


2017

Employee Perceptions of Merit Pay and its Influence on Work Performance

Michael John McKnight, Sr.
Walden University

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Walden University

College of Social and Behavioral Sciences

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Michael McKnight, Sr.

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Walden University
2017

Abstract

Employee Perceptions of Merit Pay and its Influence on Work Performance

by

Michael John McKnight, Sr.

MPA, University of Phoenix, 2011

BS, Tulane University, 2002

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

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Abstract

The work performance of employees remains a vital factor both in an organization's viability as well as in the prosperity of its employees. Merit pay can influence employee performance and is one of the most frequently used monetary reward incentives for motivating employees to achieve a higher level of performance. The problem is the limited knowledge on how state employees in a southern state perceive merit pay and how those perceptions may influence employee work performance. Using a conceptual framework built from elements of various motivational theories including Maslow's hierarchy of needs and Herzberg's 2 factor theory, the purpose of this case study was to understand how fifteen employees at a state department in the southern part of the United States perceived how merit pay influenced their work performance. Data were collected through face-to-face interviews and transcribed, coded, and subjected to a thematic analysis procedure using NVivo10. A key theme emerging from this study suggesting that participants were not motivated to perform based on merit pay; rather, performance was viewed to be the result of personal determination. This determination sets the stage for state agency leadership to initiate action toward enhancing and implementing a formal recognition program to motivate and engage employees. Findings of the study revealed that the 15 workers were motivated by their current individual personal need level, as Maslow delineated in his hierarchy of needs theory. The positive social change implications stemming from this study include recommendations to policymakers and state department leaders to consider nonmonetary rewards for employee recognition as a motivational tool in order to improve or maintain work performance.

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Dedication

I dedicate this dissertation in loving memory of my grandparents and my brother David Charles Breland III. To my family and coworkers who all supported me through my dissertation process. To the youth who march onward and upward towards the light, this dissertation is respectfully dedicated.

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First I would like to give all glory, honor and praise to my Lord and Savior Jesus Christ, who constantly gave me the strength and wisdom to finish this project. The successful completion would not have been possible without the contributions of several people supporting me. I also wish to acknowledge the support of my family for this project. I cannot express how grateful I am for the endless words of encouragement and advice during those times I wanted to quit. I would like to acknowledge Dr. Frances Goldman, my Dissertation Committee Chair, for keeping me focused on the project and providing me outstanding guidance throughout the dissertation process. You provided the guidance and wisdom necessary to motivate and challenge me to use every resource available throughout my doctoral study process. It has been an honor working with you on this fantastic journey as I finally reached the light at the end of the tunnel. I want to thank all of my course instructors and especially the members of my dissertation committee. To all of my friends, professional colleagues at the Office of Planning & Budget and from the various organizations that I'm a member of, I appreciate your encouragement and assistance.

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Chapter 1: Introduction to the Study

Background

In today's ever-changing economy, state governments have been forced to develop creative budget techniques in order to implement balanced state budgets as required by state constitutions. In an effort to address budget deficits, short-term budget reduction measures were implemented by states that focused on operational efficiencies such as wage or hiring freezes, consolidation of operations and facilities, staff reductions, and program cuts (James, Eisen, & Subramanian, 2012, p. 822). Due to the economic conditions over the past five years, officials in Louisiana have been forced to address budget deficits caused by declining state revenues. In order to balance the budget, officials implemented policies to cut all forms of pay increases, which included its long standing merit pay program (Charpenter, 2010). The merit pay program in Louisiana is a form of performance-related pay designed to reward employees who are seen as productive with a pay increase. The advantage of a well-structured merit pay system includes motivating existing state employees to maintain and increase their level of productivity, as well as to attract and retain high performing state employees. The purpose of this study was to determine how state employees viewed the suspension of the merit pay program and the impact to their work performance. Merit pay in the form of annual salary increases are generally based on the annual assessment of the employee's productivity, which will ultimately increase their salary (Gius, 2014). This concept is highly regarded by the state employees, because the perception is that in most cases they earn far less than their counterparts in the private sector.

Problem Statement

Many states such as Idaho, Florida, Texas, Wisconsin, and Louisiana utilize merit pay systems in order to augment the level of compensation for high performing employees who either meet or exceed planned levels of productivity (U.S. Department of Labor, 2015). To link pay to performance, a system was designed to help increase employee productivity. The practice of awarding merit pay provides leadership with a mechanism to differentiate between the performance of low and high performing employees. Given the current state of the economy that included the worst recession in years, 46 states and the District of Columbia were forced to balance their budgets to address decreased revenues utilizing creative budget reduction measures (Mahdavi, 2014). In Louisiana, over a 6-year period state officials implemented a budget reduction measure that froze merit pay awards in an attempt to eliminate \$55 million annually in personnel costs to address its budget deficit (O'Donoghue, 2015). The decision to cut merit pay was very unpopular among state employees as the merit pay program was designed to reward employees on the basis of their work performance. The problem under consideration asked whether a relationship existed between merit pay and the degree to which a state employee is motivated to sustain a high level of performance leading to positive results for the state agency. Nevertheless, this investigation of merit pay, which may be considered desirable by state employees, may have utility for those attempting to determine whether the attainment of merit incentives motivates them to perform and ultimately affects their longevity in the job.

Purpose Statement

The purpose of this study was to examine Louisiana state employees' perceptions of the policy decision to cut merit pay in order to address budget deficits over a 6-year period. Because there is no research that documents Louisiana state employees' perception of the merit pay program, an investigation of state employee perceptions and further examination of the circumstances in Louisiana contributed additional insights for public sector workers, policymakers, and state legislators. Additionally, other departments within the state and elsewhere may benefit from the knowledge of how state employees perceive how the merit pay program impacts their work performance.

Significance of the Study

The significance of this research comes at a time when merit pay programs, also known as performance pay, are being perceived as a failure and too costly (Rehman & Ali, 2013). The purpose of this research project was to determine how state employees perceive merit pay and its impact on their work performance. The Louisiana State Civil Service Rules (La. Const. art. X, § 1.) provides for merit pay performance adjustments that are aimed at improving state employee performance by rewarding up to a 4% pay increase. Merit pay was designed as an incentive to reward productive employees based on their work performance and as a means to motivate and retain the best employees in the organization. From a manager's perspective, compensation-based motivational strategies can create a situation where compensation is viewed as a considerable expenditure and a probable influence on employee behaviors and attitudes (Boachie-Mensah & Dogbe, 2011, p. 271). Over the past 5 fiscal years, state officials have opted to

suspend merit pay to all state employees as a solution to address budget deficits due to a decline in state revenues. This has created a situation for state workers where the cost of living has steadily grown while state employee salary pay levels have remained static. The significance of this research study is that it can be used by state officials and managers to better understand the importance of other forms of nonmonetary employee recognition methods as a reward for good performance. When future budget issues arise, officials can reference this study and develop alternatives that will not impact the state's merit pay program. The significance of this study was to address issues of merit pay and its influence on work performance as perceived by state employees.

Nature of the Study

The nature of this study focused on qualitative methodologies that were used to answer research questions based on participant behaviors with the intent to understand the reasoning behind those specific work performance behaviors. This qualitative case study involved in-depth interviews that allowed me to understand the perceptions and perspectives of 15 participants currently employed at the Louisiana Department of Wildlife and Fisheries, all of whom had direct experience with the merit pay freeze dilemma. Suzuki, Ahluwalia, Kwong-Arora, and Mattis (2007) suggested that the decision pertaining to the number of participants in qualitative research reflects the purpose of the study being conducted. Considering this, a single case study approach was conducted with semistructured interviews. I selected the case study method for the research design following a review of the five qualitative designs: ethnography, grounded theory, narrative research, phenomenology, and case study. The case study design was

selected because the objective was to interpret participants' words and reactions to a specific, contemporary event (Yin, 2009). Qualitative research provides a mechanism that may determine the effectiveness of practices and policies such as the policy on merit pay and the policy used to suspend merit pay increases. Qualitative research methods are beneficial for investigating in depth the meaning of a particular research area (Creswell, 2003). Qualitative data analysis consists of measuring word data in audio, verbal, or written forms to identify meanings. Further qualitative research analyzes the intangible elements that drive particular outcomes. A qualitative methodology is therefore more appropriate for collecting information on meanings and interpretations (Patton, 2002). Data was collected through several qualitative data collection methods such as questionnaires and interviews.

Research Questions

RQ: How do state employees perceive merit pay influences their work performance?

RSQ1: How do state employees perceive the effectiveness of the state's merit pay system?

RSQ2: What other factors besides merit pay influence employee performance?

Theoretical Framework

In the review of the available literature, I identified several key theoretical sources that supported a conceptual framework relevant to merit pay, motivation, and state employee work performance. Incentive rewards that are contingent on a specific level of employee performance have long been used by organizations to motivate output based on

quality, quantity, and efficiency (Grant, 1999, p. 246). Behavioral learning principles such as reinforcement and association have an important role as they pertain to this particular theory of motivation. Individuals' reasons for doing things vary; some people are motivated to work because of internal pleasures and ambitions, while others work to gain external rewards. The major contributions are derived from the work of motivational scholars such as Vroom (1964), Lawler (1971, 1983), Pfeffer (1991), Maslow (1954), Herzberg (1959, 1966), McGregor (1960), and Lewin (1954) who also provide theoretical perspectives regarding financial incentive and motivation. Conceivably, the most primary of all motivational study models is Maslow's hierarchy of needs (1954). Maslow suggested five levels, or hierarchies, organized in order of significance to the individual. These specific levels, starting with the most basic are: physiological; safety and security; social; ego, status, and esteem; and self-actualization needs.

Another well-known and closely related theory was proposed by Herzberg (1966). Labeled the motivation-hygiene theory, or two-factor theory, it contends that a set of job conditions must occur to prevent employee dissatisfaction, even though their presence does not automatically motivate them. Vroom (1964) described motivation as a procedure controlling decisions among different styles of voluntary actions, governed by the individual. While conducting a study of organizational behavior, Vroom proposed the expectancy theory, which is a motivation theory that describes the procedures a person goes through to make decisions.

Definitions

Job performance: The aggregated value of the activities that employees contribute both directly and indirectly, positively and negatively to organizational goal accomplishment (Yiwen, Lepine, Buckman & Feng, 2014).

Job satisfaction: A pleasurable or positive emotional state that results from self-appraisal of a job or job experiences (Ramaswami & Singh, 2003).

Merit pay: Pay based on individual performance, it is one of the most widely accepted methods to encourage and recognize meritorious job performance (McKinney, Mulvaney & Grodsky, 2013).

Motivation: The willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need (Ramlall, 2004).

Performance-based pay: A compensation scheme that links employee performance with pay (Boachie-Mensah & Dogbe, 2011).

Productivity: The amount of work an employee does on the job to increase the organization's bottom line (Halkos & Bousinakis, 2010).

Transactional theory: Also known as management theory, this theory focuses on the role of supervision, organization, and group performance. Transactional theory is based on a system of reward and punishment whereby employees are rewarded if they were successful in a given assignment or reprimanded or punished if they failed (Bass, 1985; Burns, 1978).

Assumptions

The primary assumption in this study is that state employees with the Louisiana Department of Wildlife and Fisheries who participated in this study have some understanding of the state's merit pay rules, understood the research questions, answered all questions truthfully, and provided unbiased responses to the best of their ability. It is assumed that the qualitative methodologies employed permitted me to identify the key attitudes toward the subject of merit pay. Although differences between the participants existed, the assumption was that they also shared commonalities such as placing a high value on performance and the belief that good performance will yield higher pay or recognition. It was assumed that the data obtained from the participant interviews taken together with data provided by written documents and observations would serve to provide support for a decision on whether, and to what extent, financial incentives play a role in motivating state employees to a high level of performance.

Scope

The scope of this case study was limited to the perceptions and associated value of the merit pay by a group of 15 state workers. This study attempted to determine state employees' views on merit pay and its perceived impact on work performance. The interview questions were open-ended and were designed to encourage freedom of expression. The scope of this study was also limited to an individual area of state government, mostly at the headquarters of a state department located in Baton Rouge, Louisiana.

Specifically, research evidence was developed from existing data furnished by the department undersecretary in a state department with a budget of, at a minimum, \$200 million. Data was also gathered and reviewed from the Louisiana Performance Accountability System, which is an electronic performance database repository used to track department performance standards and actual performance. Louisiana Code § 39:87.4 was enacted by the Louisiana Legislature and required each department receiving an appropriation in the general appropriation act to compile a series of performance progress reports. The purpose of these reports was to track the department's progress toward the achievement of annual performance standards. The department performance measurement tools were acquired from State Budget Documents, published by the State Office of Planning and Budget, which is the official performance record keeper for the state.

Delimitations

Lunenburg and Irby (2008) defined delimitations as self-imposed boundaries set by the researcher on the purpose and scope of the study (p. 134). Delimitations included the fact that this study was conducted in one state department and was limited to those employees who held positions in the 2008-2013 fiscal years. I selected this time period because it is the timeframe when the governor froze merit pay increases. Another major delimitation would have been the selection of more than one state agency that would have provided over-saturation of data required for this study. Participant responses were delimited to those state employees from the state of Louisiana willing to participate in this study.

Limitations

This study was limited to data collected from state employees and performance documents at one specific state agency. In addition, the occupational areas of the participants did not represent all occupational areas found in various other state agencies. Another limitation included time, which was a limited resource for both the participants and the researcher. Even though I attempted during the interviews to observe the participants' environment, obtaining a feel for the agency environment and thorough observation of the research participants in their respective work environment was not possible. I had hoped that the participants would be gracious in allowing for extended interview time when needed, but out of respect for their time, follow-up questions were kept to a minimum. Interviews as expected lasted at least an hour.

Summary

Chapter 1 presented a brief introduction, background, and problem statement for the study, explained the value of the study, and identified the theoretical framework. In Chapter 2, current peer-reviewed literature on merit pay, motivation theory, and how motivation impacts job performance is examined and integrated. The gap in the literature concerning the topic of this study is highlighted, as well as the rationale for the selection of the methodology chosen for the study. The qualitative methodology that was used and the data analysis procedures including an explanation of how the data from the interviews with the state employees was collected, coded, and analyzed are discussed in chapter 3.

Chapter 2: Literature Review

Introduction

The purpose of this literature review was to provide recent research that highlights the influence of merit pay on organizational performance by analyzing its elemental concepts. To establish a foundation for the current research, I provide a broad-based review of the literature on merit pay. Merit pay is constructed on a common sense premise that people should be rewarded individually based on their work performance (Salimäki & Jämsén, 2010). The most suitable way to understand this is to review the work of motivational scholars and theorists such as Maslow (1954) and Herzberg (1959, 1966). In this chapter I address studies and theories relevant to merit pay for state employees. Theories on merit pay are typically drawn from psychology and economics (Lambright, 2010).

The literature review also lays a theoretical foundation of motivational, economic, managerial, and social theories that either approve or disapprove of the use of merit pay. McKinney et al. (2013) indicated that merit pay is based on individual performance and is one of the most widely accepted methods to encourage and recognize meritorious job performance. Sufficient performance measures must be developed by organizations if the merit pay plan is to achieve its goal of expanding productivity and building a link between reward and performance. Linking pay to performance is something employers increasingly seek to achieve (Boachie-Mensah & Dogbe, 2011). Armstrong (2005) defined it as the process of providing a financial reward to an individual that is linked directly to individual, group, or organizational performance.

Search Strategy

The theoretical framework was based on state employees' perception of fairness and equity, the ways in which public sector organizations interact with employees, and the attitudes related to these perceptions. Research conducted on these attitudes emerged in the literatures of management, organizational and industrial psychology, sociology, and education. For the literature search I utilized ABI/INFORM, Academic Search Complete, Business Source Complete, Business Source Premier, Political Science Complete, ProQuest, SAGE Premier, SocINDEX, and Thoreau. Google Scholar was used with the same search terms as those used with the databases and for articles that cited significant early works such as Taylor (1911) and Adams (1963). The following keywords were used: *compensation, contingency theory, economic aspects, employee, equity theory, evaluation, management, merit pay, monetary incentives, motivation, organizational effectiveness, pay-for-performance, perception, performance, personnel management, productivity, psychological aspects, wages* and mixtures of these terms. I also reviewed published books focused on topics such as motivation and its correlation to workplace performance and productivity.

