

**An Assessment of Employee Attitudes Towards Incentive Programs in Central
Texas Municipalities with Populations of 20,000 and Under**

by

Lisa M. Freeman

Submitted to the Department of Political Science
Southwest Texas State University
In Partial Fulfillment
For the Requirements for the Degree of

Masters of Public Administration

Spring 1997

FACULTY APPROVAL:

Pat Shields

William De Soto

TABLE OF CONTENTS

Chapter One - Introduction	1
Introduction.....	1
Statement of The Research Purpose	2
Chapter Summaries.....	3
Chapter Two - Literature Review	4
Introduction.....	5
Chapter Purpose.....	6
Purpose of Incentive Programs	6
Types of Incentive Programs	10
Monetary Incentives.....	10
Attendance Incentives.....	11
Competition and Contests.....	11
Output-Oriented Merit Increases	11
Performance Bonuses.....	11
Piecework.....	11
Safety Incentives.....	11
Suggestion Awards.....	11
Miscellaneous Monetary Incentives	11
Nonmonetary Incentives	11
Written Recognition, Gifts, Dinners, Plaques, Etc	11
Travel Award	12
Job Enlargement	13
Performance Targets.....	13
Task Systems.....	13
Variations in Working Hours.....	13
Quasi Incentives.....	13
Promotion.....	13
Educational Incentives	14
Productivity Bargaining.....	14
Work Standards.....	14
Negative Incentives.....	15
Rules, Threats, Punishments.....	15
Salary Plan	15
Pros and Cons of Various Incentive Programs	16
Pros	16
Cons	18
Incentive Programs - The Public Sector Versus the Private Sector...	20
Employee Attitudes With Respect to Incentive Programs.....	24
Productivity.....	25
Job Satisfaction	25
Loyalty	27
Morale	27

Improvement of Skills.....	27
Conceptual Framework.....	27
Conclusion.....	30
Chapter Three - The Research Setting.....	32
Texas Cities.....	33
City Structure.....	33
Texas Cities Used in Study.....	4
The City of Seguin.....	5
The City of Brownwood.....	36
The City of Taylor.....	37...
The City of Leander.....	38
The City of Lakeway.....	39
The City of Jonestown.....	40
The City of Cedar Park.....	41
The City of West Lake Hills.....	42
The City of Georgetown.....	43
The City of Lago Vista.....	44
Summary.....	45
Conclusion.....	46
Chapter Four - Methodology.....	47
Purpose.....	47
Descriptive Research.....	47
Exploratory Research.....	48
Research Design.....	48
Sampling Procedures.....	49
Statistics.....	50
Operationalization of The Hypotheses.....	51
Chapter Five - Results.....	55
Introduction.....	55
Working Hypothesis #1: Monetary Incentives.....	55
Working Hypothesis #2: Nonmonetary Incentives.....	56
Working Hypothesis #3: Quasi Incentives.....	57
Working Hypothesis #4: Negative Incentives.....	58
Positive Incentives.....	58
Working Hypothesis #5.....	59
Working Hypothesis #5a.....	59
Working Hypothesis #5b.....	59
Working Hypothesis #5c.....	60
Negative Incentives.....	61
Working Hypothesis #6.....	62
Summary.....	63
Conclusion.....	63

Chapter Six - Conclusion	65
Introduction.....	65
Summary.....	65
Further Research.....	66
Appendix A - Questionnaire	68
Appendix B - Response Percentages	7 3
Bibliography	85

TABLES

Table 2.1	Monetary Incentives and Their Appropriateness in the Public and Private Sectors.....	22
Table 2.2	Nonmonetary Incentives and Their Appropriateness in the Public and Private Sectors.....	23
Table 2.3	Quasi Incentives and Their Appropriateness in the Public and Private Sectors	23
Table 2.4	Negative Incentives and Their Appropriateness in the Public and Private Sectors	24
Table 2.5	Overview of Performance and Work Environment Factors.....	25
Table 3.1	Summary of City Demographics.....	45
Table 4.1	Performance and Work Environment Factors.....	47
Table 4.2	Operationalization of the Hypotheses.....	51
Table 5.1	Monetary Incentives Influence.....	55
Table 5.2	Nonmonetary Incentives Influence	56
Table 5.3	Quasi Incentives Influence.....	57
Table 5.4	Negative Incentives Influence.....	58
Table 5.5	Monetary Incentives - Summary of Statistics	59
Table 5.6	Nonmonetary Incentives - Summary of Statistics.....	60
Table 5.7	Quasi Incentives - Summary of Statistics	61
Table 5.8	Negative Incentives - Summary of Statistics	62
Table 5.9	Summary of Responses	63
Table 6.1	Summary of Findings.....	65
Table B.1	WH#1a - Monetary Incentives Influence on Productivity	73
Table B.2	WH#1b - Monetary Incentives Influence on Job Satisfaction	74

Table B.3	WH#1c . Monetary Incentives Influence on Loyalty	74
Table B.4	WH#1d . Monetary Incentives Influence on Morale	75
Table B.5	WH#1e . Monetary Incentives Influence on Job Skills	75
Table B.6	WH#2a . Nonmonetary Incentives Influence on Productivity.....	76
Table B.7	WH#2b . Nonmonetary Incentives Influence on Job Satisfaction.....	77
Table B.8	WH#2c . Nonmonetary Incentives Influence on Loyalty	77
Table B.9	WH#2d . Nonmonetary Incentives Influence on Morale.....	78
Table B.10	WH#2e . Nonmonetary Incentives Influence on Job Skills	78
Table B.11	WH#3a . Quasi Incentives Influence on Productivity	79
Table B.12	WH#3b . Quasi Incentives Influence on Job Satisfaction	80
Table B.13	WH#3c . Quasi Incentives Influence on Loyalty	80
Table B.14	WH#3d . Quasi Incentives Influence on Morale	81
Table B.15	WH#3e . Quasi Incentives Influence on Job Skills	81
Table B.16	WH#4a . Negative Incentives Influence on Productivity.....	82
Table B.17	WH#4b . Negative Incentives Influence on Job Satisfaction.....	83
Table B.18	WH#4c . Negative Incentives Influence on Loyalty	83
Table B.19	WH#4d . Negative Incentives Influence on Morale	84
Table B.20	WH#4e . Negative Incentives Influence on Job Skills	84

CHAPTER ONE - INTRODUCTION

Introduction

Incentive programs have been in existence since the beginning of the nineteenth century. Since then the idea of what an incentive program is, for both the employer and the employee, has changed. Incentive programs used to be simply a method of payment, meaning the more one produces the more one makes. Today the definition of an incentive program has broadened to include not only a way of paying employees but a way of reducing costs for the employer, while at the same time rewarding the employee for making the extra effort.¹

As an intern for the City of Pflugerville, I was asked to "create" an incentive program using ideas from other cities who were currently implementing such programs. As I began to research cities with similar populations, demographics, etc. I realized many different types of incentive programs existed. Not only were there many types of incentive programs, but there were also many different goals each of them sought to attain. With all of this in mind, I put together a monetary incentive program which awarded an employee a cash bonus (the amount ranged from \$100 to \$1000) based on the recommendations of the chosen individual's department head. An employee was to be

¹It is important for the reader to understand that incentive programs are used in both the public and private sector. The concentration in this research is on public sector incentive programs. Some incentive programs are used in both the public and private sector. therefore references from the private sector which describe particular incentive programs have been included where public sector references could not be found. The emphasis is on describing the various types of incentive programs and not comparing their usage in the public and private sector. It should be noted that all of the employee attitude assessments came from the public sector.

awarded if s/he performed above expected levels of performance. The employee had to have worked with the City of Pflugerville for at least one year.

After the program was initiated it turned out to be a complete failure. For one thing, the City of Pflugerville has fifty to sixty employees, a majority of them working in the Police Department. What this implies is that most of the employees know each other very well, not to mention whether or not they just received a cash bonus. So naturally employees were complaining and questioning their department heads about why they were not awarded. Secondly, the department heads felt like they were not included in the incentive program since the only one above them was the City Manager and he rarely gave bonuses. In short, the City Manager ended up giving a smaller bonus to all the employees who were not recognized and the incentive program was laid to rest. Of course I was discouraged but also inspired to research incentive programs from a public sector employee point of view; which is the reason I chose this topic for my Applied Research Project.

Statement of The Research Purpose

The purpose of this research is twofold. First, it describes various types of incentive programs that are used in both the public and private sector. Second, the research assesses public sector employee attitudes towards each type of incentive program defined with respect to performance and work environment factors which are also described.

Chapter Summaries

This section is included to give the reader an overview of the chapters ahead and their respective purposes.

Chapter Two, Literature Review, provides a review of the literature on incentive programs. First, it includes the definition of an incentive program and gives reasons why organizations implement incentive programs. Then it defines the four major types of incentive programs and their respective pros and cons. Next, it differentiates between incentive programs used in the public and private sector. It also defines the performance and work environment factors used to assess employee attitudes within the questionnaire. The chapter concludes with the formulation of the project's conceptual framework and statement of expectation.

Chapter Three, Setting, discusses the ten municipalities that were chosen for this research. It gives various demographics, geographic locations of each and major industry, if any. Chapter Four, Methodology, describes the methodology used for this research project. First, it establishes that both descriptive and exploratory research are used. Then, it explains the research design and gives both the strengths and weaknesses of the chosen methodology. Next, this chapter defines the sampling procedure and types of statistics used. Finally, the hypotheses and subhypotheses are reviewed and operationalized. Chapter Five, Results, presents the findings in table format and discusses whether or not they support the hypotheses and subhypotheses. Chapter Six, Conclusion, gives a brief overview of the results and discusses the possibilities for further research.

CHAPTER TWO - LITERATURE REVIEW

Introduction

The notion of rewarding employees for "a job well done" has existed since the 19th century when piecework systems were first implemented. (Schiller 1996, 89) Piecework systems simply involve plans which directly associate the employees level of pay to their output levels. From these piecework systems evolved the traditional merit program. The traditional merit program is based on performance appraisals which employers evaluate to determine whether or not the employee is deserving of an increase in pay. Merit programs have lost their appeal in the 1990's. Today many government employers are implementing incentive programs, which recognize employees efforts and reward them accordingly in a multitude of ways.

In the late 1970's and early 1980's, when governments began being challenged to provide more with less, public employers had to find ways to increase employee workloads without straining an already tight budget.' (National Commission on Productivity and Work Quality 1975, 1) When an employer, be it public or private, expects employees to perform more services, the employee usually expects some sort of compensation. One example of this type of compensation is the traditional merit program, which correlates an increase in an employees pay with performance over the past year. This type of merit program can be seen within both the public and private sectors. However, Maclean (1990, 46) maintains that in general employers were losing

In this research project I am mainly focusing on the public sector. However, is important to note that at this time both the public and private sector were struggling with ways to provide more services within an economy faced with rising costs

money with the traditional merit programs used during this period. Under the traditional system, a "meritorious" employee received a permanent pay increase that affected base salary. Thus an agency continually pays throughout the year and all future years of employment for performance that was demonstrated the previous year. If the performance of that employee declined, the agency lost money.

Because both public and private employers began to lose faith in the traditional merit programs, they realized they "needed to develop new guidelines for assessing how well services were being delivered to citizens" (Brosz and Morgan 1977, 7). Once the guidelines were established and services were assessed, governments could then implement programs which would recognize employees who improved their efforts and save managers from evaluating performance appraisals and distributing pay increases all year long. These alternatives to the traditional pay increase are known as incentive programs. Because these types of programs proved to be successful not only in the eyes of the managers but in the eyes of the employees as well, many public organizations took interest.

Chapter Purpose

This literature review chapter summarizes the literature dealing with incentive programs and employee attitudes toward those programs. This summary should give the reader an understanding of the derivation of the conceptual framework that is found toward the end of the chapter.

Purpose of Incentive Programs

What is an incentive program? An incentive program can include many things.

Broadly speaking, an incentive [program] is anything offered to obtain desired performance or behavior from an employecc It may be a reward, or more responsibility, or more free time. Some people also consider penalties, such as a reduction in pay, loss of benefits, or even dismissal, as a type of incentive. [National Commission on Productivity and Work Quality 1975, 9)

Given their variety, incentives can produce many different reactions from employers and employees. At their best, incentives can increase output, improve employee performance, reduce costs, increase attendance, create safer work habits, enhance education and job skill, improve morale?and instill a competitive spirit among co-workers, etc.³ (National Commission on Productivity and Work Quality 1975, 10)

Why do organizations implement incentive programs? The National Commission on Productivity and Work Quality (1975, 2) maintains that it is the responsibility of states and local governments to make their employees jobs' satisfying and it is also their responsibility to be able to provide efficient and effective services. Because this idea, that was expressed over twenty years ago, still holds true today, many local and State governments are implementing programs that improve employee attitudes and the overall working environment.

Many employrrs have discovered that incentive programs do improve the quality of working life for employees because incentives give employees a reason to do their

³ Of course it is important to keep in mind that incentive programs are not the solution to every personnel problem and they do not always work in every organization

jobs well and to go the extra mile. (Barrier 1996, 30) In addition, incentives give employees the opportunity to be recognized by their co-workers for having done a good job. (Moustakis 1983, 28-29) John Gardner (1988, 10) suggest that simply implementing incentive programs which expect higher standards increases the chances that employees will begin to hold such high standards for themselves. In addition, it is because governments have had to produce more for the citizenry while at the same time meeting the higher wage demands of the employees, (Greener, et al 1977, 3) that incentive programs, which recognize and reward employees for increasing their levels of production, have become more and more popular among municipalities and the tax payers over the years.

Finally, incentive programs have simply eliminated the old way of recognizing employees for their efforts; which according to a study done in 1985 by the Public Agenda Foundation was not very popular among many employees.

