

The Effectiveness of Bonus Payment as a Financial Incentive for Top Management

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Abstract: - Employees are important for the company’s success. Top management not only performs functional duties, but also makes strategic and operational decisions. The aim of the study is to determine the impact of bonus payments as a means of material motivation on the top managers’ performance. The authors of this study surveyed 147 top managers of 70 Ukrainian IT product companies using a pre-developed questionnaire. The method of pairwise comparisons was used to establish the priority forms of motivating and demotivating factors. The impact of payment of material incentives in the form of bonuses to top managers on the achievement of such performance indicators as company profit, total revenue, ROI, performance indicators of individual departments and personal performance indicators of top managers was established and confirmed. There is a 96% correlation between the amount of additional bonus payments and the motivation of top managers. The reliability of the regression model of the impact of additional bonuses on the level of motivation of top managers is 92%. The results indicate the ability of company owners to influence the motivation of top managers through the introduction of bonus payments or increasing their size. A high level of efficiency of bonuses as financial incentives to motivate top managers to achieve the established KPIs has also been established and proven. The vast majority of top managers are willing to increase the number or value of already established KPIs to receive additional bonuses. The results of the study confirm the importance and effectiveness of financial incentives for top managers.

Key-Words: - Bonuses, material incentives, motivation, rewards, basic salary, additional salary.

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1 Introduction

In the current competitive environment, when innovative advantages are increasingly offset by the speed of technology transfer, the company’s employees are becoming increasingly important for its success. Top management is a separate category of employees, which not only performs functional duties, but also makes strategic and operational decisions on which the company’s performance depends. Business owners become dependent on the

decisions made by hired top managers. On the one hand, ineffective decisions can be avoided at the stage of selecting a candidate for the position of top manager, while on the other hand, even high competence and experience do not guarantee the effectiveness of decisions.

Like any employee, top managers must be motivated enough to work effectively. One of the tools of such motivation is financial incentives through the payment of bonuses or rewards for the

results of their work. An open question is what exactly the top manager receives a bonus for, and whether it is possible to manage financial incentives in a certain way to achieve the company's specific goals. Besides, top managers usually receive bonus payments not monthly, but quarterly or often based on the results of the year. Thus, the motivation of top managers should be long-term, and therefore significantly different from the motivation of ordinary employees, whose incentives are usually monthly.

The motivation and purpose of this work are to determine the influence of material payments in the form of wages and bonuses on the motivation and productivity of top managers. Unlike previous studies, in our study, we pay attention to the category of top management employees who perform non-routine work, on which the success of the company's activities and financial indicators depend to a large extent.

2 Literature Review

In existing studies, the issue of staff motivation is considered in different contexts. Part of the research deals with the classification of tools to increase motivation to work. The rest of the research examines the impact of financial and non-financial incentives on motivation. Many studies reveal the question of comparing tangible and intangible incentives to work. In our opinion, the effect of staff motivation, which is not considered at all in the analysed research, is ignored. Researching the remuneration of management, researchers in [1] note that the vast majority of companies focus on fair pay. At the same time, there is no notion of fairness in the personnel management policies of these companies. Only 25% of surveyed companies share their success with their employees in the form of additional bonuses or incentives for performance indicators. At the same time, the authors do not study the differences in the remuneration of ordinary managers and top managers, who usually have slightly different performance indicators and goals. According to the concept of fair pay, the category of top managers should receive greater compensation due to the higher level of responsibility. However, this aspect was not considered in the work of the authors.

In the study of modern methods of incentivising employees [2] it is noted that the system of material incentives needs to be modernized and developed. Such a system of motivation must be consistent and tied to the company's goals. The main task of material incentives is to encourage employees to

achieve better results [3]. A system of material incentives should be introduced on the basis of an analysis of the employees' needs. It is necessary to find out what forms of material incentives are desirable and to establish how they can be implemented in view of the company's goals [4, 5]. However, the author does not define the features of material motivation of top management, whose decisions determine the company's performance, and therefore the material incentives of whom should be built on a model different from other employees.

Examining the pay of top managers, the authors of [6] come to the conclusion that it is necessary to change the system of material incentives for this category of managers. The authors of the study note that the scope and results of the direct functional responsibilities of top management are not directly related to the company's results. At the same time, the material incentives of top managers depend on the company's performance. This is also evidenced by the results of other studies [7, 8]. There is a situation where top managers may not have a direct impact on the company, but top management will receive bonuses and incentives because other employees provide high performance. The results of this study urge the topic of our study, which focuses on identifying the consequences of material incentives for top management of companies.

In another study of the impact of material incentives on employee motivation [9], the authors conclude that material incentives not only affect the level of employee satisfaction with their wages and work, but also have a positive effect on their motivation. At the same time, the study does not consider different categories of employees and, accordingly, the impact of financial incentives on their motivation. We can assume that with an increase in wages, the effect of material incentives will decrease in accordance with the law of diminishing marginal utility. In this case, the category of top management needs research, which usually has a high level of remuneration, and therefore it is interesting to study the consequences of financial motivation of this category of employees.

In the study of the importance of the system of rewards [10] it is noted that the need to establish a system of incentives in companies. These systems should include both tangible and intangible incentives, and they should be implemented according to a clearly defined and developed strategy. At the same time, the author does not detail the categories of employees in relation to which it is necessary to apply certain incentives. Since top

management has such significant privileges, the effectiveness of intangible incentives for this group of employees can have an extremely low effect. Accordingly, it is necessary to investigate the possible potential consequences of material incentives for top management in order to determine the most effective incentivising methods.

In a study of the relationship between the motivation system and the company's performance [11], the authors argue that when the incentive to achieve the targets is distributed fairly, it helps to increase employee satisfaction. However, if the company has a system of comparing employees with each other, it leads to a deterioration of the microclimate in the team, which negatively affects the results of their work. Besides, employee satisfaction with material incentives encourages them to participate more actively in achieving performance targets. In general, such conclusions do not reveal the features of material incentives for top management and the consequences of such incentives for their further work.

Examining the system of motivation in global corporations, the team of authors in [12] noted that modern systems of motivation of top management include both objective and subjective components. The objective components of the motivation system include the results of the company, the implementation of plans, increasing the value of the company or its capitalization, and so on. Subjective components include taking into account the top manager's personal qualities, his emotional intelligence, ability to work effectively with subordinates, and so on. In this aspect, the system of motivation takes transformations and material bonuses can broadcast not only the importance of company development, but also the top manager's personal development. Besides, the motivation of other staff depends on the management's motivation, as [13] noted.

Studying the role of the motivation system to improve staff performance, [14] notes that the majority of motivation policies are biased in the way they motivate. It is necessary to develop such systems of motivation that would proportionally combine tangible and intangible incentives. It is also necessary to clearly establish the relationship between different incentive methods and performance targets. This will allow for a clearer and more predictable implementation of the incentive policy, and employees will clearly understand the conditions for receiving bonuses.

The team of authors [15] conclude that material incentives for employees are effective in the short term. In particular, the material incentive has a positive effect in the period in which it was paid, and in the period following the date of receipt of such incentive. So, a one-time financial incentive has a positive effect on the incentive for employees to do their job better. However, the study did not single out the categories of top management employees for whom a one-time motivation system is set individually depending on the contract terms.

