Center for Independent Social Research SPb
Sozialforschungsstelle (sfs) Dortmund
Center for German and European Studies

"Social partnership in shipbuilding industry:
a comparative analysis of the situation in Germany and Russia"

REPORT

Prepared by:
Lubov Ejova
Irina Olimpieva
Vera Trappmann

St. Petersburg
Dortmund
2004
INTRODUCTION

Research description

I. Social partnership in German shipbuilding industry: analytical overview of recent trends

1.1. Changing model of the German industrial relations’ system.

1.1.1. German model of industrial relations as an attribute (requisite) of "coordinated market economy"

1.1.2. Recent changes in the model of social partnership

1.2. Social partnership system in shipbuilding industry

1.2.1. Shipbuilding industry in Germany

1.2.2. Social partnership system within the region of Kueste

1.2.3. New actors in the social partnership system (transfer agencies)

1.2.4. Particularities of contemporary situation in social partnership

II. Social partnership in Russian shipbuilding industry (the case of St. Petersburg and the region): problems of formation

2.1. General principles of the social partnership system in Russian industry

2.1.1. General agreement

2.1.2. Branch agreements

2.1.3. Regional agreements

2.1.4. Collective agreements at company level

2.2. Social partnership in shipbuilding industry of St. Petersburg.

2.2.1. Shipbuilding industry in Russia – a general overview

2.2.2. Social partnership system.

2.2.2.1. Branch tariff agreement.

2.2.2.2. Social partnership at company level

2.2.2.3. Territorial Organization of Russian Trade Union of Employees in Shipbuilding Industry (TOT)

2.2.3. Particularities of contemporary situation in social partnership

III. COMPARATIVE PERSPECTIVE

Annex 1: Territorial Organization of Russian Trade Union of Employees of Shipbuilding Industry in St. Petersburg and Leningradskaya Region (TOT)

Annex 2: The schema of 3-tired system of professional education in St. Petersburg (proposed by TOT)
INTRODUCTION

The project "Social partnership in shipbuilding industry: a comparative analysis of the situation in Germany and Russia" was conceived as a comparative analysis of social partnership systems in shipbuilding industry in Germany and Russia. A main focus of the analysis was to evaluate the possibility and usefulness of borrowing some social partnership instruments from Germany to Russia.

One of the main purposes of the project was to look at the partnership system in German shipbuilding industry with a dynamic view: how it has been adjusted to the changes during the period of transformation; how does the model of social partnership really work at the level of shipbuilding enterprises. The first chapter of this report is devoted to these questions. It is based on analysis of related literature as well as on empirical research in Germany.

The peculiarities of the social partnership system in Russia and in the Russian shipbuilding industry are described in the second chapter. It is also based on the materials of the related literature and case studies of shipyards in St. Petersburg and the region.

The conclusive part of the report contains possible comparative perspectives for analyzing situations of social partnership in German and Russian shipbuilding. It is written with respect to the usefulness of introducing some instruments of the German social partnership system in the Russian shipbuilding industry.

Research description

For the purposes of the project two types of research activities were carried out – field work including case studies of shipbuilding enterprises in Germany and Russia and analysis of the related materials including scientific literature, statistical data, information provided by trade unions, data of previous research (if available), etc.

The field study in Germany included two case studies of shipyards:
1. Flensburger Schiffbau Gesellschaft (FSG) – a middle-sized shipyard which is considered to be one of Germany’s most successful and innovative shipyards;
2. Aker Warnow Werft in Warnemünde – a former industrial giant experiencing the hardships typical today for Western German shipyards of this kind.
While choosing the objects for case studies we considered first of all the condition of the project that two cases should represent Western and Eastern Germany reflecting the differences in industrial situation in two regions of the country. The main research procedures were interviews with the heads of works councils in shipyards. In both cases, the interviews were conducted with participation of other representatives of the works councils.

Besides the two cases of shipyards, transfer agencies were included as a third case study. Transfer agencies are important actors of the industrial relations system in Germany. Transfer agencies are aimed to provide assistance for enterprises experiencing mass redundancies of workers. They focus their activities mostly on assistance provided for redundant workers in searching for new jobs, on training and retraining of workers. During the empirical part in Germany two transfer agencies were considered - AgS (Agentur fuer Struktur-und-Personalentwicklung GmbH) in Bremen and Gesellschaft fuer Strukturentwicklung und Beschaeftigung im Land Mecklenburg-Vorpommern mbH in Rostock.

The case studies in Germany were conducted by a research team of a Russian and a German researcher. The interviews were carried out in German according to a developed list of topics. The notes and records made during interviews were then translated into English. Alongside with casestudies a number of expert interviews have been conducted with the representatives of IG Metal - Bezirk Kueste, as well as with experts in German shipbuilding and industrial relations (see interim report).

The field part in Russia included two case studies of shipbuilding enterprises as well. The first case was the shipyard in Vyborg (Vyborgskij sudostroitelnyj zavod) where interviews were conducted with the head of the trade union organization (predsedatel profkoma) and his deputy, and also with the director on personnel management. The second case was the joint-stock company “Shipyard “Almaz”. Interviews were conducted with the head of trade unions organization and the head of personnel management department. While choosing the objects for case studies, we refer first of all to the structure of shipbuilding industry in St. Petersburg and the region.

The third case study was the territorial organization of trade unions of shipbuilding industry (TOT). TOT of shipbuilding is a respectively new organization aimed to coordinate trade unions’ activities at the level of shipbuilding enterprises and to mediate relationships between trade union organizations in shipyards and trade unions at the federal level. It consolidates all shipyards, design offices,
industrial enterprises referred to shipbuilding industry of St. Petersburg and the region. The interviews were conducted with the TOT chairman, and his two deputies, with the chairman of commission for social partnership and one of its members. The interviews were conducted and transcribed in Russian. Interview summaries were then translated into English for discussion with the German colleagues.

I. Social partnership in German shipbuilding industry: analytical overview of recent changes

1.1. Changing model of the German industrial relations system.

The main dichotomy of contemporary debates on institutional change in the German model of industrial relations could be formulated in the following way: the “erosion” of German model of industrial relations or its flexibility?

The thesis of the “erosion” of the German model is rather popular in recent German debates on this topic. Under this term the divergence from the general model at the enterprise level is implied. However, some studies including empirical ones provide the basis for making assumption that only due to these divergences the system of industrial relations in Germany is able to adjust to conditions of changing economic political and social environment. The defenders of this point of view consider the divergence from the model as a rather positive sign indicating flexibility of the model in general.

There is no doubt that the German model of industrial relations was a substantial contribution to the economic and political success after WW II. Over the past decade, the changes in overall economic and political context have weakened the specific institutional structures of the German model of industrial relations (Behrens et all, 2001, 3). However before addressing the theme of recent changes, it is necessary to look back to the very structure of the model.

1.1.1. German model of industrial relations as an attribute (requisite) of “coordinated market economy”

The advantages and peculiarities of the German system of industrial relations are generally acknowledged and well described in the works of well-known experts in this field. The German model of industrial relations is considered as a part of
coordinated production regime (Hoerper, 2001: 7) or coordinated market economy which is characterized by long-term, patient capital and company monitoring, centralized wage bargaining system and cooperative industrial relations at the micro level, cooperation of firms in education/training and standardization, and the important role of business associations (as opposed to uncoordinated (neoliberal) economies like Anglo-American model).

The German system of industrial relations is characterized by a high degree of institutionalization. It has been built up since the World War II and was considered as highly stable and efficient until recently. The success of German model is deeply rooted in historically specific institutional framework of the German economy, which is minutely described in related literature (see e.g., Streek, 1997):

- Coexistence of competitive markets with extensive welfare state;
- Highly organized and socially regulated internal order of the German firms, continuously negotiated between capital and labor decisions in everyday operating;
- Vertically and horizontally fragmented sovereignty, limiting state’s capacity of direct intervention in the economy
- Organized cooperation between competitors and bargaining between organized groups; the role of publicly?? enabled associations in regulating instituted markets.
- German traditionalist economic culture that implies collectivism and discipline as core cultural values, high importance of professional competence, technical knowledge as a ground for authority at the workplace, mitigation of price competition by socially established preferences for quality, etc.

