

Liideri – Business, Productivity and Joy at Work (2012–18)

Programme for the Development of Business
through Management and Organisational Renewal

A brief glance at Finnish programme history

- The first publicly funded programmes to develop productivity and the quality of working life in workplaces began in 1993 and 1996, with the launch of the National Productivity Programme and the Finnish Workplace Development Programme TYKE.
- TYKE funded 688 projects between 1996 and 2002. The programme was evaluated in 2002 by the Social Development Ltd., the Helsinki University of Technology, the University of Tampere and a group of foreign experts.
- A continuation programme TYKES (2004–10) funded 1164 projects, covering 2265 enterprises and 3872 workplaces. 207,000 persons participated in the projects. The programme was evaluated in 2010 by Ramboll Finland.
- About 70% of TYKES-funded projects achieved improvements in work productivity, quality of products and operations, customer service and work flow. More than 50% of the projects brought about improvements in different indicators concerning the quality of working life (QWL). All projects were based on cooperation between management and labour in workplaces.
- The workplaces that participated in the programmes had a lot of leeway in defining goals and contents of the projects. Some projects also included research, development of development methods and building of larger learning networks.

A brief glance at the changing policy context of the programmes

- In 2008, implementation of the TYKES programme was transferred from the Ministry of Labour to Tekes (Finnish Funding Agency for Technology and Innovation) as part of the adoption of **a new national innovation strategy** for Finland.
- The strategy was based on the idea that the focus of innovation policy should be shifted increasingly to **demand and user-driven innovations** and the promotion of **non-technological innovations**, including also workplace innovations.
- The task of Tekes was expanded to cover “**innovative research and development of working life**” as well, and increasing productivity and the quality of working life were included in the goals of its operations.
- Since the beginning of 2010, Tekes has funded a total of 224 **work organisation development projects** and 275 **R&D projects** where the development of the work organisation was integrated with the development of products, services or business operations (by 6 June 2013).

The Tekes Liideri programme (2012–18) in a nutshell

- Liideri was prepared between October 2011 and June 2012, in close cooperation with researchers, developers, workplaces, labour market organisations and policy makers.
- Liideri is a Finnish twist of an English word “Leader”, referring here to a forerunner.
- Liideri is a programme for the development of business, in which companies renew their operations through developing management and forms of working and actively utilising skills and competencies of their personnel.
- The purpose of Liideri is to be a “next-generation” workplace development programme that represents an approach in keeping with a broad-based innovation policy
 - at the project level, an interconnecting link between traditional objectives and targets in the development of working life, such as work productivity, QWL and well-being at work, and a link between them and corresponding objectives and targets in traditional innovation policy, such as renewals of products, services and business models.

Purpose and policy context of the Liideri programme

- The programme produces management and organisation practices, which renew business activities and working life, as part of a broader national working life development strategy, coordinated by the Ministry of Employment and the Economy.
- According to the vision of the strategy, Finland will have the best working life in Europe in 2020.
- From the perspective of the programme's own vision, this means that Finland is characterized by highly productive workplaces, which bring about joy at work.

Starting points in planning of the programme

- **In organisations competing on innovation**, the importance of initiative, creativity and involvement will increase as human capabilities, which create value for the organisation and its customers.
- Active and systematic utilization of employee participation in ideation, innovating and renewing of business activities and as a source of competitive edge is still in its infancy in most companies, owing to lack of competence in management and the organisation of work.
- Development of the work organisation and the development of products, services and business activities should be better integrated at company level.
- Success in this will contribute to sustaining and long-term competitive edge for companies.
- A key role in the renewal of business activities and working life will be played by renewals in management and organisational principles.

Three focus areas

- **Management 2.0** refers to management principles, processes and practices, which help an organisation to promote initiative, creativity and innovation potential of personnel, with a view to achieving competitive edge based on them.
- **Employee-driven innovation** refers to active and systematic participation of employees in ideation, innovating and renewing of products and services and ways of producing them, with a view to creating new solutions that add value to customers
- **New ways of working** refer to work, which transcend the boundaries of time-honoured temporal, spatial and organisational patterns and forms of work OR which in some other recognised way embody principles of management 2.0.

Need to renew the principles of management

- **Management principles** refer to fundamental assumptions or beliefs that guide management concerning the basic nature of people, what motivates people and what makes them perform well.
- The fundamental questions include the extent to which people can be trusted, the amount of power and responsibility they can be given, and the extent to which people can be motivated by means of purely financial vs. other kinds of incentives.
- A business environment in which companies increasingly compete with the competitive advantages arising from innovations in their business operations requires different principles for managing people than those needed in mass production based on standardisation, stability, specialisation and exploiting economies of scale.
- It can be assumed that the new principles of management should be in line with features that also characterize its central technology architecture – the interactive internet (Web 2.0).

