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The occupational integration of migrants in Western Europe: assimilation or persistent disadvantage?

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Introduction and motivation

Introduction and motivation

1. **The European migration history is long and complex**
   - some countries experienced large immigrations in the second half of the last century; others have predominantly been a source of emigrations or have changed from emigration to immigration countries
2. **Two main periods of international migration:**
   1. The first took place after 1945 and was driven by the huge industrial growth of Central and Northern European countries;
   2. The second international migration wave began in the 1980s and is still going on. Italy, Spain, PT and Greece became immigration countries.
3. **The literature…**
   1. Is quite rich as far as the old receiving countries are concerned, but there is not much about the newer receiving ones.
   2. Quantitative comparative analyses including both types of countries are scarce;
   3. institutional features of the labour market of the receiving countries are seldom taken into account, despite their obvious importance for policies

Introduction and motivation

1. **Our contribution**
   - To compare migrants' LM integration in both 'old' and 'new' receiving countries.
   - To analyse integration in the short and in the long-run
   - To study the role of labour market structure and regolation.

2. **Research questions**
   1. Are immigrants penalised wrt natives when individual caracteristics are controlled for?
   2. Does their penalization decreased over time?
   3. Does ethnic penalty disappears with the second generation, when they achieve a level of education comparable to that of the natives.
   4. Does penalty change on the basis of the country' migration history and/or their labour market reguation?

Theoretical background

Theoretical background

- **Immigrants' labour market integration: short vs long run**
  - general agreement on their *short-run* conditions, while discussion is open on what happens on the *long run*.

- **On the short run, migrants are at disadvantage, because they:**
  - country-specific human capital, in the form of language, educational certificates, soft skills and so on (Borjas 1994);
  - do not have effective information on existing labour market opportunities (Chiswick 1978; Kogan 2007);
  - make short-term choices, because they need quick money as they do not have other incomes but their wage, and also often expect to return to the home country (Kalter and Kogan 2006; Dustman 2000; Kalter and Granato, 2007);
  - can be discriminated against, because of both statistical discrimination or more or less explicit race supremacy ideologies (Burstein 1994; Becker 1971).

Theoretical background

- **On the long run, two different views are established in the literature**

1. Assimilation perspective: over time immigrants gradually become more similar to the natives (Chiswick 1978; Alba and Nee 1997).
   - More widespread in US (Chicago school)
   - They build human capital specific to the new country (learn the language, go to school etc.);
   - they build ethnic networks compensating for the lack of local connections; their increasing integration weakens both statistical and ideological discrimination.
   - When the second generation gets schooled in the host country, the labour market disadvantage can completely disappear, given a school performance identical to that of natives.

Theoretical background

- **On the long run, two different views are established in the literature**

2. Segmented assimilation (or *structural disadvantage*) perspective, structural factors penalizing immigrants tend to persist over time (Portes 1995; Portes and Rumbaut 2001).
   - More widespread in the European setting.
   - In particular, they may get trapped in the lower segments of the labour market, indeed because they find their jobs via ethnic networks.
   - Penalization persists and can (via inequality of educational opportunities) be transmitted to the offspring.

Analytical strategy

- To decide between the two perspectives, **time** is the major issue
  - *Short-run and long-run*
- From the point of view of the **social structure**, time also matters.
  - When a country has a long migration history, denser ethnic networks and dedicated policies (e.g. bilateral agreements between host and origin), favor the occupational integration of migrants.
  - *Old and new receiving countries*
- Another important factor is **labour market regulation**.
  - Where labour markets are *more flexible* and there are higher employment opportunities (mostly into low-skills and low-paid jobs), migrants can be more integrated in the short run.
  - On the long run, it could be the other way round: flexible labour markets may produce segmentation, pushing migrants into ethnic secondary labour markets.
  - *Different LM regulation*

Analytical strategy

In order to have a full picture, concerning time we want to observe both new and old migrants in new and old receiving countries, while concerning institutions we want to observe countries with both flexible and regulated labour markets.

