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WAGE SYSTEM GRADING AS A PRIORITY DIRECTION FOR THE DEVELOPMENT OF HUMAN CAPITAL WITHIN METALLURGICAL INDUSTRY

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ABSTRACT

The purpose of this research consists in need to consider the application of the wage grading model project for the Karaganda Metallurgical Plant in Temirtau town (Karaganda region) for "Qarmet" JSC, with a description of its positive and negative socio-economic aspects.

The methodology of wages calculation (considered and used in this article) is based on the application of KPI indicators in distribution of incentive income of employees. In addition, the article contains a statistical comparison method for visualizing the economic phenomena under consideration around the subject of the presented work.

The scientific novelty (originality / value) of work lies in the possibility of consideration of progressive (graded) payroll system type for a ferrous metallurgy enterprise, which was previously not typical for this industry. Such consideration is important for the future practical implementation of this method of calculation in the aspect of labor relations improving in production realities for human capital development within the industry.

The research findings are presented in the following provisions: The problems of the metallurgical industry in the aspect of remuneration are considered; a model of encouragement for increasing qualitative and quantitative indicators of labor activity is proposed; positive and negative aspects for functioning of such kind of model in practice are reflected; solutions are proposed to overcome negative factors for its practical implementation.

Keywords: grading methodology, wage, human capital, industrial employment, metallurgical industry, efficiency indicators.

INTRODUCTION

Human capital is the basis of well-being for society and the possibility of its productive functioning within the modern economic system of developed countries, as well as for developing countries, that have demonstrated steady economic growth in recent decades. Today's world scientific thought is dominated by a goal-setting approach in need for methods consideration to improve human capital's quality and its development for various industries (production, services, etc.), which is defined as a key basis in the modern knowledge economy and it's anthropocentricity for the development of these management systems.

The biggest part of scientists, who consider the theory of human capital in the specifics of employment of people in enterprises (production, trade or services), identify three significant components of this concept within the framework of employment: education, health, professional mobility (third one is not possible without the best level of development of the first two), as well as the provision of social guarantees to employees (which may include a whole the list of such guarantees: from the preservation of the workplace for a long time to visiting expensive private medical facilities at the expense of the employer's health insurance) [1]. These measures are referred by various authors (in their interpretations) sometimes, as investments into human capital [2, 3].

However, until now, the level of income in the form of wages still stays in role of the most important elements for the citizen's well-being in countries where the traditions of social state institutions and corporate

social guarantees from enterprises are not developed. After all, money can ensure the development of an individual's human capital much faster, better and more expedient at its discretion than waiting for any planned and strictly regulated assistance from the mentioned-above institutions. Therefore, it would be true point to say that obtaining higher and, importantly, fair calculated incomes would be very important for employees of priority areas of domestic industry. It is both important in the aspect of retaining qualified personnel at enterprises, and in the framework of attracting new employees with high work motivation and/or with qualifications that will help ensure the high-quality and innovative potential of their work.

When we consider the situation with the incomes of people in Kazakhstan's realities, using the example of the Karaganda region, which is one of the richest in terms of income, with the second indicator of the human development index in Kazakhstan (after Almaty), which lacks any structural (in terms of management) economic problems for traditional types of poverty and whose population is urbanized by more than 85%, we may think that the population of such a region does not and cannot have any reasons for deprivation and the potential to fall into the category of poor. However, this is far from the case [4].

When region is more economically developed than others, it will be more complicated for ordinary person's life in every aspect. For example: in the demands, required on the quality of its workforce, it will be the higher competition on its labor market, the higher and more expensive standards of living on its territory, population will have more additional economic and social needs.

If we consider that a significant proportion of the able-bodied population of the region works in the mining and metallurgical complex, mining and metallurgical enterprises of which are sometimes the only enterprises for potential qualified employment, then the risks of job loss and subsequent deprivation will be a significant problem for the well-being of residents of this region.

The specifics of this work type associated with activities in the mining industry and in its clear production segment (metallurgical enterprises), what also undermines another component of the human capital of its employees – health.

Traditional curtailment of social guarantees in production facilities does not motivate population to continue working in this industry for the entire metallurgical industry. This situation was observed in all countries of the world during the intensification of fundamentalist market management approaches from the mid-80s to the present day (especially in the countries of the former USSR, Eastern Europe and East Asia) [5].

When we describe the mining and metallurgical complex of Kazakhstan in Karaganda region realities, we can see that this region has a very high index of multidimensional poverty for its optimal economic situation, dictated by the above-described indicators of income and human development. This means that the existing income level of the population of this region is not enough. This factor is very significant, despite the fact that salary of a metallurgist is always higher than the average monthly salary from year to year, as it illustrated by the diagram shown in Figure 1:

