Anticipating Restructuring
mutual learning Finland and Baltic countries

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Synthesis Report
Social partnership
for anticipating
change and restructuring
Mutual learning: Finland and
the Baltic countries

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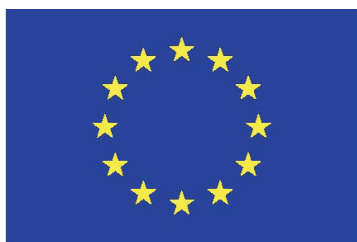7 November 2011

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Introduction

1.1 Background and context

How to anticipate and manage restructuring has been at the centre of many debates in Europe in recent years[1]. The concept of restructuring has taken on many different meanings, signifying the ongoing structural changes in market economies, the transition towards privatisation in the new Member States in Central and Eastern Europe, and, most recently, an association with measures related to mitigating the effects of the most recent economic and financial crisis.

The anticipation of restructuring is a vital element for the implementation of effective action but the concept is difficult to define (both in terms of the tools and processes, and difficult to implement and interlink with other areas of restructuring management.

To better face these challenges, it is crucial to promote more comprehensive information on job and skills requirements and to facilitate matching with anticipation. Public authorities at national, regional and local level, business, social partners, training providers and individuals would all benefit from regular information on short-term labour market changes and projections of skills requirements. Accordingly, many Member States are developing forecasting and anticipation tools. However, these initiatives vary significantly in scope and methodology and would often benefit by being brought together into a coherent whole.

Anticipation is an approach linked to foresight. Information and data are essential for anticipating change and trends and these are provided by foresight. Foresight is a method of considering the future. It is an exercise in exploring the scope of possibilities, based on the analysis of data, observation of "weak signals", understanding the dynamics at work, the decisive elements of change and, more often than not, the development of medium and long-term scenarios.

Foresight is not only an econometric exercise but it also concerns dialogue between labour market forecasts and those concerning economic development and related strategies. This dialogue takes place at various levels, such as national, local, sectoral and company level.

Commentators and critics generally stress that foresight and anticipation are of relatively little use when estimating, for example, employment and training needs in 2020. Nevertheless, the main utility of foresight, just as for anticipation, is less connected to results than the process by which the future is jointly considered. Dialogue is required to anticipate and social dialogue has to be turned to anticipation.

When focusing on anticipation, two points should be highlighted:

- The process of setting up arrangements to detect coming risks, cope with unexpected events and ensure that the necessary arrangements are in place to deal with restructuring consequences should be carried out in a coordinated manner.

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[1] *See EU Synthesis Report Sept. 2010 – ARENAS Project- ITC-ILO*

● Actors learn by experience and sharing experience. Their ability to act efficiently in restructuring situations depends on the extent to which experience obtained – whether of failure or success – is capitalised upon, including across borders.

With reference to the role of the key actors in the Anticipation of change, the Social partnership approach represents a driving force. Social partnership can be viewed as a commitment to a sustained collaborative effort of the tripartite (or bipartite) partners to address labour and social policy issues for the mutual benefits of the partners (Avdagic, 2005; Kelly, 2004). In this context, social partnership emphasizes shared values on broad or specific national or sectoral issues, and a vision of desirable outcomes. Social partnership engenders trust, consultation and participation, and negotiations in good faith among the partners

Social partnerships have raised wide interest and there is a considerable literature on the topic. Initially the concept "social partnership" comes from the sphere of labour relations. In this sphere the concept refers to the context of consultations between the 'social partners': government, employers, employees and union representatives .Later on this concept started to be used in different ways. Social partnerships were defined as joint practices of authorities and business with a view to solve social and economic problems.

When social partnership is viewed as a process, the focus is on the formation of partnerships and their development, strategic planning, networking and local decision making.

As a structure, the focus is on the partners (diversity, skills, local knowledge or leading partners), on the organizations (delegation, management/staff competence, etc.), and on the institutional arrangements (state and the non-state actors). Instead of a structure, social partnerships can be viewed as a space or a site of action, "in which people and organizations come together in order to engage in voluntary, mutually beneficial, innovative relationships to address common societal aims.

Often, this cooperation has developed outside the mainstream institutionalized consultative machinery. The new generation of agreements has brought much broader focus, covering more general strategies and taking into account such elements as globalization, ageing, the information society, the combination of security and flexibility, competitiveness and public finance reforms[2].

In conclusion, the involvement of the social partners in negotiation and consultation helps companies and workers to adapt to change and their contribution is, in particular, helping to minimize job losses in Europe.

Against this backdrop, this project intends to contribute to a mutual learning capacity between Finland and the Baltic countries on a methodological approach for anticipating change and preventing or mitigating restructuring process through an effective social partnership.

The project is managed by the International Training Centre of the ILO in Turin (ITC-ILO) and funded by the European Commission's DG Employment, Social Affairs and Equal Opportunities.

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[2] In the Global Job Pacts, the ILO tripartite constituents emphasized that "social dialogue is an invaluable mechanism for the design of policies to fit national priorities and a strong basis for building the commitment of employers and workers to the joint action with governments needed to overcome the crisis and for a sustainable recovery" (ILO, 2009).
EU Commissioner for Employment, Social Affairs and Inclusion László Andor has recalled that :"the Member States where social partnership is strongest are those that are successfully overcoming the crisis".

Building on the experiences and knowledge gained from the 2008-2010 ARENAS project[3], the detailed aim of this project is to encourage knowledge-sharing activities in a framework of active partnership between the social partners, public authorities and other stakeholders for anticipating change in the labour market and preventing, or mitigating, the potential negative effects of restructuring processes.

The project aims to set up a mutual learning mechanism, through which the Finnish experience, which is based on a strategic consensus of actors, will offer the opportunity to the Baltic countries to learn more about the advantages and strengths, but also the obstacles and constraints, of Finland's wide range of experiences in active partnership for anticipating change, which includes actions in the fields of demographic change, innovation, health, labour market and restructuring. Although it is not easy to transfer a measure wholesale from one country to another, it is often possible to adapt a practice developed in a specific country or context where its effects have been rated positively, if there is willingness to experiment with this in another country. This project therefore explores whether the Baltic countries – Estonia, Latvia and Lithuania – could learn from the range of forecasting and anticipating systems in place in Finland.

1.2 Methodology

The project is based on exchange of experience and mutual learning between Finland and the Baltic countries. Therefore, a first step was to draft a study on the Finnish experience, which was validated in a workshop attended in April 2011 by Finnish social partner, Public Authorities and stakeholder representatives.

Following the validation of the Finnish study, national background reports were drafted by national experts for each of the three Baltic countries, on the basis of the results of the preliminary analysis at national level carried out by Social partners involved in the Project work phase.

Three two-day seminars were then held in each of the capital cities of the three Baltic countries: Vilnius, Tallinn and Riga. These seminars were attended by representatives of employers, trade unions, government institutions and research experts. The seminars included a presentation of the Finnish experience of anticipation and forecasting, a presentation from the national expert about the national context and experience, followed by debates and discussions, both free-from and around specific questions and issues. The detailed structure of the two-day workshops was as follows:

First day: partnership

- Role of partnership and comparison between Finnish case study and related country (Lithuania, Latvia, Estonia)

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[3]   Anticipating Restructuring in Enterprises: National Seminars. http://arenas.itcilo.org/

- Common elements to be shared and implemented in Baltic countries to improve expertise in partnership building.

Second day: anticipation of change

- Anticipatory mechanisms and tools shared by bilateral or trilateral institutions and cooperative exercise in using a specific tools;

- Development of operational implications and changes of strategic approach

Following each national seminar, the national background report was revised by the expert, on the basis of the discussions held at the seminar.

Project partners

The following social partners were involved in the project:

- Lithuania: Lithuanian Service Workers Trade Union, Union of Lithuanian Metalworkers' Trade Unions, Lithuanian confederation of industrialists

- Latvia: Free Trade Union Confederation of Latvia, Employers' Confederation of Latvia

- Estonia: Estonian Trade Union Confederation

- Finland: The Central Organisation of Finnish Trade Unions (SAC) and the Confederation of Finnish Industries (EK).

The national experts for each country and the timing of the national seminars are set out in table 1.1 below.

Table 1.1: National experts and national seminar timetable

Country	Expert	National seminar
Finland	Robert Arnkil, Arnkil Dialogues, Hamenlinna, Finland	Validation workshop held on 12-13 April 2011 in Helsinki
Lithuania	Inga Blaziene, Lithuanian Social Research Centre, Vilnius, Lithuania	National seminar held on 31 May-1 June 2011 in Vilnius
Estonia	Kirsti Nurmela, PRAXIS Centre for Policies studies, Tallinn, Estonia	National seminar held on 20-21 September 2011 in Tallinn
Latvia	Aija Zobena, Faculty of Social Sciences, Riga, University of Latvia.	National seminar held on 4-5 October 2011 in Riga

DISSEMINATION

The results from the national seminars and national reports are summarised in this synthesis report. This report will be disseminated at the national level by social partner organisations and at European level by the European social partners, public authorities and through ANTICIPEDIA, the European Commission's interactive platform on restructuring.

Figure 1 below sets out an overview of the project methodology.

