

Empowering your employees to innovate

*Workplace Innovation
Masterclass 2*

*Malmaison Dundee
3 November 2016*



Innovating works...
...improving work & workplaces



Workplace Innovation Masterclass Series

Dr Colin Lindsay
Innovating Works
University of Strathclyde



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@ScotEnt
#workplaceinnovation

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Dr Peter Kesting
Aarhus University



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#workplaceinnovation

Employee-Driven Innovation

Making the best of talent and energy

Scottish Enterprise Masterclasses
Empowering Your Employees to Innovate

3 November 2016

Peter Kesting, Aarhus University, Denmark, petk@mgmt.au.dk

Opening example: Google's 20% time-rule

Google's "20% time-rule" allows employees to take one day a week to work on side projects.

20% Time

Google
AdSense



Google
news

A small, 3D-style illustration of a green newspaper with the word "NEWS" printed on its front cover.

Google
talk

A simple line-art icon of a speech bubble, positioned to the right of the word "talk".The Gmail logo, consisting of a white envelope icon with a red "M" on it, positioned above the word "Gmail" in its multi-colored font.

Recently, however, Google's upper management has clamped down the program by strongly discouraging managers from approving any 20% projects.

- Problems with strategic consistency?
- Are there better ways to support intrinsic motivations?
- Or is Google just getting old?

Employee-Driven Innovation

Making the best of talent and energy

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Agenda

- 1 The basic idea of EDI
 - Reasons for EDI
 - Limitations of EDI
 - Types of EDI
- 2 Empirical evidence
 - National innovation systems
 - Effectiveness of EDI
 - Drivers and effects

The basic idea

What are the innovation drivers?

- Technology ('technology push')
- Users ('demand pull')

But in the end it is always people

- Finding attractive opportunities
- Taking the initiative
- Taking the risk



Example: The development of the laser

In 1917 Albert Einstein laid the foundation for the invention of the laser and its predecessor.



The first working laser was made by Theodore H. Maiman in 1960 at *Hughes Research Laboratories* in Malibu, California.

However, Howard Hughes did not believe in the new technique and supported further development only insufficiently “**A laser is a solution seeking a problem**” (Howard Hughes in 1960).

First significant applications of laser technology:

- Supermarket barcode scanner, introduced in 1974.
- Compact disc player, introduced in 1982
- Laser printers following shortly after

The basic idea

What are the innovation drivers?

- Technology ('technology push')
- Users ('demand pull')



But in the end it is always people

- Finding attractive opportunities
- Taking the initiative
- Taking the risk



Who are these people?

- Ultimately, innovation is a strategic management task
- Support by special functions (R&D, strategy units)
- But what about 'ordinary' employees?

The basic idea

For 'ordinary' employees, to drive innovations largely means participating in those organizational decision-making procedures by which innovations are triggered and determined.

- Decision making procedures – broad view on the process
- Involvement – participation on the conceptualization level
- 'Ordinary' employees – employees who have no formal decision rights

Reason for involvement:

- A better information flow and better decisions
 - ❖ Exclusive market knowledge / network connections
 - ❖ Creative potential
- Higher work satisfaction
 - ❖ Utilization of existing knowledge
 - ❖ Perception to be needed



The basic idea

CONSISTENCY
IS 



Limitations

- Consistency of decision making on the strategic level (leadership is needed)
- Costs and benefits of involvement
- Reluctance of managers to share competences (or get ideas challenged)

The basic idea: Involvement in order to improve performance

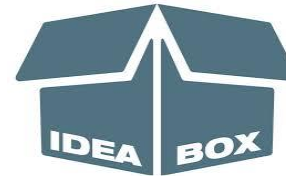
- Making use of untapped resources
- The basic motivation is not to serve employees, but the firm



Types of EDI

Corporate suggestion schemes

- Establishing an information flow



Delegation, consultation

- Giving employees limited decision rights



Autonomy (time and resources)

- Giving employees freedom to develop their own ideas



Workplace learning, training and collaboration

- Development of the employees' knowledge-base



Evidence

National innovation systems

EDI in China?

