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**PAYMENT FOR LABOUR ON BASIS OF KEY PERFORMANCE INDICATORS**

How can you pay? I mean, how often, and not pay it at all, and should be based on what wages. In other words, what to pay? Today used mainly two methods of payment: on the principles of Performance Management System and «grading».

Performance Management literally - executive or management effectiveness - includes variable pay, the size of which (some of it) depends on the so-called Key Performance Indicators - KPI. Grading does not provide a variable part of the salary, although this method is used when bonuses (say, once a year) in accordance with the results of the entire company. And now let's see what gives us one or another way of payment. Performance management system. Today the most common payment method, have been developed after the appearance of "capitalism". At the beginning of a particular reporting period (usually a month, at least quarterly, annually, by inertia - Five-Year Plan) to employees shall have the objectives and identifies the "indicators" of their achievement (KPI). At the end of the period and summarizes the triggering of certain indicators calculated the size of the variable part of wages. With decreasing KPI salary of each employee falls, but, nevertheless, can not be less than a certain "salary" (usually the minimum allowable by law salary).

It is quite clear that this approach is based on the principle of "who does not work shall not eat", stimulates these workers and allows you to simply get rid of the "bums" (they go away) . But all this only works if the KPI selected correctly, so when setting objectives and developing the assessment system will recall the principles of SMART (Specific Measurable Attainable Relevant Time-bound - specific, measurable, achievable, relevant, time-limited). The next stage - an explanation of the policy management system. Every employee (including the head) should be clear how the variable part of the salary is calculated. Only a serious approach and careful development system based on KPI, you can get the expected result.

Implement such a system of payment is quite real, but before you start, you need to prepare yourself for the fact that all of this implementation and subsequent support required enormous efforts and certain expenses. They will be associated with training, KPI calculation, the size of the temporary pay later - with the monitoring indicators of employees, etc.

Disadvantages in the system. The complexity of creating and implementing. The cost of IT - services can be quite high, in addition, these companies mainly engage in the development and support in the phase of realization, on the same have to wriggle yourself. Possible, of course, continued support, but this is again a lot of money. Another embarrassing moment - increased costs (not only financial) information-gathering, processing, quality control and objective data. Last particularly true in organizations where senior management salary depends on the outcome of the company.

Advantages. Transparency of payments, the optimal spending, highly motivated staff, the obvious fairness for workers payment that helps keep sane and valuable staff.

In conclusion, performance management system based on KPI is not a panacea and is far from perfect. Before starting its introduction, it is worth to evaluate all its advantages and disadvantages for example it is their company.