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The Impact of Reward Management on Employee Performance in the Irish Construction Industry: A case study of a leading mechanical contractor

Neil Stuart

**Abstract**

The aim of this research study was to investigate the impact of rewards management on employee performance in the Irish construction industry. The data was gathered from various staff members in multiple positions in one of Ireland's leading mechanical installers in order to prove relativity and reliability. The author examined the theories of reward management and various rewards systems that are pertinent in the construction industry and the effects that they have on employee performance for the research. Research questions were developed from the literature review and these questions related to various types of rewards in the workplace, reward management and reward systems and the impact rewards have on performance. The research was carried out using a qualitative approach, with the researcher conducting six semi-structured interviews. The findings revealed the various reward systems that are currently in use in the Irish Construction Industry and the impact of rewards on employees' performance.

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## **1.0 Section One: Background**

The construction industry of any developing country exerts a significant economic impact on the welfare of the state. In the construction industry it is imperative for organisations to focus on their employees' performance and they must constantly endeavour to develop and improve it. Employees in any organisations should be regarded as assets, particularly within the construction industry because the construction industry is primarily manpower intensive. Therefore, any organisation in the construction industry relies heavily on the performance of their workforce. Employee performance involves the tasks that are associated with their job and how effectively the employees execute these tasks. Mwita (2000) has described performance as a major multidimensional construct which is designed to accomplish results and strongly connected to the strategic goals of an organisation. An organisations overall success is fundamentally contingent upon whether the firm completes the strategic objectives that it aims to achieve.

In the past decade, the Irish construction industry has experienced an array of challenges. These challenges were primarily precipitated on the credit crisis that occurred in Europe and America in 2008. The Irish economy had become progressively dependent on the construction industry and the sector had completely exceeded what would be considered a 'normal' level of output, with substantial overbuilding. The construction industry reached 25% of GNP at its peak (SCSI 2012). The subsequent bust of the economy and the construction industry resulted in the number of people directly employed in construction to plummet to 107,600 in 2011 relative to 380,000 at the peak of the construction boom (SCSI 2012).. The last time total employment in the sector was as low as around 150,000 was in 1997 (SCSI 2012). This precipitated a decline in the number of houses being constructed, Ireland is therefore currently experiencing a housing crisis and a shortage of available employees in the construction sector. Construction organisations have asserted that this is due to a lack of skilled subcontractors, unrealistically high remuneration expectations and a lack of workers due to emigration (SCSI 2017).

As of the last quarter in 2017 the number of people employed in construction was 133,800 which is an increase from the previous year of 9.9%, which is still nowhere near the heights it climbed to during the economic boom. The value of construction

output across the Republic of Ireland has rose by 18 per cent in 2017 and is expected to increase by a further 14 per cent to approximately €19.5 billion in 2018 (AECOM, 2018). This increase can be mainly attributed to the number of commencements which increased in the first eight months of 2017 to 4,055(CSO,2018). This is a 25 per cent increase from the same period in 2016. In the first quarter of 2018 the number of dwellings which were granted planning permission has also doubled from the same period last year. The Irish construction industry is finally regaining some momentum and as a result is becoming an exceedingly incentivised industry, not merely to attract and retain employees in a very competitive market but also to ensure that organisations complete highly necessary works.

This study focuses on a single company in the Irish construction industry which is an Irish mechanical installation company that primarily specialise in providing renewable energy systems solutions for both residential and commercial markets. They currently have over 20 employees, while they previously employing merely four at the beginning of 2015. The organisation has been involved in Irish construction industry since 2014 and has become a leading domestic installer of mechanical and renewable solutions for the Irish market within a brief period of time. This research concentrates on employees across various departments in the company from general operatives on construction sites to upper management. The majority of the employees experienced both the construction industry boom and subsequent bust, and their skill levels today requires premium remuneration and rewards packages.

Since the workplace has advanced and evolved over time, and the working expectations of employees have continually changed, organisations must be able to adapt to fulfil these expectations as well. Employees help a firm to obtain their organisational goals and therefore help maximise the firms' profits. In return, an organisation must provide their employees with a reasonable reward system which may help increase employee's job satisfaction and increase productivity. The objective of this study is to establish whether a structured reward system is essential to increase employee performance and to determine whether a reward system influences this to any degree

## **1.1 Research Questions**

This study's purpose is to identify the following

1. What types of reward systems are currently available in the Irish construction industry?
2. What are the effects of these reward systems on the performance of employees in Ireland's construction sector?

## **1.2 Research Structure**

This thesis begins with an introduction section which will outline the background of the study and also the aims of the research.

The second section of this study is a literature review. A literature review is "a systematic, explicit, and reproducible method for identifying, evaluating, and synthesizing the existing body of completed and recorded work produced by researchers, scholars, and practitioners". (Fink 2005). The literature review of this study focuses largely on reward systems, the various incentives employers offer employees, elements of motivation and employee performance with an emphasis on the reward systems that are predominantly used in the Irish construction industry. Druker and White (1997) found that the majority of firms in the construction industry employ performance related pay systems or team based of reward systems. Although other reward systems were considered, these systems along with total reward systems were chosen as they are the most prevalent in the Irish construction industry.

## **2.0 Section Two: Literature Review**

### **2.1 Introduction**

In the past three decades, employers and academics have realised the power of rewards, and many studies have investigated this topic. Rewards are regarded as one of the most central factors in motivating employees in their contributions in helping organisations achieve their strategic goals. Lawler et al (2011, pg.237) stated “that people do not automatically come to work, continue to work, or work hard for an organization”. Employers must find a way in order to motivate employees to help them pursue their strategic goals and visions. Bartol and Martin (1998) contend that motivation is an influential device that strengthens specific behaviours and encourages the individual to continue. Motivation has been described as a person’s internal drive to satisfy an unsatisfied need (Higgins, 1994). It can be defined as ‘the set of forces that energize, direct and sustain behaviour’ (Hitt, Black and Porter, 2009, pg.277). These forces are described as internal (push forces) and external (pull forces). Internal forces relate to the individual and encompass forces such as their needs, attitudes and goals. External forces relate to the workplace and include forces such as rewards and compensation, the workplace social environment, feedback, tasks and workloads. It is pivotal that management recognises how every employee may experience different forces that motivate them, which may in turn influence their performance. However, if the manager solely focuses on one set of these forces, this may precipitate to problems for managers who strive to motivate their staff (Hitt, Black and Porter, 2009, pg.277). Rewards and reward management can be implemented as the methods to facilitate this.

These reward systems encapsulate the various types of incentives that employers have at their discretion to apply in order to motivate their employees to produce the best results performance wise. The literature review section of this research study aims to investigate the major theories and practices of both rewards and reward management which organisations apply in today’s workplace; it also analyses the impact they have on employee performance.

### **2.2 Rewards**

Rewards are generally regarded as both tangible and intangible. They can be described as what are granted to employees by their employers when employees have performed

requested tasks or when the results of these tasks exceed expectations. The rewards that a company offer is characteristically aligned with their organisational objectives. They are implemented as a motive for employees to help accomplish organisational goals. When an organisational objective is achieved with the help of employees, they receive rewards for their efforts in the form of benefits. By acknowledging the concerted effort of employees in achieving organisational goals and rewarding them, firms can foster a culture of high quality performance within their organisation. Rehman et al. (2009) posits that the higher these rewards are, the more it motivates them by allowing them to feel more valued than other employees that hold the same qualifications working in other organisations. Lawler (2003) argued that there are two elements that determine on how much a reward is appealing to an employee. The first element is the degree of reward which is given to the employee and the second is the value that the employee places on the specific reward.

Armstrong (2012) has classified these rewards into two categories: extrinsic rewards and intrinsic rewards. Extrinsic rewards are derived from extrinsic motivation which is the individual's motivational stimuli that come from outside forces be them a carrot or a stick. Extrinsic rewards are tangible benefits that employees receive for the work they perform and are both monetary and non-monetary. Monetary rewards include wages and bonuses, whereas non-monetary rewards include fringe benefits such as days off, pension contributions etc. Conversely intrinsic rewards are based on intrinsic motivations which are the internal forces that motivate an individual and are intangible and are granted in the form of recognition, job satisfaction, authority, autonomy, education, employee growth, job enrichment, and empowerment. Güngör (2011) determined that the extrinsic motivation of an employee can be explained by the variable of financial rewards and their intrinsic motivation can be explained by non-financial rewards. Herpen, Praag and Cools, (2005) study investigated the effects of pay on employee performance. Their results demonstrated that there was a positive correlation between the reward system that employers offer and extrinsic motivation. Their study also indicated that intrinsic motivation is not determined by the reward management systems that are available, but by promotion opportunities that are obtainable. Jeffery in his 2002 paper also investigated the impact of intrinsic rewards on employees. His study suggests that intrinsic rewards are more psychologically

beneficial and therefore exert a longer and deeper effect on the motivation of employees.

Previously the primary focus of reward systems implemented by organisations was on compensating employees through financial means (Snelgar et al, 2013). However due to the ever-increasing complexity of today's working environment, it has been found that employees now require more than merely financial benefits as rewards for their efforts (Millmore et al, 2007). This has prompted organisations to incorporate both extrinsic and intrinsic reward management systems not only to motivate their existing staff but also to entice potential employees.

### **2.3 Reward Management**

Reward management is the design and execution of strategies and policies by organisations in order to reward their employees in accordance with the value the employees contribute to the organisation. It is also implemented by Human Resource managers to enhance employee's performance through motivation. Reward management structures should be organised to align the company's organisational goals and the employee's specific goals. Brown (2001) highlights that an organisation must align their reward practise with their employees' values and needs and that it is every bit as important as aligning them with their organisational goals; the former is therefore critical to the realisation of the latter. Reward Management systems are becoming an essential element in organisations all over the world as the power of incentives is enormous and for that reason they require careful management by employers. Armstrong (2012, pg.6) states that "reward management is concerned with the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded. It is about the design, implementation and maintenance of reward systems (interrelated reward processes, practices and procedures) which aim to satisfy the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently. These needs will particularly include the improvement of performance". Reward management essentially revolves around employees and it is used a motivational tool by management to reward employees for their hard work, contributing to the success of the organisation as Garbers and Konradt (2014) also

suggest that the primary objective of reward systems is to intensify employees' motivation.

