

CONSTRUCTION INDUSTRY INSTITUTE

EMPLOYEE-BASED
PROJECT INCENTIVES

Construction Industry Institute

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Employee-Based Project Incentives

**Prepared by
The Construction Industry Institute
Project Incentives Research Team**

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Executive Summary

Employee incentives have increased in use as owners, contractors, and suppliers seek innovative approaches to create the optimum atmosphere for project success. One question, however, remains: Do employee-based project incentives result in an increased probability of achieving project objectives?

To answer that question, CII created the Project Incentives Research Team. The objectives of the research team were to:

- Develop specific employee incentive performance benchmarks in terms of safety, quality, cost and schedule.
- Develop a methodology that the owner/contractor team can use to select and implement an employee incentive plan based on project type and project objectives.
- Develop easy-to-use tools to assist the owner/contractor team in developing and implementing a successful incentive plan.

The majority of the companies interviewed stated that the results obtained either met or exceeded their expectations and that they would utilize incentive programs in the future. The research revealed that employee-based incentive programs assisted employees in focusing their efforts and in motivating their performance.

The research team has prepared a guide, *Employee-Based Project Incentives Toolkit* (CII Implementation Resource 140-2). The purpose of the toolkit is to help determine if a project is appropriate for using employee incentives, to assist in developing such a program, and to help manage the program to successful completion.

Do employee-based project incentives increase the probability for achieving project objectives? The answer is yes, provided that they are well-planned, clearly established, and properly supported by both owner and contractor management.

Introduction

The purpose of this research was to develop guidelines and a process model for selecting and implementing appropriate employee incentives based on project type and objectives. Since project-specific employee incentives used at various stages of a project may have an impact on performance during later project phases, the entire project life cycle was included in the research. Incentives investigated were limited to those associated with project-specific objectives.

The model developed by the research team, which is based on quantitative and qualitative analyses of industry experiences, includes tools to support the development and implementation of incentive programs for project-specific objectives. The model is depicted in the appendix to this research summary. It is described in detail in *Employee-Based Project Incentives Toolkit* (CII Implementation Resource 140-2), which is available from CII.

Background

The research team investigated many different segments of the engineering and construction industry by soliciting input from CII member companies. Ultimately, the research team identified more than 50 different projects and assigned team members to investigate and to determine if project content warranted face-to-face interviews. Based on that investigation, 20 different case studies were selected as having sufficient information to warrant further analysis. Additionally, 972 individuals were surveyed to determine worker attitudes to project-specific employee incentives.

Limitations

The interpretations offered here are based on the 20 cases investigated by the research team, the 972 employee surveys, and a detailed literature review. The results of these cases can be discussed