

Economic migrants in the Czech segmented labour market: Covid-19 as a magnifying glass

Olga Gheorghiev

Department of Gender and Sociology,

Institute of Sociology of the Czech Academy of Sciences, Prague, Czech Republic

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Abstract

Purpose – This study examines Covid-19-related policies as a showcase for priorities in migration governance, the role of the state and employers' associations, as well as gaps in social security and social protection.

Design/methodology/approach – This paper looks at how immigration interacts with the labour market in the Czech Republic through the prism of the varieties of capitalism framework and its relation to the concepts of labour market segmentation and flexibility.

Findings – The findings show that pandemic-related measures focused on continuously adjusting a legislative framework granting access to third-country workers. However, protective measures that would guarantee migrant workers and their families access to social rights, such as healthcare, were lacking. In this context, several lines of segmentation are observed: between migrant workers in standard employment and those in non-standard employment, when looking at their access to healthcare; between migrants hired directly by employers and those working through temporary agencies in terms of their wages, stability and protection; and, at a sectoral level, between the skilled workforce and migrants that are pushed to low-qualified poorly paid, and routinised jobs.

Originality/value – This paper expands the existing literature on the preferences and influence of governments, employers and trade unions regarding the demand for foreign labour in varieties of capitalism by adding the perspective of a Central European economic model. At the same time, its findings contribute to the understanding that labour market inequalities are not fostered on the supply side of migrant labour, through exogenous societal or cultural characteristics specific to countries of origin, but rather through institutionalised measures, practices and policies in countries of destination.

Keywords Labour migration, Covid-19, Healthcare, Migration policies

Paper type Research paper

Introduction

The demand for immigrant labour and ways in which inequalities in the labour market are mitigated or proliferated by national structures strongly depend on national economic models and consequent approaches to employment protection and labour flexibility. Following this logic, this paper traces the vulnerabilities of economic migrants in the Czech Republic to the country's specific institutional arrangements and variety of capitalism. For this purpose, the paper examines migration measures adopted in reaction to the Covid-19 pandemic as a showcase for priorities in migration governance, the role of the state and employers' associations, as well as gaps in social security and social protection.

Sociological contributions on the flux of labour migrants following the East-West trajectory have been primarily and extensively focused on the dynamics resulting from the accession of the



A8 states (Poland, Czech Republic, Latvia, Lithuania, Slovakia, Slovenia, Hungary and Estonia) to the European Union. These studies covered a vast array of topics related to East-West labour migration within the European Union, with attention given to issues such as experiences, networks, and social forms of migration (Smith and Favell, 2006), questions of migration management, labour market integration or social dumping (Favell, 2005; Bernaciak, 2014). When looking at the Czech Republic as a country of destination, similar dynamics can be observed, with concerns of social dumping forming in relation to what some might call the new face of East-West migration. This refers to a situation in which Central European countries experience urgent labour shortages and increasingly turn to Eastern European neighbourhood countries for the workforce (Favell, 2015; Fedjuk and Kindler, 2016). The paper aims to expand the existing literature on the preferences and influence of governments, employers and trade unions regarding the demand for foreign labour in varieties of capitalism (VoC) by adding the perspective of a Central European economic model.

As Maroukis (2016) shows in his paper on labour segmentation in Greece, situations of crisis represent a unique opportunity to raise debates on “shortened and insecure work frames of flexible organisation of production” and focus on systems and institutional frameworks that disproportionately concentrate migrant workforce in jobs characterised by hyperflexible and insecure work arrangements (Maroukis, 2016, p. 180). Indeed, the Covid-19 pandemic acted as a magnifying glass for gaps in social security, social protection and migration governance. In relation to labour market segmentation, important contributions highlighted the impacts of the pandemic on informal employment where, given its position outside the legislative framework, access to social rights is particularly limited (Spasova *et al.*, 2021). While growing evidence points to the vulnerability of workers who find themselves outside employment and tax regulations, little is understood about migrant workers whose precarity does not stem from activating in the informal economy, but quite the opposite; their precarious work arrangements are perfectly located within national institutional frameworks and maintained through legislation, state policies and, more recently, measures resulting from the pandemic. This paper aims to cover this gap by looking into the role of national regulations in perpetuating the vulnerability of migrant workers and segmentation that was put squarely in the spotlight by the exceptional and unpredictable context of the Covid-19 pandemic. When looking at causes of labour market segmentation, the role of the state is typically linked to over-protection and employment rigidities, in particular in coordinated market economies. This paper argues that, in the Czech Republic, the role of the state is rather different: first, to provide a legislative framework that grants access to the migrant workforce beyond intra-EU mobility and, second, in a context defined by increased regulations and restrictions in reaction to the pandemic, to ensure enough deregulation in the “migrant section” of the labour market so that the supply of workforce remained unaffected.

