



**SOCIAL PARTNERSHIP FOR ANTICIPATING CHANGE IN THE LABOUR MARKET**

**NATIONAL PAPER**

**ESTONIA**

Kirsti Nurmela

Praxis Center for Policy Studies

Tallinn 2011

## Table of Contents

|  |    |
|--|----|
| 1. Introduction.....   | 3  |
| 2. Setting the scene – economic and labour market situation in Estonia.....                            | 4  |
| 3. Instruments of anticipation of change and restructuring in Estonia .....                            | 5  |
| 3.1. Measures based on forecasting of economic and labour market trends .....                          | 5  |
| 3.1.1. Forecasts of macroeconomic indices .....  | 6  |
| 3.1.2. Forecast of labour force needs.....   | 7  |
| 3.1.3. Defining growth areas in the economy .....  | 9  |
| 3.1.4. Sectoral level research .....   | 10 |
| 3.2. Measures aimed at anticipating and facilitating transitions.....                                  | 12 |
| 3.2.1. Training of unemployed .....  | 13 |
| 3.2.2. Planning formal education and training of adults.....   | 14 |
| 3.2.3 Employer provided training.....  | 15 |
| 4. The system of anticipation of change in Estonia: roles of different actors and social partnership.. | 15 |
| 4.1. Social partnership and anticipation of change.....  | 15 |
| 4.2. Different levels of anticipation.....   | 17 |
| 4.3. Views of social partners .....  | 18 |
| 5. The way forward.....  | 19 |
| 5.1. Some points on improving the anticipation system in Estonia.....                                  | 19 |
| 5.2. Some thoughts on transferability of the Finnish case.....   | 23 |
| 6. Summary.....  | 27 |
| Bibliography.....  | 28 |

## 1. Introduction

A recent project on anticipation and management of restructuring<sup>1</sup> indicated clearly that there is no universally understood concept of anticipation across all EU countries – anticipation means different things in different countries. In some countries there are well developed anticipatory systems and measures that have been in place and developed over a relatively long period of time (Bergström, Broughton, & Triomphe, 2010). The Finnish model, for instance, represents an example of rich set of anticipation methods and an abundance of anticipation activities on different levels, including the social partners (Arnkil & Jokinen, 2011). In other countries, anticipation is not a concept that is used often in national debates. This includes particularly some of the new Member States (Bergström, Broughton, & Triomphe, 2010), including Estonia. In Estonian example, the variety of methods used for anticipation is not as high and some issues are not covered by anticipation methods, e.g. the question of anticipating the demand and supply of skills (qualifications) in the labour market. Also, anticipation activities are not divided between different levels as in the case of the Finnish model. In the Estonian national seminar, the need for local-level anticipation measures as well as more inclusion of different stakeholders in the anticipation process was stressed. The different anticipation methods in use today in Estonia and the role of social partners in these activities are described in more detail in the current national report.

Recent economic and labour market trends in Estonia as well as in the EU more widely have clearly indicated the significance of well developed and efficient anticipation methods. The fast growth of economy that was accompanied by lack of labour force for many employers was followed by a fast decline in economy and the labour market with unemployment rate reaching as high as 16.9% in 2010 following Spain, Latvia and Lithuania according to Eurostat. Even though unemployment in quarterly terms in Estonia has decreased faster than in many other countries, it still remains high standing at 13.3% in the second quarter of 2011 (compared to 9.4% of EU average).

In several occasions it has been mentioned that the Estonian economy needs to be restructured compared to the pre-crisis situation and focus more on knowledge intensive services and products and services with higher added value (see also State Chancellery 2011, Estonian Development Fund 2011). In order to reach these aims, the skills and knowledge of the Estonian labour force need to support these developments. Keeping this in mind, matching the skills of labour force in general to labour market needs is essential for future growth in Estonia.

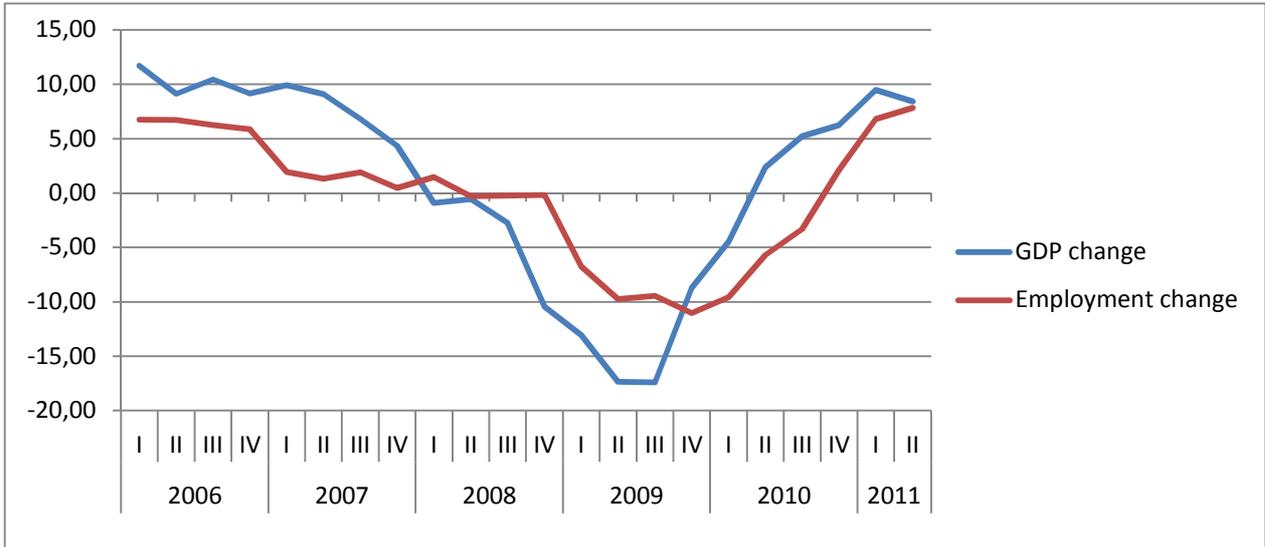
A national seminar was held in Estonia to discuss the results of this paper and the Finnish experience in anticipating change. The seminar was held on 20-21 September in Tallinn with participation from the trade unions, employer organisations, government representatives and research institutions. The results of the seminar and key points discussed in group work sessions are outlined in the current paper.

---

<sup>1</sup> Anticipating and Managing Restructuring A.R.E.N.A.S: <http://arenas.itcilo.org/>

## 2. Setting the scene – economic and labour market situation in Estonia

The economic and labour market context in Estonia have been largely shaped by the impact of economic recession in recent years. Estonia was characterised by a rapid economic growth which accelerated further in the second part of 2005 and through 2006 with GDP increase around 10%. This resulted in employment rate climbing above 60% in 2006 reaching its peak in 2008 at 63% among 15-74 year old population. The economic downturn turned GDP to a decline already in 2008, reaching its low point in 2009 (see figure 1). Employment change has been lagging behind with a slight delay compared to GDP change both in terms of the drop as well as turning back to an increase. By the beginning of 2011, employment and GDP change has turned positive. However, since this is the change compared to the same period one year ago, it is important to keep in mind that levels of comparison are low and thus change is expected to stabilise again over the next quarters.



**Figure 1. GDP and employment change compared to the same period last year, %**

Source: *Statistics Estonia (on-line database), author's calculations*

According to the economic forecast of the Bank of Estonia, the employment decline is expected to stabilise over the next few years around 1%. Also, it has been pointed out that recovery in the labour market has been faster than expected reflecting the relative flexibility of the Estonian labour market. This is mainly the result of faster recovery of the manufacturing sector as well as work migration to neighbouring countries, especially Finland (Bank of Estonia, 2011). Unemployment rate has fallen from as high as 20% in the beginning of 2010 to 13% in the second quarter of 2011. According to Eurostat, this is higher than EU27 average (9%), but the decrease has been faster than in Latvia or Lithuania.

