DEEPVIEW

# Decent and Productive Virtual Work in Estonia

**Exploring the contribution of social dialogue and collective bargaining in the promotion of decent and productive virtual work**

2019

**Authors: Märt Masso, Ingel Kadarik, Helelyn Tammsaar, Aleksandr Michelson, Merlin Nuiamäe, Liina Osila**

Praxis Center for Policy Studies is an independent nonprofit think tank in Estonia that supports engagement and analyses-based policy making. Praxis has conducted policy research for more than ten years and are one of a kind in Estonia. The mission of Praxis is to improve and contribute to the policymaking cycle by conducting independent research and promoting public debates.

# Abstract

The international project covering 5 countries (EE, ES, PT, AT and DK) aims at favouring a deeper understanding on how social dialogue and collective bargaining at national, sectoral and company level is addressing the challenges of work transformation due to new ICTs with the view of promoting decent and productive virtual work. The specific objectives of the project are: 1. analyse how social dialogue in five different countries is addressing the effects of virtual work on working conditions; 2. analyse how sectoral collective bargaining in three sectors (Financial activities and Computer programming, consultancy and related activities, care activities) is addressing the effects of virtual work on working conditions. The project combines desk research analysing relevant literature, legislation and social partners' documents and collective agreements, with several qualitative methods such as semi-structured interviews, focus groups and case studies

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# List of Abbreviations

EAKL – Estonian Trade Union Confederation

ETKL – Estonian Employers' Confederation

ROTAL - Trade Unions of State and Municipal Agencies Employees

EU – European Union

ENA – Estonian Nurses Union

ESTAL - Estonian Communication and Service Workers' Trade Union

ITL – Estonian Association of Information Technology and Telecommunications

EFL - The Union of Estonian Financial Sector Employees

# 1. Main Country approach to regulate virtual work

Traditional employment – employment contract, full-time, open-ended, contracts with a single employer, work in employers' premises - is still the most typical form of work. However, social partners are constantly discussing pros and cons of new forms of employment, including virtual work. 20% of employees have done telework, of all teleworkers, around 24% of workers stated that they work most of their time outside organization's premises (ESA). Telework work is more common among self-employed, small companies, men, senior officials and managers and among 25-49 year olds (EF). Virtual workers have slightly better physical environment, work intensity, skills and discretion, prospects and earnings, though regular workers have better working time quality (EF).

Estonia has been positioned in the group of countries that could be described as countries with fragmented and state centred industrial relations regimes (EC, EF). The dual channel structure of employee voice representation is in place today in Estonia. Although, the trade union membership is one of the lowest in Europe at the level as low as 7% in 2015 (ILO), 53% employees work in workplaces with employee representation (EF). Employer organization density is 25% (ILO). There is decentralized collective bargaining, dominant level of collective bargaining in all sectors occurs at the enterprise level. Only two sectoral collective agreements are in force – in health care and transport sectors. As a result, only 23% of all employees and only 7% of enterprises are covered by a collective agreement (EF).

Virtual work as form of work that is carried out in non-traditional working environment using ICT tools is not directly and in-detail regulated in Estonia. In social dialogue with social partners, in 2009 Employment Contracts Act § 6 defined telework as work done outside employers' premises, including at the employee's place of residence. Also, the employer must notify the employee in written on their agreement on teleworking and work arrangements related to teleworking. The main policy debate has centered on the health and safety issues related to ICT-based mobile work and virtual work as up till 2019, employers were responsible for ensuring health and safety of the employee, however in case of teleworking and virtual work, employers struggle to control factors influencing employees' health and safety outside its premises and immediate control. In 2019, Occupational Health and Safety amendment, that among other things specifies concluding agreement regarding health and safety rights, obligations & penalty in case the employee does not fulfil the occupational health and safety obligations, that could be used for regulating telework. Also, in 2019, the Ministry of Social Affairs introduced teleworking guide to explain employers' and employees' rights and obligations regarding telework, including virtual work.

In Estonia the peak social partners are Estonian Trade Union Confederation (Eesti Ametiühingute Keskliit, EAKL) and Estonian Employers' Confederation (Tööandjate Keskliit, ETTK). Acknowledging the importance and growing popularity of telework and virtual work in Estonia, they concluded a joint agreement on teleworking in June 2017. The agreement was concluded due to several reasons. Firstly, around 20% of employees worked remotely in Estonia in 2015 (Estonian Work Life Survey data) and this number is expected to rise in the future due to technological developments and new forms of work that are less dependent on specific workplace, but rather access to internet. Secondly, the current legislation did not provide enough regulation of working conditions related to teleworking. Thirdly, the aim was to implement the European level social partners' framework agreement on telework from July 2002. Therefore, on 7 June 2017, to mitigate the risks and fears related to teleworking among employers and employees and to promote this form of work, EAKL and ETKL signed a teleworking agreement. Although in the words of Trade Unions of State and

Municipal Agencies Employees' (Riigi- ja Omavalitsusasutuste Töötajate Ametiühingu Liit, ROTAL) representative, social dialogue in general is weak in Estonia, in setting the terms of the agreement, social partners were in close contact with each other and involved the state in their dialogue. Although the joint agreement has been concluded, there hasn't been any extra steps taken regarding the regulation or raising awareness about telework and virtual work - largely due to the lack of financial resources as explained by the EAKL's representative. In the words of ETTK's representative, following the conclusion of the agreement, several employers showed interest in it and many even intended to sign their own organizational contract regarding virtual work, targeted more to their needs.

