

# MODERN ASPECTS OF MEASURING LABOUR PRODUCTIVITY IN UKRAINE IN THE CONTEXT OF THE "DECENT WORK" CONCEPT

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**Abstract.** The purpose of the article is to study the realisation of labour productivity at Ukrainian enterprises through the concept of "decent work". Studying the current trends in the Ukrainian labour market in wartime, the authors note the growth of unemployment, loss of motivation for professional growth, migration, and the difficult economic situation in the country. All of this makes it urgent to search for legal ideas and guidelines that would restore labour to its natural meaning – to be a driving force for personal and social progress. To ensure progress in the area of decent work, the priorities of socio-economic policy in the near future should be actions aimed at: building the economic foundation, which is a prerequisite for solving problems in the area of employment; improving the institutional mechanism for regulating labour relations in the current conditions of development of the state and society; balancing the interests of employees and employers; and increasing the value of work. In order to improve management activities aimed at increasing labour productivity, PRJSC "Kyiv Confectionery Factory "ROSHEN" also offers consulting services of specialists in effective personnel management and training of managers in self-management. Certain economic and social indicators are necessary to evaluate the effectiveness of the project to improve human resources development. The following changes can be attributed to the positive ones: implementation and development of employees' individual skills; creation of a favourable social and psychological climate in the organisation; increase in employees' motivation; increase in the commitment of the organisation's personnel; providing employees with an adequate standard of living (high wages). Among the negative aspects that can be prevented are: dissatisfaction of employees with their position, incompatibility of the professional level of employees with the requirements of the workplace, lack of opportunities for self-realisation of employees. The positive social consequences of the project to improve the system of professional development of personnel are also formed outside the organisation: a favourable image is created, stable employment is ensured.

**Key words:** labour productivity, the concept of "decent work", motivation, personnel management at enterprises, management, professional growth.

**JEL Classification:** H71, H76, M48, R51

## 1. Introduction

Labour productivity is the main indicator of overall production efficiency. As an economic category, labour productivity has several manifestations; therefore, different aspects of its study are always interesting and relevant. Labour productivity, which manifests itself as a reduction in the cost per unit of output and shows the saving of the working day and even of resources (raw materials, materials, energy), also manifests itself as an increase in the sum of

consumption values per unit of time. Labour productivity also manifests itself as a change in the ratio of capital intensity to labour intensity.

In this study, the authors examine labour productivity through the concept of "decent work". The study of current trends in the Ukrainian labour market in wartime conditions reveals an increase in unemployment, loss of motivation for professional growth, migration, and difficult economic conditions in the country. All of this makes it urgent to search for legal

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ideas and guidelines that would restore labour to its natural meaning – to be a driving force for personal and social progress.

This is the position taken by the International Labour Organization in defining global principles in the field of employment (International Labour Organization (ILO), 1999), which combine such general goals as observance of labour rights at work, employment security, social protection and social dialogue.

The United Nations has recognised the achievement of decent work as an appropriate development goal for 2030, stating: "Decent work includes opportunities for work that is productive and provides a fair income, security at work and social protection for families, better prospects for personal development and social inclusion, freedom for people to express their concerns, the ability to organise and participate in decisions that affect their lives, and equal opportunities for all women and men." (International Labour Organization (ILO), 2021)

## **2. Labour Productivity at Enterprises: Theoretical Concept and Research Methods**

Labour productivity as an economic category has been studied in the works of researchers in various fields of economic science.

The origins of the problem of "labour productivity" were formed in the 18th century under the influence of ideas embedded in the concept of economic liberalism. Adam Smith believed that the development of production had a direct impact on the well-being of a country. In his vision of the economic system, one of the key factors is the division of labour, because it is the division of labour that causes the increase in labour productivity (Semykina, 2010).

Much of the credit for developing the theory of labour productivity goes to David Ricardo, in whose works labour productivity is a key concept. In Ricardo's work "Principles of Political Economy and Taxes", labor productivity is one of the key concepts because it is one of the main parts of the law of comparative advantage (Amosha, 2016).

