

QUALIFYING ASPECTS OF FOREIGNERS IN THE CZECH REPUBLIC

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Abstract

In the paper is analysed the connection between development of the Czech economy after Czech Republic's accession to the EU in 2004 and the changes of the number of immigrants, the number of economically active foreigners and the foreign workers qualification in the Czech labour market. The comparison of the number of foreign workers and the level of their qualification is provided by using the statistical data, they are also the bases for analyse the skill levels of jobs that the foreigners occupy and their part at basic, secondary, and university education. Qualifying aspects of economically active foreigners are assessed by the skill levels of jobs that foreigners occupy through the CZ-NACE activity classification and the job classification ISCO/CZ-ISCO. Both views are confronted with the required level of education and average earnings. Analyse of educational aspects of the development of qualification of foreigners is aimed primarily at the university students and the share of foreign graduates.

Key words: foreigners, labour market, sector structure, job classification, foreign students

JEL Code: J21, J61, J63

Introduction

Development of the Czech economy is strongly dependent on the situation on the domestic labour market, including the ability to attract skilled workers from abroad, in the time of the shortage of appropriate domestic labour. This aspect of the Czech labour market is subject to the following text, including efforts to assess the impact of the economic crisis on the involvement of qualified foreigners in the Czech Republic. The analysis will not only concentrate on the structure of their qualifications and on their participation in the various sectors of the Czech economy, but also on the participation in basic, secondary, and university education. Given that this is a considerable applied contribution to the topic, therefore there is not a separate part of the theoretical analysis.

1 Economically active foreigners in the Czech Republic

Czech Republic's accession to the EU in 2004 was associated with a significant increase in the number of foreigners: the number of immigrants grew gradually from 53 453 in 2004 to 108 267 in 2008. Decrease in the number of immigrants in 2009 and following years was caused by crisis: the number of immigrants fell to only 27 114 in 2011 (CSO). As well as growing numbers of immigrants, were also a growing number of foreigners: it increased between 2004 and 2013 by nearly 73 % (from about 254 to 439 thousands, with some decrease in 2009 and following years caused by crisis). At the same time has increased the proportion of foreigners from EU countries. Outside the EU prevail on the Czech labour market foreigners from Ukraine, Viet-Nam and Russia. Between 2004 and 2013 the number of citizens of Viet-Nam increased by 67 % (from 34 248 to 57 347), the number of citizens of Ukraine increased by 34 % (from 78 301 to 105 138) and the number of citizens of Russian Federation increased by 20 % (from 15 032 to 33 138) (CSO CR). The proportion of foreigners in the population of the Czech Republic since 2008 exceeds 4 % (Horáková, 2011).

The changes of economic activity of foreigners from the year 2004 until 2011 are shown in table 1. In the year of the accession of the Czech Republic to EU there were 173 203 economically active foreigners; the development of the economic performance of the Czech economy (GDP growth in the years 2005 – 2007 exceeded the 6 %) was connected with growing number of economically active foreigners till 2008 (361 709 foreigners). By the end of 2008 the economic recession resulted in production decreased (GDP declined by 4,1 % in 2009): the number of economically active foreigners declined during 2009 by nearly 12 % (by about 43 thousand) and by another 4 % in 2010 (by about 12 thousand). Starting in 2010, however, the number of economically active foreigners once again increased.

Tab. 1: Economically active foreigners in the Czech Republic (2004 – 2011)

Year	Foreigners, total	EU countries	Ukraine	Viet-Nam	Russian Federation
2004	173 203	89 454	41 885	22 229	2689
2005	218 982	111 132	61 195	22 876	3929
2006	250 797	133 948	67 480	23 602	3659
2007	309 027	159 401	83 519	29 862	3716
2008	361 709	156 840	102 285	48 393	4576
2009	318 462	156 165	83701	39 260	4948
2010	306 350	162 274	71 878	36 296	5097
2011	310 921	174 279	68950	32 145	5644

Source: own elaboration according to the CSO CR

Foreigners who are economically active in the Czech Republic are either registered in labour offices or undertaking business on the basis of a trade license. Foreigners registered in labour offices can be divided into two groups. In the first group there are foreigners who are citizens of the Member Countries of the European Union: they have a position at the Czech labour market equal to that of Czech citizens. In the second group there are foreigners who need a work permit or the Green or Blue Card.