The paper first focuses on a theoretical framework that outlines the interaction between VoC and the demand for foreign labour and describes the particularities of a dependent market ideal type. Next, the paper critically examines the role of migration in the Czech labour market, identifying both similarities and differences when compared to liberal and coordinated market economies. Finally, the paper analyses pandemic-related measures in two main areas of governmental action: access to foreign labour under restrictive travel rules and migrants’ access to public healthcare. The paper concludes by discussing and problematising the main findings.

Theoretical considerations

Specific institutional arrangements largely shape interests, preferences, and the influence of governments, employers, and trade unions regarding the demand for foreign labour (Afonso and Devitt, 2016). VoC (Hall and Soskice, 2001) proved to be an important analytical tool when approaching the relation between specific economic models, the demand for foreign labour

and the role played by various stakeholders. For example, [Ruhs \(2018\)](#) looked at how immigration policies vary across liberal (LMEs) and coordinated market economies (CMEs) in high-income countries and argued that, compared to CMEs, immigration policies in LMEs are less concerned with migrant workers' self-sufficiency, while simultaneously restricting their access to social rights after their admission to the labour market ([Ruhs, 2018](#)). In a more specific example, [Menz \(2011\)](#) analyses how employers' interests reflect the systems of political economy that they are subject to. In Germany, a prime example of a CME, there is little interest in unskilled migrants, given the country's insignificant reliance on a low-skilled service sector. In these cases, low-skilled migration would even prove costly for employers, given the lack of synergy with an economic model that builds on sector-specific, highly qualified vocational training. LMEs, represented by the UK in Menz's study, have a higher capacity to accommodate migrant labour given their flexibility-oriented production strategies and focus on generalist training. Employers in LMEs are more incentivised to demand migrant labour from both high- and low-skill pools. These demands are strongly influenced by an employment climate characterised by high flexibility and staff fluctuation, rapidly shifting production demands and weak industry associations capable of leading collaborative training programmes.

While specificities of the national political economy are strong predictors for the demand and openness of national labour markets to foreign workers, the availability of migrant workers necessarily shapes the institutional embeddedness of labour markets ([Devitt, 2010](#)). The effects described in the literature are liberalisation when institutions delegate control and decision power to market forces, or the segmentation of the labour market. As explained by [Piore \(1979\)](#) in his theory on dualism, segmentation results from the uncertainty inherent to economic activity that leads to unstable employment and incentives to keep labour costs fixed and low by recruiting transient workers in the second tier of the labour market. The theory also assumes that migrant workers are generally more willing than natives to take jobs with lower wages and unstable working conditions and, as a consequence, are more likely to act as shock absorbers in periods of crisis.

Pressures for liberalisation tend to be more pronounced in LMEs, given the strong market competition and focus on short-term returns. This implies weaker employment protection laws and a less significant role played by institutional actors, such as employer associations and unions, leaving decisions regarding training or skills to firms ([Wright, 2012](#)). This process generally undermines institutional protection for all workers. In CMEs, dualisation or segmentation presents itself as a solution for access to cheap and flexible labour while maintaining high standards of labour protection.

The VoC framework has been used primarily for the study of political economy in countries like the United States and Japan, as well as in Western and Northern Europe. There are, however, some important attempts to extend and adapt the framework to CEE countries. While there are important differences between the economic models among European post-communist countries, attempts at conceptualising an ideal type within the VoC framework focus primarily on the process of transition to a market economy that all these states experienced. In this context, a distinct type of capitalism is suggested – the dependent market economy (DME) ([Nölke and Vliegenthart, 2009](#)). DMEs rely on comparative advantages that draw on skilled, cheap labour, which is in a mutually reinforcing relationship with foreign direct investment (FDI), in particular from transnational enterprises. The critical dependence on foreign capital in DMEs may lead to an institutional design that prioritises the interests of transnational corporations, especially in a post-communist environment lacking a strong domestic middle class that could challenge such a setting ([Eyal et al., 1998](#)).

