

MODERN REMUNERATION SYSTEMS IN FOREIGN COUNTRIES

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Abstract. *The article describes the formation features of modern remuneration systems, taking into account the main aspects and methods of labour organization in foreign countries. It also determines the requirements for compulsory salary increase in certain foreign countries. The article focuses on the observers' forecast of remuneration level changes and the formation of five trends in employee salary and additional payments, such as: regular bonus payments for performance; transparent remuneration; more employees will receive bonuses; analysis of equity aimed at remuneration payments; the formation by states of their own minimum wage policy. It notes that there has been a positive economic change and an increase in demand among states due to increased political influence on the establishment of minimum wages.*

The data on the minimum wage for January 2020 has been studied and it was pointed that in 2020 Ukraine took the fifteenth place out of 54 countries in the growth rating of minimum wages in the world. Moreover, the main components of the system used at enterprises to provide incentives and increase productivity of employees have been determined. It is also noted that in some foreign countries there is a tendency to regulate and establish maximum wages of intellectual workers. The article gives a comparative analysis of wages of intellectual workers versus manual workers; and it indicates that the wages of intellectual workers are on average higher than wages of manual workers: in Germany – by 20%; in Italy and Denmark – by 22 %; in Luxembourg – by 44 %; in France and Belgium – by 61 %. In comparison with qualified workers, craftsmen earn more: in Germany – by 15%; in the Netherlands – by 23 %, in France – by 30 %, in Belgium – by 40 %. In the United States, lower-level executives (craftsmen, group and sector leaders) have an annual income on average 1.5 times higher than an annual income of manual workers.

The article points out that foreign countries tend to use and combine various remuneration systems, each of which consists of two parts: basic (permanent) and additional (variable). It has been suggested to improve and develop new approaches to provide incentives for employees of domestic enterprises that will have a positive impact on their performance.

Keywords: *global pay, wages, competitive advantages, employment costs, salary, global workforce.*

Actuality. Salary is the main tool for managing human resources that are used to increase employee motivation and efficiency. Therefore, when forming the system and stages of the payroll process, it is necessary to use such significant principles as transparency, equality and justice.

The fight against global competition and the concentration of the main costs on employment is an important and leading task of foreign multinational organizations which is set in order to attract and retain highly qualified employees. The complexity of this task is determined by the differences in the use of the remuneration systems and its motivation in different countries. Competitive salary increase, additional and incentive payments, bonuses, allowances are only part of the global payment scheme, which is interconnected and well-known in foreign countries.

Analysis of recent research and publications. A significant number of foreign and Ukrainian scientists focused their studies on the researching of the remuneration systems and the features of its accounting, in particular: Balan A.D., Dergacheva V.V., Koloberdyanko I.I., Luchko M.R. Since the policy of foreign experience in building a remuneration systems is constantly changing year by year, further research in this area is necessary and systematic.

The purpose and research of the article is to study the features of the formation of modern remuneration systems taking into account the main aspects and methods of work organization in foreign countries and their adaptation to national conditions.

Materials and research methods. The research is conducted on the basis of the following methods of inquiry: synthesis and analysis, comparison and generalization, grouping, scientific inquiry, retrospective analysis, etc.

Research results and discussion. In foreign countries, there is a necessity of defining mandatory and standard methods of payment that are inherent in other countries; it ensures the economic management of the global workforce. A developed global strategy allows foreign enterprises to interpret taking into account the practice and requirements for remuneration in each competing country.

When remuneration methods are mandatory, there is no other choice but to follow, but when the company's remuneration strategy does not correspond to typical local practice, the company should consider how each approach positions them in the local market. Although it is often better to adapt to the local approach, there are cases when following a global strategy can differentiate the employer and make them especially attractive to the most needed employees [1].

Multinational organizations place high value on employment costs to achieve the expected result. Increasing salaries is a major challenge to competing enterprises. Using the data in table 1, we give a comparative description of individual countries regarding the requirements for a compulsory wage increase.

1. The requirements for a compulsory wage increase in foreign countries

Country	Requirements
Most countries in America (including Canada)	systematic recalculation and increase of official salaries of employees is not provided
Brazil	compulsory salary increase at any level
Colombia	union agreements require a mandatory increase only to employees receiving the minimum wage
Finland, Germany, Sweden, Thailand, Japan, Indonesia and India	salary increase is not provided
Turkey, Denmark	salary increase is carried out in enterprises that have a joint workforce
Great Britain, Poland	no mandatory salary increase

Reference: [3].

