3 Promoting skills use and learning organisations

There is evidence that the way work is organised, jobs are designed and employees are managed matter for turning workplaces into learning organisations where employees are encouraged to apply and develop their skills. There are advantages for both employees and employers. Nevertheless, work practices that encourage skills use and promote the development of learning organisations are not widespread. This chapter reviews international experience with promoting high-performance work practices, and suggests how Canada could stimulate good practice in this area.

Introduction

A positive learning environment in the workplace can stimulate participation in training, raise returns on training and encourage deployment of skills. As discussed in Chapter 1, greater skills use leads to higher employee satisfaction and productivity. Adults working in organisations with strong learning cultures are better able to adapt to the changing demand for skills, and their employers in turn benefit from this edge.

Governments generally prefer to leave what happens within a firm – how work is organised, jobs are designed and people are managed – to employers. They tend to focus on supply side policies like education and training policy, rather than attempting to influence the way skills are used and developed internally within the workplace. Yet recognising the influence of positive learning environments within workplaces, several countries have undertaken "workplace innovation" programmes with a view to building the evidence base, raising awareness and funding interventions at the workplace level.

Given Canada's tight labour market, growing skills shortages and modest record on productivity, efforts to promote skills use and learning within workplaces seem of value. Canada could consider introducing a programme to support the use and development of the existing skills supply. While Canada does not yet have a workplace innovation programme, the mandate of the workforce innovation centres and Future Skills could make them ideal bodies to take up the role of promoting good practice in this area in Canada.

This chapter starts by defining a "learning organisation". It introduces the concept of "high performance work practices" (HPWP) and reviews evidence showing their link to higher skills use, informal learning and training participation. It outlines trends in the use of HPWP, and considers obstacles to their wider adoption. The chapter then reviews international models of workplace innovation programmes. It discusses their policy focus, governance, financing and monitoring. A potential strategy for Canada in developing its own workplace innovation programme is laid out.

Defining learning organisations

A learning organisation is one with a capacity to adapt and to compete through learning (OECD, 2010[1]). Much of the literature on learning organisations is concerned with the promotion of human resource management policies that are supportive of learning cultures. This includes opportunities for upskilling, but also performance assessment, skill-based compensation, transparent career paths, supportive management and opportunities for informal learning (Johnston and Hawke, 2002[2]; OECD, 2010[1]). Work organisation and management practices that reward and facilitate the application of new skills complement skill development. They amplify the returns to learning. The Australian Workforce and Productivity Agency outlined a number of work organisation practices linked to the enhanced use of skills (Box 3.1).

The term "high performance work practices" refers to a set of human resources practices that are shown to be associated with greater skills use and informal learning. HPWPs include aspects of work organisation and job design such as teamwork, autonomy, task discretion, mentoring, job rotation, and applying new learning. They also deal with management practices such as employee participation, incentive pay, training practices and flexibility in working hours (OECD, 2016[3]). Other terms are often used synonymously with HPWP, including workplace innovation, innovative workplaces, high-involvement or high-commitment organisations, employee-led innovation and sustainable work systems. Attempts to operationalise a unified working definition (European Commission, 2014[4]) have been hindered by this variety of terminology, making it a difficult territory to map and understand. Nevertheless, a common thread across definitions is an emphasis on employee participation and discretionary effort at all levels of the organisation, and full use and development of employees' skills.

By facilitating better utilisation of employees' skills, HPWPs contribute to higher wages and job satisfaction for employees, and higher productivity and lower employee turnover for firms. Based on evidence from

PIAAC, the regular use of at least one type of HPWP within a firm explains a substantial part of the variation in skills use observed across individuals: from 14% of the variation of use of problem solving skills, to 27% in use of reading skills. This makes HPWPs the largest contributor to variance in skills use (more than firm size, skills proficiency, industry, occupation or country effects) (OECD, 2016[3]). At the country level, use of reading and writing skills is strongly related to labour productivity and inclusive economic growth (OECD, 2016[3]). In the context of technological change, jobs that require workers to make frequent use of information-processing skills – literacy, numeracy, and problem solving in technology-rich environments – are also less likely to be automated (Arntz, Gregory and Zierahn, 2016[5]). By improving the way that workers' skills are used in the workplace, HPWPs therefore help to boost employee engagement and firm productivity, while also helping workers to adapt to technological change.

Employees in workplaces that apply HPWP also engage in more learning and demonstrate higher skills than employees in other workplaces. Numerous studies have found that higher levels of training exist in firms with more intensive use of HPWPs (Osterman, 1995[6]; Lynch and Black, 1998[7]; Fialho, Quintini and Vandeweyer, 2019[8]). OECD research finds that in these workplaces, workers are also 12% more likely to engage in informal learning (Fialho, Quintini and Vandeweyer, 2019[8]). Several studies report higher levels of skills among the workforce in organisations with HPWPs (Cappelli and Rogovsky, 1994[9]; Cappelli, 1996[10]; Ashton and Sung, 2002[11]). Not only do workers in such workplaces develop more technical skills, but they also develop the "soft" skills required to work better with others. These are the valuable skills which enable them to communicate effectively and to make problem solving decisions, either on their own or in collaboration with others (Ashton and Sung, 2002[11]).

Box 3.1. Practices that promote better skills use in workplaces

The Australian Workforce and Productivity Agency (formerly Skills Australia) identified the following work organisation practices that make more effective use of skills:

- **Job redesign**: changing the role or description of a job so that the skills of the employee are put to better use. This can include teamwork and flexibility in job descriptions and work arrangements with colleagues.
- **Employee participation**: involving employees in discussions of business strategy, which aims to more effectively use their knowledge and experience.
- **Autonomy**: giving employees more freedom and autonomy to make decisions about how they perform their job.
- **Job rotation**: facilitating the learning of new skills by shifting employees into different jobs and positions within the company.
- **Skills audit** (training needs assessment): aims to identify the skills that employees currently have and identify which skills are most needed.
- **Multi-skilling**: related to job rotation and involves training employees in multiple skill sets, which enables them to perform other tasks not included in their job description.
- **Knowledge transfer**: initiatives to develop new skills and training that is related to work or working with experienced workers to develop mentorship opportunities for younger staff.

Source: Skills Australia (2012[12]), *Better Use of Skills, Better Outcomes: A Research Report on Skills Utilisation in Australia*, Commonwealth of Australia, Canberra, www.awpa.gov.au/publications/documents/Skills-utilisation-researchreport-15-May-2012.pdf. Adapted from OECD (2017[13]), *Better Use of Skills in the Workplace: Why it Matters for Productivity and Local Jobs.*

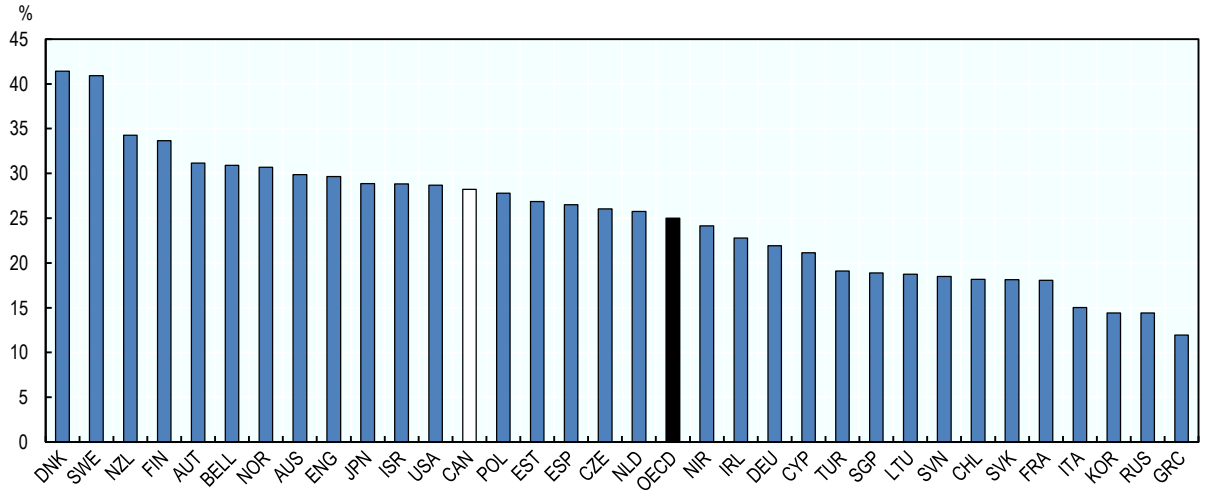
Employees in workplaces with HPWPs also reap greater returns from learning. Fialho, Quintini and Vandeweyer (2019[8]) find that in workplaces with HPWPs, employees enjoy higher returns from formal training, non-formal training, and informal learning. These findings suggest that HPWP may amplify the benefits of learning at work. It could be that workers in HPWP environments receive a different type of training relative to workers in other workplaces. For instance, training may be of higher quality or more closely aligned with employer needs. It could also reflect that workers in HPWP workplaces have more opportunities to translate what they learn from training into immediate use because they have greater flexibility in organising their work. Work organisation practices like job rotation, mentoring, autonomy, task discretion, and teamwork provide opportunities for employees to put newly acquired skills into practice. For instance, coaching or mentoring provides opportunities for a learner to practice a new skill on the job under supervision, which reinforces skill retention and provides the valuable feedback needed for learning. Practices like job rotation (where employees rotate between jobs in the same firm), autonomy, or teamwork provide opportunities to gain experience and new skills by taking on new responsibilities. There is also evidence that training fosters better workplace learning when combined with real development opportunities and a clear career progression roadmap. Martini and Cavanego (2017[14]) find that workers report greater employability gains from career development opportunities like mentoring, job enrichment, job enlargement and job rotation, than from training alone.