In the USA, the ideas of the scientific organization of work were developed, the founder of which was F. Taylor. The priority of increasing productivity, according to B. Gilbreth and H. Ford, was the development of special

equipment and mechanisms for increasing labor productivity. H. Gantt considered it possible to increase labor efficiency due to the effective use of working time and constant individual planning. Thanks to his research in the field of labor productivity, H. Gantt developed the Gantt chart, which is used in time management (Makogon & Kapranov, 2017).

Labour productivity was also studied by J.M. Keynes, who recommended increasing the level of employment in the state and shortening the working day in order to stimulate production growth. Employees will be able to spend the free time on intellectual and physical self-development (Markova, Chkan and Shkryobka, 2017).

It can therefore be concluded that labour productivity research in the 20th century was mainly aimed at studying the efficiency of human capital. Labour productivity was an integral part of macroeconomic theories because many countries paid attention to it.

Ukrainian scientists (Geets & al, 2007), noting the presence of a tendency to weaken the motivation to increase labour productivity, the level of education and skills on the part of workers, cite as an argument the existing deformations in wages, anticipatory growth in the structure of income of the population, the share of social transfers, compared to the share of wages, in recent years.

In general, this indicates that society and political science are aware of the importance of the task of increasing labour productivity as an important prerequisite for the growth of the competitiveness of the economy and of the existence of a number of factors that counteract its growth.

From an economic point of view, labour productivity characterises the efficiency of the corresponding activity of the labour force in the field of national production. The result of the labour productivity of the labour force is the total mass of consumer values created in a given period in the form of provided goods and/or services. Production output in a certain volume and range, production costs, level of profitability, number of employees, average salary of employees depend on the level and dynamics of labour productivity (Kuzmenko and Kozakova, 2017).

Labour productivity and unit labour cost are included by the ILO in the list of Key Indicators

of the Labour Market (KILM), which are recommended for research and analysis of the national labour market. Labour productivity is defined as a general indicator of labour productivity that characterises the efficiency of labour costs in production and services. In accordance with the Order of the Ministry of Economy of Ukraine "On Approval of Temporary Methodological Recommendations for Calculation of Labour Productivity in the Economy as a Whole and by Types of Economic Activity" (No. 916 dated 26.12.2008), labour productivity for international comparisons is defined as the ratio of gross domestic product (GDP) at purchasing power parity (PPP) to the number of employed persons (according to the Labour Force Survey) (Lisohor, 2010).

It should be noted that, according to the recommendations of the International Labour Organisation (ILO), a distinction should be made between the concepts of "productivity" and "labour productivity". Productivity is considered to be a general indicator that, firstly, shows the efficiency of the use of resources (labour, capital, land, materials, energy, information, etc.) in the production of various goods and services, and, secondly, reflects the relationship between the quantity and quality of the produced goods or services provided and the resources spent on their production, and, thirdly, allows to compare the results of production at different economic levels (Semenova and Tatarynova, 2019).

As for labour productivity, the ILO recommends that it is an indicator that reflects the degree of efficiency in the use of a specific factor of production (or resource) – labour. In line with this position, Kachan et al. and their supporters claim that "labour productivity is the efficiency of specific labour costs determined by the quantity of products produced per unit of labour time or the quantity of time spent on a unit of production".

Based on the above ambiguous approaches, it can be concluded that labour productivity is a rather controversial and debatable economic category.

It should be emphasised that the volume of produced products depends on the totality of labour costs, in particular, on living and past (reified) labour. The last group of labour costs includes the labour costs related to the creation of the means of production used in the process

of labour activity (it is about the return of the means of production). Traditionally, this is considered from a theoretical point of view, but at the same time, the complexity of managing labour productivity from an applied point of view is recognised, since for a thorough analysis of the dynamics of this indicator, it is advisable to take into account the role of all labour costs.