In modern times, employers have discovered that a more elastic approach is necessary to satisfy the ever-changing needs of the modern employee. Reward strategies have transformed, since employers have been affected by macroeconomic trends that have coerced them to alter their reward strategy programmes. Reward management systems are also implemented by employers to evaluate the performance of employees, which generally determines the rewards they receive. Human resources managers must ensure that employees are rewarded proportionately relative to others within the organisation who create equal value. Employers must also guarantee that their reward management functions in transparency meaning that the employees of the firm understand how the reward processes work and how it affects them. Reward management establishes the employment relationship between employers and employees. For a human resource manager to succeed in effectively managing the employment relationship, the human resource manager must also be diligent in their reward management practises. Failure to do so precipitate disproportionate in the employment relationships, which can result in strikes etc. Mujtaba and Shuaib (2010) assert that regardless of the reward system in place that providing feedback is essential because it allows employees to adjust their work methods and thereby perform at a higher level. Holmstrom (1982) emphasised that if a manager or supervisor does not monitor the efforts of employees, then the employees may not be rewarded proportionately and may therefore can become demotivated if they do not receive what they believe they earned. Fitzgerald and Moon (1996) purposes three principles in their building block's model for performance management, when organisations should consider when setting standards or targets for employees, these are; equity, ownership and achievability. Equity, as Fitzgerald and Moon explain, in this context means fairness. When organisations are setting goals and targets for employees, those goals must be equally challenging. Ownership in relation to the model means that the targets are agreed to and accepted by the employees that they are set out for. Finally, the goals must be achievable, if the employees find they are not it can lead to them becoming demotivated

## **2.4 Total Reward Management**

Manus and Graham (2003) explained that total reward as “includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic”. Francis and Fernandes (1998) outline the basic elements of total rewards, which include salary, benefits (pension and health insurance), holiday entitlement, company cars, shares etc. Each aspect of reward is joined together and treated as a whole, both tangible rewards such as pay and benefit but also intangible rewards which include rewards such as praise and rewards. A total reward approach is all-inclusive, and employers aim to not place their dependence on just one or two reward instruments. As Kantor and Kao (2004) state ‘Companies today are management as much more heterogenous population. For the diverse workforce, no single component becomes a value drive. Employees have choices to make and a need for greater flexibility’. The objective of total reward management is to exploit the collective power of a wide range of reward initiatives on motivation, commitment and job engagement. O’Neal (1998) points that “total reward embraces everything that employees” value in the employment relationship’. Thompson (2002), cited in Armstrong (2012, pg 108) proposes that “total rewards typically encompass not traditional, quantifiable element like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organisation.” Total reward theory encompasses elements of various motivation theories such as Maslow’s hierarchy of needs theory, Alderfer’s ERG theory, Herzberg’s two-factor theory, expectancy theory and equity theory.

Organisations may benefit immensely from employing a total reward programme they can benefit greatly. A total rewards programme strives to motivate employees by satisfying all of their diverse needs, this can exert a more substantial and an extended impact on employee’s motivation. It encourages employees to respect their employers more and fosters employees’ desire to work for their employers. This produces better relations between employers and employees.

Ali and Ahmed (2009) have explored the relationship between reward and recognition programs and employee’s motivation and job satisfaction. Their study established that any change in an organisations rewards and recognition programmes would result in corresponding variation in work motivation and satisfaction. Ali and Ahmed also

asserted that staff who responded to the questionnaire are most likely to be driven due to their working conditions, personal and general dimensions. The study demonstrated that the staff are least motivated by both the financial incentives they receive and recognition. The work of Mokaya et al. (2013) conflicts with the findings of this study. Their study examined the effect of working conditions on employee job satisfaction in the hotel industry in Kenya and asserted that although working conditions were a positive effect on job satisfaction, remuneration exerted the strongest influence.

Shine, Swati, Jasmine, and Veer Singh (2015) study aimed to determine the role of reward management system in employee motivation and satisfaction. They contain that recognition contributes significantly towards an employee's motivation. Their study also suggests that when an employee participates in the decision-making process, the employee becomes passionate about working in the organization. The study also illustrates that salary increases, bonuses, and other forms of compensations maintains high morale amongst employees and father motivates them. The results of this study are further confirmed by the work of Cameron, Banko, and Pierce (2001), who conducted a statistical analysis of over 140 experiments, which examined the effects of rewards on employee performance. It demonstrated that when the tasks implemented in the studies were of limited interest to the participants, the rewards impacted performance but barely impacted their interest in the task. The study determined that rewards can impact employees' performance positively in the context of the tasks that do not particularly appeal to them.

Bustamama, Tenga and Fakhrul (2014) examined the relationship between rewards and job satisfaction. Their study investigated the types of rewards that had an effect on job satisfaction among frontline employees in the hotel industry in Malaysia. The results of the study revealed that there is a substantial and positive relationship in terms of both financial rewards and non- financial rewards with job satisfaction. This finding is aligned with previous studies similar to Shine et al (2015) and Ali and Ahmed (2009). This is significant because Khan et al. (2011) demonstrated that there is a positive correlation between job satisfaction and employee performance. Rewards are a pivotal component of an employee's job satisfaction because they strive to fulfil the some of the basic needs of the employees in terms of Maslow's hierarchy of need as well as it helps employees to strive to attain higher level of goals. Ajila (1997) possessed that the fulfilment of lower order goals take precedent for employees over

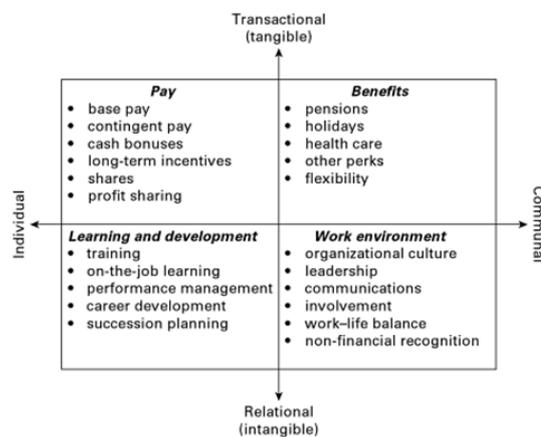
the satisfaction of their higher order needs. Ajila's study conflicts with the work of Kamalanabhan, Uma, and Vasanthi (1999), who argued in their study that the satisfaction of the need for job security among bank clerks in India was the most important to them but bank officers who are higher ranked were more concerned with satisfying higher order needs than they were of lower order ones.

In their study of rewards in the construction industry in Kenya, Apraku and Nani (2016) discovered that both remuneration programmes as well as non-financial rewards have a positive effect on employee's morale. However, they assert that while the construction industry recognises the importance of monetary and non-monetary rewards, workers generally do not receive rewards.

### 2.4.1 Total Reward Management Models

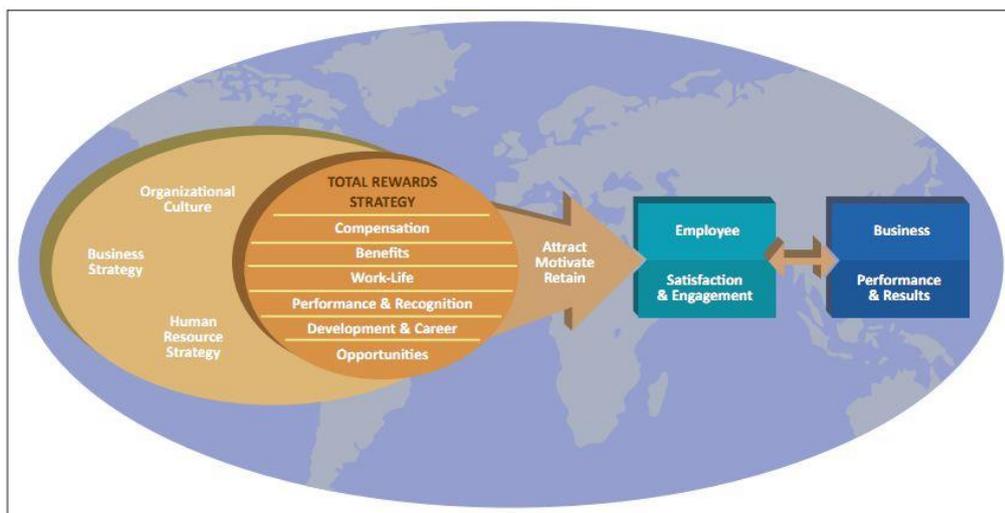
During the past decade, various total rewards models have been published. The Towers Perrin model is an example of reward management model. The framework is comprised of four quadrants, including - remuneration, benefits, learning and development and work environment. The upper two quadrants are the financial rewards (pay and benefits) are fundamental in retaining existing employees and recruiting new employees and can easily be imitated by rival firms. The lower quadrants consist of non-financial rewards (learning and development and work environment) which are distinct within a firm and are not easily replicated by a firm's competitors; these are expected to increase the value of the upper half of the model. In order to optimise this model, organisations must combine the lower quadrants with the upper ones.

#### 1: The Towers Perrin model



Another reward management model is one created by WorldatWork, formerly the American Compensation Association (WorldatWork,2010). WorldatWork’s model consists of five elements, including; payment, benefits, work–life balance, performance and recognition, and development and career opportunities. These elements of the model can be shaped by the external environment, the work experience, organisational culture and the business and HR strategies (Armstrong 2010 pg45). These elements, when combined should retain and motivate existing employees as well as attracting new employees.

**Figure 2: WorldatWork Total rewards model**



Another example of a total reward model is one which was proposed by JLARC/Commonwealth of Virginia in 2008. There are three primary elements involved in the framework. They are compensation, benefits (health) and work/life environment. The compensation element of the framework is intended to offer competitive remuneration to attract and retain employees. The benefits component of the model also aims to encourage the attraction and retention of employees. Finally, the work/life environment element intends to provide flexible work systems in order to facilitate the appropriate equilibrium of workplace productivity and employee engagement

As Armstrong (2012) posits that although the argument for a firm implementing a total reward system is compelling the reality of total rewards and implementing them effectively is challenging. Armstrong notes that for the introduction of a total reward system into an organisation, the organisation must first research and benchmark other

companies approaches concerning total rewards. The organisation must then involve all the stakeholders in the development of the total rewards system. Organisations must then integrate the total reward strategy with the current human resource strategy and plan and implement the system. He also stated that it is essential to monitor and evaluate any total reward system that is implemented. This allows for the organisation to adjust and alter the programme to optimally suit the employees and the organisation's needs. Ramanigopal et al. (2018) also asserted that objectives and evaluation methods should be as flexible. They believed that, regardless the size of the organisation, a clear strategy is essential for the implementation of a total reward system in order to motivate, attract and retain employees.

### **2.5 Performance Related Pay Systems**

Performance related pay is a system of pay progression or rewards that are conditional on an evaluation of an employee's individual performance by a supervisor or a manager. Heery and Noon (2001) state "performance related pay is used in two senses. First, it can describe the broad class of payment systems which can describe the broad class of payment systems which relate to pay to some measure of work performance. As such, it can embrace profit-sharing, merit pay, gain sharing, piecework, sales incentives and other output-based pay systems. Second, it can refer to individualised systems in which salary increase are related to the results of performance appraisal". Performance related pay systems are grounded in both expectancy theory and reinforcement theory. Expectancy theory, developed by Vroom (1964) proposes that the greater the belief that effort will lead to be rewarded and the greater the value invested in that reward, the greater the motivation to work will be (Singh and Mishra 2013, pg 317). Skinner's (1969) reinforcement theory involves a process of shaping an individual's behaviours by controlling the consequences of those behaviours. In an organisational setting reinforcement theory can be applied when organisations implement a performance related reward system to reward the required behaviour of employees and punishes employees for undesired behaviour in order to help employees advance towards completing their proposed performance goals. Bloom and Van Reenen (2007) state that organisations that reward effort and performance are associated with improved firm performances.

