Organizational Drivers of Innovation: The Role of Workforce Agility

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The interplay between organization practices and innovation is highly relevant in modern business. This paper analyzes whether a specific organizational dimension, namely workforce agility, affects innovative performance. We rationalize this effect within an organizational economics perspective that stresses the role of behavioral motives and skill variety in the innovation process.

In particular, we distinguish the contribution of two components: time agility and task agility.

Using a sample of nearly 20000 private-sector workplaces in 32 countries, we report conditional correlations between workforce agility and innovation that are consistent with our framework. Establishments with higher workforce agility are more likely to innovate. This relationship holds also when we consider different types of innovation and we distinguish between time and task agility.

The analysis of managers’ perceptions about internal working climate and information exchange activities suggest that this effect is likely be driven by the fact that workforce agility improves work motivation and knowledge transmission at the workplace level, favouring innovation. Managerial and policy implications are discussed.