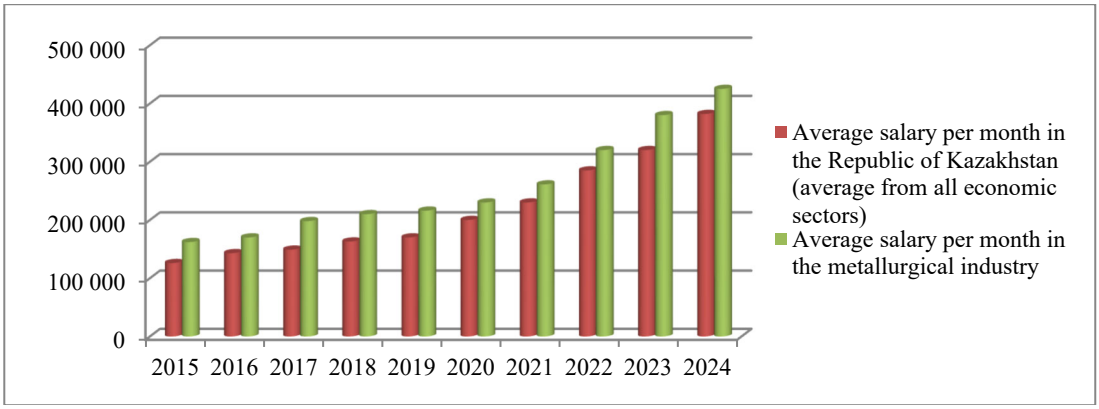

Figure 1 – Average monthly salary in the Republic of Kazakhstan in comparison with the metallurgical industry (dynamic indicators for the last 10 years period)

Note – compiled by the authors based on the source [6]

We can see that Figure 1 illustrates us, that average salary of a metallurgist is always higher than the general level of this average indicator in the Republic. However, this is a complex specificity of employment, which carries significant risks, even for an increased income level (risks of structural unemployment, subsequent forced retraining, serious health and financial problems, which will be caused by the corresponding damage, caused by a monetary solution to these problems at the expense of the employee himself).

Only a monetary approach using in determining of the poverty level is far from point to be always correct, because this method does not take into account the potential estimated costs of intentional and unintended expenses, structural risks, risks related to healthcare, social and other risks, which may negatively affect the formation of human capital in the country, according to a complex employment system in the industrial economy.

The average level of multidimensional poverty in the republic (calculated by the Alkire-Foster method), which one is characteristic for the Karaganda region and its first place in terms of the number of individuals, who usually spend a significant share of wages on debts to banks and microcredit organizations (more than 10% of personal income on average), clearly shows the insufficiency of the existing income level. This factor is reflected in the first pilot project for calculation of the multidimensional poverty index for Kazakhstan, published by the Bureau of National Statistics of the Republic at the end of 2022, at the meeting of Experts on Measuring Poverty and Inequality in Geneva, Switzerland, which took place on December 7-9, 2022 [7].

According to the report of Kazakhstani experts, based on the results of this project, the level of the Karaganda region in terms of multidimensional poverty for 2022 is shown in the diagram from Figure 2 in the following form:

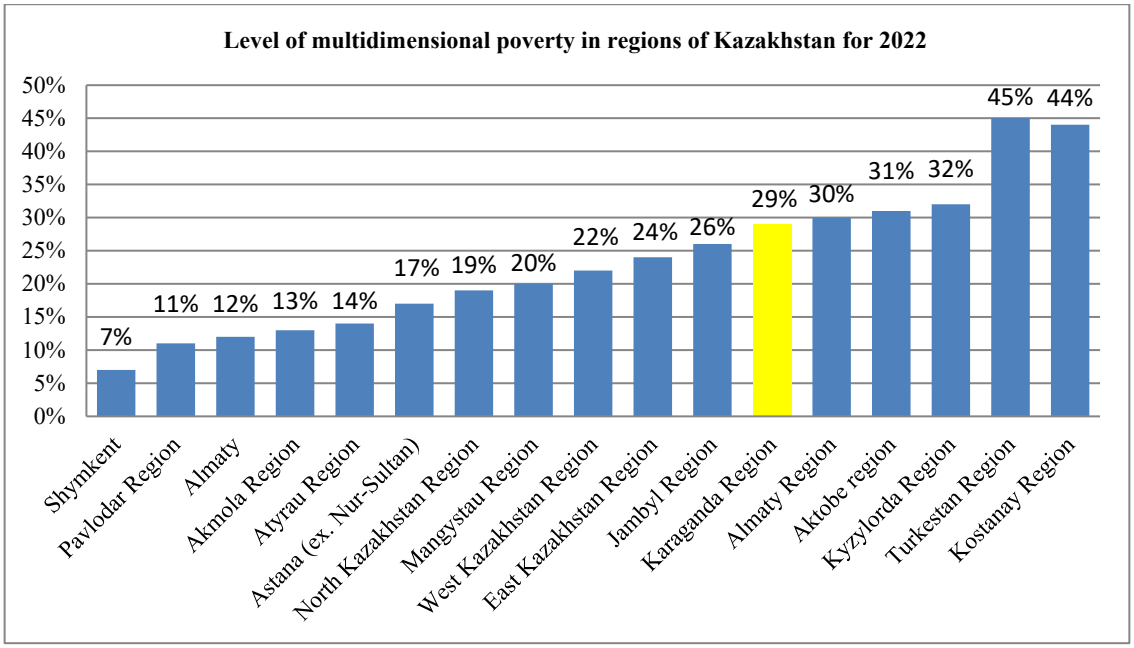

Figure 2 – Karaganda region's position in terms of the "multidimensional poor" proportion of Kazakhstan's citizens (in case of structural division of regions)
Note – compiled by the authors based on the source [7]

It is possible to see by the diagram in Figure 2, that Karaganda region occupies the 6th place in the anti-ranking of the multidimensional poor regions of Kazakhstan, and therefore it cannot be named as a region with a high level of well-being and human development in the republican context of consideration.

Therefore, for workers in the industrial sector, what is industrialized in terms of the economic structure of the region, with all the above-mentioned specifics, as the basis of their sense of well-being, as well as the basis for the development of human capital, it is more characteristic to get a long-term place for their job, which one

would give them high salary. This salary should be also fairly corresponding in its magnitude to labor contribution of such workers, in need to optimize money-prize distribution within production process, according to harmful working conditions and the specifics of working activity, which one requires specialized and high qualifications.

