Employment and Working Life in Estonia 2013

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Trends

Sotsiaalministeerium

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Introduction

Labour market recovery from global economic crisis has been slow and the expected improvement did not happen in the European Union (EU) in general in 2013. Employment rates still remain below the pre-crisis level and unemployment rates remain high. The recovery of various countries from the economic recession has been very different and the gaps between the northern and southern region countries continue to increase. Compared to the EU average, positive trends have characterised Estonia and the other Baltic states over the last three years.

The collection of trends includes five chapters and shall provide a statistical overview of the changes on the Estonian labour market in 2013 and the changes that have taken place in 2008–2013. This period of time allows observing the dynamics of labour market indicators during the pre-crisis year, during the peak of the economic crisis and over the recovery period. Comparison with the other EU Member States has been included. This collection uses data from labour force surveys and other surveys of Statistics Estonia as well as data from the Eurostat database, annual reports of the Estonian Unemployment Insurance Fund, the Estonian Labour Inspectorate, the Health Insurance Fund of the Republic of Estonia and the Estonian National Social Insurance Board and the data from the European Working Conditions Survey organised by the European Foundation for the Improvement of Living and Working Conditions.

The first chapter provides a comparison of the labour market indicators of Estonia with the respective indicators of other Member States of the European Union in 2012 and 2013. The second chapter of the collection describes in detail the changes that took place in Estonian labour market, covering both employment, unemployment and inactivity. The data reveals that for the third year in row, employment has increased and unemployment decreased in Estonia, despite the slow-down of economic growth in the end of 2013. Estonia's position in the EU Member States ranking has also improved.

The third chapter focuses on the issues of organisation of work, remuneration and collective employment relationships. Overview of the organisation of work concentrates on principal job of employees while trade union membership and trend for the conclusion of collective agreements is observed to describe collective employment relationships. We will see that compared to the average of the European Union the use of different work formats is much less common in Estonia. Decline in trade union membership also shows a notable decrease.

The fourth chapter gives an overview of the registered unemployment. Overview of the unemployed persons registered in the Estonian Unemployment Insurance Funds is given, the description of the services provided to them, paid allowances and benefits and expenditure on the labour market policy. As the registered unemployment rate is still high and exceeds the pre-crisis level, it is important to further contribute to active labour market policy by introducing various labour market services.

The fifth chapter of the collection provides an overview of the working environment. The discussion focuses on the analysis of occupational accidents, work-related health problems and expenditures incurred by work-related health problems. Poor working environment contributes to increased number of occupational accidents and higher incidents of work-related health problems. Occupational accidents and work-related health problems, resulting in permanent incapacity for work in employees, also mean the highest level of expenditures for the state and society in general.

The target group of this collection of employment trends includes, above all, persons who come across labour matters in their daily work as well as all persons who have a deeper interest in the developments in the field of labour.

In the name of the authors Ülle Marksoo,
Editor

1. Development of the Estonian labour market in comparison with other countries of the European Union

Ülle Marksoo

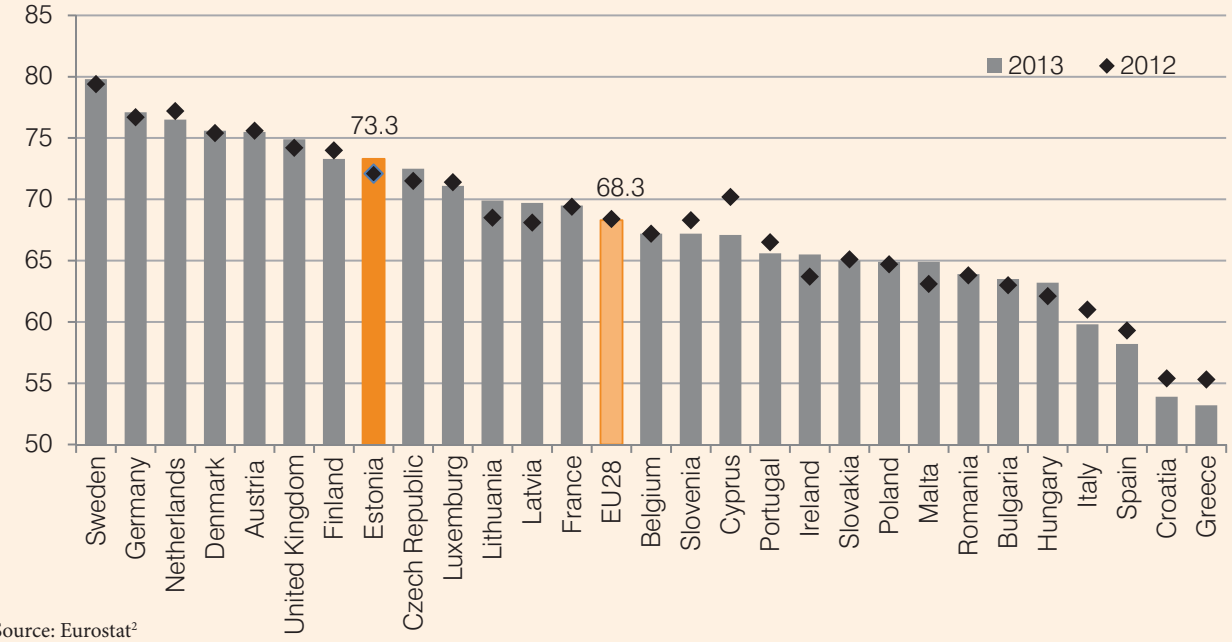
The global financial and economic recession that started in 2008 still influenced the labour markets of the European Union (EU) Member States in 2013. Although the crisis hit its high in 2010, recovery from the crisis remained slow and the average EU labour market indicators are below the respective figures of the OECD countries. Discrepancies between countries have increased, above all, in the euro area. The labour market situation is much better in the northern and central part of the EU than in the southern part and peripheral regions. From 2008 onwards, majority of the employment and social sphere indicators show increasing divergence between these regions. The Baltic states, which were hit the hardest during the crisis, have demonstrated considerable recovery over the last couple of years.

The next chapter provides an overview of the changes in the labour markets of the EU Member States in 2012 and 2013, including the comparison of the Estonian labour market indicators with the other EU Member States.

1.1. Employment

Employment rate[1] is the best indicator to characterise the growth of employment. As the aim of the EU 2020 strategy is to reach 75% employment rate among the population aged 20–64, the current analysis characterises employment dynamics among the aforementioned age group. This also allows assessment of the progress, made by different countries in moving towards the goal. Figure 1.1 depicts employment rate in 2012 and 2013.

Figure 1.1. **Employment rate in 2012 and 2013 (%)**



Source: Eurostat[2]

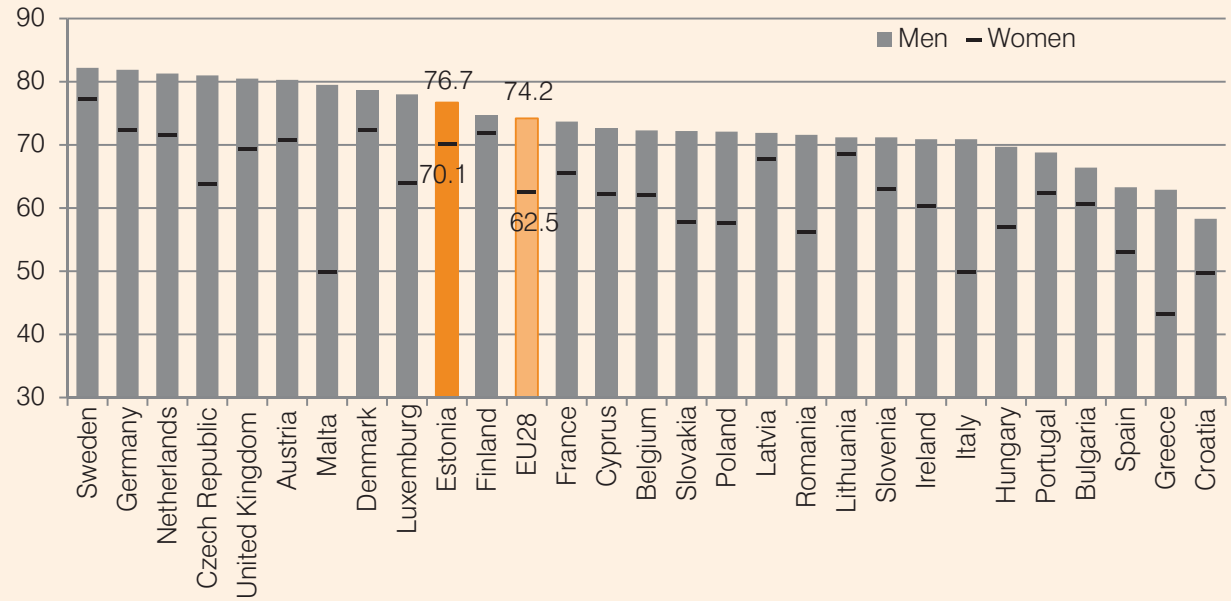
[1] Employment rate – share of employed persons among the population of working age (aged 20-64).

[2] Eurostat (Statistical Office of the European Communities) data taken from the following public database: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database

We will see that five countries – Sweden, Germany, the Netherlands, Denmark and Austria – exceeded the established goal already both in 2012 and 2013. Employment rate grew to a bigger or lesser extent in half of the Member States and went above 70% in ten countries. At the same time, the average EU28 indicator was around 68.3%, which is lower by 0.1 percentage points than the 2012 level. Estonia maintained its 8th position with 73.3% among 28 countries. Employment rate indicators of Latvia and Lithuania also increased above the EU average, yet still remained below 70%. Employment rates demonstrated the fastest growth in 2013 in the Baltic states and Malta. Except Malta, the employment rates showed the biggest drop in South-European countries, at most in Cyprus. The difference between the highest and lowest employment rate increased further – in Sweden the employment rate went up to 79.8% and dropped to 53.2% in Greece. Apart Greece, employment rate also dropped below 55% in Croatia. Such divergences in employment also reflect differences in economic development, demographic trends, labour market structure and labour policies of different countries.

In the EU, the employment rates among men and women continued to change at speed equivalent to 2012 in 2013. Compared to 2012, the employment rate of men decreased by 0.3 percentage points to 74.2% and the employment rate of women increased by 0,2 percentage points, to 62.5%. Sweden has the highest employment rate for men (82.2%). Furthermore, the employment rate of men exceeded 80% in the Netherlands, Germany, the Czech Republic, the United Kingdom and Austria. Employment rate for men in Estonia exceeded the EU28 employment rate by 2.5 percentage points and gave Estonia the 10th place in the ranking. Croatia was the only country where the employment rate for men was below 60% (58.5%). Decrease in the employment rate of men was the biggest in Cyprus (from 76.1% to 72.6%), where the employment rate exceeded 80% only three years ago.

Figure 1.2. **Employment rate of men and women in 2013 (%)**



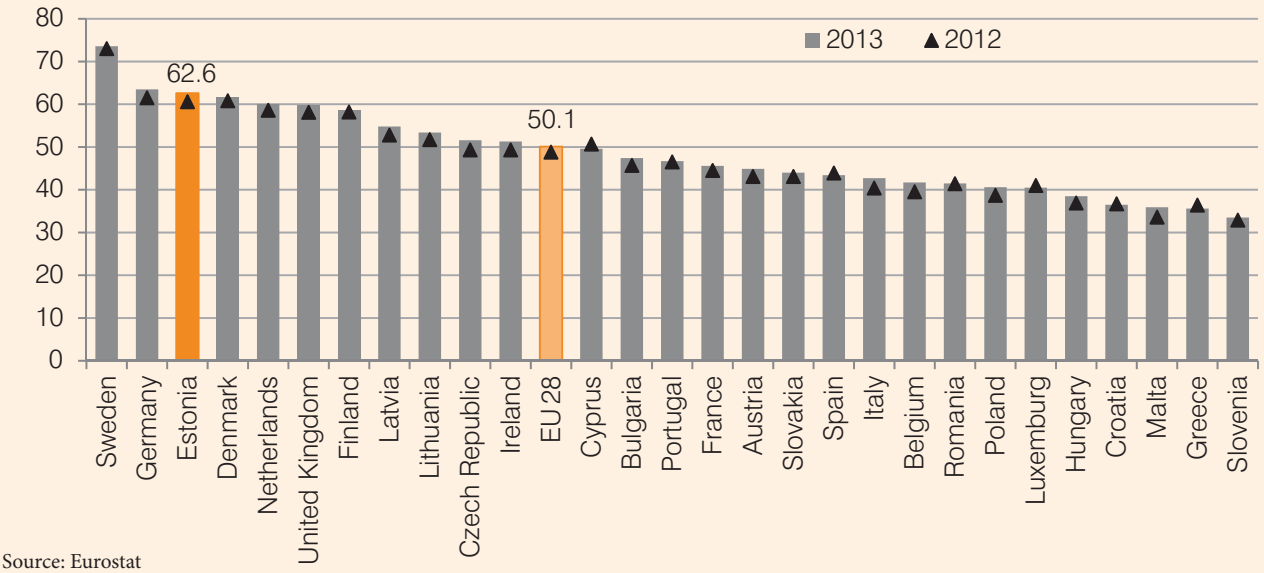
Source: Eurostat

In 2013, EU28 average employment rate of women was 11.7 percentage points lower than that of men. Compared to 2012, the employment gap has somewhat decreased. Differences in the employment rate of women were very big in different countries, fluctuating, in average by ca 30 percentage points. For example, in Sweden, in the Netherlands, Germany, Austria, Denmark, Finland and also Estonia, the employment rate of women was above 70% while in Croatia, Malta, Italy and Greece only about half of women, aged 20–64, were employed; in Greece the respective rate was only 43%. Employment rate of women showed the fastest growth in Malta (by 3 percentage points), but nevertheless remained below 50%. As the employment rate of men is relatively high in Malta, we can speak about

the largest employment gap there – approximately 30 percentage points. Malta is closely followed by Italy and Greece with ca 20 percentage points. Employment gap is the smallest in Lithuania (2.6 percentage points), Finland and Latvia.

Older persons (aged 55-64) have become increasingly active in the labour market. Increase in the average life expectancy, ageing of the population and reviewed pension systems have resulted in people leaving the labour market later than ever before. Also, the recent economic recession hit the younger population the hardest. The employment of older persons has increased in most countries in spite of recession and went above 50% for the first time in 2013. More than a half of the older population works in eleven countries, the respective rate being the highest in Sweden (73.6%), where 76.9% of older men and 70.3% of older women are still working. Estonia with its 62.6% holds the 3rd position after Sweden and Germany. Less than 40% of older persons work in Hungary, Croatia, Malta, Greece and Slovenia. In Slovenia, the respective employment rate remained even below 33%. Compared to 2012, the increase was the fastest in Bulgaria and Belgium, whereas the drop was the biggest in Luxemburg (–1 percentage points). Unlike the other age groups, the employment rate of older persons only dropped in three countries. Many reasons, some of them emerging already before the crisis, are behind increase of the employment rate of older persons. Some of the reasons are increased level of education, increasing employment of women, job protection, reforms of early retirement, measures to keep older persons in employment etc.

Figure 1.3. **Employment rate of persons aged 55–64 in 2012 and 2013 (%)**



Source: Eurostat

As we compare the employment of men and women, we will see that traditionally, employment rate of older women remains very low in Southern European countries. In Malta, for example, only 18.4% of older women were employed. According to low activity rates (around 19.4%), they do not also get involved in seeking for employment. Less than 30% of older women were employed in Greece, Croatia and Slovenia.

1.2. Unemployment

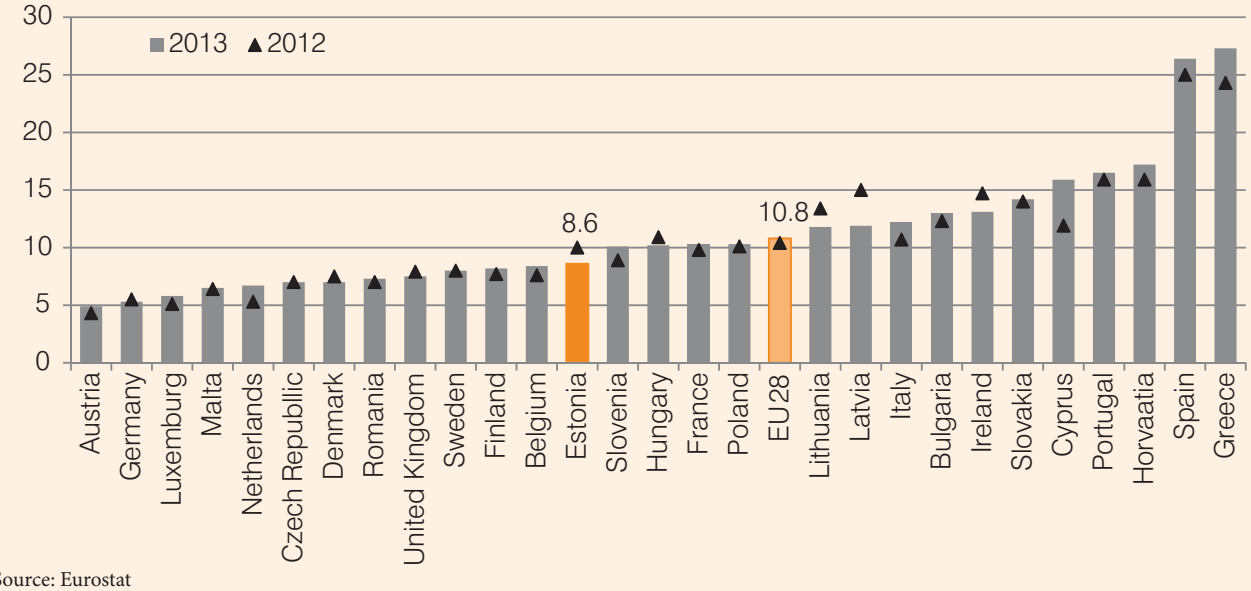
Since 2009, unemployment has shown a growth trend in the EU; increase in unemployment only slowed down in 2011, but then the growth trend continued. Compared to 2012, unemployment decreased in eight countries and remained at the same level in Sweden and the Czech Republic. Unemployment rate[3] also continued to grow in 2013,

[3] Unemployment rate – proportion of unemployed persons in the labour force in the population aged 15-74.

and the number of the unemployed reached the record level of 26.2 millions while unemployment rate went up to 10.8%. The number of unemployed persons was the highest in Spain (6 millions), Italy (3.1 millions) and France (2.8 millions). Compared to 2012, the unemployment rate grew by 0.4 percentage points. As in 2012, the unemployment rate in Estonia was lower than the EU28 average and as the result, Estonia ranked the 13th place with 8.6% unemployment rate. Compared to the pre-crisis period, increase in unemployment was most notable in Greece, Spain, Cyprus, Croatia and Portugal. The only country where unemployment has continued to drop over the last five years is Germany. Compared to 2012, decrease in unemployment was the biggest in the Baltic states and Ireland. The increase was the fastest in Cyprus (4 percentage points), but also in Spain, in the Netherlands and Italy. Austria has the lowest unemployment rate (4.9%); the same can be said about Germany and Luxemburg, whereas in Austria, unemployment has remained below five percent during the recession period in general. Greece (27.3%) and Spain (26.4%) stand out for the highest unemployment rates; in these countries, unemployment is more than four times bigger than in countries, demonstrating the lowest unemployment levels.

Unlike the other Southern European countries, Malta also stands out with low unemployment rate (6.5%). While by general rule employment rate is higher than the average in countries with lower unemployment, the situation is the opposite in Malta. Employment rate among men in Malta hold the 5th place in the ranking, whereas women mostly stay at home; they do not work or seek for employment and therefore, the average employment numbers remain below the EU28 average level. This is why we can speak about Malta as a country with both low unemployment and low employment.

Figure 1.4. **Unemployment rate in 2012 and 2013 (%)**

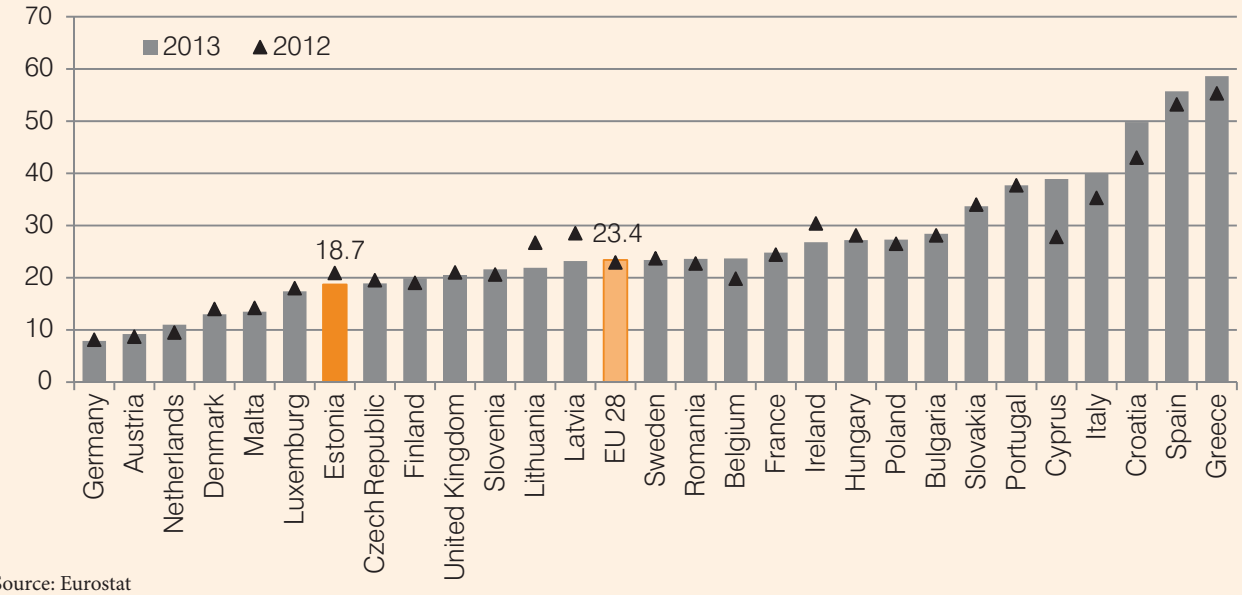


Source: Eurostat

The recession hit the young persons under the age of 25 the hardest. In most countries, high rates of unemployment among young persons (aged 15–24), which have been growing for five years in row, is a huge problem. In 2013, more than 5.5 million young persons were unemployed in the EU28 countries and unemployment rate among the young reached a record 23.4% level, which is higher than last year by 0.4 percentage points. Unemployment was slightly higher among men than among women, respectively, 24.1% and 22.7%. Unemployment among the young increased in 14 countries, most rapidly in Cyprus and Croatia. Increase was the smallest in the Baltic states and Ireland. In Estonia, unemployment rate dropped below 20% (18.7%) and this raised Estonia to the 7th place in the ranking of the EU28 countries. Unemployment among the young remains below 10% in two countries only – in Germany (7.9%) and Austria (9.2%). In Greece (58.3%) and Spain

(55.5%), from the other hand, the respective rate is above 50% for the second year in row, both among men and women. In Greece, the unemployment rate of young women even goes as high as 64%. Unemployment among the young has also gone up close to 50% in Croatia (49.7%), and even to 51% among young women. High unemployment has resulted in increase of long-term unemployment, which is especially dangerous for young persons, as the skills they've acquired will become obsolete and they will never acquire working habits. Long-term unemployment of young persons has continued to grow over the last five years. Long-term unemployed make up slightly more than one third of unemployed young persons (34.2%) and their proportion has grown in more than a half of the countries over the last year. The share of long-term unemployed young persons is the largest in Slovakia (61.3%), Italy (53.3%), Greece (52.3%) and Croatia (50.5%). In the Nordic countries – Finland and Sweden, from the other hand, where the unemployment rate among the young is higher than in Estonia, long-term unemployed contribute only 5–6% of young unemployed persons.

Figure 1.5. **Unemployment rate of persons aged 15–24 in 2012 and 2013 (%)**



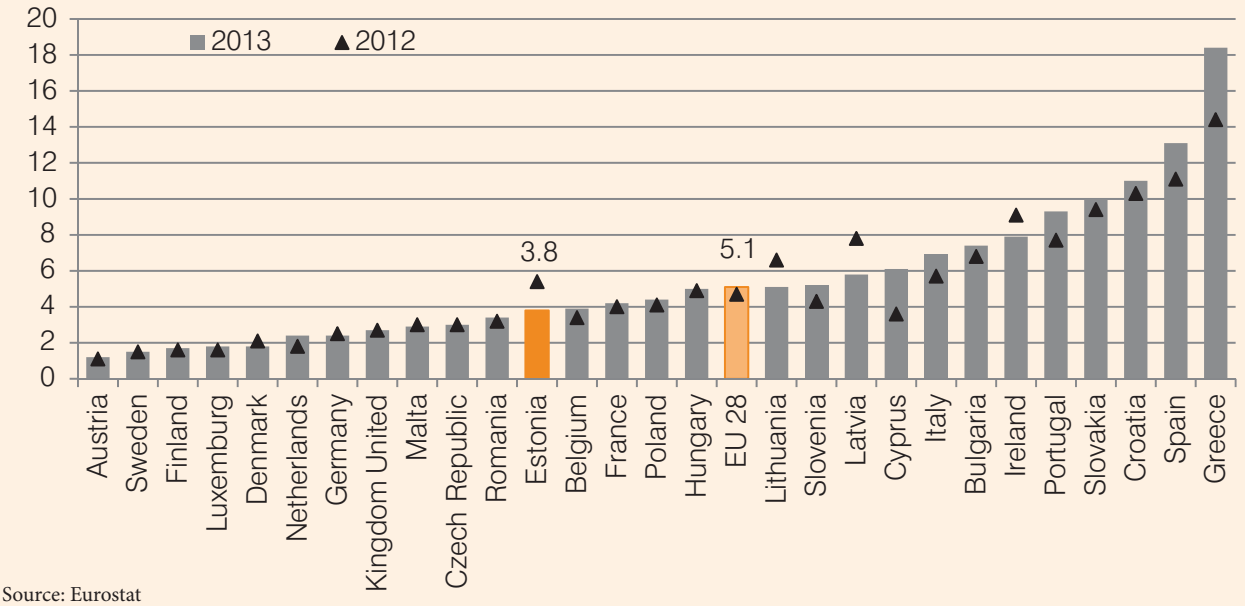
Source: Eurostat

Apart the unemployment rate it is also important to observe the so-called NEET- (Not in Employment, Education and Training) young persons or those who neither learn nor work. In 2013, the NEET rate[4] reached 13% (in Estonia – 11.3%) in the EU, remaining more or less at the same level we experienced the last year. Countries with high unemployment rate among the young persons usually also have a high NEET-rate. For example, in both 2012 and 2013, NEET-rate was above 20% in Greece, Italy and Bulgaria and only 5% in Holland and Luxemburg. The NEET rate increased the most in Croatia and Cyprus.

