



## **EXECUTIVE SUMMARY**

### **The Impact of Informal Learning at Work on Business Productivity**

**Presented to the Department for Trade and Industry**

**Alison Fuller  
David Ashton  
Alan Felstead  
Lorna Unwin  
Sally Walters  
Martin Quinn**

**October 2003**



## **1. BACKGROUND AND AIMS**

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

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

## **REPORT STRUCTURE**

The report is divided into five sections. The first both reviews and draws on the literature from which three metaphors of learning emerge: 'learning as attainment'; 'learning as participation'; and 'learning as construction'. The second section analyses data from relevant national surveys of education and training through the lens of these metaphors. The report goes on to examine the discrete literatures which examine the relationship between learning and productivity (section three) and leads into section four which presents original empirical data from the project's case studies. The report concludes by arguing that there is a link between informal learning at work and productivity but the nature of this link is positively or negatively mediated by the organisational context.

## **2. METHODOLOGY**

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

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

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

Four case studies were conducted in the private and public sector to discover how (if at all) terms such as workplace learning, informal learning, and productivity were perceived and used in the workplace and how individuals learn to do their jobs. The case study organisations included: an NHS Primary Care Trust; an upmarket hairdressing salon; a car dealership; and an accountancy practice.

## **CONCEPTS OF INFORMAL LEARNING**

The report locates the contemporary interest in ‘informal learning at work’ in economic and policy concerns about the relationship between learning and organisational performance. It stresses that workplace learning is a contested area, definitionally, conceptually and in terms of underpinning disciplinary perspectives. The report discusses the changing ways in which learning and more particularly workplace learning is being conceptualised by researchers and policy makers both in this country and overseas. In particular, the discussion highlights three key metaphors of learning: learning as attainment; learning as participation; and learning as construction. The ‘learning as attainment’ metaphor underpins large-scale survey research which uses proxy measures (eg qualifications, attendance on courses) to capture the amount and type of ‘formal’ learning taking place. In contrast, the ‘learning as participation’ metaphor, which stresses the socially situated nature of learning, tends to be preferred by researchers investigating ‘informal’ learning. The ‘learning as construction’ metaphor, favoured in this report, has emerged as a more effective tool for capturing the process and product dimensions of learning.

The concept of informal learning is defined in many ways in both the research and policy literature. This report adopts Beckett and Hager’s (2002) description of ‘informal practice-based workplace learning’ which is: organic/holistic; contextual; activity and experience-based; arises in situations where learning is not the main aim; activated by individual learners rather than by teachers/trainers; often collaborative/collegial. The report also acknowledges the important work of Eraut et al (2002) which points out that in many settings (including the workplace), learners experience a mix of formal and what they refer to as ‘non-formal’ learning approaches. For Eraut (2000) the most important characteristic distinguishing types of non-formal learning is the extent to which there is an intention to learn. Eraut proposes a three level categorisation of intentionality which contrasts ‘deliberative learning’ (conscious, planned learning) with ‘reactive learning’ (near spontaneous – the level of intentionality will vary) and ‘implicit learning’ (no intention to learn coupled with lack of awareness – at the time – of learning). Other writers including Billett (2001) and Colley et al (2003) reject any

conception of formal and informal learning as being distinctive. This report however, argues that the term 'informal learning' is useful to researchers and to policy makers as a way of emphasizing that the majority of people's learning takes place outside 'formal' education and training settings.

## **RESEARCH FINDINGS**

The report argues that theories of workplace learning (including informal learning) must be derived from empirical research because learning cannot be separated from its context. What emerges is that workplace learning manifests and constructs itself in different ways according to the character of the organisation and the wider context (i.e. in terms of statutory and other regulatory frameworks, product markets, client base etc) within which each organisation operates. These insights are illustrated in the report using data from four case studies of different organisations, conducted for the project.

The case studies revealed that the phenomenon of informal learning and organisational performance are attached by an umbilical cord, which both anchors and feeds their relationship. We would argue that the findings from these case studies do provide evidence of links between informal learning and business productivity. The key points emerging from the case studies are:

### ***Hairdressing Salon***

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

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

### ***Accountancy Practice***

This small accountancy practice, in the South of England, employs 3 partners and 11 other staff. The case study has illuminated the relationship between the context of the organisation, the profession itself and learning. There was recognition of the central role learning plays in the success of the organisation,

individual performance and the pursuit of professional qualifications, and fulfilment of continuous professional development obligations laid down by the profession's governing body.

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

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

### ***NHS Primary Care Trust***

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

This case study covers two neighbouring PCTs, in the North West of England, which currently work together in terms of providing training courses and related

services to their combined workforces in both the clinical and administrative fields. The case study revealed:

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

### ***Car Dealership***

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

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

- Product knowledge for new cars is codified in manuals and brochures held in the Sales Manager's office and readily consulted by Sales Executives or else is available on-line. However, the used car market requires much more learning than the new car market since customers can, in principle, access much of the same product information available to Sales

Executives – brochures, on-line information and performance reviews in consumer magazines/television programmes.

