



*Good Work, Productivity and Health*

**Creating healthier, more productive workplaces  
through targeted public policy**

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## About this report

EUWIN has been stimulating dialogue and knowledge sharing between employers, trade unions, policymakers, researchers and others with an interest in better work and organisations, many of whom would not otherwise meet each other.

Drawing on these rich resources, EUWIN aims to generate breakthrough thinking about the future of work and organisations, leading practice in the workplace and the role of policymakers, trade unions and employers' organisations.

This report was prepared for EUWIN by [Workplace Innovation Europe CLG](#) (WIE), and is the latest of a series of studies on how policymakers can support the creation of healthier, more productive workplaces.

WIE's commitment is to work with policymakers, social partners, enterprises and other stakeholders to enhance business performance and quality of working life across Europe through research, consultancy, educational, policy advocacy and pro bono activities.

Our team has been at the heart of the workplace innovation movement in Europe since the early 1990s. As a not-for-profit organisation we have helped shape and deliver policies and programmes for the European Commission, governments, business support agencies and employers' organisations in many countries. WIE has also built a unique body of practical experience and resources through work with large and small enterprises, public sector employers and trade unions across Europe and beyond.

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## The Gap

Two things are clear.

Firstly there is a vast and growing body of evidence to show that workplace practices which empower employees to make day-to-day-decisions, challenge established practices, contribute ideas and be heard at the most senior levels of an organisation lead to better business results as well as enhanced workforce health and engagement (Ramstad, 2009; Totterdill, 2015a). The introduction of such practices, increasingly bundled under the term 'workplace innovation', offers policymakers an important resource for increasing productivity, product and service innovation, and workplace health.

Secondly it is equally clear that most businesses are either unaware of this evidence, or that they are unable or unwilling to act on it. Despite the evidence of benefits, successive studies make clear that the spread of these practices (now widely referred to as 'workplace innovation') is limited. The EPOC survey in 1997 showed that the number of organisations investing systematically in workplace innovation is at best some fifteen percent across the EU15 (European Foundation, 1997) and there is little evidence to suggest substantial improvement since then. According to the European Working Conditions Survey (EWCS), less than 28% of European workers are engaged in "discretionary learning" jobs characterised by relative autonomy and opportunities for collaboration and personal development. The number has actually fallen since 2000 (Lundvall, 2014).

This suggests that the existence of evidence in itself has little impact on shaping workplace practice on a large scale. The nature of the research evidence itself adds a further stumbling block. There are countless articles based on studies in highly specific contexts, presenting workplace decision-makers with a bewilderingly fragmented range of knowledge and experience from which it is hard to draw actionable conclusions. Integrative research, pulling together cross-cutting findings from diverse studies, does not score highly in academic performance appraisal. Buchanan and Dawson (2007) are particularly critical of this fragmentation and its impact on shared understanding: "multiple change narratives compete with each other, either because they are personally self-serving, politically motivated, or informed by only partial knowledge of what actually happened." They argue for "a multi-story process" which conceptualises organisational change in ways that accommodate competing narratives and synthesise insights, thereby helping to bridge the gap between research and practice.

The creation of EUWIN (the European Workplace Innovation Network) by the European Commission at the end of 2012 provided an opportunity to stimulate a new type of relationship between researchers and practitioners. Led by TNO<sup>1</sup> and Workplace Innovation Europe<sup>2</sup>, EUWIN promotes the dissemination of workplace innovation throughout Europe through knowledge sharing and dialogue<sup>3</sup>. With limited resources, a clear framework for communication was a priority for EUWIN's partners. Workplace innovation is a hard-to-grasp concept, and it was important to make it more communicable without breaking the link with the large and complex body of research evidence that underpins it.

The result is *The Fifth Element* (Totterdill, 2015a), adopted by EUWIN and subsequently by public organisations in the Basque Country, France and Scotland as a framework for raising awareness of workplace innovation and supporting its implementation. *The Fifth Element* is based on an analysis of more than one hundred articles and a similar number of case studies from which four main, cross-

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<sup>1</sup> [www.tno.nl](http://www.tno.nl)

<sup>2</sup> [www.workplaceinnovation.eu](http://www.workplaceinnovation.eu)

<sup>3</sup> <http://uk.ukwon.eu/euwin-resources-new>

cutting themes (or ‘Elements’) could be detected, each associated with improved performance and/or quality of working life:

**Figure 1: The Fifth Element**

***The First Element: Jobs and Teams***

Employees help their customers and colleagues more effectively when they’re trusted to use their judgement. Jobs which empower people to make decisions about how they work help people to manage pressure and to perform more effectively with less stress. Likewise empowered, self-managed teams are a basic building block in which people share knowledge and problems, break down barriers and generate ideas for improvement, innovation and growth using insights that day-to-day work experiences bring.

