

**Can Your Motherland Hurt Your Chances to Get a Job Abroad? A Field
Experiment on Labor Market Discrimination Against Legal Foreigners in the
Czech Republic**

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It is a well-known fact that looking for a job in a foreign country is a difficult task, even if having a legal work status and knowledge of the local language. But just how much difference does your country of origin make when looking for a job in a different country? How much smaller is the chance of landing a job for a legal alien than for a local citizen? And are all foreigners treated equally in that respect? Our field experiment in a small Central-European market – the Czech Republic – shows that a local worker has to send his professional resumé to 7 firms on average in order to get one job interview, while to achieve the same result, an equally or better qualified foreigner from a country with “good reputation” (e.g. Bulgaria) has to send his resumé to 16 firms, and a foreigner from a country with “bad reputation” (e.g. Russia or Ukraine) – to 44 firms. We also find that improving the credentials of a Czech worker raises their chances of getting an invitation for an interview, while improving the credentials of a legal alien brings no statistical difference. Finally, a local worker receives on average about 40% more answers to their application than a legal foreign national. We conclude that these results are in accordance with the Beckerian model of “taste-based discrimination” in the labor market.

One of the results of economic globalization is the free movement across borders of workers, looking for a better professional realization of their qualification and skills. More and more Western societies are facing the potentially serious economic diseases of low birth rates and shortage of both qualified workers, and they are solving the problem by opening their doors to immigrants from the East. The Czech Republic makes no exception in that respect, but qualified legal foreign workers, who have tried to find a job here, often report that this is an extremely difficult task compared to the attitude local qualified workers are facing. While this could be the result of a legislation requiring local firms to treat local and foreign workers unequally – what is known in as “labor market protectionism” – it could also be the result of discrimination, if such legislation is absent.

Labor discrimination is an elusive phenomenon, which can have a variety of possible explanations. Economic theory offers two possible reasons for discrimination in the labor market. One was defined in the 1960’s by Prof. Gary Becker from the University of Chicago as “taste-based” discrimination, or the unwillingness of employers to hire workers from a certain ethnic group (in his example, African-Americans) despite their objective professional qualities. Another possible explanation for what is popularly called discrimination – lower employment levels or lower wage levels for a certain category of people – could also be the inferior qualifications of the people in that category. So, which one of the two, if any, could help explain the difficulties and different attitudes qualified legal foreigners face in the Czech labor market?

Section I examines the legislation, which governs the labor market in the Czech Republic and analyzes labor protectionism and the differences in prescribed treatment of legal and illegal alien labor. It shows that firms are required to treat unequally a Czech candidate and a foreign candidate, whom the firm has to first hire and then sponsor for a work visa. However, there is no formal legal requirement for a firm to treat unequally a Czech candidate and a foreign candidate, who already possesses a work visa for a period beyond 12 months. Section II builds a simple experimental setup, in which professional resumés on behalf of Czech and foreign nationals from chosen countries are sent in response to real job openings. The resumés are designed in such a way that all essential qualifications – education, work experience, technical, language and computer skills – are identical, and the only difference is the country of origin, signaled by an easily recognizable name. Section

III summarizes the answers from the firms, and finds statistically big differences in the number of invitations for a job interview made to different candidates. Thus it concludes that, as the setup of the experiment excludes the possibility of statistical discrimination, based on differences in qualification, there could be two possible explanation for the differences in the number of invitations for an interview. One, that in reading the professional CV, employers take a foreign-sounding name as a signal for low qualification and professional skills, and disregard the candidate without bothering to get acquainted with their real knowledge and work history. And two - following Becker's insight - that Czech employers have a real dislike for dealing with foreigners from certain countries. I conclude by discussing positive and normative implications of these results for the Czech labor market.

This paper is closely related to two strands of research, one theoretical (e.g., Becker, Gary, 1961) and one empirical (e.g., Bertrand and Mullainathan, 2003). I shall point out specific relations as I proceed.

