

REICE
Revista Electrónica de Investigación en Ciencias Económicas
Abriendo Camino al Conocimiento
Facultad de Ciencias Económicas, UNAN-Managua

Vol. 8, No. 15, Enero – Junio 2020

REICE ISSN: 2308-782X

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<http://revistacienciaseconomicas.unan.edu.ni/index.php/REICE>
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Effective Contract In Public Institutions: Phenomenon Concept And Its Implementation Process

Contrato Efectivo En Instituciones Públicas: Concepto De Fenómeno Y Su Proceso De Aplicación

Fecha recepción: abril 20 del 2020
Fecha aceptación: mayo 24 del 2020

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[DOI 10.5377/reice.v8i15.9959](https://doi.org/10.5377/reice.v8i15.9959)



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Abstract.

Budgetary institutions of various fields of activity switched to an effective contract, according to Presidential Decree No. 597 (May 7, 2012). The main goal of an effective contact is to increase the wages of budgetary organization employees using effective indicators of provided service quality and quantity. Most of the leaders of budgetary institutions have cognitive knowledge in the field of transition to an effective contract. Based on the foregoing, the authors of the scientific article see a theoretical problem based on the lack of certain knowledge in this area and propose to develop a refined author's definition of "effective contact", an effective contract process scheme and an algorithm for remuneration indicators of effective contract selection in budgetary institutions. The author developments will help to solve the problem under consideration, which will affect the correct indicators of the wage system in an effective contract.

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Keywords: effective contract, budgetary institutions, remuneration system, definition, indicators, algorithm, process.

Resumen

Las instituciones presupuestarias de diversos campos de actividad cambiaron a un contrato efectivo, de acuerdo con el Decreto Presidencial No. 597 (7 de mayo de 2012). El objetivo principal de un contacto efectivo es aumentar los salarios de los empleados de la organización presupuestaria utilizando indicadores efectivos de la calidad y cantidad del servicio prestado. La mayoría de los líderes de las instituciones presupuestarias tienen conocimiento cognitivo en el campo de la transición a un contrato efectivo. Con base en lo anterior, los autores del artículo científico ven un problema teórico basado en la falta de cierto conocimiento en esta área y proponen desarrollar una definición refinada del autor de "contacto efectivo", un esquema de proceso de contrato efectivo y un algoritmo para indicadores de remuneración de selección efectiva de contratos en instituciones presupuestarias. Los desarrollos del autor ayudarán a resolver el problema en consideración, lo que afectará los indicadores correctos del sistema salarial en un contrato efectivo

Palabras Claves: contrato efectivo, instituciones presupuestarias, sistema de remuneración, definición, indicadores, algoritmo, proceso.

Introduction

Currently, this topic is relevant for budgetary institutions that consolidate labor relations with employees. The main goal of an effective contract is the relationship between wages and effective employee performance. Based on the foregoing, budgetary institutions need to develop criteria for the performance of employees, which are based on state requirements for the activities of these institutions, regulated by law. To develop the correct criteria affecting the wage system, heads of institutions need knowledge about the essence of the phenomenon and the process of an effective contract implementation.

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Methods and materials

Results and Analysis

Nowadays, scientists (Kuzminova, 2011; Bess, 2013; Borovskaya et al., 2013; Dolgiy, 2015; Furubotn & Richter, 2016; Laurel, 2015) defined the concept of “effective contact” in their works, and this concept was also presented in the RF Government Decree No. 2190-r (November 26, 2012).

To clarify the definition of "effective contact" concept, the authors of the scientific article identify three fundamental characteristics of this concept, based on existing definitions.

The authors distinguish three fundamental characteristics of this concept:

- legislative framework;
- subjects of an effective contract;
- system of remuneration.

Let's consider these characteristics in detail.

1) The legislative framework. The implementation of all activities in relation to an effective contract is carried out on the basis of RF legislative framework. Failure to comply with any requirements of the law entails various forms of responsibility: labor and administrative.

2) The subjects of an effective contract. In the process of labor relations, the main role is played by the subjects of these relations.

3) The wage system. It is an important element in an effective contract, which should be developed taking into account such principles as objectivity (the amount of payments should be determined on the basis of an objective assessment of his work results); predictability (an employee must know what remuneration he will receive for his productive activities); adequacy (remuneration should adequately correspond to the labor contribution of each employee); timeliness (remuneration should follow the results); transparency (rules for remuneration determination should be clear to every employee).

