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# Employment change, institutions and migrant labour: the Italian case in comparative perspective

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## Employment change, institutions and migrant labour: the Italian case in comparative perspective

### 1. Introduction

The prolonged socio-economic crisis that has affected Italy since the onset of the Great Recession has comprehensibly drawn academics' and policy makers' attention to the need and strategies to recover employment levels. Scarce attention has been paid to the peculiar pattern of employment change by skill that has emerged in Italy since 2008. Employment downgrading – diverging from the most widely established polarization trends in affluent countries (OECD 2017a) – has been very much overlooked<sup>1</sup>.

Even scarcer attention has been paid to the connections between employment down-skilling and the presence of immigrant workers in the Italian labour market, which has further increased during and after the crisis, although with relevant territorial differences<sup>2</sup>. Immigrant workers from non-Western countries, who accounted for 6% of employment in 2006 and 8% in 2008, reached 12% in 2015 (corresponding to 2,650 million), a figure similar to that for the UK and Sweden. In all Western European countries, immigrants account for

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<sup>1</sup> An exception is Reyneri (2018a).

<sup>2</sup> The internal territorial differences will be the core of Avola's article in this issue (2018) and is not considered in our analysis.

more than 10% of the total labour force and represent a structural component of employment (between 7% and 13%). However, while in Italy, as in the other Southern European countries, migration inflows became relevant only in the 1990s, in Continental and Northern Europe, immigration has a much longer history. Over the last two decades, notwithstanding the crisis, the presence of immigrants has been increasing in all European labour markets, and «new» immigration countries have reached and even overtaken the «old» ones. Nevertheless, due to the much more recent migration in Southern Europe, second generations are far less present and third generations almost non-existent.

This article investigates how employment change has been intersecting and intertwining with the growth of immigrants among the labour forces in Italy under the hypothesis that migration inflows not only depend on but also affect the labour demand and employment changes in the receiving countries while also changing the composition of the labour supply. Employment changes and labour migration are very often separately considered. Influenced by the increasing specialization and the poor interconnections between different fields of study, analyses of employment structure seldom consider the ethnic composition of the labour force, while migration studies only rarely develop a real dialogue with analyses of the receiving labour markets. The results from both of these literature streams provide several pieces of evidence to highlight how employment structures and migration flows influence each other, mediated by the institutional context. Indeed, employment structures and changes are affected by the characteristics of the economic fabric, labour market regulation and the welfare system, which also affect natives' and immigrants' economic opportunities and choices.

This article adopts a macro-structural approach and focuses on the Italian case in comparison with seven European countries representing the European institutional variety: Denmark, Sweden, and the Netherlands (Nordic model); the United Kingdom (Anglo-Saxon); Germany and France (Continental); and Spain (Mediterranean). The aim is to show how in Italy, the downgrading pattern builds both on the stagnation of skilled job creation by the productive fabric and the enormous demand for care services from families, intertwined with immigrant labour supply. The analyses build on European Labour

Force Survey microdata that have provided information about respondents' country of birth since 2005, thus allowing for foreign born to be distinguished from natives<sup>3</sup>. Due to Southern Europe's recent migration history, the article only focuses on first-generation immigrants from high-emigration countries, that is, foreign-born citizens from non-Western or less developed countries (including new EU Eastern European countries).

The article is structured as follows. The first two sections (§2 and §3) discuss how comparative political economy and migration studies could become more receptive to cross-fertilization. To make the overview more systematic, we will consider different literature streams separately, with minor attention to their overlapping, while emphasizing the connections between migrant labour, institutions and socio-economic assets. The subsequent sections focus on Italy from a comparative perspective: the fourth section analyses the increasing role played by immigrants in the employment structure, while the fifth section analyses employment trends, highlighting how the peculiar Italian pattern of employment change intertwines with employment's ethnic composition.

## 2. Employment change and immigrant labour from a political economy perspective

Despite the increasing role that immigrants play in the labour forces of Western European societies, the debate over socio-economic regimes and employment changes has only rarely considered how and the extent to which the presence of a large pool of foreign labour is involved in and affects the major trends of such changes. However, both institutional and structural factors designing the varieties of capitalism and welfare regimes in Western Europe play a prominent role in shaping immigrants' economic incorporation. The stronger focus on demand-side and institutional factors that tradition-

<sup>3</sup> The European Labour Force Survey is the richest and most consolidated source of information for comparative analyses of European labour markets. The sample size, representative of the population of each country, was (in 2015) 483,728 cases for Germany, 139,883 for Denmark, 111,218 for Spain, 527,939 for France, 597,872 for Italy, 73,768 for the Netherlands, 212,943 for Sweden and 82,229 for the UK. In broad disaggregation by industry and occupation, we did not include information on reliability, which is granted by Eurostat's official data release.

ally distinguishes the comparative political economy literature can partly account for the weaker attention it has paid to supply-side dynamics and, in particular, to the changing ethnic composition of the labour force. In this section, we attempt to make the direct and indirect connections more explicit.

*Varieties of capitalism and migrant labour.* The *varieties of capitalism* literature (Hollingsworth and Boyer 1997; Hall and Soskice 2001; Amable 2003; Molina and Rhodes 2007; Streeck 2009; Burroni 2016; Burroni and Scalise 2017) has emphasized how the institutional configurations of socio-economic organization – labour market regulation, trade unions' role and scope, welfare and training systems, state intervention – significantly affect labour market performance in terms of both employment creation and job quality (Gallie 2007).

As highlighted only by Devitt (2011) and Afonso and Devitt (2016), the institutional factors that govern and shape employment levels and quality in the different institutional configurations also have direct and indirect effects on the demand for migrant labour. Comparative political economy could more systematically consider the role of migration, as different capitalist systems create different levels and types of demand for migrant workers, who in turn can play different roles in their interactions with institutional assets and the economic fabric. Regarding the level of demand for migrant labour, regimes with lower innovation capacity and a stronger demand for low-skilled workers, as in Southern Europe in recent decades, have created a higher demand for migrant workers, even fostering a substitution process to some extent among immigrants and native workers in low-productivity sectors. These same regimes attract relatively low-educated or low-skilled immigrants. In regimes with higher employment dynamics, higher innovation capacity and more skilled labour demand, beyond taking low-skilled jobs, immigrants can play a complementary role, by providing the labour supply suitable to the development model (Afonso and Devitt 2016).

