

Characteristics of the Small Business as a Site for Informal Learning

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ABSTRACT: *Few studies examine workplace factors that influence informal learning in small businesses and in general they are not framed by characteristics of small businesses. To address this weakness in existing literature we conducted a review of literatures which examine workplace factors that influence informal learning; small business characteristics; and factors influencing informal learning in small businesses. The several workplace factors that influence learning were categorised as job, relational and organisational characteristics. Each category was examined in relation to characteristics of small businesses. We outline what is known about each category and what we need to learn about them as they relate to informal learning in small businesses. For each category propositions are generated that should be examined in future research.*

Key words: informal learning; small business; workplace learning.

The view that there should be increased emphasis on learning in workplaces (e.g., Aguinis & Kraiger, 2009; Noe, Clarke & Klein, 2014) and suggestion that managers should foster the learning of employees (e.g., Hughes, 2004; Warhurst, 2013) has important implications for small businesses. This is because small businesses (defined here as those employing 10-49 people) represent a very significant part of the workplace-learning context, since they are major providers of employment in national economies (e.g., European Union, 2011). Given the vast knowledge and skills base vested in small businesses, how knowledge and skills are developed through learning processes in these organisations are matters of major interest (Billett, Hernon-Tinning & Ehrich, 2003; Nolan & Garavan, 2016).

It is well documented that small businesses have a strong preference towards informal learning processes (Kitching, 2007) and are significantly less likely to provide their employees with access to employer-sponsored formal training and development (T&D) opportunities than large businesses (Devins, Johnson & Sutherland, 2004; Kotey and Folker, 2007; Kyndt & Baert, 2013). However, although participation in formal T&D events can play an important role in learning, it is not the primary mode by which people learn in work organisations (Manuti, Pastore, Scardigno, Giancaspro & Morciano, 2015; Noe et al., 2014). Informal modes of learning, such as learning through solving novel work problems and learning through interaction with more knowledgeable people in the workplace,

account for most of employees' work-related learning (Burns, Schaefer & Hayden, 2005; Choi & Jacobs, 2011). The effectiveness of informal learning is influenced by several workplace and individual factors (Tannenbaum, Beard, McNall & Salas, 2010). This paper focuses on workplace factors.

Few studies have examined workplace factors that influence informal learning in small businesses and these studies are typically not framed within the context of distinctive characteristics of small businesses. There is wide agreement amongst scholars (e.g., d'Amboise & Muldowney, 1988; Josefy, Kuban, Ireland & Hitt, 2015; Paolillo, 1984; Welsh & White, 1981) that small businesses are fundamentally different to large businesses. Thus, any attempt at elucidating distinctive characteristics of small businesses as sites for informal learning needs to consider fundamental differences between small and large business. As an attempt to address this weakness in existing literature we conducted an integrative review of literature which examines (1) workplace factors that influence informal learning; (2) small business characteristics; and (3) factors influencing informal learning in small businesses. Before presenting findings of the integrative review, we first explain the meaning of informal learning and distinguish between two types of learning.

MEANING OF INFORMAL LEARNING AND TYPES OF LEARNING

For purposes of investigating learning processes in workplaces, some learning theorists (e.g., Ellinger, 2005; Marsick & Watkins, 1990) find it beneficial to distinguish between formal/structured and informal/unstructured learning situations. According to Eraut (2000, p.114), *formal learning* situations typically have the following characteristics: a prescribed learning framework; an organised learning event or package; presence of a designated teacher or trainer; award of a qualification or credit; and external specification of outcomes. In contrast, *informal learning* situations are frequently described as having the following characteristics: predominantly learner initiated and self-directed; based on learning from experience; oriented to a focus on action; embedded in everyday goal-directed work activities and the organisational context; delimited by the nature of the task, the way in which problems are framed, and the work capacity of the individual undertaking the task; motivated by an intent to learn, improve and develop; and enhanced by pro-activity, critical reflection and creativity (Tannenbaum et al., 2010, p. 306; Watkins & Marsick, 1992, p.287). *Incidental* learning is considered a subset of informal learning, and is usually the by-product of activities such as carrying out a task or

interacting with other people (Marsick & Watkins, 1990). Lack of both intention to learn, and awareness of learning, is particularly characteristic of incidental learning (Marsick & Watkins, 1990).

