

Workplace innovation in European companies

Executive summary

Introduction

A workplace innovation (WPI) is a developed and implemented practice or combination of practices that either structurally (through division of labour) or culturally (in terms of empowerment of staff) enable employees to participate in organisational change and renewal and hence improve the quality of working life and organisational performance. This report looks at reasons for enabling WPI, along with its adoption and implementation, and the impacts of it from the viewpoints of the organisation and management, employees and employee representatives. From the database of the third European Company Survey (ECS 2013), some 51 companies were selected from 10 EU Member States in which case studies were undertaken.

Policy context

In light of the Europe 2020 Strategy, which aims at achieving smart and inclusive growth, the European Commission views WPI as an important driving force for the European economy. Specifically, the Commission sees WPI as a motor for innovation and competitiveness, and as a way to transform workplaces to make better use of human talents and skills. However, there is a need for greater clarity about what policymakers can do to stimulate WPI and therefore it is important to gain an understanding of why and how WPI is implemented by the companies looked at in this study.

Key findings

Types of practices

Among the 51 cases, five practices were distinguished overall; three were WPI-related:

WPI-structure: these are practices related to teamwork, job design, organisational restructuring, etc. (14% of all practices).

WPI-culture: these include practices that enhance communication, knowledge sharing, employee participation, employee–manager dialogue, and management–employee representation dialogue (20% of all practices).

WPI-mixed: these are combinations of the above practices (19% of all practices).

Two non-WPI practices were distinguished: HR practices – the largest category of all practices (39%); and other practices, such as technology-related interventions (8% of all practices). Most companies in this study combine different practices in order to simultaneously improve the quality of organisational performance and the quality of work. A minority of practices is directed exclusively at improving either quality of performance or quality of work.

Reasons for introducing WPI practices

From the organisation perspective, it is primarily done to: improve efficiency; gain competitive advantage; and enhance innovative capability. From the perspectives of managers and employees, economic and business goals remain the predominant reason but learning and development opportunities and performance are also considered important reasons for introducing WPI practices.

Five paths to WPI

The research identified five paths that companies have taken towards WPI practices. Overall, it seems that companies differ in the types of WPI practices they implement, but the process of why and how these are implemented shows considerable similarity.

Path 1 – Top-guided WPI: This relates to companies in which employees perform innovative behaviour. The initiative for WPI practices is top down; however, employees engage in a participatory implementation process for change and renewal.

Path 2 – Autonomy-driven WPI: This concerns companies whose employees have in the past participated in developing the organisation's model. Employees in these companies have proven that they have job autonomy in combination with the presence of employee participation. The establishment itself has the latitude to make its own choices, which means it is not dependent on a mother company. These companies show hierarchical levels – that is, a certain division of labour.

Path 3 – Integral WPI: This path is taken by companies where WPI forms an integral part of work practices. These companies also have latitude to make their own choices, but show a preference for limiting the division of labour. Moreover, the implementation process of WPI is a bottom-up initiative. Their employees display innovative behaviour.

Path 4 – Employee-driven WPI: This path represents companies that facilitate employee participation in developing the organisation's model. The implementation process is a participatory, bottom-up initiative. These organisations have latitude to make their own choices.

Path 5 – Innovative behavioural-driven WPI: This path is followed by companies whose employees have not participated in developing the organisation's model. Nonetheless, employees show innovative behaviour, and the organisation is characterised by a preference for limiting the division of labour.

All five paths result in WPI; however, they vary since each path is a different combination of factors. Moreover, while organisations have room for making strategic choices, this does not mean that 'anything goes'. The company cases indicate that while there is variation of WPI practices within paths, there is similarity in that all seem to combine practices of WPI-structure, WPI-culture and HR-related practices.

Process model and impacts

The implementation of WPI practices seems to follow a generally applied pattern. WPI practices were introduced primarily for economic reasons; however, in order for their implementation to be successful, it is essential that employees play a central role. The majority of respondents agreed that the three factors that facilitated implementation were: employee involvement; top-management commitment; and leadership. The impacts on the organisation

(as perceived by managers, employees and employee representatives) are employee engagement, sustainability and high performance. Learning opportunities, voice, and challenging jobs are cited as the impacts on employees. Having a stronger employee voice, a sustainable organisation and equality and fairness at the workplace level are some of the impacts on the employee representation.

Policy pointers

Companies are urged to give greater prominence to WPI alongside the prominence given to economic and technical innovation and research programmes and initiatives. To achieve this objective, policymakers and companies need to:

Encourage continued agenda-setting at European level to increase the implementation of WPI practices within enterprises.

Encourage sectoral-level approaches with low thresholds for companies, mobilising sector and cluster organisations to play a role.

Encourage existing national and regional public programmes that support business and companies to adopt WPI, particularly SMEs.

Develop training programmes on the issue for both employers and employees.

Develop diagnostic and intervention tools for companies to assess their situation and take steps towards more substantial WPI practices.

Facilitate the integration of WPI in innovation in general.

Create 'Forums on the Workplace of the Future', with a strong focus on worker participation, work organisation and job design in securing innovative, productive and healthy workplaces.

Boost the participatory role of employees in designing and implementing the WPI practice, and the dialogue with employee representatives regarding changes and the company's future (participation and dialogue).

Further information

The report *Workplace innovation in European companies* is available at <http://www.eurofound.europa.eu/publications>

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