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Executive Summary of the 5th Migration Observatory Report

“Immigrant Integration in Europe”

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This is the fifth edition of the Migration Observatory annual report on immigrant integration in Europe. This year, we also focus on the labour market consequences of the COVID-19 pandemic for the immigrant population of Italy.

As in previous years, in the first part we use data from the latest edition of the European Labour Force Survey (2019) to provide a concise, easily accessible and up-to-date source of reference regarding the size, characteristics, and relative economic performance of immigrants in EU countries, and their exposure to the pandemic shock based on their characteristics before the COVID-19 outbreak. In the second part, instead, we analyse data from the Italian Labour Force Survey, until the second quarter of 2020: first, we describe the main characteristics of the immigrant population in Italy; then, we analyse how the coronavirus crisis has affected the labour market outcomes of immigrants in Italy, and explore individual and geographic heterogeneities.

We show that immigrants and natives tend to be employed in different types of jobs, and that their jobs are more likely to be “essential” for the response to the pandemic. At the same time, immigrants are also less likely to be able to work from home, which makes them more vulnerable to job loss and contagion. In Italy, the employment probability gap between immigrants and natives has increased as a consequence of the pandemic. The effect has been stronger for women, for those with low levels of education, and for those living in the South.

The key findings are summarized below.

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PART I: IMMIGRANT INTEGRATION IN 2019

IMMIGRANT POPULATION: SIZE AND CHARACTERISTICS

BOTTOMLINE: More than one in ten residents of the European Union is an immigrant. This ratio increases to 12.5% in EU15 countries, where most immigrants live. The number of foreign residents in the EU has increased by more than six million units between 2015 and 2019. Still, four out of five migrants have been in the host country for five or more years. More than half of the immigrants are European. The share of tertiary educated natives and immigrants is strongly correlated both across countries and across regions.

- In 2019 the number of immigrants in the European Union was 55.5 million, about 11% of the total population. Most of them (50 million) live in a EU15 country, where they account for more than 12.5% of the population.
- Immigrant concentration is highly heterogeneous across countries. The share of immigrants ranges from as low as 0.1 or 0.2% in Romania and Bulgaria to as high as 22.2% in Sweden, 31% in Switzerland and above 50% in Luxembourg.
- Most immigrants have been in their current country of residence for a long time: only 20% has emigrated within the previous five years. This number rises to more than 30% in Cyprus and Malta, and stays between 25 and 30% in Germany, Luxembourg, Ireland, Sweden and the UK.
- The majority of the foreign-born population (53%) originates from another European country. EU mobile citizens account for 37% of the foreign-born population of the EU. An additional 16% was born in a European country outside of the EU. Among the other areas of origin, Africa and the Middle East account for 19% of all immigrants, while 17% come 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%).
- About one third of immigrants have tertiary education, one third at most upper secondary and the remaining third has at most completed lower secondary education. However, the educational levels of immigrants vary considerably across destination countries.

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- Differences in immigrants' education across member states reflect the educational level of natives: countries with higher shares of university-educated natives also have higher fractions of immigrants with tertiary education and vice versa. For instance, Italy is the country with the least educated immigrants (14% have tertiary education) and the second lowest (after Romania) share of natives with tertiary education (21%). Conversely, Ireland and the UK have among the highest shares of tertiary educated immigrants, respectively 55 and 52%.
- The correlation between education levels is even stronger across regions (correlation coefficient 0.26) than across countries (correlation coefficient 0.16).

EMPLOYMENT

BOTTOMLINE: Immigrants have a lower employment probability than natives, especially in central and northern Europe. Portugal, Ireland, Italy and the UK are among the countries with the smallest immigrant-native gap in the probability of being employed. Gaps cannot be explained by differences in age-gender-education profiles.

