Big language minority and small language majority: language skills and unemployment in Latvia

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ABSTRACT

This study investigates the relationship between the unemployment of working age men and their skills in the two local languages, Russian and Latvian, and their skills in English, the most spoken foreign language in Latvia. Latvia is a neighbour of Russia, a small bilingual country that as a legacy from the half-century soviet domination hosts a large and homogeneous second and third generation Russian-speaking minority. The Russian-speakers form nearly 30% of country's population and have a labour market participation rate that is similar to native Latvians, but their unemployment rate is considerably higher. Since re-independence in 1991 major policy reforms have re-established the status of Latvian language and education, reinstituted citizenship and re-oriented economy towards European integration. The unique historic legacy and ethnic composition makes Latvia a valuable case to study on the background of immigration studies of a more conventional context. The main aim of the analysis is to seek to answer who benefits and from which language skills on the Latvian labour market? In this pursuit, the study first tests whether the other local language and English language skills have a link with unemployment probability in Latvian and Russian language subgroups. Secondly, it compares how the other local language and English skills effect on unemployment probability differ or resemble between the Latvian and Russian language subgroups. The study retrieves data from the Eurostat Adult Education Survey wave 2016 (AES 2016), and uses for background information the Baltic Institution of Social Sciences (BISS 2008) Language survey from 2008. The analysis focuses on men aged 25 to 62 in employment, self-employment or unemployed, but seeking for work. The estimation strategy in a cross-

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section compares univariate ordinary least squares and probit estimates with the two-stage least square and bi-variate equation systems estimators that allow for the instrumentation of self-reported language skills. Analysis instruments reported language skills with internal to the survey variables, such as age cohorts or family background information, but also with external to the survey variables such as Official Statistics of Latvia information on birth cohorts composition by country of birth. The analysis compiles unconditional marginal effects that allow for a comparison between the Latvian and Russian speaking groups. Further subdivisions into age and education groups enable to discover heterogeneities within these segments. The findings show that an asymmetry prevails in language skills of native Latvians and Russian speakers in that the Latvian men on average show better language skills in Russian, in English and in other major European languages such as German, Spanish, French and Italian. The Russian skills for native Latvians provide no conclusive evidence on a positive language effect on employment status. For the native Latvians the only significant link arises between English skills and unemployment for the group above age 40 without tertiary degree. English skills also dominate the relationship with employment status for Russian speakers and this link remains intact in the subsample of younger individuals with the exception of young Russians with tertiary degree, for whom the skills that matter are command of Latvian language. The BISS 2008 Language survey contains information on Latvian and Russian skills, but not on English skills. In contrast to this weakness, BISS 2008 maps respondents by their region of residence and so enables to build instruments that account for regional ethnic segregation, which control for language skills measurement errors. The results from BISS 2008 survey show more symmetrical gains from the language skills for the two native groups compared to AES 2016 survey, however being similar with the latter in that that the language-employment link is stronger for the Russian speakers. The comparison of results between estimators that control for the measurement bias of self-reported language skills and that do not show that errors-in-variables bias is non-negligible and that reliable analysis requires that exogenous language skill instruments are available and used in the estimation process.