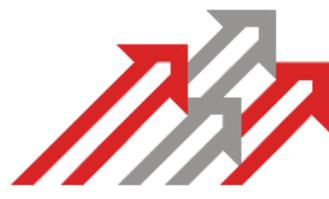




Best Practices Guide
for Models of Employee Involvement in Innovation Processes
INCREASE: INnovation Capacity building for EnhAncing
Sustainable growth and Employability



Increase



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1. INTRODUCTION

The best practices guide for models of employee involvement in innovation processes is a synthetic result of the data collection and processing phase of the INCREASE project. This guide is based strictly on the **practical methods applied within companies**, be they SMEs or large companies, for **the involvement of employees in the innovation processes**. The guide is one of the results included in the scope of the workshop methodology for stakeholders and is the basis for the development of a specific target group-oriented workshop methodology, aiming to facilitate employee involvement in the innovation process. The expected result is the identification and formulation of a strong practice-oriented method, to be promoted among SMEs owners and managers as a part of the awareness of inclusive innovation building workshops. Subsequently, based on the information and experiences collected, and following the tests carried out with stakeholders, a guide for the application of the methodology resulting in the “education” of employees for innovation will be developed.

The main purpose of the research within the INCREASE project was to collect best practices on models of involvement of employees in innovation processes from small, medium and large companies in the three countries involved (Romania, Spain and Portugal). The four partners involved in the process of collecting information (ADES, USV, E&D and INNO HUB) had at their disposal several working guidelines (see IO2 - Framework for Collecting Best Practices and IO2 - Best practices - ANNEX 2 - Interview Guide for Collecting Best Practices), as well as a template for presenting the findings (see IO2 - Best Practices - ANNEX 1 - Template for Presenting Best Practices).

Regarding the selection of interviewed companies and managers, the responsibility belonged entirely to the project partners and it was based on the list of contacts and connections of each partner. The selection criteria were not defined at the project level because the purpose of this activity was to prove that these type of examples do exist.

The information collection process included a number of methodological steps, such as:

- (1) Initial contact of several companies of various sizes and from several fields of activity through indirect methods (telephone, e-mail, etc.) for the general presentation of the project and its objectives, as well as for asking for their agreement in participating in the process;
- (2) Centralization of information and selection of companies to be interviewed. This selection was made by experts of each partner, taking into account the companies' economic and social profile, their management' availability, their level of innovation, etc. It was established that each partner in the project would select and conduct interviews with 3 companies in various fields, resulting in 12 examples of good practice in terms of innovation and employee involvement in this process;



- (3) The actual interviews that took place taking into account the general questions template agreed by the project team (IO2 - Best Practices - ANNEX 1 - Template for Presenting Best Practices), a template that has been adapted by each partner according to the company profile and models applied within it. The interviews have been conducted either directly, at the companies' headquarters, or indirectly (via telephone, skype or other means of communication and registration).
- (4) The coding of the interviews was not necessary, as the number of companies is relatively small (12), and the interviewed managers agreed to mention data related to the name of the company, the names of the interviewees and other business identification data.
- (5) In the present Best Practices Guide, the information from the 4 partners / 12 companies was centralized, highlighting the common and specific methods of involving employees in the innovation processes. In this Guide a centralized situation will be presented with a series of indicators specific to the studied companies (location, field of activity, number of employees, etc.), but without a statistical processing since, as mentioned, the number of companies is relatively small (12) and this processing may not be relevant on a national or economic level.

This Guide lays out the fundamental aspects of the 12 interviews conducted by the project partners and the conclusions resulting from these interviews. Based on these conclusions, the project team and the interviewed managers formulated a series of recommendations regarding the models of employee involvement in the innovation processes and the most effective methods of rewarding them for their initiatives and efforts.

The synoptic table below presents the **situation of the 12 companies where interviews were conducted**. Specifically, the two partners from Romania, ADES Association (see ANNEX 4.) and Ștefan cel Mare University from Suceava – USV (see ANNEX 5.), the partner VALENCIA INNO HUB from Spain (see ANNEX 6.) and the partner E&D Knowledge Consulting Lda. from Portugal (see ANNEX 7.) conducted 3 interviews each with three different companies, SMEs or large companies, from several fields of activity.

Company Name	Location	Site	Year of Establishment	Field of Activity	No. of Employees	Interviewee / Position
SC ALMA VENDIS ADG SRL	Romania	www.almavendis.ro www.noi9.ro	2015	Textile garments production	20	Dorin Angheloiu, Administrator
SC SUPER LACTIS SRL	Romania	www.lacolline.ro	2005	Dairy products	15	Ovidiu Spînu, Administrator



Company Name	Location	Site	Year of Establishment	Field of Activity	No. of Employees	Interviewee / Position
SC AUTO IMPEX PRIMA SRL	Romania	www.primamarket.ro	1991	Retail sale	140	Ionuț Gligăneanu, Administrator
ASSIST Software	Romania	www.assist-software.net	1992	IT&C	200	Vlad Ștefan Otrocol, Chief Product Officer
ELECTRO ALFA	Romania	www.electroalfa.ro	1991	Energy products and services	500	Costel Chirileasa, Technical Director
SC ACK FLUID SRL	Romania	www.ack.ro	1995	Industrial automation	36	Neculai Agavriloaie, Manager
BICICLETAS ESTEVE SL	Spain	www.bicisesteve.com	1987	Retail	18	Xavier Conchillo, Sales Executive
LOS OLIVEROS	Spain	www.losoliveros.es	1996	Olive wood crafts	7	Damián Centenera Mateu, Manager
MyRentGo	Spain	www.myrentgo.com	2018	Tourism and transport	10	Juan Bueno, CEO
Millennium BCP	Portugal	www.ind.millenniumbcp.pt	1985	Commercial bank	7.000	-
EDP ENERGIAS DE PORTUGALIA	Portugal	www.edp.com/en www.cocreation.pt	1980	Energy sector	12.000	-
EGEAC	Portugal	www.egeac.pt	2000	Municipal public company	-	-

As one can see, the studied companies belong to various fields, namely: production - 3 companies (25%), services - 7 companies (58%) and trade - 2 companies (17%). All companies have been operating for over 5 years, and some have been established since the 1980s. All 12 companies are visible online, with their own websites as well as Facebook pages, YouTube channels, blogs, etc. In all 12 companies, employees are involved in the innovation processes, these being carried out either at an empirical level, based on tried and tested initiatives, or at a scientific level, in research and development departments.

All four project partners (ADES-RO, USV-RO, E&D-PT and INNOHUB-ES) have prepared the document IO2 - Best Practice Report where they introduced a synopsis of the data collected from the 12 companies through direct observations, office research of websites and interviews with high-level decision-makers. These reports have included



data related to: company presentation (field of activity, number of employees, market share, etc.); entrepreneurial profile of the interviewee / employees; manner of approaching innovative ideas and initiatives coming from employees; ways to reward employees who engage in innovation processes; leadership methods and styles; employees' degree of freedom in the decision-making process; management's reactions to possible employee errors or failures; methods for determining employees to get involved in innovation processes, etc.





2. FRAMEWORK, METHODOLOGY AND STRUCTURE FOR DATA COLLECTION AND PRESENTATION OF BEST PRACTICES FOR MODELS OF EMPLOYEE INVOLVEMENT IN INNOVATION PROCESSES

As mentioned earlier, the Best Practice Guide for Models of Employee Involvement in Innovation Processes reflects how managers / management of companies where studies, research and interviews have been conducted are putting into practice innovative ideas coming from employees.

At the level of all 12 companies that were the case studies for this stage of the INCREASE project, the general rule is openness of management towards listening, analysing and finding optimal solutions to implement innovative ideas coming from employees, especially if these ideas refer to technical, technological, production aspects.

To achieve the data collection stage, the four project partners - ADES, USV, E&D and INNOHUB - have benefited from a number of useful working tools (a general framework - see Annex IO2, a model for presenting the best practices - Annex 1 and an Interview Guide - Annex 2). Thus, all those involved in collecting and processing data on best practices and models of employee involvement in the innovation process, have followed a series of guiding principles and were able to have a unitary way of collecting information.

The collection of data on the specific methods of involving employees in the innovation process from the 12 companies has been achieved on the basis of an initial interview and subsequent discussions to clarify certain particular issues. Information has also been collected from the online (company websites, comments on Facebook and YouTube pages, company catalogues, etc.).

For the elaboration of this Guide, ADES, USV, E&D and INNOHUB have collected and summarised aspects of best practices from 12 small, medium and large companies, in various fields of activity (production, trade, banking, energy, services, IT&C etc.). The collection of best practices has focused on SMEs in the three countries (Romania - RO, Portugal - PT, and Spain - ES), but studies have also been conducted in large companies in order to capture the international practices of multinationals with easier access to the innovation sector. Over time, these models identified at the level of large firms could also be applied by SMEs.

In terms of employee involvement in innovation processes, the presentation of the 12 examples of best practice has had a unitary structure, in order to ensure comparability and draw conclusions and recommendations valid and applicable to any company, regardless of its size. This structure has allowed for collection of data on:

- The importance of employee involvement in the innovation process;
 - Methods of developing employees' entrepreneurial spirit;



- Principles and models of employee involvement in the innovative process;
- How to approach ideas and initiatives coming from employees;
- Examples of changes implemented in the company that were based on innovative ideas from employees;
- Methods used to motivate employees to get involved in the innovation process;
- Lessons learned over time on methods of motivating employees who have functioned or not, profile of employees who get involved in innovation processes; efficient methods of promoting intrapreneurship within the company; necessary changes in the organizational culture of the company, etc.

This Guide, which includes practical examples, based on concrete company experiences, treated in a pragmatic and objective way, will allow the project team to select the best models for employee involvement in innovation processes. These models will be presented to SME managers in each country, in an attempt to find those examples that have the best potential to be useful in the specific organizational culture and local business environment. The expected result is to increase awareness of SME managers on the importance of developing innovation capacities among employees, especially among those who do not have specific skills and abilities in the field of R&D. It also aims to support these managers to develop specific tools for integrating these capabilities into the innovation processes, in order to make effective use of innovative ideas of employees.