Studying the impact of the reward system on employee engagement, [16] indicate that there is a low correlation between total pay and engagement. This conclusion indicates that what is important for employees is not the total remuneration, but its individual elements. Therefore, it is necessary to conduct a preliminary study of the validity of tangible and intangible incentives for employees and to form a system of motivation, taking into account the importance of certain rewards for individual employees.

Analysis of the literature has shown that in the vast majority of studies, top management is not considered as a separate specific category of employees. At the same time, the issue of the impact of material incentives, in particular one-time payments, on the performance of top managers remains unresolved. So, our study is timely and topical in this context.

The aim of the study is to determine the impact of bonus payments as a means of material motivation on the top managers' performance. The aim involved the following research objectives:

- study the level and structure of remuneration of top managers of Ukrainian IT companies;
- determine the level of job satisfaction and factors that motivate and demotivate top managers of Ukrainian IT companies;
- determine the list of resultant indicators of the companies' activity which can be influenced by top managers owing to the motivation or demotivation to receive bonus payments in addition to a salary.

3 Methodology

3.1 Research Design

The main stages of the study are schematically shown in Fig. 1.

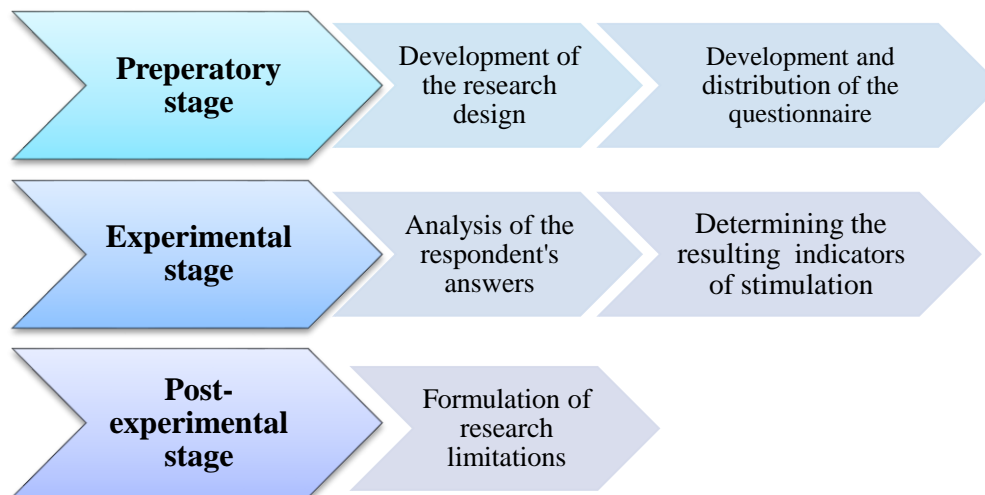


Fig. 1: Visualised research design
Source: Authors

The first stage of the study involves a review of current research and identification of unresolved issues. After that, we formulated the aim of the study and identified the objectives that need to be fulfilled to achieve it. Having developed the research design, we sent a questionnaire to top managers of Ukrainian IT companies with a request to fill it out.

The second stage of the study involved the analysis of the respondents' answers and the determination of resulting indicators of material incentives for top management of IT companies.

The third stage of the study provides for the formulation of research limitations and drawing conclusions. Besides, the prospects for further research will be identified at this stage.

3.2 Sample

The study is based on the analysis of the results of a survey of top managers of Ukrainian IT companies on the level and structure of remuneration, the factors that motivate and demotivate them in their work. Multi-stage stratified sampling based on company specialization was used to select IT companies, and 147 respondents from 70 IT product companies engaged in software development for different categories of consumers were selected for the sample. Of the approximately 4,000 IT companies in Ukraine with a 90% confidence interval and a 10% confidence interval, the required sample size is 67 companies.

However, for greater reliability, the number of companies was increased to 70 because top managers were the object of study. Instead, the position and scope of activities of top managers whose motivation is being studied are important. On this basis, the sample presents the following

categories of top management of Ukrainian IT companies: CEO (Chief Executive Officer) — 33 respondents, CTO (Chief Technical Officer) — 21 respondents, GPM (Chief Product Manager) — 5 respondents, COO (Chief Operating Officer) — 20 respondents, CFO (Chief Financial Manager) — respondents, HRD (HR Director) — respondents, CMO (Chief Marketing Officer) — 24 respondents.

3.3 Methods

The main methods used in the study are:

- survey;
- regression analysis;
- statistical analysis.

The methodological background of the study is a survey of 147 respondents through a questionnaire developed by the author. There were 10 questions in the questionnaire. The answers provided for the need to choose one answer from the proposed options (for example, for the form of remuneration), and the need for ranking. The question of the size of the basic salary and the size of bonuses provided a choice from the offered scale: up to \$2,000; \$2,001-3,250; \$3,251-5,000; \$5,001-6,000, more than \$6,001. The question of the size of the salary plus the bonus provided a choice from the proposed scale: up to \$2,000; \$2,001-5,000; \$5,001-6,250; \$6,251-10,000, more than \$10,001.

The answer options to the question about the factors of the greatest motivation and demotivation provided for the need to evaluate each of the proposed answer options in percent. It was necessary to distribute 100% between the answer options that best correspond to the respondent's opinion. The format of answering the question about the KPIs which are the ground for paying the bonus

and the readiness to reach the set KPIs and expand them was built in the same way. To process the survey results, the method of pairwise comparisons was used to establish the priority forms of motivating and demotivating factors.

When processing the responses, which provided the ability to choose several options, the weighted average values were used to calculate the proportion of each of the answer options. A graphical method was used to present the obtained results in a user-friendly form. The correlation method was used to determine the dependence of motivation on bonus payments. Regression analysis was used to determine the impact of salaries and bonuses on the level of top managers' motivation. For the purposes of the study, we consider the level of motivation of top managers of IT companies as a function of bonus payments. In turn, the level of motivation is assessed on a scale from 1 to 5, where 1 is the lowest level of motivation, and 5 is the highest. The survey results were processed and presented in

graphical form in Microsoft Excel using statistical data processing methods.

4 Results

One of the main and most effective means of ensuring the optimal use of company resources is staff motivation. The main task of the process of staff motivation is to obtain the highest possible return on the use of available human resources. This factor is designed to increase the company's overall profitability and efficiency. The importance of motivating the companies' top management is worth noting, because the motivation of all company staff and performance indicators depend on the effectiveness of their decisions. We analysed the respondents' answers in order to determine which performance indicators of companies may be affected by the material incentives of top managers.

The results of the survey showed that a total of 63% of respondents receive additional material incentives to the basic salary (Fig. 2).

