

Workplace innovation and the retention of older workers
A RESOURCE FOR POLICYMAKERS

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Retaining older people in the workforce requires workplace innovation

New thinking is urgently required if Europe is to succeed in addressing the challenge of an ageing workforce. Too many people feel disempowered in the workplace and become disengaged from their work, looking forward to retirement as an escape into a more rewarding life. Retaining older people in the workplace means creating better, healthier and more satisfying jobs.

The concept here is workplace innovation, best understood as the creation of workplaces in which people use and develop their full range of skills, knowledge, experience and creativity. It focuses on job enrichment, empowerment, removing the obstacles that get in the way of doing a good job, creativity, and employee voice.

Workplace innovation is associated with improved health, well-being and engagement for all workers, as well as with higher productivity (Pot, 2011; Ramstad, 2009; Totterdill, 2015a). The Workage project is based on the proposition that healthier, more engaged and more fulfilled employees are likely to be retained in the workforce for longer. As we argue below, the focus must be on all workers across the life cycle, not least because many issues relating to the health and motivation of workers aged over 50 have root causes in earlier working life.

Workage is funded under the EU's *Social Policy Experimentations* budget line within the PROGRESS Programme. This budget line is intended to "improve the quality and effectiveness of social policies and to facilitate their adaptation to new social needs and societal challenges".

Workage aims "to raise policymakers' and employers' awareness by demonstrating that targeted workplace interventions to improve job design and work organisation will facilitate enhanced engagement and retention of older workers. Existing evidence and experience make it clear that public policy and programmes at EU, Member State and regional levels can play a key role in instigating, resourcing and sustaining such interventions."

The Workage team spent some eighteen months actively supporting change in two pilot sites, both complex organisations which were facing the challenge of improving job quality for all employees as well as retaining the skills and experience of those aged 50+. In doing so we successfully tested approaches to intervention that led to sustainable change and improvement, but we also learned much about why workplace innovation often *doesn't* happen despite the overwhelming body of evidence to support it.

In parallel, we engaged stakeholders from several European countries in dialogue and knowledge-sharing focused on the ways in which public policy intervention can stimulate, resource and sustain workplace innovation, and the consequential impact on active ageing at work. Workplace innovation has been an EU policy priority since 2012 and is actively promoted by a small but growing number of European countries.

This document is designed as a resource for policy makers at regional, national and EU levels, drawing on findings from Workage as well as on direct experience from that minority of countries which have long recognised the importance of workplace innovation in achieving social and economic goals.

The ageing workforce, sustainable work and public policy

Europe's shrinking working age population has significant potential to impede economic growth through labour and skill shortages while placing growing pressure on pension and welfare systems. Overall, the working age population (defined in the Europe 2020 strategy as age groups 20–64) will start to shrink from 2014 onwards, with the number of people over the age of 60 increasing by two million annually. Population ageing will affect all EU Member States, but at different periods, magnitude and pace. Combined with Europe's well-documented productivity gap and the growing reluctance of its citizens to accept large numbers of extra-EU migrants, the number of people in work will simply be insufficient to support those who have left it.

The EU is committed to achieving an employment rate of 75% amongst the working age population (20–64) by 2020. To reach this target, the number of employed individuals must increase by close to 18 million. Since average EU employment rates of the prime age population already exceed the Europe 2020 target (according to Eurostat, in 2011, employment rates among individuals aged 25–49 years stood at 78%), improving the employment rate of workers aged 50–64 is of particular importance because the EU average for this group stands at around 47% (Eurofound, 2013).

The concept of active ageing, adopted by the World Health Organisation in the late 1990s, recognises that if people are to work longer, they will need to be in good physical and mental health and may need to access working arrangements appropriate to their abilities. This in turn leads to the concept of 'sustainable work' and calls for the development of healthier working environments, lifelong learning and working time flexibility, not only for older workers, but for all workers across the life cycle because many issues facing workers aged 50+ have root causes in earlier working life.

According to Eurofound, "Sustainable work involves two main elements: first, ensuring that people in employment are able and willing to continue to work, and second, that throughout life, the situation and circumstances of workers are taken into account to enable them to enter, return, or stay part of working life" (Vermeulen, 2016).

