HIGH-INVOLVEMENT INNOVATION PRACTICES AT FINNISH WORKPLACES

Tuomo Alasoini, Asko Heikkilä, Elise Ramstad
Workplace Development Programme TYKES, Finnish Ministry of Labour, Finland
Pekka Ylöstalo
Finnish Ministry of Labour, Finland

This paper examines the dissemination of high-involvement innovation practices at Finnish workplaces and considers how their adoption can be promoted by means of a publicly-funded R&D programme. The empirical material is based on a survey by the Finnish Workplace Development Programme TYKES. TYKES is a governmental R&D programme for promoting simultaneous improvements in productivity and the quality of working life by granting funding to development projects at Finnish workplaces. The interim results of the survey provide a strong evidence-based argument in favour of the supportive role of the programme.

1 Introduction

This paper has two aims. Firstly, it examines the dissemination of high-involvement innovation practices at Finnish workplaces, i.e. managerial and organizational practices that support continuous improvement and broad employee participation (e.g. Bessant 2003). Secondly, the paper considers how their adoption can be promoted by means of a publicly-funded R&D programme. The empirical material is based on a High-Involvement Innovation Practice survey by the Finnish Workplace Development Programme TYKES. TYKES (2004-2009) is a governmental R&D programme, coordinated by the Ministry of Labour and implemented in cooperation with the social partners, for promoting simultaneous improvements in productivity and the quality of working life by granting funding to development projects at Finnish workplaces (Alasoini et al. 2005). Support from the programme focuses on the work input of the experts (consultants, researchers and researcher-developers) used in the projects. So far, 630 projects have started, covering over 2,000 workplaces of all sizes, both in the private and public sector.

Section 2 describes the approach underlying the survey, and section 3 describes the survey itself. Section 4 is a discussion of the results of the survey so far, and section 5 is a summary.

2 Workplace-level objective of TYKES

The workplace-level objective of TYKES is to help workplaces adopt managerial and organizational practices that will enable them to develop in a way conducive to *qualitatively sustainable productivity growth.* Productivity growth can be considered qualitatively sustainable when it subsumes improvement of the quality of working life. This is manifested in greater opportunities for development and exerting influence at work for personnel, increased wellbeing at work, and strengthened internal cooperation and trust within the work community.

Many studies and earlier development projects have highlighted good practices that have helped introduce qualitatively sustainable productivity growth in different kinds of workplaces. However, successful workplace-specific solutions are typically just that – workplace-specific and hence unique. The results of successful development projects cannot generally be transposed from one workplace to another without modification.

New managerial and organizational practices can collectively be described as social innovations, and it may be assumed that their capacity for being transposed is governed by the same factors as the diffusion of innovations in general. Rogers (1995) mentions the following principal factors: the relative advantage of the innovation; its compatibility, with the potential adopter's current way of doing things and with social norms; the simplicity of the innovation; the ease with which the innovation can be tested by a potential adopter; and the ease with which the innovation can be evaluated after trial.

In the case of new managerial and organizational practices, these contributing factors are usually not present to such an extent that the practices could be mechanically transposed from one context to another. More commonly, solutions implemented in one workplace function as *generative ideas* for the others. What this means is that earlier solutions and models prompt new ideas and serve as inspiration and encouragement for self-motivated development work. Translating generative ideas into functional practices requires local redesign by the adopter

(Alasoini 2006). Successful redesign requires from the adopting workplace a retrospective, collaborative and investigative analysis of its own mode of operation.

Because of this, it was decided not to draw up a list of good practices in TYKES as a blueprint to be applied in development projects. Instead of helping workplaces adopt one-off solutions, the programme approach has been that it is more sensible to define characteristics that can help workplaces undertake continuous development.

Generally, there are three such characteristics. *Firstly,* the workplace must have development competence regarding products and services, production processes, work organization, management, and so on. *Secondly*, the workplace management and personnel must have the capacity and the willingness to commit to genuine cooperation in development. Broad employee participation in development aiming at qualitatively sustainable productivity growth is of the utmost importance. Through such participation, the development competence of the entire organization improves, there is more commitment to the solutions generated, and the scope of the development broadens. Solutions are also better because they take into account those dimensions of the quality of working life that are important for employees. *Thirdly,* the workplace must be able to use external networks competently to support its development measures as necessary.