Future principles of management

- **Openness** (e.g. readiness to acquire and deploy knowledge outside the organisation and give it back in return)
- **Collaboration** (e.g. readiness to collaborate with diverse networks and external players of different kinds)
- **Experimentation** (e.g. readiness to promote developing and experimenting with new ideas in the organisation)
- **Diversity** (e.g. readiness to promote, exploit and combine diverse knowledge acquired from multiply sources)
- **Community** (e.g. readiness to understand the productivity potential of communal action and make use of it)
- **Meritocracy** (e.g. readiness to acquire and exploit different kind of knowledge and views, independent of the formal hierarchical position or status of the presenter)

Need to renew management processes

- **Management processes** refer to an entity of interconnected practices that apply to management, helping the organisation reach its objectives.
- Organisations have generic management processes that are independent of the form of ownership, industry or business model.
- Different organisations may, however, also have specific management processes that are tied to the business model.
 - Innovation management (e.g. how to enhance the role of employees and their networks in the generation of ideas and innovation).
 - Knowledge management (e.g. how to develop the individual and communal knowledge and creativity of employees)
 - Diversity management (e.g. how to utilise the different knowledge and capabilities of various types of people)
 - Human resource management (e.g. how to create jointly accepted rules that support people's capabilities to utilise their knowledge and creativity)
 - Value management (e.g. how to create mutually understood and accepted values and goals that direct, inspire, energise and mobilise people).

Future principles of organising work

- **Decentralization** (authority and responsibility is delegated)
- **Self-steering** (work units have a lot of autonomy in their operations)
- **Process-orientation** (work units are responsible for large entities of the process)
- **Customer-orientation** (work units are steered in accordance with demands of customer value creation)
- **Emergence** (the organisation operates and develops also from the bottom up)
- **Team base** (authority and responsibility is taken on a communal basis)
- **Networking** (work units utilize different kind of partnerships)
- **Agility** (the organisation has the ability to make structural changes and renewals)

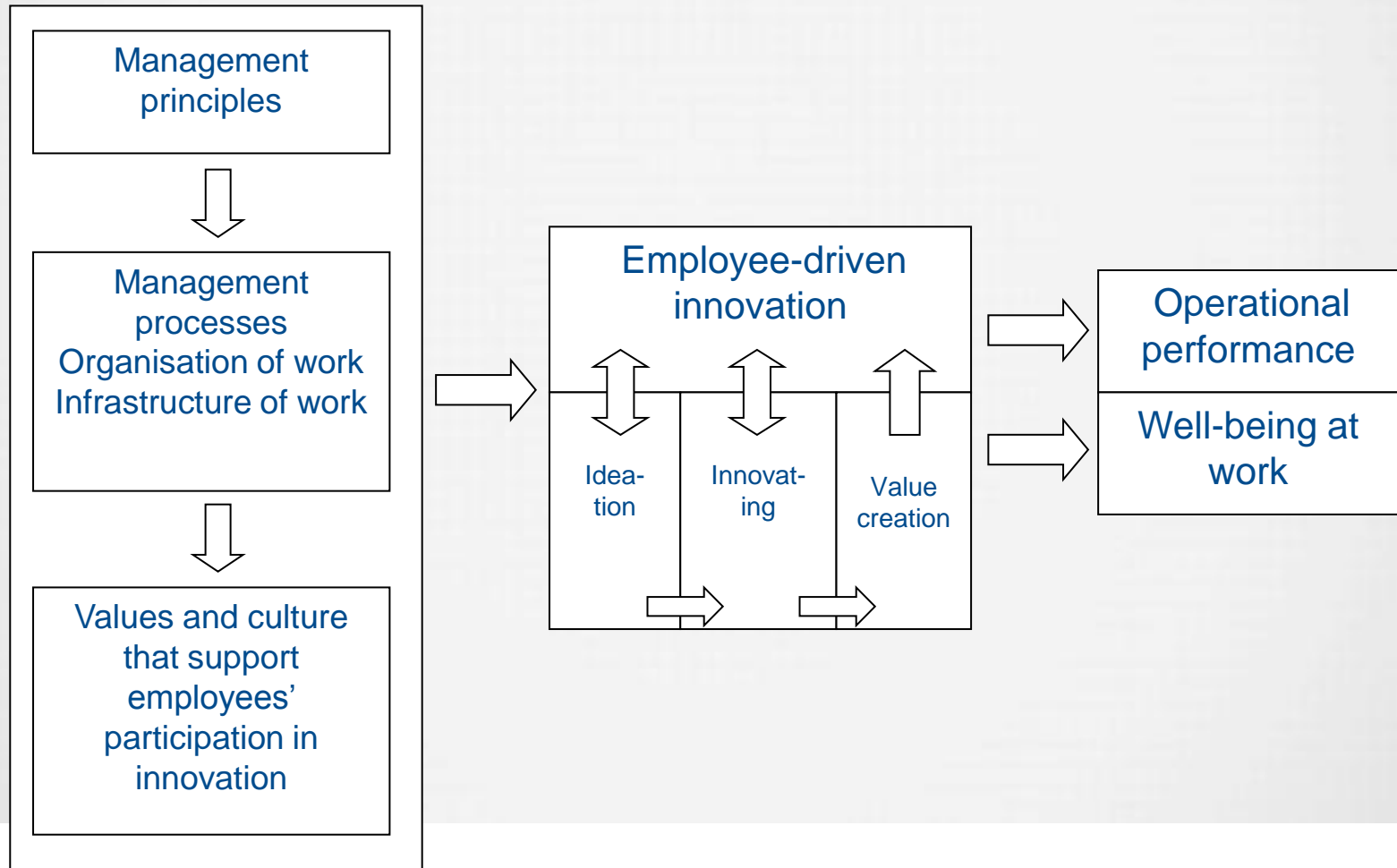
Why is employee-driven innovation (EDI) an issue for Tekes?