Another perspective on workplace learning comes from researchers who comment on the magnitude of creative change involved in learning processes. For example, Ellström (2001) and Fenwick (2003) distinguished between adaptive and innovative (or developmental) learning. Adaptive learning has its role primarily in formation of competencies for handling routine problems that are frequently occurring. In this mode of learning the learner has to evaluate outcomes and make minor corrections in the way methods were used to solve the problem at hand. This would, for example, apply to work settings where workers have responsibility for continuous improvement of formalised work procedures. Thus, adaptive learning encompasses small, bounded change. In contrast, in innovative learning, the learner has to engage in a more active process of knowledge-based problem solving through experimentation, risk-taking and variance seeking. This mode of learning becomes necessary when employees encounter novel or unfamiliar situations for which no rules or procedural knowledge ('know-how') is available from previous experience. This mode of learning also occurs when employees begin to question established definitions of problems or objectives and act to transform institutionalised ideologies, routines, structures or practices. Thus, innovative learning stimulates transformational change and generates novel solutions that challenge existing practices.

PRIOR STUDIES ON FACTORS INFLUENCING INFORMAL LEARNING

In a review of literature published between 1973 and 2002 on learning in small businesses, Florén and Tell (2003) assert that empirical research in this stream is sparse and that "the small-firm effect on learning needs to be further explored" (p.56). Nolan and Garavan (2016) made similar observations in their review of literature published between 1995 and 2014 on Human Resource Development (HRD) in SMEs. They noted that research on HRD in SMEs remains low when compared to HRD generally and identified a "strong need for more nuanced and context-sensitive accounts of HRD" (p.94).

In the literature review undertaken for this paper, we followed methodological guidelines provided by Callahan (2010). The criteria for inclusion of papers in our review were: research on firms with fewer than 50 employees; a focus on informal learning; empirical studies only; and published in peer-review journals during the period 2000-2015. Keywords included informal learning, workplace

learning, learning environment, learning climate, learning culture, conditions for learning, learning orientation and combinations of the keywords. Four databases were employed for the search: Business Source Premier, Emerald, Scopus, and Google Scholar. In total, 22 articles fulfilling the criteria were found.

Four broad themes emerged from our analysis of the literature. First, consistent with the views of numerous commentators on small businesses in general (e.g., Josefy et al., 2015; Welsh & White, 1981), several authors of the articles we reviewed underline the importance of not treating the small business as a scaled-down version of a large business. These authors correctly argue that there are fundamental differences between large and small businesses in areas relevant to the study of informal learning (e.g., Andersson & Boocock, 2002; Kitching, 2007). Although these researchers integrate this perspective into their studies, there is typically scope for them to pay closer attention to distinctive characteristics of small businesses.

A second key theme in the reviewed literature is the importance of the external organisational environment (typically denoted as the ‘business environment’, ‘market environment’, or ‘competitive environment’) in relation to informal learning in small businesses (Coetzer & Perry, 2008; Kock & Ellström, 2011; Lans, Bieman, Verstegen & Mulder, 2008). From this perspective, some characteristics of the external environment (e.g. industry dynamism) can act as a driving force for learning (Kock & Ellström, 2011), or as learning triggers (Zsang, MacPherson & Jones, 2006).

A third key theme is the critical role that owners/managers play in fostering informal learning through strategic choices that they make. The owner/manager is an important power-holder in determining the market and/or the entrepreneurial orientation of the small business. Owners/managers who wish to strengthen their firm’s market orientation must build the strategic capability of customer-connection within the firm, while an entrepreneurial orientation involves seeking to gain a strategic advantage by supporting entrepreneurial behavior within the small business (Lonial & Carter, 2015). Moreover, in these studies a connection is made between the entrepreneurial or market orientation of the business and the willingness of the owner/manager to foster learning in the business. In brief, the stronger the market and/or entrepreneurial orientation of the business, the stronger the learning orientation of the owner/manager (Chaston, Badger & Sadler-Smith, 2001; Keskin, 2006; Zsang et al.,

2006).