I. Labor and Immigration Legislation in the Czech Republic.

In analyzing current issues concerning labor relations and immigration in the Czech Republic, one has to be aware of the historical and economic background. Until Jan. 1st 1993, the Czech Republic was part of Czechoslovakia, which between 1947 and 1989 was forcefully kept in the Soviet sphere of influence. Socially and economically, this had two important implications. First, after World War II Czechoslovakia underwent a rapid industrialization, which made the Czechoslovak economy heavy industry-based, with the chief economic activities on the eve of the fall of the Iron Curtain in 1989 being enterprises like machine building, chemical industries, weapon manufacturing and coal-mining. Second, while economically Czechoslovakia was part of the Soviet block, where most of its foreign trade was going on, socially it was a closed society, which relied on close to 100% domestic labor for meeting the economic challenges of competitive manufacturing.

Being one of the most developed economies from the former Soviet block, and a front runner for joining the European Union in June 2004, the Czech society is currently facing big economic challenges because of the interplay of the above factors with two important modern phenomena – low birth rates (as in most developed Western countries) and the rapid transition from industry-based to service-based and

high-tech economies. Both factors have resulted, and will result even more so in the future, in a shortage of qualified labor. Current estimates put the shortage of qualified workers in the high-tech and service sectors at several thousands per year, with this number expected to double and triple in the years to come. Thus, legal immigration of qualified foreign workers becomes a cheap and efficient way to take care of a potentially very serious economic problem. Given the shortage mentioned, the Czech Republic has served as a magnet for workers from abroad, usually from Eastern Europe, with both high and low qualification, who kept arriving in the past decade to the Czech Republic, looking for a job.

After having to deal for years with the problem of illegal immigration from countries from Eastern Europe and the former Soviet Union, which has been perceived by society as the primary reason for the jump in criminality in the 1990s, the Czech institutions recently recognized the need for a government program for regulated legal immigration. In 2003 a law was passed which offers a quick naturalization (in 2.5 rather than 10 years) to qualified foreign nationals, who already work in the Czech Republic. For now the program is open to nationals of three countries only, Bulgaria, Croatia and Kazakhstan, but based on success, is bound to become open in the future to other nationals as well. However, a foreign national needs to have worked in the Czech Republic first, and the procedure for that is somewhat tricky. There are three ways to become legally employable: marry a Czech citizen, start a firm with a Czech citizen co-owner, or apply for a work visa in the Czech embassy in your country of origin. To get a work visa, one needs to have a job offer, and to get a job offer, one needs to have a work visa, but some of those, who don't have a Czech spouse, and don't have the initial capital to start a firm, manage to leave this vicious circle and enter the Czech Republic with a legal status. From that moment on, they face the big question: in a society suspicious to foreigners, just how much difference one's country of origin makes for potential employers, given one's objective qualifications?

This question can have a legal and a subjective answer. The legal one can follow from some kind of labor protectionism prescribed by local legislation. Specifically, legislation can force domestic companies to first look for a Czech candidate for a job opening, and then employ a legal alien only if no Czech candidate has applied for that job – no matter what the relative qualification of the candidates is. It turns out that domestic firms are forced to discriminate in that way only if the

aliens, who apply for the job opening, are ones without a legal status – or the ones, who have to receive a job offer first in order to apply for a work visa to the Czech consulate in their country of origin. However, if the aliens applying for the job opening already possess a work visa, there is no formal requirement for discrimination against them and protectionism of domestic labor. As far as the law is concerned, there is no reason for those two types of candidates to be treated unequally.

This fact is crucial in our experiment. If we can design a setup in which protectionism of domestic labor is absent, and statistical discrimination is also absent in that domestic and foreign workers do not differ in qualification, then any difference in the number of job offers must be attributed to taste-based, or subjective discrimination. What is left is to design the setup.

II. The Experiment.

In trying to design the appropriate model, I found out that the way discrimination is usually “detected” in the Czech Republic is by running a regression on a sample of workers, who differ in their ethnic origin, and pointing out differences in their wage. However, this kind of studies have the intrinsic problem that they oftentimes don’t control for multicollinearity between the explanatory variables. Specifically, differences in wages or in the number of job offers of different candidates can be the result from differences in education, years of experience, etc. It is very difficult to achieve the ideal case of “holding everything else equal”, when dealing with a random sample. Even when all relevant variables are included, the danger of variables like “years of schooling” being determined by variables like “race”, for example, is unavoidable. Thus, the effect of “race” on wages or number of job offers is contaminated. The remedy for this kind of problem is to not take a random sample, but actually create one.

