

WHAT EXPLAINS MIGRANT EMPLOYMENT IN EUROPEAN KEY SECTORS?

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Motivation

- In lockdowns during the COVID-19 pandemic, some sectors/ occupations were typically given priority to continue operating: « key sectors » and « essential occupations ». E.g. health, long-term care, the food supply chain and logistics
- As the public observed which subset of workers was not locked down, it was widely noted that key sectors often rely on migrant labour – in many countries, but interestingly not in all
- >> Why are key sectors in various countries so reliant on migrant labour? Why not so in other countries? Which factors determine this reliance?
- Findings could support ongoing efforts to increase the resilience of key sectors, so that they continue to function in future crises

For example...

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International Migrants Day – migrants stepping up in the COVID-19 response

11 May 2022

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On International Migrants Day 2021, WHO/Europe is showing the many ways refugees and migrants are contributing to fighting the COVID-19 pandemic. Many migrants across Europe are working on the frontlines in hospitals and care homes for older people, while others have stepped up and started volunteering. Every day, they are supporting health systems and communities at large. Let's tell these stories.



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What are key sectors?

Based on the Communication from the European Commission (see also Fasani and Mazza, 2020)

45 key occupations (out of 181 occupations in total) including:

- Health and personal care workers
- Teaching
- ICT
- Food industry
- Transport and logistics

Literature review

- Migrants in key sectors (Fasani and Mazza, 2020; Fernández-Reino et al., 2020; Aldin et al., 2010; Nivorozhkin and Poeschel, 2022)
- Migrants' relative exposure to the COVID crisis (Fasani and Mazza, 2020; Gelatt, 2020)
- Migrant-to-native gap in employment (Lee et al., 2022)
- Role of institutions in the labour market impact of immigration (Foged et al., 2019; Cigagna and Sulis, 2015)
- Role of institutions in shaping migrant labour demand and supply (e.g. Ruhs and Anderson 2012; Boräng 2018; Afonso and Devitt 2016) and migrants' integration (Guzi et al., 2022)

Hypothesised factors

Sources of differences in labour market outcomes between migrants and natives:

- Socio-demographic aspects, including immigrant selection or factors related to age, education and work experience (outside the labour market)
- Unobserved differences in and returns to human, social, or ethnic capital (e.g. access to specific skills) – may be affected by institutions
- Labour market institutions creating demand for migrant labour (e.g job conditions), forms of discrimination in the labor market
- Institutional integration outside of the labour market (economic, social, and political rights)

Data

- European Labour Force Survey, assembled by Eurostat from national survey data that were collected using harmonised definitions
- Using mainly the years 2011-2019
- 21 countries: Austria, Belgium, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Spain, Estonia, Finland, France, Greece, Ireland, Hungary, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, United Kingdom
- 11 million observations at the individual level, allowing for detailed analyses
- Migrants are identified as foreign-born

Descriptive evidence

- Shares do not account for individual socio-demographic characteristics
- ‘Over-representation’: we compare relative employment probability in key sectors /occupations between natives and migrants while holding constant their observable characteristics (ECREP)

Employment shares in key sectors, 2018



Source: Fasani and Mazza, 2020

Empirical strategy

$$\text{Stage 1 : } Y_{ijrt} = \alpha + \beta M_{ijrt} + \gamma X_{ijrt} + \mu_j + \nu_r + e_{ijrt}$$

Stage 1: within countries

- Dependent variable:
Person is employed in an
essential occupation (Y/N)
- Being foreign-born (Y/N)
- Age, gender, marital status
- Education, job tenure
- Region & year fixed effects

