

# Institutionalization of Conflict and Compromise Solutions and Social and Labor Relations in Higher Educational Institutions

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## Abstract

**Background/Objectives:** The article examines qualitative change in the nature and dynamics of social and labor relations in higher education. Their analysis is predefined by the institutional chain of poverty and poorly functioning institutions.

**Methods/Statistical analysis:** To achieve the objectives, the following general scientific and special methods were applied: comparative-historical, statistical analysis, expert-analytical. We used a sample statistical observation, analysis of interval and discrete distribution series, analytical adjustment method based on matching theoretical smooth curve describing empirical data to identify trends and patterns of the state of social and labor relations and salary formation and the conflict-compromise decisions made. **Findings:** Based on the obtained data on the labor conditions of the academic teaching staff, it was found that there are no properly developed legal institutions to effectively support teachers in their struggle for their economic interests; the system of employment agreements is underdeveloped; there are no instruments to prevent and to solve labor conflicts at the mezo-economic level; the agreements existing at different levels are not efficient. By comparing the theoretical and methodological approaches and legislation the role of mediation and of social and labor relations was identified and their application in practice was examined, as well as differences in the labor conflicts settlement processes and opportunities thereof; peculiarities of collective bargaining at the national and sectoral level. The conducted analysis enabled to develop the main stages for transforming the institutions of social and labor relations and the matrix for carrying out a parallel stage-by-stage analysis of the industry specific agreements affecting conflict and compromise solutions in higher education institutions. This resulted in discovering the social anti-ratchet effect. **Improvements:** The implementation of conflict-compromise solutions is required to transform qualitatively social and labor relations using voluntary conciliation and mediation mechanisms, and processes arising out of collective bargaining in higher education.

**Keywords:** Collective Employment Agreement, Conflict and Compromise Solutions, Effective Contract, Inertia of Institutional Structure, Social and Labor Relations, Social Anti-Ratchet, Trade Unions

## 1. Introduction

### 1.1 Introducing the Problem

Transition to the market of educational services in this country stipulated the necessity to revise social and labor relations and the means for the labor conflict manage-

ment. The attempts to create an institution of social and labor relations proved futile. Emerging institutional traps of low wages of academic staff in higher educational institutions have predetermined the phenomenon of poverty institution and the lack of incentives for developing efficient and remunerative jobs.

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## 1.2 Importance of the Problem

Deteriorated social and labor relations in higher educational institutions of Russia have been predetermined by institutional chain of poverty and poorly functioning institutions that fail to ensure social protection and acceptable standards of living for academic staff. To implement conflict and compromise solutions effectively, the gradual development of social and labor relations has to be analyzed applying the tools of voluntary reconciliation and mediation in line with the processes initiated in the course of collective bargaining.

## 1.3 Relevant Scholarship

The analysis of scientific literature and the results of the studies undertaken by the leading researchers show that theoretical aspects of the issue of institutionalization of conflict and compromise solutions and social and labor relations has not been sufficiently developed.

Therefore, special attention should be paid to the scientific and research studies developed by Russian and foreign scientists who focused on conflict and compromise solutions and on effective management of social and labor relations in the context of institutional principles adopted by educational institutions. Among those scientists the following authors should be noted: I. Bolotin,<sup>1</sup> P. Simonin,<sup>2</sup> V. Yadov,<sup>3</sup> Frank J. Goodnow,<sup>4</sup> M. Olson,<sup>5</sup> J. Galbraith,<sup>6</sup> Ch. Heckscher,<sup>7</sup> etc.

Theoretical and methodological foundations of institutionalization of conflict and compromise solutions in social and labor relations were profoundly studied by such authors as M. Olson,<sup>5</sup> P. Simonin,<sup>2</sup> M. Semenyako,<sup>8</sup> N. Gibalo,<sup>9</sup> V. Letyayev,<sup>10</sup> A. Koryagin,<sup>11</sup> etc.

Furthermore, the scientists have been predominantly studying theoretical and methodological foundations for creating the institutions, some particular aspects of establishing labor relations and staff policies, the essential meaning of these categories. However, such problems as improving negotiation processes, establishing social partnership relations, ensuring equal rights of the parties, intensifying the processes of mediation still need to be justified and developed, given the weak positions of the trade unions and major representation of the staff in higher educational institutions.

## 1.4 Hypotheses and their Correspondence to Research Design

Taking into account the fact that this range of problems has not been scientifically developed in full, the main

objective of this study is to investigate theoretical and methodological foundations for conflict and compromise solutions based on improving the institutions of social and labor relations and mediation instruments.

## 2. Method

To solve the tasks, general scientific methods and special methods have been applied: methods of comparative-historical and statistical analysis, social research method and expert analysis method.

### 2.1 Method of Comparative Analysis

Based on comparative analysis, a parallel stage-by-stage analysis of industry and territory specific agreements affecting conflict and compromise solutions has been carried out within the framework of this study. By means of comparing theoretical and methodological approaches with current legislation, the role of the institutions of mediation and social and labor relations has been established together with the ways of their practical application; the difference between the current process of labor conflict management and the existing opportunities has been found; peculiar features of collective bargaining at both national and industrial levels have been identified.