Drivers and effects – some more evidence

National innovation systems

Lorenz & Lundvall, 2012: This study investigates “how work organization relates to innovation performance and competence building”

A taxonomy of work organizations (data clustering)

- **Discretionary learning (DL)** - refers to work settings where a lot of responsibility is allocated to the employee who is expected to solve problems on his or her own
- **Lean** – also involves problem solving and learning but here the problems are more narrowly defined and the set of possible solutions less wide and diverse
- **Taylorist** – leaves very little autonomy to the employee in making decisions
- **Traditional forms** – there is more autonomy but learning and task complexity is the lowest among the four types of work organization

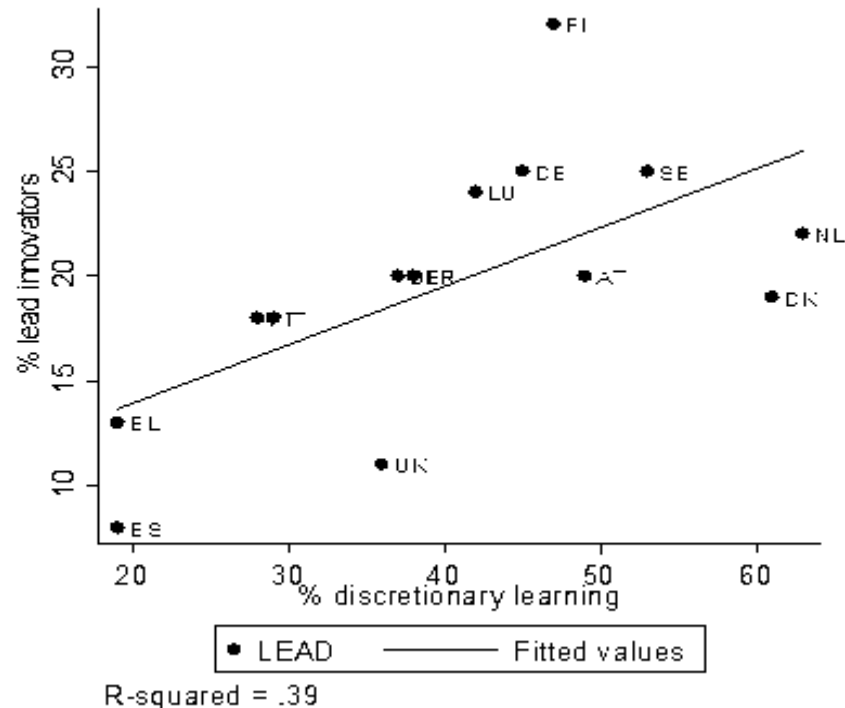


National Differences in Organisational Models

(percent of employees by organisational class)

	Discretionary learning	Lean production learning	Taylorist organisation	Simple organisation
North				
Netherlands	64,0	17,2	5,3	13,5
Denmark	60,0	21,9	6,8	11,3
Sweden	52,6	18,5	7,1	21,7
Finland	47,8	27,6	12,5	12,1
Center				
Austria	47,5	21,5	13,1	18,0
Germany	44,3	19,6	14,3	21,9
Luxemb.	42,8	25,4	11,9	20,0
Belgium	38,9	25,1	13,9	22,1
France	38,0	33,3	11,1	17,7
West				
United Kingdom	34,8	40,6	10,9	13,7
Ireland	24,0	37,8	20,7	17,6
South				
Italy	30,0	23,6	20,9	25,4
Portugal	26,1	28,1	23,0	22,8
Spain	20,1	38,8	18,5	22,5
Greece	18,7	25,6	28,0	27,7
EU-15	39,1	28,2	13,6	19,1

Figure 1: % lead innovators by % discretionary learning



Countries with wide participation in discretionary learning have a bigger share of firms that develop their own innovations and innovations new to the market.

Another finding is that workers that are offered learning opportunities at the workplace are more satisfied with the job than those operating in Taylorist jobs or simple routine jobs.

An optimistic interpretation of this pattern would be to assume that economic development tendentially is a process where an increasing proportion of the population moves out of hard and boring labour into more interesting jobs that require a constant upgrading of skills.

The point here is that the dynamics of the quality of working life, ..., is crucial for the development.

EDI in China?



Kesting, Song, Qin & Krol 2016 - Based on a survey of 620 medium-sized and large companies we are investigating [the effect of employee participation on innovation generation and commercialization in China](#).

In the formulation of our hypotheses we take the [moderating effects of incentives](#) into account.

