Are Immigrants an asset in recession? Insight from Italy

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(Article begins on next page)

Are migrants an asset in recession? Insights from Italy

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Abstract

In this paper we analyse the characteristics of employed migrants before and after the beginning of the recession in Italy to understand if the economic crisis has exacerbated or rather reduced the high segmentation of the Italian labour market with foreign workers largely concentrated in low-paid and low-quality jobs, even when highly-educated.

The analysis looks at, separately, male and female migrants because of the strong gender specialization with the female component highly concentrated in the homecare and healthcare sectors, and the male component mainly employed in the manufacturing and construction sectors.

We inquire how employment and working conditions, including wages, have changed, before and after the crisis, in the sectors and occupations where foreign workers are concentrated with respect the other sectors and occupation of the Italian economy. We conclude that the disadvantage of being in a segmented labour market allowed a positive growth of foreign employment during the recession but it implied an even larger segregation in terms of low-skilled, unstable and poorly paid jobs.

1.Introduction

Recession may represent an opportunity for a country and its economy to choose the future growth path. On one hand adverse economic situations may stimulate innovation, investment and productivity growth (Paserman, 2013, Kahanec and Zimmermann 2016). This is the case in which firms, facing hard competitive pressure decide to implement innovative technologies, to invest in highly skilled productions and in worker's human capital (Schumpeter, 1934). On the contrary, firms may react to stronger pressure by a status quo-oriented strategy (Lewis, 2011). In this case the economy will maintain investments in the same type of production and sectors by reducing costs and human capital involvement. In the first case the demand of highly skilled labour will increase, while in the second case the labour demand will become even more low skilled. The demand for foreign labour will thus be different according to the different model prevailing in the country. In the first case firms will search for highly skilled migrants to invest in innovation, in the second one, firms will look for low skilled migrants to maintain the low skilled production.

In Europe the scenario is very diversified. The United Kingdom has been successful in pursuing the strategy of attracting highly skilled foreigners, while Germany has been less so (OECD, 2014a). Differently, Southern European countries appear to be following the status-quo oriented strategy and are experiencing more outflows of highly skilled foreign workers than inflows (OECD, 2014a).

On the supply side, economic global recessions, by changing the pull and push factors, modify migration streams. Historically migration studies have shown how emigration is negatively related to unemployment at the destination (pull) and positively related to unemployment at the source (push). In period of recession it can be expected a change in inflows and an increase in return back home. However, Papademetriou et al. (2010), suggest that return migration flows could increase in period of recession but they are affected more by developments in the country of origin and the ease of circulation than by economic conditions in destination countries. In addition Reyneri (2009) and Strom *et al*. (2013) highlight how returns flow can be determined by both failures and success. In fact, migrants may decide to return if the migration project fails or, in the opposite case, they may decide to return if the migration project is very successful and allows them to continue at home their economic activity (Koser, 2009). Hatton and Williamson (2009) point out that when economic conditions deteriorate in the destination countries and restriction to inflows are implemented, migration flows change channel of entrance. The use of the family reunification channel increases, while the use of the labour channel of entrance decreases, affecting the composition of the foreign labour supply.

The economic crisis is thus expected to increase return of migrants facing low journey costs and having the possibility to go back and forth easily, while in presence of high costs of migrations and low portability of social benefits, migrants may increase the settlement and the family reunifications processes. As a consequence, the stock of migrants might not decrease even in presence of a reduction of labour inflows, while the composition of the migrant labour is going to change.

Against this background, Italy represent an interesting case to analyse. Similarly to what happens in the other Southern European countries, Italy presents a segmented labour market, where foreign workers are in Italy largely concentrated in low-skilled and low-paid jobs, even when highly-educated. However, unlike observed elsewhere, the growth of immigration in Italy did not stopped during the years of the crisis. The growth of foreign employment although lower than the pre-2008 values, continued to be positive also during the years after 2008 and even when the GDP growth rate started to be negative. Such dynamics represent a peculiar feature in the European scenario and particularly among Southern European countries where foreign employment significantly dropped.

In this paper we want to understand if the segmentation of the Italian labour market and the concentration of migrants in low-wage occupation and in fragile sectors has increased migrants' economic fragility or instead represented a secure harbour during the great recession shocks.

We used different waves the Italian labour force survey (EUROSTAT) to analyse the labour market status and performance of immigrants workers before and after the beginning of the economic recession with the aim of understanding how job opportunities for foreign workers have evolved and, in particular, to understand if the economic crisis has exacerbated or rather reduced the high segmentation of migrants in the Italian labour market.

A comparison between native employment and unemployment dynamic has been undertaken as well as a dynamic analysis of the segmentation by sector and occupation, and of wages.

The analysis looks, separately, male and female migrants because of the strong gender specialization with the female component highly concentrated in the homecare and healthcare sectors, and the male component mainly employed in the manufacturing and construction sectors. By analysing the characteristics and the dynamic of the occupations in which immigrants are concentrated, the paper proposes an enriched and novel evidence on the jobs held by immigrants and on the dynamic of migrant labour segmentation during recent years.

The remainder of the paper proceeds as follows. Section 2 provides background information on the Italian labour market model and the role of foreign employment. Section 3 describe the recent evolution on migration inflows and points out the changes in channel of entrance, of country of origin and gender balance. Section 4 details the labour market segmentation for foreign workers by proposing and discussing an analysis by occupations and its dynamic during the great recession, focusing on job quality characteristics and wages. Section 5 concludes.

2. Immigrants in the Italian labour market

During the 70s' Italy moved from being a sender country to become a host country, receiving immigrants largely from developing countries and Eastern Europe. This process continued in the following decades with annual growth rates of the immigrant population remarkably high. According to OECD (2014b) Italy is among the OECD countries that have experienced the largest inflows of immigrants since 2000 both as absolute levels and as percentage of the resident population. By 2014, foreign migrants represented 8.9% of the population and 12% of the total workforce; 60% of them were located in the North, 25% in the Centre and only 15% in the South (ISTAT, 2014).

