

The role of labour market institutions in shaping reliance on migrant labour in essential occupations: A comparative analyses across European countries

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Why are essential workers often migrants? Are migrants recruited for jobs with difficult working conditions that are shunned by citizens? How is the use of migrant labour linked to institutional and policy regimes for the provision of essential services (e.g. different types of social care policies across countries)? Existing efforts to explain migrants' occupations frequently neglect such demand-side factors, which appear particularly important in essential services (Ruhs and Anderson, 2010).

Using micro data from the EU Labour Force Survey (EU-LFS) from 2012 to 2020 for 17 countries (EU15 + Switzerland and Norway), this paper investigates the effects of institutional factors on the representation of migrant workers in essential services relative to the rest of the economy.

We follow the ISCO-3D classification and previous literature (Fasani and Mazza, 2020)¹ to classify occupations as essential or not. We then construct measures of under/over-representation of migrants working in essential services by country and time. We split our sample in three periods: the years from 2012 to 2014 when migrants from new EU member states gained full labour market access in all EU countries, from 2015 to 2017 after the beginning of the refugee crisis in Europe, and finally from 2018 to 2020 which could be characterised as years of relative stability up to the onset of the Covid-19 pandemic.

We use a two-step procedure. First, we use linear regression to capture at the country level the relative probability for migrant workers to be employed in an essential occupation compared to natives. To account for supply specific factors, we control for several individual worker characteristics provided by the EU-LFS data relating to age, experience, education, and marital status in our main specification. Secondly, we investigate the institutional demand-side factors motivating our research by regressing the extracted measures of over/under-representation on institutional and policy indicators, with a focus on industrial structure, job characteristics, and labour market structure. In line with the existing research literature (e.g. Ranci and Pavolini 2013; Foged, Hasager, and Yasenov 2022; Lee, Peri, and Viarengo 2022), we build these measures from aggregated EU-LFS data but also consider OECD indicators of labour market regulations and other ILO and JRC statistics. These regressions will shed light on which institutional factors matter for a strong reliance on migrant labour in essential services.

The depth of the EU-LFS microdata also allows us to conduct several important heterogeneity tests depending on migrants' status (born in the EU/outside the EU, citizenship of the host country or not, recent migrants / settled migrants) as well as their education and skill level (age at arrival, country of education, and linguistic proximity). These characteristics are critical in explaining migrant workers' relative presence in essential services. In particular, we find that non-EU and non-citizen migrants are much more likely to work in those services.

Finally, we investigate whether institutions matter more in essential services that are characterised by a relatively high share of lower-skilled workers, where we would expect the institutional framework to make jobs potentially less attractive to natives. We also conduct the analysis at a regional level, exploring how within country differences in migrants' representation in essential services can be explained through subnational institutional, socio-economic and cultural factors such as attitudes towards immigrants or gender norms.

¹ Fasani and Mazza follow the Communication from the Commission on Guidelines concerning the exercise of the free movement of critical workers during the COVID-19 outbreak

The results of our analysis highlight which institutional and policy frameworks are associated with a strong reliance on migrant labour in essential services, which received considerable attention during the Covid-19 pandemic. They help explain considerable cross-country differences in the use of migrant labour, and through several heterogeneity tests, we identify mechanisms explaining such differences. Our findings may in turn help future researchers study the interrelations between institutions, migration, and the performance of essential services.

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