

MANAGING IMMIGRATION FLOWS OF QUALIFIED FOREIGN WORKERS IN THE CZECH REPUBLIC

Libuše Macáková

University of Economics in Prague, Czech Republic

ABSTRACT

This text focuses on the effect of the Czech immigration programs to the flows of qualified foreign workers in the Czech Republic. The accession of the Czech Republic to the European Union in 2004 substantially changed the entry of citizens of other countries to the Czech labour market. The Czech Republic actively attempts to recruit qualified foreigners by several immigration programmes: there was the program for the Selection of Qualified Foreign Workers from 2003 to 2010, the Green Card Project started in 2009 and the Blue Card Project became effective on 1st January 2011. The aim of this article is to analyse and explain the impact of immigration programmes with the help of statistic data.

JEL CLASSIFICATION & KEYWORDS

■ J61 ■ J68 ■ IMMIGRATION ■ CZECH REPUBLIC ■ PROGRAMMES

INTRODUCTION

The Czech Republic is an attractive country for labour immigrants. Between many factors which have some impact on the flow of foreigners into the Czech labour market the most important are the legal framework and the efficiency of the Czech economy.

Legal changes took place when the Czech Republic became a new member of the European Union in 2004. Before joining the EU, Czech Republic as all candidate countries was given the task of creating a migration regulation system compatible with the systems in EU member states. The government decision No. 55 of January 13, 2003 „Principles of policy of the CR government in the area of migration of foreigners” enforces a leading role of the state in the area of international migration.

After the accession of the Czech Republic to the EU the government has introduced several different programs to attract special groups of labour immigrants from countries which are not members of the EU. They achieved some success in the time of relatively solid growth of real GDP with connection of decline in the rate of unemployment. Unfortunately the Czech economy was hit by the world recession at the end of 2008 and in 2009: GDP fell sharply and the rate of unemployment increased rapidly.

The economic recession in 2009 and 2010 influenced the results of Czech immigration programs: as in the case of general immigration to the Czech Republic, the pace of immigration of qualified workers slowed down. “Rapid grow of the Czech economy in 2004 – 2008 increased the demand for foreign labour. Economic recession brought about the twist in the trend: the number of employed foreigners decreased rapidly.” [Pavelka, 2011]. With the help of statistic data we shall try to evaluate the Czech government’s programs for attracting foreigners to the Czech labour market in the time of growth of real GDP as well as in the time of economic recession and to find its priorities and shortcomings.

www.researchjournals.co.uk

Czech government programs for attracting foreigners to the Czech labour market

As a consequence of the enlargement of the EU in 2004 a growing demand for skilled workers was observed in all European Union countries [Adamek, Macakova; 2006]. Looking from the perspective of the country of origin, the migration of highly-skilled workers appears to have a more negative impact on the labour market and the economy as a whole than the migration of manual, unskilled workers. Young people are more likely to emigrate than older generations due to their better knowledge of foreign languages and IT technologies, less work experience in their home country and weaker social connections. The fear of losing highly-skilled workers, especially young people, concerns many local authorities and resulted in the attempt of Czech government to recruit a skilled workforce from outside the EU by the Pilot project Selection of Qualified Foreign Workers.

Project Selection of Qualified Foreign Workers

Starting in July 2003, the Czech Republic was already actively recruiting a skilled workforce from outside the European Union by the Pilot Project Selection of Qualified Foreign Workers (planned for the five years 2003 till 2008). This pilot project had the objective of encouraging foreign professionals to come and live with their families in the Czech Republic. After staying for two-and-half-years, participants who had met all the project conditions could apply for permanent residence in the Czech Republic.

