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SOCIAL INNOVATION EUROPE LAUNCH EVENT **17th March, Workshop E: *Workplace Innovation***

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The crisis has only confirmed the necessity for change in the way we approach our social and economic challenges . . . If we are prepared to adapt to our fast-changing world, if we address today's social and economic challenges in a smart way, it has the potential to unleash fresh waves of creativity and innovation and create new sources of sustainable growth and jobs. That's why innovation is a cornerstone of our Europe 2020 strategy for growth and jobs.

José Manuel Durão Barroso, Launch of the Social Innovation Initiative, Brussels: 17th March 2011

Why is workplace innovation a key dimension of social innovation?

According to the *Innovation Union* Flagship Initiative, social innovation concerns the creation of new solutions to social problems and new social capital; its modus operandi focuses on building new social relationships and models of collaboration with an emphasis on empowerment and engagement.

What happens in the workplace, in other words the ways in which work is organised and people are managed, has enormous social as well as economic implications. Work organisation exerts a strong influence on performance, productivity and innovation in products and services, preconditions for a stable and equitable economic base. Economic performance is the main factor in the growth of welfare, creating the new jobs and wealth that facilitate the solution of social problems. However work organisation also shapes social outcomes which lie at the heart of the Europe 2020 Strategy such as the health, skills, employability and inclusion of employees and the consequences of demographic change.

Workplace innovation is the process through which “win-win” approaches to work organisation are formulated – approaches which are good for the sustainable competitiveness of the enterprise and good for the well-being of employees. Workplace innovation also represents the ‘high road’ to economic performance: it is the inherently European way characterised by high wages and high productivity.

Most importantly, workplace innovation is an inherently social process. It is not about the application of codified knowledge by experts to the organisation of work. Rather it is about building skills and competence through creative collaboration. Workplace innovation is about open dialogue, knowledge sharing, experimentation and learning in which diverse stakeholders including employees, trade unions, managers and customers are given a voice in the creation of new models of collaboration and new social relationships.

Workplace Innovation is also a European challenge. Only a European approach can guarantee that achievements can be shared and secured.

What does workplace innovation mean in practice?

Friedhelm Keuken from G.I.B. in North Rhine Westphalia described a project in a high-tech company, the worldwide market leader in refractive micro-optics. Founded in 1992, it exports 40% of its output and employs around 220 people from 24 different countries; intercultural management is therefore an every day issue. The project aimed at the reorganisation and expansion of life long learning in order to initiate sustainable export growth.

During the consulting process a project team was created including the owner, middle management and the consultant. As a first step an analysis of the strengths and weaknesses of the company was undertaken, followed by an analysis of markets abroad.

Results:

As a first result a new operational and organisational structure was developed and implemented which led to an improvement of the interfaces between R&D, construction, sales and employment relations. Other outcomes include the improvement of further education and support for work-home balance.

Another result was the definition of new product lines and the creation of new sales channels. These measures led to sustainable growing export sales.

The project took 9 months. The consultancy fee was 15,000 €, of which public funding provided €7,500. Co-operation between the company and the consultant is now continuing without public funding.

The significance of this case – and of hundreds of other companies supported by G.I.B.- is that small amounts of investment to promote knowledge sharing and partnership between different actors can lead to significant cumulative impact in protecting and creating jobs, as well as enhancing quality of working life and work-home balance.

The context within which this case is situated is also important. As with all forms of social innovation, workplace innovation typically involves collaboration between networks of actors. A not-for-profit organisation owned by the regional government, G.I.B. (www.gib.nrw.de) is at the heart of a network of 120 local agencies created to promote workplace innovation, all located within organisations such as Chambers of Commerce, economic development organisations and local labour market bodies. G.I.B. has also established a network of 2,300 private consulting companies to carry out the projects. These are small companies with between 1 and 10 consultants, all of whom work in a participative and process-oriented way.

Likewise the Dutch National Institute for Social Innovation (NCSI) was founded in 2006 by two employers' associations, two trade unions, two universities and TNO (www.ncsi.nl). Its mission is to stimulate social innovation in the workplace in order to realise better performance, improve innovative capacity and enhance quality of work. This is achieved by three types of collaborative activity:

1) Dissemination of knowledge is realised by means of a website describing innovative practices and the publication of an annual Monitor of Innovation and Competitiveness by the Erasmus University with support from NCSI.

2) Action is stimulated by the development of learning resources such as *Teambrain*, a game that helps teams to generate ideas to do their own work in a smarter way. There is also a yearly NCSI Event for teams from companies and public services. Teams taking part in this event are supported by moderators and experts to stimulate and develop ideas for innovation in their own workplaces.

