

**PERFORMANCE MANAGEMENT PREFERENCES  
OF  
INNOVATIVE EMPLOYEES**

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## ABSTRACT

One of the levers of competitiveness is innovation. With the increased cost pressures, it is recognised that the innovative potential of all employees must be leveraged. The literature suggests that innovation is innate. It follows, therefore, that an appropriate performance management system, based on an understanding of the requirements of innovative individuals, must harness and encourage innovation to a greater or lesser extent in all employees.

The purpose of this study was to assess whether there are any differences in the performance management preferences of innovative and non-innovative employees, with a view to designing appropriate performance management systems.

The data was collected by means of a questionnaire distributed among the employees of the retail banking arm of a financial services sector organisation. Responses were elicited from 34 employees. These were then subjected to statistical analysis.

The findings point to no real differences between the preferences of innovative and non-innovative employees, with the exception of 4 dimensions.

The absence of many differences is consistent with the view that innovative capability is a continuum and is an innate ability that is developed to different extents in different people. It suggests that other aspects of the individual personality are equally important in defining a suitable environment of work.

The recommendation is that a single performance management system is employed in an organisation with opportunities for customisation for the individual.

## DECLARATION

I declare that this research report is my own unaided work. It is submitted in partial fulfillment of the requirements for the degree of Masters of Management in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.



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ELEFThERIA CASTIS

Signed on the 28th day of February 1999.

**DEDICATION**

To

**MARCO**

Thank you

for your inspiration and support

in my quest for personal truth.

## ACKNOWLEDGEMENTS

The following people made this research possible and I would like to express my thanks to them:

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## CHAPTER 1: INTRODUCTION TO THE RESEARCH

### 1.1 Introduction

The new phenomenon in the world has been dubbed globalisation. This has manifested itself in the erosion of national borders and the rise of the multinational as the economic driving force. There is simultaneously an increased co-operation between nations and regions, and a rise in nationalism. The nett result is fierce competition between nations and companies. This is facilitated by greater accessibility to financial capital, liberalisation of trade, the enhanced speed of communication and the relative increased mobility of human capital.

Improved communication and information technology has enabled the rapid transfer of ideas and technology. "...An epidemic of pirating, reverse engineering and other forms of industrial theft means that [the multinationals] no longer even enjoy a monopoly of their own ideas. The plummeting price of information technology allows smaller companies to engage in the sort of information processing and information dependent innovation that was once the preserve of the giants" (The Economist, 1995). This, coupled with the ability to relocate production to the lowest cost location.

has forced nations and organisations to review the source of their competitive advantage.

Examinations of patterns of international trade have identified the technology gap as the primary source of comparative advantage between nations and firms. "Keeping ahead or staying abreast requires a constant spawning of new industries and new technologies and this is inherently difficult" (Mohan, 1998 p6). "Technological change ... is dependent on the ability of firms, institutions, and public agencies to develop and apply new knowledge through a cumulative process of learning. This process of learning at the level of an individual agent or organisation is linked to the aggregate economy by the diffusion of innovation and knowledge, which form the raw material for further learning at the macroeconomic level. Therefore the capacity of an economy to derive competitive advantage from technical change is dependent on the dynamic efficiency with which firms and institutions can diffuse, adapt, and apply information and knowledge" (Soete and Arundel, 1993).

In the light of strict supervision on trade and competition policy, research and development subsidies are of the few subsidies that remain permissible. Despite this it is recognised that research and development activity yields

marginal returns, if any, unless it is near the production of the product. This supports the assertion that the capability to respond timeously to external cues is necessary. Such capability is a function of speed, innovation, (Millenium Magazine, 1996) and the Human Resource.

In order to compete effectively, organisations must draw on the talent and creativity of all employees and not just those who have traditionally been accepted to be the innovators. There is therefore a clear need to instil innovation as a national value and competency in order to increase the pool of available talent. Research on national cultures shows that one of the common factors in poor productivity is the innovation culture gap (Brehm, 1996).

Inculcation of innovation as a national value is the success factor in many Japanese companies where a distinction is not made between the engineer, manager, and operations staff; rather the philosophy that innovation can come from anywhere is adopted.

South Africa, is particularly in crisis. The country has emerged from an era of protectionist economic policies into the global market. These policies have resulted in an

inadequate skills base, a shortage of visionary leadership, the youngest management teams globally, and an insular focus. Concurrently the structure of the economy has been changing. The primary sector has decreased significantly and the secondary and tertiary sectors have absorbed the growth. This can only be sustained with a concerted effort to close the technology gap through innovation. Failing that South Africa runs the risk of becoming increasingly marginalised in the world economy.

Companies, particularly the smaller ones lack the expertise to compete globally. In addition the stake of South African companies in the African market is being challenged as multinationals increasingly use South Africa as a springboard into Africa.

Competitive pressures have resulted in significant downsizing as a result of the increased focus on costs and productivity. It is feasible therefore, to expect large research and development facilities to be at risk. The cost effectiveness of such facilities is also impacted on by the relative ease with which ideas and technology can now be transferred as mentioned above. Small and medium enterprises are faced with budgetary pressures that do not allow for long development and lead times.

A study conducted in the United Kingdom of 500 quoted companies showed innovative ones growing faster, especially during economic downturns, and making higher profits (Business Day, 1997). The companies in the study tended to have continuous innovation as opposed to one-off innovation. It is critical that organisations arrive at an innovation strategy to leverage their innovation capabilities cost effectively.

There are a number of mechanisms that operationalise the innovation strategy. This paper focuses on performance management systems as the holistic tool of choice.

Performance management means different things to different people. This is witnessed by the large number of definitions and interpretations that exist. More recently moves are afoot in organisations to move away from performance appraisal to systemic performance management. This has implications for the efficacy of performance management the requisite levels of co-ordination between systems and processes and the effective development of systems orientated solutions. It remains a source of dissatisfaction in organisations (Meyer in Appelbaum, 1997) (Saul in Appelbaum, 1997).

## 1.2 Aims of the Research

There is a clear need to understand how innovative employees can best be managed in order to harness and use their abilities in a direction that will ensure the continued growth of the organisation. This rests on the assumption that performance management systems can be designed and implemented in line with specific objectives. This may require that multiple performance management systems operate in an organisation to accommodate the requirements of different employees. The challenge in doing so is to ensure equitable and satisfactory treatment of all employees and prevent feelings of dissatisfaction. This is a particular challenge in the South African context given the history of employment practices and the changes that have been taking place in that arena.

In order to design such performance management systems an understanding of the manner in which innovative employees prefer to be managed must be achieved. Only then can creativity and innovation be leveraged effectively.

### 1.3 Structure of the Report

The introduction is followed by a further six chapters.

These are as follows:

- Chapter 2 provides an overview of the literature on innovative people and organisations; how innovation takes place; the competencies that underpin innovation; and performance management, more specifically its evolution, different models and their critiques. The chapter concludes with a hybrid model proposed by the author.
- Chapter 3 outlines the research propositions which test the dimensions of the abovementioned model.
- Chapter 4 explains the research methodology. It defines the population studied, the sampling methodology, the pilot research, the construction of the questionnaire and the statistical procedures applied as well as the limitations of the research.
- Chapter 5 provides an analysis of the results.

- Chapter 6 consists of an interpretation of the results and provides conclusions regarding the performance management preferences of innovative employees.
- Chapter 7 reconsiders the limitations of the research, makes recommendations for performance management systems and identifies further areas for research.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

The literature review has two broad areas, innovation and performance management. A study of the literature will show the need for research in the area.

### 2.2 Innovation

Henry (1992, p3) defines innovation as the "quality of originality that leads to new ways of seeing and novel ideas. It is a thinking process associated with imagination, insight, invention, innovation, ingenuity, inspiration, and illumination. .... for an idea to be truly creative it must also be appropriate and useful. The related term innovation is usually used to describe the process whereby creative ideas are developed into something tangible, like a new product or practice." (Henry, 1992). From this we can conclude that innovation can exist independently of creativity. This is confirmed by Whitfield's (in Henry, 1992) description of creative, innovative, and entrepreneurial personalities. Hicks (1972), however, views innovation as a type of creativity, together with synthesis, extension, and duplication.

For the purposes of this research the terms creativity in the workplace and innovation have been used interchangeably.

### 2.2.1 Theories of Innovation

There are a number of theories of innovation. These can be broadly categorised as follows:

- Grace - creativity is a "gift from the gods" (Henry, 1992)
- Accident - creativity and innovation occur accidentally as in the finding of radioactivity (Henry, 1992)
- Association - the application of one set of procedures or processes from one area to another (Henry, 1992)
- Cognitive - the thinking processes that underlie creativity and innovation are precisely the same as all other thinking and creativity is the result of hard work, discipline, and determination (Henry, 1992)
- Personality - creativity is something possessed by all to different extents; as such it can be developed and strengthened (Henry, 1992).

Grace and personality are almost analogous. Hicks (1972) suggests that thinking has moved away from absolutes and creativity is a continuum with some people displaying or

'owning' more creativity than others. It follows that creativity can be taught with one of two end results, either the individual's creative ability is increased or the current ability is used more effectively.

### 2.2.2 The Innovative Individual

The Institute of Personality Assessment and Research (IPAR) (Tonay, 1995) conducted studies into the environmental contributors that shape the innovative person. The sample included artists, creative writers, architects, mathematicians, scientists, and business managers. The studies then went on to identify personality traits of creative people. These have been given credence by creativity measurement tests (Hicks, 1972). These tests have isolated the following common traits:

- High curiosity and a dissatisfaction with the status quo - there appear to be conflicts in a number of areas including intellect versus intuition, order versus new experience, conformity versus independent thinking, complexity versus simplicity
- High intelligence - these people are driven by logic as well irrationality

- High self-awareness - innovative people tend to display more extreme values and behaviours than the norm; they are simultaneously more constructive and destructive than the mainstream, more insane and sane
- Purpose driven
- Dedicated
- Freedom of expression
- Lack of concern for contradiction and custom
- High Intelligence Quotient, an enriched childhood environment (in support of Roe's work (in Henry, 1992)), good mental and physical health, and stamina (Scott in Henry, 1992)

A tolerance for ambiguity and independence, and a preference for risk taking are also material. The high Intelligence Quotient is not supported throughout. Guilford (in Henry, 1992) proposes that the capacity to redefine problems is key, to innovation, whilst Sternberg (in Henry, 1992) highlights the ability to ask the right questions.

