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A mobile application to facilitate connection, retention and motivation of employees

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A mobile application to facilitate connection, retention and motivation of employees

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1476940

A business venture proposal submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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Declaration

I, Catherine Blackman, declare that this business venture proposal is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

_____

Catherine Blackman

Signed at ……

On the …….. day of …… 2018

Dedication

This research is dedicated to Steven for his patience, perspective and support as well as my Mom for her unwavering enthusiasm.

Acknowledgements

This Applied Research Project would not have been finished without my supervisor, Laurence Beder. I would like to thank him for his encouragement, kindness and support during my work on this assignment.

I also thank my family and friends for their understanding and encouragement throughout this process. It would have been incredibly difficult for me to finish this assignment without your tremendous support. I would also like to especially acknowledge Brett and Trent's contribution for making all of the hard work seem worthwhile.

Last, but not least, I would like to thank the members of TymeDigital, especially Ayn, John and the teams that participated in my pilot. Your support and engagement have left me incredibly grateful.

Supplementary Information

Supervisor:	Laurence Beder
Word count †:	15,132
Supplementary files:	A: Consistency Matrix
	B: Surveys and Responses
	C: Lean Canvas Model
	D: Company Registration Certificate
	E: Project Development Timelines

† Including Executive Summary, References, etc.

Executive Summary

Connect is a digital employee value proposition that offers near-real-time telemetry of employee performance and achievements that companies can use to structure their incentives to align with the specific motivations of each of their employee segments instead of assuming a one-size-fits-all approach.

The value to the business is created through an enhanced perception by the employees that their employer understands their individual motivations that will contribute to their feeling that the work in which they are engaged has meaning and that they are being recognised by their peers and management for their contribution.

The visibility offered by *Connect* of individual employee achievements fulfils their need for external recognition and fosters an environment of enhanced contribution which will contribute to the company's sustained competitive advantage by increasing the overall levels of engagement of the workforce and drive additional productivity.

The intention of the platform, additionally, is to provide employers with data that can be used to augment the current performance management practices, such as the 360-degree feedback tool to provide a record of continuous delivery that can be used to substantiate their current reward structures.

The platform will be marketed as a white labelled product and licensed to companies through a reseller on an annual basis. The cost per user license will be kept static up to 1000 users which will enable smaller organisations to have cost-effective access to the product; enterprise licenses above 1000 seats will be determined on a tiered basis, thus making the proposition equally attractive to larger organisations. The software will exist in two instances, namely:

1. A generic cloud-based platform which can be used as an off the shelf solution.
2. A customised instance of the system that can be hosted on a dedicated server that will enable bespoke integration and incorporate additional security protocols.

The venture is expected to cost R400 000.00 to develop the MVP, and an investment of R160 000.00 is required. The Return on Investment (ROI) after 5 years is expected to reach 810% or R 1 296 000,00, with payback occurring within two and a half years.

This business venture proposal outlines the unmet need in the market as well as the proposed solution and the pricing information that will make *Connect* an attractive addition to a mature organisation's value proposition. The intention is also to assess the proposition's feasibility in terms of theoretical underpinning which has provided a foundation for the development of the Minimum Viable Product (MVP) for the digital platform. It also serves as a tool for understanding the complexity of the system in terms of the development of a lean business start-up, innovation accounting as well as the process and cost of bringing this product to market.

Keywords: *Behavioural Economics, Performance Management, Incentives, Employee Motivation, Employee Disengagement, Digital, Platform Development, Business Venture Proposal, Millennial Workforce, Competitive Advantage.*

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1. Introduction

This Business Venture Proposal assesses the market potential for *Connect*, a digital employee value proposition that is designed to manage, retain and motivate talent in an organisation. Its purpose is to develop an organisational culture in an interactive manner which encourages active staff engagement and collaboration, especially during periods of growth or change. Through this platform, the embodiment of company culture, values and high performance can be incentivised and rewarded.

The development of this platform responds to changes in job satisfaction criteria and the need for organisations to adopt a more innovative, digital approach to employee value propositions that fulfil the need for recognition, feedback and achievement held by workforce entrants. A change in approach is especially significant when addressing the needs of a growing millennial contingent who have grown up with technology and the peer endorsement associated with social media. *Connect* aims to overcome the current analogue and mostly reactive feedback process that is typically initiated after an employee has become disengaged. *Connect* seeks to proactively overcome this declining sentiment to contribute to the employees' perception of value, develop loyalty and diminish their tendency to job hop. The end state goal would be to create a work environment in which the staff complement comprises high performing, engaged employees.

The *Connect* platform will be licenced to organisations as a white labelled, self-managed and modular tool that leverages behavioural economic principles to promote employee loyalty and engagement.

The platform itself harnesses intuitive design and will exist in two instances:

The first is a generic platform with necessary custom parameters that is centrally hosted and accessed via a web portal and smart app; the second is a customised instance of the system that can be hosted on the company's infrastructure and have additional security protocols. This system could have additional levels of customisation and integration into corporate systems such as larger ERP (Enterprise Resource Planning) and HR tools. These distinct service offerings allow organisations to choose a solution that is best suited to their needs and their current data security and infrastructure requirements and lower the barriers to entry.

The incentives available are also customisable and can adapt to company policy: they can be both monetary and non-monetary and earned through the accumulation of points that are then awarded to an individual or team by another employee or manager. These points could be accumulated over a period or spent immediately. The higher the value, the better the reward. This approach would encourage a culture of continuous improvement and engagement as good work is recognised. The platform would be best suited to medium- to large-organisations and could be adapted to suit any hierarchical structure as employees could be grouped by office, function, team or project.

The app leverages several features present in social media such as profile creation and development, peer endorsement and the externalisation of goals. This journey of self-improvement and career development will provide the social engagement that will create a greater sense of community within the organisation and reinforce the culture.

The value proposition to the employee is the opportunity to recognise the excellent work of others and to be rewarded for work well done. There is also the material gain in the form of additional benefits. For the employer, the value lies in the data that is being gathered through the back-end system. Management would gain insight into employee sentiment, motivators and levels of engagement. The data would further assist in the design and implementation of organisational initiatives, such as those associated with change management, and measure the impact on employee performance. In addition to this, the peer endorsement system would allow leaders to self-select in that their performance in specific fields would be elevated relative to their peers. This approach in addition to traditional 360-degree feedback performance reviews would make strong cases for promotion, career acceleration and the identification of champions in the organisation. Similar data could be applied to underperforming employees: disengaged and resistant employees could be identified as underachievers and managed. This problem could then be addressed through mentorship and development.

This document examines the theory surrounding the changes in workplace composition as well as the need for the transition from an analogue to digital performance management processes. The literature also assesses Frederick Taylor's Theory of Scientific Management and Elton Mayo's Behavioural theory of Management regarding their impact on employee motivation and contrast this with Abraham Maslow's research on employee motivation in the workplace. These approaches are further contrasted with the work done by Frederik Herzberg on the effects of hygiene and motivating factors on employee attitudes with Dan Ariely's Behavioural

Economic Theory of Market and Social Norms. The document will also assess international best practice regarding offering compelling employee value propositions. The intention is to assess the feasibility of the theoretical underpinning of the proposition and provide a foundation for the development of the Minimum Viable Product (MVP) for the digital platform. It also serves as a tool for understanding the complexity of the system in terms of the development of a lean business start-up, innovation accounting and the process to bring the product to market.

2. Literature Review

2.1. Statement of the problem

Richard Veal stated that *"it is certainly worth remembering that the workforce is not a single homogenous entity, it is made up of individuals each with a different perspective on why they joined the company and wanted to stay"* (Towers Watson, 2015).

In developing a successful business venture that adequately addresses the need for a change in the approach to the traditional employee value proposition, the following problem statement can be formulated:

Will a digital EVP create meaning for employees?

Meaning in this instance is defined as a positive sentiment towards the workplace, feelings of engagement, contentment and recognition that contribute to loyalty and a desire to see the company succeed. In unpacking this problem statement, several sub-problems can also be defined to structure the research to provide a foundation for a successful business venture. The subproblems are as follows:

1. *What motivates employees?*
2. *What is global performance management best practice?*
3. *How can the venture be executed?*
4. *What is the minimum viable product (MVP)?*

These sub-problems aim first to explore the relevant management theories and how those are affected by changes to the workforce before assessing the practices of top employers as to what they offer and how they manage and retain staff. The literature will input into the requirements for a first iteration platform and its process for execution regarding the lean startup model.

What motivates employees?

By 2020, the workforce will comprise five different generations. While this is not a startling fact, the introduction and exponential growth of technology and the rapid change in organisational design and management has compounded the differences and created a disjointed workforce in which employment expectations need to be managed differently for each of the participants (Brecher, Eerenstein, Farley, & Good, 2016). In designing a compelling employee value proposition, the employee base, or internal customer base, needs to be segmented to ensure that the needs of the different segments are adequately addressed and create a more highly customised offering that does not merely assume a one-size-fits-all approach (Cantalejo, 2016).

Workforce motivation has historically been a topic of much scrutiny with leading management theorists such as Frederick Taylor and Elton Mayo exploring financial and social motivators for workforce engagement based on workplace efficiency and money as a primary motivator. Their work has also addressed the benefit that was to be realised through the observation of the workforce and engagement to understand their needs as a means of increasing productivity, respectively (van der Tang, 2015). This research was soon expanded to include the work of Frederick Herzberg and Abraham Maslow whose research encompassed the factors that motivated employees in the workplace. Hertzberg concluded that employees' attitudes towards the workplace were affected by both hygiene and motivating factors. The hygiene factors included the basic conditions of employment which were taken for granted and did not directly contribute to motivation but would cause dissatisfaction if they were absent. He instead proposed that motivation was linked to more intangible qualities such as those associated with achievement, recognition, the work itself, responsibility and career advancement (Gawel, 1997). In his Hierarchy of Needs, Maslow addressed a similar issue in that while the hygiene factors of the workplace contributed to the fulfilment of basic physiological and safety needs and motivation contributed to psychological and self-fulfillment needs in that they enabled social connection, increased self-esteem and ultimately enabled self-actualisation or the attainment on one's full potential (Christierson, 2017).

An employee's level of engagement in the workplace can be linked to their relative position on the pyramid. More highly engaged employees will resonate more strongly with the needs on the top two tiers (Christierson, 2017) and disengaged employees identifying more strongly with

the basic needs relating to survival and security: they are at work to earn a salary and do not contribute in a meaningful sense to the organisation.

The behavioural economist, Dan Ariely (2016), addressed these financial and non-financial components of employee motivation in a typical experiment, he sought to study the market and social norms of motivation through the study of a group of workers at a semiconductor factory at Intel in Israel. The location was selected for the study as the employees' output was tangible and thus measurable in that they were tasked with producing a certain number of computer chips in a day.

At the start of the week, workers received one of three messages relating to the promise of a bonus in the form of a voucher for pizza, a compliment from the boss in the form of a text message or a small financial incentive equivalent to $30. A quarter of the workers received no message and served as the control sample.

At the end of the first day, the following increases in productivity over the control group became evident:

Incentive	Increase in productivity
None	0.0%
Pizza Voucher	6.7%
The promise of a compliment	6.6%
Cash bonus	4.9%

Table 1: Comparison between incentive and the relative increase in productivity of the Intel employees (Ariely, 2016).

While pizza proved to be the most popular motivator, it was not by a large margin. The nominal financial incentive contributed the least to additional productivity, shown in Table 1 above.

Over the course of the week, the trends emerged and while the pizza voucher and the promise of a compliment jostled for first place, the cash bonus consistently underperformed. By the end

of the week, this reward cost the company more than the other two incentives and resulted in a drop of 6.5% in productivity. It proved to be a worse alternative than offering no incentive at all. The compliment, despite Ariely's (2016) predictions, proved to be the top motivator with employees maintaining a marginal improvement over the control group for the week.

Ariely's (2016) conclusion, which echoes the sentiments of the other management theories is that *"when we are acknowledged, we are willing to work harder for less pay and when we are not acknowledged, we lose much of our motivation… Motivation can be increased simply by acknowledging the efforts of those working with us."*

What is global performance management best practice?

Global best practice increasingly focuses on the creation of a customised EVP that responds to the increased adoption of social and mobile technologies, especially regarding the emergence of a predominantly millennial workforce. Companies need to respond to the changing expectations of the workforce (Ultimate Software, 2015) primarily as the processing efficiency, intuitive design and instant feedback from software and social media systems continued to improve. This approach needs to be applied to talent management strategies to keep employees engaged and motivated.

For six years, Google has occupied the number one position on Forbes' List of *100 Best Companies to Work For* (Fortune.com, 2017) and as an organisation, they pride themselves on their data-driven approach to employee wellbeing. Google collaborated with re:Work to share and advance the practice and research of data-driven HR (re:Work, 2017) as a part of this initiative; they determined a series of features that underpinned a successful team. These related more to the way in which a team worked together as opposed to the specific composition of the team. The most valuable characteristic was a psychologically safe environment in which team members were able to take interpersonal risks without the fear that they will be punished or embarrassed for admitting a mistake, asking a question or offering a new idea (Bariso, 2018). The other most essential characteristics included the dependability of each team member; the structure and clarity of their roles, plans and goals; the meaning of the work being done made clear to each of the employees as well as the impact that their work was having on the broader community. The encouragement of these characteristics in a team will enable a continued growth and development cycle in which mature thinkers and executors will be fostered.

In addition to this collaborative, supportive environment, Google offers several perks, both financial and non-financial that reward employees for exceptional work and provide the convenience of work-life integration that will aid in retention of top talent.

How can the venture be executed?

As society becomes increasingly integrated, and access to technology becomes more natural, the digital preferences of the workforce and the millennial appetite for social media should be embraced as a means of delivering a meaningful employee value proposition that can be tailored to a specific organisation. This approach would enable the cultural shifts that will allow mainstream companies to compete with global best practices.