This Guide is one of the results of the INCREASE project which will contribute to the creation of the document called “Methodology for engagement of organizational stakeholders in innovation oriented intrapreneurship”. In other words, the INCREASE team will try to arouse managers’ interest of in terms of employee involvement in innovation processes and to motivate them into making this effort. They will be able to understand that the involvement of all employees in the innovation process, regardless of their hierarchical level or their R&D skills, will be beneficial for the company. Promoting an organizational culture based on top-down and bottom-up communication, intrapreneurship and involvement of all employees in innovation processes is a strong point for SMEs.

Regarding the methods used to involve employees in the innovation process, the data collection process has taken into account:

- how the company's management reacts to innovative ideas and suggestions presented by employees;
- management of employees’ autonomy in the company hierarchy;
- the extent to which employees are allowed to manage their problems / conflicts;
- the extent to which employees are allowed to decide how to perform a task;
- how the company manages to create an organizational climate that promotes an innovative mindset among its employees;
 - how employees’ uncertainty and failure are treated;



- ways of motivating employees to come up with new ideas, without fear of failure and possible punishments;
- methods of involving employees in the innovation and intrapreneurship process that worked best and those that did not have the expected results and why, etc..





3. PRACTICAL INSTRUCTIONS AND RECOMMENDATIONS FOR THE APPLICATION OF SPECIFIC MODELS IN DIFFERENT CONDITIONS

Considering that this Guide has been developed only based on concrete **case studies** conducted in 12 small, medium and large companies in the three countries of the project partners (Romania, Portugal and Spain), these practical instructions and recommendations have a real basis and can be approached as proven models of employee involvement in innovation processes.

The examples presented are based on the experiences of companies from various fields of activity that openly address the issue of ideas and suggestions coming from employees, promote an innovative mentality among their employees, do not immediately sanction failure and reward intrapreneurship materially and otherwise.

SC ALMA VENDIS ADG SRL (Romania) has put at the forefront of the innovation process an efficient communication with employees and customers, endowment with state-of-the-art equipment and digitization of the order taking process, order management, customer relations, manufacturing process management, etc. One of the methods used to better involve employees in the innovation process was the use of WhatsApp online groups for different areas of activity within the company (production line, order line, distribution line and COVID 19). Thus, people from different levels, from manager to employees, related to that specific field of activity are added to the group, the activity is discussed within the group and everyone comes up with solutions and ideas. For example, during the current pandemic, the company began producing masks, and the production team struggled to find the right materials; a worker suggested using a type of material that was already in stock, and it turned out to be a very good material making it possible for mask orders to be honoured before other competitors.

In this context, ***it is recommended that any innovative idea or suggestion proposed by an employee be analysed***, other opinions from the rest of the team are asked for, a series of analyses and research are being done, and if the idea proves feasible, it is accepted and introduced in the company's activity.

In the vision of Mr. Dorin Angheloiu, the administrator of ALMA VENDIS ANG SRL, it is very important that employees get involved in the innovation process, because “more brains means more opinions, and more opinions means more options from where to choose the best solution”. The organizational culture of the company allows each person to decide on the techniques and order of operations, to have the initiative in proposing new products, to have creative thinking, etc. Merits of employees who are involved in innovative processes at the company level are publicly recognized, and this attracts team admiration and motivates other employees to also get involved. However, not all employees want to be involved in any brainstorming or innovation process.





Within the company **SC SUPER LACTIS SRL** (Romania), innovative ideas that come from employees are discussed and, depending on their opportunity and effectiveness, they are either put in practice or are retained in order to be developed at the right time. At the company level, employee initiatives and innovation are encouraged. Employees' roles and how to involve them in the innovation process are established according to individual abilities and skills. Management is constantly looking for those innovative minds and those employees with an appetite for study and research, trying to stimulate them so as to generate productive ideas.

Regarding the employees' tasks, at SC SUPER LACTIS SRL there is a level of freedom up to which individual or team decisions are made, and then, according to the procedures, they must address the head of department or the higher hierarchical body. For example: employees can decide on the order in which products are produced on a daily basis, but they cannot choose what new products to make, if they are not in demand on the market, even if they are easy to make.

The management of SC SUPER LACTIS SRL also accepts the fact that, sometimes, employees are better and more skilled at the technological part than the managers. Therefore, they are given freedom of decision, which gives them self-confidence and brings very good results. Thus, it has been shown that technological innovation has brought more results than routine work.

Regarding the methods of involving employees in the innovation process, the manager of SC SUPER LACTIS SRL recommends the use of immaterial motivation. At the company level, they have found that salary increases work the least, having a short-term motivating effect. The most effective have proven to be the system of monthly salary bonus based on performance and rewarding based on the results obtained. Also, the manager has strived to allocate employees' positions taking into account their values, criteria, preferences, needs, interests, etc., thus proving the efficiency of the right person in the right job..

Given the above, but also the experience of other companies studied, ***it is recommended to encourage intrapreneurship among employees***, although it seems that this process works better in larger companies. Employees who feel that they have decision-making power, that they can have initiatives, that they are appreciated for their innovative ideas, etc., will have more self-esteem and their work will be improved. The aim is to create a culture of intrapreneurship where every employee feels responsible for the success of the company, has the courage to take innovative initiatives and takes the responsibility of putting them into practice without fear of failure.

Mr. Ionuț Gligăneanu is the owner and administrator of **SC AUTO IMPEX PRIMA SRL** (Romania), which operates in the field of retail. He considers that the process of innovation in the trade is quite limited at the level of SMEs, due to the field of activity and the competition from large retailers. However, the company implements



new and innovative ideas in terms of merchandising, new sales methods (including online), professional development of employees, modernization of stores, expansion of distribution networks, product promotion. Within the company, new and innovative ideas from employees are well received, stimulating employee initiative. Unfortunately, employees in the trade business most often have a passive behaviour, being very good performers, but hesitant about key decisions and initiatives.

In case of ideas for change and innovation coming from employees that have a high degree of uncertainty and risk, initial testing in work points/ pilot stores is recommended. Subsequently, if the idea works and produces positive effects, it is implemented at company/ store network level.

In the commercial field, the ideas coming from the employees in the stores are very good, because they are in direct contact with customers and the working environment, they encounter unforeseen situations that they have to manage in relation to suppliers, customers, public opinion, etc. Thus, the company recommends organize regular meetings of the managers and employees in the stores, during which specific working conditions, challenges in the stores, needs for change, etc. are presented. Employees must be determined to participate and get involved in the business, presenting the management with all the positive and negative aspects of their work and coming up with ideas to improve working conditions, sales process, relationships with colleagues, customers, suppliers, etc.

The importance of employee involvement in the innovation process also lies in the fact that decisions taken only from the top have many limitations. Employees must not only be executors, but they must be partners, they must be interested in obtaining higher incomes, both for themselves and for the company. Often, the quality of employees' work depends on their motivation, on ensuring optimal working conditions, on their appreciation and recognition of their merits.

SC AUTO IMPEX PRIMA SRL have mentioned that they have many examples of employees who have started in the company from lower positions (drivers, handlers, packers, etc.) and they have been supported to develop thus coming to occupy senior executive and even management positions. Their strengths were involvement, seriousness, personal motivation. It turned out that the promotion and advancement of an employee from within motivates others, ambitions and determines them to be more active and more involved in the company's activity. Importing employees to hold positions such as store manager has proven to be a less effective solution than promoting an employee from within the respective store. The latter was more appreciated and was supported by the team to improve their results.

Another company in the commercial field that has been studied is **BICICLETAS ESTEVE SL** (Spain). This company has extensive experience, being established since 1987. The sales director, Mr. Xavier Conchillo, has been working for the company for 22 years, being directly involved in the innovation process. He is responsible for controlling the company's sales, supervising all sales groups and stores, as well as being directly responsible for the innovative processes carried out in the scope of the company's activities. In this case,



employees' ideas are always included in the company's innovation process, because BICICLETAS ESTEVE considers that "engaging all parties involved in the innovation process is our key to success". Open communication has always been the basis for developing business relationships of all members of the company, encouraging employees' ideas, especially if they are related to how to improve work processes, production or sales. The benefits of involving everyone can also be seen in the fact that the company operates very well and is profitable for so many years, although it has only 18 employees.

At BICICLETAS ESTEVE, in case of failure of an employee's idea, managers are the ones who take responsibility, without blaming or punishing the employee, because he/she supports the company with their own innovative ideas, but the final decision on their implementation and evaluation of possible negative consequences belongs to managers.

As regards the independence of workers in the management of assigned tasks, within BICICLETAS ESTEVE, they have a great deal of freedom to act independently and organize their task management time without being monitored. This approach results in the emergence of various innovative forms of accomplishment and personalization of tasks, so managers do not always have to be responsible for their employees. Managers only check the results and give feedback to employees.

In other words, **employees take responsibility for the way tasks are performed, for time management and decisions related to day-to-day work**. In this way they feel effectively involved in the company's activities, are "forced" to think creatively, monitor their results and be responsible and innovative.

One of the specific methods that has had good results within the Spanish company BICICLETAS ESTEVE, was the organization of monthly online or offline meetings where all employees are asked about innovations and new ideas they might have to improve existing processes (production, customer service, product delivery to customers, store support, etc.). Then, employees express their sincere opinions about the processes that the company is currently using and they try to add something to them, without changing the core activities that the company is already developing. Moreover, managers call employees at the end of the month to show them the evolution of sales and ask them if everything works according to their wishes or if anything should change. Sometimes personalized and private phone calls are also made, so that employees can provide feedback to the manager, thus a stronger and freer relationship being created between company and employees.

The small company **LOS OLIVEROS** (Spain) proves the viability and efficiency of traditional family businesses. The director and founder of the company, together with the seven employees are permanently involved in the business innovation process. The director is mainly responsible for all the innovations that are put into practice in the company's activities and he "believes it important and interesting that his employees always add new ideas to improve the company's activity". Employees are free to organize their tasks without having to talk to a superior. This leadership style has proven to be positive as employees do not feel forced to have innovative ideas, but only to communicate them to their senior. The company manager admits that the integration of all those responsible for the



company's production chain is important for improving its overall development. The working methods within LOS OLIVOS are based on open communication when there is a problem or when an employee has an idea. Everything is listened to and taken into account, although not so many innovations get implemented.