The presence of migrant labour in turn interacts with institutional and economic assets. Migrant workers are generally prone to accepting more flexible and insecure jobs, lower wages, and worse employment conditions so that they challenge unions' strategies and their overall strength, even though in some countries they represent a growing pool of unionised workers. Moreover, migrant workers can foster an increasing

labour market flexibilization (*ibidem*): in highly regulated labour markets, migrant workers can increase the system's flexibility through labour market segmentation, with immigrants segregated in low-end sectors and occupations while the more favourable conditions of the primary labour market continue to apply to native workers (Kogan 2007; Afonso and Devitt 2016; Devitt 2011). Segmentation can build on different dimensions: not only the precariousness/stability of employment but also the irregularity/regularity of employment arrangements.

*Welfare regimes and employment diversity.* In contemporary affluent societies, the service sector is the main employment driver (Wren 2013). In particular, the institutional design of social protection and services – public, private or «no» provision – has proved to remarkably affect both the level and the socio-demographic composition of employment in Western countries (Esping-Andersen 1990; 1993; 1999).

Within the broader service transition, the development of the different welfare regimes – Anglo-Saxon, Nordic, Continental and Southern European – has accompanied a progressive incorporation of those components of the labour forces – women, youth and immigrants – who played a more peripheral role in the employment structure of industrial societies in the past, especially in Southern Europe (Reyneri 2009). Employment growth has indeed occurred in those sectors – social and personal services – that are more «open» to female, young and immigrant labour forces. Although a large body of the literature has been committed to the connections between welfare systems and female paid work, minor attention has been devoted to the changing ethnic composition of the labour force. Nevertheless, the connections between job opportunities in low-end interpersonal services and the need for a labour supply willing to obtain such jobs – typically immigrant workers – are strongest (Piore 1979; Devitt 2011; Wren 2013; Oesch 2015).

Within the welfare systems debate, a rich discussion has developed around the substitution role that immigrants play when the welfare model fails to deliver particular but crucial outcomes. This is the case for the weakest care services in Southern European welfare which pushes many families to turn to foreign domestic and care workers. We return to this literature in section 3.

*Employment polarization: institutions and immigration.* The recent debate on employment changes by skill has explicitly considered the interactions of demand-side and institutional factors with labour force evolution. Evidence has shown that since the mid-1990s, not only the US and the UK but also some European countries have undergone a polarization trend in employment (Wright and Dwyer 2003; Autor *et al.* 2006; Goos and Manning 2007; Goos *et al.* 2009; Oesch and Rodríguez Menés 2011; Fernández-Macías 2012; Oesch 2013; 2015; Eurofound 2011; 2013; 2014; 2015). The trend sees medium-skilled jobs shrinking and both highly skilled and low-skilled jobs growing. The acceleration of technological change made routine and non-cognitive executive jobs increasingly substitutable by technology, while cognitive and non-routine jobs, on the one hand, and unskilled interpersonal service jobs, on the other hand, are more difficult to replace. However, in most countries, the polarization trend is asymmetrical, as the increase in highly skilled jobs is stronger than that in low-skilled jobs.

The presence of a large pool of unqualified labour and flexible labour market regulation are both preconditions for employment polarization (Oesch 2015; Murphy and Oesch 2017). On the one hand, a shortage of available workers can limit the expansion of low-end jobs, which is likely the case when natives' educational attainment is rising. Such a shortage could push firms towards technologies complementary to low-educated workers, but the availability of an immigrant labour force willing to accept low-skilled and low-paid jobs can reduce the pressure to innovate<sup>4</sup>.

On the other hand, institutions and labour market regulation can also hamper or ease the expansion of low-end jobs (Murphy and Oesch 2017). Legal minimum wages, collective bargaining, unions and welfare state provisions (e.g., unemployment benefits) can keep the wages of low-end jobs sufficiently high to push firms to substitute low-skilled labour with innovation and technology by pursuing a «high road

<sup>4</sup> In the US, Hispanic migration from Mexico explained the polarization of the 1990s (Wright and Dwyer 2003). Similarly, the UK (Oesch 2015) and Ireland during the Celtic Tiger years (Murphy and Oesch 2017) showed a polarization trend fuelled by foreign-born workers from Eastern Europe. In Spain, the polarization was due to a massive increase of immigrants, especially from Eastern Europe and Latin America (Oesch and Rodríguez Menés 2011).

job strategy» (Streeck 1997; Carré and Tilly 2017). Such a strategy is more likely in countries with an egalitarian wage structure (Oesch 2015; Gautié and Schmitt 2010; Carré and Tilly 2017; Grimshaw *et al.* 2013), while more flexible wage settings should allow low-skilled jobs to expand (Oesch 2015; Devitt 2011). Highly regulated but strongly dualistic labour markets – as in Southern Europe – allow for the expansion of low-skilled jobs through labour market segmentation and the informal adjustment of wages in labour-intensive sectors in which immigrants are more likely to work (Devitt 2011; Kogan 2007). This segmentation can concern different dimensions. In Italy and other Southern European countries, the most relevant divide is between regular and irregular employment, to which «grey» forms of employment and informal arrangements in small-sized and micro firms and in cooperatives must also be added. In other highly regulated countries, such as Germany, over the last few decades, labour market deregulation, which promoted the growth of fixed-term and marginal jobs, created a different form of dualism between these precarious forms of employment and the permanent segment. In the German case, labour market deregulation since the mid-2000s and liberalisation policies in the services, which contributed to a wage decline in the sector, have allowed for the expansion of low-end service jobs (Hassel 2014; Eichhorst 2015).

### 3. Institutional and structural factors shaping the economic incorporation of immigrants

Within the broad literature on migration, studies of the labour market incorporation of immigrants in destination countries represent a prominent stream. Different from political economy, migration studies are more supply-side oriented, even when adopting a macro-institutional approach; institutions and structural factors are generally considered exogenous, although essential. Adopting a schematic approach, we focus here only on those streams of studies that more directly consider institutions and structural factors in order to make their connection more explicit with the shaping of immigrants' insertion into the labour market.



