

Ministry of Education and Science of Ukraine

Ukrainian-American Concordia University

***Department of International Economic Relations, Business &
Management***

Bachelor's Qualification Work

**Compensation and incentives for different levels of management in
the organization**

Bachelor's student of

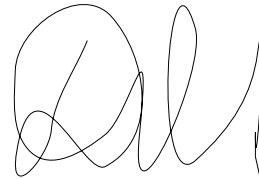
Field of Study 07 – Management
and Administration

Specialty 073 – Management

Educ. program – Management

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(signature)



Research supervisor



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Doctor of Philosophy

(signature)

Abstract

The objectives of the study on compensation and incentives for different levels of management in LLC Creative Projects are extensive and comprehensive. The primary goal is to conduct a thorough examination of the existing compensation and incentive structure, with the aim of identifying its strengths and weaknesses. By delving into the intricacies of the current system, the study intends to explore industry best practices and propose improvements and enhancements that align with the organization's goals and foster managerial motivation and performance.

Keywords: Compensation and incentives, Performance-based bonuses, Career development, Non-monetary rewards, Employee engagement, Transparent communication, Organizational success

Анотація

Цілі дослідження компенсації та заохочення для різних рівнів управління в ТОВ «Креативні проекти» є широкими та всеосяжними. Основна мета полягає в тому, щоб провести ретельний аналіз існуючої системи компенсації та заохочення з метою виявлення її сильних і слабких сторін. Заглиблюючись у тонкощі поточної системи, дослідження має на меті вивчити найкращі практики в галузі та запропонувати вдосконалення та покращення, які відповідають цілям організації та сприяють управлінській мотивації та продуктивності.

Ключові слова: Компенсації та заохочення, бонуси за результатами роботи, кар'єрний розвиток, негрошові винагороди, залучення співробітників, прозоре спілкування, організаційний успіх

**PHEE-institute «Ukrainian-American Concordia University»
School of Management and Business
Department of International Economic Relations, Business and Management**

Educational level: **bachelor degree**
Specialty: **073 “Management”**
Educational Program **“Management”**

APPROVED

Head of Department Prof. Liubov Zharova



**TASK
FOR BACHELOR'S QUALIFICATION WORK**

Daniil Moroz

1. Topic of the work: **Compensation and incentives for different levels of management in the organization**
(Based on LLC Creative Projects case)

Supervisor of the work *Lesya Leshchii, Ph.D. in Economics.*

Which approved by Order of University from “22” September 2022 № 22-09/2022-3c

2. Deadline for bachelor's qualification work submission **“23” April 2023**

3. Data-out to the bachelor's qualification work_

The information obtained from open sources, Internet resources, scientific articles, etc., as well as the actual data of the company, its financial statements and other documents obtained during the internship

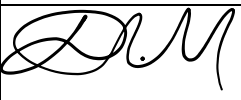




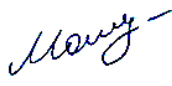
4. Contents of the explanatory note (list of issues to be developed).

The research should address and revolve the following issues:

- Investigate the significance of compensation and incentives for different levels of management within organizations.
- Define the objectives of the study regarding compensation and incentives.
- Examine the background and context of LLC Creative Projects.
- Provide recommendations on increasing the efficiency of the company's activities through better management in the field of compensation and incentives

5. *The work presents and analyzes graphs and tables for the analysis of economic and statistical information about the company and its development, evaluation of the company's activities*

6. Consultants for parts of the work

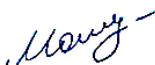
Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	Lesya Leshchii, Ph.D. in Economics		
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3	Lesya Leshchii, Ph.D. in Economics		

7. Date of issue of the assignment

Time Schedule

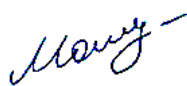
№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	31.12.2022	In time
2.	II chapter	20.02.2023	In time
3.	III chapter	11.04.2023	In time
4.	Introduction, conclusions, summary	23.04.2023	In time
5.	Pre-defense	26.04.2023	In time

Student  _ Daniil Moroz



Supervisor _____ Lesya Leshchii

Conclusion: The work is devoted to the study of the role of Compensation and incentives for different levels of management in the organization. The work was performed based on internship data, the student analyzed the company's activities as a whole with a special emphasis on personnel analysis. During the semester, the student worked unevenly and did not fully adhere to the work schedule, but he managed to complete the work on time and in full. The work contains conclusions and recommendations, all other necessary structural subdivisions, is of sufficient volume, meets the requirements for bachelor theses and can be recommended for defense with a grade of "Good" if the defense is successful.



Supervisor _____ Lesya Leshchii

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INTRODUCTION

Incentive compensation programs have become indispensable and all-encompassing elements within modern organizational strategies, surpassing their traditional role of solely promoting efficiency and productivity. These programs have transformed into intricate and expansive frameworks that encompass a multitude of interrelated aspects, including employee engagement, talent management, and overall organizational success. Beyond their primary function of driving desired behaviors, incentive compensation serves as a multifaceted and indispensable tool for augmenting recruitment efforts, nurturing profound employee satisfaction and unwavering loyalty, and fortifying employer branding initiatives, thus creating a formidable and harmonious ecosystem that drives organizational growth and prosperity.

At the heart of incentive compensation lies the fundamental recognition that rewards wield significant influence over individual and collective performance. By seamlessly aligning compensation structures with specific goals and desired outcomes, organizations are able to effectively channel and harness the immense potential and efforts of their employees towards the attainment of strategic objectives. While the notion of sales-based commissions often springs to mind as the prototypical form of incentive compensation, contemporary programs have transcended such confines and now encompass a remarkably broader spectrum of reward mechanisms. Ranging from performance-based bonuses and profit-sharing schemes to the provision of stock options and equity grants, organizations have artfully diversified their incentive offerings to cater to the multifaceted nature of various roles, responsibilities, and hierarchical levels within the organizational framework, ensuring equitable treatment and recognizing the unique contributions of each individual.

To guarantee the effectiveness and long-term sustainability of incentive compensation programs, organizations must undertake a meticulous and tailor-made approach, precisely designing these programs to suit their unique contexts. This multifaceted process entails extensive research, in-depth analysis, and meticulous planning, taking into account a plethora of factors, including industry norms, prevailing market conditions, organizational culture, and the nuanced preferences of employees. The successful implementation of incentive

compensation necessitates clear and transparent communication, the establishment of measurable performance metrics, and a robust system of ongoing monitoring and evaluation, ensuring that the intended outcomes are achieved and remain consistently aligned with organizational goals. Widely regarded as a catalyst for improved corporate performance, incentive compensation schemes offer organizations the ability to adequately reward high performers while concurrently addressing instances of underperformance, ultimately leading to elevated levels of overall productivity and profitability. The tangible link between performance and rewards nurtures a culture of meritocracy, propelling employees to consistently strive for excellence and fostering an environment that fuels innovation and continuous improvement. Moreover, in an era marked by the pervasive nature of globalization and its attendant challenges, incentive compensation assumes an even greater significance. By offering compelling and alluring incentives, organizations can effectively attract and retain top-tier talent, particularly within fiercely competitive industries and amidst labor markets characterized by scarcity, thus fortifying their agility and adaptability to remain at the forefront of the ever-evolving business landscape.

Amidst the backdrop of shifting employment dynamics and persistent talent shortages, organizations are increasingly reliant on the strategic deployment of incentive compensation to successfully navigate the complex challenges inherent in talent management. Retention bonuses, sign-on incentives, and specialized reward programs are just a few examples of how organizations skillfully leverage incentives to retain invaluable employees, mitigate turnover risks, and incentivize the acquisition of new talent. By providing enticing and well-crafted financial and non-financial rewards, organizations are able to carve out a distinct and coveted niche for themselves as employers of choice, thereby cultivating a highly motivated, deeply engaged, and fiercely loyal workforce that acts as the bedrock of sustained success.

However, the implementation of successful incentive compensation programs transcends the mere provision of financial rewards. Organizations must steadfastly prioritize and uphold principles of fairness, equity, and transparency in their compensation practices, fostering an environment of trust and satisfaction among employees. Furthermore, organizations must embrace a culture of continuous evaluation and adaptation, ensuring that their incentive compensation programs remain attuned to the shifting dynamics of the market, the prevailing regulatory frameworks, and the evolving expectations of the workforce. Striking

the delicate equilibrium between short-term incentives that provide immediate motivation and long-term rewards that fuel enduring loyalty, as well as fostering a harmonious balance between recognizing individual achievements and encouraging collaborative teamwork, emerges as a critical imperative in order to maximize the profound impact of incentive compensation on employee performance and overall organizational success.

Ultimately, incentive compensation programs have emerged as multifaceted and strategic tools that extend far beyond their conventional purpose. By harnessing the power of incentives, organizations can foster a culture of excellence, attract and retain top-tier talent, enhance employee satisfaction, and ultimately gain an unparalleled competitive edge in the relentlessly dynamic and ever-evolving business landscape of the contemporary era. These programs have become an integral and indispensable part of organizational DNA, driving sustained growth, prosperity, and the realization of strategic aspirations.

CHAPTER 1. The importance of compensation and incentives.

