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Labor Regulations in Russia: An Overview

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Abbreviations and Acronyms

ECA	Eastern Europe and Central Asia
EC	European Commission
EPL	employment protection legislation
EU	European Union
GNI	Gross National Income
FLI	Federal Labor Inspectorate
FITUR	Federation of Independent Trade Unions of Russia
ILO	International Labor Organization
ICLS	International Conference of Labor Statisticians
OS&H	occupational safety and health
OECD	Organization for Economic Cooperation and Development
PES	public employment service
PPP	Purchase Power Parity
PEA	private employment agencies
SMEs	small and medium size businesses
UK	United Kingdom

Introduction

The recent World Development Report on Jobs[1] notes that government's role should be to set conditions for private sector job creation, and remove obstacles to creating jobs with the highest development payoffs. Policies should also address imperfections in the labor market, such as inadequate or asymmetric information, uneven bargaining power, limited ability to enforce long-term commitments, and insufficient insurance against employment-related risks. Labor policies and institutions, including regulations, collective representation, active labor market programs, and unemployment insurance can, in principle, be used to address these imperfections.

A task of labor law and other labor market institutions is to balance the need to protect workers' rights with the need to increase flexibility in the labor market, and to establish a more conducive environment for creation of productive employment opportunities and enhancement of social dialogue. Flexible labor legislation is essential for promoting creation of new businesses, growth of established firms, and job creation.

Labor laws are, inter alia, designed to equalize bargaining power between employers and employees. They prohibit employers and unions from engaging in specified "unfair labor practices" and establish obligations for both parties to engage in good faith collective bargaining. Labor laws aim to protect workers from arbitrary, unfair, or discriminatory actions by their employers (their monopsony power) while addressing potential market failures stemming from insufficient information and inadequate insurance against risk.

Labor legislation may set only minimum standards that employers and employees must comply with on commencing, terminating, and during the period of employment. These are extended by collective agreements. On the basis of these norms, parties – either in a collective or individual agreement – are free to negotiate terms exceeding respective minimum standards.[2]

Beyond these general principles, however, there is no overall blueprint to design or adapt labor regulations. Rather, there are different reform paths that depend on country characteristics and are shaped by social, political, economic, and historical circumstances combined with different legal traditions. One recommendation is to reform labor regulations in a systematic and comprehensive manner, while considering complexity of effects on the labor market.[3]

Statutory labor regulations and general (nationwide) collective agreements often do not take account of implementation or enforcement effectiveness, nor of incomplete applicability of these regulations. There are important gaps between rules "on the books" and reality on the ground. Employment laws may be ineffective because of evasion, weak enforcement, and failure to reach the informal sector.

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[1] World Bank, 2012

[2] Kuddo, 2009

[3] Labor regulations affect the nature and types of employment contracts, which in turn affect employment and salary levels, access to training, protection from dismissal, ability to exercise freedom of association, collective bargaining, and trade union rights, and social protection at work, among others. Kuddo et al., 2015

The objective of this report is to identify key rigidities in labor legislation in Russia, and propose ways to enhance its flexibility while supporting social protection of workers. The study is based on a comparative analysis of the main indicators/parameters of the individual labor contract, as listed in labor legislation. Internationally-accepted main labor standards in related areas are referenced.

In particular, the report is organized into six chapters. Chapter 1 presents the basic data on labor markets in Russia associated with labor regulations. Chapter 2 discusses essential elements of the employment contract as well as emerging forms of contractual relationships, with the focus on temporary employment and part-time employment contracts. Chapter 3 examines the establishment of the minimum wage, including setting the minimum wage, the level and differentiation of minimum wages. Chapter 4 presents the main rules and regulations regarding the termination of employment contracts for economic reasons. Chapter 5 presents a discussion on enforcement of labor laws in Russia. Chapter 6 discusses aspects of social dialogue in Russia.

The analysis conducted in this study suggests the following main conclusions and recommendations.

- Labor legislation in Russia is in compliance with internationally accepted labor standards and norms governing the individual employment contract, in particular, with ILO conventions and recommendations.[4]

- Employment protection legislation (EPL), as established by the Russian Labor Code and other legislative acts, is not overly strict by international standards. Surveys of employers also confirm that labor regulations are not considered high priority constraints to doing business in Russia. An inadequately educated workforce is more often quoted by Russian employers as a major constraint.

- Application of the Labor Code and other labor laws and regulations is mandatory in the entire territory of the Russian Federation for all enterprises (legal and physical entities) irrespective of their legal status and form of ownership. The labor contract should be in writing. Despite the requirement to have a written contract, four percent of salaried workers (or 2.7 million individuals) work on the basis of an oral contract. Russia may formalize such practices and allow oral labor contracts in case of short-term/casual employment – i.e., for duration of up to two months.

- In Russia, standard open-ended contracts are a prevailing form of employment contracts, accounting for 91 percent of all contracts for hired employees, compared to 59 percent on average in EU countries; eight percent of all contracts are fixed-term (compared to 28 percent in Poland and 26 percent in Spain) where the end of the employment contract or relationship is determined by definite period of time, and less than one percent of contracts are for completion of a specific task. Russian legislation may allow more

[4] Out of 75 ILO Conventions and 1 Protocol ratified by the Russian Federation, 55 are in force, and 18 Conventions have been denounced.

flexible forms of labor contracts, including fixed-term contracts. In particular, Russia may consider expanding the list of circumstances under which fixed-term/temporary contracts are allowed, including for permanent tasks, and extend their maximum duration. The vast majority of fixed-term contracts are held by young people, formerly unemployed, informally employed, or those with lower education levels, namely, those with the weakest bargaining power. For these workers, fixed-term work can provide a pathway into formal employment and an opportunity to gain experience and skills.

- On many occasions, workers would like to work overtime in excess of a standard work week, or on days-off and public holidays, to earn extra income; however, due to high wage premiums (50 to 100 percent for overtime work, and double rate for work on days-off and public holidays) it is costly for employers, especially in small establishments, to arrange for such work. Statutory wage premiums may be lower, while concrete amounts of compensation may be determined by a collective agreement, local normative act, or a labor contract. Moreover, in Russia, working on days-off and public holidays is prohibited, except for the few cases envisaged by the Labor Code.

- On average, the minimum wage level of 20 percent of average wages in 2017 in Russia is relatively low and not a major impediment to job creation. However, the only criterion for setting up minimum wage is to equalize it with the subsistence minimum, while ignoring economic factors, including requirements of economic development, levels of productivity, and desirability of attaining and maintaining a high level of employment. Decentralization of minimum wage setting in September 2007, which gave regions the power to set their own regional minimum above the federal floor, further increased cross-sectional and time-series variation in the minimum wage. Workers employed by federal establishments and enterprises are exempt from regional minimum wage legislation. In some regions, regional and municipal employees are also excluded from regional regulation, and the regional wage floor applies only to private sector workers.

- By the Labor Code, a worker can be fired in case of insufficient qualification, but this needs to be proven by internal attestation. The latter requires a special internal regulation on attestation, informing workers that they will be attested, and establishing an attestation committee. Even if a worker is found not suitable for a job during attestation, the employer has to offer him another job. These requirements are an additional burden, specially to small enterprises.

- Some provisions in the Labor Code bear a heavy burden, especially on micro and small enterprises. For example, it is suggested that, when terminating contracts, small employers may not have to verify possibility of reassignment or retraining. Shorter statutory notice periods may be allowed for small employers, for example, by collective agreement, and risk of being accused of unfair dismissal for small firms should be removed.

- Replacing severance pay with unemployment benefits in small firms may also contribute to flexible work arrangements, especially if the firm is cash strapped. ILO Convention No. 158 does not require both severance pay and unemployment benefits. Indeed, it

specifically states that a worker who does not fulfill qualifying conditions for unemployment insurance or assistance under a scheme of general scope need not be paid any severance allowance or separation benefit solely because he/she is not receiving an unemployment benefit.

- For severance pay, it is also recommended to establish a vesting period for eligibility, thereby making benefit payment conditional on a minimum period of employment at a particular employer, i.e., one to two years.

- In Russia, criteria of mass dismissal are defined in industrial and/or territorial agreements. Additional regulations typically apply from 50 dismissals upwards. In many cases, such an agreement does not exist. A standard definition of collective dismissal can be incorporated into legislation, for example, based on criteria reflected in EU Council Directive 98/59/EC of 20 July 1998 on approximation of laws of Member States relating to collective redundancies.

- Federal Labor Inspectorate (FLI) is the primary agency to monitor compliance with labor standards. Workload of the inspectorate is considered high. In 2016 in FLI, the ratio was one inspector per 34,400 employed, while ILO recommends one inspector per 20,000 workers for transition countries. On average, there were 3,730 enterprises per inspector.[5] Current capacity of FLI allows, on average, one inspection in 28 years while ILO recommends, on average, no less than once in 5 years. Improved law enforcement and application of sanctions can be achieved through (i) better cooperation between relevant authorities (inter alia tax offices, labor and social inspectorates, police); (ii) reinforcement of number of labor inspectors, better working conditions, and performance-based remuneration systems, and (iii) investment in training to update knowledge and develop skills in relevant areas of expertise.

- Russia has followed global trends in union coverage rates. Between 2008 and 2013, the coverage rate of collective bargaining agreement dropped from 26.4 percent to 22.8 percent of workers. The union density rate dropped from 31.9 percent in 2008 to 27.8 percent in 2013. Russia is one of few countries in which the union coverage rate is lower than union density rate, indicating that workers and their representative bodies are not actively fighting for better working conditions through labor bargaining. Russia should follow a general trend toward more decentralized bargaining, with firm level bargaining tending to expand at the expense of sectoral or national bargaining.

Overall, eliminating or limiting some of the restrictions should be considered while having safety nets and/or other labor market policies in place for workers that might be affected by increased flexibility. Such a reform would give employers greater flexibility in responding to market fluctuations through their workforce. Employers must have reasonable freedom to dismiss employees. If not, they will be reluctant to hire them and more inclined to operate in the informal sector.

[5] The data on the activities of the Federal Labor Inspectorate are from the Annual Report 2016.

Employment protection legislation could be restricted to focus on core and enforceable labor standards and provide a greater role for trade unions and employers associations to determine employment relations through collective bargaining, with the aim to find balance between flexibility and security.

Chapter 1. Benchmarking labor market regulations in Russia

1.1. Summary of labor market situation in Russia

Below, combining various sources of information, we summarize key labor market indicators in Russia.

Russian Federation is an upper middle income country with population of 144.3 million and gross national income of US$ 9,720 per capita in 2016.[6] Russian unemployment rate was 5.1 percent in November 2017, or 3.887 million – a low rate by international standards. Employment rate was 65.7 percent – about average in the EU countries. According to the Russian Ministry of Labor and Social Protection, as of beginning of October 2017, the number of officially registered unemployed workers in Russia stood at about 917,000 people, or only 1.1 percent of the labor force. At the same time, 1.652 million job offers were registered in September 2017. [7]

In Russia, a relatively high share of registered unemployed receive unemployment benefit funded from the federal budget and allocated via the targeted subventions from federal to regional budgets. For example, by end of 2016, there were 895,000 registered unemployed; however, 756,000 individuals received the benefit, so the ratio of beneficiaries to registered unemployed was as high as 84 percent.

When the benefit is assigned, an individual receives the following payments during the first 12 month period:

- First 3 months – 75 percent of average salary during last 3 months of work;
- Next 4 months – 60 percent of salary;
- Last 4 months – 45 percent of salary.

This benefit should not be less than a minimum and no more than a maximum fee set by the Government. In 2017, the minimum was set at 850 Russian rubles and maximum was 4,900 rubles, while in the second quarter of 2017, subsistence minimum for able-bodied person was established at 11,163 rubles. Benefit during the second year of unemployment should not exceed the minimum fee multiplied by the regional coefficient for Far North and Far East regions. So, a high share of registered unemployed individuals secure a minimum level of income, but this living standard is far below the subsistence minimum.

There is a mismatch in qualifications possessed by people that have lost their jobs and currently available vacancies. One quarter of firms in the manufacturing sector identified an inadequately educated workforce as a major constraint to business expansion (Table 1). An analysis carried out of the federal bank of vacancies shows that demand for skilled workers, such as crane

[6] World Bank, 2017; GNI per capita calculated using the World Bank Atlas method "https://datahelpdesk.worldbank.org/knowledgebase/articles/378832-what-is-the-world-bank-atlas-method"

[7] https://tradingeconomics.com/russia/unemployment-rate; https://tradingeconomics.com/russia/employment-rate; https://tradingeconomics.com/russia/job-offers

operators, welders, and fitters is rapidly increasing, while 70 percent of job seekers only have skills as office workers and specialists servicing business structures.[8]

Regional disparities in labor market characteristics are enormous. While in the Republic of Ingushetia, in early 2017, unemployment rate equaled 27.2 percent, and in Tuva Republic, 18.4 percent, in Moscow city, the rate was a mere 1.5 percent, and in St. Petersburg, 1.7 percent.[9]

A serious problem of the domestic labor market also lies in the fact that almost one quarter of all unemployed people in the country are young people. According to the information portal W-City.net, the numbers of the unemployed young people under age 24 in Russia are five times greater than the number of unemployed 30-49 year olds. Turnover among youth, in general, is breaking records – more than 45 percent of young people stay in their positions for less than one year.

Russian employers have relied on informal employment as a way to bypass restrictive labor market regulations.[10] As a result, informal employment has grown continuously in the last decade.[11]

According to various estimates, and depending on definition, informal jobs account for about 20-25 percent of employment in Russia.[12] By the ILO data, in Russia, persons employed in the informal sector account for 12.1 percent of non-agricultural employment.[13]

As a proxy of formal sector employment, an indicator of active contributors to the pension scheme can be used (e.g., the `legalistic' definition of formality that focuses on whether social security payments are made). By the latest available data, in Russia, 65.9 percent of labor force aged 15+ contributed to the pension system, compared to 69.7 percent on average in ECA; additionally, 48.7 percent of the working-age population aged 15-64 contributed, compared to 48.9 percent in ECA on average.[14]

[8] Dokuchaev, 2015

[9] https://en.wikipedia.org/wiki/List_of_federal_subjects_of_Russia_by_unemployment_rate

[10] Less flexible (or restrictive) labor markets are subject to more rules and regulations, including minimum wages, restrictions on firing, and other restrictions on employment contracts; labor unions often have considerable power in these markets. See Investopedia on Facebook at: https://www.investopedia.com/terms/l/labor-market-flexibility.asp#ixzz54ISaHcRz

[11] Slonimczyk, 2012; International Conference of Labor Statisticians (ICLS 2003) defined informal employment as comprising the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period. The informal sector, informal economy, or grey economy is the part of an economy that is neither taxed, nor monitored by any form of government. Hussmanns, 2004.

[12] Gimpelson and Zudina,,2011; Slonimczyk, 2012

[13] ILO, 2012

[14] ILO, 2014. In developed countries, on average 71.5 percent of individuals aged 15-64 contributed, as well as 92.9 percent of the labor force aged 15+.

Many factors, including culture, corruption, and enforcement capacity, affect level of informality, but in the words of Giles and Tedds (2002), "Perhaps the single most commonly cited 'driving force' of the underground economy is the actual, or perceived, tax burden."[15] The literature has reached the widespread conclusion that existence of an informal sector is the result of failure of political institutions to promote a working market economy.[16] Also, all undeclared activity has one common feature: employers and workers who operate in the informal economy perceive benefits of doing so to outweigh costs of operating in the formal economy.

With respect to the formalization of especially micro and small economic units, in its Recommendations No. 204 (2015), the ILO suggests to:

(a) undertake business entry reforms by reducing registration costs and the length of the procedure, and by improving access to services, for example, through information and communication technologies;

(b) reduce compliance costs by introducing simplified tax and contributions assessment and payment regimes;

(c) promote access to public procurement, consistent with national legislation, including labor legislation, through measures such as adapting procurement procedures and volumes, providing training and advice on participating in public tenders, and reserving quotas for these economic units;

(d) improve access to inclusive financial services, such as credit and equity, payment and insurance services, savings, and guarantee schemes, tailored to the size and needs of these economic units;

(e) improve access to entrepreneurship training, skills development and tailored business development services; and

(f) improve access to social security coverage.

1.2 Perceived impact of labor regulations

The extent to which labor regulations are enforced, and real associated costs for employers, are important for understanding their impact on employment outcomes. The World Bank Enterprise Surveys, carried out by the World Bank and International Finance Corporation (IFC) since 2002 in a large number of developing countries, solicit views of private sector firms on the degree to which labor1 regulations and other factors hinder firms' operations. The World Bank Enterprise Survey is a comparative tool in that labor-related obstacles are ranked relative to other obstacles to firm operations.

[15] http://www.imf.org/external/pubs/ft/survey/so/2007/car0726a.htm
[16] Winkelried, 2005

In Russia, in the 2012 survey, the top three biggest obstacles to doing business were tax rates, indicated by 36.1 percent of employers (Eastern Europe & Central Asia (ECA) average, 18.1 percent of employers); access to finance, 14.8 percent (ECA average, 13.8 percent), and corruption, 8.2 percent (ECA, 8.1 percent). In contrast, only 0.5 percent (ECA, 1.6 percent) of respondents considered labor regulations as the biggest obstacle to operation of firms.

In Russia in 2012, 6.0 percent of employers in manufacturing saw labor regulations as a major constraint to firm operation, compared to 4.8 percent in ECA on average. Thus, labor regulations are not considered high priority constraints to doing business in Russia. An inadequately educated workforce is more often quoted by Russian employers as a major constraint.

However, subjective perception of labor regulations by employers is not necessarily correlated with indices of labor market rigidity. First, subjective assessment of labor regulations is conducted relative to other obstacles to firm activity, and second, subjective assessment takes into account enforcement and thus the actual "bite" of regulations, rather than what is on the books.[17]

Table 1: Labor regulations as a biggest obstacle and as a major constraint in doing business[18]

Economy	Percent of firms identifying labor regulations as a biggest obstacle	Percent of firms identifying an inadequately educated workforce as a biggest obstacle	Percent of firms identifying labor regulations as a major constraint	Percent of firms identifying an inadequately educated workforce as a major constraint
All Countries	3.0	6.8	10.8	21.2
Eastern Europe & Central Asia	1.6	5.9	4.8	14.5
Belarus	2.5	22.0	4.9	17.9
Bulgaria	5.6	5.0	13.5	15.3
Czech R.	5.1	8.4	10.1	19.5
Estonia	5.0	9.5	1.1	5.0
Kazakhstan	0.5	13.1	2.1	13.1
Latvia	2.5	13.1	3.0	26.7
Poland	9.4	2.2	14.9	13.7
Romania	0.7	6.3	17.1	36.2
Russia	0.5	6.4	6.0	25.4
Slovakia	10.6	5.5	9.9	19.2

*- 2013; Russia – 2012;
Source: http://www.enterprisesurveys.org/Custom-Query

[17] Rutkowski, 2007
[18] The latest available data.