However, the impact of FDI on industrial relations, labour strength and employment relationships is not straightforward. In fact, [Drahokoupil and Myant \(2016\)](#) argue that, in the Czech Republic, labour flexibilisation was a result of neoliberal ideas cultivated primarily by

domestic high-income firms and business groups and that multinational corporations were more likely to accept existing institutional frameworks and practices in terms of labour protection in exchange for access to lower wage levels compared to Western Europe. In other words, in the Czech Republic, economic dependency was not conditioned by institutional dependency. This granted some level of continuity in trade union influence and the persistence of certain elements of employee protection. Therefore, employment liberalisation and flexibility were still constrained by collective agreements on national minimum wage and overtime levels, all negotiated with the participation of trade unions. [Kohl and Platzer \(2007\)](#) identify, nevertheless, important shortcomings when it comes to the implementation of employment protection and legal standards due to a weaker capacity for control, enforcement and administration of the labour code. In terms of national industrial relations systems, the authors identify specific “statist” features that compensate for social partners’ insufficient capacity for self-regulation. Through a range of tripartite institutions, the state plays a central role in industrial institutional arrangements, which translates into social partners’ strong dependency on the use of legal provisions when facing urgent tasks ([Drahokoupil and Myant, 2016](#)). In other words, without the involvement and participation of the state and given the weak, self-regulatory capacity of autonomous social partner organisations, the latter remain unable to enforce effective means of control and resistance.

Other contributions remain critical of employing the VoC framework in the analysis of post-socialist political economies. [Myant \(2003\)](#), for example, cites the weak relevance and influence of domestic forces such as banks, the stock market, Czech-owned enterprises and trade unions. The author, therefore, does not find any institutional configurations or any particular coexistence of institutional elements resembling any of the VoC ideal types. However, in line with the suggested DME type, [Myant \(2003\)](#) acknowledges the remarkable degree of internationalisation and FDI dependence as central to the competitiveness of the Czech economic model. At the same time, the author notes that much of this investment was directed at low-skill activities and low-productivity sectors and is thus reliant on low labour costs.

The remarkable job growth generated by the investment-promotion machine ([Drahokoupil, 2008](#)) created record-low unemployment rates that the country has been struggling with for the past decade. This resulted in an increasing reliance on foreign workforce and in the development of an institutional environment designed to incentivise its flow.

Methodology

This study uses interpretive content analysis ([Drisko and Maschi, 2016](#)) and a deductive approach that focuses on both manifest and latent content. The main source of the data interpreted was official documents released in connection to migration governance during the pandemic such as legislative records, bills and their marked-up drafts, reaction notes from advocacy groups, annual reports, transcripts of debates in the Czech parliament and press releases. The majority of analysed documents were publicly available on the Czech government’s website, which has a section dedicated to pandemic-related measures. In addition to that, the Consortium of Organisations Working with Migrants provided the author with drafts of bills and the Consortium’s reaction notes to draft amendments, which they sent to senators and members of parliament. The Consortium represents 15 non-governmental organisations dealing with the migration and integration of foreigners in the Czech Republic. It initiates communication between politicians, officials, educational institutions, academic experts, and foreign NGOs, organises debates with representatives of various interest groups, educational workshops for representatives of the state, municipalities and regions, and publishes comments and analyses on draft European and Czech legislation.

Finally, this paper examined various quantitative datasets on migration and migrants' access to employment and healthcare during the pandemic. The quantitative data used is made available to the public by the Czech Office of Statistics, the Ministry of Internal Affairs and the Ministry of Labour and Social Affairs.

Migration and the Czech labour market

As of 31 December 2021, over 660,000 foreigners were registered with a residence permit in the Czech Republic [1]. The predominant group, with a share of 66%, consists of citizens of third countries, mainly citizens of Ukraine, Vietnam and Russia [2]. Despite the persistence of the Covid-19 pandemic, in the last three years, the number of registered foreigners increased by almost 100,000, with a year-on-year increase of 4.1% in 2021. Labour migration was a major contributor to the growing number of foreigners as economic activities were the reason for granting long-term residence permits to 64% of newly arrived foreigners [3].