After the author's decryption of the first level, let's proceed to the decryption of the second level.

The concept of "legislative framework" can be deciphered by the following concepts: RF Government, RF Ministry of Labor, RF Labor Code. The RF Government issued an order in the form of the remuneration system phased improvement in state institutions. The RF Ministry of Labor carries out the functions of state policy and legal regulation development in the field of demography, labor, living standards and remuneration. The RF Labor Code regulates all relations that arise in the process of labor activity between its participants.

The concept of "effective contract subjects" can be deciphered by the following concepts: state institution, institution personnel, personnel management service. A government agency is an employer for organization employees. The personnel management service is a connecting link and helps managers to solve the issues related to hiring, moving, firing, training, personnel social security at all levels. The personnel of an institution include employees who are the main workforce of the organization.

The concept of “wage system” can be deciphered by the following concepts: labor contract, criteria for wage effectiveness, wage efficiency indicators. An employment contract is an agreement between an employee and an employer that establishes mutual rights and obligations. Remuneration effectiveness criteria are the signs on the basis of which a conclusion can be made about the results of an employee or a structural unit. Most often the criteria will not be used in practice, but they will use a certain system of indicators created on their basis. An indicator of remuneration effectiveness is a quantitative or qualitative characteristic of object or process properties, which allows you to check its condition or to compare the planned and actual results.

Based on the categorical method of two-level triadic decryption, the authors developed a model to determine the concept of an “effective contract”, presented in Fig. 1. (Lebedinskaya & Yakovets, 2016; Lebedinskaya, 2018; Lebedinskaya, 2015; Lebedinskaya & Shushakova, 2016).