In April 2018, it was announced that the Ministry of Finance concluded a telework agreement with Trade Unions of State and Municipal Agencies Employees (ROTAL) stating that public sector must develop hand in hand with the private sector and be more flexible in working conditions. The agreement resembled the social partners' telework agreement and regulates to the same principles.

The relevant representatives of the social partners interviewed in this project all consider the joint agreements on teleworking signed in 2017 between EAKL and ETTK and in 2018 between the Ministry of Finance and ROTAL as the first steps to generate further positive impact on organisations' practices of regulating virtual work and according to one of the interviewees, to improve the social dialogue between social partners. For example, some ministries and local governments in Estonia have developed more detailed regulations compared to the agreement.

## 1.1.  Main contested areas between social partners

The social partners regard the legislative regulation of the virtual work as ineffective and prefer a soft law approach and learning from experiences. The regulation of the virtual work through legislative acts might increase the workload of the Labour Inspectorate who as the ETTK's representatives claimed, has to focus on more urgent issues like preventing injuries and fatal accidents at work and recently more pressing mental health issues (including stress and depression at work). From the viewpoint of EAKL, the dissemination of experiences, best practices, the knowledge, activities aimed at raising the awareness of employees and employers about opportunities of virtual work and how to manage risks associated with virtual work, are all much more effective. Although the social partners are on the same page about the importance of not overregulating virtual work, at first ETTK had a different view – they argued that the law is too rigid in terms of flexible working conditions and could be improved. ETTK also turned to the Ministry of Social Affairs with a proposal to amend the law – their suggestion was to change the law a little bit more flexible regarding working conditions, working hours and workplace. Since ETTK and EAKL could not agree on every aspect of the amendment, it was not passed by the government. However, the government concluded that it might not be necessary to amend the law, but rather give more practical and specific guidelines to the employers. Thus, in 2019, the Ministry of Social Affairs developed an explanatory guideline to the Occupational Health and Safety Act that provides guidance to employees and employers using teleworking/virtual work[1]. The Ministry emphasizes

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[1]       Sotsiaalministeerium       (2019).       Kaugtöötaja       töötervishoid       ja       -ohutus.       URL: https://www.tooelu.ee/UserFiles/Sisulehtede-failid/Teemad/Paindlikud%20t%C3%B6%C3%B6v%C3%B5imalused/Kaugtootaja%20tootervishoiu%20ja%20-ohutuse%20juhis.pdf

that it is important to comply with occupational health and safety requirements when concluding a telework agreement.

In the following steps of concluding the collective agreement by the social partners in 2017, EAKL hopes to once again bring the issues of virtual work – specifically the virtual workers right to connect and disconnect - to the table with the employers' organisations. They also stress the importance of future collaboration of social partners developing the frameworks of virtual work, as one of the partners they hope to involve Labour Inspectorate.

## 1.2.   Addressing positive and negative aspects of virtual work

In general, social partners' perceived challenges of virtual work tend to be the same. Since there hasn't been much research on the topic of virtual work in Estonia and virtual work is not extensively regulated, not many different standpoints have emerged in dialogue. Social partners feel that while virtual work has increased, there are underlying issues that complicate or inhibit employees to work from home. One of the reasons being that virtual workers tend to over- or underwork. Moreover, virtual working from home is likely to interfere with family life and challenge a good work-life balance. Social partners also agreed that virtual workers face the risk of falling out of the daily interactions and communication that take place in the workplace. They have a risk of being left out of in-house activities and information flow, thus feeling less connected with the workplace community than others. The detachment could also result in suboptimal feedback that might result in lower performance or decreased employee welfare. Social partners also stress that the working conditions of virtual workers remains a substantial issue. Low quality of occupational safety at home or any other place selected by employees for virtual work could both influence employees' health and trigger employers to stop allowing virtual work to their employees. ETTK's representative also pointed out that it would be a challenge for the employer to have a perfect overview of the virtual worker's health and safety conditions and that the employer wouldn't be able to ensure that all the health and safety regulations are met when the employee is working from home.

EAKL's representative also brought out that there should be clear objectives and a coherent work process management for virtual work to benefit both the employee and employer. If work responsibilities and goals are not mutually agreed upon, there might occur problems regarding employee motivation and the expectations of the employee or employer may not be met. Another important feature for EAKL regarding virtual work is that it should always be voluntary because there have been instances where the employer wants the employee to work from home in order to save costs. Thus, in collaboration with ETTK, EAKL included into the collective agreement a clause that before starting virtual working, the employee and employer should reach a written agreement to discuss critical issues that might emerge in order to prevent such occurrences.

