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## MODERN FORMS OF LABOR PAYMENT AND MOTIVATION IN AGRICULTURE

The question of labor payment in the situation of social and economic processes' **transiency** and putting forward new requirements to improve the form of wages, valuation, labor accounting and payment, accrual income workers in agriculture.

**Keywords:** pay, incentives, payroll, agrarian enterprise, hourly- rate pay, piece-rate pay, control wages.

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## СУЧАСНІ ФОРМИ ОПЛАТИ І МОТИВАЦІЇ ПРАЦІ В СІЛЬСЬКОМУ ГОСПОДАРСТВІ

Розглянуто питання з оплати праці в умовах, коли швидкоплинність соціально-економічних процесів висуває нові вимоги до поліпшення систем форм оплати праці, удосконалення оцінки, обліку аграрної праці та її оплати, нарахування заробітку працівникам.

**Ключові слова:** оплата праці, матеріальне стимулювання, фонд оплати праці, сільськогосподарське підприємство, погодинна форма, відрядна форма, контроль оплати праці.

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## СОВРЕМЕННЫЕ ФОРМЫ ОПЛАТЫ И МОТИВАЦИИ ТРУДА В СЕЛЬСКОМ ХОЗЯЙСТВЕ

Рассмотрены вопросы по оплате труда в условиях, когда быстротечность социально-экономических процессов предъявляет новые требования к улучшению систем форм оплаты труда, совершенствованию оценки, учета аграрной труда и его оплаты, начисления заработка работникам.

**Ключевые слова:** оплата труда, материальное стимулирование, фонд оплаты труда, сельскохозяйственное предприятие, повременная форма, сдельная форма, контроль оплаты труда.

**Research relevance.** Formation of labor system in the current economic environment is influenced by complex of factors in the transition of enterprises to full cost accounting and self-financing. Recent studies have shown that today Ukraine is lagging back in terms of average wages at least twice compared to Russia, in 4 times compared to Poland, and in 7 times compared to Slovenia.

Against the background of the low labor cost in the whole economy in some areas the problem of depreciation of labor has become particularly acute. It refers to the domestic agriculture where, despite the increase in nominal wages, it remains the lowest. Despite the fact that over the past five years, the share of the agrarian sector in national output is rapidly declining, it is of great economic importance because of its development depends largely on strengthening food security, employment and living standards of rural residents, protection from excessive urbanization.

**Analysis of recent research and publications.** These issues were discussed by following local scientists, M.T. Belukha, P.I. Haidutsky, A.Y. Ermakov, G.G. Kireytshev, M.F. Ohychuk, V.K. Tereshchenko, V.V. Sopko, A.V. Shkilov and others.

Researches of those authors covered a significant range of wages' issues, justifying the different options of their solutions with significant degree of methodological exhausting. However, the transience of social and economic processes puts forward new requirements to improve pay systems, the valuation and accounting agrarian labor and pay and accrual income

workers.

**The aim of the study** is to expand the essence of modern aspects of remuneration in agriculture.

**Main material.** Currently, agrarian production in Ukraine is ineffective economic sphere. The main reasons are low efficiency of this industry, lack of its competitiveness including lack of an effective system of motivation productivity of employed workers. The inefficiency of agriculture is also stipulated by the current incomplete motivation system due to the low price of agrarians' labor. Low wage of agrarian workers is worldwide trend.

In our country there is also lagging of whole economy particularly in agriculture. Analyzing the reasons of the rural labor low price some factors can be observed. The first one is wage's scarcity caused by inefficient agrarian production with low profitability compared to other sectors. A major problem is the salary and financial difficulties that manifested in a lack of working capital. In addition, higher wages is constrained by the fact that it will increase the cost of agricultural production which is of no profitability.

There is an unequal wages in agrarian enterprises of different ownership. This is because of the lower labor cost which is influenced by relatively high supply of labor and the lack of strict control over wages and timeliness of payments by the state.

The structure of wages of agrarian workers had also been changed. There are positive changes in the salary structure in the direction of reducing the role of the main part and increasing the adding one. Bonus payments had significantly increased during this period (from 2.7 to 4.7%). The increase in the variable salary's part stimulates employees to productive work.

From an economic point of view, people are extremely expensive resource, and therefore they should be used with maximum efficiency. That is why the manager must understand that besides the material component of motivation, there is a moral factor. It should be taken into account that an effective system of personnel motivation will have place only in the case of the most complete coverage of its personnel and the wide use of the advantages of personalization.

There can be hourly wage and piece-rate pay depending on the amount of working time of employee time and salaries set rates. According to the piece-rate pay the fee depends on the number of produced units produced (works, services) as established by the complexity and working conditions, as well as piece rates per unit of goods (works, services).

