

The consequences of occupational segregation in Europe: the role of gender and migration status

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The concentration of different social groups in certain occupations creates and perpetuates inequalities inside and outside the labor market. In this context, this proposal answers two main questions: what are the economic and well-being consequences arising from occupational segregation by gender and migration status in 12 European countries? And where do the cross-country disparities come from?

We hypothesize that foreign worker, particularly female immigrants, are overrepresented in the low-paying occupation and, as a result, derive economic and wellbeing losses from the experienced segregation. Moreover, while these welfare losses are expected to be higher in southeast Europe and smaller in the northwest, we expect that immigrants' characteristics explain a significant part of those geographical disparities.

These hypotheses are tested using different indices and performing a counterfactual analysis. In particular, we first employ the local segregation indices and segregation curves proposed by Alonso-Villar and Del Río (2010) to quantify the segregation levels that male and female immigrants experience. Given that the economic consequences of being segregated in low- or high-paid occupations are different, we then use another family of indices developed by Alonso-Villar and Del Río (2017) to measure the economic and well-being loss or gain that each group derives from its occupational segregation. The main idea of these indices is that occupational segregation translates into well-being loss if the group is over-represented in low-wage occupations and into well-being gains if it is over-represented in high-wage occupations. Finally, we follow DiNardo et al. (1996) and Gradín (2013) to build counterfactual distributions, removing cross-country differences in immigrants' education, years of residence and origin, and check whether geographical disparities in welfare persist after controlling for these characteristics.

The primary data source used is the 2018 European Labour Force Survey (LFS), the latest year provided by Eurostat. Despite providing quarterly and annual data, the construction of the annual sample differs across countries. Thus, we use the second quarter for cross-country comparison reasons, and to avoid possible seasonality problems. However, the LFS does not provide earnings data needed to measure occupational quality, so the 2014 Structure of Earnings Survey (SES), the last available wave, is used to estimate average hourly wages by occupation and input them into the LFS. As already mentioned, we consider 12 countries, which can be grouped as follows: southern (Spain, Italy and Portugal), western (France, Germany, the Netherlands and the UK), northern (Finland, Norway and Sweden) and eastern (Czech Republic and Slovenia) countries.

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As hypothesized, the consequences are negative for most foreign workers, especially for women, who always derive larger welfare losses than immigrant men. Anyway, cross-country differences are also detected: while losses are remarkably high in southeast Europe and smaller in the northwest, immigrant men derive small gains in Portugal and the UK. However, immigrants' characteristics, particularly education, explain a big part of these cross-country differences. In fact, while the UK is in a somewhat better position thanks to its immigrants' higher educational levels, the counterfactual analysis reinforces Portugal's good position, reflecting higher levels of labor market integration among its immigrant population. Overall, our results call for policies that address these labor market inequalities, as such disparities extend to other relevant dimensions and put social cohesion at risk.

References:

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