A decorative graphic on the left side of the slide consists of a grid of squares in red, grey, and dark blue, arranged in a stepped pattern that tapers to the right.

Employment Outcomes of Immigrants Across EU Countries

Yvonne Markaki

*Institute for Social and Economic Research
University of Essex*

ymarka@essex.ac.uk

- Do international migrants fare better or worse in employment than native born individuals?
- Are there significant differences across EU countries?
- How does immigrant status as EU or non-EU influence the likelihood of being successful in employment?
- Does holding the local citizenship improve the employment performance of foreign born individuals?
- Do the more commonly used outcomes, such as wages and likelihood of being employed conceal other differences in immigrants' employment experience across the EU?

Previous findings on Employment outcomes of immigrants in Europe

Kogan, I. (2006), 'Labor markets and economic incorporation among recent immigrants in europe', *Social Forces* 85(2), 697–721.

Data: Pooled European Labor Force Survey data 1992-2000

Outcomes: Unemployment risk

Findings:

- In countries with larger % labour force in low skilled occupations immigrants less likely to be unemployed than in countries with a smaller low-skilled sector
- In countries with stricter Employment Protection Legislation immigrants more likely to be unemployed
- Liberal welfare regimes are associated with lower unemployment risk than in social-democratic and conservative welfare regimes
- In countries with higher economic growth immigrants less likely to be unemployed compared to countries with lower growth

Previous findings on Employment outcomes of immigrants in Europe

Causa, O. & Jean, S. (2007), 'Integration of immigrants in oecd countries: Do policies matter?', OECD Economics Department Working Papers (564).

Data: 12 OECD countries ECHP PSID HILDA SLID, 1994-2003

Outcomes: Activity, employment, hourly earnings, fixed-term contract.

Findings:

- Immigrants lag behind natives but differences narrow as years since settlement increase
- Strong differences in immigrant-to-native gaps observed across countries (but non standardised data may limit direct comparability)
- Cross country differences partly explained by differences in labour market policies (unemployment benefits, the tax wedge, minimum wage, EPL dualism)
- Labour market flexibility in temporary contracts impacts immigrants more than natives

Previous findings on Employment outcomes of immigrants in Europe

Kahanec, M. & Zaiceva, A. (2009), 'Labor market outcomes of immigrants and non-citizens in the eu: An east-west comparison', International Journal of Manpower 30(1/2), 97–115.

Data: EU SILC 2005 (cross)

Outcomes: Employment and hourly earnings

Findings:

- Foreign origin and citizenship associated with lower employment prob and lower earnings
- Foreign origin is important in both west and east/ but citizenship also important in east
- But how are hourly earnings calculated without hours worked in Income Ref P. ?
- Focus on foreign origin and citizenship but tested separately
- Comparison between EU 15 and EU 8 countries but Greece, Portugal, Ireland together with Sweden, UK and Germany

Motivation

- The majority of previous literature has focused on earnings and employment or self-employment separately
- Employment rates and hourly earnings do not account for secondary jobs, job security and under-employment
- Working simultaneously in many jobs (multiple employment) and/or the inability to find full-time work (under-employment) might impact immigrants more than natives and hinder their long-term integration and settlement
- Temporary and unstable employment (precarious contracts) might encourage non-taxed informal employment and leave immigrants and their families vulnerable to poverty.
- Bad job-matches in terms of skills (over-qualification) might impact immigrants more and hinder acquisition of skill-relevant work experience and further job advancement
- Provide direct comparison across countries

This paper estimates and compares the residual impact of foreign origin and citizenship on 8 indicators of employment, across 23 European countries

Employment participation

- Activity
- Unemployment
- Self-employment
- Wages

Employment quality

- Over-qualification
- Under-employment
- Multiple employment
- Precarious employment

- Individual level data from the EU SILC for 2005 and 2010 (cross)

- Immigrant status classified under 4 categories:
 - EU born – 2.18% of sample
 - Other born – 2.37% of sample
 - EU born but local citizen (naturalised) – 1.06% of sample
 - Other born but local citizen (naturalised) – 2.27% of sample

- Men and women analysed separately
 - Men 23 to 64 years old ~ 230,000 individuals
 - Women 23 to 60 years old ~ 228,000 individual

Definitions

■ **Active**

- those of working age (0) who are in paid work or unemployed (1) based on self-defined current economic activity

■ **Self-employed**

- those in paid work (0) who are self-employed (1) based on employment status and self-defined economic activity

■ **Unemployed**

- of those who are active (0) who have been actively looking for a job in the past 4 weeks and are available to start work in the next 2 weeks (1)

Definitions

■ Log Monthly Earnings

- Cash income for employees during the income reference period (year)
- Divided by reported months in full-time (months x 1) and part-time (months x0.5) work as employee
- Euros
- Reported earnings include bonuses, extra-time, allowances etc.
- No information on average hours/week during the income reference period

Definitions

■ Over-qualified for occupation

Matches the level of education of individuals in EU-SILC with the *Mode* education level among natives for each occupation by country and year

- Education level based on ISCED 6 categories
- Occupation using ISCO-08 two-digit codes
- Natives' mode based on EU LFS individual level dataset (Q4-2004 and Q4-2009)
- Among current employees (0) those who have a higher qualification than the mode among natives for that occupation, country and year (1)

Definitions

■ Under-employed

- Working less than 30 hours (In all jobs) although would like to work more because of inability to find work for more hours
- Variable intended to capture the concept of underemployment (working fewer hours than the person would prefer because they cannot find a job working more hours)
- of those who are currently employees (0) those who reported working under 30 hours/week because they cannot find a job for more hours (1)

Definitions

■ In multiple employment

- of those who are currently employees (0) who reported working more than 1 hour the previous week on a job other than their main one (1)

■ In precarious employment

- of those who are currently employees (0) who have a temporary job contract of limited duration and those who have no contract (1)

Models

- Individual level Logit models for binary outcomes and OLS for log earnings as in equations (1) and (2), separately for men and women

Equation (1) *no interactions*

$$\text{Outcome}_{it} = \alpha + \beta_i \text{Immigrant dummies}_i + \kappa_i \text{Controls}_i + \chi_i \text{Country dummies}_i + \varepsilon_i$$

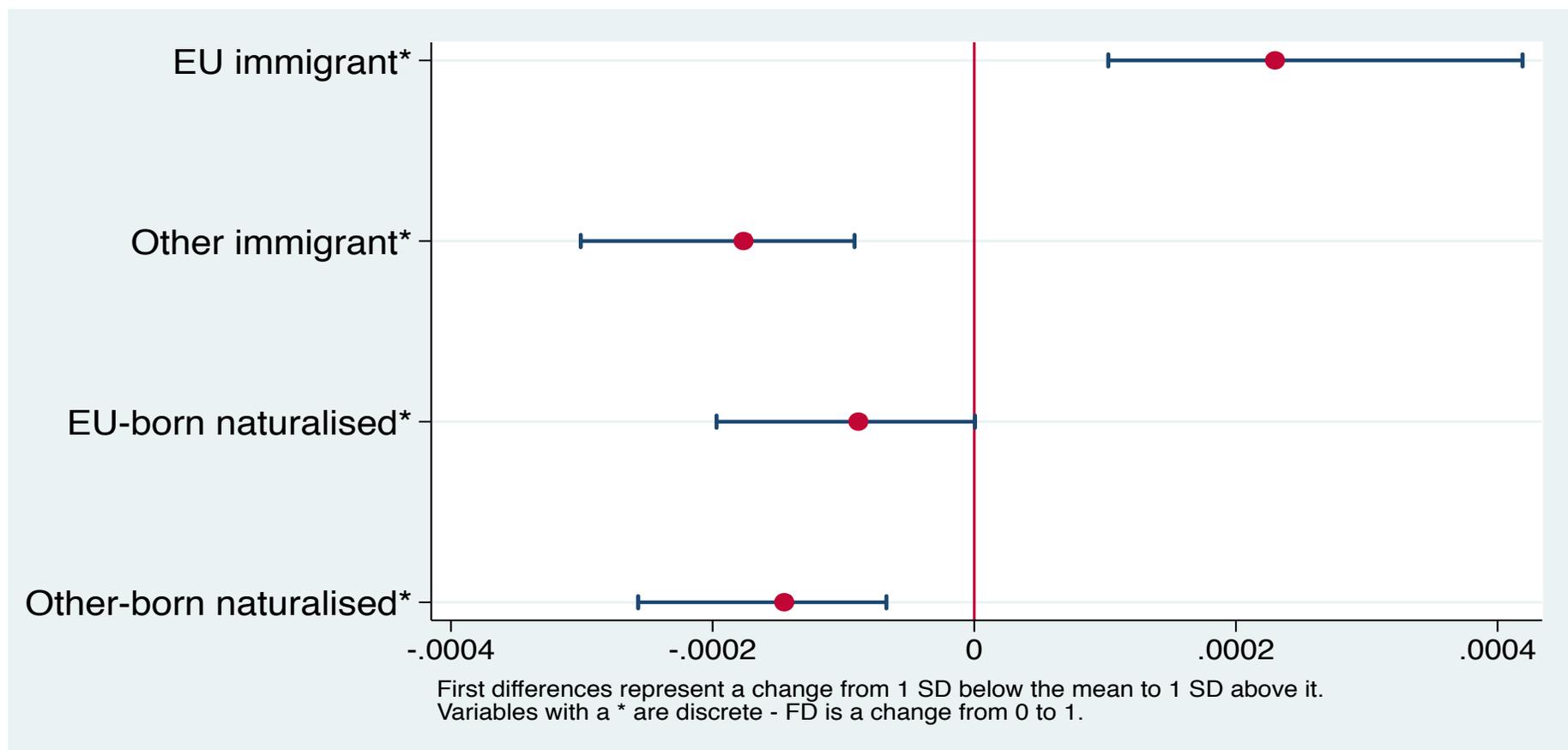
Equation (2) *with immigrant-country interactions*

$$\text{Outcome}_{it} = \alpha + \beta_i \text{Immigrant dummies}_i + \kappa_i \text{Controls}_i + \chi_i \text{Country dummies}_i + \zeta_i \text{Immigrant*Country Interactions} + \varepsilon_i$$

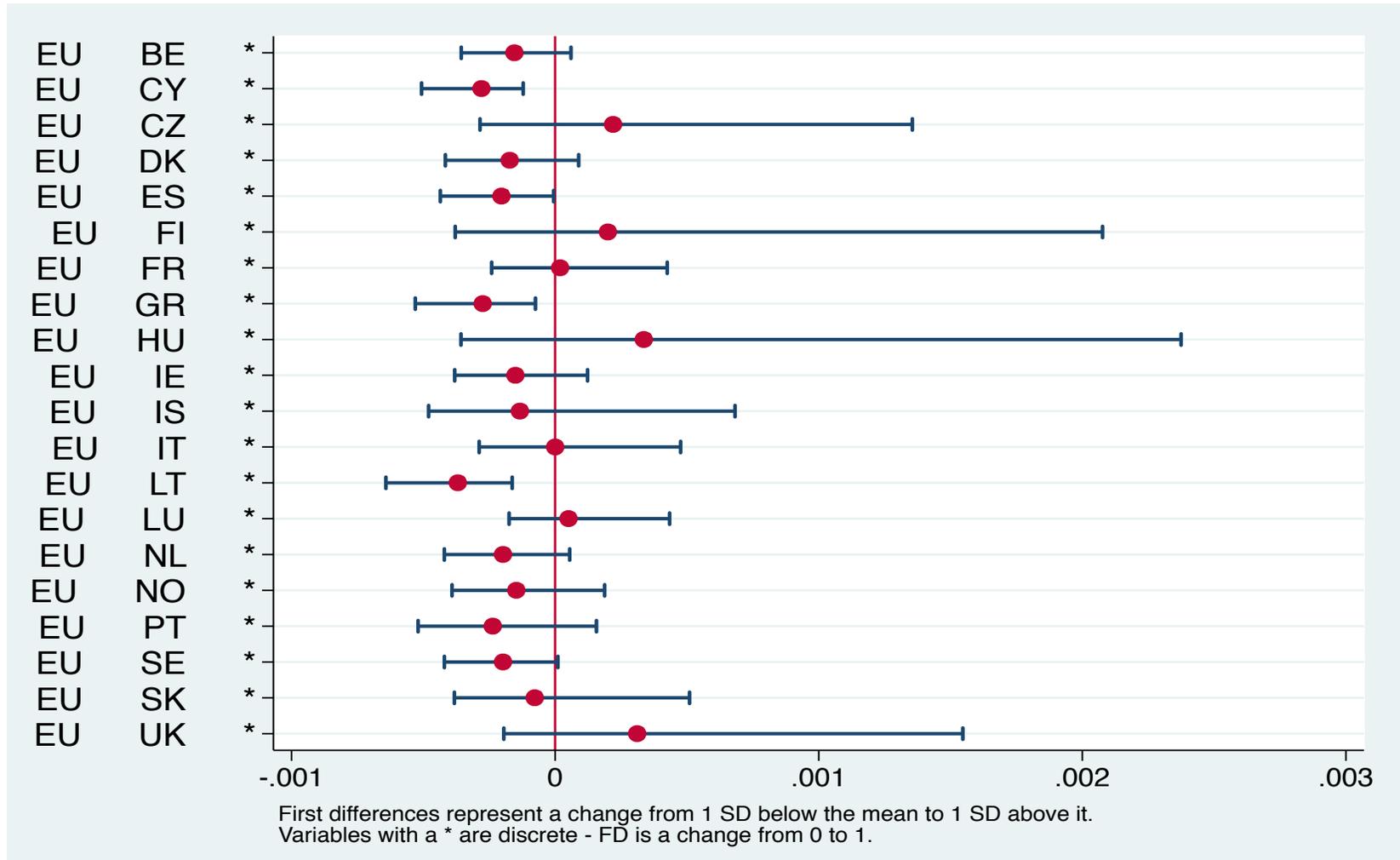
■ Controls

Age, age squared, ISCED level of education, marital status, household with children, wave, GDP, growth

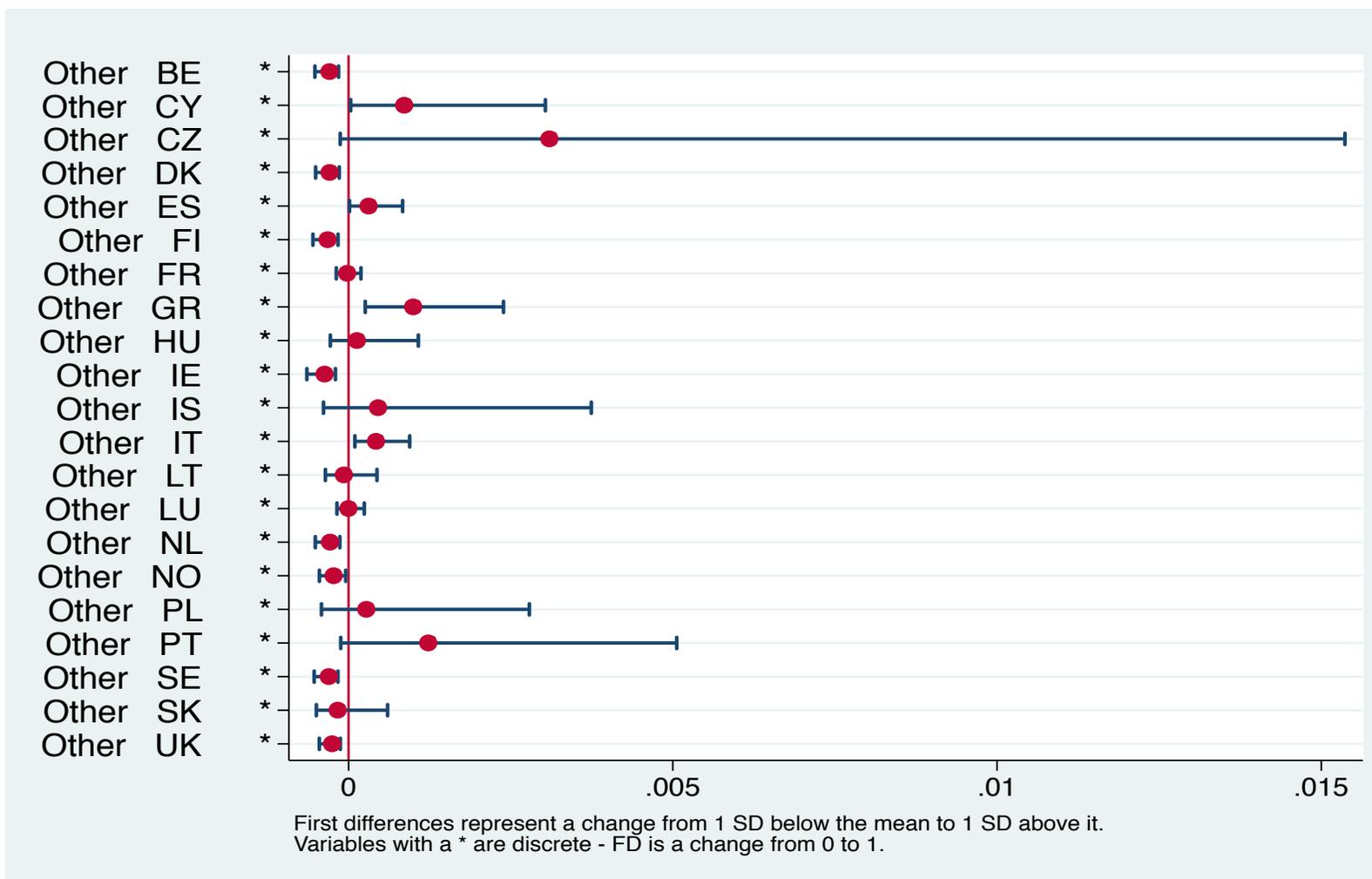
Estimated impact of immigrant status on the likelihood of being economically **ACTIVE** as in equation (1) *no interactions, men*



