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ECONOMIC ESSENCE, FORMS AND TYPES OF PAYMENTS FOR EMPLOYEE BENEFITS

Anzhelika Mashevsk¹

Abstract. The article reveals the economic essence and importance of wages as a component of current payments to employees and studies the methodology and organization of accounting and taxation of remuneration. The problems of organization and methods of payroll accounting are determined. These are the main shortcomings in the field of taxation, as well as the problems of using the tariff system as the basis for accounting and documenting payments for remuneration with personnel. *Methodology.* The normative and legislative regulation of accounting and documentation of payments for remuneration is analyzed. The requirements for the formation of the organization of remuneration accounting, which determine the tasks, the system of indicators, documentation and the system of accounts on which the relevant information is accumulated, are presented. *Results.* It is concluded that the improvement of labor accounting and its remuneration at enterprises should be based on the optimization of tariff regulation of wages, namely: improvement of the tariff system by establishing ratios of tariff rates depending on the level of qualification of the worker; introduction of flexible forms and systems of remuneration, including contract and tariff-free; collective regulation of wages. The main ways to improve the display of wage accounting are proposed. *Practical implications.* The organization of document circulation on employee payments is investigated, the methodology of synthetic and analytical accounting of payments to employees for worked and unworked time is determined. The methodology of conducting audit procedures for payments to employees is considered, the effectiveness of employee benefits is evaluated. *Value/originality.* The scientific novelty of the work consists in summarizing theoretical and practical material on the methodology, economic essence, forms and types of payments for employee benefits. The theoretical essence of calculations on remuneration of the enterprise is determined, the regulatory and legal regulation of payments to employees in Ukraine is investigated, the tasks of accounting, auditing and analysis of employee benefits are considered.

Key words: organization of accounting, payroll taxation, accounting methodology, tariff system, documentation, accounting accounts, remuneration.

JEL Classification: M41, J30, J31, J39, M40

1. Introduction

In modern conditions, the need to ensure stable economic development of Ukraine and increase the living standards of its population is particularly acute. The issue of employee payments is now concerned not only by legal scholars or economists, but primarily by ordinary citizens whose desire is to have a guaranteed stable salary. Ukraine's exit from the crisis and socio-economic development of the country are primarily related to the development of production. The solution to this problem depends on the level of interest of the employee in high-performance work on the basis of ensuring proper payments from the actual personal labor contribution of the employee, the share of his participation in the property, as well as the final results of the enterprise's work (Kabachenko, 2015).

Effective management of a modern enterprise is impossible without taking into account one of the most valuable resources of today – a person who acts as a multifaceted subject of economic relations, which not only directly creates added value of products, but is also an engine of progress realized due to unlimited labor potential. After all, it is a person who, with the help of his own knowledge, skills and abilities, generates and implements ideas that allow optimizing and improving various aspects of management (production, management, marketing, etc.) for which he must be guaranteed to receive proper payment (Laptev, 2015).

Employee payments are one of the significant components of the company's costs. However, the accounting of employee benefits is imperfect and is

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in the process of reforming. Scientists unanimously express the opinion about identifying the essence of employee benefits in their functions, but their number and content are the subject of discussion, which leads to an ambiguous interpretation of the composition of employee benefits at different levels of their management (Zubilevych, Veyuk, 2014).

Payments to employees are the most important component of all expenses of the enterprise, and their accounting is one of the most important aspects of the accounting process. The introduction of innovations in wages at enterprises allows more efficient use of human resources and adapt them to changes in the enterprise management system. With the development of the market economy at agricultural enterprises, there are a number of problems of various nature, in particular, in the organization of accounting for employee benefits.

Improving the methodology, methodology and organization of accounting for payments to employees at agricultural enterprises is of fundamental importance for facilitating control over the socio-economic return of all types of resources, improving the quality indicators of their activities.

In normative documents on regulation and accounting at enterprises of Ukraine, the concept of "employee payments" is absent. In addition, there are not sufficient studies of Ukrainian scientists devoted to the deep and justified disclosure of the definition of this concept.