Even before the arrival of immigrants, the Italian economy presented a large segmentation with a primary labour market – the public administration and the large firms - where workers are offered better wages and working conditions obtained by strong trade union involvement, and a secondary market – made of small firms and low skilled jobs in the agriculture, manufacturing, constructions, family and care services - with lower levels of pay, poor working conditions and insecure employment (Dolado 2016, Christofides et al. 2013, Goss 2009, Olivetti Petrolongo 2008).

The characteristic of the immigrants inflows who, in the majority, entered through legalizations - so were not selected before arrival - created what has been called a "subordinate integration", resulting in high labour market segmentation along ethnic lines, occupational segregation of immigrants in the lowest layers and the very low occupational and social mobility (Ambrosini 2001).

Initially migration consisted of low-skilled male migrant - though in a few cases they had higher qualifications – employed in agriculture, in construction, and in manufacturing and few female migrants employed predominantly in the family services sector as a response to the shortage of national labour force for those types of jobs and working conditions (Ambrosini 2001). During the '90s, more and more immigrants started to be employed as blue collars into northern firms. Manufacturing rapidly became the prevailing sector of regular inclusion. The excess demand of Italian firms, in particular small firms of the North-East, for low-skilled jobs could be filled by immigrant workers who were more flexible and adaptable to poor working conditions and low wages than native ones (Del Boca and Venturini 2005). As agreed almost unanimously by the academic debate (just to cite a few, Ambrosini 2004, Reyneri and Fullin 2008, Gavosto et al. 1999, Venturini and Villosio 2006), in Italy immigrants have always been complementary to nationals rather that substitute. Immigrants in Italy were necessary to satisfy the needs of low-skilled labour in construction, manufacturing, domestic services, and care, which were unmet by the local workers. Furthermore Dell'Aringa et al (2015) find that immigrant workers face a "glass-ceiling" that prevent them to access to high-paying occupations. Immigrants, in fact do not benefit of returns to human capital in terms of access to better paid occupations, rather their returns to human capital are limited to intra-occupational earnings progression[1]. Strom et al (2013) show that the segregation of migrants in low-skilled jobs has a long lasting feature. The majority of foreign workers in fact spend their entire working career in these jobs without moving to a different one.

The existing strong segmentation and the strict complementarity between natives and foreigners explains how it has been possible for Italy to have massive immigration flows that have not been accompanied by economic growth during the same period. In fact the growth of the foreign population has involved limited economic and social costs, or even benefits, for many of the actors involved in the phenomenon. On the one hand native workers' labour market prospects in terms of wages and employment have not been negatively affected by the massive inflows of immigrant workers (Gavosto et al. 1999, Venturini and Villosio 2006, Staffolani and Valentini 2010), and, on

[1] The authors also highlight that this result contrasts with the empirical evidence provided for other countries. For instance, Chiswick and Miller (2009) for the US show that education is the key factor determining access to high-paying occupations for immigrants when compared to natives.

the other hand, low cost foreign labour has allowed firms and economic sectors to survive to the growing international competition (Murat and Paba 2003)[2].

By using 2005 Italian data of the Eurostat labour force survey, we can snapshot both the sector and occupation segmentation of foreign workers before the recession. This represents the departure point of our analysis

As Table 1 and Table 2 show there were in Italy before the great recession two levels of segmentation, the first along sectors of employment: male foreign workers are concentrated in manufacturing and construction sectors and female workers in the personal and household services, manufacturing and Hotel and restaurants (see Table 1). In addition there is also a segmentation in the occupations held by immigrants employed in these sectors (Table 2): few occupations are in fact characterized by having at the same time a large incidence (share of foreign workers versus natives workers) and a large concentration (share of foreigners in a given occupation versus the total foreign employment) of foreign workers.

Next sections further explore the characteristics of such segmentation and how the economic crisis has impacted on it.

INSERT Table 1 and table 2 about here

3. The recent dynamics: the impact of the crisis on the Italian migration model

3.1 Changes in the structural characteristics of the supply of migrants

Economic downturns led to a substantial transformation in migration flows which may affect the structural characteristics of the migrant population (Bertoli et al. 2016). In fact admission policies in destination countries may be subject to changes in the attempt to regulate immigration inflows. At the same time, in origin countries, the prevailing pull and push factors are altered by the global deterioration of the economic prospects. The combination of these two trends modifies both the channels of entrance in the destination country and the characteristics of migration streams across Europe, affecting, in turn, foreign employment. In the Italian setting, the most important structural characteristics of foreign employment affected by the economic crisis concern the country of origin of flows and the channel of entrance.

As regards the first aspect, data on how the composition by country of origin of the foreign working population has evolved in recent years helps understanding the role played by geographical distance and by mobility regime in shaping migration flows during the crisis (Table 3).

At present immigrant workers from New Member States and other Eastern and Central European countries represent 60% of total foreign employment, (53% among male and 68% among female) (see Table 3); they were 47% in 2005 (42% among male and 54% among female). This increase took place at the expenses of the African component which in fact declined from 33% in 2005 to

[2] This model has also been described by Pastore et al (2013) as a “low-cost immigration model”.

21% in 2013 for male foreign employment and from 16% to 7% for female. The importance of the Asian and Latin American component remained pretty stable in the period.

The free mobility regime for the citizen of the new EU member countries[3], by eliminating restrictions when returning home and re-returning to the host country, reduces the cost of migration and alleviates many consequences of the crisis (Kahanec et al. 2009). When economic prospects in destination countries decrease, migration projects are more likely to fail and thus the cost of migration tend to increase particularly for the longer distance migrant and for those who face mobility restriction to move back and forth. This, among other arguments, explains why migration flows from Eastern EU countries (see Cvajner and Sciortino 2009) have continued also after the economic crisis, while flows from other countries have declined or increased at a much lower pace[4]. The analysis of the evolution of the African component throughout the 2005-2013 period (table 3) shows in fact that its declining importance among foreign employment started already at the beginning of the XXI century, and it has only been intensified by the economic crisis. This tendency, which is similar to what observed in other countries such as Spain, has been also facilitated by the prevailing visa policy of EU member states, relatively open to Eastern European countries, and relatively strict for African and poor Asian countries (Finotelli and Sciortino 2013). This asymmetric visa regime combined with the increase in the cost of migration due to the deterioration of labour market conditions in destination countries, are the key drivers of the reduction in the African migration flows which dominated foreign inflows during the '90s and early 2000s.

