

UDC 331.2:105;332.02(477)

DOI: 10.48077/scihor.25(1).2022.76-95

## Collective Bargaining and Payment Regulation at the Regional Level: Assessment and Prospects (on the Example of Ukraine)

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### Article's History:

Received: 25.03.2022

Revised: 24.04.2022

Accepted: 22.05.2022

### Suggested Citation:

Tsymbaliuk, S., Poplavska, O., & Danylevych, N. (2022). Collective bargaining and payment regulation at the regional level: Assessment and prospects (on the example of Ukraine). *Scientific Horizons*, 25(1), 76-95.

**Abstract.** In the conditions of constant challenges and threats in the realization of citizens' right to work, collective bargaining becomes almost the only effective tool that allows to reconcile the interests of different actors and consolidate their joint efforts. The purpose of the study is a comparative analysis of the level of development of collective bargaining in different regions of Ukraine and identify challenges and prospects for the development of this institute. The authors proposed a methodology that allows quantitative and qualitative assessment of collective bargaining regulation of wages based on a number of indicators and a comparative analysis of its level of development in different regions. The evaluation confirmed the hypothesis of low activity of social partners and inability to act mobile in the new socio-economic ecosystem. The results showed the underdevelopment of wage regulation through collective bargaining in all regions, which increased distrust in the institution of social partnership and showed the inability of partners to create conditions for decent work. Indicators of the effectiveness of collective bargaining and agreements typical of countries with economies in transition (Ukraine), and the root causes of low quality social dialogue at the regional level are highlighted. Challenges inherent not only in Ukraine but also in most European countries allowed the authors to identify areas for improving collective bargaining, which include expanding the social partners, adapting the content of agreements to the strategic goals of the region and its sustainable development. The identified general trends conditioned upon the challenges of the digital economy and the new economic ecosystem have highlighted the need to rethink the role and content of collective bargaining. The practical value of the study lies in the possibility of applying the developed methodology by social partners, local administrations, local communities to assess social dialogue at the regional level, study and disseminate best practices of wage policy on the basis of social partnership

**Keywords:** collective bargaining, wages, social dialogue, decent work, evaluation, regional agreements



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## INTRODUCTION

The ambiguous transformations taking place in the labor market require overcoming the consequences of the pandemic and require an adequate response from the social partners, considering the requirements of the new economic reality. In such conditions, the requirements for the responsibility of all market actors are only intensifying and the need to ensure decent work and preserve and/or achieve gradual sustainable development is growing. The historical experience of many countries shows that the most suitable in conditions of uncertainty is the institution of social dialogue, which is based on collective bargaining (Erickson *et al.*, 2002; Doellgast *et al.*, 2018; Hayter & Jelle, 2018; Volkova & Kuznetsova, 2018; Kerckhofs, 2019).

At the same time, various researchers emphasise the weakening of social dialogue in the regulation of social and labor relations in European countries: Portugal (Tavora & Gonzalez, 2016); Spain (Rodríguez *et al.*, 2016); Slovenia (Stanojević *et al.*, 2016); Germany (Addison *et al.*, 2017). This trend is primarily explained by the weak organisational capacities of the state and especially of the social partners (Mailand & Due, 2004).

It is important to note that the institution of social dialogue is constantly changing and adapting to the challenges of economic and social reality. For example, during the pandemic, it became a safeguard against the destruction of many jobs, reduced the negative impact on workers' incomes (Molina, 2021; Tørrer, 2021). However, the developed practical recommendations may not be universal for all countries.

Despite the trend towards decentralisation of collective bargaining (Amable, 2016; Rodríguez *et al.*, 2016), the emphasis of dialogue in the field of working time regulation, ensuring decent wages and safe working conditions, granting vacations, etc. is growing.

These processes are inherent in Ukraine, but they have a number of features conditioned upon legislation and current practice. In particular, social dialogue is implemented at four levels: national, sectoral, regional (territorial) and industrial (Law of Ukraine No. 3356-XII "On Collective Agreements and Contracts", 1993). At the same time, if collective bargaining at the first two and production levels is a fairly common practice, the territorial one has become a conglomerate of sectoral agreements and social responsibility agreements of regional companies. But after the introduction of administrative reform and decentralization reform in the country, the problems and shortcomings of contractual regulation of social and labour relations at the territorial level have worsened. They were especially evident in the field of wages. After all, to date, the regulation of wages in Ukraine is a strategic task, as it allows to create favorable conditions for the reproduction of the labor force, its size depends on the level of well-being of employees and their families. Therefore, to develop the relevant territories, which should be accompanied by effective socio-economic

policies of communities, including the creation of opportunities for productive employment, safe working conditions and decent wages, it is important to assess the potential of collective bargaining, identifying problem areas, challenges and its further prospects.

Unfortunately, in Ukraine a comprehensive assessment of collective bargaining has not been conducted. Therefore, the results of comparative analysis of the level of development of collective bargaining in different regions can be an important source of information for local governments to make appropriate decisions and disseminate best practices and experience in the regulation of social and labour relations.

Thus, *the aim of the study is* to conduct a comparative analysis of the level of collective bargaining in different regions of Ukraine and identify challenges and prospects for the development of this institute, which is based on the author's methodology for assessing the level of collective bargaining at the territorial level. The main hypothesis put forward by the authors is a stable correlation between the activity of social partners and the effectiveness of collective bargaining and agreements at the regional level.

## LITERATURE REVIEW

The scientific field of research on the development of social and labor relations is inevitably associated with social dialogue and collective bargaining. Considerable attention is paid to the national and regional levels of negotiations, in particular, the latter is associated with potential opportunities to adapt the labour market to the challenges of digitalisation through the acquisition of relevant skills and decent work. After analysing data from many countries, sectors of the economy, firms, the link between different conditions of collective bargaining with employment, wage inequality and productivity is undeniable (Global Deal *et al.*, 2020). For many years, social dialogue has been proving its effectiveness as a tool for influencing the dynamics of economic growth and stability. (Grimshaw *et al.*, 2017). At the same time, the authors note that the institute of social dialogue faces new challenges: changing the employment structure, economic crisis, reducing employee involvement in trade unions, decentralisation of collective labor relations (Gumbrell-McCormick & Hyman, 2013). Unfortunately, these challenges are systemic and have their origins in the 1990s (Jobert, 2005). In particular, anti-crisis decisions of some governments (aimed at weakening the collective bargaining regulation of social and labour relations) exposed the desire of organisational management to narrow the range of tasks to be negotiated and identified practices of partial implementation of agreements (Tavora & Gonzalez, 2016) became a precondition for weakening trust in the trade union and the institution of social dialogue. No less important challenge was precarious work, which at the same time actualised the

monitoring potential of social dialogue (Grimshaw *et al.*, 2016). Therefore, the search for solutions to these problems requires the institution of collective bargaining regulation of social and labor relations adaptation and greater inclusion, finding new approaches to solving major social problems, especially in areas such as digitalisation and new technology, demographic change, green economy and sustainable development; and it is essential to increase and acquire competencies (Eurofound, 2020).

Studying the impact of collective bargaining on wages, scientists note an unconditional direct relationship. For example, Research of Villanueva (2015) proves the positive impact of extending collective bargaining agreements to all employees in an industry on ensuring common working conditions, limiting wage inequality by setting occupation-specific minimum wages, and reducing gender wage gaps, mainly at the bottom of the wage distribution. At the same time, as a rule, the evaluation of the effectiveness of collective bargaining is proposed according to a formalised indicator – the degree of collective bargaining (International Labour Organisation, 2018), which is explained by the assumption: readiness to participate in collective bargaining reflects the potential including wages. However, some researchers argue that while trade union representatives appear open to the responsibilities placed upon them, there is little evidence to suggest that management has responded (Stuart & Lucio, 2002). It is also proposed to study the range of indicators of the effectiveness of collective bargaining regulation through the prism of assessing social dialogue in general. Therefore, the indicators of settlement of labour remuneration policy issues during collective bargaining on the conclusion of a sectoral agreement in accordance with the legislation, number of social partners' obligations for remuneration, the share of the provisions of the sectoral agreement on labor remuneration fulfilled by the social parties (Tsymbaliuk & Shkoda, 2022), allow to

find out the activity of social partners in the implementation and enforcement of workers' rights. The use of the wage potential indicator in the context of the implementation of social dialogue (Danylevych & Poplavska, 2020) allows assessing the level of employee satisfaction with wages and the effectiveness of trade unions.