The work of Perkins (in Henry, 1992) supports the contention that creativity is inherent in everyone to different extents. He arrived at six distinct psychological traits displayed by creative persons. According to Perkins (in Henry, 1992), the extent to which an individual possesses

these qualities determines the level of creativity. By extension an individual need not possess all of these qualities. These are a combination of those proposed by the abovementioned theorists and include the drive to create order from chaos, the ability to identify problems and solutions, mental agility i.e. to see things from a new angle, risk taking, objectivity, and inner motivation. The latter has particular relevance for extrinsic incentive systems. Amabile's (in Henry, 1992) work confirms that extrinsic motivators such as supervision, competition, and restricted choices in how to perform a task, all inhibit inner motivation and by extension creativity and innovation.

### **2.2.3 The Process of Innovation**

Purposeful innovation according to Drucker (in Henry & Walker, 1991) comes from the analysis of sources of new opportunities. Its effectiveness is a function of the level of focus and simplicity.

Amabile (in Henry, 1992) reframes innovation as the function of the interaction between personality, ability, and situation, "the love people feel for their work has a great deal to do with the creativity of their performances". This

is consistent with Henry's (1992) four dimensions of creativity, namely person, process, place, and product.

Wallas (in Henry, 1992) summarises four phases of innovation. These are:

- Preparation - during this phase the necessary skills and knowledge are obtained and relevant questions asked;
- Incubation - the focus or energy is temporarily moved to other areas akin to turning a problem over to the subconscious mind;
- Illumination - this is where the point of insight and clarity regarding the way forward occurs; and
- Verification - where the insights are tested and evaluated.

This process provides a framework within which the different types of innovation can be analysed. Such theories include Hick's (1972) four types of innovation, which in turn are supported by Kirton's (in Henry, 1992) personality type - innovation type relationships.

Hick's (1972) types of innovation are:

- Innovation - the generation of something new. Breaks with tradition may be necessary resulting in paradigm shifts;

- Synthesis - the ability to combine data and apply to new areas;
- Extension - when someone takes a basic innovation and extends its usefulness;
- Duplication - this is innovative in the application and customisation of the idea or product to suit its new environment.

Extension and duplication are consistent with Kirton's (in Henry, 1992) adaptors, innovators who are creative within a system, whilst innovation and synthesis require innovators (Kirton in Henry, 1992). Innovators are more radical and change the system. Whether Hicks (1972) and Kirton's (in Henry, 1992) theories verify or draw on the theories of innovation put forward earlier in the document is not clear.

Rosenfeld and Servo (in Henry & Walker, 1991) identify specific roles for innovation to take place. These include ideators, inventors, technology gatekeepers, champions, and sponsors. These roles are not easily identifiable as they are informally adopted and are not measured or included in job descriptions.

The interdependence resulting from the existence of these roles, which are seldom embodied in one individual, creates

communication gaps, which threaten the innovation process. These communication gaps arise from a perceived risk of sharing and revolve around embarrassment, fear of theft of the idea, a lack of time, and poor incentive systems. Other factors include organisational barriers and poor ideas evaluation structures.

In light of this the development of structures such as stable cross-functional networks or teams becomes necessary. Reich (in Henry & Walker, 1991) contends that people perform better in the creative sense as part of stable units. The structures should allow people to gain insight into products and processes. This presupposes a management style that coordinates and facilitates communication as opposed to command and control. Very often this is made possible through a delayering.

#### *2.2.4 Competencies that underpin the innovation process*

The competencies that underpin innovation can be classified into three broad categories. These are thinking capability, interpersonal skills, and personal development. Interpersonal skills are important in light of the process that is necessitated by organisations for example lobbying for financial resources, forming teams to enable execution

and implementation of the innovation. Personal development focuses on traits such as persistence, commitment, emotional maturity, and the ability to deal with uncertainty.

### *Thinking*

The area of thinking has been researched extensively, including contributions from Buzan, and De Bono (Henry, 1992). Henry (1992) draws the distinction between imaginative and evaluative thinking in process. Hicks, (1972), identifies the four aspects of process involved in innovation as logic, idea linking, problem solving, and free association.

Logical thinking is the testing of a hypothesis. An example of this is the manufacture of synthetic diamonds in a laboratory, through the creation of similar conditions to those observed in nature. Idea linking is analogous to association and synthesis. The danger here is that education and experience may perpetuate old ideas and interests that frustrate the process of innovation. Free Association emphasises the importance of irrational thought. Brainstorming is an example of such a technique.

### **2.2.5 Innovation Techniques**

The innovation techniques that are favoured offer a system that enables the generation of new ideas. The rationale underpinning this is that the more ideas that are generated the higher the likelihood that a commercially viable concept will be discovered. All ideas must be considered. Techniques include attribute listing, input-output, grid analysis, free association, forced relationship, and hybrids of these.

### **2.2.6 Innovative Organisations**

"... Entrepreneurial [innovative] organisations [are] experience based and decentralised.. so that every advance builds on every previous advance, and everyone in the company has the opportunity and capacity to participate" (Henry & Walker, 1991 p67).

Studies conducted in the United Kingdom have shown that innovation is particularly difficult in larger organisations as a result of depersonalisation and breakdown in vertical and horizontal communication, which occurs through institutionalisation of procedure and task. This is supported by the work of West (1951).

Systems instituted at Eastman Kodak in the late 1970's attempted to circumvent this (Henry & Walker, 1991) through the establishment of networks around a facilitator. The facilitator was the evaluator of the idea and composer of the process teams.

The Japanese success is attributed to the absence of ego and power struggles within organisations. The transformation from idea to reality is more fluid due to lack of opposition. The lack of an entrepreneurial culture, unlike American organisations, does not encourage the freeing up of innovation. The ideal would then be a melding of the two values.

Gunnarson, Jolly, and Schneider (1994) suggest a correlation between the ability and capability to innovate, customer service orientation, and Organisational Citizenship Behaviour. Studies in the field of customer orientation support this. Innovation is a natural result of the shift towards a 'value adding' mindset from a 'doing the job' mindset. The earlier work of Myers and Marquis (in Henry & Walker, 1991) and Townsend (in Henry & Walker, 1991) is indicative of this.

Case studies of the automotive industries in the United States of America and Japan (Henry & Walker, 1991) have shown the importance of information transfer, the nature of the communication channels and the timing of the information transfer, the necessity of cross-functional information flows and mechanisms for integration and co-operative work relationships.

In summary innovative companies display the following common elements:

- Integration between the different business units or functional areas
- commitment and sponsorship from top management resulting in the provision of support and resources
- an emphasis on market analysis and customer sensitivity
- adoption procedures to ensure the commitment of all the employees
- systems that enable innovation such as empowerment and flexibility
- a value system consistent with innovation including risk taking, challenging ideas and the status quo
- phased implementation with a focus on test and reformulation

This is consistent with findings of the socio-cultural factors that encourage innovation (Arieti 1976).

The nature of the leadership is crucial. This is by example and at all times the practice reinforces the policy. The innovation strategy dictates the organisational characteristics. West (1951) specifies the requirements of different innovation strategies.

### 2.3 Performance Management

Performance management emerged in the late nineteen eighties. It is based on motivation theories, specifically goal, reinforcement, and expectancy theories. Goal Theory was developed by Latham and Locke in 1979 and uses goal setting as a motivational technique (Armstrong, 1994). Latham and Locke's research showed strong links between productivity and specificity, achievability, fairness and reasonableness of goals as well as the extent of participation in goal setting, nature and frequency of feedback. Reinforcement theory (Armstrong, 1994) revolves around the repetition of behaviours which yield successful results and result in reward and recognition. Expectancy theory, introduced by Vroom (Armstrong, 1994), informs us that individuals will be motivated to change behaviour where

the reward is such that it merits a change in behaviour and they feel empowered and able to modify their behaviour.

From this it follows that successful performance management is contingent on clarity regarding the organisational strategy, values and mission and the existence of two-way communication channels. Since performance management embodies the micro values that exist within it, it follows that one of the organisational values or tenets is the desire of the organisation to continually re-invent itself.

The drivers in the evolution of performance management were the inadequacies of merit rating, management by objectives, and performance appraisal, which were the primary means of assessing individual performance. These shortcomings include:

- The psychological impact of placing managers in the role of 'judge'
- The use of too general criteria without the attendant established performance standards, resulting in subjective evaluations and observations of the requisite job behaviours
- Personality evaluations
- Top down approach (Levinson, 1970)

- Do not place an emphasis on quantifiable outputs with little or no consideration of the qualitative and behavioural aspects (Beer & Ruh, 1996).

Performance management in its current form is a hybrid of past practice. It incorporates aspects of management by objectives, in particular the participative goal setting and performance review in relation to predetermined and agreed goals.

It is a continuous process that co-ordinates and integrates organisational, functional, team and individual objectives and has strong links to human resource management. Its aim is to change thinking and behaviour in order to achieve the organisational objectives. Bevan and Thompson (in Armstrong 1994) conducted extensive research on the tools of performance management and found consensus on two drivers:

- Reward which focuses on pay as the behavioural change agent and
- Development in which human resource development initiatives are supported by systems such as pay.

Performance management has a future orientation rather than a past orientation and looks at identifying, releasing, and

channelling potential. Vital to its success, is the training in skills required to agree the objectives and review the performance.

There are a number of different approaches to performance management. The following sections explore the approaches adopted by Armstrong (1994), Senge (1994), Waterman, Peters & Philips (1980), and Laburn (personal communication).

### ***2.3.1 Performance Management Defined***

Walters (1995 px) defines performance management as "directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation". Armstrong (1994) introduces the dimensions of standards, attributes and process. He describes performance management as "a process for establishing a shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and longer term".

From the above we can conclude that performance management is a participative process that simultaneously has a number of broad aims and specific objectives. The former may

include reinforcement and communication of the organisation's values and the empowerment of individuals. The latter may include improved employee motivation and increased productivity.

The system itself should provide a forum and framework for the agreement of objectives, the encouragement of continuous improvement and the formation of a basis for reward and retention practices and systems.

### *2.3.2 A Methodological Framework for Performance Management*

The input, process, output, and outcome model was adopted successfully at the time that performance management evolved. Using the competence approach to work design and description, inputs are essentially attributes such as skills, knowledge, expertise, motivation, and include external factors such as management style. Competencies form the behavioural or process dimension i.e. the behaviour required to execute the tasks. The outputs are the measurable results, the achievables and the outcomes are the impacts of the individual contribution to the team, and organisational objectives, as well as the rewards and recognition.

An analysis of the inputs and processes yields developmental agendas. There are feedback mechanisms that allow for modification of the inputs and processes as well as refinement of the entire system.

