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1.1. Introduction

As societies undergo economic, cultural, technological, political, and demographic transitions associated with development, both internal and international migration levels tend to rise. In low-income societies, emigration levels are often lower because poverty restricts people's ability to move. However, disparities in development between origin and destination countries usually lead to increased migration. This is because development enhances people's capabilities and aspirations, making it more feasible for them to move. Over the last two decades, the EU has developed extensive regulations to create a unified migration policy, focusing particularly on stringent measures to safeguard its external borders. This has led to a comprehensive legal framework governing all major forms of migration, including family reunification, asylum seekers, refugees, students, long-term residents, and researchers (Minderhoud, 2021). Despite this progress, Member States have consistently struggled to agree on a common approach to managing labour migration. This area is particularly sensitive, as many governments view the control over who can enter and work in their country as a fundamental aspect of national sovereignty. The fear of losing this control has made it difficult to establish a cohesive EU-wide policy on labour migration (Schmid-Druner, 2020).

Labour migration is commonly assumed to be demand-driven. The removal of restrictions on international migration has very large potential economic benefits likely outweighing the benefits of other integration measures such as free trade (Clemens 2011; Dustmann and Preston, 2019). Significant migration flow from new to old EU member countries has been a contentious policy issue since 2004 and scepticism about a new wave of immigration from third (non-European) countries since 2014 is a signature issue of right-wing European populism (Margalit 2019; Guiso et al. 2017) and is also strongly correlated with general distrust towards the European Union (Jeannet 2017).

Earlier migration from poorer to richer European countries, such as the movement of workers from former Yugoslavia to Germany in the 1960s and 1970s, involved unskilled labour for construction, factory jobs, and low-paid service roles. However, globalization and technological advancements have increased the demand for high-skilled workers, especially in countries specializing in skill-intensive goods. Consequently, migration to high-income countries has become more focused on skilled workers in recent decades (Kerr et al. 2016). While the trend of increasingly educated immigrant populations is widespread, there is significant variation in education levels across different countries. For instance, Spain (41 percent) and the United Kingdom (39%) have relatively high proportions of immigrants with tertiary education. In contrast, Germany (19%), France (22%), and Italy (22%) have larger populations of lower-skilled immigrants (Dorn & Zweimüller, 2021). Differentiation by source countries reveals that migrants within the European Economic Area (EEA) have slightly lower average education levels than natives but higher levels than immigrants from outside the EEA (Eurostat, 2024). Individuals moving between Western EU countries had higher average educational attainment than natives, while those moving from Eastern to Western EU countries had lower education levels (Dustmann & Frattini, 2011).

Employing third-country nationals can be understood through the lens of human capital theory and strategic HR alignment with organizational objectives (Delery & Roumpi, 2017). Companies make strategic decisions to either develop human capital internally or 'buy' it externally by recruiting from domestic or international labour markets (Hamori et al., 2011). Human capital theory provides a framework to analyze why employers opt to recruit externally, emphasizing three primary motivations. First, addressing skill shortages: organizations may recruit internationally to fill skill gaps that the domestic workforce cannot meet, ensuring they maintain their competitive edge with the necessary expertise (Coff & Kryscynski, 2011). Second, fostering innovation: companies may seek new skills and ideas from international hires that are absent internally, thereby gaining a human capital advantage over competitors (Delery & Roumpi, 2017). Third, achieving cost-effectiveness: firms might attract and retain international employees who offer valuable skills at a lower economic cost compared to competitors (Coff & Kryscynski, 2011). These motivations align with themes in HRM literature regarding employer strategies for recruiting specific types of migrants. (Wright & Constantin, 2021).

International labour mobility introduces significant challenges for policymakers, employers, and organized labour. Migrants often occupy low-wage, low-quality jobs, contributing to labour market dualization, where employers leverage this to suppress wages and working conditions for the broader workforce (Careja & Emmenegger, 2013; Emmenegger et al., 2012; Piore, 1979). To mitigate these effects, organized labour can employ different strategies such as influencing immigration policies, advocating for minimum wage laws, engaging in collective bargaining, and integrating migrant workers into their ranks (Adler et al., 2014; Marino et al., 2015; Penninx & Roosblad, 2000). However, the limited involvement of workers' representatives in the hiring of third-country nationals highlights a gap in the understanding of labour market dynamics, suggesting a need for deeper economic analysis and strategic engagement in this area.

According to BusinessEurope's (2023) analysis, over the past decade, the EU working-age population will fall from 269 million in 2012 to 264 million in 2021. In 2022, the number of people aged between 20 and 64 in the EU workforce is expected to reach 193.5 million. The EU working-age population is expected to decline in the coming years, by a further 35 million people by 2050. Looking further ahead to 2100, the EU working age population is projected to fall by 57.4 million by 2100, with the proportion of dependants rising from 33% to 60% by 2100. As a result of these trends, the EU's share of the world population will continue to decline - from 6% today to below 4% by 2070. The biggest challenge in this respect is the increasing presence in the labour market of an ageing workforce and the decreasing presence of young workers. Inadequate qualifications to meet labour market demand and inadequate school and training curricula to meet practical needs lead to further labour shortages, with insufficient numbers of suitably qualified professionals.

This paper reports insights drawn from a sample of firms from countries that participated in the research project "Encouraging employment of third-country nationals through social dialogue – Recruit4Tomorrow (GA 101102367)", which is co-funded by the European Union.

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The survey was conducted between April 22 and June 30, 2024, in five European countries (in alphabetic order): Bulgaria, Croatia, Hungary, Slovakia and Slovenia and gathered complete or partial responses from 552 companies about the employment of third-country nationals.

The report starts with a brief overview of the methodology, sample characteristics, the current state of employing foreign and third-country workers, their origins, and their wages. The third section explores the benefits, challenges and barriers of hiring third-country workers. The role of workers' representatives is discussed in section four. It concludes with a set of identified areas and topics on which the social partners can and will work in the next phases of the Recruit4Tomorrow project to prepare a list of measures and common recommendations for policy-makers which will be aligned with all social partners within the social dialogue. In the appendix, all of the national reports are also attached so that the reader can also evaluate the specific countries in detail.

1.2. Methodology

The first step in the measurement process involves linking theoretical concepts with empirical indicators (Hlebec, 2011). Theoretical concepts are generally very abstract and general, making them impossible to directly observe or measure. We operationalized them by designing a set of empirical indicators that approximate the specific theoretical dimensions of a concept. In the case of quantitative data collection methods in social sciences, surveys are usually used as the measurement procedure. Their greatest advantage is that they provide a large amount of quantitative data about a large number of units, which are representative (sample) of the observed population. In our survey, the target group consists of small, medium, and large firms across all industries operating in the markets of the participating countries. We applied the convenience sampling method. Before the final dissemination, we tested the questionnaire on a smaller sample from the target group in all participating countries. This helped us identify any ambiguities or issues with the questionnaire and a few adjustments were made before sending it to the larger group.

In the survey, we used both descriptive (attribute) and numerical variables. The value sets of individual descriptive variables are based on descriptions or qualitative characteristics of people (e.g., gender, education, labour market position) or events. The values that a qualitative or descriptive variable can take are mutually exclusive and exhaustive. For quantitative variables (e.g., the number of persons in a household), the value set is expressed in numbers, with the minimum and maximum values limited in the questionnaire. In creating measurement scales, we used nominal measurement primarily for demographic variables and ordinal measurement otherwise. For measuring perceptions, we used a 5-point Likert scale.

Research questions: In the study on employing third-country nationals, we address the following research questions:

1. What is the scope of employment of third-country nationals among surveyed firms?

- Any industry-related differences?
- Any country differences?
- Any differences regarding the size of the firms?

2. Are there any specificities in employing third-country nationals in general?
   - Any professions among the analyzed companies where the employment of foreigners is more common?
   - Any differences in demographic characteristics (gender, age, education)?
3. Are there any significant differences regarding motives and obstacles in employing third-country nationals:
   - Among analyzed countries
   - Among different types of firms
4. What is the role played by employers’ representatives?

2. Descriptive statistics

The characteristics of the companies included in the sample are detailed in Table 1. Slovakia had the highest number of respondents (146), followed by Slovenia (114), Hungary (109), Bulgaria (93), and Croatia (83).

In terms of company size distribution, Bulgaria (48%) and Hungary (51%) had the largest share of small firms (up to 50 employees). Medium-sized firms (around a third of the sample) were mostly present in Slovenia, Slovakia, and Bulgaria. Croatia, Slovenia, and Hungary had a higher representation of large firms (more than 500 employees). This over-representation of large firms is significant because large firms often face different challenges when employing third-country nationals compared to smaller firms.

Regarding ownership, approximately 70% of the sample consisted of domestically and family-owned firms. However, more than 25% of the sample in Slovenia and Slovakia identified as subsidiaries of multinational enterprises (MNEs).

The industry structure varied notably by country. In Bulgaria, one-third of the sample was from the ICT sector, and one-fifth from construction. Manufacturing firms were more prevalent in countries with a stronger industrial base such as Croatia, Slovenia, and Slovakia. Firms in logistics were overrepresented in Hungary, Slovenia, and Croatia.

Table 1: Company size, classification and industry (in percent of all respondents at the national level if not indicated differently)

		Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Size (number of workers) (N = 545)	Less than 10	14	8	23	7	7
	11-50	34	25	28	29	18
	51-250	31	19	21	32	34
	251-500	13	18	8	15	16
	More than 500	8	29	20	18	25
Company classification (N = 529)	Family-owned company	12	19	29	22	14
	Domestic private company	67	48	50	45	42
	Domestic public company	6	8	3	7	9
	MNE subsidiary	5	18	19	25	29
	Other	10	8	5	2	6
Industry (N = 542)	Construction	21	5	9	11	10
	Hospitality and tourism	11	19	4	10	4
	Healthcare	4	4	2	2	5
	Manufacturing	9	20	17	27	32
	Oil and gas sector	0	11	2	3	1

	Automotive sector	2	2	4	6	4
	ICT (IT) sector	36	10	15	11	7
	Trade	3	7	6	10	7
	Other services (mainly logistics)	13	22	42	20	31
Average wage per worker per month (in EUR)		1,824.7	1,674.9	1,738.0	1,857.0	2,128.1
Average value added per worker per year (in EUR)		46,525.6	43,429.2	51,682.6	45,193.5	57,274.1

Source: Own calculations based on the survey

The surveyed firms reported average value added per worker ranging from 43,429 EUR per year in Croatia to 51,682 EUR in Slovenia. Official data for 2023 indicates that productivity per worker in Slovenia was 54,555 EUR, representing 84.9% of the EU27 average productivity. In comparison, the average worker productivity in Croatia and Slovakia was 94% of the average Slovene worker's productivity, while in Hungary it was 86% and in Bulgaria 67%. When comparing average labour productivity at the national level, it is evident that firms in Slovenia, Bulgaria, and Hungary in the sample were more productive than the national average, whereas Croatia and Slovakia had more respondents with lower productivity compared to the national average.

2.1. Employing third-country workers; current state and expectations

The sampled firms employed between 39% (in Hungary) to 84% (in Bulgaria) of foreign workers on average in the spring of 2024. The proportion of women in these firms ranged from 24% (in Slovakia) to 41% (in Bulgaria). The self-reported average wage paid to third-country workers was comparable to the average wage in the surveyed companies in Hungary and Slovakia (see Table 2). In Slovenia, third-country workers in the surveyed firms earned 12% less than the average wage in the firm, the difference was 20% in Bulgaria, and in Croatia, the self-reported average wage of third-country workers was 25% lower than the firm's average wage.

Table 2: Employment of foreign workers (in percent of all respondents at the national level if not indicated differently)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Employing foreigners: Yes	84	63	39	77	81
Employing foreigners: No	16	37	61	23	19
Share of women	41	33	37	24	27
Average wage paid to third-country worker (in EUR)	1505	1223	1731	1857	1894

N=540
Source: Own calculations based on the survey

When firms that reported not employing any foreign workers (ranging from 16% of the sample in Slovenia to 61% in Hungary) were asked about their plans, almost 80% of firms in Hungary indicated that they do not plan to hire any foreign workers in the future. Similarly, around half of the respondents in Croatia and Slovenia also do not plan to employ foreign workers (see Table 3). Conversely, about one-third of the respondents in Bulgaria and Slovakia, and slightly fewer in Croatia, expressed plans to hire foreign workers in the future. Notably, Bulgaria and Slovenia showed a particularly positive outlook towards employing third-country workers.

Table 3: Strategy for future employment of foreign workers (from EU countries) and third-country workers (in percent of all respondents at the national level)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
We plan to employ foreign (from EU countries) workers in the future	38	29	8	30	17
We plan to employ third-country workers in the future	52	18	14	35	40
We do not plan to employ any foreign workers in the future	10	54	78	35	43

N=168
Source: Own calculations based on the survey

When asked why they do not plan to employ any third-country workers, respondents mainly cited a lack of necessity (71.4% in Croatia, 100% in Slovenia, 83.3% in Hungary, and 50% in Slovakia). In Croatia, some respondents faced difficulties identifying prospective candidates (35.7%), and one-fifth were concerned about client reactions. Similar concerns were noted in other countries, with Slovak and Hungarian respondents also highlighting the complexity of procedures (50% and 18.9%, respectively). A few respondents mentioned language barriers (regarding understanding legislation and integrating into the work process) and insufficient technical knowledge.

Examining the distribution of firms employing third-country workers, it is notable that a quarter of firms in Hungary and Slovenia had more than a fifth of their workforce comprising third-country workers, with slightly fewer in Bulgaria. Conversely, two-thirds of respondents in Hungary and Slovenia employed less than 10% of third-country workers. In Bulgaria, only one-third of respondents had less than 10% of their workforce made up of third-country workers (see Table 4).

Table 4: Distribution of third-country workers in the workforce (percentage of respondents)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Less than 5% of the total workforce	20	32	50	25	35
6-10%	18	26	13	25	29
11-15%	10	11	6	18	10
16-20%	20	13	3	14	3
More than 20%	20	15	25	16	23
Don't know exactly	13	4	3	2	1

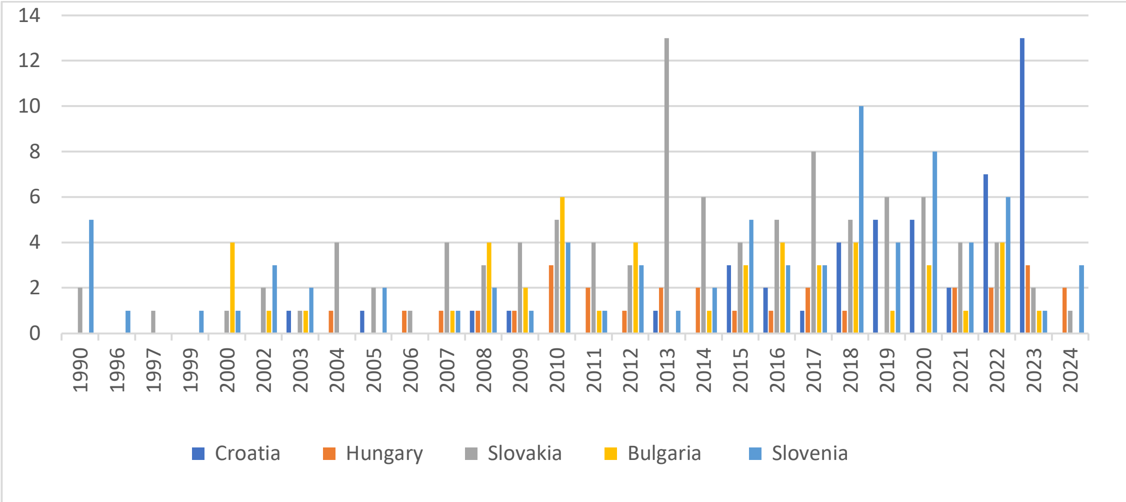
N=323

Source: Own calculations based on the survey

Most of the surveyed firms began employing third-country workers in large numbers starting in 2017. Before 2008, the numbers were very low, except for Slovenia, which began hiring citizens from former Yugoslav countries in the early 1990s, and Slovakia (see Figure 1). An interesting peak in third-country worker's employment is also observed in Slovakia in 2013[1].

[1] The spike in employment of third-country workers in Slovakia in 2013 can be explained by two facts: 1) in 2013 several measures against the illegal employment of foreigners entered into force in Slovakia and 2) the Shared Services Centres started to operate in Slovakia with support of the AmCham which enabled a wider discussion about the employment of the workers from third countries. Most of these employees came from Ukraine, South Korea and China.

Figure 1: Number of companies reporting the start of employment for third-country workers by year



N=303
Source: Own calculations based on the survey

The countries of origin for workers vary significantly among the surveyed firms. In Croatia, almost half of the respondents employ workers from the Far East, and 25% are from former Yugoslavia. In Hungary and Slovakia, the highest share of firms reported employing workers from Ukraine (see Table 5).

Table 5: Country of origin of third-country workers

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Ex-Yugoslav countries	4	25	13	19	45
Ukraine	21	7	25	40	11
Albania	7	3	0	2	8
Turkey	13	4	4	7	2
Central Asia	8	1	10	10	3
Middle East	6	0	8	3	6
Far East	5	46	21	12	16
Africa	6	3	6	2	5
Other	29	9	13	4	3

N=273
Source: Own calculations based on the survey

In Slovenia, nearly half of the firms employ workers from former Yugoslav countries (most commonly Bosnia), while one in six firms hire workers from the Far East. In Bulgaria, nearly 30% of firms employ workers from various other countries, one-fifth from Ukraine, and 13% from Turkey (see Table 5).

The youngest third-country workers have been reported in Croatia, while the oldest are employed in Slovakia. Approximately 7% of third-country workers in the sampled firms across the analysed countries were under 40 years old, except in Slovakia, where about one-third of the workers were between 41 and 50 years old (see Table 6). Interestingly, in Slovakia, every tenth worker was older than 50, likely reflecting the earlier inflow of third-country workers shown in Figure 1.

Table 6: Age and educational levels of third-country workers (percentage of respondents)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Age					
Less than 30 years old	25.2	60	34.5	24.4	35.5
31-40	48.6	32.3	40	33.3	40.2
41-50	21.3	6.4	21	32.4	17.7
More than 50 years	3.8	0.8	1.7	9.9	6.8
Education					
Less than primary education	0.4	2.4	9.8	3.3	5
Primary education	3.9	22.5	11.5	14	14.4
Lower secondary education	15.4	53.7	19.5	34.1	33.7
Upper secondary education	39	12.2	16.1	30.5	18.3
Tertiary education	40	9.8	43.2	18.4	27.5
If compared with other workers in the firm:					
Comparable	70	31	67	45	57
On average, third-country workers have lower education.	21	49	10	33	33
On average, third-country workers have higher education.	2	3	19	12	9
Difficult to answer	6	17	4	10	1

N=226
Source: Own calculations based on the survey

The educational structure of third-country workers in the surveyed firms shows that Bulgarian and Hungarian firms employed more educated third-country workers. In contrast, Slovenia, Slovakia, and especially Croatia, employed over 50% of workers with lower secondary education (or less). This partly explains the larger wage differential between third-country workers and the average firm wage in these countries. The remaining wage gap can be attributed to differences in industry structure.

Around 70% of surveyed firms in Bulgaria and Hungary reported that the educational structure of third-country workers is comparable to the firm's overall structure. However, in Croatia (and to some extent in Slovakia and Slovenia), it is evident that firms employed third-country workers in positions that require lower educational levels (see Table 6).

When asked about the types of jobs that third-country workers occupy, several cross-country differences emerged. In Bulgaria, nearly half of the firms reported that third-country nationals performed professional and technical work. In contrast, the majority of Croatian respondents indicated that third-country nationals engage in elementary work, followed by service work—both closely tied to the tourism and hospitality sector. Most respondents in Hungary and Slovenia reported that third-country workers were hired for production (manufacturing) roles. Meanwhile, 45% of Slovakian respondents stated that third-country workers were employed in either elementary or production work (see Table 7).

Table 7: Job types of third-country workers (percentage of respondents)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Service work (sales, personal care, protective services, personal services, etc)	11	24	12	23	18
Professional and technical work (healthcare services, legal and other professional services, science and engineering professional services, etc)	44	14	30	24	23
Production work	16	16	36	21	35
Elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.)	20	40	15	24	14
Managerial work	5	6	6	9	7
Other	4	0	0	0	2

N=269
Source: Own calculations based on the survey

2.2. Advantages, benefits and barriers in employing third-country nationals

Respondents from different countries were asked whether they agree or disagree with various statements regarding the advantages of employing third-country workers (Table 8). In Bulgaria, respondents strongly supported the statements that advantages include acquiring workers who are more flexible in adapting their working hours, possess desirable competencies, contribute to cost reduction, and increase worker efficiency within the firm. In Slovakia and Slovenia, respondents acknowledged the benefits of hiring workers with desirable competencies, with Slovakian respondents also emphasizing increased diversity and Slovenian respondents noting workforce stability. In Hungary, the respondents most agreed with the statement regarding flexibility. Interestingly, over 40% of respondents in Croatia disagreed with all the statements, particularly those related to workforce stability and increased efficiency. However, it is noteworthy that one respondent in Croatia mentioned that most third-country workers are hired because the domestic labour market is completely depleted.

Table 8: Perceived advantages in employing third-country workers (1 – fully disagree; 5 – fully agree)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Cost reduction	3.6	2.8	2.8	3.0	1.8
Stability of the workforce due to volatility in sales (orders).	3.5	2.5	3.0	3.0	3.3
Hiring workers with desirable competencies.	3.8	2.9	3.0	3.7	3.4
Acquiring workers who are more flexible in adapting their working hours (shift work, night work, etc).	3.9	3.0	3.3	3.1	2.9
Diversity that may foster business growth.	3.4	2.7	2.9	3.4	3.2
Knowledge of the market and culture of their origin countries/regions.	3.4	2.9	2.8	2.8	2.8
Increased workers' efficiency in the firm.	3.6	2.6	3.0	3.4	2.3

N=132
Source: Own calculations based on the survey

When respondents were asked about their motives for employing third-country workers, the most widely supported reason across all surveyed countries was the unavailability of domestic workers (Table 8). Other highly supported reasons included hiring workers with desirable competenc*i*es, which was particularly emphasized in Hungary, Slovakia, Slovenia, and Bulgaria. Additionally, increasing worker efficiency was a significant motive in Slovakia, while diversity and market knowledge were important in Bulgaria, though this motive is closely tied to the worker's country of origin. For instance, this was not a motive for hiring workers from the Far East in Croatia. The statement about cost reduction as a motive for employment received the highest level of disagreement among respondents.

Table 9: Motives for employing third-country workers (1 – fully disagree; 5 – fully agree)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Cost reduction.	2.6	1.8	1.3	2.6	1.6
Stability of the workforce due to volatility in sales (orders).	2.7	2.8	3.3	3.7	2.3
Hiring workers with desirable competencies.	3.4	2.9	3.8	3.8	3.8
Acquiring workers who are more flexible in adapting their working hours (shift work, night work, etc).	2.9	3.1	3.1	3.3	2.4
Diversity that may foster business growth.	3.4	3.0	2.8	3.0	2.5
Knowledge of the market and culture of their origin countries/regions.	3.5	2.0	2.3	2.8	2.2
Increased workers' efficiency in the company.	3.2	2.9	3.3	3.7	2.2
We employ foreign workers because there are no domestic workers available.	3.4	4.5	4.4	4.2	4.5

N=225
Source: Own calculations based on the survey

One of the most prominent potential problems identified by respondents in all studied countries is the lack of local language knowledge among third-country workers, followed by the absence of systemic measures to support such employment. In Croatia and Hungary, respondents also cited cultural differences and unfamiliarity with the work culture as potential issues when employing third-country workers (see Table 9). Interestingly, respondents generally disagreed that addiction, xenophobia, and racism were significant problems in their firms regarding the employment of third-country workers.

Table 10: Potential problems in employing third-country workers (1 – fully disagree; 5 – fully agree)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Lack of systemic measures to support.	3.0	3.8	3.3	3.9	3.8
Recruiting and matching skills and demand for skills	3.1	3.7	3.3	3.5	3.2
Xenophobia and racism.	2.6	2.8	3.1	2.5	2.5
Problems associated with addiction (like alcohol, drugs or gambling).	2.6	2.2	2.2	2.3	2.0
Increase in the cost of running a business.	3.1	2.9	2.9	2.7	2.4
Cultural differences.	2.9	3.6	3.7	2.9	3.1
Challenges in adapting to the work environment.	3.1	3.5	3.4	2.7	3.0
Lower quality of work in comparison to native workers.	2.8	3.1	2.5	2.5	2.0
Lack of local language knowledge.	3.6	4.0	3.9	3.5	3.8
Unfamiliarity with the company's work culture.	3.2	3.6	3.5	3.0	3.0

N=407
Source: Own calculations based on the survey.

Nearly one-third of respondents who currently employ third-country workers do not offer them any additional amenities beyond those provided to other workers. Among the amenities offered specifically to third-country workers, half of the respondents provided assistance with official formalities, while a third offered help with opening bank accounts and subsidized accommodation. Similarly, firms that do not currently employ third-country workers but plan to do so in the future reported offering similar support.

Language and cultural barriers, the complexity of legal activities, and the need for assistance with legal procedures were identified as the main obstacles to employing third-country workers by the highest share of respondents across all surveyed countries (Table 10). In Bulgaria and Slovenia, respondents also highlighted the need to help third-country workers find suitable housing, while in Hungary and Slovenia, assistance with health-related procedures was emphasized. Respondents from Croatia most frequently agreed that the time needed for third-country workers to adapt to their new jobs is also a significant barrier.

Table 11: Barriers for employing third-country workers (1 – fully disagree; 5 – fully agree)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Complexity of legal activities.	3.4	3.9	3.5	3.8	4.2
Language and cultural barriers.	3.7	3.9	3.9	3.6	3.7
Lack of trust.	3.3	3.3	3.4	3.2	2.7
The time needed to adapt to the new job.	3.4	3.6	3.3	3.3	2.8
The need to assist them in finding suitable housing.	3.5	3.4	3.4	3.0	3.5
The need to assist them in legal procedures.	3.5	3.5	3.4	3.5	3.8
The need to assist them in health-related procedures.	3.3	3.4	3.5	3.0	3.5

N=404
Source: Own calculations based on the survey

When asked about the consequences of the obstacles companies face while employing third-country workers, most respondents from Croatia, Slovakia, and Slovenia indicated that they were unable to hire workers on time (Table 11). Additionally, respondents from Slovakia and Slovenia highlighted difficulties in planning business processes and financial losses as significant issues associated with these obstacles.

Table 12: Consequences of obstacles that companies face while employing third-country workers (1 – fully disagree; 5 – fully agree)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Resignation from investing in the country.	2.2	2.9	2.5	3.0	2.8
Loss of reputation of the company.	2.2	2.4	2.4	3.1	2.6
Inability to plan business processes.	2.6	3.2	2.7	3.7	3.6
Less orders and contracts (lower sales).	2.6	2.7	2.5	3.3	3.1
Financial losses of the company.	2.4	2.8	2.6	3.6	3.2
Inability to employ workers on time.	2.9	3.8	2.8	4.0	4.3
No consequences.	3.3	2.6	3.0	2.1	2.5

N=347
Source: Own calculations based on the survey

Most respondents agreed that their firms increased *the* employment of third-country workers due to difficulties in filling vacancies with native workers (Table 12). The most troublesome aspects of hiring these workers were legal procedures, particularly in Croatia, Slovakia, and Slovenia. Additionally, some respondents acknowledged language and cultural barriers, especially in Croatia. Interestingly, most respondents found that third-country workers were more productive than expected, though some reported needing more resources for screening in Croatia and Slovakia. Generally, the experiences of employing third-country workers were mainly positive, with their language skills deemed adequate for performing their jobs well. However, in Bulgaria and Croatia, respondents noted that their customers preferred interactions with native workers over third-country workers. Conversely, respondents from Bulgaria, Hungary, and Slovenia agreed that the third-country workers' knowledge of their home countries' language and culture was beneficial for business contacts with those countries.

Table 13: Evaluating different statements regarding the employment of third-country workers (1 – fully disagree; 5 – fully agree)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Our employment of third-country workers increases only when we have difficulties filling vacancies with natives.	3.3	4.0	4.4	3.6	3.6
While hiring third-country workers, the most troublesome are the complicated formal and legal conditions.	3.2	4.4	3.1	4.1	4.5
The employment of third-country workers is hindered by language and cultural barriers.	3.4	3.5	3.4	3.1	3.3
The employment of third-country workers is hampered by a lack of trust in the workers who come “only for a transit to another country.”	3.1	3.4	2.7	2.8	2.9
The employment of third-country workers is hampered by the necessity to prepare them for a job.	3.3	3.2	2.6	2.9	2.7
In employing third-country workers, the need to "take care of them" – finding a flat, helping with contacts	3.3	3.3	3.2	2.8	3.1

for health services, etc. is troublesome.					
Third-country workers are more productive than I expected.	3.5	3.2	3.6	3.8	3.6
Screening third-country workers requires more resources than screening native applicants for similar jobs.	3.4	4.1	3.3	3.5	3.3
Our experiences from employing third-country workers are mainly positive and their language skills were adequate for them to do a good job.	3.6	4.0	4.1	4.3	4.1
The third-country workers have been hard to integrate with other employees so that cooperation has not worked satisfactorily.	3.2	2.2	2.5	2.5	2.0
Our customers preferred contacts with native employees rather than with third-country workers.	3.6	3.5	3.0	3.3	2.5
The third-country workers' knowledge about their home countries' language and culture has been beneficial for our contacts with their home countries.	3.6	3.0	3.7	3.4	3.7

N=234
Source: Own calculations based on the survey

2.3. Workers' representatives and employing third-country nationals

The presence of workers' representatives varies significantly across the selected countries. In Bulgaria, 87% of respondents reported having no workers' representatives in their firms. This figure was almost 70% in Hungary and 53.3% in Croatia (Table 13). The difference between countries can partly be explained by the varying structure of samples based on company size, as smaller companies typically have fewer workers' representatives. Conversely, in Slovakia and Slovenia, more than half of the respondents had workers' representatives. In Slovenia, almost half of those firms had a trade union organized at the firm level, and nearly 30% also had a works council. In Slovakia, a third of the firms had a trade union, and 21% had a works council.

Interestingly, in Croatia, among the firms with workers' representatives, half reported having both a trade union and a works council. Respondents who selected "other" as their answer primarily mentioned various forms of informal participation or having a special workers' representative, such as a "worker trustee" in Slovenia.

Table 14: Different types of workers' representatives in firms (percentage of all respondents, multiple answers possible)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
No workers' representatives present.	87.0	53.3	69.9	33.1	42.2
Trade union	8.7	31.7	21.5	34.7	49.4
Works council	0	36.7	21.5	19.6	28.9
Board-level workers representative	4.3	8.3	1.3	12.7	13.2
Other	0	5.0	3.8	0.9	4.8

N=363
Source: Own calculations based on the survey

When asked about the role of workers' representatives in addressing challenges related to the current and prospective employment of third-country workers, most respondents indicated that workers' representatives are not included in these discussions (Table 14). In Slovakia, however, 50% of respondents reported that management informs workers' representatives, and 30% mentioned that management consults with them. Slovakia also had the highest percentage of respondents indicating that management included measures and other relevant issues regarding the employment of third-country workers in the company's collective agreement.

Similarly, in Hungary (and to a lesser extent in Croatia), nearly 40% of respondents reported that management informs workers' representatives, and almost 28% stated that management consults with them. It is worth noting that the share of Hungarian respondents employing third-country nationals is very low, suggesting that Hungarian firms that do employ third-country nationals tend to cooperate closely with workers' representatives.

When considering the future role of workers' representatives in addressing challenges related to employing third-country nationals, respondents from all countries indicated increased involvement (Table 15). A higher share of respondents reported that management plans to inform and consult with workers' representatives regarding these issues.

Table 15: The role of workers' representatives in dealing with the challenges related to the current and prospective employment of third-country workers (percentage of all respondents, multiple answers possible)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Management informs workers' representatives.	8.3	35.5	38.9	50.0	30.2
Management consults workers' representatives.	12.5	22.6	27.8	30.2	7.0
Management includes measures and other relevant issues in the company's collective agreements.	4.2	3.2	5.6	10.5	4.6
Management concludes other types of agreement with workers' representatives (like action plans).	0	0	16.7	1.2	0
Workers' representatives are not included in discussion.	83.3	41.9	50.0	32.6	55.8
Other	8.3	16.1	5.6	5.8	11.6

N=202
Source: Own calculations based on the survey

Table 16: The role of workers' representatives in dealing with the challenges related to the employment of third-country workers in the future (percentage of all respondents, multiple answers possible)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
Management informs workers' representatives.	11.5	41.9	33.3	59.3	37.2
Management consults workers' representatives.	3.9	29.0	16.7	34.9	9.3
Management includes measures and other relevant issues in the company's collective agreements.	0	3.2	5.6	16.3	4.6
Management concludes other types of agreement with workers' representatives (like action plans).	0	6.5	11.1	0	2.3
Workers' representatives are not included in discussion.	80.8	29.0	44.4	25.6	46.5
Other	11.5	12.9	11.1	3.5	13.9

N=204
Source: Own calculations based on the survey.

When asked whether social partners discuss the employment and challenges associated with third-country workers, about half of the respondents indicated that they are not aware of such discussions (Table 16). Approximately 30% of respondents in Croatia, Slovenia, and Hungary were aware of the discussions but did not know the details. Only respondents from Slovakia and Croatia showed a slightly higher awareness of the content, suggesting that social partners should better disseminate discussion content among firms. Notably, almost 15% of Slovak respondents are actively involved in these discussions. Some respondents mentioned discussing this issue within their business networks, while others indicated attempts to start the debate but encountered a lack of interest.

