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## Who was successful at finding good job at Estonian labour market: comparison of pre- and post-transformation society.

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#### Abstract

The aim of this paper is to reveal if and how structural changes have affected the role that different individual characteristics have in predicting (lack of) success in reaching higher occupational positions in Estonian labour market. We examine two points in time: year 1989 in the beginning of societal transformation, when Estonia was still part of the Soviet Union, and year 2005, when the economic situation was already stabilized and Estonia had become a member of European Union. Choosing these two distinct time periods would be justified by the fact that before the societal changes in economic sphere came about in early 1990s, first signs of changes in policy sphere had already appeared, but by the beginning of 2000s, most of the changes had already taken place. As our main hypothesis, we would believe that during the transition period the role of factors predicting individual's chances to reach higher occupational positions – such as one's socio-demographic characteristics but also cultural and social capital – had changed. The analysis is based on nationally representative data from two surveys: Estonian Labour Force Survey 1995, from where retrospective data on individual experiences from year 1989 was explored; and Estonian Labour Force Survey from year 2005, where data on 2005 was studied. In this article we limit our interest in those who changed their jobs during the given year, so we can be sure the importance given to the indicators under consideration actually reflects the opinion of employers at that point in time. The methods used to investigate these large-scale quantitative databases involve multidimensional cross-tabs and multi-nominal logistic regression.

Our analysis shows that influence of some individual factors on probability of achievement of high professional position remained almost unchanged. So proper education played major role in pre- as well as in pos-transition society, and impact of gender had also not changed. At the same time, nationality appeared to begin matter: access of non-Estonians to higher workplaces was before the transition not much different from Estonians, but has been notably limited in post-transition period. We could also observe that ways of finding of highly appreciated job have changed.

<sup>\*</sup> This is a very first draft of the paper. Any comments welcome. Contact e-mail: <u>kazjulja@iiss.ee</u>.

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# SOCIETAL TRANSITION: STRUCTURAL CHANGES IN ESTONIAN LABOUR MARKET BETWEEN 1989 AND 2005

The development of the transition economies in the 1990s can be interpreted in two contexts: first, as a transition from state socialism to a market economy, and second, as a movement from the industrial, Fordist model to the post-industrial, post-Fordist model (Terk 1999). As Hofmeister, Blossfeld and Mills (2006) have put it: globalization has undoubtedly had its effects increasing uncertainty and flexibility in all countries and groups, but these impacts are mediated by country-specific packages of institutional filters.

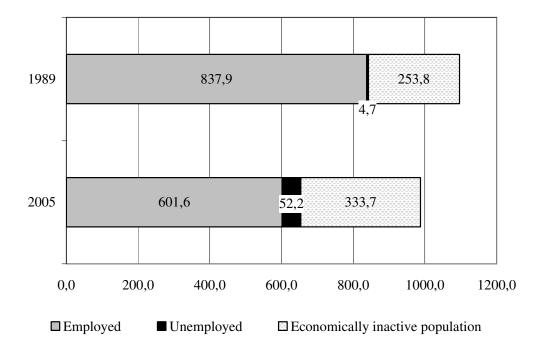
It is noted (see Saar and Helemäe 2006) that while in the Western developed countries structural change arises from a combination of economic and technological developments as they are mediated by the socio-political environment, in Estonia, just as in other post-socialist countries, these were first of all institutional changes (dismantling of the state control over the economy, that led to the rapid rise of private ownership and market-based allocation of resources and consumer goods) that produced structural changes.

According to Saar and Helemäe (2006) one might distinguish between two types of structural changes in Estonia: (a) those in order to compensate the inherited misallocation problem, and (b) those created by the functioning of the globalizing market economy. These developments take place in parallel and are intertwined. As the main changes occurred during quite a short time (not over ten years), it is quite difficult to separate the impact of institutional changes from that of structural ones: institutional changes "freed the space" for structural changes and those structural changes in turn put the pressure for institutions and called for their change.

Economic changes in Estonia in 1990s and any implications to labour market are thoroughly discussed in Saar and Helemäe (2006). According to them, administrative control over job supply and demand is usually envisaged as reflecting an ideological socialist project aimed at achieving full employment, implying not only an absolute guarantee of employment but also strong job security, as dismissals were exceedingly rare and life-long employment with one firm, usually in one profession was supported, with work experience and seniority being the main elements in advancement and remuneration.

In 1992 economic activity collapsed under the combined effects of the breakdown of trade relations with the countries of the former Soviet Union, the collapse of the old central

planning system, the extensive price and trade liberalization, and the abolition of many subsides. According to Eamets (2001), Estonia has had two recessions, one caused by general transition shock and economy restructuring after currency reform (1991-94), and the other by the local financial market crisis followed by an external shock caused by the Russian financial crisis (1998-99). The fall in GDP did not lead to high unemployment in the first half of 1990s, rather, unemployment in Estonia increased gradually and some reasons for moderate unemployment growth have been: a sharp drop in labour force participation, relatively flexible labour markets, low employment benefits, and net migration to the former Soviet Union (Eamets, 2001). While from 1989-1991 unemployment practically did not exist, since 1992 it became a reality. As the result of the first shock, unemployment rate reached almost 8 percent, and as a result of the second shock, unemployment rose to 15 percent in the beginning of 2000 (Eamets, 2001). Figure 1 describes the labour market participation in Estonia, comparing the years 1989 and 2005.



Working-age population (15-69) in 1989 and 2005 (thousands)

Figure 1 Working-age population in Estonia 1989 and 2005 (thousands)

Kazjulja and Saar (forthcoming) conclude that Estonian economic reform has been one of the most radical among the post-socialist countries, particularly with regard to its highly liberal economic principles and the modest role of the state. Estonia is often used as an example

of success, especially compared to other former Soviet Union countries. As Vodopiveč (2000: 4) maintains: "Estonia provides exceptionally fruitful grounds for the research of labour market adjustment in transition: it is a reform laboratory. It is not only implementing distinctive labour market policies (generally in the direction suggested by the World Bank), but is also clearly in the forefront of the implementation of reforms among the successor states of Soviet Union and has therefore undergone many changes that will ultimately be implemented in other economies as well." The occupational mobility of the workforce in Estonia was high: according to Masso et al (2004) it has been documented that between 35 and 50% of all Estonian wage earners changed occupation in 1989–1995. Most of these changes took place at the beginning of the transition, so the impact of occupational changes on job mobility may have declined by now.

However, Kazjulja and Saar (forthcoming) denote the "success story" of Estonia has also been criticized, emphasizing the increase of social inequality the deepening of tensions between economic sectors and generations along the capital-periphery axis.

