

# Employment and Working Life in Estonia 2012

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# Employment and Working Life in Estonia 2012

Trends



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# Introduction

Five years have passed since the beginning of the global economic crisis. During this time great changes have taken place on the Estonian labour market. The economic growth has recovered after a deep recession and this in turn has brought along an increase in employment. Unemployment rate, which was at its highest in 2010, continues to decrease for the third year in row. This collection of trends shall provide a detailed overview of the changes on the Estonian labour market in 2012 and shall also provide a comparison with other countries. This collection uses data from labour force surveys and other surveys of Statistics Estonia as well as data from the Eurostat database, Estonian Unemployment Insurance Fund and from the European Working Conditions Survey organised by the European Foundation for the Improvement of Living and Working Conditions.

The collection includes five chapters. 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 (EU-27) in order to get an overview of if and how the labour markets of Member States have recovered from recession and how the current situation of Estonia compares to other countries. It became clear that for the EU labour market 2012 was worse than the previous year and differences between countries continues to increase. Estonia as well as other Baltic Countries saw positive developments while the situation in Southern European countries worsened significantly and unemployment rates rose to unprecedented heights.

The recovery of the economy in 2012 saw the improvement of several labour market indicators of Estonia though it was slower than in 2011. The second chapter of the collection describes in detail the employment statuses of persons and changes in statuses in the respective period. The chapter covers employment, changes in employment by sectors and occupations, unemployment and inactivity. It is positive that simultaneously with the decrease in unemployment the situation of all risk groups on the labour market improved while the rates of long-term unemployment and unemployment of young persons are still high.

The third chapter focuses on different work formats, i.e. fixed-term work, part-time work and remote work. Timing of working time, i.e. how much work is done and when, is also analysed. Overview of the organisation of working time includes the amount of working time, overtime and working on unusual working hours. Compared to the average of the European Union the use of different work formats is much less common in Estonia. While during recession the share of fixed-term work and part-time work increased, in 2012 the share of these work formats started to decrease again.

The fourth chapter gives 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. The analysis reveals that despite decreasing the registered unemployment rate is still high which is why it is important to further contribute to active labour market policy in order to help unemployed persons to return to the labour market as soon as possible.

The fifth chapter of the collection provides an overview of working environment as a part of working life. The better the quality of the working environment, the better the working life and the smaller the chance of occupational accidents and illnesses caused by work. In this chapter the working environment in Estonia is compared to that in the EU Member States. A more detailed analysis is provided of the aspects of intrinsic job quality and of the effect of work on the health of employees.

The target group of this collection of trends of employment 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. We hope that the abundant statistical material assists policy-makers in making the right choices.

In the name of the authors, Ülle Marksoo,  
editor

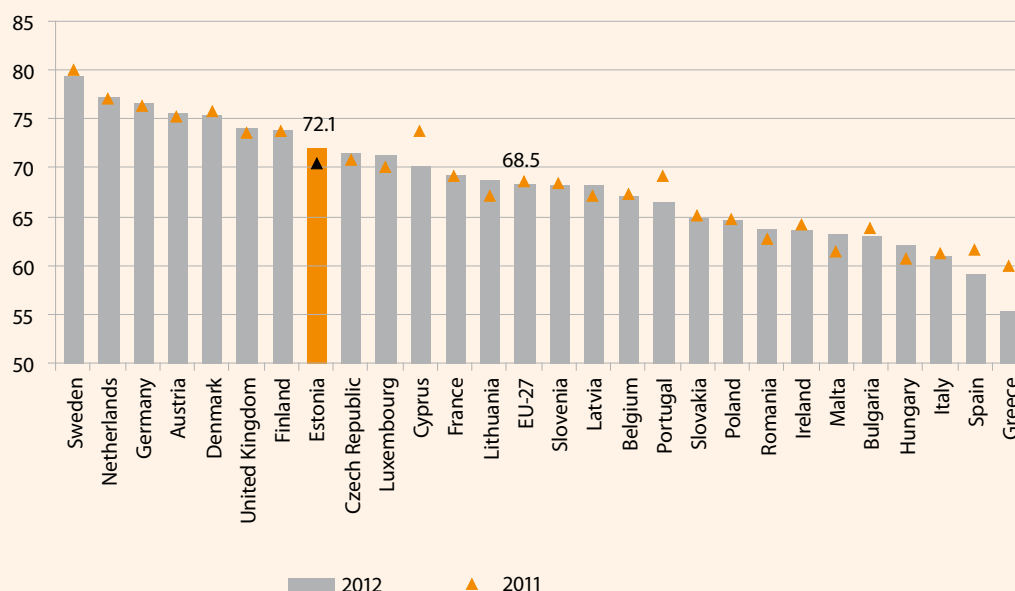
# 1. Development of the Estonian labour market in comparison with other countries of the European Union

Ülle Marksoo

Global financial and economic crisis continues to affect the labour markets of the Member States of the European Union (EU). Although the condition of the labour market improved in many Member States in 2010, recovery from the crisis slowed down in 2011 and the number of unemployed persons started to rise again. Employment rates decreased and unemployment rates continued to increase in 2012. Employment decreased in 13 and increased in eight countries. Greece, Cyprus, Portugal, Spain and Bulgaria saw the biggest drop in employment. Although the EU-27 employment rate only decreased by 0.1 percentage points in one year, the differences between countries contin-

ued to increase and reached 24 percentage points (55.3% in Greece, 79.4% in Sweden). In addition to Greece the employment rate dropped below 60% in Spain. In 2012 the increase in employment rate was the fastest in Estonia and Malta: 1.7 percentage points. Increase was also faster in the other two Baltic countries – Latvia and Lithuania. Estonia exceeded the EU average by 3.6 percentage points and climbed to rank 8 among the other EU Member States (see Figure 1.1). The EU intends to reach the employment rate of 75% by the year 2020. So far this objective has been met by Sweden, Netherlands, Germany, Austria and Denmark.

Figure 1.1. **Employment rate in<sup>1</sup> 2011 and 2012 (%)**



Source: Eurostat<sup>2</sup>

<sup>1</sup> Employment rate = share of employed persons in the populations aged 20–64.

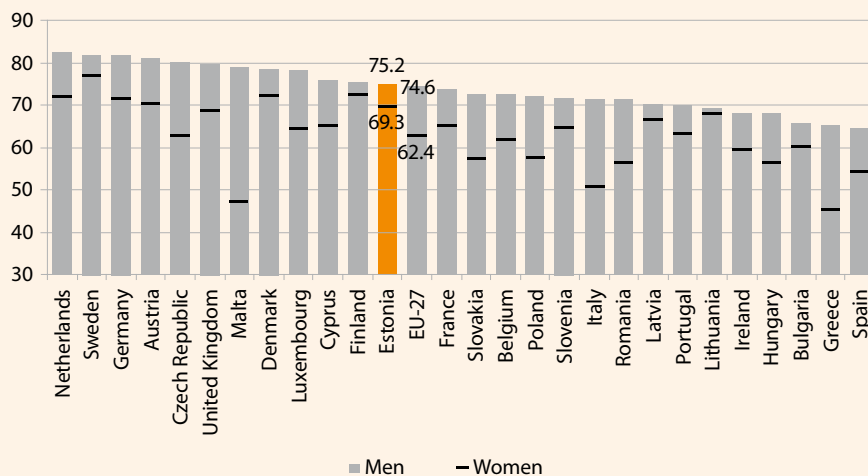
<sup>2</sup> Eurostat (Statistical Office of the European Communities) data taken from the following public database: [http://epp.eurostat.ec.europa.eu/portal/page/portal/employment\\_unemployment\\_lfs/data/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database)

Compared to 2011, the employment rate of men decreased by 0.4 percentage points in 2012 to 74.6% and the employment rate of women increased by 0.1 percentage points to 62.4%. Netherlands has the highest employment rate for men (82.5%). The employment rate of men exceeded 80% in Sweden, Germany, Austria, United Kingdom and Czech Republic and was the lowest in Spain (64.5%). Increase in the employment rate of men was the fastest in the Baltic countries where the employment rate of men in Estonia exceeded the EU average. Decrease in the employment rate of men was the biggest in Southern Europe – Greece, Cyprus and Portugal.

EU average employment rate of women is 12 percentage points lower than that of men and differences in the employment rate of women in different countries are much bigger. While in

North European countries the employment rate of women exceeds 72% (Sweden, Finland, Denmark), in Southern Europe it is sometimes lower than 50% (Greece, Malta). There the differences in the employment gap are the biggest: 32 percentage points in Malta, 21 in Italy and 20 percentage points in Greece. The employment gap is half of that of the EU average in the Baltic countries, Finland, Sweden and Bulgaria. Employment gap was the smallest in Lithuania – only 1.5 percentage points. Although in Malta the increase in the employment rate of women in 2012 was the fastest in the EU, its employment rate (46.8%) is second from the last in front of Greece who holds the last place (45.2%). All in all, in 2012 the employment rate of both men and women decreased the most in Greece. The employment rate for Estonian women has always been higher than the EU average, even during economic crisis.

Figure 1.2. **Employment rate of men and women in 2012 (%)**



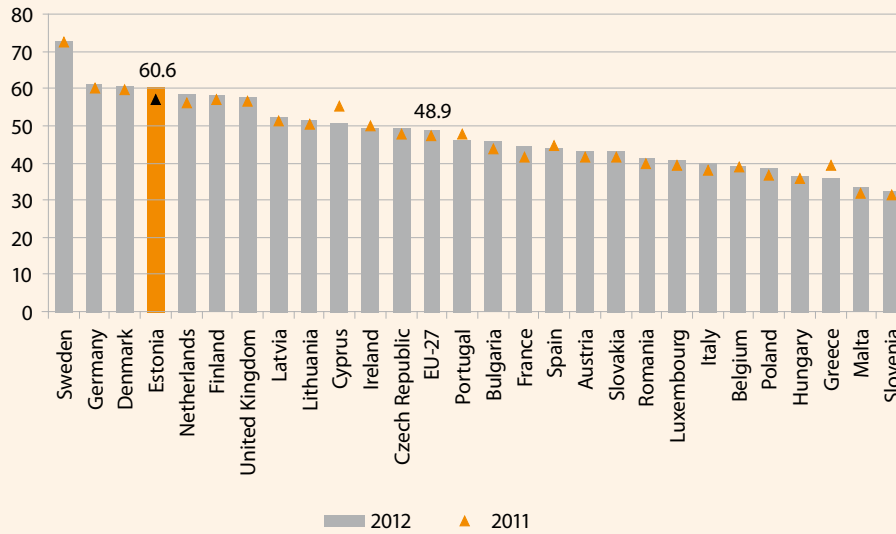
Source: Eurostat

The economic crisis had the smallest effect on the employment of older persons (aged 55–64). Compared to the employment rate during the boom, the employment of older persons has increased in most countries in spite of recession with the exception of Southern European countries, the Baltic countries and Ireland. Employment of persons aged 55–64 continued to increase in 2012, reaching 48.9%. Compared to 2011 the increase was faster (1.5 percentage points) and the employment rate increased in a total of 22 countries (Figure 1.3). The biggest share of working older persons is in Sweden (73%) which is the only country where

the employment of older persons exceeds 70%. The employment rate exceeds 50% in only 10 countries. Employment rate is below 40% in Belgium, Poland, Hungary, Greece, Malta and Slovenia. In the latter the employment rate of older persons is only 32.9%. Employment rate of older persons decreased the most in Cyprus and Greece as well as in Portugal, Spain and Ireland. Estonia was at rank 4 with the employment rate of 60.6%. Compared to the previous year, Estonia had climbed two ranks and saw the fastest increase in the EU as its employment rate of older persons increased by 3.4 percentage points.



Figure 1.3. **Employment rate of persons aged 55-64 in 2011 and 2012 (%)**

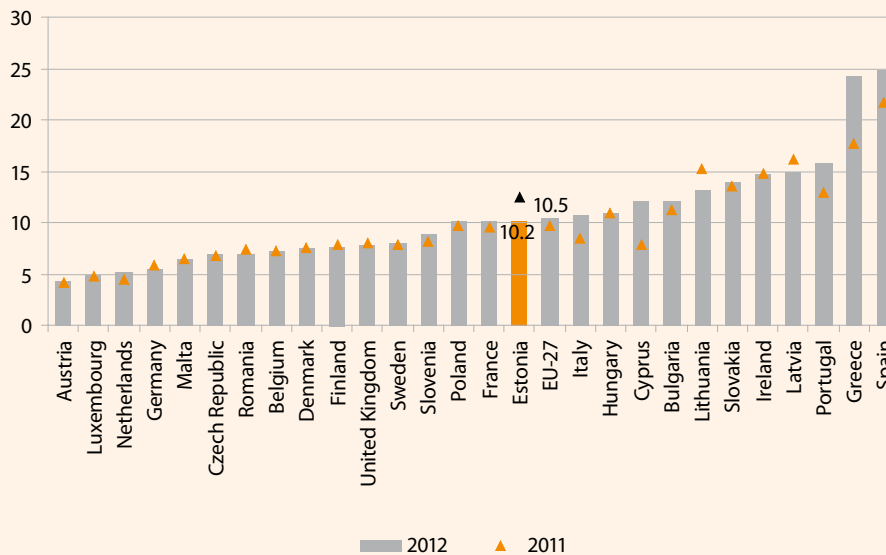


Source: Eurostat

The activity rate of older persons on the labour market differs significantly by countries. Like with the employment rate, the activity rate is higher in the Nordic and the Baltic countries whereas in Estonia the activity rate has always been very high, even during economic crisis. By activity rate, incl. the activity rate of women, Estonia ranked second just after Sweden. While in the EU an average of 52.8% of older persons is employed or looking for work, the respective figure is 77% in Sweden and 65.2% in Estonia. Active participation of women in working life increases the activity of the older per-

sons in Estonia. The average activity rate of older women in the EU is 44.8%; Estonia exceeds it by more than 20 percentage points (64.7%). The activity rate of women exceeds 60% also in Finland, Latvia and Sweden. Sweden has the EU's highest activity rate of older people with 81% of older men and 73% of women are active on the labour market. In Southern Europe people leave the labour market much earlier. In Slovenia and Malta the activity rate of older people was 35% in 2012 whereas in Malta the activity rate of women was only 16.8%.

Figure 1.4. **Unemployment rate in 2011 and 2012 (%)**

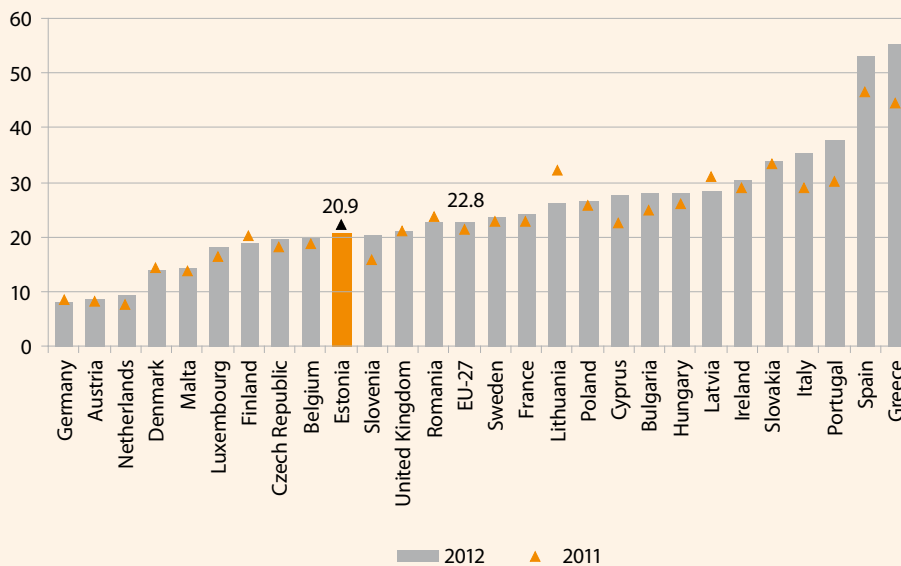


Source: Eurostat

High and increasing unemployment rate is still a problem in the EU countries. In the second half of 2010 there were signs of economic recovery and unemployment decreased in many countries. However, unemployment started to increase again as of the third quarter of 2011. In 2012, the average number of unemployed persons in the EU countries was 25.3 million; by the end of the year the number was 25.9 million and it continued to increase at the beginning of 2013. In 2012 the number of unemployed persons increased by ca 1.5 million. The increase was the fastest in Euro area. The number of unemployed persons was the highest in Spain (5.8 million), France (3 million), Italy (2.8 million) and the United Kingdom (2.5 million). Increase in the unemployment rate brought

along an increase in the differences in the unemployment rates of different countries. The average employment rate of the EU was 9.6% in both 2010 and 2011; in 2012 it reached 10.5%. In 2012 the biggest increase in the unemployment rate was in Spain and Greece where it reached 25% and 24.3%, respectively. Unemployment rate was the lowest in Austria (4.3%), Luxembourg, Netherlands and Germany where less than 6% of labour force were unemployed. In Estonia the unemployment rate dropped below the EU average in 2012. Like in 2011, the biggest decrease in unemployment was in Estonia (from 12.5% to 10.2%) where only in 2010 the increase in the unemployment rate had been the fastest. Estonia was followed by Lithuania and Latvia.

Figure 1.5. **Unemployment rate of persons aged 15-24 in 2011 and 2012 (%)**



Source: Eurostat

The situation of young persons on the labour market is alarming. High and constant unemployment of young persons is characteristic of most EU countries. Compared to the previous year, unemployment of young persons increased faster in 2012 and reached 22.8% which is the highest in the last decade. Unemployment rate exceeded 20% in two thirds of the Member States. Unemployment increased among both men and women and in one year the unemployment rate of young persons increased by 1.4 percentage points (Figure 1.5). Unemployment rate varies greatly: from 8.1%

in Germany to 55.3% in Greece. Just like general unemployment, the fastest increase in the unemployment rate of young persons was in Greece (by 11 percentage points). In Greece the unemployment rate of young women reached 63.2%. Spain is another Member State where the number of young unemployed persons is more than half of the labour force. It is the only country where the unemployment rate of both young men and young women exceeded 50%. In Spain the unemployment rate of young men was the biggest in the EU (54.4%). Unemployment rate of young persons

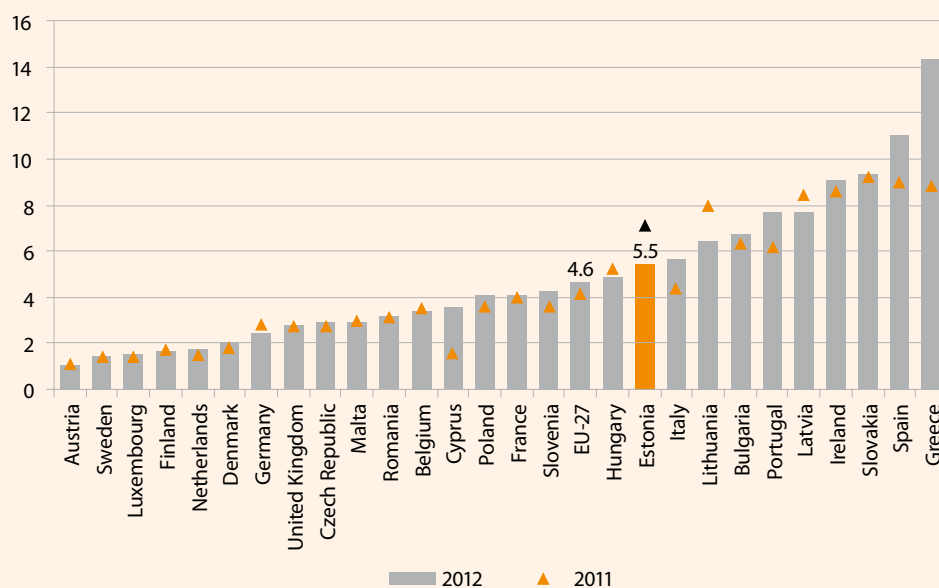
exceeded 30% also in Italy, Portugal, Slovakia and Ireland. Extensive unemployment can turn into long-term unemployment; this is especially harmful to young people. For example, in Slovakia more than half (55%) of the young unemployed persons were long-term unemployed. Unemployment rate of young persons was the lowest in Germany, Austria and Netherlands where the unemployment rate was below 10%. Baltic countries saw the fastest decrease in the unemployment of young persons whereas the decrease was the fastest in Lithuania. With the decrease in the unemployment of young persons Estonia dropped from rank 15 to rank 18 and was below the EU average.

