



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Peer Country Comments Paper - Estonia

**Can experience sharing engage
employers' willingness to try?**

Peer Review on "Employer service delivery"

26-28 October 2020

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1 Introduction

This paper has been prepared for the Peer Review on "Employer service delivery" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country and the situation in Estonia. For information on the host country policy example, please refer to the Host Country Discussion Paper.

2 Situation in the peer country

With the work ability reform in 2016, recruitment of people with reduced work ability has become particularly important in the context of labour market policies and on the political agenda. Tackling the large labour force needs, bringing people from inactivity into employment are the core reasons for employment of people with reduced work ability. Corporate social responsibility is particularly stressed by Unemployment Insurance Fund (PES) as an argument to hire vulnerable groups.

The work ability reform introduced a new framework for activating people with reduced work ability, raising the responsibility for evaluating work ability and assessing the need for various services from Social Insurance Board to Estonian PES. With this change, people applying for an evaluation of work ability are automatically positioned in the centre of labour market measures.

The reform introduced new labour market measures, particularly targeted to jobseekers with reduced work ability as well as employers willing to employ them. The support to employers is provided through tax relief measures as well as labour market measures in PES. The role of PES is to provide advice and guidance as well as financial support and labour market measures to employers hiring people with reduced work ability. Four measures are directly targeted at employers: counselling and providing information; wage subsidy; social tax reduction; and adjustment of workspace. Counselling can be either individual or group based. In order to reach a wider audience of employers, regional information events are also organised by PES to increase knowledge about potential ways to support employees with reduced work ability. In order to cover the whole country, PES conducts regional information events in every county 1-2 times per year (Masso et al. 2019).

This is accompanied by a wider information campaign that aims to support implementation of work ability reform and is coordinated by the Ministry of Social Affairs. In 2015-2016 the main focus was on providing information on the changes related to work ability reform. In 2017 and 2018, the focus was set on informing employers and the wider audience on reduced work ability and options to support active participation in the society for those with reduced work ability (Masso et al. 2019). Still, awareness among employers remains low (see also Section 3 below).

There are no quotas set in Estonia for the employment of people with reduced work ability. At the onset of the reform, employment of at least 1,000 people with reduced work ability in Estonian public sector was announced. However, this initiative failed as a tool to empower people with reduced work ability due to a lack of candidates in the public sector. It was clear that is important to raise awareness among HR employees as well as people with reduced work ability to improve matching between people seeking work and suitable jobs.

While PES plays a central role as a service provider, cooperation with social partners, employer organisations, organisations representing people with reduced work ability and local municipalities is also important (Masso et al. 2019, Praxis 2017). It is necessary to empower people with reduced workability, raise awareness in the society and engage employers. According to a recent study, PES is tightening cooperation with local municipalities, although the capabilities to take up such cooperation and provide services to those in need varies greatly across municipalities (Masso et al. 2019).

3 National policies and measures

PES is the main contact point in Estonia to support employers looking to hire people with reduced work ability. While some of the measures are specifically related to reduced work ability, others are wider, introducing support to employers no matter the target group they are hiring. For instance, PES has employer counsellors specifically focused on hiring people with reduced work ability. Their task is to support employers in handling various special needs at the workplace. Some of them have special needs themselves enabling to share their experience with employers. A central team of five people provides counselling across the country, with locally organised events as necessary. Each counsellor is focused on a particular type of disability enabling to provide advice and knowledge on handling particular types of needs at the workplace (e.g. mobility, visual, hearing or mental disability). In addition, PES has a network of employer consultants, who are operating at local PES offices (about 25 consultants across the country). While they focus on employer services and support them more widely, they can also advise on the employment of people with reduced work ability. PES makes efforts to reach out to new employers through information events organised across the country, information letters and taking contact with new employers, etc.

Overall PES services to employers include:

- Support in filling vacancies: generating and publishing job offers, finding suitable candidates among the clients of PES (including those with reduced work ability), organising recruitment events to bring together job seekers and employers, organising work fairs, enabling work trials where employer gets an opportunity to check suitability of the candidate during one day.
- Preparation of labour force: individually designed courses to train new employees (based on the needs of the specific employer), work practice in cooperation with employers (that enables jobseekers to gain a work habit, get used to the working environment, acquire some practical skills etc), support in gaining qualifications for jobseekers, financial support for training for recruiting employers (covering training, commuting and salary expenses for the period of training at a maximum extent of EUR 1,250 per employee, up to EUR 2,000 for people with health problems).
- Supporting employment: this type of support is particularly targeted at employers hiring people with reduced work ability. While the wage subsidy measure is wider and also available to other risk groups, other measures specifically target companies that employ people with reduced work ability: social tax relief for employees with reduced work ability, workplace adjustment, provision of assistive work equipment, providing support person at the workplace to support adapting to the work environment, counselling employers that need assistance in recruitment of people with reduced work ability or upon supporting adaptation to workplace or remaining in employment.
- Prevention of unemployment: counselling upon redundancies, training of employed people at risk of losing their job (including people who cannot continue at their current job due to health reasons), coverage of employer training expenses to adapt to change (e.g. implementation of new technologies, change in legal framework etc), career counselling to employed people (Unemployment Insurance Fund 2020).
- Support in recruitment from Europe: mediation of international job offers (Eures portal), preselection of candidates, advise on employment of foreigners, organisation of recruitment events online and in European countries.

