



## KAPITEL 5 / CHAPTER 5 <sup>5</sup>

### SOCIAL PARTNERSHIP AS A TOOL FOR THE FORMATION OF SOCIAL RESPONSIBILITY

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#### Introduction

Social responsibility is a new level of society development, a new strategy and concept that integrates a national strategy, common human values and ethical behavior of business organizations, consumers, employees, authorities, civil society institutions, research institutions and higher education institutions. Today, most countries of the world are involved in the concept of social responsibility at the local, regional, state and world levels. The purpose of research is the system of corporate social responsibility, the concept of stakeholders, social investment and its forms, essence and directions of the company's social programs.

1. One of the most effective means of implementing the idea of corporate social responsibility is the conclusion of agreements on social partnership between corporations and administrative, municipal (city) municipalities. Thus, the municipal entity undertakes to promote the economic development of the enterprise, and the enterprise, in turn, - the social development of the municipal entity.

Obligations of both parties:

- development and implementation of joint programs of social development of the city;
- adoption of measures for the formation of a system of management of labor protection, industrial safety, environmental protection, environmental safety;
- adoption of measures for solving social problems (both employees of the enterprise and non-employees of the company);
- organization of health improvement, rest and temporary employment of children, adolescents and students during the holidays;
- implementation of a coherent policy aimed at maintaining the positive dynamics of the company and the city development on the basis of maximizing the use of economic, organizational and social factors, scientific and technological progress, and further development of investment activity.

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Enterprise and city usually create a commission of the city council (mayors commission) on social partnership issues, which works on certain issues with the Board of Directors of the enterprise.

Obligations of the city administration (other municipal or administrative education):

- place an enterprise in the city;
- to allow the enterprise to use the city infrastructure;
- ensure sustainable work of the social sphere, housing and communal services, passenger transport vehicles, create conditions for restoring the physical and spiritual capabilities of the employees of the enterprise;
- to ensure the maintenance of the necessary law and order, and the strengthening of public security;
- coordinate the efforts of enterprises to develop energy supply networks and ensure energy security;
- coordinate with the enterprise the actions on development and implementation of investment policy in the areas of the city economy, which promote the main industrial activity of the enterprise;
- to organize the system of training and personnel training of the enterprise in educational institutions of the city.

Obligations of the enterprise (corporation):

- to finance environmental programs in the interests of the enterprise and the city;
- provide residents of the municipal entity with the number of jobs at the enterprise;
- carry out overhaul of kindergartens in the city;
- build a city sports club;
- to finance the annual internship of the best students of the city university abroad;
- to finance holidays dedicated to commemorative dates in the history of the city.

Accepted in the early 70's of the last century, the Labor Code of Ukraine remains the basic, basic legislative act, which is the most complex and systematically regulating social and labor relations. Note that the Verkhovna Rada of Ukraine, having legalized it from the "Labor Code of the RSFSR" to the "Labor Code of Ukraine", thereby recognized its validity as a law of Ukraine. Therefore, the Labor Code of Ukraine can not be considered an act of the Union of Soviet Socialist Republics, which is applied in a part that does not contradict the Constitution and legislation of Ukraine. It consists of 18 chapters that contain 265 articles.



The basic provisions of the Labor Code are devoted to:

- definition of the subject and principles of legal regulation of social labor relations, basic labor rights of workers (Articles 1-91);
- regulation of relations in the conclusion of collective agreements (Articles 10-20);
- the procedure for the conclusion, execution and termination of labor contracts (Articles 21-494);
- provisions on working hours and rest periods (Articles 50-84);
- provisions on the standardization and payment of labor, guarantees and compensation in the field of labor (Articles 85-129);
- provisions on the discipline of labor and legal mechanisms for its provision through the material and disciplinary liability of the parties to the employment contract (Articles 130-152);
- the provisions on the protection of labor (Articles 153-173);
- provisions on social and labor guarantees for women, minors, and workers who combine work and education (Articles 174-220);
- provisions on the procedure for consideration of individual labor disputes (Article 221-2411);
- provisions on the legal status of trade unions and labor collectives (Articles 243-2528);
- provisions on state social insurance and pensions, as well as supervision and control over the observance of labor legislation (Articles 253-265).