The wages calculation at industrial enterprises in post-Soviet countries has a weak focus on the effectiveness of results, which can be achieved during the production process. This situation was created, due to the classical rationing of wages within the established categories and the tariff grid, which one mostly depends on the years service length of approved and long working staff (typical for the industry of planned economies).

Such salary rationing in the realities of a market economy carries a negative context for the activities of industrial enterprises in the CIS countries. Because of it, these industries remain not promising for attracting qualified new personnel in terms of human capital preserving and developing for these enterprises.

In order to motivate working staff and attract new potential employees for an enterprise, the specifics of which involves high health risks, requires a high level of professional education and strongly depends on changes in individual technological processes, management of metallurgical companies should offer their employees a remuneration system, which one will take into account: primarily, the actual results of the employee's activities; secondly, numerous related labor factors; thirdly, environmental factors and fourthly, such a system, what will motivate staff to improve their production performance qualitatively and quantitatively.

Summing up the introductory part, we briefly summarize main problem of the research. A significant part of working population in Karaganda region is as urbanized as possible and it is also employed in the industrial sphere of the mining and metallurgical complex. Since the level of urban life and human development of the region requires very high monetary costs from residents in its maintaining, which increase annually due to inflation in monetary terms, the traditional wage indexation of industrial enterprises does not have time to meet numerous aspects of human capital development: in a personal and in professional aspect for the worker. As a result, we get hidden non-monetary working poverty, which is revealed in various deprivations for working individuals. Meanwhile, this industry is the main source of income for the region. The well-being of workers in this industry is the basis of their human capital in private and a guarantee of the preservation of the industry in a functioning form as a whole for this reason.

In the mixed economy conditions and volatility characteristic of the global metal trading industry, it would be strange to require an employer to develop the social function of an enterprise. It will be against his commercial interests. To resolve the conflict of interests between employee and employer in this industry, it is necessary to use such a method of wage calculation, which will be applicable for the interests of both parties.

The implementation of KPI wage grading system in the metallurgical industry could fix this problem and play the role of such method.

Literature review. Considering the literature about income growth, we agree with J. Behrman and B. Wolfe, that higher education brings a much higher level of income than the initial one, that professional knowledge is the basis for the growth of industrial competence [8]. We also agree with T. Ho, that wage minimization will cause a drop in demand for employer vacancies from highly qualified specialists in special industries [9]. We approve the need to stimulate wages in the aspect of special living conditions for each region (characteristic standard of living, environmental and economic situation), described by A. Jayady, P. Subekti, A.V. Smyshlyaev in their work, where they used the example of considering approaches to calculating wages in Japan [10]. However, we do not approve Japanese approach, based on grading, mainly on seniority, which these authors described. Our purpose is to attract young people to the industry, and therefore such conservative approaches will not improve the situation in the metallurgical industry. We also agree with the conclusions of L.V. Gusarova, that usage of KPI remuneration with limited financial resources is a justified measure that has effectively proven itself in Western Europe at the end of the last century [11].

We support the conclusions of E.V. Trunova, that the implementation of the principle of fair remuneration (according to KPI) will be realized only if the permanent part of the salary corresponds to the value of a particular position for the company, and the variable part depends on the results of the work of a particular specialist and is redistributed in its favor from employees, who have shown low efficiency in terms of KPI factors [12, 13].

This conclusion was reflected many times in works of different sociologists and economists, who specialize in researches of work motivation. We can remind here about Frederick Herzberg with his "two-factor theory of motivation" [14], as well as about concepts of K. Alfreder, A. Maslow, D. McClelland and other scientists, who ever described motivational problems during labor relations [15].

THE MAIN PART OF THE RESEARCH

Methodology of the research. Wage grading is not the most equitable wage system only for the employees of enterprises with the nature of their activities, depending on a number of related and specific factors and indicators for the labor process. This system also works in the interests of employers, since the amount of salaries paid directly depends on the performance of employees in the interests of the company.

Grading is a system consisting of hierarchical levels, named as “grades”. The size of the grade directly depends on the amount of remuneration: the higher the grade, the higher the remuneration and vice versa. Grades, in turn, are formed and further classified from a number of performance indicators (KPIs), which this position implies, each grade level has different quantitative characteristics of performance indicators, although for the position itself they should be the same everywhere.

The advantage of the grading system is that the job description (compared to the usual job instruction), what is directly linked to the performance of KPI indicators, and this system does not take into account the main production indicators only, it also takes into account other additional factors in which the employee is involved.

The main difference between a job description and a job instruction is that instead of describing functional characteristics (what an employee should and should not do), it describes mainly the main results that an employee should achieve in his labor position.

KPIs (Key Performance Indicators) are key performance indicators that measure the success and quality of strategic and tactical goals achieving for companies. These indicators can be financial and non-financial both, but moreover, they necessarily depend on the specifics of the business and the strategic priorities of the company.

The advantages of a remuneration system using KPIs are presented in the following aspects:

1. Employee motivation. The KPI system allows us to compare and link remuneration to actual work results, which encourages employees to achieve the best results in both kinds of skills: for soft skills and hard skills;

2. Transparency. Qualitatively and correctly defined KPIs help employees to understand what is expected of them by the employer and how they can increase their salary in this area (this concept covers the job description);

3. Goal setting. KPIs help to build the right goals and work strategy, which contributes to the overall efficiency of the company.

