



Personal and household services (PHS) in Central and Eastern European countries:
Improving working conditions and services through industrial relations

Country report for Estonia

Jaan Masso
Liis Roosaar

University of Tartu



Funded by the European Union; Reference 101052340.

Funded by the European Union. The views and opinions expressed are however those of the authors only and do not necessarily reflect those of the European Union. Neither the European Union nor the funding institution for the project can be held responsible for them.

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List of abbreviations

Abbreviation	Definition
PHS	personal and household services
S	stakeholders
INT	interview
FG	focus group

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Executive summary

The development of personal and household services (PHS) is essential to creating jobs, freeing people to enter the labour market, and allowing those needing care to stay at home longer. Yet the sector is hampered by problems with working conditions and an inadequate regulatory framework, especially in Central and Eastern European countries. The PERHOUSE project aims to identify opportunities to improve working conditions and services in the PHS sector in Central and Eastern European countries through the development of industrial relations. The PHS sector is defined in the context of the project as a wide range of services that contribute to the well-being of families and individuals at home: childcare, long-term care for the elderly and disabled, cleaning, remedial education, home repairs, gardening, ICT support, etc. To map the sector's problems and propose solutions, in addition to collecting and analysing existing information (surveys, statistics), a survey of PHS users was carried out to analyse the demand for services and a survey of PHS stakeholders to map their perception of the sector's problems. Additionally, information was collected through interviews with social partners and other stakeholders and focus groups with different PHS sector workers (e.g. nannies, home tutors, carers, home-based small-scale providers).

As expected, mapping employment in the sector revealed a low share of formal workers, a significant female workforce, and relatively low wages. The informal provision of services by micro-enterprises and the self-employed leads to accepting cash without issuing receipts and tax optimisation, which also hinders the compilation of accurate statistics on the number of employees and wages. The lack of social protection arising from informal employment is compensated by the provision of services on a part-time basis. On the other hand, the informal market of services poses problems for formal service providers in terms of expansion and recruitment. Recruitment is also hampered by labour shortages in the sector due to low wages and high levels of responsibility. Due to the market's small size, people in need often find service providers through personal contacts. The price sensitivity of service users often prevents them from hiring a professional service provider. Demand in the PHS sector in Estonia is lower than the EU average due to the preference of users to provide many home-based services (e.g. self-care) themselves and the limited funds of many clients (e.g. old-age pensioners). In addition to low wages, high workloads are a particular problem in the care sector. However, this is sometimes compensated by other work-related benefits (friendly colleagues, the positive emotion of helping people), as well as the independence and freedom to choose work and clients that come with being self-employed. The provision of services through platforms, which is common in certain sub-sectors of the PHS sector, differs from the provision of transport and food delivery services through platforms, as in the PHS sector, clients often do not give a rating to the service, platforms have less influence on workers to pick a certain task or client (e.g. also to work formally) and actors prefer free platforms, which largely act more as advertisement portals, thus limiting the role of platforms in influencing working conditions.

The role of social dialogue is, at least for the moment, relatively limited in the PHS sector. While there is a certain interest among enterprises in cooperating, it is more challenging to organise employees, who often have neither the interest nor the opportunity to form unions. Platform workers or people with side jobs in the PHS sector do not feel the need to join, as the benefits of organising are not clear enough for them and do not seem to outweigh spending their resources. In addition, the existing trade unions do not always have the capacity to organise PHS sector workers, although the situation could be different in care services compared to other PHS sub-sectors. In the future, the organising of employees could be based on successful and less traditional organising practices in other sectors. The stakeholder survey outlined low wages, high labour costs and labour shortages as the most important problems in the PHS sector.

The results of the current report indicate that a balanced development of the care sector requires paying attention to home care alongside support for nursing homes. In the long term, developing an insurance system could be considered a measure to solve the scarcity of funding in the care sector. In other sub-sectors of the PHS sector, introducing tax incentives for PHS customers could improve the affordability of services and reduce informal employment. A holistic and balanced development of the PHS sector could benefit the whole economy, e.g. freeing people into the labour market and improving the population's mental health. The development of long-term employment relationships in the PHS sector and the professionalisation of the workforce could support the development of social dialogue and address other challenges in the sector.

National regulation of the sector could aim at long-term agreements over electoral cycles, which would support the development of social dialogue by ensuring a level playing field and avoiding over-regulation.

Introduction

In the personal and household services (PHS) sector, demand is increasing due to both population ageing and the general trend of deinstitutionalisation. Deinstitutionalisation means that living independently at home is preferred over living in institutions or care facilities, provided there is sufficient reliable support and assistance available. For the elderly, deinstitutionalisation also helps prevent their admission to round-the-clock institutional care or delay it until the distant future.

To support and enable living at home, community-based domestic services such as home help and personal assistance are necessary. Within the framework of the PERHOUSE project, the PHS sector covers a broad range of activities that contribute to the well-being at home of families and individuals, according to the definition by the European Commission (2012): child care, long-term care for the elderly and for persons with disabilities, cleaning, remedial classes, home repairs, gardening, ICT support, etc. However, in such an emerging sector, there may be many issues that need to be addressed, including systemic rights violations, poor health and safety conditions, low wages, undeclared work, abuse and labour exploitation.

Addressing these problems could potentially create new jobs in the PHS sector. The PHS sector is considered effective for increasing labour force participation rates if service users can save time as a result, allowing them to offer more hours in the labour market, acquire new skills, or use the saved time to improve work-life balance. Depending on the skill levels of the population in a country, improving working conditions in the PHS sector could also lead to the (re)integration of inactive individuals into the labour market. (European Commission, 2018)

The aim of the PERHOUSE project is to improve working conditions and services in the personal and household services (PHS) sector through industrial relations. The focus area is Central and Eastern European countries, where project partners from Estonia, Slovakia, Slovenia, the Czech Republic, Poland and North Macedonia conducted studies following a common methodology in their respective countries. Additionally, surveys were conducted on a smaller scale in Hungary, Bulgaria, Romania, Croatia, Latvia and Lithuania. The project's focus is on Central and Eastern European countries because social dialogue, which could help improve working conditions, is either underdeveloped or non-existent in this region. There are also issues with regulatory frameworks that may not be sufficient for the development of the PHS sector.

The PERHOUSE project helps draw attention to the challenges in the PHS sector and contributes to the analysis of collective bargaining and social dialogue. Ultimately, the project will produce a comparative analysis based on individual country studies and contribute to raising awareness of collective bargaining practices in the PHS sector. The project poses two research questions:

- 1) What is the current state and structure of service provision in the PHS sector, and what are the working conditions in the sector?
- 2) What role does social dialogue play in improving the working conditions of PHS sector workers and developing relevant regulations?

The purpose of this report is to provide answers to these research questions regarding the Estonian context. In addition to reviewing existing literature and statistics, the report used a web survey on PHS demand among (potential) users of PHS (approximately 50 responses). Additional information on service providers' working conditions was gathered through focus group interviews (4) and individual interviews (3). Moreover, social partners and other stakeholders (13) were interviewed, with more than half (7) of the organisations also completing the web survey as part of the interview.

The report is divided into two main parts based on the research questions, each with a separate summary (subsections 1.5 and 2.5). The first part examines the sector's general characteristics (subsection 1.1), followed by demand and supply in the PHS sector (1.2), key sectoral regulations (1.3), and job quality in the sector (1.4). The second part addresses social dialogue in the PHS sector, providing an overview of social partners and other participants in social dialogue in the PHS sector (2.1), social dialogue related to the PHS

sector (2.2), addressing challenges related to the PHS sector through social dialogue (2.3), and relationships with European Union-level social partners (2.4). The final chapter summarises the report and presents conclusions and policy implications.

1. Current situation of the personal and household services sector in Estonia

1.1. Characteristics of the sector

Official statistics based on registry data¹ (as of the third quarter of 2023) regarding workers in the PHS sector allow for the separate identification of home-based personal care workers (ISCO code 5322), of which there are a total of 795 in Estonia, predominantly women (5% men). They constitute 0.1% of the total workforce, which is 615,224 individuals. Their average gross salary in Estonia is 1,038 euros, significantly lower than the overall Estonian average salary (1,812 euros) for the third quarter. The average salary varies greatly by county, with some counties such as Raplamaa, Valgamaa and Lääne-Virumaa having average salaries for home-based personal care workers below 900 euros (see Figure 1A in the appendix). Men in this occupation earn an average of 6% more than women. Regarding age distribution, home-based personal care workers are relatively older, with nearly half of those working in the occupation being 55 years old or older (see Figure 2A in the appendix).

Official employee statistics include workers from local governments, businesses, non-profit organisations and others. In addition to official employees, the CareMate platform is active in home care. Before registering care workers on their platform, CareMate conducts background checks for criminal records, interviews and training, if the caregiver does not yet have professional qualifications. CareMate specifically focuses on caregiving, while other platforms such as Naabrid.ee and GetaPro also mediate care services among others. There are no official statistics available for caregivers working through platforms. A significant portion of the need for care in Estonia is met by family caregivers, for whom no official statistics are available. However, a survey conducted in 2022 estimated their share to be 15% of the Estonian population (see also section 1.2) (Turu-uuringute AS, 2022).

There are only 223 officially employed domestic cleaners (ISCO code 9111), constituting just 0.004% of the total workforce. Like home care workers, there are more women among domestic cleaners (only 11.2% are men). The average gross salary for domestic cleaners in the third quarter of 2023 was 821 euros, which is less than half of the Estonian average salary. Although there is a gender pay gap in Estonia favouring men across all occupations (16%), women in the domestic cleaning occupation earn 60% more than men. Due to the small number of workers in this occupation, salary statistics by county are not available. Domestic cleaners are more evenly distributed by age compared to home care workers, with only 15% of domestic cleaners being 34 years old or younger (see Figure 3A in the appendix).

Official statistics on child care workers (ISCO code 5311) include individuals working in clients' homes as well as child care workers working in pre- and post-school child care facilities and day-care centres. Most likely, there are about 1,360 child care workers (2.4% men), who constitute 0.2% of the total workforce, predominantly individuals working at childcare facilities. The average gross salary for officially employed child care workers in Estonia was 1,059 euros in the third quarter of 2023. Comparing salaries by county, there are counties with average salaries below 900 euros, similar to home-based personal care workers. Unlike home-based personal care workers, child care workers do not have the highest average salary in the capital city, which is also the largest city in Estonia (see Figure 4A in the appendix). The gender pay gap in this occupation is 18%, with men earning more than women. Employees in this occupation are relatively evenly distributed across age groups (20% in each of the four age groups between 25 and 64). Workers who

¹ In the whole chapter reference to registry data means that data comes from Earnings applications (Palgarakendus) on the web page of Statistics Estonia palgad.stat.ee

are 24 years old or younger and those who are 65 years old or older each account for just over 9%, totalling almost 20% combined.

Regarding official private tutors (falling under ISCO code 2359 with other teaching professionals not elsewhere classified²), one company operates in Estonia's largest city, Tallinn (employing 7 tutors under employment contracts), and another in the second largest city, Tartu (employing 5 tutors). The Tallinn-based company has reached 1,000 clients over seven years of operation, but only about 10% of the services provided are home-based, with most services offered in workshops.

Garden labourers (ISCO code 9214) may also be involved in caring for private gardens. There are a total of 1,351 garden labourers officially employed in Estonia, constituting 0.2% of the total workforce. The gender distribution among garden labourers is almost equal (47% men). The average gross salary for this occupation in the third quarter of 2023 was 1,072 euros, or only 60% of the Estonian average salary (1,812 euros). Female wages in this occupation are higher than male wages across Estonia (gender pay gap -7%).

Micro-enterprises mainly specialise in offering services exclusively to households. Larger companies offer not only home cleaning but also other cleaning services or engage in activities such as landscaping and maintenance of green spaces owned by companies and municipalities. Therefore, for larger companies, it is not possible to accurately estimate the volume of work performed for individuals. According to a survey of platform workers (Vallistu & Piirits, 2021), 7% of the population, or 56,000 people, work on platforms weekly, and assuming that about 20% of them perform tasks in other people's homes, an estimated over 10,000 people are employed through platforms in the PHS sector (see also section 1.2). Some platforms are highly specialised. *Wirk.ee* only mediates cleaning tasks, and although the website promises to start mediating furniture assembly and other tasks, no other tasks have been added during the duration of this project. The *Mentornaut.ee* platform mediates home tutors in at least 20 subjects. Tutors undergo background checks, including criminal record checks, before being permitted to operate on the platform. *Duubl.ee* (formerly *Handies.ee*) primarily focuses on various repair tasks. The *Pere24* platform (owned by a Lithuanian firm) has four categories (household assistants, child care workers, home tutors and pet sitters). On *Naabrid.ee*, cleaning services fall under the category of organisation of everyday life. *GetaPro* and *Pocketpro* web platforms offer a wide range of services (from repair services to beauty services, including private tuition and catering). Platforms in the PHS sector from other countries include *Babysits* for child care workers and *Pinpaya* for private tutors.

Informal work in the PHS sector is estimated to be rather prevalent. No exact figures can be provided regarding its share. For example, it is not possible to track transactions where the worker is employed by another individual, and the specifics and price of the service, as well as the method of payment, are agreed upon between them. Platform workers also admitted in focus group interviews that for regular clients, they may conduct private lessons outside the platform (FG1), or when going to perform minor repair works through the platform, it may happen that the client asks for additional tasks, which are then paid privately without any platform fees (FG2). Familiar clients from previous jobs may also contact them outside the platform (FG5). Child care workers noted that clients do not request official invoices or qualification documents (FG1).

There are not many job offers for workers in the PHS sector in the Estonian Unemployment Insurance Fund. Job offers for child care workers are more likely to be found on social media, and apartment cleaning is also often done informally, according to the Unemployment Insurance Fund (INT3). Partly due to Estonia's small population, job advertisements on social media seem to work well. Word-of-mouth recommendations have always been used and have proven to be successful in Estonia. Observing numerous mutual acquaintances with the service provider on social media (given the close-knit nature of a small country) can instil a sense of trust. This can lead people to welcome a stranger found on Facebook into their homes or entrust their child to someone else's care away from home – actions that might be unthinkable in

² Other teaching professionals also include employees who provide educational counselling to students in schools. Most likely most of the professionals (the total of 376 employees forming 0.06% of labour force, average wage 1,966 euros) work in schools, therefore no additional information is included into the current report.

the context of another country. (INT9) Various advertisement groups on social media also compete with web platforms, which may contribute to a high number of operators. This is particularly noticeable in simple repair work, where there are too few job offers per operator to allow for full-time work through a platform (FG5).

PHS service providers face challenges due to informal providers and private agreements, as competitors who optimise their taxes gain an edge in the market (offering lower prices or paying higher wages off the record). Consequently, officially registered businesses struggle to achieve the necessary growth, and they may find it difficult to recruit and retain employees when a competitor, presumably hiring informally, can advertise higher wages. In the gardening sector, underbidders win contracts unless quality-based procurement is implemented.

I can't achieve growth because there are many competitors operating informally. This has been the trend for the past two years, and it's happening openly. FB is a public space. When someone boasts about providing lessons for years but the company fails to present any concrete numbers, the whole thing doesn't seem entirely above-board. (INT11)

For example, there's a Facebook ad offering a cleaning job for fifteen euros per hour. But when you calculate that hourly rate and realise how much money it actually takes, it's likely they're paying informally or the company is operating at a loss, either way, probably the former. But this leads to employees feeling they're underpaid, which isn't actually the case, and I often face this issue. [...] CV-keskus told me the same thing. When I post a job ad, they say that my pay is okay and that some others have such high salaries that it doesn't seem realistic. (INT4)

There are so many other companies that do landscaping half-heartedly... [...] Basically, we have standards for private households; nobody checks them, and clients don't know. Maybe the plant will grow even if it's done this way. But, well, the standards are different, right? That's where the price difference comes from. How much do I put in, do I put soil under the grass or not, do I just sow the seeds... (INT5)

Some interviewees expressed the opinion that the significant proportion of informal service provision may reflect a situation where service users in the sector, particularly for services with particularly low barriers to entry (such as gardening), fail to understand what additional value a professional service provider can offer compared to a stranger found online (INT5). From the customer's perspective, it is partially due to their price sensitivity (INT2).