Stage 2: across countries

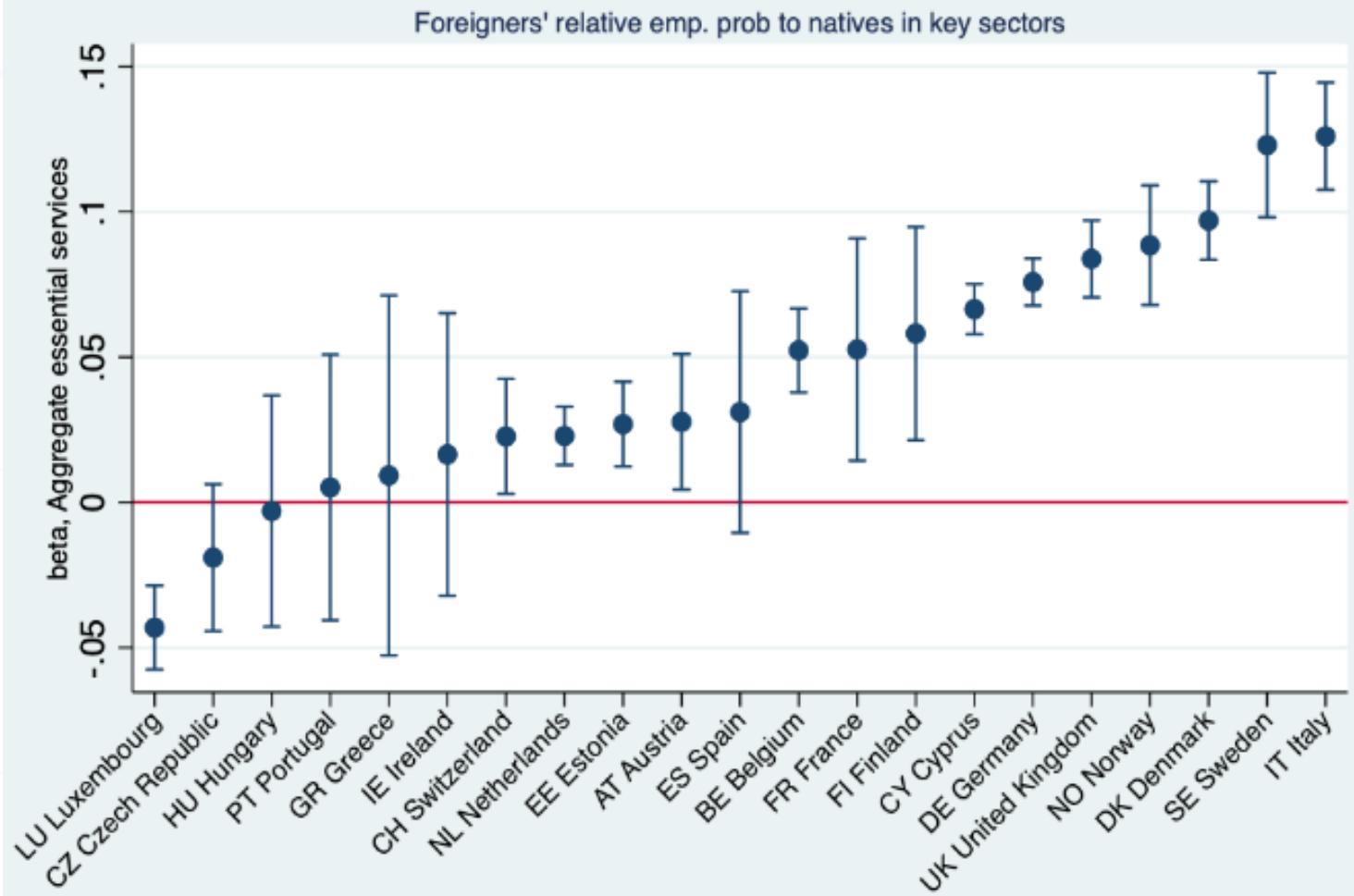
- Dependent variable:
Occupation's reliance on
migrant labour (estimated β)
- Job & peer characteristics
- Labour market structure
- Industrial structure
- Country fixed effects

Estimated β at Stage 1	Interpretation
Positive and statistically different from 0	Migrants appear more likely than native-born to work in key occupation, after accounting for sociodemographic characteristics
Negative and statistically different from 0	Migrants appear less likely than native-born to work in this occupation, after accounting for sociodemographic characteristics
Not statistically different from 0	Migrants and native-born appear equally likely to work in this occupation, after accounting for sociodemographic characteristics

Estimated β measures ECREP, which can be explained by:

1. Returns to human, social, or ethnic capital
2. Institutions creating demand for migrant labour and / or affecting 1

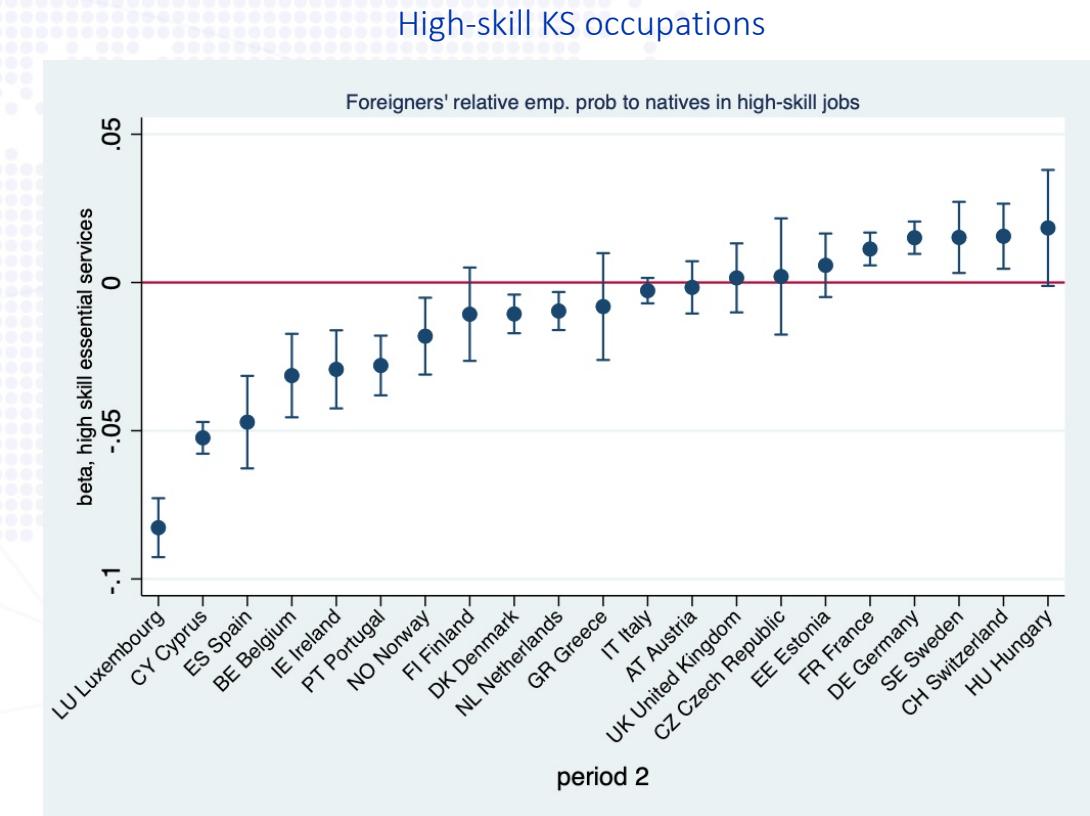
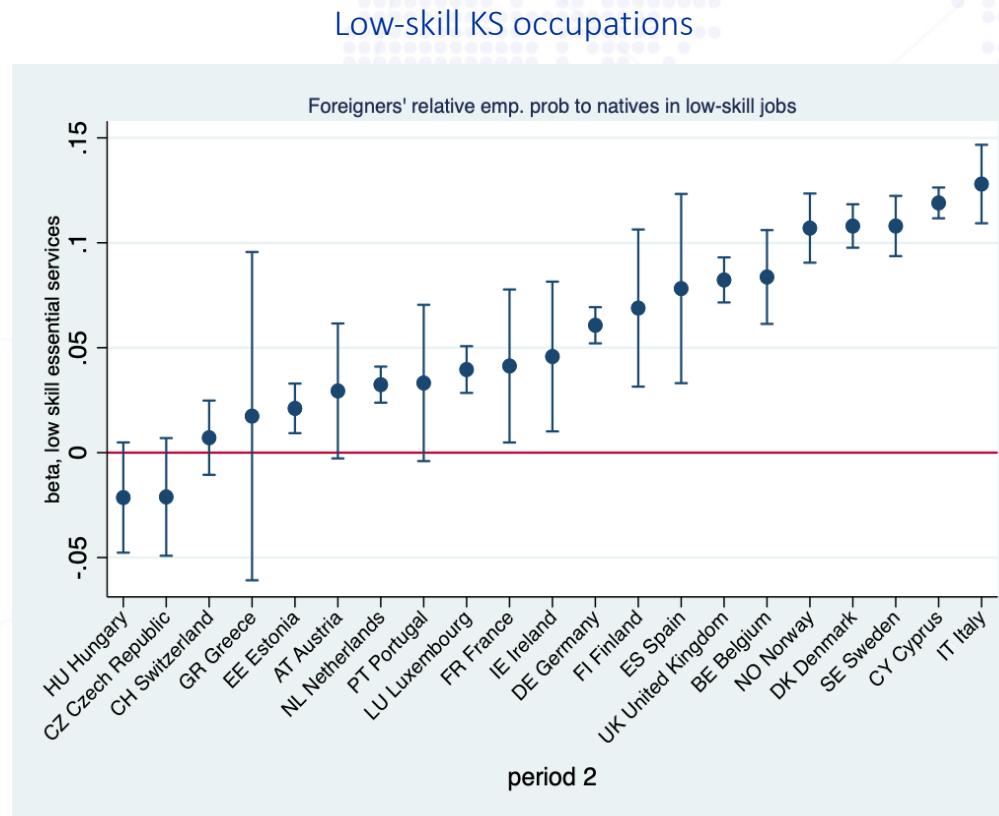
Migrants are over-represented in key sectors



- For almost 1/3 of all countries, it cannot be ruled out that there is **no difference** between migrants and native-born
- But in 2/3, migrants are significantly **more likely** to work in key sectors
- Largest differences in Italy, Nordic countries & the UK
- Only in Luxembourg, migrants are **less likely** to work in key sectors

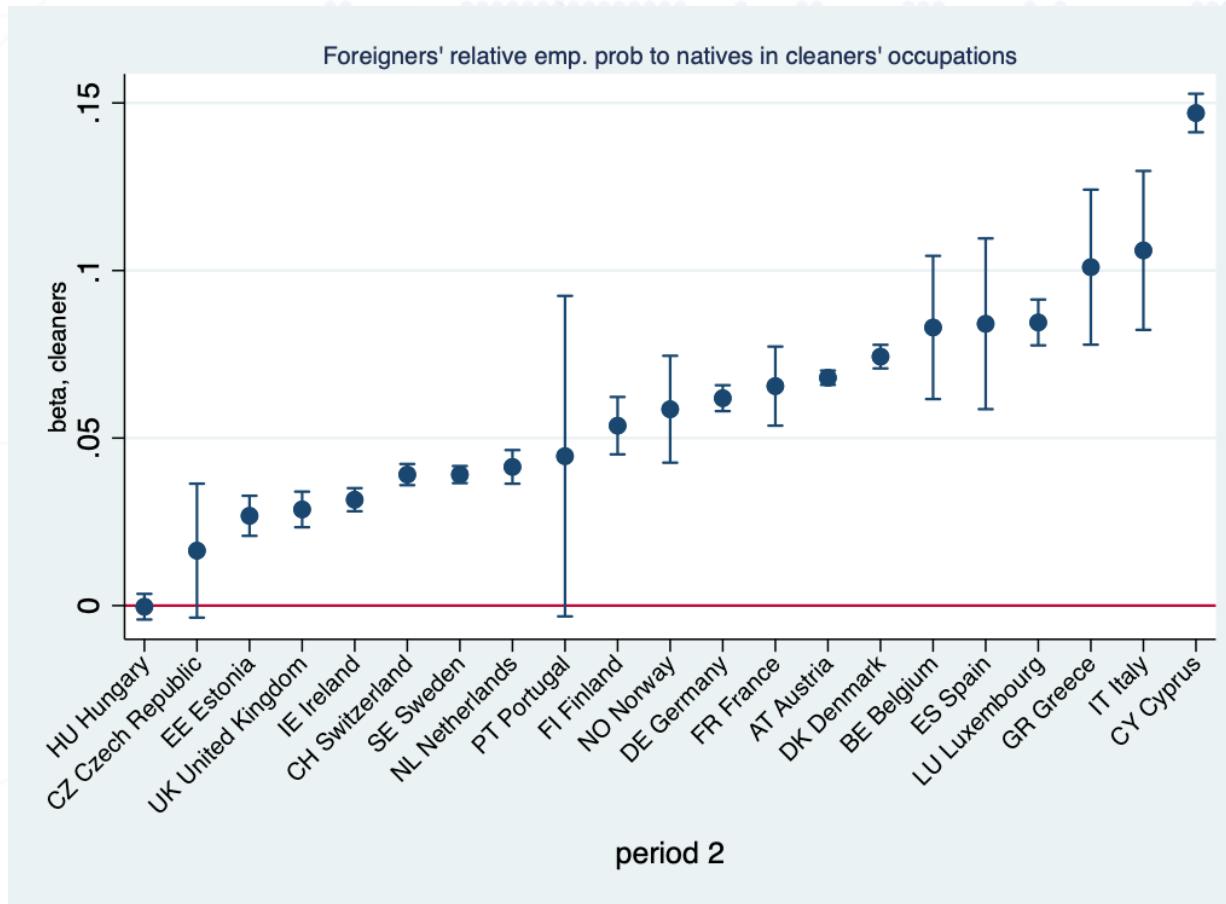
Is over-representation in KS skill-specific?