Merit Pay Defined in Literature

The literature described merit pay or pay-for-performance as any compensation awarded to an employee for exceptional contributions made toward reaching goals that were linked to improving work performance (Atkinson, Fulton & Kim, 2014). Merit pay can be money awarded for meritorious performance beyond the job description. This compensation can be in addition to a base salary that is determined by a pay scale or may

be solely dependent on specific criteria other than those found in a single pay scale. Generally speaking, merit pay raises are the most commonly used form of incentive pay in the public sector and are different from other incentive methods in that they are permanent pay raises based on an employees' actual job performance (Hanshaw, 2004). Ramaswami and Singh (2003) indicated that merit pay systems facilitate greater work motivation by differentially rewarding top performers over marginal performers. Merit pay is a form of reward in which individuals receive permanent pay increases (i.e., raises) as a function of their individual performance ratings (Heneman & Werner, 2005). For merit pay to be successful, managers who evaluate meritorious performance must be able to identify improved work performance. Organizations should focus on developing additional techniques to inspire employees, not only to increase the efficiency and effectiveness of the organization, but to motivate employees individually to expand and grow their individual opportunities in relation to their particular work environment. Boachie-Mensah and Dogbe (2011) explained that employee motivation is a key to the overall effectiveness of an organization.

Pros and Cons of Merit Pay

Motivation, merit pay, and training and development are pivotal human resource functions that often affect employee productivity. Efforts to motivate and reward employees require work performance and behaviors to be evaluated to ensure merit pay is based on a specific level of performance (Perry, Engbers & Jun, 2009). Merit pay is considered a reward of unique importance because it is useful in attaining additional rewards for some level of increased performance and productivity. Individuals will

perform best when the reward incentive links as closely as possible to performance (Weibel, Rost, & Osterloh, 2009).

In some circumstances, nonmonetary rewards such as developmental opportunities, access to training, or recognition are readily available, less expensive, and are flexibly applied. One such alternative is known as “social recognition,” under which employers use a variety of nonmonetary means to recognize and reinforce desired employee behaviors (Long & Shields, 2010). The use of nonmonetary rewards such as recognition, flexible work hours, and training supports the argument that employees working together need to be motivated differently based on their unique skills and behaviors. Scholars have long recognized that money and closely related tangible rewards affect an individual’s motivation differently than intangible or symbolic rewards such as positive feedback or other manifestations of social approval (Bellé, 2016). Merit pay rewards that are contingent on employee performance were intended to increase productivity by eliciting increased effort (Beer & Cannon, 2004). Merit pay plans assume that employees have exercised control over performance by controlling the basic factors to precipitate a change in effort, thus creating a direct path from the effort to a performance outcome that is desired (Fox & Donahue, 2004). That is, under the assumption that, all else being equal, more money represents greater perceived value for the employee and increased profitability for the employer, both expectancy theory and the incentive intensity principle assume that larger Pay for Performance percentage increases will yield more motivation to perform. (Nyberg, Pieper & Trevor, 2016).

Empirical research on pay for performance by Kelley (2002) has shown that merit pay is a typical component in salary packages for employees, mainly in governmental agencies. According to Rothstein (2002), merit pay does not work for a number of reasons including that not all employees are motivated by this means. Several kinds of problems hamper the effectiveness of merit pay (Campbell, Campbell & Chia, 1998). As noted by Grund and Westergaard-Nielsen (2008), while there is little debate that monetary incentives affect individuals' behavior, firms' monetary incentive programs often lead to uneven rewards for the affected workers, which may negatively affect motivation due to perceptions of inequity or unfairness.

Additionally, employees favorably respond to recognition for job performance. Providing employees with respect, recognition, exciting work, security of employment, adequate pay, continuing job education and career growth, positive working conditions, and honesty yields tangible benefits to organizations (Wiley, 2012). Recognition for job performance allows employees to feel that the work being done by them benefits the organization as a whole. If the work being provided to the organization is seen as beneficial, employees will feel directly connected to the total operations and activities of the organization. Inversely, employees will not aim towards increasing the productivity level of their job performance if they feel the organization will only respond to the negative facets of their job performance. The relationships developed between employees and management will either decrease or increase employee performance and productivity.

Linking Productivity to Merit Pay

The various state agencies in Louisiana must provide merit raises to state employees based on the state's performance evaluation system and a fixed allocation pool influenced by budgetary constraints (Louisiana Code § 39:87.4). Terpstra and Honoree (2009) posited empirical evidence indicates that merit pay plans generally lead to higher levels of employee and organizational performance. Merit pay raises, by definition, are granted based on supervisory evaluations of performance and are therefore a direct indication of managerial respect for the individual's contribution. To fund meaningful merit increases that are sufficient to the organization's culture, an adequate merit pay plan and budget are needed. While creating a competitive environment employing monetary rewards may help to recruit qualified personnel, it can then consume a disproportionate amount of the organizational budget (Kim, 2010). If the merit pay increase is not meaningful or desirable in its intrinsic or extrinsic value, the merit pay plan will not be effective in motivating the employee to achieve a high level of performance. Supporting this, Schay and Fisher (2013) advised that merit pay systems focus on individual performance and seek to motivate employees to perform at higher levels by tying performance to monetary incentives.

Motivational Theories

The basic idea of merit pay is to reward exceptional employees with a monetary increase to their base rate of pay. Motivation can be seen as a theoretical construct that cannot be directly observed. This strategy aims to link employee interests with the mission and goals of the organization. Expectancy, managerial, social, operant

conditioning, equity, and motivational theories support the use of merit pay but most importantly link pay to performance (Herzberg, 1966). These theories provide insight into why employees are motivated to make specific decisions and behaviors. Only the behavioral demonstrations of motivation were recognized, so that interpretations can be made.

Numerous theories concerning motivation can be classified as process and content theories (McGregor, 1960). Content theories such as extrinsic and intrinsic and need hierarchy motivation were established on the assumption that motivation is developed within individuals. The focus of content theories was to describe the absolute nature of individual needs and determine what was motivating. Process theories, such as the equity theory and expectancy theory, deemphasized the presumption that human behavior is an acknowledgement of a few underlying inclinations (Herzberg, 1959). Content theories distinguished the configuration of a typical behavioral process that individuals experience in order to identify the correlation of psychological variables with other aspects associated with the environment. For process theories, the content of motivation varies across individuals, but is fundamentally common to all (Heneman, 1992).

Expectancy theory (Vroom, 1964) states that the effort put forth by the employee measured by merit pay guidelines is driven by a tangible link between merit pay and employee performance. According to expectancy theory, in order to be successful, rewards must be identified and understood in advance to motivate employees during the appraisal period (Schulz & Tanguay 2006). The expectancy theory contends that employee behaviors are based on the choices of an individual dependent on their

expected outcome. Simply put, the theory states that the actions of an individual are driven by expected consequences (Renko, Kroeck, & Bullough, 2012). More clearly, an individual is inclined to base their work behaviors on expectations, input, and negative versus positive results. Expectancy theory formulates motivation as equally reliant on three individual considerations: perceived ability to complete the work task (expectancy), the perceived link between task completion and subsequent outcome (instrumentality), and the perceived value of each outcome (valence; Fox & Donohue, 2004). Motivation is higher under reward systems because instrumentality attitudes are considered to be higher for individual performance (Waite & Stites-Doe, 2000). Additionally, even when every condition is existent, employees may not be motivated to increase performance if there are firm negative ramifications to doing so, such as exhaustion or rejection by peers.

The primary expectancy model originated from the work of Lewin (1954) and Tolman (1932) and is influenced by the estimation of individual decisions among alternative behaviors. The model's assertion is that motivation relies on how much a person wants something and how likely that person thinks it can be obtained. The effort of performance expectancy is the assumption that it will yield performance, valence is the appeal to the individual of the numerous probable outcomes of performance.

No debate of expectancy theory, or the concepts of internal and external reward is thorough without a complete analysis of the theories of motivation as they relate to rewards and incentives. Pfeiffer (1991) contended that there is no disagreement among motivational theorists regarding the significance of reward as a motivation for continued performance. Acknowledged theoreticians have established that financial incentive is

significant because it takes the form of criticism respective to goal attainment measurement and performance (Atkinson 1964; McClelland 1961); and as an acknowledgement of achievement (Herzberg 1966; Herzberg, Mausner, & Synderman 1959). Pfeiffer (1991) adds assurance to the above by hypothesizing that the collective decisions that affect the formulation of incentives or the distribution of increased pay are chief in the accomplishment of the matter. As confirmation, he calls attention to employees that have been surveyed who consistently classify compensation among the top two rewards afforded by their organizations.

Contrarily, Lawler (1971, 1983, 1984) proposes a few signs to ensuring that financial incentives truly act as motivation for the achievement of exceptional performance. Particularly, he asserts that the compensation policy should be communicated so that it can be a persuasive motivational tool. Having attained insight into the compensation policy, the employee must see the reward system as meaningful. Lawler reports that the incentive award should be given periodically to provide continuous reinforcement and should be adequately visible to motivate employees to form a relationship between performance and reward. Essentially, the incentive must appease the employee's need for self-esteem and recognition. However, the organization must assess the incentive program using cost-effectiveness assessments as opposed to cost alone.

No research study focused on motivation would be complete without mention of McGregor's Theory X/Theory Y (1957, 1960). McGregor associated the use of financial incentive with the focused approach of Theory X managers. Theory Y hypothesized that

individuals could be motivated by elements other than the want for financial reward and the concern of losing the reward. Such characteristics as self-direction in decision-making, a need to grow professionally, goal comprehension, a desire to be challenged through the use of interesting assignments, and a belief in the work product far outweigh the Theory X approach of motivation. Significantly, McGregor's theories contribute to the assumption that financial incentive, while significant, is delimited as a motivational tool, while the fulfillment of increased knowledge, self-esteem, recognition, personal satisfaction, and other less tangible rewards provide the individual with a better amount of motivation.

Supporters of performance-pay consider completely the presence of valence and expectancy (Rynes, Gerhart & Parks, 2005). Specifically, state employees believed that their hard work will lead to higher work performance, and they value financial rewards. After instrumentality was well-established, state employees increased their performance and efforts. On the other hand, pundits of merit pay question both assumptions (Cadsby, Song & Tapon, 2007) and argued that public sector employees are not motivated by financial rewards and that the existence of numerous extraneous variables outside state employees' authority can influence work performance such as nonmonetary rewards of recognition, autonomy or independence.

Maslow's needs hierarchy (1954) explained that there are five levels of needs from lower to higher level: physiological, security, affiliation, esteem and self-actualization. Individuals are motivated to satisfy needs that are unfulfilled. Higher needs are not motivating or important unless those considered lower level have been satisfied.

Needs hierarchy is an attainable and popular conventional theory of motivation, but has minimal observational support. Subsequently, there is no clear confirmation that human needs are grouped into five distinct categories.

To be consistent with Maslow's (1954) theory, a merit pay plan must have sufficient intrinsic adjustability to respond to needs that are changing among and within individuals. For instance, money is possibly most important for satisfying survival needs. For entry level state employees, financial rewards may be more enticing. As the salary level increases, however, they may become less receptive to lower needs and more receptive to non-monetary rewards.

Alderfer's (1972) ERG theory suggests the association of human needs with the organizational environment. The theory produces three elemental categories. First are existence needs, which include the primary physiological needs defined by Maslow. Second are relevance needs, which relate to concerns with relationships with fellow employees. Third are development needs that includes an individual's attempts toward the achievement of professional development. Development needs concern an individual's efforts toward the achievement of professional development.

Vroom (1964) believed that an individual's motivation is a result of how much they want a reward based on some expected level of performance. Individuals continuously evaluate the outcomes of their own behavior and subjectively assess the likelihood that their action will lead to those outcomes (Burton, Yi-Ning, Grover & Stewart 1992). Vroom felt that employees deliberately choose whether or not to perform on the job and his expectancy theory (1964) infers that as long as pay raises are valued,

performance is accurately measured. Performance can be largely controlled by oneself, and there is a solid connection between performance and pay raises, and merit pay will motivate employees effectively. The decision to perform or not is completely depended on the motivation level of the employee which ultimately influences three aspects of instrumentality, expectancy and valence.

Contingency theory (1960) asserts that there is no best manner to design the structure of an organization as the best technique in arranging an institution that is contingent on its external and internal status. The contingency theory was developed by Fiedler in the mid-1960's who studied characteristics and personalities of leaders. The basic thesis of Fiedler's model is that the relative effectiveness of task-oriented or relationship-oriented leaders is contingent upon situational parameters (Rice, Bender & Vitters, 1982). The contingency model states that there is no single best style of leadership as the leader's effectiveness is based on the particular situation. Fiedler indicated that the responsibility of management is to determine which technique, based on a particular time, circumstance or situation will provide the best contribution to reaching organizational goals. The contingency theory builds upon this viewpoint by concentrating in detail on the type of relationships that exist between these components.

Contingency theory predicted that in a group with poor leader-member relations best results will be obtained under a highly task oriented leader, while in a group with good leader-member relations the relations oriented leader will be more effective (Hovey, 1974). It looks to detail those aspects that are critical to a particular issue or task to simplify the practical connections between related aspects. Contingency theory suggested

that management should be aware of the complications surrounding all situations and assume an active role in determining the best technique to deal with them. Contingency theorists such as Fielder and Vroom (1964), feel that specific employee behavior yields specific individual employee reactions to significant perspectives of the organization.

Equity theory (Adams, 1965) implied that employees compare their inputs and obtained work outcomes specifically with those of other employees to match or exceed their efforts. Individuals were influenced by the continued need to define self and strengthen self-worth by comparing themselves with others. In doing so, employees took steps to improve equity perceptions by modifying their performance. If they felt they were being under-rewarded, they reduced the quality of their work performance. In this case, merit pay simply motivated those employees who are already high performing and motivated. This theory proposed that motivation hinges not only on an individual's own experience of performance and pay, but also on how they compare with others.

Employees responded to this by modifying their work behaviors negatively or positively based on the perception of what is fair. Mayes (1978), argued that the amount of behavior actually explained by the equity formulation is unknown; but it is felt that one major use for equity theory is in the prediction of reward satisfaction. Equity theory recognized that individuals are concerned not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive (Ramlall, 2004). Equity theory also indicated that the proportion between merit pay and the employees' efforts must be equal to the proportion amassed by other employees that serve as examples to the employee.

If an employee felt that the merit pay raise was not enough to compensate for their effort, they reduced their work effort to modify the ratio of pay to work effort. Inputs and rewards are defined, respectively, as what an individual perceives they contribute to and what they perceive they receive from a relationship (Disley, Hatton & Dagnan, 2009). When employees felt their equity is less than other's equity, they will seek to reduce the inequity in three ways: 1) cognitively distorting inputs and outcomes known as "cognitive distortion," meaning they may make a psychological adjustment justifying the imbalance, or the behaviors they take to reduce the imbalance; 2) they may actually alter their inputs, meaning they will restrict work inputs until they reach a level that they perceive is on par with the outcomes they are receiving; and/or 3) they may quit the organization (Adams, 1963; 1965). Likewise, the operant conditioning theory contended that the timing and amount of incentives are vital factors in predicting how employees may respond to merit pay. Operant theory stated that individuals will continue behavior that is positively reinforced and eliminate behavior which is punished (Lovata, 1987).

The work conducted by Taylor (1911) was recognized as the earliest attempt to make organizations more rational and efficient since he believed that punishments and rewards should be geared to output and performance. Taylor (1911) sought to scrutinize the way that particular activities were undertaken in order to determine the one best way of organizing the activity (Tadajewski & Jones, 2012). Taylor (1911) recommended that organizations develop and implement management controls that would allow leadership to focus on problem situations instead of having to personally oversee the daily activities

of subordinates, and maintained that the “principle objective of management” is to secure prosperity for both the employer and the employee.