The findings of the sixth European Working Conditions Survey (EWCS) help to map the situation of workers in Europe: more than one in four say they do not think they will be able to do their job or a similar one until 60, while one in five would like to continue to work as long as possible. This varies between countries: in Germany, Portugal, Denmark, and Finland more than four in five workers say that their work is sustainable, but fewer than three in five feel the same in France and Slovenia. Work and working conditions play a positive role in keeping and building up health and well-being, skills and capacities (Eurofound, 2016; Vermeulen, 2016).

Working life can have an impact on health (whether immediate or delayed), as well as skills, motivation, and overall employability. A preventative and proactive approach towards healthier and longer working lives is therefore vital. Yet while several countries recognised the importance of flexible working arrangements, training, health promotion and other core HRM practices targeted at older workers, Eurofound (2013) was unable to find much evidence that policymakers recognised important aspects of intrinsic job quality, such as work organisation and employee voice, as factors in the retention of older workers.

Workage, with its focus on workplace innovation, was designed to help address this gap.

The Workage pilot sites

Both pilot organisations were situated within the public sector. The selection of two public bodies as the Workage pilots was not as a matter of deliberate choice but reflected a series of contingent factors including their immediate willingness to take part.

Geographically situated between Manchester and Birmingham at the northern edge of the West Midlands, **Stoke-on-Trent City Council** is representative of larger local authorities in the UK and its 5100 employees represent a diverse range of manual, office-based and professional staff. Almost one-third of employees are aged over 50 and the Council was particularly concerned about the continuing and potential loss of skills and knowledge resulting from early retirement. According to the Council:

“An older employee (particularly one who lives locally) will be able to remember events that have shaped the organisation and people who have been involved. Our residents sometimes feel more comfortable explaining their problems to an older (and as they see wiser) member of staff - who will often be better at empathising with their issues. This can also lead to the perception that we are a more 'caring' organisation.”

Prior to the start of the project, the City Council had completed a major restructuring during which substantial numbers of staff were lost through voluntary redundancy. Government austerity measures meant the inevitability of major funding cuts up to 2019 and beyond, with the probability of further large-scale job losses. Fiscal uncertainty and employment insecurity was a recurrent theme throughout the life of the project, with a tangible impact on staff morale and attitudes.

The Council's Place Directorate was selected as the site for Workage interventions, offering 1200+ staff under a single Director. The range of occupations and functions within the Directorate is vast, embracing refuse collection, parks and grounds maintenance, traffic wardens and penalty processing, economic development, sports and leisure, town planning, landscape design, estates and engineering.

The **Southern Health and Social Care Trust** provides Health and Social Care Services to the Council Areas of Armagh, Banbridge, Craigavon, Dungannon and South Tyrone and Newry and Mourne in Northern Ireland. Within the Trust, WORKAGE addressed a target group of particular importance in terms of active ageing and retention. The retirement of older Midwives leads to a potentially dangerous loss of experience, knowledge and expertise. This is particularly important because of the increasing incidence of obesity, diabetes in pregnancy, women with underlying medical problems, mental health problems, increasing number of multiple births due to infertility treatment and the impact of child protection and social issues. Experience can make all the difference in securing safe and effective patient outcomes and experience. Moreover older midwives play a key role as mentors to newly qualified graduates. National research points to the importance of stress, emotional demands, musculo-skeletal injury and reductions in intrinsic job quality as causes of early retirement.

In Southern there were 299 midwives in January 2013, 59% of whom were 45+ years of age. Those between 56 and 65 accounted for 26% with the inherent risk of imminent retirement. This risk is particularly evident in Delivery Suite where the age profile of the Sisters (ten out of the fourteen Delivery Suite Sisters are aged over 55) means that their retirement would leave a major skills gap.

The maternity service comprises units in two hospitals some 25 miles apart: Craigavon Area Hospital and Daisy Hill Hospital near Newry, together with an itinerant team of midwives which operates in the wider community. Different cultures are evident in the two hospitals with little interchange between the two sites other than at senior levels. The geographical distance between them was also a factor in shaping the WORKAGE interventions.

The Trust was committed to continually improving the working lives of all staff and to ‘make the Trust as great place to work’. It recognised the need to develop management skills and behaviours, improve team communication and team development, and increase the involvement of staff in decisions that affect their working lives. WORKAGE was in line with the existing policy framework and was recognised as a means of helping the Trust deliver its commitment to improving intrinsic job quality.

