Social innovation, the new challenge for Europe

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Received October 2007
Accepted March 2008

Abstract

Purpose – This study sets out to describe activities within The Netherlands Centre for Social Innovation, one of the earliest national bodies to promote and develop the concept of social innovation.

Design/methodology/approach – The paper describes the concept of social innovation and then illustrates how the activities of The Netherlands Centre relate to this concept, within the context of Dutch social and political systems.

Findings – It is found that individual and group performance is not directly the result of employee satisfaction or motivation, but of involvement and commitment through workers' representation and work organisation. These measures appear to be much more effective than courses in individual stress management, although there are circumstances in which such courses can help.

Practical implications – The paper describes how one country is attempting to take forward the concept of social innovation. It should be useful to other national development agencies.

Originality/value – The paper helps one to understand how national governments act in relation to emerging work-related welfare and development concepts.

Keywords Social interaction, Innovation, Politics and political science, Job satisfaction, The Netherlands

Paper type Viewpoint

The challenge

Continuous innovation and productivity growth cannot be achieved just by new technologies and by seeking competitive advantage by means of cutting costs. What is needed is the optimal utilisation of the potential workforce.

The latest development in The Netherlands concerning productivity is a "movement" under the banner of "Social Innovation".

Social Innovation in the Dutch definition is a broader concept than organisational innovation. It includes such things as dynamic management, flexible organisation, working smarter, development of skills and competences, networking between organisations. It is seen as complementary to technological innovation. Social Innovation is part of process innovation as well as product innovation and it includes also the modernisation of industrial relations and human resource management.

There are four main reasons for the emerging attention being paid to social innovation:

(1) The need to enhance labour productivity to maintain our level of welfare and social security in the near future with fewer people in the workforce because of the ageing population. Productivity is in some countries no longer a taboo in collective bargaining; the debate is on finding a balance between "working harder", "working more hours" and "working smarter".

(2) The need to develop and utilise the skills and competences of the potential workforce to increase the added value as part of a competitive and knowledge

International Journal of Productivity and Performance Management
Vol. 57 No. 6, 2008
pp. 468-473

1741-0401
DOI 10.1108/17410400810893400

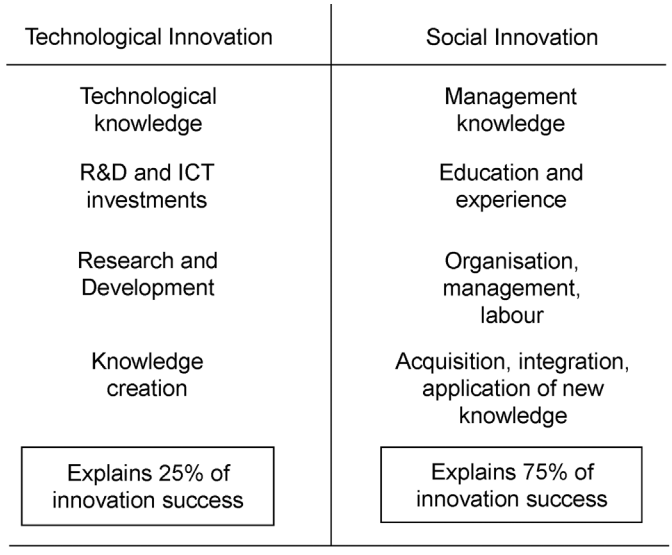
based economy. The EU draws attention to the need to foster high skills and "high quality jobs" which are expected to contribute to the wellbeing of the employees, to high quality products and services and to enhanced productivity and innovation. Or as it is called after the re-launch and refocus of the Lisbon strategy in 2005 – the two principle tasks of the EU are "delivering stronger, lasting growth and more and better jobs".

(3) Companies, public organisations etc. can only fully benefit from technological innovation if technological innovation is embedded in social innovation (making technology work through proper organisation, dynamic management, upskilling, commitment and involvement of employees, etc.). Technological innovation and research are good in The Netherlands and sometimes excellent. However, the utilisation of new knowledge for innovation of products, services and processes, or – to put it another way – the absorptive capacity of organisations is rather weak; this is called the "innovation paradox".

(4) Social innovation itself appears to be more important for innovation successes than technological innovation. Research in industrial sectors from the Erasmus University/Rotterdam School of Management shows that technological innovation explains 25 per cent of innovation success, social innovation explains 75 per cent (Figure 1).

The Netherlands Centre for Social Innovation

The Netherlands Centre for Social Innovation (NCSI) was established in 2006 by a small number of employers' organisations (AWVN; FME-CWM), trades unions (CNV Bedrijvenbond; FNV Bondgenoten), universities (Erasmus University RSM; University



Source: Erasmus University: Competition and Innovation monitor (2006)

Figure 1.
Explanation of success with technological and social innovation

of Amsterdam) and TNO (The Netherlands Organisation for Applied Scientific Research).

These organisations have seats on the Board of the Centre. The chairperson does not belong to one of these organisations. The focus of the centre is action, field experiments, joint development and applied and evaluation research. The Centre's staff consists of an 80 per cent director (Mr Ton de Korte), a management assistant and five 60 per cent programme managers from the founding fathers and mothers.

Companies and public organisations that support the Centre financially (50,000 euros per year) have a seat on the Programme Council; they decide on the activities. So far 12 large organisations have decided to participate (see Appendix). Besides that there is a Knowledge Platform under construction, in which other universities, institutes for higher education and consultancy firms participate for a relatively small amount of money (10,000 euros per year). The aim of this Knowledge Platform is dissemination and sharing of knowledge and experiences.

