Workplace innovation

How policymakers can meet the challenges of diffusion

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The gap

Two things are clear.

Firstly there is a vast and growing body of evidence to show that workplace innovation 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. As European businesses struggle to emerge from recession, this evidence would seem to offer an important resource for enhanced competitiveness, increasing productivity and the rate of innovation.

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. Successive surveys demonstrate a substantial gap between research evidence of "what works" and common workplace practice.

EUWIN's task is to promote the dissemination of workplace innovation throughout Europe by means of knowledge sharing and dialogue[1]. With limited resources a clear framework for communication was a priority for EUWIN partners. Workplace innovation can be 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. Through *The Fifth Element*[2] concept EUWIN is co-creating a common framework of understanding between researchers, practitioners, policymakers, employers' organisations and trade unions, bringing together research evidence and practical experience through a combination of online collaboration and open dialogue. Its aim is to create a generative resource that will support practitioners in guiding change as well as identifying new policy and research agendas. A summary can be found in the following table:

TABLE 1: *The Fifth Element*

The combination of empowering workplace practices at every level creates a tangible effect in workplaces which is often described in terms of "engagement" and "culture".

The metaphor of *The Fifth Element* is a useful way of capturing this essential quality, describing an alchemic transformation that can only take place when the other four elements combine. See the EUWIN Knowledge Bank at http://uk.ukwon.eu/the-fifth-element-new.

The First Element: Job Design and Work Organisation

Employees can often 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-organised 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.

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[1] http://uk.ukwon.eu/euwin-resources-new
[2] http://uk.ukwon.eu/euwin-knowledge-bank-menu-new

The Second Element: Structures and Systems

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: Learning, Reflection 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 their work demands coupled to discretionary capacity for learning and problem-solving.

The Fourth Element: 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 at the front line of an organisation that do so. Above all, employee voice always requires openness, transparency and two-way communication.

The Alchemy of The Fifth Element

The Fifth Element highlights the importance of the interdependence between the workplace practices described in each of the four Elements. Each bundle of practices described above does not exist in isolation but is influenced, for better or worse, by the extent to which the values and goals that underpin it are supported by those of the others.

Overcoming obstacles: the need for public policy intervention

How can EU, national and regional level policy interventions stimulate, resource and/or require employers to adopt workplace innovation practices that lead to enhanced productivity, innovation and quality of working life?

Successive studies have made clear that the spread of workplace innovation in Europe is limited. This 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 is available – but rather to discover how to resource and support sustainable workplace innovations 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, however, such support has been either occasional or non-existent, though in the light of the literature on 'varieties of capitalism' (Hall and Soskice, 2001), this observation should not be surprising. It is in line with Godard's (2004) assessment that constraints on the development of workplace innovations are likely to be greater in liberal market economies (LMEs), such as Ireland and the UK, than in the co-ordinated market economies (CMEs) of northern Europe. Adopting what he calls a 'political economy' approach, Godard argues that workplace innovations reflect challenges affecting the LME paradigm in which distrust and commitment problems underpin the employment relationship to a greater extent than in the CME paradigm. This might suggest that programmes designed to advance workplace innovations will be more successful in CMEs than in LMEs, as levels of trust are already higher.

This article analyses the role of workplace innovation programmes across six European countries, four of which – Belgium, Finland, Germany and Norway – may be regarded as CMEs, with France as a hybrid (Kang and Moon, 2012) and Ireland at the time as a 'reforming' LME on account of its national social partnership framework that, before its collapse in 2009, covered pay, taxation, social welfare, education and health (Casey and Gold, 2000). These countries appeared to provide the most auspicious terrain for the growth of workplace innovation given their generally collaborative industrial relations systems, with France and Ireland as outliers. The actors concerned have to generate strategies to formulate new rules and practices, transform existing systems and seek co-operation from other organisations and social groups within a 'variety of capitalism' that generally supports their activities.

Sources

Each of the cases included in the study represented between one and four decades' operational experience. We omitted the well-known Swedish Working Life Programme because it had been abandoned by the centre-right government in 2007. The study also excluded countries like Denmark because their support for workplace innovations comes through *indirect* policy measures, such as programmes designed to promote healthy working or competitiveness, rather than workplace innovation *per se*, though we do recognise the relevance of these wider frameworks. A programme launched in 2014 in the Basque country in Spain, designed to promote a 'socially responsible territory',

was not profiled in depth simply because there was little to report. To our knowledge, there are no other operational national or regional-level programmes in Europe.

The EU-funded Work-in-Net project had collected basic data on the structure and organisation of the programmes in each country in 2005 (Zettel, 2005). When we embarked on this research in 2009, our first step was to analyse this information, invite the officials responsible for each programmes 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 greater depth. Interviews typically lasted around three hours and were conducted in English, which presented no problems. The interview schedule was semi-structured to give participants the opportunity to raise issues that we had not anticipated. The result was a UK WON report published in 2009 (Totterdill *et al.*, 2009), which we used as a basis for this current article.

