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WAYS TO ORGANIZE AND IMPROVE THE PAYMENT OF LABOR IN THE CONDITIONS OF ECONOMIC LIBERALIZATION.

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Abstract

In this article, wages in the conditions of the market economy, its main content, the economic and social purpose of wages, the conditions necessary to stimulate the increase of labor productivity, the final results of the enterprise's activity, various systems of payment for labor, some shortcomings of the existing wage system in the enterprise, proposals and recommendations on improving the procedure for payment of wages were given.

Key words

salary, economic and social goal, efficiency, labor legislation, labor productivity, labor income, minimum wage, employee's personal contribution, labor results.

In the conditions of the market economy, salary is an indicator representing the direct interests of workers, employers and the state, and has an economic and social purpose. The economic and social purpose of wages is to stimulate the development of production and increase its efficiency. Its main social goal is to ensure the well-being of people in close connection with the growth of production efficiency and its expansion.

In the current labor legislation, the term "wages" is considered not only as the amount of wages set for an employee, but also as a whole system of relations related to the establishment and implementation of payments for labor activities by the employer will be released. Salary is one of the main means of interest to workers in the results of their work, productivity, increasing the volume of products, improving their quality.

Since wages are the main source of income for workers, it is necessary to constantly improve the system of remuneration for work, so that it fully ensures the reproduction of the labor force, taking into account the conditions and results of work, skills, labor productivity it is necessary to encourage the increase.



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The labor income of each employee is determined by the personal contribution of the employee, taking into account the final results of the enterprise's activity, regulated by state taxes and not limited by maximum amounts. The minimum wage for employees of state-owned enterprises, regardless of all organizational and legal forms, is determined by law.

From May 1, the minimum wage in Uzbekistan was set at 980,000 soums, and the base amount was set at 330,000 soums. Also, the salary of employees of budget organizations was increased by 7%.¹

The presidential decree "On increasing the amount of wages, pensions and allowances" was adopted.

According to the decree, from May 1, 2023 in the territory of Uzbekistan:

- the minimum amount of payment for labor 980,000 soums per month;
- the base calculation amount is set at 330,000 soums per month.

Also, from May 1, 2023, the salary of employees of budget organizations will be increased by 7%.²

The administration of enterprises and organizations independently chooses and applies various systems of remuneration for the work of employees. In this field of activity, the administration relies on its personnel department specialists or personnel managers, whose professional capabilities are often limited and do not meet modern requirements.

In the current globalization conditions, the activities of HR managers, replacing the personnel department, are becoming popular. HR managers are the person who manages the employees: motivates, evaluates and searches for the necessary professionals. But in some cases, often used forms of wage organization are ineffective, they do not encourage workers to work.³

^{2 2} https://www.gazeta.uz/oz/2023/05/01/bhm/

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¹ https://www.gazeta.uz/oz/2023/05/01/bhm/

³ https://privetstudent.com/kursovyye/ekonomika-kursovyye/1621-kursovaya-sovershenstvovanie-sistemy-oplaty-trudapersonala.html



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The existing wage system in the enterprise is characterized by some shortcomings. One of the main disadvantages is that sometimes the salary does not fully or even correspond to the final results of work. Also, bonus payments do not always correspond to the results of the work performed. There are situations in the organization where the manager himself distributes bonuses, and the bonus may depend on the subjective judgment of the manager. Labor results are collective, and payment according to results can be individual. Therefore, the question arises in front of the organization, should the results be individual or should collective wages be introduced?

A similar situation exists in the economy of countries. Some officials in high positions seek their own interests and make changes to the laws of the state.

For example, the average monthly salary in Uzbekistan in January-June was 4.3 million soums. The most monthly recipients are bank, finance and insurance workers. Their average salary was 12.4 million soums. The salaries of medical workers and representatives of the education sector remain the lowest compared to other sectors.

According to the first half of 2023, the average monthly nominal salary in Uzbekistan amounted to 4 million 332 thousand soums, the growth rate compared to the corresponding period of the previous year was 22 percent. This is reported by the Statistics Agency.⁴

In my opinion, if we separate the results of work from the collective component, then stability and collective unity will be lost. There are many examples of companies focusing on self-interest and then trying to form certain forms of association. Almost all existing systems do not focus on teamwork, and therefore there is a fragmentation of workers, rather managers and executives. Therefore, another question arises: how to stimulate the growth of labor productivity and quality? What should be used for this? A distinctive feature of the modern economy is that wage systems are compatible with it, which are based on profit sharing and income sharing. The advantages of the flexible salary system, called profit sharing, are that the profit share is determined in advance and a bonus fund is formed from it, from which employees receive regular payments. The amount of profit is determined by the level of profit and the overall results of commercial and industrial activities. In some cases, such a system includes full or partial payment in the form of shares. In the "profit sharing" system, rewards are paid for the success and achievement of any specific results of the organization's

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⁴ https://kun.uz/uz/news/2023/08/03/29-mln-somdan-124-mln-somgacha-ozbekistonliklarning-ortacha-oylik-ish-haqi-elon-qilindi



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production activities. Bonuses are calculated in proportion to the salary, taking into account the labor and personal characteristics of the employee: absence of layoffs and delays, work experience, rationalization activities, loyalty to the enterprise-organization, etc. But this system also has a number of disadvantages. The amount of awards will depend on many external factors that affect the amount of profit received by the enterprise-organization. These factors do not depend directly on the employees of the organization. When using such a system, it should be taken into account that the increase in profit may depend on market factors and have a short-term nature. And therefore, the profit margin of the enterprise-organization is not always the best basis for raising wages. In such a system, the enterprise-organization is affected by many factors that cannot be controlled.