The activities of the Centre are politically and to some extent financially (1 million euros per year) supported by project subsidies of three ministries (Economic Affairs; Social Affairs and Employment; Education, Culture and Science). The constitution of the centre was also supported by the national Innovation Platform that is chaired by the Prime Minister. However, social innovation in The Netherlands is not a national programme as they exist in for example Finland and Germany, although there are similarities in activities and partners.

An important difference is that in Finland the Ministry of Labour is co-ordinator of the Workplace Development Programme (TYKES); in Germany the Ministry of Education and Research is co-ordinator of the programme "Innovative Development of Work – the Future of Work". In The Netherlands the government is on purpose not represented in the Centre. The political philosophy accepted by all parties is that the social partners can and should be leading. Another difference is that in The Netherlands there is no programme for a specified number of years (like 1996-2009 for TYKES) because subsidies and other financial means have to be acquired every year or every two years. Of course, this loose connection with the government and the limited and temporary financial resources make the centre quite vulnerable in the beginning. As we know from Frieder Naschold's "best practice model" for national workplace development the strategic justification should primarily arise from macro-level industrial policy issues rather than the industrial relations system or the research and development system (Naschold, 1994).

In The Netherlands, I prefer to describe social innovation as a "national movement" rather than a "national programme".

Activities of the Centre

A growing number of organisations are developing their own activities in collaboration with the Centre (training courses, workshops, applied research). Initiatives from the Centre include, for example:

- workshops on conditions for trust-based management;
- learning network for cutting staff in public services;
- search conferences on regional labour markets;
- search conferences on flexible working hours;

- development capacity planning model for health care;
- experiment of network of innovative organisations;
- description of best practices bottom up innovation;
- design of the education institute of the future;
- experiment cross functional teams for innovation;
- experiments working with less legislation and less formal procedures;
- community of self-employed;
- innovation experiments with "employees 2.0" or "millennials";
- workshops on different aspects of social innovation;
- contest for the most innovative office;
- trainee programme; monitoring; and
- web site with good practices etc.

Healthy and productive work

"Working smarter" and "utilisation of skills and competences" implies of course that work is not only productive but safe and healthy as well. We will argue that many of the productivity improvement measures also contribute to health protection and health promotion if redesign for better performance on the one hand and interventions for prevention on the other hand are purposefully combined.

Individual and group performance is not directly the result of employee satisfaction or motivation, but of involvement and commitment through workers' representation and work organisation. Involvement and commitment can be brought about by an organisational design that provides job autonomy, control capacity, possibilities of consulting others, learning opportunities etc. These are exactly the same measures that are recommended to reduce psychological stress risks as a way of "prevention at the source" (Pot *et al.*, 1994). These preventive measures appear to be much more effective than courses in individual stress management, although there are circumstances in which such courses can help.

The same holds for ergonomic design of workplaces. This serves not only as the objective of health protection (better posture; less lifting) and health improvement (better movements) but also that of productivity (easier and faster handling and processing; better lay-out).

Psychological stress counts for 28.7 per cent of absenteeism, musculoskeletal disorders for 32.7 per cent. In The Netherlands 40 per cent of the stress cases and 45 per cent of the MSD cases is estimated to be directly work-related (Koningsveld *et al.*, 2004; accidents were not included because there is no separate registration of work-related and other accidents). If purposefully combined prevention and performance are in many cases two sides of the same coin. There is a growing number of case studies that support this conclusion (Koningsveld, 2005; Ramstad, 2005).

Employees' involvement

Special attention is paid to the conditions for employees and their representatives to be involved and to develop commitment to social innovation. There is a number of dilemmas such as long-term and short-term effects (employment), "getting 1 kilo of

responsibility connected to 100 grammes of co-determination only", different interests (legislation on lay offs).

Three ways of employee participation are distinguished:

(1) co-determination (workers' councils, collective bargaining);

(2) direct participation through design of work organisation (see paragraph "healthy and productive work"); and

(3) self-steering by the so called "employee 2.0", also called "the millennials", who have been brought up with internet and Web 2.0.

A good starting point is that unions and employers' organisations are working together in The Netherlands Centre for Social Innovation, benefiting from the good Dutch tradition of mutual consulting (the so called "polder model"). Workshops on "trust" and how to translate trust in work organisation and work procedures are part of the programme.

New enthusiasm, new concept

Of course The Netherlands has, like other countries, a tradition of workplace development of almost 100 years, starting with "scientific management" via "industrial democracy", "socio-technical design", "quality of working life", "improvement of work and organisation" to "social innovation". Some of the present issues are the same, some are new but the circumstances are different, increasing the urgency for social innovation.

The new movement in The Netherlands is gaining importance slowly but with conviction. Some other countries have already started national programmes (Alasoini *et al.*, 2005). In WORK-IN-NET experiences are being exchanged; the Dutch Centre has applied for membership.

The European Commission pays more attention to the "non-technological" aspects of innovation as they call it. DG Enterprise and Industry (Innovation Policy Unit) commissioned research in this field. In the report the researchers recommend among other things to add indicators for organisational innovation to the European Innovation Scoreboard (Armbruster *et al.*, 2006).

The European Productivity Congresses of 2006 in Espoo and 2007 in Zilina show broad support for a more comprehensive approach of productivity. In the memorandum "Productivity, the high road to wealth" (2005) this has been elaborated by the European Association of National Productivity Centres (EANPC).

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Further reading

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Appendix. Members Programme Council (August 2007)

DSM (industry), Randstad (employment services), Vedior (employment services), KPN (telecommunication), Arbo Unie (occupational health services), Achmea (financial services), SNS Reaal (financial services), NS (national railways), FNV Bondgenoten (trade union), CNV Bedrijvenbond (trade union), Ministry of the Interior/DG Management Public Sector, OMO (education).

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