The Labor Code stipulates that the labor legislation of Ukraine consists of the Labor Code and legislative acts adopted in accordance with it (Article 4).

This legislator identified certain advantages of the Labor Code against other acts of labor legislation of Ukraine, in addition to the Constitution of Ukraine and international treaties of Ukraine on labor, and thus determined its legal force.

This means that:

- laws of Ukraine and other acts of labor legislation of Ukraine must comply with the provisions of the Labor Code;
- The Labor Code is the legal basis for the conclusion of collective agreements and treaties, as well as other local legal acts;
- the provisions of the labor legislation of Ukraine may, in the established procedure, be declared ineffective if they are not in conformity with the Labor Code.

The dominant role in the structure of labor legislation belongs to the laws (Article



92 of the Constitution of Ukraine) as acts adopted by the Verkhovna Rada of Ukraine on the most important and significant issues of the life of the society and the state.

From a legal point of view, labor laws must comply with the norms of the Constitution of Ukraine and international treaties of Ukraine, as well as the Labor Code.

The Verkhovna Rada of Ukraine adopted a number of conceptual laws on the legal regulation of labor relations, in particular, the laws of Ukraine:

"On Employment of the Population" of March 1, 1991, No. 803-XII;

"On Collective Contracts and Agreements" dated July 1, 1993 No. 3356-XII;

"On Vacations" dated November 15, 1996 No. 504/96-VR;

"On the payment of labor" of March 24, 1995, No. 108/95-VR;

"On Protection of Labor" of October 14, 1992, No. 2694-XII;

"On determination of the amount of losses inflicted on the enterprise, institution, organization of theft, destruction (damage), shortage or loss of precious metals, precious stones and currency values" of June 6, 1995 No. 217/95-VR;

"On the Procedure for the Resolution of Collective Labor Disputes (Conflicts)" dated June 6, 1995, No. 217/95-VR and others.

It should be noted that the Civil Code of Ukraine and the Commercial Code of Ukraine may, as an exception, apply to labor relations, provided that they are not regulated by acts of labor legislation. The laws of Ukraine are the legal basis for the adoption of sub-legislative, as well as local, legal acts on labor issues.

The legislation of Ukraine in the field of labor and employment forms a separate branch. Its basis is the provisions, enshrined in Art. 43 of the Constitution of Ukraine. According to them, everyone has the right to work, which includes the opportunity to earn a living by work, which he freely chooses or freely agrees. According to the Constitution of Ukraine, the use of forced labor is prohibited.

Everyone has the right to proper, safe and healthy working conditions, for wages, not lower than those specified by law. The Constitution of Ukraine guarantees protection against unlawful dismissal and the right to receive timely remuneration for work. The state creates conditions for the full exercise by citizens of the right to work, guarantees equal opportunities in the choice of occupation and kind of employment, implements programs of vocational education, training and retraining of staff in accordance with public needs. The Constitution of Ukraine establishes a ban on the use of forced labor. Military or alternative (non-military) service, as well as work or service, which is performed by a person by a judgment or other court decision or in



accordance with the laws on military and state of emergency, is not considered to be compulsory labor. The use of labor by women and minors in work hazardous to their health is prohibited.

The labor rights of citizens, guaranteed by the Basic Law of our state, include the right of those who work to strike to protect their economic and social interests. The procedure for exercising the right to strike is established by law, taking into account the need to ensure national security, health care, rights and freedoms of other people. The Constitution stipulates that no one can be compelled to participate or not participate in the strike. Prohibition of a strike is possible only on the basis of the law. Another labor law guaranteed at the constitutional level is the right of everyone who works to rest. This right is ensured by the provision of days of weekly rest, as well as paid annual leave, the establishment of a shorter working day for certain professions and productions, reduced working hours at night. The maximum length of working time, the minimum duration of rest and paid annual leave, holidays and other terms of exercise of this right are determined by law.