- When considering only low-skill jobs in key sectors, only 1/4 of all countries might have no difference between migrants and native-born, while in 3/4, migrants are more likely than native-born to work in these jobs



Clusters: cleaning and transport & logistics

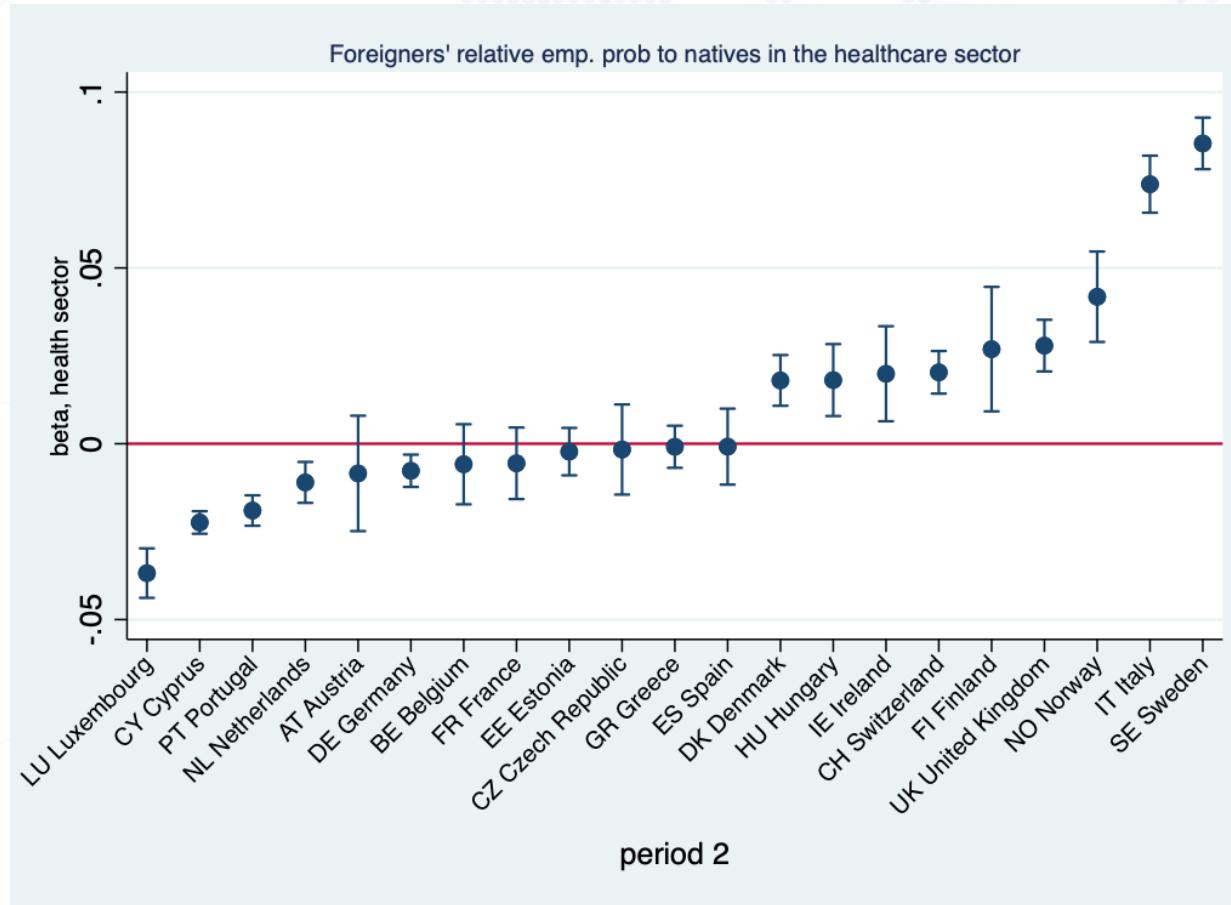
- Extreme case: migrants are almost always more likely to work in **cleaning**



- Here, some of the largest differences arise in Cyprus, Italy, Greece and Luxembourg – less in Nordics & UK
- Migrants are also more likely to work in **transport and logistics** (not shown) in 1/2 of all countries (esp. UK, Denmark and Germany) but less likely in Greece, Cyprus and Spain