Estimated impact of EU-born status on the likelihood of being economically ACTIVE as in equation (2) with interactions, men

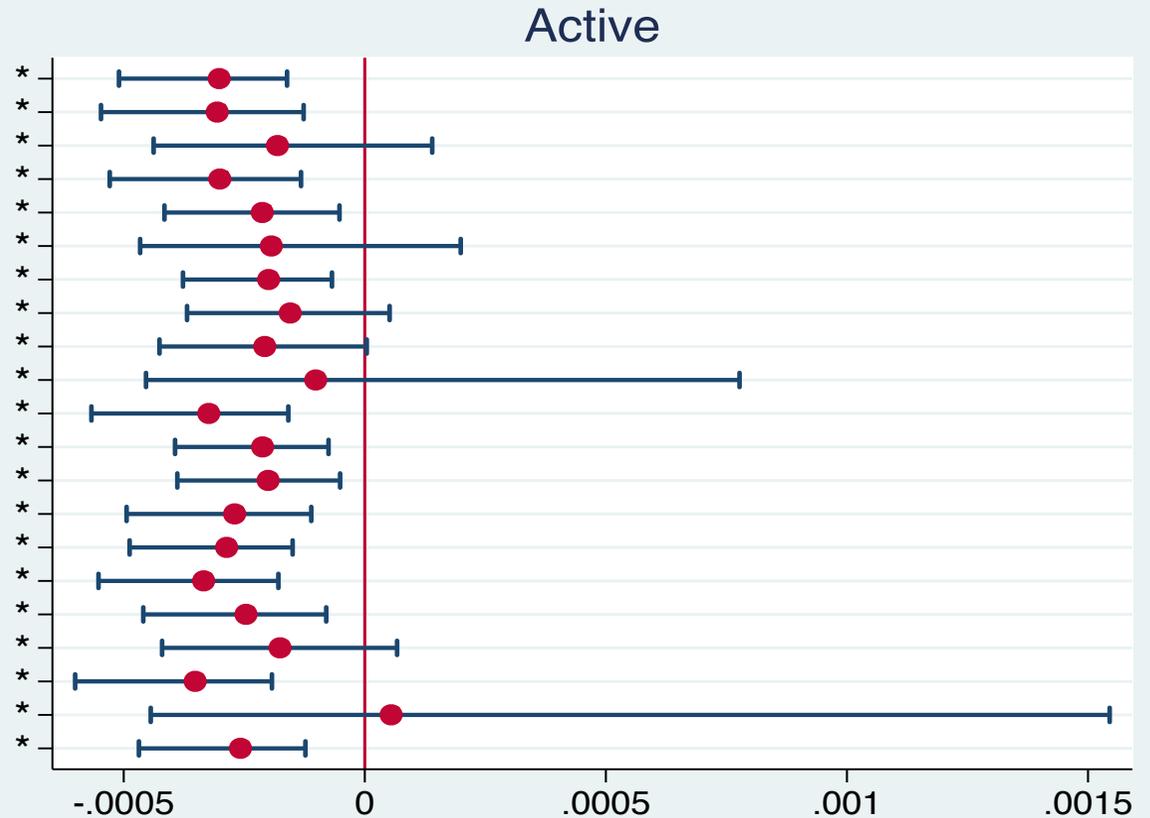


Estimated impact of **Other-born** status on the likelihood of being economically **ACTIVE** as in equation (2) *with interactions, men*



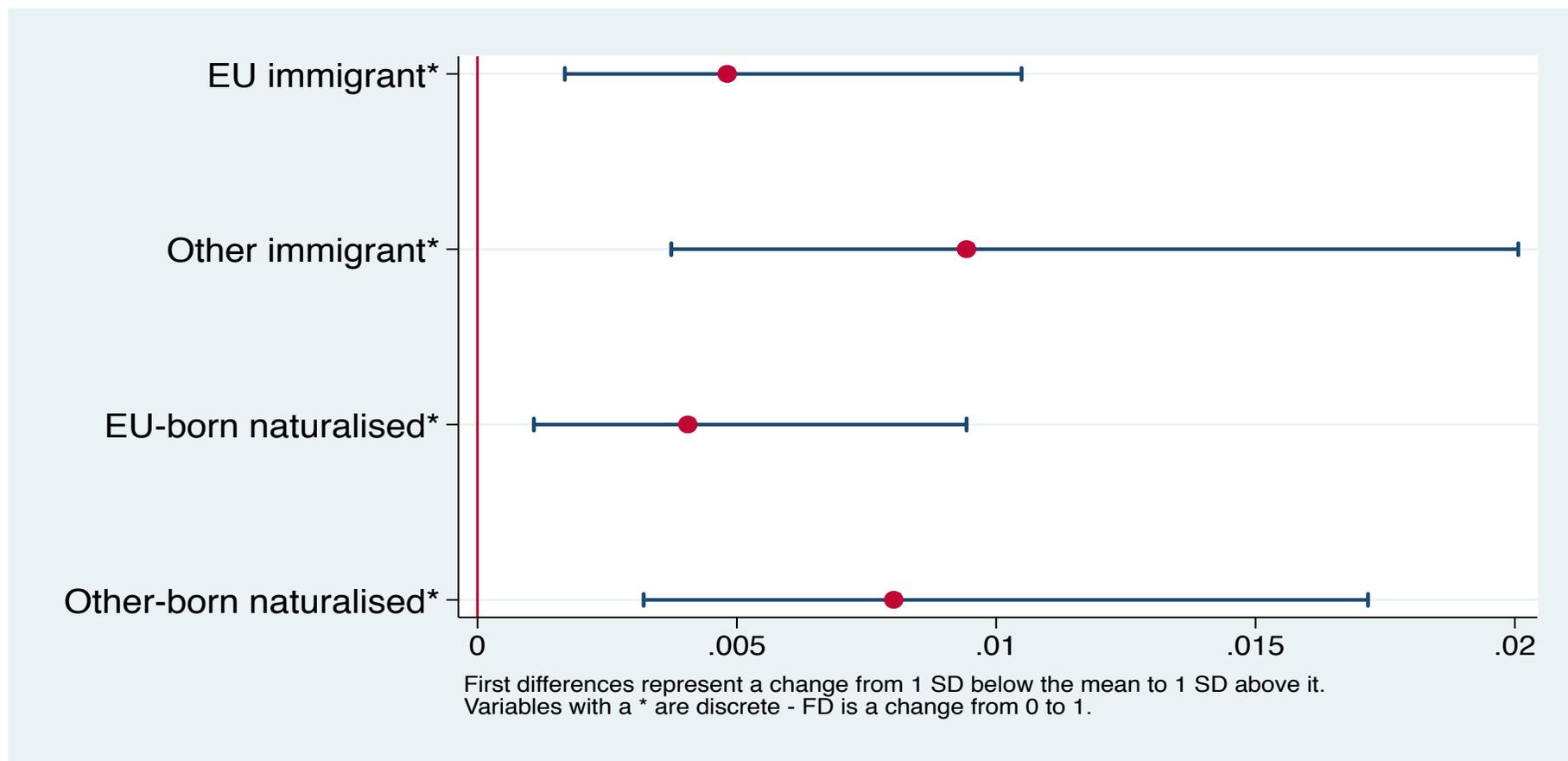
Estimated impact of **Other-born naturalised** status on the likelihood of being economically **ACTIVE** as in equation (2) *with interactions, men*

Other naturalised BE
 Other naturalised CY
 Other naturalised CZ
 Other naturalised DK
 Other naturalised ES
 Other naturalised FI
 Other naturalised FR
 Other naturalised GR
 Other naturalised HU
 Other naturalised IE
 Other naturalised IS
 Other naturalised IT
 Other naturalised LT
 Other naturalised LU
 Other naturalised NL
 Other naturalised NO
 Other naturalised PL
 Other naturalised PT
 Other naturalised SE
 Other naturalised SK
 Other naturalised UK



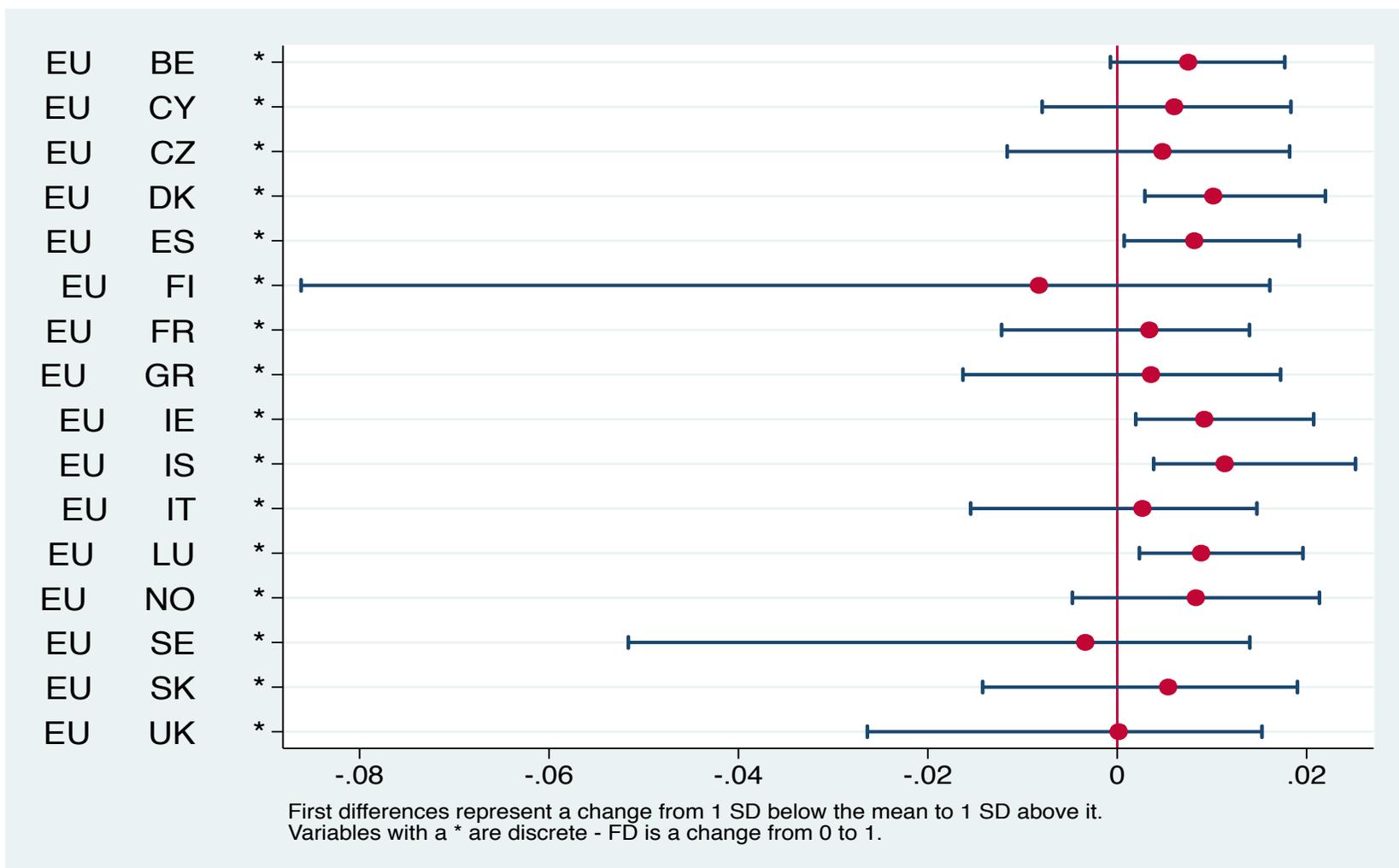
First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

Estimated impact of immigrant status on the likelihood of being **UNEMPLOYED** as in equation (1) *no interactions, men*