The development of a remuneration system using KPIs consists of five main stages:

1. Determining the goals and KPIs relevant to the industry in question:

– At first, there is a need to define company's strategic purposes and the prepare applicable KPIs for them;

– KPIs should be satisfying to the SMART principles: specific, measurable, achievable, relevant and time-limited.

2. Setting of standards and targets:

– It is necessary to establish norms and target values that will serve as a guideline for evaluating the results for each KPI;

–The target values should be realistic, but at the same time ambitious enough to encourage employees to achieve better results.

3. Development of a system for calculation of the variable payment part:

– It is necessary to decide: which part of the salary will be a variable part and how it will depend on the achieved KPIs (it is simply not legal to redistribute the entire salary using the CRI method, since there are minimum wage standards in Kazakhstan, but at the same time the distributed percentage must be high enough to make a difference);

– To define a formula for calculation of variable payments that will be fair and transparent. For example, you can set a percentage of the salary base, depending on the level of achievement of the KPI, or divide it proportionally by the contribution of distinguished employees, based on the total salary fund set for redistribution.

4. Communication and training:

– It is important to inform employees about the new wage system. It is necessary to conduct training seminars and explain how KPIs work and how they affect wages (and will affect the activities of their particular enterprise);

– To provide regular feedback and the opportunity to ask questions about the KPI and the remuneration system to the Human resources department and accounting department.

5. Monitoring and adjustment:

– It is necessary to make regular monitoring about how does this system work in practice and collect feedback from employees at the initial, medium-term and final stages of implementation during the 1st year of operation;

– To be ready for making adjustments to the system, already, at the stage of its implementation, if necessary to improve its efficiency and fairness.

In our opinion, the methodology of using KPI fully complies with ethical standards in the organization of personnel management, since it does not deprive employees of legitimate payments due to them. It is suitable enough according to the norms of labor law in the Republic of Kazakhstan. 75% of the salary, which contains all the basic payments due to the employee, are fixed in this (main) part of the salary according to this methodology. An ethical problem can arise only in the correctness for implementation of an employee's production indicators, when organization redistributes 25% of the motivating part of wages between employees who have distinguished themselves from employees who have not reached the necessary level of production indicators. However, this is a honesty problem of personnel services in this management area. That’s why there are no problems about ethics in KPI method using, since the application of this approach has successfully proven itself in enterprises of many developed and developing countries.

Results of the research (model creation). Let's consider the project of grading wages (salaries for wages), which is going to be implemented by the ferrous metallurgy enterprise Karaganda Metallurgical Plant of "Qarmet" JSC in Temirtau, using the example of the KPI calculation model below.

The planned model is based on the relevant conditions:

1. The basic wage fund is 75% (all monetary allowances for harmfulness are included in it in advance, in order to be suitable according to the fundamental norms of social compliance with Kazakhstani laws in the field of labor protection and specifics of human capital in the metallurgical sector);

2. The variable wage fund is 25% (this fund is the basis for the redistribution of income in favor of employees who have shown the most effective work results from employees who have not fulfilled the established indicators);

3. KPI indicators consist of 10 factors (7 main, 3 additional). The factors for managers should include indicators for subordinate employees.

Additional factors, as well as the main ones, affect on the distribution of bonuses among distinguished employees. This is an extremely important aspect for attracting young people to industry, who are weak employees in terms of hard skills, because they can significantly benefit in terms of remuneration due to demonstrating maximum loyalty to the employer, which in turn is an important indicator of the quality of corporate culture improvement. These indicators may be different, depending on the tasks assigned to employees, in direct relationships with their functionality, presented in the job description.

All these indicators were considered in the grading design model and now they are presented in Table 1 below:

As we can see from the descriptions, presented in Table 1, this grading model takes into account both: the main and indirect factors of labor activity, presented factors are very differentiated and take into account many aspects of labor participation from simple employees to the heads of structural divisions of the enterprise.

Table 1 – Factors for the salary grading project model, which were developed for “Qarmet” JSC as part of the wages transformation process in short term

KPI					
Factor		Indicators	Categories of achievements (for factors) for one month of work		
			A	B	C
Main factors	1	Labor discipline	More than 7 factors	7 factors	Less than 7 factors
	2	Safety precautions			
	3	Hard skills (included into job description)			
	4	Soft skills (included into job description)			
	5	Labor productivity			
	6	Loyalty			
	7	Trainability			
Additional factors	8	Team work (participationwithin)			
	9	Innovativeness/Input for innovations			
	10	Engagement (into main and additional labor process)			
Note – compiled by the authors					

However, considering the performance categories (their achievements in the monthly period), presented on the right side of the table (A, B, C), we need to specify them. To do this, we need to consider them separately in the table 2, below:

Table 2– Efficiency categories for the KPI-based grading model for the project in question

KPI categories (planned)		
> 25%	25 %	< 25%
A	B	C
Note – compiled by the authors		

We can observe three categories of efficiency in table 2, where employees can fall into, according to presented additional KPIs: category "A" - the category of employees, who successfully achieve or exceed all their personal working plans for these indicators; category "B" - the category of employees, who fulfill the declared KPIs completely or almost completely, as well as category "C" - the risk category of employees, who do not fulfill KPIs. They are potential candidates to be fired by employment contract, due to non-fulfillment of its terms.

We will consider the calculation of the maximum possible planned amounts of incentives within the context of the estimated salaries, which presented in Table 3. The maximum amount of encouragement can be achieved by an employee upon completion of the maximum KPI, amounting to 25% of the surcharge for the fulfillment of basic and additional indicators.

