Refugees find employment in very different settlement contexts

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Summary/Purpose/Key Message

Ukrainian refugees have settled in various locations across Estonia, driven by housing shortages and steep rents in the capital city. However, this spatial distribution does not adversely affect their job prospects, and employment levels are higher compared to Nordic countries. Furthermore, whether residing in the capital city, Tallinn, smaller urban areas, or non-metropolitan regions, refugees exhibit similar probabilities of finding employment within the first year of arrival. However, employment prospects are lower in traditional industrial regions but higher in second-tier cities. The presence of a higher proportion of Ukrainian co-ethnics in the neighborhood does not enhance refugees' entry into the labor market. Furthermore, there are no significant variations in getting a job based on the main population characteristics, except for the presence of children in the family. For men, having children increases the likelihood of employment, while for women, having children decreases the probability of securing employment. This underscores the importance of tailoring economic integration policies to address the specific needs of the largest refugee group from Ukraine, namely women with children.

Main points

- Ukrainian refugees are geographically more dispersed than other ethnic minority groups
- The highest probability to get employed is in second tier cities, the lowest in industrial towns
- Having children increases the likelihood of employment for men and decreases for women

Context and Background

Following World War II, Russia invaded Estonia and incorporated it into the Soviet Union, initiating a prolonged period of mass immigration that persisted until 1991 or the dissolution of the Soviet Union. Initially, most migrants came from Russia, but over time, the sources of migration diversified, and Ukrainians became the second-largest migrant community in Estonia. In 1991, Estonia's population stood at approximately 1.56 million, which included 600,000 migrants and their descendants. The two largest migrant groups comprised Russians (475,000) and Ukrainians (45,000). During the Soviet era, Russian served as the lingua franca, leading to the integration of various migrant groups, including Ukrainians, into the Russian-speaking community rather than Estonian society. This linguistic assimilation was facilitated by the language proximity of Slavic languages, while Estonian, belonging to the Finno-Ugric language branch, remained distinct. The establishing of parallel Estonian-medium and Russian-medium school systems played a crucial role in shaping Estonia's sociolinguistic landscape. This system contributed to the formation of an Estonian-speaking majority and a Russian-speaking minority population. These parallel school structures persisted until the Russian invasion of Ukraine in 2022.

Since the onset of the Russian invasion in Ukraine in February 2022, Estonia has witnessed an influx of 123,000 war refugees, with 48,000 seeking temporary protection as of early September 2023. Among those applicants, 35,000 have been granted a permanent residence permit, and 25,000 are confirmed residents in Estonia, with 12,000 falling within the prime working ages of 25 to 64. Despite the substantial number of arrivals, refugees constitute less than 2 percent of the working-age population. The initial settlement patterns of Ukrainian refugees exhibit greater dispersion compared to the general minority population, a trend attributed to the lack of affordable housing in the capital city, Tallinn, rather than any existing refugee dispersal policies.

Four distinct subgroups of Ukrainians in Estonia can be identified: Soviet-time migrants who arrived before 1991, their Estonia-born children, labor migrants between Estonia's EU accession and the commencement of the war, and wartime refugees. Notably, Ukrainian war refugees display the least segregation from Estonians, primarily because of being geographically more dispersed than other ethnic groups and higher willingness to be in distance with ethnic Russians. Ukrainians born in Estonia have switched to Russian as their mother tongue and represent the most segregated subgroup. The war in Ukraine has served as an eye-opener, suggesting that Estonian integration policies have failed, mainly because of the parallel school system that will be gradually abolished by 2030. This may cause some distance-building between earlier migration waves from Ukraine to Estonia, and War refugees arriving from 2022.

Methods and Findings

This study utilizes individual level Estonian Population Statistical Register data, encompassing Ukrainian war refugees who have received a temporary protection in Estonia, and who resided in the country as of January 1, 2023. The total number of people meeting these two criteria is 25,039. Almost half of the refugees are underaged children. Our analysis focuses on 12,085 Ukrainian refugees in working ages of 25-64 (Table 1). Most of the refugees that meet these two criteria arrived in Estonia immediately after the outbreak of the war, in March (Figure 2). Already since April, the number of arrivals started to decrease significantly. We should also not that more than 48,000 Ukrainians applied for temporary protection, meaning that only about half of the refugees have stayed Estonia, and another half have moved on, most likely to other Nordic countries, e.g., to Finland. Estonia was the port of entry for those Ukrainians who fled from the eastern parts of the country, travelled through Russia, and entered European Union from the Narva checkpoint in Estonia. These refugees applied for temporary protection in Estonia but intended to settle in other European countries.