The country's migration strategy relies on specific governmental programmes that direct migrants to sectors lacking workforce the most, such as manufacturing, which often consists of low-paid/low-qualified job positions. A total of four government-approved migration programmes have been designed [4] and limited to specific countries and based on quotas for applications. The "Highly Skilled Employee" and "Key and Scientific Staff" programmes are aimed at highly qualified workers, of which fewer than 3,000 came to the Czech Republic in 2021. On the other hand, the "Skilled Employee" and "Exceptional Work Visas for Ukrainian Nationals Working in Agriculture, Food Processing or Forestry" programmes are aimed at a medium to the low-qualified labour force. The "Skilled Employee" programme represents the most common basis for issued work permits. A quota of 40,000 visas per year was, before February 2022, reserved for workers from Ukraine, followed by the Philippines (2,000 visas), Belarus (1,900 visas), Serbia and Montenegro (1,900 visas), Moldova (1,000 visas), Mongolia (1,000 visas), India (600 visas) and Kazakhstan (500 visas). In 2021, the total capacity of this programme was set at 50,000 applications per year. The programme was designed for companies employing the medium to low-skilled employees, i.e. foreigners working in occupation classes 4–8 according to the main CZ-ISCO, e.g. drivers, welders, seamstresses, butchers, assembly workers, workers in the automotive and chemical industries, etc.

In October 2020, despite the pandemic, the Czech Republic experienced a labour shortage with 337,453 officially announced job vacancies. Of these, 80% were made available to workers from third countries, with a focus on jobs requiring only minimal qualifications. For 57.7% of the available jobs, employers asked only for primary education (Ministry of Industry and Commerce, 2020), and over 30% of available vacancies belonged to the occupational category of plant and machine operators and assemblers (ibid.). Table 1 illustrates the rapid increase in the number of work visas issued in recent years, which was only insignificantly slowed down by the pandemic.

Despite certain scholarly scepticism when it comes to applying the VoC framework to the Czech Republic (Myant, 2003), important parallels with LME and CME ideal types should be noted when focusing on employment protection for economic migrants. In formal and legal terms, employment protection standards may resemble some elements of the CME model, through minimum wage guarantees, entitlement to holidays, and maximum permissible working hours and overtime. In a context in which cheap labour remains a fundamental competitive advantage, access to migrant labour may result in a situation more similar to CMEs, where native workers find themselves in a segment somewhat protected by institutionally embedded labour standards. At the same time, labour is kept cheap due to a growing segment of the hyperflexible, primarily migrant, workforce.

The reality in the workplace, however, closely resembles the labour hyperflexibility typical of LMEs. Firstly, this is the effect of significant shortcomings in labour law

Foreign employment	2015	2016	2017	2018	2019	2020	2021
EU/EEA	245,333	284,148	330,530	366,624	383,736	390,058	401,376
Third countries (with other than work visas)	61,060	76,046	101,489	124,674	141,068	144,316	154,690
Based on work visas including	16,851	22,695	40,335	77,378	97,066	109,790	145,764
Work permits (short-term visas)	7,380	8,008	15,162	31,495	37,127	37,193	41,710
Green cards*	109	39	7	x	x	x	x
Blue cards (highly qualified employees)	224	257	413	590	730	838	1,340
Employment cards (mid- to low-qualified employees)	9,138	14,391	24,753	45,293	59,209	71,759	102,714
Total	323,244	382,889	472,354	568,676	621,870	644,164	701,830

Table 1. Foreign employment in the Czech Republic between 2015 and 2021

Source(s): Ministry of Labour and Social Affairs, *the green cards were replaced in 2018 by employment cards

enforcement mechanisms (Kohl and Platzer, 2007). Secondly, the established foundations for the collective representation of employee interests and trade union influence fail in practice due to low union density in companies (Čaněk, 2017) and the generally deregulated, individualised approach characteristic of the business sector (Glassner, 2013; Dražokoupil *et al.*, 2015).

By international standards, the Czech Republic has a high level of labour market flexibility evidenced by the proportion of “nonstandard” employment relationships, in particular part-time jobs, fixed-term contracts and self-employment. Another associated form of work is “fake” self-employment, where workers are tied to a single company like standard employees; however, the relationship is established through individual negotiation and does not provide access to the kind of protection stipulated by the labour code. This method of pushing standard employees, including migrant workers, to fall under the jurisdiction of commercial law rather than the labour code is a particularly widespread phenomenon, which became known as the “švarc systém” (Strielkowski, 2013).

Employment flexibility is also the result of a general trend towards the commercialisation of migration governance (Groutsis *et al.*, 2015), wherein commercially driven subjects gain an important role and authority in organising migration flows. While Czech employers can directly access the migrant workforce through governmental programmes, the remaining unexhausted quota of applications is made available to commercial entities such as temporary agencies. Their increasingly important role in the labour market came as a result of a 2017 amendment in which temporary agencies were granted permission to hire and supply third-country national workers to Czech employers (Hospodářské, 2017). Furthermore, the Czech Republic’s largest association of employers strongly and successfully lobbied against a Ministry of Labour and Social Affairs initiative to limit the proportion of temporary workers to 10% of a particular employer’s entire staff (Hospodářské, 2021). Allowing temporary agencies to participate in the organisation of migrant labour was meant to mitigate the country’s urgent lack of workforce through increased flexibility in employment procedures. Currently, a significant number of Czech employers are outsourcing their workforce from over 2,000 temporary agencies active in the country (Hospodářské, 2021), with about 600 new applications for licences being received every year over the past three years. As of 2021, about 70,000 foreign workers in the Czech Republic were hired through temporary agencies. It has already been well documented that temporary agency work contributes to uneven worker protection and bargaining power, and inadequate access to information on rights and obligations, in particular for third-country