1.1. Significance of compensation and incentives for different levels of management

Compensation and incentives play a pivotal and multifaceted role in managing different levels of management within organizations, including LLC Creative Projects. These elements hold immense significance as they contribute to driving employee motivation, fostering engagement, and ultimately influencing the overall performance of the organization. There are several key reasons why compensation and incentives are vital for effective management within LLC Creative Projects, and understanding these reasons can help optimize the organization's approach to these crucial aspects.

One of the primary reasons compensation and incentives are essential is their ability to motivate performance among managers at all levels. By offering competitive salary packages and incorporating performance-based rewards, organizations can inspire managers to excel in their roles and strive for excellence. When managers are motivated, they are more likely to go the extra mile, take ownership of their responsibilities, and drive positive results. Motivated managers contribute to a productive work environment, where their enthusiasm and dedication positively influence their teams and promote a culture of high performance throughout the organization.

In addition to motivating performance, compensation and incentives provide a tangible means of acknowledging and rewarding managerial achievements. By ensuring that managers receive fair and competitive compensation, combined with recognition through various incentives such as bonuses, commissions, or profit-sharing, organizations reinforce their value and accomplishments. Such recognition not only fosters a positive work environment but also cultivates a culture where managers feel appreciated and motivated to continue delivering exceptional results. Recognizing and rewarding managerial achievements is a powerful driver of engagement, job satisfaction, and long-term commitment to the organization.

Moreover, offering competitive compensation and attractive incentives is crucial for retaining top managerial talent within LLC Creative Projects. Skilled and experienced managers are highly sought after, and organizations must provide

compelling compensation packages to ensure their loyalty and commitment. By offering competitive salaries, performance-based bonuses, and opportunities for career growth and advancement, LLC Creative Projects can attract and retain top-tier managerial talent. This strategic investment in talent retention helps the organization avoid the costs and disruptions associated with frequent turnover and promotes continuity and stability within the management team. Compensation and incentives can also be strategically designed to drive organizational alignment. By aligning the objectives of managers with the broader goals and strategic vision of LLC Creative Projects, organizations can ensure that managers are focused on driving outcomes that directly contribute to the company's success. This alignment can be achieved by tying compensation to key performance indicators and aligning incentives with specific targets or milestones. When managers are motivated by incentives that are directly linked to organizational objectives, they become more invested in achieving those goals, leading to enhanced organizational efficiency, effective resource allocation, and the successful realization of strategic objectives. Furthermore, well-designed compensation and incentive programs have a positive impact on employee engagement levels, including managers. When managers perceive that their efforts are fairly rewarded and that their contributions are valued, they are more likely to be engaged, committed, and dedicated to their work. Engaged managers act as advocates for the organization, positively influencing their teams and fostering a culture of high performance and collaboration. By prioritizing compensation and incentives that recognize and value managerial contributions, LLC Creative Projects can enhance employee engagement and create a positive and motivating work environment. Compensation and incentives hold great significance for the effective management of different levels of management within LLC Creative Projects. These elements serve as powerful tools to motivate performance, reward achievements, retain top managerial talent, drive organizational alignment, and promote employee engagement. By implementing a comprehensive compensation and incentive structure that aligns with organizational goals and recognizes managerial contributions, LLC Creative Projects can foster a motivated and high-performing management team. This, in turn, contributes to organizational success, sustained growth, and a competitive edge in the marketplace.

1.2. Objectives of the study

The objectives of the study on compensation and incentives for different levels of management in LLC Creative Projects are extensive and comprehensive. The primary goal is to conduct a thorough examination of the existing compensation and incentive structure, with the aim of identifying its strengths and weaknesses. By delving into the intricacies of the current system, the study intends to explore industry best practices and propose improvements and enhancements that align with the organization's goals and foster managerial motivation and performance.

To achieve these objectives, the study will first assess the current compensation and incentive practices within LLC Creative Projects. This assessment will involve analyzing the types of compensation offered to managers at different levels and evaluating the effectiveness of existing incentive programs. By examining these practices, the study aims to determine how well they align with the organization's goals and objectives, and evaluate their impact on various aspects, such as managerial performance, employee satisfaction, and retention rates.

In addition to analyzing the current practices within LLC Creative Projects, the study will also investigate industry best practices and benchmark against other organizations in the same industry or similar sectors. This comparative analysis will provide valuable insights into successful approaches to compensation and incentives, allowing the study to identify innovative strategies that can be applied within LLC Creative Projects. By leveraging these insights, the study aims to propose actionable recommendations for improving the compensation and incentive system.

The proposed recommendations may involve modifying compensation packages to ensure competitiveness, implementing performance-based incentive programs to drive desired managerial behaviors, refining recognition mechanisms to acknowledge managerial achievements, or introducing new approaches to motivate and reward managers at different levels. The ultimate goal of these recommendations is to enhance the compensation and incentive structure, align it more effectively with organizational goals, and foster a motivated and high-performing managerial team within LLC Creative Projects. Apart from that, the study recognizes the importance of evaluating the impact of any proposed changes on employee motivation and overall organizational performance. To achieve this, the study will measure changes in employee satisfaction,

productivity levels, retention rates, and key performance indicators. This evaluation will provide valuable insights into the effectiveness of the recommended improvements and allow for continuous refinement and adjustment of the compensation and incentive structure.

Summing up the aforementioned, the objectives of the study are to gain a comprehensive understanding of the current compensation and incentive practices in LLC Creative Projects, identify areas for improvement, propose strategies to enhance the compensation and incentive structure, and evaluate the impact of these changes on employee motivation and overall organizational performance. By addressing these objectives, the study aims to contribute to the optimization of compensation and incentives for different levels of management, ultimately fostering a motivated and high-performing managerial team within CreativeProjectsLLC.

1.3. Background of LLC Creative Projects

LLC Creative Projects is a leading company providing technical design, construction, development, and project management services. With a strong reputation for delivering high-quality projects, the company has established itself as a trusted partner in the industry. LLC Creative Projects operates in a diverse range of sectors, including residential, commercial, industrial, and public infrastructure.

Established in 2003, LLC Creative Projects has steadily grown to become a key player in the market. The company's success can be attributed to its commitment to excellence, customer satisfaction, and innovative solutions. By leveraging a team of skilled professionals and utilizing cutting-edge technologies, LLC Creative Projects consistently delivers projects that exceed client expectations.

Table 1.1: Key Services Offered by LLC Creative Projects

Services
Technical Design
Construction Management
Development Planning
Project Management
Quality Control and Assurance
Cost Estimation and Budgeting
Procurement and Supply Chain Management
Risk Management and Migration
Sustainability and Green initiatives
Stakeholder Coordination
Post-Construction Support

Table 1.2: Industries Served by LLC Creative Projects

Industries
Residential
Commercial
Industrial
Public Infrastructure
Educational Institutions
Healthcare Facilities

Hospitality and Leisure
Transportation and Infrastructure
Energy and Utilities
Environmental and Sustainability

With a strong focus on customer satisfaction, LLC Creative Projects places great importance on delivering projects within the agreed timelines and budgetary constraints. The company maintains a customer-centric approach, ensuring clear communication, transparency, and collaboration throughout the project lifecycle.

LLC Creative Projects has earned a reputation for its commitment to quality, innovation, and professionalism. The company's ability to successfully deliver complex projects has resulted in long-standing relationships with clients, architects, engineers, and subcontractors.

With a focus on continuous improvement and staying abreast of industry trends, LLC Creative Projects invests in employee development and fosters a culture of teamwork, collaboration, and excellence. By promoting a safe and inclusive work environment, the company attracts and retains top talent in the industry.

To sum aforementioned up, LLC Creative Projects is a leading provider of technical design, construction, development, and project management services. With a diverse project portfolio and a customer-centric approach, the company has established itself as a trusted partner in delivering high-quality projects across various sectors.

Chapter 2. Concept of Compensation and Incentives

2.1. Concept, definition and importance of compensation, types of it and influencing factors

Compensation refers to the total package of financial and non-financial rewards provided by an organization to its employees in exchange for their work and services. It is a fundamental aspect of the employer-employee relationship and plays a crucial role in attracting, motivating, and retaining talent within an organization.

At its core, compensation serves as a means to recognize and reward employees for their contributions, skills, knowledge, and experience. It goes beyond the basic salary or hourly wage and encompasses various components such as bonuses, incentives, benefits, allowances, and perquisites. These elements are designed to provide employees with a sense of financial security, satisfaction, and recognition for their efforts.

The concept of compensation goes beyond mere monetary value. It extends to the perceived worth and value an employee places on the entire compensation package, including intrinsic rewards such as career development opportunities, work-life balance, job security, and a positive work environment. A well-designed compensation package takes into account the needs, expectations, and aspirations of employees, aligning them with the goals and objectives of the organization.

In addition to attracting and retaining employees, compensation plays a crucial role in motivating individuals to perform at their best. The way in which compensation is structured can influence employee behavior, performance, and engagement levels. By offering competitive salaries, performance-based incentives, and opportunities for growth and advancement, organizations can create a culture of high performance and drive individual and organizational success. The concept of compensation is influenced by various factors, including industry standards, labor market conditions, organizational resources, and legal requirements. It requires a careful balance between meeting the financial

obligations of the organization and ensuring that employees perceive their compensation as fair and equitable.

Compensation encompasses the financial and non-financial rewards provided to employees in exchange for their work and services. It serves as a crucial tool for attracting, motivating, and retaining talent within an organization. By recognizing and rewarding employee contributions, compensation plays a significant role in fostering employee satisfaction, engagement, and overall organizational success.

