



(REVIEW ARTICLE)



## Characteristics of salary determination in the higher education system

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### Abstract

This paper explores the essential aspects and characteristics of the compensation system within higher education institutions. It identifies how employees in these institutions are categorized, how different funding sources are utilized for wage payments, and outlines the composition of primary and additional salaries. The study also highlights challenges encountered in managing the accounting processes for calculating and disbursing base salaries, bonuses, and incentives funded through various sources. Following the investigation, the author offers insights and recommendations for enhancing the wage calculation process in the higher education sector.

**Keywords:** Accounting; Payroll; Higher education; Estimating; Costing; Reporting

### 1. Introduction

In the context of our country's economic innovation, significant transformations are underway, including the enhancement of higher education institutions' operations, the cultivation of skilled professionals, and the integration of contemporary information technologies into educational methodologies. These developments are leading to shifts in compensation policies for key personnel who contribute to the scientific advancement of higher education institutions, as well as in the financial backing and social safeguards for professors and educators.

With these changes, a considerable portion of the state's responsibilities for social support and protection has been delegated to higher education institutions. For instance, during this period, some institutions have gained the autonomy to define the structure, system, magnitude, and procedures for material incentives and labor compensation in accordance with legal standards. Presently, numerous institutions have adopted bonus and performance-based incentive systems (KPI) grounded in this framework.

Consequently, the notion of salary has evolved to encompass not only the base pay but also additional earnings such as various bonuses, extra and overtime compensations, and social benefits, irrespective of the funding source (budgetary or non-budgetary). This also includes payments for non-working days (public holidays, vacation days, etc.) as stipulated by law, among others.

Moreover, the earnings of higher education institution employees now also derive from the commercialization of innovative projects and financial rewards (grants, sales of innovative goods and services) generated from these ventures.

### 2. Literature review

Research on the theoretical and methodological principles of accounting, oversight, and their enhancement has been conducted by several international scholars. Notably, the works of O.V. Mitina, T.A. Poleshchuk, and A.A. Ushakov fall

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within this category. Within our republic, economists such as A.A. Ostonokulov, B.K. Hamdamov, Z.U. Khamidova, and Sh.M. Gurbanov have delved into accounting, budgetary reporting, audit practices, internal audits, financial supervision, and theoretical control issues, as well as their evolutionary paths. However, it's important to highlight that the scientific contributions of these economists have not extensively addressed the theoretical and practical challenges associated with refining the wage calculation processes in higher education institutions as a distinct area of inquiry.

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### 3. Research methods

In the research, various methodologies were employed, including comparative analysis, observational techniques, inductive and deductive reasoning, analytical and synthetic approaches, a systematic perspective, and economic evaluation.

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### 4. Results

Current reforms in the education sector are focused on enhancing the quality of education. This involves improving educational quality, teaching and methodological support, infrastructure, and the qualifications of professors and teachers. The recruitment of skilled pedagogical staff is crucial and largely depends on the incentives provided for their work.

However, there are several challenges in managing labor accounting within state higher education institutions:

- **Discrepancies in Labor Cost Accounting:** Higher education institutions receive funding from various sources, including the state budget, tuition fees, development funds, grants, and other non-budgetary sources. Despite the diverse funding, there is a lack of separate analytical accounting for each source, leading to insufficient information on the actual expenditure on wages and the financial status of these sources. This lack of detailed accounting does not adversely affect wage-related decision-making.
- **Varied Salary Planning Approaches:** The planning and budgeting of salaries for teaching staff follow specific regulations, but the largest financing source comes from tuition fees, which have their own set of rules for fund distribution. This necessitates separate planning for basic salaries, incentives, and financial support, complicating the budgeting process.
- **Educational Load and Staff Planning:** The workload of teaching staff, including classroom and non-classroom activities, requires careful planning according to the state educational standards. The number of teaching and administrative staff is directly linked to the number of students, emphasizing the need for meticulous planning of academic activities and related payments for the fiscal year.
- **Complexities in Salary Increments and Additional Payments:** Planning for salaries from each financing source also involves planning for financial incentives. Despite this, there are issues with the allocation and documentation of additional remuneration for employees with scientific degrees, as mandated by government decisions. The lack of analytical accounting for bonuses and incentives creates uncertainties in the planning and execution of state budget funds for these purposes.

