

MANAGEMENT INCENTIVES IN UNLISTED COMPANIES: AN EMPIRICAL INVESTIGATION

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ABSTRACT

The present work aims to analyze the strategy for managers' incentives, with special regards to unlisted companies. This is a relevant topic, because of the importance of aligning the interests of managers as much as possible with the creation of sustainable value for the enterprise. After a general review of compensation strategies and a specific insight about the differences in remuneration approaches for listed and unlisted companies, a survey is presented, which has been employed to verify the level of implementation of the described policies within unlisted companies. It was sent to 80 unlisted companies, among which 20 replied. The results of survey are then described, covering several topics, among which the industrial sector, the size of the company, the geographical areas of production, the period since when the incentive system is applied, its observed effectiveness, the business areas in which it is used, the type and the entity of the incentives. The lack of a market that can "evaluate" the company is certainly an element not to be underestimated, but if the key drivers of value are correctly identified, even smaller, unlisted companies can develop incentive policies that allow them to be more dynamic, attracting and able to motivate the high qualified professional figures, reducing the agency problems.

Keywords: Management Incentives, unlisted companies, survey, remuneration, agency

INTRODUCTION

In the current complex and changing economic situation, the growing demand for competitiveness must be met by companies focusing on the human factor. Adopting corporate social responsibility (CSR) practices is not only possible, it is also necessary and frequently profitable (Chatzoglou et al., 2017)

Taylor (1914) believed that the workers' motivation was mainly due to their interest in money. Subsequent field research, e.g. MacGregor (1960), Trevino (1986), Bowen (2013), has demonstrated not only the inadequacy of this theory, but has also highlighted the crucial importance of organization, social responsibility and attention to the needs of workers. We can therefore conclude that if the worker

feels involved in the entire business process and feels satisfied with some of his or her emotional needs, he or she will certainly contribute actively with commitment and conduct to achieving the company's business goals.

The objective of the present work is to analyze how the above concepts have been implemented by unlisted companies in the territory in their compensation policies for managers and relevant personnel. In particular, all the areas that make up compensation have been analyzed, such as remuneration, well-being in the workplace, training, the satisfaction of one's own needs and for each director we have evaluated the effects both on the company and on the workers themselves.

With regard to remuneration policies, the approach of the companies to fixed and variable remuneration have been investigated. For the latter, linked to the achievement of specific objectives, the incentive processes underlying this policy has been analyzed in details. In particular, the precautions that companies must take to prevent managers from taking excessive risks have been examined, in order to achieve their personal short-term goals and often independently of the companies' sustainability. In the course of this research the Pay-Performance link has been studied, showing how the sector and the size can influence the incidence of variable remuneration with respect to fixed remuneration. When it comes to the company's performance, it is shown that pay is not enough to ensure that all workers operate in accordance with the company's strategic objectives. There are other reasons and levers that need to be considered in order to achieve this goal, and some of them will be covered. The work is based on a survey, conducted on 38 unlisted companies, aimed at assessing how these companies have implemented the remuneration strategies described above. Other works have studied similar topics, e.g. in Joubert & Fakhfakh (2014) it has been investigated whether or not there is a link between CEO incentive-based compensation and earnings management. In Britzelmaier et al. (2013) the remuneration of management in the financial crisis has been studied. In this vein, a specific questionnaire was prepared and, along with an accompanying letter, it was sent to 80 companies, to collect the necessary information. Some of the companies gave their availability to have a meeting to give even more information about their policies to remunerate the managers. The work ends with some considerations about the values that the entire organization must be able to spread by demonstrating that it adopts policies consistent with ethical regulations, not only to increase value for shareholders, but especially to advance the sustainable development of a country.

COMPENSATION STRATEGIES

Qualified and motivated human resources are crucial to create value in the company: to motivate them the compensation process must be well planned and implemented. It consists mainly of two parts: strategy and compensation policy.