The Lean Startup Model, described by Blank (2003) (2006), encourages a balance between customer and product development as well as a highly iterative process that reduces the time to market for an initial product. Once the product has been launched, it follows an aggressive cycle of continual improvement and adjustments – or pivots – that respond to the underserved needs of the customer base. The Minimum Viable Product or MVP is a product, not a prototype, with the highest return on investment versus risk (Varshneya, 2015). The departure point is to understand the product's core value proposition; this approach will assist in the removal of all extraneous features that may delay the time to market. That being said, the MVP should not have an incomplete feature set, but rather a limited one that enables the market to test the core functionality. The relative simplicity of the build will enable the validation of the hypothesis with a lower investment.

The Lean Canvas Model is a tool that supports this development process by encouraging the entrepreneur to give thought to the end-to-end product. It differs from the Business Canvas Model in that it encourages hypothesis testing and the consideration of the early-adopters or initial customer segment (*Supplementary File C contains the Lean Canvas Model*).

One of the most critical aspects of the Lean approach is that of Innovation Accounting. This tool aims to improve entrepreneurial outcomes and hold innovators accountable. It includes the measurement of progress, milestone setting and the prioritisation of work (Reis, 2011).

Reis (2011), discusses the importance of implementing innovation accounting as a means of more reliably predicting the prospects of a start-up than traditional accounting methods which may deem them less successful from a cash flow perspective. He postulates that better

indicators of success are "entrepreneurs (who) have the foresight, the ability, and the tools to discover which parts of their plans were working brilliantly and which were misguided, and adapt their strategies accordingly".

This adaptation highlights another benefit of the Lean Start-up in that while failure is not ideal, it does provide a learning opportunity. Additionally, it provides a means by which the entrepreneur can evaluate the aspects of their business that have gained traction in the market and use those as a departure point to investigate whether or not there is a different underserved need or unrecognised customer segment that may provide a more lucrative opportunity. This deviation from the initial plan is referred to as a "pivot", a critical process in product development under the Lean Startup Model.

What is the Minimum Viable Product (MVP)?

The MVP should be targeted at the initial customer segment or early adopters. According to Blank (2013), the purpose of this approach is to offer a focused solution that can be adapted in response to the needs of a specific market and enable the build, measure, learn cycle. The nature of the MVP is related to the market in which it is going to be launched. The introduction of a new product into an existing market may require different features to a new product in a new market. This is because existing market participants will have an established benchmark against which customer can measure relevant features (Varshneya, 2015).

In the case of *Connect*, there are existing global competitors: *Workbrain*, a San Jose-based software company, has developed a digital proposition that enables micro feedback as a tool for ongoing performance management: succinct and near-real-time performance assessments in 140 characters or less (Meister & Willyerd, 2010). This approach leverages the bite-sized pieces of information that are associated with social media messages and provides a means of catering to the millennial desire for constant feedback and information on their career progress. The system offers an online, on-demand assessment that limits feedback to the 140 characters and offers short form, quick-fire questions on peer performance. The data is collated onto a dashboard which enables individuals to monitor their progress on the skills they want to develop as a component of their career development.

Bonus.ly is another competitor that has created a highly integrated system that leverages peer rewards by assigning participating employees an allowance of points with which to award their

colleagues for the work they do. This system relies on peer interaction and less on management participation (Bonus.ly, 2018b)

Locally, **sparkfolios* is the direct competitor. The company offers cloud-based performance tools which include "goal setting, task management, leads management, call centre, rewards and recognition, loyalty programmes (and) competition management" (*sparkfolios, 2014). They do not offer an app that caters to the social media tendencies of the workforce, especially millennials, so while the MVP for *Connect* needs to compete with the offerings of the **sparkfolio* system, the processes can be simplified and tailored to make them intuitive, easy to navigate, modular and lower the barriers to adoption.

Conclusion

The research suggests the money is not the primary or even best motivator of the workforce. It serves as a hygiene factor and contributes to the fulfilment of employees' basic needs. More significant levels of engagement, motivation and growth can be achieved through non-financial incentives and engagement by management. These factors in addition to the need for the creation of a proactive digital value proposition to appeal to the needs of the emerging workforce lay the foundation for the business case that suggests that *Connect* is a feasible venture and is worth developing.

3. Data Collection and Analysis

A mixed methods study is used to address the responsiveness of the workforce to the introduction of a digital employee value proposition as a means of undertaking customer development and hypothesis testing to ensure that a suitable Minimum Viable Product is established.

A triangulation mixed methods design is used, as it is a type of design in which different but complementary data can be collected on the same topic (Creswell, 2008). In this study, an electronically administered survey will be used to test the degree of employee motivation and engagement in the workplace as well as individual's receptiveness to monetary and non-monetary incentives as a means of increasing productivity, echoing the work of Ariely (2016).

This will address the hypothesis that there is a high percentage of employees that are not sufficiently motivated or engaged in their workplace, resulting in the sub-optimal use of Human Capital and ultimately Corporate performance and this is likely a result of a discrepancy between what companies believe motivates their employees and the reality.

This, in turn, has resulted in the implementation of performance management methods that do not adequately recognize and reward employees and leave room for improvement in overall motivation levels. The introduction of a pro-active system will provide insight into the engagement required to improve motivation and effectively reward employees.

Concurrent with this survey, a qualitative pilot will be undertaken to establish the impact of ongoing engagement with the platform to determine the influence of incentives on individual and team motivation. The reward outputs from the participant's choices would also aid in measuring the prevalence of financial and non-financial incentives on motivation.

The purpose of conducting the mixed methods approach is to gain a better understanding of the research problem that would be provided by either qualitative or quantitative investigation alone (Creswell, 2008). The quantitative survey relies on access to a broader sample to gain insight into general trends for analysis. The qualitative focus group enables an in-depth investigation of the impact of the platform on the individuals. A contrast of the outcomes of both pieces of research will generate insight into market conditions and measure the impact of the tool, respectively. Combined these outcomes will assist in the measurement of the feasibility of the *Connect* platform.

3.1. Source of the Data

The quantitative survey will be electronically distributed to one hundred anonymous respondents to determine a sample demographic and measure their sentiments towards their workplace, gain insight into the current performance management processes and the incentive programmes that are being run in their organisations.

In addition to fundamental demographic questions that will ascertain the age and corresponding generation of the respondent, as well as their gender, level of seniority, size of their organisation and geographic distribution; the questions, are also designed to measure the degree of the respondent's engagement in their current employment relative to the tiers on Maslow's Hierarchy of Needs. The questions also probe whether or not there is an underserved customer segment in the market that would suggest the initial feasibility of *Connect.* Should the responses indicate complete satisfaction with the robustness of the current performance management practices, an early pivot in the product design process may be required to determine more accurately the market's needs.

The qualitative research will triangulate the quantitative data with the literature as it provides the opportunity to investigate, to a more granular level, the validity of these findings based on extended engagement with members of the target segment.

The qualitative research will take the form of a platform simulation pilot in which teams from a selected organisation can interact with one another on a peer to peer basis in a controlled digital environment. WhatsApp was used as the primary messenger system as it provided a low-cost, low-barrier means of testing the fundamentals of the solution as it is a free and widely used service.

3.2. Sample Selection

3.2.1. Quantitative Sample

The quantitative survey's participants were self-selecting in that they responded to a digitally distributed link and had the option of responding.

3.2.2. Qualitative Sample

The qualitative survey selected different teams within a single organisation to create a simulated organisational environment in which organisational engagement could be simulated and measured.

3.3. Qualitative Pilot

3.3.1. Qualifying Criteria

The qualifying criteria for teams to be selected for the study was that a minimum of 80% of the team is located in a single office; the manager was a willing participant and the team currently engaged in a form of reward programme.

These criteria were selected to ensure that the environment existed for optimum engagement, the initiative would be driven from the top down and that there was already a culture of recognition and reward in the team which would infer a degree of sensitisation of the members to the performance of their colleagues.

The Payments Team, User Experience and Digital Channels Team and Account Support Team, were selected.

3.3.2. Qualitative Pilot Team Demographics

Table 2 below outlines the primary pilot demographics in terms of teams, age and level of seniority of the members:

Team: Seniority	**Age**				
	18 - 30	**31 - 41**	**42 - 53**	**54 - 72**	**Total**
Account Support					
Junior	5,26%	15,79%	0,00%	0,00%	21,05%
Account Support Total	**5,26%**	**15,79%**	**0,00%**	**0,00%**	**21,05%**
Payments					
Executive	0,00%	0,00%	0,00%	5,26%	5,26%
Junior	0,00%	0,00%	0,00%	5,26%	5,26%
Mid-level	0,00%	10,53%	5,26%	0,00%	15,79%

Senior	0,00%	0,00%	15,79%	15,79%	31,58%
Payments Total	**0,00%**	**10,53%**	**21,05%**	**26,32%**	**57,89%**
UX Design and Digital Channels					
Junior	0,00%	5,26%	0,00%	0,00%	5,26%
Mid-level	0,00%	5,26%	0,00%	0,00%	5,26%
Senior	0,00%	10,53%	0,00%	0,00%	10,53%
UX Design and Digital Channels Total	**0,00%**	**21,05%**	**0,00%**	**0,00%**	**21,05%**
Total	**5,26%**	**47,37%**	**21,05%**	**26,32%**	**100,00%**

Table 2: Qualitative Pilot Team Demographics in terms of age and seniority

a. Payments Team

The payments team is comprised of a majority of senior members, 31,58% of the total sample as per Table 2 above. The average age of the team is also the highest in that more than a quarter of the sample is between 54 and 72 years old.

This team have the highest average income levels. The team are predominantly located in the same office and are focused on the execution of technical documentation and systems-based work that is delivered according to a waterfall methodology. The team are typically highly engaged and motivated towards delivery. They are disciplined and deadline driven.

The team recognises performers through votes undertaken at weekly meetings and temporarily allocate emoji icons to the winner's desks until a new cycle is undertaken.

b. UX and Digital Channels Team

The UX and Digital Channels Team are mid-level in terms of age and income levels. The sample of respondents places their relative level of organisational seniority higher at 10,53% of the total sample. The average age of the respondents is between 31 and 41 years old.

While the majority of the team is based in South Africa, they work closely with development teams located in Vietnam and Hong Kong and rely on teamwork based tools such as Jira and Confluence to efficiently collaborate. The team delivers according to an Agile methodology and regularly showcase their work to the rest of the organisation.

The Team also encourage the recognition of delivery in the form of "Kudos" which are typically allocated for performance at the end of a two-week sprint cycle or at the end of a project as part of the closeout ceremony.

c. Account Support Team

The Account Support Team are the most junior in terms of age and income levels. The team are typically between 31 and 41 years of age.

They interact with customers in a call centre configuration to assist with the resolution of account related queries.

The team is located in the same office and deal with customers on a case-by-case basis with no overarching deliverables beyond call cycle and resolution optimisation.

The Team comprise a part of the Operations department and participate in their monthly award ceremonies that are designed to highlight top performers across the different areas within the department.

3.3.3. Engagement Structures

Engagement with the teams took place in the following manner:

1. Briefing sessions were used to prepare the participants for the upcoming tasks and provide an overview of the project. Managers were briefed in a separate session to provide an in-depth view of the incentive structures, general rules of conduct and the introduction of the rewards into the latter phases of the programme.
2. Digitally administered surveys were used to provide a means of gathering quantitative information from all of the participants during the different phases of the pilot. Three surveys were delivered to the teams (*Surveys and responses are included in Supplementary File B*):
    a. *Control survey*: Completed before the pilot begins as a means of establishing baseline sentiments for comparison against the Quantitative Sample.
    b. *Check Point survey*: Completed at the mid-point of the pilot to measure changes in sentiments as a result of peer recognition without the addition of incentives.
    c. *Final Survey*: Completed at the end of the survey to measure the closing sentiments of the participants to the pilot process and the effectiveness of the digital engagement.

3. WhatsApp groups created for each of the teams.

A Human Resources (HR) representative was also present in all of the interactions to ensure that they were managed within corporate frameworks and clear communication was shared regarding the temporary nature of the rewards.

3.3.4. Incentive Types

The incentives will comprise nominal financial and non-financial awards.

Awards equivalent of R100.00 in value, or a compliment written by the team's manager, will be awarded to the top performers in each team based on the highest number of nominations in the given cycle. Each nomination will be accounted for by a written description of the work done to deserve the nomination.

The non-financial awards in this instance will be a voucher to the value of R100.00 from a predetermined list of vendors that can be redeemed by the recipient instead of cash. These may be in the form of tokens for the vending machine or from food retailers in the nearby mall.

The points were manually calculated based on message data, and the individual has the option to choose whether or not they would prefer to have cash, a voucher or a compliment from their manager to be issued to them.

3.3.5. Engagement Cycles

The pilot ran over the course of four weeks following the initial briefing sessions. Each week is referred to as a "Cycle".

The structure of the Cycles is as follows:

1. *Cycle 1*: No intervention or prompts issued to the groups to encourage engagement. The person with the most nominations at the end of the week received a personalised digital certificate posted to the group.
2. *Cycle 2*: No intervention or prompts issued to the groups to encourage engagement. The person with the most nominations at the end of the week receives a personalised digital certificate.

3. *Cycle 3*: Introduction of incentives. Daily incentives of R20.00 to the person providing the first nomination for the day and R100.00 value awarded to the person receiving the most nominations for the week in each team in addition to a personalised digital certificate.
4. *Cycle 4*: Daily reminders to post. Daily incentives of R20.00 to the person providing the first nomination for the day. A list of the first nominators for each day was shared with all the teams. R100.00 value awarded to the person receiving the most nominations for the week in each team in addition to a personalised digital certificate.

It is expected that the respondents' sentiments will improve in direct correlation with the additional visibility and rewards they receive for the work rendered over the cycles.

3.4. Limitations of the Study

The limitations of the study from an overall qualitative and quantitative perspective are that the sample sizes of engagements were limited.

The participants in the focus group used a simulated platform and as such were not able to test the actual platform interface and get an accurate immersion in the system for the duration of the study. The participants would also be subject to the Hawthorne effect in that their behaviour under test conditions is likely to deviate from their norm.

Participation in the pilot was also voluntary, and as such, the sample may not reflect the sentiments of the entire team.

