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## Change and Continuity: Adaption of Persons Working in the Secondary Sector During the Period of Socio-Economic Reforms in the 1990s in Estonia

Margarita Kazjulja\* & Ellu Saar

### Abstract

The aim of this paper is to analyse the interrelationship between the structural changes and personal destinies of people who worked in the secondary sector at the beginning of the transition period. The focal question is whether structural and institutional changes were brought about by a minimum of adaptations and fluctuations or a by maximum of turbulence and mobility. The paper is based on in-depth interviews conducted in 2003 and 2004 with people who graduated from secondary educational institutions in 1983 and belong to the so-called 'winners' cohort. One of the pivotal results of the analysis is that when companies were winding down and being reorganised, it launched processes of inter-company workers' displacement and lead to their imminent unemployment. 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. A work place in the secondary sector often worked as a 'push' factor for mobility during the reforms, as massive layoffs and restructuring in the economy did not leave any other choices for people than to start looking for new possibilities. In spite of some attempts to set up businesses, the majority of former industrial workers belong to the same occupational group and are working in the same sector, even 15 years after the reforms. This means that the relative occupational ranking of the workers remained the same despite the change in the political and social order.<sup>1</sup>

**Keywords:** personal destinies, adaptation, post-socialist structural changes, and secondary sector

### Introduction

In the beginning of the 1990s, hardly any aspects of life stayed static and remained unaffected by the impact of developments in Estonia as well as in other post-socialist countries. Polish sociologist Piotr Sztompka (2004) has characterised the collapse of communism as a traumatogenic change because it was sudden and rapid, multidimensional, embracing politics, economics, culture, everyday life, it was hitting the foundations of the earlier system, and it was certainly unexpected. This very sudden and radical system change was to have a significant impact on life trajectories. As Mayer (2006: 4) maintains, 'the analysis of life courses is particularly well suited for the study of post-socialist transformation because individual biographies link the society of origin and the society of destination. Individuals bring their biographical past as resources and constraints into the transition process.' We want to use the case of Estonia to study the linkages between the macro level structural and institutional changes and individual life histories.

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There is a question of how previous life events and trajectories constrain or foster transitions and outcomes in later life on the micro level. Some authors have underlined that sometimes the unexpected consequences of old choices might be even more important than new choices. It has been discovered that the duration of exposure to risk or opportunities lead to cumulation of advantages and disadvantages (Diewald et al. 2006).

An additional question is connected with the role of personality and agency in the life course. Are persons subject to forces outside their influence and control, or do their personal resources, motives, mentalities significantly contribute to their life course after major societal changes?

The 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 (de Melo et al. 1996). A rigidly regulated labour market with high levels of employment and employment stability was transformed into a labour market with a much lower level of protection. Changes led to a massive redundancy of labour force in primary and secondary sectors. As a consequence, most workers faced a devaluation of their skills and many of their previous status. Following the bold reforms in the early 1990s, job destruction shot up more rapidly than job creation. From 1992 to 1993, the rate of job destruction was about 15%, while the rate of job creation was only about 6% (Haltiwanger and Vodopivec 2002). The incidence of displacement in Estonia during the early 1990s was excessive by Western standards (Lehmann et al. 2005). Job loss was higher in the production sector than in services.

The question is how were people reallocated in the process of intensive structural and institutional changes? Were their life courses disrupted and reoriented or did they show a high degree of stability and continuity? How useful were the education, informal ties and other resources acquired before the transformation period?

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. The generation that entered the labour market right at the end 1980s and in the early 1990s had many advantages thanks to its youth. This generation has been called the generation of winners due to their successful careers (see Titma 1999, Titma et al. 1998). Nevertheless, the previous analysis shows that there is also a great proportion of losers in this winner generation (Helemäe et al. 2000). In this paper, we will analyse how changes on the macro level affected the life course of that generation. The question is why have some members of the winner age cohort lost their age advantage in a society that glorifies youth.

We decided to concentrate on the life courses of the part of the winner age cohort that was very hard hit by economic changes – namely on the individuals who worked in the secondary sector at the beginning of economic changes. The focus is the interplay between changes on the macro level and the destinies and decisions of individuals. Were structural and institutional changes brought about by a minimum of adaptations and fluctuations or a by maximum of turbulence and mobility? How successful were they in converting resources gained in the old system into other types of assets in post-socialist conditions?

The paper is based on half-structured biographic interviews conducted in 2003 and 2004 with representatives of the so-called 'winners' cohort.

## **Societal changes and the role of agency**

In the international sociological literature, Peter Berger pioneered theoretical interest in personal biographies (Berger and Luckmann 1966). Institutions do not stand above living individuals; individuals become part of the very institutions with which they identify. In the modern societies, individuals are left to choose from a plurality of lifestyles. Access to these lifestyles most often comes through the

choice of work and occupation.

Anthony Giddens (1991) and Ulrich Beck (1992) have further developed the idea of life planning as central for the constitution of self-identity in modernity. According to Giddens, individuals not only have expectations of what they would like to be, they also plan ahead in order to realise their future conceptions of themselves. However, the life projects might be abandoned or reformulated if reality turns out to be different from the individual's expectations. From the individual's viewpoint, it is important to find new projects worthy of biographical investment.

Beck's concept of a 'risk society' is discussed on a macro level. However, it is related to the individual and the risks involved in his or her choices. In societies where access to work and occupations is preceded by substantial personal investment, personal destinies become factors beyond the individual's control, which makes personal choices risky. Beck and Beck-Gernsheim are describing modern society as a global risk society, "there is a return of uncertainty, which did not just shake public trust in the ability of key institutions of the industrial world, of business, law and politics, to tame and control the threatening effects they produce; there is also a sense that, across all income groups, prosperity biographies become risk biographies. Losing their social identity and material faith in future security" (Beck and Beck-Gernsheim 2002: 164).