nationals (Jahn and Pozzoli, 2013; Countouris *et al.*, 2016; Wright *et al.*, 2016) – and the Czech Republic is not an exception in this regard. Czech labour inspection offices regularly register violations in the activities of temporary and recruitment agencies, with most common violations being operating without a licence or on the basis of invalid employment contracts, as well as failing to pay wages in the correct amount or wage supplements. Violations have primarily been identified in relation to economic activities in construction, manufacturing, and wholesale and retail trade (Ministry of Interior, 2021). For migrant workers, temporary employment is therefore not only a factor of employment flexibilisation but also of segmentation. Migrant workers hired through temporary agencies are not merely dealing with employment instability that engenders the uncertainty of their legal status, but also with an opaque system for claiming basic social and employment protection.

Impacts of the pandemic on migration policy

The analysis of migration-related policies in reaction to the pandemic point to the state's focus on ensuring support for the business sector in the form of necessary legislative steps that would permit a continuous flow of cheap workforce. In contrast, measures regarding economic migrants' access to social rights were far less determined. The pandemic acted as a magnifying glass for priorities in migration policies, with state measures focused on two main areas: the employment of migrant workers and their access to healthcare.

Labour market-directed measures

On 12 March 2020, the Czech Republic declared a state of emergency in reaction to the Covid-19 pandemic. As a consequence, all governmental economic migration programmes were suspended with immediate effect. However, third-country nationals who were legally in the country when the state of emergency was announced were allowed to remain on Czech territory for its entire duration, regardless of how their residence status changed over that time. The Czech government also communicated to employers that they could continue employing third-country workers whose work permits expired during the state of emergency, including agency workers. Resolution 248 of 18 March 2020 extended, for up to 60 days from the end of the state of emergency, the validity of all employment permits and short-term Schengen employment visas that would otherwise expire. However, that was subject to the employer agreeing with the employee to extend the employment relationship for this period and was therefore applicable only to workers that managed to keep their jobs or find new employment within that time (Confederation of Industry, 2020).

Measures taken in reaction to the pandemic went hand-in-hand with inventive adjustments that minimised the impact of restrictions on employers' access to the foreign labour force, including both workers from abroad and migrants already present in the country. In order to increase flexibility in third-country workers' transitions between jobs, the 267 Resolution of 19 March modified the otherwise applicable six-month limitation for changing employers [5]. In a press release entitled "How to lend foreign workers from third countries under the current state of emergency" (Confederation of Industry, 2020), the Confederation of Industry of the Czech Republic informed its members on how to connect companies that had to remove certain positions with companies that were lacking workforce due to the interruption of the economic migration programmes and closed borders. Following consultations at the government level, the recommendation was made to use a mechanism defined by Section 42g(7) of the Act on the Residence of Aliens, whereby it is possible to use an unpaid leave of absence with a current employer for a period of work in another position. The Ministry of the Interior, in cooperation with other ministries, created and published detailed information on its website regarding options for an accelerated exchange of migrant workers between companies.

As the state of emergency approached its end on 17 May 2020, it was announced that third-country workers whose work permits expired or were annulled due to loss of employment were obliged to leave the territory of the Czech Republic no later than 17 July 2020. At the same time, as part of a gradual relaxation of restrictive measures and in reaction to repeated requests from the Confederation of Industry, the Czech government adopted a new resolution in May based on which the country would open its borders to select categories of workers from third countries. These included seasonal workers, mainly in agriculture, key personnel and their family members, as well as health and social services workers and their family members. In a communication addressed to the Confederation of Industry, the Ministry of Industry and Commerce specified that the only barriers standing against issuing permits for all sectors are measures and decisions taken “at the European level”, which the Czech government “unfortunately cannot appeal” (Confederation of Industry, 2020).

