ECONSTOR Make Your Publications Visible.

A Service of



Leibniz-Informationszentrum Wirtschaft Leibniz Information Centre for Economics

Poljašević, Branka Zolak; Berber, Nemanja

Article From theory to practice: Incentives for managers and professionals

Naše gospodarstvo / Our Economy

Provided in Cooperation with: Faculty of Economics and Business, University of Maribor

Suggested Citation: Poljašević, Branka Zolak; Berber, Nemanja (2024) : From theory to practice: Incentives for managers and professionals, Naše gospodarstvo / Our Economy, ISSN 2385-8052, Sciendo, Warsaw, Vol. 70, Iss. 1, pp. 13-23, https://doi.org/10.2478/ngoe-2024-0002

This Version is available at: https://hdl.handle.net/10419/302748

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



NC ND https://creativecommons.org/licenses/by-nc-nd/4.0/





From Theory to Practice: Incentives for Managers and Professionals

Branka Zolak Poljašević, ** Nemanja Berberb

^aUniversity of Banja Luka, Faculty of Economics, Majke Jugovića 4, 78 000 Banja Luka, Bosnia and Herzegovina ^bUniversity of Novi Sad, Faculty of Economics Subotica, Segedinski put 9-11, 24000 Subotica, Serbia branka.zolak-poljasevic@ef.unibl.org, nemanja.berber@ef.uns.ac.rs

ARTICLE INFO

Original Scientific Article

Article history: Received December 2023 Revised February 2024 Accepted February 2024

JEL Classification M12, M52

Keywords: Incentives Compensations Country context Managers Professionals

UDK: 331.2:00 DOI: 10.2478/ngoe-2024-0002

Cite this article as: Zolak Poljašević, B., & Berber, N. (2024). From Theory to Practice: Incentives for Managers and Professionals. *Naše gospodarstvo/Our Economy, 70*(1), 13-23. DOI: 10.2478/ngoe-2024-0002.

©2024 The Authors. Published by Sciendo on behalf of the University of Maribor, Faculty of Economics and Business, Slovenia. This is an open-access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/bync-nd/4.0/).

Abstract

Although, in theory, a considerable amount of literature emphasizes the significance of employee incentive pay, there is not much empirical research indicating their dispersion in practice. The primary purpose of this study is to explore the level of implementation of various incentives in three countries: Slovenia, Serbia, Bosnia and Herzegovina. The research was conducted on a sample of 321 companies. Data for this study were extracted from the CRANET dataset. The latest data collection cycle was conducted in 2021-2022. In addition to descriptive statistics, the Pearson Chi-Square Test and Cramer's V test were used to test hypotheses. The research results indicate a statistically significant difference in using most observed compensation elements among the observed countries. The study contributes to compensation management literature by presenting empirical data regarding the degree of implementation of various compensation instruments in three observed countries.

Introduction

Compensation or rewards include various elements of material and non-material nature that employees receive for their work. Given that the amount and the structure of total rewards directly influence the attitudes and behaviour of employees, it is in the interest of every employer to use reward systems as a tool to achieve organizational business goals. Academics would argue that rewarding employees is one of human resource management's most important activities (HRM) activities.

Numerous studies conducted in the last two or three decades confirm the multiple significance of incentive reward systems. Compensation is essential in attracting potential employees and maintaining high performance and work motivation (Fay & Thompson, 2001). Additionally, compensations affect employee satisfaction (Siems et al., 2012; Mudor & Tooksoon, 2011; Judge et al., 2010), organizational behaviour (Gupta & Shaw, 2014), and organizational performance (Chen

^{*} Corresponding author.

& Huang, 2009; Subramony, 2009; Gooderham et al.,2008).

Contemporary organizations recognize that a more complex reward system, including diverse а compensation package, constitutes а strong motivational factor for employees, giving the organization a greater chance to achieve its business goals (Zolak Poljašević et al., 2017). Many organizations rely on various incentive pay and benefit package practices to align employee motivation and behaviour with the desired organizational outcomes (Nyberg et al., 2013; Gerhart et al., 2009; Dulebohn & Werling, 2007).

However, in HRM, theory and practice often differ (Timming & Macneil, 2023). There are numerous criticisms that management research is often disconnected from professional practice (Aquinis & Cronin, 2022; Wood & Budhwar, 2021), is highly theoretical, and is methodologically complex. On the other hand, academics (Fletcher et al., 2020; Purcell, 2014; Guest, 2014) criticize practitioners as being 'too often reductionist, normative, and instrumental' (Timming & Macneil, 2023, p.593). This gap between the HRM theory and practice should not be ignored, especially considering contextual influences. Namely, modern principles and the theoretical basis in the HRM field originated in developed Western countries. At the same time, the HRM practice in some other countries significantly deviates from these theoretical postulates. An example is the former socialist countries of Central and Eastern Europe (CEE). Generally, Western human resource management practices in transitional regions are improper due to local institutional and legal systems and a lack of transparency in the often politicized decision-making process (Horwitz, 2011).