The high degree of institutionalization of the German system of industrial relations also manifests itself in the system of social partnership – an institutionally arranged model of industrial relations integrated into the complex configuration of economic-coordinating mechanisms of a "social system of production" (Hollingsworth&Boyer, 1997:3). Under a social system of production it is meant "industrial relations system; the system of training of workers and managers; the internal structure of corporate firms in the same industry on the one hand, and on the other firms’ relationships with their suppliers and customers; the financial markets of the society; the conceptions of fairness and justice held by capital and labor; the structure of the state and its policies and a society’s idiosyncratic policies
customs and traditions as well as norms, moral principles, rules, laws and recipes for action" (ibid.)

The coordinating impact of the social system of production has a complicated character. On the one hand, it places constraints to the means and ends of economic activity, and on the other hand, it provides economic actors with the "logic for pursuing their goals" (ibid.), with the norms and rules of behavior. However, the role of trade unions is not limited by placing constraints on business performance. They organize cooperation in the workplaces, help develop human resources and influence economic policy. These functions are instrumental for economic growth and employment (Esping-Andrsen& Regini, 2000: 5).

_Dual system of industrial relations in Germany_

One of the main characteristic features of the German model of industrial relations is its dual character. One of its pillars is the collective bargaining system which is primarily based on multi-employer industry-wide agreements and the existence of representative worker and employer associations (Jacobi, 2003: 28). According to the Collective Bargaining Act of 1949, the parties of a collective agreement must be unions of the employees’ side and single employers or the employers associations on the other. In case that negotiations fail, strikes and lockouts are legitimate means of applying pressure in collective bargaining. The issues covered by collective agreements are of a wide spectrum:

- classification (categorization) of workers according to vocational training and skill level;
- wages – pay levels for the various categories of employees and some other pay related issues;
- working time – agreements on daily, weekly and annual time schedules, length of paid vacations or flexible working time regimes.

The second pillar is co-determination (Mitbestimmung), encompassing direct participation at the shop floor level and co-determination at the establishment, company and supra-firm levels. In general, it should be stressed the high level of centralization of the German model, where unions are responsible for “political and sectoral arenas” and works councils are responsible for the work place.
The actors of the collective bargaining system

The institutions representing workers’ interests are trade unions. The DGB (Deutscher Gewerkschaftsbund) plays the role of an umbrella association. In 2003, it included eight individual unions encompassing 7700 000 employees (which is around 25% of all employees across the economy) (Jacobi, 2003:21). Density rates are significantly higher in public sector, traditional industries and in large companies among highly-skilled blue-collar workers (ibid.)

One of the recent trends is an extensive process of union mergers. The best example of this tendency is the establishment of ver.di (Vereinigte Dienstleistungsgewerkschaft), a "super-union" including five unions (the public employees’ union, the media union, the postal workers union, the banking and commerce union, and the white collar union).

According to the Collective Bargaining Act of 1949, the party on the employers’ side should be single employer or associations. Three basic types of business associations can be distinguished. These are first of all associations at the national level (German Association of Chambers and Commerce) and business associations organized by industry at the local or regional level. Employers’ associations of the third type are for negotiating the sectoral and multi-employer collective agreements. Single employer bargaining exists as well: Volkswagen and Lufthansa are well known examples of this. Some of the German experts consider these company specific collective agreements as "innovative pioneers" in the further development of industrial relations (Jacobi, 2003: 25).

IG Metall (IGM)

IGM is one of the biggest trade unions in Germany affiliated to DGB counting?? dating back?? its history since 1891. It represents employees of metal, engineering, and vehicles industry. In 2002, it encompassed 2644000 members, that is 34,4 percent of the overall number of the members of DGB affiliated unions. The organizational structure of IGM consists of local level, regional level and national level. The local organizations are the basic units in the overall structure of IGM. There are at present 174 local organizations, almost half of which look after more than 10000 members each (http://www.igmetall.de).

IGM in a way plays the role of a pace-setter in the collective bargaining process in Germany.
IG Metall distinguishes four main categories of collective agreements:

**Agreements on wages, salaries and trainee pay.** They determine the pay increases and should adjust wages to the rising cost of living and ensure that workers receive their share of productivity gains. These increases are generally agreed for 12 months.

**Nonwage agreements.** These concern such issues as weekly working hours, length of holiday, termination of employment, extra pay for overtime, night work, et cetera. These agreements are usually valid for several years.

**Agreements on wage and salary systems.** They determine how blue-collar and white-collar workers are classified on the wage and salary scale, principles of remuneration such as piecework, bonuses, et cetera. Again, the period of validity stretches over several years.

**Collective agreements on special problems,** for instance the payment of Christmas bonuses, payments to special saving funds and early retirement, and also the conciliation procedures between the parties to a collective agreement.

Collective agreements may apply to different geographical areas, for instance to Germany as a whole, to one geographic region or to one company. Collective agreements vary as well according to sectors (for instance metal and electro industry, iron and steel industry) and categories of employees (to blue-collar workers, non-manual workers and/or trainees).

Collective bargaining is considered as one of the trade unions' most important tasks. It is intended to be more than just an instrument with which to improve workers' material standard of living; its purpose is also stated as the "humanization of working conditions".

**1.1.2. Recent changes in social partnership**

There are three processes, which are considered to have crucial influence on institutional configuration and performance of the German system of industrial relations over the recent years. These are: unification of Germany, European integration and globalization (Offe, 2000: 20).
The development of the German model of industrial relations is still under the strong pressure of the “shock of unification” (Streek, 1995). The German reunification was a special challenge for the unions’ collective bargaining policy. The task was to narrow down and gradually eliminate a difference in incomes of nearly 70%. The adjustment was achieved by a step-by-step equalization of agreed wages, salaries and trainee pay. By means of difficult negotiations, a collective agreement system geared to the market economy has been transferred to the neue Bundesländer and the financial provisions gradually aligned. Even today, the development of the East German economy depends strongly on financial support of the West (Hassel and Schulten, 1998).

The influence of the Europeanization on the industrial relations is seen as the necessity of adaptation of the German model to the requirements of the EU-level IR as well as the emergence of European institutions and institutional settings. For instance, at a workplace level the new institutions of European Works Councils (EWC) have to find their place in a consolidated and legally balanced system of co-determination. Trade unions express the fear that the introduction of EWC could in longer term undermine relatively strong co-determination rights for works councils (Platzer, 2003: 180).

The impact of globalization is predetermined by the loss of the traditional competitive advantage of German capitalism – high-wage and high-productivity performance. In the globalized context, the German model is accused of being too expensive and over-regulated to compete on a world market. Although globalization as such is not undermining principal foundations of the German system of centralized collective bargaining, however it can be grasped? in a micro-economic perspective when introducing enterprise-bound collective bargaining which is in contrast to the central collective bargaining (Hassel&Schulten, 1998:496).

Among the most important effects responding to the influence of the above mentioned processes is decentralization, manifesting itself through different ways. First of all, there is “organized decentralization” as a shift from multi-employer bargaining at the sectoral and central level to single-employer bargaining (Crouch, Traxler, 1995: 16). There is a growing number of companies who choose not to join an employers’ association and thus to be covered by an industry-wide collective agreement. This shift is especially explicit in East Germany. For instance, in 1999 collective bargaining coverage through industry-wide agreements in East Germany was over twice as less as in West Germany (Behrens et all, 2001: 21).
Second, decentralization occurs by introducing of opening clauses - a sort of deviation within industry-wide agreements that empower works councils and management to set standards flexibly at company level. Although trade unions are not agreeing with the opening clauses, they are not able to follow the strategy of the firm level pressure because of high costs of such a strategy and the necessity to keep the balance between works councils and industry-wide unions.

Third, decentralization is manifested in shifting the levels at which collective agreements are being negotiated. In metal industry, for instance, the union and single employer are shifting part of the bargaining powers to the district level (Behrens et all, 2001: 35)

1.2. Social partnership system in shipbuilding industry

1.2.1. Shipbuilding industry in Germany

To understand Germany’s position at the world market today, it is helpful to know that shipbuilding industry is a very national business in Europe that has changed fundamentally during the last two decades. Many shipyards closed; the remaining were shrunken to an average number of employees of about 500. There exist only one or two big dockyards in every country in Europe. Competition between European suppliers is rather high, also due to high overcapcity rates worldwide. The OECD makes a prognosis of 40 % worldwide overproduction until 2005.

