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Labor Productivity in the Economy of the Russian Federation: Analysis

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Abstract

This article attempts to analyze the labor productivity and its role in the national economy. It contains opinions and views of different authors on labor productivity. According to them, current labor productivity in various Russian government and private agencies is lower than in the G7 countries. This article is especially relevant in the light of the current climate of economy and the freedom of speech, which not always come in hand with fairness and deliberateness. Research novelty is that it illustrates the actual labor productivity in comparison with other proposed data.

Key words: national economy; labor productivity; multiplicative character; working time; statistical data.

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Productividad laboral en la economía de la Federación de Rusia: análisis

Resumen

Este artículo intenta analizar la productividad laboral y su papel en la economía nacional. Contiene opiniones y puntos de vista de diferentes autores sobre la productividad laboral. Según ellos, la productividad laboral actual en varias agencias gubernamentales y privadas rusas es menor que en los países del G7. Este artículo es especialmente relevante a la luz del actual clima de economía y la libertad de expresión, que no siempre viene de la mano con la imparcialidad y la deliberación. La novedad de la investigación es que ilustra la productividad laboral real en comparación con otros datos propuestos.

Palabras clave: economía nacional; Productividad laboral; carácter multiplicativo; tiempo de trabajo; Datos estadísticos.

1. INTRODUCTION

There have been various disputes held since the collapse of the Soviet Union. Thus, there have been various statistical data introduced on labor productivity in Russia. One of this variety of assessments, recommendations and suggestions on this subject was introduced by (Balabanov and Chernopyatov, 2017). Besides, such figures do not always have a well-grounded platform. In articles, monographs, reports, data are often provided with references to an institution that has submitted the research results or to various researchers without a full calculation proving the hypothesis. This approach leads a distorted

picture, focused at times on solving rather political problems than the economic ones. Such a situation requires a fair assessment to remove various obstacles and ensure the harmonious interaction of various institutions in the field of labor productivity. In some cases, calculation methods suitable for them are behind the seven seals— no one knows what they should take into account (Pavlova & Gerasimov, 2017). This approach is incorrect and introduces dissonance, which leads away from the set production tasks. The tasks, set by the various government and private agencies to increase labor productivity, should address the full harmonization in relation to this aspect. The political short-term approach is inappropriate in this situation (Vafina et al., 2017).

Therefore, research subject matter is the analysis of the current problem –research and proposal development on labor productivity in Russia. The purpose of this research is to analyze the labor productivity in Russia in comparison with a number of foreign states. Research objectives are as follows:

- Analyzing theoretical data on labor productivity;
- Analyzing statistical data on labor productivity;
- Revealing the real level of labor productivity in Russia;
- Making a fair assessment in the field of labor productivity.

This article may be applied in microeconomics, macroeconomics and other areas associated with the national economic

development. At the present stage, we can find information in various media, but data on labor productivity do not always correspond to reality. Media is going in for a citing data on labor productivity, which requires a fair assessment; otherwise such information becomes distorted and multiplicative. Such a situation cannot be a positive dominant improving the relations between the private and public sectors. Thus, we have analyzed the information available from various sources, including scientific papers, bulletins, Rosstat statistics, etc.

There are many research papers devoted to labor productivity and innovations. Thus, *Marketing in Education*, written by A. M. Chernopyatov and V.V. Popova, considers labor productivity in the education sphere and a regular increase in the workload (Chernopyatov and Popova, 2016). Balabanov V.S. studies the joint-stock form of ownership in national entrepreneurship and its influence on the labor productivity growth (Bodunkova et al., 2015). Adullaev K.Kh. analyzes labor productivity as a production efficiency increase factor (Balabanov and Chernopyatov, 2017). Ovchinnikova (2005) considers both the labor productivity and the production management efficiency. Gagarinskaya G. and Konev M. have studied factors affecting the labor productivity: job satisfaction, labor drive, work discipline, educational background and etc. Many foreign scientists also pay great attention to labor productivity and production management. For example, Bikhari and Faluschne have considered the role of the state-owned enterprises in developed capitalist countries and their impact on the labor productivity (Bikhari and Faluschne, 1986). Michael H. Mescon, Michael Albert, Franklin Khedouri have considered the theoretical

