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I. I. Kychko, Doctor of Economic Sciences,
Associate Professor**USING THE FACTORS OF LABOUR
PRODUCTIVITY GROWTH AS A DIRECTION
OF DECREASING THE INFORMAL SECTOR
OF ECONOMY**

Actuality of the research. Among all the factors affecting the productivity we should put an emphasis at the analysis of prospects for extensive and intensive indicators due to the fact that the diversification of its sources makes it possible to choose the most appropriate models and management methods.

Setting the problem. The content and the instruments of the state influence on the informal sector of economy, the integral components of the extensive and the intensive factors of labour productivity growth have been analyzed in the article. It has been proved that labour productivity increasing due to the technique-technological improvement of the production under the conditions of the scientific and technological progress is the most appropriate.

Analysis of recent research and publications. Significant contribution in the process of systematizing the factors influencing the productivity has been made by A. G. Babenko, O. Baranovsky, V. Borodyuk, Z. Varnally, T. A. Zayets, E. P. Kachan, I. Mazur, N. V. Semykina, D. S. Sink, V. Prikhodko, E. Fejge, M. Fleychuk, Yu. Harazishvili, A. Hodzhayan, F. Schneider and others.

Setting objectives. The desire to achieve a certain level of prosperity by improving the productivity of the main job in the formal sector of the economy can be dominant in the process of legalization of the informal sector of the economy.

Presenting main material. To increase the incomes of the employees in the formal sector of economy due to increasing labour productivity using the instruments of indirect state influence such as tax benefits, holidays, dotations, target transfers, soft loans. It is worth noted that the usage of such instruments in relation to the subjects of the informal sector of economy will promote to its labour productivity growth and its gradual legalization.

Conclusions. Labour productivity as an important economic category, which provides the increased real product and income, is an important indicator of economic growth, operating income growth and unshadowing of the informal economy factor. To provide productivity growth both extensive and intensive character factors must be involved. It is proved that the most appropriate at this stage of development of Ukraine is increase in productivity due to the technical and technological improvement of production under scientific progress.

Keywords: labour productivity; extensive factors; intensive factors; scientific and technological progress.

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I. I. Кичко, д. е. н.,
доцент**ВИКОРИСТАННЯ ЧИННИКІВ РОСТУ
ПРОДУКТИВНОСТІ ПРАЦІ ЯК НАПРЯМ
ЗМЕНШЕННЯ НЕФОРМАЛЬНОГО СЕКТОРУ
ЕКОНОМІКИ**

Актуальність теми дослідження. Значення продуктивності праці набуває особливого значення, адже за рахунок напрацювання регуляторного механізму впливу на продуктивність праці у формальному секторі економіки, її мотивацію можна змінювати і обсяг неформального сектору економіки.

Постановка проблеми. У статті проаналізовані зміст та інструменти державного впливу на неформальний сектор економіки, складові екстенсивних та інтенсивних чинників росту продуктивності праці, їх переваги та недоліки. Доведено, що найбільш доцільним на сучасному етапі розвитку України є зростання продуктивності праці за рахунок техніко-технологічного вдосконалення виробництва під дією науково-технічного прогресу.

Аналіз останніх досліджень та публікацій. Істотний внесок щодо систематизації чинників впливу на продуктивність праці та неформальний сектор економіки зробили А. Г. Бабенко, О. Барановський, В. Бородюк, З. Варналії, Т. А. Заєць, Е. П. Качан, І. Мазур, В. Приходько, М. В. Семикіна, Д. С. Сінк, Е. Фейге, М. Флейчук, Ю. Харазішвілі, А. Ходжян, Ф. Шнайдер та інші.

Постановка завдання. Бажання досягти певного рівня достатку за рахунок підвищення продуктивності праці за основним місцем роботи у формальному секторі економіки можуть бути домінуючими у процесі детінізації неформального сектору економіки.

Виклад основного матеріалу. З метою збільшення доходів працюючих у формальному секторі економіки за рахунок підвищення продуктивності праці більш дієвим є використання інструментів опосередкованого державного впливу, таких як податкові пільги та канікули, дотації, цільові трансферти, пільгове кредитування. Використання цих же інструментів по відношенню до суб'єктів неформального сектору економіки сприятиме також росту продуктивності праці в ньому та поступовій його детінізації.

