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# OVERVIEW OF ESTONIAN INDUSTRIAL RELATIONS SYSTEM

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# A few words about Estonia, UT and CASS

## ESTONIA

- ▶ Total population 1.34 mln
- ▶ GDP per capita in PPS (EU27=100, 2010): 64

## UT

- ▶ The University of Tartu was founded in 1632
- ▶ UT is Estonia's leading centre of research and training
- ▶ Research at UT focuses on subjects as diverse as medicine and philosophy, genetics and computer science

## CASS

- ▶ Established in 2007
- ▶ **Mission:** to offer society high-quality applied research and analyses in social sciences.
- ▶ The **purpose** of CASS is to raise the relative importance of sustainable strategic planning based on knowledge in society.
- ▶ CASS is the **network-type knowledge organisation** and co-operation division in the University of Tartu.



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# Industrial relations in Estonia

Number of trade unions and federations of trade unions in Estonia is **unknown** (there are approx. 270 trade unions and approximately 40? federations of trade unions registered in the Estonian NGOs and Foundations' registry)

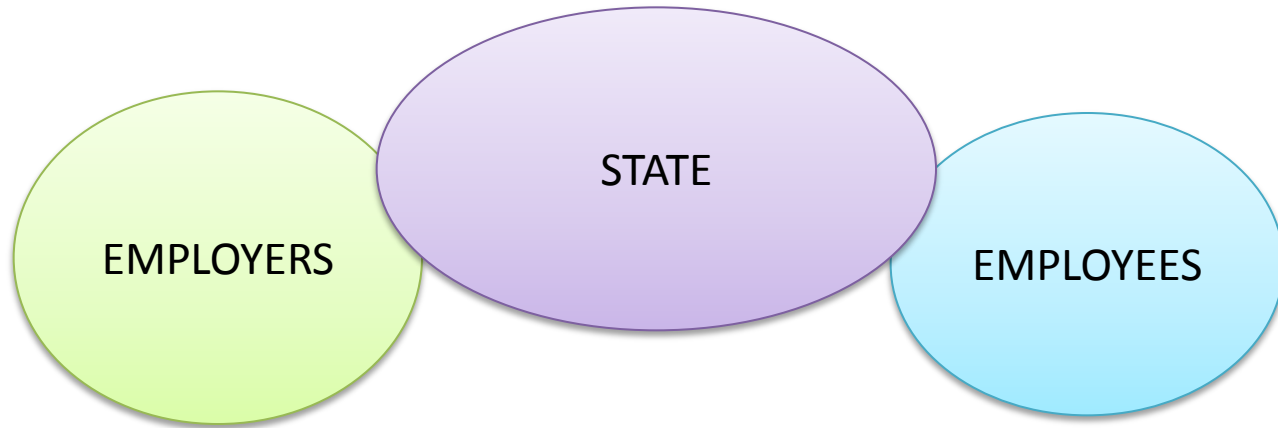
## LAWS

- ▶ Collective Agreements Act (passed 14.04.1993, entered into force 16.05.1993)
- ▶ Collective Labour Dispute Resolution Act (passed 05.05.1993, entered into force 07.06.1993)
- ▶ Trade Unions Act (passed 14.06.2000, entered into force 23.07.2000)
- ▶ Employee Trustee Act (first version passed 16.06.1993, new law passed 13.12.2006, entered into force 1.02.2007)



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# Estonian industrial relations system



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## CONFEDERATIONS

- Estonian Employers  
Confederation

## CONFEDERATIONS:

- Estonian Trade Union  
Confederation (private sector)
  - State and Local Governments'  
Employees' Trade Union  
Confederation (public sector)
  - Estonian Employees' Unions'  
Confederation (education,  
culture, customs, engineers,  
radiology, journalists, etc)
-



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# Employees representatives – two systems