The “Skilled Worker” programme, which had the largest applications quota of all such programmes, was fully restored on 15 June 2020 for Ukraine, Mongolia, Serbia, Montenegro and Kazakhstan. From 1 August 2020, the “Key and Scientific Personnel” and “Highly Skilled Worker” programmes were restored, while the “Skilled Worker” programme was broadened to include workers from Belarus and the Philippines.

The amount of time that migrants were allowed to stay in the country during the pandemic was exclusively conditioned by their employability. Foreign workers who concluded a work contract with an expiry date between 12 March and 16 November 2020 could continue to work in the Czech Republic until 16 November 2020, after which they had to leave the territory. This final deadline essentially concluded government measures addressing the migration of third-country workers to the Czech Republic. Over the next year, daily capacities for visa processing gradually increased and exceeded pre-pandemic quotas (Ministry of Industry and Commerce, 2020).

Table 2 points to the fact that the monthly increase in incoming migrant workers was barely affected by the pandemic, largely as a result of the state’s effort to diminish the impact of restrictive measures on the employment of migrant workers from third countries. In March 2021, a year after the first state of emergency was announced, the Ministry of Industry and Commerce announced an additional increase in the yearly quotas for employment cards issued to migrant workers from Belarus from 800 to 1,900 and from the Philippines from 1,000 to 2,000. The quota set for Ukrainian workers for 2021 was 40,000.

The attention given to ensuring access to foreign employees surpassed the efforts towards ensuring the latter’s access to social rights, a situation that the pandemic only exacerbated. In a list of recommendations to employers of third-country nationals released at the beginning of the pandemic, the Ministry of Labour and Social Affairs instructed employers to help foreign employees whose jobs were under threat and stated that employers who “fail to assist foreigners they lay off during a state of emergency, fail to provide foreign workers with the

	Work permits	Short-term employment	Including Seasonal employment
February	19,851	19,225	301
March	15,554	14,997	268
April	5,241	4,533	81
May	3,994	3,384	358
June	16,902	13,830	2,764
July	18,923	12,943	5,541
August	17,576	11,831	6,279

Source(s): Ministry of Labour and Social Affairs

Table 2.
Issued work permits
in 2020

same treatment as Czech workers or take advantage of the vulnerable position of foreign workers, will be excluded from government-approved migration programmes” (Ministry of Labour and Social Affairs, 2020). At the same time, the extent to which support was provided was left at the discretion of employers, and, while there were measures in support of workers that migrants with permanent residence could access, measures tackling issues specific to workers with a less stable legal status were lacking. The lockdown froze administrative procedures related to family reunification, buses of migrant workers were stuck at borders between European member states for days, while those that lived far away, such as Mongol workers, were not able to return due to the cancellation of flights (Novinky, 2020). The situation of economic migrants strongly depended on whether they were employed directly or were working through a temporary agency. Although many still lost their jobs or faced pay cuts, migrants hired directly by the employer were more likely to keep their jobs given different governmental support schemes that employers were eligible for. At the same time, although agencies were eligible for financial assistance from the government, those operating without a licence or that made use of problematic employment contracts could not access such support and their workers had to return home. This, however, caused another significant issue: as salaries are paid retrospectively, many workers who returned home were left with the promise that the money for their last worked month would be wired to their home country. In reality, based on testimonies from interviews with migrants, numerous agencies failed to do so, taking advantage of the workers’ absence and cutting all contact [6]. While not the main cause, the pandemic intensified migrant workers’ vulnerabilities, and even those that managed to remain employed as a result of new regulations were still faced with problems such as long working hours, difficult legal procedures in their paths to permanent residence or family reunification, inaccessible accommodation, and, as explained below, limited access to healthcare.

Healthcare measures

Research on migrants’ transnational healthcare practices points to rather low engagement with healthcare systems in destination countries, counterbalanced by relatively more significant use of healthcare services in home countries (Stan, 2015). Indeed, in the Czech Republic, only 40% of migrants are registered with a general practitioner (Leontiyeva *et al.*, 2018). The reasons behind this tendency vary and can relate to language barriers, trusted relationships with doctors and facilities in home countries, as well as structural barriers in destination countries (Ibidem). The latter was well illustrated during the pandemic.

Two mutually exclusive systems grant foreigners access to healthcare in the Czech Republic: the public health insurance system and contractual (commercial, private) health insurance. Participation in the public health insurance system is governed by state social security and is compulsory for anyone eligible, whether they are a citizen of the Czech Republic or a foreigner. The system is based on societal solidarity between the healthy and the wealthy on the one hand and the sick and poor on the other. Eligible foreigners are those with permanent residence in the Czech Republic, those who are employees of an employer established in the Czech Republic, or those registered under the Asylum Act.