The fourth and final key theme that emerged from our analysis relates to the role of the owner/manager in creating the conditions necessary for promoting learning in the small business (e.g., ‘positive learning environment’, ‘learning culture’). The traditional way of promoting learning through providing employees with access to employer-sponsored training (i.e. formal learning) is often criticised as an ‘ineffective’ approach and an ‘inappropriate’ way of conceptualising learning in small business (Anderson & Boocock, 2002; Billett et al., 2003; Higgins & Mirza, 2012; Kitching, 2007). Rather than relying on traditional ways of learning (e.g. training courses), small businesses should capitalise on their relative advantages (e.g., managerial informality, social and spatial proximity) and develop a learning framework congruent with distinctive features of the small firm (Kelliher & Andersson, 2006). This includes strategies such as using localised learning spaces (Billett et al., 2003) providing incentives to learn and support for learning (Coetzer, 2006b; Ehrich & Billett, 2004), leveraging the learning potential embedded in everyday work practice, for example, through project-based learning practices (Higgins & Mizra, 2012), and expanding the learning potential of the work system, for example, by increasing levels of autonomy and skill variety in jobs (Kock & Ellström, 2011).

WORKPLACE FACTORS INFLUENCING INFORMAL LEARNING

To organise and analyse the diverse literature relevant to the small business as a site for informal learning we established a heuristic conceptual framework (Table 1). The framework was generated through integrating theoretical and empirical literature which discusses work environment characteristics that affect employee engagement in work-related learning (e.g., Maurer, 2002; Noe & Wilk, 1993;) and literature that identifies commonly mentioned distinctive characteristics of small firms (e.g., De Winne & Sels, 2012; Josefy et al., 2015). We employed the framework as a mechanism to focus and bound our review and critique of literature relevant to the small business as a site for informal learning.

Insert Table 1 about here

It is widely recognised that the workplace environment has a powerful influence on employees’ work-related learning (Ellinger, 2005; Maurer, 2002; Skule, 2004). Accordingly, scholars have sought

to identify factors in workplace environments that foster or constrain employee learning (e.g. Noe & Wilk, 1993; Kraimer, Seibert, Wayne, Liden & Bravo, 2011; Tannenbaum, 1997). Although considerable literature is devoted to identifying such factors, no single approach to categorising these factors dominates the literature. In this paper we categorise these factors as job, relational and organisational characteristics and in the following we: (1) examine each category of factors in relation to distinctive characteristics of small businesses; (2) outline what is known about each category and what we need to learn about them as they relate to informal learning in small businesses; and (3) generate research propositions that should be examined in future research. These propositions are summarised in Table 2.

Insert Table 2 about here

Job characteristics: There is wide agreement in the literature that the kinds of work activities individuals engage in can be a primary source of learning for employees (e.g. Billett, 2004; Ellström, 2001). Scholars frequently evoke the job characteristics model (JCM) and demand-control model (DCM) to explain how job characteristics affect employee learning (Raemdonck, Gijbels & van Groen, 2014; Wielenga-Meijer, Taris, Kompier, Wigboldus, 2010). Briefly, the JCM (Hackman & Oldham, 1975, 1980) describes the relations among (a) five core job dimensions, (b) three critical psychological states, and (c) personal as well as work outcomes. According to Hackman and Oldham, jobs that are likely to motivate performance and contribute to employee satisfaction exhibit five core job dimensions to a great degree: skill variety; task identity; task significance; autonomy; and feedback from the job itself. These job dimensions produce three psychological states: experienced meaningfulness; experienced responsibility; and knowledge of results. The three psychological states, in turn, lead to positive personal (e.g. high internal work motivation) as well as work outcomes (e.g. low turnover and absenteeism). The model suggests that increasing the motivational potential of jobs by positively influencing one or more of the five core job dimensions will motivate performance among those employees who have high growth needs.

The DCM (Karesek, 1979; Karesek & Theorell, 1990) focuses on the interaction between two dimensions: (a) degree of psychological demands of the job; and (b) degree of decision latitude. Job demands refer to a tasks mental workload and the mental arousal needed to carry out the task. Decision

latitude is defined as a combination of an employee's autonomy to make decisions on the job (decision authority) and the breadth of skills used by the employee on the job (skill discretion). Within the DCM, the active learning hypothesis predicts that a combination of high demands and high decision latitude will increase work motivation, learning, and personal growth.

In sum, the job characteristics model and demand-control model suggest that some job characteristics are related to workplace learning. However, the mechanisms that connect these job characteristics to learning consequences are not yet well understood (Raemdonck et al., 2014; Taris & Kompier, 2005). Wielenga-Meijer et al. (2010) identified motivational, cognitive and behavioural processes as potential mediators of the job characteristics-learning consequences relationship. They theorised that job demands, task or skill variety, autonomy and feedback affect learning through motivational (e.g. drive for competence), cognitive (e.g. building a proper mental model) and behavioural (e.g. exploration behaviour) processes. After reviewing 85 empirical studies on relationships among job characteristics, learning processes and learning consequences they concluded that no relationship proposed in their model was disconfirmed. That is, evidence regarding relationships in their model was either absent or consistent with their hypotheses.