INSERT Table 3 about here

Concerning the channel of entrance, a picture of the transformation in place can be provided by data on the residence permits for Italy. Unfortunately they refer only to third countries nationals who are the only who need to follows this legal procedure to enter in Italy.

Table 4 shows that indeed during the recession years, a change in the channel of entrance has taken place. Starting from 2011 residence permits for work reasons have registered a dramatic drop, while those for family reunions have remained stable. As a consequence, more than half of residence permits issued in 2013 to migrant women and 30% of permits issued to migrant men are for family reason; permits issued for work purposes are 23% for female and 42% for male. Taking together male and female residence permits, permits for family reunion purposes are now nearly double than those for labour reasons[5].

The change in the entrance channel of migration flows is relevant to understand the dynamics within foreign employment. In fact, coming from the same family background, the new flows of migrants will more likely enter employment in the same occupation and sectors of employment of their family members already settled, or in the jobs prevailing in their community of reference, reinforcing network effects of the migration chain already present. As an example, in the Pilipino case both husband and wives tend to be in the family sector; in the case of Romanians, men are concentrated in the construction sector and women in the family sector or sales. This persistency

[3] The internal Eu mobility is also perceived as very limited in comparison to its potential see Recchi 2015.
[4] For an update analysis of intra-European migrations see Salamonska and Recchi 2016
[5] The same has happened in Spain

will not bring any substantial change in the composition by type of job of the foreign labour force, contributing to perpetuate the status quo.

INSERT Table 4 about here

A third significant structural change in the supply of migrants in Italy is the recent process of feminization of the foreign working population, with the male/female employment gap moving from more than 40% in 2005 to less than 20% in 2013 (Italian Labour Force data, EUROSTAT). Such trend has two main causes. On one hand a constantly expanding wave of family reunions as witnessed by the increasing number in the resident permits for family reasons (Table 4). On the other hand the most recent years have seen a substantial increase in the phenomenon of female first movers driven by the home- and health-care sectors originated from the Eastern European countries. They high human capital and the habit to work hard make them very flexible and ready to accept any job available (Marchetti and Venturini 2013).

3.2. Foreigner and natives Employment and unemployment dynamic

During the decade preceding the current economic crisis Italy has experienced a tremendous increase of its immigrant population, with annual growth rates around 15%. However, unlike observed elsewhere, the growth of immigration in Italy did not stopped even in the crisis' years (see Fig.1). Importantly, also labour migration, which, of all types of migration, is expected to be affected most by the crisis, did not register a significant drop.

As highlighted by Figure 1 which compare the Italian trend to the other Southern and Northern European countries the pace of growth of all foreign employment in Italy has declined from its pre-2008 levels, but it continued to be positive and higher than the GDP growth rate, even when this started to be negative.

INSERT Figure 1 about here

Such dynamic represent a peculiar feature of the Italian situation within the European scenario. In fact a very different dynamic has been observed in the Continental countries -France and Germany- where the negative GDP growth rate went together with a negative foreign employment growth. As shown by the first two panel of Figure 1, the drop in foreign employment was contemporary to the drop in GDP in France, and lagged in Germany, however, in both countries the foreign labour market effect of the crisis has been significant.

The different pattern observed in Italy, is not so unexpected because France and Germany have different foreign employment characteristics with respect the Southern European ones. Nevertheless the Italian experience contrast also with the dynamic of the other Southern European countries. Portugal, Spain and Greece in fact, starting from 2008, experienced a dramatic drop in foreign employment growth, which became and remain negative for all the subsequent years. In Italy the foreign employment growth maintained positive values in all the observed period.

A comparison of trends in employment rates of foreigners and Italian nationals (Figure 2a) shows that foreign male and foreign female employment rates are always higher that the national ones before and throughout the post-2008 period. The foreign male employment rates has been very sensitive to the economic cycle and has declined more rapidly than the native male one, from 83% in the 2006 has converged 70% which is the corresponding national one. However, a positive gap in favour of foreigner employment rate still persists also in the recent years. On the female side, employment rates do not appear to be significantly affected by the economic downturn. This is mainly related to the different gender specializations: female migrants are in fact highly concentrated in the homecare and healthcare sectors, which have been less affected by the economic crisis than the manufacturing and construction sectors where the male component is concentrated.

Although foreign employment has continue to grow in absolute value, the capacity of the Italian labour market to absorb the flows of foreign job seekers with the same intensity as before has been severely reduced by the crisis. While before the recession the foreign male unemployment rate was similar to the one of natives, starting from 2009, male foreign unemployment rate has skyrocket passing from 5% to 17%, while the unemployment rate of male Italians has as well increased a lot but it is below 12%. Again, female migrants, started from a much higher unemployment rate than men, it was 15%, in 2005 and 12% in 2008, which reached 18% in the last years. Although starting form a higher level, the increase in the female unemployment rate is lower than the corresponding male one. Female immigrants seems to be more resilient than man (Figure 2b).

INSERT Figure 2 about here

3.3 Segmentation across sectors

As anticipated above, one of the key explanation for how it was possible to combine no GNP growth and continuous positive foreign employment growth lies in the specific Italian labour market integration model of the foreign workers and particularly in the existing polarization given by the economic structure of the Italian economy which has attracted and kept only low-skilled migration flows .