Weakening labour market has resulted in growth of long-term unemployment in majority Member States and has reached an all-time high. 5.1% of labour force has been job-seeking longer than for a year; this is more by 0.4 percentage points than in 2012. Long-term unemployment has continued to grow during the recession period and has doubled, compared to 2008. The situation has only shown some improvement in seven Member States, and the strongest in the Baltic states and Ireland. While in 2012 Estonia positioned 18th in the ranking, then it had climbed up to position 12 by 2013 and surpassed the EU28 average. Long-term unemployment rate was still the lowest in Austria, Luxemburg and the Nordic countries (below 2%) and the highest in Greece (18.4%) and Spain (13.1%). The growth was the strongest in countries where general unemployment showed the largest increase – in Greece (4 percentage points), Cyprus and Spain.

4 NEET-rate – share of young persons, not working or studying, among the population aged 15–24.

Figure 1.6. **Long-term unemployment rate in 2012 and 2013 (%)**



Source: Eurostat

On the whole it can be said that the comparison of the EU28 average statistical information shows that labour market situation did not improve much in 2013, although some of the temporary signs of recovery of the economy were notable. Employment rate did drop a bit while unemployment increased. The general unemployment rate, unemployment rate among young persons and long-term unemployment rate grew by 0.4 percentage points. Although general employment in the EU has remained somewhat lower than the respective OECD average during the period of recession, some countries have coped relatively well. This shows that the recession has had different influence on different countries. Northern and Central European countries have coped better than the Southern European countries peripheral regions. Disparities are outstanding and the gap will grow further. High unemployment, resulting poverty and inequality will impair the competitiveness of economy. The situation continues to deteriorate in Spain and Greece, where the unemployment rate exceeds 24%, but also in Croatia and Cyprus. In Estonia, the labour market indicators have been somewhat better and reached levels higher than the EU28 average. The situation has somewhat improved, compared to 2012. Estonia ranks 3rd position with the employment rate of older persons. Employment and unemployment indicators were still the best in Sweden, in the Netherlands, Germany, Austria and Denmark. According to the European Commission forecast[5], the situation in the EU28 labour market is expected to improve slowly in the nearest future. In 2014, the number of employed is expected to grow only by 0.6% while he unemployment rate is expected to drop to 10.5%.

[5] European Commission. European Economic Forecast Spring 2014. European Economy 3/2014.

2. Situation on the Estonian labour market in 2013

Ülle Marksoo

The situation on the Estonian labour market has steadily improved since 2011. Despite slowed economic growth, the number of employed increased and unemployment continued to decrease also in 2013. Economic activity of people on labour market has grown, which is evidenced by decrease in economically inactive people. However, decrease in the numbers of people of working age, due to ageing of the population, boosted by young people leaving Estonia, gives the reason to feel worried. In 2008–2013, the number of people aged 15–74 dropped, in total, by approximately 40,000. By the beginning of 2014 the total number of population of working age had dropped, for the first time, below one million (991,300) and according to the population forecast of Statistics Estonia, this trend can be expected to continue.

Next we will analyse changes in employment, unemployment and inactivity, which have taken place in 2013, in detail. We have shown the appropriate indicators since 2008 to allow for better comprehension of the trends. This will allow us to assess the current situation of the labour market, compared to pre-recession situation in 2008, during the peak of the crisis in 2010 and recovery from the crisis over the years that followed. Revised data of Labour Force Surveys[6] was used in this collection.

2.1. General trends

As the economic growth slowed down, the number of employed started to decrease from the second half of 2013. Despite this fact the average number of employed did grow, compared to 2012, by 1% or 6,400 people and the number of unemployed dropped by 14% or 9,800 people (see Table 2.1.).

Table 2.1. **Main indicators of the labour market and population by employment status, 2008–2013**

	2008	2009	2010	2011	2012	2013
Growth of GDP, %	–4.2	–14.1	2.6	9.6	3.9	0.8
Employment growth, %	–0.2	–9.5	–4.4	6.2	1.9	1.0
Population aged 15-74, thousands	1040,1	1034,4	1028,4	1019,9	1010,8	1000,4
Employed, thousands	656,0	593,9	568	603,2	614,9	621,3
men	334,3	291,3	277,6	302,7	309,4	314,7
women	321,7	302,6	290,4	300,5	305,5	306,6
Unemployed, thousands	37,8	93,1	113,9	84,8	68,5	58,7
men	20,4	58,3	66,3	45,5	37,9	31,5
women	17,4	34,8	47,7	39,3	30,6	27,2
Inactive, thousands	346,2	347,4	346,6	331,9	327,4	320,3
men	138,0	141,2	144,9	137,4	134,8	132,1
women	208,3	206,2	201,6	194,6	192,6	188,2
Activity rate (aged 15-64), %	73.9	73.7	73.6	74.5	74.4	74.8
Employment rate (aged 20–64), %	76.7	69.7	66.5	70.3	71.8	73.0
Unemployment rate (aged 15–74), %	5.5	13.5	16.7	12.3	10.0	8.6

Source: Statistics Estonia, Estonian Labour Force Survey

[6] The Labour Force Survey data for 2000–2013 have been adjusted using population numbers revised on the basis of 2011 Population Census and registers.

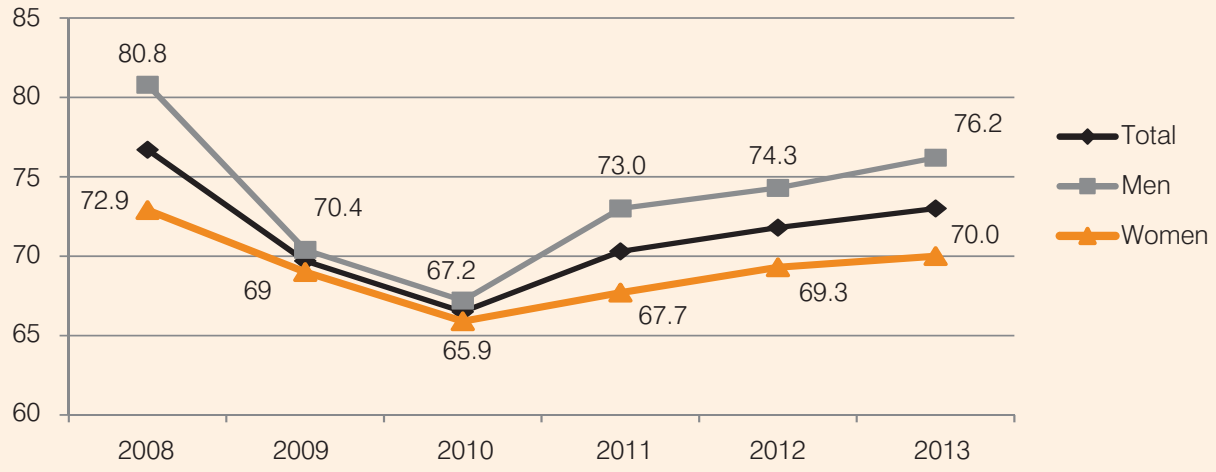
The speed of growth was slower by half over the previous year.

According to the data provided by the Labour Force Survey of Statistics Estonia, in 2013 there were 621,300 employed persons, the 58,700 unemployed persons and 320,300 inactive persons among the 15–74 age group in Estonia. The average employment rate of the year was 73% and the unemployment rate – 8.6%. Compared to 2012, employment rate grew by 1.2 and unemployment rate dropped by 1.4 percentage points. The proportion of persons active on the labour market increased also, going up to 74.8%, which has been the highest for the last 20 years. The same can be said about the activity rate[7] of women, which was the highest since the restoration of independence, also ranking among the highest among the EU28 countries (6th place). Thus the share of inactive persons (i.e. persons who neither work nor look for work) has decreased. Decrease in the share of inactive persons was influenced by the change in the age structure of the population. In 2013 the number of inhabitants aged 15–74 decreased by ca 10,000. Both the number of persons aged 15–24, inactive because of studies, and persons aged 50–74 did decrease.

2.2. Employment

Despite the decrease in the population the number of employed persons increased in 2013 among both men and women; the increase was a little bigger among men who contributed 83% of the increase in employment. In one year the employment rate of men increased from 74.3% to 76.2% and employment rate of women from 69.3% to 70%. Employment rate increased in all age groups but was the biggest among older persons (aged 55–64) (from 60.3% in 2012 to 62.5% in 2013). Although employment has grown steadily, the pre-crisis level hasn't been reached yet. In the National Reform Programme „Estonia 2020" (endorsed by the Government of the Republic of Estonia on 8 May 2014), Estonia has set the goal of reaching the pre-crisis employment level and reach the employment rate of 76% in age group 20–64 by 2020. The intermediate goal for 2015 (72%) was exceeded in 2013.

Figure 2.1. **Employment rate of men and women, 2008–2013 (%)**



Source: Statistics Estonia, Estonian Labour Force Survey

[7] Activity rate - proportion of the labour force (employed and unemployed persons) in the population aged 15-64

Employment rates are very different in different counties. Just like in 2012, in 2013 the employment rate of persons aged 20–64 was the largest in Harju County (79.4%), followed by Järva County with 77% and Tallinn with 76.2%. The only county that saw employment dropping below 60% was Võru County. Valga County, however, only having 54.9% employment rate in 2012, experienced the largest growth and went up to 66.8%. While employment rates grew in majority counties, the only counties where employment dropped were Võru, Viljandi, Põlva and Lääne-Viru counties. The employment rate also dropped in Tallinn, the capital city, whereas the number of employed persons slightly grew. The decline was due to growth of population in the age group concerned.

Analysis of the employment by the location of workplaces revealed that ca 51% of employed persons in Estonia are employed in the Northern Estonia (i.e. in Harju County, incl. in Tallinn). People from all over Estonia come to work in the capital or its hinterland, most of them arrive from Rapla County, Lääne-Viru County and Viljandi County. A total of 31% of the employed persons of Rapla County works in Northern Estonia. Another region that attracts people is Tartu County where the number of employed persons exceeds that of those employed persons who live in that region. The number of employed persons showed the largest growth – 7,700 employed persons – in institutions and enterprises of Tartu County. The total of 20% of employed persons worked outside their county of residence or even abroad.

Working abroad

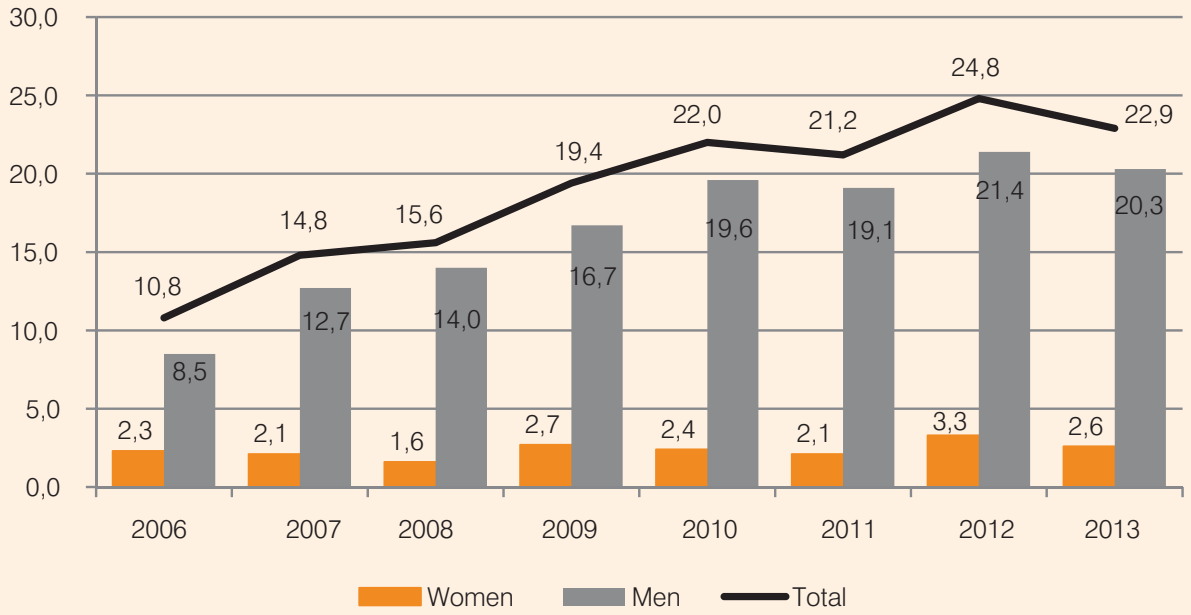
Over the last decade, two events have had major influence on the cross-border working of Estonian residents – joining the European Union in 2004 and the global recession that started in 2008 brought up the number of Estonian residents working abroad. Figure 2.2 shows that since 2006, the number of persons living in Estonia but working abroad has grown basically every year. While in 2011, in average, 21,200 people or 3.5% of employed people from age group of 15–74 were working abroad, then in 2012 this number grew by 17%, and as a consequence, 24,800 people or approximately 4.0% of the total employed working-age population were working abroad. In 2013, the number of people working abroad somewhat dropped or in average, 22,900 people or 3.7% of the employed working-age population[8] worked abroad.

Working abroad is much more popular among men than women. In 2013, persons working abroad consisted of 89% men and 11% women. Most of them (74%) are in their prime working age i.e. belong to the age group 25–49. 18% are older (50 years and older) and 8% - young persons from age group 15–24. Most people find employment in construction (41%) and transport sector (40%). 2/3 of employed persons working abroad have secondary education. Since 2000, Finland has been the most popular destination country, both because of its vicinity and similar language. As a consequence, in 2013 people working in Finland made up 68% (15,600 people of the total of 22,900) of all the people working aboard but residing in Estonia.

People from all the counties of Estonia work abroad. 35% of persons working abroad are inhabitants of Tallinn and Harju County and non-Estonians contribute approximately one third (32%). By counties, Pärnu, Ida-Viru and Viljandi are also strongly represented. Compared to 2012, the number of people from Ida-Viru and Viljandi counties, working abroad, has increased considerably.

[8] Tarum, Häli. Migration potential of working-age population in Estonia in 2013. Policy analysis. Series of the Ministry of Social Affairs, 2/2014.

Figure 2.2. **Estonian inhabitants employed abroad, 2006–2013, (thousands)**



Source: Statistics Estonia, Estonian Labour Force Survey

Economic activities

Changes in the structure of economic activities in 2008–2013 can be seen in Tables 2.2 and 2.3. Comparing the three economic sectors, the number and percentage of people working in tertiary sector[9] has increased while the share of secondary sector has decreased. Despite the fact that the number of people working in tertiary sector grew to 407,000, which is the largest number over the last 25 years, the relative importance of the sector in employment still remains low, compared to the EU28, but also to the Latvian and Lithuanian averages.

Manufacturing has the largest number of employed people (116,400), followed by wholesale and retail trade (81,100) and construction (56,600). The number of workers demonstrated the strongest growth in 2013 in professional, scientific and technical activities (+3,000) and accommodation and food service activities (+4,600), where development of domestic and foreign tourism helped to keep the demand high. Decrease was most notable in education (-5700), in transportation and storage sector (–4,100) and in energy (–2,100).

Table 2.2. **Share of employed persons by economic sectors, 2008–2013 (%)**

	2008	2009	2010	2011	2012	2013
Total	100	100	100	100	100	100
Primary sector	3.9	4.0	4.2	4.4	4.5	4.3
Secondary sector	35.2	31.4	30.3	32.4	31.1	30.2
Tertiary sector	60.9	64.6	65.5	63.2	64.4	65.5

Source: Statistics Estonia, Estonian Labour Force Survey

[9] Economic sectors: primary sector - agriculture, hunting, forestry and fishing; secondary sector - mining, manufacturing, electricity, gas, water supply, construction; tertiary sector - trade, services, etc.

Table 2.3. **Employed persons by economic activities, 2010–2013 (thousands)**

	2010	2011	2012	2013	Change 2012/2013	Share of employed persons %, 2013
Total	568,0	603,2	614,9	621,3	6,4	100
Agriculture, forestry and fishing	23,9	26,6	27,6	26,5	–1,1	4.3
Mining	6,7	5,8	4,9	4,8	–0,1	0.8
Manufacturing	106,6	119,1	115,5	116,4	0,9	18.7
Electricity, gas, steam, conditioned air supply	8,6	8,1	9,2	7,1	–2,1	1.1
Water supply; sewerage; waste and pollution management	2,3	3,7	3,3	3,0	–0,3	0.5
Construction	47,7	58,9	58,2	56,6	–1,6	9.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	80,0	81,1	79,1	81,1	2,0	13.0
Transportation and storage	44,4	48,3	51,0	46,9	–4,1	7.6
Accommodation and food service activities	18,9	18,4	18,8	23,4	4,6	3.8
Information and communication	12,7	16,7	18,5	19,7	1,2	3.2
Financial and insurance activities	9,4	10,3	10,9	10,2	–0,7	1.6
Real estate activities	10,1	10,7	10,7	11,7	1,0	1.9
Professional, scientific and technical activities	21,0	23,1	23,2	26,2	3,0	4.2
Administrative and support service activities	19,1	17,4	21,3	22,7	1,4	3.7
Public administration and defence; compulsory social insurance	40,3	39,3	40,1	43,0	2,9	6.9
Education	55,7	56,5	61,8	56,1	–5,7	9.0
Human health and social work activities	34,2	34,6	34,5	36,4	1,9	5.9
Arts, entertainment and recreation	14,6	14,2	14,9	17,1	2,2	2.7
Other activities	11,7	10,5	11,4	12,4	1,0	2.0

Source: Statistics Estonia, Estonian Labour Force Survey

Occupation

Unlike 2012 the share of white-collar workers in the occupational structure decreased in 2013 while the share of blue-collar workers increased. In 2013, the total increase of employment is attributable to increase in the number of blue-collar jobs. White-collar workers represented 47.8% of the employed persons and blue-collar workers 52.2%. The share of women at white-collar occupations is bigger than that of men (55.6% and 40.1%, respectively).

In 2013, the number of persons holding elementary occupations and plant and machine operators and assemblers demonstrated the strongest growth in employment, respectively +6,700 and +4,300 (see table 2.4). The number of managers has steadily grown over the last three years. In 2013, there were, in total, 60,000 persons in managing positions. Employment experienced the biggest drop among skilled workers and craft workers (–3,400) and also technicians and associate professionals (–2,700).

Table 2.4. **Employed persons by group of occupation, 2010–2013 (thousands)**

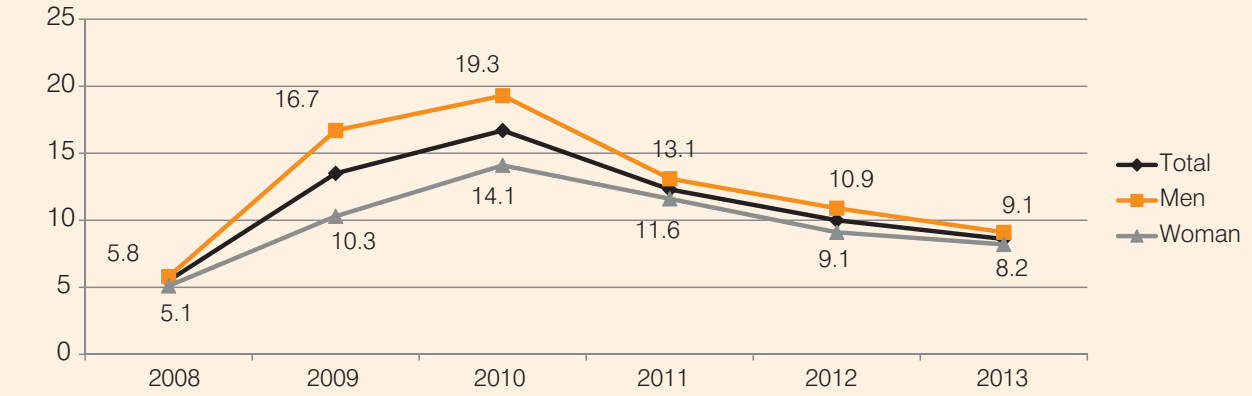
	2010	2011	2012	2013	Change 2012/2013	Share of employed persons %, 2013
Major groups of occupations, total	568,0	603,2	614,9	621,3	6,4	100
Managers	63,0	55,9	56,8	60,0	3,2	9.7
Professionals	114,6	118,2	119,4	118,8	–0,6	19.1
Technicians and associate professionals	61,3	78,1	83,8	81,1	–2,7	13.1
Clerks	29,4	32,4	37,1	36,7	–0,4	5.9
Service workers and shop and market sales workers	80,9	78,4	80,4	80,9	0,5	13.0
Skilled workers in agriculture, forestry and fishing	10,5	11,9	11,7	10,5	–1,2	1.7
Skilled workers and craft workers	79,8	92,7	91,9	88,5	–3,4	14.2
Plant and machine operators and assemblers	73,3	78,6	80,3	84,6	4,3	13.6
Elementary occupations	51,9	54,9	51,3	58	6,7	9.3
Armed forces	3,3	2,1	2,3	2,1	–0,2	0.3

Source: Statistics Estonia, Estonian Labour Force Survey

2.3. Unemployment

Like in 2011 and 2012, unemployment rate continued to decrease in 2013. Although the unemployment rate showed a slight increase in the end of the year, the average unemployment rate was 8.6% this year, lower by 1.4 percentage points than in 2012. Over the year, the number of the unemployed decreased by 9,800 (from 68,500 to 58,700). In 2013, unemployment decreased both among men and women and in all age groups. Among men, the unemployment rate was slightly higher than among women (respectively, 9.1% and 8.2%), but compared to the crisis years the unemployment gap has decreased 6 to 7 times (see figure 2.3).

Figure 2.3. **Unemployment rate of men and women, 2008–2013 (%)**



Source: Statistics Estonia, Estonian Labour Force Survey

The biggest number of unemployed persons belonged to the 20–29 age group, but compared to the previous year, this number had dropped by a couple of thousands. Unemployment of young persons has always been higher than that of other age groups as job seeking will follow school graduation and young persons also tend to switch jobs more frequently than older persons. As it is difficult to find a job with no prior working experience, young persons (15–24 age group) is observed as a labour market risk group. During the economic crisis unemployment of young persons was at its highest but in the last three years the unemployment rate of young persons has fallen fast (from 32.9% in 2010 to 18.7% in 2013). Nevertheless, the unemployment rate of young persons remains very high. In 2013, the number of unemployed young was 11,400, equally 5,700 among both men and women, however, the unemployment rate was slightly higher among women. While earlier unemployment used to be much higher among young men than women, the situation changed in 2013 (unemployment rate among men was 17.8% and the unemployment rate among women – 19.7%).

Unemployment of young persons was especially high among non-Estonians, reaching 25.7% in 2013. Compared to 2012, unemployment among young persons decreased both among Estonians and non-Estonians and increased among non-Estonian women. This resulted in general increase of unemployment rate among young women. The National Reform Programme, „Estonia 2020", has set the goal decreasing unemployment rate among young persons to 15% by 2015 and to 10% by 2020; special additional measures for young persons will be devised for that purpose.

Table 2.5. **15–24 age group by employment status, 2008–2013**

	2008	2009	2010	2011	2012	2013
Total, thousands	193,5	187,3	180,5	173,2	165,3	156,2
Employed, thousands	68,7	52,4	45,0	53,0	52,1	49,6
Unemployed, thousands	9,4	19,8	22,1	15,3	13,7	11,4
Inactive, thousands	115,5	115,2	113,3	104,9	99,4	95,2
Activity rate, %	40.3	38.5	37.2	39.4	39.9	39.1
Employment rate, %	35.5	28.0	25.0	30.6	31.5	31.8
Unemployment rate, %	12.0	27.4	32.9	22.4	20.9	18.7
Incl. men	12.6	31.6	35.7	23.8	22.8	17.8
women	11.3	21.8	29.5	20.6	18.5	19.7
The share of young unemployed persons in 15–24 age group, %	4.9	10.6	12.2	8.8	8.3	7.3
NEET-rate, %	8.8	14.9	14.5	11.8	12.5	11.3

Source: Statistics Estonia, Estonian Labour Force Survey, Eurostat

Demographic changes have also considerable influence on labour market indicators. Decrease of natural increase that started in the 1990ies has more and more influence on the number of population of working-age. While in 2010 the number of young persons aged 15–24 totalled to 180,500, then by 2013 the size of this age group had dropped to 156, 200 and only to 147,000 in 2014. The number of young persons decreased in 2012–2013 by 9,100 and in 2013–2014 – by 9,600. Low birth rates and high migration will allow to expect further decrease of the age group of young persons over the next years to come.

Another risk group is that of long-term unemployed persons who have been looking for a job for over one year. As in other age groups, there have always been more men than women among long-term unemployed and the long-term unemployment rate of men has always been higher than that of women (in 2013, respectively, 4.2% and 3.4%), as more men work in sectors that are more sensitive to the cyclical changes of the economy. The number of long-term unemployed persons that started to increase during the economic crisis has decreased in the past years but is still high. All in all the number of long-term unemployed persons decreased from 37,400 to 26,100 in 2012-2013 and long-term unemployment rate decreased from 5.5% to 3.8%. Unlike the previous years the number of long-term unemployed persons decreased faster than that of short-term unemployed in 2012–2013. In 2013, short-term unemployment even showed a slight increase, but bigger decrease of long-term unemployment contributed to decrease of the number of unemployed persons in general. As a consequence of rapid decrease the share of long-term unemployed among unemployed went down to 45% and the number of very long-term unemployed also decreased by one third. In 2013, the total of 15,400 persons had been searching for work for over two years. High and constant long-term unemployment indicates that unemployment has become structural.

The length of job-seeking period increases with age. For example, in 2013, the proportion of long-term unemployed among the young persons was 35%, 46% in the 25–49 age group and over 50% among people older than 50 years. The share of long-term unemployed is higher among the unemployed, living in urban-type settlements (46% of the unemployed) than in the countryside (39%).