Table 1 identifies commonly mentioned characteristics of jobs in small businesses (e.g., De Winne & Sels, 2012; Josefy et al., 2015). There is a persistent view in the literature that employees in many small businesses have broad, discretionary roles and therefore high task or skill variety (Kalleberg & Van Buren, 1996; Wallace & Kay, 2009). This may stem from small businesses being more informal workplaces with fewer documented HRM policies and procedures (e.g. job descriptions) than their larger counterparts (Storey, Saridakis, Sen-Gupta, Edwards & Blackburn, 2010). Furthermore, managers and non-managerial employees are expected to be multi-skilled, because small businesses rely on fewer personnel resources for multiple activities (Ghobadian & Gallear, 1997). There is also a strong theme in the literature that employees in many small businesses experience high levels of job autonomy (Kalleberg & Van Buren, 1996; Wallace & Kay, 2009). For example, Forth, Bewley and Bryson (2006) found that small business employees were more likely to believe that they had job autonomy than employees in larger businesses. In their study, small business employees also rated managers more highly than employees in large businesses in the extent to which they sought

employees' views, responded to employees' suggestions, and allowed employees to influence final decisions. Arguably, employees in small businesses also experience high levels of task significance, because they can more readily see how their jobs affect the organisation (Ghobadian & Galllear, 1997). These intrinsically rewarding characteristics of jobs in small businesses (i.e. high task or skill variety, wide scope for action, and task significance) should enhance the learning potential of jobs.

In accordance with the above arguments, we propose the following: *Proposition 1:* In small businesses, informal learning is enhanced by learning embedded in everyday goal-directed work activities, which tend to be characterised by high task or skill variety, wide scope for action, and task significance.

Relational characteristics: Several learning theories emphasise that learning is inherently socially constructed and contextually embedded (Ellinger, 2005). For example, social learning theory (Bandura, 1977) accentuates that people learn by observing other persons ('models') whom they believe to be credible and knowledgeable. According to this theory, learning new skills or behaviour comes from the process of directly observing others and seeing the consequences of their behaviour. Similarly, situated learning theory emphasises that knowledge is created and made meaningful by the context in which it is acquired and that situated learning results from undertaking authentic activities guided by expert practitioners situated in a culture of practice (Lave & Wenger, 1991). Consistent with tenets of these theories, research on workplace learning shows that the majority of employees' learning occurs informally in the workplace itself and that learning from the other people with whom they work is a primary mode of learning (Eraut, 2007; Tannenbaum, 1997).

Learning from other people in the workplace is likely to flourish within the context of good social relationships (Ellinger, 2005; Eraut, 2007). Characteristics of the interpersonal relationships that employees have in the workplace are likely to affect their learning behaviours. For example, findings of social networks research that examines help seeking, information seeking, and feedback seeking behaviours in the workplace suggest that work environments in which employees trust and respect each other will help to foster such learning behaviours (e.g. Borgatti & Cross, 2003; van der Rijt, Van den Bossche, van de Wiel, De Maeyer, Gijsselaers & Segers, 2013). As Borgatti and Cross (2003), note, there are 'costs' involved in asking others for assistance, such as admitting ignorance on a topic and

incurring obligations due to norms of reciprocity. Thus, employees are more likely to seek information, feedback, and help with problem-solving in social environments characterised by trust, respect and accessibility to those with relevant expertise (van der Rijt et al., 2013).