At low rates, I would maybe add that on the one hand, low rates are certainly a problem, and on the other hand, there's the customer's price sensitivity. There's a growing interest and demand, but at the same time, the customer is still price-sensitive. I think it's even more so in other parts of Eastern Europe than in Estonia. This, in turn, makes it difficult to pay wages... or, well, to pay decent wages. And this, in turn, may [hinder] finding employees. (INT2)

1.2. Supply and demand for personal and household services

According to Eurostat data (Figure 1), personal and household services are relatively less used in Estonia compared with the European Union on average. In the 15 to 64 age group, the difference is twofold (0.9% v. 2.3% of users), while among the elderly (aged 75 and above), the difference triples (5.8% v. 17.1% of users). Similar to the rest of Europe, women in Estonia use these services more frequently than men, partially due to women's longer life expectancy worldwide. However, the gender gap in life expectancy in Estonia is quite significant (8.7 years in 2022), although the difference in healthy life years is not as substantial (57.9 years for men and 60.6 years for women in 2022; data of Statistics Estonia, database tables RV0454 and TH754). Additionally, women require more personal and household services because 45% of elderly women in Estonia live alone (Loik, 2022).

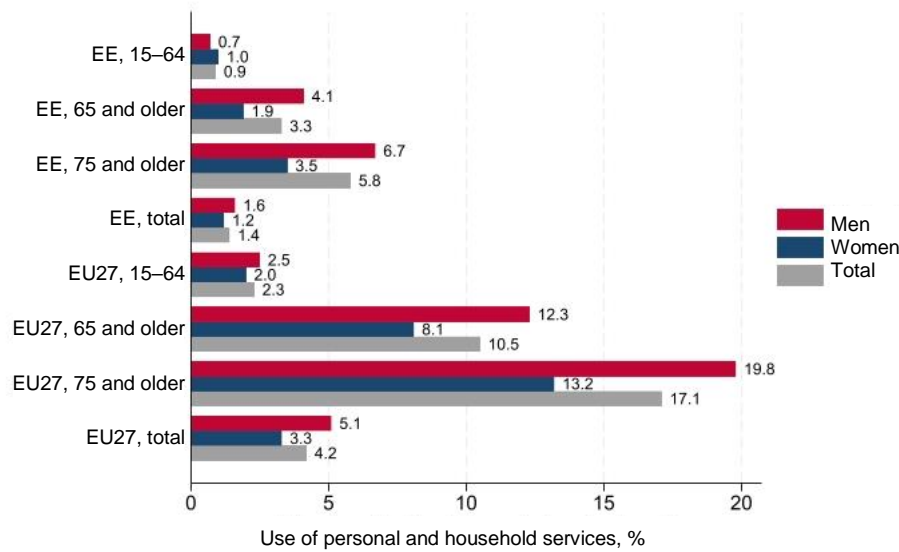


Figure 1. Self-reported use of personal and household services in Estonia in 2019 and in the European Union (27³) in 2020 (European Health Interview Survey, EHIS)

Source: EUROSTAT dataset hlth_ehis_am7i

In Estonia, there has been extensive analysis of home care services within the PHS sector and a long-standing focus on the field of care. As early as 2001, a nationwide study (Saks et al., 2001) highlighted that Estonia was not prepared for population ageing. The most effective measures recommended included improving the preparation of professionals working with the elderly and developing healthcare and welfare services specifically targeted at the elderly. A subsequent study in 2009 emphasised that the need for care may be greater than the level of services offered, as compared with developed countries, Estonia's population has poorer health conditions but fewer services available. One drawback of the system was found to be its heavy dependence on the financial capability of local governments to deliver welfare services and the fact that, in numerous municipalities, home care services were not available. (PricewaterhouseCoopers 2009)

A recent survey (Turu-uuringute AS, 2020) estimated the number of people with serious activity limitations⁴ in the Estonian population to be between 61 400 – 82 600⁵. Of all different options of help the vast majority of those needing assistance relied on family and friends for help (23% of all people with activity limitations), while very few relied solely on official services (less than 1% of all people with activity limitations) or used both options (3% of all people with activity limitations). Among the elderly (aged 80 and above), the need for external assistance is significantly higher, with 60% relying on family and friends, while only 10% use official services. The high reliance on family and friends may partly stem from the preferences of those needing assistance, as respondents preferred official services only for regular health-related tasks (e.g. injections and wound cleaning) when financial resources were assumed to be unlimited. The authors of the study suggested that the reasons for these preferences could include emotional bonds, lack of habit, or hesitations due to limited awareness or exposure. (Turu-uuringute AS, 2020)

³ 27 countries in the EU are Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden since February 1st, 2020. The Great Britain left EU on January 31st, 2020.

⁴ Serious activity limitation is defined as a self-evaluation where the respondent experiences serious difficulties, usually in more than one category and feels that one's activities are significantly limited.

⁵ The sample of the questionnaire consisted of 2513 Estonian residents aged 16 years and older.

However, one of the reasons for the predominance of assistance from family and friends may also be the poor availability of official care services, as pointed out in based on data from the Population Care Burden Survey (Elanikkonna hoolduskoormuse uuring) (Turu-uuringute AS, 2022). According to this survey, the burden of care provided by family caregivers in Estonia is disproportionately high both in terms of providing care and paying for care services. Approximately 15% of Estonian residents aged 16 and above (between 159,500 and 180 300 individuals) provide care for another person, with 11% of caregivers providing round-the-clock supervision at least for 20 or more hours per week⁶. Of the family caregivers, 16% consider their burden to be significant, and 2% find it intolerable. Reducing the burden of care, according to the authors, could increase employment and potentially bring about 20,000 people into the labour market.

The queues in nursing homes have increased after the nursing home reform in 2023 (Tammepuu, 2023) (see also section 1.3 of this report), indicating that there is a greater extent of unmet need than before. The future increase in demand for care services is indicated by the fact that according to the survey, 31% of people with activity limitations using official services and 23% of those needing assistance from family and friends feel the need for additional services. Among those aged 80 and above, 22% consider additional services necessary. (Turu-uuringute AS, 2020) The rising prices in the field of home maintenance have reduced the consumption of cleaning services, and retirees who order the service once every six months, would require more frequent cleaning sessions because the current short sessions and long gaps make it impossible to maintain everything adequately. For retirees, personal contact is essential in home care, and conversation may be even more important than the cleaning service. (INT4)

More and more clients are giving up on the service, especially in the field of home cleaning. They say they simply don't have enough money, which is completely understandable, because they just can't afford it anymore. Middle-class household cleaning is disappearing, meaning we're not talking about those who are even less well-off and who really need this service; the possibility of even middle-class cleaning services is disappearing, and we will end up only with wealthy clients who can afford it. (INT4)

As the burden on family caregivers is high, but the proportion of the working-age population is decreasing due to population ageing, we can assume that the demand for care services will continue to increase (OSKA). There will be a great need for people with professional skills in the future job market. The growing need for care workers is also confirmed by the Estonian Unemployment Insurance Fund, but it is seen that people do not have the money for it, so the state should make fundamental decisions regarding the financing of services (INT3).

Regarding personal assistance, the need is constantly increasing... [...] Just the form in which these offers come and how many service providers or intermediaries there are who provide personal home assistance, caregivers and personal assistants who want to do this themselves or want to mediate such a service. If there are no significant support measures, it means that people will have to pay for it all, and then there is a great need for people who would do this work. But since someone has to cover the labour costs, right now it seems that this is a critical juncture and there is a great need, but there is no one to finance it. So, if there were any supported measures, then surely the labour market for these offers would become much more active. (INT3)

One of the main sources of data on the demand for personal and household services is the survey conducted as part of the PERHOUSE project in the form of an online questionnaire, which had a total of 48 respondents in Estonia. Among the respondents (see appendix, Table A1), there are more women (70%), respondents aged between 31 and 50 (57%) and households consisting of couples with children (45%). All these deviations from the general population should be considered when generalising the results, and aiming for very precise quantitative estimates of service usage patterns may not be meaningful. Nevertheless, general qualitative trends should still be identifiable from the data.

Of all respondents, 67% had used one of the six personal and household services mentioned in the survey (see Figure 2). Repair work was the most used (52%), followed by household chores (27%) and childcare (27%), with pet care being the least used (7%). While the results may not be representative of the general population, they are somewhat expected; for example, some respondents may not have the necessary skills

⁶ Round-the-clock supervision in general is defined as a shift of 24-hours, but in the calculations already one shift per week of 20 hours was considered as round-the-clock supervision (with all other options of more hours of supervision).

for certain repair tasks (a pattern of response that could also be explained by the dominant female profile of the respondents), and at least the more important patterns should thus apply more widely.

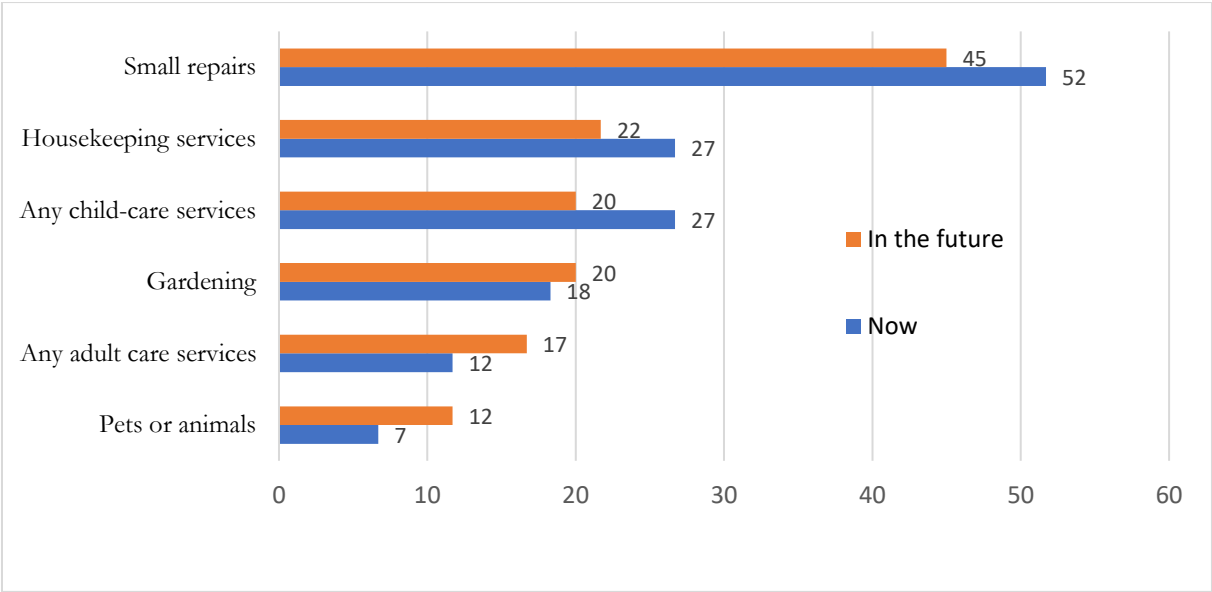


Figure 2. Current and future use of personal and household services

Source: Survey of Users of Personal and Household Services

The most common reasons for service use (multiple choices were allowed) were “I lack the skills” (61% of respondents) and “I didn’t have time to do it myself” (42%). Affordability or means to pay for services is somewhat less important – only 32% marked “I can afford it” among other responses, although the question of financing services certainly cannot be ignored. The presence of formal licences is relatively insignificant (only 7% answered “I don’t have a license”), probably because it is required for relatively few PHS jobs (e.g. electrical work; due to the small sample size of this study, it is not possible to investigate this in more detail). Since only 7% hired someone because they did not have a licence themselves, this indicates that professionalisation in this sector is rather difficult, as good work generally requires only skills, and those who have the necessary skills can do the work without formal procedures.

The various reasons for not using personal and household services largely revolve around the overarching preference of individuals to personally attend to their homes and family members, rather than engaging strangers (due to reluctance, lack of trust, etc.). The preference of care recipients to use relatives and acquaintances for home care coincides with the fact that strangers are not trusted for other domestic tasks either. Given the comparatively limited purchasing power of Estonians (according to EUROSTAT, Estonians’ purchasing power was 13% below the EU average in 2022), the engagement of assistants for basic household tasks has not been widespread. Similar to recipients of care services, this trend could be attributed to a lack of established habits or traditions, or scepticism stemming from limited prior interactions. Such situations cannot be described as unmet need for services, although it cannot be ruled out that the service would be used if offered by a highly reliable and reputable service provider. Moreover, this suggests that switching service providers would not be straightforward due to the significance of the provider’s personality. This also includes the response option “No need for the service” (67% of respondents to the question about non-use of services). Less frequently mentioned reasons for not using services, like “Too complicated to use”, “Have not found suitable services”, “Cannot afford the service” (which together comprise 30–40% of respondents to the question of service non-use), provide further insights into unmet needs for service usage. However, it is crucial to exercise caution when generalising the results, particularly relating these answers to unmet needs. The relatively low percentage of respondents indicating “Cannot afford the service” (33%) might seem surprising given the information presented elsewhere in this report. However, this result can be attributed to the age distribution of the respondents, with the sample primarily comprising individuals of working age. Thus, when considering a one-time task

lasting a few hours (as opposed to daily care or childcare), it is probable that the respondents can afford it. The relatively frequent selection of the response option “Too complicated to use” is somewhat unexpected. For example, platform workers have noted that individuals generally find it relatively easy to locate someone for various conceivable tasks, such as repairing a stroller. Unfortunately, the current questionnaire does not permit a more detailed exploration of which aspects of PHS use are perceived as complicated.

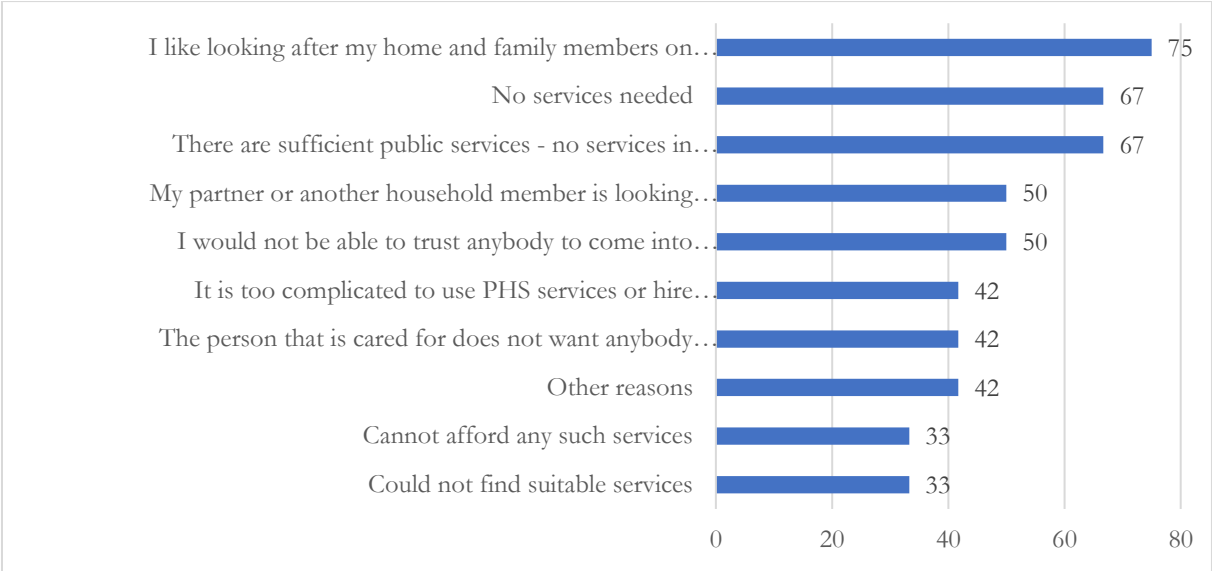


Figure 3. Reasons for not using personal and household services
 Source: Survey of Users of Personal and Household Services
 Note. Responses to questions are on a five-point scale ranging from “Strongly agree” to “Strongly disagree”; the figure summarises the response options “Strongly agree” and “Agree”.