The world market in shipbuilding is split up between the following countries: Japan, South Korea, China, Vietnam, the European Union and a few others. Europe has lost its share in world’s production down to 7 per cent. South Korea has about 30 per cent, Japan about 40 per cent and China already 10 per cent, with a declaration of intending to increase its world market’s share to 20 per cent. Interestingly enough, in spite of this small share in production, the European union holds most of the purchasers and ship owners of the world.

A main problem for the whole German shipyards is the collapse of prices, mainly caused by the South Korean price dumping policy. In their struggle for surviving at the global market, German shipbuilding companies gain support by trade unions, regional government, and the State. For 2003, the German Bundestag approves 24 Million Euros subventions for the shipbuilding industry. In 2004, subsidies are related to the duration of the proceedings against South Korea made by the European commission at the international court. Possible subventions are restricted
to 6 pe cent of the size of an order for container vessels and tankers. Today, following the budgeting of the German Ministry for Economy, a size of an order up to 3,6 billion Euros can be subsidized.

Another impact on shipbuilding industry had September 11th. As a consequence of declining tourism industry, the demand for ships was decreasing as well. In Germany, for example, in 2002, only two passenger ships have been produced instead of about 12 the year before. Another sever problem is the position banks took towards the shipbuilding industry: very few loans are awarded, which is a big problem for an industry where the production cycle might take months, if a customer is delayed in meeting a bill, liquidity is in shortage.

A rather self-caused problem is the lack of cooperation between shipyards, whether in research, in training, in design or in production.

**Employment in German shipbuilding industry**

For forty years, the number of employees was reduced every year. In the 60s, more than 100 000 people worked for shipbuilding in West Germany, in East Germany, in 1989 it were more than 35 000 workers. Today, in re-united Germany, the shipbuilding companies employ only 21 000 people, 16 000 in West Germany and nearly 5000 in East Germany. The reasons for continuous decline in employment were insolvencies und closing downs in West Germany, reduction due to rationalization, productivity increase, and outsourcing in the new federal states. However, for East Germany, the shipbuilding is one of industrial branches that remained during transition. The employment rate in shipbuilding in Germany is shrinking. 1115 employees have lost their jobs just in the last year. And the prognosis of further reduction in employment is tremendous, 8,7 per cent for 2004.

<table>
<thead>
<tr>
<th>Table: Employees in shipbuilding 2002/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>total</td>
</tr>
<tr>
<td>Shipyards</td>
</tr>
</tbody>
</table>

12
<table>
<thead>
<tr>
<th>Shipyards in East Germany</th>
<th>4.951</th>
<th>4.696</th>
<th>-225</th>
<th>-4.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipyards in West Germany</td>
<td>16.845</td>
<td>15.856</td>
<td>-989</td>
<td>-5.9%</td>
</tr>
</tbody>
</table>

Source: University of Bremen, IG Metall Küste, 2003

Another 608 employees seem to be put at a risk due to some more companies that might announce their insolvencies.

Table: Employees in shipbuilding 1990-2003

<table>
<thead>
<tr>
<th>Employees</th>
<th>Development in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990</td>
</tr>
<tr>
<td>Shipyards in total</td>
<td>59.278</td>
</tr>
<tr>
<td>Shipyards in East Germany</td>
<td>30.581</td>
</tr>
<tr>
<td>Shipyards in West Germany</td>
<td>28.696</td>
</tr>
</tbody>
</table>

Source: University of Bremen, IG Metall Küste, 2003

Despite this picture of incisions in employment, there is a lack of engineers, and qualified young workers. Universities have a hard job to get young people trained for shipbuilding industry, too bad is the image of the industry. However, the existing offers at universities intend to prepare students best for the work at a shipyard. One of the principles introduced is thinking in categories of competition right from the start to enhance the competitiveness for shipyards under the market pressure. Another principle is the enlargement of interface-competencies so that future engineers know not only their special field but the whole production process of a ship. This would help to build competitive ships for a competitive price.

1.2.2. Social partnership system within the region of Køste.

Collective bargaining and regional tariff agreement
The main regulating instrument of social partnership in the region of Kueste is the regional tariff agreement. Several types of tariff agreements could be distinguished on a regional level. The first type is the regional tariff agreement, which is negotiated by the tariff agreement partners - the trade union and the employers association. All shipyards within the region of Kueste are covered by the regional tariff agreement. If a company is not a member of an employers' association it could sign a tariff agreement as a single company („Anerkennungstarifvertrag“). This is the option for the companies which recognise the regional tariff agreement. For those companies which are not willing to sign a regional tariff agreement, there is another option called „Haustarifvertrag“ or company-based tariff agreement. This option is possible for enterprises regardless the fact that whether they are members of employers' association or not. A company-based tariff agreement is negotiated only with the trade union, and it is not possible to negotiate this with the work's council. From the trade unions' side, a company-based tariff agreement intends to be more advanced and to provide better conditions for the employees as to compare with the regional tariff agreement.

There is another type of tariff agreements which is called „Ergänzungstarifvertrag“ additional tariff agreement???. It is concluded when an employer having already signed the regional tariff agreement wants to change, in most of the cases to worsen some part of it for his company only. In this case, a new agreement should be signed with the trade union organisation at the regional level. For example, if a company wants to enlarge the working hours per week, the trade union would sign an Ergänzungstarifvertrag if the company on its side would enlarge the number of apprentices they are taking on board. In a way, Ergänzungstarifvertrag serves for solving company's needs but in a very "expensive way", because the trade union will always bargain in exchange for worsen one condition of regional tariff agreement to improve another condition. So there is no risk that the Ergänzungstarifvertrag would lead to weakening of the regional tariff agreement, because in some points the Ergänzungstarifvertrag should be even better than the tariff agreement.

1.2.3. New actors in the social partnership system (transfer agencies)

At the beginning of 90s, when most of the industries were under restructuring and in crises, transfer agencies were set up in order to provide assistance for enterprises experiencing mass redundancies of workers. Transfer agencies have been created in each region. They mostly focus their activities on assistance in searching for new
jobs, training, and retraining of workers. These organizations can be considered as new institutional settlements, emerged as a response to unfavorable economic and social situation. Whatever assessment of their activities would be, they demonstrate social partnership system "in work" - being initiated and created by trade unions (IGM), they are getting financial and organizational support from employers and the state. They exist on the basis of the agreement between trade union and the company (which is not in fact a part of regional tariff agreement).

Transfer agencies can be considered as the most important institutions introduced by the social partners to answer structural needs. During the empirical study in Germany, two transfer agencies related to shipbuilding industry were considered - the one is AgS, agency for structural and personnel development in Bremen covering the whole Northern part in West Germany and TGS, transfer agency for the coast region in East Germany. Both are founded by the IG Metall.

Transfer agencies in shipbuilding are characterized by a regional approach taking into considerations particularities of the region of Kueste. AgS embraces all shipbuilding enterprises. The system of support is individually oriented. This means that for each case (or each enterprise, which is going to have redundancies) the agency concludes individual project contracts, according to which they develop training plans according to individual needs of redundant workers. They do not have training programs in a traditional, they focus on developing of professional strategies, while the training itself is provided by other specialized companies. Special opportunities are provided for elder people, for women, self-employment, and second job opportunities which means trying another job in another enterprise.

For each company that is confronting a reduction in personnel, and that is willing to work with AgS a separate contract is signed where the services going to be offered are defined. The transfer agency already starts its job at the old company, attending the process of negotiating between the social partners, management, trade union and work's council. Costs are covered by the company, and by funds from the State.

As the director of AgS said in an interview that "the main wish of the founders was not just to realize a social plan in terms of compensation but make people fit for the market"; therefore the transfer agency would help to mobilize potentials instead of caring about the employees". In the centre of AgS activities stands the idea of self-autonomy of employees who just need support in finding a new employment, but who are able to do so by themselves. Therefore just from the very
beginning, when members of the transfer agency enter a company for preliminary talks about the redundancies, in their information policy, they underline two points: First, that transfer agencies are not the solution of the problem of loosing a job, but that second, only the employees can solve the problem by themselves. As a representative from IG Metall said, "it is important that the transfer agency is not doing something for the redundant employee but together with him".

