SECTION 4. ENTERPRISE ECONOMICS AND PRODUCTION MANAGEMENT

10.46299/ISG.2022.MONO.ECON.4.4.1

4.1 The defining role of economic law wages in the formation of distribution relations in Ukraine

During the transitional period of the formation of market relations in Ukraine, specific class-defined social relations between hired and proprietary labor are emerging. These relations have their measure and quantitative expression. In this aspect, economic science is faced with the task of developing the concept of social relations on the principles of distribution of newly created value, ensuring a decent quality of life for the employed population.

In modern economic science and practice of Ukraine, distribution relations are considered mainly in the order of posing the question. Methods for quantifying the level of average wages that would meet the requirements of the objective economic law of wages have not been developed. The law itself is not disclosed or formulated, but adopted by the Supreme Council of Ukraine in 1995, the Law "On wages" has the status of a legal law and reflects a practice that does not fully meet the requirements of the objective economic law of wages.

The question of the essence, methods of assessing the level and stimulation of labor in Ukraine in the post-Soviet period is devoted to many valuable scientific works. Their authors are such domestic scientists as A.M. Kolot, D.P. Goddess, A.L. Eskov, N.D. Lukyanchenko, A.V. Kalina, E.A. Grishnova, V.F. Andrienko, A.S. Afonin and others, as well as Russian scientists: R.P. Kolosova, N.A. Volgin, R.A. Yakovlev, Y.P. Kokin, A.L. Mazin, B.G. Mazmanova, A.A. Volossky and others. In the works of these scientists, the directions of development of social and labor relations or methods of stimulating labor in production are mainly considered. Methods for quantitative expression of social and labor relations are not being developed. The dependence of wages and social distributive relations is still outside the interests of economic science.

The closest to solving the problem of distributive relations in modern conditions came the well-known Russian scientist - Professor B.M. Genkin [131, p.307-353]. The scheme proposed by him deserves attention and reflection. According to his views, the basis for the formation of the level of remuneration of an employee is not the cost of labor, as K. Marx wrote about it, but the level of labor potential, which, with certain reservations, can be recognized as a scientific position that is most consistent with the current economic situation in Ukraine.

However, it should be clarified that the labor potential of B.M. Genkin presents as the potential of the personal qualities of the worker (knowledge, experience, skill, skills, health, etc.) without combining them in the labor process with the means of production, and this, in essence, expresses not the labor potential of the aggregate of workers, but the human (personal) potential labor resources. Such a potential, expressed in value form, manifested in certain social (production) relations between the employee and the owner of the means of labor regarding the creation, implementation, distribution, appropriation and consumption of newly created value, is already human capital. Therefore, in our view, the category of human capital should be revealed as the presence of a complex of useful qualities formed and developed in the process of human life: the biophysical state of the body (health), mental and physical abilities, general and professional knowledge, experience and motives, expressed in value form and suitable for his labor activity, inseparable from a person, the owner and bearer of which he is and which bring him and society income. The costs accumulated over a lifetime for these qualities of a person turn into capital only over time, according to the phases of their capitalization. Then the essence of the category of labor potential can be considered as a potential or real value of the labor resource capable of providing the necessary production and social result at different levels of economic management in certain social and technological conditions, the cost equivalent of which is the cost of forming the life cycle of human capital, means of production and energy resources. resources for technological needs.

In this aspect, in a number of publications, we have made an attempt to develop a methodology for the valuation of human capital, labor potential, the corresponding level of remuneration in the current economic conditions, to formulate the essence of the economic law of remuneration [132-134].

In [132], the essence of the economic law of wages in relation to the current stage of market transformations of the Ukrainian economy is revealed by us as a balance between the economic potential of an economic entity and the threshold of social tangibility of the level of wages of employees (the principle of weights), the center of which or the fulcrum is the cost of human capital.

At the same time, it is known that economic theory does not define criteria for assessing the level of wages that would meet the specified requirements, except for the well-known installation on the need to comply with the preferential growth rates of labor productivity compared to the growth rates of nominal wages, but it is not defined what kind of this ratio should be.

Hence, the purpose of this work is to develop a methodological approach to quantifying the possible increase in the average level of wages of employees, depending on the economic capabilities of economic entities in the existing social public (distribution) relations.

