



European Policies and Programmes for Workplace Innovation

Client: Korea Workplace Innovation Centre

In March 2000 the European Council's seminal Lisbon Declaration committed the EU to a heroic new vision:

"The Union has today set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion."

A decade later it is clear that the European Union has failed dismally to achieve its goal. Productivity and innovation levels continue to lag far behind those of US and Asian competitors; employment levels showed gains during the decade but these proved to be largely cyclical; older workers continue to leave the workforce prematurely despite Europe's ageing demographic profile and the looming pensions crisis while many younger workers are marginalised in low-skill and insecure jobs; healthy working continues to be an elusive vision for many workers throughout the labour market; organisations are belatedly realising that disengaged or only partially engaged employees represent a substantial business cost. Meanwhile, notwithstanding the shock of worldwide recession, strategic challenges appear to grow stronger by the day: globalisation and the growth of China, climate change, and the continuous emergence of disruptive technologies to name but a few.

Policy responses to this increasingly volatile global environment have, across Europe as a whole, been largely fragmented. Predominant policy interventions both at EU level and in the majority of Member States have focused on the macro-system level, for example by increasing public subsidies for skills enhancement, reforming benefit systems and pensions to encourage greater labour market participation, and tax subsidies for R&D. With a few notable exceptions the workplace has been largely invisible in this debate.

Policymakers tend not to understand workplaces or the organisation of work. Work organisation is regarded as a private matter for employers, at best involving consultation and participation involving employees or trade unions but this is only sporadically reinforced by regulation or active policy. In consequence work organisation has become an underused resource for European public policy. The design of work processes and the extent to which organisational practices facilitate or inhibit employee participation actively influences the ability of organisations to compete, innovate in products and services or address environmental issues. These factors exercise a major influence on the extent to which employees can utilise their skills and develop them further, and therefore on the return which employers and the state realise from their investment in vocational training. Work organisation is also a determinant of employees' quality of working life, shaping the extent to which they gain satisfaction and

personal growth from their working lives; it therefore shapes their level of engagement, their ambition, their retention by the organisation (not least in the case of older workers able to retire or mothers considering whether to return to work after the birth of children), and their mental and physical health. Yet the evidence suggests that only a small proportion of workplaces, public or private, are deploying participative working methods systemically across the whole organisation. Several obstacles to the dissemination of participative approaches have been identified including lack of managerial awareness and understanding, poor access to actionable knowledge, and the tendency to embark on partial change.

Within the 27 EU member states a small number of countries have developed exemplary programmes to support workplace innovation; typically they promote workplace changes that seek simultaneous gains in productivity and quality of working life, and have generated a growing body of evidence that such convergence is achievable. Over four decades these programmes have generated considerable evidence of how targeted intervention can produce tangible gains for business and employees alike, and their outcomes have enhanced collective understanding of 'what works' in terms of effective and sustainable approaches to work organisation. Yet these policy measures remain relatively unknown outside their own countries, and are rarely emulated elsewhere. Such a significant policy lacuna extends to the EU itself which, despite token recognition of the well-documented need to modernise work organisation across Europe, demonstrates little policy leadership amongst member states.

Drawing on widespread evidence from European public policy initiatives and research into workplace innovation, this project addresses that gap. It challenges traditional policy paradigms, building a clear case for intervention to support workplace innovation. Moreover it offers policymakers, social partners, economic development agencies, business support networks and researchers guidance about the most effective means of creating collective solutions to these common problems.