Types of Compensation (Financial and Non-Financial)

Compensation for different levels of management in an organization such as LLC Creative Projects can encompass both financial and non-financial elements. These components are designed to reward and motivate managers at various levels, recognizing their contributions, skills, and responsibilities. Let's explore the different types of compensation for different management levels:

1. Financial Compensation

Financial compensation refers to the monetary rewards provided to managers in exchange for their work and services. It includes various components that contribute to an individual's overall financial well-being. Here are examples of financial compensation components for different management levels within LLC Creative Projects:

Table 2.1: Financial Compensation Components

Management Level	Component	Description
Top – Level Management	Base Salary	Fixed annual salary for lop-level executives

	Performance Bonuses	Variable bonuses based on individual and company performance
	Stock Options	Granting stock options as part of long-term incentives
Middle – Level Management	Base Salary	Fixed annual salary for middle-level managers
	Annual Incentive Programs	Bonuses based on individual and team performance
	Profit Sharing	Sharing a portion of company profits with middle-level managers
Lower – Level Management	Base Salary	Fixed annual salary for lower-level managers
	Performance Bonuses	Bonuses based on individual and team performance

	Sales Incentives	Commissions or bonuses tied to sales targets
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Financial compensation provides tangible rewards to managers and serves as a motivator by recognizing their performance, experience, and responsibilities within the organization.

Table 2.2: Non-Financial Compensation Components

Management level	Component	Description
Top-Level Management	Executive Perquisites	Additional Benefits such as company car, housing, allowance, or club membership
	Flexible Work Arrangements	Options for flexible hours or remote work
	Professional Development	Opportunities for executive coaching or leadership programs

Middle-Level Management	Professional Development	Training programs or workshops to enhance managerial skills
	Work-Life Balance Initiatives	Policies promoting work-life balance and employee well-being
Lower-Level Management	Training and Skill Development	Opportunities for skill enhancement and career advancement
	Recognition Programs	Employee recognition initiatives for outstanding performance
	Work-life Balance Initiatives	Programs supporting work-life balance and employee well-being

Non-financial compensation plays a crucial role in attracting, motivating, and retaining managers by addressing their diverse needs and creating a positive work environment.

Several factors come into play when making compensation decisions for different levels of management within an organization like LLC Creative Projects. These

factors are considered to ensure that the compensation structure is fair, competitive, and aligned with organizational goals. Let's explore some of the key factors that influence compensation decisions:

Job Responsibilities and Complexity: The level of responsibility and complexity associated with a management role is a significant factor in determining compensation. Higher-level management positions typically involve greater decision-making authority, strategic planning, and overall accountability, warranting higher compensation.

Industry and Market Conditions: Compensation decisions are influenced by the industry in which the organization operates and prevailing market conditions. Organizations need to assess what other companies in the same industry and region are offering for similar management positions to remain competitive and attract top talent.

Company Size and Resources: The size and resources of the organization play a role in determining compensation. Larger organizations with greater financial capabilities may offer more competitive compensation packages compared to smaller organizations. Additionally, the availability of resources for compensation, such as budget allocation, can influence decision-making.

Performance and Results: Individual and team performance, as well as the achievement of specific targets and goals, can impact compensation decisions. High-performing managers who consistently deliver exceptional results may be rewarded with higher compensation through bonuses, incentives, or promotions.

Experience and Expertise: The level of experience and expertise required for a management role can influence compensation decisions. Managers with extensive industry knowledge, specialized skills, or unique qualifications may be offered higher compensation to reflect their value and contributions to the organization.

Internal Equity and Pay Structure: Maintaining internal equity is important to ensure fairness and avoid potential disparities in compensation. Organizations often establish pay structures or salary bands that define the range of compensation for different management levels based on factors such as job evaluation, seniority, or performance.

Legal and Regulatory Considerations: Compensation decisions must comply with legal and regulatory requirements, including minimum wage laws, overtime regulations, and equal pay legislation. Organizations need to ensure their compensation practices adhere to these guidelines to avoid legal implications.

Organizational Culture and Values: The organizational culture and values also influence compensation decisions. Some organizations may emphasize a performance-driven culture, offering higher incentives and rewards for achieving targets, while others may prioritize a more balanced approach, focusing on employee well-being and work-life balance.

By considering these factors, organizations can develop a comprehensive and strategic approach to compensation decisions that align with the needs of the business, attract and retain talented managers, and support overall organizational success. It is crucial to regularly review and update compensation strategies to adapt to changing market dynamics and evolving organizational requirements.

2.2 Concept of incentives

Incentives are rewards or benefits provided to employees beyond their regular compensation as a way to motivate, recognize, and reward their performance and contributions. These rewards can take various forms, both financial and non-financial, and are designed to encourage desired behaviors, increase productivity, and foster a culture of high performance within the organization.

Incentives play a multifaceted role within organizations, serving several key objectives that contribute to employee motivation, organizational alignment, and overall success. These incentives are designed to achieve broad goals and have a significant impact on various aspects of the organization. Let's explore these objectives in more detail:

One of the primary purposes of incentives is to motivate employees. By offering rewards tied to performance, organizations aim to inspire employees to go above and beyond their regular job responsibilities. This motivation encourages them to put in extra effort and strive for excellence in achieving desired outcomes. When employees are motivated, productivity levels increase, and they become more engaged in their work.

Incentives also serve as a means to recognize and reward employees for their exceptional performance and contributions. By providing tangible rewards,

organizations show appreciation for employees' hard work and dedication. This recognition makes employees feel valued and appreciated, fostering a positive work environment. Recognizing high performers not only rewards them individually but also reinforces positive behaviors and encourages others to emulate their success.

Furthermore, incentives help align employees' efforts with the overall goals of the organization. By tying rewards to specific targets and outcomes, organizations direct employees' attention and energy towards achieving strategic milestones. This alignment ensures that individual and team efforts are focused on driving the organization's success. When employees see a clear link between their performance and rewards, they become more committed and dedicated to achieving the organization's objectives. Employee engagement is another critical objective of incentives. By offering rewards that are meaningful and aligned with employees' aspirations, organizations foster a sense of ownership and commitment. When employees perceive that their efforts are recognized and rewarded, they are more likely to be engaged, motivated, and invested in their work. Engaged employees contribute to higher productivity, improved job satisfaction, and reduced turnover rates. Incentives also play a vital role in promoting continuous improvement within organizations. By offering rewards for learning, development, and innovative solutions, organizations encourage employees to enhance their skills, acquire new knowledge, and seek opportunities for growth. This fosters a culture of continuous learning and professional advancement, benefiting both employees and the organization by developing a skilled and adaptable workforce.

Moreover, well-designed incentive programs can help organizations attract and retain top talent. In today's competitive job market, organizations need to offer attractive incentives to stand out and entice skilled professionals to join their ranks. A robust incentive system not only attracts talent but also contributes to employee retention by providing ongoing motivation and recognition for their efforts.

Incentives serve as powerful tools within organizations, driving performance, enhancing employee engagement, and aligning efforts with strategic objectives. By understanding the purpose and significance of incentives, organizations can design and implement effective incentive programs that support the growth and success of the company and its employees.

Incentives can be categorized into two broad types: monetary incentives and non-monetary incentives. Each type has its unique characteristics and can be tailored

to suit the needs and preferences of employees at different levels of the organization. Let's explore these types of incentives in more detail, including examples and their impact on employee motivation and engagement.

Monetary Incentives: Monetary incentives refer to financial rewards or benefits provided to employees as a form of incentive. These incentives are typically tied to individual or team performance, achieving specific targets, or meeting predefined goals. Here are some common examples of monetary incentives:

Performance-Based Bonuses: Bonuses are additional payments awarded to employees based on their individual or team performance. They can be tied to specific metrics such as sales targets, project completion, or cost savings.

Profit Sharing: Profit sharing involves distributing a portion of the company's profits among employees. This incentive aligns employees' interests with the financial success of the organization.

Commission Structures: Commission-based incentives are prevalent in sales roles, where employees earn a percentage of the sales revenue they generate. It provides direct financial motivation for salespeople to achieve higher sales volumes.

Stock Options: Stock options grant employees the right to purchase company stock at a predetermined price. This incentive allows employees to share in the company's financial success and aligns their interests with long-term company performance.

Salary Increases: Salary increases can serve as incentives for employees who consistently perform at a high level. A raise in salary recognizes their contributions and motivates them to maintain their performance.

Monetary incentives provide tangible rewards that have a direct impact on employees' financial well-being. They can significantly motivate employees to achieve goals, improve performance, and drive desired outcomes. However, it's essential to design monetary incentives carefully to ensure they are equitable, transparent, and aligned with organizational objectives.

Non-Monetary Incentives: Non-monetary incentives are rewards that are not directly tied to financial compensation. These incentives focus on intrinsic

motivators, employee well-being, and creating a positive work environment. They can enhance employee satisfaction, engagement, and overall job enjoyment. Here are some examples of non-monetary incentives:

Recognition and Appreciation: Recognizing and appreciating employees' efforts and achievements can be a powerful non-monetary incentive. This can take the form of public recognition, employee of the month awards, or personalized thank-you notes.

