A food-manufacturing manager's experiences and perceptions of the implementation of an incentive scheme

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Orientation: The field researcher, under the supervision of the co-authors Bussin and Schurink, sought to explore the experiences, views and perceptions of 10 managers about the incentive scheme that a South African food manufacturing company introduced.

Research purpose: Identifying the contributors to negative feelings and demotivation, or conversely, excitement and motivation, will ultimately assist managers to implement an incentive scheme to motivate staff and improve performance.

Motivation for the study: There is little research on how participants perceive incentive schemes and whether or not they motivate employees and improve overall performance.

Research design, approach and method: The researcher used a modernistic qualitative research approach and, more specifically, a case study.

Main findings: The participants in the research were unaware of the performance goals they needed to achieve. They felt that there was no link between their performance and their earnings. They felt that some objectives were demeaning and insulting, as was the payment they received. They felt that achieving their goals was outside their control and influence.

Practical/managerial implications: Participants felt excited and motivated to perform when their managers presented the department's overall goals to them and asked the participants to set their own goals based on the department's objectives.

Contribution/value-add: Although this study is explorative and descriptive, it suggests that it is how departments implement an incentive scheme, rather than merely having one, that will motivate or demotivate employees to perform.

Introduction

Key focus of the study

Motivation theorists attempt to explain what motivates employees (Bowey, 2005; Gordon-Rouse, 2004; Herzberg, 1968; Maslow, 1943; McClelland, 1987; McGregor, 1960; Vroom, 1964). Researchers make recommendations on how to use these theories to motivate employees (Brudney & Condrey, 1993; Forsyth, 2006; Kellaway, 2005; McCroskey, McCroskey & Richmond, 2005; Ramlall, 2004; Van Herpen, Van Praag & Cools, 2005). Furthermore, many researchers have linked incentive schemes to performance (Hansen, 2005; Lawler, 1990; Nelson, 2004; Nottage, 2006; Wagner, 2006). Therefore, it seems that researchers assume that incentive schemes motivate employees.

It is generally accepted that employees may achieve objectives and/or meet targets in return for monetary reward. Nevertheless, it appears that there is not much research on whether or not incentive schemes motivate employees and improve overall performance.

Employees may achieve set objectives and receive incentive bonuses, but have the incentive schemes motivated them? Are they willing to perform beyond expectations? 'As South Africa is now an international player, organizations will need to utilise performance management effectively in order to build sustainable competitive advantage through the performance of their people' (Whitford & Coetsee, 2006, p. 63).

The top managers of a South African food manufacturer introduced an incentive scheme in order to motivate all levels of managers to perform well. They expected the managers to feel elated, energised, euphoric and excited about achieving objectives and that they would work together to grow the company.

In this study, the researcher tried to explore the experiences, views and perceptions of 10 junior, middle and senior managers who were participants in the company's incentive scheme. The researcher gathered information using qualitative methods.

When asked how they felt about the incentive scheme, all except two participants in the research felt insulted, angry, despondent, irate and agitated. The researcher identified five themes that emerged during conversations with the participants. They explained the reasons for the negative feelings and lack of motivation of these participants and the positive feelings and motivation of the others after the implementation of the incentive scheme.

Background to the study

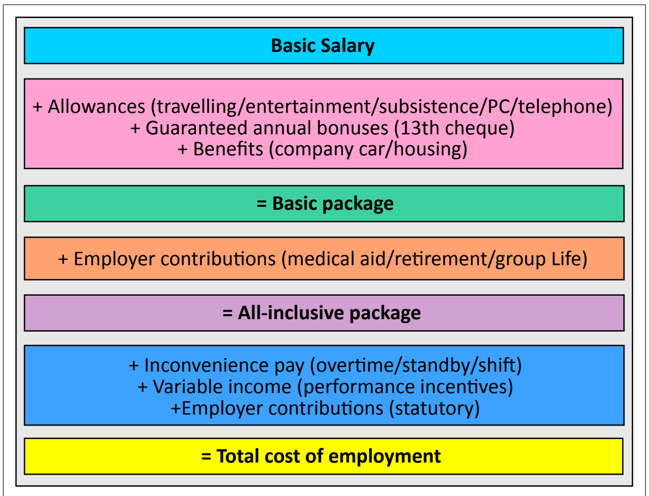
A British settler and his family established the company, where the researcher did the study, more than 150 years ago. Its focus on old family values, of caring for and nurturing its employees, eventually changed to one of making profit. Changes in the South African economic and political environments after 1994 caused this change. They led to increased pressure to compete with new international entrants to the food industry.

In 2003, its top managers introduced an incentive scheme to motivate all levels of manager to perform in order to meet these new challenges and make profit.

This study focused on the junior, middle and senior managers of the operations unit that is responsible for manufacturing the company's products.

The company's incentive scheme

All managers were entitled to a performance bonus that the company paid out bi-annually. The managers received their



Source: Bussin, M., & Gildenhuys, H. (2002). *Total packages*. Randburg, Republic of South Africa: Knowledge Resources (Pty) Ltd

FIGURE 1: Remuneration structure.

performance bonuses if they achieved their objectives. If the managers achieved their objectives, they received a bonus of 12% of their annual all-inclusive remuneration package.

The incentive is part of variable income (see figure 1).

Research purpose

This study aims to give some insight into the perceptions, views and experiences of the managers who receive incentive bonuses. More specifically, the researcher explored and described how the managers felt about the incentive scheme.

Therefore, this study will assist managers and directors to implement incentive schemes to motivate staff better and improve performance.

Trends from the literature

The literature shows that companies introduce various incentive schemes to motivate staff and improve performance. They include:

- variable pay
- gain sharing
- profit sharing
- merit pay
- group incentive schemes
- pay-for-quality
- skills-based pay
- short-term reward options.