When comparing current and future service use, the differences are not substantial: for more commonly used services, there would be a slightly lower number of users in the future, while for less used services, there would be a slightly higher number of users. This probably also means that services would still be used when needed, and the problems of the sector may not be reflected so much in the use or non-use of services. The potential for growth in the number of service users is not substantial, but rather, the problems of the sector lie elsewhere, such as working conditions. When asked what would persuade them to use services more in the future, current non-users selected all response options significantly less frequently than current users. However, unlike users, the most selected response option among non-users was “High quality of services”, which could indicate the importance of service quality in the sector’s development.

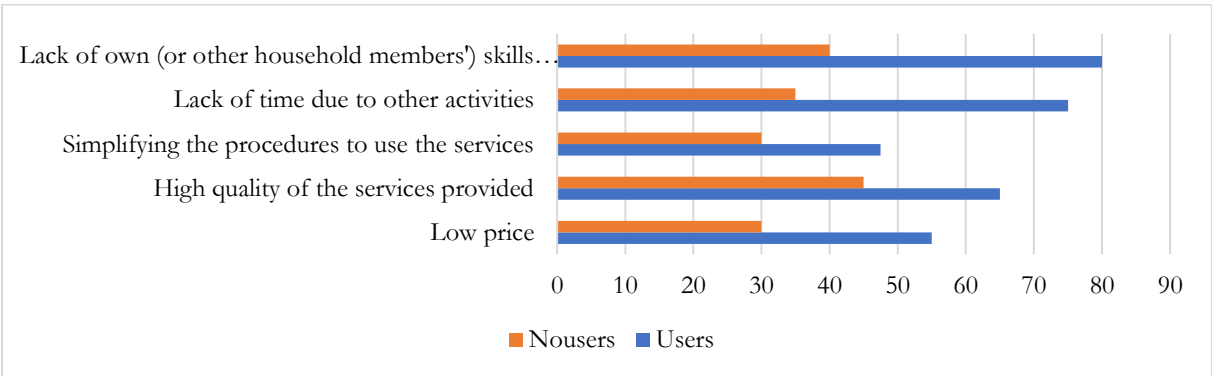


Figure 4. The reasons that would sustain or initiate the use of personal and household services
 Source: Survey of Users of Personal and Household Services

For potential policy recommendations, we asked respondents what support they would appreciate when using PHS. Consistent with the above regarding the high quality of services, the most popular response

option to this question was “Professionalisation of service providers” (52% of respondents), although “Subsidising services” (48%) and the possibility of deducting service costs from taxes (43%) were almost equally popular.

Information on the supply and demand of non-care-related PHS sector jobs has not been collected and analysed in Estonia so far. According to the PERHOUSE user survey, the main channels for finding PHS service providers (including caregivers) are through personal recommendations⁷ (51% of respondents) or through contact with service providers on the internet (19%), while mentions of social media and public registers of service providers are significantly less common. The PERHOUSE user survey asked for specifics only about the last service used, which allows for the possibility that the recommender initially encountered the appreciated skilled worker through a platform.

...but this client said something like, “You know, I’m recommending you to all my acquaintances, so don’t even think you can get rid of me because I have two rental apartments, I have a home, and I want you to renovate the kitchen in my office as well.” So, this wide range gives an advantage in that the client doesn’t have to search for a plumber in one place, an electrician in another, and maybe another worker somewhere else. (Male, small tasks through a platform, FG2)

A study conducted by the Estonian Foresight Centre in 2021 (with 2,000 respondents) examined platform workers in general. It was found that approximately 56,000 people (7% of the population) were engaged in platform work weekly, and approximately 208,000 people had ever engaged in platform work, representing about 26% of the population. Compared with 2018, fewer people were providing personal care services on a platform on a monthly or weekly basis (6.9% in 2021 and 12.4% in 2018) or completing tasks in other people’s homes (21.6% in 2021 and 24.2% in 2018). Tasks performed in people’s homes encompass all activities classified under PHS in this report, such as construction work, repairs, cleaning, childcare, gardening and others. The category of personal care services in the study is broader and does not necessarily involve providing services in people’s homes. It should also be noted that this was a year affected by the COVID-19 pandemic, and providing services in homes may have been somewhat more challenging than usual. The study reveals that men engage in platform work slightly more frequently than women (51.4% men and 48.6% women), and compared with 2018, the gender distribution is more even. In terms of tasks performed in homes, the proportion of men was higher in 2021 (about 60%), while the proportion of women was slightly higher in personal care services. (Vallistu & Piirits, 2021)

When asked whether there are enough service providers like themselves, platform workers in focus group interviews could not provide a clear answer. They only communicate directly with clients, sometimes with the platform as well. They admitted that the market determines the price, and not all providers would have enough work from platforms for full-time employment and livelihood. Regarding demand, it can also be noted that people tend to order more services directly after payday (FG5). Private tutors on platforms noticed that clients always come from the two largest cities in Estonia, Tallinn and Tartu,⁸ but never from rural areas (FG1). It seemed that it was not clear for the providers whether they received fewer job offers due to strong competition on platforms or due to little interest and low purchasing power from the clients’ side.

The provision or non-provision of certain services depends on demand, and demand, in turn, largely depends on purchasing power, which is not very strong in Estonia. (Male, small tasks through a platform as a side job, FG5)

Based on the PHS user survey, 40% of PHS service providers were women and 60% were men, but this is likely strongly related to the types of services used by the participants in the survey, as there is significant gender segregation across different services, possibly accompanied by varying attitudes and biases. In focus group interviews with PHS sector workers, negative attitudes towards male child care workers were mentioned, but regarding private tutors, it was found that male teachers consider it easier to find clients on

⁷ Presumably, the popularity of the first response option is also linked to the respondents’ relatively high assessment of service quality; information about good service providers spreads well among users through word of mouth.

⁸ One possible reason could be that in Tartu and Tallinn, classes are significantly larger than in other municipalities, which also creates a need and demand for home schooling in those municipalities. Also, priorities and funds of parents may play a role.

platforms than female teachers (FG1). In many cases, service providers came from the service user's neighbourhood but less frequently from family members or representatives of ethnic minorities (although covering this aspect with such a survey is likely challenging).

1.3. Legislation and governance

The organisation of social services in Estonia is not centrally managed; instead, local governments are responsible for this task. As a general principle, this work draws on the Social Welfare Act (section 3), which prioritises measures aimed at finding opportunities and increasing an individual's capacity to manage their own life. The General Part of the Social Code Act also includes a provision on personal responsibility (section 9), whereby individuals have primary responsibility in coping with social risks threatening them. According to the Constitution of the Republic of Estonia, every Estonian citizen has the right to state assistance in cases of old age, incapacity for work, loss of provider, or need (section 28). However, the Constitution also stipulates that families have a duty to care for their members in need (section 27). Referring to the latter provision, local governments can, without further discussion, reject family caregivers⁹ who seek assistance¹⁰.

Legislation in the field of caregiving is important and is currently being addressed. The "Estonia 2035" strategy document defines the need to modernise the long-term care system in Estonia to provide adequate support to those in need. In April 2022, an amendment to the Social Welfare Act (section 5 subsection 4) came into force, obligating local governments to assess the need for assistance of caregivers, taking into account their actual burden of care, coping abilities and factors affecting their participation in society. A survey conducted in August and September 2022 revealed that while 70% of the responding local governments had assessed care burdens, in practice, due to the lack of alternatives, most local governments used tools intended for assessing care needs or assessing care allowances. A standardised technical and methodological guide for assessing care burdens was made available to local governments at the end of 2022 (Purge et al., 2023). In addition to the obligation to assess care burdens, local governments must not refuse to identify a person's need for assistance merely because the person has family or another legal guardian. Local governments also have no right to demand that families with a duty to assist personally care for their members in need or give up their normal standard of living due to providing assistance (Viirsalu, 2024).

On 1 July 2023, the care reform (Social Welfare Act, section 22¹) came into force, providing local governments with additional funding to partially cover the costs of places for people in need of care in care homes. However, the reform has not brought the expected solutions to problems in the care sector. Issues in home care have become even more acute. In principle, assistance that enables individuals to manage their lives in their own homes should be preferred, and local governments can use state-provided funds not only for care home services but also for organising home care. However, resources are insufficient for all needs. Often, the funding provided by the state is also inadequate for financing care home services. Some local governments in southern Estonia¹¹ have turned to the courts to determine whether the insufficient allocation of resources by the state for fulfilling its tasks is constitutional (Punamäe, 2023). For local governments (and probably also for clients), the situation has become more complicated due to the increase in care home prices after the reform. The limits set by the reform on the number of clients per staff member¹² will come into force in 2026, but hiring 1,000 to 1,500 additional care workers across Estonia to meet these standards is likely to further increase care home costs (Koppel, 2023). Home care without state support is costly for those in need of assistance (FG4). The number of clients using a caregiver platform drastically decreased

⁹ According to section 96 of the Family Law Act, adult ascendants and descendants related in the first and second degree are required to provide maintenance.

¹⁰ During the survey, one such case came to light, but in a well-functioning system, no family caregiver should be deprived of the assessment of the need for assistance as provided by law.

¹¹ The lack of resources is more pronounced in municipalities where wages have historically been lower compared with other Estonian municipalities, and pensions have not been able to reach levels comparable to the Estonian average pension.

¹² Currently, there is an average of one caregiver per 18 care recipients. However, as a result of the reform, the goal is to have one qualified caregiver for a maximum of 9 to 12 clients, depending on the extent of care needs (<https://www.sm.ee/hooldereform-ja-pikaajaline-hooldus>).

after the reform, as people started to prefer local government-supported care in care homes over home care services (INT6). Patients admitted to care homes after the reform are somewhat healthier, and their family caregivers are no longer on the verge of burnout (FG3). Meanwhile, service providers offering home care face clients asking whether home care services are also supported by local governments. (INT13). The two largest operators in the home care sector and former competitors, Estkeer and CareMate, have started collaborating to weather these challenging times. (TerviseTasku, 2023)

As a positive development, the Estonian state plans to increase funding for home care services in 2024. However, it is unclear from the government's perspective how there can be an estimated 20,000 individuals in need of home care services when there were only about 8,500 recipients of such services in 2022. The National Audit Office did not find any issues with the availability of home care services in the audited local governments (10), as requests for home care that were officially processed were not rejected and the applicants received assistance. However, the analysis established that some municipalities have imposed unjustified restrictions that deviate from legal requirements (e.g. requiring individuals receiving a service to have no close relatives), and local governments must rectify these issues (National Audit Office 2023).

A significant portion of personal and household service providers find work through platforms. Working as an individual via platforms allows the use of an entrepreneur account provided by LHV Bank since 2019 (the only service provider in Estonia). Individuals using the entrepreneur account are not required to register as sole proprietors. Entrepreneur account users are exempt from accounting obligations, and all payments are automatically recorded, with taxes paid accordingly.¹³ In 2022, over 4,000 individuals joined the user base, and by November of the same year, there were over 10,000 account users (Sildmets, 2022¹⁴

With the incorporation of the DAC7 Directive (EU 2021/514) into Estonian law, the Estonian state requires platform operators to collect information on both physical and legal persons selling goods or services and their earned income starting from 1 January 2023, and to send this information to the Tax and Customs Board by the end of the following January (Rahandusministeerium, 2022). Previously, data exchange was voluntary with some platforms. The Ministry of Finance is preparing legislation to increase the threshold for declared annual income subject to a 20% tax rate via the entrepreneur account from the current 25,000 euros to 40,000 euros. Additionally, the legislative amendment will require platform operators to pay social tax on employees who do are not already operating under some form of entrepreneurship (private limited company, sole proprietorship or entrepreneur account) (Postimees, 2024).

1.4. Quality of jobs in personal and household services

The issue of service quality is closely linked to the quality of work, and the anticipated problems with service quality were also among the questions that motivated this project. According to the PHS user survey, satisfaction with service quality was quite high (92% of respondents were very or somewhat satisfied). This is likely related to the way service providers are found, where, according to the survey, personal recommendations are most commonly used to find service providers (51% of respondents). (See also sections 1.1. and 1.2.) Personal contacts with service providers may also be somewhat related to the type of contract used in providing services – unsurprisingly, the level of informality in this sector is very high; in 46% of cases, the service was provided without a contract based on oral agreement, and in 38% of cases, it was a service contract based on invoicing. All other response options (standard employment contract, an intermediary managed the contract, or work was performed as an exchange transaction) were selected much less frequently.

The most common duration of service usage is up to four hours per day (46% of respondents), followed by usage as needed or on demand (27%), other (16%, e.g. according to a work schedule), with practically no respondents using the service for more hours per day than previously. In terms of weekdays, the service

¹³ The tax rate on business income is 20% if the received amount does not exceed 25,000 euros per calendar year, and 40% if the received amount exceeds 25,000 euros per calendar year (Estonian Tax and Customs Board, 2024).

¹⁴ In 2024, the monthly minimum wage basis for social tax is 725 euros, and the minimum obligation for social tax is 239.25 euros per month (725 × 33%) (Estonian Tax and Customs Board, 2024).

was most commonly used only on weekdays (45% of respondents) or as needed or on demand (16%), less commonly on all weekdays or only on weekends. Presumably, the service buyer's working hours significantly affect usage patterns. To obtain information on the frequency of service usage, respondents were asked when they last used the service. Very often, the response was that they used the service within the last year (29% of respondents, with the majority responding in the second half of 2023) or within the last six months (21% of respondents), but 26% said either last month or last week, and only one respondent said yesterday. This indicates that in many cases, services are used irregularly as needed (especially concerning various home repairs).

The remuneration paid for services is an important question in terms of service availability, professionalisation and working conditions. Information on the hourly wage paid for services was collected for this purpose. The hourly wage varied widely, from 8 to 150 euros, rendering the average wage relatively uninformative in this context; the median was 20 euros per hour. For many respondents (approximately 40%), accurately determining the hourly wage posed a challenge, likely stemming from the discussed service usage patterns. For example, they frequently cited a fixed fee for service usage, reflecting the difficulty in assessing hourly rates. This indicates that it is probably difficult to compile statistics on wages in this sector.

To some extent, there was a discrepancy between the opinions of non-care workers, platform operators and practitioners about the wages earned through the platform. From the platform operator's perspective, it is possible to earn above the average Estonian salary while working less than full-time, but based on the experience of platform users, orders are rather scarce and the market determines the price. The sample size for the focus group was small and users' experiences do not necessarily apply to the same platform, but the question deserves further attention in future studies.

We have a worker who loves his work, he has training; I suppose, in a legal sense, he works maybe half-time, and earns several times the average salary in Estonia. It's possible, that's what we're solving. (INT1)

And this particular activity generally, if you just focus on that, it won't feed you. If you only use that platform, the volumes that come from there are relatively small, and competition is quite intense. So, it's not like orders come in all day every day so you don't have to do anything. That doesn't happen. Specifically, maybe for the past week and a half, there have been perhaps two orders. [...] It's not like you can increase your average income working there, it can't be done. It's the market that determines the income, some of it is average, sometimes you get more, sometimes you get less. (Male, small tasks through a platform, FG5)

Employees and platforms also agree on some issues. Both acknowledge that the quality of work extends to the additional value of a pleasant communication experience and a clean and courteous worker, not to mention the high quality of the work itself, which is a requirement.

The lack of professionalism is like, there are two things in general: in the case of service providers, the service itself, which is typically of high quality and professional, as it is provided by someone who has received formal training. That needn't be in doubt. Rather, it's more about how the service is delivered. Nowadays, people want more. They don't want some sweaty guy tossing cigarette butts around to show up at their doorstep. So, it's really about how the service is delivered that becomes the real concern (INT1).