***The Second Element: Organisational Structures, Management and Procedures***

Organisational walls and ceilings that allocate people to departments, divisions, grades and professions tend to create silos that put barriers in the way of doing a good job. Different groups within an organisation should intertwine in ways that help everyone understand other people’s jobs, professions, specialisms, priorities, problems and vision. Systems and procedures that govern decision-making, resource allocation and standard operating procedures must also be aligned with commitment to empowerment and trust. Truly innovative workplaces demonstrate a consistent approach through corporate policy from reward systems and performance appraisal to flexible working and budget devolution.

***The Third Element: Employee-Driven Improvement and Innovation***

Research and technology-led activity accounts for a small proportion of innovation; most successful innovation is generated by changing managerial, organisational and work practices. Such innovation is strongly associated with “active work situations”: workplaces and jobs in which workers have sufficient autonomy to control work demands coupled to discretionary capacity for learning and problem-solving.

***The Fourth Element: Co-Created Leadership and Employee Voice***

There are many reasons why employee knowledge, insight and opinion from every level of the organisation should be heard by senior management teams and in boardrooms, not least because this leads to better decision making. Likewise leaders need to empower others to take the initiative, coaching and supporting them towards successful outcomes. Enabling leaders avoid an excessive focus on targets and seek to learn rather than to blame others when things go wrong. Representative partnership structures (such as works councils and management-union partnership forums) on their own may have little direct impact on performance or quality of working life, but they can stimulate and support practices that do so. Above all, employee voice always requires openness, transparency and two-way communication.

**Source: Totterdill (2015) <http://uk.ukwon.eu/the-fifth-element-new>**

*The Fifth Element* highlights the interdependence between workplace practices. The four bundles do not exist in isolation but are influenced, for better or worse, by the extent to which the values and goals that underpin them are supported by those of the others. Sustainable convergence between high performance and high quality of working life is explained by cumulative causation in which empowering workplace practices are aligned at each level of the organisation. In short, the Four Elements need to combine. The mutually-reinforcing impact of these practices can create a tangible effect in workplaces which is hard to quantify but is often described in terms of “engagement” and “culture”. By implication, the route to achieving employee engagement and an enabling workplace culture is not a direct one but must embrace the specific working practices bundled within each Element. Practitioners must be wary of “culture change” and “employee engagement strategies” that do not address working practices systematically.

Most importantly workplace innovation is an inherently social process, building skills and competence through creative collaboration leading to self-sustaining processes of development fuelled by learning from diverse sources, by creating hybrid models and by experimentation. In defining workplace innovation, it is important to recognise both process and outcomes. The term describes the participatory process of innovation which leads to empowering workplace practices which, in turn, sustain continuing learning, reflection and innovation.

## **Addressing the policy gap**

This report identifies EU, national and regional level policy interventions that stimulate, resource and/or require employers to adopt workplace innovation practices.

Evidence from successive surveys that the spread of workplace innovation in Europe is limited can be explained by a number of mutually reinforcing factors (Totterdill et al., 2002) including low levels of awareness of innovative practice and its benefits amongst managers, social partners and business support organisations; poor access to evidence-based methods and resources to support organisational learning and innovation; uneven provision across Europe of knowledge-based business services and other publicly provided forms of support; and the failure of vocational education and training to provide knowledge and skills relevant to new forms of work organisation.

A European Commission study (Business Decisions Ltd, 2002) demonstrated that targeted public programmes in a few EU countries had begun to address these constraints. Such programmes typically include: accumulating, analysing and distributing knowledge of leading-edge practice and evidence-based approaches to change; establishing closer links between researchers and practitioners; action research to promote workplace innovation; developing new learning resources to support workplace change; providing knowledge-based business support; and creating inter-company learning networks.

The practical challenge for policymakers is multidimensional. The task is not to discover ‘what works’ – for which evidence, as noted above, is available – but rather to discover how to resource and support sustainable workplace innovation on a large scale. In this respect, the policy response across Europe has been uneven. In France, Germany and some Nordic countries, for example, the provision of support for workplace innovation has been a constant though evolving feature of the policy landscape for more than 30 years. Elsewhere in Europe, such support has been either occasional or non-existent.

We began with an analysis of the role of workplace innovation programmes across six European countries: Belgium, Finland, France, Germany, Ireland and Norway. Each of these core cases represented between one and four decades’ operational experience. Recent initiatives in the Spanish Basque Country (2014) designed to promote an inclusive culture of participation, in The Netherlands (2015) as part of the national ‘Smart Industry’ strategy, and in Scotland (2016) as part of an ‘Inclusive Growth’ strategy, were subsequently added based on our direct knowledge of these programmes. We omitted the well-known Swedish Working Life Programme because it had been abandoned by the centre-right government in 2007. It is our understanding that there are no other operational national or regional-level initiatives in Europe.