Lawler (2000) argues that when an effective performance related pay scheme is put in place by employers there is potential to foster a highly motivated workforce in which employees perceive a connection between their performance quality and their pay. He also asserts that it allows organisations to eliminate poor performers and retain their higher performing employees due to their relationship with the external labour market. Higher performers will have a higher market rate in the external labour market whilst poor performers will not be able to afford to remain employees as their relationship to the external labour market falls due to zero or minimal pay increase. Armstrong (2012) also argues in favour of organisations implementing a performance related pay system. He argues that employees who perform at a higher level deserve greater monetary benefits than those that haven't. He also believes that performance related pay can inspire employees to attain higher levels of performance. Huselid's (1995) study demonstrated a strong relationship between organisations that adopted performance related pay systems and those that had reported higher annual sales per employee. Heneman (1992) also stated in his review of research studies on the topic of performance related pay that 40 out of the 42 research studies observed reported that performance of the employees increased in line with increases in pay. Singh and Mishra (2013) asserts that one of benefits for organisations which implement a performance related pay system is that inefficient business processes will have to continually reviewed in order to improve both organisational or individual performances. Another benefit for firms implementing a reward system is that many schemes are designed as an additional bonus meaning that it's a good situation for the organisation as by giving the reward their employees have completed the objectives of the organisation (Garbers and Konradt 2014). Additionally, by developing metrics to measure employees work output it creates transparency for all parties involved (Singh and Mishra, 2013)

Kohn (1993) argued that performance related pay fails as pay is not a motivator. Additionally, when staff do not receive this pay, it can also lead to demotivation. He also contends that performance related pay can fracture working relationships by fostering competition and can compromise teamwork amongst employees. Pearce (1987) also posits that organisations do not succeed due to individual performances of employees but by cooperation between the staff. Pfeffer (1998) also contended that performance related pay undermines teamwork by placing emphasis on the individual

success of the employee. Pierce also argued that with performance related pay employees tend to ignore the organisational goals in favour of personal benefit. performance related pay also can create a climate of fear in the workplace which can be detrimental to employee performance. Perkins and White (2011) state that the major problems that revolve around performance related pay systems are; the setting of appropriate performance measures, evaluation of performance and the linking of performance appraisals outcomes to pay. Singh and Mishra (2013) also state that as performance related pay systems links compensation of employees to their performance, regular performance reviews play a crucial role. This is further emphasised in Milkovch and Wigdor's (1991) study, which asserted that performance related pay systems are most appropriate for employees whose job responsibilities are easily measurable. Gneezy and Rustichini (2000) assert that performance related pay systems do not have a positive effect on employees moral unless the reward is significant in size. They found that rewarding an employee's effort with a small reward is more detrimental to an employee's moral than not rewarding them anything.

Performance related pay systems are perceived as a highly traditional reward scheme because they reward employees based on goals or targets being met. The research has shown that although they can be an effective tool in increasing employee's productivity it has also documented in the above employees in todays working environment are being motivated by more than merely pay as stated by Kohn (1993).

## **2.6 Team Based Rewards**

In an ever increasingly competitive working environment, organisations increasingly rely on teams in order to ensure success (Parast and Adams, 2004). Forming teams who are capable of performing to their highest potential is vital in remaining competitive because organisations depended progressively more upon teamwork for project completion (Parast and Adams, 2004), particularly within the construction industry. To create effective and efficient teams, management must maintain motivation among team members. One of the methods for ensuring this is the creation of a reward system. Team or group-based reward systems are an alternative to individual based reward systems. Under such systems the rewards are dispersed between members of the group or team rather than individual members receiving them. Katzenbach and Smith (1993) defined a team as "a small number of people with

complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually exclusive”. Teams are concerned with task completion and the building of relationships. Team rewards therefore need to recognise not only what the team has achieved but also how the results have been obtained (Armstrong & Murlis 2007)

Team based reward systems have become popular in recent decades as organisations have attempted to foster collaboration and information distribution amongst their employees. In the construction industry demands change constantly which involves organisations to develop various teams with every new development (Raiden and Dainty, 2006). Armstrong (2012) states that team rewards “link payments to members of a formally established team to the performance of that team”. Organisations that implement team reward systems adopt various approaches, which may consist of methods such as incentive pay, share incentive plans, profit sharing and gain sharing. Gomez-Mejia and Balkin (1992) contend that team based rewards systems are regarded as more accurate and reliable than individual based performance systems.

Progressively more organisations are becoming team performance centric in the modern business environment. In the Workplace Employment Relationship Survey (2004) present that in nearly three quarters of respondents stated that teamworking was found in the workplace with early 21% of workplaces employing a team rewards system (CIPD 2010). Parast and Adams (2004) assert that “the most effective team reward systems are those that include high levels of communication with employees about the specifics of the system, strong worker involvement in the systems design and implementation and the perceived fairness of the system by the team members.”

The primary advantages of organisations employing a team based reward systems are that it rewards teamwork, improvement of work systems, encourages knowledge sharing, enables flexibility in responding to changing needs and allows the employees to focus on the organisation in its entirety (Thompson 2008). Bamberger and Levi (2009) also contended that that team based reward systems led to better cooperation between team members and improved knowledge sharing. Haines & Taggar (2006) stated that team-based rewards can promote collaboration and teamwork, but they also allow team goals to be incorporated within the firm’s organizational objectives. Singh and Mishra (2013) also believed that group rewards help to foster teamwork.

DeMatteo et al (1998) argues that an advantage of implementing a team based system is the opportunity to motivate an individual to work collectively in a team and consequently will improve team performances as a whole.

Godeanu (2012) posits that in a team based setting the implementation of an individual performance reward setting could impact employees in a negative fashion as employees may not perceive their goals as mutually linked and can then perceive their jobs as separate from their colleagues. Armstrong (2012) echoes this as he asserted that some staff that prefer to be rewarded for their efforts individually can become demotivated when they are part of team based reward systems. He also states that team based rewards fail to identify the contributions of the individual employee. Rack et al. (2011) study supports both Godeanu and Armstrong's viewpoint. Racks study demonstrated that there was a less positive view from employees when team based rewards use an equity strategy. An equity strategy where every member of the team gets the same reward. The study also determined that team based rewards exhibited no relationship at all with an increase in performance. Nevertheless, Racks study also argues that improved collaboration and communication between employees can be attained when an organisation implements this type of reward system. Johnson (2009) also asserts that employers need to establish individual incentives for employees within their team based system. Other studies have also proposed that mixing both team based rewards and individual rewards should be carefully considered (Irlenbusch and Ruchala, 2008).

Team based reward systems also need a high level of supervision as a member of the team may not contribute proportionately but still be entitled for the rewards (Perkins & White 2011). Milne (2007) study also posit that employee may become disillusioned if they see a "freeloader" in their team who is equally rewarded for a disproportionate amount of effort. Thompson (2008) argued that when team based reward system are applied incorrectly, they can increase lead to detrimental competitive behaviour amongst teammate in organisations, rather than promoting teamwork. In a 1995 survey of 230 US organisations conducted by the Hay Group (Gross and Blair, 1995), only 40% of respondents expressed positivity about their team based rewards.

The research points to the fact that team based reward systems foster teamwork and knowledge, which is beneficial for the organisations who implement such reward

systems. Studies have shown that employees find this type of system unfair as some team members do not share the same work ethic but still get rewarded equally.

## **2.7 Conclusion**

It is evident from the various studies, completed on the effects of rewards on employment performance, is that employees tend to be loyal to organisations once they feel appreciated and it is down to firms to help create an environment where the employee feels valued. What we can tell from the literature itself is that organisations are not aware of how important reward systems are, not only the motivation of employees but the retention and recruitment of employees. The organisational goals are met with the help of employees, this can only continue to happen when employees feel that their efforts are recognised and rewarded and thus feel valued for their efforts. From the literature also, it is apparent that the firm's organisational goals, no matter the size, should be inherently linked to any reward system the firm chooses to implement.

What is also prevalent from the literature on the topic is that financial rewards are not the sole motivator of employees. In the literature, it is evident that employees are more concerned about the balance between their work life and their personal life. Employers must seek a reward management solution that incorporate more than just financial rewards to not only motivate employees but also support them; this is facilitated by the adoption of a total reward scheme. With the construction industry finally rebounding from the bust in 2008, with more new dwellings being built every year since 2010, employees in the sector need to continuously enhance their performances in order to satisfy the ever-growing need for houses in Ireland. Organisations in the Irish construction industry must therefore implement a reward system that will motivate their employees, and which will thereby impact productivity positively.

### **3.0 Section Three: Methodology**

#### **3.1 Introduction**

Research can be defined as the “collecting and analysing of information in a systematic way in order to find something out”. (Saunders et al, 2012, p.5). Methodology refers to how the “theory of how research should be undertaken”. (Saunders et al, 2012, pg 4). This research study aim is to expand knowledge concerning how a reward management impacts employees’ performance in the Irish construction Industry and this segment of the research focuses on the methods that were used throughout the study itself and also aims to rationalize why those methods were selected.

In this section the researcher endeavours to elucidate the process of data collection, the sample group selected, and the research methods adopted. It will also aim to clarify how the data was treated after collection. There will be a segment in this section of the study that provides more information concerning the ethical considerations that were observed whilst collecting data during this research study. Finally, this element of the research will also consider the restrictions and limitations that occurred as a result of the study.

#### **3.2 Research Objective**

This study’s purpose is to identify the following:

3. What types of reward systems are currently available in the Irish construction industry?
4. What are the effects of these reward systems on the performance of employees in Ireland’s construction sector?

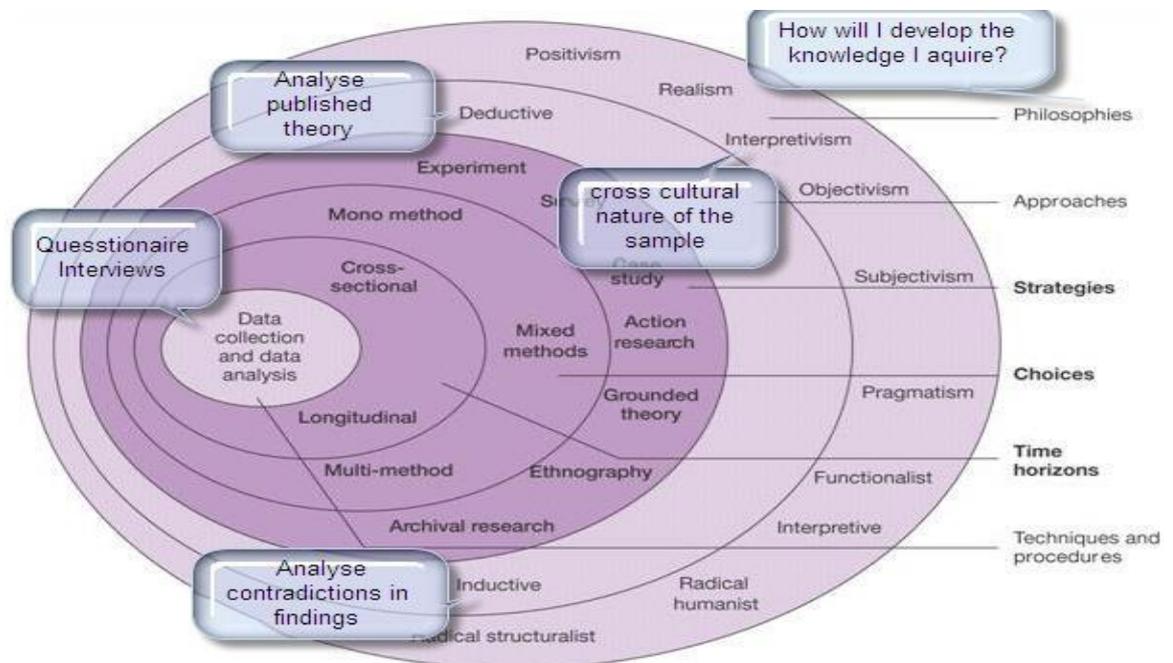
#### **3.3 Research Philosophies**

In the execution of any research study, the researcher’s methodological approach substantially influences the information that is collected. Saunders et al (2012, p 128) says that “in every stage in our research we make assumptions. Your assumptions about human knowledge and about the nature of the realities you encounter in your research inevitably shape how you understand your research questions, the methods you use and how you interpret your findings”. There are various elements that can affect the ideal method of choice in collecting information, but any approach pursued by a researcher must be suitable and adequate in relation to the aims of the research.