It nevertheless deserves mentioning that as the reallocation process affects certain industries and enterprises more than others, the role of personal characteristics in the incidence of displacement is insignificant (Masso et al 2004), so people with no qualifications as well as with higher education were made redundant. As Kazjulja and Saar (forthcoming) have put it, economic and social changes in Estonia destabilized life careers, forced individuals to make unexpected choices and devaluated their previous investments. Their behaviour was not so much directed by purposeful biographical projects and realization of their future conceptions of themselves but rather it could be characterized as an adaptation to the new circumstances. Individuals changed their plans and behaviour because they had to adapt. Opportunities proved to be less a matter of individual control and planning than of unfavourable structural conditions. New norms were not in effect yet while breaking the previous ones did not necessarily bring about any negative consequences. As in other post-socialist countries dismissals were often collective experiences, which had nothing to do with individual qualifications and motivation (see for example for East Germany Goedicke, 2006). Very important was to live in the right place and work at the right workplace. According to the study by Kazjulja and Saar (forthcoming), contrary to their initial expectations that system change had made place for differences in personal characteristics to become more important for success and failure in life, a decisive role was structural position at the beginning of

changes. Success was less of matter of individual control than a matter of structural conditions. Self-initiative of people was not realized because institutional rules and structural conditions entailed passive coping strategies.

#### GOOD JOB: COMPARING 1989 AND 2005

According to Giddens (1993), six main characteristics of paid work are relevant: money; activity level; variety; temporal structure; social contacts; personal identity. However, jobs do not have the same extent of these characteristics embedded into them. Rather, it is usually the case that some jobs offer more of some of these and others the others. Employees do occupy different labour market situations and work situations, while labour market situation equates to source of income, economic security and prospects of economic advancement. Work situation refers primarily to location in systems of authority and control at work although degree of autonomy at work is a secondary aspect. Tendency for positive, highly valued characteristics to cumulate in the framework of one job description is also there, to ensure the best people would apply for the most demanding jobs. Social stratification refers to social inequalities that may be attributed to the way a society is organised, to its socio-economic structure. The life chances of individuals and families are largely determined by their position in the market and occupation is taken to be its central indicator; that is the occupational structure is viewed as the backbone of the stratification system.

Eric Harrison and David Rosehave (2006) explain the principles they rely on while distinguishing three forms of employment regulation: in a 'service relationship' the employee renders 'service' to the employer in return for 'compensation' in terms of both immediate rewards (e.g. salary) and long-term or prospective benefits (e.g. incremental pay scales, assurances of security and career opportunities); in a 'labour contract' employees give discrete amounts of labour in return for a wage calculated on amount of work done or by time worked, and typically contracts are easily terminated and there are no prospective elements in the employment contract; intermediate or 'mixed' forms of employment regulation that combine aspects from both forms.

However, if we try to compare two different societal organisations – Estonia 1989 and Estonia 2004 – this categorisation would not work. For example, it might be argued that 1989, most of the jobs had the nature of a "service relationship". Saar and Helemäe (2006) cite Vodopivec, who has concluded that job security was perhaps the only aspect of the worker ideology of the

Soviet regime where reality did not deviate from rhetoric. Therefore any differentiating on these bases would not be helpful.

We also cannot compare the status- or prestige values of the occupations across the two distinct time periods, as they do not necessarily collide, but there is no ground to state if and how the relative prestige of an occupational group over another has changed.

It will be another option to take the matter of prestige as a function of income earned at that job. However, this will not be feasible due to two reasons. First, there was significant inflation during the year 1989 that we have included in the analysis, and therefore already the salaries of respondents who considered their status as of the beginning of 1989 is not entirely comparable to those who focused on the end of 1989. Furthermore, the relative differences between salaries by occupations are quite noteworthy comparing 1989 and 2005, for example, income difference between a manager and a professional is not predictable, as this is dependent for example in the size of the enterprise; in the area of activity; in the ownership (public, private local, private international); and in the regional location. The inequalities within the groups as well as between the groups have increased. Therefore the income would not be a good enough descriptor of the job quality.

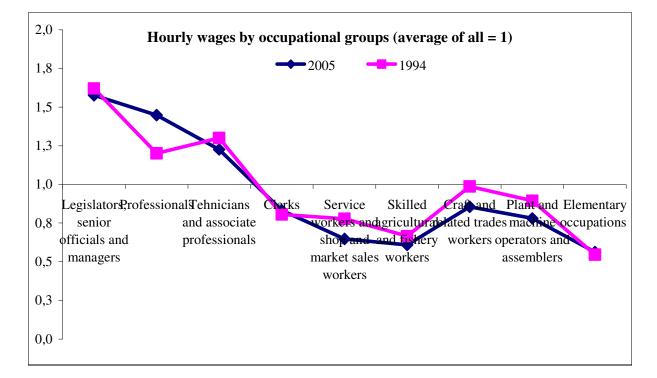
Furthermore, taking the characteristics of a job, like the extent to decide over one's pace of work and autonomy as well as working hours and their flexibility would first be not available and secondly also, taking independently of any other indicators, would not be good enough to rely on while comparing the two periods. Indeed, the degree of working time flexibility and autonomy has also changed over time with the rapidly increasing options of mobile offices and telework among white-collar workers, but as this kind of nature of work has not changed for some jobs (primary-school educators; agricultural and fishery workers; builders; etc), the diversity of patterns and therefore differences between jobs are greater at the later period than earlier.

Considering the discussion above, we define good job according to the occupational groups which are based on the level on education and previous knowledge it takes to gain the necessary skills for doing the job successfully. Regardless of the absolute changes in requirements as well as rewards for job, the relative differences between occupational groups should be preserved as the nature of the work has not changed that much in this regard during 15 years.

Therefore, we use the following classification:

- 1. Legislators, senior officials and managers
- 2. Professionals
- 3. Technicians and associate professionals
- 4. Clerks
- 5. Service workers and shop and market sales workers
- 6. Skilled agricultural and fishery workers
- 7. Craft and related trade workers
- 8. Plant and machine operators and assemblers
- 9. Elementary occupations

Data also shows that the general income level of the two groups at the higher level is higher in 2005 than that of the rest of the groups (Figure 2), although data on 1994 would not support the assumption that higher occupational status should mean higher salaries.



# Figure 2 Men's hourly wages by occupational groups (average of all groups = 1), 1994 vs 2005

Data for both years would add that this is especially true when comparing the groups in middle with those in the end of the scale; however, that might have something to do with

gender segregation. Without stepping further to that dimension, we might conclude that there are obvious gender differences indicating some gender segregation by occupational groups (Figure 3).