1.2.4. Particularities of contemporary situation in social partnership.

Policy-making of trade unions in shipbuilding industry (response of trade unions to the contextual challenge)

The trade union play an increasingly important role in the fight for the location of German shipbuilding industry in the European and the world markets. It raises public attention to situations of crises, proposes concrete actions, and acts as pressure group. Conferences, negotiations, actions, and campaigns are part of its strategy that influences German shipbuilding policy. Trade union realized the continuation of national and regional competition aids, and a strong vote by the German government at Brussels for protection against dumping policy from South Korea. A national coordinator for the maritime industry has been nominated as a result of the trade union’s demands. The trade union seem to be the strongest pressure group in creating publicity, in drawing attention to the actual situation of the ship building industry, and in pushing new strategies to cope with change.

Trade unions are concerned with the lack of a coherent policy on the future of shipbuilding within European Union. The basic message of trade union demands as it is stated in different papers of IGM Bezirk Kuste is that at the moment the restructuring of shipbuilding is accomplished on the expenses of employees. According to trade union view, while making decisions on shipbuilding development in Europe it is necessary to take into consideration not only technological and financial issues but a human factor as well. The following points are particularly stressed by trade union:

1. The lack of all-European conception of shipbuilding development in Europe. The concept of the future should integrate four points: the national power competencies strategic and industrial core competencies combined with high level of employment and clear conception of local development.
2. The European shipbuilding and employees should not be just an arena for financial markets. European institutions and enterprises take a suspense strategy resulting in activation of Western investors, and especially of the USA investing in different European shipyards. As a result European shipbuilding is becoming a place for financial games without any industrial policy.

3. It is necessary to prevent in shipbuilding just pure technological use of shipbuilding industry, not to make shipbuilding to suffer from decision made somewhere away from Europe.

4. Representatives of enterprises should be more involved in decision-making process, to get more information regarding decisions and making decisions.

5. Different national and regional situations should be taken into account while making decisions on further development of shipbuilding industry.

Trade unions demand for a better image of the shipbuilding industry. At the moment, as it is argued in the position paper of IG Metall Kueste, maritime industry has the image of old industry which is in the periphery of the economy, a "looser-image" cutting down working places. Politicians and enterprises should promote shipbuilding and enhance the position of the maritime industry within the national economic perception. A better image of the maritime industry could battle against the lack of qualified workers, apprentices, and engineers. According to IG Metall Kueste the maritime industry needs an image-campaign. The following issues should be stressed:

1. what is common in shipbuilding industries in different countries

2. to stress the powerful future of the sector

3. to put on the first stage the technology and the complexity of this production

4. to show how much it economically gives, and to stress that it is much more than the "looser image" shows.

5. to organize a network of all those who are interested in the development of maritime's cluster

6. to show high innovational potential of shipbuilding industry and the ideas for the future of the whole cluster of maritime industry especially for the spheres of traffic, tourism, energy etc.

Common initiatives have been started by trade unions and employers in European countries aimed against damping policy of South Korean shipbuilding to overcome
the crises in shipbuilding. In June 2003, an initiative of organizing social sectoral
dialog at the European level had been accepted which got support from European
commission and further institutionalization in the view of Maastricht decisions. Trade
unions consider it important to formulate and institutionalize concretely what was
abstractly decided in Maastricht. With the European integration, there will be even
more shipbuilding countries in European market. This brings a number of problems
including 1,3 million employees who need better qualification; engineers, who need
additional education and professional training system development.

According to trade unions’ opinion there should be a financial support for research
and development, production innovations and this is a common task for enterprises
and the state. The German government has indicated a willingness to support
research in shipbuilding with up to 60 million Euro until 2007.

Two main reasons are seen as predetermining contemporary situation in
shipbuilding in Germany: consequences of September 11 resulting in general
decrease of the offers for cruise shipbuilding, and the damping policy of South Korea
that leads to unequal competition. All these issues could be solved only in political
way.

*Changing role of regional tariff agreements* (open clauses and flexibility at
company level, recent trends in collective bargaining):

The role and real implementation of a regional tariff agreement under unfavorable
economic conditions is problematic. On the one hand, it remains the basic regulator
of labor relations, on the other hand, the increasing amount of hardship clauses –
agreements concluded between works councils and management, brings down its
regulative role. At the moment all shipyards in German shipbuilding industry, even
the most successful ones, conclude special agreements at company level introducing
special conditions different from those in general tariff agreement. The number of
points negotiated in different company agreements vary essentially from one shipyard
to another\(^1\) (). The growing number of open clauses demonstrates a general trend of
decentralization of collective bargaining process in Germany.

The position of IGM Bezirk Kueste towards open clauses could be characterized as
ambiguous. On the one hand, it does not welcome the increasing number of
deviations from the conditions of tariff agreement undermining the general principal
of centralized bargaining. On the other hand, trade union realizes that under

---

\(^1\) see for more details "Haertefaelle im Werftenbereich IG Metall Bezirk Kueste" in
"IG Metall Küste / Universität Bremen (Hrsg.), 2003, pp. 29-36
unfavorable economic conditions open clauses provide sometimes the only possibility to keep a shipyard within the frame of existing tariff agreement. This results in the emergence of new flexible patterns of interactions between trade unions and works councils that could be characterized as “strong mutual dependence”. Works councils need trade union’s support in their negotiations with employers (for instance, during the interview with representatives of works council at FSG we were told, that conflicts between work councils and management happen always about issues related to working time and salaries: “Nobody would listen to us if we do not have IGM behind”. That is why the relationships between works council and IGM Kueste is very close up to direct participation of IGM leaders in negotiations between works council and management at company level). Trade union needs contacts with works councils for better control of the situation with open clauses. The fact of eroding of the dual structure of interest representation in German model has been already discussed in the literature. However, we would argue that the term “erosion” is not adequate enough to reflect the complex system of interactions between works councils and IGM Kueste during our case studies. The “two independent pillars” of German model in reality seem to transfer into a new social partnership entity with keeping division of basic functions between works councils and trade unions but at the same time more flexible in terms of cooperation and interaction.

II. Social partnership in Russian shipbuilding industry (the case of St. Petersburg and the region): problems of formation

2.1. General principles of social partnership system in Russian industry

The debates about social partnership as a balancing mechanism of interests of workers, employers and the state emerged in Russia over 10 years ago. Before that, collective agreements were concluded at the firm level only, while general and branch agreements were absent at all.

During the past years, social partnership has become an official ideology. The legislative basis for social partnership development has been fixed in the Labour Code adopted on February 2 2003. According to the system, there are several levels
of social partnership – general tripartite agreement, regional and branch agreements, territorial tariff agreement and collective agreement – corresponding to certain mechanisms of coordinating of interests of the partners. General and branch agreements at federal level were concluded regularly since 1992; regional tariff agreements cover 87-88% of subjects of the Russian Federation. At the same time, despite an increase of 15.5 times in 2001 of the amount of territorial agreements if to compare with 1993, and an increase of 2.6 times of registered collective agreements, the situation is still far from the desirable.

Today, the system of social partnership in the Russian Federation consists of the following agreements:

- the general agreement between the all-Russian associations of trade unions, employers and the Government of the Russian Federation, concluded for 2002-2004;
- 65 branch tariff agreements;
- 78 tripartite regional agreements;
- more than 4206 agreements in the subjects of the Russian Federation by branch or territorial principles;
- almost 182 thousand collective agreements at the enterprise level (75.3 percents of enterprises have collective agreements)

2.1.1. General agreement

The current general agreement between the all-Russian associations of trade unions, the all-Russian associations of employers and the Government of the Russian Federation was concluded for 3 years (2002-2004), which is the maximal duration of an agreement provided by the Labor Code. It consists of seven sections, includes 163 obligations of the Parties and three appendices.

The bargaining process at the federal level is not always successful. For example, in February 2003, trade unions initiated negotiations on modification and additions regarding minimum wages. Only two additions were entered to the working General agreement as a result of four-monthly negotiations. However, subsequently to the session of the Russian tripartite commission, the governmental party refused to
accept the achieved arrangements. As a result, it was decided to postpone negotiations on these problems to the second half of the current year.