High-performance work practices in Canada

In Canada, 28% of firms employ some type of HPWP on a weekly basis (Figure 3.1), which is just ahead of the OECD average (25%), but behind top performers Denmark (41%), Sweden (41%), and New Zealand (34%). The use of HPWP is more common among large firms than in SMEs. Further, high-skilled workers are more likely to be engaged in HPWP than less-skilled workers (OECD, 2019[15]). Certain industries are also more likely to employ HPWPs. Over 35% of firms in information and communications, utilities and professional, scientific and technical services employ HPWP. At the other end of the spectrum, less than 20% of firms in primary industry (agriculture, forestry, fisheries) and transportation and storage do (Figure 3.2). Further, there is variation in the likelihood of employing HPWPs across firms in different provinces and territories. Firms in the central and western provinces of Canada are much more likely to participate in HPWPs on a weekly basis than those in the eastern provinces (Figure 3.3). This likely reflects differences in industry composition across provinces and territories. Box 3.2 shares examples of two Canadian firms employing high-performance work practices.

Figure 3.1. High-performance work practices, Canada and OECD countries, 2012

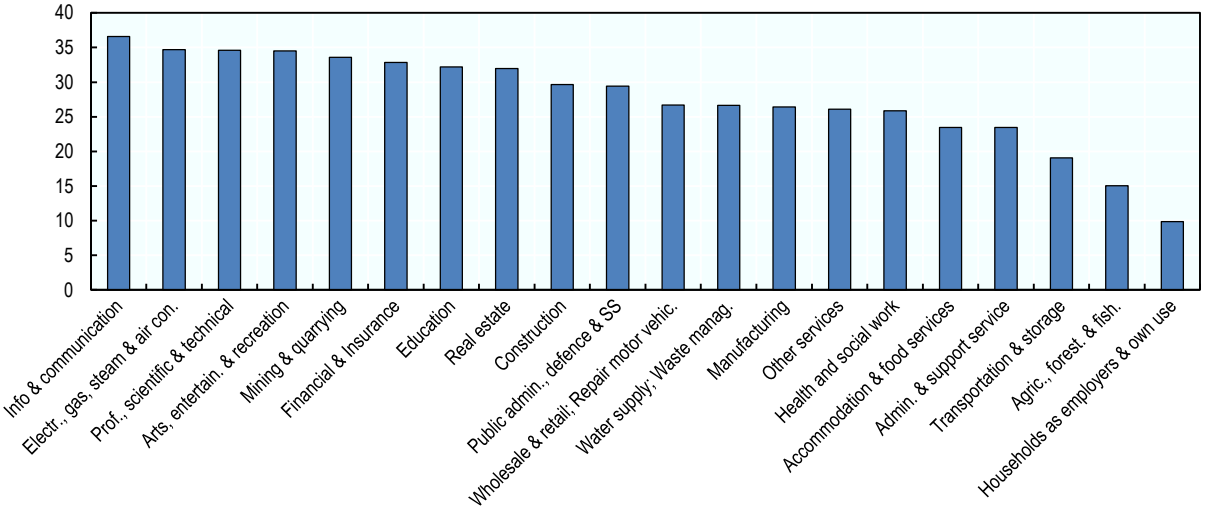
Share of jobs that employ some type of HPWP on a weekly basis



Source: Survey of Adult Skills (PIAAC, 2012, 2015).

Figure 3.2. High-performance work practices by industry, Canada, 2012

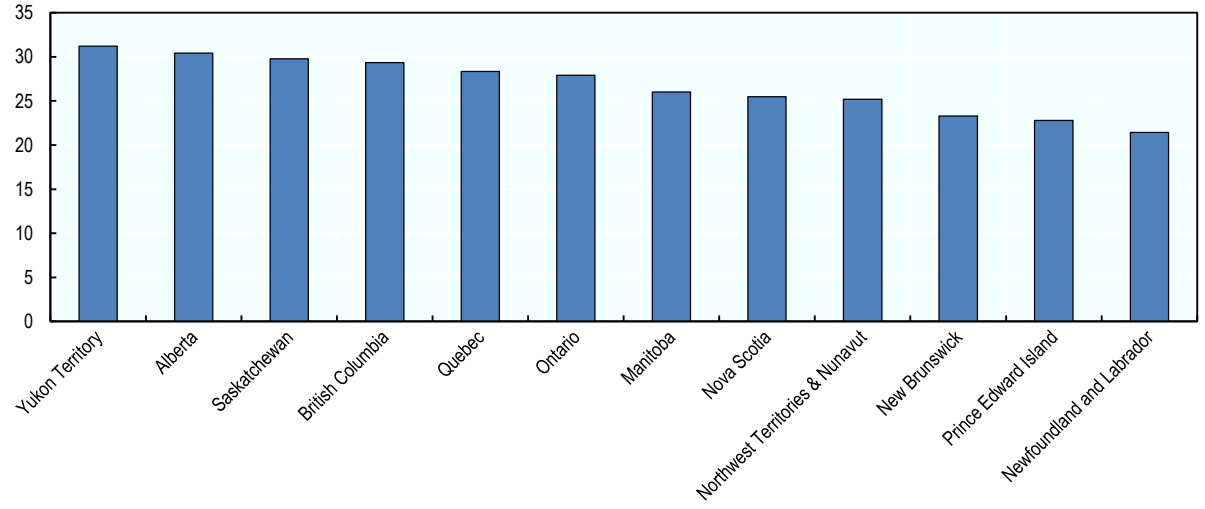
Share of jobs that employ some type of HPWP on a weekly basis



Source: Survey of Adult Skills (PIAAC).

Figure 3.3. High performance work practices by province or territory, Canada, 2012

Share of jobs that employ some type of HPWP on a weekly basis



Source: Survey of Adult Skills (PIAAC, 2012, 2015).

Box 3.2. Examples of Canadian firms employing HPWP

Great Place to Work, a certification company, quantifies the current state of a company's workplace culture and shows how it compares to the best organisations. Several top-performing firms employ high-performance work practices like employee involvement in decision-making, mentoring, coaching, and job rotation.

Ceridian has made the Great Place to Work Canada list for organisations with 1 000+ employees consistently over the last five years. Ceridian is an IT/software company based in Toronto, Ontario that employees just over 4 000 employees. The company offers a variety of learning opportunities and experiential initiatives, including a career exploration programme that allows employees to participate in **job rotation** or to job shadow a colleague to see if a job rotation would interest them. New recruits are also paired with a senior leader in the company who acts as a **mentor**.

