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ACCOUNTING FOR EMPLOYEE COMPENSATION IN CONSTRUCTION ORGANIZATIONS

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Annotation. This article examines the organization and improvement of employee compensation accounting in construction organizations. Particular attention is given to the accurate calculation of wages, documentation of labor costs, payroll accounting, and internal control. The study identifies key issues in labor compensation accounting and provides recommendations for improving the accuracy, transparency, and efficiency of payroll accounting in construction organizations.

Keywords: employee compensation, payroll accounting, labor costs, construction organizations, wages, internal control, accounting, labor resources.

Аннотация. В статье рассматриваются вопросы организации и совершенствования учета оплаты труда работников в строительных организациях. Особое внимание уделяется правильному начислению заработной платы, документальному оформлению затрат на оплату труда, учету расчетов с работниками и внутреннему контролю. В исследовании выявлены основные проблемы учета оплаты труда и предложены рекомендации по повышению точности, прозрачности и эффективности расчетов по оплате труда в строительных организациях.

Ключевые слова: оплата труда, учет заработной платы, затраты на оплату труда, строительные организации, заработная плата, внутренний контроль, бухгалтерский учет, трудовые ресурсы.

INTRODUCTION

Labor resources play an important role in the successful implementation of construction projects and the overall performance of construction organizations. The nature of construction activities, including project-based work, variable working conditions, different qualification levels, and the involvement of employees in various construction sites, creates specific requirements for the organization of employee compensation accounting.

Accurate accounting of employee compensation is essential for determining labor costs, calculating wages correctly, ensuring compliance with employment and tax requirements, and preparing reliable financial information. In construction organizations, labor costs often represent a significant part of total project costs. Therefore, effective payroll accounting directly affects the determination of construction costs and the financial results of an organization.

The organization of employee compensation accounting involves the proper documentation of working time, calculation of wages and other payments, recording of deductions, and timely settlement with employees. Inadequate documentation, errors in wage calculations, or ineffective internal control may result in inaccurate accounting information and increased financial risks.

Under modern economic conditions, the improvement of payroll accounting requires the use of digital technologies, automated accounting systems, and effective internal control procedures. Therefore, this article aims to examine the main aspects of employee compensation accounting in construction organizations, identify existing problems, and develop recommendations for improving the accuracy, transparency, and efficiency of payroll accounting.

LITERATURE REVIEW

Employee compensation accounting is an important area of accounting research because labor costs have a direct impact on the cost of products, services, and construction projects. Existing studies

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emphasize that accurate payroll accounting is necessary for ensuring reliable financial information, effective cost management, and compliance with labor and tax requirements.

A number of accounting researchers have examined the recognition and measurement of labor costs. Weygandt, Kimmel, and Kieso emphasize that payroll accounting should ensure accurate recording of employee earnings, deductions, and related liabilities. Kieso, Weygandt, and Warfield also highlight the importance of appropriate recognition and presentation of employee-related expenses in financial reporting.

Research on management accounting focuses particularly on the role of labor costs in determining the total cost of construction projects. Horngren, Datar, and Rajan note that accurate classification and allocation of labor costs are essential for effective cost control and managerial decision-making. This is especially relevant to construction organizations, where employees may work on different projects and construction sites, making the allocation of labor costs more complex.

Other studies emphasize the importance of internal control over payroll operations. Effective control procedures, including authorization of payroll transactions, verification of working hours, separation of responsibilities, and reconciliation of payroll records, can reduce the risks of errors, unauthorized payments, and inaccurate wage calculations.

Recent research also highlights the growing role of digital technologies in payroll accounting. Automated accounting systems and enterprise resource planning (ERP) solutions can improve the processing of employee data, working hours, wages, deductions, and payroll reports. Digitalization can also increase the timeliness and accuracy of accounting information and reduce the amount of manual work.

METHODOLOGY

The study uses a combination of theoretical, analytical, and comparative methods to examine the organization of employee compensation accounting in construction organizations. The methodological framework is based on the analysis of accounting principles, labor cost management practices, payroll procedures, and internal control mechanisms.

The study applies analysis and synthesis methods to examine the main components of employee compensation, including basic wages, additional payments, bonuses, compensations, deductions, and other employee-related payments. These methods make it possible to identify the relationship between payroll accounting and the formation of construction project costs.

A comparative approach is used to assess different methods of calculating and recording employee compensation and to identify their advantages and limitations in the context of construction organizations. Particular attention is given to the documentation of working time, calculation of wages, allocation of labor costs among construction projects, and recording of payroll-related transactions.

The study also examines internal control procedures related to payroll accounting. The assessment focuses on the accuracy of working-time records, authorization of payroll calculations, verification of employee information, reconciliation of payroll data, and timely recording of employee-related liabilities. These procedures are considered important for reducing accounting errors and preventing unauthorized or inaccurate payments.

In addition, the study considers the application of digital technologies and automated accounting systems in payroll management. The use of accounting software and integrated information systems is analyzed as a means of improving the accuracy, timeliness, and efficiency of payroll calculations and reporting.

