

ESTONIAN CITIZENS WORKING ABROAD

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Introduction

Since the 1990s, Estonian net migration has been negative, which, along with negative birth rate marks a continuing decrease in Estonian population. There may be different reasons for emigration, related, for example, with family and personal life, a better life environment in the country of destination, and, for Estonia, also better climate and, in many cases, work. Several estimates have been stated to describe the number of people settled in foreign countries in the last ten years; one of the reasons for differences in the numbers is the fact that statistics on changes in the country of residence, i.e. emigration in the population register is considered underrated. In other words, the so-called official numbers of people who have moved to foreign countries are considered too small. At the same time, keeping account of people who have moved to foreign countries is a rather difficult task. An Estonian citizen should stay in Estonia for at least 183 days a year to maintain his or her residence. However, absence of actual borders between the European Union Member States makes it complicated to determine the movement. A person who has emigrated from Estonia cannot automatically be considered a "lost soul" because a rather significant number of migrants return to Estonia even after several years of living abroad. For example, in 2012, more than a half of those who moved to Estonia had Estonian citizenship.

Immigration and emigration still mark people's fixed decisions to change their place of residence for at least a longer period. Working abroad and having a permanent residence in Estonia is a totally different story. People working abroad can be classified as cross-border commuting employees. In other words, they are people who work in one state but have a permanent residence in another (Nerb et al. 2009). The present analysis uses the term "working abroad" for cross-border commuting.

With working abroad, its temporary nature in comparison with a decision to migrate has been emphasised (Nerb et al. 2009). At the same time, working abroad is a factor contributing to the decision to migrate and, in addition, a considerable part of those working abroad may already have made the decision to migrate, but it has not yet been confirmed by the accounts of either the country of destination or departure, being in the so-called grey zone.

However, the present analysis focuses only on those who are Estonian citizens and whose place of employment is abroad; and the share of people in the "grey zone" among them is probably only marginal. One of the main reasons for that is the fact that the Population Census is not based, for example, on the data in the Population Register but on the statements by respondents or their household members.

The article presents an overview of the reasons and driving forces for labour migration and migration, and the data on both the potential and factual employment abroad published in Estonia. The main emphasis is still on the results of the 2011 Population and Housing Census (PHC 2011) about people working abroad and, if the relevant data is available, the previous census (PHC 2000) for reference. In other words, what is the socio-demographic profile of the people (age, gender, education, mother tongue, position and field of activity). Working abroad is analysed on the basis of the main destination country, focusing on the countries where people work, their position and profession.

General reasons for working abroad and labour migration

There are many reasons for migrating for the purposes of employment and working abroad. With economic theories, there is no reason to believe that these would be fundamentally different with migrating for the purposes of employment and cross-border employment. In both cases, we can talk about labour mobility, the driving force of which is, first and foremost, an employee's wish to

obtain economic benefits from it (Eliasson, Lindgren and Westerlund 2003). Consequently, it is reasonable to consider also the present approaches in migration theories while analysing working abroad.

Peculiarities of working abroad without migration include, for example, expensive travelling from one state to another (Janssen 2000), as well as considering different tax and social security systems (Hansen and Nahrstedt 2000). Migration theories are differentiated mostly by the fact whether they involve an economic or a non-economic approach. The main common feature of economic theories is that they explain migration primarily on the basis of economic factors, emphasising economic motives, effects and differences. Non-economic migration theories have been proposed by several fields of social sciences, the most recent approaches explain sociological and socio-psychological aspects of migration (Krieger 2004).

The neoclassical macroeconomic theory proceeds from the fact that migrants are labour providers and analyses the conditions, on the occurrence of which regional labour markets are in balance. It is assumed that individual decisions to migrate are mainly due to the differences between the supply and demand of labour in home and destination country. Labour mobility is caused by differences in wages between countries that are formed as a result of discrepancies between the supply and demand (Russell 1995). According to the neoclassical macroeconomic theory, labour market situation (economic prosperity, wages, unemployment) is the main mechanism causing migration and a government intervention and regulations alone can change migration processes.

