SOCIAL PARTNERSHIP: THE RUSSIAN CASE*


di Olga Rymkevitch

Abstract

The article will focus on the problems of social partnership in the Russian Federation in order to analyse its mechanisms, forms, principles and the progress achieved so far, highlighting some particular features distinguishing Russia from other countries, especially those of Central and Eastern Europe that share with Russia problems inherited from the Communist era. Due to the extreme complexity of the institution in question and limits of space, only some aspects will be considered, namely general features of social partnership in Russia, its forms, bodies and collective bargaining process.

1. Legal framework

If compared to its Western counterparts, social partnership is a relatively recent phenomenon for Russia. It dates back approximately to the beginning of 1990s and since then a significant attempt at defining a specific legislative framework has been made. The constitutional basis for the development of social partnership relations in Russia is laid down in Article 7 of the RF Constitution which proclaims the Russian Federation to be a social state. Today social partnership relations are regulated mainly by the Labour Code of the RF (hereinafter referred to as LC RF) with the adoption of which (1 February 2002) a lot of social and labour related issues were transferred to the sphere of collective labour law. The entire Title II, “Social Partnership in the Sphere of Labour” is dedicated to this institute. Besides it is regulated (in parts not contradicting the LC RF) by the law of March 11, 1992 “On Collective Contracts and Agreements” with subsequent amendments and supplements as well as by other federal laws namely: the Law of November 23, 1995 “On the Procedure of Collective Industrial Disputes Settlement”, the Law of January 12, 1996 “On Trade Unions, their Rights and Guarantees”, the Law of April 19, 1991 in the wording of April 20, 1996 “On Employment of Population in the Russian Federation” (with further amendments and supplements), the Law of May 1, 1999 “On the Russian Tripartite Commission for Regulation of Social and Labour Relations”, the Law of July 17, 1999 “On the Fundamentals of Labour Protection in the Russian Federation”, the Law of November 26, 2002 No. 156 “On Associations of Employers”. Other legal measures regulating the relations of social partnership can be adopted at federal level. Normally they are by-laws laying down the duties of state bodies to ensure proper functioning of the social partnership and the activity of the related bodies. They cannot contain norms contradicting federal laws.

Legislation at the level of the states of the Russian Federation is of a great importance for the development and regulation of social partnership relations in Russia. These acts supplement the norms of federal legislation with regard to collective contracts and agreements, specify general collective bargaining procedures, monitor the implementation of collective contracts and agreements as well as the rights and duties of the parties to social partnership, and determine the status of the bodies of social partnership. There are a number of laws on social partnership in
2. Parties to social partnership

2.1 Trade Unions

Force in the states of the Russian Federation, in particular in Altai Territory, Moscow, Sverdlovsk Region, Leningrad Region, St. Petersburg and others.

A definition of social partnership is laid down in the Labour Code, which defines it as a “system of interrelations between employees (or their representatives), employers (or their representatives) and State authorities or local municipal bodies, aimed at ensuring the balancing of interests within the labour relations framework”. Even if social partnership in Russia can be carried out both on a bilateral and a trilateral basis, as in most countries of Central and Eastern Europe, normally it assumes a form of tripartitism. Generally the model of social partnership in the countries of post-Soviet bloc can be characterised as asymmetrical, with a strong state, quite weak and unpopular trade unions and almost non-existent employers’ associations.

Trade unions today are often seen by the employees as a sort of relic of the Soviet era when they did not perform their proper function of representation of workers’ interests as they were a part of the Communist Party entrusted mainly with the function of the distribution of social benefits and worker education. The collapse of the Communist regime resulted in the separation of the trade unions from the Party and formation of new independent trade unions. However in most of the CEE states the main trade union organisations emerged from the “old ones” as their legal successor. In Russia the role of formal successor to the Soviet trade union federation belongs to the Federation of Independent Trade Unions of Russia (FNPR), the largest trade union association, that claims to have more than 28 million members. Among other big confederations the following can be mentioned: All-Russian Confederation of Labour (VKT) (3 million members), Confederation of Labour of Russia (KTR) (1.2 million members) etc. There are a number of alternative trade unions but their position is quite weak.

