European Foundation for the Improvement of Living and Working Conditions

# Working conditions improving in Estonia



This report is available in electronic format only.

Wyattville Road, Loughlinstown, Dublin 18, Ireland. - Tel: (+353 1) 204 31 00 - Fax: 282 42 09 / 282 64 56
e-mail: information@eurofound.eu.int - website: www.eurofound.eu.int

*A comparison of results of the two Working Life Barometers in the Baltic countries (1998 and 2002) reveals an improvement in working conditions in Estonia. However, significant problems remain, such as increasing stress and limited access to job-related training. This report introduces the main results and trends of the barometers, and also considers some aspects that appear to contradict other data.*

The second Working Life Barometer (WLB) was conducted in the Baltic countries in 2002, as an initiative by the Finnish Ministry of Labour . This report summarises the section relating to Estonia, which features in the publication Working Life Barometer in the Baltic Countries (10Mb pdf) , by Juha Antila and Pekka Ylostalo (2003).

The 2002 survey consisted of face-to-face interviews in the respondents' homes. It covered 900 working people aged 18-64, which is a representative sample of the population (see the appendix for further details on methodology). A similar survey was conducted in 1998, so it is possible to identify a number of trends. Among the topics covered were:

- salary developments;
- working time;
- work contracts;
- intensification of work, stress, and work satisfaction;
- telework and use of information technology;
- job-related training;
- changes in working life.

The following sections will briefly examine the main results and trends.

## *Salary developments*

In the WLB, respondents report their net wages. This type of data is not accurate for analysing wage levels as it incorporates a certain amount of subjectivity, but it is sufficient for studying trends. The questionnaire specifies that the wages should include all income from all jobs, including undeclared wages. Although the nominal net wages have grown, a comparison between 1998 and 2002 reveals that the real net wages (i.e. adjusted to price level changes) have slightly decreased (see Table 1). Antila and Ylostalo suggest (2002, p. 101) that 'the rise in consumer prices has completely eaten away nominal salary increases' .

However, similar data from the Household Budget Survey (HBS) indicate that, on average, household income from working has increased. The HBS is an annual survey that has been carried out since 1995 by the Statistical Office of Estonia (Eesti Statistikaamet ). It is based on a sample of around 8,000 households, totalling approximately 22,000 individuals. According to the HBS, net income from work increased by over 10% in the period 1998-2002. Like the WLB, the wage income, as measured by the HBS, includes all income from all jobs, but the data are presented differently. The HBS presents the income per member of the household, while the WLB describes the income of the employed person. During such a short time, there have not been fundamental changes in the composition of families. Thus, the income trends in the HBS can be regarded as more reliable, due to the larger sample. Moreover, this trend is consistent with the overall rapid economic performance.

**Table 1 Net income trends in Estonia**

| | 1998 | 1999 | 2000 | 2001 | 2002 | Change |
|---|---|---|---|---|---|---|
| Net real wage (WLB) (in €) | 213.0 | | | | 211.5 | -1% |
| Net real income from wage labour per member of household (HBS) (in €) | 78.6 | 76.4 | 82.3 | 81.9 | 87.8 | 12% |
| Change of | 8.2 | 3.3 | 4 | 5.8 | 3.6 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| consumer prices (compared with the previous year) (%) | | | | | | |

Source: Calculation based on Estonian Statistical Office online database , Antila and Ylostalo, 2003, p. 95

Analysis of the wage development in the WLB is also hindered by the fact that the surveys were carried out at different times of the year (the 1998 survey was conducted in November; and the 2002 survey in February). Because the WLB sample is small, the results should be treated with caution and, whenever possible, other existing data should be compared.

While there has been a general increase of wages, the proportion of undeclared wages has decreased. The WLB indicates the decline both in regular and occasional undeclared payments. In 1998, 19% of employed people received undeclared payments regularly or occasionally; by 2002, this figure had fallen to 10%. The Estonian Institute of Economic Research (Eesti Konjunktuuriinstituut ), which regularly monitors the undeclared economy, sets the 2002 figure at 13%. The decline in undeclared employment is partly explained by the introduction of compulsory income-related unemployment and old-age pension insurance schemes between 1998 and 2002.