3) Alliances are created around several topics such as self-organised rostering and ‘the new world of work’. NCSI organises roundtable discussions for a diversity of participants from companies, trade unions and knowledge-based institutions, connects regional initiatives with each other and organises an SME platform for knowledge sharing and consultancy on work place innovation.

Overcoming the obstacles to workplace innovation

Despite the wealth of evidence that workplace innovation produces tangible economic and social benefits, we know that it simply isn’t happening fast enough or often enough in Europe. Also, because it is a social process, data about results are insufficiently robust. As the *European Working Conditions Survey* and a multitude of other data show, old ways of managing and organising work persist long after their usefulness expires.

In part this reflects the poor distribution of knowledge relating both to the benefits associated with workplace innovation and to ways of making it happen. Several parts of Europe including Finland, Flanders, France and Germany have well-established and sophisticated policy mechanisms for promoting and resourcing workplace innovation, but these are relatively rare. Why did these programmes come into existence, even before the current crisis? There are four main reasons for the attention which workplace innovation has received in these countries: firstly the need to build the high productivity / high wage economy in order to maintain welfare and social security given that there are fewer people in the workforce combined with an ageing population; secondly the need to develop and utilise the skills and competences of the entire workforce to increase added value within a competitive and knowledge-based economy; thirdly that private and public organisations can only fully benefit from technological innovation if it is embedded in workplace innovation (in other words making technology work by means of proper organisation). The fourth reason is that workplace innovation itself appears to be more important for sustainable innovation in products and services than technological innovation.

Workplace innovation is at its most successful when located within a supportive milieu in which social partners, public agencies, research organisations and enterprises join in common dialogue and enjoy diverse opportunities for collaboration. Policymakers at regional, national and EU levels have a key role to play in building such a milieu.

In particular we propose the following priorities for the EU within the context of the *Innovation Union* Flagship Initiative and the wider Europe 2020 Strategy:

Enhancing the policy profile. “Work organisation” appears frequently as an issue in EU policy documentation and even in the European Social Fund but there is insufficient evidence of its translation into action. Measurable performance targets relating to work organisation need to be incorporated within the Integrated Guidelines based on systematic data collection (see www.meadow-project.eu). Measures to raise awareness of the significance of work organisation should be targeted at ESF operational structures at national and regional level.

Raising beacons. A targeted transnational initiative should be launched by DG Employment to resource the establishment of new coalitions and to fund demonstrator projects in Member States which currently lack national programmes.

Engaging social partners. Social partner organisations at national and local levels can play a key role as knowledgeable participants in stimulating, guiding and resourcing workplace change, but they also need help and support to fulfil this role. More support is needed for social dialogue and capacity building actions targeted at national and local social partners.

Building capacity. Many countries lack the intermediate organisations capable of bringing together policymakers, social partners, researchers and practitioners around collaborative action relating to the modernisation of work organisation. Direct support for the creation of new capacity and network building is required to pump prime actions in many Member States.

Mainstreaming. Work organisation is a critical factor for the success of skills development and enterprise strategies. Funding to promote workplace innovation should therefore be at the heart of such strategies at EU, national and regional levels.

Researching “what works”. Action research into the conditions for effective and sustainable change in organisations remains a priority, establishing the conditions under which improved organisational performance and enhanced quality of working life can converge.

Support for evidence-based consultancy to enable to large-scale dissemination of “win-win” approaches to workplace innovation.

Responding to emergent change. The emergence of new sectors of production, new ways of working and new global challenges in a fast-changing world presents new dilemmas for the design of work organisation, and for the identification of “high road” solutions. Continuing programmes of experimentation are needed to generate the actionable knowledge which will ensure Europe’s continued versatility and ability to innovate.

Distributing knowledge. Europe already has a vast store of research-based knowledge and case study experience, but little of this is in a form readily available to practitioners. In part this reflects a lack of translation between languages and in part a lack of translation between academic research and practice. New mechanisms for capturing, distilling and distributing knowledge of work organisation throughout the practitioner community are required.

Conclusion

People are creative and they themselves must be given the chance to help improve their surroundings, their society. According to recent research, social innovation contributes 75% of the success of technological innovation. Making room for employees to suggest how to improve work processes is therefore of inestimable value. Members of the public are themselves innovators, for example as developers of applications for the non-European iPhone, but their behaviour and consumption also drive innovation. It is therefore important that people are given – and seize – opportunities to exert influence themselves and become part of the transition to a sustainable society.