Figure 1: project methodology
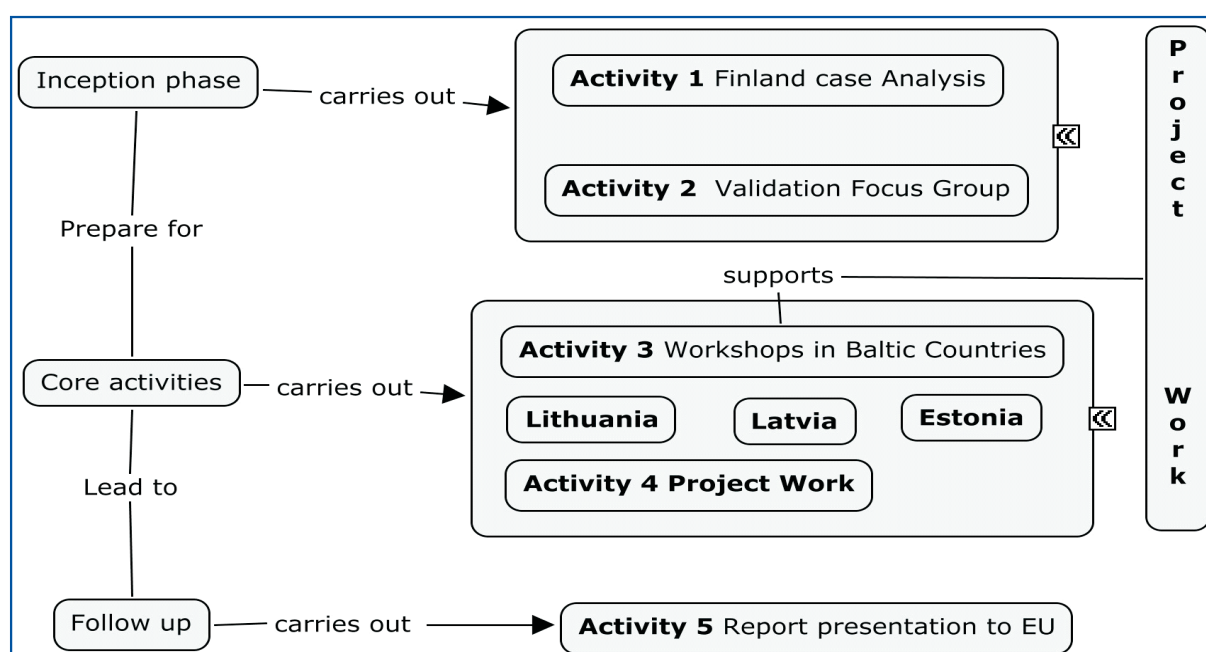
The report is structured as follows:

- Chapter 2 examines the main forecasting and anticipation tools and processes in Finland
- Chapter 3 looks at the key features of the forecasting and anticipation systems in the three Baltic countries of Estonia, Latvia and Lithuania
- Chapter 4 gives an overview of the main challenges in the area of anticipation and the common elements between the three Baltic countries
- Chapter 5 examines the potential for transferability of the main Finnish anticipation instruments
- Chapter 6 sets out the main lessons learned from this project
- Chapter 7 presents conclusions and a way forward.

Key features of the Finnish system of anticipation of change

2.1 Restructuring in a changing environment

Finland is highly dependent on exports and the global market, with limited workforce resources. Therefore, restructuring, and maintaining cutting edge productivity, innovation and sustainability of the workforce are highly relevant themes for Finland, and will become increasingly so over the next decade.

Finland has experienced significant economic and labour market challenges over the past 20 years, and continues to do so. The most comprehensive recent structural change in Finnish industry has been in paper and forestry – the backbone of Finland's industrial modernisation since independence in 1917. This is due to the ongoing shift of paper and pulp production closer to the resources in South America and the Far East in particular, but also to changes in the Russian economy. The changes here could be likened to the closure of coal mines and shipyards in many European countries over the previous few decades.

Finland experienced an extreme economic recession which hit in 1992 and has been characterised as the worst depression of the post-war period. It involved a severe banking crisis and waves of bankruptcies; unemployment soared from around 3% in 1989 to nearly 20% in 1994.

The Finnish economic recovery in the second half of 1990s was largely due to the success in the ICT sector epitomised by the global success of the IT company Nokia. However, Nokia is now facing tough competition and a period of restructuring. For example, in April 2011, Nokia announced a cut of 4,000 jobs (of which 1,400 were to be in Finland). The first wave of ICT-driven success has thus been exhausted and Finland needs to find new platforms of success.

2.2 Key features of the Finnish anticipation system

Finland has an extremely well-developed system of anticipation and forecasting activities, designed to provide an early warning system to predict economic and labour market trends. This enables key actors and the social partners to put appropriate measures into place to help to mitigate any negative effects of restructuring. There is an abundance of anticipation methods and activities at national/central, regional and sub-regional levels and all key players have a role in this: the government and parliament, ministries, the social partners, regional actors, companies and the scientific community. A noteworthy feature of the Finnish system is that it is based on a culture of openness, informality and trust.

The country's wide-ranging set of anticipation methods, activities and actors form a broad and loose cooperation system. It rests on participation that is based on trust, informal networking

and collaboration: Finland has a broad interpretation of 'social partnership' in anticipating change.

Although they cooperate and network actively, the different actors have a high degree of autonomy and initiative in producing and interpreting quantitative and qualitative data concerning societal change. There is no direct legislation requiring forecasting and anticipation, but many legal frameworks, like legislation on cooperation on workplace level concerning changes in workplaces, provide a necessary basic backdrop for cooperation and trust.

Finland has a relatively high rate of trade union density – around 70% - and the country has a long tradition of tripartite cooperation.

In terms of the actors involved in the country's anticipation system, public administration has an important role in producing the basic information for forecasts and anticipations. Following on from this, all major societal issues are covered in tripartite and/or social partner debates and negotiations. Ministries and regional-level government bodies have boards with social partner representation, and social partners participate in various ways in the anticipation processes at central, regional and local levels.

2.2.1 ANTICIPATION AT NATIONAL LEVEL

The main tool for forecasting and anticipation at national/central level in Finland is the Parliamentary Futures Committee, which is an expert and stakeholder committee, made up of representatives of the government and parliament, and relevant stakeholders. It produces reports containing five- to 15-year forecasts.

There are 12 ministries in Finland, which participate in a Government Foresight Network, coordinated by the Prime Ministers' office. The most important Ministries in terms of labour market, restructuring and change are the Ministry of Finance (MOF), Ministry of Employment and the Economy (MEE), Ministry of Education and Culture (MEC) and Ministry of Health and Social Affairs (MHSA), which cooperate closely in the administrative forecasting and anticipation process.

The ministries participate in the national foresight network of ministries, which is a forum for discussing the results of anticipation work carried out in administrative sectors, and is coordinated by the Prime Minister's office.

The ministries detailed above also cooperate in the most important administrative anticipation process, the PATKET-VATTAGE –process[4], which consists of a research-based long-term quantitative calculation of changes in the Finnish economy, the processing and commenting of the findings and the translation of the findings into education plans and other instances.

The social partners participate in various ways in forecasting and anticipation at national level. The unions and employers participate in the PATKET-VATTAGE anticipation process as commentators, sources of information in joint workshops and through media and other means. The unions and employers are also involved in forecasting through the boards of ministries.

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[4]   PATKET is a Finnish acronym for 'Commission consortium of long-term labour and education need forecasts', and VATTAGE is an acronym for 'Government Institute for Economic Research equilibrium model'

The unions also engage in research activities and projects at national level, which have connections to forecasting, but do not produce anticipation data on a regular basis.
The Confederation of Finnish industries produces qualitative forecasts and scenarios at national level.

2.2.2 ANTICIPATION AT REGIONAL LEVEL

The main regional anticipation tools are the regional offices of state administration, which are steered by ministries, and regional councils, which are joint municipality institutions. There are 15 state regional offices (Centres for Economic Development, Transport and the Environment, ELY for short in Finnish[5]), which participate in short-to-mid-term forecasting and anticipation processes by producing regional and local information on labour markets, and also participate in regional planning.

There are 19 regional councils, which are joint municipality institutions and which participate in forecasting and anticipation in various ways, as sources of information, commentators and advisors.

The social partners participate in an advisory role (boards) in the state regional offices, and also in the collection and interpretation of data and findings on local and regional levels, and through participation in regional-local workshops, such as the PATKET-VATTAGE regional workshops, commenting on the data and scenarios, and providing additional information.

2.2.3 ANTICIPATION AT LOCAL LEVEL

Municipalities are the local-level actors in Finland, of which there are now 330. Municipalities are a very important part of Finnish society, with a high degree of autonomy and broad responsibilities (in areas such as basic health, education, social affairs, culture and local infrastructure). They are steered by a local council, elected every four years, which levies a local income tax. There are about 440,000 civil servants in municipalities (about 20% of the Finnish labour force). Municipalities participate in various ways in the anticipation of change in the labour market and society, particularly through their joint institutions, such as regional councils, various educational institutions and business development agencies, and also the Association of Finnish Local and Regional Authorities[6]

Local unions, entrepreneurs and companies participate in the forecasting and anticipation processes through the regional and local workshops, forums, Delphi panels and other ways of commenting on administrative findings and forecasts. Further, the Employment and Economy Offices gathers regular information from companies.