The introduction of market relations and corresponding structural changes in the economy require development of new approaches for improving forms of remuneration. Among them the wide introduction of hourly wages should take place. The social policy of Ukraine provides a gradual transition to hourly pay using a reasonable minimum amount of hourly wages.

The hourly wage provides payroll employees, based on the hourly wage rate, which is set by agreement of the parties or a collective agreement, and the actual amount of spent hours during the accounting period.

The obligatory condition of hourly wage use should be appropriate records of actually spent time and effective (systematic) control over implementation of standardized tasks in quantity, quality and timing.

Piece-rate pay system is used if the salary depends on the number of manufactured products (output), spent time on its production, pricing and output. Piece-rate wage system provides employees with bonuses based on the results of the company based on the Bonus Pay Regulation.

Depending on the possibility to do particular job by one worker or by the working staff because of its complexity, there are two systems of piece-wage: individual piece-rate pay and collective piece-rate wage.

Manager or owner always asks himself the question: which of two forms of pay is better and more effective in today's market economy?

At first glance, piece-rate work is of more interest for employee and the employer, because the value of earnings depends on the produced (sold) volume of products or services, the results of the work. The direct relationship between the financial results and wage value should be attributed to the benefits of piece-rate work. Employer's interests are successfully implemented at piece-rate work in order to increase production. But in this respect it can not be controlled. If an employee with certain causes will reduce production or productivity, he also suffers the first loss. Consequently, its risk is higher than the risk of employer.

If to take into account the piecework pay can encourage employees to do their job carefully and intensively, it could be perceived as a kind of market signal for employer as for more efficient working process. For employee benefits of piece-rate payment is related to the fact that he has a real opportunity to increase his earnings by performing more work, increase productivity and financial results. The piece-rate work of employee influences on his abilities. Empirical study of American economists has shown that the productivity of workers with piece-work pay is higher than there is an hourly wage. Therefore, in some areas of production piece-rate pay is more efficient than an hourly wage and can be used as motivation of employees to improve the financial results.

It should be noted that piece-rate pay is associated with a number of drawbacks and creates many problems for both workers and employers, including:

- It can be difficult for the employer to take into account all factors that are not dependent on the worker, but also affect the production (health, equipment failure, weather conditions, etc.). If the earnings will depend on the results, the workers won't be very efficient in these conditions;

- Serious drawback of piece-rate wages for the employer is a danger that in the pursuit of the production number the employees will not pay attention to its quality. Costs of products' (services') quality control may negate the savings in other forms of control;

- Piece-rate pay connects an employee to its individual results, ignoring the work of the department or unit as a whole, which affects the collective motivation and results of group work. There is a weakening sense of ownership and belonging to the team.

With the same amount of annual income of employees, it is better to set an hourly pay. Most of them have their natural fear to risk and having financial obligations associated with regular costs (fees for housing, buying food, etc). They prefer guaranteed pay. The piece-rate work requires differences in pay that compensate workers to worry about the possible fluctuations in their earnings, which will bring additional costs. This also explains why you can earn more at piece-rate pay system than at hourly wage system.

In the borders of piece-rate pay system it is not easy to measure individual contributions of employee. If quantitative aspects of the work can be measured objectively, the quality often requires subjective evaluations. If only part of the functions is performed by the employee, the non-measurable obligations will be ignored. More appropriate group is to create incentives.

Work quality control is carried out through a tariff system. System's elements are developed independently by each enterprise with regard to labor legislation and tariff agreements.

However, our research shows that many agrarian enterprises have no billing system for working staff, including basic industries such as crops and livestock, which reduce the effectiveness of labor management motivation.

We emphasize that some elements of prior control among has also a protective function among others. In particular, it ensures the adherence to tariff rates. According to the labor legislation the labor pay must not be lower than the state minimum. However, this provision of the Law of Ukraine "On labor" is not always done.

**Conclusions.** Agriculture remains one of the most important spheres of material production sectors of the national economy. That is why there is a special importance of its development with the help of engaged agrarian employees' incentives. Solving the material problems of farmers requires a comprehensive approach with the help of government and particular agrarian enterprise.

The manager must constantly think about possible ways to improve the work by motivating the personnel.

However, wages are motivating factor only if it is directly related to the results of labor. Employees should be sure you have a stable connection between the material base and labor reward. In wages there must be present component which depends on the results.

In developing the motivation system it is necessary to consider classic demands. At the individual enterprises' level and at the national level it is important to take into account that a big difference in incomes (wages) has a great psychological burden and can have a discouraged effect.

Consequently, nor piece-rate pay, nor hourly wage can not solve all the problems related to the motivation. Both of the systems have advantages and disadvantages. Therefore, choosing one or another form of remuneration the employer must take into account all the "pros" and "cons". The hourly wages brings us closer to the European model of economic development. However, in terms of non-compliance of laws governing labor relations by the employer requires form workers the ability to protect their interests.

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