TRADE UNION  
REPRESENTATIVE

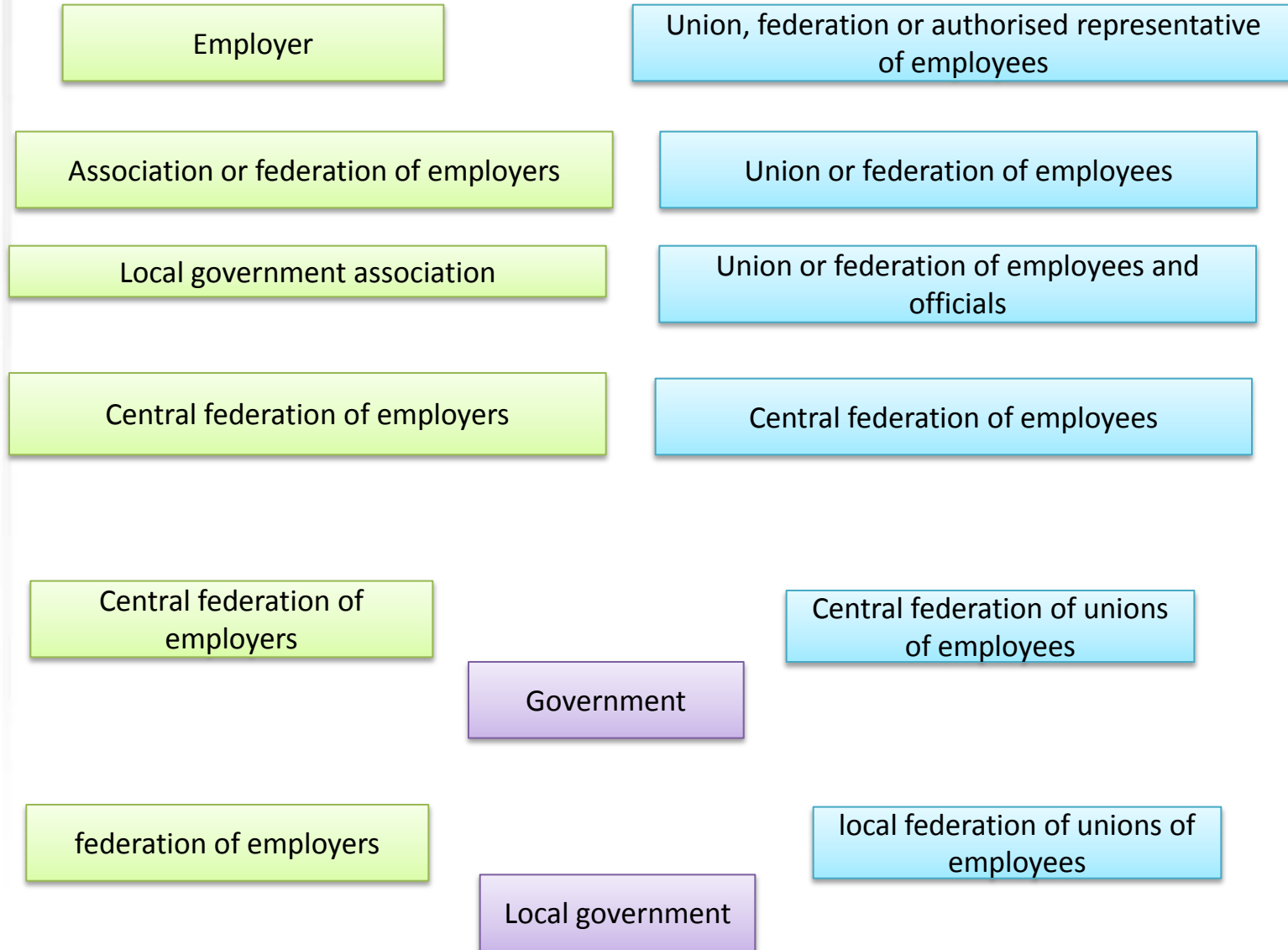
EMPLOYEE TRUSTEE

A trustee is an employee of an employer who is elected by a general meeting of the employees of the employer to represent the employees in the performance of the duties arising from law in relations with the employer.