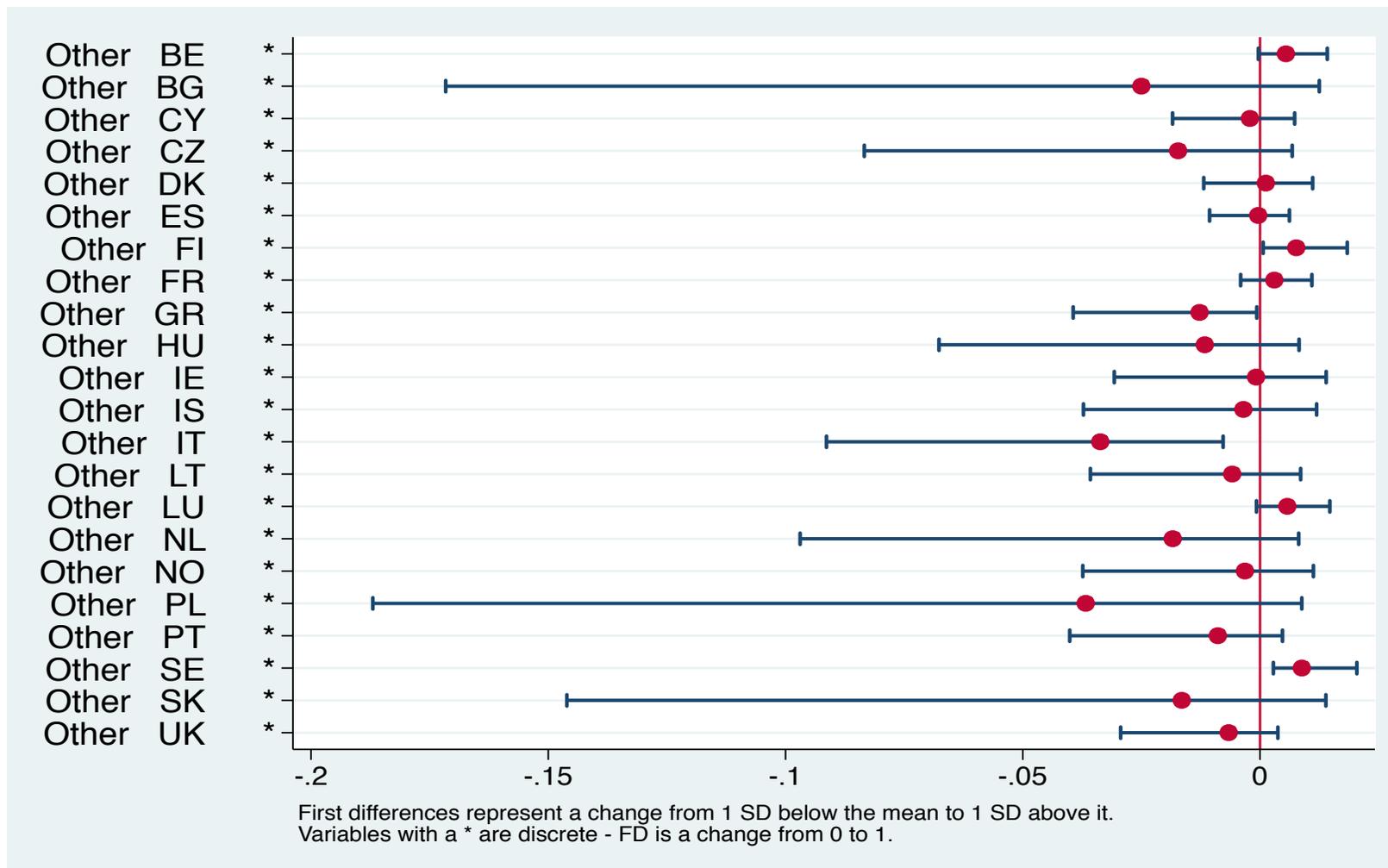


Estimated impact of EU-born status on the likelihood of being UNEMPLOYED

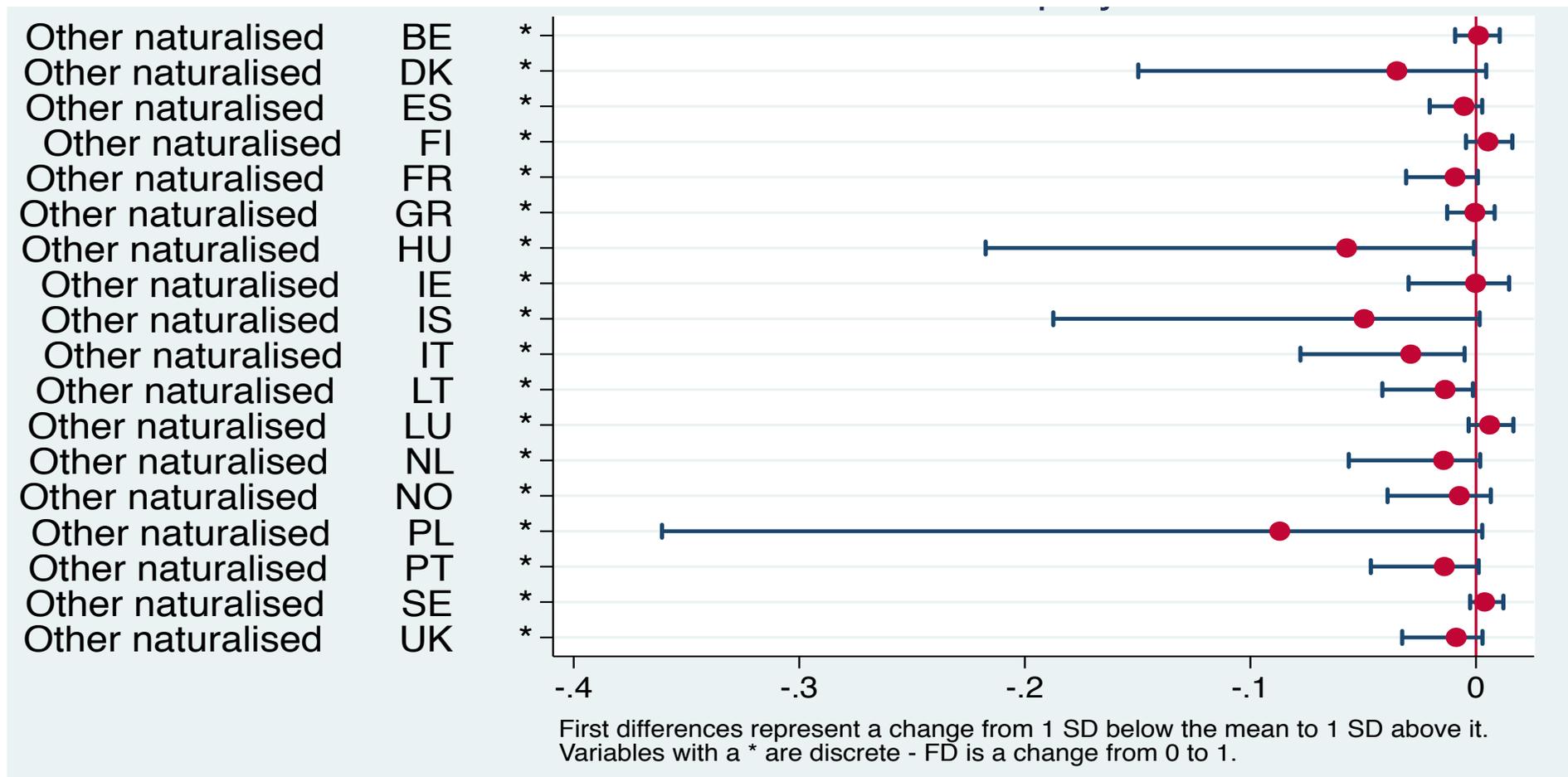
as in equation (2) with interactions, men



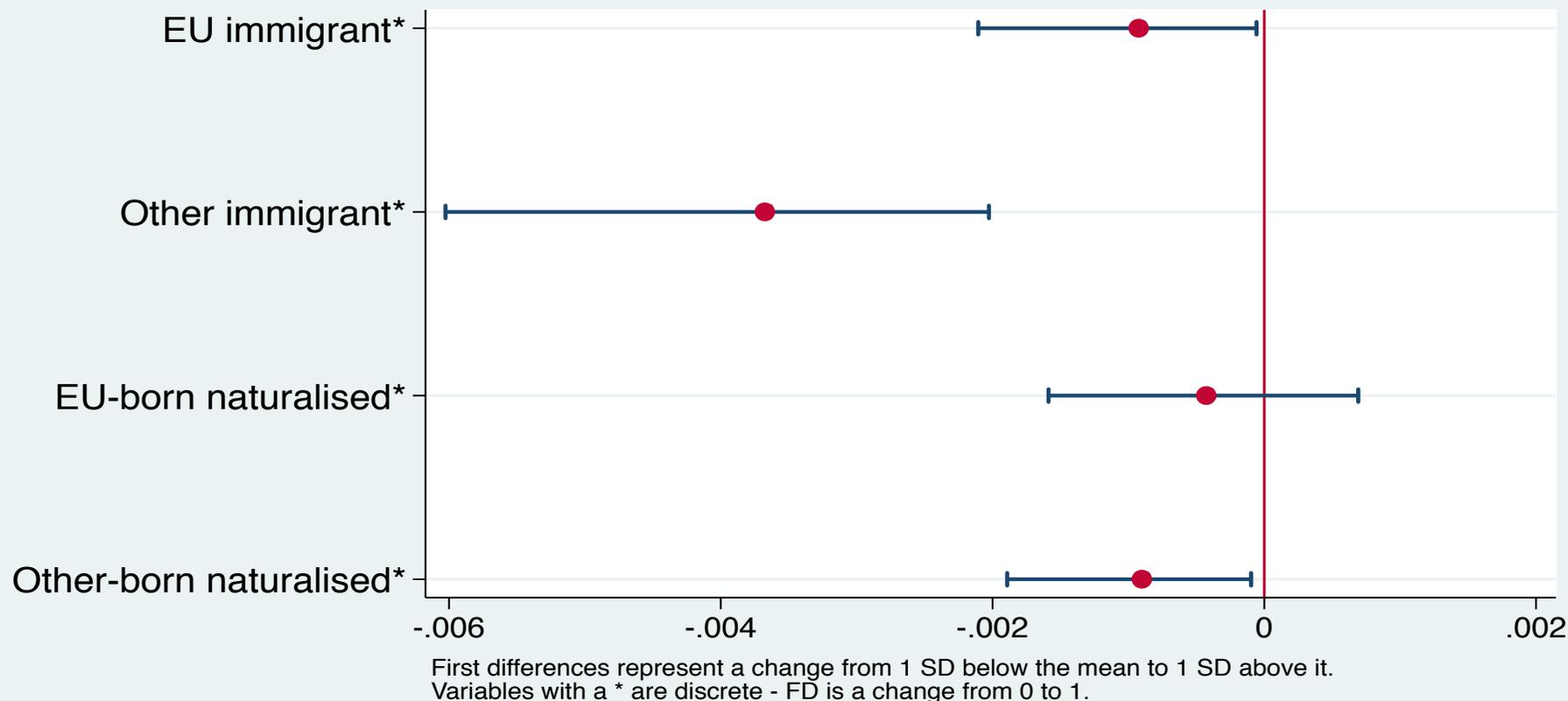
Estimated impact of **Other-born** status on the likelihood of being **UNEMPLOYED** as in equation (2) *with interactions, men*



Estimated impact of **Other-born naturalised** status on the likelihood of being **UNEMPLOYED** as in equation (2) *with interactions, men*

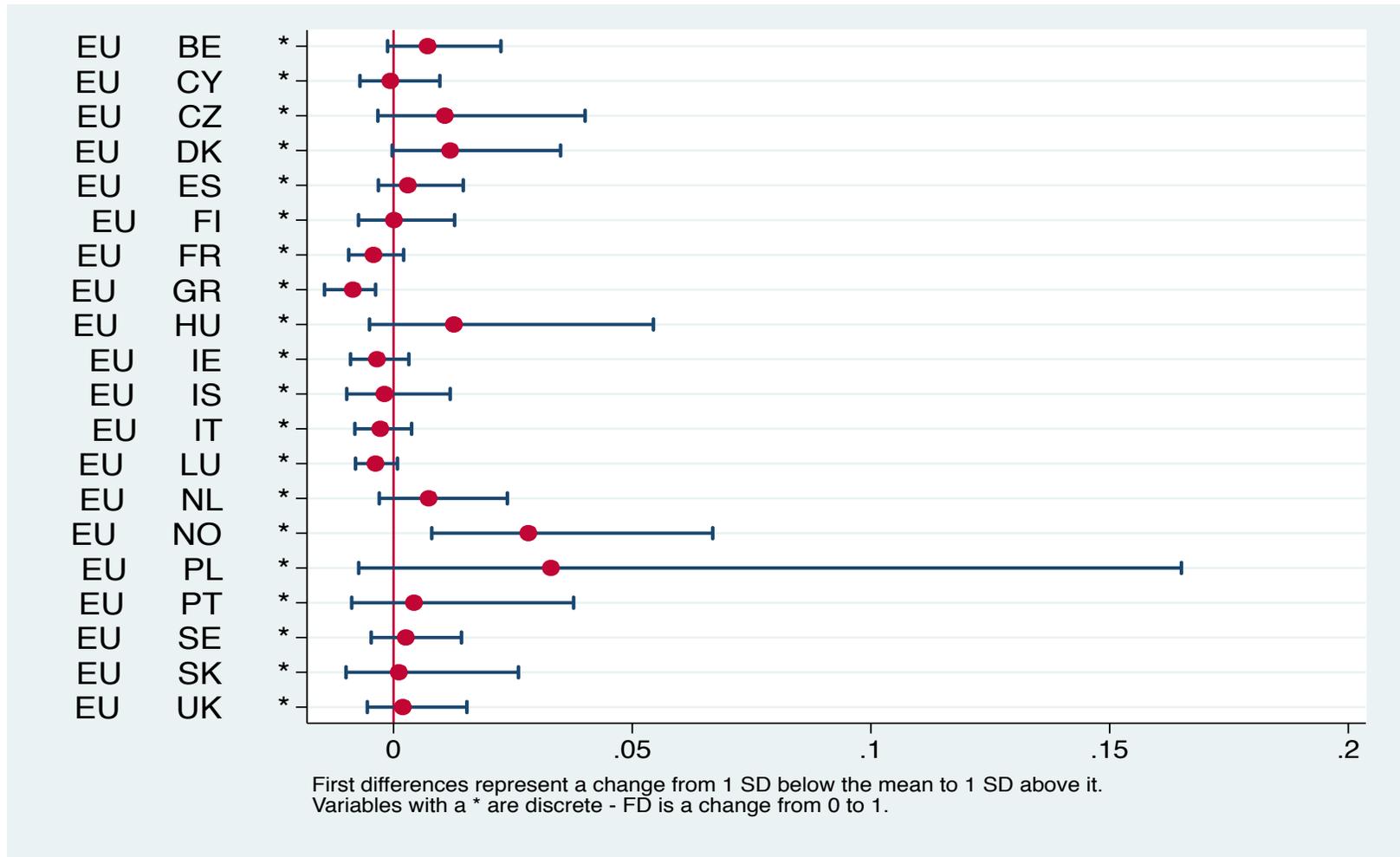


Estimated impact of immigrant status on the likelihood of being **SELF-EMPLOYED** as in equation (1) *no interactions, men*