Using a suitable research approach ensures that the findings of the research to be more accurate and meaningful.

The research philosophy layer of the research ‘onion’ model provides the author with the option of choosing between three ways of thinking, epistemology, ontology and axiology. Each highlight the significant differences which will influence how one’s approach to the research process and which thereby determines the way in which the researcher conducts their research.

**Figure 3: Saunders et al. Research Onion**



Ontology is concerned with the nature of reality (Saunders et al 2012, p 130). Ontology examines the way in which researchers’ conceptions of how the world operates and the assumptions that are made based on their view. There are two aspects of ontology, objectivism and subjectivism. Objectivism represents the position that social entities exist in reality externally to and independent of social actors (Saunders et al 2012, p 130). Subjectivism on the contrary, asserts that social phenomena are created from perceptions and consequent actions of social actors (Saunders et al 2012, p 130).

Axiology is a “branch of research philosophy that studies judgements about value” (Saunders et al 2012, p137). When a researcher uses axiology, their own values play a key role in the research process throughout its entirety in order to produce credible

research results. Heron (1996) suggests in his discussion of axiology that one's values are the motivating reason for all their actions.

Epistemology refers to "what constitutes acceptable knowledge in a field of study" (Saunders et al 2012, p 132). Epistemology incorporates three principles of research philosophy, interpretivism, positivism and realism. The philosophy of positivism is when the researcher adopts a philosophical stance as a natural scientist (Saunders et al 2012, p134). Positivists believe that a single objective reality is stable and therefore it can be studied from an objective viewpoint (Levin 1988). Positivist researchers take a structured and controlled approach to their research process and remained isolated and detached from the participants that take part in their study. A positivist researcher will also tend to use a very structured methodology in order to enable replication (Gill and Johnson, 2010). The philosophy of realism is that there is a reality quite independent of the mind (Saunders et al 2012, p136). There are two forms of realism; direct and critical realism. Direct realism is what one sees through their own senses as real, whilst a critical realist believes that what one sees through their senses are only a sensation and they are not actually real. Interpretivism "advocates that it is necessary to understand differences between humans in their role as social actors" (Saunders et al 2012, p 137). Adopting an interpretivist approach is "highly appropriate in the case of business and management research, particularly in such fields as organizational behaviour, marketing and human resource management" (Saunders et al 2012, p 137). Researchers who subscribe to interpretivism tend to harbour a more empathetic stance and try to understand their research subjects from their own point of view, whereas positivist researchers tend to use more quantitative methods to scientifically measure their subjects. As the aim of this research is to investigate the employee's insights and opinions, taking an interpretivist approach would be the best method.

### **3.4 Research Approach**

Researchers can implement two types of research approaches that researchers can take when conducting a study, inductive and deductive approaches (Saunders et al, 2012). Ketokivi and Matere (2010, pg330) state that deduction is "a form of reasoning where a conclusion is logically derived from a set of premises. The conclusion, thus, is merely a restatement of the premises and, as such, does not contain any new knowledge. A conclusion based on deduction is true whenever all premises are true". Within this paradigm the researcher creates a theoretical framework and then sets about testing it

(Ali & Burley, 1998). This means that a researcher would have to use a highly structured methodology in order to replicate their findings (Gill and Johnson, 2010). Researchers that adopt this approach tend to use quantitative methods in order to successfully replicate their results.

Induction on the other hand is when a researcher starts by collecting data and information in order to explore a phenomenon and the researcher is able to build a theory from it (Saunders et al, 2012). Saunders et al (2012, pg 146) state that researcher that uses “an inductive approach is likely to be particularly concerned with the context in which such events were taking place, therefore the study of a small sample of subject might be better than a large number as with the deductive approach.”

As this research aims to identify the employees’ perceptions of rewards systems and employee performance, a quantitative or qualitative approach could have been applied. The author opted to implement an inductive approach due to the small sample size involved in this study.

### **3.5 Research Strategy**

A research strategy is the researcher plan of action on how they are going to approach answering their research question. Saunders et al. (2012, p.173) states that “your choice of strategy will be guided by your research questions and objectives, the coherence with which these link to your philosophy, research approach and purpose, and also to more pragmatic concerns including the extent of existing knowledge, the amount of time and other resources you have available and access to potential participants”. Saunders et al. (2012) also states that the main research strategies available to a researcher are: Experiment, Survey, Case Study, Archival Research, Ethnography, Action Research, Grounded Theory and Narrative Inquiry

The researcher chose to use a qualitative approach to the research strategy and specifically to use a case study. Yin (2003) defines the case study research method “an empirical inquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.” The researcher opted to conduct a case study on one organisation which was based on semi structured interviews with staff in said organisation. A case study has been conducted because it

allows the researcher not only to describe the data but also helps to explain the complexities the data which an experiment or survey may not allow.

### **3.6 Interview Design**

Saunders et al (2012, p.372) states that an interview is “a purposeful discussion between two or more people requiring the interviewer to establish rapport, to ask concise and unambiguous questions, to which the interviewee is willing to respond, and to listen to attentively”. A key issue when a researcher undertakes an interview is determining what type of interview that is most suitable in answering their research questions (Anderson, 2009). Saunders et al (2012) states that interviews can be separated into three types:

- Structured interviews in which the interviewer uses of a set of identical and pre-determined questions:
- Semi-structured interviews in which the researcher will have a list of themes and some important questions to be covered but can differ from interview to interview:
- Unstructured interviews which are informal, and the interviewer has no predetermined list of questions. This allows the researcher greater scope to explore their topic of interest in greater detail:

The researcher conducted semi- structured interviews in this research study. These consisted of a list of some important questions which relate to the overall theme of the research. Choosing a semi-structured interview allows the researcher to omit or input some questions in particular interviews enabling a better flow of conversation. This gives the interviewer greater flexibility when conducting the interview and garner a greater level of depth in exploring some cases. The question selected were developed from the literature review. A face to face interview was selected as it allows the researcher the opportunity to observe the interviewee and probe responses (Quinlan 2011). In order to promote credibility, a list of interviews themes was given to participants before the interview took place, so they had a better understanding of the topics that would be discussed.

#### **3.6.1 Interview**

All interviews that were conducted, were administered under the semi-structured guidelines. This allowed the researcher to probe participants answers and participants to engage with the questions more profoundly. This allowed the participants to truly

express their opinions on incentives and reward systems and their effects on work performance). All interviews took place in a time and location of the participants choosing. All interviewees elected to have the interview take place outside of working hours in a meeting room on the company's premises. The interviews were to last between 25 – 30 minutes. Interviewees were sent an email prior to the interview which outlined the purpose of the research study. The interviewees knew their views would remain anonymous, so they felt comfortable throughout. Interviews were recorded on an iPhone and transcribed. All audio and transcriptions were stored under anonymous names on iCloud. This allowed instant back up and access remotely if the iPhone was lost or stolen. iCloud has become immensely safer in recent years, not only is it password protected, but when accessing iCloud on a new device for the first time, the user will be asked to provide the password associated with the account and sent a six-digit code to a trusted device.

Before conducting the interviews, a pilot interview was carried out with two other employees. The intention of the pilot study intended to ensure that the questions prepared were relatable to both employees and the research study but to test the questions reliability and validity. The pilot interviewees were also conducted on work premises which offered an insight into how the participants would open up still being in the work place. The researcher found that they were very open during the interviews. The results of the pilot study showed that the questions the researcher devised were adequate with many questions not needing any re-wording, but it also allowed the researcher to get a feel for conducting an interview.

### **3.7 Sampling Technique**

For many research questions, due to a restriction of time, access and money, it is impossible for researchers to collect and analyse all the potential data available (Saunders et al, 2012). Sampling techniques allow researchers to take a sample of the population and treat it as your population for research purposes. Saunders et al. (2012) states that researchers can apply two types of sampling techniques:

- Probability or representative sampling is a method of sampling that uses some form of random selection.
- Non-probability or judgemental sampling is a technique where the samples gathered are selected from a population where there is an unequal chance of been selected.

The researcher has elected to use non-probability sampling, self-selecting sampling, in this research study as it is believed that this sampling technique would garner the greatest opportunity in collecting the data that is needed. According to Saunders et al (2012) self-selecting sampling is a form of volunteer sampling when a researcher advertises for volunteers to take part in the research study. The researcher in this study also sent out emails to all staff within the organisation in order to gather volunteers from the company. The benefit of using self-selecting sampling it can reduce the amount of time searching for participants and also those that do take part want to. When using a self-selecting sampling technique, a researcher must be careful as participants that make the decision to take part in the study may have some inherent bias. This can lead to the sample not being either representative of the sample population in the study or a finding of the study being exaggerated. (Sharma,2017)

### **3.7.1 Sample Size**

Emails were sent out to all 22 staff members of the organisation explaining the topic of reward management and employee performance. From this population a sample of 6 participants choose to take part in the interview process. Participants were aged between 29 – 59

### **3.8 Time Horizon**

In Sunders et al.'s (2011) research model, the researcher must determine a time horizon of the research study. There are two types of time horizons available to the researcher; cross – sectional or longitudinal studies. A cross-sectional study is a the “study of a particular phenomenon at a particular time” (Saunders et al, 2012 pg. 190) whereas a longitudinal study is research that has the “capacity to study change and development”. Longitudinal studies usually take place across an extended time period.

In this research, the author used a cross-sectional time horizon. Saunders et all (2012) states that cross sectional time horizons are beneficial to use with case studies when interviews are conducted over a short period of time and this was convenient to the researcher due to time constraints.

### **3.9 Ethical Considerations**

Saunders et al (201, pg 226) propose, that in the context of research studies, ethics refers to the standards of behaviours that guide a researcher's conduct in regard to the rights of those individuals who take part or who are affected by the research study. Ethical standards should be “evident in the way in which the research project was

conceptualized, designed and developed, and in the researcher's engagement with the population of the research and the way in which the fieldwork for the research is managed" (Quinlan 2011, pg72).

