

# THE RIGHT TOOL FOR THE JOB:

Improving construction  
projects using rewards and  
incentives



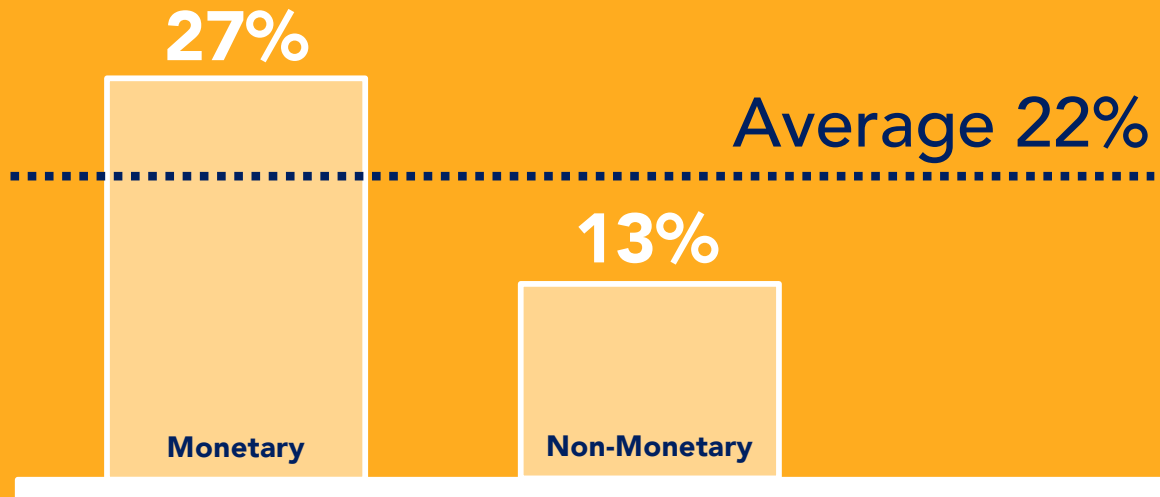
## INTRODUCTION

The construction industry is a complex and demanding field, where the successful completion of projects depends on several factors, the majority of which involve people. People typically make up 20-40% of direct project costs<sup>1</sup>. And remaining costs can be reduced or inflated by people's behaviors, such as performing high quality work, reducing safety incidents, and completing tasks on time.

In such an environment, motivation and performance play pivotal roles. Incentives and rewards have emerged as powerful tools for promoting high performance on construction sites. However, to harness their full potential, it is essential to understand the differences between incentives and recognition, and to design well-crafted programs that resonate with the workforce. A screwdriver and a hammer could both be used to drive a nail into a piece of wood, but one will be much more effective. In the same way, incentives and recognition are two powerful tools that should be used to drive different kinds of behaviors.



### Meta-Analysis of Performance Change with Incentives



**Incentives increase performance by 22% on average, with cash incentives outperforming non-cash incentives.**



## **INCENTIVES. DO THIS, GET THAT.**

Incentives are proactive motivators that encourage individuals to put in extra effort or to meet specific performance targets by promising a tangible reward. They are often based on a "carrot and stick" approach or a "do this, get that" model. Construction workers might be offered cash bonuses, additional time off, or promotions if they achieve certain goals.

Incentives have a clear and immediate focus on achieving specific behavior-based outcomes. They provide a direct correlation between effort and reward, making them particularly effective in driving attention and effort towards particular behavior, and usually for a limited time.

A meta-analysis of 64 different studies on incentives found that **incentives increased performance by 22% on average<sup>2</sup>**, with cash incentives the most impactful. The focus of incentives is most often to increase individual productivity, though incentives can be used to improve task quality, innovation, or teamwork.



## **AFTER-THE-FACT-RECOGNITION.**

Recognition provides a reward after an individual or team has demonstrated outstanding performance. Recognition is not offered with “if/then” agreements where the reward is contingent on behavior or performance. Rather, it uses tokens of appreciation to acknowledge the efforts already exerted. The goal of recognition is to make employees feel seen and appreciated.

Recognition has a longer-term impact on broader success metrics such as employee productivity, satisfaction, and retention. As an example, imagine a colleague voluntarily works over the weekend to create a presentation for a client. It would be socially unusual - if not inappropriate - to suggest that if she works over the weekend, she will receive money for a nice dinner the following week. However, after she has voluntarily done so, it is socially appropriate (and good business practice) to send her a personal thank you note that highlights the impact her presentation had on the client, and to offer a “dinner on me” (worth \$100) as a thank you.