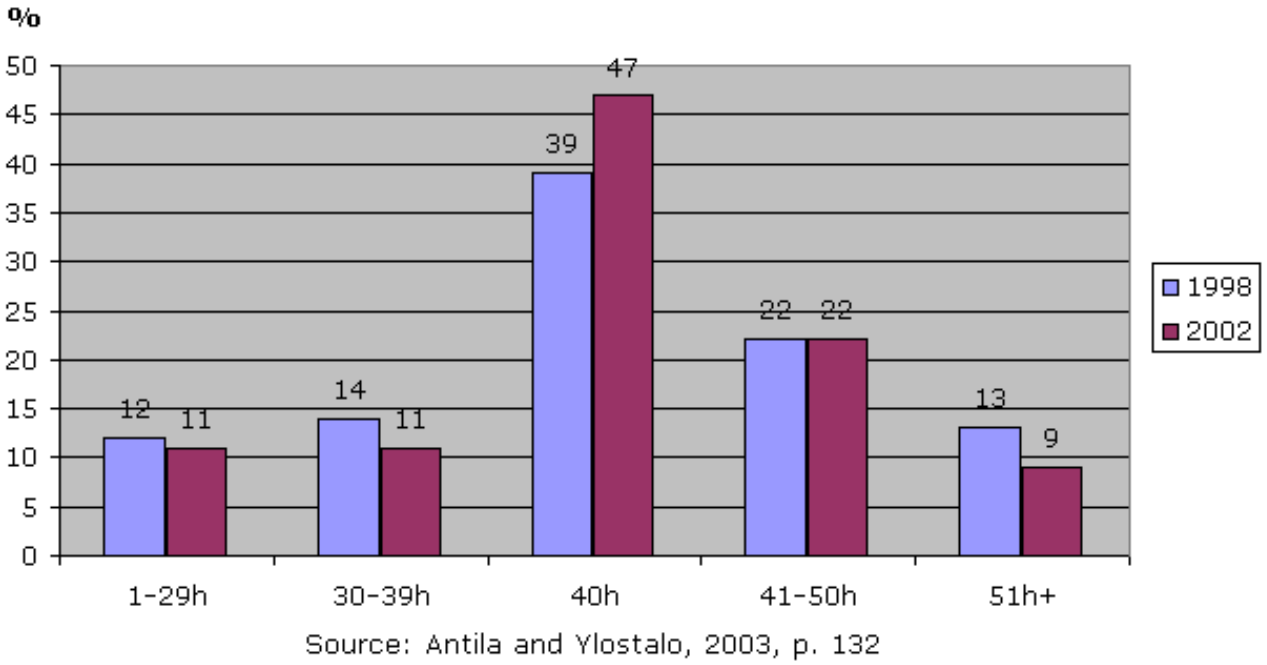
In general, the wage developments have favoured workers. Wages have increased, undeclared wages have decreased, payment delays are rare, and gender differences are diminishing.

## *Working time*

There have been some positive trends concerning working time developments. Almost half of the respondents worked 40 hours per week, a slightly greater percentage compared with 1998 (see Figure 1). The normal working time for a full-time job in Estonia is considered to be eight hours per day, totalling 40 hours per week, as set out in the Working Time and Holiday Act (RTI 2001, 17, 78).

There has been a decline in the proportion of those working a very long week (over 51 hours) and of those working fewer than 40 hours. Although overtime has declined, the share of unpaid overtime and overtime that is compensated with days off has remained constant. Thus, the decline has been higher for paid overtime.

**Figure 1 Weekly working hours in Estonia (% distribution)**




Source: Antila and Ylostalo, 2003, p. 132

On average, men are working longer weeks and more overtime than women. Some 34% of men and 23% of women work overtime during a normal working week (see Table 2). However, a greater proportion of women work part time: in 2002, 13% of women worked fewer than 30 hours per week, compared with 9% of men.

**Table 2 Working hours per week (% distribution)**

| | Men | Women | All |
|---|---|---|---|
| Fewer than 30 hours | 9.2 | 13.2 | 11.3 |
| 30-40 hours | 53.1 | 62.0 | 57.8 |
| 41 hours or more | 37.1 | 24.7 | 30.9 |
| Total | 100 | 100 | 100 |

Source: Antila and Ylostalo, 2003, p. 133

As was seen with salaries, working time developments are moving towards more normal working conditions, especially in the case of the decline in overtime.