In spite the declination of economically active foreigners during 2009 and 2010, the impact of economic crises on foreigners undertaking business on the basis of a trade license was quite different. Their number grew by 14 % in 2009 (by nearly 11 thousand) and by 4 % in 2010 (by nearly 3 thousand). This seemingly paradoxical trend was the result of the fact that in the case of losing jobs, foreigners from non-EU countries can prolong their stay in the Czech Republic for only a very limited time, while this is not the case for those running a business. The second strong reason is the fact that they have the possibility of easy movement to other EU countries after accession of the Czech Republic to the Schengen Area in 2007.

The number of foreigners registered at labour offices in the Czech Republic grew until 2008, when their number yet reached a maximum value of 284 551 persons (78,7 % of all economically active foreigners) and in the following years gradually declined. The number of foreigners working through the trade licensing authority after 2008 has slightly increased, especially due to the fact that many foreigner who have lost their job, started a business in the Czech Republic. According to the latest figures released in 2011 at the CSU, the number of foreigners registered at labour offices is 217 862 and the number of self-employed is 93 059. This means that there were more than 300 000 foreigners working in the Czech Republic in 2011, of which two thirds worked in salaried employment and one third with a trade licence. Foreigners are employed mostly in Prague, Central Bohemia and South Moravia. “Economic maturity of a region and its ability to allure foreigners to the labour market is evident for foreigners registered by employment offices more than for foreigners working with a trade licence.” (Kněžáčková, Volejníková, 2014)

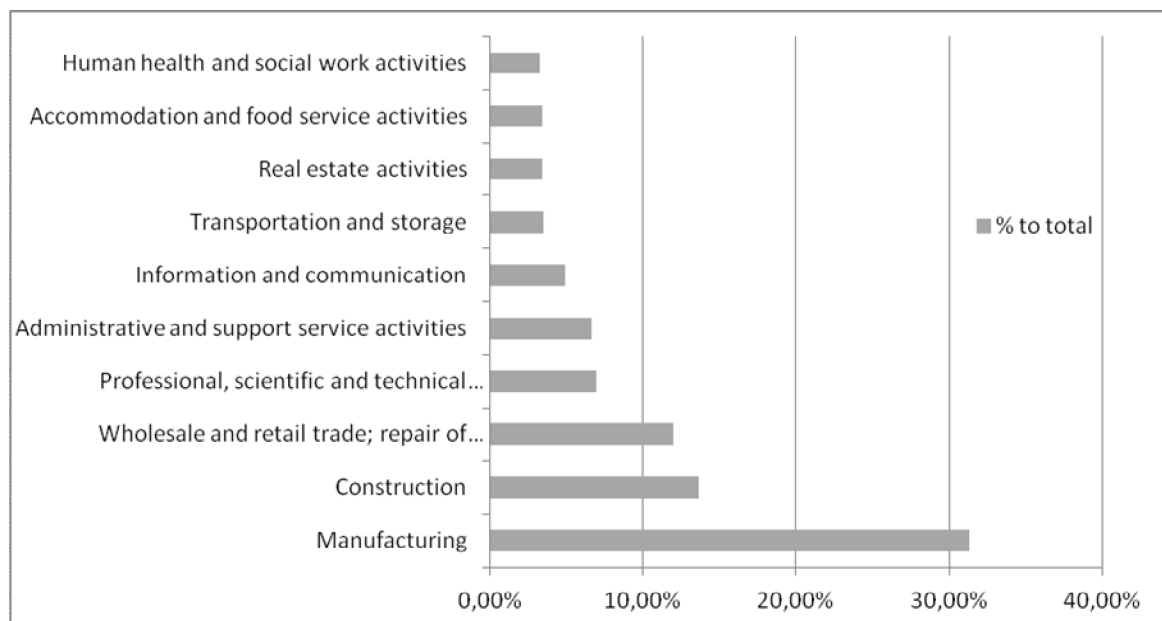
2 Skill levels of jobs that foreigners occupy

Qualifying aspects of economically active foreigners in the Czech Republic can be assessed by the skill levels of jobs that foreigners occupy. In this context, we will pay attentions only to the employment of foreigners as employees for which adequate statistical data are collected by labour offices.

2.1 Classification by CZ-NACE activity

In terms of sector structure of the economy foreigners as employees most often occur in the manufacturing, construction, wholesale and retail trade (Figure 1).

