Reward Systems' Affect on Production Managers' Motivation

A Study in a Construction Company

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ABSTRACT

Purpose – To identify which reward systems affect Production Managers' long-term motivation. In order to this, the objective was to identify the formal and informal reward systems as well as what motivates managers to stay with their company and what motivates them to perform well.

Methods – An abductive approach was used with a case study of one district within the large construction company, Skanska AB. Semi-structured interviews were conducted with the Production Managers, Project Managers, District Manager and Region Manager of the case district.

Results – The findings support Herzberg's Hygiene-Motivation theory with intrinsic and extrinsic factors. Informal and formal reward systems were identified as well as the reward these generated. The Production Managers proved to be positively motivated by the informal reward systems, while the formal ones gave indications for areas of improvement.

Conclusions – The context in which the Production Managers work seems to provide them with informal reward systems generating a motivating environment. It is recommended to look further at the formal reward systems in order to minimise dissatisfaction.

Key words: reward systems, work motivation, project management, organisational rewards, extrinsic rewards, intrinsic rewards, hygiene-motivation theory, production managers, site managers, construction sites.

Belöningssystems Påverkan på Produktionschefers Motivation
En Studie i ett Byggföretag
Examensarbete inom International Project Management
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SAMMANFATTNING

Syfte – Att identifiera vilka belöningssystem som påverkar Produktionschefers långsiktiga motivation. För att möjliggöra detta så var målen att identifiera de formella och informella belöningssystemen runt Platscheferna samt vad som motiverar cheferna till att stanna med företaget och vad som motiverar dem till att prestera väl.

Metod – Ett abduktiv förhållningssätt användes med en fallstudie över ett distrikt i byggföretaget Skanska AB. Semistrukturerade intervjuer utfördes med Produktionscheferna, Projektcheferna, Distriktschefen och Regionchefen i fallstudiens distrikt.

Resultat – Resultaten stöder Herzberg's Hygien-Motivationsteori med inre och yttre faktorer. Informella och formella belöningssystem identifierades tillsammans med de belöningar dessa genererade. Produktionscheferna visade sig bli motiverade av de informella systemen medan de formella gav indikationer på områden där förbättringspotential finns.

Slutsatser – Kontexten som Produktionscheferna arbetar i verkar ge ett informellt belöningssystem som i sin tur genererar en motiverande arbetsmiljö. Dock rekommenderas att se över de formella belöningssystemen för att minimera missnöjdhet hos medarbetarna.

Nyckelord: belöningssystem, arbetsmotivation, projektledning, organisatoriska belöningar, yttre belöningar, inneboende belöningar, hygien-motivationsteori, produktionsledare, platschefer, byggarbetsplatser.

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Preface

A case study of Production Managers in one district of the construction company Skanska AB was performed in this thesis. In particular the questions were asked what steers the individuals and what motivates them to stay with a company and to perform well. When performing this kind of study it is vital to receive time and support from key individuals as well as information relevant to the case. In this aspect I would like to express my gratitude to my mentor, my contact person, and the concerned co-workers at the HR department and at the Skanska office where I was located during the process of writing the thesis. Thank you for introducing the company, for feedback, information and for informal discussions. A special 'thank you' is in order to the individuals giving me their time and discussing their experiences in interviews. Of respect to the individuals participating in the study and in order to secure their anonymity, no names of co-workers at Skanska AB are mentioned here.

The study has been carried out by the author, Maria Lindström, as a thesis for the MSc Project Management at University of Northumbria at Newcastle as well as for the MSc International Project Management at Chalmers University of Technology. Per-Erik Josephson, Professor in Construction Management and Roine Leiringer, Reader at the department of Construction Management at Chalmers University of Technology, has together with Claudio Benghi, Senior Lecturer in Project Management at Northumbria University, supervised my process of writing the thesis. I would like to thank you for your encouragement, feedback and help throughout the process.

You all made it possible for me to conduct this thesis.

1   Introduction

The introduction presents an overview of the thesis with background to the research topic, defined aim as well as limitations, a presentation of the method used and the thesis structure. The aim of this chapter is to provide a basis for comprehension of the thesis.

1.1 Background

Project based companies depend on the success of their projects, both financially and reputation vice. Motivated employees are a foundation for project success. Therefore, a key for these companies to reach successful projects is to succeed in motivating competent employees to stay with the company, motivating new people to start working for the company and one of the most important aspects, to motivate employees for high performance in their daily work.

In order to motivate, companies provide formal reward systems with various benefits and goals to their employees. Reward systems designed for attracting new recruits, retaining key competencies, and motivating employees to perform higher and to reach their full potentials to perform for the company. Companies also use reward systems in order to steer their personnel, to point out what the company values. It is a way of spreading the company culture and to express its expectations on the individual. Association for Project Management (2006) identifies reward as a part of Human Resource Management policies of an organisation. Further, they also define incentives as "a contribution to motivation (usually in the form of financial or other reward)" (*ibid*:p.141). Hence, rewards are looked upon as a way for organisations to motivate employees in projects.

Kohn implied in an article published in 1993 that not much had been found on the subject of rewards during the last forty years and that the articles published at that time and earlier were almost identical (Kohn, 1993). Chen, Ford and Farris also expressed concerns in 1999 with regards to how previous studies in this area mostly focus on individual rewards trough monetary benefits. So even though the interest has been high in finding out how to increase productivity with help of reward systems, the focus has been on the formal ones. Especially one tool has been studied; individual performance-based financial rewards. Ward and Werner (2004, p.201) suggest understanding "the construct of reward systems, its impact upon the organizations structure, system, strategies, and employees has been an area of continued intrigue".

Analysing the litterateur on reward systems reveals a large focus on formal reward systems consciously used by companies. Particularly the effect of financial rewards and incentives are discussed. However there are also some articles considering intrinsic rewards that are experienced inside an individual. This suggests the

possibility that there also exist informal reward systems, through which individuals experience rewards generating motivation. This notion is supported for example by the theory of Psychological contract, which suggests good relationships with a company can create a loyalty that motivates employees to stay with a company. Similarly as Foss (2003) discusses how the theory of the firm separates motivation and cognition and how this is an oversimplification, the same thoughts could be applicable to the theory of reward systems and how employees are motivated. Focusing only on the economic theory of the firm, here with its focus on formal reward systems, results in an ignorance of other potential reward systems that influence employees' behaviour. Consequently, there are indications of that there exist also informal reward systems affecting employees motivation. Systems not consciously constructed by the company, but formed informally through company culture, expectations, relationships and psychological contracts among others.

Motivated employees are the core for the success of a company. But do the reward systems used lead to the expected behaviours? Do they motivate employees? As Kerr (1995) discusses in the article "On the Folly of rewarding A, while hoping for B", it is not unusual for company reward systems to be conflicting or rewarding unwanted behaviour. In order to be able to design reward systems leading to wanted behaviour from employees, it is important to understand what drives humans, what motivates. The question of what motivates and drives individuals has long been an area of interest for researchers and organisations. As Boyne and Hood (2010) states under the title "Incentives: New Research on and Old Problem", finding out if and how reward systems work is not a new issue, but none the less of current interest. Two popular areas are studied in this thesis, reward systems and motivation.

1.2 Purpose

This study aims at evaluating the reward systems from the motivation perspective for Production Managers in a large contractor organisation in the construction industry, Skanska Sweden AB. In identifying and studying the reward systems for the Production Managers as well as in learning the Production Managers' perception of the systems and their motivators, the organisation may find indicators of how to provide the Production Managers with the best setting for high performance. The research question is therefore: *Which reward systems affect the Production Managers' motivation?*

To reach the aim the study looks at both formal and informal reward systems directed to the Production Managers. Second, it is important to identify what drives motivation from the Production Managers perspective. The next step is then to compare and analyse the findings in order to locate which reward systems that affect motivation. Two aspects of long-term motivation are researched; what motivates the Production Managers to stay with the organisation, and what motivates them to perform well.

The following objectives have been set to meet the aim:

- Identify the reward systems used by the organisation that are focused at the Production Manager.

- Identify what motivates the Production Managers to stay with the company.

- Identify what motivates the Production Manager to perform well in their work.

1.3 Method

After a literature review of relevant studies was conducted, it was decided that a case study with open-ended interviews would suit the aim of the thesis. An abductive approach was chosen.

In order to find what motivates Production Managers to take on their professional role and produce for the organisation, interviews with the Production Managers within one district has been conducted. All but one was included in the study, consequently providing the study with a thorough case. Further, interviews have also been conducted with the managers working closest to them; the Project Managers, the District Manager and the Region Manager. These other interviews as well as informal meetings with other employees within the organisation as well as internal and external publications by the company concerning the reward strategy, has also been taken into consideration and analysis.

1.4 Limitations

The study is limited to one district of the company located in Sweden. Furthermore, through the interviews it is merely the perception of the managers that will be identified and discussed. The literature available on the field of motivation is large, with many studies concerning employee motivation. This study does not attempt to cover all relevant theories and should not be looked upon as a review of the motivation theories. Further, motivation is only one of the parameters driving our behaviour. As Maslow states:

> Motivation theory is not synonymous with behavior theory. The motivations are only one class of determinants of behavior. While behavior is almost always motivated, it is also almost always biologically, culturally and situationally determined as well. (Maslow, 1943, p. 371).

1.5 Thesis Structure

The thesis consists of the main chapters; Introduction, Literature review, Research design, Findings, Discussion and Conclusion. The outline for the thesis topic is presented in the introduction where the focus is defined and critically justified. Relevant literature is reviewed in the literature review in order to give body to the research variables. The program of research followed is presented in the research design along with evaluations of methodological approaches considered. The method used for data collection as well as for the analysis is described. The results of the case and interviews are presented in the findings and analysed in the discussion. The completed research outcome is presented in the conclusions together with possibilities for future research.

2 Literature Review

The literature review is structured as follows. First, relevant theories concerning rewards and reward systems within organisations are reviewed. For organisations to reach the goal of reward strategy many aspects need to function, both formal and informal rewards as well as the psychological contract need to be taken into consideration. The later is the psychological bond between employee and employer. Attention is then turned to the broad field of motivation theories with focus on theories accepted and reviewed by current published researchers. Especially theories with attention towards work motivation are looked upon. The focus on Motivation-Hygiene theory in the employee motivation chapter, respectively of intrinsic and extrinsic rewards in the reward chapter, is included in order to give understanding of the result of the study. Since the aim of this thesis is to study the reward systems of the Production Managers within one district at Skanska Sweden AB, the literature review finishes with research on the role of Production Managers. The last section is included in order to attain a context for the managers' situation at work.

2.1 Rewards and Reward Systems

The objective of organisations for using reward systems is to attain, retain and motivate employees to perform well for them (Kaplan, 2005). The area has been studied from perspectives such as; organisational behaviour, organisational theory, international management, industrial/organisational psychology, sociology, economics, labour economics, law and strategy. In a review of what has been said of compensation and compensation-related issues between 1996 and 2002, Ward and Werner (2004) classify the motivation aspect of reward theories to be included under "compensation psychology" together with "pay satisfaction" and "reactions to compensation". All articles included in Ward's and Werner's (2004) review of the motivation aspects concerns the intrinsic-extrinsic theory.

Few researchers writing on organisations use of rewards and reward systems actually define the terms. In the context of their writing however, it is evident that reward is considered to be something employees receive or experience and are steered by. Reward systems are considered to be the channels through which these rewards are distributed. The formal aspect of this view is supported by Kerr and Slocum (2005, reprinted from 1987) who define the reward system as to who gets rewarded and why. They also suggest reward systems to be powerful means of influencing organisational culture, and that reward system is a primary method of achieving control. Also, with regards to reward systems they state:

the reward system defines the relationship between the organization and the individual member by specifying the terms of exchange: It specifies the contributions expected from members and expresses values and norms to which those in the organization must conform, as well as the response individuals can expect to receive as a result of their performance. (Kerr and Slocum, 2005 reprinted from 1987, p. 130).

Even though Kerr and Slocum's definition of reward systems are generally accepted, there is less agreement regarding what is considered to be rewards. Examples of rewards given by the authors are; bonus, salary increases, promotion, stock awards and perquisites. Deci (1972) however gives a complementary view in considering rewards to be divided into intrinsic and extrinsic. Deci defines extrinsic rewards to be mediated outside of the person with examples such as money and verbal reinforcement, while rewards mediated within the person such as positive feelings associated with an activity, classifies as intrinsic rewards. This view is supported by Kohn (1993), who also states it is important to distinguish between intrinsic and extrinsic factors when designing reward systems.