### 2.2 Method of Statistical Analysis

The study employed selective statistical survey, analysis of interval and discretional distribution series, method of analytical adjustment based on selecting a theoretical smoothed curve describing empirical data to identify trends and regularities of the conditions characterizing the institutions of social and labor relations, wage formation and the conflict and compromise solutions. Based on the obtained data on the labor conditions of the academic teaching staff, the following facts have been found: there are no properly developed legal institutions to effectively support teachers in their struggle for their economic interests; the system of employment agreements is underdeveloped; there are no instruments to prevent and to solve labor conflicts at mezo-economic level; the agreements existing at different levels are not efficient. Applying statistical analysis, social anti-ratchet effect has been discovered expressed in the fact that the growth in real wages is slower than the growth of nominal earnings (price of labor), i.e. the situation at the labor market is inflexible in terms of growth.

### 2.3 Expert Analysis Method

Expert analysis method helped discovering major drawbacks hampering the development of the institutions of mediation and social and labor relations; the results of the analysis have been evaluated. Based on expert surveys, principal transformation stages of social-labor relations have been established, the matrix for carrying out a parallel stage-by-stage analysis of the industry specific agreements affecting conflict and compromise solutions in higher education institutions has been developed.

## 3. Results

Great attention paid to the problems in the sphere of social and labor relations in higher educational institutions is absolutely justified. Over recent years, the leading scientists have been hotly debating these issues, inasmuch as the governmental staff policy for academic teaching staff, obviously, does not meet the requirements of the economy, especially at the stage of renovating the system of higher education.

Engaging higher education system into the market relations environment implies, in the first place, the high quality of the offered services as well as the effective management of the higher education processes and scientific activities, which so far goes no further than wishful thinking. Russia is in need of a modern educational model adequate to the realities of social life where the principal role is played by the staff of the educational institutions that actually provides those services.<sup>2</sup>

Presently, the potential of Russia in terms of educated labor resources is high. Circa 19% of economically active population has higher education degrees, 32% have vocational secondary education degrees and 33% have general secondary education degrees. However, this advantage has been fading away fast, brain drain is having its toll, an average scientist and teacher is getting older. The analysis of the higher education staff satisfaction with their jobs and lives demonstrates that they feel discomfort and *humiliation because of their starvation wages*, because there is no demand for their scientific work, their social status is low, the infrastructure is of poor quality and social security is insufficient.<sup>12</sup>

The trap of the low wages of academic staff leads to the emergence of poverty institution and to eliminating any incentives for taking these jobs. The challenge of modern life associated with widely spread material dependence

распространение материальной зависимости is explained by the higher priority given to the idea of “quality of living” as compared to rather conventional idea of “standards of living”.<sup>13</sup>

This mechanism of dissatisfaction predetermines depression in the sphere of social and labor relations in higher education institutions, especially at regional level. It should be noted that in the end of the 90s, the Gallup organization in the USA has conducted a survey to define the so-called poverty line: “The people whose income is lower than some certain level can be regarded as poor”.<sup>14</sup> Deterioration of social and labor relations in the higher educational institutions of the Russian Federation is related not only to this poverty line but also to *institutional chain of poverty* (as of the end of 2015) that was formed of the factors as follows: cost of living (USD 152), extremely low minimum wages (USD 0.55 per hour), rather small average wages in the system of education (USD 2.31 per hour), etc. Therefore, the trajectory of the institutional development of social and labor relations should be determined by the fundamental value of human capital that has been underestimated continuously in these latter days.

The future of the higher education as well as social and labor relations largely depends on the efficiency of the institutions that generate the system of incentives (both positive and negative) forwarding activities of people and structures in certain directions. This will help eliminate uncertainty and make social and economic environment more predictable. The fact is that when people believe in the reliability and justice of laws, agreements, contracts and property rights, they usually hold back from deception and fraud. It is exactly in this way that institutions perform their principle function, saving costs of transactions. However, creating and supporting optimum institutional climate also requires considerable costs.<sup>9</sup> The authors assume that the foundations for solving the institutional conflict in the sphere of social and labor relations involve not only the expenses to be incurred by the government, but the proper legislative basis as well. Thus, for example, the relevant conventions of International Labor Organization in different ways encourage voluntary reconciliation, mediation and the mechanisms resulting from collective bargaining. At the same time, collective employment agreements are considered as a means, though not always sufficiently efficient, to create such mechanisms.

An authoritative American economist Robert Higgs justifies his conclusion on the necessity of the institutions that would function for the good of all society and

that would make it possible for the people to meet their targets.

Thus, for instance, in the USA the government was not just guided by the sympathy it had towards the members of the trade unions: the strikes threatened to stall the economy mobilization program. In 1917, unprecedented 4450 strikes were held. Getting involved into solving labor conflicts, the government became very much entangled and confused, and in January 1918, it had to introduce reorganization declared by the Executive Order on creating Employment Standards Administration in defense industry led by the Secretary of Labor William Wilson. For the purposes of mediation and arbitration of labor disputes, the Secretary established Federal Labor

Relations Authority in defense industry, and the National Labor Relations Board for discussing all aspects of labor relations in time of war.<sup>15</sup>

In fact, transformation of the institutions of social and labor relations proceeded stage-by-stage and this process distinctly established the new principles of institutionalization of labor relations (Table 1).