Within companies themselves, forecasting and anticipation activities varies, with larger companies having a higher level of resources. A rough estimate is that about half of companies engage in some kind of forecasting and anticipation themselves, and that employee participation

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[5]   http://www.ely-keskus.fi/en/frontpage/Sivut/default.aspx
[6]   http://www.kunnat.net/en/Pages/default.aspx

in this is not particularly active, despite the fact that legislation stipulates cooperation at workplace level concerning changes (see below). At present, cooperation activities mostly relate to acute and imminent redundancy situations. This is one area where anticipation activities in Finland could be improved.

2.2.4 COOPERATION BETWEEN THE SOCIAL PARTNERS

Finland has a long tradition of social dialogue and there has been a strong tendency to seek consensus on major societal issues such as innovation, wages, pensions and education. Overall, the social partners are a highly integrative part of national economic and social policy making in Finland. Together with the government, the central confederations of workers and employers' organisations have had a long tradition of negotiating incomes policy agreements, covering not only wages but also employment and labour market policies and other social policy issues such as balanced work and family life, promotion of gender equality, social welfare and pension schemes, promoting innovations and work-ability at workplaces and promoting life-long learning as well as agreeing on taxation policies. The incomes policy agreements have been signed on a bipartite basis by workers' and employers' representative.

At company level, negotiations between employers and employees concerning major changes in work and production, including the formation of subsidiaries, outsourcing lay-offs, and redundancies, are subject to a cooperation negotiation, based on the law of cooperation (YT-neuvottelu in Finnish). A new version of this law took effect in 2007.[7] This is cooperation negotiation is mandatory for enterprises with more than 20 employees and the law stipulates that before the employer makes decisions on the above matters, negotiations with employees must take place. The final decision rests with the employer, but the negotiation is intended to inform all parties before decisions are made, enable employees to have potential influence over the decisions, and mitigate frictions.

Most recently, this negotiation concerning redundancies and lay-offs has been enhanced by a new tripartite measure called "*Change Security*". This consists of early cooperation between employers, employees, unions, public officials (particularly PES) and others. The model enhances early cooperation between the firm, employees, trade unions, staff, employment and education officials and other local, regional and national players. [8]

Overall, as seen above, the Finnish anticipation and forecasting system is deemed to work relatively well, although the expert view is that there is still plenty of room for improvement. A system that is so open and informal can prone to fragmentation, lack of coordination and redundant effort. While these types of problems do exist in the Finnish system, they are usually not excessive.

The Finnish system is also possibly rather heavy in terms of data-production, compared with the ability to use all the information produced. Further, the capacity to digest the information and translate it into decisions and action needs further investment and attention. The expert view is that anticipation is not – or should not be – carried out for its own purpose, but rather to support wise decision making.

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[7] www.mol.fi/mol/fi/06_tyoministerio/05_tiedotteet/2007-06-27-01/index.jsp

[8] http://www.esr.fi/mol/fi/00_tyonhakijat/07_tyottomyys/03_irtisanotun_muutosturva/index.jsp

For a list of the main anticipatory and forecasting measures in operation in Finland, see the Annex.

Box 1: The PATKET-VATTAGE process

The Ministry of Finance, Ministry of Employment and the Economy, Ministry of Education and Culture and Ministry of Health and Social Affairs cooperate in the PATKET-VATTAGE process, which consists of a research-based long-term quantitative calculation of changes in the Finnish economy, processing and commenting on findings and translating the findings into concrete measures. This method calculates a base scenario relating to trends and movements, which is then regionalised, with the data then feeding into educational planning. Alternative scenarios are also calculated, following dialogue with a range of stakeholders at national and regional level.

The basic scenario calculation is based on recent history, and assuming that the present structural development continues, without making political assumptions. This is thus a technical projection of the recent development of the economy and labour markets to the future. Many data sources and variables are used, so the use of the model requires good statistical databases and time-series. This was carried out for the first time in 2009 and published in 2010. The main result of the basic scenario was that Finland is becoming a service society, with a huge demand for social and health services. This need for care services, and the need to restructure and re-invent care provision constitutes one of the most important challenges in Finland.

After the basic calculation, regionalised calculations are made and subsequently discussed and interpreted in labour market forums and workshops in the regions by social partners and other actors.

Parallel to the basic scenario and regional discussions, educational planning, using these calculations as one source of information, was started in the Ministry of Education and Culture, feeding into the so-called KESU (Education and research plan). The breakdown of the economy is synchronized with the education/profession breakdown, which was done in cooperation. Educational planning uses many other sources of information, quantitative and qualitative, provided by different central and regional actors, like the research community, social partners, educational institutes themselves, regional offices and counsels and business development agencies.

After the basic scenario, alternative scenarios are calculated, with different assumptions of political interventions, concerning issues such as the rate of employment (assumed to be 75% by 2025), increased competitiveness of export industries and lower growth of public sector and higher rate of immigration. These assumptions are based on dialogue with different stakeholders who participate in the process in national and regional workshops.

Box 2: The Occupational Barometer

The Finnish occupational barometer was developed at local level but has now been extended across the country. This measure forecasts labour shortages and surpluses in a region, based on the views of the local employment and economic development offices regarding labour market developments over the coming six months. This can be used to match labour supply and demand and to promote mobility of the workforce, or to plan the training of jobseekers.

Local employment and economic development officers are in a good position to forecast the labour market situation, as they have close contact with employers (up to 70% of all vacancies are registered on local employment authority websites) and employees (an unemployed jobseeker must be registered in the PES system in order to qualify for benefits).

The local employment offices assess the demand for and supply of 200 occupations in one year. The results are collected into a database in every region and results are printed in posters in Finnish, Swedish and English.

The occupational barometer thus gives foresight information (a half year ahead) about shortages and surplus occupations in regions. It also gives information (a half year ahead) about which occupations are increasing or decreasing their recruiting needs. Bottlenecks in specific occupations will also show up on the barometer.

The results are used by vocational guidance, eservices, matching, promotion of the mobility of the workforce (regional and occupational), planning of adult and vocational training, planning of immigration, EURES-services and labour market analysis.

Anticipation and forecasting systems are relatively under-developed in Lithuania, due to issues such as a narrow concept of restructuring as something that is managed by companies rather than public authorities. Further, the role of the social partners in the process of anticipating restructuring is relatively limited, due in part to a lack of sectoral collective bargaining and a low level of company-level bargaining.

3.1.1 MAIN FORECASTING INSTRUMENTS IN LITHUANIA

Macroeconomic forecasts

Macroeconomic forecasts, including employment forecasting, are produced by the Bank of Lithuania, the Ministry of Finance, and other banks. However, these forecasts tend to be at national level only, with no sectoral forecasting, which impedes the process of forecasting restructuring events or unemployment.

The Bank of Lithuania issues an outlook for economic development four times a year, including data on inflation, GDP, unemployment and current account balance. The projections are presented in the form of a baseline scenario, based on a number of technical assumptions.

The Ministry of Finance publishes medium-term projections of economic indictors twice a year, including labour market, earnings and prices data. These are based on assumptions regarding the accuracy of early evidence.

The main commercial banks operating in Lithuania, such as SEB Bank, DnB Nord Bank and Bank Swedbank, produce projections of key economic indicators for a one- or two-year period.

In addition to these macroeconomic forecasts, Lithuanian Statistics (LS) produces a statistical business tendency survey, based on the opinion of company executives on past, present and future changes in their economic activity. The survey is conducted in manufacturing, construction, retail trade and service companies on a monthly basis and includes questions on employment expectations over the coming two to three months.

The Lithuanian Labour Exchange (LLE) also carries out employment forecasts on an annual basis, based on methodology devised in conjunction with experts from the Swedish National Labour Market Board. The purpose of these forecasts is to plan the activities of the country's labour exchanges, to seek to match labour supply and demand, and to try to assess the need for vocational training. The forecasts are based on interviews with employers conducted by territorial labour exchanges each year, which include a range of questions, including expected demand for the company's products/services, number and forecast number of employees,

intended redundancies, intended new hirings, existing and forecast labour shortages, and the need for vocational training.

Other surveys include a job opportunity barometer, which is a one-year forecast of professions, based on the analysis of the above survey. The LLE also produces a part-time employment survey, aimed at predicting likely redundancies of groups of employees and identifying possible problems in economic or regional areas. The survey tries to identify the proportion of companies with a high level of short-time working, including those who have been moved into short-time work, unpaid leave or those who are being laid off.

Further, the Lithuanian Confederation of Industrialists (LPK) produces a quarterly high-level survey of management opinions and forecasts.

Skills forecasts

A range of surveys have been carried out in Lithuania that aim to match the supply and demand for different types of workers. The surveys have mainly been carried out on the initiative of the Ministry of Education and Science. However, there is no uniform model that would enable a reliable forecast of skills needs to be developed.

Vocational Education and Training (VET) needs are forecast on a sectoral basis. Since 2000, research has been carried out in 10 sectors. Future skills monitoring is based on a fixed set of indictors.