Although a majority of jobholders want to do good work for its own sake, they felt the workplace did not reward people who put in extra effort. Only one worker in live felt that there was a direct relationship between how hard one worked and how much one was paid. Close to two thirds wanted a closer link between performance and pay. Nearly three quarters believed that the absence of such a link was one of the primary reasons why work efforts had deteriorated. (English 1985, 74)

Incentive programs change the method used to evaluate employees. Under these systems employees are given a more detailed description of what is expected and the areas of the job that can be improved. Ideally when improvement occurs a reward of some type can be expected. (English 1985, 73)

The changes that have been made to improve the way agencies recognize the efforts of their employees through incentive programs have been substantial. Most, if not all, of the literature that has been reviewed has been very supportive of the implementation of incentive programs in both the public and private sector.

Behind all of the reasons why organizations have left the traditional merit programs and moved on to incentive programs is the theory of motivation. Motivation is defined as "'something which causes a person to act.' That something is not just a tangible reward but rather a total climate for self-motivation. A person's behavior results from personal internal drives" (Moustakis 1983, 27). In other words, no one can motivate someone else, it has to come from within that person. Moustakis (1983, 27) maintains that managers can create a work environment that is conducive to motivating their staff. Sustaining this type of work environment is crucial for any successful incentive program.

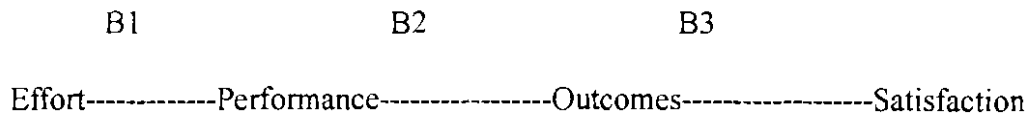
Thad Green (1992, 1) suggests that popular theories of motivation, which include Abraham H. Maslow's and Frederick Herzberg's⁴, rest on the idea that workers are more likely to be motivated to improve their productivity if they are promised some sort of reward for their effort. Of course the reward has to be something the worker thinks is worth working a little harder for. Green reconceptualized Victor Vrooms popularized expectancy theory of motivation in the following way:

The first belief (B1) deals with the relationship between the effort and performance, the second (B2) with the relationship between performance

⁴ For more information on Abraham H. Maslow's and Frederick Herzberg's theory of motivation see Abraham H. Maslow, *Motivation and Personality*, 2d ed. (New York: Harper and Row, 1970) and Frederick Herzberg, *Work and the Nature of Man* (Cleveland: World, 1966).

and outcomes, and the third (B3) with the relationship between outcomes and satisfaction. (1992, 2)

It is displayed in the diagram below.



Here the motivation is based on the employees beliefs about what s/he can accomplish and what those accomplishments can do for the employee.⁵

According to Green (1992, 5), it is important employers realize that motivation is not the only key to getting employees to perform well. Employees must first believe they can accomplish something before they will ever be motivated to do it. Even further, they must have the appropriate skills to perform the job they are being asked to do. Finally a positive work environment must also be in place before any of these things can be accomplished.

From the theory of motivation comes Dr. Maslow's hierarchy of human needs.⁶ Dr. Maslow suggests that as organizations prepare themselves for a motivational surroundings they also consider three basic propositions:

1. Human behavior is determined by unsatisfied needs; a satisfied need no longer motivates behavior.
2. Human needs exist in a hierarchy of importance.

It is important to note that the expectancy theory of motivation has not had a high success rate in predicting motivation, effort, and other dependent variables (Rainey 1979, 441).

⁶ The hierarchy of human needs comes from Abraham H. Maslow, Motivation and Personality, 2d ed (New York: Harper and Row, 1970).

3. Higher needs differ from lower needs in that they are never completely satisfied. (Moustakis 1983, 5)

At the base of Maslow's hierarchy of needs are the physiological needs. These include things like food, shelter, and water, etc. Next comes safety which includes law and order, job security, health care, etc. Following safety comes love and belongings. Then, self-esteem which basically is "the need for experiencing and maintaining a good feeling of personal worth and competency" (Moustakis 1983, 5). At the very top is the need for self-actualization. Self-actualization means reaching one's potential.

All of these things are important for employers to be aware of when trying to implement a motivational environment. The more they are aware of these things the more successful they will be in implementing workable incentive programs.

Types of Incentive Programs

There are a variety of incentive programs that are implemented by all types of organizations. The programs can be classified as monetary, nonmonetary, quasi, and negative incentives.

Monetary Incentives

Monetary incentives can come in many forms. The National Commission on Productivity and Work Quality (1975, 10-13) divide monetary incentives into the following categories:

1. **Attendance Incentives** - basically rewards the employee for unused sick time by giving a cash bonus or extra retirement benefits.'
2. **Competition and contests** - instill a "competitive spirit' among co-worker~.~
3. **Output-Oriented Merit Increases** - "permanent, nonpromotional wage increases given for high quality performance."
4. **Performance Bonuses** - one time cash awards for accomplishment."
5. **Piecework** - not usually used in government, pay proportional to level of productivity.
6. **Safety Incentives** - motivates employees to improve safety records and reduce money lost due to accidents on the job.
7. **Suggestion Awards** - if someone gives the organization a good idea or suggestion that makes a quality improvement s/he will be awarded.
8. **Miscellaneous Monetary Incentives** - these types are not tied directly to the levels of productivity

Another monetary incentive that wasn't mentioned above is one that allows employees to become stockholders in the company. This means that a portion of the employees' paycheck depends on the profits and losses of their particular share. (Santora 1991, 36)

Nonmonetary Incentives

Nonmonetary incentives usually come in the form of **written recognition, gifts, formal dinners, informal parties, plaques, etc.** One example of written recognition

⁷The City of New York's department of general services sponsored a program that rewarded those employees who did not use more than one day of their sick time. Martin (1987, 138) maintains that this program saved the city \$258,000 in what would have been sick leave expense.

⁸An example of one type of competition is the Token Reward System, which gives the salespeople tokens for each sale where the number of tokens issued reflects the dollar value of the sale (Bushardt, et al 1989, 908). Thus the salesperson with the most tokens wins.

⁹Schiller (1996, 89) suggests another type of performance-based pay in which the employee is basically his/her own boss. "There is very little supervision and they get paid only for the hours that are worked. No benefits are offered."

comes from the City of San Luis Obispo in California. Here the city is trying to better its relations with the community and its service to its citizenry through a bulletin board which displays letters sent in by the public. (Dunn 1991, 28) These letters recognize employees who went the extra mile to please a customer. Many organizations also use the bulletin board as part of their incentive program to recognize their employees achievements.

The most popular types of nonmonetary incentive programs are usually those that offer vacations, formal banquets, gifts, etc. Kathryn Troy (1993, 114) states that the key to noncash reward programs is making the occasions memorable. Popular programs include banquets, ceremonies, and celebrations. Usually everyone from the company is invited, including top level officials. Quite a bit of work goes into planning and organizing these types of incentive programs. For example, People's Bank in Bridgeport Connecticut awards their employees with a recognition gift, followed by an announcement in the company newsletter, a letter from the president, an announcement in the Managers' Meeting and a letter for their personnel file. (Troy 1993, 115)

Another type of nonmonetary award is the **travel award**. It's hard to beat a fun-filled vacation when rewarding those who have gone the extra mile. Incentive programs which focus on travel rewards have become the key to sales and marketing strategies (Wagel 1990, 41-42). It is the responsibility of the employer to know what types of trips are going to motivate the employees enough to work for the goals of the organization; which basically means employers need to do a great deal of planning before an incentive program of this nature will be successful.

Winners of an incentive trip should come back having had a unique, quality experience that they could not have duplicated on their own. A good result on an incentive trip automatically generates enthusiasm for the next one and substantially enhances employee morale, productivity, and loyalty. (Wagel 1990, 42)

The National Commission on Productivity and Work Quality (1975, 13-15) also includes examples of nonmonetary incentives not yet mentioned. Examples include:

1. Job Enlargement - increased participation in other job related decisions, teams which brings employees together to work on assignments, job redesign, and job rotation which allows employees to learn what their co-workers do.
2. Performance Targets - setting targets by which performance levels can be measured.
3. Task Systems - as soon as the employee finishes what has been set out as a full day's work, s/he can leave while being paid for the entire day.
4. Variations in Working Hours - simply allowing the employee to work 4 ten hour days or other similar variations.

Quasi Incentives

Quasi incentives just barely make it into the employee incentive category because they have little effect on productivity levels. (National Commission on Productivity and Work Quality 1975, 16). Promotion is an example of a quasi incentive. Promotion is sometimes difficult to incorporate into an incentive program because the output which is produced in many jobs cannot be measured or checked against quotas and therefore cannot be the only measure of success or increase in productivity (Fairburn and Malcomson 1994, 684). What the authors are saying here is that it is hard to measure the outputs of some jobs because the outputs are so complex and immeasurable that they cannot be compared to last year's standards or benchmarks usually set forth in an

incentive program. "To use a tournament¹⁰ means to contract not on the levels of individual outputs but on the rank-order of outputs: thus the more successful workers win the prize of a higher wage" (Fairburn and Malcomson 1994,681).

Peter Cowie who is CEO of Charter Systems in Waltham, Massachusetts believes that in house promotion is the most "powerfully motivating" (Barrier 1996, 31) reward. However, Barrier (1996.31) maintains that it is important for managers to understand the individual needs of each employee and realize that a lot of workers like their present jobs and do not always want to be promoted to another level which would lead them to an entirely different profession. In fact, some people do get promoted and end up returning to their former jobs.

Educational Incentives are another type of quasi incentive. These usually are things like: tuition reimbursement, time off to attend courses, wage increases based on educational achievements, or a combination of these (National Commission on Productivity and Work Quality 1975, 16). This type of incentive is generally not a major component of any one incentive program. It usually is something on the side that employees can be involved in if they want to.

Productivity Bargaining and **Work Standards** are also categorized as quasi incentives. Productivity Bargaining includes some sort of wager between an employee and management which guarantees improved benefits for increased productivity, efficiency etc. (National Commission on Productivity and Work Quality 1975, 16). Work Standards basically monitor the amount of time it should take to finish a job.

¹⁰ The use of the word tournament here refers to the competition within agencies for promotion. The authors are explaining that because output cannot always be measured, the worker with the most or fastest outputs gets promoted.

Work Standards can be used as a tool for employees to motivate themselves to get the job done in the allocated amount of time. It also helps employees understand what level of performance is expected from management.

Negative Incentives

The final type of incentive program is the Negative Incentive. The National Commission on Productivity and Work Quality (1975, 17) defines negative incentives as **rules, threats and punishments** which are utilized to change staff conduct. Bell Atlantic implemented a pay-for-performance incentive program in 1985 which deducted money from their annual salaries and was returned to them based upon their performance. Managers who work above the level specified will be returned more than what was originally deducted, however, those managers who work below the specified level stand to lose more than what was taken out (English 1985, 74).

Another type of negative incentive is the **salary plan**. This plan

refers to giving a regular income on a regular basis in the form of money and fringe benefits. When an individual is hired, he is **granted** the weekly salary and the fringe benefits before he sells anything. In order to continue to receive these rewards he must avoid being discharged. (Bushardt, et al 1989,905)

With all of the different types of incentive programs available, it is easy to see why it is so important to have an understanding of employees individual needs. Not everyone is going to be equally motivated by the same type of program

Pros and Cons of Various Incentive Programs

Just by reading about all the different types of incentive programs it is easy to see that many different opinions exist about which incentive programs work and which ones do not. Each organization is different and therefore one incentive program that works in one may not always work in another. The following sections reveal some of the pros and cons of the incentive programs that have previously been explained.

Pros

Incentive programs can offer a variety of positive factors to any organization. Michael Barrier (1996, 31) maintains that if employees are held to higher standards they will strive to achieve them and they will feel positively about making the extra effort. LaForge et al. (1992, 131) claim that if done properly incentive programs can pay for themselves through the money that is saved by simply implementing them. This is important because one thing the public is concerned about when it comes to merit programs and incentives is the cost to the tax payer. Tax payers are more willing to accept incentive programs if they do not create additional taxes and can be proven to increase productivity and decrease expenses (National Commission on Productivity and Work Quality 1975, 132). In general, unlike traditional merit programs, Troy (1993, 116) maintains that incentive programs are meant to be available for all workers and are not offered only to a select few.

More specifically, awards (nonmonetary) programs in themselves are very effective communication tools, especially when the recipients and the program itself are published in a local newsletter, an interoffice memo, a bulletin board, etc. (Martin 1987, 136). When an employee is recognized for having done an excellent job on a particular project, s/he realizes someone is paying attention and cares. In addition, it gives other employees a model to follow and communicates the level of performance that is appreciated (Wagel 1990, 41). Any type of positive recognition is going to be appreciated by employees. Koch (1990, 110) sums up employee reactions by asserting when employees know that their efforts are being recognized they are more likely to continue the extra effort. Informal recognition can also be effective if the employee knows exactly what s/he has done to receive the award, so the behavior or performance can be duplicated. (Barrier 1996, 30)

One company in Pennsylvania had been giving cash awards for several years but the personnel director decided to switch to gifts because he felt that most of the employees were putting their money in their family budgets and not buying or doing anything to remind them of the company's appreciation. Thus the company decided to distribute catalogs from which the employees could select their own gifts. The switch was successful. (Wagel 1990, 43) It has been noted that gifts are becoming a more popular form of incentive than bonuses (Wagel 1990, 44). Many organizations have recognized that it makes more sense to give a one time lump sum award than increasing the base salary.

When compared to merchandise, cash incentive awards do have their advantages. "Cash has universal appeal. Sometimes programs that are based on cash are easier to administer because there is no shipping charge, no sales taxes, etc." (Moustakis 1983, 32). Cash also allows the employee to buy whatever s/he wants. Even if it is put towards the family budget, it is the employees personal choice.

