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CATÁLOGO



**STRATEGIES AND POLICIES FOR PAYMENT OF LABOR AND
REGULATION OF EMPLOYMENT REMUNERATION**

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Abstract

The work of the staff can be compensated and encouraged in different ways. Stimulating and motivating people has a similar purpose, and therefore, the content of work, the security, the payment, the recognition, etc. Among them, the remuneration of the work (wages) and the social benefits of the employees of a company are particularly important.

Keywords

Remuneration – Work Salary – Incentive – Motivation – Regulation

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Introduction

The labor remuneration is extremely important for the results of the work, for the success of each organization. It motivates employees, it is essential to regulate the labor relations and to tie the organization's goals with the interests of its employees.¹ Some of the approaches to decisions in this area have been widely applied in practice, others have been regulated in our country by certain provisions of the Labor Code and some are of a general nature because they lack the necessary legal framework for them². In a highly dynamic business environment of ever increasing competition and globalization, a business' main task is to search for new ways of enhancing their competitiveness³. One of the most important obligations of the employers towards their employees in their companies is to provide adequate remuneration for work. It is a management process of development and implementation of payment policy and systems to help the organizations achieve their goals. In its approach to the remuneration, the company management strives to achieve:

- to attract a sufficient number of suitable people to work;
- staff retention in the company;
- rewarding people for their efforts, loyalty, experience and achievements;
- Stimulation to improve performance.

All this has to be achieved within the allocated funds in the organization's budget, with the main goal of creating and managing a remuneration structure that attracts, retains, and motivates people in the organization. To achieve this, the wage system should be:

- externally competitive - to take into account the market level of payment for the relevant categories of staff, otherwise the organization will not be able to attract and retain high-quality staff;
- internally equal - the payment system should be adequate, rewarding, but also to be felt and understood by the employees in the organization as such. In general, it is very discouraging for the co-workers to know that their colleagues are getting more for the same job or for worse or less responsible work⁴.

The requirement to achieve maximum productive efficiency while maximizing the use of the workforce in terms of payment for the human labor input, is inextricably linked to an adequate degree of motivation in the employee's behavior and the ways in which it can be influenced. The salary occupies an important place in the staff motivation system. The remuneration can be one of the most motivating drivers for higher productivity, efficient production, and integration with the organization's goals. In this connection, D. Yaneva points out that, in order for the motivation of the individual assistants to be directed towards increasing the efficiency of the work, first of all, the factors (general and immediate) should be studied, and secondly, to create a system for motivation⁵. That is why, it is necessary to:

¹ K. Vladimirova, *Ikonomika na truda* (Sofia: Siela, 2009).

² B. Kolchagova y N. Taneva *Organizatsia I upravlenie na proizvodstvoto* (Sofia: 1992).

³ V. Kyurova y D. Yaneva, "Research on the impact of the corporate image on the competitiveness of interior design enterprises, CBU International Conference on Innovations in Science and Education", Prague, Czech Republic, Vol: 5 (2017). DOI: <http://dx.doi.org/10.12955/cbup.v5.973>.

⁴ G. A. Cole, *Personnel Management* (London: D. P. Publications Ltd., 1988).

⁵ D. Yaneva, *Motivacionni faktori za povishavane effektivnostta na truda*, IXth international scientific conference "Upravlenie I ustoychivo razvitie" (Sofia: Lesotehnicheski universitet, 2007).

- to take into account the purpose, the nature and the functions of the remuneration;
- explore the factors that affect the level and the structure of payment;
- ensure that timely and reliable information on the market payment levels is kept up to date;
- examine the various payment systems and assess the feasibility and the relevance of their application;
- build and maintain a rational payment structure;
- choose an organization-appropriate work evaluation system in order to build an equitable payment structure;
- introduce and manage a payment system that is operational, effective and objective one⁶.