*Models of immigrants' labour market incorporation.* Thanks to the wide and increasing availability of statistical data, microanalyses focusing on the labour market outcomes of the foreign-born in receiving countries have been growing intensively. The focus has privileged individual characteristics affecting immigrants' employment outcomes with the aim of understanding whether and to what extent they are penalized compared with natives as well as which immigrant groups are most penalized. Large international datasets have allowed for comparisons of different receiving countries (Fleischmann and Dronkers 2010; Kogan 2007; Heath and Cheung 2007; Van Tubergen 2006; Van Tubergen *et al.* 2004; Reyneri and Fullin 2011a; Fellini and Guetto 2018) to identify specific patterns of immigrants' labour market insertion in different institutional contexts. In Western European countries, at least until the crisis, a trade-off between immigrants' employment opportunities and job quality was detectable (Reyneri and Fullin 2011a; Fullin 2014; Ballarino and Panichella 2015; Fellini 2018; Panichella 2018). Southern European new receiving countries have combined relatively low penalization of immigrants regarding the risk of unemployment with high penalization regarding access to high-skilled jobs<sup>5</sup>. In contrast, in the old migration countries of Northern and Continental Europe, immigrants experienced higher penalization in the risk of unemployment but lower penalization regarding segregation in low-skilled jobs. Simply stated, in Southern European countries, immigrants are as likely as natives to work due to their almost exclusive insertion in «bad jobs».

According to this literature, structural and institutional factors account for the differences between «old» and «new» receiving countries. On the one hand, in Southern European countries, the fragmentation of the economic fabric, dominated by scarcely innovative medium- to small-sized firms and a flourishing irregular economy, is the main factor explaining the broad demand for unskilled labour, expressly addressing migrant workers (King 2000; King and Ribas-Mateos 2002; Baldin-Edwards 2002; Arango *et al.* 2009; Reyneri 2003). On

<sup>5</sup> As argued by Avola (2015), the specificity of the Southern European model of immigrants' incorporation into the labour market is even more evident in the Southern Italian regions than in the Northern regions, which are more similar to other European countries.

the other hand, the specificities of the Mediterranean welfare system, which does not provide public elderly and child care services but cash transfers to households, indirectly create substantial labour demand for unskilled jobs addressing immigrants (Sciortino 2004; Da Roit *et al.* 2013). Moreover, the ineffective economic support provided by Mediterranean welfare in the case of unemployment pushes immigrants to accept the first (unskilled) job that they find (Reyneri and Fullin 2011b). As we show in the following pages, the mechanisms underlying the Southern European model are quite evident in the Italian case and explain how institutional factors and employment structures intertwine. We add to this picture the role of the feedback effect that the growing presence of immigrants plays in labour demand adjustments and employers' strategies (Oesch 2013).

*Immigrant women and care regimes.* Studies of immigrant women working as caregivers for the elderly and children in Southern European countries have contributed to discuss the unprecedented feminization of contemporary migration and its connections with the different «care regimes» (Andall 2000; Bettio and Solinas 2009; Bettio *et al.* 2011; Williams 2012; Da Roit and Weicht 2013). There are several connections with the welfare capitalism literature to which this stream of literature adds the interplay among welfare systems, employment regimes and migration policies in generating a specific labour demand driving immigrant women's labour market incorporation. These studies have also emphasized the high informality and poor working conditions (low wages, long working hours and lack of regulation, with the household as the direct employer) in domestic and care work in Southern European countries. With the focus on a specific segment of the immigrant labour force, mainly female, the «care regimes» literature has provided evidence crucial to understanding the vicious intertwining between migration and employment changes in the Italian case and its specificities compared with other European countries.

The differences across care regimes are explained by welfare models (care activities provided by the state or by the market in formal or informal ways), migration regimes (presence of work-related immigrants and/or unauthorized ones) and labour market characteristics (relevance of the underground economy, labour market segmentation and segrega-

tion of immigrants in low-skilled occupations) (Da Roit and Weicht 2013; Simonazzi 2009). A crucial point concerns the role played by the state, which in some countries (such as Northern European countries) directly provides care services through public institutions and therefore creates job opportunities that are more skilled, more permanent and better paid than those developed in the semi-formal or informal market of care services provided by households due to uncontrolled cash-for-care programmes. In contrast, when these programmes entail public control over how the benefits are used, irregular employment arrangements for caregivers are discouraged, and job opportunities in this sector are better (Da Roit and Weicht 2013). The presence of immigrants in the care sector varies across countries and depends on the factors already highlighted (migration regimes and labour market characteristics). Regarding elderly care, different care regimes can be identified across European countries (Simonazzi 2009, p. 227). Sweden and France have formal markets based on public provision in which the labour force is mainly native; in the UK, the market for care services is mainly formal but is based on both public and private provision, and employment involves both immigrants and natives. Germany has a mix of formal and informal markets that address a mainly native labour force. Italy and Spain have an informal market that addresses almost exclusively immigrants and is supported by cash transfers to families.

*Immigrants' labour market incorporation and migration policies.* Very complex to analyse in their functioning, migration policies are often considered part of the regulatory background in studies of immigrants' economic incorporation rather than as a dimension directly affecting immigrants' labour market incorporation<sup>6</sup>. This consideration occurs because even if migration policies are designed to meet the needs of the national productive systems and are targeted to favour the entry of a labour force more suitable to fill the jobs that the native labour supply leaves vacant, «back-door» mechanisms and «functional alternatives» significantly affect the actual func-

<sup>6</sup> Only a few studies have aimed to investigate how the different national regulations of immigrants' inflows affect their subsequent integration in destination societies in terms of labour market integration (Kogan 2014).

tioning of the policy design (Pastore 2014; Reyneri 2018b). Other than addressing public opinion and consensus, it is well established that migration regulation only partially affects migration flows, as foreign-born workers can overcome policy limitations through entry for family reunification and asylum, overstay after regular entry or enter with authorization. Moreover, even when migration policies are very selective, they can be quite ineffective if the segmentation of the labour market and the presence of a large irregular economy make it easy to work without a permit and attract unauthorized migration inflows (Einaudi 2006; Zanfrini 2015; Massey 2009; Reyneri 2003). Over the last decade, «front-door» migration policies have been affected by other non-negligible changes to be mentioned. The enlargement of the EU to Eastern European countries turned significant extra-EU migration inflows into the free movement of new EU citizens, thus regularizing and normalizing a significant part of the labour migrations to Western European countries.

