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THE INFLUENCE OF PAYMENT ON THE WELFARE OF THE POPULATION: A COMPARATIVE ANALYSIS OF UKRAINE AND COUNTRIES OF THE WORLD

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It was established that it is the salary that reflects the contribution to the motivation of employees. It has been established that the salary is a tool that makes it possible to use the labor efficiency of more salaried employees. Peculiarities of wage formation in the conditions of the Ukrainian economy in recent years have been studied. An analysis of the modern theoretical base of its definition is made. The level of the minimum wage among the countries of the world was analyzed, accordingly, its level with world standards. The analysis of the minimum wage in Ukraine for 2016–2022 was performed and the factors affecting its growth and the difference in the minimum wage compared to other countries of the world were determined. The discrepancy between the nominal and real incomes of employees and the possibility of their influence on the reduction was established, which makes it impossible to ensure some living conditions and development of the country's population. The dynamics of real and nominal wages in Ukraine are analyzed. The need for ways to reform it is suggested. It is pointed to a rather low level of wages, which does not in any way stimulate employees to increase labor productivity and increase the competitiveness of products. In modern conditions, the question is asked whether the salary is the real incentive that uses its main function - the stimulation of work. It is proposed to carry out wage reform, which will contribute to the implementation by our state of the Association Agreement between Ukraine and the EU, the Decent Work Program of the International Labor Organization (ILO) for Ukraine, the Sustainable Development Goals for 2016–2030, the Poverty Alleviation Strategy and the provision of human rights guaranteed by the Constitution of Ukraine . to a sufficient standard of living for himself and his family. It is noted that the criteria for the criteria when choosing ways to correct the situation in the payment of labor are: fulfillment of the international obligations of the state; increasing the purchasing power of wages as a factor of economic development; reduction of the poverty level of the population, in particular among them; level of filling of budgets and social insurance funds; reduction of salary arrears; reduction of forced labor migration poverty.

ВПЛИВ ОПЛАТИ ПРАЦІ НА ДОБРОБУТ НАСЕЛЕННЯ: ПОРІВНЯЛЬНИЙ АНАЛІЗ УКРАЇНИ ТА ІНШИХ КРАЇН СВІТУ

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Ключові слова:

заробітна плата,
номінальна заробітна плата,
реальна заробітна плата,
продуктивність праці,
конкурентоспроможність
продукції,
мінімальна заробітна плата,
диференціація,
привабливість праці

Встановлено, що заробітна плата відображає внесок у мотивацію працівників. Зазначено, що заробітна плата є інструментом, який дозволяє використовувати ефективність праці більшої кількості працівників. Досліджено особливості формування заробітної плати в умовах української економіки останніх років. Проаналізовано сучасну теоретичну базу її визначення. Проведено аналіз рівня мінімальної заробітної плати серед країн світу, і, відповідно, її рівень зі світовими стандартами. Проведено аналіз мінімальної заробітної плати в Україні за 2016–2022 рр., визначено фактори, що впливають на її зростання та різницю мінімальної заробітної плати порівняно з іншими країнами світу. Встановлено невідповідність між номінальними та реальними доходами працівників та можливість їх впливу на зменшення, що унеможливило забезпечення певних умов життя та розвитку населення країни. Розглянуто динаміку реальної та номінальної заробітної плати в Україні. Запропоновано

шляхи її реформування. Зазначено, що рівень заробітної плати є досить низьким, що не стимулює працівників до зростання продуктивності праці та підвищення конкурентоспроможності продукції. У сучасних умовах постає проблема, чи є заробітна плата реальним стимулом, який виконує свою основну функцію – стимулювання праці. Пропонується реформа оплати праці, яка сприятиме виконанню Угоди про асоціацію між Україною та ЄС, Програми гідної праці Міжнародної організації праці (МОП) для України, Цілей сталого розвитку на 2016–2030 роки, Стратегії подолання бідності, та забезпечить гарантоване Конституцією України право людини на достатній життєвий рівень для себе і своєї сім'ї. Зазначається, що критеріями вибору шляхів виправлення ситуації в оплаті праці є: виконання міжнародних зобов'язань держави; підвищення купівельної спроможності заробітної плати як чинника економічного розвитку; зниження рівня бідності населення, особливо серед найманих працівників; рівень наповнення бюджетів та фондів соціального страхування; зменшення заборгованості з виплати заробітної плати; зменшення бідності вимушених трудових мігрантів.