2.1.1 The Theory of Intrinsic and Extrinsic Rewards

Intrinsic and extrinsic reward theories are based on the prerequisites of Herzberg's (1987) Motivation – Hygiene theory (see Deci, 1972). Also Herzberg (1987) incorporates rewards into the motivation theory where he states for example that "Movement is a function of fear of punishment of failure to get extrinsic rewards" (p.118) and that "Motivation is a function of growth from getting intrinsic rewards out of interesting and challenging work" (p. 118). Thus, reward theory and motivation theory are closely bound. Reward systems can be designed in accordance with these intrinsic and extrinsic factors, and as such be divided into intrinsic and extrinsic rewards based on the outcome of the reward. In accordance with the motivation theory of Herzberg and classifications by Gerhart and Milkovich (1993), Chen, Ford and Farris (1999) present a model of reward types used by organisations as visible in figure 2.1.
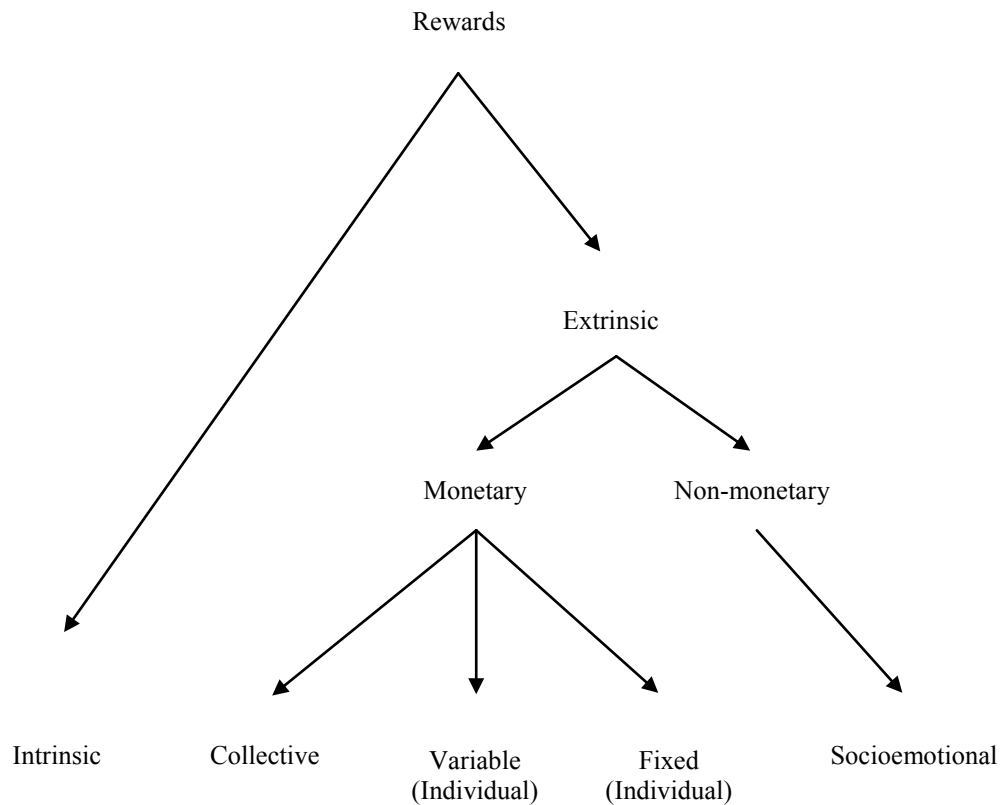
Figure 2.1 A taxonomy of organisational reward types as presented by Chen, Ford and Farris (1999, p. 49).

Division Extrinsic/Intrinsic: Intrinsic rewards are by definition non-monetary while extrinsic can be either monetary or socioemotional. Intrinsic rewards are those individual experiences through performing a job well, feelings of competence, autonomy and responsibility. Extrinsic are inducements that organisations provide such as bonus, commemorative plate, pay, job title and tenure.

Division Extrinsic Monetary/Extrinsic Non-monetary, Socioemotional: Extrinsic monetary are financial rewards such as pay raise, bonus and stock options. In contrast, Extrinsic Non-monetary such as awards and recognition for good performance, satisfy the socioemotional needs.

Division Extrinsic Monetary Collective/ Extrinsic Monetary Variable (Individual)/ Extrinsic Monetary Fixed (Individual): The monetary rewards are divided into collective, variable and fixed. Extrinsic Monetary Collective includes financial rewards provided to a group, while the other two are given to individuals. Extrinsic Monetary Variable refers to for example bonuses and Extrinsic Monetary Fixed to base salary.

The assumption is that rewarding an individual produces behaviour that benefits the organisation. However, the behaviour created for attaining a given reward is not always positive from the organisations perspective (Chen, Ford and Farris, 1999). It is important to remember that rewards, even though the word inherits a positive tone, can generate behaviour both positive and negative from the organisational perspective. According to Kohn (1993), financial incentives have indicated positive outcomes of performance when the objective was of quantitative nature such as working faster or producing more. However, no or less benefits were shown when financial incentives were used on qualitative work. The more creativity and open-ended thinking the work required was the worse people performed when working for a reward. Kohn (1993), thus, wonders if incentive plans really can work if extrinsic motivation generally does not strengthen performance. Kyriacou (2010) also suggests that selective incentives in many cases 'crowd out' intrinsic motivation. According to Guzzo, Jette and Katzell (1985), training and goal setting programs showed more consistent positive outcome than pay-for-performance programs. According to Deci (1972) and Herzberg (1966) intrinsic and extrinsic rewards cannot be assumed to be additive. Instead there are studies suggesting intrinsic motivation to be negatively affected by extrinsic rewards.

According to Steel and König (2006) time has an impact with regards to how strong reward and punishment are perceived. Also, the factor of impulsiveness in individuals as well as how important the goals are affects the effectiveness of their work. Kerr (1999), also states some areas of importance in order to achieve successful implementations of organizational rewards. They are as follows; linking rewards to measurements, linking measurements to definition, availability and eligibility, visibility, performance contingency, timeliness and reversibility. In accordance with these areas, Kerr formulates nine principles to follow. Kerr (1999) suggests that there are no connections between cost and the effect of a reward system in an organisation, and concludes complying the present practices with the nine principles to be the answer.

Herzberg's (1987) Motivation – Hygiene theory suggests intrinsic rewards such as self-actualization and job enrichment to be the most influential and more important than extrinsic rewards such as money. This contrasts with the view of Kerr (1999) of money as a reward that nobody refuses or returns, and of which individuals can respond greatly to even when they have more than enough. However, Kerr (1999) recognises problems with money as a reward in the sense of how it is distributed. Often, financial rewards does not lead to the outcome intended and so do not motivate action or encouragement. In this view, Kerr (1999) argues, reasons for using nonfinancial rewards depends not on the intrinsic perspective but on that they comply with the principles of successful implementations of reward systems. As such, nonfinancial rewards are to prefer over financial ones.

Chen, Ford and Farris (1999) conclude that employees view intrinsic rewards to be the most beneficial for the organisation in contrast to extrinsic individual variable rewards, which were thought to be the least beneficial. A merit bonus is an example of an individual variable reward. However, financial extrinsic rewards in the form of salary increases were viewed to have a great positive effect (*ibid.*). This led to the conclusion of that "organizations will reap the greatest benefits by providing freedom and autonomy to pursue an intrinsically rewarding career, while simultaneously providing financial security and stability" (Chen, Ford and Farris, 1999, p. 53). Kohn (1993) defines organisational incentives as extrinsic motivators, and suggest rewards to be bribes that work only for temporary compliance.

Kohn (1993) suggests rewards to hurt the management-subordinate relationship. This is expressed through flattery, concealing of problems and discourage of risk taking by the subordinate. Furthermore, some subordinates express a need to show that they are more competent than the one giving the rewards. Kohn (1993) concludes that rewards do motivate people, but it only motivates people to pursue rewards. Further, contingent payment system tends to undermine intrinsic motivation. Instead focus should be on intrinsic incentives such as job design, useful feedback, social support and room for self-determination.

Dainty, Raiden, and Neale (2004) study the psychological contract of 30 construction project managers. The psychological contract is described as the less formal aspect of the employment relationship, a two way exchange process. "Understanding and meeting psychological contract expectations is key to the success of any organization. This is because a failure to meet individual expectations can lead to their breach or violation, which in turn can lead to a breakdown in the employment relationship" (Dainty, Raiden, and Neale, 2004, p. 35). Dainty, Raiden, and Neale (2004) define two types of psychological contracts, relational and transactional. Relational contracts are described as long-term relationships with exchange of loyalty, trust and support. On the contrary, short-term relationships characterised by mutual self-interest, are defined as transactional contracts.

Dainty, Raiden, and Neale (2004) express that a company culture where employees work in cooperation and involvement for developing the organisation is crucial for retaining key managerial staff.

2.2 Theories for Employee Motivation

The literature available on the field of motivation is extensive, and to cite Herzberg (1987, p. 109): "The psychology of motivation is tremendously complex". There seems to be a great interest of understanding human motivation and what drives employees to perform well for an organisation that has resulted in an abundance of theories (Steel and König, 2006). Even though there are a lot of articles on motivation

in present time, they mainly build on or attempt to support older theories of which most dates back to the middle of the last century. Many studies cite for example Herzberg's Motivation-Hygiene theory (1987), Vroom's Expectancy theory (1964), Maslow's Need theory (1943), and Locke's Goal setting theory (1978). The notion of that new theories mostly build on old literature is supported by Locke and Latham (2004) who discuss the method used in work motivation research, and also Latham's and Pinder's (2005) review of work motivation theories from research between the years 1993 and 2003. Latham and Pinder (2005) conclude in their review that primarily three theories dominate the literature from this time. These are goal setting, social cognitive and organisational justice theories. The researchers also state that few fundamentally new models of work motivation have emerged during this time, in comparison with the groundbreaking impact of Maslow's need theory, Vroom's expectancy theory and Locke's goal setting theory.

This study focuses on theories directed at work motivation. The attempt is to give a broad view and insight in the subject of work motivation by providing an overview of some of the most influential theories. The definition for motivation that permeates the thesis is drawn from Locke and Latham:

> The concept of motivation refers to internal factors that impel action and to external factors that can act as inducements to action. The three aspects of action that motivation can affect are direction (choice), intensity (effort), and duration (persistence). Motivation can affect not only the acquisition of people's skills and abilities but also how and to what extent they utilize their skills and abilities. (Locke and Latham, 2004, p. 388)

Even though the research on motivation is extensive, and several theories have been developed over the years, this does not necessarily mean that the findings diverge and that nothing has been found. Instead the different theories support each other in many areas. An integrated model of work motivation has been produced by Locke and Latham (2004). It suggests that the existing work motivation theories do not actually contradict each other but rather focus on different aspects of the motivation process. The model is an attempt of connecting the theories and processes together. Also, much is written about motivation, without necessarily developing new theories, the area is explored with connections of other areas like culture, personality traits and justice theory.

As stated earlier much is written on the subject of motivation also in present time, however, newer papers still refer to the theories of expectancy, goal setting and need as well as the motivation-hygiene theory in attempts to evaluate or build on them.

Expectancy Theory was originally explained by Vroom (1964) who assumes human behaviour to be steered towards pleasure and away from pain in line with the ancient Greek principles of hedonism (Reinharth and Wahba, 1975). This leads to the possibility of predicting performance through a mathematic model.

The Goal Setting theory build on the notion that rational human action is goal directed (Locke, 1978). Locke also suggests goal setting to be a part of other theories in different ways, and suggests for example Expectancy theory to have included the thought both in theory and practice in later versions.

Maslow's (1943) theory of the basic needs is much referenced in articles discussing motivation. The theory is based on the notion of basic needs expressed by humans in a hierarchal ladder. The needs are defined as; the physiological needs, the safety needs, the love needs, the esteem needs, and the need for self-actualization. The fact that the needs can be hierarchically expressed means that the next step is stronger when the first has been fulfilled. However, the relation between the steps is not an all or nothing one. For most people the needs are in a percentage fulfilment curve with less fulfilment the higher up in the hierarchy.

2.2.1 Motivation – Hygiene Theory

This theory focuses on sources of work satisfaction and on how to design the job to make the work itself more enriching and challenging (Locke and Latham, 2004). Herzberg developed it and later Hackman and Oldham (1976) built on this theory in their work. Herzberg's article "One more time: How do you motivate employees?" was first published in 1968. When it was republished as a classic in Harvard Business Review in 1987, the article had become the single most sold article ever published in the paper. This theory appears to be a basis for some relevant studies looking at rewards resulting in the intrinsic- extrinsic reward concepts (see Deci, 1972; Chen, Ford and Farris, 1999; and Kohn, 1993).

The Motivation – Hygiene theory builds on a theory of intrinsic and extrinsic motivation. Herzberg (1966, p.71) suggests "that man has two sets of needs: his need as an animal to avoid pain and his need as a human to grow psychologically". The need to avoid pain, the dissatisfaction-avoidance, hygiene or extrinsic factors are for example company policy and administration, supervision, interpersonal relationships, working conditions, salary, status and security. The need to grow, the motivator or intrinsic factors includes achievement, recognition for achievement, the work itself, responsibility and growth or advancement.

These hygiene and motivator factors are visible in figure 2.2, where the result of 12 investigation of 1685 employees shows that reason for job dissatisfaction are most often hygiene factors, and reasons for job satisfaction are most often motivators.

Herzberg (1987, p. 113) concludes, "The results indicate that motivators were the primary cause of satisfaction, and hygiene factors the primary cause of unhappiness on the job."

Figure 2.2 Motivators and hygiene factors effect on job satisfaction and job dissatisfaction. (Herzberg, 2003, p. 90).

An important prerequisite for this theory is that job satisfaction and job dissatisfaction is not each other's opposite. Instead, the opposite of job satisfaction is no job satisfaction, while the opposite of job dissatisfaction is no job dissatisfaction. As visible in figure 2.2, motivation factors are most often the reasons for job satisfaction and hygiene factors are the reasons for job dissatisfaction.

Intrinsic motivation is coming from within an individual from joy of performing the task itself and strengthens motivation. Extrinsic factors can only give movement but not motivation. For example unfair salaries can lower employee motivation. Higher salaries can make them less dissatisfied, but not motivated.

Herzberg suggests there is a difference between motivation and movement. Through a kick or a treat, short-term movement is all you receive according to this theory. Motivation is an internal drive, which results in long-term high performance where no outside stimulation is needed.

