WORKPLACE INNOVATION IN EUROPEAN COUNTRIES
WORKPLACE INNOVATION AS A FORM OF SOCIAL INNOVATION IN THE WORKPLACE

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European Centre for Social Welfare Policy and Research
July 12, 2016, 16.30-18.00
Berggasse 17, 1090 Vienna, Austria
CONTENT OF MY TALK

1. WPI: theory and how organisations are designed
2. WPI practices
3. WPI Research: in 51 European companies
4. Why do companies apply WPI?
5. How do companies implement WPI?
6. Conclusion from the research
7. Why is WPI ‘social’?
8. Implementing WPI: ‘social’ or not?
9. WPI and social innovation: what is it and how can we make WPI ‘social’?
Third European Company Survey – Workplace innovation in European companies

Workplace innovation (WPI) refers to practices that enable employees to participate in organisational change in such a way as to improve the quality of their working life and organisational performance. This report examines the motives behind the adoption of WPI and describes its implementation across companies in Europe. It analyses the impacts of WPI from the perspective of the different players – organisation, management, employees and employee representatives – in 51 companies across 10 EU Member States. The analysis reveals that while there is significant variation in the types of WPI practices in companies, the process of why and how these practices are implemented shows considerable similarity. While the reasons for introducing WPI are mainly related to enhancing efficiency, competitiveness and innovation, one positive result seems to be to strengthen the position of employees and employee representatives. As a result, WPI outcomes often lead to both enhanced economic performance and a better quality of working life for all concerned. An executive summary is available - see Related content.

Download:
1. Report
2. Technical report
3. 51 company case studies

1 WORKPLACE INNOVATION (WPI): THEORY AND IMPLEMENTATION
WORKPLACE INNOVATION: DEFINITION AND PRACTICES

- A workplace innovation (WPI) is a developed and implemented practice or combination of practices that **structurally** (division of labour) and/or **culturally** (empowerment) enable employees to participate in organisational change and renewal to improve quality of working life and organisational performance.

- ‘structure orientation’:
  - structure work organisation and job design; provide employees with structural decision latitude or control capacity; can stimulate employee-control or autonomy, and provide voice (operational employment relations).

- ‘culture orientation’:
  - provide opportunities for employees to participate (e.g., in) organisational decision-making; dialogue and collective bargaining: can stimulate commitment and provide voice (social / contractual employment relations).
...structure follows strategy, culture follows structure...

- production system
- division of labour 'philosophy'
- functional or flow structure

- centralise or decentralise
  - concentrate or deconcentrate

- HR system
- control or commitment

- type of leadership
  - people centred or task oriented
    - bottom up or top down

- employee involvement high / low
- employee engagement high / low

...social and contractual employment relationship

- design of:
  - departments
  - teams
  - jobs
  - tasks

- operational employment relationship

- quality of working life
- quality of organisational performance
- innovative capability
Figure 2 Theoretical organisational concepts and business practices positioned in the decentralisation – human factor orientation model

New work organisation, working conditions and quality of work: towards the flexible firm?

Source: Eurofound, 2002

‘desired’ WPI-practices
2 TYPES OF WPI PRACTICES: EMPIRICAL FINDINGS
## TYPES OF PRACTICES APPLIED AND DRIVERS (PERCENTAGES)

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<tr>
<th>Drivers</th>
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<td>Quality of Performance</td>
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<td>Quality of Work</td>
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<td>Both: Quality of Work and Performance</td>
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RESEARCH. FIVE PATHS TO WPI: QCA ANALYSIS
Conditions

Contextual factors:
• Organisation model
• Decision latitude

Features of the practice:
• Autonomy & Participation
• Innovative behaviour

Reasons, motivations and facilitators of WPI:
• Participation in organisational model
• Bottom-up & people driven initiative
• Participatory implementation

Outcome

Substantial WPI
## Configurations explaining Substantial WPI

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<tr>
<th>Path</th>
<th>ORGMOD</th>
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<thead>
<tr>
<th>Contextual factors</th>
<th>Feature of WPI</th>
<th>Adoption and implementation aspects</th>
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“●” - causal condition is present, “○” - causal condition is absent (negated).
Model consistency is .811. (+).
Configurations explaining Substantial WPI