1.3. Labor market regulations in Russia

In Russia, the State Duma adopted the Labor Code, the main legislative framework for labor regulations, on December 21, 2001. The Code entered into force on February 1, 2002, and has been amended numerous times.

The following separate pieces of legislation supplement provisions of the Labor Code:[19]

The Employment of Population Act, of 1991;
The Collective Agreements and Accords Act, 1992;
The Settlement of Collective Labor Disputes Act, 1995;
The Trade Union Act, 1996;
The Russian Tripartite Commission for Regulation of the Socio-Labor Relations Act, 1999;
The Fundamentals of Health and Safety Act, 1999;
The Compulsory Social Insurance Against Occupational Accidents and Diseases Act, 1998;
The Fundamentals of Public Service Act, 1995;
The Minimum Wages Act, 2000.

Other important sources of labor law in the Russian Federation are decrees and orders issued by the Government. A further source of labor regulation is normative documents issued by the Ministry of Labor and Social Protection with a view to implementing labor legislation in force in the Russian Federation. A number of other federal executive bodies are also empowered to issue normative acts within the powers given to them by federal legislation, decrees, and orders of the President or Government of the Russian Federation.

It should be noted that data on statutory labor regulations and general (nationwide) collective agreements do not take account of implementation or enforcement effectiveness, nor of the incomplete applicability of these regulations.[20] There are important gaps between rules "on the books" and the reality on the ground. Employment laws may be ineffective because of evasion, weak enforcement, and failure to reach the informal sector. When labor regulations are perceived to be costly for employers, jobs are less likely to be created by formal sector firms, incentivizing informality.

Analysis conducted by Gonzales et al (2016) reveals that in Russia, the extent to which firms adjust employment upward during industry upswings and downward during downswings is smaller in regions with stronger enforcement capacity (or stricter de facto employment protection).[21] The effect of enforcement is sizable: for example, increasing enforcement capacity

[19] ILO, 2002
[20] Kuddo and Ruppert Bulmer, 2017
[21] Enforcement capacity is measured as the number of labor inspectors per 100,000 employees in large and medium firms.

from the 25th to the 75th percentile dampens employment adjustment in a downswing by 34 percent. Thus, although restrictive regulation on hiring and firing reduces the ability of firms to adjust employment, the extent to which it does so depends on enforcement.

Gimpelson et al. (2010) similarly document regional variation in the enforcement of Russian labor laws, and link it to labor market outcomes. The authors indicate that Russia is a huge country spanning 11 time zones with very heterogeneous regions. Institutional capacity to enforce laws and culture of law compliance across regions and sub-populations vary significantly. All this may result in actual enforcement being close to non-existent in some regions and close to complete in others. The emerging variation in enforcement is likely to determine the rigidity level in regional labor markets, affecting their performance. In particular, the stringent Employment Protection Legislation (EPL) if efficiently enforced, tend to suppress employment and stimulate unemployment.

Chapter 2. Working conditions

2.1. Employment contract

The objective of an employment contract is to set up rights and obligations of parties to the employment relationship. An employment contract is an important indicator for existence of an employment relationship. The employer is obliged to secure the employee the work agreed upon by parties in the employment contract. The employer is required to provide the employee all necessary means and materials for work, a safe and healthy work environment, and appropriate remuneration that may not be lower than the statutory minimum wage. The employer should take necessary measures to ensure that each employee is given sufficient training.[22]

The worker's duty is to carry out the job that he agreed to in the employment contract, during working hours, and at the location specified for carrying out the work. When entering into employment, the worker should have access to basic social protection arrangements that cover old age, disability, employment injury, maternity, unemployment, sickness, and medical care.

As economies and labor markets evolve, a wide variety of employment contracts have developed. These contracts differ significantly in degree of employment security, associated working and living conditions, and types of benefits that must be provided to workers. Although full-time employment contracts of indefinite duration are still the most common form of employment relationship in developed countries, variations, including temporary employment contracts (e.g., fixed-term contracts, including project- or task-based contracts; seasonal work; casual work, including daily work, part-time contracts, on-call contracts, including zero-hours contracts, contracts for workers hired through temporary employment agencies; subcontracted labor, civil law contracts; or freelance contracts) have become established features of modern labor markets.[23]

Emerging and increasing forms of atypical contracting include the following;

- employee sharing – an individual worker is jointly hired by a group of employers to meet human resources (HR) needs of various companies, resulting in permanent, full-time employment;
- job sharing – an employer hires two or more workers to jointly fill a specific job, combining two or more part-time jobs into one full-time position;
- interim management – highly skilled experts are hired temporarily for a specific project or to solve a specific problem, and integrate external management capacities in the organization;

[22] While the definitions of the basic terms 'employee' or 'worker', 'employer', and 'employment contract' are commonly left to national legislation, methods for determining the existence of an employment relationship are internationally recognized in the ILO Employment Relationship Recommendation, 2006 (No. 198). See also Kuddo et al.,2015 for discussions.

[23] Kuddo, et al., 2015; ILO, 2016

- ICT-based mobile work – enables workers to do their job from any place at any time, supported by modern technologies;
- voucher-based work – employment relationship is based on payment for services, with a voucher purchased from an authorized organization that covers both pay and social security contributions;
- portfolio work – a self-employed individual works for a large number of clients, carrying out small-scale jobs for each of them;
- crowd employment – an online platform matches employers and workers, often with larger tasks divided among a 'virtual cloud' of workers;
- collaborative employment – freelancers, self-employed, or micro-enterprises cooperate to overcome limitations of size and professional isolation.

Most of these atypical forms of contracting have potential to contribute to labor market innovation and make it more attractive to both employers and a wider range of potential workers, and can be listed in the Labor Code if currently absent.

According to Article 11 of the Labor Code (LC), application of the LC and other labor laws and regulations is mandatory in the entire territory of the Russian Federation for all enterprises (legal and physical entities) irrespective of their legal status and form of ownership.

Table 2: Composition of hired employees by type of employment contract at the main place of work in 2015 in Russia; percent

	Total	Open-ended contract	Fixed-term contract	Contract for the time of completion of a specified task	Oral contract
Total					
2006	100	87.5	6.9	1.8	3.8
2015	100	91.1	4.0	0.9	4.0
Males					
2006	100	85.7	8.0	1.8	4.5
2015	100	88.9	4.8	1.0	5.3
Females					
2006	100	89.2	5.8	1.8	3.2
2015	100	93.3	3.2	0.8	2.7

Source: Rosstat 2017

In Russia, services or work of an individual can be legally hired either by entering into a labor contract according to labor law, or a civil law contract. While labor contracts are regulated by

Labor Code, civil law contracts are regulated by Civil Code and thus fall beyond the scope of labor law regulations.[24]

In Russia, standard open-ended contracts are a prevailing form of employment contracts, accounting for 91 percent of all contracts for hired employees. Eight percent of all contracts are fixed-term, where the end of employment contract or relationship is determined by a defined period of time. Less than one percent of contracts were for completion of a specific task (Table 2).

For comparison, there has been an increase in recent years in prevalence of atypical contracts in the EU. Standard contracts only accounted for 59 percent of contracts in 2014, down from 62 percent in 2003. The study shows that there is also a gender dimension to atypical contracting: men are more likely than women to work on a full-time and permanent basis (65 percent, compared with 52 percent); conversely, women are more likely than men to work on a part-time basis. In addition, with lower educational level and lower age of a worker, there is less likelihood of being employed on a standard contract.[25] Half of those aged between 15 and 24 work either part time, fewer than 20 hours per week, or on a temporary basis (e.g., fixed-term, apprenticeship, or trainee contract).

In Russia, conclusion of a labor contract shall be permitted with persons 16 years of age (Art. 63 of the Labor Code). A labor contract may be concluded by persons 15 years of age for purpose of carrying out light work that is not harmful to their health. With consent of one parent or guardianship body, a labor contract may be concluded with a student 14 years of age to carry out easy work that does not harm his/her health or interfere in education.

The Russian Labor Code envisages numerous additional benefits and restrictions to employed minors, be it related to mandatory medical examinations for persons under age 18; shortened working time; extended annual leave entitlements; restrictions on overtime work, work on weekends, or public holidays; night work arrangements; or redundancy provisions for minors (Art. 265-272).

In Russia, the labor contract should be in writing (Art. 67). A labor contract not drawn up in writing is considered concluded if the employee is admitted to work with knowledge of or at order of the employer or his representative. If the employee is admitted to work, the employer shall be obliged to draw up a labor contract in writing no later than within three working days from the day when the employee was admitted to work. Despite the requirement for a written contract, four percent of salaried workers (or 2.7 million individuals) work on the basis of an oral contract (Table 2).

[24] The hired person under the civil law contract does not enjoy the safety guarantees envisioned by the labor law (such as protection against termination at will, overtime and sick leave compensation, and vacations), and is not subordinated to the staff management rules of the contracting organization.

[25] Eurofound, 2017

Country practices with regard to written or oral employment contracts vary. Especially in developing countries and emerging market economies, where casual work is widespread, many workers do not have written contracts. In most Eastern European countries (except Hungary and Poland), and in Nordic countries (except Finland), and in Switzerland, Italy and Greece, a written employment contract is always required.

By contrast, in most of Western Europe, a written contract is considered good practice, but only required either for atypical (e.g., apprenticeship, fixed-term, seasonal, part-time, replacement, etc.) employment, as in Austria, Belgium, France and Portugal, for contracts of indefinite duration (Hungary and Cyprus), or not generally required (Poland, Finland, Germany, the Netherlands, Ireland, and the UK). In all these cases, a contract is still required but may be oral (or, in Finland, electronic). [26]

Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of conditions applicable to the contract or employment relationship stipulates that an obligation to inform employees in writing of the main terms of the contract or employment relationship shall not apply to employees having a contract or employment relationship:

(a) with a total duration not exceeding one month, and/or with a working week not exceeding eight hours; or

(b) of a casual and/or specific nature provided, in these cases, that its non-application is justified by objective considerations.

Russia may allow oral labor contracts in case of short-term/casual work arrangements for two months or less, as it is already common practice in many workplaces.

2.2. Fixed-term contracts

In Russia, like other countries, labor contracts may be concluded for:

1) an indefinite period of time (e.g., open-ended);

2) a definite period of time for not more than five years (fixed-term labor contract) if another time period is not specified in the present Code and other federal laws.

A fixed term contract can be concluded on initiative of the employer or employee for a number of reasons, including replacing a temporarily absent employee; performing temporary, urgent, or seasonal work; in small businesses or organizations established for predetermined term; for employees engaging in training, working part time, or in specified industries and occupations; or for managers or elderly pensioners. A fixed-term contract can be prolonged with consent of parties to the contract, but not for more than five years total (Art. 58). However, temporary work activity not justified by other motivations cannot last more than one year (Art. 59).

[26] Hazans, 2011

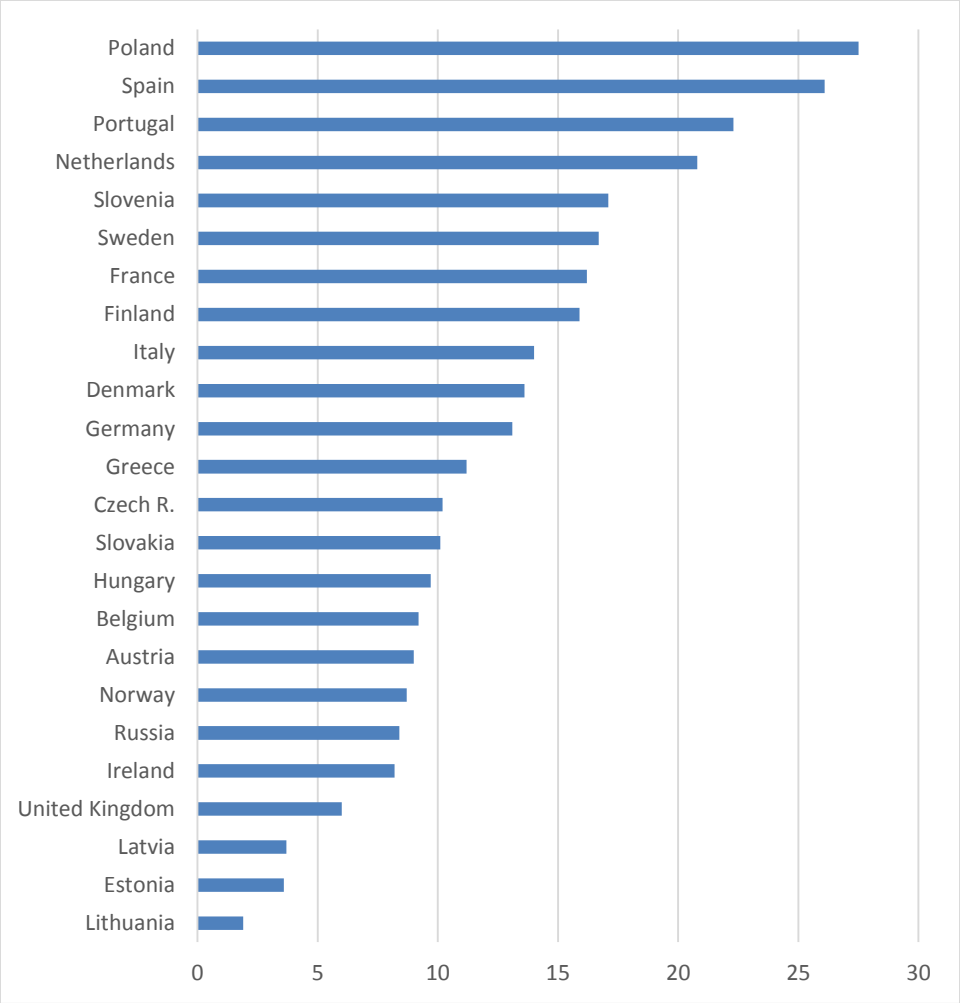
In Russia, 8.4 percent of dependent employees are working on fixed-term contracts (Figure 1). For comparison, in the EU, 14.2 percent of employees are on fixed-term contracts, including 27.5 percent of total employees in Poland, 26.1 percent in Spain, and 22.3 percent in Portugal (2016).[27] In the EU, the main reason for accepting a fixed-term contract is applicants could not find a permanent job.[28]

A fixed-term contract may also be concluded with agreement of both parties to the labor contract without regard for nature of the work or conditions of its implementation. The latter norm, however, applies only to specific types of employees and firms, including small businesses (including individual entrepreneurs) having up to 35 employees (or 20 employees in areas of retail and everyday services); old-age retirees; persons hired by organizations located in North and Far East areas, if involving relocation to place of employment; for purpose of carrying out emergency works for preventing catastrophes, disasters, accidents, and epidemics and elimination of aftermath of such emergencies; and other categories of work (Art. 59).

In Russia, fixed term contracts are prohibited for "permanent tasks", and maximum length of fixed term contracts is 60 months. Art. 58 stipulates that it shall be prohibited to conclude fixed-term labor contracts to avoid granting rights and guarantees envisaged for employees working under labor contract concluded for an indefinite period of time.

Figure 1: Temporary employment in selected countries, 2016; percent of dependent employment

[27] http://ec.europa.eu/eurostat/data/database
[28] See http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_etgar&lang=en



Source: Eurostat at:
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_etpgan&lang=en

In Russia, fixed term contracts are prohibited for "permanent tasks", and maximum length of fixed term contracts is 60 months. Art. 58 stipulates that it shall be prohibited to conclude fixed-term labor contracts to avoid granting rights and guarantees envisaged for employees working under labor contract concluded for an indefinite period of time.

There are no legal restrictions when there are grounds to conclude a fixed-term contract listed in the Code. In particular, Art. 59 of the Code lists, among others, the following circumstances under which a fixed-term contract can be concluded:

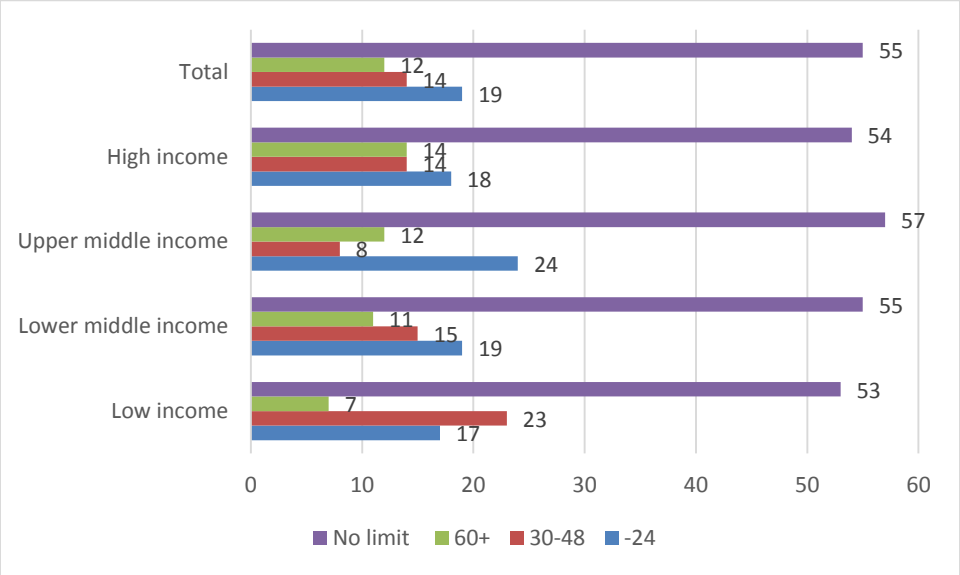
- for term of execution of duties of an employee who is on leave of absence;
- for term of performance of temporary (up to two months) work;
- for purpose of performing seasonal work when, due to natural conditions, work can only be performed during a certain period of time (seasonal);
- with persons who are sent to work abroad;
- for purpose of performing work going beyond the framework of the employer's ordinary activity (re-construction, erection/installation, start-up works, and other works), and work

that is strictly a temporary (up to one year) extension of production carried out or scope of services provided;

- with persons hired to carry out certain work even though its completion cannot be determined by a specific date;
- for purpose of carrying out works directly related to probation and professional training of an employee.

However, courts have generally concluded that employment is for an indefinite term if several fixed term contracts are concluded in succession. The ruling of the Supreme Court (No 2 of 17.03.2004, Article 14) states that "Repeated conclusion of fixed-term contracts, each for a short period of time and for carrying the same work, can be recognized, with regard to the circumstances of each case, as employment contract concluded for an indefinite period."