3.1.2 SOCIAL DIALOGUE AND THE ANTICIPATION PROCESS

It should be noted that the history of independent Lithuanian trade unions and employers' organisations is relatively short, dating from after 1990. Although social partnership can be developed at national, sector, territorial and enterprise level, it is most well-developed at national and enterprise level. There is a national-level Tripartite Council of the Republic of Lithuania, which discusses a range of social and employment issues on a tripartite basis and meets at least once a month. The issue of anticipation of restructuring falls within the ambit of the Tripartite Council and issues related to restructuring do appear on its agenda. However, no targeted actions on anticipation of restructuring have as yet been undertaken at national level by the social partners.

At company level, in companies with active trade unions, social dialogue tends to be well-developed. However, the weakest area of social dialogue is the sectoral level: there are almost no sectoral collective agreements and there is barely any sector-level bargaining in Lithuania.

Therefore, on the one hand, the social partner institutions are not strong enough to play a significant role in the anticipation of restructuring in Lithuania, particularly at the sectoral level. However, on the other hand, in companies with strong trade unions, the social partners at company level (ie the employer and the union representatives) play an important role in enterprise restructuring. For example, information and consultation of employees is well

embedded in these types of companies and trade unions usually work together with employers to mitigate the negative effects of restructuring.

Overall, the social partners are hoping that regional tripartite councils, which are being built in Lithuania, will increase their opportunities to assess the likely risks and anticipate future challenges at regional level in the area of restructuring.

3.2 Estonia

There is not a particularly wide range of anticipation methods used in Estonia, and some issues, such as skills forecasting, are relatively underdeveloped. Further, anticipation activities tend to be carried out at national level, but sector-level forecasting activities tend to be confined to certain sectors only. There is no systematic system for including the social partners in anticipation measures and practices, although there is social partner involvement in a number of measures and activities.

3.2.1   MAIN FORECASTING INSTRUMENTS IN ESTONIA

Macroeconomic forecasts

Macroeconomic forecasts are carried out by the Ministry of Finance, the Bank of Estonia and the largest commercial banks operating in Estonia, such as Swedbank, SEB, Nordea and Danske, in addition to forecasts by the Estonian Institute of Economic Research.

The Ministry of Finance publicises its macroeconomic forecasts twice a year, covering a five-year period and detailing changes in GDP, foreign trade, domestic demand, consumer prices, changes in the number of employed people, unemployment and average wages. The forecasts also include an overview of government finances and the legislative context.

The Bank of Estonia publishes a macroeconomic forecast twice a year (spring and autumn), which includes a forecast of economic and labour market indices for the coming three years. The forecasts cover GDP, inflation, export; and import indicators, unemployment, employment growth and GDP growth per person employed.

Labour market forecasts

The Ministry of Economic Affairs and Communications undertakes annual forecasts of labour force demand over the coming seven years, including changes in employment, moves in and out of employment and changes between sectors. The forecasts are based on previous developments and expert assessments, scenarios of development plans and experiences of other countries. The

forecasts cover the whole economy, which means that it a very general and therefore it is not possible to make a detailed assessment of sectoral skills needs.

The Estonian Development Fund is leading an initiative entitled Foresight, which aims to provide a strategic glimpse into the future and identify potential sources of economic growth, thus providing an input into long-term strategies and policies. The Foresight team consists of a small number of Estonian and foreign experts and outputs include studies of a range of subjects, including sectoral projects such as economic growth opportunities in the manufacturing industry. It also organises local discussion forums.

Sector-level studies

There are a number of sector-level studies being carried out in Estonia, providing a detailed assessment of labour forces needs at sectoral level, suing a combination of methodological approaches. For an overview of the research initiatives examining sector-based labour force needs, see the Annex.

3.2.2 SKILLS FORECASTS AND SKILLS PROVISION

Since 2010, unemployed people are able to take part in training initiatives provided by the Ministry of Education and research in the framework of the European Social Fund. Overall, the volume and priority areas for training of unemployed people are revised twice a year. However, since the aim of such active labour market measures is to help unemployed people to enter the labour market, the focus is on a more flexible and short-term approach based on employer needs. For example, in June 2011, training needs were revised by the Unemployment Insurance Fund, together with the Estonian Development Fund, Enterprise Estonia and the University of Tartu, with the priority areas for training identified as industry, medicine and welfare services, transport and storage and green jobs.

There are also attempts to match formal and vocational education to the needs of the labour market, based on economic forecasts made by the Ministry of Economic Affairs and Communications

3.2.3 SOCIAL DIALOGUE AND THE ANTICIPATION PROCESS

As mentioned above, there is no systematic system for including the social partners in anticipation measures and practices. However, the social partners are involved in a range of activities. For example, the Estonian Employers' Confederation contributes to the forecasting activities of the Ministry of Economic Affairs and Communications and at local level, some of its members also contribute to the development of curricula regarding vocational education and professional standards, based on specific skills needs at sector level. Similarly, trade unions affiliated to the Estonian Trade Union Confederation would like to see more social partnership involvement in anticipatory strategies.

The Estonian Association of SMEs provides comments to the Ministry of Economic Affairs and Communications, as does the Estonian Chamber of Commerce and Industry. However, the Estonian Association of SMEs believes that anticipation of change at local level is weak and could be developed further, particularly regarding local cooperation between the social partners and local administration.

3.3 Latvia

Overall, the concept of anticipation is not a frequently debated topic in Latvia and the concept remains widely unknown and little understood outside the circles of officials, experts and scholars. Nevertheless, measures and policies that can be classed as anticipatory do exist, in the form of forecasts and analysis. Social dialogue is relatively well developed in Latvia, although the government and its institutions generally play the most crucial role in anticipating and managing restructuring in Latvia. The majority of the anticipation and forecasting instruments in Latvia are therefore implemented by the government (see the annex for details).

3.3.1   MAIN FORECASTING INSTRUMENTS

Macroeconomic forecasts

The Economic Council of the Ministry of Economics produces policy planning documents aimed at facilitating sustainable economic growth. Further, the Advisory Council of Labour Market Forecasting, also from the Ministry of Economics, coordinates the work of the institutions that are responsible for the preparation of labour market forecasts. It also evaluates labour market development scenarios and forecasts, in addition to preparing recommendations to improve labour market research and forecasting. This council is tripartite and meets at least every three months. Short-term labour market forecasts are based on data provided by the Central Statistical Bureau and a demographic scenario Europop2008, developed by Eurostat.

In April 2008, the Ministry of Economics prepared initial medium-term labour market forecasts up to 2013. These were approved by the Cabinet of Ministers in June 2008. The forecasts looked at 15 sectors of the economy and 37 professions and were based on three economic development scenarios – slow, moderate and dynamic development. Taking into account the global economic crisis and its impact on Latvia, in 2009 the Ministry of Economics updated the forecasts. The updated medium-term labour market forecasts were for the period up to 2015.

Skills forecasts

As part of its short-term labour market forecasting, the State Employment Agency carries out surveys of employers and employers' associations twice a year to analyse the situation in the labour market and provide forecasts regarding labour sufficiency. Employers are asked about the needs of enterprises for employees at that moment and over the next six months, as well as about requirements for the candidates. The focus is on employers' demand for labour and early identification of the skills needed by employers.

3.3.2 SOCIAL DIALOGUE AND THE ANTICIPATION PROCESS

The social partners and the government are represented on the National Tripartite Cooperation Council, which is an important national-level tripartite body. This body reviews policy documents, drafts legislative acts and helps to prepare proposals to the government in a range of policy areas, including employment policy. The Council met 10 times in 2010. However, the government need not, and indeed often does not, follow the recommendations of the social partners on policy issues and the social partners have therefore criticised the National Tripartite Cooperation Council and its sub-committees as a "talking shop" only.

Over the past few years, the role of the social partners has significantly increased because the government has acknowledged that social dialogue may help to find better ways to overcome the economic crisis. On the trade union side, the Free Trade Union Confederation of Latvia (LBAS) organises 20 independent trade unions and is the largest trade union confederation in the country, representing around 12% of the workforce. LBAS is represented in the National Tripartite Cooperation Council. On the employer side, the main representative organisation is the Employers' Confederation of Latvia (LDDK), claiming that its members employ 37% of all employees in Latvia. LDDK also sits on the National Tripartite Cooperation Council.

Although social dialogue does take place on restructuring and anticipation, particularly at national level, there are concerns about its effectiveness, particularly as it has no binding elements. There is also felt to be a need to strengthen tripartite social dialogue at the sectoral and regional levels.

In terms of anticipation in general, although the structures are in place, an expert evaluation is that there is a lack of an overview in terms of a body that is responsible for the discussion and preparation of anticipation measures. At present, there are several institutions carrying out actions in this area, which are weakly coordinated. If one central controlling body were in place, this would improve the situation and therefore be a step in the right direction.

Main challenges and common elements

4.1 Introduction

The three Baltic countries examined in this study all face issues and challenges with reference to the anticipation of restructuring. They are all are facing an ongoing difficult economic situation, as they attempt to pull themselves out of the recession. Among the three, Estonia is known as the "Baltic tiger", with an economy that was growing well until relatively recently, and which has been affected to a lesser extent than its two Baltic neighbours. Further, Estonian wage levels are higher than in Latvia and Lithuania.