- On average across Europe, immigrants are 7.7 percentage points less likely to be employed than natives.
- Employment gaps are larger in central and northern European countries like Sweden (-17.1 p.p.), the Netherlands (-15.5 p.p.), Germany (-13.6 p.p.) or Denmark (-13.4 p.p.) and smaller in the UK (-1.6 p.p.) and in Italy (-1.3 p.p.). In Ireland, Luxembourg and Portugal there are no differences in employment probability between immigrants and natives.
- Differences in employment probabilities cannot be explained by immigrants' age-gender-education profiles.
- EU immigrants have the same probability of employment as natives, whereas immigrants from outside the EU display a disadvantage of 12 percentage points. Such differences do not depend on age-gender education profiles: the same individual would face less difficulties in finding a job if she were an EU rather than a non-EU citizen. Institutional factors like free mobility within the EU play a central role in explaining this difference.

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- The probability of employment is higher for immigrants who have spent more time in the host country. The immigrant-native gap is nine percentage points lower (15 vs 6 p.p.) between immigrants with less than 5 years of residence and those who have been in the country for 6 years or more.

OCCUPATIONAL STATUS AND INCOME

BOTTOMLINE: Immigrants are considerably more likely than natives to be employed in low-pay and low-status occupations, even after accounting for differences in personal characteristics such as education. They are also disproportionately more likely to be in the lowest income deciles. Differences in occupation account for more than 70 percent of the immigrant-native wage gap.

- Immigrants' occupational distribution is more polarized than that of natives. Immigrants are as likely as natives to work in high-status and high-paying occupation. They are however much more concentrated than natives in the least qualified occupations and they are absent from the middle part of the occupational distribution (measured by the ISEI index).
- Immigrants are 50% more likely than natives to be in the bottom decile and 27% less likely than natives to be in the top decile of the wage distribution.
- More than half of the immigrant-native difference in probability of being in the bottom income decile can be explained by differences in distribution across occupations.

MIGRANTS' JOBS AND COVID-19

BOTTOMLINE: Immigrants are more likely than natives to work in an occupation that the European Commission deems "essential" for the response to the pandemic. They are also less likely than natives to be able to work from home, which makes them more vulnerable to the coronavirus.

- Across Europe about 39% of immigrants are employed in an occupation that is deemed "essential" for the response to the pandemic, which contrasts with 33% of natives.

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- The concentration of immigrants in “key” occupations is generally higher in the majority of Western European countries, and peaks in countries like Italy and Sweden (+11 p.p.), and the UK (+8 p.p.).
- Immigrants’ jobs are less easily “teleworkable” than natives’ jobs in all EU countries, with the exception of Slovakia, Luxembourg and Romania.
- Italy is the country with the highest immigrant-native gap in teleworkability. Said gap is above the EU average also in Greece, Germany and Spain.

PART II: IMMIGRATION IN ITALY AND COVID-19

IMMIGRATION IN ITALY – SIZE AND CHARACTERISTICS

BOTTOMLINE: Immigrants account for about 10% of the Italian population. This share may have slightly decreased in the first semester 2020 relative to 2019. European immigrants (from inside and outside the EU) account for 55% of all immigrants. Northern regions have a higher immigrant concentration. Immigrants are on average less educated than natives; women are more educated than men both among immigrants and natives.

- The share of immigrants in the population has increased from 8% in 2010 to 10% in 2019. The first two quarters of 2020 instead seem to indicate a slight decline in the overall immigrant stock.
- EU mobile citizens represent about 30% of the foreign-born population. Europeans (from inside and outside the European Union) jointly account for 55% of all immigrants. Of the remaining, 18% are from Africa, 16% from Asia and 11% from the Americas and Oceania.
- More than 12% of residents of Emilia Romagna (13.2%), Friuli Venezia Giulia (13.5%) and Lombardy (12.2%) are foreign born. The share of immigrants in the population is above the Italian average for all Northern and Central regions (with the exception of Val d’Aosta).
- Only 13% of immigrants and 21% of natives (aged 25-64) have a tertiary education degree.

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- While 35% of Italians have at most completed lower secondary education, this is the case for 49% of immigrants.
- Women have higher levels of education than men, and the educational distribution of immigrant and natives is more similar for women than for men.