Table 2.6. **Long-term unemployed and long-term unemployment rate 2008–2013**

	2008	2009	2010	2011	2012	2013
Unemployed in total, thousands	37,8	93,1	113,9	84,8	68,5	58,7
Incl. short-term unemployed, thousands	26,1	67,7	62,4	36,2	31,0	32,6
long-term unemployed, thousands	11,8	25,4	51,6	48,6	37,4	26,1
incl. men	7,2	15,5	32,0	27,5	21,0	14,6
women	4,5	9,9	19,6	21,1	16,4	11,5
Long-term unemployment rate, %	1.7	3.7	7.6	7.1	5.5	3.8
incl. men	2.0	4.4	9.3	7.9	6.0	4.2
women	1.3	2.9	5.8	6.2	4.9	3.4
Estonians	1.2	2.8	5.7	5.0	3.7	2.6
non-Estonians	2.7	5.5	11.2	11.2	9.2	6.5
Proportion of long-term unemployed among the unemployed, %	31.2	27.3	45.3	57.3	54.6	44.5

Source: Statistics Estonia, Estonian Labour Force Survey

More than half of long-term unemployed persons are non-Estonians and their long-term unemployment rate (6.5%) exceeds that of Estonians (2.6%) by more than 2.5 times. Unemployment rate of non-Estonians remains high due to Ida-Viru County, an industrial region with mostly non- Estonian residents where unemployment was the highest ever. Finding a job is difficult in this area, regardless of the nationality. In 2013, long-term unemployment rate in Ida-Viru County was similar among both non-Estonians – 9.6% - and Estonians – 9.7%. More than a half of unemployed non-Estonians (53%) live in Northern Estonia, where the unemployment gap of Estonians and non-Estonians is multi-fold. One of the reasons for this is lack of Estonian language skills and also bigger activity of non-Estonians in the labour market.

General unemployment rate among Estonians and non-Estonians, both men and women, has decreased since 2011, and even somewhat faster among non-Estonians. In 2013, the unemployment rate among Estonians was 6.8% and among non-Estonians – 12.4%. Although unemployment gap is considerable (5.6 percentage points), the employment gap for the same age group (15-74) is much smaller (2.7 percentage points) and their activity rate is even higher by 1.2 percentage points than among Estonians. This shows that non-Estonians participate more actively in labour market.

Table 2.7. **Labour market indicators of Estonians and non-Estonians, 2008–2013, %**

		2008	2009	2010	2011	2012	2013
Unemployment rate	Estonians in total	4.1	10.8	13.3	9.6	7.6	6.8
	incl. men	4.4	13.4	15.8	10.1	8.8	7.6
	women	3.7	8.0	10.7	9.0	6.3	6.0
	Non-Estonians in total	8.2	19.0	23.4	17.9	15.0	12.4
	incl. men	8.4	23.2	26.5	19.2	15.4	12.2
	women	8.0	14.7	20.5	16.7	14.6	12.7
Employment rate	Estonians	63.5	58.0	56.0	59.9	62.0	63.0
	Non-Estonians	62.1	56.2	53.6	57.5	58.4	60.3
Activity rate	Estonians	66.3	65.0	64.6	66.3	67.1	67.6
	Non-Estonians	67.7	69.5	69.9	70.0	68.7	68.8

Source: Statistics Estonia, Estonian Labour Force Survey

Older persons (aged 55–64) are also considered a risk group on the labour market as it is more difficult for them to find a new job after leaving the labour market than it is for younger persons. Unemployment rate among older persons is lower than the general unemployment rate; however, they seek for jobs longer or drop out from labour market altogether. In 2013 there were a total of 6,900 older unemployed persons. Compared to 2012 the unemployment rate of older persons decreased in 2013 from 7.2% to 6%. At the same time employment rate increased to 62.5%, which even surpassed the pre-crisis level. According to the Labour Force Survey the share of employed persons who have reached the retirement age has been increasing over the years and in 2013 the number of employed old-age pensioners up to 74 of age already totalled to ca 43 000.

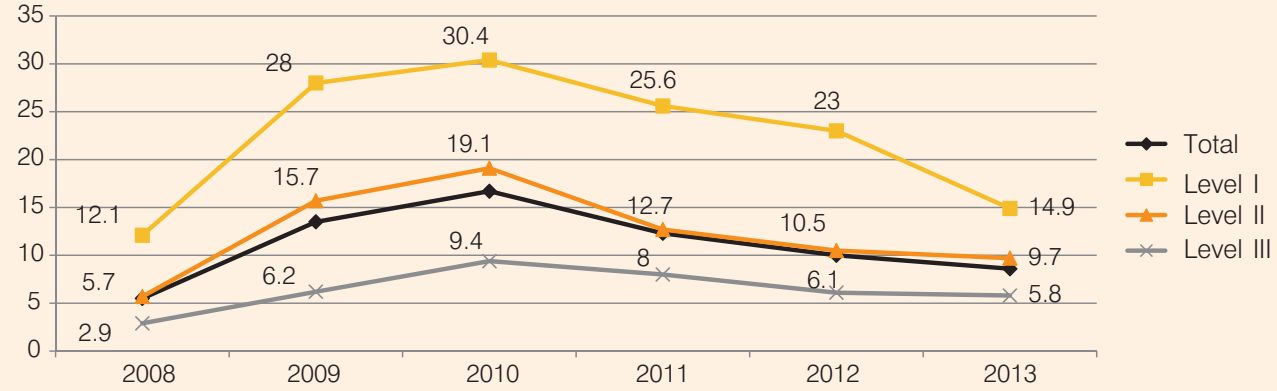
Table 2.8. **Labour market indicators of 55–64 age group, 2008–2013, %**

		2008	2009	2010	2011	2012	2013
Employment rate	Total	62.1	60.3	53.8	57.4	60.3	62.5
	Men	64.4	59.3	51.9	56.9	58.8	61.3
	Women	60.3	61.1	55.3	57.8	61.5	63.6
Unemployment rate	Total	4.1	9.3	16.3	11.6	7.2	6.0
	Men	5.3	11.9	19.3	14.8	9.4	8.2
	Women	3.1	7.3	14.0	9.0	5.4	4.4
Activity rate	Total	64.7	66.5	64.3	64.9	65.0	66.6
	Men	67.9	67.3	64.3	66.7	65.0	66.7
	Women	62.2	65.9	64.3	63.5	65.0	66.5

Source: Statistics Estonia, Estonian Labour Force Survey

An important factor that affects finding employment is the completed level of education, both during economic recession and growth period. For persons with low level of education finding a job is several times less likely, especially during recession. Figure 2.4. shows that the lower was the completed level of education, the higher was the increase of unemployment rate during the peak of the recession, in 2010. Unemployment among people with higher education did also increase, but still remained three times lower than among people with basic education. In 2011–2013, unemployment rate decreased in all levels of education; unemployment of people with lower level of education dropped especially fast, which is evidenced by increase of elementary occupations in 2013. Only 23% of all the unemployed seeked employment matching their completed level of education in 2013. The respective percentage was 40 among unemployed with higher education, but this shows that 60% would be willing to accept a job requiring lower level of education. Young people were most often searching for a job to match their completed level of education.

Figure 2.4. **Unemployment rate by ISCED 97 levels of education[10], 2008–2013, %**



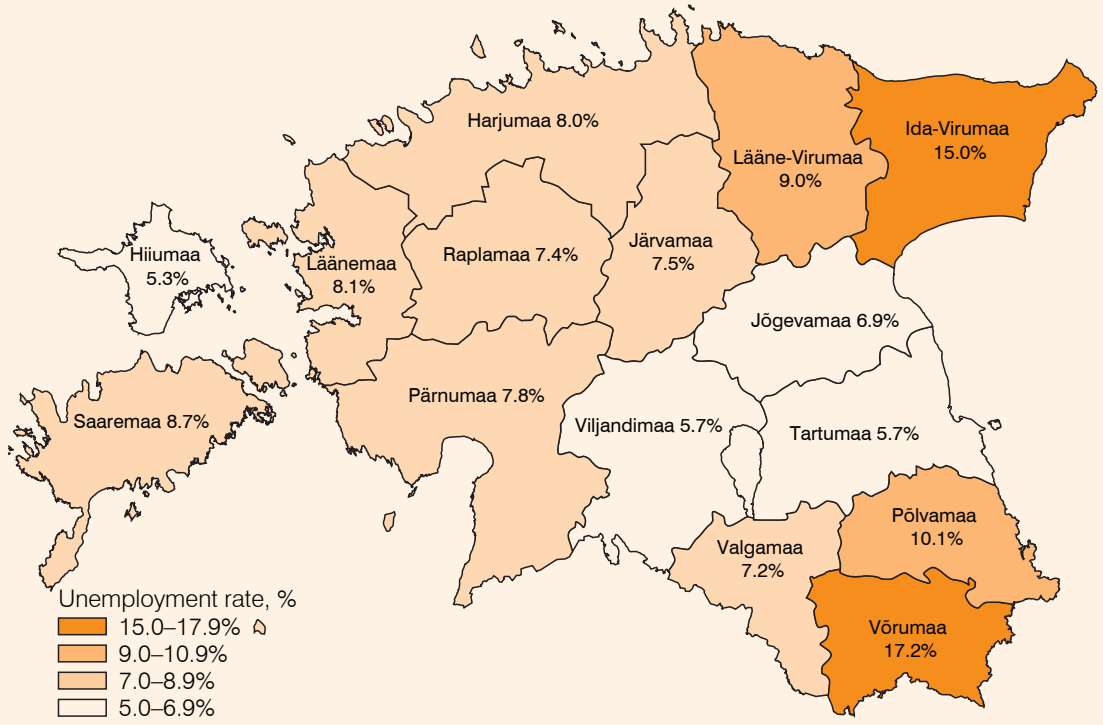
Source: Statistics Estonia, Labour Force Survey

[10] Level I – primary education, vocational education with no basic education, basic education; Level II – basic education with vocational education, vocational secondary education on the basis of basic education, general secondary education, vocational secondary education in the basis of high school; Level III – secondary specialised education, applied higher education, academic higher education, doctor's degree.

The main step taken to find a job is browsing job offers (preferred by 84% of the unemployed). It is also common to contact one's relatives and acquaintances (58%). Contacting the Unemployment Insurance Fund is at rank three (52%). At the peak of recession people contacted the Unemployment Insurance Fund more frequently (ca 60%), as many of those who had lost their job were eligible for unemployment insurance benefit. Now the economy is becoming more stable and less people contact the Unemployment Insurance Fund. People who contact the Unemployment Insurance Fund are mostly residents of a city, women, middle-aged and non-Estonians.

Regional differences in unemployment are uneven and unemployment rates in counties differ by more than three times. Compared to 2012, unemployment decreased in all counties, except Võru county, where the unemployment rate increased from 7% to 17%. Ida-Viru County still remains one of the counties with the highest unemployment rates (15%); the same can be said about southeast of the country. Unemployment rate also went up to 10% in Põlva County. Unemployment dropped the most in Valga, Hiiu and Jõgeva Counties.

Figure 2.5. **Unemployment rate by counties in 2013 (%)**



Source: Statistics Estonia, Estonian Labour Force Survey

Although unemployment rate is high many employers report difficulties in finding qualified labour force. This indicates that the skills and level of education of unemployed persons do not always correspond to the demands of the labour market. According to the Bank of Estonia, structural unemployment rate in Estonia is high (above 10%), which even surpasses the general unemployment rate[11].

2.4. Inactivity

In 2013 the number of inactive persons in terms of the labour market, aged 16 to retirement age, was 186,000 in Estonia, i.e. less by 2,500 than in 2012. Like in last year, the decrease was mostly due to the decrease of the 15–24 age group. Therefore, the number of people inactive because of studies has also dropped, as much as by 12,000 over the last two years.

[11] Bank of Estonia. Monetary policy and economy. Current situation and forecast. 1/2014.

Table 2.9. **Reasons for inactivity by age groups from 16 years until retirement age, 2008–2013 (thousands)**

	2008	2009	2010	2011	2012	2013
Total	195,0	201,3	199,6	193,0	188,5	186,0
Studies	89,6	89,4	91,5	87,2	79,6	75,1
Illness or injury	43,3	43,1	43,4	41,2	42,4	44,5
Pregnancy, maternity or parental leave	28,1	33,2	28,5	26,8	27,7	29,5
Need to care for children or other family members	11,7	8,4	9,7	8,6	13,1	11,9
Retirement age	9,0	11,3	10,1	10,4	8,9	9,6
Discouraged persons (lost hope for finding a job)	5,3	7,9	8,0	8,5	6,0	5,7
Other reasons	8,0	8,0	8,3	10,3	10,8	9,8

Source: Statistics Estonia, Estonian Labour Force Survey

The main reason for inactivity of persons of working age (16 years to retirement age) is studies (40%). A total of 86% of persons of 15–24 of age were inactive because of studies. The number of students over 25 of age has also increased. The main reason for inactivity among persons aged 25–49 is pregnancy, maternity or parental leave (45%). The second reason is illness or injury; ca 14,000 (24%) people of this age group are inactive for that reason. Persons over 50 years of age are inactive mostly because of an illness or injury. Approximately 44,500 persons aged 16 years to retirement (24% of inactive persons) were not in the labour market due to an illness, injury or disability; compared to 2012 this figure increased by 2,100 people.

Many among the inactive persons wish to work and would be prepared to commence work; however, they are not searching for work. And as they are not looking for employment they are not considered unemployed. In 2013 the number of such inactive persons who wished to find a job in age groups 15–74 was 34,700. They include pensioners, students, persons who are absent from the labour market due to health problems as well as persons who are taking care of children or family members. This group also includes the so-called discouraged persons. In 2013 there were 6,100 discouraged persons, i.e. this number had decreased by 1,100 since 2012.

In conclusion it is clear that despite slowed economic growth employment increased and unemployment decreased also in 2013. Although short-term unemployment did grow, long-term unemployment decreased so rapidly that it resulted decrease of unemployment in general. Throughout the year improvements could be observed in all risk groups. Apart the unemployed persons, the number of inactive persons, incl. the discouraged, also decreased, which serves to demonstrate increasing economic activity of the population. By 2014 the Ministry of Finance predicts[12] a moderate increase in employment (+0.2%) and decrease in unemployment rate to 7.9%.

[12] Spring 2014 macroeconomic forecast of the Ministry of Finance.

3. Organisation of work, remuneration and collective employment relationship

Eva Põldis

The next section will focus on issues related to organisation of work, remuneration and collective employment relationships. Organisation of work covers different work formats, i.e. fixed-term or unspecified term work, full or part time work and timing of work. Trade union membership and the trend to conclude collective agreements is observed to characterise collective employment relationships.

To describe the organisation of work we shall observe the principal job of employees, i.e. in the case of many jobs the one where the worker works for most hours. Employees are persons who are employed by an enterprise, institution or other employer full-time or part-time for which they receive payment in money or in kind. It is not relevant whether this job has been officially registered. According to the Estonian Labour Force Survey in 2013 there were 564,600, employees, i.e. 91% of employed persons.

3.1. Temporary work

Temporary work represents relatively short fixed-term work. Temporary work includes, for example, seasonal work, odd jobs, working during training, working during probationary period etc. In 2013, 3.5% of employees or around 19,900 employees (see table 3.1) were doing temporary work. Compared to the previous year, the importance of temporary work has not changed considerably among employees. The biggest leap in the proportion of temporary work took place after the economic recession as the proportion of employees engaged in temporary work went up to 4.5% in 2011, which was more by 2,1 percentage points than in 2008. Insecurity, resulting from the recession, and resulting unwillingness of employers to enter into contracts of employment for unspecified term may be among of the reasons for increasing proportion of temporary work.

Temporary work is most common among young persons – in 2013, 12.3% of young employees from the age group of 15–24 were engaged in temporary work; this is higher than the average by more than three times. The share of temporary work is also higher among men than women.

Table 3.1. **Share of temporary work among employees, 2008–2013 (%)**

	2008	2009	2010	2011	2012	2013
Total	2.4	2.5	3.7	4.5	3.7	3.5
Men	3.4	3.0	4.9	5.6	4.7	4.1
Women	1.4	2.0	2.7	3.5	2.7	3.0
Aged 15–24	6.0	8.5	12.3	14.1	13.1	12.3
Aged 25–49	2.2	2.2	3.2	3.5	3.0	2.9
Aged 50–74	1.3	1.2	2.4	3.7	2.3	2.4

Source: Statistics Estonia, Estonian Labour Force Survey

According to the information of 2013, approximately 53.7% of employees, engaged in temporary work, were happy with both permanent and temporary work while 30.5% were looking for permanent work yet hadn't found any and 15.8% did not want permanent work. Compared to the previous year, the share of employees who are happy with both permanent and temporary work did somewhat increase while the share of those who were looking for permanent work yet hadn't found any had dropped. While approximately one half (49.6%) of the age group of 50–74 would want a permanent work but haven't found it, the share of young persons looking for the same option was around

18.5%. At the same time, more than a half (56.5%) young persons were happy with both temporary and permanent work while one fourth didn`t want permanent work.

As we observe the type of employment contracts, we will see that in 2013, 4.6% of employees (approximately 25,900 employees) were employed under a written fixed-term contract. Being employed under contract for the provision of services or authorisation agreement can be also construed as fixed-term employment – in 2013, 0.6% of employees were employed under this type of contracts. Quite often, employees treat engagement under fixed-term contract of employment or some other fixed-term contract under the law of obligations as permanent work, above all, in the case of fixed-term contracts, concluded for a longer period of time (usually, employment under a fixed-term contract, concluded for a relatively short period, is construed as temporary work). Therefore, the importance of temporary work is somewhat lower than the share of employees, employed under fixed-term contract, among employees in general.

In Estonia, the share of persons, engaged in temporary work, among employees, is almost four times lower than the respective EU average. In 2013, 13.8% of all employees were employed on temporary bases in the EU. In Finland, for example, 15.5% of all the employees were engaged on temporary bases; in Latvia and Lithuania the respective indicator was 4.4% and 2.7%. Temporary work is most common in Poland – 26.9% of all employees are employed on temporary bases.

3.2. Part-time work

Employees can work with full-time or part-time work. The Estonian Labour Force Survey uses the definition of part-time work, developed by the International Labour Organization (ILO), according to which part-time workers are employees whose usual weekly working time is less than 35 hours, except for occupations where a shorter working time is stipulated by the law. This is somewhat different from the definition, provided by the Employment Contracts Act, stating that a 40-hour working week is considered full-time work and a shorter working time is considered part-time work (§ 43). Below the characterisation of the trends of part-time work is based on the definition of the Labour Force Survey.

Part-time work gained more importance in 2009–2010, as the share of part-time workers among employees was, respectively, 9.9% and 10.3%. By 2013, the share of part-time workers among employees had somewhat decreased – 52,300 employees or 9.3% of employees worked part-time. The part-time work is more common among women, young persons and older persons. Among women the share of part-time workers is three times higher than among men and among young persons – more than three times higher than among people of the best working age (see table 3.2).

Table 3.2. **Share of part-time workers among employees, 2008–2013 (%)**

	2008	2009	2010	2011	2012	2013
Total	6.6	9.9	10.3	9.9	9.9	9.3
Men	3.3	6.1	6.0	4.2	4.8	4.9
Women	9.9	13.2	14.2	15.3	14.5	13.4
Aged 15–24	12.6	17.3	22.0	16.7	18.4	19.3
Aged 25–49	4.1	7.2	6.5	6.1	6.2	5.6
Aged 50–74	9.4	12.8	14.6	15.1	14.2	13.2

Source: Statistics Estonia, Estonian Labour Force Survey

In terms of reasons for part-time work it is clear that a certain number of part-time employees prefers this format of work (25.7%) or has not found full-time work (19.5%). The latter category represents involuntary part-time work. Studies are the third reason for part-time work (18.8%), followed by limited number of orders and insufficient work, economic difficulties of employers (15.7%), family reasons, incl. child care leave and care requirements (12.7%) and employee's own sickness, injury or disability (6.7%).

Most common reason for part-time work among young persons is their studies (in 81% of the cases). Older persons prefer this work format because they do not wish to work full-time (38.7%) or because of their own illness, injury or disability (11.3%). Family-related reasons are more common among women than men, which indicates their need to bring together working and family life.

Real estate sector stands out with higher share of part-time employees than the average; in 2013, 34.9% of the employees worked part-time. The number of part-time employees is rather marginal in manufacturing and construction sectors (less than 3% of employees). Occupation wise, part-time work is more common among elementary occupations – in 2013 23.2% employees in elementary occupations worked part-time while less than 3% of managers, skilled workers and plant and machine operators had part-time jobs.

Compared to the EU average part-time work is not very common in Estonia. While the average share of part-time employment was 10.2% in Estonia, the respective EU average was around 20.2%. Part-time work is the most common in the Netherlands where nearly half of all employed persons (50.7%) are working part-time. The share of women among part-time employed persons is especially high in the Netherlands: 77.1%. However, involuntary part-time employed persons (i.e. persons who had not succeeded to find full-time work) only made up 9,6% of employed persons working part-time in the Netherlands. In Estonia involuntary part-time employed persons made up 18.3% of employed persons who work part-time; the respective average EU indicators in 2013 was 28.2%. in Finland, for example, the share of part-time employed persons is 15.1%, 24% of them are doing it involuntarily; in Latvia and Lithuania the respective share of part-time employed persons of all employment is, respectively, 8.1% and 8.9%, the share of involuntary part-time employed persons being, respectively, 38% and 30.8%.

In terms of part-time work it is important to pay attention to underemployment, i.e. how many employees, working part-time, would like to work more and would be ready to accept additional work immediately (within two weeks). In 2013, there were 6,200 underemployed employees (1.1% of employees). Compared to 2011, when the number of the underemployed employees reached the peak (10,300), their number has dropped by approximately 40%. Compared to 2012, the number of underemployed employees dropped by 25%.

3.3. Working time and timing of working time

Average working time

Organisation of work is characterised by how much time employees spend working. In 2013 the average of weekly working hours was 38.8, incl. full-time employees 40.7 hours and part-time employees 20.5 hours (see table 3.3). Over the years there have not been many changes in the average working time. Table 3.3 shows that men usually work, in average, a little bit more than women and the average weekly working hours of younger and older persons are shorter than the working hours of employees in the best employable age. Younger persons and women do also work part-time more often which is why the average amount of working hours per week is less than the total average.

Table 3.3. **Average working time of employees, 2008–2013 (hours per week)**

	2008	2009	2010	2011	2012	2013
Total employees	39.4	38.7	38.7	38.7	38.7	38.8
Full-time employees	40.8	40.6	40.7	40.6	40.7	40.7
Part-time employees	20.7	21.5	21.2	21.0	20.6	20.5
Men	40.6	39.9	40.1	40.1	40.1	40.0
Women	38.2	37.6	37.5	37.4	37.5	37.7
aged 15-24	38.6	37.3	36.2	37.2	37.4	36.8
aged 25-49	39.8	39.4	39.5	39.5	39.6	39.7
aged 50-74	38.8	37.8	37.7	37.6	37.6	37.8

Source: Statistics Estonia, Estonian Labour Force Survey

Weekly working hours are higher than average among managers (40.8 hours per week), plant and machine operators and assemblers (40.7 hours) and skilled workers (40.3 hours). In elementary occupations, average number of weekly working hours is 35.9 hours. By economic activity, weekly working hours are the highest in construction sector with 40.7 hours, followed by transportation and storage, mining and energy sector with 40.3 hours. Average working time is the shortest in real estate sector – 32.2 hours.

Compared to the average of the EU in Estonia the average working week is longer by 2.5 hours. In 2013, the average working week in the EU was 36.3 hours. The working week is notably the shortest in the Netherlands (28.9 hours); this is attributable to large share of part-time employment. As we observe average weekly working time in hours for full and part-time workers, the differences between countries are not that big.

Overtime work

In addition to regular working time the employer and employee can also agree on overtime. According to the Estonian Labour Force Survey, in 2013 3.5% of employees worked overtime (approximately 18,200 employees) (see table 3.4). Overtime work is more common among men (4.3%) and young persons (4.7%); among young persons the share of employees working overtime has grown, compared to 2012, by 2.1 percentage points.

According to the Employment Contracts Act (§ 44) overtime work shall be compensated for the employee in leisure time or in money. According to the Estonian Labour Force Survey, in 2013, 58% of all employees working overtime did paid overtime work while 42% did not get paid for overtime work.

Table 3.4. **Share of overtime work among employees, 2008–2013 (%)**

	2008	2009	2010	2011	2012	2013
Total	3.1	3.0	3.4	3.7	3.5	3.5
Men	3.9	3.5	4.2	4.0	4.3	4.3
Women	2.3	2.0	2.7	3.5	2.8	2.7
aged 15-24	4.3	3.7	...	3.5	2.6	4.7
aged 25-49	2.9	3.3	3.6	4.1	3.6	3.6
aged 50-74	3.0	2.3	3.2	3.1	3.6	3.1

Note: ... – represents a sample too small to give a figure.

Source: Statistics Estonia, Estonian Labour Force Survey

Overtime work is more common among employees working in agriculture, construction and in transportation and storage sector – in 2013, 4.9%, 4.6% and 4.1%, respectively, of employees working in these areas of activity worked overtime. By occupations, the share of overtime workers is bigger among plant and machine operators and assemblers and managers, respectively 4.5% and 4.3%.

Working unusual hours

Working evening time (between 6 pm and 12 pm), night time (after 12 pm at night) and weekends stands for working unusual hours. Table 3.5 shows that working evening time and on Saturdays is most common. In 2013, 38% of employees worked evening time and 33.1% of employees worked on Saturdays. In 2013, 24.5% of employees worked on Sundays and 12.7% of employees worked night time. Table also shows that working unusual hours has been relatively stable in recent years and there are no big changes notable in this sphere.

As we observe working outside of working hours by gender and age, table 3.5 shows that working unusual hours is most common among young persons aged 15–24.

Tabel 3.5. **Working unusual hours among employees, 2008–2013 (%)**

		2008	2009	2010	2011	2012	2013
Working evening time (from 6 pm – 12 pm)	Total	35.3	35.8	39.0	38.4	38.1	38.0
	Men	37.0	38.9	41.1	39.3	39.4	38.8
	Women	33.7	33.0	37.2	37.5	36.8	37.3
	aged 15-24	44.4	45.2	49.3	51.1	53.0	50.8
	aged 25-49	34.6	34.7	38.1	37.7	37.1	36.9
	aged 50-74	33.3	34.9	38.0	35.8	35.7	36.6
Working night time (after 12 pm at night)	Total	11.5	13.6	13.4	13.4	12.4	12.7
	Men	13.1	17.0	16.6	16.9	14.9	14.1
	Women	9.9	10.6	10.5	10.1	9.9	11.4
	aged 15-24	14.0	16.8	16.8	16.6	17.5	16.6
	aged 25-49	11.2	12.9	12.3	13.1	11.8	12.2
	aged 50-74	11.2	14.1	14.5	13.1	12.0	12.8
Working Saturdays	Total	33.7	33.5	35.1	34.0	33.4	33.1
	Men	32.9	34.1	36.2	34.1	34.6	32.7
	Women	34.5	33.0	34.2	33.9	32.3	33.5
	aged 15-24	42.9	46.8	49.1	44.5	50.4	47.2
	aged 25-49	32.5	31.7	32.9	33.3	32.3	31.4
	aged 50-74	32.6	32.9	35.7	32.3	30.6	32.6
Working Sundays	Total	22.7	24.8	25.7	24.6	24.7	24.5
	Men	20.9	24.2	25.5	24.0	24.1	22.4
	Women	24.6	25.4	25.9	25.2	25.2	26.6
	aged 15-24	31.1	33.7	38.9	36.3	41.5	38.9
	aged 25-49	21.1	22.6	23.5	23.5	23.1	22.9
	aged 50-74	22.9	26.3	26.5	23.3	22.9	23.7

Source: Statistics Estonia, Estonian Labour Force Survey

Compared to the respective EU average, working evening time and Sundays is somewhat more common in Estonia while working night time and Saturdays is not so common. In 2013, 33.7% of employees in the EU worked evening time, 14.1% worked night time and 39.2% and 23.3% of employees, respectively, worked Saturdays and Sundays.