As a result of the study of the problems of improving the accounting support for the management of payments to employees of the enterprise, O.F. Yarmolyuk defines "payments to employees as compensation payments for services rendered by employees accumulated as part of long-term and current obligations and provisions of the enterprise" (Yarmolyuk, 2014).

The essence of the concept of "employee payments" by scientists is considered as a category of accounting. It should be noted that the definition of the concept of "employee benefits" given in IAS 19 "Employee

Benefits" is limited and does not fully reflect its essence and objects of accounting.

It should be noted that the clear definition of the concept of "employee payments" of IAS 26 does not provide, only details what payments are included in which group, and defines individual terms. Payments to employees, in accordance with P(C)BU 26, are divided into five groups (Figure 1) (Zhydeeva, Starodub, 2017).

It is proved that payments to employees are part of the income of an individual received from the employer, a set of accounting objects related to their current and future income, which the employee receives (will receive) at the expense of the enterprise directly or through a third party, as well as the obligation of the enterprise to transfer primary and secondary equity instruments to the employee (Len, Stupun, 2015).

In particular, employee benefits include wages, which in turn consist of basic wages, additional wages (payments for unworked time, participation in profits, etc.), other incentive and compensation payments, the composition of which is determined by the Instruction on Wage Statistics (Ukraine, 2004).

2. The economic essence of payments for employee benefits

Employee payments are one of the essential components of the total costs of any enterprise and one of the complex objects of accounting, which include a fairly significant list of payments, each of which has its own characteristics of displaying both in accounting and in the external reporting of the enterprise. The level of payments to employees and their structure are also of great social importance and affect not only the current, but also the future performance of the enterprise. In this regard, the issues of understanding the essence of payments to employees, their structure and accounting are relevant, which is a rather important basis for justifying their reflection in accounting accounts and in financial statements (Len, Stupun, 2015).

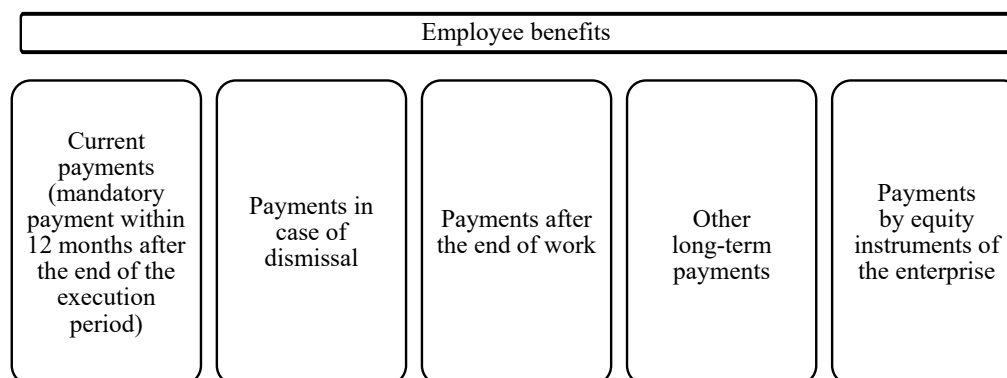


Figure 1. Structure of payments to employees of the enterprise in accordance with PSB 26 "Employee Benefits"

In our opinion, having examined the economic essence of the meaning of "employee payments", we can note that employee benefits are all types of compensations and additional benefits provided and paid by the enterprise for the work performed by the employee and services provided under the employment contract.

Remuneration is the basic category in the system of employee benefits. It is the signal indicator in which all the contradictions of society, all its achievements and miscalculations are reflected, therefore, it is necessary to approach the solution of legal issues of remuneration through the study of objective real social relations.

Since wages are a complex economic category and are an element of social and labor relations between the state, employer and employee, that is why it is the object of many scientific studies.

Modern theorists quite diversely substantiate various aspects of the essence of remuneration. In the conditions of the administrative-command economy in what was called socialist, it was argued that the worker does not sell his labor force, and wages are a form of division by labor. This understanding generally corresponded to the existing ideology, but was not confirmed in practice (Kostyshyna, 2015).