Table 3 – Demonstration of the presented planned KPIs for various types of salaries at the ferrous metallurgy enterprise – "Qarmet" JSC (salary volumes are as close as possible to the original values)

Personal data part		Current month			
Employee's name	Salary (tenge)	KPI (plan)			
		%KPI (meaning)	%KPI	Factor of KPI	Sum of KPI
1	199 904,77	0,25	25%	7,00	49976,19
2	141 716,66	0,25	25%	7,00	35429,17
3	137 942,86	0,25	25%	7,00	34485,72
4	236 500,00	0,25	25%	7,00	59125,00
5	296 897,61	0,25	25%	7,00	74224,40
6	236 500,00	0,25	25%	7,00	59125,00
7	159 923,80	0,25	25%	7,00	39980,95
8	316 550,00	0,25	25%	7,00	79137,50
9	263 150,00	0,25	25%	7,00	65787,50
10	202 714,29	0,25	25%	7,00	50678,57
11	316 550,00	0,25	25%	7,00	79137,50
12	277 676,16	0,25	25%	7,00	69419,04
13	263 150,00	0,25	25%	7,00	65787,50
14	200 495,25	0,25	25%	7,00	50123,81
15	119 942,86	0,25	25%	7,00	29985,72
16	328 150,00	0,25	25%	7,00	82037,50
17	316 550,00	0,25	25%	7,00	79137,50
In total	4 014 314,26				1003578,57
Note – compiled by the authors on the basis of salary, which one amounts close to the real value of salaries of employees from "Qarmet" JSC					

In table 3, what is located above, we can clearly observe the maximum possible amounts of salary increases, however, which can be achieved in practice. However, such situation is not possible in view of the differentiation of production processes and the human factor, as may be evidenced by the possible situation with the actual KPIs presented in table 4:

Table 4 – Demonstration of free funds formation (based on the results of actual labor achievements, expressed in the values of achieved/unachieved indicators), based on the presence of actual KPIs for various types of salaries at the "Qarmet" JSC enterprise

Personal data part		Current month					
Employee's name	Salary (tenge)	KPI (plan)	KPI (fact)				Undistributed KPI
		Sum of KPI	%KPI (meaning)	%KPI	Factorof KPI	Sum of KPI	Sum of KPI
1	199 904,77	49976,19	0,18	17,86%	5,00	35697,28	14278,91
2	141 716,66	35429,17	0,21	21,43%	6,00	30367,86	5061,31
3	137 942,86	34485,72	0,25	25,00%	7,00	34485,72	0,00
4	236 500,00	59125,00	0,18	17,86%	5,00	42232,14	16892,86

5	296 897,61	74224,40	0,21	21,43%	6,00	63620,92	10603,49
6	236 500,00	59125,00	0,25	25,00%	7,00	59125,00	0,00
7	159 923,80	39980,95	0,18	17,86%	5,00	28557,82	11423,13
8	316 550,00	79137,50	0,21	21,43%	6,00	67832,14	11305,36
9	263 150,00	65787,50	0,25	25,00%	7,00	65787,50	0,00
10	202 714,29	50678,57	0,18	17,86%	5,00	36198,98	14479,59
11	316 550,00	79137,50	0,21	21,43%	6,00	67832,14	11305,36
12	277 676,16	69419,04	0,25	25,00%	7,00	69419,04	0,00
13	263 150,00	65787,50	0,25	25,00%	7,00	65787,50	0,00
14	200 495,25	50123,81	0,18	17,86%	5,00	35802,72	14321,09
15	119 942,86	29985,72	0,21	21,43%	6,00	25702,04	4283,67
16	328 150,00	82037,50	0,25	25,00%	7,00	82037,50	0,00
17	316 550,00	79137,50	0,25	25,00%	7,00	79137,50	0,00
In total	4 014 314,26	1003578,57				889623,80	113954,76
Note – compiled by the authors on the basis of salary, which one amounts close to the real value of salaries of employees from "Qarmet" JSC							

As it can be observed from information, based on the situation in table 4, the failure of individual employees to achieve KPIs amounts would be useful to create some free funds for their potential redistribution among the employees who have distinguished themselves by performing production tasks and factors in accordance with most of the factors above (for that kind of workers, who did their job perfectly). It would be quite honest among them, that free salary fund should be distributed for their fair motivation, to increase production indicators and as a reward for their achieved indicators of the period.

According to category "C", the following rule can be established: if an employee falls into this category several times a calendar year (more than 4 times) and/or reaches it systematically from month to month, then in this context, it is necessary to consider the termination of the employment contract with this employee, due to the inconsistency of the position – but only on the basis of taking into account the preservation of normal conditions at work and after the expiration of the probation period for this employee.