In 2020, according to the observers' forecast of remuneration level changes, there are expected to be 5 trends in employee remuneration and additional payments, in particular:

- regular bonus payments for performance;
- transparent remuneration;
- more employees will receive bonuses;
- analysis of equity aimed at remuneration payments;
- the formation by states of their own minimum wage policy [3].

Starting with 2019, there has been an increase in political influence aimed at establishing of the minimum wage, which led to a positive economic change and an increase in demand among states. According to the diagram (Figure 1), the data on the minimum wage for January 2020 has been studied. In 2020 Ukraine took the fifteenth place out of 54 countries in the growth rating of minimum wages in the world (the minimum wage was \$ 153, 82). Among the countries with the highest minimum wage, Australia is in the lead, a minimum wage there is \$ 2,389.9. The lowest minimum wage is in Georgia – \$ 7.7 [2].

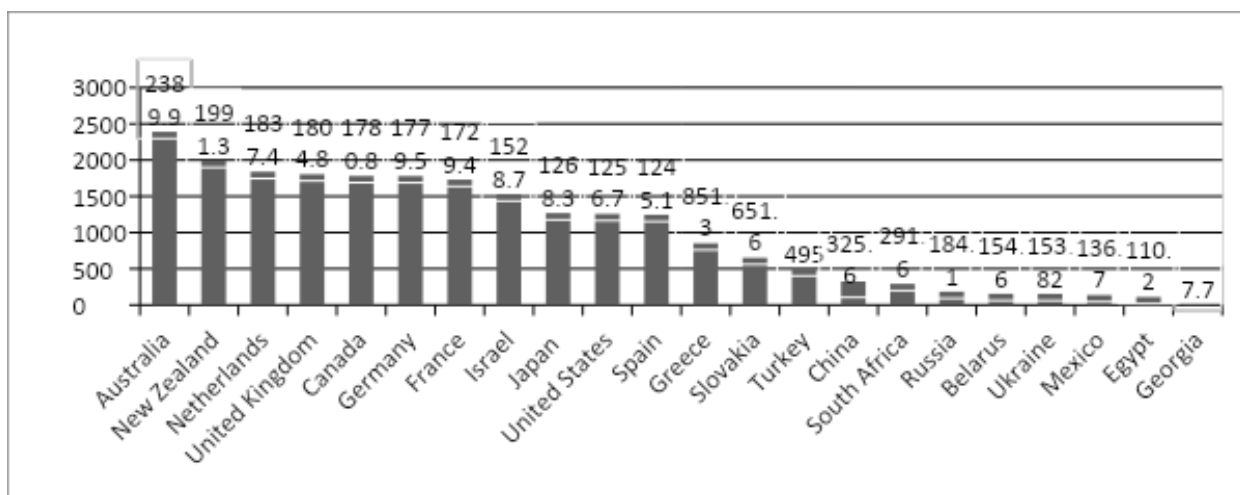


Figure 1. Minimum National Wage Data [2]

Year by year the incentive system of remuneration is being improved and expanding with new elements. Table 2 shows the main components that are used in enterprises to provide incentives and increase productivity of employees.

2. The system of incentives and increasing labor productivity of employee

№	Methods of increasing labor productivity
1	The tariff system is used as a tool for differentiating remuneration.
2	In European countries, there are systematic innovations in the system of employee incentives.
3	When calculating employee remuneration, individual performance, qualifications, speed and quality of work performed are taken into account.
4	Maximum wages to provide employee incentives for intellectual workers versus manual workers.
5	The leading positions of using specifically an hourly rate of pay in enterprises when hiring, relatively imperfect management of a piecework payment system

6	Incentive of employees engaged in the product sales is carried out through the direct dependence of the size of their salary on product sales indicators.
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Reference: [4].

In some foreign countries there is a tendency to regulate and establish maximum wages of intellectual workers. Figure 2 analyses and gives a comparative characteristic of wages of intellectual workers against manual workers.