Formulation of the problem

The question of determining the size, and especially of receiving wages, is one of the most acute in Ukraine. And often, employees are surprised at such a low level, which managers pay for their work. This is one of the main problems of the low level of productivity of the board, the non-competitiveness of products produced by national producers, and the low level of economic development of the country. The level of wages of citizens is one of the most significant factors of the economic and social development of the state. Being the main (and often the only) source of income for employees, wages serve as the basis for the livelihood of employees and their families, an indicator of well-being.

Analysis of recent research and publications

Certain aspects of the organization of wages in Ukraine and the problems associated with its formation are reflected in the works of many scientists, namely N.P. Bazaliyska [1], V.I. Kyfyak [3], S.A. Kravets [1], V.V. Lahovsky [2], I.H. Lavruka [3], N.M. Tkachenko [4], S.I. Todoryuk [3], O.V. Shlyagi [5] and others. Based on the already available research experience, it can be concluded that the wage level, being under the influence of all participants in social and labor relations, requires constant analysis and monitoring. At the same time, special attention should be paid to the assessment of the salary's performance of its main functions and consideration of the trends in changes in the salary level in the context of ensuring social justice, namely reducing poverty and raising the general standard of living of the working population.

The purpose of the article is to study the current state and amount of wages and the place of Ukraine in the sphere of its definition and stimulation to highly productive work.

Presentation of the main research material

From the point of view of public interests and ensuring the proper functioning of the market economy, all subjects of socio-economic relations should be equally interested in ensuring the conditions for increasing labor productivity and, on this basis, increasing the company's income and, accordingly, wages [1]. Salary is an effective tool that

can be used to program the labor efficiency of salaried employees. That is, one of the sources of income of the population at the present time is and will be the amount of wages. In addition, it should be noted that its size will affect the final results of the enterprises and force the employee to work with high productivity.

In the economic and periodical literature, quite often questions are raised, which are devoted to the definition of such a category as "salary". If you generalize the result, it can be obtained precisely as income distributed among employees, or as an increase in costs included in the cost of production. Every employee wants to receive appropriate remuneration for his work. Therefore, in our opinion, when determining the salary of each individual employee, it is necessary to receive his individual contribution. It is under such conditions that the salary can become an effective mechanism that interests the employee in the results of work and he will clearly understand the relationship of his personal contribution to the final results of the enterprise. That is, he will work not for a working day, but for a specific reward for his work.

For all the years of Ukraine's independence, the salary has been maintained at a fairly low level and is determined from its minimum amount. In addition, if you compare the size of the minimum wage in Ukraine with other countries of the world, we are far behind. And as various studies show, this indicator is the low development of the country's economy. So, according to infolight, the minimum wage among countries of the world varies according to the development of the economy. The worst social guarantees are in Uganda, Burundi, Sierra Leone, Myanmar (Burma) and Cuba, because the minimum wage in these countries is less than \$10. Citizens of Norway, Australia, Luxembourg, Monaco, San Marino, New Zealand and Belgium feel the best about the guaranteed salary, where the minimum monthly salary is legally fixed at a mark of at least 2 thousand dollars. In all European countries, the minimum wage has increased significantly over the last decade. The greatest relative growth was achieved in Romania, where its indicators more than tripled, \$68.3 against \$230. In absolute terms, the largest increase was achieved in Ireland – every year the minimum wage grows by approximately 3.2% and

now amounts to 1,656.2 euros. That is, if we consider the concept of “salary” as real, it can be noted that it should be adequate to the costs of employees. But in Ukraine, as noted earlier, its amount is legally formed at the minimum level, and it is paid from the received income, that is, employers are not interested in sharing a part of their income with employees. Concealing their income in this way, they pay only the legally defined minimum wage, which does not encourage workers to devote themselves fully to work. That is, since its level does not allow workers to ensure a safe existence, for most it is just a myth.