Carter (2005) points out that, in order to implement incentive schemes that encourage employees to perform, managers must understand the key principles of human motivation. It is also clear that there is a link between motivation theories and performance. It is remarkable that there seems to be very little research on whether introducing an incentive scheme leads to motivation and improved performance.

Incentive schemes

According to Jurgens (2005), there should be different reward options that meet the emotional needs of employees. In addition to basic pay, employees can gain, or risk losing, performance-related pay (Lawler, 1990). Organisations use various incentive schemes, including variable pay, gain sharing, profit sharing and non-cash rewards (Lawler, 1990).

Variable pay, in addition to basic pay, depends on individual, team and/or company performance (Cairncross, 1999). Variable pay includes bonuses based on team or individual performance, stock options, vouchers or merchandise (Silverman, 2005).

In profit sharing, employees receive a prescribed share of company profits (Wilkerson, 1995).

Gross and Duncan (1998) compared gain sharing with profit sharing. They found that gain sharing provides employees with an immediate incentive, based on operational results, where employees have a direct influence. This, coupled with frequent payouts, results in increased motivation. Gain sharing is easier to measure and understand than profit sharing. Gain sharing enables companies to reduce costs whilst employees receive bonus payments and experience improved job satisfaction (Lawler, 1990).

Garver (2006) found that straight cash-for-performance incentives are not as effective as programmes that offer several ways to earn cash and material rewards as well as vouchers. Derrick (2005) found that rewards in the form of vouchers, rather than tangible ones, motivated staff to achieve goals because employees can make decisions about the rewards that have meaning in their lives.

Hawk (1997) did a study amongst non-represented Rockwell Vickers Hardness Tester team members across North America. They found that a 'group incentive' plan, as a replacement for existing gain sharing programmes, requires clear goals that are established and communicated up front through extensive education programmes so that participants know what their rewards will be if they succeed in meeting those goals.

Wilkerson (1995) describes merit pay as an annual pay increase that a manager's evaluation of general individual performance during the past year determines.

Pay-for-quality programmes reward performance based on specified quality indicators (Doran *et al.*, 2006). According to a study by Murray and Gerhart (1998), skill-based pay had a positive effect on organisational performance. Employees increased their efforts to acquire skills whilst productivity and the quality of work improved (Murray & Gerhart, 1998). Cox and Tippet (2003) found that United States army engineering personnel prefer team incentives based on individual performance in achieving team goals.

Incentive schemes as a way of motivating staff

Incentive schemes aim at creating a pleasurable and motivating experience for employees (Wagner, 2006). According to Lawler (1990), performance-based bonus payments improve organisational performance. Hansen (2005), in a study of current trends in compensation and benefits, found that most organisations emphasise the importance of performance-based programmes and variable compensation as ways of aligning employee behaviour to organisational goals.

Case studies have shown how incentive schemes contribute to improved staff motivation (Nottage, 2006). A financial reward programme rejuvenates employees and improves employee commitment (Nelson, 2004).

A survey, which Van Herpen, Van Praag and Cools (2005) conducted, verified that there is a positive relationship between the characteristics of a complete compensation system and extrinsic motivation. In a study by Brudney and Condrey (1993), inclusion in a performance-based compensation scheme motivated a small percentage (15%) of managers. The reasons they gave were the perceived link between performance and pay and that the performance was evaluated accurately and fairly (Brudney & Condrey, 1993).

Theories of motivation

Carter (2005) found that paying people a high starting salary and generous bonuses does not necessarily make them more productive. Employees need to be motivated to achieve goals and improve performance. Therefore, it is important to understand motivation theory in order to ensure the success of incentive schemes (Bowey, 2005).

A synopsis of popular motivation theories, and how companies can implement them to improve performance, follows.

Maslow's Hierarchy of Needs model of motivation consists of five needs in order of importance to people. They are physiological, safety, love, esteem and self-actualisation. Staff must feel they have achieved one level before moving on to the next (Maslow, 1943).

As an alternative to Maslow's Hierarchy of Needs, Gordon-Rouse (2004) presented a systemic approach to understanding the relationship between goals, emotions and the personal beliefs of people.

According to Bowey (2005), motivation depends on achieving goals rather than on the needs of employees. Therefore, setting goals, targets or objectives that are consistent with company strategy will result in improved performance.

According to Herzberg (1968), hygiene factors will not motivate employees. However, these must be in place before motivating factors can take effect. Factors that are motivating and lead to job satisfaction are:

- achievement
- recognition
- possibilities for growth
- advancement
- responsibility
- the work itself.

Basset-Jones and Lloyd (2005) tested Herzberg's theory and found that intrinsic satisfaction factors are primary sources of motivation rather than money and recognition. Companies should implement and customise Maslow's Hierarchy of Needs and Herzberg's Hygiene Theory in order to improve performance (Forsyth, 2006).

McGregor (1960) emphasised people's needs for achievement and satisfaction from a job done well in Theory Y, as opposed to Theory X, which views employees as people that companies have to persuade to work in exchange for money. Kellaway (2005) believes that companies should apply both McGregor's Theory X and Theory Y to motivate employees.

Employees fall into two groups. There are those who dislike work and companies have to coerce them into doing it and those who enjoy work as well as responsibility and will look for more of both.

According to McClelland (1987), employees will be motivated by the need to achieve, power and/or affiliation, whilst Vroom's (1964) Expectancy Theory states that employees will be motivated to achieve an objective if they value the reward.

A study on the factors that affect the retention of managerial and specialist staff mentions that there is 'a strong positive correlation between commitment and higher-order needs, or intrinsic factors as per Maslow's Hierarchy of Needs Theory and Herzberg's Theory of motivation' (Lok & Crawford, [1999], as cited in Kotze & Roodt, [2005]).

According to Ramlall (2004), employee retention practices become more effective if companies identify, analyse and critique employee motivation theories and show the relationship between employee motivation and employee retention. McCroskey, McCroskey and Richmond (2005) applied Organisational Orientations Theory to a wide variety of organisations and found that the upward mobile, ambivalent and indifferent employee traits influence job satisfaction and motivation.

