# Work Productivity: Real Indicator of Measurement of the Performance of the Economic Activity

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## ABSTRACT

Any economic agent tends to achieve certain results and correctly measure the results achieved, and the application of concrete indicators in their measurement is very important. In this way, we consider that the basic indicator for measuring the achieved results must be accepted labor productivity. In this article, we will show that labor productivity, but with a new interpretation, is the right indicator for measuring the performance of the economic activity of the enterprise. Also, we will clarify the essence of the performance and production capacity of any economic agent. In the paper the theory will be exemplified, but based on conventional but rational data.

**Key words**: Performance; Labor productivity; Production capacity; Profit; Economic activity; Money, Natural income; Salary.

## INTRODUCTION

Any economic agent tends to achieve great results and to correctly measure the results achieved, and the application of concrete indicators in their measurement is very important. Because the values of other indicators depend on the final level of the efficiency indicators, such as the size of the natural income obtained by the natural person involved in the economic activity, the level of taxes. In this way, we consider that the basic indicator for measuring the achieved results must be accepted labor productivity. In this article, we will show that labor productivity, but after modeling it as a result of the analysis of the current essence, is the appropriate indicator for measuring the performance of the economic activity of the enterprise. Likewise, we will clarify the essence of the performance and production capacity of any economic agent. In this way, labor productivity to measure the performance and final results of any economic agent or producer will be the subject of research in this paper.

## METHODS USED

In order to carry out the given study and the basis of the theoretical foundation, research methods were resorted to, such as knowledge, research, deduction, analysis, synthesis.

## BASIC CONTENT

Any economic agent, from his economic activity, expects to obtain a certain economic effect, tends to obtain profit, to obtain natural income, income generated from the work performed.

But everything depends on the results achieved, the productivity achieved, the workload. That is why the correct measurement of the achieved results and the application of concrete indicators in their measurement are very important actions.

Following the study and research carried out, we have established that the basic indicator for measuring the results achieved, for measuring the performance of the enterprise must be accepted labor productivity. But not in the known calculation of the given indicator, according to the classical method, but in a new conception. In the source [5] the analysis of the current essence of labor productivity was carried out, the analysis of the classical method, and its modeling was proposed through which we gave it a new approach, and in the sources [1,2,3] we showed its application in economic practice.

After following its essence, we believe that labor productivity in the new approach is the right indicator for measuring the performance of economic activity.

So, in the following we will expose labor productivity according to the classical method, according to its current essence.

The labor productivity according to the interpretation, which circulates and manifests itself at the moment in the economic world, represents the amount of production manufactured on average by a worker or worker of the enterprise in a certain period of time.

So, its level depends on the labor costs represented by the total number of employees of the enterprise and the volume of production manufactured.

And the most interesting moment is that it is considered an indicator showing the efficient use of labor and human resources within companies [6,7,8,9]. The calculation of labor productivity according to the classic method, namely annual labor productivity in value terms, is presented in **(Table 1)**.

In **(Table 1)** we presented the calculation of labor productivity for 3 years according to the economic dynamics 20T5-20T7. For the given dynamics, it was taken as the base year - the year 20T5, and the years 20T6-20T7 - are the current years of activity from the 8 years on the market, which will be analyzed in comparison with the base- 20T5.

So, labor productivity expresses the production and shows the amount that belongs to a worker on average.

The result of 20T6 shows that the company's labor resources were used efficiently, because the level is higher than the base ← 838.4 > 831.8, and the result of 20T7 shows that during the given period they were not used efficient labor resources, because the level is lower than the base ← 828.6 < 831.8.

But a question arises, but to what level labor productivity is expected to increase [5]... and what this increase consists of.

We often see that within the years of activity, which we also did in the work, in **(Table 1)**. in which we show the current essence of labor productivity, certain dynamics are formed [10,11,12] to perform the proposed analysis depending on the researched indicator, where the basis is the year against which the dynamic analysis will be performed and which is the first year in the chosen timeline → 20T5 of 20T5-20T6-20T7, and the last year is the current one → 20T7 of 20T5-20T6-20T7.