The paradox of the post-Soviet system of social partnership consists of fact that the practice inherited from the Communist past is still alive. Managers or even enterprise general directors are often members of the same trade union. The main concern of trade union leaders is to maintain good relations with the enterprise management. After the collapse of the Communist regime, under which trade union membership was obligatory, the density of trade union membership rapidly decreased. Since the unionisation rate is very low and in small and medium size enterprises the unions are largely absent, the unions lack financial resources and cannot afford open confrontation with the management. Besides, solidarity between the workers belonging to the same sector is very low. This also does not strengthen the unions’ position. In these circumstances the
2.2. Employers' associations

As for the employers associations, under the Soviet regime there was no room for their existence. Often the state and trade unions acted to create employers' associations simply because they needed a partner to bargain with.\textsuperscript{13} Russia's most powerful business association today is the Russian Union of Industrialists and Businessmen (RSPP) established in June 1990-91. Nowadays it has 320,000 individual members, about 4,700 legal entities, more than 100 corporate associations and a total of 89 regional branches and associations.\textsuperscript{14} It deals with problems of taxation, banking, pension, administrative reforms etc. In November 1994 the Coordinating Council of Employers' Unions Russia (CCEUR) was established as a body unifying the activities of employers' associations in the framework of the Russian Tripartite Commission for regulation of social and labour relations. Act No. 156, 13 November 2002 on Employers Associations defined the legal status of employers' associations and increased their responsibility both towards the partners of the concluded agreements and to their own members.

However, there is still little incentive for employers to become members of employers' associations. Especially at lower levels of social partnership, the incentive often becomes the possibility to obtain benefits such as loans at favourable conditions and the option not to pay in a prescribed time. In some cases they can also participate in the distribution of budget resources. However, in this manner they often become dependent on the state or municipal authorities that use their support during political campaigns\textsuperscript{15}. In connection with employers' associations the main difficulty is that they misunderstand their role due to the fact that they were formed earlier than the business environment itself.
The third and the strongest participant in social partnership relations is the state, whose role is much more complex as it acts as an authority and partner at the same time. As was the case under the Communist regime, today the state is still perceived by most employees’ and employers’ representatives as the source of real power and the only partner to bargain with. So paradoxically bargaining often takes place not between the representatives of labour and capital but between the state and each social partner, or both together, united by a common aim of obtaining maximum advantage from the state during the bargaining. Ideally the main function of the state in social partnership should be to act as a guarantor of social partnership, ensuring equal participation of the participants of social partnership and protection of their rights. The modern Russian state carries out its role as guarantor in the relations of social partnership mainly in the form of participation in the settlement of disputes occurring between the social partners by organising mediation procedures, labour arbitrations, carrying out court proceedings and monitoring the application of the laws on social partnership and implementation of obligations provided for by collective contracts and agreements.

Taking into consideration that a lot of workers belong to the public sector and the state for them is an official employer a Russian legislator clarified the position of the state when it acts as an employer. So according to art. 23 of the LC RF, the State and local municipal authorities are regarded as participants in the social partnership only in cases where they act as employers. However, the main function of the State remains to ensure a smooth functioning of the system of social partnership.

Social partnership in Russia is carried out on the basis of certain principles laid down in the 24 of the LC RF. Among them the following can be named: equal opportunities among partners; mutual respect towards the partners’ interests; partners’ interest in participating in negotiations; democratic support by the State for social partnership; compliance with the law by the partners and their representatives; the representation of organised groups; freedom of expression and self-determination during the discussion of labour issues; the voluntary status of partners in fulfilling their obligations; true and sound commitment undertaken by partners; the obligation to fulfil collective contracts and agreements in good faith; the obligation to contribute to the fulfilment of collective contracts and agreements; and the liability of the partners and their representatives for failure to implement collective contracts and agreements.

Social partnership can be carried out at different levels: federal, regional (at the level of a state of the RF), industry, territorial and enterprise levels (art. 26 of LC RF).

