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# ТЕОРЕТИЧЕСКИЕ АСПЕКТЫ ОЦЕНКИ ЭФФЕКТИВНОСТИ ТРУДА

# THEORETICAL ASPECTS OF LABOUR EVALUATION EFFECTIVENESS

## Аннотация

В статье рассматриваются определения ориентира для построения системы оплаты и финансовых стимулов в сельскохозяйственном секторе. Автор теоретически обосновывает необходимость такой меры как категория "эффективность труда" и дает теоретическое обоснование для использования этой категории. В этой статье предлагается метод расчета показателей эффективности труда с помощью коэффициентов качества работы.

*Ключевые слова*: эффективность; производительность труда; организация заработной платы; финансовые стимулы; качество.

## Abstract

The article deals with determination of the benchmark for building a system of payment and financial incentives in the agricultural sector. The author theoretically justifies the need for such a measure as a category of “labor efficiency” and gives a theoretical rationale for the use of this category. A method for calculating performance indicators of labor using the coefficients of the quality of work is offered in this article.

*Keywords*: efficiency; labor productivity; organization of wages; financial incentives; quality.

One of the challenges of the modern economy of labor in the agrarian sector is the main indicator of choice for the construction of the organization of wages and material incentives. In this connection it is relevant to consider the issues of valuation of human resources.

In the study of the categories of «economic efficiency», production and «effective labor» must be understood in a way that they have different contents and different interpretations. Correct understanding of them allows you to:

– Adequately define these categories;
– Identify features that distinguish them from other economic categories;
– Identify the range of outstanding issues in the emerging multicultural market economy.

The most important economic categories include the category of «efficiency» which is both an indicator of the success of economic processes and means of ensuring the process of expanded reproduction. The literature uses different definitions to reveal the essence of this category. Some economists [1] narrow the understanding of the effectiveness to profitability. Of course, the profitability of industrial activity indicates the presence of economic effect, but though this figure reveals the degree of efficiency of production capacity, it does not fully take into account the quality of work and the influence of external factors (increased demand as a result of adverse climatic events and similar events).

“Individual scientists” means that the economic efficiency is the ratio of the achieved results and production costs; impact of resources; productivity of social labor; the magnitude of the effect obtained per unit cost [2].

Also, there is an opinion that the economic category of «efficiency» is an attitude or useful result (effect) to the cost (resources) [3, 4]. With this approach, the physical vol-

ume of manufactured products is identified with the result. Thus, its cost with a difference calculated as value-added, the effect is perceived, and an increased amount of product produced from a given amount of cost efficiency means.

In our opinion, the disadvantage of this approach is its retrospective nature and fragmentation, as in this case the comparison of the results obtained and the accumulated cost and system analysis of the impact of the results for further development is not carried out. In addition, it may be difficult with concrete resolution of maximum results.

A possible solution to these problems may be carrying along with quantitative «cost-resource» characteristic assessing the quality of the development of physical, financial and human capital, when performance is meant to ensure the expanded reproduction of products, labor, environment, and industrial relations.

In assessing the economic efficiency under modern conditions, there have been developed three approaches to efficiency: cost-resource, reproductive and target. Each of these approaches has its own characteristics, advantages and disadvantages. The use of multiple approaches seems to be the most rational.

Thus, we can conclude that production efficiency is the ratio of useful effect to the cost of its preparation, defining opportunity to lead the expanded reproduction and achieve their goals of economic entities.

E. Kapustin and V. Rybin identified economic, social, national economic, self-supporting, generalizing, activities, and local activities of individual regions and business units, private-individual factors of production, the activity of the individual phases of reproduction-production, distribution, exchange and consumption [5]. This treatment of efficiency and detailing species suggests the incompleteness of knowledge process of efficiency, and achieve the disclosure ambiguity in its interpretation. In our opinion, it is possible to allocate a number of basic types of efficiency, playing a crucial role in obtaining a useful effect and to create conditions for expanded reproduction.

The interests of the entire national economy provided with the national economic perspective in the definition and evaluation of the efficiency of production. At this level of production efficiency is expressed in a variety of product range, improving the quality and quantity of consumer values and growth in national income.

Self-supporting level characterizes the economic interests of relatively isolated entities. At the enterprise level, efficiency is expressed in the rational use of material and human resources to maximize quality production and improve working conditions in the enterprise.

Effectiveness is a qualitative assumption used by a commodity producer to identify alternative options when choosing resources for determining production reserves to evaluate the functioning of production structures as a whole and separately for each unit.

In the analysis of the use of labor potential, the leading role belongs to social and economic efficiency. The social effects are very important in terms of interpretation of certain aspects of the efficiency of labor: some economists agree with his performance, but others do not. Proponents of the latter view, emphasize the qualitative aspects of employment, social utility of its results, as well as the impact of that factors of the circulation on the performance indicators. The individual authors examine the efficiency of labor as a narrower category than the performance [4].

In our opinion, the term *efficiency* is close to the notion of productivity, but broader in content. Labor efficiency – the ratio of «useful» result of work and the value of labor costs for its production, which characterizes the level of use of the development of productive forces and relations of production. Labor efficiency characterizes the level of utilization of labor resources based on the volume and quality of labor input. The determination of not only the amount of work performed by the employee for the time unit is important, but the study of the costs of labor aimed to achieve a result, which is very important too.