The potential value of the study

Although the literature shows that incentives motivate employees to perform, this study explores the experiences, views and perceptions of managers who receive incentive bonuses in order to determine what will ensure that incentive schemes rejuvenate employees as well as increase their commitment and motivation to improve performance.

The researcher describes the qualitative research design, presents the findings and analyses the data below. The researcher records emerging themes and compares them to those that arose from the literature.

Entrée and establishing the researcher's roles

The marketing department of the food manufacturer initially employed the researcher in 1997 and appointed her as training and development manager in 2001. During this time, she established sound relationships with most employees, particularly with the managers she worked with directly, and gained their trust. Staff and managers often expressed their views of company practices and shared events that occurred in their lives with her.

Despite the company's reluctance to employ a human resources manager, the researcher was passionate about achieving the goal of best practice in managing human resources and took on this role unofficially.

The researcher acted as an advisor to managers and employees. Therefore, they often told her how they felt about work-related issues. During informal discussions, it became clear that most managers did not share her sentiments about the company's incentive scheme.

The researcher researched the company's incentive scheme in partial fulfilment for her Master's degree and decided to embark on a formal study of the scheme, hoping to help with managing performance.

The researcher explained the study to the operations director of the operations business unit, her immediate manager.

He gave the researcher permission to embark on the study using participants who worked in his business unit.

Research design

Research approach

Potter (1996) holds that a researcher could investigate, analyse and interpret a particular social reality depending on the researcher's belief of what social reality is (ontology) and how one can know social phenomena best (epistemology).

The first question one should therefore ask when designing a study is 'How do I see social reality?' Here there are two general assumptions (Schurink, 2009):

- one can explain people's behaviour from the outside through observation and from general scientific laws [*erklaren*]
- humans are different from things and one can only understand human behaviour from an insider's point of view [*emic*] and by gaining insight into the meaning [*verstehen*] that research participants give to their life world.

How researchers gain insight into people's worlds depends on their views of the way one answers their research questions most truthfully, that is 'to generate truthful, and in the case of qualitative research, trustworthy descriptions and explanations of the world' (Schurink, 2009, p. 807).

Therefore, the position this study takes is that the researcher should see social reality objectively, as an external reality 'out there', and that the researcher should remain objective when studying it (Schurink, 2009).

In summary, the perspective of study is that managers at the food manufacturer regard its incentive scheme and its implementation as meaningful. The researcher will unravel this perception and generate knowledge using qualitative methods.

This modernist position contradicts the belief that there is no real world or truth other than a narrative one. Therefore, only those who experience reality personally can know it (Schurink, 2009).

The researcher acknowledges the problem, for modernist qualitative research, about objectivity because it contradicts qualitative enquiry.

Research strategy

'Your choice of approach and methodology determines your research strategy' (Schurink, 2009, p. 21). Schurink, (2009) points out that the research strategy researchers use should flow from their research approaches.

Schwandt (2007) believes that this includes the logic of the approach or the reasoning process researchers use to link the research question(s), method(s) and evidence. Creswell (2007) differentiates between the following strategies, or combinations of them, which researchers use mostly in qualitative research:

- biography
- ethnography
- phenomenology
- grounded theory
- case study.

In line with the scientific beliefs of the study and its aims, the researcher chose a case study. Whilst there are many views about this strategy, the following will suffice. A case study is an exploration, or in-depth analysis, of a 'bounded system' (in time and/or place), or a study of a single or multiple case over a period of time (Creswell, 2007).

The researcher may study a process, activity, event, programme, a person or several people. It might even refer to a period of time rather than to a particular group of people.

Exploring and describing the case happens through detailed, in-depth data collection methods. They involve several rich sources of information and may include interviews, documents, observations or archives. Therefore, the researcher needs access to, and the confidence of, participants.

The product of this research is an in-depth study of a case. The researcher places the system or case within its larger context, but the focus remains on either the case or an issue that illustrates it (Creswell, 2007; Schurink, 2009, p. 814).

The particular type of case this study used includes a combination of the types Schram (2006) distinguished. These follow.

The case study focuses on getting a better understanding of a particular case.

The case study gives an insight into, or elaborates on, a theory to gain a better understanding of a social issue through studying the case. This case study merely assists the researcher to learn about a social issue.

The collective case study is an instrumental study extended to a number of cases. The focus is on increasing the understanding, or theorising, of the researcher about a general phenomenon or condition. Researchers choose cases so that they can make comparisons between cases and concepts to extend and validate theories (Schurink, 2009, p. 814).

Research method

The researcher discusses the research methodology under the subheadings that follow.

Research setting

The researcher conducted the study in a South African food manufacturer (the company), with a staff complement of approximately 400 employees. Of these, 325 are in Johannesburg, 65 at the Cape Town factory and 15 at distribution centres around the country. The operations business unit is responsible for manufacturing.

A British family established the company and owned it until 2006, when they sold it to an international company. The owners treasured the traditional family values of caring for and nurturing its employees as concerned parents. The company was the sole producer of its product in South Africa and had little competition.

As was the case with all local businesses, the company experienced changes in the South African social, political and economic environments after 1994. It was under pressure to comply with new labour legislation it has had to deal with new competition and engage in the global war for raw materials. The company remained reluctant to employ a human resources manager and its managers generally resisted the new labour legislation and performance management.

Sampling

In qualitative research, it is crucial that researchers get information from people who are the subjects of the research.

Since the ideal in qualitative research is to study people's experiences and views in depth, the researcher needed to select the research participants carefully. Because of practical difficulties, the researcher needed to be careful that she selected a manageable group of research participants in order to complete the study.

After discussions, it was felt that 10 participants, out of 42 managers, would represent the company's organisational structure and were manageable.