Here we look at 6 countries:

Labour market regulation	**Migration history**	
	New receiving countries	*Old receiving countries*
Flexible LM		United Kingdom
Regulated LM		France, Germany, Sweden
Southern Europe: regulated primary LM and flexible secondary (black) LM	Italy, Spain	

Hypotheses

- **HYP 1: Composition hypothesis:**
  - the occupational penalization of migrants depends just on their individual features, in particular human capital. Thus, immigrants'disadvantages should desapear when socio-demographic caracteristics are controlled.
- **HYP 2a: Assimilation hypothesis:**
  - the occupational disadvantage is the product of structural factors, who weaken over time. Thus, older migrants and the second generation should show a much weaker occupational disadvantage than new migrants, or no disadvantage.
- **HYP 2b: Segmented assimilation hypothesis:**
  - the disadvantage persists over time, even among older migrants and second generation.
- **HYP 3: Institutional specificity hypothesis:**
  - where the labour market is more flexible, it is easier for migrants to enter it, even in the short run.
  - However, in the long run they might be confined in ethnic secondary labour markets, while in regulated labour markets, once they have entered, they won't be penalized with respect to natives.

Data and variables

Data and variables

- **Data**
- EU-LFS data (2005-2008) → short-run analysis
  - The EU-LFS database provides standardized, cross-sectional information on labour force participation, employment and unemployment.
    - However, it does not contain reliable information on old immigrants, as it includes them in a very broad category (*present for more than ten years*).
    - the dataset gives no information about the migration history of the parent → does not allow to identify second generation
- To better look at integration in the long run, we use ESS data, 5 waves 2002-2010 (only for old-receiving countries).
  - This dataset includes more detailed information than the EU-LFS, in particular information on parental country of birth and on the individual migration history, also distinguishing those who have been living in the host country for more than 20 years.
  - Small sample size.
- Analytical sample:
  - Only male (immigration is a gendered process) in working age (15-55) at the time of interview.
  - Repeated observations are eliminated from the analytical sample

Data and variables

- **<u>Independent variable: migration status</u>**
- We distinguish immigrants from the endogenous population using the information on country of birth, except for Germany where nationality is used
- In the short-run → EU-LFS data
  1. Natives
  2. Immigrants (from East Europe, Africa, Asia, Latin America)
  3. Residual category (from EU15, North America, Australia).
- In the long-run → ESS data
  1. Natives
  2. First gen immigrant (older vs new)
  3. Gen 2
  4. Gen mix
  5. Residual category (from EU15, North America, Australia).

Data and variables

- **Dependent variables: occupational status**

1. Pr of being employed (vs unemployed)
   - 1= employed (bad & good jobs)
   - 0= unemployed

   - We apply the standard ILO definition of unemployment;
   - 'Selection' → we excluding all who are not in the labour force, whether studying, looking after the home, retired, disabled, or otherwise not active (see robustness checks).

2. Pr of having a 'good' job (vs bad job & unemployed)

   - Good job= isco88<800 & stable job → 1
   - Bad job = isco88>=800 | unstable job → 0
   - Unemployed → 0

Data and variables

- **Control variables**
- Education
  - less than low sec. (isced 0-2); upper sec. (isced 3-4); tertiary (isced 5-6)
- Age groups
  - 15–35, 36–45, 46–55
- Marital status
  - divorced/widow; single; married
- Region of residence
- Yr quarter

Data and variables

- **Logit models**
  - Model 1 – pr(Y)= geographical origin
  - Model 2 – pr(Y)= model 1 + education
  - Model 3 – pr(Y)= model 2 + i.socio-demo
  - Model 4 – pr(Y)= model 3 + yr_quarter*i.region

