

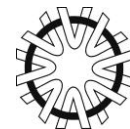
Changes of labour relations in Estonia. Impact on employees and the economy

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ESTONIAN TRADE UNION CONFEDERATION EAKL

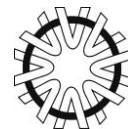
Founded in 1990/1919

26 thousand members

19 affiliates in:

- industry, transport and private services
- health care
- state and local authorities

Member of European Trade Union Confederation
ETUC, ITUC



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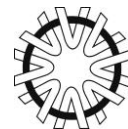
Social partners – trade unions

ESTONIAN EMPLOYEES' UNIONS' CONFEDERATION TALO (since 1992)

2,9 thousand members

7 affiliates in:

- culture, media, agriculture, sports, science, technology and health care
- There are also some trade unions in Estonia that do not belong to any association or central body and that act autonomously.
- Some industries such as construction and banking are union-free in Estonia.



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Social partners - employers

ESTONIAN EMPLOYERS'
CONFEDERATION (founded 1997/1917)

23 trade associations

79 companies

Represents over 1500 enterprises,
which in total employ around 145,000 workers

- Business policy
- Industrial relations (labour policy, social policy)

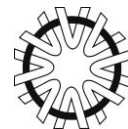


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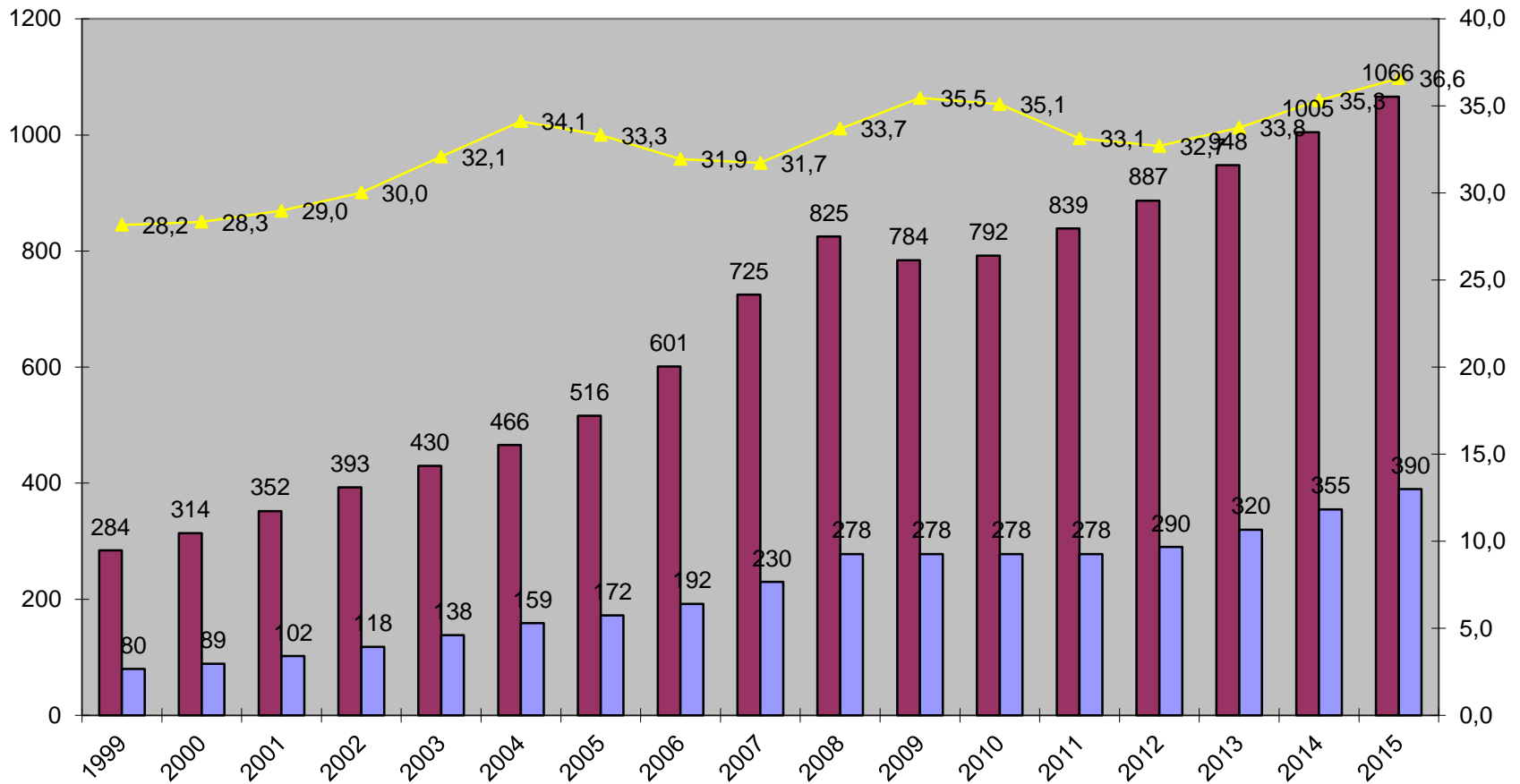
Social dialogue on state level