Table 1 points out the different sector concentration of migrants and natives. As for the male in 2005 53% the natives are just in 3 sectors Manufacturing, Trade and Financial, business and other services, while 56% of the European migrants from the new accession countries are employed in just two sectors Manufacturing and construction. Third national males are as well strongly concentrated (30%) in manufacturing and construction (26.2%) but are also present in Trade and Hotels sectors. Eight years later, in 2013 no particular changes are detected for male natives, with the exception of a reinforcement of the services sector, while for foreigners we find a shift from manufacturing and construction (sectors that have been severely hit by the economic crisis) towards trade and hotels and restaurants (12,2% and 9.2% for Third National Countries and 7.4 and 3.9% for New Member States)[6].

For female workers the polarization is even stronger: in 2005 46% for third countries migrants and 41% for New Accession countries nationals are concentrated in the Household sector, while 25% of native women are in Health and Education, and Trade (16%). After the crisis female foreign

[6] Due to a major revision of the classification of economic activity that has affected data collected from year 2008 onwards, the distribution in 2005 and 2013 are not fully comparable and some misalignments can occur

workers polarization is even stronger with almost half of them working in the household sector. In 2013 48.9% for Third National Countries migrants and 44.1% for New Member State migrants are employed in the Personal and household services.

3.4. Segmentation across occupations

The strong segmentation affecting foreign workers can be even better appreciated when looking at occupations.

LFS data for Italy show that the incidence of foreign workers has a large variability across occupations[7]. There are occupation where foreigners are largely represented, and others where the presence of immigrants is equal to zero.

A deeper look into the employment of natives and foreigners by occupations clearly show that there is a bunch of occupations which absorbs, alone, more than half of foreign employment. This happens for both male and female foreign workers, but it is particularly evident among migrant women. The list of these occupation is shown in Table 4[8]. The peculiar feature of these occupations is that at the same time they have an high *incidence* of foreign employment (the share of foreign employment is more than double the average share in the economy), and they employ a large number of foreign workers, i.e. there is a large *concentration* of foreign employment. For simplicity, we label these occupations as "migrant occupations (MigOcc)". This polarization has been described by Zanfrini (2015) in terms of migrants being concentrated in "ethnicized" jobs, protected by symbolical barriers from the entrance of indigenous workers.

In 2005 about 54% of male foreign employment was in the MigOcc and 61% of female foreign employment; the incidence of foreign workers on total employment of these occupations was 14% for male and 21% for female. Considering that on average in Italy in 2005 foreign employment accounted for about 5% for male and 4.5% for female on total employment, the incidence of foreign labour in Migrant occupations was very large especially for female.

4. What is the impact of the crisis on the segmentation?

4.1 Trends in polarization

[7] Occupations are identified according to the Isco88 (data up to 2009) and Isco08 (data form 2010 onwards) classification at three-digit level.

[8] Occupations have been selected on the Isco88 classification according to the largest share of foreign employment over employment in each occupations and of foreign employment over total foreign employment at three-digit level in 2008. For male the occupations selected and the corresponding ISCO codes are: Construction workers (Isco88= 931 and 71); Machine operators and assemblers (Isco88 = 82 and 932); Domestic workers (Isco88= 913); Street vendors (Isco88= 911); Transport workers (isco88= 933); Agricultural workers (Isco88= 921). For females they are: Domestic workers (Isco88= 913); Housekeeping and restaurant services workers (Isco88= 512); Personal care and related workers (Isco88= 513); Building cleaners (Isco88= 714). From 2010 on LFS data make use of the Isco08 classification of occupations. Data on occupation for this period have been selected according to the corresponding table provided. Data are largely comparable before and after the change in the ISCO classification; however the issue of comparability across the two ISCO classifications cannot be completely ruled out and be should kept in mind while interpreting the data.

Existing studies for Italy have already analysed immigrants' outcome in terms of employment and unemployment during the economic crisis (Bonifazi and Marini 2013, Paggiaro 2013). Our focus here is to understand how labour market polarization has evolved during the crisis years and how migrants' vulnerability has been affected by it.

Table 5 shows that while more than half of the male migrants were employed in MigOcc before the starting of the crisis, the same happened for less than 20% of the male natives. For women the polarization was even worse. The share of migrant women employed in MigOcc was nearly 6 times higher than the native share. Eight years later, the picture has changed differently for men and women. For men, due to the effect of the economic recession, the concentration of immigrant labour in MigOcc has slightly decreased, but this has not reduced the incidence of foreign workers in these occupations. On the contrary, it has increased and it is more than twice as high as the average (26% with respect an average incidence of foreign male employment in the Italian economy of 10%).
This is the results of forces affecting differently the "Migrant" and "Non-migrant" occupations, and the native and foreign workers, as Table 5 shows (bottom panel). Foreign male employment in MigOcc has increased at a similar pace than the growth in the other occupations up to the crisis, and has slow down, both respect the pre-crisis period and the other occupations, after 2008. However, the native employment in the Migrant occupations has been interested by a markedly negative growth (-25%) in the crisis years and it was already negative in the pre-crisis period. Consequently, the incidence of male migrant labour in such occupations has significantly and constantly risen up to 26% in 2013.
For migrant women, polarization in MigOcc has increased substantially also during the crisis years. Therefore these occupations represent in 2013 the employment solution for the large majority of female migrants (70%). Even if these occupations experienced an increase also of native female employment, the incidence of migrant workers in such occupations has increased from the already large 25% in the pre-crisis period, to 35% in the post-crisis period.
Female and male foreign employment has increased also in the other occupations but this increase is not sufficient to reduce the concentration of immigrants in the specific MigOcc occupations.

INSERT Table 5 about here

4.2 Polarization and working conditions

This increasing polarization could be induced by a low and decreasing human capital of more recent migration flows, but Table 6, which shows some job characteristics, point out that it is not the case. The share of low educated foreigners has not increased, nor in MigOcc or in general9. For both male and female migrants the number of hours worked has declined, this is a general trend which affects occupations in general, however among MigOcc the reduction in worked hours is more marked. Similarly, the incidence of part time has increased particularly in migrant occupations, and for migrant male employed in MigOcc also temporary employment has risen.