Wages are defined as the main form of distribution of the personal consumption fund between employees in accordance with their shares of participation in the total social labor, which establishes the state in the planned manner in accordance with the quantity and quality of labor; as expressed in money, the share of workers and employees in the fund of individual consumption in national income, which is the main form of the necessary product in its distribution and as the amount of monetary remuneration paid to the employee for the performance of a certain task of

the amount of work or the performance of his official duties for some time (Kolot, 1998).

In today's conditions, wages are the main tool for implementing social protection of employees. The effectiveness of work and results depend on its rational organization, and therefore the development of the country as a whole. Scientists reasonably argue that today wages have actually become one of the options for social assistance, which depends little on the results of work.

In accordance with the law "On remuneration" – a large platform – it is a wine, in a large whirlpool, which is with a hard work (Law of Ukraine, 1995).

Believes that the economic basis for the formation of wages as the price of labor can be reflected schematically (Figure 2).

From the point of view of an employee, wages are the main part of his labor income, which he receives as a result of the realization of the ability to work and which should ensure the objectively necessary reproduction of the labor force.

The labor market of the labor force of employees is expressed in the form of goods. Like any other commodity, labor has a consumer value. The consumer value of labor is its ability to create additional value, to be a source of capital increase. The cost of labor is determined by the amount of vital benefits that provide objectively necessary reproduction of labor force (Kostyshyna, 2015).

From the entrepreneur's point of view, wages are an element of production costs, and at the same time the main factor in ensuring the material interest of employees in achieving high final labor results.

According to Ilyash O.I. and Hrynkevych S.S. in their scientific research, the effectiveness of work is to some extent determined by the current wage system. Wages as a socio-economic category, on the one hand,

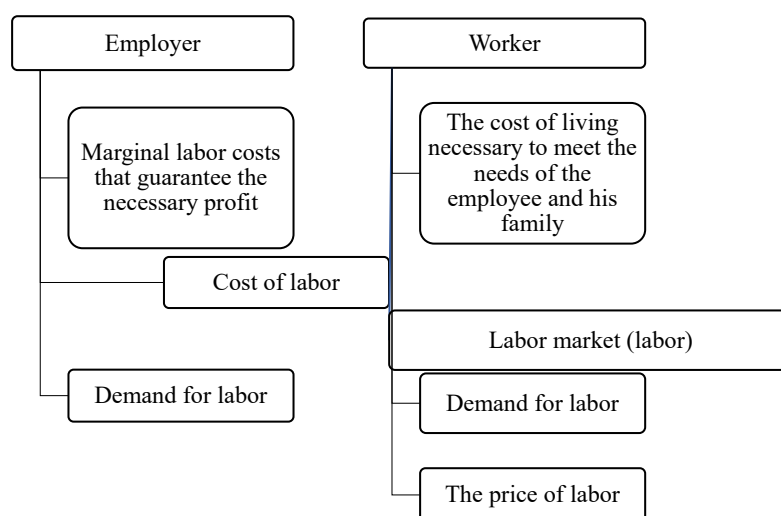


Figure 2. Economic basis for the formation of wages as the price of labor

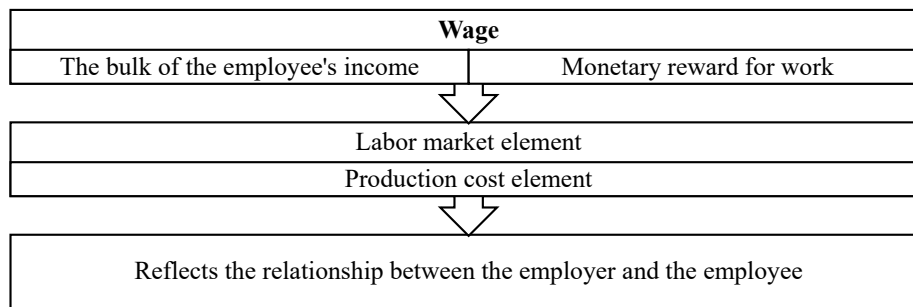


Figure 3. Components of the "salary" category

are the main source of monetary income of workers, so its value largely characterizes the level of well-being of all members of society.