But the question arises: The year 20T5 is not a simple year of activity and how can it, for example, be considered when there is no efficiency during it, the profit is negative... Does the number of scripting staff matter or... We would like to point out, that higher than the company's production capacity, capacity indicators, including productivity, cannot be... BUT...

As we see, there are uncertainties. And again: - How can it be: "the production made by a worker or the work done by a worker on average" - only the worker is part of the staff of a company, which have different functions within the economic activity. We can admit that it can be used for comparison in space... from another point of view, how can different categories of human resources be gathered, they are incomparable.

**Table T.1**. Work productivity by classic method for dynamics 20T5...20T7$^{-}$

| Indicators | | | | total | the analyzed year 20T7-current - $T_7$ | 20T6 - $T_6$ | base year 20T5 - $T_5$ |
|---|---|---|---|---|---|---|---|
| | | | | | including periods | | |
| 0 | | | | 1 | 2 | 3 | 4 |
| 1 | 1. Annual labor productivity in value terms in the current, thd u.m./pers: | | $W_t$ | - | $828,6 \approx 34800/42$ | 838,4 | 831,8 |
| 2 | 1.1. | finished production – production manufactured/provided in current year | $FP_t$ | - | 34800 | 36060 | 34102 |
| 3 | 1.2. | company employees, persons | $P_{St}$ | - | 42 | 43 | 41 |
| 4 | 2. Dynamics of labor productivity: | | - | - | - | - | - |
| 5 | 2.1. | absolute deviation, thd u.m./p, ± | $\Delta W_{t/0}$ | - | - | - | - |
| 6 | | 1. in basic | $\Delta W_{3/0}$ | -3,1 | $-3,1 \approx 828,6 - 831,8$ | 6,7 | 0 |
| 7 | | 2. in chain | $\Delta W_{3/0}$ | - | -9,8 | 6,7 | 0 |
| 8 | 2.2. | growth rate, % | $\%W_{3/0}$ | - | - | - | - |
| 9 | | 1. in basic | | 99,6 | $99,6 \approx 828/831*100^{*}$ | 100,8 | 100 |
| 10 | * | a. indicator for transforming absolute to relative size, % | $I_{ta/r}$ | - | = 100% | - | - |
| 11 | | 2. in chain | | - | 98,8 | 100,8 | 100 |
| 12 | 2.3. | relative deviation, %, ± | $\Delta\%W_{3/0}$ | - | - | - | - |
| 13 | | 1. in basic | | -0,4 | $-0,4 \approx 99,6 - 100^{**}$ | +0,8 | 0 |
| 14 | ** | a. relative level of W in base -$T_0$ in $T_{t,\%}$ | $\%W_{0/3}$ | - | 100% | - | 0 |
| 15 | | 2. in chain | | - | -1,2 | +0,8 | 0 |
| 16 | 2.4. | index of production dynamics, % | $\%WQ_{30/0}$ | - | $95,6 \approx 795,5/831*100$ | - | 100 |
| 17 | | 1. production in base prices | $FP_{30}$ | - | 33,41 | - | - |
| 18 | In Exclusivity: | | - | - | - | - | - |
| 19 | 3. Enterprise profit „X", thd u.m. | | $\Pi_t$ | - | -2300 | 510 | -1140 |
| 20 | 4. The annual salary fund of the enterprise's workers, thd u.m. - of human resources of the company: | | $FAS_t$ | - | 5000 | 5000 | 5000 |
| 21 | 4.1. | an employee's annual salary, u.m./pers | $SA_t$ | - | $119047 \approx 5000/42$ | - | 121951 |
| 22 | 4.2 | an employee's monthly salary, u.m./pers | $SM_t$ | - | $9920,6 \approx 119047/12$ | - | 10162,6 |
| 23 | 5. Years of activity on market, years | | $T_n$ | 8 | → 20T1-20T8 | - | - |

**Note N.1.**: The symbol „ $^{-}$ " - shows that is working with conventional values.
**Source**: Elaborated by the author.

Another question is: How can it be that the income or work of other companies, attracted as economic resources in the production of the enterprise, appear in the work of an enterprise. In particular we see that,

- we have productivity, but not profit - productive situation specifically proposed in the given article (and another question - it can be negative profit...) - respectively, what are we looking for - inadequacy in essence...

