IMPROVING THE LABOR REMUNERATION SYSTEM IN CONSTRUCTION ORGANIZATIONS

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Abstract. This article explores ways to improve the labor remuneration system in construction organizations. It focuses on increasing labor productivity, employee motivation, and the efficiency of wage systems. The study provides recommendations for improving remuneration mechanisms and ensuring fair and effective payment for labor.

Keywords: construction organizations, labor remuneration, wage system, labor productivity, employee motivation, labor efficiency.

In the modern economy, ensuring sustainable economic growth, increasing production efficiency, and making effective use of human resources are among the key priorities for organizations. The construction sector plays an important role in the development of the national economy, as it contributes to the creation of residential buildings, industrial facilities, social infrastructure, and engineering structures. The development of the construction industry not only supports economic growth but also creates employment opportunities and contributes to increasing household incomes. Therefore, the effective management of human resources and the establishment of an appropriate labor remuneration system are particularly important for construction organizations.

The efficiency of construction organizations largely depends on labor productivity, the professional qualifications of employees, working conditions, and their level of motivation. The specific characteristics of construction activities, including the complexity of construction projects, different working locations, varying working conditions, seasonal factors, and strict project deadlines, require an effective and flexible approach to labor remuneration. In this regard, improving the existing wage system and establishing a direct relationship between employee performance and remuneration is becoming increasingly important.

The labor remuneration system is not only a means of providing employees with income but also an important instrument for increasing labor productivity and improving work quality. When employees clearly understand the relationship between their work results and the level of remuneration they receive, their motivation and responsibility tend to increase. Conversely, an ineffective or unfair wage system may lead to decreased productivity, reduced employee motivation, and higher staff turnover. Therefore, the development of a transparent, fair, and performance-oriented remuneration system is an important factor in improving the overall efficiency of construction organizations.

In today's competitive environment, it is no longer sufficient to determine wages solely on the basis of working hours or the volume of completed work. Modern remuneration systems should take into account employees' qualifications, the complexity and quality of work performed, labor productivity, compliance with deadlines, and the overall economic performance of the organization. Along with traditional time-based and piece-rate payment systems, bonuses, performance-based incentives, and other forms of material motivation can be effectively used to encourage employees to achieve better results.

The relevance of this topic is also associated with the significant share of labor costs in the total cost of construction activities. The effective management of labor remuneration expenses directly affects the cost of construction products, financial performance, and competitiveness of construction organizations. On the one hand, employees should receive fair and adequate compensation for their

work; on the other hand, labor costs should remain economically justified for the organization. Achieving an appropriate balance between these two aspects is one of the major challenges in developing an effective remuneration system.

The labor remuneration system has been widely studied in the fields of economics, labor management, human resource management, and organizational behavior. Researchers generally consider wages not only as a source of employee income but also as an important economic instrument for influencing labor productivity, motivation, job satisfaction, and organizational performance. Various theoretical approaches emphasize that an effective remuneration system should establish a clear relationship between employees' contribution and the compensation they receive.

Classical economic theories of labor remuneration focus primarily on the relationship between labor, productivity, and wages. The development of labor economics has demonstrated that the level of remuneration is influenced by labor productivity, employees' qualifications, working conditions, labor market conditions, and the demand for skilled workers. From this perspective, an increase in labor productivity creates opportunities for increasing employee income while simultaneously improving the economic efficiency of an organization.

A significant contribution to the study of employee motivation was made by Frederick Herzberg, who emphasized the importance of financial and non-financial factors in employee motivation. According to his approach, salary is an important factor influencing employee attitudes toward work, although long-term motivation also depends on recognition, responsibility, achievement, and opportunities for professional development. This approach is particularly relevant for construction organizations, where employees often work under physically demanding and variable conditions.

The relationship between remuneration and employee motivation has also been examined within the framework of expectancy theory developed by Victor Vroom. According to this theory, employees are more likely to increase their efforts when they believe that higher performance will lead to better rewards. Therefore, remuneration systems based on measurable performance indicators can encourage employees to improve productivity and achieve organizational objectives.