In this paper, we aim to explore the dispersion of various forms of incentives in the context of three CEE countries that share a common socialist heritage but which have experienced different levels of alignment with the Western philosophy of management and HRM practices. In this context, three CEE countries were selected as the subject of the analysis: Serbia, Slovenia, Bosnia, and Herzegovina. The main goal of the analysis is to identify the level of use of five different types of incentives in the observed countries and to determine differences among them regarding compensation practices. The data used in the analysis were drawn from the large international CRANET database, which is the result of data collection on HRM practices in over 40 countries worldwide (Zolak Poljašević & Vučenović, 2023; Prince et al., 2020; Farndale et al., 2019; Berber & Slavić, 2018, Berber et

al., 2017). This paper applied descriptive statistical methods, Pearson Chi-Square Test (Franke, Ho & Christie, 2012) and Cramer's V Test (Okeke Charles, 2019), on a sample of 321 companies. Comparative studies of this kind are valuable as they provide an overview of employee reward practices, reveal potential gaps between theory and practice, and point toward desirable directions for developing this field.

The structure of this paper follows the standard IMRAD form. The first section, following the introduction, provides the theoretical background of the research, describing the theoretical significance of employee incentive rewards. The second part describes the CRANET methodology and the research sample. Subsequently, the research results, discussion, and conclusions are presented.

Theoretical Background

Compensation management is a process that aims to reward employees fairly and consistently. Rewarding employees is crucial in an organisation's efforts to gain a competitive advantage, attract and retain human resources, and encourage employee development (Berber et al., 2017). Developing an incentive reward system is a challenge for the management of any organization. For this purpose, companies often use various forms of incentives because the traditional reward system in which salaries play a dominant, and often the only role, faces numerous challenges (Zolak Poljašević et al., 2017; Štangl Šušnjar & Berber, 2014; Ilić et al., 2012).

Incentives represent a significant segment of material rewards. They are determined based on the contribution of an individual or a group of employees to achieve organizational goals. The essence of incentives lies in stimulating work performance by establishing a clear and direct connection between the reward and work results. In practice, various types of incentives are used as strategic tools to encourage employee motivation and satisfaction (Heywood & Wei, 2006), productivity at work (Lazear, 2000), positive attitudes, and work intensification (Oqbonnaya et al., 2017; Vlaev et al., 2019), and organizational commitment (Bayo-Moriones & Larazza-Kintana, 2009). Additionally, incentive pay practices are a good instrument for attracting and retaining employees (Diaz-Fernandez et al., 2013) and for aligning employee and stakeholder interests (Nyberg et al., 2018).

In HRM literature, incentives can be classified in various ways depending on whether they are tied to individual,

group, or organizational performance. Performancebased pay and individual bonuses are most commonly used at the individual level. At the organizational unit or team level, group bonuses are utilized, while at the organizational level, there are organizational bonuses as well as profit or stock sharing, which employers can use in the case of achieving certain organizational-level metrics (Prince et al., 2020). Yang (2019) observes that most organizations use combinations of incentive practices to address different goals and balance pay with performance. For the purposes of this research, five types of incentives were analysed: performance-related pay, bonuses based on individual goals, bonuses based on team goals, bonuses based on organizational goals, and non-monetary incentives.

Usually, companies from different countries adopt different combinations of incentive practices because incentives are context-dependent. Many factors, such as national regulations, the state of the labour market, social and political trends, and economic development, influence the preferred combination of incentives at the country level. Numerous studies indicate the influence of national culture on preferred incentive practices in different countries (Prince et al., 2016; Prince et al., 2018; Prince et al., 2020). Hofstede's cultural dimensions power distance, individualism, masculinity, and uncertainty avoidance (Hofstede, 1984) - are also linked to preferred forms of employee reward (Gooderham et al., 2018; Frank et al., 2015). This study will analyze the dispersion of different forms of incentives in three CEE countries that share a common socialist heritage, namely Slovenia, Serbia, Bosnia, and Herzegovina. During the socialist period, the reward system in CEE countries was characterized by several key features, such as 'centrally planned wages, significant variable payments, and a wide variety of benefits' (Berber et al. 2017, p. 1665). Today, this region cannot be seen as a homogeneous entity, and the reward practices in these countries cannot be viewed as a uniform model. Therefore, this study starts with the following hypotheses:

H1: A statistically significant difference exists in performance-related pay use among observed countries, regardless of their common socialist heritage.

H2: There is a statistically significant difference in the use of bonus on individual, team, and organization level among observed countries, regardless of their common socialist heritage.

H3: There is a statistically significant difference in the use of non-monetary incentives among observed countries, regardless of their common socialist heritage. The defined hypotheses were tested using the appropriate statistical analysis according to the presented methodology.