The importance of social partnership at regional and territorial levels is indisputable as the parties know local situation and needs much better. However there are a lot of problems concerning the practical realisation of
social partnership at these levels. One of the main problems is the lack of coordinated action between lower and upper levels of social partnership and the prevalence of Soviet style methods of bargaining characterised by a high degree of informality during bargaining, predominant role of the state in person of local administration and instrumentalisation of social partnership in order to guarantee personal interests of the partners such as electoral purposes.\textsuperscript{17}

As for enterprise level, due to the fact that in most small and medium enterprises there is no trade union, the coverage of the workers by collective agreements is quite low.

Article 27 specifies the main forms of social partnership which include: collective bargaining for the preparation of draft collective contracts, agreements and their conclusion; mutual consultations (negotiations) on issues of labour relations and other relations directly connected with them, guarantees for employees' labour rights and the improvement of labour legislation; the participation of employees and their representatives in enterprise management; the participation of representatives of employees and employers in the out-of-court settlement of labour disputes. However these forms are not exhaustive. In practice, other forms which regional labour laws provide for, can take place. The Leningrad Region Act "On Social Partnership in Leningrad Region"\textsuperscript{18} refers not only to collective bargaining for the conclusion of collective contracts and agreements and consultations but also to any joint work of the parties to social partnership and control over execution of agreements that were adopted previously. Also at regional level the parties can opt out of other forms of social partnership. Without doubt the conclusion of collective contracts and agreements is the most widespread form of social partnership. At the same time it is closely connected with mutual consultations, that is why it is indicated as a form of social partnership. Consultations in the process of realisation of obligations of social partnership can be carried out both by direct interaction of the social partners and by setting up special bodies of social partnership. The social partners to social partnership determine the grounds and procedure for holding direct consultations independently themselves. As for the bodies of social partnership, having completed collective bargaining, the parties often face the necessity to determine particular forms of their further interaction aimed at the optimal fulfilment of agreements reached. For this purpose special bodies are created.

Under art. 35 of the RF LC by the decision of the parties the commissions consisting of authorised representatives of the parties are created to ensure the regulation of socio-labour relations, to carry out collective bargaining and to prepare draft collective agreements and contracts, to conclude them as well as to organise control over implementation of a collective contracts and agreements at all levels on the equal basis.

At the federal level the standing Russian trilateral commission for the regulation of socio-labour relations is formed. Its activity of which is
carried out in compliance with the federal law. The Commission deals with the key problems of social policy. The members of the Russian trilateral commission for the regulation of socio-labour relations are representatives of All-Russia associations of trade unions, All-Russia associations of employers, the Government of the Russian Federation.

In the states of the Russian Federation trilateral commissions for regulation of socio-labour relations can be formed, the activity of which is carried out in compliance with the laws of the states of the Russian Federation.

At the territorial level, trilateral commissions for the regulation of socio-labour relations can be formed, the activity of which is carried out in compliance with the laws of the states of the Russian Federation, the provisions concerning these commissions approved by representative bodies of local self-government.

At the branch level, commissions for conducting collective negotiations, preparing draft branch (interindustry) agreements and their conclusion can be formed. Branch commissions can be formed both at the federal level and at the state level of the Russian Federation.

Agreements providing for full or partial financing from budgets of all levels are concluded with compulsory participation of representatives of the appropriate bodies of executive power and local self-government that are the parties to the agreement.

At the enterprise level the collective bargaining commission for preparing draft collective contracts and its conclusion is formed.

Thus, all social formations consisting of representatives of the social partners both on a bilateral and on a trilateral basis called to regulate labour relations refer to the bodies of social partnership in Russia. The system of the bodies of social partnership, as a rule, is created at all levels where partnership interaction is carried out.

The bodies of social partnership can be divided into bodies of general competence and specialised bodies. The bodies of social partnership of general competence are trilateral or bilateral commissions for regulation of socio-labour relations. The bodies in question are competent to consider any matters of regulation of socio-labour relations that can find their resolution on the appropriate level of social partnership.