# 2. Virtual work in health care sector

## 2.1. The impact of virtual work

Estonian Nurses Union (Eesti Õdede Liit, EÕL), who were interviewed as part of this study, argued that in home health care sector virtual work could be viewed as work duties carried out in the office or from home without visiting the patients' homes. They insisted that face-to face contact through visiting the patients' homes is essential part of the sector, however there are ways that this could be reduced, and thus time allocation between clients could be handled better. Virtual work would serve this purpose very well by, for example, making it easier to keep track of patients who have been transferred to hospital and thus are no longer available at home by the time of visit or allowing quick checks with clients living in a remote area if they need attention before their scheduled visit. However, EÕL stated that in Estonia virtual work and the impact of eHealth (including health monitoring, data recording and consultations through ICT devices) could be described as non-existent in the home health care sector. However, developments and implementations are expected and thus the situation may improve soon.

At the time of interviews, the main tools used by the home health care specialists (nurses) in the sector are phones and computers, while some nurses still use paper and pen to fill in relevant paperwork. While they are obligated to fill in each patient's medical history after they have a visit, nurses still lack a standard national information system available for recording and sharing information. Another missing element for the nurses to conduct virtual work is the availability of e-consultations, which is well-established for doctors. The ICT equipment used by the nurses depends very much on the employer – self-employed nurses choose their own tools and means according to their possibilities. Nurses employed in private sector usually have better opportunities to use tablets or laptops and participate in pilot projects. Nurses of mostly public sector funded organisations (hospitals) have the least opportunities, due to financial restrictions.

Interviews with the home nurses brought out another limitation – higher average age of employees combined with low IT-skills and reluctance towards technical innovations. Also, the home nurses argue that in most homes they carry out their work duties, there are no places to use tablets for inserting information, in addition there would be an additional appliance that needed to be sterilised after each visit.

## 2.2. Main approaches to regulate virtual work

Health care sector has a sector-level collective agreement, however this agreement regulates only pay and working and rest time conditions. There are some company level collective agreements in the home health care sector (unknown how many exactly), but according to EÕL, virtual work is not addressed in these agreements. As virtual work is not wide-spread in the sector, there has yet been no need to regulate its conditions in collective agreements.

Regarding statutory regulation, EÕL argues that when undertaken, the whole concept of virtual work should be defined and regulated from the definition to specific working conditions applicable in the sector. However, they feel it is not their position to tell whether it is actually necessary to regulate it in statutory legislation or at all (e.g. in collective agreements). The need for additional regulation should be decided by relevant institutions (e.g. ministries, legal professionals).

Virtual work as defined in this study is lacking in the home health care sector, and instead is generally viewed as a form of tele work. Therefore, it is not possible to directly evaluate Human

Resources Management practices regarding the regulation of virtual work. However, there are some practices in place to accommodate tele work and insufficiencies of eHealth solutions. For example, head nurses stationed at office must always be available to provide ongoing support, advice and information to nurses while the nurses have difficulties accessing information or consultation while visiting the clients.

## 2.3.   Main contested areas

Since there haven't been any regulations of virtual work through collective bargaining in the sector, social partners' debates or discussions regarding virtual work are also lacking. Even more, EÕL does not see a need to regulate working conditions related to virtual work in social dialogue or in state level. Firstly, other than some pilot projects, virtual work is not prevalent enough in the sector for it to be regulated, and secondly, it should be decided by relevant institutions whether the regulations are even necessary. From their perspective, regulating virtual work is currently not their priority as other terms of employment and working conditions are considered far more important to pursue in health care sector in general. Therefore, they have not thought about the nuances of regulation thoroughly and are not planning to do so in the near future.

On the other hand, EÕL admits that virtual work developments could bring along advantages for the specialists in home health care sector. They could not point out any negative challenges or disadvantages.

Some of the aspects affecting working conditions in the sector are by default always present, regardless of the work format or the development' of virtual work, such as direct contact with the patients and home visits, data protection rules, work related stress, to name a few. However, according to EÕL, the advantages of virtual work include:

- reduction in workload, e.g. recording nursing history to a national health database by all nurses would abolish double work and provide more accurate patient information to all parties in the entire health care sector;

- better time management, e.g. contacting patients through video could reduce home visits, help prioritize which patients to visit and provide more contact with patients in remote areas; e-consultations could result in more timely and more accurate information from doctors and could save the patients from visiting hospital for a consultation. Overall, from the point of view of patients, it would create improved access to services.