Methodology and Sample

We used data from the latest CRANET research from 2021 to investigate the compensation systems in the selected countries. CRANET research is conducted cyclically for several years to gather a representative sample across multiple countries. CRANET research is conducted according to the same methodology in 40 countries of the world to enable comparison of data on HRM practices. It is designed to draw representative samples from each country (Steinmetz et al., 2011; Cited in Prince et al., 2020). Despite certain methodological limitations, CRANET research is very important because it has provided continuous empirical data on developing HRM practices in member countries for three decades.

The questionnaire comprises closed-ended questions, meaning respondents were expected to choose from the provided options. The questionnaire was filled out by HR managers in organizations employing more than 100 employees. In this research, a total of 321 companies from Slovenia, Serbia, Bosnia, and Herzegovina were examined.

Table 1

Sample structure per countries

	Frequency	Percent
Bosnia and Herzegovina	47	14.6
Serbia	106	33.0
Slovenia	168	52.3
Total	321	100.0

Source: Authors based on CRANET 2021 database

As shown in Table 1 most companies operate in the service sector, about 70%, while the rest (30%) are in the manufacturing sector. About 60% work in the private sector and 40% are in the public sector.

In CRANET methodology, each incentive scale is composed of binary items (1 = yes, 0 = no). Respondents were expected to indicate whether they use the observed incentives separately for four categories of employees: managers, technical/professional, clerical, and manual staff. In this paper, only two categories of employees were observed: managers and technical/professional staff. The analysis was conducted in two phases. In the first phase, a descriptive analysis was performed to assess the level of use of different incentive pay practices in the observed countries. In the second phase, the Pearson Chi-Square Test (Franke, Ho & Christie, 2012) and Cramer's V coefficient of association (Okeke Charles, 2019) were applied to test the hypotheses, i.e., to determine statistical differences in the level of application of three different forms of incentives among the observed countries, including pay for performance (H1), bonus (H2) and non-monetary incentives (H3). Research data were analyzed using SPSS software.

Results

The data analysis in this study begins with descriptive statistics, aiming to illustrate the prevalence of various forms of employee incentives in the observed companies. The results are presented separately for each country and according to two basic categories of employees: managers and professionals.

According to the data in Table 2 there is evidence that bonus based on individual goals is mostly used in all

Table 2

The percentages of the companies that use different incentive pay practices

	Performance related pay	Bonus based on individual goals	Bonus based on team goals	Bonus based on organizational goals	Non-monetary incentives						
	Managers										
Bosnia and Herzegovina	34.0%	46.8%	21.3%	23.4%	34.0%						
Serbia	69.8%	72.6%	53.8%	63.2%	53.8%						
Slovenia	39.3%	43.5%	16.1%	34.5%	31.5%						
TOTAL	48.6%	53.6%	29.3%	42.4%	39.3%						
		Professionals									
Bosnia and Herzegovina	40.4%	40.4%	19.1%	14.9%	36.2%						
Serbia	69.8%	67.0%	55.7%	51.9%	42.5%						
Slovenia	41.1%	47.0%	16.7%	31.5%	35.1%						
TOTAL	50.5%	52.6%	29.9%	35.8%	37.7%						

Source: Authors based on CRANET 2021 database

Table 3

Pearson Chi-Square Test and Cramer's V test for performance related pay

Chi-Square Test (Managers)*				Symmetric Measures (Managers)			
	Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.
Pearson Chi-Square	28,913ª	2	0.000	Nominal by	Phi	0.213	0.001
Likelihood Ratio	29.501	2	0.000	Nominal	Cramer's V	0.213	0.001
N of Valid Cases	321			N of Valid Cases		321	
Chi-Square Test (Professionals)**			Symmetric Measures (Professionals)				
Pearson Chi-Square	23,696ª	2	0.000	Nominal by	Phi	0.272	0.000
Likelihood Ratio	24.199	2	0.000	Nominal	Cramer's V	0.272	0.000
N of Valid Cases	321			N of Valid Cases		321	
a. 0 cells (,09	ount less than 5. The	e minimum expected count is 22.84 (*) and 23.28 (**).			23.28 (**).		

Source: Authors based on CRANET 2021 database

countries for both groups of employees (53.6% and 52.6%, respectively), accompanied by performance related pay (48.6% and 50.5%, respectively). In managers

and professionals' case, the smallest percentage of companies offers bonus based on team goals (29.3% and 29.9%, respectively).

As shown in Table 2, companies in Bosnia and Herzegovina mostly use individual bonuses (46.8% of companies) for managers and professionals. Besides individual bonus there is performance related pay (40.4% in both cases). In Serbia, for managers, companies mostly use individual bonuses (72.6% of companies), and for professionals, performance-related pay (69.8%). In Slovenia, for managers and professionals, companies mostly use individual bonuses (43.5% and 47% of companies, respectively).

For hypotheses testing, the Pearson Chi-Square Test and Cramer's V Test of the strength of association were utilized, and the results are presented below in Tables 3-5.