Table 17: Do social partners discuss about the employment and challenges associated with third-country workers also on sectoral and national levels? (percentage of all respondents)

	Bulgaria	Croatia	Hungary	Slovakia	Slovenia
I am aware of this but do not know the content of the discussions.	13.2	28.6	35.1	15.8	27.0
I am aware and familiar with the content of the discussions.	2.6	16.1	5.4	21.1	12.2
I am aware and actively involved in these discussions	0	7.1	1.4	14.9	4.1
I am not aware of this	78.9	46.4	56.8	45.6	54.0
Other	5.3	1.8	1.3	2.6	2.7

N=356
Source: Own calculations based on the survey

3. Concluding remarks

Employing third-country workers in a tight labour market offers a significant competitive advantage on the global stage. One respondent highlighted the challenge: "*Potential third-country employees prefer other countries where there is less bureaucracy and taxes.*" Thus, it is essential for policymakers to support firms in hiring workers who are not available in the domestic labour market. Furthermore, companies struggle with language and cultural barriers when hiring third-country workers, especially from distant countries.

The study identified areas and topics on which the social partners can and will work in the next phases of the Recruit4Tomorrow project to prepare a list of measures and common recommendations for policy-makers which will be aligned with all social partners within the social dialogue. The recommendations can be, among other areas, developed along the following themes:

1. **Legislation and Process Efficiency**
    - Legislation should protect workers and be clear to firms, potential workers, and government officials. The government should assist firms in obtaining necessary documents promptly. Accountability and agility should guide officials, with their remuneration reflecting these principles. As noted by a respondent: "*Given the fluctuations in orders, we need workers quickly and cannot wait several months for work permits. On the topic of employing foreigners, we would like more quality, practical seminars with practical examples of employment and presentations of potential problems and solutions in employing foreigners.*" Long procedures disadvantage employers, as another respondent from Croatia stated: "*Due to long legislative processes, our company loses profits because we have employee shortages while waiting for various permits. There could be some central verification system for foreigners. Slovenia has quite a good system in place where a work permit for a foreigner can be obtained within 7 days. Here it is 30-90 days, and if a problem arises, no one contacts us.*"
    - Sometimes, official institutions do not understand business processes, as highlighted: "*The problem we face is that the ZZZS*[2] *considers the date of issuing the informative sheet as the date of application for compulsory insurance instead of the date we submitted our request.*" Another respondent noted: "*When extending a permit for a foreigner, registration for insurance is allowed only based on a certificate of submitted application for extension, but even then, it is not known whether the application will be positively resolved.*"
    - Legislative procedures add costs to employers, reducing global competitiveness. A respondent from a logistics firm noted: "*Employing third-country nationals means increased costs for us due to the preparation of employment contracts and other onboarding documents in a bilingual version and ensuring mandatory safety and health training with a translator. In the case of a driver position, it involves additional legislative processes to obtain a driver's license, qualification card, permit, etc., which are time-consuming and*

[2] Health Insurance Institution

require increased costs for securing, paying wages during the time when the driver cannot work due to necessary authorizations/training, etc." Sometimes firms invest heavily in documentation only for workers to leave for better-paying countries: "*Greater protection of the employer in case of termination and fleeing of workers to other countries. Enable protection through special conditions in contracts, reimbursement of employment costs in cases of non-fulfilment of contractual obligations.*" Employment agencies can exacerbate this issue by poaching workers: "*All this takes place under the direction of so-called employment agencies for the import of foreign labour, which increasingly engage in "poaching" foreign workers from their original employers (on whose request the DZBRs[3] were obtained) and redirecting them to other workers.*" Holding agencies accountable could help: "*Many of them, without visible reason and mostly without notice, do not show up for work one day. I think a legal norm should be initiated and introduced to regulate the mediation and hold the intermediary accountable for the actions of the worker—leaving without notice*."

- Remote working procedures should be reformed: *"It is definitely necessary to abolish or adjust the obligation to report residence (or possession of a rental contract) because the IT sector suffers from it, meaning they cannot hire workers who would actually work from their own country."*
- Simplify procedures for third-country worker's market entries: "*Procedures should be reduced to those for tourist arrivals, which no one monitors after entering the country. For workers, the link is the employer, and we treat them as if they are criminals, while all tourists are considered honest."* This indicates mismanagement of non-EU migrations for seasonal work.

2. **Healthcare System Design**
   - Develop a proper healthcare system for third-country workers. Countries facing demographic transitions and underfunded health systems struggle to provide adequate healthcare. A respondent noted: "*Providing healthcare to third-country citizens is based on the charity and compassion of the doctor, practically for free by the doctor; abuse of the social system—required certificates of temporary incapacity for work by third-country citizens on the recommendation of staffing agencies in case of not reporting to the shift (often retroactively for several days, which the law does not allow), which is a source of disproportionate reactions and conflicts, for example, among citizens from Serbia and Georgia…"*
3. **Involvement of Workers' Representatives**
   - Involve workers' representatives in hiring processes to minimize internal conflicts.
4. **Best Practices Identification**
   - Identify and share best practices to ensure retention of third-country workers and support domestic workers. A Bulgarian respondent highlighted retention challenges: "*The problem is how to retain individuals, as other companies from Central and Eastern Europe (Romania, Poland, Czech Republic) are much more*

[3] Residence and Work permit in Croatia.

attractive employers, despite the higher living costs. Another completely different problem is the lack of places with personal doctors, it is very difficult to register foreigners with personal doctors…"

5. **Collaboration with Other Institutions**
    - Collaborate with educational and other institutions to address skill shortages. A respondent noted: *"There is a big difference between foreigners who studied in Bulgaria and are already oriented and those who are arriving now, even if they do not know the Bulgarian language. It is definitely easier to work with those we hire from the university.*"
    - Address banking sector challenges: "*Creating/opening a bank account for non-EU citizens for salary transfer is a very cumbersome procedure. In most cases, banks require additional documents compared to Bulgarian and European citizens. On the other hand, the law obliges us to pay salaries only through a bank."*

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5. APPENDIX

Attached to the comparative report as an appendix are the English versions of the national survey reports in each respective country:

1. National Analysis Report for Bulgaria
2. National Analysis Report for Croatia
3. National Analysis Report for Hungary
4. National Analysis Report for Slovakia
5. National Analysis Report for Slovenia

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RECRUIT4TOMORROW

Encouraging employment of third-country nationals through social dialogue

Deliverable D2.1

National Analysis Report for Bulgaria

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Executive summary

The deliverable, National Analysis Report for Bulgaria, presents the findings from the survey amongst Bulgarian employers regarding the employment of third-country nationals in Bulgaria which was executed as part of the WP2 in the project. In the scope of WP2, we analysed and researched the challenges that labour market stakeholders are facing when dealing with the matching of labour supply and demand by employment of third-country nationals.

The presented deliverable is a detailed report from the national survey results in Bulgaria which will be a basis and a starting point for further analysis and social dialogue on all levels in WP3 where the consortia partners will prepare measures to address the labour market needs and recommendations for policymakers.

1. Recruit4Tomorrow - Report on the survey conducted in Bulgaria

In recent years, Bulgaria has faced a labour shortage and challenges for companies in finding suitable personnel. The roots of the workforce crisis in the country can be traced back to the transition from a planned to a market economy, the decline of industrial production and the subsequent emigration. The demographic crisis in Bulgaria and all of Europe led to a significant reduction in the working-age population. Another key driver of change in the labour market was the pandemic and the resulting transformation of the workplace, changes in wages and difficulties in reconciling personal and professional life.

The factors mentioned prompted the need to address the labour shortage by hiring workers from third countries. It's important to note that this approach involves overcoming certain stereotypes and prejudices that employers have developed over the years. Despite that, evidence shows that employers are increasingly turning to this alternative. The purpose of the present survey was to identify the obstacles and challenges in recruiting third-country workers.

The study was conducted through an online survey in the period 22 April – 30 June 2024 and included 102 Bulgarian companies that gave full or partial answers to questions related to the employment of third-country nationals. The first part of the report presents a brief summary of the characteristics of the participating companies, the current state of employment of workers from abroad and third countries, their origins and their salaries. The second part examines the advantages and obstacles to the recruitment of third-country workers, their representation and gaps in supporting their employment.

1.1. Characteristics of companies

The characteristics of the companies included in the sample are shown in Table 1.

Table 1: Company size, classification and industry

		Frequency	**Percent**
Size (number of workers) (N = 98)	Less than 10	13	13%
	11-50	32	33%
	51-250	29	30%
	251-500	13	13%
	More than 500	11	11%
Company classification (N = 86)	Family-owned company	10	12%
	Domestic private company	54	63%
	Domestic public company	6	7%
	MNE subsidiary	4	5%
	Other	12	14%

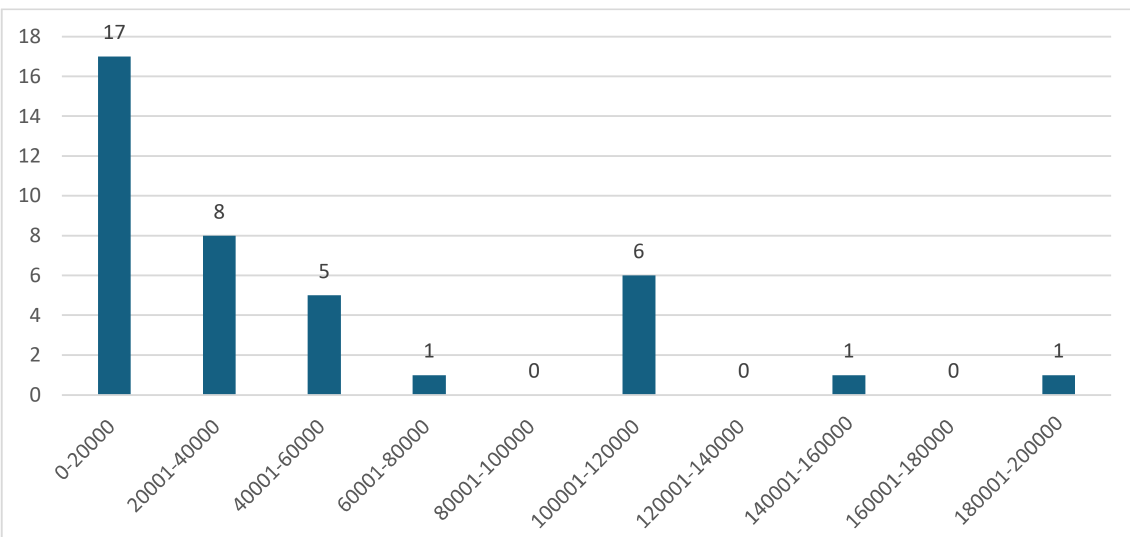
	Construction	19	20%
	Hospitality and tourism	12	13%
	Healthcare	4	4%
Industry (N = 96)	Manufacturing	7	7%
	Oil and gas sector	0	0%
	Automotive sector	2	2%
	ICT (IT) sector	33	34%
	Trade	2	2%
	Other services	17	18%

Source: Own calculations based on the survey

The average value added per worker in Bulgaria in 2023 is EUR 46,525.6, according to the survey data. The values vary in a very wide range, but the majority of respondents who answered this question indicate values of up to EUR 40,000 (Figure 1).

In addition, the average gross salary reported by the companies surveyed was EUR 1824,7 per month which is almost 80% higher if compared to the average gross salary in Bulgaria in 2023 (around EUR 1,022.58). The highest average salaries were recorded in the city of Sofia, where the average gross monthly salary reached 2,722 BGN (around EUR 1,391.74)[1].

Figure 1: Value added per worker (per year, in EUR) in 2023



N=39
Source: Own calculations based on the survey

The survey involved representatives of companies occupying different positions, with two-thirds of them being representatives of management teams, followed by professionals in human resource offices (Table 2). Most of the respondents are men.

[1] Bulgaria: Statistics institute announces average annual salaries in 2023 – The Sofia Globe

Table 2: Respondent's position in the company

	Frequency	Percent
CEO / Director / Member of the management board	24	27%
Head of HR	11	12%
HR professional	12	13%
Head of Legal Department	1	1%
Legal professional	0	0%
Other	42	47%

N=90
Source: Own calculations based on the survey

In addition, all respondents have at least 5 years of professional experience, and most of them have more than 15 years in their respective fields (Table 3).

Table 3: Duration of working experience of respondents

	Frequency	Percent
Less than 5 years	8	9%
5 - 15 years	39	42%
16 - 25 years	30	33%
26 - 35 years	14	15%
More than 35 years	1	1%

N=92
Source: Own calculations based on the survey

1.2. Employment of foreign workers – current situation

The majority, namely 84% of the companies surveyed, report that they are currently employing foreign workers (Table 4). Half of the respondents report that they employ foreign workers from non-EU countries.

Table 4: Employment of foreign workers

	Frequency	Percent
Yes	81	84%
No	15	16%

N=96
Source: Own calculations based on the survey

The survey also examined the attitudes of those companies that currently do not employ foreign workers (Table 5), including questions about their future plans to employ foreign workers. Of these respondents, 90% (21 respondents) plan to hire foreign workers in the future. Specifically, more than half of respondents indicated that they plan to hire workers from third countries. Only 10% (2 respondents) do not plan to hire foreign workers in the future.

Table 5: Strategy for hiring foreign workers in the future

	Frequency	Percent
We plan to employ foreign workers in the future (from EU countries)	8	38%
We plan to employ third-country workers in the future	11	52%
We do not plan to employ any foreign workers in the future	2	10%

N=21

Source: Own calculations based on the survey

1.3. Employment of third-country (non-EU) workers

The results in terms of the number of third-country workers currently employed in companies are interesting. A quarter of respondents report that less than 5% of their workforce is made up of third-country workers, and a fifth report that their share is between 6% and 10%. Notably, 25% of companies have more than 20% non-EU nationals in their workforce (Table 6). These companies operate in construction, manufacturing, and other services.

Table 6: Distribution of third-country workers in the workforce of surveyed companies

	Frequency	Percent
Less than 5% of the total workforce	13	24%
6-10%	11	20%
11-15%	7	13%
16-20%	13	24%
More than 20%	9	17%
Don't know exactly	1	2%

N=54

Source: Own calculations based on the survey

Comparing the level of education of workers from third countries, we can say that although there is a great diversity in results, the main share of them have secondary and higher education. Respondents consider that the educational structure of workers from third countries is comparable to that of the total workforce in the company (67%). However, 22% of them consider that workers from third countries have a lower level of education (Table 7). The age structure of third-country workers in the companies surveyed shows that the majority of them are between 31 and 40 years old.

Table 7: Level of education of the company's workers compared to those from third countries

	Frequency	Percent
Comparable	34	67%
On average, third-country workers have lower education.	11	22%
On average, third-country workers have higher education.	1	2%
Difficult to answer	4	8%

N=51

Source: Own calculations based on the survey

Non-EU workers are mainly employed for service work (11%) and elementary work (14%), followed by those in manufacturing and professional and technical activities (Table 8). As for some of the other types of work that non-EU workers perform the respondents reported construction, programming, social work, cooking, IT etc.

Table 8: Types of work of third-country workers

	Frequency	Percent
Service work (sales, personal care, protective services, personal services, etc)	7	11%
Professional and technical work (healthcare services, legal and other professional services, science and engineering professional services, etc)	6	10%
Production work	8	13%
Elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.)	9	14%
Managerial work	3	5%
Other	29	47%

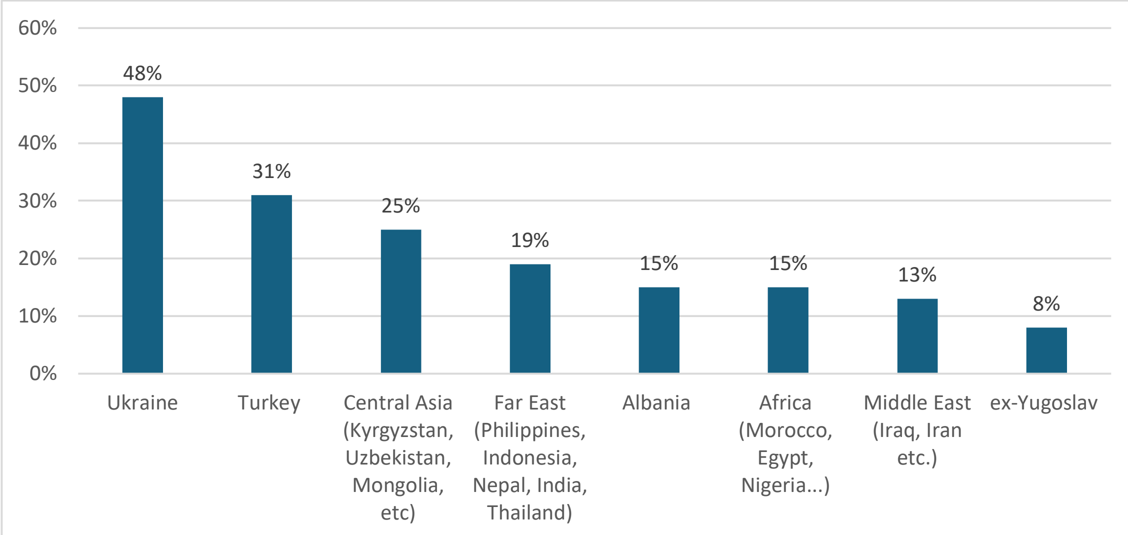
N=62

Source: Own calculations based on the survey

1.4. The origin of workers from third countries

The companies surveyed indicate that in Bulgaria workers from third countries come mainly from Ukraine and Turkey. A significant number of third-country workers are from countries in the Far East such as Nepal and Thailand, as well as from Central Asia (Figure 2).

Figure 2: Origin of workers from third countries

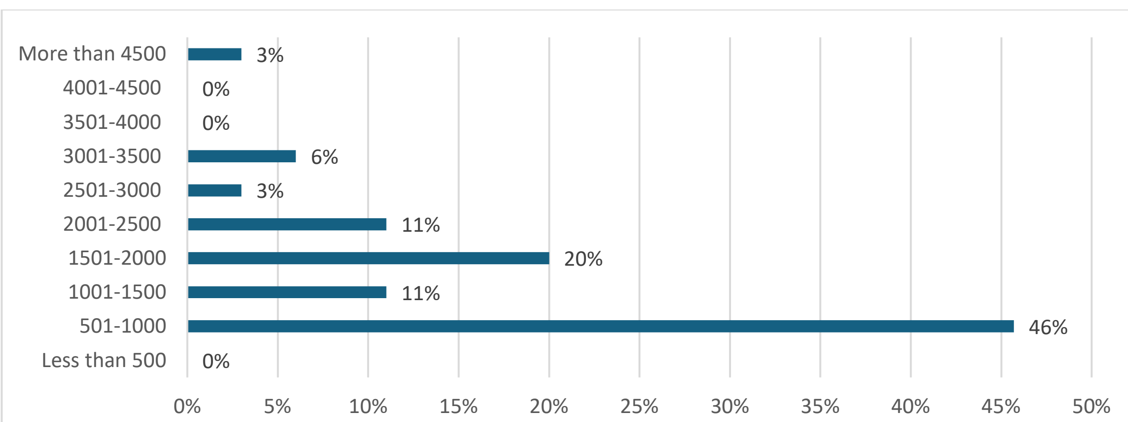


N=52
Source: Own calculations based on the survey

1.5. Wages of third-country workers

According to the results obtained, the average gross wage of third-country workers in the companies surveyed was EUR 1505.4. Comparing this result with the data obtained on the average wage in the same companies, we can say that the average gross wage of workers from third countries is lower. Figure 3 illustrates the distribution of average gross wages (per month, in euro) paid to third-country workers in the companies surveyed.

Figure 3: Distribution of average gross wages paid to third-country workers (per month, in EUR)



N=35
Source: Own calculations based on the survey

Regardless of the difference in average wages, the majority of companies consider that the wages of third-country workers are comparable to those of their other employees (Table 9).

Table 9: Qualitatively comparing average gross wages of third-country workers to other workers in the same company

	Frequency	Percent
Lower	6	12%
Comparable	43	86%
Higher	1	2%
I don't know	0	0

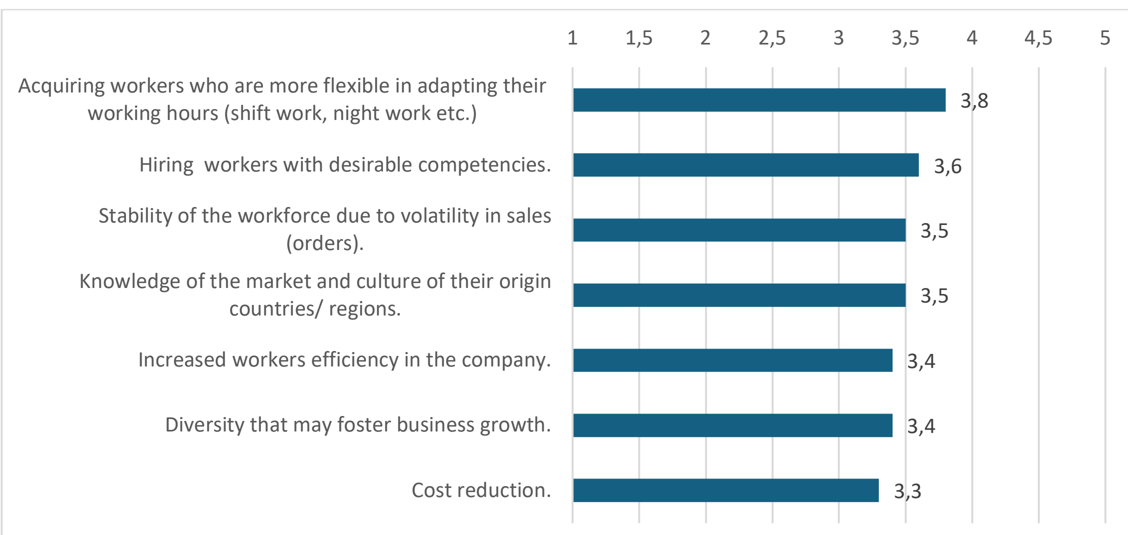
N=50
Source: Own calculations based on the survey

Only one of the surveyed companies stated that they received subsidies for hiring workers from third countries to which other workers were not entitled. The subsidy received was from the National Programme for Employment and Training of Refugees, which was run by the Employment agency in the scope of a one-time programme activity of the United Nations High Commissioner for Refugees which allowed funding of start-ups. This programme funded refugees only and is not active anymore.

1.6. Advantages and barriers to hiring workers from third countries

The main advantages that companies see in hiring third-country nationals are the acquisition of workers who are more flexible in adapting their working hours (shift work, night work, etc.), possess the desired competencies, stability of the workforce due to the volatility of sales (orders) and knowledge of the market and the culture of their countries/regions of origin. They do not consider cost reduction to be an advantage when hiring workers from third countries (Figure 4).

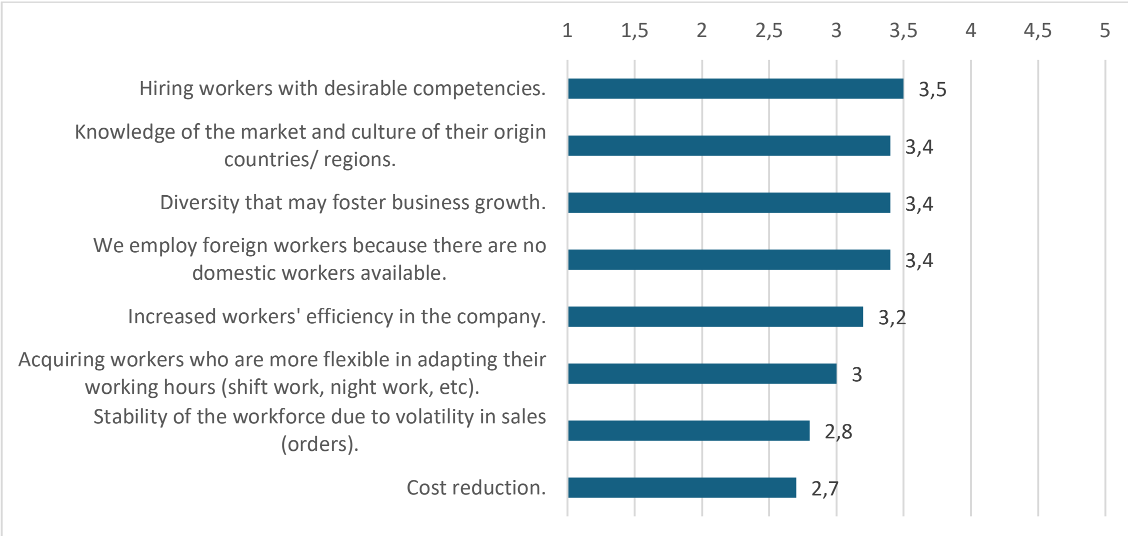
Figure 4: Advantages of employing third-country workers (1 = fully disagree, 5 = fully agree)



N=15
Source: Own calculations based on the survey

In any case, one of the main reasons why companies decide to employ foreign workers is hiring workers with desirable competencies, knowledge of the market and the culture of their origin countries, diversity and lack of domestic workers (Figure 5).

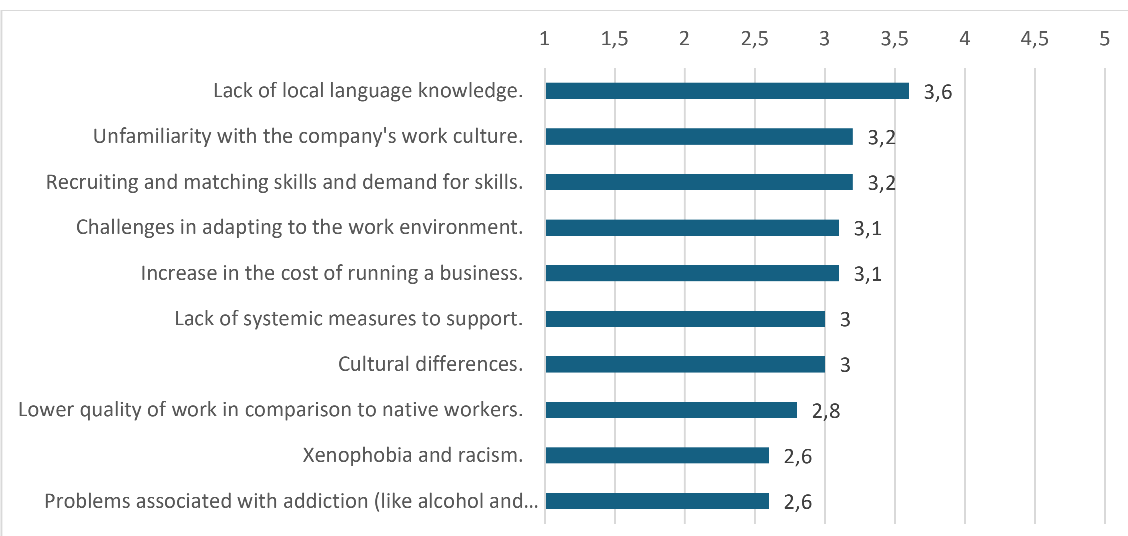
Figure 5: Reasons for employing third-country workers (1 = fully disagree, 5 = fully agree)



N=46
Source: Own calculations based on the survey

The main problems that respondents believe make it difficult to employ workers from third countries in Bulgaria are: lack of knowledge of the local language, lack of knowledge of the company's work culture and recruitment and combination of in-demand and actual skills. (figure 6).

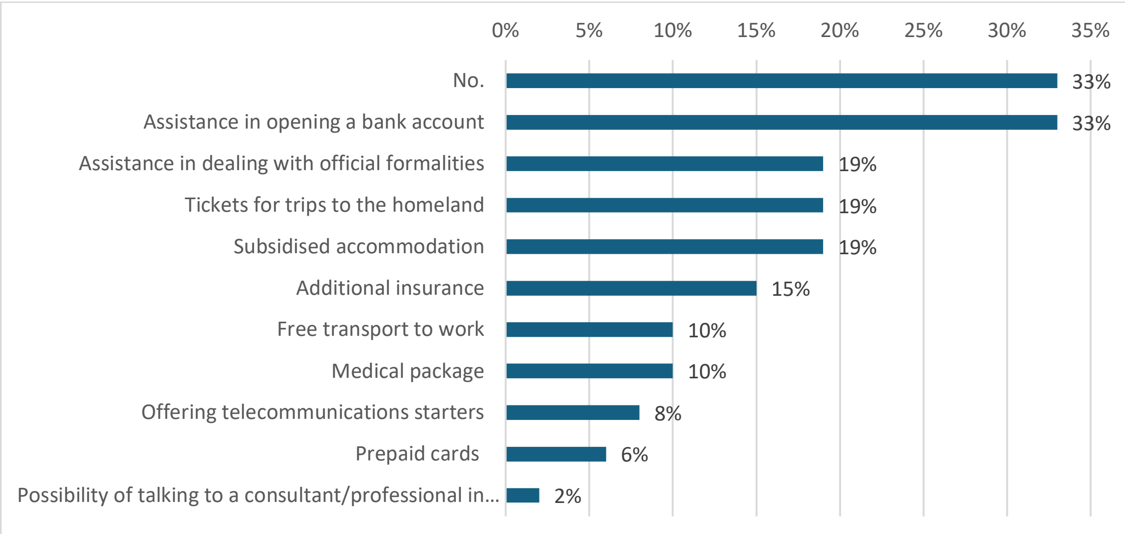
Figure 6: Potential problems related to employing third-country workers (1 = fully disagree, 5 = fully agree)



N=82
Source: Own calculations based on the survey

One-third of Bulgarian companies do not offer facilities to hired workers from third countries, the same number provide assistance in opening a bank account and 19% provide assistance in settling official formalities (Figure 7).

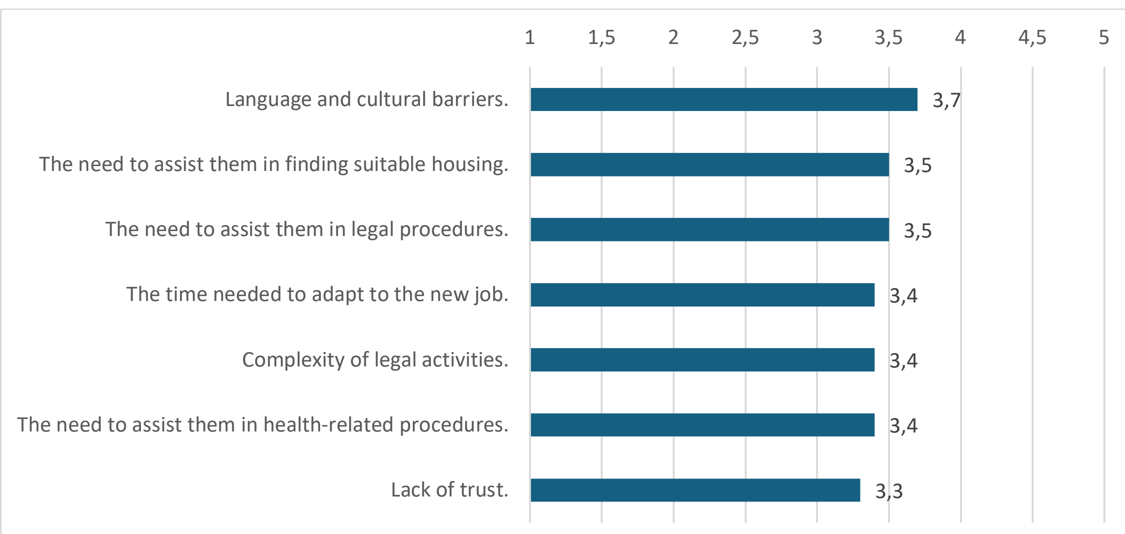
Figure 7: Amenities offered to third-country workers



N=48
Source: Own calculations based on the survey

The main difficulties that Bulgarian companies face in hiring workers from third countries are language and cultural barriers, the need to provide assistance in finding suitable housing and the implementation of legal procedures. The time needed to adapt, legal difficulties and the need for assistance in performing health procedures are also significant challenges. The lack of trust turns out to be a less significant barrier (Figure 8).

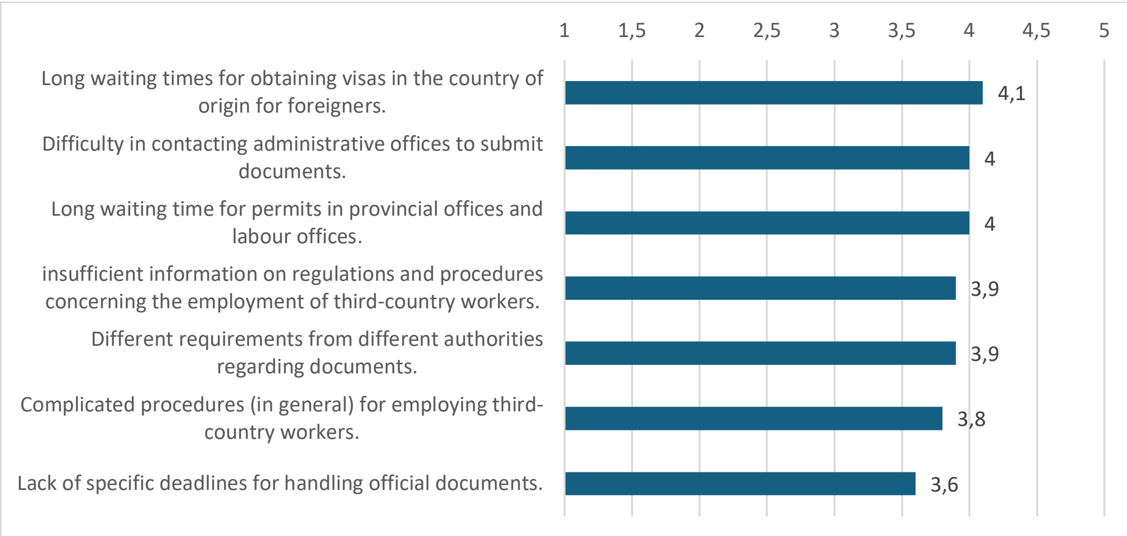
Figure 8: Barriers in employing third-country workers (1 = fully disagree, 5 = fully agree)



N=76
Source: Own calculations based on the survey

Regarding the difficulties encountered by Bulgarian companies in hiring workers from third countries, obtaining visas, permits and difficulties in contacting administrative offices stand out, which extend the deadline for settling the formalities of the procedures (Figure 9).