- we do not have profit at the enterprise, it is not registered, but salary is available... And its size was not influenced by the reduction of the workload, but by the increase in the number of personnel. As we have seen, the misunderstanding is also related to salary. The same problem as with productivity – the inclusion in the quality indicators of the company of the labor expenses of other companies, which are not comparable. Next, along the way, we will show the place of the salary in economic lives and the part of the current size [1,3,4]. So, we have finished rendering the actual essence of labor productivity as it is determined now, in the present.

And we see that it characterizes the production, the productive aspect, but also in average indicators, but not how the final result of the work done by nominal earnings. And… Accordingly, in such an approach - labor productivity cannot be accepted as an indicator for measuring the company's performance. Accordingly, a remodeling is required.

Considering all these questions, all these moments and others - such as profit, following deep and time-consuming research, we established the essence of some indicators related to developed economic activities [1-5,13,14] including labor productivity, we established some forms that present it and had to always present it, to render its real essence - because we consider that this was its real interpretation in the economic world...

Next, we propose deciphering labor productivity in the new interpretation according to the newly formulated model. In this way, we rendered the essence of labor productivity through 3 forms (**Tables** T.4-T.6.):

   I. General or general-gross labor productivity - [s. T.4.];

   II. Calculated or general-net labor productivity - [s. T.5.];

   III. Individual labor productivity - [s. T.6.]:

       III.1. calculated; III.2. general.

To start explaining the essence of productivity, first of all we will clarify an essential indicator called the production capacity of the economic agent - what is the ultimate goal of the producer.

It must be admitted that this indicator, this phenomenon that was developed following deep and time-consuming research, was also applied in scientific articles and in scientific-methodical and didactic works [15,16].

In the source [13,16] it was formulated, and its modeling was proposed through which we gave it a new approach, and in the sources [3], we showed its application in economic practice.

It must be admitted that back in 2009, in the process of research and direct work as a lecturer, I felt that in the analysis, something is not being received what the source also shows [11], where at that time we proposed that the analysis compared to the base has value and receivable as basis:

- Original base year/period (Vaj0 → Va - volume of activity) - The 1st year of activity or the past year of the activity, which can be used as the basis of the string for analysis, depending on the comparability of the data;

- Actual base period (Vaj0+) – The year with the highest level of development during the years up to the beginning of the analyzed dynamics" [11].

So, in order to be able to perform the analysis of the state of performance, it is good to establish, by any economic agent, the performance for which it will opt during the development of the business placed on the market [s. **Tables** T.2.-T.3.].

**Table T.2.** Theory of Enterprise Production Capacity

| | Indicators | | Value of indicators | |
|---|---|---|---|---|
| | | | year of business initiation - 20T1 | |
| | | | production capacity -CP | its indicators |
| | 0 | | 1 | 2 |
| 1 | 1. Owner staff of the business, pers – actual staff of the company | $OS_t$ | 4 | - |
| 2 | 2. Calculated production capacity, thd u.m. [s. T.3.] | $CPC_0$ | 20250 | - |
| 3 | 3. General/general-gross production capacity, thd u.m. - new level rising - volume of work/production to achieve put at bases of business – total amount of money, which must be obtained by the producer from the realization of the production in the years of activity -Tt: | $CPG_0$ | 36490 | - |
| 4 | 3.1. finished production by capacity - manufactured/provided | $FP_{0 = }\Sigma FP_i$ | - | 36490 |
| 5 | 3.2. commercial product/intended to achieve/expected income | $PC_{0 = }FP_0$ | - | 36490 |
| 6 | 3.3. production sold - earned income – from sales | $IC_{0 = }PC_0$ | - | 36490 |
| 7 | 4. Coefficient of realization of the CPG, % | $C_{CPG}$ | - | 100 |
| 8 | 5. The cost of foreign materials and labor attracted, mil u.m | $CAR_t$ | | 16,24 |
| 9 | 6. The weight of foreign materials and work attracted, % | $g_{ar}$ | - | 44,5 |
| 10 | 7. The weight of the own work, % | $g_{ow}$ | - | 55,5 |
| 11 | 8. Staff attracted – providers of human resources, pers | $PA_t$ | - | 37 |
| 12 | 9. Calculated labor productivity – company profit, thd u.m. | $WC_t$ | - | 20250 |
| 13 | 10. General labor productivity, thd u.m. | $WG_t$ | - | 36490 |