Moreover, there are geographic limitations posed by the study in that the pilot takes place in a single office location and as such, the results will represent the feedback of a single group.

Once the MVP has been defined, both the qualitative and quantitative studies should be expanded to include a larger sample size to more adequately test the feasibility of the refined product.

3.5. Conclusion

In determining the market feasibility for the minimum viable product for *Connect*, the digital employee engagement platform, the literature suggests that there has historically been the need for employers to evolve their engagement process to cater to the needs of their workforce. As digital platforms and social media have gained traction in modern society, bringing with them a culture of instant feedback and gratification, current practices may need to evolve. This transition has been most noticeable in the millennial workforce who require more constant feedback on their performance. Businesses run the risk that their current analogue, reactive processes will be insufficient to maintain an engaged and motivated workforce. As such, the move towards a digital, proactive system may be the next step in employee engagement best practices.

The research aims to investigate these sentiments in a sample of respondents and then in more depth with a pilot group. The findings, determined to a degree by the composition of the sample, will either validate the literature directly or should a more senior sample respond, provide a contrast in the needs of prior generations with those of emerging workforce participants.

The ideal outcome would be a positive validation of the problem statement: "*Will a digital EVP create meaning for employees?".*

4. Data Analysis

4.1. Quantitative Analysis

The quantitative data was gathered via an electronically administered survey submitted to one hundred anonymous respondents. It sought to determine levels of employee motivation and satisfaction with current people management; the impact of a more proactive people management practice that could be implemented to augment current organisational practices as well as the nature of the incentive, if any, that would have the most meaningful impact on personal productivity at work. This approach was taken to create a baseline against which to measure the relative impact of the focus group and test the deviation of the data sets in determining the applicability of the outcomes regarding the feasibility of the *Connect* platform.

As illustrated in Table 3 below, the demographics of respondents illustrated that 62% are mid-level to senior employees and that 53% are between the ages of 31 and 41 years old.

Seniority	**Age**				
	18 – 30	**31 - 41**	**42 - 53**	**54 – 72**	**Total**
Executive	0,00%	7,00%	0,00%	2,00%	9,00%
Intern	2,00%	0,00%	1,00%	0,00%	3,00%
Junior	6,00%	4,00%	0,00%	0,00%	10,00%
Mid-level	22,00%	15,00%	3,00%	0,00%	40,00%
Owner	0,00%	3,00%	2,00%	1,00%	6,00%
Senior	3,00%	24,00%	5,00%	0,00%	32,00%
Total	**33,00%**	**53,00%**	**11,00%**	**3,00%**	**100,00%**

Table 3: Demographic of Quantitative Survey Respondents

The data presented illustrates a high percentage of employees that are not sufficiently motivated or engaged in their current workplace. Of the one hundred respondents, only 45% would consider themselves to be extremely motivated, and a further 5% would consider themselves to be extremely demotivated, as illustrated in Figure 1 below. Moderately and slightly motivated employees comprised 41% of respondents.

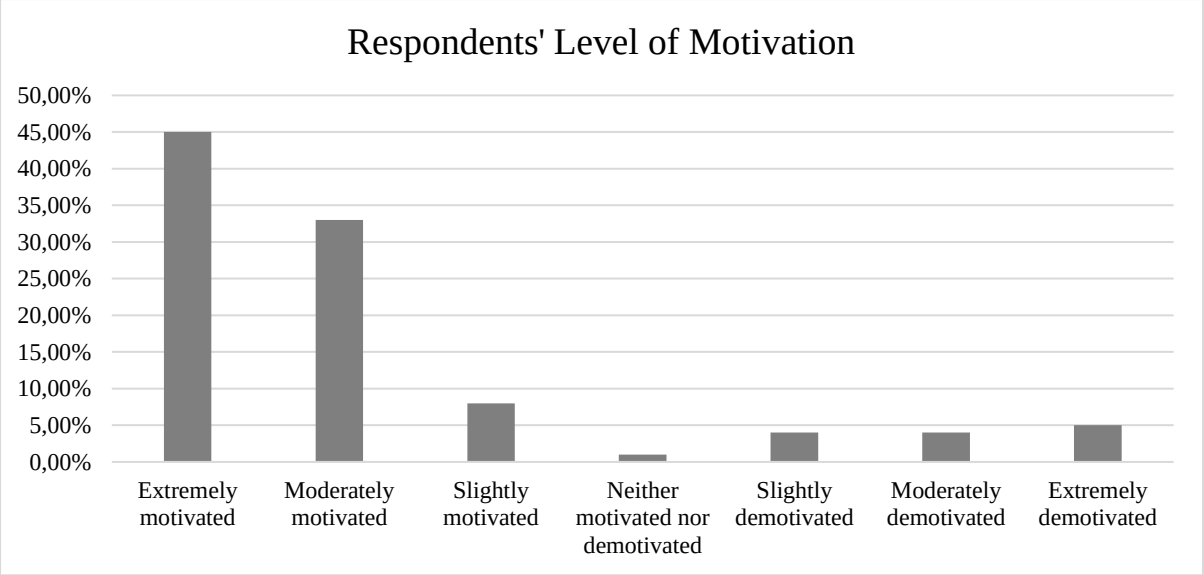


Figure 1: Levels of Motivation of the 100 respondents

It was also found that while small, medium and large organisations comprised on average 45% of extremely motivated employees, shown in Table 4 below, smaller companies contributed the most significant percentage. Larger organisations were also found to have higher levels of extremely demotivated employees at 10.26% of their overall sample.

	Size of Organisation		
	Less than 150 staff	**150 - 1000 staff**	**1000+ staff**
Level of motivation			
Extremely motivated	47,22%	44,00%	43,59%
Moderately motivated	33,33%	36,00%	30,77%
Slightly motivated	11,11%	8,00%	5,13%
Neither motivated nor demotivated	2,78%	0,00%	0,00%
Slightly demotivated	2,78%	8,00%	2,56%
Moderately demotivated	2,78%	0,00%	7,69%
Extremely demotivated	0,00%	4,00%	10,26%
Total	**100,00%**	**100,00%**	**100,00%**

Table 4: Level of motivation in terms of organisation size

This data infers that in medium and larger organisations, there is an opportunity for improvement in:

1. The movement of a portion of moderately motivated (most likely average) performers into the extremely motivated (most likely high performers) category.
2. Moving a portion of the disengaged (Slightly motivated, Neither or, Demotivated), who are likely sub-par performers into either a moderately motivated or even extremely motivated category. This move may present a more significant challenge and may not be worthwhile for the minimum viable product.

For smaller organisations, there is an opportunity for improvement in:

1. Moving a portion of Moderately motivated, most likely average performers, into the extremely motivated, most likely high performers, category.

In terms of determining the degree to which companies understand the factors that motivate their employees, it was found that only 18% of respondents were absolutely certain that their current employer understood what motivates them, 26% were probably sure, shown in Figure 2 below. The remaining 56% comprised 25% which were unsure whether or not the organisation understood their motivation; 21% were reasonably sure, and 10% definitely sure that the organisation did not understand their motivation drivers.

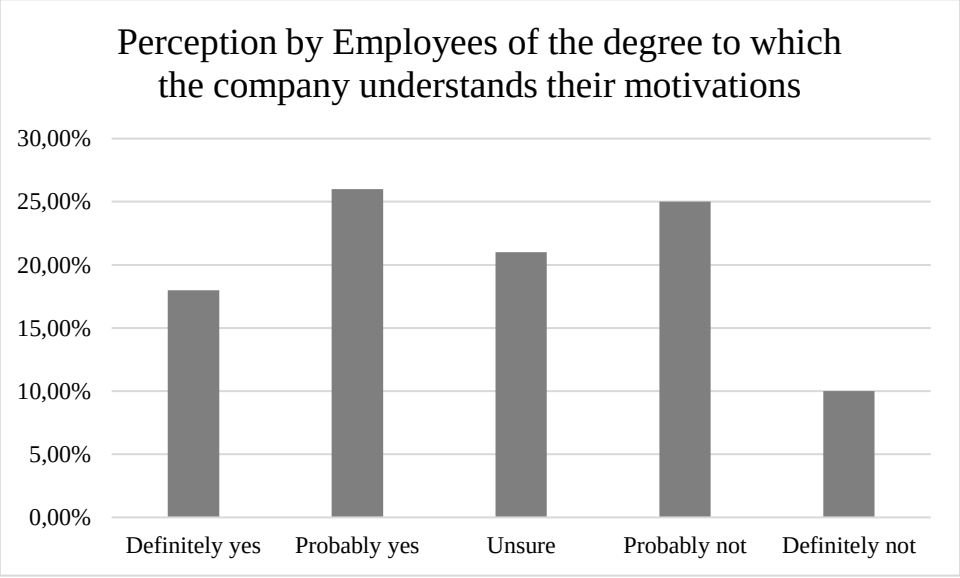


Figure 2: Perceived degree of organisational understanding of employee motivation

Additionally, the data in Table 5 below indicates that proportionally, older generation employees are increasingly motivated by the visibility of their achievement than younger generation employees who are more likely to be motivated by additional financial compensation.

Incentive Type	**Age**				
	18 - 30	**31 - 41**	**42 - 53**	**54 - 72**	**Total**
If I received additional nominal compensation for good performance	42,42%	37,74%	18,18%	33,33%	37,00%
If I received other incentive for good performance	9,09%	15,09%	18,18%	0,00%	13,00%
If my achievements were made more visible	48,48%	47,17%	63,64%	66,67%	50,00%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Table 5: Preference for incentive type in terms of age (generation)

From this, two conclusions can be drawn:

1. In instances in which employees feel that the company definitely or probably knows what motivates them there are higher levels of extremely motivated employees.
2. In instances in which employees feel that the company definitely or probably does not know what motivates them there are higher levels of slightly, moderately and extremely demotivated employees.
3. The needs of the workforce differ based on age and immediate requirements and suggest that a one-size-fits-all value proposition may not fulfil all of the employee segment's needs directly.

Regarding employers recognising the contribution of their employees, only 1.47% of respondents indicated that contributions are not recognised, demonstrated in Table 6 below. Most of the respondents identified multiple methods of recognition currently available in their companies, the most common of which were a personal message of recognition from their boss and the annual performance bonus that was based on a combination of the fulfilment of their Key Performance Indicators and peer/management feedback. Nominal financial and non-financial incentives only comprised 13.24% and 6.25%, respectively. This reinforces the view that while recognition is present, the method by which it is administered is sub-optimal.

At work, in what way could you be recognised for your contribution?	
Criteria	**Percentage**
A personal message of recognition from your boss	22,43%
A performance bonus based on a combination of the fulfilment of your KPIs and peer/management feedback	22,06%
A nominal financial reward	13,24%
Public recognition from your boss	12,87%
A recommendation from a customer	10,29%
An award at an annual company event	7,72%
A nominal non-financial reward, e.g. lunch or a voucher	6,25%
Recognition on a forum or intranet	3,68%
Contributions are not recognised	1,47%
Total	**100,00%**

Table 6: Recognition Channels

In terms of the impact of Ariely's (2016) study, the demand for financial incentives, non-financial incentives and messages of recognition varied by levels of seniority. Company owners, executive and junior respondents were driven by additional nominal compensation, while senior, mid-level and intern level respondents were more motivated by the visibility of their accomplishments.

The study determined that there was clear segmentation in terms of incentive appetites relative to levels of seniority in the organisation. Visibility of achievements had the highest impact on the motivation of mid-level and senior employees, while junior employees were primarily motivated by additional nominal financial rewards, as illustrated in Table 7 below.

I would be more motivated if…	**Percentage**
Executive	
I received additional nominal compensation for good performance (R50)	44,44%
I received other incentives for good performance (e.g. pizza for lunch)	22,22%
My achievements were made more visible	33,33%
Senior	
I received additional nominal compensation for good performance (R50)	25,00%
I received other incentives for good performance (e.g. pizza for lunch)	18,75%
If my achievements were made more visible	56,25%
Mid-level	
I received additional nominal compensation for good performance (R50)	35,00%
I received other incentives for good performance (e.g. pizza for lunch)	5,00%
My achievements were made more visible	60,00%

Junior	
I received additional nominal compensation for good performance (R50)	70,00%
I received other incentives for good performance (e.g. pizza for lunch)	10,00%
My achievements were made more visible	20,00%
Total	**100%**

Table 7: Segmentation of motivation by the level of seniority

While companies are employing numerous methods to recognise staff, the percentage of employees below the extremely motivated level would indicate that these methods fall more within a scattergun type approach with companies unsure as to which are effective. This study demonstrates that the majority of employees are either unsure or do not believe that their companies know what motivates them and this can be viewed as a leading contributor to lower levels of motivation.

Following this, only 33% of the total number of respondents reported that they were definitely or probably satisfied with the current performance management system in terms of rewards. As illustrated in Table 8 below, when employees are definitely and probably satisfied with their current performance systems, they are not demotivated.

Happy with Performance system: Motivation	**Percentage**
Definitely yes	
Extremely motivated	92,86%
Slightly motivated	7,14%
Probably yes	
Extremely motivated	42,11%
Moderately motivated	57,89%
Unsure	
Extremely motivated	45,00%
Moderately motivated	50,00%
Slightly motivated	5,00%
Probably not	
Extremely motivated	33,33%
Moderately motivated	36,67%
Slightly motivated	13,33%
Neither motivated nor demotivated	3,33%
Slightly demotivated	3,33%

Moderately demotivated	6,67%
Extremely demotivated	3,33%
Definitely not	
Extremely motivated	29,41%
Moderately motivated	5,88%
Slightly motivated	11,76%
Slightly demotivated	17,65%
Moderately demotivated	11,76%
Extremely demotivated	23,53%
Total	**100,00%**

Table 8: Employee Satisfaction with Performance Management System offset against their Level of Motivation

The data also suggested that organisations' having a recognition forum was essential to employee motivation. It was demonstrated through there being a higher percentage of extremely motivated employees in companies that have a functional recognition forum, shown in Table 9 below. By contrast, organisations in which such a forum was poorly implemented showed higher levels of employee demotivation than respondents who worked at companies at which no such forum was present.