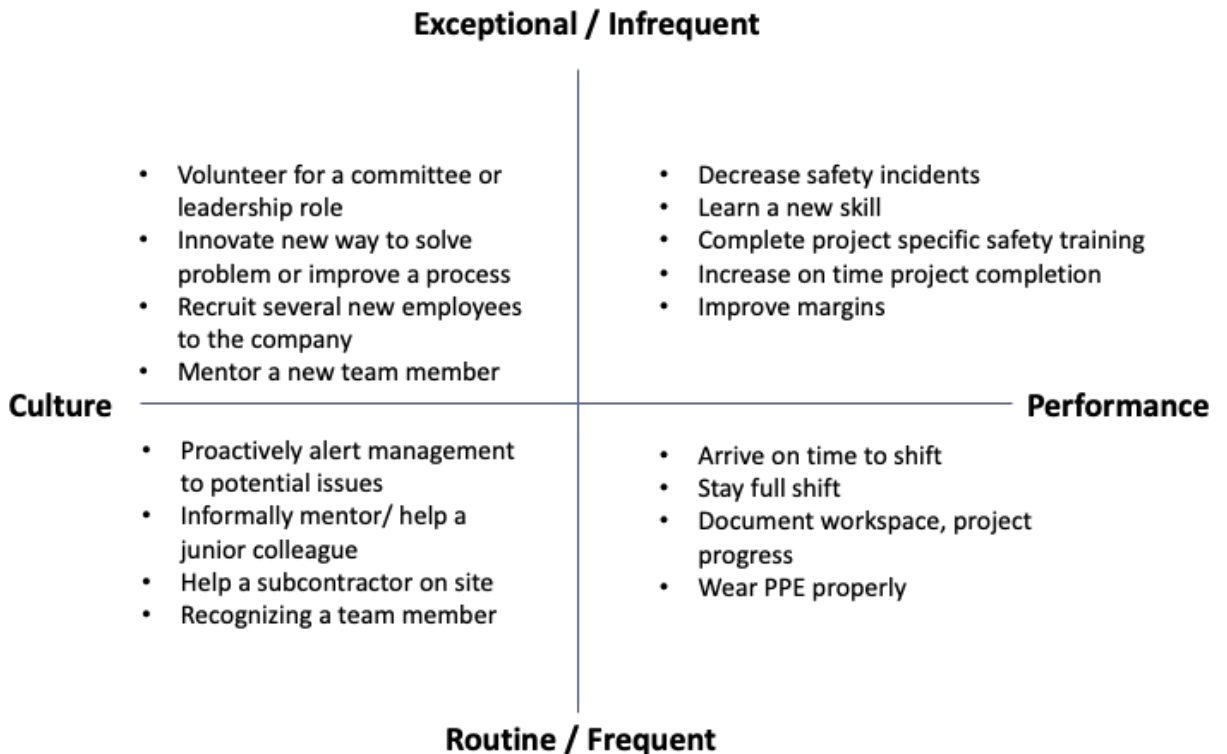




The type of program developed (incentive vs. recognition) will be driven by the nature of the behaviors desired. Both incentives and recognitions have unique advantages, and the construction industry can benefit from incorporating elements of both into its workforce management strategies.

To identify which tool is most appropriate, construction managers should consider the behavior and outcomes they are looking to influence. The Whistle Behavior Influence Model (BIM) is helpful in considering behavior along two axes: culture vs performance and routine vs exceptional. Each resulting quadrant in the graph below shows representative activities.

## The Whistle Behavior Influence Model



Along the bottom half of the graphic, the BIM describes that some routine behaviors are more aligned to performance, such as consistently showing up on time. Other routine behaviors are more aligned with company culture, such as informally mentoring a new colleague.

The top half of the graphic highlights that exceptional behaviors can also serve performance purposes (e.g., improving on-time project completion) or culture (recruiting new employees to the company).

The nature of the behavior to be rewarded (culture vs performance - horizontal axis) implies whether recognition or incentives are more appropriate. The everyday vs exceptional nature of the task (vertical axis) implies whether the rewards should be small and frequent to nurture good habits or larger and less frequent to reinforce exceptional acts.