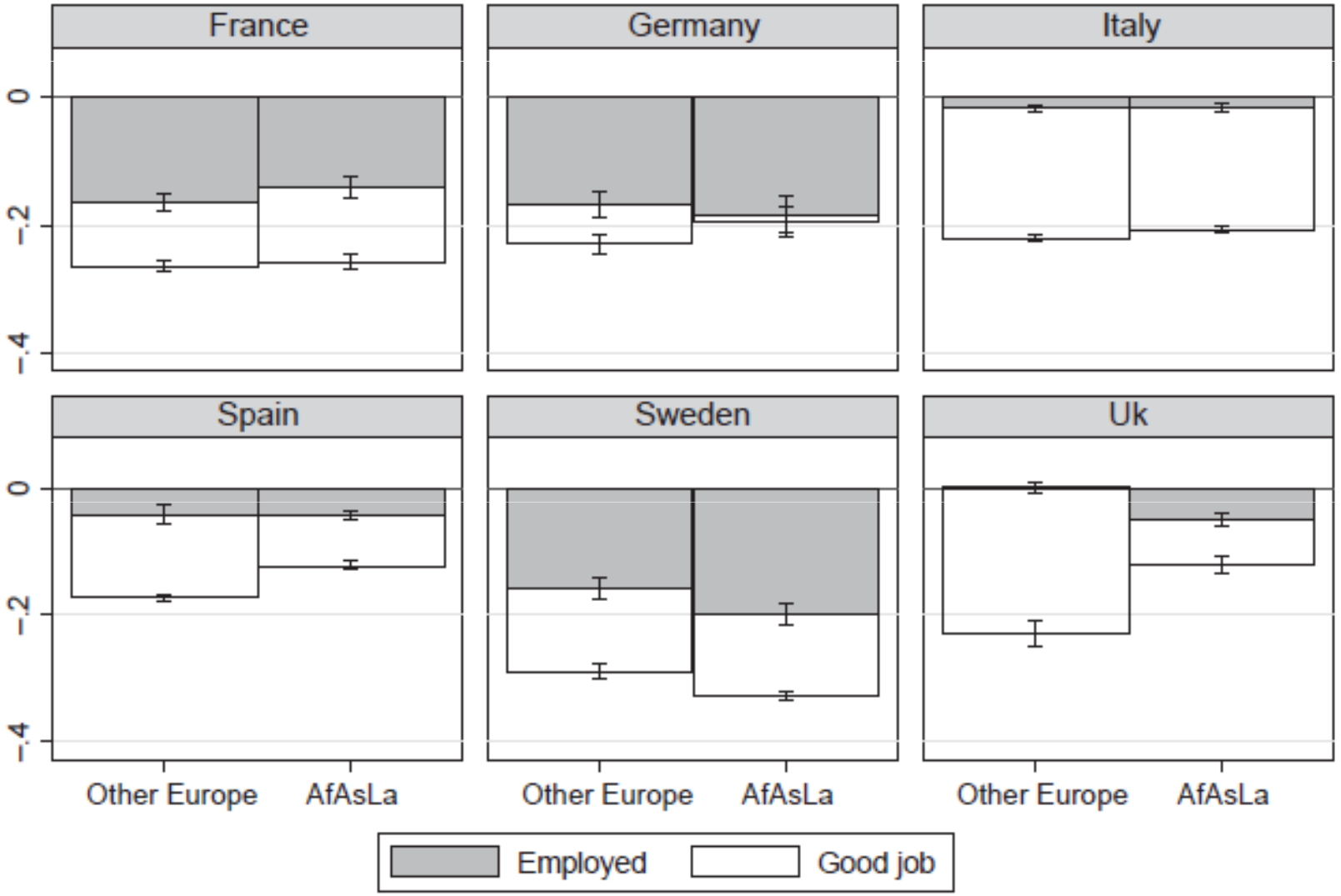
  - Models bys cntry
  - Average partial effect

- **Robustness checks**
  - LPM instead of logit model;
  - Pooled model with migration status*cntry
  - Different specification of job quality (Isei)
  - Different migrants groups
  - Replication of the analysis including women