Clusters: food industry and healthcare

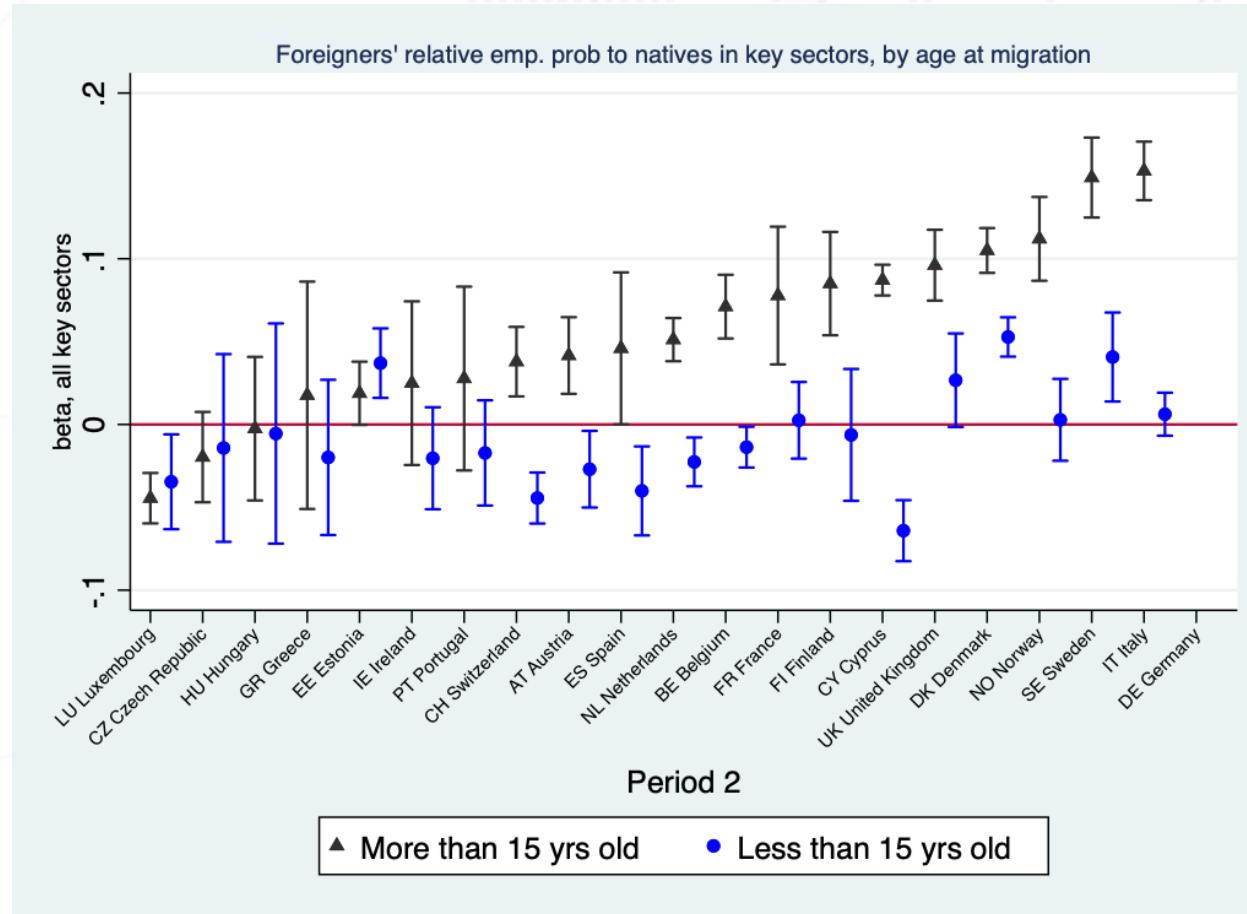
- In contrast, migrants are almost never more likely to work in the food industry (not shown) – but slightly less likely in 1/3 of all countries



- A dichotomous situation is found for **healthcare**: migrants are more likely to work there in 1/2 of all countries, incl. notable differences in Italy & Sweden
- However, migrants are less likely in 1/4 of all countries, incl. notable differences in Luxembourg & Cyprus
- Over time, the polarization appears to have increased on both ends