- Innovations are becoming an increasingly important source of competitive edge to Finnish companies in the globalising economy.
- In the future, a growing number of innovations will be intangible and service-oriented.
- In generating innovations of this kind, knowing the wishes, expectations and needs of users and customers will become increasingly important.
- As a result, the group of innovation actors will grow and become more versatile.

Focus area “employee-driven innovation” in Liideri

- EDI can be divided into
 - **(Institutionalised) Employee-involving innovation:** solutions, which are based on development by ordinary employees, but based on commissions by management, customers or stakeholder groups of different kinds.
 - **(Fully) Employee-driven innovation:** solutions, which are based on development by ordinary employees and recognised by management and in which the initiative originally arises from ideation by employees themselves.
 - **(Continuous) Self-organised remaking of jobs and activities:** creative solutions, which are designed and implemented by ordinary employees, with a view to helping them solve problems related to their daily work in a profitable manner from the point of view of the entire work organisation.
- EDI is here a much broader concept than “direct participation” aimed at one’s own work duties and work environment or “continuous improvement” taking place within limits specified by the management and aimed at incremental innovations.
- The programme supports research, development and dissemination of information on management processes and forms of work organisation and working, which promote EDI in Finnish workplaces.

Liideri programme's conceptual framework for promoting employee-driven innovation



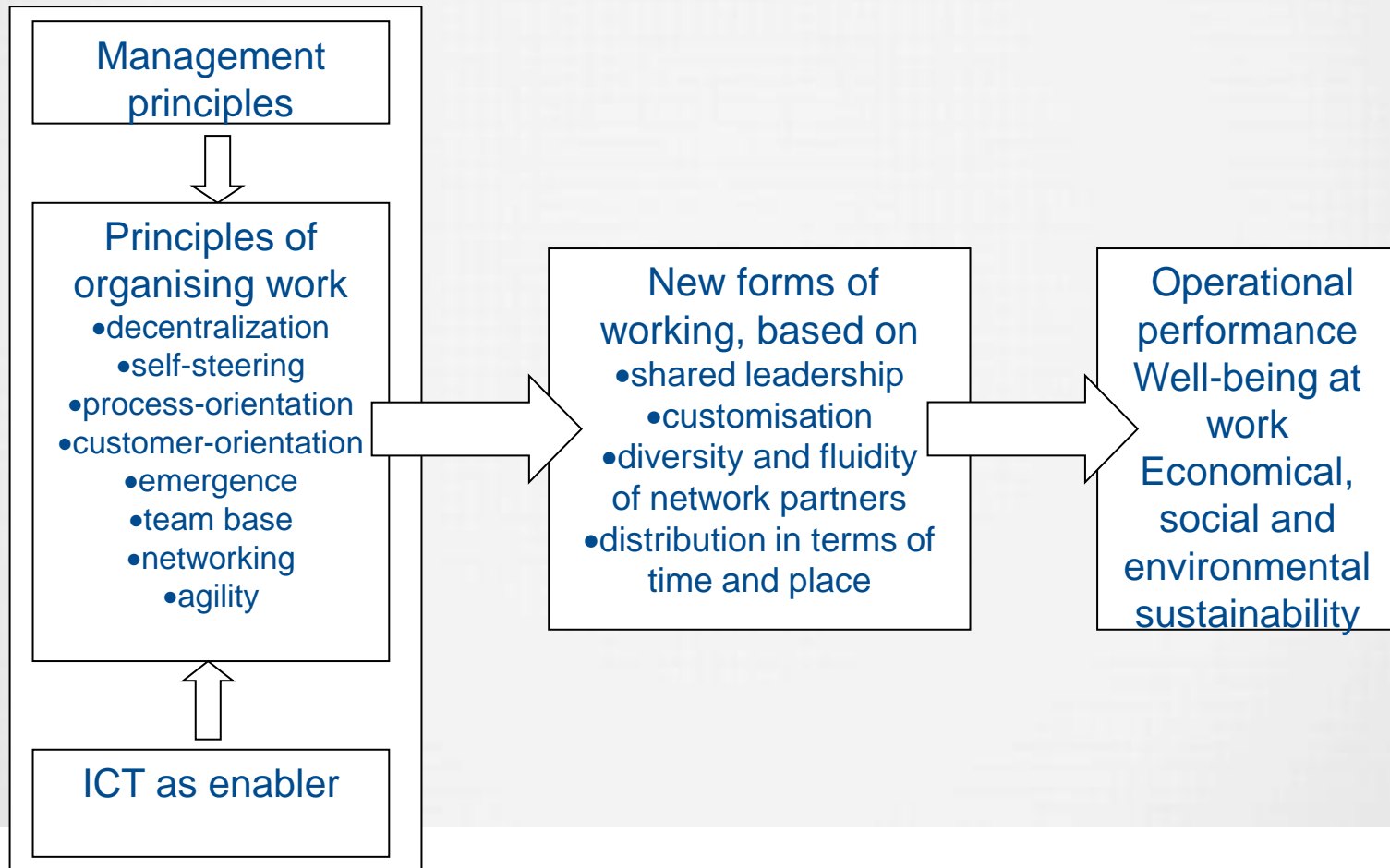
Organisational forms promoting employee-driven innovation