There is a notable developmental experience of the USA who has taken the role of demiurge in 1930s-1940s of the last century and has adopted a number of then progressive laws. Such were, for example, Social Security Act (1935), Walsh-Healey Act (1936) for those working under governmental contracts and The Fair Labor Standards Act (1938) that stipulated the minimum wages,

**Table 1.** Principal stages of transforming social and labor institutions in the USA

Name of law	Countries	Brief description		
Norris -LaGuardia Act (1932)	USA	- eliminating legislative barriers that limited trade union activities	- participation in collective bargaining	
		- limiting the rights of federal courts to peaceful picketing and labor compensation during strikes, etc.		
		B-1. Basic results of passing the law		
		- intense activities of trade unions	- unlawfulness of the “yellow dog contract”, of the obligation of an employee not to join the trade union	- regulating issues of wages and working conditions
Wagner Act - National Labor Relations Act (1935 r.)	USA	- rights of the employees to organize and to enter into collective employment agreements;	- right to strike;	- unopposed right to be a member of a trade union;
		- prohibiting the employers from refusing the collective employment agreement and establishing corporate trade unions;	- prohibition of discrimination when hiring or dismissing on grounds of trade union activities or because an employee exercised legitimate rights.	
		- creating National Labor Relations Board (NLRB)	- rehabilitating unlawfully dismissed employees, initiating trade union organization	- establishing “closed shops” formed exclusively based on trade union membership
Taft-Hartley Act (1947)	USA	- balanced right of the employees to collective bargaining	- imposed restrictions on hiring (establishing closed shops)	- employees gained autonomy in passing employment laws

(Continued)

Table 1. Continued

		- prohibition of using trade union funds for purposes of national elections	- delaying the strikes that could harm the health and wealth of the nation		
		- state control over trade union activities	- declaration of not being a member of communist party	- restricting the right to strike	- unlawfulness of political / solidarity strikes
		- procedure of prior notification of administrative authority	- right to have court decisions on calling off strikes	- restrictions on collective employment agreements with “closed shop” provisions	
Landrum–Griffin Act (1959)	USA	- methods of holding elections, disciplinary penalties and membership fees	- subordinating trade unions to state authorities (charter documents, financial reports, etc)	- right to investigations against trade unions	- restrictions on trade union activities
		- prohibition of picketing without notification	- “secondary boycott” authorization	- restrictions on potential increase in number of trade union members, entering into collective employment agreements etc.	- establishing penalties for violating statutory provisions

overtime compensations, job safety and labor evaluation. In this regard, Norris-LaGuardia Act (1932) and Wagner Act (1935) guaranteed the right of the employees to join trade unions and participate in collective bargaining. Moreover, it should be noted that soon afterwards, directly antagonizing laws were passed. Taft-Hartley Act (1947) stipulated the regulations on trade unions (“unfair trade union practice”) and on the employers (“unfair labor practice) and legislatively determined the actions prohibited for trade unions. The right of the employees to participate in collective bargaining was set off by the right of the employers to refuse it.<sup>16</sup>

According to Ye. Nekhoda<sup>17</sup> “the foundation of American model consists of the philosophy reduced to the fact that every man is free to choose one’s own way

of living”. Individual employment contract envisages the freedom of an employee to select the conditions and the terms of payment acceptable for him solely, while collective agreements infringe on the freedom of choice (as Americans consider).

Thus, systemic transformation in Russia can be regarded as positive, as it has been envisaged that alongside the collective agreements (contracts) an “effective contract” can be used that represents a new institutional form of social and labor relations in higher educational institutions. It specifies official responsibilities, terms of payments, indicators and criteria for evaluating efficiency to award incentive payments depending on the performance and on the quality of the rendered governmental (municipal) services, as well as the social security benefits.<sup>18</sup> The



implemented system of industry agreements and effective contracts as a new institutional form is still being largely criticized by modern experts. Undoubtedly, we are now at the very beginning of establishing the new institutional reformations in the sphere of social and labor relations in higher education institutions called upon to create a basis for making social partnership a part of economic reality.

Within the framework of solving the problem of “social partnership” at federal level, in 2015 the industry agreement was implemented for the organizations within the jurisdiction of the Ministry of Education and Science of the Russian Federation effective for 2015-2017.<sup>19</sup>

Alongside with this industry agreement, social partnership at federal level was also realized based on the agreements on cooperation between the Ministry of Education and Science of the Russian Federation, Federal Service for Supervision in the Sphere of Education and Science, Federal Service for Employment and Labor Relations; based on the agreements on cooperation and interaction with the State Duma Committee on Education of the Federal Council of the Russian Federation.

Indeed, the transformation of education system and social and labor relations was well expressed by the fact that, at regional level, as of the end of December 2015, there were 86 regional industry agreements entered into by 79 regional (interregional) trade union organizations. At the same time, at the territorial level, in 2015 the range of the municipal institutions covered by territorial industry agreements amounted to 86.0% that was practically the same figure as the indicator in 2014 (86.2%). The scope of the local trade union organizations covered by the standing territorial industry agreements amounted to 90.6% (in 2014 it used to be 90.0%). Among 80 regional (cross-regional) organizations included in the trade union of education professionals, in 12 organizations a positive trend has been observed to cover the municipal institutions (municipal areas, city districts) with territorial branch agreements.