2.3 The Role of the Production Manager

The manager responsible for construction projects on site is at Skanska called Production Manager. However, in the literature and in many other construction firms this role is often referred to as Site Manager. This role is a Middle Manager responsibility being the link between the firm's strategy and the day-to-day production work (Styhre and Josephson, 2006). The Production Manager is thus a project manager operating on, and responsible for, the construction site.

The role of the Production Managers is complex and places high demands on the individual. Styhre and Josephson (2006) identify that the administrative workload has increased since construction companies started to decentralise their activities. Further, it is concluded that the managers express a positive attitude to their role, but due to their heterogeneous work activities and the changing nature of work environment there is large amounts of pressure and stress. Work assignments for Project Managers vary between bureaucratic control and relational control, the tasks are also influenced by the tools and devices used. The Manager play an important role in balancing planned and emergent activities, while also reconciling market and technological understandings, negotiating and sanctioning ideas (Heidemann, Waehrens and Boer, 2009; Georg and Tryggestad, 2009). Laufer, Shapira and Telem, (2008) found that the Production Manager spent about 60% of their workdays in meetings, of which nearly 80 % were unplanned. They also strengthen the view of the role as having a changing nature with changing location 4.1 times per hour on average. That is, they spend less than 15 min continuously at any one location moving between moving between their personal offices, other on-site offices, on-site production areas, and off-site locations. The study by Laufer, Shapira and Telem, (2008) was performed at construction sites in Israel. The indication of unplanned activities appearing in the workday strengthens the view of importance for the role to balance planed and emergent activities.

The Managers work in a complex context with budgets getting tighter, timelines shorter, and new aspects emerging. There is also an increased level of competition in the industry, and often, the construction work starts before the planning has even been completed. This provides more uncertainty and demands more from the individual's technical skills as well as their organisational understanding (Telem, Laufer and Shapira, 2006). Sommerville and Craig (2010) further strengthen the observation of the project managers' complex role with each project shaping it, while also stressing how the nature of the role changes with age and maturity of the project manager.

3 Research Design

This chapter explains the choice of method in comparative terms. It gives an overview of the research design that formed this thesis and consequently the opportunity and limitations that follows. The program of researched pursued is presented in figure 3.1.

3.1 Selection of Method and Case

The aim with the study was formed after a thorough literature review where a gap in theory was detected. The goal with organisational reward systems is to attain, retain and motivate employees. Many consultants and researchers have looked at these formal reward systems of organisations and their effect (Kerr, 1999). However, there are indications in the literature of the existence of informal reward systems that also generate rewards affecting the behaviour of employees (Deci, 1972; Foss, 2003; Chen, Ford and Farris, 1999; Kohn, 1993). The complexity of informal reward systems and the difficulty to identify all systems that drives employees' behaviour resulted in a focus of the research questions; to indentify the reward systems that affect the employees' long-term motivation to stay with the company and to perform well. Consequently, it is only the reward systems that in some way affect the long-term motivation that are identified.

It is important to understand what drives individuals in their work context in order to provide an environment that gives the prerequisites for high performance. This is especially important in the project context, where success is especially dependent on human capabilities and devotion. It was therefore early on decided to look at the research question in a project context.

3.1.1 Evaluation of Methodological Approaches

In deciding on a methodological approach for the study a first was to evaluate a qualitative versus quantitative process. When a study is exploratory in its nature, it is customary to conduct a qualitative research. The research questions' formulation gives indication of logic in pursuing a qualitative research design since the intent of the questions is to "expand rather than controlling variables" (Holliday, 2007, p. 28). Use of qualitative data puts focus on a subject's reality and provides the opportunity of an in-depth analysis. However, this choice of method does not give the possibility to draw generalised conclusions.

A case study is a descriptive method that may allow a reflection of ongoing processes to be investigated and described. However, as stated it does not provide the opportunity for scientific generalisations. Though, a reason to why a case study

should be used in these circumstances is that it provides a platform for development of primary theories, and a chance to identify patterns.

Yin (2003) states the six most common sources used in case studies to be; documentation, archival records, interviews, direct observations, participant-observation and physical artifacts. The three most relevant to this study were documentation, archival records and interviews. All have strength and weaknesses, which are described in table 3.1. Participant-observation was also considered and would have been a desirable method to apply. After further investigation however, the thought was abandoned due to the time consuming characteristics of the participant-observation method.

Source of Evidence	Strengths	Weaknesses
Documentation	Stable (can be reviewed repeatedly) Unobtrusive (not created as a result of the case study) Exact (contains exact names, references and details of an event) Broad coverage (long span of time, many events, and many settings).	Retrievability (can be low) Biased selectivity if collection is incomplete Reporting bias (reflects bias of author) Access (may be deliberately blocked).
Archival Records	Same as Documentation plus: precise and quantitative	Same as Documentation plus: accessibility due to privacy reasons
Interviews	Targeted (focused directly of case study topic) Insightful (provides perceived causal interferences).	Bias due to poorly constructed questions Response bias Inaccuracies due to poor recall Reflexivity (interviewee gives what interviewer wants to hear).

Table 3.1The strength and weaknesses of the selected methods according to Yin (2003, p. 86).

Interviews can be conducted in many formats; structured, open-ended and in groups. Due to the private nature of the research questions and a risk of interviewees influencing each other, individual interviews are preferred for this study. An open-ended interview structure was chosen in order to open up for new dimensions, explore

respondents' beliefs and to minimise bias. It was also a desire to record the interviews to be able to perform analysis also of the researcher's way of steering the interview and to conduct fair analysis of the respondents' answers. For ethical considerations, a plan of deleting all recordings after transcription was set.

Few studies are linear. In line with this thought an abductive approach was considered. As Dubois and Gadde (2002, p. 559) states: "An abductive approach is fruitful if the researcher's objective is to discover new things – other variables and other relationships". This view is similar to an inductive approach but in contrast it "builds more on refinement of existing theories than on inventing new ones" (Dubois and Gadde, 2002, p. 559). Dubois and Gadde (2002) explain that a difference from both inductive and deductive method is the use of the theoretical framework in the abductive approach. There is a continuous interplay between theory and empirical data as also visible in the research program in figure 3.1.

For the reasons given in the sections above, the choice of method fell on a qualitative abductive research, with a closed case of individuals with similar prerequisites in their professional role. Semi-structured interviews were to be conducted and transcribed. Information of the case was to be conducted from discussions with the company, study of the intranet and annual report. The analytic strategy was to code and categorise the interviews.

3.2 Program of Research and Application of Method

The research program followed for the study is presented below in figure 3.1 and further explained in the subheading of the chapter.

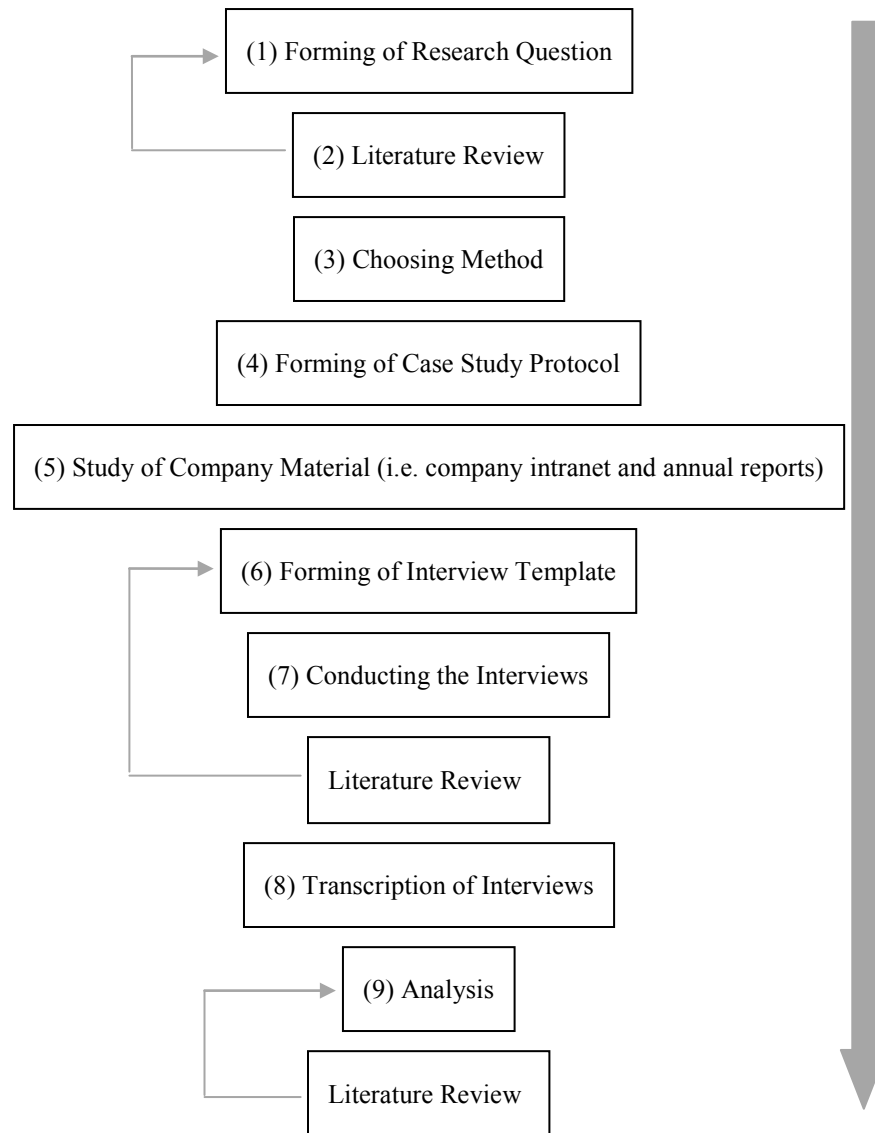**Figure 3.1 The research program followed for the study.**

3.2.1 Literature Review

The study started with a literature research on motivation-, reward-, incentive- and psychological contract theories, as well as studies of the role of the production manager (in some texts, site manager or construction project manager) in order to gain a broad knowledge base. About 200 articles on the subject were compiled to give a

broad knowledge base. The selection of method was decided after studying literature relevant to motivation and reward theories, as well as discussions with our supervisors at Chalmers and Skanska AB of what was appropriate according to the research question as well as possible to execute. In line with the abductive approach chosen, the literature was looked upon and the theoretical framework developed, also during the period of conducting the interviews.

3.2.2 Interviews and Case Study

A qualitative method with semi-structured interviews was used in order to answer the research questions. The case was limited to include all Production Managers within one of Skanska AB's over 100 districts.

Analyses of company texts and discussions with the HR department as well as key individuals with insight in the company strategy were performed to maintain an understanding for the company context the managers operates in. Attaining this knowledge was critical in order to design the interview template. The interviews were semi-structured to attain the thoughts and perspective of the manager through open-ended questions, but still be steered to the relevant subject by the interviewer.

The choice of focusing on only one district instead of interviewing Production Managers from different districts or even different companies was due to attaining a closed case. In one district, all the Production Managers serve under the same District Manager providing smaller changes in rules for- and expectations on the individual manager. Also, different district operates within different areas in construction and/or geographic location. The choice of focusing on one district provided a case where all the interviewed Production Managers had the same formal reward systems.

The possibility to compare answers of the interviewees is limited though the semi structured alternative. However, the purpose of the thesis is not to compare results and present statistics but to dig deeper into the context of the Production Managers situation and to gain understanding to the aspect that steers them.

This study focuses on one of the districts within the large construction company, Skanska. Interviews were conducted with Project Managers and Production Managers in the district, as well as the District Manager and the Region Manager. This resulted in 13 interviews concerning their role, their drivers and motivation as well as rewards and reward systems in their situation. All but one of the Production Managers in the district participated. The interviews were of about 60 minutes of length and all but one was recorded. Thorough notes were taken during the interview not recorded. The interviews were conducted as the same occasion as two other researchers in order to not waste unnecessary time from the managers.

The goal of the interviews with the Production Managers was to study their reward systems and their motivation to stay and perform well. The interviews with the other managers were merely in order to gain a broader perspective and context for the reward systems, expectations and context of the Production Manager. Also, interviews and informal meetings were conducted with employees from the HR and strategy departments of the organisation in order to gain an understanding of the organisation and the context the district operates in. Further insights to the company were gained through studying the company's annual report, intranet, policies and organisational structure.

3.2.3 Analysis

The interviews were transcribed in *verbatim* to provide a fairer analysis. Answers which were given to a leading question could then be identified in order not to be misleading in the results. For the analyses, each transcript was summarised and categorised into factors considered to be motivating with regards to the objectives. All answers were used even if only one individual mentioned them. The transcripts were also coded and the results placed in a matrix. The formal reward systems were identified and compared. Where quotations from the interviews are published in the study in order to show the result, ethical consideration was taken and the formulations carefully reviewed. It should also be noted that the interviews were conducted in Swedish and the quotations has been translated to English by the author.

The annual reports were analysed through the use of coded words in order to provide a matrix and overview of the company's official employee strategy.

The goal of the study was not to support a single motivation theory, but to simply identify what motivated the managers to stay with the company and to perform well in their role. However, one motivation theory turned out to explain the result. The thesis support Herzberg's Motivation-Hygiene theory. In line with the abductive method used, this finding steered the content in the literature review with focus on Herzberg's theory in the motivation chapter and the focus on intrinsic and extrinsic reward theory in the reward chapter. These parts were included in order to explain the result and findings better.