Figure 9: Formal barriers that are related to legal activities (1 = fully disagree, 5 = fully agree)

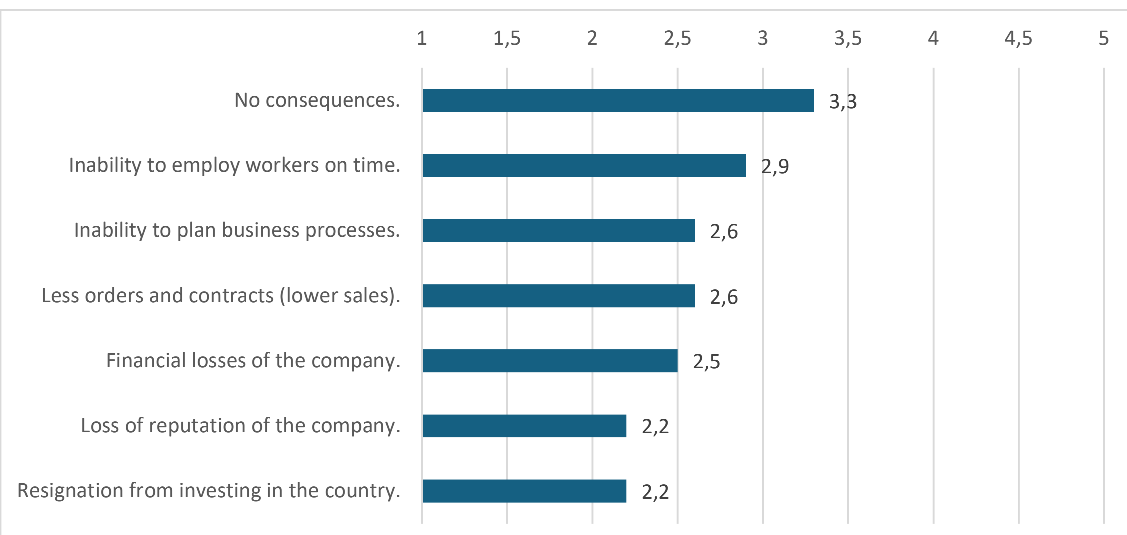


N=30

Source: Own calculations based on the survey

As a result of the above-mentioned extended procedures, companies mostly agree that the obstacles companies face when employing third-country workers have no consequences, followed by the opinion that it causes the inability to employ workers on time. In general, respondents disagree that obstacles caused resignation from investing in the country or loss of the company's reputation. (Figure 10).

Figure 10: Consequences of obstacles that companies face when employing third-country workers (1 = fully disagree, 5 = fully agree)

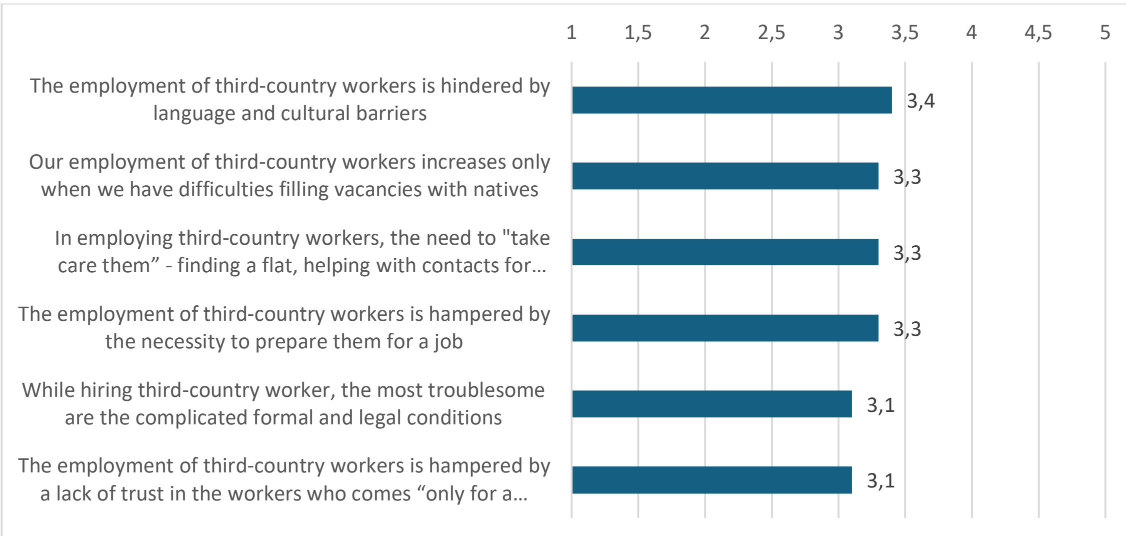


N=70

Source: Own calculations based on the survey

Companies in Bulgaria consider language and cultural barriers to be a major problem when hiring third-country workers (Figure 11). Statements that employment of third-country workers increases only when they have problems filling vacancies with natives, that they have to take care of them and that the employment is hampered by the necessity to prepare them for a job received reached a high level of support.

Figure 11: Evaluation of statements regarding the employment of third-country workers (1 = fully disagree, 5 = fully agree)

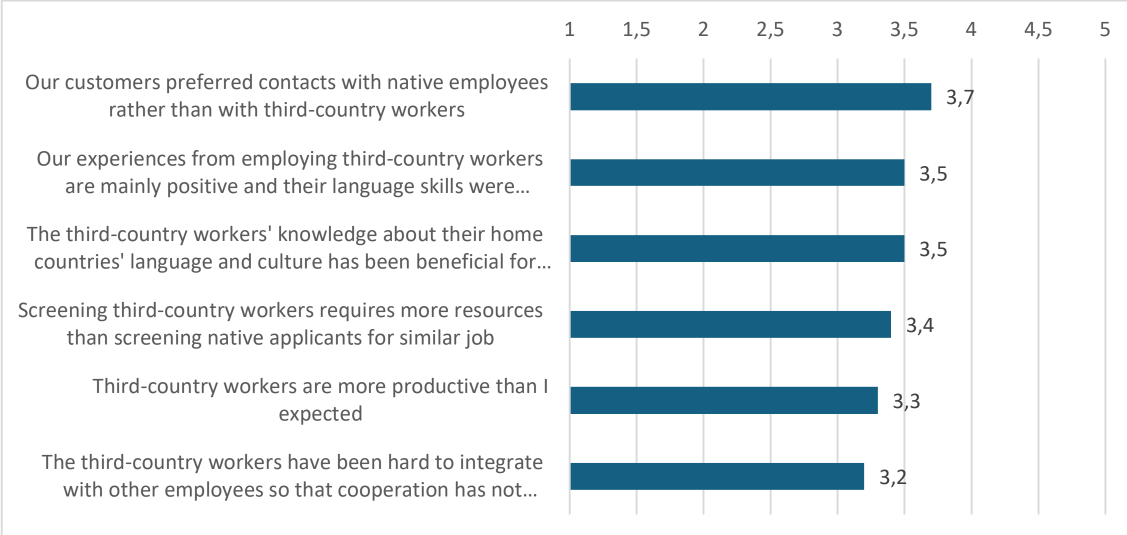


N=46

Source: Own calculations based on the survey

In general, customers of Bulgarian companies prefer that the goods and services offered to them are not made by third-country workers, although the employers' experience is mostly positive and the language skills of third-country workers are sufficient to do their job well (Figure 12). Another interesting fact is that Bulgarian companies do not consider that workers from third countries were difficult to integrate with other employees.

Figure 12: Experiences with employing third-country employees (1 = fully disagree, 5 = fully agree)

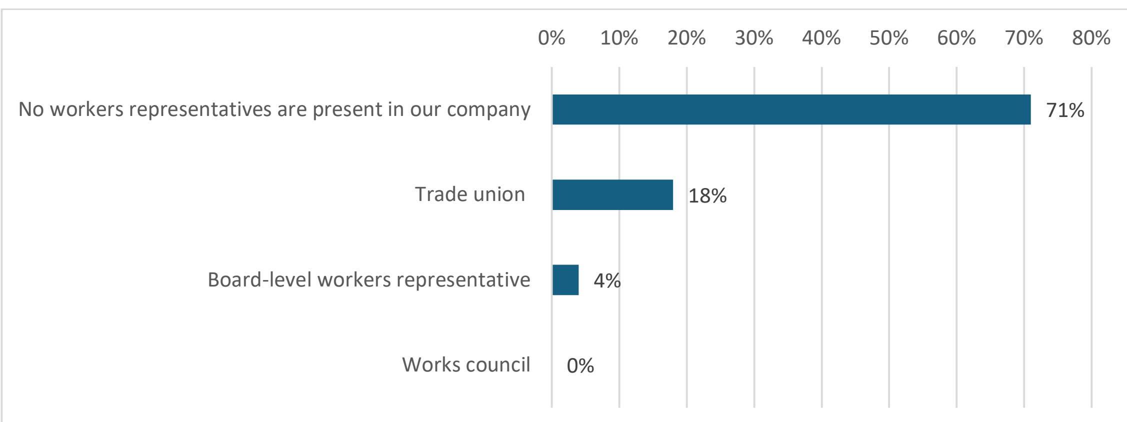


N=43
Source: Own calculations based on the survey

1.7. Workers' representation in companies

The survey included questions about workers' representation in the decision-making process and the intention to include topics related to third-country workers in the stakeholders' discussion. The surveyed companies are dominated by a lack of workers' representation, with less than a fifth of them having a trade union (Figure 13).

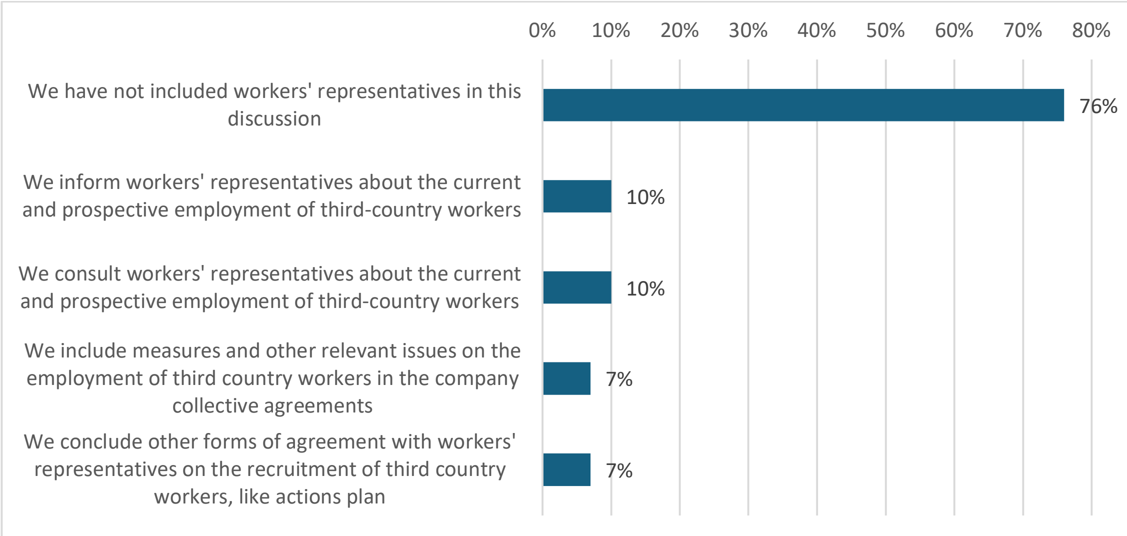
Figure 13: Workers' representation in companies



N=28
Source: Own calculations based on the survey

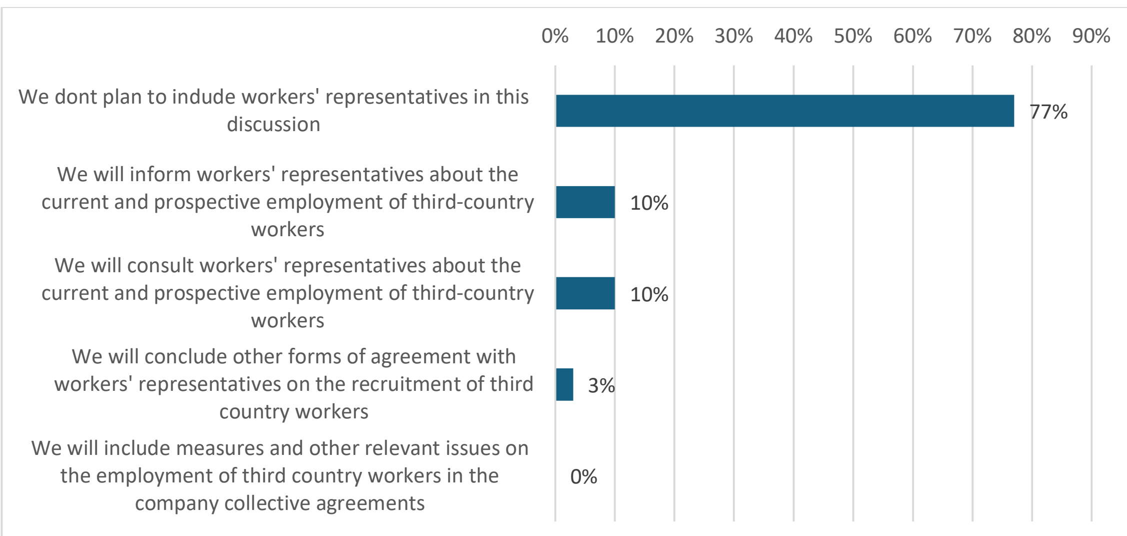
Three-quarters of companies that have some form of worker representation did not include these representatives in the discussion of challenges related to third-country workers (Figure 14). The same applies to their future plans (Figure 15).

Figure 14: Dealing with the challenges related to third-country workers



N=29
Source: Own calculations based on the survey

Figure 15: Plans to deal with the challenges related to third-country workers



N=31
Source: Own calculations based on the survey

The survey shows that the majority (72%) of companies are not aware of the social partners' discussions on employment and challenges related to third-country workers at the sectoral and national level. A small proportion of them (16%) are familiar with the discussions but do not know what it is about.

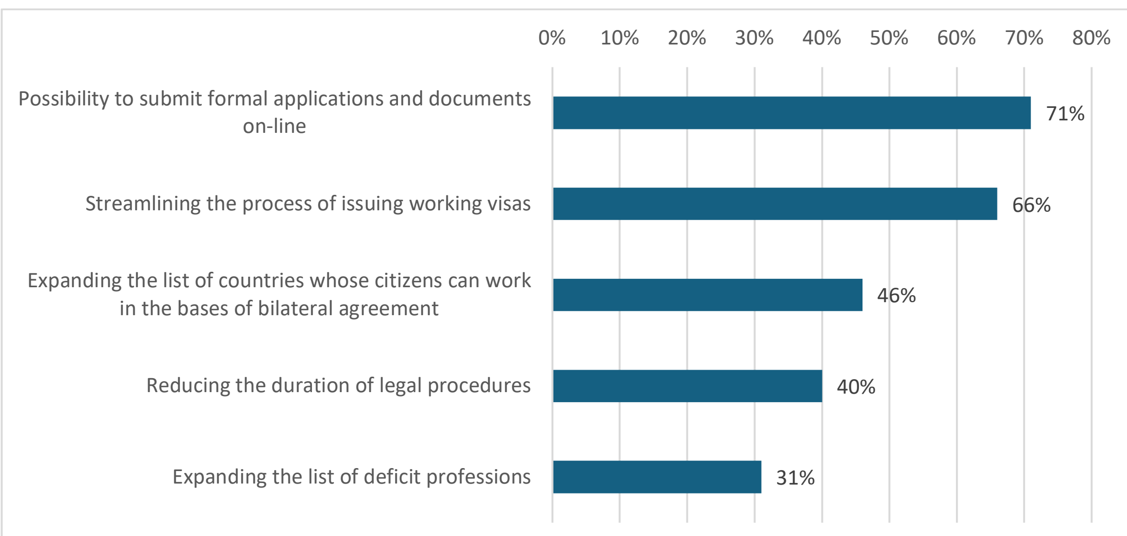
1.8. Gaps in supporting the employment of third-country nationals

The shortage of workers makes it difficult for companies to operate, which is why they are making significant efforts to implement various training and qualification measures to support the integration into the labour market of workers from third countries. Respondents identified the fight against overskilling as areas with the most significant gaps, the use of digital tools and the recognition of qualifications/skills assessment. The language barrier is proving to be a significant barrier to the integration of third-country workers, with respondents noting significant gaps in the provision of additional language courses, computer literacy and communication skills. The main gaps that respondents point out in terms of information and consulting are career development, increasing knowledge about the labour market and IT programs/applications.

Bulgarian companies consider that, despite their efforts, there are significant gaps in terms of preventing discrimination, raising awareness of diversity in the workplace and providing civic/social and cultural orientation courses.

The main priorities for facilitating the employment of third-country nationals, according to the surveyed companies from Bulgaria, should be: providing the opportunity to submit formal applications and documents online, streamlining the process of issuing work visas and expanding the list of countries whose nationals can work under a bilateral agreement (Figure 16).

Figure 16: Proposed changes in regulations to facilitate third-country workers employment



N=35
Source: Own calculations based on the survey

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RECRUIT4TOMORROW

Encouraging employment of third-country nationals through social dialogue

Deliverable D2.1

National Analysis Report for Croatia

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Executive summary

The deliverable, National Analysis Report for Croatia, presents the findings from the survey amongst Croatian employers regarding the employment of third-country nationals in Croatia which was executed as part of the WP2 in the project. In the scope of WP2, we analysed and researched the challenges that labour market stakeholders are facing when dealing with the matching of labour supply and demand by employment of third-country nationals.

The presented deliverable is a detailed report from the national survey results in Croatia which will be a basis and a starting point for further analysis and social dialogue on all levels in WP3 where the consortia partners will prepare measures to address the labour market needs and recommendations for policymakers.

1. Recruit4Tomorrow - Survey report on Croatia

The survey report presents insights based on descriptive statistics from a sample of Croatian firms. Conducted between April 22 and June 30, 2024, the survey received complete or partial responses from 90 companies regarding the employment of third-country nationals. The report begins with a brief summary of the sample characteristics, the current state of employing foreign and third-country workers, their origins, and their wages. The second part delves into the advantages and barriers of employing third-country workers, their representation, and the gaps in support for their employment.

1.1. Sample characteristics

The characteristics of the companies included in the sample are shown in Table 1.

Table 1: Company size, classification and industry

		Frequency	Percent
Size (number of workers) (N = 90)	Less than 10	7	8 %
	11-50	21	23 %
	51-250	16	18 %
	251-500	16	18 %
	More than 500	30	33 %
Company classification (N = 87)	Family-owned company	15	17 %
	Domestic private company	42	48 %
	Domestic public company	6	7 %
	MNE subsidiary	15	17 %
	Other	9	10 %
Industry (N = 90)	Construction	6	7 %
	Hospitality and tourism	21	23 %
	Healthcare	3	3 %
	Manufacturing	17	19 %
	Oil and gas sector	9	10 %
	Automotive sector	2	2 %
	ICT (IT) sector	8	9 %
	Trade	6	7 %
	Other services	18	20 %

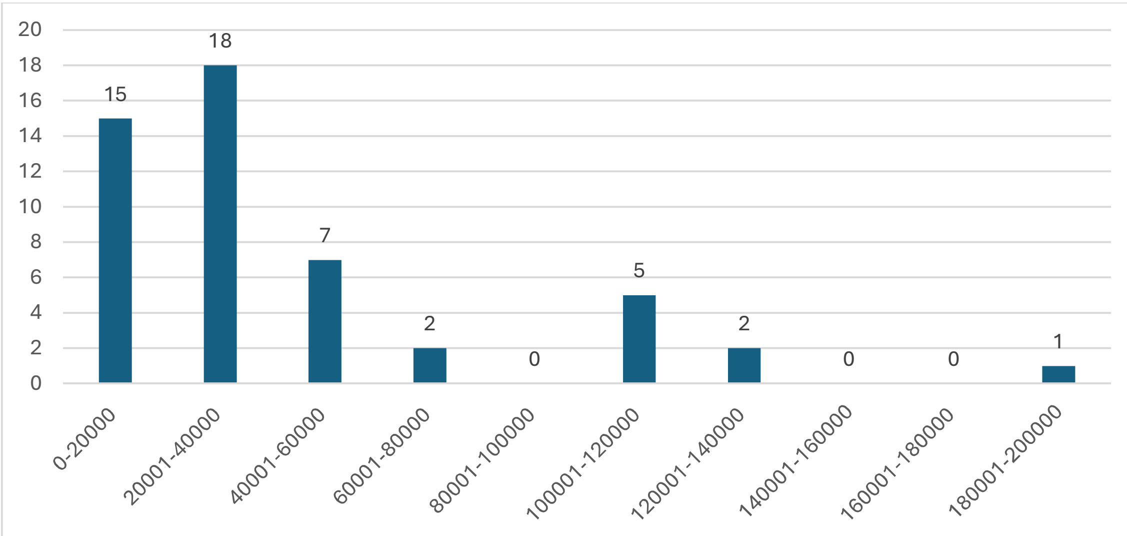
Source: Own calculations based on the survey

In 2023, the average value added per worker among companies surveyed was EUR 43,429.2[1] per year. The distribution of value added per worker among the surveyed companies shows a

[1] Std. deviation: 41,123.1, min: 10,000, max: 200,000

broad spectrum with a concentration in the middle ranges. Most of the respondents fall into the EUR 20,001 to EUR 40,000 range (Figure 1).

Figure 1: Value added per worker (per year, in EUR) in 2023



N=50
Source: Own calculations based on the survey

Additionally, the average gross wage reported by the companies surveyed is EUR 1,674.9[2,3] per month. The distribution of average gross salaries among the surveyed companies shows that more than three-quarters (76.2%) of the companies in the sample report an average monthly gross salary below EUR 2,000 per month.

The survey included a wide range of respondents from different positions within their respective organisations (Table 2). The characteristics of the respondents show a significant representation from HR departments and upper management, in line with the focus of the survey. Almost two-thirds of the respondents were female.

Table 2: Respondent's position in the company

	Frequency	Percent
CEO / Director / Member of the management board	31	36 %
Head of HR	16	19 %
HR professional	22	26 %
Head of Legal Department	2	2 %
Legal professional	5	6 %
Other	9	11 %

N=85
Source: Own calculations based on the survey

[2] Std. deviation: 1,178.47, min: 248.1, max: 9.126
[3] The average gross wage in Croatia in 2023 was EUR 1.584,00.

In addition, almost all respondents have at least 5 years of work experience, with most having more than 15 years in their respective fields (Table 3).

Table 3: Duration of working experience of respondents

	Frequency	Percent
Less than 5 years	5	6 %
5 - 15 years	25	29 %
16 - 25 years	27	31 %
26 - 35 years	21	25 %
More than 35 years	8	9 %

N=86

Source: Own calculations based on the survey

1.2. Employment of foreign workers: current situation

The majority, namely, 66 % of the companies surveyed reported that they currently employ foreign workers (Table 4). Almost all respondents who employ foreign workers reported that they employ also non-EU foreign workers.

Table 4: Employment of foreign workers

	Frequency	Percent
Yes	59	66 %
No	31	34 %

N=90

Source: Own calculations based on the survey

For those companies that do not currently employ foreign workers (Table 5), their future plans for employing foreign workers were also examined. Of these respondents, 44 % (13 respondents) plan to employ foreign workers in the future. Specifically, 5 of these 13 respondents indicated that they plan to employ third-country workers. Conversely, 50 % (15 respondents) do not plan to employ foreign workers in the future.

Table 5: Strategy for future employment of foreign workers

	Frequency	Percent
We plan to employ foreign workers from EU countries in the future	8	27 %
We plan to employ third-country workers in the future	5	17 %
We do not plan to employ any foreign workers in the future	15	50 %
Other	7	23 %

N=30

Source: Own calculations based on the survey

1.3. Employment of third-country (non-EU) workers

Looking at the number of non-EU workers currently employed in the companies, 18 % of the respondents reported that less than 5 % of their workforce consisted of non-EU workers, while 14 % reported between 6 % and 10 %. Notably, 10 % of companies have more than 20 % non-EU nationals in their workforce (Table 6). These companies operate in construction, hospitality and tourism and other services (logistics and transport and recruitment agency).

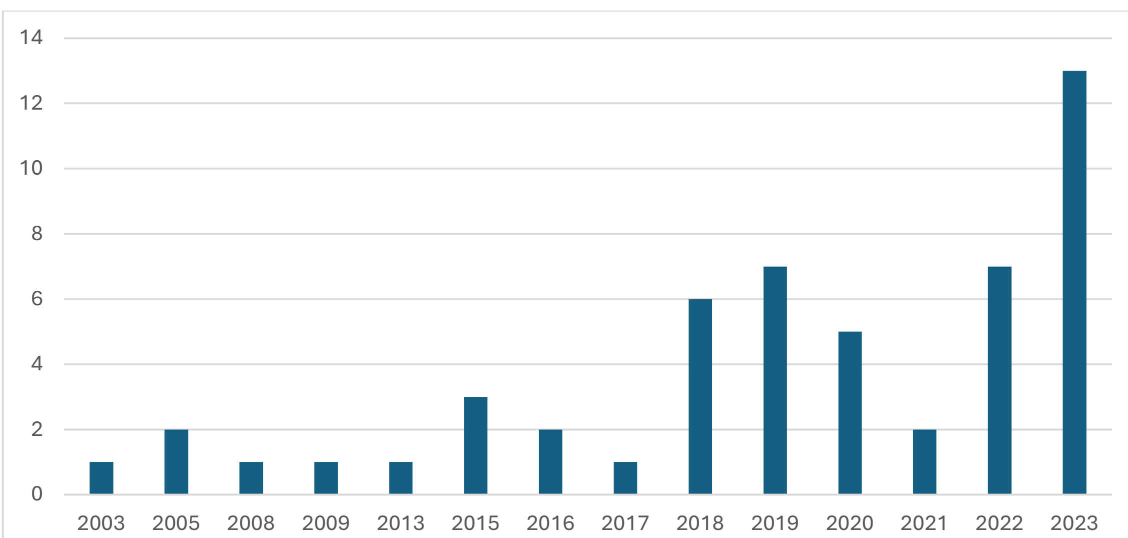
Table 6: Distribution of third-country workers in the workforce

	Frequency	Percent
Less than 5 % of total workforce	16	31 %
6-10 %	13	25 %
11-15 %	5	10 %
16-20 %	7	13 %
More than 20 %	9	17 %
Don't know exactly	2	4 %

N=52
Source: Own calculations based on the survey

Figure 2 shows that while some companies have been employing third-country nationals since 2003, there has been a significant and noticeable increase in this practice since 2018. The data show a steady increase in the number of companies employing third-country nationals over the years, with significant peaks in 2019, 2022 and 2023.

Figure 2: Number of companies reporting the start of employment for third-country nationals by year



N=52
Source: Own calculations based on the survey

The results suggest that while the third-country workers in the surveyed companies come from a variety of educational backgrounds, there is a significant representation of those with secondary and tertiary education. Among the 29 surveyed companies that employ these workers and responded to the question about educational structure, 62.7 % have secondary education and 14.6 % have tertiary education. More than one-quarter of the respondents (28 %) believe that the educational structure of third-country workers is comparable to that of the general workforce in the company. However, 53 % of respondents think that third-country workers have a lower average level of education (Table 7). It is also worth noting that only a third of third-country workers are women. The age structure of third-country workers in the companies surveyed shows that the majority are less than 30 years old (64.4 %).

Table 7: Company vs. third-country worker educational levels

	Frequency	Percent
Comparable	11	28 %
On average, third-country workers have lower education.	21	53 %
On average, third-country workers have higher education.	1	3 %
Difficult to answer	6	15 %
Other	1	3 %

N=40
Source: Own calculations based on the survey

More than half of non-EU workers are employed for elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.), followed by service work (Table 8).

Table 8: Job types of third-country workers

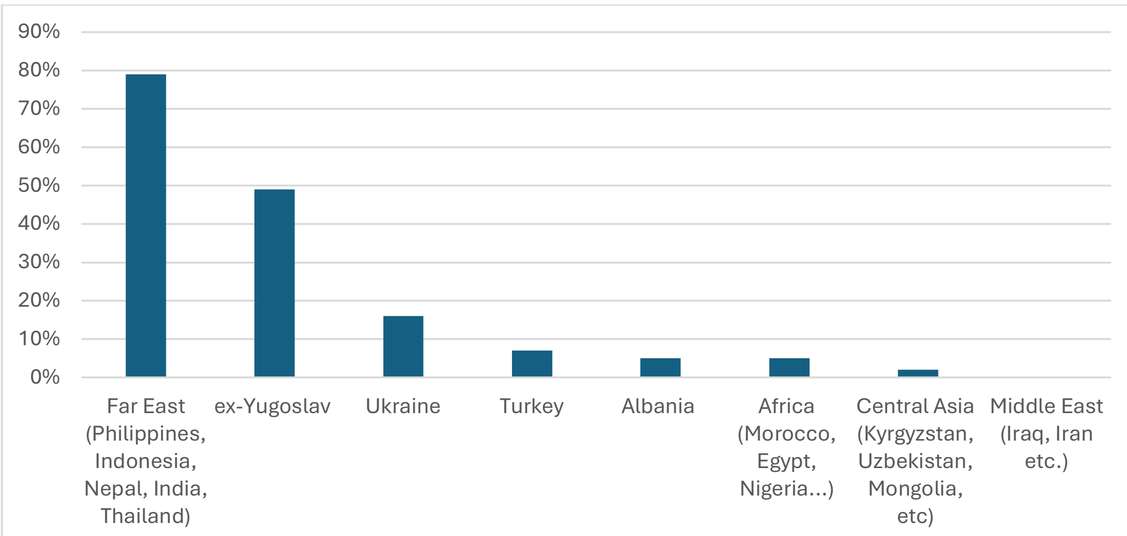
	Frequency	Percent
Service work (sales, personal care, protective services, personal services, etc)	12	29 %
Professional and technical work (healthcare services, legal and other professional services, science and engineering professional services, etc)	3	7 %
Production work	7	17 %
Elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.)	22	52 %
Managerial work	3	7 %
Other	8	19 %

N=42
Source: Own calculations based on the survey

1.4. The origin of third-country workers

The survey results indicate that third-country workers predominantly come from the Far East (Philippines, Indonesia, Nepal, India, and Thailand). Additionally, a significant number of third-country workers are from ex-Yugoslav countries (Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia) and Kosovo and Ukraine (Figure 3)[4].

Figure 3: The origin of third-country workers



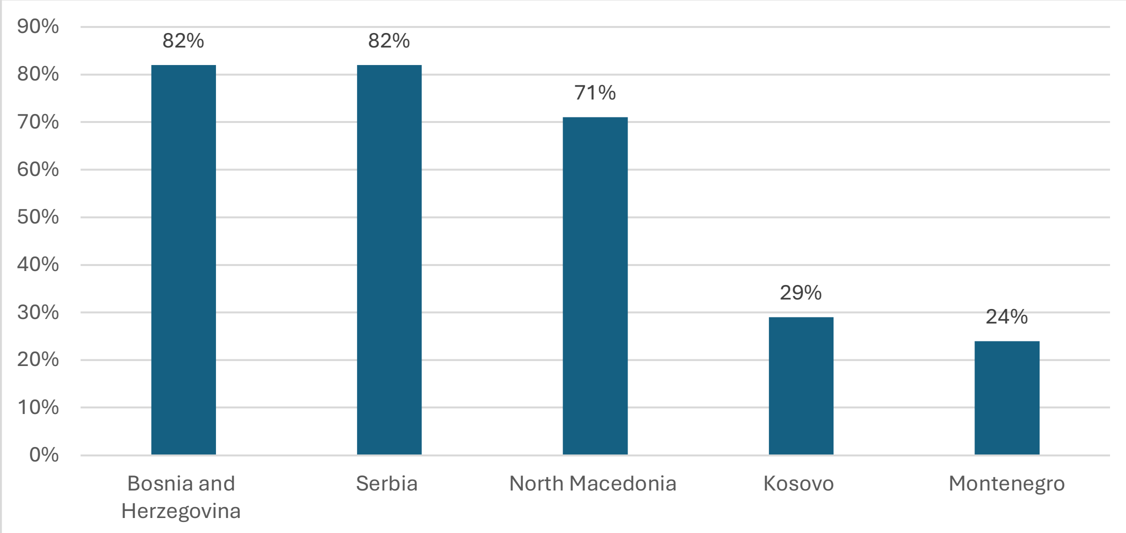
N=43
Source: Own calculations based on the survey

Nepal and the Philippines were also stated as the origin countries with the highest share of third-country workers in their workforce by the respondents. What should be emphasized is that this survey shows the trend that is relevant and dominant in the last 3 years in Croatia, with new foreign workers coming from these areas, and especially from South-East Asia. Still, in total numbers, most foreign workers in absolute numbers come from ex-Yugoslav countries – many of them have been active in Croatia for several years already.

When asked which ex-Yugoslav countries the workers originated from, the most common answers were Bosnia and Herzegovina and Serbia (Figure 4).

[4] The share of country of origin mentioned pertains solely to the stock of workers within our sample firms. However, official data on the country of origin for third-country workers who obtained residence and work permits in the first six months of 2024 indicates that 21 % of them were from Bosnia and Herzegovina, 18 % from Serbia and Nepal, and 8.7 % from India. (Mjesecne statistike srpanj 2024.pdf (gov.hr)).

