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New forms of work

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Flexible working arrangements in Estonia

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Introduction

The labour market situation in Estonia is quite different from the situation in the Netherlands. There is a support for dual earner family model where both men and women work full-time (Värk 2007, Karu 2011). The female employment rate has been relatively high for the past 20 years and even higher before, during the Soviet Union period. According to Statistics Estonia, the employment rate of women dropped from 73.9% in 1989 to 57% in 2000 to increase again back to 66.3% in 2008. In 2009, during the economic crisis the employment rate fell again somewhat. Over the years, the gender gap in employment rates has decreased and currently the employment rates of men and women are nearly equal around 61%.

In Estonia the use of non-standard forms of employment is relatively uncommon (Leetmaa *et al* 2009). The part-time work is not remarkably popular among Estonian labour force. According to OECD Employment Outlook 2011, in terms of part-time work, Estonia is at the bottom with its 8.7% in 2010, having only Hungary, Czech Republic and Slovakia behind with only about 4%. According to Statistics Estonia, currently, the part-time work is most common among women in tertiary sector (15.6%, 2009) while it is nearly not present in primary sector. Also, it is very common in education (40%) and health care (34%), but very rare in manufacturing (5.3%) and in mining (2.9%).

As a result, the working hours of Estonian women are quite long and very similar to the working hours of men. Estonian women work on average 37 hours per week and men work 39 hours per week, according to Eurostat. People generally prefer working full time and 40 hours norm is dominant with over 70% of both men and women working 40 hour per week (Plantenga, Remery 2009). The Gender Equality Monitoring carried out in 2009 showed that 55% of inhabitants would work full time even if they had no need to work as their husband/wife/partner earned enough for decent living and 30% would work part-time (4% would stop working temporarily, 5% permanently). Women are more opt for part-time work than men 42% of them would prefer part-time work (Vainu *et al* 2009). In 2005, only 27.3% of those working part time did so by choice ('Do not want to work full time'), and about half of the people working part time are obliged to do so for reasons beyond their control (Kallaste, Roosaar 2007). 67% of employees who would like to shorten their working hours did not do so due to the fact that smaller income would not be sufficient for living (Saar Poll 2005).

Other types of working time arrangements that are generally regarded to be flexible or unusual are more common. According to Statistics Estonia and the Work Life Survey conducted in 2009, a quarter of enterprises work during weekends, 28% work from 6 a.m. until 10 a.m. and 13% work from 10 a.m. until 6 a.m. in 2009. Regarding flexi-time, in 2009, a quarter of men and women say it is impossible for them to change start and/or end of working day for at least one hour for family reasons in 2010 and 42% of women and 47% of men said it was generally possible for them to take days off for family reasons. This kind of flexibility has increased over time. 27% of men and 24% of women found taking days off impossible in 2005, 17.7% and 20.3% in 2010 did. Telework and/or home working are also available only to limited numbers of employees. 20.9% of enterprises in Estonia have some employees doing remote work

in 2009 according to Work Life Survey. 69.7% of employees work only in enterprise's/institutions workrooms (25% partially and 5% only outside of workrooms).

Most forms of non-standard employment are legally permitted and the national labour law describes some minimum working time requirements while in large part implementation of flexible working time arrangements is still left to individual or collective negotiations (Leetmaa, Karu 2009, Leetmaa *et al* 2009). In Estonia, the trade unions are not particularly strong. According to the Working Life Survey, the trade union membership is as low as 10.7% in 2009 and 32.7% of employees work in an enterprise with collective agreement present. Therefore in most of the cases working conditions are regulated by Employment Contracts Act and by personal negotiations.

In terms of equal treatment of employees all employees are entitled to some fundamental labour rights, despite their position as traditional or non-standard employee and the working conditions have to be equal to persons doing similar jobs. For example, the Employment Contracts Act constitutes that all employees are entitled to equal treatment despite the form of work and all employees are also entitled to a minimum wage level. Leetmaa and Karu (2009) point out that there are no significant differences in the basic obligations of the employer towards workers with traditional or non-standard working arrangements and working hours do not have any influence on the eligibility to any benefits or insurance schemes. However, the amounts of most of the benefits are dependent of the previous income (i.e. the social tax or contributions paid) and this may be one of the reasons why people are generally inclined towards full-time jobs. Moreover, Leetmaa and Karu (2009) point out that in few instances the costs for employers may higher in case of part-time workers. One of the reasons is that social tax of 33% must be paid on the remuneration paid to employees, but on an amount not less than the monthly rate established by the state budget for the budgetary year. Therefore, in case of lower paid employees, the employer pays proportionately higher social tax.

As regarding the working time flexibility, there are some instances where there are given rights to modify working time due to family reasons. However, these are only some instances regarding for example free time for ante-natal examination for pregnant women on a time indicated in a decision of a doctor which will be counted as working time (Leetmaa, Karu 2009).

There is no specific regulatory framework developed for the telework arrangement. Estonian employment legislation does not contain direct obstacles to the regulations of the status of teleworkers. According to the assessment of Plaks *et al* (2007), the implementation of specific regulations on telework on national level is highly unlikely since it would be rather difficult since many different forms of teleworking have developed. There are several questions regarding the regulations of working conditions and working equipment – according to the labour law the responsibility is currently on employer, but the control of working conditions, health and safety and time from distance are problematic.

To conclude, the law defines the minimum conditions of flexible working time arrangements while the rest is left for individual or collective negotiations. Flexible or unusual working hours which are expected to have rather negative impact on family and work reconciliation like working overtime, unsocial hours, on-call and in shifts are more precisely regulated in the labour law, but the flexibility which would enhance the work and family reconciliation are left to individual or collective negotiations.