By focusing on managers, compensation strategies represent the identification of the objectives to be achieved and consequently the salary level associated with them. This is the preliminary stage in the whole process which allows to realize the business objectives of the company but also other objectives: spreading the corporate culture and skills, improving the organizational capacity and competitiveness of the company, ensuring greater flexibility based on the needs of staff. In reality the company culture and remuneration policies influence each other. On the whole, the management of the company, which also includes the remuneration system, makes it possible to develop greater skills and thus improve competitiveness on the market. Following the definition of the objectives it is necessary to establish which operations are suitable for their achievement, the greater the capillarity and detail of the planning, the more punctual may be the evaluation of the results achieved and consequently the definition of the incentives.

The compensation policy represents the manner in which the compensation strategy is applied. As summarized in the diagram on the following page, implementation takes place using a series of tools that aim to implement what has been defined in the design phase.

The compensation strategy, therefore, is a lever available to management through which it must seek to support the achievement of business objectives pursued by the company.

Incentives can be divided according to two main categorizations:

- tangible or intangible: monetary remuneration and benefits are to be included in tangible resources, while learning, career and working environment are to be considered intangible;
- individual or group: the former include pay, learning and career, while the latter include benefits and work environment.

As already mentioned, remuneration elements are divided into fixed (basic) components, variable ones and benefits. Each of these categories can be further distinguished into:

- money and/or in kind;
- Immediate or deferred, depending on the timing.

It is also important to remember that the compensation strategy is an appropriate means of achieving other minor objectives which may be fundamental within the organisation. Among them:

- Communication of corporate culture;
- Promoting the dissemination of skills;
- Increase of overall organisational capacity;
- Increasing the competitiveness of the organisation;
- Meeting the need for flexibility required by staff.

With regard to the first point mentioned, the company culture certainly influences remuneration policies and in turn the latter communicate something of the company's culture and business strategy.

Moreover, since remuneration is an important element of a company's management system, it can facilitate the creation of an environment in which experience and skills are shared and whose dissemination contributes to making the organisation more competitive by improving the company's position on the market. Lastly, the compensation system has the capacity to influence the performance and development of a company, as highlighted by Cascio (2018) and Memili et al. (2013), which emphasizes the ability of compensation to achieve the objectives set out in the compensation strategy.

It emerges that there is a positive correlation between the allocation of stock options to personnel and corporate innovation. Also the number of patents registered by companies are influenced by stock options and, finally, the management of the remuneration package makes it possible to create more or less flexible links with employees, depending on how the remuneration package is composed and on the weight that the fixed component assumes with respect to the variable component.

The definition of objectives and policies to implement them is rather delicate, in fact, in case of negative results could be compromised the image of the company itself. With the global economic crisis of 2008, public opinion criticized the remuneration policies adopted by certain companies, in particular with regard to the remuneration of management.

It had emerged that high salaries were not matched by better long term performance, but on the contrary there was an increase in the risk taken by the manager who may have contributed to the outbreak of the crisis. The variable part of remuneration was used by directors to obtain benefits that were sometimes illegal and undeserved. The pay gap, the difference in pay between management and other employees, was also the cause of controversy because of the strong increase of it in the years before the financial crisis.

Top manager's compensations in some cases didn't adequately consider the risk to run to achieve short term performance, pushing the managers to invest in too high risky activities or to have a too high debt/equity ratio. The free rider risk was often undervalued.

The company also gives its image through the salaries paid to its employees because, if incentives were recognized too generous (and not deserved), this element would bring out a negative connotation of the company towards the external environment.

In this regard, it is necessary that the company also assess, in outlining its objectives, the achievement of a certain degree of transparency towards the outside with reference to its own remuneration practices. Once the objectives to be pursued through the management of remuneration have been defined, it is necessary to determine which orientation to adopt with respect to the various options inherent in the structure of the compensation system.

FIXED REMUNERATION

Fixed remuneration is defined (Cutillo et al., 2012) as “the minimum value that the reference organisation attributes to a specific individual, consistent with the professionalism required for the role held and with professional experience”. From the perspective of the recipient, however, this amount is considered as the amount of minimum income intended to ensure the financial needs and general cost of living in a given social, economic and geographical context. It can be deduced that the fixed part is the basis of the remuneration system, but is not the most relevant, especially for managers for whom the size of the variable part is very important.