Migrant-specific characteristics: age at arrival

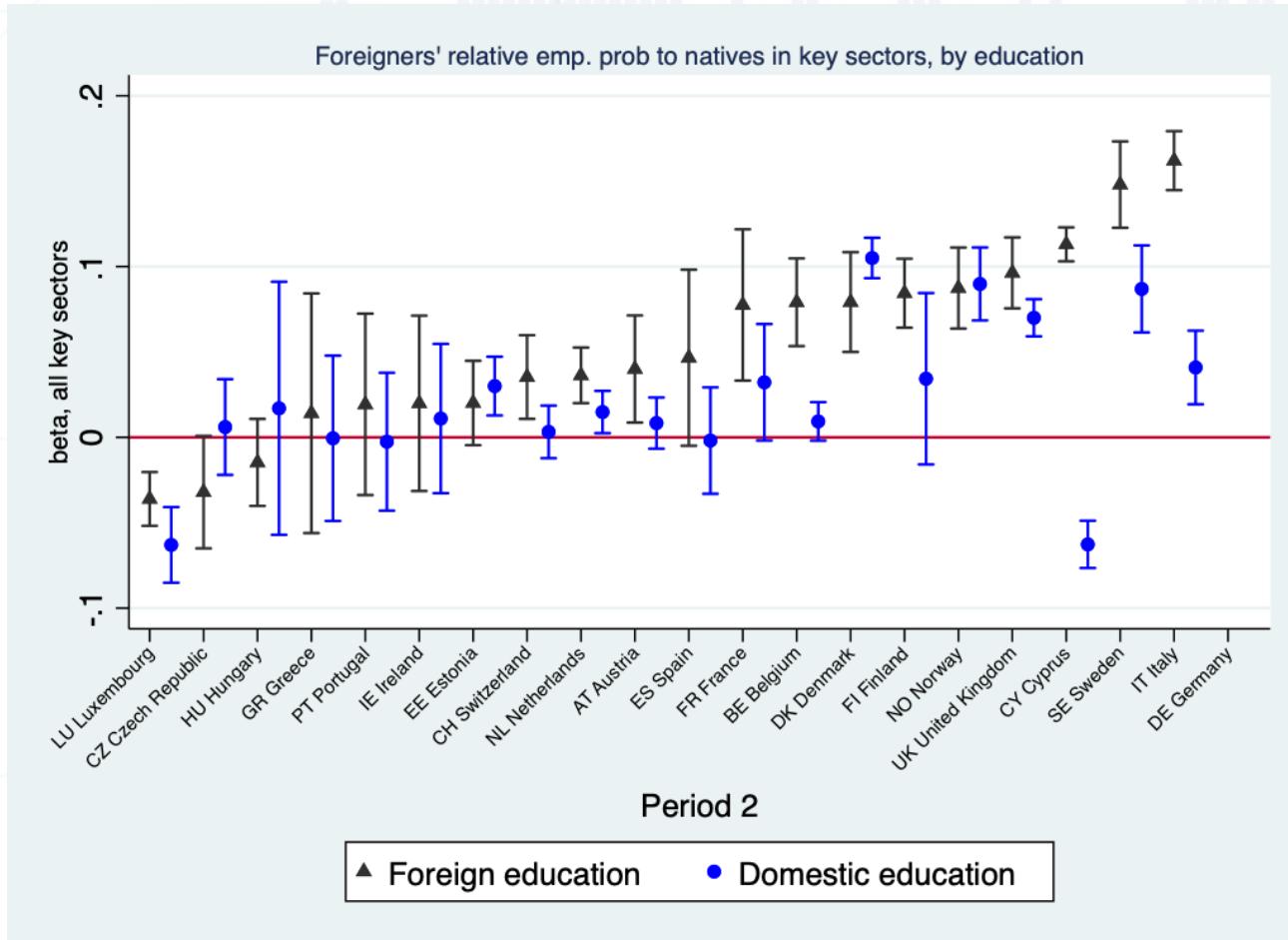
- Where ECREP is positive, this is almost always driven by migrants who were older than 15 at the time of migration



- Age at the time of migration allows to distinguish between migrants who grew up and went to school at destination, therefore gaining a significant advantage in the host-country language and social capital
- Scandinavian countries (Denmark, Sweden, Estonia) are the only ones where « young » migrants are more likely to work in KS

Migrant-specific characteristics: training

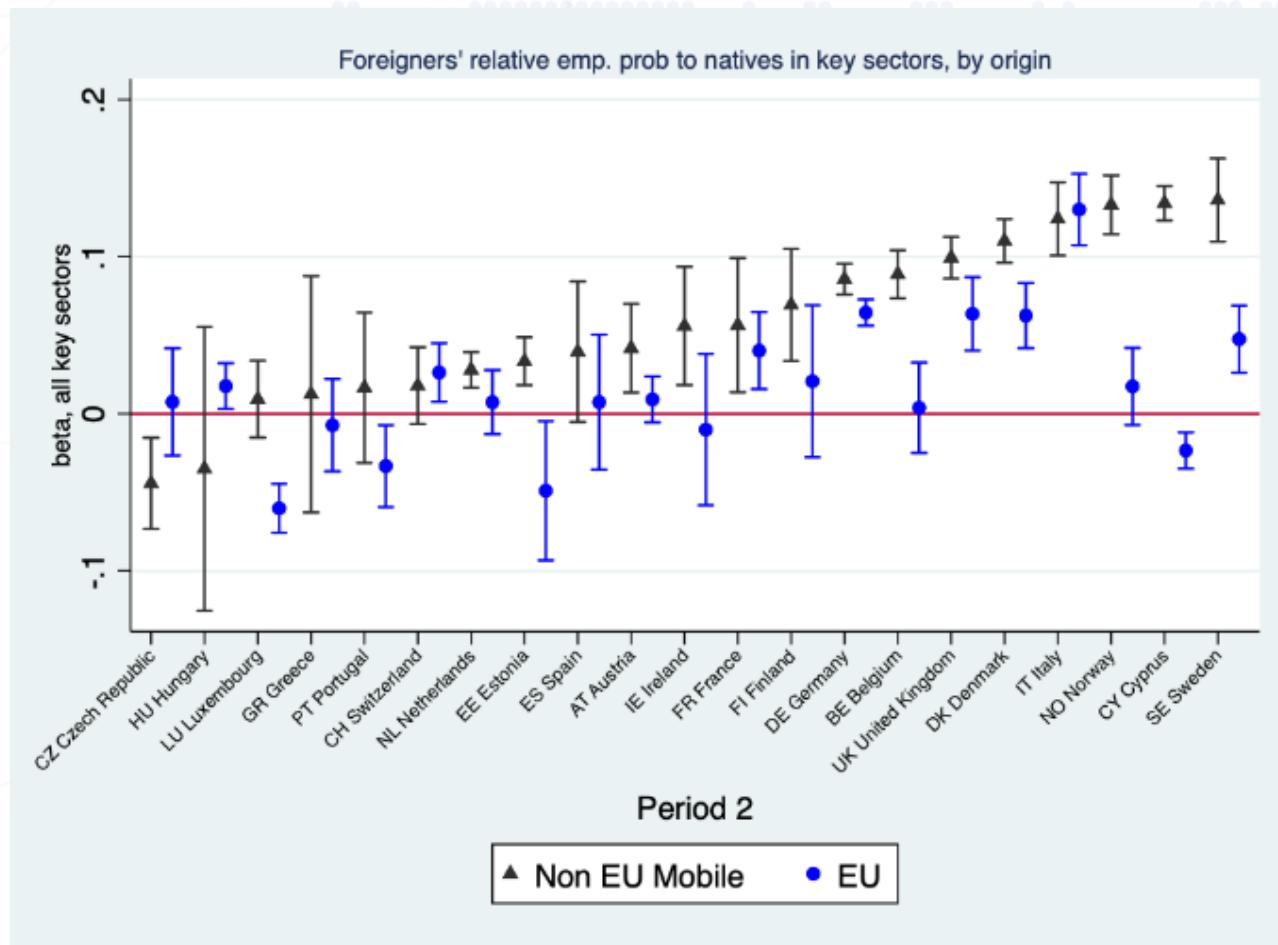
- Country where migrants completed their education matters only where ECREP is positive