**Table T.3.** Theory of calculated production capacity

| | Indicators | | Formulas and descriptions | |
|---|---|---|---|---|
| | 0 | | 1 | |
| 1 | 1. Calculated production capacity, monetary units - u.m.: | | $CPC_0$ | – the total amount of money put at the basis of business, which must be obtained directly by the producer from the economic activity during the years of activity — the producer's income from the realization of production – desired profit - $\Pi_0$ |
| 2 | 1.1. | method I: | $CPC_{0 = }CPG * g_{ow0} / I_{tr/a}$ | $\rightarrow i = 1, m \rightarrow WC_{t = }CPC_0$ |
| 3 | | | CPG | – general production capacity, u.m. |
| 4 | | | $g_{ow} = US - g_{ar}$ | – the share of own work/producer income, % |
| 5 | | | $g_{ar} = CAR_{it} / p_{it} * I_{ta/r}$ | – the weight of foreign materials and work attracted, % - from outside in production – the share of income of producers-suppliers of material and human resources |
| 6 | | | $p_{it}$ | – unit price/cost of production „i", u.m./u.p. |
| 7 | | | US = 100 | – = 100% - unit of structure, % |
| 8 | 1.2. | method II: | $CPC_{0 = }CPG * (US - g_{ar0}) / I_{tr/a})$ | $\rightarrow i = 1, m$ |
| 9 | 1.3. | method III | $CPC_{0 = }\Sigma(CPG_i * g_{owi} / I_{tr/a})$ | $\rightarrow i = 1, m$ |
| 10 | 1.4. | method IV | $CPC_{0 = }CPG - (CPG * g_{ar0} /I_{tr/a})$ | $\rightarrow i = 1, m$ |

**Source**: Elaborated by the author based on the study and scientific research carried out.

It should be mentioned that for the real exposition of the theory, we have formulated a new economic dynamic → 20T1-20T3, the framework of which the years of activity are 20T1, 20T2, 20T3. According to the theory presented, the year 20T1 should be accepted as the year of business initiation and respectively the values based on the business and are production capacity with its indicators. The years of activity are 20T1, 20T2, 20T3, with 20T3 – current year. So, we have created a new enterprise, for which we will apply the proposed theory.

Clarifying the essence of production capacity, the main indicator in establishing and measuring the performance of any enterprise, and on the basis of which the state of performance of economic agents is analyzed along the way, we now begin the description of labor productivity through its characteristic forms. The performance will be shown through the data of the base year, which is the year of business initiation or the year with the highest

level of development during the years until the beginning of the dynamics studied, - what are the values based on the economic activity, in relation to the production capacity and its work indicators.

So, we start with the 1st form, the general work productivity, which we presented in **(Table 4)**.

