Youth unemployment during the period of socioeconomic transition: the case of Estonia

Unemployment is a new phenomenon in Estonia; it was unknown until the beginning of the 1990s. Until 1991, Estonia was a part of the Soviet Union with a centrally planned economy. Transition to the market economy started in the beginning of the 1990s. This brought about dramatic economic and social changes for Estonian population. The unemployment and inactivity levels increased among population, many households were hit by poverty.

This study examines youth unemployment in Estonia in 1995, at the end of the period of radical reforms. The aim of the study is to analyse the determinants of unemployment in Estonia among people aged 16-29. The data from the Estonian Labour Force Survey in 1995 are used and b- and multivariate analyses are applied.

The results of the data analysis are as follows. First, people aged 16-19 were more likely of being unemployed than respondents in the 20-24 and 25-29 age groups. Second, there were no differences between young men and women. Third, divorced people experienced more difficulties in the labour market than singles or married individuals. Fourth, unemployment was significantly higher among respondents with a primary or basic education. Fifth, young non-Estonians were more likely of being unemployed than young Estonians. However, further analysis revealed that the lack of Estonian language skills was mostly responsible for high unemployment levels among non-Estonians. Finally, young people in South Estonian rural areas were particularly vulnerable to unemployment.