Flexible Work Arrangements: Offering flexible work schedules, remote work options, or compressed workweeks can be valuable non-monetary incentives. They provide employees with greater work-life balance and autonomy over their schedules.

Professional Development Opportunities: Investing in employees' professional growth through training programs, workshops, conferences, or mentorship initiatives can be an effective non-monetary incentive. It demonstrates a commitment to employee development and helps them acquire new skills and advance in their careers.

Work-Life Balance Initiatives: Providing benefits such as paid time off, parental leave, or wellness programs can support employees' work-life balance and well-being. These initiatives contribute to a positive work environment and promote employee loyalty and satisfaction.

Employee Engagement Activities: Organizing team-building events, social activities, or employee recognition ceremonies can foster a sense of belonging and engagement. These initiatives contribute to a positive organizational culture and strengthen employee relationships.

Non-monetary incentives focus on intrinsic motivators and can have a lasting impact on employee engagement and satisfaction. They demonstrate that the organization values employees beyond financial rewards and seeks to create a supportive and fulfilling work environment.

Impact on Employee Motivation and Engagement:

Both monetary and non-monetary incentives play a crucial role in motivating employees and driving their engagement. Monetary incentives provide tangible

rewards that directly affect employees' financial well-being, such as bonuses, profit sharing, and commission structures. On the other hand, non-monetary incentives tap into intrinsic motivators and contribute to a positive work environment, such as recognition, flexible work arrangements, and professional development opportunities. When implemented effectively, both types of incentives can have a significant impact on employee motivation, performance, and job satisfaction. Non-monetary incentives, on the other hand, tap into intrinsic motivators and contribute to a positive work environment. When implemented effectively, both types of incentives can have the following impact on employee motivation and engagement:

Increased Motivation: Incentives, whether monetary or non-monetary, provide employees with a sense of purpose and reward for their efforts. They can increase motivation by creating a clear link between performance and rewards, stimulating employees to strive for excellence.

Improved Performance: Incentives serve as a catalyst for improved performance. Monetary incentives, such as bonuses or commission structures, directly tie rewards to specific targets or goals, encouraging employees to enhance their productivity and achieve desired outcomes. Non-monetary incentives, such as recognition or professional development opportunities, can inspire employees to excel in their roles.

Enhanced Job Satisfaction: Both types of incentives contribute to overall job satisfaction. Monetary incentives provide financial security and stability, while non-monetary incentives foster a positive work environment, a sense of belonging, and personal growth opportunities. When employees feel valued and appreciated, their job satisfaction increases.

Increased Retention and Engagement: Well-designed incentives can help attract and retain top talent. Monetary incentives, such as competitive salaries or profit-sharing plans, can be powerful retention tools. Non-monetary incentives, such as flexible work arrangements or career development opportunities, promote employee engagement and loyalty to the organization.

Positive Organizational Culture: Incentives play a significant role in shaping the organizational culture. A culture that values and rewards performance, recognizes achievements, and supports employee well-being creates a positive and motivating work environment. This, in turn, fosters teamwork, collaboration, and a sense of pride in the organization.

It's important for organizations to strike a balance between monetary and non-monetary incentives, considering the unique needs and preferences of their employees. A comprehensive incentive program that combines both types of incentives can maximize employee motivation, engagement, and overall performance.

Tables:

Table 2.3: Examples of Monetary Incentives

Type of Incentive	Description
Performance – Based bonus	Additional payment based on individual or team performance
Profit sharing	Distribution of company profits among employees
Commission Structures	Percentage of sales revenue earned by salespeople
Stock Options	Right to purchase company stock at predetermined price
Salary Increases	Raise in salary to reward high performers

Table 2.4: Examples of Non-Monetary Incentives

Type of Incentive	Description
Recognition and Appreciation	Acknowledgement of employees' efforts and achievements
Flexible Work Arrangements	Offering options for flexible work schedules or remote work
Professional Development	Investing in training and development opportunities
Work-Life Balance Initiatives	Providing benefits to support work-life balance and well-being
Employee Engagement Activities	Organizing team-building events and social activities

The implementation of a well-designed and balanced incentive program that incorporates both monetary and non-monetary incentives can contribute to a

motivated, engaged, and high-performing workforce within LLC Creative Projects.

2.3 Current Compensation and Incentive System at LLC Creative Projects

LLC Creative Projects has a well-defined organizational structure that encompasses various management levels. The structure is designed to facilitate effective decision-making, efficient workflow, and clear lines of authority and responsibility. The management levels within LLC Creative Projects can be categorized as follows:

Top-level Management:

At the top level of the organizational hierarchy, there is the executive or senior management team. This team consists of key executives who are responsible for setting strategic goals, making critical decisions, and overseeing the overall operations of the company. Top-level managers in LLC Creative Projects may include the CEO, CFO, COO, and other high-ranking executives.

Middle-level Management:

Below the top-level management, there are middle-level managers who bridge the gap between the top-level executives and lower-level employees. They play a vital role in implementing the strategic decisions and translating them into actionable plans. Middle-level managers in LLC Creative Projects may include department managers, project managers, team leaders, and supervisors. They are responsible for supervising teams, coordinating projects, and ensuring efficient execution of tasks.

Lower-level Management:

At the lower levels of the organizational structure, there are lower-level managers who oversee specific teams, units, or departments within LLC Creative Projects. They are responsible for day-to-day operations, monitoring employee performance, and ensuring the achievement of departmental goals. Lower-level managers may include line managers, team supervisors, and coordinators.

Overall, the organizational structure of LLC Creative Projects enables clear reporting relationships, promotes efficient workflow, and ensures effective management at each level. This structure plays a crucial role in facilitating coordination, maximizing productivity, and driving the success of the company's technical design, construction, development, and project management services.

Compensation and Incentive Practices for LLC Creative Projects:

Compensation Structure:

Base Salaries: LLC Creative Projects establishes competitive base salary ranges for each management level based on industry benchmarks and regional market rates. Salaries are determined considering factors such as job responsibilities, qualifications, and experience.

Performance-based Bonuses: A performance-based bonus system is implemented, tied to individual and team targets. This motivates employees to achieve their goals and contribute to the overall success of the company.

Benefits: LLC Creative Projects offers a comprehensive benefits package, including health insurance, retirement plans, paid time off, and professional development opportunities. These benefits enhance the overall compensation package and contribute to employee satisfaction and well-being.

Incentive Programs:

Project-based Incentives: LLC Creative Projects introduces project-based incentives to reward employees for successful project completion, meeting project deadlines, and achieving client satisfaction.

Employee Recognition Program: An employee recognition program is implemented to acknowledge and reward exceptional performance, innovation, and contributions to the company's success. This program includes monthly or quarterly awards and public recognition to enhance employee motivation and engagement.

Career Advancement Opportunities: LLC Creative Projects provides opportunities for career growth and advancement, including promotions, additional responsibilities, and increased compensation for high-performing employees. This encourages employees to develop their skills and contribute to the long-term success of the company.

Evaluation of Compensation and Incentive Practices:

Effectiveness: The compensation and incentive practices are evaluated based on their effectiveness in attracting and retaining talented individuals, motivating high performance, and aligning with the company's strategic objectives.

Employee Satisfaction: Surveys, interviews, and feedback sessions are conducted to gauge employee satisfaction with the compensation and incentive practices. This provides insights into whether the practices are perceived as fair, competitive, and motivating.

Performance Outcomes: The impact of the compensation and incentive practices on individual and team performance is assessed. This involves analyzing performance metrics, project outcomes, and client satisfaction to determine the effectiveness of the practices in driving desired results.

Benchmarking: Regular benchmarking against industry standards and best practices is conducted to ensure that LLC Creative Projects remains competitive in its compensation and incentive offerings.

Continuous Improvement: Based on the evaluation findings, adjustments and improvements are made to the compensation and incentive practices to address any identified gaps or areas for enhancement. This ensures the practices remain relevant, effective, and aligned with the evolving needs of the organization and its employees.

Through a comprehensive evaluation process, LLC Creative Projects continuously monitors and enhances its compensation and incentive practices to attract, motivate, and retain a high-performing workforce that drives the company's success in the technical design, construction, development, and project management services industry.

LLC Creative Projects has implemented several effective compensation and incentive practices that contribute to the motivation and engagement of its employees. The company demonstrates several strengths in its approach to compensation:

One of the key strengths of LLC Creative Projects is its commitment to offering competitive compensation. The company ensures that its employees receive base salaries that are aligned with industry and regional standards. This approach helps to attract and retain top talent by providing fair and competitive compensation for their skills and experience. LLC Creative Projects also recognizes the importance of performance-based incentives. The company has implemented a performance-

based bonus system that rewards employees for achieving their targets and contributing to the success of the organization. This approach fosters a culture of high performance and motivates employees to strive for excellence in their work.

In addition to monetary incentives, LLC Creative Projects provides a comprehensive benefits package to its employees. This package includes health insurance, retirement plans, and paid time off. By offering a range of benefits, the company demonstrates its commitment to the well-being and overall satisfaction of its employees. The company has also introduced project-based incentives as a way to recognize and reward employees for successful project completion, meeting deadlines, and satisfying clients. This approach not only incentivizes employees to perform well on individual projects but also fosters a sense of accomplishment and engagement within the organization. While LLC Creative Projects has several strengths in its compensation and incentive practices, there are areas that could benefit from improvement. One area for improvement is the diversification and expansion of non-monetary incentives. While the company has implemented an employee recognition program, there is an opportunity to introduce additional non-monetary incentives such as professional development opportunities, flexible work arrangements, and initiatives focused on work-life balance. These non-monetary incentives can further enhance employee motivation and engagement.