Висновки. Продуктивність праці є важливою економічною категорією, яка забезпечує збільшення реального продукту й доходу, є важливим показником економічного зростання країни, чинником зростання доходів працюючих та детінізації неформального сектору економіки. Для росту продуктивності праці необхідно задіяти чинники як екстенсивного, так і інтенсивного характеру. Найбільш доцільним на сучасному етапі розвитку України є зростання продуктивності праці за рахунок техніко-технологічного вдосконалення виробництва під дією науково-технічного прогресу.

Ключові слова: продуктивність праці; екстенсивні чинники; інтенсивні чинники; науково-технічний прогрес.

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Actuality of the research. The informal sector in Ukraine has complicated nature of many causes. It is also the result of individual adaptation to economic change, reduction of social programs and the forms of state support and one of the reasons for the shortfall of the budget and state social insurance funds. The complexity of the nature of the informal economy is that it should be interpreted as a system, the whole phenomenon, which consists of two interconnected subsystems: the institutional one that regulates the norms and rules of economic behavior of households, an individual, informal sector enterprises; sociocultural one regulating the workplace, the causes of economic relations informality. In this regard, the importance of productivity and motivation in the process of informal sector is particularly important, because by working out the regulatory mechanism of influence on labor productivity in the formal sector of the economy, its motivation and the volume of the informal sector of the economy can be changed. Among all the factors affecting the productivity we should put an emphasis at the analysis of prospects for extensive and intensive indicators due to the fact that the diversification of its sources makes it possible to choose the most appropriate models and management methods.

Setting the problem. Taking into account the falling purchasing power of citizens employed population tends to increase their income by both growing labour intensity and its quantity, providing employment opportunities in the formal and informal economy. But some issues concerning the perspectives of using the factors of productivity growth in the formal sector and its reduction in the informal economy, the methods of these process managing at different levels, need clarification and detailing. Thus the appropriateness of growth both extensive and intensive factors of labour productivity in terms of enterprises and workers needs studying.

Analysis of recent research and publications. Significant contribution in the process of systematizing the factors influencing the productivity has been made by A. G. Babenko, T. A. Hare [1], E. P. Kachan, N. V. Semykina, D. S. Cinco [2]. As for the informal sector, the study of various aspects of its operation has been initiated by O. Baranovsky, V. Borodyuk, Z. Varnaliy, I. Mazur, V. Prikhodko, E. Feig, M. Fleychuk, Yu. Harazishvili A. Hodzhayan, F. Schneider and others.

Setting objectives. Such motives as the desire to earn income sufficient to ensure its existence and the existence of his/her family, the desire to achieve a certain level of prosperity corresponding own vision of the world and the notion of well-being by increasing the productivity of the main job in the formal sector of the economy can be dominant in the process of legalization of informal economy. Therefore, the research of the relevant productivity growth factors has become of great importance. In this context, the aim of the paper is to study factors affecting productivity and appropriateness of their use in the process of legalization of the informal sector of the economy.

Presenting main material. The reasons that contribute to increasing the volume of the informal economy, such as the drop in production, closures, reducing the number of employees in the formal sector of the economy, the deterioration of living standards, the common causes of growth of the shadow one in Ukraine are added, creating a background of growth of shadow economic relations in the society. The most important among them are: the lack of mutually coherent, stable legislation; tax pressure that is antagonistic to the interests and abilities of the vast number of individuals and entities; no reproduction-enabling monetary and credit and financial policy, pensions and wages non-payment; the growth of the family and clan criminal organizations, government officials underestimation of public danger, the existence of the shadow economy, presenting the overcoming concepts that are false and futile legal technique in terms of their implementation; inadequacy of the forms and methods of law enforcement because of the fundamental changes in the shadow economy and economic crime [3].

In the scientific literature, there is such classification of the population that is engaged in informal activity [4]: the first group includes those people involved in activities in a forced, temporarily fashion and who are under favorable circumstances will be looking for another job; the second group, which consists of entrepreneurs who have a business, but do not want to record it because of the high level of taxation (at lowering tax rates, they can legally exist); the third group, that is made up of persons engaged in antisocial activity (fraud, prostitution, racketeering). This activity will remain the unregulated one.