Proponents of scientific management were frustrated by the assumptions of human behavior common in Taylor’s time which caused them to overlook the desire for job satisfaction. Taylor’s main objective was to pursue a scientific model or rather, to search for scientific truth, by outlining certainties and gradually improving on his first approximations (Giorgio-Zuff, 2011). The assumption of human behavior suggested that people were rational and motivated mainly by their ambition for material reward. This assumption implied that people would act in a way required to satisfy their personal physical and economic needs. Following this assumption allowed Taylor (1911) to ignore the social needs of employees as members of a team and never contemplated the problems generated when their individual needs were discounted. Taylor’s scientific management asserts that employee’ efficiency leads to greater profits (Bell & Martin, 2012). In this sense, scientific management was concerned solely with increasing the productivity of the individual employee and the organization.

Attaining a posture of self-actualization does not exclusively define the origins of motivation; however, it can assist by contributing justifications as it pertains to the choices employees make at work. According to Herzberg et al. (2008), understanding the motivation to work is of utmost importance to comprehend how an employee feels fulfillment in work activities that are consciously interconnected with society as well as their personal needs. The more connected an employee feels to the work they are doing the closer they are to attaining fulfillment and self-actualization.

According to Herzberg (1966), there are two fundamental human needs biological and psychological. Motivator elements (intrinsic motivation), that are internal to the individual and related to the job, satisfy hygiene factors; psychological needs (extrinsic motivation), that are linked to the environment where the job is performed; fulfill needs that are biological in nature. The lack of intrinsic motivation developed dissatisfaction. Extrinsic incentives motivated individuals, once they were present. Herzberg proposed that merit pay would prevent job dissatisfaction, but couldn't be used to continue effective performance throughout the continuance of a career, if intrinsic rewards are missing. Nonetheless, the impact of extrinsic and intrinsic factors were less persuasive than what Herzberg would contend.

Based on considerable research on the individual and the workplace, researchers on motivation have concluded that organizations should continue to look for ways to improve the use of merit pay that offers the lowest risks to the organization. Herzberg (1966) developed the motivator-hygiene theory that consists of two specific components, the hygiene factor and the motivator factor. According to Herzberg, satisfaction depends on motivators, while dissatisfaction is the result of hygiene factors (Udechukwu, 2009). The motivator factor is characterized as those aspects that add to positive work attitudes, yield work satisfaction and add to an employee's motivation to work and dispense effort.

Contrarily, Herzberg (1987) pointed out that hygiene factors had minimal effect on motivation as it coincides with positive work attitudes. These components are factors of a position that are influenced by the setting in which an employee works and pertain to salary, benefits, supervision, organizational policies, job security, working conditions and

interpersonal relations. When these needs are unmet, dissatisfaction occurs. When the factors are unbalanced, they contribute to workers' negative viewpoints and can lead to overall dissatisfaction (Herzberg et al., 2008). The hygiene and motivator factors can both be growth-seeking and pain avoiding behaviors.

Economic Theories

Economic theories characterized work as undesirable and hard, suggesting that the sole manner people can be motivated is through some combination of monetary or nonmonetary rewards. Employers must provide higher rates of pay to employees who perform at a higher level that turn into higher rates of profit for the organization. Paying employees based on marginal productivity, the scheme serves as a mechanism for the organization to attract and retain good employees and eliminate ineffective ones as well as an incentive for employees to put out greater effort in their work performance. The most productive employees within an organization tended to be paid considerably less than their marginal product.

Following the traditional economic view of people as theorist of contracts, principal-agent relations and property rights contend that people will not exert greater effort if they are not compensated and will always attempt to do as little as possible (Kates, 2014). Consequently, these theories focused entirely on the organization's obligation to control and monitor their employees.

Management Theories

Management theory placed an important emphasis on the attitudes, ambitions, and social needs of individuals. Management theorists such as Mayo (1983) and Taylor

(1911), support the notion that employees do not respond to economic incentives, chains of command or rules in a rational manner. It is normally the intent of management theory to determine the expected relationships between outcomes, actions, and situations. Mayo (1983) and Taylor (1911) felt that most employees bring to the organization their social needs which ultimately require a more human-oriented approach for management to be effective. Mayo (1983) conducted research which highlighted the importance of the attitudes and reactions of workers to their jobs and their environment. In his groundbreaking studies conducted at the Hawthorne plant of Western Electric Company, Mayo tried to determine the most suitable work environment where workers would be less tired and more efficient.

Beginning with what in retrospect appears to be a naïve attempt to relate worker productivity to the intensity of illumination in the Hawthorne plant of Western Electric, the studies elaborated the role of social interaction in the determination of work effort and output levels (Jones, 1990). Conducted from 1924 to 1933, the studies began as an endeavor to examine the link between the productivity of workers and the level of lighting in the work place. The results of the various experiments were unclear even though lighting conditions were improved and monetary rewards were introduced, productivity increased even though erratic. From all of the experiments conducted Mayo determined that monetary incentives were not the reason for the improvements in productivity. Before compensation as a motivator in the performance of state employees can be examined, motivation itself must be clearly understood. While monetary compensation is a motivator, it is not the primary factor. In some cases, compensation

plays no role at all. However, Taylor (1911) believed in a system of rewards and punishments geared to performance and output. Taylor's approach was to observe production operations to determine how they could be performed most effectively and efficiently.

Sonnenfeld (1984) argued the conclusions from these derivative studies was that the wage incentive certainly did not explain the complete increase in productivity in the original Relay Assembly Test Room and further that a change in wage incentives was so intertwined with other variables that it was not possible to identify its independent influence. Mayo (1983) concluded that a complicated sequence of attitudes was the reason for the increases in productivity. The Hawthorne experiments and others directed much attention on social needs that led to an emphasis on managerial strategies for enhancing the human relations skills of the manager that directly worked with the employee.

To train managers to become more people oriented when working with employee issues, human relations programs such as leadership styles, followership, leadership, and communication skills were established. Because social factors were identified as causing issues for work groups, individual incentive plans were replaced by group specific incentive plans. Approaches to improving manager's ability to reward employees included increased reliance on the performance appraisal process and pay-for-performance schemes (Brewer & Walker, 2012). Rather than focusing on organizing, controlling, planning and directing employees, managers focused on the attitudes and feelings of their employees and the consequences they might have on productivity. By

emphasizing social needs, the movement towards the importance of human relations enhanced the classical notion that treated productivity as an engineering issue.

The management and motivational theories presented and analyzed up to this point, acknowledged that merit pay and individual behavior can be linked to organizational productivity. For merit pay to be seen as an effective motivational tool to increase productivity, it is critical for leadership to have an understanding of individual employee behavior.

Merit Pay and Employee Perceptions

Motivational researchers have ventured to identify the principal elements of merit pay perceptions. Some research has been on identifying the perceptions of merit pay so that employees can perceive differences that are meaningful. St-Onge (2000) suggested that satisfaction with three distributive outcomes – performance rating, monetary reward and salary level – is positively related to pay-for-performance perception. Job satisfaction will happen if employees receive suitable rewards. Correspondingly, inappropriate rewards may yield dissatisfaction. Adams (1963), suggested that employees tend to compare their personal rewards with the rewards of others in their group setting and if they feel under-rewarded for personal efforts they may be dissatisfied. Particularly, employees on different levels of the organization will have different perceptions of merit pay as to how it influences their individual level of productivity. One perception is the amount of pay an employee thinks they should receive and the other is the amount of pay they do receive. Lawler (1981), indicated that the amount of pay an employee believes he or she should receive is a function of job characteristics, job inputs, non-monetary

outcomes, and pay history. Satisfaction with structure/administration is defined as perceived satisfaction with the internal pay hierarchy and with the methods used to distribute pay (Heneman & Greenberger, 1988).

Pay-for-performance studies designed to explain the unimportant interconnection between merit pay and employee productivity perceptions, indicated that there were specific moderators such as merit pay size influencing employee perceptions. Negative perceptions of pay equity may occur if an employee feels that the amount of merit pay he or she received is trivial or too small in relation to his or her effort and performance (Terpstra & Honoree, 2008). Research on performance pay by Pouliakas and Theodossiou (2009), has shown that merit pay amount can elicit positive employee perceptions. Hence, it is plausible to predict that the connection between merit pay and productivity will be deflated among employees with positive perceptions. Moreover, merit pay may draw attention from employees with negative perceptions as the absence of merit pay will not adequately stimulate them to increase their level of productivity (Pouliakas & Theodoropoulos, 2010). Hence, the association of merit pay and productivity yielded low job satisfaction from employees with negative perceptions.

Further investigation by Maslow (1954), Herzberg (1966) and Vroom (1964), concluded that more efforts were put forth to identify additional causes of the fragile relationship between merit pay and employee productivity perceptions. Some researchers hypothesized that an interconnection between merit pay and productivity existed which supported employee's perceptions on the importance of merit pay. For instance, employees' attitudes are affected by their perceived understanding of the performance

appraisal system in place. Smith and Rupp, (2004) argued that employees have searched long and hard for the desire to get paid what they perceive they are worth. They contended that when employee perceptions and merit pay are positive, there would be a solid interrelation between productivity and merit pay. This can be attributed to when employee perception is positive employees feel they have added supervision over their individual merit pay raise. Based on this condition, positive viewpoints often overshadowed negative ones. Thus, if the employees perceive that they did not get what they deserved (i.e. a low degree of distributive justice), they are likely to perceive that the pay system is ineffective to motivate them to achieve organizational objectives (Salimäki & Jämsén, 2010). On the other hand, merit pay increases that are lower than expected, are seen by employees as an unanticipated misstep in work performance, and this yields a larger surprise than the situation where work expectations are achieved. In situations where employee perceptions are negative, the outcome is reversed in a way that suggests merit pay satisfaction caused by positive perceptions is greater than the merit pay satisfaction achieved by negative perceptions (St-Onge, 2000).

The theoretical inferences for merit pay are partially inconclusive. In recent studies, several performance pay researchers such as Herzberg & Mayo have used the case study approach to investigate employee perceptions. I used the case study method to gain a deeper understanding of how what factors contribute to how state employees form their perceptions of merit pay (Yin, 2009). The qualitative single case study design provided me with the insights into state employee perceptions based on individual experiences.

Summary

This chapter reviewed the literature that existed through continued and in-depth research that has been conducted on the various facets of pay for performance. Useful and relevant data has been extracted from the many research books and studies that have been written but information concerning merit pay is still needed. Few studies have provided significant insights as they have ignored the complicated cognitive process in people's perception of its effect on work performance and productivity. The way in which employees perceive their workplace environment will have a definite effect on performance. According to Fielder (1960), leaders understand that perceived workplace conditions such compensation, appreciation and fairness significantly affect productivity as well.

Chapter 3: Research Method

Introduction

This chapter provides information about the research design and methodology that I employed to conduct this case study, including the details of why the qualitative research design was selected, specifics about the study participants, and a brief discussion of participant's rights, how data was analyzed, a review of the questionnaire instrument, and an analysis of the interview process. This chapter focuses on the qualitative research approach, data collection methods, and the data analysis techniques. I used the case study methodology in order to understand the perceptions of state employees on merit pay and how it affected their individual job performance (Yin, 2009). The study involved an analysis of data collected through semistructured interviews of 15 selected state employees at one department. The process I used for collecting data was through face-to-face interviews and questionnaires. I respected the ethical considerations that safeguard participant anonymity and confidentiality.

Qualitative Case Study Design

The qualitative research method allowed me to use multiple forms of data to be gathered through several techniques such as written documents, interviews, and observations to answer the research question:

RQ: How do state employees perceive merit pay influences their work performance?

RSQ1: How do state employees perceive the effectiveness of the state's merit pay system?

RSQ2: What other factors besides merit pay influence employee performance?

Qualitative data analysis involves specific techniques and procedures that assist in understanding the data and the interpretation of the results. The potential sources of data obtainable through qualitative research are restricted only by the researcher's imagination and understanding (Birchall, 2014). In order to obtain the rich information that the qualitative research method provides, I used data collection methods that consisted of interviews and written documents. In this section I explain the research design and approach, sample size and setting, methods, instrumentation, strategy for this research, and procedures.

A qualitative single case study was selected as the applicable method to acquire the desired results. Yin (2009) suggested three circumstances for using a case study design: (a) the type of research question, (b) whether the focus is on contemporary complex issues or a historical event, and (c) the control a researcher has over the event. The selection of the applicable research methodology demanded examination of the characteristics of qualitative, quantitative, and mixed methodologies in order to select the approach that fit the objective of the research questions. The qualitative research method was selected for this study. A commonly used but not entirely accurate distinction between the two is that quantitative research translates human experience into numbers, and qualitative research translates human experiences into words (Duffy & Chenail, 2008). Qualitative researchers focus on the human aspect to describe why something occurs as a result of human behavior, whereas quantitative research uses statistical processes to arbitrate what percentage of individuals do something. Quantitative

methodology did not fit the purpose of the study, which was to identify the lived experiences, perceptions, and attitudes of the participants. Case study, phenomenology, ethnography, and grounded theory were all explored as potential approaches to answer the research questions.

According to Creswell (2010), a case study design is based on (a) a collection of data consisting of words as a result of interviews of participants, (b) interviews that contain general open-ended questions, and (c) analysis of the resulting content to identify themes that is conducted in a subjective manner. The phenomenology approach allows the researcher to go to great lengths to gain insight about a participant's life experience from a documentary style approach (McNabb, 2008). The ethnographic research approach allows the researcher to become a participant in the study, thereby learning about the culture, beliefs, and lives of the people being studied (McNabb, 2008). Grounded theory is an approach which produces a theory from data collection (Trochim & Donnelly, 2008) and the researcher is able to formulate the hypothesis.

Qualitative research necessitates that the researcher become meticulously involved with and possess a depth of knowledge about the phenomenon being studied and be focused on collecting data from participants that provides a description of the phenomenon (Cooper & Schindler, 2003). The justification for distinguishing the research study as qualitative was its correlation with an observation offered by Mills (2006). Mills postulated that the qualitative approach is selected when the researcher is examining a theory with limited literature. Fifteen interviews were conducted in order to gather information used to examine the behaviors, feelings, and opinions of state

employees on how they perceive cuts to merit pay impacts their job performance. Since the answers were open-ended, I was able to identify related issues that could be researched in greater depth to get a sense of the research population context as it pertains to their lives. The use of semistructured interviews allowed me to interview research participants using a set of predetermined research questions (Creswell, 2003). The data obtained through the interviews was transcribed and the resulting transcripts were used for data analysis. Data collected from the interviews was grouped into categorical dimensions, uploaded to NVivo 10.0 software, and coded to identify themes in order to highlight important relationships and thematic patterns. The study employed qualitative analysis using interviews with 15 department employees, questionnaires, and document reviews of department performance data used in the statewide performance-based budgeting process. Authorization to conduct the study was obtained from the executive management and legal sections of the department. Permission was requested through the department's secretary to conduct the research on his agency. I personally delivered to the secretary an information packet that contained a written description of the study. The packet consisted of information on the scope of the proposed research and a sample of the interview questions.

Research Design and Approach

I used qualitative methods of data collection to determine if merit pay influenced employee performance. According to Merriam et al. (2002), a researcher's choice of qualitative case study is appropriate for discovering meaning, understanding, and process. The case study answers *what*, *how*, or *why* questions rather than examining historical

phenomena (Yin, 2014). I determined that the case study method could be effective in providing a deep understanding of state employees' perceptions, concerns, and satisfaction with merit pay as it pertained to their respective salary conditions. The first data collection method was in the form of interviews conducted on a purposefully selected sample size of 15 participants. The second data collection method called for the review of organizational performance data from twelve months of department quarterly performance reports for fiscal year 2011 to determine if the department was meeting its performance objectives (Louisiana Performance Accountability System). This case study research also reviewed open-source, published documents from this state agency. I found performance data on the state agency in this study by visiting the department's website and by making official documents requests to the department through a freedom of information public records request. Variations of case studies reflect similar inquiry, investigating a contemporary phenomenon in depth in its real-life context when boundaries between the phenomenon and the real-life context are blurred. This case study relied on the collection and analysis of archived department performance data published by the state per Louisiana State public information guidelines.

Department performance data was collected to measure employee performance against a benchmark known as the performance measurement indicator to determine any fluxuations (La. Const. art. X, §1.). Each quarter of every fiscal year data are collected from each state agency that tracks and compiles the data, which consists of the number of required functions that must be completed based on the prior year's actual budgeted numbers.