As repeatedly noted in scientific studies, the main purpose of wages is to fulfill its main function – stimulation of highly productive work. The modern economy has a market character, and its main component is the operation of the basic economic law of supply and demand. As you know, demand depends on the price and quality of products, and supply depends on the level of production. That is, in order to ensure a stable income, it is necessary to produce quality products at adequate prices. As you know, labor costs are part of the total costs of production. If only wages are increased, this will lead to an increase in production, and if the price is not increased, the quality of manufactured products will decrease. Thus, there is a close connection between such economic categories as wages and production costs. In order to produce quality products, it is necessary to have qualified employees. And a qualified worker must receive an appropriate remuneration for his work. Most of the operating enterprises in Ukraine, in order to obtain income, try to hire workers who do not have the appropriate qualifications and work experience in order to pay a significantly lower salary than a qualified worker. At the same time, this leads to a decrease in the quality of the products themselves, a reduction in the

income of entrepreneurs and, as a result, the bankruptcy of enterprises. At the same time, it should be noted that in Ukraine in recent years, the real wage has fluctuated over the years, and over the past four years it has had a clear downward trend, as can be seen from the data in the table. In recent years, Ukraine has seen the active implementation of measures at the state level aimed at reducing the level of poverty among the population, in particular by eliminating its extreme forms. The trend in overcoming poverty is primarily due to the growth of social standards, namely the legally established amount of the minimum wage, which increased 4.2 times from 2017 to 2022 (table 1). Currently, the monthly minimum wage in Ukraine is UAH 6.700 [6].

The largest increase in the minimum wage occurred in 2016–2017, which made it possible to significantly reduce the share of the population with average per capita incomes equivalent to total monthly incomes below the actual subsistence minimum. But, starting from January 1, 2018, the rate of growth of the minimum wage is gradually decreasing. Further preservation of this trend carries the threat of canceling all previous successes in reducing the poverty level of the population of Ukraine. In addition, the situation is exacerbated by the fact that the level of the minimum wage remains one of the lowest in comparison with European countries (table 2).

It should also be noted that despite the increase in the minimum wage and the average wage in the economy as a whole, the level of material well-being and income of the population of Ukraine remains low. Thus, according to the data of the State Statistics Service of Ukraine [11], the average monthly wage in Ukraine has increased approximately threefold since 2016.

The discrepancy between the nominal and real incomes of employees and their reduction makes it impossible to

Table 1 – Minimum wage in Ukraine from 2016 to 2022 [7]

Period	Minimum wage (UAH)					
	monthly			hourly		
from 01.10.2022	6700	200	3.1%	40,46	1.20	3.1%
from 01.01.2022 to 30.09.2022	6500	0	0%	39,26	0.14	0.4%
from 01.12.2021 to 31.12.2021	6500	500	8.3%	39,12	3.01	8.3%
from 01.01.2021 to 30.11.2021	6000	1000	20.0%	36,11	6.91	23.7%
from 01.09.2020 to 31.12.2020	5000	277	5.9%	29,20	0.89	3.1%
from 01.01.2020 to 31.08.2020	4723	550	13.2%	28,31	3.18	12.7%
from 01.01.2019 to 31.12.2019	4173	450	12.1%	25,13	2.72	12.1%
from 01.01.2018 to 31.12.2018	3723	523	16.3%	22,41	3.07	15.9%
from 01.01.2017 to 31.12.2017	3200	1600	100.0%	19,34	9.75	101.7%
from 01.12.2016 to 31.12.2016	1600	150	10.3%	9,59	0.90	10.4%