This was the basic idea behind my experiment. First, I took real job openings, advertised in newspapers and Internet job search sites. One essential feature of the experiment is that I took only advertisements for job openings, which were written in English, or both in Czech and English, that is, positions, which seemed by conception open to both Czech and foreign nationals. As I wanted the experiment to be as broad as possible in terms of the kind of industries involved, I chose job openings in 5 kinds

of industries: finance and banking, general consulting, computers, engineering, and marketing and advertisement. All in all, 132 job openings were chosen during a period of 4 months, and the number of firms is approximately equally divided across industries.

The next step was to design the resumés so that all essential characteristics, apart from country of origin, would be identical. This was the most technically challenging part of the experiment, because, unlike other experiments of that kind (see Bertrand and Mulnihan) I didn't take already existing resumés from a job bank, but actually wrote them myself. First, I decided for a tangible number of candidates, whose resumés I would send to each firm, namely, three – one Czech, one Bulgarian and one Russian/Ukrainian. This choice was not accidental. Bulgarians are a large community in the Czech Republic (about 30,000), they have a relatively good reputation, and they are included in the pilot project for rapid naturalization, mentioned above. Ukrainians and Russians, on the other hand, also have a large representation in the Czech Republic (about 50,000), but are not included in the rapid naturalization program, and have a relatively bad reputation in the Czech society, due to the large number of crimes, attributed on a regular basis to Ukrainian and Russian nationals. Second, I designed fifteen different resumés (one for each national in each industry). Each resumé had four main categories: education, professional experience, language skills, computer and technical skills. I took specific care that the years and type of education, the years and type of experience, the age, the technical and computer skills, and other miscellaneous characteristics would be identical. Specifically, if one of the individuals was educated in a West European or US university, the others would be educated in a West European or US university of a similar rank, or in the same one. If one of the individuals held a bachelor's degree, it wouldn't be the case that the others would hold a master's degree. If one of the individuals had a number of years of experience in a top-five consulting company, the rest would have the same number of years of experience in a top-five consulting company as well. To exclude the possibility the results being contaminated by potential discrimination against females, all my candidates were male. All candidates, whose resumés were sent to the same firm, were fluent in the same languages, and most importantly, all foreign nationals were indicated to be fluent in Czech. Last, but not least, all foreign candidates were indicated to possess a legal status, which excluded the possibility of firms practicing discrimination based on legal labor

protectionism. In the end, a Czech, Bulgarian or Ukrainian/Russian sounding name was attached to the respective resumé – a name, whose origin would be easy to detect for all Czech employers. To make sure that the names are not only Bulgarian and Russian/Ukrainian, but also clearly so to the Czech public, I took names from newspaper articles, in which people from Bulgaria, Russia and Ukraine were mentioned with both their names and country of origin. (The fact that I used Russian and Ukrainian names interchangeably is not by accident – as I have concluded through experience, Russian and Ukrainian nationals are perceived by the Czech public as “people from the former Soviet Union” and essentially viewed as having the same national origin.)

III. The Results.

During a period of four months – between August and November 2003, 396 resúmes were sent to 132 firms in the five sectors mentioned above. To each firm I sent one resumé from a candidate with a distinctly Czech name, one from a candidate with a distinctly Bulgarian name, and one from a candidate with a Russian/Ukrainian name. All three resúmes were sent in the same day, so that I would be sure that no candidate would be disregarded because of missing the application deadline, were there such. Then the responses from the companies were collected during a period of 45 days after sending out the resumé (this is an empirical benchmark, as in all cases no answer would arrive after that point in time). All in all, there were three types of responses: an invitation for a job interview; a decline; and a note that the resumé has been entered in a job bank, or that the candidate should expect an answer in the near future – followed by no answer after that.

The results show substantial differences in the relative success of the different candidates. From 132 different firms, the Czech candidate received 22 invitations for an interview, or 16.7% success. The Bulgarian candidate received 9 invitations, or 6.82% success. The Russian/Ukrainian received 3 invitations, or 2.27% success. Thus a Czech needs to send his resumé to 6 firms in order to receive one invitation for an interview, while to achieve the same result, a Bulgarian candidate needs to send his resumé to approximately 15 firms, and a Russian/Ukrainian – to 44. One way to formulate this difference is that a Bulgarian candidate has a 59% smaller chance of landing a job interview than a Czech candidate, and that a Russian/Ukrainian

candidate has a 86% smaller chance of getting a job interview than a Czech candidate. Another way to put it is that a Bulgarian needs to send his resumé to 2.5 times more firms, and the Russian/Ukrainian – to 7 times more firms than the Czech in order to receive the same number of invitations for a job interviews. Both interpretations imply a substantial and important difference.