Competition and contests are types of monetary incentive programs which have also proven to be successful in many organizations. Contests can instill a competitive atmosphere in the work place because employees are triggered by what their co-workers are doing. (Scott 1996, 37) One organization experienced a 30% drop in tardiness because of an incentive program which rewarded employees who made it to work on time. Every time an employee was on time s/he would get to choose a poker card. Those who were late did not get a card. By the end of the week all of the employees who had five cards would play a hand of poker - the winner received the pot of \$20 - \$25 which was supplied by the company. (Scott 1996, 37)

Cons

Although the above lists the advantages that incentive programs can offer, it is important for the employer to be aware that there are disadvantages to using incentive programs. For example, with monetary incentive programs such as self-management (where the employee only gets paid when s/he works), huge gaps can be created in the amount of money each employee makes. (Schiller 1996, 89) This can cause

inconsistency when trying to forecast for next years budget and it can be hard on the employees who get sick or has to miss work for some unforeseen circumstance.

Another monetary incentive which has disadvantages is the incentive that is tied to the company's success or stockholder incentive program. It has been shown in some reports that these types of incentive programs are not reliable. For example, agencies that did not offer incentives enjoyed return rates of 15.6% while the agencies which employed incentive programs had return rates of 11.3%, 12.7% and 14.2%" (Castro 1991, 41). The reason behind this discrepancy is because some companies simply compensate the employees when the stock prices go down; therefore there is really no "incentive" to improve performance.

Competition and contests are also monetary incentives which have drawbacks. Usually with competitions, goals, quotas, and/or deadlines are set. Bushardt, Fowler, and Debnath (1989,905) maintain that as soon as the goal that was set forth is attained, the worker is satisfied with the achievement and is less likely to continue to improve his/her productivity. Also, when there is extra effort put into reaching a goal or deadline, there is often a temporary decrease in sales which is below normal levels of performance. (906)

Finally, the monetary incentive which has disadvantages is the piecework incentive program in which pay is proportional to the employees level of productivity. "Piecework encourages speedups, creates sweatshop conditions, and spreads alienation" (National Commission on Productivity and Work Quality 1975, 12).

The salary plan, which is a negative incentive can also have disadvantages. Like the stockholder incentive program, it offers no incentive to improve performance.

“A salary plan alone is likely to motivate individuals to perform up to the minimum acceptable standard to avoid discharge but provides no incentive for them to perform at their Cull potential” (Bushardt, et al 1989,905).

With any of the listed incentive programs, it is hard to say what really motivates an employee to increase levels of output, performance or whatever the goal may be. There is no guarantee that simply increasing someone's level of pay is going to produce improvement in their performance (English 1985, 74). According to the National Commission on Productivity and Work Quality there doesn't seem to be one type of incentive program that has been successful in any one local or State government (1975, 142). It is, however, important that these options are made available because when employers expect improvement from their staff, they are going to expect something in return.

Incentive Programs - The Public Versus the Private Sector

Throughout this literature review a fairly comprehensive listing of the various types of incentive programs used in many organizations have been described. However, it is important to note that not all incentive programs that are appropriate in the public sector are appropriate in the private sector. In this manner, E.S. Savas in Privatization: The Key to Better Government, distinguishes between those products that are publicly available, those which can be made available only to the private sector, and those that fall somewhere in between. The following diagram serves as an example.

Private Goods	Common Pool Goods
<i>Food, Clothing, Bottled Water</i>	<i>Air</i>
<i>Cable</i>	<i>TV</i>
Toll Goods	Collective Goods

Savas (1987, 39) defines the above terms as:

1. Private Goods - those which are consumed individually and cannot be used without some sort of approval from the person who is supplying the good or payment for the good.
2. Common Pool Goods - consumed individually and are available to everyone free of charge.
3. Toll Goods - used jointly. Those who want to consume the good must offer payment and those who don't will not get to use it.
4. Collective Goods - used jointly. These goods cannot be taken away from anyone without some sort of confrontation.

The relationship between what E.S. Savas writes about private versus public goods and what is written here about incentive programs, is that some types of incentive programs which can be used in the private sector cannot always be used in the public sector. This discrepancy usually exists because of the flexible funding that the private sector has which the public sector does not. The private sector is spending money that consumers have willingly spent for their goods and services while the public sector is

spending money that has been collected from citizens through taxes. This difference lies in the consumer's willingness to pay (Savas 1987.44). Taxpayers do not usually want to fund incentive trips to Hawaii, etc. Also, the public sector is often constrained by political boundaries that the private sector is less often confronted with. Obviously, there does exist some separation, though it may be vague, between what is allowed in the public sector and what is allowed in the private sector - whether it be goods or services.

The following tables highlight which types of incentives would not be suited for the public sector and which ones would.

Table 2.1
Monetary Incentives and Their Appropriateness in the Public and Private Sectors

Type of Incentive Program	Public Sector	Private Sector
Attendance Incentives	Yes	Yes
Competition and Contests	Yes	Yes
Output-Oriented Merit Increases	Yes	Yes
Performance Bonuses	Yes	Yes
Piecework	No	Yes
Safety Incentives	Yes	Yes
Suggestion Awards	Yes	Yes
Miscellaneous Monetary Incentives	Yes	Yes
Stockholders	No ¹¹	Yes

The only monetary incentives that are not appropriate for use in the public sector are the piecework incentive programs and the stockholder programs. The piecework program bases an employee's pay directly on the level of output that the employee produces. An example would be how many more widgets one could produce in an hour etc. The

¹¹ There are stockholder programs that have been introduced into the public sector.

stockholder program allows workers to contribute a portion of their paycheck to stocks within the company. The amount the worker receives depends on the profits and losses of their particular share. Since the public sector is tax supported, company stocks are not an option.

Table 2.2
Nonmonetary Incentives and Their Appropriateness in the Public and Private Sectors

Written Recognition	Yes	Yes
Gifts	Yes	Yes
Formal Dinners	Yes	Yes
Informal Parties	Yes	Yes
Plaques	Yes	Yes
Trips	No	Yes
Job Enlargement	Yes	Yes
Performance Targets	Yes	Yes
Task Systems	Yes	Yes
Variations in Working Hours	Yes	Yes

The only nonmonetary incentive program that is not usually found within the public sector is the trip program. Not only are these trips politically unpalatable, but they are usually not something for which taxpayers want to spend their tax dollars

Table 2.3
Quasi Incentives and Their Appropriateness in the Public and Private Sector

Promotion	Yes	Yes
Educational Incentives	Yes	Yes
Productivity Bargaining	No	Yes
Work Standards	Yes	Yes

Productivity bargaining is the only quasi incentive that is usually not found in the public sector. Productivity bargaining calls for a negotiation between employees and their managers for increased benefits if productivity increases. In public organizations employee benefits are distribute equally among all full time employees. Negotiations are usually not allowed.”

Table 2.4
Negative Incentives and Their Appropriateness in the Public and Private Sector

Rules, Threats and Punishments	Yes	Yes
--------------------------------	-----	-----

Rules, threats and punishments can include many things. However, one does not like to think of public administrators threatening or punishing their employees, but it has been know to happen. They can punish by not giving pay increases, threaten those employees who are late, etc. These types of actions typically work as negative incentives to do a better job

Employee Attitudes with Respect to Incentive Programs

Most employers initiate incentive programs to enhance or instill one or all of the following performance and work environment factors: employee productivity, job satisfaction, loyalty to the job, morale, and improvement of employee skills. The purpose of this project is to describe employee attitudes about the impact of incentive systems. The impact can be felt through productivity, job satisfaction, loyalty, morale,

¹² When I refer to benefits in this section I am referring to vacation time, sick leave, retirement, etc

and improvement of skills. The following section is presented to reduce confusion about what employers hope to gain once incentive programs are put in motion. Table 2.5 gives a brief overview

Table 2.5
Overview of Performance and Work Environment Factors

Productivity	Efficiency and effectiveness. Efficiency measuring the cost of service delivery. Effectiveness measuring impact of the service. Also level of employee performance will be included when applicable.
Job Satisfaction	Many definitions exist. See text.
Loyalty	An employees faithfulness to his/her job.
Morale	The well being of the group one works with.
Improvement of Skills	The employees' desire to improve job related skills as a result of an incentive program.

Productivity - Greener, et al (1975, 5) define productivity as "service efficiency and effectiveness". Brosz and Morgan (1977.9) also define productivity using both efficiency and effectiveness. "Efficiency measures emphasize the cost of delivering a service. Effectiveness measures emphasize the output or impact of the service".

However, not all jobs can be measured by service delivery costs and its impact.

Employers, therefore, must measure the employees level of performance which can be defined as

competency and accomplishments. By defining performance as competency and accomplishments...managers have a logical foundation for building a pay-for-performance program that employees will understand. supervisors can manage and will be more cost effective than traditional merit programs. (Maclean 1990, 48)

Job Satisfaction - It is important to note that no one definition of job satisfaction has been agreed upon. The differences between the definitions of job satisfaction exist because there are many different aspects of job satisfaction which can be combined in

several ways. (Gmneberg 1979, 3) Take for example the many thoughts on job satisfaction below:"

Locke - "A pleasurable or positive emotional state, resulting from the appraisal of ones job or job experiences" (Gruneberg 1979, 3)

Hoppock - "Any combination of physiological, psychological, and environmental circumstances that causes a person truthfully to say ' I am satisfied with my job'" (Hopkins 1983, 21)

Strauss - "Absence of pain and oppressiveness, tolerableness considering the alternatives, all the way over to sheer joy in work, with 'pretty satisfied' perhaps as the modal attitude" (Barbash 1976, 16-17).

Gruneberg - "...the individual's emotional reactions to a particular job" (1979, 3).

Human Relations School of Thought - "Job satisfaction leads to increased productivity and that human relationships in organizations are the key to job satisfaction" (Gruneberg 1979, 6).

Herzberg - believed job satisfaction could only be obtained through the work itself (Gmneberg 1979, 8)

Hopkins - "The state of mind that results from an individual's needs or values being met by the job and its environment" (1983, 32)

Need-Satisfaction Model - "Assumes that individuals have stable needs that are identifiable and that jobs have stable and identifiable characteristics" (Hopkins 1983, 20).

¹³ The names that are underlined represent the author of the definition presented. The name in parentheses represents the author of the article which included the definition.

There are many more definitions and attitudes towards job satisfaction but for the purposes of this paper it is important to simply realize how diverse the definition can be.

Loyalty - simply refers to an employees faithfulness to his/her job."

Morale - defined as "group well being" (Gruneberg 1979, 3). Gardner suggests that it is the responsibility of the employer to "maintain positive attitudes toward the future, which are essential for high morale and motivation" (Gardner 1988, 8). Incentive programs will presumably instill those positive attitudes, thus creating high morale in the work place.

Improvement of Skills - simply refers to the employees' desire to improve job related skills as a result of an incentive program. Moustakis (1983, 30) maintains that any incentive program should emphasis a continuous increase of knowledge and improvement of skills. Of course this knowledge should be directly related to the current job and the improvement of services rendered within that position.

Conceptual Framework

Many government organizations offer incentive programs to their employees, however, some do not. As with many programs offered, employee attitudes toward them differ. It is the purpose of the Literature Review Chapter to describe various types of incentive programs as well as a set of different work role attitudes that these incentive programs may influence. It is the purpose of this study to assess employee attitudes from ten different municipalities towards monetary, nonmonetary, quasi and negative incentive

¹⁴ Nothing in the literature specifically mentioned the **relationship** between employee loyalty and incentive programs. However, since it is an interesting question, it **will** still be used in the questionnaire.

programs. There are four primary hypotheses that form the conceptual framework for this applied research project. Each primary hypotheses contains five sub-hypotheses.

The first hypotheses (WH#1) and sub-hypotheses of this applied research project deal with the following employee attitudes towards monetary incentive programs

- WH#1: Employees will have positive attitudes toward monetary incentives.
- WH#1a: Employees will agree that monetary incentives have a positive influence on their productivity.
- WH#1b: Employees will agree that monetary incentives have a positive influence on their job satisfaction.
- WH#1c: Employees will agree that monetary incentives have a positive influence on their loyalty.
- WH#1d: Employees will agree that monetary incentives have a positive influence on their morale.
- WH#1e: Employees will agree that monetary incentives have a positive influence on their desire to improve skills.

Hypotheses two (WH#2) and sub-hypotheses deal with employee attitudes toward nonmonetary incentive programs.

- WH#2: Employees will have positive attitudes toward nonmonetary incentives.
- WH#2a: Employees will agree that nonmonetary incentives have a positive influence on their productivity.
- WH#2b: Employees will agree that nonmonetary incentives have a positive influence on their job satisfaction.
- WH#2c: Employees will agree that nonmonetary incentives have a positive influence on their loyalty.
- WH#2d: Employees will agree that nonmonetary incentives have a positive influence on their morale.

WH#2e: Employees will agree that nonmonetary incentives have a positive influence on their desire to improve skills.

Hypotheses three (WH#3) and sub-hypotheses deal with employee attitudes toward quasi incentive programs

W 3 : Employees will have positive attitudes toward quasi incentives

WH#3a: Employees will agree that quasi incentives have a positive influence on their productivity.

WH#3b: Employees will agree that quasi incentives have a positive influence on their job satisfaction.

WH#3c: Employees will agree that quasi incentives have a positive influence on their loyalty.

WH#3d: Employees will agree that quasi incentives have a positive influence on their morale.

WH#3e: Employees will agree that quasi incentives have a positive influence on their desire to improve skills.

Hypotheses four (WH#4) and sub-hypotheses will deal with employee attitudes towards negative incentive programs.

WH#4: Employees will have positive attitudes towards negative incentives.