## **Methods**

We had no *a priori* assumptions about the nature of ‘good’ policy based on national experience. Our approach, rather, was inductive and interpretive in that we sought to gain insight into participants’ understanding of the nature of workplace innovation; its policy significance; why intervention is necessary; the factors that underpin successful policy design and implementation; the significance of

partnerships with unions, employers' organisations and universities; and, above all, the challenges involved in diffusing the practice of workplace innovation.

In 2005 the EU-funded Work-in-Net project had collected basic data on the structure and organisation of the programmes in each country (Zettel, 2005). When, in 2009, UK WON was asked by the South Korean government to analyse the design and implementation of these programmes in greater depth, the first step was to analyse the Work-in-Net information, invite the officials responsible for each programme to update it, and to supply us with any relevant new material which we checked against existing literature on workplace innovation. We subsequently interviewed these officials along with, in several cases, other colleagues to discuss specific themes in more detail. The result was a UK WON report (Totterdill *et al.*, 2009).

In February 2015, we invited the same officials, or their replacements, to update their earlier material by means of a questionnaire (they all did so). Outcomes were published in the *European Journal of Workplace Innovation* (Totterdill *et al.*, 2016). The major change between 2009 and 2015 was that the Irish programme had come to an end, though we still include it in our analysis here.

Finally, participants from the Basque Country, Belgium, Finland, France, Germany, Scotland, the UK national government and the European Commission (DG GROW) took part in a two-day policy workshop held in London on 11<sup>th</sup>-12<sup>th</sup> May 2016.

The remainder of this report consolidates findings and builds recommendations for policymakers based on each of these cycles of activity.

## A comparative framework

### *Case studies*

This study is not intended to provide a structural comparison of the major workplace innovation programmes in Europe but seeks rather to identify the qualitative factors that inform their rationale, design, operation and sustainability. Direct comparison of programmes is difficult because each has been designed to address challenges within a particular economic, social and political context; each sits in a different relationship with the wider policy framework; and each has followed its own evolutionary path through cycles of learning, evaluation and revision. Here we focus on the lessons, choices and challenges for programme design that can be extracted from their experience.

- During the last decade the **Provincial Council of Gipuzkoa**, representing one third of the Basque Country, has developed policy measures to support the participation of workers in workplace innovation through the development of new, partnership-based models at company level. Improving job design, skills utilisation and development, and “employee voice” and employee ownership all fall within the remit of this new policy framework. Support for the stimulation and resourcing of workplace innovation is available to a wide range of actors including companies and business associations, trade unions, and regional bodies concerned with innovation, education, economic development and research. Activities eligible for support at company level include the promotion of companies' intangible assets; developing legal and ethical frameworks for inclusive decision-making; supporting succession planning; promoting worker participation; experimentation with advanced innovation formulas; and the assessment, valorisation and dissemination of “good practices” relating to participation and sustainability.
- In Belgium, **Flanders Synergy** was launched in 2009 as a membership organisation, focusing on improving the quality of working life through action research, the development of learning

networks and evidence-based consulting. Funded through private and public source, its projects aim to enhance innovative working behaviour, reduce absenteeism and engage older workers in active employment. It covers around 10,000 workers in over 200 companies.

- In Finland, TYKES (the **National Workplace Development Programme**) was launched in 1996, merging with the National Productivity Programme in 2004. It is a research-based development programme aimed at improving productivity and quality of working life by promoting the development of human resources, innovation and the active engagement of employees in Finnish workplaces through financial support and other means. In 2008, TYKES was transferred from the Ministry of Labour to TEKES (the Finnish Funding Agency for Innovation), indicating that the policy rationale for promoting workplace innovation had moved from an industrial relations niche to the mainstream industrial and competitiveness policy framework (Alasoini, 2011). Its current programme, 'Business, Productivity and Satisfaction at Work' (2012-18), focuses particularly on small and medium-sized enterprises (SMEs). So far, it has benefitted some 30,000 workers across 150 companies (Alasoini, 2015).
- In France, **Anact** (*L'Agence nationale pour l'amélioration des conditions de travail*) was formed in 1973 against a backdrop of industrial relations conflict, in part a result of the Tayloristic forms of work organisation that predominated in French enterprises. Anact was created as a statutory national agency, involving social partners particularly through regional economic development strategy, but funded by the state with the aim of improving health and safety and reducing conflict through the introduction of a consistent policy framework for new forms of work organisation (Anact, 2012). Since 2008, Anact has run the Fund for the Improvement of Working Conditions (FACT) that provides short-term intervention in SMEs or groups of SMEs for projects adopting a comprehensive approach to improving working conditions. By 2014, 102 projects were underway, some 20 percent covering groups of SMEs. ANACT's Social Innovation Fund (FISO), established in 2013 by President François Hollande, offers advances to finance socially innovative projects across the French regions. Two further programmes, aimed specifically at the co-operative and social enterprise sector respectively, provide financial support for eligible projects.
- In Germany, the **Federal Ministry of Education and Research** has had a long tradition of national initiatives supporting the development of workplace innovation since the launch of the *Humanisation of Working Life* programme in 1974. Successive programmes have reflected changing national economic and social conditions as well as the evolution of policy priorities but have done so within a consistent institutional framework, allowing cumulative learning and the creation of considerable knowledge. Its current programme, 'Working, Learning, Developing Competences', has run since 2007 and forms part of Federal research funding policy. It provides advice and funding for action-oriented research projects, covering so far around 2.5 million workers in 1,500 companies. Further programmes run alongside with different focuses.
- In Ireland, the **Workplace Innovation Fund (WIF)** was established to support collaboration and participation at enterprise level. Arising from a recommendation contained within the Government's National Workplace Strategy, WIF was delivered through *Towards 2016*, Ireland's last national social partnership agreement, which collapsed in 2009. WIF was organised into three interrelated strands which reflect wider policy priorities relating to the social partnership agenda: (i) enterprise-level projects in the private sector focusing on participative approaches to change; (ii) initiatives to strengthen the role of social partners in facilitating workplace innovation; (iii) a public awareness campaign to disseminate knowledge of workplace innovation.