Table 2 – The size of the minimum wage in the EU countries and in Ukraine [8; 9; 10]

Country	The size of the minimum wage, €
Spain	1050
Great Britain	1862.97
Netherlands	1501.8
Germany	1473
France	1539.42
Poland	610.8
Ukraine	167.5

provide the necessary living conditions and development of the country's population. Currently, the level of wages in Ukraine provides no more than 21% of labor force reproduction, which does not compensate even direct labor costs [12]. In this regard, the current state of wages in Ukraine can be defined as a crisis, the negative consequences of which are a drop in the solvent demand of the population, an increase in social tensions, and a decrease in the motivation of employees to work effectively. In addition, it is important to note that the differentiation of workers' wages by types of economic activity, which has developed in Ukraine in recent years, does not contribute to optimizing the placement of the workforce by regions, industries, enterprises and its reorientation to priority areas of activity. Thus, over the past ten years, wages in health care and education institutions, temporary accommodation and catering, construction and agriculture have remained traditionally low (less than the national average). The highest level of wages was formed in financial and insurance activities, as well as in the field of information and telecommunications. The gap between the lowest level of wages (health care and social assistance) and the highest (financial and insurance activities) in 2022 is 11,683 UAH. At the same time, according to the data of the State Statistics Service of Ukraine [11], employers' need for workers to fill vacant jobs in 2021 was: in financial and insurance activities – 1.4 thousand people, in the field of health care and social assistance – 5 thousand people. Therefore, the low level of wages in the field of health care and the provision of social assistance, which is one of the priorities from the point of view of ensuring the sustainable development of the state in the social aspect, contributes to the emergence of a shortage of personnel in this field, their outflow to higher-paid types of activities, the formation of disparities in the labor market and, as a result, the growth of unemployment.

The urgency of increasing the level of real labor income of working citizens in accordance with European standards is determined by the task of social partners. Wage reform will contribute to our state's implementation of the Association Agreement between Ukraine and the EU, the ILO Decent Work Program for Ukraine, the Sustainable Development Goals for 2016–2030, the Poverty Alleviation Strategy and the provision of human rights guaranteed by the Constitution of Ukraine to a sufficient standard of living for oneself and one's family. Considering the above, the following are

the most important criteria when choosing ways to correct the situation in terms of wages: fulfillment of the state's international obligations; increasing the purchasing power of wages as a factor of economic development; reduction of the poverty level of the population, in particular among working people; level of filling of budgets and social insurance funds; reduction of salary arrears; reduction of labor migration forced by poverty.

Conclusions and prospects for further research

Being under the constant influence of all participants in social and labor relations, the wage level requires constant analysis and monitoring. The dynamics of the minimum wage in the context of the impact on the poverty level of the working population of Ukraine are considered. Changes in the average wage level in the economy, nominal and real wage indices, as well as the differentiation of wages by individual types of economic activity, which has developed in Ukraine in recent years, are analyzed. Increasing social standards, namely the legally established minimum wage, is primarily aimed at reducing only the extreme forms of poverty. In recent years, in Ukraine, there has been a slowdown in the growth rates of both the minimum and average wages, and there is a drop in the general standard of living of the working population. Wages remain traditionally low (less than the national average) both in socially significant activities (health care and education) and in those prioritized from the point of view of sustainable economic development (construction and agriculture). Low wages generally reduce the attractiveness of work, the motivation of employees, contribute to the outflow of labor to other types of activities (or even abroad), lead to disparities in the labor market and the emergence of a shortage of qualified personnel.

At the same time, according to official data, the level of poverty among working people remains very high and is about 40%. In reality, this percentage is even higher, since even the actual living wage does not correspond to modern realities: the standards of food consumption included in it are very low, not to mention the fact that the costs of purchasing or renting housing, health care services are not provided at all, education and social service. Consequently, the general standard of living of the working population is falling. The differentiation of workers' wages by types of economic activity does not contribute to optimizing the placement of workers.

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