Recognition Forum: Motivation	**Percentage**
Yes	
Extremely motivated	58,62%
Moderately motivated	17,24%
Slightly motivated	6,90%
Slightly demotivated	6,90%
Moderately demotivated	3,45%
Extremely demotivated	6,90%
No	
Extremely motivated	42,37%
Moderately motivated	35,59%
Slightly motivated	8,47%
Neither motivated nor demotivated	1,69%
Slightly demotivated	3,39%
Moderately demotivated	5,08%
Extremely demotivated	3,39%
Yes, but I have never used it	

Extremely motivated	20,00%
Moderately motivated	40,00%
Slightly motivated	20,00%
Extremely demotivated	20,00%
Yes, but it isn't accessible to everyone	
Extremely motivated	28,57%
Moderately motivated	71,43%
Total	**100,00%**

Table 9: Presence of and access to a recognition forum in terms of employee motivation

65% of respondents indicated that they were either definitely or probably sure that the 360-degree feedback tool was an effective means of measuring performance; however, 67% of respondents were unsure about the effectiveness of the current processes at best, and at worst definitely dissatisfied with the current processes, as illustrated in Figure 3 below.



Figure 3: Level of Employee Satisfaction with the Current level of Performance management

One of the factors contributing to the discrepancy between the satisfaction with the 360-degree feedback tool and the employee's overall satisfaction was the interval at which the performance reviews were being administered.

The current performance review process as described by respondents is administered annually in 53% of cases. 68% respondents indicated, however, that their optimal review cycle would be every three to six months, as illustrated in Figure 4 below.

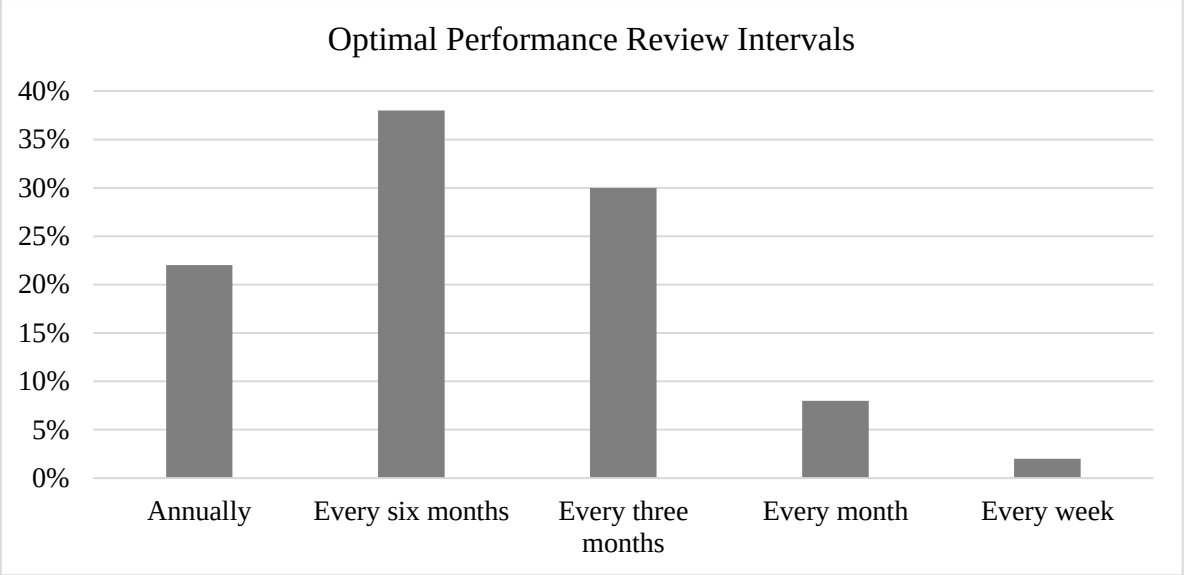


Figure 4: Optimal Performance Review Intervals

The data indicate that a shorter interval between reviews coupled with ready access to the results of performance remediation is the desired approach by a number of the participants. As demonstrated in Table 10 below, 90,24% of respondents would use feedback from their previous reviews to improve their overall performance.

Use of previous performance review feedback to improve future performance	**Percentage**			
	Junior	**Mid-level**	**Senior**	**Total**
Yes	100,00%	92,50%	84,38%	90,24%
No	0,00%	7,50%	15,63%	9,76%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Table 10: Likelihood of respondents to use previous performance review feedback to improve future performance

Improvements to employee motivation and engagement as such could be improved by several factors, one of the most prevalent of which is a reduced interval between a positive deed and the recognition thereof. Across the respondent demographics, the preference was for employees to receive recognition within a week, demonstrated in Table 11 below. This highlights the need for more immediate recognition to provide employees with the fulfilment they seek through their execution of positive actions in the workplace.

To best motivate me, recognition needs to occur	Percentage
Senior	
Within a month	34,38%
Within a week	40,63%
Within a day	12,50%
Immediately	12,50%
Mid-level	
Within a month	22,50%
Within a week	50,00%
Within a day	17,50%
Immediately	10,00%
Junior	
Within a month	20,00%
Within a week	40,00%
Within a day	30,00%
Immediately	10,00%
Total	**100,00%**

Table 11: Optimal employee recognition windows

When analysing the data to determine which non-financial incentives would be the best motivator, additional hours of leave proved to be the most compelling, 57.89% of respondents selected this option as the most likely to motivate them, shown in Figure 5 below. There was, however, an open text field that gave the respondent the opportunity to provide insight into alternate channels through which they could be incentivised. In this instance, feedback included the desire for employees to see the work that they did have a meaningful impact on the lives of their customers as well as the option of donating a meal to charity instead of receiving one for themselves.

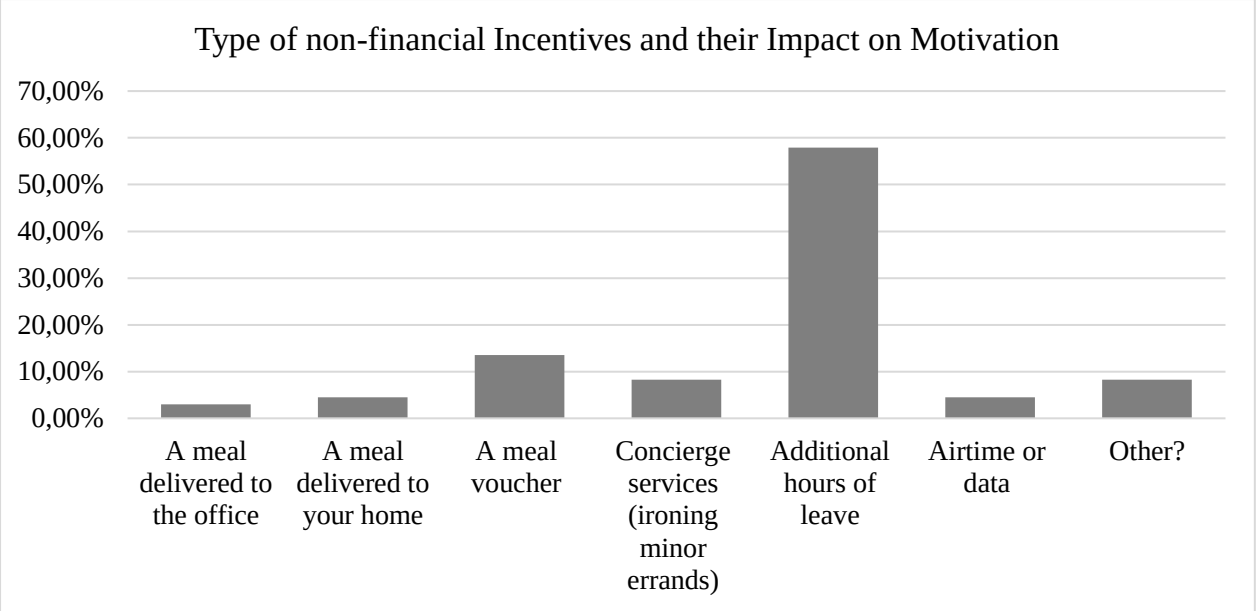


Figure 5: Non-financial employee incentives

A key component of *Connect* is to create visibility in terms of employee achievement. The sample of respondents highlights the fact that half of the total respondents were motivated by the visible recognition of their achievements, as illustrated in Table 7 above. An average of 90% of respondents liked being able to give public recognition, as illustrated in Table 12 below.

How does giving public recognition make you feel?	**Percentage**				
	18 - 30	**31 - 41**	**42 - 53**	**54 - 72**	**Total**
I dislike giving public recognition	12,12%	9,43%	9,09%	0,00%	10,00%
I like giving public recognition	87,88%	90,57%	90,91%	100,00%	90,00%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Table 12: Segmentation of employee preference for giving public recognition in terms of age group

The receipt of public recognition was, however, lower on average at only 68%, shown in Table 13 below.

How does receiving public recognition make you feel?	**Percentage**				
	18 - 30	**31 - 41**	**42 - 53**	**54 - 72**	**Total**
I dislike receiving public recognition	33,33%	32,08%	27,27%	33,33%	32,00%
I like receiving public recognition	66,67%	67,92%	72,73%	66,67%	68,00%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Table 13: Segmentation of employee preference for receiving public recognition in terms of age group

Additionally, respondents had an affinity for social media with 56% interacting with social media on a daily basis. There were also no respondents that did not engage with social media at all, illustrated in Table 14 below.

How often do you engage with social media?	**Age Group**				
	18 - 30	**31 – 41**	**42 - 53**	**54 - 72**	**Total**
Hourly	45,45%	32,08%	18,18%	0,00%	34,00%
Daily	48,48%	56,60%	63,64%	100,00%	56,00%
Weekly	6,06%	11,32%	18,18%	0,00%	10,00%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Table 14: Respondents affinity for social media in terms of age group

When assessing the overall feasibility of *Connect*, Table 15 below highlights the demographic trends that suggest that there is an appetite for such a product in the market. In all age groups, the majority of respondents, regardless of gender, are moderately- to extremely comfortable. The older age groups are more comfortable, but this result may be attributable to smaller sample size. Younger age groups are more indifferent by comparison, but this may be the result of a higher familiarity with app culture. Only 12% of respondents experienced any discomfort with the app-based approach.

Would you be comfortable monitoring your work performance on an app?			**Age Group**		
	18 - 30	**31 – 41**	**42 - 53**	**54 - 72**	**Total**
Extremely comfortable	36,36%	39,62%	45,45%	66,67%	40,00%
Moderately comfortable	24,24%	16,98%	27,27%	33,33%	21,00%
Slightly comfortable	12,12%	13,21%	0,00%	0,00%	11,00%
Neither comfortable nor uncomfortable	21,21%	13,21%	18,18%	0,00%	16,00%
Slightly uncomfortable	3,03%	9,43%	0,00%	0,00%	6,00%
Moderately uncomfortable	0,00%	3,77%	9,09%	0,00%	3,00%
Extremely uncomfortable	3,03%	3,77%	0,00%	0,00%	3,00%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Table 15: Comfortability of Monitoring Personal Performance on an App by demographic

4.2. Quantitative Findings

The data demonstrate that there is a high percentage of employees that are not sufficiently motivated or engaged in their workplace, ultimately resulting in the sub-optimal use of Human Capital and ultimately Corporate performance.

This is because:

1. Companies do not understand what truly motivates their employees and assume a one-size-fits-all value proposition. This was illustrated by the desire for several different recognition types that extended beyond the traditional "performance bonus".
2. Companies have difficulty in gauging current levels of employee motivation and whether or not there are scope and appetite for improvement.

Moreover:

1. The systems that are currently in place in several organisations use sub-optimal methods for the measurement and subsequent reward of excellent performance. The data received indicates that there was typically a reliance on annual or bi-annual performance review and financial incentives. The data correlates with Ariely's view that alternate methods of recognition have emerged that are more effective for motivating the modern workforce.
2. There was a correlation between the presence of acknowledgement forums regarding the visibility of the achievements of top performers and motivation of employees.
3. The 360-Degree performance review tool was considered by most respondents to be effective. However, the data indicates a discrepancy between the actual and desired frequency of performance reviews.

As such, the data support that premise of *Connect* which proposes that employee motivation and engagement can be improved by:

1. Gaining a better understanding of what motivates employees and the type of recognition they want to receive. This was found to be influenced by the respondents' level of seniority, their preference for reward type and their sentiments on both giving and receiving public recognition. Visibility of recognition and nominal incentives have

a high motivating effect which can be leveraged to encourage participation and contribute to the organisation's sustained competitive advantage.

2. Applying a proactive system of reward, in the form of a social media-style application, that caters to actual employee motivation to effectively reward employees, including:
    a. A mix of financial and non-financial micro "instantaneous" rewards.
    b. Apply discrete intervals of recognition.
    c. The application of a digital platform as a means of augmenting the current people management practices.

4.3. Qualitative Analysis

Over the course of the four-week pilot programme, a number of observations were collected that correlated with the findings of the initial quantitative survey and resulted in learnings that would contribute towards the development of a Minimum Viable Product.

The composition of the teams that participated in the pilot study, illustrated in Table 16 below, deviated from the overall qualitative sample in that while the majority of participants (47,37%) remained between 31 and 41 years old, there was greater representation of the 42 – 53 and 54 – 72 age categories, indicating that the pilot participants were on average older than those from the quantitative sample.

Level of Seniority	**Age**				
	18 – 30	**31 – 41**	**42 - 53**	**54 - 72**	**Total**
Executive	0,00%	0,00%	0,00%	5,26%	5,26%
Junior	5,26%	21,05%	0,00%	5,26%	31,58%
Mid-level	0,00%	15,79%	5,26%	0,00%	21,05%
Senior	0,00%	10,53%	15,79%	15,79%	42,11%
Total	**5,26%**	**47,37%**	**21,05%**	**26,32%**	**100,00%**

Table 16: Demographic of qualitative participants in terms of age and level of seniority

The company at which the pilot took place is a medium sized organisation with fewer than 1000 employees. When reviewing the levels of motivation in terms of participant seniority, the averages for the pilot group were a total of 20,00% higher than those in a quantitative study, illustrated in Table 4 above. The most notable deviation is an increase of 8,63% in the levels of extremely motivated employees, shown in Table 17 below. This illustrates the fact that the

pilot organisation was more motivated than average and thus, likely to be more engaged at the outset.