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# Collective agreements





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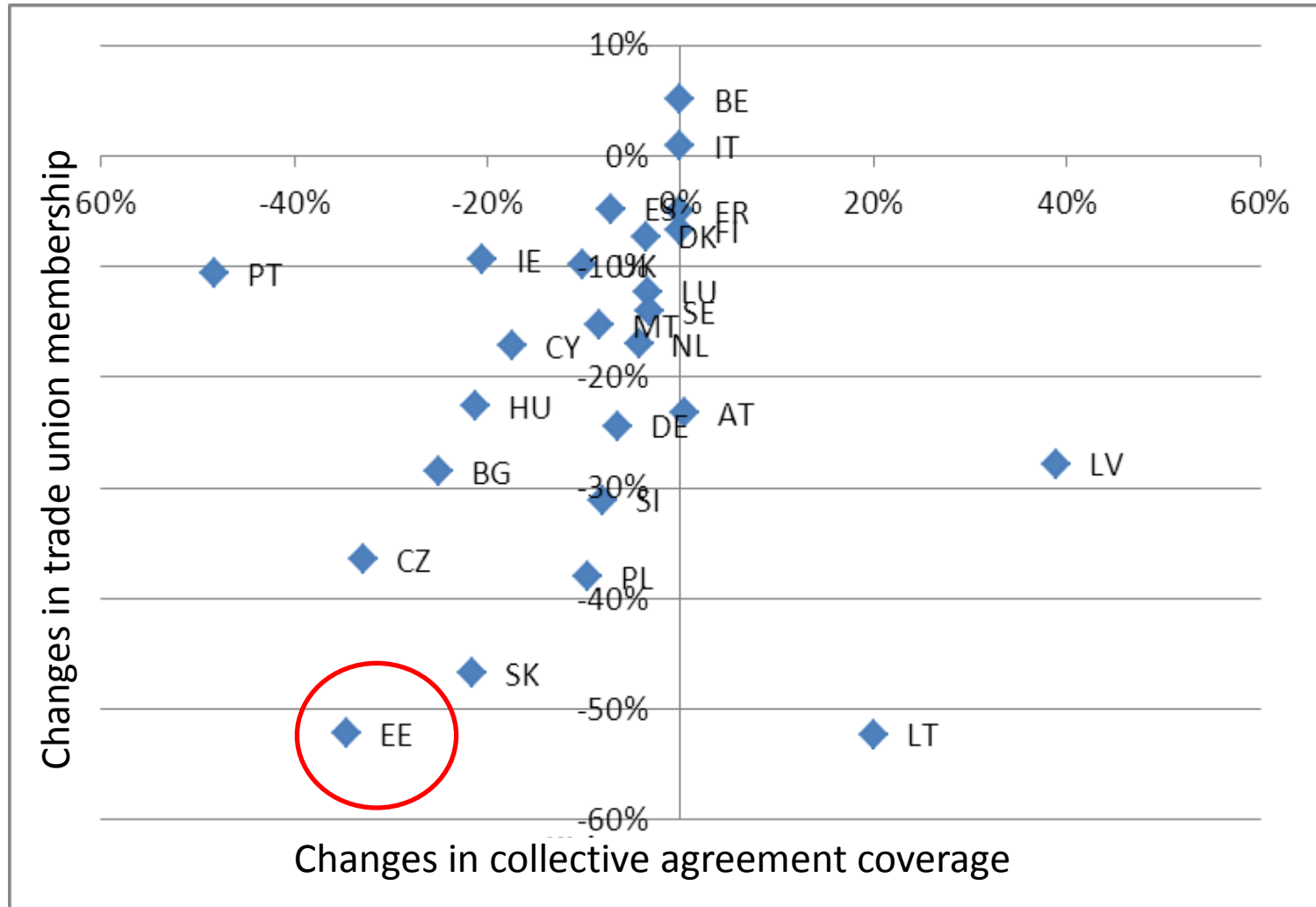
# Social dialogue in Estonia

- ▶ ... is rather **modest**
  - ▶ No social dialogue model developed
  - ▶ Formally social partners are involved in decision-making process, but their voice is often too 'quiet'
- ▶ ... takes place mostly in **dipartite** level
  - ▶ Tripartite level:
    - ▶ statutory minimum wage (in 2012 1.80 EUR/hour, 290 EUR/month)
    - ▶ in some sectors state (Ministry) is an party of a collective agreement (Police, Rescue workers, teachers)