2.1.2. Branch agreements

By the beginning of 2004 in the Russian Federation, 65 branch agreements have been concluded at the federal level. The period of validity of a branch agreement is two to three years. Basically, branch agreements are signed by two parties. The ministries, departments as well as employers' associations represent the employers' part. Only three agreements are concluded on a tripartite basis: with the Russian independent trade union of workers of the coal industry, with the Association of machine-building trade unions of the Russian Federation, and with the Russian trade union of workers of textile and light industry.

The main problem at the level of branch agreements relates to the absence of the representatives of the employers' side. Since February 2002 the executive authority could act as the representative of the employer' side for the state and municipal enterprises. Also in a number of branches there are no associations of employers, at the same time some associations of employers are not eligible to sign agreements. According to the Federal law on associations of employers, accepted in 2002, the interests of employers should be represented by noncommercial organizations based on membership of employers. However, the law did not really stimulate employers for the formal regulation of the relationships with employees. As a result - the creation of noncommercial associations of employers in many branches is initiated by trade unions.

The branch tariff agreements in federal subjects are patterned after agreements at federal level, including either all questions of branch tariff agreements, or some arrangements on the most actual problems. The efficiency of such agreements grows with inclusion of obligations improving positions of branch agreements and expansion of sphere of their action on to small organizations, not having collective agreements. Another problem yet unsolved is the expansion of branch agreements on those enterprises which did not participate in the bargaining process.

2.1.3. Regional agreements

The laws on social partnership act in 43 out of 49 subjects of the Russian Federation. The actors of collective bargaining at regional level are tripartite
regional, republican commissions, as well as branch, territorial and other commissions. The activities of the above mentioned commissions have resulted in conclusion of tripartite regional and territorial agreements providing general principles of regulation of social-labor relations in subjects of the Russian Federation.

More than five thousand agreements have been concluded in different republics and regions of the Russian Federation that is 20 per cent more as in the last year, 78 of them have been concluded at the regional level on a tripartite basis (www.fnpr.ru). Regional agreements as to compare with the general one, embrace a wider spectrum of labor related problems, consider regional specificity, contain more advanced norms. In most of the regions, the agreements serve as a way of solving the problem of non-payments and debts on wages.

The main problem at the regional level lies in the sphere of implementation of regional agreements. Despite of permanent control on agreements’ realization conducted by regional and territorial commissions, some obligations regarding economic growth of industrial production, reduction of debts in wage payments, increase of the minimal tariff rates are constantly not accomplished.

The effectiveness of regional agreements is promoted by the conclusion of branch regional agreements, territorial agreements with institutions of local governments. However, employers often do not fulfill obligations of the city tripartite agreement referring to unfavorable financial situation at the enterprises.

A new developing form of social partnership is the agreement in federal districts. Such agreements have been already conducted in Central, Northwest, and Privolzhskij federal districts.

2.1.4. Collective agreements at company level

The majority of collective agreements conducted at the level of enterprise, contain norms and conditions which are more advanced as to compare with standards determined in the higher level agreements or by the legislation. The conditions of collective agreements depend first of all on financial conditions of the enterprise. In St. Petersburg and Leningradskaya region, collective agreements are concluded at 54,48 percent of enterprises, in some regions - up to 87 percent of the enterprises use collective agreements for social-labor relations regulation.
Despite of the growing number of employees working under conditions of collective agreements, there is still a wide range of problems related with its regulating potential. The main reasons hindering conclusion of collective agreements at the enterprises are the following:

- resistance of enterprise management who are not willing to load themselves with additional obligations;
- economic instability of the enterprises, difficulties in planning orders and therefore – the amount of financial resources necessary for realization of collective agreement;
- small number of employees;
- frequent rotation of the headquarters at the enterprises
- “legal illiteracy” of workers’ representatives
- ineffective mechanism of legal regulation regarding responsibility of the officials for breaking the labor law
- the absence of normative-legislative basis for regulation of the relationships between “owner – employer – employee”
- the attempts to weak down trade unions by creation alternative trade union organizations
- indifference of legal structures towards breaking collective agreements.

The fact of signing the collective agreement by the administration does not mean automatically its fulfillment. Usually the level of implementation of collective agreements varies from 60 to 90 percents. For instance, at industrial enterprises the wages are not indexed according to the increase of consumer prices for goods and services, the workers do not receive additional payments for expansion of working zones, there are still delays in wages payments, etc. Administration which ?? often conceals information from trade union organizations regarding economic situation at the enterprises, make a secret out of any information regarding wage-funds. Very often enterprise administration resists against trade unions’ intervention into the relationships between employers and employees. Collective agreements are considered as “not reasonable”.

There are serious problems in the development of a social partnership system at small and medium enterprises. As a matter of fact there are no trade union
organizations at such enterprises and therefore collective agreements are not concluded while labor law is infringed even more often. Only 0.2 percent of small and medium enterprises today have collective agreements.

At the same time some employers are not just indifferent to the development of social partnership, but sometimes attempt to disorder trade-union organizations. There are some cases of liquidation of the trade-union organizations at the enterprise level as well as cases when collective agreements were concluded without participation of trade unions.

2.2. Social partnership in shipbuilding industry of St. Petersburg.

2.2.1. Shipbuilding industry in Russia – a general overview

Shipbuilding industry is a complex and specific industrial branch. The Russian shipbuilding till the recent times was one of the biggest in the world. During the last ten years, the situation has been principally changed. The size of the state military order has been decreased 20 times, and in civil shipbuilding – 5 times. The industrial capacity of shipbuilding enterprises has been decreed to 25-40 percent. Sharp reduction of civil shipbuilding had led to the aging of domestic fleet, and the long-term governmental programs of the development of trade and military shipbuilding are not accomplished.

However, shipbuilding industry remains one of the leading industrial branches in St. Petersburg. The majority of Russian shipbuilding enterprises – 27 industrial plants as well as 30 research institutes and design bureaus as well as a great number of small and medium sized enterprises - are located in St. Petersburg and Leningradskaja region. About 30 per cent of the whole production of Russian shipbuilding and 75 per cent of works in R&D are concentrated here; more than 55 thousand people are employed in shipbuilding industry of St. Petersburg and Leningradskaja region. Almost all export production of Russian shipbuilding industry is also concentrated in St. Petersburg. Shipbuilding industry can be considered as one of the crucial factors generally affecting city development.

Employment in shipbuilding industry in St. Petersburg and Leningradskaja region

During the last decade, shipbuilding industry has been experiencing sharp decline in production and employment with extreme in the beginning-middle of 90s. In recent years, the decline in production seemed to be somewhat suspended due to increase in state (mainly military) orders and improvement of economic situation in
general. Relative industrial stabilization is reflected in stopping of redundancies in recent years.

Table: Dynamics of employment in shipbuilding industry in SPb and Leningradskaja region

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipyards</td>
<td>21 658</td>
<td>21 009</td>
<td>21 448</td>
</tr>
<tr>
<td>Industrial plants</td>
<td>14 634</td>
<td>14 230</td>
<td>12 607</td>
</tr>
<tr>
<td>R&amp;D institutes and design</td>
<td>20 191</td>
<td>19 561</td>
<td>20 270</td>
</tr>
<tr>
<td>bureaus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>56 483</td>
<td>54 800</td>
<td>54 325</td>
</tr>
</tbody>
</table>

Source: TOT of shipbuilding of SPb and Leningradskaya region

Long-lasting economic decline in shipbuilding as well as the destruction of the overall institutional context has led to an ambiguous situation with the employment and the need for the working force. On the one hand, the long-term production decline has caused mass redundancies of workers, it "washed out" highly qualified workers. On the other hand, recent positive economic changes have sharpened the need in high-skilled working force. At the moment, almost all enterprises of shipbuilding industrial complex have a need for workers and specialists of different levels of professional skills. According to the data of the Ministry of education of RF, the demand for specialists at industrial enterprises in shipbuilding industry in SPb exceed the 2.5 -2.7 times the number of specialists provided by state forms of training.

This general problem with employment is reinforced by some specific factors referring to particularities of shipbuilding industry in St. Petersburg and the region: Sharp decrease in the inflow of young people in shipbuilding industry, and aging of the working force.