The services listed above are available to all employers. However, PES has outlined, that they turn specific focus on engaging the following types of employers (Unemployment Insurance Fund 2020):

- Regionally important employers: employers that play an important role, provide large number of jobs in the region and/or participate actively in its development, etc.
- Employers that provide jobs in fields that are defined as growth areas in the perspective of next 5-10 years: this targets particularly sectors where there are not enough people with necessary skills and training while the demand for employees is growing and areas which focus on smart growth (areas with high productivity). Growth areas and respective jobs are defined based on sectoral labour force surveys by OSKA¹.
- Socially responsible employers: employers that commit to the principle that all employees, despite their special needs, have a suitable job opportunity. Such employers are identified based on their queries towards PES, i.e. employers who turn to PES to seek assistance in adapting to the different needs of jobseekers and employees.

Since 2012, PES started concluding cooperation agreements with employers. This includes in particular employers that have a cooperation history with the PES (i.e. have used PES services regularly). The cooperation partners offer apprenticeship opportunities for PES clients to ensure that job seekers meet the needs of employers and have the opportunity to acquire necessary skills to work at the company. In return, PES supports employers in filling vacancies, matching jobseekers with the vacancies and organises meetings between jobseekers and employers to fill the job posts. The cooperation partners are mostly large employers with large labour force needs and large number of vacancies to fill. Currently (as of February 2020), PES has listed 57 cooperation partners across the country². These partners have also agreed to share their experience on the cooperation with the PES and the recruitment of various target groups (including those with reduced work ability) with other employers at the events organised by PES. Hence, they also operate as a contact point for other employers interested in hiring people distant from the labour market or simply cooperating with the PES.

In summary, PES provides a diverse selection of measures, tailored to the needs of particular employers. While not all services focus on people with reduced work ability, combining these activities within the PES enables to keep in mind the needs of people with disabilities and potentially connect jobseekers to suitable jobs.

The measures are financed from labour market services and benefits fund (financed from unemployment insurance and redundancy payments) and European structural funds (European Social Fund). In the 2020 budget, EUR 21.9 million is allocated to the measures for the target group of work ability reform, of which 85% is financed by EU structural funds. Hence, an important issue will be the exit strategy from EU financing and ensuring the sustainability of financing of these measures in the long run.

A recent mid-term evaluation of the work ability reform (Masso et al. 2019) has shown that employers generally have positive experiences in cooperation with the PES. PES consultants are flexible in meeting the needs of employers, even providing counselling at the employers' premises in how to adapt workplaces to various special needs. Recent employer satisfaction survey has shown that employers mostly communicate with the PES through dedicated consultants (65% of those who have used PES services) (Turu-

¹ OSKA is a system of labour market monitoring and future skills forecasting in Estonia, coordinated by different ministries and social partners. Research team of OSKA publishes regular sectoral level reports, which are available online at: <https://oska.kutsekoda.ee/en/oska-sectors/>

² Unemployment Insurance Fund cooperation agreement partners: <https://www.tootukassa.ee/eng/content/employers-and-partners/employers>

uuringute AS 2019). The role of public media as the information source on PES services is declining (Turu-uuringute AS 2019). This suggests that networking activities of PES are of high importance in engaging employers while media might not be as effective. The main channel to reach employers is through information published on the website of Unemployment Insurance Fund. PES events for employers tend to be more efficient in reaching medium or large employers (100+ employees) while only a small share of small companies (less than 10 employees) are reached through these events (47% among large companies compared to 10% among small companies).

Despite the multitude of services available to employers, research has shown that employers' awareness of the available services and measures to support employment of people with reduced work ability, has not increased between 2015 and 2017, in the course of the implementation of the work ability reform (Masso et al 2019). The share of employers in Estonia with at least two employees, who have had contacts with people with reduced work ability, increased only slightly from 60% to 67% (this includes contacts within working or private life) (Turu-uuringute AS, Centar 2018). Still, the share of employers who have hired people with reduced work ability, remained unchanged at 31% in 2017 (29% in 2015) (Ibid.). A total of 44% of employers in Estonia stated that they could employ (more) people with reduced work ability (Ibid.). Hence, the challenge remains in raising employers' awareness of the services and measures available to them and in engaging more employees in hiring people with special needs. Research confirms that experience in employment of people with special needs increases readiness to do this again in the future (Masso et al. 2019) and hence experience sharing among employers is of high importance.