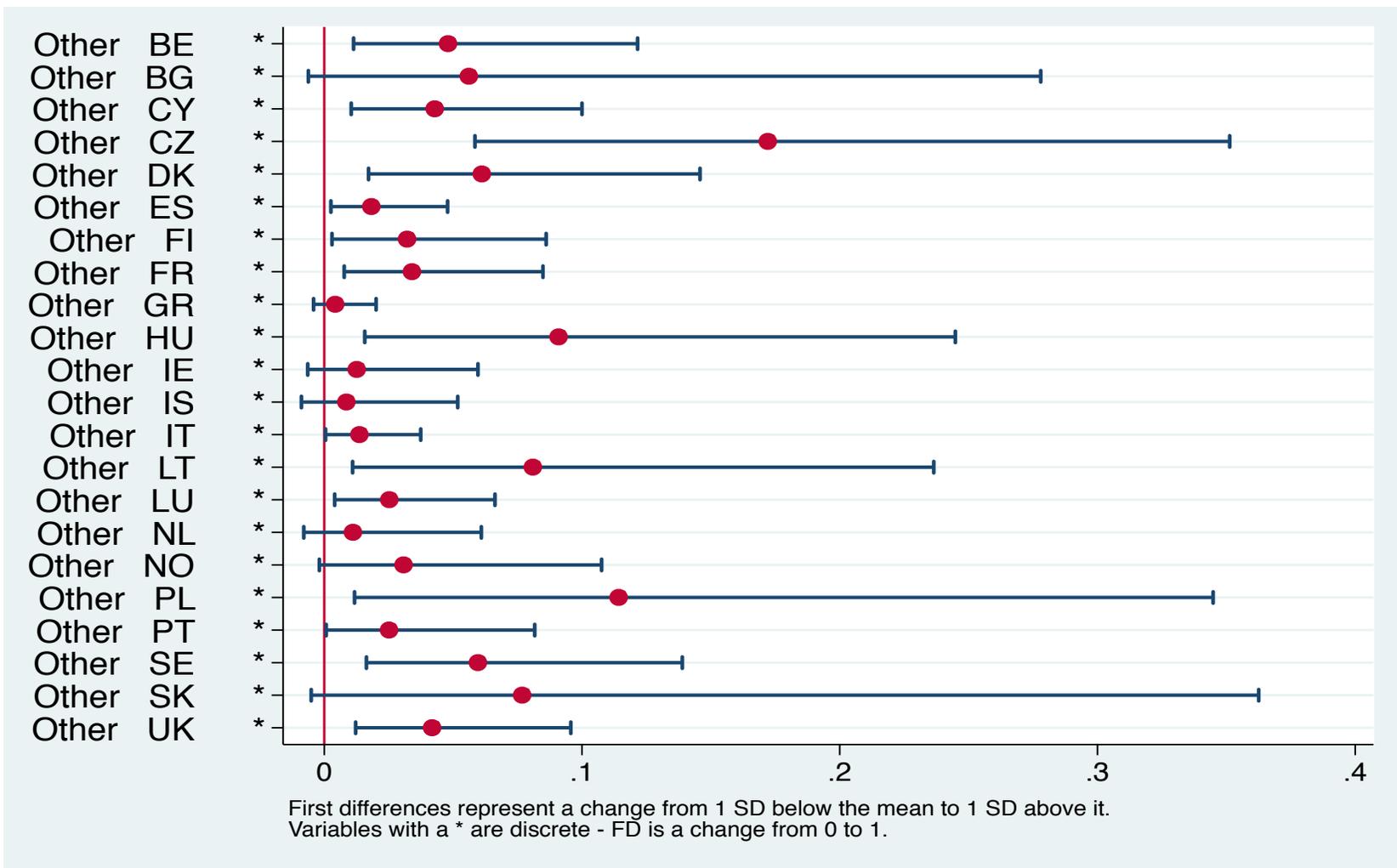


Estimated impact of EU-born status on the likelihood of being SELF-EMPLOYED

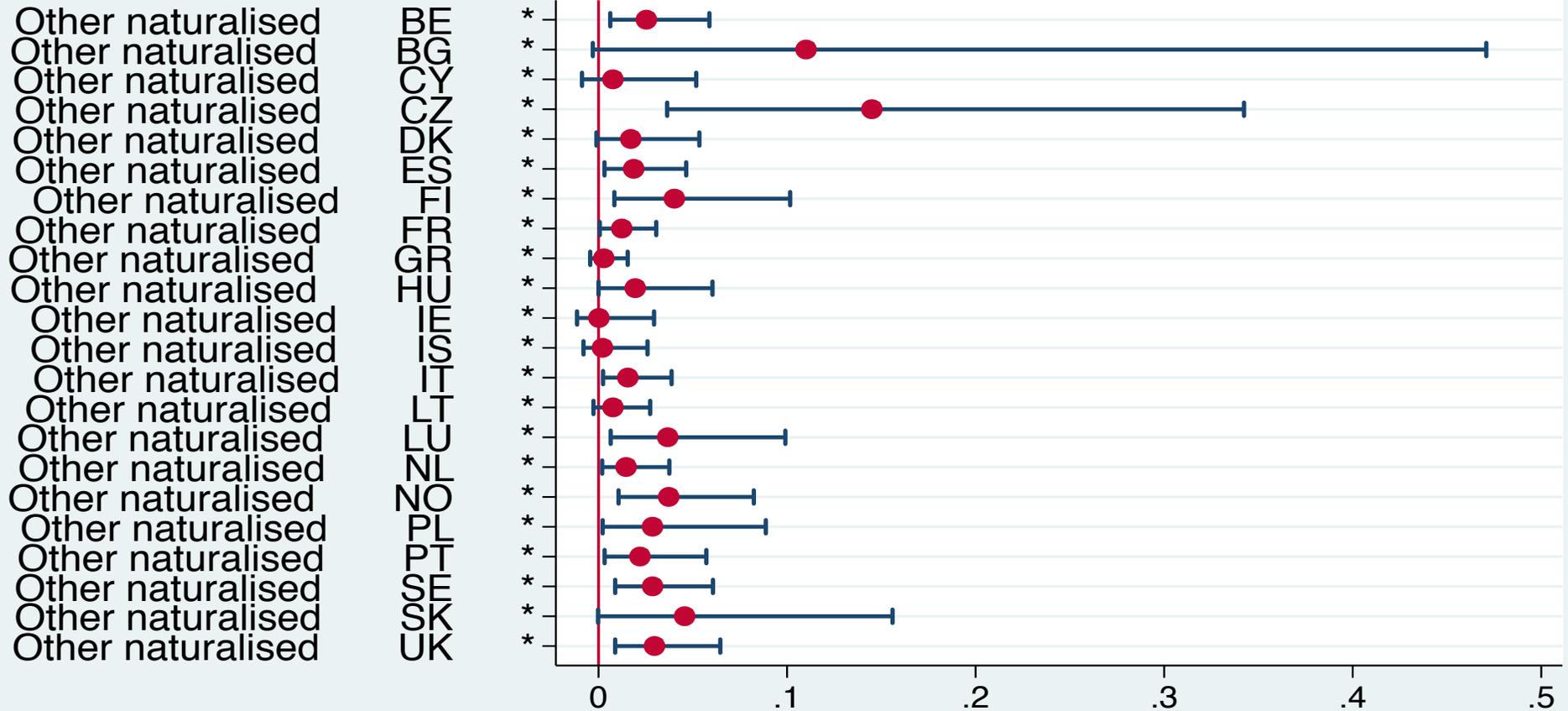
as in equation (2) with interactions, men



Estimated impact of **Other-born** status on the likelihood of being **SELF-EMPLOYED** as in equation (2) *with interactions, men*

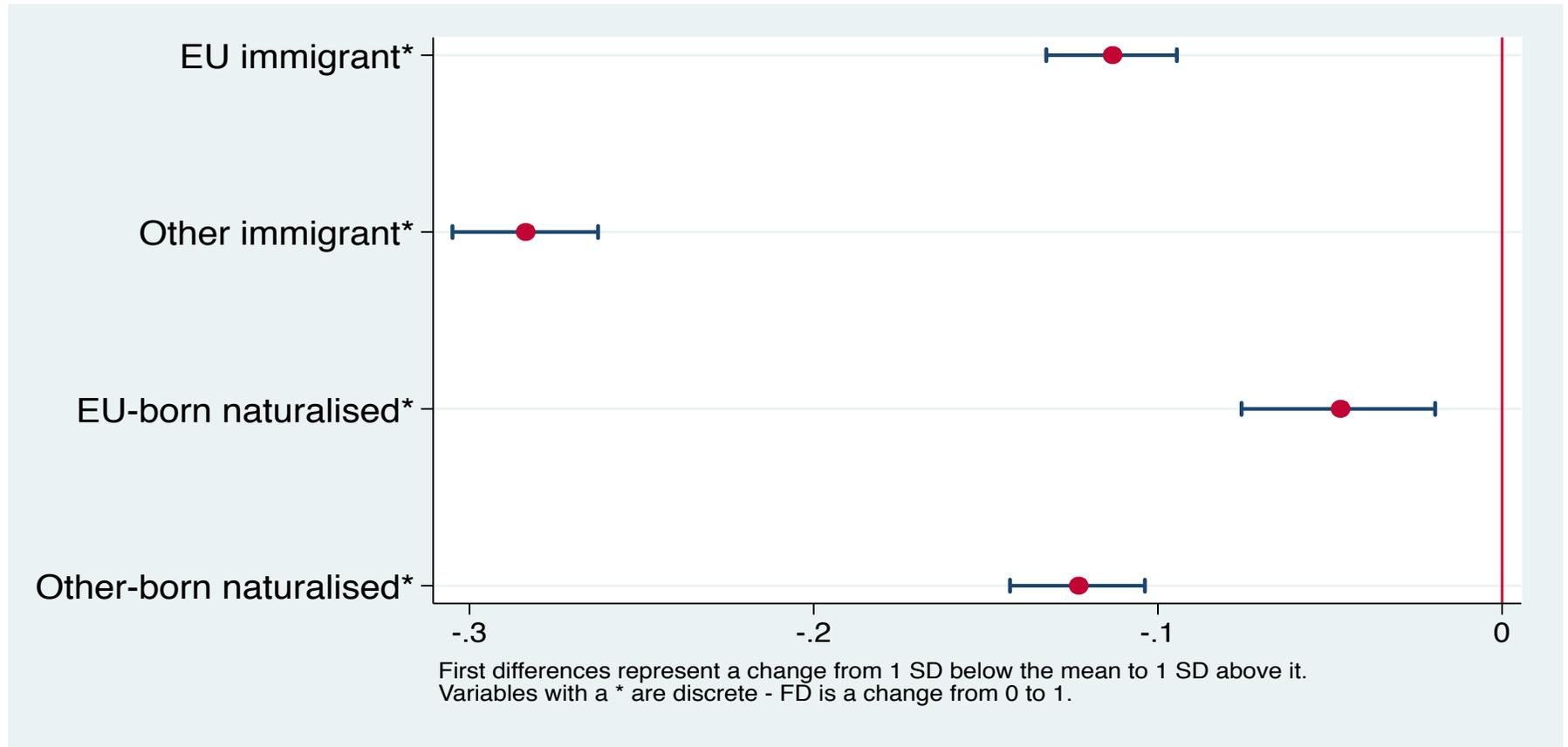


Estimated impact of **Other-born naturalised** status on the likelihood of being **SELF-EMPLOYED** as in equation (2) *with interactions, men*



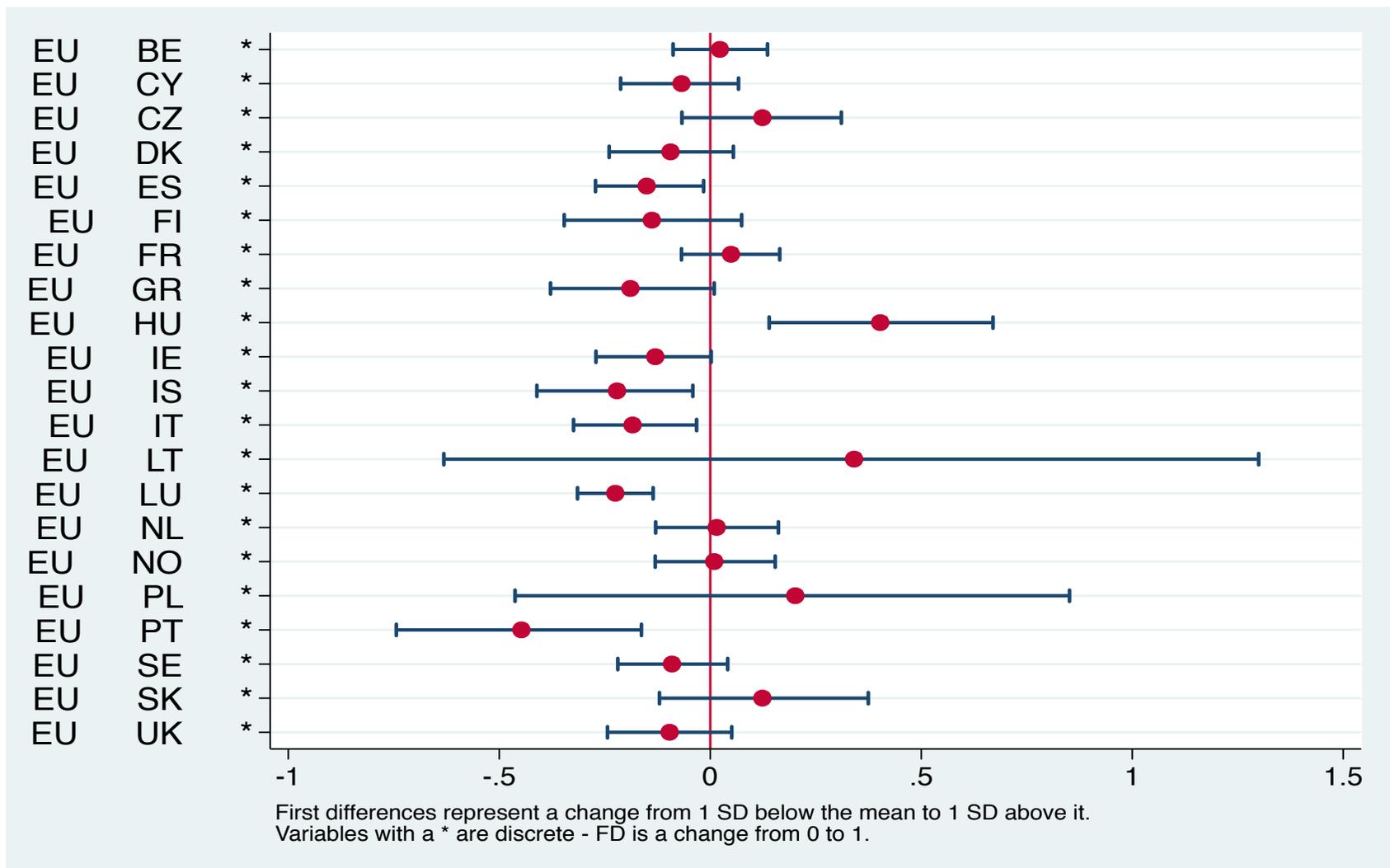
First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

Estimated impact of immigrant status on **EARNINGS** as in equation (1) *no interactions, men*

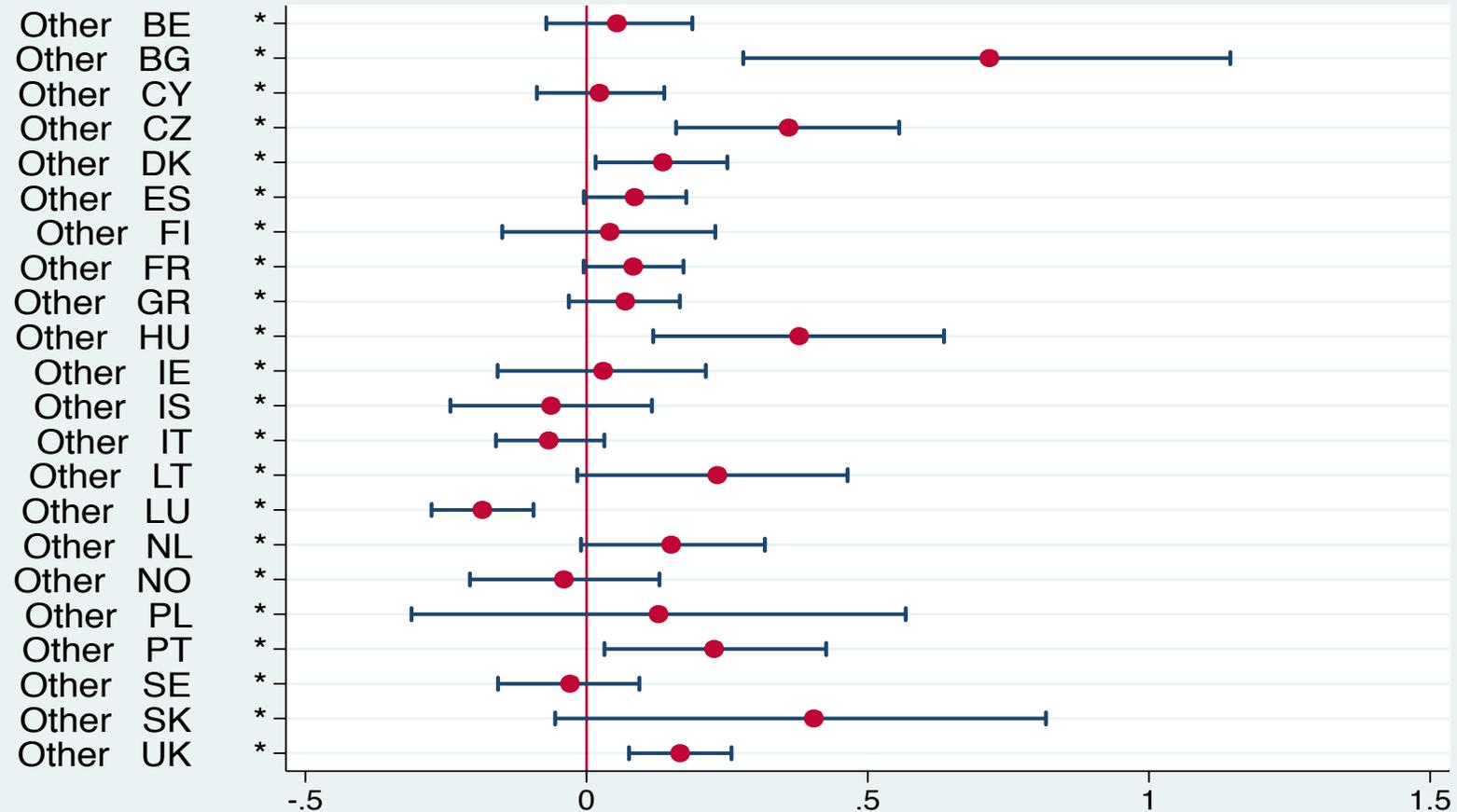


Estimated impact of EU-born status on EARNINGS

as in equation (2) with interactions, men



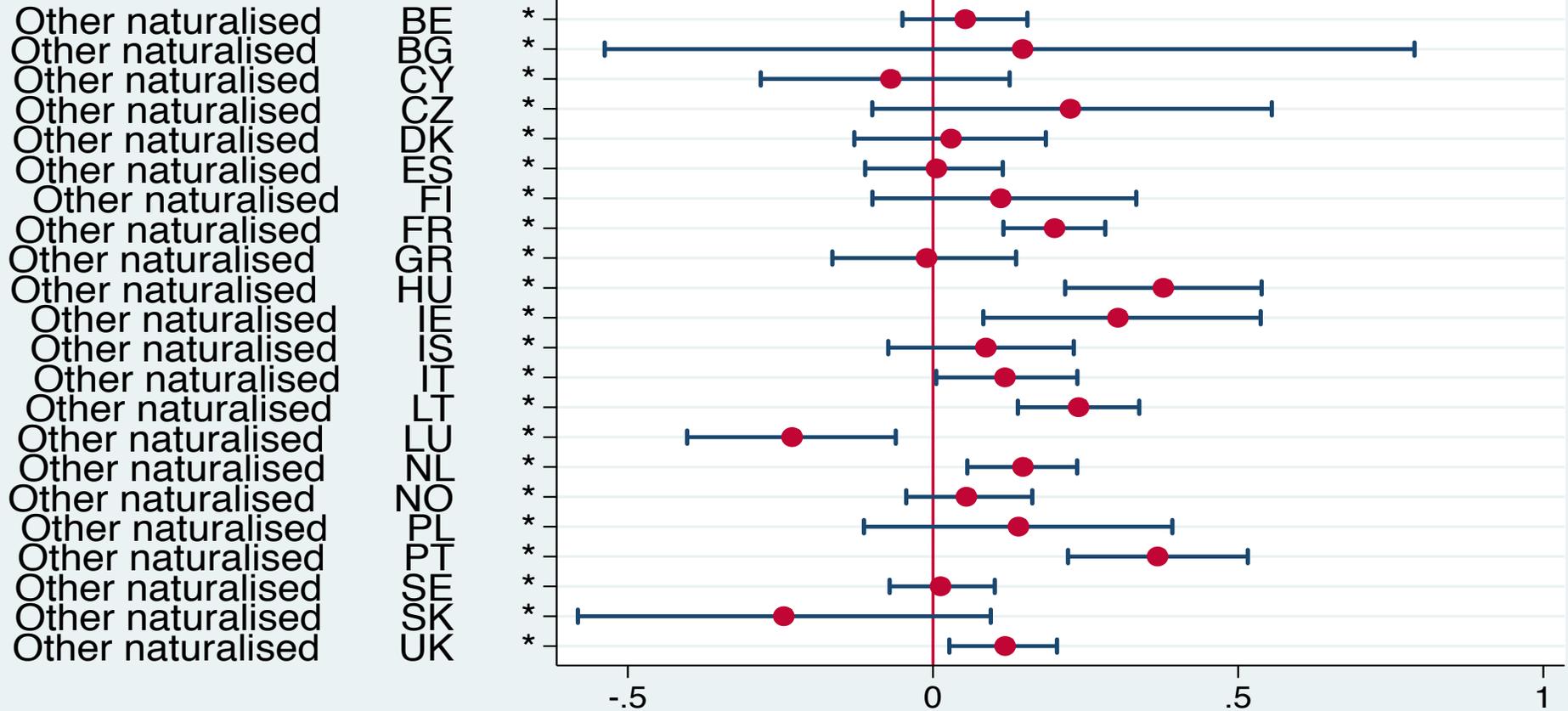
Estimated impact of **Other-born** status on **EARNINGS** as in equation (2) *with interactions, men*



First differences represent a change from 1 SD below the mean to 1 SD above it.
Variables with a * are discrete - FD is a change from 0 to 1.