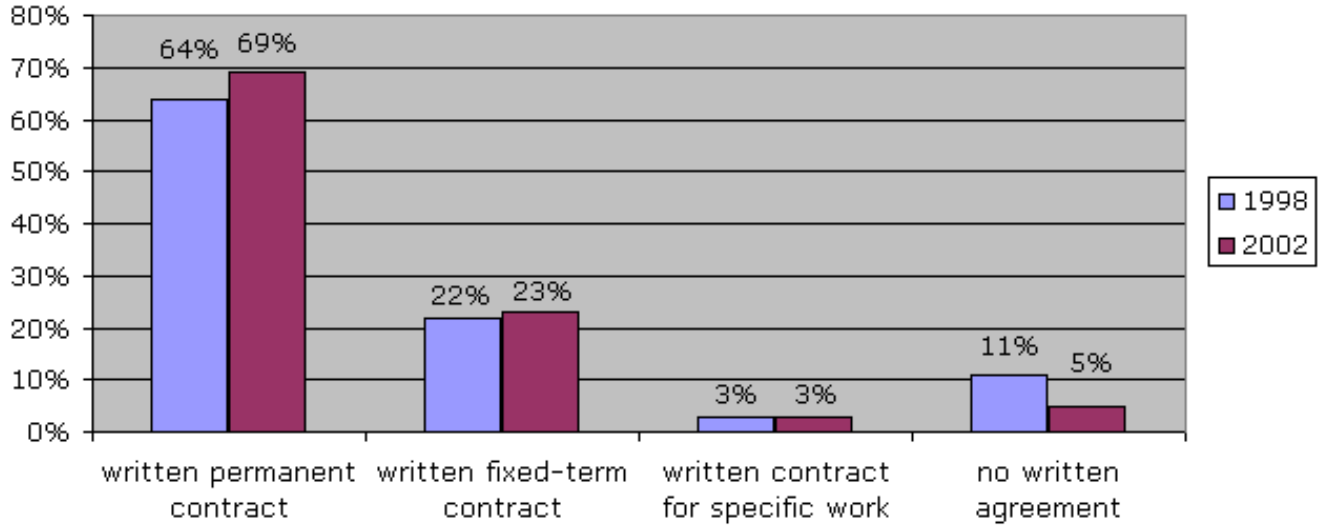
## *Work contracts*

According to the Estonian Employment Contract Act (RT 1992, 15/16, 241), there must be a written working contract. It can be oral, only when its duration does not exceed two weeks. The WLB shows that most working contracts are written permanent contracts, and their proportion has grown from 64% in 1998 to 69% in 2002 (see Figure 2). The share of written fixed-term contracts has also grown, and these now apply to 23% of workers. The high proportion of fixed-term contracts may offer more flexibility in the labour market but, on the other hand, may have adverse effects on the competitiveness of the worker. For example, people with fixed-term contracts have less access than people with permanent contracts to job-related training paid for by the employer.

The share of illegal oral contracts has declined. In 1998, 11% of people did not have written contracts; by 2002,

this figure had fallen to 5%. The uptake of written contracts is undoubtedly a positive trend in working conditions. It is interesting that Labour Force Survey data also indicate a decline in oral contracts, but from a much lower base (3.2% in 1998, 2.6% in 2002). The differences might be influenced by the different wording of the questions. In the LFS, the respondent can select the exact type of contract whereas, in the WLB, one chooses the more ambiguous response: 'I do not have a written contract'.

**Figure 2 Importance of different contract types among wage earners in Estonia**




Source: Antila and Ylostalo, 2003, p. 144

The WLB also examines the existence of extra agreements. Working people are asked whether they have signed any extra agreement to the work contract on the initiative of the employer, regarding, for example, fewer holidays or extra work. The importance of extra agreements has declined from 10% in 1998 to 6% in 2002. Most people (83%) who have signed an extra agreement are completely or fairly satisfied with it, which could indicate that the content of the agreement is favourable to the employee (e.g. additional training), or that employees do not know their rights (for example, agreeing to an undeclared extra wage). Some 10% of people who have signed an extra agreement are not satisfied with its content.

As with several other working conditions, the development of work contracts indicates an improvement. The proportion of oral contracts has declined, while written contracts have become more common. The biggest growth has been in permanent written contracts, which provide the greatest security.

## *Intensification of work*

Work intensity is growing and is accompanied by an increase in mental and physical stress. Nonetheless, compared with 1998, the growth in work intensity and stress has slowed down. One third of employed people considered their work intensity to be too high in 2002, while 24% considered it to be too low. The pace of work had grown somewhat during the previous year for 42% of respondents, while 11% noted a high increase in work pace.