### **2.3.3 A Model Of Performance Management**

Bevan and Thompson (in Armstrong, 1994) identified the following key features of successful performance management systems:

- The organisation has a shared vision or mission and objectives that are communicated effectively to all employees
  - Individual performance management targets are linked to team and organisational objectives
  - There is a regular review process to identify training, development needs and reward and recognition outcomes
  - The system is reviewed continuously and refined
- (Armstrong 1994)

Fletcher and Williams (in Armstrong, 1994), in an Institute for Personnel Management study build on the above:

- Performance management is owned and driven by the line

- Performance management is a customised solution that applies to all staff

Armstrong (1994) adds that the customisation can take place at organisational as well as divisional or team level and proposes the following model which has many parallels with that of Walters (1995) (figure 1).

#### *2.3.4 Critique of the Model*

What this model does not show explicitly - and performance management, has been severely critiqued for this - is that objectives are driven from the top down, whilst training, development, and rewards are driven from the bottom up. It also does not emphasise the importance of having separate performance and salary review processes. It was found at General Electric (Meyer, Kay, & French 1965), that linking the two detracted from the developmental aspects of performance management and undermined the process. Levinson (1970) levies the same criticism.

Armstrong (1994) goes on to outline the roles of the different stakeholders in this participative process. The organisation defines the mission, values, strategies, and objectives, and the individual agrees, understands and

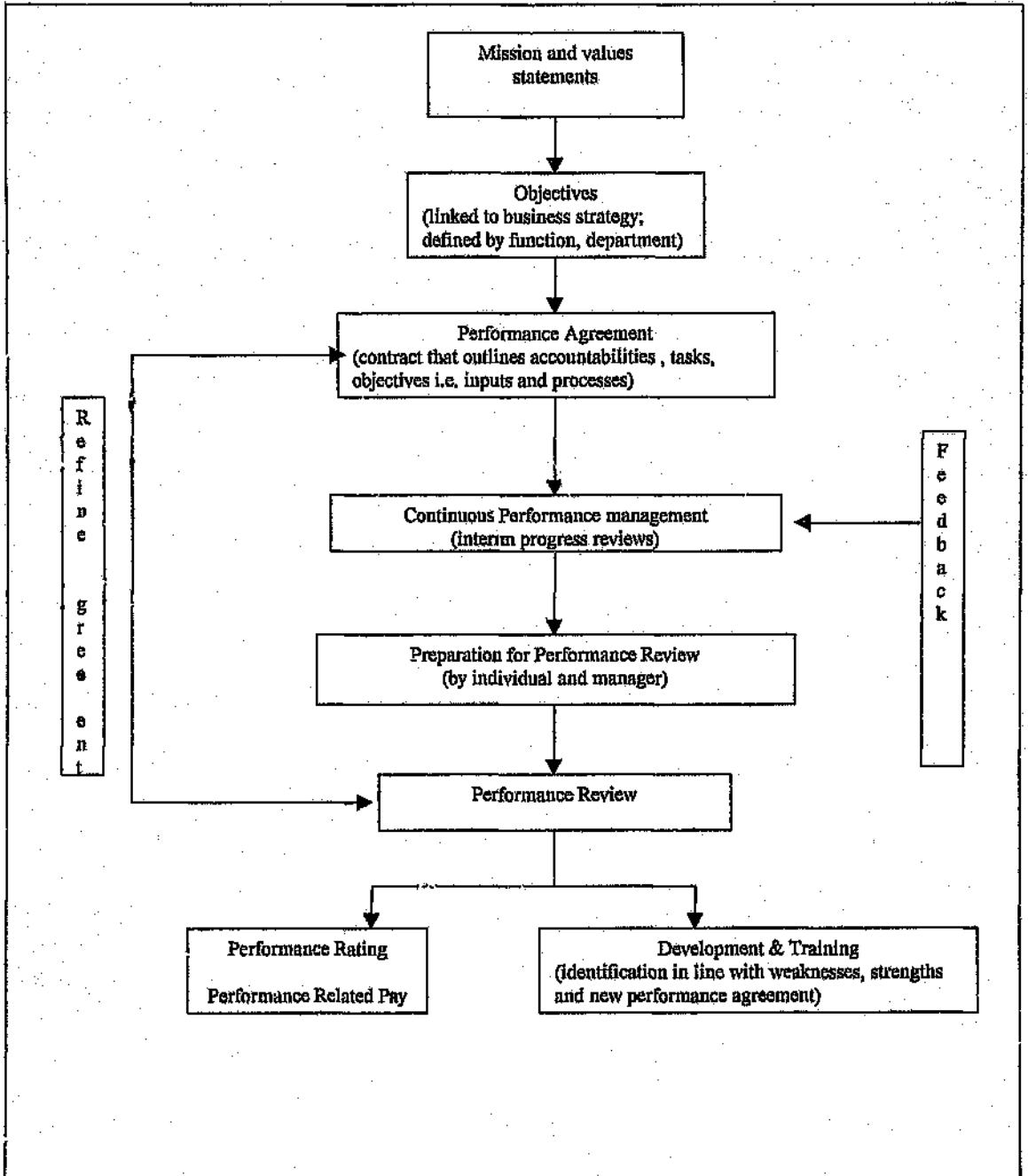


Figure 1: Performance Management (Armstrong, 1994, p.42)

adopts these. Similarly, the tasks, standards, and performance measures are set and agreed to. This suggests an element of passivity on the part of the individual, which is inconsistent with the underlying principles of performance management. Monitoring and developing performance falls upon the organisation and the individual within their spheres of influence.

There is a need to move away from static job descriptions (Levinson, 1976) and include the behavioural and emotional aspects of the job. The feedback loop should be extended to include reviews and updates of the performance management system itself and not be limited to the performance of the individuals or teams. This is borne out by such an evaluation at NHS Wales (Armstrong, 1994) which highlighted the importance of ongoing training in performance management itself.

### *2.3.5 The 7S Framework as a Performance Management System*

The 7S Framework (Waterman, Peters & Phillips, 1980) was developed as a change management tool initially. Walter's (1995) definition of performance management extends performance management beyond the performance appraisal

process and systems. Invoking this definition allows for the application of the 7-S model in this area.

The model focuses on seven dimensions. These are superordinate goals, which are the glue that keeps the organisation together, systems, staff, skills, (management) style, strategy, and structure. The strength of the framework is that all its elements are interconnected, factors for management are looked at in conjunction with each other and not in isolation, and inform each other. A change in one component must influence the other components and in turn itself. It is linked to systemic thinking in its promotion of a holistic and non-linear view of the organisation. It also grants equal weight to all of the variables, which permits organisation specific customisation.

### *2.3.6 The Learning Organisation As A Performance Management System*

Learning environments by their very nature are dynamic and continuously changing. They are in essence re-creating and re-inventing themselves. This is in effect innovation. Inculcating and institutionalising learning at the level of the individual in the organisation is the same as

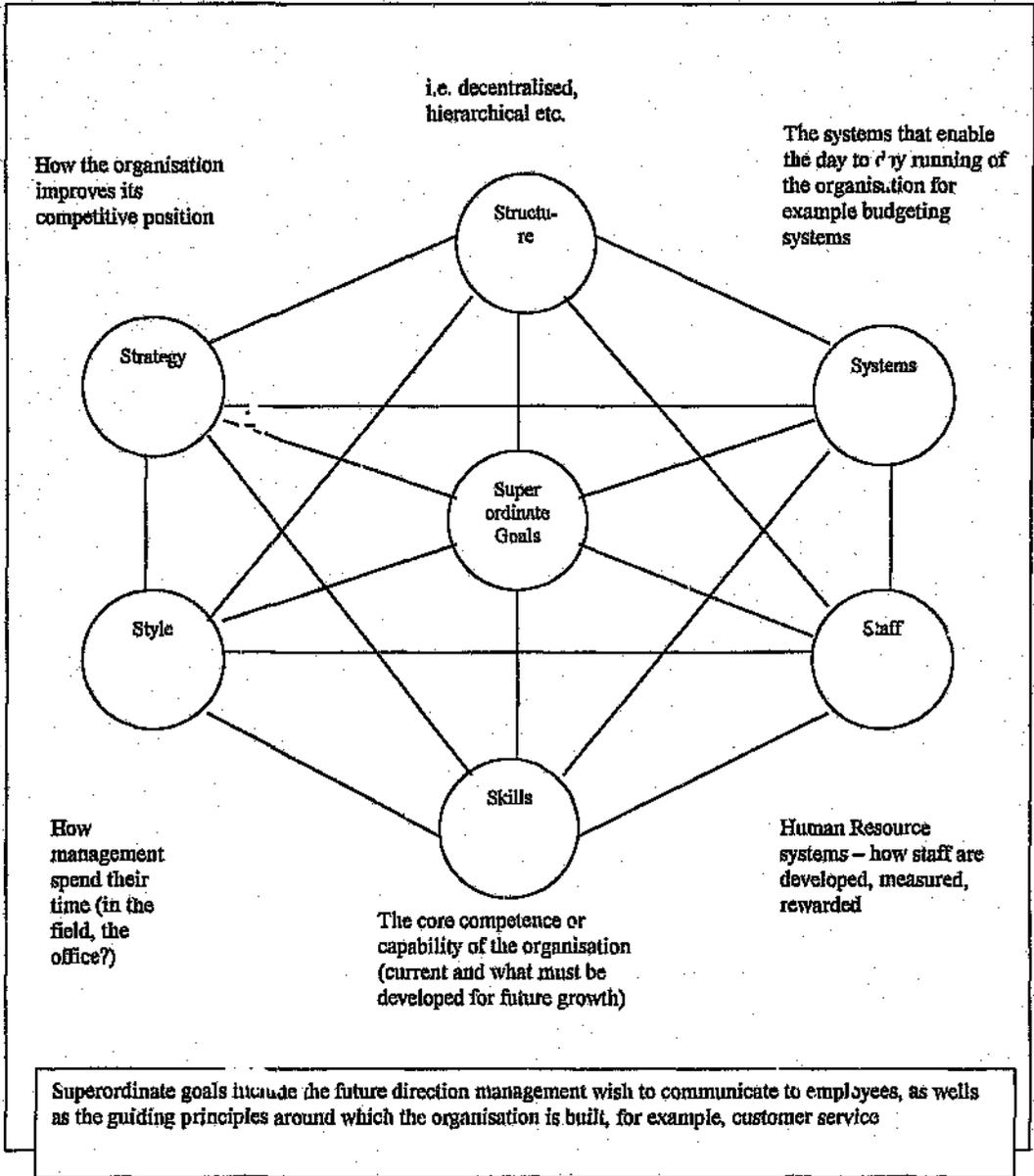


Figure 2: The 7 S Model (Waterman et al., 1980)

inculcating the propensity to innovate and in so doing leverage the full creative potential of the organisation. The principles that underlie the successful development of the former can be applied to the latter. Senge (1994) proposes that systemic thinking is the critical factor in any learning (innovative) environment. The underlying principles of systemic thinking are:

- People need to see themselves as part of the greater whole in order to contribute to the best of their ability. Inherent in this is the perception that they are able to influence their environment. This differs from the command and control and Newtonian reductionist systems, which led to feelings of powerlessness.