Increase in unemployment has brought along an increase in the unemployment of young persons who neither work nor study. In 2012 the so-called NEET indicator reached 13.2% in the EU. Estonia was a little below the average (12.5%) while in Greece, Italy and Bulgaria the number of NEET young persons formed more than one fifth of the 15–24 age group. The indicator was the lowest in the Netherlands (4.3%).

High and constant unemployment rate has lengthened the duration of job-seeking and contributed to the increase in long-term unemployment. In

2012, 4.6% of workforce were looking for a job for a year or longer; this indicator is the highest since 2000. Long-term unemployment rate was still the lowest in Austria (1.1%) but this time it was the highest in Greece (14.4%), followed by Spain (11.1%) and Slovakia (9.4%) that had held the first place for the last 10 years. Long-term unemployment rate increased in most countries but compared to 2011 the increase was the fastest in Greece (5.6 percentage points) as well as in Spain, Cyprus and Portugal. Decrease in the long-term unemployment rate was the fastest in Estonia and Lithuania. In Estonia long-term unemployment rate was 7.7% in 2010, ranking third after Slovakia and Latvia. A year later Estonia had fallen to rank 7 with 7.1% and by 2012 to rank 10 with 5.5% (Figure 1.6). Long-term unemployment among women was the highest in Greece (17.6%) and Spain (11.6%), and among men in Greece (12.2%) and Ireland (12.1%). On the average, the share of long-term unemployed persons among all unemployed persons in the EU was 44.4% in 2012. In Estonia this indicator was one of the highest (54.1%), with only Slovakia (67.3%), Ireland (61.7%), Greece (59.3%) and Bulgaria (55.2%) having higher figures. As the unemployment rate continues to increase, we can expect an increase in the long-term unemployment rate in the near future.

Figure 1.6. Long-term unemployment rate in 2011 and 2012 (%)



Source: Eurostat

On the whole it can be said that 2012 was not a good year on the EU labour market. Employment rate that had remained more or less the same for the last three years decreased a little in 2012. The number of unemployed persons started to increase in the middle of 2011 and keeps on growing as of the beginning of 2013. Gaps between Southern European countries and the rest of the EU Member States have increased. Increase in the unemployment rate of young persons and in long-term unemployment is alarming. Compared by age groups it is clear that the economic crisis had the least effect on the older persons whose employment rate has increased in spite of recession. The unemployment rate of older persons is also lower than that of other age groups; however, the share of long-term unemployed persons is bigger in this age group. Compared to the other Member States it can be said that in 2011 and 2012 the labour market indicators of Estonia have improved significantly faster than those of the

rest of the countries. In terms of Estonia we can talk about the faster economic growth than the EU average, one of the fastest increases in employment in the EU, incl. increase in the employment of older persons, and the fastest decrease in unemployment, incl. long-term unemployment rate. In terms of a decrease in the unemployment of young persons Estonia held second rank behind Lithuania. In 2012 Greece, Spain, Portugal, Cyprus and Italy as well as Ireland saw the biggest deterioration of labour market indicators. Employment and unemployment indicators were better in Sweden, Netherlands, Germany, Austria and Denmark. According to the estimate of the European Commission<sup>3</sup> the EU labour market shall not see any positive improvements in the near future. In 2013, the estimated increase in employment shall be only 0.1% and unemployment rates are expected to remain at 11% until 2014.

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<sup>3</sup> European Commission. European Economic Forecast Winter 2013. European Economy 1/2013.

# 2. Situation on the Estonian labour market in 2012

Ülle Marksoo

## 2.1. General trends

The positive changes on the Estonian labour market continued in 2012 although these were not as fast as in 2011. Economic growth slowed down but increase in employment and decrease in unemployment that were first observed in the second half of 2010 continued in 2012 and it was faster than predicted. In 2012 the number of employed persons increased by 15 300 and the number of unemployed persons decreased by 16 300. This is the highest number of employed and the lowest number of unemployed in the last four years. According to the data provided by the Labour Force Survey of Statistics Estonia, in 2012 there were 624 400 employed persons, 70 500 unemployed persons and 329 300 inactive persons among the 15–74 age

group in Estonia. The average employment rate of the year was 71.7% and unemployment rate 10.2%. Compared to 2011 the employment rate increased by 1.6 percentage points and the unemployment rate decreased by 2.3 percentage points. The share of persons active on the labour market increased as well, reaching 74.5%. This is the highest in the last 20 years; the same can be said about the activity rate of women which was the highest since the restoration of independence. 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 due to the change in the structure of age of the popu-

**Table 2.1. Main indicators of the labour market and population by employment status, 2009–2012\***

	2009	2010	2011	2012
Growth of GDP, %	-14.3	2.3	7.6	3.2
Employment growth, %	-9.2	-4.2	6.7	2.5
Population aged 15–74, thousands	1038.8	1034.8	1029.8	1024.3
Employed persons, thousands	595.8	570.9	609.1	624.4
men	288.1	275.1	301.4	309.6
women	307.7	295.8	307.7	314.8
Unemployed persons, thousands	95.1	115.9	86.8	70.5
men	58.5	66.5	45.6	38.4
women	36.5	49.4	41.3	32.2
Inactive persons, thousands	348.0	348.0	333.8	329.3
men	139.7	143.1	136.1	133.0
women	208.3	204.8	197.8	196.3
Activity rate <sup>4</sup> (aged 15–64), %	73.6	73.4	74.4	74.5
Employment rate <sup>5</sup> (aged 20–64), %	69.5	66.4	70.1	71.7
Unemployment rate <sup>6</sup> (aged 15–74), %	13.8	16.9	12.5	10.2

\*according to the results of the 2011 Population and Housing Census, the figures given in the table have not been adjusted. According to the Census, there were 988 091 persons aged 15–74.

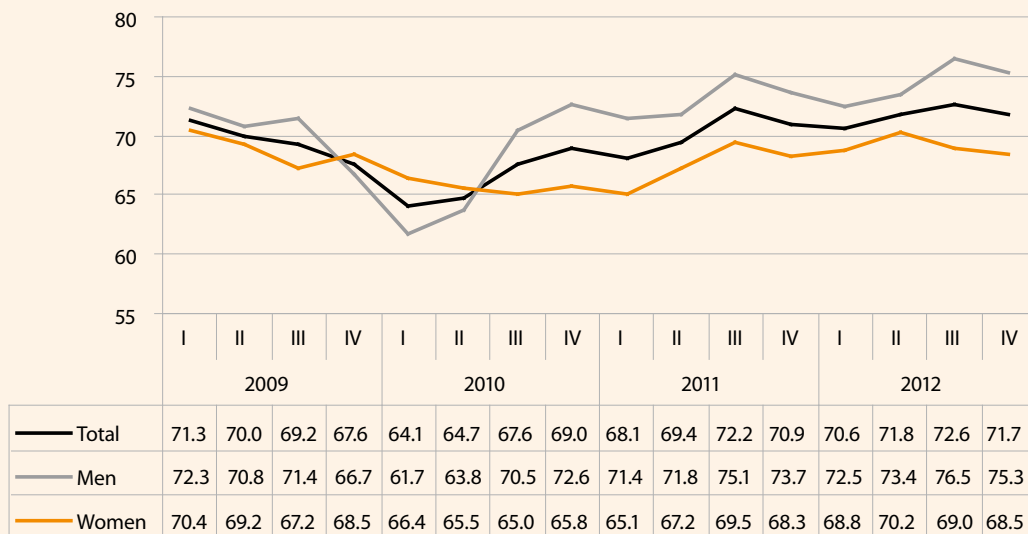
Source: Statistics Estonia, Estonian Labour Force Survey

<sup>4</sup> Activity rate - proportion of the labour force (employed and unemployed persons) in the population aged 15–64.

<sup>5</sup> Employment rate - proportion of employed persons in the population aged 20–64.

<sup>6</sup> Unemployment rate - proportion of unemployed persons in the labour force in the population aged 15–74.

Figure 2.1. Employment rate of men and women, 2009–2012 (quarterly, %)



Source: Statistics Estonia, Estonian Labour Force Survey

lation. In 2012 the number of inhabitants aged 15–74 decreased by ca 5000. The number of persons aged 15–24 who are inactive mostly due to studies decreased by ca 8000 while the number of persons aged 50–74 increased by 2000. Increase in the number of older persons had an impact on employment indicators. In terms of the increase in employment it can be said that more than half of it (59%) was made up by persons aged 50 or older. This is ca 9000 persons in absolute numbers.

Despite the decrease in the population the number of employed persons increased in 2012 among both men and women; the increase was a little bigger among men, forming 54% of the increase in employment. In one year the employment rate of men increased from 73% to 74.4% and the employment rate of women increased from 67.5% to 69.1%. The employment rate of both men and women exceeded that of 2009. Employment rate increased in all age groups but was the biggest among older persons (aged 55–64) (from 57.1% in 2011 to 60.5% in 2012).

Employment rates are very different in different counties. As employment opportunities are the most diverse in Tallinn, it came as no surprise that in 2012 the employment rate of persons aged 20–64 was the biggest in Harju County (78.1%). Increase

in employment was the biggest in Järva County and Jõgeva County. In terms of employment rate Harju County was followed by Järva County and Viljandi County (73.8%). While most counties saw an increase in employment, the only counties where the employment rate decreased were Valga County and Hiiu County. In Valga County the employment rate was below 60% (55%).

Analysis of the employment rate by the location of jobs revealed that 45% 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 vicinity, most of them arrive from Rapla County, Lääne-Viru County and Viljandi County. A total of 27% 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. Companies located in Tartu County employ many people from Jõgeva County as well as from the southeast of the country. A total of 20% of employed persons worked outside their county of residence; 4% of employed people worked abroad. 25 700 worked abroad in 2012; this is more than in the previous year (21 600).

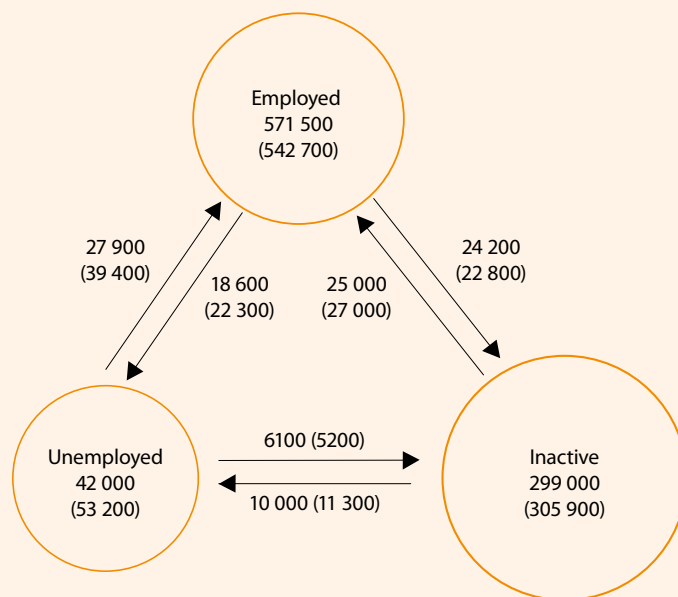
## 2.2. Movements between employment statuses

Figure 2.2 provides an overview of the movement of persons of working age (aged 15-74) between three employment statuses – employment, unemployment and inactivity. Figures are given for two periods - 2010–2011 (figures in brackets) and 2011–2012. In order to receive data about the number of movements, the employment statuses of persons will be compared in the Labour Force Survey as of the moment of the survey and with the status in the same month last year.<sup>7</sup> Compared to 2010–2011, the period of 2011–2012 saw an increase in the movement to employment and inactivity and decrease in the movement to unemployment. This indicates that the economy is becoming stable and creation of new jobs has become more intense.

It was revealed that 571 500 persons stayed employed in 2011–2012; this figure exceeds that of the previous year by 28 500. 50 800 of them had

changed jobs. Compared to the previous year the number of persons changing jobs increased by ca 10 000 and this indicates that movement between jobs has become more intense. While in 2009–2010 movement from employment to unemployment exceeded movement from unemployment to employment by ca 25,000, the situation had changed by 2010–2011 and 2011–2012: movement to employment was bigger than movement from employment. In one year 27 900 persons came to employment from among the unemployed and 25 000 persons from among the inactive. All in all, the number of persons moving to employment exceeded that of persons leaving employment by more than 10 000. Movement from unemployment to inactivity increased somewhat but in general the number of unemployed persons decreased in 2012 and the number of employed persons increased.

Figure 2.2. **Movements between employment statuses, 2010–2011 and 2011–2012**



Source: Statistics Estonia, Estonian Labour Force Survey

<sup>7</sup> Movement is defined as a change of status compared to the same month of the previous year. Average movement per year = sum (January-January, February-February,...)/12.

## 2.3. Employment

### Economic activities

Compared to 2011 increase in employment was more than two times slower (increase of 2.5%). This was caused by the slowing down of economic growth and fall of the exporting sector, due to decreased foreign demand. This in turn reflected in the structure of economic activities, especially in the decreasing number of employees in manufacturing.

**Table 2.2. Share of employed persons by economic sectors, 2009–2012 (%)**

	2009	2010	2011	2012
<b>Total</b>	100.0	100.0	100.0	100.0
Primary sector	4.0	4.2	4.4	4.7
Secondary sector	31.7	30.5	32.5	31.1
Tertiary sector	64.3	65.3	63.0	64.2

Source: Statistics Estonia, Estonian Labour Force Survey

**Table 2.3. Employed persons by economic activities, 2009–2012 (thousands)**

	2009	2010	2011	2012	Change 2011/2012	Share of employed persons, % 2012
<b>Total</b>	595,8	570,9	609,1	624,4	15,3	100.0
Agriculture, forestry and fishing	24,0	24,1	26,9	29,1	2,2	4.7
Mining	6,4	6,9	6,1	5,2	-0,9	0.8
Manufacturing	113,8	108,4	121,0	117,5	-3,5	18.8
Electricity, gas, steam, conditioned air supply	7,7	8,7	8,2	9,3	1,1	1.5
Water supply; sewerage; waste and pollution management	2,4	2,3	3,9	3,5	-0,4	0.6
Construction	58,3	47,9	59,0	58,7	-0,3	9.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	83,2	80,0	81,3	80,7	-0,6	12.9
Transportation and storage	49,7	43,6	48,3	50,5	2,2	8.1
Accommodation and food service activities	20,1	19,4	19,2	19,3	0,1	3.1
Information and communication	14,3	12,4	16,7	18,6	1,9	3.0
Financial and insurance activities	11,4	9,4	10,2	10,5	0,3	1.7
Real estate activities	9,2	10,1	10,4	10,7	0,3	1.7
Professional, scientific and technical activities	20,5	21,2	23,3	22,9	-0,4	3.7
Administrative and supportive activities	16,8	18,9	17,1	21,3	4,2	3.4
Public administration and defence; compulsory social insurance	36,7	40,4	40,3	41,1	0,8	6.6
Education	62,5	56,1	57,2	62,7	5,5	10.0
Human health and social work activities	33,0	34,6	35,5	35,7	0,2	5.7
Arts, entertainment and recreation	14,2	14,7	14,3	15,5	1,2	2.5
Other activities	11,5	11,9	10,3	11,6	1,3	1.9

Source: Statistics Estonia, Estonian Labour Force Survey



Changes in the structure of economic activities in 2009–2012 can be seen in Tables 2.2 and 2.3. Comparing the three economic sectors<sup>8</sup>, the share of primary sector has increased every year. Compared to 2011 the share of tertiary sector increased while that of secondary sector decreased. Analysis of the change in the number of employed persons by economic activities revealed that compared to 2011 employment increased the most in education (+5500) as well as administrative and supportive activities (+4200). Decrease was the biggest in manufacturing (–3500) which only a year ago had been the activity with the biggest increase in employment (+12 700). In terms of the rest of the

activities increase and decrease were significantly smaller and did not exceed 2000. All in all it can be said that while the increase in the number of employed persons has been fast after the economic crisis, it has not yet reached the boom level. However, it has exceeded the figures of 2009 by ca 29 000 employed persons.

## Occupations

In terms of occupations the number of white-collar jobs<sup>9</sup> has started to increase. While during the economic boom percentage of persons in white-collar jobs was 43%, in 2012 it had increased to 48% and

Table 2.4. Employed persons by group of occupation, 2009–2012 (thousands)

	2009	2010	2011	2012	Change 2011/2012	Share of employed persons, % 2012
<b>Major groups of occupations, total</b>	595,8	570,9	609,1	624,4	15,3	100.0
Managers	64,1	61,2	54,9	55,9	1,0	9.0
Professionals	96,5	114,1	118,9	120,2	1,3	19.3
Technicians and associate professionals	83,6	62,0	78,3	85,0	6,7	13.6
Clerks	29,1	29,9	33,1	37,7	4,6	6.0
Service workers and shop and market sales workers	85,7	82,1	80,7	83,4	2,7	13.3
Skilled workers in agriculture, forestry and fishing	9,1	10,5	12,1	12,4	0,3	2.0
Skilled workers and craft workers	88,9	81,1	94,2	93,8	-0,4	15.5
Plant and machine operators and assemblers	82,1	73,9	79,4	81,5	2,1	13.0
Elementary occupations	53,8	52,8	55,4	52,0	-3,4	9.1
Armed forces	2,9	3,3	2,1	2,5	0,4	0.3

Source: Statistics Estonia, Estonian Labour Force Survey

the share of blue-collar jobs<sup>10</sup> was 52%. The number of women at white-collar occupations is bigger than that of men (57% and 39% respectively). In 2011–2012 the number of technicians and associate professionals (mainly associate professionals in business and administration and technicians in information and communication) and clerks (mainly accounting and stock clerks) increased the most, +6700 and +4600 respectively (see Table 2.4).

In addition to clerks the number of professionals (mainly professionals in business and administration) has been constantly increasing in the last four years; it is the largest of occupations groups. The number of persons in elementary occupations decreased the most (–3400); it is currently smaller than during the peak of the economic crisis when employment rate was the lowest. Thus the structure of occupations reflects demand for qualified skilled workers and specialists.

<sup>8</sup> Economic sectors: primary sector - agriculture, hunting, forestry and fishing; secondary sector - mining, manufacturing, electricity, gas, water supply, construction; tertiary sector - trade, services, etc.

<sup>9</sup> White-collar occupations: legislators, higher officials and managers; professionals; associate professionals and technicians; clerks.

<sup>10</sup> Blue-collar occupations: service workers and shop and market sales workers; skilled workers in agriculture and fishing; craft and related trade workers; plant and machine operators and assemblers; elementary occupations; armed forces.