Thus, the main aspects of the social responsibility of the organization to employees in accordance with the current legislation can be attributed:

1. Absence of discrimination in the recruitment of employees to work;
2. Sound personnel policy with system development of employees and their subsequent career growth;
3. Ensuring protection of the lives of workers and maintaining their health;
4. Adequate expectations of employees system of remuneration for work taking into account social packages;
5. Fruitful communication and effective interaction with the employees of the organization as one of the main stakeholders;
6. The training of employees and the system of continuous professional development, which will further increase the competitiveness of the organization, and on the condition of dismissal of employees a priori will save budget funds, as the workers are sufficiently skilled, competitive and able to quickly get employment;
7. Respect for the family and religious values of workers, thanks to a flexible vacation system;
8. Compliance with the legislation on the employment of vulnerable groups;
9. Interaction with educational institutions in order to prepare skilled workers taking into account the specifics and profile of the organization.

Consequently, the social responsibility of the business in the understanding of the



hired employee includes all the elements of decent work: not just paid in time, but rather high wages, normal working hours, respect for workers, social insurance and social guarantees, safety at work, etc. In support of such an opinion, one can infer arguments about solidarity and interdependence of subjects of social and labor relations, on increasing efficiency at the expense of high motivation and commitment of employees, and even more - about the expansion of the capacity of the consumer market and the corresponding growth of profitability of the business at the expense of wage growth.

The content of corporate social responsibility for staff is to ensure fair treatment of employees, democratic functioning of the company, the ability to participate in management, training in new knowledge and technology, skills development, and effective social empowerment. Companies are called to use career planning, employment guarantees. Responsible companies are increasingly contributing to the development of corporate ethics and culture, and widely involve employees in corporate affairs.

## 2. Social dialogue and CSR

On January 1, 2011, the Law of Ukraine "On Social Dialogue in Ukraine" (hereinafter the Law) came into force, aimed at regulating social-labor, economic relations and ensuring the raising of the level and quality of life of citizens, social stability in society.

Social dialogue is the process of identifying and converging positions, achieving common accords and adopting conciliation decisions by the parties to the social dialogue, representing the interests of workers, employers and executive authorities and local self-government bodies, on the issues of formation and implementation of state, social and economic policy, regulation of labor, social and economic relations.

Social dialogue is the practice recognized by the International Labor Organization of the European community of building public relations on the basis of reconciling the interests of the state, employers and workers. The achievements of social dialogue are key practices in the world of work, such as the eight-hour working day, maternity protection, child labor elimination policies, and other progressive strategies for social and economic development.

The legislation of Ukraine on social dialogue is based on the Constitution of Ukraine (254к / 96-BP) and consists of the laws of Ukraine "On Trade Unions, Their Rights and Guarantees of Activity" (1045-14), "On Employer Organizations" (2436-14), " On Collective Contracts and Agreements "(3356-12)," On the Procedure for the





Resolution of Collective Labor Disputes (Conflicts) "(137/98-VR), this Law, labor law, and other normative legal acts.

Social dialogue is carried out on the principles:

- the rule of law and the rule of law;
- representativeness and empowerment of parties and their representatives;
- independence and equal rights of the parties;
- constructivity and interaction;
- voluntariness and acceptance of real obligations;
- mutual respect and search for compromise solutions;
- mandatory consideration of proposals by the parties;
- priority of conciliation procedures;
- openness and transparency;
- mandatory compliance with the agreements reached;
- responsibility for fulfilling accepted obligations.

Social dialogue is carried out on a national, sectoral, territorial and local (enterprise, institution, organization) level on a trilateral or bilateral basis.

The parties to the social dialogue include:

- at the national level - trade union party, whose subjects are unions of trade unions, which have the status of all-Ukrainian; a side of employers, whose subjects are associations of employers' organizations that have the status of all-Ukrainian; party of executive bodies, the subject of which is the Cabinet of Ministers of Ukraine;

- at the sectoral level - the trade union party, whose subjects are all-Ukrainian trade unions and their associations, operating within a certain type or several types of economic activity; the party of employers whose subjects are all-Ukrainian associations of employers' organizations operating within a certain type or several types of economic activity; party of executive bodies, whose subjects are the relevant central executive bodies;