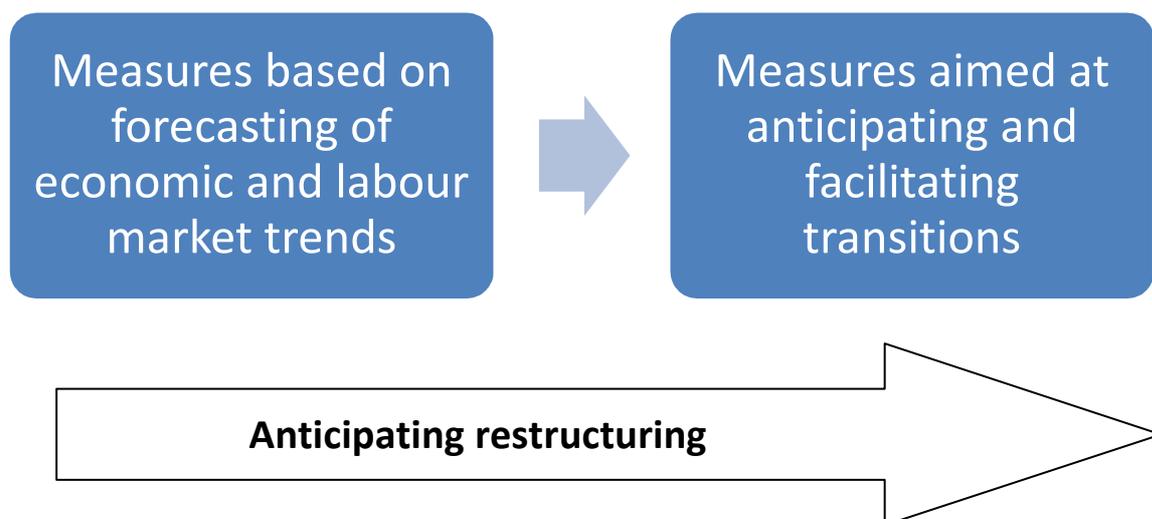
While overall unemployment is declining, the share of long-term unemployed is increasing, reaching more than half of all unemployed in the first quarters of 2011 (57% in the first and 55% in the second quarter respectively). The increasing share of long-term unemployed who are not able to return to the labour market is expected to be an issue for Estonia as a result of the economic crisis (Rosenblad, 2011). Thus, it will be important to focus on matching the skills of the unemployed to the skills needs in the labour market.

### 3. Instruments of anticipation of change and restructuring in Estonia

A large number of measures designed for anticipating restructuring have been reported across the EU countries. The measures are divided into two broad categories (Bergström, Broughton, & Triomphe, 2010):

1. measures based on forecasting of economic and labour market trends;
2. measures aimed at anticipating and facilitating transitions, which usually involve a range of actors working together to help organisations and workers to anticipate the transitions that restructuring is likely to entail. This includes strategic training initiatives designed to anticipate and fulfil skills needs and support individuals in making the transition to new skills, competences and even occupations.

For facilitating transitions in the labour market, it is important that expected changes in the economy, labour market and skills structure are taken into consideration. This enables to match the skills and competences of the labour force to the future changes and needs in the economy as well as the labour market. Thus, the measures based on forecasting of economic and labour market trends should feed into measures to facilitate transitions (see figure 2 below).



**Figure 2. Measures for anticipating restructuring.**

Instruments of anticipation of change that are implemented in Estonia are described by these categories in more detail below.

#### 3.1. Measures based on forecasting of economic and labour market trends

In Estonian case there are different initiatives for forecasting economic and labour market trends with different focus and level of detail. There are several tools for forecasting general

macroeconomic indices (p 3.1.1). One tool has been introduced for a more detailed forecast of labour force needs (p 3.1.2) which is complemented by sectoral level research for forecasting labour force needs (p 3.1.4). In addition, there are more general initiatives to anticipate large trends in the economy and the labour market and take into consideration the new growth areas of the Estonian economy (p 3.1.3). These initiatives mostly make use of quantitative methods, however in a few cases a qualitative approach has been added for forecasting labour force needs (in case of sectoral level research). At the same time, it has been pointed out (Cedefop, 2008) that in Europe in general, manpower planning assisted by more or less computerised – mostly econometric – models as a major and only way of forecasting labour needs has become a matter of the past. The prevailing trend in Europe is a holistic approach and combination of various methods seeking to achieve robust and reliable results. Forecasts have become one of many pieces of information that contribute to a more detailed, consistent and plausible picture.

In addition to national level forecasting initiatives, information on skills needs is also provided from European-level forecast<sup>2</sup>. The first pan-European forecast of skill demand providing consistent and comprehensive medium-term projections of employment and skill needs across Europe until 2015 and 2020 was published in 2008 and complemented by the first medium-term forecast of skill supply in Europe until 2020 in 2009. However, the pan-European projections should not compete with forecasting work of individual countries, but offer a common framework and a consistent set of underlying assumptions providing a context for more detailed national analyses and forecasts (Cedefop, 2010). Since this is not a national level initiative, the approach of Cedefop to European-level forecast has not been described in more detail in the current paper.

### 3.1.1. Forecasts of macroeconomic indices

There are several forecasts of macroeconomic indices on Estonia. In addition to the macroeconomic forecast of the Ministry of Finance, there is also one published by Bank of Estonia as well as the largest commercial banks operating in Estonia (e.g. Swedbank, SEB, Nordea, Danske) and a research institute – Estonian Institute of Economic Research. There are also several European-level or international organisations that have published their macroeconomic forecasts, which also give an overview of expected developments in Estonia (e.g. European Commission, IMF, OECD) (Ministry of Finance, 2011). Covering the contents and methodologies behind all of these forecasts is not the goal of this paper. An overview is given on two examples of macroeconomic forecasts – that of Ministry of Finance and the Bank of Estonia.

**Ministry of Finance** is publishing their macroeconomic forecasts twice a year covering a five-year perspective. The most recent forecast published in summer 2011 forecasts changes up to 2015 (Ministry of Finance, 2011). The economic forecast covers changes in the economy (GDP change, foreign trade, domestic demand and consumer prices) and changes in the labour market (in terms of number of employed persons, unemployment and average wages). As an input, the forecast takes into consideration changes in the global economy (in the Euro area as well as on the global scale),

---

<sup>2</sup> The European-level forecast is undertaken by the European Centre for the Development of Vocational Training, Cedefop: <http://www.cedefop.europa.eu/EN/about-cedefop/projects/forecasting-skill-demand-and-supply/index.aspx>

recent trends in the economy and the labour market and their match to the earlier economic forecasts. The forecast also includes an overview of developments in government finances taking into consideration expected changes in the economic forecast, current legislative context (i.e. current legislation and agreements on changes and their expected costs).

**Bank of Estonia** publishes their economic forecast twice a year – in spring and autumn – including a forecast of economic and labour market indices for the following three years (Bank of Estonia, 2011). The forecast has been compiled using the Macro Model of the Estonian Economy. The forecast includes indicators on economic developments (e.g. GDP change, inflation rate, export and import indicators etc), labour market (e.g. unemployment rate, employment growth, GDP growth per person employed etc) and some indicators on the public budget.

In terms of anticipating labour market and economic trends the macroeconomic forecast indices provide an overview of macro level trends that are expected in the economy and the labour market (e.g. in terms of changes in general employment). It is not possible to draw conclusions on expected changes in labour force structure (e.g. in terms of educational or skills level, different occupational levels etc) or the demand side of labour force. The data provides some general input to forecasts of labour force needs, that tries to answer there questions more specific at sectoral level as well.

### 3.1.2. Forecast of labour force needs

Since 2003 the **Ministry of Economic Affairs and Communications** has undertaken annual forecast of the labour force demand for the following seven-year period. The most recent forecast was published in 2010 forecasting changes up to 2017 (Ministry of Economic Affairs and Communications, 2010). In order to forecast labour force needs, the changes in employment, moving out of employment and between sectors for the next seven-year period is assessed.<sup>3</sup>

In terms of changes in employment, the forecast is mostly based on sector-level developments taking into consideration the specifics of each sector analysed, general trends, available research, expert assessments, scenarios of development plans and experiences of other countries. The forecast also gives an assessment of changes in occupational structure by economic activities. This assessment is based on earlier developments as well as expert assessments. The forecast of changes in occupational structure also enables assessment of changes in employment by educational levels.

The movement of labour force is also forecasted. This includes moving between different labour market statuses (employed, unemployed, inactive) and between sectors. Labour force need is also affected by the need to replace those workers moving permanently out of the labour market due to old-age pension, illness or disability or mortality.

The forecast is based on Labour Force Survey data by Statistics Estonia and Tax and Customs Board registry data on social tax declaration. For sector-based forecast, other statistical sources are also used (for instance entrepreneurship data), comparable data of other countries (from Eurostat) and

---

<sup>3</sup> The description in p 3.1.2 is based on the most recent forecast report (Ministry of Economic Affairs and Communications, 2010) and interview with the editor and one of the authors of the forecast report in Ministry of Economic Affairs and Communications, Mr Mario Lambing.

expert assessment of sectoral organisations or some large enterprises having a high impact on the sector developments, results of different research, scenarios according to development plans etc. In economic activities where faster than average development is expected based on experience of other countries and goals of Estonian economic policy, employment is changed for higher, i.e. the forecast is partly a scenario reflecting goals in the economy.