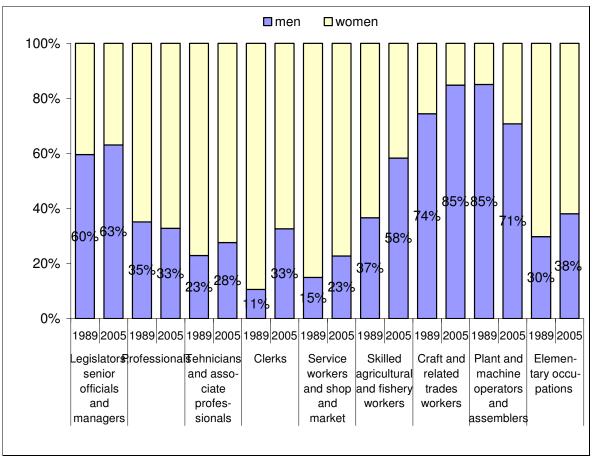


Figure 3 Gender segregation in occupational groups 1989 and 2005 (%)

For the analysis, the occupations in 1989 and in 2005 have been coded into these nine groups. The composition of workforce by these occupational categories is presented in Figure 4. It may be noticed the relative amount of senior officers and managers and higher professionals has remained similar over these years. The greatest changes have occurred in relative share of skilled agricultural and fishery workers (decrease of importance for about a half) and craft workers, and also plant and machine operators. The occupational groups growing in importance by double were the service workers and sales people.

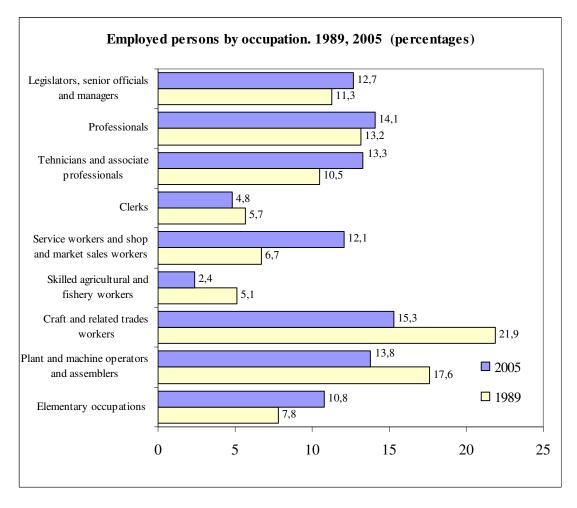


Figure 4 Employed persons in Estonia by occupation 1989 and 2005 (%)

This change in shares of professional groups can be attributed to the economical restructuring resulting in highly altered comparative shares by sectors (Figure 5). It can be seen that relative importance of primary sector has decreased noticeably, while the share of secondary sector has remained considerably stable and the tertiary sector has undergone major increase.

One might argue here the implications of globalisation and moving towards knowledge society become implicit. However, it should not be taken that these relative changes describe all of the structural change in regard to occupational composition of the workforce.

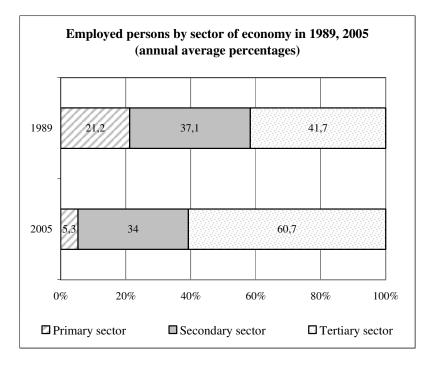


Figure 5 Employed persons by sector of economy, 1989 and 2005 (%)

Rather, it has to be noticed that all in all, while most severe loss of jobs has appeared in primary sector, the number of those employed in tertiary sector has remained quite stable (Figure 6), enjoying only quite modest growth to be attributable to the global tendencies.

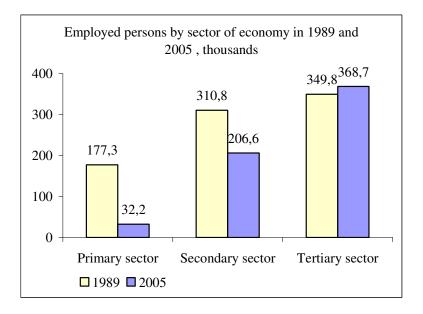


Figure 6 Employed by sector of economy 1989 and 2005, %

With the aim of examining the chances to get a good job, we take under closer examination the predictors of becoming higher professional or legislator, senior official and manager. Relative chances to become one have not changed much during the transition, as the share of these jobs in the total has remained quite stable. However, it must be noted the group of managers itself has somewhat altered, including in the latter period also a considerable amount of SME mangers and the self-employed (see Figure 7), who were much more rare in the earlier period.

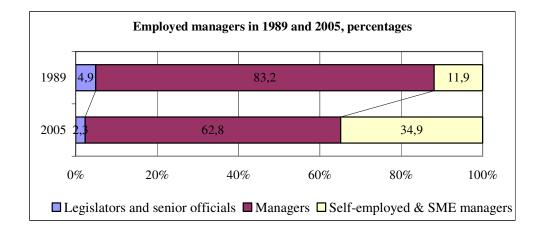


Figure 7 Professional group of managers in Estonia 1989 and 2005 (%)

As Saar and Unt (2006) conclude the crucial mechanism explaining the different experiences of self-employment has been the process of selective mobility into self-employment, as at the beginning of the 1990s, less educated workers who were working in the primary and secondary sectors started new businesses. Although a move to private entrepreneurship is often seen as an upward path, it is not quite as clear-cut when one takes a closer look: people have opted for it because they just did not have any other alternatives, their work conditions are often described as very poor. Most better educated self-employed who started their business during the first half of the 1990s moved away from self-employment and became managers in firms belonging to the state or other employers. As a consequence of various reforms in recent years, the type of people moving into self-employment is changing: self-employment is becoming more attractive to better educated people belonging to the group of professionals but it is inconceivable that they will eventually begin to compete with larger firms. More important are the differences between, on the one hand, the self-employed establishing their firm in response to a perceived opportunity (these people tended to be better educated and were working in business or social services), and on the other hand, the

self-employed who did so for reasons of necessity (mostly the less educated working in primary and secondary sectors as well as in personal services), as well as between the self-employed in different sectors. According to Saar and Unt (2006) then the higher extent of the self-employed in the latter period does not necessarily affect too much the overall group of managers, as among them actually is somewhat greater share of highly educated than those small numbers of self-employed during the first period.

