

# UKRAINIAN MIDDLEMAN SYSTEM OF LABOUR ORGANISATION IN THE CZECH REPUBLIC

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## ABSTRACT

Since the early 1990s, due to increasing immigration to the Czech Republic, a middleman system has been established in order to organise (irregular) labour of migrants mostly from Ukraine. Due to its extent, the breadth of activities involved and interconnection with Mafia structures, this system is relatively specific and plays a significant role within the labour migration environment. With respect to the fact that the middlemen and the migrant workers are mostly from Ukraine, we regard the entire system as a type of ethnic economy. This system has two hierarchic levels, the first of which deals with the procurement of irregular migrant labour. The second level is based on the relations between middlemen and organised crime. The paper tries to explain the causes for the establishment of the middleman system of labour organisation, to describe its operation, and the roles and mutual links among individual actors.

**Key words:** Ethnic economy, irregular migration, organised crime, Ukraine, Czech Republic

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## INTRODUCTION

Labour migration of Ukrainians occurred in the Czech Republic as early as the beginning of the political-economic transformation in the 1990s. In the first half of the 1990s it was un-organised irregular migration that prevailed, based on the personal contacts of individuals, mostly on the principle of family or neighbour networks (Bedzir 2001; Nekorjak 2005). The typical features of this period were a high demand for a cheap labour force (especially in the building industry), as well as a liberal visa regime with post-Soviet countries. Aspirations to a stricter control of the influx of immigrants from third party countries appeared later and culminated in 2000 with the adoption of new foreign legislation and introduction of a visa requirement.

The second half of the 1990s can be considered as a period where both the regular and irregular

activities of migrants from the post-Soviet region, with the Ukrainians prevailing, were institutionalised. A parallel organised system was established that provides access to the labour market to regular, quasi-regular and irregular immigrants. However, this was gradually joined by Ukrainian organised crime groups as well, that profit from the whole system (Nekorjak 2006).

The aim of this paper is to analyse the main reasons for the establishment of the system of hiring Ukrainian employees organising migrant labour from Ukraine in the Czech Republic, as well as its operation, including a description of its structure and the roles of individual actors. The present system of labour organisation concerns the migrants on the secondary labour market of the Czech Republic who mostly come from Ukraine. During our research however, we also came across migrants from Moldavia, Belarus, Russia, Mongolia, Bulgaria and Romania.

Nevertheless the system is dominated by the Ukrainians, who also form the second largest group of foreign workers in the Czech Republic. As of 31 December, 2006, 67,480 Ukrainians possessed a work permit or a trade licence (Czech Statistical Office 2007).<sup>1</sup> The number of irregular Ukrainian immigrants is probably the same (Drbohlav 2003).

Our paper proceeds from three-year qualitative research, which was performed in the years 2004–2007 and is based on interviewing 30 Ukrainian workers, seven middlemen, 10 Czech employers, five Czech policemen and one Mafia member. To illustrate some of the conclusions, we made use of the data collected within the quantitative investigation (autumn 2006) that focused on the research of irregular economic activities performed by immigrants in the Czech Republic. A total of 69 questionnaires were collected from the immigrants whose residence or work was at variance with Czech legislation. The respondents were from Ukraine (N = 64), Moldavia (N = 4) and Belarus (N = 1), and they worked in Prague and its surroundings. The aim was to compare the immigrants who are part of the organised system of labour procurement (N = 30) with those who do not make use of middlemen services (N = 39). We compared the subjective evaluation of the immigrants' lives divided into seven thematic groups: illegality of residence and work, conditions in the country of origin, transfer, economic activity (sort, type and place of work, length of stay, co-workers, time distribution, relationships at work, salary), housing, social relationships and personal characteristics.

### **FIRST LEVEL IN THE MIDDLEMAN SYSTEM OF MIGRANT LABOUR ORGANISATION, ITS OPERATION AND MAJOR ACTORS**

The system of organised immigrant employment in the Czech Republic consists of two hierarchically ordered levels and four basic actors (see Figure 1). The first level is based on interaction between workers and middlemen, with Czech employers also intervening; the second level represents a sort of extension to the first one and is based on relations between middlemen and organised crime. Both levels not only differ in the type of the major actors but also in various circumstances of their establishment and operation.

