

# Impact of Social Innovation on Organisational performance and sickness absence

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TNO | Knowledge for business



*Sisyphus old fool,  
Work smarter, not  
harder!*



## Topics

1. What is Social Innovation ?
2. Results from a survey
3. Conclusions & discussion points

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## What is Social Innovation?

- Productivity paradox
- Innovation paradox
- The complementary factor to technological innovation
- Growing relevance of Social Innovation for Europe
  - EU2020 Strategy > innovation, productivity and 'smart, sustainable and inclusive' growth > attention for 'social factors' (EC, 2010)
  - Alignment with 'Quality of Work' (EC) and 'Decent Work' (ILO) to stimulate progress and with National Programmes in Scandinavia, Germany, UK and The Netherlands
  - Projects to investigate Social Innovation recently started by European Agency for Occupational Safety and Health at Work (2010)
- Conclusion: innovation is no longer a matter of technological determinism isolated from organisational and human factors
- Synonyms: 'organisational innovation', 'workplace innovation'

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## Data on Social Innovation

- **NEWS – Netherlands Employers Work Survey (in Dutch WEA – Werkgevers Enquête Arbeid) by TNO**
  - a two-yearly representative survey among 5000 establishments counting two or more employees; first round 2008; second round 2010 (September)
  - a cross-sectional random sample of Dutch establishments, stratified on branch and establishment size
  - respondents are either the director-owner or the HR-manager of an establishment
  - analyses performed on about 2000 establishments with ten or more employees

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## Construct of Social Innovation

- Definition
  - Social innovation is an organisational capability, defined as a strategic renewal in organising and organisational behaviour. This capability may consist of four resources (sub-constructs):
    - strategic orientation (focus on environment)
    - product-market improvement (focus on innovation)
    - flexible work (focus on flexibilisation)
    - organising smarter (focus on streamlining processes).
- Theoretical background
  - Resource Based View of the firm
  - Dynamic Capabilities
  - High Performance Work Systems
- *Unique resources makes firms more competitive*

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## Results Social Innovation in the Netherlands

(mean scores, 5 point scale: 1 = no activity – 5 = much activity)

	Social Innovation (total)	Strategic orientation	Flexible work	Organising smarter	Product-market improvement
Total	3,5	3,7	3,0	3,4	3,8
Profit	3,5	3,7	3,1	3,4	3,9
Non-profit	3,4	3,7	3,0	3,3	3,4

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## Organisational performance explained by social innovation (regression analysis)

Controlled for size, branch, personnel, technology use

	$\beta$	p
<b>Social Innovation:</b>		
Strategic orientation	,10	***
Flexible work	,09	***
Organising smarter	,06	**
Product-market improvement	,20	***

\* p<,05; \*\* p<,01, \*\*\* p<,001.

$R^2$  ,183

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## Some concluding remarks

- Separate effects on organisational performance are small but the total effect is substantial: a *'bundle'* of social innovation interventions can be highly effective

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- Sickness absence gives an ambiguous picture but we know this is a multi-factor influenced phenomenon
- What are the implications for 'innovation clusters'? (discussion points)
  - Cooperation within networks?
  - Trust and dialogue and social interactions/relations?
  - Chain management?
  - Co-creation and co-design in innovation management?



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*Thank you for your attention !!* (peter.oeij@tno.nl)