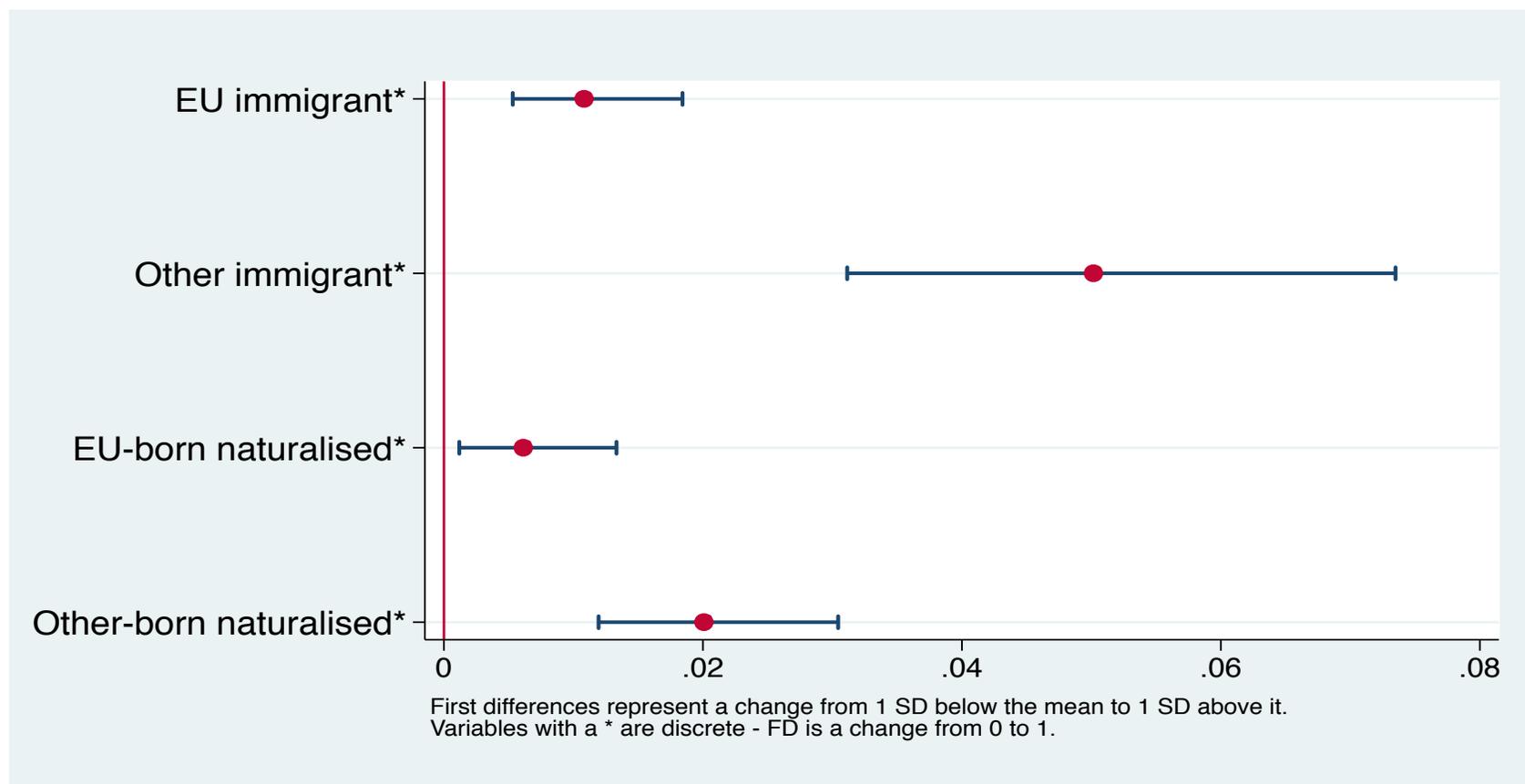
Estimated impact of **Other-born naturalised** status on **EARNINGS**

as in equation (2) *with interactions, men*

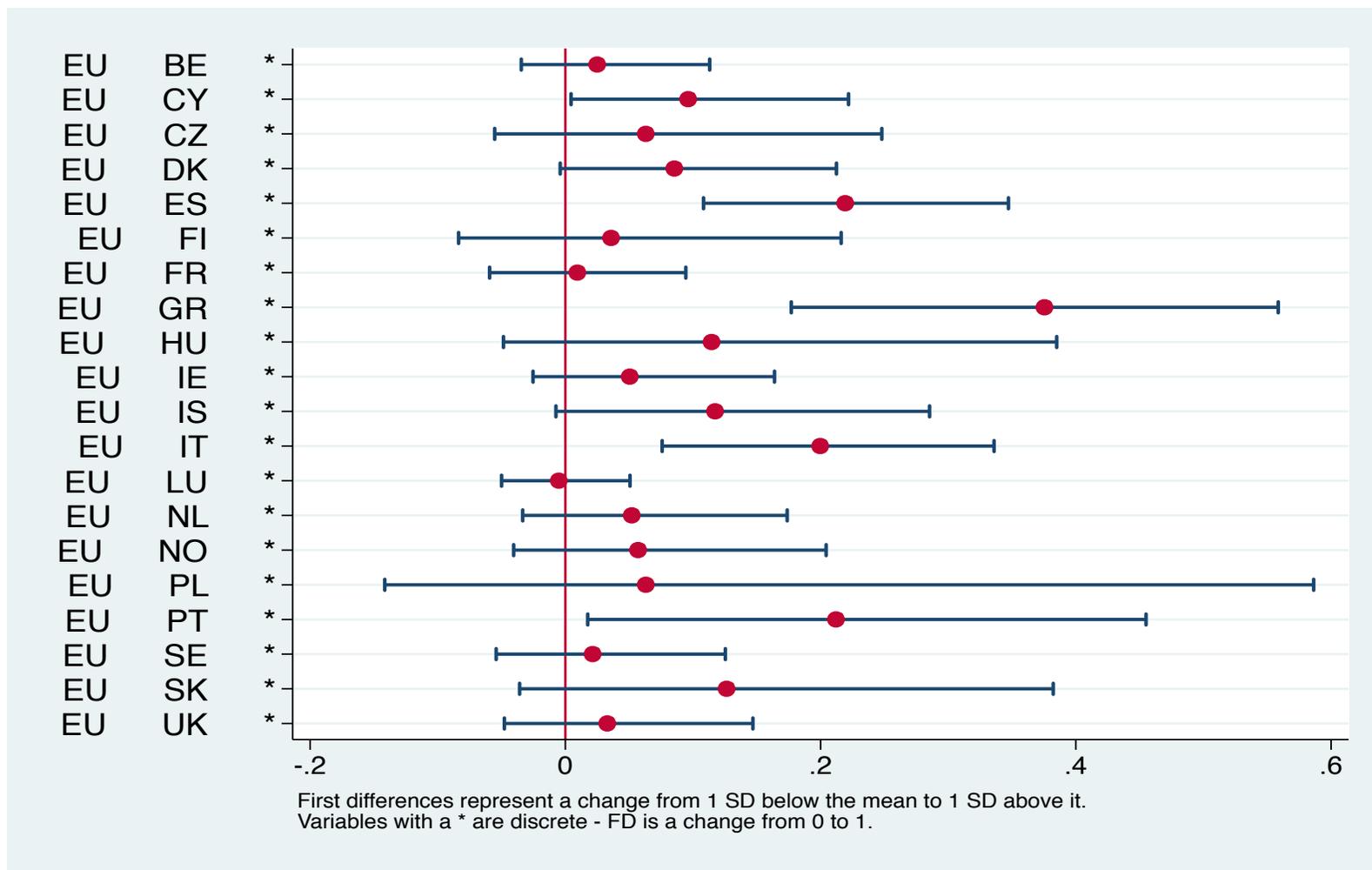


First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

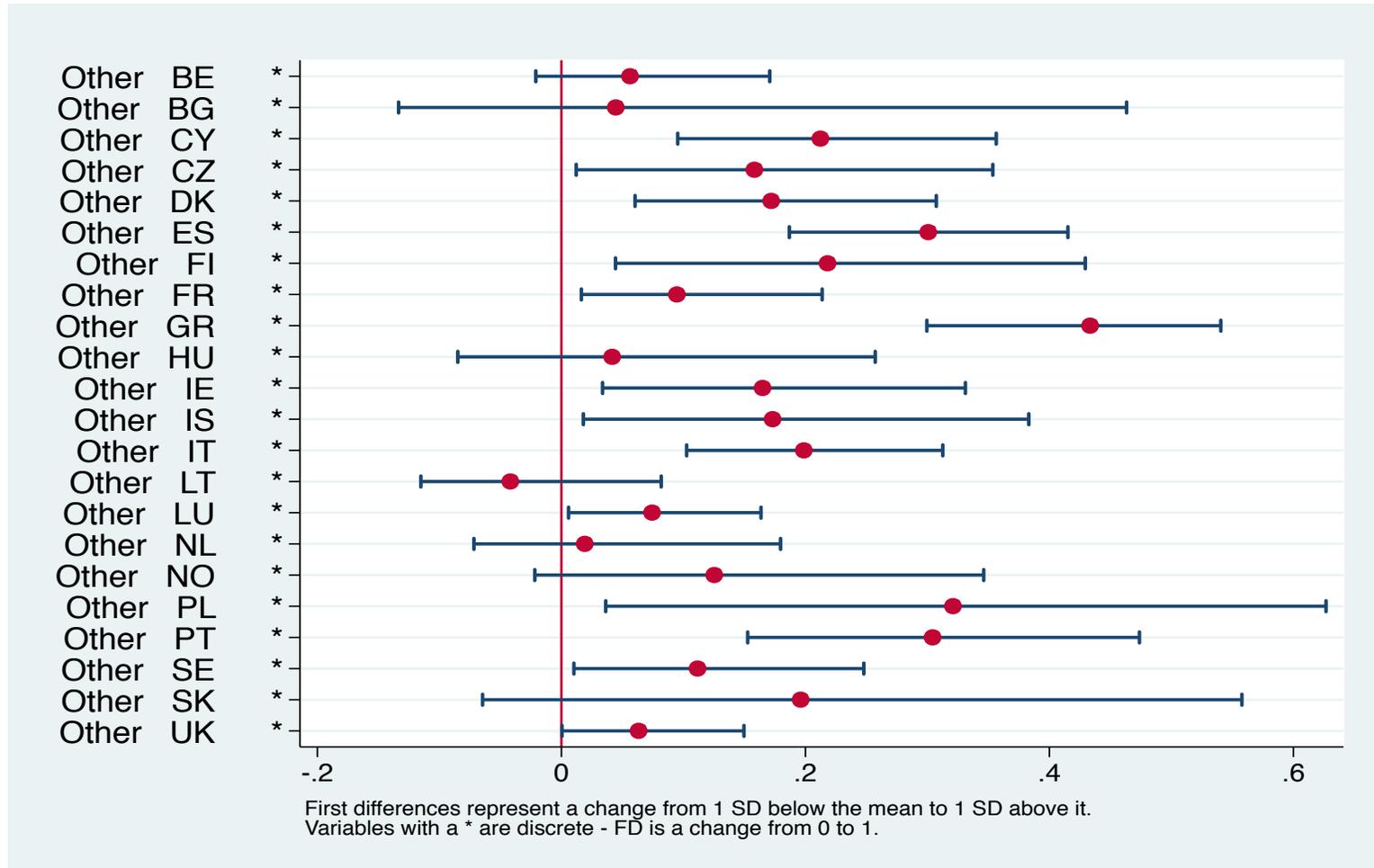
Estimated impact of immigrant status on the likelihood of being **OVER-QUALIFIED** as in equation (1) *no interactions, men*



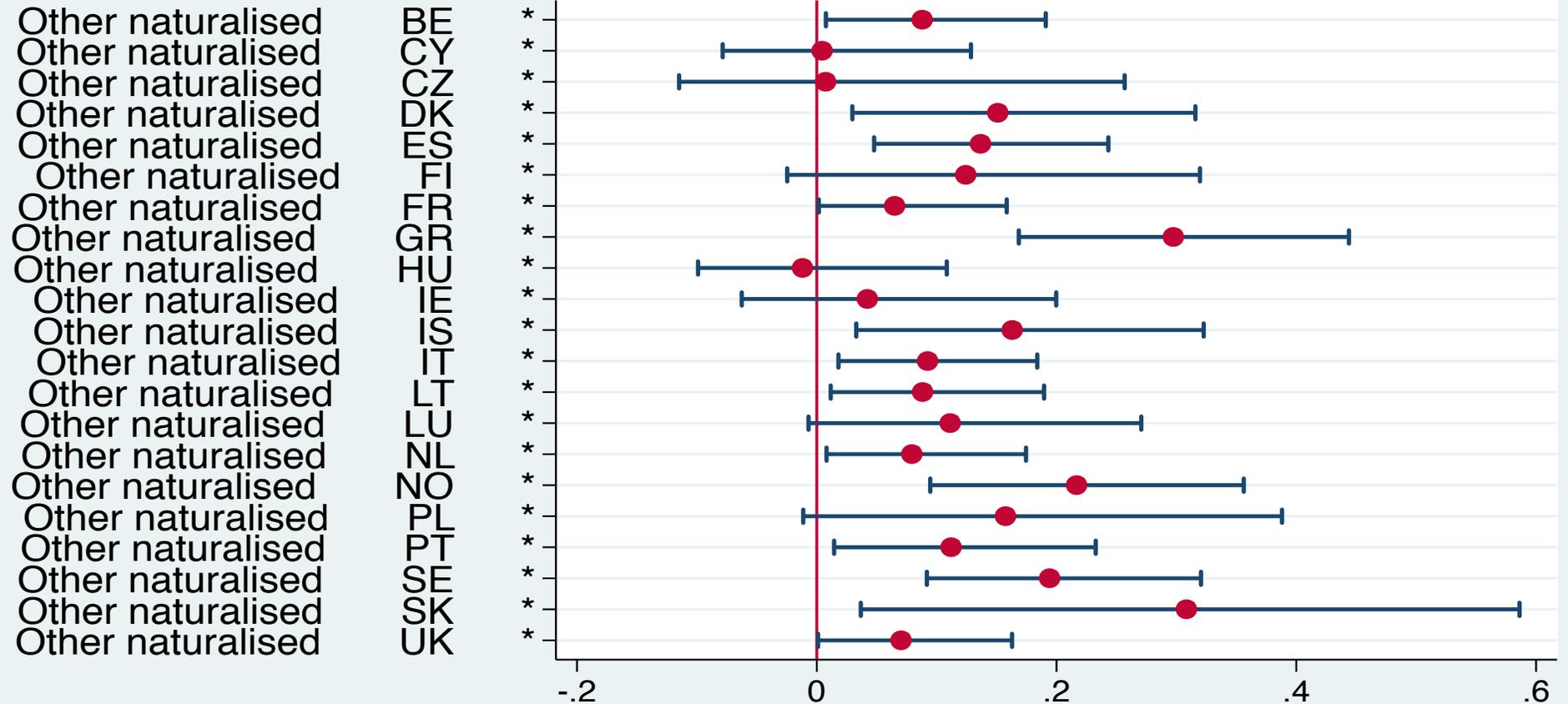
Estimated impact of EU-born status on the likelihood of being OVER-QUALIFIED as in equation (2) with interactions, men