As pointed out, expert assessment of sectoral organisations or large employers is used in some specific sectors. This means that sectoral employer organisations are given an opportunity to comment on the initial labour force forecast (e.g. whether they agree with these developments, what could change during the forecast period, assessment on sectoral developments etc). However, response to these queries has not been very active.

The forecast is published by Ministry of Economic Affairs and Communications on their website. In addition, the results of the forecast are presented on an ad-hoc basis in different work groups, seminars etc (e.g. for educational specialists, career counsellors, employers etc). However, disseminating and presenting the results of the forecast is not very systematic and mostly done in the framework of other events. The forecast is mostly implemented as an input for planning publicly financed provision of education and training by Ministry of Education and Research.

In total, the main advantage of this forecast system of labour force need is that it covers the whole economy taking into consideration the general trends (e.g. demographic changes). However, today there is a trade off between covering the whole economy and different sectors or economic activities in more detail. Thus, the main disadvantage of the current labour force forecast system is also that it is very general. When making conclusions on specific sectors or economic activities, it is not possible to give detailed assessment of the skills that are needed in the labour market. For instance, the forecast enables to see that there is an increased need for specialists in a certain field of activity but it is not possible to conclude what kind of specialists need to be trained respectively. The forecast is only based on quantitative data and thus more qualitative input is not used for instance in terms of skills needs in specific economic activities. However, with the data and sample size currently used, it is also not possible to make the forecast tool more detailed. The need for data for a more detailed forecast is higher than could be provided by the data currently used. Thus, for more detailed assessments, there is a need for data covering a larger population (e.g. Population Census data could be used) or complementing the current basic forecast with further sector-based research combining quantitative and qualitative methods for forecast assessments.

Another disadvantage or shortfall of the forecast is the lack of inclusion of different stakeholders and systematic dissemination of the results of the forecast. Although there are different stakeholders following the forecast initiative of the Ministry of Economic Affairs, the results of the forecast are not widely discussed between different stakeholders and what do the results of the forecast mean at different levels.

### 3.1.3. Defining growth areas in the economy

**Estonian Development Fund**<sup>4</sup> is leading an initiative called Foresight. The aim of the initiative is to provide a strategic look into the future and identify potential sources of economic growth and provide an input for long-term strategies or policies.<sup>5</sup>

Foresight is an open undertaking, and the Development Fund has an organising role in it. For that particular purpose the Foresight team consists of a small number of Estonian and foreign experts who prepare and manage the implementation of foresight projects. Through participants in studies, interviews and discussions, a wider range of decision-makers are reached and more Influential decisions made.

In the framework of the Foresight initiative, Estonian Development Fund conducts foresight projects on subjects relevant to the Estonian economy in an attempt to offer meaningful visions, long-term development directions and platforms which would bring the parties together for future-oriented discussions, decision-making and actions. Based on these projects a wider audience is reached to promote foresight literacy in Estonia and offer support for applying foresight in strategy processes. There are regular events organised, including for instance:

- Forums - public events to introduce the results of foresight projects to the wider audience;
- workshops - the principal tool applied in foresight projects for involving parties and experts into the discussions;
- coffee mornings - a series of monthly events for raising new emerging topics or tackling old subjects from a new angle;
- innovation labs - weekly evening events with open discussions on topical issues;
- master classes for decision-makers - organised in co-operation with partners, for present and future top decision-makers;
- report to the Estonian Parliament - yearly discussion on foresight results and receiving input from the Parliament for the choice of new foresight topics.

Thus, the Foresight initiative is targeted towards including different partners in the process and introducing widely the results of Foresight projects.

In the framework of the Foresight project, a closer look has been taken at the economic growth opportunities in the manufacturing industry, knowledge-intensive services and information and communication technologies<sup>6</sup>. The trends and signals coming from the external environment into the Estonian context are also taken into consideration.

---

<sup>4</sup> Estonian Development Fund was created in 2007 by the Estonian Parliament with the purpose of initiating and supporting changes in the Estonian economy and society that would accelerate modernisation of our economic structure, lead to growth in exports and contribute to creating new jobs requiring high qualifications. With that purpose Estonian Development Fund organises foresight projects and makes venture capital investments into Estonian companies that are innovative, expanding and have international potential.

<sup>5</sup> The description in p 3.1.3 is based on the Foresight report by the Estonian Development Fund:

<http://www.arengufond.ee/upload/Editor/English/SeireA5%20eng.pdf>

<sup>6</sup> See for instance ICT foresight (Estonian Development Fund, 2009), Industry Engines 2018 (Estonian Development Fund, 2009) or Financial Services 2018 (Estonian Development Fund, 2010).

The Foresight initiative also has a local dimension, taking the discussions on future growth areas to local level. For that purpose local discussion forums have been organised (Estonian Development Fund, 2011).

In their projects, the foresight initiative uses a different set of methodological approaches. For instance, the Industry Engines 2018 project<sup>7</sup> commenced with the identification of the global trends affecting the manufacturing sector in a seminar with enterprises and policy developers. Subsequently, the current competitive position of Estonia's industrial sectors along with their development possibilities were analysed, also their potential to benefit from the global trends was assessed. For that purpose around 50 interviews were carried out, involving major foreign investors in the country's manufacturing sector, managers of the strongest companies in each branch along with representatives of sectoral associations. The interviews are estimated to have covered more than half of the exporters in the Estonian manufacturing sector today. The initial results of the project were discussed in three workshops with managers of industrial undertakings deliberating on future perspectives more specifically. The final results were discussed at a high-level industry forum in October 2008.

### 3.1.4. Sectoral level research

For a more detailed assessment of labour force needs at sectoral level, there are a few cases where sector-based labour force needs assessment has been undertaken. Sector-based research is not a regular practice covering all sectors and thus more detailed information is only available on some specific sectors. In case of sectoral level research a combination of different methodological approaches has been used in order to enable more detailed assessment of sector-based developments. An overview of research for the assessment of sector-based labour force needs in Estonia is provided in table 1 below.

**Table 1. Overview of research initiatives for sector-based labour force needs**

| Research (organisation conducting the research)   | General methodological approach               | Data collection methods  | Sample size  | Target groups included in the research  | General population of the target group |
|---|---|--|--|---|--|
| <b>Forecast of labour force needs in the Estonian energy sector (Praxis Center for Policy Studies<sup>8</sup>, University of Tartu<sup>9</sup>)</b> | Combined quantitative and qualitative methods | Quantitative: personnel data, Statistics Estonia and Business register<br>Qualitative: semi-structured interviews, | Personnel data of 108 companies, including 11 192 employees, 33 interviews with companies, 3 focus group interviews, 6 | Sector-related companies, educational institutions and training providers in the sector | 15 458 employees related to the sector |

<sup>7</sup> Description in this section is based on Estonian Development Fund: Industrial Engines 2018 project stages and activities (<http://www.arengufond.ee/foresight/industry/stages>).

<sup>8</sup> See also: <http://www.praxis.ee/>

<sup>9</sup> See also <http://www.ut.ee/> and <http://ec.ut.ee/871411>

|  |   |  |  |  |   |
|--|---|--|--|--|---|
|  |   | focus group interviews   | interviews with educational institutions   |  |   |
| <b>Sector research of Estonian machinery industry (University of Tartu, Centre for Applied Social Sciences<sup>9</sup>)</b>                                  | Combined quantitative and qualitative methods | Quantitative: secondary data analysis, web-based questionnaire<br><br>Qualitative: interviews, focus-group discussions                 | 143 returned questionnaires, 100 face-to-face interviews in 68 companies, four focus-group discussions   | Sector-related companies, educational institutions and other organisations.  | 450 companies related to the sector with sales revenue of more than 5 million kroons and who earned income from exports |
| <b>Analysis of labour force competences and skills levels and the need of labour force in agriculture, food and forestry industry (Kera OÜ<sup>10</sup>)</b> | Quantitative methods                          | Web-based questionnaire  | 1193 answers, of which 1136 from agricultural sector, 16 forestry sector, 17 food industry, 18 sector-related organisations and 6 agricultural schools | Sector-related enterprises/entrepreneurs, sector-related organisations, agricultural educational institutions.                                     | (no information)  |
| <b>Labour force in Estonian food industry (Praxis Center for Policy Studies<sup>8</sup>, Faktum &amp; Ariko<sup>11</sup>)</b>                                | Combined quantitative and qualitative methods | Quantitative: face-to-face interviews, questionnaire<br><br>Qualitative: in-depth interviews   | 130 questionnaires returned<br><br>18 in-depth interviews  | Company managers and leaders of sectoral organisations in food industry, Ministry of Agriculture, training providers, representatives of commerce. | 298 companies of food industry with 5 or more employees (based on data from Business Register)                          |
| <b>Forecast of labour force needs in the Estonian timber sector for 2005-2015 (University of Tartu<sup>9</sup>)</b>  | Quantitative                                  | Forecast of production volumes, number of employees, employers' assessment of changes in labour force needs<br><br>Questionnaire among | 60 returned questionnaires   | Forestry, wood-processing, paper, furniture, window and door manufacturing and wooden house manufacturing companies.                               | (no information)  |