All three Baltic countries were badly affected by the recession in 2009, with GDP growth of -14.3% in Estonia, -17.7% in Latvia and -14.8% in Lithuania, compared with the EU average of -4.3% for that year. GDP growth recovered in 2010 in all three of the Baltic countries, although, with the exception of Estonia, it remained below the EU average.

Unemployment remains relatively high in all three Baltic countries, with overall unemployment rates remaining well over the EU average in all three Baltic countries, and increasing between 2009 and 2010. Youth unemployment in particular is a difficult issue, with rates well above the EU average in 2009 in all three Baltic countries, and increasing between 2009 and 2010. Long-term unemployment as a percentage of the active population was also just above the EU average in 2009 in all three Baltic countries, and grew significantly in 2010, in comparison to the EU average. For details, see table 4.1 below.

Table 4.1: Unemployment and GDP growth in the Baltic countries and EU average, 2009 and 2010

	Estonia	Latvia	Lithuania	EU average
2009				
Overall unemployment rate	13.8%	17.1%	13.7%	9.0%
Unemployment for young people	27.5%	33.6%	29.2%	20.1%
Long-term unemployment (12 months or more) as a percentage of the active population	3.8%	4.6%	3.2%	3.0%
GDP growth	-14.3%	-17.7%	-14.8%	-4.3%
2010				
Overall unemployment rate	16.9%	18.7%	17.8%	9.7%
Unemployment for young people	32.9%	34.5%	35.1%	21.1%
Long-term unemployment (12 months or more) as a percentage of the active population	7.7%	8.4%	7.4%	3.9%
GDP growth	2.3%	-0.3%	1.4%	1.9%

Source: Eurostat

Given this similar context, it is not surprising that many of the current challenges faced appear to be similar across the three countries, involving labour market challenges, issues related to the organisation of social dialogue, challenges in interpreting and using data that is collected, and issues relating how to provide and finance training. Further, although all three countries have measures in place that can be classified as anticipation and forecasting measures, they may not be formally classified as such, as anticipation is not a widely defined concept in the Baltic countries. This means that there is relatively little focus on and debate about anticipation, compared to countries such as Finland.

4.2 Labour market issues

4.2.1 EMIGRATION

A key issue that is common to all three of the Baltic countries is emigration, which is draining economies of labour and skills. This also means that employers are reluctant to invest in training a workforce that may emigrate to another country. This is not a surprising outcome, given the relatively high unemployment rates, particularly for young people, in the Baltic countries (see above). Emigration is an acute problem in Lithuania and Latvia, where workers tend to migrate to western European countries. In Estonia, although migration is also an issue, there tends to be more of an exchange both ways between Estonia and Finland, partly for geographical but also for cultural and linguistic reasons, which makes it easier for people to travel to and live and work in the other country. Migration, combined with an ageing population, is therefore a real problem for Baltic labour markets.

4.2.2 SKILLS SHORTAGES

In terms of demand for particular types of skills, there is a general shortage of qualified staff and particularly engineers. Matching supply and demand in terms of skills and occupations is a difficult task, and one with which all three countries struggle. In Lithuania, for example, workshop participants felt that the education system does not correspond to the reality of the labour market and in particular there is a shortage of specialised qualified workers.

Nevertheless, some skills forecasting systems exist in the Baltic countries. For example, in Lithuania, a range of surveys have tried to anticipate and monitor skills demands and supply, including studies on individual sectors such as construction, the sports sector and tourism. Lithuanian forecasting surveys looking at demand for professionals have also been carried out.

One challenge with occupational forecasting, common to all the Baltic countries, is that they usually rely on surveys among employers regarding their occupational needs, and employers can be reluctant to fill in repeated surveys. This was highlighted as a particular difficulty by Latvian workshop participants. One example of a survey that appears to be successful is the Index Survey

in Lithuania, which is a forecasting tool carried out by employers on a quarterly basis, involving 140 companies and based on interviews with company managers in a range of sectors.

4.3 Social dialogue structures and practices

All three of the Baltic countries have social dialogue systems that are relatively new, dating from around 1990, and therefore not as well-embedded as the social dialogue structures in Finland. This lack of history and experience mean that there can be a lack of trust between the social partners, due to the fact that the relationship has had a relatively short history. This makes it difficult to build reliable anticipation and forecasting systems that are based on tripartite cooperation.

Linked to this, there can be communication difficulties between the involved parties, and a lack of involvement of the social partners in formal decision-making structures. Where social partners are included, in some countries it is reported that even if the social partners are asked for their views, decisions are subsequently made without taking these views into consideration. In Estonia, for example, workshop participants pointed to a lack of trust between the social partners in general, with a focus on making statements rather than looking for joint solutions to issues. Further, in Estonia, the inclusion of the social partners in anticipation mechanisms and discussions is not yet a part of the overall anticipation system, and trade unions in particular feel that they are not adequately involved in discussions, but rather invited to the table and informed once the decisions have been made.

In Lithuania, trade unions complain that the social dialogue that takes place is often formal and does not contain any real substance. In Latvia, trade unions and employer representatives have advisory status only, which means that at a political level, although they are listened to by government, decisions can be taken that are not in accordance with their views. Further, the social partners felt that discussions on sensitive issues can be quite formal and it is therefore difficult to reach a proper consensus. Of course, this is an issue that is not restricted to the Baltic countries – the social partners in many of the EU15 countries also make the same kind of complaints[9].

Cooperation and coordination between government departments is also a challenge in Lithuania, where workshop participants highlighted the fact that there needs to be better inter-departmental cooperation.

4.3.1 LEVEL OF DIALOGUE AND ANTICIPATION MEASURES

The level of the social dialogue and anticipation measures is also a challenge for the Baltic countries. Whereas in Finland, social dialogue and involvement in anticipation systems takes place at national, sectoral, regional/local and company level, some of these levels are not yet in place on a reliable and productive basis in the Baltic countries.

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[9] See, for example, the synthesis report and national background reports from the ARENAS project.

For example, the fact that the Finnish municipalities are strongly engaged and play a key role in the anticipation of restructuring was highlighted by many workshop participants in all three Baltic countries. Social dialogue at this level is not strong in Lithuania, for example, due to weak trade union presence, even though social dialogue at national and company level is judged to be relatively strong in Lithuania, due to the country's Tripartite Council and the collective bargaining that is carried out in companies.

Sectoral-level social dialogue, which is strong in Finland, is relatively weak in all three of the Baltic countries. In Lithuania, the sectoral level is the weakest level in terms of social dialogue, with an absence of sector-level collective agreements, whereas dialogue is relatively strong at national level. In Estonia, sectoral dialogue is patchy, depending on the strength of the trade union in a particular sector. In the transport sector, for example, social dialogue is well developed, as the union is strong and collective bargaining works well, determining issues such as working time, holidays, pay and training. Trade unions in Estonia are organised sectorally rather than locally. In Latvia as well, trade unions tend to vary as to their strength in particular sectors. Sectoral dialogue in Latvia is bipartite only, rather than tripartite. Another factor potentially hampering the development of social dialogue at sector level in Latvia is the fact that many sectors are made up predominantly of very small companies, operating in small niche markets and geographically scattered areas, which does not lend itself to the development of social dialogue.

At regional level, dialogue and forecasting mechanisms can also be weak. In Latvia, for example, this is the case, due to the fact that the social dialogue and forecasting systems are relatively highly centralised, regional authorities are underfinanced and poorly staffed, local municipalities are weak and social partnership at a regional level is underdeveloped. By contrast, dialogue at territorial and regional level appears to be functioning relatively well in Lithuania.

4.4 Interpreting, analysing and using the data

All countries examined in this study produce data that can be used for anticipating restructuring and change. The issue is usually not the volume of data that is produced, but the quality, coordination, use and dissemination of the data. Below we look at these issues in more detail.

4.4.1 DATA QUALITY

Although data quality can be a challenge for any country that is involved in forecasting, it appears to be a particular challenge for all three of the Baltic countries. In Estonia, for example, gaps in the available data are reported to make it difficult to formulate and implement policy. In Lithuania also, the lack of reliable data was highlighted by workshop participants as a weakness of the country's forecasting system. In Lithuania, the country has been making economic and labour market forecasts since 1995 and these are thought to have been reliable up until the crisis in 2008.

In Latvia, gaps in the data were highlighted by seminar participants as one of the issues that can affect the quality of forecasting. Data collection at sectoral and regional level was highlighted as a difficulty in all three Baltic countries, due to the weak or patchy nature of cooperation and social dialogue at these levels.

4.4.2   COORDINATION AND DISSEMINATION

From the discussions in the national workshops in all three Baltic countries, there appears to be a need for better coordination and dissemination of the data that is produced. Many workshop participants in all three Baltic countries took the view that the issue is not necessarily that more data needs to be produced, but that dissemination and public understanding of the data need to be improved, and that the bodies that are responsible for producing the data need to coordinate their actions better, in order to avoid overlaps and duplication of effort. This is a key issue and one that also relates to Finland, where it is reported that there is a large amount of data, but no systematic interpretation of that data.

In Estonia, for example, workshop participants felt that the current forecasting and anticipation system was not coordinated at all: "*at the moment, it is not a system, but a puzzle, bits and pieces, making it difficult to build a whole picture.*" (Estonian workshop participant). Participants likened the current way of doing things in Estonia as people operating from different silos, with no communication between them. The same issue was discussed in the Latvian workshop, where participants felt that there are many different working groups in the area of forecasting and anticipation, but there is a lack of coordination between them, which means that they do not necessarily know what other groups are working on. For example, a better connection between those working on labour market and education policy would be beneficial.