A more alarming result is that when in the final round of job applications I boosted the qualifications of the candidates (one more year of professional experience, or a master's in stead of a bachelor's degree), the Czech candidate saw a 20% increase of his invitations for an interview, but the Bulgarian and the Russian/Ukrainian candidates saw no difference in the percentage of positive responses they received. Thus it can be argued that for foreign candidates the national origin bears much bigger importance for the potential employer than more relevant variables like education, experience and skills.

Another interesting fact is that different industries approach foreign candidates differently. For example, all 3 invitations for a job interview, received by the Russian/Ukrainian candidate, were by companies in the general consulting category, while from 104 resúmes sent to companies in finance/banking, engineering, marketing and computer, there was not a single positive response. The Bulgarian candidate received no positive response from companies in the marketing and engineering industries, and an equal number of invitations for an interview (3) from companies in the other three sectors. The Czech candidate received either 4 or 5 invitations for an interview from each sector, which implies equal chances.

Finally, there was a difference in the number of responses (be it an invitation, a decline, or just a note), which the different candidates received. The Czech candidate received a total of 77 responses, or he was written back in 58.33% of the cases. The Bulgarian candidate received 60 responses, or he was contacted in 45.45% of the cases. The Russian/Ukrainian received a total of 54 responses, or he was written back in 41% of the cases.

IV. Interpretation.

In this experiment, I did my best to construct a *ceteris paribus* setup, in which the only difference between candidates, applying for the same job, would be their country of origin. However, in the case of the foreign candidates, they all had a legal

status, and a work visa. Also, they were indicated to speak fluently the domestic language, and their qualification was equal or better to the one of the domestic candidates. All these intricacies create a setup in which the different candidates are legally, educationally, professionally and skill-wise undistinguishable from each other; the only distinguishing characteristic was country of origin, signaled by a name.

Knowing that, how can we interpret the statistically significant difference in the number of invitations for a job interview that different candidates received? We are forced to look closely at the instrument that I used to indicate national origin – the name. In a similar study by Bertrand and Mullainathan (2002), names are used as instruments for race, but race implies other, hidden characteristics. Specifically, as African Americans have on average lower education and lower work experience, employers use race as a signal of these unobserved characteristics. Thus the name signals not only race, but also socio-economic background. The authors' conclusion is that in many cases employers don't read a resumé beyond the name of the candidate, because they assume they know in advance the educational and professional quality that follows from a certain social background.

In my study, there is no reason to conclude that employers are assuming a socio-economic background on the basis of the name. On the contrary, it is a well-know fact that people from Eastern Europe are on average very well educated, and there is no reason to doubt the quality of their work experience. Besides, if they possess a work visa for a period beyond 12 months, it means that a firm has decided to sponsor them in the past, and a consulate has decided to issue that visa on the basis of very strong educational and professional credentials. It can be argued therefore that in the case of foreign labor applying for a job in a service or high-tech sector in the Czech Republic, the name of the candidate triggers only national, but not socio-economic background. Thus we must exclude statistical discrimination and conclude that employers in the Czech Republic practice taste-based discrimination, as they have a real dislike in dealing with people from certain nationalities. This result is supported by the fact that in our experiment, employers don't discriminate equally against different foreign nationals, but discriminate more against nationals from a country with a relatively "bad" reputation, and less against nationals from a country with a relatively "good" reputation. (Recall that the Bulgarian candidate received three times more invitations for a job interview than the Russian/Ukrainian candidate did from the same number of job applications).

Another important corollary may be the fact that this experiment took place at a time when the pilot project for rapid naturalization of qualified Bulgarian, Croatian and Kazahstani workers was receiving a very high publicity in the press and in the media. In this situation, the Bulgarian candidates in my experiment may have been perceived as more “desired” institutionally than the Russian/Ukrainian ones and this may have resulted in their higher success in looking for a job. It is unclear however how much of this effect is due to prior reputation and how much is due to institutionally defined reputation. Thus, from the design of the experiment, it is unclear to what extent does institutional recognition of one’s country of origin as a desired immigration target improve a legal alien’s chances of landing a job in a foreign country.