Mercantilists were engaged in the study of productive and unproductive labor. The labour that brings trading profits is considered to be productive work. The work that can cover all damages at the

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production and generate nation's income is believed to be productive according to J. Kene opinion [5]. He believes productivity is labor of persons engaged in agriculture, while the labour of those employed in industry and craft, is viewed by him as the unreasonable unproductive. The representatives of the classical school of political economy consider the labour that creates added value to be the productive one. Thus, Marx believed that productivity growth is decreasing the share of cost of living labor in products and increasing the share of past labor costs (embodied in the means of production), but so that the total amount of work in each unit of product decreases [6]. In this context, N. V. Semykina rightly notes that no human labor productivity growth can provide competitive advantages of the country, its sustainable economic development. Of course, the labor of the contemporary worker, based on the latest knowledge, science and technology, the use of mechanization, automation is meant here.

The vast majority of scientists limits the influence of various factors on the productivity by the level of the enterprise, while stressing: labor intensity, the level of extensive labour usage, technical and technological state of production. Productivity increases with the intensity of work (level of intensity, which is determined by the amount of physical and mental human energy spent per unit of time), where the physiological and mental capabilities of the human body are its border. The normal intensity of labor means such a flow of person's vital energy during working hours, which can fully be renewed by the beginning of the next working day in the conditions of really affordable quality of food, medical care, use of leisure time and so on. If the level of intensity increases more rapidly than the potential possibility of the human body to recover, we have to ascertain the likelihood of reducing the human capital of the country in the context of such part of his/ her life as the durability of life. Thus, the presence of a large number of jobs with highly intensive and hard work, adverse regime causes exhaustion and strain of labor potential of the country and its reproduction reducing.

If within the legally prescribed hours of work, the last is entirely spent on the productive work, it is the upper limit of the extensive use of labor. The level of the extensive use of labour shows the extent of its productive use and duration during working hours in the conditions of other constant characteristics. The better working hours are used, the less downtime and other loss of working time are and the longer working day is, the higher the level of the extensive use of labor and therefore productivity is. However, the productivity growth through extensive performance has limits in terms of legally prescribed working hours and the working week.

The source of productivity growth that has no limits, is the technical and technological improvement of production under the influence of scientific and technological progress. Due to the technological progress, labor productivity is growing so fast that enables to produce more consumer goods by using less labor. Therefore, if extensive and intensive factors have its own limits, the emphasis should be placed on the scientific and technological index of growth. This can be done by attracting investment, stimulating innovation measures of labour productivity growth.

In this context it is necessary to make a fundamental reconstruction of the existing enterprises, to change the quality of their material and technical base, to move to a fundamentally new technological systems, new generations of technology, to ensure the integration of science and production. Due to the fact that other things being equal productivity increases more rapidly with increasing costs for active elements of fixed assets - machinery and equipment, there is a need to change the priorities in structural and investment policy, so Ukraine requires to invest in the newest fixed assets, as the higher technical and economic level of fixed assets that are used in comparison with the average level of technology is, the higher will be the level of productivity of persons working for them.

In order to increase productivity more complete using of such a factor as free time is required. In its turn, rising productivity reduces the working time and increases free time. In turn, free time is a stimulus of growth in labor productivity. The rationalization of the mode of work and rest, which, as you know, involves the introduction of new, progressive work schedules and so on is important in this context. As both a need and a motive conditions are considered to be conditions, then they indirectly affect the quality of work and level of performance and stimulate employee to work more effectively. Improving working conditions involves the creation of comfort in the workplace, enabling employees arranging their desks as they see fit, but based on certain established rules. In order to strengthen labor discipline it is necessary to create a system of financial, administrative penalties and rewards. New

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innovative forms of work organization, of course, can solve the problems of adaptation to the labor process increasing human needs, and are the essential condition to ensure high labour productivity.

Market principles of economy, entities' focus on profit in the minimum possible time period have reduced the cost of labor protection. The downside of this process was the increasing number of breakdowns and accidents, the level of occupational injuries. Under adverse conditions of labor and depreciation of equipment maintaining the achieved level provides a very high intensity. Therefore, the length of working hours and working week among some categories of workers exceeds the legislative norm.

The health of a particular individual is simultaneously the need of physical existence and one of the most important socio-economic need. Health is influenced by environment and lifestyle, working conditions, financial status, quality of food, environmental conditions, the level of health care. Hence the urgency is the promotion of healthy lifestyles, the combination of public policies on health, higher incomes and living standards, system complexity of the state, environmental, educational and environmental programs.