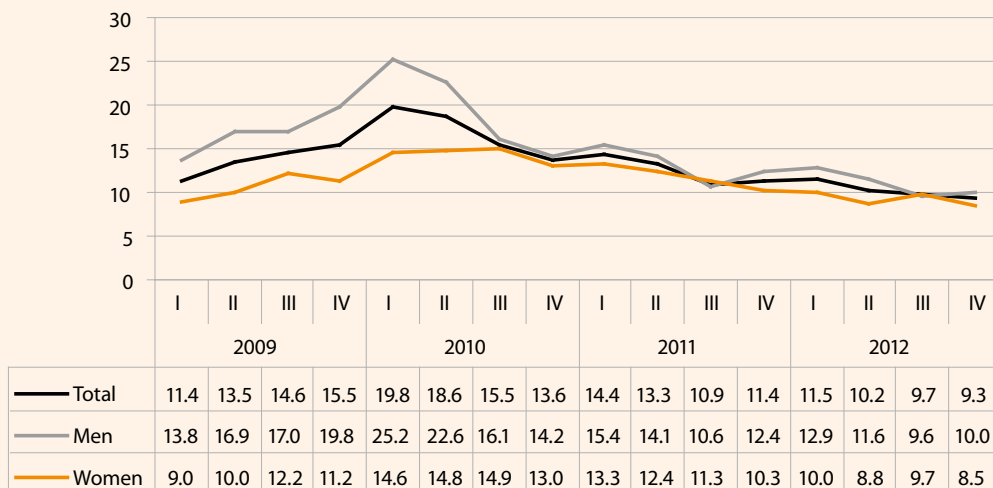
## 2.4. Unemployment

In 2012 unemployment rate continued to decrease simultaneously with the increase in employment. The number of unemployed persons decreased with every quarter and in the second half of the year unemployment rate dropped below 10%. The average yearly unemployment rate was 10.2% which was 2.3 percentage points less than in 2011. In three years the number of unemployed persons has decreased by more than 45 000 (from 115 900 to 70 500). In 2012 unemployment decreased among both men and women and in all age groups. Unemployment of men was a little higher than that of women (11% and 9.3% respectively) but unem-

ployment gap has decreased three times compared to 2010 (see Figure 2.3).

In terms of age groups the biggest number of unemployed persons belonged to the 20–24, 25–29 and 45–49 age group. Unemployment of young persons has always been higher than that of other age groups which is why young persons (aged 15–24) are considered to be a separate risk group on the labour market. 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

Figure 2.3. Unemployment rate of men and women, 2009–2012 (quarterly, %)

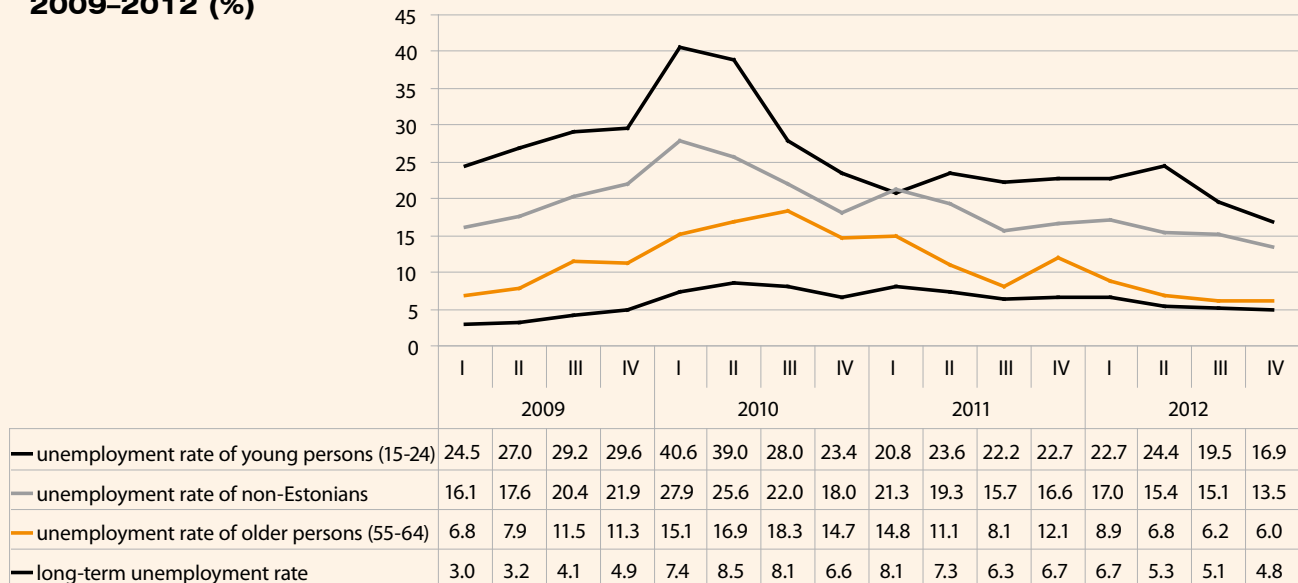


Source: Statistics Estonia, Estonian Labour Force Survey

32.9% in 2010 to 20.9% in 2012). Nevertheless, the unemployment rate of young persons remains very high. In 2012 the number of unemployed young persons was 14 600, 8900 of them men and 5700 women. Unemployment rates were 23% and 18% respectively. Unemployment of young persons was especially high among non-Estonians, reaching 27.6% in 2012. Compared to 2011, unemployment of young persons increased among Estonians and decreased among non-Estonians. Labour market indicators were also affected by demographic changes. In 2012 the number of persons aged 15–24 decreased by 8300, 6200 of whom

were non-Estonians. Due to the decrease in the age group the employment rate of young persons increased from 31% to 32.2% although the number of young employed persons decreased. Compared to other age groups finding a job was more difficult for young persons due to their lack of professional experience. It was especially complicated for those without professional training and who have dropped out of school. In 2012, the share of young persons (aged 18–24), who had only completed the lowest level of education and did not continue their studies, was 10.5% in Estonia.

**Figure 2.4. Unemployment rates of risk groups on the labour market 2009–2012 (%)**



Source: Statistics Estonia, Estonian Labour Force Survey

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 are more men (21 200) than women (17 000) among the long-term unemployed. In terms of gender the long-term unemployment rate of men has always been higher than that of women (in 2012 6.1% and 4.9% respectively) 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 49 000 to 38 000 in 2011–2012 and long-term unemployment rate decreased from 7.1% to 5.5%. Unlike in the previous years the number of long-term unemployed persons decreased faster than that of short-term unemployed. Despite a rapid decrease the number of long-term unemployed is still more than half of the total number of unemployed persons (54%) and the number of very long-term unemployed (searching for work for over two years) is 23 600. Very long-term unemployment poses a problem as it decreases more slowly and its share has increased to 34.5% of unemployed persons. High and constant long-term unemployment rate indicates that unemployment has become structural.

More than half of long-term unemployed persons are non-Estonians and their long-term unemployment rate (9.4%) exceeds that of Estonians (3.7%) 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. One of the reasons for this is lack of Estonian language skills and low mobility which is why the process of looking for a job is significantly longer for non-Estonians. In 2012 the unemployment rate of Estonians was 7.8% and for non-Estonians 15.3%. In Ida-Viru County the long-term unemployment rate reached 11.3% and the share of long-term unemployed among unemployed persons was 68%. Although the unemployment rate of non-Estonians remains high, compared to 2011 it decreased faster than that of Estonians in 2012.

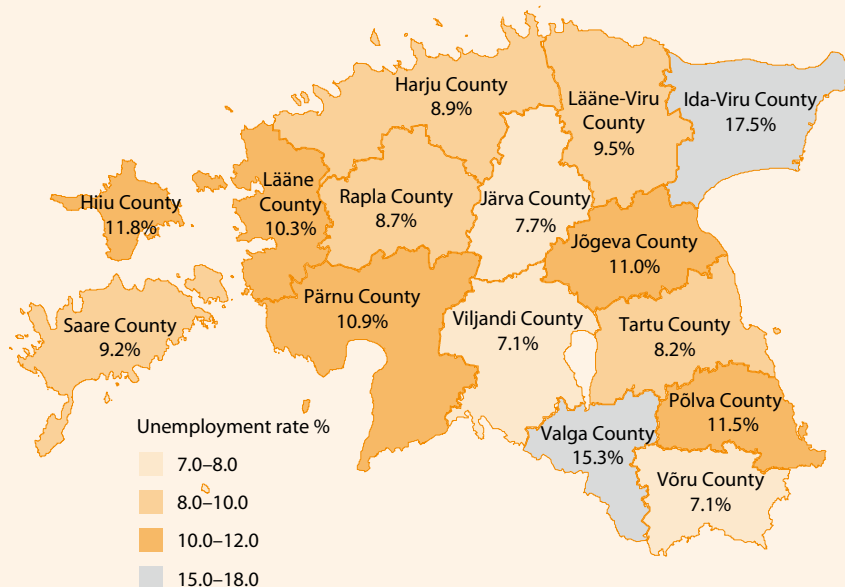
Older persons (aged 55–64) are also considered a risk group on the labour market as it is more difficult for them to find a new job after leaving the labour market than it is for younger persons. In 2012 there were a total of 7600 older unemployed persons, i.e. nearly half of the number of unemployed young persons. Compared to 2011, the unemployment rate of older persons decreased from 11.6% to 7% in 2012. By the end of 2012 the

unemployment of older persons dropped to 6%, which was significantly lower than the general unemployment rate. As employment increased at that time and inactivity did not increase, we can conclude that the situation of older persons on the labour market improved. We can expect a further increase in the employment of older persons as the retirement age increases and many people continue to work once they reach retirement. 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 2012 the number of employed old-age pensioners exceeded 41 000 (64% of those were women).

An important factor that affects finding employment is the completed level of education. For persons with low level of education finding a job is several times less likely, especially during recession. However, during the last economic crisis there was an increase in the number of unemployed persons

with higher education. In 2012 the unemployment rate of persons with at least basic education was 23.5%, for persons with vocational and secondary education it was 10.5% and for persons with secondary specialised education and higher education 6.1%. It is worth noting that more than half of the unemployed persons with higher education were non-Estonians. Unemployment of Estonians with higher education was 3.9% while for non-Estonians it was 11.3%. Compared to 2011 unemployment decreased in all levels of education. Although unemployment rate is high there is more and more talk of the lack of workforce. This means 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 was about 10% at the end of 2012<sup>11</sup>. Unemployed persons have also become more demanding in their search for employment and are trying to find a job that corresponds to their level of education.

Figure 2.5. Unemployment rate by counties in 2012 (%)



Source: Statistics Estonia, Estonian Labour Force Survey

There are several ways for unemployed persons to search for employment. The principal means of searching for employment is browsing job offers. 84% of persons searching for work do this. It is also common to contact one's relatives and acquaintances (67%); contacting the Unemployment Insurance Fund is at rank three (50%). 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

<sup>11</sup> Bank of Estonia. Monetary policy and economy. Current situation and forecast. 2/2012

are mostly residents of a city, women, middle-aged and non-Estonians. For example, in 2012 42% of unemployed Estonians contacted the Unemployment Insurance Fund while the respective number for unemployed non-Estonians was ca 60%.

Regional differences in unemployment are uneven and unemployment rates in counties differ by more than two times. Over the years unemployment has been the highest in Ida-Viru County as well as in the southeast of the country. In 2012 the unemployment rate in Ida-Viru County reached 17.5%. Unemployment exceeded 10% also in the

west and southeast of the country (Hiiu County, Lääne County, Pärnu County, Jõgeva County, Põlva County and Valga County). The situation has improved significantly compared to 2011 when unemployment exceeded 10% in a total of 13 counties and was below 10% only in Hiiu County and Viljandi County. Unemployment increased only in Hiiu County, Pärnu County and Valga County. Decrease in unemployment was the biggest in central Estonia (Järva County and Rapla County) and Võru County. In Võru County the number of unemployed persons decreased due to their movement to inactivity.

## 2.5. Inactivity

In 2012 the number of inactive persons (in terms of the labour market) aged 15–74 was 329 300 in Estonia; compared to 2011 this figure had decreased by 4500. The decrease was mostly due to the decrease of the 15–24 age group as the number of persons decreases every year. For example, in 2012 there were 12 646 persons aged 15 while the number of 24-year-olds was 21 766. Due to low birth rate we can expect a further decrease in the age group of young persons.

The reasons for not being employed mainly depend on the sex and age of a person. Studies, health and

parental leave are the dominant reasons among persons of working age. Discouragement is distinguished as a separate reason. Discouraged persons are persons who would like to work but have given up looking for a job. The number of discouraged persons increased during recession but started to decrease in 2012.

The main reason for inactivity of persons of working age (16 years to retirement age) is studies (42%). A total of 85% of persons of 15–24 of age were inactive because of studies. The number of students over 25 of age has increased and this indicates that

Table 2.5. Reasons for inactivity by age groups, 2011–2012 (thousands)

	15–24		25–49		50–74		16 years to retirement age	
	2011	2012	2011	2012	2011	2012	2011	2012
<b>Total</b>	108,2	101,8	53,3	56,9	172,4	170,6	196,9	192,9
Studies	94,1	86,4	4,9	6,2	...*	...	89,7	81,7
Illness or injury	1,7	2,3	14,9	13,2	33,7	38,7	41,3	43
Pregnancy, maternity or parental leave	4,9	4,3	22,8	24,5	...	...	27,7	28,8
Need to care for children or other family members	1,4	2,3	4,7	7,9	3,5	4,8	8,4	13,6
Retirement age	...	...	...	...	125,1	120,1	10,6	8,9
Discouraged persons (lost hope for finding a job)	1,6	0,7	3,8	2,5	4,6	4,2	8,8	6,2
Other reasons	4,5	5,8	2,2	2,7	4,9	2,8	10,4	10,7

\* Assessments based on a sample of less than 20 persons are not reliable to be published.

Source: Statistics Estonia, Estonian Labour Force Survey

upon not finding work unemployed persons have decided to carry on with their studies. The main reason for inactivity among persons aged 25–49 is pregnancy, maternity or parental leave (43%). Persons over 50 years of age are inactive mostly because of an illness. Approximately 43 000 persons aged 16 years to retirement (22% of inactive persons) were not in the labour market due to an illness, injury or disability; compared to 2011 this figure increased by 1700.

Inactive persons can be considered a potential reserve of workforce. Many inactive persons wish to work and would be prepared to commence work within two weeks; however, they are not searching for work. And as they are not looking for employment they are not considered unemployed. In 2012 the number of such inactive persons who wished to find a job was 40 500. 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 2012 there were 7400 discouraged persons, i.e. this number had decreased by 2600 since 2011. Compared to the economic crisis in Russia in the last turn of the century the number of discouraged persons is two or three times smaller which indicates that the activity of persons on the labour market is increasing.

In conclusion it is clear that positive trends on the labour market continued in 2012: employment increased and unemployment decreased though not as fast as in 2011 due to slowed economic growth. Decrease in population brought along a decrease in inactive persons, including discouraged persons. Throughout the year improvements could be observed in all risk groups. Decrease in the number of long-term unemployed was especially fast, it was even faster than the decrease in short-term unemployment. By 2013 the Ministry of Finance predicts<sup>12</sup> a moderate increase in employment (+0.3%) and decrease in unemployment to 9.1%.

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<sup>12</sup> Spring 2013 macroeconomic forecast of the Ministry of Finance.

# 3. Organisation of work and remuneration

Eva Põldis

## 3.1. Organisation of work

Organisation of work describes how work is organised in a company, i.e. the work formats used for working. This section focuses on different work formats, i.e. fixed-term work, part-time work and remote work. In addition to various work formats organisation of work is characterised by timing of work, i.e. how much time is spent on working and when the work is carried out. Overview of the organisation of working time includes the amount of working time, overtime and working on unusual working hours.

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 2012 there were 570 800 employees, i.e. 91.4% of employed persons.

### 3.1.1. Fixed-term work

Agreement for work between the employee and employer may be concluded without a term or for a fixed term. Fixed-term employment contract may be concluded for a term of up to five years if it is justified by good reasons arising from the temporary fixed-term characteristics of work, first and foremost temporary increase in work volume or seasonal nature of work as well as replacement of an absent worker<sup>13</sup>.

According to the Estonian Labour Force Survey, in 2012 3.7% of all employees considered their work to be fixed-term work. Compared to 2011 the share of fixed-term work has decreased somewhat, being the same as in 2010. Compared to 2008 the share of fixed-term work among employees has increased by 1.3 percentage points. It is likely that the increase in fixed-term employment up to 2011 is related to the economic crisis when employers preferred temporary employment to long-term employment while in a more stable economic environment employers are more inclined to conclude contracts without a term. When analysing the share of fixed-term employment in terms of gender and age, it becomes clear that it is more common among men and

young persons. In 2012 the share of men among employees with fixed-term contract was 4.6% while it was 2.8% for women. The number of young persons among employees with fixed-term contract is three times that of the average in 2012, i.e. 12.9%.

It is important to observe whether fixed-term work is carried out voluntarily or because it is necessary. According to the Estonian Labour Force Survey, 51% of employees in fixed-term employment are satisfied with both fixed-term contracts and contracts concluded without a specific term. 13.8% prefers fixed-term employment and 35.5% would like to conclude an employment contract without a specific term but have not been successful. Compared to 2011 the share of employees who prefer fixed-term employment and that of employees who prefer employment without a specified term, has increased somewhat, by 1.8 and 4.5 percentage points respectively.

Compared to the other countries of the European Union, fixed-term employment is not very common in Estonia. In 2012, the share of employees with fixed-term employment in the EU was 13.7%

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<sup>13</sup> § 9 of the Employment Contracts Act.

Table 3.1. Share of fixed-term work among employees, 2008–2012 (%)

	2008	2009	2010	2011	2012
<b>Total</b>	2.4	2.5	3.7	4.5	3.7
Men	3.4	3.0	4.7	5.4	4.6
Women	1.4	2.0	2.8	3.6	2.8
aged 15–24	6.0	8.3	11.6	13.8	12.9
aged 25–49	2.2	2.2	3.2	3.4	3.0
aged 50–74	1.3	1.2	2.3	3.5	2.3

Source: Statistics Estonia, Estonian Labour Force Survey

of all employees, i.e. 10 percentage points more than in Estonia. Of the EU countries fixed-term employment is less common than in Estonia only in Romania (1.7%) and Lithuania (2.6%). In Latvia fixed-term employment is somewhat more com-

mon (4.7%). The share of employees with fixed-term employment is the biggest in Poland (26.9%). In Sweden and Finland the share of employees with fixed-term employment of all employees is 16.4% and 15.6% respectively.

### 3.1.2. Part-time work

Employees can work with full-time or part-time work. Pursuant to the Employment Contracts Act, in case of part-time work the employer and the employee have agreed on a working time of that is shorter than 40 hours over a period of seven days<sup>14</sup>. Thus a 40-hour working week is considered full-time work and a shorter working time is considered part-time work. Unlike in the legal system of Estonia, 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. Below the characterisation of the trends of part-time work is based on the definition of the Labour Force Survey.

The share of part-time employees of all the employees was approximately one tenth and over the last years no relevant changes have been observed in the percentages in part-time work. The share of part-time employees among all employees increased in 2009 and it is likely that this was due to recession as reducing working time is one of the means of cutting expenses in a complicated economic situation.

The part-time work is more common among women, young persons and older persons. In 2012 the share of part-time employees was 14.2% among women and 4.7% among men. Among young persons the number of part-time employees is twice that of the average. Part-time work is more common among young persons due to their studies and its popularity among women can be explained by their wish to bring together working and family life.

In terms of reasons for part-time work it is clear that 17.9% of part-time employees prefers this work format because of studies, 7.6% because of the need of taking care of someone and 4.8% because of their own illness, injury or disability. 23.3% of part-time employees said that they prefer this work format because they do not wish to work full-time while 19.2% are working part-time because they have not succeeded in finding full-time work. 21.2% of part-time employees named reasons related to the employer, i.e. employer's economic difficulties and lack of work.

In terms of part-time work it is important to pay attention to underemployment, i.e. how many employees would like to work more and would

<sup>14</sup> § 43 of the Employment Contracts Act.