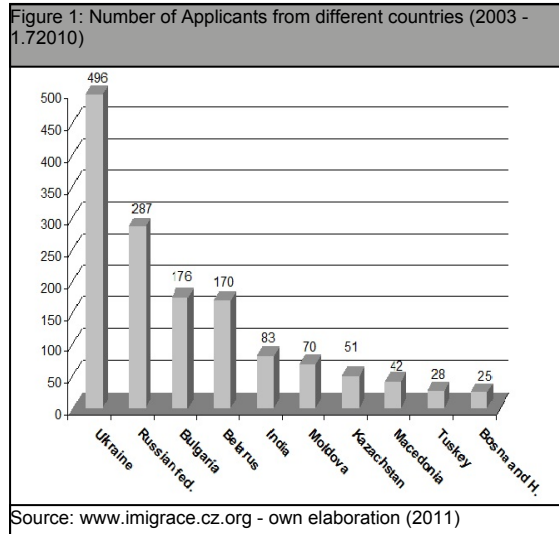
The pilot project connected employers from the Czech Republic with qualified workers from abroad [<http://www.imigrace.cz.org>]. Foreigners (non EU-citizens) interested in the pilot project could search for job offers in the offer in the vacancies database for foreigners [<http://portal.mpsv.cz/sz>] or sign up and post their „CVs”. The database included information from all Employment Offices in the Czech Republic. This search was set up to automatically display job offers that were suitable for foreigners, i.e. where the employer was authorised and was willing to employ foreigners. Employers could browse „job-seeker listings” or sign up and post „job offers suitable for foreigners”.

It was expected that the project would attract between 2 and 3 thousand qualified foreigners by the end of the project (2008). This assumption about the planned number of participants was not fulfilled: the project attracted only 1138 qualified foreigners into the Czech Republic. In spite of this lower result the Czech government decided to continue the project with the title Project Selection of Qualified Foreign Workers.

The statistic about the numbers of participant on the website “imigracecz.org” was for the period till July 1st, 2010, when 1766 foreigners took part in this. 843 participants (including their family members) gained permanent residence (up to 31. 3. 2010). A detailed description of the numbers of

applicants from different countries with the most participants is shown in figure 1. The age structure of the applicants shows that more than two thirds of the applicants (1218) were age 23 – 35, nearly 30 % (522) were over 35 years and only 26 applicants were under 23 years old. Interestingly, of all the applicants, the share of males is nearly 63 %, and females only 37 %.

A very important criterion from the point of view of the aim of the project was of course the educational and professional structure. The applicants were mostly university graduates – 78,2 % (1981), and about 20 % have secondary education only (385). The majority were I.T. posts (480), then administrative posts (183), and third, science posts (134).



In 2003 the project was opened to citizens from 3 countries: Kazakhstan, Croatia and Bulgaria, to test the inflow of employees from various countries, and from various cultural and social environments. At the end of 2010 the project was open to citizens from 51³, to graduates of Czech universities coming from all countries (who graduated after 1995) and to graduates of Czech secondary schools from all countries (who finished after 2000).

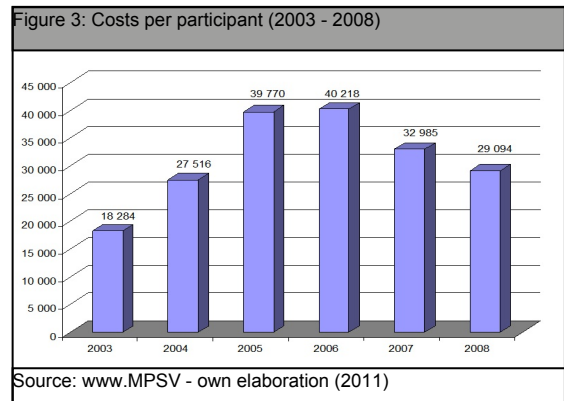
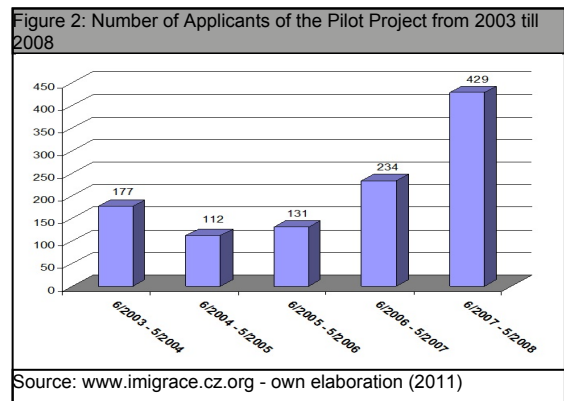
The numbers of foreigners coming on the project to the Czech Republic varied quite significantly in different years (see figure 2). During the first year 177 foreigners took part in the project, but there was stagnation in the following two years: only 112 foreigners came in the second year and 131 in the third year of the project. The promising change happened in the next two years: 234 foreigners entered the project in the fourth year and as many as 429 in the fifth year of the Pilot form of the project.