WH#4a: Employees will agree that negative incentives have a positive influence on their productivity.

WH#4b: Employees will agree that negative incentives have a positive influence on their job satisfaction.

WH#4c: Employees will agree that negative incentives have a positive influence on their loyalty.

WH#4d: Employees will agree that negative incentives have a positive influence on their morale.

WH#4e: Employees will agree that negative incentives have a positive influence on their desire to improve skills.

It is anticipated that employees will have positive attitudes towards the positive incentive programs which include monetary, nonmonetary and quasi incentives (WH#5 and sub-hypotheses). It is also anticipated that employees will have negative attitudes toward the negative incentives (WH#6). The following are the hypotheses that reflect this anticipation

WH#5: Employees will have positive attitudes towards the positive incentives.

WH#5a: Employees will have positive attitudes towards the monetary incentives.

WH#5b: Employees will have positive attitudes towards the nonmonetary incentives.

WH#5c: Employees will have positive attitudes towards the quasi incentives.

WH#6: Employees will have negative attitudes towards the negative incentives.

Conclusion

From the literature reviewed in this paper it is easy to see that many objectives can be reached through incentive programs. Defining what incentive programs are, discussing why employers use them and addressing the pros and cons of the various types of incentives, is necessary to get a full understanding of what the incentive program has come to mean for both employees and their employers in the 1990's. The following chapter, Chapter 3 - The Research Setting- will describe the ten agencies that were

chosen for assessment of employee attitudes. It will include geographic locations and various demographic statistics of each of the cities.

CHAPTER THREE - THE RESEARCH SETTING

The purpose of this research is to assess employee attitudes towards incentive programs in Central Texas municipalities with populations of 20,000 and under. To satisfy this end, an understanding of the context in which the research took place is important. Questionnaires were sent to employees of ten cities. This chapter familiarizes the reader with the ten cities. It includes a discussion of the form of government, geographic location and various demographics.

Texas Cities¹⁵

According to the 1993 population estimate by the Texas State Data Center, there are approximately 1179 municipalities which range in population size from 24 residents to Houston's 1,700,672 residents. More than eighty percent of Texas residents live in cities and towns, meeting the United States Bureau of the Census definition of Urban Areas.

According to the 1990 United States Census, Texas has 298 municipalities with more than 5000 in population . Under Texas law, these municipalities may adopt their own charter by a majority vote. Cities with a population less than 5000 may be chartered only under the general law. There were 284 home-rule cities as of June 1, 1995, most of the home-rule cities had populations under 5000.

¹⁵ All information taken from the 1996-1997 Texas Almanac.

City Structure

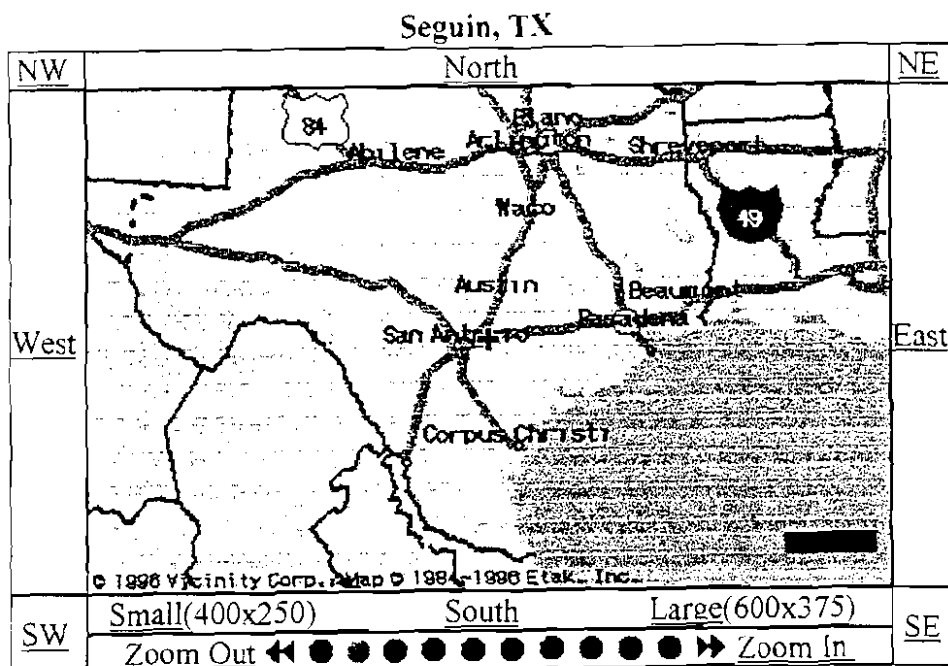
In general municipalities are organized by departments. Each department is usually supervised by a department head or director. The number of departments a given city has depends upon the types of services the city is providing. Some cities, for example, hire private firms to provide services such as garbage collection; thereby eliminating the need for a garbage collection department. The most common departments are: police, fire, water, wastewater, utilities, parks and recreation, library, maintenance, finance, human resources, planning, building codes, streets, garbage, animal control and administration.

However, some cities are too small to be divided up into departments. The City of **Jonestown**, for example, has a total of five employees: a city administrator, a municipal court clerk, a maintenance supervisor, a maintenance worker and an animal control ordinance officer. Because of the population size of **Jonestown** only a few employees are necessary to meet the needs of the citizens. If the City of **Jonestown** decided to provide more services then it would definitely need more employees and would eventually be divided up into departments. The City of **Seguin** on the other hand has 28 departments, which include most of the ones listed above plus a few more. Of course each city is different and is comprised of departments that are necessary to serve the needs of the community. Obviously the department size depends on the number of people it serves and the amount of work it takes to **run** it successfully.

Texas Cities Used in Study

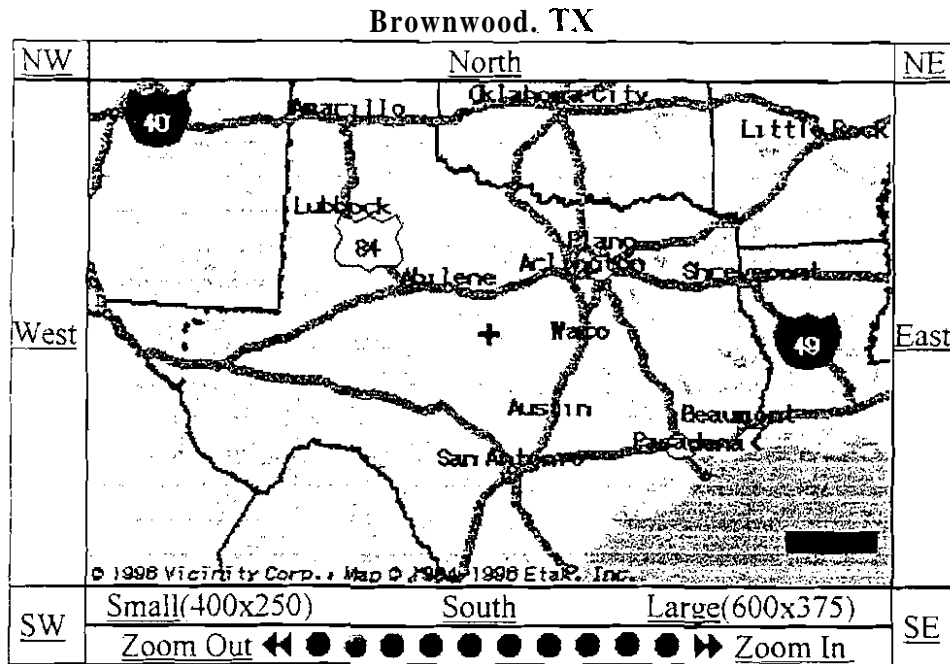
The remaining sections of this chapter identify the ten cities that have been selected for this project. They are: Seguin, Brownwood, Taylor, Leander, Lakeway, Jonestown, Cedar Park, West Lake Hills, Georgetown, and Lago Vista. All of these cities are centrally located and have populations no greater than 20,000. The following is a more detailed description of each of the cities demographics, forms of government, and geographic locations. A map has also been included to assist the reader in visualizing the location of each city.

The City of Seguin



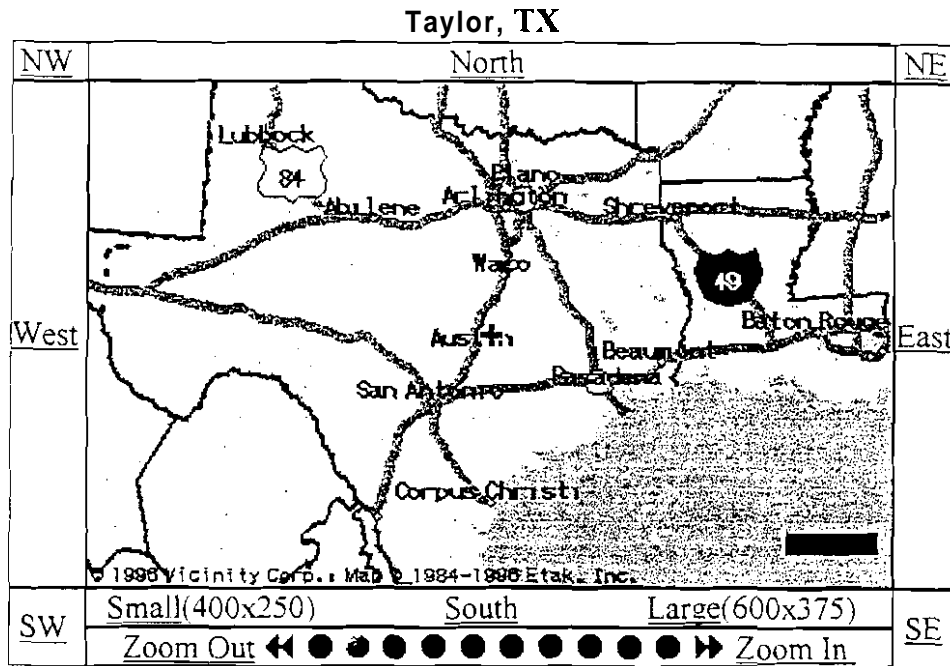
Seguin is within Guadalupe County and is located in South Central Texas on Interstate Highway 10, approximately 34 miles East of San Antonio and 50 miles South of Austin. The population is 20,238 of which 72.3% are white, 8.6% Black, 7% Asian Pacific, and 40.7% of Hispanic Origin. The city has 285 employees and is run by a City Manager, Mayor, and City Council. Industry includes various manufacturing, hospitals, museums, and Texas Lutheran College. The median household income is \$30,349 while the average household size is 2.8 persons.

The City of Brownwood



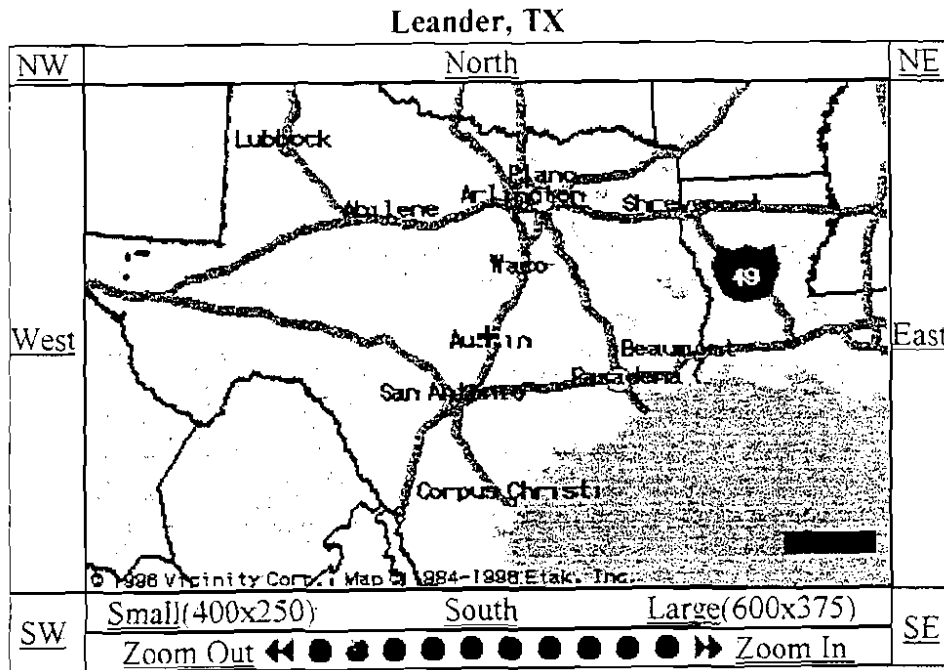
Brownwood is the county seat of Brown County. It is located in Central Texas, 160 miles southwest of Dallas and 75 miles south of Abilene. Its population is 18,641 of which 83.4% are white, 5.4% are black, .4% are Asian Pacific, and 15.7% are of Hispanic Origin. The city has 244 employees and is governed by a City Manager, Mayor, and City Council. The average household income in the city is \$22,009 and the average household size is 2.51 persons. The industry of Brownwood includes a retail trade center, a distribution center, Howard Payne University, MacArthur Academy of Freedom, a mental health and mental retardation center, and various manufacturing plants.

The City of Taylor



The City of Taylor is in Williamson County and is located in Central Texas on Highway 79 approximately 30 miles northwest of Austin. The population is 11,971 of which 74.4% are white, 13.8% are black, .5% are Asian Pacific, and 27.2% are of Hispanic Origin. The City of Taylor employs 138 people and is governed by a City Manager, Mayor, and City Commissioners. The median household income is \$34,269 and the size of the average household is 3.73 persons. The city's industry is made up of agribusiness, varied manufacturing including cottonseed and meat processing, a hospital, Temple Junior College extension, and a publishing center.