4.4.3   INTERPRETATION OF DATA

However, data reliability and collecting and dissemination the data is, of course, not enough – it is vital that the data is interpreted in the right way so as to form the basis for policy formation and action planning. This issue is one that came out strongly in the ARENAS project and so is not exclusive to the Baltic countries. Translating future scenarios and forecasts into policymaking is therefore an issue for all countries involved in this study, including Finland.

Overall, there seemed to be problems in developing a coherent strategy for reacting to change in the Baltic countries. In Lithuania, for example, there is reported to be no common point of departure and no overview that is owned by one particular body. In Estonia, it was reported that there is a lack of a general umbrella organisation, such as a dedicated labour ministry, that could play a coordinating role in anticipation and change. Seminar participants in Estonia felt that if one organisation had a leadership role at central government level, this could help to greatly improve the process of anticipation and forecasting. In Latvia, seminar participants emphasised that a more structured approach to the collection and analysis of data is needed.

Sharing of data also seems to be an issue in some countries, and one that is linked to levels of trust. In Lithuania, for example, it was reported that data is not shared openly between the government and the social partners, at least not to the extent that is the case in Finland.

Use of data can also present a challenge – participants from the national workshops argued that in many cases, data was being produced but not actually put to any use. In Lithuania, for example, the statistical department does produce statistical indicators that could be used for anticipating, but are not widely used. In Latvia also, workshop participants felt that if the government used its own statistics and forecasts in its work more thoroughly, other institutions would also have more confidence in and therefore use the statistics. One view was that if an independent organisation rather than the government in Latvia had responsibility for producing forecasts, actors would have more faith in the data. In Estonia, the practical use of the data that is collected was seen by seminar participants as something that could be improved.

4.5 Training provision

Training and skills development was identified in all three of the national workshops as a key factor in developing a labour force that is equipped to deal with the challenges of the modern labour market and attempting to address skills mismatches in the labour market.

Skills mismatches and skills shortages dog the labour markets of the Baltic countries (as they do in many other EU Member States). Adult education is one way of dealing with immediate skills shortages, and there are schemes that are carried out by the public employment services in the Baltic countries that go some way to addressing skills shortages in the immediate term.

However, it was recognised overall in the national workshops that a longer-term strategy needs to be put into place, which will involve some kind of investment in vocational training and higher education. Employers voiced concerns in the Lithuanian workshop, for example, that they found it difficult to find employees with the right kinds of skills and were therefore urging more accuracy in skills forecasting and appropriate training provision.

However, workshop participants in all Baltic countries felt that there was some difficulty over the cost and responsibility for the training. Employers can understandably be reluctant to finance training of a workforce that may then emigrate, taking their skills to a different employer in another country. This is a real concern in all three countries, given the high levels of emigration.

In Lithuania, for example, companies are reported not to invest greatly in training, partly due to issues such as low wages. Nevertheless, employer representatives present at the Lithuanian national seminar stressed that they were keen to be involved in the implementation of vocational education and training programmes. In the Estonian national seminar, the question of how to finance and secure training was also central to the debates. In Latvia, training is delivered largely at the company level by employers, usually in partnership with trade unions, and there is government funding in place for training at company level.

In both the Estonian and the Latvian national workshops, the issue of how to speed up the transition from education to employment was discussed and was seen as a major challenge.

Many of the measures, or elements of these measures, that are in place in Finland and which have been presented in this study could be transferred in some way to other countries.

The measure that attracted the most attention in the national seminars was the Finnish occupational barometer. Workshop participants felt that there was a good possibility of transferability of the major elements of this measure, as it is based on data that could be readily collected and analysed in a different regional and/or national context. In Lithuania, workshop participants identified the occupational barometer as one of the most potentially useful tools in the Lithuanian context. This was also the view of Estonian workshop participants, with the discussion centring on whether it should be carried out on a regional or a national basis, and who should be responsible for this tool. In Latvia, there was also great interest in this tool.

There was also interest in the Futures Committee of the Finnish Parliament as a tool to help to identify responsibility for anticipation and forecasting. In the Estonian workshop, participants thought that elements of this measure could be transferred to the Estonian context and that this would be a good way of maintaining an overview of forecasting and anticipation measures in the country.

The Finnish PATKET-VATTAGE process is one of the key tools for producing long-term forecasts in Finland. As long-term forecasting was identified as a particularly difficult challenge in the Baltic countries, there was interest in all the national workshops in this tool. However, the view from all of the national seminars was that the methodology used in this instrument had limited transferability (this tool comprises the calculation of a base scenario which is then adapted to regions, following calculations and dialogue with stakeholders at national and regional level.

The involvement of the Finnish municipalities and regional authorities in the range of anticipation and forecasting instruments and measures sits at the heart of the Finnish anticipation and forecasting system. While participants in the national seminars agreed that it would be highly desirable to strengthen the regional involvement of actors in anticipation and forecasting systems in their countries, this was deemed to be difficult to achieve, given the relative weakness of this level of cooperation and dialogue in the three Baltic countries. However, there may be some scope for the municipalities in Lithuania to play a greater role in forecasting, as they already play a prominent role in restructuring at local level, even though they do not participate in the Tripartite Council. Strengthening the role of municipalities was also seen as desirable in the Latvian and Estonian workshops.

However, the element that sits at the heart of the Finnish system of anticipation – the cooperation and networking between actors – is not readily transferable, as this is a deeply embedded aspect of Finnish employment relations culture. Therefore, any measures taken from Finland would need to be adapted to the circumstances, culture and environment of other countries. This is particularly the case with the tripartite networked approach to forecasting that is in place in Finland. It is difficult to transfer this type of system to the Baltic countries as the relationship and trust levels between the social partners in these countries is not yet as developed and well-embedded in industrial relations culture as it is in Finland. Nevertheless, the key lesson from Finland – increasing collaboration between actors in the face of the complex tasks of forecasting – is relevant for any context and nation.

Table 5.1 below summarises the potential transferability of key elements of the Finnish forecasting and anticipation system.

Table 5.1: Potential transferability of Finnish forecasting instruments

Instrument	Transferability
Finnish occupational barometer	Good possibility of transferability – participants from the national seminars expressed an interest in adapting it to national circumstances and implementing it in their country.
The Futures Committee of the Finnish Parliament	There was interest in this measure as something that could help to enhance cooperation within the government in the Baltic countries, and possibly help to identify responsibility for anticipation and forecasting. A detailed proposal for an anticipation process at central government level, inspired by the Finnish Futures Committee, is contained in the Estonian national report.
PATKET-VATTAGE process of a Consortium of Ministries and the Government Institute for Economic Research (VATT)	Although this is one of the key measures in the Finnish system, it produces long-term forecasts, something that is considered to be particularly difficult in the Baltic countries. Although it is interesting to study the methodology used, the transferability of this instrument is probably limited.
The municipal/regional involvement in anticipation	This element of the Finnish system was seen as a core process, but one that may be difficult to transfer to the Baltic countries, as the structures, resources and skills in place at regional level in the Baltic countries mean that it would be difficult to collect information to the same high level as in Finland.
Tripartite networked approach to forecasting	This is something to be aspired to in the Baltic countries. It is difficult to import this type of system into a country with different social dialogue traditions and history, but more tripartite cooperation and trust could be developed over time.

It should be emphasised that many of the challenges faced by the Baltic countries are not particular to those countries, but are felt to a greater or lesser extent by many of the EU Member States, particularly in terms of the demographic challenges, skills policy, labour market issues, how to cope with restructuring, and how to climb out of recession. Nevertheless, a range of lessons can be learned from the knowledge sharing that took place in the three national workshops in the Baltic countries, relating to structures, practices and attitudes. In brief, the tree (3) main lessons learned are the following:

1. To enhance social partnership is a long term perspective

2. It is fundamental to connect national strategies and anticipation

3. National, regional and sectoral levels have to be taken into consideration in the design of forecasting strategy

A description of further and detailed key elements arisen from the knowledge sharing about Anticipation and social partnership approach is brought back below:

- **Building social partners relationships**. Improved relationships, involving more trust and communication between the social partners, needs to be built. The Baltic countries, like the majority of the new EU Member States, have a limited history of social and dialogue and free collective bargaining and therefore it is to be expected that it will take a considerable amount of extra time for the level of social partnership to be built up to the standards seen in many western EU Member States. Renewed efforts to build up social dialogue and partnership between the social actors will, however, hasten the process. It should be noted that there seemed to be a genuine will at all of the national workshops to work on the relationship between the social partners, to improve trust and cooperation, and to move forward jointly. In Estonia, for example, the participants thought that more cooperation would slow things down and make the process more thoughtful, which all agreed would be a good thing.

- **Coordination and communication**. Coordination and communication of anticipation and forecasting activities appear to be in need of improvement. The issue here is not that there is a lack of data, but that it is not being communicated properly and the bodies responsible for forecasting are often not coordinated. Therefore, it might be worthwhile to consider making one body responsible for the anticipation of change.