Note that, for the most part, assessing collective bargaining regulation, researchers focus on setting a minimum wage (Dustmann *et al.*, 2019; Ellguth, 2014; Bellmann *et al.*, 2018). However, such a position is justified to guarantee basic standards in the field of wages, but other guarantees in wages, such as income indexation, compensation for work in hazardous conditions, etc. no less important, especially since in an unstable economy, the challenges of a pandemic, these components are becoming increasingly important. Assessing collective bargaining regulation through the prism of decent work significantly expands the range of indicators and indicators for analysis (Tsymbaliuk *et al.*, 2019). Considering the concept of "labor 4.0" (Kolot *et al.*, 2020) allows assessing the compliance of wages with the costs, the nature of labour. At the same time, we should not forget about the changes that have taken place in recent years in the collective bargaining of social and labour relations, especially after the financial crisis. As noted by B.D. Müller and P. Hans-Wolfgang (2017), they have become significantly different across countries and these differences will only increase. Therefore, the assessment of collective bargaining should be carried out in accordance with the country's goals in the field of labour and the peculiarities of the regulation of social and labor sphere.

## MATERIALS AND METHODS

To analyse and assess the level of development of collective bargaining regulation at the territorial level is proposed a set of indicators with established standards (Table 1).

**Table 1.** Indicators for assessing the level of development of collective bargaining

No.	Indicator	Standard
1	Existence of a territorial agreement	Yes
2	Existence in the territorial agreement of guarantees and norms concerning the regional subsistence level (regional minimum wage)	Yes
3	Availability in the territorial agreement of guarantees and norms on the implementation of payments financed from the local budget	Yes
4	Number of commitments of social partners	→ max
5	Ratio of the number of obligations of the social partners to pay in accordance with the current territorial agreement compared to the number of obligations under the previous territorial agreement	→ max (≥1)
6	Ratio of the number of provisions of the territorial agreement on wages that contain specific obligations to the total number of obligations of the social partners on wages, %	→ max (100)
7	Ratio of the tariff rate of the worker of the 1st category and the minimum wage (subsistence level) in accordance with the territorial agreement, %	→ max (≥110)
8	Existence in the territorial agreement of provisions on introduction of systems of participation of the personnel in profit and (or) in the share capital at the enterprises of the region	Yes
9	Existence in the territorial agreement of provisions on introduction of social packages and programmes of social insurance at the enterprises of the region	Yes
10	Presence in the territorial agreement of provisions on observance of gender equality in payment	Yes

Table 1, Continued

No.	Indicator	Standard
11	Level of coverage of employees by collective agreements in the study region, %	→ max (100)
12	Real wage growth rates in the region, %	→ max ( $\geq 110$ )
13	Ratio of average wages in the region with the average wage in the country	→ max ( $\geq 1$ )
14	Share of employees receiving wages below the subsistence level, of the total number of employees in the region, %	→ min (0)
15	Share of workers receiving wages below the poverty line in the region, %	→ min (0)
16	Share of basic wages in the wage bill in the region, %	→ max ( $> 60$ )
17	Wage arrears in the region, UAH	→ min (0)
18	Ratio of women's wages to men's wages, %	→ max (100)

**Source:** compiled by the author

An expert survey method was used to verify the reliability of the indicators. The experts were scientists and specialists in the field of social and labour relations

and wages. The number of experts who took part in the survey was 13. Table 2 shows the main characteristics of experts.

**Table 2.** Characteristics of experts in the field of social and labour relations and wages

Feature	Persons	In % to the total number of experts
<i>Professional group</i>		
• Teachers	8	62
• Scientists	3	23
• FPU payroll specialists	2	15
<i>Total</i>	13	100
<i>Academic status</i>		
• Professor	3	23
• Docent	6	46
• No	4	31
<i>Total</i>	13	100
<i>Degree</i>		
• PHD	5	39
• PhD	6	46
• No	2	15
<i>Total</i>	13	100
<i>Work experience</i>		
• From 10 to 20 years	6	46
• More than 250	7	54
<i>Total</i>	13	100

**Source:** compiled by the author

The survey was conducted in the form of a questionnaire. Experts were asked to establish the significance (weight) of indicators on the following scale: 0 points – the indicator is not important; 1-2 points – the indicator is almost not important; 3-4 points – the indicator is important; 5-6 points – the indicator is very important; 7 points – the main (key) indicator.

To assess the level of development of collective bargaining regulation at the territorial level, methodological principles for determining individual indices and complex indicators have been developed. Different methodological approaches to the calculation of unit indices ( $I_j$ )

for different indicators depending on their specifics, units of measurement and standards are proposed.

The unit indices ( $I_j$ ) for the indicators for which the established standards have the wording “yes” are determined in the following order:

– if the actual value of a certain indicator does not meet the established standard, the unit index ( $I_j$ ) of this indicator is 0;

– if the actual value of a certain indicator meets the established standard, the unit index ( $I_j$ ) of this indicator is equal to 1.

For the rest of the indicators, the unit indices ( $I_j$ ) are

determined on the basis of the standardisation procedure:

– according to the indicators “the share of workers receiving wages below the subsistence level (below the poverty line), the total number of workers in the region” and “wage arrears in the region” according to formula (1):

$$I_i = \frac{[X_{actual} - X_{max}]}{[X_{min} - X_{max}]} \quad (1)$$

– for other indicators according to formula (2):

$$I_i = \frac{[X_{actual} - X_{min}]}{[X_{max} - X_{min}]} \quad (2)$$

where  $X_{actual}$  is the actual value achieved in a certain region, according to a separate indicator;  $X_{min}$  – the lowest value for a single indicator among the regions studied;  $X_{max}$  – the highest value for a single indicator among the regions studied.

The complex indicator of the level of development of collective bargaining regulation at the territorial level ( $K$ ) is determined by the formula (3):

$$K = \frac{\sum_{i=1}^n I_i}{n} \quad (3)$$

where  $n$  is the number of indicators.

The value of the complex indicator can be in the range from 0 to 1.

Ranges of values of the level of development of collective bargaining regulation of wages at the territorial level:

$$\text{If } K \in \begin{Bmatrix} [0.8; 1] \\ [0.6; 0.8] \\ [0.4; 0.6] \\ [0.2; 0.4] \\ [0; 0.2] \end{Bmatrix}, K \in \begin{Bmatrix} \text{High level} \\ \text{Level above average} \\ \text{Average level} \\ \text{Level under average} \\ \text{Low level} \end{Bmatrix}$$

Comparative analysis of the level of development of collective bargaining regulation of wages was carried out on the example of the following regions: Vinnytsia, Dnipropetrovsk, Ivano-Frankivsk, Luhansk, Lviv, Mykolaiv, Sumy, Kharkiv, Kherson and Chernihiv.

Criteria for forming a sample of regions:

– representation in the study of different parts of Ukraine: Vinnytsia and Dnipropetrovsk regions belong to the central region, Ivano-Frankivsk and Lviv – to the western region, Luhansk and Kharkiv – to the east, Sumy and Chernihiv – to the north and Mykolaiv and Kherson – to the south;

– the presence of concluded territorial collective agreements.

It is important to pay attention to some limitations of the study. Thus, one of the important indicators of wage policy evaluation is the indicators that characterise wage differentiation, in particular the Gini coefficient and the decile coefficient. However, conditioned upon the lack of statistical information on these indicators by region, they were not considered when calculating a comprehensive indicator of the level of development

of collective bargaining. An important indicator that characterises the level of development of social partnership at the territorial level is the level of fulfillment of their obligations by the social partners. Conditioned upon the lack of information on the extent to which the social partners comply with the provisions of territorial agreements, this indicator is also not considered when calculating a comprehensive indicator of the level of development of collective bargaining in the studied regions.

When studying the indicators that characterise the level and dynamics of wages, it is advisable to analyse not the arithmetic mean of the indicators, and the median and modal values. However, such information is not published by the State Statistics Service of Ukraine, which was a limiting factor in our study. During the development of the methodology for studying the development of collective bargaining regulation of wages, we accepted that the defined indicators are equivalent. At the same time, it would be expedient to consider the significance of the formed indicators using the method of expert survey, which can serve as a further direction of research and improvement of the methodology.

It is important to note that the methodology of research on the development of collective bargaining can change, adapt depending on the level of research, goals and objectives, information base, target priorities of socio-economic development of individual countries, regions and even enterprises.