Other Research Methods Considered But Rejected for This Study

Alternative qualitative methods considered for this study included ethnography, which is a technique that explains the cultural characteristics of a society normally used for anthropological studies and rarely used in organizational research (Johnson & Christensen, 2004). This approach was not utilized because the objective of the study was not to understand the cultural characteristics of state employees but to understand their perceptions of the state's merit pay system. Ethnography is a technique that explains the experiences of one or more individuals of a phenomenon such as the experience of the death of a loved one (Johnson & Christensen, 2004). While the qualitative approach is appropriate in philosophical studies and in behavioral/social science research, the ethnography approach was not considered because the purpose was the understand perceptions and not feelings and experiences of state employees.

Grounded theory is common in sociology studies for inductively generating a theory that describes and explains a phenomenon (Johnson & Christensen, 2004). The grounded theory was another choice that serves the same purpose as the case study because they both involve observing and/or interviewing human subjects. The difference is that the case study approach focuses on understanding issues, themes, and implications of a phenomenon, as compared to the grounded theory which tries to understand a phenomenon to establish a theory. The mixed methods (Lund, 2012) approach was not considered for this study because of the nature of the research questions. The mixed methods approach integrates qualitative and quantitative research methods to collect, analyze, and integrate data that contributes to the evaluation and development of complex

interventions (Farquhar, Ewing & Booth, 2011). Mixed methods research explores quantitative and qualitative aspects in a sequential or concurrent hybrid study (Cameron, 2011). The goal of this study was not to quantify those perceptions.

Role of the Researcher

The researcher's role as primary data collection instrument necessitated the identification of personal values, assumptions, and biases at the outset of the study (Creswell, 1998). In my role as researcher in this study, I interviewed state employees in a state organization to determine if a relationship between merit pay and performance existed. I am not employed by the department where I conducted the study; but I am a state employee at the Division of Administration where I work as a state budget management analyst. After sending a letter of participation to conduct the study, I obtained permission from the organization's management in order to have access to the employees. Face-to-face interviews that lasted 60 minutes were conducted in a private office at the department headquarters where I questioned the participants on their perceptions of the state's merit pay system and how it affected their work performance. In order to obtain honest and authentic responses, I attempted to build a relationship before and during the course of the interviews with the participants as well as locate a natural setting to conduct each interview. Prior to the start of each interview, I provided a brief introduction followed by small talk to make the participant feel comfortable and build rapport. Leedy and Ormond (2013) indicated informal talk before an interview relaxes interviewees and makes them comfortable.

The integrity of the qualitative approach was maintained by addressing the interview approach, sampling methods, data collection techniques, and data analysis procedures. Regardless of the research or data collection method utilized, accurate data collection is essential to maintaining the integrity of the research. NVivo (Michael McKnight used QSR International's NVivo 10 Software) software was used to input data obtained from the interviews to identify themes and patterns such as the following: recognition, compensation, motivation, job satisfaction, performance, and workplace environment. Because I served in the role of researcher, interviewer, and data collector, it was important to maintain the consistency, rigor, and quality that a successful qualitative case study requires. This strategy was used to protect against bias and to enhance the reliability of the findings. Information pertaining to the study's instrumentation and population are discussed in the next section.

Instrumentation and Materials Population

In order to establish initial contact with possible participants, a request was transmitted by email to all state employees of the department using a department-wide email blast authorized by the Secretary of the Department. In order to obtain authorization to contact possible participation, I contacted the Secretary of the department by email to provide a thorough explanation of the study's significance and purpose. Further contact with the Secretary occurred by several phone conversations and visits. Those state employees who indicated interest in participating were encouraged to reply by email to an open-ended questionnaire that provided additional information related to demographics and other pertinent background information such as years of public

service, section, ethnicity, highest level of education and job title. The responses to this questionnaire were used to assist in the selection of the 15 research participants based on years of service so that every section and employment level of the department was represented.

Participation was solely voluntary and was scheduled around the employees break periods and before or after their work shift. The participants' type and level of experience as well as a minimum of one year of state service varied thus allowing data to reflect a broader range of employee perceptions. Perceptions from five supervisors provided an important aspect of data because their opinions furnished contextual information for the fifteen state employees' perceptions by adding an additional level of insight. The contextual information was important because the supervisors have the responsibility of conducting performance reviews on rank and file employees that would indicate any relevant increases or decreases in performance. I was able to recruit 5 supervisors, so I didn't have to focus on the 5 employees with the highest job title and years of service. The job titles of the remaining randomly selected 10 participants consisted of 3-enforcement agents, 2-licensing specialists, 4-biologist, and 1- land acquisition attorney. I distributed a 5-item demographic survey by email to all participants consisting of approximately 5 supervisors and 10 rank and file employees to affirm their employment status and to justify their inclusion. The questions focused on which section of the agency they represented, years of public service, gender and age. Since responses to the survey were closed-ended, I was able to select participants solely based on years of service from the highest to the lowest. The interview questions were semi-structured and open-ended.

The participants were also advised that their identities were held in strict confidence as they were provided with a consent form, asked to sign a confidentiality agreement and lastly given a pseudonym. Pseudonyms were assigned during the interview process to establish confidentiality and to protect the participants. .

Research Sampling

Fifteen15 participants who are employed at the site were interviewed. The intent of using purposeful sampling was to obtain an in-depth understanding from the participants based a specific purpose that centered on merit pay. This method of sampling was preferred because state employees at this location purposefully provided information that helped build an understanding of how merit pay is perceived at a state office setting (Creswell, 2007). A purposeful sampling size can also be used to avoid theoretical saturation in data collection and when data analysis and review are done in conjunction with data collection (Yin, 2003). Creswell (2007) recommended obtaining information from as many as 15 individuals who have experience with the focus of the study through in-depth interviews. The sample population was drawn from a state agency with an employee population of 747 authorized classified and unclassified positions.

According to Creswell (2005), purposeful sampling is a typical strategy in qualitative research. It illuminated the understanding of the research problem by highlighting the significance of merit pay and it relation to performance which is the base issue of the study. The criteria for selecting participants included their willingness to engage in the study, current and prior understanding of merit pay, and eagerness to share their perceptions about merit pay. Individuals that agreed to participate were informed

that their participation is strictly voluntary. Prior to starting the study, a letter of introduction, including a consent form and instructions was sent by email that provided the procedures to be followed in filling out the informed consent agreement document as well as a basic demographic data form. A short explanation of the research study was also included in the letter. Additionally, probable participants were assured of the confidentiality of their participation and voluntary status.

Data Collection

The data was collected through audio recording of all face-to-face interviews that lasted between 30 minutes to an hour. An invitation letter to participate in the study and a consent form was sent via email to all potential participants to be signed and returned by e-mail. If the form was not returned, the participant would have received a follow-up email to remind them about the form. Since all of the initial participants returned the forms, there was no need to contact any new participants. Only those state employees at the selected department received a participant consent form indicating the purpose of the study and their rights as a participant in an email that was distributed by the Undersecretary of the department. To secure a listing of potential participants, a consent letter was sent to the Undersecretary of the Department explaining the study as well seeking permission to solicit potential research participants.

Creswell (2003) indicated that data in qualitative studies are transmitted through words and are collected through numerous methods, such as observations, documentation review, focus groups and individual interviews. Unlike quantitative research which requires the researcher to follow a prescriptive and rigorous process for collecting and

analyzing data, using the qualitative approach followed protocols that were altered and cultivated throughout the study. The protocols used in the interviews were formulated by the researcher based on the literature reviewed. I developed and utilized a semi-structured interview protocol with open-ended questions that encouraged participants to describe their lived experiences. The questions that were asked about merit pay related to how state employees perceived how it affected their performance. The interview questions were based mostly on merit pay and its effects on organization. When required, participants were asked to clarify their responses to the interview questions.

Patton (2002) described three variations in qualitative interviewing: the informal conversational interview, the general interview guide approach, and the standardized open-ended interview. Each of these approaches had strengths and weaknesses and offered a considerably different objective. The informal conversational interview provided for improvisation on behalf of the researcher. Questions were not prearranged in this approach but were composed based on the discussion with the participant. The interview was spontaneous and allowed for analysis of new ideas based on the responses given by the participant. The standardized open-ended interview was a technique that utilized a prearranged set of thoroughly phrased questions. The standardized approach was focused on ensuring that the time of the participant was used in an efficient manner. The semi-structured interview approach was used because the same questions were asked of all participants. As there were no yes or no or right or wrong answers, participants can respond however they choose. Participants were expected to give in-depth responses, along with description and/or explanation.

As suggested by Patton (2002), this study employed a combination of these approaches to allow for greater flexibility during data collection. Questions using this method were communicated based on participant's dialogue on a specific topic. The objective was for me to address every topic being analyzed by using distinct questions for each participant (Yin, 2009).

Data collection occurred through normal open-ended interviews mixed with the conversational approach strategy (Yin, 2009). The interviews began with an explanation of the purpose of the research and a review of the conditions set forth in the consent form. The intent of the first question was to establish rapport. The subsequent two interview questions were designed to analyze the concept of organizational motivation and performance. The third and final structured question was designed to identify the perceptions of motivational determinants based on merit pay.

The interviews were conducted in an environment such as vacant office space or local library that was acceptable to the participant. Interviews were recorded using a digital recorder and were transcribed using NVivo. If I had difficulty transcribing the responses given by the participants, NVivo was used to identify common themes. Transcriptions and recordings will be kept in a secure location at my home on my personal computer on a protected file for 5 years. All data was encoded in a secure format to ensure ethical protection, and is maintained as outlined in the consent form, confidentiality agreement, and Institutional Review Board (IRB) documentation. Tapes of the interviews are stored on the initial media, converted to audio, and placed with the remaining collected data on DVD-R disks. All notes were converted and/or scanned and

stored on DVD-R disks. I sent an email to the participants thanking them for their time and efforts, along with information on how to obtain a copy of the final paper.

Participants were notified by email that they will be allowed to review the transcripts as well as afforded the opportunity to make changes on a day and time as specified.

Transcripts were forwarded by email or mail to the participants for review upon the completion of the interview process.

Supplemental to interviews, I gained further insight into the study site and participants through examination of questionnaires, performance documents and the strategic plans of the divisions that make up the department. Marshall and Rossman (2006) indicated the review of documents is an unobtrusive method used by researchers which is “rich in portraying the values and beliefs of the participants” (p. 124). The questionnaires provided information about the participant’s perceptions of merit pay and performance as well as their work and educational experiences. The performance documents highlighted the organizations overall performance achievements and the strategic plan provided insight into the goals and values of each division of the agency.

Data Analysis

Qualitative data analysis is a quest for common statements about underlying themes and relationships (Creswell 2003). The first step in the analysis process after collecting the data was for me to transcribe the interviews. Each interview was audio recorded and transcribed after the completion of each interview. Strategies for data analysis function as guides to help the researcher in obtaining findings that has been collected. Usually, the research strategy chosen by the researcher can help determine the

data analysis approach that may be used (Creswell 2003). Regardless of whether if the quantitative or qualitative approach is employed, the purpose of data analysis is to obtain useful and usable information. Data analysis involves examining data in ways that uncover patterns and relationships. It should be understood that every research approach has limitations and the different approaches can often be complementary.

The collection of data examined consisted of transcripts, observation notes, recordings, and related documents. Essential to qualitative research looking to acquire thick, descriptive data is the issue of condensing the complicated data to smaller, manageable pieces (Creswell 2003). However, the condensation of the data does not directly suggest that data analysis is the abatement of data; in fact, it is the introduction of data that allows the researcher to retool meaning from the arrangements that have emanated from researcher-participant interaction. I used codes that individually identified the 15 participants interviewed by a letter and a number. The letter “P” was the designated code letter for participant and the numbers were 1 through 15.

Once data from the interview was transcribed, the transcript was sent to the participant for correction and/or confirmation. The first step was to segment the data that has been collected. This process involved separating data into the smallest sample of information that conveyed a single idea. The data of this study was loaded and compiled using NVivo in order to organize and analyze unstructured or non-numerical data NVivo can upload documents (audio, text and video) into programs and afterwards analyze the documents for themes. NVivo separated participant responses into categories to search for patterns and themes. Farber (2006) argued qualitative data should be organized into

categories to allow for interpretation and construction of a picture by using coding into concepts, patterns, themes, or similar features. The data was dissected in preparation for categorization. The process of categorizing and reading the data allows for the researcher to see distinct categories emerge (Leech & Onwuegbuzie, 2011). The method of constant comparative data analysis was used to identify themes, as this will allow me to maintain the unraveling of the study and lead to a better understanding of the issue in context. The data was re-examined after the categories were set to determine if additional categories or subcategories arose. Utilizing this type of categorization allowed for the identification of construct realities and concepts (Deakin, Wakefield & Gregorius, 2013). Simultaneously, themes not identified or identified by the conceptual and theoretical framework also started to emerge. In particular these participant-formulated themes were questioned, simplified, and accepted for verification. Similar questions were asked of each participant in an identical order to research the theory of motivation; nonetheless, as themes and new items emerged, those topics were followed and examined.

Validity

In every research study, the researcher must construct indicators that provide an indication that the data is authentic and trustworthy. Providing multiple sources of data collection is the recommended strategy for construct validity in a case study to ascertain multiple sources of evidence and establish a chain of evidence (Yin, 2009). The examination of factual data collected from an individual source was also validated by other sources to support the validity of the research. This case study consisted of collecting data from a population consisting of state employees through semi structured

interviews. The second data source provided validity and triangulation was the review of department performance documents that were collected from the participating state agency. For data triangulation, I used the participant responses from the interviews and compared them to the department archival data. Triangulation is the combination of different methods, methodologies, or theoretical viewpoints (Flick, 2014) and is a way of validating patterns in information from at least three different sources of data (Yin, 2012).

According to Creswell (1998), qualitative research is primarily concerned with credibility, confirmability, dependability and transferability. Dependability was addressed by examining the procedure for collecting and analyzing data. The procedure used for collecting data was through open-ended interview questions and data analysis consisted of utilizing NVivo computer software. To establish credibility, there is a need to illustrate that the study was conducted in a manner to assure that the subject was properly established and explained. In order to do this, the technique of triangulation was employed to enhance the credibility of the findings. Confirmability was addressed as it is the alternative to objectivity. In this manner, I was able to reflect on how experiences and personal views may influence interpretation of the data. Yin (2008), noted reflexivity is a strategy used to objectivity that was used in this study. Qualitative research is basically a process of shared analysis and discovery for both the researcher and participant. The reflective approach added value for the researcher and participant. Bulpitt & Martin (2010), noted a reflective approach may add value to the research process by increasing self-awareness and understanding.

Transferability in a qualitative research study aligns more with a researcher that intends to apply research findings from an initial research study to a subsequent research study than with the first researcher (Thomas & Magilvy, 2011). The goal of qualitative research is not to generalize research findings but to provide a complete, rich description of the phenomena being examined. To improve the probability of applying the research findings to other groups, I made an attempt to provide adequate descriptions to allow future researchers the freedom to compare the issue in the current study with their research issue to decide if the research results are transferrable. Comprehensive descriptions of research participants will be provided, without surrendering anonymity, to explain the experiences and issues that are particular to each research participant (Yin, 2009).

Ethical Considerations

Creswell (2009) brought attention to the ethical issues that may arise throughout scholarly research. Crucial to maintaining strict ethical actions and behavior is to anticipate every step of the research approach to protect the confidentiality of the research participants, the data provided and their organizations throughout the research project.

An awareness of self as instrument is essential in qualitative research (Merriam, 2002). Due to the researcher being the primary data collection instrument, some amount of bias is expected and unavoidable and the researcher must be forthcoming about these biases. "Qualitative research is, by its very nature, subject to researcher bias. As the researcher, you must identify and describe your perspective and recognize and deal with

the biases you might hold on the subject (McCaslin & Wilson, 2003). Also, Maxwell (2005) indicated that researcher bias, if not handled properly, may threaten a study's validity. Researcher perspective and possible bias will be identified throughout the course of this study.