Figure 2: Maximum length of fixed-term contracts, including renewals (in months), by country groups in 2017; in %



Source: World Bank, 2017

Russia may consider expanding the list of circumstances under which fixed-term/temporary contracts are allowed, and extend their duration. Overall, in most other countries, flexible contractual arrangements with respect to fixed-term contracts dominate. By the Doing Business 2018 database, in mid-2017, out of 190 countries, 123 allow such contracts for permanent tasks, and only 67 (35 percent of the total) prohibit fixed term contracts for permanent tasks.

As for the maximum cumulative duration of a fixed-term employment relationship (including all renewals), 104 countries have no limits in duration, and 22 countries allow fixed-term contracts for 60 months or longer (Figure 2).

Temporary jobs can fulfill several functions. They can provide a "screening" device allowing firms to evaluate workers' ability/adequacy for the job. In this sense, temporary jobs can act as a "gateway" to the labor market and potential "stepping stones" to more stable and better paid

jobs. Temporary contracts can act as a buffer, facilitating firms' adjustment to temporary demand shocks, thereby avoiding costly adjustments to their "core" labor force.[29]

Figure 3: Temporary employment, part-time employment, and self-employment in Russia; percent

Note: Temporary employment - % of dependent employment; part-time employment and self-employment - % of total employment.
Source: OECD online at: https://data.oecd.org/emp/temporary-employment.htm#indicator-chart; https://data.oecd.org/emp/part-time-employment-rate.htm#indicator-chart;
https://data.oecd.org/emp/part-time-employment-rate.htm#indicator-chart

Conversely, temporary contracts can simply be a convenient way for firms to reduce labor costs, substituting temporary for permanent workers. Temporary workers tend to have reduced access to training provided/subsidized by firms, as the limited duration of their employment relationship discourages investment in (firm-specific) human capital. Fixed-term workers are subject to higher turnover, and earn lower wages on average. In addition, expansion of temporary employment may reinforce labor market duality. There is a risk that part of the workforce becomes trapped in a succession of short-term, low-quality jobs with inadequate social protection, leaving them in a vulnerable position.

On the other hand, easing labor regulations by allowing fixed-term contracts may have boosted formal job creation (albeit with fewer protections than an open-ended formal job). From the employer's perspective, fixed-term contracts create flexibility by enabling firms to cope with unexpected fluctuations in demand; undertake projects of short duration without bearing disproportionate personnel costs; cover for permanent staff on holiday, maternity, or sick leave; hire workers with specialized skills to carry out specific time-bound projects; or launch start-up ventures with risky and uncertain returns. This flexibility is especially important in labor markets where permanent employment is protected by strict regulations and high firing costs.

[29] EC, 2010

The vast majority of fixed-term contracts are held by young people, formerly unemployed, informally employed, or those with lower education levels, namely, those with the weakest bargaining power.[30] For these workers, fixed-term work can provide a pathway into formal employment and an opportunity to gain experience and skills.[31]

2.3. Part-time employment

Part-time work provides flexibility to the worker that allows him to combine a paid job with care activities within the household/ or other activities such as studying or training.[32] At the same time, part-time work may have fewer fringe benefits and career possibilities than full-time work.

Part-time work is not very common in Russia: part-timers form 4.3 percent of total employment (Figure 3). For comparison, in the EU28, the ratio is 19.5 percent (2016), including 49.7 percent in the Netherlands, 27.8 percent in Austria, and 26.7 percent in Germany.[33] In the EU28, only 27.7 percent of part-time employment is involuntary.

In transition economies, the main reason for working part-time is lack of work, or unavailability of full-time jobs. Employees cannot afford to work part-time because of low wage levels, and associated costs in relation to earnings are too high (e.g., transport, meals, clothes, child care, etc.; Kuddo, 2009).

Basic conditions for part-time work are emphasized in the ILO Part-Time Work Convention No. 175 and Part-Time Work Recommendation No. 182 from 1994. In particular, the relevant Convention emphasizes that measures shall be taken to ensure that part-time workers receive conditions equivalent to those of comparable full-time workers in the fields of: (a) maternity protection; (b) termination of employment; (c) paid annual leave and paid public holidays; and (d) sick leave. Statutory social security schemes based on occupational activity shall be adapted so that part-time workers enjoy conditions equivalent to those of comparable full-time workers; these conditions may be determined in proportion to hours of work, contributions or earnings, or other methods consistent with national law and practice.

However, exceptions are allowed. Part-time workers whose hours of work or earnings are below specified thresholds may be excluded from the scope of any measures taken in the above-mentioned fields, except in regard to maternity protection measures, other than those provided under statutory social security schemes, and employment injury benefits.

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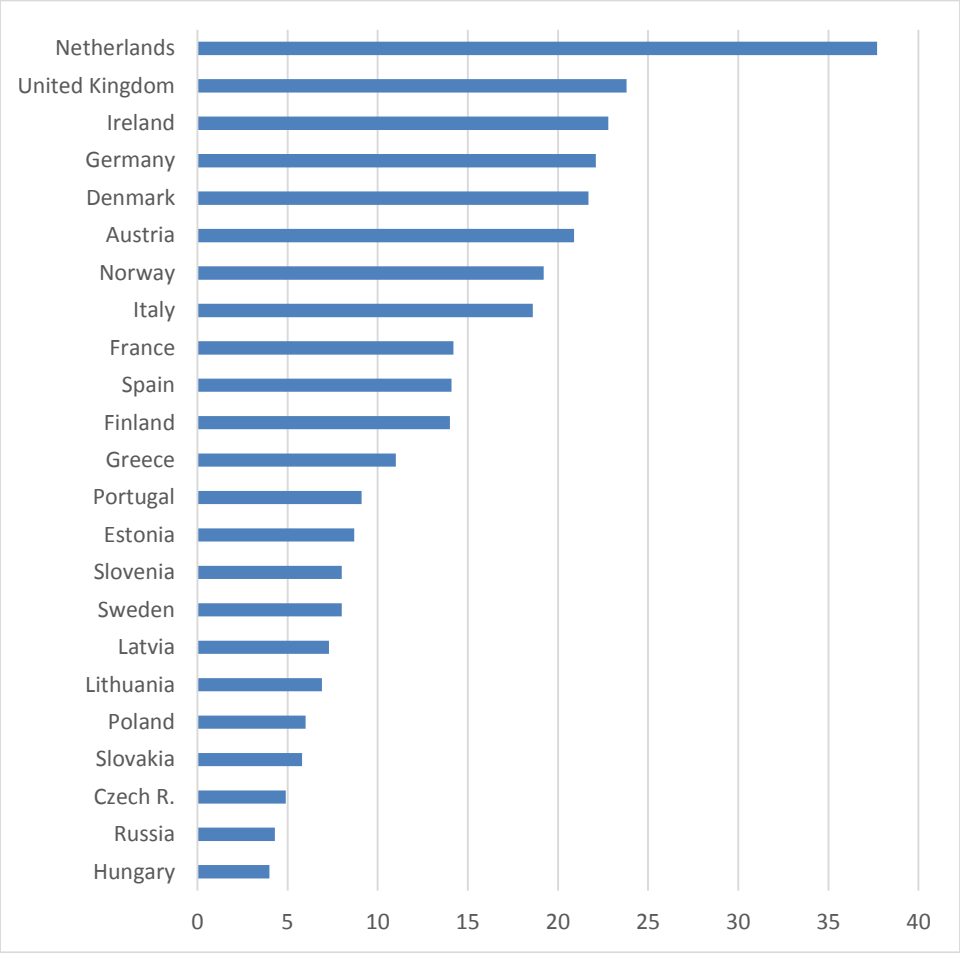
[30] Kuddo et al., 2015; for the data on OECD countries, see for example https://data.oecd.org/emp/temporary-employment.htm

[31] Concept of single employment contract as way of addressing labor market duality was proposed in the literature in which all contracts are open-ended but with limited employment security. Italy, for example, was planning to reduce the forty different types of legal employment contracts to eight. The reform was adopted in 2012 although some aspects have now been abandoned. For discussion see for example Lepage-Saucier et al, 2013.

[32] Boeri and van Ours, 2008

[33] http://ec.europa.eu/eurostat/data/database

Figure 4: Part-time employment in 2016; percentage of total employment



Source: Eurostat online at:
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_eppga&lang=en

In Russia, according to Art. 93 of the Labor Code, an incomplete working day (shift) or incomplete working week may be established by agreement between the employee and employer at hiring or later. The employer has an obligation to agree to part-time work hours upon application by a pregnant woman, a parent (guardian, trustee) with a child under 14 or a disabled child under 18, or when the employee is taking care of a sick family member. At the request of a child's father, grandmother, grandfather, other relative or guardian who cares for the child, while on leave to take care of the child, the employer is obliged to establish a part-time work schedule (Art 256). Salary for part-time work must be paid in proportion to hours worked or work volume. However, part-timers receive full right to vacation and other rights, calculated in accordance with length of employment (Art 93).

As suggested by the ILO Part-Time Work Convention No. 175 and Part-Time Work Recommendation No. 182, with a part-time work arrangement, earnings are paid in proportion to time worked or fulfilled volume of work. Work under part-time arrangement should not incur

any restrictions of length of annual paid leave, calculation of length of service, and other labor rights of the employee.

However, in some EU countries, a distinction is made between full- and part-time employees in some entitlements, e.g., in order to apply for some benefits, minimum working hours are established. With regard to dismissal protection, in Denmark, in order to qualify for relevant benefits, the part-time worker must work at least 15 hours per week; in Germany, 18 hours per week; in Spain, 12 hours per week; in Ireland, 12 hours per week; in Luxembourg, 16 hours per week; in Austria, 12 hours per week; and in Sweden, 17 hours per week (Kuddo, 2009).

In June 2017, new amendments to the Labor Code came into force according to which employers can establish a part-time working day together with a part-time working week for employees, as well as divide a working day into segments.[34] Previously, employers could only establish either a part-time working week or part-time working day. Also, part-time work can now be established both for an unlimited and fixed term, as agreed upon by the parties.

Overall, there are no restrictions on part-time employment in Russia but for above named reasons they are not very popular in Russia.

2.4. Work arrangements through temporary employment agencies[35]

Temporary agency work and other forms of mediated, multi-party employment relationships grew rapidly across many countries.[36] According to the European Working Conditions Survey, in 33 countries surveyed, temporary agency employment accounted for 1.3 percent of total employment (2010), including 3.6 percent in Belgium, 2.4 percent in Spain, but below 1 percent in Finland, Germany, Hungary, and Italy.

In Russia, temporary agency work was regulated only recently. In 2014, the new Agency Labor Law - legal regulation of staff secondment in Russia - was adopted, which outlawed agency labor (i.e., work performed by an employee at the employer's order under control and supervision of an individual or legal entity who is not the actual employer).[37] The exception from this ban states that staff secondment activity, on condition that certain provisions are fulfilled, can be performed by:

(i) accredited private employment agencies (PEA), and

(ii) other legal entities (including foreign legal entities) will be permitted to second their employees to an affiliate, a joint-stock company or companies party to a shareholders' agreement

[34] The Federal Law dated 18 June 2017 No. 125 "On Changes to the Russian Federation Labor Code"
[35] Agency Labour Law: legal regulation of staff secondment in Russia May 2014. On 22 April 2014 a new Federal Law No. 116-FZ On Amending Separate Legislative Acts of the Russian Federation (the "Law") was adopted.

[36] ILO, 2016
[37] http://www.pwc.ru/en/legal-services/news/assets/agency_labour.pdf

with the seconding entity (however, this does not apply to limited liability companies or to intra-company transfers by multinationals that operate in Russia).

Agencies will not be able to provide temporary workers to perform certain types of work (such as those in workplaces considered to be harmful or hazardous), and employers will be prohibited from using temporary workers to replace employees who are on strike, during downturns in business when employees are on a reduced schedule, or while a company is subject to bankruptcy proceedings.

Agencies will be required to amend employment contracts of their employees to stipulate type of work expected, which is likely to cause administrative difficulties for agencies that supply workers for very short periods, such as a few days. In addition, the employer must ensure that temporary workers are paid the same as regular employees performing the same job or with similar qualifications.

Practice shows that private agencies are often more efficient and effective in provision of employment mediation services than the public sector, bearing in mind that they can secure services within smaller and targeted segments of the labor market (comparing costs), and are, to a larger extent, oriented towards employers' requirements rather than needs of the unemployed. Private agencies will likely address only a few labor market niches, but will offer more proactive employment policy tailored towards labor demand. In general, PES typically serve those individuals at lower skill levels and with limited education, while private employment agencies serve the better-skilled and better-educated. Russia may consider supporting and enhancing services provided by private employment agencies.

Private agencies also offer more specialized search, more exacting screening, and faster response times than most public services are equipped to offer. While private agencies offer greater confidentiality to the employer, they choose large metropolitan areas and tend to ignore or underserve other parts of the country. In the absence of public regulation, private placement agencies tend to concentrate on the most easily placed unemployed persons (i.e., "creaming off").

2.5. Probationary period

In most countries, labor law permits an employment contract to include a probationary period, which allows the employer to confirm that the employee has the necessary professional, technical, social skills, and physical capacity to perform the agreed-upon work. If employers are not satisfied, they can terminate contracts during the probationary period subject to more flexible requirements compared to regular or permanent workers. Upon dismissal due to unsatisfactory results, the employer is required to give a shorter prior notice or pay less severance compensation compared to permanent employees. Length of the trial period is important because, during this period, labor contracts are not fully covered by employment protection provisions, and unfair dismissal claims typically cannot be made.

Duration of the probationary period should be reasonable, usually ranging between three to six months; however, a shorter or longer trial period may be stipulated in collective agreement or agreed upon by parties in an individual employment contract. Particularly in high-level positions, employers may need more time to determine if a worker or employee is a good match. On the other hand, for many unskilled and semiskilled occupations, it is not necessary to have a lengthy probationary period to verify a worker's abilities.[38]

According to Doing Business 2018, among the 167 economies for which data are available, 26 percent allow a probationary period of less than three months, 44 percent allow between three and five months, and 30 percent allow six months or more.

In Russia, probation period is generally three months, but for senior positions (top managers, chief accountants, etc.) it can be extended up to six months. For contracts between two and six months, probation period may not be more than two weeks (Art. 70). No probationary period is needed for fixed-term contracts less than two months. (Art. 289). Probation on hiring is not imposed for:

- persons selected on basis of a competition to occupy a certain position;
- pregnant women and women having children up to one year and a half;
- persons under 18;
- persons who have graduated from primary, secondary and higher vocational education institutions that have passed state accreditation, and who are hired for the first time in the trade, so acquired within one year after graduation;
- persons elected to an elected office;
- persons who conclude a labor contract for a term of up to two months;
- and a few other categories of workers (Art. 70).

The employer may terminate the contract during the trial period, if results during the trial period are not satisfactory (Art 71). Termination must be done in written form a minimum of three days before the term of the trial period runs out. The employer is obliged to indicate in writing the reasons why the employee failed the trial, in accordance with objectives of the trial. The employee has the right to challenge the dismissal and seek redress in court.

In sum, regulation on probationary period in Russia is in conformity with international best practices.

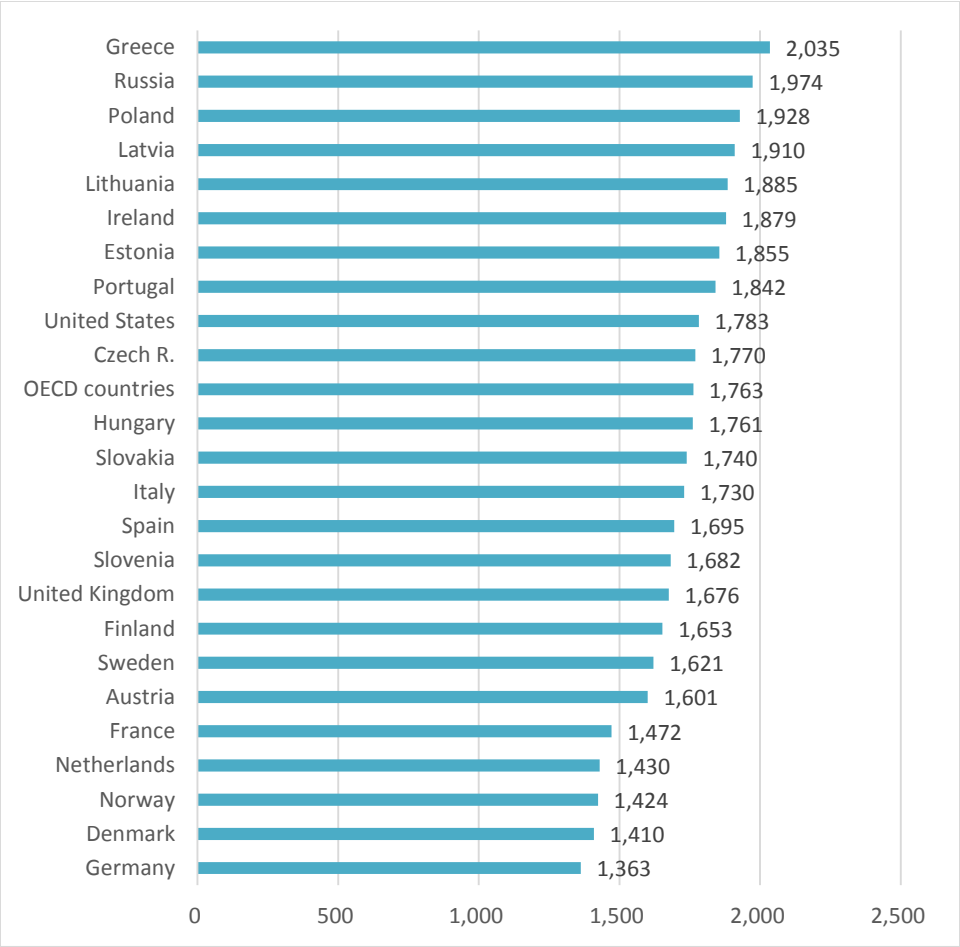
2.6. Working time

Working hours and working time arrangements are increasingly important issues in today's labor markets, in particular with regard to their relation to productivity, labor market flexibility, and quality of work.[39] Flexible working-time arrangements have a more positive impact on

[38] Kuddo et al, 2015
[39] EC, 2006

participation rates of certain disadvantaged groups in the labor force, such as low-skilled, female, and young workers.

Figure 5: Average annual hours actually worked per worker in selected countries in 2016[40]



Source: OECD online

The traditional five-day schedule of eight hours of work per day starting somewhere between 6 a.m. and 9 a.m. and ending between 3 p.m. and 6 p.m. is no longer applicable to many workers. There has also been dramatic expansion of operating/opening hours with a move towards a 24-hour and 7-day economy, which has resulted in a growing diversification, decentralization, and individualization of working hours, as well as an increased tension between enterprises' business requirements and workers' needs and preferences regarding working hours.[41] Labor legislation should follow-up these changes in working time arrangements.