Modern choice models assume in particular that typical actors try to act rationally. Basic assumptions of rational choice theory become less and less tenable, the more the institutions are taken into account in causal models. As North mentioned in his Nobel Prize acceptance speech: "The rational choice framework assumes that individuals know what is in their self-interest and act accordingly. That may be correct for individuals making choices in the highly developed markets of modern economies, but it is patently false in making choices under conditions of uncertainty – the conditions that have characterised the political and economic choices that shaped (and continue to shape) historical change" (North 1998).

It has been hypothesised that growing uncertainties require actions to be governed by cultural traditions, social institutions or norms that restrict the flexibility to choose potential courses of actions (Blossfeld and Prein 1998). As the complexity of a decision-making situation increases, so does the predictability of what people will actually do. Esser (1993) has called such mechanisms 'habits' and 'frames', which he understands as nation or class-specific ways to interpret decision situations.

Individuals have to make long-term binding commitments at various phases of their life course. They have to opt for an educational track, a specific job, a career path, a particular partner, having a child or not – decisions which once taken are normally hard to revise. In order to reduce choice complexity of long-term courses of action under uncertainty, individuals tend to constrain or bind their own future actions, i.e. they commit themselves to behave in a specific way in the future. Rising uncertainties not only make it harder for individuals to plan their life, but also reduce the appeal of long-term, self-binding decisions in general.

Institutions comprise the formal and informal social constraints that shape the choice-set of the actors. At the theoretical centre of the new institutionalist paradigm is the concept of choice within constraints (Brinton and Nee 1998). In addition, there are macro changes at the level of the institutions. In spite of the institutional guidelines and grown insecurity, the life courses are condemned to activity. The obligation to be active means that failure becomes a personal failure, subject to individual blame and responsibility (Beck and Beck-Gernsheim 2002).

The socialist period could be characterised by an extreme institutionalisation of one's life path – it meant less risk for the individual, but also fewer possibilities to choose. The paternal state intervened much more with the choices made by individuals than in western type societies (Kupferberg 1998). A socialist society stabilised life planning and minimised the personal risks involved. The result for individuals was a clear reduction of occupational risk and autonomy of choice. The burden of risk was taken from the individual and placed in the hands of the state. The constitutional right to work, as well as the principle of full employment, shaped both occupational and employment opportunities

available to employees and workers (Mach et al.1994).

The transformation of socialist societies can be seen as a turning point in the life planning of individuals. It destabilised life paths and forced individuals to make unexpected choices under conditions of great uncertainty and risk, for which their experiences had not prepared them. The sudden changes not only lead to unexpected job shifts and employment trajectories, but they may have had impact on adaptation processes as well.

For individuals, there are different sorts of potential benefits ('positional advantages') that may derive from personal capital. The positional advantage, however, does not emerge from those accumulated skilful characteristics themselves, it rather stems from their interaction with the rules of social institutions. Those skills only provide an advantage, provided they stand out conspicuously and meet the requirements of the institutions. The utility of capital is determined by institutions, which set the rules of its application and, thus, determine its value. In times of social change, capital accumulated under different institutional conditions is deployed to fit new institutions. Individuals have to match the past with the present, employing capital developed under one set of institutional rules, in processes and acts governed by a different set of rules. The life course theory suggests that the initial endowment with resources may be especially sequential in times of major and sudden disruptions (Elder 1974, Caspi and Moffitt 1993). New political and economic institutions presented new opportunities and constraints for people, however, they responded to those opportunities and constraints on the basis of their existing resources. It has been mentioned that during the rapid economic, social and institutional changes in post-socialist societies, the meaning of previously gained resources changed as well (Róna-Tas 1998). Caspi and Moffitt (1993) have assumed that in the condition of a system change, when standardised ways of channelling life courses by institutions vanish, differences in personality characteristics become more important for the direction of life course trajectories than under stable institutions. This also means that the role of agency may become more important for success and failure in life. The shift from a centrally planned economy to a market economy is, in theory, in itself linked with an increasing importance of self-initiative and self-responsibility (Diewald 2006).

Sztompka (2004) presents three adaptation strategies to cope with sudden changes based on a typology of adaptive reactions to the anomie developed by Merton (1996). First, there are innovative strategies. People take the systematic change as a given and make attempts to creatively reshape their personal situation within the system. They try to strengthen their position by raising or mobilising resources (economic, social, human capital). The second type is retreatist adaptations, an escape towards passivism, resignation and marginalisation. Faced with sudden changes and uncertainty, many people turn to the discourse of fate, adopting a 'wait-and-see' orientation. Other people turn their hopes towards help from the state. The third type of adaptation is ritualism. In this case, people find some measure of security in following the traditional, accustomed patterns of action, even if under the changed circumstances they lead nowhere.

## **Changes in the Estonian labour market**

During the Soviet period, Estonia was in many respects 'over-industrialised', owing to Moscow's geopolitical interests. The development of defence-related enterprises offered a path for resettling a large number of people to Estonia from other parts of the Soviet Union, mainly from Russia. Under the centrally planned economy, the basic factors bringing about labour market segmentation (economic power, management strategies, and employees' responses) were all a direct function of bureaucratically mediated non-competitive relations between economic organisations and central planning agencies (Mach et al. 1994). The main mediating structures between the level of central economic administration and enterprises were 'branch' ministries for industrial sectors. However,

since Estonia was a part of the former Soviet Union, the mediating structure was more complex compared to Central European countries. The Soviet Union had three types of state enterprises: all-union, mixed, and republic enterprises. The first two types of enterprises were actually under the control of the ministries in Moscow, the last under the control of the republics. Estonia also had ministries to execute political power over the segment of the economy that was not subordinated to all-union ministries. All-union ministries controlled the most privileged industries, e.g. those closely connected to the military. This meant that the Estonian labour market was structured along the line of an internal (by Estonian authorities) versus external (by the central Soviet authorities) locus of control (Vöörmann and Helemäe 2003).

