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We have pleasure in informing you that the International Labour Organisation (ILO Moscow Office), the Ministry of Labour and Social Development of the Russian Federation, the Federation of Independent Trade Unions of Russia and the Co-ordinating Council of Russian Organisations of Employers are jointly convening, from 4 to 6 October 1999 in the Hotel Rossia in Moscow, and as part of the programme of cooperation between the ILO and the Russian Federation for the period 1998-1999, a series of meetings on social and labour issues.

Economically Effective and Socially Responsible Enterprise Restructuring

To withstand growing competition in the globalizing world economy, companies find it increasingly necessary to undertake restructuring measures. Aiming to a considerable degree at cost reduction, these measures often result in massive lay-offs of personnel, with a negative impact on working conditions and the social climate in organizations.

Socially responsible restructuring is an approach taken by managers during enterprise restructuring, by not only maximizing profitability as the main restructuring objective, but also by taking into consideration social consequences as well. For example, restructuring could be solely at the expense of the labour force (downsizing leads to lay-offs with evident negative social implications) or it can be based on innovation, new product development, new market penetration, or labour expansion in the company. This "high road" approach requires more investment in human resources development and results in improving the social conditions of an organization.

In 1999, following request from the employers' organizations of several CIS countries, the Entrepreneurship Management Branch (ENT/MAN) in close collaboration with the ILO Office in Moscow, launched a number of pilot actions in the regions along these lines. A number of "Enterprise Restructuring Forums" have been organised in Russia, Belarus and Georgia, bringing together enterprise managers, local governments and the social partners.

According to the follow-up evaluations, these forums have helped increase awareness, improve a mutual understanding between the social partners and have helped develop a common vision of the task ahead.

The pilot events served not only the purpose of generating tripartite dialogue on socially responsible enterprise restructuring, but also provided a ground for testing and improving the methodology and ways of organizing such events in the future.

ILO's Productivity and Management Development Programme News Bulletin, No.2



ILO News Eastern Europe and Central Asia. Supplement to «World of Work».
Published by ILO Moscow Office.
Responsible: Jean-Victor Gruat, Director.
Editing: Alexei Varenov.
ISSN 1020-752X.

Russia



Representatives of cooperative the movement of Russia, Eastern and Western Europe met in Belgorod on 6–18 June 1999 to take part in the International Cooperative Forum. Heads of cooperative societies and unions of Russia, Belarus, Sweden, Great Britain, Poland, as well as Mr. Roberto Rodrigues, Chairman of the International Cooperative Alliance, took part in the debate. The ILO Moscow Office was represented by Ms Olga Sokolova. The participants from different countries and regions exchanged information and experience, strengthened personal contacts.

Armenia



The ILO and the Republic of Armenia have signed a Programme of Cooperation for the years 1999-2001. The document sets forth objectives and specific measures to be undertaken, as agreed by the ILO and the tripartite constituents of Armenia in the following areas of intervention: human rights at work, promoting employment and improving incomes, strengthening social protection and social security and further development of the social dialogue.

Azerbaijan



To harmonize the national legislation with international labour standards the Parliament of Azerbaijan adopted a number of new laws, the central one being a new Labour Code, in force since 1 July, 1999. As of today, the country has ratified more than 50 ILO Conventions.

STEP:

Strategies and Tools against social Exclusion and Poverty

A detailed study in the field of social economy

The STEP Programme conducted comprehensive studies in the field of social economy sector in Azerbaijan. Another objective of the studies was to draw a clear picture of the current situation in the field of community-based organizations and social economy experiences and opportunities in the country.

The research focused on the description and analysis of the following issues: the present social and economic situation of Azerbaijan; the actual economic situation of the targeted local population groups and their opportunities for the real economic development; the need, the possibility and the readiness to start both community-based organisations and socio-economic activities.

According to one of the studies conducted by STEP in selected three areas - Autonomous Republic of Nakhichevan, Sumgait and Apsheron districts - using an elaborated questionnaire as background, targeted discussions were held with individuals (500 persons), local communities as well as local authorities.

Formulation of a project proposal

The findings of the studies led to the formulation of a draft pilot project "Promotion of Employment and Fight against Social Exclusion in the Republic of Azerbaijan", which was formulated by the STEP in cooperation with the Ministry of Labour and Social Protection.

Through community organization and development, the project aims at creating a favourable condition for employment generation for the most vulnerable social groups. The micro and small entrepreneurs will be given diverse financial and technical assistance on a local basis, using innovative approach, through community-based organizations.

A draft project proposal was discussed with M.Socquet, Expert STEP/Geneva, during his recent visit to Baku on June 28 - July 3, 1999. The document is now being finalized.

Undraa Suren,
AE/STEP – Azerbaijan

AZERBAIJAN:

Labour Force, Employment, Wages, Prices

Azerbaijan's working age population (16-59 age group) remains almost constant at about 4 millions. Total employment is at about 2.5 millions. The lowest salary is paid in agriculture and the social services. At the other end of the spectrum are banks, insurance and the oil sector, where wages were 5-6 times higher than the economy-wide average. Thus, there is an abundance of cheap labour in Azerbaijan. The labour force is highly qualified in commerce, engineering, oil and chemistry and oil industry. Controls on most prices in Azerbaijan were lifted in 1992. In January 1995, the Government took an important step toward full price liberalisation by abolishing the state order system and phasing out the bread price subsidy. At present, prices of public utilities and petroleum products are subjected to control

Kazakhstan Enterprise Restructuring Survey



On 7–8 July 1999, the ILO, the Ministry of Labour and Social Protection and the State Statistical Committee of Kazakhstan held a seminar in Astana to review the results of the Kazakhstan Enterprise Restructuring Survey (the KERS) and discuss strategies for the revival of the enterprise sector and the improvement of labour market policies. Messrs. Ghellab, Samorodov and Zsoldos of the ILO presented their paper “Transition and Enterprise Restructuring in Kazakhstani Industry” at the seminar, which summarizes the main findings of the survey and its implications for governmental policy and practice.