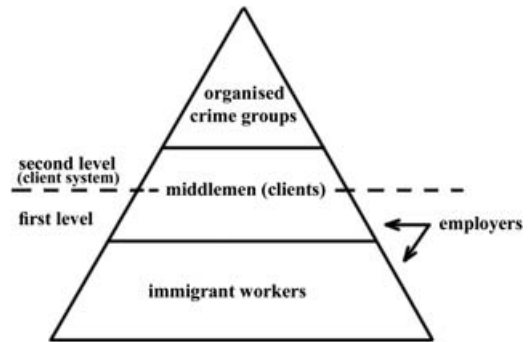


Figure 1. *Actors and structure of Ukrainian middleman system of labour organisation in the Czech Republic.*

We consider the present shape of the first level in the system of migrant labour organisation to be the result of an interaction of migrants' sources and their possibilities, ensuing from the conditions on the Czech labour market which are also influenced by State policy. Thus, we proceed from the presumption formed by Waldinger in his interactive approach, which presumes that economic strategies of migrants on the labour market are a result of their active adaptation to the given conditions – to the structure of opportunities available to them in the country of destination (Aldrich & Waldinger 1990; Waldinger 2000). Middlemen had to recognise and appropriately react to the demand for cheap (immigrant) labour; to the needs of immigrants looking for a job in unfamiliar social settings, and to the legal environment that restricts free access to the labour market for immigrants in the Czech Republic.

Although the entrepreneurs who employ migrants are also key actors of the first level, we did not include them directly in our analytical schema but as an external element. This is because we consider the system of organised employment as a type of enterprise in the Ukrainian ethnic economy (see below). Czech entrepreneurs are not included in the hierarchical relationships established within the Ukrainian ethnic economy. They are autonomous actors, who make use of the services offered to them by the central actors of the Ukrainian ethnic economy: the middlemen.

**Ukrainian middlemen** – Whether the migrant joins the labour organisation system as a

middleman or as a worker depends on his/her life strategy and sources: human and social capital. Instead of employment, the middlemen focus on management activity because their human capital enables them to. The interviews imply that they are familiar with the Czech environment: namely with its complex and complicated laws, which regulate work and the residence of foreigners, they are well acquainted with the Czech labour market, they know the Czech language and are able to establish contact networks with all important actors. The middlemen's strategy is permanent residence in the Czech Republic, whereas workers tend to prefer temporary stays or a strategy known as circulatory labour migration (e.g. Castles 2002).<sup>2</sup>

The middlemen started to operate relatively early in the post-revolutionary period, together with the new wave of Ukrainian migration to the Czech Republic.<sup>3</sup> Since the beginning, their role has been based on informal personal contacts with migrants and Czech employers. Their activities included job seeking, negotiations with authorities, interpreting, provision of accommodation and solving emergency situations related to migration. According to Černík (2005, p. 2), a middleman is 'a man or woman from the former Soviet Union who established contacts and a social background in the Czech Republic during his/her previous stays'. It can also be a Czech person but, as in the migrant workers, there is a clear dominance of immigrants from Ukraine. For this reason, this phenomenon is near the concept of an ethnic economy. As one of the examples of an ethnic economy, Light and Karageorgis (1994, p. 648) refer to creating a 'coethnic employment network, which allows the channelling of a coethnic member into non-coethnic firms'. In further writing, Light and Gold (2000) labelled controlled job placement and establishing of ethnic niches within government workplaces and companies owned by members of mainstream groups as one of the two segments of an ethnic economy called an ethnic controlled economy. The firms of middlemen function as personal placement services which allow the placement of immigrants into Czech firms. However, middlemen's firms often operate as subcontracted firms, especially in the building industry and cleaning services. In this case middlemen's companies operate as firms belonging to the second segment of

ethnic economies labelled as an ethnic ownership economy. An ethnic ownership economy is defined as an economy formed by co-ethnics self-employed by employers and their employees.<sup>4</sup> Thus, a middleman operates within both segments of the ethnic economy described by Light and Gold (2000; see also Light 2005).