3.4. Remote work

Remote work is work that is carried out outside the regular premises of the employer, e.g. at home or remote office while in contact with the employer via modern information technology and telecommunications equipment. In 2013, 6.7% of employees (approximately 37,900 employees) used the opportunity of remote work; remote work was slightly more common among men and the 25–49 age group (see table 3.6). The use of remote work has not changed considerably over the last years –6-7% of employees do remote work, growth by a couple of percentage points has been notable since 2010.

Table 3.6. **Share of remote work among employees, 2008–2013 (%)**

	2008	2009	2010	2011	2012	2013
Total	4.5	5.9	7.0	6.1	7.0	6.7
Men	4.7	6.6	8.2	6.4	7.5	7.1
Women	4.2	5.2	6.0	5.8	6.6	6.3
aged 15-24	1.9	5.0	3.8	3.9	5.2	4.1
aged 25-49	5.3	7.3	8.8	7.3	8.1	8.2
aged 50-74	3.7	3.4	4.4	4.6	5.6	4.7

Source: Statistics Estonia, Estonian Labour Force Survey

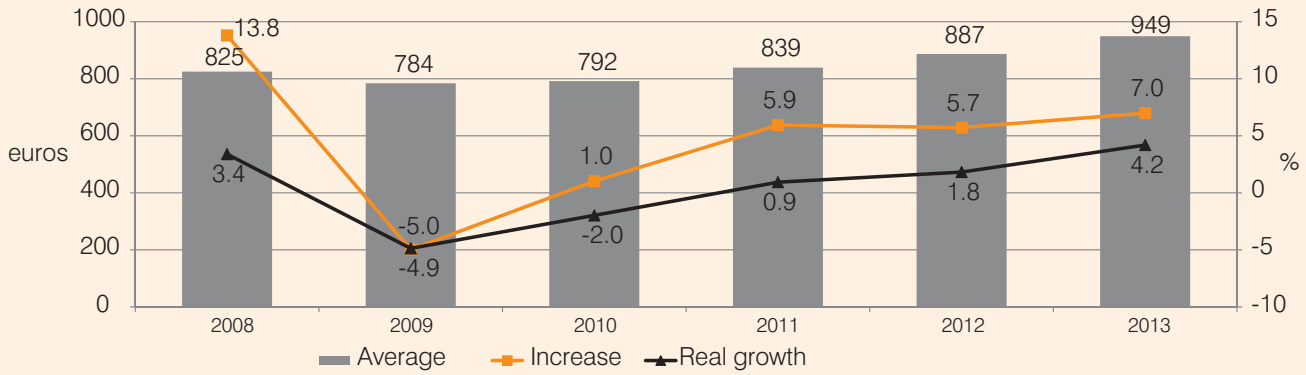
By occupations, remote work is the most common among employees holding higher rank positions where employees can choose the time and place for doing their work with higher probability. In 2013, 16.7% of managers, 14.9% of professionals and 10.7% of technicians and associate professionals did remote work. By areas of activity, remote work was mostly done by employees working in information and communication sector (in 2013, 20.6%), followed by professional, scientific and technical activities where remote work was done by 17.5% employees.

Remote work can be done by both full-time and part-time. According to the Estonian Labour Force Survey, in 2013, in average, 57.5% of employees spent less than one fourth of their working time on remote work while 7.3% of employees were doing remote work full-time. Compared to the last year, the share of employees, doing remote work full-time, has decreased (in 2012, 10.1% of employees) while the share of employees spending less than one fourth of their working time on remote work has increased (in 2012, 52.3% of employees).

3.5. Remuneration

Average wage continued to grow in 2013. Compared to 2012, the average gross monthly wages went up to 949 euros per month or increased by 7%, which represents the fastest growth post recession (see figure 3.1). Considering the annual increase of prices (inflation) we can say that the real growth of the average gross monthly wages was 4.2%, which is also much faster than during the earlier years. In other words, it can be said that in 2013, wages grew faster than prices.

Figure 3.1. **Average gross monthly wages in 2008–2013**



Source: Statistics Estonia

Differences in average gross monthly wages by economic activities are quite big (see table 3.7). The difference in the average gross monthly wages in higher and lower paying economic activities is almost three-fold. The average gross monthly wages were the highest in information and communication sector (1,576 euros per month), exceeding the average gross monthly wages of Estonia by 1.7-fold. Average gross monthly wages are the lowest in other service activities (540 euros per month or 1.8 times less than the Estonian average).

The average gross monthly wages increased the most in 2013 in the sphere of agriculture, forestry and fishing (by 11%), mining and quarrying (by 10.9%) and in storage and transport (by 10.5%). The average gross monthly wages decreased in professional, scientific and technical activities (by –1.5%) and in arts, entertainment and recreation activities (by –1.9%).

Table 3.7. **Average gross monthly wages by economic activities, 2012–2013 (euros)**

	2012	2013	Change,%
Average of activities	887	949	7.0
Agriculture, forestry and fishing	752	835	11.0
Mining and quarrying	1135	1259	10.9
Manufacturing	864	926	7.2
Electricity, gas, steam, conditioned air supply	1297	1399	7.9
Water supply; sewage; waste and pollution management	903	973	7.8
Construction	938	1003	6.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	840	874	4.0
Transportation and storage	849	938	10.5
Accommodation and food service activities	557	592	6.3
Information and communication	1448	1576	8.8
Financial and insurance activities	1433	1552	8.3
Real estate activities	653	690	5.7
Professional, scientific and technical activities	1147	1130	–1.5
Administrative and supportive activities	785	846	7.8
Public administration and defence; compulsory social security	1037	1130	9.0
Education	735	803	9.3
Human health and social work activities	882	948	7.5
Arts, entertainment and recreation	729	715	–1.9
Other service activities	498	540	8.4

Source: Statistics Estonia

The growth of average gross monthly wages is definitely influenced by growth of minimum wages. In 2013, minimum wages increased to 320 euros or, compared to 2012, by 10.3% (in 2012, minimum wages were 290 euros). Minimum wages form approximately one third (33.7%) of the average gross monthly wages. Growth of minimum wages is also expected the next years. In 2013 the Estonian Employers' Confederation and the Estonian Trade Union Confederation agreed to raise minimum wages to 355 euros per month in 2014 and to 390 euros per month in 2015, which will definitely influence the growth of the average gross monthly wages over the coming years.

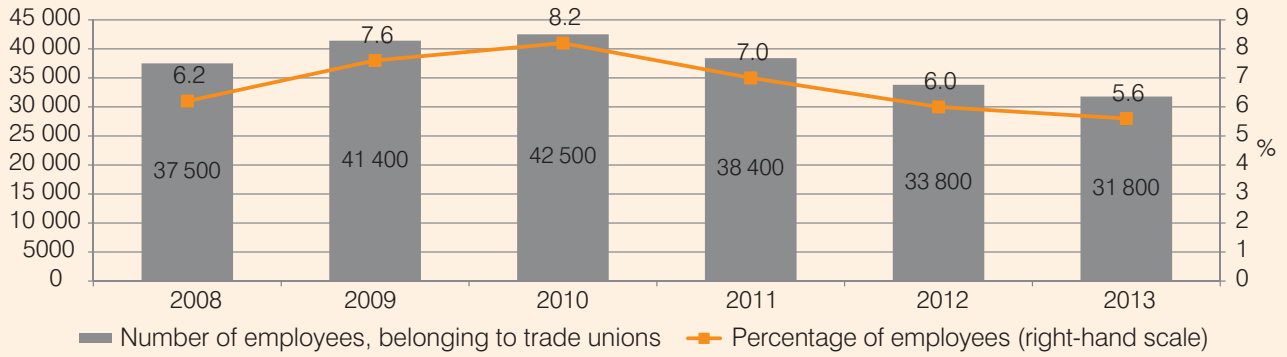
3.6. Collective employment relationships

Collective employment relationships stand for employment relationships between employees and employers. The next section will give an overview of trade union membership and conclusion of collective agreements to characterise collective em-

ployment relationships. In most cases, trade unions are an organisation that represents employees for the purposes of collective negotiations; therefore trade union membership has a strong influence on the spreading of collective employment relationships. Collective agreements, regulating employment relationships between employers and employees, incl. the working conditions, represent one of the main outputs of collective negotiations.

In 2013, 31,800 employees or 5.6% of employees (see figure 3.2) were members of trade unions. The number of employees, belonging to trade union, has dropped over the years; some growth was only notable during the period of economic recession. Compared to 2010, trade union membership has decreased by 2.6 percentage points, which means that the number of employees who belong to trade unions has dropped by 10,700 or 25.2%.

Figure 3.2. **Trade union membership, 2008–2013**



Source: Statistics Estonia, Estonian Labour Force Survey

While in 2013 31,800 employees held trade union membership, the number of employees working in enterprises or institutions that had a trade union was approximately three times bigger (98,400) in 2013. Therefore we can say that majority of the employees do not have a trade union membership in the trade union at their workplace. Employees matching this description make up around two thirds of all the employees employed by a working place that has established a trade union.

Figure 3.3 depicts trade union membership with the largest representation by economic activities. In 2013, the trade union membership was higher than average in energy sector (22%), human health and social work activities (19%), transportation and storage (14.6%) and education (12%).

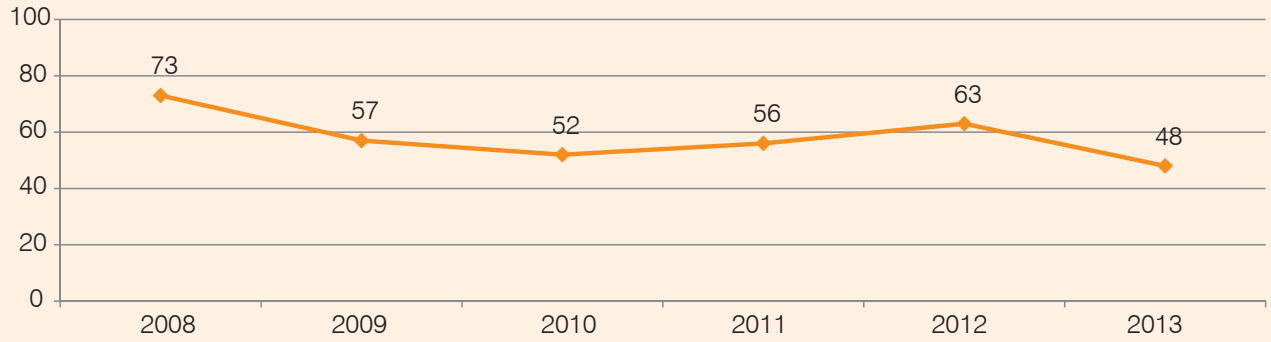
Figure 3.3. **Trade union membership by economic activities, in 2013 (share of employees, %)**

Source: Statistics Estonia, Estonian Labour Force Survey

Trade union membership and the level of activeness of trade unions in collective employment relationships influence the conclusion of collective agreements, which represent one of the main outputs of collective negotiations. According to the database of collective agreements, maintained by the Ministry of Social Affairs[13], 48 new collective agreements were concluded in 2013; this is much less than before (see figure 3.4). The conclusion of collective agreements slowed down as the economic recession set in and after that, around 50–60 collective agreements are concluded every year.

Two collective agreements that are extended to the level of whole sector contributed to the increase of number of agreements in 2012. One was concluded in the sphere of health care and another – transport. In addition, the Estonian Employers' Confederation and the Estonian Trade Union Confederation agreed to establish minimum wages, which are to be observed by all the employees and employers in Estonia.

Figure 3.4. **Collective agreements concluded in 2008–2013**



Source: Ministry of Social Affairs, collective agreements database[14]

In conclusion it can be said that use of different work formats is less common in Estonia than in the EU. While the share of temporary work and part-time work increased during recession, no changes can be observed over the last years. The average gross monthly wages continued to grow in 2013. At the same time, trade union membership showed a decline and this will definitely influence the spread of collective employment relationships in Estonia.

[13] According to the Collective Agreements Act, all collective agreements are to be registered in a database, maintained by the Ministry of Social Affairs (§ 41). Here it must be kept on mind that collective agreements database has an informative nature and therefore, not all collective agreements are registered at the database.

[14] Excerpt from collective agreements database on 26 May 2014.

4. Registered unemployment and labour market policy

Häli Tarum

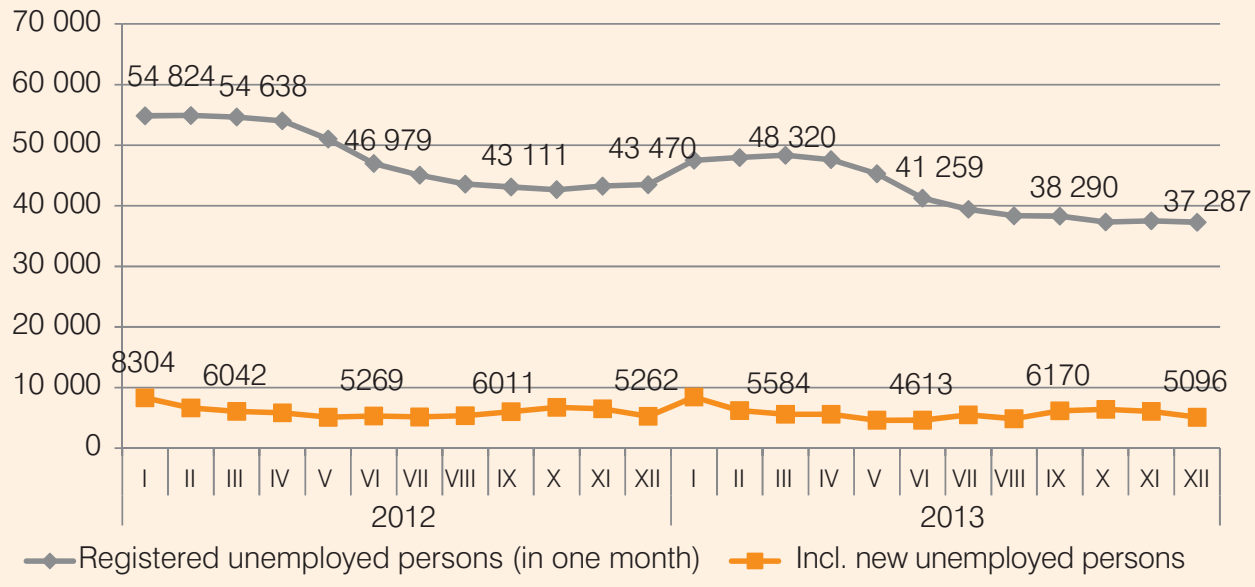
In Estonia the implementing body of labour market policy is the Estonian Unemployment Insurance Fund, whose duty it is to help unemployed persons to find jobs as quickly as possible. To this end, the Estonian Unemployment Insurance Fund assists both unemployed persons and employers in their search for work and employees. To ensure an income for unemployed persons, the Estonian Unemployment Insurance Fund pays unemployment allowance and unemployment insurance benefit. To increase the potential of unemployed persons in returning to the labour market, the Estonian Unemployment Insurance Fund offers to unemployed persons several employment services, including in-service training and retraining, opportunity to carry out practical work in the acquired area of specialisation, career counselling or another service which helps employees quickly to return to the labour market.

The next section provides an overview of the unemployed persons registered in the Estonian Unemployment Insurance Fund, risk groups that the registered unemployed persons belong to as well as of vacancies and placements. This chapter also describes the services provided by the Estonian Unemployment Insurance Fund, paid allowances and benefits and expenditure on the labour market policy.

4.1. Registered unemployment

Registered unemployed person is a person who does not work and has registered as unemployed in the Estonian Unemployment Insurance Fund. The unemployment and registered unemployment reached a record level during the recession; since the II quarter of 2010 the labour market situation started to improve and the number of the unemployed to decrease. In 2011 the increase in the number of new registered unemployed persons decreased abruptly (an average of 16.3% less per month than in the previous year), but slowed somewhat in 2012 and 2013. In 2012 an average of 6,021 new unemployed persons was registered per month, which is 8.5% less than in 2011, and in 2013, an average of 5,760 new

Figure 4.1. **Dynamics of registered unemployed persons, including new unemployed persons in 2012–2013 (in one month)**

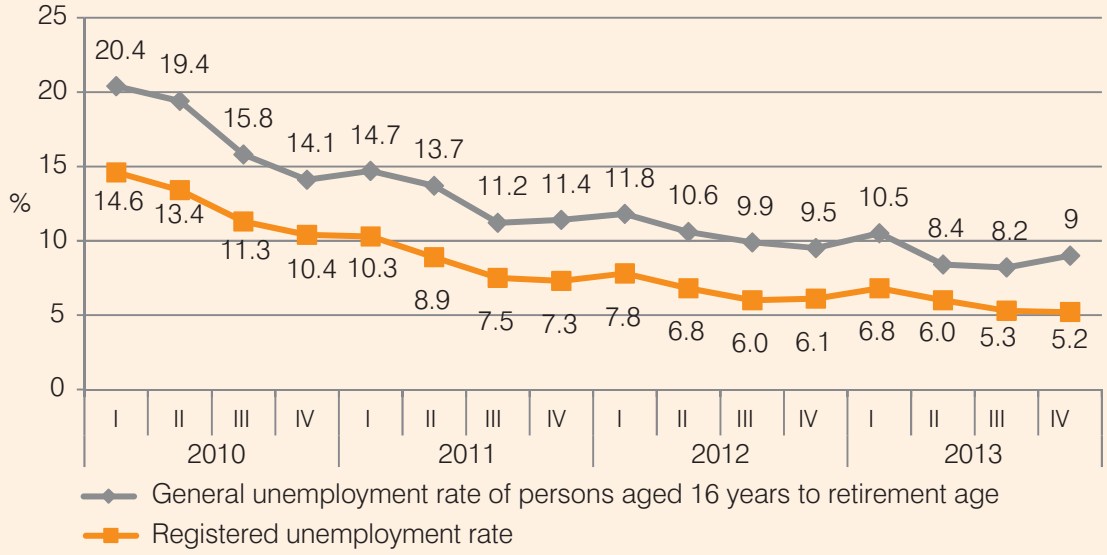


Source: Estonian Unemployment Insurance Fund

unemployed persons were registered in a month, i.e. 4.6% less than last year. In 2013, the average of 42,169 unemployed persons was registered in the Estonian Unemployment Insurance Fund, which is 12% less than in 2012, when the average of 48,116 unemployed persons were registered per month. In the end of 2013, a total of 33,520 unemployed persons were registered in the Estonian Unemployment Insurance Fund, i.e. 15.5% less than in the end of 2012 (39,670).

Decrease in both general and registered unemployment rate[15] has continued during the recent years of recovery from the recession. While in 2012 the registered unemployment rate was 6.7% and general unemployment rate among persons aged from 16 years to retirement age was 10.4%, the registered unemployment rate had dropped to 5.8% and the general unemployment rate had dropped to 9.0% by 2013. Registered unemployment rate is always lower than the general unemployment rate, as not all unemployed persons register themselves in the Estonian Unemployment Insurance Fund as job seekers. According to the Estonian Labour Force Survey, approximately one half of unemployed persons registered themselves as unemployed (52%) in the Estonian Unemployment Insurance Fund in 2013. In 2013 the main reasons for not turning to the Estonian Unemployment Insurance Fund were: could manage by oneself (38%), lack of a suitable job in the Estonian Unemployment Insurance Fund (26%) and were not entitled to unemployment insurance benefit or unemployment allowance (26%).

Figure 4.2. **Dynamics of registered unemployment rate and general unemployment rate, in 2010–2013 (quarterly, %)**

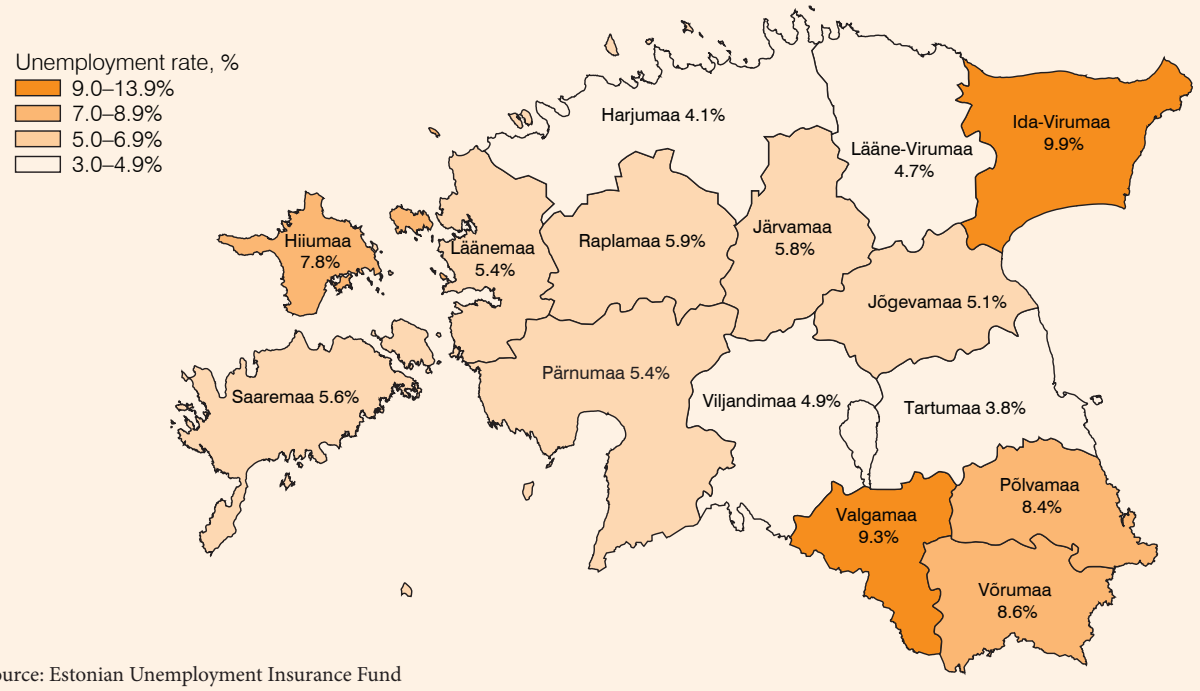


Source: Estonian Unemployment Insurance Fund; Statistics Estonia, Estonian Labour Force Survey

In terms of counties, registered unemployment is the highest, as shown by figure 4.3, in Ida-Viru County (9.9%) and Valga County (9.3%) and the lowest in Tartu county (3.8%) and Harju county (4.1%) in the end of 2013. Although the number of unemployed persons did decrease, steadily in both Ida-Viru and Valga Countries compared to the end of 2012 (respectively, by 21.0% and 19.7%), both registered and general unemployment still remains the highest in these counties. Compared to the end of 2012, the number of registered unemployed persons has decreased in all counties. The biggest decrease of the number of registered unemployed persons was in Lääne-Viru (25.3%) and Pärnu (22.3%) counties.

[15] Registered unemployment rate – share of unemployed persons of the labour force aged from 16 to retirement age whereas a registered unemployed person is a person who is not working and has registered himself or herself in the Estonian Unemployment Insurance Fund as an unemployed person.

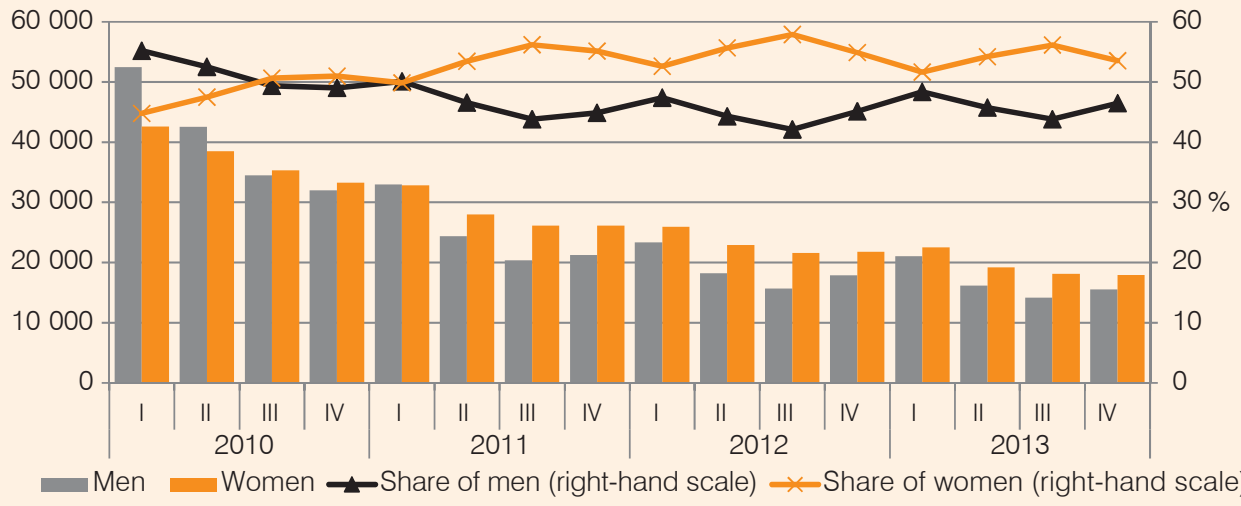
Figure 4.3. **Registered unemployment rate by counties, in the end of 2013 (%)**



Source: Estonian Unemployment Insurance Fund

The share of men increased among registered unemployed persons during the recession; however, figure 4.4 shows that the number of registered unemployed persons started to decrease among men more rapidly than among women since the second quarter of 2010 and as a consequence, the number of women has been higher than the number of men among registered unemployed persons, since II quarter of 2011. While in the end of 2012, the share of women among registered unemployed persons was 54.9% and the same indicator was 45.1% for men, then the number of women among registered unemployed persons had somewhat decreased by the end of 2013 (53.5%) while the percentage of men had increased (to 46.5%). The number of women among registered unemployed persons had decreased by 17.6% and the number of men among registered unemployed persons had decreased by 13% by the end of 2013 compared to the end of the previous year. In the end of 2013, 17,949 women and 15,571 men were registered as unemployed persons.