Based on the purpose of this work, taking into account the above provisions, we have previously developed a method for estimating the reference (normative) ratio of wage growth rates per one percent of labor productivity growth (I_{rpg}), which is proposed to be calculated using the following formula:

$$Irpg = \frac{Inw / \left[Icp \times \left(Ivsw - Iasw \right) / 100 + 1 \right]}{Ilp \times \left(1 + \frac{\Delta LP}{100} \right)}, \tag{1}$$

where I_{nw} – index expressing the change in the level of nominal wages;

I_{cp} – consumer price index;

I_{vsw} – the reference value of the share of wages in the gross domestic product (established on the basis of the principle of balance between the economic potential and the threshold of social tangibility of the level of wages, i.e. at the level of 50 percent);

I_{asw} – the actual share of wages in the gross domestic product, %;

I_{lp} – the index of the level of labor productivity actually achieved compared to the previous period;

ΔLP – possible increase in labor productivity due to the use of identified reserves, %.

In the practice of using the reference ratio, it was revealed, as in the case of the economic law of wages, three states of the analyzed indicator:

a) equality of actual and reference growth rates of wages and labor productivity. In this case, the revision of wages is not appropriate;

b) excess of the reference level over the actual one. In this case, an overexpenditure of the wage fund is formed and the increase in the average salary is not made;

c) the excess of the actual growth rate over the reference one. In this case, the maximum possible growth rate of the average wage is allowed.

The methodological approach provides for the use of the following formulas proposed by us when calculating the new level of average wages of workers (Wa.n.)

1. For case (a): $$Wa.n = \left[Sa + \left(Sa \times Rps / 100\right)\right], \tag{2}$$

where $S_{.a.}$ – the average monthly salary level established at the enterprise, UAH;

R_{ps} – a reserve of possible salary increase as a result of exceeding the actual rate of its growth by 1% of labor productivity growth (A_{rpg}) over the reference level of the analyzed indicator (I_{rpg}),%:

$$Rps = Arpg / Irpg \times 100 - 100, \tag{3}$$

2. For case (b), formula 2 will have the form:

$$Wa.n = \left[Sa - \left(Sa \times Rps / 100\right)\right] \tag{4}$$

When determining the average level of wages of workers in the national economy of Ukraine, which would meet the requirements of the objective economic law of wages, the data of the State Statistics of Ukraine were used. (Table 1). Based on the presented data, the calculated level of the reference ratio of the growth rates of real wages per 1% growth in labor productivity in the national economy of Ukraine was:

$$Irpg = \frac{1{,}176 / \left[1{,}08 \times \left(50 - 20{,}5\right) / 100 + 1\right]}{1{,}217 \times \left(1 + \frac{5}{100}\right)} = 0{,}658.$$

1. The reserve for a possible increase in real wages as a result of the excess of the reference over the actual level of the analyzed indicator (R_{iw}) amounted to: $Rps = 0{,}966 / 0{,}658 \times 100 - 100 = 46{,}81\,\%$.

2. The estimated level of possible average real wages of a worker in the national economy of Ukraine is:

$$Wa.n = [12633 + (12633 \times 46{,}81/100)] = 13865{,}5\,UAH.$$

Table 1

Key performance indicators of business entities in the national economy of Ukraine

Indicators	Unit rev.	Level of indicators by years		2021 by 2020, %
		2020	2021	
1	2	3	4	5
Initial indicators:				
1. Number of employees	thousand people	20300,000	20200,00	99,5
2. Payroll fund	mln UAH	540651,000	628111,00	116,2
3. Average monthly salary	UAH	12239,000	12633,00	117,6
4. Gross domestic product	UAH	2516699,000	3064567,00	121,8
5. Consumer price index		1,094	1,08	98,7
Estimated indicators:				
6. Labor productivity (page 4/page 1)	thousand UAH/person	124,000	150,90	121,7
7. Share of wages in gross domestic product:				
7.1. Reference level	%	50,000	50,00	100,0
7.2. Actual level (p.2/p.4×100)	%	21,500	20,50	95,3
8. Actual wage growth rates per 1% increase in labor productivity (line 3gr.5/line 6gr.5)	%	x	x	0,966

Thus, a possible increase in the level of the average monthly real wages of workers in the national economy of Ukraine, which meets the requirements of the objective economic law of wages at the current level of economic potential (Wa.n.), can be Wa.n.= = (13865,5 – 12633) = 1232,5 UAH.