**Exceptional / Infrequent**

**Incentives**




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**Routine / Frequent**

**Rewards**



Incentives offer a direct and immediate connection between effort and reward, making them a powerful tool to drive high performance on construction sites.

## COMMON SCENARIOS IN THE CONSTRUCTION INDUSTRY WHERE INCENTIVES CAN HAVE AN IMPACT:



**Technology adoption:** craftworkers as well as managers in construction are often reluctant to adopt new technology. They routinely throw up barriers including resistance to downloading an app to a personal device, a lack of access via a userID or password, forgetfulness, lack of understanding, etc. An incentive can be the boost required to overcome the “barriers” of the new system . Once those barriers are removed, people are more likely to continue the behavior.







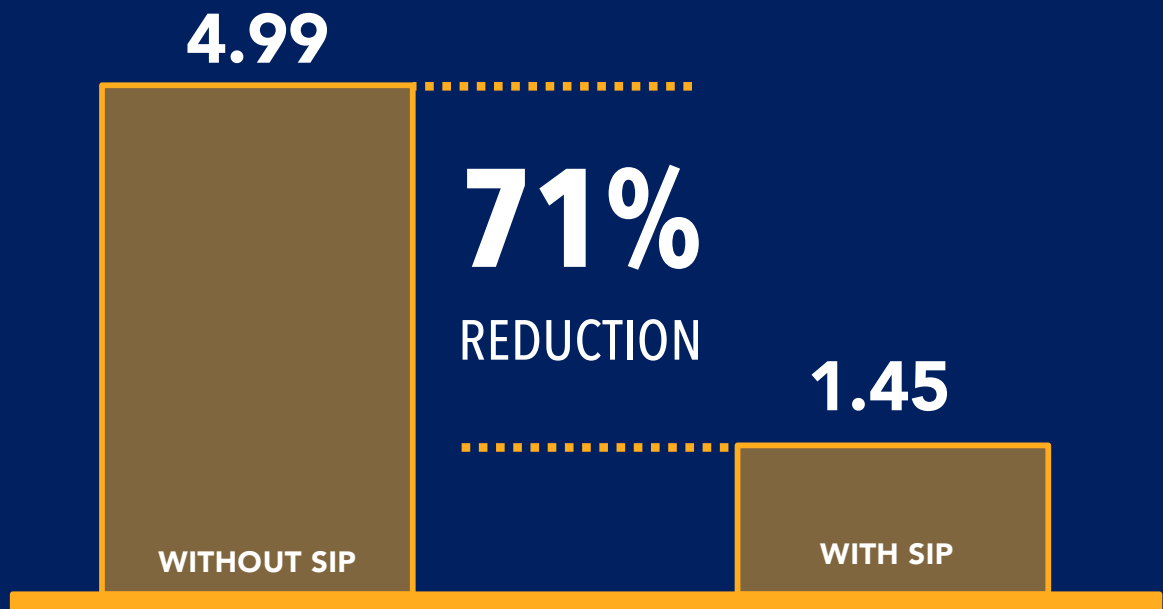
**Safety Improvements:** Safety is critical in construction. Incentives can be used to encourage workers to follow safety protocols. By offering rewards for maintaining a safe workplace, construction companies can significantly reduce accidents and injuries.

Detailed research by Paul Goodrum, who is both a PhD and PE in civil engineering and worked in heavy construction, pointed out several metrics of interest. For construction companies using Safety Incentive Programs (SIP) vs those not using a SIP:

- **71% reduction in lost-time workday incidents**
- **50% reduction in restricted workday incidents**



**LOST-TIME INCIDENTS WITH AND WITHOUT INCENTIVE PROGRAMS**



**Construction companies using Safety Incentive Programs saw a 71% reduction in lost-time workday incidents.**





**Routine Undervalued Tasks:** Incentives can be employed to increase completion of tasks that craftsmen often find unfulfilling. These tasks are typically undervalued because the perception is that the tasks are busywork with no real benefits, and failing to adhere to the strict policy has no real consequences.

Unfortunately, these behaviors do matter, or they would not be required. The benefits, however, are often experienced weeks or months later, and are not always directly visible to the employee, which reduces the intrinsic motivation to complete them. Some examples include completing a daily log, taking sufficient job site photos, performing quality checks, logging equipment incidents and material waste.