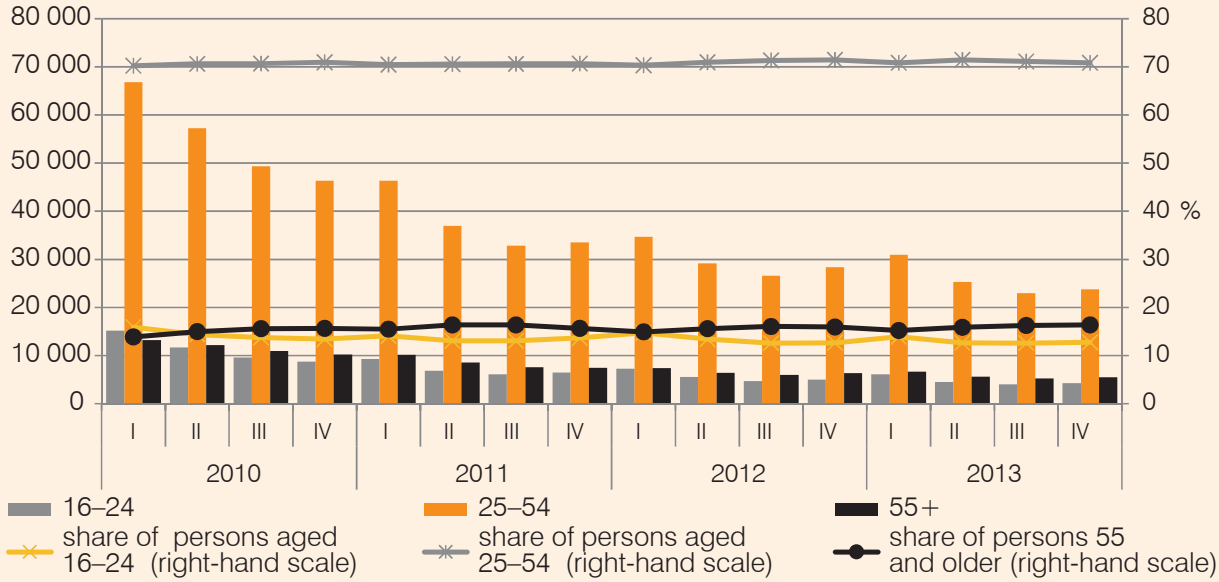
Figure 4.4. **Registered unemployment persons by gender, 2010–2013 (in the end of quarter)**



Source: Estonian Unemployment Insurance Fund

In age group comparison, the number of people in the best working age was most strongly represented among the registered unemployed (aged 25–54). Compared to the end of 2012, decrease of the number of registered unemployed persons was the biggest among this age group in 2013 (16.2%). The number of unemployed persons among young persons (aged 16–24) decreased by 14.6%, compared to the end of 2012, while the number of unemployed persons among older persons (from 55 years to retirement age) decreased by 13.1%. By the end of 2013, there were 23,754 registered unemployed persons of the best working age, 4,282 younger persons and 5,484 older persons. However, the percentage of younger and older persons among the registered unemployed persons has remained basically at the same level, compared to the year before. While in the end of 2012, younger and older persons formed approximately 12.6% and 15.9% of registered unemployed persons, then by the end of 2013, the percentage of younger and older persons among the registered unemployed persons was, respectively, 12.8% and 16.4%.

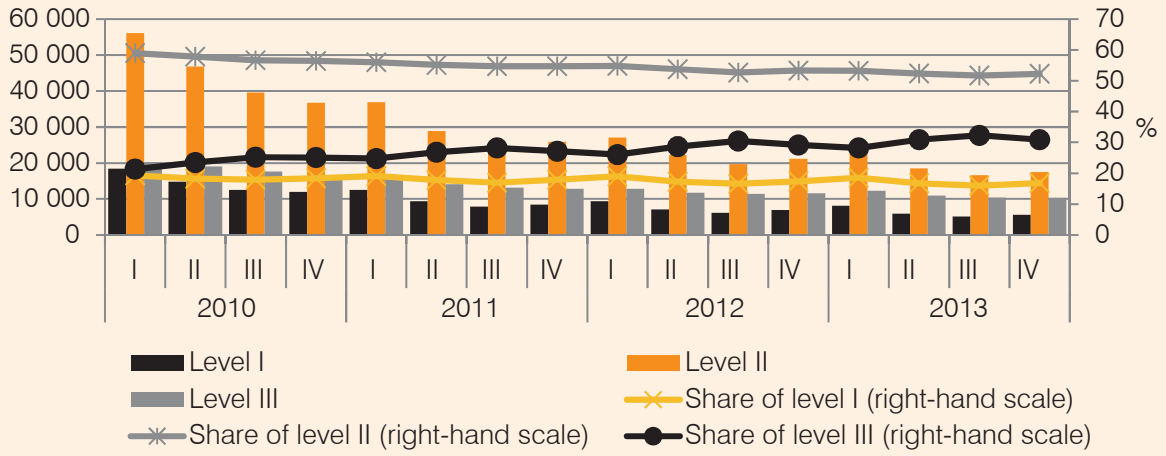
Figure 4.5. **Registered unemployed persons by age groups, 2010–2013 (in the end of quarter)**



Source: Estonian Unemployment Insurance Fund

When observing registered unemployment by levels of education, we will see that by the end of 2013 the share of registered unemployed persons with first level education (up to basic education) showed the biggest decrease, compared to the end of 2012. While in the end of 2012 there were 6,914 registered unemployed persons with first level education, 21,133 registered unemployed persons with second level education (secondary education) and 12,889 registered unemployed persons with third level education (higher education), then by the end of 2013 the number of registered unemployed persons with first level education had dropped by 18.4% (to 5,642), the number of registered unemployed persons with second level education by 17.3% (to 17,483) and the number of registered unemployed persons with third level education by 10.8% (to 10,326). As the number of registered unemployed persons with third level education showed the smallest decrease over the year, their respective percentage among general number of registered unemployed persons somewhat increased. Therefore, the number of registered unemployed persons with third level education was 30.9% of all the registered unemployed persons by the end of 2013 (in 2012, 29.2%), while the share of registered unemployed persons with second level education was 52.3% (in 2012, 53.3%) and the share of registered unemployed persons with first level education was 16.9% (in 2012, 17.4%).

Figure 4.6. **Registered unemployed persons by level of education, 2010–2013 (in the end of quarter)**



Source: Estonian Unemployment Insurance Fund

4.2. Risk groups

For some people it is more difficult to find a job once they have become unemployed. Groups who may have difficulties in finding a new job are therefore regarded as risk groups. Insufficient qualification, lack of experience, age, insufficient skill in the Estonian language, health problems or other reasons may be considered a source of risk. Pursuant to the Labour Market Services and Benefits Act, the Estonian Unemployment Insurance Fund shall be more active in addressing the following risk groups:

- long-term unemployed[16];
- young unemployed persons aged 16–24;
- unemployed persons aged 55 till retirement;
- unemployed persons with disabilities who, due to the disabilities, need additional help upon commencing employment;
- unemployed persons without sufficient knowledge of Estonian, thus facing obstacles in getting employed;
- unemployed persons who have been previously engaged in duties of care;
- unemployed persons released from prison within the period of 12 months preceding registration as unemployed persons.

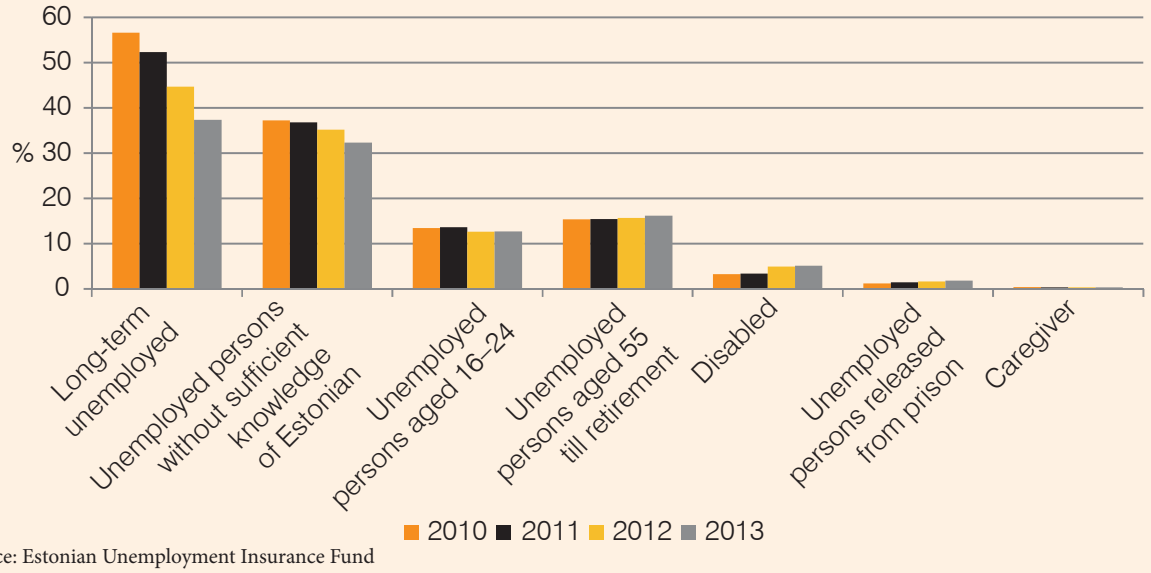
One unemployed person may simultaneously belong to several risk groups (for example, being an unemployed person without sufficient knowledge of Estonian and long-term unemployed). The share of registered unemployed persons belonging to one or several risk groups increased during the years of recession but has stably decreased again since the third quarter of 2011. While in the end of 2011 the share of registered unemployed persons belonging to one or several risk groups was 76.4% of registered unemployed persons (36,204 unemployed persons), the respective figure had dropped to 72.3% (28,698 unemployed persons) by the end of 2012. The number of registered unemployed persons belonging to one or several risk groups continued to decrease in 2013; as a consequence, 22,969 unemployed persons or 68.5% of all the registered unemployed persons belonged to one or several risk groups.

In the end of 2013, long-term unemployed still contributed the largest percentage of all the unemployed persons, belonging to risk groups. However, their respective percentage among registered unemployed persons has shown the biggest decrease, compared to the end of 2012. While in the end of 2012, the share of long-term unemployed persons was 44.7% among all registered unemployed persons, then the respective indicator was 37.4% in the end of 2013. Apart the percentage of unemployed persons, the share of unemployed persons without sufficient knowledge of Estonian also dropped by the end of 2013; with all the re-

[16] Long-term unemployed - a person who has not been employed or engaged in an activity equal to work during the last 12 months. Young person aged 16-24 is a long-term unemployed if he or she has not been employed or engaged in an activity equal to work during the last 6 months.

maining risk groups the respective number of registered unemployed persons remained at the same level, comparable to the end of 2012, or increased less than 0.5 percentage points. The share of unemployed persons without sufficient knowledge of Estonian was 35.2% among registered unemployed persons by the end of 2012, by the end of 2013 the respective number was 32.3%.

Figure 4.7. **Share of unemployed persons belonging to risk groups[17] among all registered unemployed persons, 2010–2013 (in the end of year, %)**

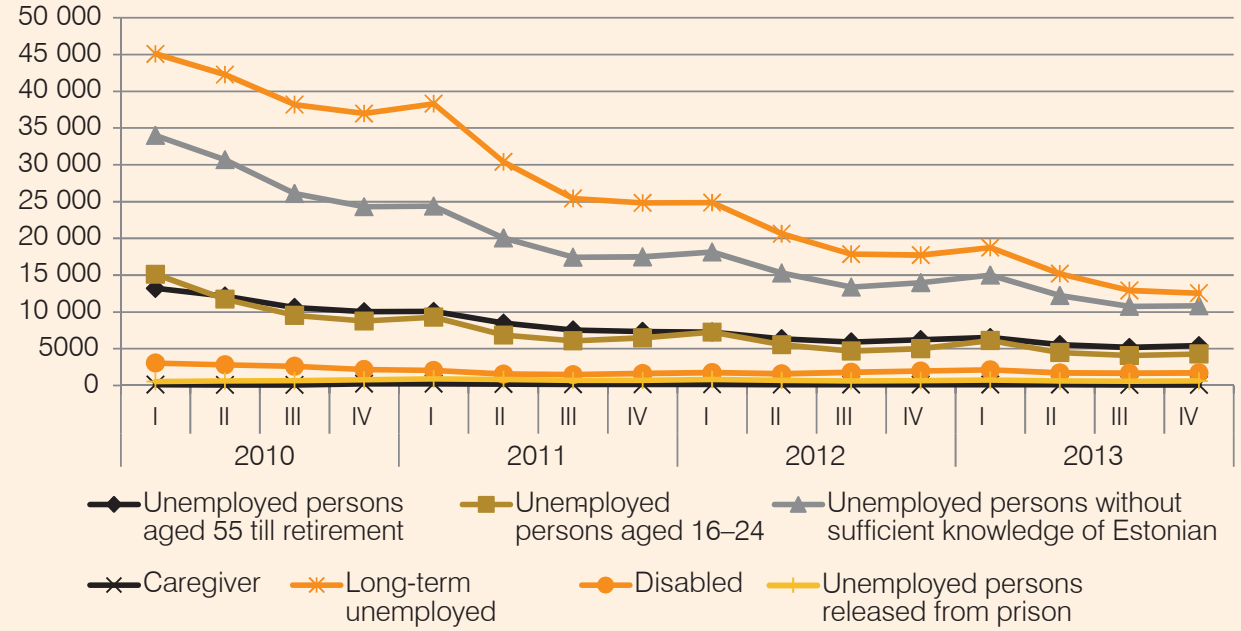


Source: Estonian Unemployment Insurance Fund

Compared to the end of the last year, the number of registered unemployed persons decreased in all the risk groups by the end of 2013. The decrease was the most notable among long-term registered unemployed persons. While in the end of 2012, 17,741 long-term unemployed persons were registered, then by the end of 2013 their respective number decreased by 29.3% and there were 12,541 long-term unemployed persons. The number of unemployed persons without sufficient knowledge of Estonian and unemployed persons who have been previously engaged in duties of care also showed a considerable decrease. While in the end of 2012, there were 110 unemployed persons who have been previously engaged in duties of care and 13,965 unemployed persons without sufficient knowledge of Estonian registered, by the end of 2013 there were 85 unemployed caregivers i.e. 22.7% less than in the end of the previous year, and the number of unemployed persons without sufficient knowledge of Estonian was 10,842, i.e. 22.4% less than in the end of 2012. In other risk groups the decrease in the number of registered unemployed persons was somewhat modest: the number of younger unemployed persons decreased by 14.2%, the number of older unemployed decreased by 13.1%, the number of disabled unemployed persons and persons released from prison decreased, respectively, by 12.6% and 10%, compared to the end of the last year.

[17] An unemployed person may belong to several risk groups.

Figure 4.8. **Share of unemployed persons belonging to risk groups, 2010–2013 (in the end of quarter)**



Source: Estonian Unemployment Insurance Fund

4.3. Employment mediation and placement

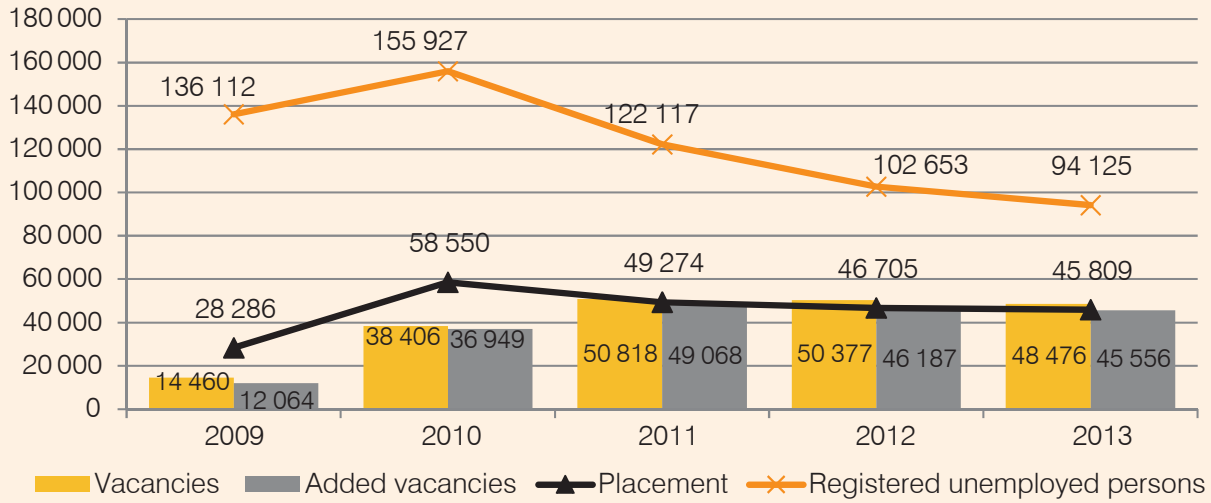
One of the Estonian Unemployment Insurance Fund's most important tasks is employment mediation or placement of unemployed persons, which aims to find a suitable employee for an employer and a suitable job for the unemployed person and job-seeker, offering other active labour market services besides job mediation, where appropriate. Looking at Figure 4.9 and the number of vacant jobs, mediated by the Estonian Unemployment Insurance Fund over the last three years, we will see that since 2012 the number of vacancies has somewhat dropped but the decrease in the number of vacancies has not been big enough to match the decrease of the number of unemployed persons, registered in the Estonian Unemployment Insurance Fund over the year. In 2013, the Estonian Unemployment Insurance Fund offered 48,476 vacancies, which is 3.8% less than in 2012 and 4.6% less than in 2011. Therefore, in 2013 the number of unemployed persons was 8.3% less than in 2012 and 22.9% less than in 2011. As a consequence, the competition for vacancies, mediated by the Estonian Unemployment Insurance Fund, has dropped among the registered unemployed persons over the recent years.

Both the number of vacancies, becoming available over the year, the number of new jobs, added over the year, has also remained the same level or even somewhat decreased. In 2012 the number of added vacancies decreased 5.9%, compared to the previous year; however, in 2013, the number of added new vacancies decreased by 1.4% than in 2012.

One of the performance indicators of an active labour policy is the number of placements of unemployed persons, which shows how many unemployed persons have found a job via the Estonian Unemployment Insurance Fund over the year. As the number of registered unemployed persons has decreased, the number of unemployed persons who have been placed has also decreased in absolute figures; however, the placement rate or the percentage of all the registered unemployed persons, placed by the Estonian Unemployment Insurance Fund, has increased. While in 2011 the placement included 49,274 unemployed persons, the number of people placed in 2012 had decreased by 5.2%, compared to 2011, and in 2013, by 1.9%, compared to 2012. However, the total percentage of placed unemployed persons was 40.5% in 2011, 45.5% in 2012 and by 2013, the percentage of placed persons among all the registered unemployed persons had reached the level of 48.7%. Improving placement rate demonstrates that the Estonian Unemploy-

ment Insurance Fund has become more efficient in placing unemployed persons. We should also consider that the number of persons, placed over the year, is probably underestimated as all the unemployed persons will not notify the Estonian Unemployment Insurance Fund of finding a job.

Figure 4.9. **Dynamics of vacancies, placements and registered unemployed persons, 2009–2013**



Source: Estonian Unemployment Insurance Fund

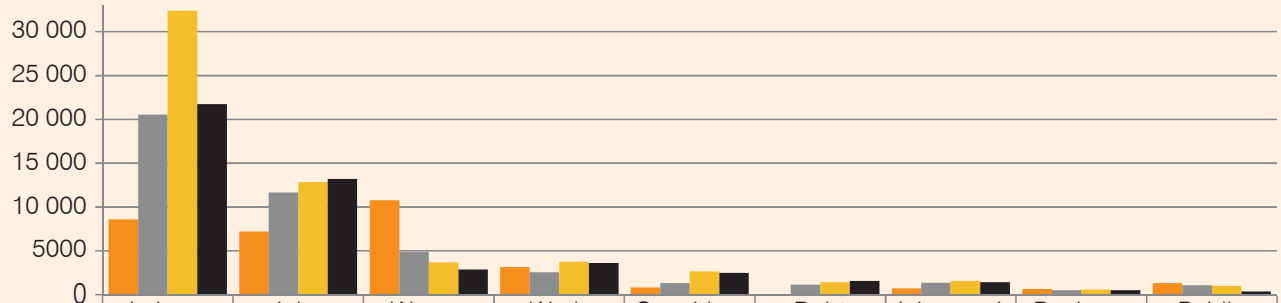
4.4. Labour market services

Employment mediation is not sufficient for the placement of all unemployed persons. To find a job many unemployed persons require in-service training and retraining, opportunity to carry out practice work in the acquired area of specialisation, career counselling or another service. Services that assist unemployed persons in finding a job are called active labour market measures. This means that unemployed persons have to actively engage in an activity in order to find a job. The Estonian Unemployment Insurance Fund provides labour market services pursuant to the Labour Market Services and Benefits Act and "Increase the offering of qualified labour 2007-2013" programme of the European Social Fund.

Increase in the number of registered unemployed persons, resulting from the economic recession, also influenced the provision of labour market services, available from the Estonian Unemployment Insurance Fund. While in 2010 the number of entries to labour market services totalled to 66,673, the number of entries to labour market services went up to 79,878 in 2011 (19.8% growth) and in 2012 – to 97,285 (21.8% growth). In 2013, the number of entries to labour market services somewhat decreased, compared to 2012 (by 11.5%); as a consequence, 86,059 of entries to different labour market services over the year.

Like before, labour market training was the most popular service in 2013. Every fourth entry to labour market service was labour market training. From the other hand, the number of entries to labour market training went through the biggest decrease in 2013, compared to all the other labour market services. While in 2012, 32,418 unemployed persons entered to labour market training, the number of entries dropped in 2013 by 32.9% or to 21,742. The number of entries to public work decreased by 33% in 2013; the decreases were more notable also among people employed under wage subsidy (22%) and finding employment by means of business start-up subsidy (17%). At the same time, number of entries to debt counselling services and job search training grew, in 2013, respectively, by 10% and 3%, compared to the year before.

Figure 4.10. **Number of entries to labour market services by selected services, 2010–2013**



	Labour market training	Job search training	Wage subsidy	Work practice	Coaching for working life	Debt counsel-ling	Job search Psycho-logical counselling	Business start-up subsidy	Public work
2010	8563	7207	10 772	3152	863		725	678	1342
2011	20 565	11 660	4869	2579	1295	115	1365	498	1090
2012	32 418	12 854	3684	3781	2673	1432	1592	608	1006
2013	21 742	13 188	2888	3625	2487	1579	1439	506	395

Source: Estonian Unemployment Insurance Fund

Notes: entries to services – all the services started over the period observed; therefore, one person may be counted several times (for starting several trainings, for example, over the period).

4.5. Unemployment allowance, unemployment insurance benefit, insurance benefit upon lay-offs, benefit upon the insolvency of the employer

In addition to the provision of active labour market services the Estonian Unemployment Insurance Fund is also paying unemployment allowance and unemployment insurance benefits to unemployed persons as well as insurance benefit upon lay-offs and benefit upon insolvency of employer. Unemployment allowance is paid to unemployed persons who have worked for at least 180 days during the previous 12 months or have been engaged for at least 180 days in activities that are considered as equivalent of work (e.g. studies, military service) and whose monthly wages is less than the 31-fold daily unemployment allowance[18]. Unemployment insurance benefit is paid to unemployed person whose insurance period in the three preceding years is at least 12 months and whose last employment relationship did not end on their own initiative or mutual agreement[19].

While during the peak of the economic recession in 2009–2010 the number of recipients of unemployment insurance benefit strongly exceeded the number of recipients of unemployment allowance, over the last three years the number of recipients of unemployment insurance benefit and unemployment allowance has largely been the same. In 2013, the number of recipients of unemployment allowance did decrease, compared to the previous year, while the number of recipients of unemployment insurance benefit increased. When in 2012 unemployment allowance was paid to 27,301 and unemployment insurance benefit to 26,163 unemployed persons, then in 2013 the number of unemployment allowance was smaller by 1.6% (26,867 unemployed persons) and the number of recipients of unemployment insurance benefit had increased by 5.6% (27,637 unemployed persons).

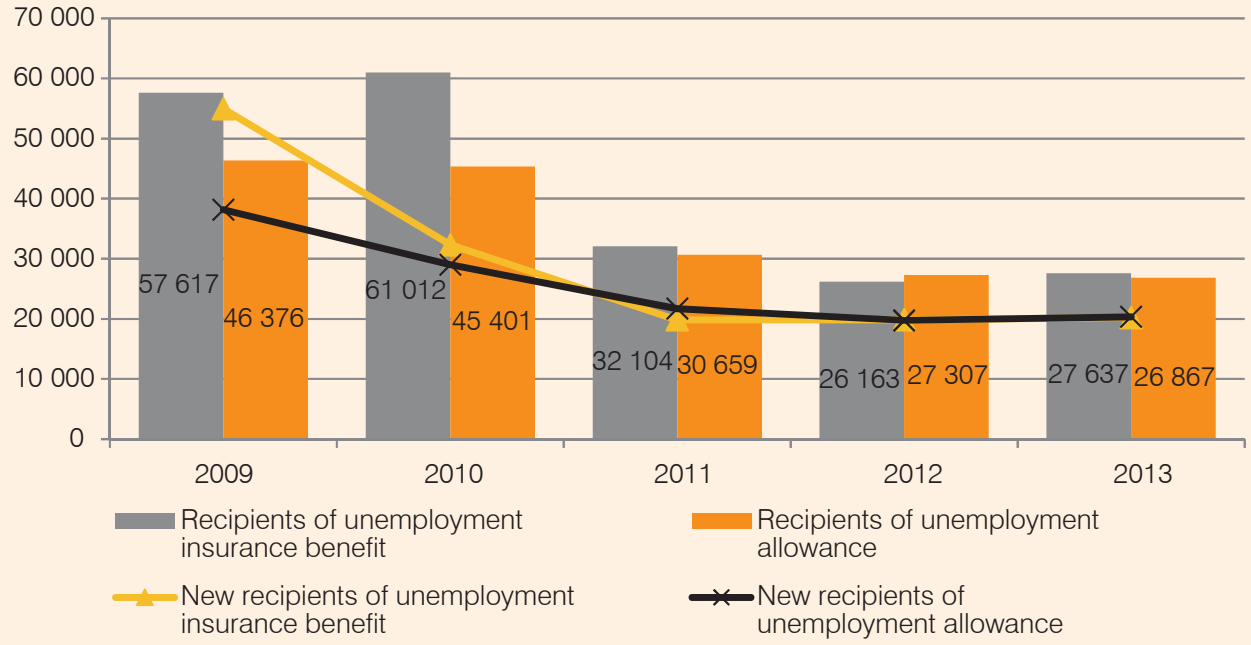
As in 2013 the total number of recipients of unemployment allowance was smaller than a year before, the number of average monthly number of unemployment persons who received unemployment allowance also decreased. In 2012, the average number of unemployment persons who received unemployment allowance was 9,174; in 2013, the respective number was 9,066. However, compared to the situation a year before, the number of new

[18] Labour Market Services and Benefits Act (RT I, 04.06.2014, 7)
[19] Unemployment Insurance Act (RT I, 16.04.2014, 28)

recipients of unemployment allowance had somewhat increased in 2013. While in 2012, the number of new recipients of unemployment allowance was 19, 759, then in 2013 the number of new recipients of unemployment allowance had grown by 2.9% or 20 332. The share of new recipients of unemployment allowance among new registered unemployed persons also increased. In 2012, the share of new recipients of unemployment allowance among new registered unemployment persons was 27.4% but in 2013 the respective indicator increased by 29.4%. As it was already mentioned, the number of recipients of unemployment insurance benefit did somewhat increase in 2013, compared to the year before. In 2013, unemployment insurance benefit was paid to 27,637 unemployed persons, which is 5.6% more than in 2012.In 2013 the number of new recipients of unemployment insurance benefit also increased. While in 2012, the number of new recipients of unemployment insurance benefit was 19, 830, then by the year of 2013 the respective indicator increased by 2.0%, i.e. the number of new recipients of unemployment insurance benefit increased by 20,228.