The existence of middlemen in international labour migration is mentioned in other studies as well, yet very marginally – as a part of the whole phenomenon of irregular migration, and a lot of questions which ensue from the Czech environment are not mentioned at all. For example in Portugal, Malheiros (1999) describes ethnic agents who, by means of networks, provide recruitment of migrants from Cape Verde or from Guinea to the building industry. In the United States, an increase in subcontracting arrangements was observed in the second half of the 1980s. In connection with government restrictions against irregular migrants, the number of irregular migrants supplied to the labour market through subcontractors increased to 10 per cent (Durand *et al.* 1999; Phillips & Massey 1999). As opposed to the examples mentioned above, the activity of middlemen in the Czech Republic is much broader. The migrant often remains in contact with the middleman throughout his/her stay, and the middleman supplies other services such as the provision of information, a visa, in some cases a work permit, transport and accommodation; he also transfers the salary from Czech employers, provides protection and grants loans.

The role of middlemen became gradually professionalised and institutionalised through formal companies. The pressure on the formalisation of middlemen activities was primarily related to an increase of the barriers for foreigners from third party countries since the second half of the 1990s. In the course of time – especially at large companies – the possibility to pay irregular migrants directly was reduced because there was a stronger need to legalise labour costs. Also, the entrepreneurs wanted to transfer the responsibility for employing irregular or quasi-regular migrants to another subject, thus the subcontracting strategy could develop fully.<sup>5</sup> Middlemen were interested in a formalisation of their activities too, because the establishment of companies made it easier for them to get the documents necessary for regular residence. At the same

time, the existence of companies enables them to secure (quasi-)regular status for Ukrainian workers, because they can prove the purpose of their stay when filing their applications with Czech authorities.

The major activity of a middleman is to provide the required number of migrants to employers. This can concern a small number of migrants, or even hundreds. Work performed by migrants is invoiced to the Czech employer by the middleman. From the money received the middleman pays salaries to migrants, but retains a large part of the money. Workers themselves do not often know how big the part of money retained by the middleman is, but they reckon it is 30 to 50 per cent, the same range was stated by the middlemen themselves in our research. Apart from their profit, the middlemen use this money to pay charges to the Mafia, accommodation, taxes in quasi-regularly employed migrants, social and health insurance, and the back payments as well if the immigrant borrows money from the middleman. The concentration of these – often informal – services within one firm is another specific feature of the Ukrainian middleman system of labour organisation in the Czech Republic. Its consequence is the restriction of entrepreneurial opportunities within the Ukrainian ethnic economy.

**Migrants whose work is organised through middlemen** – According to Massey *et al.* (1994), migrants tend to other migrants who, through their own social capital: facilitate access to the labour market and also help with language problems, searching for accommodation, solving emergency situations, etc. This principle is also the basis of the system of Ukrainian organised labour mediation in the Czech Republic, where the relationship between middlemen and immigrant workers can be defined as an exchange of economic, cultural and social capital, namely, as an exchange of money for the provision of services, for whose procurement the middlemen have appropriate social capital (contacts) and incorporated cultural capital (knowledge).

The number of migrants involved in the labour organisation through middlemen can hardly be determined exactly. On the basis of our findings and estimates of the migrants themselves, we assume that half of all immigrants from Ukraine have some experience with middlemen, which

is also partly supported by our non-representative sample where the percentage of migrants with middlemen was 43 per cent. It is common that a migrant is integrated into the system of organised employment in the country of origin. However, the integration can also take place in the Czech Republic, where the migrant is contacted by a middleman after arrival, or he/she seeks a contact later, or he/she is asked by a Czech employer to use the middleman the company co-operates with.