On the other hand, its correct organization is of interest to workers to increase the efficiency of production, and also affects the pace and scale of socio-economic development of the country (Grishnova, 2009).

The variety of salary definitions is due to the following reasons:

- uncertainty of the goods purchased and sold in the labor market;
- transitional state of remuneration in a transformational economy, where there are new elements characteristic of the market system of remuneration, and the old ones that have moved from the command and administrative system;
- difference in methodological approaches to the analysis of the system of relations, expressed by the category of remuneration;
- different levels of scientific abstraction to the definition of the system of economic relations expressed in this category, caused by certain research goals (Kostishina, 2009).

When determining wages as the price of labor, it is necessary to take into account a single measure of remuneration, the criterion of which is the real cost of living of the employee and his family. As the price of labor, wages are formed in the labor market and are external, relative to the enterprise. As an element of the production price, the share in the value created by the enterprise should determine wages.

In the process of forming a share of wages, it is necessary not to allow compensation for excess labor costs, to ensure its increase only due to an increase in the number of products produced, more efficient use of resources, and an increase in labor productivity.

The essence of remuneration is determined by the theoretical and conceptual principles, which consist: in the formation of relations of the sphere of production and exchange of labor, while wages should provide vital benefits for the reproduction of labor and the resistance of production activities that the worker receives in exchange for his work (Lisetska, 2016).

At the present stage, wages are, first of all, the motivation and material incentive of the worker to reproduce a quality product with his work and the interest of employees in achieving high final results.

The amount of wages should depend on the following criteria: professional and business qualities, complexity of work, effectiveness, initiative, responsibility, organizational and executive competence, urgency, etc. Also, wages express the market value of the use of hired labor, therefore, it is an instrument of the labor market, which acts as the price at which an employee sells his labor force. Thus, remuneration should be considered as a key component of the cost of labor, which has peculiar features and depends on the employee's labor contribution and performs important functions in the development of society (Lisetska, 2016).

It should also be noted that wages have always acted as the greatest active motivator for the activation and use of human potential. At the same time, the use of the existing qualification and creative potential of employees should depend entirely on the scientific validity and choice of methods for linking wages with qualifications, the content of the work performed, the results of work and the conditions in which it is carried out.

When determining wages as the price of labor, it is necessary to take into account a single measure of remuneration, the criterion of which is the real cost of living of the employee and his family. As the price of labor, wages are formed in the labor market and are external, relative to the enterprise (Ostrowerkha, 2014).

3. Forms and types of employee benefits

With the development of society, increasing economic development, more and more attention is paid to the issue and directly the mechanism of motivation to work. For, as you know, work is a complex and multidimensional phenomenon that plays an extremely important role in the life of society and each individual and in a broad sense is inalienable from human life.

The issue of pay is part of the employment relationship. They include the obligations of employers

and their associations on remuneration, the provision of material compensation payments in various forms and the organization of this process.

According to the essence of wages, the main condition for building a rational system of remuneration is the harmonization of its forms and systems with the peculiarities of the enterprise, the specifics of production technology, the organization of management and maintenance (Guryanov, Kostin, 1973).

As stated in the Law of Ukraine "On Remuneration" – wages have the following components:

- basic salary – remuneration for the work performed in accordance with established labor standards;
- additional wages – remuneration for work, above the established norm, for labor success and ingenuity and for special working conditions;
- other incentive and compensation payments – remuneration based on the results of work for the year, bonuses under special systems and provisions, compensation and other monetary and material payments (Law of Ukraine, 1995).

A more detailed structure of the components of wages can be shown in Figure 4.

Analyzing this figure, we propose to add the following types of payments to the category "Other payments", since they are absent in the national regulatory framework but are regulated in IAS

19 additional paid leave for seniority and additional one-time payments for long-term disability.