Figure 4: Origin of third-country workers from non-EU former Yugoslav Countries

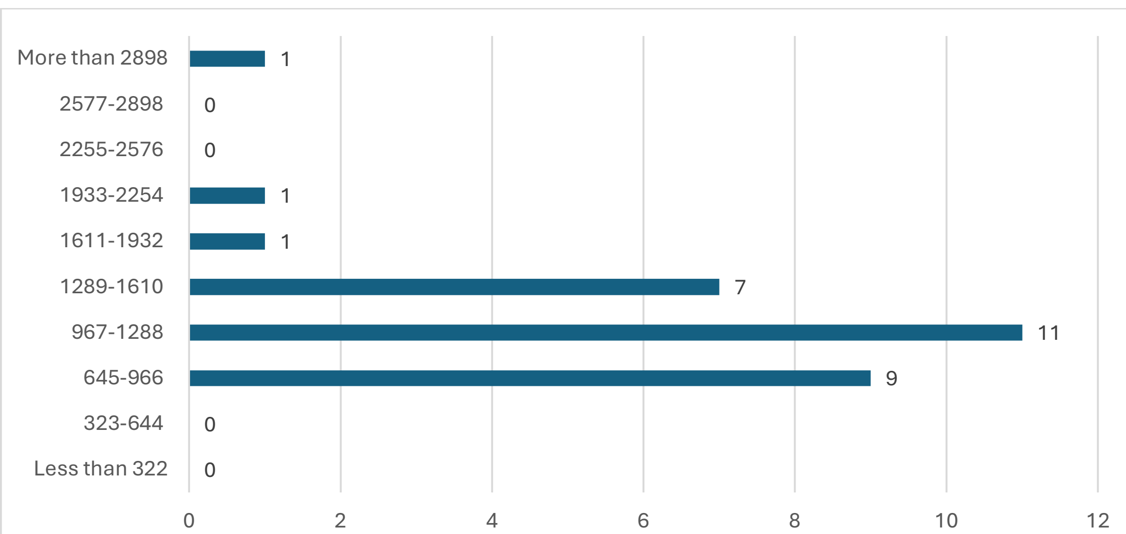


N=17
Source: Own calculations based on the survey

1.5. Wages of third-country workers

The average gross wage of third-country workers in the surveyed companies is EUR 1,222.9.[5] The average gross wage for third-country workers is lower than the overall company average of EUR 1,647.9 per month. Figure 5 illustrates the distribution of average gross wages (per month, in EUR) paid to third-country workers in the surveyed companies.

Figure 5: Distribution of average gross wages paid to third-country workers (per month, in EUR)



N=30
Source: Own calculations based on the survey

[5] Std. deviation: 491.02, min: 840, max: 3,215

Despite the numerical difference in average wages, the majority of companies consider the wages of third-country workers to be comparable to those of their other employees (Table 9).

Table 9: Qualitatively comparing average gross wages of third-country workers to other workers in the same company

	Frequency	Percent
Lower	7	20 %
Comparable	26	74 %
Higher	2	6 %

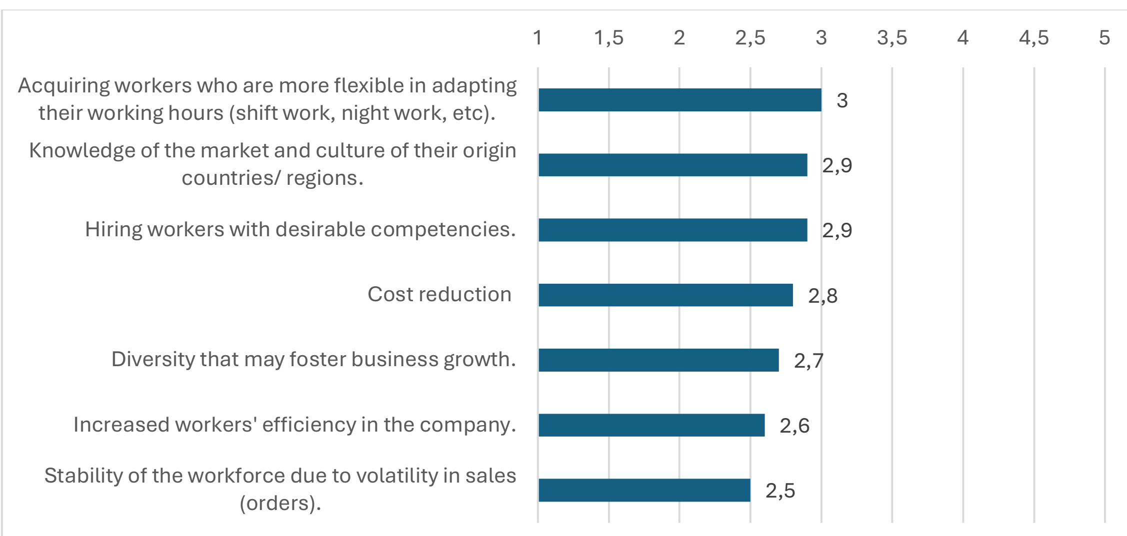
N=35
Source: Own calculations based on the survey

All the companies surveyed claimed that they did not receive any subsidies for employing third-country workers that other workers were not entitled to.

1.6. Advantages and barriers in employing third-country workers

The main advantages that companies see in employing third-country nationals are acquiring workers who are more flexible in adapting their work hours, knowledge of the market and culture of their origin countries, hiring workers with desirable competencies and cost reduction. They do not see the stability of the workforce due to volatility in sales as a benefit of employing third-country workers (Figure 6).

Figure 6: Advantages of employing third-country workers (1 = fully disagree, 5 = fully agree)



N=25
Source: Own calculations based on the survey

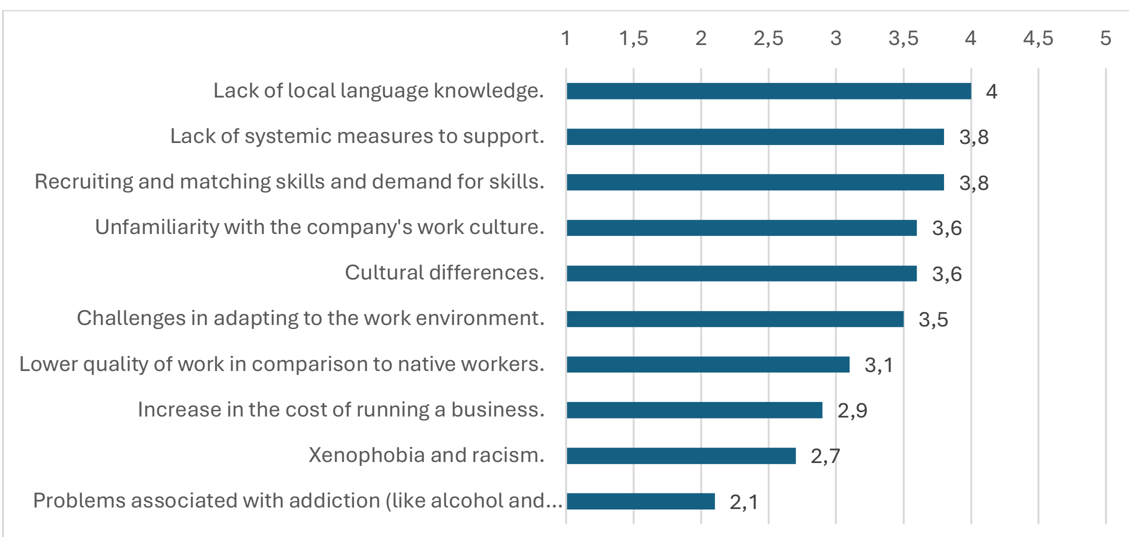
It is clear that one of the main reasons why companies decide to employ foreign workers is because of a lack of domestic workers and to hire workers with desirable competencies (Figure 7).

Figure 7: Reasons for employing third-country workers (1 = fully disagree, 5 = fully agree)

N=38
Source: Own calculations based on the survey

Respondents consider a lack of knowledge of the local language and a lack of systemic support measures to be the biggest potential problems associated with employing third-country workers (Figure 8).

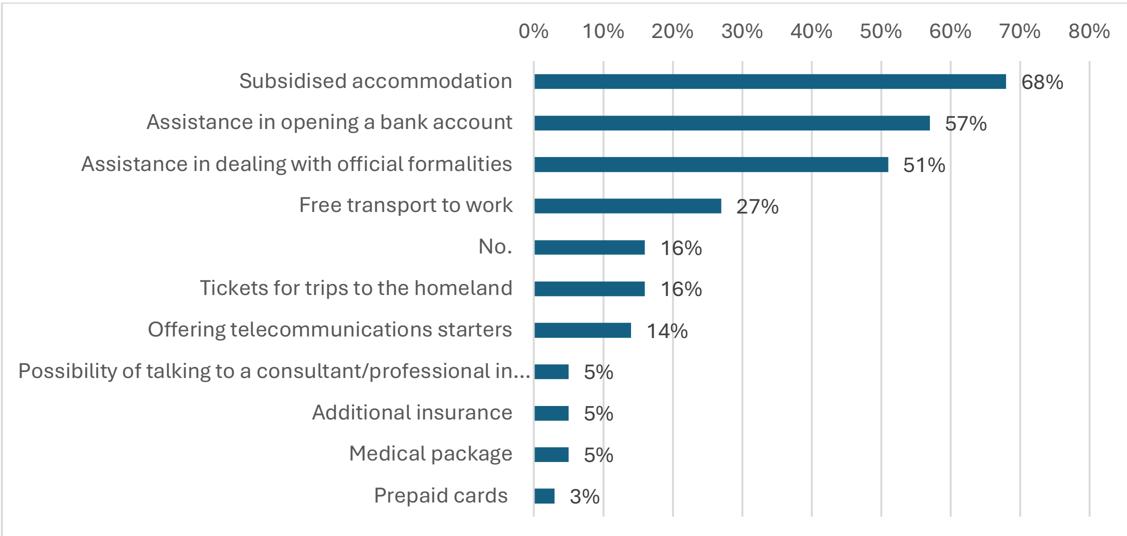
Figure 8: Potential problems related to employing third-country workers (1 = fully disagree, 5 = fully agree)



N=64
Source: Own calculations based on the survey

Regarding the amenities, offered to third-country workers, 68 % of the respondents offer third-country workers subsidized accommodation, 57 % offer third-country workers assistance in opening a bank account, and 51 % offer third-country workers assistance in dealing with official formalities (Figure 9).

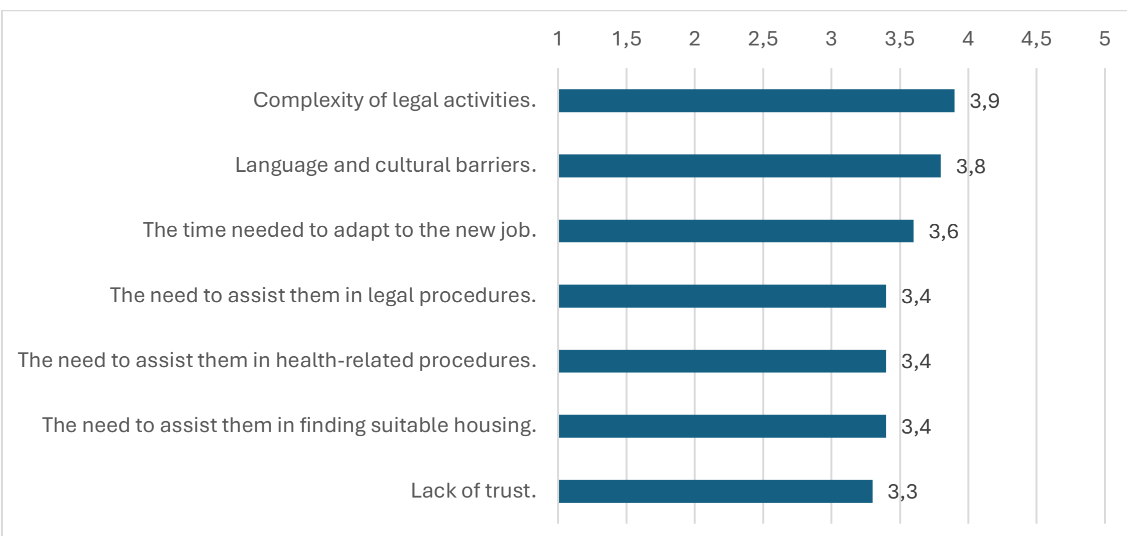
Figure 9: Amenities offered to third-country workers



N=37
Source: Own calculations based on the survey

The survey results indicate that legal complexities, language and cultural barriers, and the time needed to adapt to the new job are the most significant barriers to employing third-country workers (Figure 10). The need to assist them in legal procedures, as well as the need to navigate health-related procedures and find them suitable housing are also significant challenges. Lack of trust is perceived as a less significant barrier.

Figure 10: Barriers in employing third-country workers (1 = fully disagree, 5 = fully agree)



N=63
Source: Own calculations based on the survey

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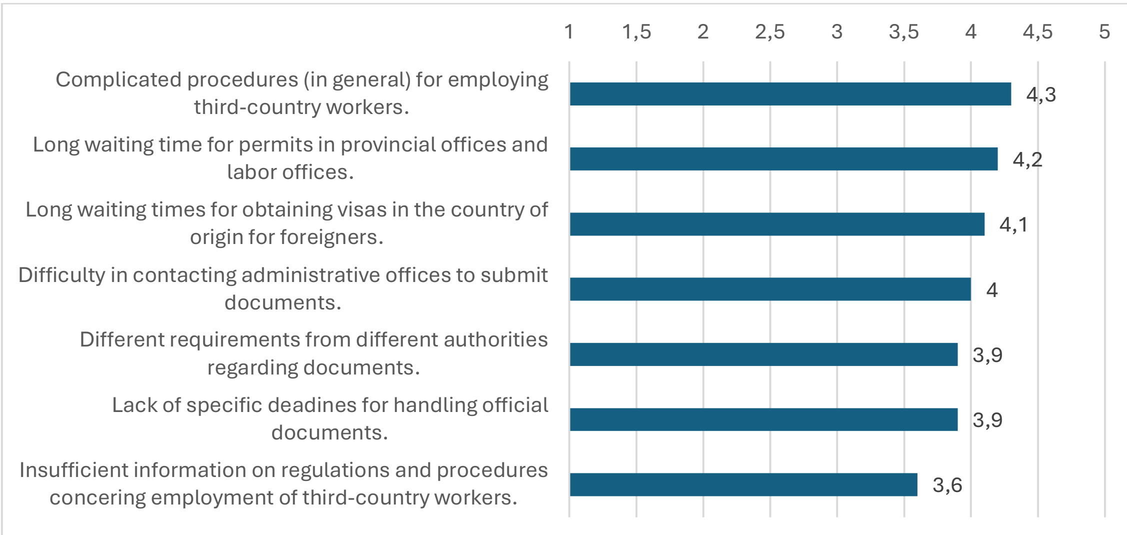
There is a high agreement about the wide range of formal barriers related to legal activities (Figure 11). The most pressing issues are complicated procedures in general for employing third-country workers, long waiting times for permits, long waiting times for obtaining visas in the home country for workers from third countries and difficulty in contacting administrative offices to submit documents.

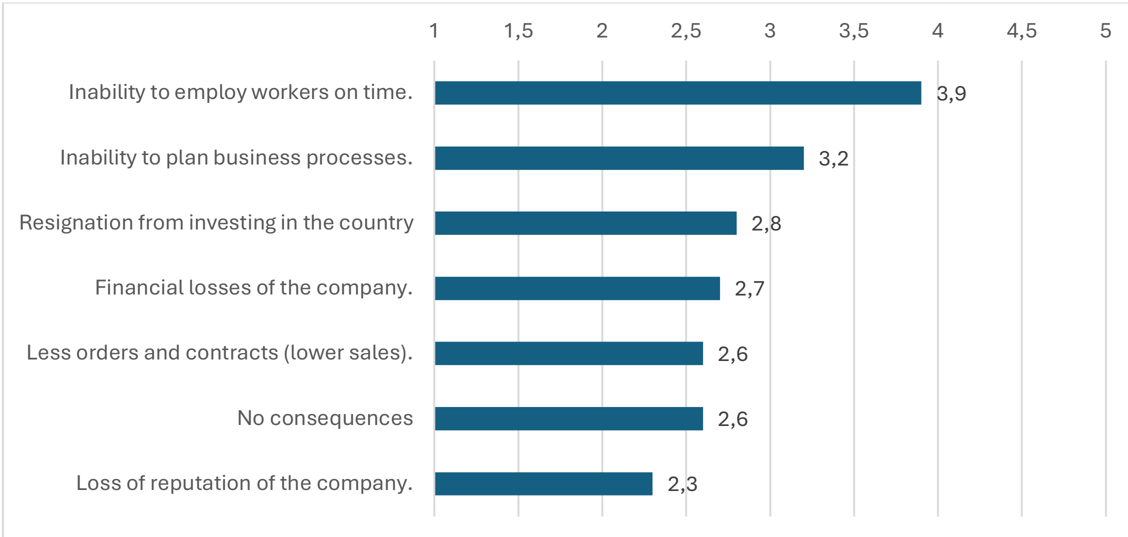
Figure 11: Formal barriers that are related to legal activities (1 = fully disagree, 5 = fully agree)



N=46
Source: Own calculations based on the survey

The consequences of the obstacles companies face when hiring workers from third countries are that companies cannot hire workers in a timely manner, have difficulties planning business processes, resignation from investing in the country and sometimes financial losses to the company and receiving fewer orders and contracts (Figure 12).

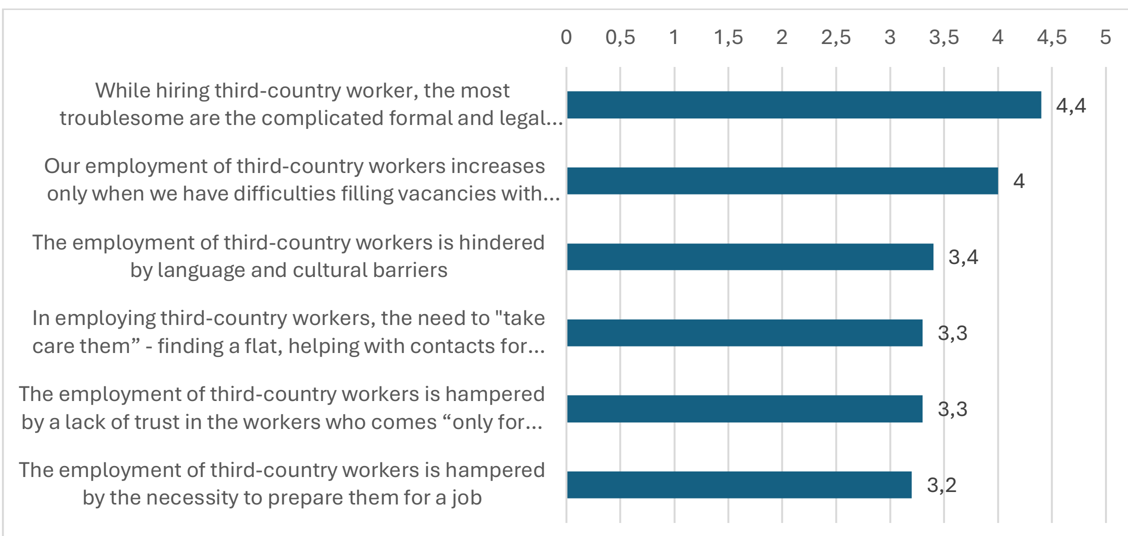
Figure 12: Consequences of obstacles that companies face when employing third-country workers (1 = fully disagree, 5 = fully agree)



N=63
Source: Own calculations based on the survey

The most problematic aspect of employing third-country workers is the complicated formal and legal conditions (Figure 13).

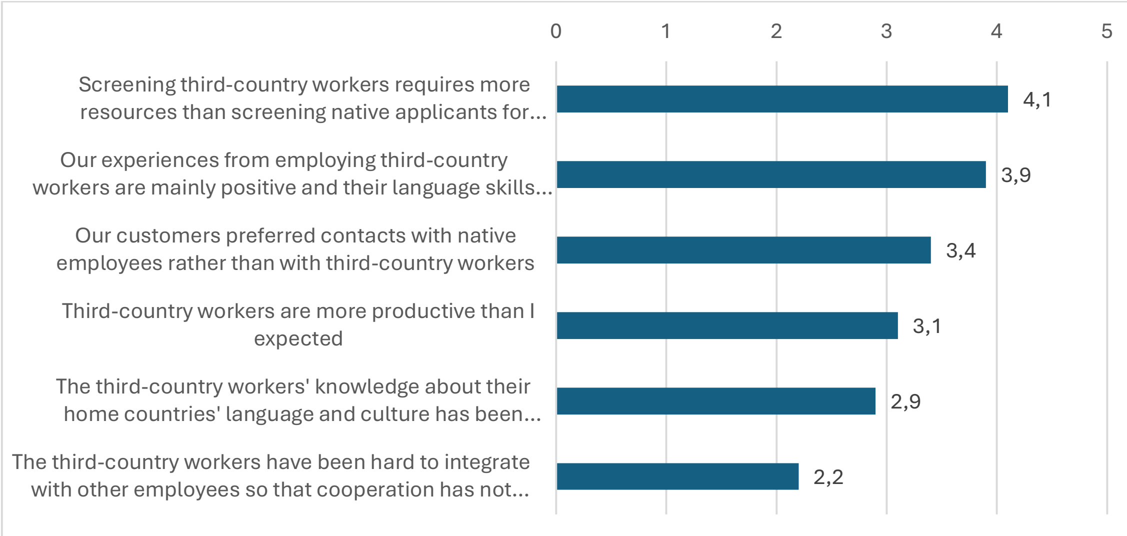
Figure 13: Evaluation of statements regarding the employment of third-country workers (1 = fully disagree, 5 = fully agree)



N=37
Source: Own calculations based on the survey

Even though the results of the surveyed companies show that screening third-country workers requires more resources, the experience of employing third-country workers, in general, is mainly positive and their language skills have been sufficient for them to do a good job (Figure 14). Companies generally disagree that third-country workers were difficult to integrate with other employees.

Figure 14: Experiences with employing third-country employees (1 = fully disagree, 5 = fully agree)

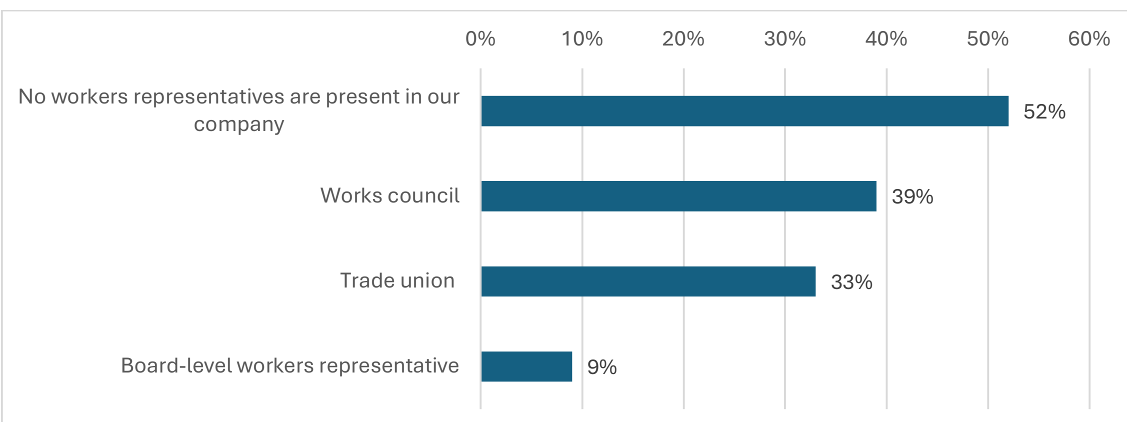


N=37
Source: Own calculations based on the survey

1.7. Workers' representation in companies

The companies surveyed first had to choose the form of workers' representation in their company (they could choose one or more). Results show that more than half of the surveyed companies don't have any form of workers' representation. In others, the works council and trade union are two of the most common workers' representation in the companies (Figure 15).

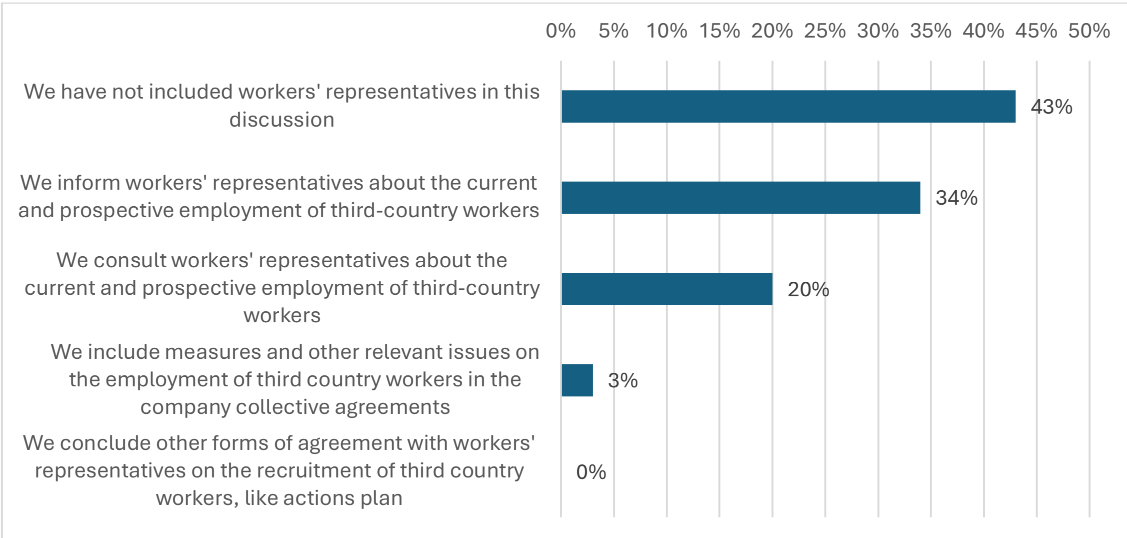
Figure 15: Workers representation in companies



N=64
Source: Own calculations based on the survey

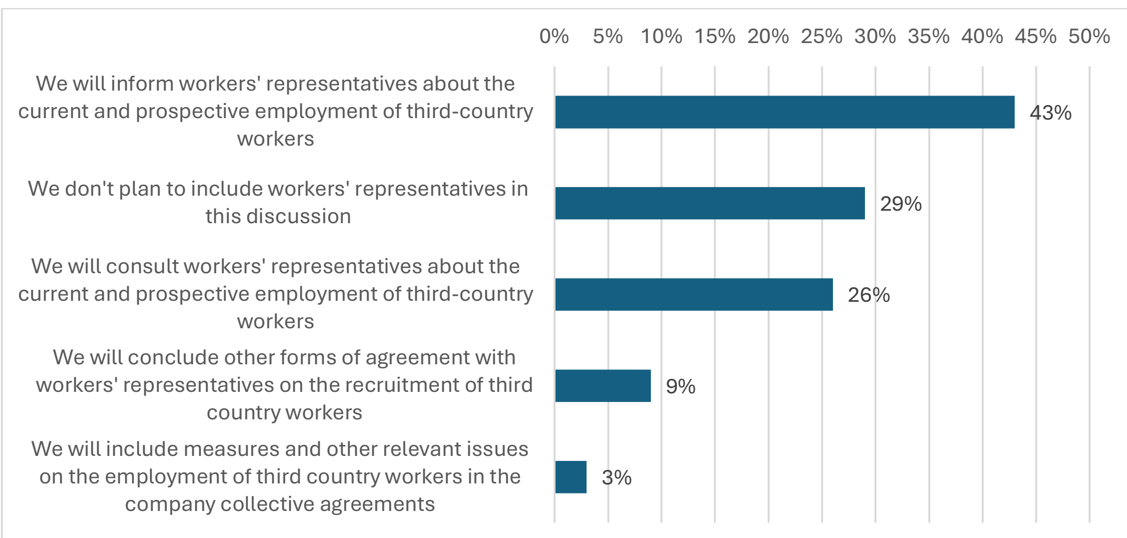
Almost half of the respondents (43 %) who have some form of workers' representation in their company did not involve workers' representatives in the discussion of the challenges posed by third-country workers (Figure 16). Interestingly, the situation is the opposite when it comes to their future plans, as almost half of the respondents (43 %) intend to include workers' representatives in future discussions about the employment of third-country workers (Figure 17).

Figure 16: Dealing with the challenges related to third-country workers



N=35
Source: Own calculations based on the survey

Figure 17: Plans to deal with the challenges related to third-country workers



N=35
Source: Own calculations based on the survey

Moreover, almost half (45 %) of the respondents are not aware of the social partners' discussions on employment and challenges related to third-country workers at the sectoral and national level. Slightly more than a quarter, 27 %, of the respondents are aware of the discussions but do not know what they are about.

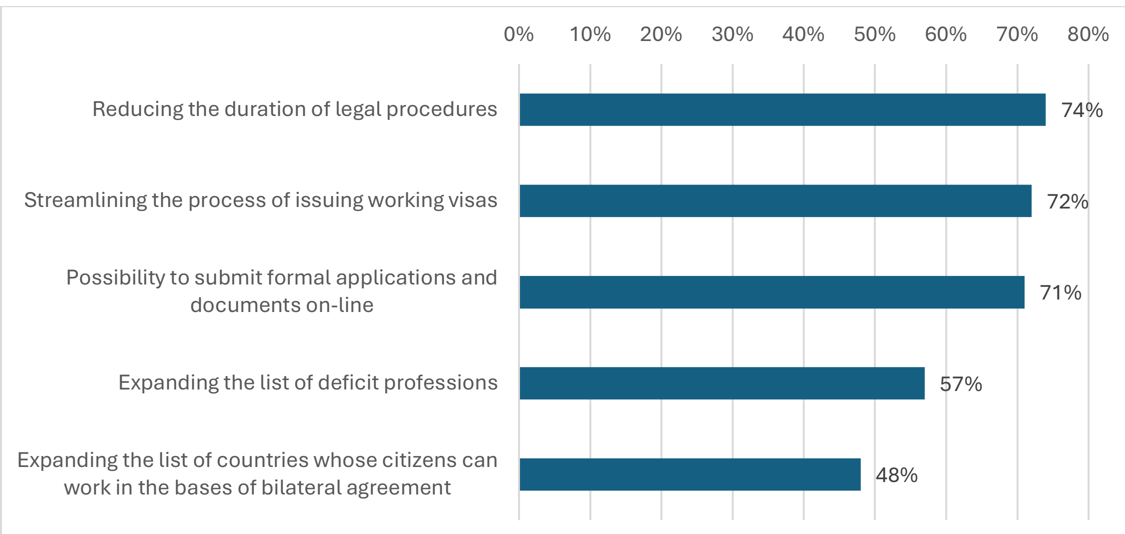
1.8. Gaps in supporting the employment of third-country nationals

The survey results indicate that companies have made efforts to implement various training and qualification measures to support the labour market integration of third-country workers. However, the areas with the most notable gaps include combating over-qualification and the use of digital tools. In terms of soft skills, companies perceive considerable gaps in self-development, computer literacy and communication skills. For information and counselling, the most notable gaps are in the enhancement of labour market knowledge, counselling/mentoring/coaching, and IT programmes/applications.

While companies have made significant efforts in preventing discrimination and raising awareness about diversity, they perceive gaps in providing civic/social-cultural orientation courses.

Respondents believe that the priority for facilitating the employment of third-country nationals should be to reduce the length of legal procedures, streamline the process for issuing work visas and allow formal applications and documents to be submitted online (Figure 18).

Figure 18: Proposed changes in regulations to facilitate third-country workers employment



N=58

Source: Own calculations based on the survey

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Social Prerogatives and Specific Competencies Lines (SocPL)

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RECRUIT4TOMORROW

Encouraging employment of third-country nationals through social dialogue

Deliverable D2.1

National Analysis Report for Hungary

Project Contractual Details

Project title	Encouraging employment of third-country nationals through social dialogue
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Executive summary

The deliverable, National Analysis Report for Hungary, presents the findings from the survey amongst Hungarian employers regarding the employment of third-country nationals in Hungary which was executed as part of the WP2 in the project. In the scope of WP2, we analysed and researched the challenges that labour market stakeholders are facing when dealing with the matching of labour supply and demand by employment of third-country nationals.

The presented deliverable is a detailed report from the national survey results in Hungary which will be a basis and a starting point for further analysis and social dialogue on all levels in WP3 where the consortia partners will prepare measures to address the labour market needs and recommendations for policymakers.

1. RECRUIT4TOMORROW - Survey report on Hungary

This survey report presents insights based on descriptive statistics from a sample of Hungarian firms. Conducted between April 22 and June 30, 2024, the survey received complete or partial responses from 109 companies (5 in English and 104 companies in Hungarian) regarding the employment of third-country nationals. The report begins with a summary of the sample characteristics and the current state of employing foreign and third-country workers, their origins, and their wages. The second part explores the advantages and barriers of employing third-country workers, their representation, and the gaps in support for their employment.

1.1. Sample characteristics

The characteristics of the companies included in the sample are shown in Table 1.