In the following pages, as in most analyses of immigrants' economic incorporation, we do not consider the role of migration policies; instead, we look directly at the outcomes, i.e., the immigrant labour force present in destination countries. Obviously, as mentioned, the presence of a large pool of immigrant labour in the Southern European countries does play a crucial role in explaining the specificities of the employment structure and of immigrants' economic incorporation.

#### 4. A growing role for immigrants in the employment structure of Western European countries despite the crisis

The broad debate on immigrants and migration inflows often obscures the structural role that settled immigrants have played in employment and, more broadly, in the labour market. Not so obviously, since the economic crisis, immigrants' role in the employment structure of several European countries, including Italy and Spain, even strengthened. Labour market analyses tend to disregard employment trends by ethnic origin, instead outlining relevant and unexpected differences across countries.

In Southern Europe, the economic crisis has been deeper and more prolonged than in most Continental and Northern

European countries so that employment losses have been larger and longer lasting, while the recovery has been slowed by austerity policies that the public debt crisis made necessary. As Figure 1 highlights, taking as a reference the employment level in 2005, Germany, Sweden, the UK and France recovered quickly from the negative (almost null in Germany) impact of the economic crisis on employment. In contrast, in Spain, the consequences were huge and dramatic, while Italy registered a smoother<sup>7</sup> but long decline and a weaker recovery.

During the crisis, migration inflows towards European countries decreased and, in many cases, the foreign-born experienced the immediate impact of the downturn with more intensity than did their native-born counterparts (IOM 2010; OECD 2012; 2017c; Fellini 2018; Panichella 2018). This outcome occurred not only because immigrants were concentrated in those sectors and small-sized companies that were most affected by the crisis (i.e., construction and manufacturing), but also because immigrants are more likely to be penalised compared with natives. Nevertheless, migration outflows did not increase (with the exception of Spain), and immigrants' role in overall employment was consolidated<sup>8</sup>. In several countries, migration inflows started recovering in 2011, together with the economic upswing (OECD 2017c). Immigrants' presence in the labour market between 2005 and 2015, notwithstanding the crisis, increased in all of the selected European countries (except for the Netherlands) (Table 1). Italy (and Denmark) showed among the highest growth in the employment share of immigrants in the ten years, doubling from 5.9 to 11.9, which is surprising given the poor labour market performance registered during that period (Figure 1). This evidence highlights the structural roles that immigrants play in all European

<sup>7</sup> In Italy, «Cassa Integrazione Guadagni» (CIG, Wages Guarantee Fund) kept employment levels artificially high during the first years after the crisis, since workers on CIG are not formally dismissed, so they are still officially employed.

<sup>8</sup> It is worth distinguishing between the crisis' consequences in terms of migration flows and in terms of immigrants' labour market outcomes. The two phenomena are interlinked but distinct, as migration flows impact the immigrant population present in a country, while immigrants' employment outcomes depend on how many of them participate in the labour market and find a job. As highlighted by a recent report (Ministero del Lavoro e delle Politiche Sociali 2017), demographic trends also affect employment performance. Given the focus of our analysis, we centred our attention on employment structures and trends without investigating the underlying dynamics.

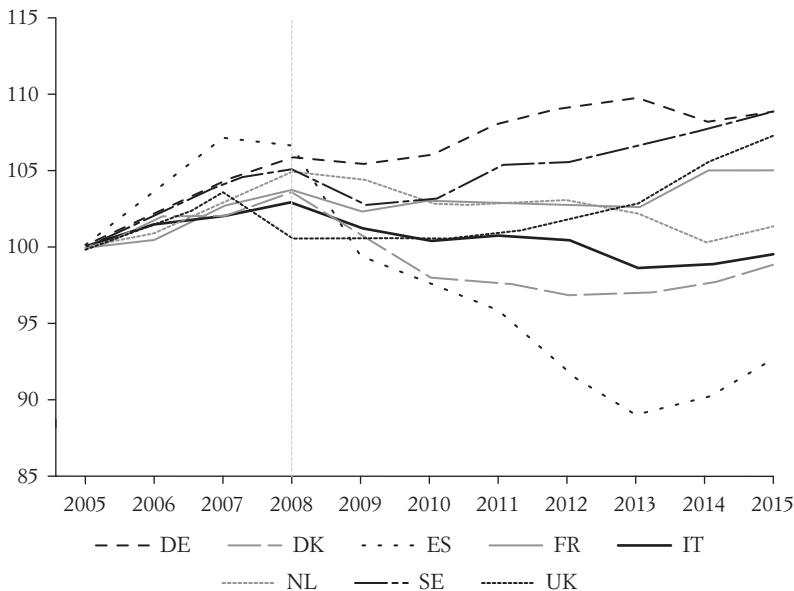


FIG. 1. Employment indices in selected Western European countries (base 2005=100)  
 Source: Own elaboration on EULFS microdata.

labour markets – Southern countries having reached and even overcome old migration countries such as France, Germany and the Netherlands – and the presence of a labour demand that considered the immigrant labour force a privileged pool, even during the crisis.

To appraise the role of immigrants in the destination countries’ labour markets, we look at the *employment rates* and their breakdown by industry and by occupation – for natives and immigrants – rather than the more conventional employment composition. The percentage of people employed (in every industry or occupation) among the total population aged 15-64 years old is not commonly used but is much more effective than the distribution of employed people (by industry or occupation), as it highlights the employment structure *and* the number of job opportunities available in every country (the overall employment rate) at the same time (Bosch and Wagner 2005).

TAB. 1. *Immigrants in employment (% of total employment aged 15-64) and immigrant employment growth rate (%)*

	Share of immigrants in total employment aged 15-64 (%)				Immigrant employment overall growth rate (%)
	2005	2007	2010	2015	2005-2015
Denmark	3.3	5.1	6.0	8.1	146.6
Sweden	7.0	8.7	10.1	13.2	105.3
United Kingdom	6.7	8.6	10.8	13.2	111.1
Netherlands	8.3	8.1	8.3	8.1	-0.1
Germany	5.1	4.1	5.7	6.9	46.6
France	7.3	7.4	8.0	8.8	27.1
Spain	11.2	13.9	13.3	12.2	1.5
Italy	5.9	7.1	9.6	11.9	100.5

*Source:* Own elaboration on EULFS microdata.