Most of all-union enterprises operated on the basis of raw materials imported from other parts of the Soviet Union, while labour was also recruited from outside of Estonia (Hallik 1998). In the Soviet period, Estonia already had an ethnically divided labour market. Non-Estonians were concentrated in basic industrial branches closely connected to the military complex. By the end of the Soviet period, the Estonian share of industrial workers was less than 40 per cent, and the majority of them were employed in local light industry. A number of industrial fields were generally closed for Estonians (first of all the defence industry, due to the feared disloyalty of the local population) (Pettai and Hallik 2002).

The years since 1989 have been of decisive importance for the Estonian economy and labour force. At the beginning of the 1990s, the immediate reaction to economic uncertainty was a sharp decline in demand for labour. There was a certain delay, until the employment effects of the transition crisis were felt, as enterprises were at first reluctant to dismiss redundant workers. In June 1992, Estonia introduced its own currency. This is considered to be the start of serious economic reforms (Arro et al. 2001). Estonia took a very liberal approach in embracing a more free market oriented strategy. The state did not create a priority mode for one branch of economy and set all enterprises in essentially equal conditions. The basic criteria of assessment of their capacity became the adaptation to requirements of a domestic market and penetration to the western market. Such politics amounted to drastic severing of connections with the destabilised economies of the former union republics. By allowing enterprises to dismiss redundant labour without unduly penalising them, the state ended the period of job security. There was significant liberalisation of wages. Dismissal costs, the taxation rate of wages, and minimum wages were set low as the government attempted to stimulate employers to create jobs. To stimulate the reallocation of labour, the Employment Contract Act was introduced in July of 1992. The law gives the employer the right to lay off a worker with 2 months' notice, and in the case of bankruptcy, with no notice at all. On the other hand, the unemployment benefit was also established at a very low level, to stimulate peoples' interest in searching for a workplace or in self-employment.

Two very important steps in the transformation process were the restitution of ownership rights and privatisation. After instituting a small-scale privatisation program, the Estonian government, similarly to the Hungarian government, launched a large-scale program, based on international auctions. Thus, the share of the private sector grew from 10% in 1990 to 70% in 1998. The private sector dominates in manufacturing and construction, and also flourishes in services and trade, whereas typical public employees are found in administration, education and health.

In Estonia, the disruption of trade with the former Soviet Union created large shifts in the composition of final demand for sector outputs. The collapse of the institutional and technological links of the Soviet centrally planned system disrupted the supply of inputs for production and the delivery of outputs. The share of the service sector increased, whereas the decline in the industrial and agricultural sectors accelerated (Table 1). Estonia (as well as some other post-socialist countries) experienced a 'passive' structural change towards a service economy that was less sustained by a real growth of service industries, than by an enormous shrinking of the primary and secondary sectors. All in all, while the most severe loss of jobs appeared in the primary sector, the number of those employed in the tertiary sector remained quite stable, enjoying only quite modest growth, to be attributable to the global tendencies. This rapid sector shift has been termed passive tertiarisation (Goedicke 2006).

**Table 1.** Distribution of employed persons by economic sector in Estonia

	Agri- culture	Manu- facturing	Construc- tion, transport	Trade, service	Business services	Social services	Others	Total
Rate								
1989	21	29	16	10	4	16	4	100
1992	19	28	16	12	4	17	4	100
1995	10	29	16	15	6	20	5	100
1998	9	26	16	16	8	20	5	100
2000	7	26	17	17	8	19	5	100
2003	6	25	17	17	9	22	5	100
Changes in the numbers								
1989	100	100	100	100	100	100	100	100
1992	82	86	94	112	90	97	104	91
1995	36	74	75	121	102	92	91	76
1998	30	64	76	124	121	91	91	72
2000	23	61	74	123	127	80	93	68
2003	21	61	76	122	138	95	95	71

Source: Authors' calculations based on Statistics Estonia database.

The transition in Estonia led to a massive increase in worker flows driven especially by an increase in job flows. In 1989, job reallocation accounted for only a very small fraction of overall worker reallocation. Worker reallocation itself was low at roughly 15% (Haltiwanger and Vodopivec 2002: 627). By 1993, the worker reallocation rate exceeded 35% and more than two-thirds of this was accounted for by job reallocation. Dramatic increases in worker flows were preceded by a very large increase in dismissals, due in the first place to an increase in job destruction. Following the bold reforms in the early 1990s, job destruction rose more rapidly than job creation. From 1992 to 1993, the rate of job destruction was about 15%, while the rate of job creation<sup>2</sup> was only about 6% (Haltiwanger and Vodopivec 2002: 604). The transition involved a significant period, during which destruction rose rapidly, while creation only rose at a time lag. The incidence of displacement in Estonia during the early 1990s was excessive by Western standards.

Virtually every sector evidenced a burst of dismissals, driven primarily by job destruction between 1992 and 1993 (see Table 2). However, the dramatic increases in job and worker reallocation did not impact all sectors or all types of employers in the same manner. Large state manufacturing companies bore the brunt of destruction-led dismissals. Smaller, private, service- and trade-oriented employers led the surge in hiring and job creation. In some sectors, for example, in primarily trade and services, hiring and job creation rates jumped dramatically at the same time. However, for many other sectors, hiring and creation rates only increased with a substantial lag (e.g. manufacturing). The picture that emerges is that an enormous number of workers experienced dismissals driven by job destruction during the period of 1992–1993. Earlier, only a few sectors absorbed these workers, but in 1994–1995, many other sectors witnessed substantial hiring and job creation. Smaller employers (1–19 and 20–

<sup>2</sup> The job creation rate represents the rate at which new positions are created, while the job destruction rate represents the rate at which positions are eliminated.