The proposed types (structure) of payments are regulated by IAS 19, but are absent from the national regulatory framework.

With the development of the economy, Ukraine wants to compare with countries with a developed market economy, which widely use completely different forms and systems of remuneration, a wide variety of systems of material incentives for workers and stimulating them to increase performance.

Therefore, the study of the issue, forms and systems of remuneration in Ukraine and foreign countries, their comparison, research of positive and negative aspects in the use of a particular system are quite relevant. To use the most effective wage system, it is necessary to investigate both domestic payment systems and the experience of foreign countries (Bozhok, Balanovych, 2015).

The form of remuneration establishes the dependence of the amount of remuneration of the employee on the results of labor (work performed) achieved by him for a certain period of time. The wage system is a way to implement the appropriate form of remuneration, specially developed and enshrined in regulatory documents, and establishes the procedure for remuneration of employees.

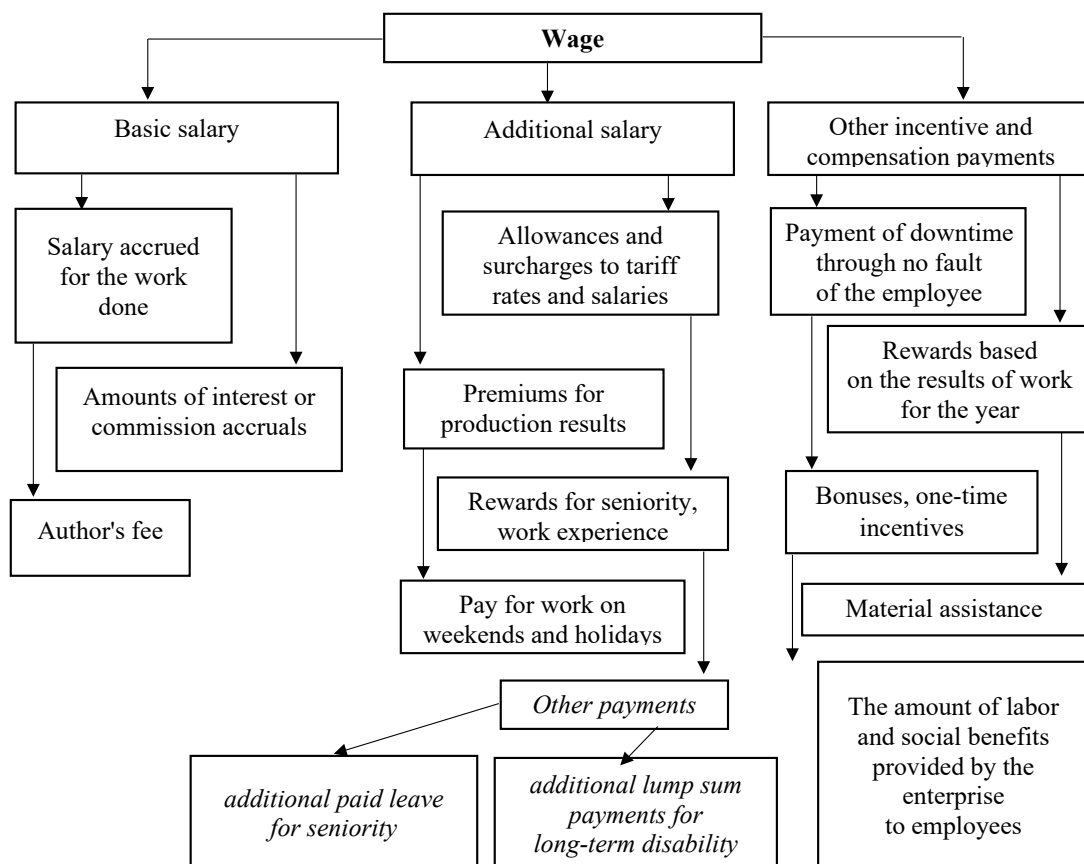


Figure 4. Structure of wages at the enterprise

The system of remuneration is the organizational and economic mechanism of the relationship between indicators characterizing the measure (norm) of labor and the degree of its payment in accordance with the actual achieved (relative to the norms) of labor results, tariff conditions of remuneration and the price of labor agreed between the employee and the employer.