## RESULTS AND DISCUSSION

### *Analysis of territorial agreements in the field of wages of the studied regions*

The main indicator of assessing the level of development of collective bargaining regulation is *the presence of a territorial agreement*. Analysis of territorial agreements (Territorial Agreement between Vinnytsia Regional State Administration, Vinnytsia Regional Council, Vinnytsia Regional Association of Employers' Organisations and the Joint Representative Body of Trade Unions of the Vinnytsia Region for 2016-2020, 2016; Territorial Agreement between Dnipropetrovsk Regional State Administration, Dnipropetrovsk Regional Council, Federation of Employers' Organisations of the Dnipropetrovsk Region and the Joint Representative Body of Trade Unions of the Dnipropetrovsk Region for 2017-2020, 2017; Territorial Agreement between the Ivano-Frankivsk Regional State Administration, the Ivano-Frankivsk Regional Association of Employers' Organisations and the Council of Trade Unions of the Ivano-Frankivsk Region for 2018-2020, 2018 (Territorial Agreement between..., 2018).

Territorial Agreement between the Luhansk Regional State Administration, the Federation of Trade Unions of the Luhansk Region and the Association of Employers' Organizations of the Luhansk Region and the Federation of Trade Unions of the Luhansk Region for 2019-2020, 2018; Territorial Agreement between the

Lviv Regional State Administration, the Lviv Regional Association of Employers' Organisations and the Trade Unions of the Lviv Region for 2018-2020, 2018; Territorial Agreement between the Mykolayiv Regional State Administration, the Mykolayiv Regional Organisation of Employers "Industrialists and Entrepreneurs of the Mykolayiv Region" and the Mykolayiv Regional Council of Trade Unions 2017-2020 on the regulation of socio-economic issues, 2017; Territorial Agreement on cooperation between the Sumy regional association of employers' organizations and the Sumy regional council of trade unions for 2019-2021, 2019; Territorial Agreement between the Kharkiv Regional State Administration, the Joint Representative Bodies of the Parties of Employers and Trade Unions of the Kharkiv Region for 2016-2018, 2016; Territorial Agreement between the Kherson Regional State Administration, the Association of Employers' Organizations of the Kherson Region, the Kherson Regional Intersectoral Council of Trade Unions on the regulation of basic principles and norms of socio-economic policy and labor relations in the Kherson region for 2019 -2021, 2019; Territorial Agreement on the regulation of basic socio-economic principles and labor relations for 2017-2020 between the authorities – Chernihiv Regional State Administration, Chernihiv Regional Council, employers and entrepreneurs – Regional Association of Employers' Organisations, Joint Representative Body of Employers and Employers of Chernihiv – Joint representative body of representative trade unions at the territorial level, 2017, showed that some of them (in Vinnytsia, Dnipropetrovsk, Luhansk, Lviv, Kharkiv and Chernihiv regions) provide that they are regulations that can be considered positive from in terms of determining the legal nature of these agreements. At the same time, the norms and provisions of territorial agreements do not apply to enterprises that did not participate in the negotiation process and the signing

of agreements in accordance with Art. 9 of the Law of Ukraine "On Collective Agreements and Contracts" (Law of Ukraine No. 3356-XII "On Collective Agreements and Contracts", 1993). In this regard, despite the recognition of territorial agreements by the social partners as normative acts, the latter cannot be considered as such, as their norms and provisions are not mandatory for all enterprises located in the territory of the region.

Unlike collective agreements at other levels, Ukrainian law does not regulate a clear list of issues to be negotiated at the territorial level, and limits their subject matter to the regulation of social guarantees, benefits and compensations. The legislation contains a general wording: agreements at the territorial level regulate the norms of social protection of employees of enterprises, include higher than the general agreement social guarantees, compensations and benefits (Article 8 of the Law of Ukraine "On Collective Bargaining and Agreements"). Analysis of the content of territorial agreements showed that they regulate a wider range of issues than required by law. Comparison of the number of obligations of the parties to territorial agreements in the field of wages of the studied regions are given in Table 3. According to the data in Table 3, the largest number of obligations of social partners in the field of remuneration are contained in territorial agreements in Vinnytsia and Dnipropetrovsk regions. If we analyse the number of obligations in terms of specific subjects of social and labor relations (local executive bodies, employers and trade unions), the most successful practices of social partnership at the territorial level include the Territorial Agreement in Vinnytsia region for 2016-2020. The Territorial Agreement in Sumy Oblast for 2019-2021 does not contain obligations of local executive bodies, and the Territorial Agreement in Lviv Oblast for 2018-2020 is limited to joint agreements, which negatively characterises the level of social partnership development.

**Table 3.** Comparison of the number of obligations of the parties to territorial agreements in the field of wages of the studied regions

Deals	Number of joint commitments / parties agreed	Number of obligations of local executive bodies	Number of obligations of the employers	Number of obligations of the trade unions	Total number of obligations of the parties	Ratio of the number of obligations compared to the previous agreement, %
<b>1. Territorial agreement in Vinnytsia region</b>						
– for 2011-2015	8	8	8	6	<b>30</b>	–
– for 2016-2020	11	13	8	10	<b>42</b>	<b>1.4</b>
<b>2. Territorial agreement in the Dnipropetrovsk region</b>						
– for 2011-2013	12	4	3	4	<b>23</b>	–
– for 2017-2020	20	5	7	6	<b>38</b>	<b>1.65</b>

Table 3, Continued

Deals	Number of joint commitments / parties agreed	Number of obligations of local executive bodies	Number of obligations of the employers	Number of obligations of the trade unions	Total number of obligations of the parties	Ratio of the number of obligations compared to the previous agreement, %
<b>3. Territorial agreement in Ivano-Frankivsk region</b>						
– in 2016	4	5	3	4	<b>16</b>	–
– for 2018-2020	16	8	4	7	<b>35</b>	<b>2.19</b>
<b>4. Territorial agreement in Luhansk region</b>						
– for 2013-2015	3	1	1	4	<b>9</b>	–
– for 2019-2020	14	5	7	4	<b>30</b>	<b>3.33</b>
<b>5. Territorial agreement in the Lviv region</b>						
– for 2015-2017	17		0	0	<b>17</b>	–
– for 2018-2020	18	0	0	0	<b>18</b>	<b>1.06</b>
<b>6. Territorial agreement in the Mykolaiv region</b>						
– for 2012-2015	12	6	6	4	<b>28</b>	–
– for 2017-2020	15	3	4	4	<b>26</b>	<b>0.93</b>
<b>7. Territorial agreement in the Sumy region</b>						
– for 2017-2018	11	11	5	9	<b>36</b>	–
– for 2019-2021	11	0	5	8	<b>24</b>	<b>0.67</b>
<b>8. Territorial agreement in the Kharkiv region</b>						
– for 2013-2015	6	2	1	7	<b>16</b>	–
– for 2016-2018	6	2	1	7	<b>16</b>	<b>1.0</b>
<b>9. Territorial agreement in the Kherson region</b>						
– for 2017-2018	10	9	6	6	<b>31</b>	–
– for 2019-2021	8	7	6	6	<b>27</b>	<b>0.87</b>
<b>10. Territorial agreement in the Chernihiv region</b>						
– for 2011-2015	7	9	7	7	<b>38</b>	–
– for 2017-2020	6	8	6	8	<b>28</b>	<b>0.74</b>

**Source:** compiled according to data (Territorial Agreement in the Vinnytsia Region, 2011; Territorial Agreement in the Vinnytsia Region, 2016; Territorial Agreement in the Dnipropetrovsk Region, 2011; Territorial Agreement in the Dnipropetrovsk Region, 2017; Territorial agreement in the Ivano-Frankivsk Region, 2016; Territorial agreement in the Ivano-Frankivsk Region, 2018; Territorial agreement in the Luhansk Region, 2013; Territorial agreement in the Luhansk Region, 2018; Territorial agreement in the Lviv Region, 2015; Territorial agreement in the Lviv Region, 2018; Territorial agreement in the Mykolayiv Region, 2012; Territorial agreement in the Mykolayiv Region, 2017; Territorial agreement in the Sumy Region, 2017; Territorial agreement in the Sumy Region, 2019; Territorial agreement in the Kharkiv Region, 2013; Territorial agreement in the Kharkiv Region, 2016; Territorial agreement in the Kherson Region, 2017; Territorial agreement in the Kherson Region, 2019; Territorial agreement in the Chernihiv Region, 2011; Territorial agreement in the Chernihiv Region, 2017)

If we compare the number of commitments contained in the current territorial agreements with the commitments provided for in previous agreements, the positive dynamics can be seen in the social dialogue in Ivano-Frankivsk and Luhansk regions. The negative trend in reducing the number of obligations of the social partners is typical for territorial agreements in Mykolaiv,

Sumy, Kherson and Chernihiv regions. Comparison of individual norms of territorial agreements in the field of wages of the studied regions are given in Table 4. According to the results of a comparative analysis of different norms on wages, most provisions of territorial agreements call for the regulation of relevant norms by sectoral agreements and collective agreements.