Another important theoretical approach is the principle of equity developed by John Stacey Adams. The theory suggests that employees compare their contributions and rewards with those of other employees. If employees perceive the remuneration system as unfair, their motivation and work performance may decline. Consequently, fairness, transparency, and consistency in wage determination are important elements of an effective labor remuneration system.

In the field of human resource management, modern researchers increasingly emphasize the importance of performance-based remuneration. Such systems link employee compensation to individual, team, or organizational results. Performance-based pay may include bonuses, incentives, commissions, and other forms of additional compensation. These mechanisms are particularly relevant to construction organizations because construction projects are generally evaluated according to indicators such as cost, quality, productivity, and completion time.

The analysis shows that improving the labor remuneration system is one of the important conditions for increasing the efficiency of construction organizations. The effectiveness of remuneration is directly related to labor productivity, employee motivation, work quality, and the overall financial performance of construction enterprises. Therefore, the remuneration system should be designed in a way that reflects both the quantity and quality of work performed.

One of the main results of the analysis is that a direct relationship between employee performance and remuneration can significantly increase employees' interest in achieving higher results. In construction organizations, the use of performance-based bonuses and incentive payments can encourage employees to complete tasks on time, improve work quality, and increase productivity. At the same time, the basic wage should remain stable to ensure income security for employees.

The results also indicate that the effectiveness of the remuneration system depends on the transparency of wage calculation. Employees should clearly understand the criteria used to determine their wages, bonuses, and additional payments. A transparent system reduces dissatisfaction among employees and strengthens their trust in management. Therefore, remuneration criteria should be based on measurable and objective indicators such as labor productivity, quality of completed work, compliance with deadlines, professional qualifications, and occupational safety requirements.

Another important finding is the need to consider the specific characteristics of construction activities when determining remuneration. Construction workers may perform their duties under different environmental and organizational conditions, and the complexity of tasks may vary considerably. Therefore, applying a single remuneration mechanism to all categories of employees may not always produce the desired results. Differentiated remuneration based on qualification, job complexity, responsibility, working conditions, and performance can provide a more equitable approach.

The analysis further demonstrates that combining time-based and performance-based payment systems can be effective for construction organizations. The time-based component provides employees with stable income, while performance-based payments create additional motivation. Such a combination allows organizations to balance employee interests with economic efficiency. In particular, bonuses can be linked to the timely completion of construction stages, reduction of material waste, improvement of work quality, and compliance with safety standards.

The quality of work should also be an important component of the remuneration system. If employees are rewarded only according to the volume of completed work, there is a potential risk that speed may be prioritized over quality. Therefore, the proposed approach suggests incorporating quality indicators into the calculation of incentive payments. This can help reduce defects, rework, and unnecessary costs while improving the final quality of construction projects.

The results also highlight the importance of digital technologies in improving remuneration management. Digital systems can be used to record working hours, monitor completed tasks, evaluate productivity, and calculate wages more accurately. The use of digital tools can increase transparency, reduce calculation errors, and provide managers with reliable information for evaluating employee performance.

From an economic perspective, an improved remuneration system can contribute to the optimization of labor costs. Although the introduction of additional incentive payments may initially increase wage expenses, higher labor productivity and improved work quality can compensate for these costs through increased organizational efficiency. Therefore, remuneration should be considered not only as an expense but also as an investment in human capital and organizational performance.

The discussion demonstrates that an effective remuneration system should be based on several interconnected principles: fairness, transparency, performance orientation, flexibility, and economic efficiency. The combination of these principles can create a stronger relationship between employee contribution and organizational results.

Thus, the results of the study suggest that improving the labor remuneration system in construction organizations should involve the introduction of performance-based incentives, differentiated remuneration according to qualifications and working conditions, consideration of work quality and safety, and wider use of digital technologies. The implementation of these measures can increase employee motivation and labor productivity while reducing unnecessary costs and strengthening the competitiveness of construction organizations.

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