Changes in mental stress levels are linked to perceived changes in work intensity. Over a third (38%) of respondents mentioned some or a high increase in mental and physical stress at work. The WLB reveals that mental stress is greater for women (42% compared with 34% for men) in all the countries surveyed, which may indicate that women find it more difficult than men to reconcile work with other commitments, as Antila and Ylostalo (2003, p. 157) suggest.

Stress is considered to be the most prevalent risk factor in the working environment. The Working Environment Survey (in Estonian) , which was conducted by the market research consultancy firm, EMOR, and commissioned by the Ministry of Social Affairs in 2000, found that stress was more frequently assessed as negative than other elements of the working environment. It also more prevalent in large companies and in higher occupational ranks.

Growing intensity and stress at work have not led to a higher rate of conflicts in the workplace, however. Indeed, work satisfaction is relatively high in Estonia: in 2002, 83% were quite or very satisfied with their job (81% in 1998).

## *Telework and use of information technology*

Several surveys indicate that telework is not widespread in Estonia. See, for example, the Foundation Survey on working conditions in the acceding and candidate countries (2001), the Survey on the impact of the use of information and telecommunication technology and telework to employment in Estonia, 2002 (571 Kb pdf, in Estonian) , and Estonian Labour Force Surveys (LFS) 2002 and 2003.

Depending on differences in the definition of telework, the results tend to vary. In the WLB, for example, telework is defined as work that is independent of place and time. There is no reference to the use of telecommunication devices as there usually is. Thus, the level of telework seems to be higher than was reported in the other surveys, although it is still not widespread. According to the WLB, the proportion of teleworkers was 8% and, on average, they carried out 31 hours of telework per month. The other surveys, mentioned above, indicate lower figures, from 7.5% (Foundation survey, 2001) to 4.8% (Telework survey, 2002).

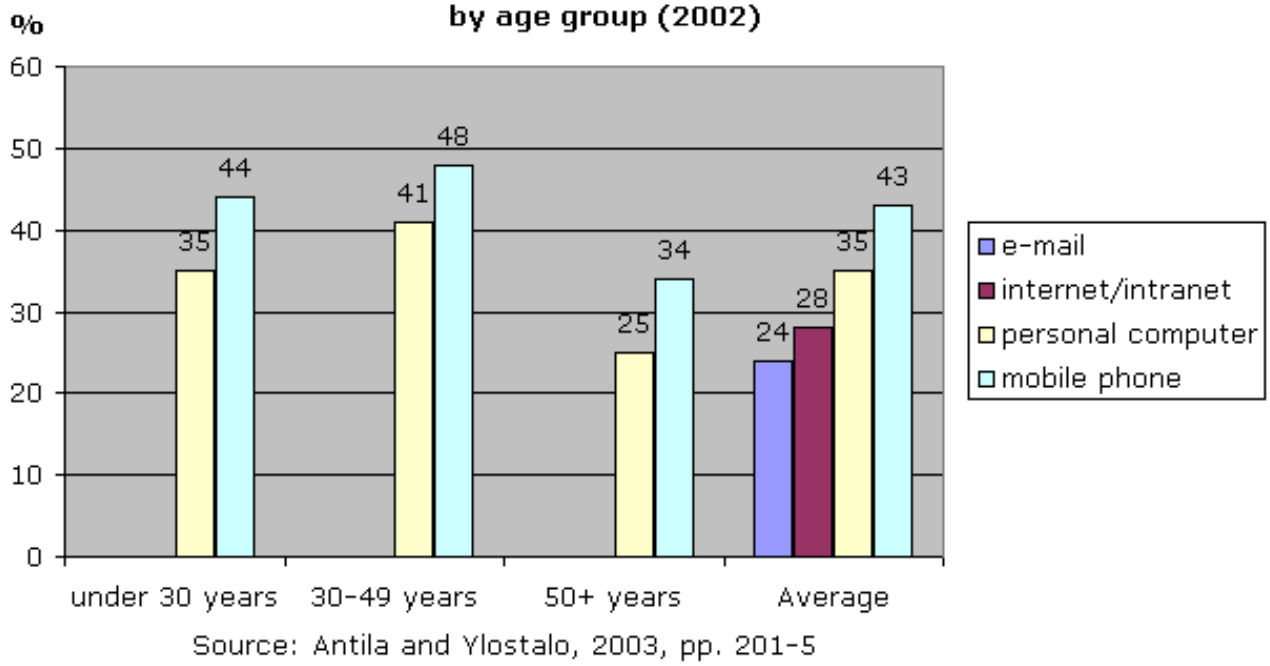
Working from home is more common than teleworking, and 30% of employed people have worked occasionally, partly or completely from home. These people are, more often, in higher levels of management, and possess a greater degree of autonomy in choosing the place or time of work. Antila and Ylostalo (2003, p. 196) make the point that this type of work could be perceived as an uncompensated form of overtime.