fundamentals of production management and its impact on labor productivity in the enterprise (Mescon et al., 1992). Paul A Samuelson and William D Nordhaus study the theoretical aspects of economic development, as well as the economic theory directly related to labor productivity (Samuelson and Nordhaus, 1997). Coase R. has outlined the significance of transaction costs and property rights in relation to the participants in the field of labor productivity –institutional structures and economy (Coase, 2001). Keynes J.M. has attached importance to money and their effect on the society's well-being and the national GDP, which will illustrate the labor productivity growth (Keynes, 1978). Schumpeter has summarized the theoretical conclusions on labor productivity while developing the theory of economic development (Schumpeter, 1982). Alchian and Demsetz have considered the role of costs in the enterprise performance and their impact on labor productivity (Alchian and Demsetz, 1962).

These researcher papers describe many different advantages and positive aspects, but at the same time, a serious problem arises when it comes to this issue. Each country has its own standards, which can significantly differ from those approved in other countries, as well as from the calculation methods applied by the world organizations. This approach gives a very serious deviation at the time of calculations. For example, labor productivity calculations made for Russia involve the working time – 1985 hours per a worker per year. According to the Law, however, the amount of hours should be less. Moreover, women and specialists with a harmful and dangerous job have a shorter working day. In Russia, there are many employees falling under the latter category. At the integral indicator, the amount of working hours will be less, as indicated in the

Organisation for Economic Co-operation and Development (OECD) statistics. These papers have also another serious drawback –disregard of the actual hours worked. At this point, one should take into account the long holidays in Russia. We introduce these neglected aspects and visually show them in the calculations. Besides, this aspect in the field of labor productivity is described by different researchers and officials in different ways, depending on their goal, tasks and activities. Therefore, approach methodology designed for this research issue should be improved to eliminate the existing gaps.

2. METHODOLOGY

The comparative approach, based on statistical data for different years available from various sources, is the basic research method. We have analyzed the current picture of processes that occur in the field of labor productivity with regard to those that have been considered over the past years. The real situation was generalized in terms of labor productivity in Russia and abroad. This research is based on statistical data, which allows assessing the current situation fairly. The research base also involves our previous research papers devoted to these problems and issues. The legal and empirical research basis involves the regulatory legal acts and documents of the Russian Federation relevant to this issue and other materials and sources. There were applied modern tools, methods and various techniques for analyzing the current economic situation in the country. There were also applied the statistical methods for collecting and processing the basic information, as well as the logical and system analysis.

3. RESULTS

Labor productivity is one of the most important indicators of economic development, and therefore, high requirements are imposed in this area. Labor productivity is an indicator that characterizes the worker's performance. This indicator shows the worker's output per unit of time. Labor productivity and its growth are of great socio-economic importance and should be considered at the macro and micro levels.

As the centralized economy transitioned to a decentralized (market) one, various kinds of discussions about labor productivity, its state and ways of improvement began to break out. According to one data, labor productivity is 3-4 times lower in Russia than in the USA, and 2-2.5 times lower than in the EU (Table 1).

Table 1. Labor Productivity Dynamics in Different Countries (*GDP (PPP based) per man, USD*)

Rating position	Country	1995	2000	2005	2010	2011	2012	2013	2014
1	Luxembourg	46.9	58.2	65.4	83.7	93.6	93.2	93.6	95.9
2	The Kingdom of Norway	33.3	48.9	66.5	77.7	82.6	86.9	86.4	88
3	The USA	33.3	40.8	51.9	61.9	63.3	64.8	66	67.4
8	The French Republic	32.4	40.2	48.3	58.1	60.2	60.7	61.5	62.7
9	Germany	32.5	37.7	47.8	56.7	59.4	60.6	61.4	62.3
21	The United Kingdom	27.4	34.5	43.2	46.9	47.9	48.4	48.9	50.5
40	The Russian Federation	6.9	7.8	12.5	21.2	23.1	24.4	25.6	25.9
41	The United Mexican States	10.1	12.3	14.9	17.4	18.9	19.1	19	19.5

Source: http://stats.oecd.org/index.aspx?DatasetCode=PDB_LV.