99) disproportionately created jobs and contributed to hiring. The largest (500+) and medium size businesses (100–499) accounted for the rapid rise in dismissal and job destruction rates in 1993 and 1994. The vast majority of job reallocation occurred within each broad industrial sector. When displacement rates were the highest, industry affiliation, ownership type of a worker's firm, and company size were the main determinants of winding down companies and permanent layoffs (Lehmann et al. 2004).

Unemployment increased over that period. It grew from a moderated rate of less than 1% in 1990 to almost 10% in 1995. Between 1992 and 1993, industrial sectors witnessed a burst of both inflows  
**Table 2.** Annual hiring rate, separation rate, job creation and job destruction rates (percent of employment) by selected industries in Estonia

Year	Manufacturing			
	Hiring rate	Separation rate	Creation rate	Destruction rate
1989	8.57	10.15	0.00	1.58
1990	11.29	14.33	0.00	3.04
1991	14.66	17.38	3.31	6.03
1992	14.40	28.87	0.00	14.46
1993	20.18	28.50	5.54	13.85
1994	25.65	26.58	10.10	11.00
Trade				
1989	10.42	9.20	2.04	0.81
1990	17.77	15.15	5.45	2.82
1991	30.90	20.47	17.52	7.08
1992	40.64	33.51	25.66	18.53
1993	49.58	31.44	34.27	16.13
1994	42.25	34.22	22.39	14.64
Services				
1989	12.10	12.85	0.33	1.08
1990	15.55	15.64	3.28	3.36
1991	15.99	17.08	4.37	5.47
1992	23.74	24.68	8.93	9.87
1993	23.79	21.47	9.7	7.38
1994	22.33	20.15	9.32	7.22

Source: Haltiwanger and Vodopivec, 2002: 614

into unemployment and inflows due to job destruction, a pattern that is followed by outflows from unemployment only with a lag. Collective and state enterprises disproportionately contributed to unemployment inflows due to job destruction.

## Data and method

Our analysis is based on in-depth interviews conducted from June 2003 to January 2004. The sample of respondents was drawn from a longitudinal study entitled 'Life Paths of a Generation' (PG), which was started in 1983 when a research group from the Tartu University and the Institute of History of Estonian Academy of Sciences, under the leadership of Prof. Mikk Titma, interviewed graduates from secondary educational institutions of that year (see for example Titma et al. 1998, Helemäe et al. 2000). PG followed the life course of a specific cohort from secondary school graduation until the end of the



1990s (the first study took place in 1983 and follow-ups in 1987, 1992/93 and in 1998). The interviews were informal and followed a general list of questions about the respondents' life path and especially about their biographical experiences in the years following social changes in Estonia at the beginning of the 1990s. We look at the experiences preceding and following societal changes. The biographical investigations operate with a series of case analysis in a comparative and typologising manner (see also Flick 2006). We suppose that narratives of experienced events refer both to the current life and to the past experiences and provide information on the interviewee's present as well as about his/her past and perspectives for the future (see also Rosenthal 2004). Certain events and processes are analysed with respect to their meaning for individual and collective life histories.

The initial panel of respondents in PG was selected to represent the population of 1983 secondary-school graduates (born between 1964 and 1966). Three types of institutions of secondary education were distinguished: vocational schools, specialised secondary schools and general (comprehensive) secondary schools. The linkage between each level of education and the future job was clearly defined (Helemäe et al. 2000). Vocational schools trained skilled workers, while specialised secondary schools trained semi-professionals. General secondary school was the traditional academic track. Although the principle of compulsory secondary education was implemented in the 1980s, by estimations based on census data only 75 per cent to 85 per cent of the corresponding birth cohort graduated from institutions of secondary education as full-time students in the mid-1980s (Saar 1997). Thus, selected on an educational basis, the PG cohort is an advanced part of the corresponding birth cohort.

Young adults who in their 20s were at the beginning of the economic changes (about 1989) and are now in their late 30s are often considered to be most successful age cohorts under transition. Because the PG cohort was about 24-26 by the beginning of the 1990s, and by definition was the most advanced cohort in terms of education, we considered longitudinal data to provide time-dependent information about the internal differentiation of the 'winners of transition' and the ways that led them to success.

The PG cohort obtained their education under the Soviet system, completing their schooling in the mid to late 1980s, and first entered the labour market at the start of the major social and economic transformations of the Estonian society. For us, the post-socialist transformation presents a rare opportunity to study how young adults managed in a rapidly changing situation.

Emphasising only the changing social structure does not address how these changes enter the lives of individuals trying to cope with them. It is suggested that the biographical research approach is particularly effective in capturing the experience of a changing social system because it focuses on personal destinies and is able to demonstrate how these are linked to societal transformations (Hoerning 2000). The main strength of the biographical approach is that it is able to explore subjectively experienced reality and conceptually reconstruct a changing world as interpreted by the social agents themselves (Hoerning 2000).

The analysis of the longitudinal data has shown that the type of secondary education has a strong impact on having a successful career among the youth. We conducted 32 interviews with members of this cohort, choosing 3-4 interviewees from graduates of each type of secondary education<sup>3</sup>. We intended to interview persons of different ethnicity, place of residence, gender, etc. The interviews were conducted in the homes of respondents as well as in our institute. Each interview lasted 1-3 hours. The interviews were audio recorded and transcribed for analysis.