The importance of the shared value system, the psychological contract and the participative development of objectives and measures is reinforced. This is reflected in the words of Max du Preez, Chief Executive Officer of Herman Miller, "Contracts are a small part of a relationship. A complete relationship needs a covenant ...a covenantal relationship rests on a shared commitment to ideas, to issues, to values, to goals, and to management processes ... Covenantal relationships reflect

unity and grace and poise. They are expressions of the sacred nature of relationships." (Senge, 1994 p145)

- Accountability and responsibility are not the same as blame. This suggests that the culture plays a central role and must encourage risk taking and tolerate failure for learning and by extension innovation to occur. This is supported by Khoza (in Brehm, 1994, p.25) "without a profound understanding of the culture(s) of the people whom we seek to manage, we cannot devise an effective approach to management.....culture gives people designs for living...gives them...way for interpreting reality". Godsell (in Brehm, 1994, p.24) says the "employee does not enter the organisation as a tabula rasa". The values of the individual and the organisation must be congruent.

Culture is manifested in the tangibles such as structure and systems, and to a greater extent in the intangibles. The latter are the mindsets, which are not documented but have become institutionalised and can be inferred from what constitutes acceptable behaviour.

- The organisation must be process and not event driven and incorporate a future perspective in its strategies, structures, and systems.

This is consistent with the critique of performance management's narrow focus on outcomes and its neglect of the behavioural processes that determine these outcomes (Beer & Ruh, 1996). Where performance management is concerned the end does not necessarily justify the means and processes must form part of the criteria for evaluation. This is particularly important when measuring innovation, as there are time lags between the actual innovation, its implementation and the outcome of its implementation.

- Structures are such that they promote cross-functional teamwork and communication. There is a built in flexibility that enables the individual to achieve his / her own objectives in conjunction with those of the organisation.

Experimentation has shown that structure influences behaviour (Senge, 1994) and limits behaviour and therefore growth. It is therefore important to manage the interrelationships that define those structures over time. These may be explicit or implicit as in the case of mental models.

- An appreciation for dynamic complexity is important. The system must be seen and understood as a whole in order to influence its workings. This aims to eliminate the implementation of short-term solutions that address symptoms in an isolated manner.

This is borne out by the Japanese success stories and is supported by Moss-Kanter's (in Henry & Walker, 1991) kaleidoscope thinking. Communication systems, management style and structure facilitate or impede this.

- There are certain balancing processes in every system that maintain equilibrium or the status-quo (Senge, 1994). These must be removed where they impede development.
- Creative tension is a necessary motivator for continuous learning and change (Senge, 1994).

This has implications for leadership of the organisation creating the "pain" that precipitates the action that manifests itself in change. The role of leadership 's to supply information and create the space and chaos for individual action (personal comment Peter Laburn) (Wheatley, 1994) without impacting negatively on morale.

The relevance of these principles in the design and implementation of performance management systems becomes evident when the goals of the system are clarified. Where the goal of the system is to leverage the innovative capability of the individual in the organisation together with that of the organisation, systemic thinking provides a philosophical base.

### *2.3.7 Current Practices*

A number of companies have implemented interventions to encourage innovation. These have focused on human resource systems including selection, work design, and rewards. Examples include Innovation Deployment Units, Knowledge Matrix Incentives, Critical Talent Brokerage, and Applied Competence Teams (Corporate Leadership Council, 1997). The basis of these interventions has been research into the creative personality (Weisberg in Henry, 1992, Perkins in Henry, 1992, Hayes in Henry, 1992, Amabile in Henry, 1992, Tonay, 1995).

The interventions have had variable rates of success. It is not clear whether the increased levels of innovation are directly attributable to the interventions or to the

Hawthorne effect. One of the difficulties with innovation is its measurement. The time lag between the innovation and its successful commercialisation has implications for the setting of measurement criteria. The other issue is that of failure. An innovative environment must look positively on failure as only a few ideas bear fruit. Each organisation has to decide what levels are acceptable and what are not. It is the view of the researcher that the problems associated with leveraging innovation through performance management systems can be addressed through participation of the employees in the development of the systems.

### *2.3.8 The Role of Jungian Personality Theory*

It has been suggested that for innovation to be enhanced the personality of the individual must be taken into account. Organisations are composed by individuals. It follows that the collective personality of the individuals will form the personality or culture of the organisation. Jung's ([www.cgjung.com](http://www.cgjung.com) 4/29/98) personality theory provides four modes of psychic adaptation from which the characteristics of the organisations and hence the performance management system can be inferred (Figure 3).

The four modes are feeling, thinking, intuition, and

sensation. Feeling promotes personal relationships, whilst thinking revolves around the rational capacity to structure data logically. The second continuum is intuition, which is perception via the unconscious) and sensation, which is perception via the physical senses. Superimposing these perpendicularly provides a framework for the positioning of the organisation, its strategies, subunits, systems, and management practices and the necessary competency base.

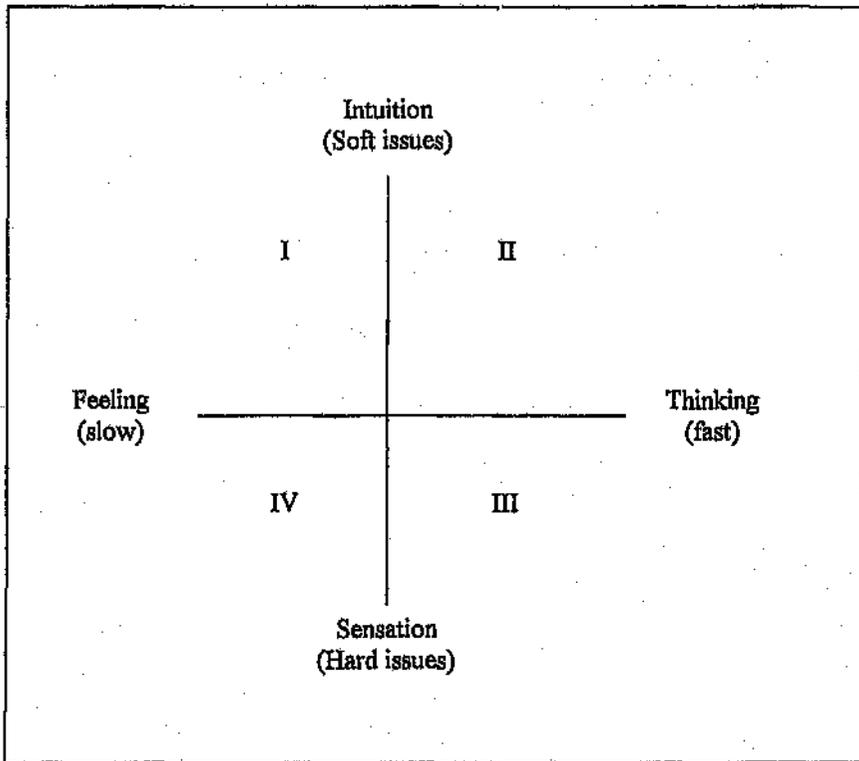


Figure 3: Diagrammatic representation of personality theory  
(www.cgjung.com 4/29/98)

The innovative organisation would be located in quadrant II. The dimensions of quadrant II are intuition and thinking. Intuition is associated with management of less overt cues, a non-linear way of thinking, deviation from the accepted or the status quo, perhaps even eccentricity. The thinking dimension is fast paced, logical, analytical, opportunity seeking, focused, and decisive. Based on this, the innovative organisation should be structured in such a way that decision making is facilitated, the unconventional is nurtured, questioning and risk taking are encouraged, and freedom of the individual is respected.

Certain divisions in the organisation, by virtue of their function may not be required to be as innovative as others. Superimposing Jung's dimensions, in the form of the above diagramme, on the components of the 7-8 model for the total organisation and then for the sub-units and the individuals of the organisation identifies areas for customisation of the performance management system.

### *2.3.9 Model Development*

A model is needed that will integrate the above theories. The Laburn-Andrews Drive-Chain (Laburn, 1998) model has been selected as the point of departure. It looks at the drivers

of strategy and the inhibitors of strategy. West (1951) contends that unless innovation forms part of the organisational strategy resources will not be mobilised to enable it. He goes on to analyse the resource requirements of different types of innovation strategies.

The Laburn - Andrews Drive - Chain model proposes that there are simultaneous forces working towards the development and implementation of new strategy and against the new strategy. The latter are consistent with Senge's (1994) forces that attempt to maintain the status quo. The drivers of strategy include the global environment, domestic developments (economic, social, political) and the dictates of the market. The inhibitors include the stakeholders, and constraints in respect of capabilities, leadership, and tactics (figure 4).

The strategy determines the overall objectives of the organisation from which flow the strategies and objectives of the sub-units. These are transformed into individual objectives and strategies. The strategies and therefore the objectives at organisational and individual level are supported by the management style, the skills, the structures, and the systems.

The leadership provides information, assists in the development of networks, and creates the discomfort that motivates behaviour. In so doing, the leadership provides a field within which employees operate in a manner suited to them in order to achieve the agreed objectives.

The staff component of staff and skills refers to the formation of a team with the same core values, which in turn are congruent with those of the organisation or the sub-unit within which the individual operates, where the unit is positioned in a different quadrant to the organisation. The skills component drives the human resource development programmes which focus on the three core competency groups, thinking, interpersonal skills, and personal development in addition to non-core job specific training. The structure of the organisation refers to the levels of hierarchy, centralisation versus decentralisation, specialisation versus the generalist approach. Systems embody all the systems that regulate the day-to-day functioning of the organisation including financial, human resource, administration, operations, marketing and sales.

In line with sound performance management principles feedback must be continuous. It must be endorsed by a formal measurement event that takes place at regular intervals

(usually annual) to be determined by the organisation (usually annual). The outcomes of these processes are short and long-term rewards to accommodate the time lags that occur in the innovation process. These rewards are either extrinsic or intrinsic in nature. Extrinsic rewards are orientated around financial incentives, whilst intrinsic rewards are orientated around self-actualisation objectives and go beyond the bread and butter needs of Maslow's hierarchy.

The model developed above yields the following advantages:

- Performance management is positioned as an open system
- Performance management systems are developed on the basic principles as the learning organisation
- The definition of performance management is extended beyond the current definition practice and common understanding which reduces it to performance appraisal and reward
- It forces the adoption of an integrated approach to performance management systems and human resources interventions

### 2.3.10 Conclusion

There is significant literature on the subjects of performance management and innovation. Audits of practices and interventions to positively influence levels of innovation in organisations have shown that performance management systems are designed around the principles that govern good performance management, rather than around the objectives that must be achieved and the behaviours and practices that must be inculcated.