Prior to conducting research, the Secretary of the participating state agency was contacted by e-mail for permission to conduct research at his agency and were also asked for a Letter of Cooperation. All state employees of the state agency participating in this study were sent a letter of consent by e-mail including detailed instructions to return them. The participants were also guaranteed that the outcome of this study will not be used by the researcher for financial compensation but only for the purpose of completing a doctoral degree program per the guidelines that were identified in the consent and confidentiality forms. Each participant was required to sign a letter of consent that affirms their rights and the confidentiality of the information they present, and the requirement to send me the form by email upon its completion. All interviews were scheduled at the participants' convenience.

For the purpose of disclosing researcher bias, I identified my experience as a State Budget Management Analyst employed within the Louisiana Division of Administration. Conceivably the most crucial potential bias a researcher who is also a state employee in Louisiana can have relative to this study would be preconceived, underlying perceptions about merit pay in state government. At the time I made the decision to research state employee merit pay perceptions, I had no preconceived beliefs on the state's use of merit pay. Prior to the start of the interview process, I conducted two practice interviews not

included as part of this study to hone my interviewing skills as well as to practice body language techniques. A follow-up email was sent to confirm the details of the conversation as well as their rights as a participant and to schedule the face-to-face interviews. I requested 30-60 minutes of time to ensure that questions can be answered and to sign consent forms. Conducting the practice interviews provided the best method to practice my interview skills since I have little experience conducting qualitative interviews.

To address my bias, I did not lead my participants' responses and I made sure that my body language was appropriate and encourage participants and one that does not express an opinion on their response. I also asked follow-up and probing questions during the interview and asked for clarification if the participant contradicted themselves or were too vague. An awareness and understanding of these issues helped eliminate potential bias. Also, multiple data sources were used to triangulate multiple sources of information and thus remove much of the potential bias.

Summary

In this chapter, I presented an overview of the qualitative methodology used to research the relationship between merit pay and state employee performance. This chapter provided the rationale and description for the qualitative case study research method and process that was conducted to investigate the research problem of the study. Also presented were the research questions that guided the study and explained the rationale for the choice of the qualitative model compared to other practices. The design of the study, sample size and population of the study were also identified in this chapter. I

summarized the interview process and the instrument that will be used for the study and discussed the method for collecting and analyzing the data that be collected.

Triangulation was used to ensure reliability and validity. Additionally, the steps that were taken to protect the rights and confidentiality of the research participants are outlined.

Interviews, participant observation, archival records and documentation will be used to develop an analytical case for the relationship between motivational financial incentive and performance.

Chapter 4: Results

Introduction

The purpose of this qualitative case study was to examine state employees' perceptions of the merit pay program and provide insight into state employee preferences. The rationale for using a case study was to maintain the holistic and relevant traits of real-life events such as organizational processes (Yin, 2009). The previous chapter provided the rationale for the research design and the research tools utilized. In Chapter 3 I also documented the procedure of the study, discussing the validity of the study results and trustworthiness. This chapter provides results from the face-to-face semistructured and open-ended interviews that I conducted. The 15 research participant interviews were comprised of five administrators and 10 rank and file employees. Data saturation was achieved because the responses given by the final participant added no new information. After meticulously reading the transcripts of the interviews, transcriptions were returned to the participants to be reviewed for accuracy. Participants validated their responses in the transcripts before I advanced to developing codes and themes from the information (Yin, 2011).

In this chapter I provide an analysis of the data and how the data was coded followed by proof of trustworthiness. I present the results of the study as coded and with consequent themes in answer to the research questions. The chapter ends with a summary statement.

The process consisted of collecting data via 15 interviews, establishing groups of data codes using NVivo software, developing themes from the coding process, assessing

the data, and developing conclusions. The NVivo 10 program can receive uploaded documents (audio, text, and video) and analyze them for themes. Participant responses were separated into categories by NVivo 10 to search for patterns and themes. By analyzing the data provided by the participants, I was able to determine a link between the conceptual framework and the literature review provided in Chapters 1 and 2 of the study. The data indicated that nonmonetary incentives such recognition had a greater influence on job performance and motivation than monetary incentives such as merit pay. Nonmonetary incentives significantly influenced performance specifically when an assortment of nonmonetary incentives were utilized with employees. This chapter continues the data analysis in relation to the research questions, followed by a summary and interpretation of the outcomes.

The central research question of the study was:

RQ: How do Louisiana State Employees Perceive Cuts to Merit Pay Influences Work Performance?

The subquestions were:

RSQ1: How do state employees perceive the effectiveness of the state's merit pay system?

RSQ2: What other factors besides merit pay influence employee performance?

This chapter details the setting for the research study, the demographics of the research study participants, and the methods used for data collection. Additionally, in this chapter I describe the procedures used for analyzing the developing themes and other

data, the methods used to guarantee trustworthiness and accuracy, and the results of the study.

Setting

All of the interviews for this study were conducted at the participating organization's headquarters office in Baton Rouge, Louisiana. The 15 participants in this research study consisted of seven women and eight men. Their educational attainment levels ranged from four high school diplomas, six bachelor's degrees, three master's degrees, and one juris doctor. To obtain the 15 participants, a letter of invitation to participate in the study including a consent form was e-mailed to all potential participants employed by the agency. Fifteen responded positively, and they met the criteria for the study. Once each participant greeted me at their individual scheduled time and meeting location, we moved to the private office that was provided by the organization. Interview duration times ranged from approximately 40 minutes to 90 minutes. All of the interviews were conducted in a private office located in a conference room off the main lobby. The private office was secluded enough to provide a quiet place to conduct the interviews.

Demographics

The participants who responded positively were all contacted by e-mail and phone and thanked for their willingness to participate in the study. The demographic composition of the 15 individuals who participated in the study were obtained from participants' responses to a demographic questionnaire that was e-mailed to each potential participant. The demographic questionnaire provided additional information

specific to each participant including job title, years of state service, agency section and highest level of education. Appendix A provides a detailed outline of the demographic questionnaire. Participants were contacted individually by me through e-mail to explain the study, obtain permission, and to set up time for the interview. No incentive for participation in the study was offered and the decision as to whether or not to participate was left up to the individual participant. All participants were required to sign a consent form before participating in the interview. The consent form was e-mailed ahead of time to aid participants in making their decision to participate in the study.

The participants were comprised of individuals with a minimum of 1 year of employment with the organization. There were a total of 7 female and 8 male participants who ranged in age from 25 to 60 years of age, but all met the inclusion criteria of being employed with a state agency for at least 1 year. Based on the questionnaire, the participants' time employed at the participating state agency ranged from just over 1 year to over 30 years. This resulted in each participant going through at least one state budget cycle where the merit pay program was cut as a budget reduction savings measure.

Each participant received a consent form that described the title, purpose, procedures, benefits, confidentiality, and risks of the research study in order to provide for the ethical protection of those participating in this study. Each participant was informed of their right to choose whether or not to participate in the interview and of their right to quit the study at any time without obligation. Participants were informed of the purpose of the study to understand how their information may be used in the future. Participants were also informed of their rights to obtain a copy of the research, ask

questions, and to have their privacy protected from supervisors and other headquarters staff.

To maintain confidentiality, specific codes were assigned to each participant so that individual names, job titles, sections, and responses were not associated with a particular individual. To check for accuracy, transcribed copies of the interview were e-mailed to the participants to give them an opportunity to correct wording of the transcript. None of the transcriptions required any changes. Data was secured and could only be accessed by me.

Data Collection Process

The data collection process was initiated after the IRB of Walden University granted research approval. Walden University's approval number for the study is 03-31-16-0345909. Walden University's established research protocols were followed to ensure the validity of the study and compliance with the university's ethical procedures guidelines. Each participant invited to participate in the study was e-mailed (see Appendix D) a letter of introduction and a consent form to sign and return to me electronically. I followed all of the Walden University protocols for conducting interviews and questionnaires that involved human subjects, specifically protecting the confidentiality of the participants. All participants were first given an 8-item demographic questionnaire to complete to determine if they met the criteria for participating in the study as a state employee. Once approval was given by the secretary of the state agency, a representative of the human resources department sent an e-mail to the entire agency announcing the proposed study. Interested employees were asked to

contact me using their personal e-mail or by phone due to the agency's rigid firewalls and the large amount of e-mails government employees receive on a daily basis.

Once interested participants contacted me, I replied to the potential participants via e-mail and phone. An e-mail was sent to each participant affirming the receipt of the 8-item demographic questionnaire including a consent form to participate in the study. Each participant was asked to send an e-mail to schedule an interview, which was followed up with a phone call from me. All interviews were scheduled at the convenience of the participant, and I kept a log of the scheduled interview times. The interview consisted of semistructured and open-ended questions that were intended to assist in answering the main research question that drove the study.

The questions were formulated to allow the participants to share a wide range of knowledge about their perceptions of merit pay. At the start of each interview, I introduced myself and the research study and thanked each participant for their time. I advised each participant of the recording procedures and how the audio recording would be managed. I explained the procedures that would take place when the interviews were completed, including (a) prompt download of files to my secure computer and then storage on a CD, (b) assignment of a number to each participant, (c) transcription of data in MS Word format, (d) review conducted to ensure authenticity, (e) transmission of documents to each participant for their review, and (f) completion of data analysis.. All participants indicated the steps were acceptable and all interviews were conducted without any problems. All files were easily recorded, sent, and received and there were no technological issues, additions or deletions of the data.

Data collection commenced with face-to-face interviews that were preceded by each participant signing the consent form. The interviews consisted of me providing the participants with the interview procedure and an opportunity to ask questions, the asking and answering of interview questions for the interview itself, and finished with me thanking them for their participation. A digital MP3 recorder was used to record each interview to ensure accurate data retention and to capture detailed knowledge of the participants' experiences and perceptions. The MP3 recording device was positioned between the participant and myself and provided clear and concise recordings that were easy to download and send. Participant responses to the questions moved freely with minimal prompting from me. I took notes during the interview about the participants' intonation, body language, and gestures to help measure reactions. I also took notes during the interview that focused on the setting and my own thoughts. When probing questions were required, they were asked immediately after the primary question. At the conclusion of each interview, the file from the MP3 recording device was downloaded as an .mp3 file and each was transcribed in Word format the night after the interview. The files were then saved on the CD and removed from my computer for secure storage. Once all recordings were downloaded to my computer, each file was deleted from the MP3 device as all audio files were moved to the CD for storage.

The data in the digital recordings were all transcribed verbatim. Along with the digital recordings, field notes were also used to document key points during the interviews. The field notes were then reviewed to create brief journal entries that

reflected key points mentioned during each interview. The notes contained a list of frequent words that served as the main source to identify initial coding categories.

Table 1

Coding of Sources Related to Themes

Name	Sources	References
Compensation	3	31
Job Satisfaction	2	23
Motivation	3	44
Performance	4	27
Recognition and Rewards	4	90
Workplace Environment	2	30
Total	18	245

Note: Sources = the number of interview questions. References = the number of responses linked to the themes and subthemes.

Data Analysis

The first step used in data analysis was to review the documents to verify that the transcribed data represented an accurate account of what was described by participants. After reviewing the interview transcripts, a list of probable descriptive codes was developed which are lifestyle, uncertainty, pay, inflation, costs, job security, self-respect and acknowledgement. Because descriptive code names were based on the definitions of words, the definitions served to guide the process and promote coding accuracy (Miles & Huberman, 1994). After transcribing the interview responses, I loaded the transcripts in NVivo for coding by participant interviews. Data coding is an essential means for breaking down interview responses into smaller segments. I used open coding to select segments of the textual data and attach them to suggestive codes that emulated the meaning of the text (Leech & Onwuegbuzie, 2011). Text queries in NVivo allowed me to search the body of interviews to pinpoint all text that was relevant to each of the

established codes. When this level coding was concluded, I coded the text combined and assigned it to a node or organizational classification, within the NVivo program. Through this process, a predeveloped list of codes were created that helped established nodes that eventually developed into themes.

The data in NVivo was reviewed and coded line-by-line, using the predeveloped list of codes. The initial list began with 4 codes, but through the process it was extended to 8 codes when the process was completed. Initial descriptive codes were redefined when required to accommodate numerous uses of the same word. The coding process also developed six themes that consistently emerged among the data. A complete list of codes, themes, and categories for each of the research questions is provided in Table 2.

Table 2

Codes and Themes Aligned to Research Questions

 Merit pay effectiveness – RQ1

 Other motivational factors –RQ2

 Themes: Recognition, compensation, motivation, job satisfaction, performance and workplace environment

 Codes:

 BP = Benefits and Pay

Compensation in benefits and pay must be competitive.

OD = Organizational Development

Employees desire a positive, open supportive work environment.

Participants indicated the importance of a work environment that consisted of collaboration and cohesiveness.

RP = Recognition and Praise

Employees expect leadership to reward/acknowledge for exceptional performance.

Employees attain personal satisfaction and pride in their work performance.

The importance of being treated and respected as a professional.

CA = Career Advancement

Employee expects career advancement within the organization.

Employee values leadership opportunities and career advancement with the organization.

Stability of what a career in state government offered

MF = Motivational Factors

Participants believed they are more purpose oriented than profit oriented.

Intrinsic motivation drives them to work for a greater cause.

JS = Job Satisfaction

Participants are satisfied working for the state even if merit pay is cut.

Fortunate to have a job with great healthcare benefits.

Satisfied employees are productive employee.

PR = Performance Reward

Prefer intrinsic rewards over extrinsic rewards for high levels of performance

EP = Employee Perception

Uses I believe....., I think....., I feel..... management should

Investigating and identifying the interview questions ensured rich data collection from the examination of state employees and perspectives of the merit pay situation. Participants responded to the interview questions (Appendix C) during the face-to-face interviews to provide detailed data to the main research question. The six main themes gathered from the participants were as follows: (a) recognition, (b) compensation, (c) motivation, (d) job satisfaction, (e) performance and (f) workplace environment. In addition, associated support information containing specific quotes and examples were identified. The quotes were reframed to exclude potential participant identifiers.

Evidence of Trustworthiness

To ensure trustworthiness, no alterations were made to the credibility, dependability and transferability, or the confirmability strategies previously discussed in Chapter 3. Confidentiality for all of the research participants was maintained at all times. Every effort was made to ensure that all research participants were given an opportunity to employ free choice to participate in the research study and were advised that their participation is voluntary. Additionally, they were informed that they had the right to cease participation at any time.

To reduce potential personal biases, I summarized the key points that were documented in the interview procedures and verified their accuracy with participants before conclusion of the interviews. To promote rich well-informed results at the end of interview, each participant was asked if they had anything else they would like to add that was not reported through the interview questions. Member checking (Creswell, 2003) was also used to validate the accuracy of the results and conclusions of the study.

Participants were emailed copies of the results and analysis sections of this chapter. During the interview process, participants were told that they would have an opportunity to review the findings in order to approve or disapprove accuracy. Probing questions were used to seek clarification when needed. Participants were assured that their additional input would be used to make modifications to accurately reflect their responses.

I went back to the field notes during the data analysis process to remind myself of how any of them could possibly influence the participants and to update the data analysis process. I also referred to these notes in order to caution myself of my own feelings and experiences to minimize their influence.

Results

The goal of this study was to determine how state employees perceive cuts to merit pay affect their work performance. The research central research question was:

RQ: How do state employees perceive merit pay influences their work performance?

The sub research questions were:

RSQ1: How do state employees perceive the effectiveness of the state's merit pay system?

RSQ2: What other factors besides merit pay influence employee performance?

The data analysis of the transcribed audio recording was analyzed using NVivo10 software. The analysis developed clusters of key terms and statements made by the participants. The data collected from the participant interviews included notes and audio

recordings I took during the interviews. Eighteen open-ended interview questions allowed participants to discuss in detail their experiences with merit pay. My analysis identified common themes that emerged from the participant's interviews and the relationships of their experiences to the overall literature regarding motivation and work performance. The data analysis and coding process identified five themes that consistently emerged among the data.