According to other data, this figure is lower (Table 2).

Table 2. Labor Productivity Analysis, according to Forbs (Bondareva, 2017)

Country	Labor power, million men.	Population, million men	Employment volume, %	GDP (PPP based) per man, USD	GDP (PPP based) USD billion	GDP (PPP based) USD billion per hour	GDP (PPP based) USD billion per hour (Forbs)
The USA	159	314	50,6	49965	15698	48.9	60.3
The French Republic	30	66	45.5	36104	2383	39.4	57.7
The United Kingdom	32	63	50.8	36901	2325	36.0	46.9
Germany	42	82	51.2	40901	3354	39.6	55.3
The Russian Federation	76	144	52.8	23501	3384	22.1	22.7
The Federative Republic of Brazil	103	197	52.3	11909	2346	-	-
The People's Republic of China (PRC)	817	1351	60.5	9233	12474	-	-

In Russia, one working hour is paid twice as less. This negatively affects the labor productivity calculation. We will return to this circumstance at the end of the research.

The Rosstat provides the following picture (Table 3).

Table 3. GDP and Labor Productivity Growth Rates (%) (Abdullaev, 2011)

Indicator	2000	2005	2010	2011	2012	2013	2014	2015
GDP	110	106.4	104.5	104.3	103.5	101.3	100.7	96.3
Labor productivity	-	105.5	103.2	103.8	103.5	101.8	100.9	96.8

This situation may be mixed up with politics to prove that a market economy, based only on the private capital, is much more efficient than the public sector of the economy. It is also possible that the calculation methods differ greatly from each other. The Deputy Head of the Analytical Department at the Central Office of the Federation Council has stated the following about the multiplicative application of calculation methods:

the very approach to labor productivity assessment and those conclusions that were made by means of different methods and showed our labor productivity at the rate 2.5 times lower still cause some doubts ... Generally, these methods were designed for highly developed countries with a similar structure, based on an established system of labor differentiation. If we consider the main countries, we'll find them close in terms of the quality of life categories (with regard to the taxation system and etc.) for the same reason... Therefore, rechanneling this situation reliably with your help would be appreciated, based on what we have already done (Scientific and Methodological Library Series, 2016).

They should state this problem earlier, when they set out on the market path. At that moment, western standards were introduced without any adaptation to our framework. The latter must be done; otherwise, there will be serious contradictions in the calculations and obtained results. In fact, how can there be such a big difference in the job performance of drivers, miners, doctors, teachers and other employees compared to their Western colleagues, if they use those Russian technologies that are

purchased by the Western countries? According to the UNESCO and the OECD, there are the following indicators of the PPP based R&D (Table 4) (Russian Statistical Yearbook).

Table 4. Average Number of Publications per year (2010-2014) (per USD 1 million spent on R&D based on PPP)

Country	Average annual number of publications per USD 1 million spent on R&D based on PPP	R&D costs based on PPP, USD million at 2005 values
The United Kingdom	2.39	35 752
The French Republic	1.4	45 463
The Russian Federation	1.14	24 497
Germany	1.06	84 290
The USA	0.79	396 711
The Republic of Korea	0.75	60 892
The People's Republic of China (PRC)	0.7	260 419
Japan	0.56	133 894

At such approaches to labor productivity, Russia, nevertheless, was the world leader in many types of products (Table 5) (Labor productivity in Russia and in the World, impact on the economic competitiveness and standard of living).