4 Case Study

The chapter of Skanska Sweden AB presents the case organisation, and the context in which it operates. Further, in order to gain an understanding of the setting for the study, some relevant information on the case district is given as well as the company view of employee motivation. Statements from the company's annual report regarding the official company strategy on attracting and retaining competent employees are summarised and presented.

4.1 Skanska Sweden AB

Skanska AB is an internationally leading company within project development and construction services. The company has approximately 52 000 employees in Europe, USA and Latin America. Sweden is one of the company's home markets with approximately 11 000 employees working here. It was also in Sweden the company was founded in 1887. As shown in figure 4.1, Skanska Sweden AB is a part of the construction segment of Skanska AB.
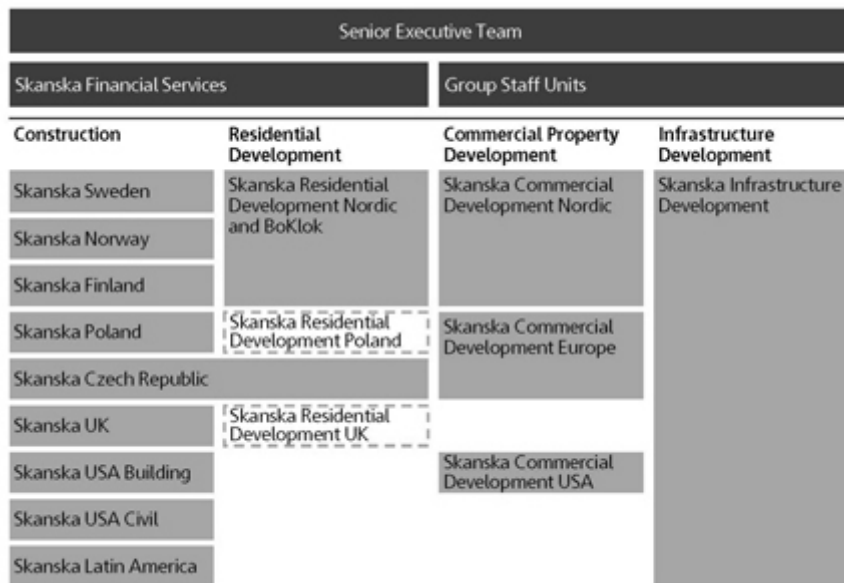
Figure 4.1Organisational chart of the Skanska Group (Skanska AB, 2011).

Skanska Sverige AB consists of three operational categories; Hus, Väg & Anläggning and Asfalt & Betong. Skanska Sverige AB is divided into four divisions according to the three operational categories where Hus is divided into two due to being such a large area of operation. These operational categories have regions respectively divided underneath them. Further, each region is composed of a number of districts. There are 20 regions and over 100 districts in Skanska Sverige AB. As explained by Samuelsson, Ekendahl and Ekevärn (2006, p 39) in their study of Skanska Sverige and

the strategic and operational perspectives of performance measurement; "Districts are the operational units directing the business at local markets, while regions are cooperating and supporting units for four to eight districts". A chart of a typical region and district is presented in figure 4.2. The District Managers have Project Managers assigned to their district, who in turn manages one or more Production Managers. Normally, the Production Manager is responsible for the production of one construction project and is physically located on site.

In the case district, all staff signed to the district are part of the same pool and located to a project based on its requirements. Consequently, the Production Managers do not always work with the same Project Manager, but usually under the same District Manager. The case district produces good results on the organisation's internal measurement systems. Skanska Sverige AB will hereafter in the study be referred to as Skanska.

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│  Production Managers     │  │  Project Engineers       │
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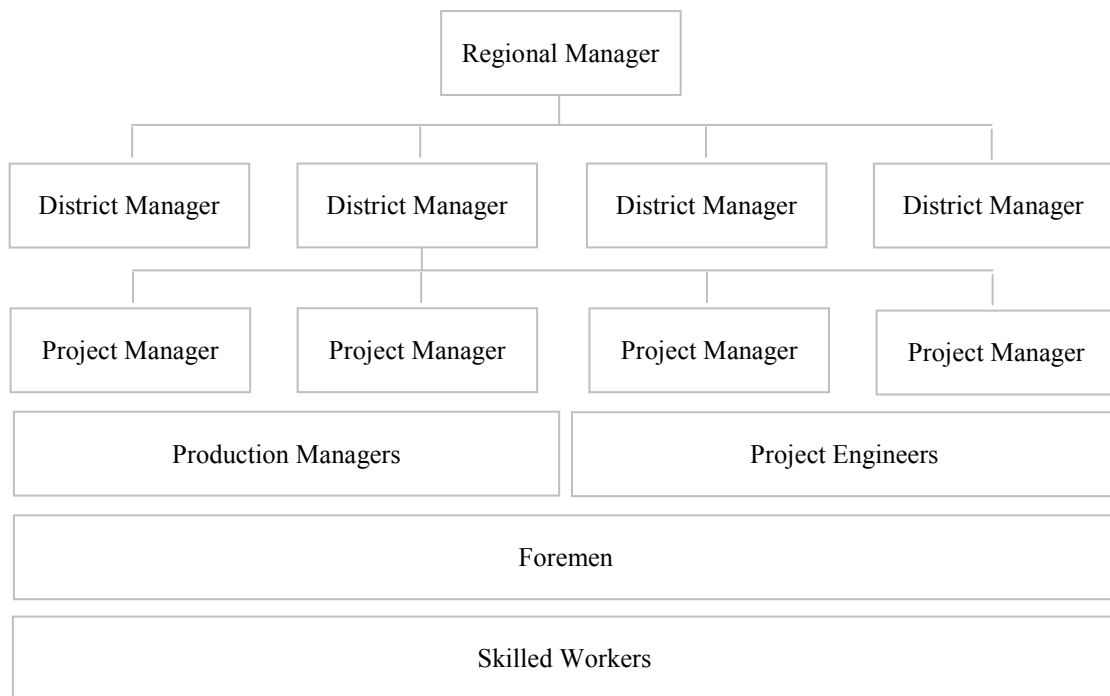
Figure 4.2 Chart of a typical region and district in Skanska (Pettersson and Bryngelsson, 2007).

4.1.1 The Strategy of Motivated Employees

The President and CEO Johan Karlström states in the Annual Report 2010 (p. 5) that:

> In order to achieve our goals, we will need to sharply increase our recruitment efforts in the next few years. This is made easier by Skanska's strong brand and our ability to offer exciting job assignments and global career opportunities. Through the Skanska Employee Ownership Program (SEOP), all employees have the opportunity to participate in sharing the Group's earnings. This boosts employee dedication and creates closer affinity with the Company.

It is clear that recruitment of new competent personnel, as well as developing and retain employees is important for the company. The employees are also included in the success model at the company intranet presented in figure 4.3.
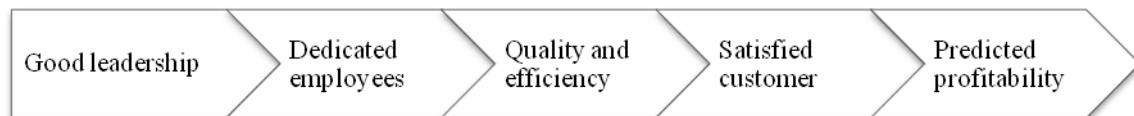
Figure 4.3 The success model of the organization.

The model indicates that motivated employees are critical to the organisation. Also, one of the strategies in order to meet the operational and financial targets stated in the Annual Report refers to the employees; "to recruit, develop and retain competent employees and to take steps to achieve increased diversity" (Annual Report 2010, p. 6).

Furthermore, according to the company's intranet the declared aim is that the company should be the best employer in their industry when it comes to attract and recruit:

> Our aspiration is to be the best employer in our industry and one of the most attractive for our target groups. We aim to have better people than our competitors in every position and a workforce that mirrors society.

Aside from recruiting new employees, a top-priority is to identify and provide existing talent with professional development. Besides the importance of recruitment and development, the Annual Report also stresses the importance of ensuring that new employees are introduced to the Company's way of working (Annual Report, 2010).

In short, attracting and retaining key employees is important to Skanska. Table 4.1 gives an overview of factors found in the Annual Report 2010 that were considered to be important in order to achieve this. The table is constructed by the author and with

page numbers at the quotations referring to the Annual Report 2010. Good reputation, differentiation through green construction, ethics and health and safety, diversity, the shareholder program, the size of the organisation, development and job satisfaction are important factors when it comes to attracting and retaining employees.

The important role the employees play is also visible under the heading "Employees generate success" in the Annual Report 2010, where the employee strategy is explained. Skanska recognizes the importance of dedicated and committed employees and point at expertise and diversity as important for the continued success and good earnings of the company. Further, three factors are identified as strengths of the company; its employees, the Skanska brand and the financial strength. The strength of the employees is described as skilled, dedicated employees who combine their expertise with Skanska's overall focus on sustainable development.

Factor important for attracting and retaining personnel	Reference from the Annual Report 2010
Good reputation	"A good reputation is an important factor in attracting the best employees. To achieve its long-term goals, Skanska must ensure the supply of future managers both for its projects and for other parts of the organization. Identifying and developing the leaders of tomorrow is a core activity for both local units and the Group" (p. 8)
Differentiation through green construction, ethics and health and safety	"To ensure that Skanska can compete for the best potential employees, the Group emphasizes its leading position in Green Construction, good ethics and strong values. Being able to offer opportunities for professional development in a successful global company greatly enhances Skanska's value as an employer."(p. 18) "Future-oriented companies are demanding green premises to make them more attractive to employees and customers" (p. 17)
Diversity	"Diversity also boosts the capacity and innovativeness of the Company. To achieve a more even gender balance, Skanska needs a large number of women at all levels, especially in line positions" (p. 19)
The shareholder program	"To increase Skanska's attractiveness and create a closer affinity between employees and the Company, in 2008 Skanska introduced a new long-term share incentive program, the Skanska Employee Ownership Program (SEOP), for all permanent employees. In 2011 the program begins a new three-year period". (p. 8)
The size of the organisation	"The Group's size and international profile are also attractive qualities in the recruitment of new employees." (p. 8)
Development	"One of the most important factors in attracting and retaining employees is the opportunity for continued professional development within the Company. Skanska thus devotes great effort to creating a culture in which managers and other employees provide each other with mutual feedback, where employees can undertake new, challenging assignments and where proficiency-raising special training programs are offered. " (p. 81)
Job satisfaction	"Skanska is convinced that it can become a more competitive company if all employees are satisfied with their jobs and professional development" (p. 81)

Table 4.1 Factors considered by Skanska to be important in order to retain and attract competent employees. (The table was created by the author through an analysis of the Annual Report 2010).

5 Analysis and Findings

The findings are divided into 'Identified formal reward systems of the organisation', and 'Identified reasons for long-term motivation'. The identified systems are presented with the views of the Production Managers in focus.

5.1 Identified Formal Reward Systems of the Organisation

The reward systems consciously used by the organisation to steer the Production Managers have been identified through internal documentation. The identified formal reward systems are presented in this section. Each formal reward system is presented so that there is first an explanation based on company documentation, and secondly a section with the Production Managers opinions based on the interviews. This study does not attempt to cover all reward systems used by the organisation, instead the reward systems presented here are the ones that are identified at the company intranet as well as discussed during the interviews. They give a context of the Production Managers role and what steers the position.

5.1.1 Financial Compensation

The Region Manager, District Manager, Project Managers and Production Managers all have a base salary and are subjected to a bonus system. However, the basis for the bonus varies between the positions. Bonus for the Region and District Manager has been a tradition within Skanska for a long time. While the bonus for the Project and Production Managers has been introduced in later years. The bonus for the Production Manager is based on the economy of the project and district as well as reduction factors. The reduction factors often change and are chosen on areas of special importance for the company. An example of a reduction factor is if accidents have occurred on the Production Manager's project.

There is also a shareholding program called SEOP which employees can choose to join. At present, 19 percent of Skanska's employees participate in the shareholding program (Annual Report 2010). Employees can make investments in the program, the growth of the investment is affected by the performance of their business unit and level of their position.

The Production Managers Opinion on the Bonus System
There were mixed feelings on the bonus systems, with conflicting opinions within many of the interviewees. However, generally most interviewees considered it to be a moral issue not to be steered by the bonus system. That is, you should not work harder because of a bonus. As one of the Production Managers explains:

It is a moral issue; I won't work differently because of a bonus system. It's crazy. It is a way of grabbing money that I just think is.. I think you should have a good salary, and that is good.

Another Production Manager further describes the same notion:

I don't think it affect so much if I should be honest. It is the same way as I don't believe the cord to be steering. You do the best you can anyway. Maybe it depends though, on the size of it, I don't know

Another aspect where most interviewees agreed was the inability to actually be able to affect their bonus outcome:

They [the distribution of bonuses] are fair over time. But since the economy steer the bonus system so mush, it is not fair from time to time. It depends on what prize they set when they took the job.

Further critic for the system used is represented by another Production Manager:

I don't believe in, or I don't like the bonus system. It is because.. First, the jobs are so long. You cannot.. If it is a long job, how can you make a prognosis and tell how much profit you will make? It becomes very subjective. And then, you are dependent of your coworkers, if you don't get the ones you want, what do you do?"…"you constantly need to work on the reward systems so they change. If you have a system for four five years, everyone starts to learn it. Then, it is not fun anymore or you start to calculate what you should have every year. And then it is not a reward.

Another manager supports this view:

They say that it is based on the project economy, but it is really what you deliver in the report, so it is really how the account is doing."..."I think they measure on weird parameters really [in the bonus]. But well, that is my opinion.