Theme 1: Recognition

The first theme that was identified by the research participants focused on the appreciation of state employees. Participants' responses in related to this theme suggested that recognition is mutually beneficial for the employees and organization. As it pertains to the organization, it motivates employees to perform well in their job and highlighted the need to be recognized. However, regardless of the intentions, participants viewed the effect of recognition differently based on their personal needs and wants. P8 stated that even though the increase in income is great for your family, it is also nice to be recognized for your efforts in the work place. Recognition, appreciation, and acknowledgement of employees' performance and efforts, including rewards and/or incentives, are characterized as essential to employee motivation and satisfaction. P6 noted that management must recognize employees for doing a good job, having high work performance, and continue recognizing them when they are doing well. Successful leaders employ both words and deeds to direct and stimulate their employees, because extrinsic rewards might play a significant role in stimulating public employee (Ljungholm, 2014). Understanding how state employees are recognized for their work

performance was the main concern for participants. Participants' responses indicated that they preferred either extrinsic or intrinsic motivational factors including recognition, rewards, compensation, enjoyment and self-gratification. Most of the participants who were extrinsically motivated stressed nonmonetary factors (e.g., comfortable work environment, compliments and appreciation) as motivators. P1 said, I believe that every now and then the managers could show appreciation to the staff that are in the field and those in the office. P8 noted that "The satisfaction of knowing that I did a good job, and the feedback I receive when I have helped someone." Pandey (2014) indicated that other nonfinancial factors such as rewards, social recognition, and performance feedbacks are positive motivational factors. P3 stated that, "Merit pay or not, I am rewarded with the respect I earn from supervisors and staff," The data was analyzed to understand the elements that impacted recognition, acknowledgment, and work performance. Most of the participants preferred nonmonetary rewards such as recognition, appreciation, self-gratification and a positive work environment more than monetary gain. P5 stated, I suggested to the leadership the possibility of implementing a simple recognition program like employee-of-the-month to recognize the employee with exceptional performance. The findings revealed that 50% of participants believed that recognition contributes to work performance with or without merit pay. Additionally, 20% of participants believed that recognition, rewards and incentives contribute to employee motivation and work performance. P3 indicated that many of his coworkers prefer some recognition for a job well done in the absence of merit pay. However, P4 indicated that the merit pay increase to his salary is a better reward than any amount of verbal recognition. Many of the

participants indicated that they engage in their jobs for the love of public service, not monetary rewards. P5 noted, “The lack of recognition hurts the relationship with the employee and can bring about the perception apathy”. Non-monetary forms of recognition motivates employees to perform their jobs better and emphasized the guidelines of their respective job responsibilities.

Theme 2: Compensation

The second theme focused on state employee compensation. Understanding employee compensation was a very important factor to the participants. The worth and value of merit pay is determined by the needs and wants of the specific individual as noted by Maslow (1954). Presumably, worth and value associated with compensation is dependent on what is occurring at a particular time in a person’s life. Additionally, participants noted that the worth and value of merit pay seems to decrease as recognition increases. P11 noted, “Sometimes just feeling like I am appreciated is enough reward because a reward does not always have to be based on money”. The study participants agreed that merit pay is a system for rewarding performance beyond pre-determined expectations. The results indicated 100% of participants knew about and understood the state’s merit pay program and its effect on compensation. State employee compensation, in terms of salary, retirement program, health benefits, and rewards is an important factor in determining their satisfaction and dissatisfaction with the state’s merit pay program and its effect on work performance. P4 noted that, “They support my self-motivation through the acknowledgement that my efforts through increased compensation will benefit me and my family for the long-term”. An important factor to the participants was

understanding employee compensation. The data was analyzed to understand the significant factors that contribute to employee satisfaction and dissatisfaction with the absence of merit pay increases. Even though it did not seem to drive participants towards significant change or improve performance, the participants noted some use for merit pay. P1 suggested “Merit pay should be used solely as a one-time cost of living increase based on the attainment of certain performance goals. P6 noted, “The merit pay program should be revamped to a multi-tier percentage system from 1% to 4% instead of the current 4% system. Source identification was performed in order to match any statement related to compensation in the context of the interviews. The individual participant statements were culled from the transcripts. The statements were assessed on cause and affect categories. The results revealed 30% of participants believed that no merit pay contributed to low morale but had no effect on their work performance. Fifty percent of participants believed that not receiving merit pay decreased their earning potential but had no effect on their work performance. These participants felt that while their take home pay was negatively impacted, they were hired to perform a job task that had to be completed regardless. P12 noted, “I was hired to perform a specific task that the citizens of this state rely on and me not receiving merit pay has no bearing on work performance. Additionally, 20% believed that the state’s merit pay program could be improved in order to be fair and generous for all state employees across the board. Twenty-five percent of participants agreed with the state’s decision to cut merit pay as a budget saving measure if it meant keeping their jobs. Furthermore, all of the participants believed that merit pay has no effect on their overall work performance.

Theme 3: Motivation

The third theme identified was employee motivation. Motivation can be defined as an act or process used to influence someone to perform a specific task. Participants provided insight on motivation by addressing questions 14, 15, 17, and 18 which all asked specifically about motivational factors. The results revealed that 100% of the participants' responses indicated that motivation influences work performance more than merit pay. Each participant indicated merit pay is not the motivating factor to performing their job well. They noted a driving force that spoke to an internal motivating strength that kept them focused individually. P13 stated "My motivation is goal obtainment as I establish realistic goals for my work processes and I feel very satisfied when I accomplish them". Most participants suggested their personal motivation and desire to perform well was derived from ambition and internal drive that was applied on a daily basis. P9 indicated, "I have an internal desire to perform well and not let my co-workers down". The analysis of the study revealed that rank and file state employees and leadership agreed extrinsic and intrinsic factors were significant motivators. Ljungholm (2014) stated that transformational leaders use intrinsic rewards, identify the significance of collaboration in accomplishing collective tasks, and promote assessment of group achievements by creating collective efficacy. Intrinsic factors and self-gratification motivate them, and extrinsic rewards such as monetary gifts are not required to determine a job well done. P10 said that "I perform my job because I am a professional and I take pride in what I do but my motivation comes from the satisfaction of knowing that I successfully completed tasks". P6, said that "My own work ethic and self-esteem drive

me to perform as best I can in spite of other factors that might influence performance like poor supervisors or political interference”. Satisfaction of an individual’s motivational needs, which are innate and universal, results in people functioning in a healthy or optimal way (Hicks & McCracken, 2014). The results of this study suggested that 60% of the participants’ responses indicated that other factors such as nonmonetary appreciation and constructive criticism affected their work performance. Participants expressed that self-motivation affects their work performance more than merit pay would. P9 stated “An internal desire that I have motivates me to perform well and not let my co-workers down”. However, many of the participants interviewed expressed that merit pay was not their only motivator or the reason they entered state service.

The results also indicated that the participants felt that other motivational strategies are needed besides merit pay to increase performance in the workplace. Several participants noted that the agency should conduct a motivational strategy of drawing that consists of employees who exceed work performance goals in a timely manner. The managers can then submit the name of the employees that have exceeded their work performance goals. P3 noted, “Motivational contest or drawings can be held periodically where employees can be recognized with a gift or prize”. Another strategy to help motivate employees to perform well is for the agency to offer training programs to improve employee work skills. P4 stated, “Continued job training is rewarding in itself as it allows me to learn new skills that lead to promotions”. The lack of strategies that improve performance, increase motivation may have a negative impact on the organization. Motivated leaders pass their good behavior over to subordinates (Pacesila,

2014). Managers must share in the task of motivating employees to achieve their personal goals and the objectives set by the agency. Hicks and McCracken (2014) indicated that effective leaders accomplished goals through others by motivating them to perform for the benefit of the organization. P7 said, Employee motivation is a powerful tool for the success of the organization. Effective managers bring out the best in their employees by driving positive behaviors and emotions. Hauser (2014) stated the success of an organization depends largely on the motivation of the organizations human capital.

Theme 4: Job Satisfaction

The fourth theme that emerged regarding work performance was job satisfaction. Job satisfaction is an awareness that employees experience and perceive through their work performance in an attempt to achieve a goal. P5 stated, “I know that it is important to perform my duties to the satisfaction of my supervisor”. The results of the participants’ responses indicated that job satisfaction contributed to their work performance by having a positive impact on the organizational culture, beliefs, values and norms. P10 stated, “I’m content with my pay and I’m comfortable working for the organization”. My reflection was that each participant displayed an attitude of job satisfaction with the absence of merit pay. Edmans (2012) indicated employee job satisfaction is valuable to organizational growth. The results indicated the employees’ performance and motivation to their job satisfaction. P11 noted, I believe that employees who are happy and satisfied are productive employees”. P4 stated, “I do not mind working harder when I’m satisfied because I know my manager and coworkers support me”. Surprisingly, job satisfaction expended substantial influence on motivators and work performance as well as intrinsic

and extrinsic factors. Intrinsic job satisfaction factors included achievements and recognition, whereas extrinsic job satisfaction centered on compensation. Vroom (1964), noted that most people usually associate satisfaction with job performance. This has been a general agreed upon perceptions that are rooted in human relations theory to the higher levels of Maslow's (1957) hierarchy of needs. These specific higher level motivators, which included recognition, achievement, recognition, growth and advancement, supplied and employee with a sense of satisfaction and fulfillment derived from performing his/her job. Job satisfaction is important for organizations because it has been linked to turnover, productivity issues, and negative work attitudes (Amos & Weathington, 2008). It is very important for managers to understand the needs of their employees' but also the difference between those needs and the perceived incentives related to job satisfaction. The relationship between the employee and his/her level of job satisfaction is important to understand and maintain. P15 said, "Job satisfaction within the workplace creates an atmosphere that motivates me to go above and beyond to perform my job well" Herzberg (1959) postulated two levels of job-related satisfaction through his motivation-hygiene theory. He found that conditions in the workplace supported one level of satisfaction, but more substantial satisfiers were located embedded within the content of position and included the factors that produced intrinsic satisfaction, particularly recognition, growth, advancement and opportunities for achievement. Herzberg's work suggests that benefits and money, while they need to exist in order to support a minimum level of satisfaction with one's job are the factors that motivates employees to their highest levels of performance (Herzberg, 1959). The conclusion suggests that job satisfaction can

positively influence work performance. Participant responses corresponded with job satisfaction in the workplace that resulted in increased organizational effectiveness and improved work performance.

Theme 5: Performance

The fifth theme identified was performance, which can be described as an attribute of the organization's management that highlights the organizations progress and success. The participating organization's performance rating system used to rate employee performance was in line with the information discussed in the literature review. On a specified date during each fiscal year, employees receive a performance review that involves a documented conversation between employee and supervisor. All of the participants noted that this conversation indicates if the employee has been meeting or exceeding performance expectations or areas to improve performance. For example, P5 reported, "The annual performance review allows us the opportunity to be rewarded for our work performance and it helps with retention and stability among staff. Performance reviews are delivered verbally by the supervisor in a report discussed, documented and signed. Each employee had the opportunity to add comments to the report before it is finalized, and are required to sign as acceptance of the review. Employees were rated against agency-derived performance measures. P10 reported that the performance reviews allows me to provide feedback on my work performance and that satisfaction that I'm being rated fairly. However, P15 indicated I don't need a performance review to tell me that I'm doing job because I was raised to do a good job at whatever I do.

The results of this study revealed that 50% of the participants' responses suggested that career goals, leadership and motivation affect their work performance instead of merit pay. P1 indicated, "I am driven by self-motivation to do excellent work regardless of not receiving merit pay. Several participants stated that the most important factor leading to overall work performance was staff cohesiveness and collaboration. The results of data analysis indicated that 100% of participants noted that merit pay had no impact on the manner in which they performed their job. The results indicate that there is a commonality among the participants regarding perceptions of performance. Participants expressed that performance is essential to the success of the organization and will happen regardless of any related perceptions. When it came to work performance, the participants felt that an individual makes a decision to determine how much effort to assign based on their own personal feelings and goals. Puplampu and Adomako (2014) noted the expectancy theory of motivation explains the process individuals use to make decisions on various behavioral alternatives relating to their work. Expectancy theory of motivation is a cognitive theory based on the concept that people make decisions by focusing on the greatest benefits by selecting and evaluating alternatives (Pacesila, 2014). The feelings of dignity, pride, and satisfaction which derive from good work performance diminish the financial benefits perceived by the attainment of a merit pay increase. Furthermore, some participants insisted that they take pride in doing things well in their life, and work is one of them. P6 indicated, "My desire to be respected for my performance and knowledge means a lot to me". However, P14 stated "I feel the merit pay system is a useful tool that can enhance employee work performance". P11 said "My work performance does not

change as a result of not receiving a merit. However, years of not receiving a merit increase can affect me by not feeling valued as an employee”. The agency rewards the performance of employees with a merit increase based on their individual performance rating. The actual influence of the merit pay increase is described in the theme of “Compensation.” An equal percentage of participants agreed that work performance remains a critical factor in the viability of the organization. However, different employees within the organizations based on their own experiences will view the effects of merit pay differently. Although several participants noted the merit pay increase to be useful it did not seem to be the sole driver of good work performance. Instead, it was seen as a component of the process but individually useful.

The perceived association of merit pay and work performance outcomes experienced by employees may produce perceived biases or favoritism. Employees may take the results as information that could improve performance while others could perceive it as being subjective thus devaluing their performance. P2 said “I think merit pay could be modified to be more equitable and better tied to performance while providing different types of incentives whether they are in the future or current”. Under this theme, participants suggested pertinent strategies that could improve performance in the absence of merit pay such as training, recognition and motivation. Management can improve performance and motivate employees through recognition programs that provide expressions of appreciation or praise for a job well done. P3 stated, “Complements make all of us want to perform well and achieve goals”. Motivational strategies related to performance can be implemented that focus on the professional development of an

employee which in turn can promote upward mobility in the organization. Motivational strategies that improve performance, increase motivation, and enhance workplace relationships between employees and management in the absence of merit pay might have a significant impact. Training strategies that allow employees the opportunity to improve their career or enhance their base job functions might have impact on performance. This can be a viable options if the organization offers programs geared towards career development to enhance professional growth.

Theme 6: Workplace Environment

The sixth theme was the need for a supportive workplace environment. The data indicated that participants believed the supportive workplace environment played a major role in sustaining and improving work performance. A supportive work environment that promotes recognition provides motivation that is essential to the success of the agency and will have a positive influence on employee work performance. Participants were presented with interview questions that contained job satisfiers, words describing conditions that produce a positive working environment. Herzberg (1959) identified factors that included work conditions, relationship with supervisor, salary, and security that were essential in order to provide a nominal level of extrinsic satisfaction to remain employed in a specific job as compared with factors that created intrinsic satisfaction more closely associated to the higher levels of Maslow's (1987) hierarchy of needs. P7 indicated that the work environment can be hectic at times but overall it is pleasant. However, not all participants gave positive views as noted by P2, who stated it has been uncomfortable working for a state agency and I'm leaving for another position in

the private sector. Having a positive supportive work environment is significant to performance, considering the organization is in the public sector. Participants indicated that the public sector is often viewed as a sector where employees are vulnerable and underpaid than their private sector counterparts. P13 said “It maintains morale of employees that receive little praise for the efforts they put forth as public servants”.

The results in this study indicated that 90% of the participants valued the need for a positive attitude about the work environment. Participants were understanding of the decision by policymakers to cut merit pay and placed emphasis on a positive work environment that allowed them to meet measurable performance standards. P11 noted, the office environment is very stressful at times but pleasant. Employee happiness and satisfaction has optimistic outcomes for both organizational leaders and employees as this tends to motivate employees. Taylor (2014), asserted a number of studies have shown instances where the actual behavioral outcomes contradicted the desired behavioral outcomes of performance due to different desires of employees. Organizations consist of several different individuals that have different desires, needs and views. However, ensuring a positive work environment may shape more positive work performance and behaviors.

Promoting an encouraging, supportive, positive working environment in which employee morale is high is important to employee performance. Several of the participants stressed the importance having open effective communication with the workplace as a positive motivational tool for employees who are willing to share their thoughts about performance. Pandey (2014) stated that employees who feel motivated

about their jobs and know they are contributing to their organization perform better. Employees who do not feel connected exhibit dissatisfaction through withdrawal behaviors such as a reduction in productivity, absenteeism, low employee morale, and high turnover rates (Beheshtifar & Nazarian, 2013). All of the participants mentioned leadership as a factor that influences the work environment. Most responses characterized leadership as having a definite effect on the workplace environment and the manner in which they perform their jobs. P12 said “A comfortable working environment, great health insurance, generous retirement benefits and opportunities for advancement are certainly performance motivators”. The participants believed a positive workplace environment made work more enjoyable in the public sector thereby improving employee performance. Organizations have repeatedly sought methods to improve employee performance, and scholars in an attempt to predict performance in work environments have developed and tested theories. There are differences among scholarly theories, but the consensus is that leadership strategies are vital for improving the performance of workers (Cailler, 2014).