Policy debate

The issues regarding flexible work are not very active in public discussions or policy debates. However, the family and work reconciliation issues are becoming increasingly significant in the policy making and public debates, but the emphasis is mainly on parental leave and childcare provision. The flexible working is mentioned in several policy documents, but there are no initiatives or public discussions regarding the need for more flexibility or the need for the employers to provide more flexible working arrangements for the employees in general or to parents of small children.

The aim of the government is to achieve employment rate of 20–64 to be 72% by 2015 from the 66.4% in 2010. The activities, however, mainly concentrate on the improvement of employability of employers via life-long learning, provision of education and active labour market services. The family and work reconciliation and the improvement of flexibility is not very often discussed from economical point of view or as measures to improve employment rate. There are also no gender disaggregated targets set regarding the employment.

There are some policy documents emphasising the need to provide and advance remote working. For instance, it is seen as part of family and population policies (to advance family and work reconciliation), but also as a part of regional policy to allow people to move to rural areas. Estonian population has had a tendency to move to larger towns whilst the rural areas and smaller towns are running out of younger population. Remote work will provide an opportunity to people in rural areas (but also on islands) for people to find work without commuting or moving to the capital.

The leading actor in developing the remote work is a third sector. More precisely, there is a Smart Work Association¹ that was founded in 2007 which provides information on flexible work and supportive services to employers and also to regional telework centres. According to the Smart Work Associations there are approximately 700 telework centres where people could carry out their telework. 500 of these are regional public IT-points where people can use computers and internet and these are also used for work reasons.

Transferability

Transferability of Dutch approach

Although the labour market situation in Estonia is different from the one in Netherlands, the good practices may be regarded to be useful also in Estonian context. In Estonia the question is not in increasing the working hours of women working part-time but improving the access of some particular groups to labour market. In other words, it may be assumed that flexible working arrangements and new ways to work may improve the employment of younger and elderly workers, parents of small children and other carers, and also those persons with disabilities. In the situation of aging population, the ways of improving employment rate becomes increasingly significant, therefore policies and practices facilitating the labour market participation are well perceived in Estonia, both by policy makers and also by the public.

As pointed out earlier, in Estonia most of the working conditions and working time arrangements are upon individual or collective agreement. In this situation, the role of

¹ www.smartwork.ee

the employers and their willingness to provide flexible working arrangements are crucial in the provision of flexible working time arrangements. Since the Estonian labour law does not pose any remarkable obstacles and the employers have relatively much freedom in organising their working conditions, awareness rising activities together with assisting and advising services are probably effective measures. Therefore, the good practice examples presented by Peter Pascale in the discussion paper for exchange of good practices regarding flexible working time arrangements in the Netherlands (2011) which are aiming at motivating and assisting employers to change their behaviour on voluntary basis are suitable for Estonian national context.

To be more precise, implementing the 'The Modern Employer' reward can be assessed to be transferred to Estonia quite well. Estonia has a tradition of announcing the most Family and Worker Friendly enterprise already since 2001 and implementing family and worker friendly practices is generally favoured. However, this is a one time award which does not allow monitoring the progress and also only relatively small number of companies apply.

The issue of carers and their need for customised working is a crucial issue in Estonia. Family and work reconciliation, the employment of parents with small children and also the equal opportunities of women are becoming increasingly a subject of discussion in public, mainly as a part of concern for low fertility, but increasingly also as gender equality discussions. Paired with the scarcity of care services for small children, but also for elderly persons, solutions which would encourage employers to provide more flexible working arrangements to carers would improve the situation. Since this is a relatively new way of thinking, implementing working carer policies at the company level would indeed need facilitating and supporting services as described also by Pascale (2011). Therefore learning from the Dutch experience would help.

Differing needs require different approach

When discussing the possible implementation of flexible work, it has to be taken into account that the needs of the groups who would be the potential users of the flexible working time arrangements are different. Therefore also the solutions and the types of flexible work suitable for them are different. For instance, the youngest employees who usually work and study simultaneously, may need the improved access to part-time work and very flexible working hours to be able to also attend education. The elderly persons also may prefer the gradual decrease in their working contribution. In 2009, 82% of men aged 65-74 stated that they would prefer working part-time (Vainu et al 2009). Parents of children, when provided with sufficient childcare facilities are able to work full time if they have sufficient flexibility to take days or time off in case of family needs or emergencies. At the same time, the scarcity of childcare places for children under 3 years makes return to work difficult (Leetmaa 2008) which may again require teleworking solutions.

Additionally, there are variations within the jobs in terms of the nature of work which may vary significantly according to the sector and occupation. There is a whole set of jobs which can only be made at the place (i.e. factory jobs, service provision, health services etc). For instance, telework is not possible for all types of jobs. First, not all work is done by computers – this is a particularity of knowledge work. Secondly, there are limitations in the skills and availability of technology. In Estonia, there are great preconditions for the spread of telework - Statistics Estonia shows that 76% of Estonian inhabitants use computers and internet, 93% of them use it at home in 2011. However, the use of computers at work is much less common – only Statistics Estonia points out

that only 41.9% of people who use computers use these (also) at work. This does not necessarily mean that this is the share of persons who use computer for actually carrying out their work – the share of work done by computers is probably even lower. Also, there are large differences according to educational level of employees – only 10.8% lowest educated and 64% of highest educated persons who use a computer, use it at work. Therefore, the potential to use this kind of flexible working as well as the use of new ways to work ('flexible offices') is limited.

Therefore, it is necessary to keep in mind that these types of solutions solve only problem of only part of the labour force and other alternative solutions should be found for those with less options for distant work, telework, flexi-time or other new ways to work to facilitate their work and life balance. Also, the family and work reconciliation of those working unsocial hours, long hours or in shifts raises the question of respectively flexible provision of services.

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