**Table T.4**. General labor productivity on economic dynamics 20T1...20T3

| | Indicators | | | Value of indicators | | |
|---|---|---|---|---|---|---|
| | | | | current year - 20T3 | | base-20T1 |
| | | | | plan-T0 | real-T3 | CP and its indicators |
| | | | | production capacity | | |
| | | 0 | | 1 | 2 | 3 |
| 1 | 1. General production capacity, mil u.m. | | CPG | 36,49 | - | 36,49 |
| 2 | 2. Coefficient of realization of the general production capacity, % - at the end of the year - $T_t$: | | $K_{CPt}$ | - | - | - |
| 3 | method I | $K_{CPt} = IC_t / CPG$ | - | 100 | $94,3 = 34,43 / 36,49 \times 100$ | 100 |
| 4 | method II | $K_{CPt} = IC_{it} / CPG_i$ | - | - | - | - |
| 5 | method III | $K_{CPt} = Q_{it} / Q_{i0}$ | - | - | - | - |
| 6 | 2.1. sales income/revenue - difference between commodity production and stocks of year-end | | $IC_t = PC_t - SFR_t$ | 36,49 | 34,43 | 36,49 |
| 7 | 1. the basic aggregate index of the value of production, %/%: | | $I_y = I_{Qp}$ | 1,0 | 0,953 | 1,0 |
| 8 | a. of production | | $I_Q$ | 1,0 | 0,915 | 1,0 |
| 9 | b. of the price | | $I_p$ | 1,0 | 1,041 | 1,0 |
| 10 | 3. General / General-gross labor productivity, mil u.m. - total amount of money actually obtained by the producer from realization of production in $T_t$ – sales revenues, including the revenues of producers-suppliers of economic resources of the analyzed company: | | $WG_t$ | - | - | - |
| 11 | method I | $WG_t = CPG \times K_{CPt} = IC_t$ | - | 36,49 | $34,43 = 36,49 \times 94,3 \div 100$ | 36,49 |
| 12 | method II | $WG_t = \Sigma(Q_{it} \times p_{it})$ | - | - | - | - |
| 13 | method III | $WG_t = \Sigma(CPG_i \times K_{CPit}) = \Sigma IC_{it}$ | - | - | - | - |
| 14 | 3.1. growth rate, % | | %W | 100 | 94,3 | 100 |
| 15 | / indicator of transformation of the relative size into absolute, % | | $I_{tr/a}$ | - | = 100% | - |

**Note N.2.**: the statistical data are conventional and are based on the data from table T.2.

**Note N.3.**: the achieved results of the years 20T1-20T2 were equal to the production capacity values.

**Source**: Elaborated by the author.

From **(Table 4)**, we see how production capacity should be applied or worked with in economic practice. Only with such an indicator can the analysis of the performance status be carried out. Moreover, what is the performance status... to what extent has it been achieved... if and - it is simply a chain analysis of technical-economic and financial indicators.

Following the general labor productivity level, we see that in the analyzed year 20T3, it is lower than the production capacity, it is obvious that the general incomes have not been achieved. And, we follow the consequences of the capacity we have reached, as reduced productivity, and respectively lower effects.

Respectively, either stocks are registered at the company, or the established projects or activities have not been fully realized, which is demonstrated by the indicators from the situation proposed in the article.

According to the proposed situation, the basic aggregate index of production or the physical volume index proves this to us [0.915 * 100% ← s. T.4.r5c2]. The capacity results in the level of 94.3% was ensured by prices [1.041 * 100% ← s. T.4.r6c2], the level of the index tells us about the increase in prices in the year 20T3. But prices cannot be as high as we want, it all depends on the interplay between demand and supply. So, the given indicator characterized the performance achieved according to the volume of activity of the enterprise.

Next, we propose the calculated or general-net labor productivity [T.5.].

**Table T.5.** Calculated labor productivity over years 20T1...20T3

| | Indicators | | | Value of indicators | | |
|---|---|---|---|---|---|---|
| | | | | current year - 20T3 | | base-20T1 |
| | | | | plan-T0 capacity | real-T3 | capacity |
| | 0 | | | 1 | 2 | 3 |
| 1 | 1. General labor productivity, mil u.m. | | $WG_t$ | 36,49 | 34,43 | 36,49 |
| 2 | 2. The cost of foreign materials and labor attracted, mil u.m. - consumption of attracted resources in Tt – directly related to the manufacture of the product or the provision of services/productive activity, level dictated in economic aspect by the manufacturing recipes, by the technological/productive schemes for carrying out/providing the productive activity and by the organization of the economic activity and is called the cost of production-CP ⁻ the revenues expected by the producers-suppliers of material resources and human resources [3]: | | $CAR_t = CP_t$ | - | - | - |
| 3 | method I | by general production capacity | - | - | - | - |
| 4 | method I.1. | $CAR_t = CPG \times g_{ar0} / I_{tr/a}$ | - | 16,24 | $14,867 \approx 34,8 \times 42,72 / 100$ | $16,240 = 36,49 \times 44,5 / 100$ |
| 5 | 2.1. | calculated capacity, mil u.m.: | $CPC_t$ | 20,25 | - | 20,25 |
| 6 | 2.2. | commercial production in $T_t$, mil u.m. - the sum of finished production and stocks at the end of the previous year or the beginning of the current year: | $PC_t = FP_t + SFR_{t-1}$ | 36,49 | 34,80 | 36,49 |
| 7 | | 1. the weight of foreign materials and work attracted, % | $g_{ar}$ | 44,5 | 42,72 | 44,5 |
| 8 | | 2. the weight of own work, % | $g_{ow}$ | 55,5 | 57,28 | 55,5 |
| 9 | method I.2. | $CAR_t = \Sigma(CPG_i \times (g_{ari0}/I_{tr/a}))$ | - | - | - | - |
| 10 | method II | by commercial production → $CAR_t = PC_t * g_{art} / I_{tr/a}$ | - | - | - | - |
| 11 | 3. Calculated or general-net labor productivity, mil u.m. ⁻ the amount of money earned directly by the producer from the business in the current year -$T_t$ – work performed by the producer: | | $WC_t$ | - | - | - |
| 12 | method I: | $WC_t = WG_t - CAR_t$ | - | 20,25 | $19,562 = 34,43 - 14,867$ | $20,25 = 36,49 - 16,24$ |
| 13 | method II | $WC_t = \Sigma(WG_{it} - CAR_{it})$ | - | - | - | - |
| 14 | 3.1. | growth rate, % | %W | 100 | 96,6 | 100 |