In Soviet times, the overwhelming majority of young workers recruited in shipbuilding industry of SPb came from peripheral areas. The main attractive factor for these young people was the possibility to receive dwelling in St. Petersburg provided by the social welfare system of the industrial plant. The lack of this attractive factor results in more efforts needed to recruit young people.
The need for innovations has sharpened the need for hi-qualified technical specialists. During the years of stagnation, the enterprises have lost the innovative potential, first of all the specialists in project and design bureaus. The need of competitiveness requires introduction of innovative technologies, and therefore specialists possessing advanced knowledge (according to the prognosis of the Ministry of education the need for technical specialists in shipbuilding in SPb constitutes 80 per cent of the overall need for specialists in shipbuilding in Russia). At the same time due to the poor economic situation, the enterprises are not able to recruit the needed number of young well trained graduates of high educational establishments with professional skills corresponding to the demands of advanced hi-tech production. That is why the problem of retraining of “old” “former” specialists has become especially crucial. It is well known that without continuous renovation knowledge becomes outdated.

The actual employment situation in shipbuilding industry features also a high level of temporary employment. The lack of hi-skilled workers is partially covered by shuttle migration of workers from military shipyards in other cities of the North-Western region, which are characterized by extremely high level of unemployment. These are so-called “closed” cities – urban settlements created around military enterprises with almost total absence of any other employment opportunities. With the destruction of the Industrial Military complex and the suspension of military orders, the population of these cities found themselves without work and salaries and had to look for jobs in other cities. The situation is aggravated by narrow specialization of workers who have been employed at military shipyards for many years. The shuttle migration of workers doesn’t have any regulative basis and depends on personal initiatives of individuals. It has to be considered rather as survival strategies of population and thus has absolutely unpredictable character. There is no controlled exchange of workers between enterprises, the migration working force from military enterprises of NW region is purely performed on individual (personal) basis.

Migrants from neighboring NIS countries – Belorussia, Ukraine, etc. – provide another source of temporary employees. There is no any official data on the number of migrants employed in shipbuilding industry because of semi-formal character of hiring. Intensive flows of employees between shipbuilding enterprises in St. Petersburg and the region are caused by high diversity of working conditions at different enterprises, first of all, by the differences in salaries at economically successful and none-successful enterprises.
2.2.2. Social partnership system.

2.2.2.1. Branch tariff agreement.

One of the basic research purposes of the study was to find out how the multi-tiered system of social partnership in shipbuilding industry is implemented. According to the existing model of social partnership the main social partnership instrument within an industrial branch is the branch tariff agreement.

Since the beginning of 1990, the branch tariff agreement in shipbuilding industry is concluded between the Russian Council of Trade Unions of shipbuilding industry and the Agency of shipbuilding industry. It is suppose to regulate a number of important issues, such as the minimum level of wages, working and leisure time, job rates and social guarantees. The interviews with trade unionists collected during the study have demonstrated that the branch tariff agreement doesn't really work at the level of enterprises. It is considered as an important regulative instrument at the branch level, however at company level it is seen as just a positive example of social partnership rather than as a working document. The leaders of trade union organizations in economically successful companies told us that they conceal branch tariff agreement from the directors because the low level of wages indicated can not be used as arguments in bargaining process regarding salaries and job rates.

Similarly the general tariff agreement which is concluded at the federal level between FNPR (Federation of Independent Trade Unions of Russia) and the Union of Employers of Russia serves rather as some political document in terms of recognition by the state of the role of trade unions in labor relations but cannot be used as an instrument for the real regulation of industrial relations. As it follows from the interviews, the trade union leaders consider this document as a "pure political act". These attitudes are reinforced by regular (constant) non-fulfillment of obligations by the state.

One of the main obstacles of the bargaining process is the absence of the employers’ party at the branch level. The Agency of shipbuilding industry is going to be reconstructed in the nearest future, and so far it is not clear which organization will take the role of successor. Numerous attempts undertaken by trade unions in order to stimulate the creation of employers' association in shipbuilding industry did not succeed. One of the reasons is the growing competition between shipbuilding
enterprises. Another reason is the possibility to use informal hiring of workers that brings down the employers’ interest to participate in the development of formal labor regulations.

Therefore, the trade union leaders are looking for a merger with trade unions of different industrial branches related to shipbuilding. In June 2003 with the initiative of the Territorial Organization of Trade Union in shipbuilding industry (TOT), the Trade Union of Metalworkers has been created, including enterprises of shipbuilding industry, machinery construction and metal industry. The main purpose of a new organization as it is posted in the charter, is the development and conclusion of a regional tariff agreement.

2.2.2.2. Social partnership at company level

According to the charter of Russian Federation of Trade Unions, a collective agreement, which is concluded between trade union organization and company management is considered as the main result of trade union activities at company level. The most important point of a collective agreement is definitely the level of wages and social pack. The situation with collective agreements in shipbuilding industry could be characterized as generally favorable because of inherited from the Soviet times traditions and positive attitudes of the directors towards collective agreements in many enterprises and R&D organizations.

A new strategy of trade union organizations at company level is introducing corrections in collective agreements in accordance with changing needs of employees and enterprises. For instance, some social groups have got special attention by trade unions, such as retired people and employees of pre-retirement age. People of this group are getting special privileges stimulating early retirement thus facilitating more intensive personnel rotation and “painless” personnel redundancies. Other privileges are introduced into collective agreements to stimulate inflows of the workers and specialists of a younger generation. At the same time, some privileges have disappeared aimed on socially unprotected categories of employees. For instance, some privileges for young single mothers or for mothers with young kids have been abolished. Also trade unions pay no attention (unlike trade unions in Germany) to the problem of inequality in wages of male and female employees.
Another important feature of collective agreement today is that in almost all agreements information about distribution of profits which formerly served as one of the most important appendixes to collective agreement. Although representatives of trade union participate in negotiations regarding distribution of profits, the lack of officially documented decisions enclosed to the collective agreement does not allow trade unions to contest non-fulfillment of the agreement by the management side. As a result, the points of collective agreements which are financed from the received profit as a matter of fact is fulfilled by 20 percent.

Working time and leisure time are not regulated by collective agreement but by particular articles of the Labor Code. Among new topics for regulation are: crediting for housing, board in canteens, additional social privileges for top-management, etc.

2.2.2.3. Territorial Organization of Russian Trade Union of Employees in Shipbuilding Industry (TOT)

TOT is a voluntary association of members of Russian Trade Union of Employees in Shipbuilding Industry who work in St. Petersburg and St. Petersburg region. TOT of shipbuilding is a respectively new organization aimed to coordinating trade unions’ activities at the level of shipbuilding enterprises and to mediate relationships between trade union organizations in shipyards and trade unions at the federal level. It consolidates all shipyards, design offices, industrial enterprises referred to shipbuilding industry of St. Petersburg and the region. TOT performs as a structural unit of Russian Trade Union of the Employees in Shipbuilding Industry and as a member of Federation of trade Unions of St. Petersburg and St. Petersburg Region. (Appendix 1 ). The organizational structure of TOT is presented by two levels – trade union organizations at company level and Territorial Committee as an executive body of the TOT Conference.

In the year 2003, TOT encompassed 48 trade union organizations at company level, 45 thousand members which constitutes 75,7 percent of employees in shipbuilding industry. The density of trade unions have been slightly decreasing within the last 3 years (in 2001 it was 77,8 per cent) (Mterialny analiza statisticheskoy otchetnosti, 2000-2002).

The absence of explicit and purposeful federal policy in labor market during the last decade as well as the disorganization of employers led to the situation that trade unions, and TOT in particular became the main initiators and organizers of a
new social dialogue in shipbuilding industry. In SPb, TOT initiated the development of a regional model of social partnership, which implies concluding of regional collective agreement among industries constituting a single shipbuilding industrial complex (metallurgy, machinery construction, instrument-making etc.). With the new Russian Labor Code, adopted on December 31, 2001, the development of a new social partnership system has become legitimate and obligatory. For all social partners this implies a high pressure for acting.

The reaction of trade unions to the ongoing changes manifests itself in recent changes in structures and strategies. TOT is seeking for new forms of activities. Lots of training activities for trade union activists as well as for trade union leaders at the enterprises are being conducted. In most of the cases, they are conducted by independent experts and independent consultants. TOT participates in various international projects on social partnership and industrial restructuring. Trade union leaders positively evaluate this activity, however it could not affect people’s attitudes towards trade unions in general. The TOT leaders complain about the lack of financial resources for a strong PR strategy about trade union activities that could change attitudes towards trade unions.