- at the territorial level - the trade union party, whose subjects are trade unions of the appropriate level and their associations, operating in the territory of the corresponding administrative-territorial unit; a party of employers, whose subjects are organizations of employers and their associations, operating in the territory of the respective administrative-territorial unit; party of executive bodies, the subjects of which are local executive authorities, operating in the territory of the corresponding administrative-territorial unit. On the territory of the respective administrativeterritorial unit, local self-government bodies may be parties to the social



dialogue within the limits of the powers determined by the legislation;

- at the local level - the side of workers whose subjects are primary trade union organizations, and in the absence of them - representatives (employee representatives) freely chosen for collective bargaining; the employer's side, the subjects of which are the employer and / or authorized representatives of the employer.

Social dialogue is carried out between the parties of the social dialogue of the corresponding level in the forms:

- exchange of information;
- consultations;
- conciliation procedures;
- collective bargaining with collective agreements and
- deals.

The exchange of information is carried out in order to find out positions, reach agreements, find a compromise and make common decisions on economic and social policy.

The order of information exchange is determined by the parties. Neither party may refuse to provide information, unless such information is subject to restricted information in accordance with the law.

Consultations are conducted on the proposal of the party to the social dialogue in order to identify and approximate the positions of the parties when making decisions that fall within their competence.

The initiating Party shall send to the other parties a written proposal specifying the subject of the consultation and the term for its implementation. The parties who have received such an offer are obliged to take part in the consultation, to jointly agree the procedure and terms of its implementation and determine the composition of the participants.

Conciliation procedures are carried out in order to take into account the positions of the parties, to work out compromise of agreed solutions when drafting normative legal acts. The procedure for conducting conciliation procedures is determined by the social dialogue bodies of the appropriate level, unless otherwise provided by law or collective agreements. Failure to reach a compromise between the parties based on the results of the conciliation procedures can not be a reason for obstructing the work of the social dialogue bodies. Collective negotiations are conducted for the purpose of concluding collective agreements and agreements.

As a result of collective bargaining, collective agreements and agreements are





concluded:

- at the national level - general agreement;
- at the sectoral level - sectoral (intersectoral) agreements;
- at the territorial level - territorial agreements;
- at the local level - collective agreements.

The procedure for collective bargaining is determined by law. CSR is rooted in the system of tripartism - the interaction between employees, employers and government bodies. The joint between CSR and social dialogue (tripartism) - the establishment of partnerships, mutually beneficial relations, the desire for balance of interests. New in the socio-economic, social and labor practice under the influence of the CSR institute - the establishment of a new business philosophy, the taking of the latest new commitments and the realization of a new mission of business structures.

It is important to note that since the first years of independence in Ukraine, the ideology of social partnership has been recognized by the government, employers and trade unions. During this period an integral system of dialogue between them has been built up, which includes a legislative framework, various institutional bodies and forms of interaction within the framework of trilateral cooperation. This database consists of the ILO Conventions, the European Social Charter, other international instruments, laws of Ukraine, decrees of the President of Ukraine, legal acts of the Cabinet of Ministers of Ukraine.

**3. The best labor practices and indicators of internal CSR: domestic and foreign experience** Under the increasing pressure from non-governmental organizations (NGOs), consumer organizations and now investors, more and more companies are adopting codes of conduct relating to working conditions, human rights and environmental aspects. Research has shown that consumers want not only to buy quality and safe products, but also want to know whether they are produced in a socially responsible manner. In recent years, investors consider socially responsible investment (SWI) in public sector and investing in environmental protection as an indicator of good internal and external management.

From the point of view of the company's internal processes, social responsibility is seen as investing in human resources, health and safety, and changes in management. It also includes environmentally responsible practices relating to the management of natural resources used in production. In addition to these internal aspects, companies can be active outside by taking part in the lives of their communities by providing them with jobs, salaries, services and tax revenues to the budget. On the other hand,



companies depend on the health, stability and prosperity of the community in which they operate. In this sense, corporate social responsibility includes a large number of stakeholders: business partners and suppliers, customers, government bodies and non-governmental organizations representing the local community, as well as the environment.