Consequently, the amount of the additional wage fund in the national economy of Ukraine (WFad.) With the number of employed people in 20,2 million people. can make up: $WFad. = 1232{,}5 \times 12 \times 20{,}2 = 298758$ mln UAH.

From the analysis it becomes obvious that the question of the sources of increasing the wage fund in the state should be resolved not within the framework of the state budget, but by streamlining distribution relations at all levels of economic management. To do this, we propose methods that make it possible to identify the redistributed part of the newly created value between the owners of the labor potential in proportion to its structure as a source of an increase in the average wage.

As a result of the research, it was found that the structure of the labor potential should be composed of the following elements: human capital, as the property of employees, elements of physical capital (means of labor and technological energy), as the property of employers. The economic and biophysical essence of human capital and its structure are disclosed in our work [134].

The costs of human capital according to the stages of its formation: pre-production, reproduction and innovation become elements of the structure of human capital and labor potential. The rest of the structure of the labor potential is represented by elements of physical capital, in which the cost of the means of production is expressed through the indicator of depreciation.

Hence, the cost estimate of the labor potential in the average annual calculation (ΣClp) can be established according to the following formula proposed by us:

$$\sum Clp = \frac{Cppf}{T} + \frac{Chc}{Icp} + \Delta Chcv + \sum Cd..fpa + \sum Cer, \tag{5}$$

where C_{ppf} – costs of pre-production formation of human capital (cash income per inhabitant of the country is taken into account), thousand UAH;

T – the average number of years of pre-production formation of human capital;

C_{hc} – average annual reproduction costs for human capital (accepted at the level of the average annual salary of one worker), thousand UAH;

I_{cp} – consumer price index;

ΔC_{hcv} – average annual investments in human capital at the innovative stage of its development, carried out by the employee or the employer for vocational training, thousand UAH;

$\Sigma C_{d.fpa}$ – average annual specific depreciation deductions for fixed production assets attributable to one worker, UAH/person;

ΣC_{er} – average annual unit costs for energy resources for technological purposes, UAH/person.

On the basis of the above scientific provisions and the studies carried out, the level and structure of the labor potential on average in Ukraine was determined, which can be used to calculate the part of the added value belonging to hired labor and entrepreneurial capital (Table 2).

Table 2

Estimated distribution of added value (value) in proportion to the structure of labor potential in the national economy of Ukraine

Indicators	Unit of measurement	Performance level
1. Added value	mln UAH	1316600,00
2. Payroll fund with social contributions (37.5%)	mln UAH	863652,6
3. Gross profit of enterprises (P_{gr})	mln UAH	502422,00
4. The share of human capital in the structure of labor potential	%	82,84
5. The share of elements of physical capital in the structure of labor potential	%	17,16
6. Average salary	UAH/month	12633,00
7. Employed population	mln person	20,2

The indicators of Table 2 indicate that the main and dominant part of the labor potential structure is human capital (it amounted to 82,84%). The reproductive level of human capital plays the main role in it. The elements of physical capital in the structure of labor potential amounted to only 17,16% and express the part of the cost of labor potential owned by the employer.

However, it should be borne in mind that when quantifying the share of added value distributed for social needs, the production distribution of profits belonging to employers should also be taken into account.

Then the calculation of the share of added value owned by the owners of the labor potential (A_{hc}) can be made according to the following formula proposed by us:

$$Ahc = Av \times Iso / 100, \tag{6}$$

where A_v – added value, mln UAH;

I_{so} – share of owners in labor potential, %.