In other words, in every sector, additional value is added in various ways, and clients often seek this added value. For example, they may expect workers to be polite, clean and punctual, and to inform them promptly if they will be arriving late, among other small details, all of which ultimately matter. (Male, small tasks through a platform, FG5)

Qualitative insights from interviews with stakeholders working in the PHS sector complement the data obtained from the survey. On the positive side, family caregivers pointed out that the caregiver can spend time with their loved one, while the person in need of care can be at home. Despite fluctuating emotions, the positive memories endure. However, caregiving to one's own relatives also comes with several drawbacks: it consumes all of one's time, carries a high risk of burnout due to constant mental strain, can be physically demanding and requires understanding from the caregiver's (primary) employer.

...the emotions, which range from one extreme to another, ultimately left a positive impression after those nine months. I never would have believed that I could learn so much about my father's childhood and life as I did during that time. [...] To this day,

I recall how much I learned about my father. About his, really, from his earliest childhood, up until, I don't know, whatever point. (Family caregiver, female, FG4)

So, the first, second and third disadvantages are basically about one's own time... I would like more of it, but, well, it is what it is... (Family caregiver, female, FG4)

Providing temporary replacement for round-the-clock caregivers would make the work of family caregivers easier. Family caregivers feel they lack information because family doctors do not share information about social insurance matters, although they have the relevant health-related information. The Social Insurance Board, on the other hand, lacks sufficient knowledge about the health status of municipal residents to be able to assist them without being requested to do so. There is also a need for external sources to take a proactive approach to addressing family caregivers' concerns, as caregivers may be too exhausted to seek help themselves, which can certainly also affect their ability to organise (see Chapter 2). In addition to these unresolved issues, positive examples were highlighted, such as a state-supported project for working family caregivers (FG3) and support provided during COVID-19 (FG4). The National Audit Office report (2021) also confirms that during COVID-19, unused opportunities for preventive work were identified,¹⁵ but after the crisis, local governments have not considered it necessary to address this, referring to the lack of resources.

And the biggest downside is, I think, that you have to search for information yourself. For example, the family doctor, who is aware of my mother's health, hasn't told me that, well, she could be formally assigned a disability and I could be her caregiver. So, all these things I have to find out for myself on the internet. (Family caregiver, female, FG4)

External counselling and assistance are still necessary; you simply cannot manage alone. For a year or two, you can cope, but I imagine not much longer. (Family caregiver, female, FG4)

There are both similarities and differences between the work conditions of family caregivers and home care workers. Home care workers highlighted several positive aspects of their work, including enjoying the nature of the work, interacting with different people, feeling needed, liking their colleagues and a sense of teamwork (everyone works towards the same goal). They also appreciate the flexible working hours. In addition, they saw positive aspects arising from the challenges and mentioned that it is somewhat easier to help people in need in their homes as employees or platform workers than as family caregivers.

I really like it when, for example, there is a difficult client [...] if I can help them take a shower, tidy up their room, change their bed linen, then I feel so good knowing that they feel a little better, that their day has gone well... (Home care worker, female, FG3)

I think that working with people, in that sense, is emotionally and mentally difficult. But when you know that you might not stay with a certain case or a certain person for your whole life, that these cases change, it kind of gives you strength, freshness... (Home care worker, male, FG3)

At the same time, there are many problems with the working conditions of home care workers, such as a lack of training (e.g. instead of offering training to new employees, they may be sent to work with more experienced colleagues to learn on the job), being overworked (having a large number of clients to serve per day and struggling to find time for breaks), as well as specific discomforts related to working conditions (e.g. due to the use of electric cars, which can be cold). A separate issue is low wages, although home care is expensive for clients as a private service. Among other things, attracting new employees from other fields at higher wages than those of old employees is also mentioned. This causes resentment among old employees if their experience is not valued. People in this field probably do not work solely for the salary:

¹⁵ Municipalities called elderly individuals during the crisis using phone numbers obtained from the Rescue Board or other sources to offer assistance during movement restrictions (e.g. delivering groceries). Additionally, it was revealed that some elderly individuals also needed other social services or support.

It is very important that the mindset and the people you work with, that the work suits them and they want to do it [...] I think there's no point in doing this work just for the salary, or because I had nothing else, or because no one else would hire me, so that [it's] like the wrong person in the wrong place. (Home care worker with a private limited company, male, FG3)

The working conditions of home-based personal care workers were also affected by the care reform implemented in 2023 (introducing the partial coverage of nursing home fees by local governments) (see section 1.3), which also affected the home care sector. For example, compared to home care, working in nursing homes may become more attractive due to the better health condition of the latter's clients.

Platform workers form a separate group among home care workers. According to interviews conducted as part of the study, people receive training before offering services on these platforms. Due to high labour costs, many care workers do not work under an employment contract, which can be a problem (they do not receive health insurance through work). Instead, they offer their services either through their own company or as an individual through an entrepreneur account. The care reform of 2023 created problems in the sector – a lot of administration, as a result of which many clients stopped using the services. Platform workers' contracts stipulate that they should not do work unofficially, but it is impossible for platforms to prevent this from happening.

The same aspects of ensuring the quality of home care services have been emphasised in an analysis conducted by the Foresight Centre (Uusküla, 2024). Developing home care is important because nursing homes are very expensive in Estonia and pressure should be taken off nursing homes, but at the same time, quality and professionalism in home care should be ensured (which cannot be fully assumed from family caregivers), and this should be done at different levels, because people would like to receive care services at different levels according to the quality of life they are accustomed to. The political decision in Estonia so far has been to deal with nursing homes, which has somewhat neglected the development of home care.

Although a significant portion of the small household tasks subsector operates through platforms, working through companies is also common. Services are often offered as a side job alongside primary employment. This, in turn, may be associated with working conditions – offering services outside of work hours may justify higher service fees. However, the advantages associated with providing services in this sector extend far beyond wage considerations: a) the additional opportunity to optimise taxes when operating as an entrepreneur; b) the freedom to choose working hours, jobs and clients; c) no need to engage in marketing as clients reach out directly; d) generally reasonable and considerate clients; e) personal control over the company's activities. In addition to the above, the sense of accomplishment is also significant:

...that sparkle in their eyes when a client says they will recommend you to all their friends, then you feel like you've done something meaningful. (Male, general small tasks, FG2)

Concerning drawbacks in working conditions in the small jobs sector, negative experiences with certain clients were mentioned, but such instances are relatively rare. Problems highlighted included tendering websites where some companies make numerous bids with no intention of fulfilling them themselves (i.e. intending to subcontract the work), which clutters the tendering environment. Additionally, uncertainty arises regarding feedback from clients when working through platforms; the worker can never know what the feedback may be. Another issue in providing services in this format is acquiring health insurance. A specific issue related to gardening is the seasonal nature of the work (and consequently, income).

Tutors and child care workers also highlighted both positive and negative aspects regarding working conditions. In terms of earnings, they observed that it largely hinges on individual efforts: one's self-esteem and effectiveness in self-promotion play a crucial role. Child care workers pointed out that by offering services at a higher price, it is possible to select more suitable clients. Being self-employed is also perceived to come with difficulties related to gender stereotypes – it is more challenging for female tutors to promote themselves, and male child care workers may face distrust from clients. Long-term clients, who are also trusted, may be offered services “off the books” for cost savings. As in other sectors, social guarantees are lacking here too, though this is not as significant an issue since the work is mostly done as a side job. The variability in working conditions and service quality is also influenced by the platform through which services are offered, as some platforms conduct background checks on service providers through criminal

record screenings and sign a contract with them (Mentornaut), while others do not (Pinpaya, Pere24). The platform may or may not take a commission fee (e.g. Naabrid does not); offer training (e.g. CareMate); have a vision that sees the workers as more than platform users (e.g. Duuabl); treat the platform as merely a meeting place between the client and the service provider (e.g. Pocketpro.ee); provide the opportunity to rate clients, and vice versa (e.g. Naabrid).

Despite these challenges, working as a home tutor or child care worker has many positive aspects, which are also present elsewhere in the PHS sector: a) a sense of achievement – it feels good when a child understands something, or when a child shows sympathy; b) autonomy over working hours – the schedule is flexible and allows for freedom; c) the opportunity to choose clients by being self-employed or working through a platform (for example, some tutors prefer working with younger children); d) providing services as a tutor is straightforward (entry barriers are low) because families do not require a certificate or adherence to a specific curriculum. Unfortunately, there are also many drawbacks. Working as a platform worker lacks stability; for example, clients may unexpectedly cancel orders. There are no social guarantees associated with work in the sector, and these must come from elsewhere (e.g. from primary employment in another sector or retirement status). This is also related to undeclared income (“off-the-books” pay), especially for child care workers. Several problems are associated with the teaching process – it is difficult to receive feedback from a child about the success of teaching; online teaching (which is still widely used even after the pandemic) is not as effective as face-to-face teaching; it is impossible to change children’s learning motivation (although parental coercion may help in this regard). Another challenge in working as a platform worker is marketing – ensuring that you stand out on the platform.

Young private tutors are interested in general methodological training sessions, but in their opinion short and rather cheap courses on specific topics would allow them to choose the most suitable one and the price would be affordable. In gardening, numerous beginner training courses are available, but acquiring Level 4 qualifications, as required by some offers, alongside years of practical experience, is not possible. Instead, practitioners would need to start their formal training from the lowest level of education, and they are not interested in doing that. Training courses offered by the Unemployment Insurance Fund have been used. In the care sector, there are few training courses for employees, partly because there are few employees and their absence from work cannot be afforded, and partly due to the lack of resources. The generally held opinion is that there are enough non-care PHS-related opportunities for self-education for adults in Estonia, and the platforms do not address this separately. Repair workers also mentioned searching for instructions and tutorials online when necessary.

Platform work in the PHS sector was not as common in 2020 and 2021 as in 2023, evidenced by the fact that, when surveying platform workers, Dr Kaire Holts could not find many respondents working primarily with cleaning, repairs, etc. Even if some employees had profiles on platforms that offered such services, such jobs were reportedly not in high demand, and there were not many offers (INT9). The platform market has been very volatile, with platforms disappearing and emerging, as well as undergoing rebranding. Handies changed its name to Duuabl and shifted its focus solely on repair work. Upsteam, which offered car washing services at people’s homes, now offers a wider range of services to business clients under the name Fleetfox. Taskify, ELKData and Skillus had ceased operations by 2023. Regarding competition between platforms, the interviewed workers mentioned that platform workers probably prefer free platforms to paid ones. Workers are on several platforms simultaneously, and it appears from the interviews that they are more loyal to the platform that provides them with higher income and more job opportunities.

The PickaPro platform, established in 2021, boasts thousands of users and experiences a monthly growth rate of 100%, likely attributed to its free service and expansive offering of nearly 500 different areas. This rapid growth may also be influenced by its recent inception. In the future, they plan to become a paid service. Clients mainly seek repair workers, private tutors and cleaners. Based on the operating principle of the Neighbors.ee platform, charging a fee for mediation services is considered outdated. Instead, mediation services are provided free of charge to both helpers and those in need, particularly because wages in the care sector are already low. The platform intends to generate revenue through the sale of assistive devices and insurance, such as coverage against accidents, following a model adopted from overseas. Based on the services provided, they have information about the goods needed by the consumers of their services. They

have about 70 service providers. Close to 50 people are seeking long-term assistance; more are interested in one-off jobs. Another significant aspect is that once providers have acquired a sufficient number of clients, they have the option to temporarily hide their profile. Additionally, they can select clients whose bodyweight is manageable for the caregiver and who are located nearby.

The operating area can also be a competitive advantage (e.g. WiseClean plans to expand to Tartu, the second-largest city in Estonia). While insurance coverage is included as part of the cleaning service provided by Moppi and WiseClean, Wirk does not offer this. Duuabl is introducing insurance coverage for all jobs, indicating the platform's prioritisation of insurance as a crucial aspect. Workers, on the other hand, conveyed the perspective that insurance might not be necessary because, through experience, they can prevent situations that lead to insurance incidents altogether. They also emphasised the importance of assuming responsibility when performing this type of work. In addition, the human factor must be considered (not only unpleasant behaviour but also withdrawal from agreements, i.e. disappearing after an agreement is reached). However, being "one's own boss" and having the freedom to choose jobs and their timing are key considerations for all platform workers in the non-care sector. In contrast to customer service in a company, platform workers are responsible for resolving issues they personally cause, and they typically serve a smaller number of clients per day. Among other things, while it is easy to start platform work, it is significantly harder to find a stable flow of clients and stay on a platform.

The main advantage of paid platforms (where payment for the service is processed through the platform) appears to be ensuring that neither the customer nor the service provider "disappears" halfway through the process, thus adding credibility. Free platforms cannot provide this assurance. Moreover, paid platforms heavily rely on motivating service providers to conduct all their work through the platform. Duuabl has implemented a token system, allowing providers to accumulate DUAB tokens, whose value is determined not by the fees for the tasks but by the number of tasks performed and the influx of new clients to the platform. For example, successfully completing a job earns the provider 30 tokens, with an additional 30 tokens if the client is ordering through the platform for the first time. It should be noted that the rules for earning tokens may change continuously, and tokens will be useful only if Duuabl achieves unicorn status (as this entails distributing up to 10% of the company or up to 100 million euros among token holders). However, this may not be sufficient motivation for providers to exclusively use the platform for their work. Consequently, platforms in the PHS sector lack effective means to pressure providers into working formally and completing tasks at specific times (payment does not depend on timing, etc.). Therefore, CareMate, a platform for caregivers, would prefer to keep individuals working on their platform on payroll, as the need for caregiving services is likely highest in the mornings, at lunchtime and in the evenings. Someone working as a caregiver on the platform alongside their main job might be occupied with their primary work in the mornings and at lunchtime, and there may be no one available among the platform's providers to take on tasks at the required times. Furthermore, platforms have no control over who receives the orders, as this depends on details that the client placing the order may not be able to explain either. It is not in the platform's interest to artificially keep the number of providers low, as this would increase the risk of clients selecting providers from a competing platform. Therefore, we conclude that the most effective approach in the PHS sector would be to reduce informal work facilitated by clients. If clients are incentivised to pay taxes for PHS sector jobs and opt to hire professionals for tasks like child care or cleaning, then the informal services market could subsequently decrease.

1.5. Summary – Key challenges for personal and household services

In the PHS sector in Estonia, there are very few formal employees (home care workers, domestic cleaners, child care workers and garden labourers), comprising no more than 2% of all wage earners. The majority are women, with an equal gender distribution only among garden labourers. Female domestic cleaners earn more than males, slightly more also among garden labourers, while in other occupations in the PHS sector, men's wages tend to be higher on average than women's wages. In these occupations wages are generally low across all regions, in some cases just 50% of the average wage. Microenterprises and sole proprietors offering services in the sector are not reflected in the official employee numbers. It is highly probable that they focus on serving private clients.

Small single-employee limited companies may engage in tax optimisation and withdraw only the minimum wage or sometimes no salary at all. In such cases, salaries or the number of employees cannot be monitored. Additionally, larger companies (such as those in gardening or cleaning services) may also offer services to the private sector among other activities. This, too, cannot be captured in official statistics.

Informal service provision includes cash transactions, agreements between individuals and tax evasion. The proportion of informal work in the non-care sector is considered rather high. Although an entrepreneur account allows for automatic tax payment by individuals on any amounts received from clients (not necessarily in the PHS sector), but if the primary job pays social security contributions (or this is covered through student/pensioner status) and PHS-sector work is only a secondary job, not all funds may be channelled through the entrepreneur account. A large informal services market poses challenges for official service providers in terms of growth and hiring employees. Due to the small size of Estonia and existing practices, word-of-mouth recommendations are trusted, and acquaintances are often used for tasks. Customers' price sensitivity often prevents them from hiring professionals or considering the benefits that may come with hiring a professional.