Table 5. Russia in the 2015 World Ranking for Certain Industrial and Agricultural Products

Industrial and agricultural products	Rank
Sugar beet	1
Natural and associated gas	2

Industrial and agricultural products	Rank
Produced oil (natural gas liquid included), potatoes	3
Electricity, cast iron, grain and pulse crops, store cattle and birds (carcass weight)	4
Wood export, hydraulic cement	5
Coal, steel, cotton fabrics, cow milk	6
Wool fabrics, leather upper shoes	11
Motor cars (assembly included)	12
Paper and cardboard paper	13

According to the above data, we are at the top by many items. This fact somehow does not correlate with the statements about the low labor productivity in Russia. This situation is coming about at the peak of the West sanctions. In 2017, these figures have changed even more for the better. Let us analyze labor productivity at the level of small and large enterprises. Calculations are made for a small enterprise operating in the fuels and lubricants supply sector – West plus LLC. Calculations are based on the following data: earnings amount was RUB 29 million for the reference period at the staff size of 6 people. Let's apply the following formula:

$$GT = [(Q/S)/DR] \quad (1)$$

Where,

- GT – Labor productivity;
- Q – Earnings;
- S – Staff size;
- DR – USD to RUB exchange rate.

$$GT = [(RUB 29 MIO/6)/58] = USD 83 333 \text{ per man}$$

If we apply the calculation method in relation to the OECD, we will get the following:

$$PQ = GT/PO \quad (2)$$

Where,

- PQ – output per man per hour;
- GT – industry labor productivity;

- PO – working hours (according to the Russian Occupational Calendar, standard working time is 1973 hours at the 40-hour week; this does not account for the performance at the 36-hour week, as the standard is lower for the case).

$$PQ=25862/1973= \text{USD } 42.23 \text{ per hour}$$

The average output level per man per hour is USD 55.9 per hour within the euro zone. Let us calculate the labor productivity for a large enterprise that provides three North regions with electricity – Tyumenenergo JSC. The electric power cost is RUB 54001.5 million at the staff size of 7309 people (permanent and temporary staff included) (Abdullaev, 2011).

$$.GT= [(Q/S)/DR] \quad (3)$$

Where,

- GT – industry labor productivity;
- Q – electric power cost;
- S – staff size;
- DR – USD to RUB exchange rate.

$$GT=[(\text{RUB } 54001.5 \text{ MIO}/7309)/58]=127 \text{ } 384 \text{ USD per man}$$

If we apply the calculation method in relation to the OECD, we will get the following:

$$PQ=GT/PO \quad (4)$$

Where,

- PQ – output per man per hour;
- GT – industry labor productivity;

- PO – working hours (according to the Russian Occupational Calendar, standard working time is 1973 hours at the 40-hour week; this

does not account for the performance at the 36-hour week, as the standard is lower for the case).

$$PQ=127384/1973= \text{USD } 64.56 \text{ per hour}$$

The average output level per man per hour is USD 55.9 per hour within the euro zone. We have compared data, provided by a large enterprise, with the macroeconomic indicators. However, we have to compare them with those, provided by another enterprise alike. These data indicate that labor productivity is high at the level of a large enterprise. Statistics not always provide the reliable data, as there may be some reserve equipment not applied for production.

The sharp increase in officials is a serious problem that affects the labor productivity and the wage-price inflationary spiral in the country (Table 6).

Table 6. Number of Public Servants by Power Branches and Authority Layers, thousand men

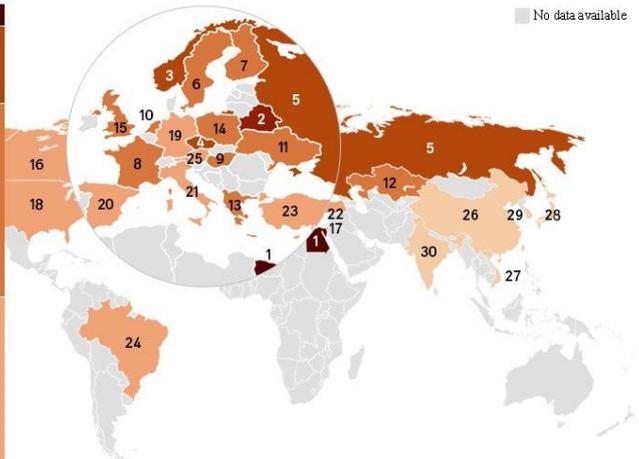
Years	2000	2010	2011	2012	2013	2014	2015
Official working in the government agencies, local self-governing agencies and the election committee, total	1163.3	1648.4	1603.7	1572.2	1548.1	2211.9	2176.4

If we calculate the officials-to-residents ratio, we will get that one official is accounted for by 69 citizens (145 officials coincide with the 10 thousand of them). Anton Siluanov, the Minister of Finance of Russia, has commented on this as follows: “We have a larger budget institution network, even compared to the Soviet period”. This allows being ahead of other developed countries by 1.4 times and of other moderately developed countries by 2.5 times. In 1985, there were 2.03 million officials – 73 official per 10.000 people (the peak year). Figure 1 illustrates the Ros Business Consulting research data for 2013 with no regard for the public-sector employees and military men.