We have decided to examine the chances of an individual to become a member of this group of managers together with the chances of an individual to become a higher white-collar professional. It would be worth noticing here, however, that despite of the external relative stability of this occupational group among others (Figure 4), there are some noteworthy changes occurring comparing the two periods (Figure 8), as the share of engineering sciences and physics, chemistry and math has declined by one third.

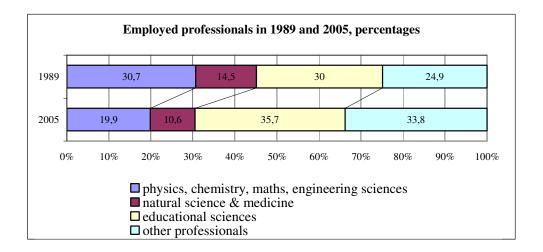


Figure 8 Professionals in Estonia 1989 and 2005, %

Most probably these changes can be attributed more to the changes in economic structure and less to the changes in people's preferences, although the latter is not to be underestimated.

We expect that the period of societal transformation opens new opportunities, but would also bring about new risks. One of the main new risks would be that of unemployment, which never existed before. Therefore work unexpectedly gained quite central position in individual lives, as more attention was necessary to be paid on finding and securing one's job. It nevertheless deserves mentioning that as the reallocation process affects certain industries and enterprises more than others, and the role of personal characteristics in the incidence of displacement is insignificant, so there might be people with no qualifications as well as with higher education who were made redundant (Masso et al 2004), however, many people have changed their occupation over the transition period.

Who have then been in better position to take up new challenges offered by a job in higher professional or even managerial occupation?

#### ASPECTS THAT AFFECT SUCCESS IN FINDING GOOD JOB

#### Gender – importance of cultural and symbolic capital

Most of these structural changes are implemented uniformly for both men and women, so their impacts on gender are not obvious. However, these changes will affect women and men differentially to the extent that women and men were employed in the different sectors of the economy at the start of the transition (Saar and Helemäe 2006). As to wider opportunities of choice in terms of "work or/and family," in Estonia women rather adjust their family behaviour to employment opportunities than vice versa. It was that way under socialism, but under globalization as well. Economic necessity was and is one important reason. Other reasons are period-specific: under socialism it was ideological pressure, under post-socialism, it is a lack of institutional support to deal with multiple uncertainties.

We would therefore assume the effect of gender all in all to have not changed. However, the traditional nature of Estonian value systems would still mean it is more common for men than for women to reach the top occupations. We plan to take this tendency into consideration in the analysis as we look at the two groups of higher professionals and managers.

In addition, the comparison of the chances of those who had just been appointed to their jobs as managers with those who became higher professional will be undertaken. Here we do not expect differences comparing the two periods: both time gender would be less of a good predictor of being hired as manager but better if higher professionals are taken on board.

#### Age – importance of cultural and symbolic capital

It has been pointed out that the transition in Estonia means the change from a "gerontocratic" to a "youth-oriented" society (Tallo and Terk, 1998). Adaptation to the new environment was relatively successful for younger age cohorts. For example the results of the NORBALT project showed that in Estonia the winners of the transition were the well educated,

advancing and ambitious young males 25-34 years of age with Estonian citizenship (Grøgaard, 1996). It was also anticipated that 'during the process of transition to a market economy, the group in the most favourable position would be the younger age cohort, first of all, the 20-29 year-old group' (Helemäe and Saar, 1995). The generation that emerged in the early 1990s received many advantages thanks to its youth, and therefore the generation has been called the generation of winners due to their rapid and successful careers (see Titma et al., 1998). Those, who were about 20 years old or a bit more by the beginning of the economic transformation had a number of advantages just because of their age; at the same time, previous analysis (Helemäe et al 2000) has shown that among this cohort there was also a notable amount of those who were not that successful.

In a way, youth as such can be assumed then to have gained some symbolic value: in the beginning of the changes, they resembled the fresh new start, compared to those who had already been, successfully or not, participating in the labour market of the previous societal system. So the younger cohorts would have legitimate symbolic capital, as well as the right cultural capital, as their habitus did not involve any working in and for the previous power, and that might easily compensate for the lack of work experience.

Therefore we would suppose that youth became an important factor to predict labour market success, however, we would expect to see that the generation of winners has managed to maintain their advantageous position.

#### Ethnicity – importance of cultural capital and symbolic capital

It has been mentioned that the transformation process in Estonia brought about a crucial change in the status of non-Estonians, most of whom were ethnic Russians (Aasland and Fløtten, 2001). The transition was for non-Estonians not just about moving from plan to market, but of moving from a privileged nation within a large empire to becoming a minority within a new nationalizing state (Kennedy, 2002). They had to choose where to live, what citizenship to embrace, whether to learn Estonian. The political changes in Estonia during the late 1980s and early 1990s have demonstrated a link between legal restorationism and segmentational institutions and policies (the citizenship law, the language law) (Pettai and Hallik, 2002). In the socio-economic domain political measures have had only a limited impact, because it is influenced by past histories and structures. While to date there have been no programmatic measures that would either explicitly support Estonians or discriminate

against non-Estonians, the segmentational institutions and policies have contributed to the growth of non-Estonians' socio-economic dependence on Estonians – a dependence attributed to both the Soviet legacy and market transition (Pettai and Hallik, 2002).

Now Estonia is frequently characterized as an ethnically divided society with deeply embedded ethnic cleavages (Evans and Lipsmeyer, 2002), politically and psychologically polarized along ethnic-linguistic lines (Hallik, 2002).

Nevertheless it is important to identify the structural constraints within the life course, which cut down the set of abstractly possible alternatives to a smaller subset of feasible actions emphasizing only the changing social structure does not address how these changes enter the lives of individuals trying to cope with them.

Saar and Kazjulja (forthcoming) have shown clear cumulative advantage and disadvantage patterns in life courses of non-Estonians in the winner/losers divide from the first half of the 1990s consolidated during next period. It was very hard to overcome exclusion of the first phase. The channels by which risks were shifted depended upon pre-existing inequalities of resources. Increasing economic risks in the process of post-socialist transformation were shifted towards the more disadvantaged groups within the labour force; from the market transition benefited those who were already better rewarded. Non-Estonians who were already in middle and lower positions in the 1980s found themselves again in such positions. In this sense the situation of non-Estonians in Estonia was quite close to life course patterns in East Germany where later corrections were also rare (Diewald et al., 2006). There are also similar features in recruitment process to elite and upper service class positions. After reunification a West German "import" to elite and upper service class positions, were often replaced by Estonians. This process was supported by liberal ideology, which in Estonia has been fused with nationalism (see Kennedy, 2002).