Saunders et al (2012) suggest several key principles that researchers must consider during their research study. These principles include the following:

- The integrity and objectivity of the researcher:
- Having respect for other:
- Nonmaleficence:
- Respecting the privacy of participants:
- The voluntary nature of participation and the contributors' rights to withdraw:
- Informed consent of participants:
- Ensuring data is kept confidential and the anonymity of those taken part is preserved:
- Researchers reasonability in the analysis of the data collected and reporting of the findings:

As the researcher has elected to adopt qualitative research methods (interviews), a certain level of care was believed to be required in order to guarantee that the behaviours of the researcher in all elements of the study was ethically correct. From the beginning, ethical consent was required from the partaking company, which was granted by both directors insofar that the company remain anonymous. As the researcher was conducting interviews, an email was sent to all members of staff outlining the purpose of the research including all the relevant details. A constant form was then sent to all willing participants. Participants were required to read agree to the consent form before the interviews. Each consent form guaranteed the participants anonymity as well as the option to withdraw their participation.

### **3.10 Limitations**

As the construction industry constitutes a significantly sector in Ireland, the sample size selected is not indicative of the sector itself. This research relied on with employees within one firm, so results may not be applicable to other organisations within the construction industry. The researcher approached a few organisations, but many were too busy or preferred not to partake. Additionally, it proved to be challenging to encourage employees in the firm to participate, with only six employees

out of 22 invited, agreeing to take part in the research. Those that did only included one manager who would potentially have a different viewpoint on rewards, so it would have been beneficial to have more managers participate. The lack of female respondents to take part in the research study also may contribute to a skewed perspective. Time constraints for completion of the research study was also a limitation as the research was completed as part of a part-time masters in which the researcher was working also. When conducting the literature review the researcher concentrated on the various reward management systems that effected performance in the construction industry but may have neglected the review of motivation theories. The researcher also concentrated on reward systems which they have experienced in the construction industry while other systems might be prevalent in other organisations.

## **4.0 Section Four: Analysis, Discussion and Results**

### **4.1 Introduction**

The purpose of this research was to investigate some of the various reward systems that are currently used in the Irish construction industry and their impact on employee performance. Conducting a case study as the methodology has allowed the researcher to explore what reward systems are currently in use within a leading mechanical installation organisation within the Irish construction industry and to identify if reward management has an effect on employees within the industry

### **4.2 Summary of Participants**

Six semi-structured interviews were conducted with both lower level employees and mid-level managers from different divisions within the organisation which is a leading player in the mechanical installation sector of the Irish construction industry. The interviews required an average of 25 minutes. The participants they were aged between the ages of 30 and 60 and were all male. The majority of the interviewees have all worked in the construction industry previously with only two had a non-construction background and are all based in the Dublin/North Wicklow area. Interviewees' are referred to below as INT1, INT2, INT3, INT4, INT5 and INT6.

### **4.3 Results**

The findings from the data collected will be divided into the themes that can be found throughout both the literature review and the interview questions.

#### **4.3.1 Rewards and Reward Management**

In this portion of the study, the researcher asked questions to ascertain the participants knowledge of rewards themselves but also the effect of rewards on employee performance. The opening question asked the interviewees which incentives implemented to enhance employees work performance. All participants acknowledged a use of both intrinsic and extrinsic rewards by organisations in order to enhance their performances. INT2 mentioned various non – monetary rewards such as flexibility in working hours & working location as incentives that can increase an employees' performance. They expressed that these incentives have a significant effect on an employee's relationship with a company, motivation & ultimately performance. INT1 and INT4 highlighted the use of training as an incentive. INT4 provided an unique example that other participants didn't of the yearly Christmas party as an intrinsic type

of reward when they stated “There is the situation in most work places where the employer will organise a summer and/or Christmas night out which shows the employee they are appreciated and allows both the employers and employees to engage outside of a work environment which can be very healthy.” INT5 stated that the incentive of promotion was an incentive from a personal point of view that motivated them. Herpen, Praag and Cools, (2005) study echoed this statement as they found promotion had a positive effect on employee performance. IN3 posited that allowing employees participate in the decision making process also motivated them. All interviewees were able to list off various financial rewards such as bonuses, pension benefits, company shares, and salary increases.

All interviewees agreed that increased rewards correlate with a boost in performance. INT2 believed that rewards are only effective when the reward itself is presented against an achievable goal or target. INT1 expressed that although he agreed that an increase in rewards reflects an increase in performance, that was just their own personal view. He stated that every person is different. They believed as a manager of a small team any reward they give they are currently finding it hard to motivate their team to perform above expectations. They have attributed this to either the recession which hit the construction industry the hardest or the lack of skilled workers in the industry itself. INT6 believed that once an employee has his needs fulfilled then his performance increases, whatever their needs may be. Maslow’s hierarchy of needs theory is prevalent in this statement. INT4 also states that it is down to the individual with INT4 believing that if the “employee has the respect of the employer they are far more likely to go above and beyond if or when the need arises.”

The final question asked the interviewees if about the current reward system in organisation and is there any ways in which you feel that it could be enhanced. From this question it was contended that the organisation adopts a total reward management approach to how they motivate their staff. All participants asserted that the current reward system in place was satisfactory but needed to be enhanced to some extent. Employees all receive a financial reward at the end of the year with management offering recognition and also training for staff. The majority of the interviews agreed that although their financial bonus was performance based, they received little or no performance review. INT1, INT6 and INT4 all suggested that a performance review is needed more regularly but also all the objectives needed to be clearer in order to

motivate them to increase the performance levels with INT1 stating that “There is a good mix presently of both intrinsic and extrinsic rewards. The only thing I would recommend would be more clarity in the way the end of year bonus is handed out.”

The evidence in the primary data suggests that the employees that were interviewed believed that in order to for a rewards system to be successful then the objectives as well as the rewards need to be clear. This can lead to a reclarification of the concepts and amendments can be made if required. Holmstrom (1982) highlighted that if a manager or supervisor doesn’t monitor the effort that the employees put into their job then the employees may not be rewarded fittingly and therefore can become demotivated if they don’t receive what they believe they earned. Mujtaba and Shuaib (2010) echo this sentiment as they state that regardless of the reward system in place that providing feedback is essential as it allows employees to adjust their work methods in order to meet their goals and objectives.

#### **4.3.2 Total Reward Management Systems**

For this area of the research, I aimed to gauge the interviewees perceptions on both intrinsic and extrinsic rewards and how they perceived they affected job performance. When asked if financial rewards a more effective way of increasing employee performances most employees said that although financial rewards were important, other incentives were equally so. Many stated that nowadays a good work life balance was more of a motivating factor in increasing employee performance. INT2 expressed that it is down to the individual, that some people are motivated by financial incentives but others by intrinsic factors. INT3 reiterated this point by asserting, that what motivates employees is purely individualistic, and that management must identify what stimulates their employees in order to enhance the employee’s performance.

In the investigation of the interviewees perception on intrinsic rewards, the participants were asked whether recognition from their employers would impact their performance. All of the participants agreed that it did impact their performance positively although INT6 stated that “some sort of financial incentive is also needed” along with any sort of recognition. INT3 expressed this as well, as they argued that employees who solely receive recognition without financial incentive may become demotivated. INT5 and INT6 both agreed that recognition of their work from managers compels to exert effort

and maintain their high standards. INT5 also expressed that if an employee receives no recognition for the effort that they put in “then it can lead to a decrease in productivity as there is no great incentive to keep performance levels high.” Shine et al (2015) expressed that recognition was an important factor in motivating an employee which is also a fundamental element of the Worldatwork total reward management model. This theme was self-evident in the primary research as all the participants found that recognition increases their performance in the work place. Pfeffer (1998) also asserted that appreciation shown to employees for a job well done is a certain way to enhance motivation and performance.

The interviewees were in agreement that not only were financial incentives important for improving employee’s performance but so were non-financial incentives. This correlates with Mokaya et al (2013) study which also contended that non-financial incentives such as working conditions had a positive impact on employee job satisfaction but so did financial rewards. Khan et al (2011) asserted that there is a direct relationship between job satisfaction and employee performance. Apraku and Nani (2016) study also echoed the findings from the primary research as they found that remuneration programmes as well as non-financial rewards have a positive effect on employee’s morale. Kantor and Kao (2004) state that there is a need for more flexibility in how companies reward their employees due to a more heterogeneous population, this is also apparent from the primary data as many of the participants stated that a better work life balance was a motivating factor in their job performance.

The primary research also highlighted the fact that interviewees that were in management positions found that if they involve their employees in the decision making process also that it improves the employees performance. This statement is also supported in the literature review in the study by Shine et al (2015), which suggested that by an employee participates in the decision-making process, the employee becomes passionate towards working in the organization.

### **4.3.3 Team Based Reward Systems**

This area of the research examines interviewees’ experiences if any that the interviewees had with team based reward systems and their perception on how they can influence an employee’s performance in the workplace. This was the most contentious reward system amongst the research participants was the team based rewards. The majority of the participants had little or no experience with team based

rewards although all interviewees knew what they were. INT2 and INT3 were the only participants who directly experienced team based rewards and both had varying experiences with them. INT2 believed that team based rewards only work when mixed with personal performance bonuses. They asserted that by doing this it can reinforce a team mentality towards hitting a group goal and can also enable the stand out performers to then be individually rewarded accordingly. They stated, “With a single team target, individual members can become demotivated if other members of the team are not contributing equally while with a single individual target employees’ may become less motivated to maintain a high level of performance to the detriment of the company once they achieve their own individual targets.” Johnson (2009) also argued this point that management should establish individual incentives for employees within their team based system. Armstrong (2012) echoed this by stating that some employees prefer to be rewarded for their efforts individually and they can become demoralized when they are part of team based reward systems although. Although, Irlenbusch and Ruchala (2008) contended and attempt by an organisation implementing a mixture of both individual and team based rewards should be carefully considered.

When asked if the interviewees thought that team based rewards fostered team work, the majority found that it did. INT4, INT5 and INT6 all believed that having a common interest amongst the employees will therefore lead to teamwork amongst employees. INT1 and INT3 believed that teamwork will only be developed with the right team dynamic. INT2 contended that teamwork is only promoted when the goal is achievable, and employees are only rewarded for the percentage of work that they done. The idea that they promote teamwork and knowledge sharing is something that is also evident in the literature found around the topic. Bamberger and Levi (2009) also demonstrated that that team based reward systems led to better cooperation between team members and better sharing of knowledge. Haines & Taggar (2006) further supported this argument up when they also contended that team-based rewards can foster collaboration and teamwork. DeMatteo et al (1998) echoes both the studies of Levi and Haines and Taggar as their study also found that an advantage of implementing a team based system is the opportunity to motivate an individual to work together in a team and consequently will improve team performances as a whole.

