

Extended note

Cross-border commuting from the Czech Republic to Germany: the role of networks, skill-shortage, and commuters' households

Certainly, driven by one of the highest wage differences in the EU, cross-border commuting from the Czech Republic to Germany became a normal form of employment of Czech labor force residing in the border region. During the COVID-19 pandemic, the importance of the labor force from the Czech Republic for the Bavarian economy became obvious. The role of the companies hiring Czech cross-border commuters, however, is highly under-investigated. This study aims to outline the initial motivation of Bavarian companies to hire Czech cross-border commuters, how the initial motivation changed over time, and which other factors, such as automatization, digitalization, and skill shortage, as well as language differences and skill-spillover play a role in employing Czech cross-border commuters. The study mainly bases on interviews conducted with Bavarian companies that employ cross-border commuters, that are located in the border region, and operate in the branches mainly frequented by Czech cross-border commuters. A minor part of the results bases on interviews conducted with Czech cross-border commuters themselves. While mainly focusing on the past 20 years, the historical context is not excluded from the analysis.

The preliminary findings show that most factors impacting cross-border commuting from the Czech Republic to Bavaria are at least branch-specific, if not company specific. However, overarching factors exist as well. Throughout the interviews with the companies, as well as the cross-border commuters themselves, the network effect could be detected. Moreover, especially in cases where language barriers are high, companies rely on the networks of already employed cross-border commuters. The role of the language differs highly between the branches. While the knowledge of German language is hospitality and healthcare is and will remain unavoidably, the role of language in the production and logistics adjusted through digitalization. Machines and devices for navigation are programmed in both German and Czech and help to overcome communication issues. Therefore, the knowledge of German language for cross-border commuters became less important when working in these branches. In some cases, whole production departments run in Czech language. Cross-border commuters from the Czech Republic mainly work in low- to medium-skilled professions, but mostly in professions they were not trained in during their vocational training. The job profiles of the production jobs change due to automatization and employees need to be trained on their job, or new educational requirements could be necessary in the future where they were not necessary so far. Among all interviewed companies, however, not even one will release employees due to digitalization or automatization but most of them need to adjust to it. In the special case of one production company, the need to digitalize and automatize could be ignored due to the availability of labor force from the Czech Republic. Now, a lower willingness to commute far distances can be detected by the Czech labor force, leading to an urgent need of digitalize and automatize production processes. The influence on further employment of Czech cross-border commuters could not be outlined. In general, the companies in the border region grow, together with the skill shortage on the Bavarian labor market, the proximity to the border appears attractive to most companies. However, the rural conditions have negative influences on attracting labor force in general.

The initial motivation of companies that exist for longer than it has been since the Fall of the Iron Curtain in 1989, offers a long-term perspective. In most cases, as soon as the border was passable, cross-border commuting took place. Companies previously at the 'edge of the western

world', now are in the center of Europe. In those days, the supply of labor force from the Czech Republic was enormous and allowed the companies to prosper. Over time, employing Czech and German labor force became a normal form of employment for the companies in the border region. Internal company strategies on how to deal with advertising vacant positions and on how to deal with language barriers were developed. In recent times, however, labor supply decreases and an overall skill-shortage emerges that increases the labor demand for Czech and German labor. When asked whether the access to the Czech labor market is a strategy to overcome skill-shortage, the companies answer that ideally it would be but not in practice – the crucial point here is the motivation of the Czech labor force to commute far distances.

The spillover of knowledge and skills from Czech cross-border commuters to the Bavarian labor force, or the companies in general, is visible as well, but not a major factor that influences the employment of cross-border commuters. It can rather be seen as an additional benefit. Czech labor force trained in the construction branch often has in-depth knowledge on working on historically old buildings that is missing among the Bavarian labor force. Dividing the Czech cross-border commuters in different groups with Bavarian labor force helps to spread the knowledge. In hostility, the Bavarian employees are mostly untrained labor force, or labor force trained in different vocations, whereas the Czech cross-border commuters are trained in the field of hostility. In this case, the trained Czech cross-border commuters transfer skills to their Bavarian coworker. However, and underlined by the interviewed employer, the vocational training in Germany would be the better one, but labor force with such a training is either unavailable or not available for certain positions.

The COVID-19 pandemic only briefly influenced the number of cross-border commuters. Already in 2021, the pre-pandemic level of employment was reached. Most companies did not develop employment strategies applicable in case of future border closures. One production company thought of founding a Czech subsidiary company and did so after the pandemic to prevent a further influence of a border closure. In addition, the mentioned reduced willingness to commute long distances can be overcome as well by offering a position closer to the labor forces' residence. However, the majority of companies interviewed now relies on the politicians' understanding of the importance of open borders.

A highly regional as well as branch-specific combination is the role of Bavarian dialects in the health sector. High shortages of nurses, caregiver and other related professions is visible. The access to the Czech labor market would also be given, but since language skills are non-negotiable in this sector, the employment of Czech cross-border commuters in this sector is limited. Even with very good knowledge of German, the Bavarian dialect of patients or clients repeatedly led to treatment errors and makes it impossible to hire as many Czech cross-border commuters as the health sector would want to under ideal circumstances.

The overall development of cross-border commuting from the Czech Republic to Bavaria can be framed in an EU context by calling the Czech-Bavarian border region a bilateral EU labor market. The high entanglement of the regional economy shows the co-dependency of labor force and employers. Adding the companies' perspective to studying cross-border commuting not only in theory, but also in practice enables a closer look allowing regionally specific impacts and motivations.