<sup>10</sup> See also <http://www.kera.ee/>

<sup>11</sup> See also: <http://www.faktum-ariko.ee/>

|   |   | employers  |   |   |   |
|---|---|--|---|---|---|
| <b>Estonian ICT sector research (PWP<sup>12</sup>)</b>                                  | Combined quantitative and qualitative methods | Quantitative: phone interviews<br><br>Qualitative: in-depth interviews                       | 150 phone interviews (130 answers)<br><br>59 in-depth interviews (55 answers) | Companies of the sector, largest clients, large local municipalities and government offices, educational institutions related to the sector   | 193 companies with a turnover of more than 1 million EEK                            |
| <b>Estonian metal, machinery and apparatus sector research (PWP<sup>11</sup>)</b>       | Combined quantitative and qualitative methods | Quantitative: phone interviews<br><br>Qualitative: in-depth interviews                       | 250 phone interviews (177 answers)<br><br>55 in-depth interviews (53 answers) | Companies of the sector, suppliers and distributors/retailers, designers and educational institutions related to the sector                   | 370 companies   |
| <b>Estonian wood and furniture sector research (EKI<sup>13</sup>, PWP<sup>11</sup>)</b> | Combined quantitative and qualitative methods | Quantitative: face-to-face interviews, questionnaire<br><br>Qualitative: in-depth interviews | 200 questionnaires (118 answers)<br><br>75 in-depth interviews (73 answers)   | Companies of the sector, suppliers, educational institutions and training providers related to the sector, designers, distributors/retailers. | 337 companies with more than 5 employees and turnover of more than 500 thousand EEK |

Source: Praxis Center for Policy Studies, University of Tartu (2011), complemented by author

In addition to sector-based research, there are also some examples of regional labour force needs research in Estonia. These have also concentrated on combining quantitative and qualitative methods, taking into consideration the specifics of the region under research (Centre for Monitoring Labour Force and Education, 2002).

### 3.2. Measures aimed at anticipating and facilitating transitions

Measures aimed at anticipating and facilitating transitions include strategic training initiatives designed to anticipate and fulfil skills needs and support individuals in making the transition to new skills, competences and even occupations (Bergström, Broughton, & Triomphe, 2010). In Estonian case, the responsibility for these initiatives in terms of education targeted for adults is mainly divided between three ministries. According to an agreement from 2008 Ministry of Economic Affairs and Communications is responsible for financing employer provided training, the Ministry of Social Affairs is responsible for the training of unemployed and disadvantaged groups in the labour market and the Ministry of Education and Research is accountable for adult training provided by educational

<sup>12</sup> See also <http://www.pwp.ee/>

<sup>13</sup> See also <http://www.ki.ee/>

institutions (Nurmela, 2008). In addition to that, Ministry of Education and Research is also responsible for the development of educational opportunities for youth and revising state-commissioned education to improve the match between educational attainment and labour market needs.

In order to anticipate skills needs and support individuals in making the transition to new skills, competences or occupations, the information on expected changes in labour market and economic structure must be taken into consideration. Thus, the measures described in p 3.1 above to forecast changes in economy and the labour market should be used as an input for planning training initiatives in the long term (see also figure 2 above). The current chapter focuses on the question what kinds of measures are used for anticipating skills needs in planning training activities.

### 3.2.1. Training of unemployed

As pointed out above, training of unemployed and disadvantaged groups in the labour market is mainly the responsibility of the Ministry of Social Affairs. Training of unemployed people is financed by the Unemployment Insurance Fund through active labour market measures<sup>14</sup>. In addition, since 2010 unemployed people also have the opportunity to take part in training initiatives provided by Ministry of Education and Research in the framework of European Social Fund (ESF) project “Adult labour market training and development” where training is free of charge for the participants (Ministry of Education and Research, 2010). This project is further described in p. 3.2.2 below.

The volume and priority areas of training for the unemployed are revised twice a year<sup>15</sup>. Since the aim of active labour market measures is to support the unemployed in getting employed, a more short-term perspective in training needs must be taken into consideration. For that purpose the main focus in planning training for the unemployed is on current labour force needs of the employers. Thus, employers can indicate their labour force needs which will be taken into consideration in providing training opportunities. Such an approach enables to react flexibly to the needs of employers and have a direct output in the labour market as vacant positions for the unemployed.

In addition, a small part of training initiatives is also based on future priority areas in the economy. For that purpose, based on the most recent experience from June 2011, the training principles were revised by Unemployment Insurance Fund together with Estonian Development Fund, Enterprise Estonia and University of Tartu. Including experts from these institutions, priority areas of development in the Estonian economy were identified and a certain amount of training possibilities offered in these fields. In June 2011, the priority areas of training were identified as industrial, medicine and welfare services, transport and storage and green jobs.

---

<sup>14</sup> It must be taken into consideration that labour market training for unemployed as an active labour market measure is only available to those unemployed who are registered at the Unemployment Insurance Fund. According to Statistics Estonia, in 2010 60% of all unemployed had turned to Unemployment Insurance Fund. The share was considerably lower during economic growth period (28% in 2006-2007).

<sup>15</sup> The description in p 3.2.1 is based on information published by the Unemployment Insurance Fund (Unemployment Insurance Fund, 2011) and further consultation with Unemployment Insurance Fund.

In terms of planning training for the unemployed, there are several specifics that need to be taken into consideration. For instance, in terms of proceeding from employer assessment of their labour force needs, one of the highest risks is over assessment of labour force needs by employers. This is acknowledged upon planning training activities for the unemployed.

It is also important to keep in mind that training activities for the unemployed are relatively short term – with a maximum duration of 1 year. Thus, thorough retraining is not possible in this framework for the purpose of new growth areas in the economy. Also, when planning training in new growth areas it must be taken into consideration that there is not always a direct output in terms of vacant positions for the unemployed and there may be a gap between training time and available positions in the labour market (for instance in cases where new companies are created). Thus, in terms of achieving higher employment rate, proceeding from specific employer needs is more effective.

### **3.2.2. Planning formal education and training of adults**

In Estonia, Ministry of Education and Research is planning the volumes and priority areas of formal education through defining the volume of state-commissioned education. One of the aims of this process is also to match the training aspect to labour market needs. In vocational education, the volume of state-commissioned education was revised in 2011 for the following three-year period (2011-2013). For this purpose, Ministry of Education and Research takes into consideration the structure of potential students as well as the economic needs expected in the future based on the forecast of the Ministry of Economic Affairs and Communications (see also p 3.1.2 above) and information on the employment of graduates of the vocational education institutions. In addition to these aspects, the possibilities of the educational institutions in providing the necessary training are taken into consideration (fulfilment of previous state-commissioned education in the specific educational institution). In defining state-commissioned education volumes across all study programmes, opinions are collected from other ministries (Ministry of Social Affairs, Ministry of Agriculture, Ministry of Economic Affairs and Communications), employers' and trade union organisations and professional organisations.

State-commissioned education is also defined in higher education. In this case, the state-commissioned education is revised every year. Ministry of Education and Research takes into consideration the need of highly educated professionals in the labour market, proposals of other ministries, local municipalities, professional organisations and higher education institutions. The financial limits of the state budget must also be considered. However, this system is currently revised in Estonia and the planning of state-commissioned education in higher education level will be lost. Thus, there will no longer be such mechanism to plan higher education according to labour market needs.

Based on similar principles, Ministry of Education and Research is also responsible for the planning and financing of state-commissioned training for adults. The priorities and preferred areas of training are defined taking into consideration the proposals from the partners of the Ministry of Education and Finance (e.g. Ministry of Economic Affairs and Communications, Ministry of Social Affairs,

Estonian Qualifications Authority etc), professional organisations and employment indicators of different economic sectors and their export potential.

### **3.2.3 Employer provided training**

Employer provided training is financed either by employers themselves or with the financial support of Enterprise Estonia. In terms of the training provided by employers the training areas and needs are defined by the employers themselves. In supporting training activities, Enterprise Estonia also proceeds from direct needs of employers<sup>16</sup>. Enterprise Estonia also organises some training activities for employers. There are organised mostly in some specific areas, for instance design, productivity, management etc. In these cases, training areas mostly proceed from the expert assessment of Enterprise Estonia based on earlier research and other available information with the main purpose of providing opportunities for development for companies.