Thus, in the management of the internal direction of corporate social responsibility (CSR), the following principles should be followed: the principle of understanding and recognition of employees; the principle of trust management to staff; the principle of the effectiveness of moral satisfaction; the principle of effective organization of the workplace; the principle of the integrity of the organization and its employees; the principle of the effectiveness of additional rest; the principle of advanced training; the principle of confidence in the future; the principle of safety; the principle of involving workers in management. Compliance with all of the above principles will improve the quality of working life and the level of corporate social responsibility. Speaking about the internal orientation of CSR, the following indicators should be singled out: labor safety; salary stability; support for socially significant wages; additional medical and social insurance of employees; development of human resources through curricula and training programs; assisting workers in critical situations; flexible work schedule; additional financial encouragement; additional moral encouragement. The main indicators of internal CSR are shown in Table 1.

Managers of domestic enterprises should take into account not only the strict observance of labor legislation, but also the creation of modern and safe workplaces, but also the introduction of principles of responsible business practice, improvement of personnel management mechanisms in accordance with international standards and moral values.

The social responsibility of companies with regard to staff is, above all, to create the preconditions for a high quality of working life. Achievement of high quality of working life is ensured through constructive interaction of subjects of social and labor relations, whose interests coincide at a level of quality of working life that allows an employee to realize his potential, receive a decent remuneration for it, and provide an important level of productivity, innovation and to realize state interests in creating favorable conditions for demographic reproduction of the population, social development of society.

**Table 1 - Indicators of internal CSR**

Indexes	Characteristic	Examples
Staff development	The direction of social programs of companies that are conducted within the framework of the personnel development strategy to attract and retain talented employees.	<ul style="list-style-type: none"> <li>- Training and professional development of personnel;</li> <li>- Application of motivational schemes of wages;</li> <li>- Providing employees with a social package;</li> <li>- Maintenance of internal communications in the organization;</li> <li>- Participation of employees in making managerial decisions;</li> <li>- Participation of employees in the distribution of profits.</li> </ul>
Development of health care and safe working conditions	The direction of social programs of companies, which provides for the creation and maintenance of additional to the statutory health and safety conditions of the workplace.	<ul style="list-style-type: none"> <li>- Labor and safety equipment;</li> <li>- medical care of the personnel at the enterprise;</li> <li>- maintenance of sanitary and hygienic working conditions;</li> <li>- support for motherhood and childhood;</li> <li>- creating ergonomic jobs;</li> <li>- prevention of occupational diseases;</li> <li>- additional health insurance.</li> </ul>
Development of socially responsible restructuring	The direction of social programs of the company, which focuses on ensuring the restructuring of a socially responsible manner, primarily in the interests of the company's staff.	<ul style="list-style-type: none"> <li>- Conducting information campaigns that cover structural changes in the future;</li> <li>- Measures for professional retraining of personnel;</li> <li>- Job placement assistance;</li> <li>- Compensation payments to workers who have fallen into state cuts.</li> </ul>
Development of socio-cultural service	The direction of the company's social programs, which focuses on improving the morale of employees.	<ul style="list-style-type: none"> <li>- Provision of housing by the company to employees;</li> <li>- Creation and support of own creative teams from the number of workers;</li> <li>- Creation of a network of social institutions: a kindergarten, a house of culture, a boarding house;</li> <li>- Creation of conditions for rest: financing of trips, conducting excursions.</li> </ul>



The growth of the quality of working life is a logical consequence of socioeconomic development. Improving technology and productivity, increasing labor productivity, developing organization and production management, and increasing the share of intellectual, creative components in labor activity are becoming an effective factor in improving the quality of working life. At the same time, there is also feedback: high quality of working life actively influences all of the abovementioned progressive processes in the enterprise, increasing its efficiency and ensuring competitiveness.

The high quality of working life for workers means an effective system of material and moral encouragement to work, industrial democracy, professional development opportunities, safety of working conditions, and social protection. As a result of this, the efficiency of labor makes it possible to realize the interests of employers: innovative development of production, lower cost and revenue growth, increased competitiveness, high corporate culture, social harmony at the enterprise. The interests of society and the state are realized through improving the quality of life of the population, improving the conditions of demographic reproduction, realization of constitutional rights of citizens to decent work, development of a culture of labor, scientific and technological development on an innovative basis, increase of competitiveness of the national economy, strengthening of social responsibility of subjects of social and labor relationships. It is a transparent reflection of the indicators of social responsibility for staff allows you to get an idea of the quality of working life of employees and the level of social responsibility of the enterprise.