Fig. 1: Registration at labour offices by CZ-NACE activity (to December 31, 2011)



Source: own elaboration according to the MLSA CR

During the years 2008 – 2011, in time of economic recession, however, the weight of these sectors gradually changed. While at December 31, 2008, the proportion of foreigners in manufacturing was 36.2 %, to December 31, 2011 decreased to 31.3 % (Table 2, numbers to December 31).

Tab. 2: Registration at labour offices by CZ-NACE activity in 2008 and 2011

Type of activity	2008	In percentage	2011	In percentage
Manufacturing	102 922	36,2 %	68 181	31,3 %
Construction	69 076	24,3 %	29 580	13,6 %
Wholesale and retail trade; repair of motor vehicles and motorcycles	23 794	8,4 %	26 122	12,0 %
Professional, scientific and technical activities	19 846	7,0 %	15 018	6,9 %
Real estate activities	9119	3,2 %	7437	3,4 %
Administrative and support service activities	8746	3,1 %	14 448	6,6 %
Transportation and storage	7909	2,8 %	7733	3,5 %
Information and communication	7267	2,6 %	10 572	4,9 %
Accommodation and food service activities	6169	2,2 %	7494	3,4 %
Human health and social work activities	5514	1,9 %	6930	3,2 %

Source: own elaboration according to the MLSA CR

The most significant was the drop in the number of foreigners in construction: from 24.3 % to 13.6 %. On the contrary the wholesale and retail trade share of foreigners went up from 8.4 % to 12.0 %. As the average monthly gross wages in the national economy by activity CZ-NACE to December 31, 2012 was 25 100 CZK, the data of the CSO show that employment of foreigners in classes C, F and G correspond to lower average wages (Table 3).

Tab. 3: Average earnings of employees by CZ-NACE classes in 2012

CZ-NACE	Type of activity	2012
C	Manufacturing	24 572
F	Construction	22 902
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	23 304
M	Professional, scientific and technical activities	32 857
N	Administrative and support service activities	17 049
J	Information and communication	46 871
H	Transportation and storage	23 348
L	Real estate activities	21 145
I	Accommodation and food service activities	13 313
Q	Human health and social work activities	25 251

Source: own elaboration according to CSO CR

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2.2 Job classification ISCO / CZ-ISCO

Table 4 shows the distribution of foreigners in the Czech Republic in terms of their employment in different classes according to job classification ISCO / CZ-ISCO.

Tab. 4: Number of registration at labour offices by KZAM/CZ-ISCO in 2008 and 2011

CZ-ISCO	Occupation	2008	2011
CZ-ISCO 1	Managers	7084	8056
CZ-ISCO 2	Professionals	19 452	27 223
CZ-ISCO 3	Technicians and associate professionals	19 478	20 445
CZ-ISCO 4	Clerical support workers	8534	10 003
CZ-ISCO 5	Service and sales workers	13 483	19 756
CZ-ISCO 6	Skilled agricultural, forestry and fishery workers	2593	1626
CZ-ISCO 7	Craft and related trades workers	68 775	38 192
CZ-ISCO 8	Plant and machine operators, and assemblers	49 738	40 999
CZ-ISCO 9	Elementary occupations	94 905	51 408
CZ-ISCO 0	Armed forces occupations	509	154
Total		284 551	217 862

Source: own elaboration according to the MLSA CR

This classification divides employees by education level and specialization: the numerical value of class increases with decreasing demands on education and specialization. While the work included in the first two classes KZAM / CZ-ISCO (1 and 2) almost always require a university education, employment included in Class 9 generally require no education because it is the unskilled labour. The data of the CSO clearly show that employment of foreigners falls mainly in three classes CZ-ISCO: "Elementary occupations", "Plant and machine operators, and assemblers" and "Craft and related trades workers". These jobs with low or no educational requirement also correspond to lower average wages (Table 5). Highest employment in 2012 is still, despite a gradual decline in the years 2008 - 2011 in class 9. Jobs within this class are associated with the lowest average salary.