Summary

In this chapter, I presented the findings and results of the research methods and protocols described in Chapter 3. Chapter 4 presented the findings from the semi-structured interviews of a purposeful sample of 15 participants who have direct experiences with merit pay in a state agency. Chapter 4 also presented the procedures for collecting and analyzing the data obtained from the interviews and an analysis of the results of the study. The transcribed interview responses were analyzed and used to

develop the summarized personal structural and textural descriptions of the participant's experiences pertaining to the six thematic labels which were: (a) recognition, (b) compensation, (c) motivation, (d) job satisfaction, (e) performance and (f) workplace environment. These themes were reviewed from the transcripts of the participant responses to develop blended structural descriptions pertaining to how the participants perceived their experiences with merit pay. The structure provided a connected analysis of the meanings and significance of the participants' perceptions relating to merit pay and its influence to work performance. The explanation of the thematic labels experienced by the participants illustrated several answers to the research questions. Some employees expressed that merit pay was a significant motivational factor, however, others preferred nonfinancial motivators such as recognition. Many of the participants appreciated non-monetary rewards such as recognition, appreciation and self-gratification, and a positive work environment more than merit pay. Some participants valued other factors such as retirement benefits, health insurance and positive working environment as significant motivators in the absence of merit pay. The purpose of this qualitative case study was to gain an understanding of the relationship between work performance and merit pay. Findings from this study indicated that other motivational factors such as recognition and professional development are needed within the workplace to maintain and improve employee performance. The methods used to ensure the quality of the research were also discussed. The majority of this chapter presented the research findings on the themes related to merit pay that connect to work performance. Chapter 5 will focus on the implications of these alongside conclusions and recommendations from the study.

Chapter 5: Discussion, Conclusions, and Recommendations

Introduction

This qualitative case study explored the perceptions of state employees regarding the absence of merit pay increases and how it influenced their work performance. I identified the themes from the experiences of 15 study participants that included five supervisors and 10 rank and file state employees employed by a state agency located in Baton Rouge, Louisiana, on merit pay and work performance outcomes.

In the previous chapter I presented and discussed the results of the semistructured interviews that were analyzed thematically with the assistance of NVivo qualitative software. In this chapter, I detail the implications of these findings on the state's continued decision to cut merit pay increases as a budget deficit reduction measure and how state employees perceive their work performance is influenced. The important meanings and descriptions of merit pay, association of merit pay to employees' work performance outcomes, and other themes that emerged from the participants' experiences with merit pay are explained as they relates to the central research question. This chapter ends with conclusions about the findings as well as recommendations for future research.

Interpretation of the Findings

I used the NVivo qualitative software to code and determine the constant elements that emerged from the interview transcripts of the 15 individuals who participated in the study. The participants represented two different levels of employees who had different and similar views of merit pay as it related to their own experiences and perceptions of its influence on individual work performance. Although these differences existed between

the two groups, they all agreed the lack of merit pay did not influence their level of performance. P6 stated, “Merit pay does not affect my work performance.” P10 noted, “As a manager, I think some employees base their performance and effort at work entirely on what they will get out of it, but my work performance is not affected by merit pay.” All of the constant elements identified as they pertained to work performance in the study were gathered to form the six thematic labels that represented answers to the central research question.

Theme 1: Recognition

The research questions that directed this study focused on determining how state employees perceived budget cuts to merit pay influenced their work performance. The participants’ experiences with merit pay led to patterns of behaviors, attitudes, and views pertaining to the meaning and value of merit pay and their work performance. Taylor (2014) asserted a number of empirical studies have shown instances where the actual behavioral outcomes contradicted the desired behavioral outcomes of performance management due to different desires of employees. Organizations consist of different individuals who have different views, goals, and aspirations. However, using factors such as recognition and positive feedback may shape performance and encourage positive behaviors. The themes identified in the study expressed the meaning and value of merit pay to the study participants. As described in Chapter 4, six constant elements emerged from the important descriptions of the state’s merit pay system as it pertains to each individual participant. These descriptions suggested that the merit pay system was used effectively over several fiscal years but never affected an individual’s work performance.

It should be noted that participants' responses included their perceptions and experiences concerning the relevance of recognition, compensation and motivation. However, regardless of these perceptions, participants remained confident that merit pay did not have to be justified by the measurement of employees' performance. These benefits are valid experiences for those employees who had specific perceptions and experiences with merit pay. However, when these experiences were correlated with participants who had negative experiences of merit pay, these participants perceived the following: (a) merit pay as a tool that incorrectly rewards underperforming employees, and (b) merit pay as an ineffective means of evaluating employee performance. Some participants had strong objections to the performance evaluation method used to determine if employee performance warranted a merit pay increase. These participants also argued that the merit pay system was not clearly defined and did not objectively measure employee performance. When employees perform their jobs well, participants indicated that positive performance warranted merit pay. However, when merit pay is not given, all of the participants indicated they take pride in their work and their work performance is not compromised. Several of the participants indicated that if their job performance is not up par, the agency can take action that will eventually result in someone else being hired who can perform the job well. The first theme spoke directly to the research questions by addressing the different characterizations that employees had as a result of their different perceptions and experiences with merit pay. However, one implication of the present study is the suggestion that merit pay, which is a system of compensation based on performance, can improve performance in some cases, but simple

recognition can improve performance in others. The study also suggests that employees are not really motivated by merit pay. Some participants viewed merit pay as a cause for unprofessional competition among state workers seeking personal gain instead of improving the organization as a whole. Appreciation, acknowledgement, and recognition of employees' performance and efforts were described as essential to employee motivation and satisfaction. A major concern for participants was the lack of recognition by management for not acknowledging their performance in the absence of merit pay. The findings indicated that 90% of participants believed that recognition contributed to motivation instead of merit pay. However, 10% believed a lack of recognition did not contribute to their motivation.

Theme 2. Compensation

The theme of compensation revealed how state employees perceived merit pay as a form of motivation that may impact compensation. Participants suggested that the perceptions of merit pay differ among various levels and positions, that benefits and rewards can be expected when there is an appropriate compensation policy but is not the absolute requirement in the agency, and that merit pay is a measure of employee's performance. Rank and file employees indicated that compensation was an important element of motivation, yet others preferred nonfinancial motivators. Other employees viewed merit pay as a system that guides leaders in rewarding employees with the benefits that are enticing for those who perform better than others. Those who did not perform well felt that the method used to determine who receives merit pay does not provide enough time to properly observe and evaluate workers thoroughly enough to

make a decision that will ultimately impact their level of compensation. They also feel that the measurement tool used to assess work performance has not been proven to fairly evaluate performance effectively. Some of the participants felt that criteria and categories used to measure performance were outdated and redundant. They would like to see the measurement tool updated to measure performance based on today's technology, as many of them have the opportunity to work from home. Other participants did not perceive merit pay as a system that rewards monetary compensation. These participants felt that the merit pay system sometimes can be politically unfair. P12 noted that managers in some cases will award a merit pay increase to a low performing employee at the request of an elected official to whom the employee is related. When asked about the views on merit pay, P1 said that it is a tool that should be used with great caution. Some participants viewed merit pay as a tool that allows leaders to reward employees with a pay increase for those employees who perform better than others. Other participants did not feel the same way as they felt the merit pay evaluations process was just a function of management. For some organizations, performance evaluation is used to determine and award benefits for excellent performance in required job responsibilities (Azzone & Palermo, 2011). Although the present study affirmed that a reward system motivates employees' productivity, it should be noted that organizational managers may need to formalize performance objectives in relation to the reward system (Azzone & Palermo, 2011).

The differing employee perceptions identified in theme #2 suggested that every measure of performance has a reciprocal leadership decision. The present study shows

that the expectations of all employees as they pertain to merit pay are in continual struggle that is deeply rooted in the different perceptions and experiences of employees and employers. In this study, the participants felt that merit pay could lead to a cost of living increase, improved morale, or even a promotion, meaning that perceptions pertaining to the possible effects were dependent on how the participants viewed the purpose and concept of merit pay. For instance, an employee who views merit pay positively may feel it promotes healthy competition among employees by encouraging everyone to work hard to achieve high levels of performance. However, employees who perceive merit pay negatively may feel that it is unfair because no matter how hard they work at their jobs they may not earn any type of incentive. Perceptual differences concerning merit pay could also be linked to the degree of the employee's psychological and emotional maturity. According to Vroom's (1964) expectancy theory, individuals develop cognitive expectancies concerning the outcomes they desire and behave in a manner that will lead to their preferred outcomes, based on their personal motivations and abilities. The theory indicates that the effort put forth does not directly associate with performance. Instead, performance is determined by employee perceptions, characteristics, and abilities. Porter and Lawler (1968) indicated that cognitive behavior is a choice and that an individual chooses one behavior from multiple behavioral options.

Theme 3. Motivation

Participants detailed characteristics specifying the loss of intrinsic motivation to perform their work due to other factors besides merit pay. Vroom (1964) defined motivation as a process governing choices made by persons. The feeling of making a

difference or significant contribution motivates many state employees. When asked whether merit pay influenced how they performed their job, all of the participants responded that merit pay did not drive their performance. Participants detailed being motivated simply by having appreciation conveyed to employees for good performance. The skill to perform a particular job is an important factor in employee motivation. Some participants cited factors such as having realistic expectations and manageable workloads while others mentioned employee morale and a supportive work environment. In addition to recognition and acknowledgement, numerous aspects of how employees perceive they are treated at work contribute to performance and motivation. Providing a positive, supportive work environment for employees and treating them respectfully were all specified as critical to performance and motivation. Merit pay was not suggested as one of the most important factors driving performance. Given the budget deficits the state faced, all of the participants acknowledged their situation could be worse and were grateful to have jobs versus being laid off. Even though merit pay was considered significant in providing for their families and the ability to live comfortably, its impact on motivation to perform well was perceived as moderate. All of the participants indicated their personal drive to complete assigned tasks and their ability to achieve personal goals were the most important factors driving their performance. Many participants indicated that this personal drive is what motivates them to perform rather than merit pay. Several participants expressed possessing a strong work ethic that directed their behavior to perform well to represent their culture, family, or profession. P10 stated, "I come from how my parents raised me, because they encouraged us to do our best, and that's a

tremendous motivator for my work performance.” Participants indicated that they were motivated to perform well based on the internal rewards obtained for performing the work function itself. Vroom (1964) found that workers performed most effectively when performance was a means of attaining goals that were extrinsic to the content of their work. However, Vroom also established that some employee performance was not linked to an external motivator; rather, motivation came from within the employee.

Consequently, both external and internal motivators had substantial influence on performance. Implementing obtainable and rewarding goals provides employees with a feeling of worth and the motivation needed to perform. The motivational theories of equity and expectancy provide the framework through which employees view their work performance and reward. According to Liccone (2007), expectancy and equity are essential characteristics of employees’ commitment to organizational goals and objectives.

Theme 4. Job Satisfaction

Employee’s level of job satisfaction is an important factor in the success of work performance. Maintaining the appropriate organizational culture is essential in promoting employee job satisfaction. Employees are satisfied when management provides clarity and feedback on work performance achievements. Vroom (1964) stated that most people usually associate satisfaction with job performance. Participants indicated that managers are also responsible for maintaining a positive work culture where employees are recognized for their work performance. Also, they are expected to inspire and communicate with employees to increase their level of work performance in a highly

productive work environment. Rank and file participants also noted that managers are also expected to establish positive relationships and provide feedback with employees. Improvement in the management/employee relationship was cited by 40% of the participants as the factor that needed some improvement. Participants indicated a need for managers to be more communicative and accessible to their request and supportive of their work performance. Fifty percent of the participants also emphasized the relevance of treating employees with respect for them as human beings and individuals especially when it may seem like personal issues affected work performance. Others indicated that a concern with not being recognized for performing well contributed to low employee morale. Conversely, the cohesive relationship between employers and employees will lead to job satisfaction and high levels of work performance. However, merit pay was significant with job satisfaction. Based on the results, it revealed that merit pay is a contributor of job satisfaction. Job dissatisfaction or satisfaction determines employee's levels of work performance. Herzberg's (1959) two-factor theory explored the factors that contribute to job satisfaction and job satisfaction. Some participants indicated that compensation does play a minimal role in their job satisfaction, while other participants noted that recognition and appreciation are important elements to job satisfaction. Participants did not explicitly mention merit pay; rather, they expressed a desire to feel like their work performance is recognized and contributed to the organization. While compensation is important, having a feeling of support, friendliness, and camaraderie among coworkers contributes to their sense of job satisfaction. When employees are satisfied with rewards such as merit pay and recognition, then positive behaviors and

attitudes are displayed through high levels of work performance. These positive behaviors consists of; positive can-do attitudes, being courteous and friendly, meets deadlines and takes responsibility for any errors. When employees are not satisfied with rewards, then negative behaviors and attitudes are displayed through low work performance. These negative behaviors consists of; negativity, unexcused absences, failure to complete work/assignments, disrespectful or abusive behavior, uncooperative/domineering behavior and failure to give best effort all of the time.

Theme 5. Performance

The majority of participants confirmed they received merit pay as a function of performance dependent on pre-established goals and objectives. The participants who did not find motivation in extrinsic rewards insisted they found motivation in a personal, moral inclination to perform. Vroom (1964) stated workers performed most effectively when performance was a means of attaining goals that were extrinsic to the content of their work. Vroom also established that some performance in workers wasn't connected to an external motivator; rather, internal motivation originated from within the worker. In this type of situation, performance was not the end result but the fundamental outcome. Consequently, both intrinsic and extrinsic motivators are important causations of performance. In this study, participants identified both intrinsic and extrinsic motivators that affected their work performance. The participants' experiences support the assumption that a relationship between performance and incentives. The participants characterized performance as the achievement of pre-established objectives and goals under existing circumstances. Performance that is intrinsically motivated can be defined

as work that is performed for its own sake and not for the achievement of externally applied monetary or social rewards (Pinder, 2008). Participants identified two ideals they felt intrinsically motivated to perform their work: a need for achievement and a strong work ethic. Several of the participants voiced that coming from working class families that valued a strong work ethic was a trait passed along from their parents. The participants indicated they were highly motivated to perform well due to the internal rewards they received for performing their job. Along with a strong work ethic, some of the participants noted they drew motivation due to a need for achievement. Vroom (1964) proposed that, under certain conditions, effective performance may be its own reward. Some participants noted an internal motivation to achieve any task and that they appreciated work tasks that challenged them to do their best. Porter & Lawler (1968), suggested that extrinsic motivation is emulated by efforts to obtain an externally applied reward to outcome. Participants identified three external motivators that influenced their performance: recognition, opportunities for advancement and professional development, and compensation. All of the participants indicated that recognition is an important result that motivated them to perform well. Participants indicated they enjoyed receiving informal and formal forms of recognition. Some participants indicated they are motivated to perform well and appreciated being publicly recognized for the contributions and efforts. Several participants indicated the importance of professional development and advancement as a motivator to perform well in the absence of merit pay. The opportunity for career advancement in the organization and to enhance skills was viewed as a valued outcome that participants felt was worthy of exerting the extra effort to perform their job

well. Participants seeking career advancement such as a promotion indicated that this was a key motivating factor for them perform well. The participants justified the intent of merit pay but identified weaknesses in the rewards and recognition process. Participants repeatedly expressed a lack of recognition for their contributions and work efforts. They felt they were not being recognized for their work efforts and perceived that their work was undervalued by management. The review of literature concerning merit pay helped in a determination of the association between performance and extrinsic rewards. The expectations of merit pay and the future opportunity for promotion will positively influence employee's work performance and attitudes.