A decision to migrate is not born overnight, it is a staged process: first a person develops a new target, followed by analysing spending and earnings and it is only then that the actual moving takes place, only provided the earnings are higher than expenditure. For example, earlier studies carried out in Europe show that the difference between incomes should be at least twofold in order for the migration to take place (Hadler 2006: 114). According to the human capital theory, migration (like education) is viewed as a personal investment into human capital (Hadler 2006). According to this theory, people make migration decisions considering long-term benefits, i.e. present costs are incurred in order to obtain a higher return in the future (Straubhaar 1988). According to this approach, migration is most attractive for young people and those who can sell their labour at a higher price.

An important non-economic approach is the theory of migrant networks and social capital. The more developed the networks of migrants in the country of destination are, the more likely is an increase in migration. Such enlargement of networks increases the number of next potential migrants because the costs and risks related to moving are lower – networks pay or help to pay a large part of costs related to migration. The development of such networks is encouraged by governments through their support to the reunion of families. Migrant networks are very slightly affected by state policy (Hadler 2006). With network theory, it has also been discussed that a sufficiently strong network reproduces itself and along with this, also information about available jobs is obtained and offered to relatives or acquaintances. Strong networks also have intra-network companies that employ staff mainly from their own network. This leads either to the development of ethnic economy (Light and Karageorgis 1994), ethnic enclaves (Portes and Bach 1985) or ethnic niches (Waldinger 1997).

Priinits et al. has summarised (2004) the main factors affecting migration:

- income gap – difference between income in the country of origin and the country of destination;
- expectations – expectations about standard of living in home country and abroad;
- labour market situation – possibilities for finding a work at home and abroad;
- demand for services – a demand for certain services in a foreign state;
- geographic proximity – the distance between homeland and the country of destination;
- traditions and networks – traditional migration destinations and the number of citizens of the state in the country of destination;

- *ethnic and political problems – political stability at home;*
- *cultural and language barriers – cultural and language-related differences between homeland and country of destination, opportunities for language learning.*

Estonian citizens working abroad

Intentions to work abroad

According to the 2011 Eurobarometer, work abroad was considered by 40% of Estonian people. This figure might seem high, but it is actually of a similar magnitude to our neighbouring countries Finland and Latvia. In Finland, work abroad was considered by 46% and in Latvia, by 43% of the population. In Sweden, the according indicator was as high as 71% (Eurobarometer 2011).

Work abroad is a rather great challenge and the fact that nearly half of employees have thought about working abroad does not necessarily mean that a relevant decision is made. The number of people who have made actual preparations for working abroad was considerably lower. While in 2003, 4.3% of the working age population had made specific preparations for working abroad, in 2006, the share of people potentially going to work abroad was about 3.9% of the working age population (about 366,000 people) (Järv 2007). In 2010, the figure reached as high as 8.5% (about 77,000 people) (Veidemann 2010).

Naturally, intentions to work abroad, whether either carefully considered or not, have their reasons. The main reasons for labour migration set out in migration theories coincide with the reasons stated by those people from Estonia who are currently working or have worked abroad. The most important reason for working abroad has been an expected higher income. Improved language skills and new work experience, personal development, better working conditions have also been considered important factors. For example, family-related reasons and better living conditions were not considered especially important reasons for working abroad. We can draw parallels with things emphasised in neoclassical macroeconomic theory – a higher income has a considerable effect on the decision to go abroad. The results support also the ideas of the Human Capital Theory, i.e. besides income, the aspects necessary for self-development were also important (Krusell 2009).

People working abroad and their socio-demographic profile

According to Eurobarometer (2011), 7% of people in the European Union have experience with working abroad, 3% were also currently working there. In Estonia, 15% of the people aged 15 or older were currently working abroad or had an experience with working abroad. In Lithuania, the corresponding percentage was 12% and in Latvia 11%. A couple of years before PHC 2011, Nerb et al. (2009) stated that the total number of cross-border commuters was 20,500 people, which places Estonia to the European map as one of the most important countries of origin for commuting employees – 15.8 commuting employees per 1,000 population (Viira 2010). An estimation of the Estonian Labour Force Survey can be used as a reference to PHC 2011; according to the survey, people in the 1st quarter of 2012, the total number of people working abroad was 24,800.