**Table 4.** Comparison of individual norms of territorial agreements in the field of remuneration of the studied regions

Deals	The growth rate of average wages	Minimum guarantees in the remuneration of non-budgetary employees	Inter-qualification and inter-job pay ratios	The share of basic wages in the payroll	Norms on non-discrimination in pay
Territorial agreement in Vinnytsia region for 2016-2020	Determined by the development programme of the region (p. 2.1). Not lower than the growth rate determined by sectoral and general agreements (p. 2.2) Higher than the inflation rate (p. 2.3)	Defined in collective agreements (p. 2.27)	Defined in collective agreements (p. 2.4)	Not less than 70%, defined in collective agreements (p. 2.27)	–
Territorial agreement in the Dnipropetrovsk region for 2017-2020	Not less than provided by the programme of development of the region (item 5.2). Not lower than at the state level (p. 5.3)	Defined in sectoral agreements and collective agreements in accordance with the law (p. 5.4)	Defined in collective agreements (p. 5.5, 5.7)	Not less than 65% are defined in collective agreements (item 5.29)	–
Territorial agreement in Ivano-Frankivsk region for 2018-2020	Not lower than at the state level (p. 3.1). In accordance with the provisions of sectoral agreements (p. 3.2)	Defined in collective agreements in accordance with sectoral agreements. Not less than 110% of the subsistence level (p. 3.3)	–	Defined in collective agreements, not less than specified in the sectoral agreement (p. 3.31)	Observance of gender equality in remuneration of labour (items 3.8, 3.17)
Territorial agreement in Luhansk region for 2019-2020	Not less than provided by the programme of development of the region (item 5.2). Not lower than at the state level (p. 5.3)	Defined in sectoral agreements and collective agreements in accordance with the law (p. 5.4)	Defined in collective agreements (p. 5.5, 5.7)	It is recommended to provide for collective agreements to increase the share of basic wages (p. 5.5)	–
Territorial agreement in the Lviv region for 2018-2020	–	–	–	–	–
Territorial agreement in the Mykolaiv region for 2017-2020	Higher than the inflation rate (p. 2.1)	Defined in collective agreements in accordance with sectoral agreements (p. 2.24)	Defined in sectoral agreements (p. 2.2)	Defined in collective agreements, not less than specified in the sectoral agreement (p. 2.25)	Observance of gender equality in remuneration of labour (item 2.11)
Territorial agreement in Sumy region for 2019-2021	Higher than the inflation rate in enterprises with an average PA below 1.5 MZP (p. 2.1.1). In accordance with the provisions of sectoral agreements at enterprises with an average PA higher than 3 minimum wage (p. 2.1.2)	Defined in sectoral agreements. Not less than 115% of the MRM at enterprises where sectoral agreements have not been concluded (items 2.1.3, 2.1.12). Defined in collective agreements (p. 2.1.4)	Defined in collective agreements (p. 2.1.4)	Increase the share to 70% by the end of 2021 (p. 2.1.9)	–



Table 4, Continued

Deals	The growth rate of average wages	Minimum guarantees in the remuneration of non-budgetary employees	Inter-qualification and inter-job pay ratios	The share of basic wages in the payroll	Norms on non-discrimination in pay
Territorial agreement in the Kharkiv region for 2016-2018	Determined by the programme of development of the region and collective agreements (p. 3.1.2).	Defined in sectoral agreements (p.3.1.4)	–	–	–
Territorial agreement in the Kherson region for 2019-2021	According to the growth rate of production and productivity (p. 2.9)	–	–	–	–
Territorial agreement in the Chernihiv region for 2017-2020	Not lower than at the state level (item 5.1)	Defined in collective agreements (clause 5.2)	Defined in collective agreements (clause 5.2)	–	–

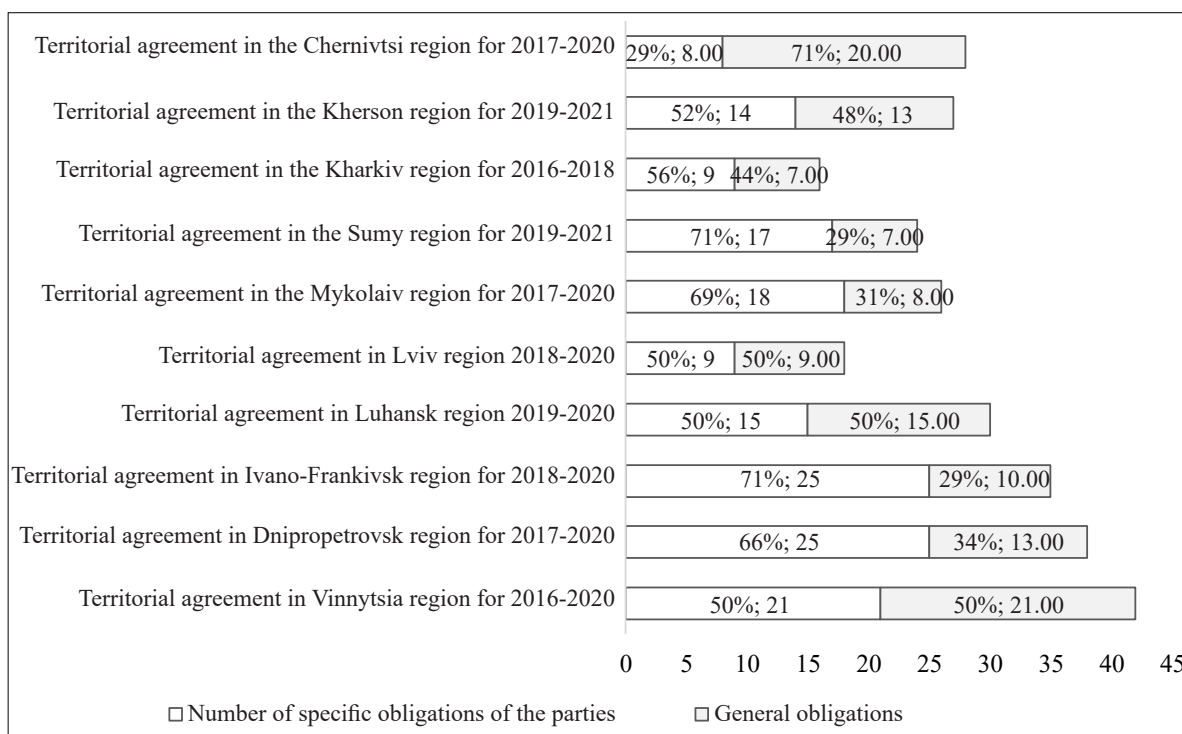
**Source:** compiled according to data (Territorial Agreement in the Vinnytsia Region, 2016; Territorial Agreement in the Dnipropetrovsk Region, 2017; Territorial Agreement in the Ivano-Frankivsk Region, 2018; Territorial Agreement in the Luhansk Region, 2018; Territorial Agreement in the Lviv Region, 2018; Territorial agreement in the Mykolayiv Region, 2017; Territorial agreement in the Sumy Region, 2019; Territorial agreement in the Kharkiv Region, 2016; Territorial agreement in the Kherson Region, 2019; Territorial agreement in the Chernihiv Region, 2017)

The practice of developing regional development programmes and determining the growth rates of average wages at enterprises in the region (Vinnytsia, Dnipropetrovsk, Luhansk and Kharkiv regions) is positive. Inflation-oriented practices and state-level wage growth are common in determining wage growth rates. The practice of regulating by territorial agreements the tariff rate of a 1<sup>st</sup> category worker and the share of the basic salary in the wage fund should be recognized as positive. Despite some positive practices, based on the analysis of the structure and content of territorial agreements in terms of partners' obligations to pay, it was concluded that agreements at this level can not claim recognition of their territorial regulations. This conclusion is based on the following provisions:

- the norms do not take into account regional peculiarities, in particular do not determine the size of the regional subsistence level and the regional minimum wage;
- there are no guarantees and norms on the implementation of payments financed from the local budget (in addition to those provided by law or in amounts exceeding those specified by law);
- most norms and provisions duplicate legislative norms and norms provided by the general agreement, etc.

A significant number of provisions of territorial agreements are declarative (non-specific) and do not contain specific mechanisms for the implementation of the obligations undertaken by the parties, there is a lack of personification of responsible persons. A comparative analysis of current and previous territorial agreements showed that the rules of current agreements of different regions practically duplicate the provisions of previous agreements. Most agreements, which are characterised by an increase in the number of obligations of the social partners (Table 3), have such an increase conditioned upon general (non-specific) obligations, and recommendations for the inclusion of relevant rules by collective agreements of enterprises in the region.