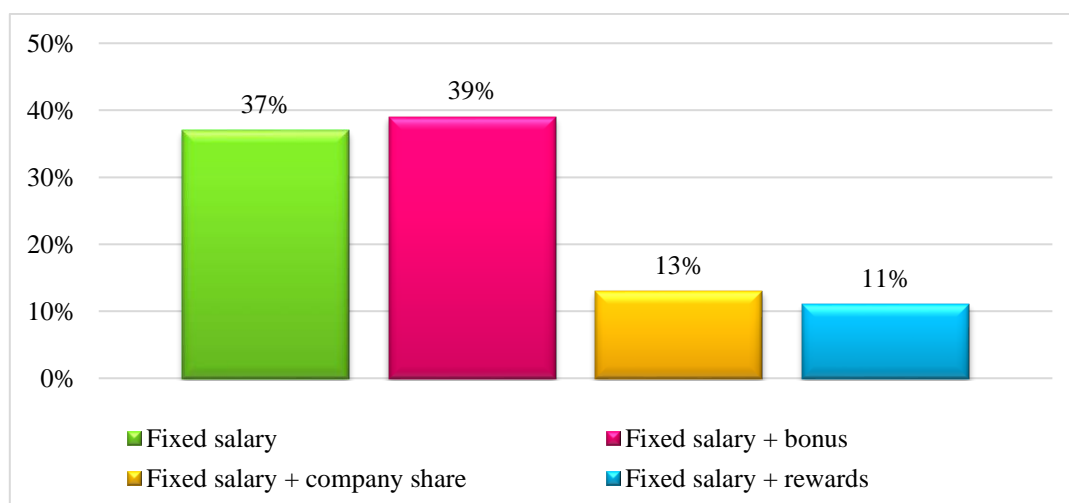


Fig. 2: Forms of remuneration of top managers of IT companies, %
 Source: Authors

Such additional financial incentives in 39% of respondents are paid in the form of a bonus. As a rule, such bonuses are paid once a year for the fulfilment of certain planned or target indicators, which are pre-determined by the employment agreement. In 13% of respondents, additional financial incentives are provided in the form of granting rights to a company's share. Such a material incentive is not systemic and is based on the results of many years of the top manager's work. In 11% of respondents, additional financial incentives are paid in the form of monthly or quarterly bonuses.

Analysis of data on the size of the basic salary and the size of the basic salary and bonuses per month is shown in Fig. 3.

The data of Fig. 3 show that 10% of respondents receive only the basic salary without additional bonuses and it is \$ 2,000. There were 50% of respondents who received a basic salary of \$ 5,000, and it was \$ 6,250 together with bonuses. Some 25% of respondents receive a basic salary of \$ 3,250, and it is \$ 5,000 together with the bonuses. There were 15% of respondents who received a basic salary of \$ 6,000, and it was \$ 10,000 together with the bonuses. Analysis of the survey results showed that young top managers who have

no more than 2 years of experience in the position receive a salary without bonuses. The highest salaries and bonuses are received by top managers

who have extensive experience in general and have held the position of top manager in the company for quite a long time (more than 7-8 years).

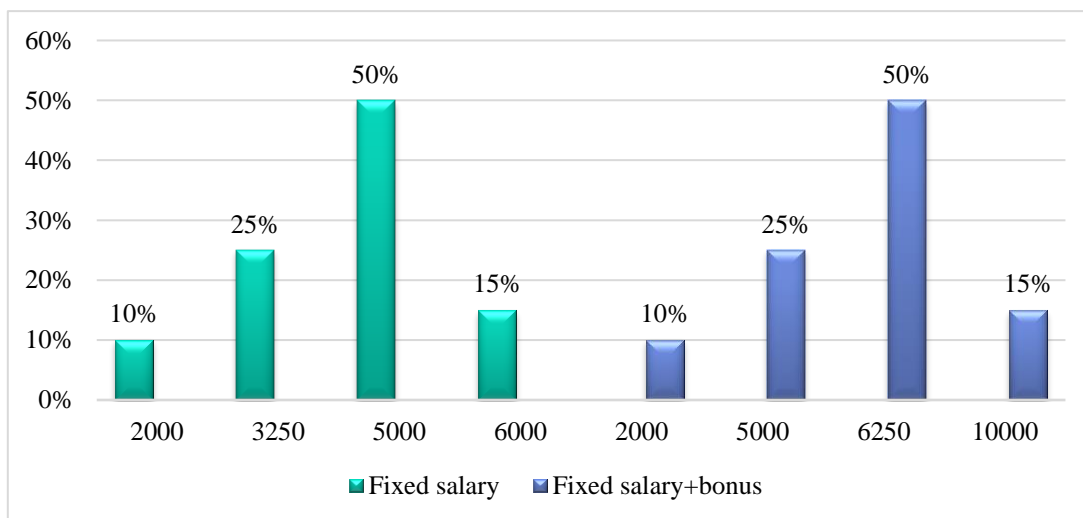


Fig. 3: The amount of remuneration of top managers of IT companies, \$
 Source: Authors

As we can see, the bonus is quite a significant part of the total material reward of top managers. The highest salaries and bonuses are given to three categories of top managers of IT companies:

founders, who are also CEOs (\$ 6,250); Chief Executive Officers and Chief Technical Officers (\$ 6,000) (Fig. 4).

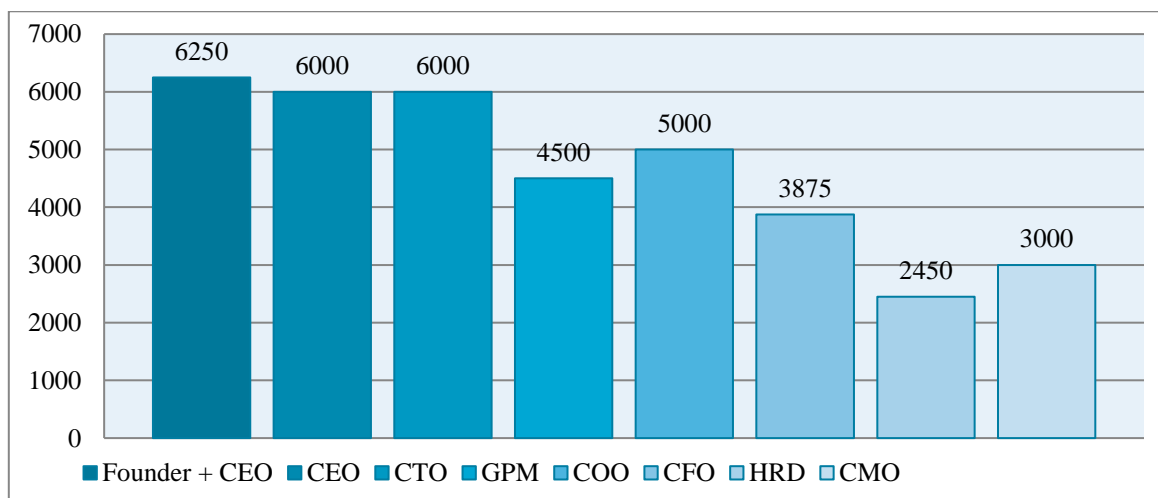


Fig. 4: Salary + bonus of top managers of IT companies, \$
 Source: Authors

The average salary is paid to Chief Product Managers, Chief Operations Officers and Chief Financial Officers. HR and Marketing Directors have the lowest remuneration. To assess the impact of material incentives for top managers on the performance of IT companies, it is important to establish the degree of satisfaction with their work. After all, even if the size of the basic salary and bonuses is large, it still does not guarantee that top

managers will try to achieve those indicators that are important for business owners. Satisfaction and motivation to work play an equally important role for that purpose.