- **Trust**. Trust, transparency and openness are qualities that characterise the Finnish system of anticipation and seem to be lacking in many facets of the anticipation systems presented in the Baltic countries, not just between the social partners, but sometimes within government departments. In Latvia, for example, it was noted that in Finland, all the government departments are acting together in a coordinated way, which is not the case in Latvia. Trying to foster more trust, transparency and openness, possibly through more regular tripartite contacts and coordination, may improve the situation.

- **Levels of dialogue**. Another characteristic of the Finnish system is the fact that social dialogue on anticipation takes place at all levels, ranging from the national to the sectoral, regional, territorial, local and company level. By contrast, the social dialogue and anticipation activities are less evenly spread across all these levels in the Baltic countries. More emphasis on the sectoral and regional levels in particular may be a good idea, as different sectors and regions have different characteristics and needs, and therefore

anticipation efforts can be tailored if they take place at a more local level. There are issues and limitation, however, with regard to the strength of social dialogue in particular sectors.

- **Forecasting tools.** Regarding the systems and tools available, it would seem that there is plenty in place already, in terms of forecasting and anticipation tools and mechanisms. It would therefore be a question of improving and streamlining what is already in place, rather than embarking upon a wholesale reorganisation of systems, or putting into place completely new tools. Within this, it should be noted that forecasting and anticipation are not easy processes to put into place and to carry out effectively. Long-term forecasting in particular is a very difficult exercise, due to the volatility of labour markets. Reliability of data also needs to be improved, an issue that is linked to the putting into place of a regular and coordinated forecasting and anticipation system.

- **Training**. There is a need to ensure that vocational training systems are adequately developed and adapted to the specific circumstances of the labour market. Funding of training and in particular life-long learning is a consistently difficult question, and the social partners need to be involved in a debate about how to build and finance a training system suited to national needs. Flexibility is also key as this will help employers to support workers in the development of their skills.

- **Transferability**. During the discussions in the workshops, it became clear that participants in the Baltic countries were extremely interested to hear about the Finnish anticipation system and were also enthusiastic about particular elements, such as the Finnish Occupational Barometer, and how this could work in their country. The view from participants tended to be that certain technical elements, such as the Occupational Barometer, could, with some modifications, be applied to their own countries and could work will in their national context. However, there was also agreement that measures could not, in general, be exported to other countries wholesale, due to differences in cultural, social and economic context. In the case of the transfer of measures from Finland to the Baltic countries, the contextual difficulties would relate to the fact that trust, communication and cooperation between the social partners is not as well developed in the Baltic countries as it is in the Finland, largely due to the relative newness of the relationship. Further, issues such as the lack of strong social dialogue at all levels, particularly the sectoral and municipal level, would make it difficult to recreate the Finnish model wholesale in the Baltic countries. These issues are explored in more detail in Chapter 5.

A way forward

The immediate future looks difficult, due to the continuing economic difficulties in which the Baltic countries find themselves. National economies have been hit very hard by the crisis, which in turn has had a negative impact on the labour market. Given this difficult context, it seems hard to find a firm way forward. However, there are some issues that are worth considering that may help to build a more robust system for anticipating restructuring in the Baltic countries in the future. These are detailed below.

- **Design and coordination of tools.** The design of anticipation tools and processes needs to be carefully thought out, ensuring participation from all actors. Particular emphasis should be placed on the coordination and communication of these tools and processes, thus creating a coherent strategy, in order to avoid overlap and doubling of effort.

- **Taking responsibility.** Linked to the above point, the seminar participants in this study in all three countries felt that there was often no clear vision for anticipation, or sometimes even a clear definition of anticipation. Either the creation of a new, independent forecasting and anticipation body, or the designation of an existing body as the responsible body for anticipation would be a good idea, possibly with the participation of academic institutions.

- **Quality and use of data.** The data that results from forecasting and anticipating activities is a central element of the anticipation process. However, the national workshops have uncovered difficulties surrounding the quality of the data, its dissemination and its use. As noted elsewhere in this report, these issues are not peculiar to the Baltic countries. However, measures such as taking some time to think about how to present the data to the public may help, such as producing data that can be visualised and is seen as relevant, rather than dry figures.

- **Joint working.** The value of holding this series of workshops was clear from the comments of participants, who stated in all three countries that there were too few opportunities for tripartite brain storming sessions of this nature. One way to help build and strengthen the mutual trust and cooperation that is needed in the Baltic countries is firstly to map the stakeholders and then to hold more regular joint workshops of this nature, which will give the social partners and government representatives the time and space to discuss issues that are relevant to their country's labour market and restructuring. Building an effective system of social dialogue is a very long-term exercise that will take many more years to develop. However, the social partners should not lose sight of the fact that improvements in terms of building trust, partnership and communication can be made on an incremental basis through regular contacts and networking.

- **Cooperation on all levels.** Good cooperation between the partners at all levels – national, regional, sectoral, local and company – is extremely important and the social partners should all take responsibility in building this, acting on an equal basis.

- **Developing sectoral, regional and local levels.** Cascading information down from national to more local levels is important for local-level implementation, which tends to be under-developed in comparison to the national level, both in terms of anticipation and social dialogue more widely in the Baltic countries. The provision of information to these levels, and the building up of structures that could interpret and implement this data would help to strengthen action at the more local level.

- **Tackling skills shortages.** Skills shortages are a specific problem in the Baltic countries. Involving all the relevant actors, such as employers, employees, employee representatives

and education providers (including universities), could help to devise a system of vocational training and lifelong learning that helps address skills issues. Employees should also be motivated to take responsibility for upgrading their skills levels.

- **Tackling emigration.** All three Baltic countries are suffering from the loss of their young workers through emigration and need to find ways of keeping them into the country so that they can join the labour force. This is a difficult task, but could be linked to education and training and revitalisation of the labour market through measures such as encouraging entrepreneurship.

- **Long-term actions.** It is difficult to devise long-term strategies and to put into place long-term forecasting and anticipation measures, particularly in these troubled economic times. However, efforts should be made to do this, using strong cooperation between the social partners and the government and using examples of good practice from countries such as Finland. EU funding also appears to play an important role in maintaining the systems in place in some of the Baltic countries, such as Latvia and therefore optimal use should be made of this funding source when trying to improve anticipation.

- **Engaging experts from other cultures.** Learning from other cultures, particularly those with some kind of links or similarities, is a valuable experience. It may also be worthwhile to try to engage foreign experts in helping and advising the actors in their task of trying to strengthen and improve their anticipation and forecasting mechanisms.

8.1 Finnish forecasting and anticipation instruments

Table 8.1: Overview of Forecasting and anticipation in Finland

Institution	Forecast method	Key characteristic and outputs
PATKET-VATTAGE –process of a Consortium of Ministries and the Government Institute for Economic Research (VATT)	• Applied General Equilibrium Model (AGE)	• Quantitative model for long-term forecasts of the development of the economy and labour markets producing a national and regional calculations as a basic and alternative scenarios to support planning and decision making in public administration and informing stakeholders
Foresights and restructuring activities of the Ministry of Employment and the Economies (MEE), (chairs the PATKET-process)	• Various qualitative and quantitative methods and forecasts done by agencies and the regional offices under MEE	• Long term forecasting on central level, mid-to short on regional
Ministry of Education using VOSE and MITENNA	• Various qualitative forecast methods of competences and skills needs	• Short to long term forecasting of educational needs and combining to quantitative forecasts of the national economy and labour markets
Surveys on the Need for Workforce and Training (TKTT Foresight Model) and Occupational Barometer	• Interactive network based regional foresight model using qualitative and quantitative methods	• Short-to-mid term forecasts of labour market demands on a regional-local level, informing counselling, PES, regional actors, and others
Education Intelligence Foresight System of the Confederation of Finnish Industries (EK)	• Series of anticipation projects anticipating changes in the industrial environment	• Qualitative long term forecasting including networking, workshops, Delphi surveys, virtual platforms
The Futures Committee in the Finnish Parliament	• Expert and Stakeholder Networking, Committee work	• Dialogue of stakeholders, Government and Parliament, Reports, 5 – 15 year forecast
National Foresight Network of the Ministries	• Inter-ministerial cooperation of various forecasts in sectors	• Forum for discussing the results of the anticipation work carried out in the administrative sectors.
Finnsight 2015 Science and Technology Foresight	• Joint foresight project of the Academy of Finland and Tekes, the Finnish Funding Agency for Technology and Innovation. The project was carried out in 2005-2006	• The core of the foresight project comprised ten expert panels, each of which was composed of twelve experts producing forecasts
ETLA (Research Institute of Finnish Economy) Economic Five Year Regional Forecasting System	• Nationwide regional model, which is linked to the global economy.	• This model produces five-year projections for regional GDP for both production and employment in 30 industries on a twice-yearly basis.

TEKES (Funding Agency for Technology and Innovation) foresight systems (operating under MEE)	• Various quantitative and qualitative forecasts on technology and innovation	• Key focus of TEKES is technology foresight and its impact on technology and innovation policy in Finland.
SITRA (Finnish Innovation Fund) foresight systems	• Expert networking and analysis	• Foresight topics are (1) Future of welfare and everyday living (2) The future of work life (3) The future of the public sector (4) Multiculturalism (5) The future of environmental technology
VTT (Technical Research Centre of Finland) foresight systems	• A broad set of foresight activities related to high-end technology and innovation	• Key projects in its Nordic co-operation have been (1) Foresight Biomedical Sensors, (2) Nordic ICT Foresight and (3) Hydrogen Foresight Project.