Antila and Ylostalo (2003, p. 207-208) divide the countries surveyed in the WLB into three groups, based on the use of information technology for work:

1. people who use information technology in their work almost continually (20% of employed people in Estonia; the median age for this group is 38);
2. people who use information technology in their work as an aid, whenever necessary; they are always able to make use of information technology devices (15%, median age 38);
3. people who make little use of information technology (65%, median age 42).

The most commonly used technology device is the cellular phone, which is used by 43% of people in their work (see Figure 5). Use of computers and the Internet are less frequent. Older people (over 50 years old) can be clearly distinguished for their lower use of information technology. There are some gender differences with regard to the use of computers and cellular phones: the computer is more frequently used by women and the cellular phone by men. This is attributable to differences in work.

**Figure 3 Use of information technology at work, by age group (2002)**



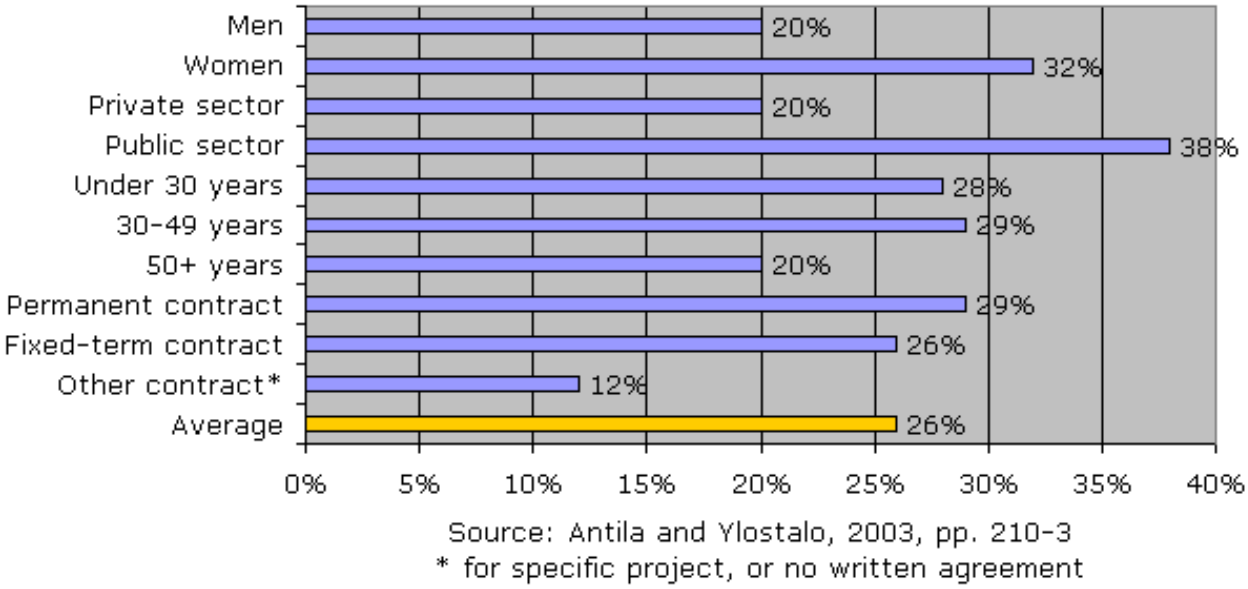

Source: Antila and Ylostalo, 2003, pp. 201-5

The alarming problem of the digital divide in society - which indicates that some people frequently use information technology while others are not using it at all, or are not even interested in using it - has previously been noted in Estonia (see Kalvet and Kalkun, 2002).

## *Job-related training*

In the previous year, around one quarter of employees participated in job-related training, which was paid for by the employer (see Figure 4). In the private sector, only one in five participated in job-related training. More women than men participated (32% compared with 20%). Older people and people working on irregular contracts are at a disadvantage in terms of accessing job-related training.