Habanero ranks #1 on the Great Place to Work Canada list for organisations with fewer than 100 employees. Habanero is an IT consulting firm with 50 employees based in Vancouver, British Columbia. Habanero hosts a monthly meeting (they call it a "Balanced Scorecard Review") to **share information with employees** about last month's performance, why decisions were made and what the resulting outcomes were. Topics include company financials, business development and marketing, clients and new team members. Employees identify Habanero's **coaching** programme as a key driver of high engagement.

Source: https://www.greatplacetowork.ca/en/; www.ceridian.com; www.habaneroconsulting.com.

Barriers to implementing HPWPs in the workplace

Despite the productivity gains and better employee retention experienced by firms that adopt work practices to make better use of employees' skills, relatively few firms employ these practices on a regular basis. As noted above, only 28% of Canadian firms engage in some type of HPWP on a weekly basis. This ranksjust above the OECD average (25%).

Lack of awareness of HPWP practices and their benefits

Totterdill et al. (2009[16]) argue that one of the reasons that such practices are not more widespread is the lack of awareness of innovative practices and their benefits among managers, social partners and business support organisations. Employers must be convinced of the benefits of prioritising such practices in order to invest in implementing them.

The costs of poor skills utilisation may be invisible to employers. Change to correct the problem may be seen as risky or costly. Managers may not be aware of their workforce's untapped potential, or else they may not be interested because they rely passively on methods of work organisation and job design that leave little room for skills to be deployed creatively (Keep, 2016[17]). In sectors and businesses that deliver mass services and standardised products, an hierarchical model may deliver profits and work well from the firm's perspective (Ashton and Sung, 2002[11]). Rethinking work organisation and job design under such circumstances is perceived as a risk. On the other hand, in more knowledge-intensive services (e.g. ICT, creative sector, high-end business services and consulting) where the skills and knowledge of the workforce are the core of a competitive product market strategy, the cost of poor skills utilisation is clear and compelling.

There is a misperception among managers that investing in employee training and development increases the risk of poaching by other firms. In fact, firms that invest in training and development have higher

employee retention than those that do not (Costen and Salazar, 2011[18]). Workers are more satisfied with their jobs when they have opportunities for training and development. Workers sense that such employers provide good places to work. Investing in training and development is found to have a stronger influence on employee retention if adopted in conjunction with other HPWPs (Kennett, 2013[19]), and if employees are satisfied with the training (Memon, Salleh and Baharom, 2016[20]).

Management skills gap

Implementing HPWPs requires a change in managerial outlook: from supervisor and guardian of knowledge to facilitator and coach (Ashton and Sung, 2002[11]). This can be a difficult transition for many managers to make, one for which they need training. Encouraging flatter hierarchies, more downward flow of information and employee task discretion means that managers derive less authority from their position in the hierarchy. They are now valued for their ability to lead and develop the skills of subordinates. This type of managerial role requires more advanced leadership skills than one based purely on authority. According to the World Management Survey, manufacturing firms in Canada perform above the OECD average in terms of management quality, but fall short of best practice and behind the United States. There is evidence that about 30% of the productivity gap between Canada and the United States can be explained by lower management quality (Bloom, Sadun and Reenen, 2016[21]).

Barriers due to firm size

The likelihood of firms implementing HPWP follows a U shape: HPWPs are most widespread among jobs in large firms and micro (1-10 employees) firms, but are less common in small, mid-size establishments with 11-50 employees (OECD, 2016[3]). SMEs may find it difficult to put in place practices that make the most of their employees' skills because of poor management skills or lack of a specialised HR function (Osterman, 2008[22]). Another difficulty for smaller companies is ensuring there is scope and opportunity for employees to progress and make full use of their skills (Winterbotham et al., 2013[23]). In a small family-owned business, for example, opportunities may not arise until someone retires. This is also the case in micro firms. It may be counterbalanced, however, by the strategy of having employees perform a variety of tasks because the firm is small.

Employee reluctance and the role of unions

HPWPs are associated with greater skills use and as a result, greater job satisfaction and higher wages for employees. This is partly because HPWP requires workers to be more involved in work processes. With that comes the opportunity to develop the social and problem solving skills required for management in addition to the technical skills needed for their immediate work tasks (Ashton and Sung, 2002[11]). HPWPs are clearly seen to benefit employees.

However, employees may be reluctant to adopt new working practices. Interviews with employees in the construction sector in the United Kingdom uncovered reluctance to participate in training or development practices for a variety of reasons. These included concerns about more responsibility, spending time in an office and away from the "tools," or due to a lack of ambition in the sense that they enjoyed their current jobs (Winterbotham et al., 2013[23]). Some negative effects of HPWP have also been noted. For instance, some workers report stress due to the intensification of the work process (Godard and Delaney, 2000[24]). Lowe (2000[25]) provides Canadian examples of instances where HPWPs have been introduced without the adequate involvement of workers in the decision making process; leading employees to experience work changes as negative and stressful rather than positive. This underscores the fundamental importance of engaging openly along the way with workers to build trust and involve them in decisions (Ashton and Sung, 2002[11]).

Unions are concerned when the introduction of new working practices is associated with downsizing and increased employee insecurity (Ashton and Sung, 2002[11]). However, formal agreements can help to build trust by protecting workers' job security and redundancy provisions.

International practice to promote high-performance work practices

The promotion of better skills use within workplaces is still emerging as an area of opportunity for policy. Traditionally, workforce development initiatives have focused on the supply side of labour markets: job search, matching, skills development, and addressing employment barriers faced by vulnerable groups. However, there is increasing recognition of the value of demand-side efforts (OECD/ILO, 2017[13]), including the concept of engaging employers in optimising use of their employees' skills. Several countries have undertaken promising initiatives to promote changes to work organisation, job design and management practices that facilitate better skills use and learning in the workplace, as will be explored below.

Increasingly there has been recognition of the complexity of HPWP, and emphasis on the need to understand how HPWP operates as a system within a particular workplace setting. Determining the threshold level of HPWP implementation that is required for change to be effective was a subject of early work in this field. But recently there has been appreciation that the most effective bundle of practices for a given firm is context-specific (Belt and Giles, 2009[26]). This means that what works for one firm may not work for another. It calls for a comprehensive approach, whereby effects on learning culture and skills use depend on alignment between practices. Indeed one common type of failure observed in practice is "partial change", where the change is not sufficiently systemic and fails to last (Business Decisions Ltd, 2002[27]). For instance, if employees are empowered to apply their skills in creative ways by working in self-managed teams, but lack incentives to keep doing so, the change will likely be temporary. Furthermore, the bundle of new practices should not only be integrated and complimentary, but must also fit with the business strategy of the organisation (Gunderson, 2015[28]). Benefitting from these insights, recent programmes have focused less on implementation of a set of practices, and more on diagnosing the needs of a firm, then experimenting with changes to workplace practices that improve alignment of the whole system.

An important caveat should be underlined. Work organisation, job design and management practices are among the most important factors in influencing skills use within a workplace (OECD, 2016[3]). However, they are not the only factors. Other relevant factors include the innate motivation of employees (Granados and Quintini, forthcoming[29]), various socio-demographic and firm characteristics (Quintini, 2014[30]), as well as institutional and labour market settings, such as employment protection legislation and minimum wage laws (OECD, 2016[3]). These other factors fall outside the scope of the present report.

This section first discusses how different countries conceive of HPWPs. Some view them as a way to improve skills utilisation and productivity, while others focus on outcomes for innovation or job quality. It reviews government approaches that directly address the obstacles discussed above, including supporting experiments to build an evidence base, raising awareness and disseminating best practice, and supporting firms to reshape workplaces. It then discusses different approaches to governance, financing and monitoring of programmes. Finally, it summarizes policy lessons, drawing implications for how Canada could support this type of programme.

Policy focus

Policy efforts to promote HPWP are motivated by a variety of objectives, including skills utilisation, productivity, innovation and job quality (Stone, 2011[31]).

Better skills utilisation is a strong motivation for policy interventions, particularly in countries where the adult population is highly educated and yet productivity growth lags. For example, in **Australia**, where

adults are among the most highly educated in the OECD, skills utilisation is recognised as an important element of the country's workforce development strategy (Skills Australia, 2010[32]). The Australian government has made it a priority to increase productivity, employee engagement and satisfaction by making better use of skills in the workplace through strategies that incorporate HPWP. Similarly, **New Zealand** has identified improved utilisation of skills in the workplace as a key focus. The New Zealand government introduced the High Performance Work Initiative in 2011, which supports enterprises in implementing HPWP in order to secure higher productivity.