Tab. 5: Average earnings of employees by CZ-ISCO classes in 2012

CZ-ISCO	Occupation	2012
CZ-ISCO 1	Managers	58 343
CZ-ISCO 2	Professionals	36 592
CZ-ISCO 3	Technicians and associate professionals	28 780
CZ-ISCO 4	Clerical support workers	22 578
CZ-ISCO 5	Service and sales workers	16 445
CZ-ISCO 6	Skilled agricultural, forestry and fishery workers	18 812
CZ-ISCO 7	Craft and related trades workers	21 730
CZ-ISCO 8	Plant and machine operators, and assemblers	21 112
CZ-ISCO 9	Elementary occupations	14 627
CZ-ISCO 0	Armed forces occupations	25 290

Source: own elaboration according to the MLSA CR

More accurate information about the development of numbers of foreigners in the Czech Republic according to their level of qualification we can receive by the distribution in three groups of CZ-ISCO. In the first three groups of CZ-ISCO, which include skilled labour, was registered 55 724 foreigners, in classes 4 - 8 with semi-skilled labour was 110 576 and in the 9th class (unskilled labour) was 51 408 foreigners. If we compare the number of foreigners in each class in 2011 and 2008, we find that the number of foreigners in classes 1-3 increased (an increase of 9710 foreigners, as there was 46 014 in 2008) and that the number of foreigners in classes 4-8 decreased (about 32 547 foreigners, as there was 143 123 in 2008). Significantly decreased the number of foreigners registered in the 9th class: their number decreased from 94 905 in 2008 to 51 408 in 2011 (a decrease of 43 497 foreigners).

Special information we shall receive by the comparison of the representation of foreigners in different classes according to their country of origin. While the employment of citizens of the EU are mostly within those classes, which include skilled labour and semi-skilled labour, employment of citizens of countries outside the EU falls mainly into classes, which include unskilled labour and semi-skilled labour. It is clear that the socio-economic level of the country of origin is a factor that significantly affects the status of foreigners in the labour market in the Czech Republic: the people from developed countries rather migrate to the primary labour market and people from less developed countries in the secondary and tertiary sectors of the labour market. For foreigners working in secondary and tertiary sectors of the labour market is typical a lower reservation wage (Trbola, Rákoczyová, 2010). Most foreigners are working in places with no or low levels of required education with a corresponding lower average wage.

3 Foreigners and their education in the Czech Republic

Foreigners in the Czech Republic enjoy the same rights and duties in education as the Czech citizens do in the area of basic, secondary, and university education. In general it is evident that the higher the level of education of young people, the lower their average unemployment rate (Pavelka, 2011). Support for the education of foreigners is due to the growth in the number of immigrants more than desirable.

Foreigners account for 1.8 % of pupils in basic schools in the Czech Republic. They are mostly citizens of the Ukraine (23.7 %), Vietnam (19.9 %), Slovakia (22.1 %), and Russian Federation (8.7 %). In 2012/2013 more than 14 thousands foreigners (14 551) were studying at basic schools, which was by 10 % more than in 2003/2004 (Table 6).

Tab. 6: Foreigners at basic and secondary schools, 2012/2013

Citizenship	Nursery schools	Basic schools	Secondary schools
Total	354 340	807 950	470 725
Czech Republic	348 906	793 399	461 701
EU 27	1391	4471	2041
Russian Federation	385	1266	1014
Ukraine	1237	3422	2131
Viet-Nam	1540	2763	2309

Source: own elaboration according to the CSO CR

As far as secondary education, the share of foreigners is also 1.8 %. They are, as in the case of basic schools, especially citizens of Vietnam (26.4 %), the Ukraine (24.2 %), Slovakia

(17.3 %), and the Russian Federation (10.2 %). In 2012/2013 more than 9 thousands foreigners (9024) were studying at basic schools, which was by 150 % more than in 2003/2004. They study mostly at grammar schools and in economic fields of education.

Most foreigners study at the universities (Table 7). The number of foreigners attending universities and colleges in the Czech Republic is four times higher than ten years ago. While private and public Czech universities had more than 17 thousand foreign students in 2003/2004, in 2013/2014 it was close to 41 thousand who study at 26 public and 45 private colleges and universities. The highest number of foreigners study at Charles University in Prague (7275) and at Masaryk University in Brno (6618), especially medical and pharmaceutical science; the University of Economics in Prague has over 3 thousand foreign students. Among the foreigners, the strongest interest is seen in economic science, followed by technical science, medicine and health care and humanities.