Accordingly, a typical pattern is formed. The higher the individual labour productivity of an employee and the longer the period of his/her activity, the more income he/she generates and the more valuable he/she is for the enterprise. In general, the methodology for assessing labour productivity at the micro level can be represented as a sequence of the following actions: formation of categories, development of indicators, setting a comparison criterion, selection of assessment methods, and obtaining the assessment result.

### **3. Human Resource Management of Enterprises in the Context of the "Decent Work" Concept**

An important aspect of decent work is respect for labour rights, which are enshrined both in international documents and in the current legal framework. In Ukraine, a fairly developed legal framework has been created to regulate these issues. However, the state of affairs in this area cannot be recognised as fully meeting today's requirements. In particular, this is evidenced by the fact that employees are sent on unpaid leave for an indefinite period of time, part-time work is introduced, wages are not paid, unacceptable working conditions are maintained, and so on.

At the same time, according to the estimates of the attitude of the population of Ukraine in the field of work, carried out by employees of the Institute of Sociology of the National Academy of Sciences of Ukraine, the share of workers who are fully satisfied with their work in recent years is within 5-11%, the share of those who believe that the nature of their work fully corresponds to their professional qualification level does not exceed 40%, and the share of those who believe that it is difficult to find a job in the place of residence with a qualification with sufficient income is more than 80% (Ukrainian society, 2016).

One of the examples of Ukrainian companies trying to implement the concept of decent work is PRJSC "Kyiv Confectionery Factory

"ROSHEN". The personnel management strategy of PRJSC "Kyiv Confectionery Factory "ROSHEN" is the development of an approach to personnel management and the formation of a highly professional team to improve professional skills and create good working conditions (Roshen, 2023).

In particular, the development of professional knowledge and skills is an important part of the corporate culture of PRJSC "Kyiv Confectionery Factory "ROSHEN". Training programmes have been developed for various groups of employees, which include both classroom training and electronic courses that enable independent learning of the material. Electronic platforms are used to train, store and update data on the training history of each employee. The internal training system includes the adaptation of new employees, the development of professional skills, the improvement of personal efficiency and the development of leadership competencies.

Training programmes for the development of functional and leadership skills are grouped in a catalogue from which it is possible to choose the course of interest. Employees also have the opportunity to take part in regular corporate English classes. Training is divided into levels and is carried out using progressive methods with the involvement of professional trainers.

It is important that every employee of the company has opportunities for professional and personal development. For those who simply want to join the team of top-class specialists, the company has set up a training programme, the completion of which increases the candidate's chances of successful employment.

For example, the "School of Masters" training project comprises two programmes: one for external candidates for the position of Master Technologist and one for internal employees who hold this position within the company. The programme for external candidates includes a block of theoretical training of 161 hours and a practical block of on-the-job training of 35 work shifts. The total duration of the training course is 3 months. At the end of the training, an examination is held, the results of which are used to decide whether to accept the candidate for employment. All candidates for the programme are pre-selected. Participation in the programme is paid. The company pays for travel and accommodation for candidates from other

cities. The programme for internal employees is aimed at improving the qualifications of ROSHEN Master Technologists and includes a block of theoretical training of 104 hours.

It is clear that salary is the main motivator for company employees, with career progression coming in second. This means that employees are interested in working for the company for the long term and want to do more. In third place is self-development; employees want not only monetary benefits for themselves, but also to develop fully, to gain knowledge that can be applied not only in the workplace, but also outside it. Collective recognition comes fourth. It can be said that this indicator is also an important component because it motivates many employees to work for results, forcing them to act rather than sit still. The social package and certain bonuses are the least motivating.

It should also be noted that the company's management is constantly working to ensure that employees develop, achieve better results and reach new heights, which in turn affects productivity and increases its level.

In order to deepen and update theoretical knowledge, develop practical skills and abilities necessary for employees, PRJSC "Kyiv Confectionery Factory "ROSHEN" organises professional training, retraining and advanced training. The company tries to apply modern systems of personnel productivity improvement, namely: material rewards, additional payments, free training and career development, medical care, assistance in treatment.