Empirical evidence the short run

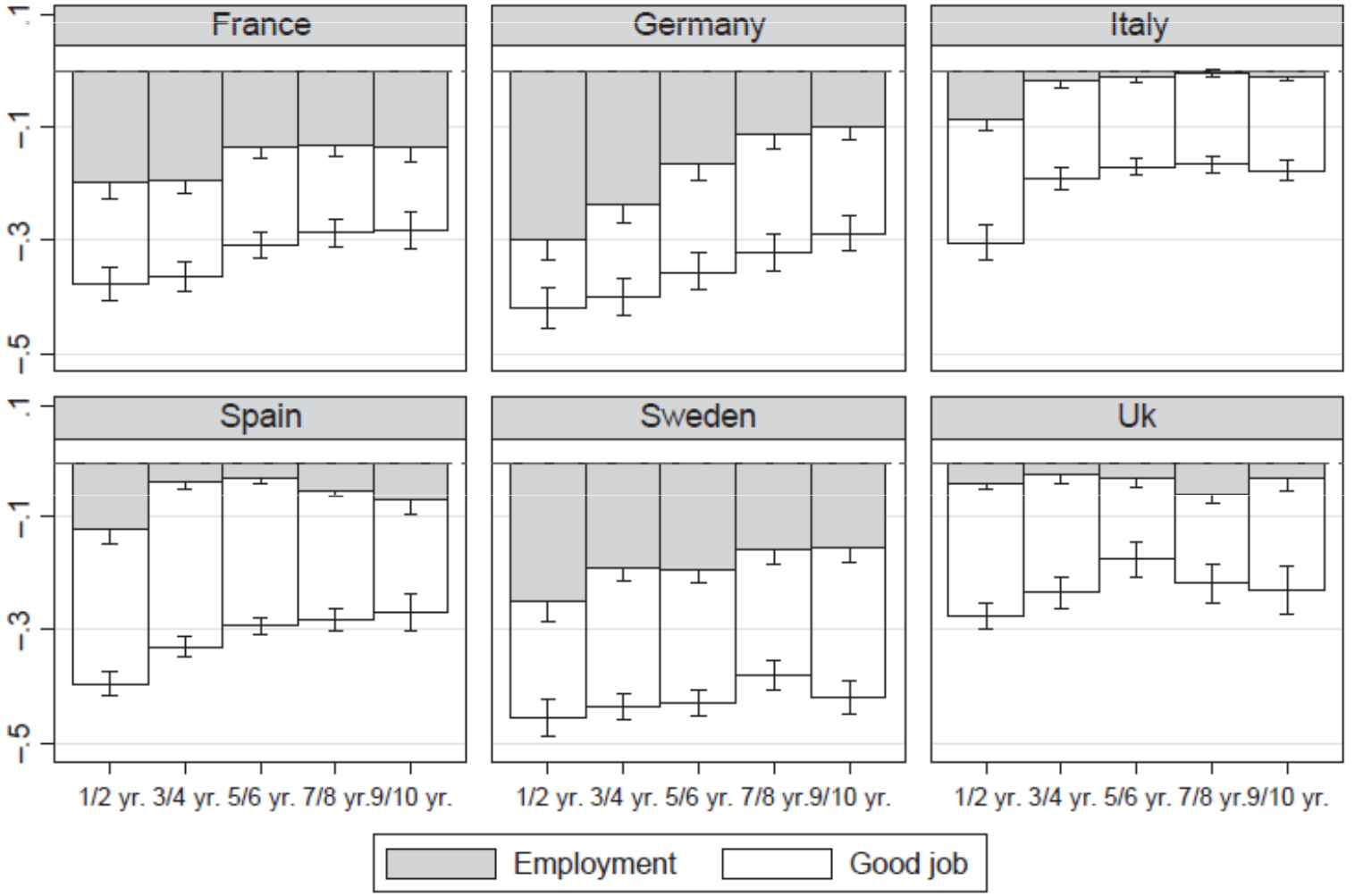
Empirical evidence: short-run

FIGURE 1
AVERAGE PARTIAL EFFECT OF BEING EMPLOYED AND AVERAGE PARTIAL EFFECT OF BEING EMPLOYED IN A GOOD JOB (STABLE POSITION AND ISCO88>800) OF NEW MIGRANTS (IN OLD AND NEW RECEIVING COUNTRIES) BY COUNTRY OF ORIGIN. BINARY LOGISTIC MODEL, EU-LFS DATA