Estimated impact of **Other-born** status on the likelihood of being **OVER-QUALIFIED** as in equation (2) *with interactions, men*

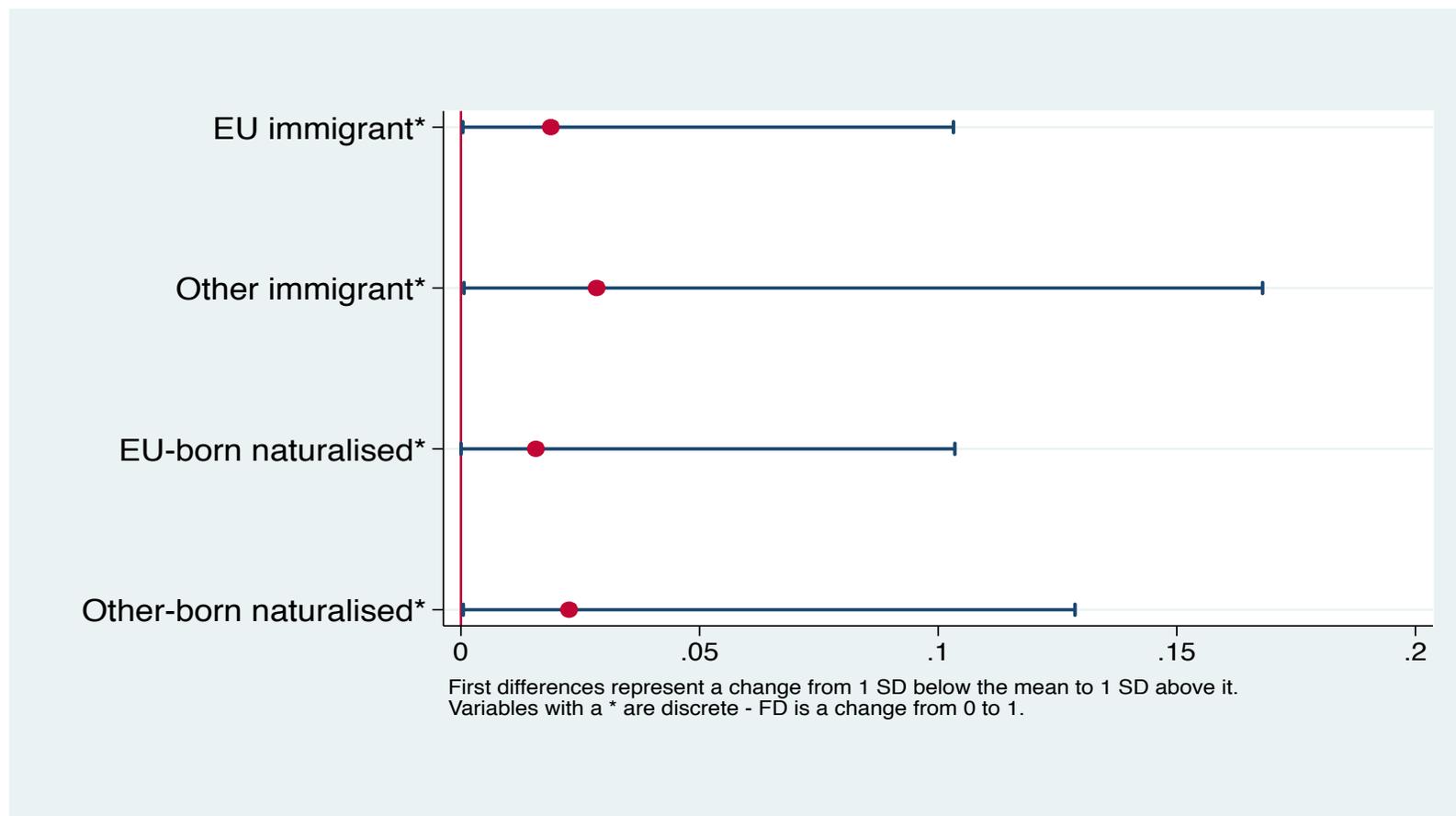


Estimated impact of **Other-born naturalised** status on the likelihood of being **OVER-QUALIFIED** as in equation (2) *with interactions, men*

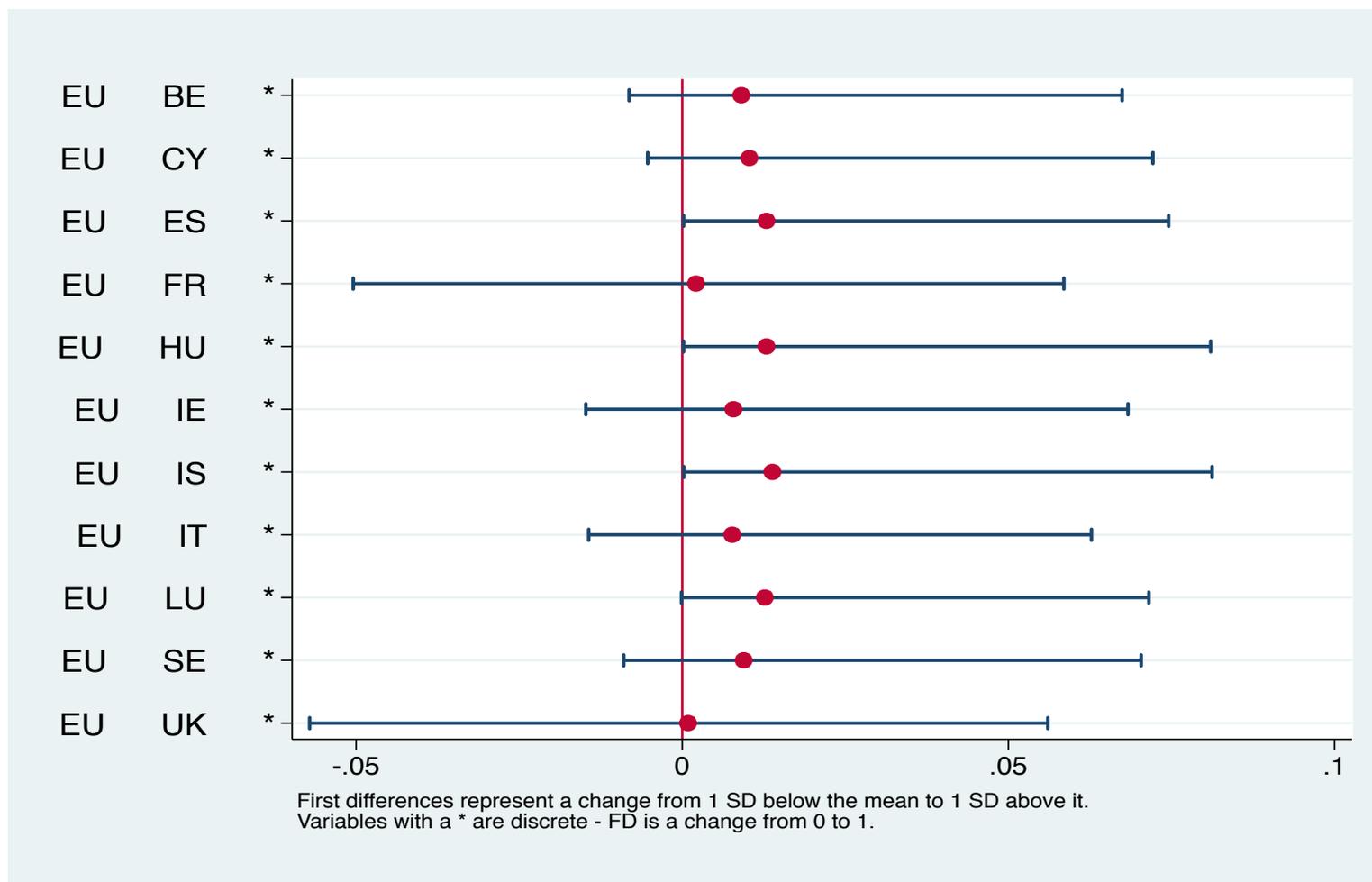


First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

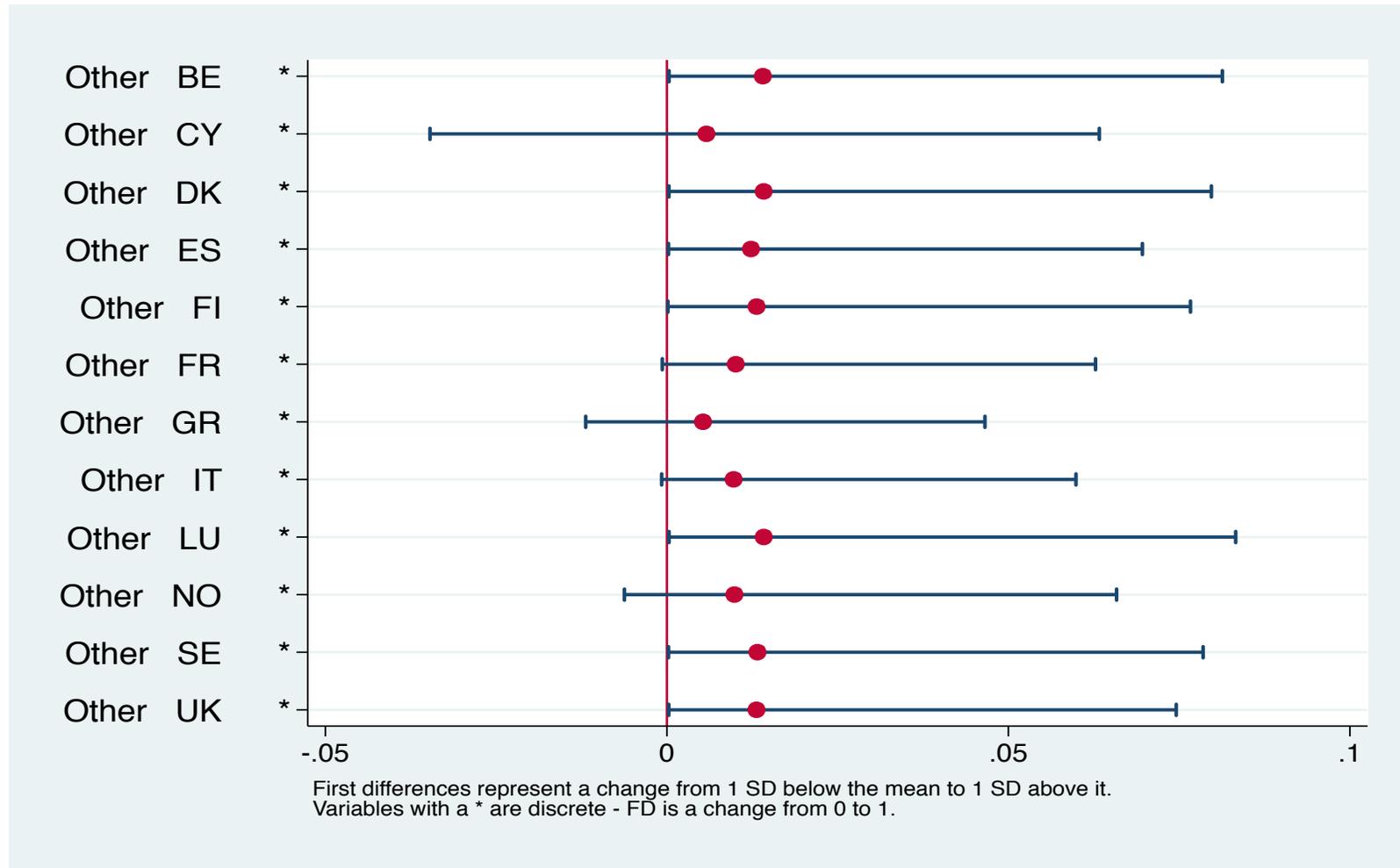
Estimated impact of immigrant status on the likelihood of being **UNDER-EMPLOYED** as in equation (1) *no interactions, men*



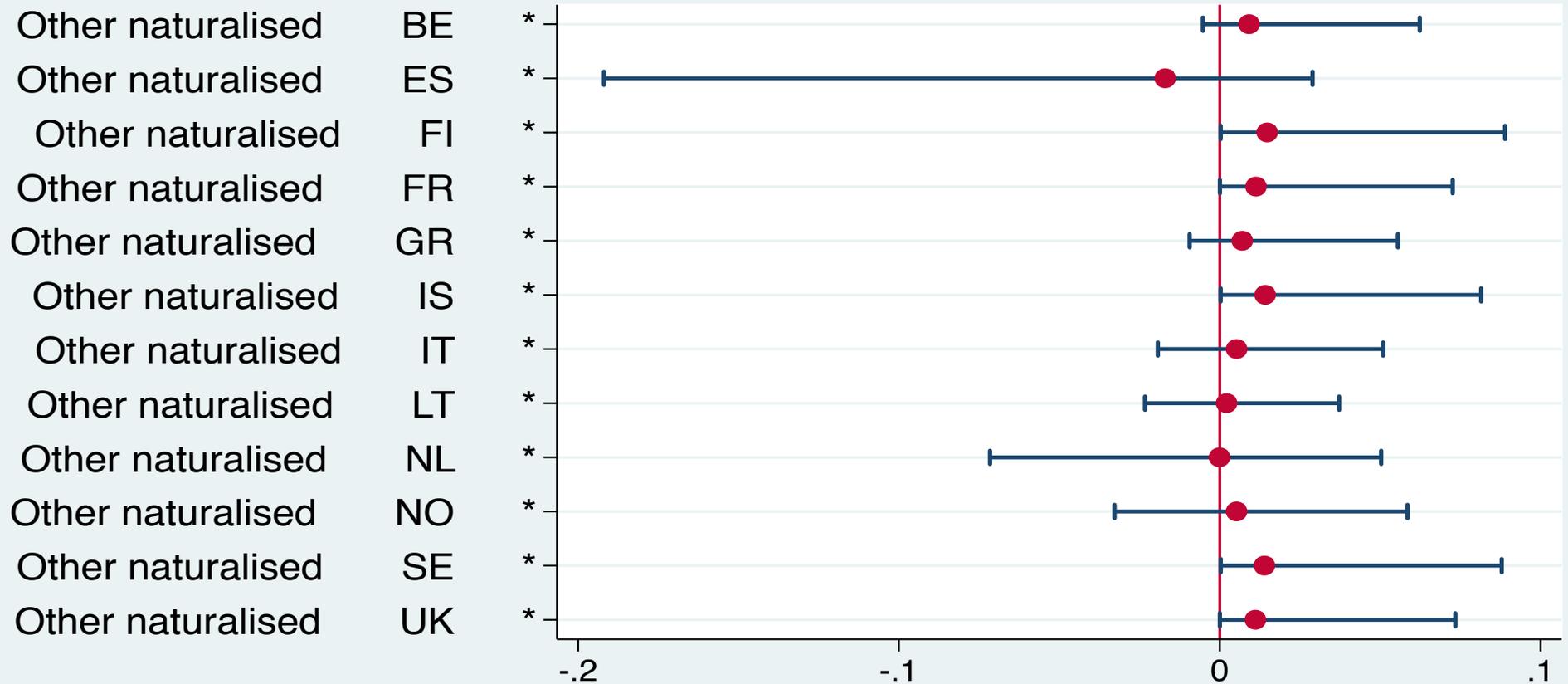
Estimated impact of **EU-born** status on the likelihood of being **UNDER-EMPLOYED** as in equation (2) *with interactions, men*