Evidence into practice: informing the Workage pilots

Workage is predicated on nearly seven decades of research demonstrating the positive impact of participative and empowering workplace practices on employee health, well-being and engagement (Pot, forthcoming). The evidence also points to the potential for simultaneous achievement of improved quality of working life and business performance (Ramstad, 2009), an important factor in the engagement of the two Workage pilot organisations. Yet despite the evidence of benefits, successive studies make clear that the spread of these practices (now widely referred to as ‘workplace innovation’) is limited. The EPOC survey in 1997 showed that the number of organisations investing systematically in workplace innovation is at best some fifteen percent across the EU15 European Foundation, 1997) and there is little evidence to suggest substantial improvement since then. According to the European Working Conditions Survey (EWCS), less than 28% of European workers are engaged in “discretionary learning” jobs characterised by relative autonomy and opportunities for collaboration and personal development. The number has actually fallen since 2000 (Lundvall, 2014).

This suggests that the existence of evidence in itself has little impact on shaping workplace practice on a large scale. The nature of the research evidence itself adds a further stumbling block. There are countless articles based on studies in highly specific contexts, presenting workplace decision-makers with a bewilderingly fragmented range of knowledge and experience from which it is hard to draw actionable conclusions. Integrative research, pulling together cross-cutting findings from diverse studies, does not score highly in academic performance appraisal. Buchanan and Dawson (2007) are particularly critical of this fragmentation and its impact on shared understanding: “multiple change narratives compete with each other, either because they are personally self-serving, politically motivated, or informed by only partial knowledge of what actually happened.” They argue for “a multi-story process” which conceptualises organisational change in ways that accommodate competing narratives and synthesise insights, thereby helping to bridge the gap between research and practice.

The creation of EUWIN (the European Workplace Innovation Network) by the European Commission at the end of 2012 provided an opportunity to stimulate a new type of relationship between researchers and practitioners. Led by TNO¹ and Workplace Innovation², EUWIN promotes the dissemination of workplace innovation throughout Europe through knowledge sharing and dialogue³. With limited resources, a clear framework for communication was a priority for EUWIN’s partners. Workplace innovation is 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.

The result is *The Fifth Element* (Totterdill, 2015a), adopted by EUWIN and subsequently by public organisations in the Basque Country, France and Scotland as a framework for raising awareness of workplace innovation and supporting its implementation. *The Fifth Element* is based on an analysis of more than one hundred articles and a similar number of case studies from which four main, cross-

¹ www.tno.nl

² www.goodworkplaces.net

³ <http://uk.ukwon.eu/euwin-resources-new>

cutting themes (or 'Elements') could be detected, each associated with improved performance and/or quality of working life:

Figure 1: The Fifth Element

The First Element: Jobs and Teams

Employees 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-managed 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.

The Second Element: Organisational Structures, Management and Procedures

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: Employee-Driven Improvement 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 work demands coupled to discretionary capacity for learning and problem-solving.

The Fourth Element: Co-Created Leadership and 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 that do so. Above all, employee voice always requires openness, transparency and two-way communication.

Source: Totterdill (2015) <http://uk.ukwon.eu/the-fifth-element-new>

The Fifth Element highlights the interdependence between workplace practices. The four bundles do not exist in isolation but are influenced, for better or worse, by the extent to which the values and goals that underpin them are supported by those of the others. Sustainable convergence between high performance and high quality of working life is explained by cumulative causation in which empowering workplace practices are aligned at each level of the organisation. In short, the Four Elements need to combine. The mutually-reinforcing impact of these practices can create a tangible effect in workplaces which is hard to quantify but is often described in terms of "engagement" and "culture". By implication, the route to achieving employee engagement and an enabling workplace culture is not a direct one but must embrace the specific working practices bundled within each Element. Practitioners must be wary of "culture change" and "employee engagement strategies" that do not address working practices systematically.

Most importantly workplace innovation is an inherently social process, building skills and competence through creative collaboration leading to self-sustaining processes of development fuelled by learning from diverse sources, by creating hybrid models and by experimentation. In defining workplace innovation, it is important to recognise both process and outcomes. The term describes the participatory process of innovation which leads to empowering workplace practices which, in turn, sustain continuing learning, reflection and innovation.