The results of the survey show that a total of 84% of respondents are satisfied with their work in the company (Fig. 5). At the same time, 53% of respondents are unequivocally sure about that.

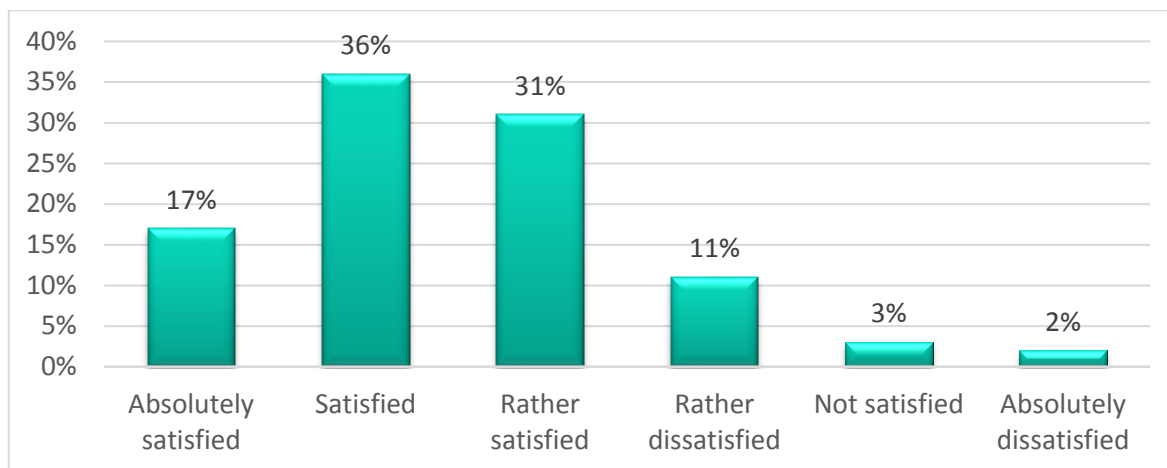


Fig. 5: The degree of satisfaction of top managers with work in the company

Source: Authors

There were 5% of respondents who were absolutely dissatisfied with their work; 11% of respondents were rather dissatisfied with the work in the company in which they worked at the time of the survey. The obtained data on the degree of job satisfaction indicate that the vast majority of respondents are satisfied with their work in the company and also have financial bonuses or rewards in addition to the basic salary. Taken together, this gives us reason to say that the surveyed top managers of Ukrainian IT companies

are satisfied with their work and appreciate their position. As working for the company is valuable to them, they agree to work on the terms of their contracts, and therefore the employer can influence the work of top managers through the tool of material incentives in the form of bonuses and rewards. Through the bonus payment tool, the employer can influence the efficiency of top managers. This assumption is confirmed by the analysis of the factors of the greatest motivation of top managers of Ukrainian IT companies (Fig. 6).

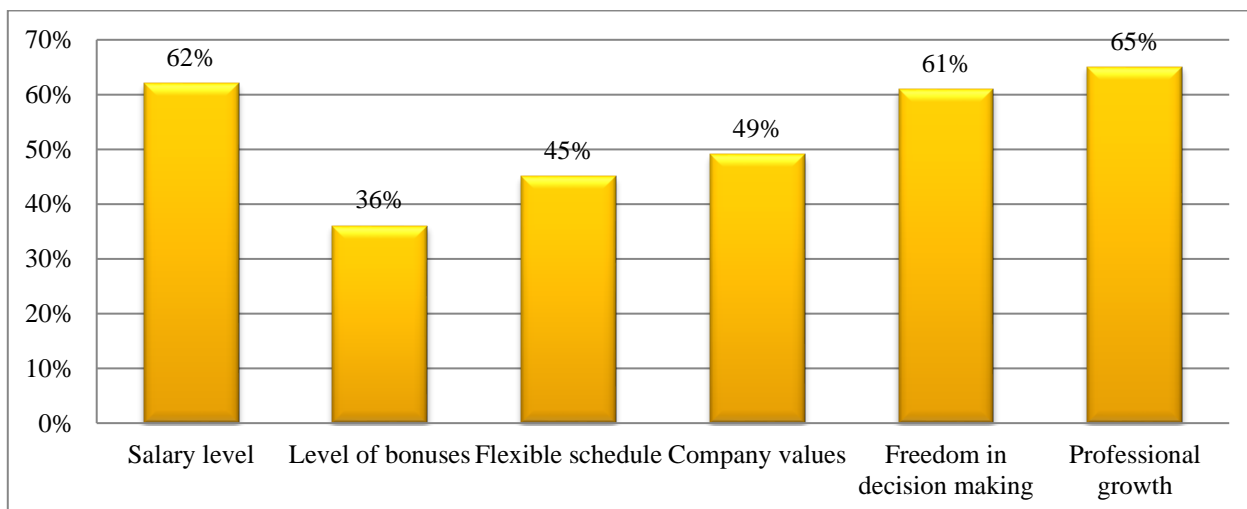


Fig. 6: Factors of the greatest motivation of top managers of IT companies

Source: Authors

The data of Fig. 6 show that the most significant motivating factors include two instruments of material incentives (salary level and bonus level). The high importance of material motivation factors confirms the idea that it can be a tool to influence the work of top managers and ensure that they achieve the company's goals.

At the same time, the factors of the greatest motivation (Fig. 7) include the unsatisfactory level of bonuses, which was chosen by 29% (or almost a third) of respondents. This means that a third of top managers surveyed are dissatisfied with the amount of material benefits.

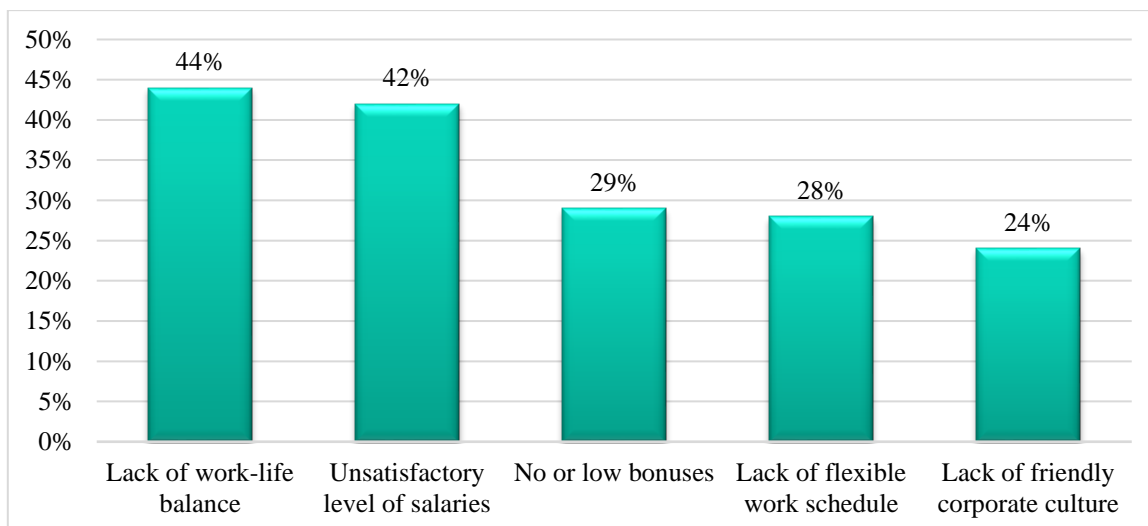


Fig. 7: Factors of the greatest demotivation of top managers of IT companies

Source: Authors

For business owners, this can be a signal of reserves to increase the productivity and efficiency of top managers. By increasing the amount of bonus payments, this factor can be transferred from demotivators to motivators, which will increase the level of top manager’s satisfaction with the work. As a result, work in the company will be of value to

him/her, and therefore he/she will be motivated to achieve his/her goals.