REVIEW for research on the western world

- There is clear evidence that EDI has a positive effect on [idea generation](#) (Avolio, Waldman, & Yammarino, 1991; Frischer, 1993; Russell & Stone, 2002)
- However, it is generally believed that [implementation](#) rests on top-down approaches (Burningham & West, 1995; Damanpour, 1991)
- For the employee involvement and empowerment model to be effective, it must include a [reward system](#) to motivate people (Cheung, Baum, and Wong 2012)
- Many scholars consider [monetary incentives](#) as negatively influencing innovative behaviour by undermining intrinsic motivation (Deci, Koestner, & Ryan, 1999)

Findings

Table 3. Hypothesis testing.

<i>Hypothesis</i>	<i>Generation</i>	<i>Commercialization</i>	<i>Results</i>
1. EDI	Positive	Negative	Accepted/Accepted
2. Monetary Incentives	Negative	Positive	Accepted/Rejected
3. Interaction: Monetary * Participation	Negative/non- significant	Negative/ non-significant	-/-
4. Non-monetary incentives	Positive	No effect	Accepted/Accepted
5. Interaction: Non-monetary * Participation	Positive	Positive	Accepted/Accepted

The findings in China are more or less the same than in the 'western' world

- EDI also applies to a high power distance, top-down leadership culture
- EDI appears to be quite universal

Both, generation as well as commercialization can be enhanced by (non-monetary) incentives

- The setup is important

Drivers and effects – some more evidence

Management support has been singled out as one of the most significant factors for employee initiatives (Howell and Avolio, 1993; Mumford et al., 2002).

- An employee who comes up with a new idea is questioning the validity of existing practices or products (Amabile et al., 2004)
- Two types of management support:
 - ❖ Authorization of EDI activities
 - ❖ Mentoring of EDI initiatives

But it is not very well researched by now how this works in detail



Drivers and effects – some more evidence

Many studies have shown that **autonomy** is a vital enabler of innovation (Delbecq and Mills, 1985; van de Veen 1986; Amabile, 1988; Woodman et al., 1993; Amabile et al., 1996; De Jong and Kemp, 2003).

- Autonomy is the extent to which employees are given the freedom to make decisions and to carry out tasks without excessive supervision (Abbey and Dickson, 1983; Damanpour, 1991; De Jong and Kemp, 2003).
- Zhou found that employees generated the most creative ideas when they worked in ‘a high task-autonomy work environment’ (Zhou, 1998).
- This is confirmed by Nonaka (1994: 18), who argues that autonomy “may increase the possibility of introducing unexpected opportunities”.



Conclusion

- In the end, all innovations are driven by people – technology and users only motivate them to become active.
- High employee involvement can be associated with high economic development and innovativeness. The underlying logic here is still not well understood.
- EDI also applies to high power distance cultures and seems to be robust towards the cultural context.
- The setup is important. EDI can have a negative influence on innovations in certain settings. The question is not only “if”, but also “how”
- Management support, autonomy and collaboration are important drivers of EDI.

Thank you for your attention



Group discussion & feedback

How can and does your organisation promote employee participation in generating ideas? What are the challenges?

*Facilitated by Jo McQuarrie, Innovating Works
University of Strathclyde*



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Charlie Rohan

Senior Director, User Centred Design
NCR



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Group discussion & feedback

How can we support and incentivise employees to move from idea generation to innovation implementation?

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Refreshments and Comfort break until 14:50



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Bernadette Malone *Chief Executive* *Perth and Kinross Council*



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Creating an Authorising and Improving Organisational Culture

Bernadette Malone



“It’s about making the emotional connection between what an individual does, to the overall result. An emotionally intelligent strategy secures commitment to action by firing people up to believe that the world will be a better place with their contribution”



Cultural Readiness

- The PKC Story
- A new approach
- Reflections



In 2004 we set out to ...

- Develop leadership across the Council
- Drive up standards and quality of services with a greater focus on outcomes and impact
- Modernise our organisation
- Strengthen and develop partnership working
- Manage change effectively
- Invest in our staff and become an employer of choice

**Our story is one of considerable progress
and improvement ...**



Twelve years on ...

- Effective leadership
- Strong collaborative culture
- Forward looking, innovative with a strong customer focus
- High quality services
- Effective partnerships
- High morale and satisfaction levels amongst employees
- Asset based community partnerships
- Confident, clarity of purpose, ambitious and proud of achievements



Common Themes.....

- Sector leading Council
- Effective leadership
- Strong ethos of team and corporate working
- Successful member/officer relationships
- Effective partnership working
- Commitment to change and modernisation
- Services are improving
- Focus on outcomes for citizens and communities
- High levels of satisfaction with services
- Strong commitment to improvement
- Staff are committed, skilled and successful

What we did?