In other countries, improving quality of working life is the motivation. **Finnish** workplace development programmes target improved working life and productivity. The latest of these programmes, the Liideri programme, established a vision for Finland to have the best working life in Europe by 2020 through improved management and organisation practices. Workplace development agendas in some countries are framed within the context of the digital transformation, understanding that it is likely to have an impact on working life. **Germany's** Ministry of Education and Research (BMBF), for example, launched a Future of Work campaign to promote international cooperation in developing solutions to challenges around the future of work. Topics like flexible hours and lifelong learning are targeted.

Countries sometimes link HPWP programmes to innovation policy. Employees play a key role in successful innovations, by adopting new processes and product technologies (Stone, 2011[31]). The OECD innovation strategy acknowledges that "learning and interaction within organisations and workplaces are at least as important for innovation performance as learning through interactions with external agents. Therefore in order to understand national systems of innovation, it is necessary to bring the organisation of work and employee learning into the analysis" (OECD, 2010[1]). However, many national governments still tend to emphasise technology-based approaches to innovation. Nevertheless, some countries now understand that work organisation matters for innovation. The **Irish** government has made deliberate attempts to integrate its policy for supporting HPWP into its national innovation strategy, emphasising the potential to gain competitive advantage through changes to work organisation.

Government policy can target multiple rationales for supporting HPWP, though policies often highlight one primary objective. This may be due to the compartmentalisation of government structures, where departments concerned with labour and skills issues are distinct from those responsible for innovation. Objectives may also change over time as priorities shift. For instance, **Scotland's** HPWP programme recently gained momentum from new focus on the country's fair work agenda. Previously skills utilisation was a higher priority push in Scotland given its poor productivity record in comparison with England. In a similar way, Finland's workplace development programme (TYKES) was transferred from the Ministry of Labour to Tekes (the Finnish Funding Agency for Innovation, now Business Finland) in 2008. This signalled a shift in policy focus and an attempt to mainstream HPWP programmes as part of the national innovation strategy.

Approaches to encouraging high-performance work practices

Policy initiatives to promote HPWP generally involve one or more of the following activities: supporting applied research, building the evidence base, raising awareness, disseminating good practice, and funding workplace interventions. These activities complement one other. Expertise built during research activities informs workplace interventions, and case studies resulting from funded projects demonstrate the benefits of HPWP to the wider population. Governments taking a "soft" interventionist approach might simply raise awareness by disseminating good practice. Governments taking a "harder" interventionist approach could support applied research and workplace interventions.

Supporting research and building the evidence base

Research-oriented programmes generate an evidence base about which types of practices are most effective at building learning organisations. Several countries support research to develop the evidence

base around workplace innovation. For example, in **Australia**, the Centre for Workplace Leadership was established in 2013 as a joint initiative between the Australian Federal Government Department of Employment and the University of Melbourne's Faculty of Businesses and Economics. Its research focuses on building the capability of frontline leadership, creating and sustaining a HPWP culture, and transforming workplaces through technology and workplace innovation. In **Sweden**, the government agency for innovation, Vinnova, has invested in research programmes on workplace innovation and innovation management. Vinnova's Working Life initiatives aim to strengthen innovation capacity in industry and the public sector by improving organisational conditions for competitiveness and growth (Döös and Wilhelmson, 2009[33]).

Raising awareness and disseminating best practices

As noted above, many employers are simply not aware of the value of implementing HPWPs. Findings from a review of English SMEs showed that one of the most effective methods to persuade firms to adopt HPWP is to share concrete evidence from the experiences of similar firms (Stone et al., 2012[34]). Such first-hand evidence clarifies what adoption of HPWP could mean in their workplace.

Online databases and learning platforms can help to display the benefits of HPWP. For example, the European Workplace Innovation Network (EUWIN**)** is a **Europe**-wide network launched in 2013 by the European commission and Workplace Innovation Europe. It disseminates evidence of the benefits of workplace innovation via online tools and platforms, regional workshops and social media. Similarly, the HiPAir project, co-funded by the Erasmus+ programme of the European Commission, shares case studies of exemplary aviation companies that have successfully implemented HPWPs via the HPWP Collaboration Platform (www.hpwp.eu). Both EUWIN and the HiPAir project produce online learning resources (e.g. how-to guides, training curricula, and tools) to support employers interested in implementing HPWP in their workplaces. Such tools spur other employers to proceed.

Diagnostic tools and self-assessment surveys provide an affordable way for firms to assess their current work organisation and management practices. The Workplace Innovation Toolkit in **Ireland** is an online questionnaire that facilitates a business in self-evaluation of their capacity to become a more innovative workplace. It focuses on employee engagement, innovation, productivity and training. The toolkit encourages businesses to be proactive in transforming their work practices by quickly identifying areas for improvement. It then guides users to relevant supports. Similarly, the Workplace Innovation Diagnostic Survey developed by Workplace Innovation Europe (WIE) is an online employee survey tool that helps employers identify areas for improvement in enhancing employee engagement and performance (Box 3.3). It focuses on workplace practices that enable people at every level to use their full range of skills, knowledge, experience and creativity. Online talent management tools are also being used by firms for employee career development. The tools suggest opportunities for job rotation, training, or mentorship within the firm based on the employee's inputted skills, interests and experience. A global survey of HR professionals suggests that 6% of firms are using talent management tools (Oracle, 2019[35]).

Conferences and seminars can be a cost-effective way to share best practices with a large group of employers at the same time. **Scotland's** national economic development agency, Scottish Enterprise, offers master classes in workplace innovation targeted at leaders of growing businesses who are dealing with issues relating to leadership, staff engagement and culture. These workshops are delivered by practitioners from WIE with organisational change expertise. Following the master class, business leaders can continue with peer learning and ongoing support through the WIE online platform.

Box 3.3. Workplace Innovation Diagnostic Survey

The Workplace Innovation Diagnostic is an employee survey tool created by Workplace Innovation Europe. It is designed to pinpoint areas for improvement within firms, using 62 evidence-based indicators that are strongly associated with high performance and employee well-being. The survey aims to help companies improve employee engagement, foster a positive workplace culture and improve business productivity and performance.

The survey asks employees and managers to rate on a scale from one (strongly disagree) to ten (strongly agree) their agreement with statements related to four elements of workplace practice:

- Job design, teams and technology (E.g. "Team members meet as a group to plan their own work and to discuss ways of improving how they do it.")
- Organisational structures, management and procedures (E.g. "Decision-making is delegated to the lowest practical level; managers do not micro-manage those below them.")
- Employee-driven improvement and Innovation (E.g. "Employees enjoy abundant opportunities to identify improvements in their own areas of work.")
- Co-created leadership and employee voice (E.g. "The organisation believes in an open approach to sharing strategic information with employees.")

After employees and managers complete the survey, experts at WIE translate the diagnostic results into an action plan. According to WIE, organisations that systematically adopt evidence-based workplace practices see a 20-60 per cent improvement across a range of indicators, including productivity, employee health and well-being (Workplace Innovation Europe, 2019b[36]).

Source: Workplace Innovation Europe (2019a[37]), *The Workplace Innovation Diagnostic*, http://www.workplaceinnovation.eu/LWIP-The-Workplace-Innovation-Diagnostic; Workplace Innovation Europe (2019b[36]), *Workplace Innovation Europe*, https://workplaceinnovation.eu/.

National standards for best human resource development practices provide an incentive for employers to upgrade (Ashton and Sung, 2002[11]). Some governments offer national awards for employers who meet the standards, as with the Malcolm Baldridge Awards in the United States and the Investors in People (IiP) programme in the United Kingdom. To achieve these awards, organisations must demonstrate to independent assessors that their HR practices meet national standards. The Malcolm Baldridge Awards emphasise employment practices like careful selection, training, and performance evaluation while the IiP programme emphasises effective communication, evaluation of performance and a systematic approach to training. Neither standard is explicitly modelled on HPWP. Nevertheless, it typically takes UK organisations almost two years to reach the standard, suggesting that the process of change can be an important learning exercise. Survey evidence also suggests that the achievement of IiP status in the United Kingdom is associated with higher levels of skills among the workforce in these companies, especially in terms of newly developed soft skills. Appelbaum and Batt (1994[38]) argue that the Baldrige awards influence the work organisation and management practices of firms beyond those that receive awards. The awards encourage networking and benchmarking among other firms who contact winners for advice.