In home health care sector, currently the main focus does not circle around the prevention of negative effects associated with virtual work. Rather, the main issue is to implement different solutions and tools to introduce virtual work in the sector. EÕL has many opportunities to make such propositions and have used these often: they are actively involved in sector-related government approaches through ad-hoc requests to give input into strategies and legislation as well as by taking part in different permanent and ad-hoc working groups. The topics discussed in these working groups aim to bring services closer to the patients – virtual work solutions, however, serve this aim. Also, developments of the health care in general are discussed in these working groups, e.g. national health information system developments. In these discussions, EÕL brings out the needs of home care specialists as well, and generally, EÕL representative feel, their input is heard and taken into account. Their involvement has also improved a lot during the last decade, however the biggest issue is that the implementation process of any ideas is very long.

## 2.4.  Practices promoting decent virtual work

As part of this study, an interview was carried out with Koduõde OÜ, an Estonian largest and oldest private sector company in Estonia specializing on home nursing care. According to EÕL, it is one of the most advanced companies in the field in terms of ICT developments. Home nursing is by default the carrying out of duties outside of employer's premises. Hence, this type of work has grown out of necessity, rather than being facilitated or driven by the developments in ICT or trends in the labour market – it is also therefore that "virtual work" as a term is not prevalent in the sector, and "remote work" was found to be more applicable by the interviewees. While ICT has been gradually incorporated into the work processes, it is at a considerably lower pace when compared to other sectors involved in the current study. Yet, transfer to the full digitalisation of the records of home visits in February 2018 was a transformative change for the company and the sector. This became possible and thereafter compulsory after home nurses acquired the right to insert data into the national health database. Considering the age profile of the employees (average age being 50 years), it was met with hesitance and reluctance, however a year later, all nurses had acquired the skills and become accustomed to inserting information into electronic databases – either from their home computers or workstations that had been set up for that reason in the company's office. Still, for communication purposes, home nurses overwhelmingly rely on mobile phones – to contact head nurses, doctors or GPs of the patient. Since home nurses cannot access e-health database through the mobile phones, the head nurses serve as the main source of relevant data: they receive phone calls, conduct searches in databases and deliver the information over the phone. The interviewees expressed great dissatisfaction with the reliability of the systems, as well as not being able to access information that is relevant to carrying out their duties.

Although there are internal discussions in the company, they do not align well with the proposed approach of this study. The discussions circle around how to solve various incidents, rather than regarding the nature of work. Moreover, the home nursing sector representatives had difficulty relating with the whole concept of virtual work.

# 3. Virtual work in financial sector

## 3.1.  The impact of virtual work

Virtual work is not really widespread in the financial sector and thus the impact of virtual work on working conditions is limited. According to Estonian Communication and Service Workers' Trade Union (ESTAL), there are some exceptions though, including banks, who allow some of their employees to work outside of the employers' premises. In the financial sector, the limits on virtual work dominantly derive from data protection concerns. As with the IT sector in this study, virtual work is usually addressed within the principles or goals of offering more flexible working conditions to the employees.

As part of this study, AS SEB Pank (SEB hereinafter) was interviewed as one of the financial sector companies vigorously striving for flexible working conditions. SEB argues that while virtual work has its downfalls or rather "grey areas", it can contribute to creating more opportunities for flexible working and hence raise employee satisfaction. They also see that flexible working conditions are no longer a bonus, but a necessity to stay attractive as an employer in the job market, especially to the younger generations. SEB representatives felt that introducing company-wide flexible work principles has created a change in the wider organisational culture – although flexibility had been available in some departments for a long time, it is now no longer a privilege of the few.

## 3.2.  Main approaches to regulate virtual work

The collective bargaining in the financial sector in Estonia is practically non-existent and given that virtual work is also not widespread, there is no basis for regulating virtual work through collective bargaining in the sector. However, other practices have been used in the sector to introduce or regulate virtual work.

As an example of a company level approach, SEB facilitates social dialogue by inviting into and engaging employees in working groups. Working groups are viewed and promoted as learning opportunities and taking on new challenges, these groups address a variety of issues, for example, the yearly employee satisfaction survey is used as an input to tackle areas of improvement. They visit other companies for best practices, invite speakers, contact experts etc. They also create surveys among their employees and try to better their working environment according to their needs.

Also, companies may enter into direct dialogue with the state through state agencies. For example, SEB's human resource specialists have consulted with the Labour Inspectorate in order to map the legal frameworks for flexible working conditions. Then and even now, there remain many "grey areas" in the legislation (e.g. to what extent can the employer guarantee safe and suitable working environment outside of its premises), and both the Inspectorate and the employers in Estonia resorting to solving issues case-by-case.

## 3.3.  Main contested areas

According to ESTAL's representatives, there has not occurred any sector-level social dialogue around virtual work in the financial sector at all. They argued that even though remote working/home office is probably allowed in some financial sector organizations including banks, it is not as common as in the ITC sector and is practiced only from time to time. After the interview with ESTAL, ESTAL's representatives contacted one of the biggest banks in Estonia to further

analyse virtual work in the financial sector. They were told by the bank's employees that virtual work is usually done only by a few professions like business analysts, agile product owners, testers etc and that there seem to be only verbal and departmental level arrangements regarding virtual work.