In Figure 2 and in the remainder of this article – to reduce the complexity of the comparison between Italy and other new and old immigration countries – we consider only first-generation, foreign-born workers from non-Western or less developed countries with high emigration rates. On the one hand, the dataset does not allow us to identify second-generation immigrants, whose members, being born in the destination country, are included among natives. On the other hand, we exclude foreign-born workers from affluent countries (the US, Japan, Australia, and Western European countries), whose employment conditions in Italy are very similar to those of natives.

The differences in the employment levels of Western European countries are well known: the employment rate in Northern European countries is highest – nearly 80% in 2015 – while it is lowest in Southern Europe (less than 60%), with Italy lagging behind (56%). Less well established are the differences between natives' and immigrants' employment rates, which show both a greater disadvantage for immigrants in «old» migration countries compared to natives and very numerous employment opportunities for them in Southern Europe. In Italy, immigrants' employment rate (59%) is even slightly higher than that of natives, similar to that of immigrants in Denmark, Sweden and Germany and higher than in France and the Netherlands (Figure 2). Although the younger age structure of the foreign-born population can partly account for immigrants' employment «advantage», the Italian picture is one of a country where

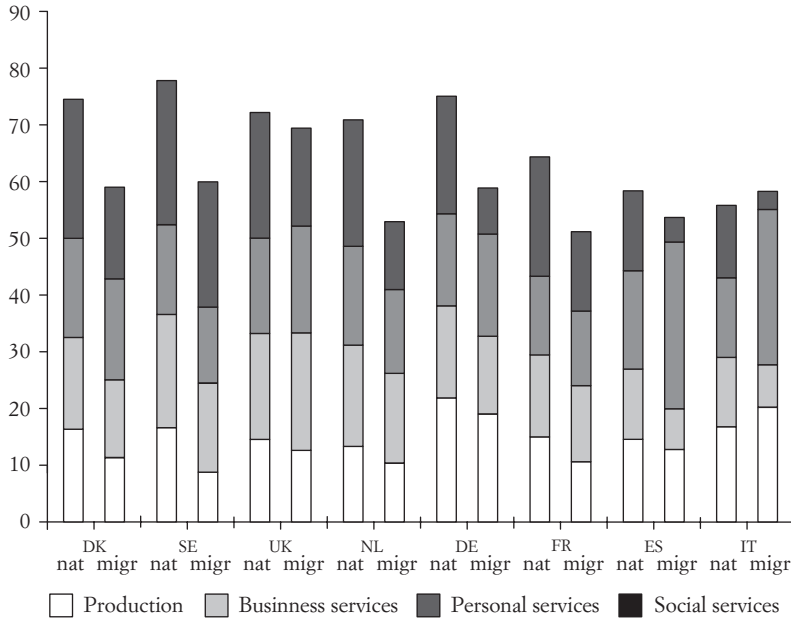


FIG. 2. Natives' and immigrants' employment rates by industry in selected European countries, 2015.

Source: Own elaboration on EULFS microdata.

(settled) immigrants find easy access to employment, despite the overall low level of the total employment rate.

Immigrants' and natives' employment rates by industry shed light on an important specificity of the Southern European countries: in Italy and Spain, the sectors that keep the employment rate of immigrants high are production activities (i.e., agriculture, construction and manufacturing) on the one hand and their disproportionately large presence in personal services<sup>9</sup> on the other hand. Regarding the former, the relevant role of manufacturing and construction is well established in

<sup>9</sup> Industries have been aggregated into four macro-sectors: production (which includes manufacturing, construction and agriculture); business services (transport, communication, banking, real estate); personal services (sales, tourism and other personal services); and social services (public administration, education, health and social work, other community services).



the Italian case, while in Spain, construction was the main sector employing immigrants before the crisis. However, our attention is focused mainly on immigrants' insertion into personal services (i.e., services bought by individuals such as restaurants, stores, and hotels as well as domestic and care workers directly hired by households), which has been less considered and which is the main difference with other European countries. Immigrants' employment rate in personal services in Italy is highest: it is approximately two times that of Italian natives and of immigrants and natives in all of the other European countries. The employment rates by industry shown in Figure 2 therefore allow us to highlight a specificity of the Southern European model of immigrants' economic incorporation not sufficiently investigated in the literature: in addition to their presence in production activities, immigrants' high employment rates in Italy and Spain are explained by the large number of job opportunities in personal services. Indeed, if immigrants' employment rate in this sector was proportional to that of natives (as in the other countries), then immigrants' overall employment rate would be much lower than that of natives, as in Central and Northern Europe, and the specificity of the Southern European case would be much less evident.

As the lowest employment rate for natives attests, compared to other countries, in Italy, the under-development of the social services sector (i.e., public administration, education, health and social work, other community services) is impressive and mirrors the main specificity of the Southern European welfare model. The dramatic lack of social services, especially for care of the elderly and children, accounts in Italy (and Spain) for the development of a specific area of personal services, namely, care and domestic activities, which households buy using the monetary transfers that Southern European welfare privileges as a substitute for the public provision of services (Da Roit and Weicht 2013; Da Roit *et al.* 2015; Da Roit and Sabatinelli 2005; Bettio and Solinas 2009; Bettio *et al.* 2011; Simonazzi 2009).