**Table 3.2. Share of part-time workers among employees, 2008–2012 (%)**

	2008	2009	2010	2011	2012
<b>Total</b>	6.6	9.9	10.2	9.8	9.7
Men	3.3	6.1	6.2	4.3	4.7
Women	9.7	13.1	13.8	14.8	14.2
aged 15–24	12.4	17.0	21.0	16.2	18.3
aged 25–49	4.1	7.1	6.5	6.3	6.2
aged 50–74	9.4	12.9	14.5	14.6	13.8

Source: Statistics Estonia, Estonian Labour Force Survey

be ready to accept additional work immediately (within two weeks). The share of underemployed persons increased significantly in 2009 when the number of underemployed persons among all employees was 10 100, i.e. 1.8% (3300, i.e. 0.5% in 2008). In 2012 the number of underemployed persons decreased somewhat. The number of underemployed persons among all employees was 1.5% (8400) which had decreased by 0.4 percentage points since 2011.

**Table 3.3. Share of part-time workers among employees by sector of activity, 2011–2012 (%)**

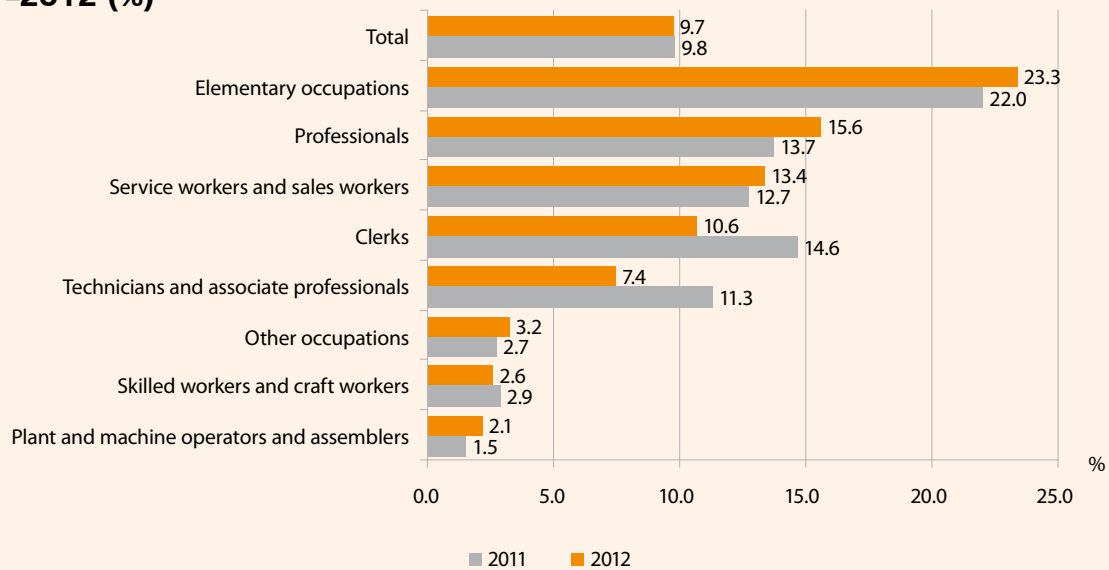
Economic activity	2011	2012
Agriculture, forestry and fishing	8.9	8.6
Manufacturing	3.1	2.8
Construction	2.3	1.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	9.0	8.0
Transportation and storage	4.2	4.3
Accommodation and food service activities	18.1	22.8
Information and communication	11.5	8.9
Real estate activities	40.5	46.8
Professional, scientific and technical activities	16.9	12.1
Administrative and supportive activities	23.8	19.3
Public administration and defence; compulsory social insurance	3.7	4.0
Education	19.6	20.3
Human health and social work activities	17.5	17.7
Arts, entertainment and recreation	19.8	18.4
Other activities	9.8	8.1
<b>Total</b>	9.8	9.7

Source: Statistics Estonia, Estonian Labour Force Survey

Part-time work depends on the occupation and economic activity of employees. Figure 3.1 provides an overview of the share of part-time employees among all employees by occupation. Part-time work is more common among elementary occupations, i.e. 23% of employees. The share of part-time work remains below the average among skilled workers and craft workers (2.6%) as well as among plant and machine operators (2.1%). In terms of economic activity part-time work is more common in real estate activities (46.8%) and in accommodation and food service activities (22.8%). The number of part-time employees is very small in construction (1.9%) and manufacturing (2.8%) (see Table 3.3).

Compared to the EU average part-time work is not very common in Estonia. In 2012 in the EU the average number of part-time employees was 19.9%, i.e. 9.5 percentage points less than in Estonia (10.4%). Part-time work is the most common in the Netherlands where nearly half of all employees (49.8%) are working part-time. The share of women among part-time employees is especially high in the Netherlands: 77%. The share of part-time employees was 26.5% in Sweden and 15.1% in Finland. Part-time work is the least common in Bulgaria (2.4%). In Estonia's neighbour states Latvia and Lithuania the share of part-time employees was 9.4% and 9.3% respectively.

Figure 3.1. Share of part-time workers among employees by occupation, 2011–2012 (%)



Source: Statistics Estonia, Estonian Labour Force Survey

### 3.1.3. Working time

Organisation of working time is characterised by how much time employees spend working. Below we will provide an overview of how many hours a week employees spend working at their principal job. The average of weekly working hours was 38.8 in 2012 (see Table 3.4). Over the years there have not been many changes in the average working time. Compared to 2008 the average working time per week has decreased by 0.6 hours.

Part-time employees worked for the average of 20.6 hours and full-time employees for 40.7 hours. In terms of gender and age it is clear that on the average men work more in a week than women, in 2012 40.2 and 37.6 hours respectively. The amount of working hours per week is also smaller for young persons (37.6 hours per week) and older persons (37.7 hours per week). As described above, part-time work is also more common in these age groups which is why the average amount of working hours per week is less than the total average.

Compared to the average of the European Union in Estonia the working week is longer by 2.4 hours. Working week is the longest in Romania (40.9 hours) and the shortest in the Netherlands (only 29.1 hours) which is due to the popularity of part-time work in that country. In Finland and Sweden the average working time per week was 36.3

hours and 35.8 hours respectively while in Latvia and Lithuania the average working time per week is similar to that in Estonia, 38.8 and 38 hours respectively.

In addition to regular working time the employer and employee can also agree on overtime which shall be compensated for the employee in leisure time or in money. The share of employees carrying out paid or unpaid overtime work is given in Table 3.5. In 2012 3.5% of employees worked overtime. In the last few years there have been no relevant changes in this indicator; the difference compared to 2009 is 0.4 percentage points. More than half of employees (ca 60%) who work overtime claim that they receive remuneration for overtime work. The table shows that overtime work is more common among men than among women; in terms of age overtime work is less common among young persons.

Overtime work is more common among plant and machine operators and assemblers (5%) and managers (4.4%) while among elementary occupations this indicator remains below average (1.8%) (see Figure 3.2). By economic activity the number of employees who work overtime is the biggest in transportation and storage (6.1%), agriculture, forestry and fishing (5.4%) and below the average in manufacturing (2.9%) (see Figure 3.3).

**Table 3.4. Average working time of employees, 2008–2012 (hours per week)**

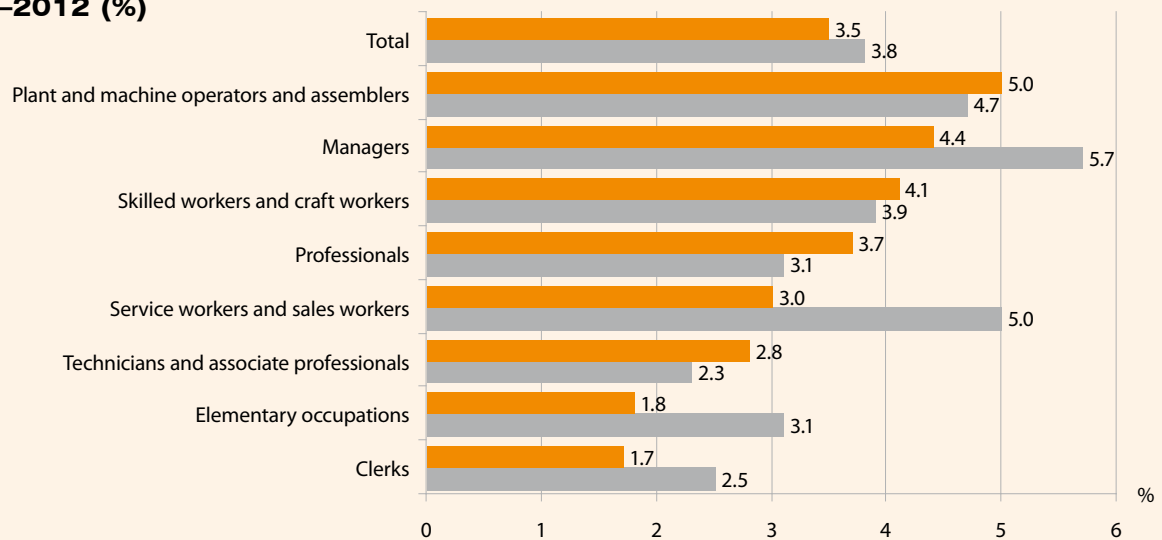
	2008	2009	2010	2011	2012
<b>Total employees</b>	39.4	38.7	38.7	38.7	38.8
Part-time employees	20.7	21.6	21.3	21.0	20.6
Full-time employees	40.8	40.6	40.7	40.6	40.7
Men	40.6	39.9	40.0	40.1	40.2
Women	38.2	37.6	37.6	37.5	37.6
aged 15-24	38.7	37.4	36.4	37.2	37.6
aged 25-49	39.9	39.4	39.5	39.5	39.5
aged 50-74	38.8	37.8	37.7	37.7	37.7

Source: Statistics Estonia, Estonian Labour Force Survey

**Table 3.5. Share of overtime work among employees, 2008–2012 (%)**

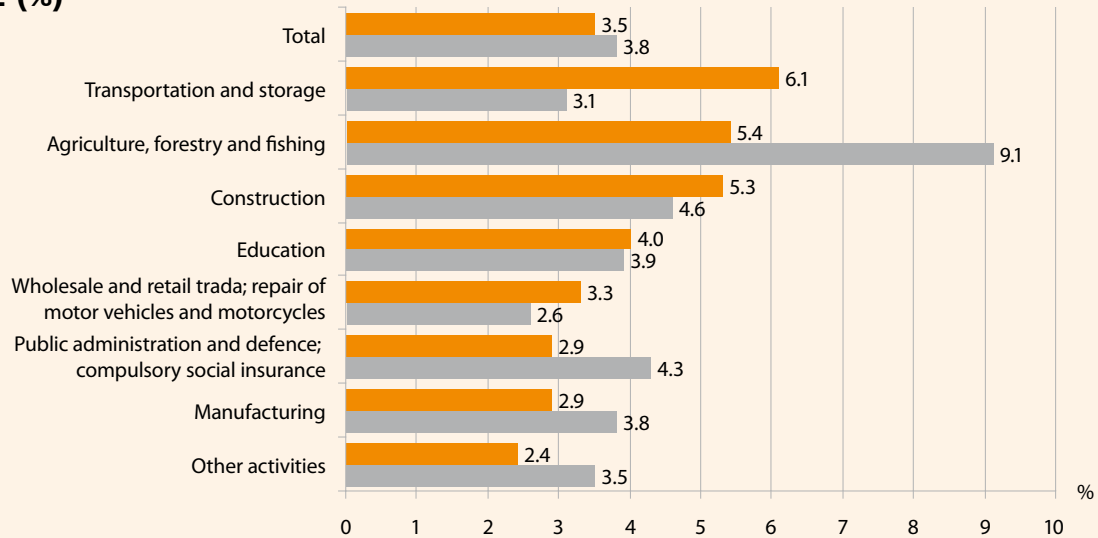
	2008	2009	2010	2011	2012
<b>Total</b>	3.2	3.1	3.4	3.8	3.5
Men	4.0	3.5	4.2	4.1	4.2
Women	2.4	2.7	2.7	3.5	2.8
aged 15-24	4.6	3.9	2.5	3.5	2.6
aged 25-49	3.0	3.3	3.6	4.2	3.6
aged 50-74	3.1	2.4	3.2	3.2	3.5

Source: Statistics Estonia, Estonian Labour Force Survey

**Figure 3.2. Share of overtime work among employees by occupation, 2011–2012 (%)**


Source: Statistics Estonia, Estonian Labour Force Survey

Figure 3.3. **Share of overtime work among employees by economic activity, 2011–2012 (%)**



Source: Statistics Estonia, Estonian Labour Force Survey

Organisation of working time is also characterised by the timing of working time, i.e. at what time the workers are working. Here it is important to analyse working on unusual working hours - that is in the evening, at night and on weekends. Different organisation of working time enables the employer to effectively shape the company's activity (e.g. working in the evening and at night enables to implement means of production at full capacity) and allows employees to reconcile work, family and private life.

Table 3.6 provides an overview of the share of working on unusual working hours among salaried workers who, in four consecutive weeks, have worked at least once outside regular working hours. It becomes clear from the table that in 2012 38.5% of employees worked in the evenings while the share of work in evenings is more common among men and young persons, 39.7% and 53.5% respectively. Compared to 2008 the share of working in the evenings has increased somewhat (by 2.9 percentage points); in the last three years, however, there have been no significant changes. Compared to the average of the European Union it is clear that in the EU working in the evenings is less common than in Estonia, 34.4% respectively. Working in the evenings was the most common in the Netherlands (46.9%) and the least common in Italy (18.9%). In Finland and Sweden the share of employees working in the evenings was 43.9% and 30.3% respectively, and in Latvia 30.3%.

Neither have relevant changes been observed in the trends of working at night. During the observed period the share of employees working at night remained between 11.7–13.7%. Just like it is with working in the evenings, working at night is also more common among young persons and men. In the European Union the average number of employees working at night was 14.6%; working at night is the most common in Slovakia (24.3%) and the least common Cyprus (10.7%). In Finland and Sweden, for example, 14.6% and 13.4% employees have worked at night; in Latvia this indicator was 13.8%.

Nearly a third of employees have worked on Saturdays and a quarter of employees on Sundays. Working on weekends is especially common among young persons; half of them have worked on Saturdays and 41% on Sundays. Young persons work on unusual working hours because they wish to reconcile studies and work. On the average, in the European Union 40.7% of employees worked on Saturdays and 24.3% worked on Sundays whereas working on Saturdays is most common in Slovenia (53.5%) and the least common in Sweden (30.5%) and Belgium (29.7%). The number of employees working on Sundays is the biggest in Slovakia (34.1%) and the smallest in Italy (18.4%). Compared to Estonia working on weekends is much less common in Finland where 31.4% and 25% of employees have worked on Saturdays and Sundays respectively.

**Table 3.6. Share of working on unusual working hours among employees, 2008–2012 (%)**

		2008	2009	2010	2011	2012
Working in the evening (from 18:00 to 24:00)	<b>Total</b>	35.6	36.0	39.2	38.8	38.5
	Men	37.2	39.0	41.1	39.7	39.7
	Women	34.1	33.4	37.6	38.0	37.3
	aged 15-24	44.9	45.5	49.2	51.6	53.5
	aged 25-49	34.8	35.1	38.3	38.1	37.5
	aged 50-74	33.6	34.8	38.1	36.1	35.9
Working at night (after 00:00 at night)	<b>Total</b>	11.7	13.7	13.4	13.5	12.5
	Men	13.3	17.1	16.6	17.1	15.1
	Women	10.1	10.8	10.7	10.3	10.2
	aged 15-24	14.2	16.8	16.7	16.5	17.8
	aged 25-49	11.3	13.0	12.5	13.2	11.8
	aged 50-74	11.3	14.1	14.5	13.3	12.2
Working on Saturdays	<b>Total</b>	34.2	33.9	35.4	34.5	33.8
	Men	33.2	34.2	36.4	34.5	34.8
	Women	35.1	33.6	34.5	34.5	32.9
	aged 15-24	44.0	47.5	49.4	44.2	50.4
	aged 25-49	32.8	32.0	33.2	33.9	32.8
	aged 50-74	33.0	32.9	35.8	32.6	30.8
Working on Sundays	<b>Total</b>	23.1	25.0	25.9	25.1	25.0
	Men	21.0	24.1	25.6	24.2	24.2
	Women	25.0	25.8	26.1	25.8	25.7
	aged 15-24	31.6	33.9	39.0	36.3	41.4
	aged 25-49	21.3	22.8	23.6	23.9	23.4
	aged 50-74	23.1	26.2	26.5	23.7	23.1

Source: Statistics Estonia, Estonian Labour Force Survey

### 3.1.4. Remote work

One of the formats of the spatial organisation of work is 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.

Table 3.7 shows that in 2012 7.1% of employees (40 600 employees) used the opportunity of remote work. This indicator was 2.7 percentage points bigger than in 2008. Remote work is more common among men and employees aged 24–49.

More than half (52.7%) of employees who have used the option of remote work spend less than a quarter of their working time on remote work.

17.8% of employees spend a quarter of their working time on remote work, 7.6% spend half and 11.5% more than half of their working time on remote work. The share of remote workers who spend all their working time on remote work, i.e. are always outside the regular premises of the employer, is 10.4%.

By occupations, remote work is the most common among managers (18%), professionals (15.4%) and technicians and associate professionals (10.1%), i.e. among higher level occupations where opportunities for remote work are more likely. In terms of activities, remote work is more common in professional, scientific and technical activities (19.3%) and information and communication (19.2%).

Table 3.7. Share of remote work among employees, 2008–2012 (%)

	2008	2009	2010	2011	2012
<b>Total</b>	4.4	5.8	6.8	6.1	7.1
Men	4.6	6.6	8.0	6.4	7.6
Women	4.1	5.1	5.8	5.7	6.6
aged 15-24	1.8	4.9	3.9	3.9	5.5
aged 25-49	5.2	7.2	8.4	7.2	8.1
aged 50-74	3.7	3.4	4.4	4.6	5.7

Source: Statistics Estonia, Estonian Labour Force Survey

## 3.2. Remuneration

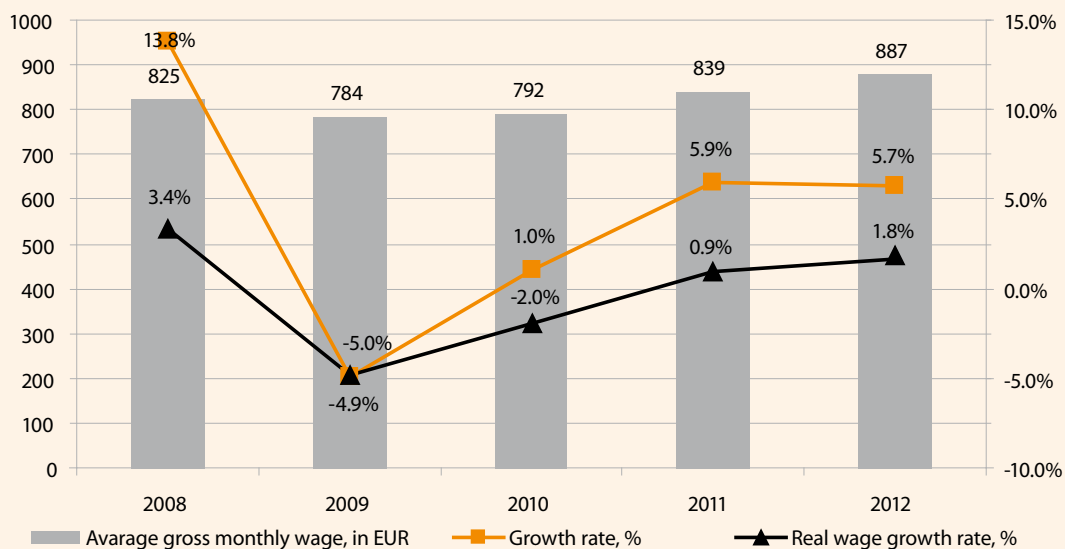
Remuneration is one of the most important conditions of work agreed on by the employee and the employer. The amount of remuneration of employees is characterised by average gross monthly wages shown in Figure 3.4. In 2012 the average gross monthly wages were EUR 887, i.e. 5.7% more than in 2011. During recession the average gross monthly wages decreased to EUR 784 which was 5% less than in 2008. In 2011 and 2012 the average gross monthly wages increased relatively fast. Considering inflation it is clear that compared to 2011 real wages increased in 2012 by 1.8%.