[9] The comparison with natives shows that the share of low educated in MigOcc is lower among foreigners that natives by 11 points among male and 20 points among female, indicating, once more, the over qualification of migrants in the Italian labour market.

What thus emerge from this analysis is that working conditions in the “ethnicized” jobs have deteriorated more than the average trend as a consequence of the crisis, further exacerbating the traditional weaknesses of the Italian migration model, which is unable of fully exploiting the migrants’ potential.

INSERT Table 6 about here

4.3 Polarization and wages

To complete the picture on the effect of the crisis on polarization we resort to a multivariate analysis on the wage information present in LFS data. Since year 2009, Italian LFS data report for each workers the individuals’ position in the national distribution of take home wages. This variable is grouped into ten classes deriving from the decile of the wage distribution and can be considered as an aggregate measure of the return of human capital, the investment on the job, the seniority on the job. Although it is not possible to have a complete picture before and after the crisis, this variable allow us to have interesting insights on the wage dynamics in Migrant occupations.

We estimate separate probit models by year and gender on the probability of being in the bottom part of the wage distribution (having a monthly wage level equal or below the third decile)10. Thus, our dependent variable measures the probability of being in a low-paid job, taking into account the gender specificity in job segregation. The key independent variables included in the models are based on the interaction between the native/foreign background and being or not employed in migrants’ occupations as defined above. We have therefore 4 cases: natives in non-migrant occupations (reference category), natives in migrant occupations, foreigners in non-migrant occupations and foreigners in migrant occupations.

Additional individual controls include age (10 age classes), marital status (married/ Single , widowed or divorced), education level (three classes: no school, primary and lower secondary; upper secondary; tertiary), sector of economic activity (20 classes according to the NACE 1 digit classification), geographical region.

To allow comparability of the results across years they are presented as average marginal effects (AMEs). Figure 3 reports the results of the exercise. It shows AMEs for the variable of interests: natives in migrant occupations and foreigners in migrant and non-migrant occupations. They can be read as the change in the probability of being in the bottom part of the wage distribution for workers belonging to one of the three categories with respect to being a native in non-migrant occupations (benchmark). For instance, in 2009, male immigrants employed in MigOcc, have 14% higher likelihood of being low paid with respect to national workers in non-migrant occupations. Similarly, this probability is equal to 11% for male immigrants in non-MigOcc, and 7% for Nationals in MigOcc. In 2013 the same probabilities are respectively 17%, 13% and 6%. Clearly, for immigrant men the recession has worsened their conditions in terms of wage, not only with respect to natives

[10] This analysis is similar to Dustmann and Frattini (2011) which however refers to year 2009 only.

employed in occupations with a low incidence of foreign labour, but also with respect to natives employed in “ethnicized jobs”. In fact, while the low-paid penalty for natives in these jobs has decreased, it has increased for both groups of men migrants. Although less educated than migrants, native workers in MigOcc have been able to reach comparative higher wages, confirming, once more how the consequences of the crisis in terms of deterioration of the quality of jobs have been mostly beard by immigrants.

Moving to migrant women, the situation appears quite different. First of all, migrant women in migrant occupations are clearly penalized with respect to native women in non ethinicized occupation, however they are not so different, in terms of low-wage penalty with natives in migrant occupations. Furthermore the recession appears to have further reduced the distance between foreigners and natives women in ethnicized jobs. Secondly, wages of (the few) migrant women in non-migrant occupations are slowing converging towards native women, although female immigrants still have in 2013 a 9% higher probability of being low-paid with respect to their native counterparts. Thirdly, the already marked distance between female immigrants employed in the two groups of occupations (ethnicized/not-ethnicized jobs) has further increased during the recession years.

INSERT Figure 3 about here

To get deeper insights on the issue, we further distinguish immigrants between new member states and third country nationals because the different rule of entrance may affect their labour market performance.

What emerge from Table 7 is that among males, immigrants coming from non-EU countries face higher low-paid likelihood than New Member states citizens, both in migrant and non-migrant occupations. The economic downturn has however increased the low-pay penalty in both immigrant groups.

Among women migrants, no substantial differences are detected in the ethnicized jobs, with new member states and Third Country migrants facing the same probability of being low paid. Higher differences between the two groups emerge in the non-migrant occupations. Here, at the beginning of the recession period, new member states female migrants, just migrated and probably likely to accept any job, had an higher low pay penalty than third country female migrants. In 2013, with increased period of settlement of new member states workers, the situation is reversed with third country national being more penalized.

INSERT Table 7 about here

5. Conclusion

The research has shown that the recession was a lost opportunity for the Italian economy to start a deep restructuring of the economic processes and upgrading the skill content of production and labour force. Italy has a labour force concentrated in small and medium size firms, with a high concentration of employment in low and medium skilled jobs. This creates a demand for foreign labour in the low skilled occupations in agriculture, construction, trade, family services. The strong segmentation of foreign employment in the Italian labour market is even more evident when analysing the occupations where migrants are employed. The paper has shown that foreign workers are concentrated in few "ethnicized jobs" with almost no chance of mobility out of these occupations. The long-lasting economic recession has reinforced the low-skill production model of the Italian economy and has led to a degradation of the immigrants employment opportunities: increased polarization of foreigners, particularly female, in "Migrant occupations", deterioration of the quality of their employment (in terms of precariousness and low-pay), in parallel with an increase of unemployed migrants. The crisis has thus exacerbated the general situation of foreign employment, increasing their high segregation in specific low-quality sectors and jobs with no career upgrading and widespread over-qualification.

The crisis had however different impacts across gender. Male foreign employment was hit harder by the crisis in quantitative terms because male immigrants are particularly concentrated in sectors that are very sensitive to the economic cycle (construction and manufacturing). However, native workers employed in the same sectors have suffered more from the recession and have lost their jobs at a steeper rate than migrants, who have increased their importance in such jobs during the crisis. If male foreign workers had been moderately protected from the quantity side, the same cannot be said on the quality side, which has undergo a general deterioration, as a probable consequence of firms' strategy of labour costs contraction.