In relation to if team based rewards systems promoting knowledge sharing amongst employees, many of the participants agreed that it did. INT3, INT4, INT5 and INT6 all agreed that the common interest of a bonus will coerce the employees to share their knowledge with other team members. INT1 and INT2 had a different viewpoint. They both believed that their skills or intellectual property is what allows them to do their job well and differentiates them from their colleagues and would only be shared if it guaranteed hitting the team based targets. INT2 stated that “team based rewards system does breaks down some of the competitive barriers that exist between individual staff members and acts to unite members to work together to achieve a common goal.” According to Thompson (2005), one of the main advantages in an organisation employing a team based reward systems is that it encourages knowledge sharing. Bamberger and Levi (2009) also contended that that team based reward systems led to better sharing of knowledge amongst team member.

The interviewees were questioned on whether they perceived team based reward systems to be reasonable. INT3 believed that they are only fair when they are managed correctly this was echoed by INT1 and INT6. INT1, INT2, INT4, INT5 and INT6 thought that in every team that there are “freeloaders” and those that do not hold the same work ethics as others. They believed that team based reward systems become unfair when all team members are rewarded equally no matter their level of input. They all believed that every team would have freeloaders who do not have the same work ethics as others in the team. Milne (2007) argued this point that employees may become demotivated when all team members are remunerated equally for disproportionate contributions. Rack et al. (2011) also expressed that there was a less positive view from employees when team based rewards use an equity strategy.

The manager that participated in the qualitative research also stated that in their experience, when managing teams that have team based rewards system implement that there is a lot more management needed to supervise work. Perkins & White (2011) also contended that there is a high level of supervision needed as members of the team may not pull his or her weight but then are still be entitled for the rewards when a team based reward system is in place.

#### **4.3.4 Performance Related Pay Systems**

Interviewees were asked their understanding of performance related pay systems. All the participants had a good knowledge of the area. INT2 had the best understanding of

the system as they described it as “Performance related pay systems are payment models whereby the level of an employee’s compensation from a company is directly impacted by pre-determined performance metrics.”. INT5 stated that the goals set by management are “usually aligned with the organizational goals”. Brown (2001) also highlights this as he believed that an organisation must align their reward practise with their employees’ values and needs.

When asked if a performance related pay system improve the performance of employees, the majority agreed that it did. INT1 and INT2 both agreed that if the objectives and goals are clearly outlined from the start for the employee and are not too vague or ambiguous and are attainable that performance related pay systems can improve employees’ performances. INT4 and INT6 echoed this sentiment as they believed that a realistic target must be set out. INT6 agreed that it can lead to enhanced performances, but they believed that with this type of system some people can become stressed trying to reach their targets. They believed that this can lead to employees becoming demotivated and a downturn in performance. INT5 expressed that performance related pay systems can lead to an increase in performance but if they are being far more productive than their colleagues but if they are receiving an equal or inferior reward for the work that they are doing it is very disheartening and therefore leads to a lack of motivation and discontent in their own work environment. INT4 also stated that if the targets are not being met by all it can lead to a toxic work environment especially if the employee has worked hard and just missed out. Kohn (1993) also argued the same that Performance Related Pay systems can fracture working relationships through competition and weakens teamwork amongst employees. INT4 asserted that a reward must be substantial in order to increase performance. This view is in agreement with Gneezy and Rustichini (2000), who purposed that performance will only increase if the reward received is considerable.

INT3 expressed that in his experience in managing teams that with this type of system in place a lot more management is needed to supervise work. They asserted that employees are more likely to cut corners in order to reach targets and employees can lose focus on organisational goals. This is also the case in the literature review where Perkins and White (2011) state that the major difficulties when organisations are implementing a performance related pay systems system are; the setting of appropriate performance measures, evaluation of performances and the linking of performance

appraisals outcomes to pay. Singh and Mishra (2013) also added weight to this opinion as they believe that as performance related pay systems links compensation of employees to their performance that regular performance reviews play a crucial role.

INT3 also stated that as a manager, performance related pay systems are also a way of management finding the high performers in the company. Lawler (2000) also argued this point when he stated that there is potential to create a highly motivated workforce and allows organisations to remove poor performers and retain their higher performing employees. This point was further emphasised by Armstrong (2012) that performance related pay systems can inspire employees to attain higher levels of performance. The interviewees that were managers also stated that this type of reward system needs to be controlled as employees can cut corners to achieve objectives, but they also lose focus in attaining organisational goals. Pierce (1987) also argued that with Performance Related Pay systems, employees tend to ignore the organisational goals in favour of personal benefit.

The reward system in place in the organisation presently, although taking a reasonably modern approach in providing a mixture of intrinsic and extrinsic rewards essentially a total rewards approach, is found to be slightly mismanaged. The employees have shown through their interviews that they are generally happy with the total reward system that management have tried to implement but that it just needs to be refined better and more clarity is needed. Employees have stated that little or no performance reviews take place and that they find that objectives and targets are too ambiguous, which can lead to a downturn in productivity.

## **5.0 Section 5: Conclusions and Recommendations**

This research's aim was to explore the impact of reward management on employee performance in the Irish construction industry and the reward systems in place within the sector. The research study has shown that a significant correlation between rewards and performance exists, which corresponds with previous studies which have also indicated a meaningful relationship. This enables the researcher to conclude that if employees feel that they are valued by their organisation, they perform to a higher standard. As with many modern organisations, there is elements of both intrinsic and extrinsic rewards systems in place in the Irish construction industry.

Employees in the Irish construction industry found that although they agreed that performance related pay systems increased performances it also had its downfalls. They found that when this reward system is implemented it can lead to demotivation if targets are unclear or unachievable. This is evident in the literature also. Management also found negatives with employing a performance related pay system. The primary data indicated that managers find that there is more supervision involved with performance related pay systems.

Both the literature and primary research suggests that team based rewards systems although not prevalent amongst the organisation in question, promote teamwork and foster a culture of knowledge sharing yet the employees felt that they were still unfair. The distribution methods of the rewards in a team based setting were divisive amongst the literature and data. It is suggested that employees feel that rewarding a team the same is unfair. It is the researcher's contention that team based rewards are beneficial to an organisation in completing goals but sometimes not beneficial to the individual employee. Team work is predominant within the construction industry with many employees having to collaborate to finish a project by a deadline. Therefore, organisations within the industry must try and find a solution to harness the collective benefits from employing a team based rewards system whilst also making their employees feel valued.

From the literature and the primary data, it is apparent that employees in the modern workplace appreciate a reward system that incorporates both intrinsic and extrinsic rewards. Total Rewards system seems to be the most popular reward system among the participants in the primary data which is also evident in the literature. The organisation that participated in the study has tried to implement this system, but the

participants believed that the approach still needed some refining. Employees were content with the rewards they received but asserted that they needed clearer goals and appraisals from management.

It is evident from the primary research that the management of rewards is critical in the success of a rewards system from the point of view of both the managers and employees. If the rewards system is mishandled it can lead to major problems for the organisation as employees may become disillusioned and demotivated. It is apparent that goals and objectives set by the organisation must be achievable and clear. The monitoring of the rewards systems and performance appraisals are also essential in order for the rewards system to have its desired effect. From this, the researcher believes that more training for managers in terms of implementing and monitoring rewards is required in order for organisations to benefit fully from reward systems.

### **Recommendations for Future Study**

Further studies on this topic should consider using a mixed methods approach incorporating both a qualitative and quantitative research method. By mixing both quantitative and qualitative research and data, it allows the researcher to elaborate further on findings from either method whilst allowing the researcher to offset any weaknesses they find using either method also.

As the construction industry is currently experiencing a revival in Ireland with the ever growing need to build houses, a study on the effects of rewards on employee attraction and retention in this sector would be of interest, such is the demand for skilled workers.

As shown within the primary data, communication between management and employees is essential when organisations are implementing a rewards system. Therefore, more research should be considered in exploring the relationship between communication and job performance.

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## **Section 7: Appendix A: Interview Email**

Date:

To:

From: Neil Stuart

Subject: Participation in research

Dear staff member,

I am currently completing an MSC in Management in the National College of Ireland. As part of my degree I must complete a dissertation and I am focussing on the area of employee performance in the Irish Construction industry particularly the effects that reward management has on it. I am predominantly interested in your observations and perception of rewards and how they affect job performance

If you are interested in participating in this research project, I would very much like to interview you. The interviews will last roughly 25 – 30 minutes and will take place at a location of your choosing and of course your participation in this interview would be entirely voluntary.

The interviews will all be recorded so that they can be wrote down precisely. All interviews are totally anonymous and that your name will be withheld from the thesis itself.

Please let me know if you are interested in taking part and I will contact you to arrange a suitable time and location.

Kind regards,

Neil

## Appendix B: Consent Form

### CONSENT FORM

By signing below, please confirm that you have been made aware of the following:

- You have consented to participate in Neil Stuart's research study
- Your involvement in the research study is completely voluntary
- The participants know that they can withdraw consent or their participation from the research study at any stage
- The purpose of the research has been explained to you in writing
- Your contribution to this study will remain anonymous
- Excerpts from the interview may be used within the dissertation
- The author will be the only person to know your identity and therefore this signed consent form will not be seen by any other person

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Neil Stuart

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Participant

## **Appendix C: Interview Transcripts**

### **INT1**

**1. From your experience what incentives are used to increase employees work performance?**

From my experience there have been financial regards such as salary increase, yearly bonus and shares in the company. There have been non – financial incentives such as training courses for people on the sites, also various staff members have been sent to do college course. Management have given praise to staff. Also, a coffee dock and canteen for employees use is also a form of reward.

**2. Does an increase in rewards reflect in an increase in performance?**

If my employer has established a clear benefit for exceeded expectations consistently, then of course my performance increases. But that's just me personally. Each person is different at the end of the day. I'd like to think that everyone has some level of motivation in the workplace, but I have encountered many particularly in the construction industry that have not. Maybe that has to do with the recession in recent times or the actual shortage of construction workers. As a manager of a small team I'm finding that no matter what kind of reward I give, some people are not performing above expectation.

**3. Are financial rewards a more effective way of increasing employee performances?**

Overall, in my opinion it is a significant factor but not the only contributing factor in increase performance. Employees I feel, as a manager, need to have a good work life balance, feel valued, enjoy their work and believe in the common goal of the company.

**4. Does recognition from management have an impact on employee performances?**

Yes, employees are far more likely to increase their performance if they feel it will be recognised accordingly. This can range from a simple 'well done' by management, a complimentary email, been given increased responsibility and ownership. Long term the goal may be to earn a promotion once a solid working relationship with senior management is established.

**5. What is your understanding of performance related pay systems?**

Typically, performance related reward systems involve employees being given a certain goal or task to complete, and once the task or goal is completed they get rewarded for it. This can come in the form of a financial or non financial reward. Typically, managers set a goal or objective that is achievable to the employee but requires the employees full effort to achieve.

**6. Does a performance related pay system improve the performance of employees?**

If the objectives and goals are clearly outlined from the start for the employee and are not too vague or ambiguous and are attainable, then yes so I believe a performance related rewards system can improve the performance of employees. If goals are vague or unattainable then this could lead the employee to become demotivated and stressed leading to poor performance. If implementing a performance related pay system then managers must be very careful in the rewards on offer but also the objectives they set.