In 2013, the share of new recipients of unemployment insurance benefit among new registered unemployed persons was 29.3% (27.4% in 2012). In 2013 the average paid unemployment insurance benefit was EUR 313 per month (EUR 283 in 2012).

Figure 4.11. **Recipients of unemployment insurance benefit and unemployment allowance, including new recipients, 2009–2013**



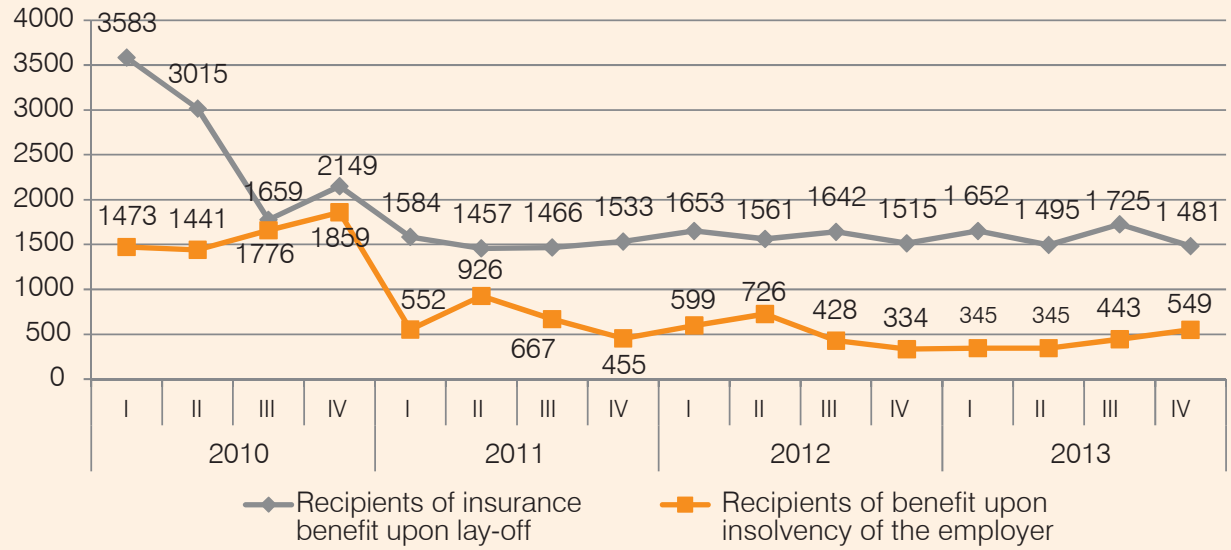
Source: Estonian Unemployment Insurance Fund

Insurance benefit upon lay-off is paid since 1 July[20] and it shall be paid to an employee whose employment relationship with current employer has lasted for at least five years and whose employment relationship was terminated as a result of redundancy. In case of insolvency of employer the Estonian Unemployment Insurance Fund shall pay to the worker any remuneration, holiday pay, and other benefits laid down in the Employment Contracts Act but not received upon the termination of the employment contract. When in 2013 the share of recipients of insurance benefit upon lay-off remained at the same level, compared to the year before, then the number of recipients of benefit upon insolvency of the employer decreased, compared to 2012. In 2012, insurance benefit upon lay-off was paid, in total, to 6,317 unemployed persons and in 2013 – to 6,353 unemployed persons.

[20] Collective redundancy benefit was paid prior to 1 July 2009.

In 2012, the number of recipients of benefit upon insolvency of the employer was 2,087, but respective indicator decreased 19.4% by the year of 2013; as a consequence, there were 1,682 recipients of benefit upon insolvency of the employer over the year.

Figure 4.12. **Recipients of benefit upon insolvency of the employer and insurance benefit upon lay-off, 2010–2013 (in a quarter)**



Source: Estonian Unemployment Insurance Fund

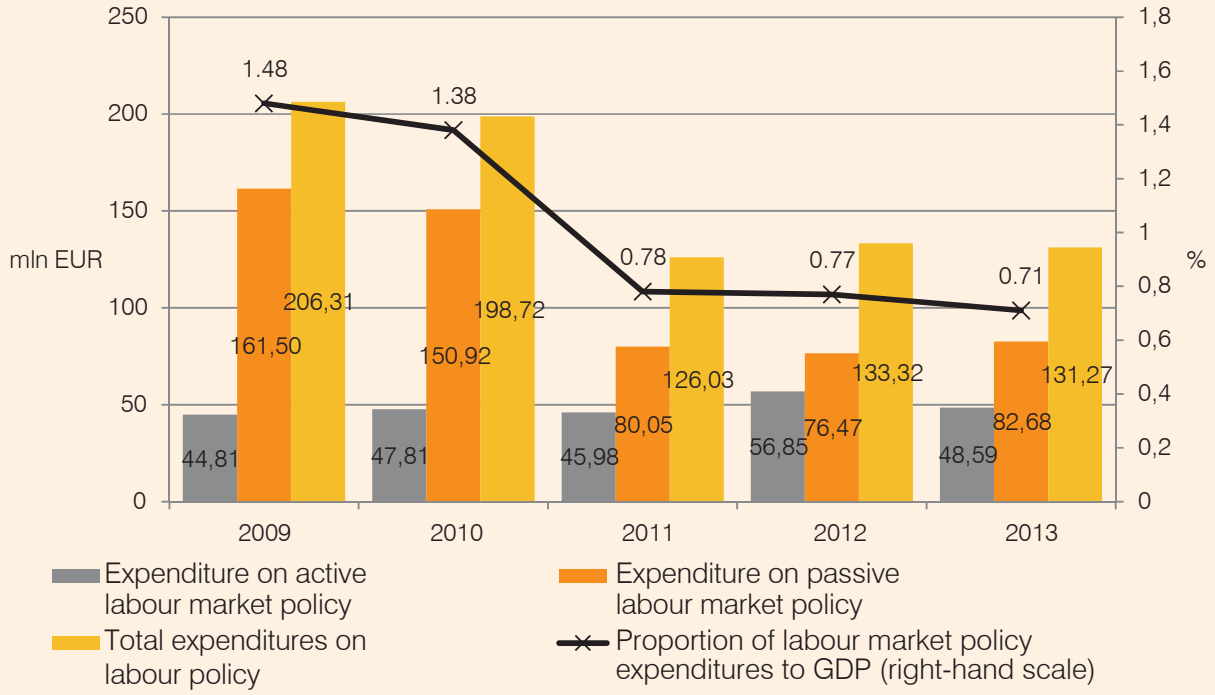
4.6. Expenditures on labour market policy

Total expenditures on labour market policy can be divided into two categories: expenditures on passive and active labour market policy. Passive labour market policy includes expenditure on unemployment allowance and special social tax, plus benefits paid from unemployment insurance fund (unemployment insurance benefit, benefit upon insolvency of the employer, insurance benefit upon lay-off). Active labour market policy includes expenditure on various labour market services, operational expenditure of the Estonian Unemployment Insurance Fund and other measures (e.g. open-calls).

Passive and active labour market policy is funded from three sources: state budget, unemployment insurance fund and external resources of the European Social Fund. In 2013 unemployment insurance funds formed 79.0% of all sources of financing, 17.3% of the funds for labour policy were allocated from the state budget and the remaining 3.7% from the external resources of the European Social Fund.

Rapid increase in the number of unemployed persons due to recession significantly increased the share of expenditure on passive labour market policy but since 2011, the expenditure on passive labour market policy started to decrease. Expenditure on active labour market policy has , fluctuated somewhat less than expenditure on passive labour market policy in 2009–2013. Expenditure on active labour market policy decreased by 14.5% in 2013 compared to the year before. The expenditure on passive labour market policy, from the other hand, increased by 8.1%., compared to 2012. Total expenditure on labour market policy was EUR 131.27 million in 2013, which is 1.5% less than in 2012. Figure 4.13 shows that the percentage of the expenditures of the GDP decreased to 0.71% in 2013.

Figure 4.13. **Expenditure on labour market policy and proportion of the GDP, 2009–2013**



Source: The Ministry of Social Affairs

In conclusion it can be said that although registered unemployment continued to decrease in 2013, the decrease was slower than in 2010–2011. The total number of registered unemployed persons still considerably exceeds the level of registered unemployment as it was before the crisis. Therefore it is important to further assist unemployed persons by offering them a variety of labour market services that will help unemployed persons to return to labour market as fast as possible.

5. Working environment

Ester Rünkla

Working environment is the surroundings in which the person works. Poor situation in working environment results in increased number of occupational accidents and more frequent incidence of work-related health problems. Risk factors present in working environment are the main reasons for the incidence of occupational accidents and work-related health problems. Absence of employees from work will incur expenditures for the employer, employee, state and the society in general. Frequency for the occurrence of occupational accidents and work-related health problems and the number of days people are absent from work as a consequence of illness are the most common indicators for the evaluation of the safety of working environment.

This section provides an overview of changes in indicators that characterise the safety of working environment, expenditures incurred by work-related health problems and the recent efforts of institutions, involved in occupational safety, in creating a safer working environment. Data from the annual reports of the Estonian Labour Inspectorate, the Health Insurance Fund of the Republic of Estonia and the Estonian Social Insurance Board, Eurostat and the European Working Conditions Survey have been used to prepare the review.

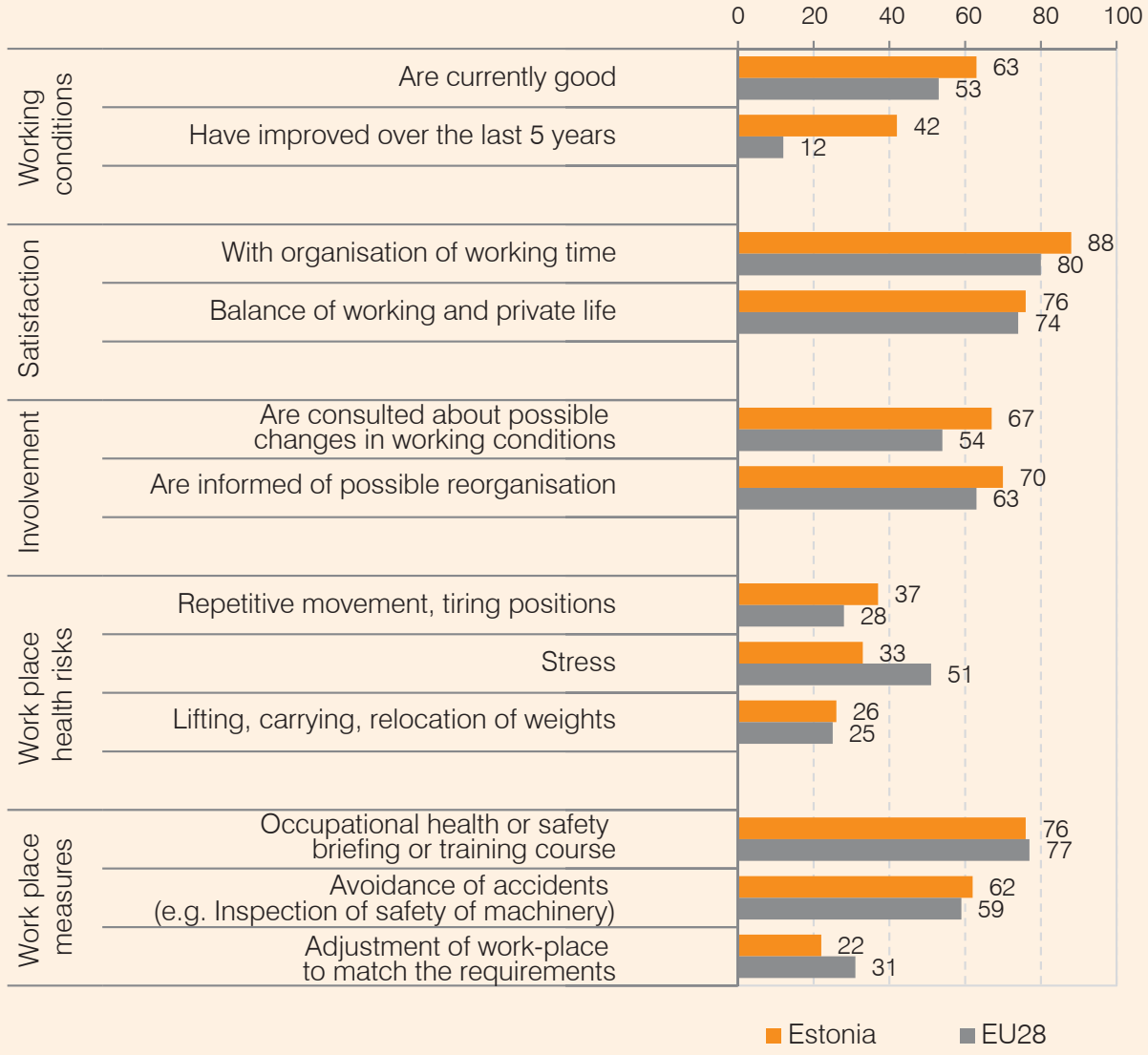
5.1. Working conditions

Eurostat and the European Foundation for the Improvement of Living and Working Conditions gather and publish comparative information about working environment at the European level. Eurostat collects information via statistical establishments of the Member States and also organises Eurobarometer survey series that address a variety of topical issues. The European Foundation for the Improvement of Living and Working Conditions conducts working conditions survey in Europe every five years, aiming to assess working conditions in European companies in general, using uniform grounds. The following section gives an overview of the assessment of working conditions, given by employees, based on the outcomes of Eurobarometer and European Working Condition Surveys.

Eurobarometer conducted its most recent survey on working conditions in April 2014. The survey covered the most topical working environment issues, which are risk factors present at place of work, measures to ensure safety, flexibility of working conditions and satisfaction with work in general.

Outcomes of the survey show that in Estonia there are, compare to the European Union (EU) average, 10% more employees (respectively, 63% and 53% of the respondents), who consider their working conditions to be good and even 30% more employees (respectively, 42% and 12% of the respondents), who say that their working conditions have improved over the last five years (see figure 5.1). Employees in Estonia are also somewhat more satisfied with organisation of working time, balance between working and private life and involvement and notification of employees, than an average EU employees (respectively, 33% and 51% of the respondents).

Figure 5.1. **Working conditions in 2014 (%)**



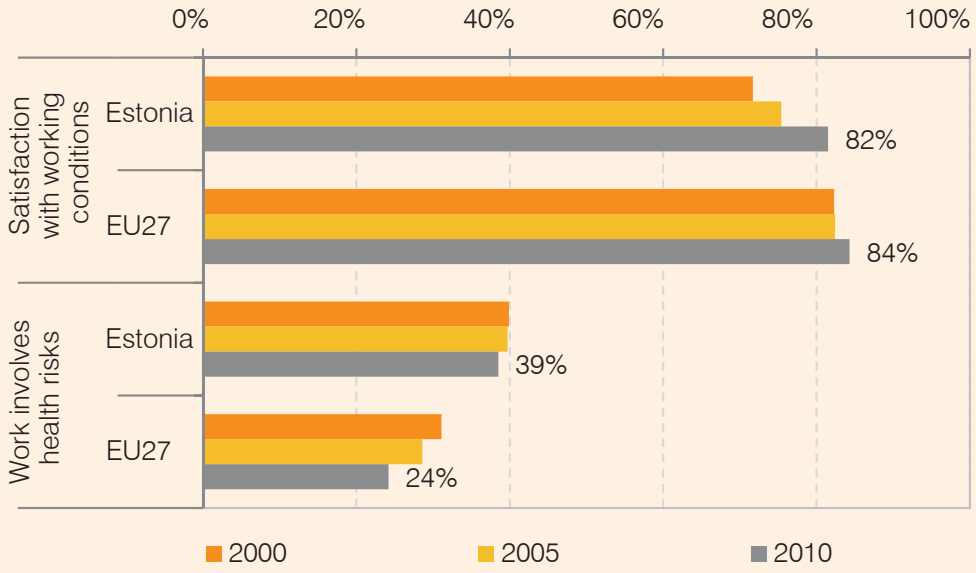
Source: Eurobarometer

Speaking of negative aspects we must say that compared to the EU average, the incidence of health risks that causes muscular and skeletal diseases – repetitive movements and lifting weight in work place – is more frequent in Estonia. In Estonia, work places are less frequently adjusted to meet the needs of the employees than in the EU in average.

While Eurobarometer represents a single quick survey to address some topical issue, European working conditions survey is conducted on regular bases, every five years, at European level to gather information about the opinion of employees about their working environment. As this survey has been conducted three times in Estonia, this allows to assess whether and how various aspects of the working life that are related to the working environment have changed in ten years and also compare Estonia to the other countries and the EU average. Figure 5.2 depicts answers to two important questions – general satisfaction of employees with their working conditions and work-related risks to the health of employees – collected during the survey.

Although the satisfaction of Estonian employees with their working conditions is lower than the respective EU average, satisfaction with working conditions has continued to increase in Estonia over the period of ten years, reaching a level that is lower by 2 percentage points than the average satisfaction of the EU employees with their working conditions.

Figure 5.2. **Dynamics of working conditions, 2000–2010 (%)**



Source: European Survey on Working Conditions 2000, 2005, 2010

In Estonia, the percentage of employees, considering the job they do to pose a risk for their health, has dropped by one percentage point. Despite the positive trend the situation here is still much worse, compared to the average EU assessment, with respect to possible risks to health. According to the results of 2010, in Estonia, health risk incurring at work are 15% more common than in the EU in average (respectively, 39% and 24% of the respondents).

Poor working conditions may result in occupational accidents and work-related health problems, suffered by employees. The next sections provide an overview of the occurrence of occupational accidents and work-related health problems in Estonia, using international comparative information and statistical data, registered at the Estonian Labour Inspectorate.

5.2. Occupational accidents

According to the Occupational Health and Safety Act, an occupational accident is damage to the health of an employee or death of an employee which occurred in the performance of a duty assigned by an employer or in other work performed with the employer's permission, during a break included in the working time, or during other activity in the interests of the employer.

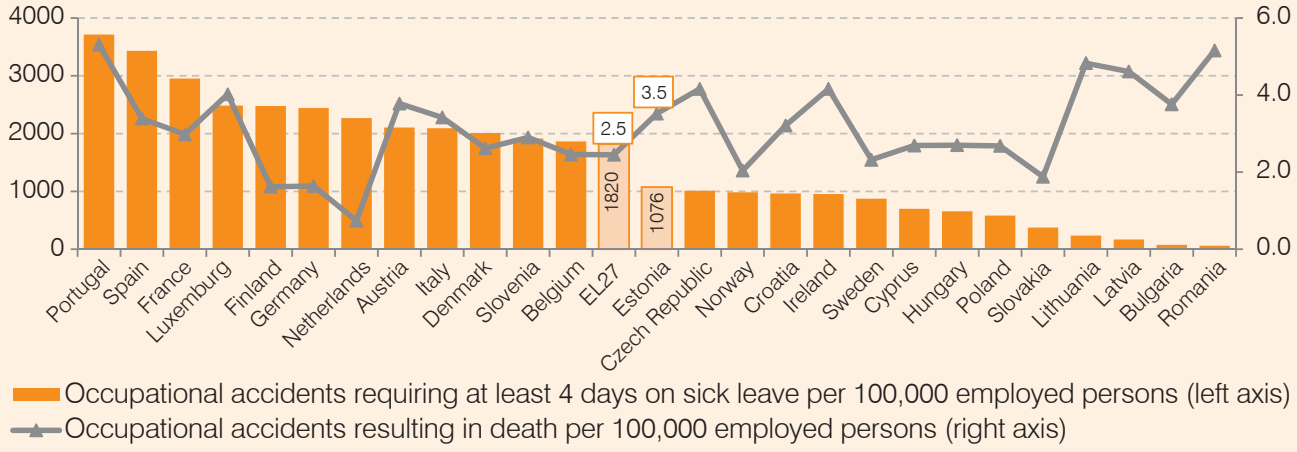
International statistics on occupational accidents

The procedure for registration of occupational accident and notification of such accidents is different in different states, relying either on information available to insurance companies or reports of employers. International statistical information on occupational accidents is published by Eurostat, considering the statistical information on occupational accidents, provided by insurance companies, to be true while statistics, based on reports filed by employers, is considered underreported. As in Estonia, occupational accidents are registered on the basis of reports filed by employers, we are probably dealing with underreporting of occupational accidents. Eurostat has introduced a methodology to adjust information from employers' reports of occupational accidents and thus allow comparison with insurance statistics to compare statistical information on occupational accidents from different countries; the methodology involves the use of occupational accident underreporting levels or scales to calculate true information on the bases of survey results. You will find an over-

view of weighting the registered occupational accidents in Estonia in the end of this section.

Eurostat publishes information of occupational accidents, resulting in at least four days of incapacity for work and statistical information on occupational accidents resulting in death as a ratio per 100,000 employed persons.

Figure 5.3. **Occupational accidents per 100,000 employed persons in the European Union, 2011**



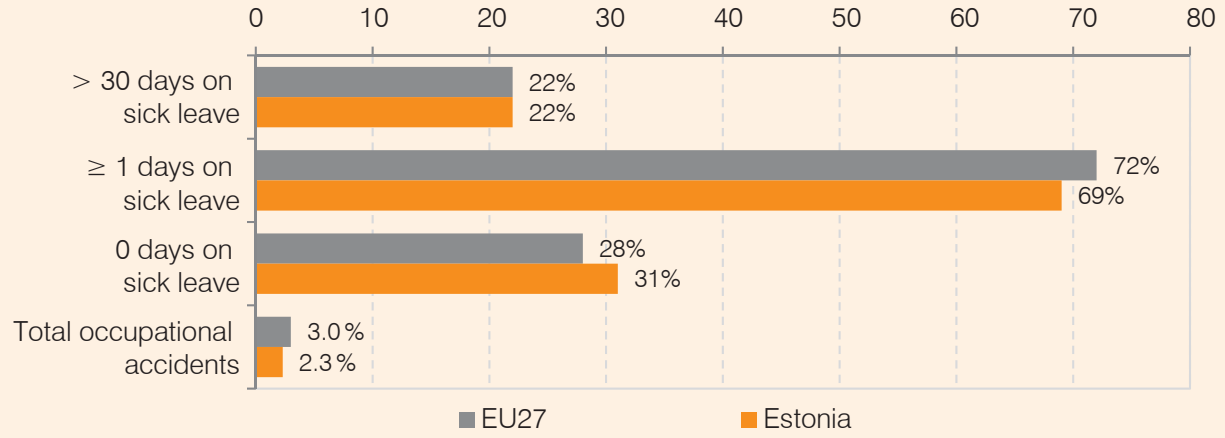
Source: Eurostat, (data published until 2011)

Figure 5.3 depicts the ranking of countries by incidents of occupational accidents, resulting in at least four days of incapacity for work. Estonia's indicators are on the same level with the respective EU average indicator. The relatively "good result", achieved by Estonia, serves to provide explicit reference to underreporting of occupational accidents, based on reports filed by employers, as this is the only explanation why, for example in Finland, where occupational accident insurance system is used, resulting in lack of opportunities for underreporting, the proportion of occupational accidents is twice as high, compared to Estonia.

According to the death statistics (see figure 5.3), Estonia is among the countries with much higher incidence of occupational accidents that result in death than the respective EU average (respectively, 3.5 and 2.5 deaths per 100,000 employed persons). Using Finland for comparison again, the statistics show that the incidence of occupational accidents, resulting in at least four days of incapacity for work, is twice as high as in Estonia, while the number of occupational accidents, resulting in death, is two times smaller than in Estonia.

Eurostat uses labour force survey, conducted in all the European Union Member States, to collect information about days spent off work as a consequence of occupational accident. While Eurostat describes occupational accidents, resulting in at least four days of incapacity for work as „serious occupational accidents", then for the purposes of international statistics, „serious occupational accident" describes incapacity for work, lasting longer than for 30 days. Figure 5.4 gives an overview of distribution of occupational accidents, depending on the number of days of incapacity for work.

Figure 5.4. **Distribution of occupational accidents by resulting number of days of incapacity for work (% of the respondents)**



Source: Eurostat, Labour Force Survey 2007 (Eurostat has not published any later information)

According to the survey, the incidence of occupational accidents is somewhat less frequent in Estonia than the EU average. In Estonia, 2.3% of employed persons have been involved in an occupational accident over the year or considering the number of employed persons in 2007, approximately 15,000 occupational accidents have taken place over the period observed. Both in Estonia and the EU, in average, about one third of occupational accidents won't result in absence from work due to illness, while one fifth of occupational accidents are serious occupational accidents that require more than 30 days spent on sick leave.

