

Performance Incentives, Divergent Thinking Training, and Creative Problem Solving

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Abstract:

Creativity theory suggests that effective solutions to creative problems depend on both divergent and convergent thinking (Cropley 2006). Using an experiment in which participants solve insight problems, I investigate the effect of incentive schemes on creative problem-solving performance. I find that both piece-rate pay and a flat wage plus public recognition generate higher performance with divergent thinking training than without. Consistent with the idea that incentives may promote more convergent thinking than divergent thinking, piece-rate pay generates lower creative problem-solving performance than the flat wage in the absence of divergent thinking training (flat wage plus recognition has a neutral effect). The study suggests that when employee performance depends on creative problem solving, firms should implement incentive schemes and/or control systems that promote both divergent and convergent thinking.