Remuneration of employees depends largely on the economic activity. Differences in average gross monthly wages by economic activities are quite big. In 2012 the average gross monthly wages were the

highest in information and communication (EUR 1448) and financial and insurance activities (EUR 1433), and the lowest in other service activities (EUR 498) and accommodation and food service activities (EUR 557). Thus the wages of employees in information and communication are nearly three times higher than those of employees working in other service activities.

Compared to 2011 the average gross monthly wages increased by 5.7% in 2012 and significant differences could be observed here in terms of economic activities. The average gross monthly wages increased faster in construction (10.7%) and professional, scientific and technical activities (10.4%). Increase in remuneration was smaller in transportation and storage (1.6%) and administrative and supportive activities (2.1%).

Figure 3.4. Average gross monthly wages in 2008–2012



Source: Statistics Estonia

**Table 3.8. Average gross monthly wages in 2011 and 2012 by economic activities**

	2011		2012	
	Average gross monthly wages, in EUR	Growth rate compared to the previous period, %	Average gross monthly wages, in EUR	Growth rate compared to the previous period, %
<b>Average of activities</b>	839	5.9	887	5.7
Agriculture, forestry and fishing	698	4.6	752	7.7
Mining	1 084	10.2	1 135	4.7
Manufacturing	799	5.9	864	8.1
Electricity, gas, steam, conditioned air supply	1 190	7.0	1 297	9.0
Water supply; sewage; waste and pollution management	833	3.3	903	8.4
Construction	847	6.2	938	10.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	798	10.7	840	5.3
Transportation and storage	836	1.3	849	1.6
Accommodation and food service activities	519	2.8	557	7.3
Information and communication	1 396	7.5	1 448	3.7
Financial and insurance activities	1 390	5.4	1 433	3.1
Real estate activities	603	11.4	653	8.3
Professional, scientific and technical activities	1 039	5.3	1 147	10.4
Administrative and supportive activities	769	6.4	785	2.1
Public administration and defence; compulsory social insurance	988	3.5	1 037	5.0
Education	713	2.1	735	3.1
human health and social work activities	841	5.3	882	4.9
Arts, entertainment and recreation	666	5.2	729	9.5
Other service activities	467	-4.8	498	6.6

Source: Statistics Estonia

Table 3.9 shall indicate the changes in minimum wages in the last six years. Due to recession minimum wages did not change in 2008–2011. In 2012 minimum wages increased by 4.3% to EUR 290 per month and at the end of 2012 the Estonian Employers' Confederation and the Estonian Trade Union Confederation agreed on the increase in minimum wages to EUR 1.90 per hour and EUR 320 per month, i.e. compared to the previous year minimum wages increased by 10.4% in 2013.

In the Member States of the European Union differences in minimum wages are huge; however, no all countries have established common minimum wages for everyone (e.g. in Finland). In 2013 minimum wages are the highest in Luxembourg (EUR 1874.19) and the lowest in Romania (EUR 157.26)

– nearly 12 times less. In Estonia minimum wages are on the same level with those of Slovakia and the Czech Republic where in 2013 minimum wages are EUR 337.70 and EUR 312.01 respectively. In Latvia and Lithuania, however, minimum wages are much lower than in Estonia, EUR 287.07 and 289.62 respectively.

In conclusion it can be said that use of different work formats is less common in Estonia than in the European Union. While the share of fixed-term work and part-time work increased during recession, in 2012 a slight decrease could be observed. However, the share of remote work has increased somewhat. Further improvement in the situation of the labour market was evident in the increase of average gross monthly wages and minimum wages.

**Table 3.9. Minimum wages in 2008–2013**

	2008	2009	2010	2011	2012	2013
Minimum wages per hour, in EUR	1.73	1.73	1.73	1.73	1.80	1.90
Minimum wages per month, in EUR	278.02	278.02	278.02	278.02	290.00	320.00
Proportion of minimum monthly wages of average gross monthly wages	33.7%	35.5%	35.1%	33.1%	33.0%	

Source: Regulations of the Government of the Republic "Establishing minimum wages"; Statistics Estonia



# 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 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, 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 retrain-

ing, opportunity to carry out practice work in the acquired area of specialisation, career counselling or another service which helps employees to quickly to return 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 number of persons who registered themselves as unemployed in the Estonian Unemployment Insurance Fund increased during the economic crisis and this indicator was the highest in March, 2010 when 101 590 persons were registered as unemployed in one month. In April 2010 the number of registered unemployed persons started to decrease and the number of new unemployed persons decreased as well. In 2010, an average of 7860 new unemployed persons was registered per month; by 2011 this indicator had slowed down and an average of 6581 unemployed persons was registered per month (16.3% less than in the previous year). In 2012 the number of registered unemployed persons and new unemployed persons decreased some more and an average of 6021 new unemployed persons were registered in one month (8.5% less than

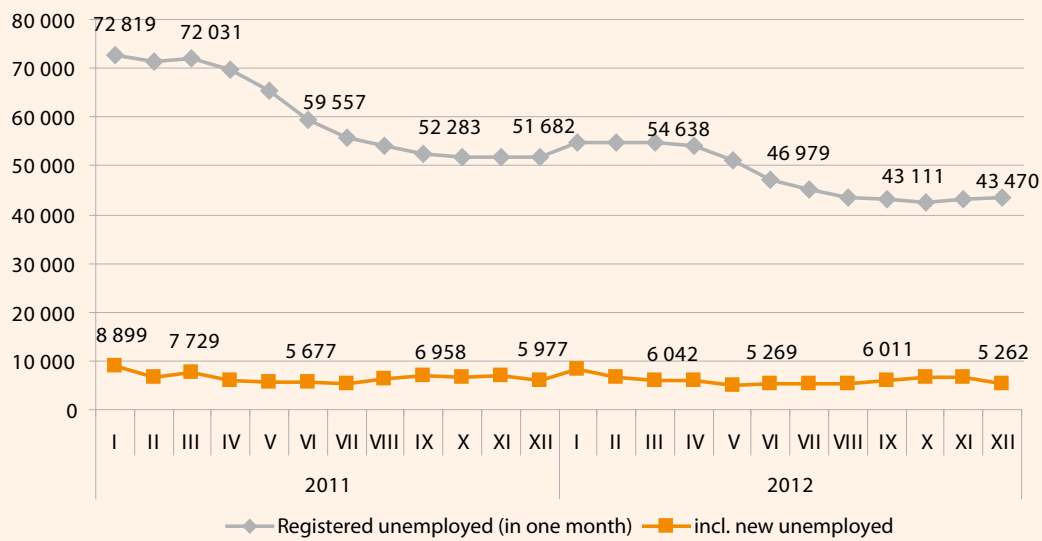
in the previous year). At the end of 2012, a total of 39 670 unemployed persons were registered in the Estonian Unemployment Insurance Fund, i.e. 16.3% less than at the end of 2011 (47 405).

In 2011, the average registered unemployment rate of the year was 8.4%; in 2012 registered unemployment rate decreased by 1.8 percentage points and the average registered unemployment rate of the year was 6.6%. Decrease in general unemployment rate<sup>15</sup>, however, was somewhat bigger (in 2011 general unemployment rate was 12.5% and in 2012 it was 10.2%). Figure 4.2 shows that in 2012 registered unemployment rate was still lower than general unemployment rate. During recession employees who lost their job frequently contacted the Estonian Unemployment Insurance Fund<sup>16</sup>, but as the situation improved, the number of persons who registered themselves as unemployed decreased. According to the Estonian

<sup>15</sup> General unemployment rate-share of unemployed persons of the labour force whereas, according to the definition of the ILO, an unemployed person is a person without work who is actively seeking a job and is ready to start working within two week of finding job (used upon carrying out the Labour Force Surveys of Statistics Estonia) Registered unemployment rate-share of registered unemployed persons of the labour force from 16 years of age till retirement 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.

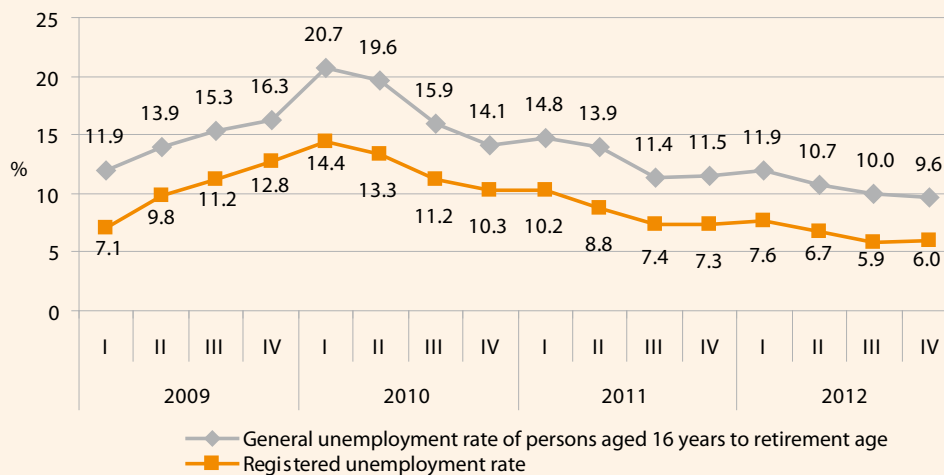
<sup>16</sup> According to the Estonian Labour Force Survey, in 2009 a total of 58.5% and in 2010 total of 59.5% of all unemployed persons turned to the Estonian Unemployment Insurance Fund to find a suitable job but in 2011 this indicator decreased to 53% and was 50.3% in 2012.

Figure 4.1. Dynamics of registered unemployed persons, including new unemployed persons in 2011-2012 (in one month)



Source: Estonian Unemployment Insurance Fund

Figure 4.2. Dynamics of registered unemployment rate and general unemployment rate, 2009-2012 (quarterly, %)



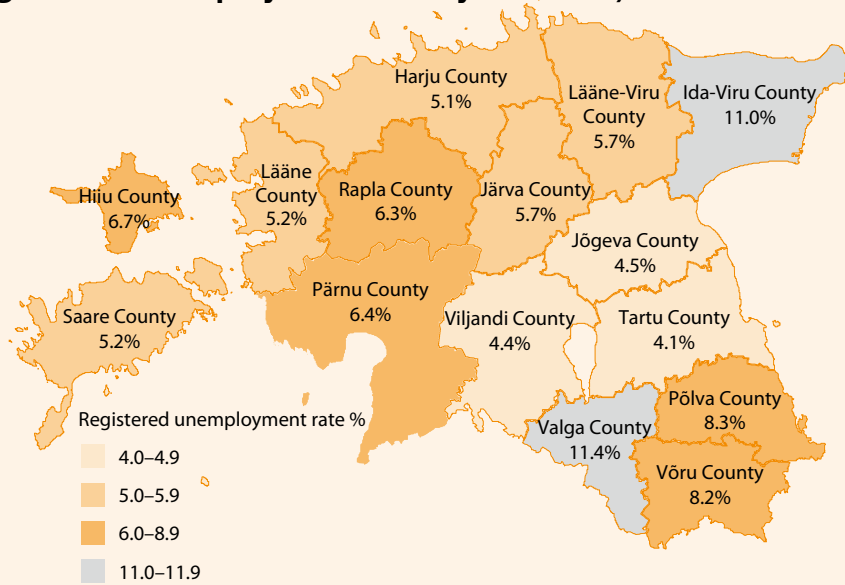
Source: Estonian Unemployment Insurance Fund

Labour Force Survey, in 2012 the main reasons for not turning to the Estonian Unemployment Insurance Fund were: could manage by oneself (32%), lack of a suitable job in the Estonian Unemployment Insurance Fund (29%) and were not entitled to unemployment insurance benefit or unemployment allowance (27%).

In terms of counties registered unemployment is especially high in Valga County and Ida-Viru County, the only counties where registered unem-

ployment rate exceeded 10% at the end of 2012, reaching 11.4% in Valga County and 11.0% Ida-Viru County (the average for Estonia was 6.1%). At the end of 2012, registered unemployment rate was significantly higher than the average in Estonia also in Põlva County (8.3%), Võru County (8.2%), Hiiu County (6.7%), Pärnu County (6.4%) and Rapla County (6.3%). Registered unemployment rate was the lowest in Tartu County (4.1%), Viljandi County (4.4%) and Jõgeva County (4.5%). Compared to the end of 2011, the number of registered

Figure 4.3. Registered unemployment rate by counties, at the end of 2012 (%)



Source: Estonian Unemployment Insurance Fund

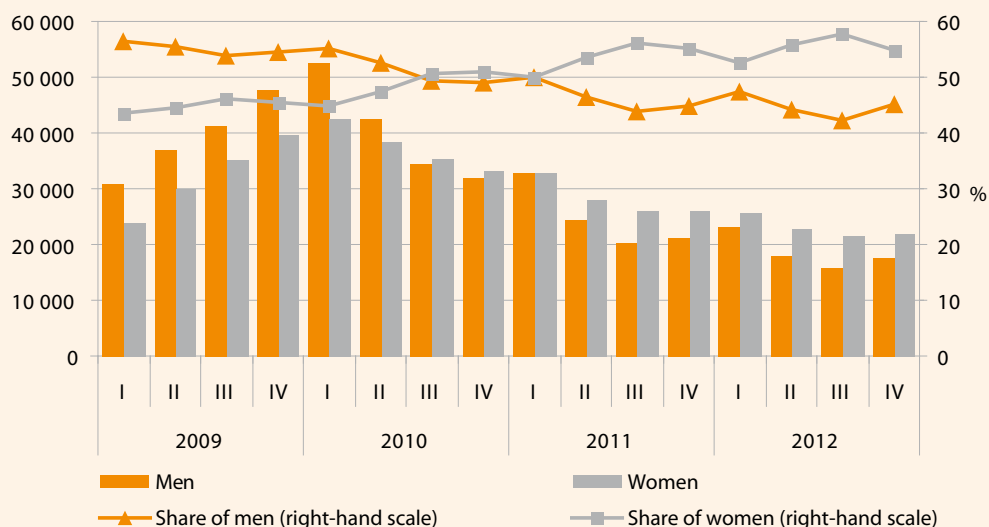
unemployed persons has decreased in all counties, most in Lääne-Viru County (20.5%), Hiiu County (20%) and Rapla County (18.4%).

Due to recession the share of men increased among registered unemployed persons; in 2009 and in the first half of 2010 there were more men than women among registered unemployed persons. In the second quarter of 2010, the number of registered unemployed persons among men started to decrease faster than among women and by the end of 2012, the share of women among registered unemployed

persons was 54.9% while the same indicator was 45.1% for men. Compared to the end of the previous year, the number of women among registered unemployed persons had decreased by 16.7% and the number of men by 15.9% by the end of 2012. At the end of 2012, there were 21 779 women and 17 891 men among registered unemployed persons.

At the end of 2012 the number of young persons aged 16–24 among unemployed persons was 5014 and the number of older persons (aged 55 to retirement) was 6309. Compared to 2011 the share of

Figure 4.4. Registered unemployed persons by gender, 2009–2012 (at the end of quarter)



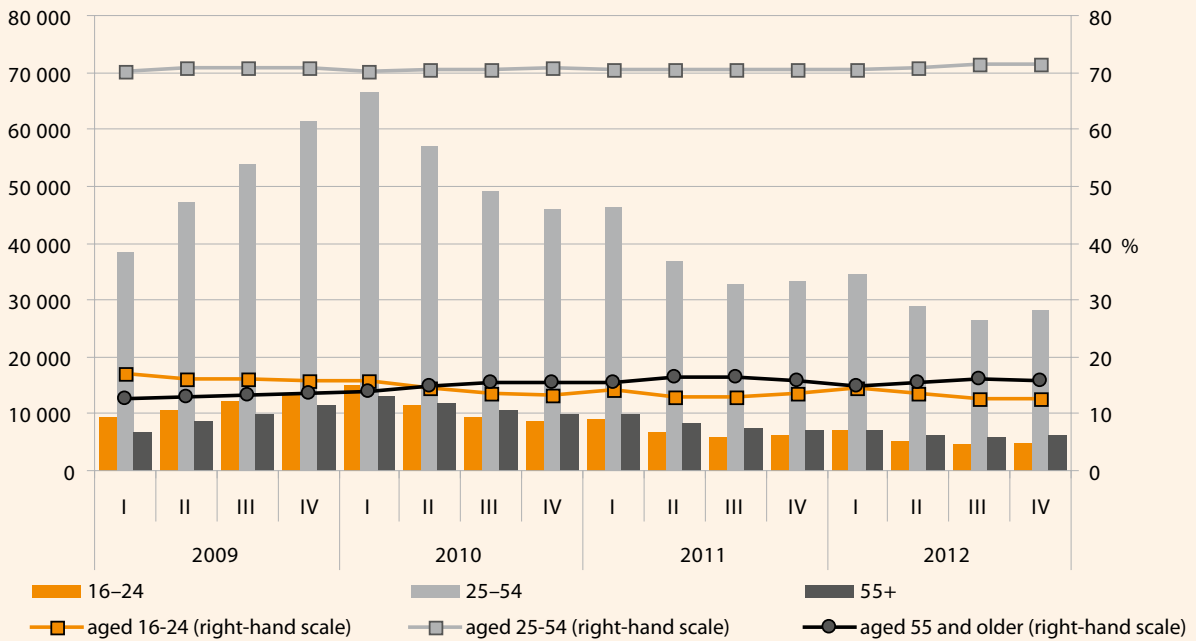
Source: Estonian Unemployment Insurance Fund

young persons among registered unemployed persons had decreased somewhat. At the end of 2011 the share of young persons among all unemployed persons was 13.7% and at the end of 2012 this indicator was 12.6%. Compared to the end of the previous year the share of older persons among all unemployed persons was more or less the same

in 2012 (15.7% of all employees at the end of 2011 and 15.9% at the end of 2012).