Changes in the 1990s affected two national communities in Estonia differently. Non-Estonians had twofold downgrading risks: as an ethnic group moving from a privileged nation to becoming a minority within a nationalizing Estonia and as most of them worked in industry also as representatives of previously privileged social group (industrial workers). So it may be considered co-effect of ethnicity as structural factor (opposed to different risks due to their regional location or field of activity), ethnicity as defining cultural capital (by different educational background and knowledge of language) and ethnicity as a function of symbolic power (re-categorization into right and wrong group; power exercised via legal provisions, as citizenship).

Hence we expect that ethnicity has become more important factor in determining successful entrance into a new job: while in 1989 those who decided the hiring of a new manager were both of Estonian as well as other ethnic origins and thus in general there was no preference towards one specific nationality, by 2004-2005 the situation had altered and Estonians were clearly favoured in taking managerial positions. In a number of cases the issue of "right" or "wrong" citizenship clearly matter, as representing Estonian state is usually a prerequisite to have access to the jobs in state apparatus. This clearly also matters in reaching higher professional positions.

#### Education – importance of cultural capital

As Saar and Kazjulja (forthcoming) further argue, radical system change from socialist planning economy to liberal market economy has not devalued prior personal resources. Education played a very important role among these resources. Devaluations of education can be observed, but they were quite selective. They occurred more often by unemployment than by downward mobility as in some other post-socialist countries. But it was evident that having only higher education did not guarantee non-Estonians stable positions in the labour market. They had to have a whole "package" of different assets (higher education, broad social network, good knowledge of Estonian, favourable structural position) to become successful.

For mid-career women in Estonia, lower (basic and lower) level of education is clearly a factor of high unemployment risk (Saar and Helemäe 2006). During the globalization period, women with higher education had difficulties to convert their educational capital into positional capital: a lower level of education lowered opportunities of upward mobility only during reform period. Women with higher education were better-off as they managed to avoid long-term unemployment spells. Our preliminary conclusion is that this occurred not so much because of improved opportunities for the lower-educated as shrinking opportunities for the highly educated.

Based on that we assume the effect of education in predicting success in these terms is important and has increased, as the expansion of higher education has made it easier for the employer to find someone with higher education. In the beginning of transition, gaining relevant education was not considered very important and successful careers were made even without proper education. It was then believed the experiences of the earlier Soviet period would not matter in the altered situations, and while almost nobody yet had the relevant experiences, people with no previous history to rely on were considered flexible enough to take on board the necessary changes.

#### *Getting the new job – importance of social capital*

Social capital has been considered a crucial factor in getting a desired job (Barbieri et al 2000). Coleman (1988) has developed the concept of social capital provided by Bourdieu (1986) stating that all the individuals are located in the networks of social connections. Social capital refers to the collective value of all social networks and the inclinations that arise from these networks to do things for each other (Putnam 2000) ant it works through multiple channels: information flows (e.g. learning about jobs, learning about candidates running for office, etc.) depend on social capital; norms of reciprocity (mutual aid) are dependent on social networks. Referring to social capital one can distinguish between its bonding, bridging (Narayan 1999, Burt 2001, Putnam 2000, Beugelsdijk & Smulders 2003) and linking dimensions (Narayan 1999). Close ties to family members and friends connect people with similar socio-demographic background, hence their bonding nature. These relationships are rather informal, but networks as such are considered closed and even saturated. Ties of more formal shape on the other hand connect individuals of different ethnic or occupational affiliation who have for example similar economic status or political power, and therefore these kinds of social ties can be referred to as bridging - connecting different communities. Weak ties between individual and his colleagues-acquaintances form a network, where a number of possible links are missing, therefore this net can be considered to be thin and not too strong (Burt 2001), while as the network of an individual with his relatives and close friends is much more dense, as nearly everybody their has ties to everybody else so all the possible links are existing – thus contributing to the strong ties. Consequently, two types of networks can be distinguished. Weak ties with friends, colleagues and neighbours and connections between people of different background via voluntary associations form bridging social capital, while stronger ties with close friends help creating bonding social capital. Relationships with close friends and relatives might be good for emotional coping, but that might be clearly not enough for getting better off economically, whereas the ties from

bridging social network enable accumulating other forms of capital via social capital. Analysis of data on social networks in 54 countries (Beugelsdijk & Smulders 2003) revealed the empirical evidence that it is the linking social capital that correlates positively with economic growth at the societal level, while greater stress on family-ties is correlated negatively to the economic progress.

Ron Burt (1998) has emphasized that one of the most essential properties of social capital is that it helps to find the best use for an individual's cultural capital, in other words, for his or her education. It seems from the analysis of life course in Estonia during the transition (Kazjulja & Saar, forthcoming) that the possibilities for various networks to offer help are different. Most interviewees have used their social contacts to find a job but it is one level when the network attempts to save its unemployed member and to find him or her even just a temporary job. It is quite another level when appointments to high positions seem to operate according to the rule that it is not one's speciality competence that is important – but belonging to us, i.e. to the right network (see also Hansson, 2001). Previous studies have indicated that the role of social networks consisting of relatives and acquaintances belonging frequently to the same social group as the respondents is limited (Kazjulja, 2001). These networks have helped people to find a job but not to move up. In order to be able to view a network as social capital for the individual, it must contain sufficient resources and influence. Similarly, people with a lot of weak ties have been better off (see also Völker and Flap, 2001). Saar and Kazjulja revealed that non-Estonians who had experienced a loss of colleague and fellow student networks were in less favourable situation compared with those who managed to keep these networks. Family networks have operated as a buffer in uncertain and difficult situation but these networks were not able to compensate for losses of other relationships especially for people belonging to lower social classes.

Therefore, and taking in consideration that differently from current situation jobs were often institutionally channelled during soviet time (Kazjulja 2001), we would assume that social capital have become more important in finding job, but different networks played role in gaining good jobs. We assume weak ties to be more powerful in predicting one's likelihood to reach to higher occupational position than strong ties; furthermore we expect the importance of strong ties in securing higher positions would have decreased and in later phase, any other means of getting job gain more importance.

# DATA AND METHOD

Our analysis is based on two national surveys, carried out by the methodology of International Labour Organisation: Estonian Labour Force Survey (ELFS) 1995 and Estonian Labour Force Survey year 2005. The ELFS 1995 was the first labour force survey conducted by the Statistical Office of Estonia. The ELFS 1995 covers the period 1989-94, the ELFS 2005 years 2004 and 2005. For year 1995, 9 608 individuals (aged 15-74) were interviewed, for year 2005 respective number is 14 605.