The following bodies belong to the specialised bodies of social partnership:

Coordinating boards for assistance to employment of population, the creation of which is provided for by articles 20 of the Federal law “On Employment of Population in the Russian Federation”;

Joint committees (commissions) for labour protection set up on the basis of article 13 of the Federal law “On the Fundamentals of Labour Protection in the Russian Federation”.

The bodies of social partnership of general competence are set up, as has already been mentioned, at all levels of social partnership. The legal basis of formation and activity of Russian trilateral commission for regulation of socio-labour relations is determined by the Federal law “On Russian Tripartite Commission for Regulation of Socio-Labour
The Russian trilateral commission is formed on the basis of general principles of social partnership.

Every All-Russia association of trade unions, a All-Russia association of employers, registered in established procedure, has a right to appoint one representative to the corresponding commission. Within the limits of the established number of representatives of the party All-Russia associations of trade unions have a right to increase the number of their representatives in a commission in proportion to the quantity of trade union members united by them. All-Russia associations of employers can increase the number of their representatives in a commission by agreement with other members of their party. The number of members of a commission from each party cannot exceed 30. The basic purpose of Russian trilateral commission is the regulation of socio-labour relations and adjustment of socio-economic interests of the parties.

The decision of a commission is considered to be made if all three parties have voted for it. The order of the decision of each party is determined by the rule of procedure of a commission.

The provisions on the activity of Russian trilateral commission are universal and are the basis for organisation and functioning of other bilateral and trilateral commissions.

Regional trilateral commissions for the regulations of labour relations in the states of the Russian Federation came to be created in 1980s on the basis of the equal participation of representatives of the states in social partnership. Later on their activity started to be regulated by the laws of the subjects of the Russian Federation.

In particular, the laws of the states of the Russian Federation determine the composition of a regional trilateral commission, the formation procedure, authorities, fundamentals of organisation of its work.

The territorial commission for regulation of socio-labour relations acts within the limits of the appropriate municipal formation and in its work is guided by provisions based on principles that determine the activity of a commission of a higher level.

Specialised bodies of social partnership are created for coordination of actions of the subjects of social partnership in some matters of social policy.

Under the Federal law “On Employment of Population in the Russian Federation” coordinating boards for assistance to employment of population at federal and territorial levels are created. They consist of representatives of trade union associations, other employees’ representatives, employers, other interested state bodies and social associations representing interests of citizens who especially need social protection. The organisation and the agenda of these committees are determined by the parties represented. Like other bodies of social partnership these committees are formed on the basis of trilateral representation. However, unlike the commissions for regulation of socio-labour relations, the circle of their possible participants can be enlarged. Thus, not only representatives of employees but also other social associations expressing interests of particular stakeholders (organisations...
of disabled people, unemployed etc.) can be their members.

Under the Federal law “On the Fundamentals of Labour Protection in the Russian Federation” the committees for labour protection are created in organisations where there are more than 10 employees. Representatives of employers, trade unions or other representative body authorised by employees make members of these bodies on a par. A committee for labour protection organises the drafting of the section of collective agreement on labour protection, joint actions of employer and employees to ensure labour protection requirements, prevention of job-related injuries and occupational diseases, and carrying out checks of conditions and labour protection at working places and informing employees about the results of the checks in question.

The social partners can also create other specialised bodies of social partnership.

The organization of control over fulfillment of obligations of social partnership is an important element of social partnership. The formation of properly functioning procedures of this control allows, on the one hand, to secure realization of obligations undertaken by social partners and, on the other hand, to promote the development of partnership relations.

The Act of the Russian Federation “On Collective Contracts and Agreements” lays down that control over fulfillment of collective agreements at all levels is carried out by the parties and their representatives, and also by labour authorities (art. 17, 24). Accordingly, legislation grants each party to a collective agreement separately as well as with state bodies, the competences which include the preparation of proposals on determination of basic provisions on realization of state policy in the sphere of regulation of socio-labour relations, to execute control. When executing control the parties are to present all necessary information they possess. The law provides a special mechanism for executing control over fulfillment of a collective agreement. The parties that signed a collective agreement, annually or within the time stipulated in the collective agreement, account for its fulfillment at the general meeting of employees of the organisation.