Employers' Community is a measure aimed towards experience sharing. It was initiated by Estonian Employers' Confederation and Estonian Human Resource Management Association within the framework of an ESF funded project for 2017-2020. The community involves employers that are role models with their practices and experiences with creating a work environment that suits employees' needs. The community supports mutual learning and sharing best practices in hiring and engaging people with reduced work ability.

The community shares employers' experiences in adapting workplaces to various special needs and encourages other employers to follow their lead. Experiences are shared as written materials as well as video stories. The community also provides links and information to available support measures. There are 39 companies listed as members, including from public as well as private sector. A survey of employers' awareness showed that only 5% of employers had heard of the initiative in the year the initiative was launched (Turu-uuringute AS, Centar 2018). It seems that the initiative has not been visible outside the member organisations of the project initiators. Employers still face the lack of ideas in adapting workplaces and lack of good practices/examples to deal with these challenges (e.g. how to deal with various special needs, what works in certain contexts, how to find support, etc.) (Praxis 2017). A recent study found that employers themselves feel that sharing employers' experiences and practices in handling the challenges of adapting workspaces and employing people with special needs remains important in engaging new employers and reducing fears of potential challenges (Masso et al 2019). Increasing awareness among employers as well as encouraging of people with reduced work ability and raising supportive attitudes towards their employment remain core challenges of the information activities. Although supportive attitudes towards employment of people with reduced work ability has increased slightly over 2015-2017, attitudes and actual recruitment practices of employers are still slow to change (Masso et al. 2019). While engagement of social partners has been successful, it will be important to increase engagement of organisations representing people with special needs to advocate for their members and to raise awareness on dealing with these special needs at the workplace.

Overall, relatively similar services are implemented in Estonia, compared to the Dutch example. While the elements and design of the measures may differ somewhat, the

overall goal seems to be the same. A measure, that has not been tested in Estonia, is no-risk policy. This is something that is of concern for Estonian employers when hiring people with reduced work capacity – a fear that employment will be unstable due to poor health conditions (Praxis 2017).

There are several common challenges. For instance, the skills and knowledge of jobseekers with special needs tends to be rather low and do not match the needs of employers, who are looking for specific skills (e.g. people with higher education) and/or ability to work a full-time job or long shifts (Masso et al. 2019). Also, low awareness of employers is a common feature – it is a challenge to reach some types of employers (e.g. small and medium sized employers).

While the central role of PES seems to be a common feature, the Dutch example seems to include a higher focus on local level cooperation (with municipalities, schools, temporary work agencies, research centres etc.). In Estonian case, the main focus is on PES and services offered by PES. While cooperation with local level municipalities has been improved in Estonia, this focuses more on the risk groups rather than employers.

4 Assessment of success factors and transferability

The Dutch paper identified five success factors that are reflected upon based on the Estonian experience.

Involvement of social partners: a similar commitment has been taken in Estonia with the work ability reform. Social partners have widely supported the need for the reform and were involved in the preparation of the reform and related discussions. Also, social partners are among the members of the tripartite supervisory board of Unemployment Insurance Fund, which is the main body responsible for the implementation of work ability reform.

Normalising hiring of target groups: the Estonian work ability reform has brought a giant leap towards wider public discussions on employment of people with reduced work ability and normalising these discussions among employers. While employers are well aware about the reform, the awareness of support measures available to them to hire people with reduced work ability has not improved during the reform (2015-2017) (Masso et al. 2019). There is a need to improve awareness of employers, as well as people with reduced work ability themselves (to empower them and improve readiness to take up employment) and the wider public to support activation of people with special needs. As workplace adjustment is relatively new for employers, it will take time to increase employers' awareness and improve take up of respective supportive measures (Praxis 2017).

Tailored services: this is an important feature of the Estonian PES services as well, i.e. approaching each employer individually based on their specific needs and questions. This is possible due to a network of employer counsellors in PES and specific measures targeted to employers. However, it needs to be kept in mind that such tailored services are only possible to target large/influential employers while small and medium sized companies remain out of reach/radar of the employer counsellors.

Single desk for employers: work ability reform in Estonia introduced a single desk for employers, placed at the PES. However, local level cooperation with various stakeholders does not seem as strong as in the Dutch example. Local level cooperation with partners outside PES varies greatly by municipalities due to their different ability to handle the issues of people with reduced work ability.