In this paper, we concentrate on the analysis of biographies of this part of the winner age cohort who worked in the secondary sector at the beginning of economic changes. Most biographical studies tend to select a few illuminating cases as a starting point for their analysis. Since there are relatively

<sup>3</sup> There were distinguished eight types of the institutions of secondary education: rural vocational schools; urban vocational schools; agricultural specialized secondary schools; industrial specialized secondary schools; other types of specialized secondary schools; common grades of general secondary schools; academic grades of general secondary schools (from 8<sup>th</sup> grade); academic grades of general secondary schools (from 1<sup>st</sup> grade).

few interviewees who worked in the secondary sector at the beginning of transition period, we have chosen to present all of them (8) in the form of biographical profiles as examples of the wider trend. One task for the analyses was to look for common elements, which occur across different interviews. We are using the inductive approach, whereby generalisations are produced through analysing a series of biographical profiles. These case analyses are compared and contrasted with each other. The steps of analysis were: first, analysis of biographical data; second, reconstruction of life histories (life as lived); and third, development of types and contrastive comparison of several cases<sup>4</sup>. These types are analytic. We can identify patterns of similarity or difference within life course patterns. We are interested in the experience of societal change; we consider the interviewee's statements on it, in the context of his or her whole life. On the basis of such reconstruction, we are in a position to construct a type of adaptation to societal changes, but also to explain the biographical course that leads to it. This analysis allows us to reconstruct the interrelationship between individual experience and collective framework.

## Case studies

People working in the secondary sector were much more directly affected by the turbulences of economic reforms. Most companies were restructured after privatisation, and massive layoffs were commonplace. People faced increasing insecurity at workplaces and experienced unemployment for the first time. We interviewed 8 people who worked in the secondary sector at the beginning of economic and social changes. 6 of them had changed employment several times and some of them had had experience with private entrepreneurship from the past or the present. What were the driving forces for such hectic careers? The analysis of semi-structured interviews allowed us to allocate three main types: interviewees who moved from secondary sector to self-employment, interviewees having respectively unstable and quite stable career in secondary sector.

### Heading from the secondary sector to self-employment

We interviewed two men who worked in the secondary sector at the beginning of economic and social changes and moved on to self-employment.

*Tõnu, specialised secondary education, self-employed, lives in Tallinn*

Tõnu graduated from a specialised secondary school in 1983. He studied electronics. He started working in a big state company, but opted for private entrepreneurship at the beginning of the 1990s. His life path illustrates the lost institutional embrace of the socialist economic system quite clearly.

*When the period of changes began, I worked in a public company in my own specialty, a specialty close to mine, but in connection with the arrival of the new era, state companies started to disappear one by one and I had to start thinking about my own path, about creating something, and thus my own company was established. That it was... the beginning was quite difficult. [...] the situation was such that you really had to start making your own decisions, for yourself, and your own future and all that.*

Now he has his own small company that is concerned with installing safety equipment for cars. Tõnu is very pessimistic about the future of his company. He is thinking that

*small businesses as they are now will be done away with. This is the most worrisome moment now – that it's not possible to run a small business at such a level anymore, even though it's actually what feeds*

<sup>4</sup> Comparison is at the core of grounded theory.

*many families and is the main source of income. I foresee very big changes there in Estonia: there are difficult times looming ahead especially for small businesses. This is what doesn't leave my mind in peace, day and night.*

He believes that self-employment does not have a future in other countries either and that globalisation will have a major impact on business: big strong companies will gulp down the small ones.

*Toomas, higher education, lives in Tallinn, now manager in private construction company*

Another illustrative case of how structural changes have pushed a person to move to self-employment is the biography of a man with higher education (engineer), who currently works as a project manager in a foreign construction company. He tried hard to find a stable position during changes, but he was just not lucky. The following passage from the interview describes in a vivid fashion how profoundly the labour market was restructuring and how deep the instability was that the people faced in privatised sectors.

*I had an assignment and a job and everything already. Exactly a month before I graduated, the company I had been assigned to ceased to exist, just like the entire land amelioration sector. It was a state financed field, but then there were just more important things to finance. Most of us (course mates) went into construction, since we got as much construction at school as amelioration itself. I worked in this firm for exactly 2 years, and then the company ceased to exist. It was a kolkhoz construction office and kolkhozes ceased to exist at that time as, there were no finances. All construction departments became small, limited liability companies at that time. Practically the same group of people was just a limited liability company now. Then there was a chance to work for two more years in that small company, but then the ruble was replaced by the Estonian kroon and all construction activity in Estonia temporarily ceased. Then the company where I worked obtained some information it seemed to have some associations with Germany or contact was made with some factory and well, we formed connections with them, which allowed us to import leisure goods: garden furniture, bicycles, lawn-mowers... and the like. We continued trading with Germany until... almost last year. (Tartu, 2003).*

Toomas used his knowledge and contacts with a German factory gained from his previous workplace to start his own private business. He did not invent anything new in comparison to his old workplace; he just continued trading with Germany through his own limited liability company. He did not start these businesses from scratch, but tried to make use of his previous contacts. Toomas graduated as an engineer, but was active in trade because this is where the opportunities were in the early 1990s. However, by the end of the 1990s the economic situation had changed and small shops were becoming marginalised due to more intense competition. Toomas then decided to leave the shrinking field of private business and to continue his career as an employee. Having a degree in engineering played a crucial role in taking this step. He was successful in taking advantage of his educational credentials and private business experience and found work as manager of a foreign-owned company.

What was his motivation for abandoning his private business and starting to work as an employee? He admits that the change in the general economic situation had made it difficult for his business to remain profitable. He pointed to widening competition, tightening regulations and a shortage of investments as the main reasons for the closing down of his business. When asked why he decided to close down his own business he replied:

Because everything in Estonia changed so much. In order to do something you have to have a lot of money – free money to start with. That cannot really be helped – you have to keep investing all the time. But we spent everything we earned. So basically there were many reasons – Estonian laws kept changing and so, just to keep running your own business in the same way, you had to change a lot.

Free money has to come from somewhere, a bank loan or through some other means...(Tartu, 2003).