All these three characteristics are important. One might think that the third of them could compensate for a lack of development competence at the workplace itself, but this is only partly true. Small workplaces in particular cannot, and need not, have competence in all areas of development important to them. What is more relevant is to know where and how such competence can be found when required. The need for improving the workplace's own development competence derives on the one hand from the workplace needing to be able to determine realistically at the strategic management level what kind of development measures it requires in order to attain the goals set; the measures must be governed by a strategy and the goals derived from it instead of blueprints offered by outside experts. On the other hand, such a need also derives from the fact that most workplace development measures are typically conducted alongside everyday work in a gradual and tacit improvement of products and work processes. Without the existence of such development competence and measures based on it, it may be difficult to implement more radical reforms at the workplace when needed.

As operating environments become increasingly complex, fluid and unpredictable, workplace competitiveness is increasingly dependent on the capacity for continuous improvement. This means that the focus in workplace development policies must be not on searching for one-off solutions but on changing the whole workplace mode of operation.

3 The High-Involvement Innovation Practice Survey

The High-Involvement Innovation Practice survey is aimed at a selected group of workplaces participating in TYKES development projects, both at the beginning of the project and at its conclusion. The survey is given separately to representatives of management and of the largest personnel group. The purpose of the survey is to investigate managerial and organizational practices employed at the workplace that are expected (cf. above) to support the capacity of the workplace for continuous development, and the changes achieved in these practices by means of the development projects. The monitoring data is derived from differences between the entry and exit surveys. The survey is principally conducted using an online form, although responses can also be submitted on a paper form. The entry and exit surveys are virtually identical in content.

Workplaces are selected for the survey using the following five criteria: at least 10 employees participate in the project; at least 25% of the workplace personnel participates in the project; the funding received by the workplace from the programme is at least EUR 10,000 (EUR 5,000 in the case of a local government workplace); the duration of the project is at least 10 months; and no more than three workplaces are selected for the survey in each project. The purpose of these criteria is to pinpoint the workplaces that participate in development projects the most intensively, because it is at these workplaces that the greatest changes in the mode of operation can be assumed to take place as a result of a development project.

Monitoring focuses principally on the difference in the overall distribution of responses between the entry and exit surveys. It is intended that the same management and personnel representatives at each workplace respond to both the entry and the exit survey as far as possible. Of course, it cannot be automatically assumed that the difference between the entry and exit surveys constitutes the impact of the TYKES project. Other changes can occur at workplaces for other reasons, and workplaces may be carrying out other development measures in parallel. Thus, respondents are asked in the exit survey what other development projects their workplace has been running at the same time as the TYKES project.

Európska konferencia produktivity EPC 2007
10. národné fórum produktivity

EPC 2007
European
Productivity
Conference

The survey consists of some 20 main questions, many of which are divided into several sub-questions, to a total of more than 80 questions. The data from the survey can be combined with a variety of background data on the workplace through the programme project management system. However, the results of the survey will not be used in the evaluation of *individual* workplaces; instead, the data will only be used in the form of general statistical distributions and as material for analyses.

Changes in the development of the workplaces' mode of operation are monitored in the programme using the following six dimensions, which in turn are divided into subsections. The first is *the role of teams in development*. Monitoring focuses, in particular, on the role of teams in the continuous development of products and services and of their own operations. The second dimension is how the workplace supports *personnel competence development*. This is demonstrated by how extensive and systematic personnel training is. The third dimension is *the role of supervisors in supporting employees*, and the fourth is *the cooperation between management and personnel in development*. The two final dimensions are about how actively and regularly the workplace *uses external information to support development* and *seeks new ideas from outside to improve its operations*.

4 Survey results

The following is a discussion of the results of the surveys so far, covering the six dimensions named above and comparing the entry and exit surveys in projects. The comparison only includes workplaces that have so far responded to both the entry and the exit survey; the number of responses are 129 and 115, representing 71 projects and 77 workplaces. The entire entry survey material consists of 599 responses to date (response rate 81%), and the entire exit survey material consists of 156 responses (response rate 65%).

Each figure below also shows the responses of the entire entry survey material to date in order to show whether the responses of the workplaces discussed here differ from the entry survey material as a whole. The share of responses by management and personnel representatives differ slightly from one another in the various materials, and the potential bias in the distributions has been eliminated by using appropriate weighting coefficients. In practice, this means considering the data as if the management and personnel representatives had returned an equal number of responses.

The material under comparison was compiled from very different workplaces. Slightly over half (51%) were private-sector workplaces, (36%) was in local government, and the rest were from other sectors. The workplaces included in the material under comparison employ a total of 15,000 people, of whom 8,500 have participated in TYKES development projects. Slightly over half of the workplaces have more than 100 employees. Because the material under comparison is relatively limited, it is not feasible to discuss management and personnel responses separately at this point, nor to perform any other breakdowns.