The setting of a rather high level of fixed remuneration, while on the one hand it constitutes a factor of rigidity that weighs on the income statement especially in periods of contraction of revenues, on the other hand it allows more flexibility in the variable component, which may not be paid at the limit (Haque, 2017). This approach is also consistent with the new provisions of the FSB (Financial Stability Board), since the variable portion of remuneration had caused distortions in managerial behaviour. The determination of the fixed component, which must be large enough to attract qualified managers, must be reasonably proportionate to current and general financial objectives, such as to form the reference point on which to build the variable component of remuneration. The purpose of this strategy is to discourage opportunistic behaviour by managers and discourage excessively risky choices by shareholders that could compromise medium/long-term company performance.

The determination of the fixed remuneration is the result of:

- an objective assessment, "proposed by the systems of professional qualification and classification resulting from collective bargaining or, with regard to roles with a high professional content;
- a subjective evaluation by internal company bodies (e.g. the Remuneration Committee) taking into account a large number of factors, which express the level of performance, skills, potential and often the level of seniority;
- an evaluation by the market and the dynamics in vogue in the specific business sector.

The fixed component is therefore a function of three factors:

- The average salary in the market for that position;
- The value that that specific position has in the company's strategy;
- The individual value of the person, including the skills, professionalism and experience he/she brings with him/her. In the definition of basic salary, it is fundamental to consider the "weight of the position" at work, which can be evaluated through numerous techniques: quantitative or job evaluation (such as the scoring method, the factor comparison method, the Hay method); qualitative (such as the classification or job ranking method, the classification method or job grading); comparative (comparison with similar job positions in the same reference sector).

Moreover, regarding the level of remuneration, another crucial issue to take into account is the 'geographical location of the business', i.e. the different cost of living in different parts of the world. This leads to the establishment of more or less uniform wage conditions, which can, however, in highly competitive conditions, lead to the phenomenon of maxi wages. Therefore, the need to safeguard the strategic positioning in the market can often push companies to implement very aggressive rewarding systems that, in unfavourable economic conditions, can compromise the competitiveness of the company itself.

VARIABLE REMUNERATION

Variable remuneration systems are a rewarding factor used to motivate and incentivise staff to achieve specific objectives and thereby achieve expected results (Larsson, 2017).

In the past, this process has led the managers of some sectors of the company to take excessive and dangerous risks in order to achieve the intended objectives and consequently to benefit from the payment of premiums regardless of the overall final results of the company even if it was bankrupt.

What has often escaped attention, however, was the awareness that such mechanisms must be used to "achieve benefits of organizational efficiency but especially effectiveness". The main problem is that managers often work to achieve their own short-term objectives without considering the overall value of the company in the medium to long term.

The criterion for the payment of variable remuneration is normally based on a time order. However, this is not the only form, as up to four categories can be identified on the basis of (Gabrielli, 2013):

- the main objectives pursued by the reward schemes: to identify, valorise and reward both short-term efforts and excellence in performance, to generate a sense of long-term belonging; to retain the best talents, increasing their exit costs and acquiring talents from competing companies; to increase the sense of responsibility and involvement in organisational processes;
- the type of benefits: monetary (cash or lump sums); equity (share-ownership plan, stock option plan, share based profit share); bond based profit sharing: when the employee becomes holder of a right to claim incorporated in the obligation assigned to him;
- the recipients of the variable instruments that may be: individuals, as is the case for top managers for whom the remuneration package is highly personalized; narrow-based schemes or groups of professionals; all staff (board based schemes).
- the source of the initiatives: the variable fraction may be added at the proposal of management, trade unions in collective bargaining, the national legislative framework, and/or supranational bodies.

In addition to the previous classification of the variable component of remuneration, the variable component is also linked to the time horizon for payment (Dawid et al. 2017), which may be immediate (short-term remuneration) or deferred over time (medium/long-term remuneration).

Short Term Variable Remuneration

In order to reward individual performance that has led to improved performance in the administrative year, short-term incentives known as annual bonuses are used. Instead, through the incentives given in the long term, it is intended to reward the results obtained through a certain line of business or from a strategic area embodied by a subsidiary company, a division or a certain group of people.