At the enterprise, remuneration systems are established in a collective agreement in compliance with all legislative norms and guarantees. Transferring workers to another pay system is a change in essential working conditions and requires warning workers in two months. Practice has developed two main systems that are used both in "pure" form and with different modifications – timely and piecework systems of remuneration (Slepyan, Belova, 2016).

The most important warehouses of the organization of payment for the price of goods, tariffs, tariffs for the production of payments, the development of forms and systems of payment for prices.

Thus, in the context of the remuneration system, N.B. Bolotin and G.I. Chanyshv understand the method of calculating the amount of remuneration, proper payment to employees in accordance with labor costs and, in some cases, their results (Bolotina, Chanysheva, 2000).

O.M. Yaroshenko and S.M. Prylypko give a broader definition, pointing out that the wage system is a certain relationship between indicators characterizing the measure (norm) of labor and the degree of its payment within and above the labor rate, which guarantee the employee's receipt of wages in accordance with the actual achieved labor results (relative to the norm) and the price of his labor force agreed between the employee and the employer (Prylypko, Yaroshenko, 2011).

Kabachenko M.O. noted that the introduction of a single tariff system into the practice of organizing remuneration was one of the central aspects of the wage reform and meant the transition to intersectoral, intercategory and interprofessional ordering of tariff conditions of remuneration, as well as at enterprises and institutions of various forms of ownership (Kabachenko, 2015).

In Ukraine, the following main two forms of remuneration are most often used, which, in turn, are divided into systems.

Let's display the data of the form and wage system in Figure 5.

Thus, in the piece form of remuneration, payment is made for the quantity and quality of manufactured products or the amount of work performed. In this case, the measure of labor is the amount of production produced.

The piecework system can be individual or collective, depending on the method of organization of labor.

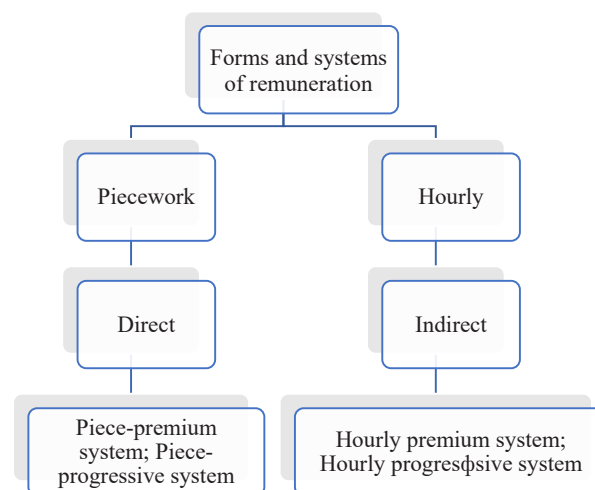


Figure 5. Forms and systems of remuneration

An individual piecework system is used at the production site, where a clear accounting of the labor of individual workers is provided. Collective piecework is established according to the overall results of the brigade's work. At the same time, the distribution of earnings is carried out using the coefficient of labor participation (KTU).

Under a direct piecework system, the amount of wages depends on the performance of each employee, and the indirect piecework system is used for the material remuneration of auxiliary workers engaged in servicing the main pieceworkers. At the same time, their earnings depend on the results of the work of the pieceworkers they serve (Bolotina, Chanysheva, 2000).

We also draw attention to the fact that the piece form of remuneration is divided into piecework-premium and piece-progressive. In the piece-premium system, remuneration, the employee, in addition to earnings under a direct piece system, is charged a premium for the performance (or over performance) of certain quantitative and qualitative indicators. The amount of such a premium is set by the management with the consent of the trade union as a percentage of tariff earnings determined at piece rates (Bozhok, Balanovych, 2015).