DISCUSSION AND RESULTS

The analysis shows that employee compensation accounting is one of the important components of accounting in construction organizations. The specific nature of construction activities, including the implementation of multiple projects, the involvement of employees with different qualifications, variable working hours, and work performed at different construction sites, makes the organization of payroll accounting more complex than in many other sectors.

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One of the main results of the study is that accurate recording of working time is essential for ensuring the reliability of payroll calculations. In construction organizations, employees may work under different schedules and participate in different projects during the same reporting period. Therefore, working-time records should clearly indicate the number of hours worked, the relevant construction site or project, the employee's position, and other information necessary for calculating labor costs. Inaccurate or incomplete working-time records may result in incorrect wage calculations and distort the actual cost of construction projects.

The study also demonstrates that the proper allocation of labor costs among construction projects is particularly important. Labor costs should be systematically assigned to the relevant construction projects, types of work, or cost centers. Such an approach enables management to determine the actual cost of individual projects and evaluate their financial efficiency. When labor costs are not properly allocated, the cost of individual construction projects may be overstated or understated, which can negatively affect management decisions and financial analysis.

Another important finding concerns the documentation of payroll transactions. Primary documents related to working hours, employee attendance, completed work, bonuses, additional payments, and other forms of compensation should be prepared accurately and submitted to the accounting department on time. The use of standardized electronic documents can improve the reliability of payroll information, reduce the risk of errors, and accelerate the processing of accounting data.

The results further indicate that internal control plays a significant role in ensuring the accuracy of employee compensation accounting. Effective control should cover the entire payroll process, from the registration of working hours to the final payment of wages. Separation of responsibilities between employees responsible for recording working time, calculating wages, approving payments, and processing accounting records can reduce the risk of unauthorized or incorrect payroll transactions.

Regular reconciliation of payroll records with employment contracts, working-time records, and accounting data is also an important control procedure. Such reconciliation makes it possible to identify inconsistencies in employee information, wage calculations, deductions, and payments. The implementation of systematic control procedures can therefore contribute to reducing financial risks and improving the reliability of accounting information.

The study shows that the composition of employee compensation in construction organizations should also be properly reflected in accounting records. In addition to basic wages, employees may receive overtime payments, bonuses, compensation payments, allowances, and other forms of remuneration. Each type of payment should be correctly calculated, documented, and reflected in the appropriate accounting records. This is important not only for accurate payroll accounting but also for determining the total labor cost of construction activities.

Another significant result is related to the use of digital technologies in payroll accounting. Automated accounting systems can integrate employee information, working-time records, payroll calculations, deductions, and reporting into a unified information environment. This reduces the amount of manual work and minimizes the probability of arithmetic and data-entry errors.

The application of digital technologies can also improve the allocation of labor costs among construction projects. When employees' working hours are recorded electronically and linked to specific projects or cost centers, management can obtain more accurate information about labor expenses for each project. This information can be used to compare planned and actual labor costs and identify deviations.

The results indicate that automated payroll systems can also improve the timeliness of management information. Managers can receive updated information about total labor costs, wage obligations, overtime payments, and project-related labor expenses. This creates better conditions for planning labor resources and controlling construction costs.

An important issue identified in the study is the relationship between employee compensation accounting and the overall cost of construction projects. Labor costs constitute a significant component of construction costs, and therefore inaccurate payroll accounting can directly affect the determination

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of the cost of completed construction work. Improving payroll accounting consequently contributes not only to more accurate employee settlements but also to better cost management and financial planning.

The analysis also suggests that construction organizations should establish clear procedures for recording employees who participate in several construction projects simultaneously. Their working hours and related compensation should be appropriately distributed among the relevant projects based on documented working-time information. This approach improves the accuracy of project cost calculations and provides management with more reliable information for evaluating project profitability.

Based on the results obtained, an effective employee compensation accounting system in construction organizations should include several interconnected elements: accurate working-time registration, proper primary documentation, correct payroll calculation, appropriate allocation of labor costs, effective internal control, and the use of automated accounting technologies. The integration of these elements can significantly improve the quality of payroll accounting.

The findings also demonstrate that improving payroll accounting can provide several practical benefits for construction organizations. These include reducing calculation errors, improving the accuracy of project costs, strengthening control over labor expenses, increasing the reliability of financial reporting, and improving the efficiency of management decisions.

Thus, the discussion confirms that employee compensation accounting should be considered not merely as a mechanism for calculating wages but as an important part of the overall accounting and cost-management system of construction organizations. The combination of accurate documentation, systematic internal control, appropriate labor-cost allocation, and digital technologies creates the necessary conditions for improving the transparency and efficiency of payroll accounting.

CONCLUSION

The study concludes that effective employee compensation accounting is essential for accurate cost calculation and reliable financial reporting in construction organizations. Proper recording of working time, accurate payroll calculations, appropriate allocation of labor costs, and effective internal control can reduce accounting errors and improve cost management.

The use of digital technologies and automated accounting systems can further increase the accuracy and efficiency of payroll accounting. Therefore, construction organizations should integrate modern accounting technologies with effective control procedures to improve payroll management and overall financial efficiency.

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