ORGANISATIONAL STRUCTURES & INNOVATION

Scottish Centre for Employment Research (SCER)
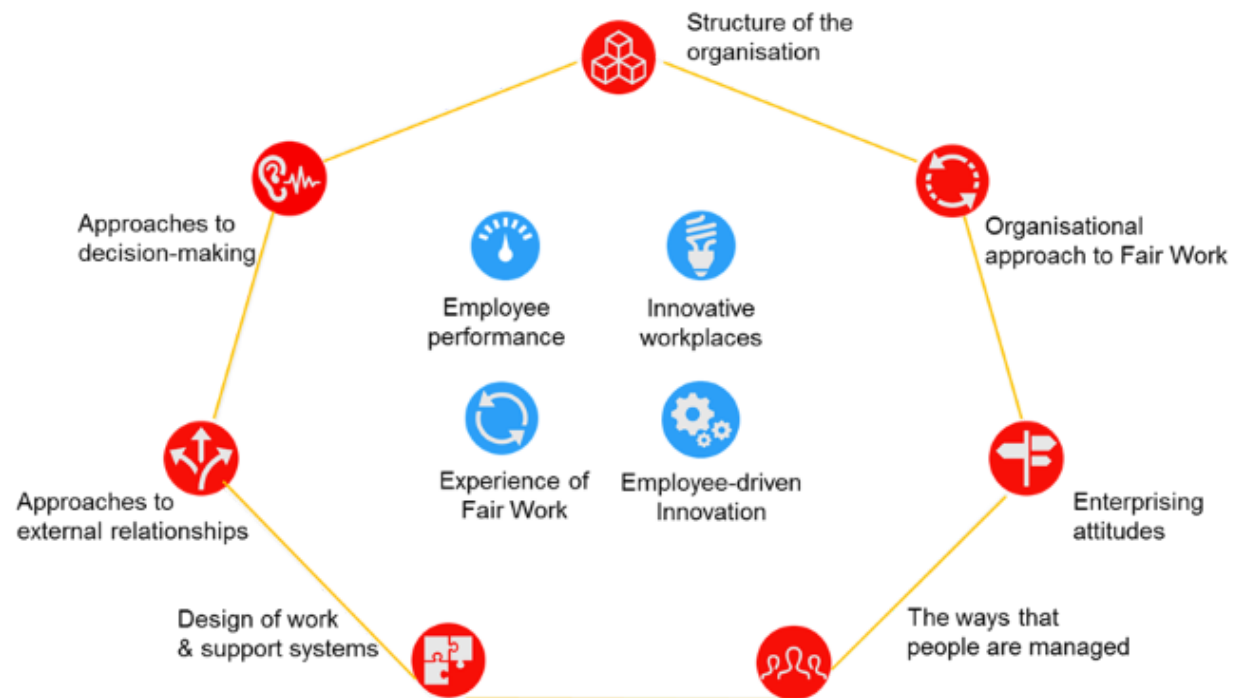
FITwork project
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FITwork

The Fair, Innovative and Transformative work (FITwork) project focuses on workplace practices that enhance workers' ability, provide them with the opportunities to make an effective contribution at work, and that motivate them through the provision of fair work to deliver high performance, innovation and change.

Existing research points to key organisational features and workplace practices that are associated with higher levels of innovation. These features and practices span:
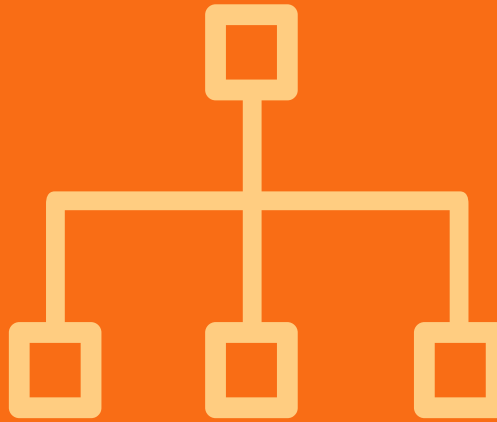
- How organisations are structured
- Approaches to decision-making
- How work and internal support systems are designed
- How people are managed
- Organisational approaches to fair work
- Organisational support for enterprising behaviours
- Approaches to external connections and networks