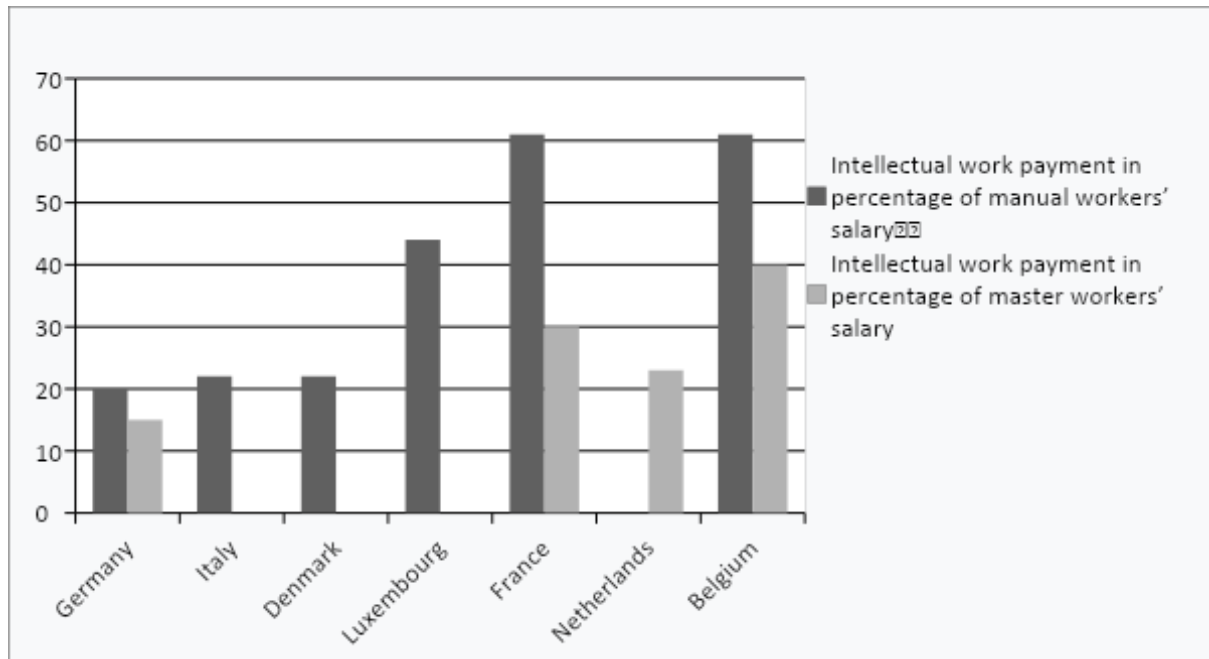


Figure 2. Percentage of wages of intellectual workers against manual workers [5]

So, the wages of intellectual workers are on average higher than wages of manual workers: in Germany – by 20%; in Italy and Denmark – by 22 %; in Luxembourg – by 44 %; in France and Belgium – by 61 %. In comparison with qualified workers, craftsmen earn more: in Germany – by 15%; in the Netherlands – by 23 %, in France – by 30 %, in Belgium – by 40 %. In the United States, lower-level executives (craftsmen, group and sector leaders) have an annual income on average 1.5 times higher than an annual income of manual workers [5].

A systematic analysis and constant monitoring of employment and remuneration is the main goal of state policy throughout the world. Change monitoring and innovation in the wage evolution and basic rules of payroll accounting allow countries to have accurate information about the benefits and

positive developments. In order to reduce conflicts, improve the workflow in developed countries, 70-80% of employees are transferred to hourly rate.

Currently, foreign countries tend to use a combination of various remuneration systems, each of which consists of two parts: basic (permanent) and additional (variable). The use of such remuneration systems in developed countries includes the following:

- a system in which daily production is monitored, under which the hourly tariff rate is reviewed (increased or decreased) every three or six months;
- a payment system which takes into account skills development. It is formed by the number of scored contingent “qualification points”, as a result of which the employee receives allowance. This remuneration system is applied in the USA; the productivity there has increased by 5-49%, and employee incomes by 3-29%;
- a system of supplemental pay and rewards for the development of new skills and improving knowledge in specialization, used in Germany;
- a remuneration system, in which the salary is 40% dependent on the age and work experience of the employee in a company. This system is popular and used in Japan;
- a system in which partnerships between entrepreneurs and employees are widespread; as a result, there can be seen an active participation of personnel in profit and decision-making in a company. The UK uses two remuneration systems, monetary and employee stock ownership, that directly depend on the profit of the company;
- a system of direct piecework payment with a guaranteed hourly rate, when salary increases depending on the productivity of employees. This system is an analogue of piecework-progressive payment system in Ukraine.