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). 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 because of its significance for workplace innovation in an LME.

The Policy Matrix

We can identify two factors that shape the analysis of workplace innovation policies and regulatory frameworks:

Firstly 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, Cressey, Exton and Terstriep, 2015). We may draw a distinction between the following types:

- **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 labour law. 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 (see page 1). Indirect Regulation shapes the wider contextual practices 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[3].

- **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. Programmes were developed in Western Europe after 1945 that sought to integrate separate policy strands under centralised corporate control in order to reach wider goals influenced by multiple interdependent factors. There was a much greater focus on outcomes, and specifically on quantifiable targets against which progress could be measured. Often the design and management of these programmes could be characterised as technocratic but recent decades have seen the gradual emergence of new modes of policy production and implementation based on open dialogue, especially in the Nordic countries (Totterdill, Cressey, Exton and Terstriep, 2015).

  In terms of workplace innovation we can distinguish between **Direct Animation** (measures designed to influence change in specific workplaces such as subsidised consultancy or tax credits), **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). The distinction between Direct and Meso-level Animation is based on the balance of objectives between dissemination and the production of actionable knowledge, but this may be difficult to draw in practice.

Secondly the four workplace innovation elements defined on page 2 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 would lead to a climate of openness and two-way dialogue within an organisation. Softer forms of intervention based on evidence-sharing, exchanges of experience and dialogue are more likely to stimulate this type of change in management culture and practice.

1. **Work organisation** essentially reflects discretionary choices by managers though it 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, 2015) 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, reflection and shared learning. Policy intervention is therefore likely to focus on animation, both through direct support 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 and systems** relate 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. **Distributed learning, reflection and innovation** create 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 at the organisational level. There are signs that this is now recognised at EU level[4].

4. **Workplace partnership, employee voice and leadership.** 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."[5] From a workplace innovation perspective the challenge is to move beyond 'consultation' about 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 matrix provides examples of policies and regulatory frameworks as they relate to these four elements. Three findings stand out: no country has a complete portfolio of measures in place to stimulate, resource and sustain workplace innovation, though those listed here go far beyond the European norm; secondly the Direct Animation measures typically embrace each of the four elements of workplace innovation, recognising their interdependence; thirdly the social partners (employers' organisations and trade unions) play a key role in developing and informing these interventions.

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[4] http://ec.europa.eu/growth/industry/innovation/policy/workplace/index_en.htm
[5] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:c10817

THE POLICY MATRIX

	Direct Regulation	Indirect Regulation	Direct Animation	Meso-level Animation	Indirect Animation
Workplace partnership		**Denmark:** legally binding collective agreements between trade unions and the employers' federation include the establishment of workplace Co-operation Councils which in some cases stimulate and inform workplace innovation.	**Basque Country:** the *Programme to Promote a Socially Responsible Territory* will provide direct funding and expertise to 70 companies, helping them introduce participative working. **Finland:** *Liideri - Business, Productivity and Joy at Work* builds on previous programmes to offer direct financial support and expertise to companies for work organisation development (150 companies supported to date). **France:** ANACT's *FACT* fund provides subsidised consultancy to SMEs involving a comprehensive approach to working conditions focused on work organisation, employee participation and the removal of "drudgery". Projects may be based on individual companies or groups (102 projects funded in 2014).	**Belgium** (Flanders): action research, learning networks, evidence based consultancy and building eco-systems for workplace innovation. Targeted at 200+ companies. **Finland:** *Liideri* establishes thematic networks and learning networks. **Germany** (Federal): *Arbeiten, Lernen, Kompetenzen entwickeln. Innovationsfähigkeit in einer modernen Arbeitswelt,* the latest in a long series of national programmes funding action-oriented research on enhanced innovation capacity, productivity and quality of working life (1500 companies assisted). *Innovationen für die Produktion, Dienstleistung und Arbeit von morgen* provides financial support and expertise to companies for applied research and testing new tools and instruments.	**EU:** EUWIN was established by the European Commission to stimulate awareness of workplace innovation and to share knowledge and experience between enterprises, researchers, social partners and policymakers through conferences, workshops, film, social media and an online Knowledge Bank. **Finland:** *Liideri* raises awareness through publications, a website and conferences. **Germany** (Federal): *Zukunft der Arbeit* creates actionable knowledge and builds capacity for the scaling up of innovation, productivity and quality of working life through publication, internet dissemination and events.
Learning, reflection, innovation					
Structures and systems					
Work organisation	**Denmark:** social partner agreement on the restriction of 'monotonous and repetitive work' was reached without the need for additional health and safety regulation.				

| | | | | Germany (North Rhine–Westphalia): the *Potentialberatung* programme focuses on the widespread dissemination of new forms of work organisation and provides subsidised consultancy for SMEs. Approximately 1,500 companies are supported per year, (22,000 since 2000). These projects may also be linked to the *Demografie AKTIV* programme which advises companies on issues associated with changing demography. | Netherlands: *Smart Industry* is an R&D programme that includes workplace innovation within its remit as well as technology, innovative business models and skills development. Thirty companies have participated to date with an eventual target of 100).