Demand for PHS in Estonia is lower than the European Union average. Partly, this is due to people's preferences (distrust of strangers), which may also account for the relatively high proportion of family caregivers in Estonia. However, it was mentioned that pensioners cannot afford cleaning services because they are too expensive. There is also a growing need for personal assistance due to an ageing population, but the supply side would become more active if the state could support covering the providers' wage costs. The importance of state support is also evident from the results of the 2023 care reform. As the state obliged local governments to partially cover the costs of nursing home services, demand for nursing homes increased sharply, while the home care sector lacks the required attention. Moreover, the determination of care workers' workload according to uniform principles has just begun in practice, and some local governments have complained about the lack of resources, which are not sufficient even for covering nursing home services at the level stipulated in the new law.

Salaries in the care sector are low and workloads are rather high, especially if a home care worker needs to visit numerous clients in a single day. However, the presence of supportive colleagues, working towards a common goal and the sense of fulfilment from helping people are highly valued. Home care companies see the potential to expand the user base of their services, but due to low wages and high responsibility, it is difficult to find workers. The biggest concern for family caregivers is overload and lack of information; depending on the care recipient's situation, family caregivers may not have the time and energy to investigate whether the state can help them and under what conditions. The state does not have the resources for a proactive approach.

In addition to earning extra money, the positive emotion derived from helping people is a very important motivator for offering services through platforms, such as private tutors, domestic assistants and repair workers. Child care workers and private tutors also value the opportunity to witness and contribute to a child's development. Independence and the freedom to choose job opportunities and clients are highly valued. Customer feedback is crucial for platform workers, but often, no feedback is provided (e.g. the client forgets). Neither the worker nor the platform has significant influence on whether feedback is provided and its nature. Platforms also cannot dictate which worker is selected from among the specialists available for a particular job or how much and what type of work a specific worker performs, so they have no means to influence the workers to work more or less or to work formally. Platforms compete with each other for PHS workers and clients. There has been some consolidation in the market for platforms providing PHS services, with the currently existing platforms having been in business for several years and no new entrants emerging. Workers prefer free platforms, which essentially operate as advertising portals. To some extent, platforms that take a fee on each job may motivate workers to formalise their work. However, the most effective way to reduce informal work in the PHS sector would likely be educating and motivating clients to pay for services officially.

2. The role of social dialogue in the field of personal and household services

2.1. Social participants in the PHS sector (state, social partners, participants in the social sector)

Social dialogue in the PHS sector is relatively underdeveloped, and given the sector's heterogeneity, there is no single representative organisation for either workers or companies. Additionally, not all representative organisations in the sector (or even most of them) participate in social dialogue or collective bargaining.

Overall, entrepreneurs are better organised than workers (as referenced in the interviews), and organising workers presents a significantly greater challenge.

Family caregivers work at home and do not receive payment for caring for their loved ones; therefore, it is not surprising that family caregivers have not unionised in Estonia. Since 2020, the NGO Estonian Home Assistance Association (Eesti Koduabi Selts), established in 1997, has been overseeing a website titled “Eesti Omastehooldus” (Estonian Family Care). The primary activity of the association, as outlined in its statutes, is to advocate for social welfare and home assistance work in Estonia. Although the website has been occasionally updated, according to board members, the association has not been actively operating since 2023. Officially employed home care workers are represented, as are healthcare workers in general, by the Estonian Healthcare Workers’ Association (ETK, <https://www.kutseliit.eu/>), founded in 1997. According to its statutes, its objective is to represent and protect the professional and socio-economic rights and interests of its members, who are individuals employed in the healthcare sector. This representation extends to dealings with employers, their associations and labour dispute bodies. Thus, the association also acts as a trade union and participates in collective bargaining; the latest collective agreement was concluded for the years 2023–2024, with the participation of two organisations representing employers and four representing workers. In the context of home nursing, the Estonian Nurses Union (ena.ee) is significant, operating as both a professional association and a trade union since 1998. As a professional association, it works on developing the nursing profession at various levels; as a trade union, it represents nurses, advanced practice nurses and professionally qualified care workers in employment relationships, including in collective bargaining negotiations.

The Estonian Child Care Workers’ Union, established in 2006, has been deregistered as of 28 February 2024, indicating challenges faced by professional associations in sustaining long-term operations in the field. According to the 2020 annual report, the union had 18 members, and its main activities included information dissemination and participation in the development of a new early childhood education law, as well as advising on the establishment of new childcare facilities. The Estonian Social Workers’ Association (eswa.ee, founded in 2000) brings together individuals and non-profit organisations involved in social work with the aim of developing the social work field, shaping social policy, representing and promoting the professional interests of its members. Therefore, the organisation is involved in various activities, including issuing certificates for childcare workers, care workers and social workers. At the end of 2022, according to their annual report, they had 425 members, including three legal entities.

The Estonian Horticultural Association (aiandusliit.ee), founded in 1989, brings together entrepreneurs in the field of landscaping and gardening, as well as educational and research institutions, comprising about 70 organisations (largely producers of horticultural products). Activities include participation in the preparation of development plans and the protection of members’ interests in communication with the state, as well as contributing to the development of horticultural education. The Estonian Landscape Contractors Association (<https://www.maastikuehitajaliit.ee/emel>), which also cooperates with educational institutions teaching landscape contractors and has been a member of the European Landscape Contractors Association (ELCA) since 2022, is also linked to the landscaping and gardening sector. The associations of entrepreneurs in the gardening and landscaping sector are not active in social dialogue, partly because they have no counterpart in workers’ organisations. Representative organisations of providers of services to individuals also included the Estonian Beauty and Personal Service Entrepreneurs Association (Eesti Ilu-ja Isikuteenuste Ettevõtjate Liit), established in 2018, which has since been deregistered and has not submitted any annual reports.

Based on the interviews, social dialogue in the Estonian PHS sector is not highly developed, and this is due to various factors. Representatives of the trade union umbrella organisation (Estonian Trade Union Confederation) emphasised a general lack of interest among workers in unionisation, stemming from the ambiguity and informality of employment relationships in the sector as a whole. Work is often done on short-term agreements, the workers are dispersed, and interactions with other service providers may be lacking, with wages sometimes received/paid informally (“off the books”). A representative from the employers’ umbrella organisation (Estonian Employers’ Confederation) also highlighted a lack of interest among workers. People often feel that the benefits they would receive from investing resources (time and

membership fees) are not significant enough, or they question how unionisation could improve their situation when they are already satisfied with their work situation.

A particular feature of Estonia may be the scarcity of people. Regardless of what kind of collective organisation we're talking about, people weigh ten times whether it's worth it, whether they have the time and resources for it. And generally, there are very few resources available even for major issues. (INT2)

Well, I imagine that this [Estonia's small size] is one reason why we might not be able to dig so deep or rally up this interest, because the impact might be so big on the whole population and, you know, things like that. If there were a lot more workers and a lot more people actively involved, we'd also see more organisation. (INT6)

Compared to employees, employers (companies) see more benefits in joining. Membership in a professional association provides individuals with someone to consult with on the one hand, and on the other hand, it allows workers to present themselves as organised and authoritative in social dialogue. When engaging with politicians or officials, it is more advantageous to demonstrate alignment among several companies, as individual dealings with officials may be perceived as potentially involving corruption. (INT2)

For small businesses, finding resources for unionisation can be as challenging as it is for employees, and companies may question whether the membership fee yields sufficient results. When struggling for survival each day, investing in counselling from only two individuals may not appear worthwhile. Entrepreneurs find it exceedingly difficult to analyse legislation to contribute at the sector level, particularly when there is no guarantee their proposals will be taken into account, making their efforts to comprehend the laws futile (INT4).

...and they believed that a union could also be formed for the cleaning sector. But that also involved a fee, which would actually take motivation away, not only from me but also from others who were already struggling to survive. So, I asked what we would get for this fee; and what we would get was counselling from two individuals. So, again, I think that might not be enough. (INT4)

Topics related to unionisation among employees were also discussed in the focus group interviews. Although many of these topics were discussed only in one or the other focus group, several of them can be extrapolated to the entire PHS sector and beyond. Representatives of family caregivers pointed out that they simply do not have the energy to unionise because all their energy is spent on caregiving, and they want to avoid taking on additional obligations (FG3, FG4). They also found that meeting urgent needs and realising potential benefits is limited to addressing specific issues, such as integrating the social insurance and health insurance systems.

...right now, social insurance and health insurance are two different systems, and this poor, old and sick or disabled person falls between the two chairs and is just stuck on the floor, so to speak. In this sense, the job descriptions of a family nurse and social worker should be combined so that, between the two of them, they don't leave him there on the floor but try to [help him get up]... (Family caregiver, female, FG4)

Representatives of the small household tasks segment did not feel the need to belong to a trade union but believed that if there were already a large union with many members, they might join. This likely reflects a wider problem with the development of social dialogue as such, whereby due to path dependency (given the currently low level and the historical background of a post-communist state), developing social dialogue from a relatively low or even almost non-existent level presents a great challenge. It was also generally believed that they could represent themselves without the help of trade unions:

I hadn't even thought about the possibility that I can't defend myself or that I should get some kind of help here, whether legal or promotional. (Male, general small tasks, FG2)

Home care workers raised issues related to wages – since the Estonian Social Workers' Association does not handle salaries (it is more of a professional association than a social partner), there is no perceived special benefit in joining, and other potential benefits (such as attending professional conferences) can be accessed without being a member of the organisation. This is an example of a situation where a (trade) union exists, but its existence alone does not guarantee people will join. Some employees emphasised that it also hinges on the union's agenda, the entry conditions, and whether joining appears necessary at that particular time (FG5). Additionally, employees may not be interested in dealing with work-related matters outside of working hours.

I like this work, but it's not my main interest. I wouldn't engage in it outside of working hours. (Home care worker, female, FG3)

In the focus group discussions with home tutors and childcare workers, factors making unionising less attractive were highlighted, such as workers' preference for independence (presumably why many workers are in this sector). A significant difference from healthcare workers, who are active in terms of trade unions, is the low entry barriers in the PHS sector, where the limited interest of clients in service providers' qualifications allows anyone who wishes to operate. Considering the previously emphasised need for greater professionalisation in the PHS sector, this should probably also take into account the potential impact on unionisation, and conversely, how unionisation could enhance the professionalism in service provision. The home tutors and child care workers' focus group also pointed out that Estonia's national minimum wage does not favour worker organisation; this is likely due to the fact that despite the importance of other sectoral working conditions, salary issues are critical, and the national minimum wage would, so to speak, push out collective wage negotiations (which is one of the most common arguments that trade unions level against an excessively high minimum wage). Regarding the latter, it is difficult to provide policy recommendations because with a lower coverage of collective agreements, the minimum wage accordingly plays a greater role in the labour market, and raising the minimum wage has generally had a positive effect (Masso et al., 2021), which has also been described in the context of the PHS sector (INT2).

If the levels of social dialogue and worker organisation in the PHS sector are currently low, the question arises of whether this situation could be changed and how. A representative from the Estonian Trade Union Confederation (Tomson, 2024) highlighted positive developments in the social sector more broadly, such as the formation of a new trade union two years ago, specifically bringing together individuals employed in nursing homes. However, even with employees with formal employment contracts, organising workers poses a significant challenge. Many are reluctant to contribute, such as through membership fees, and hesitate to engage in conflict with their employer, particularly if the employer opposes the formation of a trade union. This reluctance is especially pronounced when there is only one employer in a region or a specific sector, like in the case of a nursing home. Therefore, given the large proportion of informal work and platform work, unionisation is an even greater challenge in the PHS sector. Tomson (2024) believes that currently, organising workers in the PHS sector is beyond the capabilities of both the Estonian Trade Union Confederation and any operating trade unions, given their existing knowledge and resources.

The organisation of platform workers in Estonia, and certainly within the PHS sector, has been studied. While platform workers occasionally look into the prospects of collective organisation, there exists a prevailing scepticism regarding the potential for collective improvement. A significant impediment to organising among platform workers lies in the absence of a cohesive collective worker identity, juxtaposed against the prevalent entrepreneurial ethos. This phenomenon partly stems from the societal promotion of entrepreneurial identities, leading individuals to internalise blame in the face of challenges, thereby impeding collective action (Holts, 2024). Based on the study, another common problem can be highlighted, which is the lack of a conducive environment for dialogue and the lack of experience with collective bargaining among young workers (Holts, 2024). However, concerning the difficulty of engaging young workers, a counterargument from previous research could be brought up, suggesting that organising young workers might actually be easier because, unlike older adults, they lack the Soviet-era experience of the role of trade unions, which differed from the customary practice in a market economy.

There are, however, certain positive examples that the PHS sector could emulate from other sectors in terms of worker organisation, such as the Estonian Actors' Union. The latter represents almost all Estonian actors,

has a wide range of activities, serves as a creative union in addition to being a social partner, and besides participating in collective bargaining, it also mediates job offers to its members, which could be a direction to follow (similar positive examples can also be found in other countries, such as Norway) (Tomson, 2024). Additionally, starting organisation from local networks could be attempted (Tomson, 2024). The overall expansion of the PHS sector could also present an opportunity for worker organisation. For example, in Estonia in the 1990s, the growth of the maritime transport sector, along with pressure from employers on various issues, contributed to the emergence and growth of a union in that sector – the Estonian Seamen’s Independent Trade Union. A representative of the Estonian Trade Union Confederation also emphasised that workers’ joining must ultimately be voluntary; no one outside the sector should compel it. Another important factor for organisation is that workers should view working in the PHS sector as a long-term career choice, because temporary workers lack interest in organising. The current attitude toward temporary work in the sector is partly due to the employers’ belief that workers can switch employers in case of problems (Tomson, 2024).

However, the potential for worker organisation in the PHS sector should also be distinguished by professions. It has been argued that, within the PHS sector, care workers may have greater potential for organisation (Uusküla, 2024), similar to the education sector, which is relatively well-organised in Estonia. However, organisation among platform workers, which is important for roles such as home tutors, child care workers and small household tasks, does not operate on the same logic (the same questions, common problems, presence of employers, etc.). Here, bringing together platform workers and platform operators and creating an ombudsman institution could be beneficial; representation could also work through certain digital solutions (similar to the use of digital solutions in platform work). While such virtual communities exist for couriers, among other occupations, there are no known examples among PHS sector workers. It has also been emphasised that individuals in particularly challenging and draining roles, such as family caregivers, may lack the capacity to initiate organisation efforts themselves and thus require external support (Uusküla, 2024). This stance contradicts the earlier arguments against external intervention in organisation efforts (Tomson, 2024).

2.2. Social dialogue related to personal and household services

The development of social dialogue in the PHS sector is not favoured by Estonia’s overall underdeveloped context of social dialogue. Therefore, instead of providing a specific overview of the PHS sector, a brief overview of social dialogue in Estonia in general is provided here for context. Since the restoration of Estonia’s independence, the role of social dialogue in the Estonian labour market has been modest (Masso et al., 2018), influenced by both path dependence from the post-communist era and, potentially, the broader adoption of a liberal economic development model. Furthermore, globalisation, characterised by a substantial presence of foreign-owned companies in the economy, along with structural shifts in the economy, such as the expansion of the service sector and the rise in the proportion of small businesses and non-standard forms of employment, have also played a role.

The role of trade unions in the labour market has been modest, measured either by the proportion of trade union membership in the workforce (9.7% in 2005, 5.5% in 2014 and stabilising at this level in subsequent years) (Kallaste, 2023) or the coverage of collective bargaining (25% of workers in 2005 and 23% in 2015). Unlike in many Western European countries, such as France, collective bargaining coverage is not significantly higher than trade union membership. Collective bargaining primarily occurs at the enterprise or national level, with the latter often involving negotiations on minimum wage. Sectoral-level bargaining is less common, although there are exceptions such as healthcare and transportation, which are possibly influenced by a post-communist legacy. Trade union membership is concentrated in the public sector, among older workers and in selected industries (Kallaste, 2023). The number of collective agreements decreased from 98 in 2002 to 57 in 2008 and 30 in 2019 (while trade union membership remained stable between 2008 and 2019), indicating a clear downward trend (Kallaste, 2023). Similarly, the number of trade unions has consistently declined, from 370 in 2009 to 215 in 2018 (Kallaste, 2023). The number of organisations operating as trade unions has been higher than the figures provided, as some professional associations also fulfil the role of trade unions.