Public Servants involved in National Economy

The share of officials working in the government agencies and state-owned companies in different countries, %

1 Egypt	63,4
2 Belarus	43,1
3 Norway	35,4
4 Czech Republic	31,8
5 Russia	30,6
6 Sweden	26,2
7 Finland	24,7
8 France	24,4
9 Hungary	23,7
10 Netherlands	21,1
11 Ukraine	21,0
12 Kazakhstan	20,9
13 Greece	20,7
14 Poland	20,2
15 The UK	20,0
16 Canada	19,4
17 Israel	16,4
18 The USA	14,4
19 Germany	14,3
20 Spain	13,8
21 Italy	13,7
22 Cyprus	12,0
23 Turkey	11,6
24 Brazil	11,5
25 Austria	10,7
26 China	8,8
27 Vietnam	7,7
28 Japan	7,6
29 South Korea	6,5
30 India	3,6



Public servants: officials, general government sector workers (teachers, doctors, police officers etc.) and corporate personnel.

Data on the USA, South Korea, Austria and Israel are provided with no regard to the corporate employees.

Figure 1. Public Servants Employment in Different Countries in 2014

The system of primary, secondary and higher education is being regularly renewed in order to improve the quality of services and increase the labor productivity. The ground breaking structural changes in the Russian educational establishments are dictated by the time. There is a reduction in the number of establishments and staff size. The teacher's workload is growing every year, but at the same time, the administrative staff size growth is outstripping (Table 7).

Table 7. Higher Educational Establishments [20]

Years	1993/94	2000/01	2005/06	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total number of establishments	626	965	1068	1115	1080	1046	969	950	896
Total number of students, thousand men	2613	4741	7064	7050	6490	6075	5647	5209	4766
Number of students per 10000 population, men	176	324	493	493	454	424	393	356	325
The share of female students, thousand men	1347	2686	4114	4030	3642	3356	3054	2813	2549
Number of pro teachers									
State-owned and municipal establishments	239.8	265.2	322.1	324.8	319.0	312.8	288.2	271.5	255.8

Table 9 provides data on the fixed asset depreciation degree, replacement and consumption.

Table 9. Asset Depreciation Degree. Fixed Capital Replacement and Consumption in the Russian Federation (in comparable prices at year-end),% [1]

Years	Depreciation degree	Replacement	Consumption
1990	35.6	6.3	2.4
1995	39.5	1.9	1.9
2000	39.3	1.8	1.3
2005	45.2	3.0	1.1
2010	47.1	3.7	0.8
2011	47.9	4.6	0.8
2012	47.7	4.8	0.7
2013	48.2	4.6	0.7
2014	49.4	4.3	0.8

According to these data, capital is being replaced at a decreasing rate while the depreciation degree is growing. Such a situation can be explained by an ambiguous regional development. The Russian economy is being modernized in the fields of regional innovation activity and production sector in the first place. At the same time, statistical reports are not always true to fact. Statistical data depend on a number of factors affecting the fixed assets accounting in Russia. For example, the head of the enterprise has to write off the number of equipment and report about it the proper authorities. Such documents went through the official channels while the equipment was registered. The head has also to submit the statistical data. The equipment, however, is not written off a year later. Accordingly, such writing-off practice negatively affects the final figures, and hence, distorts the final picture. Therefore, we end with serious gaps when the asset utilization data is provided in Russia and abroad. For example, the organization has one tractor or combine harvester on the run, but there are 3 units on

the record, and everything is divided into three then. The writing off and updating are hardly understandable processes to deal with. In general, many enterprises neglect them and move on to other business aspects. In this regard, we can suggest the following:

- Accounting office untimely writes off the equipment due to poor knowledge of this issue (balance sheets often contain not updated net worth values);
- There are many accounting instruments leading to a long-term bureaucratic approach (two fiscal accounting instruments and four business accounting instruments);
- Property depreciation for the purpose of loan securing is more beneficial than the writing-off;
- Writing-off and registration are time-consuming processes.