There is therefore a need to understand the preferences of innovative people to enable the development of more effective performance management systems in line with a new holistic view of performance management. The research aims to test the model developed in the above section and in so doing obtain empirical evidence in support of this argument.

### CHAPTER 3: RESEARCH PROPOSITIONS

The propositions test the dimensions of the model developed in section 3.6. The research question that is being tested by the propositions is that performance management preferences of innovative employees are different to those of non-innovative employees.

#### Proposition 1

Innovative employees unlike non-innovative employees prefer to work in flexible, informal environments with few policies and procedures;

#### Proposition 2

Innovative employees look to their leadership for:

- Provision of relevant information on a continuous basis;
- Provision of resources to enable innovation such as networks, budget, and training;

- Provision of space and freedom to operate according to personal style.

Non-innovative employees look to their managers for instruction and structure.

#### Proposition 3

Innovative employees prefer intrinsic to extrinsic rewards, whilst the reverse is true for non-innovative employees; innovative employees also prefer flexible reward systems.

#### Proposition 4

Innovative employees like to have an understanding of the broader environments in which they operate and have a desire to influence this; their job is an extension of self. Non-innovative employees are not concerned with their sphere of influence.

#### Proposition 5

Innovative employees prefer to work in organisations and teams with value systems congruent with their own; non-innovative employees are indifferent.

Proposition 6

Innovative employees place far greater emphasis on the development of the core competencies that underpin innovation than non-innovative employees do.

## CHAPTER 4: RESEARCH METHODOLOGY

### 4.1 Method

This research was of a quantitative nature. Cresswell (in Leedy, 1997 p.104) defined this as "an inquiry into a social or human problem based on testing a theory composed of variables, measured with numbers and analysed with statistical procedures, in order to determine whether the predictive generalisations of the theory hold true". This was consistent with the aims of the research.

The research was conducted using a descriptive survey. The data was collected through observations, which were subsequently analysed. The proposed hypotheses were then accepted or rejected based on the outcomes of the data analysis.

### 4.2 The Population to be Researched

The population to be researched consisted of employees in one of the Gauteng Retail Branches of a financial services organisation. The organisation has 33 000 employees throughout South Africa. It has four business units defined by the market segment which they service, and a number of

affiliated companies that sell supplementary and complementary products. It is structured hierarchically, with two supervisory, four managerial, and various executive levels. The business units function as separate business entities but are tied together by a common culture and set of values. They have separate marketing, product development, distribution, financial, and Human Resource functions.

The Gauteng Retail banking business unit has the largest employment level among the business units. A large number of the employees are located away from the head office site, where much of the strategic work takes place, and are primarily involved in sales and after sales service which encompasses elements of administration. By virtue of the size of the organisation it follows that the profile of the employees is diverse, ranging from extremely creative, outgoing personality types who prefer an unstructured environment to very rule driven individuals who prefer a highly regulated environment.

The Retail banking unit was selected because it is in a state of transition and faces increased competition in the form of international entrants to the market. The business unit must find innovative solutions to:

- Reduce costs and so increase margins for the low - medium net worth clients; and
- Attract more high net worth clients, which is the more profitable business.

There is tremendous pressure to develop a performance management system that will inculcate a learning culture and leverage the innovative capability of the employees.

#### 4.3 Sample Size and Method of Sampling

A branch was selected based on total number of employees to ensure that the requisite sample of sixty (60) employees could be drawn. A selection tool was devised to enable the managers of the various divisions within the branch to classify their employees' behaviour along the innovativeness continuum. The selection tool (see Appendix III) was based on the literature survey and included seven behavioural dimensions. These were a tolerance for ambiguity, a preference for working independently, the ability to identify problems and solutions, the preference for risk taking, mental agility, and freedom of expression. The seventh dimension related to performance in the work place,

specifically the extent to which the employee introduced new ideas, systems, or processes.

The managers were required to rank each employee on the seven dimensions. Each employee was then given a total score. Employees scoring between 28 and 35 were to be categorised as innovative and those scoring between 7 and 15 were to be categorised as non-innovative for the purposes of the research.

The branch is comprised of 4 departments. The manager of each department evaluated his / her own employees using the selection tool (appendix II.) that was provided. The results of the selection tool were kept confidential and not shown to the employees concerned in order to prevent the introduction of bias. All the employees scored between 7 and 15. It was agreed that judgemental sampling would be used to divide the sample into innovative and non-innovative groups. The Branch Manager was tasked with this. She divided the employees into the 2 groups based on her knowledge of and experience with the employees.

#### 4.4 Data Collection

The data was collected by means of a questionnaire. This was distributed to the Human Resources manager, who in turn forwarded it to the branch manager. The questionnaires were then distributed to the respondents under covering letter. The covering letter (appendix I) stated the purpose of the study. An envelope was provided with each questionnaire to ensure confidentiality. The questionnaires were collected four weeks from date of distribution. Of the 60 questionnaires, 45 were completed. Of these 22 were in the non-innovative sample and 24 were in the innovative sample. The questionnaires were checked for errors in completion before the statistical analysis was run.

#### 4.5 Questionnaire Design

The questionnaire (appendix I) was developed based on the literature review and the model developed in section 3.7. The questionnaire tested the following performance management dimensions:

- The environment that is required for innovation to take place (system, structures, role of leadership, and culture and values)

- The role and importance of feedback
- The preferences for different types of rewards
- The intrinsic and extrinsic motivators

A pilot study (appendix IV) involving three innovative and three non-innovative individuals known to the researcher was undertaken to test the comprehensiveness of the model and questionnaire. The questionnaire was tested further for ambiguity and clarity. Changes were made where necessary.

Section one of the questionnaire included questions of a demographic nature. These were included to facilitate the development of a profile of innovative employees. The section also included a self-evaluation question that required the respondents to rank themselves with respect to their innovative ability.

Section two contains forty statements that required respondents to rank their preferences on a five point Likert scale with "strongly agree" scoring one through to "strongly disagree" scoring five. Each of these items is related to a dimension of the performance management model developed by the author.

Questions 2, 6, 10, 12, 18, 20, 22, and 25 relate to the environment of work. Questions 1, 5, 9, 14, 15, and 24 investigate the role of management and leadership. Questions 3, 21, 28, 32, 35, 36, and 39 focus on the issue of extrinsic versus intrinsic rewards, whilst questions 7, 8, 11, 26, 27, 29, 33, 34, 38, 40, and 41 consider the interplay between the broader environment, the organisation and the individual. Questions 4, 13, 17, 19, and 23 focus on the value systems and questions 16, 30, 31, 37, and 42 look particularly at the human resource development and reward systems.

#### 4.6 Data Analysis

Section one of the questionnaire was analysed using frequency counts in order to develop a profile of innovative and non-innovative employees. A comparison was made between the self evaluation and the evaluation of the managers regarding innovative ability.

Section two of the questionnaire was analysed using a Mann-Whitney U-test. This compares ordinal data for significant differences. The test was run on each item at the 0.01% level.

significance level. In this manner the relevant dimensions of performance management systems for leveraging innovation were identified.

#### 4.7 Limitations of the Research

The generalisation of the results to other organisations outside of the financial services sector in Gauteng is questionable. The financial services sector is not representative of the demographics of the South African population. It has been to a large extent the preserve of the white South African male. It is also currently an industry sector in transition as it has been hardest hit by globalisation and the liberalisation of financial markets. The responses of some of the respondents may be affected in part by the current state of flux in the organisation.

The sampling method (judgmental) introduces an element of bias and the results may not be generalisable even within the organisation.

## CHAPTER 5: ANALYSIS OF THE RESULTS

### 5.1 Introduction

This chapter comprises a summary of the results obtained from the data gathering and the statistical analysis. The first section of this chapter describes the sample. The second section describes the statistical techniques employed and the corresponding results. The results are interpreted in Chapter 6.

### 5.2 Response Rate

A total of 60 questionnaires were sent. 44 were returned, of which only 34 were used for statistical analysis. Of these 34 only 33 were completed in full. For a questionnaire to be usable it was necessary for the respondents to complete section two of the form in full. This represented a 77,7% usability.

## 5.3 Statistical Analysis

### 5.3.1 Sample Demographics

The sample demographics pertain to the employees from a branch of a financial services organisation, who participated in the research by completing a usable questionnaire. These employees were divided into 2 samples, namely non-innovative and innovative. This translated to 18 non-innovative and 16 innovative of the 34 usable questionnaires. The categories which were included in the sample demographics were department in which employed, size of department, job family level, sex, age, nature of the employee's job, qualification, years work experience, and innovation self rating. The distribution of the total sample, as well as the 2 sub-samples is shown in the table 1 below.

The respondents were spread across following departments, customer care, sales, frontline, and branch support. The frontline department was the largest department. The employees in the non-innovative department were more evenly distributed across departments than the innovative employees.

The majority of the employees both in the total sample and the two sub-samples were female. 70% Of the total sample was female whilst 78% of the non-innovative and 62,5% of the innovative sample were female.

The age distribution was skewed towards the 18 - 28 age category for the total sample as well as the sub-samples. The majority of the sample had one to 10 years work experience. This was also reflected in the distributions of the non-innovative and innovative sub-samples. The innovative sample did not have any employees with more than 20 years work experience. All the respondents had a matric qualification. Only one respondent had an additional qualification and this was a banking qualification. There were no significant differences in the distributions of the two sub-samples across the demographic categories.

Table 1: Sample Demographics by total sample and sub-sample

Variable	Total	Non-innovative	Innovative
Total	34	18	16
Department.			
Customer care	8	5	3
Sales	9	4	5
Frontline	11	4	7
Branch Support	5	5	0
Sex:			
Male	10	4	6
Female	24	14	10
Age:			
18-28	17	9	8
29-38	5	1	4
39-48	4	3	1
49-58	6	4	2
59-68	1	1	0
Qualification			
matric	100%	100%	100%
Years work			
experience:	23	11	12
1-10	6	2	4
11-20	3	3	0
21-30	1	1	0
31-40	1	1	0

40+			
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### 5.3.2 The Data

Mann-Whitney U-tests were run on each item in the questionnaire to detect differences in preferences between innovative and non-innovative employees. The results are shown in the table 2.

The null hypothesis was accepted for 38 of the 42 items. There were no significant differences between the preferences of innovative and non-innovative employees for the 38 items. Significant differences were recorded for items 4, 17, 18, and 24.