The biggest number of foreign students comes from Slovakia, followed by students from the former Soviet Union. There are 2545 students from Russia, 1456 students from the Ukraine, 510 students from Belarus, and even 805 students from Kazakhstan. 728 students are from Vietnam. Foreign students choose courses taught either in Czech or in foreign languages. For example, the University of Economics in Prague offers nearly 30 branches of study, accredited in English as well, and one of them is also offered in Russian. However, artistic disciplines are taught in foreign languages as well – both in the branch of playing musical instruments or in the field of arts.

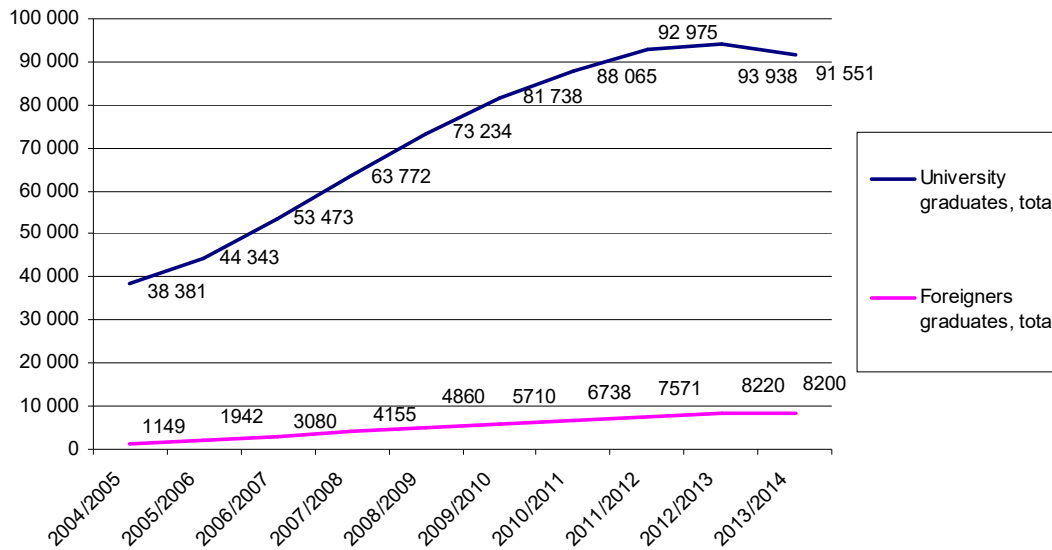
Tab. 7: University students - foreigners by citizenship in years 2004 – 2013

Year	total / EU		selected countries		
	Foreigners, total	EU countries EU27	Russian Federation	Ukraine	Viet-Nam
2004/2005	17 086	12 966	543	535	305
2005/2006	20 882	16 073	740	627	363
2006/2007	23 879	18 160	1 031	704	545
2007/2008	27 059	20 289	1340	821	608
2008/2009	30 146	22 485	1727	1020	632
2009/2010	34 472	25 182	2256	1368	713
2010/2011	37 557	27 389	2549	1466	724
2011/2012	38 820	27 738	2858	1636	766
2012/2013	39 696	27 294	3408	1782	903
2013/2014	40 836	26 839	4312	2019	1045

Source: own elaboration according to the CSO CR

Of the total number of public and private university students (368 331), 11,1% (i.e. 40 836 students) were foreigners and of the total number of university graduates, 9 % (i.e. 8200 graduates) were foreigners in the academic year 2013/2014. Since 2004, the share of foreign graduates grew from 3 to 9 % (Figure 2). Most of the foreigner students at the universities were from Slovakia (57 %), 11 % were from Russian Federation, 5 % from Ukraine and 3 % from Viet-Nam and Kazakhstan.

Fig. 2: University graduates in years 2004 – 2013



Source: own elaboration according to the CSO CR

Conclusion

The number of economically active foreigners and the structure of their qualification are significantly influenced by legal changes and by the economic development of the country. As a consequence of the enlargement of the EU in 2004 growing demand for skilled workers was noticed and Czech Republic actively attempts to recruit qualified foreigners by several immigration programmes. However most foreigners are working in places with no or low levels of required education with a corresponding lower average wage. Once the economy of the Czech Republic recovers, it is obvious to expect a reinforcement of the efforts of Czech legal authorities to attract qualified foreigners. Very positive feature is the growing number of foreign students at secondary schools and at the universities. The time has come to review the suspension of the project "Selection of Qualified Foreign Workers", which provided favorable conditions to foreign graduates of Czech secondary schools and universities.

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