As shown in Table 3, there is statistically significant association between the use of Performance-related pay for managers and the company's country of origin (p < 0.001). Also there is a statistically significant association

between the use of Performance-related pay for professionals and country of origin of the company (p < 0.001). The Cramer's V test of the strength of association shows that the strength of association between the variables is 0.213 (p < 0.001) for managers and it is 0.272 (p < 0.001) for professionals, which are moderate associations (Table 3) (Pallant, 2009, 221). We can see that Bosnia and Herzegovina shows the smallest percentage of companies that offer this kind of rewards to their employees, and those companies in Serbia use performance-related pay more than other countries, for both groups of employees.

The results of the Pearson Chi-Square Test and Cramer's V Test provide sufficient evidence to confirm the first hypothesis (H1), which states that there is a statistically significant difference in the use of bonus on individual, team, and organization level among observed countries, regardless of their common socialist heritage.

Table 4

Pearson Chi-Square Test and Cramer's V test for bonus on individual, team and organization level

Chi-Square Test (Managers)* - Individual goals			Symmetric Measures (Managers) - Individual goals				
	Value	df	Asymp. Sig. (2- sided)			Value	Approx. Sig.
Pearson Chi-Square	23,280ª	2	0.000	Nominal by	Phi	0.269	0.000
Likelihood Ratio	23.979	2	0.000	Nominal	Cramer's V	0.269	0.000
N of Valid Cases	321			N of Valid Cases		321	
Chi-Square Test (F	Professiona	ls)** - In	dividual goals	Symmetric Measures (Professionals) - Individual goals			
Pearson Chi-Square	13,683ª	2	0.001	Nominal by	Phi	0.206	0.001
Likelihood Ratio	13.902	2	0.001	Nominal	Cramer's V	0.206	0.001
N of Valid Cases	321			N of Valid Case	es	321	
a. 0 cells (,0%) have expected count less than 5. The second s		e minimum expected count is 21.82 (*) and 22.26 (**).					
Chi-Square Test (Managers)* - Team goals		Symmetric Measures (Managers) - Team goals					
	Value	df	Asymp. Sig. (2- sided)			Value	Approx. Sig.
Pearson Chi-Square	46,317ª	2	0.000	Nominal by	Phi	0.380	0.000
Likelihood Ratio	45.075	2	0.000	Nominal	Cramer's V	0.380	0.000
N of Valid Cases	321			N of Valid Case	es	321	
Chi-Square Test	(Profession	nals)** -	Team goals	Chi-Square Tests (Professionals) - Team goals			
Pearson Chi-Square	50,182ª	2	0.000	Nominal by	Phi	0.395	0.000
Likelihood Ratio	48.784	2	0.000	Nominal	Cramer's V	0.395	0.000
N of Valid Cases	321			N of Valid Cases		321	
a. 0 cells (,0%) have expected count less than 5. Th		he minimum expected count is 13.76 (*) and 14.06 (**).					
Chi-Square Test (Managers)* - Organisational goals		Symmetric Measures (Managers) - Org. goals			Org. goals		
	Value	df	Asymp. Sig. (2- sided)			Value	Approx. Sig.

Table 4

Pearson Chi-Square Test and Cramer's V test for bonus on individual, team and organization level (cont.)

Pearson Chi-Square	30,009ª	2	0.000	Nominal by Nominal	Phi	0.306	0.000		
Likelihood Ratio	30.347	2	0.000		Cramer's V	0.306	0.000		
N of Valid Cases	321			N of Valid Cases		321			
Chi-Square Test (Professionals)** - Organisational goals				Symmetric Measures (Professionals) - Org. goals					
Pearson Chi-Square	22,188ª	2	0.000	Nominal by	Phi	0.263	0.000		
Likelihood Ratio	23.022	2	0.000	Nominal	Cramer's V	0.263	0.000		
N of Valid Cases	321			N of Valid Cases		321			
a. 0 cells (,0%) have expected count less than 5. The minimum expected count is 19.91 (*) and 16.84 (**).									

Source: Authors based on CRANET 2021 database

In the case of bonus based on individual goals, there is a statistically significant association between the use of bonus based on individual goals for managers and the company's country of origin (p < 0.001). Results shown in Table 4 indicate the same results for professionals and the company's country of origin (p < 0.001). These results are shown in Table 4. The Cramer's V test of the strength of association indicates that the strength of association between the variables is 0.269 (p < 0.001) for managers and 0.206 (p < 0.001) for professionals, which are moderate associations (Table 4). We can see that Bosnia and Herzegovina shows the smallest percentage of companies that offer this kind of reward to their employees and that companies in Serbia use this kind of compensation more than other countries for both groups of employees.