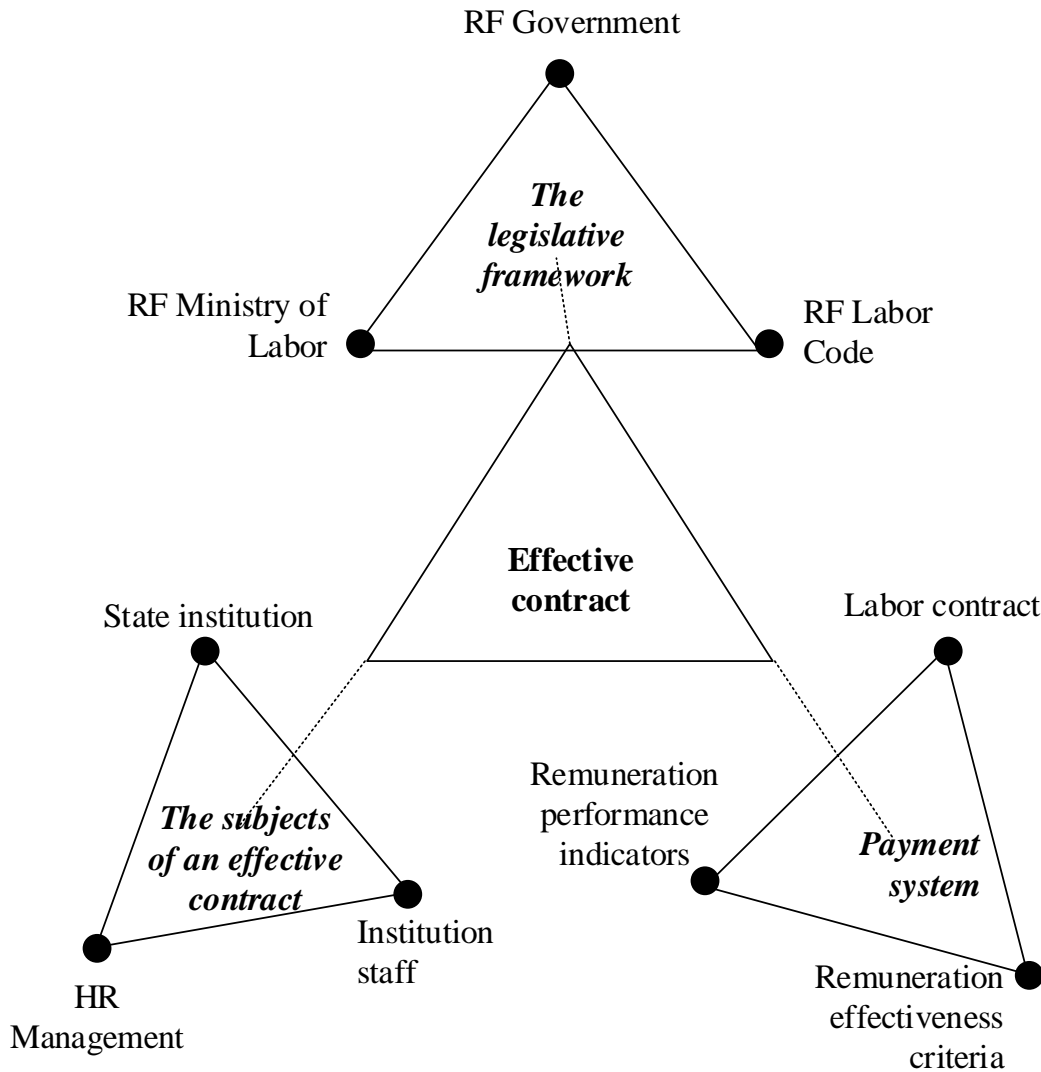


Fig. 1. Model for an "effective contract" concept definition

The author’s model allows us to formulate the following definition: an effective contract is a relationship that arises between a state institution and its personnel, which are formally formalized by the personnel management service and are regulated by the legislative framework of the Russian Federation, namely the RF Government, the RF Ministry of Labor, the RF Labor Code, focused on the new remuneration system, which allows to reflect indicators and criteria for remuneration effectiveness in an employment contract.

The developed definition reflects new characteristics that are not presented in the definitions of other authors, but which accurately reflect the concept of “effective contact”,

such as: the legislative framework, the subjects of an effective contract, the remuneration system. The method used in the formulation of the definition makes it possible to single out its exact characteristics, which play some role in an effective contract.

The refined author's definition of the term "effective contract" has precise characteristics that will help to understand the essence of the phenomenon and allow budgetary institutions to develop a correct effective contract for employees.

The main objective of an effective contract is to create a new wage system, which will be based on budgetary organization results (Lebedinskaya & Kozlova, 2018). Creation of a new wage system is the increase of such indicators as labor productivity in the public sector, and wages. Also, all these changes will help attract highly qualified experts to the budget and municipal sphere. The wage system of institution employees should be based on the following principles: it is not allowed to reduce the amount of payments or worsen the working conditions of an employee; the need to create a dependence of each employee wages on his qualifications, the complexity of all work performed, the quantity and quality of labor; provision of equal pay of equal value; ensuring real wage content increase among the employees of state and municipal institutions (Nigai et al., 2019). At the level of a state institution, the following points should be approved by regulatory local acts, taking into account the views of representative bodies in an institution: the creation of a labor standardization system in an organization; any changes to the regulation on remuneration of labor (establishment of salaries, indicators and criteria for labor activity evaluation); additional agreements to labor contracts to clarify indicators, criteria and working conditions of workers; the procedure for the differentiation of various qualification employee remuneration, and the complexity of employee labor. There is also the need to create a unified system of requirements for employees, which in turn is based on the requirements for institution activities, which are provided by a state assignment. Before an "effective contract" introduction, it is necessary to prepare a regulation on the working commission for the introduction of an effective contract, create a local act for labor standard establishment. Also, it is necessary to make changes to the internal rules, remuneration regulations, and job descriptions. An employer introduces a change in working conditions on his own initiative, so the employer must send an employee a written

notice no later than two months after and if the employee agrees, conclude a corresponding additional agreement to the employment contract. If the employee does not agree to work in the new working conditions, the employer must offer him other work available in the institution.

In order to develop effective indicators of labor efficiency, it is necessary to create a certain process scheme that allows you to build a certain chain of sequence. Based on the model developed by the authors for the definition of an “effective contract” concept, a process diagram of an effective contract has been developed, which is presented in Fig. 2.