To better grasp the impact of welfare system models, it is worth analysing the internal structure and the presence of immigrants in social and personal services (Table 2). In particular, among personal services, we isolated «activities of households as employers», which refers to all of the jobs

TAB. 2. *Personal and social services: employment by subsector (%) and presence of immigrants (%) 2015*

	DK	SE	UK	NL	DE	FR	ES	IT
Public administration and education	35.4	43.0	40.1	34.6	38.5	41.5	36.7	36.4
% of immigrants	5.4	11.5	7.9	5.7	2.1	6.6	2.5	1.3
Health and social services	41.7	36.6	32.6	42.4	36.6	35.8	21.0	23.3
% of immigrants	7.8	17.4	14.5	6.1	5.0	8.4	8.0	6.2
Households as employer	0.2*	n.r.	0.4	0.1	1.6	2.6	9.4	10.2
% of immigrants	n.r.	n.r.	29.9	n.r.	18.8	18.6	57.7	77.7
Other personal services	22.7	20.4	26.9	22.9	23.4	20.1	32.8	30.0
% of immigrants	14.2	19.3	16.1	10.6	12.7	13.2	20.5	17.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sample size (weighted) (thousand)	1,149	2,009	12,716	3,065	14,227	10,735	6,899	7,697
Sample size (unweighted)	24,880	66,064	15,526	16,248	82,916	83,564	15,816	72,922

Note: n.r.: Not reliable; \*: Limited reliability.

Source: Own elaboration on EULFS microdata.

that households pay for by hiring somebody: care and cleaning activities, babysitting, and gardening, among others. The weight of this sector is almost null in all of the countries but the Southern European ones (Italy 10.2%, Spain 9.4%) and France (2.6%). This subsector provides job opportunities that in Italy target mainly immigrants (they represent 78% of the total employment hired directly by households, and this percentage would be even higher if we could include all of the irregular workers in the sector)<sup>10</sup>, as in Spain (58%). It is the «hidden and invisible welfare» based on care services that Italian households obtain by hiring – regularly and irregularly – immigrant workers who are willing to work long hours for low wages and who often co-reside with the care recipients (Ambrosini 2015). In Northern European countries, in contrast, care services are provided by public institutions in the health and social services sector, which offers employment mainly, but not exclusively, to the native workforce.

Figure 2 and Table 2 clearly show that the specificities of the employment structure of Southern European countries go hand

<sup>10</sup> Labour Force Surveys collect information about employed people, irrespectively of the regular/irregular employment arrangements, but people with an irregular job are less likely to declare them.

by hand with the specificities of the labour market insertion of immigrants, and they are both interlinked with the characteristics of Southern European welfare, which strongly affect immigrants' employment opportunities and occupational segregation.

The employment structure by sector also significantly affects the level of qualification of job opportunities (Figure 3). As highlighted by Fellini (2015), Southern European economies not only create fewer job opportunities than other European countries but also show a dramatic deficit in high-skilled employment. Indeed, the percentage of the population employed in cognitive occupations<sup>11</sup> is much lower in Italy and Spain (19% and 20%, respectively) than in Northern European countries such as Sweden (38%), the Netherlands (35%) and Denmark (33%) or in the UK (34%) and Germany (33%). Southern European countries' weak capability to create high-skilled job opportunities is explained by both the characteristics of the Mediterranean welfare regimes – scant development of social services and «hidden welfare» in low-skilled personal services – and the specificities of the productive system. On the one hand, where care services for elderly people are provided by public (as in Northern and Continental European countries) or private (as in the UK) institutions, they require a more skilled labour force, and credentials are requested even when they are provided at home, while in Southern European countries, caregivers are hired – often informally – by households, which do not require any qualifications (Simonazzi 2009). On the other hand, the fragmentation of the economic structure of Mediterranean countries into many small-sized firms more focused on traditional production and price competition than innovation has kept the demand for business services low and oriented towards its low-skilled components (security, cleaning, distribution, etc.) rather than high-skilled components (R&D, marketing, HR management, etc.) (Burroni 2016; Fellini 2015; OECD 2017b)<sup>12</sup>.

<sup>11</sup> Cognitive occupations include the first three major ISCO groups (1. legislators, senior officials and managers; 2. professionals; and 3. technicians and associate professionals).

<sup>12</sup> Regarding this concern, the Italian North/South divide in terms of production structure cannot be forgotten (see Avola's article in this issue), but the fragmentation into small-sized firms also characterizes the much more dynamic Northern regions.

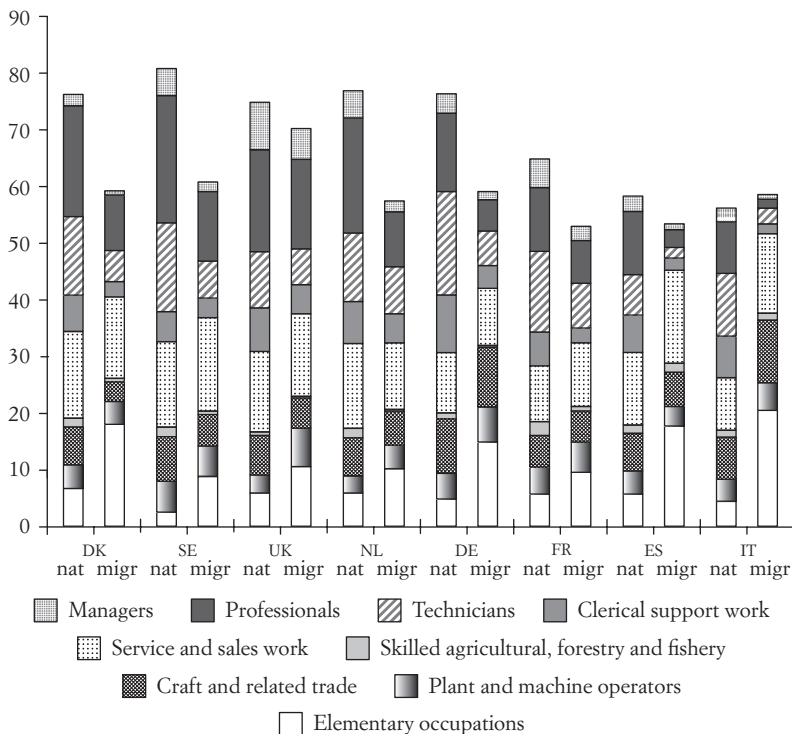


FIG. 3. Employment rates by occupation (2015).

Source: Own elaboration on EULFS microdata.