Some, however, felt a short-term motivation from the bonus, and described it as a sort of a confirmation that they were doing things right, likening it with feedback:

Feedback is the most important; it is something that makes you feel pretty good. But then you cannot ignore the bonus and salary of course"…"It does not really make me work better, but... It is a confirmation somehow. I don't think it makes me work better but, hard to tell really. But I think it is good that we have the bonus. It is like with the salary, it is a

confirmation that you have done something well. A little bit like feedback I think. But then it is pretty short-term.

Another Production Manager further explains this view:

> Well, this with the steering with bonuses, it is something that just lands on top. It gives so much more feedback that a project is working, and is finished on time, than a percent figure once a year. It is not worth it. If I would choose between a catastrophic project with 100% in bonus or a construction where everything was flowing and everyone felt good, but no bonus. I would have chosen no bonus every year. "..."I can honestly say, that I don't think it [the bonus] makes any difference.

Some also described it as the 'icing on the cake'. On the question if the bonus system is motivating one of the interviewee answered:

> No, I don't think so"…" I think the bonus system is good, but it does not incite me. I don't think a bonus system ever does that. But it is like the icing on the cake.

Others stated that their salaries would be too low if the bonus was not distributed and that they counted their bonuses as a part of their salary:

> But that is between [number] and [number] thousands a year, not to despise. And if we would not have the bonus, I wouldn't stay. Because then my salary is too low. I want job with the full bonus, or else I won't go.

Feelings towards this reward system were strong and the opinions were many. The thoughts can generally be divided into three aspects; the moral aspect, the feedback aspect and the inability to affect the outcome.

As it is now, Skanska provides a bonus for being on projects that meets their financial goals. Since the Production Managers are not the only factor for a project to meet this goal, it is natural that the Production Manager looks in to the other factors, such as the calculation of the project. For the more senior managers, this leads to complicated discussions of the complexity of projects and Production Managers refusing to take on tough projects. Also, managers who are good at managing tough projects will naturally be the preferred choice to steer that kind of project. This leads to that Production Managers who are very good at what they do often sit on projects not generating bonuses:

> It becomes unfair when you are in a recession and someone takes a project which is based on zero profit. Then someone can make a really good job,

and earn 3 % for example, but the wont get any bonus. I think if would be better to get a higher salary. But I understand that they want the bonus in order to reflect performance. If you make more money on a project you can give some to the employees. I understand the connection, but then it should be the same for everyone. Everyone's salary should be based on the project economy like us.

Or as the Region Manager express it: "the best job is usually done in the toughest projects".

The Production Managers Opinion on the Base Salary
Similar to the bonus system, the base salary received a lot of attention from the Production Managers in the interviews. There were a lot of feelings and opinions. One aspect that was generally expressed by the interviewees was that you want to feel valued for what you do. You do not want to be tricked, but be fairly paid for the work performed. Many also make a connection between the size of the salary and status. This can be illustrated by the quotation below:

Well, there is talk about the salary, and that it is not the most important. Our managers teach us that. And it is not the most important, but you still need the livelihood part. And, there is different balance in it". The interviewee continues with explaining the piece rate system used for the carpenters earlier, and the discussions and negotiations they had. He says that often it was not the money, but the pride, the status that matters. "It is the feeling that you are valued higher.

Another manager further explains this view:

If it is in the form of a salary or bonus does not matter. The main thing is that you do not sit there and feel like you are working your ass off and making too little money. That you do not feel like the company is ripping you off. You do not want to feel like if you had done this somewhere else, you would have made more money. Then it does not matter which form it is in, but the financial compensation carries weight. It is the company's most effective way of showing appreciation"..."it is unbeatable.

And summarised by this quotation by another manager: *"You are not stupid, or you try not to be stupid"*. There were also indications of that the salary was thought of as a management of personnel, of a level of treatment:

We have had a big circulation of people through the years. So I would not say that they have handled the personnel very good [in thoughts of salary]"... "Many have gone to [competitor]".

Also, there were suggestions of that co-workers leaving for other companies had the potential to negatively impact on the loyalty towards the company:

> If the company loses a lot of people because they treat them bad, you can lose faith in the company."…"A couple of years ago, seven eight people left for [competitor]. A District Manager left and brought people with him."…"Skanska was way of, with the salaries they had, other companies could buy personnel. But now they have evened it out. But they put themselves in that position and I expect that to never happen again.

Some managers believe the way to enhance their salary is to change role:

> It is a clear line between 'out' and 'in'. It is more status sitting inside, but I don't want to, since it is not as fun. If I would go in I could raise my salary. I want to stay, but then I can't get a higher salary.

The view is further explained by another manager:

> There is such a small pay rise; there is a pot which the District Manager can distribute each year. But it is so small, that if you want something to happen you should change role, or upgrade in the role.

Most interviewees were of the opinion that when comparing their salaries with friends who hold similar roles in other industries or the same industry but other roles, the level of difference seems unfair. There was also an indication of that the Production Managers experienced their salary to be too low when comparing it with the responsibility given:

> The knowledge of production lies with the Production Manager. I think the salary is low compared to the knowledge. I also see a problem in that people aren't attracted to production, and the compensation could be one reason to this.

The general focus in the discussions of the salary can be divided into thoughts of the size of the salary, the sense of being valued or the connection between salary and status, and the feeling that you need to change role in order to raise your salary.

The Production Managers Opinion on the Shareholder Program
The shareholding program is supposed to be a way of retaining personnel in the company according to the Annual Report 2010. This view was not supported in the interviews. The shareholder program is relatively new which might be a reason why it was not mentioned so mush. Only one of the Production Managers expressed a clear positive view of the program:

> Skanska has a shareholding program. I guess... That must. It is a reward system where you bind the employee. Because it you quit, you miss the opportunity. But I am not in it myself"…"but maybe it can be a way of keeping people.

However, that this interviewee had chose not to be in the program limits the credibility.

5.1.2 Performance Review

The District Manager is responsible for managing one meeting regarding wage discussion, and one regarding the performance review with the Production Manager. It is not allowed to execute the performance review at the same occasion as the wage discussion; there have to be two separate meetings. Regarding the performance review, the District Manager is in charge of discussing the future aspirations as well as past performances.

The Production Managers Opinion on the Performance Review

For many the performance review is a way to grow, to set up goals together with their managers. The performance review also seems to be the first step towards promotion. It seems however to be important to express this will yourself. On discussing how the Production Managers had received their position, many identified discussions at the performance review to be where the process started. One critique of the review was the limitation of focus to the closest time period:

> The last thing that happened is the easiest thing to look at. So if you did really well in January, and not so good in October, it is October we talk about.

But generally, most were positive towards the performance review. The Production Managers expressed it as an opportunity to have time to sit down with their manager.

5.1.3 Dual Career

Dual career is an initiative which aims at providing career paths within the production and a possibility for Production Managers to develop while still being able to work in the production. The Production Manager and Project Manager are included in this program. There are four levels of Production Managers that provides different levels of complex projects and entitlement to different sizes of bonuses. Dual career was introduced in 2007 and is as such fairly new.

A reason for the program, given by Skanska, is that the organisation considers the Production Manager and Project Managers to be key employees for the organisation

and that they should have a possibility to develop in their roles and job assignments with rewards closely contacted to performance.

The Production Managers Opinion on the Dual Career

Not everyone knew what the term Dual Career was. However the outcome of the program, such as the division of Production Managers and how the bonus and salary depends on it, was common knowledge. Generally, thoughts of the program were either positive to the idea or did not really see the effect of it. As can be discerned in this statement by one of the Production Manager who did not see the effect, the reason is that the development happens anyway:

> I don't know. I think it is a paper product. I mean if it works you get bigger projects, it comes naturally anyway. Also, what kind of projects we have affects just as much. The ones available take the project.

However, there were also managers expressing themselves positively of the program and even saw potentials for expanding it:

> I think it is really good. I just think it is a shame that it is only for Production Manager and Project Manager. The Foremen and Project Engineer should be included too. As it is today, all good Foremen become Production Manager. And that is very good, but I also think the roles are very different. It is not obvious that a good Foreman become a good Production Manager. I think a Foreman should be able to earn more than a Production Manager if he is good.

5.1.4 Development

From the success model of the company, presented in figure 4.3, which suggests that a good leadership leads to a 'predicted profitability' of the organisation, the importance of developing the employees is clear. Development through educational program and courses through the organisation are provided the Production Managers.

There is also a program, Skanska Unlimited, which provides an opportunity to work in other parts of the world within Skanska AB. Employees can apply to work at another business unit for between three and six months.

The Production Managers Opinion on the Development

The education possibilities provided by Skanska are generally positively viewed on. There is also an opinion of that the education strategy has gotten better with time. The general opinion can be represented by this explanation by one of the managers:

> There are a lot of courses available. As long as you can motivate why you want the course, you are almost always allowed to take it. It is great.

5.1.5 Internal awards

In Skanska Sweden there are a number of internal awards distributed for extra-ordinary performance. They are as follows; Region of the year, Green solution award, Health and safety award and Bronze, silver and gold hard hat.

Region of the year: As a basis for the award of Region of the year lays statistic from the co-worker survey, great boss index, satisfied clients, accidents, purchasing and finance.

Green award: The prize is given in two categories; project and solution. The prize aims to reward good initiatives and stimulate the drive for business and profitable sustainable work.

Bronze, silver and gold hard hat: The hard hats awards are distributed for extraordinary performance. The bronze is given on a region level, the silver on Sweden level and the gold hard hat on a global level.

Health and safety award: The prize rewards individual initiatives or units who have carried out measures to create secure and healthy work environment.

The Production Managers Opinion on the Internal Awards
From the Production Managers view, the awards are not a motivator. However, on the other hand, these awards are not specifically targeted towards the Production Managers. One of the interviewees says: "It could be nice, but it is not something that motivates" similarly to another interviewee stating that:

> I can't say that it motivates. I mean I have hardly thought about it. I don't know, but I think it is a little far away. No, I can't say that it affects me.

There were also in some interviews indication of a personal moral aspect not allowing appreciation of individual awards as expressed by one interviewee: "I don't like that American stuff. Getting up on stage is not my thing" or by another "Maybe you, at your age aims for it. Without being rude, I think I have another security in my life".

5.1.6 Benefits

The employees are insured according to the laws and regulations in the Swedish labor market. As an employee you are also entitled to various staff discounts and benefits according to agreements.

The Production Managers Opinion on the Benefits

Benefits are not mentioned by the Production Managers during the interviews. It can be assumed that benefits such as pension and health support are natural elements that are taken for granted in Sweden.

5.1.7 Measurements

Skanska has been using a balance scorecard approach called the Pathfinder since 2004. The measurements focus on four areas; finance, customer, way of working and employees. These four areas have various subtitles with measurement from the production. The balance scorecard system is visible down to Project Manager level, with numbers reflecting on the districts and regions. The results of the districts and regions are visible to the other managers, making it easy to compare scores. This was inspired from Handelsbanken's philosophy of comparing local units in order to stimulate internal competition and drive improvements. It was considered a way of utilising the strong competitive instinct identified in the organisational culture. (Samuelsson, 2006)

Some of the measurement in the pathfinder are measured on the project level and reflects on the Production Managers. These are financial results as well as customer and employee surveys conducted in order to measure satisfaction. The customer survey is focused at projects over three million with the aim of identifying areas of improvement from the client perspective. Level of motivated employed is one of the factors measured in the employee survey as understood from the Annual Report:

> The Group works with annual employee surveys in order to obtain a picture of job satisfaction, morale and professional development needs. These surveys are conducted at all Skanska business units and are measured using a global index. The results have improved over time, due to focused efforts to address high-priority areas. The results from the 2010 survey show that the positive trend in the Group is continuing. (Annual Report, 2010, p. 81).

The Production Managers Opinion on the Measurements
The measurements seem to be able to generate a sense of competition, knowledge of score and feedback. The Production Managers experience economy to be the most important factor they are measured on. The Production Managers gives a prognosis to the Project Manager that then discusses it with the District Manager. The measurements seem to result in a sense of feedback and knowledge of score as one of the Production Managers said:

> You know you have done a good job when we have good numbers and can sit down a week before inspection with everything done. Then it has been a good project.

There seems however, to be different opinions on how important the measurements are both between interviewees and between different measurements. One of the more experienced Production Managers answers a question of how the measurements affect the work:

> Well, when you have been working with this a while. You work according to the measurement at 95%, otherwise you would not be here. But, I don't feel.. If I don't make an IBX-buy I don't care. A younger colleague might have been worried that they lose something.

Another interviewee says:

> Satisfied customer survey is something you can touch. But the employee survey, if I should be honest... I mean, you don't get so affected since it is so general. On the region meetings you talk about what the number is now. I mean, the customer survey is more connected to the project you have been responsible for. So I value that survey highly.

When asked if the Production Managers focus more on the areas being measured, one of the interviewees indicates the measurements result in a sense of competition:

> Yes, the goal is that we should have high scores on these measurements. We have the average scores for Sweden and everyone wants to be above average. When you talk about it at the region meetings, you don't want to stick out and be worse than the others.”…”I think the measurements are good. If something does not work, it is good to catch it in time.

5.1.8 Business Plan/Project Plan

There is an overall business plan for Skanska. This plan is converted into regional business plans adapted to the special requirements on the various regions. Again, the plans are adapted to district levels that are called district business plans. For all projects accepted, project plans are created based on these district business plans adapted to the context of the project. The project plan contains information on how the project should be organised and respective responsibilities of those involved.