# Changes (%) in trade union membership and collective agreement coverage in Estonia 2000-2010

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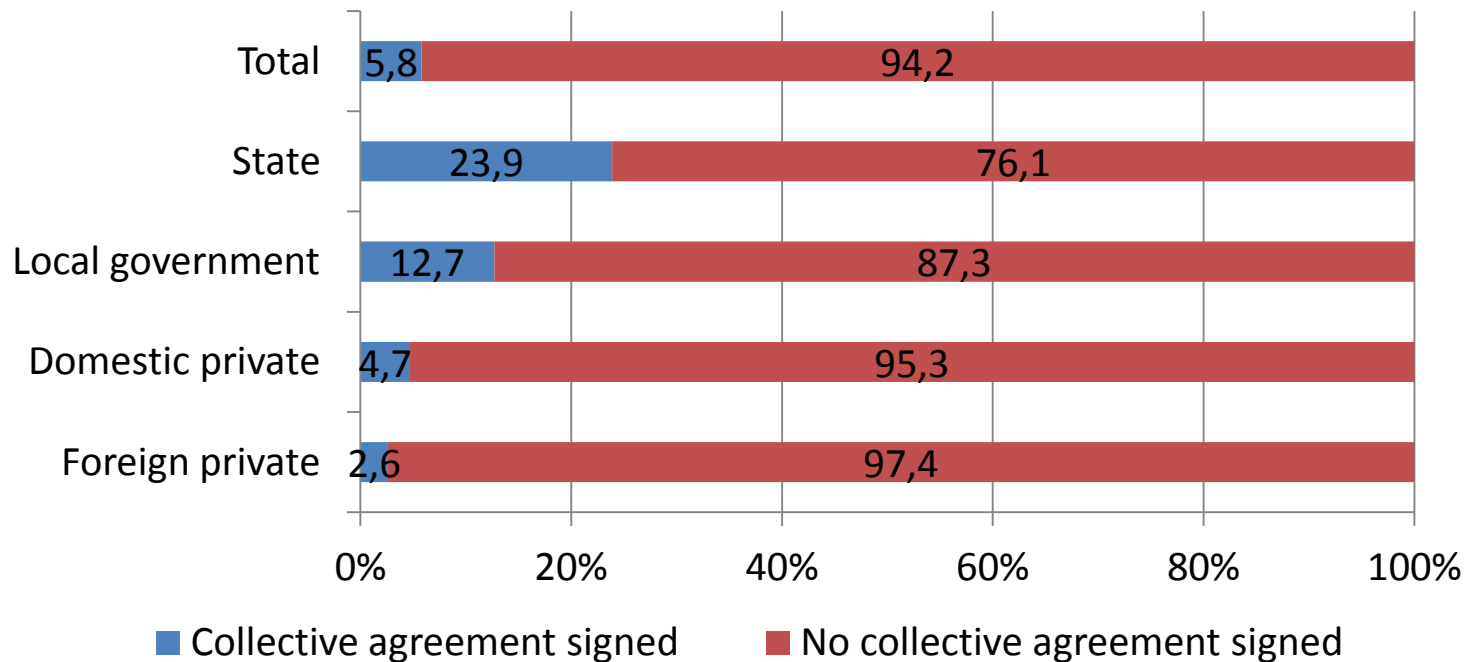




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# Collective agreements in Estonia

- ▶ Collective agreement signed in 6% of organizations



- ▶ Collective agreement coverage ca 33%
- ▶ The activity of signing collective agreement quite modest (in 2009 69, in 2010 53, in 2011 53 collective agreements signed)



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# Reasons for low incidence of collective agreements

## SOCIETY LEVEL

- No tradition of industrial relations
- Low support by the government

## ORGANIZATIONAL LEVEL

- Low awareness
- Negative attitude towards necessity of the collective agreements
- Low activity by the representative of the employees

## REASONS DUE TO COLLECTIVE AGREEMENTS

- Decreased flexibility
- Increased administrative burden



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# Advantages of collective agreements

## Advantages for employers

- a) Motivated employees
- b) Lower administrative costs
- c) Higher confidence on refraining from calling a strike or lock-out

## Advantages for employees

- a) Higher confidence that agreements hold
- b) Better working conditions, benefits
- c) Feeling 'collective'