In the case of bonus based on team goals, Table 4 presents a statistically significant association between the use of bonus based on team goals for managers and the company's country of origin (p < 0.001). Also there is a statistically significant association between the use of Bonus based on team goals for professionals and the country of origin of the company (p < 0.001) The Cramer's V test of the strength of association shows that the strength of association between the variables is 0.380 (p < 0.000) for managers and 0.395 (p < 0.001) for professionals, which are moderate associations. We can see that companies from Slovenia show the smallest percentage of offering this kind of rewards to their employees, and those companies in Serbia use this kind of compensations more than other countries, for both groups of employees.

In the case of bonus based on organisational goals, there is a statistically significant association between the use of bonus based on organizational goals for managers and country of origin of the company (p < 0.001), Also there is a statistically significant association between the use of Bonus based on organizational goals for

professionals and country of origin of the company (p < 0.001). The Cramer's V test of the strength of association shows that the strength of association between the variables is 0.306 (p < 0.001) for managers, and it is 0.263 (p < 0.001) for professionals, which are moderate associations. We can see that Bosnia and Herzegovina shows the smallest percentage of companies that offer this kind of rewards to their employees and that companies in Serbia use this kind of compensations more than other countries, for both groups of employees.

The presented results confirm the second hypothesis (H2), which states a statistically significant difference in the use of performance-related pay among the observed countries, regardless of their common socialist heritage.

In the case of Non-monetary benefits, data in the Table 5 shows that there is a statistically significant association between the use of non-monetary benefits for managers and country of origin of the company p < 0.001), but not for professionals and country of origin of the company (p > 0.005). The Cramer's V test of the strength of association shows that the strength of association between the variables is 0.210 (p < 0.001) for managers, which is moderate. These results are shown in Table 5. We can see that Slovenia shows the smallest percentage of companies that offer this kind of rewards to their employees and that companies in Serbia use this kind of compensation more than other countries, for both groups of employees.

The results of the Pearson Chi-Square Test and Cramer's V Test provide sufficient evidence to confirm only one segment of the third hypothesis (H3) related to managers as an observed category of employees. Regarding professional/technical staff, the analysis results indicate no statistically significant difference in using non-monetary incentives among the observed countries. Therefore, the third hypothesis is partially confirmed.

Chi-Square Test (Managers)*				Symmetric Measures (Managers)			
	Value	df	Asymp. Sig. (2- sided)			Value	Approx. Sig.
Pearson Chi-Square	14,091ª	2	0.001	Nominal by	Phi	0.210	0.001
Likelihood Ratio	13.959	2	0.001	Nominal	Cramer's V	0.210	0.001
N of Valid Cases	321			N of Valid Cases		321	
Chi-Square Test (Professionals)**			Symmetric Measures (Professionals)				
Pearson Chi-Square	1,543ª	2	0.462	Nominal by	Phi	0.069	0.462
Likelihood Ratio	1.533	2	0.465	Nominal	Cramer's V	0.069	0.462
N of Valid Cases	321			N of Valid Cases		321	
a. 0 cells (,0%) have expected count less than 5. The minimum expected count is 18.45 (*) and 17.72 (**).							

Table 5

Pearson Chi-Square Test and Cramer's V test for non-monetary incentives

Source: Authors based on CRANET 2021 database

Discussion and Conclusions

Rewarding employees undoubtedly represents one of the most important and complex human resource management activities, regardless of whether viewed from the perspective of the employer or the employee. For employees, the amount and structure of rewards directly affect the ability to maintain a satisfactory standard of living. From the employer's perspective, establishing a stimulating reward system helps the organization to attract, motivate, and retain quality human resources and achieve defined goals.

HRM theory assumes that a more complex reward system based on various incentive pay practices and benefits packages gives the organization a greater chance of achieving the desired organizational outcomes. However, in this field, theory and practice often differ (Timming & Macneil, 2023; Aguinis & Cronin, 2022; Wood & Budhwar, 2021), especially in less developed regions or countries. An example of the gap between theory and practice can be found in former socialist countries in CEE, assuming that this region cannot be considered a homogeneous entity despite their common socialist heritage.

This research provides evidence that companies from three observed CEE countries use all five forms of stimulation, which were selected as the subject of analysis in this research. As expected, the degree of use of certain incentive pay practices varies among the observed countries. However, regarding rewarding managers, the research results indicate that all three observed countries mostly use individual bonuses. Such results are consistent with similar studies conducted in

other countries (Kulak & Atay, 2020). For rewarding professionals in Serbia, Bosnia, and Herzegovina, most companies apply performance-related pay, while in Slovenia, individual bonuses are the most prevalent for this category of employees. Therefore, the practical implications of the paper lie in the fact that HR professionals responsible for an organization's compensation and benefits should carefully consider elements of their motivational package having in mind that most companies in selected countries use performance-related pay and individual bonuses. Tailoring compensation package for employees needs to include these two types of rewards beside basic pay and benefits. Pay for performance and bonuses are directly related to employees' performances, and those are seen as drivers of employees' productive behaviour. Neglecting monetary incentives could harm employees' attitudes and even behaviour, producing poor performance, which is a sensitive theme in today's unpredictable business environment, in which human resources are recognized as a driver of sustained competitive advantage.