The management of **MyRentGo** (Spain) has the same approach as BICICLETAS ESTEVE, in the sense that all employees' innovative ideas are accepted and promoted, without them being sanctioned, if the idea proves a failure. This vision starts from the fact that any employee can have an innovative idea, but the decision to put it into practice or not belongs exclusively to the manager.

The independence of MyRentGo employees in terms of their activities is actively promoted by managers, through clearly delimiting the tasks assigned to each of the team members. Through this clear division of tasks, employees know the expectations of the work they have to fulfill and act accordingly. In terms of problem solving, managers have the final decision in this regard, so employees must notify them of any problems that may arise during the activities, not having the freedom to act according to their own criteria to find a solution.

In the case of the IT&C company, **ASSIST Software** (Romania), the organizational culture of the company is based on the idea of generating innovation at any level and capitalizing on any opportunity they find possible. Their field of activity involves a significant amount of creative work, and the text "Innovative minds" is part of their company logo. Managers proactively try to regularly gather all the innovative ideas from their employees, whether they are related to projects, work environment, processes or any other recommendations. When an employee comes up with an idea, their approach is to encourage them to present it and justify their motivation to apply it in practice. Sometimes employees can do this on their own, and other times, a mentor is provided to help them through the innovative process. ASSIST Software management focuses on individuals, believes in the skills of their employees and expects them to be able to manage their day-to-day problems in a responsible and creative way. However, the management framework provides mentors and facilitators to guide or assist through the innovation process.

ASSIST Software's management also believes that: "**A company is a reflection of all employees, not just of the management.**" It is important that all employees have a role in the development of the company and work as a great team. Giving ownership of ideas, when they are recognized or implemented, provides recognition to employees and motivates them. The company has a comprehensive program to promote innovation and creativity and to create opportunities, events, activities specially designed to generate and promote innovative ideas. Creating the right environment for employees to express their creativity and generate innovative ideas is of the utmost importance.

The **vision** of ASSIST Software is: "**If you are not ready to fail, you are not ready to innovate. Failure is part of the innovation process.**" In this case, the focus is more on setting learning objectives as success criteria and less on "difficult" parameters, such as "increasing sales volume by 5%". Establishing the appropriate success criteria creates a physiological safety that





determines innovation. Therefore, failure is defined as "spending time learning something useful", and a negative result is still a result.

The management of **ELECTROALFA** (Romania) has its own policy regarding employees who have innovative ideas and suggestions. Here, a system of employee motivation, called Kaizen Teian, is applied which offers rewards in objects to employees who propose various solutions to improve activity or products. Employees have various degrees of autonomy and responsibility. In terms of the extent to which employees are expected to manage their own problems, activities and responsibilities are clearly defined by procedures or working standards of operational staff. On the other hand, designers have a greater degree of freedom to choose the right solutions for the achievement of products or services.

ELECTROALFA's management supports intrapreneurship and encourages employee initiatives. The best and safest environment for re-evaluating company's results was found to be the creation of mixed teams (sales engineers, designers and staff from the production department or quality assurance), which has proven to be successful so far.

With only 36 employees, **SC ACK FLUID SRL** (Romania), has a research and development department that has designed and patented new products. Company's management is very open to innovation. Employee ideas are always welcome. Innovative ideas are discussed in the company team and then applied in the production process. Each employee has his/her role in the company's organizational chart. Ways to resolve different issues are discussed in internal meetings. Even if an employee has their own idea about solving a problem, this idea must first be presented to everyone, so that a clear picture of the processes involved and the expected final results is obtained. In general, engineers have an attraction to innovation. It is only necessary to create an atmosphere where these ideas are well received and rewarded.

The management of ACK FLUID SRL believes that a failure is a step forward. A failure can also generate a new idea. For example: in one of the installations produced, a new electromechanical device was installed, which did not give the expected results. After a few experiments, it turned out that the device had to be designed differently. The redesigned device could not have appeared unless there was a first failed attempt.

Millennium BCP (Portugal) is a Portuguese commercial bank established in 1985 with more than 7,000 employees in Portugal and over 16,000 globally. The strong emphasis on innovation has led Millennium BCP Bank to introduce a number of pioneering solutions that lead not only to competitive advantages, but also to the transformation of banking services. Despite operating strictly in the banking sector, innovation and digitalisation are the main objectives of BCP's current business model. The bank understood that, although operating in a highly traditional sector, innovation is the solution to long-term competitiveness. BCP's strong point is innovation in both internal and external communication. BCP's vision has always been: "Customers have changed. The market has changed. Millennium BCP had to change. "

To ensure the bank's sustainable growth, talent mobilization is one of the key strategic priorities for Millennium BCP. The company pays strong attention to motivate employees and get them involved in achieving the company's



vision through innovation. To motivate employees, the main approaches of BCP management are: talent training, through individualized training programs; promoting employees with potential to take on future tasks of greater complexity and involving more responsibility; looking for new innovative ideas and suggestions for practices and products that could add value to customers and the organization; moving from a competitive style to a more collaborative and participatory approach, which improves visibility, interest and involvement; developing employees' intrapreneurial skills; ensuring a safe space for sharing employees' ideas; creating extensive groups of ideas to stimulate creativity, the exchange of experience between employees, their development and capitalizing on the experience of employees.

EDP - ENERGIAS DE PORTUGAL (Portugal) is a large Portuguese company operating in the energy sector, being one of the world leaders in wind energy. As an energy provider, EDP faces a strong challenge to adapt to new energy market requirements, and rapid innovation in the sector is essential. One such innovation is the focus on renewable energy production. To respond to market changes, EDP's innovation strategy has placed a major emphasis on renewable energy sources, increasing energy efficiency and digital innovation. Due to the high demand for innovative solutions in the new strategic orientation of EDP, the company has adopted an extremely inclusive innovation model based on a series of mechanisms for supplying innovative ideas from various internal and external sources in order to optimize its innovation processes - internal research and development, adoption and sponsorship of external research, incubation of start-ups, and encouraging the involvement of the general group of EDP employees in innovation.

New technologies and the trend of applying more environmentally friendly solutions have put strong pressure on innovation in the energy sector. The high requirements for innovation resources and ensuring a rapid development of innovation have been achieved not only through building internal innovation skills (i.e. through training), but also through taking advantage of the knowledge and resources available both within and outside the company. EDP has built a vast innovation environment, including the EDP internal innovation unit (EDP Inovacao), which works with universities, start-ups, students, research centres, foreign entities and employees from all organizations to find the best solutions as soon as possible and in an extremely efficient manner.

While the EDP employee involvement system - EDP Click Idea, has taken the form of an intranet-based solution, similar to that applied by Millennium BCP, EDP has adopted a broader co-creation model where innovative EDP challenges are available for a wide audience through a public website - www.cocreation.pt, while special assistance is available for start-ups related to EDP's priority areas - clean energy, smart grids, energy storage, customer-oriented solutions and digital innovation. Therefore, EDP's strategy is strongly based not only on the efficient use of company's resources, but also on its supplement with resources that exist in the company's environment. Such a strategy helps EDP to solve its challenges faster and have access to the best solutions.

EDP also made a strong effort to attract young talents, able to contribute to the development and implementation of new technological solutions and more "outside" activities. Internal policies include a strong training portfolio, reception



strategy and integration of new employees or knowledge exchange sessions. Through learning directly from people who assisted the process and sharing knowledge between generations about how systems have been built, worked and evolved, new complementary and innovative ideas are built and developed.

To support the spirit of collaboration, reduce fears and frustrations of all generations, **it is recommended to build a corporate culture that promotes** change and diversity of employees to become valuable for customers and profits. While strong diversification of employee profiles and visions can be a source of strong competitive advantage, along with company growth, a smooth collaboration of a large group of employees can be a challenge. To improve communication and collaboration for innovation, EDP has divided efforts into thematic "interest groups" working on particular topics, such as solar energy or distribution. The most important groups have a high level of autonomy and spaces are created for "mixing" ideas between generations, departments and positions and experimenting with new ideas among colleagues with an interest in the particular subject.

Over time, innovation has taken many forms, including changes in the business model and the development of technologies. However, innovation is not just for big business, nor does it have to be strictly linked to technological solutions. The innovation process requires, first of all, original ideas and knowledge.

An example of this is the municipal public company **EGEAC** (Portugal), responsible for managing several cultural spaces (museums, theatres, monuments) and encouraging, promoting and invigorating cultural activities. The organization's mission is to build a unique cultural personality for the city of Lisbon, to promote the city's cultural activity and to stimulate dialogue with its target audience. Such a mission is a huge challenge, given the highly diverse target audience and the multiplicity of artistic visions in the city.

To meet the challenge, EGEAC has based its approach on highly inclusive methodologies for generating innovation and creative ideas, which would provide residents and tourists with a unique experience that integrates innovation, but with a strong respect for the Lisbon's heritage and identity. With such a specific challenge at hand, EGEAC has made the expected socio-economic impact fully dependent on their employees, as a source of innovative solutions and creative ideas. As all employees must contribute to the company's vision, a specific organizational framework has been established and the identification of innovative solutions to attract the target audience is constantly evolving.

The main method of attracting and involving employees in the innovation process is decentralization. Specifically, the operations of the organization are divided into small projects. The projects are assigned to multidisciplinary teams, which are given autonomy as well as responsibility for the result. Authors selected for the implementation initiatives are invited to join the implementation team and receive public recognition for their ideas.

While employee involvement, as well as encouraging collaboration and the exchange of information between management and employees, are initially based primarily on strong communication, education and the development of the company's pro-



innovative culture will increase collaboration and enhance the role of employees in innovation processes.





4. CONCLUSIONS AND RECOMMENDATIONS

The four partners in the INCREASE project - ADES Romania – coordinator and Guide developer, USV Romania, INNOHUB Spain and E&D Portugal – have conducted practical studies based on structured interviews, direct observations and customized research in the case of 12 small, medium and large companies (6 from Romania - 50%, 3 from Spain - 25% and 3 from Portugal - 25%). Subsequently, this information was centralized and processed by the ADES Romania team, including based on the feedback received from the project partners.

As a result of the studies carried out and the presentations in this Guide, it was possible to formulate a series of general conclusions and recommendations, valid for all the studied companies, as well as a series of conclusions and recommendations specific to a certain profile of the companies.