**Source**: Elaborated by the author based on the data from T.2. and T.4.

Analyzing the results and the essence of the basic indicator in **Table 5**, we can admit that the calculated or general-net labor productivity indicator shows the amount of money directly obtained by the producer from the business in the current year. The level of the given indicator reflects the payment for the work performed by the producer. Respectively, it reflects the part of the revenue from sales that goes directly to the productive group, the titular producers of any enterprise. So, the calculated productivity level is the sales revenue of the business owners.

As we can see, the magnitude obtained is smaller than expected, but still essential. The size we have achieved is the result of incorrect decisions received in the process of conducting economic activity.

It is admissible, if within the enterprises the work performed would have belonged only to the producer of the business or no foreign labor would have been registered, but this is impossible in the contemporary world, depending on the division of labor, then the calculated productivity would be equal to the productivity of labor general. However, the content of the results is also made up of own work and foreign work, therefore without excluding the cost of materials and foreign work attracted or without excluding the foreign income of material and human resources suppliers, which is dictated by the manufacturing recipes - by the technological schemes and the organization of the economic activity, and the general production capacity, we will not be able to draw the final conclusion regarding the final and real results of the work done, the profit achieved by the economic agent.

The results show us that the calculated labor productivity does not correspond to the indicator of production capacity, namely the calculated production capacity or the amount of money for which the incumbent workers aspired, developed the business ← 19,562 < 20,250. Respectively, the actual level of the calculated productivity is the actual amount of work performed by the incumbent staff, since the work involved has been excluded from the results of the general work. It is admitted that it was wrong to consider the given indicator as a result of economic activity. So, the calculated productivity characterizes the performance of the economic agent according to the amount of money obtained by him from the development of economic activity. Respectively, this level reached is the size of the company's profit, it is the profit reached by the 4 owners of the business.

With regard to the personnel involved, we would like to admit that for the economic agent to whom they are assigned, they are the same agents and are rendered as producers-suppliers, namely of human resources. And respectively, the salaries they receive are real income from sales, which also includes profit in the form of own work and as means of work that must be secret for others, with the exception of current assets or work objects, which after determination must be subject to taxation. In this way, we showed that today's salaries are not correctly interpreted and therefore their taxation is also incorrect!!!

And an essential problem is that the manufacturer, depending on these factors, does not have to pay social contributions on employees who today plan against the remuneration fund - [s. **Table 1**. - T.1.r20c4 ← the level of this indicator is 5000 thd u.m.].

Next, we present the essence of individual labor productivity **(Table 6)**.

The results obtained from **(Table 6)**, show us that individual labor productivity expresses the income level of a worker from the total number of workers. It is admitted that since practically the economic agent is not a single natural person, nor should it be in an objective aspect, the final conclusion regarding the result of the work performed, must be carried out with the help of another form. And the given form is called individual labor productivity, which provides for 2-two general forms, annual and monthly, which we explained by way of clarification in **(Table 6)**. Accordingly, individual labor productivity expresses:

- Annual returns the annual level of the final income of a business owner, and the

- Monthly - the monthly level of the final income of a business owner.