The scope of the municipal institutions covered by territorial branch agreements can be illustrated by the federal district specific figures as follows: higher than average over the Russian Federation – the Crimean Federal District (100.0%), Volga (95.3 %), North-Caucasian (94.4%), Ural (93.8%), Central (87.9%), Southern (94.2%) Federal Districts; lower than the Russian Federation average – the Far Eastern (60.4 %), Northwestern (72.8 %), Siberian (78.1 %) Federal Districts.

Another peculiar feature was the fact that branch agreements fully covered all municipal institutions in 33

regional (cross-regional) organizations of the trade union (in 2014 this figure used to be 36). In seven constituent entities of the Russian Federation, the local trade union organizations are fully covered by territorial branch agreements; however, not all of those constituent entities of the Russian Federation have local trade union organizations (the republic of Altai, Sakha (Yakutia), Tyva, Amur, Kirov, Kurgan, Tambov regions).

In ten constituent entities of the Russian Federation, the number of the local institutions covered by branch agreements is still low. Thus, in Kamchatka Region, the coverage amounted to 7.7%, the same figure as compared to the previous report period. As compared to last year, the number of territorial agreements became lower in Astrakhan Region, from full coverage of municipal institutions down to 58.3% in 2015, in Kemerovo Region from 73.5% to 67.6%, in Murmansk Region from 80% to 64.3%, in Pskov Region from 88.5 % to 53.8%, in Yaroslavl Region from 60% to 50%, in Primorsk Territory 53.1% to 34.4%. As compared to 2014, the number of territorial agreements increased in Irkutsk Region from 54.8% to 61.9%, in Moscow Region from 57.3% to 60.3%. In Kaliningrad Region, where there are no local organizations of the trade union and where branch agreements have not been effective over the previous reporting period, regional trade union organization agreed with the heads of administrations of seven municipal institutions, acting as founders, that they would join the regional branch agreement for 2014-2016. Thus, at the territorial level, the coverage in Kaliningrad Region amounted to 31.8%.

Reasons for the absence of territorial branch agreements are:

- absence of local organizations of the trade unions in municipal entities;
- violation of terms of collective bargaining campaign;
- structural changes in the education management bodies;
- absence of initiative on the part of social partners in collective bargaining;
- delay in the negotiation process due to unavailability in some municipal entities of local authorities engaged in education sphere management, to assume specific commitments with their following implementation.

At the local level as a whole at the end of 2015 primary trade union organizations of employees, unified with students' trade union organizations in the vocational education institutions were functioning in 86.1% of educational and scientific institutions (86.0% – in 2014).

In 2015, the collective agreements coverage of educational organizations with the primary trade union organizations of employees was as follows:

- 96.3% of educational and research institutions of all types (2014 – 96.2%), including 96.2% of higher education institutions, 92.2% of vocational education institutions;
- 3.7% of educational and scientific organizations with the primary trade union organizations of employees had no collective agreements in 2015; furthermore 13.9% from the total number of educational and scientific institutions had no primary trade union organizations of employees. As a result, collective agreements were extended to 97.5% of employees.

Thus, in 2015, 17% of educational institutions were not actually covered by collective-contractual regulation.

Collective agreements coverage of educational organizations with the primary trade union organizations in the Crimea (99.4%), Urals (98.7%), Volga (97.7%), North-Caucasian (99.8%), South (99.4%) Federal Districts is above average for the Russian Federation (96.3%), and correspondingly lower – in the Far East (92.9%), North-West (89.5%), Siberian (95.8%) and Central (94.2%) Federal Districts.

In 38 regions of Russia, almost complete coverage (the index is above 99.0%) of educational and research institutions of all types, with the primary trade union organization of employees with collective bargaining was achieved: in the Republic of Bashkortostan, Dagestan, Ingushetia, Karelia, Kabardino-Balkaria, Karachay Cherkessia, Crimea, Mari El, Mordovia, Sakha (Yakutia), Tatarstan, Khakassia, the Chechen; in the Belgorod, Bryansk, Voronezh, Volgograd, Ivanovo regions and others.

However, a characteristic feature of the artificially created social partnership was the inequality of its parties consisting in the obvious dominance of the state with the weakness of the trade unions and the lack of responsible representation of employers. Data of trade union organizations monitoring show that almost a half of rank-and-file members believe that across the country trade unions cannot protect the rights of employees; 64% of respondents believe that the union is not able to influence the salary increase. At the same time, rank-and-file members demonstrate their own passivity, 60% of respondents did not participate in the preparation for the collective agreement.<sup>2</sup>

As it was noted in the Russian Federation the presence of branch agreement system in higher education institution is at a high level, as well as trade union membership and employees' coverage by collective bargaining system.

However, a deeper analysis of the institutions of social and labor relations in the Russian Federation, the institutional structure shows apparent passivity of trade unions in solving social and economic problems of professor and teaching staff. Practical requirements of constituent entities of social and labor relations to a great extent are due to the presence of collective agreements and actually operating trade unions, which constrain the potential lockouts and mass strikes in educational institutions, but do not contribute to the achievement of consensus.

Practice shows that three different procedures for settlement of social and labor relations can be carried out: negotiations; mediation; arbitration or judicial system.