To determine the possible resulting indicators of bonus payments to top managers, let’s analyse which KPIs provide top managers with bonuses (Fig. 8).

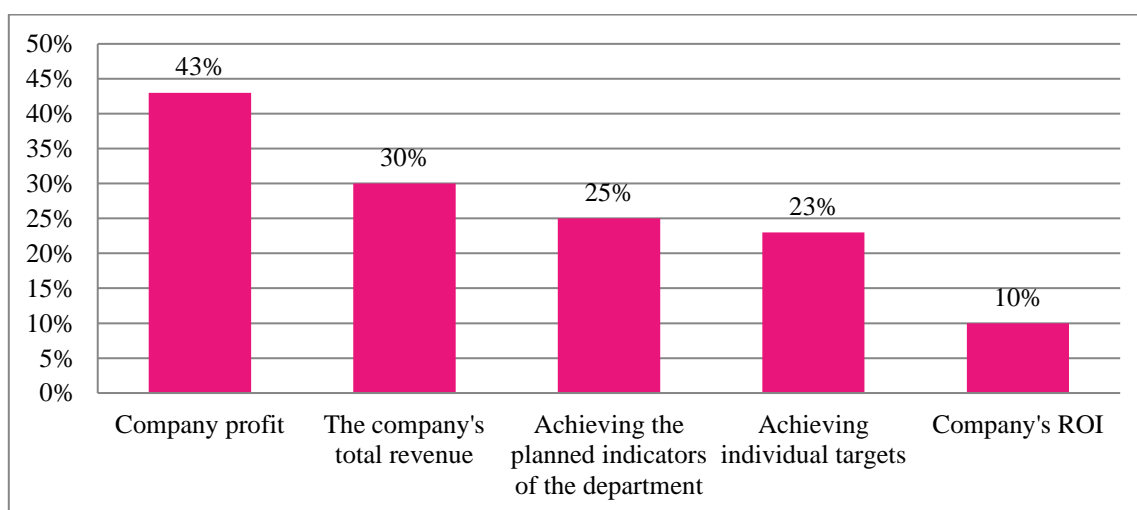


Fig. 8: KPIs which provide top managers with a bonus for their achievement

Source: Authors

The study showed that the payment of bonuses to top managers depends on their achievement of key indicators, which are fixed in their contracts. Accordingly, by using bonus payments as a motivating factor or by increasing the amount of bonuses offered to convert them from a demotivating to a motivating factor, it is possible to influence the motivation of top managers to

achieve the KPIs set. However, it is still unknown whether top managers will agree to such conditions. To answer this question, the questionnaire provided a question about the readiness to achieve the already set KPIs to receive the bonuses provided and the willingness to increase the number or value of KPIs to obtain the relevant bonuses (Fig. 9, 10).

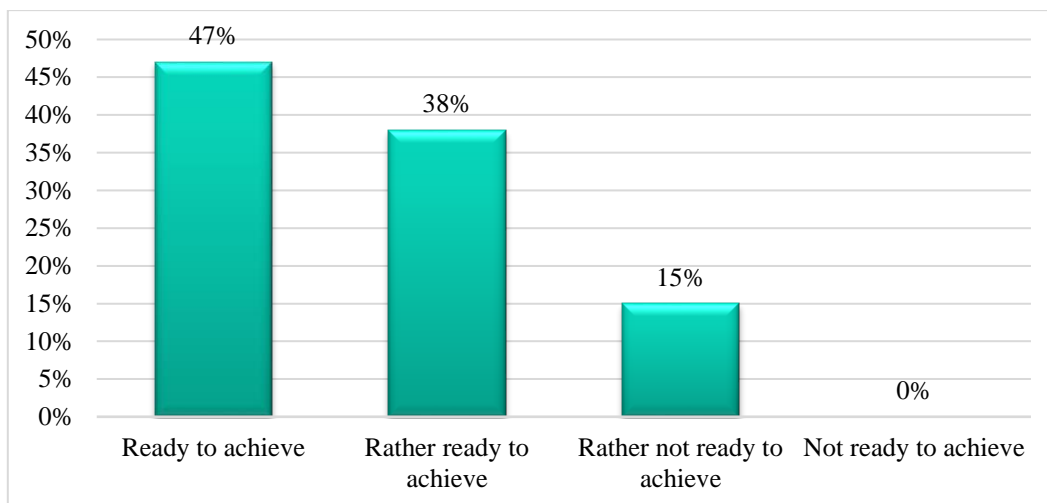


Fig. 9: Willingness of top managers of IT companies to achieve KPIs for bonuses
 Source: Authors

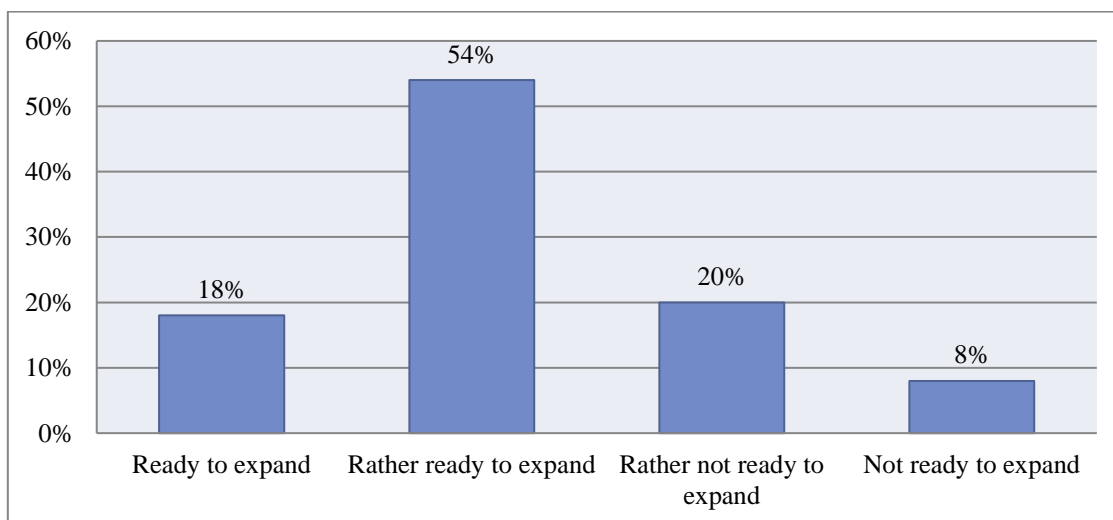


Fig. 10: The readiness of top managers of IT companies to expand the list of KPIs for bonuses
 Source: Authors

The analysis of the respondents' answers shows that the vast majority are ready to achieve the KPIs set in order to receive the bonuses provided for this. We assume that this may be the part of top managers who said they were dissatisfied with the level of bonuses in their company. So, if the size of the proposed bonuses increases, this category of top managers may shift to those who are rather ready to achieve the KPIs or surely ready.