Effective communication and transparency regarding the compensation and incentive practices are also areas for improvement. Clear and consistent communication of performance expectations, bonus criteria, and eligibility is essential to ensure that employees understand the link between their performance and the rewards they receive. Enhancing transparency in these practices will contribute to employee understanding and engagement. LLC Creative Projects can also strengthen its performance measurement and evaluation processes. This involves setting clear and measurable performance metrics, regularly reviewing and updating performance targets, and providing timely feedback to employees. By improving these processes, the company can ensure that its performance evaluation system is fair, objective, and aligned with its strategic objectives.

Furthermore, conducting regular benchmarking against industry standards and market analysis will help LLC Creative Projects stay competitive in its compensation and incentive offerings. This will ensure that the company's practices align with market trends and enable it to attract and retain top talent.

By leveraging its strengths and addressing the areas for improvement, LLC Creative Projects can enhance its compensation and incentive practices. This will result in a motivated and engaged workforce, ultimately contributing to the company's success in providing technical design, construction, development, and project management services.

Chapter 3: Designing an Effective Compensation and Incentive Structure

3.1. A combination of compensation and incentives

Based on the system of remuneration and the system of labor incentives, 'LLC Creative Projects' offers a variant of the organization of incentives for workers, which is based on the system of wages with the mechanisms of the organization of financial incentives for personnel.

In this model, we determine the characteristic properties that should be possessed by the remuneration system with the mechanisms for organizing material incentives for personnel, we conduct a study of the influence of external and internal factors on the level of individual wages.

We propose to completely abandon the use of inefficient allowances and introduce incentive payments for length of service and qualification level, which are determined not empirically, but using a mathematical relationship between them.

Incentive payments in the proposed model consist of two components: premium payments and a share of profit obtained by distribution.

Bonus payments are traditionally based on the personal relationship between the employee and management, and the incentive criteria are mainly weighted average or averaged parameters.

We suggest abandoning the traditional bonus scale, and using no more than 3-5 weighty bonus factors that correspond to the working conditions of LLC Creative Projects for financial incentives.

We suggest that for the calculation of the share of profit received by the employee during the distribution, take into account his coefficient of the labor process.

Mathematical modeling of the system allows you to determine the level of its adaptability to internal and external factors of the enterprise.

Under the influence of internal factors, we can determine the adequacy of the model at the enterprise. If the enterprise has no profit, then the material incentive model will take the following form:

$$ZP_i = OZP_i + D_i + C_i, (3.1)$$

where ZP_i is the full salary of the i-th employee;

OZP_i - the basic salary of the i-th employee;

D_i - additional payment of the i-th employee;

C_{and} - stimulation of the i-th employee.

When using the proposed model, the company is freed from one of the levers of contractual regulation - allowances. Therefore, in the formation of the wage policy, the enterprise receives even more independence or controlled factors.

For the practical implementation of the model at the level of departments dealing with salary calculation, we suggest using the calculation formula:

$$ZP_i = N_i * T_i * (1 + k_{Di} + k_{Si}) + \Phi_P * KTV_i (1 + k_{Pi} - \sum (KTV_i * k_{Pi})), (3.2)$$

where ZP_i is the full salary of the i-th employee;

N_i - tariff rate of the i th employee;

T_i - number of hours worked;

k_{Di} - co-payment coefficient of the i -th employee;

k_{Si} - incentive factor of the i -th employee;

The effectiveness of the functioning of the model of the organization of material stimulation of the personnel largely depends on the updating of information during regular salary calculations, which requires constant interaction between all units of the enterprise.

Heads of divisions (departments) record the following parameters of each employee in the time sheet (Table 3.1):

number of days worked;

number of hours worked per shift;

number of hours worked during the reporting period - month (T_i);

the presence of a discrete premium parameter ($\beta_{uj} j=1; m$) from each factor. Managers enter in the time sheet those parameters that are input for the accounting department and the planning and financial department. (Table 3.1).

Table 3.1. Time sheet of 'LLC Creative Projects'

Workers	Discharge	Hourly tariff rate	Total hours worked per month	Bonus factors, β		
				for fulfilling the terms of the employment agreement	For the absence of punishments	Quality of works
Rats P.P.	1	5.91	150	1	1	1
Larko M. N	5	21.90	123	0	1	0
R. K. Senko	3	8.76	126	1	1	1
Mazai K. K	4	12.96	135	1	0	1

The accounting department, together with the planning and economic department, on the basis of permanent and conditionally permanent parameters of each employee, determine the calculation parameters:

basic salary of each employee (OZP_{and}):

$$OZP_{and} = N_i * T_i, (3.3)$$

where OZP_{and} - the basic salary of the i-th employee;

N_i - tariff rate;

T_i - the number of hours worked.

$$OZP_1 = 5.91 * 150 = \text{UAH } 886.5.$$

bonus factor of each employee (K_{Pi}):

$$K_{Pi} = \sum \beta_{ij} * K_{\phi j}, (3.4)$$

where K_{Pi} is the bonus factor of the i-th employee;

β_{ij} is a discrete parameter of bonusing of the ith employee according to K_{ff} of the jth factor;

K_{ff} - the specific weight of the jth bonus factor in the incentive fund.

$$K_{P1} = 3 * 1 = 3$$

conditional-permanent salary of each employee ($UPZP_{and}$):

$$UPZP_{and} = OZP_{and} * (1 + K_{Di} + K_{Si}), (3.5)$$

where $UPZP_{and}$ - conditionally permanent salary of the i-th employee;

OZP_i - the basic salary of the i-th employee;

K_{Di} - coefficient of surcharges of the i-th employee;

K_{si} - incentive coefficient of the i-th employee.

$$UPZP_1 = 886.5 \cdot (1+0.10+0.00) = \text{UAH } 975.15.$$

the actual fund of the basic salary (F_{OZP}):

$$\Phi_{OZP} = \sum OZP_{and} \quad (3.6)$$

where

F_{OZP} - actual wage fund;

OZP_i - the basic salary of the i-th employee.

$$F_{OZP} = (886.5+2693.7+1103.76+1749.6+889.68) = \text{UAH } 7323.24.$$

coefficient of labor contribution of each employee (KTV_{and})

$$KTV_i = OZP_i / F_{OZP}, \quad (3.7)$$

KTV_i - labor contribution coefficient of the i-th employee;

OZP_i - the basic salary of the i-th employee;

F_{OZP} - the actual wage fund.

$$KTV_1 = 886.5/7323.24 = 0.12$$

the total value of the coefficient of the bonus of the collective (K_{II}):

$$K_P = \sum K_{Pi} \quad (3.8)$$

K_P - the total value of the bonus factor;

K_{pi} - bonus factor of the i-th employee.

$$K_p = 3 + 0.25 + 3 + 1.5 + 0.5 = 8.25$$

additional salary of each employee (DZP_{and})

$$DZP_{and} = \Phi_p * KTV_{and} * (1 + K_{pi} - K_{TV}), (3.9)$$

where, DZP_{and} - additional salary of the i-th employee;

FP - award fund (incentive) ;

KTV_i - labor contribution coefficient of the i-th employee;

K_{pi} - bonus factor of the i-th employee;

K_{TV} - the coefficient of the labor contribution in the sum, which is increasing.

$$DZP_I = 2368.58 * 0.11 * (1 + 3 - (1.01 * 3)) = \text{UAH } 252.72 \backslash$$

full salary of each employee ($salary_{and salary}$):

$$ZP_{and} = UPZP_i + DZP_i, (3.10)$$

where, ZP_i is the salary of the i-th employee;

$UPZP_i$ - conditionally permanent salary of the i-th employee;

DZP_i - additional salary of the i-th employee.

$$ZP_I = 975.15 + 252.72 = \text{UAH } 1227.87.$$

Based on the constant and conditionally constant parameters of each employee, we will determine the calculation parameters (Table 3.2)

Table 3.2. Calculation of wages for employees of ‘LLC Creative Projects’

Workers	OZP and	K _{Pi}	UPZP and	KTV and	DZP and	ZP and
Rats P.P.	886.5	3	975.15	0.12	252.72	1227.87
Larko M. N	2693.7	0.25	3367.12	0.37	891.00	4258.12
R. K. Senko	1103.76	3	1269.32	0.17	367.60	1636.92
Mazai K. K	1749.6	1.5	2021.04	0.24	580.31	2592.35

It should be noted that the implementation of this calculation model at LLC Creative Projects clearly defines the functions of each department involved in the formation of wages and reduces excessive document flow.

This model can be used to fully automate the salary calculation procedure.

The proposed wage calculation model has a number of advantages over the existing wage system used at LLC Creative Projects. Since it more specifically determines the relationship between the level of real wages and the final results of the enterprise, and also differentially determines the level of participation of each employee and the labor process of the enterprise. In addition, the system of material incentives with the participation of employees in the distribution of profits evaluates the labor activity of both an individual employee and the entire team. An individual approach is carried out with the help of a number of factors, such as labor productivity, professional skill, labor discipline, dedication to one's company (work experience).