4.1 The role of teams in development

Teamwork is a widespread phenomenon at Finnish workplaces these days: in the entire entry survey material, only 12% of the respondents state that no-one at their workplace works in a team, cell or other group. Whereas in the 1990s the development projects at many workplaces involved the setting up of teams, the focus at TYKES has now shifted to improving the work of existing teams. Indeed, the actions and roles of teams seem to have shifted in the course of the projects. Following completion of a project, teams are more often responsible for the quality of their work and their members perform more often several tasks. Respondents also estimate that teams have more direct connections to other teams and to parties outside the workplace after completion of a project. Teams also improve their own work and products and services more actively than in the early stages of the project. There is not much difference between the entire entry survey material and the material under comparison (Figure 1).

Respondents who consider the statement describes their workplace well (%)
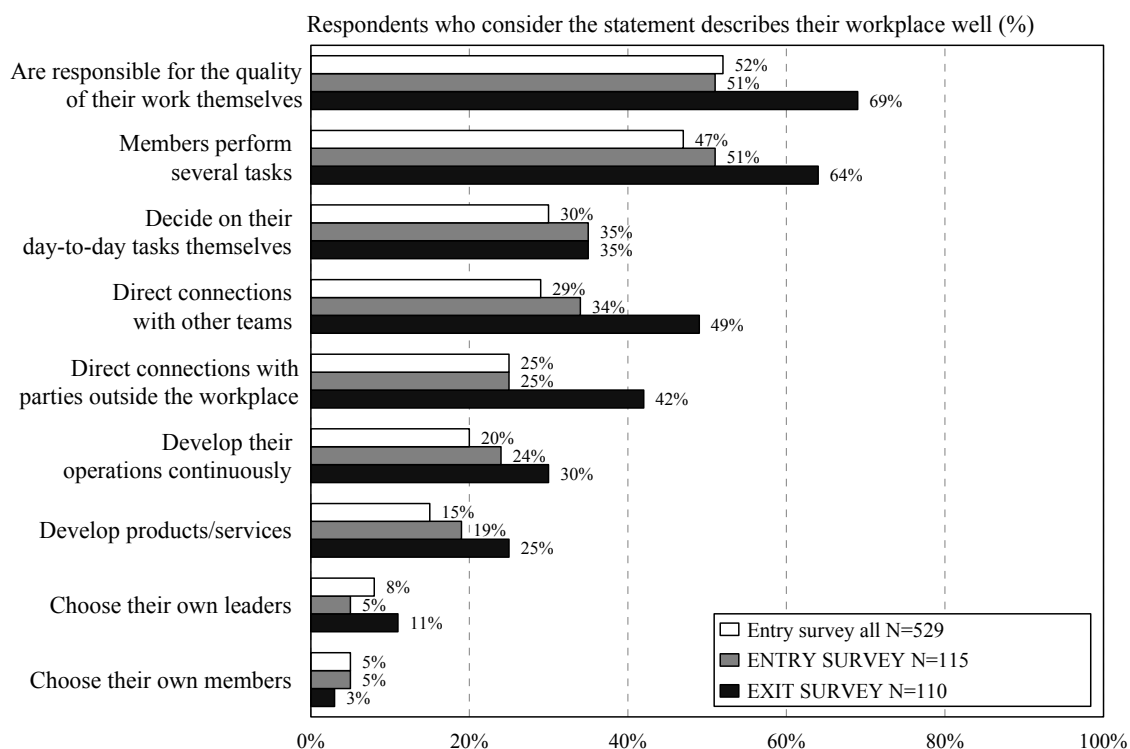
Fig. 1 Characteristics of workplace teams (only includes responses from those workplaces that have teams).

The greatest differences between the entry and exit surveys regarding teamwork can be found in connections and in the control of quality. Direct connections both with other teams at the workplace and with parties outside the workplace (e.g. customers, subcontractors and suppliers) have increased substantially. Somewhat surprisingly, the percentage of respondents who reported that teams themselves decide on their day-to-day tasks has not changed at all. This may have something to do with the fact that as teams are more in contact with other parties, they need to take them more into account in their day-to-day work. Increased networking of the teams may in some cases lead to decrease of team autonomy.

4.2 Personnel competence development

The entry survey indicates that only one in five workplaces have drawn up an individual training and development plan for the majority of their personnel. In the exit survey, this figure has gone up to 31%. It is worth noting that the percentage of workplaces where no employee has such a plan has dropped significantly (43% to 27%). There is scarcely any difference in this respect between the whole of the entry survey material and the material under comparison (Figure 2).