- In 2015, the Ministry of Economic Affairs in **The Netherlands** launched the national technology-oriented Smart Industry strategy. ‘Smart Industry’ is about changing companies’ attitudes to customer orientation, work organisation and cooperation as well as the intelligent use of new digital technologies. Under pressure from trade unions and researchers, a *Field Lab for Social Innovation* was created as part of the strategy. The government co-funds field labs to develop the skills, work organisation and employee involvement practices required to support technological innovation in companies (Alasoini et al, forthcoming). The Netherlands is also a country in which public health regulation has long supported good job design (Pot et al, 1994).
- The **Work Oriented Modernisation** programmes in the state of North Rhine-Westphalia in Germany represent an important example of a regional initiative designed to achieve wide-scale dissemination of workplace innovation. They represent a relatively rare example of the widespread use of European Social Fund resources to support workplace innovation. Led by GIB (*Gesellschaft für Innovative Beschäftigungsförderung GmbH*, or Innovative Employment Promotion Company), which was set up in 1986 as an agency of the North Rhine-Westphalian regional government, there are five programmes characterised by capacity building, harnessing diverse sub-regional agencies in promoting workplace innovation and recruiting enterprises to the programme (GIB, 2012). For example, ‘Consulting Services for Developing SME Potential’ (*Potentialberatung*) supports short-term workplace change projects as well as longer-term development of organisational strategy. It has assisted 22,000 companies employing some 770,000 workers since its launch in the year 2000.
- The Norwegian **VRI** (*Virkemidler for Regional FoU og Innovasjon*, or Programme for Regional R&D and Innovation) differs from programmes in the other five countries included in this study because it treats workplace innovation as a possible dimension of regional development rather than as a policy objective in its own right. However, workplace innovation is not privileged within VRI: it appears only to the extent that the regional development coalitions which are the recipients of VRI funds wish to include it within their much wider portfolios of activity. Nonetheless VRI offers the potential to mainstream workplace innovation within wider policy frameworks. VRI also inherits the dialogue-based approach to workplace innovation developed in predecessor programmes from the early 1990s.
- Scotland has led the way in the UK in terms of how best to improve skills utilisation within workplaces through new forms of work organisation. The “Scottish approach” to workplace innovation is inextricably linked to job quality, and in 2015 the government established the Fair Work Convention with an invited membership of employers, unions and academics. Workplace innovation is seen as a route to delivering fair work, tackling inequality and improving competitiveness. **Scottish Enterprise**, the country’s largest economic development agency, established a dedicated Workplace Innovation Service in 2016 and launched a series of pilot projects enabling companies to diagnose current working practices and implement appropriate workplace innovation measures. These include a programme of Masterclasses to raise awareness of workplace innovation amongst businesses; a leadership team development programme for senior managers; a Workplace Innovation Engagement Programme<sup>4</sup> based on action-learning and in-company support for clusters of 12 companies; and a wider engagement programme offering

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<sup>4</sup> [www.workplaceinnovationscotland.net](http://www.workplaceinnovationscotland.net)

informal support from a team of specialist advisors. Scottish Enterprise aims to support more than 3000 companies through these measures by 2019.

### ***The challenges of diffusion***

All the programmes considered here are designed to promote partnership-oriented workplace *innovation*, which necessarily implies experimentation and learning. Moreover, they all share a common commitment to publication of actionable knowledge relating to the learning generated.