Table 2: Results of Statistical Analysis

Qu No.	Question	Z value	Probability	Decision (Ho = null hypothesis)
1	I prefer to structure my work as I like	1.1735	0.240590	Accept Ho
2	I prefer to work in an organisation that has few management layers	0.1630	0.870510	Accept Ho
3	I prefer to set my own objectives, and decide which projects I would like to work on	0.0401	0.968006	Accept Ho
4	I prefer to work for an organisation that regards failure as part of the development process	1.8171	0.069199	Reject Ho
5	I prefer to meet someone else's specifications in how I do my work	0.5408	0.588640	Accept Ho
6	I prefer to have a detailed structured job description	0.0565	0.954916	Accept Ho
7	I prefer to link my objectives to the strategy and objectives of the	0.1976	0.843355	Accept Ho

	company			
8	I find that a good understanding of the organisation assists me in achieving my objectives	0.7924	0.428133	Accept Ho
9	I prefer to work for a manager who allows me access to all information relevant to my work	1.3699	0.170730	Accept Ho
10	I prefer to have the freedom to choose the assignments I want to work on	0.2725	0.785266	Accept Ho
11	I find that a good understanding of the business environment assists me in achieving my objectives	0.7924	0.428133	Accept Ho
12	I prefer to work for organisations that have rigid structures and procedures	0.0728	0.941959	Accept Ho
13	I like working in teams whose members have similar skills and think alike	0.7085	0.478645	Accept Ho

14	I prefer to work for a manager who limits my access to information	0.6366	0.524377	Accept Ho
15	I prefer to work for a manager who is committed and enthusiastic about my work	1.1508	0.249807	Accept Ho
16	I prefer to work in an organisation that takes my personal development seriously	1.0608	0.288759	Accept Ho
17	I prefer to work in teams whose members have a wide variety of skills	1.7335	0.083005	Reject Ho
18	I prefer to work for an organisation that encourages the exchange of ideas	1.9655	0.049362	Reject Ho
19	I prefer to work for an organisation that allows me to challenge the status quo	1.0608	0.288759	Accept Ho
20	I prefer to work an organisation that encourages interdepartmental	0.1773	0.859289	Accept Ho

	communication			
21	I prefer to choose my own rewards and reward structures	1.0567	0.290662	Accept Ho
22	I prefer to work for an organisation that encourages communication between job levels	0.2501	0.802488	Accept Ho
23	I prefer to work for an organisation that has values that match my own	1.3740	0.169446	Accept Ho
24	My ideal manager does not censure me for making mistakes	2.0298	0.042374	Reject Ho
25	I prefer to work only with people in my department	0.1101	0.912367	Accept Ho
26	I prefer to work in an organisation where I influence the way things are done and the future direction of my department and / or the organisation	1.5456	0.122193	Accept Ho
27	I prefer to do work that contributes to the overall objectives of the	0.8891	0.373964	Accept Ho

	organisation			
28	I prefer financial rewards to non-financial rewards	1.3711	0.170344	Accept Ho
29	I feel it is important to be involved in the selection decisions for new team members	0.8097	0.418134	Accept Ho
30	I prefer to receive on the job training	1.0907	0.275383	Accept Ho
31	I prefer to receive training in generic skills such as lateral thinking and interpersonal skills	1.0687	0.285195	Accept Ho
32	Promotion is a good form of recognition	0.1549	0.876938	Accept Ho
33	I prefer my job to be something I do between 08h00 and 17h00, and keep it separate from my hobbies	0.2886	0.772900	Accept Ho
34	I prefer to do work that contributes to the greater society	0.2110	0.832913	Accept Ho
35	Team rewards are important to me	1.1760	0.239606	Accept Ho
36	When I do a job well I like	1.2192	0.222780	Accept Ho

	to be given more challenging work			
37	How I get the job done is as important as the outcome	0.2653	0.790752	Accept Ho
38	I prefer to be allocated to a team and not be involved in the selection of my team members	0.8589	0.390405	Accept Ho
39	Individual incentives and recognition are important to me	0.7878	0.430793	Accept Ho
40	I prefer to do work that contributes to my objectives	0.5236	0.600528	Accept Ho
41	I prefer my job to be an expression of who I am, like all my outside hobbies and interests	0.8918	0.372522	Accept Ho
42	The end result is more important than the way in which the job is done	0.1603	0.872628	Accept Ho

### 5.3.3 Research Proposition 1

Proposition 1 states the innovative employees unlike non-innovative employees prefer to work in flexible, informal environments with few policies and procedures. These environments should encourage communication, the free exchange of ideas, and make allowances for individuality. The table below shows the questions that relate to proposition 1 and the decision. There were no significant differences in the preferences of non-innovative and innovative employees as regards the employment environment, except in relation to question 18 which relates to the free exchange of ideas.

The difference between the medians indicates which of the two groups scored higher. Where the result is positive the non-innovative group scored higher i.e. they were closer to the 'strongly disagreed' end of the Likert scale. Where the difference is negative the innovative group are closer to the 'strongly disagreed' end of the Likert scale.

The innovative group had a stronger preference for fewer management layers in an organisation (Q2) and for well regulated environments. The non-innovative group showed a stronger preference for environments that encourage the free

exchange of ideas and communication between levels, the provision of prescriptive job descriptions, choosing their own assignments, and not working across departments.

**Table 3 Questions for Proposition 1**

Question number	Decision (Ho = null hypothesis)	Difference between the medians
2	Accept Ho	Positive
6	Accept Ho	Negative
10	Accept Ho	Negative
12	Accept Ho	Positive
18	Reject Ho	Negative
20	Accept Ho	Negative
22	Accept Ho	Negative
25	Accept Ho	Negative

**5.3.4 Research Proposition 2**

Proposition 2 states that innovative employees and non-innovative employees have different requirements from their leadership and management. Innovative employees look to their leadership for the provision of information on a continuous basis, provision of resources to enable innovation including networks, budget, and training, and provision of space and freedom to operate according to

personal style. Non-innovative employees look to their managers for instruction and structure. How the job is done is equally important as the outcome. The table below lists the questions related to proposition 2 as well as the decision. There were no significant differences between non-innovative and innovative employees in this respect except in relation to question 24. This relates to management censure for making mistakes. Despite this, the innovative group showed a weaker preference for this than the non-innovatives.

The innovative group showed a stronger preference for limited access to information than the non-innovative group (Q14). There appears to be a contradiction with respect to Q1 and Q5. These questions relate to who structures the work, the individual or the manager. In both cases the non-innovative group showed a higher preference for both.

**Table 4 Questions for Proposition 2**

Question number	Decision (Ho = null hypothesis)	Difference between the medians
1	Accept Ho	Negative
5	Accept Ho	Negative
9	Accept Ho	Negative
14	Accept Ho	Positive

15	Accept Ho	Negative
24	Reject Ho	Negative

### 5.3.5 Research Proposition 3

Proposition 3 states that innovative employees prefer intrinsic to extrinsic rewards, whilst the reverse is true for non-innovative employees; innovative employees also prefer flexible reward systems. The table below lists the questions that pertain to proposition 3. There were no significant differences between the non-innovative and innovative group.

The innovative groups indicated a stronger preference for setting their own objectives and deciding which projects they would like to work on. The other constructs relate to reward systems. In all cases the non-innovative group showed a higher preference than the innovative group.

Table 5: Questions for Proposition 3

Question number	Decision (Ho = null hypothesis)	Difference between the medians
3	Accept Ho	Positive
21	Accept Ho	Negative
28	Accept Ho	Negative

32	Accept Ho	Negative
35	Accept Ho	Negative
36	Accept Ho	Negative
39	Accept Ho	Negative

#### 5.3.6 Research Proposition 4

Proposition 4 states that innovative employees like to have an understanding of the broader environments in which they operate and have a desire to influence this; their job is an extension of self. Non-innovative employees are not concerned with their sphere of influence. Innovative employees prefer to be involved in decisions concerning their employment situation. Table 6 shows the questions relating to proposition 4. There were no significant differences between the preferences of non-innovative and innovative employees with respect to proposition 4.

The innovative group indicated a higher preference for linking their own objectives to the strategy of the organisation. They also showed a higher preference than the non-innovative group for being allocated to a team and not being involved in the selection decisions of the team members. The non-innovative groups showed a higher

preference for choosing their own team members than the innovative group.

The non-innovative group showed a stronger preference for understanding the organisation and the business environment. They also showed a stronger preference for work that contributes to the greater society, and influencing the way things are done.

Table 6: Questions for Proposition 4

Question number	Decision (Ho = null hypothesis)	Difference between the medians
7	Accept Ho	Positive
8	Accept Ho	Negative
11	Accept Ho	Negative
26	Accept Ho	Negative
27	Accept Ho	Negative
29	Accept Ho	Negative
33	Accept Ho	Negative
34	Accept Ho	Negative
38	Accept Ho	Positive
40	Accept Ho	Negative
41	Accept Ho	Negative

### 5.3.7 Research Proposition 5

Proposition 5 states that innovative employees prefer to work in organisations and teams with value systems congruent with their own; non-innovative employees are indifferent. The value system should include a preference for risk and a tolerance for failure. The table below lists the questions that relate to proposition 5. There were no significant differences between the preferences of the two groups except in relation to questions 4 and 17. The former relates to a tolerance for failure and the latter to a requirement for a diversity of skills within the work teams.

With respect to both Q4 and Q17 the non-innovative group indicated a higher preference than the innovative group. The innovative group indicated a higher preference for consistency in values between the organisation, the team and the individual. They also showed a higher preference for environments that encourage the challenging of the status quo.

Table 7: Questions for Proposition 5

Question number	Decision (Ho = null hypothesis)	Difference between the medians
4	Reject Ho	Negative
13	Accept Ho	Positive
17	Reject Ho	Negative
19	Accept Ho	Positive
23	Accept Ho	Positive

#### 5.3.8 Research Proposition 6

Proposition 6 states that innovative employees place far greater emphasis on the development of the core competencies that underpin innovation than non-innovative employees do, as well as on personal development. Table 8 shows the questions that relate to proposition 6 and the decision. There were no significant differences between the two groups.

The non-innovative group showed a higher preference than the innovative group for the following:

- Personal development;
- On the job training;
- Training in generic skills;

- Process and outcome relating to the task.

Table 8: Questions for Proposition 6

Question number	Decision (Ho = null hypothesis)	Difference between the medians
16	Accept Ho	Negative
30	Accept Ho	Negative
31	Accept Ho	Negative
37	Accept Ho	Negative
42	Accept Ho	Negative

#### 5.4 Conclusion

In the main there were no significant differences in the preferences of innovative and non-innovative employees. The following chapters will explore reasons for the results and make recommendations regarding performance management systems.