**7. What is your experience of team-based rewards systems?**

I have no experience of team-based rewards systems but have obviously heard about them.

**7a. What is your understanding of them?**

Team based rewards are when a group or team are rewarded collectively for completing a certain goal. Usually the rewards are spread out evenly throughout the team

**8. Does a team-based rewards system encourage knowledge sharing amongst staff?**

It would expect this to happen as all team members are working towards a common goal but sometimes that not always the case. Some people are only in job for the set of skills they have. If they start sharing their skill set with others they might lose their value if you know what I mean. But again yes if the reward is something that all members of the team feel would be beneficial to them, then you would feel that they would share knowledge to complete the task

**9. Does a team-based rewards system promote teamwork?**

Depending on the team dynamic, team based rewards should help collaboration and teamwork across the company. A good team is difficult to foster. Some employees work well together, others don't. It's really down to management to select the right team members involved.

**10. Are team-based rewards fair to all employees?**

It depends on the level of effort and work rate from all team members. There must be a fair share of tasks, responsibilities and rewards. A lot of times there is always some dead weight in a team and the others have to make up for them. If all are rewarded the same for an unequal amount of work, then that's when team based rewards become unfair. Team based rewards are something I feel that need constant monitoring from management.

**11. What is your opinion of the current reward system in your current organisation and are there any ways in which you feel that it could be enhanced?**

There is a good mix presently of both intrinsic and extrinsic rewards. The only thing I would recommend would be more clarity in the way the end of year bonus is handed out. An employee could have a terrible quarter then and this is the lasting

impression left on management and that can reflect in the bonus received. I would like to see a continues appraisal implemented so I know here I stand.

## INT2

### **1. From your experience what incentives are used to increase employees work performance?**

Flexibility in working hours & working location & also overall work-life balance are non-monetary incentives that can increase an employees' performance. These aspects have a significant effect on an employee's relationship with a company, motivation & ultimately performance.

Financial rewards systems also can have an impact on performance, but only in cases where the performance target is realistic & when an employee feels they have control/can directly impact achieving that target.

### **2. Does an increase in rewards reflect in an increase in performance?**

Yes, an increase in rewards does act like a carrot when incentivising staff to perform/increase commitment/work hours. It is important that the rewards are achievable whilst still being a stretch goal etc. If a reward is presented against an unachievable target, this can then actually have an inverse effect on performance in that the employee can become disillusioned & frustrated with company, ultimately leading to a reduced performance.

### **3. Are financial rewards a more effective way of increasing employee performances?**

Not necessarily, I think it depends on the individual. While I would think most employees would be motivated by monetary rewards, for others non-monetary rewards may be of greater value for example additional holiday time, reduced hours, improved work life balance etc.

### **4. Does recognition from management have an impact on employee performances?**

Absolutely. Recognition reinforces value, which itself can have a significant effect on an employee's performance. Employees need to feel like their work is making a difference to the overall company, and without recognition this is not possible. Recognition can come in many forms, not only through reward based systems but in some cases a simple "pat on the back" or positive feedback from a manager can significantly boost an employees' morale, performance & desire to do good by their manager & company.

**5. What is your understanding of performance related reward systems?**

Performance related pay systems are payment models whereby the level of an employee's compensation from a company is directly impacted by pre-determined performance metrics. Performance related pay systems can take many forms including monetary such as a bonus structure, commission, share incentive program and non-monetary which for example can include increased time off, trips abroad, flexi time etc.

**6. Does a performance related reward system improve the performance of employees?**

If the metrics that the employees' performance targets are measured against are realistic, then performance related pay systems can have a beneficial effect on the performance of employees.

**7. What is your experience of team-based rewards systems?**

In my previous organisation in there was an overall group target/reward, in addition to multiple individual targets/rewards. This reinforces a team mentality towards hitting a group goal and enables the performers to then be individually rewarded accordingly also.

In my view a rewards system, for the benefit of both the individual & the company, should not be exclusively team based or individual based, it must be a mix. With a single team target, individual members can become demotivated if other members of the team are not contributing equally while with a single individual target employees' may become less motivated to maintain a high level of performance to the detriment of the company once they achieve their own individual targets.

**8. Does a team-based rewards system encourage knowledge sharing amongst staff?**

I think it depends on the knowledge being shared. For instance, personally speaking the knowledge I have is my intellectual property which is used to differentiate my performance from my peers and so would not readily be shared with my colleagues. In the case of giving up intellectual property, this would only be done if I knew it would directly contribute to the team reaching the reward target.

But yes, a team based rewards system does break down some of the competitive barriers that exist between individual staff members and acts to unite members to work together to achieve a common goal. The intellectual property, discussed above would never be shared with colleagues only for the benefit of hitting team target.

**9. Does a team-based rewards system promote teamwork?**

It can. The most important thing with a team based reward system is that all the team feel like it is 1) a fair overall goal meaning that it is achievable but yet a stretch and 2) that all members are rewarded their fair “piece of the pie” or % of the team based goal. Freeloaders etc should not be rewarded as part of the scheme even if the team achieved the goal. Therefore, it is important that whilst there is a team goal, that there be a secondary goal behind this to ensure individuals are appropriately awarded their allocation of this

**10. Are team-based rewards fair to all employees?**

No as I mentioned before it is important to have 2 levels of reward. One can be a team based goal but it is key to ensure team members who are the main drivers of this goal are rewarded. Freeloaders etc should not be getting equal or equivalent rewards for others work or performance and this needs to be discouraged and made clear also so as to not demotivate the top performers. Rewards should correlate to the effort team members put in.

**11. What is your opinion of the current reward system in your current organisation and is there any ways in which you feel that it could be enhanced?**

I feel that the current rewards system is sufficient. I receive a yearly bonus based on my performance. If my performance improves so does my bonus. I have attended various training and development courses which my employers have paid for. I think that the reward system could be enhanced by the introduction of a better financial bonus system. In my opinion getting a bonus just once a year can be demotivating as I feel that I have accomplished various objectives and goals throughout the year that are worth a lot to the company that I am not rewarded for. I think that a system where employees are appraised routinely would be more beneficial to both the employees and management.

### INT3

**1. From your experience what incentives are used to increase employees work performance?**

Basically, the best incentive I have always found as a manager for employees is money. But only works if you have the right staff. By this I mean, staff that are prepared to work for the company, and not just for themselves. They have to have the company's interest at heart. If they don't then extra money is a waste. Employees I have found need to feel involved and respected, so appreciation and recognition also go a long way.

**2. Does an increase in rewards reflect in an increase in performance?**

This would depend on a few matters. For example, extra reward i.e. extra wages from my experience can sometimes lead to shortcuts and a drop in standards. So yes extra reward / Bonus is good but standards have to be kept, which involves extra supervision and cost.

**3. Are financial rewards a more effective way of increasing employee performances?**

Yes, I would think so but there are other ways of giving incentives. Training, recognition, more responsibility, more involvement in decisions within the company are all different non financial incentives that can also motivate employees. It really comes down to both the employee and employer. Employees are motivated by various different things and it's down to management to find out what motivates their employees.

**4. Does recognition from management have an impact on employee performances?**

Without a doubt, providing you have a good employee who will appreciate. This is a 2-way street. A good employee should be always be encouraged, as he/ she will return your loyalty. It's also important to remember that a lot of employees have no ambition to be an employer. These loyal employees have to be embraced and respected. But sometimes like all rewards, they can only go so far. An employee who is constantly recognised by management without any financial incentive may get tired of it and lose motivation.

**5. What is your understanding of performance related pay systems?**

From my experience, they are used frequently in our industry. I feel that you can get the extra 10 per cent effort from employees. Employees are set a task or goal and are rewarded when that's completed or reached. This system will work but needs good

project management. From my experience performance pay systems is the way forward, once they are controlled. Everyone is a winner as employees get rewarded but also the company's objectives get completed. Sometimes employees lose focus on the organisational goals too but again this is down to management to control

**6. Does a performance related pay system improve the performance of employees?**

Only if it is properly controlled, which means that all work has to be closely monitored, and strict guidelines are put in place and agreed. If not, then it can create problems further down the line, particularly in the construction industry. If for example rewards are given for completing a site in a specific time frame, corners might be cut. Employees must have clear guidelines and rules in this situation. But it also falls on management to give achievable objectives too. It is a good system for management to use in my opinion as it shows what employees are top performers and those that are not.

**7. What is your experience of team-based rewards systems?**

In my experience, team based rewards will work and I have been involved in them, both as an employer and employee. The main objective is to increase output, so again it is important that the system is controlled. The biggest problem is that some members of staff will take short cuts. Therefore, project management, and continual checks on quality of finish is a must.

**8. Does a team-based rewards system encourage knowledge sharing amongst staff?**

Yes, I would think so. Again, from my experience, if there is a bonus scheme in place, the stronger members of the team will drive on the weaker members, normally by introducing a system that creates more productivity. In relation to sharing knowledge, this will happen because the stronger members of the team will be anxious to get more work out of the weaker members and it is natural that they will show them a more efficient way to carry out their task.

**9. Does a team-based rewards system promote teamwork?**

I would think so, only if you have the right mix in the team. You need a good team leader who knows his job and is prepared to deal on site with any issues and make decisions and who is respected by his co-workers. Again, from my experience if you have one member who behind the scenes is disruptive, and upsets the work plan, then it will not work. So, in short it is important that you have the right mix in the team.

**10. Are team-based rewards fair to all employees?**

One project I was involved in, management did their figures and based on that, we were given a time scale e.g. 12 months to finish a project. If we finished in 9 months then every member of the team got 3 months bonus. This created a great team effort. No clock watching but everyone got stuck in and helped each other as everyone knew the end result was extra money. Another project that was similar, only some of the employees involved drove the project home, others cut corners as they knew the others would pick up the slack. So in my opinion they are fair if managed right. By that I mean that management select the right team and rewards.

**11. What is your opinion of the current reward system in your current organisation and is there any ways in which you feel that it could be enhanced?**

My opinion is as follows, if the organisation were to introduce the team base system we discussed in the last few questions, and put the right people in charge of a particular job with good project management, this system would work very well on most contracts.

## INT4

### 1. From your experience what incentives are used to increase employees work performance?

There is the obvious monetary incentive which can be used by employers in a couple of ways. For example, there is the one-off bonus that employers' hand out at Christmas time for the work that has been done by the employee throughout the year. This is a yearlong incentive which can motivate the employee over the whole year as it is contingent on a whole year's worth of work not just a couple of months. This can be a very positive incentive especially if the bonus is substantial. However, if this is the only reward throughout the year then it is important it is satisfactory to the employee as the following year they may not be as motivated. There are also recognition incentives which can be as simple as a boss thanking you for the work you are doing. Even though you are being paid for this work, an employee will only continue to want to perform at a high level if they feel appreciated. Then there is the situation in most work places where the employer will organise a summer or Christmas night out which shows the employee they are appreciated and allows both the employers and employees to engage outside of a work environment which can be very healthy. It doesn't even have to be a staff night organised. I was in a situation where the boss just got food delivered to the office one Friday for no other reason other than to do it. A small gesture which again shows appreciation and respect. These are only a few examples of incentives used by employers' other ones can include profit sharing, flexible time off, company vehicle and paid training development i.e. paying for employees to do courses to better themselves.