Hypotheses testing were performed using Pearson Chi-Square Test and Cramer's V Test. Testing was done separately for three categories of incentives (pay for performance - H1, different level bonuses - H2, and nonmonetary incentives - H3) and for two categories of employees (managers and technical/professional staff). In the first category of employees, the results indicate a statistical difference in applying all incentive elements among observed countries. For the professional/technical staff, this difference is shown for all incentive elements except for non-monetary incentives. Therefore, H1 and H2 are fully confirmed,

while H3 is only partially confirmed. Such results contribute to understanding the specific country context when designing incentive systems and support a divergent approach based on the hypothesis that institutional and cultural differences among countries cause national differences in human resource management practices. The paradigm of divergence is quite prevalent in Europe, as supported by the results of this research and numerous other similar studies (Berber et al., 2017; Prince et al., 2016; Prince et al., 2018; Prince et al., 2020; Drury, 2016). According to one of the CRANET reports (2011), differences in compensation elements are "based on cultural differences in the acceptance of those forms of variable pay as well as differences in business regimes" (Berber et al., 2017).

While CRANET research has numerous advantages arising from the fact that data on HRM practices are collected in more than 40 countries using the same methodology, its limitations also stem from there. Research of this kind provides the opportunity to compare practices among countries worldwide and over time, as the research is repeated every few years. On the other hand, it does not allow more profound analysis of the observed human resource management practices, which is conditioned by the relatively simple form of the CRANET questionnaire with closed-ended questions and the principle of a single respondent per company. Specifically, in the case of incentive practices, this research allows us to observe the frequency of using certain forms of incentives in practice, but it does not answer why this is the case. The limitation in this study is also reflected in the use of simple statistical techniques to observe differences among countries. Regarding further research, CRANET provides excellent opportunities for comparative studies of different HRM practices and the field's current state. Still, more profound research that would explain the motivation and processes that have led to the current state in the field of HRM would also be helpful.

References

- Aguinis, H., & Cronin, M.A. (2022) It's the theory, stupid. *Organizational Psychology Review*, 0(0). 20413866221080629. DOI: https://doi.org/10.1177/20413866221080629.
- Bayo-Moriones, A., & Larraza-Kintana, M. (2009). Profit-sharing plans and affective commitment: does the context matter? *Human Resource Management*, 48(2), 207-226. DOI: https://doi.org/10.1002/hrm.20276.
- Berber, N., & Slavić, A. (2018). The Development of Compensation System in Serbia: A Comparison of Two Successive Cranet Research Rounds. *Economic Themes*, 56(1), 79-90. DOI: https://doi.org/10.2478/ethemes-2018-0005.
- Berber, N., Morley, M.J., Slavić, A., & Poor, J. (2017). Management compensation systems in Central and Eastern Europe: A comparative analysis. *The International Journal of Human Resource Management*, 28(12), 1661-1689. DOI: https://doi.org/10.1080/09585192.2016.1277364.
- Chen, C. J., & Huang, J.W. (2009). Strategic human resource practices and innovation performance: The mediating role of knowledge management capacity. *Journal of Business Research*, 62(1), 104-114. DOI: https://doi.org/10.1016/j.jbusres.2007.11.016.
- Cranet (2011). International executive report 2011, Cranet survey on comparative human resource management. Cranfield: Cranet-Cranfield University.
- Díaz-Fernández, M., López-Cabrales, A., & Valle-Cabrera, R. (2013) In search of demanded competencies: designing superior compensation systems. *The International Journal of Human Resource Management*, 24(3), 643-666. DOI: https://doi.org/10.1080/09585192.2012.677461.
- Drury, P. (2016). Designing incentive pay practices to motivate not alienate: why firms adopt different payment practice configurations in different countries. *Human Resource Management International Digest*, 24, 7-9. DOI: https://doi.org/10.1108/HRMID-04-2016-0050.
- Dulebohn, J.H., & Werling, S.E. (2007), Compensation research past, present, and future. *Human Resource Management Review*, 17, 191-207. DOI: https://doi.org/10.1016/j.hrmr.2007.03.002
- Farndale, E., Lamare, J.R., Vidović, M., & Chauhan, A.S. (2019). Understanding Financial Participation across Market Economies. International Studies of Management & Organisation, 49(4), 402-421. DOI: https://doi.org/10.1080/00208825.2019.1646489.
- Fay, C.H., & Thompson, M.A. (2001). Contextual determinants of reward systems' success: An exploratory study. *Human Resource Management*, 40(3), 213-226. DOI: https://doi.org/10.1002/hrm.1012.
- Fletcher, L., Bailey, C., Alfes, K., & Madden, A. (2020). Mind the context gap: A critical review of engagement within the public sector and an agenda for future research. *International Journal of Human Resource Management*, 31(1), 6–46. DOI: https://doi.org/10.1080/09585192.2019.1674358.