In general, it can be noted that in contrast to the Russian reality in the United States there are no collective bargaining at the national and, to a large extent, at the branch level; an individual contract is a kind of beacon for both parties according to the course. This was evident, for example, in the ideas of trade union membership, which find employees with relatively low skills, while highly skilled employees do not see in the trade unions the defenders of their rights, but the approach of forced equalization. Thus, for example, trade union membership (especially in the commercial sector) and employees' coverage by collective bargaining system is at a low level. For example, at the end of the 20<sup>th</sup> century US trade unions involved only 16% of working people and 18% were covered by collective agreements. At the same time, the Russian Federation is characterized by branch agreements in the organizations under the jurisdiction of the Ministry of Education and Science of the Russian Federation, including regional (interregional) and territorial branch agreements.

Therefore, social and labor relations based on the spirit of competition and rivalry are inherent to the American and Anglo-Saxon models, as opposed to Russia's.<sup>20</sup> That is why one of the characteristics of social and labor relations were significantly increased functions of non-regulativeness that meant very little protection of employees from the labor laws.

Contrasting the effectiveness of functioning of certain institutional forms as the mechanisms of social processes governance in different countries, it is appropriate to extend the concept of checks and balances to them. This term was described for the characterization of the interaction between society and government by F. Goodnow<sup>4</sup> to improve the management efficiency.

The advantage of this approach is the recognition of the interdependence between institutional forms (a),

their predestination by national traditions (b), situations or circumstances (c), and so on. It helps explain why the forms of labor relations management, effectively operating in one country are ineffective in the other.<sup>3</sup>

Methodological picture of the conflict-compromise solutions as the basis for the development of social and labor relations was prepared by various concepts of mediation.

A. Feoktistov notes that currently the procedure of mediation in Russia is rarely used because of a number of reasons, among which are:

- 1) difficulties in the application of mediation in practice, due to poor drafting of the Law on mediation, generating more questions than answers;
- 2) lack of awareness of broad layers of population about the availability of this procedure and its possibilities.<sup>21</sup>

Russian reforms, even if they were in relation to the use of mediation, they were very superficial. In 2010, in Russia the Law "On alternative procedure of dispute resolution with participation of a mediator (mediation procedure)" № 193-FL was enacted. Thus, from 2011, while resolving conflicts, including social and labor ones, it is permissible to invite a mediator. In fact, the law outlines the procedure for mediation, circumstances for a mediator choice, payment for these services, and others. Institutionalized processing of mediator activity in Russia must be considered among the most important institutional decisions. These decisions were important implantation mechanism of mediation institution in the resolution of social and labor conflicts. Therefore, it is necessary to prepare a sufficient number of professional mediators and to initiate the creation of self-regulating organizations of mediators, considering the fact that mediators' activity cannot be commercial.

Mediation in its modern sense began to develop in the second half of the 20<sup>th</sup> century. First of all, in the countries of Anglo-Saxon law (US, Australia, UK), and then it gradually began to spread in Europe. The first attempts to use mediation, as a rule, were taken in the resolution of disputes in the sphere of family relations.<sup>22</sup>

Under the mediation we understand such conflict settlement, in which the third party, not directly interested in the outcome of the conflict is involved: one person, or a group of experts or even the state can act as the third party.<sup>23</sup>

Federal Mediation and Conciliation Service in the United States, above all, is responsible for *collective bargaining*, improving relationships among employees.<sup>10</sup>

In the United States mediation as a method of constructive dispute resolution is used from the 60-ies. In Europe, in a relatively short period, mediation has become an independent professional practice. In less than twenty years the mediators' movement managed to secure support of the state and society in the creation of special mediation services. As a means of dispute resolution, mediation (intermediacy) is recognized in Article 33 of the UN Charter. Today, mediation is common in countries such as New Zealand, Canada, Australia, UK, France, Spain, Italy and Belgium.

In America there is a tendency, which consists in the fact that the mediator should take a neutral, unbiased position. It means that the mediator is not connected with the disputed parties in any way and does not seek to derive personal benefits. Therefore, mediators do not have any sympathy for any of the parties. In other countries, mediators are people knowing ins and outs of proceedings. These are people, who are connected to one of the parties, but are respected by each side. They could also be interested in the agreement as mediators may be members of communities that are negotiating. Thus, they have a vested interest in that the conflict will be resolved and satisfy both sides.<sup>24</sup>

It is through the mediation that parties of the conflict have an opportunity to be heard and to understand the real needs and interests of each other. And only in this case the parties can reach a consensus when there are differences of interests.<sup>8</sup>

In foreign business community the peaceful settlement of conflicts, including social and labor ones, has a strong legal basis of regulation of their activities. The authors of some studies emphasize the role of protection that it plays in the sphere of labor relations and in providing social stability more broadly.<sup>25</sup>

For example, in the US there are more than 2,500 state regulations, in one way or another connected with the regulation of mediation process. As the result, the Uniform Mediation Act was adopted in 2001.<sup>11</sup> Employees' interests, in addition to the trade unions, are regulated on the basis of pre-trial procedures to settle labor disputes and conflicts. Thus, as far back as 1947, Federal Mediation and Conciliation Service (there are a number of other associations) was created, which acquired the status of an independent organization. Today, the service realizes its activities in four main directions:

1. Analysis of controversial issues in the 30-day period, the activity in pre-strike and strike period.



2. Training of negotiating processes art and constructive solutions of problems as a form of “advanced” mediation.
3. Financial and technical support to local committees, which solve issues of safety, health care, pensions and others.
4. Organization of arbitrators’ duty in the Arbitration Service office.