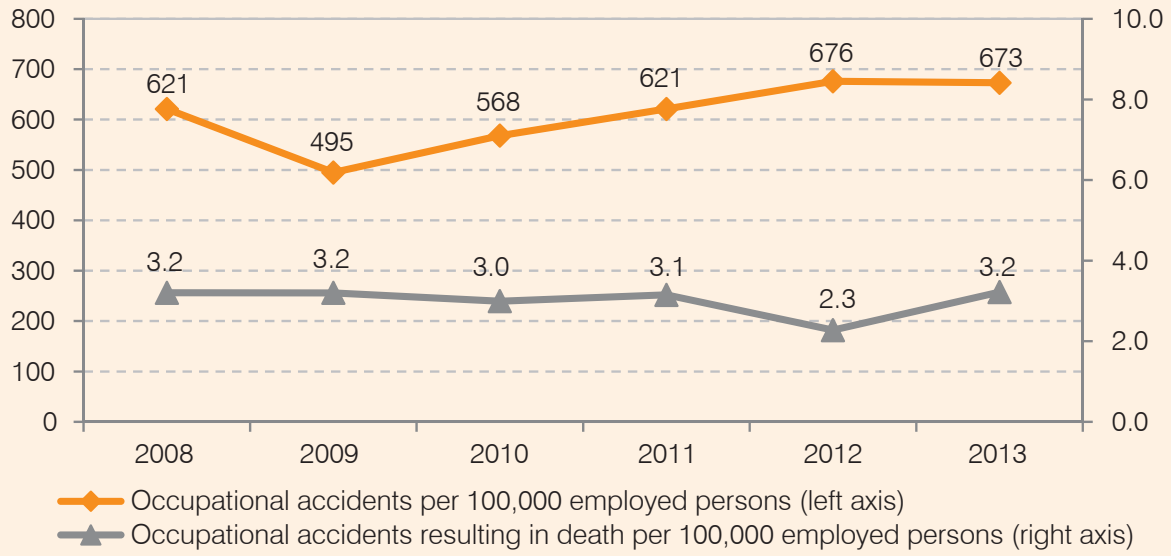
Registered occupational accidents in Estonia

According to the Occupational Health and Safety Act, occupational accidents are recorded in Estonia on the bases of employer's report. Register of occupational accidents is kept by the Estonian Labour Inspectorate.

In 2013, the Estonian Labour Inspectorate registered 4,180 occupational accidents (in 2012, 4,156 occupational accidents); in case of 3,385 accidents (in 2012 – 3,329) employees got minor bodily injuries; in case of 775 accidents (in 2012 – 813) serious bodily injuries while 20 occupational accidents (in 2012 – 14) resulted in death of an employee. When the number of registered occupational accidents has increased, compared to 2012, by 24 cases or by 0.6%, then the number of occupational accidents, resulting in death, has grown as much as 43%.

Figure 5.5 provides an overview of statistical information about registered occupational accidents in Estonia. Over the last couple of years the percentage of occupational accidents per 100,000 employed persons has decreased by 0.5%, while the percentage of occupational accidents that result in death per 100,000 persons has increased by 50%.

Figure 5.5. **Registered occupational accidents per 100,000 employed persons in Estonia, 2008–2013[21].**

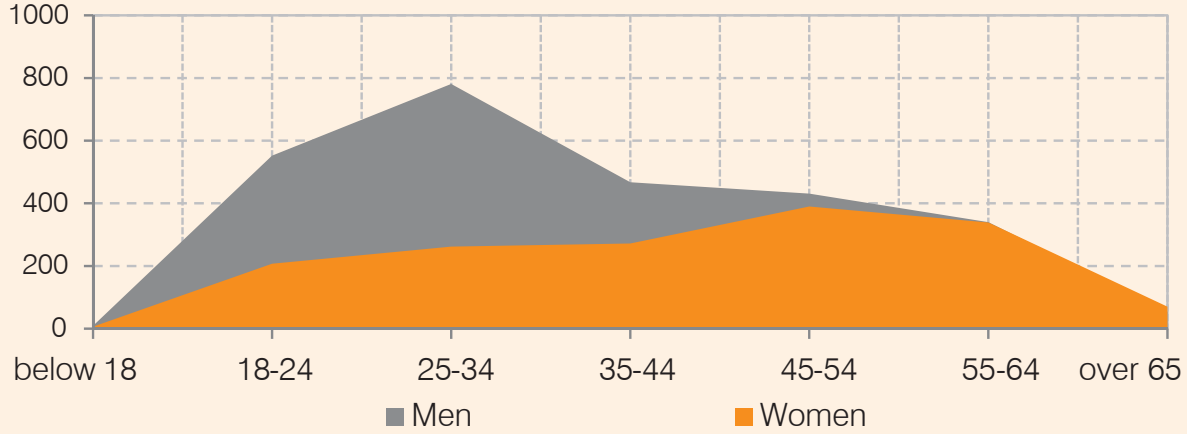


Source: The Estonian Labour Inspectorate

Men are more frequently involved in occupational accidents. In 2013, 2,634 men and 1,546 women, respectively, suffered in occupational accidents, which means that 63% of all the occupational accidents involved men (in 2012, respectively 2,552 men and 1,604 women, the percentage of men was 61%). Over the last year, the number of occupational accidents involving persons younger than 18 years, has increased (in 2012, 7 occupational accidents; in 2013 – 15 occupational accidents) and also occupational accidents involving persons older than 65 years (in 2012, 99 occupational accidents; in 2013 – 124 occupational accidents). The number of occupational accidents, involving other age groups, has remained the same.

In 2008–2013, there were no substantial changes in the statistics of registered occupational accidents, both gender and age group wise. Incidence of occupational accidents by gender and age groups is characterised by figure 5.6, which relies on the information from 2013. This shows than men are most frequently involved in occupational accidents at the age of 25–34 and women – at the age of 45–54 years.

Figure 5.6. **Registered occupational accidents by gender and age groups, 2013**



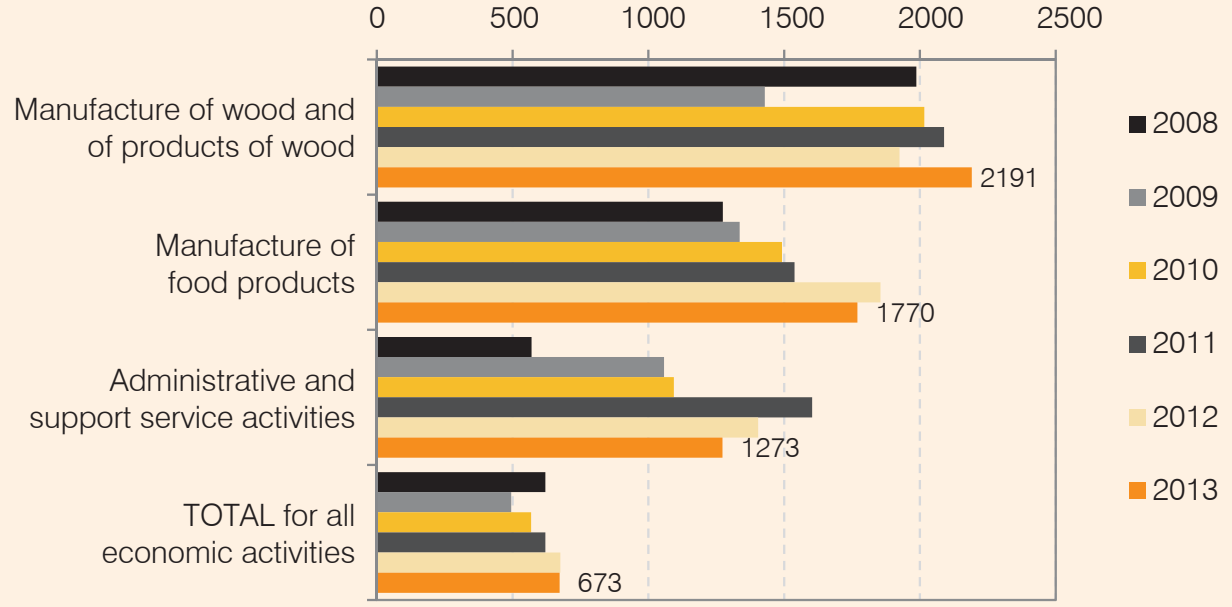
Source: The Estonian Labour Inspectorate

[21] Information provided on Figure 5.3 (Eurostat information) and 5.5 (information registered by the Estonian Labour Inspectorate) do not coincide as Eurostat weights registered occupational accidents, using the survey results, to diminish the underreporting.

According to the annual report of the Estonian Labour Inspectorate, the largest number of occupational accidents was registered in 2013 in metal industry sector, where the number of occupational accidents had almost double, compared to 2008, or over the last six years. Public administration and national defence sector, which has been the most accident-prone sector for years, reported a number of occupational accidents that had decreased in 2013, compared to the previous year.

In the following, ratios per 100,000 employed persons will be used instead of absolute figures to provide an assessment to level of hazard of various economic activities, based on the frequency of occupational accidents. According to this method, over the last six years (see figure 5.7) the largest number of occupational accidents takes place in manufacturing, more specifically, timber and food processing sector, where the number of occupational accidents is almost three times bigger, compared to the average for all the other activities

Figure 5.7. **Most dangerous activities, based on the percentage of registered occupational accidents, 2008–2013**

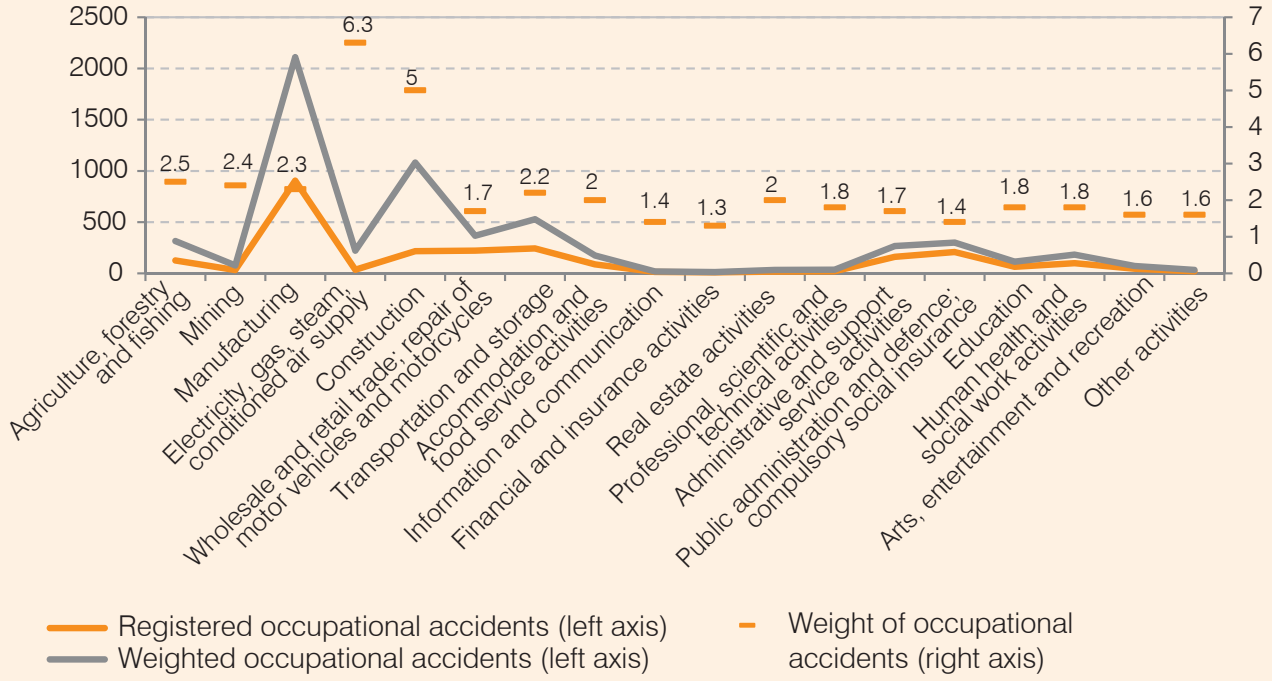


Source: The Estonian Labour Inspectorate, Statistics Estonia

Apart manufacturing sector, administrative and support service activities has been the sector, featuring the largest number of occupational accidents, mostly involving security guards and rented labour. In case of security guards, several cases involve violence. As for rented labour, one can assume that employees will be involved occupational accidents with higher probability because of receiving insufficient occupational safety briefing and instructions. However, according to the law employers using rented labour must ensure compliance with occupational safety and health requirements.

Figure 5.8 depicts the scales of occupational accidents by economic activities, calculated by the methodologists of Statistics Estonia on the bases of occupational accidents, registered by the Estonian Labour Inspectorate and resulting in at least 4 days spent off work, and the outcome of the survey, conducted in the same year, to provide a more reliable overview of hazards, accompanying various activities. In 2012, the average weight of occupational accident was 2.4. The weight characterises the level of underreporting of occupational accidents and demonstrates the real number of occupational accidents that have taken place, compared to the number of registered occupational accidents.

Figure 5.8. **Weighting the number of occupational accidents by economic activities, in 2011**



Source: The Estonian Labour Inspectorate, Statistics Estonia, 2011

Comparison of the weights provides an overview of economic activities, more often concealing the occupational accidents that have taken place. According to the results of 2011, the occurrence of occupational accidents was most often concealed in electricity, gas and water supply and construction sector, which means that when officially, 217 occupational accidents were registered in construction sector in 2011, we can assume that in reality, 1,081 occupational accidents took place in the constructions sector.

More specific overview of registered occupational accidents in 2013 is available from the annual report of the Estonian Labour Inspectorate at http://www.ti.ee/public/files/Tookeskonna_ylevaade_2013.pdf.

5.3. Work-related health problems

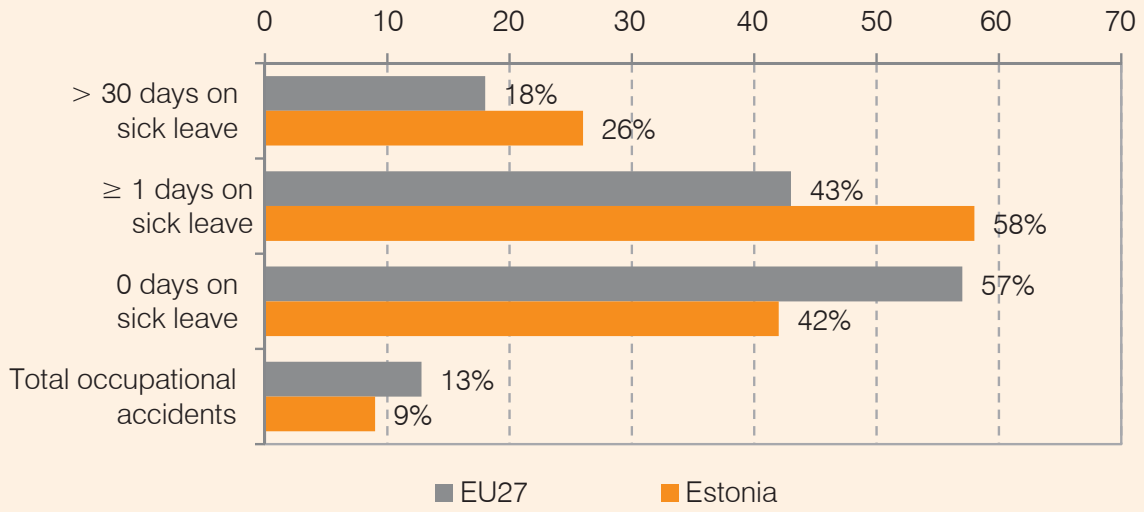
Surveys are used to gather the opinions of employees about the frequency for the occurrence of work-related health problems.

International statistics on work-related health problems

Eurostat gathers the assessments of working age population about work-related health problems in the European Union Member states, using the regular Labour Force Survey, which will be periodically added an extra module, containing questions about health and capacity for work of employed persons.

Just as it was the case with occupational accidents (see figure 5.4), international statistical information includes the number of days a person is incapacitated for work to compare the work-related health problems. Health problems that result in a period of temporary incapacity for work, longer than 30 days, will be considered as serious for statistical purpose. Figure 5.9 will give an overview of work-related health problems in Estonia and the EU, using average number of days the person involved will be incapacitated for work.

Figure 5.9. **Distribution of work-related health problems by resulting number of days of incapacity for work (% of the respondents)**



Source: Eurostat, Labour Force Survey 2007 (Eurostat has not published any later information)

According to the survey, the incidence of work-related health problems is somewhat less frequent in Estonia than the EU average (reported, respectively, by 9 % and 13% of the respondents). Major differences in the average Estonian and EU estimates become obvious as we compare the seriousness of work-related health problems or resulting days on sick leave. While in Estonia work-related health problems that do not result in sick leave occur less frequently (respectively, 42% and 57% of the respondents), Estonia also has a larger number of work-related health problems that result in at least one day spent on sick leave (respectively, 58% and 43% of the respondents). The occurrence of serious work-related health problems, resulting in at least 30 days of sick leave, is considerably more common in Estonia (respectively, 26% and 18% of the respondents).

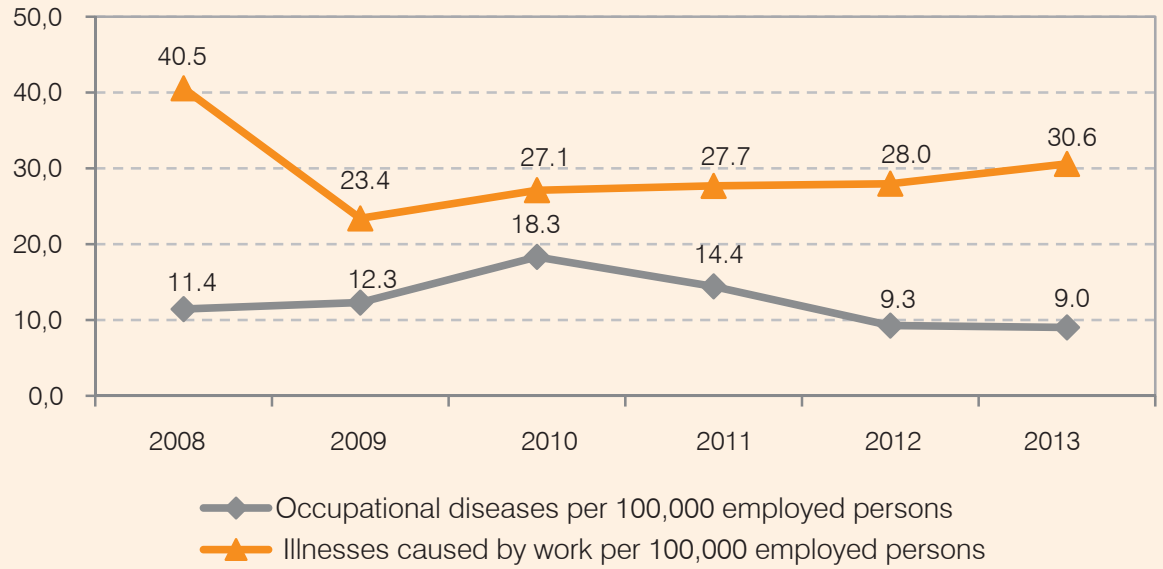
Summing up the international comparison of work-related health problems, we can say that for Estonian people work-related health problems are only those resulting in sick leave, while overlooking any possible relations between smaller health problems with working and working conditions.

Registered health problems in Estonia, caused by working environment hazards

According to the Occupational Health and Safety Act, health problems caused by working environment hazards, more specifically, occupational diseases[22] and illnesses caused by work[23], must be recorded in Estonia. Register of occupational diseases and illnesses caused by work is kept by the Estonian Labour Inspectorate. Occurrence of occupational diseases will be registered on the bases of reports, filed by employers while illnesses caused by work are recorded on the bases of a doctor's notification. In 2013, 56 cases of occupational disease were registered (in 2012 – 57 cases); the number of occupational diseases diagnosed totalled to 167 (in 2012 – to 151). 190 occurrences of illnesses caused by work were registered (in 2012 – 172 occurrences).

Figure 5.10 provides an overview of the number of occupational diseases and illnesses caused by work, registered at the Estonian Labour Inspectorate per 100,000 employed persons. While the number of occurrence of occupational diseases has not changed much, compared to 2012, the percentage of illnesses caused by work has increased by 10%.

Figure 5.10. **Registered health problems caused by work per 100,000 employed persons in Estonia, 2008–2013**



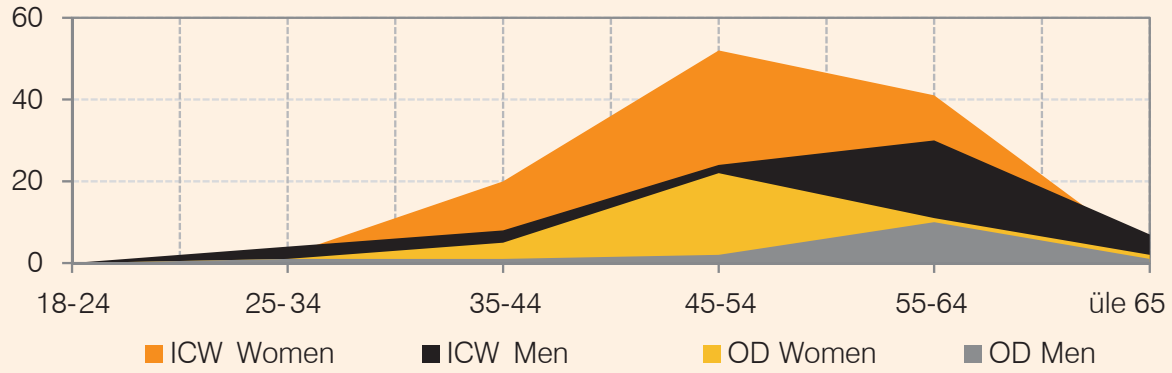
Source: The Estonian Labour Inspectorate

Alike the number of occupational accidents, major changes have not affected the statistical information on occupational diseases and illnesses caused by work during the period of 2008–2013. Occurrence of occupational diseases and illnesses caused by work among men and women by age groups is shown in Figure 5.11, which is drawn up on the bases of records for 2013, and shows that both occupational diseases and illnesses caused by work occur most often among men aged 55–64 and women aged 45–54.

[22] **Occupational disease** is a disease which is brought about by a long-term exposure to working environment hazards. Occupational disease is directly attributable to working environment hazards, i.e. there is a cause-consequence relation between the hazard and disease. Occupational disease will result in decreased capacity for work of an employee who shall have the right to demand compensation for damages from employer.

[23] **Illness caused by work** is a health problem, where exposure to working environment hazards is one of the several factors, causing the illness. Illnesses caused by work require the attention of specialists, involved in solving working environment problems and allocation of required resources to decreasing the influence of working environment hazards and prevention of the incidence of occupational diseases.

Figure 5.11. **Registered health problems caused by work by gender and age groups, 2013**

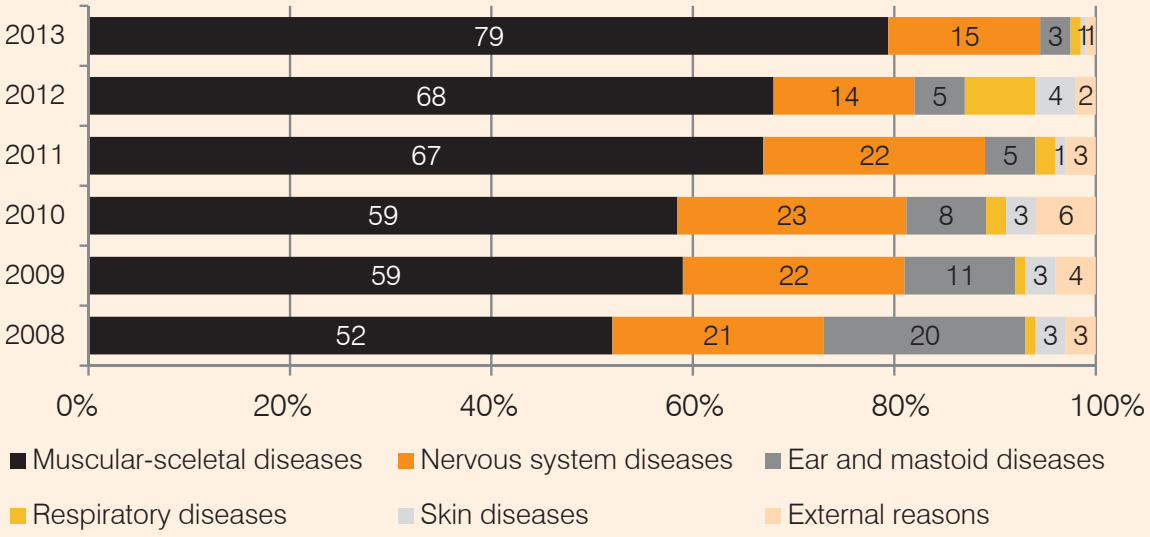


Source: The Estonian Labour Inspectorate

As both occupational diseases and illnesses caused by work are connected to working environment hazards, we can assume that illnesses caused by work can in many occasions be a diagnosis, preceding occupational diseases. Relying in this assumption and considering the limited number of occurrence of occupational diseases, the following sections will deal with occupational diseases and illnesses caused by work in combination, describing them as health problems caused by work.

Figure 5.12 provides an overview of diagnoses, based on registered work-related health problems, highlighting the diagnoses, resulting from most commonly suggested symptoms. Muscular and skeletal diseases still represent the most often diagnosed group of diseases; their percentage has, compared to 2008, increased by 27 percentage points, contributing to almost 80 per cent of all the work-related illnesses diagnosed. Nervous system diseases hold the second place, followed by ear problems, respiratory diseases and skin diseases.

Figure 5.12. **Dynamics of diagnosed registered health problems caused by work, 2008–2013 (%)**



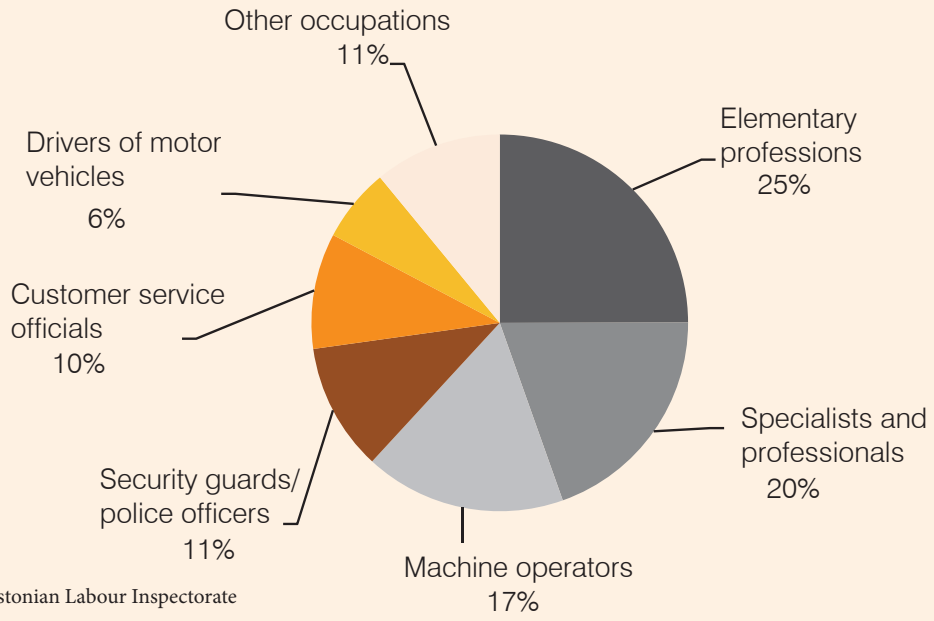
Source: Health Board

Overview of health problems caused by work shows that the number of noise-related health problems of employees has decreased, which means that the ability to cope with this hazard in working environment has improved, whereas employers should give much more attention to manual relocation of heavy objects and related improved organisation of work.