8.2 Estonian forecasting and anticipation instruments

Table 8.2: Overview of Estonian research initiatives for sector-based labour force needs

Research (organisation conducting the research)	General methodological approach	Data collection methods	Sample size	Target groups included in the research	General population of the target group
Forecast of labour force needs in the Estonian energy sector (Praxis Center for Policy Studies[8], University of Tartu[9])	• Combined quantitative and qualitative methods	• Quantitative: personnel data, Statistics Estonia and Business register • Qualitative: semi-structured interviews, focus group interviews	• Personnel data of 108 companies, including 11 192 employees, • 33 interviews with companies, 3 focus group interviews, 6 interviews with educational institutions	• Sector-related companies, educational institutions and training providers in the sector	• 15 458 employees related to the sector
Labour force in Estonian food industry (Praxis Center for Policy Studies[8], Faktum & Ariko10)	• Combined quantitative and qualitative methods	• Quantitative: face-to-face interviews, questionnaire • Qualitative: in-depth interviews	• 130 questionnaires returned • 18 in-depth interviews	• Company managers and leaders of sectoral organisations in food industry, Ministry of Agriculture, training providers, representatives of commerce.	• 298 companies of food industry with 5 or more employees (based on data from Business Register)

Forecast of labour force needs in the Estonian timber sector for 2005-2015 (University of Tartu[9])	• Quantitative	• Forecast of production volumes, number of employees, employers' assessment of changes in labour force needs • Questionnaire among employers	• 60 returned questionnaires	• Forestry, wood-processing, paper, furniture, window and door manufacturing and wooden house manufacturing companies.	• (no information)
Estonian ICT sector research (PWP11)	• Combined quantitative and qualitative methods	• Quantitative: phone interviews • Qualitative: in-depth interviews	• 150 phone interviews (130 answers) • 59 in-depth interviews (55 answers)	• Companies of the sector, largest clients, large local municipalities and government offices, educational institutions related to the sector	• 193 companies with a turnover of more than 1 million EEK
Estonian metal, machinery and apparatus sector research (PWP11)	• Combined quantitative and qualitative methods	• Quantitative: phone interviews • Qualitative: in-depth interviews	• 250 phone interviews (177 answers) • 55 in-depth interviews (53 answers)	• Companies of the sector, suppliers and distributors/retailers, designers and educational institutions related to the sector	• 370 companies
Estonian wood and furniture sector research (EKI12, PWP11)	• Combined quantitative and qualitative methods	• Quantitative: face-to-face interviews, questionnaire • Qualitative: in-depth interviews	• 200 questionnaires (118 answers) • 75 in-depth interviews (73 answers)	• Companies of the sector, suppliers, educational institutions and training providers related to the sector, designers, distributors/retailers.	• 337 companies with more than 5 employees and turnover of more than 500 thousand EEK

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

8.3 Lithuanian forecasting and anticipation instruments

Table 8.3: Overview of Lithuanian forecasting instruments

Measure	Details
Macro-economic forecasts carried out by the Bank of Lithuania	Forecasts carried out four times a year, detailing anticipated trends in the main economic indicators, over the short and medium term
Macro-economic forecasts of the Ministry of Finance	Forecasts carried out twice a year, detailing the medium-term anticipation of key economic indicators and labour market movements, earnings and prices
Forecasts prepared by the main commercial banks in Lithuania – SEB Bank, DnB Nord Bank, Bank Swedbank.	Projections of key economic indicators for the forthcoming 1 or 2 years period
Statistical business survey conducted by the employers' organisation LS	The survey is based on the opinion of company executives on past, present and future changes in their economic activities. The survey contains short-term economic analysis and forecasts, projecting economic activity relations and growth periods, present economic situation of the country and trends in the changes of business activities. The survey is conducted in manufacturing, construction, trade and services sectors on a monthly basis.
Annual survey conducted by the Lithuanian labour exchange (LLE)	Forecasts of labour force employment for the coming year have been produced by the LLE on an annual basis since 1995. This contains labour force forecasts based on employer interviews conducted by the territorial labour exchanges in September-October every year.
Industry expectation index	The Lithuanian Confederation of Industrialists provides a high-level Lithuanian industries management opinions and prognosis survey and presents its results – Industry Expectations Index (IEI) - on a quarterly basis.
Part-time employment survey	In order to foresee likely redundancies of groups of employees in advance and to identify possible problematic economic activities and/or territories, the LLE carries out a part-time employment survey. The survey aims to identify a share of companies with prevailing part-time employment and a share of such employees in the total number of the company's employees. The survey is based on employer interviews conducted by TLEs (between 3,000 and 20,000 employers are interviewed on a quarterly basis).
Skills forecasts	The Ministry of Education and Science has conducted a number of ad hoc surveys aimed at matching supply of and demand for skills.
Sector-level surveys on VET needs	Since 2000, research, based on uniform methodology, on VET needs has been carried out in 10 sectors. This future skills monitoring is based on a fixed set of indicators, established in accordance with systematically gathered information.

8.4 Latvian forecasting and anticipation instruments

Table 8.4: Overview of Latvian forecasting instruments

Measure	Strengths	Weaknesses
At national level: • Reform Management Group • National Tripartite Cooperation Council and its 8 sub-councils • Advisory Council of Labour Market Forecasting • Economic Council • Medium and long term labour market forecasts by the Ministry of Economics • Short term labour market forecasts (surveys) by State Employment Agency	• Adequate institutional framework for social dialogue and development of anticipatory measures • Frequent bipartite and tripartite social dialogue at national level	• Focus on ad hoc and short term measures • No big picture oversight • Poor institutional coordination • Lack of genuine social dialogue • Lack of consecutiveness in political decisions • Problematic data (questionable sources and methodology) for statistical analysis and preparation of forecasts • Databases inaccessible, incompatible, not user-friendly and unsuitable for in-depth analysis
At regional level: • Five planning regions authorities run by local municipalities and state • Consultative centres run by LBAS (trade unions) and LDKK (employers' representative) in five planning regions	• Focus on down-to-earth problems (less rhetoric, more substance) • Development of more informal and trust based networks	• Focus on ad hoc and short term measures • Weak, poorly financed and staffed planning regions authorities and local municipalities • Too many municipalities with disparate agendas • Poor representation by social partners in regions
At sectoral level: • Vocational Education and Employment Tripartite Cooperation Sub-council • Labour Affairs Tripartite Cooperation Sub-council • Bipartite and tripartite social dialogue organized by ministries and social partners (branch associations and trade unions)	• Focus on problems in given sectors • Genuine interest and understanding of problems on the part of the involved parties • In-depth knowledge of partners	• Focus on ad hoc and short term measures • Patchy and sometimes non-existent representation by social partners • Poor representation by small businesses (micro enterprises) • Predominant form of social dialogue – bipartite between industry (branch) associations and government • Lack of transparency in dealings with lobbyists

At company level:		
• Training courses for newcomers • Traineeships • Short term projects funded by the European Social Fund • Development plans for employees • Allowances and paid leaves for training and studying • Involvement of representatives of employees in management meetings and discussions	• In-depth understanding of needs and interests of involved parties • Genuine motivation on the part of employers to increase labour productivity • Elimination of red tape and unnecessary formalities • Flexibility of different arrangements and individual approach to any kind of problems	• Measures implemented predominantly in large enterprises with state or foreign capital • Small businesses have no capacity (money and staff) to develop their own anticipatory measures • Few trade unions represented in many enterprises in the private sector • No meaningful social dialogue in many enterprises

8.5 Strengths and areas for improvement in the anticipation systems of the Baltic countries

Table 8.5: Strengths and areas for improvement in the anticipation systems in the Baltic countries

Country	Strengths	Areas for improvement
Estonia	• Highly qualified and skilled workforce • Good overview of anticipating and forecasting • There is a good range of forecasting activities already in place • Good IT systems in place • Good adult education system	• More detailed forecasting approach needed • More coordination and closer contact between the social partners needed • Need for a coordinating body • More joint debate and decision-making needed • More process transparency and trust needed • Practical use and dissemination of the data needs to be developed
Latvia	• Strong legal framework for the forecasting institutions • Relatively strong social dialogue, particularly at national level (National Tripartite Council) • Functioning forecasting system and willingness to participate • Data collection is well-developed	• More coordination of institutions and processes needed • Dissemination and communication with the public could be improved • Long-term forecasting needs strengthening • Translating data into concrete measures is a challenge • A comprehensive approach involving all actors needs to be developed

Lithuania	• Anticipation takes place at most levels • Tripartite partnerships function well at territorial and regional level, and cooperation with labour offices also works well. • The structures on which restructuring, including the Labour Code, are relatively strong	• A clearer and more coordinated vision for anticipation at all levels needs to be created • Cooperation and especially regional/sectoral cooperation needs to be improved • Trust between the social partners and between government departments could be improved • National-level and sector-level social dialogue needs to be strengthened • Data collected is under-utilised and needs to be made more reliable