However, the fifth year of the project was the last successful year from the point of view of participant numbers. In 2009

³ Albania, Argentina, Armenia, Australia, Azerbaijan, Barma, Belarus, Bosnia and Herzegovina, Brazil, Cambodia, Canada, Costa Rica, Croatia, Cuba, Georgia, Guatemala, Honduras, Chile, India, Indonesia, Israel, Japan, Kazakhstan, Kyrgyzstan, Laos, Macedonia(FYROM), Malaya, Mexico, Moldova, Monte Negro, Nepal, New Zealand, Nicaragua, Panama, Paraguay, Philippines, Republic of South Africa, Republic of Korea, Russian Federation, Salvador, Serbia, Singapore, Sri Lanka, Tadzikistan, Thailand, Turkey, Turkmenistan, Ukraine, United States of America, Uruguay, Uzbekistan

there were 340 new participants and in 2010 only 190 new participants (up to 1st September 2010). As in the case of the development of the number of all economically active foreigners in the Czech Republic, the economic recession pushed the number of project participants down in 2009 and 2010. As a consequence, the acceptance of new applications to the project was stopped on 31st December 2010.

In spite of the fact that the overall number of participants was lower than had been expected, there are several positive effects of this instrument of Czech active immigration policy. The planned cost of the project realization was about 90 million Czech crowns, but only about 30 million Czech crowns have been spent up to the end of 2010. Most of these expenses were the initial start-up costs: costs of the large information campaign in the Czech Republic and especially in other countries included in the project and costs of the development of websites in many foreign languages. As a consequence, the costs per



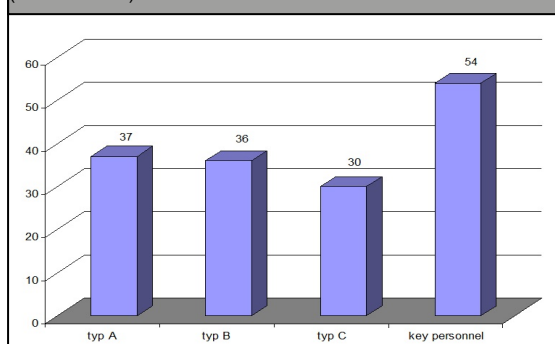
The comparison of the costs per qualified worker gained thanks to this immigration program and the costs of educating one graduate at a Czech university provides a strong argument for continuing the program. Furthermore, experience from similar programs shows that one qualified worker creates more than one more work position, which can then be utilized by Czech citizens [Langhamrová, 2005]. When the economy of the European Union countries recovers we can expect stronger activity in attracting qualified foreigners from third countries.

Green Card Project

Another project which was designed to help solve the problem of active immigration quickly and effectively is the project of Green Cards for workers with special qualifications. It started on 1 January 2009 with the aim of

supporting short-term immigration connected with specific free labour vacancies, to supplement the Project Selection of Qualified Foreign Workers which was planned as the starting project for long-term immigration strategy. The main advantage of the Green Card is the simpler entry into the jobs market for foreigners who have qualifications for which there is a specific demand in the Czech Republic. The Green card is a permit for long-term residence for employment purposes in the Czech Republic: it combines the residence permit and the work permit in one document. Foreigners apply for a Green card at the embassy of the Czech Republic in their country of ³. Applicants from the European Union, Iceland, Lichtenstein Norway and Switzerland do not need a work permit or a Green card to work in the Czech Republic. From the point of view of qualifications there are three types of Green cards: the first is for qualified workers with university education and key personnel (type A); the second is for workers in jobs with a minimum educational requirement (type B); and the third is for all other workers (type C). The validity of the Green card is for 2 years for type C; and is for two years and may be extended to three years for types A and B. The structure of applicants from the point of view of types of Green Cards in the end of October 2011 is evident in figure 4.