For migrant women, the demand of labour expressed by families to cover jobs in the care sector typically deserted by Italians, has led to an increase of the foreign presence in these occupations which absorb, now, around 70% of the female foreign labour force. Job demand in this sector is strongly connected with the aging of the population and the type of welfare model which relies on the family as the main provider of care services to children, elderly, disabled and other needy people. The demand for these services was little affected by the crisis, also because care jobs have limited appeal for the native population due to high constrain in terms of hour of work and freedom.

The Italian economic model based on small businesses and traditional sectors has not being transformed by the crisis, and Italy still resort on foreign labour for its characteristics of adaptability to low-skilled jobs and hard working conditions. If on the one hand this model, thanks to the demand for migrant intensive jobs, has allowed foreign employment to be partially protected from the effects of the crisis, on the other hand it has increased for migrants to the risk of ending up in even more precarious work situations.

The future of this economic model is questionable. On the female employment side, the aging of the population will increase the share of older people in need of care services. For example the share of the over 75 over the 20-70 population is 12% in 2015 and in 2050 is projected to grow up to 25%.

The constraint in the fiscal budget, aggravated by the economic downturn, will not allow an expansion of the national welfare system, forcing Italian households to still resort on care services provided by migrant women. At the same time, the increase in native female labour market participation will further rise the demand of care services. All these will maintain and probably even increase the demand of foreign labour but will also increase the risk for migrant women to remain trapped in these jobs with no prospect of upgrading and exploiting their potential human capital.

The situation is quite different on the male employment side where the competition with production taking place in developing countries at much lower costs could reduce any profitable margin and push non-innovative firms to close the production, reducing migrants' opportunities in the sectors where they are traditionally concentrated.

Table 1 Foreign and native Employment by sectors in 2005

	MALE			FEMALE		
	Natives	New member States	Third Country Nationals	Natives	New member States	Third Country Nationals
Agriculture	4.7%	5.2%	6.0%	3.3%	2.9%	2.1%
Manufacturing	**25.9%**	**29.1%**	**32.0%**	**16.3%**	**16.5%**	**13.3%**
Construction	12.5%	**37.1%**	**23.5%**	1.2%	2.8%	0.6%
Trade	**15.3%**	6.2%	10.9%	**15.8%**	9.2%	5.6%
Hotels and restaurants	3.7%	2.5%	7.0%	5.7%	**14.1%**	**11.3%**
Transport	7.0%	6.4%	6.1%	3.3%	1.4%	1.0%
Financial, business and other services	**12.5%**	4.8%	5.7%	15.4%	5.4%	11.7%
Public administration	7.4%	0.0%	0.1%	5.6%	0.6%	0.1%
Education & health	7.0%	2.5%	0.8%	**25.4%**	5.5%	8.5%
Personal and household services	3.8%	6.3%	7.7%	8.0%	**41.5%**	**45.8%**
Total sample size (in thousands)	12890	96	615	8359	103	343

Source: Our elaboration on Italian LFS

Table 2 Foreign employment by occupations in 2005.

	Share of foreign employment over total employment in the occupation in 2005 **(Incidence)**	Share of foreign employment over total foreign employment in 2005 **(Concentration)**
Male		
Construction workers	11.9%	26.7%
Machine operators and assemblers	11.7%	12.3%
Domestic workers	48.6%	5.6%
Street vendors	19.5%	2.8%
Transport workers	21.4%	3.0%
Agricultural workers	13.0%	3.5%
"Immigrant occupations" as a whole	*13.6%*	*53.9%*
Other occupations	3.0%	46.1%
Female		
Domestic workers	38.4%	41.9%
Housekeeping and restaurant services workers	10.6%	9.9%
Personal care and related workers	11.0%	7.0%
Building cleaners	10.0%	2.2%
"Immigrant occupations" as a whole	*21.1%*	*61.0%*
Other occupations	2.0%	39%

Source: Our elaboration on Italian LFS

Table 3 Foreign employment by country of origin (in Thousands and %)

MALE	2005	2008	2013	2005	2008	2013
Nationality						
NMS13	96	218	340	14%	21%	27%
Other Europe	204	256	299	29%	25%	24%
Africa	227	277	267	32%	27%	21%
Asia and America	181	275	364	26%	27%	29%
Total	708	1027	1270	100%	100%	100%
FEMALE	2005	2008	2013	2005	2008	2013
Nationality						
NMS13	96	205	405	23%	30%	38%
Other Europe	120	196	298	29%	29%	28%
Africa	62	74	73	15%	11%	7%
Asia and America	135	209	287	33%	31%	27%
Total	413	685	1063	100%	100%	100%

Source: Our elaboration on Italian LFS

Table 4 Flows of new residence permits issued every year by reason (in Thousands and %)

MALE	Work	Family	Study	Asylum seekers	Other	Total	Work	Family	Study	Asylum seekers	Other
2007	86	30	6	8	5	135	64%	22%	4%	6%	3%
2008	83	39	6	16	4	148	56%	26%	4%	11%	3%
2009	132	41	8	6	4	190	69%	22%	4%	3%	2%
2010	200	72	12	8	13	304	66%	24%	4%	3%	4%
2011	83	56	13	38	11	202	41%	28%	7%	19%	5%
2012	46	46	13	20	11	135	34%	34%	9%	14%	8%
2013	56	40	11	16	10	134	42%	30%	8%	12%	7%
FEMALE											
2007	64	57	6	2	5	133	48%	43%	4%	1%	4%
2008	62	63	6	3	5	138	45%	45%	4%	2%	3%
2009	119	70	8	1	4	203	59%	34%	4%	1%	2%
2010	159	107	15	3	11	294	54%	36%	5%	1%	4%
2011	41	84	18	5	11	160	26%	53%	11%	3%	7%
2012	25	71	18	3	11	129	19%	55%	14%	3%	9%
2013	28	65	16	3	9	122	23%	53%	13%	3%	8%