The share of those top managers who are definitely ready to increase the requirements for KPIs in order to receive bonuses is much smaller than the share of those who are ready to achieve the already set KPIs. At the same time, the share of those who are more willing to expand the list of

KPIs is less than the share of those who are more willing to reach the set KPIs. We can state that top managers are much more motivated to achieve existing KPIs than to receive new ones for additional bonuses. This may indicate either a reluctance to take on additional responsibilities or a lack of motivation for the additional responsibilities offered by the company. The generalized results of the survey of top managers of Ukrainian IT companies on the effectiveness of bonus payments as a financial incentive are shown in Fig. 11.

Based on the obtained data, we can present the impact of bonus payments on the motivation of top managers of IT companies (Fig. 12).

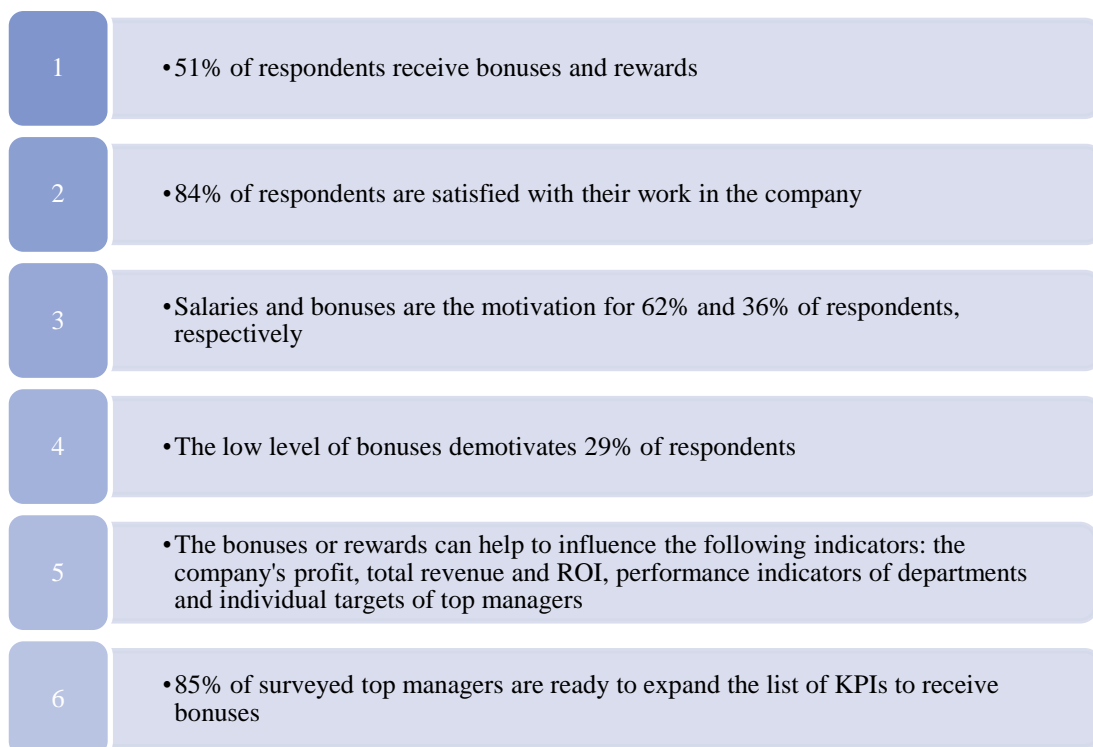


Fig. 11: The readiness of top managers of IT companies to expand the list of KPIs for bonuses
 Source: Authors

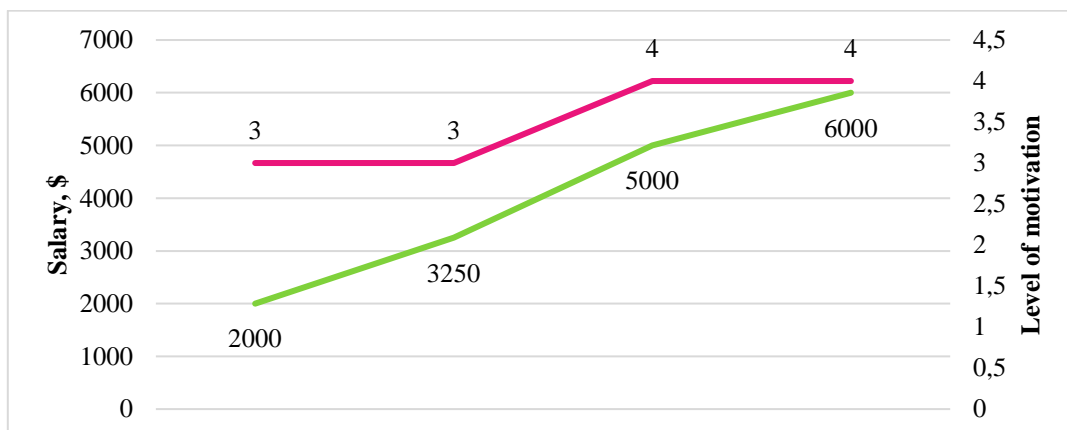


Fig. 12: Dependence of the level of motivation on the basic salary
 Source: Authors

According to the results of calculations, the correlation between the size of wages and the level of motivation is 0.93. For a more detailed analysis of the impact of wages on the level of motivation, we consider its regression impact (Table 1). High

values of model reliability indicators (Multiple R = 0.9304804; R-squared = 0.8657937; Adjusted R-squared = 0.7986906) indicate a positive, strong correlation between salary and the level of motivation of top managers.

Table 1. Regression correlation between the salary size and the level of motivation of top managers

Regression statistics				
Multiple R	0.9304804			
R-squared	0.8657937			
Adjusted R-squared	0.7986906			
Standard error	0.2590426			
Number of observations	4			
Analysis of variance				

	df	SS	MS	F	Significance F
Regression	1	0.8657937	0.8657937	12.902439	0.0695196
Residue	2	0.1342062	0.0671031		
Total	3	1			

The reliability of the model of the influence of the salary size on the degree of top managers' satisfaction is 86%, which is quite a high value.

The chart of the size of existing bonuses for top managers and the level of their motivation due to such bonuses is shown in Fig. 13.

