Estonia: Mismatch priority occupations

Looking at past, current and future trends (3-4 years), a number of occupations have been identified as mismatch priority occupations for Estonia, i.e. they are either in shortage of surplus. Shortage occupation: an occupation that is in short supply of workers, and for which the employers typically face difficulties finding a suitable candidate. Surplus occupation: an occupation for which there are plenty of suitable workers available but low demand. The employers have no problems filling such posts.

The list below is based on an assessment of the labour market of Estonia. The occupations presented are not given any rank. All of them present high mismatch.

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Managers

Business administration and management studies have been popular among students over the past few years. University graduates, however, rarely start working as managers after finishing their studies. The educational system provides only a certain amount of the training necessary to be a good manager, however previous experience and good personal characteristics (e.g. good communication skills, ability to motivate people, analytical thinking and good intuition, decisiveness, confidence etc.) are also required. In Estonia there is a high demand for managers in a number of fast growing sectors. In the ICT sector, for instance, managers are typically required to have previous work experience as ICT specialists. Students, therefore, coming straight out of university are not suitably skilled and experienced to enter management positions. In the manufacturing sector, qualified CEOs, production managers and product development managers are in shortage. In general, managers with field specific knowledge based on previous work experience are highly valued in the Estonian labour market.

The main reason for shortages is that there are not enough specialists with the required personal characteristics to become managers. The main barrier recent university graduates face in entering management positions is the lack of work experience. In addition, lack of English language skills and lack of knowledge about business fundamentals and finances are also barriers.
ICT professionals [5]

The ICT sector is one of the fastest growing, most successful and competitive sectors in Estonia. In 2014 the sector employed 22 thousand persons [6] and by 2021 it is expected to employ 37 thousand[7]. The ICT sector is of major importance for the entire Estonian economic system as the products and services it produces are strongly linked to the development of other economic sectors. Therefore, the demand for ICT professionals is not only fuelled by the sector’s continuing growth, but also by the demand for ICT professionals in other sectors. Although some studies on the Estonian ICT sector do not forecast significant shortage of employees[8], in reality there is a shortage of ICT specialists with the skills required by employers [9]. There is also intense competition between companies for these employees. One of the main reasons for the observed shortages is that the education system does not provide graduates with relevant practical skills. There is also shortage of teaching staff and researchers in universities that might equip people with the skills that are in short supply. Besides professional skills (related to communication technology, networks, data transmission, software development, etc.) soft skills (such as customer communication, problem-solving, project management etc.) are becoming increasingly important. The share of ICT students completing their studies is about 20% at bachelor’s level, and at a master’s level it varies between 30%-40% [10]. Many ICT students are entering the world of work without completing their studies.

Healthcare professionals [11]

In January 2015, approximately 9.3 thousand nurses and midwives were employed in Estonia[12]. By 2030 has been set as a goal to have nine nurses working in the health care system per 1000 population while at present there are only six [13]. Moreover, nurses often work overtime [14] and have relatively low wages, which is one of the main reasons why many of them emigrate abroad. Approximately 200 nurses emigrate abroad every year [15]. In 2012 64% of those nurses who graduated between 2002 and 2011 were working as nurses in Estonia; the other 36% were either outside Estonia or not working in their profession. In addition to nurses and midwives, national stakeholders identified medical doctors as possibly being in shortage. There were around 4.5 thousand active medical doctors in the Estonian health care system in 2012 and 15% of them were aged 65 years or older. Every year, around 3% of medical doctors leave Estonia to work abroad [16]. The main reasons for shortages are growing demand due to an ageing population, the emigration of health professionals, low wages and heavy workload which make these occupations unattractive. Comparing Estonian standards to OECD and European average standards, Estonia lacks more than 4 thousand nurses[17]. Nursing occupations are also strictly regulated as it is not possible to enter these occupations without prior training.

Legal professionals [18]

As the economy is becoming increasingly regulated, the demand for highly skilled legal professionals has also increased. Legal professionals are employed in both private and public sectors. Entry to legal professional occupations is highly regulated and accessible only by graduates from tertiary education.

The demand for judges is expected to increase rapidly over coming years due to the generational change in the courts. By the year 2020, approximately one third of Estonian judges will be eligible for
change in the courts. By the year 2020, approximately one third of Estonian judges will be eligible for retirement. In the period 2010-2014 only 59% of the available judge positions were filled with suitable candidates [19]. The shortages relate to the **high job requirements** and the lack of people meeting these requirements.

### Vocational education teachers [20]

In Estonia there are approximately 2.3 thousand vocational education teachers [21]. The demand for this occupation increases as vocational education becomes more important [22]. The tertiary education system offers opportunities for becoming a vocational education teacher, but it is also possible for specialists to teach (in their specific professional field) provided that they have completed pedagogical training and fulfil the required occupational standard. Skills shortages are explained by:

a. the **high average age** of those employed in this occupation (half of the vocational education teacher workforce are aged over 50 years [23]); and

b. relatively **low wages** and the **lack of incentives** to attract younger people to enter the occupation.

### Surplus Occupations

Surplus occupations include shop and street sales workers [24], manufacturing labourers [25], mining and construction labourers [26], transport and storage labourers [27] and vehicle, window, laundry and other hand cleaning workers [28]. The reasons for these surpluses relate to a **decrease in demand** for people to work in these occupations. The average monthly wage increase at a national level has been 6-7% per year during the last three years. This is much higher than the GDP growth rate. It also means that several industries, which relied mostly on cheap and less-skilled labour, have moved their production to countries with lower labour costs. Some of the surplus of low skilled workers has been offset by their temporary migration to Nordic countries, particularly to Finland. Regarding sales workers, the increase of online shopping and use of self-service checkouts in bigger supermarkets has led to a **decreasing demand** for people to work in this occupation. The surplus in mining occupations is due to the recent changes in the energy sector. Estonia has drastically reduced the production of electricity based on oil shale. This is because of its low energy efficiency, it demands large investments for renovation, and it has high environmental risks. Furthermore, taxation of environmental damage (CO\(_2\) emission quotas) will be more severe in the future, lowering the competitiveness of oil shale-based electricity.

### Note on the methodology

The list has been compiled by Cedefop in the first half of 2016 combining quantitative and qualitative methods. In particular, a list of mismatch occupations was formulated following quantitative analysis of labour market indicators. Country experts were then asked to build on and scrutinise this list. Their expert assessment and knowledge of the country’s labour market has provided rich insights about the reasons behind the skills shortages or surpluses at occupational level. These are also accompanied by measures and policies that aim to tackle such mismatches. Country’s stakeholders have also been included in validating the final list of occupations.

Find here more data and information about Estonia.
References

[1] ISCO: Managing directors and chief executives (ISCO 112); Sales, marketing and development managers (ISCO 122); Production managers in agriculture, forestry and fisheries (ISCO 131); Information and communications technology service managers (ISCO 133); Professional services managers (ISCO 134).


[5] Database and network professionals (ISCO 252); Information and communications technology operations and user support technicians (ISCO 351)


[11] Nursing and midwifery associate professionals (ISCO 322); Nursing and midwifery professionals (ISCO 222); Medical doctors (ISCO 221)


[18] Legal professionals (ISCO 261)


[20] Vocational education teachers (ISCO 232)


[24] Shop salespersons (ISCO 522); Cashiers and ticket clerks (ISCO 523); Other sales workers (ISCO 524)


[26] Mining and construction labourers (ISCO 931)

[27] Transport and storage labourers (ISCO 933)

[28] Vehicle, window, laundry and other hand cleaning workers (ISCO 912)