The ratio of the number of provisions of territorial agreements on wages, which contain specific obligations (figures, amounts, interest, documents, procedures, programmes), and the number of general obligations of the social partners on wages is shown in Figure 1. As evidenced by the data of Figure 1, the most successful in this indicator is the practice of regulating wages on the basis of social partnership in Ivano-Frankivsk and Sumy regions, where 71% of the obligations of the social partners are specific. Among the least successful is the practice of wage regulation in Chernihiv region, where only 29% of commitments are specific.



**Figure 1.** Correlation between the number of provisions of territorial wage agreements that contain specific obligations and the number of general obligations of the social partners on wages

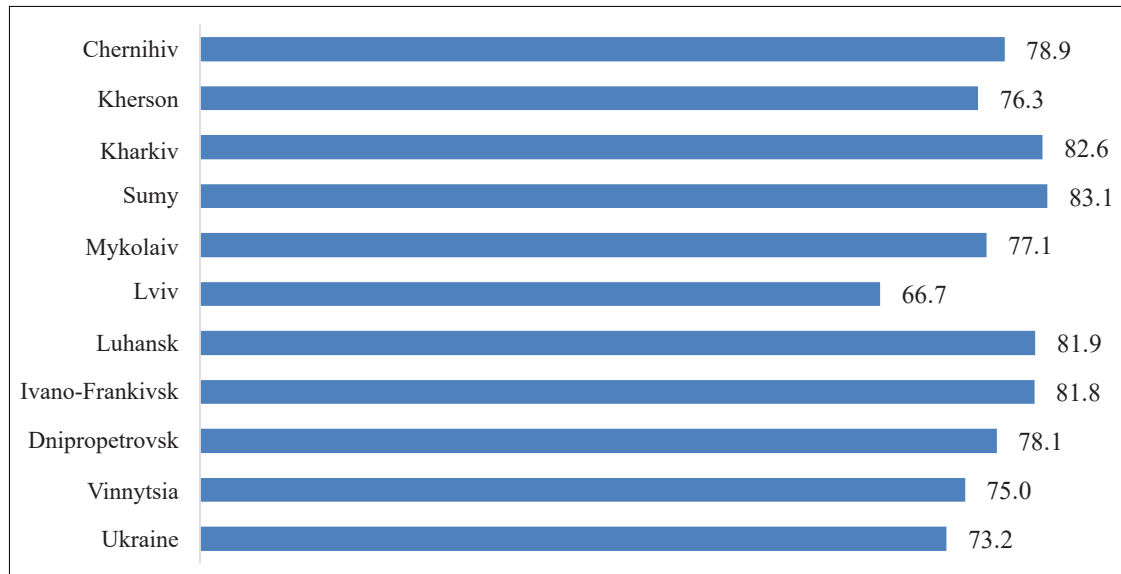
**Source:** compiled according to data (Territorial Agreement in the Vinnytsia Region, 2016; Territorial Agreement in the Dnipropetrovsk Region, 2017; Territorial Agreement in the Ivano-Frankivsk Region, 2018; Territorial Agreement in the Luhansk Region, 2018; Territorial Agreement in the Lviv Region, 2018; Territorial agreement in the Mykolayiv Region, 2017; Territorial agreement in the Sumy Region, 2019; Territorial agreement in the Kharkiv Region, 2016; Territorial agreement in the Kherson Region, 2019; Territorial agreement in the Chernihiv Region, 2017)

The ratio of the tariff rate of the 1<sup>st</sup> category worker and the minimum wage (subsistence level) is regulated only by territorial agreements in Ivano-Frankivsk and Sumy regions: respectively not less than 110 and 115% of the subsistence level/minimum wage that meets and exceeds the established standard. Territorial agreements in Lviv and Kherson oblasts do not regulate this relationship. Other territorial agreements stipulate that the amount of the tariff rate of a 1<sup>st</sup> category worker should be regulated by sectoral agreements and collective agreements. Progressive are the rules for employee participation in the development, use and distribution of enterprise profits. Such norms include agreements in Ivano-Frankivsk, Chernihiv and Kherson regions. However, the agreements of the studied regions do not contain obligations and (or) recommendations for the implementation of social packages, social insurance programmes (medical, private pension, life, accidents, etc.) at enterprises in the region, which negatively characterises the level of collective bargaining wages at the territorial level. The experience of including norms on observance of gender equality in remuneration of labor by territorial agreements in Ivano-Frankivsk and Mykolayiv oblasts is positive.

One of the main indicators of the assessment of collective bargaining regulation of wages is the extent to which the social partners comply with the provisions of

the territorial agreement. In Ukraine, there is no practice of publishing reports on the implementation of agreements by social partners. It is not possible to check the level of implementation of agreements of a general nature. Fulfillment of part of the obligations should be investigated separately at each enterprise and institution in the region. However, the unequivocal conclusion can be drawn that not all commitments of the social partners have been fulfilled. For example, all agreements in the surveyed regions contain partners' obligations to repay wage arrears. However, the analysis of the data of the State Statistics Service of Ukraine shows that in all regions of Ukraine there are arrears of wages. Conditioned upon the lack of complete information on the extent to which the social partners comply with the provisions of territorial agreements, this indicator will not be taken into account when calculating a comprehensive indicator of the level of collective bargaining in the studied regions.

The next indicator is *the level of coverage of employees by collective agreements*. The analysis of this indicator in different regions (Fig. 2) showed that Sumy and Kharkiv regions are leaders in this indicator, which indicates a high level of development of collective bargaining regulation at the local level. The lowest level of coverage of employees by collective agreements in the Lviv region.



**Figure 2.** The level of coverage of employees by collective agreements in the studied regions in 2019, %

**Source:** compiled according to data (State Statistics Service of Ukraine, 2020)

#### **Analysis of the size and dynamics of wages**

Among the indicators that characterize the level of development of collective bargaining regulation at the territorial level, the *size and dynamics of real wages* occupy a prominent place. These indicators reflect the result of the practical implementation of the agreements of the main subjects of collective bargaining, structure, timeliness of payment of wages, non-discrimination and

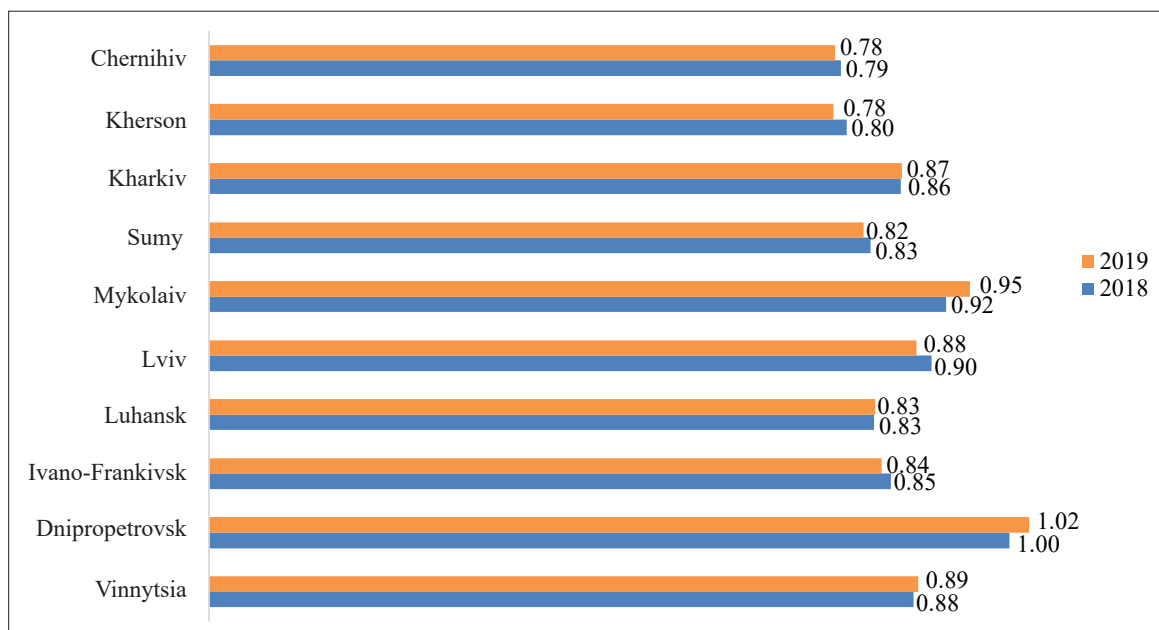
ensuring gender equality in pay. The amount of nominal and real wages in the studied regions are given in Table 5. According to the data in Table 5, the highest growth rates of real wages in 2019 among the studied regions were observed in Mykolayiv region, the lowest – in Lviv.