Employees, who have fulfilled their KPIs within the normal value, or above it, should receive their legitimate payments with plus to the main part of the salary, based on a comparison of internal indicators and job description standards among the category of distinguished employees. An example of such a situation is presented in table 5:

Table 5 – An example of the free funds distribution, which one is based on the presence of actual KPIs for various types of salaries at the ferrous metallurgy enterprise of “Qarmet” JSC (as an incentive for employees who have reached the maximum from possible KPIs)

Personal data part		Current month	Current month		
Employee's name	Salary (tenge)	Undistributed KPI	KPI (redistribution by 3 additional factors)		
		Sum of KPI	% KPI	Factor of KPI	Sum of KPI
1	199 904,77	14278,91	0,00%	-	-
2	141 716,66	5061,31	0,00%	-	-
3	137 942,86	0,00	23,08%	3,00	26297,25
4	236 500,00	16892,86	0,00%	-	-
5	296 897,61	10603,49	0,00%	-	-
6	236 500,00	0,00	23,08%	3,00	26297,25
7	159 923,80	11423,13	0,00%	-	-

8	316 550,00	11305,36	0,00%	-	-
9	263 150,00	0,00	15,38%	2,00	17531,5
10	202 714,29	14479,59	0,00%	-	-
11	316 550,00	11305,36	0,00%	-	-
12	277 676,16	0,00	15,38%	2,00	17531,50
13	263 150,00	0,00	7,69%	1,00	8765,75
14	200 495,25	14321,09	0,00%	-	-
15	119 942,86	4283,67	0,00%	-	-
16	328 150,00	0,00	7,69%	1,00	8 765,75
17	316 550,00	0,00	7,69%	1,00	8 765,75
In total	4 014 314,26	113954,76	99,99%		113 954,75
Note – compiled by the authors on the basis of salary, which one amounts close to the real value of salaries of employees from "Qarmet" JSC					

The data (presented in table 5) are linked in the distribution of income, which comes from the total amount of the unallocated incentive portion of wages, therefore, percentages of this amount are distributed in appropriate proportions for 1 KPI unit, which can be calculated on the basis of the total amount.

Of course, the wage grading model has a number of limitations. First of all, it is limited by the established salary amounts, since the bonus fund of 25% is considered to be from determined salaries, which are often set for one reporting period (a financial year) in industrial enterprises. Secondly, the salaries themselves depend directly on the efficiency and profitability of production and its output, which are too volatile in the global steel markets.

However, for the most part, the problems that arise with the KPI method in wages are related to the profitability of the enterprise and management estimates of workers' labor, rather than with any mathematical component.

The only solution to the methodological problems with the KPI method (in order to match the production realities) would be quarterly wages indexation and determination of the wages premium part in differentiated percentages, what will be corresponding enough to the specifics of payroll for individual structural units.

Discussion. Why is grading so well suited for the wage system in the metallurgical industry? Let us consider the explanation of this thesis on the example of the Karaganda Metallurgical Plant, an enterprise of "Qarmet" JSC in Temirtau, engaged in the production of ferrous metallurgy products (mainly of rolled steel).

Foremost, the use of this of labor stimulation method favors this industry due to the format of companies engaged in the production of metallurgical products.

Companies growth and expansion, approved by an increasing number of employees, the opening of branches and structural divisions within them, make companies less manageable. In such conditions, there are many risks of unproductive employment, both types of them for individual employees and for entire departments consisting of them. These risks, in turn, lead to dangers of over-planned costs, which ferrous metallurgy ventures, basically, cannot manage due to the high level of competition within the worldwide steel markets (particularly metallurgical companies in Kazakhstan, encompassed by Chinese, Russian and Indian competitors, where the industry can bear a much bigger number of representatives and innovative forms can be making strides with higher elements).

At the same time, the problem of the scale of metallurgical production cannot be solved by a simple method of production optimizing - by cutting structural components and breaking down production and technological relationships, built over the years.

The metallurgical enterprise of the Karaganda Metallurgical Plant is a vertically integrated production complex, which has its own coal, iron ore and energy base. If at least one of the structural elements of this complex was stopped, all other parts and the production complex itself would also become unprofitable. This situation threatens significant part of the region's population to lose their work. Welfare of the region will lose

its lion's share of export revenues, since most of the main and auxiliary processes of the region's activities are concentrated in single-industry towns, where business life directly and critically depends on the functioning of each of the structural elements of this complex.

There is no need to talk about the quality of human capital in possible situation of such a social disaster. The situation for the social sphere of regions and towns with the presence of such enterprises in a market economy is essentially stalemate, but this was the format of Soviet urban policy, when cities developed neither as points of trade environment, but as an accompanying infrastructure to support the life of industrial enterprises. Therefore, the only way to avoid a social explosion that can cause the destruction of industrial complexes in such regions and cities in post-Soviet countries is their gradual optimization and transformation into durable, competitive and population-friendly economic institutions.

Such optimization should be achieved in planned, gradual context. But, at the same time, it should develop everywhere, primarily affecting the human factor, because workers are the main tools for the development of any industry during the predominance of industrial development concept within the framework of the "knowledge economy". Inspiration of employees is the key to such a positive and compelling change of the endeavor human capital to extend generation comes about, which is assumed to be accomplished as a result of the reviewing application methods.

At the second point, the strategy of compensational calculation through the reviewing framework invigorates human labor in metallurgical industry not as it were done with rewards for hurtfulness, but moreover with actual incentives for qualitative labor performance improvement.

It is rare thing to find an enterprise or company with such a progressive wage system in metallurgical single-industry towns of Kazakhstan, such as Balkhash (non-ferrous metallurgy) and Temirtau (ferrous metallurgy).

Allowances for harmfulness to metallurgist’s wages can increase their actual salaries. However, they actually scare potential employees for this job and make them staying away from involvement in the labor process. Each potential worker gets it, that all extra installments, benefits within the shape of wellbeing centers, the issuance of extraordinary clothing at the cost of the venture, sanatoriums, nourishment items, etc. can be given to him not for his effectiveness at all, but rather as a cheaper payment for the deterioration of the main indicator for human capital in enterprise – the health of the employee.