In this regard, statistics do not reflect the actual reality in the light of prolonged writing-off and registration procedures. A more simplified approach is required to reflect the reality more true to fact. Besides, small businessmen either do not submit data at all or provide false information.

Let us analyze the daily use of the working time reserve (Table 10).

Table 10. Day's Working Time Reserve in the Specified Countries
(average hours per day; UNECE data)

Country	Year	Paid work	Training	Outwork	Rest time	Free time	Other
The RF	2014	4.18	0.08	3.46	8.50	4.04	3.74
The USA	2010	5.30	0.13	2.34	8.26	4.44	3.53
France	2010	5.48	0.01	2.62	8.14	3.87	3.88

According to various data (Bodunkova, 2015), the focus is brought on the fact that we irrationally utilize our working time reserve, and therefore, have a low labor productivity. Based on the above data, there is no great difference between the three countries. We are neck-and-neck on all the indicators. The majority of papers and reports refer to the OECD calculations. The Rosstat also provides data with regard to the OECD, although not every data can be summed up by their calculation methods, since there is a large gap in this approach between different countries. At this point, our challenge is to prove that labor productivity is high in the Russian Federation. All calculations will be based on the OECD methodology. This organization compares the GDP size with the production lead time. According to the OECD, the Russian worker produces products for the amount of USD 24 per hour (at the over-fixed working period – 2000 hours per year). Such an approach, however, is unacceptable. It was popular in the Soviet Union and criticized for the natural reason. In this case, the salary paid for the same job differs significantly. This raises a number of disadvantages. Thus, the minimum average hourly rate is RUB 100 in Russia and USD 7.25 in the USA (at the USD 59 to RUB 427.75 exchange rate) (Labor Productivity will be increased in Russia Solidarity). The latter

sum is higher by 4 times than in Russia. The sharp rubble devaluation and other factors have a certain effect on such calculations. Let us try to prove this calculation to be wrong by applying the Rosstat statistical data. We will not include the data on the shadow economy (15% of GDP upwards). Thus, Russian PPP based GDP was USD 3666.1 billion in 2014 and USD 3579.8 billion in 2015 at the average annual staff size of 67.813 and 68.839 million people, respectively (Russia in figures, Statistical Yearbook, 2017). According to the 2014 Production Calendar, 40-hour working week standard provides for the 1970 working hours per year, while the 36-hour working week standard—1772.4 hours in 2014. In 2015, these figures were 1971 and 1773.4 hours, respectively. The 36-hour week was reduced for women working in the Far North and workers performing work activities in special conditions, etc.

The first calculation was made against the Standard Work Hour Index (IP):

$$IP_{2014} = 1970 + 1772.2 = 1871.2 \text{ hours per worker}$$

$$IP_{2015} = 1971 + 1773.4 = 1872.4 \text{ hours per worker}$$

Hence, we can calculate the labor productivity per worker per year:

$$PQ = [(V/PO) / IP] \quad (5)$$

Where,

-PQ – output per worker per hour;

-V – PPP based GDP at the macro-level;

-H – average annual number of employees;

- IP – standard work hour index;

$$PQ_{2014} = [(USD \ 3666.1 \ \text{billion} / 67813 \ \text{billion people}) / 1871.2] = USD \ 28.89 \ \text{per worker}$$

$$PQ_{2015} = [(USD \ 3579.8 \ \text{billion} / 68839 \ \text{billion people}) / 1872.4] = USD \ 27.77 \ \text{per worker}$$

Based on the fact that one Russian worker receives 4 times less payment for the job than his/her US colleague, we can head into the output of more than USD 100 per worker by multiplying this amount.