Programme managers in all the countries insisted that a vigorous dialogue existed with key actors, such as government representatives and social partners. In countries with a strong tradition of social partnership between government, employers, unions and other key actors, the wider policy and business environments in which programmes operated were broadly conducive to implementing workplace innovations. Elsewhere, the nature of labour markets, skills levels and potential employer hostility required solid groundwork – for example the establishment of the multi-stakeholder Fair Work Convention in Scotland - before workplace innovation initiatives could be expected to take root.

Nonetheless each country faced dilemmas and choices related to the very design of workplace innovation programmes themselves. We turn now to examine the nature of these challenges.

#### *How best to target limited resources?*

None of these programmes has sufficient scale to make a significant numerical impact on workplaces throughout its territorial area, facing policymakers with a dilemma: whether programmes should focus on intensive involvement in a relatively small number of workplaces in the hope that they will generate exemplary cases which can then be publicised; or whether they should spread available resources widely, offering as many enterprises as possible just a few days' support, as with Anact's 'short diagnosis' or the consultation strand in North Rhine-Westphalia, that aims to create a sustained momentum for change through small amounts of pump-priming.

There is no universal solution: the answer depends largely on the wider policy framework and other sources of tangible or intangible support available to sustain workplace innovation. The German experience, for example, suggests that combining a national research programme to develop leading-edge practice with regional programmes focusing on wide dissemination can be powerful, especially when knowledge generated by the programmes informs the construction of a broader supportive policy and social partner infrastructure.

#### *Social partners as supportive bystanders or active participants?*

The engagement of trade unions and employers' organisations is a common feature of all these programmes. Social partner endorsement of key workplace policy initiatives is regarded as an essential precondition in all six countries; moreover, unions and employers play a supportive (though rarely leading) role in recruiting companies to the programmes. The overall role of the social partners in the design and implementation of the programmes is advisory rather than actively participative. In Ireland, the former New Work Organisation programme represented a rare case in which social partners were involved as knowledgeable participants in workplace change projects (Savage, 2001).

Within each programme, workplace trade union representatives are automatically consulted and involved in projects from the design stage onwards. They are seen as potential sources of knowledge and understanding about 'what really works' in an organisation as well as having the power to legitimise the project amongst the wider workforce. However, the extent to which workplace

representatives are provided with the knowledge or competencies to act as effective participants in change by their unions or employers is often unclear.

#### *Research, consultancy or broader policy frameworks?*

European work organisation researchers consistently call for the systemic transformation of workplaces through workplace innovation that focus on sustained innovation rather than target-driven programme approaches (European Foundation, 1998; Totterdill *et al.*, 2002; Teague, 2005). Indeed, historically through to the present day, several programmes such as those in France, Germany and Norway have been directly or indirectly influenced by socio-technical systems theory, which emphasises the need for system-wide change rather than partial or ad hoc initiatives. Moreover, workplace innovation emphasises approaches to work organisation that achieve convergence between high levels of organisational performance and a high quality of working life (European Foundation, 1998; Totterdill *et al.*, 2002).

However, it is unlikely that many workplace projects across the various programmes have led to systemic change. Long-term involvement with individual workplaces is more characteristic of the research-oriented programmes, which are necessarily limited to cases with the potential to generate new knowledge. Other programmes provide short diagnoses of organisational practice, which are sometimes followed up with a limited number of subsidised consultancy days: the gains from these interventions can be tangible and worthwhile, but the company itself would need to drive a more holistic transformation beyond the project period (as in the Finnish programme, which provides continuing opportunities for knowledge sharing and peer support).

Public programmes are also liable to be strongly influenced by politics and by broader policy priorities. In France, for example, the Anact network prioritises actions which reflect national policy goals relating to issues such as musculoskeletal disorders, stress and ageing. Focusing on such topical issues may provide a more effective means of seizing a company's attention than preaching the virtues of systemic transformation. On the other hand, there is the danger that a continuous refocusing on transient issues may distract from the need for systemic transformation of work processes.

#### *What about the services sector?*

A further concern about content relates to the sectoral focus. The evaluation of the Norwegian VC2010 programme (Technopolis, 2005) criticised its apparent inability to break out of a traditional manufacturing-based paradigm of work organisation; in short it failed to address the needs of the emerging knowledge-based service industries and their employees on which regional and national economic development increasingly depend.

Indeed, much of the current European literature on work organisation continues to reflect iconic examples of work organisation in manufacturing that have profoundly shaped the understanding of older generation researchers and practitioners. Europe's dependence on manufacturing is declining, yet examples of innovation in services to rival the experiences of Philips or Volvo in manufacturing have been slow to emerge (Harley *et al.*, 2007). Underlying concepts, such as teamworking and high-involvement innovation, may be transferable between sectors but they are manifested in quite different ways and may require different vocabularies.