Bonuses have long been the preferred tool to reduce agency costs: thinking of aligning the personal and management interests of managers (agents) with those of shareholders (main), shares were provided in the share capital of the company, in the belief that the agents would act with strategies closer to the interests of shareholders. Unfortunately, the results of this remuneration policy have often not been satisfactory: the interest in generating value in the long term has often been secondary to the increase in personal profit, leading to the development of more or less sophisticated methods of individual enrichment at the expense of the value of the company.

The disadvantages of this system are many and here are some examples (Ward & Sloane, 2000):

- If access to excessively high bonuses is limited to members of senior management, then those who play key roles in the management of business processes may feel a sense of unfairness strongly discouraging;
- In order to have a correct forecast of the income statement, it would be indispensable to have systems with limited variability. Bonuses can weigh heavily on labour costs, making them less predictable and making process management more difficult;
- These instruments must be constantly updated to reflect changes in the market or in company strategy, the achievement of strategic objectives and plans, the implementation of new remuneration practices or the penalization of poor performance.

On the other hand, bonuses also have positive consequences:

- help to solve the agency problem;
- disseminate the culture of results among the members of the organisation;
- aim to achieve virtuous, efficient and productive behaviour;
- they are related to the volume of revenues or of operating margins and can be reduced when the parameter decreases.

It can be deduced that incentives can also potentially affect productivity, market costs and revenues and the company's economic and financial performance.

The incentive plan is developed through a performance management system that defines objectives, monitors and records results. An effective performance system is essential for identifying the percentage of the profit to be allocated to bonuses, known as the "bonus pool", which may be allocated individually or collectively.

In selecting the performance measures, certain aspects such as the following are considered:

- consistency with the basic objectives of the business plan. In fact, depending on the company's priorities, it may be decided to adopt residual income measures such as EBITDA, market based indicators, such as an increase in market share, or cost based (operating efficiency parameters);
- the number and variety of measurements. Two types are used: quantitative and qualitative, which should serve to align remuneration with the risks assumed by the position held in the company. However, only the quantity is indicated;
- the methodological approach to detection, especially for measures of economic and financial results: these methods can be based on value-based measures, accounting measures, measures of the economic value of capital, and so on.

Various systems have been designed to translate business strategies into concrete objectives and tasks, in order to implement performance management systems.

These systems provide a guide for identifying the performances to be rewarded, but certainly do not give all the answers and for this reason may present a criticality.

The economic value of the incentive must be quantified in such a way as not to induce behaviour that is too risky, but also not excessively low, so as to demotivate employees.

It is necessary to identify homogeneous groups of the corporate population (top executives, line managers, technical structure and staff) as it is necessary to define challenging but realistic and common objectives for each role. In fact, the bonus is paid upon reaching a specific target called a "gate", for example a certain profit, rather than calculating the bonus proportionally through the method of multiples.

However, the budget that the company has at its disposal influences the disbursement of incentives, as these bonuses are distributed on the basis of performance objectives defined by the remuneration strategy. For example, it can be established that upon reaching 80% of the target, only 50% of the variable component is recognised, while if the aforementioned target is widely exceeded, a higher premium must be recognised than the established one.

Before the onset of the global financial crisis, short-term incentive schemes were used for internal equity and distribution purposes; these monetary prizes – though small in amount - were awarded to the majority of employees in order to promote social peace.

Medium/long-term variable remuneration

The orientation of the supervisory bodies at global level has been to promote the adoption of forms of long-term compensation to limit the damage caused by the maximization of financial results instigated by the forms of short and very short term incentives. As a result, the implementation of rewarding remuneration mechanisms over the long term has become widespread, especially for workers in strategic positions and for those with high management responsibilities. The variable component of medium/long-term remuneration has the function of fostering the loyalty of employees with particular experience and expertise in the specific sector in order to avoid the risk of them collaborating with any competitors. Among other things, the potential for increasing the motivation of the resource in a period consistent with the achievement of the strategic objectives of the plans should not be ignored. In this context, the short-term logic of managers' participation in the value created in enterprises as a whole is being overcome. This element is by its nature prospective, multi-period and risk adjusted. The objective of these incentives is to align the activities of managers with the interests of the company's stakeholders. Rolling plans which are updated at the end of each year to comply with the company's strategy and subsequently to bring remuneration into line with the company's objectives. are often used instead of closed plans, For example, the bonus is not awarded one-shot at the end of the three-year period, but periodically at the end of the administrative year.