There are also no employers' associations in the sector, who would identify themselves as social partners who could conclude collective agreements and who would actively discuss the working conditions in the sector.

Moreover, the relationship between trade unions and employers has been difficult for several years. It was challenging for a trade union to negotiate collective agreement with one sizable employer – it resulted in unlawful dismissals, protest actions and numerous conflicts for a couple of years. This has strongly affected social dialogue in the sector. It was also argued by one interviewee that employees in this sector do not feel comfortable stating publicly their membership in trade unions.

As virtual work is not widespread, there are no sector-level social dialogue partners on the employers' side and the relationship between trade unions and employers is complicated, there have not been any virtual work-related social partners' debates and discussions in the sector.

## 3.4. Practices promoting decent virtual work

As mentioned, virtual work is not widely used in the financial sector, which makes the evaluation of good social practice and innovations regarding promoting decent working conditions for virtual workers in the sector quite hard. There are companies though, who are increasingly trying to better the working conditions and environment for every worker, one of them being SEB. In SEB, virtual work has been addressed within the large-scale development program focused on new ways of working. Virtual work is not a goal in itself, but rather a way to offer flexible working conditions among various other measures, e.g. an activity-based office pilot in the headquarters, open office at a residential area in Tallinn, gradual transfer from desktop computers to laptops, etc.

SEB actively engages its employees in the development processes. One of the main formats is through initiative groups – these are formed to tackle various challenges or goals, operate for different time periods, and in general, call for voluntary participation from across the organisation. Through such employee initiative, in 2017 SEB launched a programme of New Ways of Working in order to address globalisation, rapid changes in technology, and generational changes in the labour market. The initiative started in Estonia and has grown to include all Baltic countries and same principles for flexible work have been adopted in Latvia and Lithuania today. The programme has many sub-themes, out of which several directly or indirectly relate to virtual work. It includes themes such as the well-being of employees and work-life balance – areas where flexibility of working conditions is seen central. Also, changing the physical working environment to be more diverse, support various work styles and paces, and agility of the organisation. Embracing new technological solutions is closely tied with both – the working environment, and well-being and co-operation between people. The underlying goal of the whole programme is to remain competitive and agile in the rapidly changing environment, both within the sector, as well as globally.

Close to one year ago, an open office with 10 working stations was created on the same premises where the call- and contact-center operates – 5 km from the city center. The workplaces can be pre-booked by anyone in the organisation and it has proven to be a welcomed alternative for various reasons. Its primary advantage is free parking and less traffic jams when compared to the

headquarters that are situated in the very center of the city. For the employees who live on that side of the city, it is an option that saves time. For some, it has become their preferred place of work, and they come to the headquarters only to attend meetings. Others have expressed that it offers a refreshing change, sometimes the whole teams spend a day at the remote office. Also, there is the social measure – working there creates opportunities to interact with other employees.

The potential for more virtual work is in the process of being increased, as desktop computers are gradually being replaced with laptop computers, with universal docks and monitors remaining on desks. SEB has also removed desk phones and transferred all calls to Skype.

A document of Good Practices was put together addressing the general principles of flexible work. This described how employees are expected to behave on daily basis, for example, how to remain available, how to designate your working status/location in Skype, how to guarantee safe working environment or manage access to IT-systems, etc. A new training on remote working and safety came to include themes on how to guarantee a safe and proper working environment at home (ergonomics, proper lighting, etc). Additionally, a self-assessment questionnaire was developed for all employees to help them evaluate how flexibility might suit them considering their personality, working habits etc.

SEB is therefore a good example of how a company in the more traditional and conservative sector of economy can take steps to promote flexible working conditions (including virtual work) for their employees, to enhance their image in the labour market.

# 4. Virtual work in IT sector

## 4.1.  The impact of virtual work

In many ways the IT sector is seen to be the forerunner of virtual work/home-based office and flexible working conditions in Estonia. The development of the IT and programming sector in conjunction with the spread of virtual work have contributed to the growth of new job opportunities but also of non-standard work arrangements. Non-standard work often means more flexible working conditions, but on the other hand might deprive many of access to standard employee' rights and benefits. While virtual work in the sector is ambiguous and not well-regulated, it makes assessing the impact of virtual work on working conditions challenging, as several companies and organizations make their own rules with many managers still believing that the key to effective work is face to face communication. At the same time, there are companies like Telia Eesti AS (one of Europe's largest telecommunications companies) where virtual work falls within the framework of the company offering flexible working conditions to all employees. Flexibility refers to both time and place and in general terms, there is no location-based division in how working is organised. The individual arrangements, limits or preferences on people working within or outside of the employer's premises are based on each department's internal agreements and rules.

As part of this study, Estonian Communication and Service Workers' Trade Union (Eesti Side- ja Teenindustöötajate Ametiühingute Liit, ESTAL) emphasized that although there are quite a few risks associated with virtual work, there are also some advantages that are seen as improving the working conditions in the sector:

- Virtual work can be a good opportunity for disabled people and people living outside the city centres where most of the ICT companies are based. Flexible working conditions offer the employees opportunities for personally suitable time-use.