## CHAPTER 6: INTERPRETATION OF THE RESULTS

### 6.1 Introduction

This chapter aims to interpret the results in the context of the literature reviewed in Chapter 2 and the propositions put forward in Chapter 3.

It must be noted that a degree of bias is inevitable in the responses to the questionnaire items and this must be taken into consideration when interpreting survey scores (Maitland and Hofmeyr in Appelbaum, 1997).

The research aimed to test the dimensions of performance management systems with respect to innovative and non-innovative employees. The literature suggests that differences in preferences of the two groups should exist because of the nature of the innovative individual and the requirements for innovation to take place.

It must be noted that whilst few significant differences were found, there is no conclusive evidence regarding the extent to which the two groups agree or disagree on each construct.

## 6.2 Research Proposition 1

Research Proposition 1 sought to test the preferences regarding the nature of the environment in which performance and by extension innovation occurs. This is consistent with Sam's view (in Appelbaum, 1997) that the environment of work has a greater impact on performance management than human resource development. This is supported by Senge (1994) who proposes that the structures determine performance. Rosenfeld and Servo (in Henry & Walker, 1991) propose the existence of certain roles necessary for innovation. These tend to be informal requiring a fluid, flexible environment. Furthermore, it requires effective communication and cross-functional networking systems. These are easier to create and maintain in smaller organisations with fewer management layers. Henry & Walker (1991) suggest that innovative organisations are experience based and decentralised.

The scores do not indicate any significant differences between the two groups regarding the environment of work with the exception of question (Q) 18. This is consistent with the innovative personality's propensity towards freedom of expression (Tonay, 1995).

In all cases except Q2 (the number of management layers) and Q12 (well regulated and rule driven environments) the non-innovative group indicated a higher preference. The expectation, in line with the literature was the opposite.

### 6.3 Research Proposition 2

In the 7S Model (Waterman, Peters & Phillips, 1980) the 7 dimensions of the system inform each other. It follows that an informal, flexible system will necessitate a particular management style. Management creates the unregulated space in which the work is done, provides the information and other resources that enable performance. This is supported by Amabile's (in Henry, 1992) assertion that prescriptive environments dampen inner motivation in the case of innovative personalities.

Whilst there were no significant differences in the preferences of innovative and non-innovative employees with respect to task orientation versus process orientation, the freedom to determine one's own method of work, and access to information, there was a significant difference with respect to tolerance for failure.

In all cases the opposite result with respect to extent of agreement was opposite to what is suggested in the literature. It was expected that the innovative group would show a higher preference than the non-innovative group with respect to structuring one's own work, access to information, and management support for the individual's work.

#### 6.4 Research Proposition 3

Amabile (in Henry, 1992) asserts that intrinsic motivators are more important than extrinsic motivators for innovative individuals. Appelbaum (1997) suggests that intrinsic motivators must be clearly linked to extrinsic motivators such as pay and promotion. Peters and Waterman (in Appelbaum, 1997) and Anthony and Strickland (in Appelbaum, 1997) concur that a properly designed reward system is the key contributor to the effective attainment of corporate strategy.

There were no significant differences in preferences between the 2 groups. It was expected that the innovative group would show a higher preference for non-financial rewards, and intrinsic motivators such as promotion and more challenging work, than the non-innovative group.

## 6.5 Research Proposition 4

Drucker (in Henry and Walker, 1991) suggests that for innovation to be purposeful it must have its origins in the analysis of sources of new opportunities. This cannot happen where the employee does not have an understanding of the business environment and the strategy of the organisation (Q8, 11). The non-innovative employees showed a higher preference for this than the innovative employees. This is in apposition to the literature.

Henry (1992) and Amabile (in Henry, 1992) add to this line of thinking. Passion and love for one's work is fundamental for innovation to take place (Q33, 41). Only seeing themselves as part of a greater whole can individual's contribute to the best of their ability (Q26) (Senge, 1994).

It is also consistent with the evolution of performance management systems from an event to a total system. This is supported by Walters (1995) who sets out the objectives of performance management systems, that is to ensure that employees work to realise the objectives of the organisation. Bevan and Thompson (in Armstrong, 1994) extend this thinking through the identification of the key features

of performance management systems. These include linking individual objectives to those of the organisation (Q7, 27).

The survey scores do not reflect any significant differences between the non-innovative and innovative employees with respect to proposition 4. The distribution of the scores supports the arguments set out above, with the exception of linking the individual's objectives to those of the organisation. It also appears that the sphere of influence tested by Q26 is limited to the organisation and does not extend to the greater society.

#### 6.6 Research Proposition 5

Senge (1994) suggests that forces that maintain the status quo must be removed where they impede growth and development. This requires a shared value system that fosters continuous learning and encourages the organisation and the individual to re-invent itself. In order for this to happen the employee has to see himself as part of a greater whole (Senge, 1994). The psychological contract itself is based on a covenant of shared ideas and values (Senge, 1994). The innovative group showed a higher preference for shared value systems than the non-innovative group (Q13, 19, 23).

Special attention was given to the particular value, challenging the status quo (Q10). In line with what the literature proposes, the innovative group showed a higher preference for this type of environment than the non-innovative group.

#### 6.7 Research Proposition 6

The literature suggests that particular cognitive abilities (Q31), interpersonal skills, and continuous personal development (Q16) are important for innovation to take place. These centre around thinking rather than specialisation in a job or subject.

There were no significant differences between the preferences of the innovative and non-innovative groups in this regard. This is linked to the importance of human resource development as an outcome of the performance management process.

## 8 Conclusion

The significant differences between the preferences of non-innovative and innovative employees appeared in four areas.

These are:

- a tolerance for failure in the organisation
- a management style that does not censure mistakes
- an environment that encourages the free exchange of ideas
- a diverse skills base within work teams

The following chapter will provide conclusions and recommendations flowing from the research.

## CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

### 7.1 Introduction

In this chapter the main findings of the research are summarised, and recommendations and conclusions are presented. Areas for future research are also identified.

### 7.2 Main Findings of the Research

The research sought to test specific aspects of performance management systems. These are structure, reward systems, strategy, management style, and superordinate goals. Significant differences in the preferences of innovative and non-innovative employees were not found with the exception of the type of values, the required skills, and management style. While this has implications for performance management systems, the research appears to support the general principles of good performance management systems. It confirms the findings in Appelbaum (1997) and extends them to all employees.

It is possible that the findings of the research have been biased by a number of factors. The restriction to one organisation ensured that the sample was drawn from a too

homogeneous pool of people. It is recognised that self-selection occurs in organisations resulting in the retention of similar employees and the ejection of the non-conformists. Furthermore, large financial institutions are not renowned for their innovative capability. The halo effect may have been a factor in the judgemental sampling process resulting in a false basis for the classification of employees as innovative and non-innovative. Furthermore the small size of the sample posed certain limitations. The sample represented 0.13% of the population of the financial services institution.

#### *7.2.1 Research Proposition 1*

There was one significant difference between the preferences of innovative and non-innovative employees regarding the work environment and the structure of the organisation. This related to the encouragement of the free exchange of ideas in the workplace. This suggests the need for the creation of structures that will develop this in the organisation for example the development of networks and the appointment of liaison people who transfer information.

Beyond this it can be concluded that both innovative and non-innovative employees have the same requirements of the

work place, that being a more fluid, flexible one. This does not explain the continued existence of large, rigidly structured organisations. A trend analysis may reveal that organisations are increasingly breaking themselves into smaller units. Certainly current popular literature suggests that the knowledge worker appears to be operating as a self-sufficient unit in networks rather than within organised and regulated structures.

### *7.2.2 Research Proposition 2*

The only significant difference between the two groups with respect to management style relates to censure for making mistakes. This is directly related to a value system that regards failure as part of the development process. The finding is consistent with the finding in proposition 5 discussed below.

In all other respects, innovative and non-innovative employees have the same requirement of their managers. In the new world of work the requirement of management is to facilitate and guide rather than prescribe. The manager's role becomes that of strategist rather than policeman.

### **7.2.3 Research Proposition 3**

There were no significant differences between the preferences of innovative and non-innovative employees regarding what motivates employees. The data suggests that team rewards are more important than individual rewards, as are flexible reward systems. This applies to intrinsic motivators vis-à-vis extrinsic motivators. A ranking was not obtained to indicate which rewards are preferred to others. A clear link must be established between performance and intrinsic motivators, and intrinsic motivators and extrinsic motivators.

### **7.2.4 Research Proposition 4**

There were no significant differences between the preferences of innovative and non-innovative employees with respect to their knowledge of the business environment and the organisation.

Communication systems should enable the free exchange of relevant information. This requires the inculcation of a culture that disavows power struggles and politicking, and supports team based outcomes. The objectives of employees should be rolled up into the objectives of management such

that management performance is also evaluated to the extent that employees achieve their objectives. This occurs naturally where objectives flow from the strategy of the organisation.

#### *7.2.5 Research Proposition 5*

The significant differences that emerged between the preferences of innovative and non-innovative employees relate specifically to the role of failure in the development process and the diversity of the skills base. The former is consistent with the findings in proposition 2, and further supports the importance of a shared value system. It is important that the management have a value system that is consistent with that of the organisation.

This tolerance for failure could be developed through the measurement processes of the performance management system. This is a customisation that could be applied in the areas where innovation is critical. Where innovation is critical a tolerance for challenging the status quo should be factored into the performance management system.

### 7.2.6 Research Proposition 6

There were no significant differences between the preferences of innovative and non-innovative employees with respect to human resource development. It is clear that training and personal development should form one of the outcomes of performance management systems. Feedback should include a counselling element and human resource development should be participative.

### 7.3 Recommendations

On the basis of the findings a common performance management system can be designed for both innovative and non-innovative employees. This is consistent with the view that innovation is a continuum rather than an either or situation. This may suggest that differences in preferences regarding the work environment and its systems may be related to other characteristics rather than the innovative capability of the employee. It further suggests that where the environment suits the employee and the appropriate amount of discomfort is generated, the employee will innovate. The performance management system must be fine-tuned to create the necessary discomfort for each

individual. This repositions the human resource specialisation as a key line management skill.

#### 7.4 Areas for Future Research

The following areas represent possibilities for further study. These revolve around the development of specific dimensions of performance management systems.

- Extending the scope of this research to employees outside of the organisation and the financial services sector
- Preferences around reward systems and specific incentives, with particular emphasis on ways in which to link reward to performance
- Preferred performance measurement systems - their design and adaptation for the innovative environment
- Preferred feedback mechanisms and the role of feedback in performance management
- The role of the employee and the nature of participative processes in the design of performance management systems
- The concept of self-selection in organisations resulting in homogeneous groups of people and the limitations this poses on the efficiencies within organisations and their continuous renewal.