At the same time the trend of institutionalization of conflict-compromise solutions is based on Part 1 of Art. 406 of the Labor Code of the Russian Federation which provides that labor arbitrage is created in the cases of evasion of one of the parties of the collective labor dispute to participate in the creation or operation of the Conciliation Commission. According to Part 7, Article 404 of the Labor Code of the Russian Federation the labor arbitration is created in cases of consideration of a collective labor dispute between employees and employers of organizations, in which the legislation limits or prohibits strikes. Evading one of the parties of the collective labor

dispute and restriction of strikes are referred to evaluation categories.<sup>26</sup>

Therefore, despite the presence of the current legislation of the Russian Federation, there are major problems of social and labor relations: a) the absence of developed legal institutions for the effective fight of teachers for their economic interests; b) underdevelopment of the system of effective individual contracts and employment agreements; c) absence at microeconomic level of a possibility of prevention and resolution of labor disputes d) ineffectiveness of the agreements of various levels (Table 2), and others.

Studying the problem of labor relations, M.V. Lushnikova comes to the reasonable conclusion that the state is a partner, depending on the nature of interest it acts as an employer and as the bearer of national interests. In the first case its representatives in the Tripartite Commission should act on the employer’s side, in the second – it has its own three special functions: coordination of joint actions of social partners; *conciliation* of parties through the promotion of conflict resolution; protection of public

**Table 2.** Matrix of parallel and gradual analysis of branch agreements affecting conflict-compromise solutions in universities

Potential of social and labor relations development	Problem fields of social and labor relations		
	<i>big</i>	<i>medium</i>	<i>small</i>
high	terms of payment and stimulation of work considering the elected trade union body	reports of educational institutions to labor groups on the implementation of the number of collective agreements	introduction of amendments and additions to the regional branch agreements and collective agreements, strengthening of legal liability of social partnership parties
		activity of branch commissions for regulation of social and labor relations	inclusion of provisions, oriented at achieving concrete results in the regional, territorial branch agreements, collective agreements
medium	social support for educators	responsibilities for implementation of notifying registration of agreements and collective contracts in labor agencies	current and total control over the implementation of branch agreements, collective agreements, terms of collective and contractual campaign
		formation of the system of evaluation of the effectiveness of collective bargaining agreements and the territorial agreements	
low		providing organizational and methodological support for the collective-contractual regulation	regulation of collective bargaining mechanism

interests. The state reconciles parties without resolving the dispute essentially, but using coercive measures. For example, a service for the settlement of collective labor disputes facilitates the resolution of disputes by providing conciliation procedures and participation in them.<sup>27</sup>

A value of higher education to improve the incomes and living standards in general becomes more and more noticeable. In the US the all-national task was set: to make higher education at the beginning of the twenty-first century as accessible, as a secondary education at the turn of the century is.<sup>28</sup> Therefore, public investment in education and research is the best way to achieve a high level of technical progress and productivity growth as the ultimate basis for the creation of wealth.<sup>29</sup> However, in Russia, investments in a human capital, which a professor and teaching staff is, often do not find adequate support from the state in view of low social guarantees of wages and blurring of the system of grants for scientists. Accordingly, it is important not only to directly invest in the acquisition of skills and knowledge, but also indirectly (through a political process) encourage public investment in the kinds of knowledge that will enhance the sustainability of these organizations.<sup>30</sup>

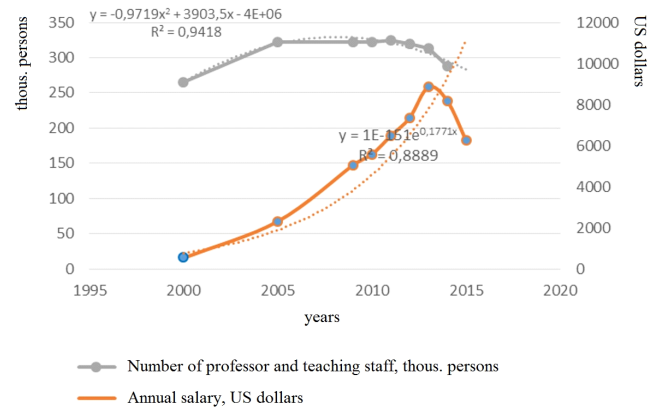
It is appropriate to recall T. Schulz according to whom "... property rights, including labor laws and forms of human capital"<sup>31</sup> should be introduced in the institutions (the rules of behavior).

Therefore, it is important to analyze the system of institutions transferring knowledge, practices and technologies in the context of social and labor relations with the aim of transforming the institutional and organizational forms of social and labor relations.

In recent years in the field of education in Russia the processes of transformation clearly demonstrate the deterioration of already extremely low wages of high school employees (Figure 1).

American economist Mancur Olson argues that "economic motivation, of course, is not the only type of motivation. People are sometimes motivated by a desire to win prestige, respect, friendship and other social and psychological objectives".<sup>5</sup>

M. Olson relates difficulties in forming effective social and labor relations in higher education primarily with economic and social motivation. The potential of an approach, taking into account the availability of social motivation in the absence of, for example, economic one, consists in developing constructive ideas about the presence of a social component allowing the subject of social



**Figure 1.** Dynamics of changes of annual salary of professors and teaching staff in the Russian Federation, in US dollars.

and labor relations to perform certain actions. In M. Olson's opinion, even if the individuals of a group have to sacrifice their own interests, they will not contribute to the provision of the collective good, if their contribution will not be seen by all.