Estimated impact of **Other-born** status on the likelihood of being **UNDER-EMPLOYED** as in equation (2) *with interactions, men*

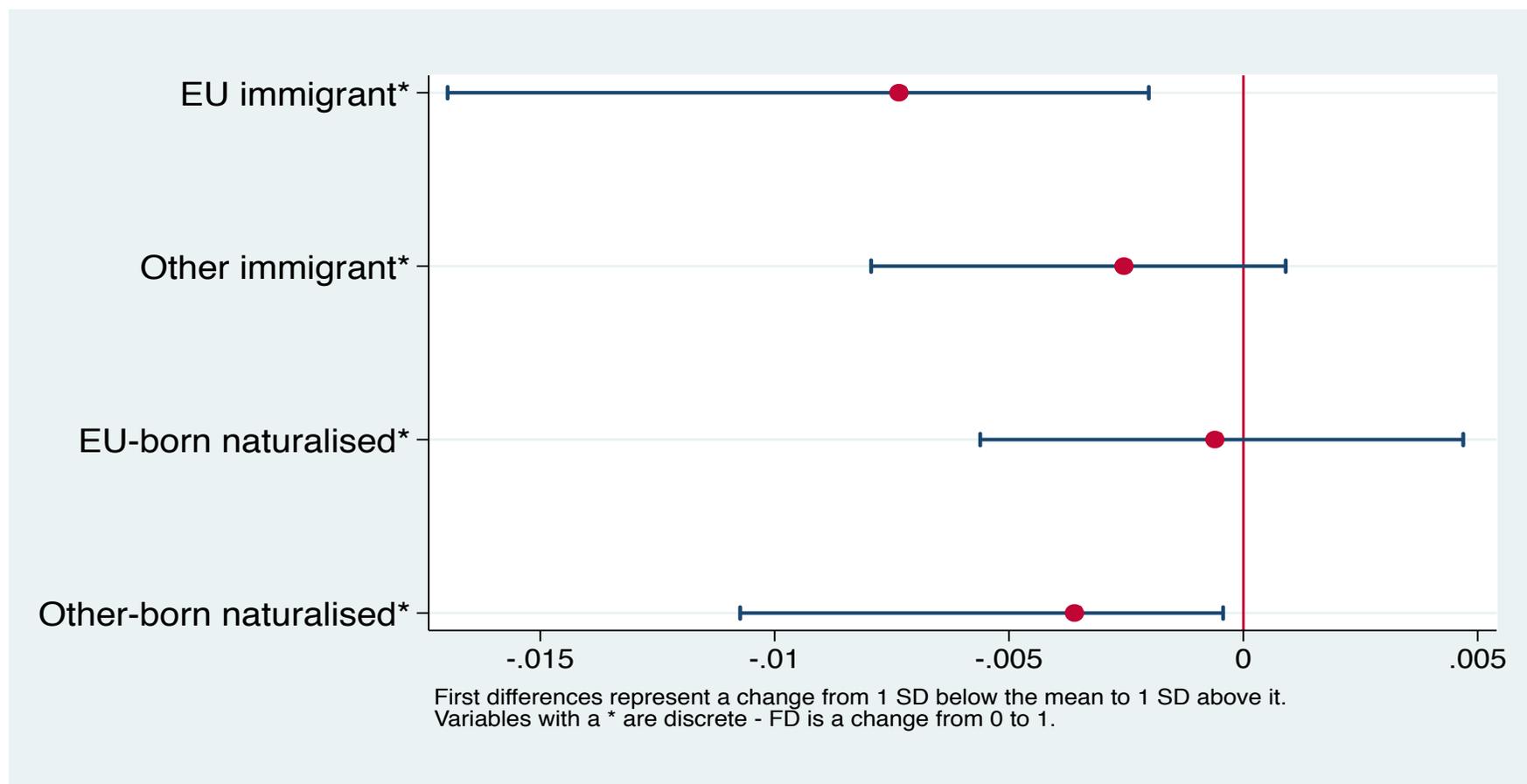


Estimated impact of **Other-born naturalised** status on the likelihood of being **UNDER-EMPLOYED** as in equation (2) *with interactions, men*

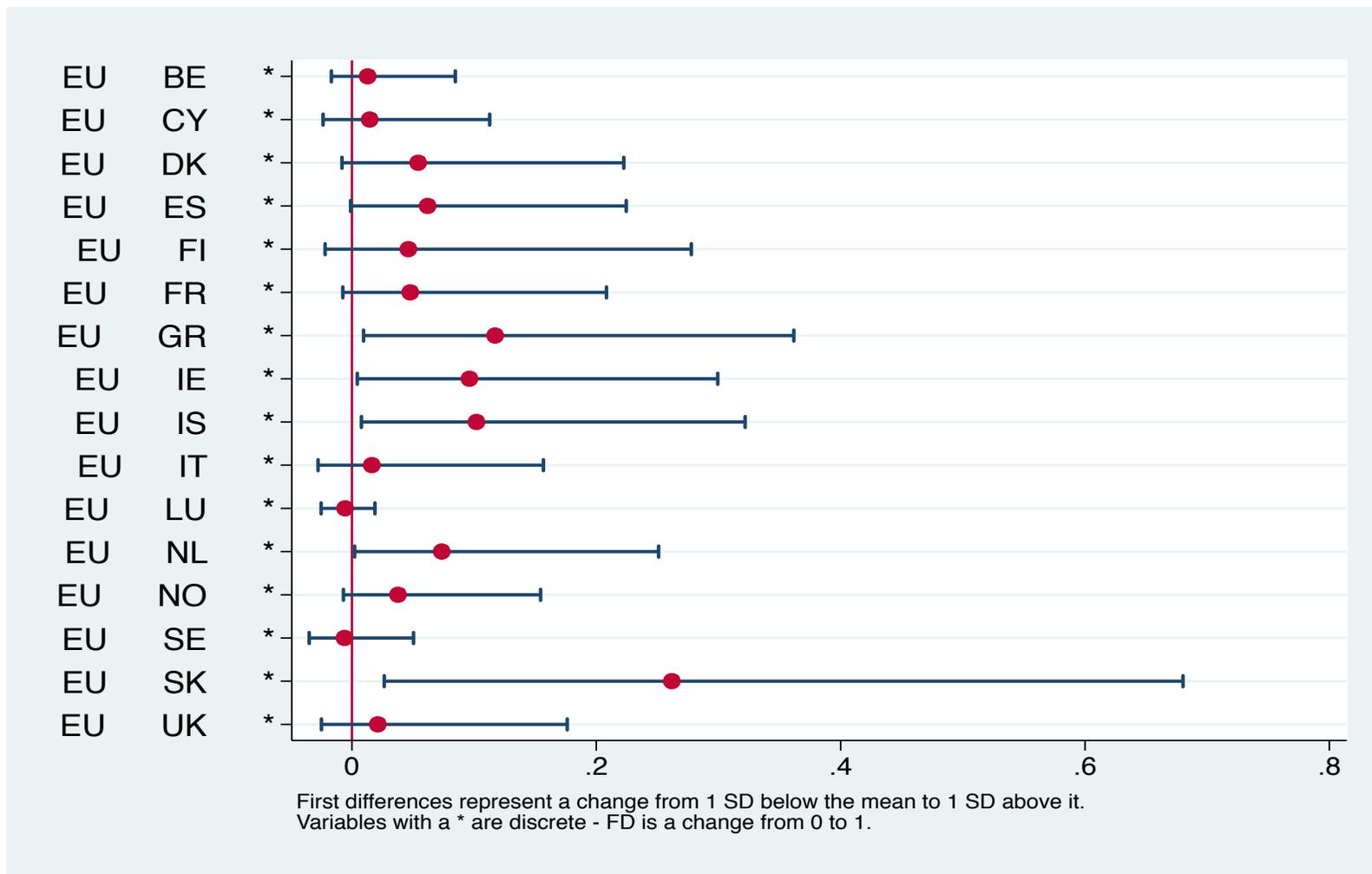


First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

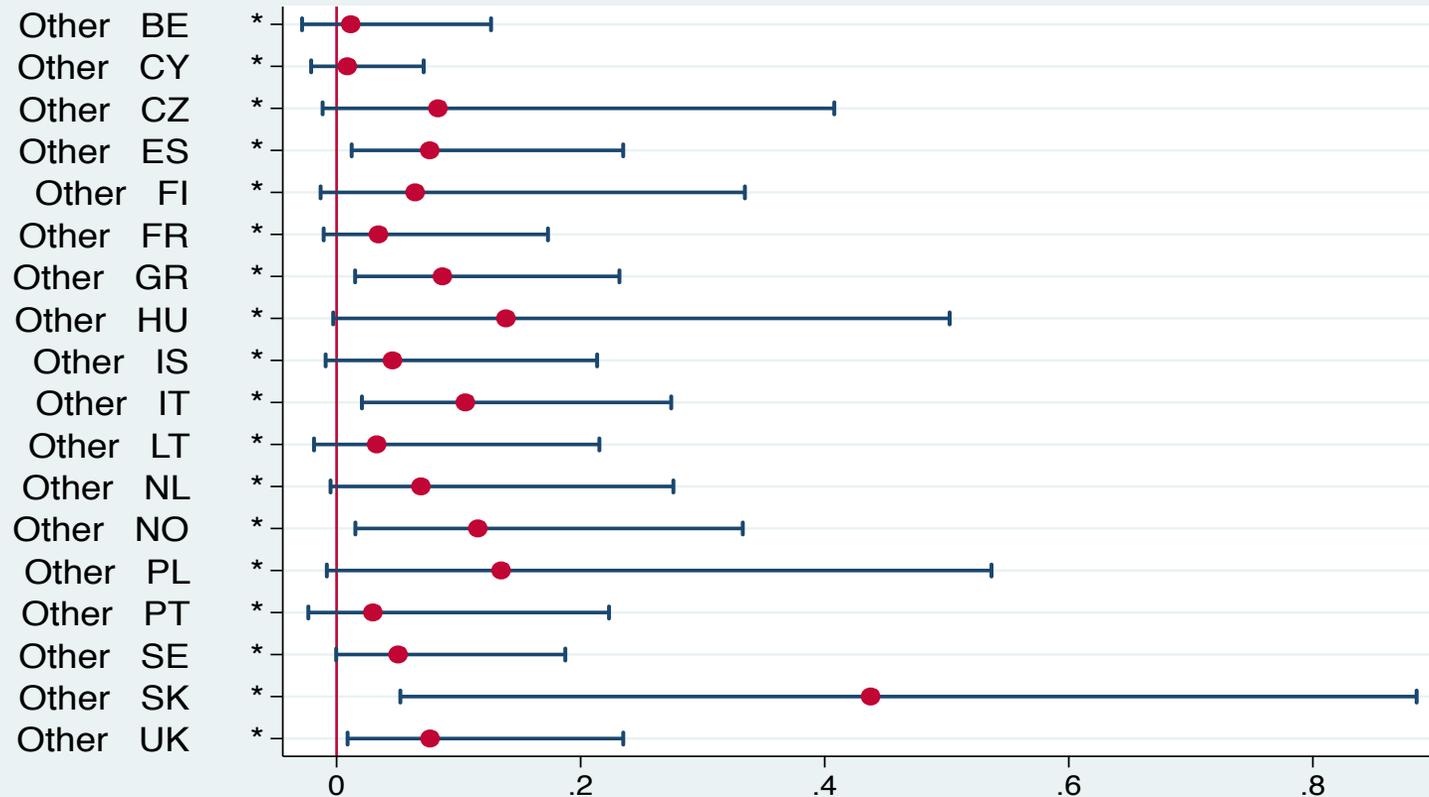
Estimated impact of immigrant status on the likelihood of being in **MULTIPLE EMPLOYMENT** as in equation (1) *no interactions, men*



Estimated impact of EU-born status on the likelihood of being in **MULTIPLE EMPLOYMENT** as in equation (2) *with interactions, men*

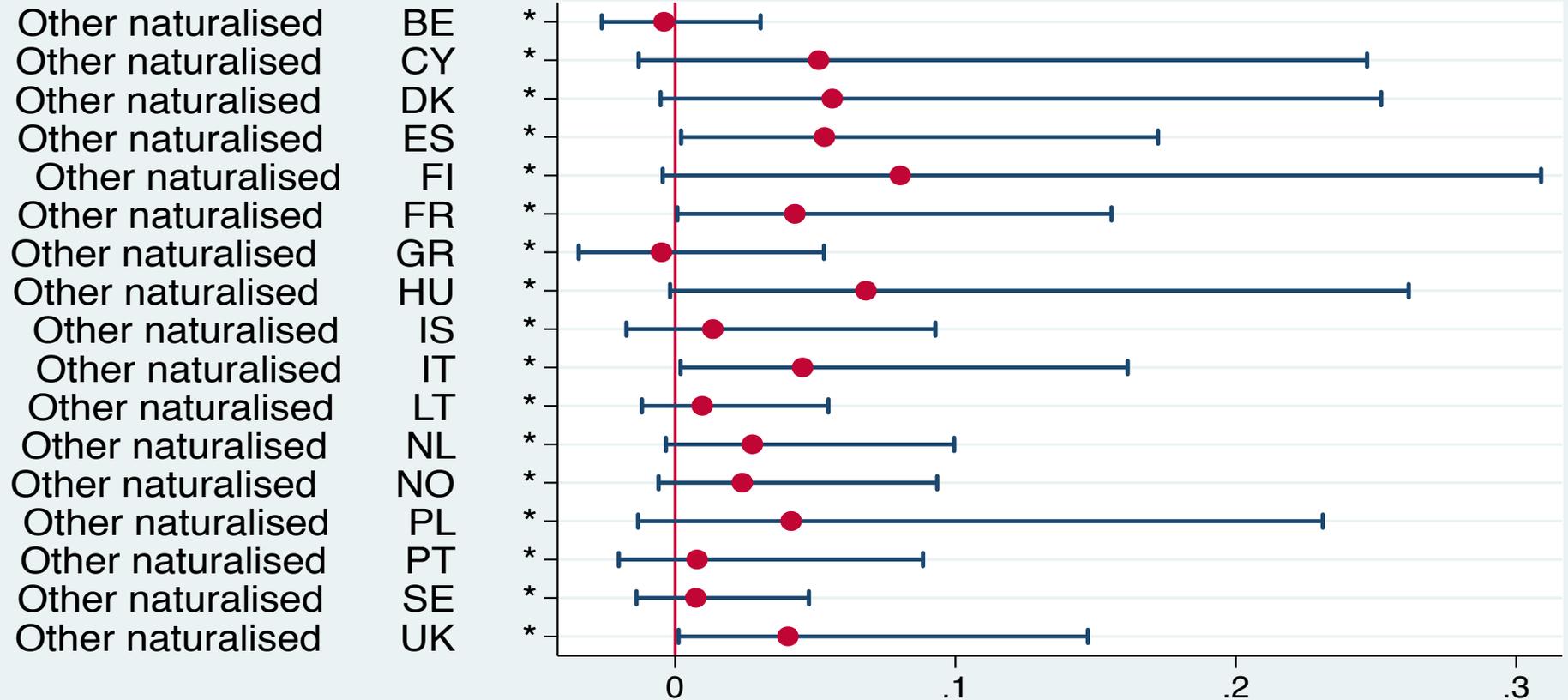


Estimated impact of **Other-born** status on the likelihood of being in **MULTIPLE EMPLOYMENT** as in equation (2) *with interactions, men*