Our findings show that a certain number of the migrants are in contact with more middlemen, some organise transport for them, some provide visas, and some arrange work for them. On the opposite side of the relationship types there are migrants who are very closely tied to middlemen, and this relationship has the form of a restraint of personal freedom. Within these enforced tight relationships, the immigrant cannot change jobs freely, change the middlemen or return home at will. The middlemen use various coercive means such as threats and intimidation, or they withhold the immigrants' money or documents. If the immigrant does not conform to the middleman's will, he/she risks being physically assaulted or deprived of money, or he/she will become an illegal migrant. Although these extreme situations are not unusual, they still do not prevail in the system of organised employment. If this was the case, the confidence and thus the relations between the workers and the middlemen would collapse, as well as the entire system of organised employment.

The middleman's migrants often stay in the Czech Republic irregularly, namely, without valid visas and residence permits, or quasi-regularly. The most common strategy of quasi-regular labour market integration of foreigners in the Czech Republic is employing them without a work permit. Quasi-regular immigrants are formal partners of the middleman's company, or they have a trade licence. However, in fact they are neither entrepreneurs nor self-employed. The reason for this behaviour is based on the fact that immigrants holding a trade licence do not have to apply to Czech labour offices for work permits. Thus, their access to economic activity is less restricted by protectionist policy. One third of our study consisted of quasi-regular migrants (middlemen's employees or partners), the rest were irregular migrants without a residence and work permit.

The question remains open as to what is the difference between the migrants who use middlemen services and those who do not. We have already mentioned that in the analysed sample there was a certain difference between both groups observed in the size of companies and the type of work. Migrants are supplied by middlemen primarily to big companies and for seasonal work. On the other hand, migrants outside the system work in companies with fewer employees and their work is more permanent. Other differences were observed in income. Total monthly net income of migrants ranges from 10,000 to 15,000 CZK.<sup>6</sup> The income of migrants with a middleman was within this range or lower, while the income of migrants without a middleman was within this range or higher. The difference in income is probably related to higher job stability on one hand and to the fact that immigrants do not have to pay the middlemen for their services on the other. Also, a difference was observed between men and women, each sex forming half of the study. Men in our sample participated in the system of organised employment more often: 67 per cent, whereas women used a middleman only in 33 per cent of all cases.

**Employers employing migrants through middlemen** – Demand for a cheap and non-qualified labour force is a (rather old) phenomenon that exists within a worldwide context. Employers are forced to solve this lack of workers by employing migrants who are willing to work, and what is more their requirements are not too high (Piore 1979). The employers' demand however, has to cope with legislative immigration restrictions and other circumstances, which leads them into co-operation with middlemen, namely, to the use of the system of organised labour migration. Regulations focused on the control of the labour force from the East not only affect the migrants themselves but also employers in the Czech Republic, for whom the regular recruitment process is also administratively difficult and time consuming.<sup>7</sup>

Because of structural conditions and life strategies (temporary labour migration), the migrants focus on the secondary labour market, which is characterised by high labour turnover and a seasonal character, for example in building, where the most Ukrainians are employed (Czech

Statistical Office 2007). The need for fast conclusion (and termination) of contracts with immigrants encounters legislative barriers that can be evaded by means of irregular or quasi-regular employment. Moreover, we must consider the fact that irregular employment and both regular and quasi-regular subcontracting means a decrease in the costs of insurance and taxes paid for the employee by Czech companies. Middlemen are able to flexibly provide the companies with the required number of employees – irrespective of their legal status – for whom the Czech employers bear no responsibility. The risks and costs related to immigration of workers demand, fluctuations in/and sanctions in the event of breaking the law because of irregular or quasi-regular employment are assumed by Ukrainian middlemen. This externalisation of risks and costs is, according to Czech entrepreneurs, the most important stimulus to use the system of organised employment.