An integral part of increasing labour productivity is the constant improvement of conditions for the company's employees. The company has a gym with all the necessary equipment where employees can work out absolutely free of charge. There are shops and specially designated areas where one can relax during the lunch break. There are coffee machines in the offices and soda machines in the factory.

The problems of creating decent work and shaping the quality of working life are not only economic and legal, but also ethical and value-oriented. The clearly expressed humanistic orientation of the concept of decent work dictates the need to take into account the values of workers in the process of organising their working life, to answer questions about the priority of the values of working life, their

structure and hierarchy. The innovative development of the economy is inseparable from ensuring the processes of intellectualisation of work, which in turn poses new requirements for defining the characteristics of the subjects of innovative work, their basic values.

The quality of working life should be based on the principle of conformity of the conditions, organisation and content of work with the needs and values of the employee. This approach minimises the employee's intrapersonal conflict, prevents professional burnout and alienation from work without personal internal content (Ryabokon, 2015).

#### **4. Implementation of the Concept of "Decent Work" at Enterprises in Ukraine**

The implementation of the concept of decent work requires finding ways to ensure it in Ukraine. The course set by Ukraine for the construction of the social state and the commitments made in connection with the choice of the European integration path are a prerequisite for the further development of social and labour relations in the sphere of the implementation of the concept of decent work.

PRJSC "Kyiv Confectionery Factory "ROSHEN" is on its way to ensuring the concept of "decent work". Its principle is that in order to influence employees, they must be interested. Therefore, an interesting approach will be to give employees the opportunity to participate in decision-making about the organisation's goals (as well as the availability of the necessary resources and information to do so). Even if the goals are defined by someone else, it is important to let people decide how best to achieve them by hearing from their immediate supervisor: "Here is our goal, the goal to be achieved, and you decide how to accomplish this task."

For example, employees can be given the right to set their own schedules, determine how they work, and decide when and how the quality of their performance is checked. Employees can make their own decisions about when to start and stop work, when to take breaks, and how to set priorities. They can be encouraged to find solutions to problems and to consult with other employees in the organisation, rather than immediately going to the manager when a problem arises (Odyntsova, 2013).

In PRJSC "Kyiv Confectionery Factory "ROSHEN" the bonus should be within 10-50% of the basic salary. Annual and one-off bonuses for company employees should be used effectively. This type of bonuses should be extended to highly qualified employees and to employees of the company with a long working experience. In order to organise an annual bonus, it is necessary to propose the creation of a financial incentive fund separately for each division of the company. The distribution of this fund is carried out automatically on the basis of the specific weight of an individual employee's salary in the general salary fund of the structural unit, without the influence of the top management of the enterprise and the unit.

A number of methods that should be implemented for PRJSC "Kyiv Confectionery Factory "ROSHEN" in order to increase the efficiency of working time and ensure the principles of "decent work" are listed in Table 1.

Thus, in order to reduce the number of time eaters, it is worth using techniques for planning and recording working hours, which will save 1.5-2 hours per day. When using workload management and chaos structuring techniques, efficiency can increase by up to 10%, and the time spent on information management can be reduced by 0.5-1 hour per day. With the use of more applications that computerise personal work, efficiency can increase by 7-20% and time spent on coordinating schedules can be reduced by 1.5-2 hours per week.

After an employee has completed long-term training, it is necessary to assess the effectiveness (efficiency) of his or her activities, which is expressed in:

- raising production standards;
- increase in labour productivity;
- reduction of time spent on work and projects;
- reduction of financial costs (Strus, Koval and Myshko, 2018).

The positive social impact of the project to improve the system of professional development of staff is also felt outside the organisation: a favourable image is created and stable employment is ensured.

