HOW CAN PUBLIC POLICY PROMOTE PRODUCTIVE, HEALTHY WORKPLACES?

The need

We know that workplace innovation can make an important contribution to major policy goals such as the knowledge economy, productivity, skills development, labour market inclusion and health. The problem is that only a minority of companies in Europe take full advantage of the working practices and cultures that achieve these ends.

Workplace innovation describes working practices that enable people at all levels of an organisation to use and develop their skills, knowledge and creativity to the fullest possible extent during their day-to-day working lives.

It is found in workplaces where people achieve high productivity through the use of participative forms of work organisation, where there are continuous opportunities for all employees to contribute to the improvement and innovation of products, services and processes. It is associated with high levels of individual task discretion, self-organised teamworking, continuous improvement practices and the ability of employee voice to bring practical knowledge and experience to senior-level decision-making.

Workplace innovation leads to a high quality of working life as well as high performance. There is a considerable body of evidence to demonstrate that it achieves high performance through employee well-being, health and engagement. More details can be found at

Yet results from the 2010 European Working Conditions Survey (EWCS) reveal striking findings at EU level. Job autonomy has not risen in the past decade while there has been an increase in job demands. Over the last twenty years in Europe, some 15% more workers experience working to tight deadlines. “Challenging” (or interesting) work has not increased over the last twenty years, the level of repetitive work has remained the same and the degree of monotonous work has increased slightly. Only 47% of the European workers are involved in improving work organisation or work processes in their department or organisation. Only 47% are consulted before targets for their work are set. Of all workers, only 40% can influence the decisions that are important for their work.

New roles for public policy

Government intervention and regulation in the economy and labour market are much too important to be treated as an ideological battleground. We need a mature and informed debate about “what works”, not least regarding the ways in which public policy can generate win-win outcomes for

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enterprises and their employees. One important starting point is to examine experiences of successful policy intervention from European countries such as Finland, France, Germany and Norway. UK WON undertook a detailed study (Totterdill et al, 2009) of such interventions on behalf of the Government of South Korea.

There are different ways in which public policymakers can intervene to support workplace innovation:

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<tr>
<th>“HARD” REGULATION</th>
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<tr>
<td>Indirect regulation</td>
<td>Direct regulation</td>
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<td>Legislation which focuses indirectly on workplace innovation through changes in some other policy area (e.g. health and safety; employment law). This can provide the bedrock on which good workplaces can be built but is unlikely to be sufficient on its own.</td>
<td>Legislation which focuses directly on workplace innovation (e.g. consultation and participation, reduction of repetitive or stressful work). Experience from several countries shows that this can be useful in achieving minimum standards, but real and sustainable improvement cannot be achieved simply by compliance with regulation.</td>
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<th>“SOFT” ANIMATION</th>
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<td>Indirect</td>
<td>Intermediate</td>
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<td>General policy frameworks and recommendations. UK examples include IIP (see High Performance Working: A Policy Review. London: UKCES). Intervention at this level is too generalised to make a real impact on working practices.</td>
<td>1. Action-based research to create actionable knowledge for enterprises. 2. Wider dissemination of knowledge and learning resources relating to workplace innovation including awareness-raising events, publications, learning networks and specific education/training interventions for decision-makers at company level.</td>
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Evidence from these countries points to the benefits of a multidimensional approach based on mutually reinforcing “animation” policies which lead to close collaboration and shared understanding between employers’ organisations, trade unions, business support organisations, chambers of commerce and universities. Such an approach typically combines “soft” measures which:

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• accumulate, analyse and distribute knowledge of leading-edge practice and evidence-based approaches to change;
• establish closer links between researchers and practitioners;
• use action research to promote workplace innovation;
• develop new learning resources to support workplace change;
• provide knowledge-based business support;
• create inter-company learning networks.

**Learning from experience**

In recent years, **Finland** has carried out working life programmes with the combined aim of promoting sustainable productivity growth and employee well-being. The concept of ‘sustainable productivity growth’ refers here to productivity growth that is achieved through solutions which simultaneously improve the quality of working life, e.g. employees’ opportunities for learning and influence at work and job satisfaction. The main challenges in designing a future strategy for sustainable growth in Finland include speeding up the annual growth of productivity, disseminating productive ways of working across a broader front of sectors and companies, enabling the development of new engines for productivity growth for the future, and finding new ways to improve the quality of working life in an environment characterised by a rapid pace of change.