The main instrument for implementing corporate social responsibility at the enterprise is a collective agreement. Collective agreement contains information on obligations of parties, industrial, labor, social and economic relations between the employer or the owner and employees of the enterprise. The article of the Law of Ukraine "On Collective Agreements and Agreements" stipulates that a collective agreement shall be concluded at enterprises, institutions and organizations irrespective of the form of ownership and management, which use hired labor and have the right of a legal entity.

Social responsibility of the state, employers, as well as social justice in ensuring equal rights of workers is realized primarily through the following indicators:

- forms and systems of remuneration, rates, tariff grids, salary schemes, conditions of implementation and the size of allowances, surcharges, bonuses, rewards,
- duration of working time
- duration of holidays



- improvement of the conditions of labor protection, including women and youth,
- environmental safety and health of workers at work,
- improvement of workers and their families;
- partial or full payment of the cost of their food,
- control over the implementation of the collective agreement, the procedure for making amendments and additions, responsibility of the parties,
- the procedure for informing employees about the fulfillment of the above conditions.

The norms specified in the collective agreement may not be lower than those established by the legislation of Ukraine, as well as determined by agreements at the national, sectoral and regional levels. In addition, the rules contained in a collective agreement, can not worsen the level of social protection already achieved by workers.

In order to develop social and labor relations, the company develops and implements corporate social policy. Social policy combines measures and programs that provide social security and the status of company employees.

The company's internal socially responsible policy includes social packages and social programs. A social package is a kind of financial, material and intangible benefits that an employee can get from an enterprise to improve their living standards. The social package includes social benefits and social benefits for employees and family members.

Content of the social package:

- Health support
- Ensuring comfortable working conditions
- Ensuring the minimum necessary living conditions
- Cultural development
- Leisure activities.

Corporate social programs - Voluntary activities of the company on the protection of nature, personnel development, creation of favorable working conditions, support of the local community, charity work and honest business practices related to the mission and strategy of business development, and that is systemic in nature. The company's social programs are the voluntary and consistent activities of the company in the social, economic and environmental spheres.

Internal corporate social programs - programs of the enterprise in the field of labor and social and labor relations, aimed, as a rule, in the development of personnel, health care and the creation of safe working conditions, as well as socially responsible



restructuring.

Directions of internal social programs:

- staff development to attract and retain gifted workers;
- care for workers' social security;
- professional development and training of employees;
- safety and occupational health;
- motivational payment schemes;
- creating recreation and leisure facilities;
- support of internal communications;
- participation of employees in making managerial decisions;
- assistance to workers in crisis situations;
- support of veterans of work;
- support of veterans of war.

## **Conclusions.**

The company's social programs are the voluntary and consistent activities of the company in the social, economic and environmental spheres. Social programs are systemic in nature, related to the mission and strategy of business development and are aimed at satisfying the requests of various stakeholders. The directions of social programs should be aimed at:

1. Internal socially responsible activity: - staff development to attract and retain gifted workers; - care for workers' social security; - professional development and training of employees; - safety and occupational health; - motivational payment schemes; - creating recreation and leisure facilities; - support of internal communications; - participation of employees in making managerial decisions; - assistance to workers in crisis situations, support of veterans of work.

2. External socially responsible activity: - honest business practice; - information openness; - promotion of small and medium business; - increased responsibility to our customers for the products and services provided by bringing them to the highest standards of quality; - introduction of socially significant products and services; - educational activities, development of civil society, interaction with local community and authorities in the development of territories; - environment protection; - economical consumption of natural and energy resources; - reuse and utilization of





waste; - organization of environmentally friendly transport services; - actions on greening and cleaning of territories; - responsibility in advertising and marketing promotion of their products and services; - charity, volunteer activity and long-term social investments.