- Developed the **narrative** to enable people to understand the context, the journey and the future
- Emphasis on **relationships and leadership**
- Focused on **priorities**
- **Actions** to deliver priorities with an evolving emphasis on outcomes and impact.
- Investment in **improvement**
- **Engaged** and empowered staff – created space for innovation to flourish
- **Celebrated** success
- Developed range of customer and community **engagement** approaches with an emphasis on localities



What Made the Difference?



Passion and People



Culture

- Is complex
- Is variable
- Drives behaviour
- Culture eats strategy for breakfast...
- It's everywhere!



Ensure our Culture



- Supports innovation and creativity
- Recognises the importance of relationships
- Nurtures an authorising environment
- Is risk positive
- Helps people focus on what *can* be done and not what *can't*
- Places the client/customer at the centre
- Encourages employees to be advocates for the Council and be ambitious in terms of the work they do for their client/customer group



Maximising our Assets

- Invested in the relationship between the organisation and staff
 - *Connecting them to the bigger picture*
 - *Valuing individual input in pursuit of collective goals*
- Gave scope for people to offer their best contribution
 - Creativity and innovation, capacity for change
 - Commitment to the improvement journey
- Supported the emotional wellbeing of our people
 - Truth, encouragement, confidence, courage, resilience
- Developed the cultural conditions for people to flourish



Employee Engagement

- A state of mind – a sense of purpose, being valued, self-belief, confidence
- Employer brand – our story, our value proposition
- Relationships – trust, emotion – how people feel about their work
- ‘Firing people up to believe that the world will be a better place with their contribution’
- Employee engagement – an *outcome* of people’s experience of organisational culture, a choice



Understanding Engagement

- You know it when you see it...
- A state of mind, a choice
- Everybody's business



Return on Investment

- Engaged employees will
 - Be empowered to develop new ways of working
 - Modernise services
 - Work with our communities to secure the best outcomes
 - Choose to be active participants on the change journey
 - Increase the pace of change
- Deliver public service reform
- Deliver a positive legacy for future generations

Connecting, Inspiring, Creating but It is not enough



A New Approach - 2013



Centre for Innovation and Improvement



It's all about People – a Time of Opportunity



- Opportunity: re-invention, renewal, evolution
- Employee Engagement – *the* strategic imperative
 - *A collective focus across public services – cultural change*
 - *Existing approaches a source of strength – basis of past successes*



Concept

- 5500 staff – leading improvement
- Virtual space
- Systemic approach to improvement and innovation
- Growing the cultural conditions to lead and engage people in the process of change, at macro and micro levels
- New thinking and techniques in improvement and innovation



Examples of activity 12 months

- **Learning Lunches** - 244 sessions, 2019 staff
- **Transformation** – 23 learning opportunities, 822 learners
- **Angel's Share** – funding to support projects encouraging innovation – final 6 projects voted on by staff then assessment panel (23,000 online votes)
- **Employer Branding Project** – to support systemic cultural change. Contribution to Ambassador Programme, Induction, Mobile Working, Recruitment, Appraisals etc

Public Sector Challenges



What do these challenges mean for our staff?

Where next?



Philosophy



The philosophy which underpins our approach to managing the organisation is Learn, Innovate and Grow.