The Workage interventions

The Workage team's support for workplace innovation at Stoke-on-Trent and Southern Trust is described in detail elsewhere (www.workage.eu). Principal characteristics of the interventions were:

- Use of *The Fifth Element* concept as a practical resource for diagnosis, sense making, shared learning and action planning. The bundling of workplace practices in each Element resonated intuitively while making their interdependence explicit. The intervention plan template provided a clear means of mapping and tracking each action within an overall systemic framework.
- The omission of any explicit focus on older people. Interventions sought to establish workplace practices which improved the health, well-being and engagement of all staff, including the establishment of teamwork principles in which the specific needs and competencies of individuals were recognised and supported.
- The appointment of in-house Change Facilitators to work alongside the external team, able to draw on their tacit knowledge of the respective organisations and thereby ensure the relevance and sustainability of the interventions. Change Facilitators selected by means of competitive interview were seconded from their existing jobs in Stoke-on-Trent City Council and Southern Health and Social Care Trust for an 18-month period. Selection was designed to identify evidence of an aptitude for innovation and entrepreneurial behaviour, as well as an understanding of the need for the wider engagement and involvement of staff.
- Baseline data was captured by means of a comprehensive survey instrument designed to measure specific working practices as well as health, well-being and engagement. The survey was repeated at the end of the intervention stage and after a subsequent interval to measure both immediate impact and sustainability. "Group Recall" methods were deployed at the beginning of the intervention stage to provide richer qualitative insights into working practices and cultures, and to engage staff in productive reflection about the potential for change.
- The intervention team facilitated dialogue, productive reflection and collaborative action rather than providing expert prescriptions; at the same time an extensive knowledge of workplace innovation practices, including in-depth familiarity with a wide range of cases, was required to challenge deeply embedded ways of working and to seed fresh thinking and dialogue about how things might be done differently.

Despite several obstacles met along the way, the interventions stimulated significant and sustainable workplace innovation processes in both organisations, reflected in positive outcomes for quality of working life and, in turn, for the engagement and retention of older workers. Much has also been learned about how to make such changes happen.

What are the immediate lessons from these interventions for public policy?

Firstly, that what happens in the workplace really matters. Staff in both organisations told us that disempowerment and the absence of effective teamworking undermine health, well-being, engagement and performance. Many told us that, as a result, they would be unable or unwilling to continue working until retirement age. They also demonstrated a willingness to participate in positive change, drawing on their experience and creativity to make it happen.

Secondly, that many organisations are subject to inertia. Research evidence accumulated over some seven decades is not sufficient to overcome the path dependency which locks companies and public sector bodies into increasingly ineffective structures and work processes. While enlightened leadership or even a burning platform can inspire some organisations to transform the way they work, most appear to lack the insight, knowledge or resources to do so. Even when workplace innovation is supported and resourced, experience from the Workage interventions shows that individual resistance, embedded structures and organisational inertia present powerful stumbling blocks to change.

Thirdly, Workage shows that publicly supported interventions can lead to effective and sustainable change, even in organisations where dysfunctional practices and cultures are deeply embedded. Experience gained from interventions in Stoke and Southern Trust suggest that:

- Organisations selected for support should be chosen carefully, based on prior knowledge, to enable resources to be tailored appropriately. The commitment of senior teams to address difficult problems should be tested robustly at the selection stage.
- Sustainability and effectiveness depend on a systemic approach to change.
- An effective diagnostic process, combining survey and qualitative approaches, plays an essential role in defining the targets for intervention.
- External facilitation can be vital in stimulating dialogue in organisations with little experience of employee involvement and participation, especially in workplace cultures characterised by low trust or fear. Outsiders are also able to ask difficult questions, challenge established practices and address resistance in ways that insiders may find difficult. This complements the important role of internal facilitators in maintaining day-to-day contact and information sharing with employees.
- Securing the commitment of managers and employees to change is a workplace innovation intervention in its own right. It creates the conditions for a sustainable momentum of change owned by key stakeholders.
- Inclusive dialogue, drawing on the tacit knowledge and ideas of employees at every level is a powerful and indispensable driver for the design and implementation of change, especially when combined with the use of generative resources such as case studies to stimulate fresh thinking.
- Change takes time. An 18-month intervention period appeared sufficient when designing the WORKAGE methodology but didn't take into account the complexities found in the two organisations. Flexibility is required.
- Measure intangibles. While quantifiable outcomes offer a potentially rigorous approach to impact measurement, working life cannot be fully captured by such variables alone. Dialogue and reflection provide important complementary insights.

The case for public policy intervention is strong given the evident gap in the spread of workplace innovation practices across Europe. Evidence and experience gained through the Workage interventions deepen understanding of how policy intervention can help to stimulate workplace innovation and to resource it in ways that help overcome inevitable obstacles and constraints.