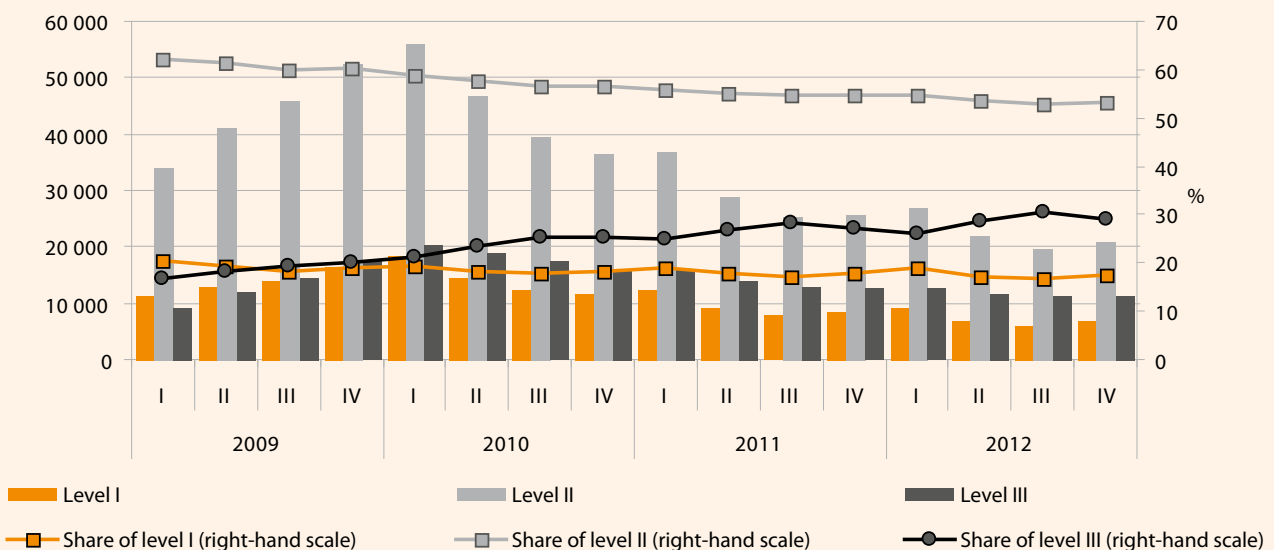
In 2012 the share of registered unemployed persons with the third level of education among all registered unemployed persons increased while the share of unemployed persons with the first and

Figure 4.5. Registered unemployed persons by age groups, 2009-2012 (at the end of quarter)



Source: Estonian Unemployment Insurance Fund

Figure 4.6. Registered unemployed persons by level of education, 2009-2012 (at the end of quarter)



Source: Estonian Unemployment Insurance Fund

third level of education decreased somewhat<sup>17</sup>. At the end of 2012 the share of unemployed persons with the third level of education of all registered unemployed persons was 29.2% (27.2% at the end of 2011). The share of unemployed persons

with the second level of education was the biggest among all unemployed persons (53.3% at the end of 2012; 54.8% at the end of 2011) while the share of persons with the first level of education was the smallest, i.e. 17.4% (17.9% at the end of 2011).

## 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 qualifications, 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<sup>18</sup>;
- Young unemployed persons aged 16–24;
- Unemployed persons aged 55 till retirement;
- Disabled unemployed persons;
- Unemployed persons without sufficient knowledge of Estonian;
- Unemployed persons who have been previously engaged in duties of care;
- Unemployed persons released from prison.

By the second quarter of 2011 the share of registered unemployed persons belonging to one or several risk groups increased to 79.8% but started to decrease again in the third quarter of 2011. At the end of 2012 the share of registered unemployed persons belonging to one or several risk groups was 72.3%, i.e. 28 684. Thus, compared to the end of the previous year, the number of registered unemployed persons belonging to one or several risk groups decreased by 20.8% the end of 2012 (at the end of 2011 36 204 persons belonged to one or several risk groups).

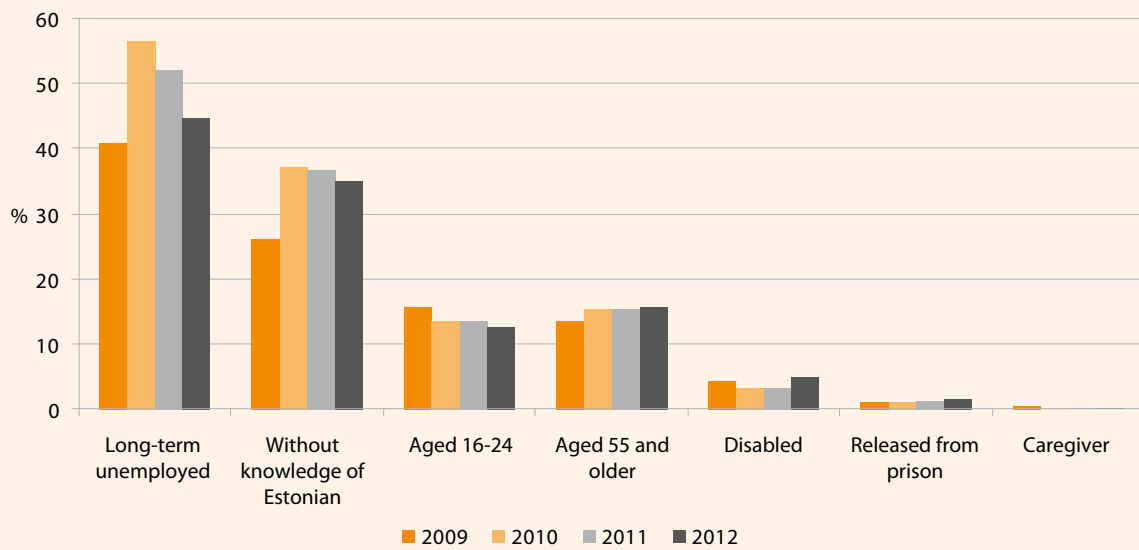
Of all unemployed persons belonging to risk groups the share of long-term unemployed persons is the biggest, 44.7% of all registered unemployed persons at the end of 2012. However, compared to the end of the previous year, the share of long-term unemployed persons among all registered unemployed persons has decreased by 7.6 percentage points (at the end of 2011 the share of long-term unemployed persons among all registered unemployed persons was 52.3%). At the end of 2012 the share of unemployed persons without sufficient knowledge of Estonian was 35.2% (36.8% at the end of 2011), the share of unemployed persons aged 55 till retirement was 15.7% (15.5% at the end of 2011), the share of unemployed persons aged 16–24 was 12.6% (13.7% at the end of 2011), the share of disabled unemployed persons was 4.9% (3.4% at the end of 2011), the share of unemployed persons released from prison was 1.7% (1.5% at the end of 2011) and the share of unemployed caregivers was 0.3% (0.4% at the end of 2011).

The dynamics of unemployed persons belonging to risk groups has changed simultaneously with registered unemployment, i.e. over the last years the share of registered unemployed persons belonging to risk groups has decreased. In 2012 the change was the biggest in the general number of caregivers who had registered themselves as unemployed; compared to the end of 2011 this number decreased by 33.7% (at the end of 2011 there were 166 caregivers while at the end of 2012 the respective number was 110). Compared to the previous year the share of long-term unemployed persons decreased by 28.5%, i.e. from 24 814 long-term unemployed persons to 17 741. The share of young

<sup>17</sup> I level - primary education, basic education, vocational education without basic education; II level - general secondary education, vocational secondary education based on basic education, professional secondary education based on basic education, vocational training based on basic education, vocational secondary education based on secondary education; III level - professional higher education, professional secondary education based on secondary education, academic higher education, Doctoral degree.

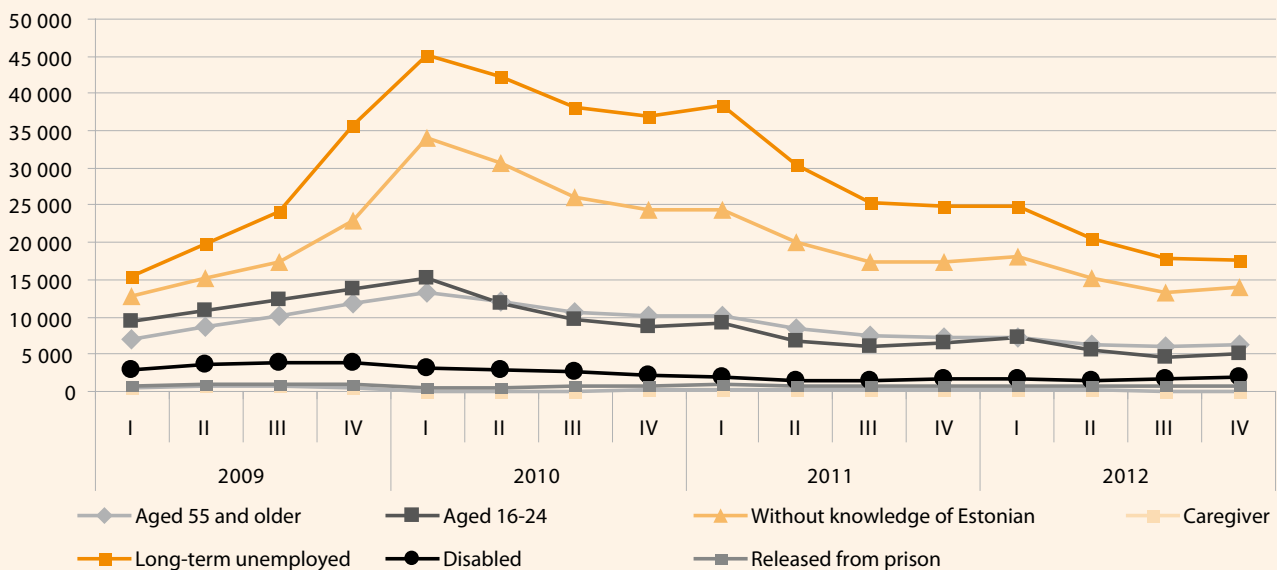
<sup>18</sup> Long-term unemployed - a person who has not been employed or engaged in an activity equal to work during the last 12 months. Young person aged 16-24 is a long-term unemployed if he or she has not been employed or engaged in an activity equal to work during the last 6 months. (§10 (5)(7) of the Labour Market Services and benefits Act)

Figure 4.7. Share of unemployed persons belonging to risk groups<sup>19</sup> among all registered unemployed persons, 2009-2012 (as at the end of year, %)



Source: Estonian Unemployment Insurance Fund

Figure 4.8. Number of registered unemployed persons belonging to risk groups<sup>20</sup>, 2009-2012 (at the end of quarter)



Source: Estonian Unemployment Insurance Fund

unemployed persons decreased by 25.6% and the share of older unemployed persons by 15.1%. The only group that saw an increase in the number of persons was the risk group of registered disabled

unemployed persons; compared to the end of 2011 their number increased by 20.9% by the end of 2012.

<sup>19</sup> An unemployed person may belong to several risk groups.

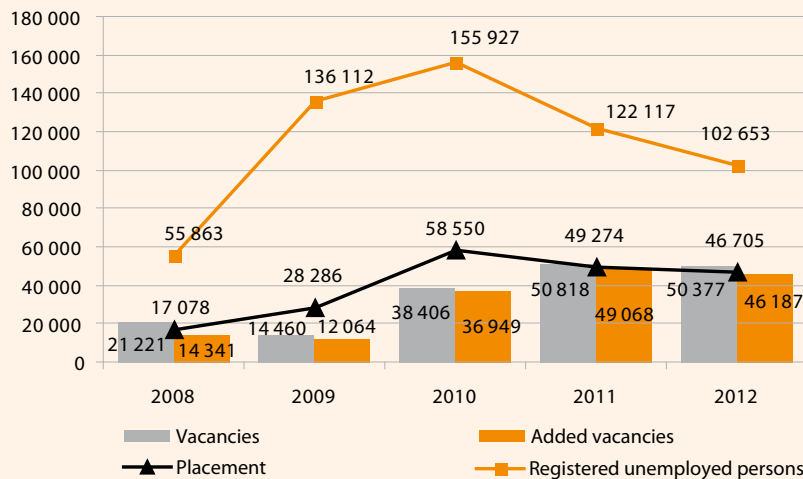
<sup>20</sup> Due to the changeover to a new information system at the end of 2009, entering of the risk groups of registered unemployed persons has changed and the data of 2010 and the periods preceding it cannot be completely compared in certain risk groups (caregivers, persons with insufficient knowledge of Estonian, disabled persons, persons released from prisons).

### 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. In 2012 the Estonian Unemployment Insurance Fund offered 50 377 vacancies, which is 0.9% less than in 2011 when the respective number was 50 818. Thus the number of vacancies remained on the same level with the previous year and this indicates that the labour market is recovering from

the economic crisis and new employees are still required. In 2012 employers mostly offered jobs for service and sales personnel and skilled workers and craftsmen. However, compared to 2011 the share of new vacancies decreased somewhat in 2012. 2011 saw the addition of 49 068 new vacancies to the Estonian Unemployment Insurance Fund; in 2012 this number decreased by 5.9%, i.e. 46 187 new vacancies were added to the Estonian Unemployment Insurance Fund in 2012.

Figure 4.9. Dynamics of vacancies, placements and registered unemployed persons, 2008-2012



Source: Estonian Unemployment Insurance Fund

One of the performance indicators of an active labour policy is the number of placements which, compared to 2011, decreased somewhat due to a decrease in the general number of registered unemployed persons while the placement rate increased somewhat when compared to 2011. This means that in 2012 the number of unemployed persons starting work through the Estonian Unemployment Insurance Fund was 46 705 (5.2% less than

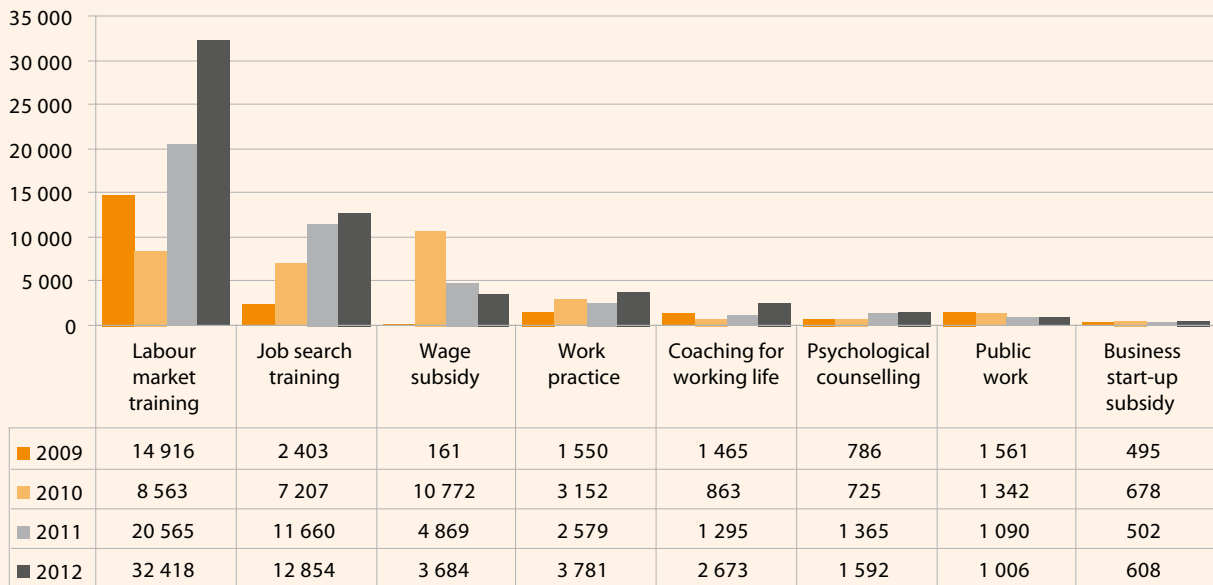
in 2011); however, among all unemployed persons registered during the year the number of unemployed persons starting work was 45.5%, i.e. the placement rate increased by 5.2 percentage points compared to 2011 (in 2011 the placement rate was 40.3%). It is worth noting that the number of persons finding a job in one year is most probably underestimated as it is based on persons' statements that they returned to work.

### 4.4. Labour market services

Employment mediation is not sufficient when it comes to 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 has to actively engage in an activity in order to find a job. Estonian Unemployment Insurance Fund provides labour market services pursuant to the Labour Market Services and Benefits Act and "Increasing supply of qualified labour 2007-2013" pro-

Figure 4.10. Number of entries to labour market services by selected services, 2009-2012



Source: Estonian Unemployment Insurance Fund

programme of the European Social Fund. The number of entries into various labour market services has generally increased over the years: In 2012 the number of entries into various labour market services was 86 050 which is 26.8% more than in 2011 and 60.4% more than in 2010.

Figure 4.10 provides an overview of the number of entries to labour market services by selected services. It is clear that in 2012 labour market training

was the most popular service; in 2012 the number of entries into labour market training was 57.6% bigger than in 2011 and 3.8 times bigger than in 2010. Compared to 2010 there have been significant changes in entries into labour market services. In 2010 during the economic crisis, placement with wage subsidy was used as a crisis measure; in 2012 entries into this service decreased significantly (65.8% compared to 2010) and labour market training became a priority service.

## 4.5. Unemployment allowance, unemployment insurance benefit, insurance benefit upon lay-offs, benefit upon 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)

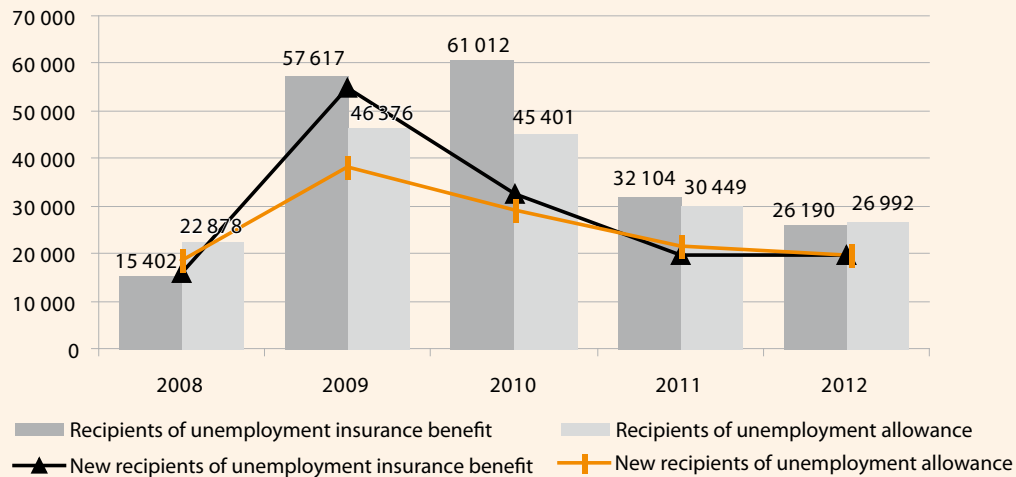
and whose monthly wages is less than the 31-fold daily unemployment allowance<sup>21</sup>.

In 2012 unemployment allowance was paid to 26 992 unemployed persons which is 11.4% less than in 2011 when the respective indicator was 30 449. The number of recipients of unemployment allowance started to decrease in 2010 with an average of 15 659 recipients per month. In 2011 the average number of recipients of unemployment allowance in a month was 10 334 and in 2012 the average number

<sup>21</sup> Labour Market Services and Benefits Act (RT I, 21.12.2011, 23)

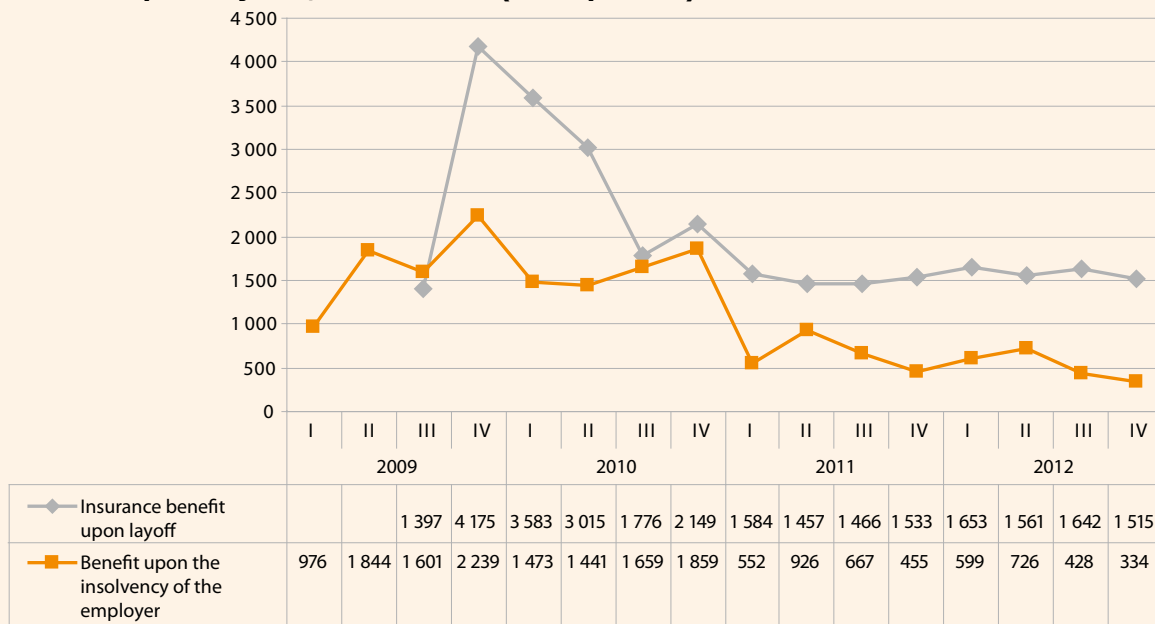


Figure 4.11. Recipients of unemployment insurance benefit and unemployment allowance, including new recipients, 2008-2012



Source: Estonian Unemployment Insurance Fund

Figure 4.12. Recipients of benefit upon insolvency of the employer and insurance benefit upon lay-off, 2009-2012 (in a quarter)



Source: Estonian Unemployment Insurance Fund

of recipients was 9 141 per month. In 2012 the number of new recipients of unemployment allowance also decreased; compared to the previous year this indicator decreased by 8.5%, being 19 647 in 2012 (21 480 in 2011). In 2010 the average number of new recipients of unemployment allowance per month was 2418; in 2011 this indicator decreased by 25.1% (an average of 1810 per month) and in 2012 (compared to 2011) it decreased by 9.5% (an average of 1637 per month). In 2012 the share of new recipients

of unemployment allowance among new registered unemployed persons was an average of 27.2% (in 2011 also 27.2%).