[40] Average annual hours worked is defined as the total number of hours actually worked per year divided by the average number of people in employment per year. Actual hours worked include regular work hours of full-time, part-time and part-year workers, paid and unpaid overtime, and hours worked in additional jobs. The data cover employees and self-employed workers. http://www.oecd-ilibrary.org/employment/data/hours-worked/average-annual-hours-actually-worked_data-00303-en

[41] ILO, 2006

In Russia, like most other countries, the regular working week is 40 hours, and working day, eight hours. Any time worked over 40 hours per week is classified as overtime. The Labor Code limits total amount of overtime for an employee to 120 hours a year, and an employee cannot be required to work more than four hours of overtime over two consecutive days. Sunday is a common day off. The other day off in the case of five days' working week is established by collective agreement or internal labor regulations of organization. Work schedule must foresee a weekly break of a minimum uninterrupted duration of 42 hours (Art 110).

According to Art. 92, reduced working hours shall be established for employees:

- aged below 16: up to 24 hours a week;
- aged 16 to 18: up to 35 hours a week;
- who are disabled, Disability Groups I or II: up to 35 hours a week;
- working in harmful and/or hazardous conditions: up to 36 hours a week.

In addition to restrictions in weekly work time, there are restrictions in daily work hours. Length of permitted work day (shift) may not be greater than:

- 5 hours for employees 15-16 years of age, 7 hours for those 16-18 years of age;
- 2.5 hours for students 14-16 years of age who are in general educational institutions, institutions of primary and secondary professional education combining work and study during the school year, 4 hours for those 16-18 years of age;
- for disabled individuals - according to the medical statement issued by federal laws and other normative legal acts of the Russian Federation.

For employees engaged in work with adverse and/or hazardous conditions and reduced length of working time, the maximum permitted length of permitted work day (shift) may not be greater than:

- eight hours with a 36-hour work week;
- six hours with a 30-hour or less work week .

Certain categories of workers must be given extra days off. For example, according to Art. 262, one parent (or guardian or foster parent) shall, upon their request, be granted four additional paid days off per month in order to care for a disabled child. Also, women working in rural areas may, upon written request, be granted one additional unpaid day off per month, and one parent (tutor, guardian, or adopting parent) who works in a Far Northern region or equivalent area and has a child under age 16 shall, upon his/her written request, be granted an additional unpaid day off each month (Art. 319).

According to the Code, other categories of workers are also eligible for reduced work hours. Namely, a reduced workweek of not more than 36 hours shall be established for teaching personnel, and not more than 39 hours per week for medical workers (Art. 333 and 350).

In general, as judged by data on average annual hours worked per individual, workers in Russia have one of the longest working times compared to most other industrial countries. In 2016, while comparing Russia to OECD countries, an average worker in Russia was employed 1,974 hours – the highest annual working hours, except Greece.

2.7. Overtime

Reduction of excessively long hours of work in order to improve workers' health, workplace safety, and enterprise competitiveness is a long-standing concern.[42] Therefore, international standards require that overtime be subject to a limit, without indicating a specific level. The ILO's Committee of Experts on the Application of Conventions and Recommendations, however, requires that such limits be reasonable and in line with goals of averting fatigue and ensuring that workers have sufficient time to spend on their lives beyond paid work.[43]

Overall, two types of overtime work can be specified: (i) overtime that an employee generally agrees to work, and (ii) overtime that the company generally requires an employee to work.

In Russia, overtime work is heavily restricted but overtime arrangements can also be abused by employers, especially on-season or during increases in volume of work. Instead of hiring additional labor, existing workers are requested to work overtime.

In particular, an employer may have an employee work overtime with the employee's consent in writing only in the following cases (Art. 99):

- when there is a need to carry out (or to complete) work started, which due to an unforeseen delay relating to technical conditions could not be carried out (completed) within established working hours;

- when temporary works in terms of repair and restoration of mechanisms and structures in cases when their inoperability can cause termination of work for a significant number of employees;

- for purpose of continuing work when an employee who was scheduled to work the next shift does not report for work, when the work cannot tolerate a break.

An employer may have an employee work overtime without the employee's consent in the following cases:

- when works are performed as required for preventing a catastrophe, an industrial disaster, or elimination of aftermath of a catastrophe, industrial disaster, or natural calamity;

[42] ILO, 2007
[43] ILO, 2007; ILO 2005

- when works are performed for public benefit to eliminate unforeseen circumstances that disrupt normal operation of water-supply, gas-supply, heating, lighting, sewerage, transport, and communication systems; and

- when works are performed due to declaration of a state of emergency or martial law.

For the first two hours of work, overtime shall be compensated at no less than one and a half times the usual amount; for subsequent hours, no less than double the usual amount. Concrete amounts of compensation for overtime work may be determined by a collective agreement, local normative act, or labor contract. In accordance with an employee's request, overtime work in lieu of higher compensation may be compensated by provision of an additional rest period, but not less time than the overtime worked (Art. 152).

It is prohibited to cause the following categories of workers and employees to work overtime: pregnant women, employees under age 18, and some other categories of employees in accordance with the present Code and other federal laws. Disabled persons and women with children below age three may work overtime only if they agreed upon in writing, unless they are prohibited from working overtime due to their state of health according to a medical certificate issued in the procedure established by federal laws and other normative legal acts.

Table 3: Number of countries with no wage premium for overtime work, for work on weekly rest day and for night work (0 percent), and with premium 100 percent and over respectively in 2017

	Number of countries		Number of countries
No wage premium for overtime work	23	Wage premium for overtime work 100+ %	16
No wage premium for work on weekly rest day	84	Wage premium for work on weekly rest day 100+ %	63
No wage premium for night work	112	Wage premium for night work 100+ %	0

Source: World Bank, 2017

Overall, 23 countries do not have statutory overtime premiums, and 84 countries (44 percent) do not mandate a pay premium for work on weekly rest days, but 63 countries (33 percent) mandate a pay premium for work on weekly rest of 100 percent or more.[44]

In 2017, 112 countries in the Doing Business sample, or 59 percent, did not mandate any wage premium for night work. Only a handful of countries (12 total) prescribe premium for night work 50 percent of wages and higher, the highest being in Slovenia, 75 percent; and Austria, 67 percent; and one of the lowest in Spain, 6.6 percent.

[44] World Bank, 2017

On average, statutory wage premiums equaled 46 percent for overtime work; 44 percent for work on weekly rest day, and 12 percent for night work in countries with relevant wage premiums.

In Russia, it is costly for the employer to arrange overtime work. Even if the employee wants to work overtime to earn extra income, high wage premium of between 50 and 100 percent restricts overtime work. For the first two hours of work, overtime shall be compensated at no less than one and a half times the usual amount; for subsequent hours, no less than at double the usual amount. Concrete amounts of compensation for overtime work may be determined by a collective contract, local normative act, or labor contract. In accordance with an employee's desire, overtime work in lieu of higher compensation may be compensated by provision of an additional rest period, but not less time than the overtime worked.

Due to high wage premiums (50 to 100 percent for overtime work) it is costly for employers, especially in small establishments, to arrange for such work. We suggest that statutory wage premiums may be lower, while concrete amounts of compensation may be determined by a collective agreement, a local normative act, or an individual labor contract. This would take into account specifics of establishments, sectors or regions.

2.8. Work on weekends and public holidays

Employers may require employees to work on weekends and public holidays if necessary to provide public services, ensure uninterrupted production processes (e.g., the employer operates in continuous shifts), or perform temporary and urgent work arising from force majeure. In most countries, labor legislation allows work on Sundays and legal holidays, but additional remuneration or compensatory leave should be provided.

In Russia, working on days-off and public holidays is prohibited, except for a few cases envisaged by the Labor Code. Employees may work on days-off and public holidays with consent in writing if necessary to carry out unforeseen work on urgent completion (Art. 113).

In other cases, working on days-off and public holidays may take place with the employee's consent in writing and with account taken of the opinion of the elected body of the primary trade union organization.

On public holidays, one may carry out work which cannot be suspended due to production-technical conditions (uninterrupted work regime), work needed to provide public services, necessity repair, or loading/unloading works.

In the following cases employees may work on days-off and public holidays without their 4consent (Art. 113):

- preventing a catastrophe, industrial disaster, or elimination of aftermath of a catastrophe, industrial disaster, or natural calamity;
- preventing accidents, destruction, or damage of the employer's property or state or municipal property;

- carrying out works necessary due to declaration of a state of emergency or martial law, and when necessary works are performed in emergency situations, i.e., disaster or threat of disaster (fire, flood, famine, earthquake, epidemic, or epizootic), and in other cases where lives or living conditions of the whole population or of a part thereof are endangered.

Limitations regarding working on public holidays and nonworking days apply to certain protected categories of employees, including employees under age 18, pregnant women, women with children under age three, disabled employees, and other categories as defined by federal laws.

Payment for working on days-off or public holidays shall be effectuated at least at double rate (Art. 153). As with overtime work, in Russia, even if an employee wants to work on days-off or public holidays to earn extra income, especially in micro and small enterprises, it is costly for employers to arrange such work. Alternatively, statutory wage premium could be lower, and the specific amount of payment for work could be negotiated in collective agreement, local normative act (Art. 153), or an individual labor contract.

2.9. Night work

As far as restrictions on night work are concerned, the human body is more sensitive at night to environmental disturbances. Long periods of night work can be detrimental to health of workers and endanger workplace safety.

Labor code provisions limiting night work are provided as a protection against harmful health effects and safety risks in the workplace. Whereas some countries prohibit night work for women, in many countries, protection is enforced through requiring a wage premium.

In Russia, night time is considered to be between 10 pm and 6 am. (Art 96). If 50 percent of work falls during night time, duration of work time shall be reduced by one hour. Pregnant women or employees under age 18 are prohibited from engaging in night work (Art. 96). Wage premium for night work is 20 percent.

The length of night work shall also be equal to the length of day-time work in cases when it is necessary according to work conditions, as well as shift work with a six-day working week arrangement with one day-off. The list of jobs may be defined in the collective contract or local normative act.

Compared to overtime premium, and premium for work on weekends and holidays, protection of workers on night work has the lowest priority.

2.10. Flexible work arrangements

The Russian Labor Code allows various flexible work arrangements. These include the following:

Unregulated working day is a special working regime when individual employees may be engaged in fulfilling their labor functions from time to time at the order of the employer, if necessary, in excess of length of established working time. The list of positions of employees with an unregulated working day shall be fixed in the collective contract, agreements, or local legal acts adopted with account taken of the opinion of the representative body of employees (Art. 101).

Flexible working time regime according to which the beginning, end, and/or total length of working day (shift) shall be defined in accordance with agreement between parties. The employer shall provide for the employee to work the total number of working hours within respective registered periods (working day, week, month, or other; Art. 102).

Working in two, three, or four shifts can be utilized in cases when duration of the production process exceeds permissible length of working day, as well as for purposes of more efficient use of equipment, increase of volume of produced output or rendered services (Art. 103).

The summing up of working time (averaging of working hours) can be introduced so that length of working time for the registered period (month, quarter, or other periods) does not exceed the standard number of working hours. The registered period may not be greater than one year (Art. 104);

When partitioning a working day because of nature of work, as well as in work with varied intensity during the working day (shift), the working day may be split into parts so that total length of working time does not exceed fixed length of the permitted working day (Art. 105);

Working from home: homeworkers shall be considered persons who enter into labor contracts to perform work at home, using materials, tools, and mechanisms issued by the employer or acquired by the homeworker at his own expense. A homeworker may carry out work stipulated by a labor contract with participation of members of his/her family (Art. 310).

In April 2013, amendments to the Labor Code were introduced, and a new chapter, No. 49.1, "On Remote Work" was added. Under the new law, remote work is understood to be work outside the employer's place of business, its branch office, representative office, or other site beyond the employer's control through means of modern IT telecommunication facilities.

These arrangements add flexibility to labor regulations in Russia.

2.11. Leave entitlements

Paid leave is the annual period during which workers take time away from work while continuing to receive an income and are entitled to social protection. Workers can take a specified number of working days or weeks of leave, with the aim of allowing them opportunity

for extended rest and recreation. Paid leave is available in addition to public holidays, sick leave, weekly rest, maternity and parental leave, etc.[45]

Most countries have labor laws that mandate employers allow a certain number of paid time-off days per year. Various leave entitlements incur costs to the employer, especially if the employee must be replaced for a prolonged period of time. On the other hand, flexible leave policies allow work time to be reconciled with family duties and recreational or social activities. Family leave entitlements have positive implications for care of children, as well as encouraging entry into the labor market and enabling people to remain at work.

In many countries, minimum annual leave is dependent on length of the worker's service: 35 percent of countries use a sliding scale of annual leave arrangements, while 62 percent use a flat rate entitlement formula. Six countries do not mandate minimum duration of annual leave.[46]

In Russia, the Labor Code, with no regard to job tenure, entitles employees to 28 calendar days and must include at least one vacation of a minimum of 14 days. Weekends are included in this number.

Additional annual paid leave shall be provided to employees engaged in work with adverse and/or hazardous working conditions; special work nature, an unregulated working day; those working in Far North regions and similar localities; as well as other cases.

Employees with an unregulated working day shall be provided additional annual paid leave, with length defined in collective contract or internal labor rules, which may not be shorter than three calendar days (Art. 119).

Employers may institute additional leave for employees if otherwise is not envisaged in present Code and other federal laws. Procedure and terms for providing this leave shall be defined in collective contract or local normative acts, which are adopted with account taken of the opinion of the elected body of the primary trade union organization.

In addition to annual leave, public holidays may extend rest time for workers. Public holidays have their origin in religion and local culture, and depending on the country, the number differs significantly. If employees render work on these days, such work is deemed as overtime and paid as such.

The ILO Holidays with Pay Convention (Revised) No. 132 states that public and customary holidays, whether or not they fall during the annual holiday, shall not be counted as part of the minimum annual holiday with pay.

Russia has 12 paid public holidays per year, which is about an average in the world.

Overall, leave entitlements in Russia concur with ILO Convention (1970) No. 132.

[45] ILO, 2004
[46] World Bank, 2017

Chapter 3. Minimum wage regulations

Statutory minimum wages[47] are set in most countries, although their level and scope of application vary widely. As with most labor market policy measures, statutory minimum wages entail both benefits and costs. On the positive side, an effective minimum wage can boost incomes for low-wage earners and reduce wage inequality vis-à-vis the bottom half of wage distribution by providing a wage floor (Kuddo et al., 2015). However, minimum wages can also exacerbate unemployment and informality, particularly if the minimum wage is above the market-clearing level, thereby reducing formal labor demand.

International evidence suggests that a minimum wage set at a moderate level is unlikely to entail substantial employment losses.[48] At the same time, minimum wages may have only a limited and often transitory impact on earnings of low wage workers. Effectiveness of a minimum wage in bolstering incomes of unskilled workers will depend on the interaction with other policies designed to support low-income households.

Several international documents refer to policy recommendations on minimum wages, including ILO Convention "Minimum Wage Fixing Convention," 1970 (No. 131), and ILO Minimum Wage Fixing Recommendation, 1970 (No. 135). The essential elements of a minimum wage system, as advocated by ILO Convention No. 131, are as follows: (i) as broad a scope of application as possible; (ii) full consultation with the social partners, on an equal footing, in the design and operation of the minimum wage system and, where appropriate, their direct participation in the system; (iii) the inclusion in the elements to be taken into account of both the needs of workers and their families and economic factors in determining the levels of minimum wages; (iv) the periodic adjustment of minimum wage rates to reflect changes in the cost of living and other economic conditions; and (v) the implementation of appropriate measures to ensure the effective application of all provisions relating to minimum wages.

In setting minimum wages, two important considerations need to be made. First, economic factors, including requirements of economic development, levels of productivity, and desirability of attaining and maintaining a high level of employment; and second, needs of workers and their families, taking into account the general level of wages in the country, cost of living, and relative living standards of other social groups. In practice, the level of the minimum wage depends largely on prevailing social norms with regard to inequality and fairness, as well as relative bargaining strengths of workers and employers.[49]

Russian Labor Code from 2002 set an explicit target to increase the minimum wage level and equalize it with the national subsistence minimum. As far as benchmarking of minimum wages is concerned, the Code focuses exclusively on living standards, in particular, on purchasing power

[47] The ILO defines the minimum wage as "the lowest level of remuneration permitted …which in each country has the force of law and which is enforceable under threat of penal or other appropriate sanctions. Minimum wages fixed by collective agreements made binding by public authorities are included in this definition" (ILO, 2009).

[48] See for example Doucouliagos and Stanley (2009), Leonard et al. (2013), and OECD (2006). Kuddo et al. (2015) provide a comprehensive review of minimum wage effects and design issues.

[49] Kuddo et al., 2015

of minimum wages. This provision was a result of harsh negotiations between the government and trade unions. When introduced into legislation, the Code did not take into consideration any economic factors, such as requirements of economic development, levels of productivity, and desirability of attaining and maintaining a high level of employment[50]

As stipulated in the Labor Code, the minimum amount of labor remuneration shall be established simultaneously all over the territory of the Russian Federation by federal law, and it may not be below the subsistence minimum for an able-bodied person (Art. 133).

This provision has not yet been implemented at the federal level. In particular, by Rosstat data, in second quarter of 2017, the subsistence minimum for an able-bodied person in Russia equaled 11,163 rubles, and the level of nationwide minimum wage for 2017 was established at 7,500 rubles per month. In mid-2017, the ratio of minimum wages to subsistence minimum level equaled 67.2 percent.[51]

Subsistence minimum varies enormously across regions, with the highest in Nenets autonomous okrug, 21,844 rubles per able-bodied person per month in second quarter of 2017, and lowest in the Republic of Mordovia, 9,068 rubles respectively, or 2.4-fold lower (Annex Table 2).

Decentralization of the minimum wage setting in September 2007, which gave regions the power to set their own regional minima above the federal floor, further increased cross-sectional and time-series variation in the minimum wage. Workers employed by federal establishments and enterprises are exempt from regional minimum wage legislation. In some regions, regional and municipal employees are also excluded from regional regulation, and regional wage floor applies only to private sector workers.

Additionally, the Budgetary Code forbids increases in regional minimum wages for public sector workers if a region receives subsidies from the federal budget to cover its budget deficits.

Some regions set different sub-minima for the private and public sectors. Therefore, in the same region, substantial groups of workers rely on a lower minimum. In many regions, employees financed from the federal budget may have the lowest minimum wages, and the lowest minimum wage to subsistence minimum ratio. For example, in Nenets autonomous district, for employees financed from the federal budget, the ratio equaled only 0.34, and in Chukotka autonomous okrug, the ratio was 0.35 for all workers, while in some other regions, regional minimum wages were above the regional subsistence minimum.