Trade union membership has declined in many countries, but nowhere else has the decline been as sharp as in the Baltic states (Kallaste & Woolfson, 2009). Therefore, trade union membership in Estonia, as well as in Latvia and Lithuania, is at the lowest level in the European Union, and the decline continued after joining the EU, although at a slower pace. One reason for this may be the extension of working conditions stipulated in collective agreements to workers who are not members of trade unions (Kallaste, 2019), which creates an incentive to benefit from trade union activity without joining. There have also been instances of individuals resigning from trade union membership immediately after a collective agreement is signed (Tomson, 2024). However, the law also allows for the representation of employees in the absence of a trade union, through an employees' trustee (Kallaste et al., 2007), although this option has been used infrequently and with limited effectiveness. Based on previous work experience, outside the PHS sector and associated with larger companies (with ten or more employees), one current employee in the PHS sector mentioned (FG5) that in Estonia, corporate working environment specialists deal with employee rights within the organisation, and a competent and hardworking individual with a constructive approach to working environment-related issues can achieve a lot.

Low trade union membership creates financial challenges for trade union organisations and limits their capacity,¹⁶ as the majority of trade union income is derived from membership dues. This, in turn, exacerbates the problems faced by trade unions. Only 38% of trade unions have at least one employee, and the fragmentation of trade unions, such as having two confederations – the Estonian Trade Union Confederation and the Estonian Employees' Unions' Confederation – only worsens the situation (Kallaste, 2023). Kallaste and Woolfson (2009) contend that a large part of the workforce in the Baltic states does not participate in trade unions not due to disillusionment with them but because they are unaware of trade unions and have, therefore, not made a decision to join. In summary, Masso et al. (2018) outline that labour relations in Estonia are defined by minimum standards established by law, social dialogue between social partners at the national level, and individual employment contracts or company-level collective agreements. According to Kallaste (2019), minimum standards such as the national minimum wage have taken over a significant part of the role previously held by trade unions since the early 1990s. The same analogy has been made regarding the organisation of platform workers, suggesting that national regulation (e.g. through a platform workers' directive) could start to inhibit it (Holts, 2024), although a counterargument would be that they have not organised even in the absence of national regulation.

Regarding the potential for the engagement of platform workers, Estonian trade unions represent some industries where self-employment is a traditional form of work, such as actors and journalists (Kallaste, 2023). Members of the Estonian Actors' Union can work either under an employment contract or through their own company, and the same working conditions apply to them regardless of the form of employment (Kadai, 2024); this is a good example of a situation where service providers as entrepreneurs can also be organised into a trade union. Therefore, depending on the industry, there may be some trade union membership among self-employed individuals. At the confederation level and again depending on the industry, the inclusion of freelance platform workers, such as taxi drivers and food couriers, in trade unions has been on the agenda for some time. However, trade unions have not been able to organise these platform workers (Tomson, 2024).

Insights from conducted interviews provided significant input, particularly from an interview with a representative of the Estonian Healthcare Workers' Association (INT8), which also functions as a social partner (representing members' interests to employers and their associations). As a broad-based organization, the Association partially covers workers in the PHS sector through its members, generally including both caregivers and social workers. Healthcare, alongside transport, is one of the few sectors in Estonia with a functioning sectoral collective agreement. Tripartite round tables (involving the Ministry of Social Affairs, employers and the Estonian Hospitals Association) have been an important format in social dialogue, which has previously occurred regularly. Ongoing political processes have put regular meetings on hold, indicating that the activity of social dialogue is affected by politics. Cooperation also exists with the

¹⁶ Here, exceptions can be noted such as the Estonian Trade Union Confederation and the Estonian Actors' Union. For actors, joining the union is based on traditions and additional benefits it provides. For example, membership can increase visibility to clients through the actors' database or result in higher pay for various roles, preventing the hiring of union-affiliated actors for lower wages.

Estonian Trade Union Confederation to develop standards for the 2025 collective agreement with the Health Insurance Fund.

To strengthen the role of organizations in social dialogue, participants in the focus groups saw potential in targeted training sessions, such as negotiation-focused training. However, the latter is not beneficial if only one dialogue party participates in the training (and the situation may be exacerbated by interpersonal relationships, diverse backgrounds of negotiators, etc.) (INT8). Overall, there is a significant problem in that people struggle to communicate clearly with each other. Today's level of (social) dialogue is certainly not seen as sufficient, and the reason is political polarisation, which has thus far hindered consistent activity (i.e. negotiations sometimes have to start anew with the arrival of a new minister). Although the Estonian Trade Union Confederation has been helpful (e.g. communicating at the European level), it is sometimes challenging to explain the gravity of the healthcare sector's situation to representatives of other trade unions within the Confederation (e.g. that increasing wages in the healthcare sector is essential due to staff shortages).

Of the 7 organisations surveyed in the stakeholder study, two have participated in social dialogue and collective wage negotiations (this represents the sum of the response options “Very often”, “Often” and “Occasionally”), which is more than, for example, participation in protests, submissions and proposing new laws but less than participation in consultations (no participants). However, when asked about the organisation's engagement with the PHS sector, only two respondents specified that it occurred through social dialogue. Few potential factors hindering activity were listed; for example, somewhat surprisingly, only one response referred to limited financial capacity. Perhaps the most compelling message was that two respondents strongly agreed with the statement that “Organising workers in this sector is a challenge”. Regarding the organisation of platform workers, the interviewees considered the absence of the workers as a party in social dialogue as an obstacle, but they still considered social dialogue essential.

We do not have that workers' representation engaged in that dialogue... Dialogue, as such, is always good and certainly moves things forward, but if there aren't equal participants, then usually a problem is ingrained from the outset (INT1).

Well, I would say that here, just like on the national level, there is no social dialogue happening, so we can't even talk about social dialogue. [Although] it would be critical, I believe. (INT9)

We need to do a lot more before we reach that point [adequate social dialogue]. (INT6)

Even if there is a representative organisation in the sector, entrepreneurs often do not see any benefit from it. Because professionals and entrepreneurs, both legal and natural persons, communicate through the representative organisation with authorities that provide guidelines, we cannot say there is no social dialogue in, for example, horticulture. After isolation during the COVID-19 pandemic, the desire to cooperate increased. However, companies also want to see results. (INT5) That is, entrepreneurs do not always seem to be very satisfied with the performance of representative organizations.

Let's say [company name] has been active in the Landscape Contractors' Association for the last year. Then, well, they communicate with the authorities as well as among themselves, but they often pursue their own agenda there and have their own vision. This vision that is actually held by employers or those operating in this sector... they don't really want to listen. (INT5)

However, from interviews conducted with entrepreneurs operating in the PHS sector, it emerged that when asked if the entrepreneurs themselves had sought to influence regulations in any way, the response was that as a single entrepreneur, it would be very difficult to influence regulations affecting the sector. This could be a strong argument for cooperation and organising through representative organisations.

That would be like a separate issue. It would be like going to university. A similar thought occurs to me. Then, I get tired even thinking that I should start reading legislation on my own and, basically, come up with those documents first and then send them to someone, and then see whether it leads to something or not. It would be like winning the lottery. It's a bit much for one entrepreneur.

2.3. Addressing the challenges of the PHS sector through social dialogue

Given the relatively limited involvement of the PHS sector in social dialogue and the underdeveloped organisation of workers, it is challenging to discuss addressing the sector's problems through social dialogue. In addition to synthesising information from other sources, the challenges of the PHS sector can also be summarised through the stakeholder survey results.

When interviewing representatives of PHS stakeholders about the challenges facing the sector (quality of work and working conditions), the sample size in any single country (in this case, Estonia) is too small to draw quantitatively precise conclusions. Nevertheless, these interviews provide insight into which topics are generally relevant and which are not. Responses were collected on a five-point Likert scale (ranging from “Strongly agree” to “Strongly disagree”). The figure below presents the proportions of respondents who selected “Strongly Agree” or “Agree”, along with the variance between the total of these two response options and the total of “Strongly disagree” and “Disagree”, indicating the extent of agreement versus disagreement with the statement. Regarding the results (see Figure 5), while the respondents considered all the options significant, surprisingly, low wages and issues related to the funding of sector services were not considered to be the most significant (mentioned by about 65% of respondents), although high labour costs were more frequently than before cited as a challenge (80%) – likely due to Estonia's relatively high labour taxes (compared with other countries and the taxation of capital income) and the nature of the sector (domestic services provided in small volumes), making it difficult to replace labour through automation or similar means. According to the survey, a significant challenge also appears to be the shortage of labour (mentioned by 67% of respondents). The shortage of labour is particularly acute in the care sector, but addressing it is linked to making working in the sector more attractive, both in terms of salary and in the perception of decision-makers that investing in the sector can yield returns elsewhere. There is considerably less agreement on other factors; for example, the absence of social insurance is not seen as a significant issue, although the high rate of non-formal work should make it problematic. One explanation for this could be that employees (service providers) already receive social insurance through their primary job. Thus, if working in the PHS sector is supplementary employment, the lack of social insurance in that role may not be perceived as a concern (this applies to platform workers in general).

If we want to develop the field of home care and caregiving, the biggest problem is that there aren't enough people working in this field. The main problem is the low wages. (INT12)

Now, the social sector is actually complex in the sense that we are often lumped together with elderly care. Elderly care means that these people are moving towards the end of their lives, and they need to be ensured a nice, painless, and effortless end. But now, the sector we work with, they are the ones who could enter the labour market and be useful to society. So, it is not always seen that there is actually a benefit. The more we work with them, the more we save on healthcare costs, both in psychiatry and emergency care, the more taxpayers we have. (INT7)

High labour costs are certainly one reason why we have difficulty finding people because we [as a platform] cannot hire them due to those labour costs, so they would rather work off the books because then they would actually earn much more... (INT6)

Therefore, wages, labour costs and labour shortages are interrelated: one could argue that addressing issues of wages and service quality could also make working in the sector more attractive and thereby solve the problem of labour shortages. However, labour shortage is not a problem specific to the PHS sector, as it is cited by representatives of many industries in Estonia. Here, the reasons also include general challenges facing the nation, such as an ageing population, emigration and the already relatively high employment rate. With certain jobs, the problem may also be related to their societal image or negative perception, which might accompany, for example, cleaning work.

I once heard that a male member of parliament [...] suggested that a cleaner's pension should in fact be smaller. So, essentially, he belittled cleaners. If a cleaner lacks self-respect, how can they deliver quality work, right? And if workers are belittled from the outset, they can't boost their self-esteem either. [...] They can't perform at their best when their motivation is undermined before they even begin. We have many people who are even afraid to walk down the street with a broom because they feel like they're being watched. It's a confidence issue for cleaners. (INT4)

Although lack of representation and absence of social dialogue are not among the most frequently mentioned topics, it is positive that they are reflected in the responses, considering that in Estonia, with its relatively low level of social dialogue, even recognising the need and opportunities for it is a challenge. Alongside labour-related issues, regulation is also a critical factor in the sector (as indicated by the response option “High administrative burden”). The prevalence of informal employment relationships in the PHS sector is certainly related to these challenges.

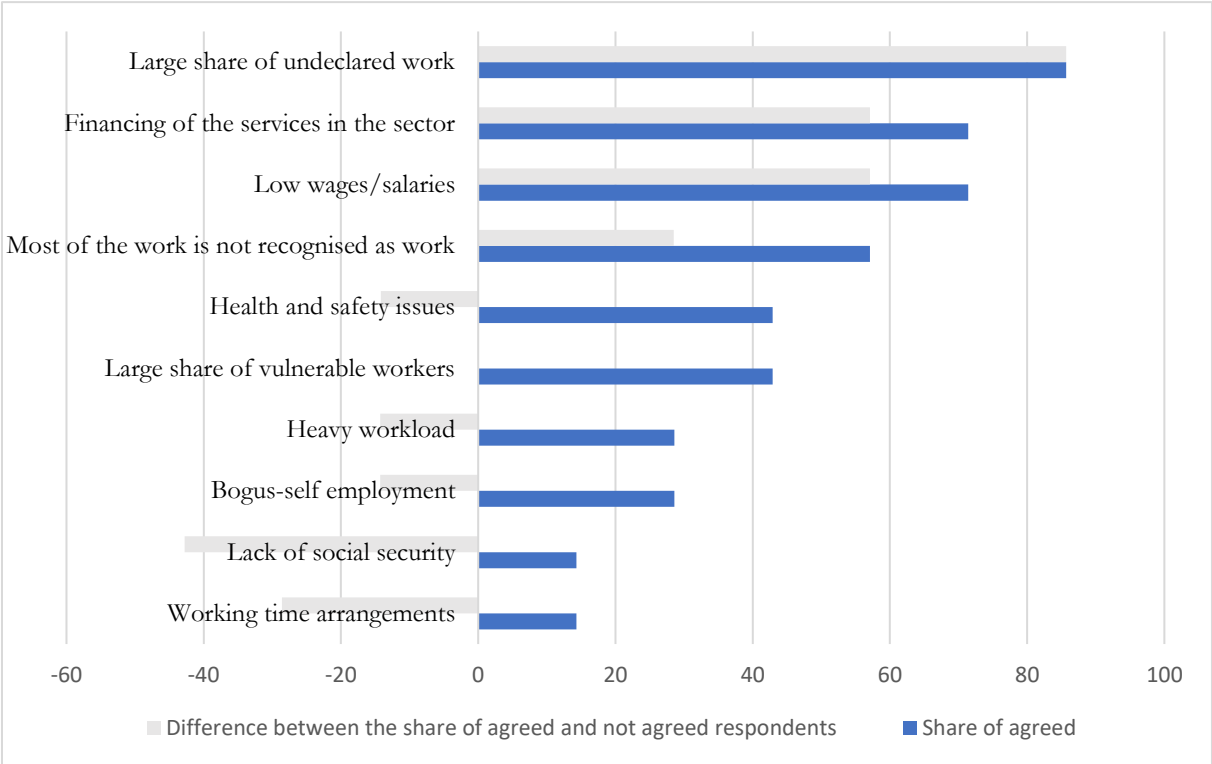


Figure 5. Key challenges for the personal and household services sector

Source: Stakeholder survey, 7 respondents

Note. Responses to questions are on a five-point scale ranging from “Strongly agree” to “Strongly disagree”; the figure shows the share of respondents who chose the response option “Strongly agree” or “Agree”.

In the same survey, stakeholders were also asked about their opinions on challenges related to service quality. The respondents generally agreed with all statements, and dissenters were relatively few. According to the survey, the biggest challenge is the shortage of labour, which is expected to become an even bigger problem in the future due to the expected increase in demand for services. Approximately 60% of respondents agreed with problems such as “Lack of professionalism among employees”, “High administrative burden”, “High labour costs”, and “Low flexibility of service providers”.