The data from the questionnaires indicate that the use of middlemen in the recruitment of foreigners is also influenced by the size of the company and its branch specialisation. Middlemen are mostly used by medium-sized and large companies, small companies use them less frequently. For big companies, perhaps negotiating with middlemen is an easier way to recruit a sufficient number of workers. Also, quantitative data point to certain branch differentiation. Although the use of middlemen is common in all branches where migrants from Ukraine work, there are some branches, such as the building, textiles, food industries as well as some services, where they are used more frequently. On the contrary, in food-service and trade this is least frequent. Certain branches are considered as a 'traditional' domain where migrants from Ukraine work and these were the branches around which the system of organised labour mediation has formed since the beginning, which can be the reason why there are branches where the mediation has not been fully developed yet.

All three actors described above act in the institutional frame of the modern state. Laws and policies in the sphere of migration differentiate immigrants according to their country of origin and equip them with different sets of rights and duties (Morris 2002). Immigrants from third party countries, one of them being Ukraine, are

among the most disadvantaged immigrant groups in the Czech Republic. The procedures of obtaining visas and work permits – which are the instruments of labour market protection policy – are complicated and time consuming. Massey *et al.* (1998) maintain that high demand for a cheap labour force on one the hand and stronger barriers formed by the state on the other, create space for the establishment of both regular and irregular strategies and institutions, which try to cope with these barriers. The relevance of this conclusion is also proved in the Czech Republic (Hofírek & Nekorjak 2007). The middleman system of labour organisation is of a mixed character. It helps immigrants and employers to overcome these barriers more easily by applying regular, irregular and quasi-regular strategies. The importance of the State is also evident in the case of establishing a specific social field: the second stage in the middleman system of labour organisation.

## **SECOND STAGE IN THE MIDDLEMAN SYSTEM OF LABOUR ORGANISATION: THE CLIENT SYSTEM**

The second stage in the organised employment of foreigners is called the client system. This term began to be used in the Czech Republic to refer to the entire system of organised employment of Ukrainian immigrants. However, we think that it should refer to relations between middlemen and Mafia members only. The term client comes from the post-Soviet environment of organised crime and it is not primarily related to labour migration, as shall be explained hereafter.

Collected findings entitle us to interpret two issues, the first of which concerns the links between the Mafia and middlemen, the second deals with reasons for the establishment of the client system, which we explain by means of two concepts: reproduction of the 'krysha' institution in a transnational environment and partial de-etatisation of the social space of Ukrainian immigrants in the Czech Republic, which is related to their social exclusion.

**Establishment of the client system I: Reproduction of 'krysha'** – Ukrainian groups of organised crime, so-called *brigades* within the environment of the Ukrainian ethnic economy apply a

well-proven institution designed to generate profit, which came into being as early as the Soviet era: the so-called krysha, namely, roof. Thus, organised crime within the 'client' system does not apply a brand new strategy but reproduces an already established model of relations and policies that is well-proven in another context and that organised crime is familiar with.

The original institution is the so-called racket: Under the threat of violence or company destruction, the entrepreneurs pay a regular sum of money. It is a purely predatory strategy that can lead to a company's breakdown and even its seizure by the racketeers. Krysha differs from a racket in the fact that it establishes a certain reciprocity as it is based on the concern of the racketeers over a long-term and stable money supply, which is secured by the company's prosperity. The sums collected are not fatal for the entrepreneurs, and the protection provided ensures that payments are not claimed by other groups as well. Krysha can also protect against the invasion of non-organised gangsters because the brigades, being a part of the underworld, can sometimes eliminate these individuals or small groups in a more effective (and always more severe) way than the police.

The groups of organised crime in Ukraine (and in post-Soviet countries) are not a phenomenon that emerged as late as after the split of the Soviet Union. Enforcement of payments by the actors of the shadow economy – namely, a racket – started to occur in the 1960s, under the reign of Leonid Brezhnev. Organised crime – contrary to its own traditions embodied in the traditional code of honour of the 'thieves in law' – started to gradually enter into alliance with the nomenclature as well as with the armed forces and the police forces. The interconnection with the State sphere thus extended the services provided by organised crime to their clients: traditional protection against violence was extended by protectionism provided by state apparatus (McFaul 1995; Radaev 2000). The political-economic disintegration after the split of the USSR meant further strengthening of the role of organised crime in post-Soviet republics. The groups of organised crime have connections (good social capital), financial capital and are able to exert or to prevent violence: in the post-soviet environment of weak state power in the 1990s, the availability

of armed force was a considerable advantage of the Mafia (McFaul 1995; Radaev 2000; Markovskaya *et al.* 2003).