Empirical evidence: short-run

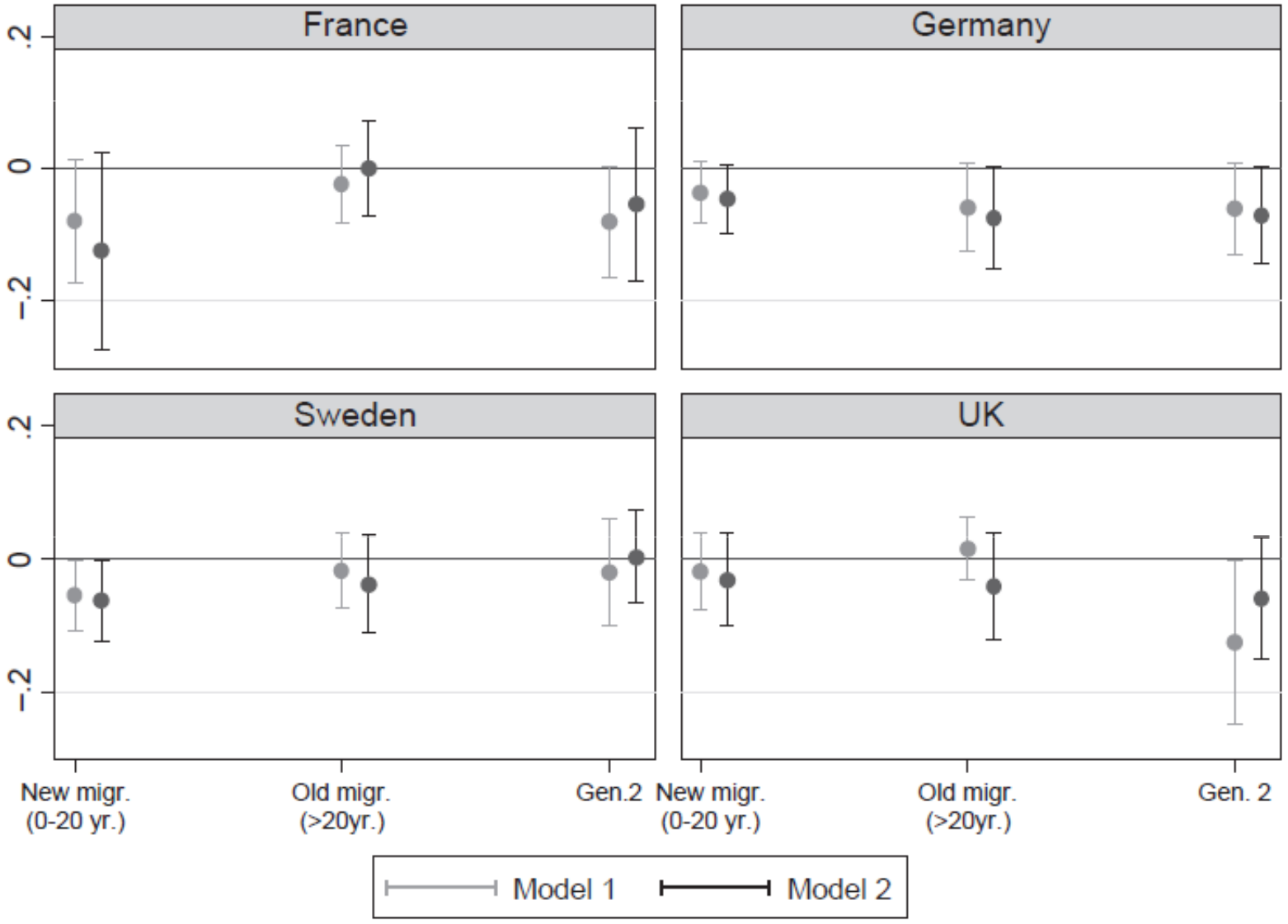
FIGURE 2
AVERAGE PARTIAL EFFECT OF BEING EMPLOYED AND AVERAGE PARTIAL EFFECT OF BEI
EMPLOYED IN A GOOD JOB (STABLE POSITION AND ISCO88>800) OF NEW MIGRANTS (IN OLD
NEW RECEIVING COUNTRIES) BY YEARS OF RESIDENCE IN THE COUNTRY. BINARY LOGIS
MODEL EU-LFS DATA



