

Innovating works

...improving work & workplaces

Exploring the evidence:

Opportunities for fair, innovative and transformative work in Scotland

The FITwork Project: Research Briefing no. 1

The Scottish Centre for Employment Research (SCER), University of Strathclyde

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The FITwork Project: Research Briefings 1 and 2 offer evidence and learning from Year 1 of the project: Harnessing Knowledge, Research and Networks to Drive Fair, Innovative and Transformative Work (FITwork) in Scotland.

In this briefing, we outline some of the evidence and thinking that has informed the policy and research agenda around fair, innovative and transformative work, highlighting the scope to generate transformative outcomes for individuals, employers and Scottish society. Building on this, we also present the FITwork Tool as a means of exploring workplace practice.

In Briefing 2, we examine how researchers, policy makers, employers, trade unions, civil society organisations and other stakeholders in Scotland have engaged with debates on fair work and workplace innovation over the last decade, and consider the challenges – and opportunities – of building collaborative activity and networks that can further support and deepen FITwork.

The Fair, innovative and transformative work Project (FITwork)

Researchers at the Scottish Centre for Employment Research (SCER) at the University of Strathclyde Business School have worked closely with Scottish businesses over many years to explore opportunities to support workplace change and improve job quality. Building on this activity, SCER developed and hosts **Innovating Works**, a partnership of researchers at the Universities of Strathclyde and Glasgow, engaged in research and knowledge exchange on workplace innovation. We do much of this work in collaboration with the Scottish Government and public agencies in order to share good practice, reflect on challenges and develop approaches to promote workplace innovation that delivers benefits for individuals, employers and society. Our current 'Fair, Innovative and Transformative Work' (FITwork) project focuses on how workplace innovation and fair work align to help access the reservoir of untapped innovative potential of employees.

From workplace innovation to FITwork

Workplace innovation has been discussed in academic and policy circles for more than 30 years, but has only recently emerged as a distinct theme in international

research and as a priority for policy makers at international, European, UK and Scottish level. In 2014, the European Commission defined workplace innovation as including innovations in the way:

- enterprises are structured;
- human resources are managed;
- internal decision-making and innovation processes are devised;
- relationships with clients or suppliers are organised; and,
- the way the work environment and internal support systems are designed.

This way of reframing innovation places the workplace and employees at the heart of innovation processes and outcomes. It has proved attractive in many countries, including Scotland, perhaps because, on available evidence, previous approaches to promoting innovation have neither reduced the 'productivity gap', nor unlocked the innovative potential of employees.

The Scottish and UK economies perform relatively poorly on labour productivity, and the under-utilisation of employees' skills is a problem reported by both workers and their employers. These challenges also explain why

workplace innovation has taken an increasingly prominent place in policy makers' approaches to promoting inclusive growth in Scotland. Scotland's Economic Strategy, produced by the Scottish Government in 2015, prioritises workplace innovation as an important part of its approach to improving productivity. Scotland's Labour Market Strategy, launched in 2016, similarly highlights the work done by national enterprise agencies (and indeed the FITwork project) in engaging employers on workplace innovation.

"Workplace innovation has the clear potential to benefit businesses, organisations and society, creating a focus on better use of organisational resources in ways that support the delivery of strategic and operational business objectives, improve the quality of work for employees and deliver better social outcomes in terms of health, participation and equality."

Scottish Government: Scotland's Economic Strategy, 2015

A final, yet crucial, part of the broader policy context and research agenda in Scotland is an emerging consensus around the importance of fair work to delivering inclusive growth; that is 'work that provides opportunity, fulfilment, security, respect and effective voice' (Fair Work Convention: Fair Work Framework, 2016). The Fair Work Convention was established by the Scottish Government in 2015 to drive forward an aspirational agenda so that fair work becomes the hallmark of Scotland's workplaces. This debate is distinctly Scottish.

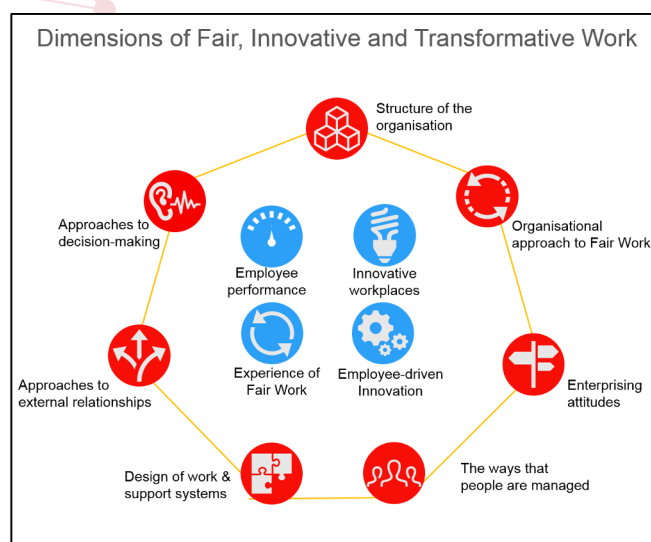
At **Innovating Works**, our approach to FITwork is also distinctive from the broader international debate on workplace innovation. We see high quality jobs and fair work as necessary drivers for workplace innovation. We argue that:

- People's abilities – their knowledge, skills, talents and ideas – are key resources for any organisation.
- People will deliver to the best of their ability in the workplace where they are secure, fulfilled, and respected and where their voice is heard – that is, where they have fair work.
- People can only deliver to the best of their ability where they have scope to do so – that is, where there are opportunities and spaces for them to make a difference.