## 7.5 Conclusion

Globalisation has levelled the playing fields for organisations with respect to costs and efficiencies. Comparative advantage has now become a function of the organisations' capabilities to innovate. Indeed this is the source of the comparative advantage of nations.

The research has not shown anything conclusive about performance management systems vis-a-vis the innovative employee; the necessity of developing a culture of innovation is clear. The absence of a clear result may be in part as a result of the sample size and the sampling methodology. If we accept however that innovation is a continuum, then the model developed in Chapter 2 provides a framework for creating flexible performance management systems orientated around specific objectives and employee needs.

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APPENDIX I : QUESTIONNAIRE

February 21, 1999

Dear colleague,

Research on Performance Management Preferences of Employees

Thank you for your participation in my research project, which fulfils part of the requirement for the Master of Management (Human Resources) at the Wits Business School. This research looks at the performance management preferences of employees with a view to developing a methodology for the design of such systems. In order to ensure that your response is dealt with in a confidential manner please seal in the envelope provided when you have completed it. Thank you for your time and effort.

Sincerely,

Terri Castis



least innovative, please rate yourself: \_\_\_\_\_

Section 2

Please tick the box reflecting your preference

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1. I prefer to structure my work as I like	1	2	3	4	5
2. I prefer to work in an organisation that has few management layers	1	2	3	4	5
3. I prefer to set my own objectives, and decide which projects I would like to work on	1	2	3	4	5
4. I prefer to work for an organisation that regards failure as part of the development process	1	2	3	4	5
5. I prefer to meet someone else's specifications in how I do my work	1	2	3	4	5
6. I prefer to have a detailed structured job description	1	2	3	4	5
7. I prefer to link my objectives to the strategy and objectives of the company	1	2	3	4	5
8. I find that a good understanding of the organisation assists me in achieving my objectives	1	2	3	4	5
9. I prefer to work for a manager who	1	2	3	4	5

allows me access to all information relevant to my work					
10.I prefer to have the freedom to choose the assignments I want to work on	1	2	3	4	5
11.I find that a good understanding of the business environment assists me in achieving my objectives	1	2	3	4	5
12.I prefer to work for organisations that have rigid structures and procedures	1	2	3	4	5
13.I like working in teams whose members have similar skills and think alike	1	2	3	4	5
14.I prefer to work for a manager who limits my access to information	1	2	3	4	5
15.I prefer to work for a manager who is committed to and enthusiastic about my work	1	2	3	4	5
16.I prefer to work in an organisation that takes my personal development seriously	1	2	3	4	5
17.I prefer to work in teams whose members have a wide variety of skills	1	2	3	4	5
18.I prefer to work for an organisation	1	2	3	4	5

that encourages the exchange of ideas					
19.I prefer to work for an organisation that allows me to challenge the status quo	1	2	3	4	5
20.I prefer to work for an organisation that encouraged interdepartmental communication	1	2	3	4	5
21.I prefer to choose my own rewards and rewards structures	1	2	3	4	5
22.I prefer to work for an organisation that encourages communication between different job levels	1	2	3	4	5
23.I prefer to work for an organisation that has values that match my own	1	2	3	4	5
24.My ideal manager does not censure me for making mistakes	1	2	3	4	5
25.I prefer to work only with people in my department	1	2	3	4	5
26.I prefer to work in an organisation where I influence the way things are done and the future direction of my department and / or the organisation	1	2	3	4	5
27.I prefer to do work that contributes to the overall objectives of the organisation	1	2	3	4	5

28.I prefer financial rewards to non-financial rewards	1	2	3	4	5
29.I feel it is important to be involved in the selection decisions for new team members	1	2	3	4	5
30.I prefer to receive on the job training	1	2	3	4	5
31.I prefer to receive training in generic skills such as lateral thinking and interpersonal skills	1	2	3	4	5
32.Promotion is a good form of recognition	1	2	3	4	5
33.I prefer my job to be something I do between 08h00 and 17h00, and keep it separate from my hobbies	1	2	3	4	5
34.I prefer to do work that contributes to the greater society	1	2	3	4	5
35.Team rewards are important to me	1	2	3	4	5
36.When I do a job well I like to be given more challenging work	1	2	3	4	5
37.How I get the job done is as important as the outcome	1	2	3	4	5
38.I prefer to be allocated to a team and not be involved in the selection of my team members	1	2	3	4	5

39. Individual incentives and recognition are important to me	1	2	3	4	5
40. I prefer to do work that contributes to my objectives	1	2	3	4	5
41. I prefer my job to be an expression of who I am, like all my outside hobbies and interests	1	2	3	4	5
42. The end result is more important than the way in which the job is done	1	2	3	4	5

## APPENDIX III : SELECTION TOOL

### Selection Criteria for Sample

#### Instructions

1. This ranking is confidential and must not be shown to the employees to prevent bias in the responses to the questionnaire.
2. Complete one form for each employee.
3. Please rank the employee against the following dimensions for questions 1 to 7.
4. Score the answers as shown beneath the table.
5. Select 30 employees whose scores are between 28 and 35 and 30 employees whose scores are between 7 and 15.
6. Make a list of the employees' names.
7. Please place the completed forms in the envelope provided, seal the envelope and return to the addressee.

Employee name: \_\_\_\_\_

Extremely high

High

Average

Low

Extremely Low

1. Does the employee show a high tolerance for ambiguity?				
2. Does the employee prefer to work independently?				
3. Does the employee have a strong ability to identify problems and solutions?				
4. Does the employee have a high propensity for risk taking?				
5. Does the employee have a lack of concern for the customary way of doing things and / or see things differently to the norm?				
6. Does the employee express new ideas?				
7. Does the employee attempt to introduce new processes and / or products?				

Scoring:

Add the ticks in each column and multiply as indicated:

Column	Number ticks per column		Total
Extremely high		x 5 =	
High		x 4 =	
Average		x 3 =	
Low		x 2 =	
Extremely low		x 1 =	
Total			

concerned with their sphere of influence			
Innovative employees prefer to work in organisations and teams with value systems congruent with their own; non-innovative employees are indifferent	Reich Senge (1994) Brehm (1994) Bevan & Thompson	4, 13, 17, 19, 23	Mann - Whitney U test
Innovative employees place far greater emphasis on the core competencies that underpin innovation than non-innovative employees	Hicks (1972) Henry (1992)	16, 30, 31, 37, 42	Mann - Whitney U test

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5. Select 30 employees whose scores are between 28 and 35 and 30 employees whose scores are between 7 and 15.
6. Make a list of the employees' names.
7. Please place the completed forms in the envelope provided, seal the envelope and return to the addressee.

Employee name: \_\_\_\_\_

Extremely High  
High  
Average  
Low  
Extremely Low

1. Does the employee show a high tolerance for ambiguity?					
2. Does the employee prefer to work independently?					
3. Does the employee have a strong ability to identify problems and solutions?					
4. Does the employee have a high propensity for risk taking?					
5. Does the employee have a lack of concern for the customary way of doing things and / or see things differently to the norm?					
6. Does the employee express new ideas?					
7. Does the employee attempt to introduce new processes and / or					

products?					
-----------	--	--	--	--	--

**Scoring:**

Add the ticks in each column and multiply as indicated:

Column	Number ticks per column		Total
Extremely high		x 5 =	
High		x 4 =	
Average		x 3 =	
Low		x 2 =	
Extremely low		x 1 =	
Total			

#### APPENDIX IV: PRE TEST INTERVIEWS

Question: How do you like to be (performance) managed?

Respondent 1:

In the context of my character - from a spiral dynamics perspective I operate in black and white paradigm i.e like or dislike, accept or reject. I have a high acceptance low rejection - red yellow orange turquoise brain profile which translates to a chaotic conceptual i.e. prefer ordered detail but have a high tolerance for ambiguity and complexity; am innovative, creative... not interested if there is only one answer for a problem.

I like to be given an objective and to be left to get on with it however I see fit. I want latitude and freedom. My motivation derives from a desire to achieve the objective i.e. I am motivated by achievement. The task can be a motivator - the more difficult and complex it is the more motivated I am to solve it. Where something is not mentally stimulating, but takes effort to get to solution I am not interested.

Incentives to achieve include

1. achievement itself;
2. recognition (ego state be strong/be liked/be noticed);
3. expect to move up the scale in complexity and difficulty in the next task;
4. some sort of monetary bonus but this is secondary;
5. environment - hate hierarchy; prefer to work in a team where the leader emerges based on his / her expertise;
6. prefers teams with different skills and competencies as this allows for greater success;
7. no clear reporting structure - prefer to work in loose informal structures that come together for specific projects and then move on;
8. everyone in structure works for self;
9. the individuals must not be scared of risk, must be innovative, and must realise that failure is part of the route to success;
10. team support is essential - joint responsibility for getting the job done;
11. prefer to work for an organisation that celebrates differences, that knows itself and gets the right people for the process;
12. require complete freedom to access info and people;
13. want to be involved in the selection of the team members;

14. compatibility between own agenda and that of organisation is important to an extent;
15. don't join organisation for long term;
16. management style must be one of tough love i.e. the environment must be caring and nurturing of performance but not accepting of excuses;
17. the task that I undertake has to be meaningful, it must contribute significantly to the organisation's direction - can't do something to mark time - more importantly the task meaningfulness is industry driven can change or influence industry - get a competitor response limited to local industry - if it can change the world revolutionise anything irrespective of what that is even better - bigger objective change world not organisation will do, order of motivation world, industry, company;
18. access to info - how define info - all internal info - experience, competitive info, industry info - subscriptions etc..
19. more interested in changing the status quo rather than making money;
20. the culture of the organisation must be a 'can do' attitude.

Respondent 2:

Tell me what to do and allow me to do it. Will do it within the parameters the environment prescribes i.e. do not believe in an ideal environment; do not need any external motivators.

Respondent 3:

Management style - the manager must provide clear cut objectives for himself and his staff together with a plan of action. Progress should be monitored through reports and meetings. He must explain the end result required and allow me the freedom to execute as I see fit. He must provide information, and other resources required to do the job.

Structure - prefer flexibility in own department, but rigid structures are required overall so that everybody plays by the same rules. Access to people should be channelled through networks developed for this reason.

Reward - flexible schemes because different things motivate different people

Motivators - ; 1<sup>st</sup> motivated

Skills - hierarchy of skills / spectrum of skills from the floor to the supervisor to manager. All different but highly relevant input.

Values - do not have to be compatible with the organisation but their must be a raison d'etre for the existence of the different value systems.

Job - relevant to me and where I am going and to the broader picture. It matters that I make a contribution to the society.

**Author: Castis,E**

**Name of thesis: Performance management preferences of innovative employees**

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