An important role to reduce the short term approach is played by the claw back clauses, i.e. contractual mechanisms that provide for the possible repayment, even partial, of compensation already paid by companies to their management as a variable part of the compensation.

REMUNERATION STRATEGIES FOR LISTED AND UNLISTED COMPANIES

Methods adopted by listed companies

Usually while short-term bonuses are paid out in monetary form, bonuses with a longer (medium to long-term) time horizon are paid out in shares. The reason for this distinction lies in the fact that monetary incentives lend themselves to a logic of maximising certain balance sheet indicators regardless of the sustainability over time of the results with which these indicators are constructed. In order to take into account, the time factor and to induce the management to make more far-sighted choices, equity instruments were distributed, leaving the market to indirectly judge their actions by raising or depressing the value of share prices. The most commonly used instruments include equity based, equity linked-cash settled and non-equity based/cash instruments. This is not a form of remuneration reserved exclusively for executives, but it is often aimed at a broad base of employees, such as the employee stock option plan. Traditional "equity based" instruments are based on the allocation of shares and are subdivided into:

1. Provisions for future liabilities and charges may not be used to adjust the value of assets held for trading. The following situations may occur:

- Out of the money option (exercise price above the market price of the security);
- Option at the money (exercise price equal to the market price);
- Option in the money (exercise price below market price).

2. Performance stock options: these are similar to the previous ones but, in addition to the convenience of the strike price, there are also some performance conditions/situations;

3. Performance share or stock grant: the shares are guaranteed by obtaining certain results;

4. Restricted shares: they are linked to the vesting period (usually not less than three years), i.e. the securities cannot be sold before this maturity date. The FSB intervened in the most recent cases of violation in 2009.

The latter, i.e. equity linked-cash settled, consists of a cash payment on the basis of and forms part of share price movements:

- Phantom options or stock appreciation rights. Liquidity is received if the share price rises from its starting value. It is as if we were making the difference between the two prices: buying and selling;
- Performance unit, like performance shares but with virtual actions.

Finally, the third category or non-equity based/cash are divided into two groups:

- monetary plans (or long-term cash plans), is usually disbursed on a three-year basis when certain performance objectives are achieved;
- deferred bonus, consist of a deferment of part of the incentive over the medium/long term in order to better analyse the effects of the performance policy implemented by the manager. They are usually implemented over a period of three years;

Such deferrals may be voluntary or mandatory.

Methods adopted by unlisted companies

The management incentive process in unlisted companies - is very similar to that implemented in listed companies and usually these companies comply with the criteria used by listed companies but with a few years' delay. However, it is important to note that -unlisted companies, not having a reference market, cannot use instruments based on the shares' market value, and to define the economic value created by managers often they do an appraisal of the company when the shares (or the options) are granted and at the time of exercise of the rights (or every year) In some cases, the companies agree with managers some formulas used to measure the value creation, based on financial and non-financial indicators weighted.

For example, EBITDA, total turnover and or brand turnover increase, new products and so on.

THE SURVEY

In order to verify the level of implementation in a sample of Italian unlisted companies (most of them SME) of the remuneration policies described above, the management incentive systems and the related procedures adopted, a specific questionnaire was drawn up to gather information and sent to 80 unlisted companies, among which 38 replied. Some of them were available even for a meeting to explain more in deep their strategies and policies. The questionnaire was divided into two sections and is given below, along with synthetic results, for immediate reference.