Level of motivation	**Seniority**						
Org size: (150 – 1000)	**Junior**	**Mid-level**	**Senior**	**Executive**	**Total**	**Compare** *(Fig. 5)*	**Difference**
Extremely motivated	16,67%	50,00%	75,00%	100,00%	52,63%	*44,00%*	+8,63%
Moderately motivated	66,67%	50,00%	25,00%	0,00%	42,11%	*36,00%*	+6,11%
Neither motivated nor demotivated	16,67%	0,00%	0,00%	0,00%	5,26%	*0,00%*	+5,26%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**	***80,00%***	**20,00%**

Table 17: Level of motivation in terms of organisation size and level of respondent seniority

Figure 6 below indicates that 57,9% of respondents were between unsure and definitely dissatisfied with their organisation's current performance management processes. Additionally, Figure 7 indicates that the same percentage of respondents were unsure to definitely sure that the organisation did not understand their individual motivations.

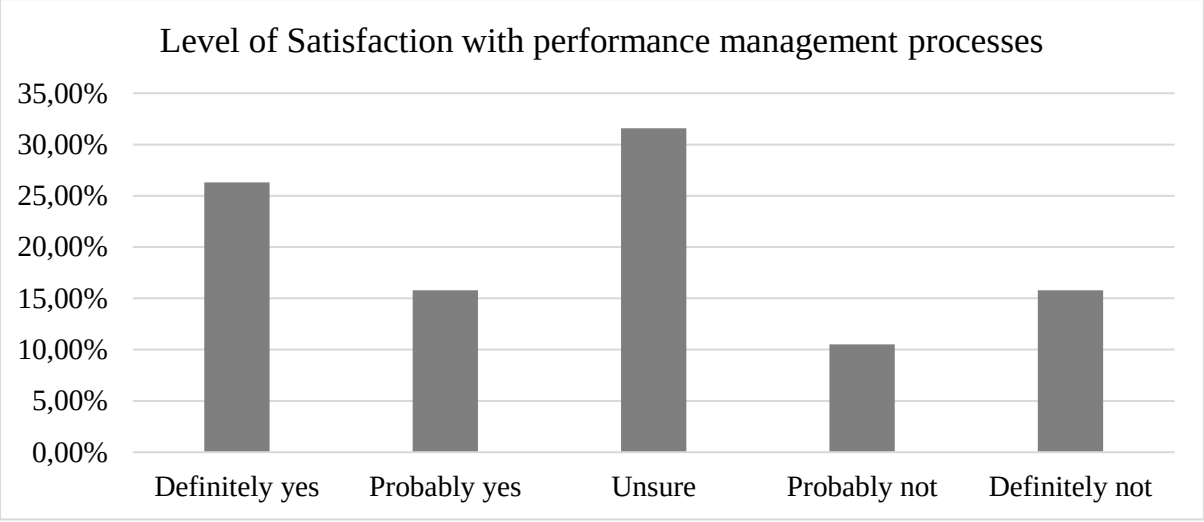


Figure 6: Level of employee satisfaction with current organisational performance management

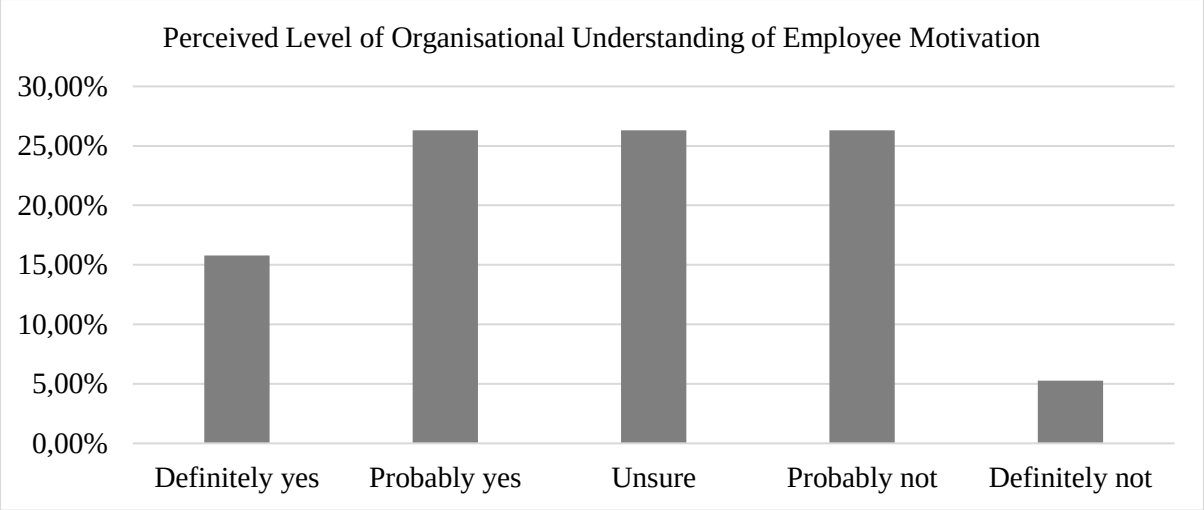


Figure 7: Perceived level of organisational understanding of employee motivation

These figures suggest the presence of an underserved employee base that may benefit from an alternate form of performance management practice.

Additionally, as indicated in Figure 8 below, 68,72% of the sample were definitely or probably comfortable with the notion of a proactive approach to performance management. While 31,58% of the sample were unsure, none of the respondents indicated discomfort with the process; making the initial indication that *Connect* may be a viable proposition.

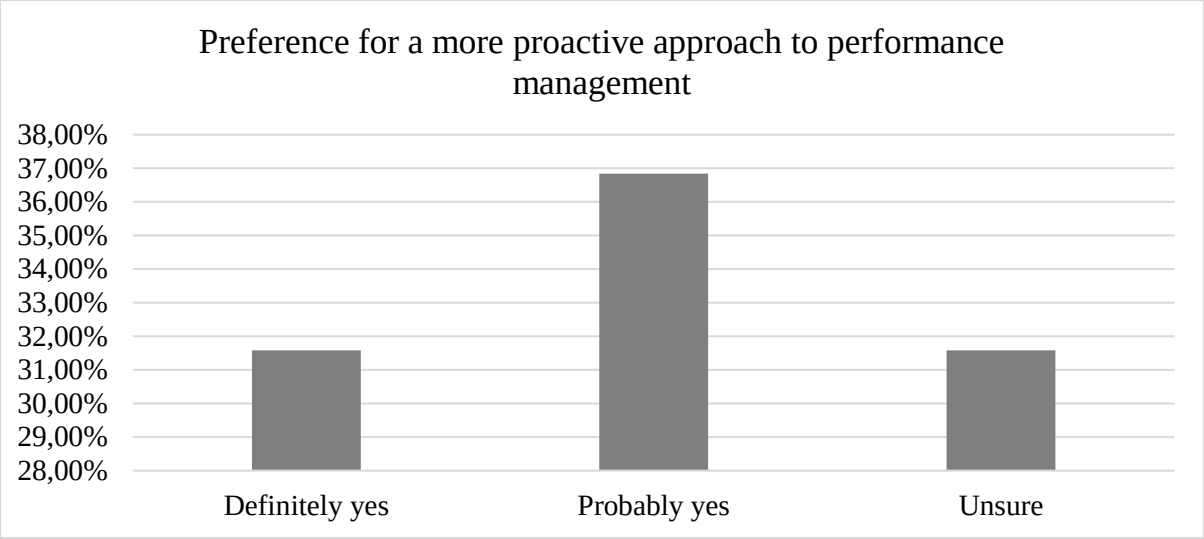


Figure 8: Preference for a more proactive approach to performance management

Further to this, Figure 9 below illustrates that 68,42% of respondents would be definitely to moderately comfortable in monitoring their performance on an app. Only 10,46% of

respondents were uncomfortable with the approach. This affinity for the platform suggests that *Connect* would be feasible in the proposed market.

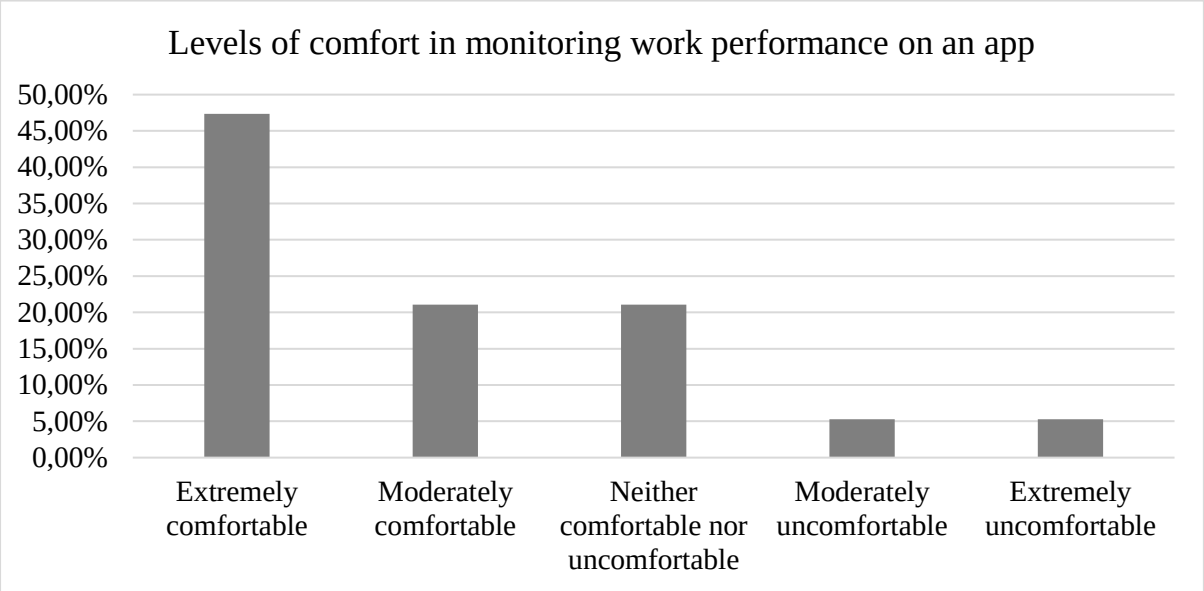


Figure 9: Levels of comfort in monitoring work performance on an app

Further to these findings, *Connect* would address an additional underserved need in that 78,95% of respondents would feel more motivated if their achievements were made more visible, Figure 10 below.

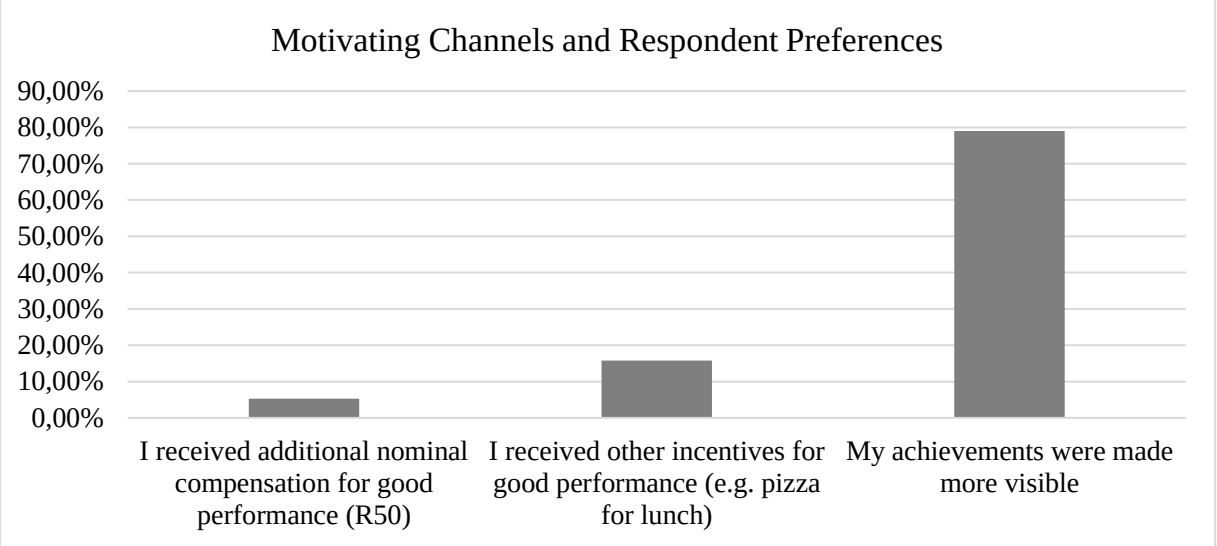


Figure 10: Motivating factors for the pilot group

4.4. Connect Engagements

Figure 11 illustrates the nomination trends were captured on the groups over the four-week period:

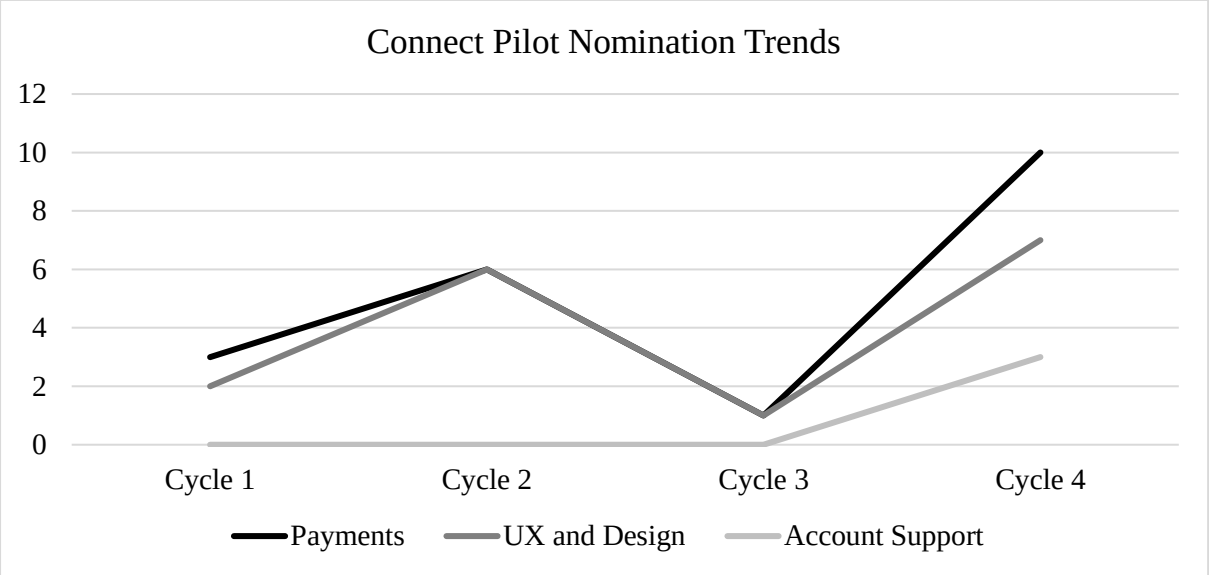


Figure 11: Pilot nominations per team

The initial cycle demonstrated a slower than expected uptake of the system. This indicated to a possible need for a nominal adoption incentive in order to encourage interaction with the system. Teams with strong managerial participation had higher numbers of nominations, even without a participation incentive.