Empirical evidence the long run

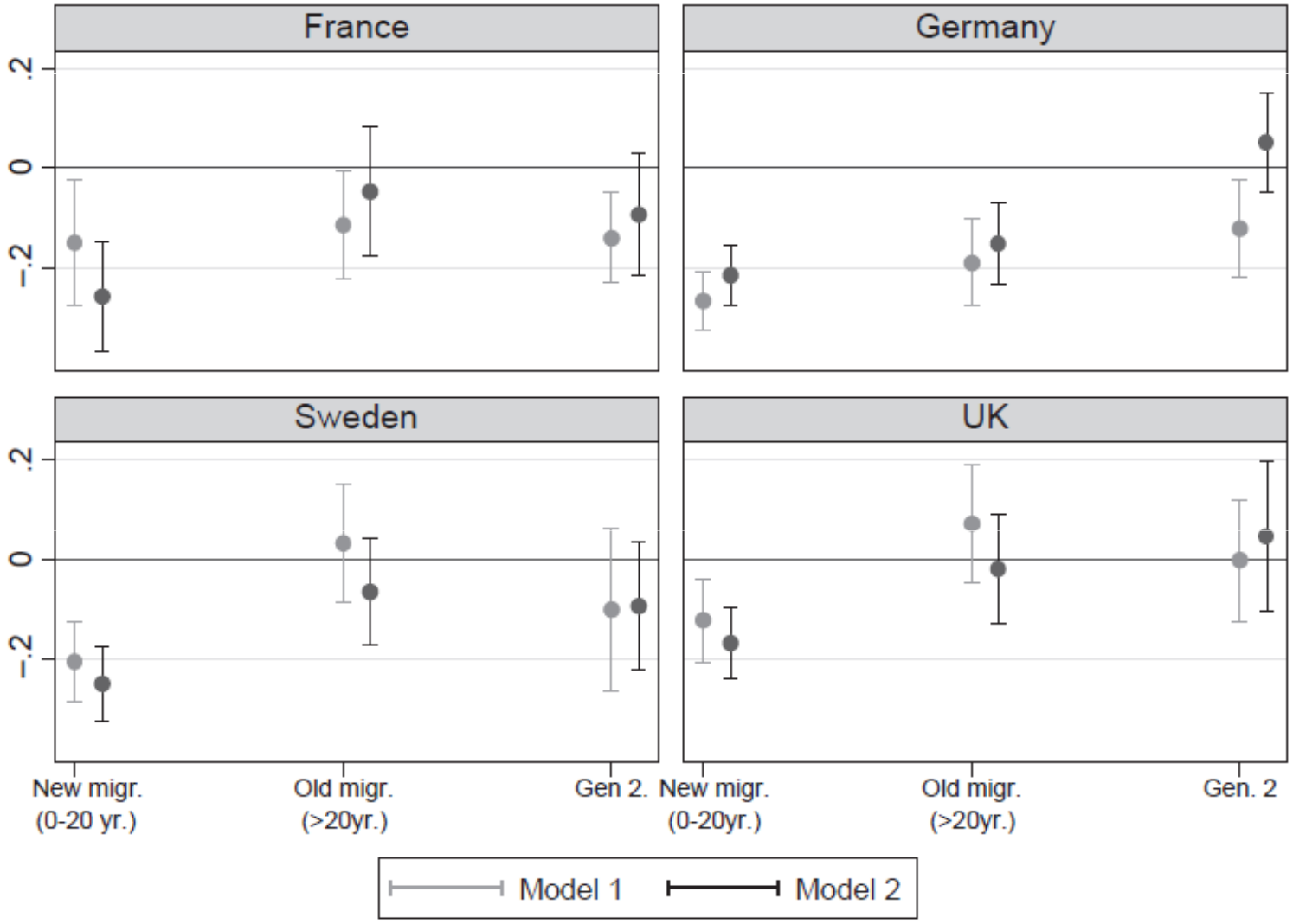
Empirical evidence: long-run

FIGURE 3
AVERAGE PARTIAL EFFECT OF BEING EMPLOYED OF NEW MIGRANTS, OLD MIGRANTS AN
SECOND GENERATION IN OLD RECEIVING COUNTRIES. BINARY LOGISTIC MODEL, ESS DA



Empirical evidence: long-run

FIGURE 4
AVERAGE PARTIAL EFFECT OF BEING EMPLOYED IN A GOOD JOB POSITION OF NEW IMMIGRANTS, OLD AND SECOND GENERATION IMMIGRANTS IN OLD RECEIVING COUNTRI
BINARY LOGISTIC MODEL, ESS DATA.



Conclusion

Conclusion

- Composition HYP is not confirmed:
  - concerning new migrants, everywhere non-western people are at disadvantage with respect to natives.
- In the short-run
  - In countries with flexible labour market (Italy, Spain, UK) the gap in employment probabilities between natives and migrants is much smaller than in countries with effectively regulated labour markets (France, Germany, Sweden).
  - Concerning the probabilities to get a good job, the gap between natives and migrants is much higher everywhere, and this shrinks the difference between countries, but does not cancel it.
- In the long-run
  - Concerning employment, in all countries old migrants and 2° generation improve their chances with respect to new migrants, and often close the gap wrt natives.
  - Concerning the chances to get a good job, only in flexible labour markets (UK) the disadvantage of migrants wholly disappears with time (old migrants and 2° gen.)

Conclusion

- To sum up…

- The *assimilation hypothesis* appears to be confirmed only in presence of flexible labour markets (in particular the UK, while for Italy and Spain we cannot fully test it, but the trend points to that direction).

- Contrary to our expectations, regulated labour markets tend to confirm the *segmented assimilation hypothesis*. This is particularly clear for the 2° generation in France and in Germany, but in Germany controlling for education the migrants' gap disappears.

- It is thus clear that the *institutional specificity hypothesis* is correct. If anything, results for Germany suggest that the hypothesis should be extended from LM regulation to also include schooling (and perhaps the welfare state…).