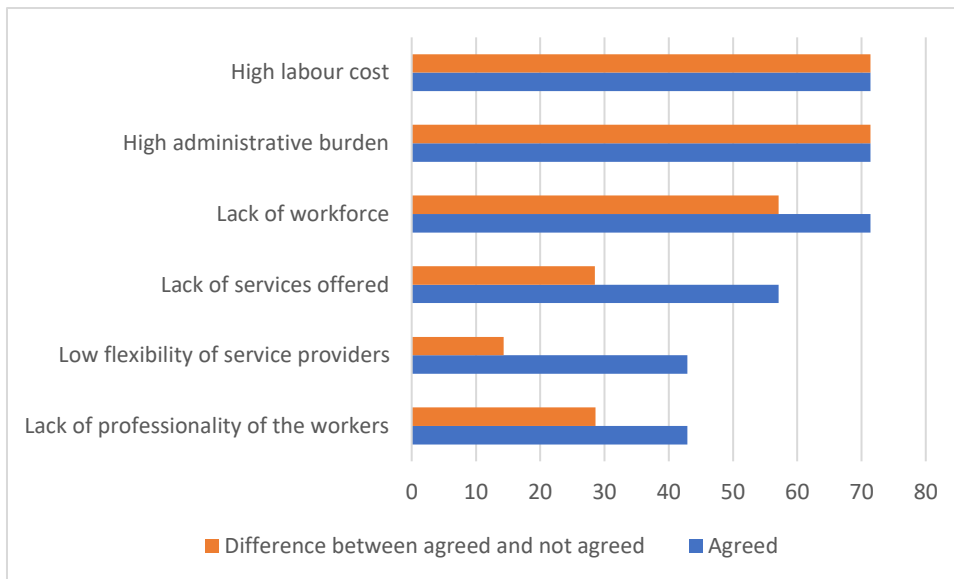


Figure 6. Challenges related to service quality in the PHS sector

Source: Stakeholder survey, 7 respondents

One problem contributing to labour shortages, for example, in healthcare, might be that although training takes place and training opportunities have been added to educational institutions, it cannot alleviate labour shortages if young people choose not to work in healthcare but instead opt for fields such as beauty services (INT8). Additionally, in healthcare, besides low wages, another issue is the increased workload and responsibility (as confirmed by the interviewee in INT13 regarding increased responsibility). Previously, higher pay was associated with people overworking, leading to stress and burnout, indicating that methods of increasing wages should be carefully considered. Better working conditions in the healthcare sector would require stability, but the sector’s political dependence works against this, as working conditions specified in collective agreements have been jeopardised due to political processes.

In the stakeholder survey, we also asked what respondents believed could solve the sector’s challenges (Figure 8). Since high administrative burden was one of the most frequently mentioned problems or challenges in the sector, it is not surprising that one of the mentioned measures is to address challenges in the sector is to improve legislation and its enforcement. It is noteworthy that there was no mention of the need to improve legislation related to intermediary firms – probably an appropriate assessment, as issues concerning the use of service intermediaries did not appear significant in user surveys either. Another popular recommendation is to subsidise services, addressing challenges associated with high labour costs (and high prices for service users), although measures related to this could also address other broader sectoral issues. A similar problem would be addressed by the option to deduct the cost of services from taxes, but it should be considered that many people struggling with service use do not have sufficient taxable income, so consideration should be given to the broader issue of income distribution when recommending policy measures. Two respondents mentioned recommendations to encourage the professionalisation of the workforce. Similarly to challenges, issues related to developing social dialogue and representing workers are less frequently mentioned. In this regard, none of the respondents mentioned the ratification of the International Labour Organization’s (ILO) Domestic Workers Convention. However, given Estonia’s low level of social dialogue, not only in the PHS sector specifically but also in the labour market in general, the mere acknowledgement of these topics is rather positive.

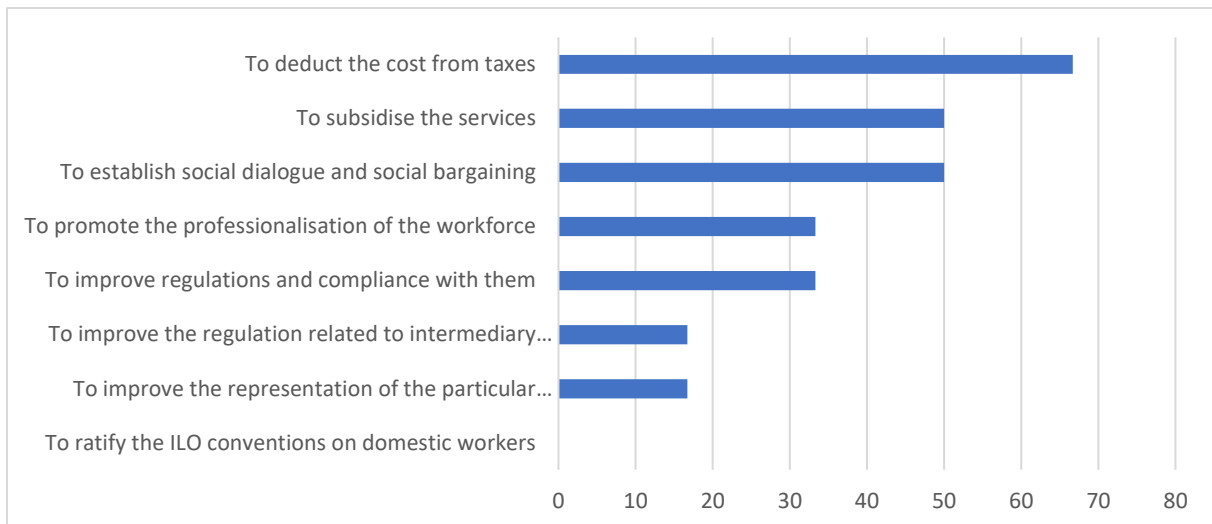


Figure 7. Measures to address challenges in the personal and household services sector

Source: Stakeholder survey, 18 respondents

Note. Responses to questions are on a five-point scale ranging from “Strongly agree” to “Strongly disagree”; the figure shows the share of respondents who chose the response option “Strongly agree” or “Agree”.

In an interview, a representative of the Estonian Healthcare Workers’ Association emphasised that social dialogue has successfully improved the situation of healthcare workers, and thus also some PHS sector workers (caregivers). Thanks to the collective agreements signed, caregivers have seen significant wage increases in recent years, including a 20% increase in 2023 and a 10% increase in 2024, and since 2024, weekend work has been compensated at a 20% higher rate. However, it should be noted that such agreements have come about with difficulty, through a national mediator and thanks to a favourable political situation. Although positive developments in caregivers’ salaries were emphasised above, this interviewee noted that there is a need for a more sector-wide approach in Estonia, whereby broad-based collective agreements would cover not only wages but also other working conditions, training, working hours, workload, etc. In the interview (INT8), the positive attitude of the union towards the growth of the PHS sector and its importance was also emphasised; in particular, expanding home nursing through the private-sector system would be beneficial for both the state and the individual, as home nursing would allow people to stay at home instead of going to nursing homes.

Given that this is a low-paid, informal sector (services are often procured from acquaintances and paid for in cash), there is also a high turnover of labour (the individuals providing care services frequently change). As a result, no one truly takes accountability for the service quality, and consequently, the state also loses out on labour taxes. Partially, the solution here could be a national minimum wage, at least for employees who receive some part of their wages officially. With Estonia’s limited participation in collective wage negotiations and scarcity of sectoral wage agreements, it becomes crucial for representatives of both employees and employers to negotiate a minimum wage. In an interview with employers’ representatives, the latter did not dismiss the possibility that the increases in the minimum wage in recent years might have diminished the shadow economy (where the minimum wage is officially paid and the remainder unofficially) by reducing undeclared incomes in the PHS sector (INT2).

As mentioned above, labour shortage is a significant challenge in the PHS sector. Employers believe that this could be addressed by hiring foreign labour, but besides language skills (which are understandably important in personal services), the problem here is Estonia’s requirement for foreign workers to be paid at least the equivalent of the national average wage, which is not in line with the current wage levels in the PHS sector or the payment capacity of PHS clients. Moreover, the PHS sector would not qualify for exceptions for seasonal workers to help bring in foreign workers (on migration regulations, see e.g. Masso et al., 2021), but simplifying the introduction of foreign labour would help address the challenges of the

PHS sector (INT2). Likewise, the user survey did not show much experience among users with PHS services provided by foreign workers.

Another significant challenge mentioned is the regulatory environment. In the Estonian economy as a whole, employers feel that there are excessive regulations, particularly for legally operating companies. Sometimes these regulations contradict each other, making it difficult for officials to explain them. The situation in the PHS sector is likely somewhat different due to the high proportion of micro-enterprises, which do not always comply with regulations. However, if a company has employees (and reducing informality in employment should generally be a goal), this only makes life harder for entrepreneurs (INT2).

Unions could influence working conditions in the care sector through standards (INT8). Home care workers expressed concerns that when they have to fill in for colleagues, the number of clients visited in one day can become unmanageably high (FG3), indicating that multiple workers should be available to serve the recipients. In the healthcare sector, there is an issue with the fact that nurses' standards have not been revised for a significant period (40 to 50 years), and fairly outdated formulas are still in use. Training and trained personnel are essential for ensuring the quality of PHS services, but in many places (e.g. kindergartens), assistants are generally accepted instead of teachers because their salary is lower than that of qualified workers (INT8). Improved working conditions and social justice could, in turn, reflect in the quality of services provided, both in home care and in hospitals. While respondents expressed support for retraining, there may be instances where individuals transitioning from other fields later in life perceive the priority of various tasks inaccurately within the occupation they have retrained for (e.g. prioritising resuscitation over other duties) due to their previously acquired mindset. Therefore, addressing unemployment with workers from other sectors also entails its own unforeseeable challenges.

Regarding the mediation of care services, a proposal was made that if caregiving is the primary activity, the mediator could benefit from VAT exemption or at least a reduced VAT rate. This is because the sector plays a crucial role in society, and finding workers is extremely challenging. Among other suggestions, introducing a separate insurance funded from an existing tax was mentioned as a potential measure for financing home care services. In the case of cleaning services, Finland was cited as an example, where retirees receive a portion of the service price reimbursed at the end of the year. In gardening, Finland has reportedly implemented tax benefits, inciting entrepreneurs to encourage private clients to pay their taxes.

2.4. Relations with EU-level social partners

Previous research has extensively studied the ability of Estonian and other Central and Eastern European countries' social partners to engage in dialogue at the EU level. This includes examining their capacity to influence the EU-level agenda and bring domestic social dialogue issues to the EU level. In the "Enhancing the Effectiveness of Social Dialogue Articulation in Europe (EESDA)" project (in which one of the authors of this report also participated), although the PHS sector was not specifically examined (while healthcare services related to care were included), the results offer insights into participation in EU-level social dialogue, which are largely applicable to the PHS sector. One of the project's broader conclusions regarding Estonia and other Central and Eastern European countries was that while the social partners in these countries see the benefits of participating in EU-level social dialogue, the underdeveloped social dialogue in Central and Eastern European countries (including tripartite dialogue and sectoral negotiations) hinders the ability to make their voices heard at the EU level (Akgüç et al., 2024). Therefore, a duality exists between Western European and Eastern European (old and new member states) social partners, despite twenty years having passed since the EU's eastern enlargement.

Regarding Estonia specifically, the results of the EESDA project acknowledged that cooperation with the European Union's social dialogue structures is generally moderate (more communication occurs in the education sector), and social partners focus more on national-level social dialogue (Masso et al., 2019). Based on the above, the PHS sector, with its particularly modest levels of social dialogue, can be expected to pay little attention to EU-level social dialogue. Interviews also revealed that stakeholders are not always familiar with EU legislation. Therefore, the first step should be to organise at the local (national) level and become acquainted with EU developments. One recommendation from the Estonian report for the EESDA project

was that due to Estonia's limited influence to initiate topics alone, it should seek common interests with other countries and establish cooperation with them. The same certainly applies to the PHS sector.

Out of the organisations surveyed in the PHS stakeholder study, only one was a member of an EU-level social partner. The Estonian Employers' Confederation is affiliated with BusinessEurope and is also a member of Business in OECD. The interviewees specifically noted that BusinessEurope's overviews have been very helpful in gaining insight into legislative drafting in the European Union. However, dealing with legislation specifically related to the PHS sector cannot be singled out, as the work of BusinessEurope has a more general focus. (INT2) Estonian trade unions have actively participated in international cooperation with the European Union, the Nordic countries and the other Baltic states. The Estonian Trade Union Confederation holds membership in seven advisory bodies of the European Commission and values highly its cooperation with the European Trade Union Confederation (Kallaste, 2023).

During an interview with the Estonian Healthcare Workers' Association (INT 8), they emphasised that they do not individually belong to any EU-level social partner organisation. However, they have indirect ties to the European level through a trade union. They frequently welcome speakers from other parts of Europe as part of various projects and receive numerous opportunities for collaboration, but limited funding poses a constraint. Although 2,500 members contribute membership fees amounting to 1% of their salaries, the organisation cannot expand its activities beyond the current scope due to the lack of additional support or funding opportunities from other sources. In summary, although activities at the European level offer benefits, they also come with associated costs, constraining the extent to which opportunities can be pursued. Furthermore, the Estonian Trade Union Confederation already disseminates relevant information from Europe to Estonia. However, if the organization's financial situation improves in the future, it will certainly consider joining the relevant European-level umbrella organization. This also applies to EU-level initiatives and policies, as everything ultimately depends on funding, which depends on the resources available to local governments. While meetings at the EU and international levels are not attended, information from these reaches Estonia.

In the interview (INT8), support was voiced for the adoption of the ILO Domestic Workers Convention. Although it was pointed out that the social system in Estonia is relatively weak, it was also emphasised that consideration should be given to the fact that social protection systems have been scaled back in some countries that, at least previously, had significantly more generous systems than Estonia. An improvement in the attitude towards mentally disabled people and their integration into society in Estonia was highlighted as a positive development. The impact of international regulations on workers' protection ultimately comes down to financial resources or their absence.

2.5. Summary of the role of social dialogue in the PHS sector

The current role of social dialogue in the PHS sector is relatively limited, and it is not clear how to enhance and strengthen it. Although the organisation of both workers and employers is a challenge in Estonia overall, entrepreneurs have a greater incentive for cooperation, and in general, organising workers poses a greater challenge than organising entrepreneurs. Improving the capacity of trade union organisations would be facilitated by reducing their reliance solely on membership fees, as successful organisations often have more diverse revenue sources. More moderate membership fees could help recruit new members on a larger scale. The value proposition offered to potential members is also a crucial consideration, as workers pay close attention to this aspect. The organisations currently active are limited in financial capability, which also impedes the use of existing cooperation opportunities, such as at the European level. In theory, workers' interest in joining trade unions could increase if representative organisations expanded their scope of activities, that is, if professional associations also acted as trade unions. National regulation can both hinder unionisation (by discouraging interest in consolidation) and increase it, for example, by establishing requirements through professional standards. Long-term, professional labour in the sector would certainly be more inclined to organise and contribute to trade unions than temporary workers. The interviews indicated that the lack of a counterpart in social dialogue constrains the development of social dialogue. While some perceive this as a critical issue, others suggest that there are more pressing problems in the sector.

Certainly, some challenges to organisation are similar to those in other sectors, such as those regarding the organisation of platform workers. Organisation is undoubtedly easier in some PHS sub-sectors, particularly in healthcare, as it is exceptionally well organised by both employers and workers in Estonia, with functioning social dialogue and collective bargaining. In the care sector, however, there is a greater challenge in organising family caregivers, partly due to their lack of initiative (understandable given their difficult situation) and partly due to the lack of readiness and capabilities of existing trade union organisations for this. Certainly, some of the challenges in organisation arise from the small size of the Estonian economy and, consequently, the PHS sector. Compared to larger countries, attaining the necessary scale for the effective operation of a representative organisation is more challenging. Promising examples of organization through unconventional means, such as engaging freelancers, can be found in other sectors, like the Estonian Actors' Union. Similar innovative approaches should be explored for the PHS sector. The overall expected growth of the sector may lead to both a greater need for organisation and opportunities for it.

Survey results quite clearly highlight important topics for the PHS sector, such as wages, labour costs and labour shortages. The care sector has been cited as a positive example, where significant wage increases have been achieved in recent years thanks to collective agreements, even if reaching such agreements has not been quick or easy. Since there are many problems in the PHS sector and they are interconnected, perhaps collective agreements should also be comprehensive beyond just wage issues, although overall, the development of social dialogue was not the most frequently mentioned measure for addressing sectoral issues, and measures such as service subsidies, legislation-related issues and workforce professionalisation were more prominent. Specifically concerning service financing, suggestions were made regarding VAT discounts (when using care service intermediaries) and the introduction of insurance to finance home care. A topic that is actively discussed in social dialogue, but was not particularly highlighted elsewhere in the information gathering, is the possibility of using foreign labour to address labour shortages, including in the PHS sector.