- The employer can save up from the office expenses.

- Virtual work could replace the self-proprietors (FIE) who the companies sometimes hire for project-based work. According to ESTAL, being a self-employed person could place you in a worse position in what comes to tax regulations and health and safety issues.

Since concerns over health and safety, including the inability to guarantee equal working conditions, managers' fears of leading a team of virtual workers and the hesitation and scepticism of letting people work outside of their premises, data protection problems, concerns regarding "psychosocial" factors like overworking and stress continue to hinder the spread of virtual work, it is hard to tell when and how the advantages of virtual work will reach the majority of the IT sector.

## 4.2.  Main approaches to regulate virtual work

The regulation of virtual work through collective bargaining in the sector is rather non-existent. According to ESTAL, there are not any sector-level agreements that include references to virtual work or any similar categories. A few years ago, ESTAL as a trade union, made a proposal to add provisions about virtual work into the collective agreement to one of the biggest telecom companies in Estonia - Telia, but they refused and did not see its necessity. With other telecom/ICT companies, the topic and issues of virtual work have not come up in social dialogue while discussing collective agreements. ESTAL sees the refusal and lack of interest from other similar companies

mainly as scarcity of statutory regulations. On the state level, the topic of virtual work has not been on the agenda and ESTAL feels that the companies are not ready to take full responsibilities of the people working from home. While remote working or home-based office is becoming more and more widespread, especially in the ICT sector, signing collective agreements on the issue would make it official which would increase the responsibility of the companies. Companies do not have the knowledge and practices how to deal with the situation that some people could be permanently working from home. Based on the case studies the main concerns for the companies are related to management principles and organizational culture – the fear of whether or not employees are actually getting work done from home and not abusing virtual work opportunities. At the same time the concerns are also related to the occupational health and safety issues of the virtual workers. According to ESTAL the issues and questions that have been raised by the companies are:

- how to ensure or enable virtual workers equal working conditions that in-house employees have?

- whether the companies should pay for the virtual workers home office fees e.g. electricity, other utilities etc?

ESTAL's representatives also brought out that while the Estonian Trade Union Confederation and Estonian Employers' Confederation have signed a framework agreement on telework in 2017, based on the European level framework agreement on telework concluded by the social partners on 16.07.2002, it is still not sufficiently detailed and practical for the companies to follow.

At the company level it is somewhat paradoxical, that Telia Eesti AS, unlike most private sector companies in Estonia, has both a trade union and practices collective agreements. While theoretically this could create opportunities and a stage for social dialogue or collective bargaining, it is not the case the in Telia. Telia representatives were unable to determine when virtual work, as defined in this study, become available and the whole human resource team insisted that no social dialogue or collective bargaining over virtual work has ever taken place in the way it is assumed in this analysis. Instead, Telia representatives view it as an evolutionary process and the human resource team claimed that their principle is: "The rule is – there are no rules". In their opinion, rules are problematic since they lead to the need of making endless exceptions. The HR team argued that both the development and the implementation of flexible work has been an evolutionary and organic process and is debated and agreed upon on at departmental level.

## 4.3.  Main contested areas

ESTAL as a trade union is interested in the topic of virtual work but isn't actively putting forward any proposals to the companies in their sector, since the companies don't see regulating virtual work as necessary quite yet. ESTAL is nonetheless ready to tackle this issue in the future and they do see virtual work as something that needs to be more regulated in order to protect the employees' rights. They feel that the regulation must start at the state level – yet, it is still unclear whether the state sees and approves virtual work as a means of alleviating labour shortages and making work environments more flexible or do they see it more as a risk bearing phenomena. ESTAL's representatives feel that if the state wants to promote virtual work, then they should think about offering tax incentives to those companies willing to sign virtual work-based contracts. This could also benefit the sectoral trade unions, who then have the state approved regulations they can rely on during collective agreement discussions with the companies. For ESTAL, it is a concern

that the social dialogue about virtual work hasn't been on the agenda and even the concept "virtual work" doesn't have a uniform definition.

While ESTAL as a trade union sees the importance of the topic of virtual work in future discussions and social dialogue with the companies and social partners, the Estonian Association of Information Technology and Telecommunications (ITL) as an employers' association did not see its necessity. ESTAL's representatives also mentioned that from their experience with some of the biggest ICT companies in Estonia, many companies are not ready to sign collective agreements with trade unions unlike elsewhere in Europe. These companies insist that they have the capabilities, expertise and resources they need to deal with the challenges on their own.