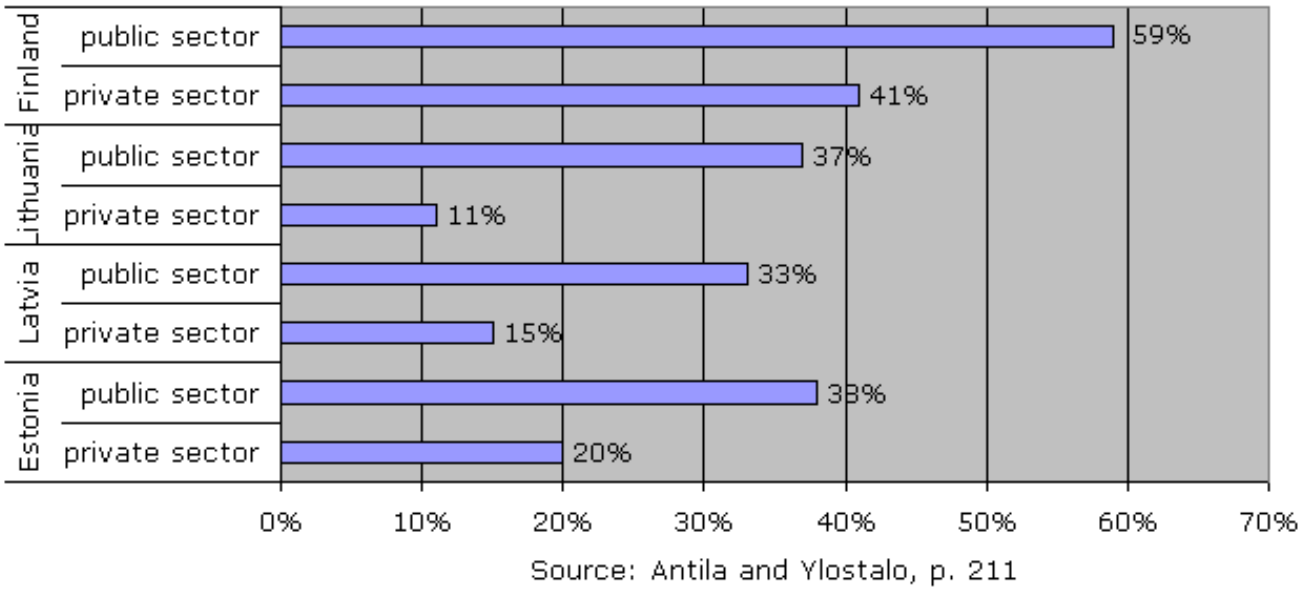
**Figure 4 Participation in employer-paid job-related training within last 12 months (%, 2002)**




Source: Antila and Ylostalo, 2003, pp. 210-3
* for specific project, or no written agreement

Compared with the other two Baltic countries, Estonians receive more training (see Figure 5). However, the average length of training (five days) is shorter in Estonia, compared with Latvia and Lithuania (seven days for each country). In Finland, more than half of employed people in the public sector, and over 40% in the private sector, have participated in employer paid job-related training, though the length of the training was even shorter than it was in Estonia (average of four days).

**Figure 5 Comparing employer-paid job-related training within last 12 months, by country and sector (%)**




Source: Antila and Ylostalo, p. 211

## *Changes and future prospects*

In the WLB, people were asked how they assessed work changes and future prospects. In general, changes in working life were regarded as being more favourable in 2002 than in 1998. Opinions about changes in gender equality are noteworthy. While, in 1998, more people believed that gender equality was deteriorating, compared with those who thought it was improving, by 2002 the majority thought that gender equality was improving.

Despite the fact that most of the changes in working life are viewed positively, future expectations regarding employment in general are negative. In 2002, half of the respondents stated that general developments in employment in the coming year would be much or slightly worse. Nonetheless, the proportion of those expecting negative developments had decreased, compared with 1998, when 57% held this view.

## *Commentary*

This report describes the results for Estonia, which featured in the Working Life Barometer, carried out in the Baltic countries in 2002; it also compares the main trends with figures for 1998. The WLB surveys the opinions of employed people on their working conditions and consists of a sample of 900 people in Estonia. The survey is significant as it highlights some aspects of working conditions, which had not previously been studied in Estonia and, as it is the second survey of its type, trends can be assessed.