#### *Niche policy or swimming in the mainstream?*

Programmes may be successful in meeting their own targets but remain relatively unknown amongst wider public policy actors. In the case of innovation policy, support for the creation of new prototypes or products, or for the introduction of new technological systems, often neglects the social and

organisational processes involved in their effective use. This lack of organisational or anthropocentric perspective can generate obstacles throughout the development and implementation stages and may result in failure to realise the full potential of technological innovation (Brödner, 2002).

Likewise, regional development strategies in much of Europe attempt to tackle issues of employment and competitiveness through labour market, management development and infrastructure projects without opening the 'black box' of the workplace, thereby ignoring the organisational factors which lead to job creation and business success (Fricke and Totterdill, 2004; Totterdill and Hague, 2004). Enterprises themselves and the social partners often regard work organisation as the private concern of the stakeholders in the individual workplace and not an obvious issue for public intervention. The incorporation of the Norwegian VC2010 programme into VRI and the Finnish Workplace Development Programme into TEKES can, therefore, be seen as an attempt to mainstream workplace innovation within the wider policy framework, taking them both out of the traditional industrial relations sphere and potentially increasing their profile and impact.

### ***Potential for change***

Having so far outlined the most serious constraints on the wider spread of workplace innovation programmes, we now turn to consider some of the ways in which they have, in recent years, refocused to become more efficient in diffusing results. In each case, programmes have developed more inclusive framing strategies designed to broaden their appeal through integrating the social partners, the use of networking, and relationship and capacity building.

#### *Experts or dialogue?*

Some researchers have argued that the design approach, with its strong reliance on expert power, has become a hindrance rather than a stimulant to real organisational change (Fricke, 1997). Similarly, qualitative studies demonstrate that expert-led change is often partial, fragmented and unsustainable (Business Decisions Ltd, 2002; Engeström, 1992). European programmes have accordingly generally abandoned prescriptive, design-led approaches to the implementation of new forms of work organisation. All the programmes discussed here are grounded in discursive approaches to workplace innovation, typically employing explicit references to dialogue, workplace social partnership and practices that recognise the value of the tacit knowledge of frontline employees. Work-in-Net (2012) has begun to benchmark some aspects of the methods used by European workplace innovation programmes (Alasoini *et al.*, 2004). Further benchmarking of change processes deployed in these programmes would greatly help to promote shared learning between policy designers and managers.

#### *Casework or network?*

Similarly, programmes have refocused from case work policy models towards networking strategies. Traditional business support models in many parts of Europe have focused on subsidies to individual companies to enable them to buy in external expertise in the form of consultancy. The programme manager is often little more than an administrator, with little direct involvement in content. In recent years, however, the limitations of such casework models have become increasingly apparent, including the need to capture knowledge generated by projects effectively, the need to achieve an impact which goes beyond the casework companies themselves, and the quality of learning and innovation that takes place within change projects.

Developments in innovation theory accordingly identify the ability of inter-organisational networks to stimulate and inform change (Bessant and Tsekouras, 2001; Docherty *et al.*, 2003), which can be a valuable tool for policymakers seeking to promote workplace innovation (Ramstad, 2009). Learning

networks involving interaction between organisations can stimulate real innovation, rather than emulation, through shared reflection and peer support for learning and experimentation (Bessant and Tsekouras, 2001). For example, the ED2000 (Enterprise Development) and VC2010 programmes in Norway created collaborative networks between enterprises as a means of stimulating and resourcing incremental organisational innovations, often collectively reformulating models such as total quality management in ways that reflected the specific context and giving ownership to local actors (Gustavsen, 2004). Network approaches also offer the potential to create wider ripple effects, so that intervention in one workplace can provide both the momentum and the knowledge required to stimulate wider change. Anact's 'Collective Action' strand, for example, involves ten companies receiving intensive consultancy support to address a certain topic that they then share with all the others that have been recruited into the same theme-based network. Anact's approach is a potentially valuable way of maximising return on its expenditure, though the actual gains for the companies in each network are rarely evaluated.

### *Is anybody listening?*

Dissemination strategies – notably the publication of reports and case studies – are necessary but not sufficient. Capturing the learning created by projects creates a knowledge resource but this converts into actionable knowledge only when opportunities are created for dialogue (Seely Brown and Duguid, 2000). Some programmes place great emphasis on the creation of relationship-based networks involving extensive face-to-face contact. Such relationship building is particularly notable in the case of North Rhine-Westphalia where the programme management organisation, GIB, is at the heart of a close network of sub-regional development agencies and organisations, enabling it to achieve far higher profile and penetration within the business community.

The Finnish, German Federal and Norwegian programmes all include explicit commitments to capacity building within the wider public infrastructure. Broadly, this means allocating resources to engage research institutes and universities, other public policy agencies and social partners in collaborative workplace innovation projects – an issue that might otherwise be outside their normal range of activity. This polycentric model is one in which new useful knowledge is seen to be generated through dialogue between various innovation centres in society rather than by 'trickling' information from 'the top down' or from 'the core' to 'the periphery' (Fricke, 1997).