With a piece-progressive system of remuneration, the employee's earnings are determined by the implementation of the production rate, as well as with direct piecework payment, that is, at established rates. When exceeding the established norm, surcharges to the main piece rate progressively increase. Accrual of progressive surcharges is carried out based on the results of monthly work. Such a system of remuneration is usually used in crucial areas, which is a "bottleneck", in case of a special need for material incentives for workers in the growth of production. The disadvantage of this system is that an employee's earnings are growing faster than productivity (Bozhok, Balanovych, 2015).

The main advantages of piecework wages are that, as already noted, it provides a direct link between wages and its quantitative result and, under appropriate conditions, seems fair.

It is also important that the calculation of earnings is methodically simple and understandable for each employee (Fisunenکو, Boychenko, 2017).

At the same time, the piece form of remuneration has certain disadvantages that manifest themselves in different ways depending on the specific conditions.

These include:

- it is possible to weaken attention to the quality of products by the performers of technological operations in order to direct all efforts to the quantitative aspect of the work;
- temptation of violation of optimal modes of technological processes, their excessive intensification, non-compliance with the rules of maintenance of machines, safety, which leads to additional costs;
- complex and time-consuming work on labor rationing and setting the rate of production and piece rates, dissatisfaction of workers with their level (Greschak, Grebeshkova, Kotsyuba, 2001).

Consequently, piecework remuneration requires enhanced observance of the regimes of the technological process, the regulations for its maintenance and product quality (Fisunenکو, Boychenko, 2017).

Piecework remuneration is rational to apply under the following conditions:

- a clear quantitative measurement of labor results and their dependence on one or more employees (brigades);
- employees have the opportunity to increase production or the amount of work performed (products);
- there is an accurate accounting of the work of each performer;
- there is a need at a certain site to stimulate an increase in labor productivity or an increase in the volume of production;
- at the proper level, the rationing of labor is organized (Murashko, 2008).

These conditions are inherent primarily in processes where manual labor plays a significant role in their implementation. These are, for example, manual assembly work (not in the system of regulated conveyors), processing parts at individual machine workplaces, performing other mass works (cargo movement, extraction of raw materials), etc. With an increase in the level of mechanization and automation of production, machine regulation of the production process and with the corresponding change in the functions of workers, the scope of traditional piecework wages narrows. However, it always remains an effective stimulating tool in a direct or modified form in the specific conditions of the enterprise's divisions (Fisunenکو, Boychenko, 2017).

But, unfortunately, not all enterprises carry out accruals and remuneration for the performance of work by employees that require additional physical activity (as noted above, these are manual assembly works; securing cargo, for safe transportation; movement of cargo, etc.).

Please note that the remuneration of such types of work in European countries is paid additionally and is controlled at the legislative level. In Ukraine, it is legally provided, but not a mandatory requirement, but only has as a recommendatory nature and can be applied at enterprises at the request of the head or in case of indication in the collective agreement. In our opinion, it would be advisable to introduce such methods of surcharges on an ongoing basis, this will make it possible to improve labor productivity and the quality of work by employees.

Under the direct hourly wage system, the amount of earnings is determined depending on the tariff rate of the employee and the amount of time worked by him for a certain period of time (Bozhok, Balanovych, 2015).

The tariff system of remuneration includes:

- a) tariff grid – coefficients that are assigned to employees depending on qualifications;
- b) tariff rates – amounts accrued for a certain period of time (hour, day) to employees of the relevant qualification (category).

The tariff system of remuneration is used to distribute works depending on their complexity, and workers – depending on their qualifications and responsibility for the categories of the tariff grid. It is the basis for the formation and differentiation of wages. The main elements of the tariff system are tariff-qualification certificates of works and professions of workers, qualification certificates of positions of managers, specialists and employees, tariff grids and rates and schemes of salaries, or a single tariff grid. In modern economic conditions, each enterprise can independently develop a tariff system, adhering to state guarantors and the requirements of general, sectoral, regional tariff agreements in accordance with the current legislation.