According to PHC 2011, the number of people working abroad is nearly 25,000. This number is times higher than that presented after PHC 2000 census. The rapid growth is due to several reasons, which are also interacting – becoming a European Union Member State and the consequential dismantling of borders and opening of labour markets of other states, a considerably higher wage level in the main countries of work-related commuting, geographical proximity, good transport links and, in case of Finland, language-related and cultural similarities.

Studies that examine the potential working abroad in Estonia have pointed out that men major among people with an intention to emigrate (60%). As young people are more mobile and have less family-related responsibilities the share of young (15–24 years of age) potential emigrants in the population is one and a half times higher than the share of overall emigration in the working-

age population (Veidemann 2010). Nerb et al. (2009) points out that in the European Union, the share of men working abroad is by far higher than that of women and most people working abroad are in the age of 25–45 (Viira 2010). According to Eurobarometer survey, the number of people who wish to work abroad, have a relevant experience or are already working abroad is higher among men. Similarly, young people are more willing to work abroad (Eurobarometer 2011). The socio-demographic profile of Estonian residents who had worked abroad or worked abroad during 2003–2008 included more men and younger people. Both the census of 2011 and 2000 showed the predominance of men and in 2011, less than one fifth of those working abroad were women. According to PHC 2011, among those working abroad, the number of people aged thirty and more is higher than the number of younger people, which is more similar to the situation in the European Union. In comparison to PHC 2000, PHC 2011 showed a higher share of people speaking Estonian as their mother tongue among people working abroad (Table 1, p. 132).

According to PHC 2011, Pärnu county had the highest number of people working abroad, followed by Võru, Viljandi and Saare counties. In Tartu, Harju and Ida-Viru counties the number of people working abroad was the lowest (Figure 1, p. 132).

As economic reasons are one of the major reasons for working abroad, it might affect the ranking in the lower half of Tartu and Harju counties as these counties show the highest wage levels, which, in its turn, decreases the differences between income in Estonia and abroad and, consequently, the reasons for working abroad. The fact that Ida-Viru county is ranked at the bottom does not confirm the fact that lower wages result in a higher pressure to work abroad. At the same time, with Ida-Viru county, larger language-related and cultural differences with Nordic countries may be a more relevant factor decreasing the number of people working in these countries.

Working abroad by education, occupation and field of activity

According to Eurobarometer, readiness to work in another European Union state is expressed more by people with higher education level. For them, language barrier was a much less important obstacle than for people with lower education level (Eurobarometer 2011). At the same time, Veidemann (2010) has pointed out about Estonia that the share of people with higher education level is lower among potential emigrants than in the working-age population (Veidemann 2010). According to PHC 2000, the share of people with higher education among people working abroad was about the same as in the people working in Estonia. However, PHC 2011 showed completely different results. In specific, the share of people with higher education among people working abroad had decreased considerably, being only 23%. The share of people with basic education had increased from 6% to 16% and the share of those holding both secondary and vocational education, from 27% to 36% (Figure 2, p. 133). However, the total number of those with higher education had still increased.

The comparison of two censuses in division of occupations first showed the fact that according to PHC 2000, the occupational structure of people working abroad was similar to that in Estonia, according to PHC 2011, it was no longer the case. There had been a considerable shift in favour of blue-collar workers. While, for example, 19% of those working abroad were skilled workers and craftsmen, in 2011, the according share was as high as 47%. At the same time, the share of top specialists decreased from 12% to 15% (Table 2, p. 133). However, it must be noted that although the share of white-collar workers decreased among those working abroad by the time of PHC 2011, their total number increased – primarily due to the exponential increase in the total number of people working abroad stated by PHC 2011.