The Workplace Development Programme (TYKES) programme within the Finnish Technology and Innovation Agency (TEKES) has funded nearly 1,200 development projects in virtually all sectors of the economy. Over 3,000 private and public workplaces have participated in the projects involving some 2,000,000 employees. TYKES and its recent successor LIDERII (Business, Productivity and Joy at Work Programme)³ are grounded in close co-operation between government, labour market organisations, universities and other research and development institutes.

From 2008 the promotion of workplace innovation has been increasingly integrated within a “broad-based innovation policy” bringing together all aspects of product, service and process development within a single institutional framework. Innovations increasingly emerge from interaction between multiple actors, are occurring in ever shorter cycles, and are increasingly based on the ‘open innovation’ model. Innovation-based activity is increasingly integrated with normal work processes by employees at all levels, and should be linked to comprehensive organisational learning. Finnish policymakers, employers and trade unions argue strongly from experience that countries with experience of stimulating these types of convergence through proactive intervention will have a competitive edge over others.

Convincing evidence from TYKES shows that quality of working life and organisational performance can converge. Evaluation of 312 TYKES projects found that improvements in quality of working life and performance correlated well with each other (Ramstad, 2009⁴). Most organisations that improved quality of working life improved performance simultaneously.

Key characteristics and findings from the TYKES programme can be found in the following table:

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LEARNING FROM TYKES

- **Productivity and Quality of Working Life (QWL):** A mutually supportive relationship exists between high productivity and a high QWL at workplace level; both can be enhanced with similar development methods.

- **System-level approach:** Innovation at enterprise level is focused at the system level comprising interdependent work, organisational and HRM systems rather than individual practices.

- **Local learning processes:** Workplace innovations usually call for a great deal of local re-invention. Promoting sustainable productivity growth requires local learning rather than the transfer of ready-made ‘good/best practices’ from one workplace context to another.

- **Labour-management co-operation:** Co-operation between management and employees is important in order to utilise a broad range of expertise in the planning and implementation of new solutions, and to create shared understanding and acceptance of the outcomes.

- **Research-supported development:** Interplay between research and development in projects lays more favourable conditions for innovative workplace-level solutions and the creation of new generalised knowledge than research or development alone.

- **Closer university-business links:** The most favourable conditions for workplace innovations derive from close interaction and cooperation between researchers and practitioners.

- **Inclusiveness:** For the maintenance of the Finnish welfare state, it is important to foster innovative development in all sectors of the economy and in all kinds of workplaces.

**SOURCE:** Tuomo Alasoini (TEKES, Finland)

In Norway, business support and regional development programmes had previously followed the traditional pattern where individual companies receive subsidised forms of consultancy, advice and training. Such forms of business support often rely on the delivery of standardised products or services to companies and often generate inadequate evidence of sustained performance improvement or wider economic impact. From the 1990s programmes such as *Employment Development 2000* (ED2000), *Value Creation 2010* (VC2010) and its successors have adopted a very different approach in which networking based on shared learning and innovation between enterprises was emphasised. Typically “development facilitators” are employed both to instigate network relationships between enterprises and other organisations with no previous history of contact, and to create opportunities for shared learning and experience. For example a network established in the Sunnhordland region sought to provide SMEs with reflective opportunities to work together in identifying opportunities for process innovation through knowledge sharing and peer review. Elsewhere a cluster of electronics companies was established to share workforce skills and provide continuity of employment within the network for staff affected by downturns in their own company. While a great deal of trial and error was involved, the emerging picture during the early years of this century is one in which networks involving enterprises, social partners and research institutions have been established in several Norwegian regions, each with a focus on different aspects of workplace innovation. To varying degrees these networks have grown and developed autonomously, in some cases becoming significant regional development actors in their own right.
Our aim here is not to suggest that other European countries with very different histories and cultures copy the Nordic approach or that of any other country. At the same time these experiences demonstrate that the workplace is potentially susceptible to interventions by broad coalitions of agencies which lead to tangible economic and social benefits.

**Stimulating better workplaces throughout Europe**

Not every European country can be expected to launch initiatives on the scale that we have seen in Finland, Norway and elsewhere. In summary, the challenge is to develop a low-cost system to instigate, support and sustain the scaling up of workplace innovation across Europe. Exhortation and evidence alone have proven to be insufficient because they fail to help enterprises along the often difficult, obstacle-strewn path to workplace innovation. A greater emphasis on workplace innovation in management education and training would help to prepare the ground but, referring back to the typology described on page 2, a serious intent to reduce the long tail identified in recent surveys needs to be supported by “Direct” measures.