Social actors play a key role in raising awareness of HPWP and presenting HPWP as a win-win for employers and workers. The role of social actors is elaborated later in this chapter.

Workplace interventions

Simply raising awareness and elucidating the business case for HPWP may not be enough. Employers may still be sceptical. General "sales pitches" are less effective than case studies that highlight benefits

for a particular sector or size of firm. In that spirit, some governments subsidise workplace interventions. Generally such support takes the form of staff or management training, hiring external experts to support management in upgrading workplace organisation. Interventions can target individual firms, but increasingly countries are choosing to direct support at networks of firms to capture learning and cost-efficiency advantages.

It is unrealistic to expect government to help all firms improve their work organisation and job design, Support is often directed at a limited number of businesses which are then used as role models (OECD, 2016[3]). For example, the Best Practice Demonstration Program (BPDP) in **Australia,** established by the federal government in 1991, aimed to develop 'best practice firms' to serve as demonstrations to other organisations of ways to implement new approaches to working (Healy, 2003[39]). Financial support was given to firms willing to adopt best practice principles. Forty-three medium and large enterprises were selected from diverse industry sectors and regions. One of the criterion for selection was previous good relations with labour groups. The programme included a media campaign of successful case studies as well as a requirement that firms network with non-funded firms. The impact on non-funded firms was not, however, evaluated (Stone, 2011[31]).

An advantage of directing interventions at individual firms is the possibility to provide tailored support. For example, in **New Zealand,** firms can apply for co-funding from the national innovation agency (Callaghan Innovation) to participate in a coaching programme. The programme is designed to improve work practices, build an innovation culture and increase employee engagement by matching firms with external specialist consultants. Similarly, the Partners at Work Grants Programme, launched in 2002 by the government in **Victoria, Australia**, offers competitive grants to fund consultancy services to support workplace change and training programmes. An evaluation conducted in 2006 among participating firms revealed that the programme resulted in improved communication and trust between management and staff, more effective management practices and the creation of a culture of participation (Stone, 2011[31]). In **North-Rhine Westphalia Germany**, the state-owned Innovative Employment Promotion Company (GIB) supports 1500 companies annually to collaborate with expert organisations in workplace innovation and modernisation (Oeij, Rus and Pot, 2017[40]). It supports both short-term workplace change projects in SMEs, as well as longer-term projects that involve development of management strategy. A disadvantage of directing workplace innovation initiatives at individual employers, however, is that the resulting programmes can be too firm specific. They may fail to resolve broader sectoral or national skills challenges (OECD/ILO, 2017[13]).

Countries are increasingly directing policy interventions at networks, rather than at individual firms. Encouraging multiple actors to organise and coordinate with each other to address workplace challenges can be an effective way to implement HPWP. Network-focused initiatives encourage firms to maintain HPWP initiatives after funding ends and facilitates the transfer of knowledge between firms (Stone, 2011[41]). Strengthened partnerships and coordination amongst businesses promotes peer learning, which can sustain longer-term impacts. A peer learning approach may also be effective at raising awareness among employers about the benefits of HPWP, as employers may more readily accept advice from other employers rather than from public actors. Sharing consulting services across multiple firms is also cost-effective.

A number of such network-focused programmes exist. In **Finland**, TYKES used to fund learning network projects. These were joint learning forums consisting of researchers and businesses. External experts facilitated the coordination. These learning networks aimed to increase the developmental expertise of the participants, create and experiment with new forms of development cooperation between R&D institutions and workplaces, and generate innovative solutions for Finnish working life (Alasoini, 2019[42]). **Scottish** Enterprise worked with Workplace Innovation Europe's Fresh Thinking Labs to develop its programme model, which recruits a network of ten firms and equips them with expert consultants who guide them through a process of workplace change from diagnosis to implementation (Box 3.4). Firms are selected through referrals from Scottish Enterprise's account managers who have developed relationships with over

2 000 companies. The selected firms come from a diverse range of sectors and participate in a peer support network where they can share and collectively overcome challenges faced in HPWP implementation. In the **French** Anact model**,** fifty firms are involved in the learning network, ten receive intensive consulting support, while the other forty firms learn from the experiences of the participant firms.

Box 3.4. Scottish Enterprise

Workplace innovation is a key policy focus of the Scottish government's inclusive growth strategy and fair work framework. Scottish Enterprise, the national economic development agency, launched an awareness-raising campaign that included workshops, master classes and support services to increase the adoption of workplace innovation practices. They also hired Workplace Innovation Europe to deliver the Workplace Innovation Engagement Programme (WIEP).

Companies in the WIEP participate in a workplace diagnostic survey, followed by eight structured learning workshops, five action-learning sessions, and 14 hours of individual in-company coaching or facilitation. The recruitment and selection of companies for the programme depends on referrals by Scottish Enterprise's account managers who work with senior management teams in over 2 000 companies to identify their business needs and potential. They shortlist potential companies suitable for the programme. Account managers pay special attention to firms in which senior management are committed to making changes based on the diagnostic results. Ten companies were recruited for the first cohort of the programme in 2016 and nine more companies were recruited in 2017.

An evaluation of the programme showed that where companies implemented HPWP, qualitative benefits included improved efficiency, enhanced collaboration between teams, better problem solving and greater employee empowerment. The creation of peer-to-peer learning networks among the participant firms was effective in providing peer support and encouragement for participating companies, especially in empowering participants to overcome resistance to workplace innovation within their companies. This approach was viewed to be a powerful and cost-effective means of supporting the wider adoption of HPWP in Scotland.

Source: Exton, R. and P. Totterdill (2019[43]) , "Unleashing workplace innovation in Scotland", International Journal of Technology Transfer and Commercialisation, https://doi.org/10.1504/ijttc.2019.10021356.

Participants in a learning network generally have a common interest, and may be from the same region, sector, value chain, or the same position in a value chain. Working with networks of firms from the same sector can be a particularly effective model, as it takes advantage of existing employer networks and supply chains. Supporting firms to implement workplace innovation requires a deep level of expertise about a firm's activities and work organisation needs, which can be sector-specific. For example, during one of the **Scottish** Funding Council's pilot projects, staff supervisors in care homes provided advice to management about how to redesign the jobs of staff in the health care sector. Staff had complained that their jobs had not changed after training. Sector-based approaches may hold up individual employers within the sector as role models, or position larger employers to play a lead role in catalysing change within their supply chains. **Korea**'s Training Consortium for SMEs provides a good example of this latter approach. The consortium facilitates joint training between large companies and SMEs in their supply chain. The large company provides customised training to reinforce the human resource management capability of the SMEs in their supply chain.

Evidence is mixed as to whether network-focused programmes lead to widespread dissemination and learning. The partnership model was judged to be a strength of the Workplace Skills Initiative (WSI) in **Canada**. WSI was introduced by Human Resources and Skills Development Canada (currently known as Employment and Social Development Canada) in 2005 to stimulate partnership-based projects. The projects either tested innovative approaches to workplace skills development or supported the adoption of

improved human resources management practices and sharing of best practices. An 2012 evaluation report found that the partnership approach increased collaboration and contributed to increased knowledge of human resources management and workplace skills development. The most significant challenge was a lack of sustained adoption over time of practices among recipient and partner organisations. This was primarily due to financial barriers (HRSDC, 2012[44]). Projects also tended to be focused on skills development rather than on improvements to human resources management. Qualitative evaluations of the Finnish TYKE and TYKES programmes (Box 3.5) found they were effective in promoting workplace innovation and productivity, but that they did not achieve the widespread dissemination and learning benefits that had been hoped for (Arnkil, 2004[45]; Oosi et al., 2010[46]).