Because of the interconnection with state agencies, the *krysha* has become a much sought-after institution for some entrepreneurs of the official, irregular and illegal economies. This is one of the reasons of the ambivalence of the term *client*, which started to be commonly used to refer to both voluntarily and involuntarily participating actors. In the case of enforced relationships it is a euphemism, which conceals the true nature of the interactions based on violence. As the term *client* is ambivalent, we use this word in inverted commas. Labelling from the environment of organised crime was also gradually adopted by the Czech language, and within the context of Ukrainian labour migration the term refers to the middleman.

**Establishment of the client system II: Partial de-etatisation and social exclusion** – Normalisation of organised crime participation in the enterprising environment, its interconnection with state administration, creation of the '*krysha*' and efforts to assert this model of relations and profit generation among Ukrainian immigrants in the Czech Republic, is not enough to explain the institutionalisation of the client system, in our opinion, because it requires more conditions to be able to exist. We see these conditions in partial de-etatisation of the social space of Ukrainian immigrants, which is related to their social exclusion, especially with their problematic inclusion to the right to be protected against physical violence and crime.

The development of modern states tended towards the gradual centralisation of military force. The reduction of purely private armies and elements of police supervision meant that the state has become the only executor of legitimate violence. In exchange for the pacification of the population, the imaginary social contract obliged the state to provide its citizens with generalised protection: namely, protection that follows generally respected rules, not private liberties of those who possess the means of violence. A similar process of centralisation (and de-personalisation) also took place in the sphere of tax collection and administration which, from the private activity of local feudal lords, turned to a state monopoly of public nature.

According to the analysed interviews, in the environment of Ukrainian immigrants in the Czech Republic the State does not fulfil any of its monopoly functions, although it makes demands for its legitimate and monopoly regulation. That is why we call this situation partial de-etatisation of the social field of Ukrainian immigrants. In the sphere of violence and protection performance, as well as in the sphere of tax collection, the Ukrainian groups of organised crime successfully compete with the Czech state. In the 1990s, when organised crime started its active attempts at the seizure of the rising Ukrainian ethnic economy, the Czech state did not prevent this process. The main causes are the exclusion of immigrants from the right to protection, which is related to discrimination, to the irregular status of many immigrants, to the temporary nature of their stay, to links at home and to the problematic efficiency of the fight against transnational organised crime. The discrimination of immigrants in this context has the form of an inactivity of security elements. According to the interviews with middlemen and workers, especially in the first half of the 1990s, when organised crime tried to dominate organised labour migration from Ukraine, the Czech police considered the attempts at extortion as a problem among Ukrainian immigrants, so they did not actively attempt to solve it. At present, this approach is changing and the Ministry of Interior is planning a regulation of Ukrainian organised labour migration, which should also eliminate the influence of the Mafia.

We have already mentioned that an unknown number of Ukrainian irregular immigrants sojourn in the Czech Republic. A big part of those who have regular status actually do not work under the standard conditions required by Czech laws, and their status is in fact quasi-regular. It should be pointed out that employment agents recruit both types of immigrants, or actually often participate in creating their irregular or quasi-regular status, and their companies commonly operate on principles of irregular employment. That is why the immigrants face a problem that is difficult to solve: either they agree with involuntary payments to middlemen, which enable them to continue to work, or they can appeal to the Czech police, but in this case they risk deportation due to violation of laws.

