



CENTRO STUDI LUCA D'AGLIANO

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MIGRATION OBSERVATORY

2nd Migration Observatory report: “Immigrant integration in Europe and in Italy”

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EXECUTIVE SUMMARY

This is the second edition of the Migration Observatory annual report on immigrant integration. Over the past year, the relevance of immigration as a European policy issue has, if possible, increased. The attention devoted to undocumented migration pressure at the European borders leads sometimes to overlook the fact that one in ten residents of EU countries in 2016 were born abroad: their successful integration is a major EU policy challenge. Using data from the latest edition of the European Labour Force Survey (2016) and from several quarters of the Italian Labour Force Survey (spanning the period 2009-2017), this report provides first a fresh and updated overview of the labour market integration of immigrants in Europe. It then analyses the labour market integration of immigrants in Italy, paying special attention to their assimilation over time.

Immigration in Europe: facts and figures

BOTTOMLINE: The vast majority of immigrants in the EU have been resident in the host country for a long time (more than five years), whereas new immigrants account for a small share of the foreign born population. Most foreign born in the EU are Europeans. The educational level of immigrants is strongly correlated with the educational level of natives in the host country.

- In 2016 the number of immigrants in the European Union was 51 million, roughly 10% of total population. Most of them (46 million) live in a EU15 country, where they account for 12% of total population.
- There is significant heterogeneity in the immigrant concentration across countries, which ranges from 0.1 – 0.2% in Romania and Bulgaria to around 20% in Cyprus and Sweden, 30% in Switzerland and even 48% in Luxembourg.
- Most immigrants have been in their current country of residence for a long time: only 19.4% have lived in the country for five years or less. This number rises to 27% in Ireland, Luxembourg and the UK and even to 31% in Germany.
- More than half of the immigrants in EU countries are European. EU mobile citizens account for 38% of the foreign born population in the EU. An additional 17% was born in a European country outside of the EU. Africa and the Middle East account for 23% of all immigrants, with an additional 12% coming from Asia and 11% from the Americas or Oceania.
- The gender composition is on average quite balanced, with only a slight majority of women (52%).
- At the EU level, immigrant composition across education levels is quite balanced: 32% has received tertiary education, while 33% has at most completed primary education.

- Immigrant education varies greatly across member states, and it is positively correlated with the education of natives: countries with higher shares of university-educated natives also have higher fractions of immigrants with tertiary education.

Immigrants and the EU labour market

BOTTOMLINE: Immigrants have lower employment rates than natives on average across the EU. Most of this gap is independent from differences in age, gender and education between foreign born and natives. The gap declines with years of residence in the host country.

- On average across Europe, immigrants are 7.2 percentage points less likely to be employed than natives.
- Employment gaps relative to natives are especially large in Northern and Central European countries, such as the Netherlands (-17 p.p.), Sweden (-17 p.p.), Germany (-16 p.p.) or France (-15 p.p.), and tend to be smaller in Southern European countries like Italy (-0.7 p.p.). Note however that Italy has one of the lowest native employment rates (65%), therefore immigrants do not have a high probability of employment in absolute terms, but only relative to Italian natives.
- 14% of the difference in employment probabilities can be explained by the different composition of the native and immigrant populations in terms of age structure, gender mix and education. This result indicates that on average immigrants tend to have characteristics that are typically associated to a lower employment probability.
- A longer residence in the host country is associated with higher employment probability. The immigrant-native gap in employment probability is 17 percentage points among those with at most 5 years of residence, but 6.7 percentage points for immigrants who have been in the country for six years or more.

Occupational status and income of immigrants in Europe

BOTTOMLINE: Immigrants have a lower occupational status and labour income than natives, mostly because of an occupational mismatch (engineers working as tram drivers).

- Immigrants tend to have a lower occupational status than natives. Their occupational distribution is more polarised than for natives: immigrants are missing from the middle part of the distribution and are rather concentrated at the top and, especially, at the bottom.

- On average, immigrants have a 5 percentage points higher probability of being in the bottom 10% of a country's income distribution, and a 3.2 percentage points lower probability of being in the top 10%.
- Differences in occupational distribution are responsible for half of the immigrant-native difference in the probability of being in the bottom income decile.

Immigration in Italy: facts and figures

BOTTOMLINE: The vast majority of immigrants have been resident in Italy for a long time (more than five years), whereas new immigrants account for a small share of the foreign born population. European immigrants account for more than half of the foreign born population. The education level of immigrants is lower than for any other EU country, reflecting the low education of Italian native workforce. This pattern got worse with time.