The attempts to improve the image of trade unions gave rise to new services provided by trade unions for trade union members only. Here should be mentioned the disposition of credit unions, the organization of free of charge juridical consulting, various kinds of resource centers. However, the main problem of all these resource centers is that trade unions could not achieve an agreement with other investors regarding how to share the property. This refers not only to the relationships between TOT and other side partners (even international ones) but also to the relationships between trade union organizations themselves.

The decrease of trade unions’ density has caused some new features at the company level. On the one hand, trade union activists have become more active in attracting newly hired workers to join trade union – interviews with new workers, in which they try to find out about their interests and problems, tell more about trade unions and advantages of being a member of trade union. On the other hand, the increasing amount of privileges and advantages provided by trade unions are now becoming available only for trade union members. Even in the charter of the newly created Trade Union of Metal workers, there is a statement that the work of trade

2 The best example is the failed attempt to create a resource center for redundant workers similar to German transfer agencies in St. Petersburg in the mid 90s. The opinion of IGM leaders who were participating in this attempt is that the main obstacle that eventually led to failure of the project was the impossibility of trade unions to find common ground in property issues.
union is focused only on trade union members. By this, trade unions are trying to
rise their image and to make membership in trade unions more attractive. Thus, the
strategy of trade union could be characterized as dual – to keep the status of a
mass organization (in order to keep financial stability) and to be an organization
serving only its members.

2.2.3. Particularities of contemporary situation in social partnership

Structural changes

One of the serious problems for trade unions in shipbuilding industry are the
structural changes related first of all to the form of ownership. The legal status of a
number of enterprises has been changed from State Unitary Enterprise into joint-
stock companies. According to the new Labor Code in this situation the common
collective agreement is possible only after coordinating with all structures that
makes bargaining process extremely time- and labor-consuming (for instance, in
“Severnaja Verf”).

Due to industrial restructuring in shipbuilding, new relationships have emerged
between the growing number of small firms-contractors and big shipyards. The
territorial organization of trade unions is concerned with the situation of breaking
labor norms, industrial safety rules, lots of overtime works, absence of collective
agreements in these firms-contractors. Besides, these firms never join any business
association and therefore never use branch tariff agreement as a regulator of labor
relations.

Social partnership

It could be stated on the material of interviews that the contradictions in interests of
employers, owners and trade unions are getting so strong that our informants
wonder if social partnership is principally possible in the situation when wages
constitute only 10-12 per cent of the production costs.

The main argument presented in interviews is that social partnership implies
equality of the parties, while in reality one could not speak about equal relationships
between trade unions and employers. Trade unions possess no power to force
employers to even participate in the bargaining process. However, the ideology of
social partnership is favorable for the state which is announced as a “social state“.
Trade unionists consider the term "social dialog, two-three-sides consulting between interested parties" as more appropriate and better reflecting the real situation.

The situation in social partnership today is characterized by two opposite tendencies. Structural changes in trade union organization could be labeled as centralization process – and namely, centralization of financial flows that has been started by FITU in order to create a highly centralized model of trade unions. The main purpose of such a model is to facilitate strict control over expenses in the regions that has caused resistance from the side of regional and branch trade union organizations. At the moment, regional trade unions are divided into two parties. One of them - supporters of the idea of centralization – agree with the increase of the share of deductions to the center up to 35 per cent. Others – resisting centralization – did not accept new rules and continue to deduct only 12 per cent of the amount of dues to the center.

While the organizational structure of trade unions is getting more centralized, the content of collective bargaining is getting more and more decentralized. The agreements at different levels do not fit into any unified model. In reality, the issues of general agreement are not reflected in the branch tariff agreements, and the later in their turn do not serve as regulating models for collective agreements at company level. As a result – high level of diversity in the content of tariff agreements at different shipyards, different standards and quantitative parameters.

Professional training

The main problem at the moment is the lack of any coherent system of professional training in shipbuilding industry. The "old" system of professional training that was effective under the conditions of centralized planning economy doesn't exist any more, while no new system has been created in recent years. In Soviet times, there was a centralized system of professional training. The workers got education and training in specialized schools and technical secondary schools, that were attached to certain industrial plants and were partially financed from the state budget. Specialists got professional education in specialized high educational establishments with subsequent centralized distribution among industrial enterprises and R&D organizations. Now, the problem is solved by every enterprise on an individual basis. Of course, it depends first of all on the financial situation of the enterprise. There is some interesting evidence how enterprises cope with the lack of high-skilled workers and specialists. In most successful plants (like Admiraltejskie
Vrfi, Baltijskij zavod) a special center of professional training was established at the enterprise where specialists get professional training in advanced technologies. The lack of high-skilled workers is covered through concluding special agreements for training with specialized technical schools.

Professional training issues are getting growing attention from trade unions. It should be noted that the main efforts of trade union regarding professional training are concentrated on the level of social policy development. They try to solve the problem by creating new institutional arrangements with participation of other social partners – employers and the state. And the trade unions consider that these efforts could be successful only under the condition of concluding regional tariff agreement. At company level, the problem of professional training is left for company management. As a matter of fact, the issues of workers training and retraining are merely mentioned in collective agreements at the enterprises. Probably, the reason is that the issues of professional training are traditionally considered as belonging to the competence of enterprise’ management. Another reason is the lack of incentives for improvement of professional skills – the share of tariff in the worker’s salary amounts only 10-11 percent. What does it mean, not yet clear.

The efforts of trade unions are focused only on those who actually work in shipbuilding industry. Trade unions do not trace professional trajectories of workers after they have been made redundant and leave the enterprise. There are no any special conditions and opportunities provided for dismissed workers in shipbuilding regarding training, retraining and jobs opportunities. At the moment, trade unions focus their efforts first of all on recruiting and training of new workers and specialists rather than retraining of the “old” ones.

Informal relationships

Success of trade unions at company level crucially depends on informal relationships between the head of trade union organization (profkom) and the director – the majority of most important questions are being negotiated informally so that the fulfillment of collective agreement depends on this relationships. If relationships are informal and trustful then negotiations are successful and fit the time limitations established by the law (3 months).

In our study, we encountered two types of relationships between the management and trade union at company level. In the majority of enterprises, the
trade union leaders have been working at the enterprise over 10 years. The relationships in this case could be characterized as real partnership survived during the hard years of the reforms when both leaders were oriented towards moderating social tension. On such enterprises, the information exchange between the two leaders is confidential, not every trade union member has access to this info. In order to keep informal relationships with the headquarters trade union leaders make a compromise during negotiations, all discrepancies are eliminated before the conference on which collective agreement is concluded.

Another situation is the change of the management and coming in of a team of young technocrats or economistst who had never worked with trade unions before (the case of Vyborg shipyard). In this case, the conclusion of tariff agreement is hindered by the administration who considers this action as useless and senseless. However, the opposition between trade unions and administration was overcome at Vyborg shipyard due to support of territorial organization of trade unions and because of international labor norms (since the industrial policy of Vyborg shipyard was oriented towards international markets, where the presence of trade unions is considered as a necessary condition). Nevertheless, even in this case the informal cooperation between trade union leader and administration was essential. The new administration needs assistance of trade unions in order to get a positive image in the eyes of their foreign customers and partners which they change for concessions in the form of fulfillment of trade unions’ demands.

It could be assumed here that the way in which production policy pursued by enterprise’ management, or to be more precise, whether it is oriented towards Western markets and Western customers or towards domestic market and state orders could be considered as an important factor affecting partnership between trade unions and enterprise management.

*Political power of trade unions.*

Trade unions political activities could be characterized as indirect. They do not act as political party, however they participate in the elections by promotion of candidates at all levels of authority. Lobbying is not always successful. For instance, in 2001 TOT was lobbying the “Law on Social Partnership” that was accepted by City Legislative Assembly. However the law was under veto by the governor and still there is no legal regulation of social partnership at city level.

Another direction of political activity is organization of participation of trade union members in the elections. This serves rather as a sort of compromise with ruling
parties than as purposeful policy – we provide you mass participation in turn you provide us social guarantees. In the eve of president elections, the Federation of Trade Unions decided to agitate for Putin.