To improve the remuneration system in Ukraine, it is necessary to systematically improve and develop new approaches to personnel incentives, which is directly related to the quality of economic indicators and introducing an

optimal grading system for most companies, which is used by all large companies with foreign investments.

For effectiveness and stability, it is necessary to take into account the individual needs of the company and systematically review the current system, based on the experience of remuneration in foreign countries, which shows that the use of various forms of remuneration and employee incentives contributes to the formation of interest among staff in improving their qualification and professional level, that has a positive effect on the development of companies and improvement of their performance.

Conclusions and prospects. Some remuneration systems and financial incentives of employees in developed countries have some common features with Ukrainian systems, which can be improved with an integrated approach, which will give a possibility to determine the most suitable for Ukraine systems of remuneration and bonus for personnel, taking into account the specificities of economic processes in Ukraine.

So, developed foreign countries tend to have an individual wage setting, which should be taken into account when forming the basic system in countries with insufficient level of organization of the remuneration system:

- the determination of the amount of the minimum annual income of employees, taking into account all supplemental pay and rewards;
- unsystematic salary increase, which directly depends on the growth of its total fund;
- the rejection of indexation due to price increase;
- when determining wages, take into account personal allowances for the merits of employees, and not their work experience.

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СУЧАСНІ СИСТЕМИ ОПЛАТИ ПРАЦІ В ЗАРУБІЖНИХ КРАЇНАХ

Л.В. Гуцаленко? Д.О. Мокієнко

У статті розглянуто особливості формування сучасних систем оплати праці з урахуванням основних аспектів і методів організації праці в зарубіжних країнах. Окреслено вимоги обов'язкового збільшення заробітної плати в деяких зарубіжних країнах. Акцентовано увагу на прогнозах

спостерігачів за зміною рівня оплати праці та формуванні п'яти тенденцій виплат працівника заробітної плати та додаткових виплат, зокрема: систематичні виплати премії за ефективність; прозора оплата праці; більше працівників отримуватимуть бонуси; аналіз власного капіталу виплат; становлення державами власної політики виплат мінімальної заробітної плати. Відзначено про позитивні економічні зміни й посилення попиту серед держав через зростання політичного впливу на встановлення мінімальної заробітної плати.

Досліджено дані мінімального розміру оплати праці за січень 2020 року та відзначено, що у 2020 році в рейтингу зростання "мінімалок" у світі Україна посіла 15 місце з 54 країн. Визначено основні складові системи, які застосовують на підприємствах для стимулювання й підвищення продуктивності праці працівників. Відзначено, що в деяких зарубіжних країнах є тенденція врегулювання та встановлення максимальної заробітної плати працівникам розумової праці. Наведено порівняльну характеристику заробітної плати робітникам розумової праці проти фізичної, та вказано на те, що заробітна плата працівників розумової праці в середньому перевищує заробіток робітників: у ФРН – на 20 %; Італії й Данії – на 22 %; Люксембурзі – на 44 %; Франції й Бельгії – на 61 %. Майстри порівняно з кваліфікованими робітниками одержують більше: у ФРН – на 15 %, Нідерландах – на 23 %, Франції – на 30 %, Бельгії – на 40 %. У США керівники нижчих ланок (майстри, керівники груп, секторів) у середньому мають річний дохід у 1,5 рази вищий, ніж робітники. Наголошено на тенденції зарубіжних країн до застосування та поєднання різноманітних систем оплати праці, кожна з яких складається з двох частин: базової (постійної) і додаткової (змінної). Запропоновано удосконалення та розробка нових підходів стимулювання працівників вітчизняних підприємств що позитивно впливатиме на їхню результативність.

Ключові слова: оплата праці, організація праці, система стимулювання, премії, прозора оплата праці, мінімальна заробітна плата, посадовий оклад.