Expeditie Sociale Innovatie/ Duurzame Inzetbaarheid is designed to stimulate and inspire companies to implement workplace innovation practices and to learn from each other through workshops and other learning resources.

Norway: VRI builds on earlier programmes to promote dialogue and action research-based regional development but lacks its predecessors' specific focus on workplace innovation. There is one current project in Rogaland region which focuses on bottom-up initiatives in workplaces to improve performance and quality of working life. | |

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.

- 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, about 20 percent of them covering groups of SMEs. ANACT's Social Innovation Fund (FISO), established in 2013 by the 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: Strand I – enterprise-level projects in the private sector focusing on participative approaches to change; Strand II - initiatives to strengthen the role of social partners in facilitating workplace innovation; and Strand III - a public awareness campaign to disseminate knowledge of workplace innovation.

- 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.

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 six countries insisted that a vigorous dialogue did exist with key actors, such as government representatives and social partners. Indeed, by studying countries that were CMEs, or institutionally sympathetic to workplace innovation, it was possible to ensure that the wider business environments in which programmes operated were broadly conducive to implementing workplace innovations. Any challenges they faced were less likely to stem from the kind of institutional constraints that might be expected in LMEs (such as the nature of labour markets, skills levels and

employer hostility) but rather from other factors, possibly 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.

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 union 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. On the one hand, 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 rely on iconic examples of work organisation in manufacturing between the 1950s and the 1980s 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 mainstream policy?

Programmes may be successful in meeting their own targets but remain relatively unknown amongst actors in wider public policy. In the case of innovation policy, for example, 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 social 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).

Conclusions

The workplace innovation programmes analysed in this article all attempt to improve workplace practices through dissemination of best case examples. However, their attempts are hindered by a number of challenges which are arguably intrinsic to the nature of such programmes. These include the most efficient ways to target resources; integrating social partner input; balancing research, consultancy and broader policy objectives; sectoral focus; and selecting niche or mainstream policy. However, in some cases, programmes have gained success by 'reframing' their strategies to appeal to wider audiences, through greater integration of social partners and improved networking.

In the six countries studied, the modernisation of work organisation as a public policy objective is widely accepted across the mainstream political spectrum. Across Europe as a whole, however, it is not. Governments in many EU member states still regard the organisation of work as a private matter for employers. Likewise, the European Commission's failure to take effective action in the decade after the much-heralded *Partnership for a New Organisation of Work* Green Paper, or in its EU2020 strategy, demonstrates a continuing lack of policy leadership. This is despite evidence of the impact of work organisation on key policy priorities such as productivity, workplace health and employability.

The experiences of Anact and GIB in providing relatively low levels of support to a wide range of companies appear encouraging. Yet these programmes must, in part, be understood in the context of the wider policy and business environment. We would argue that the success of short-term interventions depends on the dense interaction – or 'thick soup' – of knowledge and culture conducive to workplace innovation, generally more prevalent in CMEs than LMEs.

The establishment of enterprise learning networks as a means of both stimulating and sustaining change is increasingly recognised, but their potential is still underexploited by most programmes. This is a key lesson. Indeed, evidence suggests that, when clusters of enterprises work together, this proves cost effective for programme agencies and is likely to deliver sustainable results. Programmes that exist in isolation may not generate enough support to secure their own future. Each programme

discussed here has, in its own way, made an impact on the wider policy and institutional environment, by building trust-based collaborative networks with other agencies and actors, or by integrating with the policy mainstream.

Social partner engagement also underpins the programmes described here. This has several practical advantages for programme management and creates an industrial relations climate conducive to workplace innovation, though questions remain about its quality. Investment in the competence and capacity of social partner organisations to support and engage in workplace innovation initiatives should be an important dimension of public programmes.

It is striking that all the programmes appear to have succeeded in building a robust political consensus within their national or regional context. In France, for example, there is a broad consensus between left and right concerning the value of Anact, embedded in a political culture which recognises the importance of the quality of working life. However, there is no room for complacency. While the Conservative government's abolition of the Work Research Unit in the UK under Thatcher was in line with its deregulatory labour market policies, it was more surprising that the centre-right government in Sweden should have abolished the country's renowned National Institute for Working Life in 2007. There is an important lesson here for policymakers and programme designers concerned with sustainability, namely, that the political dimension within the LME/CME context remains important and should not be taken for granted.

Overall, however, given the proven benefits of workplace innovation, we conclude that a new research agenda is required in this area, one that, first, examines in greater depth the challenges outlined in this article to clarify the options involved in different programme designs, and, second, analyses the barriers and constraints to their wider diffusion and adoption with reference to the *differences between varieties of capitalism*. Only then will organisations across Europe stand a chance of tapping the opportunities for sustained innovation that their employees could generate.

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