Participation in training paid for by the employer has also increased between the two surveys. The percentage of workplaces where the majority of employees have participated in training has clearly increased. In the entry survey, slightly over half (52%) of workplaces had provided training for the majority of employees within the past year. This figure has gone up to 63% in the exit survey. There is scarcely any difference between the whole of the entry survey material and the material under comparison (Figure 3).
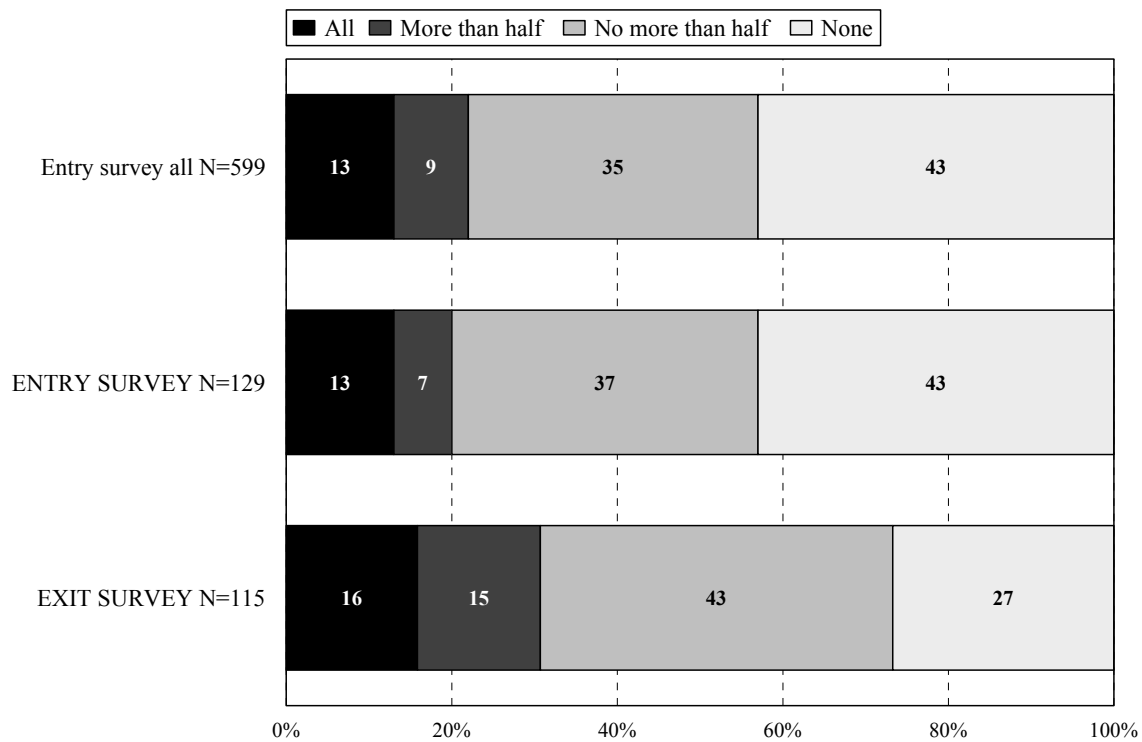
Fig. 2 Individual training and development plans.
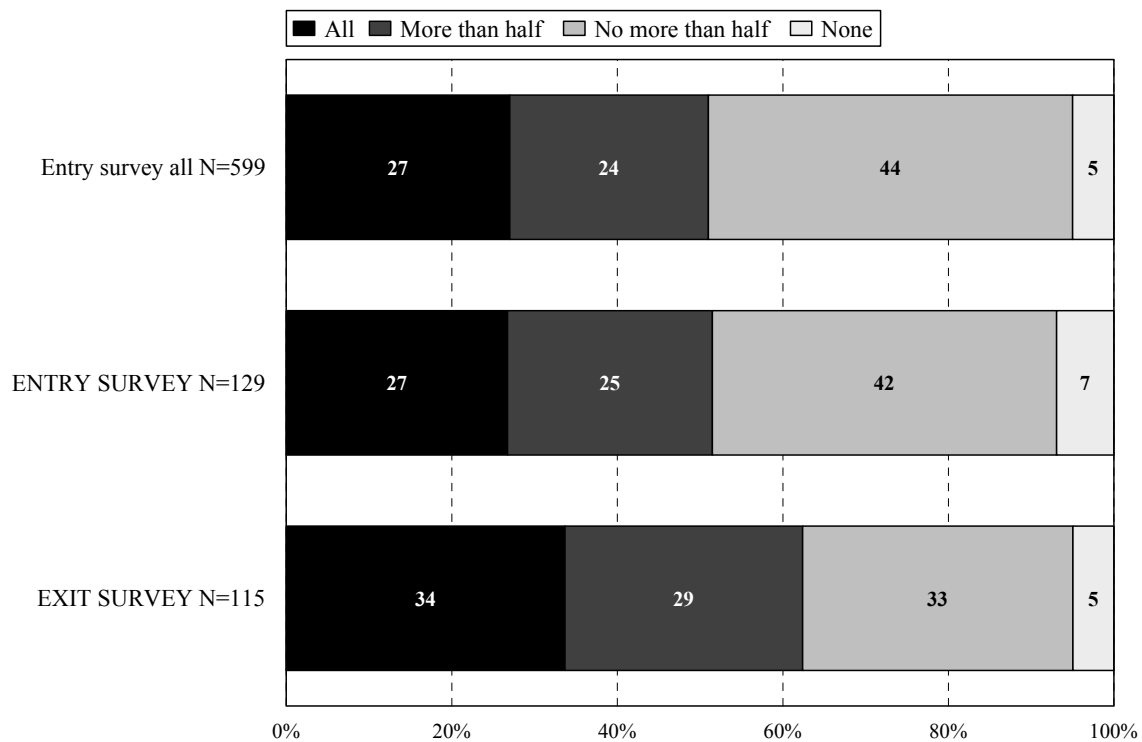
Fig. 3 Participation in training paid for by the employer.