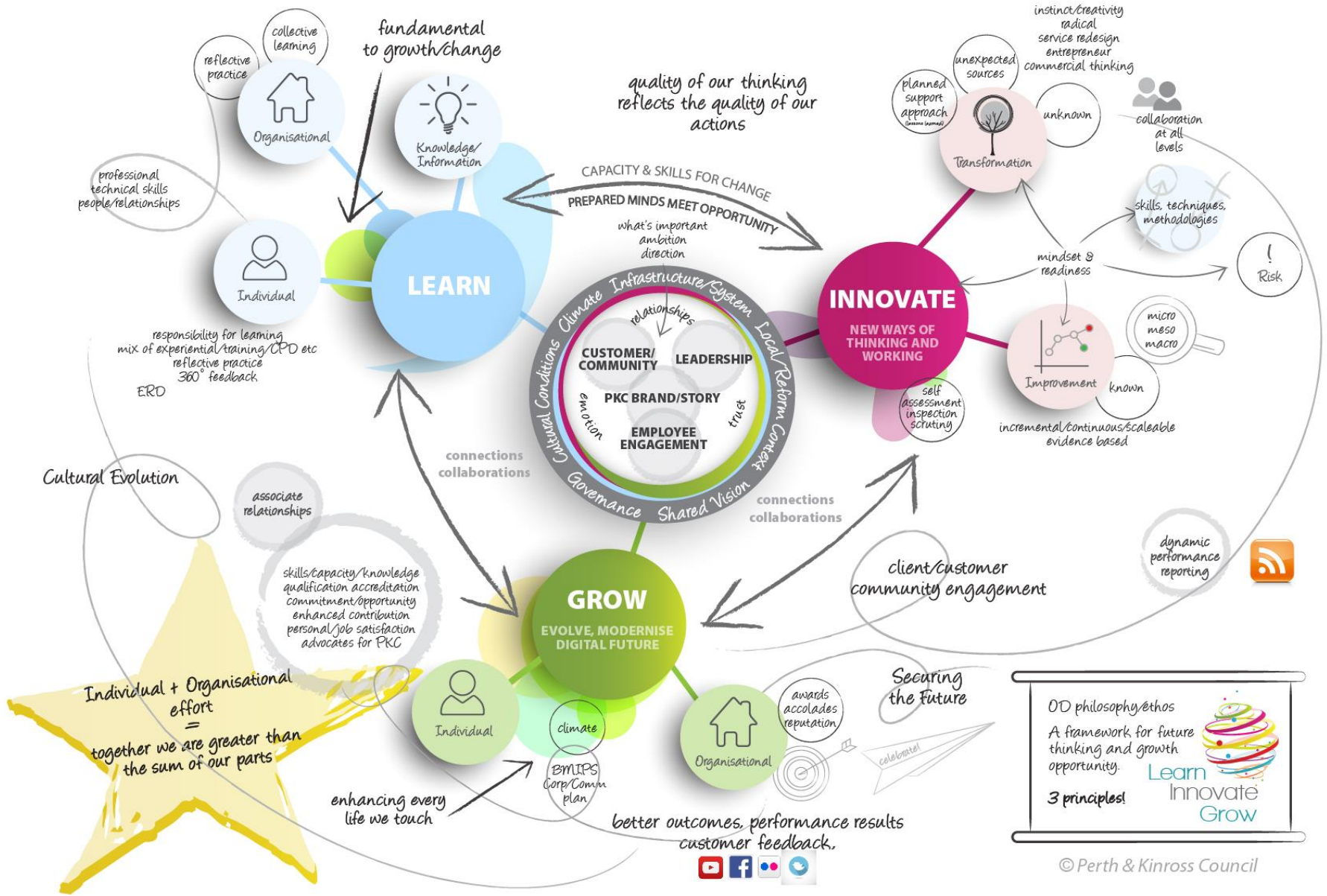
LIG is about our organisational story, purpose and ambitions – to enhance every life we touch



Culturally, it is important that we:

- support innovation and creativity
- recognise the importance of relationships
- nurture an authorising environment
- are risk positive
- help people focus on what 'can' be done, and not what 'can't'
- are advocates for the Council
- place the client/customer at the centre of our work
- enable people to work on whatever offers the most value





Commitment

Ongoing commitment to maintaining a collective focus on the connection between **leadership** (*setting the tone and direction*), **employee engagement** (*ongoing contribution and discretionary effort*) and **organisational culture** (*the way we do things round here*)



Employee Survey Results

- **91.3%** of respondents are clear about what is expected of them at work
- **85.9%** of respondents feel they are treated fairly at work
- **88.4%** of respondents feel the people they work with are committed to doing their best
- **83%** of respondents know how their job contributes to the Council's objectives
- **86.8%** of respondents feel that their team is passionate about delivering excellent customer service
- **87.8%** of respondents feel there is a good fit between their job and their skills and abilities