In the Section 1 were collected General Information of the companies

Industrial Sector (Food and Beverage, 20%, Chemical-pharmaceutical, 0%, Rubber-Plastic, 4%, Metalworker, 52%, Textile-Clothing, 12%, Other, 12%), Figure 1

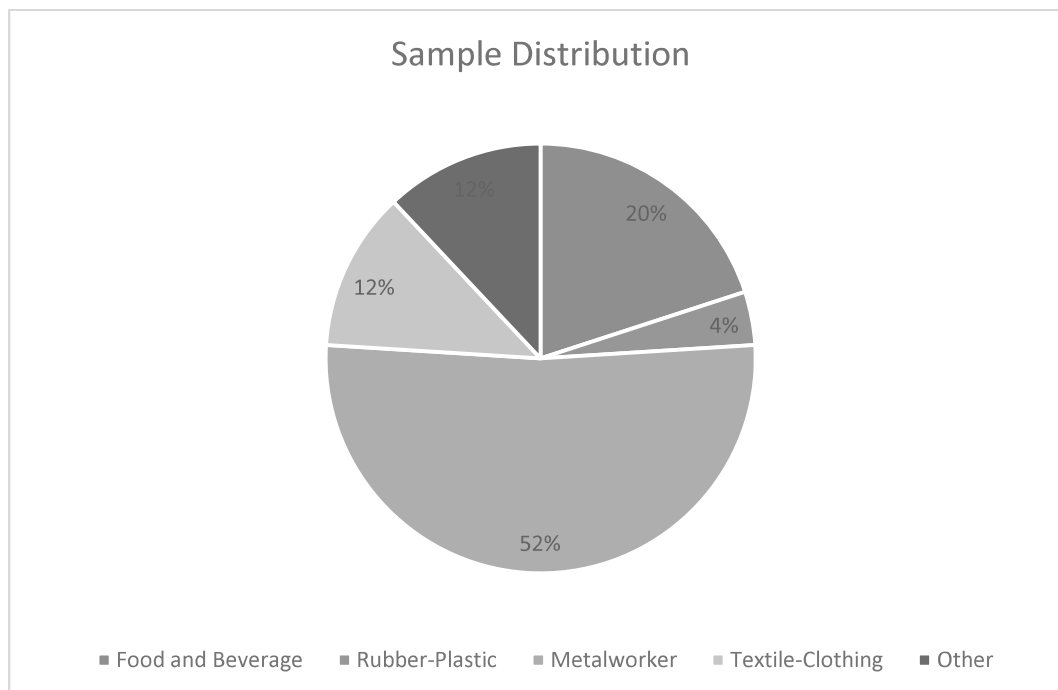


Figure 1. *Sample distribution for industrial sector*

Geographical areas of production (EMEA, 61%, Americas, 22%, APAC, 17%)

The companies were divided based on the number of employees (less than 250, between 250 and 500, more than 500).

Section 2, Remuneration strategy

A formalized remuneration policy, with variable remuneration to their managers, is applied by 68% of the answering companies while the 32% don't have a formalized remuneration strategy and policy.

We asked since when they formalized their remuneration strategy and policy.

The result are summarized in Table 1

Since Employees /	< 250	250 to 500	> 500
no	55%	0%	33%
< 5y	18%	13%	17%
5y to 10y	18%	49%	0%
>10y	9%	38%	50%

Table 1. *Distribution of remuneration policies in the sample*

It was also asked the reason why some of them don't apply a formalized incentive plan: most of the smaller ones were worried about the cost of implementing it and were not sure about the correlation between pay and performance. The bigger ones were mostly worried about the incentive to risk taking with a short period view.

About the average of incentives compared to fixed remuneration, we obtain these replies, (ref. Table 2).

INCENTIVES	<250	250 to 500	>500
Less than 5%	44%	23%	0%
Among 5% and 10%	22%	31%	29%
Among 10% and 15%	11%	23%	29%
Among 15% and 20%	11%	15%	29%
Slightly more than 20%	12%	0%	13%
More than 20%	0%	8%	0%

Table 2. *Distribution of average of incentives compared to fixed remuneration in the sample*

The smaller companies used for variable compensation (in order): prizes in cash or items, linked to individual goals (about 8%), cash incentives linked to "team goals" (about 4%), deferred bonus (about 4%), stock option (or stock grant), about 4%, other

The "medium" companies use (in order of diffusion): cash incentives linked to individual goals (about 13%), cash incentives linked to "team goals" (about 9%), prizes in items, (about 7%), benefits (about 6%), stock option and stock grant (about 4%), other.