[50] See Lukiyanova and Vishnevskaya, 2015; ILO "Minimum Wage Fixing Convention," 1970 (No. 131), and ILO Minimum Wage Fixing Recommendation, 1970 (No. 135);
https://www.hse.ru/mirror/pubs/lib/data/access/ram/ticket/4/150749025314844ae47f0853e9a0449c6f785929f3/90EC2015.pdf

[51] On December 27, 2017, the President signed the Federal Law on Amendments to Separate Laws of the Russian Federation Related to Raising the Minimum Wage to the Subsistence Level of the Employable Population. The law sets the minimum monthly wage at 9,489 rubles starting January 1, 2018.

Table 4: Regions with the highest and lowest ratios of minimum wages to subsistence minimum for able-bodied person[52]

	Subsistence minimum for able-bodied person in the 2nd quarter of 2017; rubles	Minimum wage in 2017; rubles	Ratio of minimum wages to subsistence minimum level in the 2nd quarter of 2017; percent
Russian Federation,	11,163	7,500	67%
Including:			
Regions with the highest ratio of minimum wages to subsistence minimum for able-bodied person			
Kemerovskaya oblast	9,981 9,981	14,972 (1,5 of the subsistence minimum) 7,500 for the organizations financed from the federal budget	150% 75%
Tulskaya oblast	10,120 10,120	12,500 10,500 for the workers of the state and municipal organizations	124% 104%
Regions with lowest ratio of minimum wages to subsistence minimum for able-bodied person			
Chukotka Autonomous Okrug	21,396	7,500	35%
Komi Republic	13,276	7,500	56%
Evreyskaya Autonomous oblast	13,422	7,500 including the district coefficient and percentage increase for the length of service in southern districts of Far East	56%

Source: Rosstat

The Ministry of Labor and Social Protection is planning to raise the federal minimum wage so that it will surpass the subsistence level by May 2018.[53] Since an increase of the federal and regional minimum wage has significant budgetary implications (as a large portion of recipients of minimum wages are federal or public sector employees), and inflation has also been

[52] Full list of regions by minimum wage and subsistence minimum levels see Annex Table 2.

[53] https://www.gazeta-unp.ru/news/18498-poyavilsya-zakonoproekt-o-povyshenii-mrot-do-projitochnogo-minimuma-v-2018-godu?utm_medium=push&utm_source=push_all&utm_campaign=push_all_20180116

significant in recent years, it may be difficult to keep these benchmarks as anticipated. Even if minimum wages will be equalized with the subsistence minimum nationwide, regional disparities and disparities by categories of workers will remain enormous.

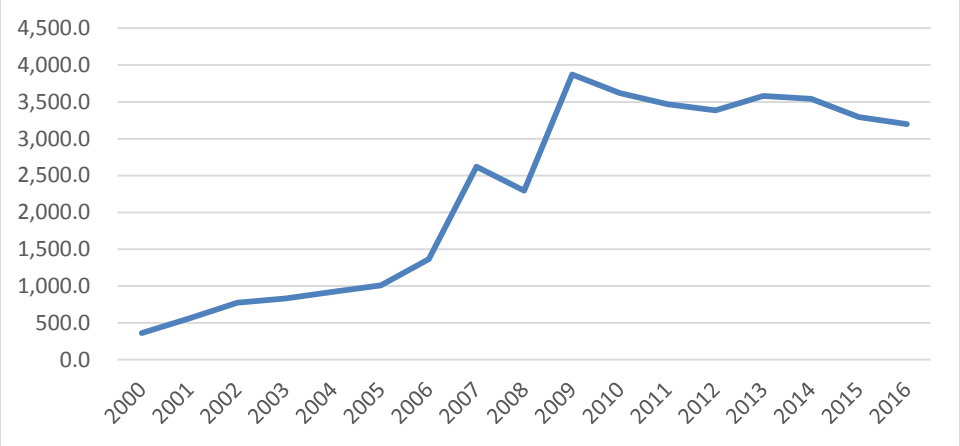
Subsistence minimum is not a good benchmark of minimum wages. It is an instrument for measurement of living standards (cost of living) and poverty levels. It depends on composition of the minimum consumption basket and inflation, while minimum wages are primarily affected by labor market factors, such as labor productivity, or labor supply and demand.[54]

The old system of minimum wage setting was based on a single, nation-wide minimum wage, which was differentiated across regions and occupations via a cumbersome framework of coefficients. The new system is a mixture of a government-legislated minimum wage at the federal level and collective agreements at regional levels, as regional agreement on minimum wages shall be drafted and approved by the Trilateral Commission for the Regulation of Social and Labor Relations of the relevant subject of the Russian Federation (Art. 133.1).[55]

In the early 2000s, purchase power of minimum wages sharply increased; however, since 2010, the real value of minimum wages is on the decline (Figure 6).

In Russia in mid-2017, the ratio of minimum to average wage (so-called Kaitz index) equaled 20 percent. The minimum wage level in Russia is relatively low and not a major impediment to job creation.

Figure 6: Minimum wages in Russia in 2015 constant prices at 2015 PPPs; annual data

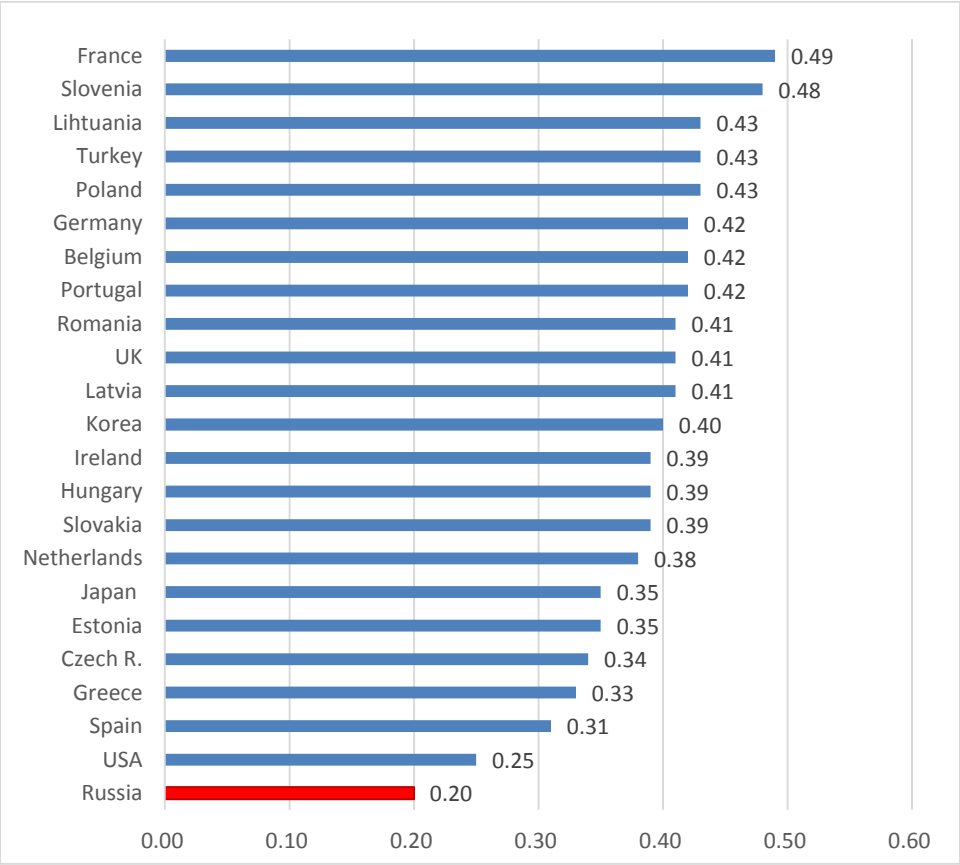


Source: OECD online at: https://stats.oecd.org/Index.aspx?DataSetCode=RMW

[54] International experience in setting up minimum wages is summarized in Kuddo et. al, 2015. See also ILO, 2014.

[55] Lukiyanova and Vishnevskaya, 2015

Figure 7: Ratio of minimum wages to average wages in selected countries in 2016 (Russia – mid -2017)



Source: OECD online at: https://stats.oecd.org/Index.aspx?DataSetCode=RMW

Based on data for 75 countries, the minimum wage level is most frequently set at around 40 percent of mean wages. In developed countries, minimum wages typically range from about 35 to 60 percent of median full-time wages, with some clustering around 45 to 50 percent. In developing countries, this ratio is often higher, not least because the median worker is frequently low-paid.

Differences in levels of minimum wages among countries reflect different institutional mechanisms through which levels are determined. They also reflect different perceptions about risks that minimum wages may pose with respect to displacement of low-paid workers or number of jobs available in the labor market.[56] High minimum wages in some countries are also likely to be influenced most by insiders, that is, those who already have a job.

[56] Lee, 2012; ILO, 2013

High minimum wages are typically more damaging for small and medium size businesses (SMEs) because these enterprises tend to be more labor intensive, and financially weaker. This likely contributes to keeping many SMEs smaller than they may have been otherwise. High minimum wages also give firms an incentive to stay in the informal sector.[57]

An effective minimum wage policy needs reliable enforcement arrangements. Strengthening capacity of existing enforcement bodies on monitoring implementation of minimum wage laws is of utmost importance. Reducing the need for enforcement can also be accomplished by reducing incentives to evade, for instance, by keeping minimum wages at affordable levels. Setting the minimum wage at a lower level and enforcing it effectively is, in general, a more efficient and equitable approach than setting the minimum wage at a higher level with weak or selective enforcement.[58]

[57] Kuddo et al., 2015
[58] Rutkowski, 2003

Chapter 4. Redundancy dismissal

Corporate restructuring can be important for firms to adjust to market demand or technological changes to maintain their competitiveness. International evidence on impact of dismissal procedures on labor market outcomes is mixed. Dismissal procedures may promote longer job tenure and reduce turnover of those who are already employed, but can limit new job creation in the formal sector and increase unemployment and informality.

On the other hand, dismissal restrictions will reduce the number of workers negatively affected by layoffs. Countries with stringent dismissal regulations tend to have more durable or stable jobs, which incentivizes investments in human capital and training, thereby boosting productivity. Labor rules governing dismissals therefore need to strike a balance between flexibility for businesses and job security for workers.

Compared with prime-age workers, older and younger workers are at greater risk of dismissal. Others at higher risk include workers in small firms and those employed on fixed-term and temporary contracts whose contracts might not be renewed.[59]

The ILO Termination of Employment Convention No. 158 from 1982 states that employment shall not be terminated unless (a) there is a valid reason for such termination connected with capacity or conduct of the worker, or based on operational requirements of the undertaking, establishment, or service; (b) employers do not discriminate against workers; (c) there is advance notice; and (d) income protection and activation measures are in place. Special provisions, however, may be considered in case of mass redundancies.

The Labor Code in Russia lists 14 causes under which the employment contract can be terminated at the employer's initiative, including, among other reasons, due to (i) liquidation of organization or termination of activities of an individual entrepreneur; (ii) redundancy or staff cuts at the organization, individual entrepreneur; (iii) employee's failure to meet requirements associated with his position or job due to insufficient qualifications as confirmed by results of an attestation; (iv) numerous failures by the employee to fulfill labor duties without justifiable reasons if he has been reprimanded; (v) single severe violation by the employee of his labor duties; (vii) absenteeism, i.e., absence from the workplace without a good reason during the whole working day (shift) irrespective of the duration thereof, and also in the event of absence from the workplace without a good reason for more than four consecutive hours during the working day (shift); (viii) appearance of an intoxicated employee at the workplace.

We will focus only on contract terminations at the employer's initiative for economic or business-related reasons.[60]

[59] Kuddo et al, 2015

[60] "Economic" reasons include business-related causes for termination (e.g., declining demand, shrinking markets, increasing competitiveness, etc.) or technological and organizational changes in the business entity. This class of terminations stands in contrast to dismissals for "non-economic" reasons.

4.1. Consultations with stakeholders

In Russia, an employer can terminate a labor agreement in case of dissolving of an organization or termination of activities, or in case of reduction of number of employees in an organization.

The ILO Termination of Employment Recommendation No. 166 (1982) suggests a package of measures that should be considered, with a view to averting or minimizing terminations of employment for reasons of economic, technological, structural, or similar nature. These may include, inter alia, restriction of hiring, spreading workforce reduction over a certain period of time to permit natural reduction of workforce, internal transfers, training and retraining, voluntary early retirement with appropriate income protection, restriction of overtime, and reduction of normal work hours.

The Doing Business data show that, in case of individual dismissals, in 93 out of 187 countries (50 percent of total) the employer is obliged to notify or consult with a third party (typically workers' representatives, labor inspectorates, or other bodies of labor administration) before terminating one redundant worker. This requirement is strongly biased towards low-income countries. In 32 countries (17 percent of total) the employer also needs approval of a third party.

In Russia, in the case of an individual dismissal following liquidation or downsizing, the employer must give the employee written notice and must inform the elected trade union authority about dismissals in writing no later than two months prior to dismissals taking effect (or three months for mass dismissals). The employer also must inform the labor administration about any expected staff reductions accordingly. Generally, dismissal does not require approval of trade unions or the Employment Agency.

If the employee is a trade union member, the employer must notify the trade union in writing of the intention to dismiss the worker. The union has seven days to present the employer with their written opinion on the dismissal. If the trade union does not agree with the proposed dismissal, there are three days of consultation between the union and the employer. If agreement is not reached, the employer has the right to the final decision. The union can appeal to the State Labor Inspection, which must process the case of dismissal within ten days of obtaining the claim.

An employer cannot dismiss trade union leaders (as defined by Art. 374) without consent of a superior trade union organization on grounds of redundancy, insufficiency of their professional skills, or repeated non-performance of job duties. Moreover, they enjoy this privilege for two years upon resignation from a trade union office (Art 376).

If the employer does not comply with procedure for termination, the employee can seek reinstatement and monetary compensation for the period of forced unemployment.

4.2. Collective dismissal

When an employer proposes a collective dismissal, a consultation with the employee representative body or trade union may be required. An employer must also serve a notice with the state employment agency and trade union organizations no later than three months before commencement of the dismissal. Collective bargaining agreements (which generally regulate social and employment relations between the employer and the employees, and provide a higher level of protection than applicable legislation) and territorial and industrial agreements (which generally regulate relations between employees and employers in certain regions or industries) may contain specific provisions relating to collective dismissals.

In Russia, criteria of mass dismissal are defined in industrial and/or territorial agreements. Additional regulations typically apply from 50 dismissals upwards (Council of Ministers' Decree of 1993 No. 99). A minority of collective agreements define thresholds lower than 50 workers. For example, in the industrial agreement of the mining and smelting industry for 2011-2013, the threshold is set at five percent of a firm's workers fired over a period of 30 days. For a hypothetical firm with 200 workers, this means ten dismissed workers over 30 days.

Criteria for collective redundancies are important since these thresholds instigate special procedures associated with mass layoffs. The EU Council Directive 98/59/EC of 20 July 1998 on approximation of laws of Member States relating to collective redundancies determines criteria for collective redundancy as follows: "Collective redundancies" means dismissals effected by an employer for one or more reasons not related to the individual workers concerned where, according to the choice of the Member States, the number of redundancies is either, over a period of 30 days:

- at least 10 in establishments normally employing more than 20 and less than 100 workers;
- at least 10 percent of workers in establishments normally employing at least 100 but less than 300 workers;
- at least 30 in establishments normally employing 300 workers or more;
- or, over a period of 90 days, at least 20, whatever the number of workers normally employed in the establishments in question.

However, employers may attempt to carry out foreseeable redundancies in such a way that the applicable provisions governing collective redundancies can be avoided. In general, this is accomplished by discharging a correspondingly smaller number of employees over a longer period of time for economic reasons. The shorter the period for counting redundancies to be reckoned as collective, the easier this becomes.

According to article 17 of Government Decree No. 99 on "Organization of work to promote employment under mass layoffs" of 5 February 1993, local governments of high-unemployment regions can postpone mass layoffs for up to six months. However, respective costs are to be borne by relevant regional budgets. Article 12 of the Law "On trade unions" also empowers trade unions to put forward proposals to local governments concerning such postponements. Overall,

there is little evidence of active use of these measures, presumably because of local governments' budgetary constraints.

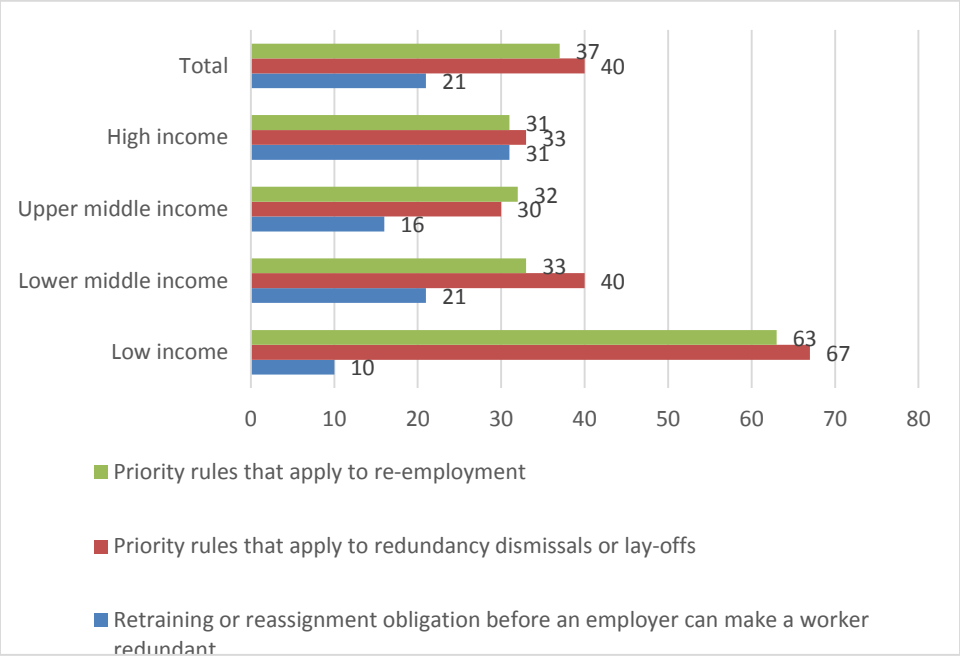
Internationally, notification and consulting requirements are much more common in case of dismissing a group of workers. In case of collective redundancies, 113 countries (60 percent) require prior notification and/or consultation. A third party approval in order to dismiss a group of nine redundant workers is required in 35 countries (19 percent).

4.3. Retraining and/or reassignment obligation

One obstacle for employers to adjust their workforce is the requirement to provide (re)training to redundant workers. Sometimes there exists a reassignment obligation before an employer can make a worker redundant. This requirement is also emphasized in the ILO Recommendation No. 166. This obligation is more common in high and upper middle-income countries.

In Russia, the employer is obligated to propose reassignment to redundant workers. When performing measures to reduce numbers of employees or jobs of an organization, an employer shall be obligated to offer an employee other available work (a vacant position; Art. 81). Therefore, dismissal on grounds of reduction of number of employees in an organization, or if the employee is not fit for the occupied position or performed job functions, is only allowed if transition of an employee to a different job position with consent of an employee is impossible.