The structure by skill of natives' employment differs from that of migrants in all of the European countries, with higher employment rates for immigrants in low-qualified occupations and lower employment rates in high-skilled jobs (Figure 3). The Southern European model of immigrants' employment integration shows a dramatic concentration of migrants in low-skilled occupations and their strong underrepresentation in high-skilled ones, while the native/immigrant gap is much narrower in all of the other countries (Fullin 2014; Ballarino and Panichella 2015; Kogan 2007; Reyneri and Fullin 2011a; Panichella 2018). This segregation of immigrants into the lowest part of the occupational ladder is the downside of the trade-off between employment opportunities and job quality

(see §3). The concentration of immigrants in low-skilled employment both in Italy and Spain, which is connected to their segregation into labour-intensive sectors, is only very partially explained by educational levels. Indeed, if it is true that migrants entering Southern European countries are less educated than those heading to other European destinations (Kogan 2014), their penalisation in access to skilled jobs compared with natives – whose educational levels are in any case low compared with other European countries – remains evident even when keeping the educational level constant (Fullin and Reyneri 2011; Ballarino and Panichella 2015; Panichella 2018).

##### 5. The Italian divergence: a reverse polarization trend driven by the demand for care workers

Employment trends by skill account for the consolidation of immigrants' role in the Italian labour market in recent years, as discussed in the previous section. As shown in Figure 4, Italy has clearly emerged as a divergent case among Western European countries. A generalized «asymmetrical polarization» occurred from 1995 to 2015 (OECD 2017a), with growth of both high- and low-skilled jobs<sup>13</sup> – although the latter with weaker intensity – to the detriment of the middle skilled. Italy was the only country (with Greece) in which the growth of highly skilled jobs did not significantly exceed the growth of low-skilled jobs.

The data in Figure 4, recently released by the OECD (2017a), provide an important piece of evidence: not only do they consider all affluent Western countries, but they also cover twenty years, which is a long period that is difficult to analyse because the International Standard Classification of Occupations (ISCO) changed between 2010 and 2011. The OECD data assess employment change by occupation and bypass the 2010 break using a complex estimation procedure that could not be

<sup>13</sup> High-skilled occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers), 2 (professionals) and 3 (technicians and associate professionals). Middle-skilled occupations include jobs classified under the ISCO-88 major groups 4 (clerks), 7 (crafts and related trades workers) and 8 (plant and machine operators and assemblers). Low-skilled occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers) and 9 (elementary occupations). The agricultural, fishery and mining industries were not included.

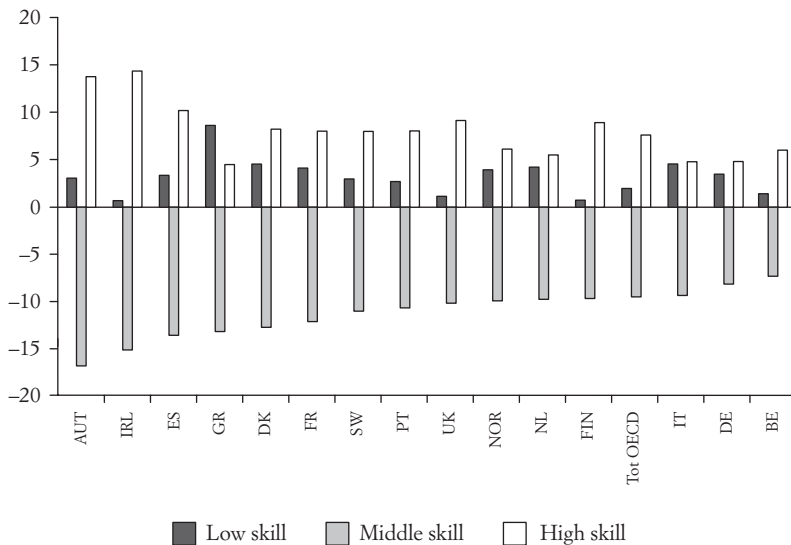


FIG. 4. Change in percentage points in share of total employment, 1995 to 2015.

Source: OECD (2017a).

replicated<sup>14</sup>. Most studies instead cover only the trends until the crisis (Wright and Dwyer 2003; Autor *et al.* 2008; Goos and Manning 2007; Olivieri 2012; Eurofound 2008; Goos *et al.* 2009; Oesch and Rodríguez Menés 2011; Fernández-Macías 2012; Oesch 2015; Murphy and Oesch 2017), while the comparative monitoring of employment change only focus on the years during and after the crisis (Eurofound 2013; 2014; 2015).

Previous studies of employment change proved, however, that until 2008, polarization was not occurring in all European labour markets, although it was clear cut in the US and the UK; moreover, after 2010, different patterns of employment adjustment emerged. According to these studies, both the institutional context and the labour force evolution tempered the effect of technological change, and in some cases, they promoted an upgrading instead of polarization (Oesch 2015).

<sup>14</sup> Employment data were mapped from ISCO-08 to ISCO-88 using a many-to-many mapping technique (OECD 2017a).

Comparative studies have only seldom included Italy, notwithstanding its peculiar trends. National studies have found upgrading in the 1990s followed by polarization in the 2000s (Olivieri 2012; Nellas and Olivieri 2011), while the downgrading trend emerged with the crisis (Eurofound 2013; 2014; 2015).

The following elaborations investigate the Italian specifics and explore the connections between downgrading and the consolidation of immigrants' employment. Due to the ISCO break, two periods are considered, in line with the conventional periods used in comparative institutional analyses: the Great Recession (2008-2010) and the subsequent years (2011-2015)<sup>15</sup>. Figure 5 shows the *employment change in percentage points in the share of total employment by skill level*. In Figure 5 (and following), the employment change by skill is measured in *percentage points* and accounts for the change in the share of a given group of occupations – low-, medium- and high-skilled – over the period considered. The definitions of the three macro-groups of occupations by skill are the same used by the OECD in Figure 4<sup>16</sup>. This representation allows us to highlight the changes in the composition of the employment structure. Given the weight of every group in the total employment of each country, the percentage point change indicates «how much» it is increasing or decreasing<sup>17</sup>. By construction, the sum of the change in percentage points across the three groups equals zero, and the changes are independent of the overall trend in the employment volume. Changes in the inter-

<sup>15</sup> Given that the availability of information about respondents' country of birth for Italy is only from 2005, any analysis that considers foreign born workers cannot go back beyond that year. Nevertheless, since most countries experienced opposing employment trends from 2005 to 2010, namely job expansion before and job losses during the crisis, we only focus on 2008-2010 – a period when employment decreased in all countries but Germany – and on the following years (2011-2015).