One of the main issues is pointed out to be the lack of skills among employers in systematic assessment of their training needs. Mostly very large companies have sufficient skills and systematic knowledge for assessing the training needs in their companies. This is also supported by the available research evidence. Data from Statistics Estonia indicates that in 2005 56% of companies with 10-49 employees are planning labour force and skills in their companies while the share is 93% among companies with more than 250 employees. Furthermore, just 7% of enterprises with 10-49 employees have a training plan as compared to 61% of companies with 250 and more employees. Thus, enterprises mostly buy the training that is offered rather than defining their specific training needs individually. Thus, for more systematic planning of skills needs, knowledge among companies and employers should be increased about the approach and the ways of applying this to specific context.

## **4. The system of anticipation of change in Estonia: roles of different actors and social partnership**

### **4.1. Social partnership and anticipation of change**

As indicated in section 3 above, the roles of different actors and inclusion of social partners in the process of identifying skills needs is different across different activities. Thus, there is no systematic approach for including social partners as is indicated in the case of Finland.

Social partnership and collective bargaining mostly concentrates on enterprise level in Estonia. Most of the collective agreements are concluded in individual enterprises. According to 2009 data, 5.8% of

---

<sup>16</sup> Review in p 3.2.3 is based on an interview with the Director of the Enterprise Capability Division in Enterprise Estonia, Ms Pille-Liis Kello.

all enterprises have collective agreements. The rate is considerably higher in large companies (39.1% of all companies with 250 or more employees have a collective agreement compared to 6.4% among companies with 10-49 employees). Thus, a total of 32.7% of all employees say they have a collective agreement in their workplace.

On national level, minimum wages are negotiated in annual bipartite negotiations between the Estonian Trade Union Confederation and Estonian Employers' Confederation. Since the onset of the economic crisis, the minimum wage rate has been at a standstill at the level of 2008 (Osila & Nurmela, 2011). The only permanent tripartite councils on national level are the Supervisory Boards of the Unemployment Insurance Fund, Estonian Health Insurance Fund and the Professional Councils of the Estonian Qualifications Authority. However, these concentrate on the issues of the respective organisations. Some tripartite agreements are concluded occasionally on national level, however, these have not concentrated on the issues of anticipation of change on national level.

Sectoral level collective agreements have been concluded only in some specific sectors, including for instance health care and transportation. However, there have been no recent collective agreements concluded on sectoral level. Sectoral level collective bargaining mostly does not concentrate on anticipation of change.

Considering the low impact of social partnership and especially the standstill in bargaining in the years of economic crisis (Nurmela & Osila, 2011), it can be concluded the social partnership has not played an active role in anticipation of change in Estonia. Collective bargaining or social partnership agreements have not concentrated on the issue. In some cases, employer organisations have taken part in initiatives to forecast labour force needs (e.g. in terms of commenting the forecast of the Ministry of Economic Affairs and Communications, participating in the development of curricula in vocational education institutions etc). However, this is mostly based on the initiative of the social partners rather than systematic inclusion across regions or sectors. Estonian Trade Union Confederation has pointed out one good example of social partner inclusion in anticipation processes from a period 10 years ago. In 2001-2002 social programmes were developed regarding closing of some mines and privatisation of the Estonian Railway. The programmes also ensured income compensation and retraining to those people who lost their jobs. However, no more recent examples could be pointed out (see also discussion of this case in Nurmela & Vörk, 2010).

In discussing the role of social partnership, it was pointed out in the national seminar that there is a lack of sectoral level social partnership in Estonia. Also, such general and abstract issues as anticipating change have not made it to wider tripartite social dialogue. The lack of discussing these subjects was stressed by both employers and the trade unions.

Regarding social partnership at local level, it was pointed out that this mostly comes down to crisis management, i.e. activities are initiated only after restructuring has taken place. Thus, there is not much proactive approach that would deal with anticipating the change before it has happened. Still, there are some good examples that were also pointed out in the seminar. For instance, there are good examples on company or local level – the cases of Narva Metalworkers Trade Union and employers in the Narva city as well as information exchange in Keila Industrial Region. Thus, it can be concluded that there are some good examples of social partnership on the grass-root level while the questions on anticipating change have not made its way to sectoral or national level tripartite social partnership.

## 4.2. Different levels of anticipation

On **national level**, anticipation of change concentrates on macroeconomic indices. Also, forecast of Ministry of Economic Affairs provides an overview of changes in employment structure. On national level, the main role is on research institutions or ministries conducting statistical analysis of economic and labour market data.

A lot is also done on **sectoral level**. Forecast of Ministry of Economic Affairs concentrates on developments at sectoral level, dividing these by different economic activities. Feedback is collected from employer organisations or large enterprises in some sectors. Estonian Development Fund concentrates on developments in specific growth sectors. A lot of emphasis is put on dissemination of results to a wider audience, inclusion of different parties from enterprises as well as government sector. Also, this information is complemented by sector-level research on labour force needs in some sectors (see also table 1). Depending on the sector, research mostly includes qualitative information from companies and sector-related educational and training institutions as well. Thus, it can be concluded that on sectoral level, the inclusion of different parties is more diverse compared to national level. However, approach is very different across different activities and there is a lack of systematic approach across all sectors. Also, the readiness to cooperate with different stakeholders is different across sectors. Although, as pointed out in the national seminar, there are some good examples of sectors where anticipation and planning activities are well established. These include for instance ICT sector, metal and machinery etc. It is also important to keep in mind that the depth and detail of information across different sectors varies considerably. In some sectors the basic forecast of the Ministry of Economic Affairs is complemented by either information from Foresight initiative from the Estonian Development Fund (e.g. manufacturing sector) or sector-level research (e.g. energy sector, food industry etc). However, there are also sectors where information from the forecast of the ministry is the only source with no more detailed data available. Also, there are some sectors which are not covered by any of the forecast initiatives (e.g. the public sector, social sphere).

Thus far, **regional level** anticipation of change in economy and the labour market has been the least developed. There is some regional level research on local labour force need (see also p 3.1.4 above). However, these have been only a few good examples with no wider coverage across all regions. The current forecast initiatives do not enable to draw conclusions on developments at regional level. One can argue that due to the small size of Estonia, regional level anticipation initiatives would not be necessary. Estonia is among the smallest countries of the EU with a population of 1.3 million people. Regional level quantitative analysis is also hindered by lack of data that would enable quantitative analysis of labour force needs. At the same time, regional approach would enable to take into consideration the specifics of different regions in Estonia (e.g. high concentration of manufacturing in North-East Estonia, lack of labour force in rural areas etc). Also, it is important to take into consideration the possibilities of different regions and plan potential policy measures or local level approach accordingly. Municipalities have not taken an active role in anticipation of change at local level. This is most probably hindered by the lack of resources and skills at local level to initiate such activities. Some local level discussions have been the initiatives of local employers or employer organisation (see also p 4.3 below).

The need for regional level approach was supported in the national seminar. It was especially stressed by the representative of small and medium size enterprises that the regional system has high importance and is related to the regional entrepreneurship opportunities. Thus the lack of regional anticipation methods is a big problem. It was also pointed out that a more short-term perspective is needed at the local level with mapping of current labour force needs of employers – information that is largely missing today.

Across all different levels of anticipation, there is also a need to take into consideration the situation of labour markets outside Estonia. It was stressed several times in the Estonian national seminar that there is an outflow of labour force to the Finnish labour market. So the question arises whether we should take into consideration employment possibilities in labour markets that are close to Estonia when planning and anticipating change. This is an especially acute problem in some specific sectors, such as transportation, construction, health care. People in these fields are often trained in Estonia but then leave to work in the Finnish labour market. Thus, the outflow of the labour force to other countries has become an increasing concern as regards anticipating change and planning training and educational measures.

### 4.3. Views of social partners<sup>17</sup>

It has been pointed out by **Estonian Chamber of Commerce and Industry**, that they take a high interest in the issues of educational policy, changing labour market needs and the match between education and the labour market. In terms of anticipating labour force needs, the Estonian Chamber of Commerce and Industry also contributes to the labour force need forecast of the Ministry of Economic Affairs and Communications through providing comments on the initial draft of the forecast.

Similarly, some of the members of **Estonian Employers' Confederation** contribute to the forecast initiative of the Ministry of Economic Affairs and Communications. On local level, some members also contribute to the development of curricula in vocational education and professional standards based on the specific skills needs in the sector. It was referred that an issue with labour force needs forecast is that employers expect further information from the government on planned developments in legislative terms. At the same time, labour force changes depend on changes in economic context, orders, manufacturing etc. Thus it is often difficult to foresee any future changes.