The Production Managers Opinion on the Business Plan/Project Plan

The business and project plan seems to provide a sense of direction of work and goals to aim for in the projects. As one interviewee states: "The business plan is our foundation, where everything is described. Then there are some variations when you take it down to the site level" and another explains:"When the project has started, you don't look at anything else. Then it is just the project plan that matters". The project plan, and indirectly the business plan, is a way of directing focus in the projects through setting up goals. Another interviewee further explains this:

> We put down goals in our project plan. There are environmental goals for example, and financial goals"…"and satisfied customer. That is three clear goals. There are also work environment goals, and a goal for no injuries."…"You follow up the project plan. It depends on how big the project is. Then, I mean the environmental goals are really hard to.. yes."…"The goals are clear. I mean we set them our selves, and of course with the clients, but you have been a part of the process. There are no general goals, but often very specific to the project. Then of course, Skanska as an organisation has goals. But they are harder to get a grip of, I guess because you have not been involved in setting them. I don't think I can say what the goals for this project are for Skanska as an organisation.

5.2 Identified Reasons for Long-term Motivation

The reasons identified for staying with the company and to perform well are presented in table 5.1. As shown, some are reasons for staying with the company, some for performing well and a further number are reasons for both. Each reason is presented in subheadings in this chapter with support for how it contributes to motivation for staying, performing well or both where it applies.

The reason for why the Production Managers started working for their company was most often a coincidence and an opportunity to be employed. For those where there was actually a conscious choice, Skanska International was the drive. It was an opportunity to go abroad and work on projects in other countries. It should be noted however, that Skanska International has not existed since the introduction of home markets.

Even if most of the interviewees started their career at Skanska out of coincidence, they have made conscious decision to stay with the company. Some have even received offers from other companies with higher salaries. What is it that makes them motivated to stay with the company? The reasons given by the Production Managers to why they have stayed with the company and in their role are stated in the subheadings below.

What is it that motivates the employees to perform well in their role? In the attempt of answering this question some areas was discussed. Aside from the direct question on what was considered to be motivational factors, the interviewees were asked to discuss what they believe to be the most fun with their work, as well as what is it that motivates them to carry out tasks experienced to be boring or tough. It is here assumed that activities considered to be fun are a contribution to work motivation; that an individual experiencing pleasure in their work also exhibits long-term motivation for carrying out their tasks. This is based on the Motivation – Hygiene theory (Herzberg, 1987) as well as the statement from Skanska in the Annual Report, of how Skanska can become more competitive with employees experiencing job satisfaction.

The Identified Reasons for Long-term Motivation	Motivation to Stay with the Company	Motivation to Perform Well
Reason one: The grass is not greener on the other side	✓	
Reason two: The size of the company	✓	
Reason three: The development possibilities	✓	
Reason four: The project setting	✓	✓
Reason five: The ability to influence	✓	✓
Reason six: The relationships to colleagues and managers	✓	✓
Reason seven: The opportunities given	✓	✓
Reason eight: The sense of responsibility		✓
Reason nine: The received feedback		✓

Table 5.1 Reasons for long-term motivation to stay and perform well.

5.2.1 Reason One: The Grass is not Greener on the Other Side

Motivation to Stay
Here, the reason for staying seems to be less of a fulfilment of the current company but in a belief that the available options are not any better. As one interviewee stated:"If you scrutinise it. It is not greener on the other side". This was confirmed by another interviewee who implies that there is not such a big difference between companies: "It is not so important what the name of the company is I think. I think the role is pretty similar". The perception that it is not better to be employed somewhere else, results in a satisfaction of the own position.

5.2.2 Reason Two: The Size of the Company

Motivation to Stay

A large company can provide mainly two aspects important for the Production Managers; interesting projects and job security. In the context of explaining why the size of the company matters, one of the Production Managers states it has an impact on what kind of projects you get to work with:

> What kind of projects the organisation has is a big thing. There are all kinds of projects from 40 million up to half a billion. So you can end up on much different kind of projects.

Job security is another reason as explained in this quote:

> Then there is some kind of safety. A large company has a little better range of keeping its personnel. If you go to a smaller company, they have that risk.

5.2.3 Reason Three: The Development Possibilities

Motivation to Stay

Development at work is an important aspect when it comes to motivation. One of the Production Managers says:

> Then there are the development possibilities at Skanska. I mean, you get the education you feel like almost. I think that is very good, and the courses you get are often very good. If you want to, you can do a lot within Skanska.

The opportunity to grow both personally and professionally is expressed as a reason to stay with the company.

5.2.4 Reason Four: The Project Setting

Motivation to Stay

The Production Managers seems to appreciate the very nature of their work, with the project setting providing them with variation and development. The projects in themselves provide motivation to stay with the company:

> It is the projects, what kind of project there is. That is a big motivation to why I am still here. It is fun projects to be on. I am being a bit repetitive, but it is a big thing.

One of the Production Managers state that "At one time you hear that it is not good [to change employer], and in the next that it is". The interviewee continues with explaining reasons for staying:

> I don't know, I have been looking at other companies but it is not interesting any more. I don't think like that. It is like... If I would have worked at Volvo, I don't think I could have stayed so long. It is the projects that... they changes all the time.

The interviewee continues with explaining the various positions and projects held during the time at Skanska and conclude: "It is the variation". Another interviewee points out the personal growth provided by the project setting:

> I have always had different tasks. And there have been new projects all the time. We invent the wheel every time. I am constantly doing things I have not done before. It is always fun to learn something new.

Further, the project setting seems to provide an ability to influence their own situation:

> It is alternating and you are your own, even if you were more your own as a site manager. You get to decide and you meet a lot of new people.

Motivation to Perform

When asked what was the most fun with their work, many Production Managers answers sprung out of the project environment. The variation in work tasks, the social aspects as well as interesting projects are motivators to perform at work as can be noted in the two citations below:

> I think it is the variation. You meet a lot of people. You meet at one project and then you meet at the job again ten years later. I think, if you compare it to sitting in a booth your whole life. That may not be so exciting.

> It is a lot of fun being in the production. There are many working moments. You don't sit in the office eight hours, but you are very much out in the production. And I enjoy that very much. Straight forward. The variation in work somehow.

5.2.5 Reason Five: The Ability to Influence

Motivation to Stay

Being able to influence their own situation seems to be important for the Production Managers. As one of the employees explain:

> I think you have pretty large number of options on what you want to work with. You are pretty often asked of what you feel like focus in on a project. You get to have some own ideas of what you want to do. I feel like you can influence your own situation very much yourself somehow.

Motivation to Perform

Freedom with responsibility is something that came up throughout the interviews. Of what is best with the role, one Production Manager stated:"Freedom that you steer yourself. They control more in small companies, and then you have the boss looking over your shoulder. But it used to be more fun". Another manager reasoned that you create your own work situation and so are in charge of your own motivation. However, the manager concluded that the very fact that you have this option, to control your own situation was motivating: "It is the freedom. Freedom with responsibility"

5.2.6 Reason Six: The Relationships to Colleagues and Managers

Motivation to Stay

One of the Production Managers explains the reason for staying with the company like this:"I have always liked my job. If it would have been boring to go to work in the morning, I would have stopped a long time ago". Further, when asked to develop what makes the Production Manager like the job, the answer is: "It is the colleagues and the social climate you can say". This view is shared by most Production Manages and also visible in the answer of another interviewee:

> I think I have amazing colleagues. I mean, the climate among colleagues has been great. So that is a huge motivation to continue, that you have good people around you, nice people.

Yet another Production Manager says he enjoyed the work from the start because:

> The group entered was great on the pure social level. Honestly, I don't think there is any large difference between companies, not if you compare say [two large contractors] anyway. But it maters if you are happy with the social bit, and I was.

Yet another interviewee who also explains the importance of the relationships supports the observations from above:

> How can I explain it? You have a social network that is on the site, which makes it fun to go to work every day"... "And then you have the relations upwards. You can have it as pleasant as ever on the site, but if you don't get along with your boss you will probably not do anything other than what you are doing right now.

The interviewee does not think this is special for the construction industry, but rather businesses with high hierarchal structures:

> It is pretty sound to get along with your closest bosses; otherwise it is easy that you end up in the freezer. There is no other manager that will step in, push him aside and do his job. They have their respective responsibilities. Maybe in other industries with a flatter structure there might be freer limits and so you are not as dependent on that thing.

So it can be concluded that a good climate between colleagues are important for the long-term motivation to stay with the company. But what is it that lies behind a good climate? What is it that is important in order to achieve it? When asked what it is that make the climate so good, one interviewee continues:

> In a pretty large project, I think you find your role in a good way. It is very rare that you hear about someone who is worn-out by the workload. There are clear work assignments clearly divided. That are within the frames of what you can actually do. I think that leads to that you actually like your job somehow.

Another interviewee answers what is important in order to create that good social climate: "I think the most important is to have an open communication". When talking about a project with the best climate the Production Manager has been on he states that the mix of women and men was good on that project and that he believes it to be a very big contribution to the great work climate:

> It is like; if you have been in the dressing room after practice it is fun for a while. But 40 hours a week is a bit mush"..."it becomes tougher and tougher and harder and harder and after a while it is not pleasant anymore"…"But if you mix the genders it is on another level, more with a spark in your eye".." I can't put my finger on it but I find that the work environment becomes much better, softer.

Another reason to achieve a nice climate is that everyone has an appropriate workload. The whole social aspect takes a beating if people have to mush to do. Then it does not matter how well you have mixed or how good and nice people you have. Then it is shit anyway.

To create a good social climate Skanska is involved in arranging out of the office activities. One of the managers says:

If you have a longer job, that is very good. It is a way of getting a better social atmosphere also with the subcontractors."..."It is brilliant. It really, really helps but of course you need some volume on the project to make if work financially. Because it is a financial investment, but I think it is worth is definitely.

Motivation to Perform
When asked what was the most fun with the work one answer was:"It is to meet different people and to move from site to site".

One of the Production Managers explains that the good social environment that usually exists is affected negatively by stress. What makes one continue to perform is the notion that it will get better again and that the situation usually is very good*:*

The toughest periods are the ones when you are pressured in time. And when it is almost planed for that in the beginning. If it is like that, it is very though to manage happy employees. I have been there sometimes, maybe not in a whole project but parts of it. If you have a very short timeline, it reflects on everyone. And those periods are, though. There are periods when you have been all, it is not fun at all.

When asked what it is that makes the interviewee to continue anyways the reply is;

You know it is not always like that. In some ways you can even accept it when thinking about how good it usually is. I want to point out that often, it is not like that. But it happens, and when it does it is not fun at all. Because there are so many things that follow with it.

5.2.7 Reason Seven: The Opportunities Given

Motivation to Stay
Receiving the promotion for Production Manager results not only in pleasure of achieving the role but also in a feeling of being seen by the company. This creates a

bond to the company. To have actually been given the chance creates a feeling of pride and responsibility:

> The reasons for staying now are two, it is partly the relationships and partly that you have been given chances. You have received chances to develop and change role. So, that has to do with the relationships, that you have a trust. That you get along with the ones that are above you. It is important. Especially, with respect to what you will get to work with in the future.

Motivation to Perform

A reason for performing well is simply a consideration of the role as an opportunity. The notion of being given a chance results in a desire to prove it right: "This, that you have been given a chance, and been given a responsibility to take care of, is motivating."

5.2.8 Reason Eight: The Sense of Responsibility

Motivation to Perform

What motivates the Production Managers even when the situation at work is tough is often their sense of responsibility. For example, you need to be a role model and set an example:

> You get a job, and then you should execute it. If you feel that it is though today, it is just to go there and make the best of the situation. It does not work if I as a Production Manager crumble when it is 10 minus and snowing. I mean, it does not work. Then everything falls.

One of the Production Managers explains what is the toughest with the work:

> The toughest is really, these uncomfortable talks. Not when you have different opinions or so, but if someone is having problems with alcohol or something where you have to act. Those conversations are not so fun.

. When asked what it is that drives the manager to do this, even though it is tough, the interviewee continues:

> It is something that has to be done. And really it is that you feel a responsibility for it. That is what drives the motivation so to speak."..." And also, people's expectations that you will solve it. I mean if people talk to me about something, they expect me to act. If you don't, you will hear that you didn't.

5.2.9 Reason Nine: The Received Feedback

Motivation to Perform

Feedback, both from the physical part of the production to see the results, and from peers and managers is viewed to be a motivation: "Then of course, the motivation is fueled by feedback, both good and bad. So you can get a kick out both of positive feedback and critic."

How the production in itself provides feedback is explained by one of the Production Managers:

> Also, it is very good feedback in this job. You can say that is the biggest advantage of working in the production, that is gives so much feedback. You have a meeting in the morning and four hours later when you go out on the site it has already given effect. You can see the result of everything you are working with and planning. It is so close in time, and that kind of creates a commitment that goes along with the motivation. Actually, that you think it is fun.

Another interviewee supports this view:"To be able to back up and see what you have done gives satisfaction".

Feedback by the production is also a reason for why one of the Production Managers takes on the role even though the role is tough sometimes. The interviewee answers what is the toughest at work:

> When something you could have affected yourself screws up. That you have not detected an error earlier. We should be so good so that we can see it before we build.

The same Production Manager continues however:

> Really, you are an idiot signing on to be Production Manager, because you have such a big responsibility. If someone walks in on our site and hurt themselves, it is my responsibility. It is you as a Production Manager that gets hanged"…"We are responsible for a lot that we can't affect. It is a sick situation. The responsibility part really is crazy.