One of the main shortcomings during the analysis of the forms of stimulation used at the enterprise was found to be that wages are not at all related to the final results of work. Since the results of work are collective, and the payment is individual.

Let's consider the categories of workers and their identified shortcomings.

For the workers of the company LLC Creative Projects the salary does not depend on the volume of work performed, namely the number of trips to

workplaces (parks, squares) of the Pechersk District, as evidenced by statistical data in Table 3.3 for 2021 and in table 3.4 for 2022

Table 3.3. Analysis of the number of departures by month in 2021

PIP workers	Number of trips to the parks of "Pechersk District"												In total
	Months												
	1	2	3	4	5	6	7	8	9	10	11	12	
Rats P.P.	1	1	2	3	3	2	0	1	0	3	3	0	30
Larko M. N	1	1	1	1	2	1	3	1	0	1	0	0	11
R. K. Senko	2	2	3	3	2	1	2	1	0	2	1	0	24
Mazai K. K	3	2	3	0	3	2	3	2	2	2	1	1	26
Rats P.K.	0	1	1	2	2	1	1	2	3	2	1	1	8
TOTAL:	7	7	10	9	12	7	9	7	5	9	6	2	101

Table 3.4. Analysis of the number of departures by month in 2022

PIP workers	Number of trips to the parks of "Pechersk District"												In total
	Months												
	1	2	3	4	5	6	7	8	9	10	11	12	
Rats P.P.	1	1	2	3	3	2	0	1	0	3	3	0	19
Larko M. N	1	1	1	1	2	1	3	1	0	1	0	0	12
R. K. Senko	2	2	3	3	2	1	2	1	0	2	1	0	19
Mazai K. K	3	2	3	0	3	2	3	2	2	2	1	1	24
Rats P.K.	0	1	1		2	1	1	2	3	2	1	1	17
TOTAL:	7	7	10	9	12	7	9	7	5	9	6	2	91

The basic salary is a reward for the work performed in accordance with the established labor standards (standards of time , production, service, job duties). It is established in the form of tariff rates (salaries) and piece rates for workers and official salaries for employees .

From the point of view of distribution relations, wages are a monetary expression of a part of the necessary product, which goes to the individual consumption of the company's workers in accordance with the amount and quality of labor spent by them in production.

The salary of the workers of the company 'LLC Creative Projects' varies depending on trips to parks and squares of the city, we will conduct a more detailed sample analysis for January-February 2021 and January-February 2022 in (Table 3.5).

Table 3.5. Sample salary analysis for January - February 2021 and January - February 2022

Indicator			Rats P.K.	Rats P.P.	Larko M. N	R. K. Senko	Mazai K. K	In total
2021 year	s/p	foun datio n _ UAH	3510	3510	3510	3510	3510	175500
		Add. UAH	1100	1100	1100	1100	1100	5500
	AND		4	0	0	2	1	7
	s/p	foun datio n _ UAH	3510	3510	3510	3510	3510	175500
		Add. UAH	110	110	110	110	110	550
	II		2	0	4	1	1	8
2022 year	s/p	foun datio n _ UAH	4000	4000	4000	4000	4000	20000
		Add. UAH	130	130	130	130	130	650
	AND		0	0	0	4	1	5
	s/p	foun datio n _ UAH	4000	4000	4000	4000	4000	20000
		Add. UAH	1400	1400	1400	1400	1400	7000
	II		0	0	1	1	0	2

An example of calculating the monthly salary of adjusters in 2021 - 2022.

Osn . s/n (2021) = UAH 3510.00

Add. s/n (2021) = 3510.00 * 40% = UAH 1400.40.

Osn . z/n (2022) = UAH 4000.00

Add. salary (2022) = 3210.00 * 40% = 1280.40 UAH.

40% of the worker's direct salary is paid monthly, a bonus.

From the data in table 3.4, it is clearly shown that the company's workers in different periods of time can make different number of trips to the parks of "Pechersk district", which was established by the company, and their additional salary does not depend on the volume of work performed by them, no additional payments for workers do not receive repair and maintenance of the park.

In the table 3.6 shows how wages and their ratio change in the period 2021 - 2022.

Table 3.6. Analysis of trips to the parks of "Pechersk district" and the ratio of wages during 2021 - 2022

PIP workers	2021		2022	
	Number of departures	Salary UAH per month	Number of departures	Salary UAH per month
Rats P.P.	31	5883.00	19	6760.00
Larko M. N	11	5883.00	12	6760.00
R. K. Senko	24	5883.00	19	6760.00
Mazai K. K	26	5883.00	24	6760.00
Rats P.K.	8	5883.00	17	6760.00
TOTAL:	101	29415.00	91	33800.00

The annual wage fund of workers is calculated:

Salary (month) = (3510.00 + 1100.00) * 12 + 3510 = 58830.00 UAH.

where, UAH 3510.00 - this is the salary according to the staff list;

UAH 1100.00 - 40% of the bonus from the official salary according to the staff list;

UAH 3510.00 - a bonus in the amount of the official salary, which is paid to all workers at the end of the year "thirteenth salary".

$$\text{Salary (month)} = (4000.00 + 1300.00) * 12 + 4000.00 = 67600.00 \text{ UAH.}$$

where:

UAH 4000.00 - this is the salary according to the staff list;

UAH 1300.40 - 40% of the bonus from the official salary according to the staff list;

UAH 4000.00 - a bonus in the amount of the official salary, which is paid to all employees at the end of the year "thirteenth salary".

Another serious drawback in the field of financial incentives

the fact that the company's managers and the management apparatus, who are directly interested in obtaining the maximum profit for the enterprise and create all possible working conditions for employees, and constantly expand the circle of the enterprise's customers on the market of Ukraine and beyond, do not give any profit from the obtained profit of the enterprise. For this category of workers, such an incentive payment as "profit sharing" should be introduced. Profit sharing means paying workers, in addition to their wages, a part of the profit that would otherwise go to the owners of shares. The simplest form of such payment is a bonus at the end of the year in which a good profit was made. These payments are one-time.

During the analysis of such a form of material stimulation as "deferred payments" (this is the material interest of employees in the form of a reward for years of service "fourteenth salary", which is paid to employees only after five years of continuous work experience at the enterprise), among the company's

employees there was a survey was conducted, whether they are satisfied with the established norms regarding this reward

Accountants must know the procedure for its calculation, which regulatory documents to use for registration and accrual and how to enter such remuneration in the accounting and tax records of the enterprise, the "Law of Ukraine On Remuneration", the Law of Ukraine "On Taxation of Enterprise Profits" (rules , Chapter II, item 22) Kyiv, June 27, 1995.

Table 3.7 shows the results of the survey for 2021 - 2022, taking into account the age categories of workers. From the obtained data, it can be concluded that the majority of the company's workers are not satisfied with the terms of the material remuneration "deferral of payments", in this regard, it was proposed to reduce the period when this remuneration begins to be paid from five to three years. During the analysis of intangible incentives used at the enterprise it was found that workers who work with equipment that is a source of increased danger and electric current are not insured against accidents, and in general the lives of all workers at the enterprise are not insured. workers' life insurance.

Table 3.7. Survey on the material reward "delayed payments"

Age	2021		2022	
	Satisfied	Not satisfied	Satisfied	Not satisfied
to 25	7	9	8	15
25-35	6	9	6	13
35-50	4	9	2	9
50-60	2	3	2	5

During the analysis of intangible incentives used at the enterprise, it was found that employees who work with equipment that is a source of increased danger and electric current are not insured against accidents, and in general, the lives of all employees at the company are not insured. A request was submitted

to the management of the company to consider the issue of life insurance for employees.

3.2. Improvement of the legislative regulation of rewards and incentives

One of the main tasks of any enterprise is to satisfy the needs of its workers, in connection with this I developed an improved program of forms of stimulation for different categories of workers.

One of them is an incentive due to a reduction in the costs of park maintenance.

The company's documentation established that each company or communal association of other districts of Kyiv has the right to free preventive maintenance three times a year, and maintenance of parks as needed.

Incentive salary is the amount of salary that would encourage the employee to perform better at work, increase labor productivity, etc.

The thirteenth salary is nothing more than an allowance (bonus), which is paid at the decision of the manager, if there is a corresponding provision.

In the course of a sample analysis of the wages of the company's workers for 2021-2022, taking into account the volume of work performed (Table 3.7.), it was established that during the year, other companies or enterprises at different time periods may request help, support of the territory or its cleaning in different ways number of times, but the workers do not receive additional payments for departures. In this connection, the following proposal was developed on the issue under consideration. If the worker is approached by the enterprise more than three times a month for repeated work, then he loses 30% of the bonus, which is given to all workers in the amount of 40% of the direct salary, if twice - 20%, 1 - 10% monthly.

If the worker is not asked for repeated help within a month, then at the end of each month a bonus in the amount of 20% of the official salary is paid, and at the end of the year, bonuses are paid according to the following scale:

If there were 10-15 or more calls during the year, the worker at the end of the year is deprived of the "thirteenth pay", which is paid at the end of the year to all workers of the enterprise;

8 - 13, 50% of the "thirteenth salary" is forfeited;

7 - 12 is deprived of 20% of the "thirteenth salary";

6 - 11 gets rid of 10% of the "thirteenth salary";

It is obvious that the wage ratio will change, and this incentive improvement program must be coordinated with the company's management.