Addressing the policy gap

This report identifies EU, national and regional level policy interventions that stimulate, resource and/or require employers to adopt workplace innovation practices.

These workplace innovation practices are typically, with some possible exceptions, non-age specific while nonetheless enhancing engagement and retention of older workers. Baseline results from the surveys and group discussions in Southern Trust and Stoke revealed profound concerns about prevailing work practices and cultures that affected the motivation and engagement of all workers, with a potentially strong negative effect on the retirement intentions of those aged 50+.

Evidence from successive surveys that the spread of workplace innovation in Europe is limited 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, as noted above, is available – but rather to discover how to resource and support sustainable workplace innovation 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, such support has been either occasional or non-existent.

We began with an analysis of the role of workplace innovation programmes across six European countries: Belgium, Finland, France, Germany, Ireland and Norway. Each of these core cases represented between one and four decades’ operational experience. Recent initiatives in the Spanish Basque Country (2014) designed to promote an inclusive culture of participation, in The Netherlands (2015) as part of the national ‘Smart Industry’ strategy, and in Scotland (2016) as part of an ‘Inclusive Growth’ strategy, were subsequently added based on our direct knowledge of these programmes. We omitted the well-known Swedish Working Life Programme because it had been abandoned by the centre-right government in 2007. It is our understanding that there are no other operational national or regional-level initiatives in Europe.

Methods

We had no *a priori* assumptions about the nature of ‘good’ policy based on national experience. Our approach, rather, was inductive and interpretive in that we sought to gain insight into participants’ understanding of the nature of workplace innovation; its policy significance; why intervention is necessary; the factors that underpin successful policy design and implementation; the significance of partnerships with unions, employers’ organisations and universities; and, above all, the challenges involved in diffusing the practice of workplace innovation.

In 2005 the EU-funded Work-in-Net project had collected basic data on the structure and organisation of the programmes in each country (Zettel, 2005). When, in 2009, UK WON was asked by the South Korean government to analyse the design and implementation of these programmes in greater depth, the first step was to analyse the Work-in-Net information, invite the officials responsible for each programme 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 more detail. The result was a UK WON report (Totterdill *et al.*, 2009).

In February 2015, in support of the Workage project, we invited the same officials, or their replacements, to update their earlier material by means of a questionnaire (they all did so). Outcomes were published in the *European Journal of Workplace Innovation* (Totterdill *et al.*, 2016). 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.

Finally, participants from the Basque Country, Belgium, Finland, France, Germany, Scotland, the UK national government and the European Commission (DG GROW) took part in a two-day Workage policy workshop held in London on 11th-12th May 2016.

The remainder of this report consolidates findings and builds recommendations for policymakers based on each of these cycles of activity.

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.

- During the last decade the **Provincial Council of Gipuzkoa**, representing one third of the Basque Country, has developed policy measures to support the participation of workers in workplace innovation through the development of new, partnership-based models at company level. Improving job design, skills utilisation and development, and “employee voice” and employee ownership all fall within the remit of this new policy framework. Support for the stimulation and resourcing of workplace innovation is available to a wide range of actors including companies and business associations, trade unions, and regional bodies concerned with innovation, education, economic development and research. Activities eligible for support at company level include the promotion of companies’ intangible assets; developing legal and ethical frameworks for inclusive decision-making; supporting succession planning; promoting worker participation; experimentation with advanced innovation formulas; and the assessment, valorisation and dissemination of “good practices” relating to participation and sustainability.
- 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, some 20 percent covering groups of SMEs. ANACT's Social Innovation Fund (FISO), established in 2013 by 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: (i) enterprise-level projects in the private sector focusing on participative approaches to change; (ii) initiatives to strengthen the role of social partners in facilitating workplace innovation; (iii) a public awareness campaign to disseminate knowledge of workplace innovation.