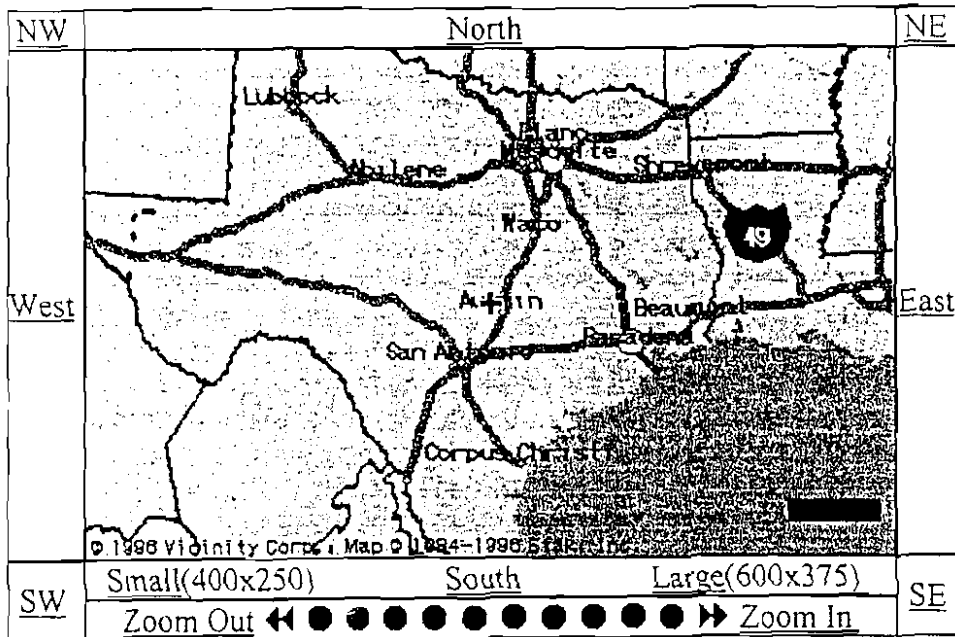
The City of Leander



The City of Leander is located in Central Texas, 18 miles northeast of Austin off of Farm Road 1431 in Williamson County. The population is 3,624 of which 93.3% are white, 1.1% are black, .2% are Asian Pacific, and 13.2% are of Hispanic Origin. The City of Leander has 50 employees and is managed by a City Manager and a Mayor. The median household income is 541,775 and the average household size is 1.95 persons. Leander's major source of business is derived from educational services.

The City of Lakeway

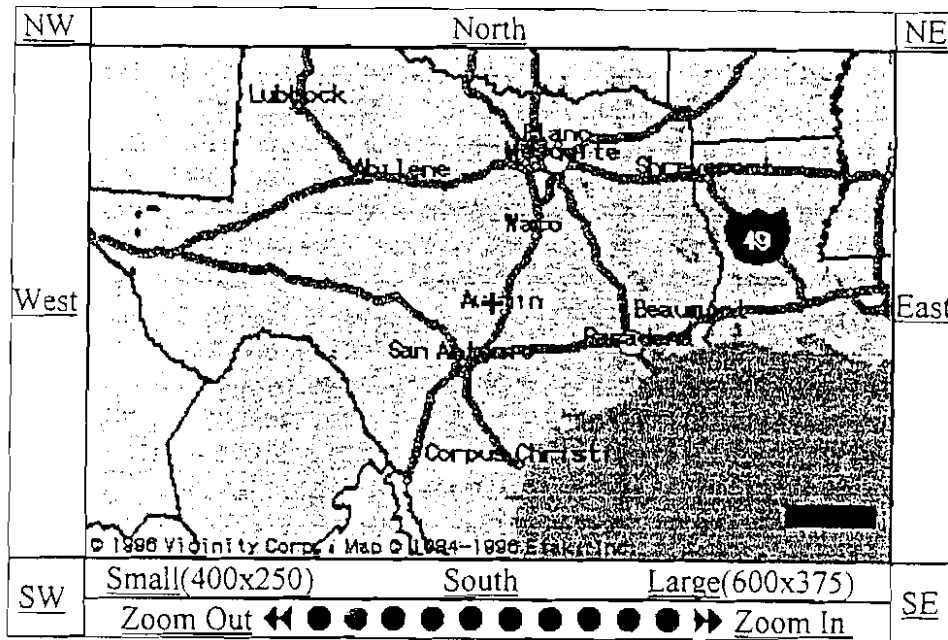
Lakeway, TX



Lakeway is in Travis County and is located in Central Texas off of Highway 620 approximately 25 miles northeast of Austin. The population is 4,127 of which 93.3% are white, .1% are black, .4% are Asian Pacific, and 7.8% are of Hispanic Origin. The City of Lakeway has 9 employees and is run by a City Manager and a Mayor. The average household size is 2.43 persons and the median household income is 548,909. Lakeway's major business source comes from local restaurants and various other eating and drinking operations.

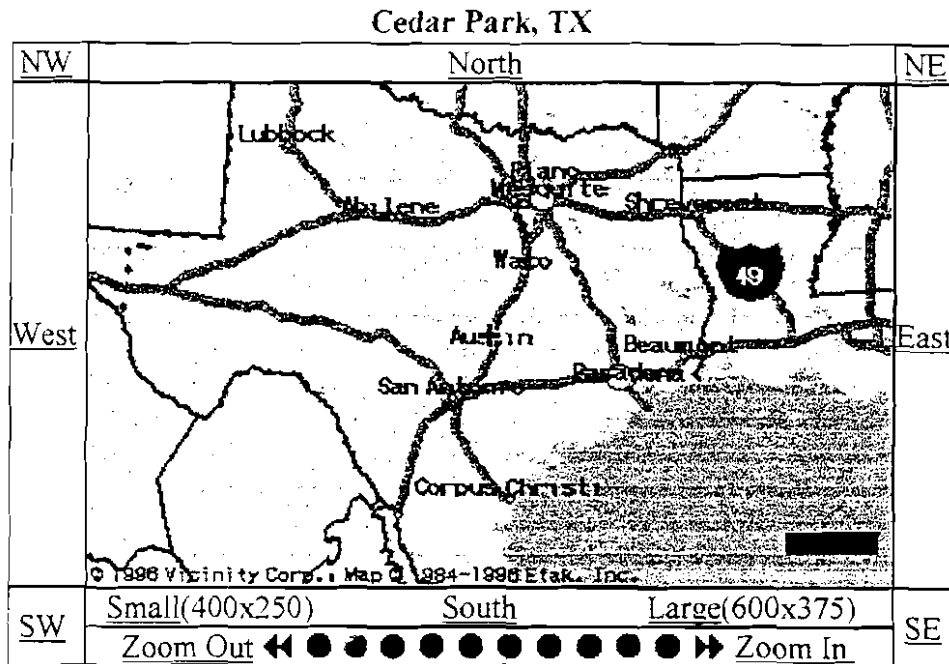
The City of Jonestown

Jonestown, TX



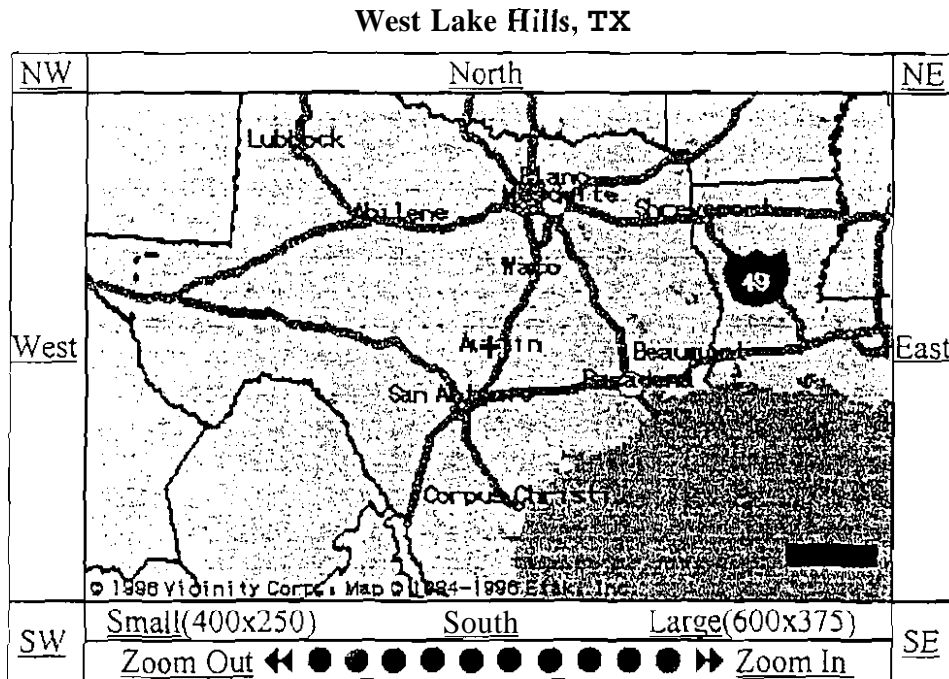
The City of Jonestown is located within Travis County and is about located in Central Texas on Farm Road 1431, 25 miles northeast of Austin. The population is 1,305 of which 93.6% are white, .7% are black, .8% are Asian Pacific, and 6.5% are of Hispanic Origin. The City employs 5 people and is governed by a City Administrator, a City Council, and a Mayor. The median household income is \$36,890. The average household size is 2.36 persons. Jonestown is mainly residential but it does have a few limestone mineries in the area.

The City of Cedar Park



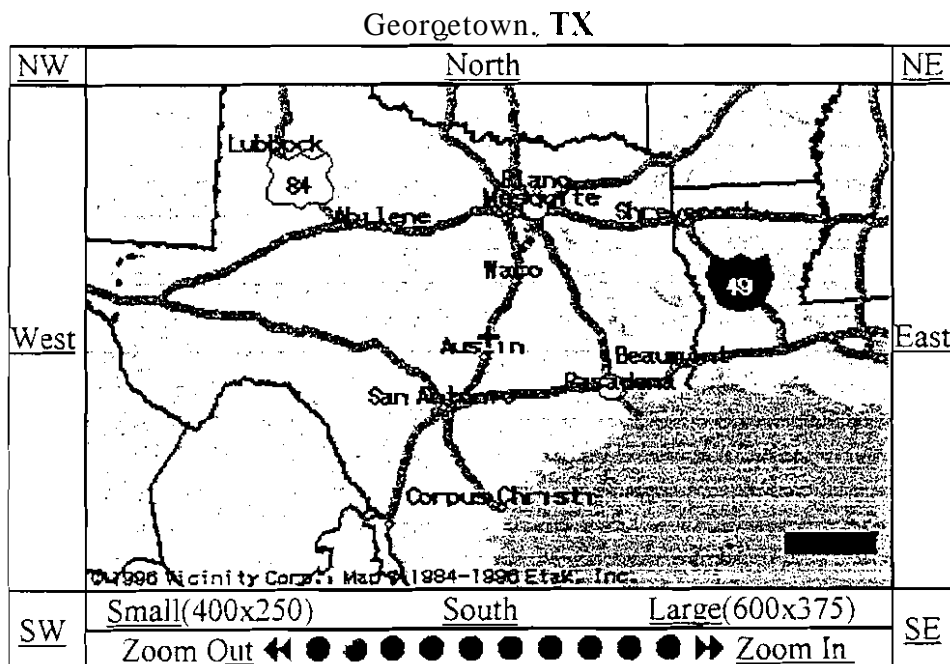
Cedar Park is located in Central Texas within both Travis County and Williamson County. It runs along North 183 about 15 miles north of Austin. The population is 6,360 of which 91.8% are white, 2.0% are black, 1.4% are Asian Pacific, and 11.2% are of Hispanic Origin. The City of Cedar Park has 161 employees and is managed by a City Manager, Mayor, and City Council. The median household income is \$50,834 and the average household size is 3.03 persons. Cedar Park's main source of business is derived from area construction.

The City of West Lake Hills



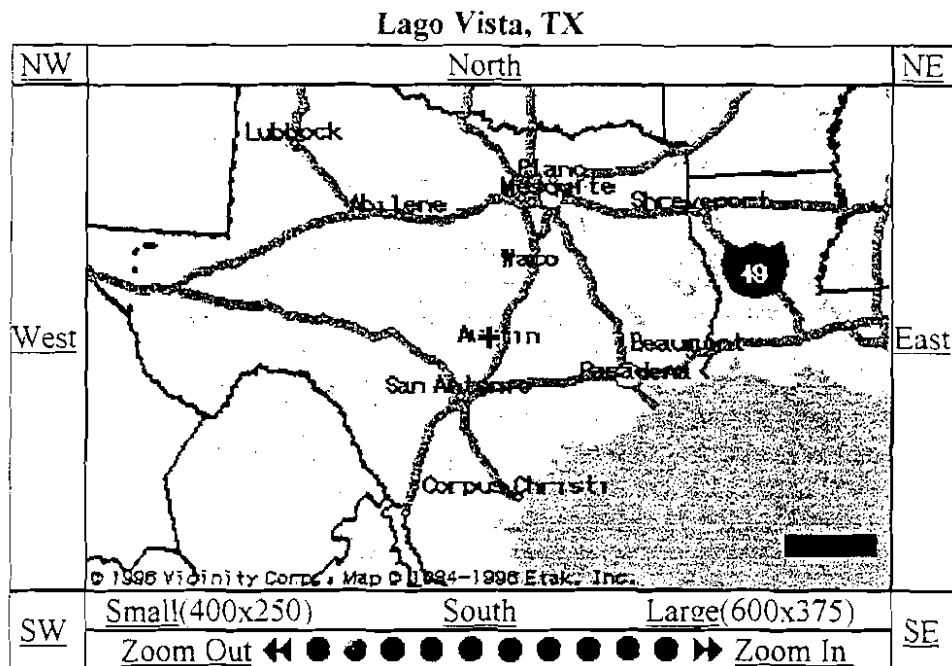
West Lake Hills is located in Central Texas within Travis County and is approximately 15 miles northeast of Austin. The population is 2,784 of which 93.9% are white, .6% are black, 3.4% are Asian Pacific, and 5.4% are of Hispanic Origin. The city has 25 employees and is run by a City Administrator, a City Council, and a Mayor. The average household size is 2.63 persons and the median household income is \$76,208. Major businesses in West Lake Hills include engineering and accounting firms.