III. COMPARATIVE PERSPECTIVE

One of the main purposes of the study was to find possible perspectives of comparison of two social partnership systems through looking at recent trends in social partnership as a reaction towards changing economic and social context. Comparative perspective is even more important for the purposes of the study, since the German model of social partnership is considered by the Russian shipbuilding trade unionists as one the most attractive to borrow from for the development of new social partnership system.

The materials gathered during the study made it possible to single out some issues which are considered to be problematic in both countries and that can be analyzed through a comparative perspective. It is interesting that despite of considerable differences in the institutional, economic, and social environments in two countries, we have revealed some similar trends caused by analogous changes in external environment, and namely, by industrial crises, industrial reorganizations in shipbuilding industry. Of course we are far from making direct comparisons and try to look at the changes through the prism of country-specific environment.

Centralization and decentralization

The first feature that should be mentioned as the most important characteristic of contemporary situation in both countries is the discrepant combination of centralization and decentralization. If we look at the models of social partnership and on the activities of trade unions aimed to further development of the model we can see in both countries the tendencies of centralization. In Germany, they are presented by the attempts of trade unions to overcome centrifugal forces at the level of working places and to retain centralized control over the processes of collective bargaining. In Russia, the tendency of centralization of the model is explicitly demonstrated in structural changes in trade union organization and namely, in centralization of financial flows in order to create a highly centralized model of trade unions. The main purpose of such a model is to facilitate strict control over expenses in the regions. The efforts of TOT to create some centralized system of collective bargaining at regional level could be also referred to increasing centralization.
The opposite tendencies of decentralization at the level of real implementation of social partnership models are also similar in the two countries. In Germany, they manifest themselves through increasing number of open clauses at company level. In Russia, decentralization manifests itself in highly diversified contents of collective agreements at company level, in different standards and quantitative parameters used for the development of collective agreements. In reality, the issues of general agreement are not reflected in the branch tariff agreements, and the later in their turn do not serve as regulating models for collective agreements at company level.

In both countries, the question of branch tariff agreement is on the agenda of negotiations between trade unions and employers associations. However, in Germany, the need to introduce some particular conditions for shipbuilding industry into a sectoral tariff agreement is articulated by the employers’ association and marks the process of decentralization; in Russia the need for development of working branch tariff agreement has bottom-up orientation, initiated by trade unions and reflects the tendencies of centralization.

*Industrial policy development*

In Germany, the trade unions play an extremely essential role for industrial policy development. It is even more important now because of the processes of Europeanization and the situation of price dumping policy of South Korea. In Russia, the role of trade unions in the development of industrial policy is rather ambiguous if we consider not only the model but its real implementation in practice. Trade union declares its concern with the future of shipbuilding industry while being not really involved in the development of industrial policy.

*Coping with the lack of qualified employees*

In both countries, trade unions are involved in solving the problem of redundancies and the lack of high qualified workers. In Germany, coping with the problem causes the emergence of new institutional settlements – transfer agencies, which could be considered as representing social partnership system as created on the basis of collaboration of three parties – trade unions, employers and the state. In Russia, the problem of the lack of high qualified working force is going to be solved via creating a new model of professional training at the regional level (appendix 2). With the initiative of TOT a special program for personnel training in SPb shipbuilding industry has been developed. The basic idea of the program is to introduce 3-tiered?? system of continuos personnel training and retraining on contractual basis with the mechanism of co-financing using different financial
sources (federal budget, city budget, sources of enterprises). According to the program, a center for personnel training and retraining should be created for shipbuilding industrial complex in St. Petersburg.

There are also considerable differences in approaches of trade unions towards the problem of professional training and retraining. It should be noted that trade union in Russia (TOT) is focusing its efforts on the level of regional policy development; at company level, the problem of professional training is regarded as a problem of company management. As a matter of fact, the issues of workers' training and retraining are merely mentioned in collective agreements at the enterprises. Probably, the reason is that professional training is traditionally considered as belonging to the competence of enterprise' management. Another reason is the lack of incentives for improvement of professional skills – the share of tariff in the worker's salary amounts only 10-11 per cent. as above not quite clear....

Another difference between Russian and German trade union strategies is that unlike their counterparts in Germany trade unions in Russia do not trace professional trajectories of workers after they are fired and leave the enterprise. There are no any special conditions and opportunities provided for dismissed workers in shipbuilding regarding training, retraining and jobs opportunities. At the moment, trade unions focus their efforts first of all on recruiting and training of new workers and specialists rather than retraining of the "old" ones.

*Image strategies of trade unions*

The question how to improve the image of trade unions is topical in both countries. The fight for a better image aims, first of all, on the increasing of trade unions' density, attracting more people to become members of trade unions. Another purpose of a better image development is to engage more resources for trade unions’ activities. Although the problem of image improvement is the same in two countries and is considered to be of high importance by both trade unions, however, the image strategies are different.

In Germany, the basic image strategy of trade union is the improvement of the image of shipbuilding industry itself. A better image of the maritime industry could battle against the lack of qualified workers, apprentices, and engineers. Trade unions are trying to create attractive image of advanced and promising industry with complex technology.

For Russian trade union the strategy of attracting people is based on
broadening the spectrum of benefits and privileges of membership in trade union. For this purpose trade union activists have become more active in attracting newly hired workers to join trade union. On the other hand, the increasing amount of privileges and advantages provided by trade unions are now becoming available only for trade union members. New services provided by trade unions are for trade union members only.

As for the images of trade unions themselves, some differences also should be mentioned. Recent trends in self-positioning of IGM Bezirk Kueste could be characterized as reinforcement of collaboration with different social movements non-governemental organisations, and particularly with a group called ATTAC, but also the ecological movement, “greens”, feminist movement, etc., that could help in gaining additional resources. So, the main emphasis is to stress the image of trade union as an institution of civil society. In case of Russia, trade union in order to get more resources has to stress its affiliation to the state. As long as civil society in Russia is weak, the state remains to be the most powerful and richest partner.
REFERENCES


Bahnmüller, Reinhard 2001: „The short lived end of modesty versus the long arm of the Alliance for Jobs. The first two collective bargaining rounds in the German metalworking and electronic sectors under European monetary union“ In Bispinck, Reinhard; Thorsten Schulten (Eds.): Collective Bargaining within the European Monetary Union – The example of the European Metal Industry. Brussels.

Behrens, M., Fichter, M., Frege, C.M., 2001: Unions in Germany: Searching to Regain the Initiative. WSI-Discussionspaper Nr 97, Düsseldorf, August 2001


Deutsche Marinewerften kooperieren. 2002 In Hansa International Maritime Journal, Nr. 5, S.29-32.


Hoepner, M. Corporate governance in transition: ten empirical findings on shareholder value and industrial relations in Germany. – Koeln: MPIfG Discussion paper 01/5, October 2001.


Hyman, R. Institutional transfer: industrial relations in Eastern Germany. – Berlin: WZB, 1996


Related materials:
Es gibt eine Chance. Herausgegeben von der IG Metall

...und plötzlich ist die Krise da! Ein Ratgeber für Arbeitnehmer und Belegschaften. Herausgeber: IG Metall Küste

Leadership 2015 Ein Weg für die Zukunft des europäischen Schiffbau – Schiffsreparaturindustrie CESA (Committee for EU Shipbuilders’ Associations)


Arbeit für die Werften – Zukunft für Europa. Hamburg, September 2000


Anisimov, V., Makeev, B. Pravovaja baza socialnogo kompromissa/ Chelovek I trud, 1998 №1 p.84-86


Karelina, M.V.(1999) Problemy stanovlenija I razvitija system socialnogo partnerstva na regionalnom urovne (na primere Samarskoj oblasti). In: Social'no-


Annex 1

Territorial Organization of Russian Trade Union of Employees of Shipbuilding Industry in St. Petersburg and Leningradskaya Region (TOT)

Federation of Independent Trade Unions of Russia (FNPR)

Industry-based organizations

Region-based organizations

Russian Trade Union of Employees of Shipbuilding Industry

Federation of Trade Unions of St. Petersburg and Leningradskaya Region

Territorial Organization of Trade Union of Shipbuilding Industry in St. Petersburg and Leningradskaya Region (TOP)

Conference

Territorial Committee

Chairman

Presidium

Trade union organizations at company level (trade union committees)

Chairman of trade union committee

Members of trade union committee
Annex 2

The schema of 3-tiered system of professional education in St. Petersburg (proposed by TOT)