- In 2015, the Ministry of Economic Affairs in **The Netherlands** launched the national technology-oriented Smart Industry strategy. ‘Smart Industry’ is about changing companies’ attitudes to customer orientation, work organisation and cooperation as well as the intelligent use of new digital technologies. Under pressure from trade unions and researchers, a *Field Lab for Social Innovation* was created as part of the strategy. The government co-funds field labs to develop the skills, work organisation and employee involvement practices required to support technological innovation in companies (Alasoini et al, forthcoming). The Netherlands is also a country in which public health regulation has long supported good job design (Pot et al, 1994).
- 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.
- Scotland has led the way in the UK in terms of how best to improve skills utilisation within workplaces through new forms of work organisation. The “Scottish approach” to workplace innovation is inextricably linked to job quality, and in 2015 the government established the Fair Work Convention with an invited membership of employers, unions and academics. Workplace innovation is seen as a route to delivering fair work, tackling inequality and improving competitiveness. **Scottish Enterprise**, the country’s largest economic development agency, established a dedicated Workplace Innovation Service in 2016 and launched a series of pilot projects enabling companies to diagnose current working practices and implement appropriate workplace innovation measures. These include a programme of Masterclasses to raise awareness of workplace innovation amongst businesses; a leadership team development programme for senior managers; a Deeper Engagement Programme based on action-learning and in-company support for clusters of 12 companies; and a wider engagement programme offering informal support from a team of specialist advisors. Scottish Enterprise aims to support more than 3000 companies through these measures by 2019.

Most workplace innovation policies in these countries do not include specific age-related dimensions, nor do evaluations appear to measure their specific impact on older workers. Nonetheless they are targeted at improvements in workplace practices which, in line with the thesis underpinning Workage, are likely to have a positive impact on the engagement and retention of employees aged 50+. Notably the French *FACT* initiative refers to “maintaining the employment of older workers” as part of its comprehensive approach to the improvement of working life, while the promoters of the Belgian programme suggest that a key impact is “Enhancement of active jobs, leading to work contexts where experienced people enjoy working longer”.

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 the countries insisted that a vigorous dialogue existed with key actors, such as government representatives and social partners. In countries with a strong tradition of social partnership between government, employers, unions and other key actors, the wider policy and business environments in which programmes operated were broadly conducive to implementing workplace innovations. Elsewhere, the nature of labour markets, skills levels and potential employer hostility required solid groundwork – for example the establishment of the multi-stakeholder Fair Work Convention in Scotland - before workplace innovation initiatives could be expected to take root.

Nonetheless each country faced dilemmas and choices 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 (Savage, 2001).

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 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. 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 reflect iconic examples of work organisation in manufacturing 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 swimming in the mainstream?

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

Creating an Eco-System for Workplace Innovation

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 *et al.*, 2015b). We have noted that in countries with strong collaborative traditions between government, employers, unions and other key actors, the implementation of workplace innovation was supported by the wider policy milieu and the business environment as a whole. Even without direct policy interventions, Denmark has traditionally held a top position for workplace innovation in Europe largely due to interplay between two institutional mechanisms: the dynamic and practically-oriented system of vocational training led by both labour market parties which has equipped a large

number of employees with enhanced ability to participate in innovation processes; and secondly the collaborative and decentralised system of industrial relations that has contributed to the creation of labour-management partnerships for change within companies (Alasoini et al, forthcoming).

Our own observations in these countries point to the strong alignments of different actors to the importance and requirements of workplace innovation. From a policy perspective this means that we have to examine the wider policy spectrum, including competitiveness, education, employment relations, health and safety, innovation and public health to test the extent to which they either support or undermine measures to promote workplace innovation.

Targeting policy interventions

Firstly, it is helpful to draw a distinction between the regulation and animation as means of achieving policy goals:

- **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 employment directives. 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. Indirect Regulation shapes the wider contextual practices such as health and employment policy 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 practice⁴.

- **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 (Totterdill et al, 2015b). In terms of workplace innovation we can distinguish between the following: **Direct Animation** (measures designed to influence change in specific workplaces such as subsidised consultancy, tax credits or provision of specialist expertise), **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).

Secondly, different aspects of workplace innovation 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 can lead to the introduction of effective team practices or employee-driven innovation. Softer, animatory forms of intervention based on evidence-sharing, exchanges of experience and dialogue are more likely to stimulate this type of change in workplace culture and practice.