There was a correlation between the teams with lower survey engagement and low posting levels, which suggested overall lower levels of engagement and motivation in terms of organisational participation. Incentives were introduced a week early to encourage participation, but this did not affect the team with the lowest performance levels.

Incentives were introduced in Cycle 3. The first post for the day per team earned the poster R20.00. The person with the most nominations at the end of week earned the winner R100.00.

These values met or exceeded the expectations of 73,34% of the sample. Only 26,66% would have preferred higher value rewards, as shown in Figure 12 below.

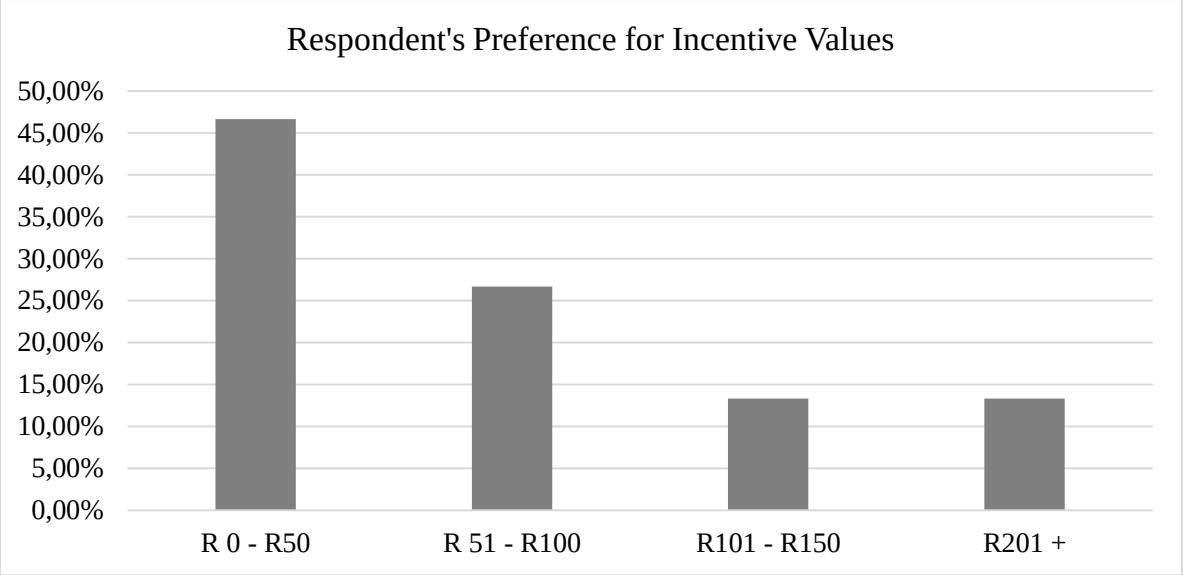


Figure 12: Perception of ideal incentive values

Despite meeting the majority of participant expectations in terms of value, the introduction of incentives to the teams did not elicit the initial expected response as the week had the lowest overall engagement level of the pilot.

For the duration of the Cycle 4, daily posts were introduced in addition to the incentives. The intention was to increase visibility around team performance and to highlight individual contributions. This level of visibility was successful in that Cycle 4 attracted the most significant engagement of the pilot.

4.4.1. Minimum Viable Product Development

In determining the features of the *Connect* MVP, the participants identified that the value of the app lay in providing additional remuneration/employee value proposition, culture building, a tool for highlighting top performers and change champions and most importantly for team building (Figure 13 below).

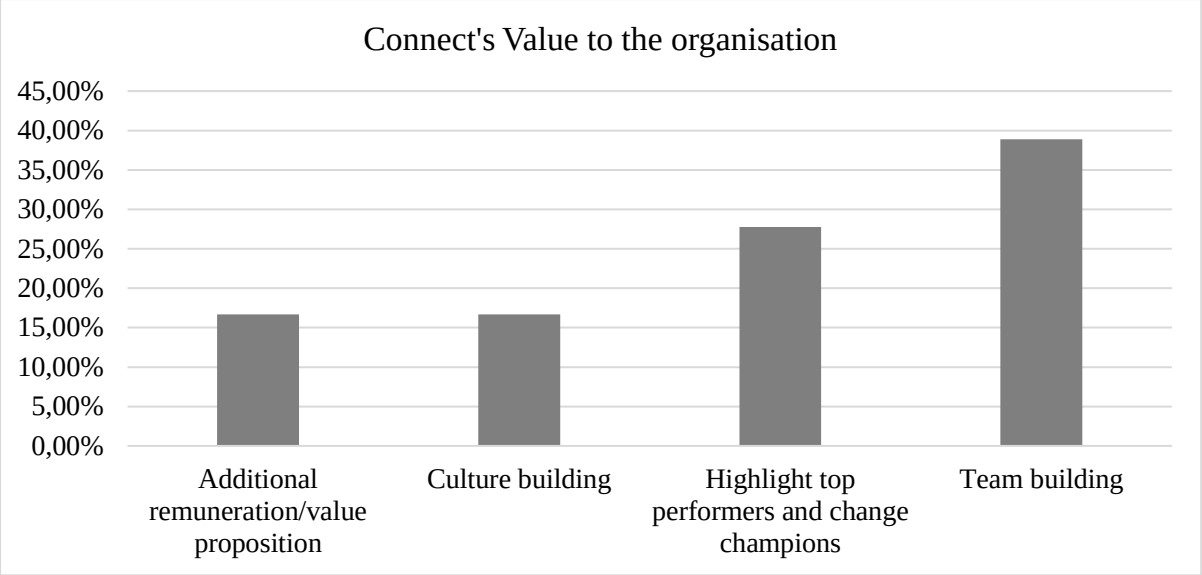


Figure 13: Connect Value Proposition

Additionally, the 40% of participants felt that the platform made them feel more motivated in terms of delivery and recognition, as shown in Figure 14 below.

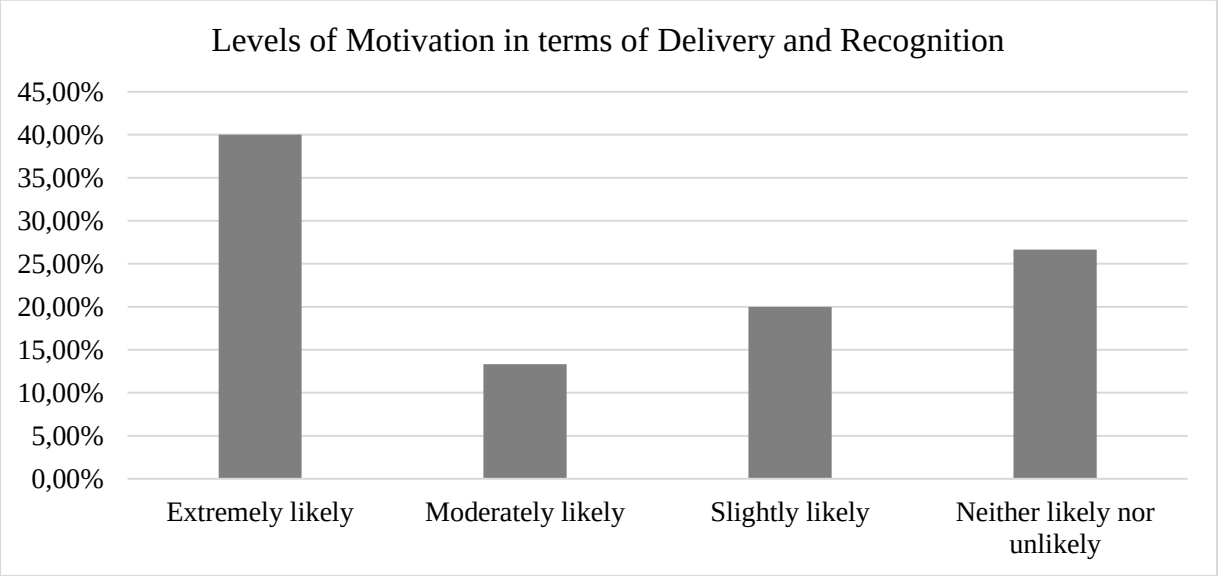


Figure 14: Levels of motivation in terms of delivery and recognition

Further to this, 86,67% of respondents, shown in Figure 15, felt that the platform made them more aware of their colleagues' contributions, thus enabling the visibility of performance that was identified in Figure 7 above as being a major motivating factor.

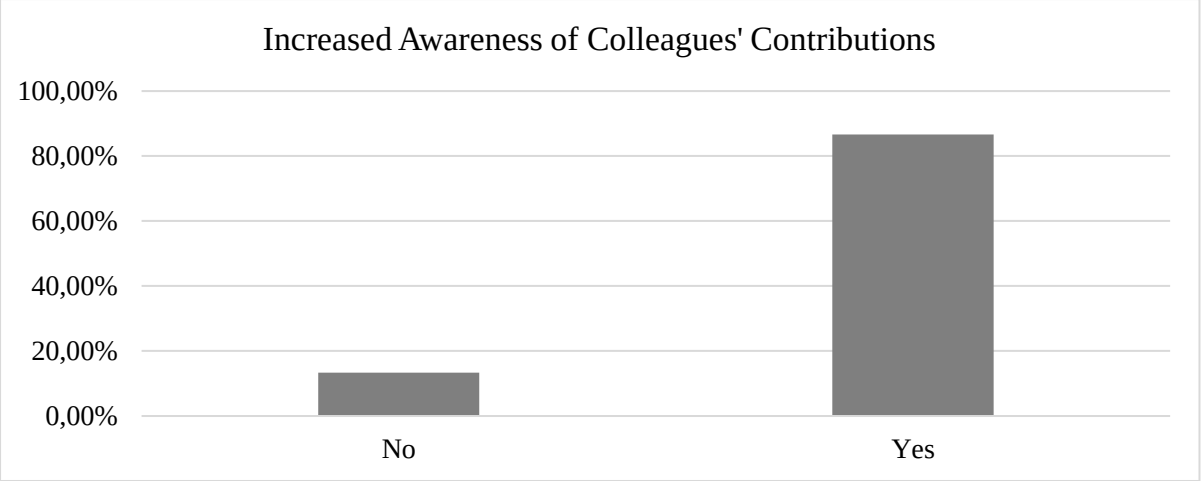


Figure 15:Measure of increased awareness in colleague contributions

In terms of the definition of a Minimum Viable Product, the team felt that the product would benefit from formal implementation into the organisation and a means of providing inputs on performance and engagement levels during weekly team meetings in order to create a culture of recognition and involvement. Feedback also suggested that the participants would prefer an integration of the product into the current toolsets at the organisation and that the data should be input into the 360-degree feedback to provide telemetry for an individuals' performance in the intervals between reviews. The importance of this integration was validated in terms of a lack of time being cited as one of the primary barriers to engagement.

Additional features that would enhance the overall functionality of the system would include a central nomination portal that enabled rewards to be issued across teams and not necessarily restricted to "internal" team awards. They would also have liked a leaderboard to create the additional performance visibility and foster a more competitive environment in terms of top performance. There was also comment from the participants that the system would have been easier to operate had there been categories for the nominations as well as a catalogue for the rewards that could be achieved.

As such, *Connect* could be implemented to complement the formal annual incentive plan of the company. Evidence of this is included in Figure 16 below in which 66,67% of respondents would recommend *Connect* to other teams or organisations, suggesting an appetite for the product and bolstering the feasibility of the platform.

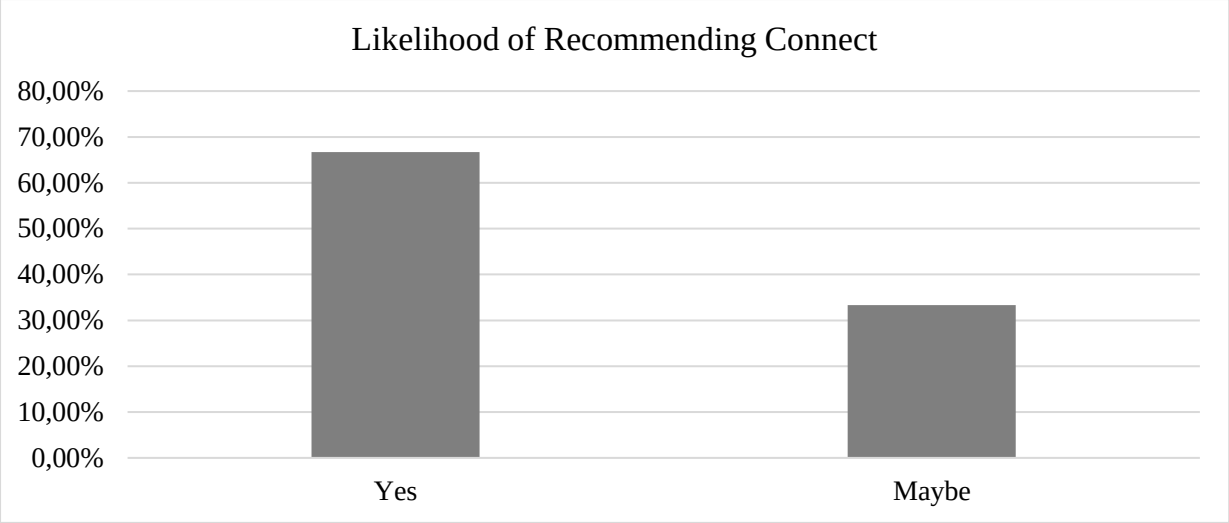


Figure 16: Likelihood with which the pilot group would recommend Connect

4.5. Qualitative Findings

The qualitative findings indicate that while the sample population that participated in the pilot were above average in terms of levels of motivation when compared to the quantitative sample, they still experienced dissatisfaction in terms of the performance management practices at their organisation and substantiates the hypothesis that companies do not understand what truly motivates their employees.