Table 1 identifies distinctive relational characteristics of social environments in small businesses (e.g., De Winne & Sels, 2012; Josefy et al., 2015), which in our view, have potentially important implications for informal learning. In small businesses, both the informal recruitment practices (Williamson, 2000) and the social and spatial proximity of small workplaces (Marlow, Taylor & Thompson, 2010), potentially contribute to forging strong ties among employees. Such strong ties could, in turn, have positive effects on informal learning. In many small businesses, recruitment is done informally, with 'word-of-mouth' as a preferred recruitment method (Cardon & Stevens, 2004; Williamson, 2000). This method often involves managers asking staff to help find prospective employees. Such an approach makes it more probable that new recruits will be from current employees' familial and social milieu. Consistent with the similarity-attraction effect (Byrne et al., 1971), people employed in small businesses are likely to share the characteristics of those who recommend them. Accordingly, work groups in small firms may tend to be homogenous. Members of homogenous groups experience higher satisfaction, less relationship conflict and better interpersonal relations compared to diverse groups (Thatcher & Patel, 2012). Furthermore, work groups also tend to be more cohesive when group members have regular face-to-face interaction with each other (Friedkin, 2004). Such regular interaction is more likely to occur when group members work in the same physical area, as in small businesses which are characterised by social and spatial proximity (Marlow et al., 2010). On the other hand, the tendency to employ family and friends may have dampening effects on intragroup constructive (positive) conflict which, in turn, could inhibit innovative learning (Jehn & Bendersky, 2003).

There is also a view that small business managers have relatively better prospects of cultivating positive employee relations and egalitarian cultures, primarily because of the managerial informality that characterises small businesses (Storey et al., 2010) and the regular and personalised communication that can occur between employer and employees (Tsai, Sen-Gupta & Edwards, 2007). Consistent with this view, a study of employment practices in SMEs and larger firms by Forth et al. (2006) found that

levels of trust between managers and employees and rating of management-employee relations were highest in small businesses. Similarly, Tsai, Sen-Gupta and Edwards' (2007) results relating to attitudes to managers suggest that employees in small businesses have the closest, and the most satisfactory, relationships with managers. Through frequent and close contact with staff, employers can share their vision for the business, which should facilitate alignment of employee learning with strategic priorities of the small business. Thus, overall, small businesses seem to offer an array of relational benefits, such as close and satisfying working relationships with co-workers and owner-managers, and a 'familial' environment, that are difficult to replicate in large organisations (Saridakis, Torres & Johnstone, 2013; Tsai et al., 2007). The socially and intrinsically rewarding nature of work in small businesses may help to explain why small business employees typically report higher levels of job satisfaction (e.g., Idson, 1990) and self-reported job quality (e.g., Storey et al., 2010).

Consistent with the foregoing arguments, we propose the following: *Proposition 2:* In small businesses, informal learning is enhanced through the (a) tendency to involve family and friends as workers; (b) spatial and social proximity of employees; and (c) personal and frequent employer-employee interaction. *Proposition 3:* In small businesses, innovative learning is potentially inhibited by family labour and the formation of homogenous work groups which tend to evolve because owner-managers employ informal recruitment practices.

Internal organisational characteristics: Studies have identified several organisational contextual factors that foster or constrain informal learning at work. For example, Ellinger (2005) used case study research to explore organisational contextual factors that may influence employees' informal learning. In her study, factors that positively influenced informal learning included learning-committed leadership and management, and an internal culture committed to learning. Similarly, Skule (2004) analysed telephone survey data collected from 1 500 participants to identify organisational contextual factors that foster informal learning at work. The analyses suggested that rewards for proficiency (e.g., higher wages, allocation of more interesting tasks, improved career opportunities) and exposure to demands from important actors (e.g., customers, managers, colleagues) are just some of the many factors that foster informal learning. Findings of these and other studies (e.g., Ashton, 2004; Ellström, Ekholm & Ellström, 2008; Fuller, Unwin, Felstead, Jewson & Kakavelakis, 2007; Sambrook, 2005;

Watkins & Cervero, 2000) suggest that there are multiple organisational contextual factors that foster or constrain informal learning at work. However, here we focus on just two organisational contextual factors that are specific to small businesses in general and which potentially influence informal learning in these settings (see organisational characteristics in Table 1).

The *structure* of the organisation is a factor within the internal organisational environment that can have significant impacts on the quantity and quality of informal learning (Ashton, 2004; Ellinger, 2005). The nature of organisational structure is interconnected with firm size. As outlined in Josefy et al. (2015), large firms tend to have relatively tall, functional structures of the mechanistic type. They are generally more bureaucratic and reliant on formalisation to standardise employee behaviour through policies, procedures rules and related mechanisms. Small firms, on the other hand, tend to have flat, simple structures of the organic type. In general, they have attributes of adhocracy (as opposed to bureaucracy), such as a flexible, adaptable structures and informal working relationships. Such organic structures are thought to be more conducive to informal learning, than structures that are mechanistic, because mechanistic structures can produce hierarchical and functional barriers that act as ‘walls’ to knowledge sharing within organisations (Kuan & Aspinwall, 2004). On the other hand, informal learning may be negatively affected by limited opportunities for career development due to absence of internal labour markets in small businesses (Wallace & Kay, 2009).