Table 1: Company size, classification and industry

		Frequency	Percent
Size (number of workers) (N = 109)	Less than 10	25	23%
	11-50	30	27%
	51-250	23	21%
	251-500	9	8%
	More than 500	22	20%
Company classification (N = 108)	Family-owned company	31	28%
	Domestic private company	53	48%
	Domestic public company	3	3%
	MNE subsidiary	18	16%
	Other	3	3%
Industry (N = 108)	Construction	10	9%
	Hospitality and tourism	3	3%
	Healthcare	2	52%
	Manufacturing	11	10%
	Oil and gas sector	1	1%
	Automotive sector	4	4%
	ICT (IT) sector	16	15%
	Trade	7	6%
	Other services	54	49%

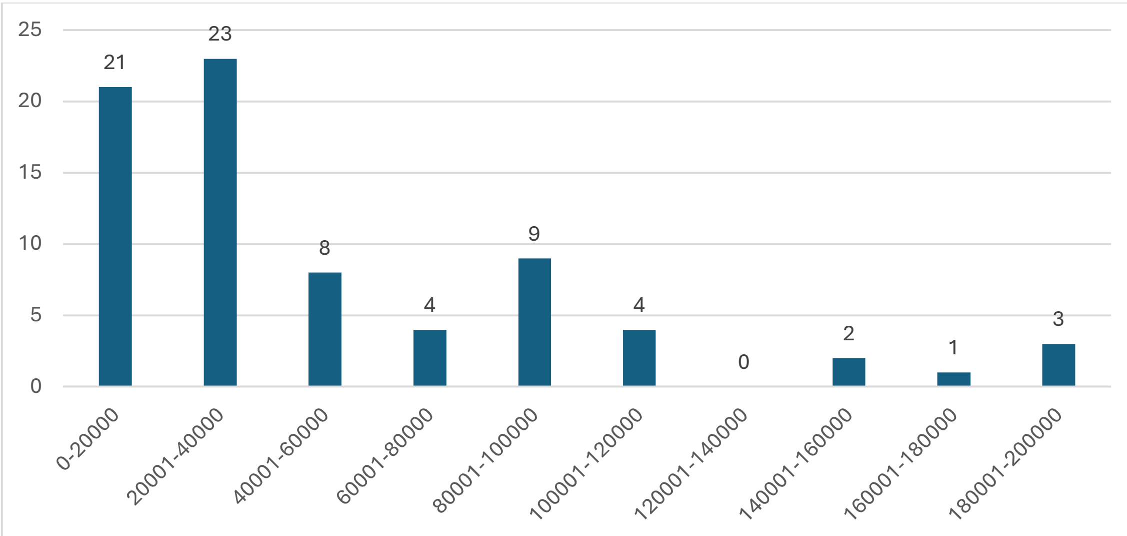
Source: Own calculations based on the survey

In 2023, the average value added per worker among companies surveyed was EUR 51,682.7[1] per year. The distribution of value added per worker among the surveyed companies shows a

[1] Std. deviation: 47,811.51 EUR, min: 10,000, max: 200,000

broad spectrum with a concentration in the middle ranges. Most of the respondents fall into the EUR 20,001 to EUR 40,000 range (Figure 1).

Figure 1: Value added per worker (per year, in EUR) in 2023



N=75
Source: Own calculations based on the survey

Additionally, the average gross wage reported by the companies surveyed is EUR 3,345.2[2,3] per month. The distribution of average gross wages among the surveyed companies shows that many companies in the sample offer wages in the range of up to EUR 1,738 per month.

The survey included a wide range of respondents from different positions within their respective organisations (Table 2). The characteristics of the respondents show a significant representation from the management, in line with the focus of the survey. More than two-thirds of the respondents were men.

Table 2: Respondent's position in the company

	Frequency	Percent
CEO / Director / Member of the management board	59	54%
Head of HR	21	19%
HR professional	10	9%
Head of Legal Department	0	0%
Legal professional	3	3%
Other	11	10%

N=104
Source: Own calculations based on the survey

In addition, all but one respondent has at least 5 years of work experience, with most having more than 15 years in their respective fields (Table 3).

[2] Std. deviation: 816,866, min: 100, max: 4,417
[3] The average gross wage in Hungary in 2023 was EUR 1502.82.

Table 3: Duration of working experience of respondents

	Frequency	Percent
Less than 5 years	1	1%
5 - 15 years	15	14%
16 - 25 years	30	27%
26 - 35 years	32	29%
More than 35 years	26	24%

N=104

Source: Own calculations based on the survey

1.2. Employment of foreign workers – current situation

The majority, namely, 59% of the companies surveyed reported that they currently do not employ foreign workers (Table 4). 38% of respondents reported that they do employ foreign workers, and among those who employ foreign workers almost 80% reported that they employ non-EU workers.

Table 4: Employment of foreign workers

	Frequency	Percent
Yes	42	38%
No	65	59%

N=107

Source: Own calculations based on the survey

For those companies that do not currently employ foreign workers (Table 5), their future plans for employing foreign workers were also examined. Of these respondents, 8% (5 respondents) plan to employ foreign workers in the future. Specifically, only 8 of these respondents indicated that they plan to employ third-country workers. Conversely, 74% (45 respondents) do not plan to employ foreign workers in the future.

Table 5: Strategy for future employment of foreign workers

	Frequency	Percent
We plan to employ foreign workers in the future	5	8%
We plan to employ third-country workers in the future	8	13%
We do not plan to employ any foreign workers in the future	45	74%
Other	3	6%

N=61

Source: Own calculations based on the survey

1.3. Employment of third-country (non-EU) workers

Looking at the number of non-EU workers currently employed in the companies, 50% of the respondents reported that less than 5% of their workforce consisted of non-EU workers, while 13% reported between 6% and 10%. Notably, 25% of companies have more than 20% non-EU nationals in their workforce (Table 6). These companies operate in construction, manufacturing and other services.

Table 6: Distribution of third-country workers in the workforce

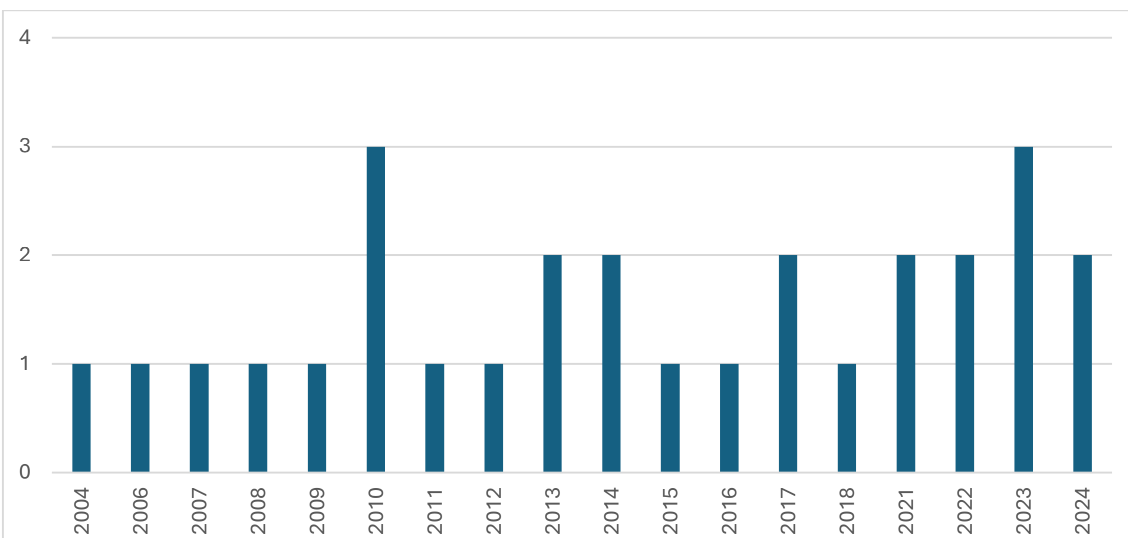
	Frequency	Percent
Less than 5% of the total workforce	16	50%
6-10%	4	13%
11-15%	2	6%
16-20%	1	3%
More than 20%	8	25%
Don't know exactly	1	3%

N=32

Source: Own calculations based on the survey

Figure 2 shows that while some companies have been employing third-country nationals since 2004, the dynamics increased after 2021. There were significant and noticeable peaks in 2010 and 2023 (Figure 2).

Figure 2: Number of companies reporting start of employment for third-country nationals by year



N=29

Source: Own calculations based on the survey

The results suggest that while the third-country workers in the surveyed companies come from a variety of educational backgrounds, there is a significant representation of those with secondary and tertiary education. More than half of the respondents (61%) believe that the educational structure of third-country workers is comparable to that of the general workforce in the company. 9% of respondents think that third-country workers have a lower average level of education (Table 7). Few people arrive with less than primary education. It is also worth noting that a bit more than a third of third-country workers are women. The age structure of third-country workers in the companies surveyed shows that the majority are between 31 and 40 years old.

Table 7: Company vs. third-country worker educational levels

	Frequency	Percent
Comparable	14	61%
On average, third-country workers have lower education.	2	9%
On average, third-country workers have higher education.	4	17%
Difficult to answer	1	4%
Other	2	9%

N=23

Source: Own calculations based on the survey

More than half of respondents reported that non-EU workers are predominantly employed for production work, followed by professional and technical (36%) and service work (17%). Non-EU workers are predominantly employed for elementary work in almost 20% of firms. (Table 8).

Table 8: Job types of third-country workers

	Frequency	Percent
Service work (sales, personal care, protective services, personal services, etc)	4	17%
Professional and technical work (healthcare services, legal and other professional services, science and engineering professional services, etc)	8	36%
Production work	12	52%
Elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.)	4	17%
Managerial work	2	9%
Other	3	13%

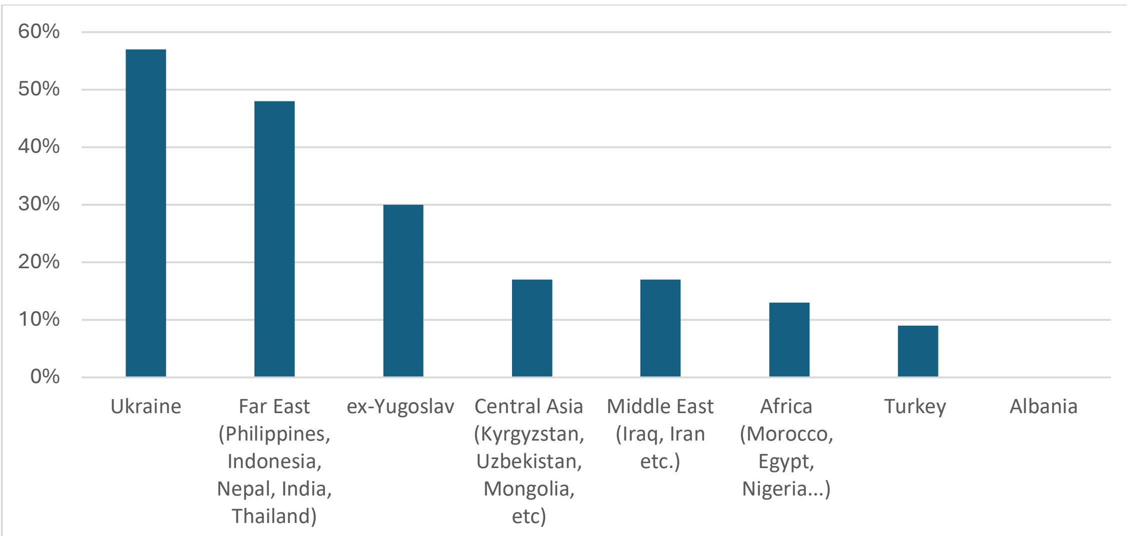
N=23

Source: Own calculations based on the survey

1.4. The origin of third-country workers

The survey results indicate that third-country workers predominantly came from Ukraine and countries in the Far East such as the Philippines, Indonesia, Nepal, and Thailand. Additionally, a significant number of third-country workers are from former Yugoslav countries (Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia) and Kosovo. (Figure 3).

Figure 3: The origin of third-country workers



N=23
Source: Own calculations based on the survey

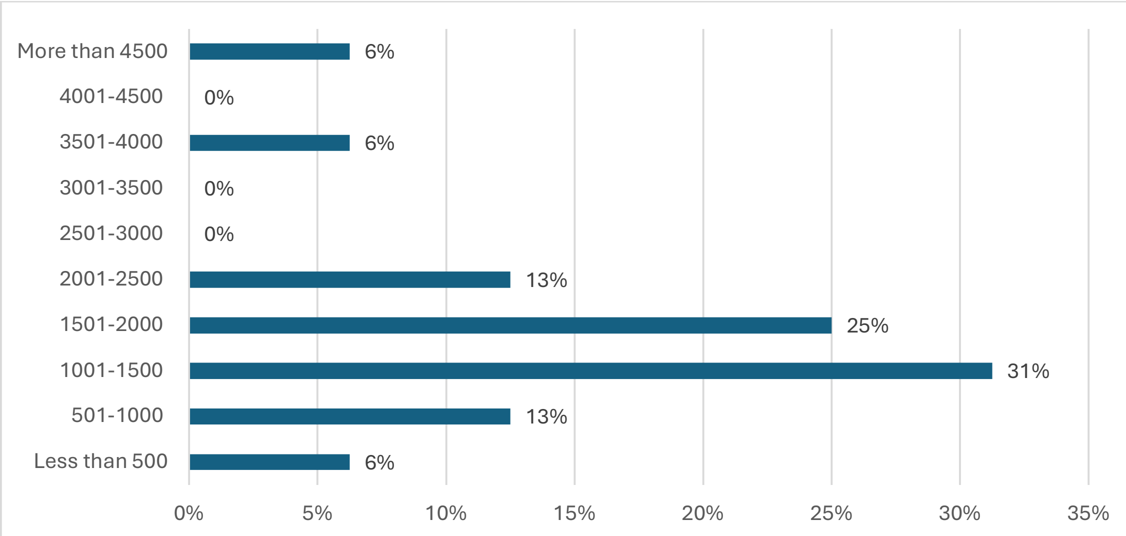
When asked which ex-Yugoslav countries the workers originate from, the only answer was Serbia.

1.5. Wages of third-country workers

The average gross wage of third-country workers in the surveyed companies is EUR 1,731.[4] The average gross wage for third-country workers is a bit lower than the overall company average of EUR 1,738 per month. Figure 4 illustrates the distribution of average gross wages (per month, in EUR) paid to third-country workers in the surveyed companies.

[4] Std. deviation: 1.177,29, min: 152 max: 5000

Figure 4: Distribution of average gross wages paid to third-country workers (per month, in EUR)



N=16

Source: Own calculations based on the survey

A slight numerical difference in average wages was also confirmed by qualitative assessment of respondents. The majority of companies consider the wages of third-country workers to be comparable to those of their other employees (Table 9).

Table 9: Qualitatively comparing average gross wages of third-country workers to other workers in the same company

	Frequency	Percent
Lower	0	0%
Comparable	21	100%
Higher	0	0%
I don't know	0	0%

N=21

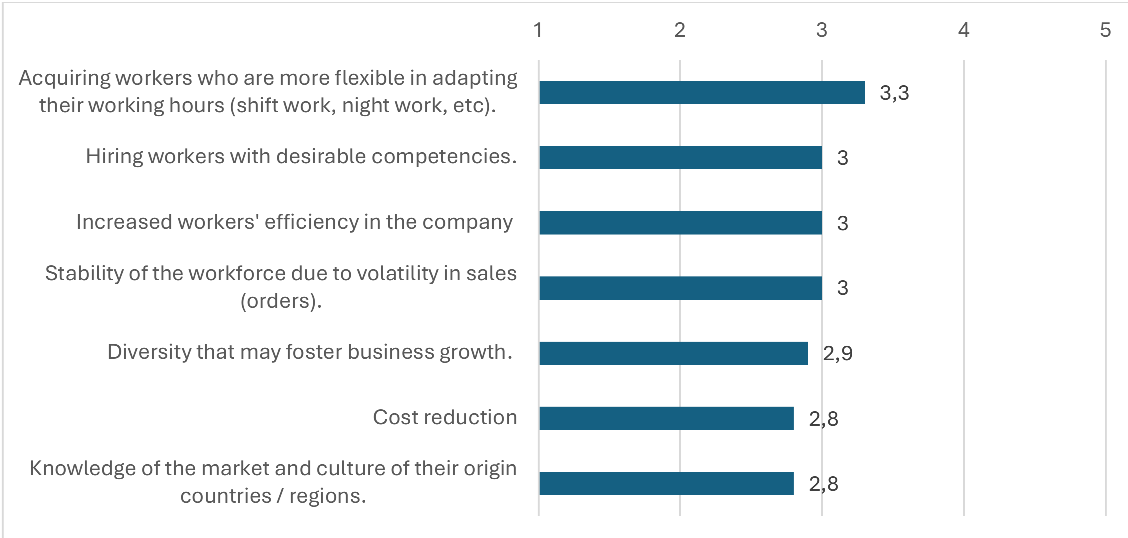
Source: Own calculations based on the survey

One of the companies surveyed stated that they received a subsidy for employing third-country workers that other workers were not entitled to but didn't provide any details about it. The rest of the respondents stated that they received no subsidies for employing third-country workers that other workers were not entitled to.

1.6. Advantages and barriers in employing third-country workers

The main advantage that companies see in employing third-country nationals is being more flexible in terms of working hours. The lowest level of agreement was with the statement that they benefit from their employment in terms of cost reduction and their knowledge of the market and the culture of their origin countries. (Figure 5).

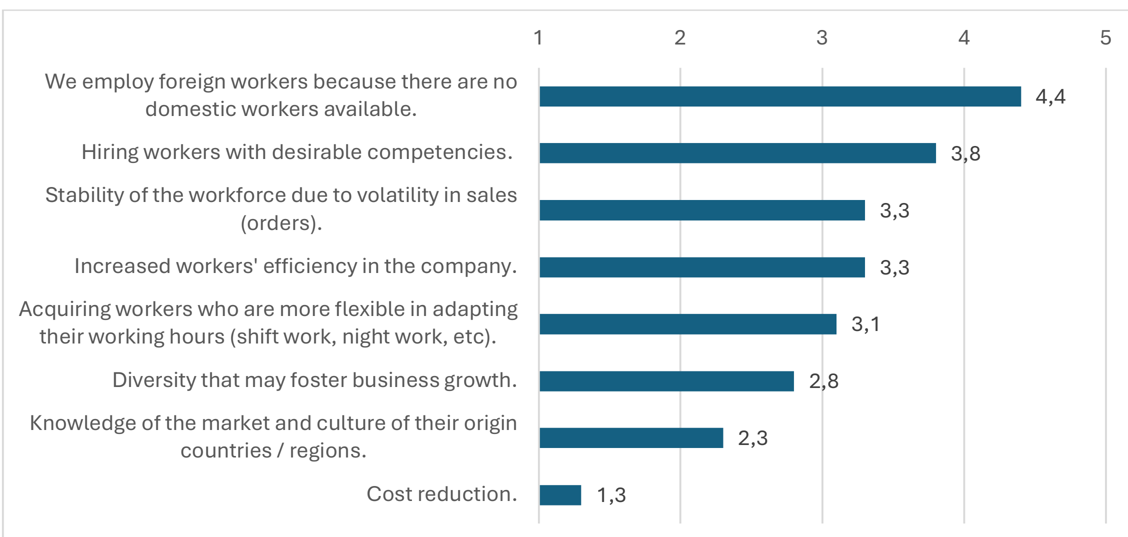
Figure 5: Advantages of employing third-country workers (1 = fully disagree, 5 = fully agree)



N=49
Source: Own calculations based on the survey

It is clear that one of the main reasons why companies decide to employ foreign workers is because of a lack of domestic workers and to obtain workers with the appropriate competencies. The respondents, on average, disagree with statements that they are acquiring non-EU workers because of diversity, cultural and market knowledge or cost reduction (Figure 6).

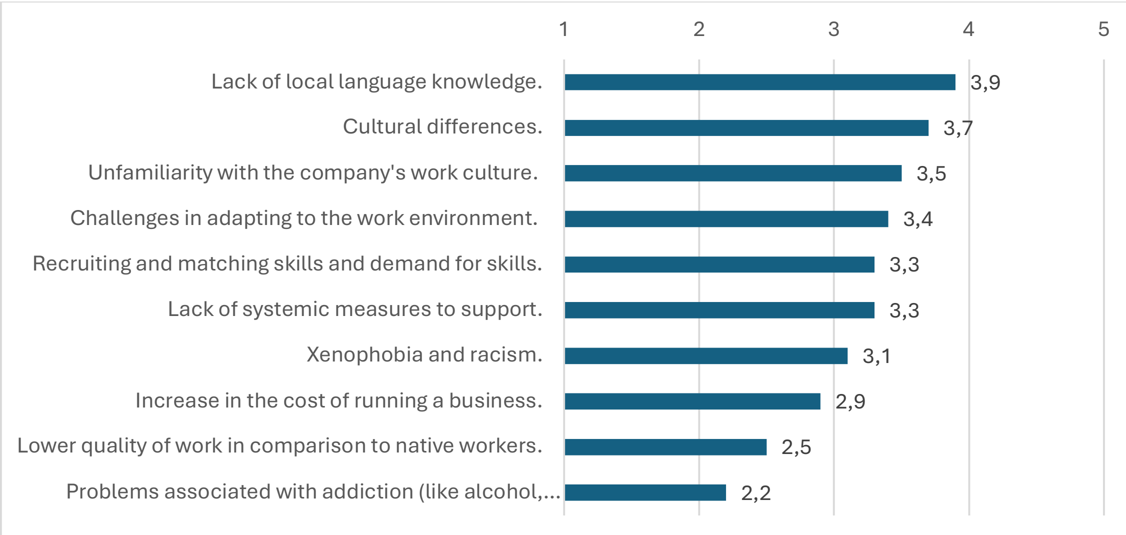
Figure 6: Reasons for employing third-country workers (1 = fully disagree, 5 = fully agree)



N=19
Source: Own calculations based on the survey

Respondents consider a lack of knowledge of the local language and cultural differences to be the biggest potential problems associated with employing third-country workers (Figure 7).

Figure 7: Potential problems related to employing third-country workers (1 = fully disagree, 5 = fully agree)

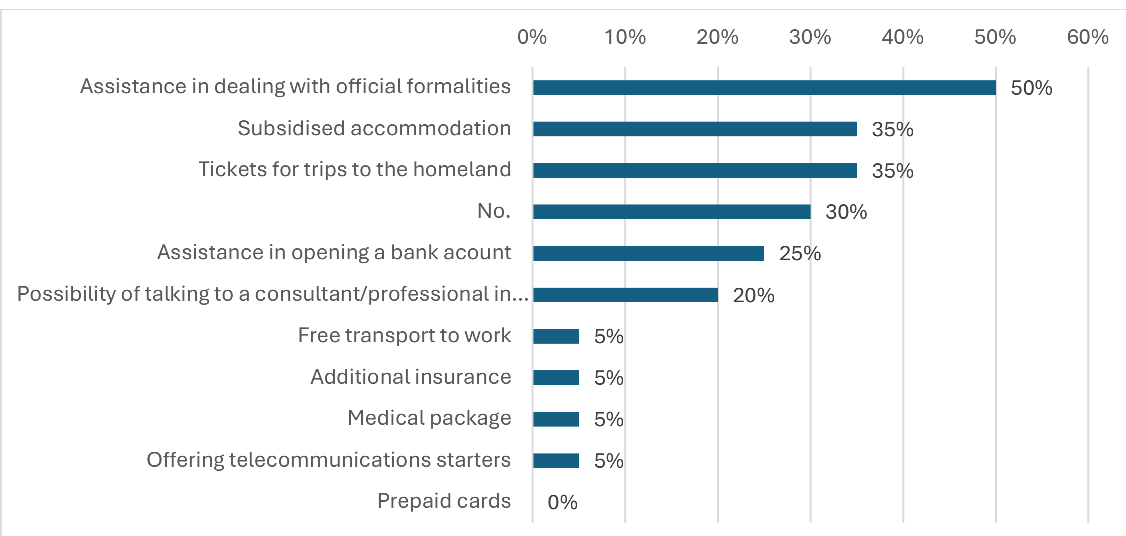


N=76

Source: Own calculations based on the survey

Regarding the amenities, offered to third-country workers, 50% of the respondents offer third-country workers help with official formalities, 35% subsidized accommodation and tickets for trips to the homeland, and 25% assistance in opening a bank account (Figure 8). 30% of respondents don't offer any amenities specifically to third-country workers.

Figure 8: Amenities offered to third-country workers

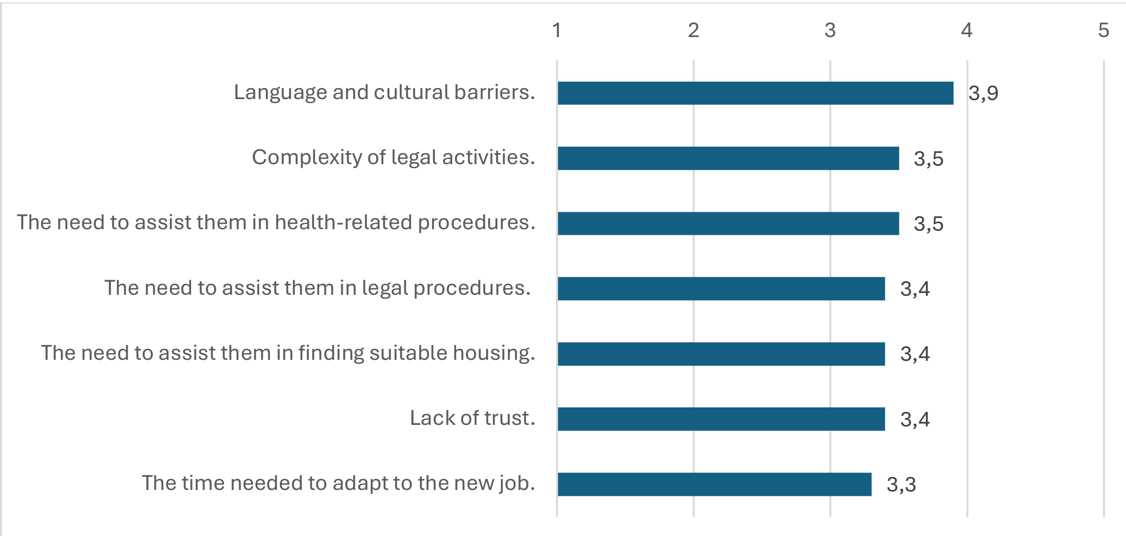


N=20

Source: Own calculations based on the survey

The survey results indicate that language and cultural barriers and the need for assistance with legal procedures are the most significant barriers to employing third-country workers (Figure 9). The complexity of legal activities, as well as the need to navigate health-related procedures, to find suitable accommodation and lack of trust, are also significant challenges. The time needed to adapt is perceived as a little less significant barrier.

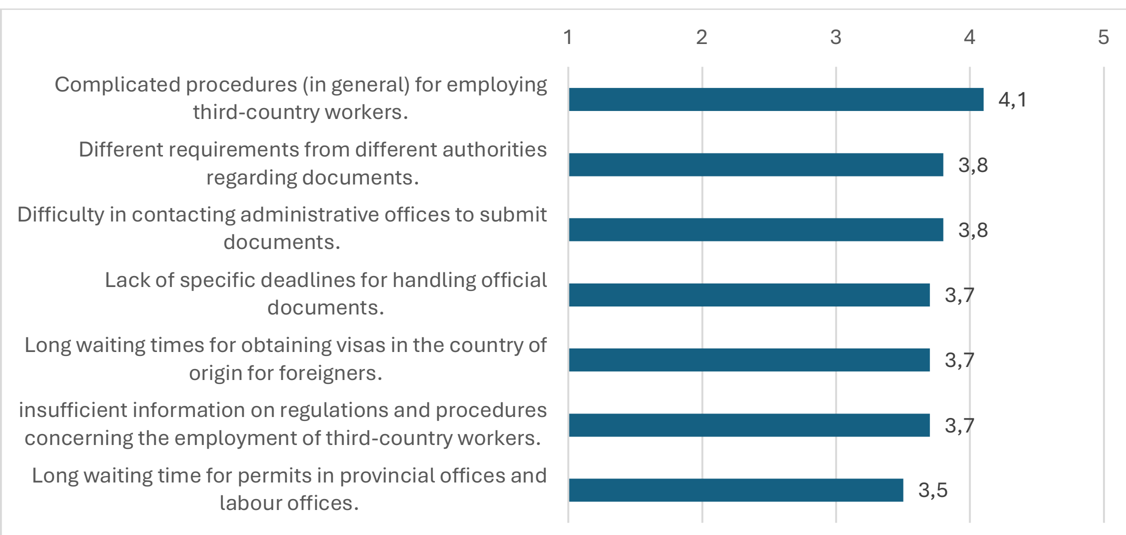
Figure 9: Barriers in employing third-country workers (1 = fully disagree, 5 = fully agree)



N=76
Source: Own calculations based on the survey

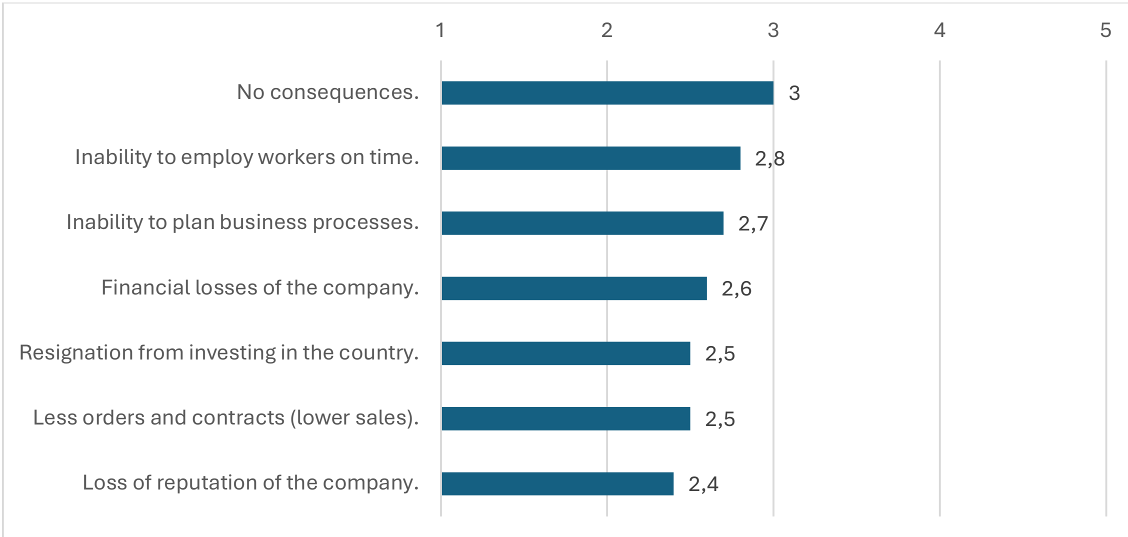
There is a high agreement about the wide range of formal barriers related to legal activities (Figure 10). However, the firms (on average) don't perceive any consequences because of that (Figure 11).

Figure 10: Formal barriers that are related to legal activities (1 = fully disagree, 5 = fully agree)



N=39
Source: Own calculations based on the survey

Figure 11: Consequences of obstacles that companies face when employing third-country workers (1 = fully disagree, 5 = fully agree)

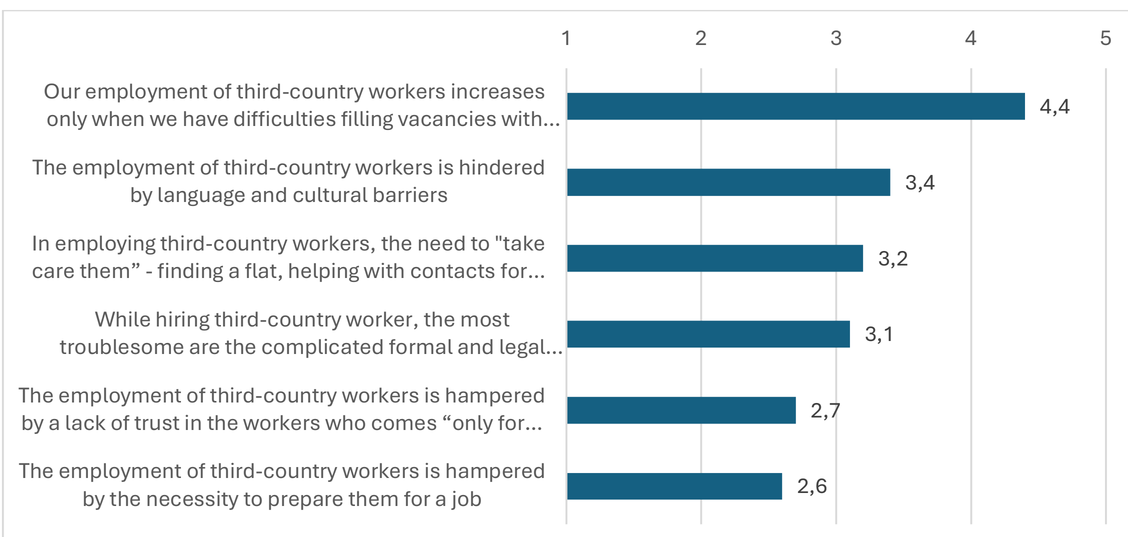


N=71

Source: Own calculations based on the survey

Most respondents highly agree with the statement that employment of third-country nationals increases only when they have difficulties filling vacancies with natives. They also agree that the employment of third-country workers is hindered by language and cultural barriers and that they need to take care of them. (Figure 12).

Figure 12: Evaluation of statements regarding the employment of third-country workers (1 = fully disagree, 5 = fully agree)

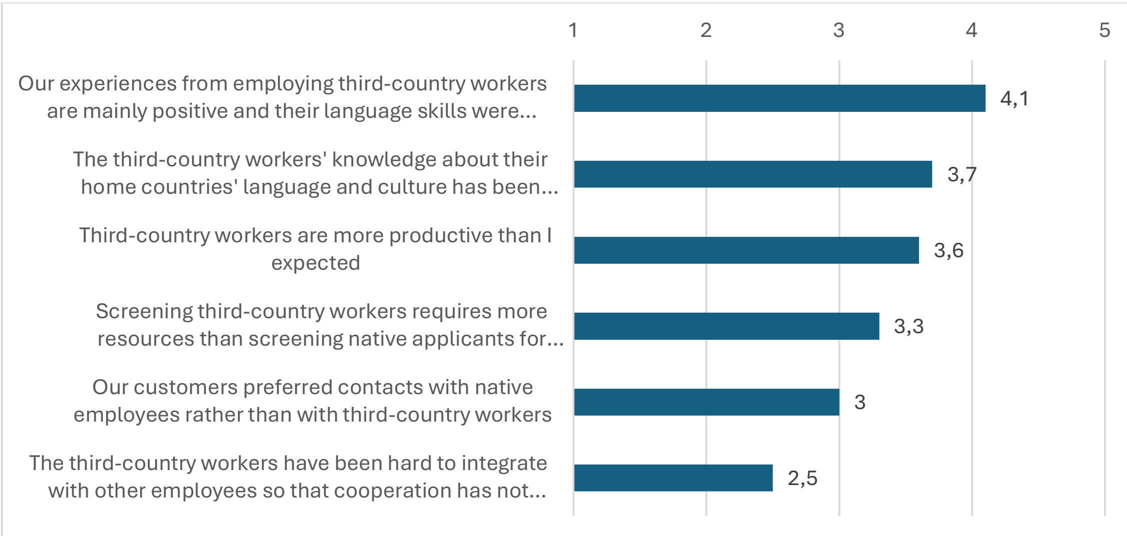


N=20

Source: Own calculations based on the survey

In general, however, the experience of employing third-country workers is mainly positive and their language skills have been sufficient for them to do a good job (Figure 13). Companies generally disagree that third-country workers have been difficult to integrate with other employees.