Because of her position and years spent at the company at the time of the study, the researcher was an insider. This was very helpful when she selected her subjects for the research. More particularly, her knowledge of the subject and intimate knowledge of the participants, on both professional and personal levels, enabled her, with the supervision of Bussin and Schurink, to select the participants for the study. They had all received the performance bonus, had established a relationship of trust with her, knew her well and were willing and able to share their experiences and views with her.

Taking advantage of her knowledge of the company's organisational structure and levels, the researcher ensured that the research participants represented junior, middle and

TABLE 1: Participants grouped according to management level, gender and race.

Management level	African		Indian		Coloured		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Senior managers†	1	0	0	0	0	0	1	0	**2**
Middle managers‡	1	0	0	0	0	0	1	1	**3**
Junior managers§	1	0	1	0	1	1	1	0	**5**
Total	**3**	**0**	**1**	**0**	**1**	**1**	**3**	**1**	**10**

†, Engineering manager; maintenance manager.
‡, Production shift manager; laboratory manager.
§, Process controller; laboratory technician; engineering technician; artisan.

senior managers who had received the performance bonus. These participants comprised both genders, four race groups and various departments in the operations business unit.

The researcher interviewed 10 junior, middle and senior managers.

Data collection

As is typical of modernist qualitative research, researchers should use more than one method to collect data. In the present study, the researcher used the following methods:

- observation of participants
- formal qualitative in-depth interviews.

Observation of participants, or ethnography, means that the researcher must become intensely involved in the life of a group, community, or organisation in order to discern people's habits and thoughts, as well as decipher the social structure that binds them (Henning, Van Rensburg & Smit, 2005):

> The process of gathering data in the field therefore requires time, a deep personal involvement and commitment, the ability to withstand tedious situations of prolonged drudgery and discomfort, skills to resolve conflict situations on the spot, and courage to face and deal with uncomfortable if not dangerous situations.
>
> (Schurink, 2009, p. 23)

The researcher followed a traditional ethnographic approach, which mirrors positivism, for the current study. The researcher tried to stay detached and compile an objective account of what she observed and of what the participants shared with her during the course of the study, a period of three months.

Qualitative interviewing refers to social interaction between people. According to Schurink (2004a), the interviewers, unlike people who are involved in ordinary interaction, do not participate in order to voice their feelings and/or thoughts. Instead, the interviewees share their feelings, experiences and beliefs with the interviewer.

Schurink (2004a) suggests that one may define these interviews as one or more face-to-face interactions between an interviewer and interviewees. The interviewer tries to grasp and understand the interviewees' life experiences or situations as they express them in their own words.

Researchers often conduct these interviews using a research schedule. This is a guide for the interviewer and contains questions and themes that are important for the research. Although researchers do not usually have to ask the questions in a particular order, the questions ensure that researchers cover all the relevant topics during an interview.

The researcher used qualitative interviews to explore the experiences of employees, their views about the incentive system and how it influenced their ability and/or willingness to perform. The researcher used this as a research guide:

- 'How do you feel about the incentive scheme?'
- 'What would be your ideal incentive scheme?'

As the interviews progressed, the researcher asked probing questions.

At the beginning of each interview, the researcher explained the purpose of the study to the participants. The researcher and participants understood and agreed that the researcher would keep all the information the participants offered confidential and that the interviewees could decide to discontinue their participation at any time.

The researcher did not record the interviews electronically and did not ask the participants to sign consent forms. The researcher assumed that the interviewees would be apprehensive and less likely to express their true feelings and thoughts about the incentive scheme if the researcher recorded the interviews and the participants signed consent forms.

The researcher anticipated that the interviews would take approximately 20 minutes each. However, none of the interviews lasted for less than an hour. The longest interview lasted approximately two-and-a-half hours.

The researcher conducted all the interviews at the company's premises. The researcher interviewed each employee in a secluded office or boardroom, behind closed doors, and on a one-on-one basis. The researcher interviewed one of the participants telephonically during a night shift. He was in his office, behind closed doors, and secluded. All interviews were uninterrupted. The researcher interviewed each participant once.

It is usual for qualitative researchers to use available data, like minutes of meetings, memoranda or policy documents. However, these were not available. There was no company policy or procedure describing how the company would implement the incentive scheme.

Recording the data

The researcher collected the data by writing down what the interviewees said and capturing words and phrases verbatim. The researcher is especially skilled at speedwriting and used her own symbols for words and phrases. This allowed her to capture what the participants said.

If the participants spoke too quickly, the researcher asked them to pause and/or speak more slowly to allow her to complete her notes. The fact that most participants spoke in a calm, relaxed manner, pausing on their own from time to time, made it easier for the researcher to capture their words.

Once the interviews were over, the researcher typed detailed field notes. According to Schurink (2004b), these are written accounts of what qualitative researchers hear, see, experience and think during the course of collecting and reflecting on their data.

The researcher referred to the field notes and added what she had observed about the interviewees' body language, particular their mannerisms and facial expressions. Finally, the researcher added detailed descriptions of each participant from her observations and personal knowledge of the participants.

Data analysis

Coffey and Atkinson (1996) noted in *Making Sense of Qualitative Data* that:

> It is abundantly clear not only that there are many ways to undertake the analysis of qualitative data but also that analysis in general means different things to different people … There is not … consensus about what the term analysis, means in this context, let alone about the specifics and precise formulation of strategies and techniques.
>
> (Coffey & Atkinson, 1996, p. 6)

Schurink (2004a), points out that:

- qualitative data analysis generally means different things to different people
- whilst there are many ways to undertake qualitative data analysis, it mainly involves reducing and displaying data, drawing conclusions and verifying data
- qualitative data analysis involves working with data, organising it, breaking it into manageable units, synthesising it, searching for patterns, discovering what is important and what one can learn and deciding what to tell others.

The researcher used the field notes to analyse the data informally, focusing on similarities and differences in the views of the research participants. Once the researcher identified patterns and themes, she compared them with the principles of incentive schemes, motivation theory and performance she had extracted from the literature. The researcher did the analysis manually.