At the company level, the social discussions over allowing more flexible working conditions to their employees can sometimes be challenged by the state as was the case with Telia Eesti AS. Curiously enough, Telia's noteworthy negotiations over flexible and virtual work have been with the Estonian Labour Inspectorate, who has made formal notices arguing, that company's internal rules and regulations are not in accordance with the legislation. For example, it has been demanded that a workday must be expressed by specific time of day – what time it starts and what time it ends. They argued that it is insufficient to state that the average working time per week is 40 hours. Another notice demanded that a specific time needed to be introduced for lunchtime. Telia's HR managers assert that it is the state and the outdated legislation that limit and challenge their attempts to offer flexible working conditions. There have been initiatives in Estonia to introduce amendments into labour legislation, driven by the IT-sector, in order to facilitate more flexibility, however no changes have been made so far. The only exception is the abovementioned explanatory guidelines to the Occupational Health and Safety Act that provides guidance to employees and employers using teleworking/virtual work.

## 4.4.  Practices promoting decent virtual work

As in the other sectors mentioned before in this study, the main innovations and good social practices in promoting decent working conditions are associated with the improvement of general working conditions for every worker, rather than directly creating better working conditions for virtual workers. This is mostly because virtual work is not unequivocally defined and used in the IT sector and in Estonia in general.

Telia, a telecommunications company interviewed for this study could indeed be viewed as the flagship of flexible working conditions in Estonia, it was the first large company to introduce a fully activity-based office in its new headquarters that opened in 2017 and is the home base for 800 employees. Telia sees flexible working conditions as a contributing factor for higher motivation, productivity and increased employee satisfaction; it is also cost-effective as not as many workplaces needed. In addition, expectations on the job market have changed. Since Telia has practiced this for a considerable period, it has by now become part of the organisation's culture.

Offering flexibility to employees in Telia is manifold, also in terms of space and place. Telia has branch offices all over Estonia and employees have the right to work out of any of them. This is used more in the summer period, with employees preferring to spend time in the summer houses or near beaches. Currently, Telia is developing a new concept for its shops with a vision of offering flexible working space for their customers. Eventually, those spaces will also be available for use for Telia's own employees. Flexible work is facilitated by ICT, and being a leading technology company in Estonia, Telia has the means and the knowhow to provide excellent remote working conditions from anywhere. All their employees are provided with smartphones and data

communication packages and all but the frontline service personnel with laptop computers. Secure remote access to company databases is also provided.

Telia was among the leading Estonian companies to offer the kind of flexibility that may still appear as a privilege in many other companies today. For their employees in general, it has become a normality. Interestingly enough, while at earlier times employees expressed the desire to work from home, it is currently not as prevalent as one would expect. Telia has not researched the extent of virtual work outside of employer's premises, but the general feedback from employees is, that they prefer coming the office because they appreciate the social side of, it improves communication, and helps to maintain a healthier work-life balance. It indicates that true flexibility entails the individual's right not to work flexible hours and not to work from anywhere.

# 5. Conclusions and Recommendations

1.  According to European Working Conditions Survey data, **20…27% of Estonian employed persons are virtual workers** in 2015. Due to a small sample size of the survey (and other surveys) there are no valid and reliable estimates of virtual work across occupation, sector, type of employment, and collective representation.

    **Working conditions of virtual and traditional workers are rather similar than different**. On average (i.e. median) virtual workers have a slightly better physical environment, work intensity, skills and discretion, prospects and earnings, though regular workers have better working time quality.

2.  In a recent analysis **of industrial relations systems** in Europe, the European Commission (2016) positioned Estonia in the group of countries that could be described as countries with fragmented and state centred industrial relations regimes. Eurofound (Welz et al. 2016) classifies Estonia as central and eastern countries, where i) legislation related to the key dimensions of industrial relations is less stringent in comparison with other European countries; ii) there a comparatively weak legal framework for industrial relations contributes to under-resourced institutions and more voluntary initiatives than mandatory actions; iii) trade unions fear a potentially diminishing social dialogue and are concerned about their lack of capacity to influence it, and employers' organisations accept corporate social responsibility on a voluntary basis.

3.  Estonian **legislation on virtual work** is scarce – telework being the only work form that can be defined as virtual work, although its definition is so wide that it covers other ICT-based mobile workers as well.

    The main policy debate has been the **health and safety issues** related to ICT-based mobile work and virtual work as up till 2019, employers were responsible for ensuring health and safety of the employee, however in case of teleworking and virtual work, employers struggle to control factors influencing employees' health and safety outside its premises and immediate control. The recent amendment of the Occupational Health and Safety Act that stipulates the right to conclude an agreement between the employer and employee on contractual penalty in case the employee does not fulfil the occupational health and safety regulation.

4.  **Peak level social partners** have seen the need for further regulation and in 2017 concluded a joint agreement stating guiding principles to encourage the use of virtual work and build good practices. The agreement was concludes as i) the virtual work is expected to rise in the future due to technological developments and new forms of work; ii) the current legislation did not provide enough regulation related to teleworking, and iii) to implement the European level social partners' framework agreement on telework from 2002.