Innovation in Action

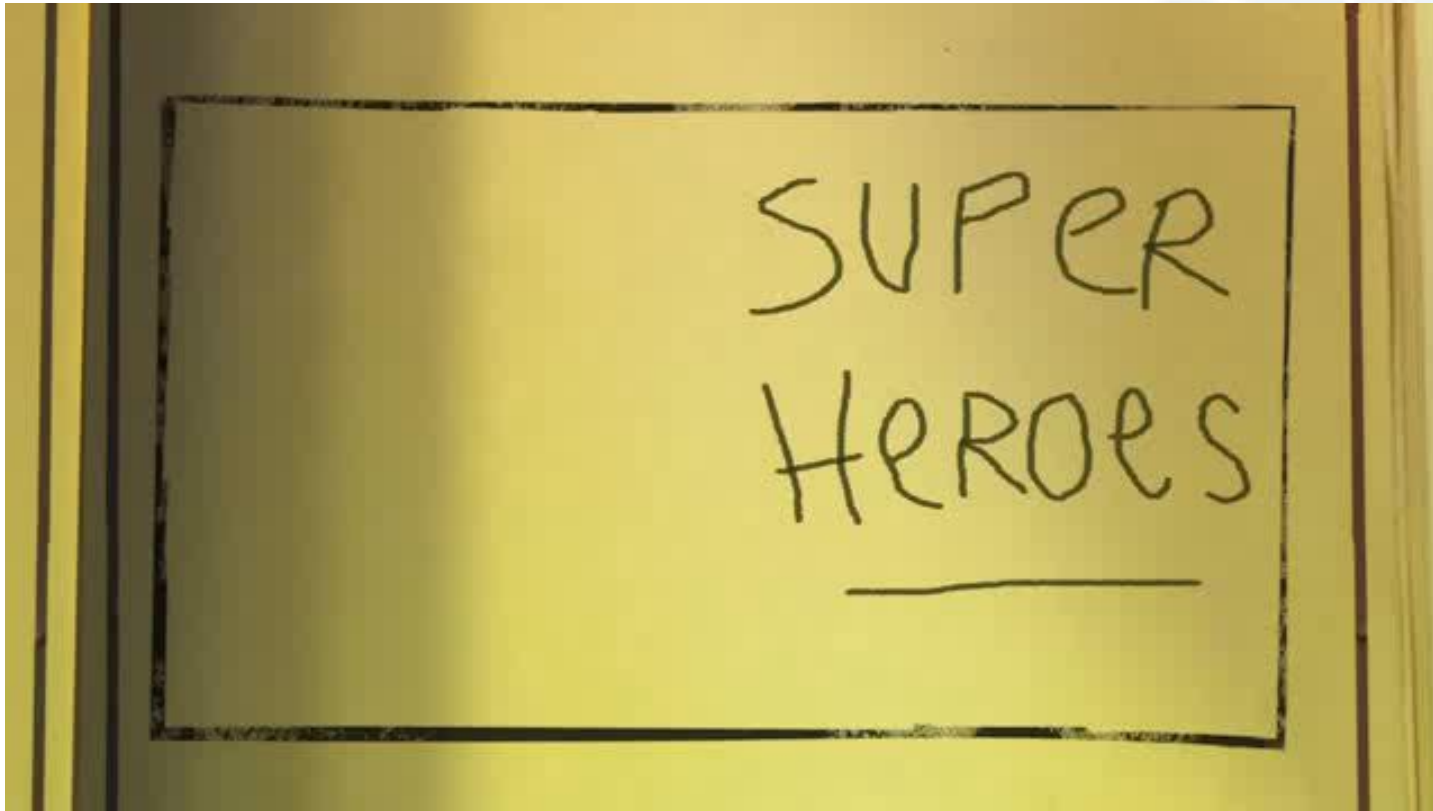
- Tenant Led Scrutiny
- ENGAGE
- Syrian Vulnerable Person Relocation Scheme
- Finance Support Team
- OWLS (One Stop Women's Learning Service)
- ECS Facilities Management Team – Sustainable Development

Cultural Evolution

Our approach:

- Invest
- Promote
- Reinforce





Group discussion & feedback

What barriers limit your leaders' ability to implement employee involvement in innovation?
What achievable actions can be taken?

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University of Strathclyde*



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Reflections and discussion

Prof. Patricia Findlay
Innovating Works
University of Strathclyde



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Questions to the panel and discussion

Prof. Patricia Findlay, *University of Strathclyde*

Dr Peter Kesting, *Aarhus University*

Charlie Rohan, *NCR*

Bernadette Malone, *Perth and Kinross Council*

Chaired by: Dr Colin Lindsay, University of Strathclyde



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Next Steps

Clare Alexander, *Scottish Enterprise*

Dr Colin Lindsay, *University of Strathclyde*



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Continue the discussion!

Join the LinkedIn group:

'Workplace Innovation Masterclasses with Scottish Enterprise'
(www.linkedin.com/groups/8553387)

Resources from today's event will be available from
www.innovatingworks.org.uk



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