The **Estonian Association of SMEs** has pointed out that they discuss the issues of anticipating change and skills needs with their member organisations. Also, they have provided comments to the forecast initiative of the Ministry of Economic Affairs and Communications. At the same time, anticipation of change at local level is weak and needs more attention. For instance, local level cooperation could be stronger between the social partners and local administration.

Similarly, trade unions as represented by **Estonian Trade Union Confederation**, support the concept of anticipation as a strategic tool for development however in Estonian case this is not used as a tool

---

<sup>17</sup> Overview in this section is based on consultations with the social partners – trade unions and employer organisations

for anticipating changes that are induced by the crisis. As pointed out by the trade unions, the main issues in implementing the anticipation tools are related to the fact that the forecast results are not discussed widely in the society including different parties. Also, not all possible scenarios of development are discussed and as well as the potential impact of these different possible scenarios (e.g. potential social impacts are often neglected). Thus, for strengthening anticipatory strategies in Estonia it is important to strengthen the social dialogue and social partnership aspects in Estonia which are largely missing as compared to the Finnish example. In addition, trade unions point out the futures committee practice that is implemented in the Finnish case that could also strengthen the Estonian approach.

## 5. The way forward

### 5.1. Some points on improving the anticipation system in Estonia

There have been several points outlined in the current report, about the shortcomings of the current anticipation system in Estonia, both in terms of the technical aspects as well as networking and discussion of issues related to anticipation. The question of strengthening the Estonian system of anticipating changes was also discussed in the national seminar. The current section briefly outlines the results of these discussions.

Based on the points discussed in the national seminar, strengthening the Estonian system of anticipation of changes can be divided between four broad groups: building a system, empowerment of participants, improving the methodological approach behind anticipation and introducing follow-up activities. These points are outlined in figure 3 below. The following sections explain the keywords mentioned in the seminar.

Improving the anticipation system needs to start with **building the system**. It has been referred in the current report that there is a lack of systematic approach towards anticipating changes. Thus it is necessary to consider the different tools that have been developed for anticipating change in Estonia and find links between these systems to make them more coherent and systematic. This would require an **independent coordinator** who would be responsible for management of the whole anticipation system, including dissemination of the necessary information, inclusion of different stakeholders etc. Without such coordination the anticipation system would most probably not be sustainable in the long run. For effective management of the system, there would also be a need for clear **goals/targets** that are aimed for and specific **action-plan** put in place. To build up a system it is also to **map the relevant stakeholders** for the process, including the different research institutions and ministries that produce relevant information for anticipating change and the current availability of data in order to find any possible gaps in the data collected. Mapping the stakeholders is also an important prerequisite for building up the cooperation networks for anticipating change. There is a need to establish cooperation networks for dissemination of forecast results and discussion of these results and trends.

For an effective system of anticipation, the capability of participants in taking part in the process of anticipation of change is important – thus **empowerment of participants** was stressed in the seminar. Due to the lack of regional level forecasting measures, it was also stressed in the seminar that it is necessary to **strengthen the local level** in the anticipation process. This includes the skills and resources for anticipating restructuring at the local level as well as readiness to take part in the process. At a more general level, what is lacking in the Estonian system compared to the Finnish one is the **cooperation culture**. According to a recent study on industrial relations in the Estonian state and local government institutions, the lack of cooperation culture and still a young civil society was pointed out as one of the reasons for the low number of collective agreements in Estonia (Praxis, RAKE 2011). Thus, a more strong cooperation culture is necessary for the system of anticipation to work. At the same time, this is not something that can be easily changed – instead this is a process that will take time. Still, through empowerment of participants and knowledgeable stakeholders, cooperation networks can be developed. This also includes **valuing the participants** in the whole process and the effort they put into making the anticipation system. One aspect of empowerment is also the ability of participants to use the information disseminated in the framework of anticipation and translate this to everyday practices. Thus, the role of **training of participants** is important in order to improve literacy in the field of anticipating change and the information that is used for this purpose.

Some more technical details – **methodological approach** – were also pointed out in the seminar that is necessary in strengthening the anticipation system in Estonia. For instance, the **type of information** produced in forecasting measures is important. The available information needs to enable generalisations and make reliable conclusions. It was also stressed in the national seminar that the methodological approach used for anticipating changes should be **coherent** across all sectors of the economy to enable **sector-based analysis** of information. In total, it is important to turn attention to the **quality of the methodological approach** that is feeding into anticipating change for the conclusions to be reliable.

Finally, anticipation does not end with publishing a forecast. As is pointed out in the Finnish case (Arnkil & Jokinen, 2011), an important part of the anticipation process is the workshops and discussions that are based on the results of the initial forecast. The need for a stronger **follow-up process** is also evident in Estonia, since today these activities are not coordinated. Thus, it is important to **interpret the information** that is published to be easily understood and used by different stakeholders. It is also important to disseminate the information – a process that is also largely missing in Estonia. Also, in the end the process of anticipating change needs to **feed into policy making** for managing change in the future. For more information, see figure 3 below.

### Building a system

- independent coordinator
- establishment of goals
- action plan
- mapping of relevant parties for the process
- establishment of cooperation networks

### Empowerment of participants

- strengthening the capability of local governments to participate in the process
- strengthening cooperation culture
- valuing participants in the process
- efficiency of training on using the results of forecasts - literacy of reading the forecasts

### Improving the methodological approach behind anticipation

- reliability of information (possibility for reliable generalisations, conclusions)
- coherent methodological approach across the economy and sectors
- sector-based approach
- quality of the analysis that is feeding into anticipation system

### Introducing follow-up activities

- interpretation of information
- dissemination of information
- evidence-based policy development (input of the anticipation process to policy-making)

#### **Figure 3. Improving the anticipation system in Estonia.**

*Source: results of the first group work session in the national seminar in Estonia (Mutual learning process: Common elements to be shared to improve expertise in Anticipation and Social Partnership)*

However, in improving the national system of anticipating change, it is important to take note of the available tools that have been developed over time. Thus, the **strengths of the current system** were also outlined in the national seminar, together with **areas of improvement**. The key points are outlined in table 2 below. For instance, the seminar showed clearly that the stakeholders have a vision of where they want to take the anticipation system and there is a clear readiness for changes in this respect. However, there need to be specific goals for these activities and the system needs to be transparent.

It also needs to be considered that in terms of data collection, we are not starting from zero. As outlined in the current report as well (chapter 3 above), there are several sources of information used for anticipating change in Estonia. However, it was pointed out that the current situation should be mapped in order to identify where we stand and where are gaps in data that is necessary for anticipating future changes. Also, it was stressed that the current forecasts could be more detailed and complex for being able to translate these results into practice – this would enable to put the data to practical use.

As strength of the Estonian system – we have resources available for more complex analysis in terms of educated population and availability of scientists and engineers. At the same time, the current potential could be better used.

There are several areas of improvement in terms of follow-up activities to publishing a forecast, including establishing respective cooperation networks and communication and consultation processes, dissemination of information. Such activities are currently not in place in Estonia. It was also stressed that there should be motivation for participation on these cooperation networks – the process should be beneficial for all parties.

**Table 2. Strengths of the current system of anticipation of change and the areas of improvement, results of the national seminar**

| Strengths of the current system   | Areas of improvement   |
|---|--|
| <b>Vision</b>   |  |
| -readiness for changes  | -setting goals<br>-transparency of the system  |
| <b>Data</b>   |  |
| -forecast of the Ministry of Economic Affairs (see 3.1.2 above)<br>-future scenarios<br>-state-commissioned education | -need to map the situation<br>-increasing the detail and complexity of the data presented<br>-putting the data (forecasts) to practical use, finding a practical output  |
| <b>Resources</b>  |  |
| -highly educated population<br>-scientists, engineers   | -using up the potential of local researchers, scientists   |
| <b>Follow-up</b>  |  |
| -*  | -implementation of the communication and consultation process<br>-establishment of cooperation networks<br>-dissemination of information (e.g. through a website)<br>-motivating cooperation (making participation in cooperation networks useful for all parties) |