- The monthly salary of a Sales Executive is tied to his/her individual selling performance. Making initial contact with customers is therefore crucial since once details (known as the 'qualification') have been taken that customer becomes attached to the Sales Executive throughout the selling process. Competition for customers is fierce and the tactics each Sales Executive uses are jealously guarded from others in the 'team'. For example, one of the Sales Executives interviewed discovered several good vantage points in the showroom where he could monitor, relatively unnoticed to others in the team, unknown cars coming onto 'the territory'. He also used other practices to 'look busy' on the used car forecourt in order to make himself the first Sales Executive encountered by customers browsing the cars on sale.
- The Sales Executives interviewed admitted that they had never had any formal sales training at all – one had been in the trade 27 years, the other for 12 years. Instead individuals spoke repeatedly about how they learnt to do their job better through self-reflection especially when a sale was lost. Only limited help is offered by the Sales Manager, often to relatively inexperienced staff, the remainder simply live or die on their own individual performance – "living off their wits".
- Many of the opportunities to learn from one another in the showroom appear to be severely curtailed by the commission-based payment system in operation in the case study, but also typical of the industry as a whole – "it's a dog eat dog industry".
- Nevertheless, the open management style exercised by the Sales Manager in this particular case study showroom, unlike others mentioned by interviewees, facilitates learning between those on the front line (Sales Executives) and those behind the scenes (the Sales Manager). This is most apparent with regard to the most crucial decision of all – trade-in prices and discounts. Unlike some other dealerships, Sales Executives in this showroom are party to these decisions and therefore get to learn how prices and deals are determined and what pressures their immediate superior is working under. In other words, they are involved to some extent in 'back stage' as well as 'front stage' work and therefore have more scope to learn other aspects of the showroom business.

## **MAIN CONCLUSIONS**

In summary, the report concludes:

- Despite being contested, the term 'informal learning' is still useful to researchers and policy makers as it captures the nature of learning which forms part of everyday workplace life and lies outside formal education and training settings.

- People in workplaces do use and give meaning to the term, 'learning' but make far less use of terms such as 'formal learning' and 'informal learning'.
- Workplace learning is embedded within, takes its shape from, and can be impeded or facilitated by the nature of its organisational host. This reality should have an impact on research into learning at work and caution us against becoming overly preoccupied with abstracted and inward looking debates about the semantics.
- The 'learning as construction' metaphor has emerged from this project as being more appropriate when discussing learning at work than the metaphors of 'participation' or 'attainment'. It also draws attention to the political nature of learning at work by reminding us that learning is a constructed process in which human beings intervene to impose certain structures (e.g. workplace hierarchies) and to achieve certain outcomes.
- In some organisations, externally imposed performance measures and regulation is having a considerable effect on informal learning.
- In some organisations, the owner seeks to become the best in the business by encouraging collaborative approaches to learning, whilst in others learning is seen as a weapon in the battle to gain superiority over a fellow employee.
- Each organisation uses learning as part of its attempt to construct a workplace environment which will achieve its objectives. Learning at work, then, is not simply a matter of participation or of attainment. Rather, it is a constructed and dynamic process, which both contributes to and is shaped by its environment. It follows, therefore, that there has to be a link between informal learning at work and business productivity because the former is inextricably bound up with the everyday way in which employees perform their duties. The strength and visibility of that link differs according to organisational goals, cultures and structures.
- As a result of this project, we believe that it is possible to research the relationship between informal learning and business productivity.

## **RECOMMENDATIONS FOR FURTHER RESEARCH**

1. Learning and organisational performance should be studied in a holistic way. Attempts to separate workplace learning from its organisational context are likely to misrepresent and misinterpret the nature of the phenomenon. The case studies carried out for this project demonstrate that if researchers start at the level of the organisation (e.g. pay and career structures, product market, organisational goals etc), then the role of learning, which is central to the lived reality of any organisation, reveals itself.
2. More sophisticated methodologies are needed to carry out the type of holistic research advocated in this report.

3. The review of the existing survey evidence on learning showed that there is an abundance of evidence on 'training' (e.g. course attendance and the costs employers bear). Surveys should be based on the concept of 'learning as construction' in order to capture the richness of workplace and work-related learning and the relationship to everyday work activity and organisational context. Our case study research and other research currently underway under the ESRC's Teaching and Learning Research Programme ([www.tlrp.org](http://www.tlrp.org)), have provided an important resource from which such a survey could be generated.
4. In order to attract the attention of employers, it is necessary to package the findings from research in a way which speaks directly to their concerns. It follows, therefore, that the focus of any dissemination strategy must be organisational development and improvement, rather than learning.