The increase in the share of blue-collar workers among people working abroad could be predicted also through the changes in education levels, i.e., for example, through a decrease in the share of people with higher education. The logic does not apply every time, though. Currie (2008) has pointed out, on the example of Poland, that brain drain does not automatically mean an equivalent position in the United Kingdom but a situation where people with higher education

have obtained a job for which they are overqualified. Estonia is not an exception here, especially considering the current situation. Mötsmees (2012) has found that 14% of men and 23% of women were progressing up the career ladder. The number of those coming down the career ladder was much higher, 42% of men and 34% of women (Mötsmees, 2012). According to PHC 2011, people with higher education often held an employment that did not comply with their level of education. For example, when in Estonia 38% of employees with higher education held a professional position, the corresponding percentage of those working abroad was only 22%. In Estonia, a position of a skilled worker was held by 5% of employees with higher education, abroad, the respective percentage of persons working abroad was 20%.

By field of activity, construction industry, hotel and services as well as production were the most popular branches among those working abroad. Agriculture, health care and social work dominate as exceptions in some countries (Viira 2010). There are no differences between Estonia and the rest of Europe as to those who potentially want to work abroad. The highest share of those who wish to work abroad has been in manufacturing (20%) and construction industry (17%). The third group in size has been people working in wholesale and retail trade (14% of the total number of those who wish to work abroad) (Järv 2007).

According to PHC 2011, the most popular activities abroad were similar to those that people had pursued. However, construction industry featured more clearly. While in Estonia, people working in construction industry accounted for less than 10% of all employed persons, more than 40% of those working abroad were employed in construction industry. The fact that nearly half of those working abroad were engaged in construction industry contributed considerably to the fact that the share of employed people in all other fields of activity was lower than in Estonia (Figure 3, p. 134).

Work abroad destinations

According to both PHC 2000 and PHC 2011, work abroad destinations are mainly the neighbouring countries Finland, Sweden and Russia. Working abroad has grown in all main destination countries and especially rapidly in Finland. According to PHC 2011, the number of Estonian people working in Ireland and Australia is very low, which is somewhat surprising. With Ireland, for example, it might be due to a decrease in cross-border commuting, i.e. those permanently working in Ireland have also settled there permanently. With Australia, an important role may be played by a more significant under-coverage or, which may also apply to other countries, the fact that people have been in the so-called grey zone. It means that the residence in the Population Register is still Estonia, but actually people have already settled in some foreign country.

The under-coverage of cross-border commuters in PHC 2011 compared to PHC 2000 was certainly decreased by the opportunity to self-report, but it is obviously more significant than with people working in Estonia. As we set aside certain methodological peculiarities, Finland can be considered a special case in analysing working abroad and it deserves to be treated separately just because more than half of the people working abroad are employed in Finland (Figure 4, p. 135). Herein the results of PHC 2011 are analysed in detail.

The popularity of Finland as a labour destination in PHC 2011 is not surprising considering previous surveys. With Finland, data on both potential emigration to Finland and actual employment there have been given. In 2000, Finland was preferred as a labour destination by 30% of those who wanted to work abroad (Järv 2007). Veidemann (2010) pointed out that both in 2006 and 2009, half of the potential emigrants preferred Finland. According to Mötsmees (2012), the share of those working in Finland was half of those actually working abroad (Mötsmees 2012). Also half of those who had worked abroad or were currently working abroad during 2003–2008 were employed in Finland (Krusell 2009). Finland was preferred because of its geographical proximity, higher wage level and language skills. These were the reasons for working in Finland given in the order they had been stated (Krusell 2009). Finland has been distinct for the way the people working there have obtained their employment. While with other

states, slightly more than 40% obtained their employment through relatives and acquaintances, with residents who had worked or were currently working in Finland, the according percentage was nearly 80% (Krusell 2009).

We can say that Finland has a significant influence on the socio-economic profile of the people working abroad in terms of both gender, mother tongue, education and occupation. The majority of those working in Finland were men, aged 30–49. There were meaningful differences in gender as the number of women working in Finland was 2,000 and the number of men 12,000.