Figure 13: Experiences with employing third-country employees (1 = fully disagree, 5 = fully agree)

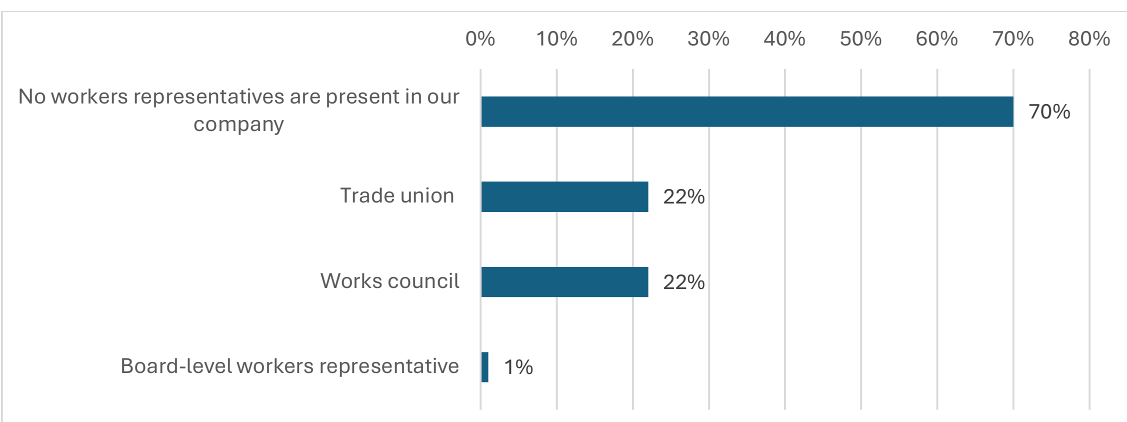


N=20
Source: Own calculations based on the survey

1.7. Workers' representation in companies

The companies surveyed first reported the form of workers' representation in their company (they could choose one or more forms). Most of the companies (70%) do not have any form of workers' representation. However, many companies have a trade union (22%) and works council (22%) as the form of representation (Figure 14).

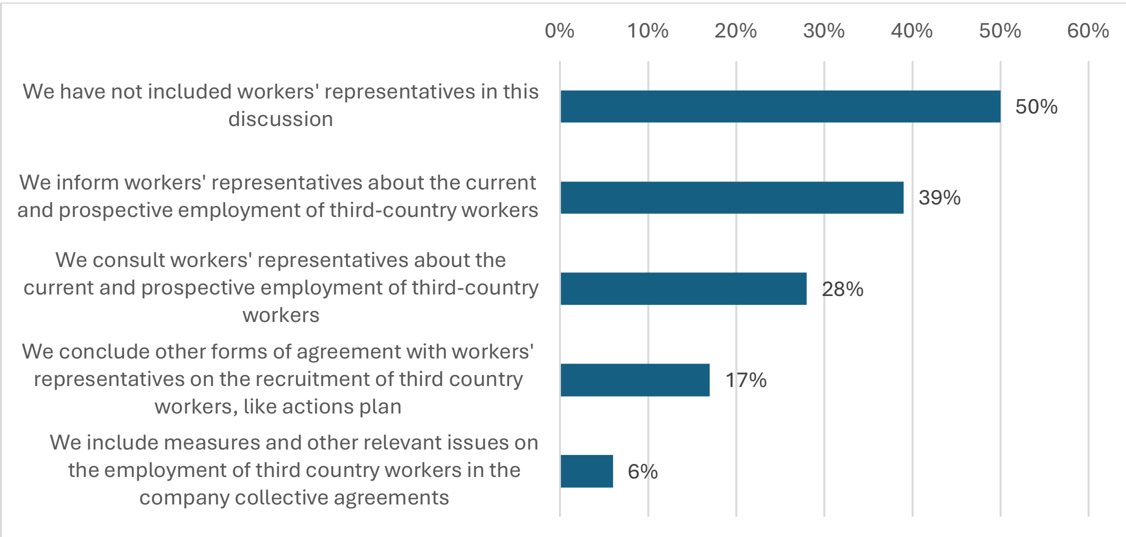
Figure 14: Workers representation in companies



N=79
Source: Own calculations based on the survey

More than half of the respondents who have some form of workers' representation in their company did not involve workers' representatives in the discussion of the challenges posed by third-country workers (Figure 15). The situation is very similar when it comes to their future plans (Figure 16).

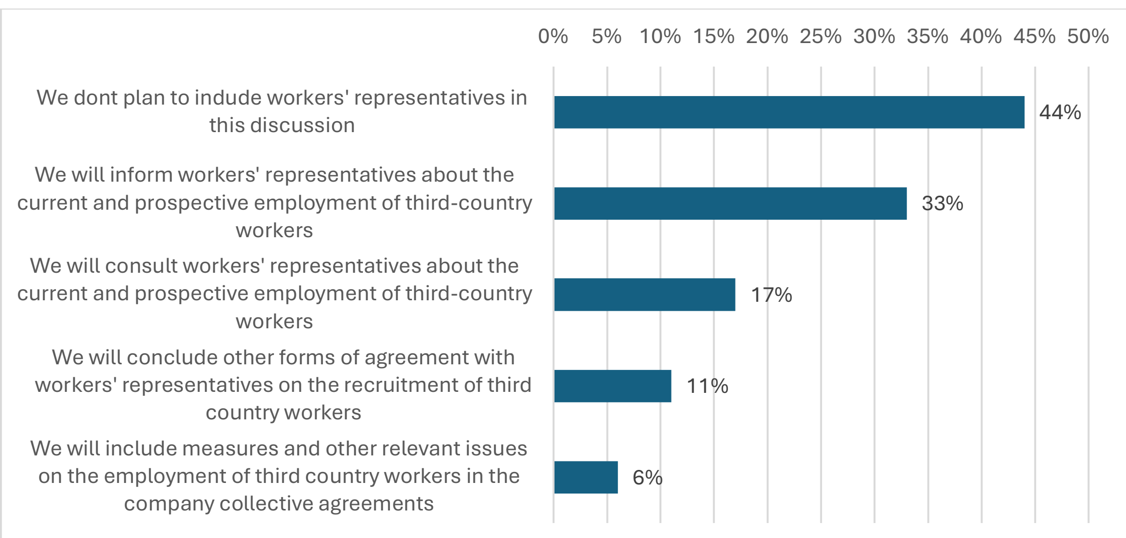
Figure 15: Dealing with the challenges related to third-country workers



N=18

Source: Own calculations based on the survey

Figure 16: Plans to deal with the challenges related to third-country workers



N=18

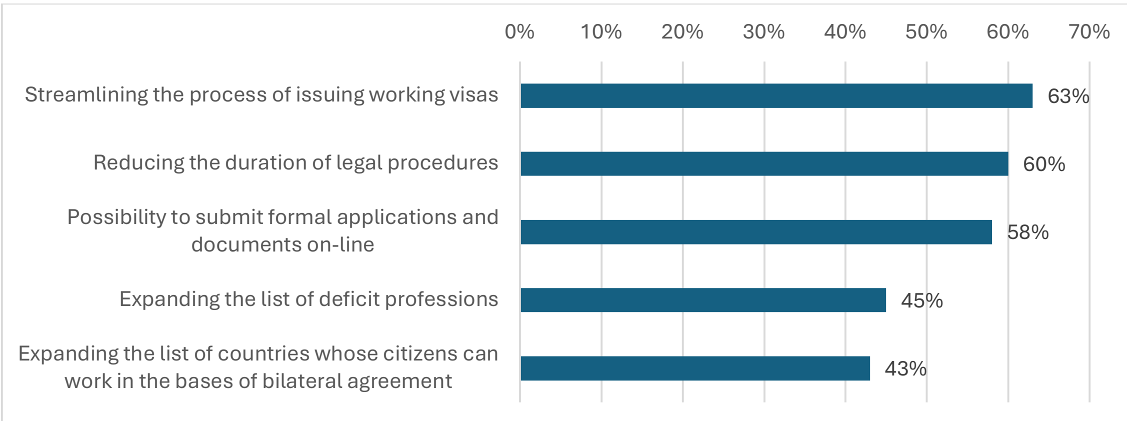
Source: Own calculations based on the survey

Moreover, more than half (57%) of the respondents are not aware of the social partners' discussions on employment and challenges related to third-country workers at the sectoral and national level. Slightly more than a quarter, 35%, of the respondents are aware of the discussions but do not know what they are about.

1.8. Gaps in supporting the employment of third-country nationals

Respondents believe that the priority for facilitating the employment of third-country nationals should be to reduce the length of legal procedures, streamline the process for issuing work visas and allow formal applications and documents to be submitted online (Figure 17).

Figure 17: Proposed changes in regulations to facilitate third-country workers employment



N=67

Source: Own calculations based on the survey

The survey revealed that many respondents do not have an employer representative body, while some have a trade union or works council. Typically, SMEs have no representative body, while large companies usually have one or two. Some respondents inform workers' representatives about the employment of third-country workers. Others consult with workers' representatives or include these issues in company collective agreements. A few have other agreements such as action plans. A significant number do not involve employee representatives in these challenges. Future plans to address these challenges are not expected to change significantly. Several respondents are aware of sectoral and national discussions but are unsure of the content. A few are aware of the content and only one is actively involved. More than half of the respondents are not aware of such discussions. The size of the company does not affect awareness of these discussions. Many respondents mention vocational or on-the-job training for labour market integration. Others mention skills assessment. Most respondents do not consider over-qualification relevant. Measures to develop soft skills include language training at the workplace and other language courses. Some offer computer training, while others focus on communication skills. Half of the respondents emphasise self-development. Some rely on the provision of labour market skills, while others use counselling, mentoring and coaching. Careers advice and information on their website are also common. Printed materials and computer programmes and applications are preferred by some. A significant number focus on preventing discrimination. Many raise awareness of diversity in the workplace, especially in large companies. Some offer civic/social/cultural orientation courses for inclusion.

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DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Social Prerogatives and Specific Competencies Lines (SocPL)

Grant agreement no. 101102367

RECRUIT4TOMORROW

Encouraging employment of third-country nationals through social dialogue

Deliverable D2.1

National Analysis Report for Slovakia

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Executive summary

The deliverable, National Analysis Report for Slovakia, presents the findings from the survey amongst Slovakian employers regarding the employment of third-country nationals in Slovakia which was executed as part of the WP2 in the project. In the scope of WP2, we analysed and researched the challenges that labour market stakeholders are facing when dealing with the matching of labour supply and demand by employment of third-country nationals.

The presented deliverable is a detailed report from the national survey results in Slovakia which will be a basis and a starting point for further analysis and social dialogue on all levels in WP3 where the consortia partners will prepare measures to address the labour market needs and recommendations for policymakers.

1. Recruit4Tomorrow - Survey Report on Slovakia

The survey report presents insights based on descriptive statistics from a sample of Slovak companies. Conducted between April 22 and June 30, 2024, the survey received complete or partial responses from 148 companies regarding the employment of third-country nationals. The report begins with a brief summary of the sample characteristics, the current state of employing foreign and third-country workers, their origins, and their wages. The second part delves into the advantages and barriers of employing third-country workers, their representation, and the gaps in support for their employment.

1.1. Sample characteristics

The characteristics of the companies included in the sample are shown in Table 1.

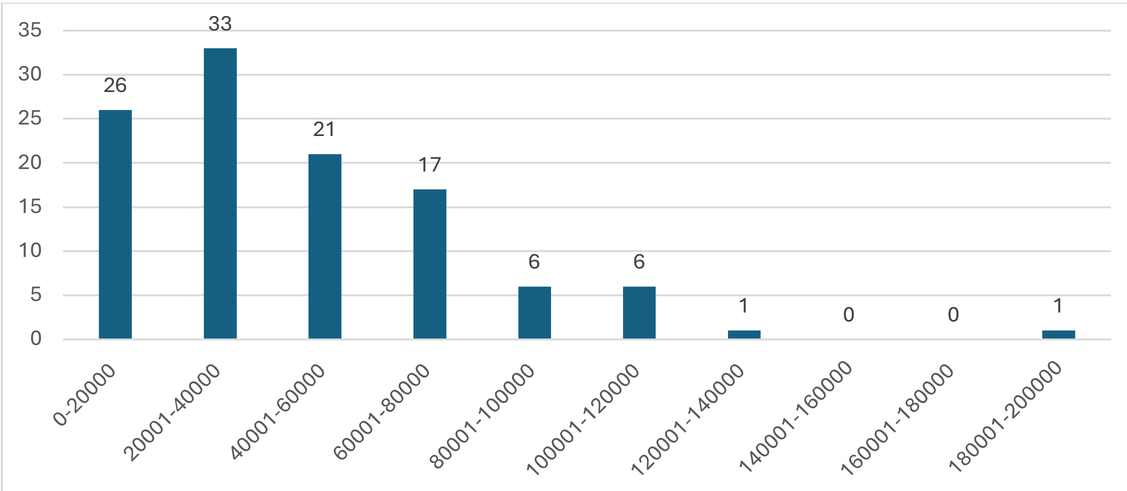
Table 1: Company size, classification and industry

		Frequency	Percent
Size (number of workers) (N = 146)	Less than 10	10	7%
	11-50	42	29%
	51-250	46	31%
	251-500	22	15%
	More than 500	26	18%
Company classification (N = 146)	Family-owned company	32	22%
	Domestic private company	64	44%
	Domestic public company	10	7%
	MNE subsidiary	37	25%
	Other	3	2%
Industry (N = 146)	Construction	15	10%
	Hospitality and tourism	14	10%
	Healthcare	3	2%
	Manufacturing	32	22%
	Oil and gas sector	5	3%
	Automotive sector	9	6%
	ICT (IT) sector	15	10%
	Trade	13	9%
	Other services	40	27%

Source: Own calculations based on the survey

In 2023, the average value added per worker among companies surveyed was EUR 45,193.5[1] per year. The distribution of value added per worker among the surveyed companies shows a broad spectrum with a concentration in the middle ranges. Most of the respondents fall into the EUR 20,001 to EUR 40,000 range (Figure 1).

Figure 1: Value added per worker (per year, in EUR) in 2023



N=111
Source: Own calculations based on the survey

Additionally, the average gross wage reported by the companies surveyed is EUR 1,857[2,3] per month. The distribution of average gross wages among the surveyed companies shows that three-quarters (78 %) of companies offered an average gross salary of up to EUR 2,300 per month.

The survey included a wide range of respondents from different positions within their respective organisations (Table 2). The characteristics of the respondents show a significant representation from HR departments and management, in line with the focus of the survey. 57% of the respondents were male.

Table 2: Respondent's position in the company

	Frequency	Percent
CEO / Director / Member of the management board	34	23%
Head of HR	38	26%
HR professional	30	21%
Head of Legal Department	13	9%
Legal professional	10	7%
Other	21	14%

N=107
Source: Own calculations based on the survey

[1] Std. deviation: 32.220,98, min: 10,000, max: 200,000
[2] Std. deviation: 666,3, min: 100, max: 3,520.
[3] The average gross wage in Slovakia in 2023 was EUR 1,430.

In addition, more than 90% of all respondents have at least 5 years of work experience, with most having more than 15 years in their respective fields (Table 3).

Table 3: Duration of working experience of respondents

	Frequency	Percent
Less than 5 years	10	7%
5 - 15 years	34	23%
16 - 25 years	50	34%
26 - 35 years	26	18%
More than 35 years	26	18%

N=146
Source: Own calculations based on the survey

1.2. Employment of foreign workers – current situation

The majority, namely, 77% of the companies surveyed reported that they currently employ foreign workers (Table 4). Almost all respondents who employ foreigners (93.7%) reported that they employ also non-EU foreign workers.

Table 4: Employment of foreign workers

	Frequency	Percent
Yes	113	77%
No	33	23%

N=146
Source: Own calculations based on the survey

For those companies that do not currently employ foreign workers (Table 5), their future plans for employing foreign workers were also examined. Of these respondents, 64 % (24 respondents) plan to employ foreign workers in the future. Specifically, 13 of these 24 respondents indicated that they plan to employ third-country workers. Conversely, 32% (13 respondents) do not plan to employ foreign workers in the future.

Table 5: Strategy for future employment of foreign workers

	Frequency	Percent
We plan to employ foreign workers in the future	11	27%
We plan to employ third-country workers in the future	13	32%
We do not plan to employ any foreign workers in the future	13	32%
Other	4	9%

N=41
Source: Own calculations based on the survey

1.3. Employment of third-country (non-EU) workers

Looking at the number of non-EU workers currently employed in the companies, a quarter of the respondents reported that less than 5 % of their workforce consisted of non-EU workers, same reported between 6 % and 10 %. Notably, 18 % of companies have between 11% and 15% non-EU nationals in their workforce (Table 6). These companies operate in manufacturing, ICT and other services.

Table 6: Distribution of third-country workers in the workforce

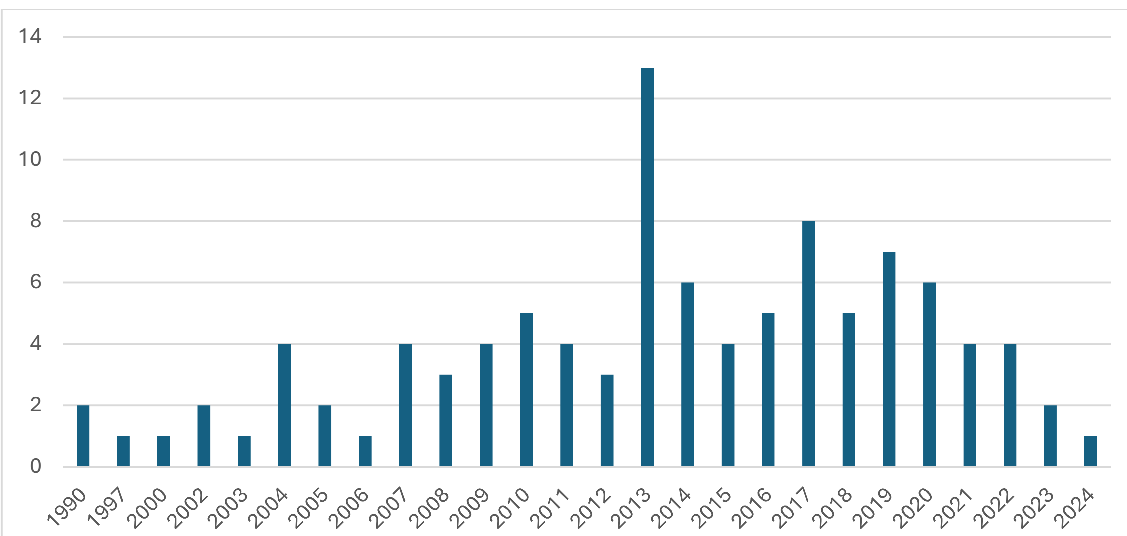
	Frequency	Percent
Less than 5 % of the total workforce	26	25%
6-10 %	26	25%
11-15 %	19	18%
16-20 %	14	14%
More than 20 %	16	16%
Don't know exactly	2	2%

N=103

Source: Own calculations based on the survey

Figure 2 shows that while some companies have been employing third-country nationals since 1990, there has been a significant and noticeable increase in this practice in 2013[4] and 2017.

Figure 2: Number of companies reporting start of employment for third-country nationals by year



N=102

Source: Own calculations based on the survey

[4] The spike in employment of third-country workers in Slovakia in 2013 can be explained by two facts: 1) in 2013 several measures against the illegal employment of foreigners entered into force in Slovakia and 2) the Shared Services Centres started to operate in Slovakia with support of the AmCham which enabled a wider discussion about the employment of the workers from third countries. Most of these employees came from Ukraine, South Korea and China.

The results suggest that while the third-country workers in the surveyed companies come from a variety of educational backgrounds, there is a significant representation of those with secondary education. 44 % of the respondents believe that the educational structure of third-country workers is comparable to that of the general workforce in the company. However, 33 % of respondents think that third-country workers have a lower average level of education (Table 7). It is also worth noting that less than a third of third-country workers are women. The age structure of third-country workers in the companies surveyed shows that the majority are between 31 and 40 years old.

Table 7: Company vs. third-country worker educational levels

	Frequency	**Percent**
Comparable	42	44%
On average, third-country workers have lower education.	31	33%
On average, third-country workers have higher education.	11	12%
Difficult to answer	9	9%

N=95

Source: Own calculations based on the survey

More than 40 % of non-EU workers are employed for elementary work, slightly less for professional and technical and service work, followed by production work (Table 8).

Table 8: Job types of third-country workers

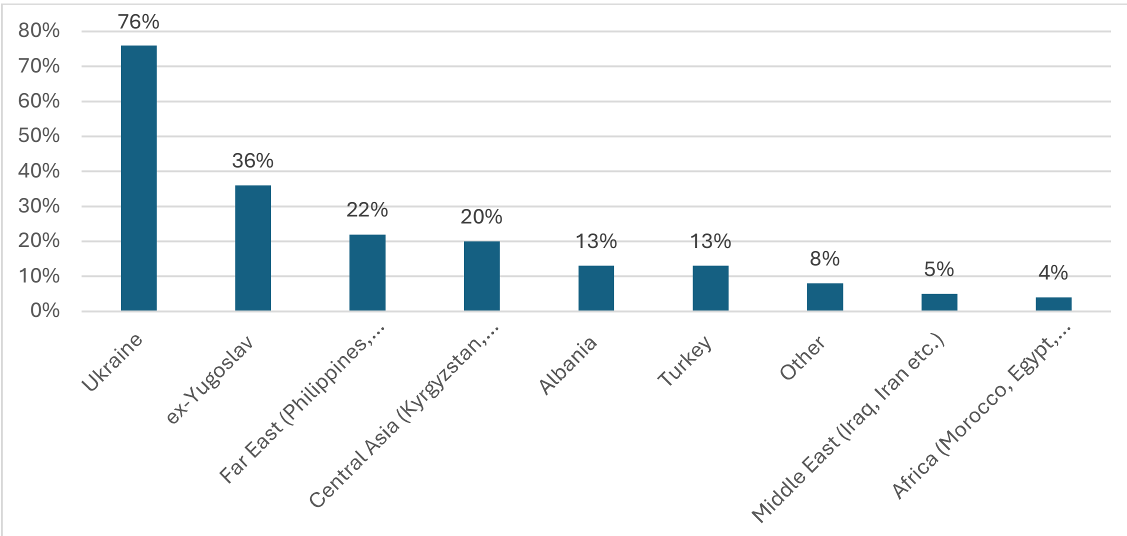
	Frequency	**Percent**
Service work (sales, personal care, protective services, personal services, etc)	23	24%
Professional and technical work (healthcare services, legal and other professional services, science and engineering professional services, etc)	38	40%
Production work	34	36%
Elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.)	40	42%
Managerial work	14	15%
Other	15	16%

Source: Own calculations based on the survey

1.4. The origin of third-country workers

The survey results indicate that third-country workers predominantly come from Ukraine. Additionally, a significant number of third-country workers are from countries of former Yugoslavia such as Bosnia and Herzegovina, Serbia, Montenegro and North Macedonia, as well as from the Far East (Figure 3).

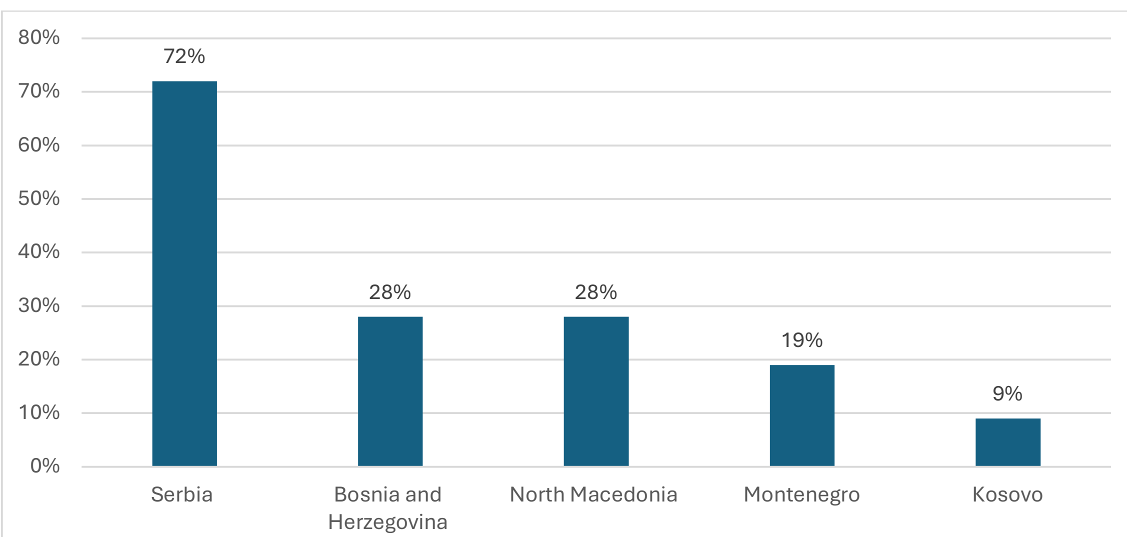
Figure 3: The origin of third-country workers



N=96
Source: Own calculations based on the survey

When asked which ex-Yugoslav countries the workers originate from, the most common answer was Serbia (Figure 4).

Figure 4: Origin of third-country workers from non-EU former Yugoslav Countries

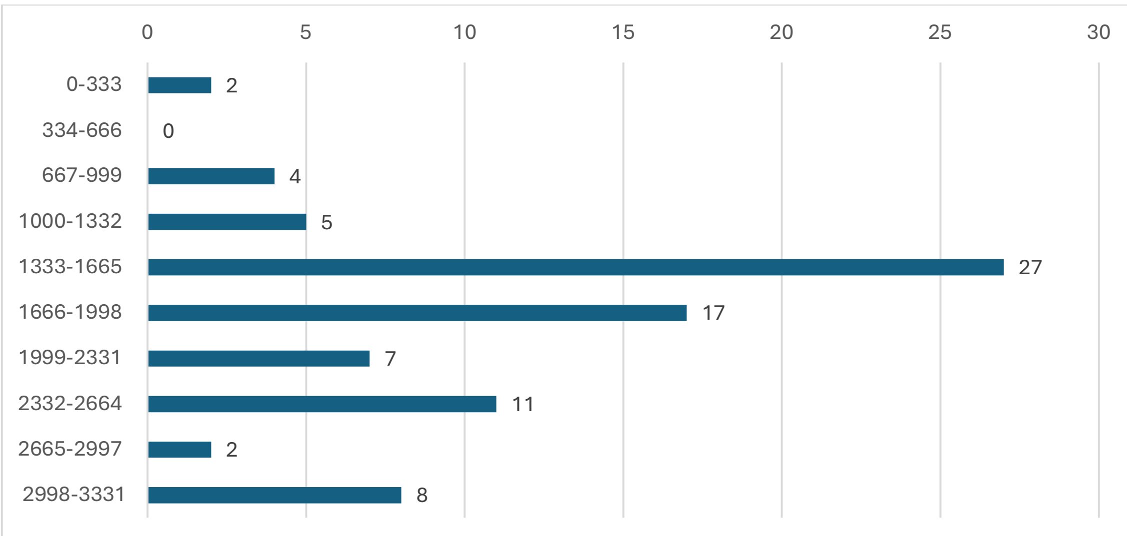


N=32
Source: Own calculations based on the survey

1.5. Wages of third-country workers

The average gross wage of third-country workers in the surveyed companies is EUR 1.857,4.[5] The average gross wage for third-country workers is lower than the overall company average. Figure 5 illustrates the distribution of average gross wages (per month, in EUR) paid to third-country workers in the surveyed companies.

Figure 5: Distribution of average gross wages paid to third-country workers (per month, in EUR)



N=83
Source: Own calculations based on the survey

Despite the numerical difference in average wages, the majority of companies consider the wages of third-country workers to be comparable to those of their other employees (Table 9).

Table 9: Qualitatively comparing average gross wages of third-country workers to other workers in the same company

	Frequency	Percent
Lower	18	20%
Comparable	59	66%
Higher	11	12%
I don't know	1	1%

N=57
Source: Own calculations based on the survey

All the companies surveyed claimed that they did not receive any subsidies for employing third-country workers that other workers were not entitled to.

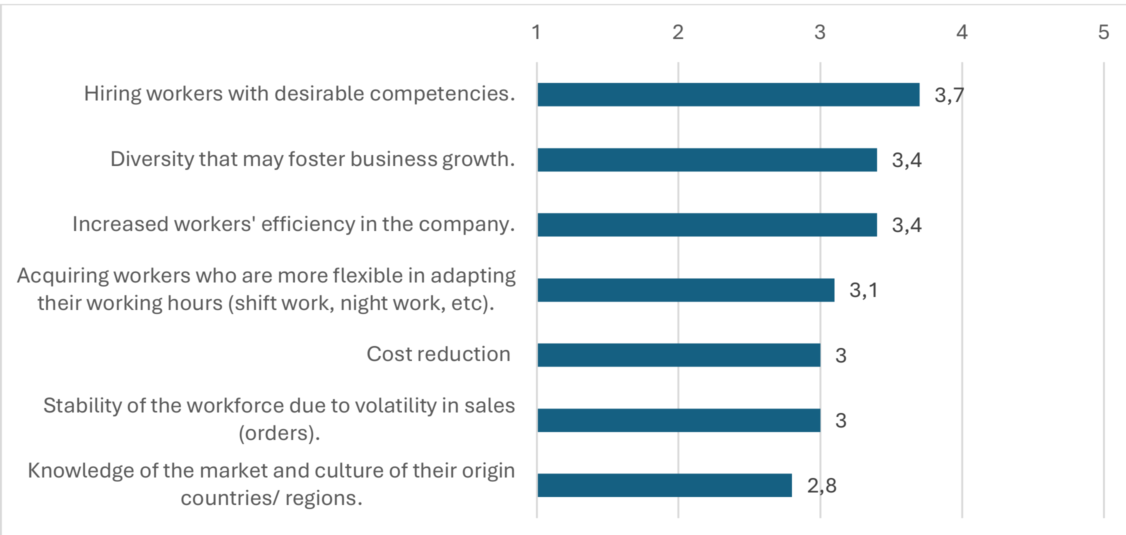
[5] Std. deviation: 657,52, min: 100, max: 3,331

1.6. Advantages and barriers in employing third-country workers

The main advantages that companies see in employing third-country nationals are the recruitment of workers with desirable competencies, the diversity that can help the company grow and increased workers' efficiency in the company.

The respondents don't perceive the stability of the workforce due to fluctuations in sales (orders) and knowledge of the market and culture of their origin countries/regions as benefits of employing third-country workers (Figure 6).

Figure 6: Advantages of employing third-country workers (1 = fully disagree, 5 = fully agree)

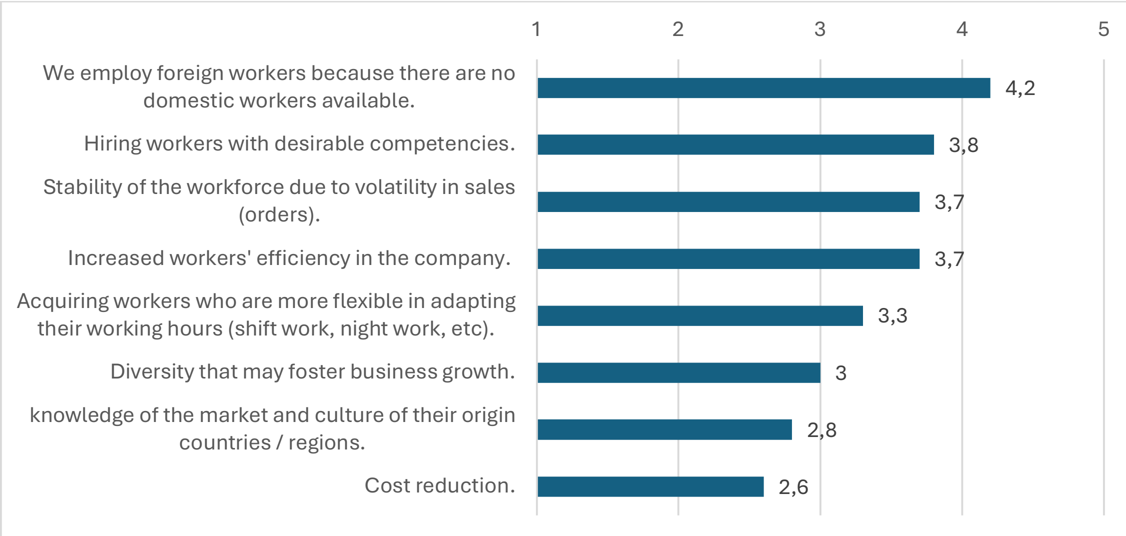


N=26

Source: Own calculations based on the survey

It is clear that one of the main reasons why companies decide to employ foreign workers is because of a lack of domestic workers and to obtain workers with the appropriate competencies (Figure 7).