In order to improve management activities and increase labour productivity at PRJSC "Kyiv Confectionery Factory "ROSHEN", it is also proposed to use the services of specialists in

Table 1

**Methods of increasing the efficiency of use of working time of PRJSC "Kyiv Confectionery Factory "ROSHEN" and their economic efficiency**

Suggested activities	Cost-effectiveness of their implementation
Techniques for planning a working day, setting priorities, long-term planning, and reviewing tasks.	Increase efficiency by 5-15%. Each employee can gain up to 1.5-2 hours per day by reducing "absorbers". At least 60% of working time is budgeted and planned. Special attention is paid to priority tasks.
Techniques for self-motivation, goal-setting, workload management, and chaos structuring.	Increase in efficiency by 3-10%. Reduced time spent on information management by 0.5-1 hour per day. Reducing the feeling of overload, "urgency" of work. Improving the quality of work and employee motivation through more efficient workload management.
Technologies of "computerisation" of personal work in Outlook / Lotus / SharePoint / Mind Manager	Increase in efficiency by 7-20%. Reduced total time spent on scheduling by 1.5-2 hours per week. Reduction of time for supervisory control by the manager due to the use of Tasks – 5-10%. Improved performance discipline by guaranteeing reminders of deadlines for all tasks – 10-20%.
Planning technologies, knowledge of various planning approaches, project monitoring techniques.	Increase efficiency by 5-15%. Minimisation of all inconsistencies in planning. Reducing the "urgency" of work through the early implementation of all necessary measures. Increased flexibility of teamwork and adaptability to unexpected changes in the situation.
Increased use of flexible working hours and remote work	Increase in employee productivity by 10-15%. Increased employee job satisfaction, better work-life balance.

Source: compiled by the authors

consulting on effective personnel management and training managers in self-management.

To assess the effectiveness of a project to improve staff development, certain economic and social indicators are required. The social effectiveness of the project is manifested in the possibility of achieving positive and avoiding negative changes in the organisation from a social point of view.

Positive changes include the following:

- realisation and development of individual abilities of employees;
- creating a favourable social and psychological climate in the organisation;
- increasing employee motivation;
- increasing the commitment of the organisation's staff;
- providing employees with an adequate standard of living (high salary).

The following aspects should be highlighted among the negative issues that can be prevented:

- employee dissatisfaction with their position;
- inconsistency of the professional level of employees with the requirements of the workplace;
- lack of opportunities for staff self-realisation.

The positive social impact of the project to improve the system of professional development of staff is also felt outside the organisation: a favourable image is created and stable employment is ensured.

## 5. Conclusions

In order to ensure progress in the field of decent work, the priorities of social and economic policy in the short term should be actions aimed at:

- creation of the economic base, which is a necessary condition for solving problems in the field of employment;
- improving the institutional mechanism of regulation of labour relations in modern conditions of development of the state and society;
- balancing the interests of employees and employers in the use of labour, reducing social tensions and ensuring social justice in order to achieve progressive development of society and increase the well-being of the population;
- increasing the value of work, which should contribute to the reproduction of the labour force, provide opportunities to meet the needs of the population, realise the potential of the labour force, stimulate highly productive work and self-improvement.

Modern state statistics of Ukraine do not reflect the problem of decent work and quality of working life in Ukraine in the context of the areas presented. For example, the problem of equal opportunities and equal treatment in employment is not reflected in the indicators of official statistics due to the lack of gender-sensitive indicators to measure the level of inequality.

It would be appropriate to introduce indicators on the time spent by women and men, their participation in the informal economy, domestic violence and sexism at work, distribution of resources, income, etc. In the field of social dialogue, representation of workers and employers, the problem is that indicators of coverage by collective agreements are taken into account only for large and medium-sized enterprises, without taking into account data on small enterprises. As a result, Ukrainian government statistics lack sensitive indicators for monitoring decent work and the level of quality of working life.

Attention should be paid to the fundamental relationship between the economic and social effectiveness of improving HRD processes. On

the one hand, social efficiency in the form of incentives for personnel can only be ensured if the existence of the organisation is reliable and allows for the provision of these incentives. On the other hand, economic efficiency can only be achieved if employees make their labour available to the organisation, which they are usually only willing to do if there is a certain level of social efficiency.

Thus, the social effects of the project activities will be

- increasing social growth and social significance of each employee of the organisation;
- creating favourable conditions for staff self-realisation;
- increased employee satisfaction with their position and career progression.

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