On the question of what it is that makes the interviewee to take on the role even when knowing that this responsibility follows, the answer is:

It is so much fun to build. I still think it is so much fun to drive past old sites and say 'I have done that, and we have done that'. They are little exclamation signs.

6 Discussion

The findings presented are in this chapter discussed and compared with the extant literature. Two figures describing the correlations between the rewards and reward systems identified in the case are presented. Analysing the findings resulted in an unexpected connection with theory, namely Herzberg's Motivation-Hygiene theory. Further, the research question of the thesis is answered through presenting the reward systems identified to affect the Production Managers motivation.

6.1 Identified Reward Systems

The reward systems identified are here divided into 'formal' and 'informal' reward systems. The formal ones are of course as stated in the 'Analysis and Findings' chapter the ones consciously used and formally documented by the organisation. Since the definition of reward systems is that they are the channels through which rewards are generated, the reasons given for staying and performing well identified in the "Analysis and Findings" chapter can be defined as reward systems. All reasons but one (the development possibilities), are not formally defined by the company. Consequently, the reasons found for staying and performing well can be defined as informal reward systems, of course with the exception of 'the development possibilities'. In the light of existing theory, this is further discussed in the subheadings below. Also, which rewards are generated through with reward system are presented in two figures; 6.1 for the formal systems and its generated rewards, and 6.2 for the systems that generated rewards experienced to be motivating.

The reasons leading to long-term motivation were identified through analysing the interviews. Rewards for motivation and the reward they generate were found. The rewards were defined as to what the interviewees seemed to view as motivating in their work, why they choose to stay with the company, as well as what they are steered by.

6.1.1 The Identified Formal Reward Systems

Generally, the formal systems were not considered to be motivating in the aspects of staying with the company or perform well according to the Production Managers. Instead, when these were discussed in the interviews, the managers talked about areas they thought should be improved, areas of dissatisfaction but also that these systems steered them. The systems seem to be a connection between the individual and the company and a way for the employee to understand what is expected, what the company values and definitions of their role. Generally, the managers focused on the Bonus and Salary System when asked of the formal reward systems.

Each formal reward system identified in the findings is discussed here starting with the Financial compensation. As stated in the findings the interviewees generally had many opinions of the bonus and salary element of the Financial compensations. A general view seems to be that the bonus does not make the Production Managers work harder. Rather, the bonus is thought of as included in the salary and as such a motivation, since the salary is considered to be a reward. The salary is a motivation in a sense that it creates a confirmation that you are doing the right things. And also of course, it is the pure financial reward that provides financial security. This goes in line with the work of Chen, Ford and Farris, (1999) where they, in the context of discussing how employees view different rewards, find intrinsic rewards to be favourable. An exception however, is found in fixed salary. Chen, Ford and Farris, (1999, p. 53) state, "The highly positive evaluation of fixed (salary) rewards supported the more traditional argument that monetary rewards work". According to these authors the extrinsic individual variable rewards are considered to be the least beneficial. A merit bonus is an example of an individual variable reward. However, financial extrinsic rewards in the form of salary increases were considered by Chen, Ford and Farris (1999) to have a great positive effect. Even if the interviewees did not state the salary to be a motivation to stay or to perform well, there were indications of dissatisfaction with the salary to be a reason for leaving the company.

The President and CEO Johan Karlström thought the Shareholding program to "boost employee dedication and creates closer affinity with the Company" (the Annual Report 2010, p. 5). This view was not shared amongst the interviewees. A reason could be that the program is reasonably new, while also the program is not only directed to the Production Managers.

The Performance review is generally looked on positively. Development with personal and professional growth as a result was discussed. Goals were set and feedback provided. Some of the interviewees also identified the Performance review to be where their path towards promotion to the Production Manager role began, and as such, to generate professional development. It was also an opportunity to sit down with their manager. Dainty, Raiden, and Neale (2004) express that a company culture where employees work in cooperation and involvement for developing the organisation is crucial for retaining key managerial staff. In this view the Performance review is very much so a tool for involvement.

Dual career gives the opportunity to grow in the Production Manager role. This generates higher bonus, salary and also affects the kind of project the managers are assigned to. A criticism of the program is that this happens anyway. The effect of the bonus and salary is discussed in the 'Financial compensation' section. As explained in the findings of identified reasons for staying and performing well, being on a fun project is a motivation both to stay and to perform well. Since the Dual career also generates the reward of fun projects, it can be said to indirectly give a foundation for motivating rewards.

As described and shown in table 4.1, an official view for the company is that development is crucial for attaining and retaining personnel. This view is shared by the Production Managers. 'The development possibilities' was the only formal reward system that was thought of as motivation to stay with the company. It generates personal and professional growth experienced as valued rewards. It was a reason for staying and performing well in the informal findings. The mere role the managers operate in provides development. However, also the formal development programs provide motivation.

The Internal awards as reward systems do of course generate the possibility of winning the actual awards. But the Production Managers did not consider it to be a motivation for performance or staying with the company. Receiving an award can be a confirmation, but the Production Managers thought of the awards as pretty distant concepts. Steel and König (2006) suggests that time is an important aspect when it comes to motivation in that "the more immediately rewards and punishment are expected, the greater their effects" (p. 896). Similarly, Kerr (1999) recommend timeliness as an important factor to consider when designing reward systems. This might be a reason for why the awards are not considered motivating, since the awards are seemed to be pretty far away. There was also the expressed moral aspect as similarly detected with the bonus system. That you should not work better because of money or an award. Doing that was in contrast to having a sense of pride in work. This moral aspect can be an expression of cultural values.

The Measurements and Business plan/Project plan both generates goals. According to Guzzo, Jette and Katzell (1985), training and goal setting programs showed more consistent positive outcome than pay-for-performance programs. The Production Managers expressed that once the project has started, they only look at the Project plan. Apart from goals the Measurements provide competition, knowledge of score, and ultimately feedback for performance.

6.1.2 The Identified Informal Reward Systems

Is there really such a thing as "informal reward systems"? If we use the same definition as for the formal systems, i.e. that reward systems are the channels through which experienced rewards are generated, the answer is yes. Hence, the reasons given for staying and performing well can be defined as informal reward systems. An exception is 'the development possibilities', which was a reason for staying but which is a formal system of the company. However, these informal reward systems are of course harder to distinguish and separate from each other.

'The grass is not greener on the other side' provides a satisfaction in the role contained at the moment. As Deci (1972) argues, it is necessary to satisfy employers'

needs in order to attract and keep them. However, mere satisfaction does not guarantee motivation to perform well.

'The size of the company' is as also noted in the summary if the annual report in table 4.1, a reason for staying with the company. With job security and interesting projects as generated rewards, this system is a reason for long-term motivation. Maslow's (1943) Need theory suggests individuals to contain a basic need for security.

'The project setting' is a very important reward system generating rewards such as variation, interesting projects, challenge, social climate and personal and professional growth. Leavitt (1962) suggests challenging jobs to be more important to motivation than allowing participation in decision-making, although a combination of both are preferred.

'The ability to influence' lead to feelings of participation, control, freedom and a sense of contribution. Deci (1972) reference DeCharms (1968) with a suggestion of that individual's posse a need of a feeling of free choice and commitment. Maslow's (1943) Need theory suggests that individuals already supplied with basic needs, such as safety and food for the day, will develop a desire for self-actualisation. The ability to influence will then be important in order to feel satisfied.

Good 'relationships to colleagues and managers' lead to a social climate, personal and professional growth and a trust. Bandiera, Barankay and Rasul (2010) present, in their research of social incentives in the workplace, how working with friends affected the employers' productivity. When working together, the performance of the most able friend decreased but the least able friend increased her performance. Bandiera, Barankay and Rasul (2010) could conclude that the net effect of social incentives on the firm's aggregate performance was positive. This supports the notion of a social climate leading to that Production Managers performs well.

'The opportunities given' the individual were perceived to generate personal and professional growth, trust and pride. The importance of these rewards has been described above.

'The sense of responsibility' was mostly a reward system creating rewards such as responsibility and fulfilment of expectations that lead to a motivation for taking on also tough work activities. This view is supported by Hackman and Oldham (1976) who in their job characteristics model suggests that employee motivation increases with their given responsibility. Hackman and Oldham (1976) also stress the importance of feedback in their model, supporting the finding of the final informal reward system; 'The received feedback'. This system generated rewards such as encouragement and recognition. Also, merely to see the results appeared to be motivating.
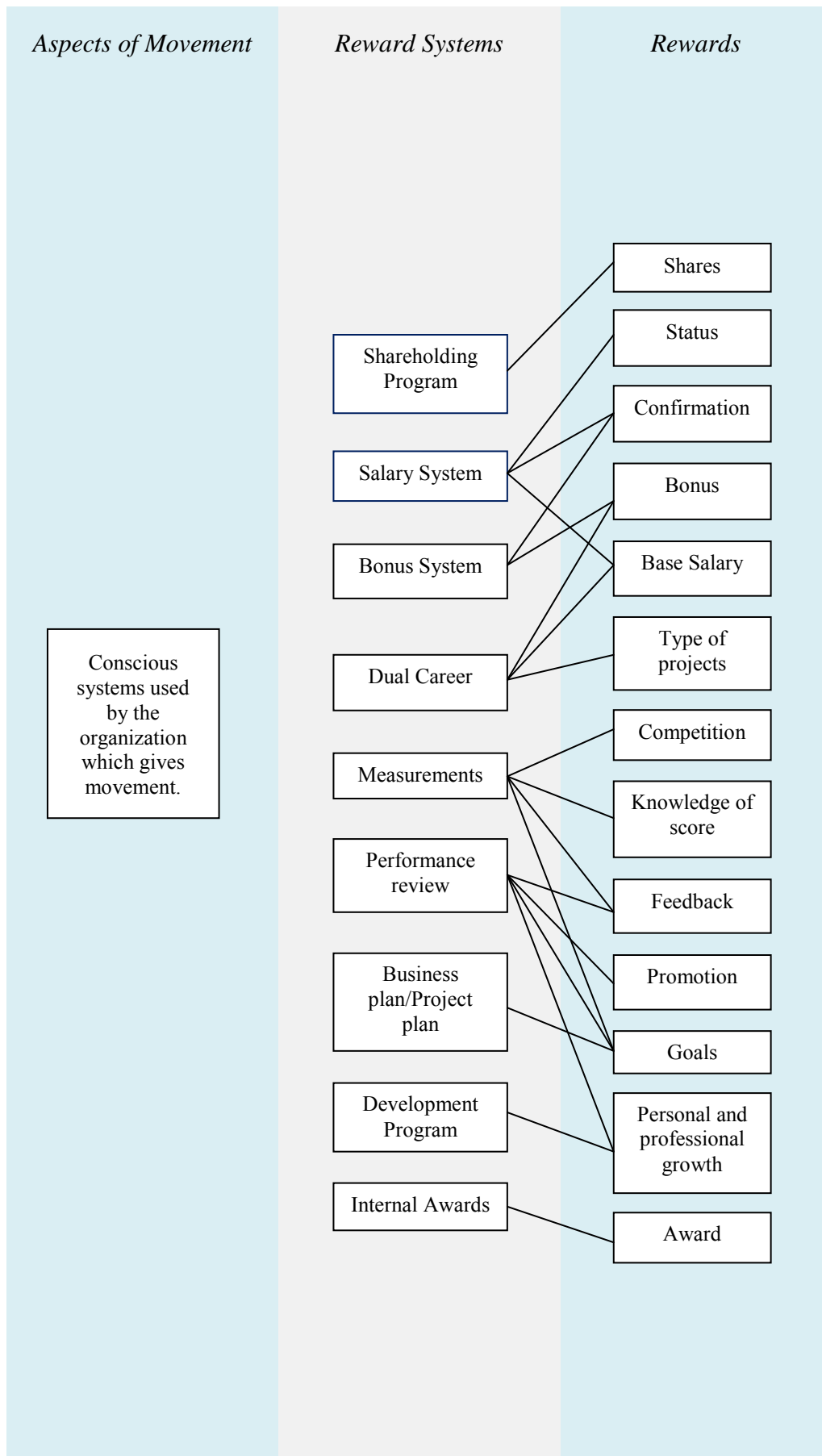
Aspects of Movement	Reward Systems	Rewards