The impact of the change is shown in Table 3.7.

Table 3.7. Selective simulation of wages for workers of ‘LLC Creative Projects’ for January - February 2021 and January - February 2022.

Indicator			Rats P.K.	Rats P.P.	Larko M. N	R. K. Senko	Mazai K. K	In total
2021 year	s/p	foun datio n _ UAH	3510	3510	3510	3510	3510	175500
		Add. UAH	35.10	35.10	35.10	35.10	35.10	35.10
	AND		4	0	0	2	1	7
	s/p	foun datio n _ UAH	3510	3510	3510	3510	3510	175500
		Add. UAH	70, 20	70, 20	70, 20	70, 20	70, 20	70, 20
	II		2	0	4	1	1	8
2022 year	s/p	foun datio n _ UAH	4000	4000	4000	4000	4000	20000
		Add. UAH	240	240	240	240	240	240
	AND		0	0	0	4	1	5
	s/p	foun datio n _ UAH	4000	4000	4000	4000	4000	20000
		Add. UAH	240	240	240	240	240	240
	II		0	0	1	1	0	2

An example of calculating the additional salary of Larko M. N in 2022.

If Larko M.N had not made 4 but, for example, 2 trips during January 2021, the additional salary would have amounted to 20% of the official salary, i.e. UAH

35.10, and in connection with the fact that Larko M.N was 4 trips were made, the calculation of his additional salary will look like this.

From add (month) Larko M. H = $3510.00 * (40\% - 30\%) = 351$ UAH.

where:

UAH 351 - salary according to the staff list;

(40% - 30%) - premium reduction according to the new proposed program.

An example of calculating the additional salary of adjuster 2 in 2021.

From add (month) Larko M. H = $351 * (40\% + 20\%) = \text{UAH } 2106$.

where:

UAH 2106 - salary according to the staff list;

(40% + 20%) - additional payment to the premium according to the new proposed program.

Table 3.8 shows how the wages of workers changed in 2021-2022, taking into account the proposed program.

Table 3.8. Analysis of workers' challenges and wage ratios taking into account the proposed program for 2021-2022

Indicator	2021		2022	
	Number of departures	Salary UAH per month	Number of departures	Salary UAH per month
Larko M. N	31	5637.00	19	6307.00
R. K. Senko	11	5987.60	12	6896.40
Mazai K. K	24	4989.40	19	6520.60
Rats P.K.	26	4492.80	24	6800, 20
Larko M. N	8	5883.00	17	6979.00

TOTAL:	101	269898	91	335032
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An example of calculating the annual salary of a worker Rats P.K. in 2021

Salary (month) = (3510 *12) + 4016 + 2808 = 48,944 thousand UAH.

where:

UAH 3510 - this is the salary according to the staff list;

UAH 2808 - (351.00 * (100% - 20%) - reduction of the "thirteenth salary" taking into account the proposed program.

From Table 3.8, we can see that the wages of workers vary depending on the number of calls received by the enterprise. Based on the obtained data from (Table 3.7) and (Table 3.8.), we will analyze the dynamics of changes in the annual wage fund of workers.

From the analysis, it is clear that the proposed programs will be quite effective because they will force workers of different categories to better perform their duties, and wages will depend on what efforts workers make to achieve better results.

Let's analyze how the annual wage fund and the average wage at the enterprise would change if new programs were introduced, the analysis of the change is given in the table. 3.9.

Table 3.9. Comparative analysis of 2021-2022 years, taking into account the proposed changes

Indexes	To the proposed innovations		After the proposed innovations	
	2021	2022	2021	2022
Total number of employees, people .	30	40	30	40
Annual wage fund UAH.	567934, 20	773329.80	566392, 20	772315, 20
Monthly wage fund UAH.	28151.85	38289.15	47199.35	64359.60
Average salary, hryvnias / month	5118.50	6381.50	8581.70	10726.60

The use of the proposed approach and innovation may have affected the overall financial condition of the enterprise, since the annual wage fund as a whole for the enterprise in 2021 was UAH 567,934.20, and in 2022 it increased to UAH 772,315.20, the average wage for the enterprise will increase , which should have a positive effect on encouraging the company's workers to be more active.

Another method for improving the system of financial incentives to increase wages and rationalize the bonus system is to allocate an amount of UAH 6,802,996. per year, which is calculated in an average of 6 digits ($731 * 0.05 * 7988 * 12 \text{ months} = 128163$) and is given as an estimate , as this process is associated with the projected increase in the level of labor productivity.

Having expanded the functions of one of the employees of the personnel department, it is necessary to assign him an additional payment for combining professions (30% is applied at the enterprise for combining professions) in the amount of UAH 630. per month , which will amount to UAH 7,560 per year.

It is planned to allocate 53,000 for training, training or retraining of personnel UAH per year, which will also go to attend advanced training courses.

In addition, the management of the enterprise should develop a general corporate work culture and a system of labor relations aimed at the acquisition of visual aids and various methodical materials. It is proposed to allocate 26,000 hryvnias per year for these measures.

All of the measures listed above will lead to the acceleration of the process of adaptation of employees, the growth of its efficiency and, as a result, to the reduction of staff turnover, and therefore, to a decrease in the cost of manufactured products and an increase in the company's profit.

Table 3.10 presents the cost estimate for the implementation of the proposed measures and the specific weight of each of the cost items.

Table 3.10. Costs for the implementation of the proposed measures, thousand UAH.

Name of expenses	Expenses UAH for a year	The specific weight of the cost item
Improvement of the system of remuneration and financial incentives with deductions	8296337	91.6
Implementation of the position of specialist for adaptation in the staffing schedule of the enterprise	9526	0.08
Training, training or retraining of personnel	53000	0.6
Formation of corporate work culture and system of labor relations	26000	0.30
Labor protection measures	670000	7.42
In total	9054863	100

Thus, the total amount of costs for the proposed measures is 11.3% of the net profit of the enterprise, while the largest specific weight in this cost structure

is occupied by measures to improve the system of remuneration and material incentives (91.6%). All other measures have an insignificant specific weight.

To determine the effectiveness of the implementation of the proposed measures, we use the indicator of net discounted income (NDI) or integral economic effect (E_{int}), which is defined as the sum of current economic effects for the entire period, reduced to the initial step or the excess of integral economic results over integral costs. The value of this indicator is calculated according to the following formula:

$$E_{int} = ChDD = R - K = (P_t - K_t) * \alpha_t, (3.11)$$

where:

P - economic results for the calculation period, krb

K - expenses for holding events for the accounting period, krb

P_t - economic results achieved at the t-th step, rubles;

K_t - costs incurred at the t-th step, rubles;

α_t - discount factor

For the implementation of the proposed measures, we suggest taking the period from 2021 to 2022. To plan indicators for 2014, we will use the method of simple extrapolation - average absolute growth:

$$Y_{i+1} = \Delta y + y_n (3.12),$$

where:

Y_{i+1} - planned value;

Δy - average absolute growth;

y_n is the last value of the factor in the series.

The average absolute growth is found by the formula:

$$Y = \frac{Y_n - Y_i}{n-1} \quad (3.13),$$

where:

Y_i - the first value of the factor in the series;

n is the number of periods.

We plan the net profit of the enterprise for 2014

Let's determine the average absolute increase in net profit:

$$Y = \frac{79727 - 50659}{3} = 9688_{\text{грн.}}$$

Let's plan the net profit for 2020:

$$\text{In}_{2020} = 9689 + 79727 = 89416 \text{ thousand UAH.}$$

Let's plan net profit for 2021:

$$\text{In}_{2021} = 89416 + 9689 = 99105 \text{ thousand UAH.}$$

We plan net profit for 2022:

$$\text{In}_{2022} = 99105 + 9689 = 108794 \text{ thousand UAH.}$$

From these calculations, it can be concluded that the economic result (additional income) already in the first forecasted year can amount to UAH 9,689,000.

Thus, the integral economic effect (net discounted income) for the forecasted period amounted to UAH 1,876,504, although the proposed measures will pay off in full at the beginning of the second year:

$$\text{ChDD} = (9689000 - 9054863) * 1 + (9689000 - 9054863) * 0.98 + (9689000 - 9054863) * 0.97 = 1,876,504 \text{ UAH.}$$

Since the effect is positive, it can be considered economically expedient.

Also, by the method of simple extrapolation, it is possible to forecast the specific weight of the salary of employees in the general fund and the specific weight of the salary of more than one employee of the enterprise for the year 2022. We will take the data for the last four years (Table 3.11).