Legislation of the states of the Russian Federation often enlarges the circle of the subjects, which are entitled to execute control over fulfillment of obligations of social partnership. Sometimes, it even provides for a special concept – “joint control”.

Thus, the act of social partnership in Leningrad Region lays down that joint control over carrying out legal acts of social partnership is realised by the bodies of social partnership. It is necessary to note that execution of joint control in practice is carried out not only by the bodies of social partnership, but also by interim bodies, working groups consisting of representatives of the social partners.

One of the tasks of joint control besides exercising direct control functions is the development of partnership relations, the establishment of procedures of joint actions of the social partners.

However, it is clear that the mere existence of the commission does not ensure that it has the necessary rights and powers sufficient to
5. Collective bargaining

Exert real influence on the social and economic situation in the country. The implementation of the decisions taken by the parties is still not obligatory. It seems to be a common problem in the countries of Central and Eastern Europe where the commissions often work with the government in an advisory capacity only and their decisions do not have any binding effect. Generally the powers of these bodies have been strengthened over time, with the exception of Hungary, where during the reforms of 1999 some of the responsibilities of the commission were withdrawn.

With reference to collective bargaining, the Code (art. 37, 40, 41 & 42) clearly delineates the relations between the parties. The Labour Code establishes a framework for collective bargaining, while leaving the specific details to the social partners. First it is necessary to consider collective contracts and agreements as these are the main legal instruments of social partnership. Art. 40 of the Labour Code defines a collective contract as “a legal deed entered between the employee representatives and an employer, regulating the social and labour relations at the enterprise level”. It should be noted that a collective contract concluded at enterprise level is in effect company-wide and as such covers employees at all the individual sites. In relation to collective contracts, the State provides a framework of recommendations relating to forms, systems and levels of wages and allowances; mechanisms of wage regulation taking into account inflation processes; employment, training, dismissals, working time, holidays and improvement of working conditions; refusal of strikes under the conditions inserted in the collective contract in case they are observed.

It should be noted that the provisions included in collective contracts are binding upon both parties. Moreover, it is important to stress that these provisions should not contradict the Code or statutory legislation. In the event that they do, the norms of statutory legislation prevail.

The Code includes a crucial change to collective bargaining. It is now possible to conclude only one collective contract per enterprise. Previously it was possible to have more than one collective contract in each enterprise. Thus previously workers who belonged to different trade unions could organise separately within the same company. In this way legislation tried to take into consideration the interests of all workers, including those who belonged to the less representative unions. However, this proved to be highly ineffective as in the absence of any legal obligation to set up a single representative body, an employer had to negotiate with an unlimited number of trade unions, making the process of collective bargaining much harder. Another drawback was that the rights of minority trade unions remained unprotected, as although they could take part in collective bargaining, they could not participate in collective disputes.
Unfortunately, the new system also presents some drawbacks. Art. 37 of the Code imposes an obligation to establish a single representative body, set up on the basis of the proportional representation of unions. This should in theory protect the rights of the trade union minority. However, clause 3 of this article states that such a body should be set up within five days, and if it is not established within this time limit, representation is carried out by a primary trade union that unifies more than half of the employees. In the absence of such an organisation, employees are required to hold a meeting to elect an organisation to serve as a single representative body. Clause 5 of art. 37 allows unrepresented trade unions to send their representatives to this body before concluding a collective contract. But taking into account that such a body is established by a majority trade union and without any formal rules determining the procedure for sending such delegates, the implementation of clause 5 of art 37 is problematic. For example, the majority trade union can appoint a small number of members to the representative body, leaving no places for the minority union. So it would be necessary first to establish the total number of the members of this body, taking into account the number of employees in the enterprise, and then to establish the principle of independent election of representatives by each trade union (the definition given in clause 2 art. 37 is unclear).24.