Workplace innovation and fair work are, therefore, complementary. In addition, aligning workplace innovation and fair work can transform the lives of individuals, the performance of businesses and society. It can address important social challenges in relation to poverty, inequality and diversity and delivering inclusive growth. Given this potential, **Innovating Works**, through our FITwork activities, works with businesses, public and third sector organisations to help design and deliver fair, innovative and transformative work in Scotland.

The FITwork tool – supporting fair, innovative and transformative workplace practice

We have designed a bespoke data gathering tool to help support employers in delivering FITwork. Using our online survey tool, we work with employers and employees to explore business capacity around FITwork through seven different areas of workplace practice that can support four key outcomes for employee experience and business performance. These are described briefly below.



1. How organisations are structured: International evidence suggests that networked organisational structures can support internal communication and facilitate the cross-fertilisation of ideas. Flexibility within and across work roles can also encourage innovation. Importantly, organisational structures that support collaboration and communication can mediate the stress of innovating and increase perceptions of fairness.

2. Approaches to decision-making: The way that decision-making and power are distributed through an organisation can play a role in empowering and engaging the workforce. The evidence indicates that participatory work environments facilitate innovation by increasing employees' awareness, commitment and involvement in change.

3. How work and internal support systems are designed: The way jobs are designed and organised can encourage creativity and problem-solving – or discourage it. There is extensive evidence that jobs associated with high levels of autonomy, task variety and feedback can support and foster innovation.

4. How people are managed: An organisation's capacity to identify, make sense of and exploit knowledge about its environment and the organisation's ability to learn are

important conditions for innovation. Well-designed HR policies which support performance and skills development can be important in supporting the development and exploitation of knowledge, thus contributing to innovation.

5. Organisational support for enterprising attitudes and behaviours: There is evidence that an organisation's routines, the way it learns from past experiences, and how individuals think about taking calculated risks can all be critical for supporting enterprising attitudes among employees. Advancing any innovative idea involves at least some degree of uncertainty, so the extent to which an organisation is willing to take risks or try new things – and support workers in doing so – matters for innovation.

6. Approaches to external relationships: Environment scanning and extra-organisational relationships can contribute to new ideas and ways of working. Evidence suggests that innovative organisations are more likely to involve their employees in the exchange of information within and across their supply chain, sector and broader trading environment.

7. Approaches to fair work: A clear evidence base points to a relationship between job quality and the extent to which employees feel fairly treated, on the one hand, and their levels of engagement and potential to innovate, on the other. Good jobs can bring organisational benefits in terms of individual performance, flexibility and willingness to change and collaborate. More broadly, fair work and good quality jobs are important beyond the workplace for individuals, their households and for society.

The potential benefits for organisation and employees

International evidence suggests that the workplace practices described above can influence employees' experiences and organisational performance. Put simply, workplace practices in each of these areas can support better experiences of work, enhance innovation and deliver better organisational performance.

As a starting point, we begin by thinking about the extent to which the organisation has done something new – or has been innovative. While not all innovations bear fruit, **innovative workplaces** make changes that lead to new processes, products, services or ways of working.

We also reflect on the impact of these practices for **employee performance**. Many individual and organisational factors can shape employee performance. However, there is a consistent theme in the evidence base that there is a relationship between workplace practices and employees' discretionary effort. In well designed jobs and workplaces, where employees perceive that work is fair, they may be more likely to 'go the extra mile' at work and help each other to resolve problems and identify better ways of working.

Organisations and employees can benefit from the practices outlined above insofar as these can support **employee-driven innovation**. A well-established evidence base identifies specific individual and organisational benefits associated with employee-driven innovation, where employees make changes to ways of working, promote new ideas, or drive the development of new products and services. Employees' involvement in innovation can improve both the volume of ideas as well as the diversity of problems that can be solved.

Fair work underpins employees' willingness and motivation to engage at work and in change activities. Workplace innovation provides them with the opportunity to turn that willingness into practical outcomes. Taken together, fair work and workplace innovation provide a foundation for tapping into the full potential of employees.

Workplace innovation and fair work may have been relatively obscure concepts only a few years ago, but they have provided the focus for a growing evidence base on how workplace design and organisational practices shape people's experiences at work and potential to innovate. Our work has engaged employers and others in this debate and offered practical ways of thinking about and implementing FITwork.

Building the FITwork evidence base and FITwork practice

Through **Innovating Works**, we work with Scottish businesses to deliver in-depth mapping of workplace practices and problem-solving exercises with employees and managers. In deploying the FITwork tool, we visualise and analyse relationships between the workplace practices and FITwork outcomes discussed in this briefing. Where appropriate, these survey data also allow us to explore differences in experiences across teams, occupational groups and organisations. We feedback to employers and employees. We work with them to identify new ways of working that make sense for their business.

Moving forward

We are currently working with signatory organisations to the Scottish Business Pledge, companies in the food and drink sector and organisations in the social care sector. This work will help to build on the existing evidence base, test relationships and further explore any relevant differences within organisations and, for example, across sector, industry and firm size or occupational group. An ongoing process of evaluation will help to further refine our approach to supporting employers to reflect on workplace practice and reach for new solutions.

In all of these activities, we continue to collaborate with key partners to maintain the momentum on promoting fair, innovative and transformative work.



Acknowledgements

Innovating Works acknowledges partnership and/or funding support from the Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, the Scottish Funding Council and the STUC.



To get involved with the **Innovating Works...**, email us at sbs-workplaceinnovation@strath.ac.uk or visit us online at <http://www.innovatingworks.org.uk>.