It is really so. But even a successful combination of extensive and intensive factors, the use of new technologies will have a short-term impact.

It is necessary to combine the factors of influencing labour productivity through motivation at the level of the enterprise of the formal sector of economy creating the conditions at the state level to shadow the informal sector of economy. Thus the instruments of direct and indirect influence should be used (figure. 1).

To increase the incomes of the employees in the formal sector of economy due to increasing labour productivity using the instruments of indirect state influence such as tax benefits, holidays, dotations, target transfers, soft loans. It is worth noted that the usage of such instruments in relation to the subjects of the informal sector of economy will promote to its labour productivity growth and its gradual legalization.

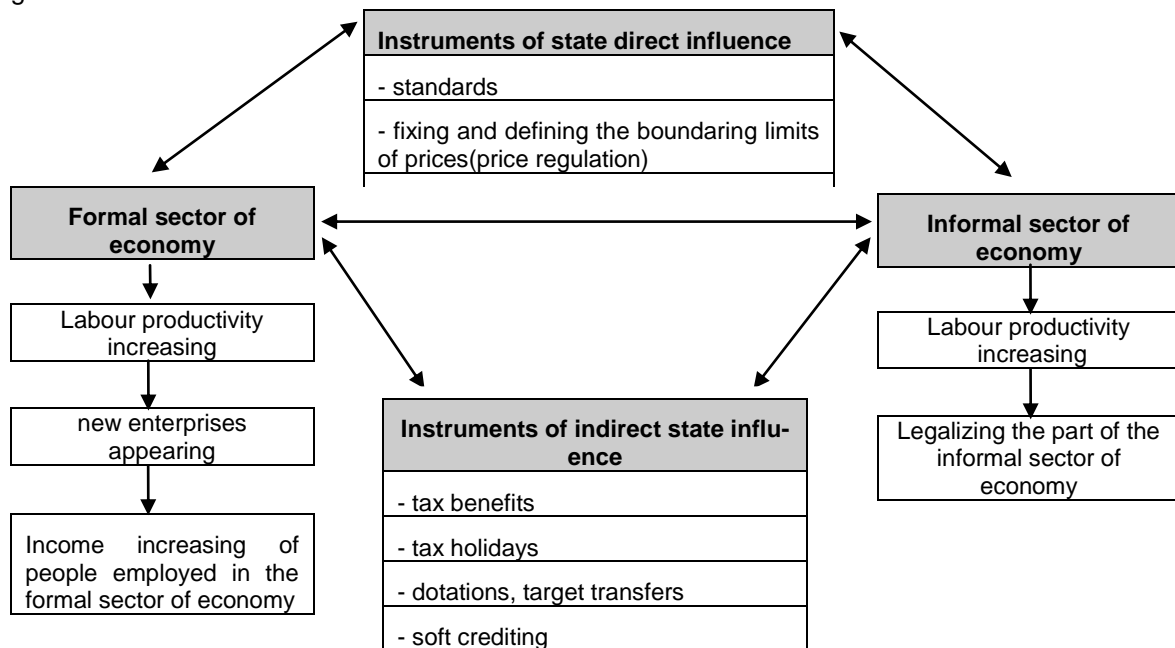


Fig. 1. State regulators of legalizing the informal sector of economy

To provide the fullest use of labour productivity growth reserves at the enterprises it is advisable to develop the programs of managing productivity and motivational programs that must be mutually agreed upon, and where the types of reserves, the specific terms and measures for their implementation are specified, the expenditures on these arrangements and the expected economic impact of their

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implementation are planned; the responsible people for its carrying out are appointed. For this purpose, it is advisable to study the needs and motivations of employees, to engage staff in the development of these programs, focus on the achievement of collective goals. To organize effective governing of the motivational system we also need the motivational monitoring, which means the constant monitoring and control of the state of motivating the labour activity, satisfying the needs of employees directed at its operative diagnosis and assessment in the dynamics.

Conclusions. Labour productivity as an important economic category, which provides the increased real product and income, is an important indicator of economic growth, operating income growth and unshadowing of the informal economy factor. To provide productivity growth both extensive and intensive character factors must be involved. It is proved that the most appropriate at this stage of development of Ukraine is increase in productivity due to the technical and technological improvement of production under scientific progress.

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