Data on workplace training and personnel development show that the entry survey material included in the comparison (N=115) differs little from the entire entry survey material gathered to date (N=599). By contrast, there is a significant difference between the entry and exit surveys compared here. This change cannot be

directly and solely attributed to TYKES projects, since many workplaces may have been running other similar projects at the same time. For example, in the exit survey only one in ten workplaces reported that they have had no other development projects than the TYKES project in the past three years. Nearly half of the respondents reported that their workplace has been running at least three other development projects during that time or that development takes place on a continuous basis.

4.3 Role of supervisors in supporting employees

The role of supervisors in supporting employees is being monitored through responses to three statements. The responses indicate that TYKES development projects have had a positive impact particularly on how supervisors support and encourage employees in their work and prompt them to learn new things and develop themselves at work. The difference is most apparent in the percentage of those who *completely* agree with the statement. A positive trend can also be found between the entry and exit surveys in how supervisors encourage employees to take initiative and develop new operating practices. Here, too, the entry survey material under comparison does not seem to differ substantially from the whole of the entry survey material (Figure 4).
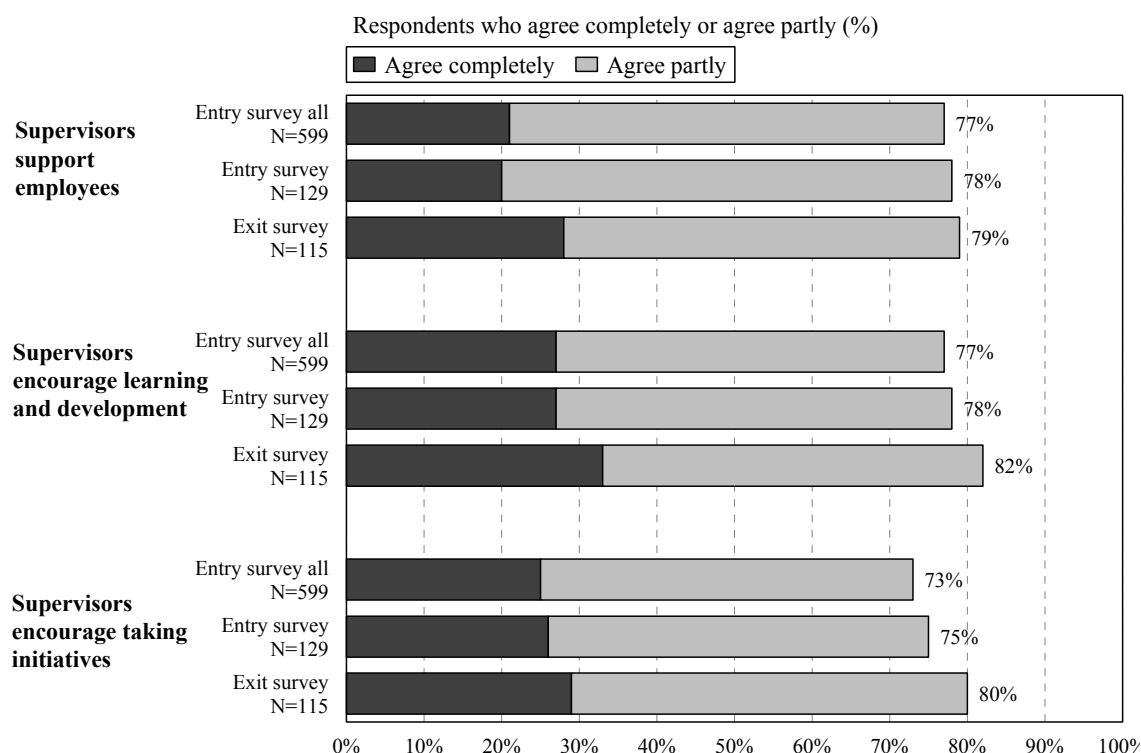