- Between 2009 and 2017, the number of immigrants in Italy has increased from 4.5 million to 5.9 million, a 30.9% growth. In 2017 immigrants are almost 10% of the total population in Italy. Despite the surge since 2009, this share is still lower than, for instance, Germany (13.3%), France (11.8%) and the UK (13.3%).
- European immigrants represent 56% of the whole immigrant population: 12% of them are from a EU15 country, 23% from the New EU member States, and 21% from European countries not in the EU.
- Most immigrants have been in Italy for a long time: in 2017, 66% of foreign born Italian residents have been in the country for ten or more years, and only 10% for five years or less.
- Education levels of both Italian natives and immigrants are low, relative to the rest of most other European countries. In 2017 the share of tertiary educated natives is more than 19%, whereas the share of tertiary educated immigrants is 14%.
- The educational profiles of immigrants have worsened over time, relative to those of natives. The deterioration of immigrant education has affected all areas of origins.

Italy: immigrant employment

BOTTOMLINE: The employment rate of immigrants is similar to natives'.

- Natives and immigrants have similar employment rates in 2017 (65% and 64%). However, between 2009 and 2017 the employment probability of natives has increased by 1.5 percentage points, whereas for immigrants it has decreased by almost four percentage points.

- The changes in relative employment of immigrants and natives over time are explained by the deterioration in immigrant age-education profiles, and they are mostly driven by a worsening of the employment position of immigrant women, who are often tied migrants.
- Immigrant men have a 3 percentage points higher employment probability than natives, due primarily to their location in Italian regions with stronger labour markets. Conversely, immigrant women display a -2.4 percentage points gap relative to Italian women.
- Across areas of origin, EU15 immigrants have the lowest employment probability, while Eastern European EU migrants have the highest.

Italy: immigrant employment assimilation

BOTTOMLINE: There is a considerable and fast employment assimilation over time.

- The immigrant-native employment probability gap is more than 40 percentage points for immigrants who have just arrived in Italy, but it closes by the sixth year of residence and becomes positive after seven or eight years since migration.
- Immigrant men close the employment gap with natives after four years since arrival, whereas it takes six years for immigrant women to reach the employment probability of Italian women.
- Employment convergence is faster for Eastern European and for low educated immigrants, and slower for non-EU migrants and for those with tertiary education. This latter group never reaches the employment probability of similarly educated Italians.

Italy: immigrant wages and occupations

BOTTOMLINE: Immigrants have lower wages than natives, independently from their characteristics (age; gender; education), mostly because they are in worse occupations. Many immigrants do not have an adequate occupation for their educational level, compared to natives. This mismatch between education and occupation is persistent in time.

- Immigrants are disproportionately more concentrated at the bottom of the native wage distribution and less concentrated above the 40th percentile. Such an over-representation in the bottom percentiles of the wage distribution is only in small part driven by their less favourable characteristics relative to natives.
- Immigrant net monthly wages are on average 26% lower than those of natives in 2017.
- More than half of the immigrant wage gap is due to differences in occupational sorting and in the frequency of part time work between immigrant and natives.
- In 2017 the average immigrant earns about 9% less than natives with the same characteristics, working in the same occupation. In 2009 this gap was 6%.

- The overall immigrant wage gap is larger for women (31%) than for men (22%). The wage gap of immigrant women with respect to native women with the same characteristics and working in the same occupation has increased by 2.5 times between 2009 and 2017, from 4% to 10%.
- Western European immigrants have the same average wages as Italians. Eastern European EU immigrants display the highest wage gap with respect to natives (-33%), followed by immigrants from outside the European Union (-28%).
- The occupational distribution of immigrants and natives is very different: 38% of immigrants should change their job for the two occupational distributions to be the same.
- Occupational dissimilarity is lowest for the least educated: 22% of immigrants with low education should change their job to have the same occupational distribution as natives.
- Differences in occupational distribution are quite persistent. The share of immigrant workers that should be reallocated to a different occupation for the native and the immigrant occupational distribution to be the same is on average 45% for immigrants who have just arrived in Italy, and 38% for those who have been in the country for 20 years.

Italy: immigrant wage assimilation

BOTTOMLINE: The wage gap of immigrants with respect to natives shrinks with years since migration, but it never disappears. There is a persistent wage gap within occupations, everything else equal.

- The wage gap between immigrants and natives decreases from about 40% initially to about 20% after twenty years since migration.
- There is a persistent wage gap within occupation. Immigrants earn on average 12% less than similar natives in the same occupation after two years since arrival, and the gap is still 9% after twenty years.
- There is less wage convergence for immigrant women than for men: after twenty years since migration the immigrant wage gap is 17% for men and 28% for women.
- The wages of low educated immigrants are 39% lower than those of similarly educated natives upon arrival in Italy, and 10% lower after 20 years. At the same time, the wage gap for immigrants with at most upper secondary (tertiary) education is 70% (67%) upon arrival and shrinks to 20% (30%) after twenty years in Italy.