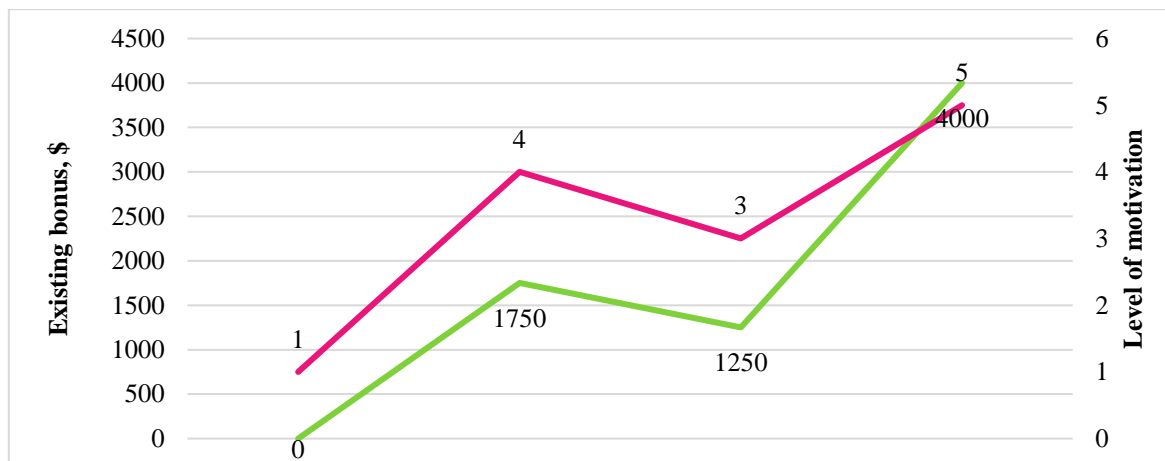


Fig. 13: Dependence of the level of motivation on the size of bonuses

Source: Authors

The correlation between the size of top managers' bonuses and their level of motivation is 0.93. Such data indicate a high level of correlation between both the basic salary and bonuses to the basic salary with the level of motivation of top managers of IT companies.

The data of the regression model (Table 2) indicate a high degree of reliability of the obtained results. High values of model reliability indicators (Multiple R = 0.9345306; R-squared = 0.8733475; Adjusted R-squared = 0.8100213) indicate a

positive strong correlation between the amount of salary and the level of motivation of top managers. To assess the effect of increasing bonus payments on the degree of motivation of top managers, the questionnaire included a question of how top managers assess their own level of motivation, provided that the size of their bonus will be increased by 20% of the basic salary. A graphical representation of the size of additional bonuses and the degree of motivation is shown in Fig. 14.

Table 2. Regression correlation between the size of bonuses and the level of motivation of top managers

Regression statistics					
Multiple R	0.9345306				
R-squared	0.8733475				
Adjusted R-squared	0.8100213				
Standard error	0.7443819				
Number of observations	4				
Analysis of variance					
	df	SS	MS	F	Significance F
Regression	1	7.6417910	7.6417910	13.791245	0.06546934
Residue	2	1.1082089	0.5541044		
Total	3	8.75			

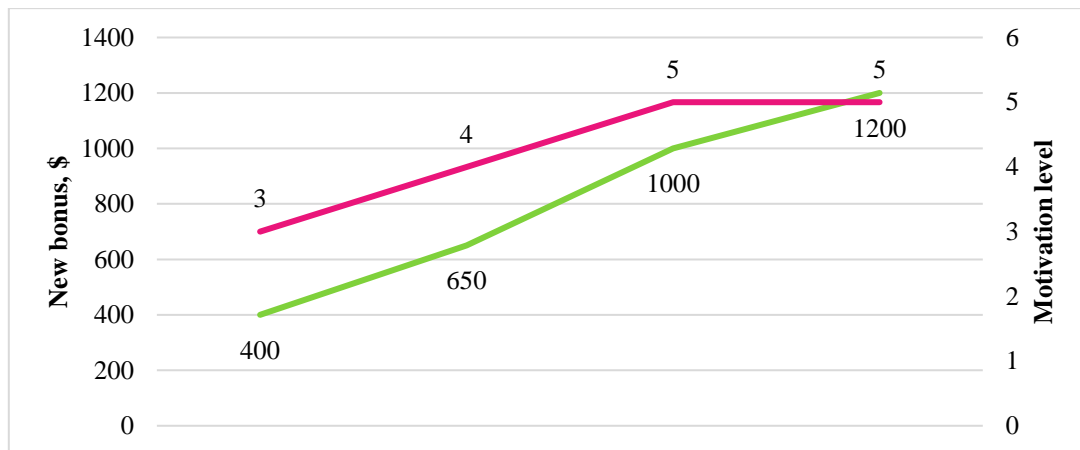


Fig. 14: Dependence of the level of motivation on the size of potential bonuses
 Source: Authors

The correlation between the level of additional bonuses offered and the level of motivation is 0.96. Thus, the increased bonuses show an even greater correlation with the level of motivation of top managers. These data are confirmed by regression analysis (Table 3). High values of model reliability

indicators (Multiple R = 0.9345306; R-squared = 0.8733475; Adjusted R-squared = 0.8100213) indicate a positive strong correlation between the amount of salary and the level of motivation of top managers.

Table 3. Regression correlation between the size of additional bonuses and the level of motivation of top managers

Regression statistics					
Multiple R	0.9636296				
R-squared	0.9285820				
Adjusted R-squared	0.8928730				
Standard error	0.3133682				
Number of observations	4				
Analysis of variance					
	df	SS	MS	F	Significance F
Regression	1	2.5536006	2.5536006	26.004166	0.03637037
Residue	2	0.1963993	0.0981996		
Total	3	2.75			

4.1 Limitations and Implications for the Research

This study has methodological and implementation limitations. The methodological limitation is that the sample of respondents consists of the representatives of IT companies only. IT companies offer significantly higher wages and bonus payments compared to companies in other industries. Accordingly, the study on the example of less profitable industries may give results that will differ from the results obtained in our study. The implementation limitation of the study is that the results can be applied only in those industries or companies where top management has financial incentives in their work, as well as in companies or industries that have the ability to introduce or increase wages and bonuses based on their financial position.

5 Discussions

The results of the study show that bonus payments are an effective tool for motivating top managers. By setting or increasing the size of bonuses or rewards, you can influence the motivation of top managers to achieve key performance indicators. In some cases, the number of KPIs can even be increased compared to those already set, being compensated for that with additional bonuses. This indicates a significant reserve for companies to return to work and motivate top managers to achieve the set goals.

The results of the study are unique as they empirically prove the correlation between bonuses and rewards as financial incentives and the ability of companies to achieve their targets through the work of top managers. Comparing the results with

other studies, it should be noted that previous studies have been largely limited to the impact of financial incentives on employee motivation. The author of [17] found that financial incentives have a significant impact on increasing employee motivation. Besides, it was found that 46% of employees' motivation depends on the financial reward they receive.

According to the results of the study, the author concludes that financial incentives in the form of bonuses or rewards are the most effective way to increase employee motivation in manufacturing enterprises. The researcher in [18] comes to similar conclusions in the study of the impact of financial benefits on labour productivity. The author notes that a strong positive correlation was found between financial remuneration and labour productivity as the main indicator of employee motivation. In this context, wages can only be seen as an incentive if they are above the market average. Otherwise, wages are not a tool of motivation, and it is necessary to use additional bonuses or payments to achieve the effect of productivity growth.