According to this statement, more mobile groups of population in the form of youth from 20 to 30 years old would try to find work in single-industry towns, which will not be related to the main town-forming enterprise. On the other hand, they can try to change their place of residence, which in the nearest future will lead to an outflow of residents from these single-industry settlements and to their desolation respectively. Consequently, it will lead to the declining of the country's metallurgical industry in the medium term. It will be destroyed as an independent branch of national economy.

Grading will help to smooth out the negative context of this phenomenon, since progressive wage calculation is a really high-quality incentive for a younger and healthier population to work proactively, especially at a time when other single-industry enterprises (with rare exceptions) do not have a similar labor simulation system.

The implementation of such a wage measure at the main town-forming enterprise will stimulate its promotion in companies, which carry out work under the guidance or orders of this metallurgical enterprise. Temirtau is “home-place” to several dozen businesses that collaborate with the Karaganda Metallurgical Plant; their combined size already makes up over 30% of total business activity in the area. The development of qualitative wage indicators has the potential for a serious multiplier effect in quality improvement for production indicators in many business areas of same towns and the region at all.

According to the information above, it can be clear, that there are currently no better alternatives for the development of a wage system in single-industry towns, related to metallurgy (which would satisfy the interests of both in this sphere: the employee and the employer).

Of course, the grading system also has a number of negative aspects for its implementation:

– for the first of all, since the allocation of roles and promotions frequently depends on annual performance,

a grading system delays the acquisition of an industrial career position (career promotion), even though this is the best time to review people services positions. If an employee wants to quit before the end of the year, this system does not motivate him to be effective;

– grading system “cements” the mobility of structural changes in unstable economic situation, it will not be able to contribute to the rapid restructuring of the functional responsibilities of employees of the enterprise;

– grading system can become a tool to get rid of "superfluous" and "undesirable" employees at the discretion of the company's management (according their personal relationships with employees);

– with significant macroeconomic changes, related to wage increases in the industry, the company will also have to respond on them by raising the average salary level of its employees. However, this situation will create a contradiction, because the results of the employees may not have changed, and the salary has increased. Then what is the usefulness of such a technique, if it still depends on the context, which one is out of internal structure of our metallurgical enterprise?

These problematic factors can be resolved and leveled by a competent management policy of the enterprise, the format of which we offer and consider:

Firstly, when we solve personnel/career issues, an enterprise can prescribe exceptions for revision and career promotion/demotion, as part of the employee's achievement of the required total value of KPI indicators during one financial year, without waiting for the start of another, and prescribe such a value for each position;

Secondly, the mobility of structural changes does not depend on the enterprise budget and its remuneration alone, this aspect is influenced by too many factors and the aspect of accounting for motivation in wages plays far from the first role here. After all, on the other hand, a decent additional payment to distinguished employees in such conditions does not contradict the grading system in the context of staff motivation. It only accelerates its impact in the rapid implementation and updating of production technology.

Thirdly, the problem of honesty and impartiality in the dismissal of employees is not determined by the desire of the Head management and HR, but should be strictly regulated by professional standards in the established job description on aspects of performance of labor indicators, since only their observance can correctly implement the correct observance of grading methods in the enterprise.

The only one unsolvable aspect in this situation, in our opinion, is the fourth – the macroeconomic one, related to the overall wage growth on a national scale. However, when we know the fact, that wages in metallurgy as a whole industry are always higher, than the average salary in Kazakhstan, the fourth problematic factor does not threaten the industry due to the specifics of usual profitability for its employees.

CONCLUSIONS

To summarize the above, the following conclusions can be drawn from this research:

– The human capital of the metallurgical industry is dependent on the monetary factor, since the level of provided social guarantees does not solve the entire complex of problems associated with it;

– The wage incentive mechanism with KPIs using in the ferrous metallurgy industry is innovative for it and will have practical significance for both of its staff indeed: for management and for employees;

– The negative aspects of salary grading system introducing, which will be based on KPIs at the initial stage, can be neutralized by the terms of the employment contract and allowances for employees, who did not have time to integrate into the new order quickly at the beginning of the implementation of the model (in the first year of its application).

The grading system has a lot of advantages and disadvantages in terms of practical implementation for the development of human capital of an enterprise, however, its undoubted and inherent advantage is that employees receive rewards based on their performance in the short term. This is exactly that point, which one metallurgical worker and any other employed staff of all manufacturing industries in Kazakhstan would really like to see.

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ЕҢБЕКАҚЫ ТӨЛЕУ ЖҮЙЕСІН ГРЕЙДЕРЛЕУ – МЕТАЛЛУРГИЯ САЛАСЫНДА АДАМИ КАПИТАЛДЫ ДАМЫТУДЫҢ БАСЫМ БАҒЫТЫ

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АҢДАТПА

Бұл зерттеунің мақсаты – Теміртау қаласындағы, Қарағанды облысындағы Қарағанды металлургия комбинаты, "Qarmet" АҚ компаниясы үшін жалақыны грейдерлеудің жобалық моделін оның оң және теріс әлеуметтік – экономикалық жақтарын сипаттай отырып қолдануды қарастыру болыпта былады.

Зерттеу әдіснамасы – осы бапта қаралатын және пайдаланылатын жалақыны есептеу әдістемесі қызметкерлердің табысының ынталандырушы үлесін бөлуде KPI көрсеткіштерін қолдануға негізделген. Сонымен қатар, мақалада ұсынылған жұмыс тақырыбы төңірегінде қарастырылып отырған экономикалық құбылыстарды визуализациялау үшін статистикалық салыстыру әдісі бар.