The KERS provided a wealth of information on the enterprise sector that has previously been unavailable to policy-makers in Kazakhstan. 500 enterprise managers were interviewed from six oblasts of Kazakhstan and were asked a range of questions concerning employment practices at their enterprise including issues such as hiring and firing, employment change, training, wage payments, benefits and the impact of property form changes.

The above paper is available through the ILO Moscow Office but a few examples of the results illustrate the precarious position of most Kazakhstani enterprises and the need for improved enterprise and employment policies and programmes. Although overall employment in the enterprises surveyed had declined by only 1.6% during 1997–98, in all industrial sectors outside of metallurgy employment fell substantially (up to 12 percent in the textiles sector, over 20% in the wood and paper sector and by 30% in the engineering sphere). In addition, by compiling indicators of labour surplus in Kazakhstani industry — such as time lost through extended leaves of workers and managerial perceptions of the level of labour surplus — fully 40% of the industrial workforce could be in jeopardy of redundancy. Although the average wage for all workers was slightly above the official subsistence level, the average wage of skilled, semi-skilled and unskilled workers represented only 56% of the official subsistence income.

The Conference held in Astana identified many areas for possible action including the strengthening of employment services (an area of particular concern as the State is decentralizing this function to the oblasts), the need for a more flexible wage system including promotion of performance-based pay, the critical role of government in ensuring non-discrimination in the workplace, the role of the social partners in developing fair and equitable enterprise and employment policies and the need for Government to be prepared to deal with potential, large-scale layoffs in the future.

Jim Windell

Kyrgyzstan



The Executive Council of the Federation of Trade Unions of Kyrgyzstan has called on the authorities to take extraordinary and unconventional measures to tackle the problem of wage arrears, now exceeding 300 million soms. This request is all the more urgent in view of the recent price increases for hot and cold water, heating and gas. As basic services and staple foods take up an ever growing part of incomes, the average monthly wage remains 20% below the subsistence minimum.

Georgia



The programme of cooperation between the ILO and Georgia for the period 1999–2001 was signed by duly accredited members of the Government and the other social partners and by the ILO representative on 9 June 1999 in Geneva. The main objective of the document is to further develop their cooperation with a view towards strengthening national programmes and policies in the labour and social fields. This programme of cooperation was developed on consultations made during two ILO missions to the Republic in November 1998 and February 1999.

Russia



The biggest clothing enterprise in Russia “Gloria Jeans”, Rostov region, increased the number of jobs in the past five months by 800. In total the enterprise employs 2500 workers. The factory is located in a socially depressed area where dozens of coal mines closed down over the last years, with thousands of former miners looking for jobs.

More Jobs for Tajik Ex-Combatants

After 11 months of suspension of all UN activities in Gharm District of the Karategin Valley in eastern Tajikistan, as a result of the murder of four UNMOT personnel on 20 July 1998, UNDP Tajikistan has restarted the activities of the Rehabilitation, Reconstruction and Development Programme (RRDP), executed by UNOPS, in the area. In support of the peace process, which requires the demobilization of all Opposition combatants, UNDP has taken the lead in providing reintegration support through job-opportunity activities in the area, with a total budget of USD 4,294,625 to date. Particular focus is now being placed upon the Karategin Valley, as there is a high concentration of unemployed demobilized soldiers in the area.

As of the end of July 1999, 60 sub-projects were prepared to provide job opportunities to 800 ex-combatants with the total budget of approximately USD 800,000. The projects will last for two to four months. In each reintegration project, 10 to 40 ex-combatants will be employed together with 3 to 10 local specialists such as electricians, constructors, carpenters and maintenance specialists, whose professional skills will be transferred to the ex-combatants during the implementation of the sub-projects.

The sub-projects are mainly focused on labour-intensive community reconstruction work, such as roads, bridges, streetlights, small workshops, rehabilitation of agricultural



Particular focus is now being placed upon the Karategin Valley in the East of Tajikistan.

machines, renovation of open markets, etc. The sub-projects are being implemented in the Districts of Gharm, Tajikabad, Jirgital, and Darband, with the firm support of the Hukumat (local government) representatives and field commanders.

This reintegration activity is being supported fully by many donors, including USAID, Norway, World Bank/PCU, EU, and CIDA, as of the end of July 1999. Discussions are ongoing with the Ministry of Labour and Employment to develop a longer-term strategy to achieve sustainable employment for the communities involved in the project.

Shoko Noda, UNDP, Tajikistan

A New Publication of the Moscow Office

The second release of the ILO Moscow office in the series of publications on social and labour issues is devoted to the problem of pay in the transition countries. It includes articles by Russian and foreign authors. Particular attention is paid to the experience of East-European countries.



Concrete aspects of wage payment are considered in the publication. Of special interest is the detailed analysis of the minimum wage and wages in the public sector. It should be stressed that the latter is examined in conditions of economic restructuring.

One of the obvious advantages of the publications is the precise classification according to rates of economic growth, including the experience of developing countries. Dynamics of wage variation and employment is clearly demonstrated.

Special attention is granted to best world practices concerning the problem of performance-based pay. Examples are cited of worker ownership of enterprise stock; the interrelation between the profits of the enterprise and pay both in the developed and transition countries is examined.

The articles are supplied with statistical data and results of practical research in tabular form and diagrams.

We hope that the publication will be of interest and use both to experts dealing with wage issues and to representatives of workers and employers.