Source: Istat

Table 5 Characteristics and dynamics in "migrant occupations"

	Male		Female	
	2005	2013	2005	2013
Immigrant Absorption in MigOcc.	53.9%	48%	61%	70%
Natives Absorption in MigOcc.	19%	14%	11%	13%
Foreign incidence in MigOcc.	14%	26%	21%	35%
Foreign incidence in the Italian economy (average)	5%	10%	4.5%	11%
	Δ 2005-2008	Δ 2008-2013	Δ 2005-2008	Δ 2008-2013
Foreign Employment growth in MigOcc.	43%	12%	76%	68%
Foreign Employment growth in other Occ.	48%	37%	51%	32%
Native Employment growth in MigOcc.	-6%	-25%	7%	13%
Native Employment growth in other Occ.	1%	-6%	2%	-6%

Source: Our elaboration on Italian LFS

Table 6 Employment characteristics in migrant and non-migrant occupation for foreign workers

	Male migrants		Female migrants	
	Mig Occ	Non Mig Occ	Mig Occ	Non Mig Occ
Share of Low educated in 2008	58%	47%	41%	34%
Share of Low educated in 2013	58%	46%	39%	36%
Average no. of Hours worked in 2008	40.2	41.5	31.5	36.4
Average no. of Hours worked in 2013	37.5	39.4	29.9	35.5
Share of part time in 2008	7%	6%	47%	22%
Share of part time in 2013	15%	13%	53%	28%
Share of temporary workers in 2008	15%	15%	10%	27%
Share of temporary workers in 2013	18%	16%	8%	28%

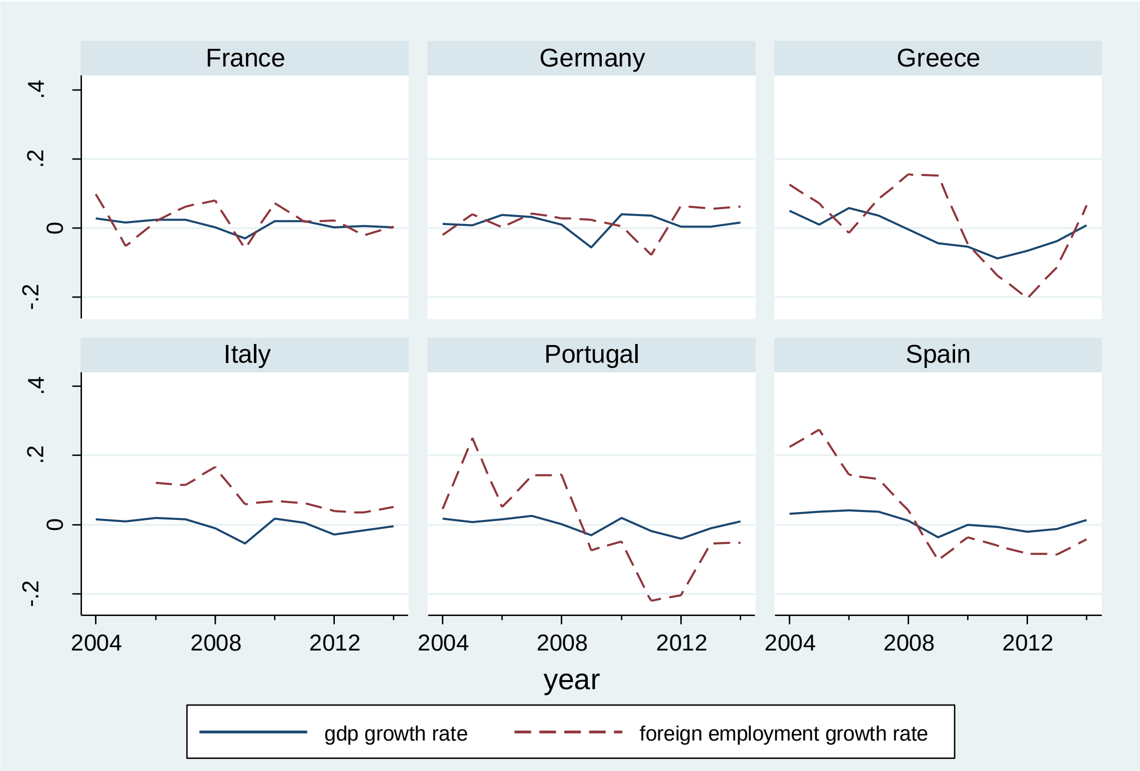
Source: Our elaboration on Italian LFS

Table 7 Average marginal effects on the probability of having a monthly wage equal or below the third decile, by year country of origin and gender

	Migrant Occupations		Non-Migrant Occupations		
Male	New member states	Third country nationals	New member states	Third country nationals	Natives in MigOcc.
2009	11.2%	14.8%	6.9%	12.1%	7.3%
2013	14.2%	18.0%	10.0%	13.6%	6.3%
Female					
2009	20.6%	20.5%	14.6%	8.1%	18.5%
2013	21.8%	20.1%	6.4%	8.8%	19.0%