In view of the objectives and expected results of the INCREASE project, these conclusions and recommendations sought to develop benchmarks and establish rules applicable to companies in all European countries, regardless of their size, in terms of:

- degree of understanding the concept of intrapreneurship at the level of employees;
- employees' degree of awareness regarding the innovation processes approached by their company and the importance of their involvement in these processes;
- employees' motivations for their decision to engage or not to engage in intrapreneurship and innovation in the companies where they work;
- barriers and obstacles that employees face in getting involved in the innovation process;
- practical methods applied by managers to promote intrapreneurship and increase employees' involvement of in the company's innovation processes.

4.1 Conclusions

1. **Regarding the degree of knowledge of the concept of intrapreneurship among employees and understanding the innovation processes within the company**, there is a clear shortage of information, a reluctance on the part of employees regarding active involvement (see the case of companies in the commercial field), as well as a number of shortcomings in effective, proactive and productive communication on this topic. Due to changes imposed by epidemiological conditions (Covid-19 pandemic), especially in these atypical periods, innovation processes have stagnated, including because of the lack of employees' technical means of online communication and even their refusal to participate in meetings, discussions and debates at a distance (aspects pointed out by BICICLETAS ESTEVE SL and Los Oliveros from Spain). In these conditions, it is recommended that managers:



- a. **Carry out campaigns in which to promote and inform employees on the concepts of intrapreneurship and innovation through all online and offline means and through various methods that are accessible to all employees, fully understood and accepted by them as methods of involvement, communication and collaboration.**

Innovation can take many forms, including changes in the business model and technology development. The innovation process is not reserved for big business and should not be linked exclusively to technological solutions. Innovation processes, regardless of the size or profile of the company, are based on research, original ideas and knowledge exchange.

However, innovative ideas coming strictly from inside the company (from managers or employees) cannot be the only source of growth in every sector and type of organization. Thus, it was noted that in areas with less creative employees in terms of socio-economic profile (e.g. trade), there is a need to access external services that bring effective innovation solutions (for example, in the field of promotion and advertising).

Another situation is that of development areas based on traditions and conventional methods (energy, culture, banks, etc.) where external involvement is needed to implement innovative changes that are beneficial to the company and accepted by the target audience. In these cases, the innovation approach must be based on highly inclusive methodologies for generating innovation and creative ideas, allowing the target audience (customers, residents, tourists, etc.) to come up with their unique experiences to be integrated into the innovation process of companies.

Intrapreneurship is encouraged among employees in all 12 companies studied, Intrapreneurship involves people in a company that create or discover new business development opportunities, which lead to the creation of new parts of the business or even new complementary businesses. An intrapreneur is an employee of a company who takes risks to solve a certain problem that aims to develop the business of which he/she is part. This is a relatively new term that corporations have begun to use more in the past ten years. While an entrepreneur oversees, leads or manages an entire company, an intrapreneur focuses on all of these tasks as well, but on a limited sector or a sub-sector of the company.

Thus, intrapreneurship is a concept that provides a new context for the manifestation of employees' potential, by involving them in identifying market opportunities, in direct innovation activities and creation of market-recognized values.

- b. **Present concrete intrapreneurship models through various methods for all employees of the company, followed by selection and training of employees who show intrapreneurial spirit and who decide to be actively involved in the company's innovation processes**

The intrapreneurial model is recommended for all types of companies, as it encourages the development of attitudes and skills of strategic thinking and empathic action, with an emphasis on developing the skills of anticipation, innovation and "market play". These models are needed to make an innovative leap, to extrapolate a possible future and to identify new trajectories for personal and organizational development.



Usually, a limited number of people take part in the development of strategic options for companies. Therefore, intrapreneurship invites everyone to innovate, to take action, to find ways to simplify their work and to be dynamic and responsible in everything they do. Intrapreneurship involves identifying a new set of values, based on success and prosperity and a win-win attitude. Success is predictable and to be successful one must have a vision and a goal. Success is built from the inside and starts from personal beliefs. Intrapreneurship gives employees ownership of projects, makes risk-taking and failure attractive, encourages networking and internal cooperation, rewards entrepreneurial thinking and creativity.

Managers promote this type of employee behaviour, as the person actually working on a certain process knows best how to improve their work. In the 12 studied companies, the aim is to create an intrapreneurial culture where each employee is responsible for the company's success, has initiatives and takes the responsibility of putting them into practice. However, managers must also accept that the decision whether or not to put into practice a certain innovative idea coming from an employee belongs to them, so failure should not be sanctioned, but only analysed, debated and used as a lesson for the future.

The development of intrapreneurship depends very much on the organizational culture, the degree of responsibility of employees towards company's results and on managers' flexibility to accept and put into practice the innovative intrapreneurial ideas of their employees. Such models have been successfully applied by ASSIST Software, Romania - the Codecraft contest and ELECTROALFA, Romania - the Kaizen Teian award system.

2. **Regarding the importance of employee involvement in the innovation and intrapreneurship process**, the unanimous opinion of managers and specialists is that an employee involved in these processes is a more productive employee, interested in the company's results, with a spirit of initiative, an "inspirational" model for his colleagues.

The basic issue of the study on innovation processes within the INCREASE project started from ***the need to identify models of good practice and effective methods***, verified in practice, ***regarding the involvement of employees*** in these processes. Thus, at the level of the 12 analysed companies a series of methods were presented through which employees are encouraged to get involved in the innovation processes of the companies where they work.

Regarding the importance of employee involvement in the innovative process, the unanimous opinion is that finding ways to increase employees' determination and involvement in the company development and implementation of innovative ideas and projects is timely and beneficial for both the company and the employees. At the level of the 12 studied companies, any innovative idea / suggestion / proposal that comes from an employee is analysed, discussed, and depending on its opportunity and effectiveness, it is either introduced into practice or retained for when the context fits. Also, other opinions are requested from the rest of the group / team, research is done and, if the idea proves to be good, it is accepted and introduced in the innovation process of the company.

For management it is very important to involve employees in the innovation process, because if there are more brains, there are more opinions, and more opinions can



produce more options from which to choose the most effective method of innovation.

In the 12 studied companies, employee initiatives and innovation are encouraged. Establishing the role of employees and how to involve them in the innovation process is done according to individual abilities and skills. They are constantly looking for those innovative minds and those employees with an appetite for study and research, trying to stimulate them so as to generate productive ideas. For example, at ASSIST Software, Romania, the text “Innovative Minds” is part of their identity and innovation logo, a company manifesto.

The importance of employee involvement in the innovation process also lies in the fact that decisions taken only from the top have many limitations. Employees must not only be executors, but they must be partners, they must be interested in obtaining higher incomes, both for themselves and for the company. Companies’ managers must also accept the fact that sometimes employees are better and more skilled in the technological / practical part than the managers. Therefore, they must be given freedom of decision, which gives them self-confidence and brings very good results. Technological innovation has been shown to deliver more results than routine work (an opinion also supported by the manager of SC SUPER LACTIS SRL, Romania). Often, ideas coming from employees can be very good, because they are in direct contact with customers and the work environment, they encounter unforeseen situations that they have to manage in the relationships with suppliers, customers, public opinion, as noted by the manager of SC AUTO IMPEX PRIMA SRL, Romania.

3. Regarding the methods used by the studied companies to involve employees in intrapreneurship and innovation, there are methods that have worked very well and methods that have proved to be effective only in the short term.

The principles and models of employee involvement in the innovative process identified at the level of the 12 studied companies are diverse, with different approaches from one company to another, but also a number of common features.

- a. *The most used and strongest method of involving employees in the innovative process in all the companies (regardless of location, field of activity or size) has proven to be the recognition of merits.* Although, initially, most companies used financial motivation to stimulate innovative employee initiatives, this has proved its effectiveness only in the short term. Stimulating the involvement of employees in the process of innovation and development of the company is more effective through: recognition of the promoted idea in front of the team; appreciation from management and colleagues; monthly or occasional awards based on real results; development of an organizational culture based on intrapreneurship; use of flexible organizational structures and short communication channels, etc.
- b. *Another effective method used to involve employees in the innovation process is continuous communication, as fast and direct as possible, including through IT tools and applications (for example: use of WhatsApp groups in different fields of activity; communication on short channels; flexible organization; visible online and offline promotion of results, etc.).* These methods have been successfully applied within SC



ALMA VENDIS ADG SRL (Romania), BICICLETAS ESTEVE (Spain), LOS OLIVOS (Spain), EDP - ENERGIAS DE PORTUGAL (Portugal) and EGEAC (Portugal).

Although there are various ways to encourage employee involvement in the company's innovation process, the reality is that some companies use only a few of them. For example, some SMEs use meetings to include employees in innovation processes. Some companies apply weekly meetings, while others prefer monthly meetings, either online or offline. However, the physical form of the meetings (offline) seems to be predominant.

During these meetings, all employees are asked about innovations and new ideas they have for improving existing processes (production, customer service, product delivery to customers, store support, etc.). Then, employees express their sincere opinions about the current processes that the company is applying and try to add something to them, without changing the core activities that the company is already developing. Moreover, some managers call employees at the end of the month to show them the evolution of sales and ask them if everything works according to their wishes or if anything should change. Sometimes personalized and private phone calls are also made, so that employees can provide feedback to the manager and a stronger and freer relationship is created between the company and the employees. Both aspects have proven to be functional, as they combine group and individual reflection and add a moral incentive to employees. This is positive for the company, as the methods include monetary (depending on the number of sales) and moral incentives (as it ranks each seller's position, and feedback is given to reinforce weaknesses). It is true that there is a lot of work to be done in terms of SMEs and the inclusion of workers in the innovation process, but this effort is worth making. With all these necessary efforts, the starting point seems common, all managers giving special importance to the role of employees and being willing to include them in the company's activities.

Also, the lack of integration of technological means in the innovation process is still obvious, especially at the level of small companies, as all the companies have shown that the online form has the lowest impact. However, as we live in the technological age, it is important to gradually include these digital forms of communication in the day-to-day activities of companies. Moreover, this can have a benefit in terms of efficiency and even cost reduction.