It is obvious that for each we formulated its specific forms, namely, calculated and general, where the second one is conventional. So, it is admissible that of these two specific forms proposed to each individual form, namely the calculated one has value, the 2nd one corresponds to the classical method, depending on the sales

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revenue [5,6]. In this way, we see its place and name in the new interpretation of labor productivity - only if this calculation of the number of human resources will go to enterprises, then it has no value - because according to the new conception this total includes incomparable indicators - producers of goods and producers of human resources.

**Table T.6**. Individual labor productivity during the period 20T1...20T3

| Indicators | | | | | Value of indicators | |
|---|---|---|---|---|---|---|
| | | | | | current year - 20T3 | |
| | | | | | real-T3 | plan-T0 |
| | | | | | | capacity |
| 0 | | | | | 1 | 2 |
| 1 | 1. Individual work productivity, thd u.m./pers - the amount of money earned directly by a worker from the business: | | | $W_I$ | - | - |
| 2 | 1.1. | annual – the amount of money obtained annually: | | $W_{IACt}$ | - | - |
| 3 | | 1.1.1. | annual calculated - the amount of money obtained annually by a owner: | $W_{IACt} = WC_t / OS_t$ | $4890 = $ $19562 / 4$ | 5062 |
| 4 | | * | growth rate, % | %W | 96,6 | 100 |
| 5 | | 1. | calculated labor productivity, thd u.m. | $WC_t$ | 19562 | 20250 |
| 6 | | 2. | the owner staff of the business - productive group - people who develop the business, pers | $OS_t$ | 4 | 4 |
| 7 | | 3. | the natural income in society, u.m. [3, 4] | NI | 220000 | - |
| 8 | | 1.1.2. | general annual – the amount of money earned by an employee on average in $T_t$: | $W_{IAGt} = WG_t / P_{St}$ | $819,8 = $ $34430 / 42$ | 890,0 |
| 9 | | 1. | general labor productivity, thd u.m. | $WG_t$ | 34430 | 36490 |
| 10 | | 2. | the human factor of the company – company employees, pers | $P_{St}$ | 42 | 41 |
| 11 | 1.2. | monthly – the average amount of money obtained monthly: | | $W_{ILt}$ | - | - |
| 12 | | 1.2.1. | monthly calculated – the average amount of money obtained monthly by an owner in Tt: | $W_{ILCt} = W_{IACt} / P_c$ | $407,5 = $ $4890 / 12$ | 421,8 |
| 13 | | 1. | annual calculated | $W_{IACt}$ | 4890 | 5062 |
| 14 | | 2. | cashing out periods, periods - during them, the income is released to the company's owners, as individuals | $P_c$ | 12 | 12 |
| 15 | | 1.2.2. | general monthly – the sales of an employee on average per month in $T_t$ | $W_{ILGt} = W_{IAGt} / P_{ct}$ | $68,3 = $ $819,8 / 12$ | - |

**Source**: Prepared by the author based on data from T.2, T.4, T.5.

But we are interested in the calculated individual one, because this indicator shows us the income level of a full-time worker from the total number that reflects the productive group, either annually or monthly. So, in the year 20T3 each individual as the owner of the company obtained a lower annual income, even though they expected a higher level. As we see the difference is not essential, and everything manifested as a result of the failure to realize the production capacity. In this way, we got the answer to the question about salary - it can be salary if there is no profit and the workload is not reached, of course except for stocks... of course not - it all depends on the amount of production offered...

It should be noted that through the indicators and calculations given, we have shown that the results depend on the amount of work submitted and, in this way, we follow the principle, „how many you work, that much you get". We saw this moment and at the staff member and at the suppliers, the incomes were dependent on the volume of work performed, the amount of production manufactured or the services provided or the works performed.

Regarding the company's performance - individual productivity characterizes the performance, which is reflected by the level of personal income obtained by the owners as natural persons trained in the exchange economy.