Binding agreements with the employers' confederation

- agreement on minimum wage for 2003 (October 2002) - first extended national collective agreement
- agreements on minimum wage for the years 2002 – 2008, 2012 – 2015
- negotiations on minimum wage for period 2016-2017 have gone to deadlock. Today we turned to Public Conciliator for help the negotiations to continue.



Average wage, minimum wage, EUR and share of MW in AVW, %



Social dialogue on sectoral level

- 2 collective agreements:
 - road transport (wage and working time)
 - healthcare sectors (wage)
- 4 Social partners agreements (recognizing trade unions as a social partner)
 - metal industry
 - light industry
 - security sector
 - Ministry of the Interior



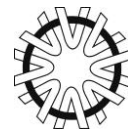
Social Dialogue on company level

- Existence of confidential person in the enterprise 13,3 %
- Existence of trade union in the enterprise 6 %
- Employees, belonging to trade union 10,7 %
- Existence of collective agreement in the enterprise 32,7 %
- Discussion with employees about activity,
work management and working conditions
in the enterprises 83,3 %



Current situation: Weak/formal social dialogue

- Reluctance of the state/government
 - lack of real interest in social partners' involvement, mostly no sharing information, few consultation, no collective negotiations
- Social partners
 - Employers:
 - lack of interest
 - No to Collective agreements
 - Unions:
 - low membership and representation
 - lack of bargaining power and ability to take actions
- Room for improvement



Legal context

Modernisation of employment relationship took place in 2009 by the revised **Employment Contracts Act (ECA)**

- It officially aimed to introduce the notion of flexicurity into the employment relationship.
- A tripartite agreement was reached on the contents of the draft legislation in 2008.
- The employment situation then changed significantly as a result of the economic crisis.
- The government subsequently introduced changes unilaterally to the text, and ignored attempts by workers and employers to negotiate their own proposals for changes.



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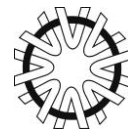
Flexibility measures in ECA

- Compensation paid by the employer (if an employment contract was cancelled due to redundancy) was cut to one month's wage.
- If the employment relationship had lasted 5-10 years, the Unemployment Insurance Fund would pay compensation of one month's wage and if the employment relationship had lasted for over 10 years, it would pay compensation of two months' wages.
- Notice of redundancy was shortened from 2-4 months to 15-90 days.
- Employer can reduce the employee's wages temporarily (up to 3 months in 12 months period). The lowered wage cannot be lower than the official minimum wage set by the government.



Security measures in ECA

- In order to avoid relatively sharp decline in employment protection, the income protection for the unemployed was to be enhanced through raising the unemployment benefit replacement rate and easing the eligibility for unemployment insurance.
- The unemployment income replacement rate was raised for 50% during the first 100 days of unemployment, and for 40% afterwards (but only 25% registered unemployed are eligible, and the amount for one day cannot exceed 38,67 euros).
- There is unemployment allowance for other unemployed (that have been working at least 180 days before unemployment) – but its 23% of the national minimum wage, 124,3 euros per months (Absolute poverty rate in 2013 was 205 euros per months).



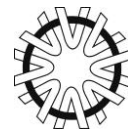
Impact on the labour market

- The new Employment Contract Act did not lead to any major changes in trends in the labour market. Major dismissals had already been made before 2009, and this actually proves that the Estonian labour market was sufficiently flexible already under the old Employment Contract Act.
- Some research shows that the law has had some positive impact on the labour market mobility (mostly for rapidly developing sectors as financial and IT sectors)
- But as the new law was not governed by higher spending on active labour market policies, and the target groups entitled to the services stayed small, it also had statistically significant impact on the probability of moving out from employment but not on the probability of moving into employment. It seems also probability of moving from unemployment to inactivity has raised.



Our current activities for improving employees' status

- Raised 25000 signatures for restoring sickness benefits for the first three days of the employees' sickness period (at the time of crisis these were cut off and it had stayed that way).
- Demanding more active labour market policies (further education, especially for elderly people who are one of the most socially excluded groups in Estonia).
- Starting over again tripartite quarterly meetings with government representatives and employers' confederation (new coalition government has more interest towards public participation on labour market issues)



Thank you for your attention!



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