Table 3.11

Indexes	2010	2020	2021	2022
Labor costs , thousand UAH.	261401	315374.9	426593.3	521790
Average salary of employees per month, rub.	2821.1	3398.1	4558.8	5443.5
The average registered number of employees, people .	7722	7734	7798	7988

Let's determine the average absolute increase in the specific weight of the salary of employees in the general wage fund:

$$Y = \frac{521790 - 261401}{4 - 1} = 86796,3 \text{ грн.}$$

Let's plan the specific weight of employees' salaries in the general wage fund for 2005:

$$\text{In}_{2020} = 521790 + 86796.3 = 608586.3 \text{ thousand UAH.}$$

Let's plan the specific weight of employees' salaries in the general wage fund for 2006:

$$\text{In}_{2021} = 86796.3 + 608586.3 = 695382.6 \text{ thousand UAH.}$$

Let's plan the specific weight of employees' wages in the general wage fund for 2007:

$$\text{In}_{2022} = 86796.3 + 695382.6 = 782178.9 \text{ thousand UAH.}$$

Let's determine the average absolute increase in the average salary per employee:

$$Y = \frac{5443,5 - 2821,2}{4 - 1} = 884,1 \text{ грн.}$$

Let's plan the specific weight of the average salary per employee for 2020:

$$\text{In}_{2008} = 5443.5 + 884.1 = 6327.6 \text{ UAH.}$$

Let's plan the specific weight of the average salary per employee for 2021:

$$\text{In}_{2009} = 6327.6 + 884.1 = 7211.7 \text{ UAH.}$$

Let's plan the specific weight of the average salary per employee for 2022:

$$\text{In}_{2010} = 7211.7 + 884.1 = 8095.8 \text{ UAH.}$$

As you can see, the company's situation should change for the better by the planned 2022. The net profit of the enterprise will increase by UAH 9,689,000. The specific weight of wages of the company's employees will increase by UAH 86,796.3 thousand, because the number of employees is increasing. Also, by 2014, the average salary should increase by UAH 884.1.

Material and moral labor stimulation contributes to the development of employees' interest both in the work itself and in its general results: a sense of one's own usefulness and confidence in the stability of the organization's activities, which, in turn, leads to an increase in the quality of products, and subsequently to its competitiveness, ultimately achieving high efficiency of production and economic activity.

The content of the need and the possibility of its realization are well understood by a person, they take the form of this person's interest in various benefits.

So, in general, stimulation is the process of using specific incentives for the benefit of a person and an organization. Stimulate means to influence, to encourage targeted action, to give impetus from the outside. Stimulation is one of the means by which labor motivation can be carried out .

Thus, stimulation is a process of external influence on a person to encourage him to specific actions or a process aimed at consciously awakening certain motives and purposeful actions in him. Stimulation has an impact on the effort, diligence, persistence, targeting, and conscientiousness of the organization's personnel. The higher the quality of the workforce, the more perfect social and labor relations, the less the need for stimulation as a means of managing people, the more members of the organization, and without external influence, show interest in the affairs of the organization.

Education, a high culture of relations in the team, implementation of the principle of social justice determine such a state, when the staff shows an interested participation in the affairs of the organization, takes the necessary actions.

Age, marital status, gender, work experience, general and professional culture can be factors that to one degree or another influence the motivational instructions of the staff. It is advisable to consider them as internal (subjective) factors of labor activity. In practice, they are always supplemented by factors of an external nature - the state of the external and internal labor markets, conditions and safety of work, the level of social security, the moral and psychological climate in the workforce, the socio-demographic structure of the workforce, the objectivity of personnel evaluation, etc.

CONCLUSION

In conclusion, the study on compensation and incentives for different levels of management in the organization, focusing on LLC Creative Projects, has provided valuable insights and key findings. Throughout the research, several important points have emerged, shedding light on the significance and impact of compensation and incentives on employee motivation, engagement, and organizational performance.

The concept of compensation and incentives has been explored, emphasizing their role in promoting desired behaviors, aligning employee efforts with organizational goals, and enhancing overall productivity. Both financial and non-financial incentives have been identified as effective tools in driving employee performance and satisfaction.

The analysis of the current compensation and incentive practices at LLC Creative Projects has revealed strengths and areas for improvement. The company has successfully implemented a performance-based incentive system, linking rewards to individual and team achievements. This has led to increased employee motivation and performance. However, there is room for improvement in terms of ensuring fairness and transparency in the compensation system and addressing any disparities in pay equity.

Tailoring compensation and incentives to different management levels has been recognized as a crucial strategy. By considering the specific needs, responsibilities, and performance expectations of each management level, LLC Creative Projects can effectively motivate and retain top talent throughout the organization.

The study has also emphasized the importance of enhancing compensation packages to attract and retain skilled professionals in a competitive industry. This includes incorporating a mix of financial and non-financial rewards, providing opportunities for career development and growth, and implementing flexible compensation structures that align with market standards.

Overall, the research has highlighted the significance of designing and implementing a well-structured compensation and incentive system that aligns with the organizational goals, promotes fairness and transparency, and motivates employees at all management levels. By continuously evaluating and improving the compensation practices, LLC Creative Projects can create a work environment that fosters employee engagement, satisfaction, and ultimately

contributes to the company's success.

In addition to the key findings and insights, this study offers several recommendations for implementing an improved compensation and incentive structure at LLC Creative Projects. These recommendations aim to address the identified areas for improvement and further enhance the effectiveness and fairness of the compensation system.

Conduct a comprehensive job evaluation: Conducting a thorough job evaluation will help ensure that compensation is based on the relative value and complexity of different roles within the organization. This process can involve assessing job responsibilities, required skills, market benchmarks, and internal pay equity to establish fair and competitive compensation levels.

Develop clear performance metrics: Establish clear and measurable performance metrics for each management level that align with the company's strategic objectives. This will enable a more objective assessment of individual and team performance and provide a basis for determining incentive payouts.

Implement a transparent and equitable performance appraisal process: Ensure that the performance appraisal process is transparent, fair, and consistent across all management levels. Provide clear guidelines and training for managers to conduct performance evaluations, and consider incorporating a multi-rater feedback system to gather different perspectives on employee performance.

Foster a culture of recognition and rewards: Implement a comprehensive recognition program that acknowledges and rewards exceptional performance at all management levels. This can include both formal and informal recognition initiatives such as employee appreciation events, spot bonuses, or public acknowledgments of achievements.

Enhance communication and transparency: Improve communication channels to ensure that employees understand the compensation and incentive structure, including the criteria for performance evaluations and the link between performance and rewards. Regularly communicate updates and changes to the compensation system to build trust and transparency within the organization.

Provide opportunities for professional development: Offer career development opportunities such as training programs, certifications, or mentorship initiatives to support the growth and advancement of employees at different management levels. This can serve as an additional incentive and help retain top talent within the organization.

Regularly review and benchmark compensation: Conduct regular reviews of the compensation structure to ensure its competitiveness in the industry.

Benchmarking against industry standards and conducting salary surveys will provide valuable insights into market trends and help determine appropriate adjustments to compensation levels.

Seek employee feedback: Actively seek feedback from employees regarding their perceptions of the compensation and incentive structure. Conduct employee surveys, focus groups, or one-on-one discussions to gather insights, identify areas for improvement, and address any concerns or disparities.

By implementing these recommendations, LLC Creative Projects can establish a more robust and effective compensation and incentive structure that aligns with organizational objectives, motivates employees at all management levels, and contributes to the overall success of the company.

The evaluation of the current compensation and incentive practices at LLC Creative Projects reveals several key findings and insights. The company currently utilizes a combination of financial and non-financial incentives to motivate and reward employees across different management levels. While there are strengths in the existing practices, there are also areas for improvement. One of the strengths identified is the use of performance-based bonuses tied to individual targets, which effectively links employee performance to rewards. This approach promotes a sense of achievement and encourages employees to strive for excellence. Additionally, the company's peer recognition program, where employees can acknowledge and appreciate each other's contributions, fosters a positive and collaborative work environment.

However, there are areas for improvement in the current compensation and incentive practices. The lack of a formalized career development program limits opportunities for professional growth and advancement. Implementing a structured career development plan can help retain talented employees and enhance their long-term commitment to the organization. Furthermore, the current compensation structure primarily focuses on monetary incentives, with limited emphasis on non-monetary rewards. Expanding the range of non-monetary incentives, such as flexible work arrangements, recognition programs, and employee wellness initiatives, can contribute to a more holistic and engaging rewards system.

To address these areas for improvement, several recommendations are put forth. Firstly, LLC Creative Projects should establish a comprehensive career development framework that includes regular performance assessments,

individual development plans, and opportunities for training and skill enhancement. This will enable employees to chart their career progression within the organization. Secondly, the company should enhance the balance between financial and non-financial incentives by introducing a wider range of non-monetary rewards. These can include additional time off, personalized work schedules, and opportunities for involvement in meaningful projects. Such incentives promote work-life balance, enhance employee well-being, and contribute to a positive work culture. Lastly, to ensure the effectiveness of the proposed changes, it is crucial to communicate the new compensation and incentive structure clearly to all employees. Transparent communication channels, such as town hall meetings, newsletters, and one-on-one discussions, should be utilized to explain the rationale behind the changes and address any concerns or questions.

Implementing these recommendations has the potential to create a more equitable, engaging, and motivating compensation and incentive structure at LLC Creative Projects. By aligning the rewards system with employees' career aspirations, providing a balanced mix of financial and non-financial incentives, and fostering transparent communication, the company can enhance employee satisfaction, retention, and performance. The potential impact of these changes on employee motivation and organizational performance is significant. By addressing the identified areas for improvement and tailoring compensation and incentives to different management levels, LLC Creative Projects can create a work environment that attracts and retains top talent, enhances employee engagement and satisfaction, and ultimately drives the company towards its strategic objectives. The implementation of an improved compensation and incentive structure at LLC Creative Projects has the potential to create a positive and motivating work environment, where employees are recognized, rewarded, and empowered to excel. By embracing these changes, the company can foster a culture of high performance, attract and retain talented individuals, and achieve long-term organizational success.

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