The City of Georgetown



The city of Georgetown is part of Williamson County and is located in North Central Texas off of Interstate Highway 35. It is 27 miles north of Austin and 34 miles south of Belton. The population is 16,752 of which 94.4% are white, 2.0% are black, .7% are Asian Pacific, and 8.3% are of Hispanic Origin. The city employs 280 people and is managed by a City Manager, a Mayor, and City Council. The median household income is \$52,643 and the average household size is 2.81 persons. The city's industry includes light manufacturing, tourism, agriculture, a hospital, Southwestern University, Mayfair and the Christmas Stroll.

The City of Lago Vista



Lago Vista is located in Central Texas within Travis County. It is off of Farm Road 1431 approximately 30 miles northeast of Austin. The population is 2,328 of which 93.6% are white, .7% are black, .8% are Asian Pacific, and 6.5% are of Hispanic Origin. The City employs 42 people and is governed by a City Administrator, Aldermen, and a Mayor. The median household income is 536,890 and the average household size is 2.36 persons. Lago Vista is surrounded by residential property and real estate happens robe its top industry.

Table 3.1 provides an overview of each of the city's demographics for clarification.

Table 3.1 Summary of City Demographics¹⁶

City	Government Type	Number of Employees	Population	County	Median Household Income	Average Household Size	Race % White	Black	Asian Pacific	Hispanic Origin ¹⁷
Seguin, TX	Home Rule	285	20,228	Guadalupe	30,349	2.8	72.3	8.6	7	40.7
Brownwood, TX	Home Rule	244	18,641	Brown	22,009	2.51	83.4	5.4	4	15.7
Taylor, TX	Home Rule	138	11,971	Williamson	34,269	2.73	74.4	13.8	.5	27.2
Leander, TX	Home Rule	50	3,634	Williamson	42,775	2.95	93.3	1.1	.2	13.2
Lakeway, TX	Home Rule	9	4,427	Travis	48,909	2.43	93.3	.4	.4	7.8
Jonestown, TX ¹⁸	General Law	5	1,305	Travis	36890	2.36	93.6	.7	.8	6.5
Cedar Park, TX	Home Rule	161	6,360	Williamson & Travis	50,834	3.03	91.8	2.0	1.4	11.2
West Lake Hills, TX	General Law	25	2,784	Travis	76,208	2.63	93.9	.6	3.4	5.4
Georgetown, TX ¹⁹	Home Rule	280	16,752	Williamson	52,643	2.81	94.4	2.0	.7	8.3
Lago Vista, TX ²⁰	General Law	42	2,328	Travis	36,890	2.36	93.6	7	8	6.5
Texas		-	18,378,185				59.9	9.5	1.5	20.4 ²¹

The ten cities are all in central Texas and primarily from Travis or Williamson County. They represent a large variation in population size.

The largest city, Seguin has just over 20,000 residents while the smallest, Jonestown has less than 1500

¹⁶ Median Household Income. Average Household Size and Race Percentage statistics are taken from The Sourcebook of Zip Code Demographics
¹⁷ The Hispanic Origin column represents multiple ethnic origins.
¹⁸ All figures based on the 78645 zip code
¹⁹ All figures based on the 78728 zip code.
²⁰ All figures based on the 78645 zip code
²¹ The race percentages are based on total of 21,326,780 people which is not what the 1996-1997 Texas Almanac gives as the population, according to the July 1994 US Bureau of Census estimate, which is 18,378,185. In addition, the remaining 8.7% of the race percentages belong to the "other" category.

Conclusion

Of course each city is different and each has its own ways of operating. The size of a city (as an organization and community population), its location, demographics, and type of government are all important factors to consider when assessing the attitudes of city employees. All of these factors come into play when an employee forms an attitude towards incentive programs in general and towards incentive programs within their own organization. This chapter has allowed the reader to get an idea of each of the cities setting in order to produce greater understanding of the research findings. The methods used to assess the employee attitudes of each of the ten cities are presented in Chapter Four - Methodology.

CHAPTER FOUR - METHODOLOGY

Purpose

This chapter's primary purpose is to describe the mechanics of this research. It examines the role of descriptive and exploratory research, explains how the chosen methodology best satisfied the research purpose, and looks at the sampling and measurement techniques. Finally, the hypotheses are reviewed and operationalized at the end for clarity.

Descriptive Research

Descriptive research is a valuable tool when trying to describe or assess certain characteristics of a given population (Babbie 1995, 86). This research is descriptive in that it describes both the various types of Incentive programs implemented in public agencies²¹ and it describes the attitudes of employees with respect to the various incentive programs.²³ A particular feature of descriptive research is that it generally includes descriptive categories such as the ones listed below

Table 4.1
Performance and Work Environment Factors

Productivity	Efficiency and effectiveness. Efficiency measuring the cost of service delivery. Effectiveness measuring impact of the service. Also level of employee performance will be included when applicable.
Job Satisfaction	Many definitions exist. See text.
Loyalty	An employees faithfulness to his/her job
Morale	The well being of the group one works with.
Improvement of Skills	The employees' desire to improve job related skills as a result of an incentive program.

²² It has been noted that most, if not all, of the incentive programs described in the Literature Review Chapter can be found in both the public and private sector.

²¹ These descriptions can be found in the Literature Review Chapter.

These categories are used to assess employee attitudes towards positive (monetary, nonmonetary and quasi incentives) and negative incentives.²⁴

Exploratory Research

Exploratory research is also used in the research of employee attitudes towards incentive programs. Exploratory research, according to Earl Babbie (1995, 84), accomplishes three purposes: "One, it satisfies the researcher's curiosity and desire for better understanding Two, it tests the possibility of producing a more careful study, and three, it develops the methods to be used in a more careful study". In other words, it is a suitable tool for testing hypotheses. In this project, exploratory research is used to examine overall attitudes of employees.²⁵ Working hypotheses were used to examine the direction of the attitudes. It is important to note that exploratory research is a helpful tool when examining a new subject, but it is rarely capable of providing definitive results.

Research Design

Survey research is used in this project to assess the attitudes of employees toward monetary, nonmonetary, quasi, and negative incentives. Babbie (1995,253) suggests that survey research is an excellent way to obtain attitudes and beliefs of individuals. In addition, survey research is appropriate when the population is too large to be researched

²⁴ See Working Hypotheses 1 - 4.

²⁵ See Working Hypotheses 5 - 6.

directly. Survey research allowed this project not only to be cost-effective and efficient, but anonymous as well

Of course there are always drawbacks when using a survey to assess attitudes. For example, respondents don't always give honest answers, rather those that won't offend or criticize. Gruneberg (1979, 4) cautions researchers to be aware that questionnaires should be regarded as instruments for approximating the truth and not an infallible means of measuring attitudes.

Summary of Strengths and Weaknesses of Survey Research²⁶

Strengths:

1. Describe characteristics of a large population
2. Make large samples a realistic possibility
3. Offer flexibility
4. Observations can be operationalized
5. Standardized questions are a reliable measurement tool

Weaknesses:

1. Standardized questions may produce misleading data
2. Social life cannot be measured
3. Surveys cannot be modified half way through research
4. Answers be not always be valid

Sampling Procedures

In this study, ten questionnaires were sent to each of the ten municipalities that were chosen for research.²⁷ The cities were chosen based upon their location and population size.²⁸ According to Babbie this type of selection process is called purposive

²⁶ Strengths and weaknesses summarized from Babbie 1995, 273-274.

²⁷ See Setting Chapter for more information.

²⁸ The study concentrated on municipalities with populations of 20,000 and under.

or judgmental sampling. Babbie (1995,225) maintains

Occasionally it may be appropriate for you to select your sample on the basis of your own knowledge of the population elements, and the nature of your research aims: in short, based on your judgment and the purpose of the study.

The ten cities made up the sample from which employees or the population²⁹ were randomly chosen. Ten questionnaires (100 total) were sent to each city to the attention of the human resources department. Each packet of ten included a note which allowed whoever opened it to distribute the questionnaires to any ten employees. The option was given to either mail or fax the questionnaire back to the researcher. Depending on the number of questionnaires that were returned, follow up telephone calls were made.

Statistics

T-statistics are used to determine how far the responses deviate from being neutral.³⁰ From these results, it will be determined which type of incentive program, positive or negative, produces which type of attitude(s).³¹

²⁹ Babbie (1995, 103) defines population "as that group about whom we want to be able to draw conclusions."

³⁰ See Working Hypotheses 1 - 4.

³¹ See Working Hypotheses 5 - 6

Operationalization of the Hypotheses

Table 4.2 displays the relationship between the working hypotheses and the survey questions. Each survey is coded (Strongly Agree=2, Agree=1, Neither=0, Disagree=-1, Strongly Disagree=-2) in order to calculate the mean, mode, percentages, and percent distribution. A copy of the questionnaire has been included as an appendix to assist in the readers understanding of this process.

Table 4.2
Operationalization of the Hypotheses

Type of Incentive	Working Hypotheses	Applicable Survey Question
Monetary Incentives	WH#1: Employees will have a positive attitude towards monetary incentives.	A, 1-5
	WH#1a: Employees will agree that monetary incentives have a positive influence on their productivity.	A1: Monetary incentives would increase my productivity.
	WH#1b: Employees will agree that monetary incentives have a positive influence on their job satisfaction.	A2: Monetary incentives would increase my level of job satisfaction.
	WH#1c: Employees will agree that monetary incentives have a positive influence on their loyalty.	A3: Monetary incentives would increase my loyalty to the job.
	WH#1d: Employees will agree that monetary incentives have a positive influence on their morale.	A4: Monetary incentives would increase my morale.
	WH#1e: Employees will agree that monetary incentives have a positive influence on their desire to improve skills.	A5: Monetary incentives would increase my desire to improve my skills.
Nonmonetary Incentives	WH#2: Employees will have positive attitudes toward nonmonetary incentives.	B, 1-5
	WH#2a: Employees will agree that nonmonetary incentives have a positive influence on their productivity.	B1: Nonmonetary incentives would increase my productivity.

Table 42 Continued

	WH#2b: Employees will agree that nonmonetary incentives have a positive influence on their job satisfaction.	B2: Nonmonetary incentives would increase my level of job satisfaction
	WH#2c: Employees will agree that nonmonetary incentives have a positive influence on their loyalty.	B3: Nonmonetary incentives would increase my loyalty to the job.
	WH#2d: Employees will agree that nonmonetary incentives have a positive influence on their morale.	B4: Nonmonetary incentives would increase my morale.
	WH#2e: Employees will agree that nonmonetary incentives have a positive influence on their desire to improve skills.	B5: Nonmonetary incentives would increase my desire to improve my skills.
Quasi Incentives	WH#3: Employees will have positive attitudes toward quasi incentives,	C, 1-5
	WH#3a: Employees will agree that quasi incentives have a positive influence on their productivity.	C1: Quasi incentives would increase my productivity.
	WH#3b: Employees will agree that quasi incentives have a positive influence on their job satisfaction.	C2. Quasi incentives would increase my level of job satisfaction
	WH#3c: Employees will agree that quasi incentives have a positive influence on their loyalty.	C3: Quasi incentives would increase my loyalty to the job.
	WH#3d: Employees will agree that quasi incentives have a positive influence on their morale.	C 4 Quasi incentives would increase my morale
	WH#3e: Employees will agree that quasi incentives have a positive influence on their desire to improve skills.	C5: Quasi incentives would increase my desire to improve skills.
Negative Incentives	WH#4: Employees will have positive attitudes towards negative incentives.	D, 1-5

Table 4.2 Continued

	WH#4a: Employees will agree that negative incentives have a positive influence on their productivity.	D1: Negative incentives would increase my productivity
	WH#4b: Employees will agree that negative incentives have a positive influence on their job satisfaction.	D2: Negative incentives would increase my level of job satisfaction.
	WH#4c: Employees will agree that negative incentives have a positive influence on their loyalty.	D3: Negative incentives would increase my loyalty to the job.
	WH#4d: Employees will agree that negative incentives have a positive influence on their morale.	D4: Negative incentives would increase my morale.
	WH#4e: Employees will agree that negative incentives have a positive influence on their desire to improve skills.	D5: Negative incentives would increase my desire to improve skills.
Positive Incentives (Monetary, Nonmonetary, and Quasi Incentives)	WH#5: Employees will have positive attitudes towards the positive incentives.	A, 1-5 B, 1-5 C, 1-5
	WH#5a: Employees will have positive attitudes towards the monetary incentives.	A, 1-5
	WH#5b: Employees will have positive attitudes towards the nonmonetary incentives.	B, 1-5
	WH#5c: Employees will have positive attitudes towards the quasi incentives.	C, 1-5
Negative Incentives	WH#6: Employees will have negative attitudes towards the negative incentives.	D, 1-5

The next chapter represents the culmination of the research. The working hypotheses are restated and the results are displayed in table format for easier understanding. Assessments of the findings follow each table.

CHAPTER FIVE - RESULTS

Introduction

The analysis of the responses obtained through the questionnaires is presented in this chapter. Data are presented in table format in the order of the hypotheses presented throughout this applied research project. The sample size for all of the hypotheses except where noted is n=36. Simple statistics such as frequencies, percentages, means, modes, and one sample t-tests are used to analyze the data.³² The t-test is used to analyze how the responses vary from neutral. if at all³³

The first four hypotheses deal with monetary, nonmonetary, quasi, and negative incentives and the employees responses to how these incentive programs would or would not affect attitudes

Monetary Incentives: Working Hypothesis #1- Employees will have positive attitudes toward monetary incentives.