IMMIGRANTS IN THE ITALIAN LABOUR MARKET BEFORE THE PANDEMIC

BOTTOMLINE: Before COVID-19, immigrants' employment probability was very close to Italians'. Immigrant workers are disproportionately concentrated in services, and this concentration is especially high for women. Immigrants are four times more likely than natives to be employed in relatively unskilled jobs. Immigrants' jobs are less teleworkable than those of natives. Although the share of immigrants in key occupations for the response to the pandemic is higher than that of natives, more immigrants than natives were directly affected by the lockdown.

- In 2019, immigrants' employment probability was 1.3 percentage points lower than natives' (65.2% vs 66.5%).
- The distribution of immigrants and natives across industries is very different. 22% of immigrants are employed in "other services", including personal care services and domestic work: only 5% of natives work in the same sector. Immigrants are almost twice as likely as natives to work in the hospitality industry and in construction (9% vs 5% in both sectors), and twice as likely to work in agriculture (6% vs 3%).
- 40% of immigrant women are employed in the services sector, which contrasts not only with 7% among immigrant men, but also with about 7% among Italian women.
- Immigrant women are more likely to be employed in an elementary occupation than immigrant men (33% vs 27%). About 37% of immigrant women are service workers, which compares with about 21% among Italian women, and about 12% among men of all origins.
- Immigrants are more likely than natives to be employed in an occupation that cannot be easily performed remotely.

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- Immigrants are more likely than natives to be employed in a key occupation for the response to the pandemic. 42% of immigrants are key workers, against only 31% of native.
- Despite the higher proportion of key workers among migrants, the share of Italians employed in “essential” sectors, i.e. those industrial sectors that were allowed by the government to remain open during the lockdown is higher among natives than immigrants (58% vs. 50%).
- Immigrants workers are more likely than Italian workers to have a temporary contract, 20% vs. 14%. This differential is not driven by differences in observable characteristics: even when immigrants are compared with natives with similar age-gender-education profiles, they still have a 4.7 percentage points higher probability of having a temporary contract.

THE EFFECT OF THE COVID-19 CRISIS ON IMMIGRANTS

BOTTOMLINE: Immigrants have been more affected than natives by the COVID-19 crisis. The probability of remaining employed between the first semester 2019 and the first semester 2020 is higher for natives than for immigrants, and the gap is higher among women. A comparison of the immigrant-native differentials in employment probability before and after the coronavirus confirms that the employment gap has increased. The increase has been stronger for immigrant women, for those with low-education, and for immigrants living in Southern regions. Differences in other labour market outcomes have been only marginally affected.

- Among all workers that had a job in the first half of 2019, 95% of natives were still employed in the first semester 2020, whereas this share decreases to 91% among immigrants.
- The share of Italian men who had a job one year before the crisis and still have one during the first two quarters of 2020 is 96%, but among Italian women this share falls to 94%. For immigrants, the gender gap is even more pronounced: the job retention rate over the same period has been slightly more than 93% for men and 88.6% for women.

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- Workers on a temporary contract during the first semester 2019 have a 21 percentage point lower probability of being still in employment during the first semester 2020. The effect of working under a temporary contract is the same among immigrants and natives, but immigrants are more likely to have one.
- The employment probability of natives was 66.2% in the first two quarters of 2019, and did not significantly change in the same period of 2020. However, immigrants' employment probability over the same period decreased from 64.7% to 62.2% during the first six months of 2020.
- The gap in employment probability of immigrant women relative to Italian women increased from 8.2 percentage points in the first semester 2019 to 11.5 percentage points in the first semester 2020. Conversely, the employment probability gap for men remained stable (4 percentage points).
- The pandemic has also widened the pre-existing differential in occupational quality between immigrant and native women, particularly by increasing the gap in probability of working in an elementary occupation by 2.5 percentage points.
- In the first two quarters 2019, low educated immigrants' employment probability was 12 percentage points higher than the one of natives with the same level of schooling. The differential shrank to 10 percentage points during the first semester 2020. Differential between immigrants and natives with higher levels of education were not affected.
- Immigrants' employment probability has decreased the most relative to natives (and in absolute terms) in Southern Italian regions, especially Sardinia, Calabria, Sicily and Campania.
- These regions are also those where immigrants are more likely to perform more elementary occupations.

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