The ratio of average wages in the studied regions with the average wage in Ukraine in 2018-2019 is shown in Figure 3.

**Table 5.** The amount of nominal and real wages in the studied regions

Region	Nominal salary, UAH		Price index until 2019, %	Real salary in 2019, UAH	Real wage growth rates in 2019, %
	2018	2019			
Ukraine	8865	10497	104.1	10083.57	13.7
Vinnytsya Region	7801	9299	102.4	9081.05	16.4
Dnipropetrovsk Region	8862	10751	103.7	10367.41	17.0
Ivano-Frankivsk Region	7551	8817	104.5	8437.32	11.7
Luhansk Region	7365	8731	104.3	8371.05	13.7
Lviv Region	8001	9271	104.2	8897.31	11.2
Mykolayiv Region	8160	9976	103.8	9610.79	17.8
Sumy Region	7324	8579	104.8	8186.07	11.8
Kharkiv Region	7657	9081	104.8	8665.08	13.2
Kherson Region	7058	8187	103.3	7925.46	12.3
Chernihiv Region	6995	8206	104.3	7867.69	12.5

**Source:** compiled according to data (State Statistics Service of Ukraine, 2020)



**Figure 3.** The ratio of average wages in the studied regions with the average wage in Ukraine in 2018-2019

**Source:** compiled according to data (State Statistics Service of Ukraine, 2020)

The highest is the ratio of average wages in the region with the average wage in Ukraine in Dnipropetrovsk region, the lowest – in Kherson and Chernihiv regions. Moreover, during 2018-2019, this indicator in some regions had a positive trend, and in others – negative. So, the lag of a salary in the Mykolaiv region in comparison with a salary in economy of Ukraine considerably decreased and increased – in the Lviv and Kherson regions. The next indicator for assessing wage policy is *the share of workers who receive wages below the subsistence level in the total number of workers in the region*. According to the Ministry of Social Policy of Ukraine, the amount of the actual subsistence level for able-bodied persons, considering the amount of mandatory payments as of the end of 2018 in Ukraine was 3884.9 UAH (The actual subsistence level..., 2020). According to the State Statistics Service of Ukraine (2020) in 2018 in terms of surveyed regions in 2018 the average per capita equivalent total income below the actual subsistence level received: 26.3% of the population of Vinnytsia region, 18.8% – Dnipropetrovsk, 23.3% – Ivano-Frankivsk, 27.3% – Luhansk, 17.5% – Lviv, 31.9% – Mykolayivska, 37.5% – Sumy, 32.1% – Kharkiv, 42.5% – Kherson, 21% – Chernihiv regions. According to the data, the worst situation is in the Kherson region. The lowest is the share of the population with an average per capita equivalent total income below the actual subsistence level in Lviv region, which may indicate a slight differentiation of household income.

The next indicator of the assessment of collective bargaining regulation is *the share of workers in the region who received wages below the poverty line*. According to

World Bank experts, the absolute poverty line for Central and Eastern Europe is 4.3 US dollars per day, i.e. 130 dollars. US per month. The hryvnia equivalent (at the NBU exchange rate) of the absolute poverty line in Ukraine at the end of 2018 was 3,599.48 UAH, and at the end of 2019 – UAH 3,079.21. According to the State Statistics Service of Ukraine, in 2018 part of the population received an average per capita equivalent total income less than the statutory subsistence level (UAH 1,853): 0.4% of the population of Vinnytsia region, 2.6% – Dnipropetrovsk, 0.1% – Ivano-Frankivsk, 1.5% – Luhansk, 0.5% – Lviv, 0.6% – Mykolaiv, 0.8% – Sumy, 0.4% – Kharkiv, 2.6% – Kherson, 1.3% – Chernihiv region. Since the statutory subsistence level is less than the hryvnia equivalent of the absolute poverty line, it can be concluded that some workers in the surveyed regions received wages below the poverty line. The presence of workers with incomes below the subsistence level and the absolute poverty line negatively characterizes wage policy, as a significant part of the population lacks the means to reproduce their workforce, professional, personal and cultural development.

*Regarding the share of basic wages in wages* (Table 6), in all surveyed regions in 2019 this figure was low – less than 60%. This indicator was the highest in Kharkiv region, the lowest – in Dnipropetrovsk and Ivano-Frankivsk regions. Conditioned upon the fact that the basic salary is a constant component of income, the structure of wages does not contribute to meeting the needs of workers in protection and stability, which belong to the basic needs. Thus, the share of basic wages negatively characterises the wage policy of the studied regions.

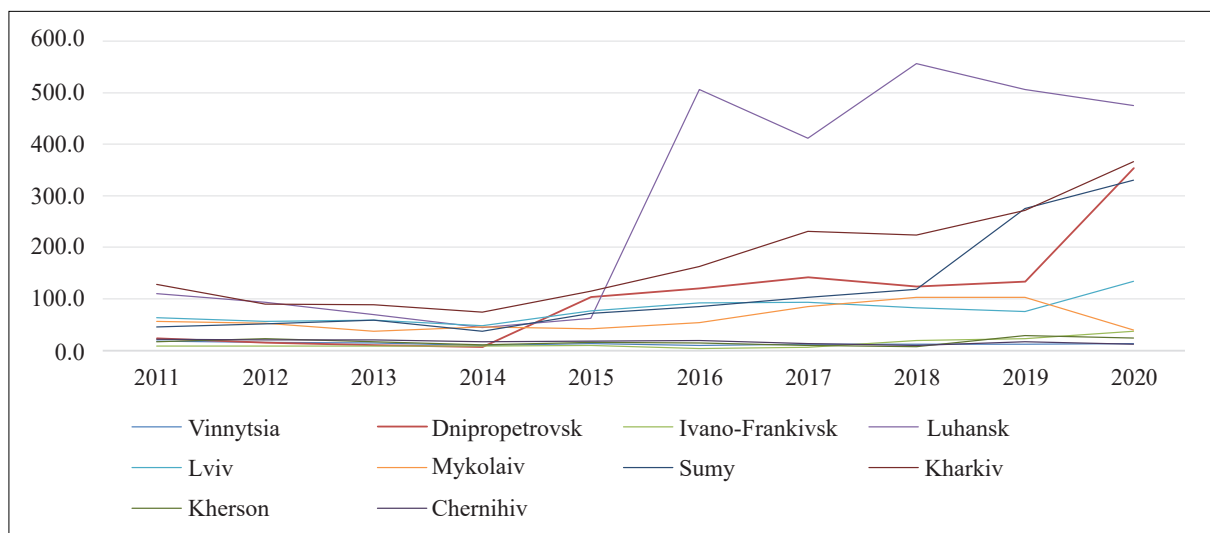
**Table 6.** The share of basic wages in wages in the studied regions in 2019

Region	The share of basic wages in wages, %
Vinnitsya Region	57.3
Dnipropetrovsk Region	55.5
Ivano-Frankivsk Region	55.7
Luhansk Region	56.1
Lviv Region	58.9
Mykolayiv Region	56.0
Sumy Region	57.2
Kharkiv Region	59.1
Kherson Region	57.3
Chernihiv Region	59.5

**Source:** compiled according to data (State Statistics Service of Ukraine, 2020)

One of the main indicators is *wage arrears*. The dynamics of this indicator in the studied regions in 2011-2020 is shown in Figure 4. Wage arrears occur in

all regions studied, and in some of them it has tended to increase in recent years. This primarily applies to Luhansk, Kharkiv, Dnipropetrovsk and Sumy regions.