The "biggest" companies use: more cash incentives linked to "team goals" (about 8%), cash incentives linked to individual goals (about 6%), prizes in kind (about 4%), welfare plan (about 4%), and long term cash plans (about 2%), other

A question was about the functional area and hierarchical role where the incentive policy was applied; the results are in Table 3.

BUSINESS AREA AND ROLE	Management Staff	Management Executive	Director
Administration, Finance and Control	9%	13%	10%
Marketing	8%	7%	6%
PR and Communication	5%	4%	6%
Production	9%	13%	16%
Quality	10%	9%	10%
Research and Development	9%	9%	6%
Human Resources	8%	10%	6%

Customer Service	9%	6%	6%
Safety Health and Environment	6%	4%	10%
Information Systems	7%	6%	7%
Supply Chain	9%	9%	6%
Sales	11%	10%	11%
	100%	100%	100%

Table 3. *Distribution of variable remuneration according to role and business function*

About the effectiveness of the incentive policy, 31% declared to be totally satisfied, 53%, satisfied and 16% unsatisfied.

CONCLUSIONS AND MANAGERIAL DISCUSSION

The incentives for managers in unlisted companies, including medium-sized ones, is a relevant issue because of the importance of aligning the interests of managers as much as possible with the creation of sustainable value. Many medium-sized family businesses are facing internal and external growth processes, internationalization, change of business model and should be able to increase the level of delegation and, at the same time, attract managers with high professionalism and distinctive experience, motivating and retaining them. A system of incentives based mainly on discretionary criteria can in many cases be ineffective or not motivating, thus significantly limiting the attractiveness and retention capacity. However, it should not be overlooked that for unlisted companies it is even more difficult than for listed ones to build an incentive system that could adequately balance the need for short-term performance incentives with those for the medium to long term, which should be reflected, in a significant part, in the price of shares if the financial market is efficient and properly informed. The non-listed companies have even a greater difficulty to identify performance measures that take into account the underlying risks - operational, financial and reputational - if they use accounting performance measures, the most used in private companies.

So many companies reduce the variable component and/or favouring monetary instruments mainly based on short-term financial objectives that are not adequately adjusted for risk, or instruments such as bonuses or benefits, that are not always adequately correlated to performance. The analysis carried out, although limited in number also due to the not always significant "awareness" of medium-sized companies about the analyzed issue, allows to highlight some ideas on which further research and insights could be set,

Incentive systems are becoming more widespread in medium-sized companies, and most of them are aware of the importance it will have more and more but most of the incentives are of a monetary nature, linked to short-term individual objectives, although those linked to team/working group objectives are becoming more widespread. Smaller companies still make significant use of bonuses in

kind and benefits, while deferred bonuses privileging medium/long-term results (with claw back clauses) and the use of equity instruments (stock options and stock grants) are still rare. The difficulty, also noted in the part of the "open answers" questionnaire, is that of being able to set up a remuneration policy that correctly balances the needs of risk-adjusted performance and that could have a correct orientation towards the sustainability of the company and its objectives (not only the financial ones).

Building a set of indicators that adequately takes into account the specificities of the reference sector, the characteristics of the company and the priority objectives of the company is essential in order to be able to try and set remuneration policies that will, in any case, have to take into account both top-down and peer-to-peer qualitative assessments. The lack of a market that can "evaluate" the company is certainly not an element to be underestimated, but if the levers of value are correctly identified, even smaller companies can develop incentive policies that, without having a too high cost, allow them to be more dynamic, attracting and able to motivate the highest professional figures (including those belonging to the owner's family), while reducing conflicts and agency risks and thus allowing a higher level of delegation, necessary in competitive and complex markets.

Further analysis to be carried out mainly through field research could also integrate questions on efficient methodologies for measuring the value creation and "anticipatory" indicators, as well as examine the correlation among growth rates, performance and/or internationalization and the dissemination of formalized incentive systems, possibly including also international comparisons.

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