The results from the experiment confirm something that I was told by a Human Resources employee in a relatively big Czech company during an informal conversation; namely, that in some cases HR employees take the name of a candidate as a good enough reason to stop reading further the resumé. In other words, it could be the case that companies may not be interested at all in the credentials of the candidate, if their country of origin is simply unpopular with the owner/manager of the firm. Although this is just an opinion, the results from my experiment show that in some situations this may really be the case.

V. Conclusion.

This is a limited experiment, which studies a small sample and just a few countries. In the present, I am extending the experiment in several directions. First, I would like to keep a track of my initial sample for a period of at least one year. This panel data approach could show any development in the attitude of the Czech employers towards workers from the above nationalities. Second, I would like to include in the sample more nationalities, specifically the ones that will be included in the extension of the pilot project for rapid nationalization of certain qualified foreign workers. This could give a tentative idea to members of those nationalities what are their preliminary chances of getting a job in the Czech Republic, and tentatively, whether their chances would improve by being included in that project. Finally, I would like to extend my experiment to two other categories of people – the Roma minority, and to females. There has been no comprehensive field study of

discrimination against the Roma minority, but there is a strong sentiment in the Czech society against them, as well as a long history of institutional repression against them, and it would be interesting to study how and whether this sentiment translates into labor discrimination. Finally, all studies of discrimination against women in the Czech Republic that I have come across, are primarily based on comparing wages for men and women in the same industry. The technique I'm using would take care of potential multicollinearity between gender, on the one hand, and education or work experience, on the other. All these are possible directions for future field research, and could be used in other countries which are on the forefront of immigration from the East, and which face the same problems and necessities, which are characteristic for the modern Czech society.

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Table 1. Names used in the experiment

Czech Male	Bulgarian Male	Russian/Ukrainian Male
Václav Černý	Vasil Vačkov	Igor Prokopenko
Milan Dvořák	Dimitar Marinov	Sergei Makarenko
Miroslav Škvorecký	Georgi Nikolov	Nikita Medvedev
Zdeněk Marek	Dobrin Mitev	Vladimir Zaicev
Vlastimil Kopecký	Stanimir Stoilov	Viktor Rushailo
Vladimír Novák	Veselin Karaivanov	Nikolai Bunin

Table 2. Industries and Firms

Type of Industry	Number of Firms Included
Finance and Banking	25 (18.9%)
General Consulting	28 (21.2%)
Engineering	27 (20.5%)
Computers	30 (22.7%)
Marketing and Advertisement	22 (16.7%)

1. The numbers in the second column actually show the number of help wanted-ads in the corresponding industry, as in some cases the same firm would look for employers in different professional categories.
2. The numbers in brackets show help-wanted ads in the corresponding job category as percentage of the total 132.

Table 3. Total and Specific Answers

Candidate	Number of Invitations For a Job Interview	Number of Total Responses
Czech	22 (16.7%)	77 (58.33%)
Bulgarian	9 (6.82%)	60 (45.45%)
Russian/Ukrainian	3 (2.27%)	54 (41.00%)

1. The numbers in brackets in the second column show percentage success out of 132 resumés sent out by each candidate.
2. The numbers in the third column show total responses – be it an invitation for an interview, a direct decline, or a polite decline – received by each candidate; the numbers in brackets show percentage of firms that responded to each candidate.

Table 4. Job Interviews by Industry

Industry	Czech	Bulgarian	Russian/Ukrainian
Finance/banking	5 (20.0%)	3 (12.0%)	0 (0.0%)
General consulting	4 (14.2%)	3 (10.7%)	3 (10.7%)
Engineering	4 (14.8%)	0 (0.0%)	0 (0.0%)
Computers	5 (16.7%)	3 (10.0%)	0 (0.0%)
Marketing/advertising	4 (18.2%)	0 (0.0%)	0 (0.0%)

1. The numbers in the columns show the total number of invitations for a job interview in response to an application for a position in a specific industry by the corresponding candidate
2. The numbers in brackets show percentage success out of the total number of job resumés sent (25 in finance/banking, 28 in general consulting, 27 in engineering, 30 in computers, 22 in marketing and advertising) for the corresponding candidate.