- c. According to the management of all the 12 companies, *an employee can be determined to do something innovative (to make a change) only through two fundamental methods: coercion and self-involvement*. Coercion has proved ineffective in terms of involvement in the innovation process, since this is not a mandatory task for employees of companies. Involvement in the innovative process comes only by itself, from the employee, based on their own values, criteria, preferences, needs, interests, etc. It was also noted that once employees actively participate in the company's activities and understand what they are doing, they will be willing to increase their productivity, be more efficient, be more creative, have more initiatives, etc.
- d. At the level of all companies, when a new idea of development and innovation is brought by an employee, *mixed teams are made up of employees, managers, specialists, engineers, etc.* and the idea is analysed in terms of creativity, viability and real efficiency. In all these companies, employees are interested in



achieving the company's objectives, in obtaining higher revenues, in innovating, developing, and increasing company's market share, etc. The fact that their idea is analysed and debated in multidisciplinary teams, with the participation of the company's management, gives them confidence and makes them feel valued.

- e. *To increase the degree of involvement of employees in the innovative process of companies, it is necessary, first of all, to give them the confidence that they will not be punished if they make mistakes, that they have the right to manage a series of conflicts, that they have power of decision as to how to put their creative idea into practice.* Any problem that may arise between employees, that does not affect other people and that can be solved by the people involved, it is recommended to be solved by those people alone. Only problems that tend to degenerate will be solved by the higher hierarchical level or the organization's management. This approach was expressed by the managers of ELECTROALFA and ASSIST Software in Romania and MyRentGo and BICICLETAS ESTEVE in Spain.
- f. *Regarding employees' tasks, it is recommended to have a level of freedom up to which individual or team decisions are taken, and then, according to the procedures, the employees will address the boss or the higher hierarchical body. This behaviour will give them confidence that they are appreciated and that they can have innovative ideas. There must be procedures, but also one must encourage taking responsibility for the work done; employees can work in teams based on cooperation and communication, but there must also be procedures that must apply to everyone. This approach was presented in detail by the managers of SC SUPER LACTIS SRL and ELECTROALFA from Romania, as well as by the managers of the companies from Portugal.*

Not involving employees in the innovation processes at the level of companies can even have negative effects in their development. For example, the lack of freedom to solve problems for SME workers is counterproductive for the company, because problems are solved following the same procedures always previously established by managers. Even if these procedures have proven to work, the market environment must evolve and companies must always look for innovative solutions that can complement or even replace old procedures. Employees are a wonderful source of new ideas in this regard.

- g. *In case of uncertainty and failure, employees should not be penalized at the first mistake, but errors should be noted, analysed, discussed, etc., in an attempt to find ways to prevent them in the future. It is important that the mistake is not repeated. Mistakes must be approached as things to learn from. This ensures a certain degree of flexibility of decisions and work and creates a climate of trust and involvement. This point of view was identified at management level in all the 12 studied companies.*

Given that employees are close to projects and therefore have a better understanding of the development processes and their needs, they are best suited for identifying opportunities. It is important that management obtains a 360-degree vision in every aspect of the company, inspires psychological security and collects a diverse group of ideas. *Crowdsourcing* is an effective way to find new and innovative ideas. Companies need active, innovative, creative and generous people, able to develop the process of knowledge both



outwards and inwards, people who make transversal movements to get out of the circle of the struggle for survival, overcoming personal and organizational stress. Moreover, responsible companies need responsible employees, in a context where responsibility is the ability to offer options and solutions and not to be in a position to permanently manage crisis situations.

4.2 Recommendations

It has already been pointed out that employee initiatives have an amazingly positive impact on a company's activities. This is done through participatory leadership, motivation and appropriate visionary projects. Here are some recommendations for companies interested in involving their employees in innovation:

- After recruiting the employee, many employers demonstrate a “boss and slave” attitude, which often concerns treating the employee as a person who works for the boss and not for the company. By giving them the freedom to work on their tasks within the allotted time, employees come to consider themselves as an essential part of the company.
- Most managers constantly manage and micro-manage every action taken by employees. But in order to explore the potential of the employee, managers and employers must refrain from constant supervision. It is important for management to understand that if employees are always controlled, they will be robotic. It is essential to be free to make their own choices. The key is to make employees leaders, because leaders are the ones who make decisions. This will not only allow employees to feel empowered, but will also make them better at crisis management.
- Trust is one of the best feelings a company can give to its employees. It is true that money and valuations are important, but there is a great motivation to know that the administrator / employer of the company is there for their employees, regardless of the risks involved. Intrapreneurs make mistakes on a daily basis, therefore, it is crucial for managers to support the decisions made by employees and work together to resolve situations that do not deliver the expected results.
- New smart organizations do not impose a system of hierarchy, but have open discussions and there is a certain comfort between the boss and the employee. When titles and hierarchies are abolished, each member of the company becomes an owner with a sense of empowerment and leadership within the organization and with positive effects for all involved. Obviously, the measure must be maintained and excessive attitudes must be avoided.
- The freedom to make mistakes without fear refers to creating a sense of security, involving the employee in a beneficial and comfortable learning experience. It is important to create a pleasant atmosphere, without anxiety, stress,





inhibitions or prejudices. Work is more effective when an open and supportive atmosphere is created, when the psychological climate is one of mutual trust and unconditional acceptance.

4.3 Final Clarifications

Regardless of the size, industry or location of the company, knowledge of the market, processes or customers attraction and satisfaction should not be the sole responsibility of the executive and management team. To optimize the company's performance and find innovative ways to create a unique value for customers, for which they will be willing to pay, accessing the knowledge and ideas of employees in different functions is a proven way to find "out of the box" solutions which can stimulate the company's competitiveness. In order to take full advantage of the knowledge and creativity inside the employees, involvement must be encouraged, but also their efforts must be channelled according to the strategic objectives of the organization. Every company is different and requires a personalized approach.

The innovation strategy can address issues such as changes in technologies used, the offer for products / services, adjustments in internal processes or the business model. Co-creating ideas and innovation with employees can lead in unexpected directions. The manager's task is to establish a strategic direction for this process, but to remain open to other ideas, as long as they are aligned with the strategic objectives of the business. Also, the manager clearly present the innovation strategy and explicitly communicate expectations of employee participation. Employees are the critical source of ideas and innovation, especially for companies without research and development professionals. But regardless of the type of company and access to research and development skills, employees across the organization are uniquely positioned to contribute with specific knowledge about market, process, and/ or customers. Therefore, an appropriate framework must be provided for their involvement and the capitalization of this human capital. Communicating the new strategy, although critical, is only a first step. A way must be found for employees to feel comfortable presenting their ideas and sharing them with a wider audience. Depending on the culture, team and work style, one can opt for computer-mediated (i.e. based on intranet) or face-to-face (i.e. based on meeting) solutions, taking into account which of the approaches would encourage a wider participation.

Regardless of the system or methods of employee involvement chosen, managers must ensure that all innovative ideas are analysed, whether by colleagues, managers, specialists, or mixed teams, and that their authors receive feedback. Managers must also ensure that all ideas, regardless of perceived value, are accepted and respected equally and that failure is not relevant compared to the importance of attracting innovative ideas from employees. Ensuring that employees feel safe enough to contribute with innovative ideas is essential for their participation.





Thus, all ways to encourage collaboration and networking between employees should be sought out in order to increase the quality of final ideas. As all the partners and managers interviewed noted, the public recognition of the authors of the best ideas, their promotion and rewarding (not necessarily material) is of vital importance. The reward must have an interesting value for the employees and correspond to their needs and desires, whether we are talking about ensuring a mentoring, the freedom to work on their own project, access to the development program attractive to them or profit sharing, recognition throughout the organization or advancement within the company.

The inclusive approach to innovation at the company level can focus, in addition to employee involvement, on the contributions of customers, suppliers, other organizations, the media or the general public.

Regardless of the innovation models and methods of employee involvement in the innovation processes applied at the company level, it is the responsibility of the management team to ensure the alignment of efforts with the strategic objectives of the company, to motivate and empower employees to make valuable contributions and develop support for the framework and culture of co-creation within the organization.

Given that companies in the European Union, and not only them, are facing a large fluctuation in the workforce, the need to adapt quickly to an increasingly dynamic market, a low level of research and many organizational problems related to the lack of innovative expertise from employees and their passivity in terms of company development initiatives, it is recommended that they find practical and pragmatic methods to determine employees to get more involved in innovation processes. Employees' involvement in the innovation processes within the positions they hold or at the workplace level is essential for the innovation of companies. Given that the majority of employees in commercial companies do not have research skills, solutions must be found to develop the innovation skills of employees who have at least an appetite for study and develop their interest in promoting innovative initiatives.

In order to increase the innovative capacity of companies and the degree of employee involvement in innovation processes, it is recommended to: provide non-R&D employees with training to understand how they can contribute to innovation; develop employees' skills for innovation; create a climate of employee awareness of the importance of innovation and related skills for personal development and professional growth, with positive effects in terms of their reward and employability; develop an innovative and intrapreneurial mentality of employees, through discussions, involvement in all stages of the innovation process and freedom of decision; raise managers' awareness of the importance of developing innovation capacities among non-R&D employees and how to integrate them into innovation processes; find the most effective methods of material and immaterial motivation for employee involvement in innovation processes; promote entrepreneurship and co-creation, etc.





5. OTHER COUNTRIES PERSPECTIVES

5.1. Austrian Perspective

Innovation potentials in Austrian SMEs Employee involvement in innovation processes

Innovation means the creation of value via the introduction of new products, processes, services or business models. It requires knowledge input from research and other sources. Innovation strongly contributes to Austria's competitiveness and its potential for employment. Small and medium-sized enterprises in particular play a crucial role in transforming scientific excellence into innovative products, improved competitiveness and new jobs.

Some facts to start with:

- Since 2005 Austria has more than doubled its R&I investments from 2.37% of the GDP to 3.19% of the GDP.
- Austria's research infrastructure is immense, 1286 research facilities across 91 research areas lie across the country. The collaboration between those research facilities and the economy is very good, even if it has to be mentioned that when it comes to (established) SMEs there is room for improvement
- Strengthening Austrian companies (particularly small and medium-sized enterprises) through improving the framework conditions can be summarized as follows: further advance the digitalisation of domestic economic players, clearly supported through many funding opportunities.
- The Austrian Economic Chamber is working on improving conditions for companies established in Austria and offers a comprehensive set of services for innovators and business owners. It is an important partner for Austrian SMEs and Start-Ups when it comes to innovation and internationalisation, building experiences and creating tailor-made support and education programmes.