One example of such a measure can be found in the *Innovative Workplaces* programme piloted by Acas and UK WON ([www.acas.org.uk/index.aspx?articleid=3683](http://www.acas.org.uk/index.aspx?articleid=3683)):

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**Innovative Workplaces: a pilot approach to collaborative innovation**

The Acas / UK WON *Innovative Workplaces* programme piloted with Regional Development Agency funding in the East Midlands offers an innovative model designed to support workplace innovation. Its aim is to improve performance through greater employee involvement, the development of sound HR practices and the redesign of work organisation though each company has considerable discretion in choosing the changes it will pursue. A diverse group of ten public and private organisations was selected in the pilot, through an open call followed by a process of dialogue and the gradual exclusion of those least able to benefit from the programme. Drawing on experience from programmes such as VC2010 in Norway, the design places considerable emphasis on collaborative learning, knowledge sharing and peer review.

There are three main elements to the support which participating organisations receive. Firstly an initial short course delivered by UK WON provides a reflective space in which participants can evaluate practices in their own companies relating to work organisation and employee involvement, and can formulate an action plan for the implementation of change. At the final session of the course the plan is presented to the other project participants for peer review and evaluation. Secondly the participants take part in regular Network meetings led by UK WON which take place over a full day. The morning session is devoted to a thematic discussion of common problems, the afternoon to action-learning sets in which each organisation presents progress, achievements, obstacles and dilemmas for peer review and discussion. Two “Gatekeepers” from each organisation participate in both the inaugural course and the Network meetings: notionally one is a senior manager whose role is to lend authority to the change project and the second has responsibility for its day-to-day implementation. Gatekeepers are challenged to demonstrate the extent and effectiveness of their attempts to involve wider cross-sections of employees and managers in analysis, diagnosis, planning and implementation. The third element of support, delivered by Acas Facilitators, offers hands-on workplace support, guidance and signposting to specialist resources.


Although the pilot programme was fully subsidised, an *Innovative Workplaces* approach could be both effective and inexpensive if delivered to enterprises at cost price in each region. Yet it is unlikely to make a large-scale impact unless part of a wider national programme of awareness raising and dissemination of actionable knowledge. Taking local *Innovative Workplace* clusters as the building
block ("Direct Animation"), the structure below integrates large-scale awareness-raising and knowledge dissemination ("Intermediate Animation").

If we are to engage the key stakeholders in active collaboration there is a need to build a shared vision of the good workplace. In Ireland, the Forum on the Workplace of the Future brought together employers, unions, policymakers, professional bodies and researchers to build a common vision of work and its relationship to wider economic and social goals. Ten key dimensions were identified consensually which formed the core of a National Workplace Strategy designed to influence business support, employment relations, trade union practice, education and training (Eurofound, 2005).

**Conclusion**

We have shown that there is an urgent need for new thinking about how public policy can help to shape more productive and healthier workplaces in much of Europe. In many countries there is a need to rethink the interface between government, employers’ organisations, trade unions, researchers and other stakeholders, focusing on proactive measures to achieve convergence between economic and social goals through smarter and more sustainable ways of working.

Public intervention should be redefined in a new and more thoughtful way, one grounded in evidence of what actually works in practice. A key lesson from workplace innovation programmes in Finland, France, Germany and elsewhere is that their value has been recognised by centre left and centre right governments alike. Interventions that work have been de-politicised.

As a starting point, government and other stakeholders in many countries would do well to consider the creation of a Forum on the Workplace of the Future with a strong focus on the contribution of worker participation, work organisation and job design in securing innovative, productive and healthy workplaces. Such a Forum might:

1. Identify shared objectives for the future of work and workplaces in ways that translate into actionable measures for public policymakers, employers, unions and other stakeholders.
2. Improve the quality of employment regulation and link it more securely to the “good practice” agenda by raising the standard of work organisation, people management, inclusion and employee participation, thereby improving the return on human capital in workplaces.
3. Move the centre of gravity of government policy and regulation on employment issues closer to the workplace.

Forums could enlarge and sustain the process of dialogue on the future of work and organisations, harnessing research evidence, building a common language which draws on diverse voices and the rich but separate strands of experience that need to come together if we are to understand how to create workplaces fit for the future.

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Read more . . .