Figure 8: Economies with retraining or reassignment obligation before redundancy, with priority rules for redundancies, and with priority rules for re-employment in 2017, percent



Source: World Bank, 2017

4.4. Priority rules

ILO Recommendation No. 166 suggests that selection of workers, by the employer, whose employment is to be terminated for economic reasons, should be made according to criteria, established wherever possible in advance, which give due weight to both interests of the enterprise and interests of workers. These criteria, order of priority, and relative weight should be determined by national laws, regulations, or collective agreements.

Priority rules are listed in the Russian labor legislation. According to Art. 179 of the Labor Code, employees with higher productivity and qualification have a priority right to remain employed in case of redundancy. In case of equal productivity and qualification, priority right to remain employed is given to the following categories of employees: those who are the only provider in their families, given they have two or more dependents (unemployable family members who are entirely dependent on the employee's support or who receive assistance which is their steady and primary means of subsistence); and employees with work-related injuries or acquired occupational diseases while working for this employer.

Employees under 18 years of age may be dismissed only with prior approval of the State Labor Inspectorate and Commission for the Affairs of Underage Children.

An employer is not permitted to dismiss an employee (except in case of employer liquidation) during an employee’s temporary disability or paid annual leave.

The law may establish a priority rule for re-employment that, in opening of a liquidated workplace, the dismissed worker can hold priority in job application. The priority clause of re-hiring dismissed workers is usually valid at six or 12 months. This is in line with ILO Recommendation No. 166, which provides for priority of rehiring, whereby workers whose employment has been terminated for economic reasons should be given priority of rehiring if the employer recruits workers with comparable qualifications. However, the Labor Code of Russia does not anticipate priority rules in case of re-employment.

4.5. Notice period

In most countries, labor law requires employers to provide advance notice before terminating workers, in accordance with the ILO Termination of Employment Recommendation No. 166.[61] Advance notice is a means to give workers ample warning of future layoffs and thus facilitate job

[61] The ILO Termination of Employment Recommendation No. 166 from 1982 suggests that: (i) the employer should notify a worker in writing of a decision to terminate his employment, and that (ii) a worker who has been notified of termination of employment or whose employment has been terminated should be entitled to receive, on request, a written statement from his employer of the reason(s) for termination.

search. The notice period is a cost-factor for employers, because it implies continued involuntary employment, potential shirking, or premature departure that disrupts production.[62]

In Russia, the duration of notice periods depends on grounds for termination. An employee must provide two weeks' notice. An employee who is a chief executive officer or member of the management board must give notice at least one month prior to proposed termination. An employment contract can be terminated before expiration of the notice period by mutual agreement. Termination is effective from the date specified in the employee's resignation notice if the reason for termination is either:

•Employee's inability to continue work (for example, commencement of studies or retirement).

•Employer's breach of labor laws, internal regulations, collective bargaining agreements, or employment contract.

In the case of unfair dismissal, an employee must submit an appeal to court within one month of dismissal. If the deadline is missed for good reason, the court can prolong the period (Art.392). [63] The court shall rule on the wage payable to the employee for forced absence, or wage difference for being hired at a lower-paid job. The court may also, upon employee`s claim, decide on indemnification for moral damage caused to employee by such actions. Court proceedings should take no more than two months: one month for submitting a claim and one month for considering a dismissal case, but generally take longer in practice. Moreover, in cases of unfair dismissal, the employee shall be reinstated by the court (Art. 394).

During the two-month notice period, the employer must offer any other positions to employees being made redundant (including lower positions or positions with a lower wage). Termination of an employment contract will only take effect if there are no suitable vacancies or if the employee does not accept a new position.

4.6. Severance payments

According to the ILO Convention No. 158, a worker whose employment has been terminated shall be entitled, in accordance with national law and practice, to (a) a severance allowance or other separation benefits, the amount of which shall be based inter alia on length of service and level of wages, and paid directly by the employer or a fund constituted by employers' contributions; or (b) benefits from unemployment insurance, assistance, or other forms of social security, such as old-age or invalidity benefits, under normal conditions to which such benefits are subject; or (c) a combination of such allowance and benefits.

It is notable that 40 countries do not have statutory severance pay for redundancy dismissal. On the other hand, some of these countries may still have severance pay fixed under collective agreements or in individual employment contracts, rather than stipulated in the labor code. Only

[62] EC, 2012

[63] This period was confirmed (the request for its extension was declined) in the ruling N 1877-O of 18.10.2012 by the Constitutional Court of Russia.

17 countries with severance pay have a flat rate scheme, who, as a rule, have much less generous severance benefits.

In Russia, as in several other CIS states, the duration of severance pay is conditional to finding a new job and/or registration at the employment service within a certain period of time. Typically, severance pay equals one month's average wages. However, his or her average monthly wages are preserved for the period of taking up a job, but not for more than two months from the date of dismissal (considering also a dismissal allowance). In exceptional cases, the average monthly wages are preserved for the employee during the third month from date of dismissal on basis of the decision made by the employment agency, providing that the employee applied to the employment agency within two weeks after dismissal but was not placed in a job.

Severance pay differs across personal reasons. If a worker is found completely unable to work for medical reasons, is conscripted, or has to leave because of reinstatement of an unfairly dismissed worker, he is entitled to two weeks' wages. For workers in the Northern and Far Eastern regions, usual severance pay amounts to three months' wages. The employment agency can further extend it to six months' wages in exceptional cases (Ar. 318). This applies to roughly ten percent of all workers of Russia.

For severance pay, it is also recommended to establish a vesting period for eligibility, thereby making the benefit payment conditional on a minimum period of employment at a particular employer. For example, some countries in the Western Balkan region require minimum years of seniority before a worker is entitled to severance pay for dismissals. In Albania, it is three years; in Bosnia, Herzegovina, and Kosovo, two years; and in Serbia and Slovenia, one year.

A few countries in the region—including the Czech Republic, Hungary, Poland, and Slovakia—also explicitly state that severance pay is not required when employment relations transfer to a new employer.

Some countries have introduced severance savings accounts. These are savings plans with a limited set of disbursal contingencies, including involuntary job separation (not unemployment) and retirement. These may be paid in a lump sum or as periodic payments following separation.

For example, there are two systems in Austria. First, the statutory severance payment scheme applies for all employees who started work after 31 December 2002. The employer must pay currently 1.53 percent of the employee's compensation into an Employee Income Provision Fund (Mitarbeitervorsorgekasse) on a monthly basis.[64] Upon termination of employment, the fund disburses severance pay to the employee so that no further severance payments have to be made. Second, if employment started before 1 January 2003 ("old severance payment scheme") the employee must receive severance payment in cases where he is dismissed by the employer. With 10 years of service, severance payment in the old severance payment scheme includes all regularly due payments in addition to basic wage or salary (i.e., overtime pay, allowances, bonuses and commissions, as well as pro rata compensation for holiday pay and Christmas pay).

[64] https://www.eurofound.europa.eu/observatories/emcc/erm/legislation/austria-severance-payredundancy-compensation

Box 1: Financing of severance pay in Estonia

In Estonia, payment of severance is divided between the employer and unemployment insurance (UI) system. The second benefit in the UI system besides unemployment insurance benefit is insurance benefit upon lay-off. After reform in 2009, an employer pays only one monthly wage to an employee in case of a lay-off. Unemployment insurance adds up to three monthly wages, depending on years of employment with that employer. If the employment period was less than five years, the UI system does not add anything; if employment was five to 10 years, the UI system adds one wage; if 10 to 20 years, two wages; and if more than 20 years, three wages.

Insurance benefit upon lay-off is paid regardless of whether a person is unemployed. However, if a person also applies for unemployment insurance, then payments are delayed in accordance with the insurance benefit upon lay-off received. For example, if a person gets three wages as insurance benefit upon lay-off, then the waiting period for unemployment insurance is three months. This waiting period was implemented in order to keep the total replacement rate of different benefits not more than 100 percent.[65]

Relatively few workers, even if their contract is terminated for economic reasons, receive severance pay. First, especially in emerging market economies and developing countries, pro forma, few terminations of employment contracts are for economic, technological or organizational reasons, often not exceeding one to two percent of the total number of workers annually. Formal voluntary resignations remain the most common reason for leaving a job.

The term "voluntary resignation" is, nevertheless, often misleading. There is a clear correlation between rates and levels of voluntary resignation from sectors and firms, and level of wages and wage growth: the lower the wages, the higher the "voluntary" resignation from jobs. In many cases, firms have no funds for severance payment, thus forcing workers to leave "voluntarily."[66] So many de facto laid-off workers may lose their entitlement not only to severance pay but to unemployment benefits as well.

As for flexible redundancy arrangements, many OECD countries exempt small firms from some or all employment protection requirements. Most commonly, small firms are exempt from additional notification or procedural requirements when undertaking collective dismissals. In addition, several OECD countries reduce or remove severance payments, notice periods, or risk of being accused of unfair dismissal for small firms. For example, in Austria, Belgium, Denmark, Hungary, Ireland, and Switzerland, firms with 20 employees or less are exempt from requirements for collective dismissals. In Germany, establishments employing 10 or fewer employees are exempt from regular employment protection legislation. In Italy, firms with less than 15 employees are not required to pay back-pay or reinstate workers who are found to be unfairly dismissed.

[65] Lauringson, 2012
[66] Kuddo, 2009

In Slovenia, employers with 10 workers or less can, by collective agreement, conclude fixed-term contracts irrespective of substantive limitations applying to fixed-term contracts and with longer duration. When terminating contracts, small employers do not have to verify possibility of redeployment or retraining. Shorter notice periods are allowed for small employers by collective agreement.

Replacing severance pay with unemployment benefits in small firms may also contribute to flexible work arrangements, especially in cash strapped small firms. ILO Convention No. 158 does not require both severance pay and unemployment benefits. Indeed, it specifically states that a worker who does not fulfill the qualifying conditions for unemployment insurance or assistance under a scheme of general scope need not be paid any severance allowance or separation benefit solely because he/she is not receiving an unemployment benefit.

State unemployment benefits are pooled resources that are a form of social insurance, generally financed by payroll taxes. They reduce the burden for firms in difficult times. By provisioning a fund, resources are accumulated in good times and made available in difficult times. Mandatory severance pay comes from a single employer and therefore has no insurance pooling.

Chapter 5. Enforcement of labor laws

In many countries, employment laws are often ineffective because of evasion, weak enforcement, and failure to reach the informal sector. Even though labor legislation might be rigid de jure, de facto it is not enforced and widely evaded. Achieving greater labor market flexibility through non-enforcement of laws is not an optimal choice because it undermines the rule of law, exposes firms to costly uncertainty, impedes decent formal employment growth, and leaves workers without adequate protection.[67]

As noted by Gimpelson et al (2009), the EPL stringency in Russia is considered as very high while law enforcement in general tends to be low. Institutional capacity to enforce laws and culture of law compliance across regions and sub-populations vary significantly. All this may result in actual enforcement being close to non-existent in some regions and close to complete in others (see below). The emerging variation in enforcement is likely to determine the rigidity level in regional labor markets, affecting their performance.

Labor inspection has the mission of monitoring compliance with labor standards. Labor inspection operates as a part of labor administration.[68] In essence, the institution of labor inspection has a twofold nature. On the one hand, labor inspectors enforce legal provisions dealing with labor regulations, occupational health and safety, social services, migrant workers, vocational training, social security, and other matters. On the other hand, labor inspection provides information and advice, as well as training. As most irregularities occur in micro- and small-scale enterprises, inspectorate activities in many countries tend to focus primarily on such firms, in sectors with high rates of staff turnover and temporary employment, such as construction, hotels, textiles and garments, as well as all types of transport and shops.

Labor inspection services cover a set of five operational functions:

1. Promotion: raising awareness of standards and national regulations that give effect to them, as well as disseminating best national and international practice.
2. Advice and information: putting their knowledge and expertise to use in helping resolve specific issues during on-site inspections or, in a more prevention-oriented manner, in their contacts with duty-holders and their organizations.
3. Education: often exercised in training for employers and workers, labor court officials, other government agencies, and NGOs.
4. Monitoring: observing, keeping track of, and reporting on compliance levels in enterprises, economic sectors, and the country as a whole.
5. Enforcement: ensuring compliance with the Law.[69]

Modern inspectorates aim for 60 percent proactive inspections and 40 percent reactive (accidents, complaints) based on an application of risk prioritization towards highest risk workplaces.

[67] Rutkowski and Scarpetta, 2005
[68] ILO, 2005
[69] Kuddo and Olefir, 2011

Advice to and stimulation of employers to implement legal requirements is the modern approach to compliance. Labor inspectors are obliged to first and foremost advise employers and employees to fulfill their obligations, whilst leaving the option of punishing grave and consistent violations.

International studies of best practice highlight a number of characteristics of high-quality, well-functioning labor inspection services. These include adequate resources (both staff and infrastructure); recruitment and training policies designed to attract and retain high quality inspectors; central administration to improve consistency and reduce duplication; preventive targeting of firms based on risk; integration of different types of inspections to reduce the inspection burden on business; and a focus on prevention and education as well as enforcement. Good cooperation is, in particular, required between the labor inspectorate and other agencies, social partners, institutions, and NGOs.

Lack of public awareness on legal rights associated with employment may also impair law enforcement in a number of countries. Workers should know their legal rights and how to enforce them. Evidence, to the contrary, suggests that public opinion is often ill-informed. Running campaigns to inform individuals of their legal labor-related rights is thus crucial.

In well-functioning ("high-performance") labor inspection systems of industrialized market economies, social dialogue provides the foundation for effective labor inspection work. As an example, in the Netherlands, Germany, the Nordic countries, and the UK, the Labor Inspection consults social partner organizations at national and sector levels on where problems exist and agree upon targets, projects, campaigns, etc. on an annual or even quarterly basis. This consultation process creates transparency, higher levels of acceptance, and "ownership" of the compliance process among duty-holders. Further, Labor Inspectorates in many countries have an obligation to "stimulate" (Netherlands) or "animate" (France) cooperation and dialogue among parties in enterprises. Measures must be designed to develop such social dialogue on labor inspection and occupational safety and health (OS&H) at all suitable levels.

As noted by the ILO, in recent years, resources for labor inspection have been squeezed in many countries as part of budget austerity measures despite the fact that an efficient and adequately resourced labor inspection system makes a significant contribution to economic development, social cohesion, and good governance.[70]

In Russia, the Federal Labor Inspectorate (FLI) is a unified, centralized system composed of the federal executive governmental body charged with state supervision and control of observance of labor law and other legal regulatory acts containing labor law norms and its territorial bodies (state labor inspectorates; Art. 354).

The Prosecutor's Office and Federal Labor Inspectorate have the right to carry out an investigation as to the merit of the case and make a binding decision to the employer, including reinstating an employee who was wrongfully dismissed and awarding the employee

[70] ILO, 2006

for wages in arrears. Even more so, these authoritative branches can initiate proceedings against the employer and its administrators for liability of violations of labor legislation.[71]

The technical services of the ILO responsible for labor inspection consider that the number of labor inspectors in relation to workers should approach the following: for industrial market economies: 1/10,000; for rapidly industrializing economies: 1/15,000; for transition economies: 1/20,000; for least developed countries: 1/40,000.

In 2016 in the FLI in Russia, the ratio was one inspector per 34,400 employed.[72] The workload of the inspectorate can be considered high. On average, there were 3,730 enterprises per one inspector.[73] Current capacity of the FLI allows, on average, conduction of one inspection in 28 years, while the ILO recommends on average not less than once in five years.

Institutional capacity to enforce laws and culture of law compliance across regions and sub-populations vary significantly. All this may result in actual enforcement being close to non-existent in some sectors of the economy, and close to complete in others.[74]

Labor legislation violations are more often reported in northern territories and ethnic republics. In some regions, violations of labor laws and OS&H norms are rampant. In 2016 in the Chechen Republic, there were no inspected enterprises without violations; in Dagestan, 0.9 percent of enterprises were without violations; and in Arkhangelsk oblast, 3.0 percent. On the other end, no violations were observed during inspections in the Republic of Komi in 82.5 percent of cases; in Krasnodar krai in 66.1 percent; in Moscow in 62.7 percent; in Primorsky krai in 61.8 percent; and in Novgorod oblast in 60.7 percent of inspected enterprises.

Quantitative variables based on judiciary statistics tell basically the same story, showing significant inter-regional variation in enforcement of the labor regulations. The Far Eastern Magadan region with 200 legal cases (per 1,000 employees) filed to courts took the leading place. It was followed by a few other Northern and Far Eastern regions, where the corresponding values were in a range of 30 to 70. On the opposite pole of the scale, we find the most urban and densely populated regions like Moscow, S-Petersburg, Moscow and Nizhny Novgorod oblasts situated in the European part of the country. Here, of every 1,000 employees, only 1 to 4 were involved in legal conflicts with their former or current employers in regional or local courts.[75]

[71] Ksenofontov, 2011

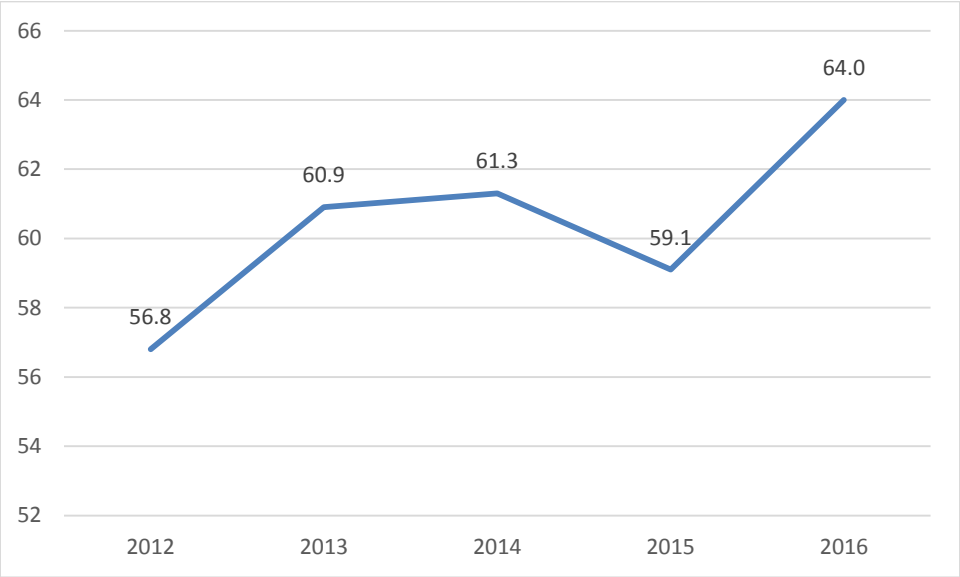
[72] In 2016, there were 72.393 million employees in Russia while the total staff of the Federal Labor Inspectorate was 2,438, including the number of labor inspectors, 2102. For comparison, in Latvia there were 8,300 workers per one inspector.