These tasks fail to resonate with craftworkers because they don't contribute to the work of constructing a structure. Incentives are powerful tools in this case because they not only provide the extrinsic motivation to get the tasks done, but they signal to employees that these behaviors do have real value to the company.



## THE POWER OF RECOGNITION IN CONSTRUCTION

Recognition, while not tied directly to specific performance metrics, can have a profound impact on construction projects as well. Recognitions are given after-the-fact, with no strings attached. They are an acknowledgement of exceptional work that supports colleagues, culture, quality of work, or other company values.

Unfortunately, it is impossible to document or capture in a training video all the ways a craftworker can be more earnest. There are innumerable scenarios where good judgment is needed. Rewards are an effective tool to recognize efforts that may not even be explicitly requested but are appreciated. A selection of examples follow:





**Showing good judgment:** There's a common adage that, "actions speak louder than words." Recognizing actions that weren't specifically requested, but were the right thing to do, is a powerful way to show employees that the company lives into its values with more than just words.



**Performing the extraordinary:** Unlike incentives, rewards are not bound by strict performance criteria. This makes them ideal for recognizing when an employee goes beyond the call of duty. It's always helpful when to do the right thing simply because it's the right thing. However, if this requires effort or psychological risk, and it's not recognized or appreciated, people will stop doing it. Recognition says, "we see you doing the right thing and we want you to keep doing it."



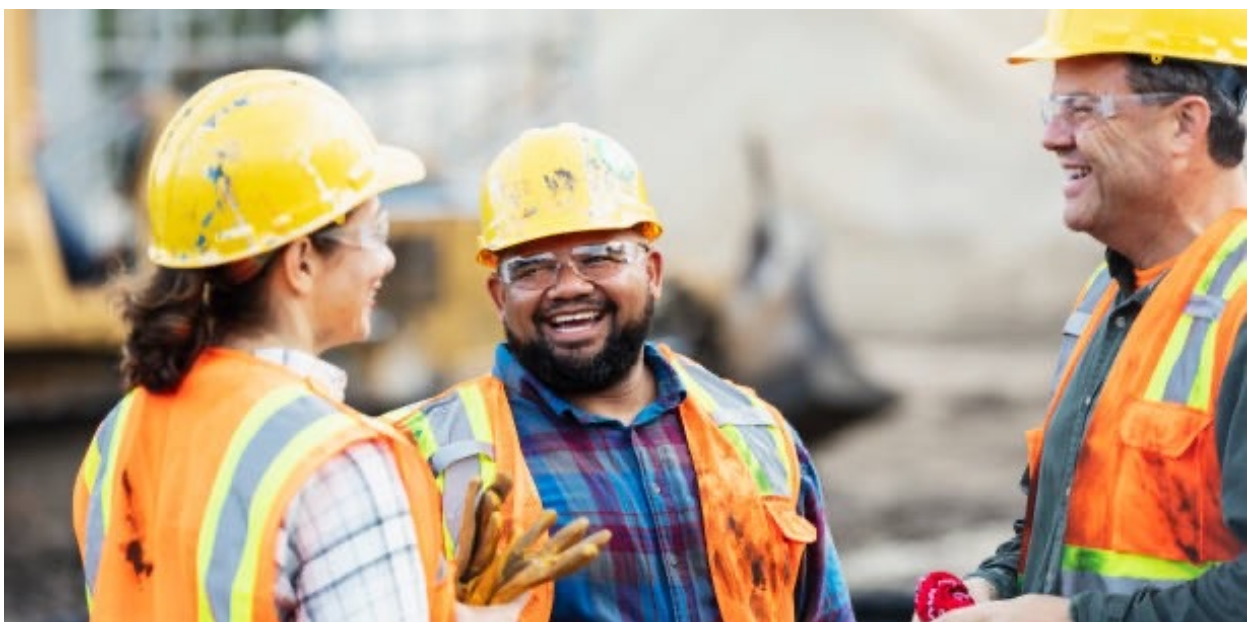


**Team Building:** Recognition programs can encourage teamwork and collaboration. By acknowledging not just individual performance but also team efforts, construction companies can promote a sense of unity and camaraderie on a project.

What is recognized matters, as well. For example, recognizing people who speak up when there is a problem (e.g., materials were not delivered on time, safety equipment is missing) sends a clear message that people should speak up. This creates psychological safety, which is a strong predictor of high performing teams.