Table 5.1
Monetary Incentives Influence

Performance and Work Environment Variable	Mode ³⁴	Mean ³⁵	Significance ³⁶
Productivity	Agree ³⁷ (50%)	.889	.000
Job Satisfaction	Agree (44%)	1.028	.000
Loyalty	Agree (39%)	.528	.001
Morale	Agree (67%)	1.00	.000
Job Skills	Agree (50%)	.611	.000

³² All data was analyzed using the Statistical Package for the Social Sciences (SPSS).

³³ The questionnaires were coded in the following manner: Strongly Agree=-2, Agree=1, Neither=0, Disagree=-1 and Strongly Agree=-2.

³⁴ The mode is simply the most frequent answer given.

³⁵ The mean is simply an average of the responses.

³⁶ The significance determines whether or not the mean is significantly different from "0" or neutrality. The significance level is derived from a t-test which produces a t-value. The t-value is significant at $p < .01$.

³⁷ Scale ranged from -2 Strongly Disagree to +2 Strongly Agree

The findings in Table 5.1 definitely support hypothesis #1. The respondents overwhelmingly agree that monetary incentives would have a positive influence on their performance and work environment. The most positively influenced variable is morale where well over half of the respondents agreed, while the least positively influenced variable is loyalty with a 39% agreement. The significance levels for each variable show that the responses had a less than 1% chance of being neutral.

Nonmonetary Incentives: *Working Hypothesis #2 - Employees will have positive attitudes toward nonmonetary incentives.*

Table 5.2
Nonmonetary Incentives Influence

Performance and Work Environment Variable	Mode	Mean	Significance
Productivity	Agree (64%)	.556	.000
Job Satisfaction	Agree (61%)	.694	.000
Loyalty	Agree and Neither (39%)	.333	.021
Morale	Agree (69%)	.806	.000
Job Skills	Neither (44%)	.306	.020

Four out of five of the performance and work environment variables support hypothesis #2. The loyalty variable is split in its responses between agree and neither, meaning the same number of respondents agreed that nonmonetary incentives would have a positive influence on their loyalty as the number of respondents who neither agreed or disagreed. In addition, 44% of the respondents neither agreed or disagreed that

nonmonetary incentives would have a positive influence on their job skills. It is interesting to note the overwhelming agreement among the respondents that nonmonetary incentives would have a positive influence on their productivity, job satisfaction and morale. Among these three variables, the responses had a less than 1% chance of being neutral and among loyalty and job skills the responses had an approximate 2% chance of being neutral

Quasi Incentives: *Working Hypothesis #3 - Employees will have positive attitudes towards quasi incentives.*

Table 5.3
Quasi Incentives Influence

Performance and Work Environment Variable	Mode	Mean	Significance
Productivity	Agree (56%)	.778	.000
Job Satisfaction	Agree (58%)	.722	.000
Loyalty	Agree (47%)	.528	.000
Morale	Agree (64%)	.861	.000
Job Skills	Agree (53%)	.861	.000

The data presented in Table 5.3 support hypothesis #3. Four out of five of the performance and work environment variables show over half of the respondents agreeing that quasi incentives would have a positive influence. The most positively influenced variable is morale with 67% of the respondents in agreement, and the least positively influenced variable is loyalty with 47% of the respondents in agreement. All of the variables show a less than 1% chance of being neutral.

Negative Incentives:³⁸ *Working Hypothesis #4 - Employees will have positive attitudes towards negative incentives.*

Table 5.4
Negative Incentives Influence

Performance and Work Environment Variable	Mode	Mean	Significance
Productivity	Strongly Disagree (51%)	-1.457	.000
Job Satisfaction	Disagree (51%)	-1.257	.000
Loyalty	Disagree (51%)	-1.257	.000
Morale	Strongly Disagree (51%)	-1.457	.000
Job Skills	Disagree (49%)	-1.171	.000

The findings in Table 5.4 do not agree with hypothesis #4. None of the respondents agreed that negative incentives would have a positive influence on any of the performance or work environment variables. The percentages are all very high for disagree and strongly disagree for all of the variables. All of the variables show a less than 1% chance of being neutral

Positive Incentives

The next hypothesis deals with positive incentives and what attitudes the employees have towards them. The Literature Review Chapter defines positive incentives as monetary, nonmonetary, and quasi incentives

³⁸ The sample size for negative incentives is n=35 instead of n=36 because one questionnaire respondent left the negative incentives section blank

Working Hypothesis #5 - Employees will have positive attitudes towards the positive incentives.

Working Hypothesis #5a - Employees will have positive attitudes towards the monetary incentives.

The data that are presented from working hypothesis #1, and its five subhypotheses (monetary incentives) support hypothesis #5a. Table 5.5 summarizes the statistics from working hypothesis #1 and its subhypotheses

Table 5.5
Monetary Incentives
Summary of Statistics

WH#1	Strongly Agree & Agree	Mode
Productivity	75%	Agree
Job Satisfaction	77%	Agree
Loyalty	53%	Agree
Morale	85%	Agree
Job Skills	61%	Agree

All variables were statistically significant at the $p < 01$ level

All of the responses for each of the variables are well over 50%, meaning over half of all the employees who filled out the questionnaires agree that monetary incentives will have positive influences on their productivity, job satisfaction, loyalty, morale, and desire to improve skills,

Working Hypothesis #5b - Employees will have positive attitudes towards the nonmonetary incentives.

The figures that are shown for working hypothesis #2 and its five subhypotheses (nonmonetary incentives) do not totally support hypothesis #5b. The statistics are summarized below in Table 5.6.

Table 5.6
Nonmonetary Incentives
Summary of Statistics

WH#2	Strongly Agree & Agree	Mode
Productivity	67%	Agree
Job Satisfaction	69%	Agree
Loyalty	45%	Neither
Morale	78%	Agree
Job Skills	42%	Neither

Variables a, b, and d were statistically significant at the $p < .01$ level.

As the above statistics suggest only three out of the five variables are statistically significant. Employees agree that nonmonetary incentives would have positive influences on their productivity, job satisfaction, and morale. But they do not agree or disagree that nonmonetary incentives would have positive influences on their loyalty and desire to improve skills. Therefore these data cannot completely support hypothesis #5b which states "Employees will have positive attitudes towards the nonmonetary incentives."

Working Hypothesis #5c - *Employees will have positive attitudes towards the quasi incentives.*

The data that are presented for working hypothesis #3 and its five subhypotheses (quasi incentives) supports hypothesis X5. A summary of the statistics presented in earlier tables is presented in Table 5.7 below

Table 5.7
Quasi Incentives
Summary of Statistics

WH#3	Strongly Agree & Agree	Mode
Productivity	72%	Agree
Job Satisfaction	69%	Agree
Loyalty	56%	Agree
Morale	78%	Agree
Job Skills	72%	Agree

All variables were statistically significant at the $p < .01$ level

The statistics show that the positive responses for quasi incentives are well over 50%, which means the employees agree that quasi incentives would have positive influences on their productivity, job satisfaction, loyalty, morale, and desire to improve their skills. Therefore it is safe to say that the employees who took part in this research have positive attitudes towards quasi incentives.

Negative Incentives

The final hypothesis deals with negative incentives and employees attitudes towards them. Negative incentives are defined primarily as rules, threats, punishments, etc.

Working Hypothesis #6 - *Employees will have negative attitudes towards the negative incentives.*

The findings given for hypothesis #4 and its subhypotheses (negative incentives) supports hypothesis #6. A summary of the statistics for hypothesis #4 and its subhypotheses is presented below in Table 5.8.

**Table 5.8
Negative Incentives
Summary of Statistics**

WH#4	Strongly Agree &	Mode
Productivity	0%	Disagree
Satisfaction	0%	Disagree
Loyalty	0%	Disagree
Morale	0%	Strongly Disagree
Job Skills	0%	Disagree

All variables were statistically significant at the $p < .01$ level

The above data indicate that the respondents who strongly agree or agree that employees will have positive attitudes towards negative incentives is zero, meaning employees do not agree that negative incentives would have a positive influence on their productivity, job satisfaction, loyalty, morale, and desire to improve their skills. Therefore one can conclude the employees who participated in this research have negative attitudes towards negative incentives.

Summary

Table 5.9 presents a summary of the Strongly Agree and Agree responses for monetary, nonmonetary, quasi and negative incentives. The last row presents an overall average for these responses.

Table 5.9
Summary of Responses

Performance and Work Environment Variable	Monetary Incentives % Strongly Agree and Agree	Nonmonetary Incentives % Strongly Agree and Agree	Quasi Incentives % Strongly Agree and Agree	Negative Incentives % Strongly Agree and Agree
Productivity	75%	67%	72%	0%
Job Satisfaction	77%	69%	69%	0%
Loyalty	53%	45%	56%	0%
Morale	85%	78%	78%	0%
Job Skills	61%	42%	72%	0%
Overall Average	70%	60%	69%	0%

When looking at the overall averages of the strongly agree and agree responses, Hypothesis One, Two, Three, Five, and Six are supported. However, Hypothesis Four, which addresses negative incentives is not. None of the employees had positive attitudes towards the negative incentives and did not agree or strongly agree that negative incentives would positively influence their productivity, job satisfaction, loyalty, morale, or job skills.

Conclusion

Overall employees seem to have positive attitudes towards the monetary, nonmonetary, and quasi incentives and negative attitudes towards the negative incentives

The final chapter, Chapter Six - Conclusion, will briefly discuss the results presented in this chapter, comment on incentive programs in general, and make suggestions for further research.

CHAPTER SIX - CONCLUSION

Introduction

The importance of assessing employee attitudes towards incentive programs comes into play for public administrators of organizations of any size. It is imperative that employers are aware of the successfulness of any program, particularly one like the incentive program that has been implemented to motivate employees and reduce costs. As this research suggests, not all incentive programs inspire positive attitudes.

Summary

As Table 6.1 presents, employees do not believe that negative incentives would positively influence their performance or work environment. However, they do feel that monetary, nonmonetary, and quasi incentives would positively influence their performance and work environment with respect to productivity, job satisfaction, loyalty, morale, and job skills

Table 6.1

Performance and Work Environment Variable	Hypothesis #1	Hypothesis #2	Hypothesis #3	Hypothesis #4
Productivity	Support	Support	Support	Does Not Support
Job Satisfaction	Support	Support	Support	Does Not Support
Loyalty	Support	Does Not Support	Support	Does Not Support
Morale	Support	Support	Support	Does Not Support
Job Skills	Support	Does Not Support	Support	Does Not Support

It is important to notice that nonmonetary incentives did produce positive attitudes from the employees overall, however their attitudes towards loyalty and the desire to improve skills were right on the border between "agree" and "neither". Meaning nonmonetary incentives are not guaranteed to inspire positive reactions from employees.

Hypothesis #5 and Hypothesis #6 address the two categories of incentive programs: positive and negative. The positive incentives are the monetary, nonmonetary, and quasi incentive programs and the "negative" incentives are of course the negative incentive programs. Both of these hypotheses were supported.

Further Research

It would be interesting for research to continue towards discovering exactly which types of incentive programs not only inspire positive attitudes, but which ones really motivate increased productivity, job satisfaction, loyalty, morale and the desire to improve job skills. From this study it is apparent that negative incentives would definitely not inspire any type of improvement. Knowing this would help make public administrators, managers, etc. aware of those types of incentive programs that need to be implemented in their respective agencies depending on which performance or work environment factor they are trying to improve.

With respect to my incident in the City of Pflugerville, this research has provided the information about which types of incentive programs employees believe would positively influence their performance and work environment. Thus the challenge is not

in selecting the type of incentive program but being able to administer the program in a fair and inclusive manner.

Appendix 4

Sample Survey

Total Number of Respondents = 36

A. **Monetary Incentives** - contests, merit increases, bonuses, etc.

1. Monetary incentives would increase my productivity.

Strongly agree Agree Neither Disagree Strongly Disagree

2. Monetary incentives would increase my level of job satisfaction.

Strongly agree Agree Neither Disagree Strongly Disagree

3. Monetary incentives would increase my loyalty to the job.

Strongly Agree Agree Neither Disagree Strongly Disagree

4. Monetary incentives would increase my morale.

Strongly Agree Agree Neither Disagree Strongly Disagree

5. Monetary incentives would increase my desire to improve my skills.

Strongly Agree Agree Neither Disagree Strongly Disagree

B. **Nonmonetary Incentives** - written recognition, gifts, dinners, plaques, etc.

1. Nonmonetary incentives would increase my productivity.

Strongly agree Agree Neither Disagree Strongly Disagree

2. Nonmonetary incentives would increase my level of job satisfaction.

Strongly agree Agree Neither Disagree Strongly Disagree

3. Nonmonetary incentives would increase my loyalty to the job.

Strongly Agree Agree Neither Disagree Strongly Disagree

4. Nonmonetary incentives would increase my morale.

Strongly Agree Agree Neither Disagree Strongly Disagree

5. Nonmonetary incentives would increase my desire to improve my skills.

Strongly Agree Agree Neither Disagree Strongly Disagree

C. Quasi Incentives -promotion, wage increases based on educational achievement, etc.

1. Quasi incentives would increase my productivity.

Strongly agree Agree Neither Disagree Strongly Disagree

2. Quasi incentives would increase my level of job satisfaction.

Strongly agree Agree Neither Disagree Strongly Disagree

3. Quasi incentives would increase my loyalty to the job.

Strongly Agree Agree Neither Disagree Strongly Disagree

4. Quasi incentives would increase my morale.

Strongly Agree Agree Neither Disagree Strongly Disagree

5. Quasi incentives would increase my desire to improve my skills.

Strongly Agree Agree Neither Disagree Strongly Disagree

D. Negative Incentives -rules, threats, punishment, (reduction in wages because of tardiness, etc.)

1. Negative incentives would increase my productivity.

Strongly agree Agree Neither Disagree Strongly Disagree

2. Negative incentives would increase my level of job satisfaction.

Strongly agree Agree Neither Disagree Strongly Disagree

3. Negative incentives would increase my loyalty to the job.

Strongly Agree Agree Neither Disagree Strongly Disagree

4. Negative incentives would increase my morale

Strongly Agree Agree Neither Disagree Strongly Disagree

5. Negative incentives would increase my desire to improve my skills.

Strongly Agree Agree Neither Disagree Strongly Disagree

In the last five years there has been an incentive program implemented in my city.