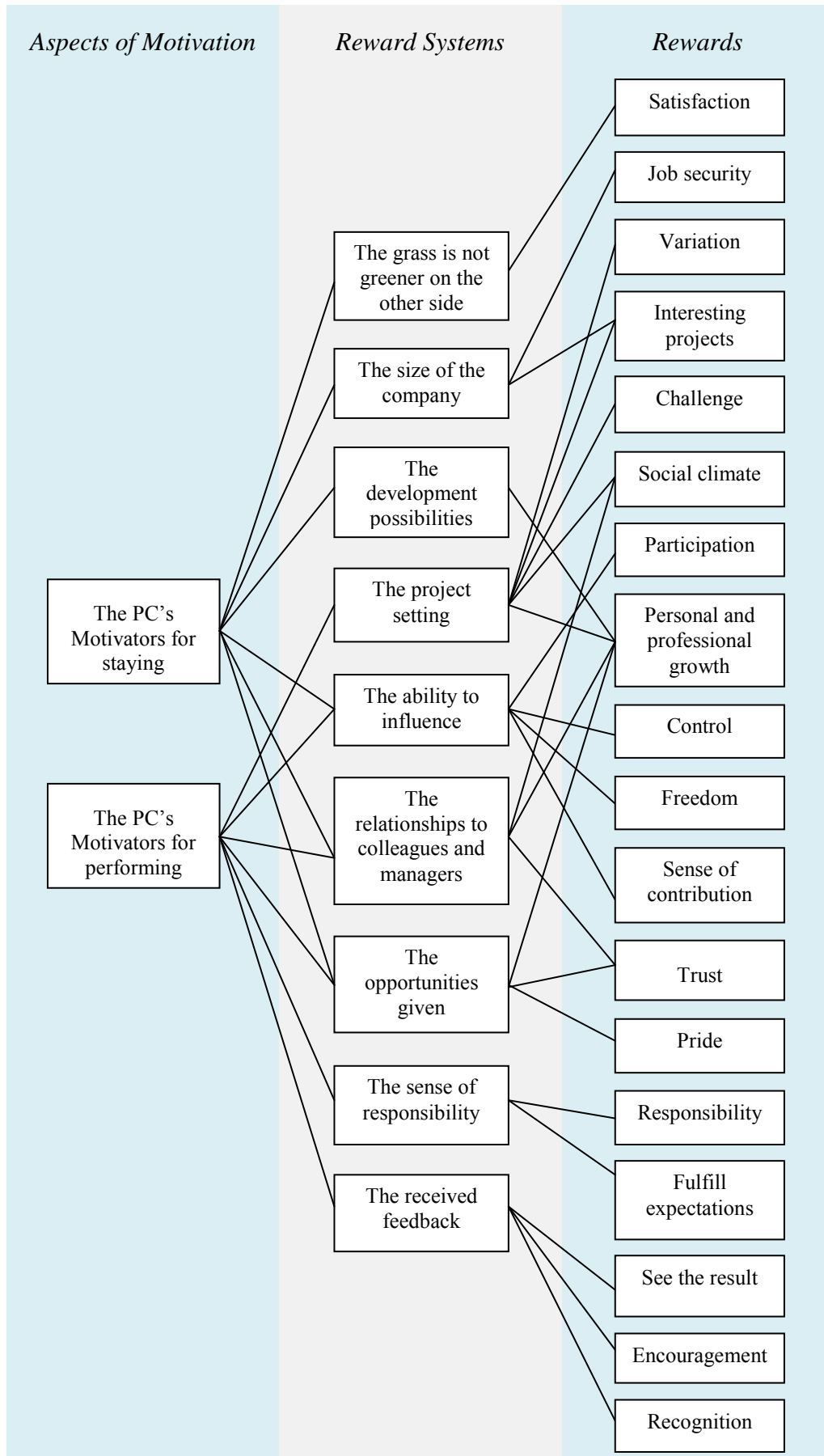**Figure 6.1 Illustration of the relationship between the formal systems and rewards.**

Figure 6.2 Illustration of the relationship between motivation and rewards.

6.2 An Unexpected Connection with Theory

The purpose with the objectives was to identify which systems that affect the Production Manager motivation. Originally, it was thought that some of the systems would prove to affect the motivation of the Managers and some would not. So that the result would be to identify and present the reward systems that affect the Production Manager, and then specially pinpoint the ones important for Production Managers motivation. However, interestingly an unexpected connection to theory was revealed during the analysis; the findings proved to support Herzberg Motivation-Hygiene theory (1987).

In the findings it was identified what drives the Production Managers motivation to stay with the company and what motivates them to perform well. These reasons are by definition reward systems, which in turn generate rewards. It is these rewards that generate motivation, which in turn steers individuals to behave in certain ways. The result of which reward systems and rewards that positively affects motivation is visible in figure 6.2. When studying the rewards the Production Managers experienced to be motivating and comparing them to motivation theory, the interesting connection with theory was revealed.

Of the rewards contributing to motivation for staying and to performing well, all but two can be defined as intrinsic factors in accordance with the Motivation – Hygiene theory by Herzberg (1987). Satisfaction, variation, interesting projects, challenge, participation, personal and professional growth, control, freedom, sense of contribution, trust, pride, responsibility, fulfil expectations, see result, encouragement and recognition are all intrinsic factors. Job security and social climate however, are hygiene factors external to the job itself.

As visible in figure 6.2, only one of the reward systems formally used by the organisation was given as a reason for motivation by the Production Managers. Now, one might draw the conclusion that the motivational reward systems found are the ones that maters and that the formal reward systems used by the organisation does not have any effect. However this is not accurate. The theory of Hygiene – Motivation factors was found to comply also with the rewards generated by the formal reward systems. What more is that when discussing the formal reward systems with the interviewees, they expressed thoughts of dissatisfaction and ideas of improvements. This is all in line with the Motivation-Hygiene theory.

When looking at the rewards generated by the formal reward systems used by the organisation, they prove to be essentially hygiene factors. Although, there are three exceptions; confirmation, feedback and personal and professional growth. The rewards which are distributed through the formal reward systems are presented in figure 6.1.This suggest that it was only natural that they were not mentioned as

reasons for motivation. According to the Hygiene – Motivation theory, hygiene factors can give movement, but not motivation. However, these hygiene factors are also important, in the sense that if they are not fulfilled the employee experience job dissatisfaction. This in turn can lead to a decrease in motivation. Therefore, when it comes to hygiene factors they "can at best create no dissatisfaction on the job" (Herzberg, 1987, p. 119). Their absence in contrast, creates dissatisfaction. Development is the one exception to the conclusion that the formal systems do not generate motivation. As evident in chapter 5.2 Identified reasons for long-term motivation, development possibilities are a reason some give to why they stay with the company. Both that they feel they are developing and growing, but also the notion of being seen and invested in is motivating.

The formal reward systems seem to generate rewards that can be defined mostly as hygiene factors. When asked what steer their choices, how they know what to focus on and what they think the organisation values, the Production Managers talk about the formal reward systems. The reward systems consciously used by the organisation seems to be important in order to spread its values and goals.

With the result supporting the Motivation – Hygiene theory, what should be in focus when looking at the formal reward systems are the Production Managers thoughts of them. This, in order to detect if the systems are reason for dissatisfaction. When looking at the thoughts of the Production Managers of each formal reward systems, some areas of improvement can be detected. Some level of dissatisfaction can mainly be found of the Financial compensation, Dual career, Internal awards, and Measurements. Since the focus of this study was not to evaluate what can cause dissatisfaction it would not be fair to draw conclusions of the reasons for these indications. Neither would it be accurate to suggest that this thesis present result of dissatisfaction. However, the findings of this thesis can support Chen, Ford and Farris (1999, p. 53) conclusion in their study of intrinsic and extrinsic rewards: "organizations will reap the greatest benefits by providing freedom and autonomy to pursue an intrinsically rewarding career, while simultaneously providing financial security and stability".

6.3 Which Reward Systems Affect the Production Managers' Motivation?

The research question for this study was: *Which reward systems affect the Production Managers' motivation?*

The answer to this question is that all the reward systems identified affect the motivation of Production Managers. However, the systems can be divided in accordance with the Motivation – Hygiene factors. By definitions in this theory, the

two categories of factors affect motivation in different ways. The reward systems identified to be the reason for Production Managers to stay and to perform well, affect motivation in a very direct and positive way. In fact, they are intrinsic factors and a very source to experience motivation. The reward systems formally documented and consciously used by the organisation are extrinsic factors that do not generate motivation. However, they affect the Production Managers motivation in the way that they can be a source of dissatisfaction. And this in turn can result in a decreased motivation according to the theory. The finding of the nine reward systems affecting motivation positively is presented to the left in table 6.1, while the formal systems are shown to the right.

Reward systems who generate intrinsic rewards	Reward systems who generate extrinsic rewards
The grass is not greener on the other side	Bonus System
The size of the company	Salary System
The development possibilities	Shareholder Program
The project setting	Performance review
The ability to influence	Dual Career
The relationships to colleagues and managers	Development
The opportunities given	Internal awards
The sense of responsibility	Measurements
The received feedback	Business plan/ Project plan

Table 6.1 The reward systems that affect the Production Managers Motivation divided depending on their generation of extrinsic and intrinsic rewards.

7 Conclusion

In 2003, for the introduction of the reprint of Herzberg's "One more time: How do you motivate employees?" the editor cites Herzberg from a statement in 1968 "What has been unravelled [about the psychology of motivation] with any degree of assurance is small indeed". It is then suggested that this was still true 35 years later. Yet we keep trying to understand motivation better because it is so central to organisational success. The company that has been studied in this research, Skanska, also suggests job satisfaction to be vital for the success of the company. As expressed in the Annual Report, 2010; "Skanska is convinced that it can become a more competitive company if all employees are satisfied with their jobs and professional development" (p. 81).

7.1 The Result

The research question of this thesis was*: Which reward systems affect the Production Managers motivation?* In order to answer this question three objectives were set:

- Identify the reward systems used by the organisation that are focused at the Production Manager.

- Identify what motivates the Production Managers to stay with the company.

- Identify what motivates the Production Manager to perform well in their work.

The reward systems affecting the Production Managers were identified through looking at the formal reward systems of the organisation as well as discussing them with the Production Managers. Further reasons for staying and performing well were identified and described in the findings. The rewards that these generate were also identified. Since the definition of reward systems is that they are the channels through which rewards are generated, these reasons can be defined as reward systems. All reasons but one (the development possibilities), are not formally defined by the company. Consequently, the reasons found for staying and performing well can be defined as informal reward systems, of course with the exception of 'the development possibilities'.   The result is summarised in the two figures 6.1 the formal systems and its generated rewards and 6.2 the systems that generated rewards experienced to be motivating.

It can be concluded that the Production Managers context is complex indeed. The same can be said about the reward systems affecting the position. The indications of existence of also informal reward systems were found to be accurate and supported in the findings of the study. Nine reward systems were found to affect the Production

Managers motivation to stay and perform well for the company. Interestingly, none of the formal systems used by the organisation were mentioned in this context. The result proves to support Herzberg's Motivation-Hygiene theory. The formal systems of the organisation proved to generate mostly extrinsic rewards, which according to the Motivation-Hygiene theory can only provide movement, not motivation. This is an explanation to why the extrinsic rewards are not given as reasons to be motivated to stay with the company or to perform in their role. However, the formal reward systems are very important, since they can be a source of dissatisfaction.

All the reward systems detected have the potential to affect the Production Managers motivation. However, they can be divided into two categories, which affect motivation in two different ways; in a positive respective negative meaning. It was found that the reward systems identified supported the Hygiene – Motivation theory, and can be divided in accordance with it. The division is visible in table 6.1. The reward systems which generates mainly extrinsic rewards are; Bonus System, Salary System Shareholder Program Performance Review, Dual Career, Development, Internal Award, Benefits, Measurements, and Business Plan/Project Plan. While the systems generating mostly intrinsic rewards are named; The grass is not greener on the other side, The size of the company, The development possibilities, The project setting, The ability to influence, The relationships to colleagues and managers, The opportunities given, The sense of responsibility and finally, The received feedback.

7.2 Limitations of the Study

There are limitations to all the objectives in this study. They are described respectively under each paragraph below.

- Identify the reward systems used by the organisation that are focused at the Production Manager.

Limitation: The reward systems used by the organisation were identified though interviews and documentation by the organisation. There are a lot of aspects in which the organisation steer their employees. The reward systems identified from the organisations point of view were merely the ones used consciously by the organisation and formally documented.

- Identify what motivates the Production Managers to stay with the company.

Limitation: One of the objectives of the thesis is to investigate reasons to why the Production Managers stay with the company. Since this research question is limited to interviews only with Production Managers still working for the company, this objective is merely studied from that perspective.

- Identify what motivates the Production Manager to perform well in their work.

Limitation: To perform well is a subjective concept. In the interviews it is the Production Managers own view of what makes them perform well that are investigated. That is, there own perception of what it means to perform well.

7.3 Recommendations to the Organisation and for Further Research

With the results supporting the Motivation-Hygiene theory, the company can maintain an understanding of the effect of different reward systems. The result support further effort to the "soft" informal systems mentioned in Skanska's Annual Report 2010. The findings suggest it is very much so that there are informal systems affecting employees' long-term motivation. This results in a conclusion that when designing the reward systems of an organisation, the informal systems should be taken into consideration. This is because they seem to be directly linked to motivation to performing and staying with the company. In line with the result of this study and Herzberg's theory, it is recommended to focus on intrinsic factors for motivation, and to focus on extrinsic factors to lower dissatisfaction. According to the theory organisations has a limited ability to affect the intrinsic motivation, but can provide an extrinsic environment providing minimal reasons for dissatisfaction.

Herzberg's theory gave way to theories of job design in order to make the job itself more intrinsically motivating. Here, however, it is concluded that the work in itself is already motivating. The Production Managers mention variety and challenge as positive aspects of their job.

It can be concluded that Production Managers are intrinsically motivated, but experience dissatisfaction in some of the formal systems. Since the purpose of this thesis was to look at what was considered to be motivating, dissatisfaction was not a focus in the interviews and so, no conclusions in this area can be drawn. However, what the study found is that there is dissatisfaction, and further studies in this area are recommended with focus on dissatisfaction of the formal systems. As expressed in the discussion, some level of dissatisfaction could mainly be found of the bonus system, salary system, dual career, internal awards, and measurements.

Also, the interviews were conducted with Production Manager who had made a conscious decision of staying with the company. They gave the reasons that motivated them to stay with the company. It would be interesting to also conduct interviews with individuals who have left the company or the role in order to make a comparison of reasons between staying and leaving.

8 References

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