\*There is no follow-up system in Estonia

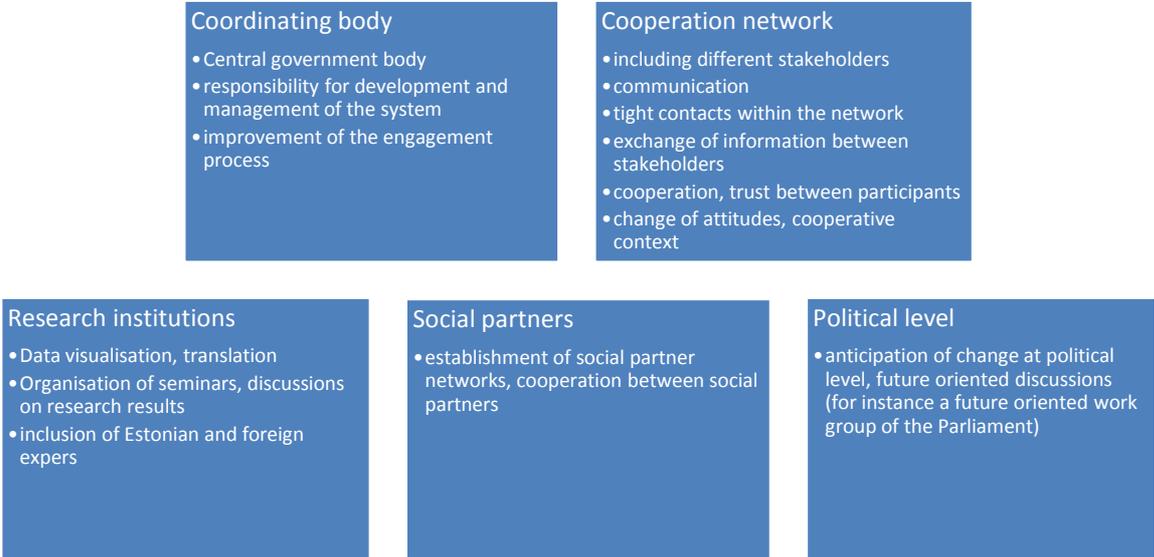
*Source: results of the second group work session in the national seminar in Estonia (Taking stock and looking ahead)*

The **role of different stakeholders** in improving the anticipation system in Estonia was also discussed in the national seminar. It was stressed that there is a need for an **organising body** that would coordinate and develop the system of anticipating change and the related activities. Several participants found that this organising body should be with the central government. An important role is on the **cooperation network** behind the whole anticipation system. This is where different stakeholders have the opportunity to participate in the anticipation process and make use of the discussions. The network should facilitate communication between stakeholders, information exchange and improving contacts between different parties. This also supports exchange of information on good practices. The network needs to be based on mutual trust and cooperative environment.

Since data and research evidence feed into anticipating change, the role of **research institutions** was outlined. For them it is important to visualise data and make complex data understandable to

different stakeholders outside the research institutions. This could be supported through organising seminars, discussions on research results. Also, the quality of forecasts and anticipation mechanisms could benefit from the inclusion of different experts from Estonia as well as other countries with a wider experience in anticipation systems.

Of course, it is important to keep in mind the role of **social partners** in anticipating change. In addition to their role as outlined in chapter 4.1 above, it was stressed that social partners would benefit from a cooperation network to facilitate information exchange and mutual trust. Also, the role of the **political level** was mentioned in the national seminar. It was stressed that the anticipation system in Estonia would benefit if future oriented discussions were held at Parliament level as well. Inspired from the Parliament Futures Committee in Finland, a future oriented work group in the Parliament was proposed. The role of different parties is outlined in figure 4 below.



**Figure 4. Role of different stakeholders in improving anticipation system in Estonia.**

*Source: results of the second group work session in the national seminar in Estonia (Taking stock and looking ahead)*

**5.2. Some thoughts on transferability of the Finnish case**

The Estonian and Finnish experiences are very different in terms of anticipating restructuring. Finland is described by a rich set of anticipation methods and an abundance of anticipation activities on national/central, regional and subregional levels. All key players have a role in this: the government and parliament, ministries, the social partners, regional actors, companies and the scientific community (Arnkil & Jokinen, 2011). In Estonian case, the system of anticipation consists of different anticipation activities that are often not linked to each other and are operating in parallel. Also, the inclusion of different partners is not systematic and can be different across sectors or different

anticipation activities. There are several aspects of the Finnish system that could be considered in Estonia as well.

**First: cooperation at national/central level.** In Estonian case, the forecast activities are lead by the Ministry of Economic Affairs and Communications who prepares national level forecast. At the same time, there are other ministries who make use of the forecast or are related to the need to anticipate change, including Ministry of Education and Research, Ministry of Social Affairs and several other public organisations (e.g. Unemployment Insurance Fund, Enterprise Estonia etc). A systematic cooperation between different parties on national level could benefit the implementation of forecast activities across different areas. However, it is important to keep in mind that this cooperation process should be concentrated and based on a clear framework.

It was pointed out in the national seminar that to some extent, there already is cooperation at central level. What is important is to link these cooperation networks to a wider network of stakeholders.

**Second: inclusion of regional level.** In Estonian case, regional/local approach to the anticipation of change is missing, except some local employer initiatives or regional research. Thus, the regional anticipation processes that are present in the Finnish system could be implemented in Estonia as well. However, one of the major drawbacks in this case is that in Finland, local municipalities seem to have more resources and mandate to work with anticipation of change. The regional initiatives are led by municipalities or regional offices of state administration. In Estonian case, most municipalities would not have the resources or skills to initiate such activities and systematically collect local level information.

The importance of taking into consideration the regional differences in anticipating change was also stressed in the national seminar.

**Third: social partnership in anticipating change.** Finland has a long tradition of social dialogue and there has been a strong tendency to seek consensus on major societal issues like innovation, wages, pensions and education (Arnkil & Jokinen, 2011). This is completely different from the Estonian case where consensus on major societal issues has often not been achieved or the agreements achieved have not been implemented (for instance the case of implementing new Employment Contracts Act in 2009, see also Nurmela & Osila, 2009). Thus, social partnership for anticipating change is necessary in Estonia. At the same time, it should be considered that the system of social partnership is different from that of Finland.

**Fourth: inclusion of different stakeholders in discussing and commenting the results of the labour market forecast.** In the Finnish case, calculations are discussed, commented and interpreted in labour market forums and workshops in the regions, by social partners and other actors (Arnkil & Jokinen, 2011). In Estonian case, a similar approach has been taken by the Estonian Development Fund in the framework of the Foresight projects. However, similar approach could be used with labour market forecast results as well, covering the whole economy rather than specific growth sectors.

In the Estonian national seminar, the creation of cooperation networks was pointed out as one aspect of the Finnish system that could be transferred to Estonia. Establishing links between different

stakeholders, valuing the participants in the anticipation process, empowerment of participants and introducing tripartite discussions on these matters were pointed out. The whole process of discussing and commenting the results of the forecasts could be considered in Estonia as a follow-up to publishing the national labour market forecast.

**Fifth: anticipation of competences and skills needs.** Coordinated by Finnish National Board of Education and funded by ESF, a model is developed projecting different future scenarios and assessing the changes in the competences needed in the future (Arnkil & Jokinen, 2011). In Estonian case, the ability to forecast skills and competences needed in the future is missing. None of the forecasting initiatives enable to anticipate changes in skills needs and competences and thus translate this into educational or training planning. Some sectoral level research initiatives have tried to focus on changes in skills needs as well, mostly based on qualitative data collection methods.

As pointed out in the national seminar, the technical aspects of forecasting skills needs are the easiest to transfer across borders. Some of the technical systems of Finland that were stressed in the Estonian national seminar included the Occupational Barometer for mapping the balance between skills available in the labour market and the demand for these skills. Also, it would be important to map the skills that are necessary in the labour market (i.e. what kind of jobs demand what kind of skills). It was stressed that the current data availability should be analysed in view of the data needs for anticipating change.

In total, it is clear that the Finnish example is not readily transferrable to the Estonian context. There are several large differences that need to be taken into consideration. In Finland, social partnership is understood in a broad way, and it has a long and fruitful tradition (Arnkil & Jokinen, 2011). In Estonian case, there is a long way to comprehensive cooperation between stakeholders.

In the Estonian national seminar, the differences in the cultural context in Estonia and Finland were pointed out as the main barriers to transferring the anticipation system. It needs to be considered that the differences in culture, readiness to find common interests and specifics of the local context pose some limits to transferring knowledge between Estonia and Finland. For instance, lack of attention towards societal issues, lack of trust and lack of good communication were referred as characteristic to the Estonian system. It was also stressed that while Finland has a long experience with anticipation culture, this is a fairly new concept in Estonia. This includes considering the longer-term perspective in policy making as well as establishment of different monitoring tools and indicators for anticipating change. These aspects are largely undeveloped in Estonia. Also, there is no wider discussion of the results and impact of long-term changes in Estonia. As outlined in the current paper as well, it was stressed in the national seminar that in implementing the regional approach in Estonia, it is important to take into consideration that the role and competences of the local government are different compared to those in Finland. Thus, their possibilities to participate in anticipation of change are different. In terms of transferring the technical aspects of the Finnish experience, the data limitations and data availability set some boundaries that need to be considered. The key points discussed in the Estonian national seminar both in terms of the aspects of the Finnish system that are transferrable to Estonia as well as the limits that need to be considered are outlined in table 3 below.