Figure 4: Number of Applicants of different types of Green Card (October 2011)



Source: www.MPSV - own elaboration (October 2011)

The evolution of the interest in different types of Green Card in August and December 2009, in June and December 2010 and in June and October 2011 is presented in the table 1.

Table 1: Employment of Foreigners - Green Card

Green Cards	Type A	Type B	Type C	Key personnel	All types
August 2009	3	7	0	6	16
December 2009	6	22	14	9	51
June 2010	15	31	29	21	96
December 2010	25	38	31	32	126
June 2011	28	33	31	39	120
October 2011	37	36	30	54	157

Source: www.MPSV - own elaboration (October 2011)

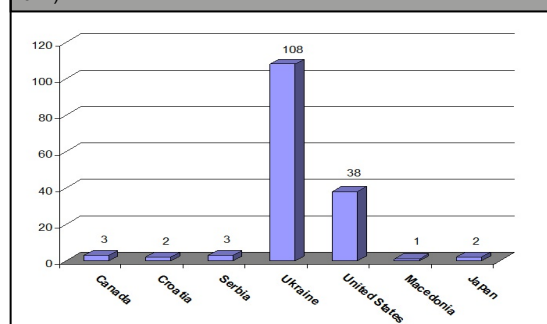
It was expected that the Green card project would attract several thousands of foreigners to the Czech Republic, but

³ The Green card is only for citizens of the following countries: Australia, Bosnia and Herzegovina, Canada, Croatia, Japan, Macedonia, Montenegro, New Zealand, Serbia, South Korea, Ukraine and the U.S.A.

the reality was quite different: from January till the end of March 2009 there was no one applicant, only one applicant from Serbia asked for Green Card type B in April and another applicant from Ukraine asked for Green Card type A in July. Situation changed in August with 16 applicants and the number of applicant gradually grew afterwards till the end of the year (126 applicants). There was some stagnation in the first half of 2011 and the number of applicants even diminished in June - to 120. Some improvement is noticeable from August 2011, finishing in 157 applicants in the end of October.

A description of the numbers of applicants from different countries is shown in figure 5: a higher level of interest was shown only by citizens of the Ukraine, the most numerous applicants for key personnel Green Card have come from United States.

Figure 4: Number of Applicants from different countries (October 2011)



Source: www.MPSV - own elaboration (October 2011)

The level of qualifications of applicants from different countries is presented in table 2.

Table 1: Employment of Foreigners - Green Card

Green Cards	Type A	Type B	Type C	Key personnel	All types
Canada	-	1	-	2	3
Croatia	-	2	-	-	2
Serbia	1	2	-	-	3
Ukraine	30	27	30	21	108
United States	5	4	-	29	38
Macedonia	-	-	-	1	1
Japan	1	-	-	1	2

Source: www.MPSV - own elaboration (October 2011)

This unexpected low interest could certainly have been the result of starting the project in a period of economic recession. However, there are several other reasons for this failure:

The entrepreneurs prefer to employ foreigners via personal agencies as it makes it easier to discharge them at short notice without making further payments. The foreigners on the other hand do not see many advantages in taking part in the project: acquiring the Green card for a special job does not guarantee them an employment contract after their arrival in the Czech Republic and if they do get a contract of employment and leave their employment contract in the first year, they lose their Green card validity. The lengthy and bureaucratic process of getting the Green card is also certainly a negative factor. Another specific reason for the failure is the choice of countries involved, including the

United States, Australia, Japan, New Zealand, and Canada, i.e. countries geographically distant and economically more advanced than the ⁴ On the other hand the program is not open to citizens of Vietnam and Mongolia, even though there are already numerous communities of Vietnamese and Mongolians in the Czech Republic.