It shows that Estonian working conditions are, in many respects, better than in the other Baltic countries. Conditions have also improved since the previous survey in 1998. For example, more people are working 40 hours per week, and fewer people are working very long weeks. The proportion of people receiving at least some undeclared wages has decreased, and fewer people have only an oral working contract.

At the same time, work has intensified for all categories and is causing more stress. However, this has not led to more conflicts in the workplace, or to higher dissatisfaction with work.

The use of information technology in work is not widespread in Estonia (fewer than half of people can use it as often as they think is necessary), and clear differences emerge in terms of user profile. Older people seldom use information technology in their work. In addition, they benefit from less job-related training for which the employer pays. This is a worrying sign, which might lead to a growing lack of competitiveness of older people in the labour market.

Although the WLB gives valuable information on working conditions, it is based on a relatively small sample, which seems too small to allow for conclusions on some trends (e.g. unionisation and salary developments). Comparison of the wage development is also hindered by the fact that the 1998 and 2002 surveys were carried out at different times of the year. Thus, it is important to compare the results with those for other surveys.

## *References*


Antila, J. and Ylostalo, P., *Working Life Barometer in the Baltic Countries 2002* , Ministry of Labour Policy Studies No. 247, Ministry of Labour Finland, Helsinki, 2003.

Antila, J. and Ylostalo, P., *Working Life Barometer in the Baltic Countries 1999* , Ministry of Labour Policy Studies No. 214, Ministry of Labour Finland, Helsinki, 1999.

Eesti Konjunktuuriinstituut, *Varimajandus Eestis (elanike hinnangute alusel)* , Tallinn, 2002.

Emor, *Working Environment Survey* , 2000, http://osh.sm.ee/research/emor_report.htm

Estonian Statistical Office, *Labour Force Survey databases* 1998, 2002, 2003.

Estonian Statistical Office, *Online database* , http://pub.stat.ee/px-web.2001/dialog/statfileri.asp

Kalkun, M. and Kalvet, T., *Digital divide in Estonia and how to bridge it. Executive summary* , PRAXIS Centre for Policy Studies, Policy Analysis No 1/2002.

*Occupational Health and Safety Act* , Passed 16 June 1999 (RT I 1999, 60, 616), entered into force 26 July 1999.

*Employment Contract Act* (RT 1992, 15/16, 241), entered into force 1 July 1992, last amendments (RTI 2004, 37, 256).

Ariko Marketing, *Survey on the impact of the use of information and telecommunication technology and telework to employment in Estonia 2002* , http://www.sm.ee/esttxt/HtmlPages/kaugtoo/$file/kaugtoo.pdf (26.11.2004)

European Foundation for the Improvement of Living and Working Conditions, *Survey on Working Conditions in the acceding and candidate countries 2001* , http://www.eurofound.eu.int/working/surveys/

## *Appendix*

The Working Life Barometer in the Baltic countries was commissioned by the Finnish Ministry of Labour. The technical annex, along with the complete questionnaire and regional division of the sample, can be found in the appendix of the survey results.

The 2002 survey was aimed at working people aged 18-64 and consisted of a sample size of 900 people. A total of 3,143 households were contacted and respondents were interviewed face-to-face at their home, in Estonian or Russian. The interviews were carried out in February 2002.

The 1998 survey was aimed at working people aged 16-64 and the sample size was 911 people. The estimated non-response rate was 24.4% (2,269 households were contacted). Respondents were interviewed face-to-face at their home, in Estonian or Russian, and the interviews were carried out between 29 October 1998 and 6 November 1998. The sample is a representation by gender, age and region, and is controlled with Estonian Labour Force Survey 1998 data.

On both occasions, the survey was conducted by AS SaarPoll .

The main publications related to the survey are:

Antila, J. and Ylostalo, P., *Working Life Barometer in the Baltic Countries 2002* , Ministry of Labour Policy Studies No. 247, Ministry of Labour Finland, Helsinki, 2003.

Antila, J. and Ylostalo, P., *Working Life Barometer in the Baltic Countries 1999* , Ministry of Labour Policy Studies No. 214, Ministry of Labour Finland, Helsinki, 1999.

A summary of the Estonian results can be found on the website of the Estonian Ministry of Social Affairs : http://www.sm.ee/est/pages/goproweb0299