There were no significant differences in age among people working in Finland compared to the averages in other countries, i.e. the share of Estonian people aged 30–49 majored also among those working in other countries. Working in Finland increased the share of men among the people working abroad. Leaving Finland out also changes considerably the educational division of people working abroad. The most notable difference was in employees with higher education. While only 14% of those working in Finland had higher education, setting Finland aside increased the share of employees holding higher education to 35%, which was not lower than the corresponding share in Estonia.

Estonia was the mother tongue for 86% of the people working in Finland. The share of people with Estonian as their mother tongue was higher than the corresponding share in Estonia but leaving Finland out would reverse the result. Without Finland, 57% of people working abroad had Estonia as their mother tongue.

More than half of those working in Finland were skilled workers and craftsmen. The share of those working as equipment and machine operators and unskilled workers was slightly higher than that in Estonia. The positions that could be classified as white-collar jobs were not much represented (Figure 5, p. 136). The share of managers and professionals was considerably lower than that in Estonia.

While the share of those working in construction industry was considerably higher among those working abroad than those who expressed their wish to emigrate, it was again due to the thousands of builders working in Finland. More than half of those working in Finland were in construction industry and as we examine occupational affiliation by activity, a large majority of skilled workers and craftsmen worked in construction. Figure 6 (p. 136) seems to indicate that the crisis has made most of the builders to leave Estonia and work in Finland. However, that was not exactly the case. Most of the employees in construction industry were employed in Estonia during PHC 2011 (approximately 35,000 people). The share of those working in storage and transport as well as administration and ancillary activities was higher than in Estonia. Working in information and communication, finance and insurance was minimal.

The objective of the present analysis was not to provide a detailed overview of the profile of all people working abroad by state. However, it still gives a brief overview of the main labour destination states. The main foreign states in which people work can be divided into groups or clusters on the basis of people's socio-economic profile. Every cluster includes states where people with most similar profiles work and that lack differences which stand out in comparison to other states.

Australia and Russia differed from other states. With Australia, the share of younger people working there was considerably higher, and with Russia, the mother tongue of people employed there was primarily the Russian language. Belgium and the United States of America belong to a different cluster mostly because the people employed in these countries had a higher education level and a higher share of white-collar workers. The third cluster included the highest number of states, including Estonia. However, it cannot be said that all states in this cluster were very similar in most parameters; it is rather fair to say that there were no clear differences in most parameters. In most of the states in this cluster, the share of blue-collar jobs was higher compared to the situation in Estonia. Nordic countries that belong to the fourth cluster differ considerably from other states and, at the same time, are incorporated into one cluster due to a very high share of male employees. The education level is also considerably lower, blue-collar occupations majored and that even in the secondary sector (Table 3, p. 137).

Summary

We can say that the reasons so far set out in migration theories or issues regarding commuting apply also to Estonia. Open labour markets and significantly lower wage levels in Estonia compared to Nordic countries and other older EU Member States have been a driving force for an increasingly common trend to work abroad. It is clear that profiling people working abroad should be based on the specific state. Although an average person working abroad is a blue-collar worker with a lower education level, it applies more to Finland and other Nordic countries than the other states.

We cannot hold a single attitude, a positive or a negative one, about working abroad, every coin has two sides. As to the positive side, working abroad is an opportunity for many people both to avoid unemployment and improve their or their family's financial situation. New experiences and skills, both professionally and personally, for example, learning new languages, are a bonus. The negative impact includes a paradoxical situation where a family's financial situation improves but ties within the family itself become weakened, which may result in families falling apart.

Working abroad does not affect Estonian demographic situation directly, however, it does make it more likely that people stay abroad and then we can talk about the effect. As there are more of those leaving Estonia among younger age groups, emigration may have a significant impact on the number of births in Estonia. Open labour markets and borders mean that nobody can be held in Estonia against their own will. Hopefully, nobody will generate a relevant specific plan to do that. With many people, there is not only the scheme work/study abroad and then settle abroad but also "returning to Estonia". In 2012, almost 3,000 people who came to live in Estonia had Estonian citizenship. Not all of them can be classified as returners, still most of them can. Consequently, dismantling of borders makes it easy to both leave and return.