There are significant differences in the remuneration approaches, which are mainly influenced by the state of the labor market and the nature of the company's functioning. Those working in a competitive labor market have to pay a higher labor cost than those working in a high unemployment situation. The nature of the work in the companies determines the requirements of the different categories of staff. Companies that perform simpler work and use a relatively unskilled workforce may pay less than others in which highly qualified staffs are needed and the results of the work done, according to Gerald Cole⁷, depend on the capacity, the possibilities and the will to implement:

- the capacity expresses the degree of relevant knowledge, skills, abilities and experience that an individual possesses;
- the opportunities are linked to the conditions that are granted to him / her for performance of a job and capacity manifestation;
- The will to implement refers to the degree of desire of the individual to exert the necessary effort, that is, to the motivation.

Under the influence of these three factors, the labor achievements are formed. All that forms the human potential, which appears to be the capital of any organization⁸. The companies that pay attention to the specific needs of their staff always enjoy loyal and motivated employees⁹.

The strategies are the organization's intentions in terms of paying the work of its assistants, its intentions to attract them to their goals and motivate them for more productive labor. The payment strategies are developed on the basis of the organization's overall objectives and strategies, its corporate culture, its willingness to provide sufficient capable co-workers for a longer period of time. In essence, the payment strategy is a set of the ways of remuneration, the structure and the composition of the individual labor payments, and the management's remuneration policy is directed at:

- providing staff according to organizational needs;
- helping to increase the labor productivity;
- ensuring high quality of the production / the services;

⁶ K. Vladimirova, K. Strategicheskoe upravlenie na choveshkite resursi (Sofia: NBU, 2009).

⁷ G. A. Cole, Personnel Management...

⁸ V. Karakova, Sotsialno-ikonomicheskata angazhiranost na obrazovaniето, svurzana s razvitiето na chovshkiya potencial, Monography „Razvitie na choveshkia potencial za inovativna sreda“ (Blagoevgrad: SWU, „Neophit. Rilski“, 2018):

⁹ D. Yaneva, Rabotnata zaplata – motivator na “kompleksniya chovek”, “Economics and management”, Faculty of Economics (Blagoevgrad: SWU, „Neophit. Rilski“, 2006).

- a reasonable determination of the value of each work in relation to the other works;
- enabling the staff to participate in the development and the success of the company;
- providing appropriate labor cost ratios to other costs and revenue of the organization¹⁰.

The policies of remuneration include the choice for payment of the work performed, linking the payment with the competitiveness and the financial state, the labor costs, using monetary and non-monetary payments, and others that help implement the wage strategies and the human resources management policies. The core principles of the remuneration policy are: to tie in to motivation, to reach agreement in the organization in terms of payment and fairness in the formation of the individual wages. The policies and strategies of wage organizations are expressed in:

- building an effective system for motivating and stimulating the whole staff;
- choosing the most appropriate work assessment system;
- the establishment of a fair and efficient system of pay for labor;
- choosing the most appropriate system of incentive wage supplements;
- building a social benefits strategy as a part of the labor cost;
- taking into consideration the advantages and limitations provided by the external and internal environment for the remuneration of the work in the organization;
- effective use of the possibilities of collective bargaining, for the construction and implementation of the most suitable for the organization and the employed in it human resources system of labor remuneration¹¹.

Both the strategies and the remuneration policies, whether formal or informal, are interconnected. The discrepancy between the different aspects of strategies and policies usually creates problems and can give rise to conflicts¹². Defining the objectives and clarifying the policy are just the first steps in managing wages. Further, it is necessary to develop pay-as-you-go systems that must ensure:

- correspondence between the quantity and quality of the work of the staff;
- differentiation of payment according to the differences in labor value;
- equal payment in equal work and work results;
- flexibility in the event of changes;
- simplicity to be easily understood and perceived.

The goal of building an effective pay and incentive system for all staff is to create real opportunities for an individual to evolve to their individual needs and abilities. By developing the potential, each person individually accumulates a human resource that is a prerequisite for the developing economy to show the abilities of all contributors¹³. The implementation of the pay system is principally in the following main directions:

¹⁰ B. Kolchagova, *Management na personala* (Sofia, 1999).

¹¹ K. Vladimirova, *Ikonomika na truda* (Sofia: Siela, 2009).

¹² L. Stefanov, *Upravlenie na vuznagrazhdeniyata* (Sofia: Sofia Consulting, 2010).