[73] The data on the activities of the Federal Labor Inspectorate are from the Annual Report 2016.

[74] Gimpelson, Kapeliushnikov, and Lukiyanova, 2009

[75] See Gimpelson et al (2009) for discussion.

Figure 9: Annual number of inspections per one labor inspector in Russia in 2012-2016



Source: Federal Labor Inspectorate, 2017

Table 6: Number of labor inspections conducted by the Labor Inspectorate in 2015 and 2016

Total inspections		Including:			
		No violations of the law observed		% of total inspections	
2015	2016	2015	2016	2015	2016
137,179	134,543	30,416	33,763	22.2	25.1

Source: Federal Labor Inspectorate, 2017

Russian Labor Code gives the inspectorate significant discretion in monitoring and some executive authority to take legal action in case of noncompliance.[76] The Labor Inspectorate runs regular (e.g., planned in advance; in 2016, 18,100 missions) and extraordinary control missions (in 2016, 116,400 missions). Every firm is obliged to execute orders or requests issued by the labor inspectorate. Otherwise, labor inspectors can file the case to a local court office or involve

[76] Gonzalez et al., 2016

the prosecutor's office in the conflict. The labor inspectorate enjoys significant discretion in deciding which labor regulations to monitor, in which firms, and when.[77]

One of the main areas of intervention is wage arrears. In particular, in 2016, 116,200 violations of the law on wage payment were found, and 25 billion rubles in wage arrears (around US$ 300 million) to more than one million people were cleared.

In 2016, new special offence for violating procedure for setting or paying salaries was put into effect, which provide penalties for:

- nonpayment or incomplete payment within the established time period of salaries and other payments made in employment relationships, if those actions are not a criminal offense, or setting a rate of salary lower than provided for by law, in the form of a warning or imposition of an administrative fine between RUB 10,000 and RUB 20,000 on officers, and between RUB 30,000 and RUB 50,000 on legal entities;
- a similar repeated offense in the form of an administrative fine between RUB 20,000 and RUB 30,000 on officers, or disqualification for one to three years; and in the form of an administrative fine between RUB 50,000 and RUB 100,000 on legal entities.[78]

The FLI is active in its advisory role. In 2016, FLI staff provided 454,000 consultations to 82,000 employers and 370,000 workers. Main issues included wage arrears (204,000 cases, or 51.2 percent of the total); conclusion and termination of labor contracts (103,000 cases, or 20.7 percent) and work safety issues (59,000 cases, or 7.3 percent).

In addition, in 2016, the FLI received 456,200 appeals from citizens, including 95,500 related to conclusion or termination of an employment contract; 233,400 to wage payments; and 33,400 to occupational safety issues.

Improved law enforcement and application of sanctions can be achieved through (i) better cooperation between relevant authorities (inter alia tax offices, labor and social inspectorates, police); (ii) reinforcement of the number of labor inspectors, better working conditions, and performance-based remuneration systems; (iii) investment in training to update knowledge and develop skills in relevant areas of expertise.

Detection and enforcement measures applied in particular in OECD countries include information exchange (linking computer files) using unique social security numbers; cooperation between labor, social security, and tax inspectorates; administrative requirements for immediate declaration of new hires; making chief contractors responsible for tax compliance by subcontractors; encouraging employer and trade union denunciation of unfair competition; enforcing employees' rights such as protection against unfair dismissal, even within undeclared relationships; and strict sanctions.

[77] Enforcement of labor laws in regions of Russia see Gimpelson et al, 2009

[78] Ryzhkova, 2017; 1 Russian Ruble equals 0.017 US Dollar.

Chapter 6. Collective bargaining

Collective bargaining is a fundamental principle and right at work, recognized as such by the international community. The Right to Organize and Collective Bargaining Convention, 1949 (No. 98) is one of eight fundamental Conventions of the ILO. It guarantees collective bargaining as a voluntary process between independent and autonomous parties.

According to Art. 2 of the ILO Collective Bargaining Convention, 1981 (No. 154), collective bargaining extends to all negotiations that take place between an employer, a group of employers, or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other, for: (a) determining working conditions and terms of employment; (b) regulating relations between employers and workers; and/or (c) regulating relations between employers or their organizations and a workers' organization or workers' organizations.

As noted in the recent OECD report, "since the 1980s, this process of collective representation and negotiation has faced a series of major challenges resulting, in particular, from technological and organizational changes, globalization, the decline of the manufacturing sector, new forms of work and population ageing, which have severely tested its efficacy."[79] Basic definitions of "employer", "employee" and "place of work" have become more ambiguous.

Additional pressures resulted from the global economic and financial crisis of 2008-09. On average across OECD countries, the share of workers covered by a collective agreement shrunk from 45 percent in 1985 to 33 percent in 2015; 17 percent of employees are members of trade unions, down from 30 percent in 1985.[80]

Russia has followed global trends in union coverage rates. Between 2008 and 2013, the coverage rate of collective bargaining agreement dropped from 26.4 percent to 22.8 percent of workers. The union density rate dropped from 31.9 percent in 2008 to 27.8 percent in 2013 (Figure 10 and 11). Russia is one of few countries in which the union coverage rate is lower than union density rate, indicating that workers and their representative bodies are not actively fighting for better working conditions through labor bargaining. In OECD countries, on average, these rates are 50.4 percent for union coverage, and 26.4 percent for union density, respectively.

In OECD countries, there has been a general trend toward more decentralized bargaining, with firm level bargaining tending to expand at the expense of sectoral or national bargaining. This has been encouraged by flexibilization and deregulation of work. In two-thirds of OECD and accession countries, collective bargaining takes place predominantly at firm level. Sector-level agreements play a significant role only in continental European countries.

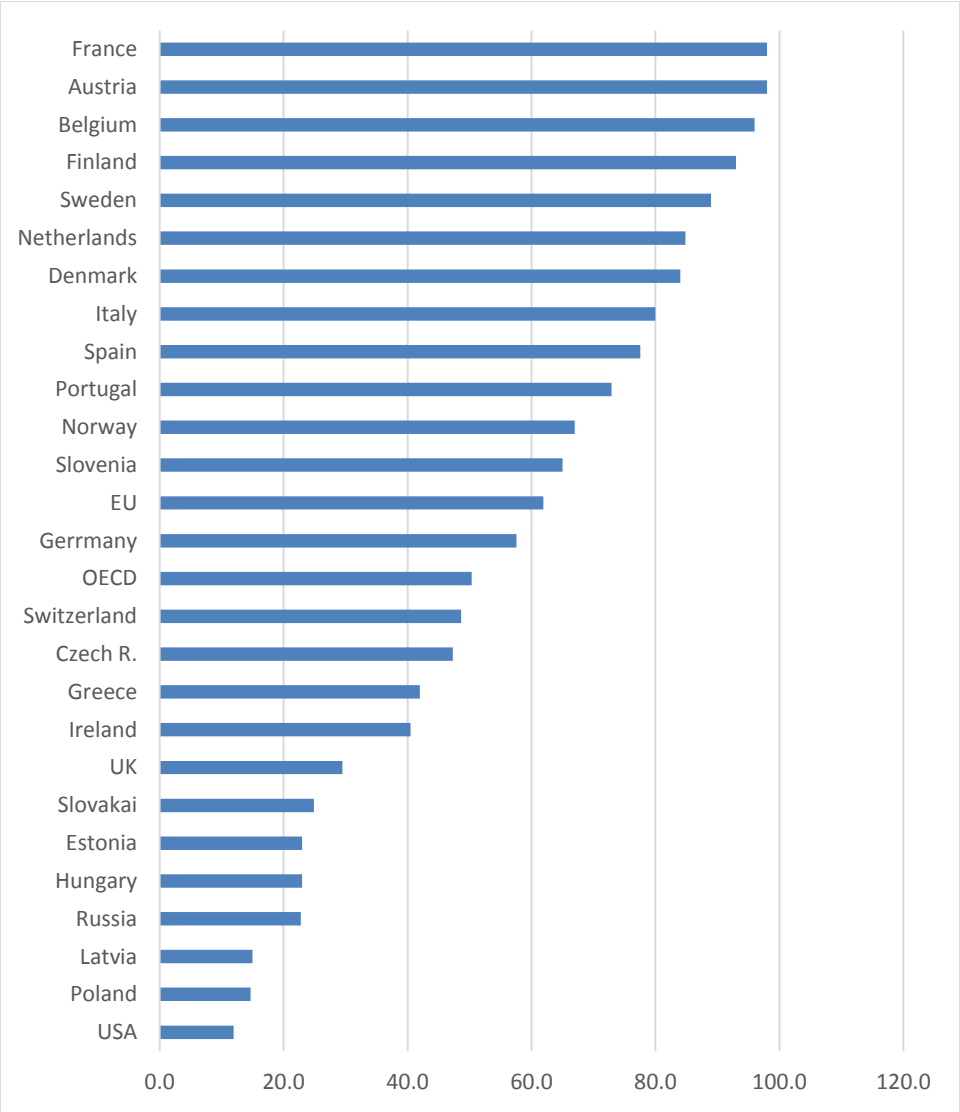
Recent policy reforms in many countries have also affected the scope and functioning of collective bargaining systems. Reforms were aimed at providing more flexibility to employers in case of economic shocks. For example, in Spain, 2012 reform inverted the favorability principle,

[79] For detailed discussion see OECD, 2017.

[80] OECD, 2017; Union density refers to the proportion of workers who are member of a union. Union coverage refers to the proportion of workers who are covered by a collective agreement bargaining.

giving priority to firm-level agreements over those at the sector or regional level. The reform also made it easier for firms to opt-out of higher level or firm-level agreements.[81]

Figure 10: Coverage rates of collective bargaining agreements in selected countries in 2013



Source: OECD online at: https://stats.oecd.org/Index.aspx?DataSetCode=TUD

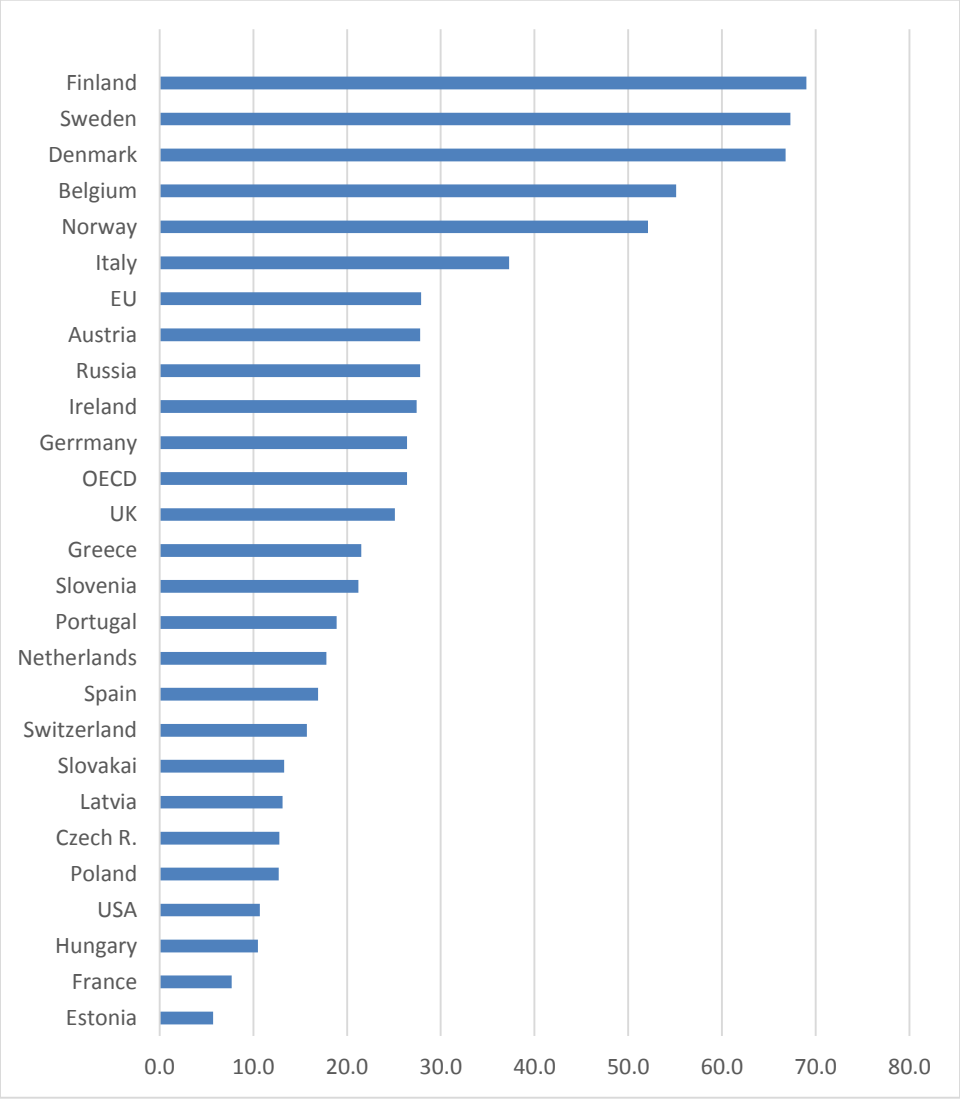
Collective bargaining can play an important role in determining wages and other conditions of work. Representation of worker voice through unions and collective bargaining can reduce discrimination by instituting dispute resolution mechanisms, reducing arbitrary management decisions, increasing job tenure and investment in training, and improving work safety conditions. It is well known that, *ceteris paribus*, unions can raise wage pressures; wages

[81] OECD, 2014

bargained collectively are generally higher than those bargained individually. These positive effects of unions would contribute towards greater labor productivity.

Another major issue for social dialogue will be introduction and widespread use of so-called atypical employment relationships, such as part-time and fixed-term contracts of employment, triangular arrangements, or probationary contracts, which could serve interests of both employees and employers. The role of serious and continuous dialogue is to strike a balance between interests of the two parties in the industry.

Figure 11: Union density rates in selected countries in 2013



Source: OECD online at: https://stats.oecd.org/Index.aspx?DataSetCode=TUD

The majority of Russian unionized workers are members of the Federation of Independent Trade Unions of Russia (FITUR), successor to the traditional union from the Soviet period. FITUR suffered from a severe membership decline, from almost 100 percent in the socialist period to 33 percent of total employment in 2013. Nonetheless, FITUR remains the most powerful trade

union organization in modern Russia. Other independent trade unions established over the transition period are small, cover only five percent of total union membership, and do not play a visible role in public life.[82] Nominally, FITUR represents all Russian workers in the central tripartite Commission.

Box 2: Benefits of social dialogue

Social dialogue is one principle underlying the European social model, based on good economic performance, a high level of social protection, education, and social dialogue. In Europe, the concept of dialogue between governments, employers' and workers' organizations is generally accepted as part of good governance, even if its modalities and extent differ substantially from one country to another.

Social dialogue is not in contradiction with the market economy. On the contrary, it can help to sustain effective functioning by dealing with social aspects. It may prevent or solve unnecessary and violent social conflicts by achieving acceptable compromises between economic and social imperatives, and may improve the business and investment environment. Social dialogue can help:

(i) macroeconomic stability through responsible wage negotiations;
(ii) create balanced labor legislation, enabling employers to adapt to changing markets and thus maintain competitiveness;
(iii) put in place effective social security systems, which protect workers but do not create an unbearable burden for enterprises and other tax payers;
(iv) introduce cooperative industrial relations, which prevent and solve unnecessary and damaging industrial conflicts.

As such, social dialogue can be an important instrument toward controlling labor and social conflicts, and improve productivity and competitiveness.[83]

The current situation with collective bargaining agreements in Russia is characterized by weak regulatory impact of unions on wage policy, and working conditions at the enterprise level. Industry-level trade unions do not control wage determination in companies. The system of wage setting in Russia can be called 'managerial,' as managers determine wages in Russian enterprises.[84]

The Russian Labor Code foresees participation of trade unions in matters relating to organization of and compensation for work, as well as entering into collective agreements ("kollektivny soglasheniye") and collective contracts ("kollektivny dogovor"; see Chapter 7 of the Labor Code). Collective agreements are made between representatives of employers and workers at the federal, regional, and territorial level, as well as the level of a particular industry. A collective

[82] Chetvernina, 2009
[83] ILO, 2008; Rychly and Pritzer, 2003

[84] Kapelyushnikov, 2007

agreement within a particular industry can also be made at the federal, regional, and territorial level. The collective agreement sets working conditions not only within industry, but also between state (and regional) employees and employers. Collective contracts are entered into at the level of a particular company (or its subdivision) or individual entrepreneur.

In Russia, the law on collective agreements from March 1992 has been annulled, and working conditions are regulated predominantly by the Labor Code and other labor laws.[85] Also, the nationwide general collective agreement approved in 2003 is no longer valid, and a new version of the agreement has not yet been approved.

Collective agreement, as a general rule, does not affect employers who did not participate in negotiations through their representatives (non-members of corresponding associations). However, there is a mechanism whereby an unwilling employer may become a party to the agreement "through silence." This happens when the employer does not react to an officially published announcement offering non-participating employers to adhere to a collective agreement. Such an announcement may be made only by the Minister of Labor and Social Development of Russia, and only concerning industry-wide agreements entered into at the federal level. The employer would have to inform of non-acceptance of the offer within 30 days from date of publication. The refusal should be well-grounded and in writing. Only thus can he avoid joining the agreement.

Collective agreements may be entered into for up to three years. Parties may agree to extend this term up to three more years, but law permits only one extension (Art 48).

The Labor Code lists the following main issues, which could be reflected in collective contracts at firm level.

- Regulation of fixed-term contract arrangements for a person who replaces an employee on a leave of absence (Art. 59);

- Obligatory participation of representatives of the elected body of the primary trade union organization in consideration of issues pertaining to termination of the labor contract at the employer's initiative (Art. 82);

- Defining the list of workers engaged in night-time and shift work (Art. 96);

- Setting work arrangements for employees working outside regular working hours (Art. 97):

- Setting working time regime for workers, including determining length of work week (five-day week with two days-off, six-day week with one day-off, work week with flexible-schedule and days-off, incomplete work week), work with irregular working day for individual categories of employees, length of daily work (shift), including incomplete

[85] http://www.consultant.ru/document/cons_doc_LAW_383/

work day (shift), time of beginning and end of work, time of breaks, number of shifts per day, rotation of working days and days-off (Art. 100);

- Fixing the list of positions of employees with unregulated working day (Art. 101);

- Regulating work of certain categories of employees who are employed on days-off and public holidays, such as creative employees of mass media, cinematographic organizations, television, theatres, concert organizations, etc. (Art. 113);

- Determining length of additional annual paid leave to employees with an unregulated working day (Art. 119);

- Regulating entitlements to unpaid leave (Art. 128);

- Protecting purchasing power of wages at firm level (Art. 134);

- Setting up wage systems (basic rates of wages and salaries), extra payments, and top-ups (Art. 144);

- Determining the manner, place, and due dates of payment of wages (Art. 136);

- Setting up compensation (wage premium) for overtime work; for work on days-off or on public holiday; and for night work (Art. 112; 152; 153 and 154);

- A labor contract or a collective agreement may stipulate other instances of payment of severance allowances, and/or establish higher amounts of severance pay (Art. 178);

- A collective agreement may stipulate other categories of employees enjoying a preferential right to remain at work in case of redundancies given equal labor productivity and skills level of workers (Art 179);

- Setting up additional guarantees and compensations for employees during organizational liquidation and staff reduction (Art. 180).