Both interviewees chose an innovative strategy for adaptation (using Sztompka's classification). They made attempts at creatively reshaping their personal situation within the system by starting their own business. However, the motivation behind starting a private business was not purely taking advantage of newly emerging possibilities. It was quite clearly also an indispensable move since previous workplaces disappeared as a result of closing of industrial enterprises. At the same time, new possibilities to start private businesses arose. Private entrepreneurship was seen as a possibility for mobility for all people who were able to take a risk, regardless of their educational background. As a matter of fact, persons moving to self-employment were successful in the beginning of their private business, when there was only limited competition. Business gave them a very good economic return on assets in the early days, but most of them did not manage to survive the stiffening competition. The respondent continuing his business was very pessimistic about the future of his firm. Another interviewee made a move to more secure employment during the cooling down period of the Estonian economy. It was a time when many businesses, especially small ones and those bound to Russian markets, either wound up or operated on a shoestring budget. He had a secure job and a substantial income without taking any entrepreneurial risks. However, he emphasised the importance of his experience in self-employment and thought that he had an advantage over the colleagues who did not possess such experience.

### Unstable career in secondary sector

Two non-Estonian men and one non-Estonian woman working in the secondary sector at the end of the 1980s had very unstable careers during the transition period, but their life later stabilised and they now work in the secondary sector.

*Yuri, specialised secondary school, now working as miner, lives in a small industrial town of northeast Estonia*

After graduating from basic school, Yuri entered a specialised secondary school. He studied mechanics for four years, but gave up before submitting his diploma project. He returned from the military service in 1985 and proceeded to work as a turner. In 1989, his friends set up a bar and he decided to become barman. It was a very difficult time; there was a shortage of products and hard liquor. The competition was tough and the bar went bankrupt. After that, he worked as plumber for three years, but with the reorganisation of the state enterprise, he like most of the workers lost his job and became unemployed. When one of his acquaintances set up a business, he was employed as his assistant. There were no official borders and they imported school supplies from Belarus. However, the business didn't last long. In 1996, he began working in an oil shale mine – a job he got thanks to his social contacts.

*I received help to get work in a mine.*

*Moderator: Was it difficult then to get work there?*

*Now it's already impossible.*

*Moderator: Is it because the wages there are high and stable?*

*No, it's because all mines have been closed down. It's just the Estonia and Viru mines that are left and there are many unemployed specialists in town. This is how it is now.*

As his father had worked as miner for 13 years and had undermined his health there, he had sworn that he would never go to work in a mine, but needing money, he had no choice. Nevertheless, he

thinks that his life has stabilised.

*Svetlana, vocational secondary education, a seamstress in an apparel factory, resident of Narva*

Svetlana used to live in the Novgorod region of Russia and graduated basic school there. Her father's sister who lived in Narva visited them and talked Svetlana into enrolling in vocational school for weavers in Narva. Svetlana had some doubts, but nevertheless moved to Narva and went to vocational school. After graduation, Svetlana started to work in the local textile factory. She got married and children were born. It was difficult with young children to continue working in the textile factory because there were three shifts. Svetlana decided to become a seamstress. She worked in Ivangorod for a year and a half (on the Russian side of the border), first as an apprentice and then as a seamstress. At the beginning of the 1990s, perestroika started (it was difficult to continue working on the Russian side due to borders), and she was recruited, thanks to her social contacts, by the art gallery as a cleaning lady. Svetlana even had to attend courses in Estonian to get that job. She has been working in the clothes factory as a seamstress since 1997 now. She is not very satisfied with her job, but she thinks that it is not possible to find a better job in Narva. Svetlana is quite frustrated. She said that *'the foolish perestroika ruined everything... Now you have to be an adventurer to achieve success.'* She is pessimistic regarding her opportunities to find a better job because she thinks her training is not valued.

*There is nothing else to be found in Narva. Going from one sewing factory to another would be stupid. To study to become a technologist – well, they take people up to 35 there. She could take a distant training programme but that wouldn't pay off either. These days you can also get by really well without education, if you have an acquaintance who is SOMEBODY or works SOMEWHERE. Then you might be stupid, but you would live very well. I don't have connections like that; therefore, I don't have anything better to hope for.*

She answered a question about her future plans:

*I do not have any plans. Now we live on a day-to-day basis ... It used to be easier before, there was work and I felt secure... I do not see any special prospects here, either for myself, or my children... Maybe only in Russia... We shall look, in the European Union dreams will be...*

She was complaining about how much of a problem Estonian independence was, regarding her relationship with relatives still living in Russia. Svetlana was worried about the education as well as the future of her children in Estonia. She thought that they would have better opportunities in Russia.

*Andrey, vocational education, bulldozer driver, lives in Kiviõli (small industrial town near Kohtla-Järve in northeast Estonia, where 60 per cent of inhabitants are non-Estonians)*

Andrey graduated basic school in Kiviõli and continued his studies in vocational secondary school in Kohtla-Järve (industrial town) to become a bulldozer driver. Andrey stayed in Kohtla-Järve and proceeded to work as bulldozer driver. He was called up to regular service after half a year. He spent three years in the Army. In 1987, he returned and after that had several different jobs. Andrey finished the courses to get a motor-coach driver's licence. At the beginning of the 1990s, a very unstable period began.

*I worked in my specialty in a collective farm. From there, I left for military service, where I served three years. After the service ended, I proceeded to work as a bus driver here in Kiviõli. It was 1989. I worked for one year and was then made redundant. Then I worked in my speciality in mines. When I married, it was necessary to search for another job... At this enterprise, I proceeded to work as assistant train driver... I worked for a year.... and was again dismissed. I tried to find work in Tapa, but failed. I was taken on job in Püssi combine of wood-shaving plates.... First the mechanic, then in specialty (bulldozer driver)*

Andrey mentioned that he would like to have a better job with higher salary. He was going to take steps for that purpose. He was rather optimistic and trusted the authorities and hoped he would manage to get a more remunerative job. He thought that earlier (in the 1980s) people had more security, and they did not have to fear losing a job. Now a lot of people were living on a day-to-day basis.