Reporting

In line with the study's modernistic approach, the researcher used two general reporting styles: scientific and realist.

The realist style is similar to the scientific one in some ways because the researcher is almost completely absent from most parts of the text: '… they construct authority and objectivity through the use of a passive voice so as to obscure and apparently distance the disembodied author from the data' (Sparkes, 2002, p. 44).

In the realist style, the researchers vanish into the background and let the subject(s) tell the tale. The subjects only hear their voices when they are giving details about the study's research methodology and the fieldwork in particular (Sparkes, 2002). Van Maanen (1988), cited in Sparkes (2002), points out that realist tales entail extensive, closely edited quotations to tell the audience that the views expressed are those of the research participants and not those of the researcher.

The researcher kept a research diary, or natural history, that presented an audit to assist the reader to assess the research. Here she used the confessional tale:

> … [T]he confessional (tale) … foregrounds the voice and concerns of the researcher in a way that take us behind the scenes for the 'cleaned up' methodological discussions so often provided in realistic tales.
>
> (Sparkes, 2002, p. 57)

According to Van Maanen (1988), cited in Sparkes (2002), confessional tales are highly personalised styles and have self-absorbed mandates. They include what went wrong in the research as well as what went right (Sparkes, 2002).

Strategies to ensure quality

Schurink (2009) points out that, despite the many attempts qualitative researchers have made over decades, there is still a lack of consensus amongst researchers about what criteria are acceptable to measure the value of qualitative research.

In this study, the researcher followed several procedures in an attempt to ensure its 'goodness'. These are:

- the conventional criteria for good research, like internal validity, external validity (or representativeness), reliability and objectivity
- alternative criteria, as Lincoln and Guba (1985) propose.

With regard to the 'conventional measures', the researcher used a modernistic qualitative approach. In order to obtain rich and credible data, she reflected on the participants' experiences and views.

The researcher is a former employee of the company. Therefore, she is familiar with the participants' situations and had the advantage of knowing the organisational culture. The researcher was an insider and, whilst this role had various advantages, it had the drawback that she had consciously to guard against influencing the research participants. The researcher did her best to minimise this and other factors that may have affected the quality of the data (Mouton & Marais, 1990).

Lincoln and Guba (1985) propose credibility (or authenticity), transferability, dependability and confirmability as alternative constructs they believe reflect the assumptions of the qualitative paradigm more accurately. The central question here is 'is there a match between research participants' views and the researchers' reconstruction and representation of them?'

Lincoln & Guba (1985) outline five strategies to increase the credibility of qualitative research:

- prolonged engagement and persistent observation in the field
- triangulation of different methods
- peer debriefing
- member checks
- formalised qualitative methods, like grounded theory and analytic induction.

In this study, the researcher used these as follows:

Peer debriefing: The researcher discussed various decisions made during the research process intermittently with co-authors, Schurink and Bussin, including analysing the findings.

Prolonged engagement and persistent observation in the field: The researcher had worked for the company for 11 years at the time of the study. During this time, she had observed social interaction amongst employees and had them confide in her during informal chats.

Triangulation: Bester (2007) points out that, by using several and different sources, methods and theoretical constructs, one can provide corroborating evidence about the aims of the study. By obtaining collateral information, the researcher was able to verify the findings and strengthen her arguments.

Member checks: The researcher used what Gould *et al*. (1974), as cited in Schurink (2001), refer to as 'member validation' or 'respondent validation' (Silverman, 2005). The researcher reviewed and discussed field notes, observations of body language and detailed descriptive information she recorded with the co-authors (Bussin and Schurink).

Formalised qualitative methods: The researcher used ethnography, qualitative interviewing and general modernistic guidelines in the study.

Transferability: The findings presented in this study can be transferred to similar organisations. The chances are that the findings will be similar. The employees' perceptions of the incentive scheme are likely to be similar in other organisations that have implemented incentive schemes poorly (Schwandt, 2007).

Dependability: The researcher was careful to ensure that the research process in the study was logical, well documented and audited by the participants and the co-authors.

Confirmability: At the end of the interview process, the researcher presented the findings to the participants in order to validate the recordings of their views.

Research ethics

It was imperative to assure the participants that the researcher would keep the information they gave completely confidential, especially because she would ask them to express their feelings. The participants used strong words and/or language, which could have tarnished their professional images, to express their feelings. The researcher did not reveal the names of the participants she interviewed in order to protect their identities. Furthermore, the researcher was careful not to include examples that could have identified participants.

The researcher explained the purpose of the study to all participants at the beginning of each interview. She received permission from the operations director to embark on the study involving participants who worked in his business unit. The researcher also obtained verbal permission from the participants. The researcher did not ask them to sign written permission as she felt that this would make them reluctant to reveal their true feelings and views.

During the interviews, the participants used strong and sometimes vulgar language. The language gave the researcher a deep understanding of their views and perceptions. However, the researcher has omitted this language from this article.

The researcher first presented the findings to the participants before releasing them to the business unit director and the executive committee in an effort to ensure transparency and openness.

Findings

The researcher recorded and analysed the narratives of the 10 participants. Although computer-aided software for analysis is available, the researcher analysed the transcriptions manually.

The researcher's own experience

Employed as training and development manager, the researcher reported directly to the operations director. The operations director was a chemical engineer and had very little knowledge or interest in the finer details of human resources management. Therefore, he struggled to decide which areas of human resources management the researcher should focus on. He therefore expected the researcher to set her own objectives for the training and development department.

In the week preceding the objectives review date, the researcher drew up a set of four objectives for the training and development department that she believed should be the focus areas for the following six months. These objectives were based on the company strategy at the time – the researcher's best guess – and/or specific projects that she thought she could contribute towards.

The researcher's second motive for setting objectives was to ensure that the objectives she chose would allow her to gain experience in an aspect of human resources management that she needed in order to reach her goal of becoming a human resources manager.