Theme 6. Workplace Environment

The success of performance depends on managers' understanding of the need for a positive workplace environment contributing to state employee work performance. The results of the current study revealed that a relationship exists between performance and work environment. The type work and the work environment contribute to an employee's level of work performance. Some participants believed employees did not receive suitable rewards for their individual work performance, but others believed the work environment was an important motivational tool to increase performance. Participants believed that a positive work environment is very important in maintaining and achieving any level of work performance. The study revealed that the participants felt there is a need for a fun workplace environment that promotes teamwork and open communication which influences performance. Participants stressed the need for a workplace environment where employees are friendly and supportive of each other to perform their

tasks well. Managers have the most responsibility to ensure a positive work environment to the extent where they encourage and provide recognition to employees their work performance efforts. An effective workplace environment depends on whether employees understand what to expect in their daily work routine and specifically how policies and rules governing merit pay are communicated.

Recommendations

There are various significant intrinsic factors that influence employee performance. While merit pay is a desired extrinsic factor, recognition is an essential intrinsic factors that employees desire more. The findings from this study could help organizations and policymakers implement strategic recognition strategies that can be used as another option to reward employees for their performance. Lack of adequate understanding of intrinsic recognition strategies perceptions could affect employees' performance and the overall productivity of the agency if not appropriately addressed. The State's Civil Office the agency that promulgates pay rules can play a major role in ensuring that policymakers achieve this level of understanding, it is recommended that they should undergo professional development trainings particularly in employee performance, organizational morale and the state's merit pay program. It is very important for organizations to understand how to develop nonmonetary recognition strategies and how they are communicated. I recommend that organizations use these findings to assist in the development and implementation of recognition strategies. Creating a positive work environment can increase employee motivation and

performance. These recommendations would require provision of programs and policies that support the positive effect of recognition and merit pay.

While policies are enacted at the executive and legislative branches of state government, agency leadership directly implements these policies with the rank and file employees. Based on these needs, agency leaders may need to align personnel's expectations on merit pay, attend professional development trainings pertaining to human resources, employee relations, and trainings on the state's merit pay program with state civil service. Furthermore, the findings of this current study suggested the implementation of initiatives that give employees the recognition and reward they deserve to retain those employees who are committed to the organization. Participants recommended several recognition and reward strategies such as monthly drawings, luncheons, gift certificates or plaques recognizing an employee for good performance. When utilized in the absence of merit pay, organizations are able to improve retention thus decreasing recruiting cost and turnover and increasing performance. Developing a positive culture focused on recognition may seem difficult and take time to implement, it will represent growth and tangible benefits for the organization and its employees. Employee recognition and reward programs are important methods of motivating employees to adjust key work behaviors and practices to ensure the successfulness of the organization.

Further qualitative study on the perceptions of merit pay is needed because workers and organizational leaders deserve to know more about the importance of nonmonetary forms of employee recognition. Future studies may need to explore the

advantages of state officials and policymakers implementing merit pay systems in the context of its states own unique organizational culture and structure and budget constraints. The results of current study may be further supported by conducting a quantitative study that determines the effects of merit pay and level of motivations of employees. Employees may benefit from this study through an analysis of strategies that may assist management in improving employee intrinsic recognition methods.

Implications

The findings of this study are significant because they provide practical support to earlier motivational research by Vroom and affirms the importance that a meaningful merit pay system will have a significant effect on work performance, motivation and job satisfaction. That has been validated by Lawler (1981). This study distinctly supported the theory that intrinsic rewards can improve work performance. Vroom's (1964) theory of work motivation provides insight on how the concepts of valence, instrumentality, and expectancy may influence and employee's intentions to act in a certain way. Various implications can be derived from Vroom's theory that can assist leaders who are making an attempt to motivate employee performance.

Expectancy is the belief that one's effort will lead to performance (Vroom, 1964). In order for effort to advance to performance, employees must feel that they have the necessary abilities and skills to expend effort that will result in high levels of performance. Instrumentality is asserted on the belief that exceptional performance will result in desired outcomes (Vroom, 1964). Limitations of possible intrinsic rewards can influence an employee's ability to perform well. Participants acknowledged that their

work performance led to results they desired. All of the participants disclosed enjoyment in earning recognition from management for performance at high levels. Vroom (1964) described valence as the perceptual introduction towards a specific outcome. People apply value to certain results over others. Additionally, the valence assigned by a person to a specific outcome may be revised over time. It is necessary for leaders to recognize and comprehend what outcomes are enjoyed by employees that motivate them to perform well. Mills (2000) noted that a failure to take critical motivating factors into account can lead to diminished work quality.

This study examined how state employees perceived merit pay and its influence on their work performance. The notion is that if employees think that they are being rewarded and recognized for the work performance and the under-performing employees are not being rewarded commensurately for their lesser contributions to the organizations, then job performance will increase because of intrinsic rewards. As a result, when employees can see merit to their work performance not receiving merit pay will have a no impact. An area that this study did not test was the difference between goal setting at the agency and individual level. The study focused more on individual perceptions. The effects of a well-organized goal will certainly impact the employee's job satisfaction which was a theme that emerged from the participant interviews. Possibly this could be the limiting factor in the current study.

The findings of this study definitely indicate that job satisfaction is considerably related to work performance. Policy decisions can have a profound impact on state employee morale and well-being and not necessarily work performance. State officials

must identify and implement policies that counter the negative consequences stemming from policy decisions that are perceived as unfavorable to personnel. The findings from this study can help state officials understand that while merit pay does not influence work performance, it does however affect employee morale and trust.

This study validates that organizational management theory (Taylor, 1911), concentrating on merit pay, is valid in the public government sector. There is a vast theoretical literature base on how organizations develop strategies to motivate employees to work in the interest of the agency. Vroom (1964) defined motivation as “a process governing choices made by people among alternative forms of voluntary study (p.6).” In order to motivate employees, managers need to identify strategies to assess employee performance in a way that is perceived fair. The concept of merit pay focuses on extrinsic rewards for employee performance. This study has shown Vroom’s research on motivation to be confirmed.

Implications for Social Change

The participants in this study provided an endless range of perceptions as it relates to merit pay and its influence on performance. Despite these different perceptions, state employees were able to share their perceptions in regards to the states merit pay program. These findings are important because they acknowledge how state employees perceive merit pay. State government agencies provide an array of services to its population. Building and maintaining infrastructure, policy development and implementation, the regulation of services, and disaster response are but a few of the services provided by the performance of state employees. These services are essential to the operations of the

state. Improving the services provided by state agencies contribute to social change. The implication for positive social change emerging from this research consist of state policymakers knowing state employees' point of view on merit pay when determining budget reductions to address deficits. Providing this research to state officials and policymakers can promote cooperative relationships with state employees in creating a merit pay program that has nonmonetary rewards as well as monetary rewards. The advancing movement would be social change within the state and employee buy in, leading to improved performance and morale. Employees must see a positive connection between exceptional performance and desired rewards. All of the participants agreed that intrinsic recognition by management is a valued outcome that emerged from their performance.

Leadership must take advantage of every opportunity to intrinsically make employees feel appreciated for their work performance efforts. Highlighting employees throughout the organization and on its website can be a great reward them for their performance efforts. Recognition from management for high performance can be just as effective as merit pay. Numerous participants indicated that a handwritten note or email will have a positive influence on their motivation to perform at high levels. One participant noted, verbal or written recognition for efforts exhausted on work task will motivate employees to increase the effort exhausted on the work task, which in turn will result in increased performance. Employees need to feel like their work is valued and that it is appreciated. Recognition methods can assist in acknowledging employees for their performance, effort and commitment.

Conclusion

I explored the perceptions of state employees. The main research question explored in this study was: How do state employees perceive cuts to merit pay influence their work performance. This study examined this research question and found in the theoretical framework that merit pay has minimal influence on work performance. The study concluded that intrinsic rewards, recognition and extrinsic rewards in that order to a limited extent regulated work performance. It can be concluded that employees of the Louisiana State agency studied are committed to their organization and are likely to better perform their job if the quality of intrinsic rewards received are commensurate and measurable with their achievements. These findings are in line with the literature and theory discussed in the study. Based on the research results, there is conclusive evidence that merit pay had a minimal impact on state employee work performance. The theories and literature on motivation provided a solid framework for understanding how merit pay, extrinsic and intrinsic rewards relate to individual work performance. This finding is important because it indicates that policymakers must pay attention because their decisions help shape employee work performance. Determining the right combination of intrinsic and extrinsic rewards and their correlation to work performance may be a challenge and an area for research in the future. An investigation of the research question yielded six themes. Data was collected through face-to-face interviews with participants of a state agency located in Louisiana. I analyzed the data using notes obtained during the interviews, audio-recorded interviews transcribed into text, and observations made of

each participant. Emerging themes discovered during analysis were validated with the assistance of NVivo10 software.

During the data collection process, I observed the participant's non-verbal language and behaviors, extensive notes, and recorded all participant interviews. Themes that contribute to the literature on merit pay and performance emerged as a result of the interviews. Theme 1 suggests the fundamental descriptors that the participants have noted the need for recognition in lieu of merit pay while the second theme articulated the perceived compensational rewards of merit pay. Theme 3 provided detailed information on perceived merit pay influence on motivation.

Finally, what is important is the addition and expansion to the body of knowledge on merit pay. This study attempted to provide an understanding of employees' perception on merit pay and it influenced work performance based on motivational theories mentioned in the study. This particular study has generated as many questions as it has set out to answer and is an area that needs ongoing work to acknowledge the concerns that have not been acknowledged by the literature.

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Appendix A: Interview Introduction Script

To the participant: My name is Michael McKnight and I am a PhD student at Walden University. I am conducting a research study on how state employees perceive cuts to merit pay affects their work performance at the Louisiana Department of Wildlife and Fisheries for my degree program. Therefore, I ask you to participate in the following interview process for my research study. This interview process will take approximately 60 minutes of your time. Before you take part in this interview, please complete the personal data questionnaire below to the best of your knowledge. All of the information provided in this personal data questionnaire is confidential and will only be used for the proposed study.

Demographic Questionnaire

Date: _____

Location: _____

Name of Interviewer: Michael McKnight

Name of Interviewee: _____

Job Title: _____

Years of State Service: _____

Section: _____

Education level: _____

Appendix B: Signed Letter of Cooperation

[Redacted]

07 July 2015

Dear Michael,

Based on my review of your proposal, I give permission for you to conduct the case study entitled How Do State Employee's Perceive Cuts to Merit Pay Affect their Work Performance. As part of this study, I authorize you to invite members of my organization to participate in the study as interview subjects. Individuals' participation will be voluntary and at their own discretion.

We understand that our organization's responsibilities include: providing a room to conduct 12-15 interviews. We reserve the right to withdraw from the study at any time if our circumstances change.

I confirm that I am authorized to approve research in this setting and that this plan complies with the organization's policies.

I understand that the data collected will remain entirely confidential and may not be provided to anyone outside of the research team without permission from the Walden University Institutional Review Board.

Sincerely,

[Redacted]

Date

Appendix C: Interview Questions

Aims:

1. Establish rapport with interviewee
2. Keep interviews between 30 and 60 minutes
3. Ask probing questions when warranted, use “how did you feel when that happened?” or “could you tell me a little bit more about that?” when necessary

Introduction:

1. Introduction to the participant
2. Purpose of study
3. Review of confidentiality agreement and signature of IRB form

Date:

Time:

Location:

Interviewee #:

1. Have you been pressured in any way to participate in this study?
2. Please describe your job.
3. What are your perceptions of the state’s merit pay program?
4. What was your reaction when merit pay was cut to address budget deficits?
5. Do you value merit pay? Why or why not?
6. Describe the ways in which merit pay is important to you?
7. In what ways has not receiving a merit pay increase affected you?
8. What aspects of merit pay do you find most useful? Why?
9. What aspects of merit pay do you find least useful? Why?
10. How does the presence of merit pay affect your work performance?
11. How does the absence of merit pay affect your work performance?
12. In what ways do you believe merit pay influences work performance?
13. How is your work performance influenced by merit pay?
14. What motivates you to perform in your job?
15. Of these factors that motivate you to perform, are there any in particular that cause you perform at higher levels than others?
16. When you perform your job well do you believe you are “rewarded” for your effort?
17. How do these “rewards” impact your motivation?
18. As you have progressed in your career, do you perceive any change in what motivates you to perform in your job? Explain.

Notes:

Describe setting	Note body language
Note non-verbal communication	Other
Other	Other
Other	Other

Appendix D: Confidentiality Agreement

CONFIDENTIALITY AGREEMENT

Name of Signer:

During the process of collecting data for this research study, I will have access to information which is confidential and should not be disclosed. I acknowledge that the information must remain confidential, and that improper disclosure of confidential information can be damaging to the participant.

By signing this Confidentiality Agreement I acknowledge and agree that:

1. I will not disclose or discuss any confidential information with others, including family or friends.
2. I will not in any way divulge, copy, release, sell, loan, alter or destroy any confidential information except as properly authorized.
3. I will not discuss confidential information where others can overhear the conversation. I understand that it is not acceptable to discuss confidential information even if the participants name is not used.
4. I will not make any unauthorized transmissions, inquires, modification or purging of confidential information.
5. I agree that my obligations under this agreement will continue after termination of the research that I will perform.
6. I understand that violation of this agreement will have legal implications.

Signing this document, I acknowledge that I have read the agreement and I agree to comply with all of the terms and conditions stated above.

Signature:**Date:**

Appendix E: Recruitment E-mail

RECRUITMENT E-MAIL

Dear <Participant Name>,

I am inviting you to participate in dissertation research study through the School of Public Policy and Administration at Walden University to determine how state employees perceive cuts to merit pay that may affect their work performance. Findings from this study should provide more specific understanding of the relationship between merit pay and its effect on work performance. Your experience and insight will be invaluable to other state employees in Louisiana as well as contribute to an area previously underexplored in the literature.

Your participation signifies your consent to be a part of this study; you will incur no repercussion if you choose to withdraw from the study. There are no known risks to you as all information will be coded for confidentiality and accessible only to the primary researcher. In reporting the data, your identity and institution will not be published.

I understand that the professional demands of your job are great. Therefore, I am asking that you give approximately 30-60 minutes of your time for an in-depth, personal, interview scheduled at the most convenient time for you. A 30-minute follow-up phone interview may also be necessary. In order to ensure your responses are preserved for proper analysis, I would like to audio record each interview.

Attached to this email is the Informed Consent Form for your review. If you want to participate in my research project, please either sign the form, or send me a return e-mail indicating, "I will participate". Once this is done, I will send a second e-mail to you to schedule the interview and answer any questions you may have. My contact information is mmcknight11@gmail.com and my phone number is 225-802-9620.

Thanks again, and I welcome you to the research project.

Sincerely,

Michael McKnight

Walden University Doctoral Candidate

Appendix F: Follow-up E-mail

FOLLOW-UP E-MAIL

Dear <Participant Name>,

Thanks again for participating in my study. The interview process will begin on August 10, 2015 and end on August 24, 2015. Let me know what times are best for us to talk for approximately 60-90 minutes. Please let me know what times are best for us to talk for approximately 60-90 minutes. I will be conducting interviews from 7:30 a.m. CST to 9:00 p.m. CST Monday through Saturday at your convenience. The interviews will take place in a designated office on the 4th floor of the Department of Wildlife and Fisheries headquarters building located at 2000 Quail Dr. Baton Rouge, Louisiana 70898. A secondary location has been reserved in an office located in the Education building at the rear of the complex.

The interview format is an open-ended question semi-structured process. The semi-structured process means that I will have a set of questions that I will ask all participants. The open-ended part of the interview will allow me to ask leading questions to extract additional information pertinent to the research question. The questions are structured, but your responses are like story telling/discussions of your lived experiences that have you grown with throughout your career. I will be integrating other validation questions or statements into the Q & A, called member checking, which is where will reiterate, or summarize your answers and relate them to the topic to validate your perceptions and experiences.

Following the interview, I will transcribe the interview and send it to you to verify/validate. You have the option to make changes to the transcription prior to starting my analysis. When you are done checking the document, please return it back to me attached to an email and please indicate, "I concur". After the doctoral study is published, I will send you a personal executive summary of the dissertation for participating in my research project.

If you have any additional questions, please let me know and I will be happy to answer them for you. My contact information is mmcknight11@gmail.com and my phone number is 225-802-9620.

Thanks again, and I welcome you the research project.

Sincerely,

Michael McKnight

Walden University Doctoral Candidate

Appendix G: Certificate of Completion