To explore the impact of different factors on individual's chances to reach higher occupational positions in pre-transformation society, data of ELFS 1995 was studied. Among all the respondents in the sample, we chose those who got their first job or had changed their occupational position year 1989. If the individual had changed his job more than once a year, the last position gained that year was taken in consideration. This way we had 880 respondents to have changed their job during year 1989.

To then explore the effect the factors had on individual's chances to reach higher occupational positions in post-transformation society, data from ELFS 2005 was examined. The study was carried out quarterly during a year and the respondents were asked information on the period of 12 months before the survey. This way we can analyze data on 1357 respondents who had entered labour market or changed a job in 2004-2005.

For our analysis we use International Standard Classification of Occupation (ISCO), concentrating on two groups of higher occupational positions: first, managers (including legislators, senior officials and managers), and second, professionals. All the lower categories of occupational positions were included in the third group of others. Technicians and associate professionals; clerks; service workers and shop and market sales workers; skilled agricultural and fishery workers; craft and related trade workers; plant and machine operators and assemblers; elementary occupations belong to this group.

These quantitative databases were investigated with method of multi-nominal logistic regression.

As dependent variable, the occupational status attained during given year was considered. The following general classification was used:

- 1. Legislators, senior officials and managers
- 2. Professionals

- 3. Technicians and associate professionals
- 4. Clerks
- 5. Service workers and shop and market sales workers
- 6. Skilled agricultural and fishery workers
- 7. Craft and related trade workers
- 8. Plant and machine operators and assemblers
- 9. Elementary occupations

For the purpose of analysis, first and second group were considered to be of high occupational

status and these groups were compared to all the rest and also to each other.

As independent variables in the multi-nominal regression analysis the following were chosen:

- 1. <u>socio-demographic characteristics</u>, serving as measures of cultural capital through habitus and symbolic power thereafter
  - gender (1 -men, 2-women)
  - nationality (1 estonians, 2 -non-estonians (others)),
  - age (1 15-24, 2 25-34, 3 35-44, 4 45-54, 5 55+);
- 2. <u>education level of respondent</u> (as measure of cultural capital)
  - primary and basic education,
  - vocational education,
  - secondary education,
  - secondary specialized education,
  - higher education
- 3. <u>way of finding the job (as measure of relying or not on social capital)</u>
  - by asking relatives or friends (as measure of *social capital* generated by strong ties' networks)
  - job was just offered (did not seek for it) (as measure of *social capital* generated by networks of weak ties),
  - appointed after graduation
  - by job advertisement,
  - contacted employers directly,
  - launched personal or family business,
  - other

We start our analysis with exploring the effect of different factors individual's chances in general to take a higher occupational position. To reveal that, we join the two higher occupational groups, managers and professionals, into one, which could then be regarded as higher positions in general. In this multi-nominal regression analysis the group of "others" (all lower occupational positions) serves as reference category. Then the impact of different factors to chances to reach for managers and professionals positions is analyzed separately, referent category left the same as in previous analysis – by ISCO 88 scale, all lower occupational positions than managerial and professional). The final step is comparing the chances to reach managerial position with chances to reach professional position.

# **EMPIRICAL RESULTS**

Despite of the fact structural changes during the transition affect everybody regardless of the group they belong, was there something at the individual level that made it easier to reach higher professional position in the beginning of the transition? Has this advantage persisted or have the pathways to success changed? We start our analysis by comparing the role different factors in predicting individual's chances to reach higher occupational positions in general (see Table 1).

|   |   | Managers + professionals<br>versus others |           |  |
|---|---|---|-----------|--|
|   |   | 1989                                      | 2004-2005 |  |
| Gender – ref. women                         | Men                                       | -,273                                     | ,071      |  |
| <b>Nationality</b> – ref. non-<br>Estonians | Estonians                                 | ,189                                      | ,555*     |  |
| <b>Age</b> – ref. 55+                       | 15-24                                     | -,430                                     | ,378      |  |
|   | 25-34                                     | ,018                                      | ,665*     |  |
|   | 35-44                                     | ,002                                      | ,568      |  |
|   | 45-54                                     | ,266                                      | ,061      |  |
| Education – ref. higher                     | Primary and basic                         | -4,444***                                 | -3,747*** |  |
| education                                   | Vocation                                  | -3,023***                                 | -3,104*** |  |
|   | Secondary                                 | -2,453***                                 | -2,183*** |  |
|   | Secondary specialized                     | -1,822***                                 | -1,671*** |  |
| Way of finding the job                      | Appointed after graduation                | 1,043**                                   | -         |  |
| - ref. asked relatives or                   | By job advertisements                     | ,828*                                     | ,708*     |  |
| friends                                     | Contacted employers directly              | ,617**                                    | ,141      |  |
|   | Job was just offered, did not seek for it | 1,354***                                  | 1,107***  |  |
|   | Personal or family business               | ,623                                      | 1,411***  |  |
|   | Others                                    | ,706*                                     | ,925*     |  |

**Table 1 Probability to reach to higher occupational positions in 1989 and in 2004-2005.**Results of multinominal logistic regression models.

Note: \*\*\*P<= 0.001, \*\* P<= 0.01, \* P<= 0.1

Source: Estonian Labour Force Surveys 1995, 2005.

The results of the multi-nominal logistic analysis confirm that gender was not an important factor in determining success in reaching higher positions in Estonian labour market, neither in pre- nor in post-transition period. But ethnicity, which was not important before the societal transformation, had gained some power to predict more Estonians than non-Estonians may gain higher occupational position. Age in turn did not have any impact to the chances of getting a job of higher position 1989. We had assumed that in post-transformation period it would be more likely for the people of a certain age-cohort, the so-called winners' generation,

who were in the age group of 35-44 in 2005 to reach higher positions, but our analysis shows it was more likely for the even younger age-group. The possibilities of those in 25-34 to become a manager or gain a professional occupational position were better, compared to those over 55. Indeed, it seems the youth still has some symbolic value at the labour market. It might also be assumed that those individuals from the winner's generation who were (still) looking for a job or changing their job had in the beginning of transformation not capitalised their competitive advantage into a highly recognised labour market position, while those who had been successful in the beginning of transformation, were in 2005 also stable with their job, having already achieved higher positions. Therefore their chances to get a job at higher positions in occupational hierarchy are not significantly differing from those over 55.

The most important factor to predict access to higher positions at labour market is still education. Comparing pre- and post-transformation societies the connection is explicit: the lower the educational level, the worse the chances to reach higher occupational positions.