Blue Card Project

The last program for attracting foreigners to the Czech labour market is the Blue card project. Blue cards are like identity cards, and combine a residence permit and a work permit in one document. They have no link with the law for citizenship. The project was initiated by direction of the Council of Europe 2009/50/ES in May 2009 and became effective in the Czech Republic on 1st January 2011. The Blue card permits long-term residence for employment purposes in the Czech Republic under special circumstances. As regards qualifications it is available only for workers with higher professional or university education (with studies lasting for at least 3 years). The Blue card is designed for foreigners from countries which are not members of the European Union and to which an exemption listed in Section 98 of Act No. 435/2004 Coll., on Employment, applies. (Citizens of the European Union countries, Norway, Iceland, Lichtenstein, and Switzerland and their family members do not need a work permit, Blue card, or Green card to work in the Czech Republic.) Applicants must have an employment contract for at least one year. The Blue card is issued for 2 years, and in the case of a shorter employment contract it is valid for the term of employment set in the employment contract plus 3 months. As such, the Blue card gives easier access for foreigners into the jobs market in the Czech Republic.

Even though the intention is to simplify the procedure for issuing Blue cards, applicants still have to go through several stages. First they have to find an available job: jobs available for Blue cards are primarily those which have not been successfully filled by workers from the Czech Republic or the EU. These jobs can be found in the central register of job vacancies available for Blue card holders accessible on the Internet. The next step is to contact an individual employer and to arrange the conditions under which the employment contract can be concluded. The last step is to submit an application to the relevant embassy of the Czech Republic and to wait for a reply. There have not been employed any foreigner in the Czech Republic on the Blue Card yet.

Conclusion

The effective managements of immigration is one of the obligations resulting from the Czech Republic membership in the EU: the effective regulation of immigration is becoming an increasingly significant political task in all EU countries. Active immigration policy is enforced by the Czech government due to demographic and economic reasons mainly. Czech educational system creates the shortcomings in the labour market in the Czech Republic, investments to qualification of young people are very limited and the system is not enough insufficient especially for higher education level. It results in the fact that both labour market and education system are not flexible. Highly qualified professionals are leaving the country for better opportunities abroad. There is the real fear that if the work conditions of qualified and skilled workers are not improved, the today's

⁴ All the countries listed are Australia, Montenegro, Croatia, Japan, Canada, South Korea, New Zealand, Bosnia and Herzegovina, Macedonia, United States of America, Serbia, Ukraine.

qualified immigrants from non EU countries will leave Czech Republic in the future and all efforts and investments of the Czech government into the immigration projects will be lost.

References

- Adamek, P., Macakova, L.: „Rigidity of the Labour Markets of the EU and the migration“ In: H. Kopalova, J. Krause (ed.). „New Theory of Economy and Management of Organization“, Praha: Oeconomica, 2006
- Borjas, G., J: "Does Immigraton Grease the Wheels of the Labor Market" Brookings Papers on Economic Activity, 1, p. 69 – 133, 2001
- Brucker, H.: "Can International Migration Solve the Problems of European Labor Markets", UNECE Economic Survey of Europe, 2, p. 109 – 142, 2002.
- Brucker, H., Kohlhaas, M.: „Migration, Qualification and Labour Markets“, Mimeo, German Institute for Economic Research, Berlin: DIW, 2004.
- Langhamrová, J.: Zachrání nás imigranti?. In Vaňo, B. (ed.). Naša demografia - súčasnosť a perspektivy. Bratislava: SŠDS, 2005
- Macakova, L.: „Effect of migration of work force after accession Czech republic to European union on situation of Czech enterprises“, In: M. Majtán (ed.). *Economy, finance and management of the firm*, Bratislava: University of Economic, 2003
- Macakova, L., Adamek, P.: „The employment in the Czech Republic and in some EU countries its connection with migration“, In: L. Brenova, „The Assumptions for the Labour Mobility after the Assesion of the Czech Republic to EU“, Slaný: Melandrium, 2006.
- Pavelka, T.: Dopad ekonomické recese na ekonomickou aktivitu cizinců. In Ekonomické listy CES VSEM, 5, p. 14 – 25, 2011.
- Potužáková, Z.: Porovnání ekonomické imigrace do ČR a Maďarska. In Evropská unie po českém předsednictví. Ostrava: VŠB-Technická Univerzita, 2009.
- Puzo, Mario. The Family: A Novel. Completed by Carol Gino. New York: Harper, 2001.
- Figures data internet sources:
<http://www.imigrace.cz/org/>
http://portal.mpsv.cz/sz/zahr_zam/prociz/vmciz