In summary, the organization and maintenance of labor accounting in state higher education institutions face several issues, from funding source discrepancies to complex salary planning and the need for detailed accounting for incentives and bonuses. These challenges highlight the need for improved accounting practices and transparency in financial management within the education sector.

Currently, many higher education institutions have adopted the practice of awarding bonuses and additional payments based on employee performance metrics, funded through non-budgetary sources. Specific criteria have been established for these payments, necessitating additional accounting tasks to verify compliance and maintain supporting documentation. This has led to the requirement for separate analytical accounting for non-budgetary funds related to these bonuses and additional payments. In practice, these payments from non-budgetary sources are included in the overall wage structure of higher education institutions.

There is also an issue with not adjusting salaries for professors and teachers who do not fulfill their annual teaching obligations fully. The workload of faculty members, encompassing educational, methodological, research, and organizational activities, is a critical factor in salary calculations. Workloads are determined based on academic qualifications and positions, with specific regulations and government resolutions guiding the allocation of teaching loads. However, when faculty members fail to meet their teaching load due to various reasons, their salaries are not proportionately adjusted, leading to budgetary discipline issues when funds are misused.

The need for improvement in labor cost calculation and control, aligning with international standards, is evident. The opening of non-state higher education institutions and foreign branches aims to foster competition and enhance the quality of education and research by incorporating advanced international practices. This includes financial and academic autonomy for leading institutions and the adoption of the credit module system.

However, challenges remain in the payment and calculation of work for foreign specialists, evaluating faculty performance, and ensuring salary and incentive payments reflect this. Planning expenses across academic and financial years, enhancing transparency in labor costs, increasing accountability, minimizing human error in cost calculations, and accurately reflecting labor costs in educational service pricing are critical areas needing attention.

The organization of internal audit activities for wage control is lacking. Salary audits in public institutions primarily focus on ensuring accurate monthly salary payments. Yet, with multiple funding sources for state higher education institutions, comprehensive calculations, documentation, and reporting for wages and incentives are necessary, requiring targeted audit efforts. Unfortunately, current audit practices do not fully address these complexities.

Moreover, the unique aspects of higher education wages, such as the link between faculty positions and student numbers, the awarding of bonuses and additional payments for faculty achievements, and the diverse nature of faculty workloads, demand specialized attention in wage audit activities. Despite the importance of these issues, there are no established methodological guidelines for conducting labor audits in higher education settings.

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## 5. Conclusion

The financing of labor and related payments in higher education institutions is deeply connected to the allocated positions for professors, teachers, supervisors, and other staff, which, in turn, correlate directly with student enrollment numbers. This relationship highlights a distinctive aspect of labor cost planning within these institutions.

The work of faculty members in higher education encompasses educational and methodological duties, research activities, and organizational and cultural-educational tasks. These diverse responsibilities must be considered in the financial planning of labor costs. It is imperative for higher education institutions to enhance their scientific standing and prestige through research endeavors alongside educational efforts, and to generate additional revenue streams through the commercialization of scientific and innovative projects. To bolster scientific capabilities and the impact of research, normative documents propose incentives for faculty members engaged in research. These incentives should be factored into labor planning, compensation, and the creation of staff rosters.

Wage calculations in higher education are funded through various sources as stipulated by existing regulations, leading to challenges in generating detailed analytical accounting information on labor expenditures. These funding sources include state budget allocations, tuition fees, development funds, revenues from commercializing innovations, and donations.

Financial reports consolidate data on labor costs calculated and disbursed within the reporting period. For instance, balance sheets reflect wage-related debts at the start and end of the period, execution reports detail budget-funded labor expenses, and extra-budgetary fund movement reports aggregate wage payments from those sources. Additionally, receivables and payables reports disclose wage-related debts by type.

Given that labor expenses constitute a significant portion of higher education institutions' operational costs, there is a pressing need to refine the calculation of these costs. This refinement should consider the sources of funding and incentive types for faculty, alongside the processes of planning, calculating, and disbursing labor costs. Furthermore, the development of detailed analytical accounting on labor wages is crucial for the effective management of faculty, and the regulation of financial and economic activities within these institutions.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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