The data revealed that in 1989 as well as in 2005 reaching higher occupational status could be linked with the fact that job was just offered, did not seek for it. This way of getting a job can be denoting to the positive effect of weak social ties as Granovetter (1983) has explained it, especially as our reference group here, asking family or friends, is reflecting the effect of strong social ties. Therefore the conclusion can be made that social capital had a significant role in gaining better labour market position in both pre- as well as post-transformation society, but this only concerns the social networks of weaker ties. If stronger ties are under examination, it is obvious in 1989 most of the rest of the ways to get a job were more important for getting a higher position, and also in 2005 other ways were more effective.

In 1989, appointment at a job after graduation was an important means of getting a job of higher occupational status. This was quite well established means to regulate transition from school to work during the soviet times. Even considering that a number of practices used during the previous era were not so strict anymore in Estonia by the end of 1980s and the individual could neglect the proposals offered by school system, our data confirms that for reaching a higher position, it still worked. However, it also probably deserves noticing here the system of appointment concerned especially those graduating from higher or vocational educational institution. In post-transformation society such an appointment after graduation does not exist. The other important change in the means of getting a job was the legal regulation of self-employment, and indeed, data from 2005 confirm the starting of

personal business or joining a family business was a major way to access managerial post.

Following the advertisements in media and applying for the posts advertised was a bit more promising for those who became manager or higher professional than asking relatives or friends, and there had been no significant change if comparing 2005 with 1989.

Above we have analysed the possibilities an individual changing a job had in 1989 and in 2004-2005 to reach higher occupational positions, either managerial or professional. Next step will enable us to look closer at the chances to take up a managerial position; and to take up professional position. For that, managers will be compared to all the other positions, without the group of professionals; and professionals will be compared to all the other groups without the group of managers (see Table 2).

According to our assumptions, it was more common for men than to women to reach a managerial position, while as women had higher chances than men to start working as professionals, and that was true both in 1989 and in 2005.

It is also visible from the Table 2 that the positive effect of ethnic origin for Estonians was important only for the managerial positions and that would most probably explain the results presented in Table 1. This of course in turn may be explained by the fact that managerial positions also included those representing the state at any level, where there were quite high barriers to non-Estonians introduced, for example, the citizenship itself as well as the procedure of getting one had changed. It should still be noticed that nationality did not play any role in the case of professionals, and that is true for 1989 as well as for 2005.

Impact of age in predicting becoming a manager or higher professional appeared statistically not significant.

The effect of level of education achieved is quite direct for managers as well as for those of higher professional occupations and that was true in 2005 as well as in 1989. It seems although that the effect is even somewhat greater for the professionals than for the managers.

|  |  | Managers<br>versus others<br>(without professionals) |           | Professionals<br>versus others<br>(without managers) |           |
|--|--|--|-----------|--|-----------|
|  |  | 1989   | 2004-2005 | 1989   | 2004-2005 |
| Gender – ref.<br>women                     | Men  | ,688*  | ,424*     | -,949***   | -,456*    |
| <b>Nationality</b> – ref.<br>non-Estonians | Estonians                                    | ,528   | ,847**    | ,011   | ,347      |
| Age – ref. 55+                             | 15-24  | -,858  | -,417     | -,007  | ,758      |
| C  | 25-34  | -,480  | ,533      | ,472   | ,624      |
|  | 35-44  | ,100   | ,722      | ,104   | ,206      |
|  | 45-54  | ,643   | ,147      | -,422  | -,097     |
| Education –<br>ref. higher<br>education    | Primary and basic                            | -4,151***  | -3,563*** | -4,935***  | -3,748*** |
|  | Vocational                                   | -2,576***  | -2,580*** | -3,490***  | -3,662*** |
|  | Secondary                                    | -2,027***  | -1,595*** | -2,832***  | -2,972*** |
|  | Secondary specialized                        | -1,608***  | -1,279*** | -2,086***  | -2,043*** |
| Way of finding<br>the job – ref.           | Appointed after graduation                   | ,902   | -         | 1,295**  |           |
| asked relatives<br>or friends              | By job advertisements                        | 1,166*   | ,405      | ,377   | 1,139***  |
|  | Contacted employers directly                 | -,022  | -,214     | 1,139***   | ,596*     |
|  | Job was just offered,<br>did not seek for it | 1,487***   | ,558      | ,949*  | 1,446***  |
|  | Started personal or family business          | ,111   | 1,591***  | 1,210  | ,755      |
|  | Other  | ,667   | ,643      | ,779   | ,965*     |

 Table 2 Probability to reach position of manager or professional occupation in 1989 and

 2004-2005. Results of multinominal logistic regression models

Note: \*\*\*P<= 0.001, \*\* P<= 0.01, \* P<= 0.1

Source: Estonian Labour Force Surveys 1995, 2005.

Data presented in Table 2 also show that in 1989 and 2005 the managerial position were reached to in quite different ways. In 1989 the post was more often offered and individual had not even looked for the job. Applying for advertised managerial vacancies also proved to be effective. In 2005, starting own business or being hired in family business was most important means to get a job.

But comparing the pathways of individuals to job for higher professional positions it is clear that in 1989 it was most likely that the individual was appointed after graduation, but this was not true for managerial positions. In 1989 contacting employers directly was more important factor to being hired as higher professional, if compared to asking relatives and friends, while in 2005 this was much less likely and statistically also not that significant. In 2005, most probably the job of a professional was reached by following the job advertisements, while in

1989 this had been much less likely. Probability to gain a post of a professional via formal connections, it is, job advertisements, was bigger in 2005 compared to 1989. This might be attributed to the fact the rapidly changing economy makes companies and public bodies looking for the highly specialised professionals, and it is also likely that these people demanded the most are not too easy to find from less-official networks.