Figure 7: Reasons for employing third-country workers (1 = fully disagree, 5 = fully agree)

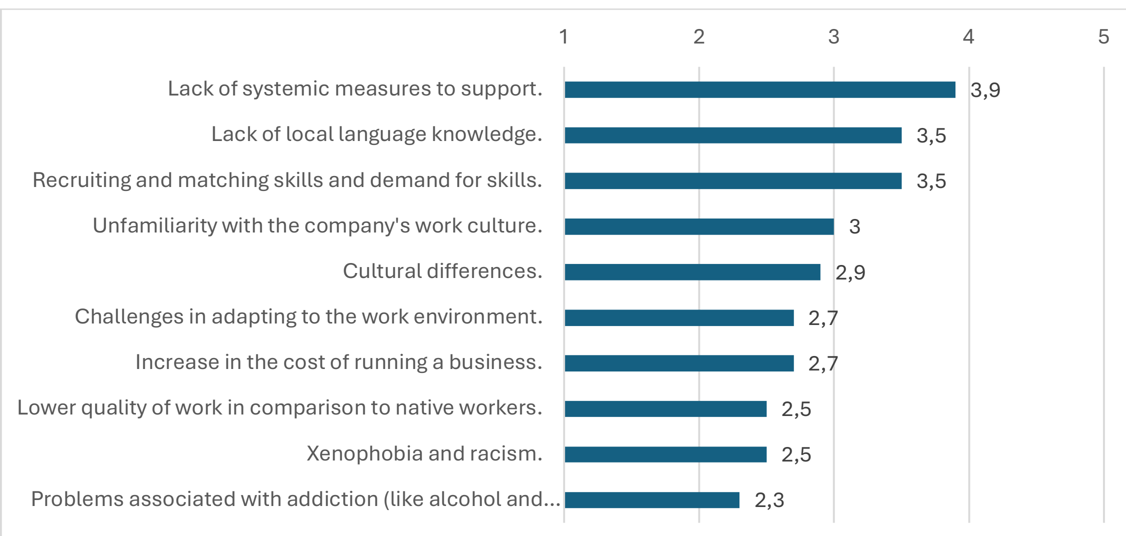


N=87

Source: Own calculations based on the survey

Respondents consider a lack of systemic measures to support and a lack of local language knowledge to be the biggest potential problems associated with employing third-country workers (Figure 8).

Figure 8: Potential problems related to employing third-country workers (1 = fully disagree, 5 = fully agree)

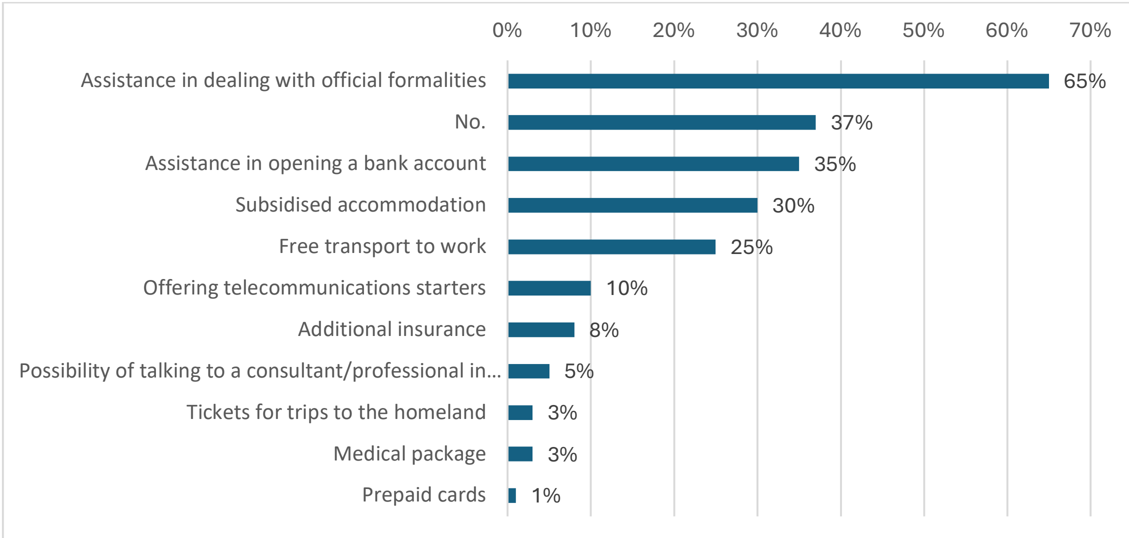


N=117

Source: Own calculations based on the survey

Regarding the amenities, offered to third-country workers, 65 % of the respondents offer third-country workers help with official formalities, 35 % offer third-country workers help with opening a bank account, and 30 % offer third-country workers subsidised accommodation (Figure 9).

Figure 9: Amenities offered to third-country workers



N=91
Source: Own calculations based on the survey

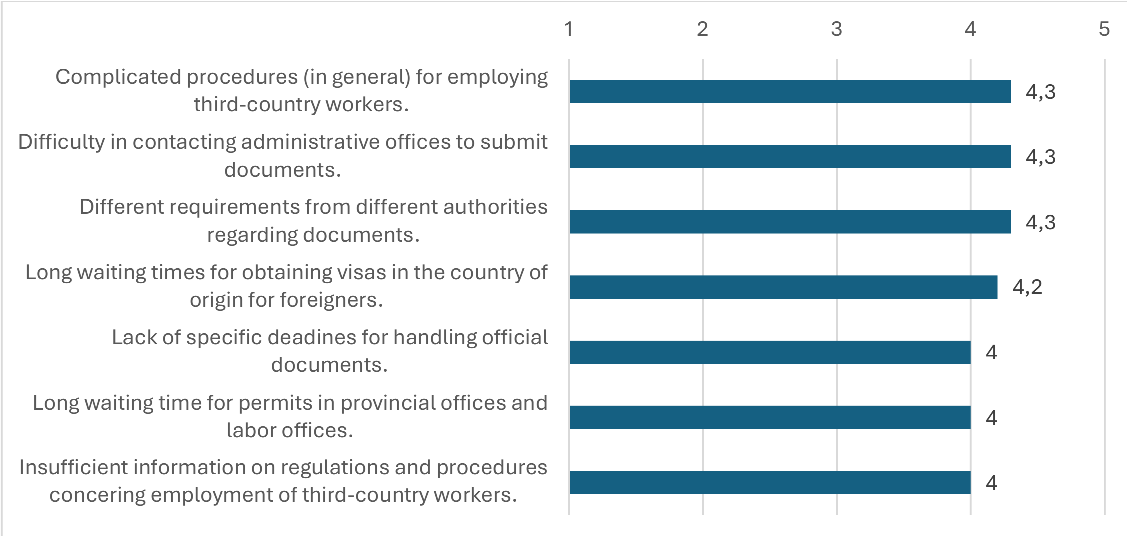
The survey results indicate that legal complexities, language and cultural barriers and the need for assistance with legal procedures are the most significant barriers to employing third-country workers (Figure 10). The need to find suitable accommodation and navigate health-related procedures are less significant barriers for Slovak respondents.

Figure 10: Barriers in employing third-country workers (1 = fully disagree, 5 = fully agree)

N=120
Source: Own calculations based on the survey

There is a high agreement about the wide range of formal barriers related to legal activities – like complicated procedures (in general) for employing third-country workers, difficulty in contacting administrative officers and different requirements (Figure 11). Consequently, companies are unable to employ workers on time (Figure 12).

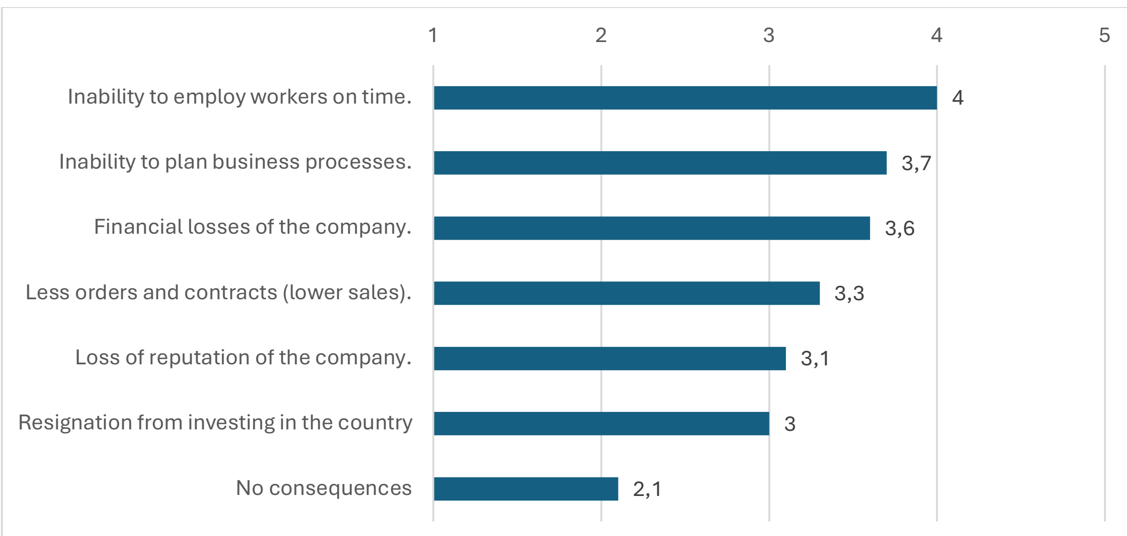
Figure 11: Formal barriers that are related to legal activities (1 = fully disagree, 5 = fully agree)



N=72

Source: Own calculations based on the survey

Figure 12: Consequences of obstacles that companies face when employing third-country workers (1 = fully disagree, 5 = fully agree)

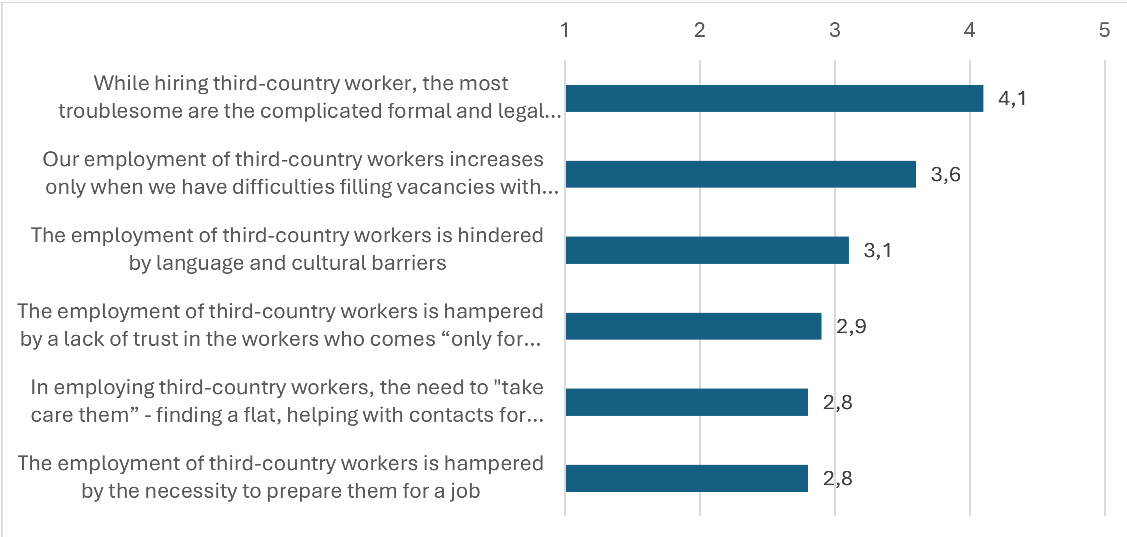


N=113

Source: Own calculations based on the survey

The most problematic aspect of employing third-country workers is the complicated formal and legal conditions (Figure 13).

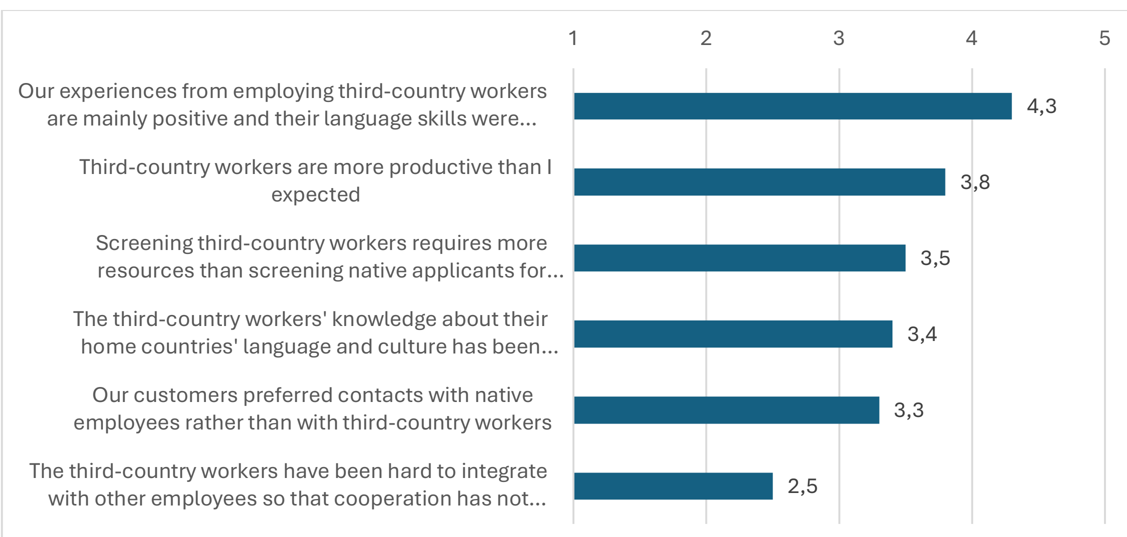
Figure 13: Evaluation of statements regarding the employment of third-country workers (1 = fully disagree, 5 = fully agree)



N=91
Source: Own calculations based on the survey

In general, however, the experience of employing third-country workers is mainly positive and their language skills have been sufficient for them to do a good job (Figure 14). Companies generally disagree that third-country workers have been difficult to integrate with other employees.

Figure 14: Experiences with employing third-country employees (1 = fully disagree, 5 = fully agree)

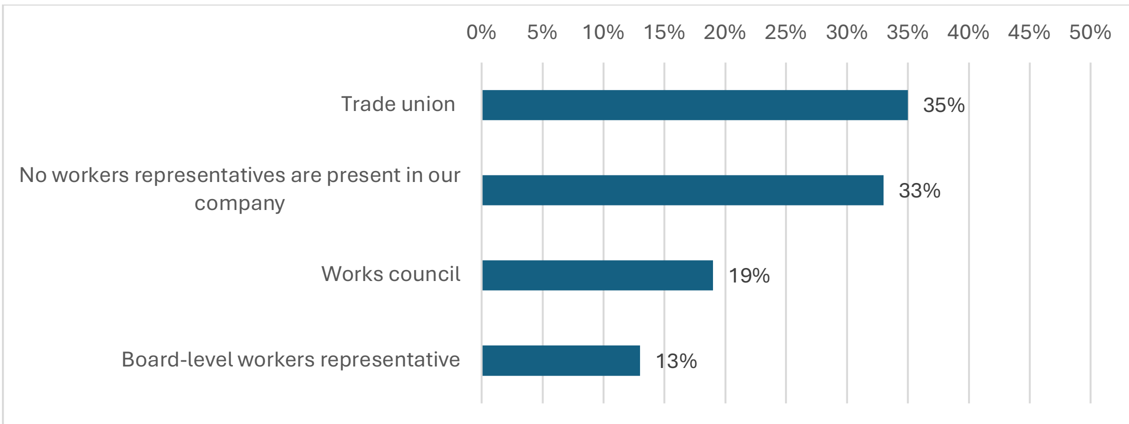


N=90
Source: Own calculations based on the survey

1.7. Workers' representation in companies

The companies surveyed first had to choose the form of workers' representation in their company (they could choose one or more). The most common form of workers' representation is the trade union. However, one-third of companies in the sample do not have any form of workers' representation (Figure 15).

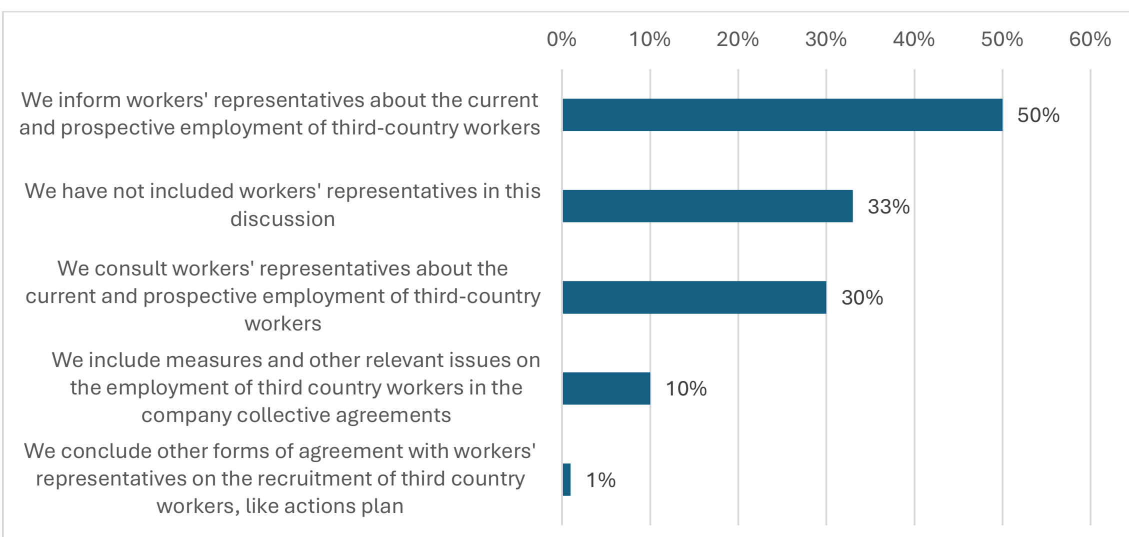
Figure 15: Workers representation in companies



N=118
Source: Own calculations based on the survey

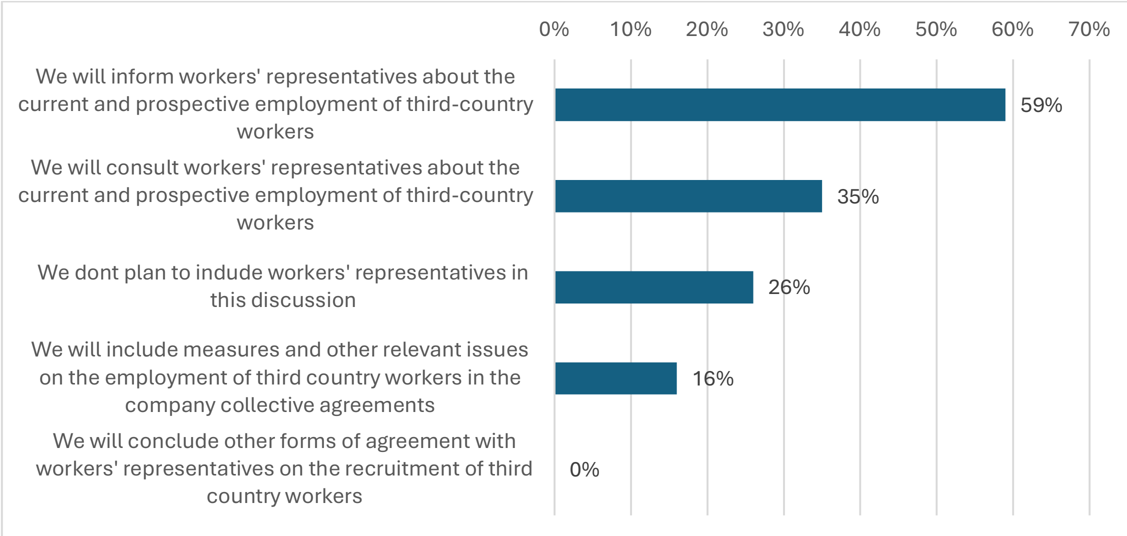
More than half of the respondents who have some form of workers' representation in their company, inform workers' representatives about the current and prospective employment of third-country workers (Figure 16). The situation is very similar when it comes to their future plans (Figure 17).

Figure 16: Dealing with the challenges related to third-country workers



N=86
Source: Own calculations based on the survey

Figure 17: Plans to deal with the challenges related to third-country workers



N=86
Source: Own calculations based on the survey

Moreover, more than half (46 %) of the respondents are not aware of the social partners' discussions on employment and challenges related to third-country workers at the sectoral and national level. 21 % of the respondents are aware of the discussions and are familiar with the content of the discussions.

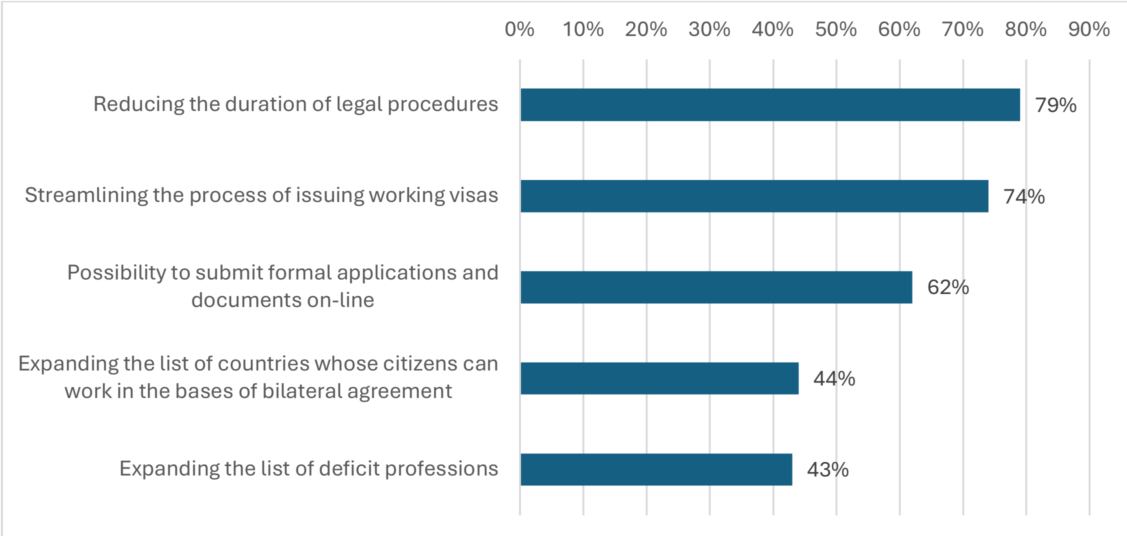
1.8. Gaps in supporting the employment of third-country nationals

The survey results indicate that companies have made efforts to implement various training and qualification measures to support the labour market integration of third-country workers. However, the areas with the most notable gaps include combating over-qualification and the use of digital tools. In terms of soft skills, companies perceive considerable gaps in providing additional language courses and communication skills. For information and counselling, the most notable gaps are in the counselling/mentoring/coaching and career guidance.

While companies have made significant efforts in providing civic/social-cultural orientation courses, they perceive gaps in preventing discrimination and raising awareness about diversity.

Respondents believe that the priority for facilitating the employment of third-country nationals should be to reduce the length of legal procedures, streamline the process for issuing work visas and allow formal applications and documents to be submitted online (Figure 18).

Figure 18: Proposed changes in regulations to facilitate third-country workers employment



N=117

Source: Own calculations based on the survey

EUROPEAN COMMISSION

DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Social Prerogatives and Specific Competencies Lines (SocPL)

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RECRUIT4TOMORROW

Encouraging employment of third-country nationals through social dialogue

Deliverable D2.1

National Analysis Report for Slovenia

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Executive summary

The deliverable, National Analysis Report for Slovenia, presents the findings from the survey amongst Slovenian employers regarding the employment of third-country nationals in Slovenia which was executed as part of the WP2 in the project. In the scope of WP2, we analysed and researched the challenges that labour market stakeholders are facing when dealing with the matching of labour supply and demand by employment of third-country nationals.

The presented deliverable is a detailed report from the national survey results in Slovenia which will be a basis and a starting point for further analysis and social dialogue on all levels in WP3 where the consortia partners will prepare measures to address the labour market needs and recommendations for policymakers.

1. Recruit4Tomorrow - Survey report on Slovenia

The survey report presents insights based on descriptive statistics from a sample of Slovene firms. Conducted between April 22 and June 30, 2024, the survey received complete or partial responses from 114 companies regarding the employment of third-country nationals. The report begins with a brief summary of the sample characteristics, the current state of employing foreign and third-country workers, their origins, and their wages. The second part delves into the advantages and barriers of employing third-country workers, their representation, and the gaps in support for their employment.

1.1. Sample characteristics

The characteristics of the companies included in the sample are shown in Table 1.

Table 1: Company size, classification and industry

		Frequency	Percent
Size (number of workers) (N = 114)	Less than 10	8	7%
	11-50	21	18%
	51-250	39	34%
	251-500	18	16%
	More than 500	28	25%
Company classification (N = 112)	Family-owned company	16	14%
	Domestic private company	48	43%
	Domestic public company	13	12%
	MNE subsidiary	32	29%
	Other	3	2%
Industry (N = 114)	Construction	11	10%
	Hospitality and tourism	4	4%
	Healthcare	6	5%
	Manufacturing	37	32%
	Oil and gas sector	1	1%
	Automotive sector	4	4%
	ICT (IT) sector	8	7%
	Trade	8	7%
	Other services	35	30%

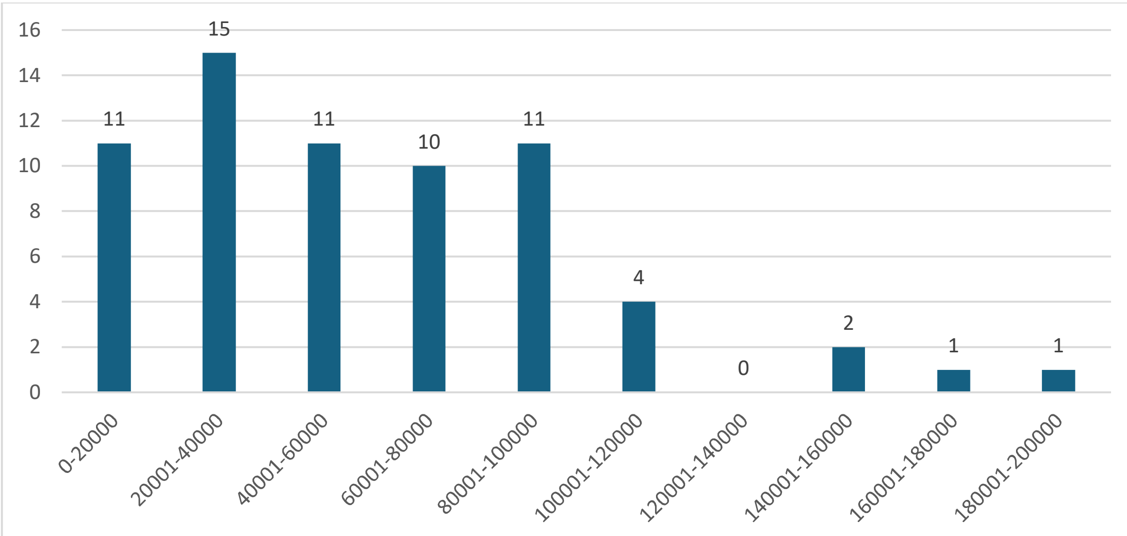
Source: Own calculations based on the survey

In 2023, the average value added per worker among companies surveyed was EUR 57,274.1[1] per year. The distribution of value added per worker among the surveyed companies shows a

[1] Std. deviation: 41,949.95, min: 5,000, max: 200,000

broad spectrum with a concentration in the middle ranges. Most of the respondents fall into the EUR 20,001 to EUR 40,000 range (Figure 1).

Figure 1: Value added per worker (per year, in EUR) in 2023 (number of respondents)



N=66
Source: Own calculations based on the survey

Additionally, the average gross wage reported by the companies surveyed is EUR 2,128[2,3] per month. The distribution of average gross salaries among the surveyed companies shows that three-quarters (77.8%) of the companies in the sample report an average monthly gross salary below 2,638 euros per month.

The survey included a wide range of respondents from different positions within their respective organisations (Table 2). The characteristics of the respondents show a significant representation from HR departments, in line with the focus of the survey. More than two-thirds of the respondents were female.

Table 2: Respondent's position in the company

	Frequency	Percent
CEO / Director / Member of the management board	14	13%
Head of HR	47	44%
HR professional	30	28%
Head of Legal Department	2	2%
Legal professional	5	5%
Other	9	8%

N=107
Source: Own calculations based on the survey

[2] Std. deviation: 1,054.2, min: 100, max: 5,809
[3] The average gross wage in Slovenia in 2023 was EUR 2,220.95.

In addition, almost all respondents have at least 5 years of work experience, with most having more than 15 years in their respective fields (Table 3).

Table 3: Duration of working experience of respondents

	Frequency	Percent
Less than 5 years	2	2%
5 - 15 years	24	22%
16 - 25 years	47	43%
26 - 35 years	24	22%
More than 35 years	12	11%

N=109

Source: Own calculations based on the survey

1.2. Employment of foreign workers: current situation

The majority, namely, 81% of the companies surveyed reported that they currently employ foreign workers (Table 4). Almost two-thirds of respondents reported that they employ non-EU foreign workers.

Table 4: Employment of foreign workers

	Frequency	Percent
Yes	91	81%
No	22	19%

N=113

Source: Own calculations based on the survey

For those companies that do not currently employ foreign workers (Table 5), their plans for employing foreign workers were also examined. Of these respondents, 62% (13 respondents) plan to employ foreign workers in the future. Specifically, 9 of these 13 respondents indicated that they plan to employ third-country workers. Conversely, 48% (10 respondents) do not plan to employ foreign workers in the future.

Table 5: Strategy for future employment of foreign workers

	Frequency	Percent
We plan to employ foreign workers from EU countries in the future	4	19%
We plan to employ third-country workers in the future	9	43%
We do not plan to employ any foreign workers in the future	10	48%

N=21

Source: Own calculations based on the survey

1.3. Employment of third-country (non-EU) workers

Looking at the number of non-EU workers currently employed in the companies, a quarter of the respondents reported that less than 5% of their workforce consisted of non-EU workers, while a fifth reported between 6% and 10%. Notably, 16% of companies have more than 20% non-EU nationals in their workforce (Table 6). These companies operate in construction, manufacturing and other services (logistics and transport).

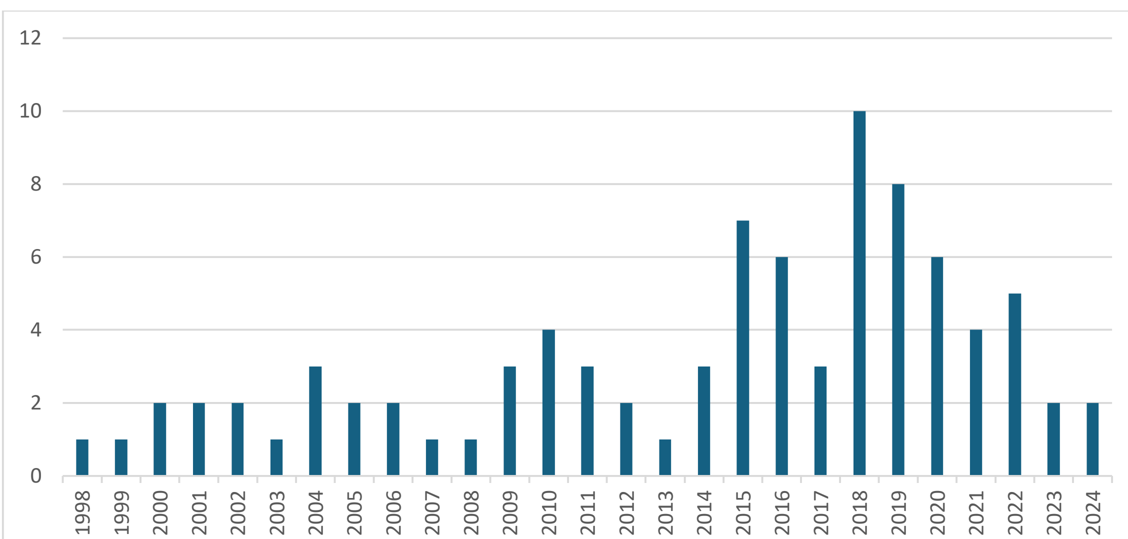
Table 6: Distribution of third-country workers in the workforce

	Frequency	Percent
Less than 5% of the total workforce	28	25%
6-10%	23	20%
11-15%	8	7%
16-20%	2	2%
More than 20%	18	15%
Don't know exactly	1	1%

N=80
Source: Own calculations based on the survey

Figure 2 shows that while some companies have been employing third-country nationals since 1998, there has been a significant and noticeable increase in this practice since 2015. The data show a steady increase in the number of companies employing third-country nationals over the years, with significant peaks in 2015, 2018 and 2019.

Figure 2: Number of companies reporting the start of employment for third-country nationals by year



N=77
Source: Own calculations based on the survey

The results suggest that while the third-country workers in the surveyed companies come from a variety of educational backgrounds, there is a significant representation of those with secondary and tertiary education. Among the 40 surveyed companies that employ these workers and responded to the question about educational structure, 47% have secondary education and 41.6% have tertiary education. More than half of the respondents (57%) believe that the educational structure of third-country workers is comparable to that of the general workforce in the company. However, 32% of respondents think that third-country workers have a lower average level of education (Table 7). It is also worth noting that less than a third of third-country workers are women. The age structure of third-country workers in the companies surveyed shows that the majority are between 31 and 40 years old.

