. This could be cast as operating in what Newman and Holzman (2000) have termed the emotional ZPD, observed in social therapy groups and characterised as a way of helping people to grow emotionally and to re-learn how to learn:

‘There was a time when I just thought, oh yes actually I haven’t thought about why I’m no good at doing this particular thing, I’ve just kind of thought, well I can’t do it so I’m not going to do it and I think this process made me think, well why can’t I do it? Let’s really rationalise that or let’s get to the root of why and then rationalise that and then the issue starts to become less of an issue for you to think about different ways that you can tackle it’.

When asked how she thought action learning had changed her, Susan again used contrasts to underline the radical changes which had occurred in her identity and suggested how a third person might now view her as a way of explaining her re-formed identity;

‘I’m a big mouth, I’m always in there, I want to talk, I want everyone to hear what I’ve got to say and action learning made me just shut up completely and stop and listen and not say anything or ask any questions until I’d really thought through what on earth was going on here and I think the group’s response to me was, gosh well she’s somebody that doesn’t really say much but when she does it’s really considered and it’s a very good question and that’s something that I’ve really been sorely lacking before...it would be very easy to slip into typical management mode with everyone shouting to get their voice heard.’

Susan’s very presence in an action learning set allows a shaping of her identity by exposure to the cultural tools employed. This shaping is manifest in her ‘self chosen description’ (Penuel and Wertsch, 1995:84) of her identity in her corporate life in contrast her new life as an action learning set member and as an SME manager. We also capture a glimpse and a possibility of how this process in one form of action becomes applicable to other actions

outside the set. In Susan's case, in her approach to work itself and to others she encounters in the course of her work. The final sentence is a rhetorical move which allows the identity to re-formed

Conclusions

The practice of action learning is gaining credibility amongst management development practitioners and academics as a powerful personal and organisational development tool. (See, for example, Boshyk, 2002; Clarke *et al*, 2006; Pedler *et al*, 2005; Anderson and Thorpe, 2007; Vince, 2008) yet there has been little discussion so far in the literature of identity formation which may occur in the action learning situation. According to Somers, (1994:626) 'identity-formation takes shape within those relational settings of contested and patterned relations among narratives, people and institutions'. In action learning, there is potential to explicitly create the relational setting at the individual and group level in order to encourage identity formation and self confidence. What we have found in this study is that action learning provides an ideal setting for personal development through identity formation. In particular, paying attention to the social and cultural factors (Wertsch, 1991) which have the potential to disturb thinking and present opportunities for the re-narration of identity is beneficial to SME managers who may be 'stuck and struggling'

We offer a suggestion that action learning practitioners (set advisors) deliberately set out with the objective of using action learning to provide scaffolding (Hobsbaum *et al*, 1996) in the Zone of Proximal Development as presented by Vygotsky (1978). Our findings, presented in Vygotskian framework, exemplify this scaffolding process and show how identities may be disturbed and reformed through the socio-cultural tools available in interaction with others in the action learning situation. This narration may happen in the form of set members talking out loud and acknowledging the power of hearing themselves speak or there may powerful inner dialogues which reflect both personal and vicarious learning. The case studies presented here illustrate how action learning can foster 'socratic' dialogue which contrasts sharply with the magistral dialogue (Cheyne and Tarulli, 1999) which has been reported in action learning (see Willmott, 1997) Our case studies also illustrate that building self confidence and esteem can be an uncomfortable and unsettling process yet we should beware of a 'one size fits all' mentality that will deliver uniform results from learning interventions and may merely lead to

problem posing and solution. This would also seem to be anathema to the aspirations of many small business owners who leave larger organisations because of their desire to 'do their own thing' yet then find difficulty in pushing themselves beyond their comfort zone and would benefit from the impetus and support which an action learning set can offer.

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