Yes No

Eighteen out of the thirty six employee had some sort of incentive program

If yes, what type of incentive program is/was it? _____

1. Career ladder
2. Training
3. Nonmonetary
4. ??
5. Merit bonus
6. Bonus
7. Merit bonus, safety incentive, customer service, employee recognition
8. Bonus, recognition
9. Monetary
10. Customer Service, safety
11. Customer Service, bonus
12. Performance based pay raises
13. Monetary and quasi
14. Merit pay
15. Merit increase, employee recognition
16. Merit pay
17. Merit system
18. Monetary and nonmonetary

I am/was happy with the incentive program.

Strongly Agree Agree Neither Disagree Strongly Disagree

1. Agree
2. Agree
3. Strongly Agree
4. Strongly Agree
5. Strongly Agree
6. Strongly Agree
7. Strongly Agree
8. Agree
9. Strongly Agree
10. Agree
11. Agree
12. Agree
13. Agree
14. Agree
15. Agree
16. Neither
17. Agree
18. Agree

Comments:

Due to the fact that our City does not give incentives for job performance, it is very disturbing to those of us that come to work everyday, on time, and do an above average job, that there are no repercussions for the ones who do not follow the same work ethic - why should anyone care to perform at, above, or beyond a job standard if no one cares.

We give service awards to employees in five year increments. Monetary incentives vary from year to year.

Monetary incentives can always be reduced or taken away. A good idea that is suggested and implemented to improve services, production, employee morale, etc. is an everyday visual that helps all the way around. Some ideas are priceless.

Employees are responding to it. (Nonmonetary incentives)

An incentive program has been recommended but not implemented. I believe this would greatly improve morale and loyalty.

I do not see incentives of any sort (positive or negative) as having any effect on my loyalty or my constant desire to improve my skills or knowledge, that must come from within. Conversely, they can and do have a strong effect on satisfaction, morale, etc.

The intangible qualities. Also consider, most employees seem to respond better to positive reinforcement (but in fairness, these are those who only respond to the negative and we would in general be better off without them.)

Appendix B

Response Percentages

Monetary Incentives: *Working Hypothesis #1 - Employees will have positive attitudes toward monetary incentives.*

Working Hypothesis #1a - Employees will agree that monetary incentives have a positive influence on their productivity.

Table B.1
WH#1a
Monetary Incentives Influence on Productivity

Response	Frequency	Percentage
Strongly Agree	9	25%
Agree	18	50%
Neutral	5	13.9%
Disagree	4	11.1%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #1b - Employees will agree that monetary incentives have a positive influence on their job satisfaction.

Table B.2
WH#1b
Monetary Incentives Influence on Job Satisfaction

Response	Frequency	Percentage
Strongly Agree	12	32.3%
Agree	16	44.4%
Neither	5	13.9%
Disagree	3	8.3%
Strongly Disagree	0	0%
Total	36	

Working Hypothesis #1c - *Employees will agree that monetary incentives have a positive influence on their loyalty.*

Table B.3
WH#1c
Monetary Incentives Influence on Loyalty

Response	Frequency	Percentage
Strongly Agree	5	13.9%
Agree	14	38.9%
Neither	12	33.3%
Disagree	5	13.9%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #1d - *Employees will agree that monetary incentives have a positive influence on their morale.*

**Table B.4
WH#1d**

Monetary Incentives Influence on Morale

Response	Frequency	Percentage
Strongly Agree	7	19.4%
Agree	24	66.7%
Neither	3	8.396
Disagree	2	5.6%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #1e - *Employees will agree that monetary incentives have a positive influence on their desire to improve skills.*

**Table B.5
WH#1e**

Monetary Incentives Influence on Job Skills

Response	Frequency	Percentage
Strongly Agree	4	11.1%
Agree	18	50%
Neither	10	27.8%
Disagree	4	11.1%
Strongly Disagree	0	0%
Total	36	100%

Nonmonetary Incentives: *Working Hypothesis #2 -Employees will have positive attitudes toward nonmonetary incentives.*

Working Hypothesis #2a - *Employees will agree that nonmonetary incentives have a positive influence on their productivity.*

Table B.6
WH#2a
Nonmonetary Incentives Influence on Productivity

Response	Frequency	Percentage
Strongly Agree	1	2.8%
Agree	23	63.9%
Neither	7	19.4%
Disagree	5	13.9%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #2b - *Employers will agree that nonmonetary incentives have a positive influence on their job satisfaction*

Table B.7
WH#2b
Nonmonetary Incentives Influence on Job Satisfaction

Response	Frequency	Percentage
Strongly Agree	3	8.3%
Agree	22	61.1%
Neither	8	22.2%
Disagree	3	8.3%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #2c - *Employees will agree that nonmonetary incentives have a positive influence on their loyalty.*

Table B.8
WH#2c
Nonmonetary Incentives Influence on Loyalty

Response	Frequency	Percentage
Strongly Agree	2	5.6%
Agree	14	38.9%
Neither	14	38.9%
Disagree	6	16.7%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #2d - *Employees will agree that nonmonetary incentives have a positive influence on their morale.*

**Table B.9
WH#2d
Nonmonetary Incentives Influence on Morale**

Response	Frequency	Percentage
Strongly Agree		8.3%
Agree	25	69.4%
Neither	6	16.7%
Disagree	2	5.6%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #2e - *Employees will agree that nonmonetary incentives have a positive influence on their desire to improve skills.*

**Table B.10
WH#2e
Nonmonetary Incentives Influence on Job Skills**

Response	Frequency	Percentage
Strongly Agree	1	2.8%
Agree	14	38.9%
Neither	16	41.4%
Disagree	5	13.9%
Strongly Disagree	0	0%
Total	36	100%

Quasi Incentives: Working Hypothesis #3 - Employees will have positive attitudes toward quasi incentives.

Working Hypothesis #3a - Employees will agree that quasi incentives have a positive influence on their productivity.

**Table B.11
WH#3a
Quasi Incentives Influence on Productivity**

Response	Frequency	Percentage
Strongly Agree	6	16.7%
Agree	20	55.6%
Neither	6	16.7%
Disagree		11.1%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #3b - Employees will agree that quasi incentives have a positive influence on their job satisfaction

Table B.12
WH#3b
Quasi Incentives Influence on Job Satisfaction

Response	Frequency	Percentage
Strongly Agree	4	11.1%
Agree	21	58.3%
Neither	8	22.2%
Disagree	3	8.3%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #3c - Employees will agree that quasi incentives have a positive influence on their loyalty.

Table B.13
WH#3c
Quasi Incentives Influence on Loyalty

Response	Frequency	Percentage
Strongly Agree	3	8.3%
Agree	17	47.2%
Neither	12	33.3%
Disagree	4	11.1%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #3d - *Employees will agree that quasi incentives have a positive influence on their morale.*

**Table 6.14
WH#3d
Quasi Incentives Influence on Morale**

Response	Frequency	Percentage
Strongly Agree	5	13.9%
Agree	23	63.9%
Neither	6	16.7%
Disagree	2	5.6%
Strongly Disagree	0	0%
Total	36	100%

Working Hypothesis #3e - *Employees will agree that quasi incentives have a positive influence on their desire to improve skills.*

**Table 6.15
WH#3e
Quasi Incentives Influence on Job Skills**

Response	Frequency	Percentage
Strongly Agree	7	19.4%
Agree	19	52.8%
Neither	0	22.2%
Disagree	2	5.6%
Strongly Disagree	0	0%
Total	36	100%

Negative Incentives: Working Hypothesis #4 - Employees will have positive attitudes towards negative incentives.

Working Hypothesis #4a - *Employees will agree that negative incentives have a positive influence on their productivity.*

**Table B.16
WH#4a
Negative Incentives Influence on Productivity**

Response	Frequency	Percentage
Strongly Agree	0	0%
Agree	0	0%
Neither	2	5.7%
Disagree	15	42.9%
Strongly Disagree	18	51.4%
Total	35	100%

Working Hypothesis #4b - *Employees will agree that negative incentives have a positive influence on their job satisfaction.*

Table B.17
WH#4b
Negative Incentives Influence on Job Satisfaction

Response	Frequency	Percentage
Strongly Agree	0	0%
Agree	0	0%
Neither	4	11.4%
Disagree	18	51.4%
Strongly Disagree	13	37.1%
Total	35	100%

Working Hypothesis #4c -Employees will agree that negative incentives have a positive influence on their loyalty.

Table B.18
WH#4c
Negative Incentives Influence on Loyalty

Response	Frequency	Percentage
Strongly Agree	0	0%
Agree	0	0%
Neither	4	11.4%
Disagree	18	51.4%
Strongly Disagree	13	37.1%
Total	35	100%

Working Hypothesis #4d - *Employees will agree that negative incentives have a positive influence on their morale.*

**Table B.19
WH#4d**

Negative Incentives Influence on Morale

Response	Frequency	Percentage
Strongly Agree	0	0%
Agree	0	0%
Neither	2	5.7%
Disagree	15	42.9%
Strongly Disagree	18	51.4%
Total	35	100%

Working Hypothesis #4e - *Employees will agree that negative incentives have a positive influence on their desire to improve skills.*

**Table B.20
WH#4e**

Negative Incentives Influence on Job Skills

Response	Frequency	Percentage
Strongly Agree	0	0%
Agree	0	0%
Neither	6	17.1%
Disagree	17	48.6%
Strongly Disagree	12	34.3%
Total	35	100%

BIBLIOGRAPHY

- Babbie, Carl. The Practice of Social Research. California: Wadsworth Publishing Company, 1995.
- Barbash, Jack, Job Satisfaction Attitudes Surveys. Paris: Organisation for Economic Co-Operation and Development, 1976.
- Brosz, Allan and David R. Morgan, Improving Municipal Productivity: A Handbook for Local Officials. Nonnan: Bureau of Government Research, 1977.
- Barrier, Michael, "Improving Worker Performance," Nations Business 84 (September 1996): 28-30.
- Bushardt, Stephen, Aubrey R. Fowler Jr., and Sukumar Debnath, "Sales Force Motivation," Human relations 41 (December 1988): 901-913.
- Castro, Janice, "How's Your Pay?," Time 137 (15 April 1991): 40-41
- Dunn, John, "Recognizing Employees Efforts," Public Management 73 (November 91): 28-29.
- English, Carey, "Pay for Performance," U.S. News and World Report 98 (11 March 1985): 73-74.
- Fairburn, James, "Rewarding Performance by Promotion to a Different Job," European Economic Review 38 (April 1994): 683-690.
- Gardner, John W. The Task of Motivating. Leadership Papers/9, 1988
- Green, Thad B. Performance and Motivation Strategies for Today's Workforce: A Guide to Expectancy Theory Applications. Westport: Quorum Books, 1992.
- Greener, John M., Roger Dahl, Harry Hatry, and Annie Millar. Monetary Incentives and Work Standards in Five Cities: Impacts and Implications for Management and Labor. Washington D.C.: Urban Institute, 1977.
- Gruneberg, Michael. Understanding Job Satisfaction. London and Basingstoke: The Macmillan Press. 1979.
- Herzberg, Frederick. Work and the Nature of Man. Cleveland: World, 1966

- Hopkins, Anne H. Work and Job Satisfaction in the Public Sector. New Jersey: Rowman and Allanheld, 1983.
- Koch, Jennifer, "Ross Employees are in the Company of Excellence," Personnel Journal 69 (June 1990). 108-109.
- La Forge, Ann, "Budgeting and Evaluating," Personnel Journal 71 (June 1992): 131-135.
- Maclean, Barry, "Value Added Pay," Personnel Journal 69 (September 1990): 46-50.
- Martin, Bob, "PR Policy puts Polish on Reward Programs," Personnel Journal 66 (May 1987): 139-137.
- Maslow, Abraham H. Motivation and Personality. New York: Harper and Row, 1970.
- Moustakis, Robert. How to Use Incentives Effectively. Chicago: Bank Marketing Association. 1983.
- National Commission on Productivity and Work Quality. Employee Incentives to Improve State and Local Government Productivity. Washington D.C.: U.S. Government Print, 1975.
- Rainey, Hal G. "Perceptions of Incentives in Business and Government: Implications for Civil Service Reform," Public Administration Review (September/October 1979): 440-447.
- Santora, Joyce, "Du Pont Returns to the Drawing Board," Personnel Journal 70 (February 1991) : 34-35.
- Savas, E.S. Privatization: The Key to Better Government. New Jersey: Chatham House, 1987.
- Schiller, Zachary, "A Model Incentive," Business Week (22 January 1996): 89-90
- Scott, Howard, "Contest Can Rev up Business," Nations Business 84 (July 1996): 37.
- Texas Almanac. 1996-1997 ed
- Texas State Directory. 1996 ed.
- The Sourcebook of Zip Code Demographics. 1996 ed

Troy, Kathryn, "Recognize Quality Achievement With Noncash Awards," Personnel Journal 72 (October 1993): 111-116.

Wage!, William, "Make Their Day the Noncash Way," Personnel 67 (May 1990): 41-44