When setting her own objectives for the training and development department, the researcher made sure that they followed the Specific, Measureable, Achievable, Realistic and Time-bound (SMART) principles of being very specific and detailed, measurable, achievable within the six-month period, realistic and with specific deadlines. The researcher presented her department's objectives to the operations director. They discussed them at length until they agreed on the specific wording of each objective and the percentage of annual salary the company should allocate to each.

Throughout the six-month period, the researcher initiated discussions and meetings with the operations director. The researcher informed him of any possible obstacles or assistance she required to achieve her department's objectives. The researcher did this because achieving the objectives was very important to her and gave her a sense of achievement.

At the end of the six-month period, on the date of objectives review, the researcher placed a file of documents on the operations director's desk. It contained four file dividers, labelled one to four. Each cover page contained a statement of the objectives, a summary of what the researcher had achieved and how she had achieved them.

Supporting documents proved that the researcher had achieved her objectives. The operations director was unable to justify allocating less than the full 4% of her annual salary as an incentive for achieving the objectives successfully. The researcher felt a sense of triumph as she explained the contents of the file to him.

Emerging themes

Five themes emerged from the narratives of the participants. The researcher grouped excerpts from the narratives according to the five themes. The boxes that follow show these themes.

The company had told the managers what their objectives were at the time of the review, rather than at the beginning of the review period. The company had not told them how it would measure performance or how it would calculate the percentage reward.

The company's objectives were unknown, as were how the company would measure the individual contributions towards achieving them. The managers did not know when the appraisal would take place nor did they know the performance criteria against which the company would measure their performance.

The managers preferred a fixed annual bonus, a 'Christmas bonus' or thirteenth cheque because they knew exactly what to expect. The monetary value of the incentive bonus was not worth the effort required to achieve the objectives. The managers did not know how the company would measure achieving the objectives or what percentage of annual salary the company would allocate.

The size and complexity of the objectives did not correspond to the payouts. The company could allocate a large percentage to an objective. However, if the objective was too easy or the project too small, like 'personal hygiene' or 'time keeping', the participants felt insulted as educated professionals. Conversely, for objectives that were more complex and demanded extra time, the percentage the company paid was disappointingly inadequate. The money was inadequate for the work the participants did.

BOX 1: Lack of communication – '*What objectives*?'

'The managers … they lack that training. Feedback is important during the process not only at the end. Everyone will know where they are during the period. Sometimes people need that coaching.'
'That's why I have a problem. When is the next incentives due? You don't know. Nobody told us. You see? That's the problem straight away. They going to rate us, right? Rate me on what? There's no clear objective for myself. Measure ourselves against what? At the moment I've got nothing to rate myself against and that's unfair. Honestly, I don't even get bothered about this incentive. Give me nothing. I'm not bothered. I don't know where I stand. What's the excuse this time round? I don't even care! How are you going to rate me fairly and objectively? You can't.'
'Not negotiated with the people – we are told. Got new incentives in a few weeks ago. The time of scoring was a total joke … no fixed or definite guidelines on how to score, There shouldn't be anything on there that is not agreed to. Scoring must be decided up-front.'
'I'm not happy. Firstly, on our first incentives on the last minute we were told as to how it works. One and a half months before the payment. We were supposed to be told how it works from the beginning. Our inputs are important.'
'This is bullshit, man! Daar's nie proper riglyne nie. [There are no proper guidelines]. *They don't mark you on the specific stuff. They give you what they decide to give you. How do they score? If they like you or don't like you. Doen ma net wat jy moet.* [Do just what you must]. *Hou jou bek want werk is skaars.* [Keep your mouth shut because work is scarce].'

BOX 2: No Link between achievement and monetary value – *'Rather give me my Christmas bonus.'*

'The money doesn't make a difference as opposed to the Christmas bonus. The increase percentage must be according to objectives given.'
'You spend 99% of your time to achieve the objective, but you only receive 1% of annual salary. The percentage should be balanced with the time and effort it takes to achieve it.'
'The Company incentive is an absolute joke. Everything is confidential. We've got no influence. Our Business Unit works hard and the others waste money. So what's the point?'
'The time of scoring was a total joke … no fixed or definite guidelines on how to score. Scoring must be decided up-front, with definite break points. Pay what the individual is worth, based on performance and competence.'
'They should have told us the whole story how it works. How do we benefit. Even the calculations how it's managed to get the percentage. The formula is important as to how it is calculated. Good results for my hard work is number one. Will go hand in hand with a good package that corresponds to my hard work that will motivate me even further.'

BOX 3: The reward and objective do not correspond – *'It's an insult!'*

'The increase percentage must be according to objectives given. Like for example, personal hygiene.'
'Compared to other companies, we are low. At my friend's company, they get a sixteenth cheque!'
'Weight of objectives are not the same. Weighting of objectives must reflect the percentage incentive. For example if there is a huge project with huge impact to the company, the team members must get huge percentage.'
'In theory it is a good tool to use to build someone's confidence and get someone to think out of the box. In practice it does the opposite ... demoralising ... work so hard to and still have to justify why you should get it and when you do get it, it's a measly 0.25% ...'
'Senior managers do less work but get more money because their annual salary is more. It's a good excuse for giving people extra work that you would normally give someone else, like a consultant or create another position. For big projects, the incentives are wrong because they're adding responsibility but not adjusting the job grade.'
'The percentage is so small I'll write them off and don't feel motivated. Eight or nine is demotivating because it's not fair because some do 1 or 2. If the percentage is more it would be worth it. Worth it to spend less time with my family.'
'We have to do maintenance. There is nothing we can do that we can get an incentive. If we must paint the motor, we must paint the motor. We can't do it better. What must we do? Paint it pink?'
'It should be based on what I'm doing on daily basis and if there are new projects they should be included and I will be assessed on it. On calculations we should know the percentage.'
'The percentage is pathetic.'