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Path1 ‘Top-guided WPI’ states that companies with the characteristics of innovative behaviour, the absence of bottom up initiatives (i.e. the presence of top down initiatives), and a participatory implementation process in conjunction, are members of the set Substantial WPI. A more complete name is ‘Top-guided, participative and innovative WPI’

“●” - causal condition is present, “○” - causal condition is absent (negated).
Model consistency is .811. (+).
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**DECLAT** - Decision latitude of the organisation  
**ORGMOD** - Organisation model  
**INNOBEH** - Innovative behaviour of employees  
**AUTPAR** - Autonomy & Participation  
**PARTMOD** - Participation in organisational model  
**BOTUPIN** - Bottom-up and people driven initiative  
**CONOR** - Participatory implementation

Path 2 ‘Autonomy driven WPI’ states that companies with four characteristics in conjunction are members of the set Substantial WPI, namely those where employees participated in developing the organisation’s model, employees have job autonomy in combination with employee participation, where the organisation itself has decision latitude to decide about own choices, and where the organisation is not featured by a preference for limiting the division of labour. A more complete name is ‘Autonomy fuelled survival driven WPI’

“◼” - causal condition is present, “○” - causal condition is absent (negated).  
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Path 3: Integral WPI' states that companies with four characteristics in conjunction are members of the set Substantial WPI, namely those where employees show innovative behaviour, where the implementation process is a bottom-up initiative, where the organisation itself has decision latitude to decide about own choices, and where the organisation is featured by a preference for limiting the division of labour. A more complete name is 'Innovation and quality driven innovative WPI'.

“●” - causal condition is present, “○” - causal condition is absent (negated).

Model consistency is .811. (+).
# Configurations explaining Substantial WPI

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Path 4 ‘Employee driven WPI’ states that companies with the characteristics of employee participation in developing the organisation's model, where the implementation process is a bottom up initiative, and also a participatory implementation process, and where the organisation itself has decision latitude to decide about own choices in conjunction, are members of the set Substantial WPI. A more complete name is ‘Self-autonomous and employee driven WPI’.

“●” - causal condition is present, “○” - causal condition is absent (negated).

Model consistency is .811. (+).
Configurations explaining Substantial WPI

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<td>5 - Innovative behavioural driven WPI</td>
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Path 5 ‘Innovative behavioural driven WPI’ states that companies with three characteristics in conjunction are members of the set Substantial WPI, namely those where employees have not participated in developing the organisation’s model, where employees show innovative behaviour, and where the organisation is featured by a preference for limiting the division of labour. A more complete name is ‘Innovative and quality driven WPI.’

“●” - causal condition is present, “○” - causal condition is absent (negated).
Model consistency is .811. (+).
CONCLUSION

1] 5 paths in data; but more paths will exist in practice;
2] some paths offer more chances than others; ‘not anything goes’;
3] companies combine different workplace innovation practices;
4] there is ‘no one best way of organising’: organisations can choose their own paths.
4 WHY COMPANIES ADOPT WPI PRACTICES
AGREEMENT MANAGERS, EMPLOYEES AND EMPLOYEE REPRESENTATIVES

Motives organisation ‘as a whole’:
- improve efficiency
- gain competitive advantage
- enhance innovative capability

Motives from manager’s and employees’ perspective:
- economic and business goals
- learning and development opportunities
- performance

Leverage factors:
- employee involvement
- top management commitment
- leadership

Impact organisation/management:
- employee engagement
- longer term sustainability
- high performance

Impact managers/ managers interest:
- efficiency
- more sustainability
- competitiveness

Impact employees:
- learning opportunities
- voice, participation
- challenging, active jobs

Impact employee representatives / unions:
- employees voice
- sustainable organisation
- equality, fairness
5 IMPLEMENTING TYPES OF PRACTICES: HOW DO COMPANIES PROCEED?
PATTERN OF IMPLEMENTING WPI-PRACTICES (PROCESS MODEL)

Initiative of WPI: economic goal

Design of WPI practices

Implementation of WPI practices

Target: improved economic performance

Target: improved quality of work & engagement

Mediating role for employees & employee reps
CONCLUSIONS
CONCLUSION (1)