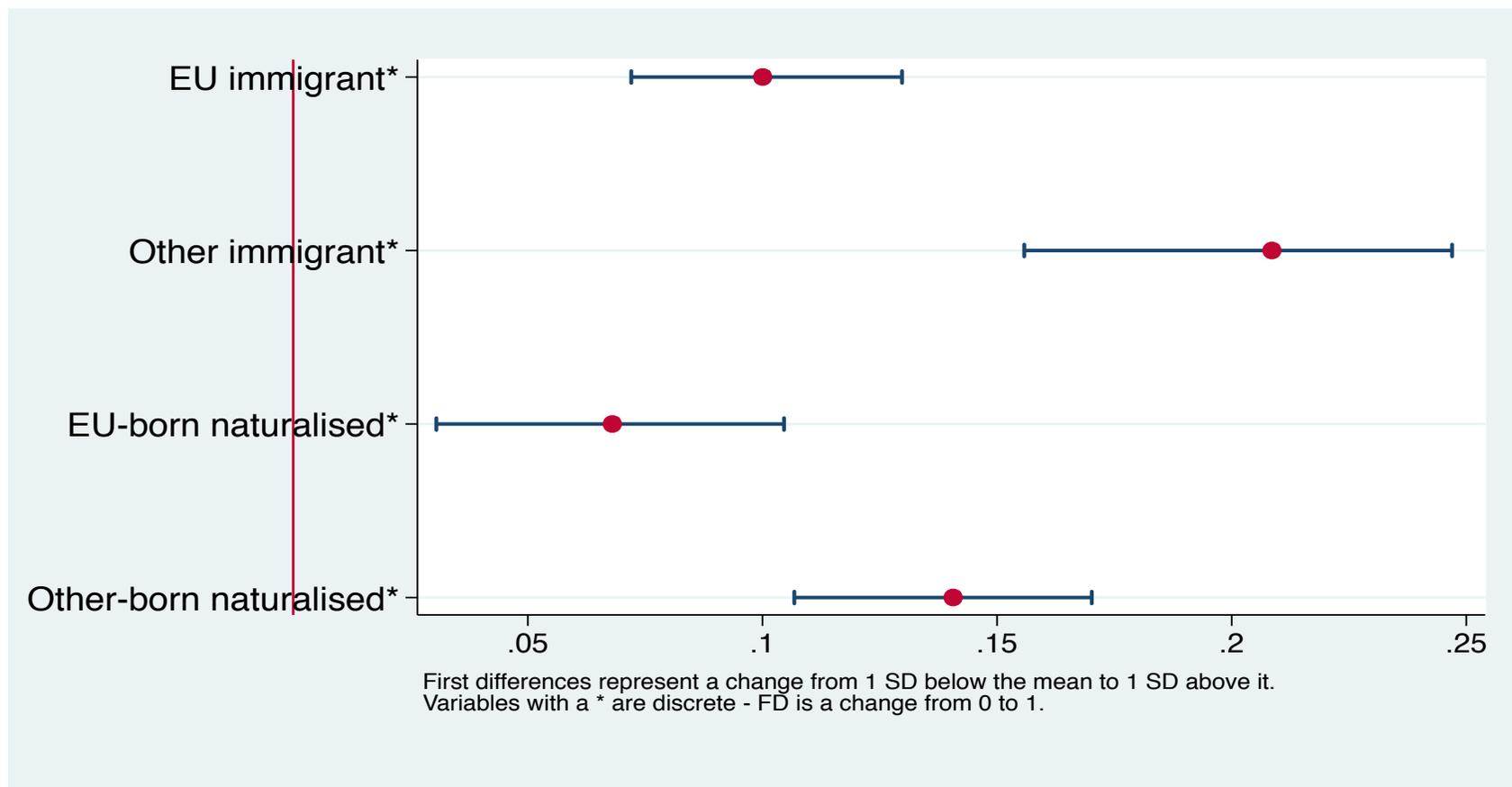
First differences represent a change from 1 SD below the mean to 1 SD above it.
 Variables with a * are discrete - FD is a change from 0 to 1.

Estimated impact of **Other-born natur.** status on the likelihood of being in **MULTIPLE EMPLOYMENT** as in equation (2) *with interactions, men*

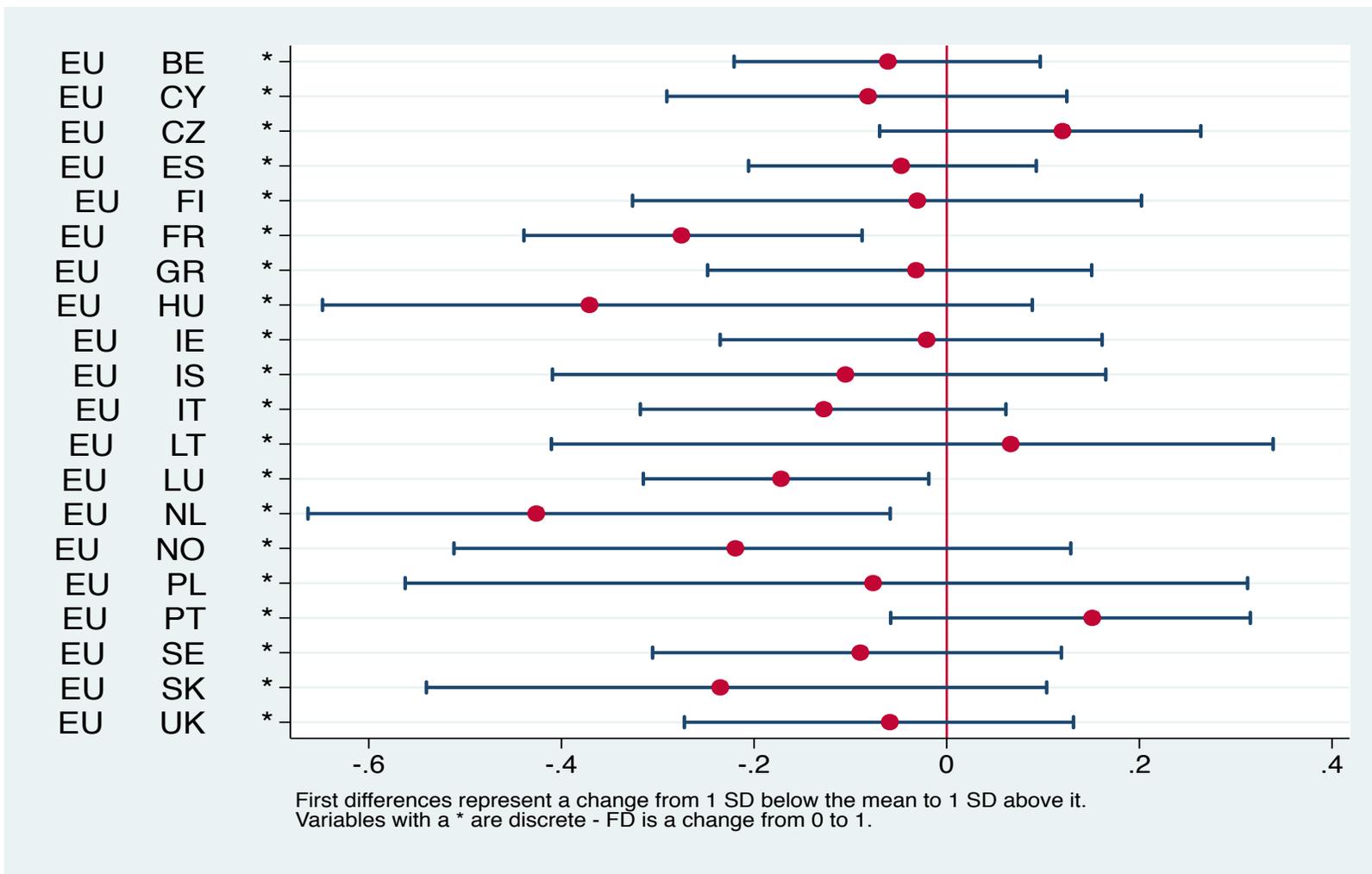


First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

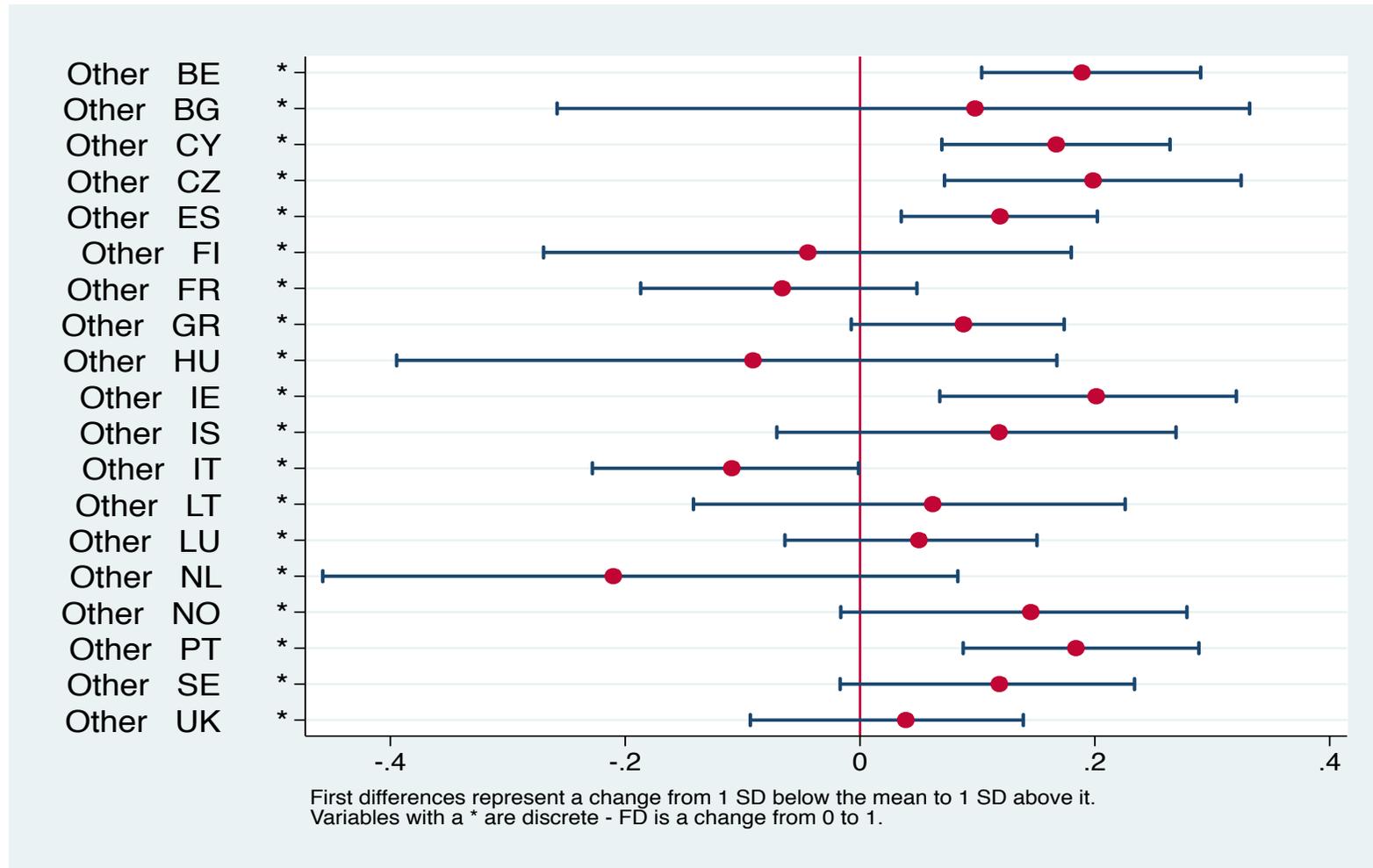
Estimated impact of immigrant status on the likelihood of being in **PRECARIOUS EMPLOYMENT** as in equation (1) *no interactions, men*



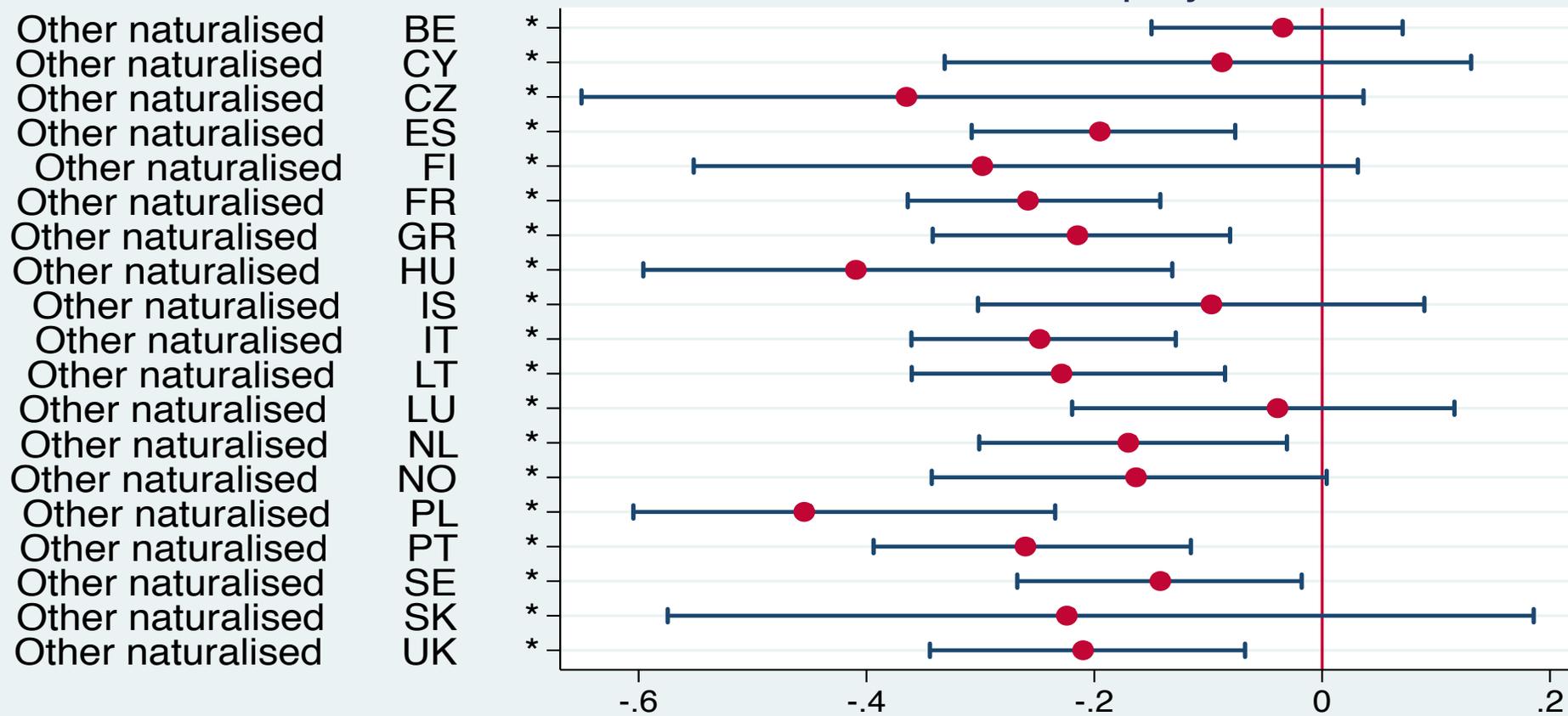
Estimated impact of EU-born status on the likelihood of being in PRECARIOUS EMPLOYMENT as in equation (2) with interactions, men



Estimated impact of **Other-born** status on the likelihood of being in **PRECARIOUS EMPLOYMENT** as in equation (2) *with interactions, men*



Estimated impact of **Other-born natur** status on the likelihood of being in **PRECARIOUS EMPLOYMENT** as in equation (2) *with interactions, men*



First differences represent a change from 1 SD below the mean to 1 SD above it. Variables with a * are discrete - FD is a change from 0 to 1.

Discussion

- Findings suggest that immigrants experience a larger immigrant-native gap in employment quality than they do in employment participation
- Among the Other-born, having citizenship narrows the immigrant-native gap in self-employment, precarious and under-employment, but not in over-qualification and multiple employment
- There are large differences in employment performance between EU-born and Other-born immigrants, even within the same country
- In many countries where the immigrant-native over-qualification gap is smaller, the earnings gap is also smaller
- but in PT, CZ, DK, UK immigrants more likely to be over-qualified despite having higher earnings than natives
- Agree with previous research in terms of heterogeneity across countries
- Not controlling for this heterogeneity may lead to biased estimates of the residual impact of foreign origin
- What may drive this heterogeneity across immigrants and countries?

Concerns

- Cannot control for immigrant status nor years of residence
- Cannot control for immigrant specific abilities ie. Language proficiency
- Cannot compute hourly wages
- Foreign-born with local citizenship does not necessarily mean naturalisation
- Cannot infer on the impact of assimilation (cross-sectional data)
- Assumption that immigrant cohorts are the same in 2005 and 2010
- The impact of years spent in host country might differ across various outcomes
- Immigrants might choose precarious employment