Box 3.5. Finnish workplace innovation programmes

Finland has been a leader in workplace innovation since its first workplace development programme in the mid-1990s. The Ministry of Labour launched the Finnish Workplace Development Programme (TYKE) in 1996, and replaced it with the TYKES programme in 2004. Both programmes were created to develop productivity and the quality of working life in Finland. In 2008, responsibility for the TYKES programme was transferred from the Ministry of Labour to Tekes (the Finnish Funding Agency for Technology and Innovation, now Business Finland). This transfer was part of the adoption of a new national innovation strategy that emphasises demand-driven and non-technological innovation. The latest of these national workplace innovation programmes is the Liideri Business, Productivity and Joy at Work Programme. It aims to promote management and organisational practices that improve business activities and working life.

The TYKES programme was based on the view that the most effective way to generate innovative solutions is through learning and cooperation between workplaces, research and development units and policy makers (Alasoini, 2019[42]). TYKES therefore focused on funding learning network projects, which convened firms and researchers to work together in learning forums.

While the Liideri Programme also aimed to enhance the cooperation between researchers and firms, it placed a stronger emphasis on action-oriented research. The programme funded research projects to understand the impacts of employee-involved innovation, new forms of work organisation and management practices. Companies, universities, research institutes, and polytechnics were invited to apply for funding to develop expertise in these areas. Funding action-oriented research also helps to build a pool of experts in workplace innovation. This is seen as crucial to providing expert support to businesses.

Source: Alasoini, T. (2019[42]), "The Promotion of Workplace Innovation in Finland", *Finnish Institute of Occupational Health*.

Given public funding constraints, policy initiatives are often targeted to where there is the most potential for uptake or the most need for change. In Finland, government officials decided to limit programme support to export-oriented and growth-oriented firms. However, this approach excluded many SMEs. As noted above, SMEs are less likely to implement HPWPs than larger firms. A firm's ability to benefit from HPWPs depends on the capacity of its managers (OECD, 2016[3]). Better management quality can boost the creativity and innovation potential of workers (Alasoni, 2019). For this reason, some initiatives, like the Finnish Liideri Programme and the former Canada Workplace Skills Initiative, specifically reach out to SMEs. In other countries, only SMEs are eligible for participation. For example, the **Korean** Subsidies for Learning Organisations build the capacity of SMEs specifically by offering a series of subsidies. The first set of subsidies are to hire external consultants to analyse the company's training needs, to develop capacity-building training for higher and senior management staff, and to provide guidance programmes to help companies become organisations that foster learning and development. The second set of subsidies are available for companies to create and manage learning groups, and to provide training to higher management responsible for the learning activities. The final set of subsidies allows companies to

take part in peer-learning activities and to share their experience in building a learning organisation. Korea's experience highlights the importance of complementing HPWP initiatives with management skills development programmes, as low management skills can be a bottleneck to workplace innovation.

Workplace innovation programmes to increase business productivity are traditionally targeted at the private sector (Eurofound, 2016[47]), though this is starting to change. Fostering innovative workplace organisation practices in the public sector may be viewed as new and risky, running contrary to the perceived role of bureaucratic organisations to deliver consistent public services (OECD, 2017[48]). However, the number of workplace innovation programmes in the public sector is growing. In Europe, WIE organises workshops specifically for the public sector on how to implement workplace innovation practices for improved skills use and performance. The Government of Canada has recently piloted a digital platform that enables selection of public servants for inter-departmental projects based on their skills and behaviours rather than their education credentials. This initiative helps to make better use of employees' skills and supports employee retention in the public service (Box 3.6). Learning how the private sector fosters workplace innovation can be instructive for the public sector. In New South Wales in Australia, the regional government encourages the public sector to consult with firms in the not-for-profit and private sectors about implementing innovative changes to workplace organisation (PSE, 2013[49]).

Box 3.6. Workplace innovation in the public sector

Piloting the Government of Canada's Free Agent model

The Canadian government has been testing models for recruiting and mobilising talent in the public service in the digital age. Free Agents is a pilot digital platform for human resources that features a competency validation process and easy search functions. The objectives of the pilot were to support, develop and retrain talented public servants and to increase the capacity of the public service to innovate and solve problems. Free Agents represents a departure from the permanent hiring model in the Canadian public service, which is cost and time intensive. The new model enables organisation of talent and skills for inter-departmental project-based work rather than the traditional public sector model of working within department silos and hierarchies. As part of the pilot, candidates ("free agents") who demonstrated core attributes were offered lateral deployments. The programme staffed 42 projects in 20 departments during the first year. The majority of participants reported new opportunities to apply existing skills and develop new skills, and a higher likelihood of remaining in the public service.

Source: OECD (2018[50]), "Case Study: Free agents and GC talent cloud – Canada", https://www.oecd.org/gov/innovative-government/Canada-case-study-UAE-report-2018.pdf.

Governance and Financing

This section explores models of governance and financing for programmes supporting high-performance work practices.

Link to workforce development

In some countries, including the United Kingdom and Australia, workplace innovation programmes (or skills utilisation or HPWP programmes) are part of a larger workforce development strategy.

The **UK** Commission for Employment and Skills managed workforce innovation programmes (e.g. the Employer Ownership for Skills, UK Futures programme) as well as a skills utilisation project. The latter consisted of a literature review on skills utilisation, the development of an employer survey tool to assess take-up of HPWP, a series of case studies to understand how HPWP is implemented in real-life

workplaces, and a policy review to establish what policies were already being deployed to encourage wider take-up.

In **Australia**, skills utilisation is recognised as an important element of the country's workforce development strategy (Skills Australia, 2010[32]). The Australian Workforce and Productivity Agency (AWPA) was an independent statutory body, under the Department of Industry since 2014, responsible for providing advice to the government on current and future skills and workforce development needs. It managed the National Workforce Development Fund, which provided funding of AUD 700 million over 5 years to partnerships between registered training organisations and firms or groups of firms to carry out skills development initiatives. It also managed a skills utilisation project that included a literature review, a publication of case studies, and a research report on the organisational dynamics need within firms for skills utilisation programmes to succeed (Skills Australia, 2012[12]).

Centralised versus decentralised leadership

Coordination between federal, state and local bodies is managed differently across countries. Countries that manage and finance HPWP programmes at the national level embed such programmes in wider policy and department structures. This approach has the advantage of alignment with national strategic goals. For example, in **Finland**, workplace innovation is incorporated in the National Innovation Strategy. Business Finland directs public financing to projects aimed at HPWP research and implementation. Legislation and a long tradition of social partnership has facilitated the inclusion of HPWP in the national agenda. The Finnish model of "high union density, centralised bargaining, tripartite machinery and consultation structures and procedures" (Stone and Braidford, 2008[51]) underlies the establishment of workplace innovation as a permanent research focus in Business Finland (Totterdill et al., 2009[16]).

Similarly, in **Ireland** workplace innovation is integrated into the country's wider national policy framework as part of the National Workplace Strategy (NWS). The NWS, adopted in 2005, aims to stimulate workplace change and innovation by recognising the role that workplace partnership can play in this process. The High Level Implementation Group (HLIG), under the authority of the Department of Enterprise, Trade and Employment, is responsible for the implementation of the NWS. HLIG membership includes senior government representatives across ministries, trade unions and employer associations. In addressing the comprehensive agenda set out in the NWS, the HLIG is viewed as "a unique and effective forum for government and social partners to initiate and monitor approaches to supporting workplace development in an innovative and joined-up manner" (NCCP, 2007[52]).

New Zealand provides another example of a national governance model supported by working groups. The New Zealand government launched the Workplace Productivity Agenda in 2005 with a goal of positioning workplace productivity issues within the wider policy agenda. It also established the Workplace Productivity Reference Group consisting of representatives from unions and employer groups. The purpose of the working group is to advise government on workplace productivity issues and to help implement its HPWP strategy. Joint responsibility for action among industry, firms, unions, employees and government is a key component of the national agenda.