So, if we refer to the situation analyzed in **(Table 3)**, through which we showed the determination of all forms of labor productivity that characterize it as a whole, as specific indicators of labor productivity, we can admit that,

- general-gross labor productivity decreased by 5.7% compared to capacity, because, as we have shown, the volume of activity decreased, but stocks also followed;
- calculated labor productivity decreased by 3.4%, compared to capacity, respectively and
- the calculated individual productivity has also decreased.

It can be seen that the reduction of general productivity influenced the size of individual incomes. Respectively, in the current year the holders did not recover the forecasted level from their investments, the depreciation was not completely written off, but we see that the natural incomes are fully recovered.

In the paper we showed in particular the size of the annual natural income in society [**(Table 6)** - T.6.r7c1 ← the level of this indicator is 220 thd u.m.], of course a conventional but rational size. It is obvious that 220 thd u.m. it falls within the annual individual productivity, even after payment of income tax or other obligations related to the holders both as individuals and as legal entities.

So, it is obvious the moment of the profit – its size and it is the calculated productivity. The profit returns as final revenues within the company. The level of profit in a new interpretation and its modification, of the final incomes, and was based on the new technique of calculating productivity.

In this way, it is obvious that labor productivity is the amount of money or money earned from economic activity, and the given income is the sum of the general natural income or wages of individuals engaged in economic activity. So, in the opinion of the author, labor productivity – the money earned through work in the developed business, and through this the general performance of the economic agent is rendered.

## CONCLUSIONS

In this way we have finished the given article and in which in a useful and rational aspect we have reached the goal based on it. Respectively, we showed that labor productivity is the right indicator to measure the performance of the enterprise and to measure the results obtained and with which indicators to operate in the process. For this, we presented situations in which we declined the current essence of the indicator and the one modeled or according to the proposed conception.

In the same way, we showed how the company's staff interpret that they are the owners of the company. We observed that the personnel involved are not the employees of the economic agent, but they themselves are producers and return as producers-suppliers of human resources and the change in the number over time requires additional work, newly created jobs, depending on the modernization of production and has nothing in common with inefficiency in the use of labor resources.

And as for the attracted materials, we proposed that they are the incomes of producers, suppliers of material resources.

We have shown the essence of the production capacity and its indicators that represent it, namely these indicators and are the performance of an enterprise,

and the performance status analysis is the analysis of the achievement of these indicators. In the research process, we followed uncertainties and that is why we started working with the given theme, in the given article, we carried out the necessary research where we established that the counter of the profitability threshold and is

the calculated capacity or the calculated productivity - these indicators are the company's fixed expenses. But the article is source [17] is elaborated in the current essence of fixed and variable expenses or production cost [18,19].

Respectively, it is obvious, what we wanted, to be visible, that each economic agent, have their specific efficiency indicators [s. sources 20-25], cannot be an optimal level for all.

Optimally, in a pessimistic aspect, can be received the fact that the company has a level of profit, which is equal in size to the money necessary for life (called salary) [0,22 mil u.m. ← s. **(Table 6)** - s. T.6.r7c1] and respectively, and the money necessary for reproduction [16,24 mil u.m. ← s. **(Table 2)**. - s. T.2.r8c1 or **(Table 5)**. - s. T.5.r4c3], that is the money for work and the materials attracted, which must be recovered, regardless of the type of activity economic development from within the national economy. But, in an optimistic aspect, is the solution described in the source - which provides a higher level essential than the assumed amounts of the natural income and the conventional size of the depreciation of the fixed assets, which are the components of the profit in real essence.

Also, we have shown that productivity cannot always increase without limits, it depends on the limits of the production capacity, and the performance will be the maintenance of the size with that established at the basis of the business initiation. And increasing performance can only be achieved by increasing the volume of activity or production capacity with indicators of efficiency in work.

In conclusion, it is admitted that labor productivity, which is rendered as income for work, depends on its quantity, it is the money earned by work in the developed business and the calculated labor productivity reflects the profit of economic agents. In the opinion of the author, the given income reflects the general performance of the economic agent. So, we believe that Labor Productivity must be accepted as the main indicator for measuring the performance of economic activity.

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