All foreigners who are not covered by the public health insurance system are obliged by the Act on the Residence of Foreigners to have contractual health insurance. This primarily concerns the self-employed [7], economically inactive family members, or students.

Commercial insurance generally covers a significantly narrower range of services when compared to public health insurance. Insurers are entitled to exclude clients with certain types of disease or clients with pre-existing conditions from coverage, and can make the duration of insurance contracts dependent on the foreigner’s residence permit. Furthermore, private insurance companies offer unfavourable payment terms: premiums for the entire duration of the insurance contract are paid in advance. The so-called unused premiums are

not refunded if a foreigner becomes eligible for public health insurance. In particular, costs for children and elderly persons are considerably higher than they would be under the public healthcare system (Hnilicová *et al.*, 2012).

Despite high premiums, insurance terms and conditions and their associated caveats often mean foreigners still have to pay for expensive healthcare themselves or are forced into debt with hospitals, which, in the most serious cases, is eventually covered by the Czech state. Consequently, a number of medical facilities in the Czech Republic refuse to accept patients with commercial insurance. For foreigners, this results in amassed debts to hospitals, denied healthcare or the previously mentioned practice of using healthcare services in their home countries. Commercial insurance, therefore, serves little purpose beyond being a requisite piece of documentation for a visa application. The Covid-19 pandemic and the closure of borders significantly complicated migrants' transnational healthcare practices and the issue of commercial insurance again gained significant attention.

In October 2020, the Czech Consortium of Organisations Working with Migrants addressed the government with this issue and supported a petition on the inclusion of migrant children in the public healthcare system [8]. In response to that, a new bill was presented to the Chamber of Deputies in the autumn of 2020 and passed the third reading on 2 June 2021. Unlike what the Consortium initially suggested, the bill granted a five-year monopoly on the provision of commercial insurance for foreigners to the commercial insurer PVZP, a subsidiary of the public insurer VZP. The bill also stipulated the inclusion of migrants' newborns in the public health insurance system until they reach the age of 60 days, which was meant to cover most of the costs incurred in the event of complications related to childbirth. The approved bill went to the Senate on 15 June 2021 and was discussed by the Committee on Foreign Affairs, the Committee on Health and the Committee on Constitutional Law. The Senate approved two modifications to the proposed bill: the removal of PVZP's newly gained monopoly and access to public health insurance for all children of foreigners with a long-term residence permit. The new version of the bill was returned to the Chamber of Deputies, which debated the amendment on 13 July 2021, voted against the Senate's proposals and pushed through the original version of the bill, therefore sealing PVZP's monopoly and the requirement for migrant children, except newborns, to have commercial health insurance.

Given that, despite criticism from the Office for the Protection of Competition and the Czech National Bank, PVZP's monopoly replaced a system in which foreigners could choose from several private insurers that were competing for clients, premiums were expected to increase and the conditions clients were required to meet were expected to become even less advantageous. Figure 1 shows the differences in insurance premiums between one commercial insurer before the amendment and the private insurer PVZP after the amendment. Prices have also gone up because PVZP cancelled the discounts it previously offered (Idnes, 2022).

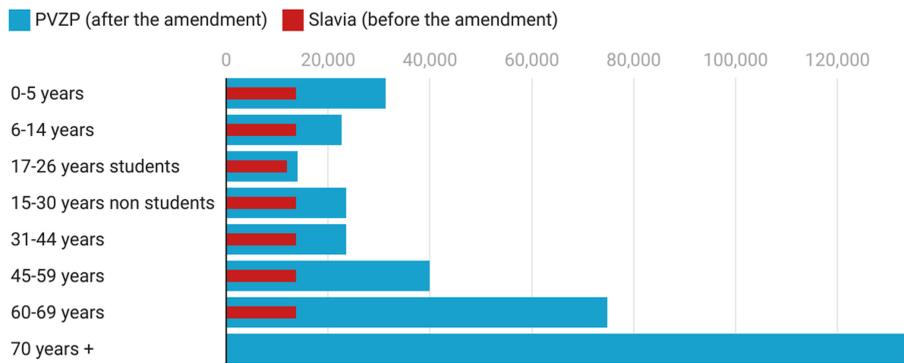
As a result of a significant increase in premiums across all age categories, the Consortium predicts the separation of migrant families unable to face the costs, as well as an increase in the number of uninsured foreigners.