¹³ Ak. Stefanova and M. Stoeva *Evropeiskite programi I mezhdunarodnata mobilnost kato factor za razvitie na choveshkiya potencial za inovativna socio-kulturna sreda*, Monographia „Razvitie na choveshkiya potencial za inovativna socio-kulturna sreda“ (Blagoevgrad: SWU „Neophit Rilski“, 2018).

- increase in wages;
- development in the service hierarchy,
- career development;
- creating a favorable working environment and a good socio-psychological climate in the team¹⁴.

The wage setting mechanism poses a lot of problems, but they all gravitate in the orbit of two basic and fundamental questions about our business practice - the first one is related to the definition of the factors determining the magnitude, dynamics and the rates of wages by country, region, branches, professions and categories of staff and the second, considered in an administrative-normative aspect, as a set of rules, approaches, methodological tools and elements concerning the methodological tools on the basis of which the magnitude of the wage is *formed and regulated*¹⁵.

G.P. Georgiev believes that the formation and regulation of wages in certain circumstances have the nature of underlying factors in which they can be identified at macro or micro level through the following labor and economic categories:

- the maintenance of the workforce of a given type, occupation or specialty;
- the individual, personal differences in the labor qualities of the person, as a professional-business and qualification characteristic of the labor force used and offered in the labor process;
- a labor supply and demand ratio in the labor market;
- growth of consumer price changes in the commodity market;
- the socio-economic policy of the government, which is specified in the tax and personal insurance burden¹⁶.

Global experience has shown that any mechanism used by companies and wage formation companies and organizations is built in a way that meets specific socio-economic, production-technological and organizational conditions and requirements.

Results

From the survey conducted in 2018 with 30 people working in different spheres of production activity in the town of Blagoevgrad, whether the received salaries correspond to the efforts made and the way they are formed, the additional incentives, the social benefits and the style of management, we have got the following results:

- The respondents' opinion on the correspondence between the work done and the remuneration received is that:
 - there is a discrepancy for 63.3% of them;
 - for 16.7% there is a partial correlation between the work done and its remuneration;
 - Only 20% are satisfied and consider that their work is adequately evaluated.
- The way of wage formation is understood and accepted as follows:
 - the answer "sometimes" has chosen 50% of respondents;
 - those who are not satisfied with the way their salary is formed are 40%;
 - only 10% of the respondents are satisfied.

¹⁴ K. Vladimirova, Strategicheskoto upravlenie na choveshkite resursi (Sofia: NBU, 2009).

¹⁵ G. P. Georgiev, Teoriya i faktori za regulirane na rabotnata zaplata (Sofia: Daylikont, 2012).

¹⁶ G. P. Georgiev, Ikonomika na truda (Sofia: Siela, 2009).

After the additional payment, we can differentiate the evaluation of the work done, which further stimulates the employees in the company. The question of whether they receive additional incentives for well-done work has the following answers:

- Only 13.4% of the respondents have received extra payment for well-done work;
- 53.3% sometimes received additional incentives;
- 33.3% responded that they did not receive additional remuneration for good work.
- The social benefits provided by the company are sometimes a serious supplement to employees' incomes. Unfortunately:
 - only 16.6% of respondents are satisfied with the social benefits provided to them from their company;
 - more than twice are those who are not satisfied with the social benefits received - 36.7%;
 - a small number of respondents can not judge whether they are satisfied with what they receive as social benefits from the company - 46.7%.
 - The management of each organization is directly related to earnings strategies and policies. That is why the answers to this question are:
 - 26.7% like their managers and how they manage their income;
 - for 66,7%, the answer is "in part";
 - A relatively small part of the respondents are not satisfied with the management style and the company's income policies - 6.6%.

Conclusion

Under the conditions of limited state regulation and prevailing bargaining of wages in enterprises, the formation and regulation of wages is done through a pre-regulated and built by the firm mechanism that ensures the practical manifestation of the essence and requirements of the economic wage category. The state interference in the level, structure and dynamics of payment is predetermined by its role in developing the economy, reproducing the population and the workforce, developing human capital, ensuring a decent living standard for the working people and their families. For this purpose, the state develops and carries out its policies on the incomes of the population, taxes, social security contributions, additional payments for working conditions, etc. This the state has done through relevant laws or regulations which are binding on employers and which, to a great extent, predetermine their wage policy.

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