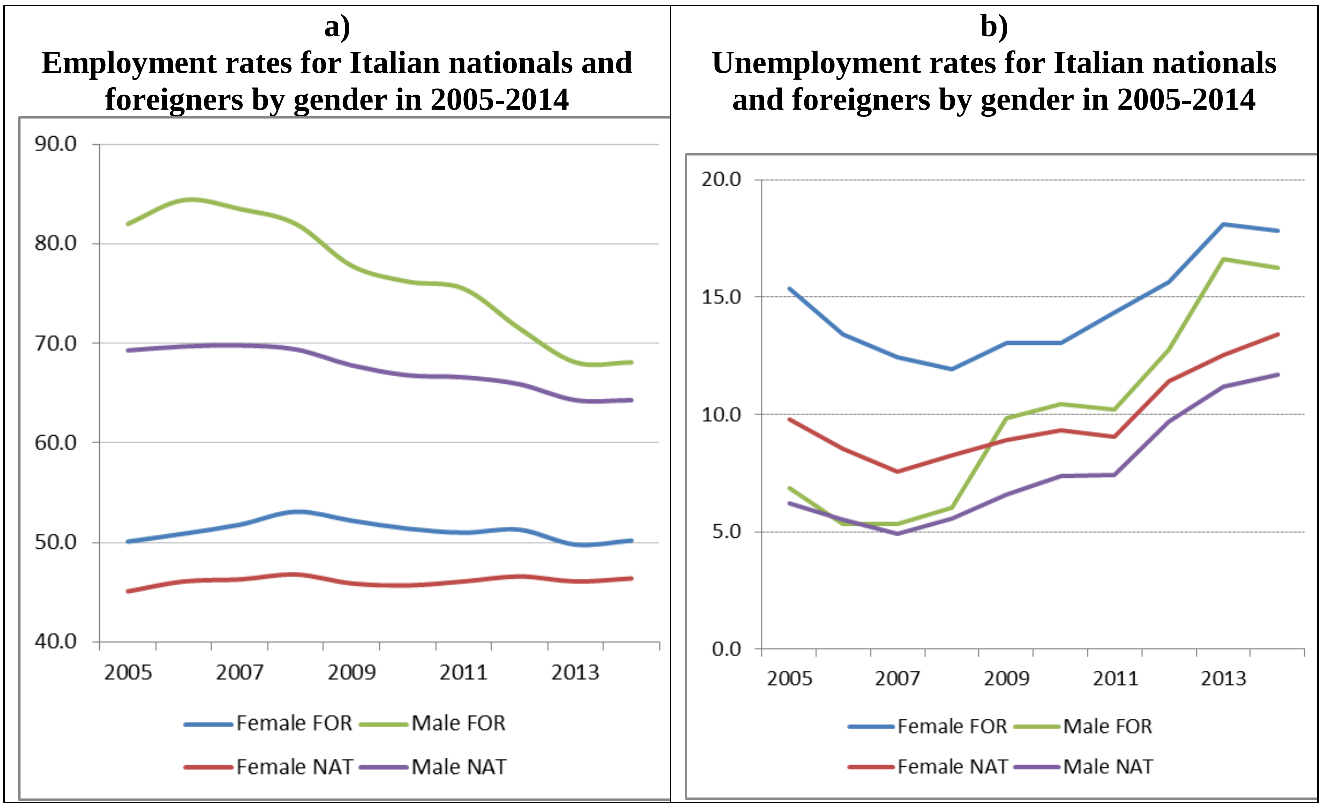
Source: Our elaboration on Italian LFS

Figure 1: GDP and Foreign employment growth rates in some EU countries 2004-2014



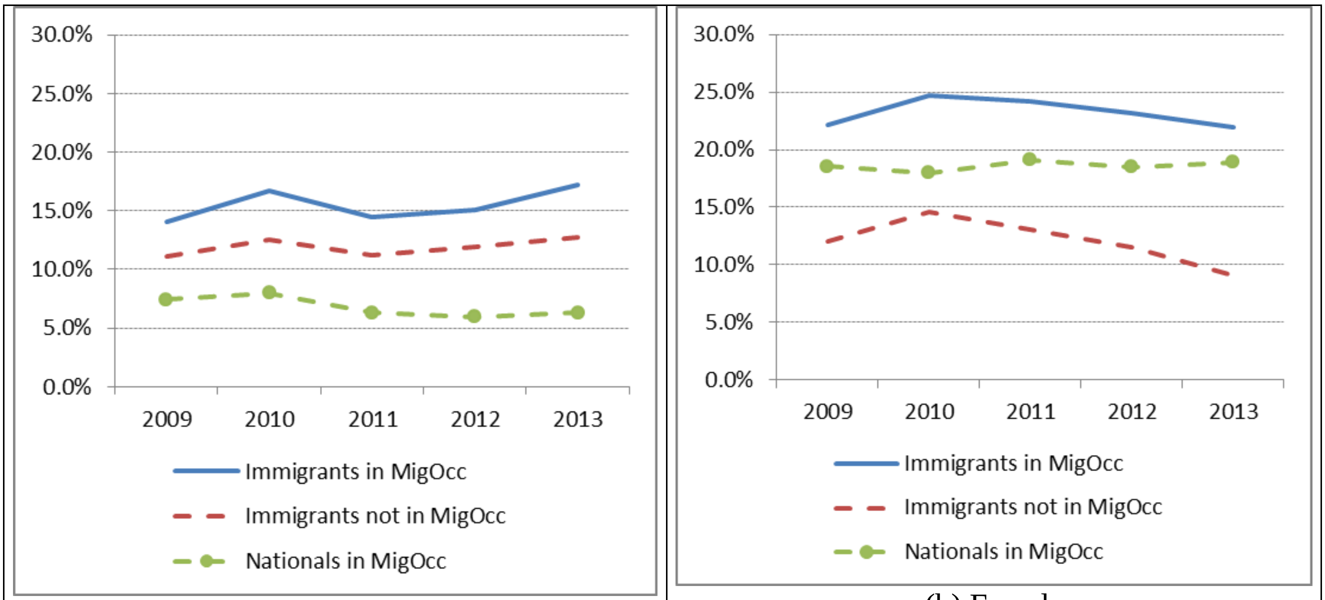
Source: Eurostat LFS data (foreign employment) and OECD data (GDP)
Note: Foreign employment refers to EU and Third countries nationals

Figure 2: Labour market indicators by nationality and gender



Source: Our elaboration on Italian LFS

Figure 3. Average marginal effects on the probability of having a monthly wage equal or below the third decile, by year and gender.



(a) Male (b) Female

Source: Our elaboration on Italian LFS

Note: Average marginal effects of the probability of having a monthly wage below or equal the third decile of the wage distribution. Reference category= natives in non-migrant occupations. All the estimates have $p<0.001$

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