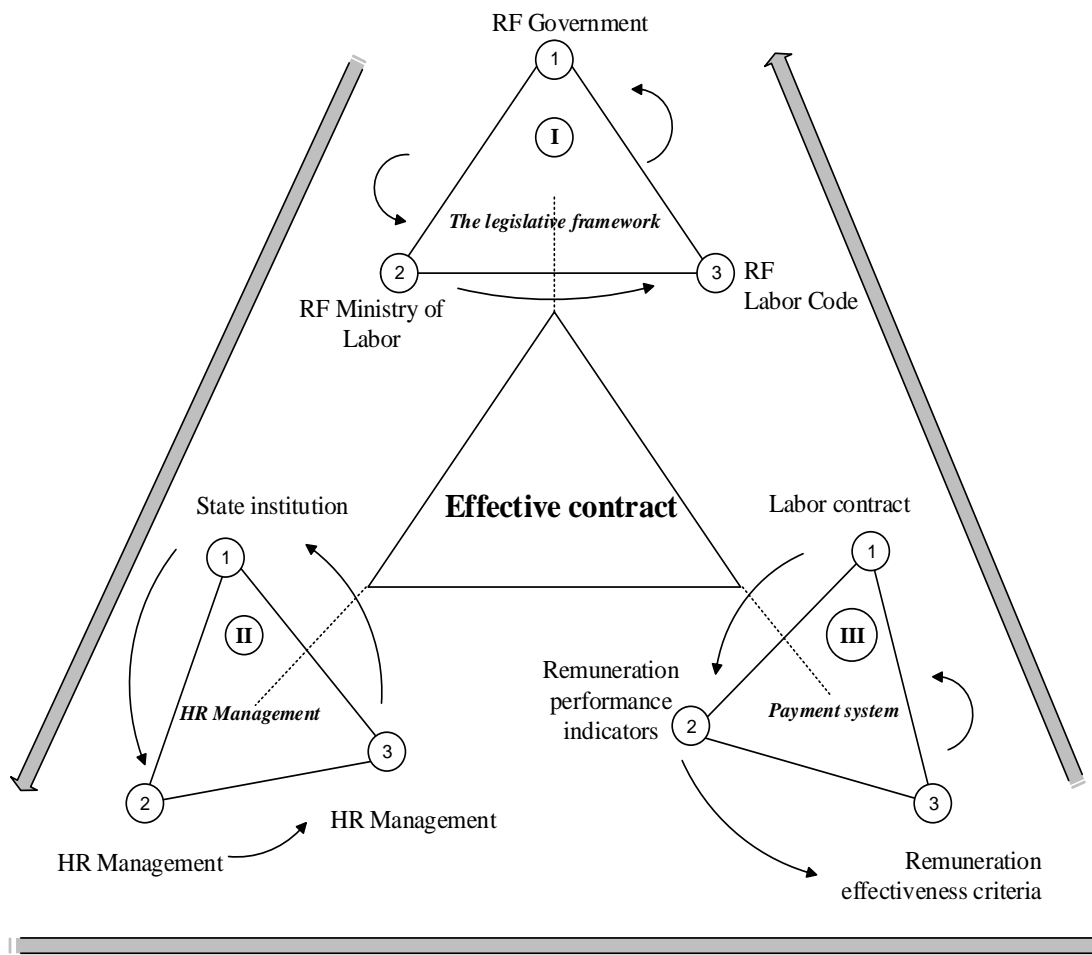


Fig. 2. Effective contract process scheme

The first step in the process of an effective contract will be the study of the legislative framework, namely, the Order of the RF Government No. 2190-r (November 26, 2012), which offers state budget institutions a program for the gradual improvement of wages or, in other words, a road map, in which key indicators of achievement are defined for a certain period. The RF Ministry of Labor and Social Protection and the RF Labor Code control the labor relations between an employer and an employee so that there are no violations.

The second stage of an effective contract process will be the identification of effective contract subjects. According to an employer, a state institution acts in this process, which concludes labor relations with the institution staff. The personnel management service draws up an effective contract.

The third and final stage in the process of an effective contract is the creation of a completely new wage system. An employment contract should be developed that specifies indicators and criteria for remuneration effectiveness on which employee's wages, and the achievement of the state institution strategic goals will depend.

The work proposes a block diagram of an algorithm to select the indicators of an effective contract wage efficiency, presented in Fig. 3.