While the teams indicated that they were comfortable in terms of adopting a digital means of performance management, there was a slow uptake on the system which suggested that change champions and management participation are important to encourage adoption. Additionally, an incentive and daily prompt may be required to promote the initial platform interactions. This was most clearly demonstrated in the transition between the posting frequency in weeks 3 and 4, illustrated in Figure 11.

This suggests that the implantation needs to be conducted in a formalised manner to encourage organisational adoption.

The teams indicated that the primary value of *Connect* was in the creation of a culture of recognition and involvement as it would encourage the recognition of individual performers in weekly team meetings, illustrated in Figure 13.

Even on the limited scale presented by the pilot, the flexibility of the platform and the decision being made by the participant with regard to the nature of the reward they would prefer would

contribute to a better understanding of individual employee motivation. The platform also ideally be integrated into the systems with which the teams engage daily and enable rewards across the different teams to ensure maximum adoption.

The teams indicated however that they felt the platform made them feel more motivated in terms of delivery and recognition, illustrated in Figure 15 and an overwhelming percentage felt that over the course of the pilot they had become more aware of the contribution made by their colleagues, suggesting that visibility of achievement was a significant contributor to motivation, thus suggesting the viability of the platform. This was best showcased in Figure 16, in which 66,67% of respondents would recommend the platform to other teams or organisations, further indicating the feasibility of the platform.

4.6. Product feature recommendations for the Connect MVP

The development of the Minimum Viable Product would take into account the learnings gained from the pilot in terms of incorporating the following features into the cloud-hosted, off the shelf solution:

1. Centralised nomination portal.
2. Team and organisational rewards.
3. A Leaderboard for the team and organisation.
4. Performer highlights to create visibility across the organisation.
5. Nomination categories.
6. Reward Catalogue.
7. Reporting feature for ad-hoc reports and 360-degree feedback inputs.

Additionally, the following features would be included in the build of customised instances of the product and be scheduled for subsequent releases:

1. Integration into organisational systems and active directories for easy onboarding.
2. Organisational initiative and messaging board.

4.7. Conclusion

The data from both the qualitative and quantitative studies suggested that there is indeed a higher percentage of employees that are not fully motivated or engaged in their workplace, resulting in the sub-optimal use of Human Capital and ultimately Corporate performance. This problem is most prevalent in medium- to large-sized organisations, making them an ideal target market.

The use of analogue performance management practices, such as the 360-feedback tool, are perhaps not holistically addressing the needs of employees and not contributing to the achievement visibility and short feedback intervals that are desired by segments of the workforce. Additionally, a high percentage of respondents indicated their comfortability of the use of a digital platform for monitoring their performance, further indicating the viability of the product.

In terms of the experiment performed by Ariely (2016), the data from both the qualitative and quantitative surveys reinforced the fact that compliments and their visibility proved to be the top motivator of positive employee behaviour across both groups. This positively validates his statement *"Motivation can be increased simply by acknowledging the efforts of those working with us."* (Ariely, 2016)

Connect has the potential to provide an integrated, data-driven means of providing near-real-time performance management and acknowledgement that will encourage teams to engage directly and contribute to their own feelings of motivation and recognition through the giving and receiving of awards that will achieve their recognition needs and ultimately contribute to an increased level of engagement and fulfilment.

The research concludes that there is indeed a market and an underserved need for a disruptive performance management system, thus suggesting the feasibility of the *Connect* platform for further development.

5. Venture Execution

5.1. Overview of the Company

BKT | Capital was incorporated in September 2017 by the directors, Trent Hodges, Brett Watermeyer and Catherine Wayman. *Supplementary File D includes the Company Registration Certificate.*

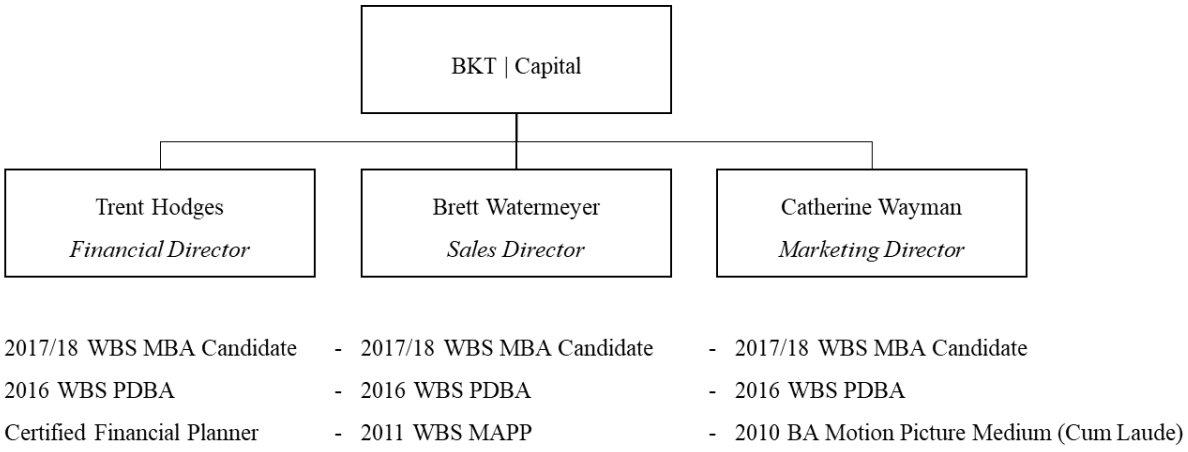


Figure 17: BKT | Capital Company Organogram - September 2017

The directors, all Wits Business School alumni, carry diverse backgrounds that contribute to a cohesive business competency: Trent, carries a background of financial expertise and holds a position as a Certified Financial Planner for one of South Africa's largest insurers. Brett comes from a sales background and holds the position of Head of Sales: Business Partners at one of the country's largest ISPs (Internet Service Providers). Catherine's background is in financial product design, innovation and marketing for one of South Africa's newest financial institutions.

Their shared vision lies in the creation of data-driven, disruptive products and services that contribute to enhanced business efficiency in the 21st Century.

5.1.1. Operating Model

BKT | Capital maintains a light touch approach to the products and services in its portfolio. The relatively short development timelines for the platform does not justify bringing the development in-house.

Additionally, a reseller model will be undertaken for the distribution and sale of the products. In order to promote the on-sale, the reseller will be incentivised through a margin being placed on top of the base price of the platform.

In the case of *Connect*, the development, project administration and support will be outsourced to a third-party supplier that will enable continual product development and optimisation.

5.2. Products and Services

Based on the data, *Connect* addresses an underserved need in terms of creating a digital employee value proposition that offers proactive performance management by creating visibility of individual employee motivation and engagement in their role. The value of the product to business lies in the fact that the data-driven insights obtained from the system carry indicators of the degree to which employees derive meaning from their role. Meaning in this instance is defined as a positive sentiment towards the workplace, feelings of engagement, contentment and recognition that contribute to loyalty and a desire to see the company succeed.

The need for *Connect* has arisen in response to the changing workplace composition and as a means of creating targeted incentives to drive the productivity of employees regardless of age or individual motivation.

Connect allows organisations to offer a series of micro-rewards at predetermined intervals that create visibility of individual achievements as well as provide both financial and non-financial rewards.

5.2.1. Platform Options

The platform will be licensed to companies on an annual basis. The cost per user will be determined on a tiered basis, thus making the proposition attractive to larger organisations.

The software will exist in two instances, namely:

1. A generic platform with necessary custom parameters that are centrally hosted in the cloud and accessed via a web portal and smart app.
2. A customised instance of the system that can be hosted on a dedicated instance with additional security protocols. This system could have additional levels of

customisation and integration into corporate systems such as larger ERP (Enterprise Resource Planning) and HR tools.

The former options of a generic platform will comprise the MVP product offering in that it will provide a more straightforward build that can then be extended into the integrated model. The reason for adopting this approach is that it will enable a single base product build with the incorporated provision for API integration that can be enacted at a future date. This future-proofing of the system will ensure that minimal redevelopment is required when the product is ready for the transition into its second iteration of a fully customisable instance.

5.2.2. Development Timelines

The generic instance of the product will require a six-month development lead time that will require the following high-level actions to be undertaken. *Supplementary File E contains a breakdown of Project Development Timelines and associated actions*:

1. Business and Technical specification development
2. Developer and User Experience supplier selection and onboarding
3. Infrastructure procurement
4. Hosting procurement
5. Generic platform development
6. System Integration Testing
7. User Acceptance Testing
8. Go Live

The project is expected to take approximately six months (171 days) from inception to go live.

Additional development and bespoke configuration will be scoped and priced on a per-instance basis.

5.3. Marketing Plan

5.3.1. Market Entry Strategy

Connect is a B2B (Business to Business) product that needs to be implemented in an organisation in order to be effective. Individual customer sales are not going to attract the volumes required in order to make the venture successful.

The market entry strategy leverages an on-seller model that offers employee benefits companies a point of differentiation that enhances their overall proposition at a nominal additional fee.

Adopting a pricing model that is low value, high volume makes the product an attractive addition to current package options.

This approach also enables *Connect* to centrally manage relationships with a smaller number of clients and limit the proliferation of platform skinning requirements.

In order to develop these relationships and client base, *Connect* will need to undertake direct sales and attend business development expos in order to develop a market presence. This approach would be undertaken in line with the development of a social media presence.

Additionally, *Connect* will adopt an unusual partnership or co-brand approach to their marketing that will enable them to leverage the brand equity of the partner brand and create a sense of familiarity and ownership within the companies in which it is deployed.

Connect is a versatile word in its essence, and the verbiage lends it to easy incorporation, and as such, it would be added as a suffix to the company name that has undertaken the implementation and adopts their corporate identity.



Figure 18: Connect co-branding examples - ABSA, Vox Telecoms, Pick n Pay

Figure 18 above, demonstrates a selection of co-branding examples to highlight the manner in which the brand could be coupled with the customer brand to create a synergistic logo to encourage a sense of familiarity and ownership among the users.

5.4. Competitor Analysis

Connect's major competitors are as follows:

1. *sparkfolios
2. Workbrain
3. Bonus.ly

While the points of parity across these systems include the fact that these product target employee incentivisation and reward, their methods of execution differ:

*sparkfolios leverages a value-based system as the foundation for their reward programme. They acknowledge employee embodiment of company-specific value and implement a gamification system in the form of the collection of badges associated with each of the values. There is no associated financial incentive structure.

Workbrain implements a 140-character or less reward system. Nominations are posted in a social media timeline fashion in character delimited message bites. While this makes the content concise and easier to consume, it may restrict the depth of the nominations.

Bonus.ly is likely to be *Connect*'s closest end-state competitor in that they offer a highly integrated system that operates in conjunction with the Microsoft Windows suite.

The cost of these platforms is also a key consideration from a pricing perspective, especially given *Connect*'s go-to-market approach that will require a margin to be added to the product in order to incentivise the on-sellers.

		***Sparkfolios**	**Workbrain**	**Bonus.ly (Core)**	**Bonus.ly (Premium)**	***Connect***
Number of Employees	100					
Cost per employees/ month		R 59,06	R -	R 35,85	R 59,75	R 30,00
Total per month		R 5 906,00	R -	R 3 585,00	R 5 975,00	R 3 000,00
Annual fee		**R 70 872,00**	**R -**	**R 43 020,00**	**R 71 700,00**	**R 36 000,00**
Number of Employees	1000					

Cost per employees/ month	R 29,53		R 35,85	R 59,75	R 30,00
Total per month	R 29 530,00	R -	R 35 850,00	R 59 750,00	R 30 000,00
Annual fee	**R 354 360,00**	**R -**	**R 430 200,00**	**R 717 000,00**	**R 360 000,00**

Table 18: Competitor Analysis

From a pricing perspective, as illustrated in Table 18 above, *Sparkfolios offers a tiered pricing structure based on number of employees that range from R70.00 per employee per month for the first 25 licenses to R29.53 per employee per month for up to 1000 employees, thereafter a confidential quote is offered for more than 1000 licenses and an enterprise license is suggested for more than 100 000 employees (*Sparkfolios, 2018). Pricing for Workbrain is also confidential. Bonus.ly has a more straightforward pricing model that will form the basis for *Connect*'s pricing structure. Bonus.ly offers two different packages, "Core" and "Premium" which retail for $3,00 and $5,00, respectively (Bonus.ly, 2018a). A similar approach could be applied to the *Connect* MVP and enterprise licenses.

In terms of the development of the MVP however, a price of R30,00 will be applied per license up to 1000 user licenses creates a transparent pricing structure that is easy to understand, primarily as part of a reseller model. Organisations requiring more than 1000 licences will be dealt with on an enterprise basis.