Large businesses are likely to have more internal *resources* at their disposal, including access to learning and development specialists, such as a Chief Learning Officer (Strange, 2012). Managers who wish to foster the learning of staff should ideally have access to such specialists who can provide them with practical advice and behavioural guidelines that will help managers strengthen informal learning at work. Promoting informal learning is complicated and requires knowledge of the wide array of individual and workplace factors that potentially influence the effectiveness of informal learning (Tannenbaum et al., 2010). Small businesses rarely have designated human resource personnel to provide guidance on matters relating to people management practices in general, and employee learning in particular (Cardon & Stevens, 2004). Furthermore, fostering employee learning may receive less managerial attention in small businesses, because owner/managers typically perform a variety of day-to-day functions that are delegated to others in large businesses (Chadwick, Way, Kerr & Thacker,

2013; Florén & Tell, 2006). Managerial attention is a critical organisational resource that is markedly constrained in small businesses (Chadwick et al., 2013)

In accordance with the foregoing arguments, we propose the following. *Proposition 4:* In small businesses, informal learning is constrained by lack of: (a) managerial attention to promoting informal learning; (b) specialised knowledge and skills required to foster informal learning; and (c) internal labour markets. *Proposition 5:* In small businesses, organic structures and adhocracy are facilitative of informal learning.

CONCLUSION

The foregoing integrative review is limited by its scope. First, we by no means argue that we have identified all relevant small business characteristics, nor that we have fully explored the potential effects of each characteristic on informal learning. Second, we have not examined potential effects on informal learning of external environmental factors specific to small businesses (e.g. lack of legitimacy on labour markets). Third, while we recognise the heterogeneity of small businesses, our integrative review did not consider characteristics that determine differences among small businesses. Finally, as noted, individual characteristics (e.g. feedback-seeking orientation) also influence informal learning, but were excluded from the review. Arguably, individual characteristics are peripheral to advancing knowledge on factors that influence informal learning in small businesses.

Despite the numerical and economic significance of small businesses in developed economies and their strong preference towards informal learning processes, few studies have examined workplace factors that influence informal learning in small businesses. Furthermore, these studies are generally not fine-tuned to the small business setting. We contend that a lack of careful attention to the specific nature of small businesses in studies which examine informal learning processes will impede the progress of this important research stream. Numerous interesting opportunities for future research exist within this research stream, just some of which are enunciated by our propositions. We hope that researchers will be stimulated to pursue these and other interesting lines of inquiry to advance our collective knowledge on informal learning in small businesses and that they will also heed our call to pay careful attention to distinctive characteristics of small businesses when designing their studies.

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Table 1:

Heuristic conceptual framework

Workplace characteristics that influence informal learning	Sample distinctive small business characteristics
Job characteristics:	Broad jobs, less specialisation, multiple roles and responsibilities.
Relational characteristics:	Employer-employee relationships are characterised by direct face-to-face contacts. Are often family businesses. Tend to rely on family labour.
Organisational characteristics:	Flat, simple structures. Flexible, adaptable structures of the organic type. Informal working relationships. Absence of internal labour markets. Lack of internal resources.

Source: Information in the table is generated primarily from De Winne & Sels (2012), Josefy, Kuban, Ireland & Hitt (2015), and Maurer (2002).

Table 2:

Categories of factors and propositions

Categories of factors	Propositions
Job characteristics:	<p>In small businesses, informal learning is enhanced by learning embedded in everyday goal-directed work activities, which tend to be characterised by high task or skill variety, wide scope for action, and task significance.</p>
Relational characteristics:	<p>In small businesses, informal learning is enhanced through the (a) tendency to involve family and friends as workers; (b) spatial and social proximity of employees; and (c) personal and frequent employer-employee interaction.</p> <p>In small businesses, innovative learning is potentially inhibited by family labour and the formation of homogenous work groups which tend to evolve because owner-managers employ informal recruitment practices.</p>
Organisational characteristics:	<p>In small businesses, informal learning is constrained by lack of: (a) managerial attention to promoting informal learning; (b) specialised knowledge and skills required to foster informal learning; and (c) internal labour markets.</p> <p>In small businesses, organic structures and adhocracy are facilitative of informal learning.</p>