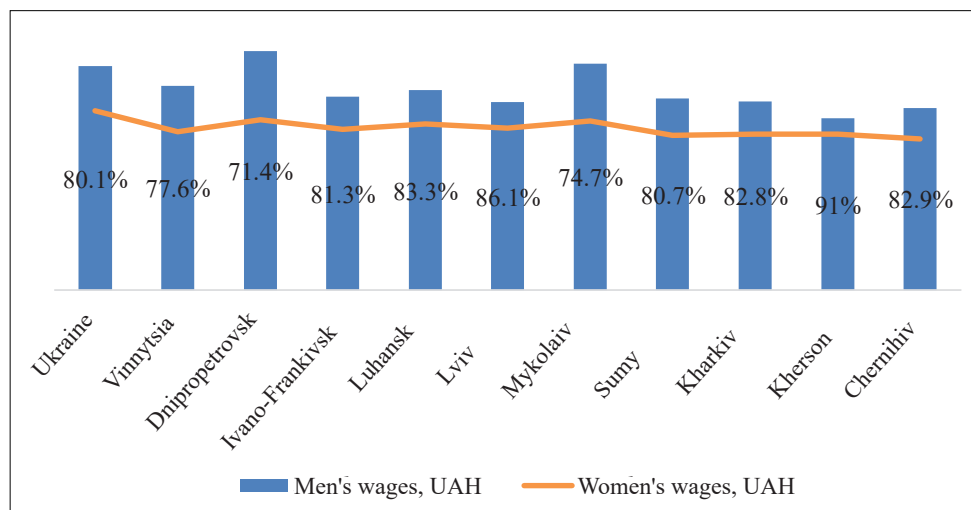
**Figure 4.** Dynamics of arrears of wages in the studied regions on 01.01 of the corresponding year in 2011-2020, UAH million

**Source:** compiled according to data (State Statistics Service of Ukraine, 2020)

The presence of arrears of wages negatively characterizes the level of development of collective bargaining regulation of wages in the studied regions, as it does not allow employees to meet a variety of basic needs. Thus, the indicators that characterise the level and dynamics of wages in the studied regions, debt and wage structure negatively characterise the level of development of collective bargaining. Low wages negatively affect the motivation of employees, causes loss of interest in professional activities as a way of earning income, provokes illegal employment. This leads to the outflow of human capital abroad.

An important indicator of assessing the level of

development of collective bargaining is the *ratio of women's wages to men's wages*, as ensuring gender equality and non-discrimination is one of the priorities of socio-economic development of the state and regions. As evidenced by the data of Figure 5, the highest rate was in Kherson and Lviv oblasts (91 and 86.1%, respectively): in the regions with the lowest wages among men. The lowest ratio is in Dnipropetrovsk and Mykolaiv oblasts (71.4 and 74.7%, respectively): in the regions with the highest wages. The presence of significant gender gaps in workers' incomes negatively characterizes wage policy in terms of creating equal conditions and opportunities and does not meet the basic principles of decent work.



**Figure 5.** The ratio of women's wages to men's wages in the studied regions of Ukraine in the second quarter of 2020  
**Source:** compiled according to data (State Statistics Service of Ukraine, 2020)

#### **Analysis of a complex indicator of the level of development of collective bargaining regulation**

The initial information for calculating the complex indicator of the level of development of collective bargaining regulation of wages is given in Table 7.

The calculation of the complex indicator of the level of development of collective bargaining regulation of wages in the studied regions is given in Table 8. Clustering of regions according to the level of development of collective bargaining regulation of wages is shown in Fig. 6.

**Table 7.** Initial information for calculating a comprehensive indicator of the level of development of collective bargaining

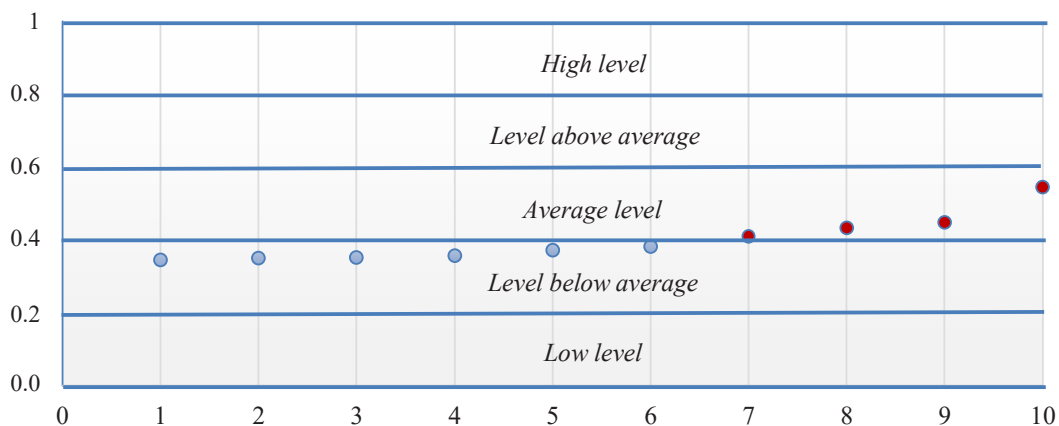
Indicator	Standard	$X_{max}$	$X_{min}$
1	Yes	–	–
2	Yes	–	–
3	Yes	–	–
4	→ max	42	16
5	→ max (≥1)	3.33	0.67
6	→ max (100)	71	29
7	→ max (≥110)	115	110
8	Yes	–	–
9	Yes	–	–
10	Yes	–	–
11	→ max (100)	83.1	66.7
12	→ max (≥110)	17.8	11.2
13	→ max (≥1)	1.02	0.78
14	→ min (0)	42.5	17.5
15	→ min (0)	2.6	+0.1
16	→ max (>60)	59.5	55.5
17	→ min (0)	10 million EUR	10 million EUR
18	→ max (100)	91	71.4

**Source:** compiled by the author

**Table 8.** Calculation of a comprehensive indicator of the level of development of collective bargaining regulation of wages in the studied regions

Indicator	Single index									
	Vinnitsia Region	Dnipropetrovsk Region	Ivano-Frankivsk Region	Luhansk Region	Lviv Region	Mykolaiv Region	Sumy Region	Kharkiv Region	Kherson Region	Chernihiv Region
1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
3	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4	1.0000	0.8462	0.7308	0.5385	0.0769	0.3846	0.3077	0.0000	0.4231	0.4615
5	0.2744	0.3684	0.5714	1.0000	0.1466	0.0977	0.0000	0.1241	0.0752	0.0263
6	0.5000	0.8810	1.0000	0.5000	0.5000	0.9524	1.0000	0.6429	0.5476	0.0000
7	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000
8	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	1.0000
9	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
10	0.0000	0.0000	1.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000
11	0.5061	0.6951	0.9207	0.9268	0.0000	0.6341	1.0000	0.9695	0.5854	0.7439
12	0.7879	0.8788	0.0758	0.3788	0.0000	1.0000	0.0909	0.3030	0.1667	0.1970
13	0.4583	1.0000	0.2500	0.2083	0.4167	0.7083	0.1667	0.3750	0.0000	0.0000
14	0.6480	0.9480	0.7680	0.6080	1.0000	0.4240	0.2000	0.4160	0.0000	0.8600
15	0.8800	0.0000	1.0000	0.4400	0.8400	0.8000	0.7200	0.8800	0.0000	0.5200
16	0.4500	0.0000	0.0500	0.1500	0.8500	0.1250	0.4250	0.9000	0.4500	1.0000
17	0.9970	0.2623	0.9475	0.0000	0.7368	0.9419	0.3139	0.2349	0.9760	1.0000
18	0.3163	0.0000	0.5051	0.6071	0.7500	0.0000	0.4745	0.5816	1.0000	0.5867
<b>Comprehensive indicator</b>	<b>0.4343</b>	<b>0.3822</b>	<b>0.5455</b>	<b>0.3532</b>	<b>0.3509</b>	<b>0.4482</b>	<b>0.3722</b>	<b>0.3571</b>	<b>0.3458</b>	<b>0.4109</b>

Source: compiled by the author



**Figure 6.** Clustering of regions according to the level of development of collective bargaining regulation

Note: 1 – Kherson, 2 – Lviv, 3 – Luhansk, 4 – Kharkiv, 5 – Sumy, 6 – Dnipropetrovsk, 7 – Chernihiv, 8 – Vinnitsia, 9 – Mykolaiv, 10 – Ivano-Frankivsk

Source: compiled by the author

The results of the assessment of the level of development of collective bargaining regulation of wages showed that none of the surveyed regions fell into the cluster of regions with high and above average levels. Ivano-Frankivsk, Mykolaiv, Vinnytsia and Chernihiv regions were included in the cluster with an average level. The rest of the studied regions were in the cluster below average. The situation in the Kherson region is the least favourable in terms of the level of development of collective bargaining.

Among the oblasts that received the highest indicators of the level of development of collective bargaining regulation are representatives of different regions of Ukraine: Ivano-Frankivsk belongs to the western region, Mykolaiv – to the south, Vinnytsia – to the central and Chernihiv – to the north. This indicates that in Ukraine there are no clearly defined regions (Western, Eastern, Central, Southern or Northern) with the most favourable wage conditions and a high level of development of social partnership in terms of their regulation.

Interestingly, none of the studied regions from the eastern region was included in the oblasts that received the highest indicators of the level of development of collective bargaining regulation. Although traditionally for a long period of time in the eastern region of Ukraine the highest indicators of wages were observed. Such results are primarily related to the unsatisfactory political situation in the region, the occupation of some territories and hostilities in some parts of the eastern region, which negatively affected the socio-economic development of these regions.