Жұмыстың ғылыми жаңалығы (бірегейлігі / құндылығы) – бұрын өнеркәсіптің осы саласына тән емес қара металлургия кәсіпорны үшін прогрессивті (гранттық) жалақы жүйесінің түрін қарастыру мүмкіндігі болып табылады. Мұндай қарастыру индустрияның адами капиталын дамыту үшін өндірістік шындықтағы еңбек қатынастарын жетілдіру аспектісінде есептеудің осы әдісін болашақта практикалық іске асыру үшін маңызды.

Зерттеу нәтижелері – мынадай ережелерде ұсынылған: металлургия саласының еңбекақы төлеу аспектісіндегі проблематикасы қарастырылған; еңбек қызметінің сапалық және сандық көрсеткіштерін ұлғайту үшін көтермелеу моделі ұсынылған; мұндай модельдің практикада жұмыс істеуінің оң және теріс аспектілері көрсетілген; оны практикалық іске асыру үшін жағымсыз факторларды еңсеру үшін шешімдер ұсынылған.

Түйін сөздер: грейдинг әдістемесі, еңбекақы, адами капитал, өнеркәсіптік жұмыспен қамту, металлургия индустриясы, тиімділік көрсеткіштері.

ГРЕЙДИРОВАНИЕ СИСТЕМЫ ОПЛАТЫ ТРУДА – ПРИОРИТЕТНОЕ НАПРАВЛЕНИЕ РАЗВИТИЯ ЧЕЛОВЕЧЕСКОГО КАПИТАЛА В МЕТАЛЛУРГИЧЕСКОЙ ОТРАСЛИ

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АННОТАЦИЯ

Целью данной работы является рассмотрение применения проектной модели грейдирования заработной платы для Карагандинского металлургического комбината в городе Темиртау, Караганди нской области, компании АО «Qarmet», с описанием её положительных и отрицательных социально - экономических сторон.

Методология исчисления заработной платы, рассматриваемая и используемая в данной статье, основана на применении показателей KPI в распределении стимулирующей доли дохода работников. Помимо неё, в статье присутствует метод статистического сопоставления для визуализации рассматриваемых экономических явлений вокруг тематики представленной работы.

Научная новизна (оригинальность / ценность) работы заключается в возможности рассмотрения вида прогрессивной (грейдированной) системы начисления заработной платы для предприятия черной металлургии, которая ранее была не характерна для данной отрасли промышленности. Подобное рассмотрение важно для будущей практической имплементации данного метода исчисления в аспекте совершенствования трудовых отношений в производственных реалиях для развития человеческого капитала индустрии.

Результаты исследования представлены в следующих положениях: рассмотрена проблематика металлургической отрасли в аспекте оплаты труда; предложена модель поощрения за увеличение качественных и количественных показателей трудовой деятельности; отражены позитивные и негативные аспекты функционирования такой модели на практике; предложены решения для преодоления негативных факторов для её практической реализации.

Ключевые слова: методика грейдирования, оплата труда, человеческий капитал, промышленная занятость, металлургическая индустрия, показатели эффективности.

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ТҰРАҚСЫЗДЫҚ ЖАҒДАЙЫНДА ҚАЗАҚСТАНДА ШАҒЫН ЖӘНЕ ОРТА БИЗНЕСТІ ДАМЫТУ

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АҢДАТПА

Мақаланы жазудағы басты мақсат – елімізде орын алған негізгі өзгерістердің шағын және орта бизнестің дамуына әсерін талдау болып келеді.

Зерттеу әдіснамасы. Мақаланы жазу барысында алғашқы статистикалық ақпаратты жинау, Excel-болжамдарымен деректерді талдау, экономикалық талдау, салыстырмалы әдістер сияқты әдістер жиыны қолданылды.

Бұл жұмыстың *ғылыми құндылығы* шағын және орта бизнес субъектілеріне толық көлемде әсер еткен жаһандық дағдарыс пен пандемиядан туындаған ҚР экономикасындағы проблемалардың өсуіне байланысты, соның салдарынан түрлі қаржы институттары кәсіпкерліктің осы бағытын қолдау шараларын қабылдады.

Зерттеу нәтижелері. Бұл мақалада еліміздің шағын және орта бизнесінің дамуына жан-жақты талдама жүргізілді, оның негізінде салық және қаржы-несие жүйелері бөлігіндегі негізгі проблемалар анықталды, сондай-ақ кәсіпкерлікті мемлекеттік қолдауды дамыту саласындағы алғышарттар айқындалды. Авторлар мемлекеттің әлеуметтік-экономикалық дамуындағы шағын және орта кәсіпкерліктің рөлі мен орнын атап өтті, елдің өңірлері мен бизнестің осы нысандары дамыған салалар анықталды. Кәсіпкерлік қызметті іске асыруда экономика ШОБ субъектілерінің мүдделері сәйкестендірілді, сондай-ақ осы сектордың тиімді жұмыс істеуіне кедергі келтіретін проблемалар сипатталды.

Түйін сөздер: даму үрдістері, мемлекеттік қолдау, шағын бизнес, ШОБ, Дүниежүзілік Банк рейтингі.

КІРІСПЕ

Кәсіпкерлік еркіндігі, әрине, кез-келген елдің экономикасының көлемі мен орналасқан жеріне қарамастан сәтті дамуы мен өркендеуінің негізі болып табылады. Қазіргі жағдайда шағын және орта