BOX 4: No influence on achievement of an objective – *'Would be nice if I had control.'*

'With production it was unfair – day to day running ... group thing ... too vague – I achieved but others didn't because the team didn't make it. Therefore I didn't get it. If you can influence the others, then it can be a team effort. Don't penalise me for something I have no control over.'
'Sometimes not within our control, like the financial incentive ... we must tighten the belt but no real reward for doing that. We saved two million Rand last year and got nothing for it ... The company incentive is not in our control and get zero percent. Why should we bother?'
'The Company incentive is an absolute joke. Everything is confidential. We've got no influence. Our Business Unit works hard and the others waste money. So what's the point?'
'Team? That's unfair. I might work but the others don't do nothing.'
'Don't have a lot of say on what the other members of the teams do, so if it's a team incentive, what others do or don't do affects my incentive. Individual incentives are better.'
'Now Production did not do their part and there is one month left. At the end of the day I must push to finish. I'm last in that process, so I can't do my part unless the others have done theirs. Then they say sorry, I can't give you ...'
'When I know what I do is right. And what demotivates me is when there are different results from the others. But I'm just going to do my job. Progress of a project is important but I can only go so far.'

BOX 5: A challenging opportunity for learning and growth – *'My objectives are so exciting I would do them for nothing.'*

'It's good. Pushing us to work hard. Stretching us to improve. Team incentives are an opportunity for multi-skilling. Showed me that in business you must always improve on cost savings.'
'Good thing ... To me it works better than ... gewone performance increase review. [The new incentive scheme is better than the normal annual increase based on performance]. *Vir my is dit heel ... this last month you accomplish them ... work towards elke punt.* [I like the way I have to work towards accomplishing each percentage point]. *If there is no bonus I still would have done it. Is a tool you can use to motive someone and is better than pay increase.'*
'Objectives – good thing. Formal way of doing things that are new. Can grow yourself in company's time and still get paid for it. You are involved in things that you don't do on daily basis. A taste of what the higher people are doing. Has a ripple effect as a manager does other things. Personal growth. Opportunity for growth. Give new meaning for coming to work. Good for your CV. Because it is a formal process where objectives are agreed upfront and evaluated at the end and the person receives feedback. The person felt that his or her efforts are recognised.'

The managers had no power, influence or control over the performance of other team members in achieving team objectives.

Even though some team members worked hard at achieving their goals, the company did not pay them for achieving the goals if others did not play their parts. The company penalised managers if others in their teams did not perform.

The managers would prefer the company to allocate objectives that they could achieve on their own. They found it demotivating when the company wrongfully held them responsible for unsuccessful projects.

When managers created their own objectives, based on company or departmental strategic objectives, they felt that the incentive scheme encouraged self-improvement and provided opportunities for learning and 'multi-skilling'. Achieving the objectives resulted in a sense of achievement.

Discussion

The main objective of the study was to explore the feelings, perceptions and experience of managers about the implementation of an incentive scheme. Whilst the study is explorative and descriptive, it suggests that how companies implement incentive schemes is more important than merely to have them. The implementation either motivates or demotivates employees to perform.

Five themes emerged from the analysis of the narratives:

- There was a lack of communication: '*What objectives*?'
- There was no link between achievement and payouts: '*Rather give me my Christmas bonus!*'
- The reward and objective do not correspond: '*It's an insult!*'
- There was no influence on achievement of an objective: '*Would be nice if I had control*'.
- The incentive scheme provided a challenging opportunity for learning and growth: '*My objectives are so exciting I would do them for nothing*'.

Lack of communication: '*What objectives*?'

Either there was a lack of communication about the objectives or managers never set or issued them before the six-month review period.

The managers could not work towards achieving objectives because they did not know what they were.

The company did not consider the actual performance of managers when determining the incentive payout.

The managers indicated that they would prefer the company to define objectives clearly, in consultation with them, at the beginning of the six-month review period and that the company should evaluate the achievement of these objectives and performance standards during discussions.

The company should identify areas for improvement and create action plans in order to improve performance.

The company should measure performance accurately and give continuous feedback throughout the six-month period so there was time to improve before the evaluation date.

Reward systems must create motivation to perform (Lawler & Worley, 2006). According to Grensing-Pophal (2005), the elements of a successfully implemented incentive scheme are:

- frequent incentives
- clear links with the organisation's vision, mission and strategic plan
- high frequency of communication
- measuring and monitoring member satisfaction levels.

Roy and Dugal (2005) give a general model of factors that determine the effectiveness of incentives. They should:

- involve all stakeholders in developing the plan
- develop an easy-to-understand formula for sharing profits
- maintain transparency
- ensure that the plan's goals are consistent with the organisation's goals.

In most of the interviews, employees said they received their objectives at the time of the review. They did not know how the company would evaluate them.

'Without adequate information, an employer may not be able to distinguish between productive and non-productive employees' (Kotze & Roodt, 2005, p 50). Poor communication leads to a situation where employers cannot identify and reward improved performance (Kotze & Roodt, 2005).

There was no link between achievement and monetary value: '*Rather give me my Christmas bonus!*'

Managers did not see the connection between their own standards of performance and receiving bonuses. When they received their year-end 'Christmas bonus', they knew the exact amount they would receive. It did not depend on how well they performed. Because they did not know what their objectives were at the beginning of the cycle, they could not anticipate what their incentive bonus would be if they achieved their objectives.

According to Smith (2005), rewarding a job well done brings undeniable satisfaction. However, keeping accurate records of that process is cumbersome and can result in demotivation. Companies should structure rewards to achieve effective outcomes, rather than short-term goals, in order to achieve both employee and customer satisfaction (Calabro & Krause, 2005).

The reward and objective do not correspond: '*It's an insult!*'

Employees, who felt that the reward did not correspond with the objective, expressed strong emotions. Either the value of the incentive bonus was not worth the amount of work they had to do in order to achieve the objective or the wording of the objective was demeaning.