Also a hallmark of the effectiveness of labor productivity is a reflection of the fullness of the costs and the need for more economical use of resources. Labor efficiency will be higher while the higher productivity is and labor costs

are lower in the same amount of work. When performing the same work, unskilled workers under favorable conditions can reach a maximum for a measure of labor productivity, but this level will never reach the maximum performance level of skilled workers doing the same job. Efficiency of skilled workers will be higher at the same performance.

Work efficiency also characterizes the efficiency of material costs associated with production and eventually the effectiveness of the production process. At the same time, labor productivity – a measure that characterizes the level of use of human labor. It is the amount of average annual production work for a certain period of time.

The impact of scientific and technological progress and innovation performance is manifested through an increase in production volumes and lower costs of labor, and in the case of efficiency – also by improving the quality of labor and the quality of work. However, the category of «efficiency» describes not only the quantity of produced products, but also compliance with social needs.

In the study of socio-economic nature of the process of growth of labor productivity, the study of social forms of labor is also important. The productivity analysis suggests its consideration as an economic category, reflecting the relations of production people about achieving this or that employee performance. Consequently, the factors and conditions of supply and demand of certain goods, objects and forms of organization of the market have a significant impact on the amount involved in the production of labor and its results.

The selection of categories «productive power of labor» and «productivity» is necessary too. However, among the scientists working on this issue, there are numerous points of view and ways of reasoning. It seems that the category of «productive power of labor» describes the performance of the same quantity of labor. Therefore, increasing productivity may be due to improving the use of each unit of labor and by the use of greater amount of labor per unit of time through the use of more complex work, sealing and strengthening its tension.

The productivity can be expressed by the following formulas:

$$Pl = V / t \qquad (1)$$

where Pl – labor productivity , V – volume of production (numeric expression of the work performed), t – time period ;

or

$$Fr = V / h \qquad (2)$$

where Fr – labor productivity , V – volume of production (numeric expression of the work performed), h – number of employees.

Labor efficiency reflects another addition to quantitative and qualitative results of labor. We propose the following formula of performance evaluation:

$$El = V / h * Q \qquad (3)$$

where Et – labor efficiency, V – volume of production (a numerical expression of the work performed), h – number of employees Q – an indicator of quality of work (quality of work).

The most difficult use of this formula is the calculation of Q indicator, because it is not equally applicable to various categories of employees. In particular, it is difficult to apply that formula to the categories of workers who are engaged in unproductive labour or labour not subject to quantification. At the same time, employees productive work performance evaluation seems a fundamental indicator for the construction of the wages system and material incentives, as more fully characterizes a specific employee. It is appropriate to consider the method of calculation of Q on the example of a tractor driver.

The first step is to select the most important parameters describing the specifics of tractor-driver. These include:

–The cost of fuel products;

– The cost of maintenance, repair and spare parts;

– Observance of technological processes (good tilth, etc.);

– The level of wear and tear.

In the second phase for the selected indicators, we need to develop a methodology of calculation. We should count the difference between the actual consumption of petroleum products in the framework of the regulatory process and indicator set based on planning or technical characteristics of the agricultural machine.

*Table 1*

**Calculation of the efficiency of fuel products normative**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Normative (fuel by per ga, l) | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Fact | 0,9 | 0,92 | 0,95 | 0,97 | 1,0 | 1,02 | 1,05 | 1,07 | 1,1 |
| Cfuel | 1,1 | 1,08 | 1,05 | 1,03 | 1 | 0,98 | 0,95 | 0,93 | 0,9 |

The second measure – the coefficient of operating costs (Coc ) is calculated as the ratio of actual costs incurred to regulatory costs, which is based on the standards for technical operation management taking into account annual inflation coefficient multiplication .

We should compile a table with the planned values for each technological process for calculating the third measure – the coefficient of manufacturability (Cm). The deviations from the standards may be less than 30 %.

The fourth indicator – the wear coefficient (Cw) is proposed as a correction to the second indicator. Its calculation is based on the useful life of farm machinery.

Thus, the aggregate quality factor suggested for calculation is as follows:

$$Q = Cfuel * Coc * Cm * Cw \qquad (4)$$

The main difficulty of using this technique is the need for a significant amount of standard indicators that seem to be a tedious process. In relation to the proposal, it is necessary to develop a system of standard indicators for each type of agricultural machines in a particular organization.

At the same time, one of the significant advantages of the technique is the possibility of building a universal system of organization of payment and financial incentives based on active collaboration of various categories of workers and scoring these relationships through quality factors.

The increase of economic efficiency results from increased productivity and cost-recurring costs embodied in productive assets. Therefore, its growth should be assessed to save labour costs and increase the use of resources attracted in the form of capital investments in productive assets to ensure productivity growth economy and on this basis, increasing productivity. The economic efficiency of production will be higher while the same rate of growth in labor productivity than is expended additional investment in productive assets.

Therefore, if we want to increase the economic efficiency of agricultural production, we have to grow resource efficiency, increase the volume of production per unit of resources or save production's costs during the period of the fund.

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