Austria's Innovation ecosystem

The Start-Up ecosystem

Several agencies and non-profit organisations in Austria especially address start-ups. The Austrian Federal Economic Chamber is an important partner for young entrepreneurs and start-ups, offering free and 60% co-funded consultancy in fields like innovation strategy, marketing strategy, business plan creation, internationalisation, IPR issues or design. An excellent public funding infrastructure gives a variety of funding possibilities for start-ups in





different areas, like creative industries, local food production, digital transformation, sustainability and of course high-tech sector.

An example a non-profit organisation is Austrian Start-ups, an independent think-tank based in Vienna but operating throughout of the country. Its focus is to improve framework conditions of entrepreneurship and innovation in Austria. Through its community events and resources their activities are aimed at inspiring the next generation of innovators and transmitting their needs to policy makers. The yearly published Austrian Start up Monitor, together with the Austrian Start-up Agenda, aimed at Austrian politicians and drafted with the support of many Austrian commercial partners, sets a strategy for Austrian ecosystem improvements.

Clusters and Regional Centres of Innovation

A vast variety of regional centres bundle innovative companies and help them to increase their visibility, network better, have easier and quicker access to information etc. In the following sector some are listed (which does not mean that these are the most important one, but it shall give a good overview about the variety of offerings).

Silicon Alps Electronic Cluster (Carinthia and Styria): brings together Austrian players from industry, science and public authorities to develop and position the electronics and microelectronics sector. To boost the competitiveness and innovative performance of its members, to raise the added value in the region, to promote the location's international visibility, to enhance the location's attractiveness for start-ups and business establishment.

TU Wien Innovation Incubation Centre with its TUW i²ncubator program helps TUW scientists and students to either bring disruptive research or promising early-stage projects to market. The Start Academy is focused on "How to turn research into reality" whereas funding is facilitated through the aws Jumpstart initiative, fundraising through the network, access to personalized trainings, mentorship, an EIR program, well-equipped work spaces and meeting rooms in our FounderSpace, as well as strong inter-/national network.

Impact Hub Vienna is a social innovation lab and business incubator in the heart of Vienna. The Hub offers its own unique ecosystem, a diverse community of members and creative support to develop ideas further.

Vienna Innovation Supporters Map: the ongoing project by the Vienna Economic Chamber is building up a platform which solves one of the biggest problems of start-ups – how to find companies who build prototypes, offer facilities for 3D printing, CNC machines or rapid prototyping, offer development capacities in different areas (e.g. industrial design, mechatronics development, hardware engineering, sensorics), can provide lot size on small series production etc. The platform will be launched in winter 2020 and shall be rolled out all over Austria after a pilot phase.

Challenges for the future





Hybrid entrepreneurs

Hybrid entrepreneurs are entrepreneurs and employees at the same time. In Austria 102.000 employees, so 15% of all companies and 2% of the total working force are employees and run a business at the same moment, both total number and percentage quickly increasing (Statistik Austria 2019). Recent studies show that this is not only a temporary phenomenon (e.g. during the pre-seed and seed phase of a company) but a sustainable form of modern work (Viljamaa and Varamäki, 2014). The reasons are not only economic security, but the wish to use different skills and face different challenges (Hosner et al., 2019).

Start-ups

Start-ups are innovative founders with extraordinary growth potential and quick development. Usually they are younger than 5 years, innovative in their products, services, technologies, digitalized processes and / or business models and grow much quicker than the average. Often they address an international target market. In 2019 Austria had ca. 5.500 Start-ups, with a low female founders rate of only 18%. The financing of Austria's start-ups is savings (69 %) together with support from friends and family members (19 %), national public funding (48 %) and business angels (27 %) Incubators, accelerators and „Company builder“ support 15 % of the Austrian Start-ups. Venture Capital is a relevant financial source for 14 % of the start-ups and crowdfunding for 8 %. (Leitner et al., 2018)

Innovation and family run businesses

Family-run businesses are more often risk takers (vgl. Heider, 2017) which can lead to a lower degree of Innovation (vgl. Hülbeck et al., 2012). It also can be seen that the passion for innovation often is higher in the generation of the founders and then decreases (Werner et al., 2013). Strong positive correlations with innovativeness are degrees from universities or universities of applied sciences, urban surroundings and a strong technological network (Dörflinger et al., 2013)

Most Austrian family run businesses are in the maturity stage, which will be a major challenge for the next decades. On the other hand most of Austrian family run businesses are very active in their innovation and are so-called „Hidden Champions“ with breakthrough innovations for specific areas, which are used afterwards by other industries in their products.

Cooperation of established companies and Start-ups

The Cooperation of established companies with start-ups enables the established companies to get access to new ideas, technologies, market approaches, digital processes, business models or talents. Even if most established companies say that they are interested in such a cooperation (73%) only 15% had a cooperation with a start-up and 8% are planning to do so (KPMG, 2017). But most studies foresee that these cooperation will become more and more important in the future. But they also state that knowledge in this area is





missing on both sides, especially co-creation, open innovation and IPR issues.

Even if Austria is among the leading countries in the EU when it comes to innovation, there is still room for improvement, especially when it comes to innovation skills. The Austrian Federal Economic Chamber addresses this field e.g. with the certified innovation manager and certified innovation consultant courses and certification based on show cases. Both programmes are available online, offline and hybrid and cover approx. 50 learning units.

Good practices from Austria

Austrian Public Procurement Agency and Innovative Public Procurement platform

The Austrian Public Procurement Agency (BBG; www.bbg.gv.at) is the central purchasing body for the Federal Government of Austria. It was established in 2001 to provide central procurement services to federal ministries, in particular to negotiate framework contracts and make them available to the federal state as well as to other public entities. BBG is fully owned by the Federal Republic of Austria, represented by the Ministry of Finance. Its yearly purchasing power is roughly € 45 billion and the aim is to use more and more of this budgets for innovative and sustainable solutions.

In order to promote innovations, especially from SMEs and start-ups, they launched a service center as a one-stop-shop (IOEB, www.ioeb.at) and a platform (www.innovationspartnerschaft.at) where companies can showcase their innovations and explain why public institutions could benefit from them. On a quarterly basis these innovations are evaluated by an assessment jury and the eligible innovations / companies are represented on a specific market place for public purchasers (e.g. kindergarten, schools, universities, hospitals, elderly care institutions, construction, facility management, energy providers, street maintenance, and ministries). The selected innovations are in addition also showcased during a number of events throughout the country, where those companies can directly get into contact with the public purchasers. This increases massively the visibility for the innovative companies, mostly SMEs and start-ups and enables them to become partner in “lighttower” projects, where innovations are showcased.

In addition a few challenges per year are published on the web site and promoted via social media, newsletters and classic media. These challenges are problems from the public sector seeking for solutions and companies, especially SMEs and start-ups, are invited to present their possible solutions. The entries are not published before the written consent of the companies in order to not run into problems with IPRs. All offered solutions are evaluated by an assessment jury and “lighttower” projects will be created.

For more and more SMEs and start-ups these services also provide a massive boost in the private sector.



The innovative way of bringing together public procurement and innovative solutions won several international prizes over the last years.

In 2020 sustainability has been added as a major evaluation criteria, so for the near future the focus will be on sustainable innovations.

Hello Cash (www.hellocash.at)

Hello Cash is an Austrian Start-Up, founded by Mag. Laurenz Gröbner and Anna Zalesak, MA, situated in the rural area in the middle-north of Austria. They offer a mobile cash desk solutions for gastronomy and personal services, such as hairdressers, which include easy-to use bookings system, mobile ordering, mobile payment and all of this according to the latest regulations and norms and – of course GDPR. The solution is mainly based on tablets, smart-phones and mobile devices but can be of course also run on computers. With their innovative product lines they quickly became market leader in Austria in gastronomy, hairdressers and beauty salons and expanded quickly to Slovakia and the Czech Republic. The growth path for the next years focusses on Central and Eastern Europe.

The innovation process in the company involves employees as much as possible. One a year innovation strategies are defined together, ideas prioritised and then moved into agile development. Workshop with customers as well as the collaboration with other start-ups is daily business for the company.

Even if in the software industry the protection of IPR is quite difficult, as software patents are almost not achievable in Europe, the company USP lies in the excellent understanding of customer requirements, the quick response to market needs, in the excellent usability and user experience and in reasonable pricing.

What can we learn from this company?

- They have a very young and excellent team, recruiting regional and international high potentials and giving them enough space for their personal and professional development. They actively support their employees if they have own start-up ideas and allow them to create and run hybrid companies. International collaboration with developers are based on the professional use of video-conferencing and collaboration tools so they never feel excluded.
- A clear innovation strategy is developed together with all employees at least every two years, whereas most of other companies show “management by muddling through”
- Co-Creation with customers, other companies and the educational sector help to enhance the understanding of problems and challenges
- Open Innovation is actively implemented in the company





Amlogy and Areeka (www.amlogy.at; www.areeka.net)

Amlogy is a Vienna based start-up in the area of Augmented Reality. Founded in 2016 by Arkadi Jeghiazaryan, who came to Austria as a unaccompanied refugee child (and by the way still runs with “Rot-Weiß-Rot-Card” and an Alien passport) the company started with the development of state-of the art augmented and mixed reality solutions for customers in different areas. In 2017 they created the brand Areeka which implements augmented reality in education for school children, bringing education in schools and to their homes. One advantage is that all solutions can be used with smartphones or tablets. Quickly the biggest school book editors in Austria and Germany have partnered with the company and they develop now school books and teaching materials in close collaboration with them, a rapidly growing number of teachers, partner schools and kids themselves.

In 2019 AR solutions for specific industries, such as construction, tourism and retail have been developed in close collaboration with customers and research centres.

In 2020 Amlogy launched Web-AR, an augmented reality platform without the need for an app, and therefore became one of the leading companies worldwide in this high-tech sector.

Just a few month ago a series B investment has been settled.

What can we learn from this company?

- 2 Business Angels were directly involved almost from the start. They acted as strategic partners and not as financial partners and helped with innovation and product development strategies.
- The company actively embraces co-creation and open innovation, developing things closely together with various customers from different industries
- All employees are involved in the innovation process
- “Development has risks. No risk, no fun. And we love fun!”