- Frank, D.H., Wertenbroch, K., & Maddux,W. (2015). Performance pay or redistribution? Cultural differences in just-world beliefs and preferences for wage inequality. *Organisational Behavior and Human Decision Processes*, 130, 160-170. DOI: https://doi.org/10.1016/j.obhdp.2015.04.001.
- Franke, T., Ho, T., & Christie, C. (2012). The Chi-Square Test. *American Journal of Evaluation*, 33, 448-458. DOI: https://doi.org/10.1177/1098214011426594.
- Gerhart, B., Rynes, S.L., & Fulmer, I.S. (2009). Pay and Performance: Individuals, Groups, and Executives. Academy of management annals, 3(1), 251-315. DOI: https://doi.org/10.1080/19416520903047269.
- Gooderham, P., Fenton-O'Creevy, M., Croucher, R., & Brookes, M. (2018). A Multilevel Analysis of the Use of Individual Payfor-Performance Systems. *Journal of Management*, 44(4), 1479-1504. DOI: https://doi.org/10.1177/0149206315610634
- Gooderham, P., Parry, E., & Ringdal, K. (2008). The impact of bundles of strategic human resource management practices on the performance of European firms. *The International Journal of Human Resource Management*, 19, 2041–2056. DOI: https://doi.org/10.1080/09585190802404296.
- Guest, D. (2014). Employee engagement: Fashionable fad or long-term fixture. In C. Truss, R. Delbridge, K. Alfes, A. Shantz, & E. Soane (Eds.), *Employee engagement in theory and practice* (pp. 221–235). Routledge.
- Gupta, N., & Shaw, J. D. (2014). Employee compensation: The neglected area of HRM research. *Human Resource Management Review*, 24(1), 1-4. DOI: http://dx.doi.org/10.1016/j.hrmr.2013.08.007.
- Heywood, J., & Wei, X. (2006). Performance pay and job satisfaction. *Journal of Industrial Relations*, 48(4), 523-540. DOI: https://doi.org/10.1177/002218560606614.
- Hofstede, G. (1984). Culture's consequences: International differences in work-related values. Newbury Park, CA: Sage.
- Horwitz, F.M. (2011). Future HRM challenges for multinational firms in Eastern and Central Europe. *Human Resource Management Journal*, 21(4), 432-443. DOI: https://doi.org/10.1111/j.1748-8583.2011.00185.x.
- Ilić, G., Zolak Poljašević, B., & Vučenović, S. (2012). Analysis of the relationship between compensation practices and business performance, *Acta Economica*, 10(17), 31-50. DOI: https://doi.org/10.7251/ACE1217053P.
- Judge, T.A., Piccolo, R.F., Podsakoff, N.P., Shaw, J.C., & Rich, B.L. (2010). The relationship between pay and job satisfaction: A meta-analysis of the literature. *Journal of Vocational Behavior*, 77(2), 157-167. DOI: https://doi.org/10.1016/j.jvb.2010.04.002.
- Kulak, F., & Atay, S. (2020). The Prevalence of Performance-Related Pay: A 23-Country Examination, *ISPEC International Journal of Social Sciences & Humanities*, 4(2), 111–128. DOI: https://doi.org/10.46291/ISPECIJSSHvol4iss2pp111-128.
- Lazear, E.P. (2000) Performance Pay and Productivity. *American Economic Review*, 90 (5), 1346-1361. DOI: https://doi.org/10.1257/aer.90.5.1346.
- Mudor, H., & Tooksoon, P. (2011). Conceptual framework on the relationship between human resource management practices, job satisfaction, and turnover. *Journal of Economics and Behavioural Studies*, 2(2), 41-49. DOI: https://doi.org/10.22610/jebs.v2i2.220.
- Nyberg A.J., Pieper, J.R., & Trevor, C.O. (2013), Pay-for-Performance's Effect on Future Employee Performance: Integrating Psychological and Economic Principles toward a Contingency Perspective. *Journal of Management*, 42(7), 1753-1783. DOI: https://doi.org/10.1177/0149206313515520.
- Nyberg, A.J., Maltarich, M.A., Abdulsalam, D., Essman, S.M., & Cragun, O. (2018). Collective Pay for Performance: A Cross-Disciplinary Review and Meta-Analysis. *Journal of Management*, 44(6), 2433-2472. DOI: https://doi.org/10.1177/0149206318770732.
- Ogbonnaya, C., Daniels, K., & Nielsen, K. (2017). Does contingent pay encourage positive employee attitudes and intensify work? *Human Resource Management Journal*, 27(1), 94-112. DOI: https://doi.org/10.1111/1748-8583.12130.
- Okeke Charles, C. (2019). Alternative Methods of Solving Biasedness in Chi Square Contingency Table. *Academic Journal of Applied Mathematical Sciences*, 5(1), 1-6. DOI: https://doi.org/10.32861/AJAMS.51.1.6.
- Pallant, J. (2009). SPSS Priručnik za preživljavanje. Beograd: Mirko knjiga.
- Prince, N., Prince, J., & Kabst, R. (2018). Incentive pay configurations: the influence of national culture. *Evidence-based HRM*, 6(2), 187-202. DOI: https://doi.org/10.1108/EBHRM-12-2017-0059.
- Prince, N.R., Prince J.B., & Kabst, R. (2020). National culture and incentives: Are incentive practices always good? *Journal of World Business*, 55(3), 101075. DOI: https://doi.org/10.1016/j.jwb.2020.101075
- Prince, N.R., Prince J.B., Skousen, B.R., & Kabst, R. (2016). Incentive pay configurations: Bundle options and country-level adoption. *Evidence-based HRM: A Global Forum for Empirical Scholarship*, 4(1). 49-66. DOI: http://dx.doi.org/10.1108/EBHRM-02-2015-000.
- Purcell, J. (2014). Employee voice and engagement. In C. Truss, R. Delbridge, K. Alfes, A. Shantz, & E. Soane (Eds.), *Employee* engagement in theory and practice (pp. 236–249). Routledge.
- Siems, F. U., Goelzner, H., & Moosmayer, D. C. (2012). Reference compensation: A transfer of reference price theory to human resource management. *Review of Managerial Science*, 6, 103-129. DOI: https://doi.org/10.1007/s11846-010-0055-0.