The second calculation will be with regard to the loss of working hours per worker (only the basic vacation min included – 28 calendar days). In Russia, many workers receive from 44 to 100 leave days (not included calculation data).

The annual loss of working hours per worker at the Standard Work Hour Index (IP) will be:

$$IP = \left[\frac{(N_{40} + N_{36})}{K} \right] \times D \quad (6)$$

Where,

- N_{40} – normal hours at the 40-hour working week;

- N_{36} –normal hours at the 36-hour week;

- K –coefficient 2;

- D – basic leave.

$$IP = \left[\frac{(8 \text{ hours} + 6 \text{ hours})}{2} \right] \times 28 = 196 \text{ hours per worker}$$

Hence, we can calculate the output per worker with regard to the annual loss of working hours per worker:

$$PQ_{2014} = \left[\frac{(\text{USD } 3666.1 \text{ billion} / 67813 \text{ billion people})}{1871.2 - 196} \right] = \text{USD } 32.27 \text{ per worker}$$

$$PQ_{2015} = \left[\frac{(\text{USD } 3579.8 \text{ billion} / 68839 \text{ billion people})}{1872.4 - 196} \right] = \text{USD } 31.02 \text{ per worker}$$

Based on the above calculations, Russian output per worker is higher by USD 10 in comparison with the figures provided by Forbs

and by USD 8 in comparison with the figures provided by the OECD. At this point, Russia has the lead over Poland (USD 29.7 per worker) and Latvia (USD 27.6 per worker). In our case, a more balanced approach toward these indicators and methods is required. Russian methodology for collecting statistics should be framed with the international standards; the fixed assets accounting procedures should be revised, as well as the actual working hours accounting procedures and etc. The calculations made for enterprises indicate a high labor productivity that sharply decreases at the country level. In this regard, the Government's task is to find a way out of this situation.

4. DISCUSSION

As we can see from the previously shown results, data presented by different authors differ significantly from each other and do not always reflect the real situation in the field of labor productivity. In many RF sectors and enterprises, labor productivity is ahead or neck-to-neck with the labor productivity of developed countries. The excessively high document flow and its passage are a serious obstacle naturally affecting the labor productivity for the better. In a number of countries, document flow is not so heavily organized. This positively affects the labor productivity growth. An excessive increase in the administrative staff and officials is also a serious problem for different organizations, industries, regions and Russia in general. Thus, there has been an increase in officials since 2000. At the end of 2015, this figure was almost as twice as much (by 1.87 times) (Ovchinnikova, 2015).

The above microeconomics calculations indicate that enterprises demonstrate high labor productivity and are as good as the organizations abroad. Thus, it is not the microeconomics, but the macroeconomics or, rather, the state policy and its approach what matters. Personal incomes were dropping by more than 10% each year after the sanctions were introduced against the Russia. Thus, more than twofold national currency devaluation turned into a GDP decline in the USD equivalent. This has affected the labor productivity, as the OECD calculations are made in the USD equivalent. Based on such a sharp devaluation, we can state that labor productivity in Russia remains at the level of developed countries, giving lead only to some parameters. The shadow economy is another serious problem affecting labor productivity in Russia. According to the Russian Presidential Academy of National Economy and Public Administration, 44.8% of the working-age population (33 million people) are involved in the shadow economy to different extents. This is a very serious blow to labor productivity estimates. This aspect is a serious problem for the national economic development and labor productivity.

5. CONCLUSIONS

Based on the foregoing, we believe that the available data on labor productivity in Russia do not always reflect the real picture and is often distorted by wrong calculations.

In this regard, the following measures should be undertaken:

1. Minimizing the administrative staff in the enterprises and the industrial sector;
2. Minimizing the number of officials at all management levels;
3. Reducing the document flow;
4. Increasing salaries;
5. Making changes in the methodology for calculating labor productivity at the regional and federal levels;
6. Replacing the fixed assets;
7. Investing more in the industrial sector.

The labor productivity program fulfilment requires the new methods to be developed that would meet the national requirements. At this point, any double interpretation in this area must be eliminated.

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