## Advantages for both parties

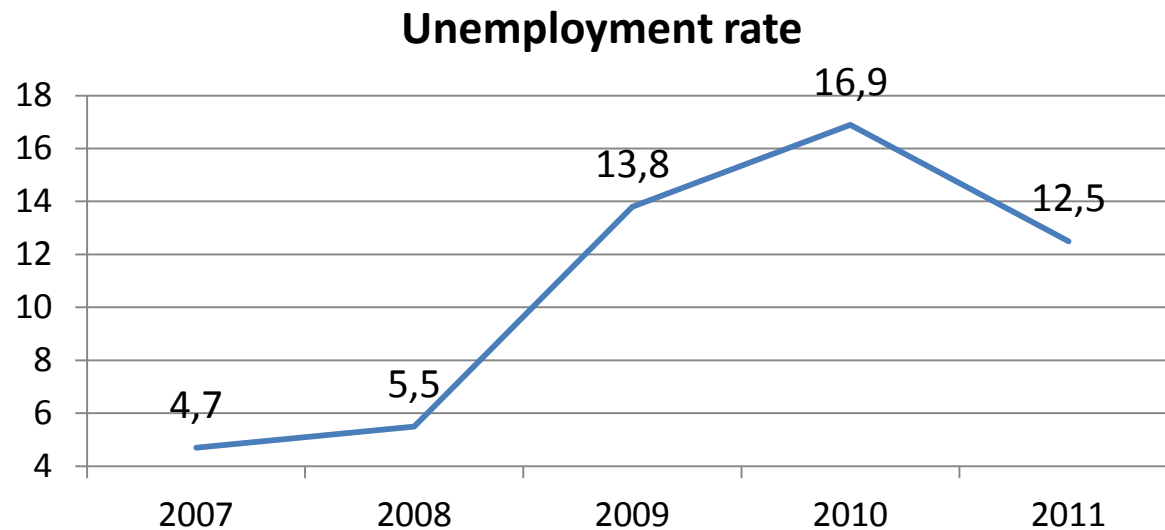
- a) Creating the atmosphere of social dialogue, involvement
- b) Clarifying laws
- c) Argument when negotiating with state about funding



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# Recent developments

- ▶ Crisis certainly had an influence on the industrial relations



- ▶ Effects of the crisis
  - ▶ Wage cuts
  - ▶ Non-paid leave, decrease in working hours
  - ▶ Lay-offs

→ The bargaining power of employees decreased because during the crisis the main aim was to maintain the job



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# Recent developments – some figures

## ► GENERAL

|   | 2006 | 2007 | 2008 | 2009  | 2010 |
|---|------|------|------|-------|------|
| GDP per capita in PPS<br>(EU27=100)             | 66   | 70   | 69   | 64    | 64   |
| Real GDP growth rate (%)                        | 10,1 | 7,5  | -3,7 | -14,3 | 2,3  |
| Primary balance as % of<br>GDP                  | 2,6  | 2,7  | -2,6 | -1,4  | 0,3  |
| Government consolidated<br>gross debt, % of GDP | 4,4  | 3,7  | 4,6  | 7,2   | 6,6  |
| Changes in tax revenue,<br>%                    | 19,9 | 22,9 | 2,6  | -4,2  | -1   |
| Export growth rate (%)                          | 24,5 | 4,1  | 5,4  | -23,4 | 34,9 |
| Average monthly gross<br>wage (EUR)             | 601  | 725  | 825  | 784   | 792  |



# Recent developments – some figures

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## ► LABOUR MARKET

|  | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|------|------|------|------|------|------|
| employment rate (%)                      | 61,6 | 62,6 | 63   | 57,4 | 55,2 | 59,1 |
| unemployment rate (%)                    | 5,9  | 4,7  | 5,5  | 13,8 | 16,9 | 12,5 |
| unemployment rate (%)<br>(youth)         | 12   | 10   | 12   | 27,5 | 32,9 | 22,3 |
| unemployment rate (%)<br>(Estonians)     | 4    | 3,6  | 4,2  | 11   | 13,4 | 9,7  |
| unemployment rate (%)<br>(non-Estonians) | 9,7  | 6,9  | 8,2  | 19   | 23,4 | 18,2 |



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# Recent developments

At the moment there are several tensions observable:

- ▶ Teachers demand for wage increase. Strike planned for 3 days (7.-9. March)
- ▶ Planned amendments in Collective Agreement Act
  - ▶ When the deadline of the validity of the collective agreement expires, the agreement becomes termless (unless any of the parties notices at least 3 months before expiring that does not want to extend the validity of the agreement)
  - ▶ The party can cancel the termless collective agreement when noticing other party/-ies at least 3 months in advance
  - ▶ The act is planned to enter into force in May 2012.
  - ▶ The trade union confederations have reacted quite painfully and are planning actions.
- ▶ Unemployment benefit funds
  - ▶ State wanted to give the authority to administer unemployment benefit funds to Ministry of Finance (so far Unemployment Insurance Fund has such a power)
  - ▶ Both employer and employee representatives quit from the board of the Unemployment Insurance Fund
  - ▶ Despite this the State realized the plan



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**Thank you for the attention!**

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