According to the annual report of the Estonian Labour Inspectorate, the largest number of health problems caused by work was diagnosed in manufacturing sector, more specifically, wood, textile and food processing sector. Agriculture, construction and trade also stood out with high incidence of diseases caused by work.

Single registered cases of occupational accidents, occupational diseases and illnesses caused by work were analysed in 2012 to obtain an overview of occupations, posing the biggest threats and health risks for employees, obtaining the results, depicted in figure 5.13. One fourth of all the incidents are related to elementary professions, one fifth to professionals followed by operators of machinery and equipment. The percentage of customer service officials and security workers is surprisingly high.

Figure 5.13. **Most hazardous occupations, based on the number of registered occupational accidents, occupational diseases and illnesses caused by work, 2012**



Source: The Estonian Labour Inspectorate

Overviews of occurrence of occupational diseases and illnesses caused by work by diagnoses and hazards in working environment, being the reason for such illnesses, has been drawn up by the Health Board since 2011. Overview of illnesses is available at: http://Health Board.ee/tervishoid/tootervishoid/aruanded.html

5.4. Expenditures incurred by work-related health problems

Work-related illness results in economic losses for employees, employers, state and the society in general. As the result of previous surveys[24] it has been found that in developed countries, expenditures incurred by occupational accidents and illness of employees are assumed to total to 2–4% of Gross Domestic Product (hereinafter the GDP).

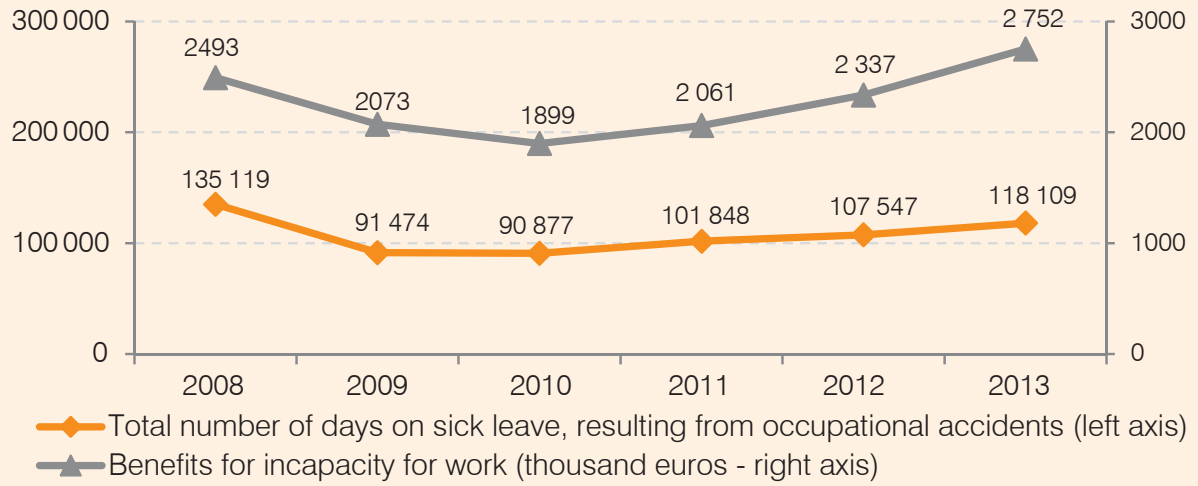
This section gives an overview of work-related temporary and permanent incapacity for work and resulting expenditures. In addition, occupational accident cost model[25] will be used to compare expenditure, resulting from occupational accidents, at state and society level. The analysis is based on annual accounts of the Health Insurance Fund of the Republic of Estonia and the Estonian National Social Insurance Board.

Benefits for incapacity for work

One of the most important indicators, used to assess the working environment, are days of incapacity for work, resulting from occupational accidents. Increase in number of days of incapacity for work, resulting from occupational accidents, refers to increase in number of serious occupational accidents and indirectly, also to increasing exposure to hazards within working environment.

In 2013, the Health Insurance Fund of the Republic of Estonia paid, in total, compensation for 5.2 million days (in 2012, respectively, for 4.9 million days). The number of days of incapacity for work, resulting from occupational accidents, totals to approximately 2% of the number of days, compensated by the Health Insurance Fund of the Republic of Estonia, and demonstrates a steady growth trend (see figure 5.14). By linking the number of days of incapacity for work, recorded by the Health Insurance Fund of the Republic of Estonia, to the average number of working days per year, we will reach a result, stating that on every working day, the average of 500 employees are on sick leave as a consequence of occupational accidents.

Figure 5.14. **Benefits for incapacity for work, resulting from occupational accident, 2008–2013**



Source: The Health Insurance Fund of the Republic of Estonia, the Estonian Labour Inspectorate

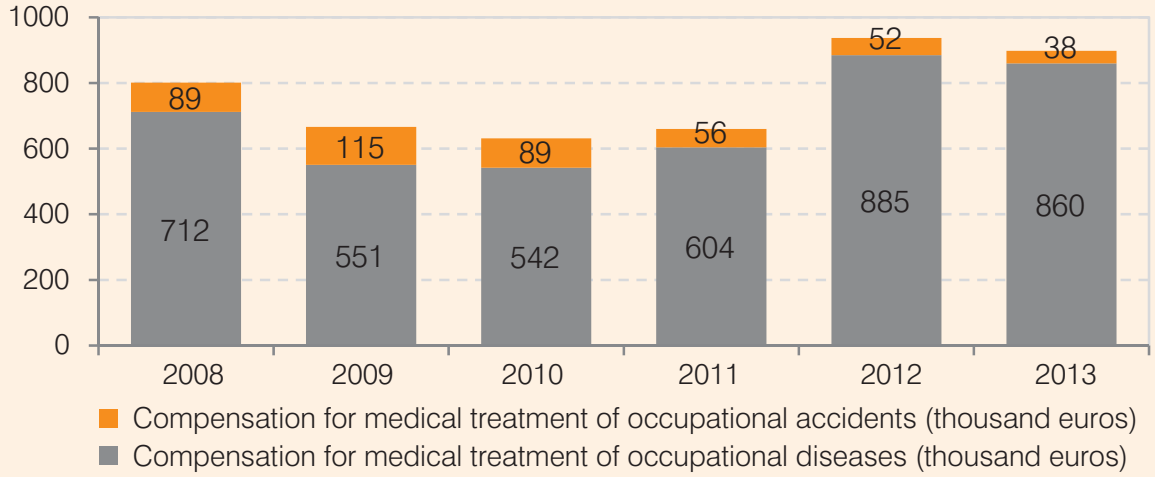
[24] Report on Economic Impact of the Safety, Health and Welfare at Work Legislation. Ireland, August 2006.
[25] Rünkla, Ester. Expenditures incurred by occupational accidents. Policy brief. Series of the Ministry of Social Affairs no. 3/2013.

When number of days of incapacity for work, resulting from occupational accidents, has increased by approximately 10% or by 10,000 days, the benefits for incapacity for worked have increased by ca 18% over the same period of time, which means, in monetary terms, increase of benefits for occupational accidents increasing by 415,000 euros.

Medical treatment expenses

In 2013, the Health Insurance Fund of the Republic of Estonia compensated 8,297 invoices for medical treatment expenses, resulting from occupational accident, for the total amount of 859,901 euros (in 2012, respectively, 7,911 invoices for medical treatment expenses and 884, 796 euros) and 327 invoices for medical treatment expenses, related to occupational diseases, for the total amount of 37,636 euros (in 2012, respectively, 450 invoices for medical treatment expenses for the total amount of 52,060 euros).

Figure 5.15. **Compensation for medical treatment of occupational accidents and occupational diseases, 2008–2013**



Source: The Health Insurance Fund of the Republic of Estonia, the Estonian Labour Inspectorate

Over the last couple of years, the total value of occupational accident invoices for medical treatment expenses and compensations for treatment have increased, above all, on the account of increasing number of occupational accidents. The main reasons for this phenomenon being the increase of the number of employed persons, following the end of the recession, and growing intensity of work.

Steady decrease of the total value of occupational disease related invoices for medical treatment expenses and compensations for treatment refers, from one hand, to under-diagnosed occurrence of occupational diseases and from the other hand, to poor awareness of family doctors and specialists of hazards in working environment and their influence on health in general. Occupational diseases represent long-term health problems, which often give complications several years later. Medical treatment compensation information system in combination with improved awareness of doctors needs to be developed to a level that would link the initial diagnosis of occupational disease in patients to possible later diagnosis of occupational disease related complications.

Analysis of medical treatment expense compensation records of 2013 shows that while in the case of occupational diseases the average value of invoices for medical treatment expenses totals approximately to 600 euros, in case of serious occupational accidents the total value of invoices for medical treatment expenses have even exceeded 25,000 euros in certain occasions. In total, the Health Insurance Fund of the Republic of Estonia disbursed in 2013 approximately 900,000 euros to compensate for the medical treatment expenses of occupational accidents and occupational diseases, which forms

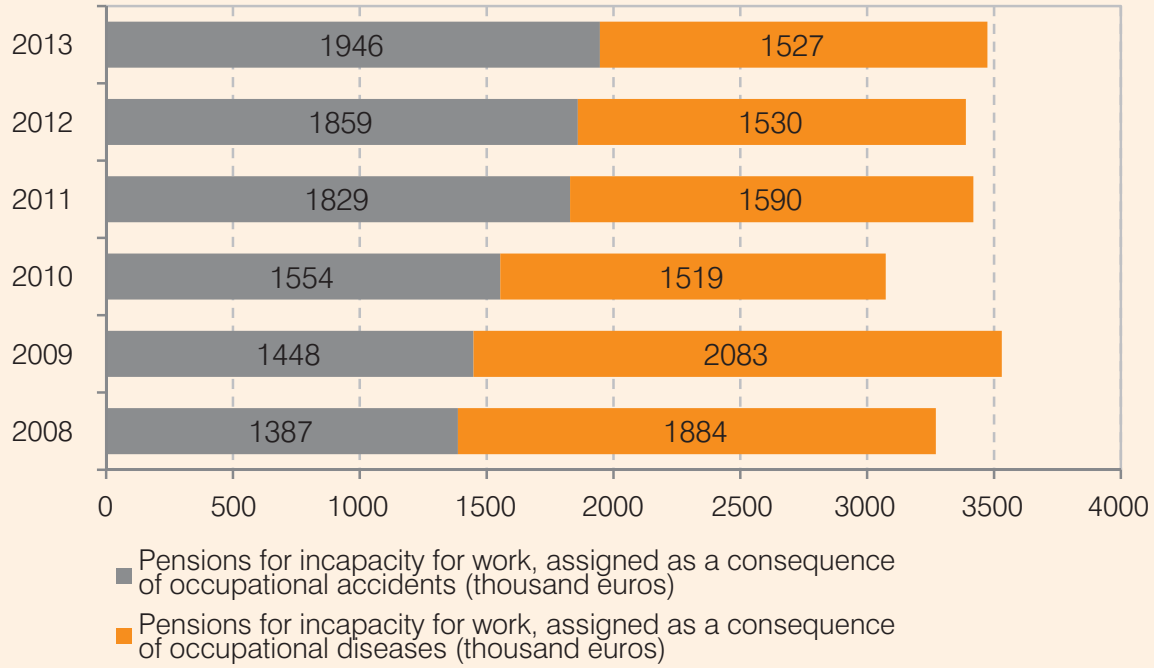
0.15% of the total health care and health insurance expenses of the Health Insurance Fund of the Republic of Estonia (605,257 000 euros)[26].

Pensions for incapacity for work

Permanent incapacity for work, ranging between 40–100%, shall entitle the person concerned to apply for a pension for incapacity for work. According to the annual accounts of the Estonian National Social Insurance Board, the number of recipients of pension for incapacity for work totalled to 95,503 in the end of 2013; the total amount of pensions for incapacity for work disbursed was around 217 million euros (in 2012, respectively, there were 94,096 recipients of pension for incapacity for work and the total amount of disbursed pensions for incapacity for work was around 203 million euros).

In 2013, 994 individuals (in 2012, respectively, 983), having permanently lost their capacity for work as a consequence of an occupational accident and 769 individuals (in 2012, respectively, 790), having lost their capacity for work as a consequence of occupational disease, whose loss of capacity for work exceeded 40% and who were registered in the Estonian National Social Insurance Board. The total amount of pensions for incapacity for work, disbursed to those individuals, amounted to approximately 3.5 million euros (in 2012, approximately 3.4 million euros).

Figure 5.16. **Pensions for incapacity for work, assigned as a consequence of occupational accidents and occupational diseases, 2008–2013**



Source: The Estonian Social Insurance Board

In 2013, pension for incapacity for work was assigned, as a consequence of occupational accident, for the first time to 73 employees (in 2012, to 60 employees), and as a consequence of occupational disease – to 27 employees (in 2012, to 18 employees).

While persons, suffering from permanent incapacity for work as a consequence of occupational accident are mostly men (respectively, 82% and 18%), then occupational diseases give the same results mostly in women (respectively, 60% and 40%).

Total expense, incurred by pension for incapacity for work assigned as a consequence of occupational accidents and occupational diseases, has remained largely the same over the last couple of

[26] Annual Reports of the Health Insurance Fund of the Republic of Estonia, 2013.

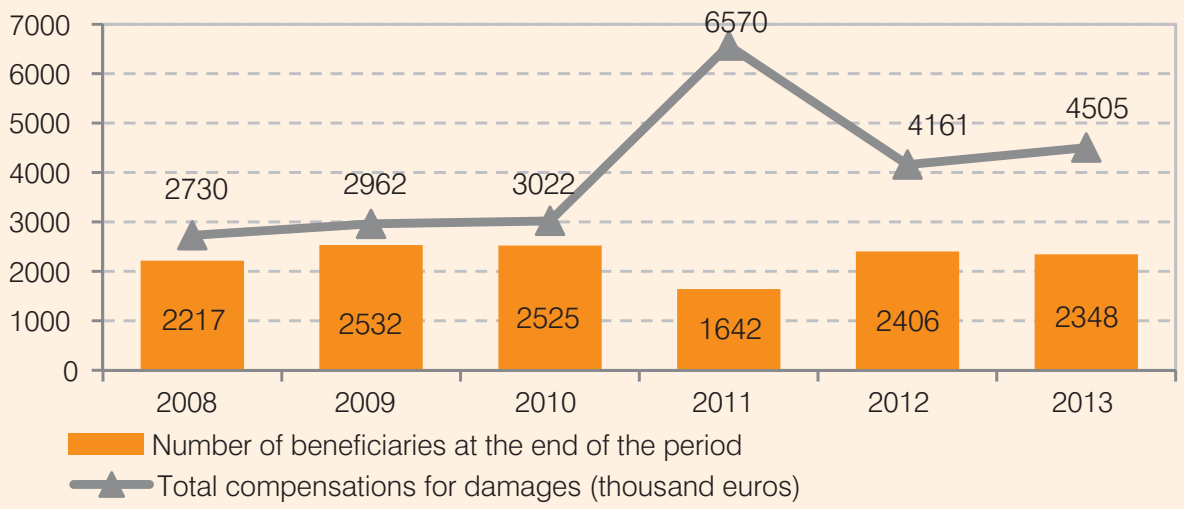
years, amounting to approximately 3.5 million euros per annum (see figure 5.16). In 2013, total expenses incurred by disbursement of pension for incapacity for work as a consequence of occupational accidents somewhat increased, while the total expenditures, incurred by disbursement of pension for incapacity for work, resulting from occupational diseases, has somewhat decreased. This tendency can be explained by general decline in the number of occupational diseases diagnosed, mainly as a result of insufficient diagnosis.

Compensation for damage

Employees, who have suffered damages to their health while fulfilling work-related duties, have the right to demand compensation for resulting damage from their employer. Damages to health may occur as a consequence of either occupational accident or occupational disease, resulting in identification of permanent incapacity for work. Persons will be entitled to compensation for damages if the damages to health are caused at employer's fault. If an employer, responsible for the damages, has been liquidated without leaving a legal successor, the obligation to compensate for the income lost and additional expenditure lies with the Estonian Social Insurance Board.

The Estonian Social Insurance Board will pay to persons, having permanently lost their capacity for work as a consequence of an occupational accident or occupational disease, compensation for damages. It is paid in addition to pension for incapacity for work and that amounts total to millions of euros every year.

Figure 5.17. **Compensation for damages, resulting from occupational accidents and occupational diseases, 2008–2013**



Source: The Estonian Social Insurance Board

It is difficult to give an accurate overview of the number of the recipients of compensation for damages, as the statistical information, available from the Estonian Social Insurance Board, publishes the number of beneficiaries in the end of the reporting period. Figure 5.17 shows that in the end of the year, the number of beneficiaries has been above 2,000. Year 2011 has been the only exception with only 1,642 registered beneficiaries of compensation. Apparently, the number of recipients of single subsidy was smaller during the fourth quarter of 2011 and this decreased the number of beneficiaries in the end of the year; however, the total amount of compensations, paid over the year, has been much bigger than over recent years.

Increase in the number of persons, receiving benefits from the Estonian Social Insurance Board, can only be explained by increase in the number of work-related incidents where the employer, responsible for the damages resulting from either occupational accident or occupational disease, has been liquidated without a legal successor and, as a consequence, the Estonian Social Insurance Board has been required to compensate for the income lost and additional expenditure.

Rehabilitation services

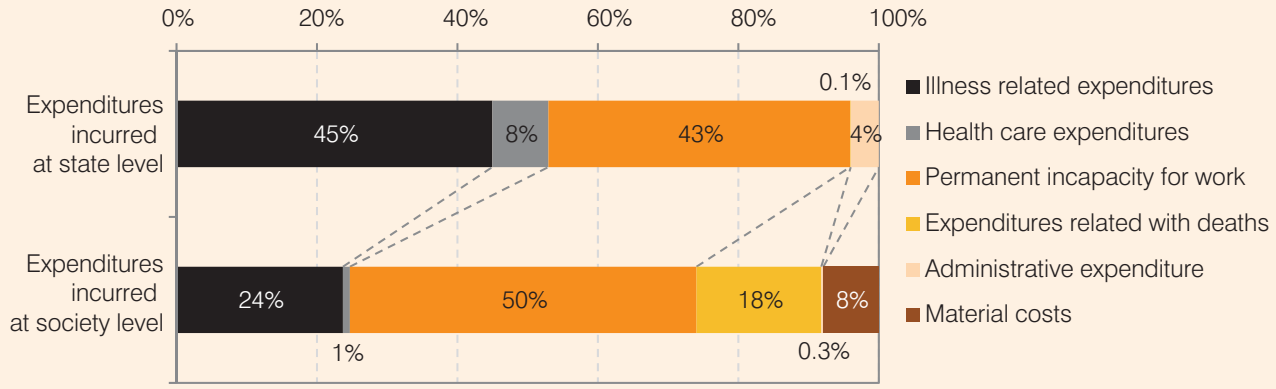
In addition to compensation for damages, the Estonian Social Insurance Board offers rehabilitation services to persons involved in occupational accidents and occupational diseases. In 2013, rehabilitation services were made available to 120 persons (in 27 of the cases, as a consequence of an occupational accident and in 93 cases – as a consequence of occupational disease); total expenditure, incurred by such services, totalled to 5,819 euros (in 2012, respectively, 124 persons and total amount of expenditures – 5,734 euros).

Expenditures incurred by occupational accidents at state and society level, according to the occupational accident cost model

Occupational accident cost model, developed in 2003 by the Estonian Labour Inspectorate and the Working Environment Board of Denmark within the framework of a co-operation project, will offer the opportunity for assessing the direct and indirect expenditures, resulting for the state and society from occupational accidents. The model will record direct state budget costs as state costs; costs incurred for the society are expressed in benefits lost for the society. Expected life span information tables are used to calculate costs incurred by occupational accidents that result in death or permanent incapacity for work. Figure 5.18 provides an overview of the allocation of total occupational accident costs by cost components.

As for the state budget expenditures, these are mostly made up of sickness benefits, paid to persons having temporarily lost their capacity for work, and early pension, resulting from permanent loss of capacity for work. Both expenditures refer to the seriousness of occupational accidents and can be cut down by consistent information dissemination campaign by the state, focusing in working environment hazards, and preventive measures introduced by employers to shape working environment, which is safe and helps to maintain the health of employees.

Figure 5.18. **Percentages of occupational accident cost components, 2013**



Source: Occupational accident cost model, 2013

Expenditures incurred at society level mostly means the production lost for the society, both as a consequence of death, temporary and permanent incapacity for work. Illness related expenditures at the society level also represent days of absence from work and resulting production lost for the society.

Health care expenditures, having the same value on both state and society level, differ considerably by their proportion in total expenditures, contributing 8% of total expenditures at state level and just 1% of the total expenditures at society level. The same can be said about administrative expenses; allocated, respectively, as 4% at state level and 0.3% at society level.

Occupational accidents, resulting in death, only contribute 0.1% of total expenditure, as the liabil-

ity of the state is only restricted to the payment of survivor's pension, where appropriate. At society level, occupational accidents, resulting in death, contribute 18% of total expenditures, which are linked to work and production lost for the society.

Table 5.1 shows comparative information on occupational accident expenditures in 2012 and 2013.

The total accumulated expenditure in 2013 (4,180 registered occupational accident) at state level made up to approximately 6 million euros, whereas the expenditures at the society level made up to approximately 66 million euros. Total accumulated expenditures of enterprises, which form a part of society expenditures, representing material costs, made up to approximately 5 million euros in 2013.

Table 5.1. **Expenditures resulting from occupational accidents in 2012 and 2013**

	2012	2013
Number of registered occupational accidents	4148	4180
Number of deaths	14	20
Number of persons to receive pension for incapacity for work	60	73
Number of days on sick leave	107 547	118 109
Expenditures per occupational accident at state level (euros)	1249	1497
Expenditures per occupational accident at society level (euros)	12 412	15 719
Total expenditures resulting from absence from work, due to illness (mln euros)	2.4	2.4
Health care expenditures (mln euros)	0.5	0.5
Expenditures incurred by pension for incapacity for work (mln euros)	2.0	2.1
Administrative costs (mln euros)	0.2	0.2
Total expenditure for companies (mln euros)	4.8	5.0
Total expenditures at state level approximately (mln euros)	5.2	6.2
% of state budget	0.08	0.08
Total expenditures at society level (mln euros)	55	66
% of GDP	0.32	0.36

Source: Occupational accident cost model

Analysis of total expenditures, related to occupational accidents, show that the expenditures for the society are almost ten times as big as the direct state budget expenditures, mostly due to the loss of production for the society, calculated in case of assigned pension for incapacity for work and death for the period remaining to the victim's retirement age, using the expected life span tables."

More accurate overview of the process for calculating expenditures, resulting from occupational accidents, are available from the series of publications of the Ministry of Social Affairs no. 3/2013 „Expenditures incurred by occupational accidents".

5.5. Tools and measures to improve the working environment

Both employers, employees and the state are interested in ensuring and developing of a good working environment. According to the Occupational Health and Safety Act, an employer will be required to ensure a safe working environment, maintaining the health of employees. Employers are assisted in this process by a variety of occupational health and safety institutions and organisations, including the Estonian Labour In-

spectorate, the Health Board, occupational health services, policymakers in the field of occupational health and safety.

Over the recent years the European Social Fund has implemented measures to increase the awareness of occupational health specialists, employers and employees about safe and healthy work environment. In-service training courses have been organised on regular bases to increase the awareness of occupational health specialists and to ensure uniform quality of occupational health services. Several measures have been developed to increase occupational health and safety awareness of employers and employees.

Working life portal (www.tooelu.ee), which is the largest web-based environment in Estonia, concentrating on working relationships and working environment issues, includes work-related news, information about upcoming events, information on topical issues, solutions for problems and many other items, which can assist employers, employees, working environment specialists and just interested parties. Russian version of the website was launched in the beginning of 2014. Development and editing of the portal is organised as a co-operative effort of the Ministry of Social Affairs and the Estonian Labour Inspectorate.

Web-based safe working life database Tööbik (www.toobik.ee) is a tool, intended for Estonian companies as an assistance in administration of working environment, occupational health and safety efforts and conduct of risk analysis in companies. The tool helps to organise working environment related activities in a company, analyse working environment hazards in a company, manage medical health check information of employees, and maintain an overview of occupational health and safety issues and working environment training. The Ministry of Social Affairs is responsible for maintaining and operating the database. Tööbik will become available to general public in autumn 2014.

A tool was developed for improving working environment related knowledge of employees, involving employees in form of a game to solve and handle various situations that may occur in working environment. The tool is available on the working life portal at (http://tooelu.ee/et/teemad/tookeskkonna_korraldus/Tookeskkonna-toovahend).

Conclusion

While the statistical information, available on occupational accidents that end in death, is probably realistic in Estonia, the remaining occupational accidents are inadequately recorded and we can also assume certain shifts in statistical information about economic activities. Therefore, it is important to develop methodology to ensure the reliability of statistical information about occupational accidents in the nearest future.

The reasons for inadequate and insufficient registration of occupational diseases can be found in diagnostic tools and social problems. As illness caused by work may often be a diagnosis, preceding occupational diseases, the occupational health doctors and employers should pay special attention to illness caused by work to avoid the disease becoming more serious and resulting in diagnosis of an occupational disease. Repetitive stereotypic movements and manual relocation of heavy objects are the most common working environment hazards that cause occupational diseases.

Occupational accidents and work-related health problems, which result in permanent incapacity for work, are the most costly for the society. The total number of persons, becoming permanently incapable for work as a result of occupational accidents or occupational disease, is approximately 1,700. Every year, approximately one hundred people will be added, diagnosed with first-time permanent incapacity for work either because of occupational accident or disease.

Supported by the European Social Fund, institutions involved in working environment safety have contributed to the creation of safer working environment over the recent years.

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