Still, despite these differences, there are several elements that can be considered in Estonian system as well in order to improve the system of anticipation and its implementation into decision making.

In transferring the Finnish experience, it is important to consider the local context, specific needs and the structure (in terms of institutional context, social partnership) of Estonian context. As pointed out in the Finnish national report, anticipation is not – or should not be – made for its own purpose, but to support wise decision making (Arnkil & Jokinen, 2011).

**Table 3. Overview of the transferability of the Finnish system, results of the national seminar**

| <b>Aspects of the Finnish system that could be transferred to Estonia</b>  | <b>Issues that need to be addressed for facilitating mutual learning</b>   |
|--|--|
| <b>Technical systems</b><br>- Occupational Barometer<br>- mapping of skills<br>- analysis of available data and identification of data needs                       | <b>Differences in data availability</b>  |
| <b>Creation of networks</b><br>- tripartite cooperation<br>- inclusion of other stakeholders<br>- valuing participants in the process, empowerment of participants | <b>Differences in national context, country history</b><br>- Differences in culture, readiness to find common interests<br>- specifics of the national context (economic and labour market differences)<br>- different social partnership cultures         |
| <b>Follow-up activities</b><br>- implementation of the follow-up process, analysis and discussion of forecasts   | <b>Differences in anticipation culture</b><br>- experience in considering the longer perspective in policy making<br>- experience with monitoring activities, availability of indicators for anticipation<br>- discussing the impacts of long-term changes |
| <b>Regional anticipation</b><br>- implementation of regional approach, Estonian-specific issues  | <b>Differences in regional policies</b><br>- the role and competences of local governments are different   |

*Source: results of the first group work session in the national seminar in Estonia (Mutual learning process: Common elements to be shared to improve expertise in Anticipation and Social Partnership)*

## 6. Summary

As indicated in the current paper, there are some tools implemented for anticipation of change in Estonia covering national developments as well as sectoral developments in some cases. The range of methods used for this purpose cover both quantitative and qualitative aspects. However, the inclusion of social partners in these processes and a wide discussion on the impacts of these potential developments is not yet part of the anticipation system in Estonia. At the same time, it has been pointed out that a range of approaches to assess future skill needs is required. They need to encompass both quantitative and qualitative methods and serve a broad range of audiences, including policy-makers, education and training providers, other stakeholders such as public employment and guidance services, social partners, sectoral organisations, practitioners in education and training institutions and enterprises and analysts (Cedefop, 2010). Thus, more attention to the dissemination of results and discussions over different future scenarios would be necessary.

However, it is also important to keep the balance between inclusion of different stakeholders and identifying different scenarios of future development. For instance, Finland is a country that has a wide range of forecasting measures, which are undoubtedly useful tools. Nevertheless, it has been pointed out that there might be an excess of forecasting, and that it might be somewhat fragmented with so many actors involved. The challenge is therefore to find a balance between producing relevant data and putting it to good use in terms of policy making. (Bergström, Broughton, & Triomphe, 2010)

Direct translation of future scenarios and forecast results into policymaking is also an issue for Estonia. Often it is not possible to implement to current information in policy making due to data issues or the level of detail of the current forecast papers. It has been pointed out that in the new Member States in particular, lack of good quality and targeted data is an issue. Further, it is important that the data is used in the correct way. If the data is simply collected and does not feed into policy formulation, it has no practical use in increasing intelligence (Bergström, Broughton, & Triomphe, 2010).

Mutual learning process between Finland and Baltic states has proved to be a useful exercise in improving the system of anticipation of change in Estonia. It was established in the seminar, that there is a consensus and readiness for changes in this respect. There is a vision of where the stakeholders expect the Estonian anticipation system to reach. There is no doubt it is important to keep in mind the national context in transferring the Finnish experience and the current bottlenecks. To enhance social partnership in Estonia is a long-term perspective rather than a short-term goal. Now it is important to take steps towards overcoming the current bottlenecks and gradually building up a system for anticipating change.

## Bibliography

- Arnkil, R., & Jokinen, E. (2011). *Social Partnership for Anticipating Change in the Labour Market. Descriptive Baseline Paper on Finland (draft)*. Unpublished.
- Bank of Estonia. (2011). *Estonian Economy and Monetary Policy*. Tallinn: Bank of Estonia .
- Bergström, O., Broughton, A., & Triomphe, C. (2010). *27 National Seminars on Anticipating and Managing Restructuring - A.R.E.NA.S. EU Synthesis Report*. Turin: International Training Centre of the ILO.
- Cedefop. (2010). *Skills Supply and Demand in Europe: Medium-Term Forecast up to 2020*. Luxembourg: Publications Office of the European Union.
- Cedefop. (2008). *Systems for anticipation of skills needs in the EU Member States. Cedefop Working Paper No 1*. Thessaloniki: European Centre for the Development of Vocational Training, Cedefop.
- Centre for Monitoring Labour Force and Education. (2002). *Lõuna-Eesti ettevõtete tööjõuvajadus [Labour force need among companies in Southern-Estonia]*. Tartu: Ministry of Education and Research.
- Estonian Development Fund. (2011). *Eesti kasvuvision 2018: siht ja sammud järgmiseks kümnendiks [Estonian Growth Vision 2018: targets and steps for the next decade]*. Tallinn: Estonian Development Fund.
- Estonian Development Fund. (2010). *Financial Services 2018. Estonian Development Fund Policy Brief 04/2010*. Tallinn: Estonian Development Fund.
- Estonian Development Fund. (2009). *ICT Foresight: conclusions and policy recommendations. Policy Brief 01/2009*. Tallinn: Estonian Development Fund.
- Estonian Development Fund. (2009). *Industry Engines 2018. Estonian Development Fund Policy Brief 03/2009*. Tallinn: Estonian Development Fund.
- Ministry of Economic Affairs and Communications. (2010). *Tööjõuvajaduse prognoos aastani 2017 [Forecast of labour force need until 2017]*. Tallinn: Ministry of Economic Affairs and Communications.
- Ministry of Education and Research. (7. July 2010. a.). *Täiskasvanute tööalaste koolituste sihtgrupp laieneb [The target group for adult labour market training is widening]*. *Ministry of Education and Research* .
- Ministry of Finance. (2011). *Rahandusministeeriumi 2011. aasta suvine majandusprognoos [The summer 2011 macroeconomic forecast of Ministry of Finance]*. Tallinn: Ministry of Finance.
- Nurmela, K. (24. March 2008. a.). *Government agrees funding for lifeong learning strategy. European Industrial Relations Observatory On-line* .
- Nurmela, K., & Osila, L. (2011). *Estonia: EIRO Annual Review 2009*. Dublin: European Industrial Relations Observatory.

Nurmela, K., & Osila, L. (10. August 2009. a.). New labour law enacted despite strike initiative. *European Industrial Relations Observatory On-line* .

Nurmela, K., & Vörk, A. (2010). *Anticipating and Managing Restructuring Estonia*. Turin: International Training Centre of the ILO.

Osila, L., & Nurmela, K. (11. August 2011. a.). Minimum wage at a standstill after another round of negotiations. *European Industrial Relations Observatory On-line* .

Praxis Center for Policy Studies, University of Tartu. (2011). *Energeetika tööjõu uuring [Labour force of the energy sector]*. unpublished.

Praxis Center for Policy Studies, RAKE (Center for Applied Social Sciences of University of Tartu) (2011). *Riigi- ja kohalike omavalitsuste asutuste kollektiivsete töösuhete uuring [Industrial relations in state and local government agencies in Estonia]*. Ministry of Social Affairs: Tallinn.

Rosenblad, Y. (2011). Tööturg majanduskriisi teises pooles [Labour market in the second half of the economic crisis]. rmt: S. Estonia, *Quarterly Bulletin of Statistics Estonia 2/2011* (lk 65-90). Tallinn: Statistics Estonia.

State Chancellery. (2011). *National Reform Programme "Estonia 2020"*. Tallinn: State Chancellery.

Unemployment Insurance Fund. (7. June 2011. a.). Töötukassa kinnitas tööturukoolituste eelisvaldkonnad [Unemployment Insurance Fund confirmed the priority areas of labour market training]. *Unemployment Insurance Fund* .

Statistics Estonia, on-line database: <http://pub.stat.ee/px-web.2001/dialog/statfile2.asp>

Eurostat, on-line database:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)