### 2. Does an increase in rewards reflect in an increase in performance?

Yes, I believe an increase in rewards can reflect an increase in performance, but I believe it is important to make sure that there is the right balance between an employer and an employee. A reward can be a great tool to motivate employees but I feel it is also important to understand that it is not just all about rewards and incentives either. An employee can equally want to perform a high level for their employer if they feel they are respected. This can be as simple as an employer checking in every few weeks to see how their employee is getting on generally and not just work-related scenarios. If the employee has the respect of the employer they are far more likely to go above and beyond if or when the need arises.

### 3. Are financial rewards a more effective way of increasing employee performances?

As I said in before yes, they can be, however I have been in a situation where you reach a certain target and when reached I received a monetary bonus. This can be a great incentive to employee as the better they perform the more they get paid, but this can lead to issues if the employers move the goal posts. If it changes because the

employee is hitting their targets consistently and are making too many 'bonus' sales, then this can lead to resentment within the employee

**4. Does recognition from management have an impact on employee performances?**

Of course, it does, it doesn't have to a constant recognition but a verbal recognition can sometimes be more rewarding than a monetary award if the employee feels it is genuine. If it can be done in a way where the employee can get recognition from the employer and have some extra money in the pocket even better! An example would be my boss phoned me before holidays to ask where I was going and to enjoy the break and said it was much deserved. I felt going away I deserved my holiday.

**5. What is your understanding of performance related reward systems?**

My understanding of this is that an employee's reward is based on the employee completing a certain or number of objectives that the employer has set for them.

**6. Does a performance related reward system improve the performance of employees?**

This is one where it really depends on the type of individual as well as the enforcer of the set goals. There can be advantages and disadvantages to both. The advantage for the employee is that they know in advance what is expected of them which can be a positive as you can hit the ground running. The negative side is that the employer may set too high a goal leaving the employee disheartened and frustrated so there needs to be a realistic target set out but this can also come down to man management.

I suppose the other thing to understand is it can lead to a very happy working environment when goals are being reached by people but if the targets are not being met by all it can lead to a toxic work environment especially if the employee has worked hard and just missed out. Demotivation could arise very easily.

**7. What is your experience of team-based rewards systems?**

I have very little experience with regards team based rewards system in a work environment although I know of other organisations that use them.

**7a: Could you tell me what you know about them?**

They are a way in which management use incentives to reward a group or team of people for their combined efforts in completing a set goal or objective.

**8. Does a team-based rewards system encourage knowledge sharing amongst staff?**

Yes, I believe it can because if you are part of a team where you have a common goal in the case of achieving a said goal to receive a reward then the best way to do this is

share all knowledge within the team to reach your common goal. A problem shared is a problem solved so you are only creating more work for yourself if you don't share the information accordingly.

**9. Does a team-based rewards system promote teamwork?**

You would like to think as it in their common interest to help work as a team to achieve the sought-after reward. As I mentioned in the last question, it did promote teamwork but I believe team based rewards will only work if everyone is pulling their weight and carrying out their part otherwise all the hard work of the team can be undone by the shortcomings of the few.

**10. Are team-based rewards fair to all employees?**

No, I don't believe them to be no matter how much we would like it to be. Unfortunately, some people do not work as hard or want to work as hard as others in a team. This can come down to not having the capabilities to work to the level of other employees in the group or as I mentioned previously are just too lazy to. Therefore, I don't believe it is fair to punish a team for the inadequacies of other team members.

**11. What is your opinion of the current reward system in your current organisation and is there any ways in which you feel that it could be enhanced?**

As there is only a one bonus handed out once a year, I believe there should be perhaps a quarterly review on how you are performing with then clear goals laid out to the employee if they are not performing as expected. This will then allow the employee the chance to up their performance and in turn reach the goals expected of them. I believe though that there is a sufficient blend of rewards here. I often get told I'm doing a good job but I sometime need to know if I'm doing what is expected of me more often if you know what I mean. I'm more than appreciative of our bonus or any other type of reward but some times having clear direct goals to achieve can motivate me more.

## **INT5**

### **1. From your experience what incentives are used to increase employees work performance?**

The opportunity of promotion has always been the main incentive to increase my work performance personally. Seeing that the company rewards an individual's hard work with fair and regular promotions is a guarantee for increased productivity. Financial bonuses and recognition of effort or a job well done would be the other main incentives.

### **2. Does an increase in rewards reflect in an increase in performance?**

An increase in rewards definitely leads to an increase in performance. They can definitely give you that extra motivation but there will always come a point of comfortability where the rewards will no longer be as motivating as they once were.

### **3. Are financial rewards a more effective way of increasing employee performances?**

Financial rewards are probably the best form of reward from my experience. In a capitalist society, more money is almost always required and therefore if given the opportunity to work for financial rewards it is hugely motivating. But then again even money can motivate you only so much. Non – financial rewards such as a pat on the back or training can be equally as motivating to an employee

### **4. Does recognition from management have an impact on employee performances?**

Recognition is always good for morale. Being happy directly correlates to my productivity and if I am being told by a superior that I am doing a good job then it will give me confidence to continue to be productive. And on the opposite side, if you are receiving no recognition for the effort put in then it can lead to a decrease in productivity as there is no great incentive to keep performance levels high.

### **5. What is your understanding of performance related rewards systems?**

Performance related reward systems are incentives for me to reach certain goals and if I reach these I will be rewarded financially. They are usually aligned with the organizational goals in my experience. In the construction industry for example if we are rewarded for the completion of a site quicker than expected it allows the company to seek new business. Everyone wins in my eyes

**6. Does a performance related pay system improve the performance of employees?**

Yes a performance related reward system does improve my performance. If I am being far more productive than my colleagues but am receiving an equal or inferior reward for the work I am doing it is very disheartening and therefore leads to a lack of motivation and discontent in my work environment. It usually leads to reduced productivity as you can just do the minimum and get rewarded the same.

**7. What is your experience of team-based rewards systems?**

Team based reward systems can be very frustrating. There are always individuals who don't always provide the same work ethic as others. Especially if people know they will get rewarded through the work of others it can lead to tension as some people are going above and beyond what they need to do while others will not contribute to the same degree.

**8. Does a team-based rewards system encourage knowledge sharing amongst staff?**

A team based rewards system does encourage knowledge sharing because there is no benefit to keeping information to yourself. If it is shared with others they are capable of maybe doing better things with that knowledge than I would be capable of or I would be able to share ideas back and forth with someone to come to a greater conclusion. The sharing of ideas can lead to a far greater performance and therefore greater rewards so it is a huge form of motivation.

**9. Does a team-based rewards system promote teamwork?**

It definitely promotes teamwork as everyone has the same incentive in mind and more thoughts on something are always greater than an individual perspective. It can lead to comradery and a greater level of knowledge if everyone is working with the most information possible.

**10. Are team-based rewards fair to all employees?**

Team based rewards are not fair to all employees because in every workspace there are individuals with far greater work ethics than others and if somebody knows that a target is going to be met, regardless of what they contribute then they may not offer the same contribution as others. That can lead to an unfair rewards system as you are rewarding someone who did far more work than someone else with the same reward.

**11. What is your opinion of the current reward system in your current organisation and is there any ways in which you feel that it could be enhanced?**

Currently I feel that the reward system in place here is reasonable. We get a monetary bonus every year which is nice. This is usually down to our performance throughout the year. I feel that more feed back on this would be better. We do get recognition I must say but maybe a quarterly or bi annual appraisal with our supervisor would give a better idea of the type of bonus we receive. But its one of the better companies I have worked for as the working environment is brilliant, and the yearly bonus is more than adequate.

## INT6

### 1. From your experience what incentives are used to increase employees work performance?

From my own personal experience, incentives have come in many forms. Usually it is a monetary bonus, but I have received different form of praise and recognition as well as other benefits like extra time off and pension benefits.

### 2. Does an increase in rewards reflect in an increase in performance?

In my opinion it does as a happy employee is more motivated to help the company accomplish their organisational goals. Once an employee has his needs fulfilled then his performance increases, whatever their needs may be. But obviously it is down to management to find what rewards are suited to that employee. Some employees are motivated by only money and some just with a pat on the back

### 3. Are financial rewards a more effective way of increasing employee performances?

Again, financial rewards are important but not always. In todays society many people have so much going on and barely anytime to do what they really want to do. Companies that can get the balance right between work and life are ones in my opinion that will benefit from an increase in employee's performance.

### 4. Does recognition from management have an impact on employee performances?

I think so. As I said before a happy employee is always motivated. If my manager tells me I'm doing a good job, I strive to keep my standards up. That being said it's all well and good getting pats on back but some sort of financial incentive is also needed. Again, it's down to managers to find a balance

### 5. What is your understanding of performance related pay systems?

My understanding of it is that an employees pay/bonus is matched to their performance. If an employee completes their set out objectives or goals, then they will be rewarded financially for doing so.

### 6. Does a performance related pay system improve the performance of employees?

In some cases, yes it can. Some employees strive to reach their goals or objectives, but others can become stressed and lose focus. This could lead to a downturn in productivity. All goals that are set out should be achievable, meaning that the employee has a chance of completing them. This is my opinion would keep them motivated

### 7. What is your experience of team-based rewards systems?

Myself personally? I haven't had much experience with team based rewards in the workplace at all. I have heard about them in other companies in the construction

industry. Some workers are given a time frame to complete a project collectively. If they complete it on schedule they all get a bonus. Some with extra time off or a monetary bonus.

**8. Does a team-based rewards system encourage knowledge sharing amongst staff?**

At the end of the day team based rewards are about rewarding a group for the completion of a set task or objective. If, in order to accomplish this, sharing knowledge with another team member is needed then of course the team based reward system should encourage knowledge sharing.

**9. Does a team-based rewards system promote teamwork?**

I think that a team based reward system would promote teamwork. Again, any rewards are based on the combined work of the team in reaching a specific goal. It is in the employee's best interests to work together to reach that goal, so they should be working together. Sometimes this is not the case though as some team members can coast and let their team mates pick up the slack.

**10. Are team-based rewards fair to all employees?**

In my opinion team based rewards are not fair to all employees as some employees may work harder than others but everyone ends up with the same rewards. Employees can perceive this as unfair and this can lead some to become demotivated and their performance to decrease. Again, I feel that it comes down to management's control and implementation of the reward system. Team selection is also an important aspect of the system. Some employees work well together, others don't. If the concept of team based reward systems is about teamwork and being rewarded for that teamwork then team selection should be a priority.

**11. What is your opinion of the current reward system in your current organisation and are there any ways in which you feel that it could be enhanced?**

I am happy with the rewards that I receive personally. I have been given a clear objective and target to achieve and I work towards that to receive monetary bonuses. These have come in the form of cash and extra holiday days. Management have also adopted to use non – financial incentives too with recognition and appreciation being shown constantly. I feel that it could be enhanced by more feedback from management. I feel I have to make the effort myself in order to know I'm doing a good job.