Team building programs can include direct employees of the general contractor as well as all the subcontractors and other workers on a site.

Recognition serves as a form of positive reinforcement and acknowledgment. It motivates construction workers by highlighting their contributions, boosting morale, and creating a sense of accomplishment.



## DESIGNING EFFECTIVE INCENTIVE AND REWARD PROGRAMS: USING THE RIGHT TOOLS FOR THE JOB

To fully realize the potential of incentives and rewards in the construction industry, **programs must align with the goals of the organization and the needs of the project.** The nature of the behaviors or outcomes encouraged and rewarded will determine which tool (incentives or recognition) is right for which job. Craftspeople know that in addition to selecting the right tool, they also must know how to use it correctly. Here are some key principles for getting the most out of programs:



**1. Clear Objectives:** Clearly define the objectives of an incentive and/or reward program. Whether it's to improve safety, increase compliance, or enhance quality, ensure that the programs are designed to meet these goals. Many programs fail because the superintendent wanted action A (e.g., task quality), but created incentives for action B (e.g., task quantity).





**2. Transparency:** Transparency is critical when using incentives. Workers must have a complete understanding of the criteria for earning incentives. This prevents misunderstandings and ensures fairness.



**3. Flexibility:** As not all construction projects are the same, the same programs may not be appropriate for all projects. Tailor incentive and reward programs to the specific needs of each project. For example, increasing a focus on compliance incentives can be helpful when the project is on a tight timeline with little room for error.



**4. Regular Evaluation:** Continuously assess the effectiveness of programs. Regularly review outcome data and gather feedback to make necessary adjustments and improvements. For incentive programs, this may be as simple as reviewing task completion or number of safety incidents (quantitative performance data already available). However, often programs are designed to increase longer term outcomes such as retention. In such cases create leading indicator measures, such as employee satisfaction or platform usage.





**5. Combine Incentives and Recognition:** A combination of both incentives and recognition can be a potent strategy. Use incentives to drive specific performance improvements and recognition to maintain a motivated, engaged, and satisfied workforce over the long term.

Too much focus on incentives alone can make employees feel like they are only valued for their contribution to the bottom line. This creates a “me vs. them” mentality that increases the risk of attrition. A recognition program alone, without incentives, might send the message that performance improvement is not critical. The combination of the two allows a company to appreciate people for exceptional contributions while also supporting the company’s financial success.





In the construction industry, the right tool for the job isn't always a piece of equipment or technology—it can be the strategic use of incentives and rewards to get more value from the existing investments already being made. **Incentives drive specific performance improvements, while recognition fosters motivation and engagement over the long term.**

By understanding the distinctions between these two approaches and designing effective programs that align with the organization's goals and the needs of the workforce, **construction companies can enhance their projects, improve safety, and create a positive and productive workplace culture.** The combination of incentives and rewards is a powerful formula for success in the construction industry, where high performance is paramount.





## END NOTES

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## ABOUT THE AUTHORS



### Drew Carter

Chief Executive Officer, Whistle

Drew brings a combination of executive leadership, business strategy, technical software experience and data analytics to his work. He has worked in large and small corporations, worked in industry building software products enjoyed by millions and served as a consultant helping companies better compete in the digital age.

Drew@weWhistle.com



### Chris Dornfeld

President and Co-founder, Whistle

For over two decades Chris has built high performing organizations at the intersection of innovative technology and a people centric approach. With a background spanning start-up companies, global corporations, higher education and as the CIO for the City of St. Louis – Chris has a unique vantage point to understand how technology and culture shape our ever-changing work experience.

Chris@weWhistle.com



### Laurel Newman

Behavioral Science Advisor to Whistle

Laurel is a behavioral scientist who specializes in creating interventions that help companies to improve the experiences and change the behaviors of their customers and employees. Her experience as a Psychology Professor turned Applied Behavioral Scientist for a B2B company provides her unique insight into the variety of forces that impact people's thoughts, feelings, and behavior.

Laurel@weWhistle.com

## IMPROVE SAFETY, RETENTION AND PROCORE ADOPTION WITH WHISTLE REWARDS

You make a significant investment in Procore and often how people use Procore has a big impact on your bottom line. When people use Procore the right way, your project can be more profitable, your liability reduced, and more insights can be uncovered.



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