Results in Table 1 confirmed that gender did not have an impact on the access to higher occupational positions, neither in pre- nor in post-transformation society, but if the chances to reach to a managerial post were compared with the chances to become a professional (Table 2), it was clear men are much more likely to become managers and women more likely to become professionals than men, and that was true both for 1989 and 2005. These results are well visible also in the next table (Table 3), where we compare the chances of an individual to reach a managerial or professional occupation, the latter serving here as a reference category.

|                                      |   | Managers<br>(compared to professionals) |           |
|--------------------------------------|---|---|-----------|
|                                      |   | <u>1989</u>                             | 2004-2005 |
| Gender – ref. women                  | Men                                       | 1,659***                                | 1,111***  |
| Nationality – ref. non-<br>estonians | Estonians                                 | ,690*                                   | ,078      |
| Age – ref. 55+                       | 15-24                                     | -,856                                   | -1,142    |
| -                                    | 25-34                                     | -1,048                                  | -,236     |
|                                      | 35-44                                     | ,469                                    | ,749      |
|                                      | 45-54                                     | ,934                                    | ,653      |
| Education -ref. higher               | Primary and basic                         | -,176                                   | ,995      |
| education                            | Secondary                                 | 1,440**                                 | 1,664***  |
|                                      | Vocation                                  | 1,632*                                  | 1,299**   |
|                                      | Secondary specialized                     | 1,161*                                  | ,888**    |
| Way of finding the job –             | Appointed after graduation                | -,348                                   | -         |
| ref. asked relatives or              | By job advertisements                     | ,464                                    | -1,122**  |
| friends                              | Contacted employers directly              | -1,014*                                 | -,557     |
|                                      | Job was just offered, did not seek for it | ,811                                    | -1,009*   |
|                                      | Started personal or family business       | -,418                                   | ,060      |
|                                      | Others                                    | ,020                                    | -,355     |

Table 3 Probability to reach position of manager, compared to reaching the professionaloccupation in 1989 and 2004-2005. Results of multinominal logistic regression models

Note: \*\*\*P<= 0.001, \*\* P<= 0.01, \* P<= 0.1

Source: Estonian Labour Force Surveys 1995, 2005.

The analysis above confirmed that nationality was not important factor in predicting access to

higher occupational positions in 1989 but had become important by 2005, making it somewhat easier for Estonians to reach the jobs higher up in the occupational status hierarchy. Would it then be possible to conclude that in this group of higher professional statuses nationality would not matter? Closer look at the data is somewhat more confusing. Data on chances to become a manager in 1989 shows that back then Estonians had more advantageous position if compared to other nationalities, but this difference had disappeared by 2005. It is however highly possible this links to the fact that in 1989 laws on national language were only very recently introduced, which strictly determined the level of knowledge in Estonian language which would be sufficient for working in higher managerial positions. This is also the exact time when some of the Russian-speaking managers started to leave Estonia. In these lights, the differences within the group of higher occupational statuses would be understood, so it was still more likely for an Estonian to become manager than a professional at that time, if compared to other nationalities.

Comparing the effects of education on probability to become a manager or a professional we can see that for those with higher education, the likelihood to work as a professional was notably higher than to work as a manager. In 1989 as well as in 2005 it was almost a must to have a higher education to have the chance to work as a professional. The managerial positions were more likely accessible to those with lower qualifications than the professional occupations, and there are also people with only basic and primary education among the managers. In fact, the likelihood for those without higher education to be hired as a manager have even increased in the post-transformation society. This could be explained by the fact that there appeared the new possibilities to enter the managerial position by being selfemployed, starting one's own business, or being hired to a job in family business, this way neglecting the potential demands by an employer, either in regard to the regulations about knowledge in language, or in regard having completed the higher education just as a threshold. The fact has also been explained (see, for example, Roosalu 2001) by the rate of self-employed and managers of smaller enterprises in the whole group of managerial positions, who may not need all the education and knowledge that is necessary for those in higher professional positions but must possess other qualities instead, entrepreneurship being just an example, which are rarely provided by school curricula.

Comparing the differences in a way one accessed the job, it may be noted that in 1989 respondents who contacted employers themselves were less likely to be accessing the

managerial position than those who had been contacting their family or friends to find a job. In 2005, it was less common for those who followed the advertisements to be hired as managers than as higher professionals. Positions of professionals were, compared to managers with more likely filled by those who were just asked to change the job, but who themselves had not been looking for one at that point.

#### CONCLUSION

Our analysis shows that during the transition period the role of factors predicting individual's chances to reach higher occupational positions had changed, but this is not true for each of the factors we have examined.

The deep structural changes that had occurred on the Estonian labour market within fifteen years have not undermined the role of education. In pre-and in post transformation society with increase in an educational level chances to occupy higher occupational positions in the labour market have also increased. However, if for hit in a layer of higher professionals it was always important to have higher education, opportunities of self-employment which have appeared with the transition to market economy have increased the likelihood for those without higher education to be hired as a manager in the post-transformation society.

Similarly, the effect of gender all in all has not changed. Gender did not limit access to high professional position, although women could apply there for a place of the expert whereas men with much greater probability became the leading positions.

If in pre-transformation society the effect of age was not significant in reaching a higher occupational position, after transformation the 25-34 year-olds had some advantages at being employed in higher professional positions. This age group has been marked as successful on the Estonian labour market in the middle of 1990s (see for example Grøgaard, 1996; Titma et al, 1998), however, their success in 1990s has usually been linked to the cohort-effect so far. It is obvious from the current analysis, that youth as such has at least some symbolical value and it is therefore possible to speak about a "proper age" for success in Estonian labour market.

Change in the ethno-political situation in Estonia has led to the fact that ethnicity has become important factor in determining successful entrance into a high professional position in Estonian labour market in post-transformation society. However, restrictions for nonEstonians concerned only access to the positions of managers and higher public officers, while the positions of experts demanding more narrow specialization and higher education, remained open for all.

A major way to access managerial post in post-transformation society was starting a personal business or joining a family business. In pre-transformation society, to a place of the head most likely led the channels of weak social connections (job was just offered, did not seek for it), and formal channels as well (by job advertisements). In post-transformation society these channels had become less successful for managerial positions, but were experienced with greater success to achieve a position of an expert. In case of experts, channels of weak social connections (job was just offered, did not seek for it) and formal channels (by job advertisements) had by 2005 replaced the channel that was not working any more in the altered conditions of market economy – appointment after graduation. Contacting employers directly was successfully used for achievement positions of expert in conditions of the Soviet-time planned economy and could also lead to such positions in conditions of market economy.

In this article we analyzed the role of a certain set of factors predicting individual's chances to reach higher occupational positions. But taking into account, that one factor - education - had very big effect on probability of achievement of a high professional position, it would be expedient to analyze all over again the influence of other set of factors, and also co-effect of education and other socio-demographic characteristics. For example, analyzing the co-effect of education and age, it would be quite possible to expect the significant results allowing differently to estimate probability of hit in group with the high professional status for both the young and the more elderly individuals. Co-effect of education and nationality would most likely also bring about the corrective amendments to the analysis of probability to be hit in the group of heads for the representatives of different nationalities. It would be interesting to add in a model also such elements of the cultural capital as knowledge of languages and presence of citizenship that would most probably explain why access to a managerial position has been limited for the non-Estonians. We could test, as some earlier research among Estonians and non-Estonians has acknowledged (see, for example, Hallik et al 2001), if the possession of the Estonian language and the Estonian citizenship would equalize chances of the two language groups in Estonia.

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