If the immigrant is willing to ask police for protection, and police are willing to provide it, he/she has to face another problem. Most immigrants from Ukraine return home because their stay has the character of temporary (cyclic) labour migration. The protective power of Czech police does not reach to Ukraine though. Even if the immigrant does not plan to return, or wants to hide from the Mafia, he/she has to take into account the third, indirectly involved group of actors: his/her family and relatives. The moment a middlemen becomes a 'client' of the Mafia, his/her relatives indirectly become a group of hostages.

**Mafia-worker relations** – Organised crime does not take money from immigrant workers directly, and the sums are not extremely high, which lowers the willingness of immigrants to actively resist and does not discourage them from participation in such a system of labour organisation. The money is collected by means of middlemen, who pay US\$30–50 for each of their workers monthly. The relations between the Mafia and workers thus, are not direct, but mediated, which results in two important consequences. First, the Mafia does not have to exert pressure on each immigrant worker separately, but it is enough to control and extort only the middlemen. Second, the Mafia does not have to use violence extensively, which reduces the risk of conflict with the Czech State. The money is taken from the immigrants by the middleman before the payment of the rest of the salary thus, the whole action does not look like robbery, and no physical resistance of the victim has to be overcome. If the immigrant disapproves of the payments, the pressure does not have a primarily violent form, but takes the form of a prospective exclusion from the Czech labour market – from networks and services provided by the middlemen.

**Mafia-middlemen relations** – As has already been mentioned, the principle of money generation by means of the 'racket' is less convenient and more risky than by means of the 'krysha' on a long-term basis. Krysha presumes a long-term relationship as well as concern of Mafia over the prosperity of its 'clients'. This concern over prosperity implies a set of reciprocal services that the groups of organised crime are able and willing to provide. Protection against extortion

or liquidation by competing groups or solitary criminals is the primary protection, though not the only one. According to our findings, there are also two types of reciprocal services available to the middlemen: administrative and economic services.

Administrative services are based on the procurement of required permits related to leaving and residence in the Czech Republic. This concerns for instance, the procurement of passports, visas, required permits and confirmations. These services are provided by organised crime either by their own production, the purchase of fake documents or on the basis of social networks, namely, interconnection with employees of state institutions – both Czech and Ukrainian. It is more convenient for the bribed civil servant if mutual transactions are performed through a limited number of people, instead of contacts with individual immigrants or employment agents. However, this does not mean that some immigrants and middlemen do not use the strategy of bribery.

There are two types of economic services provided by the Mafia to its 'clients'-middlemen: the provision of financial loans and the control of competition. If the middleman gets into financial difficulties, the Mafia can provide the required loan to cover his/her needs – for example, to prevent the middleman from getting into insolvency and to prevent his/her employment network from collapsing. The second type is based on a restriction of overly keen competition, which could endanger the prosperity and stability of a middleman's enterprise in the given region. Thus, this does not only include elimination of middlemen not willing to conform to involuntary taxation, but also special-purpose control of the market environment restraining free competition.

Not all the administrative and economic services are always available to the middleman, and if they are, he/she is not always willing to make use of them. It is wrong to regard the relationship between the Mafia and the Ukrainian ethnic economy as only symbiotic (mutually advantageous), or as parasitic. The middlemen are not a homogeneous group and their relationship to organised crime is not only based on structural conditions but also on their attitudes, or on the tension between utilitarianism and morals/ethics. Our research brings the results that Mafia-middlemen relations are not one-dimensional and they can change in relation to



one person over the course of time. The nature of the qualitative research implies that we are only able to capture individual types, yet cannot answer the question as to which type of relations is currently dominant in the middleman system of labour organisation in the Czech Republic.

## CONCLUSION

During the 1990s, together with an increasing international immigration to the Czech Republic, a system of organised employment was established, which provides access to the labour market to immigrants from Ukraine. According to our findings, about half of all Ukrainian migrants in the Czech Republic have some experience with it. We regard this system of organised employment as a core segment of the Ukrainian ethnic economy in the Czech Republic. The present shape of the two-level hierarchic system was formed gradually in the Czech Republic, as a result of a concurrence of several factors: demand for cheap and flexible labour, demand for work on the part of the migrants themselves, stricter legislative conditions governing the access of migrants from third party countries to the Czech labour market, and the established de-etatised social space of Ukrainian immigrants' historic experience from the country of origin of the migrants has also played a role.