### **Creating an Eco-System for Workplace Innovation**

It is important to consider the entire policy context at EU, national and local/regional levels. Diverse modes of policy production and implementation co-exist within political entities reflecting the changing nature of the state over time and the increasing complexity of social and economic problems (Totterdill et al, 2015b). We have noted that in countries with strong collaborative traditions between government, employers, unions and other key actors, the implementation of workplace innovation was supported by the wider policy milieu and the business environment as a whole. Even without direct policy interventions, Denmark has traditionally held a top position for workplace innovation in Europe largely due to interplay between two institutional mechanisms: the dynamic and practically-oriented system of vocational training led by both labour market parties which has equipped a large number of employees with enhanced ability to participate in innovation processes; and secondly the collaborative and decentralised system of industrial relations that has contributed to the creation of labour-management partnerships for change within companies (Alasoini et al, forthcoming).

Our own observations in these countries point to the strong alignments of different actors to the importance and requirements of workplace innovation. From a policy perspective this means that we

have to examine the wider policy spectrum, including competitiveness, education, employment relations, health and safety, innovation and public health to test the extent to which they either support or undermine measures to promote workplace innovation.

### **Targeting policy interventions**

Firstly, it is helpful to draw a distinction between the regulation and animation as means of achieving policy goals:

- **Regulation** refers to directives or rules that have the force of law and are designed to impose minimum standards of practice or to define the specific rights of individuals or organisations. Examples include health and safety at work regulations or EU employment directives. The role of the state in this context is to ensure compliance as well as to ensure that regulatory frameworks are updated to ensure their continued relevance.

In relation to workplace innovation it is important to make a further distinction between **Direct** and **Indirect** Regulation. Direct Regulation is specifically targeted at the workplace practices directly associated with workplace innovation. Indirect Regulation shapes the wider contextual practices such as health and employment policy which, though not specifically included within the definition of workplace innovation, exert a significant influence upon it.

Regulation is often politically contested based on a perceived tension between the protection of rights and standards on the one hand and libertarian market values on the other. There are calls to distance debates about regulation from ideology in favour of a focus on what works in practice<sup>5</sup>.

- **Animation** refers to proactive interventions by the state designed to bring about social or economic changes that lie beyond the scope of passive regulatory mechanisms (Totterdill et al, 2015b). In terms of workplace innovation we can distinguish between **Direct Animation** (measures designed to influence change in specific workplaces such as subsidised consultancy, tax credits or provision of specialist expertise), **Meso-Level Animation** (measures designed to raise the level of knowledge or create practical tools and resources for workplace innovation including research, learning networks and educational programmes), and **Indirect Animation** (general awareness-raising through, for example websites, good practice guides and conferences).

Secondly, different aspects of workplace innovation vary in their susceptibility to influence from each of these policy types. For example, hard regulatory measures can establish minimum rights for employees in terms of information and consultation but it is hard to see how they alone can lead to the introduction of effective team practices or employee-driven innovation. Softer, animatory forms of intervention based on evidence-sharing, exchanges of experience and dialogue are more likely to stimulate this type of change in workplace culture and practice.

We can analyse this further with help from *The Fifth Element* approach described earlier:

1. **Job Design and Teamworking** essentially reflect discretionary choices by managers though they may be influenced marginally by health and safety regulation relating to, for example, repetitive strain injury and stress prevention. In some countries (Denmark for example) it may also be shaped by statutory collective bargaining arrangements. Individual empowerment and self-organised teams lie at the heart of effective work organisation (Totterdill, 2015a) and can challenge the role identity of managers. In addition there is no blueprint for effective work organisation and there must be a willingness to embark on a journey of experimentation,

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<sup>5</sup> [http://ec.europa.eu/smart-regulation/guidelines/tool\\_2\\_en.htm](http://ec.europa.eu/smart-regulation/guidelines/tool_2_en.htm)



reflection and shared learning. Policy intervention is therefore likely to focus on direct animation which helps individual companies (especially SMEs) to navigate through this journey, and through wider measures which lead to enhanced awareness and access to learning resources.