The problem of low labor satisfaction of professors and teaching staff in Russia focuses on two methodological assumptions on which the whole idea of social and labor relations in higher education is based: 1) responsibility of teachers of higher educational institutions for the quality of educational services, including the content of the educational process, the facilitator's culture which promotes a comfortable atmosphere, the establishment of communication between students for effective theoretical and practical training. Not only the moral level of teachers' motivation is important, but also the high level of their job satisfaction; 2) in fact, the idea of maintaining a high quality of educational services arises from the moment when research and teaching activities are considered as a special property of the nation, a kind of a human and intellectual capital.

Therefore, the maintenance of scientists' low wages cannot raise their social and moral status and does not create a breeding ground for the development of their labor potential. This is the central point of the semantic core – an economic interest. But such generalizations may be of little use if the formation and development of the institution of social partnership, social responsibility and collective bargaining relationships will not be provided by institutional transactions and improvement of social and labor relations in higher education.

Teaching in higher school should be seen as a form of public service which calls on teachers expert knowledge

and specialized skills, acquired and maintained through hard study and research activity throughout their life.<sup>1</sup> Consequently, the economic motivation is not the only one of its kind for professor and teaching staff, as a social status and public recognition are individual, non-collective benefits.

However, the rapid introduction of an altruistic behavior of professors and teaching staff and the availability of only the social status in the practice in fact does not form optimal mesic environment in universities.

From this perspective, the ability of salary-forming institute to flexibly adapt to the system of social and labor relations looks very poor. Deformation of the system of social standards is linked to the guarantee set by the federal law that defines the minimum wage in the amount of 6204 rubles per month (or \$ 0.57 per hour.). In addition to low social guarantees the remuneration of teachers among professors and teaching staff is carried out not on the basis of wage rates established for normal hours of studying (teaching) work, but on the basis of salary, the amount of which does not change. At the same time the generally established upper limit of the teaching load is 900 hours per academic year which in organizations engaged in educational activities according to educational programs of higher education is established differentially for positions within the average volume of teaching load (includes contact work of students with the teacher by kinds of learning activity; an academic or an astronomical hour is accepted as a time unit according to the set value of credit unit used in the implementation of educational programs) in structural parts of the organization.

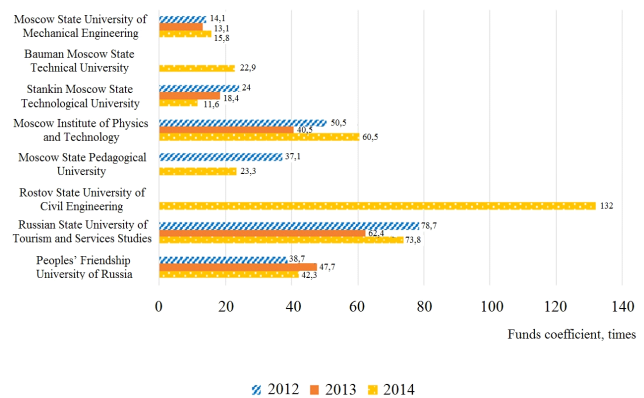
Standard working hours by types of educational, included in the teaching load of the professor and teaching staff, as well as relations within the working time that is 36 hours a week, teaching load and other activities specified by the competency profile and (or) individual plan (scientific, creative, research, methodological, preparatory, organization, diagnostic, medical, expert work or another, including that associated with the increase of professional level), are determined by the organization itself and approved by its local regulation.<sup>32</sup>

The similarity in the forms of paternalism in labor relations in the past and present consists primarily of the size of employees' wages depending to a greater extent not on their personal performance, qualifications, specifically accomplished labor task, but on the final work results, relationship with the senior staff. The amount of the wages is often arbitrarily set, it serves as the means of demon-

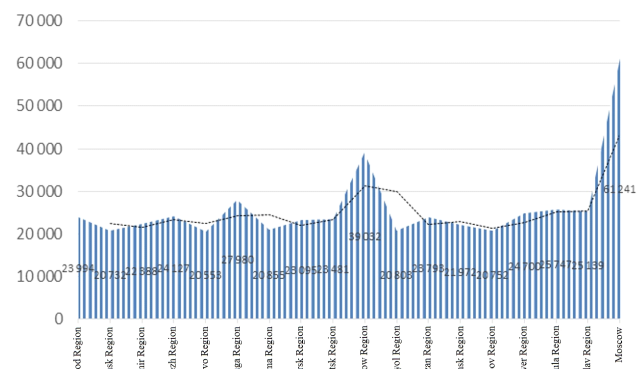
strating and strengthening the status of the heads and the employer.<sup>33</sup> However, whether the institute of social and labor relations can be stable if the amount of revenue of the state university managers (their income from the main job (a guaranteed part of the remuneration and incentive allowances, the remuneration for teaching, scientific and expert activity, compensation for unused vacation, as well as income obtained from other sources)<sup>34</sup> is by 132 times greater than that of an average teacher? (Figure 2)

As the analysis of Figure 3 illustrating the distribution of the average wage level shows, for most regions the symmetrical pattern of 20 to 25 ths rub (about 2.0 \$/hour which is less than the level of developed countries in 15–17 times) is typical.

Reducing wages of professors and teaching staff (especially real wages) reduces the motivation and employment



**Figure 2.** Dynamics of income changes of heads of universities and nominal wage of professors and teaching staff, times.