At the end of 2021, the Czech Association of Insurance Companies filed a complaint with the European Commission and described the decision as contrary to Czech constitutional and European law. A new government coalition formed following the November 2021 elections announced its intention to abolish PVZP's monopoly. The Senate sent an amendment to the law to MPs in the winter of 2022, which, as of the end of the same year, still had not been included on the Chamber of Deputies' agenda.

Concluding remarks

This paper examined inequalities and vulnerabilities faced by immigrant labour in the Czech Republic, contextualised by specific institutional arrangements and a national economic

Figure 1.
Differences in
premiums between
commercial insurance
companies (in Czech
crowns)



Created with Datawrapper

Source(s): Slavia and PVZP, created by the author

model. In this sense, the paper argues that the extraordinary conditions brought about by the Covid-19 pandemic and related reactionary protective measures highlighted particular features characteristic to DMEs that ultimately shape national migration policies, labour protection and migrant workers' access to social rights. These features stem from the significant dependence on cheap labour as a competitive advantage, urgent labour shortages, low trade union density and their generally weak influence, as well as the central role of the state and governmental action within the social dialogue.

Migration-related measures adopted during the pandemic point to Czech employers' access to cheap foreign labour being framed as a matter of national interest and state priority. Governmental action, therefore, hinged on designing, maintaining, and continuously adjusting an institutional and legislative framework granting access to a workforce from third countries. However, protective measures that would guarantee migrant workers and their families access to social rights, such as healthcare, were severely lacking, reflecting not only a poor ability to enforce labour protection standards, but a generally low preoccupation with migrant workers' rights among relevant institutions such as trade unions and, more importantly, the Czech government. The pandemic highlighted a narrative of migration governance that fails to recognise migrants' demands, interests or rights, and fails to provide policy support that looks beyond migrants' immediate employability.

In this sense, the pandemic foregrounded several lines of segmentation resulting from the variety of capitalism in the Czech Republic, its specific institutional arrangements and access to foreign labour: a division between migrant workers in standard employment and those not in standard employment when looking at their access to social security; between those hired directly by employers and those working through temporary agencies in terms of their wages and employment stability and protection; and, at a sectoral level, between a skilled workforce and migrants who are steered into low-qualified, poorly paid, routinised jobs that are at the centre of the Czech economic model.

The findings contribute to the understanding that labour market inequalities may not be fostered on the supply side of migrant labour, through exogenous societal or cultural characteristics specific to countries of origin, but rather through institutionalised measures, practices and policies in destination countries. These institutional practices and state policies contribute to the reproduction of inequalities through the construction of specific categories and groups of workers whose main characteristics become flexibility, temporariness, low wage and low skill. In this sense, [Rubery and Piasna \(2016, p. 10\)](#) claim that "labour supply itself is socially

constructed and influenced by institutional norms which can be changed if the labour supply is short, for example through changes to immigration rules, the retirement age, and childcare provisions". These constructed social groups are then collectively isolated and excluded from mechanisms of social support; the solidarity shown to them during the pandemic was defined by the extent to which they were employable and capable of attenuating the labour shortage crisis.

Notes

1. As of 2021, the Czech Republic has a population of 10.7m.
2. This includes foreign workers and their family members.
3. The country was little affected by the 2015 migration crisis, facing an insignificant number of asylum applications. For comparison, in 2019, the Czech government approved 9.6% of the 1,400 applications for international protection it received, while issuing almost 130,000 work visas for third-country nationals.
4. Following the full-scale Russian invasion in Ukraine, the Czech Republic suspended its visa agenda at Czech Embassies in Ukraine and the acceptance of applications for the inclusion of Ukrainian workers in economic migration programmes. Visa applications for inclusion in economic migration programmes have also been suspended for workers from Russia and Belarus.
5. In order to ensure a stable relationship between employers and the foreign employees they received through governmental programmes, from 2017, migrant workers that received a long-term work permit (up to two years) were not allowed to change their employer for the first six months of their visa.
6. The phenomenon became so widespread that it provoked a worker protest culminating in a hunger strike that attracted significant media attention.
7. In 2021, the Ministry of Internal Affairs registered a total of 102,422 foreign entrepreneurs with 138,346 registered trade licences. Among foreign entrepreneurs, the majority originated from Ukraine (25,662), Vietnam (20,584) and Slovakia (21,560). These three nationalities represent more than two-thirds of all foreign entrepreneurs.
8. The petition can be found under the name "Petice za vstup dětí všech pracujících v ČR do systému zdravotního pojištění".

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Corresponding author

Olga Gheorghiev can be contacted at: olga.gheorghiev@soc.cas.cz

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