From here:

the share of employees (A_{hce}) will be:

$$A_{hce} = 1316600 \times 82{,}84 \,/\, 100 = 1090671{,}44 \text{ mln UAH;}$$

share of employers:

$$A_{hcr} = 1316600 \times 17{,}16 \,/\, 100 = 225928{,}56 \text{ mln UAH.}$$

We propose to calculate the additional payroll fund (ΔPF) according to the following formula:

$$\Delta PF = A_{hce} - PF_a \tag{7}$$

where PF_a – actual payroll fund in 2021, mln UAH.

$$\Delta PF = 1090671{,}44 - 863652{,}6 = 227018{,}84 \text{ mln UAH.}$$

The calculation of the share of gross profit as the property of employers used for production distribution (ΔA_{pr}) can be carried out according to the following formula we propose:

$$\Delta A_{pr} = P_g - A_{hcr}, \tag{8}$$

$$\Delta A_{pr} = 502422 - 225928{,}56 = 276493{,}44 \text{ mln UAH.}$$

Amount UAH 276,5 billion is intended for the production distribution of a newly created product and is used to pay taxes, form an innovation fund and other distribution channels.

Then the amount is 225928,56 million UAH. can be used for social distribution between the personnel of the enterprise and employers by property in the form of dividends, options, bonuses.

At the same time, the main problem in wages and the distribution of personal income in Ukraine remains the imperfection and unregulated public distribution relations, causing a significant polarity in the level of income (the concentration of wealth among the oligarchs and the impoverishment of the bulk of the population), the growth of social tension, the lack of an effective mechanism for managing wages.

In this aspect, it becomes necessary to regulate not capital and real estate by taxing it (the community has already received the "Depardieu effect" and "Cyprus effect"), but by legislatively regulating the range of differences in the level of wages and incomes of entrepreneurs for personal needs. Schemes are different and they need to be justified. For example, V.I. Lenin proposed a range of wages of 1-5, in the USSR there was a range of 1-25, now the upper limit is not limited. Our understanding of the model for regulating the level of wages and business income for personal consumption is based on the principles of equivalence of income and the level of the labor contribution of subjects to the total production results. In particular, our proposed model for the formation of a scale of marginal levels of wages in Ukraine by groups and categories of workers and their income levels is disclosed in [135]. It is based on the following classification features:

1. Level of economic management:

local (entrepreneurial);

mesoeconomic: district, branch, regional;

macroeconomic (state).

2. Social groups of workers, distinguished by levels of economic management:

for the local level, these are workers with a minimum wage; workers of the highest qualification; specialists and heads of departments; top managers of enterprises (top managers); owners of the means of production;

for the district level, these are the top managers of the corresponding level;

for other levels of economic management, these are also top managers at the corresponding levels of economic management.

3. The range of differences in the level of wages (1-20).

4. Types of regulated income on a scale of ranges (tariff rates and categories, differentiated by working conditions, types of payment). Additional payments, allowances, bonuses, tariff coefficients, official salaries.

5. Types of regulated property income according to the level of economic potential (dividends, options, etc.).

It is quite clear that in order to justify the coefficient of the upper limit of the level of remuneration of officials of the state rank, weighty criteria and methods of evaluation should be chosen. The well-known method of experimental assessments is of little use for this, as well as the criterion of marginal productivity or efficiency, which does not make it possible to evaluate the synergistic effect from the effectiveness of the activities of senior officials in the state. Therefore, the most acceptable method is to rank the range of differences in remuneration of senior officials at different levels of economic management according to the criterion of "value of human capital" at the initial period of application of the scale of marginal levels of remuneration by groups, categories of workers and their income levels, which is confirmed by our research [134].

The proposed methodological approach to the quantitative assessment of the reserves for a possible increase in the average wage, taking into account the structure of the labor potential and ownership of its elements, makes it possible to implement and regulate the socio-economic policy of the state on a scientific basis. This requires the adoption at the state legislative level of decisions and programs for the development of the national economy, in which a place should be given to bringing the level of wages in line with the requirements of an objective economic law. This will also be facilitated by the creation of a structure under the Government of Ukraine that would monitor changes in the value of human capital and determine the state policy in the field of remuneration in accordance with the requirements of the economic law of remuneration. It is also desirable to solve scientific problems and create a mechanism for managing wages in Ukraine by combining the efforts of the Ministry of Social Policy, the Ministry of Education and Science, as well as the Academy of Sciences of Ukraine.

Our vision of the direction of creating such a mechanism is expressed in its principal model, which is also disclosed in [135].