Nationally-governed programmes enjoy greater political momentum and alignment with national strategic goals. However, this may come at a cost. The programmes may be less tailored to the regional or sectoral context. Decentralised governance of HPWP programmes may foster stronger relationships with social partners, a key component of successful HPWP implementation. For example in **North Rhine-Westphalia (NRW)** in **Germany,** the GIB (Innovative Employment Promotion Company) – a federal state consultant organisation for NRW – launched the Work-Oriented Modernisation Programme that finances the development of workplaces through collaborations between experts and industries. The programme aims to increase the competitiveness of SMEs and modernise work organisation, lifelong learning and employability. The programme focuses on providing consultancy and disseminating innovative workplace practices. In Australia, the state of **Victoria** has also been a leader in actively promoting HPWP. Business

Victoria, a branch of the State of Victoria's Department of Business and Innovation, was set up to support businesses to implement HPWP. Most of their activities focus on raising awareness about HPWP among firms, including the creation of a High Performance Toolkit that includes factsheets on topics like workplace change, flexibility and organisational diversity.

A promising governance model employed in several countries involves national-level leadership combined with sub-national implementation. **France's** Anact provides a good example. It is governed and financed at the national level, but implemented by regional bodies (Box 3.7). Another example is the Innovative Workplaces case study in the **United Kingdom**. This was a collaboration between a national public body (Acas), a regional development agency (EMDA), and an NGO (UKWON). Eleven companies were recruited to participate in the programme, which consisted of courses and meetings to develop HPWP action plans. Independent evaluations showed that the programme was successful in generating a 4:1 return on public investments, as well as other less tangible benefits such as increased levels of employee engagement, morale and trust (OECD/ILO, 2017[13]).

Box 3.7. France's Anact

The National Bureau for the Improvement of Working Conditions (*L'Agence Nationale pour l'Amélioration des Conditions de Travail,* Anact) was set up in 1973 against a backdrop of industrial relations conflict (Totterdill et al., 2009[16]). Anact was created as a national agency, involving social partners but funded by the state. While initially focused on helping firms to improve working conditions, the agency's portfolio has evolved to include improving quality of working life and social dialogue, promoting gender equality in the workplace and supporting organisation and managerial innovation.

Anact supports companies to innovate their workplaces through the Fund for the Improvement of Working Conditions (*Le Fonds pour l'amélioration des conditions de travail,* FACT). In 2017, FACT put out a call for proposals for firms to implement new forms of work organisation and management practices. Some 27 projects were selected with an overall budget of EUR 753 000. One third of the selected projects were territorial, sectoral and collective action projects, and the remainder were individual firms or associations.

As a national agency, Anact works closely with 16 regional associations for the improvement of working conditions (Aract). Each Aract addresses nationally defined priorities relating to working life and productivity. Yet they function in a way that is locally negotiated. The Anact-Aract network supports SMEs and other organisations in improving working conditions beyond the regulatory minimum. Supports include sharing tested tools and methods, diagnostic support, and collective action programmes to mobilise networks of small companies to implement workplace innovation (Anact, 2019[53]).

The national government allocates the budget and sets the operational priorities for both the Anact and Aracts. This ensures that the whole country is working towards the same goals. But while there is a formal planning agreement with each of the regions reflecting nationally defined priorities, these are broad and allow for regional tailoring.

Source: Anact (2019[53]), *Services et outils du réseau Anact-Aract*, https://www.anact.fr/les-services-et-outils-proposes-par-le-reseau-anact-aract; Totterdill, P. et al. (2009[16]), *Workplace Innovation in European Countries*, Report to KOWIN. UK Work Organisation Network, Nottingham.

Role of social partners

A central feature of successful programmes promoting HPWP is the commitment of social partners. Working together with employers and unions to promote HPWP helps governments overcome resistance by presenting the change as a win-win option for both employers and workers. Engaging social partners in HPWP is seen as an essential part of building a broad coalition of support, which helps to sustain programme duration. Successful programmes are often coordinated within a social partnership framework, usually government, employers and unions, and sometimes research institutes. But even in countries where social partnership arrangements are not as developed, effort is still made to draw social partners into the policy process.

Notably, the involvement of social partners in workplace innovation is mandated by legislation in some countries. The **German** co-determination model requires that employees participate in workplace or enterprise decision-making. In practice, workers' participation is indirect in that it operates through employee representatives and formalised co-determination bodies. Similarly, in **Sweden**, 'Medbestämmandelagen' or co-determination laws promote employee participation in decision-making on employment and working conditions. These co-determination laws require employers to negotiate with unions before making major changes to business strategy or practice (OECD, 2016[3]).

In countries where social partnership is not legislated, there is still collaboration between employers and unions in promoting HPWP. For example in **Denmark**, the Danish Confederation of Trade Unions' (LO) plays a large role in promoting employee-driven innovation in private and public sector workplaces. The LO compiled a report and pamphlet of best workplace practices that support employee-driven innovation as a source of inspiration for Danish companies and political decision makers (LO, 2007[54]). The Danish government also concluded a tripartite agreement on adult and continuing training for the period 2018 to 2021, together with LO, and the Confederation of Danish Employers. The agreement includes the creation of funds for employees to undertake training on their own, awareness raising activities, courses to improve basic literacy and numeracy skills, skill recognition and improved training guidance. In **Australia**, the Best Practice Demonstration Programme was organised through a tripartite structure established by the Australian federal government in 1991. **New Zealand** developed specific tripartite arrangements to support HPW, including the Workplace Productivity Agenda and the Workplace Productivity Reference Group. Social partners oversee the implementation of the Department of Labour's Workplace Productivity Agenda.

In the **United Kingdom**, Unionlearn is the learning and skills organisation of the Trades Union Congress. It supports workers in acquiring skills and qualifications to improve their employability. One of its key activities is the training of Union Learning Representatives (ULRs), who help workers identify their training needs, then arrange learning opportunities within their companies. Since its inception, Unionlearn has trained more than 40 000 URLs and over a quarter of a million people benefit from training and learning opportunities. At an individual level, ULRs help employees progress at work, finding opportunities for meaningful work that uses their skills and knowledge. A Unionlearn research report found that in firms where industrial relations are good, union officials exercise greater influence over practices such as job design, progression and redeployment (Jameson, 2012[55]).

In the **United States**, UpSkill America is an employer-led movement that promotes training and advancement practices. The association developed a step-by-step training tool to encourage employers to create upskilling programmes that focus on soft skills. The tool recommends practices like job rotation and peer-to-peer coaching.

Financial cost of programmes

It can be difficult to gauge the precise financial cost of programmes to promote HPWP, since they are often bundled together with wider workforce development support.

Spending on national HPWP programmes tends to be modest, especially when programmes are less intensive, e.g. focused on building awareness or targeting a small number of companies. One review estimates that most HPWP programmes amount to less than EUR 1 per capita on average (Stone, 2011[31]). **Finland** stood out in this review as spending the most on programmes (the TYKES Workplace Development Programme budget was EUR 15 million per year or EUR 3.5 per capita). Table 3.1 summarises the cost of workplace interventions across countries (Table 3.1).

Some programmes cover the cost of carrying out an evaluation. For example, the TYKES programme in **Finland** engaged an external evaluator with a budget of EUR 120 000 to conduct interviews with participants of workplace development projects (Alasoini, 2019[42]). An independent evaluation was also a requirement for the Innovative Workplaces Programme in the **United Kingdom**. An estimated 20 per cent (GBP 48 000) of project funding was allocated to evaluation costs (Harris et al., 2011[56]).

Table 3.1. Examples of average funding for workplace innovation grants

	Workplace innovation programme	Total programme funding	Average funding per grant	Duration of programme
Finland	TYKES Workplace Development Programme	EUR 75 million	EUR 320 000	2004-2010
Finland	Liideri Joy at Work Programme	EUR 67 million	EUR 209 000	2012-2018
Australia	Best Practice Demonstration Program	AUD 18 million	AUD 418 600	1991-1994
East Midlands, United Kingdom	Innovative Workplaces Programme	GBP 236 000	GBP 23 600	2009-2010
France	FACT fund to support organisation and managerial innovation	EUR 754 000	EUR 28 000	2017
Ireland	Workplace Innovation Fund	EUR 9 million	EUR 273 000	2007-2009

Source: Alasoini, T. (2019[42]), "The Promotion of Workplace Innovation in Finland", Finnish Institute of Occupational Health; Anact (2017[57]), *Appel à projets "Innovations organisationnelles et managériales"*; Harris, L. et al., (2011[56]), *A Review of the 'Innovative Workplaces' Initiative* Totterdill, P. et al. (2009[16]), Workplace Innovation in European Countries, Report to KOWIN. UK Work Organisation Network, Nottingham.