According to Bussin and Gildenhuys (2002), incentive payouts range from 15% for supervisors to 30% for senior managers. This company paid a maximum of 8% for supervisors (junior managers) and 12% for middle and senior managers.

This was far below market averages at the time of the study. As a result, managers felt insulted when the rand-value incentive payout was not worth the time and effort required to meet the set objectives:

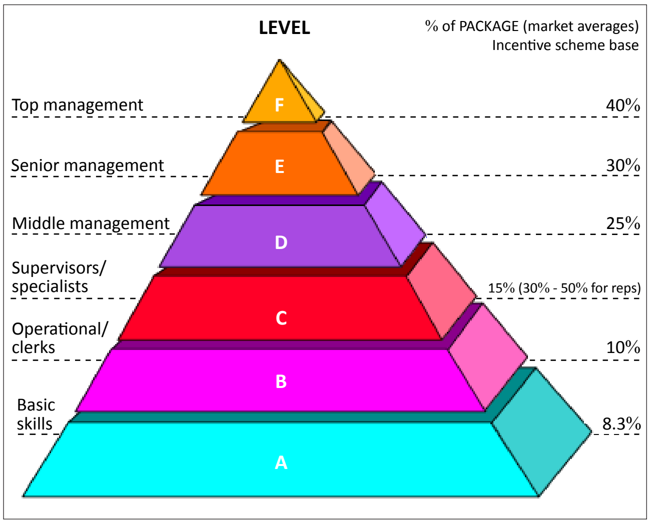
> The organisations' compensation strategy should drive the size of the award in that it should state how much of the total compensation is derived from the short-term incentive and what level of the short term incentive is desired in comparison to competitive levels.
>
> (Bussin, 2002, p. 15)

There was no influence on achieving an objective: '*Would be nice if I had control.*'

Employees felt frustrated when the company set and evaluated team objectives. They did not have any control over the levels of performance of the other team members. As a result, they were not able to achieve objectives on time or at their own standards of performance. Others felt that they had worked harder than other team members had. However, the other team members often received better payouts because their salaries were higher.

Thorpe and Gillman (2000) used a combination of motivation theories to recommend five key principles to incorporate in reward systems:

- involvement
- removal of demotivators
- equity
- reinforcement
- relevance of the rewards and goals.



Source: Bussin, M. (2002). *Choosing the right incentive scheme*. Randburg, Republic of South Africa: Knowledge Resources (Pty) Ltd

FIGURE 2: Incentive payouts – market averages.

The incentive scheme provided a challenging opportunity for learning and growth: *'My objectives are so exciting I would do them for nothing.'*

The researcher's own experience, as well as that of some of the participants, indicated that managers felt enthusiastic and excited about achieving their objectives if the objectives were challenging, gave them a sense of achievement and provided them with an opportunity for learning and career growth.

This was a company incentive scheme. However, managers could set their own objectives within guidelines at the beginning of the review period. They were also free to determine their own objectives and as how the company would measure the achievement of these objectives.

They discussed achieving objectives informally during regular meetings with their respective seniors intermittently throughout the six-month review period. At the end of the review period, they presented evidence that they had achieved their objectives and received the percentage of their annual salary that they had allocated to the objectives.

This is consistent with Cottringer and Kirby (2005). They proposed the following motivating factors to consider when implementing incentive schemes:

- set achievable objectives
- use employees' skills wisely
- understand the factors behind poor performance
- be consistent
- provide rewards
- break bad behaviour patterns
- lead by example
- communicate effectively
- build a team
- say 'thank you' for a job well done.

Simmonds, Iles and Yolles (2005) developed a model to manage performance that includes all stakeholders in decision-making to improve effectiveness.

A study by Kock, Roodt and Veldsman (2002) focused on the financial sector. However, one can apply the following statement to the concept of participation in setting objectives that align with company strategy: 'Companies in this sector need to improve the level of participation of all employees in their strategy formulation and to develop commitment and ownership to the business objectives' (Kock, Roodt & Veldsman, 2002 p. 90).

Possible limitations of the study

A possible limitation to replicating this study is that researchers need to have worked at a company long enough to establish trust with the participants in order to get the necessary data.

Recommendations to management

Understanding how implementing incentive schemes could cause anger, demotivation and despondency will assist managers to eliminate poor methods of implementation.

Managers should develop a plan for implementing an incentive scheme that focuses on building feelings of excitement, motivation and commitment. Once developed, they should conduct a qualitative study to identify feelings about the plan in order to ensure that opinions are positive about the proposed method.

They should conduct another qualitative study after implementing the new method in order to determine the most effective way of ensuring motivation and improved performance.

Conclusion

The purpose of the study was to explore the experiences, views and perceptions of managers about an incentive scheme.

Research shows that incentives motivate employees to perform. However, this study shows that just implementing an incentive scheme will not automatically lead to rejuvenation, employee commitment and motivation for better performance. However, should the methods of implementation be inadequate, the incentive scheme could lead to feelings of anger, resentment, despondency and demotivation.

Five themes emerged from the findings:

- '*What objectives*?' The company did not communicate to managers the objectives or how they link to incentive payouts before the performance review.
- '*Rather give me my Christmas bonus*.' Managers did not see the link between achieving objectives and their value.
- '*It is an insult!*' Managers felt that some objectives were demeaning and the time and effort required for achieving them were not worth the payouts.
- '*Would be nice if I had control*.' Managers preferred the company to allocate objectives to them as individuals rather than to groups of employees over whom they had no control and influence.

'*My objectives are so exciting I would achieve them for nothing*.' Where the objectives and their links to company objectives were clear, managers felt excited about being involved in achieving goals that aligned with achieving personal goals for career development.
Therefore, companies are able to avoid negative feelings and experiences that particular methods of implementation, that decrease levels of performance, cause.

On the other hand, companies can create positive feelings and motivation when:

- the method of implementation includes adequate communication, links between achieving objectives and the payouts employees receive
- employees have sufficient influence and control over achieving their objectives.

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