Structure of the organisation

Organisational approach to Fair Work

Enterprising attitudes

The ways that people are managed

Design of work & support systems

Approaches to external relationships

Approaches to decision-making

Employee performance

Innovative workplaces

Experience of Fair Work

Employee-driven Innovation

Why are Organisational Structures important for innovation?
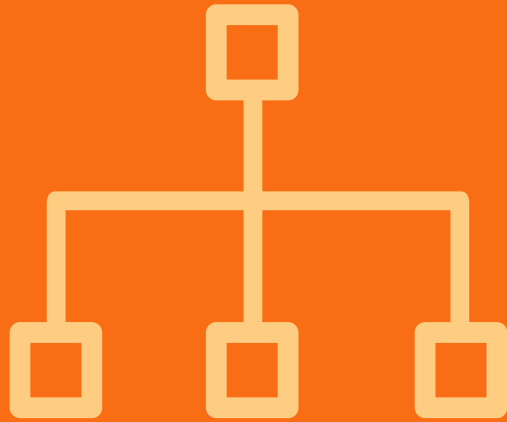
Business innovation - in terms of changes to product and process - is delivered by people. The extent to which a business draws on all of their employees, at all levels, to innovate, can be an important influence on innovation.

The structure and design of a business - how hierarchical the organisation is, where authority lies, how good communications are, how ideas are shared - can support or hinder innovation.
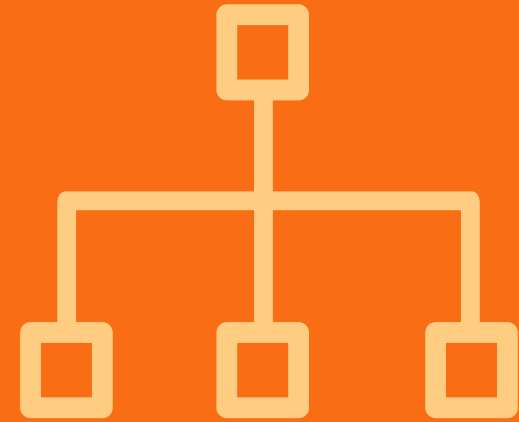
How organisational structures are designed influences how much people know about work processes beyond their own, whether people interact in their work activities, how well people work together, how flexible roles are and opportunities for sharing information and collaborating.

What do we know about the relationship between organisational structures and innovation?

Decentralised organisational structures are often more closely associated with innovative outcome centred structures, because decision-making and action can take place closer to the product, customer or client.

Strongly hierarchical organisational structures can facilitate top down communication but can make two-way communication more difficult and inhibit the flow of innovative ideas. .

The evidence suggests that the way in which an organisation is structured can create the right conditions for innovation.

International evidence suggests that networked organisational structures can better support internal communication, facilitate the cross-fertilisation of ideas and encourage changes to be introduced than can more strictly hierarchical organisations. Collaboration across business functions supports idea generation and implementation. 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.

The strength of communication and collaborative networks can help ideas to be diffused more widely within the organisation.

Examples of practice

The various departments of one infrastructure engineering firm are fairly autonomous but the firm started to form different groups, bringing in experts from different parts of the business together demonstrating evidence of a desire to be much more collaborative in their approach. The organisation ran a workshop to facilitate shared learning and break down the silos to enable understanding of different aspects of the business such as processes and systems so that they learn from each other, improve communication and start to collaborate.

A digital entertainment company regularly undertakes idea sharing and skills development afternoon/evenings in their Gaming Division. Some are social in nature, which involve playing board games or platform games, and can extend into evening socials. Other social activities have involved story-telling nights or drawing classes, which allow staff to develop existing or new skills relevant to doing their work or better understanding how others in the business do their work. More formal idea sharing activities have included, '100 ideas an hour', which is a speed idea generation activity to come up with a large number of possibilities for change. The leadership team's emphasis on creating opportunities for people to share ideas appears to have been effective: employees viewed jobs, workplace practices and organisational structures as supporting collaboration and innovation.

A small social enterprise company is committed to building opportunities for collaboration, with positive findings regarding the structure of the organisation. The company has taken clear actions to support collaboration across teams, by creating spaces and learning opportunities for people in different job roles to contribute to other parts of the organisation. These changes have also created positive learning opportunities as the projects team and the workshop team have become more integrated and the company has facilitated rotation across job roles and teams.

A medium sized food and drinks company operates with an open planned work space so that all departments can see each other. The organisation reported positively about opportunities for managers and employees to interact with each other. This is impacting on employee performance with most employees helping colleagues to solve work-related problems, demonstrating discretionary work effort.