The legal force of a collective contract is defined by federal legislation (art. 9, 24, 57 of the Labour Code) in accordance with international norms (in particular ILO Regulation no. 91). Unlike the previous Code, the legislature no longer lays down a minimum duration for collective contracts. Pursuant to article 43, a collective contract can be entered into for a period not to exceed three years with the possibility of renewal for an additional period again not exceeding three years. Moreover, a collective agreement continues in force even if the legal name of the organisation or its director is changed. It should also be noted that unlike the Italian system, collective agreements are not merely private contracts between individuals but are binding for all persons employed in a company, its branches, representations and other related structures.

The definition of a collective agreement is given in art. 45 of the Labour Code: a “Collective agreement is a legal deed that sets out the common regulatory principles underlying the social, economic and labour relations entered between the employee representatives and an employer at a federal, regional, sectoral (intersectoral) and area level within the limits of their competences”.

Article 45 stipulates that collective agreements can be established at federal, regional, sectoral, and territorial levels. The parties to these agreements are trade union associations, employers’ associations and government representatives. It is important to underline that under federal legislation only trade unions are authorised to conclude collective agreements. Collective agreements have the same characteristics as collective contracts with one difference, namely that agreements are extended to cover more than one employer and are concluded at a higher level. Like collective contracts, agreements can be made for a period not
exceeding three years with the possibility of renewal for a further period not to exceed three years.

A collective agreement is binding on employers even if they leave an employers’ association. Further, if employees are covered by more than one agreement at the same time, the most favourable provisions from each one shall apply. For agreements concluded at a federal level, a government representative has the right to put forward a proposal for employers to join such an agreement. If within 30 days of the proposal being received the employer does not put forward a motivated refusal in writing, the accord automatically becomes binding on the employer.

Under Russian legislation either party has a right to initiate collective bargaining by giving written notice to the other. The party receiving notice must then begin collective bargaining within seven days.

From the quantitative point of view it can be said that the Russian model of social partnership has been already formed. Now more attention should be paid to qualitative factor like for example the contents, of collective agreements and contracts which often contain generic provisions that do not really influence the working conditions of employees as well as to develop real mechanisms making it possible to control over their implementation.

The paradox of the model of social partnership adopted in the most CEE states is that they created the institutional basis for social partnership before the appearance of the necessary preconditions such as the presence of the social partners able to bargain with each other. Speaking about the most distinctive features of Russian model of social partnership, one can specify the following: the tripartite structure of social dialogue, the lack of a solid institutional and legal framework; the lack of sufficiently representative, independent and powerful social partners; the lack of their active involvement in drafting of collective contracts and agreements, decisive state intervention in social partnership; unwillingness of social partners to bargain with each other on constructive basis; unwillingness to assume concrete obligations that in practice is reflected in inadequate agreements containing just general principles of the law rather than specific obligations and sanctions for their non-observance. This can be explained by the “top-down” and sometimes forced development of social partnership in these countries if compared with Western Europe, where it was the fruit of long-lasting evolution. It can be also explained by the specific cultural environment linked with strong adherence to Soviet-style bargaining based on centralisation principals. All this strongly undermines the very idea of social partnership, its practical importance transforming it sometimes into a mere formality, a facade to justify the failure to comply with the obligations by the partners. So in order to achieve success it is not sufficient to create a legislative framework but to adopt a coordinated strategy between all levels of social partnership and educating social partners so that they can understand their primary function.
The term “social partnership” is new for Russia and there is no agreement about its use. To avoid any misunderstanding, the term “social partnership” will be used in the article as a synonym for social dialogue.


9 Regulations on the Procedure of Preparation and Conclusion of General Agreement and Branch (Tariff) Agreements approved by the order of the Government of the Russian Federation of July 12, 1993 may be an example of such acts.

10 The Law on “Social partnership” is already in force in 62 states of the Russian federation, see for more information V. Kamarovsky, Russian Employers’ involvement in social dialogue at national and regional level, International Labour Organisation, SRO Moscow, 2004.


23 Ibidem


25 In 2003 approximately 5,600 of collective agreements were stipulated in all subjects of the RF, from which at regional level - 1235, and at territorial – 2569. Г. А. Лях, Социальное партнерство как фактор стабилизации в субъектах Российской Федерации, // Трудовые отношения. №7. 2004.