3. Conclusions and policy implications

In Estonia's PHS sector, the proportion of informal work is estimated to be significant. This means that besides inadequate tax collection, a large portion of the sector's activities are not reflected in national statistics. Official employees in the sector account for less than 2% of all wage earners, with women largely dominating the formal sector. Wages and incomes in the sector are generally rather low, sometimes even as low as 50% of the national average wage in some counties (with possible exceptions for small household tasks). Low fees in the sector motivate workers to avoid paying taxes to increase their income. However, the ability of clients to pay for services is also a problem, particularly among the elderly, reflecting broader issues regarding income distribution and unresolved institutional problems with service financing. These factors may partially contribute to the lower demand in the PHS sector in Estonia compared with the European Union average. Tax avoidance among working-age clients in Estonia might be attributed partly to a lack of awareness regarding the value proposition of professional service providers and why investing more in professional services is justified, or it could stem from a historical reliance on informal services (path dependence).

To a certain degree, positive emotions like social interaction and the satisfaction of overcoming challenges compensate for the relatively low financial rewards. Similarly, in the non-care sector, independence and the ability to make choices are highly valued. Workers choose both their jobs and clients, as well as the timing of their work. Issues with working conditions (such as the absence of social security) are also compensated by the fact that for many workers and service providers, this is a secondary job. Platforms play a significant role in offering many services. However, platforms (regardless of their interests) cannot significantly influence the incomes of platform workers or incentivise them to work more formally. Additionally, more tasks may be performed off-platform after meeting with the client. Several platforms offer services for free or charge users a fixed monthly fee, operating more like advertising portals.

Nationally, there are no tax breaks or subsidies in place in the PHS sector that would incentivise clients to prefer formally provided services over informal ones. However, it has been shown that in countries where

supportive policy measures for the PHS sector are not in place, the rate of informal services is 70%, while in countries where such measures are implemented, the rate of informal services is 30% (Decker & Lebrun; 2018). As mentioned in interviews, partial reimbursement for services paid by pensioners, tax compensation or the opportunity to deduct expenses for PHS from taxes would, on the one hand, increase state spending, but considering the rate of informal work in the PHS sector in Estonia, formalising all of this work would also bring in more revenue for the state through taxes. Support measures for the use of PHS by certain societal groups would also enable them to enjoy a dignified life, as enshrined in the Estonian Constitution.

A complex set of challenges have emerged in the care-related PHS sector. The state is actively working with legislation in this area, commissioning several studies and introducing a nursing home reform in 2023, which aimed to make nursing home services more accessible to those in need through local government support. However, home care services, which are expected to be increasingly funded by the state in the near future, have been overlooked. For future reference, it should be noted that both types of services are necessary, and home care services enable the postponement of institutionalisation. Supporting only nursing homes has disrupted the system's balance and does not support the principle of prioritising measures that increase individuals' ability to organise their lives. A large part of caregiving work is done for free by family caregivers. On the one hand, this may be due to the preference of the care recipient, but on the other hand, it could be due to financial constraints or even a lack of knowledge that local governments have a legal obligation to assess care burdens and, if necessary, implement additional support measures based on this, even if the family caregiver is a direct ascendant or descendant.

However, in long-term home care, it is likely necessary to develop an insurance system, for which implementing previously developed policy recommendations would be both politically more realistic and economically more efficient compared to alternatives. According to the Foresight Centre analysis (Uusküla, 2024), the long-term problem of home care should be resolved by financing this service through insurance (for which collection should start relatively young, at around 25 to 30 years old), because it is an expensive service needed by a small number of people (maybe about 5% based on the example of the US), and in order to differentiate the quality of services and ensure higher quality for more demanding clients, people's own contribution is necessary (without which only a minimum level of service could be provided). Furthermore, it has been determined that more than half of working-age individuals (56%) are willing to pay an additional caregiving insurance premium as a percentage of their income (compared to 28% who do not wish to and 16% who did not take a stance on the issue) (Turu-uuringute AS, 2022). Outdated standards should also be updated, and adherence to them should be ensured (e.g. the number of serviced clients in relation to the care burden).

Based on user survey results, most providers of PHS are hired mainly through word-of-mouth referrals, and likely as a result, no issues regarding service quality were highlighted. This partially indicates residents' mistrust in allowing strangers into their homes, which was also cited in the user survey as a reason for not using services. The relatively high proportion of family caregivers may also point to this fact. To advance professionalisation in the sector, clients should not solely rely on recommendations from acquaintances. However, in developing the sector, consideration should still be given to its specific characteristics, including the personal and interpersonal dimensions (achieving a high-quality service experience requires people to choose who to let into their homes and/or care for their loved ones), which cannot be relegated to a secondary role alongside narrowly financial considerations.

For almost all jobs in the PHS sector, the main keywords are alleviating labour shortages, professionalising the sector, ensuring good-quality working conditions and, consequently, high-quality services. For small tasks, where the employment status of the workforce is unknown due to informal work, discussions about working conditions are also limited because workers create their own working conditions, and there are few instances of rude clients (human factor). The development of the sector as a whole could bring broader benefits to the entire economy, such as releasing people into the labour market (and also broader benefits, such as improved mental health among the population, alongside the more specific measurable economic benefits), and any policy measures requiring additional expenditure should also consider these mentioned benefits. Questions regarding the engagement of foreign labour are largely unexplored in this report, but additional attention to them in the future should not be ruled out.

Although organisations exist within the PHS sector, recommendations and discussions in the sector primarily revolve around promoting organisation and unionisation, particularly among workers, due to the sector's current limited level of organisation. Below are possible economic policy implications for developing social dialogue, which are not necessarily strict policy recommendations as they largely require further analysis and feedback. Some implications are not necessarily specific to the PHS sector; however, certain general issues in organising labour in an economy like Estonia's are particularly acute in the PHS sector.

- For care services, it would be practical to leverage the relatively advanced representative organisations and structures in the healthcare sector and extend the advanced social dialogue to cover caregivers.
- Organising family caregivers could occur through the establishment of a new organisation (trade union) rather than involving family caregivers in existing organisations, but this cannot happen without external assistance. In line with the principle of freedom of association, participants must not be pressured or coerced to join.
- In fostering social dialogue, it is essential to strike a balance between the presence of organisations and the development of capacities on both the workers' and employers' sides. This could involve coordinating training or aiding the organisation of the other side through the assistance of one side's organisation.
- Existing organisations should be encouraged to expand their scope of activities by offering them the necessary training and/or counselling.
- Interest in organising and participating in social dialogue is linked to a general interest in long-term work in the sector, so a stable and professional workforce would likely also be interested in contributing to the sector's long-term development and improving working conditions.
- Best practices for organisational development could also look towards organisations in other sectors in Estonia, both currently operating and from recent history.
- Consideration should be given to how inevitable limitations arising from Estonia's small size, such as the difficulty in achieving the necessary scale for effective organisation operations, can be overcome.
- In the heterogeneous PHS sector, the very different situations of its various sub-sectors must inevitably be considered; the shared problems and issues of the members of PHS sector organisations must be taken into account in organising. Therefore, the problems of the PHS sector as a whole should be addressed at the confederation level, but considering the capacity of the relevant confederations to deal with the PHS sector.
- National policy should encourage rather than hinder organisation; this includes avoiding overregulation (which would hinder both business operations and the promotion of social dialogue), while ensuring equal competitive conditions for businesses and for service providers more generally. The stability necessary for developing social dialogue could also be provided by the state, for example, by ensuring policy stability across electoral cycles and respecting agreements. In sectors where effective social dialogue exists, the state might consider delegating additional decision-making authority to social partners, thereby reducing its reliance on path-dependent state regulation.

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Annexes

Table A1. Demand for personal and household services survey sample

Category	Number (N)	Percentage
Of respondents	60	100%
Gender		
Female	42	70
Male	5	8.3
Other	1	1.7
Age group		
Up to 30	4	6.7
31 to 50	34	56.7
51 and over	10	16.7
Household type		
One-person households	5	8.3
Households with only couples	4	6.7
Households with couples and their children	27	45
Single-parent households	6	10
Other households, including extended	5	8.4

Table A2. Social dialogue study sample

Stakeholder code ¹⁷	Stakeholder type ¹⁸	Organisation name
S1	service provider	Duuabl OÜ
S2	employers' organisation	Estonian Employers' Confederation
S3	service provider	Kodu Uhkus OÜ
S4	service provider	Kivisilla OÜ
S5	service provider	CareMate OÜ
S6	service provider	Houp OÜ
S7	trade union	Estonian Trade Union Confederation

Table A3. List of interviews with national stakeholders

Code ¹⁹	Stakeholder type ²⁰	Organisation name	Interview date
INT1	service provider	Duuabl OÜ	18 Aug 2023
INT2	employers' organisation	Estonian Employers' Confederation	24 Aug 2023
INT3	state organisation/agency	Estonian Unemployment Insurance Fund	15 Aug 2023
INT4	service provider	Kodu Uhkus OÜ	31 Aug 2023
INT5	service provider	Kivisilla OÜ	7 Sep 2023
INT6	service provider	CareMate OÜ	8 Sep 2023
INT7	service provider	Hoolekandeteenused	25 Sep 2023
INT8	trade union	Estonian Healthcare Workers' Association	29 Sep 2023
INT9	individual expert	Kaire Holts	29 Sep 2023
INT10	service provider	PocketPro OÜ	18 Oct 2023
INT11	service provider	Eratunnid OÜ	19 Oct 2023
INT12	service provider	MTÜ Istok (naabrid.ee)	20 Oct 2023

¹⁷ Social dialogue survey, interview and stakeholder codes are used in the main text as references for the information and quotations obtained from interviews and focus groups.

¹⁸ Choose one from the following options: client/consumer organisation, employer organization, individual expert, intermediary agency, local government, non-governmental organisation, professional association, research institute / university, service provider, state organisation/agency, trade union, other.

¹⁹ Social dialogue survey, interview and stakeholder codes are used in the main text as references for the information and quotations obtained from interviews and focus groups.

²⁰ Choose one from the following options: client/consumer organisation, employer organization, individual expert, intermediary agency, local government, non-governmental organisation, professional association, research institute / university, service provider, state organisation/agency, trade union, other.

Code ¹⁹	Stakeholder type ²⁰	Organisation name	Interview date
INT13	service provider	Houp OÜ	7 Feb 2024

Table A4. Description of focus groups (FG)

Code	Type of PHS (childcare, adult/elderly care, non-care)	Number of participants		FG date
		Female	Male	
FG1	Child care workers and home tutors	4	2	28 Aug 2023
FG2	Small household tasks, incl. gardening	2	1	2 Oct 2023
FG3	Elderly home care, family care	2	1	12 Oct 2023
FG4	Elderly care, family care	3	0	16 Oct 2023
FG5	Small household tasks (replaced with interviews)	0	3	17–20 Jan 2024

Additional figures

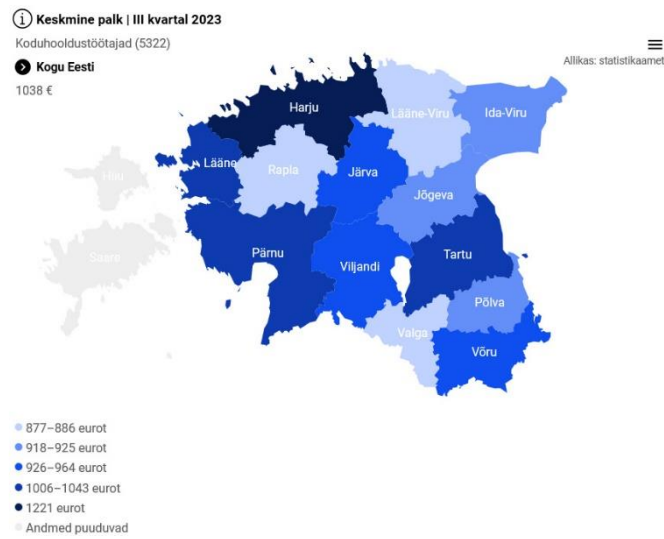


Figure 1A. Gross salary of home-based personal care workers by county, Q3 2023

Source: Statistics Estonia, earnings application

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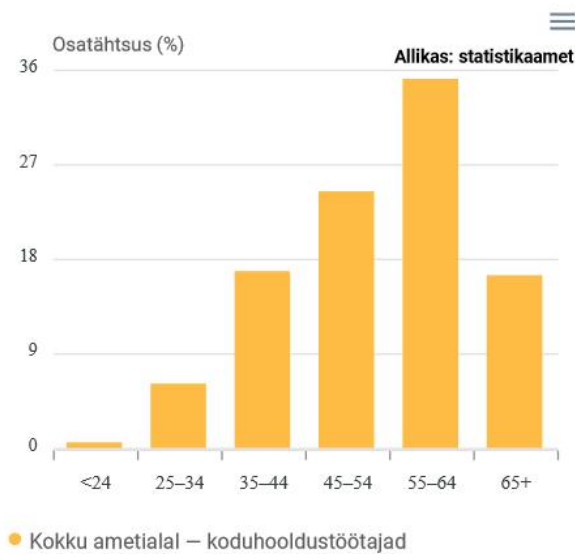


Figure 2A. Gross salary of home-based personal care workers by county, Q3 2023

Source: Statistics Estonia, earnings application

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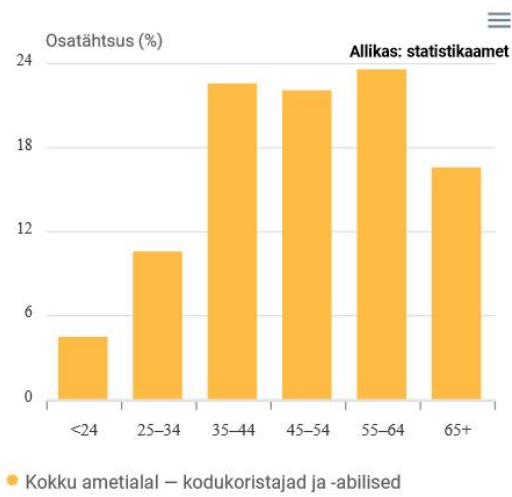


Figure 3A. Age distribution of domestic cleaners, Q3 2023

Source: Statistics Estonia, earnings application

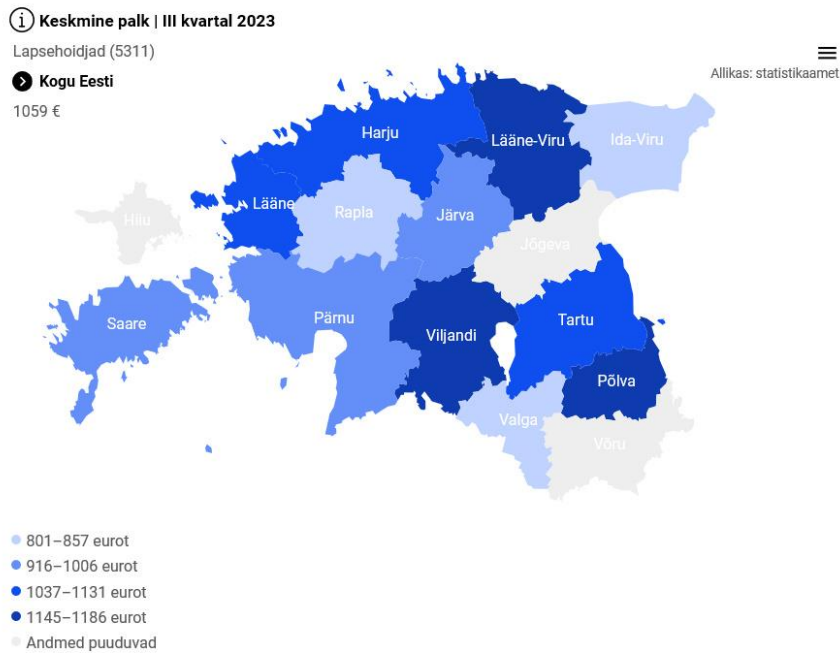


Figure 4A. Gross salary of child care workers by county, Q3 2023

Source: Statistics Estonia, earnings application