Recommendations and conclusions

As can be seen from this presentation about the overall situation in Austria there can be deduced the following recommendations and conclusions:

- We urgently need to improve the innovation capabilities of SMEs, as they are a very important pillar to the economy. Even if improved over the past decades awareness for innovation still needs to be improved.
- Upskilling in the fields of innovation and digital transformation is very important for the transformation of work, the employability of people and in order to address the first point. Trusted partners (like chambers) can be of big help especially when it comes to certifications.



- Strong ecosystems which foster both innovation and education need to be created and seen in a holistic way. Daily politics should ideally be kept out of this process.
- New ideas need to be created in order to face the new challenges: labour law and labour insurance need to be adapted quickly to the new forms of work as distance work or work from home
- Hybrid systems for employees and entrepreneurs shall be established as an additional pillar to a good system of public funding, business angels and VCs

As mentioned in the good practices of Austrian organisations and companies, it seems that the necessity of employees involved in innovation procedure, co-creation and open innovation are getting more and more important. The embracement of digital transformation is not only a must for all companies, but also an important driver for innovation.

Promoting innovation among the general public, company owners, employees in general and especially the working teams in a company has significant benefits. Awareness programs shall increase the curiosity of people as well as their abilities to think more novel. We need more time for teams to play with new ideas and concepts and create a failure culture, where failures are not only seen as a negative fact, but as a starting point for further learnings.

When employees are motivated to be a part of the innovation process in the firm, they may become more encouraged to undertake their tasks. The same is also true for entrepreneurs and managers. Therefore, it is important for companies to promote employees to become more involved in innovation projects. Employees' enthusiasm directly affects their work input and output. As a result, it could be said that if firms would like to enhance employee-driven innovation, it is essential to provide them enough incentives, which could be financial or non-financial, and they need to make sure that those who have the most involvement in the innovation process will be awarded adequately. The same is true for customers, other companies and academia. (Open) Innovation networks will drive the future of innovation.

Last but not least a good balance between work and private life, offering flexible working hours, distance working and other possibilities is also an important factor, especially when motivated high-potentials are needed.

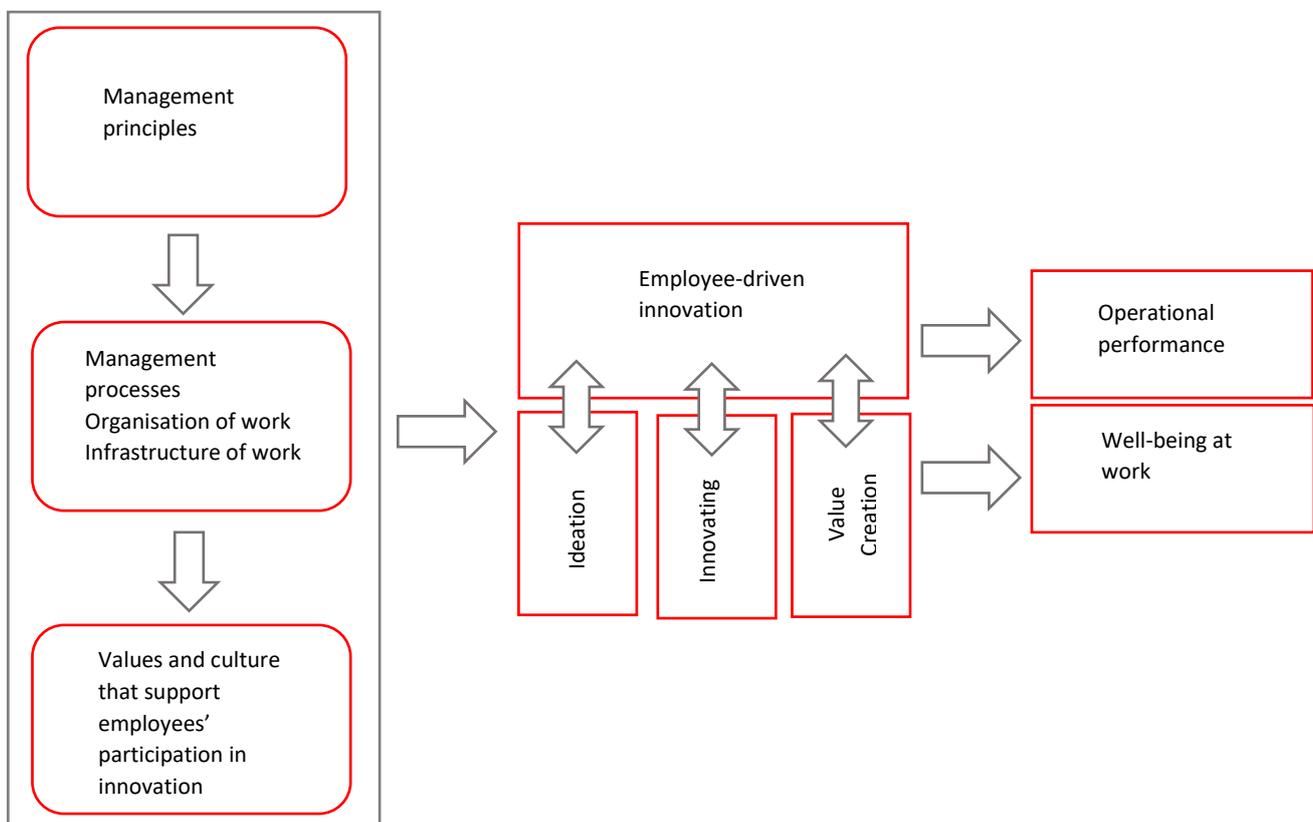
The pandemic and post-pandemic era will give additional boost to all this, increasing the need for a quicker adaption of distance work, digital transformation, implementation of new technologies and sustainable innovation – which are by the way also the areas which will help most in an urgently needed economic recovery.

5. 2. Finnish perspective

Employee involvement in innovation processes

The innovative capacity of a company is considered as one of the most significant components of establishing a sustainable competitive advantage. Substantially, innovation is about making new working practices, services, and products via finding and getting the most advantage of different opportunities. In accordance with the resource-based theory, it is acknowledged that the ability to innovate relies on the capabilities and resources that a company owns and the ability to manage and create knowledge. Individuals are the main sources of knowledge creation. Therefore, human resources are regarded as a crucial element in innovation processes and competitive advantage.

Tekes, the Finnish Funding Agency for Technology and Innovation, which task is to support "innovation research and development of working life" emphasizes on the employee-driven innovation (EDI) as they know that innovations are becoming a significant component of competitive edge to Finnish firms in the whole business world, therefore, in organizations competing on innovation, active and systematic utilization of employee participation in ideation, innovating, and renewing business activities needs to be improved. Tekes prepared a programme with the name of Liideri for the period from 2012 to 2018 for producing management and organization practices that renew business activities. In the programme, a conceptual framework for improving employee-driven innovation was provided (Figure 1):



Besides, Liideri divides the employee-driven innovation into three main categories:

- **(Institutionalised)** Employee-involving innovation: Some solutions that are developed by normal employees, but they are based on tasks from management, customers or other groups of stakeholders.
- **(Fully)** employee-driven innovation: Some solutions that are developed by normal employees and accepted by management however, the original initiative comes from employees' own ideation.
- **(Continuous)** Self-organized remaking of jobs and activities: Innovative solutions that are designed and applied by normal employees to help themselves to solve daily working related problems, which is also profitable for the whole work organization.

The final aim of this programme resulted in promoting EDI in Finnish workplaces.

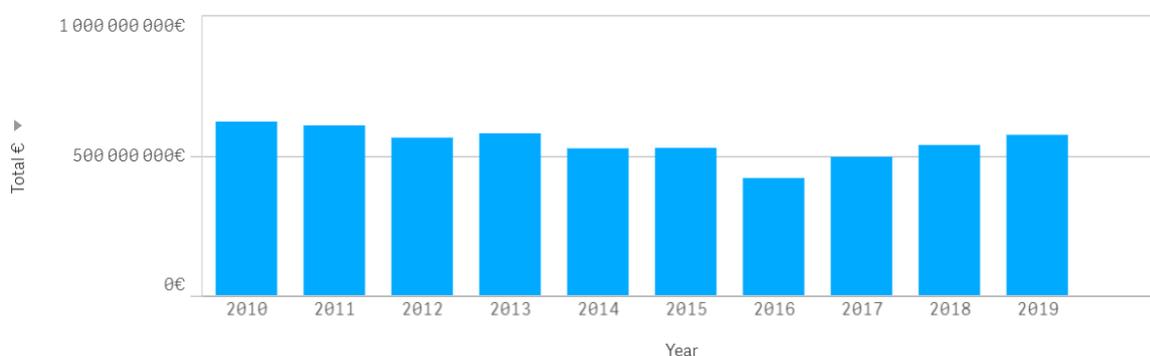
Potential of Finnish companies for innovative projects

In Finland, the government organization for innovation funding and trade, travel and investment promotion named Business Finland supports companies and research groups to link together for more research, development and innovation activities.

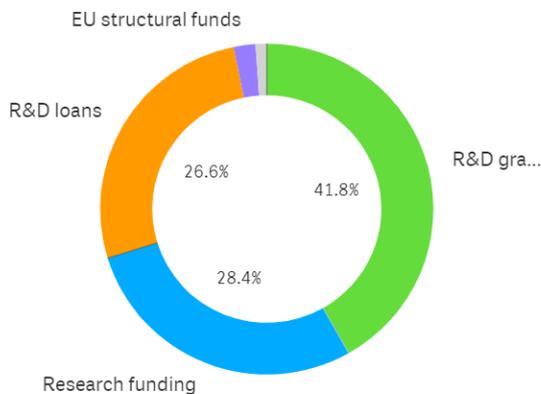
As Business Finland mentions, Companies and research organizations collaborate to develop new knowledge and innovations to serve as a basis for international business activities. The participants in a joint action have a common goal and the need to do projects in collaboration with others and a plan for reaching the joint objective, and the Funding is used for enhancing the research organization's competence, and for accelerating the utilization of research data and development of new export products. Co-Innovation joint actions reinforce both the Finnish and international networks.