- Steinmetz, H., Schwens, C., Wehner, M., & Kabst, R. (2011). Conceptual and methodological issues in comparative HRM research: The Cranet project as an example. *Human Resource Management Review*, 21(1), 16-26. DOI: https://doi.org/10.1016/j.hrmr.2010.09.008.
- Subramony, M. (2009). A meta-analytic investigation of the relationship between HRM bundles and firm performance. *Human Resource Management*, 48(5), 745-768. DOI: https://doi.org/10.1002/hrm.20315.
- Šušnjar Štangl, G., & Berber, N. (2014). Stimulativne zarade i performance organizacije: istraživanje na bazi CRANET podataka u Evropi. *Anali Ekonomskog fakulteta u Subotici*, 50(32), 73-88.
- Timming, A.R., & Macneil, J. (2023). Bridging human resource management theory and practice: Implications for industryengaged academic research. *Human Resource Management Journal*, 33(3), 592–605. DOI: https://doi.org/10.1111/1748-8583.12523.
- Vlaev, I., King, D., Darzi, A., & Dolan, P. (2019). Changing health behaviors using financial incentives: a review from behavioral economics. *BMC Public Health*, 19. DOI: https://doi.org/10.1186/s12889-019-7407-8.
- Wood, G., & Budhwar, P. (2021). What makes world leading research in HRM? *Human Resource Management Journal*, 32(4), 723-728. DOI: https://doi.org/10.1111/1748-8583.1242.
- Yang, F. (2019). Peer-dependent incentives and prepaid bonuses: An experimental investigation of productivity improvement. *Journal of Behavioral and Experimental Economics*, 81, 152-163. DOI: https://doi.org/10.1016/J.SOCEC.2019.06.004.
- Zolak Poljašević, B., & Vučenović, S. (2023). The role and importance of HRM in organisations: A comparative analysis in three european countries. *Konwledge International Journal*, 56(1), 15-20.
- Zolak Poljašević, B., Ilić, G., & Milunović, D. (2017). Impact of compensation management on the business performance: Empirical research. *Anali Ekonomskog fakulteta u Subotici*, 53(38), 139-154.

Od teorije do prakse: spodbude za menedžerje in strokovnjake

Izvleček

Čeprav je v teoriji precej literature, ki poudarja pomen spodbudnih plačil zaposlenih, ni veliko empiričnih raziskav, ki bi pokazale njihovo razpršenost v praksi. Osnovni namen te študije je raziskati raven izvajanja različnih spodbud v treh državah: Sloveniji, Srbiji ter Bosni in Hercegovini. Raziskava je bila izvedena na vzorcu 321 podjetij. Podatki za to študijo so bili pridobljeni iz podatkovne zbirke CRANET. Zadnji cikel zbiranja podatkov je bil izveden v letih 2021-2022. Poleg opisne statistike sta bila za preverjanje hipotez uporabljena Pearsonov test Chi-Square in Cramerjev test V. Rezultati raziskave kažejo na statistično pomembno razliko v uporabi večine opazovanih elementov nadomestil med opazovanimi državami. Študija prispeva k literaturi o upravljanju nadomestil, saj predstavlja empirične podatke o stopnji izvajanja različnih instrumentov nadomestil v treh opazovanih državah.

Ključne besede: spodbude, nadomestila, kontekst države, vodstveni delavci, strokovnjaki