The middlemen differ from one another in the number of migrants for whom they provide work and in the number of employers who they co-operate with, in the tightness of relations with individual migrants, in the extent of services procured for immigrants, and in observance of laws. Our quantitative investigation indicated that middlemen more often co-operate with large companies and they also specialise in branches where seasonal work prevails, mainly in the building industry. The existence of middlemen is also described in foreign literature (e.g. Durand *et al.* 1999; Malheiros 1999), but the situation in the Czech Republic is specific not only in the number of immigrants involved and the use of middlemen's services throughout the whole period of residence, but also in the scope of services provided by the middleman: invoicing of the work performed by migrant workers and paying their salary, as well as assistance procuring information, visas, in some cases work permits, transport, accommodation, protection, financial loans, etc.

A specific feature of the Ukrainian middleman system of labour organisation in the Czech Republic is the second level called the client system. Its establishment is not originally related to labour migration. It is a type-model of both enforced and voluntary relations (mainly with entrepreneurs, politicians, officials) that organised crime started to use as early as during the existence of the Soviet Union, and it was brought later to the environment of labour migration in the Czech Republic. This also occurred because of the fact that Ukrainian labour migration in the Czech Republic was regarded as temporary, for a long time there was no well-established state concept of the integration of foreigners, and problems of the immigrants were perceived as solely their own business. Thus, it was impossible to prevent the post-Soviet organised crime in time from starting to participate in organised Ukrainian labour migration and to make it one of the sources of its income. It uses the middlemen for this purpose (which it calls 'clients'), and in return it provides them primarily with protection against competing groups of organised crime in addition to other services. The tightness of relations between middlemen and the Mafia is various and ranges from enforcement to voluntary co-operation.

However, recently political changes have occurred in this sphere as state institutions have declared an effort to deal with middlemen (Národní 2005; Zpráva 2006). The Government of the Czech Republic has made the Ukrainian middleman system of labour organisation one of the targets of its policy to combat illegal immigration. However, our attitude to such efforts by the State is rather sceptical. It seems to us that state policies do not sufficiently reflect the causes leading to the establishment of this institution and its problematic aspects but they focus only on combating its negative consequences. Thus, a planned programme of so-called 'green cards' may bring about some improvements. What strategies will be applied, when it will take place and what changes it will bring is not yet clear. What overall impact on the Ukrainian middleman system of labour organisation it will have, will be the subject of future research.

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### Notes

1. According to the Czech Statistical Office (2007) there are 260,000 foreign workers or trade licence holders in the Czech Republic. The most numerous immigrant group are Slovak citizens (99,637), then Ukrainians (67,480) and Vietnamese (23,602). The highest proportion of employed foreigners works in manufacturing and construction industries. The majority of immigrants' occupations require low or no qualification (Horáková 2007).
2. In our quantitative sample, the average length of stay of migrants was 40 months.
3. On previous waves of Ukrainian migration to the Czech Republic see Markus (1994).
4. This is the original definition of ethnic economy by Bonacich and Modell (1981). Light and Gold (2000) have innovated this classical notion by introducing a second segment of the ethnic economy: the ethnic controlled economy.
5. Quasi-regular economic activity of an immigrant is considered to be a situation when an immigrant possesses a residence permit as well as a work permit/trade licence but he/she violates work-related laws, for example, he/she works in a different region, branch or profession or for a different employer than it is stated in his/her work permit, or he/she smuggles goods or is employed although having a trade licence.
6. Exchange rate: US\$1 = 16.4 CZK (1 March 2008). Average net income in the Czech Republic is 18,000 CZK.
7. According to Čižinský (2004), the process from the decision to employ a foreigner from a third party country to the commencement of employment can take up to eight months in the Czech Republic.

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