- Training acquired in the host country fosters the creation of networks and provides a better recognition of skills.
- Vast majority of countries where migrants are no more likely to work in key sectors show no significant differences between immigrants with foreign or domestic qualifications.

Migrant-specific characteristics: origin

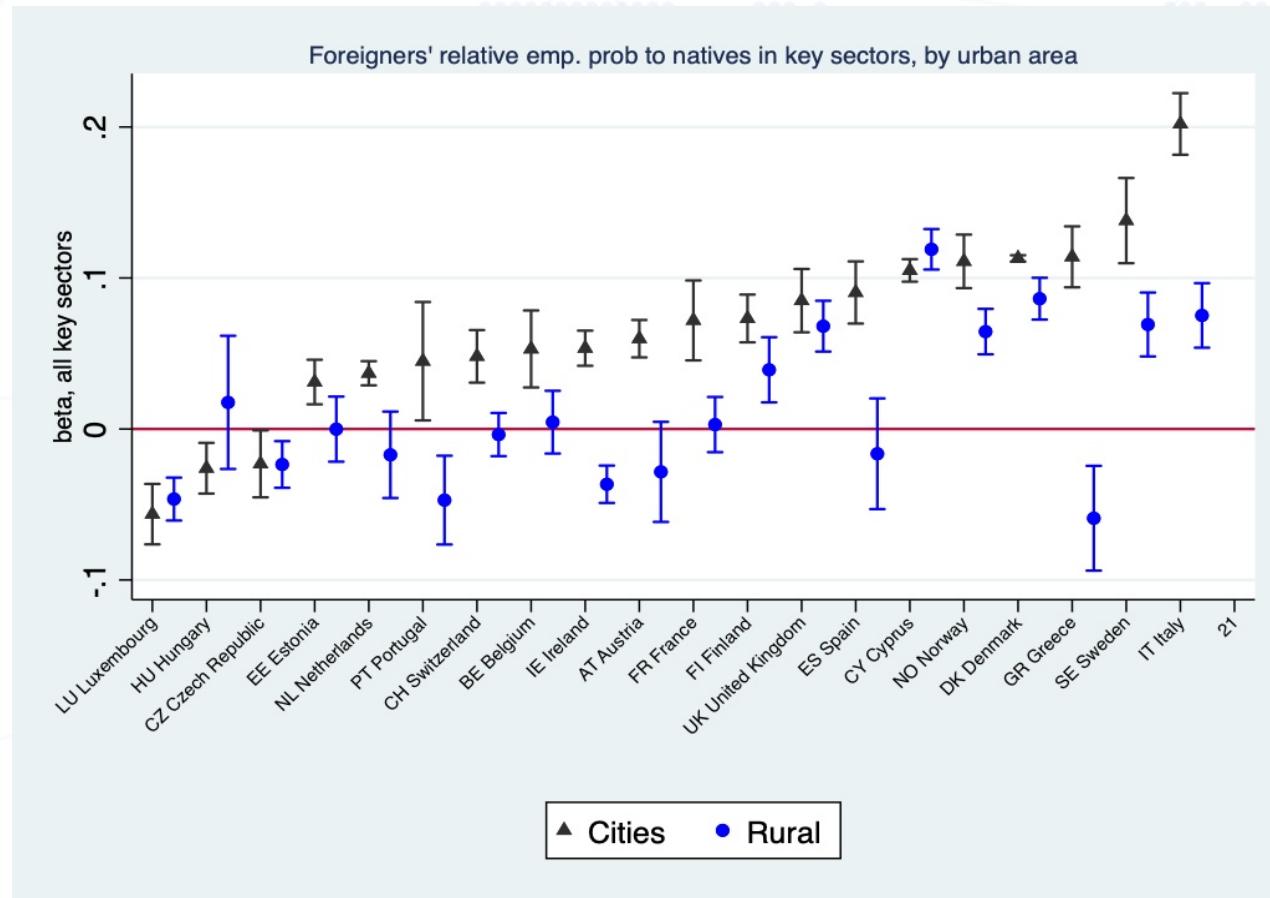
- Immigrants from EU member countries significantly less likely to work in key sectors than those from outside the EU



- Migrants with transferable skills and coming from countries of origin culturally and economically similar to their destination may be better equipped to integrate in the labour market
- Over-representation of EU foreigners linked to timing of labour market opening post 2004 enlargement?