2. **Organisational Structures, Management and Procedures** relates to the wider workplace context and may involve, for example, addressing unhelpful boundaries ('silos') and removing unnecessary scrutiny and mistrust from administrative processes. Once again the design of organisational structures and systems is based on discretionary choices by company decision-makers. Policy intervention needs to raise awareness and enhance access to the knowledge resources and tools required to support change.
3. **Employee-Driven Innovation and Improvement** creates the context for employees at all levels to share knowledge, experience and ideas in ways that range from day-to-day incremental improvement to high involvement innovation. A Dutch study (Volberda et al., 2011; *Erasmus Competition and Innovation Monitor*, 2009) suggests that 75% of successful innovations in products, services and processes are generated by positive managerial, organisational and work practices at enterprise level. Such changes can be stimulated and supported by a range of animatory policy interventions. Innovation policy, traditionally dominated by a technology focus, also needs to recognise the important role played by human and organisational factors. There are signs that this is now understood at EU level<sup>6</sup>.
4. **Co-Created Leadership and Employee Voice.** Good employers have long surpassed the relatively minimal requirements of the European Information and Consultation Directive, which nonetheless defines minimum rights and insists that "employers and employees' representatives must work in a spirit of cooperation and with due regard for each other's rights and obligations."<sup>7</sup> From a workplace innovation perspective the challenge is to move beyond 'consultation' on pre-designed proposals towards early-stage involvement in problem solving and the routine inclusion of frontline knowledge, experience and creativity in senior-level decision-making processes.

The following framework attempts a comprehensive summary of the possibilities open to policymakers in designing in eco-system to stimulate workplace innovation as a means of promoting strategic social and economic goals:

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<sup>6</sup> [http://ec.europa.eu/growth/industry/innovation/policy/workplace/index\\_en.htm](http://ec.europa.eu/growth/industry/innovation/policy/workplace/index_en.htm)

<sup>7</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:c10817>

Policy Type	<i>The Fifth Element</i> Focus	Policies	Examples
Direct Regulation	<b>Co-Created Leadership &amp; Employee Voice</b> , which may in turn stimulate other workplace innovations. Representative forums can stimulate and enable empowered forms of work organisation.	EU / national information, consultation and representative participation Directives.	<b>EU Information &amp; Consultation Directive.</b> <b>EU Works Council Directive.</b> <b>Legally binding collective agreements</b> between Danish trade unions and the employers' federation including the establishment of workplace Co-operation Councils which often stimulate and inform workplace innovation.
Indirect Regulation	<b>Jobs and Teams</b>	Workplace health and safety regulation actively targets lack of job discretion and short-cycled work as a means of preventing stress and physical strain.	<b>Dutch health and safety regulation</b> is supported by job design tools such as WEBA (Pot, forthcoming).
Direct Animation	<b>All.</b> <i>The Fifth Element</i> emphasises the importance of a systemic perspective, and this should be reflected in the design of programmes.	Direct support for workplace innovation in individual companies through grant funding and the provision of specialist expertise / knowledge.	<b>Finland:</b> <i>Liideri - Business, Productivity and Joy at Work</i> offers direct financial support and expertise to companies for work organisation development. <b>France:</b> ANACT's <i>FACT</i> provides subsidised consultancy to SMEs for a comprehensive approach focused on work organisation, participation & removal of "drudgery".
Meso-Level Animation	<b>All.</b> The emphasis on a systemic perspective, should be reflected in the breadth of support and resources available, and in the provision of bespoke mentoring.	Creating an abundance of resources and opportunities to support companies' journeys towards workplace innovation. This includes action research (creating actionable knowledge), action learning and peer-to-peer knowledge exchange, learning networks, short courses and advisory services.	<b>Germany:</b> a long series of national programmes funding action-oriented research/dissemination. <b>Scotland:</b> <i>Workplace Innovation Engagement Programme</i> supports change in cohorts of 12 companies through action learning and mentoring. Wider support is available through workplace innovation specialists.
Indirect Animation	<b>All.</b> <i>The Fifth Element</i> offers a sense-making approach to understanding the rationale and evidence for workplace innovation and its principle characteristics.	Web resources; diagnostic tools; masterclasses/workshops; awareness raising through business advisory services.	<b>EUWIN:</b> online Knowledge Bank. <b>Fresh Thinking Labs:</b> online and in person information exchange and diagnostic. <b>Scotland:</b> masterclass programme.

## Conclusions

In the six core countries studied, workplace innovation as a public policy objective is widely accepted across the mainstream political spectrum as a means of achieving economic and social policy goals. In the other countries which we have examined, acceptance may be less well embedded but it is steadily becoming established.





Across Europe as a whole, workplace innovation is not accepted as a policy matter. Despite their pivotal importance for economic performance and health, governments in many EU member states still regard workplace practices as a private matter for employers. Even the European Commission has still to formulate a joined-up approach to workplace innovation that embraces enterprise, employment, social policy and research.

This represents a major missed opportunity. A workplace that offers opportunities for discretion and learning in day-to-day work, a supportive team, corporate systems and procedures based on trust and investment in personal development, spaces for reflection and creativity, and open and accessible leadership are likely to boost productivity, innovation and health. The programmes and initiatives described in this report offer an important learning resource for policymakers at regional, national and EU levels which should not be ignored.

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