We can analyse this further with help from *The Fifth Element* approach described earlier:

⁴ http://ec.europa.eu/smart-regulation/guidelines/tool_2_en.htm

1. **Job Design and Teamworking** essentially reflect discretionary choices by managers though they 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, 2015a) 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 direct animation 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, Management and Procedures** relates 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. **Employee-Driven Innovation and Improvement** creates 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 by human and organisational factors. There are signs that this is now understood at EU level⁵.
4. **Co-Created Leadership and Employee Voice.** 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."⁶ From a workplace innovation perspective the challenge is to move beyond 'consultation' on 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 framework attempts a comprehensive summary of the possibilities open to policymakers in designing in eco-system to stimulate workplace innovation as a means of promoting, amongst other strategic social and economic goals, the engagement and retention of older workers:

⁵ http://ec.europa.eu/growth/industry/innovation/policy/workplace/index_en.htm

⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:c10817>

Policy Type	<i>The Fifth Element</i> Focus	Policies	Examples	Engagement & Retention Impact
Direct Regulation	Co-Created Leadership & Employee Voice , which may in turn stimulate other workplace innovations. Representative forums can stimulate and enable empowered forms of work organisation.	EU / national information, consultation and representative participation Directives.	EU Information & Consultation Directive. EU Works Council Directive. Legally binding collective agreements between Danish trade unions and the employers' federation including the establishment of workplace Co-operation Councils which often stimulate and inform workplace innovation.	Representative voice for older workers - driving team practices that reflect individual needs and capabilities.
Indirect Regulation	Jobs and Teams	Workplace health and safety regulation actively targets lack of job discretion and short-cycled work as a means of preventing stress and physical strain.	Dutch health and safety regulation is supported by job design tools such as WEBA (Pot, forthcoming).	Capabilities of older people can be enhanced through good job design, also acting as prevention for younger workers. Job crafting and teamwork address individual needs and capabilities.
Direct Animation	All. <i>The Fifth Element</i> emphasises the importance of a systemic perspective, and this should be reflected in the design of programmes.	Direct support for workplace innovation in individual companies through grant funding and the provision of specialist expertise / knowledge.	Finland: <i>Liideri - Business, Productivity and Joy at Work</i> offers direct financial support and expertise to companies for work organisation development. France: ANACT's <i>FACT</i> provides subsidised consultancy to SMEs for a comprehensive approach focused on work organisation, participation & removal of "drudgery".	These programmes are aimed at systemic improvements in quality of working life while also improving business performance (Ramstad, 2009). They can include specific actions for older people & preventative health measures for younger workers.
Meso-Level Animation	All. The emphasis on a systemic perspective, should be reflected in the breadth of support and resources available, and in the provision of bespoke mentoring.	Creating an abundance of resources and opportunities to support companies' journeys towards workplace innovation. This includes action research (creating actionable knowledge), action learning and peer-to-peer knowledge exchange, learning networks, short courses and advisory services.	Germany: a long series of national programmes funding action-oriented research/dissemination. Scotland: <i>Workplace Innovation Engagement Programme</i> supports change in cohorts of 12 companies through action learning and mentoring. Wider support is available through workplace innovation specialists.	Meso-Level Animation offers the potential to resource systemic improvements in quality of working life where companies sustain the momentum of change and are able to draw on diverse sources of support.
Indirect Animation	All. <i>The Fifth Element</i> offers a sense-making approach to understanding the rationale and evidence for workplace innovation and its principle characteristics.	Web resources; diagnostic tools; masterclasses/workshops; awareness raising through business advisory services.	EUWIN: online Knowledge Bank. Fresh Thinking Labs: online and in person information exchange and diagnostic. Scotland: masterclass programme.	Indirect Animation can raise awareness of workplace innovation's potential to support the engagement and retention of older workers, encouraging access to more intensive services.

Conclusions

In the six core countries studied, workplace innovation as a public policy objective is widely accepted across the mainstream political spectrum as a means of achieving economic and social policy goals, increasingly including the retention of older people in the workforce. In the other countries which we have examined, acceptance may be less well embedded but it is steadily becoming established.

Across Europe as a whole, workplace innovation is not accepted as a policy matter. Despite their pivotal importance for economic performance and health, governments in many EU member states still regard workplace practices as a private matter for employers. Even the European Commission has still to formulate a joined-up approach to workplace innovation that embraces enterprise, employment, social policy and research.

For older workers, and for those who will one day be old, this represents a major missed opportunity. A workplace that offers opportunities for discretion and learning in day-to-day work, a supportive team, corporate systems and procedures based on trust and investment in personal development, spaces for reflection and creativity, and open and accessible leadership are likely to engage and retain employees well beyond their earliest opportunities for retirement, as well as contributing to their health and well-being. Yet this is far from the reality for most European workers.

Workage has demonstrated that far-reaching workplace changes are possible with appropriate publicly-funded intervention. The programmes and initiatives described in this report offer an important learning resource for policymakers at regional, national and EU levels which should not be ignored.

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