During the crisis, the number of recipients of unemployment insurance benefit also increased significantly, and since 2009 has exceeded the number of recipients of unemployment allowance. In 2012, the number of recipients of unemployment allowance was somewhat bigger than that of

the recipients of unemployment insurance benefit. 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<sup>22</sup>. In 2012, unemployment insurance benefit was paid to a total of 26 190 unemployed persons which is 18.4% less than in 2011. However, compared to 2011 the number of new recipients of unemployment insurance benefit was more or less the same: in 2012, the number of new recipients of unemployment insurance benefit increased by 19 712 which is 0.6% less than in 2011 when the respective indicator was 19 830. In 2012, the share of new recipients of unemployment insurance benefit among new registered unemployed persons was an average of 27.2% (25.1% in 2011). In 2012 the average paid unemployment insurance benefit was EUR 283 per month (EUR 257 per month in 2011).

Insurance benefit upon lay-off is paid since 1 July 2009<sup>23</sup> 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. In 2012, the share of recipients of benefit upon insolvency of the employer was 19.7% smaller than in 2011 (2087 recipients in 2012; 2600 recipients in 2011). However, compared to the previous year the number of persons who received insurance benefit upon lay-off increased by 5.5% in 2012. In 2012 the number of persons who received insurance benefit upon lay-off was 6371 and in 2011 the respective indicator was 6040.

## 4.6. Expenditure on labour market policy

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 2012 unemployment insurance funds formed 68.9% of all sources of financing, 17.1% of the funds for labour policy were allocated from the state budget and the remaining 14.0% from the external resources of the European Social Fund.

Figure 4.13 shows that compared to 2011 expenditure on labour market policy increased by a total of 6.4% in 2012. In 2011 a total of EUR 126.03 million was spend on labour market policy and in 2012 the respective indicator was EUR 134.08 million. However, expenditure in 2012 on labour market policy is far from that during recession being 32.5% less than in 2010 and 35% less than in 2009. While the total expenditure on labour market policy increased, the share of the expenses on labour market policy in the GDP was the same as in 2011. In 2011 and 2012 expenditure on labour market policy was 0.79% of the GDP.

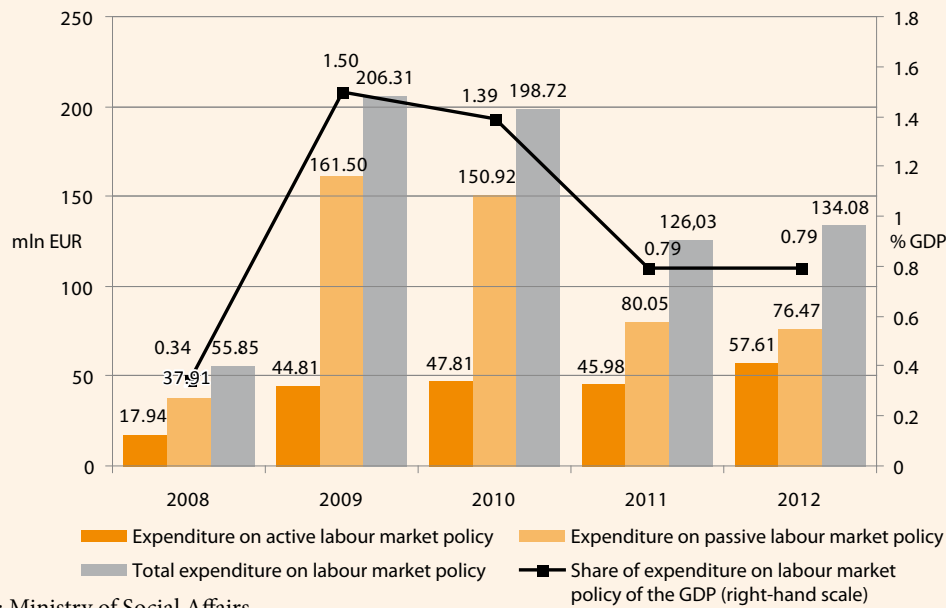
Passive labour market policy includes expenditure on unemployment allowance and special social tax; benefits paid from unemployment insurance fund are not taken into account (unemployment insurance benefit, benefit upon insolvency of the employer, insurance benefit upon lay-off). Rapid increase in the number of unemployed persons due to recession in 2009–2010 significantly increased the share of expenditure on passive labour market policy but in 2011 said expenditure started to decrease. In 2012, expenditure on passive labour market policy was 57% of all expenditure on labour market policy (63.5% in 2011). Compared to 2011, expenditure on passive labour market policy decreased by 4.5% in 2012. In 2011 a total of EUR 80.05 million was spent on passive labour market policy and in 2012 the respective indicator was EUR 76.47 million.

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 applica-

<sup>22</sup> Unemployment Insurance Act (RT I, 23.12.2011, 10).

<sup>23</sup> Collective redundancy benefit was paid prior to 1 July 2009.

Figure 4.13. **Expenditure on labour market policy and proportion of the GDP, 2008-2012**



Source: Ministry of Social Affairs

tion rounds). In 2012 expenditure on active labour market policy formed 43% of all expenditure on labour market policy (36.5% in 2011). In 2012 the increase in the share of total expenditure on labour market policy was mostly due to the increase in the share of expenditure on active labour market policy. In 2011 expenditure on active labour market policy was EUR 45.98 million and in 2012 the respective indicator increased by 25.3%, i.e. to EUR 57.61 million. Increase in the proportion of the expenditure on active labour market policy was due to the need to improve the provision of active labour market measure to unemployed persons.

In conclusion it can be said that although registered unemployment decreased in 2012, compared to the previous year, the number of registered unemployed persons significantly exceeds the level of registered unemployment as it was before the crisis. Therefore it is important to further assist persons in finding a job and employers in finding a suitable employee. To increase the potential of unemployed persons in returning to the labour market, the Estonian Unemployment Insurance Fund can contribute to improving the qualifications of unemployed persons and offer other services to help them return to the labour market as soon as possible.

# 5. Working environment

Ester Rünkla

Instead of focusing on traditional indicators that are characteristic of the working environment, i.e. occurrence of occupational accidents and occupational diseases, this overview describes working environment as a part of working life. The better the quality of the working life, the better the working environment and the smaller the chance of occupational accidents and illnesses caused by work.

In this chapter the working environment in Estonia is compared to that in the 27 EU Member States. For the comparison, data from the European Working Conditions Survey (hereinafter „Survey“ organised once in every five years by the

European Foundation for the Improvement of Living and Working Conditions. 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 (2000–2010). The survey provides an assessment of the quality of working life on the basis of four indices: remuneration, career options, intrinsic job quality and working time.

As the topic of this chapter is working environment below only an analysis of assessments concerning the „intrinsic job quality“ is given.

## 5.1. Intrinsic job quality

According to the survey the job is of good quality if all the following requirements are met:

- Employee's skills conform to his duties;
- Good social environment at work;
- Good physical environment at work;
- Intensity of work corresponds to the employee's abilities.

These four aspects that are characteristic of intrinsic job quality are taken into consideration below and assessments collected in Estonia in the course of the survey shall be compared to the assessments of EU-27, observing the trends over 10 years if possible.

### 5.1.1. Employee's professional skills

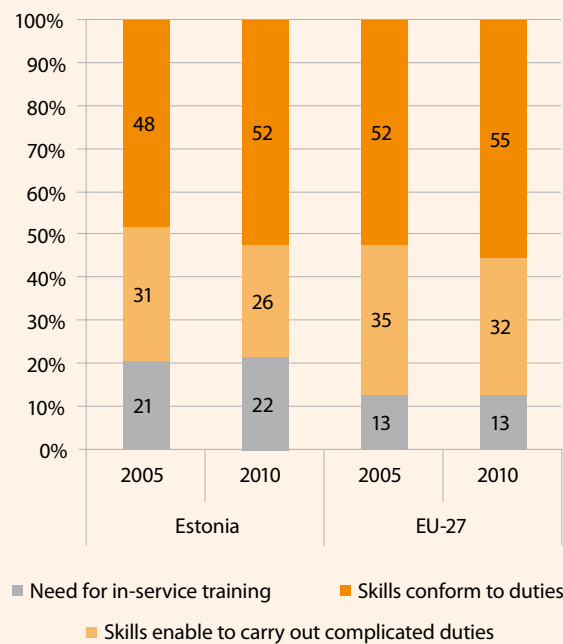
The first important indicator of intrinsic job quality is the professional skill of employees as well as their wishes and opportunities for constant personal development and training in order to improve their contribution to and quality of work. Skills of the employee (see Figure 5.1) shall conform to the requirements established for his job.

According to the 2010 survey the professional skills of older persons (aged 50 and older) conform to their duties better than those of younger employees (less than 30 years of age); this applies both to Estonia and EU-27 (in Estonia 55% and 48% respectively; in EU-27 58% and 50% respectively).

In terms of gender the differences are not big but in Estonia the professional skills of male employees conform to their duties more than those of women (55% for men and 51% for women); in EU-27 this indicator was slightly bigger for women (55% for men and 56% for women).

Employees in Estonia feel the need for in-service training more than their counterparts in EU-27 (22 and 13% respectively). Many employees (one third in EU-27 and a quarter in Estonia) claim that their skills are not put to proper use at work. Several jobs require specific professional skills from the employee (see Figure 5.2), the lack of which can, in

Figure 5.1. **Conformity of the employee's professional skills to his duties (share among respondents, %)**



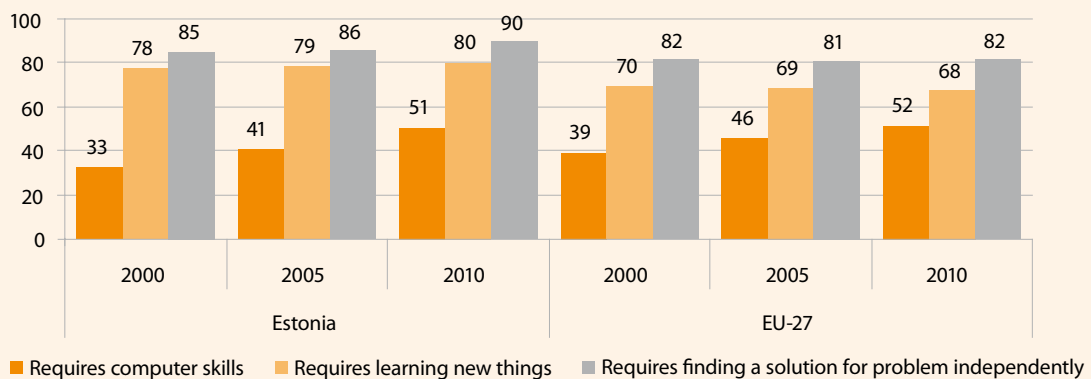
Source: European Working Conditions Survey 2005, 2010

long term, cause several psychosocial health problems for the employee due to the specific character of work, i.e. sadness, nervousness, stress, physical and mental fatigue arising from the intensity of work.

Due to developments in information technology the survey pays specific attention to the computer skills of employees. Observing the trends of 10 years it becomes clear that Estonia has recovered from the development gap of 2000 and is very close to reaching the EU-27 level; in 2010, 51% and 52% of respondents, respectively, were engaged in work

that required computer skills. Differences in computer skills are huge in terms of gender and age groups. Compared to EU-27, in Estonia among employees who have a job that requires computer skills the share of women is bigger (39% and 27% respectively) and the share of men is smaller (24% and 26% respectively). Compared to EU-27, the share of computer users is bigger in Estonia in terms of all age groups; the difference is bigger among persons younger than 30 years of age (38% and 28% respectively); the share of persons aged 50 or older who use the computer for their work is 25%.

Figure 5.2. **Requirements for the employee arising from the specific character of work (share among respondents, %)**



Source: European Working Conditions Survey 2000, 2005, 2010

In addition to computer skills the development work and jobs often requires learning of new things and independence in finding solutions for work-related problems. Compared to EU-27, in Estonia the share of jobs that require their employees to learn new things is bigger (80% and 68% respectively in 2010) as is the share of jobs that require independent solving of work-related problems (90% and 82% respectively in 2010). In Estonia the share of women who engage in learning new skills is somewhat bigger while in EU-27 the same applies to men; in terms of age groups, young persons and middle-aged persons engage more in learning new skills in both Estonia and EU-27.

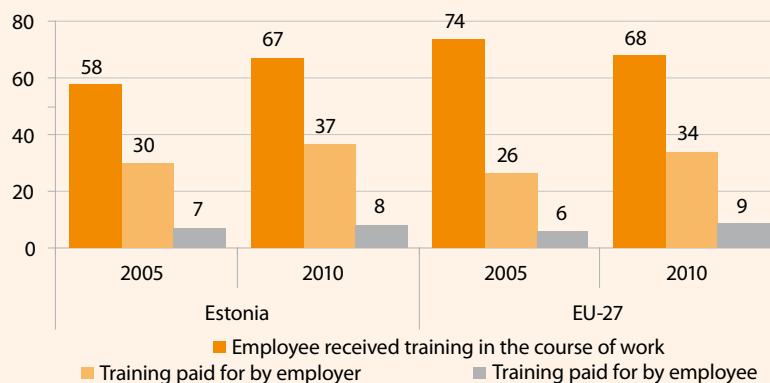
The need for learning new skills requires training and there are several options for this: trainings that are free of charge and trainings that require a fee, these in turn are paid for by the employer or by the employee. From the overview of the assessments provided by employees regarding various training options (see Figure 5.3) it becomes clear that in

Estonia the use of all types of training options has increased since 2005. Compared to EU-27 there are no significant differences, only training provided in the course of work has decreased by 6% in EU-27.

In Estonia the share of women who have paid for their training is bigger than that of men (9.1% and 6.7% respectively) while in EU-27 the same indicator is bigger for men (8.9% and 8.5% respectively). In terms of age middle-aged employees (aged 30–49) in both Estonia and EU-27 are more willing to pay for their training.

To conclude the topic of professional skills it can be said that compared to EU-27 employees in Estonia are more in need for in-service training and this is partly due to more jobs requiring professional skills. Likewise, employers in Estonia offer more opportunities than those in EU-27 for receiving training at paid for by the employer.

Figure 5.3. **Training opportunities of employees in the last 12 months (share among respondents, %)**



Source: European Working Conditions Survey 2005, 2010

### 5.1.2. Workplace social environment

Another important indicator in assessing the intrinsic job quality is the social environment at work. The survey uses two indices for assessing the social environment, describing social relations at work from a positive or negative aspect.

Positive index reflects the employee's need for good social relations with managers and colleagues. The presence of supporting people at work is also a relevant factor contributing to the employee's well-being as it helps to reduce the effect of nega-

tive stressors at work. According to the survey the positive environment at work is somewhat better in Estonia than in EU-27, this is evident on the basis of all questions included in the survey (see Figure 5.4). Men more than women claim to sense the friendly attitude and encouraging words of colleagues and direct managers. Middle-aged employees (aged 30–49) have more close friends at work; colleagues help and managers encourage them more than younger and older employees.

Figure 5.4. **Positive social relations at workplace (share among respondents, %)**


Source: European Working Conditions Survey 2010

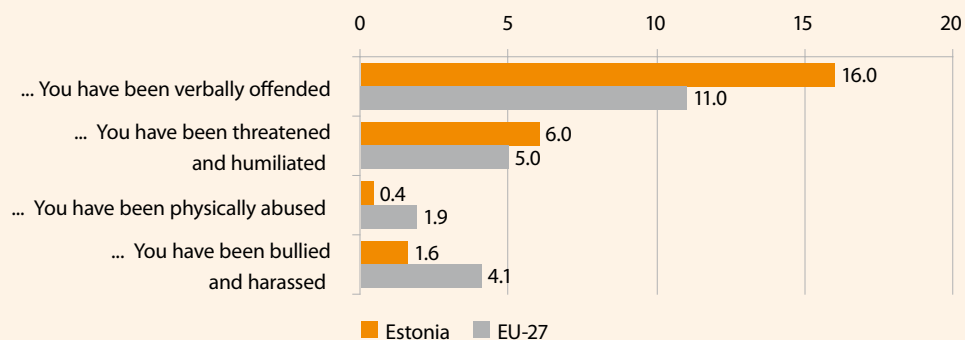
Negative index reflects the negative aspects of the social environment at work (see Figure 5.5). According to the survey the share of employees who have encountered negative aspects of social environment (i.e. verbal offence, threats and humiliating behaviour) is somewhat bigger in Estonia than in EU-27. However, share of physical violence, bullying and harassment is more common in EU-27.

Women claim more often than men that they have been offended, threatened and humiliated. In terms of age groups the share of offended and harassed persons is bigger among older persons (aged 50 and older) in Estonia and among younger persons (under 30 years of age) in EU-27.

Negative social environment creates new psychological risks (see Figure 5.6) and today this is considered one of the main challenges for occupational health and safety at work and it is related to other problems arising at work such as work-related

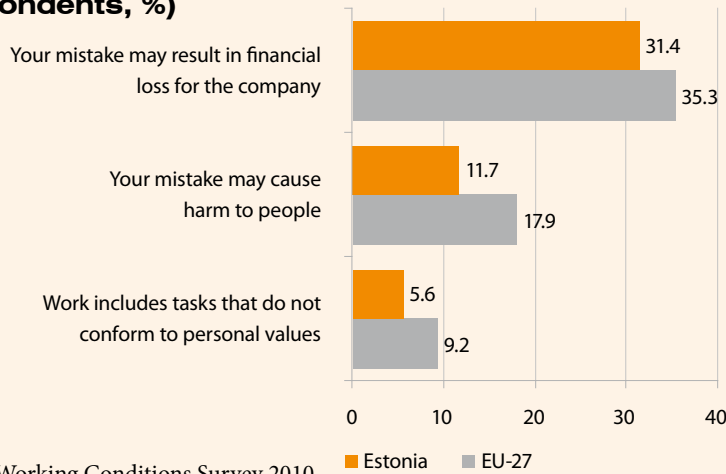
stress and violence, harassment and bullying at work. Survey data indicates the relation of stress to poor work results, increase in the time spent absent from work and increase in the number of accidents. Extreme stress endangers the health of the employee and does not allow the employee to cope with additional demands.