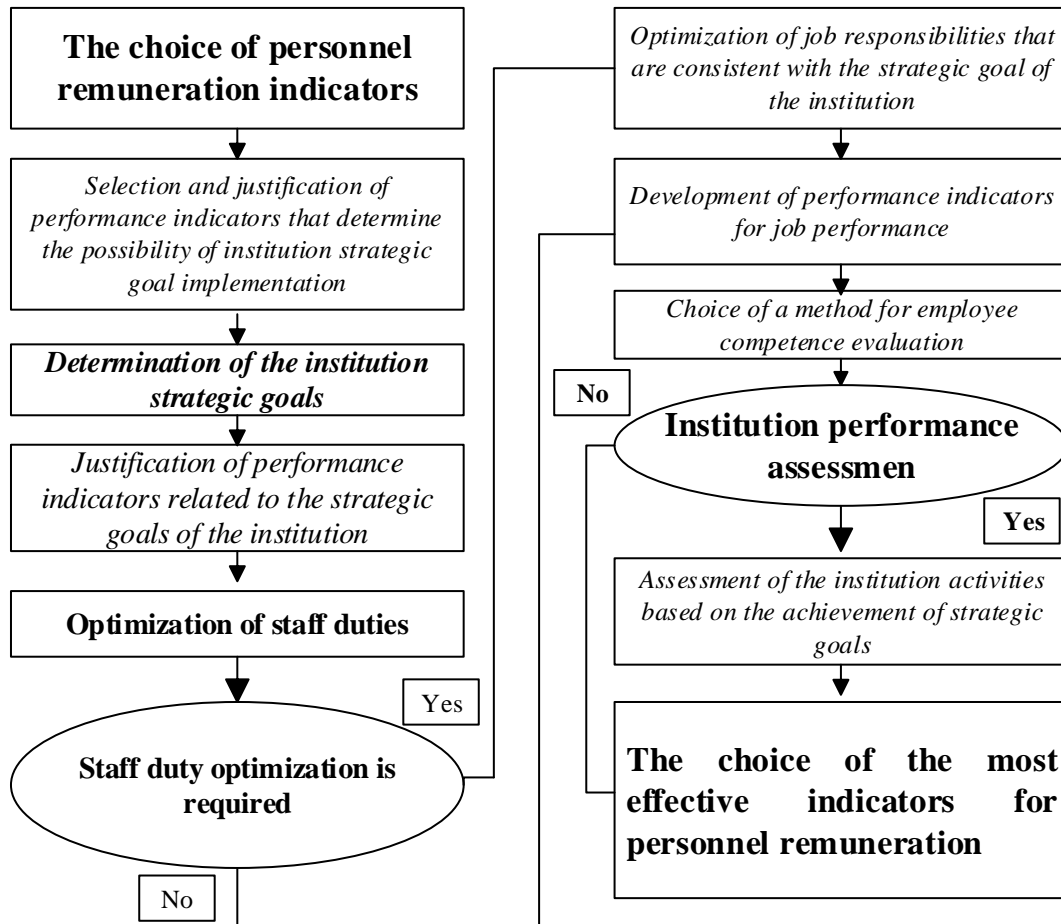


Fig. 3. Block diagram of indicator selection algorithm for an effective contract remuneration effectiveness

The block diagram shows that the process of indicator development concerning staff labor activity efficiency should be developed in such a way that the most effective indicators of employee labor activity efficiency are determined with the maximum use of potential and competencies (Varkulevich et al., 2018; Lazarev et al., 2018). The institution also needs to establish feedback with the institution staff in the process of wage efficiency indicator selection in respect of an effective contract. This block diagram shows a logically verified procedure to select the indicators of labor remuneration for employees of an effective contract institution. Each element in the block diagram represents a complete sequence of procedures built into the overall process system of an effective contract.

Conclusions

The authors of the scientific article solved in their opinion the problem of cognitive knowledge of budgetary institution heads about an effective contract. We developed a refined author's definition of the "effective contract" term, an outline of the effective contract process and an algorithm for effective payment indicator selection in an effective contract of budgetary institutions. Author solutions will help to implement the correct process of an effective contract development in government institutions.

In general, the management system in state institutions ensures the achievement of strategic goals based on labor efficiency indicators aimed at the development of human resources management. The introduction of an effective contract in budgetary institutions helps to increase the effectiveness of their activities and to achieve certain strategic goals, as well as to attract qualified experts who improve the quality of services provided by state institutions.

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