Table 3. Main characteristics of the research population (%).

	Employed	Not employed
Gender		
Female	63,1	37,9
Male	78,4	21.6
Age groups		
25-39	64,6	35,4
40-49	76,2	23,8
50-64	60,2	39,8
Education		
Academic degree (Bachelor and above)	63,0	37,0
Secondary and vocational	70,3	29,7
Less than secondary	71,4	28,6
Unknown	65,5	34,5
Mother tongue		
Ukrainian	67,1	32,9
Russian	64,7	35,3
Unknown	67,6	32,4
Children		
Has children	66,0	34,0
Has no children	68,4	31,6
Place of residence		
Tallinn urban region	66,6	33,4
Tartu and Pärnu urban regions	71,6	28,4
Urban regions in North-East Estonia	51,9	48,1
Other urban regions	69,6	30,4
Small cities and rural areas	69,0	31,0
N	8070	4015

Source: Statistics Estonia.

We apply logistic regression models on our data. As most Ukrainian war refugees who have stayed in Estonia arrived in early spring, it left them about a year to find a job. We stratify models by gender to learn what are factors that shape the probability to find a job for men and women. Our outcome variable assesses whether individuals are employed or not. The variables of primary interest pertain to the residential settlement patterns of Ukrainian refugees. The models control for relevant individual background characteristics such as age and education. We find that the presence of a higher share of co-ethnics in the neighborhood does not significantly impact the probability of Ukrainian refugees securing employment. The highest probability to get employed is in second tier cities, the lowest in industrial towns. Having children increases the likelihood of employment for men and decreases for women.

Conclusions

We do not find any penalties in terms of labour market integration from settling in smaller municipalities. Our study detects that the most favourable context for entering the labour market is provided by those second-tier cities with a weaker industrial base and stronger service sector. For refugees, it is easier to enter labour market by accepting lower-paying service sector jobs that do not require specific skills. Hence, in Estonia, nine Ukrainian war refugees out of ten works in low-skilled occupations. According to Statistics Estonia, 40 per cent of refugees are employed in unskilled occupations, followed by manual workers, service and sales workers, and machine operators. Second-tier regional towns with diverse service sector seem to offer the best starting package that includes the availability of jobs, more affordable housing, and higher share of host population compared to the capital cities. It may be speculated that second-tier cities provide also less stressful environment compared to the busy life in capital cities, and this could help refugees to find easier a new balance in their lives after experiencing physically and mentally traumatic events.

Our findings do not detect any important benefits from living together with co-ethnic in finding a job. More specifically we were not able to detect neither positive nor negative associations between the share of Ukrainians from previous migration waves and entering the labour market of war refugees. While residential proximity to co-ethnic may provide feelings of safety and belonging for newly arrived migrants, it does not translate to rapid labour market integration of Ukrainian refugees in Estonia. In fact, not all existing research provides strong supports the benefits of having co-ethnic neighbours in entering of labour market also in the Nordic country contexts. Estonia provides also a complex language context as the Ukrainian community in Estonia has switched to Russian as a mother tongue while war refugees speak mostly Ukrainian as a mother tongue. Even though Ukrainian refugees generally do speak Russian, it is not clear whether they always want to to so given the war context. Furthermore, underaged children may not speak Russian. Hence, the role of language in forming bonding ties with pre-existing Ukrainian community and bridging ties to Estonian society need therefore further research. While the findings of our research are generally similar for men and women, another important difference relates to having underaged children in addition to the local level employment opportunities.

For women, having children is negatively associated to finding a job, while it is the other way round for men. As women with children make the highest share of refugees, it is by far the most critical challenge to be addressed. Securing day-care and educational support may be two important policy fields that could help to address this challenge.

Policy recommendations

- Refugee dispersal, in and of itself, does not incur penalties, as different settlement contexts may actually expedite labor market integration. Nevertheless, our study underscores the need for caution when considering the dispersal of refugees to traditional industrial towns.

- Contrary to common assumptions, co-ethnic networks do not inherently contribute to job acquisition. Thus, dispersing refugees across a diverse settlement system proves more effective than encouraging their clustering within cities. Co-ethnic bonds can be fostered without necessarily concentrating refugees in specific residential neighbourhoods such as gateway neighborhoods.

- The biggest Ukrainian refugee group is formed by women with children. Women with children also face highest obstacles in swift labour market integration. Securing day-care and educational support may be two important policy fields that could help to address this challenge.

Acknowledgements

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First published online on 10th of April 2024.