Monitoring and evaluation of programmes

Relative to supply-side skills development policies, programmes to promote skills utilisation and HPWP are more difficult to evaluate because they lack clear and direct metrics (Keep, 2016[17]). Nevertheless, Keep (2016[17]) suggests some indicators that might be used in the context of firm or sector-level HPWP interventions: productivity increases, cost savings, increased sales, quality improvements, reported levels of innovation, reduced employer and employee perceptions of skills mismatches, reduced staff turnover, and enhanced employee satisfaction. However, firms may not have the information and monitoring systems to gather this data on a routine basis.

A handful of efforts to evaluate HPWP programmes use both quantitative and qualitative methods. The evaluation of the Innovative Workplaces programme in East Midlands in **England** is an example of this mixed-method approach. The independent evaluation encompassed qualitative interviews with programme participants, as well as a quantitative analysis of the costs and benefits to participating organisations. The economic impact assessment reported an overall minimum return on investment of GBP 4 for every GBP 1 of public sector expenditure (OECD/ILO, 2017[13]). The **EU** HipAir Project does not use independent evaluators, but instead guides participating firms in the use of a Return on Investment (ROI) calculator. After inputting estimated costs and benefits from an HPWP implementation, employers obtain an estimated ROI from the online calculator.

Most efforts to evaluate workplace innovation programmes have been qualitative rather than quantitative in nature. This is not surprising given the challenges described above. Qualitative surveys and self-assessments are common evaluation methods for these types of programmes. For example, to evaluate the TYKE programme in **Finland**, representatives from management, personnel, and external experts submitted self-assessments after the project ended. The survey included 15 questions on operational performance, quality of working life and equality in the workplace (Alasoini, 2019[42]). **Scotland** applied a qualitative case study approach to evaluate its skill utilisation pilot projects. Questions were asked of participants before, during and after project completion to understand what worked, what did not work and why, and how participants rated their experiences of the project (Keep, 2016[17]). Similarly, in the WIEP in Scotland, participating firms completed the same diagnostic survey at the start and end of the project to assess the impact of the workplace transformation.

There are limitations in the capacity of monitoring and evaluation exercises to measure the full impact of programmes to stimulate and promote HPWP. Most evaluations only capture short-term impacts. But benefits arising from introducing HPWPs often require several years to materialise (Stone, 2011[31]). Available funding for evaluation typically ends shortly after programme implementation, hampering valuable longer-term follow-up.

Little is known about whether interventions have benefits for firms that do not directly participate in the programme. Diffusion effects are difficult to measure. An OECD (forthcoming[58]) report on responding to the future of work recommends re-visiting a comprehensive and regular employer survey in Canada, building on the previous Workplace and Employee Survey. A regular enterprise survey that tracks work organisation, job design, management and training practices as well as information about skills gaps can be useful for monitoring national progress on HPWP adoption and skills utilisation. Both Australia and the United Kingdom conduct regular national-level enterprise surveys.

Policy lessons

Several useful policy lessons can be drawn from reviews of international programmes to support HPWP (Eurofound, 2015[59]; Stone, 2011[31]; Totterdill et al., 2009[16]):

- For HPWP uptake to be effective, programmes should be adapted to individual workplaces. Since effective HPWP implementation requires managers to be coaches and facilitators, investing in management skills may be a necessary first step.
- Financial support is often provided to hire experts who assist firms to develop and implement firm-specific solutions in workplace innovation. Doing so requires a pool of experts that can be developed over time. Investment in applied research helps to build understanding of the concepts and frameworks involved.
- For impacts to be long lasting and widespread, policymakers must build and sustain a broad coalition of support for workplace innovation programmes. Otherwise, as was observed with some national level programmes in Europe, a change in political power can be sufficient to end the programme. Social partners should be involved to build awareness of the importance of HPWP. Sustainable policy engagement with HPWP programmes calls for actions with a long time horizon, coupled with strong frameworks and infrastructure in place to sustain them.
- Use of collaborative learning networks can be a cost effective way to raise awareness and implement workplace innovation initiatives. Learning networks encourage firms to share knowledge and benefit from peer support. Governments can share the experiences of role models, offer networking sessions and master classes, and establish HR benchmarks. Diagnostic tools provide a good starting point for firms to assess their current work organisation and management practices and to obtain suggestions about steps they could take to design and implement better practices.

- Programmes governed at the national level benefit from political momentum and better alignment with national strategic goals. Decentralised programmes respond better to local contexts. In some countries, programmes benefit from national level leadership while regional bodies manage implementation. This cooperation framework allows regional actors to design an approach that is specific to the region's needs while being aligned to a broader national skills and innovation agenda.

Assessment and recommendations

Evidence strongly suggests that high-performance work practices contribute to better skills use and foster workplaces that support informal learning. Such practices are not widespread in Canada, however, and little policy attention has been focused on expanding their use. Workforce development initiatives traditionally focus on the supply side of labour markets, e.g. improving the matching of job seekers with jobs, retraining workers in higher-demand sectors, and helping job seekers to overcome barriers to employment and education and training. Canadian provinces could consider expanding their workforce development and innovation programmes to prioritise improved skills use and developing learning organisations within workplaces. Recognising skills utilisation as an important element of Canada's workforce development strategy, as Australia and the United Kingdom have done, would support Canada's productivity and innovation agenda. It would also help adults to adapt to the changing demand for skills.

Provincial **workforce innovation centers** could allocate a portion of their research funding to testing and evaluating approaches to better skills utilisation within workplaces. This would fall within their existing mandate to "support the research, testing and sharing of ideas and models of innovation in workforce development". The governance structure of WICs is already well set up to support such a workplace innovation programme. Based on the NLWIC case study, stakeholder engagement ranks as a core activity of the WICs. They have succeeded in building strong networks that include employers, employer groups, trade unions, employment service providers, and training institutions. WICs also have experience administering research funding. Furthermore, they are starting to build the evaluation and monitoring capacity of participants. However, failing an increase in budget, simply introducing a workplace innovation programme would imply a commensurate reduction in funding currently allocated to testing new approaches to skills development.

Workforce innovation centers could also play a key role in building a repository of good practice around workplace innovation. They are well-placed to do this. The NLWIC is planning to cooperate with Memorial University to build such a repository (https://mun.yaffle.ca/) of good practice in workforce development, for example. Once an evidence base of case studies is established, this knowledge should be aggregated systematically then disseminated via online platforms, diagnostic surveys, conferences and seminars. Canada could consider developing national standards of human resources management. These standards would serve as a benchmark for firms to aspire to in building effective learning organisations.

Ontario's **Local Employment Planning Councils** could also play a role in promoting skills utilisation and learning organisations within workplaces. They could support dissemination efforts by leveraging their strong employer networks and further developing existing HR learning resources (e.g. Employer Help Lines, HR toolkits, HR in a box) to disseminate best practice on HPWP.

International experience shows clearly that national leadership can give skills utilisation strategies much needed momentum. Canada does not have a national workforce development strategy (unlike Australia, another federal country). **Future Skills** could provide useful national leadership in the prioritisation of skills use and the promotion of learning organisations. A key component of successful skills utilisation strategies is the integration of economic development and skills policies (Keep, 2016[17]). The Future Skills Council includes members from various sectors and a representative from ESDC. Involving the federal department responsible for economic development (Innovation, Science and Economic Development Canada) in the Council would support the development of a skills utilisation strategy based on the integration of economic development and skills policies.

Recommendations

- Prioritise skills utilisation and the promotion of learning organisations in the provincial workforce development strategies. Workforce innovation centers and the Future Skills Centre could direct a portion of funding to test new approaches to skills utilisation within workplaces, in close collaboration with social partners. Future Skills could assume a leadership role in prioritising skills utilisation as a workforce development objective.
- Workforce innovation centers and the Future Skills Centre should build a repository of best practices in workforce development (including HPWPs). Ontario's LEPCs and other local actors could support the dissemination of good practice through HR learning resources, e.g. HR toolkits for employers. The Canadian government should develop national HR management standards that would serve as a benchmark for firms to aspire to in building effective learning organisations.
- To track progress, Canada could initiate a regular national employer survey that monitors work organisation, job design, management and training practices, as well as skills gaps.

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