The profit-sharing system assumes that bonuses will depend on indicators such as quality and economy of materials, labor productivity and reliability of work performed. As a result, the employee feels a close connection between the profit margin and the results of his work.

The first system above has a positive effect on reducing staff turnover and attracting new employees. The second system mainly affects the promotion of quality improvement, efficiency improvement and possible cost reduction. After analyzing this information, we can see that the revenue sharing system has great advantages. It can be concluded that the shortcomings of the existing system are related to its individual characteristics.

Each organization prefers to choose a payroll system based on its needs. There are some rules that will be useful to the enterprise-organization when choosing a salary system. We need to use these basic methods for the effective labor activity, active and effective development of the enterprise-organization.

First, the product that you can produce in a certain time is called labor productivity. More productive workers earn more.

Many factors affect labor productivity:

- your education, skills and experience;
- equipment and tools you have access to;
- technological progress

Secondly, it is necessary to create a working group that should evaluate the effectiveness of the salary systems for all categories of workers involved in the organization. This helps avoid subjective judgment, unlike situations where a single expert is responsible for the assessment.



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All employees of the enterprise-organization should be divided into groups for which the labor payment system will be established. At the same time, it is necessary to choose whether the organization will use a single salary system or whether it will be implemented according to the categories of employees, and different systems will be installed for them. We will be able to consider employees not by groups, but by departments. It would be appropriate if this process were put into practice.

Taking into account all the shortcomings, it is necessary to determine the direction of development to get out of the wage crisis. It is necessary to restore wages as a real, effectively functioning economic category of the market economy.

Thirdly, we believe that it is necessary to use the stages of choosing the optimal salary system.

Each enterprise-organization prefers to choose a salary system based on its needs. There are some rules that will be useful to the enterprise-organization when choosing a salary system. For the active and effective development of the enterprise-organization, it is necessary to apply these basic methods. The salary system is usually chosen before the formal operation of the organization, but it can be changed if the enterprise-organization is already officially operating and the previously established salary system is ineffective.

Fourthly, the first priority of the enterprise-organization is to bring the real wage to the value of the labor force. Salary is not only an economic category, but also a social category, because it guarantees a certain social status to a person. Expenditures covering the cost of labor cannot meet the social needs of the employee, with the exception of expenses covering the costs of food, clothing, housing, education, and medical care. It can be concluded that in order to solve the issues of the minimum and average wage levels, it is necessary to pay attention to the minimum consumption budget, which is calculated differently for each category of workers and types of production.

In order to eliminate the wage crisis, it is necessary to gradually eliminate the high stratification in the field of labor for all categories of workers, as well as to restore an important function - labor force stimulation. The stratification of wages is increasing, and therefore it is necessary to find ways to establish and maintain rational ratios of remuneration for complex and simple work.

The systems in place in businesses should be designed to unite employees within the organization rather than separate them, and to encourage cooperation rather than conflict between workers. In the new wage systems, it is necessary to



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reduce the basic salary level, which is determined by seniority, and increase the amount of salary in proportion to the salary.

The main focus of the entire enterprise-organization should be on productivity and product quality. It is necessary to create and set effective requirements for the organization of production: tasks and obligations of each employee must be completed on or before the deadline; product quality should come first; try to do all the work at the lowest cost for the enterprise-organization; it is necessary to use the most modern and effective tools, methods and technologies. Personnel policy should help the stability of employees, opportunities for their further development, as well as a favorable social and psychological environment in the team.

It is intended to introduce a system of material interest, which is built as a system of investing employees and is objectively focused on high efficiency, with evaluation criteria introduced by the organization and comparison of costs and labor results. It is necessary to introduce an approach in which the salary as a labor force assumes the function of investment, because investments are much broader than the traditional salary, they are not limited to it and cannot be reduced to it. Their main source is the final income. The financial incentive system for employees should focus on the level of competence of the work performed, not on the qualification obtained with a diploma. Incentives for employee creativity and initiative should be provided as compensation for "personal contribution" and "service to the organization."

The enterprise-organization itself defines a certain set of criteria, on the basis of which the evaluation of personal contributions and services is determined. Services and contributions mean the manifestation of personal qualities of an employee, evaluation of his workplace, results of his activity. Although payment for the individual contribution of an employee is contrary to the collective nature of work, it can be used to evaluate the competence of an employee, taking into account the overall contribution. Working with a team should be the principle of the formation of labor incentives.⁵

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