Geographic disparities

- ECREP of migrants larger in urban areas in most countries where migrants are over-represented in key sectors



- Migrants account for almost 20% of all key workers in capital regions, roughly 6 percentage points higher than the respective national average
- This is partly driven by their employment in the healthcare sector (doctors and nurses)
- Rarely happens that migrants are over-represented in urban areas but under-represented in rural areas (only Greece, Ireland and Portugal)

Macroeconomic variables, institutions, networks and attitudes

Work in progress

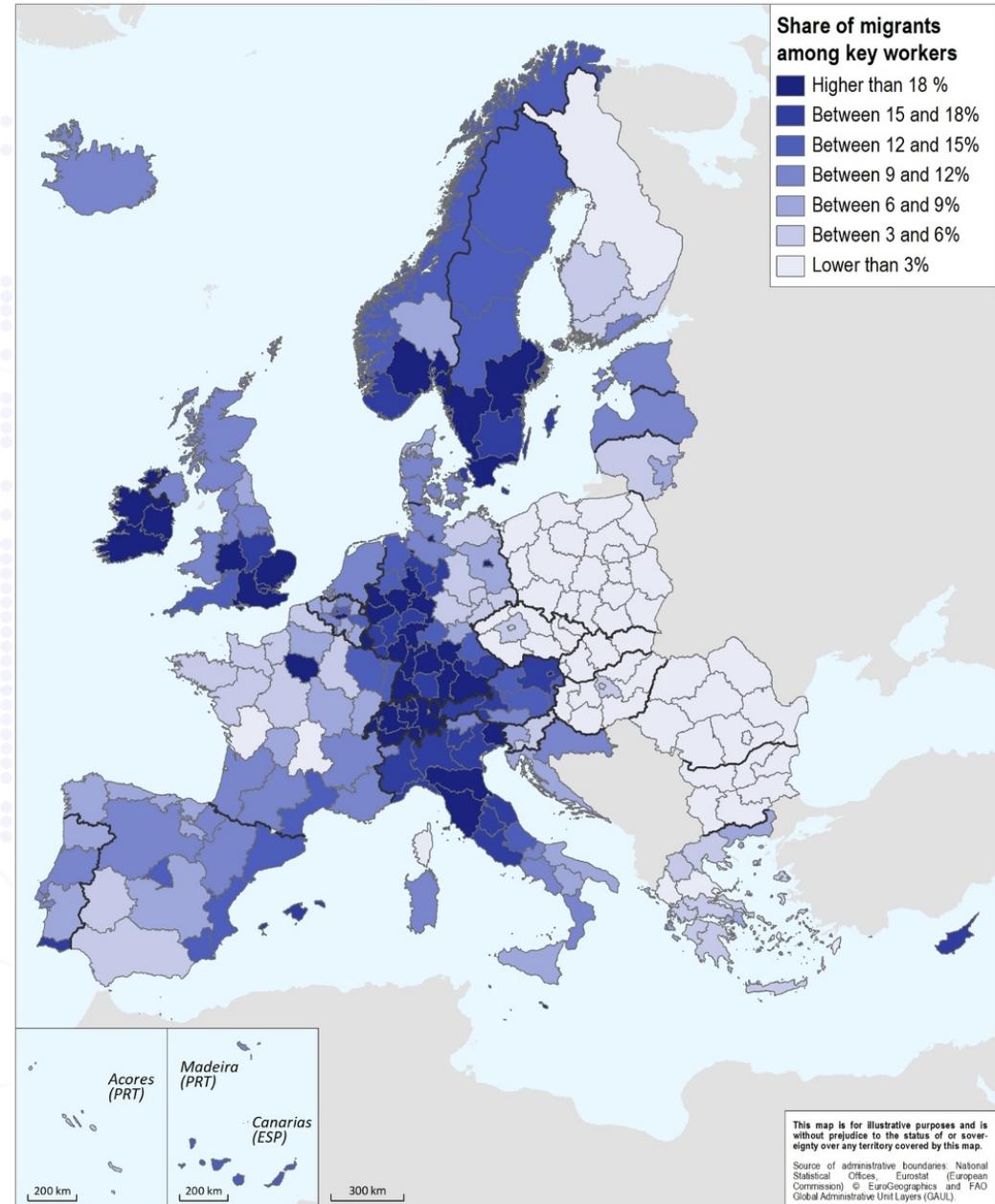
- Impact of institutional factors on migrants' employment in essential occupations
- [Theoretical discussion] 'Formal institutions' – i.e. formal rules and regulations such as labour market regulations, welfare policies, sector-specific policies (e.g. the type of the social care system) as well as migration and integration policies – can affect migrant labour demand and supply
- [Theoretical discussion] 'informal institutions' – anchored in people's values and norms – can also play a role in shaping migrant labour demand and supply
- Which institutions are associated with wider gaps in KS employment for observationally similar immigrants and natives?

Regional analysis

Work in progress

Motivation:

- Small number of observations at the country level (50)
- Share of foreign-born heterogeneous within countries
- Macro / institutional factors vary (Attitudes to immigration, economic conditions, sectoral composition)



Conclusion

- Explain migrants' relative probability to be employed in key sectors
- Extract residual over-representation after controlling for individual characteristics
- Explore how this over-representation varies across occupations and urban areas as well as migrants' returns to human and social capital
- Second stage: What is the role of institutions in explaining cross-country variations in over-representation?