Economic changes in the early 1990s destabilised the life courses of interviewees belonging to this type. Individuals working in economic sectors, where restructuring was the most profound – such as construction, transportation and most of all manufacturing –, were forced to change their chosen life path. It was the period of searching for new opportunities, but mostly for men. Women have a very important limitation – small children restrict their opportunities. During the transition period, all representatives of this type were very active in labour market. But the process of restructuring of the economic sector in the industrial region of Estonia, where all respondents of this group lived, did not guarantee reliable workplaces. The number of workplaces was cut and the enterprises closed. Most often new jobs were found with the help of social connections (contacts with relatives and previous co-workers). These social networks helped find a new job, but did not guarantee stable work or a higher level in social hierarchy. One of the crucial restrictions of the interviewees of this type was the weakness of the starting position – they started the transition period with fewer opportunities. Their living standard had declined. All of them lived in industrial regions of Estonia, with mainly a Russian population. That area had suffered to the ultimate degree from changes in economy and politics in a transition period. They had scarce personal resources, as well as scarce social resources (social networks for instrumental support only). Interviewees who had an unstable career during the transition period and were presently employed in skilled work, were aware of their poor opportunities, they had no future plans. Clearly there are some signs of retreatist adaptation, an escape towards resignation. Especially Svetlana had turned to the discourse of fate, adopting the ‘wait-and-see’ orientation.

### Stable career in the secondary sector

Three people (one Estonian man and two non-Estonian women) working in this sector at the beginning of the 1990s had quite stable careers. The impact of the transformation process on their life course was rather weak.

*Eero, specialised secondary education (agriculture electricity), now works in a big private firm as electrician, living in Tallinn*

His father was also electrician and Eero emphasised the impact of his father on his choice. He graduated specialised secondary school and after that started to work in a collective farm. Eero was not satisfied with his work and after military service changed the job (to an agro industrial complex). In 1991, their family moved from the countryside to Tallinn and since then he has worked as an employee at Elion (Estonian Telephone firm). He managed to leave the state sector just before the collapse. He got his present job through acquaintances.

*Yes, I don't know... yes, maybe if I'd been there until the very end, if it had been difficult for me to leave it, maybe if it had all fallen apart for me, then maybe it would have been more difficult to find a new job. When I came here to Eesti Telefon, basically also via acquaintances, I sort of had someone I knew here waiting for me, so he like asked me to join them. But yes, back then, in '91, no one was accepted right off the street.*

He thinks that he was lucky because he moved to Tallinn and changed his workplace in time. He had played his cards well. Eero has considered changing his employment, but has not found anything

that would have both: a better salary and good working conditions. Eero is quite satisfied with his work. He is sceptical regarding the possibilities for successful small entrepreneurship in his field because big firms would swallow small ones.

*Irina, general secondary education, laboratory assistant, lives in a small town in central Estonia*

She graduated from a general secondary school in Tapa (a small industrial town near Tamsalu). She started her studies in St. Petersburg but gave up after a few months (she had problems with finding a place at student's hostel) and returned to Tamsalu. Her parents worked in the local corn-processing factory. They recommended that she should apply for a position in the laboratory of the factory. Irina started working as a laboratory assistant but then changed jobs several times. In 1991 she started working again in the corn-processing factory as a laboratory assistant. The firm where Irina was working was not closed. There were some layoffs in 1990s but Irina succeeded keeping her job. As she mentioned, she had no children and she had never been on sick list. Her experience, age and not having children protected her. Irina is quite optimistic and is thinking that her life has passed smoothly. She is not regretting anything

*Galina, specialized secondary education (chemistry), now controller in a factory, lives in Maardu (small industrial town near Tallinn, where 80 per cent of inhabitants are non-Estonians)*

Galina was born in the countryside in Russia (near Smolensk). She stressed several times that their family was prosperous. Both parents were working in a collective farm. She graduated from secondary school. Her mother did not recommend her to stay in the countryside and work in agriculture because this work was too hard. Galina's cousin was studying at Kohtla-Järve<sup>5</sup> (industrial city in northeast Estonia) and she suggested that Galina should come to Kohtla-Järve as well to study. Following her cousin's recommendation, Galina joined the specialized secondary school in Kohtla-Järve (chemical industry). After graduation, she was assigned to the Maardu chemical factory. Galina worked in that factory as a worker until 1994 when her first child was born. It was the time when most Soviet-time big state-owned factories in Estonia were closed or split into smaller units. As Galina explains:

*In 1994 the factory started to break up. It could have been expected, because... as the Greens intimate, it pollutes atmosphere. This shop was heart of the factory and when it closed.... The factory started to break up*

Many of Galina's co-workers were dismissed. Galina was at home with her child during the unstable period, in the early 1990s. One of her friends recommended her to apply for a job at Elcoteq<sup>6</sup>. In the beginning Galina considered this offer rather sceptically but nevertheless she attended the brief training courses and then started work in the factory where she is still working now. She explained her choice:

*We only came to Elcoteq because they accepted Russian-speaking people here. We don't have citizenship, after all; we have grey aliens' passports. But here it was possible.*

<sup>5</sup> Kohtla-Järve lies in the oil-shale fields of northeast Estonia. The oil-shale industry was rapidly expanding in the Soviet period to meet Soviet energy and chemical requirements. Population growth in Kohtla-Järve in the 1950s and 1960s was due to the influx of a large number of non-Estonians. In 2000 Estonians accounted only for 18 per cent of the population.

<sup>6</sup> Elcoteq is a leading European electronics manufacturing services company providing engineering and manufacturing services, supply chain management and after sales services to international high-tech companies. Two of Elcoteq's largest plants (by number of employees) are situated in Estonia, in Tallinn. The number of their employees in Estonia amounts approximately to 3,300; total number of their employees reaches over 19,000. In fact three quarters of the company's capacity are located in Estonia, Hungary, Mexico and China - countries that are highly competitive with respect to market proximity, good availability of skilled labour and favourable general cost levels.