Results
- There are more paths to WPI, but some give better chances over others (NOT ‘anything goes’).
- Since there is organisational choice, the process matters much: hence important leverages are:
  - employee involvement,
  - top management commitment,
  - and leadership / powerful person.
- Maybe regardless the precise content of WPI-practices, employee involvement implies WPI aligning with employee (reps) interests;
- From this follows that quality of performance and of working life can be achieved simultaneously;
- A further effect of this involvement / engagement is that it leads to better operational and social / contractual employment relationships.
7 TYPES OF PRACTICES AND ORGANISATION THEORY: WHY IS WPI SOCIAL?
COMPARISON PRODUCTION SYSTEMS

› Functional structure:
  › division of labour into departments, orders and activities
  › high volume production demands efficiency and centralisation
  › stable but rigid in responding to changing circumstances
  › jobs are specialised without much learning opportunities
  › risk for employees: obsolete skills and less challenge

› Flow structure:
  › division of order into streams and bundling activities into teamwork
  › small batches demand flexibility and decentralisation
  › risky but quickly adaptable to changing circumstances
  › jobs are broad with much need to learn continuously
  › risk for employees: high work intensification
FUNCTIONAL PRODUCTION SYSTEM (1): DIVIDING THE PROCES INTO STEPS AND ORDERS INTO PARTIAL PROCESSING BY SIMILAR ACTIVITIES
FUNCTIONAL PRODUCTION SYSTEM (2): ORDERS ARE ‘PUSHED’ BY CENTRALISED PLANNING FOR EFFICIENCY AND ECONOMIES OF SCALE

Christis, 2010
FLOW PRODUCTION SYSTEM (1): DIVISION OF ORDERS INTO SIMILAR ORDER STREAMS THAT ‘PULL’ RESOURCES: DECENTRALISED PLANNING AND HIGH FLEXIBILITY
FLOW PRODUCTION SYSTEM (2): LESS INVENTORY COST, SHORTER CYCLE TIMES VIA SKILLED TEAMS WITH DECENTRALISED AUTONOMY

Christis, 2010

Lowering inventory cost level

boats = orders

ice bergs = organisational challenge

Flow Set up times Quality Maintenance Product and process design
8 IMPLEMENT WPI
MANAGE STRATEGY, STRUCTURE AND CULTURE

1. Strategy
- Management philosophy is leading: centralise or decentralise power?
- This leads to a preference to involve employees or not

2. Structure (follows strategy)
- The design of the process of making products or services follows centralisation or decentralisation
- Is the organisation functional or flow-based?
- Do employees have autonomy or are they under control?

3. Culture (follows structure and reinforces strategy)
- Is leadership style top down or bottom up (centralised or not)?
- Is employee involvement merely ‘continuous improvement’ and ‘quality circles’ or do employees co-develop the products and the production process?
- Do employees feel involved and engaged or do they more suffer form high workload and pressure?
## Workplace Innovation

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<tr>
<th></th>
<th>Very far from WPI</th>
<th>Very close to WPI</th>
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<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td>Target is purely economical and profit driven; Centralise power and rigid hierarchy</td>
<td>Profit driven but simultaneously improve quality of work Decentralise power and give employees voice in strategy development</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Centralised management, top down steering Functionally organised production with separate responsibilities; limited employee / team autonomy</td>
<td>Distributed management, space for bottom up voice Flow-based organised production with interdependent responsibilities; high employee / team autonomy</td>
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<tr>
<td><strong>Culture</strong></td>
<td>Autocratic leadership Formal roles Many rules and procedures limited innovative capability</td>
<td>Democratic leadership More flexible and changing roles Apart from rules and procedures employees have influence to adapt and improve those more innovative capability and intrapreneurship</td>
</tr>
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9 WPI: A FORM OF ‘SOCIAL INNOVATION’?
IS WORKPLACE INNOVATION A FORM OF SOCIAL INNOVATION?

- Social innovation is: helping to solve social issues by social means
- Related to work for example: employment, employability, security, giving employees voice, ensures healthy and safe working conditions
- Related to organisations for example: innovation that improves quality of work, talent use, sustainability regards environment & resources

- More? your creativity needed!
- -form small groups
- -develop ideas, examples
- -plenary presentation and discussion
THANK YOU FOR YOUR ATTENTION