According to the hourly-premium wage system, the employee's earnings are charged not only for the time worked, but also for the achievement of certain quantitative and qualitative indicators. Quantitative indicators include overtime, unscheduled and over-planned tasks, and qualitative – improving the quality of a certain type of product, saving raw materials, materials, compliance with technological requirements, etc.

The hourly-progressive system is based on wages for the implementation of regulatory tasks. That is, each employee performs a specific amount of work (in pieces, norm-hours), and the result of these works is taken into account when calculating tariff earnings.

The collective-hourly wage system is based on a collective payroll fund earned by brigade members jointly, depending on the amount of time worked, certain premium indicators, and then, using a specific method, is distributed among employees (Bozhok, Balanovych, 2015).

At the enterprises, local regulations on KTU are adopted, specific indicators are established, the procedure for calculating earnings. The qualification of the employee is also taken into account. The amount of wages may not be lower than the established minimum wage.

Such a system as chord pay is also used – remuneration for the performance of a complex of works (construction object). The final calculation is carried out according to the chord outfit after the adoption of the entire amount of work, which is the act.

The formation of a methodology for analyzing the effectiveness of the remuneration system should be carried out on the basis of a number of principles that make it possible to consider the wage system as a comprehensive system of interrelated indicators. The main principles for assessing the effectiveness of the remuneration system are: the principle of consistency; the principle of complexity; the principle of consistency; the principle of continuous variability; the principle of stable inequality; the principle of sufficiency; principle of conformity

Foreign experience testifies to the predominant use of timely remuneration in its various modifications: hourly (clean), hourly with collective premium, hourly with individual bonuses. The main condition for paying salaries is the full amount of work calculated on the basis of progressive labor cost standards.

The use of a systematic approach made it possible to determine that an effective wage system has a close relationship with the categories of competitiveness: competitiveness of the workforce, products, enterprises, industries, countries, global competitiveness (Slepyan, Belova, 2016).

The priority criteria for the development of the efficiency of the remuneration system were the intensity of competition and ensuring the necessary legislative, social, institutional conditions for its development.

Factors of positive (negative) impact on these conditions were attributed to the indicator of stimulating (restraining) impact on the formation of the efficiency of the wage system (Chervinska, Malaya, 2009).

The result of the study of remuneration systems is the provision of recommendations on the use of

an effective remuneration system at enterprises of Ukraine, namely:

- respect for the constitutional rights and freedoms of man to work, which will enable wages to play the role that he must play in the realization of social human rights and, above all, his right to work;
- ensuring an increase in the price of labor for the purpose of its self-sufficient and high-quality reproduction due to democratic regulation, taking into account the qualifications of the employee, the conditions and complexity of labor, the comparison of supply and demand in the labor market;
- creation of an effective mechanism for the formation of the minimum wage;

Ensuring individualization in the organization of wages, strengthening its dependence on the level of labor efficiency, professionalism, qualifications, complexity, working conditions, which will increase labor activity, increase motivation for effective work;

- application of modern motivational and stimulating mechanisms of high-performance work, in particular, determining the size of wages through the assessment of personal contribution and business qualities of the employee;

- creation of an optimal mechanism for the formation and regulation of remuneration funds at enterprises of various industries and forms of ownership, depending on the results of production and financial and economic activities (Slepyan, Belova, 2016).

4. Conclusions

Thus, if the remuneration system is applied rationally, complying with all legislative norms, it will contribute to the effective creation of a motivational mechanism and improve wages, and this in turn increases the competitiveness of workers, products, enterprises and the economy of Ukraine as a whole.

Thus, wage research occupies an important place among modern problems in society. Wages have been the subject of research by economists for years. It is especially relevant under modern conditions of development of the Ukrainian economy due to increased competition, globalization of business and increased entrepreneurial risks. Today, the economy is focused on ensuring the material interest of workers and on increasing labor efficiency. Social and economic life developed, there was a division of labor of varying complexity and this led to the emergence and development of a system of accounting for payments for employee benefits.

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