Elcoteq was one of the few enterprises hiring Russian-speaking workers (mainly because of their lower salary level). Most of the workers at Elcoteq are now non-Estonian women with secondary or specialized secondary education. Galina is not so pleased with the work (mainly - earnings), but she believes that it is better than nothing at all and is afraid to lose the workplace. And she has no confidence in the future. Galina has no hope that anything (either the job situation or life in general) would get better. She links all hopes with the future of the daughter, investing in her education.

All interviewees belonging to this type are doing relatively well in spite of working in the manufacturing area. The impact of the transformation process on their life course was rather weak. Why? Eero succeeded to move to Tallinn and find a new workplace in the right time. The firm where Irina was working was not closed. Despite some layoffs Irina succeeded in keeping her job. Her experience, age and barrenness protected her. Galina was at home with her child during the unstable period in the early 1990s. In Galina's case it seems to have not been a restriction, but even an advantage. She was not dismissed. The enterprise was closed at the 'right' time. Thanks to her networking ability (contacts with previous co-workers), she received information about a job vacancy. She reacted very quickly and was successful in finding a new job. They all have had a reasonably stable career, remained at the same level of social hierarchy and could not see any significant improvement. Due to quite important strategic restrictions – quite a low level of education and not knowing the Estonian language – it is difficult to expect any rapid improvement in the future for those two non-Estonian women. The situation for Estonian men is better. The interviewees belonging to this type, in general, approved social changes, although there were also changes that made them feel insecure. It is hard to classify this adaptation strategy, because there are some characteristics of innovative as well as retreatist strategies.

## Discussion

The aim of this paper was to analyse the interrelationship between structural changes and personal destinies of people who worked in the secondary sector at the beginning of the transition period. The biographical research approach used in this paper was very illuminating, mainly because we were able to connect the personal and historical dimensions.

Analysing the biographical profiles, it is clear that at least in the early years, the transition period led more to a collective fate than increased individualising variety. Company closures and company reorganisation triggered inter-company shifts and transition to the unemployment status. Individuals changed their plans and behaviour because they had to adapt. Like in other post-socialist countries, dismissals were often collective experiences, which had nothing to do with individual qualifications and motivation. Our analysis indicated the stability of relative rankings in social hierarchy despite the huge amount of job moves. The transformation experiences were to a high extent of a collective nature, insofar as they resulted from national collective decisions and were mediated via sectoral changes and the reorganisation of firms.

Contrary to expectations that change in a system allows for differences in personal characteristics to become more important for success and failure in life, a structural position had a decisive role at the beginning of changes. Success was less of a matter of individual control than a matter of structural conditions. The self-initiative of people was not realised because institutional rules and structural conditions entailed passive coping strategies. Competencies and self-initiative were important for the decision to start a business, as well as for direct company shifts. But in aggregate, they had only a limited impact on the chance of upward mobility and on the risk of unemployment. Structural constraints severely limited the unfolding of individual agency.



A work place in the secondary sector during the reforms often worked as a 'push' factor for mobility, since massive layoffs and restructuring in economy did not leave other choices for people than to start looking for new possibilities. Mostly, it was forced movement, as old workplaces often disappeared with the fall of the old system. If a person worked in the shrinking secondary sector (in one of the big industrial enterprises, which either did not survive or disintegrated into different outfits), or if one lived in the wrong place where the single large employer had to close down, it was a very important factor that determined the following directions of working life. Collective risks of unemployment emerged, for which personal characteristics and former resources were of only minor importance rather than new opportunities. Only in the next stage of finding new employers under conditions of restructured and restricted opportunities did personal resources (skills, education) come into play again.

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. Private entrepreneurship has often worked as forced business; people opted for it, as they just did not have any other alternatives (see also Saar and Unt 2008). Their work conditions are often described as very poor. Long working hours, insecurity and semi-illegal financial relations with partners or clients are some catchwords to mention. This kind of entrepreneurship could be characterised as 'survival trading'. For individuals, this type of self-employment holds little promise of cumulative growth.

In spite of some attempts to set up businesses, most previous industrial workers belong to the same occupational group and are working in the same sector 15 years after reforms. The complexity of people's careers greatly depended on how long the company they worked for survived. For those who happened to be in companies which continued to function, their career has been considerably more stable. It seems that the careers of people working in the secondary sector stabilised in the second half of the 1990s. Statistical data also indicates that the number of people working in manufacturing and transportation stopped decreasing after the very rapid transition period in the first half of the 1990s. Most former industrial workers belong to the same occupational group and are working in the same sector. Also, most of them have changed their occupation. This means that the relative rank order of positions of workers remained the same despite the change in the political and social order. Nevertheless, their position in the labour market is quite uncertain because most of them are working in enterprises owned by foreign investors. Post-socialist countries are all very sensitive to capital mobility, as a lot of foreign direct investments are connected with cheap labour in these countries. There is potential danger that if the production input in Estonia becomes more expensive, foreign investors oriented towards export production have no reason to be interested in continuing production in Estonia. For this reason, production could be easily moved to cheaper countries. In addition, labour demand in specific countries is likewise affected by international economic fluctuations, with the extent of the impact varying according to the openness of the national economy. For example, the Asian crisis as well as the Russian financial crisis in 1998 also caused a considerable economic shock in Estonia due to the fact that Estonia had large trade exchanges with the Russian Federation.

The reallocation of people who worked in the secondary sector seems to result in a mix of stability and mobility. The stability can be observed in the stability of relative rankings in social position for all those who managed to stay in or to re-enter the labour market. The huge rate of mobility can be seen in the exits from companies and company shifts, in sustained spells of unemployment and in the non-voluntary nature of most labour market moves.

Most people who worked in the secondary sector at the beginning of the transition period were facing more or less considerable economic hardship. Industrial workers have lost their superior opportunities of earning production premiums and the incomes have declined relatively. They have also lost in psychological terms, being the representatives of long-term workers' dynasties, who had lost their status of being part of a previously privileged social group after the transition.

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