Other Ukrainian scientists have reached similar conclusions. Studying depressed labour markets, V.Ya. Brych & O.V. Borysiak (2016) included the labour market of the eastern region of Ukraine as a result of hostilities and the emergence of internally displaced persons, which led to lower employment and incomes. The authors of another study (Burda & Chebotaryova, 2021) also singled out military action and occupation of some territories as the main adverse factor in the socio-economic development of the Donetsk economic region, which led to a decrease in the economically active population.

Each of the studied regions received at least one indicator of a single index at the level of the maximum value (1.0000). Most regions have maximum values of individual indices for 2-3 indicators. This indicates that each of the surveyed regions has its own best practices for the development and implementation of wage policies based on social partnership, which can be disseminated in other regions. In addition, all regions received zero values of single indices on at least three indicators, which indicates the presence of bottlenecks in wage policy. Policy makers and social partners (local governments, employers' organisations, trade unions) should focus primarily on the indicators with the lowest, including zero values of unit indices.

The results of the evaluation allow drawing an important conclusion that despite the unity of the legal space, which determines the movement in one direction, common traditions and forms of negotiations in different regions of the country, different priorities and tasks in regulating wages. The only feature for all agreements at the regional level is the inclusion of commitments of the social partners on wage growth rates and ignoring the requirement to publish the results of the analysis of the implementation of agreements (as a rule, performance is not evaluated by the negotiators). To some extent, this is the result of socio-economic policies pursued by the relevant regional administrations and a reflection of the general economic crisis in the country. At the same time, the data show the inability of the majority of social partners to expand the range of problems and update it in line with the challenges of the new socio-economic reality, in particular the sustainable development goals (overcoming poverty, promoting decent work).

The results of the evaluation showed a decrease in the activity of the social partners in the negotiation process, which correlates with the European trend. A study (Mailand & Due, 2004) of social dialogue in Poland, the Czech Republic, and Hungary found that social dialogue in these countries did not meet the minimum efficiency criteria and could not counteract the significant decline in real wages. The results of the analysis of the role of trade unions in social dialogue indicate a decrease in the coverage of employees by collective agreements and a weakening of trade unions in most EU countries, including Eastern Europe and Greece (Kjellberg, 2021). The results of the study of social and labour relations of Ukrainian researchers (Kolot & Pavlovskaya, 2013; Lanchenko, 2018; Motsna, 2019) also indicate the ineffectiveness of collective bargaining and social partnership, including in the regulation of wages.

Thus, the typical challenges facing the vast majority of European countries are relevant for Ukraine: unwillingness of the social partners to interact in a decentralised collective bargaining, low motivation to expand the areas of responsibility of partners (inclusion of important tasks for the region), lack of awareness of regional social partners (on regional levels) on world practices. The specific feature of the Ukrainian regional segment of collective bargaining is low opportunities (resources) and awareness of the use of digital platforms in current activities and the traditional focus on the national level of negotiations, and "removal" from responsibility.

#### ***Recommendations for the development of social dialogue and social partnership***

Collective bargaining remains a powerful tool for the region's development, as only the ability of the social partners to find a compromise solution can alleviate economic and social unrest. First of all, the effective



use of this tool to regulate social and labor relations is associated with rethinking the goals of collective bargaining in accordance with the challenges of the new volatile economy with the development of a relevant legislative field that would expand the rights and obligations of social partners, including at the regional level. In particular, in Ukraine it is extremely important that the agreement becomes a real normative act, non-compliance with the provisions of which leads to legal consequences. The recommendations are common to all countries:

- development of the content of collective agreements on the principle of “responsibility to stakeholders” (the content of the collective agreement at the regional level should consider trends and characteristics of the region, so include provisions to address pressing issues; at the same time, the setting of tasks should be carried out on the basis of project management, so the establishment of regional standards in wages implies their realism and validity);

- harmonisation of priorities of goals and objectives and their actualization in accordance with forecast calculations, trends in the socio-economic environment (social and economic tasks should be balanced and coordinated; priority should be social tasks that affect the economic development of the region, in particular, it may be justification of the minimum wage, the actualisation of tasks includes the inclusion of provisions for the elimination of socio-economic inequality, for example, the elimination of gender discrimination in wages, ensuring an independent audit of the effectiveness of agreements);

- ensuring transparency and inclusiveness of the negotiation process (the agreement should be a comprehensive document, so the provisions on wages should be correlated with others and be as transparent as possible; all market actors should be involved in the negotiation process, including NGOs and the scientific community, expand social consolidation dialogue and social responsibility).

## CONCLUSIONS

From now on, collective bargaining has become almost the only tool that allows us to respond flexibly and quickly to changes in the socio-economic environment. At the same time, the collective bargaining itself should

change the format and expand the circle of social partners, involving other stakeholders – market players. Such transformations will allow updating the content of the agreements, updating them in accordance with the strategic goals of the region, which is in the outline of sustainable development goals.

The results of the study of the level of development of collective bargaining regulated wages and identified best practices that can be implemented by police makers and social partners (local governments, employers’ organisations, trade unions) at the regional level, at the level of local communities. Among the bottlenecks that negatively characterise the level of social partnership development and regional wage policy are low wages, unsatisfactory structure of labor incomes, including low share of basic wages, the presence of arrears of wages. This has a negative impact on employee satisfaction with wages, interest in professional implementation, and as a consequence on work results. The presence of significant gender pay gaps does not contribute to equal conditions and opportunities, and causes a sense of injustice.

Among the positive practices that should be considered by police makers and social partners, we highlight the practice of developing regional development programmes and determining the growth rate of average wages in enterprises in the region. Progressive practices of collective bargaining regulate wages include regulations on the tariff rate of the 1<sup>st</sup> category worker, the share of basic wages in the wage fund, employee participation in the formation, use and distribution of enterprise profits, gender equality in wages.

Summing up, we add that the proposed method considers the specific phenomena that exist in the social and labour sphere in Ukraine. As it covers the basic and partial components of the evaluation, it can be adapted to the conditions of other countries. In particular, the basic components (indicators) are common and are found in countries where territorial agreements are a practice of social dialogue. However, one of the indicators (the ratio of the wage rate of the 1<sup>st</sup> category worker and the minimum wage or subsistence level) and the partial components to be taken into account in other countries must be calibrated according to the standards and laws and practices of that country. However, the vast majority of indicators can be useful for assessing the effectiveness of collective bargaining in other countries.

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## Колективні переговори та регулювання оплати на регіональному рівні: оцінка та перспективи (на прикладі України)

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**Анотація.** В умовах постійних викликів і загроз у реалізації громадянами свого права на працю колективно-договірне регулювання стає чи не єдиним ефективним інструментом, який дозволяє узгодити інтереси різних суб'єктів і консолідувати їх спільні зусилля. Метою дослідження є порівняльний аналіз рівня розвитку колективно-договірного регулювання оплати праці у різних регіонах України та визначення викликів і перспектив розвитку цього інституту. Автори запропонували методiku, яка дозволяє кількісно та якісно оцінити колективно-договірне регулювання оплати праці на основі низки індикаторів та здійснити порівняльний аналіз рівня його розвитку у різних регіонах. Проведене оцінювання підтвердило гіпотезу про низьку активність соціальних партнерів і неспроможність мобільно діяти в умовах нової соціально-економічної екосистеми. Результати показали нерозвиненість регулювання оплати праці шляхом колективних переговорів у всіх регіонах, що посилює недовіру до інституту соціального партнерства та свідчило про нездатність партнерів створити умови для гідної праці. Виокремлено показники ефективності колективних переговорів і угод, характерних для країн з перехідною економікою (Україна), а також першопричини низької якості соціального діалогу на регіональному рівні. Виклики, притаманні не лише Україні, а й більшості європейських країн, дозволили авторам визначити напрями вдосконалення колективних переговорів, які передбачають розширення кола соціальних партнерів, адаптацію змісту угод до стратегічних цілей регіону та його сталого розвитку. Виявлені загальні тренди, що зумовлені викликами цифрової економіки та нової економічної екосистеми, актуалізували потребу переосмислення ролі та змісту колективних переговорів. Практична цінність дослідження полягає в можливості застосування розробленої методики соціальними партнерами, місцевими адміністраціями, територіальними громадами для оцінки соціального діалогу на регіональному рівні, вивчення та дисемінації кращих практик формування політики оплати праці на основі соціального партнерства

**Ключові слова:** колективно-договірне регулювання, оплата праці, соціальний діалог, гідна праця, оцінювання, регіональні угоди