		***Sparkfolios**	**Workbrain**	**Bonus.ly (Core)**	**Bonus.ly (Premium)**	***Connect***
Number of Employees	100					
Annual fee		**R 70 872,00**	**R -**	**R 43 020,00**	**R 71 700,00**	**R 36 000,00**
Number of Employees	1000					
Annual fee		**R 354 360,00**	**R -**	**R 430 200,00**	**R 717 000,00**	**R 360 000,00**

Table 19: Summary of competitor pricing

Table 19 above demonstrates the affordability of the *Connect* platform for organisations up to 1000 employees. It is the most cost-effective option in the market. The only exception is in the case of the economies of scale being applied in the form of a 50% reduction of *Sparkfolios pricing at the 1000 user mark, at which *Connect* becomes R5640,00 more expensive.

The reason for the pricing being kept static is to encourage organisational growth and the adoption and scaling of the platform.

5.5. Financial Forecast

5.5.1. High-level Costing Breakdown

Table 20 below outlines the budget and allocations for the development and marketing of *Connect.*

60% of the budget will be used for the outsourced management and development of the platform and the required infrastructure as well as the user experience. 40% of the budget will be allocated to the sales and marketing team for the collateral and travel required to promote the product.

Project Stages		**Percentage of Overall Budget**	**Budget R400 000**
Planning and Documentation	*Initiation*	5,00%	R 20 000,00
User Experience Development	*Development*	5,00%	R 20 000,00
Development	*Development*	22,50%	R 90 000,00
Testing	*Testing*	5,00%	R 20 000,00
Scope changes/Contingency	*Contingency*	10,00%	R 40 000,00
Project Management	*Administration*	10,00%	R 40 000,00
Server/System Administration	*Infrastructure*	2,50%	R 10 000,00
First Phase Marketing and Sales	*Marketing and Sales*	40,00%	R 160 000,00
Total		**100,00%**	**R 400 000,00**
BKT | Capital	*Capital*	60,00%	R 240 000,00
Investors	*Investment*	40,00%	R 160 000,00
Total		**100,00%**	**R 400 000,00**

Table 20: High-level Costing Breakdown

5.5.2. Source of Funds

60% of the funds will be raised internally for the development of the platform, and the additional 40% of the funds will require investment.

The ideal profile of the investor would be an individual with a belief in the concept, with ties to businesses with the network to drive adoption.

Connect is expected to grow steadily over the course of five years, illustrated in Figure 19 below:

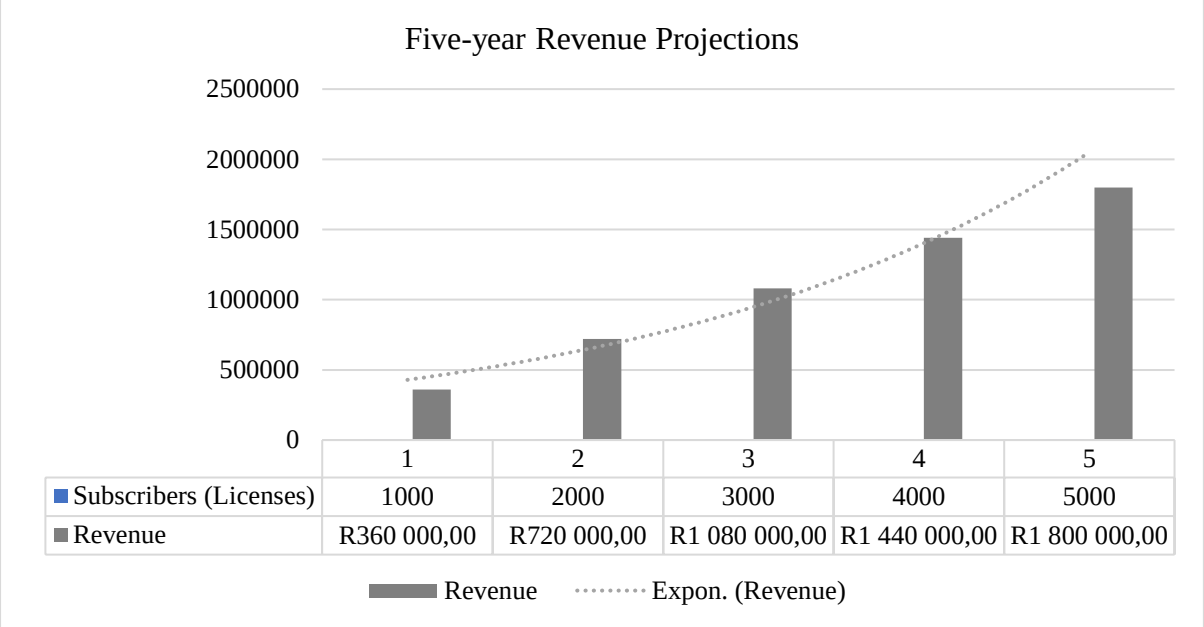


Figure 19: Scaling and revenue projections over five years

Even with the revenue split between the owners of *Connect* and the reseller, the investor would gain 24% of the total revenue which would contribute to a return on investment (ROI) of 810% in a five-year period, shown in Table 21 below.

ROI = (Amount of Financial Gain / Total Investment Amount)				
Period	5 years			
Revenue Projection	R 4 747 680,00			
	Reseller	***Connect***	**BKT | Capital**	**Investor**
High-level percentage split	***40%***	***60%***		
Connect Split			**36%**	**24%**
Based on 5-year scale projections	R 2 160 000,00	R 3 240 000,00	R 1 944 000,00	R 1 296 000,00
Investment			R 240 000,00	R 160 000,00
ROI			**810%**	**810%**

Table 21: ROI and revenue sharing model

5.5.3. Payback Period

The payback period for the investment in the *Connect* MVP is 2.31 years if only 1000 licenses are sold in the first year of operation. However, if 2315 licenses are sold in the first year, the payback period will be within that same year, shown in Table 22 below. This aggressive payback period will encourage the investor to encourage adoption by their network and for the platform to recognise and respond to the needs of its target market to ensure adoption.

Payback Period	**BKT | Capital**	**Investor**
Initial Investment	R 200 000,00	R 200 000,00
Assuming 1000 employees per year	R 129 600,00	R 86 400,00
Payback Period (years)	**1,54**	**2,31**
2315 Employees	R 300 024,00	R 200 016,00
For payback in 1 year	**0,67**	**1,00**

Table 22: Payback period

5.5.4. Breakeven Analysis

The breakeven point for the investor will take place towards the start of Year 2, as illustrated in Figure 20 below.

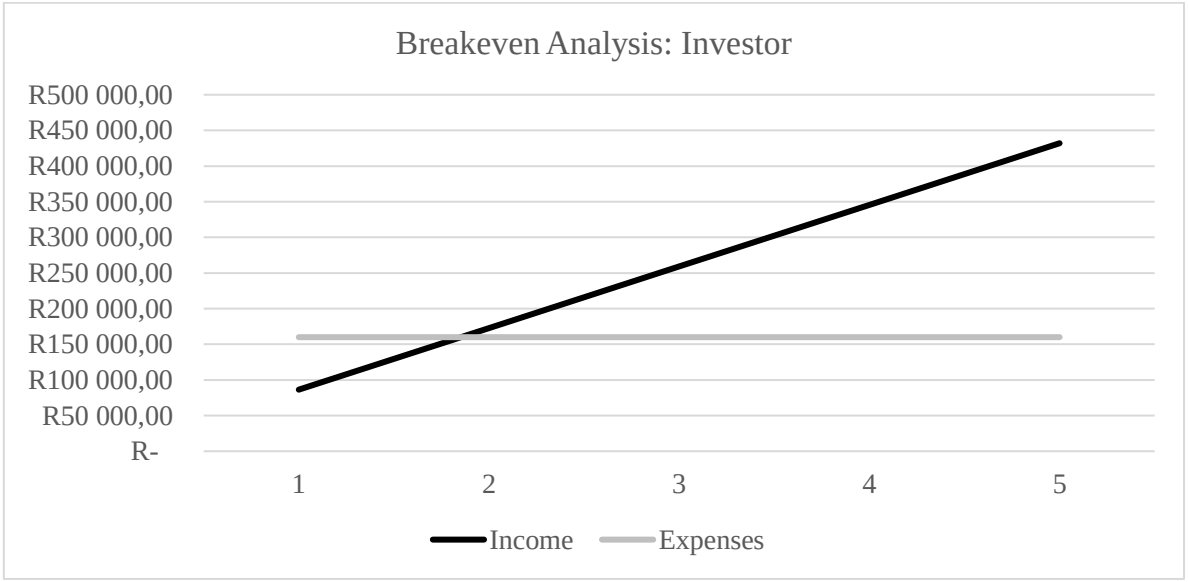


Figure 20: Breakeven Analysis: Investor

For BKT | Capital, breakeven will take place on a similar timeline as the ratio of investment to repayment is identical, shown in Figure 21, below.

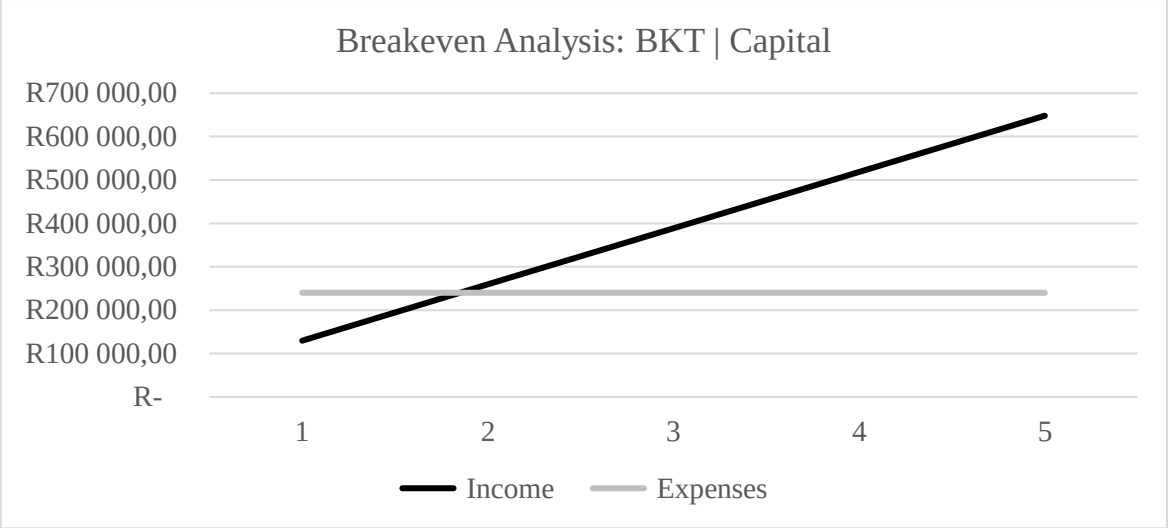


Figure 21: Breakeven Analysis: BKT | Capital

5.5.5. Investment Exit Strategy

At the end of the five-year period, the investor would have the option of being bought out or investing for a further 5 years in the ongoing development of *Connect* in terms of future expansion and product development and diversification.

The development of the product may include bringing in-house the development team to maintain the platform and to enable a faster iteration and development cycle, in accordance with the approach of the Lean Start-up.

6. Conclusion

The purpose of this Business Venture Proposal was to assess the market potential for *Connect,* a digital employee value proposition that is designed to manage, retain and motivate talent in an organisation through the use of a proactive acknowledgement and incentives platform with the intention of fostering a staff complement of high performing and engaged employees.

The need for this platform arose primarily as a response to changes in job satisfaction criteria and a need for organisations to adopt a more innovative, digital approach to employee value propositions that fulfil the need for recognition, feedback and achievement held by workforce entrants.

The problem statement at the core of the proposal sought to answer the question of whether or not a digital EVP would create meaning for employees in terms of the development of a positive sentiment towards the workplace, coupled with feelings of engagement, contentment and recognition that contribute to loyalty and a desire to see the company succeed.

In terms of testing these hypotheses, a mixed methods study was undertaken in which the quantitatively measured sentiments of an anonymous sample group were validated against those of a qualitative pilot group and triangulated with the literature in order to determine whether the implementation of a digital, proactive system may be the next step in employee engagement best practices and whether the venture was feasible.

The quantitative findings determined that there is a high percentage of employees that are not sufficiently motivated or engaged in their workplace, ultimately resulting in the sub-optimal use of Human Capital and ultimately Corporate performance.

This is because companies do not understand what motivates their employees and assume a one-size-fits-all value proposition and that companies have difficulty in gauging the current levels of employee motivation and their appetite for improvement. The data also suggested that sub-optimal methods are in place for the measurement and reward of excellent performance and that alternate methods of recognition have emerged that are more effective for motivating the modern workforce. This was illustrated by the correlation between the presence of acknowledgement forums regarding the visibility of the achievements of top performers and motivation of employees.

Additionally, the qualitative findings determined that the flexibility of a digital platform (the *Connect* simulant) and the ability of individuals to determine their reward preference contributed to a better understanding of individual employee motivation. The teams indicated that they felt the platform made them feel more motivated in terms of delivery and recognition and had become more aware of their colleague's contributions over the course of the pilot, reinforcing the correlation between the visibility of achievement and individual motivation.

The data suggested that there was indeed an underserved need in the market for a proactive performance management tool that can be used to incentivise and motivate employees, creating meaning for them in their role.

The execution of the Venture will be done in accordance with the Lean Startup methodology and as such the data received from the qualitative and quantitative analyses provided input into the development of the Minimum Viable product for *Connect.* The features included in this initial iteration would include a centralised nomination portal, team and organisational rewards, a leaderboard, performer highlights for organisation-level visibility of achievement, defined nomination categories, a rewards catalogue and a reporting feature that would allow the data to be consolidated for input into 360-degree feedback.

The development timeline of this venture is six months and will incur a cost of R400 000,00. BKT | Capital will be providing 60% of this funding requirement, and the balance will be raised from an external investor.

The cost per user license will remain static up to 1000 users at R30,00 per seat; whereafter an enterprise license will be implemented for economies of scale.

The venture is expected to break even in the second year of operation and generate a Return on Investment of 810% in five years.

The combination of the affordability, flexibility and responsiveness of the product suggests that *Connect* is indeed feasible and attractive in terms of development and launch into the market.

7. References

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