The most common definition of the psychosocial risk factor is „the joint effect of psychological and social factors“. This means two-way effect from social factors to psychological factors and vice versa. In Estonia the share of psychological risks at work is somewhat smaller than in EU-27. In both Estonia and EU-27 men claim more often than women that they have encountered psychological factors. Differences are the biggest in the employees' assessments regarding „the possibility that the employee's mistake may cause harm to people“ (in Estonia 19% for men and 5% for women and in EU-27 22% for men and 13% for women). In terms

 Figure 5.5. **Negative social relations at workplace (share among respondents, %)**


Source: European Working Conditions Survey 2010

Figure 5.6. **A selection of most common psychological risks at workplace (share among respondents, %)**



Source: European Working Conditions Survey 2010

of age groups psychological risk factors are more common among middle-aged employees (aged 30–49) in both Estonia and EU-27.

To conclude the topic of social environment at work it can be said that employees who experience

positive social environment at work are more satisfied with their work and working conditions while employees who have experienced negative social environment in the last month are more likely to encounter psychosocial health problems arising from work.

### 5.1.3. Workplace physical environment

Third important indicator in assessing the intrinsic job quality is the physical environment at work which is good when the employee's exposure to the risk factors present at work does not exceed the established limits, i.e. the effect of risk factors on the employee has been managed.

Data collected with the survey enables to describe the occurrence of relevant dominant risk factors in Estonia in comparison with EU-27 (see Figure 5.7) and thus provide an indirect comparison of work environments. The main indicator for assessing the risk level of most physical, chemical and biological risk factors is the employee's exposure to the risk factor for at least a quarter of working time.

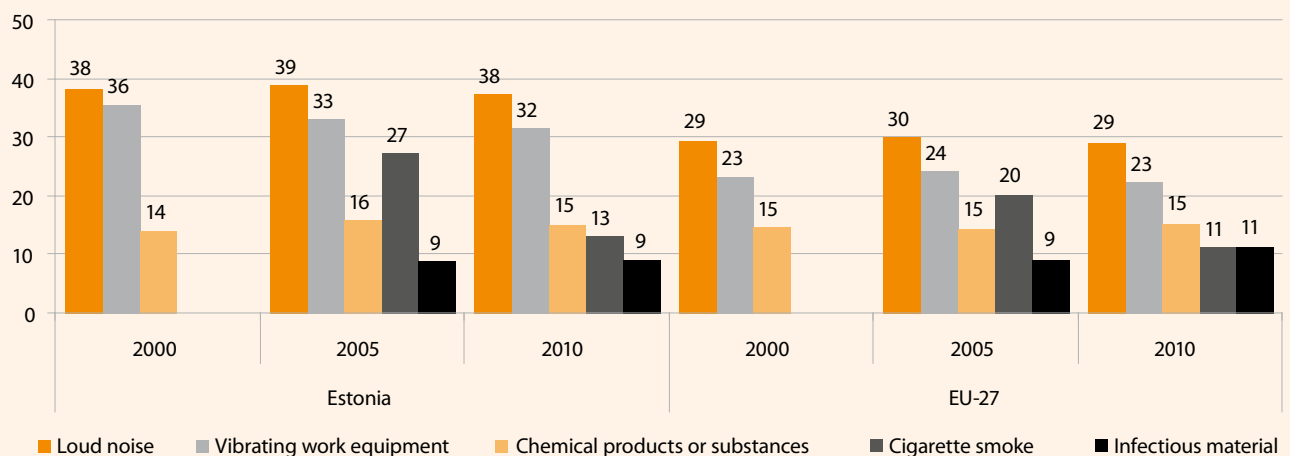
According to the surveys noise is considered „loud“ if employees have to raise their voices in order to speak to each other. Compared to the data from 10 years ago no significant changes were observed in Estonia and EU-27. In Europe an average of 30% of employees come into contact with loud noise for more than a quarter of their working time; in Estonia this indicator is somewhat bigger, 35–38%.

Present in the working environment is whole-body vibration – mechanical vibration that is transmitted to the employee's body, and hand-arm vibration – mechanical vibration that is transmitted to the employee's arms. Sources of vibration in the working environment include hand tools, machinery, etc. Over the years the share of employees who are exposed to vibration at work has decreased somewhat in Estonia but this indicator is still significantly bigger than that of EU-27 (32% and 23% respectively in 2010).

Ca 15% of employees in both Estonia and EU-27 are exposed to chemical products and substances and it is not possible to observe a significant trend for the last 10 years. As of 2005 the risk factors related to the work environment include „exposure to the cigarette smoke of another employee“ and „exposure to infectious material“. Compared to 2005, the risk arising from cigarette smoke has significantly decreased in both Estonia and EU-27. Exposure to infectious substances is somewhat less common in Estonia than in EU-27.



Figure 5.7. Exposure of employees to risk factors in the working environment (share among respondents, %)



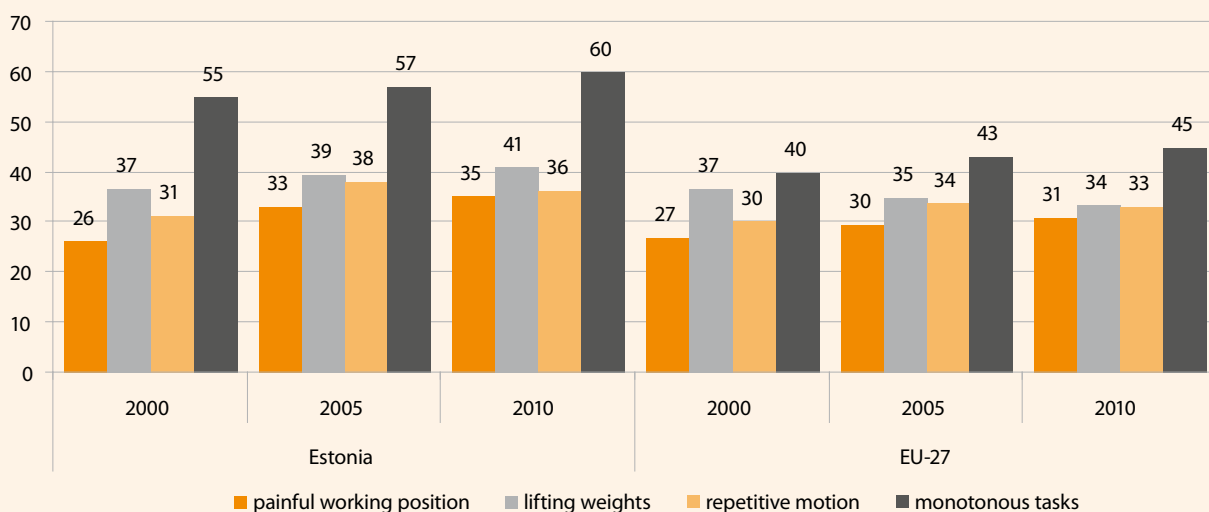
Source: European Working Conditions Survey

Both in Estonia and EU-27 men are more exposed to noise and vibration than women, the indicator for men exceeding that for women two times. In Estonia, the share of women who are exposed to chemicals is bigger than that of men (17% and 13% respectively) while in EU-27 the same indicator is bigger for men (17% and 13% respectively). In terms of exposure to cigarette smoke there are no differences between Estonia and EU-27; men are more exposed to it than women and the average

indicator is 15%. Exposure to infectious materials is somewhat more common among women than among men. In terms of age groups older employees are somewhat less exposed to risk factors.

According to the Labour Inspectorate illness caused by work is mostly due to physiological risk factors at work, i.e. difficult physical work, repetitive motion as well as working positions and movements that cause fatigue and other similar factors.

Figure 5.8. Important physiological risk factors at workplace (share among respondents, %)



Source: European Working Conditions Survey

On the basis of a 10-year trend the situation in Estonia has deteriorated (see Figure 5.8); a slight improvement is observed only for repetitive

motion. Compared to EU-27 we are also at a disadvantage, especially regarding the monotonous tasks.

In terms of gender and age groups there are no significant changes between Estonia and EU-27. The jobs of women include exhausting/painful working positions and repetitive motion more often than

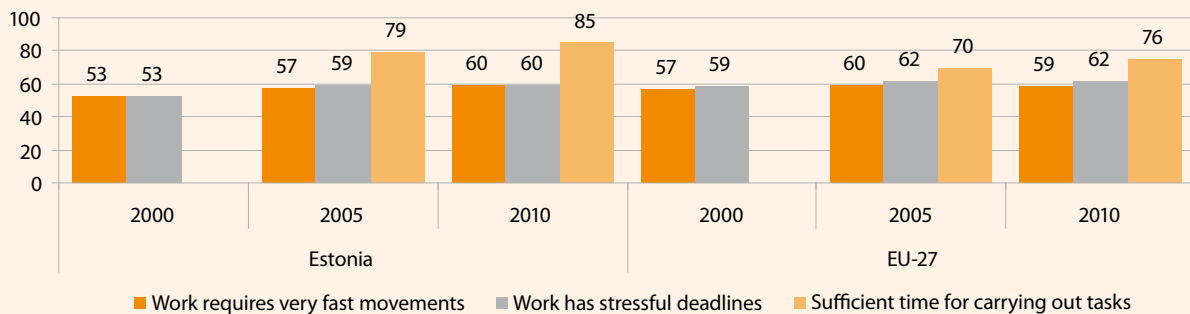
those of men while the jobs of men include lifting weights more often than those of women. In terms of age groups younger persons are somewhat more likely to be influenced by physiological risk factors.

#### 5.1.4. Intensity of work

Fourth important indicator in assessing the intrinsic job quality is „the intensity of work“ which must conform to the employee’s abilities. Intense work does not improve well-being nor the quality of work.

Generally the term „intensity of work“ should be considered as a negative indicator of the quality of work. In certain situations, however, for example if the level of intensity of work is low, the relation of the intensity of work to the quality of work may be positive.

Figure 5.9. Intensity of work (share among respondents, %)



Source: European Working Conditions Survey

Figure 5.9 shows that compared to 10 years ago the number of persons who feel that their job requires working very fast and with stressful deadlines is increasing. However, a positive aspect of the assessments provided by employees in Estonia is that a total of 85% of employees have enough time to carry out their work. Unfortunately the survey results do not indicate the relations between the actual intensity of work and the assessment of the sufficient time for employees.

In Estonia working fast and dealing with stressful deadlines is more related to the jobs of women than those of men (61% and 58% respectively in 2010) while in EU-27 this indicator is bigger for men than for women (62% and 56% respectively). Both in Estonia and in EU-27 women are more capable in meeting deadlines than men. In terms of age groups work is more intense for employees

under the age of 30, this applies both in Estonia and EU-27.

Summarising the compared data on the factors assessing the intrinsic job quality in both Estonia and EU-27 the following can be said:

- Training opportunities are better for employees in Estonia;
- The share of physical violence, bullying and harassment is smaller in Estonia;
- Employees in Estonia are more capable in dealing with intense work;
- In EU-27 the share of employees whose skills conform to their duties is bigger;
- In EU-27 verbal offence and humiliating behaviour are less common;
- In EU-27 the physical environment at work is safer.

In addition to assessments on working conditions the survey also collects assessments on the effect of working conditions on the health of employ-

ees and the general satisfaction of employees with working conditions.

## 5.2. Employee's health and well-being

All aspects characterising the nature of work (see previous section) influence the health and well-being of employees in one way or another. After long-term exposure risk factors present in the working environment of the employee pose a

threat to the employee's health. It is the duty of the employer to inform employees of the risks present in the working environment and eliminate the risk by implementing preventive action or, if that is not possible, minimise the risk.

Figure 5.10. **Awareness of employees and risks arising from work (share among respondents, %)**



Source: European Working Conditions Survey

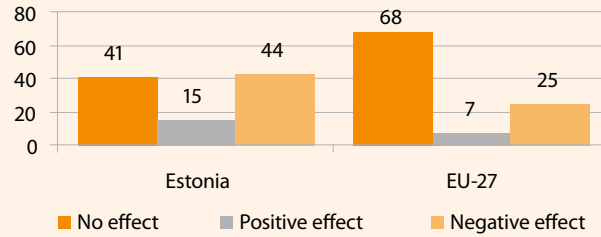
Employees in Estonia find that they are more informed of risks in the working environment than the employees of EU-27 but at the same time in Estonia there are more employees who think that their work poses a threat to their health (see Figure 5.10). The survey indicates that compared to 2000 the risk indicator has improved by only 1% while in EU-27 it has improved by 7%.

In the last section (see Section 5.1) it was revealed that various work-related aspects, especially social environment at work, may have a positive or a negative effect on the employee. As of 2010 the effect of work on health is studied on the basis of three indicators (see Figure 5.11). While the share of employees who claim that the effect of their work

on their health is positive is 15% in Estonia, this indicator still exceeds that of EU-27 by more than two times. In addition to the positive indicator the assessments of negative effect are also higher in Estonia than in EU-27.

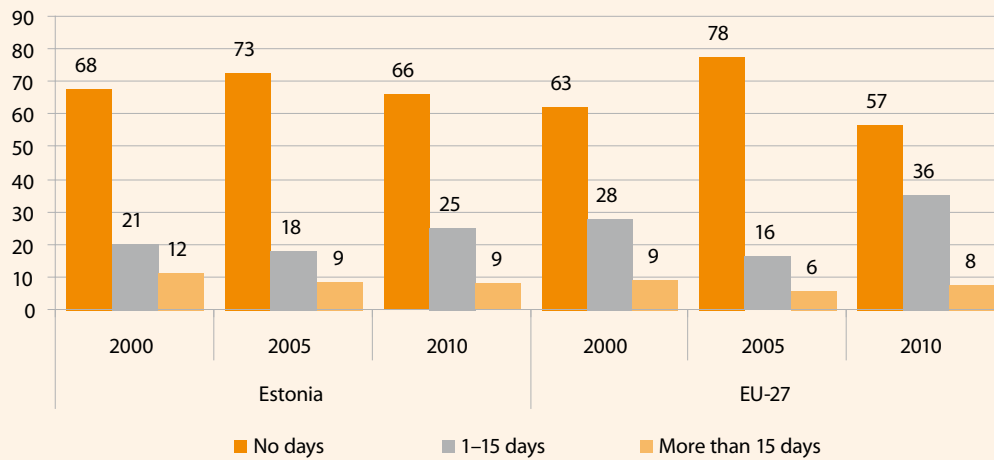
In conclusion it can be said that the situation is better in EU-27: two thirds of employees claim that their work does not have an effect on their health and only a quarter of employees say that their work has a negative effect on their health. The negative effect of work on health leads to illnesses of employees and accompanying sick leave (see Figure 5.12), and indirectly also to the increase in expenditure for the employee, employer, the state and the society in general.

Figure 5.11. Effect of work on health (share among respondents, %)



Source: European Working Conditions Survey 2010

Figure 5.12. Days absent from work in the last 12 months due to illness caused by work (share among respondents, %)



Source: European Working Conditions Survey

More than half of employees in Estonia and EU-27 have not been absent from work in a year due to illnesses caused by work. Approximately 10% of employees have been absent for more than 15 days which indicates a serious occupational accident or serious illness. A proper assessment for the working conditions of the employee at work and for the health of employee is provided by the question whether employees consider possible that they are engaged in the same work once they are 60 years old (see Figure 5.13).

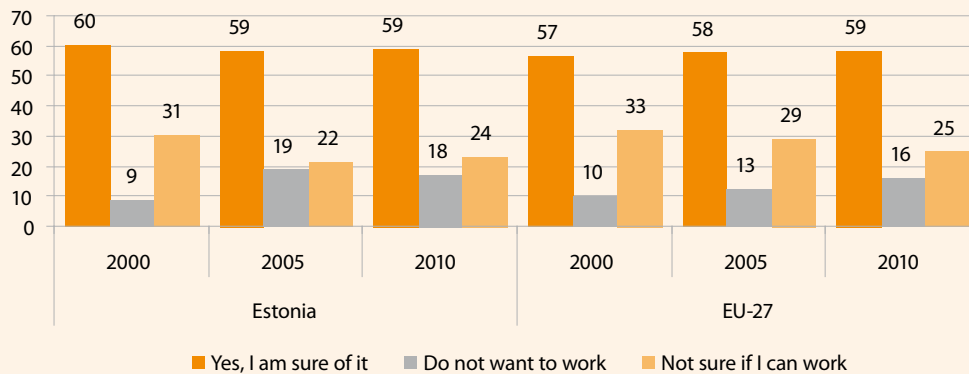
With this question employees provide an assessment of their capacity for work. Both in Estonia and EU-27 the number of men who claim that they would be capable of doing the same work at the age of 60 is slightly bigger than that of women (59% and 58% respectively). In terms of age groups employees older than 50 years of age are the most optimistic while only 48% of employees under 30 believe that they are capable of doing the same work at the age of 60.

In the survey satisfaction with work is addressed as a broader topic, taking into account the assessments provided by employees on the tasks they have carried out, usefulness of work, presence of good colleagues and potential motivational factors within the organisation. Remuneration and career opportunities are also important. Detailed information and reference data on said topics is available in the analysis report of the survey on the website of the European Foundation for the Improvement of Living and Working Conditions [www.eurofond.europa.eu](http://www.eurofond.europa.eu).

To conclude this chapter we shall provide the reference data for Estonia and EU-27 regarding the question on general satisfaction with working conditions.

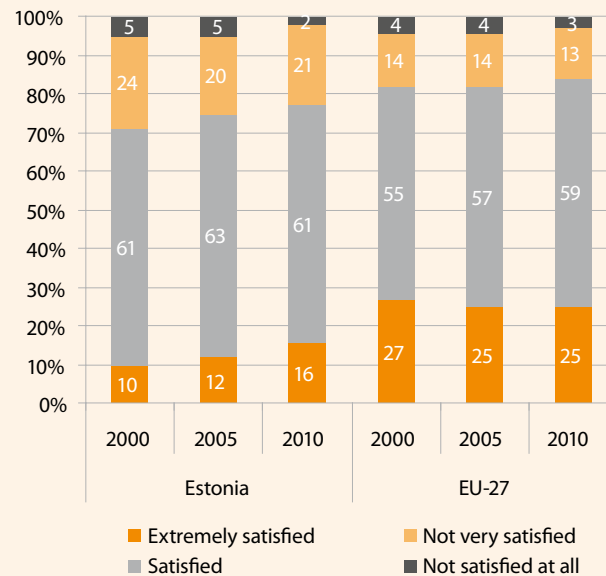
It was revealed that the share of employees who are extremely satisfied with their jobs is increasing in Estonia. In Estonia men are more satisfied with their working conditions than women (17% and

Figure 5.13. Are you sure you would be able to work at the same position when you are 60 years of age? (share among respondents, %)



Source: European Working Conditions Survey

Joonis 5.14. Satisfaction of employees with working conditions at their principal job (share among respondents, %)



Source: European Working Conditions Survey

16% respectively in 2010); in EU-27 women are more satisfied with their working conditions than men (26% and 24% respectively). In terms of age groups in Estonia older employees are more satisfied with their jobs while in EU-27 no significant difference was observed here.

As a result of the survey it can be said that there is a connection between the satisfaction of employees, intrinsic job quality and performance indicators of occupational health (illnesses caused by work).

- The number of illnesses caused by work has decreased simultaneously with the increase in the satisfaction of employees.

- In 2010 ca 70% of employees were satisfied with work conditions and the social environment at work.

Over the last 10 years developers of labour market policy have contributed to raising the awareness of employees and employers by composing and distributing various types of information materials. As the results of the survey indicate that information materials alone are not enough, more attention should be paid to changing the behaviour of employees in order to teach them to „work in a manner that is safe for their health“.



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