**Figure 3.** Distribution of the average salary of teachers of universities by the Russian Federation constituent entities in 2014.

potential, and most importantly, prevents an increase in their work efficiency, which does not promote the solution of education modernization problems.

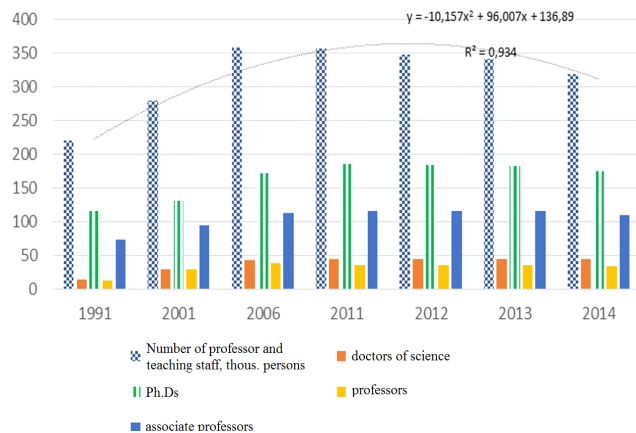
Therefore, P. Simonin believes that the change in real wages towards growth is slower than that in nominal wages (price of labor), i.e. it is characterized by inflexibility related to increasing in the labor market. This process can be described as an effect of *social anti-ratchet*.<sup>35</sup>

The growth of nominal wages of teachers is due to the presence of institutional factors ensuring pulling wages to the level average for the economy. Furthermore, most universities do not index wages considering inflation, and some even have a noticeable decrease in spite of the fact that this is a direct violation of the Labor Code of the Russian Federation.

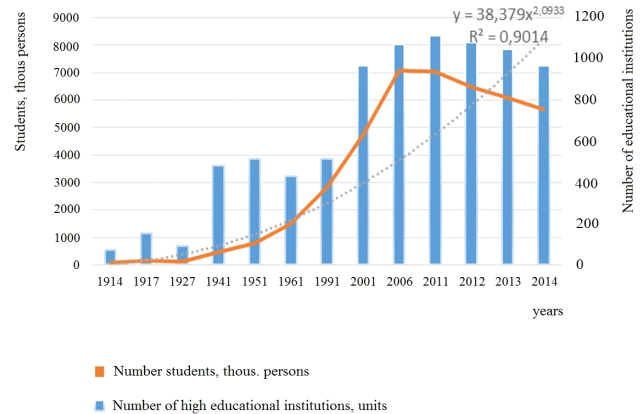
In this regard, it is difficult not to agree with modern institutionalists that the rent for the use of labor is the “wages”. However, a new paradigm of labor relations is that the systemic savings of the state leads to an underestimation of labor standards, increase in labor intensity, at the same time reduction in the number of teachers and their earnings (Figure 4).

Such negative dynamics is due to several reasons (Figure 5):

- 1) the adopted national strategy aimed at merging universities (reduction of specialties);
- 2) financial market instability and the weakening of the ruble;
- 3) increase in teachers’ workload based on undervaluation of labor standards for the provision of educational services;



**Figure 4.** Dynamics of professors and teaching staff in the context of academic degrees and titles in Russia.



**Figure 5.** Dynamics of the number of educational institutions of higher education and students in the Russian Federation.

- 4) lack of university personnel policies and effective collective agreements;
- 5) weak impact of trade unions on the activity of educational institutions of higher education.

To resolve these contradictions, R. Freeman and L. Katz<sup>36</sup> proposed to extend the scheme explained the inequality of wages, expanding it by factors of labor supply and economic institutions, demand, institutions). On the side of labor supply a key impact on inequality is due to the trends in education. Technological development leads to an increase in demand for highly educated employees and an increase in their wages, but rising wages, in turn, create additional incentives to receiving education. Over time, the rapidly increasing offer of employees with a high level of education may lead to a negative impact on wages. The crucial importance of this “race” has the ratio between rates of the growth in demand for highly skilled employees and the growth in their supply. If the proposal is growing more slowly than demand, the relative wages of employees with a high level of education will increase.<sup>36</sup>

## 4. Conclusion

Global changes in the social and labor sphere raise the question of adaptation to them by trade unions, which became rather influential “players” in the field of social and labor relations in the industrial era in developed countries. The scale of the changes allows researchers to build a variety of assumptions about the prospects of preserving the unions’ position as the main labor market institutions.



The point at issue is, in particular, that trade unions as organizations tightly integrated into the social structure of industrial society will be forced to leave the arena at all. According to some experts, the implementation of large-scale social projects by modern states can facilitate the transition of the role of “defender” of employees’ interests from the trade unions to the state and the transformation of the trade unions in the secondary institute of labor relations regulation.<sup>6</sup> Under these conditions, the loss of firm ground for the traditional trade unions – collective bargaining on conditions of employment – may force the unions to seek for new areas of their activity application.<sup>7</sup>

It is obvious that the Russian Federation was provided a nationwide trend of reducing the number of people with higher education, while at the same time, of making higher education less accessible, creating a system of personnel with secondary vocational education and others. That is why a qualitative change in the dynamics of social and labor relations creates the preconditions for the conflict-compromise solutions implemented by the institute of social and labor relations and mediation procedure.

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