In another study of the impact of financial incentives on employee creativity [19] the authors conclude that financial reward has a strong positive impact on employee creativity. The results of regression analysis show that 76% of employees' creativity is due to financial rewards paid to them. The authors note that for the further development of creativity in employees it is necessary to develop and implement new differential systems of financial incentives. In a study of the impact of deferred bonus payments on investment decisions of managers, the team of authors [20] concludes that investment top managers are more likely to make decisions that reduce their short-term payments, but provide long-term benefits to the company.

This is due to the fact that long-term successful performance of the company ensures that managers receive bonuses. It also proves a positive correlation between financial payments and managers' investment performance.

A study of the behavioural effects of financial bonuses on managers [21] notes that under the traditional system of rewards in the form of bonuses, managers can intentionally change the style of their work with a focus on receiving financial incentives. But such a change in behaviour does not always have a positive effect on the company's performance. So, the introduction of a system "bonus for the result" when the manager receives a bonus after the company reaches the

target is more promising [22]. However, such a system may have the disadvantage of reducing the motivation of managers, because the results of the company do not always directly depend on them. In a similar study of the relationship between payments to top managers and the efficiency of banks [23], the authors found that the relationship between payments to top management and performance indicators of the bank has a nonlinear correlation. Increasing the level of top management payments does not always lead to increased efficiency of the bank. In particular, variations in the amount of payments do not affect the technological development of banks. A similar study on the example of Nigeria [24] showed that there is a relationship between the salaries of directors and such indicators of the bank's performance as return on assets (ROA), return on equity (ROE). There is a similar correlation between the premium paid to managers and ROA, ROE. The correlation between staff motivation and company performance is also confirmed in the study [25].

A study of the impact of financial payments to top managers on the performance of banks in Kenya [26] concludes that financial payments in the form of wages, annual bonuses and rewards have a positive effect on the performance of commercial banks. At the same time, bonuses in the form of a block of shares of the bank do not have a positive effect on the work of top managers and lead to a deterioration in the performance of financial institutions. The same results are observed in the study of the team of authors on the example of manufacturing companies in the UAE [27].

The team of authors [28-30] studied the level of payments to top managers in the short and long term. The amount of these payments was examined for the correlation with the performance of companies. Research has shown that there is a strong link between payments to top managers and company performance. Our study found that the list of these indicators can be increased if top managers are willing to do so. Our results show that the vast majority of surveyed top managers are ready to increase the number of KPIs to receive additional bonuses. Our study confirms that financial incentives significantly prevail over other ways of motivating staff, including representatives of top management companies.

6 Conclusion

Strengthening the competitive environment requires not only gaining competitive advantages in

the external environment, but also increasing the efficiency of the use of resources of the internal environment. One such resource is employees in general and top managers in particular. It is important to find effective methods of stimulating top managers of companies to ensure the achievement of the company's goals through their personal motivation. For this purpose, the influence of the payment of financial incentives in the form of bonuses and rewards to top managers on the achievement of such performance indicators as company profit, total revenue, ROI, performance indicators of individual departments and personal performance indicators of top managers was established and confirmed. The obtained results indicate the ability of company owners to influence the motivation of top managers through bonus payments or increasing their size. The results of the study indicate a high level of effectiveness of bonus payments as financial incentives. The correlation between the level of motivation and the size of bonuses is 96%. This testifies to the strong statistical influence of material payments on the productivity of top managers of IT companies, proving that material incentives significantly prevail in effectiveness over other forms of motivation.

The obtained results can be used for the development of remuneration policy and motivation system in IT companies. In particular, the obtained results can be considered when forming the section of the labor contract of top managers in terms of material remuneration for their work.

Unlike previous studies, in our research, we pay attention to the category of top management employees who perform non-routine work, on which the success of the company's activities and financial indicators depend to a large extent.

The methodological limitation is that the sample of respondents consists of the representatives of IT companies only. IT companies offer significantly higher wages and bonus payments compared to companies in other industries. Accordingly, the study on the example of less profitable industries may give results that will differ from the results obtained in our study. The implementation limitation of the study is that the results can be applied only in those industries or companies where top management has a monetary motivation in their work, as well as in companies or industries that have the ability to introduce or increase wages and bonuses based on their financial position.

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Appendix A

Table 3. Questionnaire for survey of top managers in IT Companies

Item No.	Question	Answer options
1	Indicate your position	<input type="radio"/> Owner <input type="radio"/> CEO <input type="radio"/> CTO <input type="radio"/> GPM <input type="radio"/> COO <input type="radio"/> CFO <input type="radio"/> HRD <input type="radio"/> CMO
2	What form of remuneration is used in your company?	<input type="radio"/> Fixed salary <input type="radio"/> Fixed salary + bonus <input type="radio"/> Fixed salary + share in the company <input type="radio"/> Fixed salary + rewards
3	Specify the approximate amount of your basic salary, \$	<input type="radio"/> 2,000 <input type="radio"/> 3,250 <input type="radio"/> 5,000 <input type="radio"/> 6,000
4	Specify the approximate amount of your basic salary + bonus, \$	<input type="radio"/> 2,000 <input type="radio"/> 5,000 <input type="radio"/> 6,250 <input type="radio"/> 10,000
5	Indicate your degree of job satisfaction in the company	<input type="radio"/> Absolutely satisfied <input type="radio"/> Satisfied <input type="radio"/> Rather satisfied <input type="radio"/> Not satisfied <input type="radio"/> Absolutely dissatisfied
6	Indicate the factors of the greatest motivation to work in your company (you can pick several answer options)	<input type="radio"/> The level of wages <input type="radio"/> The level of bonuses <input type="radio"/> Flexible schedule <input type="radio"/> Company values <input type="radio"/> Freedom in decision-making <input type="radio"/> Professional growth
7	Indicate the factors of the greatest demotivation of work in your company (you can pick several answer options)	<input type="radio"/> Lack of work-life balance <input type="radio"/> Unsatisfactory level of wages <input type="radio"/> No or low bonuses <input type="radio"/> Lack of flexible work schedule <input type="radio"/> Lack of a friendly corporate culture
8	For the fulfilment of which KRIs are you paid a bonus?	<input type="radio"/> Company profit <input type="radio"/> Total company revenue <input type="radio"/> Achieving the planned performance of the department <input type="radio"/> Achieving individual targets <input type="radio"/> Company's ROI
9	Are you ready to fulfil KPIs to receive bonuses?	<input type="radio"/> Ready <input type="radio"/> Rather ready <input type="radio"/> Rather not ready <input type="radio"/> Not ready
10	Are you ready to expand the list of KPIs to receive bonuses?	Ready Rather ready

		Rather not ready Not ready
11	Estimate your level of motivation from the size of your basic salary, where 1 is low, 5 is high	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5
12	Evaluate your level of motivation from the size of your bonuses, where 1 is low, 5 is high	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5
13	Estimate your level of motivation from the size of additional bonuses in the amount of 20% of the basic salary, where 1 is low, 5 is high	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5

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