The incentive is a positive motivational influence on a person that helps improve his performance. Thus, it can be said that all the measures taken by the management to improve the performance of its employees are incentives. The incentives can be broadly classified as financial incentives and non-financial incentives. The incentive is a positive motivational influence on a person that helps improve his performance. Thus, it can be said that all the measures taken by the management to improve the performance of its employees are incentives. The incentives can be broadly classified as financial incentives and non-financial incentives.

Institutions, Incentives and Entrepreneurship
Ruta Aidis. George Mason University. raidis@gmu.edu. and. Saul Estrin. London School of Economics. s.estrin@lse.ac.uk. To be published as: Aidis, R. and Estrin, S. (2013) "Institutions, Incentives and. Depending on institutions and incentive, entrepreneurial effort may go into productive or. unproductive uses, and it may not materialize in new entrepreneurial ventures at all. Thus, the. prevalence as well as the forms of entrepreneurship that we observe in different countries will be. affected by institutional structures, the level of development, as well as country-specific cultural. and policy factors. In the following, we illustrate how the GEDI methodology allows us to. We present a model that illustrates the complementarity between infrastructure and institutions and provides conditions for whether fines, subsidies or a combination of both are the optimal response. One point of the model is that the optimal fine is often not a draconian penalty, but a mild charge that is small enough to avoid extortion.