- Line organisation
 - Operational teams, responsible for development and innovation also
- Development organisation
 - Cross-functional development groups
 - Idea workshops based on broad participation of employees
 - Change agent networks
- Cross-organisational networks
 - Cross-organisational development, innovation and learning networks
 - Interactive virtual forums (incl. social media)

Focus area of “new forms of working” in Liideri

- The programme starts out with the premise that work organisations of the future will be increasingly built on principles such as decentralization, self-steering, process-orientation, customer-orientation, emergence and agility.
- Special emphasis in the programme’s research and development support is laid on organisational forms, which follow the above principles and which are based on the ideas of
 - shared leadership,
 - networking,
 - distributed work,
 - employee-customised solutions; and
 - supporting, innovative application of new technologies.

Liideri programme's conceptual framework for promoting new forms of working



Main goals of the programme

- Companies that participate in the programme implement organisational renewals, which create preconditions for a sustainable competitive edge and lead to improvement of work productivity, employee well-being at work and labour-management cooperation.
- Knowledge of universities, research institutes and universities of applied sciences (polytechnics) on how to utilize and develop employees' skills and competencies, initiative and creativity in business activities is enhanced.
- Work organisation development and the development of products, services and business activities become better integrated together in companies.
- The role of development networks is reinforced in workplace and company development.
- Companies' activity to renew their work organisation and business activities in line with the programme vision is increased.

Coverage of the programme among companies

- The aim is to get at least 200 companies of the programme's primary target group to participate in the programme's development or research projects.
- The aim is to have at least 300 companies or other organisations to launch a programme-funded projects, of which at least 70% should bring about clear and measurable improvements.
- The aim is that at least 500 companies of the programme's primary target group and at least 1000 companies or organisations altogether make use of services of the programme or gets concrete benefits from the programme to running of their own business activities.

Role of different workplaces in the programme

- The primary target group consists of SMEs, which pursue growth from innovation-derived competitive edge of their business activities. They employ, on the average, from 20 to 500 employees, and utilize and develop preconditions for active and systematic participation of their personnel in ideation, innovating, renewal of business activities and subsequent creation of value to customers.
- Other companies and public-sector organisations can also receive funding to projects, which show high innovative value and which can act as important sources of ideation and inspiration for other organisations. The projects should aim at extensive renewal of their modes of operation, build on extensive networking with other organisations and permit other organisations to utilize the results.
- The programme covers all industries and sectors of the economy, with the exception of the social welfare and health care sector (Tekes has another major programme currently ongoing in this sector).

Main instruments of the programme to achieve its goals

- Work organisation development projects (companies and other organisations can apply funding on a continuous basis)
- Integrated R&D projects (companies can apply on a continuous basis)
- Three research calls (funding is applied by universities, research institutes and universities of applied sciences)
- Web sites, social media, case descriptions, articles, reports, seminars, workshops, building of a network of experts in Tekes and in regional development centres (e.g. Tekes' own regional offices, ELY centres)
- Programme management group, programme advisory group, programme team, theme-based action groups, international benchmarking board, participation in the European Workplace Innovation Network EUWIN.