    Confederations consider the positive effect of the **EU framework agreement** is that it became the basis for developing cross-sectoral agreements signed between social partners; however, at the same time also expect dissemination and consultation on industrial relations system specific implementation best practice.

5.  **Sectoral industrial relations**, trade union membership and collective bargaining coverage are one of the lowest in Europe. In some sectors, including financial activities and computer programming sectors, social partners and collective bargaining is practically non-existent. At the same time, **in health care**, sectoral collective agreement has been concluded to mostly regulate

renumeration and working time, but not explicitly virtual work. According to available data, there are no sectoral social partner initiatives on virtual work, though a few years ago, ICT sector trade union (ESTAL), made a proposal to add provisions about virtual work into the collective agreement to one of the biggest telecom companies in Estonia. The proposal was unsuccessful due to priorities in industrial relations and importance of face to face communication to employers and human resource management practices.

6.   **Sector level initiatives are conditioned by several contingencies**, including i) awareness of the EU Framework Agreement and its implementation process could be improved by sharing state and sector level best practise initiatives; ii) the EU Framework Agreement and Estonian and peak level social partners' agreement is considered not sufficiently detailed and practical for the companies to follow opening opportunities for sector level initiatives; and iii) although it is sometimes discussed that there is nothing to further regulate yet, the need and use of virtual work will probably increase in the future due to technological developments and demand for more flexible terms of employment and working conditions.

7.   The potential risks of terms of employment and working conditions that could be further prevented and tackled via sectoral initiatives are i) ensure that the people doing virtual work have the same **healthy working conditions** that in-house employees have; ii) managing virtual workers who are working **outside the office hours and doing overtime work** is more challenging both for employees and their employers , iii) **data protection and privacy** is also a concern as risks of exposing their computers or sensitive data to third parties is higher, and at the same time employers control over working arrangements and tools introduce intrusion to privacy.

8.   Despite the lack of sectoral social partner initiatives on virtual work, however as there are quite a lot of virtual workers in Estonia, it can be assumed that **individual enterprises** could be the main partners shaping the good practices of virtual work. In addition to company level trade unions, the **employees' trustees** and **working environment representatives** forms a backbone of Estonian collective employment relations. This, however, also triggers non-formal negotiation and consultation on virtual work practices. That includes, even if the negotiation and consultation lead to outlining general values and guidelines at the workplace level, these are translated into daily activities via individual employment relations practices, including negotiation between managers and subordinates, or between team members themselves.

9.   Going beyond virtual work, individual enterprises, especially in the computer programming and telework sector, but also in the financial sector, have been shifting more towards offering their employees **flexible working conditions**. This could mean an activity-based office, providing employees with laptops, smartphones etc., allowing to work from home and allowing the start of the work day to be more flexible. The enterprises also feel that flexibility in the working time and place including virtual work has been an evolutionary and organic process where there are no rules because every employee and circumstance can be different. However, the interviewed enterprises in the telework and financial sector also indicated that due to **rigid labour legislations** in the state level and sometimes even employers', especially managers', **traditional ways of thinking** about when and where work should be done, limit and challenge their attempts to offer flexible working conditions.

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# Annex Methodology

The fieldwork for the study was carried out in Spring 2019. The peak-level social partners semi-structured interviews and analysis were done in accordance with the methodological guidelines. For the sectoral level analysis, fewer semi-structured interviews were conducted than initially proposed in the methodology plan. This happened due to the fact that in Estonia there aren't as many employer organisation representatives in some sectors like home health care and financial sectors. Furthermore, some sectors like ICT and financial sector are represented by only one trade union organization and one representative. In this analysis the same representative was used for describing social partners dialogue about virtual work in the ICT and financial sector. The mini case studies were done according to the methodological guidelines.

There is only one sectoral level trade union in the financial activities sector - The Union of Estonian Financial Sector Employees (Eesti Finantssektori Töötajate Liit, EFL) that was created in 2013. EFL joined the trade union organisation Pro Trade-Unions (Pro Ametiühingud) early 2019. Pro Ametiühingud is de jure previous Sidetöötajate Ametiühing (2000 - 2018) and now unites the employees of the postal, telecommunications, logistics, media, information technology, finance, service and other sectors into a common trade union. Even more, the Pro Ametiühingud is closely connected to Estonian Communication and Service Workers' Trade Union (Eesti Side- ja Teenindustöötajate Ametiühingute Liit ESTAL) with whom they share organisational resources. Including, while mapping and connecting with the programming sector and financial activities sector representatives for this study the same contact persons emerged with whom the computer programming sector interview was done. During the computer programming sector interview with ESTAL, financial activities sector regarding virtual work and collective agreements was also covered as much as possible.

It proved difficult to find employee representatives that matched the expectations of this study – having had a role in the social dialogue that outlined the guidelines for virtual work. Although all organisations had official elected and appointed employee representatives, the management confirmed that with regard to the implementation of virtual work, these persons had had no role. Hence, substitutes were found, with the focus of them being able to analyse and reflect the working conditions of employees engaged in remote work.