Fig. 4 Role of supervisors in supporting employees.

4.4 Cooperation between management and personnel in development

There are also three statements for monitoring cooperation between management and personnel in development at the workplace. In the exit survey, the situation was estimated to be somewhat better than it was in the entry survey. The least difference is in the constructive approach of management to development proposals submitted by employees (82% vs. 87%). What is worth noting, however, is that more respondents consider that management takes a constructive approach to the development proposals of employees than vice versa. Again, there is only a slight difference between the entire entry survey material and the material under comparison (Figure 5).
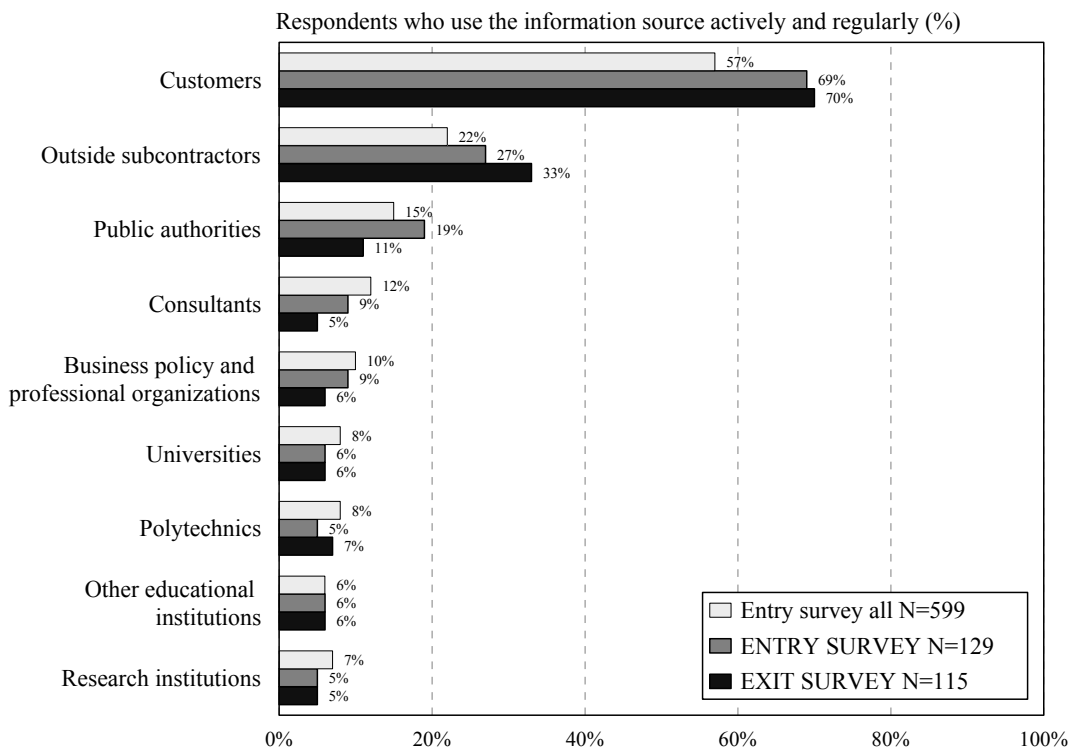
Respondents who agree completely or agree partly (%)
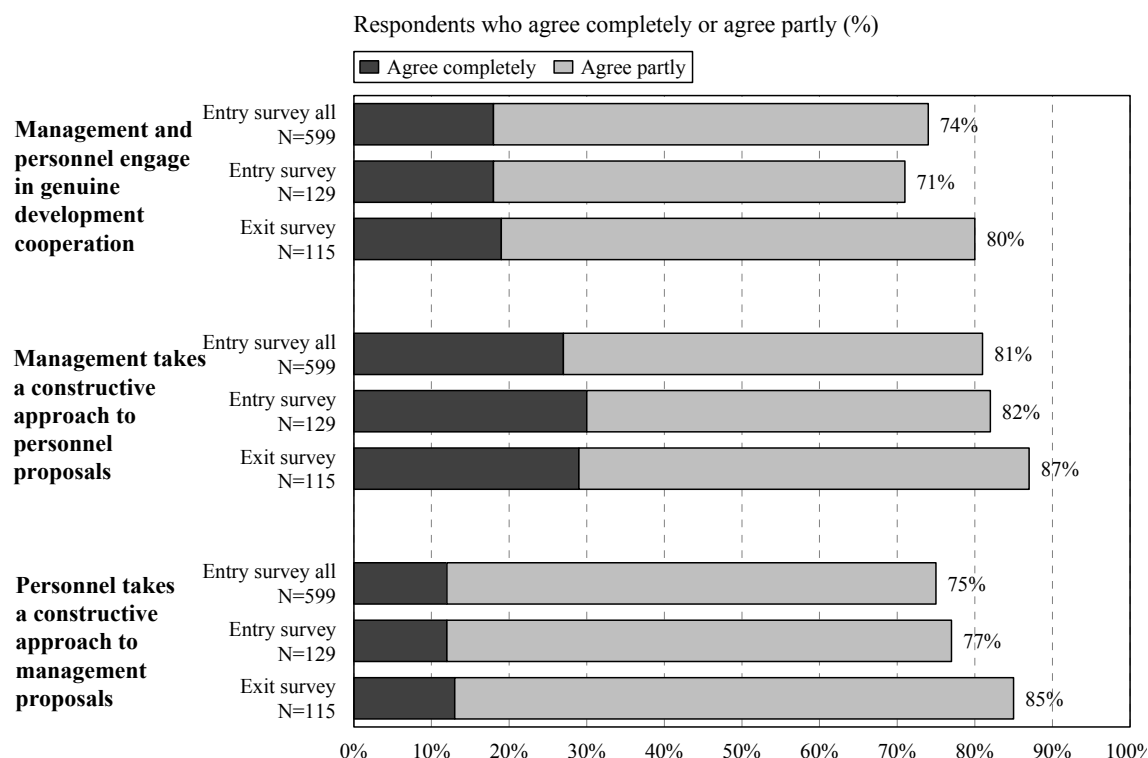
Fig. 5 Development cooperation between management and personnel.