Table 7: Company vs. third-country worker educational levels

	Frequency	Percent
Comparable	39	57%
On average, third-country workers have lower education.	22	32%
On average, third-country workers have higher education.	6	10%
Difficult to answer	1	1%

N=68
Source: Own calculations based on the survey

More than a third of non-EU workers are employed for production work, followed by professional, technical and service work (Table 8).

Table 8: Job types of third-country workers

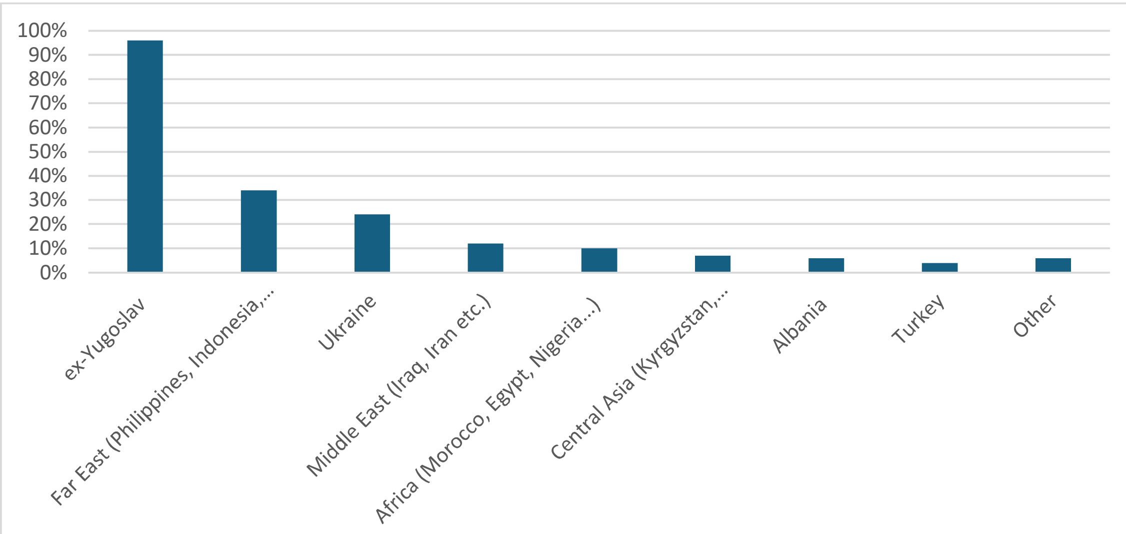
	Frequency	Percent
Service work (sales, personal care, protective services, personal services, etc)	16	17%
Professional and technical work (healthcare services, legal and other professional services, science and engineering professional services, etc)	26	27%
Production work	35	36%
Elementary work (cleaning services, agriculture, fishing and forestry services, food preparation assistance, etc.)	11	11%
Managerial work	7	7%
Other	2	2%

N=97
Source: Own calculations based on the survey

1.4. The origin of third-country workers

The survey results indicate that third-country workers predominantly come from former Yugoslav countries (Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia) and Kosovo. Additionally, a significant number of third-country workers are from countries in the Far East such as the Philippines, Indonesia, Nepal, and Thailand, as well as from Ukraine (Figure 3).

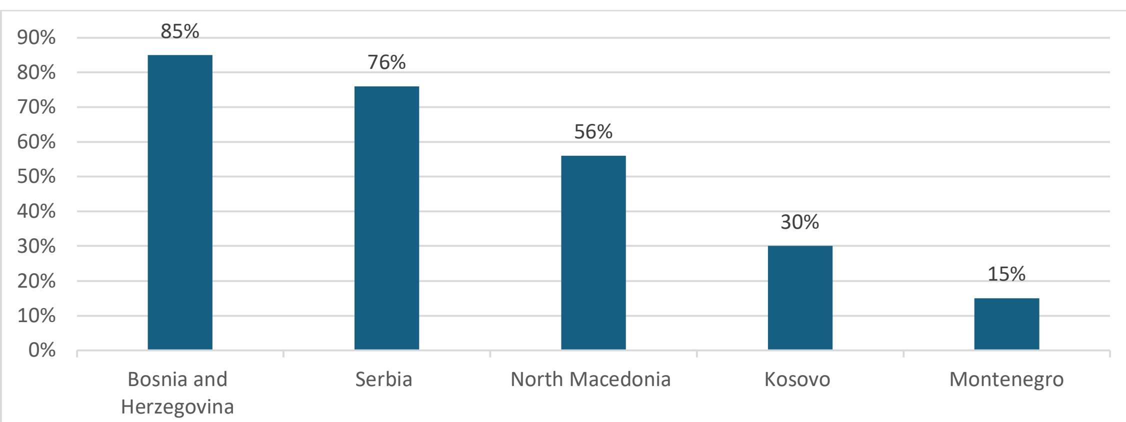
Figure 3: The origin of third-country workers



N=68
Source: Own calculations based on the survey

When asked which ex-Yugoslav countries the workers originate from, the most common answer was Bosnia and Herzegovina (Figure 4), which was also stated as the first most frequent country by the respondents.

Figure 4:Origin of third-country workers from non-EU former Yugoslav Countries

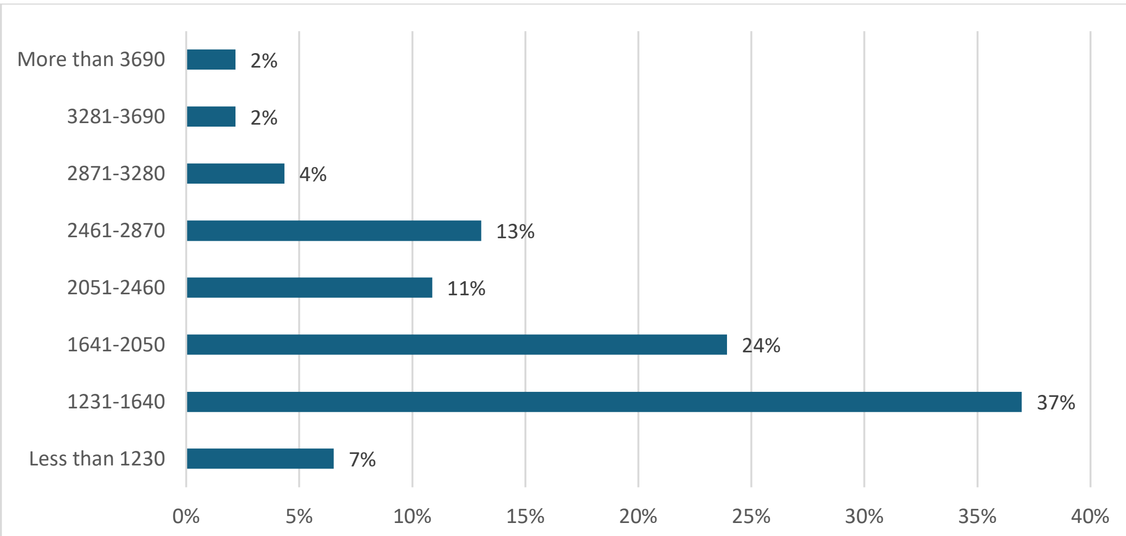


N=54
Source: Own calculations based on the survey

1.5. Wages of third-country workers

The average gross wage of third-country workers in the surveyed companies is EUR 1,893.9.[4] The average gross wage for third-country workers is lower than the overall company average of EUR 2,128 per month. Figure 5 illustrates the distribution of average gross wages (per month, in EUR) paid to third-country workers in the surveyed companies.

Figure 5: Distribution of average gross wages paid to third-country workers (per month, in EUR)



N=46
Source: Own calculations based on the survey

Despite the numerical difference in average wages, the majority of companies consider the wages of third-country workers to be comparable to those of their other employees (Table 9).

Table 9: Qualitatively comparing average gross wages of third-country workers to other workers in the same company

	Frequency	Percent
Lower	4	7%
Comparable	50	87%
Higher	1	2%
I don't know	2	4%

N=57
Source: Own calculations based on the survey

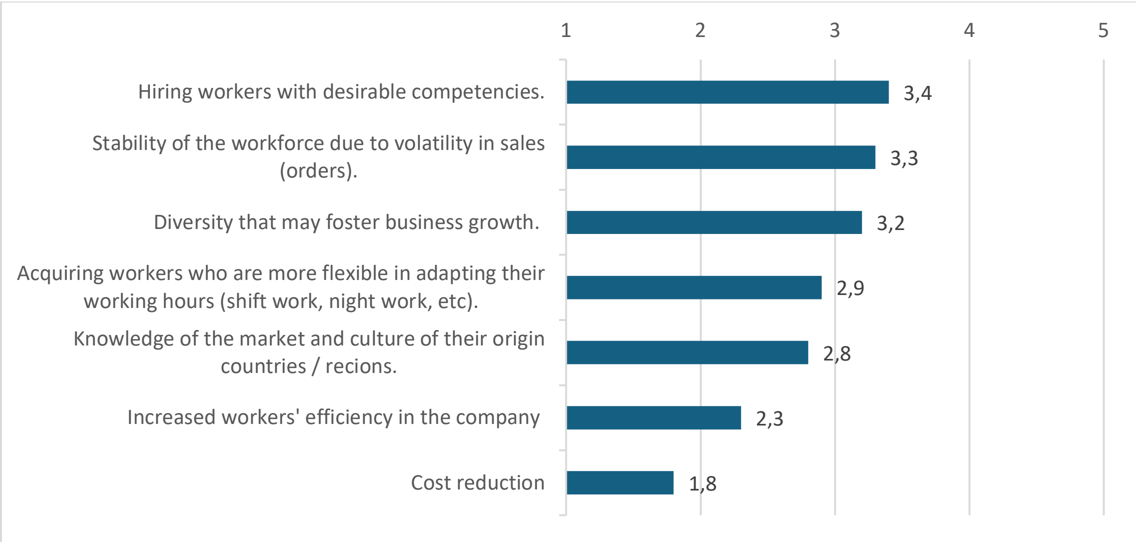
All the companies surveyed claimed that they did not receive any subsidies for employing third-country workers that other workers were not entitled to.

[4] Std. deviation: 659.76, min: 840, max: 4,103

1.6. Advantages and barriers in employing third-country workers

The main advantages that companies see in employing third-country nationals are the recruitment of workers with desirable competencies, the stability of the workforce due to fluctuations in sales (orders), and the diversity that can help the company grow. They do not see cost reduction as a benefit of employing third-country workers (Figure 6).

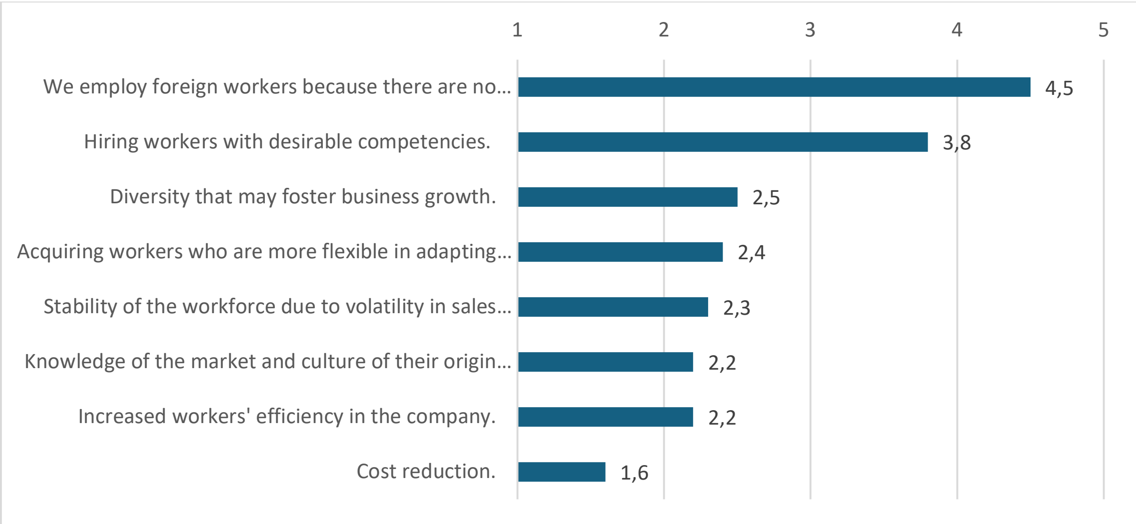
Figure 6: Advantages of employing third-country workers (1 = fully disagree, 5 = fully agree)



N=21
Source: Own calculations based on the survey

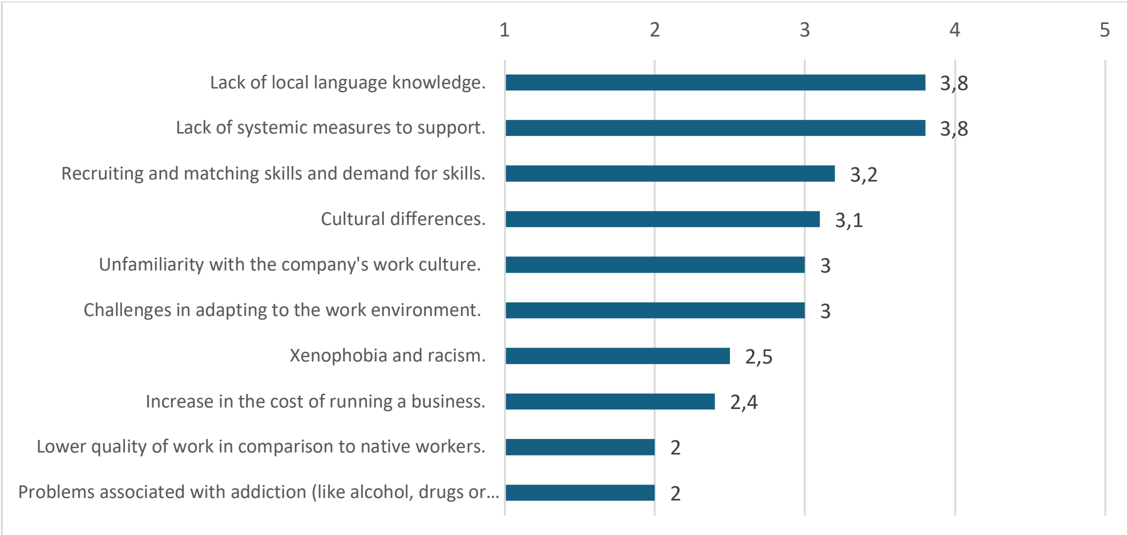
It is clear that one of the main reasons why companies decide to employ foreign workers is because of a lack of domestic workers and to obtain workers with the appropriate competencies (Figure 7).

Figure 7: Reasons for employing third-country workers (1 = fully disagree, 5 = fully agree)



N=58
Source: Own calculations based on the survey

Figure 8: Potential problems related to employing third-country workers (1 = fully disagree, 5 = fully agree)

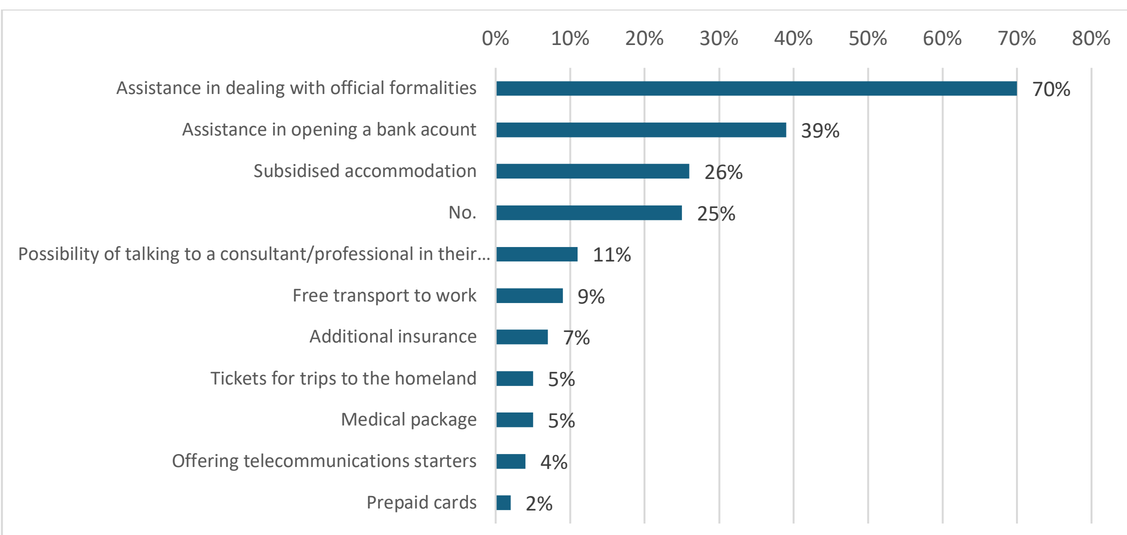


N=83
Source: Own calculations based on the survey

Respondents consider a lack of knowledge of the local language and a lack of systemic support measures to be the biggest potential problems associated with employing third-country workers (Figure 8).

Regarding the amenities, offered to third-country workers, 70% of the respondents offer third-country workers help with official formalities, 39% offer third-country workers help with opening a bank account, and 26% offer third-country workers subsidised accommodation (Figure 9).

Figure 9: Amenities offered to third-country workers



N=57
Source: Own calculations based on the survey

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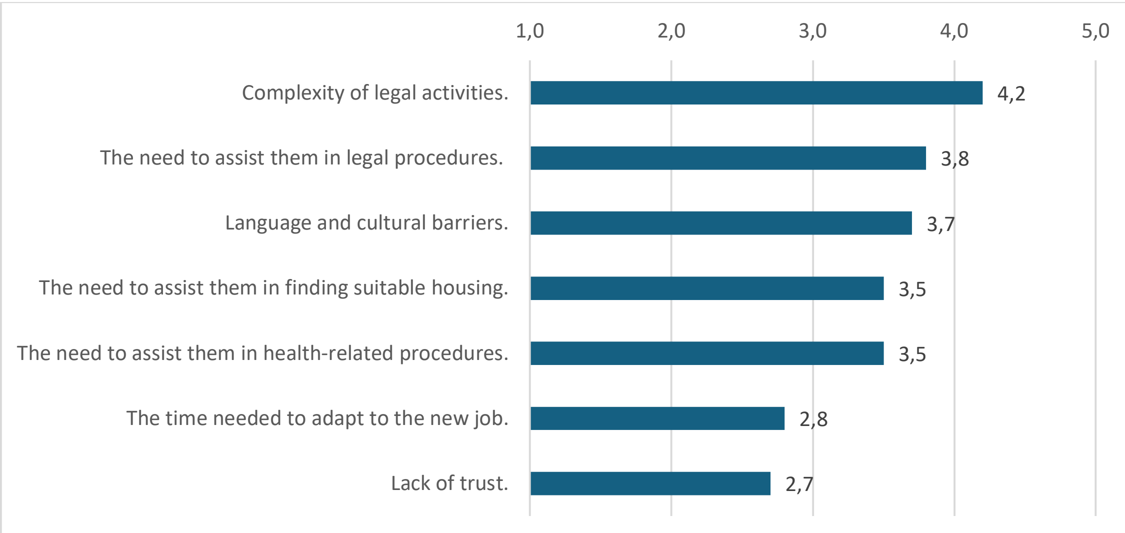
The survey results indicate that legal complexities and the need for assistance with legal procedures are the most significant barriers to employing third-country workers (Figure 10). Language and cultural barriers, as well as the need to find suitable accommodation and navigate health-related procedures, are also significant challenges. The time needed to adapt and lack of trust are perceived as less significant barriers.

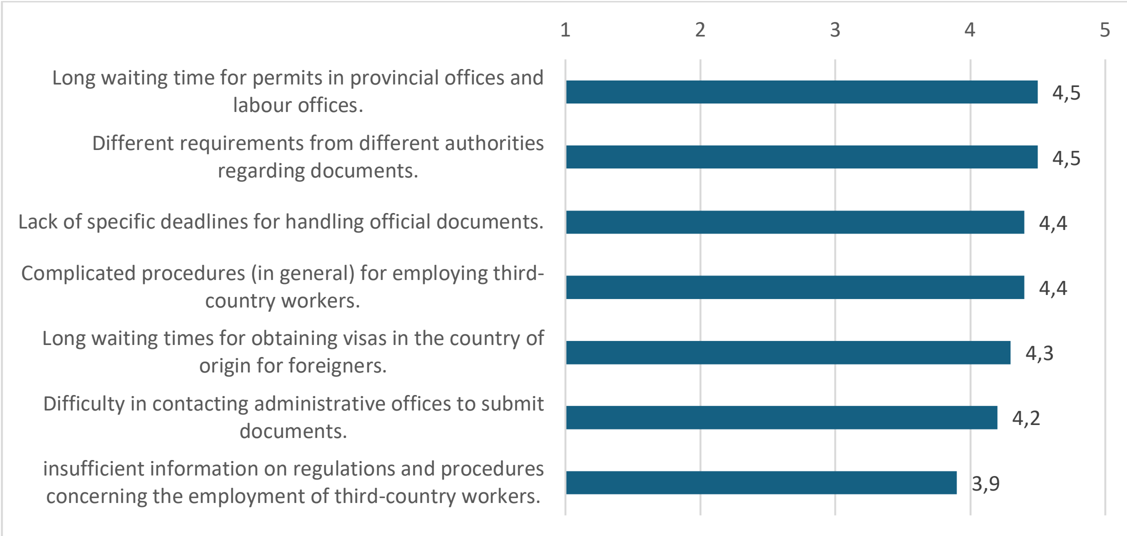
Figure 10: Barriers in employing third-country workers (1 = fully disagree, 5 = fully agree)



N=83
Source: Own calculations based on the survey

There is a high agreement about the wide range of formal barriers related to legal activities (Figure 11). The most pressing issues are the lengthy procedures for obtaining work and residence permits, the experience that different authorities have different requirements regarding documents, the inadequacy of deadlines for processing official documents, and the long waiting times for obtaining visas in the home country for workers from third countries.

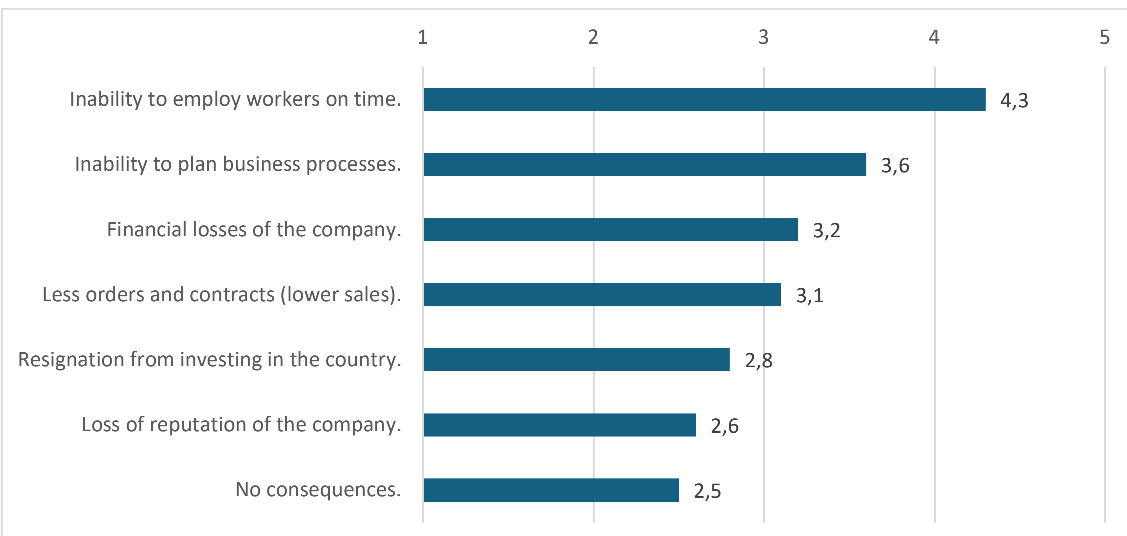
Figure 11: Formal barriers that are related to legal activities (1 = fully disagree, 5 = fully agree)



N=70
Source: Own calculations based on the survey

The consequences of the obstacles companies face when hiring workers from third countries are that companies cannot hire workers on time, have difficulties planning business processes, and sometimes receive fewer orders and contracts (Figure 12).

Figure 12: Consequences of obstacles that companies face when employing third-country workers (1 = fully disagree, 5 = fully agree)



N=67
Source: Own calculations based on the survey

The most problematic aspect of employing third-country workers is the complicated formal and legal conditions (Figure 13).

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Figure 13:Evaluation of statements regarding the employment of third-country workers (1 = fully disagree, 5 = fully agree)

N=57
Source: Own calculations based on the survey

In general, however, the experience of employing third-country workers is mainly positive and their language skills have been sufficient for them to do a good job (Figure 14). Companies generally disagree that third-country workers have been difficult to integrate with other employees.

Figure 14:Experiences with employing third-country employees (1 = fully disagree, 5 = fully agree)

N=56
Source: Own calculations based on the survey

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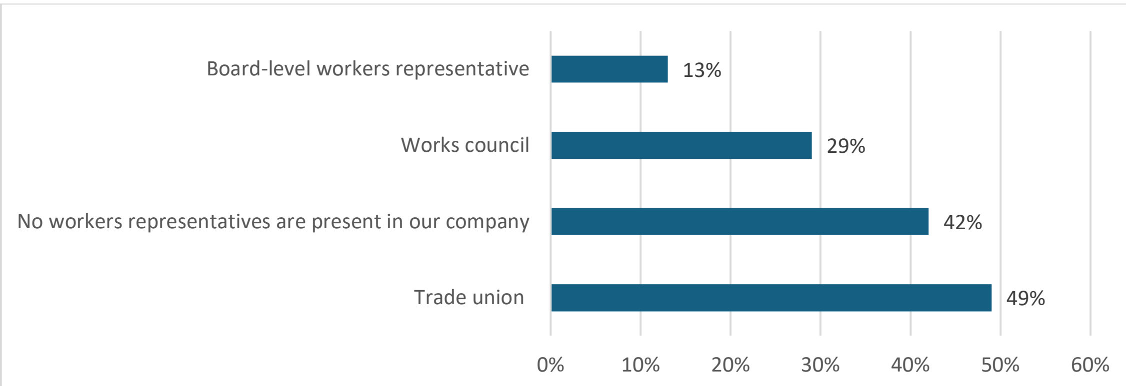
1.7. Workers' representation in companies

The companies surveyed first had to choose the form of workers' representation in their company (they could choose one or more). The most common form of workers' representation is the trade union. However, there are many companies in the sample that do not have any form of workers' representation (Figure 15).

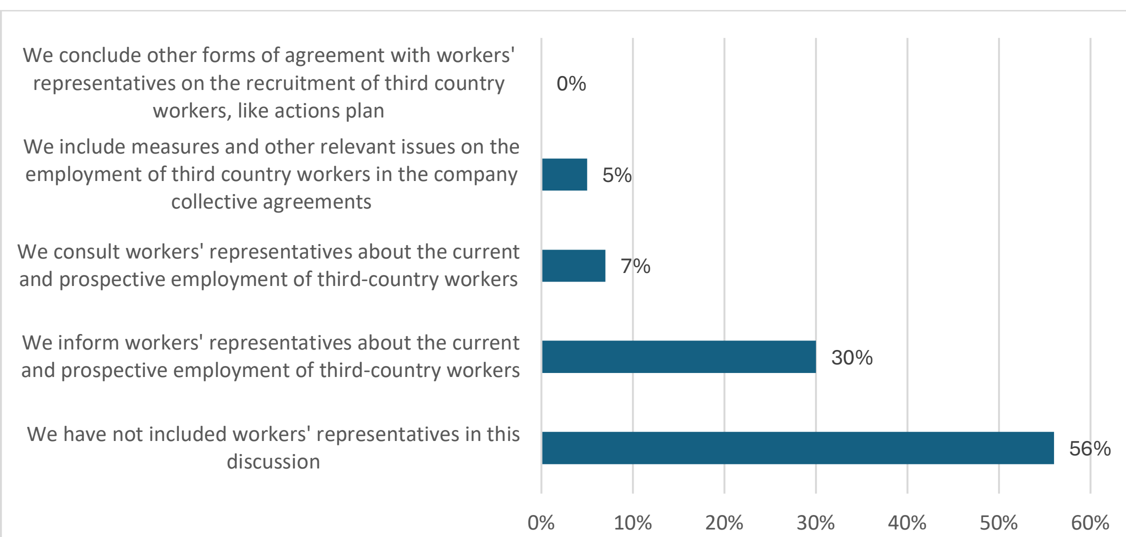
Figure 15: Workers representation in companies



N=83
Source: Own calculations based on the survey

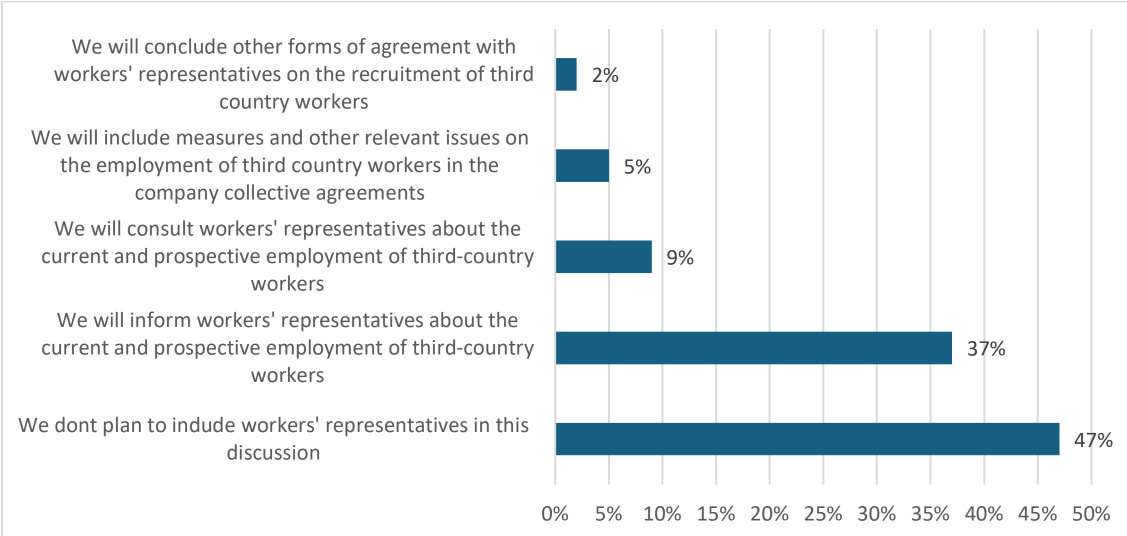
More than half of the respondents who have some form of workers' representation in their company did not involve workers' representatives in the discussion of the challenges posed by third-country workers (Figure 16). The situation is very similar when it comes to their plans (Figure 17).

Figure 16: Dealing with the challenges related to third-country workers



N=43
Source: Own calculations based on the survey

Figure 17: Plans to deal with the challenges related to third-country workers



N=43
Source: Own calculations based on the survey

Moreover, more than half (54%) of the respondents are not aware of the social partners' discussions on employment and challenges related to third-country workers at the sectoral and national levels. Slightly more than a quarter, 27%, of the respondents are aware of the discussions but do not know what they are about.

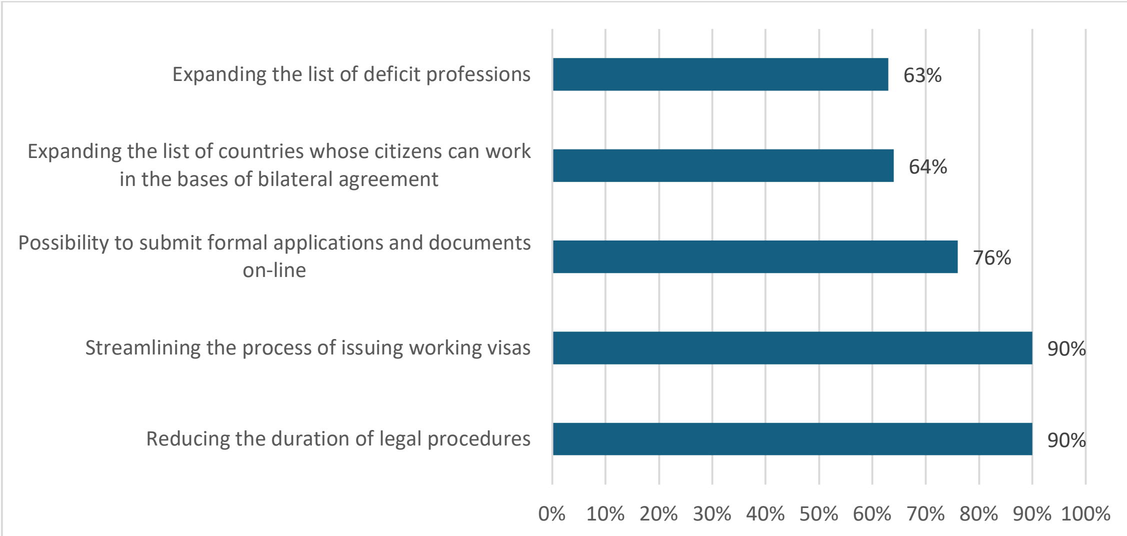
1.8. Gaps in supporting the employment of third-country nationals

The survey results indicate that companies have made efforts to implement various training and qualification measures to support the labour market integration of third-country workers. However, the areas with the most notable gaps include combating over-qualification and the use of digital tools. In terms of soft skills, companies perceive considerable gaps in providing additional language courses, computer literacy, and communication skills. For information and counselling, the most notable gaps are in the enhancement of labour market knowledge, counselling/mentoring/coaching, and IT programmes/applications.

While companies have made significant efforts in preventing discrimination and raising awareness about diversity, they perceive gaps in providing civic/social-cultural orientation courses.

Respondents believe that the priority for facilitating the employment of third-country nationals should be to reduce the length of legal procedures, streamline the process for issuing work visas and allow formal applications and documents to be submitted online (Figure 18).

Figure 18: Proposed changes in regulations to facilitate third-country workers employment



N=72
Source: Own calculations based on the survey