Align social security system with flexible labour market: this is the least developed feature in the Estonian system. The reality of a flexible labour market differs from the Dutch example as full-time job remains the norm in Estonia. Only 11% of all employed people aged 15-64 work part time in Estonia in 2019 (Statistics Estonia). Hence, flexible work arrangements are not as available to people with reduced work

ability as in the Dutch example. This also means it is more difficult to enter employment and remain in unemployment and/or inactivity.

5 Questions

- What is the role of local level cooperation between various stakeholders (PES, municipalities, schools, etc.)? How does the education system contribute to engagement of employers in activation of people with reduced work ability? Who has the coordinating role? Does the contact point for employers offer services of all stakeholders at one place?
- Has the no-risk-policy proven successful in engaging employers and increasing readiness to employ people with reduced work ability? What seem to be the main success factors of this particular measure to work?
- Is the demand by employers to engage people with special needs met by equal supply (i.e. readiness of people with special needs to enter employment) in the Dutch case? Is there a challenge in increasing supply of labour among risk groups to raise activeness in the labour market?

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Annex 1 Summary table

The main points covered by the paper are summarised below.

Situation in the peer country

- Work ability reform has raised the importance of employment of people with reduced work ability high on the political agenda and the public discourse.
- New services targeted to employers for recruitment of people with reduced work ability are introduced in PES since 2017 with the reform.
- Information campaigns launched in 2017-2018, have supported implementation of reform and raising awareness of employers.
- Cooperation with social partners, employer organisations and local municipalities has been important in implementing the reform. Engagement of organisations representing people with various types of special needs remains a challenge.

National policies and measures

- PES offers a wide range of services for employers, both targeting people with reduced work ability specifically and various groups distant from the labour market.
- While services are available to all types of employers, large/influential employers are specifically targeted to gain more impact.
- Individual contacts between employers and PES counsellors have a central role in engagement of employers while the role of media as information source is declining. Still, employers' recruitment practices remain unchanged and awareness of available support measures remains low.
- Employers' Community as a project-based approach has not been widely recognised outside the member organisations while experience sharing has proven an influential tool for employers to provide real-life examples in dealing with the challenges related to employment of people with special needs.

Assessment of success factors and transferability

- Most of the success factors identified in the Dutch example are also applicable in Estonia and have been important features of the Estonian work ability reform.
- The main difference lies in the low availability of flexible forms of work (e.g. part-time employment) which means it is more difficult to enter employment for people not able to work a full-time job or long shifts.
- The different capacity of local municipalities to support people with reduced work ability also hinders local level cooperation. Nevertheless, PES proves to be a well-recognised main contact point for employers.

Questions

- What is the role of local level cooperation between various stakeholders (PES, municipalities, schools, etc.)? How does the education system contribute to engagement of employers in activation of people with reduced work ability? Who has the coordinating role? Does the contact point for employers offer services of all stakeholders at one place?

- Has the no-risk-policy proven successful in engaging employers and increasing readiness to employ people with reduced work ability? What seem to be the main success factors of this particular measure to work?
- Is the demand by employers to engage people with special needs met by equal supply (i.e. readiness of people with special needs to enter employment) in the Dutch case? Is there a challenge in increasing supply of labour among risk groups to raise activeness in the labour market?

Annex 2 Example of relevant practice

Name of the practice:	Employers' Community (<i>Tööandjate ühisus</i>)
Year of implementation:	2017-2020
Coordinating authority:	Estonian Employers' Confederation and Estonian Human Resource Management Association
Objectives:	Engaging and networking employers that can contribute to wider engagement of people with reduced work ability and provide guidance to other employers who might follow their lead.
Main activities:	<ul style="list-style-type: none"> • Sharing experiences and solutions to problems in employing people with special needs. • Collecting experience stories and sharing these with other employers. • Networking of employers willing to employ people with reduced work ability. • Information sharing (guidance on dealing with various special needs, measures available for employers etc.).
Results so far:	39 companies listed as members. The initiative is not well known outside of the coordinating organisations.

Name of the practice:	Employer counsellors for recruitment and support on reduced work ability
Year of implementation:	2016
Coordinating authority:	Unemployment Insurance Fund
Objectives:	Raising awareness among employers and counselling on employment of people with reduced work abilities.
Main activities:	<ul style="list-style-type: none"> • Individual counselling based on the specific needs of the employer (involving experiences of other employers, consultations with specialists on specific special need, meeting at the premises of the employer, etc.). • Group counselling for several employers with similar background and/or similar experience to prevent potential obstacles in employment of people with reduced work ability and share experiences among employers. • County seminars (awareness raising events) open to all interested employers in the region who need knowledge related to particular special needs or available services to support employment of people with special needs.

Results so far:	The activities are considered important as employers recognise the central role of PES in providing knowledge and information on recruitment of people with reduced work ability (Masso et al. 2019). Employer counsellors are the first contact point in the PES for employers willing to hire people with special needs.
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