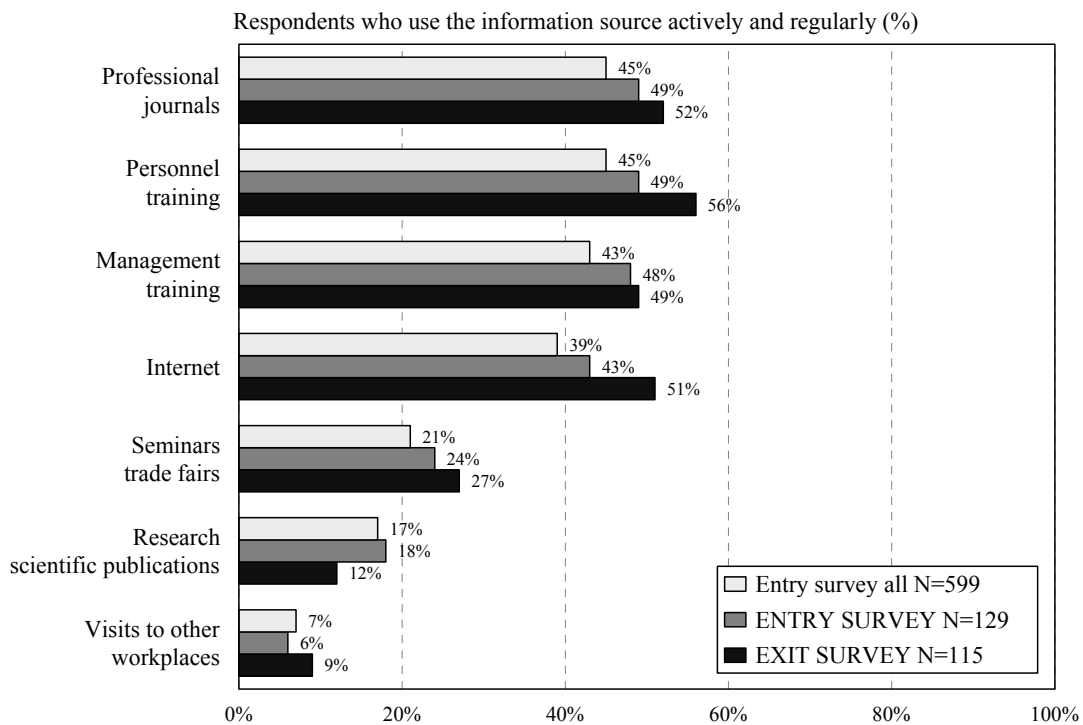## 4.5 Using external information to support development