Below the figures related to R&D and innovation funding awarded by Business Finland are indicated:

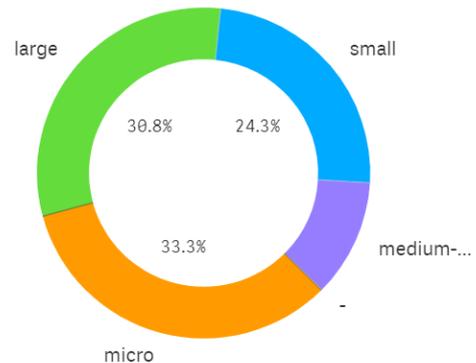
Funding awarded by year



Funding awarded



Business R&D awarded by company size



Based on the information provided, Finnish companies and research institutes are actively participating in projects funded by Business Finland in the innovation area. In addition, the government also supports activities related to innovation, and it is assumed that the potential for innovative projects will increase not only by companies and research groups but also the governmental organizations every year in Finland.

Good practices of Finnish companies

Orchidea is a leading Nordic software company based in Finland active in the innovation management area. Their vision is “Innovation made easy” as they believe that if a company wants to be successful in EDI, the involvement of employees needs to happen easily. Therefore, they provided an innovation software that enables employees, customers and partners, to take part in innovation processes. This would help their clients to enhance innovation, resulting in a more profitable business.

One of their customers is Posti, which is one of the leading postal and logistics service providers in Finland. Recently, it faced one of the biggest business transformations in Finland. Therefore, the company is working hard to prepare itself for the future. One of the steps Posti is working on is about “getting everyone involved.” Eeva Tiainen, Posti’s business strategist, declares that instead of giving innovation projects to a limited number of people it is better to engage more employees in it. This will help employees to be more open to opportunities without being limited by challenges.

“A culture that embraces innovation is one where employees have the time, space and permission to come up with new ideas, test them, make decisions on them (or mistakes, for that matter!) and challenge the existing status quo. Talented leaders embrace and encourage



these developments because that's what leading the cultural change is all about", Tiainen said.

Orchidea software brings this possibility to companies like Posti to provide the employees and stakeholders an opportunity to submit open ideas and suggestions. Open ideation makes the organization agile and responsive to the suggestions. The process is effective because the ideas are automatically assigned to the correct owners for evaluation and decision making.

Recommendations and conclusions

As mention in the good practices of Finnish companies, it seems that many companies are utilizing the software provided by Orchidea, which shows that Finnish firms are well-aware of the necessity of employees involved in innovation procedure, and that is why they are using this kind of innovation software. Companies and SME's are investing in "employee involvement enablers" making use of software and existing technological solutions that help culture innovation in companies. We suggest that if software companies like Orchidea could develop more software that could enhance the participation of employees in innovation projects and spread it out in a larger number of companies, we could expect that EDI becomes a part of the organizational culture step by step.

Besides, promoting innovation among working teams in a company has significant benefits not only for the employees but also for the company itself. Via the development of innovation and employees' involvement in this procedure, the curiosity of employees increases as it can improve their abilities to think more novel and makes teams play with new ideas and concepts which could be helpful with the learning processes of employees as well.

When employees are motivated to be a part of the innovation process in the firm, they may become more encouraged to undertake their tasks. Therefore, it is important for companies to promote employees to become more involved in innovation projects. Employees' enthusiasm directly affects their work input and output. As a result, it could be said that if firms would like to enhance employee-driven innovation, it is essential to provide them enough incentives, which could be financial or non-financial, and they need to make sure that those who have the most involvement in the innovation process will be awarded adequately.

Considering these factors could help firms to establish beneficial and successful participation of employees in innovation projects.



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5. 3. Polish perspective

Employee involvement in innovation processes

To understand and be successful in innovation, a core competence is commitment. Innovation requires time. However, without innovation, time resources and an open mind for new ideas, an SME may be left behind competition or market expectations. More Polish companies are thus investing in the development of transversal competences in their employees.

According to an R&D company PwC¹, 38% of Polish CEOs prioritize investment in innovation and new technologies. PwC also points out the necessity of demonstrating a coordinated approach to employee innovation, crucial for the comprehensive development of innovation in a company. This implies employee involvement in innovation processes. Employees can share their own ideas regarding any area of the company that could result in the introduction of innovative solutions, regarding both product and process innovations and improvements. As a result, both the employer and the employee will benefit. The employer will enhance the development of a culture and innovation competence, acquire innovative ideas or project, and retain talent. The employee will fulfil their ambitions, increase recognition in the organization and contribute to change. Some examples provided by PwC in support of employee innovations include: competitions (or innovation platforms) for employees aimed at collecting new business ideas or solving specific challenges of the employer, programs for employees / teams aimed at accelerating a new idea until it is ready for implementation (internal accelerators) or initiatives (intrapreneur programmes) to promote an entrepreneurial mindset, where innovators become the business owners of their ideas (internal start-ups). The mentioned chiefly depend on the degree of advancement of an innovative mindset demonstrated by senior staff within the company and the attitudes towards change.

Potential of Polish companies for innovative projects

Many Polish companies that do not have the possibilities to conduct research on an innovative project, may use the form of obtaining ideas known as open innovation. It is best to start at universities in cooperation with students and lecturers. Huge support also comes from UE funds. Another way is to encourage employees to innovative thinking prior to creating appropriate conditions for it. The third option was chosen by the manager of a company offering internet marketing services. For him innovation is not only a way of running a business, but also the way of thinking every day. It is especially in the internet industry that innovation is an important feature, with newer and newer technologies developed and where

¹ <https://www.pwc.pl/pl/uslugi/innowacje-badania-rozwoj/innowacje-pracownicze.html>



every time counts double, with the fast spread and exchange of information. In Poland it is in fact the ICT / internet sector that is classified as the most innovative in comparison to other sectors. Other industries with great innovation potential are the pharmaceutical, design and eco-bio products.

It will remain in Poland that an innovative economy is a knowledge-based economy and information society. Yet any change in the company that leads to the solution of a new product, service or quality is classified as an innovation. Thus, innovation in companies can be governed by a product enhancement or improvement, not necessarily a novelty, which quite often the case for Polish companies that want to remain competitive.

Good practices of Polish companies²

[Henkel](#) - competition system with elements of acceleration; [IBM Polska Sp. z o.o.](#) - an internal accelerator, connected to a hackathon, whose purpose is patent applications; [ING Bank Śląski](#) - internal accelerator with cooperation with start-ups; [Grupa Maspex](#) - a central system focused on building an innovative culture.

Focusing on the last example, with the employee innovation program, the company has been successful in generating savings in many areas with a simultaneous increase in efficiency and improvement of their processes or products, among others improving the snack product line, saving compressed air in production of beverages, or product intake and release database, which functions perfectly and improves the work of many people - results of ideas of employees implemented as part of the Pomysłomania (translation: idea generation) programme. These are ideas for various improvements on technological lines in individual plants. The program was originally based on the methodology of continuous optimization and improvement of Kaizen, but now it has been reformulated into an employee innovation program in order to be able to create and implement not only small improvements in everyday life, but also breakthrough innovations allowing for a leap increase in the efficiency of individual production lines or administrative units. Due to a suitably flexible architecture of the system for implementing employee innovation, the vast majority of employees' ideas are implemented immediately. Their idea selection criteria: element of innovation, implementation potential, level of idea advancement and benefits/savings resulting from the introduction of the new idea.

Recommendations and conclusions

The influence of **motivation** on the development of employees' innovative activity is noticeable, it also intensifies competition between employees, which is the result of the need

² <https://www.pwc.pl/pl/pdf/pwc-kpi-uspiony-potencjal.pdf>



to look for challenges and strive for novelty - integral elements of internal motivation. It should be emphasized that all activities motivating for innovation are also aimed at building employee involvement in achieving the company's goals. In order for motivation to support the development of innovation in the company, it should be based on high competences (especially managerial ones) on one hand, and flexible system solutions on the other. This process begins at the stage of defining the principles of cooperation and mutual expectations, through the formulation of goals and tasks (oriented towards innovation), up to employee assessment (based on the identification of the employee's strengths and weaknesses, as well as achievements).

Both financial and non-financial factors are of great importance in the innovative behaviours of employees. At the initial stage of the innovative process (recognizing problems and initiating activity), the dominant role is played by internal motivation, stimulated by spontaneous motives, including learning new things, a challenge, a task set to oneself. On the other hand, instrumental motivators (bonuses, financial gratification, etc.) play an important role in maintaining a high level of innovative involvement of employees at further stages of the innovation process (activities oriented at generating and implementing solutions). It should be emphasized that conducting activity in the sphere of creativity requires synergy of both types of motivation.

The **competences of employees** constitute one of the basic elements of a company's innovative potential. This potential, properly used, can be the basis for the innovative activity of a given company. Enterprises, building a competitive advantage, should skilfully manage their own resources, especially human resources, which are the most important factor of the innovative potential. The development of these competences takes place in various ways and is a very complicated process, ranging from the basic form of employee development, which is training, and ending with the possibility of employee participation in the organization. If the competences of employees are not continuously developed, then in the times of ever-changing environment it will be difficult for them to achieve and maintain a competitive advantage on the market, with the possibility of head-hunters stealing their talents. The beforehand can be especially troublesome when locals leave the company, spoiling your reputation and demonstrating your inability to value the involvement and work of workforce around you.

From observations of different companies from the Consortium's companies, the key to engaging employees in the innovation process, necessary for the development of each enterprise and at the same time improving the quality of life in the workplace, is to increase knowledge among employees, **improving internal communication** and introducing practices that enable real, substantive dialogue. Undoubtedly, the importance of interactions between organizational structures and individual attitudes of employees at various levels. Moreover, also the style of the management influences the degree of innovation in the company.





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6. ANNEXES LIST

- Annex 1. IO2-Framework for Collecting Best Practices
- Annex 2. IO2-Template for Presenting Best Practices
- Annex 3. IO2-Interview Guide for Collecting Best Practices
- Annex 4. IO2-Best Practices Report – ADES_RO
- Annex 5. IO2- Best Practices Report - USV_RO
- Annex 6. IO2- Best Practices Report – INNOHUB_SP
- Annex 7. IO2- Best Practices Report – E&D_PT