Omsk Refinery Complex (ONPK) is a big enterprise with complicated technological processes. It was organized on the basis of the Omsk Refinery in the third quarter of 1967.

It is designed for six types of production — fuel, oil, catalyst gas, synthetic fatty acids, catalyst, and commodity production. Rules were prepared for the production units, to whom the functions of planning and shop supervision were transferred. The shops, sections of the chief mechanical and the chief electrical engineer, and other services and ancillary sections were left under the direct control of the management.

At the same time, the new system of planning and economic incentives was introduced. This reorganization was preceded by extensive and many-sided preparatory work. Courses and seminars were organized for the supervisory staff, in which they studied the decisions of the Party and the Soviet Government regarding improvements in planning and economic incentives, as well as production economics and management.

The preparations for introducing the new material incentive scheme and improving the systems of wages were made in ONPK in accordance with a plan. It called for determining the incentive indices for workers, engineers, and technicians in the process and ancillary shops and for the supervisory staff, and preparing rules for payment of bonuses to the workers, technicians, engineers, and service personnel from the material incentive fund on the basis of their satisfying the indices of product quality, saving materials, and fulfilling the plans for output profitability.

Work was undertaken in the shops and management sections to find out the scopes for raising labor productivity and improving the utilization of production capacities. The organizational and technical bottlenecks that hampered implementation of the plan were detected and, wherever possible, eliminated. Technoeconomic calculations were made for the variants of utilizing the production capacities of the different process units and shops. The new principles of operation had a favorable effect on all aspects of product economics and financial activity of the Complex. In one year of working under the new conditions — from July 1, 1967 to July 1, 1968 — the volume of output rose by 14% and commodity output by 14.6%. The expenditure per ruble of commodity output fell from 90 to 88.3 kopecks. The total profit rose from 29.2 to 38.5 million rubles, i.e., 32%. The output per worker during this period increased by 6.9%.

These results were achieved, despite a number of unfavorable conditions and difficulties due to the introduction of new laborious production processes (synthetic fatty acids, catalyst production, and so on).

In the preceding period considerable changes were made in the material incentive system; these require careful study so that the system can be improved further in ONPK as well as in other refineries and petrochemical enterprises.

In accordance with the methodological instructions and recommendations of the USSR Ministry of the Petroleum-Processing and Petrochemical Industry, ONPK has worked out rates of deductions for forming the material incentive fund on the basis of two main indices — rise in output and planned level of profitability.

The approved output increase index of ONPK for 1968 was 6% and the level of calculated profitability 7.83%.

The material incentive fund is planned in the following proportion of the overfulfillment of the above targets:

a) for every 1% increase in output, 0.95% of the wage fund;

b) for every 1% calculated profitability, 0.728% of the wage fund.
The adopted principle of calculating the material incentive fund has its advantages and disadvantages. The main advantage is that it stimulates high plan obligations which the Complex accepts, and the main scopes for raising production are studied and detected as early as in the process of preparing the industrial and financing plan. The higher the target for increase in output, the greater is the material incentive fund. Another advantage of this principle is a certain stability of the material incentive fund (reduction in the contingency factor), since its formation is associated not with one but with two plan indices.

However, this stability holds only for the current year of operation, because the rates of deduction operate only for one year and can be revised afterwards.

A disadvantage of this system is that the fund is somewhat complicated to calculate. This makes the whole system of forming the fund rather obscure.

The creation of the material incentive fund does not yet fully solve the problem of increasing the material incentive for labor. Of great importance is correct distribution of this fund. It is here that a dependence is found between the overall results of the activity of the enterprise and of the individual shops and the personal contributions of each worker.

In the new system of material incentives, the bonus for the technical and engineering personnel is paid from the incentive fund.

The earlier system of incentive wages is retained in the case of workers. In addition to the wage, the workers are paid a bonus from the incentive fund in accordance with the current results of work; this bonus was 7-9% of the wage rate in 1968.

Besides, the workers as well as the engineering and technical personnel are paid rewards on the basis of the yearly results.

The existing system of incentives is based on differentiated indices and norms.

When the Complex (and the production units) fulfills the output plan and satisfies other requirements, the supervisory staff and the engineering and technical personnel of the management office are paid bonus at the rate of 24-28% of their basic salary; those in the production unit offices are paid 30%.

The engineering and technical personnel in the process shops are paid a bonus of about 30-40% when they have fulfilled the plan of nominal output, and those in the ancillary shops 25%.

The service personnel receive a bonus of 15% of their basic pay in all subsections except the management office of the Complex, where the amount is a little higher.

An important material incentive is the bonus paid in accordance with the yearly achievement. Rewards are calculated as percentage of the average monthly rate or the basic salary in all the structural subsections of the Complex, depending on the length of service: 2-5 years 50%; 5-8 years 60%; 8-10 years 80%; and above 10 years 100%.

A system of reducing bonus for various faults in production and violation of labor discipline has been worked out for each subsection. The bonus is not paid when some additional requirements are not satisfied, for example, the plan for production cost and basic product-range; it is reduced by 10-30% when the schedule for regular supply of the finished product has not been fulfilled and when penalties have been imposed.

The amount of bonus is reduced by 10-15% also when one of the additional requirements has not been satisfied in the structural subsections, depending on the functional duties and obligations of the engineering and technical personnel.

Thus, the following are the additional requirements which the chief of a unit and his deputy, chief of the compressor unit, and shift engineer of the main process shops should satisfy in order to receive a bonus:

1) There should be no breakdowns, accidents, and violations of the technological operating conditions and safety rules;

2) There should be no rejections in production, and so on.

The additional requirements for the deputy chief of a production unit to receive a bonus are that there should be no violations of the technological operating conditions, and safety rules, and no breakdowns; no losses above the norm in subordinate shops, and no departure from the standard of purification of effluents.