The survey names nine specific sources of information and asks how actively and regularly workplaces use information from these sources to support development. The only source used by more than half of the respondents actively and regularly in both the entry and exit surveys was customers (exit survey 70%). The next most commonly used source was subcontractors and suppliers (exit survey 33%). This was the only source where a significant positive trend can be seen between the entry and exit surveys. Differences noted for the remaining eight sources were slight and seemed random (Figure 6).

4.6 Seeking new ideas from outside for development

The survey further asks where and how actively and regularly workplaces seek new ideas for developing their operations. Seven options were offered; the ones most frequently and almost equally named in responses were personnel training, professional journals or similar publications, the Internet, and management training. For only two of the seven options named, i.e. personnel training and the Internet, a clear positive change was observed between the entry and exit surveys. In four others, a slight positive change could be observed, whereas in the case of research and scientific publications the change was in another direction (Figure 7).

Európska konferencia produktivity EPC 2007
10. národné fórum produktivity

EPC 2007
European
Productivity
Conference

Respondents who use the information source actively and regularly (%)

Fig. 6 Use of outside information to support development.

Respondents who use the information source actively and regularly (%)

Fig. 7 Seeking new ideas from outside for development.

5 Summary

Caution must be exercised in drawing conclusions from the results of the survey so far, because there is relatively little material for comparison from both entry and exit surveys. However, the entry survey data discussed here does not seem to differ substantially from the whole of the entry survey material gathered so far, which prompts the extrapolation that the comparisons between entry and exit surveys may in fact be universally applicable.

The results so far indicate that development projects have achieved improvement in six dimensions gauging teamwork development, in the extent of and systematic approach to personnel training, and in the way that supervisors support employees in their work. Also, the exit survey shows a clear increase in the percentage of respondents who consider that personnel are well acquainted with the performance targets of their workplace as a whole (from 53% to 75%) and of their own unit (74% to 85%). All these changes can be considered as steps towards an improved high-involvement innovation capability on the part of the workplaces concerned (cf. Bessant 2003). A recent empirical analysis by Antila and Ylöstalo (2006), based on a comparison between the data of Statistics Finland's Quality-of-Work-Life Surveys of 1997 and 2003, shows that this *cannot* be considered as a general trend among Finnish workplaces. Their analysis, in contrast, indicates that both in the private and public sector the share of employees who work at establishments where teams exert a lot of influence in decision-making concerning their own work actually decreased from 1997 to 2003.

There are also slight positive trends in cooperation between management and personnel in development. Changes in how actively and regularly workplaces use outside information to support development are slight and are noticeable only with regard to information obtained from subcontractors and suppliers. The seeking of new ideas outside the workplace seems to have improved somewhat, particularly with regard to personnel training and the Internet. The general spread of the use of the Internet will probably explain more of the last-mentioned change than participation in the TYKES project.

All in all, the interim results of the survey provide a strong evidence-based argument in favour of the supportive role of the programme in disseminating high-involvement innovation practices at participating workplaces. This is most evident in the case of teamwork, personnel competence development and the role of the supervisors. In the use of external networks in support of workplace development, instead, the results so far are more modest.

References

Alasoini, T. (2006) In Search of Generative Results: A New Generation of Programmes to Develop Work Organization. Economic and Industrial Democracy 27:1, 9-37.

Alasoini, T., Ramstad, E. & Rouhiainen, N. (2005) The Finnish Workplace Development Programme as an Expanding Activity: Results, Challenges, Opportunities. Helsinki: Ministry of Labour.

Antila, J. & Ylöstalo, P. (2006) Proactive Mode of Operation in the Public and Private Sector. In: Lehto, A.-M., Sutela, H. & Miettinen, A. (eds) With All Spices: Articles from the Quality-of-Work-Life Survey. Statistics Finland: Helsinki, 95-119. (publication in Finnish)

Bessant, J. (2003) High-Involvement Innovation: Building and Sustaining Competitive Advantage through Continuous Change. Chichester: Wiley.

Rogers, E.M. (1995) Diffusion of Innovations. 4th edition. New York: Free Press.