At the national or regional level, the opinion of the Russian Trilateral Commission for Regulating Social-Labor Relations could be expressed in the following cases:

- Determining the list of jobs, occupations, and positions of creative employees of mass media, cinematographic organizations, theatres, concert organizations, etc. with specific working time arrangements, and remuneration for labor performed on days-off and public holidays (Art. 59, 113, and 153);

- Setting up minimum duration of annual additional paid leave for employees engaged in harmful and/or hazardous working conditions, and terms for granting extra leave (Art. 117)

- Regional agreement on minimum wages shall be drafted and approved by the Trilateral Commission for the Regulation of Social and Labor Relations of the relevant subject of the Russian Federation (Art. 133.1);

- Every year, prior to laying of a draft federal law on federal budget for the next year before the State Duma of the Federal Assembly of the Russian Federation, the Russian Trilateral Commission for Regulating Social-Labor Relations shall prepare uniform recommendations for establishing systems of remuneration for labor on the federal, regional, and local levels concerning employees of organizations financed from relevant budgets (Art. 135);

- Wage/salary systems for employees of state and municipal institutions shall be established based on recommendations of the Russian Trilateral Commission for Regulating Social-Labor Relations (Art. 144).

Therefore, in Russia, labor legislation puts forward multiple tasks for social partners to negotiate. Unfortunately, collective bargaining at any level is not very widespread, and collective agreements are relatively weak. Thus, the role of legislation as a safeguard for workers is much more essential than, for example, in EU15 countries where the majority of workers are covered by collective arrangements. Moreover, very often firm-level trade unions, if any, are under strong management influence.

Overall, the biggest challenge for collective bargaining in Russia will be to remain relevant in a rapidly changing world of work. Collective bargaining needs to find balance between inclusiveness and flexibility in order to contribute to job creation in the economy while providing protection to workers.

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Annex

Table 1: Strictness of employment protection legislation for overall, regular and temporary employment in selected countries in 2013[86]

		Protection of permanent workers against individual and collective dismissals	Protection of permanent workers against (individual) dismissal	Specific requirements for collective dismissal	Regulation on temporary forms of employment
Austria	2013	2.44	2.12	3.25	2.17
Belgium	2013	2.99	2.14	5.13	2.42
Czech Republic	2013	2.66	2.87	2.13	2.13
Denmark	2013	2.32	2.10	2.88	1.79
Estonia	2013	2.07	1.74	2.88	3.04
Finland	2013	2.17	2.38	1.63	1.88
France	2013	2.82	2.60	3.38	3.75
Germany	2013	2.84	2.53	3.63	1.75
Greece	2013	2.41	2.07	3.25	2.92
Hungary	2013	2.07	1.45	3.63	2.00
Latvia	2013	2.91	2.57	3.75	1.79
Lithuania	2015	2.42	2.23	2.88	3.33
Netherlands	2013	2.94	2.84	3.19	1.17
New Zealand	2013	1.01	1.41	0.00	0.92
Norway	2013	2.31	2.23	2.50	3.42
Poland	2013	2.39	2.20	2.88	2.33
Portugal	2013	2.69	3.01	1.88	2.33
Slovak Republic	2013	2.26	1.81	3.38	2.42
Slovenia	2014	2.39	1.99	3.38	2.13
Spain	2013	2.36	1.95	3.38	3.17
Sweden	2013	2.52	2.52	2.50	1.17
United Kingdom	2014	1.59	1.18	2.63	0.54
Russia	2012	2.47	2.86	1.50	1.25
Kazakhstan	2015	2.29	3.20	0.00	…
Serbia	2015	2.23	1.67	3.63	…

[86] The OECD indicators of employment protection are synthetic indicators of the strictness of regulation on dismissals and the use of temporary contracts. Data range from 0 to 6 with higher scores representing stricter regulation.

Source: OECD online at: http://www.oecd-ilibrary.org/fr/employment/data/employment-protection-legislation_lfs-epl-data-en

Table 2: Ratio of minimum wages to subsistence minimum in regions[87]

	Subsistence minimum for able-bodied persons in the 2nd quarter of 2017; rubles	**Minimum wage in 2017; rubles**	**Ratio of minimum wages to subsistence minimum level in the 2nd quarter of 2017; percent**
Russian Federation,	11,163	7,500	67%
including:			
Belgorodskaya oblast	8,989 8,989	8,989 7,500 for the workers of the organizations financed from regional budget	100% 83%
Bryanskaya oblast	10,615 10,615	7,560 for the employees of the public sector organizations; 8,500 for the employees of the extrabudgetary sectors	71% 80%
Vladimirskaya oblast	10,616 10,616	8,500; 7,500 for the workers of the organizations financed from the regional and municipal budgets	80% 71%
Voronezhskaya oblast	9,292	9,292	100%
Ivanovskaya oblast	10,896	10,418 (Subsistence minimum for able-bodied persons for 3rd quarter of 2016)	96%
Kaluzhskaya oblast	10,390	10,390	100%

[87] The Table has been prepared by Maria Ustinova, the World Bank

Kostromskaya oblast	10,581	10,581	100%
Kurskaya oblast	9,725	8,933 (Subsistence minimum for able-bodied persons for 3rd quarter of 2016)	92%
Lipetskaya oblast	9,580	8,950 (1,2* Subsistence minimum for 4th quarter of 2016)	93%
Moskovskaya oblast	13,146 13,146	12,500 (from November 1, 2015) 7,500 for the workers of the organizations financed from the federal budget	95% 57%
Orlovskaya oblast	10,161	10,161	100%
Ryazanskaya oblast	10,139	7,500	74%
Smolenskaya oblast	11,178	7,500	67%
Tambovskaya oblast	9,433 9,433	8,500 for the employees of the private sector organizations 7,500	90% 80%
Tverskaya oblast	11,038	7,500	68%
Tulskaya oblast	10,120 10,120	12,500; 10,500 for the workers of the state and municipal organizations	124% 104%
Yaroslavskaya oblast	10,429 10,429 10,429	9,640 8,021 for SME employees 7,500 for the employees of the public sector	92% 77% 72%
Moscow City	18,742	17,561	94%
Karelia Republic	13,932	14,701 for the workers in the Northern districts of Karelia	106%

	13,932 13,932	Republic 13,814 for the workers in other municipal districts except north; 13,932	99% 100%
Komi Republic	13,276	7,500	56%
Nenetsky Autonomous Okrug	21,844 21,844	12,420; 7,500 for the organizations financed from the federal budget	57% 34%
Arkhangelskaya oblast (without Nenetsky Autonomous Okrug)	13,022	7,500	58%
Vologodskaya oblast	11,907	7,500	63%
Kaliningradskaya oblast	11,361 11,361	10,000; 7,500 for the organizations financed from federal budget	88% 66%
Leningradskaya oblast	10,047	7,800	78%
Murmanskaya oblast	15,185	13,650	90%
Novgorodskaya oblast	11,190	11,190	100%
Pskovskaya oblast	11,798	7,500	64%
Sankt-Petersburg	11,830 11,830	11,700 (without compensation and stimulating benefits)' 7,500 for the organization financed by the federal budget	99% 63%
Bashkortostan Republic	9,498	8,900 (including the benefits for the work in special climate conditions)	94%

	9,498	7,500 for the employees of the organizations financed from the federal, regional and municipal budgets	79%
Mari El Republic	10,047	9,251	92%
	10,047	7,500 for the employees of the organizations financed from the federal, regional and municipal budgets	75%
Mordoviya Republic	9,068	7,500	83%
Tatarstan Republic	9,142	8,252	90%
	9,142	7,500 for the employees of the organizations financed from the federal budget	82%
Udmurtskaya Republic	9,468	7,500	79%
Chuvashslaya Republic	9,330	7,500	80%
Permskiy Krai	10,804	10,804	100%
Kirovskaya oblast	10,159	7,500	74%
Nizhegorodskaya oblast	10,033 10,033	9,000 7,500 for the employees of the organizations financed from the federal, regional and municipal budgets	90% 75%
Orenburgskaya oblast	9,269	7,500	81%
Penzenskaya oblast	9,771	7,500	77%
Samarskaya oblast	11,072	7,500	68%
Saratovskaya oblast	9,581	7,900	82%
	9,581	7,500 for the employees of the public sector organizations	78%

Ulyanovskaya oblast	10,362 10,362	10,000; 7,500 for the employees of the public sector organizations	97% 72%
Kurganskaya oblast	10,428 10,428	7,620; 7,500 for the employees of the organizations financed from the federal budget	73% 72%
Sverdlovskaya oblast	10,865 10,865 10,865	8,154 for the employees of the extrabudgetary sector organizations 8,862 for the employees of the extrabudgetary sector organizations 7,500 for the organizations financed from the federal budget	75% 82% 69%
Khanty-Mansyisky Autonomous Okrug - Yugra	15,294	16,500	108%
Yamalo-Nenetsky Autonomous Okrug	16,751 16,751	12,431 (including the compensating and stimulating benefits); 7,500 for the organizations financed from the federal budget	74% 45%
Tumenskaya oblast (without autonomous regions - okrug)	11,212 11,212	9,950 for the employees of the non-public sector organizations 7,700 for the employees for the employees of the public, autonomous and non-commercial organizations set up by Tumen oblast or by the municipalities of Tumen oblast	89% 69%
Chelyabinskaya oblast	10,608 10,608	9,200 7,500 for the employees of the public sector organizations	87% 71%

Altai Republic	10,200	8,751 for the employees of the non-public sector organizations, except the organizations and self-employed individuals, working in the agriculture and education sectors	86%
	10,200	7,500 for the employees working in the agriculture sectors	74%
Buryatia Republic	10,273	7,500	73%
Tyva Republic	10,168	7,500	74%
Khakasia Republic	9,857	7,500	76%
Altaiskiy Ktai	10,002	9,400 for the employees of non-public sector organizations, exempt housing/housing maintenance organizations and the employees with the disabilities, employed within established quota in public organizations for the people with disabilities, and the employees who participate in voluntary work or temporary employed based on the agreement between the employers and the employment services centers	94%
	10,002	8,116 for the employees with the disabilities employed within the quota in public organizations for the people with the disabilities, as well as for the employees of non-public sector organizations for housing and technical maintenance, expect the employees who are temporary involved into voluntary work or temporary employed based on the agreement between the employers and the employment services centers	81%

	10,002	7,500 for the employees of the organizations financed from the federal, regional and municipals budgets	75%
Zabaikalskiy Krai	11,392	7,500 for the employees of the agriculture organizations, as well as the organizations, financed from the federal, regional and municipal budgets, as well as from the mandatory medical insurance fund; for the employees of the organizations financed from the regional and municipal budgets and mandatory medical insurance fund, who work in Far North and same level territories;	66%
	11,392	9,066 in Kalarassk district;	80%
	11,392	7,857 in Tungiro-Olekminsk district and Tungokochensk district;	69%
	11,392	8,059 for the employees of the non-public sector (except the agriculture sector); for the employees of the non-public sector (except the agriculture sector) who work in Far North and same level territories;	71%
	11,392	10,429 in Kanarski district;	92%
	11,392	9,480 in Tungiro-Olekminsk district and Tungokochensk district	83%
Krasnoyarski Krai	12,163	9,926;	82%
	12,163	14,269 in Severo-Eniseisk district;	117%
	12,163	16,130 in Taimir Dolgano-Nenetsk municipal district (exept rural settlment Hatanga);	133%
	12,163	24,026 in rural settlement	198%

		Hatanga;	
	12,163	15,313 in Turuhansk district;	126%
	12,163	19,009 in Evenkisk district;	156%
	12,163	14,114 in Eniseisk;	116%
	12,163	11,167 in Lesosibirsk City;	92%
	12,163	13,788 in Boguchansk district;	113%
	12,163	15,200 in Eniseiski district;	125%
	12,163	13,571 in Kezhemski district;	112%
	12,163	14,548 in Motiginski district	120%
Irkutskaya oblast	10,814	12,652 in firms and self-employed individuals in Far North districts;	117%
	10,814	9,717 for firms and self-employee individuals in other districts;	90%
	10,814	10,754 for state and public enterprises;	99%
	10,814	8,259 for state and public enterprises in other districts;	76%
	10,814	7,500 for the employers in the agriculture sector	69%
Kemerovskaya oblast	9,981	14,972 (1,5-fold subsistence minimum)	150%
	9,981	7,500 for the organizations financed from the federal budget	75%
Novosibirskaya oblast	11,854	7,500 for the employees from the agriculture sector	63%
	11,854	9,030 for the employees of the public sector organizations (except the organizations financed from the federal budget);	76%

	11,854	9,390 for the employees of the non-public sector (except agriculture)	79%
Omskaya oblast	9,683	7,500 for the employees of the agriculture organizations	77%
	9,683	9,030 for the employees of the public sector organizations (except the organizations financed from the federal budget)	93%
	9,683	9,390 for the employees of the non-public sector (except agriculture)	97%
Tomskaya oblast	11,539	8,925 for the employees of the municipal autonomous, public and official organizations financed from the municipal budget of Tomsk City, as well as the employees of other organizations operating in Tomsk city;	77%
	11,539	7,500 for the employees of the organizations financed from the regional and municipal budgets, local branches of the extra budgetary funds of Tomsk region, the employees of other employers (except the employees of municipal autonomous and official organizations financed from municipal budget of Tomsk City, as well as the employees of other organizations operating in Tomsk City	65%
Republic of Sakha (Yakutia)	17,601	16,824	96%
	17,601	7,500 for the organizations financed from federal budget	43%
Kamchatskiy Krai	20,399	18,210 for the employees working in the organizations based in	89%

		Koryak okrug;	
	20,399	19,510 for the employees working in the organizations based in Aleutski municipal district;	96%
	20,399	16,910 for the employees working in the organizations based on the other territories of Kamchatski krai	83%
Primorskiy Krai	13,191	7,500	57%
Khabarovskiy Krai	13,807	11,414 for the employees working in Bikinski, Vyazemski, imeni Lazo, Nanaiski, Khabarovski districts and Khabarovsk City	83%
	13,807	12,408 for the employees who work in Amurski, Vaninski, Verhnebureinski, imeni Polini Osipenko, Sovetsko-Gavanski, Solnechni, Tuguro-Chumikanski, Ulchski districts and Komsomolsk-na-Amure City	90%
	13,807	14,269 for the employees who work in Ayano-Mayski district;	103%
	13,807	15,510 for the employees who work in Okhotski district	112%
Amurskaya oblast	12,184	7,500	62%
Magadanskaya oblast	18,994	18,750 for the employees of the extrabudgetary organizations of Magadanski oblast, except Severo-Evenski urban district;	99%
	18,994	20,250 for the employees of the extrabudgetary organizations in Severo-Evenski urban district	107%

Sakhalinskaya oblast	14,552	15,000 for the individuals who work in Aleksandrovsk-Sakhalinski, Anivski, Dolinski, Korsakovski, Makarovski, Nevelski, Poronaiski, Smirnikhovski, Tomarinski, Timovski, Uglegorski, Kholmski districts and Uzhno-Sakhalinsk City;	103%
	14,552	18,571 for the individuals who work in Hoglikski and Okhinski districts	128%
	14,552	20,000 for the individuals who work in Kurilski, Severo-Kurilski and Uzhno-Kurilski districts	137%
	14,552	7,500 for the organizations financed from the federal budget	52%
Evreyskaya Autonomous oblast	13,422	7,500 including the district coefficient and percentage increase for the length of service in southern districts of Far East	56%
Chukotskyi Autonomous Okrug	21,396	7,500	35%
Dagestan Republic	9,922	7,500	76%
Ingusheyiya Republic	9,319	7,500	80%
Kabardino-Balkarskaya Republic	11,925	10,183	85%
	11,925	7,500 for the employees of state and municipal organizations, as well as the organizations financed from the federal budget	63%
Karachaevo-Cherkesskaya Republic	9,815	7,500	76%
Severnaya Osetiya – Alaniya Republic	9,911	7,500	76%

Chechenskaya Republic	9,996 9,996	9,274 for the employees of the extrabudgetary organizations 7,500 for the employees of state and municipal organizations, as well as the organizations financed from the federal budget	93% 75%
Stavropolskiy Kray	9,404	7,500	80%
Adygeya Republic	9,837	7,500	76%
Kalmykiya Republic	9,264	7,500	81%
Crimea Republic	10,634 10,634	7,650; 7,500 for the organizations financed from federal budget	72% 71%
Krasnodarskiy Krai	11,141	11,141	100%
Astrakhanckaya oblast	10,140	7,500	74%
Volgogradskaya oblast	10,146	12,175	120%
Rostovskaya oblast	10,623	7,500	71%
Sevastopol City	11,162 11,162	8,000 7,500 for the organizations financed from the federal budget	72% 67%

Source: Rosstat www.fedstat.ru;Resolution #286-pp of the Government of Belgorodskaya oblast dated 24.07.2017 URL: http://publication.pravo.gov.ru/Document/View/3100201707310007; *Resolution of the Government of Belogorodskaya oblast on salaries increase in 2017 #93-pp dated 13/03/2017 URL: http://docs.cntd.ru/document/446165963 (Retrieved 15/01/2018); Regional agreement on the minimal wage between the Government of Bryanskaya oblast and trade unions, URL: http://docs.cntd.ru/document/974043753 (Retrieved 15/01/2018); Regional agreement between the Government of Kemerovskaya oblast and trade unions URL:* http://berez.org/5514-kuzbasskoe-regionalnoe-soglashenie-mezhdu-profsoyuzami-kuzbassa-administraciey-ko-i-rabotodatelyami-na-2013-2015-gg.html *(Retrieved 15/01/2017); Minimal wage in the Russian regions in 2016// Uchet, Nalogi I Pravo Newspaper URL:* https://www.gazeta-unp.ru/articles/51001-qqq-16-m5-11-05-2016-mrot-v-2016-godu-razmer-izmeneniya-osobennosti-primeneniya *(Retrieved 15/01/2017)*