<sup>16</sup> Occupations are aggregated as in Figure 4 (see footnote 13), so that «sales and service workers» are classified as low-skilled occupations and «craft and related trades workers» and «plant and machine operators and assemblers» as middle skilled, thus bypassing the non-manual vs manual divide. Given the centrality of the OECD study for cross-country comparisons of polarization trends (2017a), our analyses adopted this classification, including all economic sectors although.

<sup>17</sup> Most studies of polarization rank occupations by skill or quality levels to assess employment change. Wages are the most used measure, followed by education and composite indices that combine various dimensions of job quality (Fernández-Macías and Hurley 2017; Eurofound 2015). Following the OECD (2017a), we adopt a more direct approach based on the aggregation of broad groups at the 1-digit level of the ISCO classification.

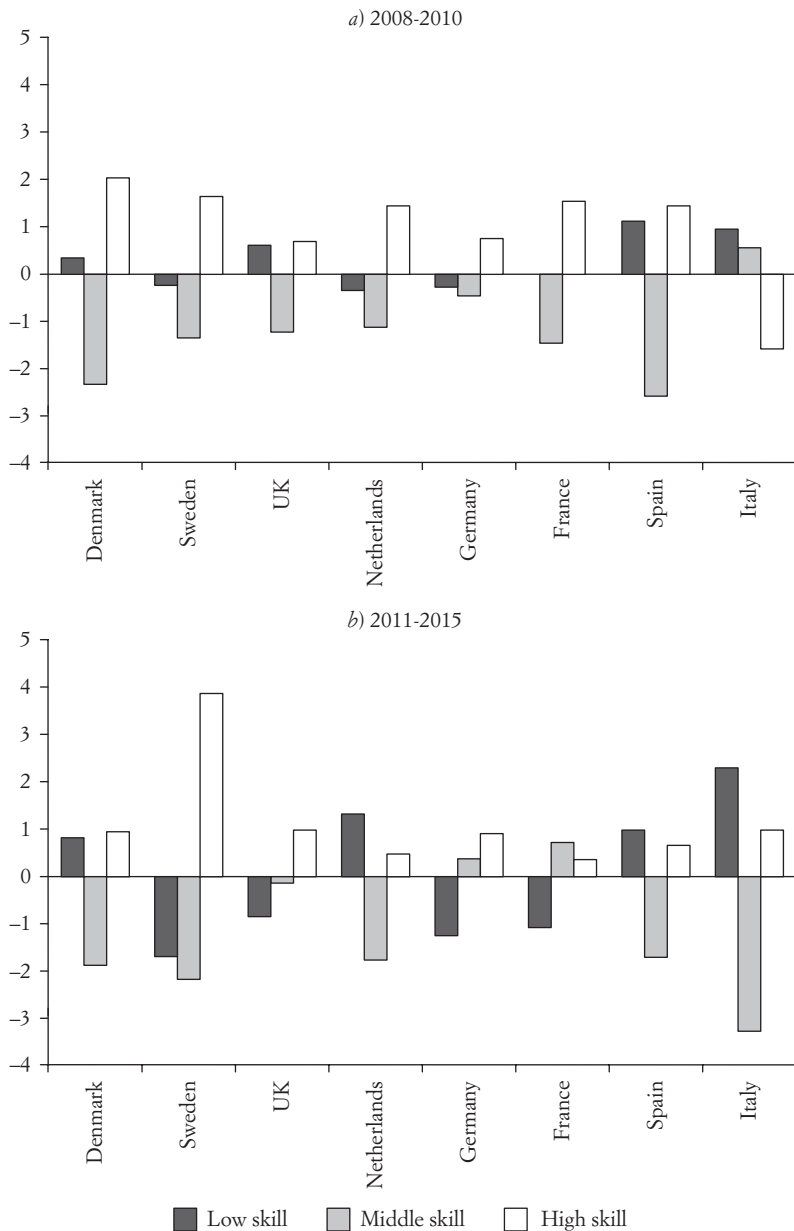


FIG. 5. Employment change in percentage points in selected Western EU countries by skill level 2008-2010.

Source: Own elaboration on EULFS microdata.



nal composition can occur in cases of employment decreases, increases or stagnation because job losses in one component can be compensated for by job creation in others.

Consistent with other analyses (Eurofound 2014), Italy is the only country whose employment structure downgraded with the crisis (Figure 5a). Over the crisis period in Italy, not only did the low-skilled occupations grow the most, with an increase of 1.1 percentage points in their weight in total employment, but also the weight of the high-skilled jobs decreased by much more (-1.6 percentage points). In some countries, low-skilled occupations declined due to the crisis (Oesch 2013). However, in countries such as Denmark, the UK and Spain, where low-skilled occupations increased, high-skilled jobs registered a larger increase. Between 2008 and 2010, the polarization trend was clear cut in Denmark, the UK and Spain, while an upgrading trend emerged in all of the other countries. Italy is the only case of a clear-cut downgrading process due to a labour demand skewed towards low-skilled jobs.

In Italy in particular, in the subsequent period (2011-2015), the trend turned into a «reverse» polarization pattern, with the growth of low-skilled jobs overcoming the growth of high-skilled jobs, that is, the opposite of the usual asymmetrical polarization. Indeed, low-skilled occupations increased by 2.2 percentage points – with no comparable figure in other countries – and high-skilled jobs increased by only 0.9. In 2011, most of the other countries showed polarization or upgrading, with the exception of the Southern European countries. In Italy, the increase in low-skilled jobs was accompanied by a remarkable job creation process within this employment segment, with a positive balance between job creation and job losses of 450 thousand workers – three times as much as the positive balance of 160 thousand workers in high-skilled occupations.

Most important for our analysis, the described trends were not the same for immigrants and natives. As Figure 6 shows, in Italy, the increase in low-skilled occupations in 2008-2010 mainly involved immigrants, especially women<sup>18</sup>. Indeed, the 1.1 percentage point increase in low-skilled jobs resulted from

<sup>18</sup> The analysis was necessarily split by gender, as immigrant women and men are concentrated in different sectors (agriculture, construction, manufacturing and distribution services for men; personal and social services for women) which were affected by the crisis to a different extent.

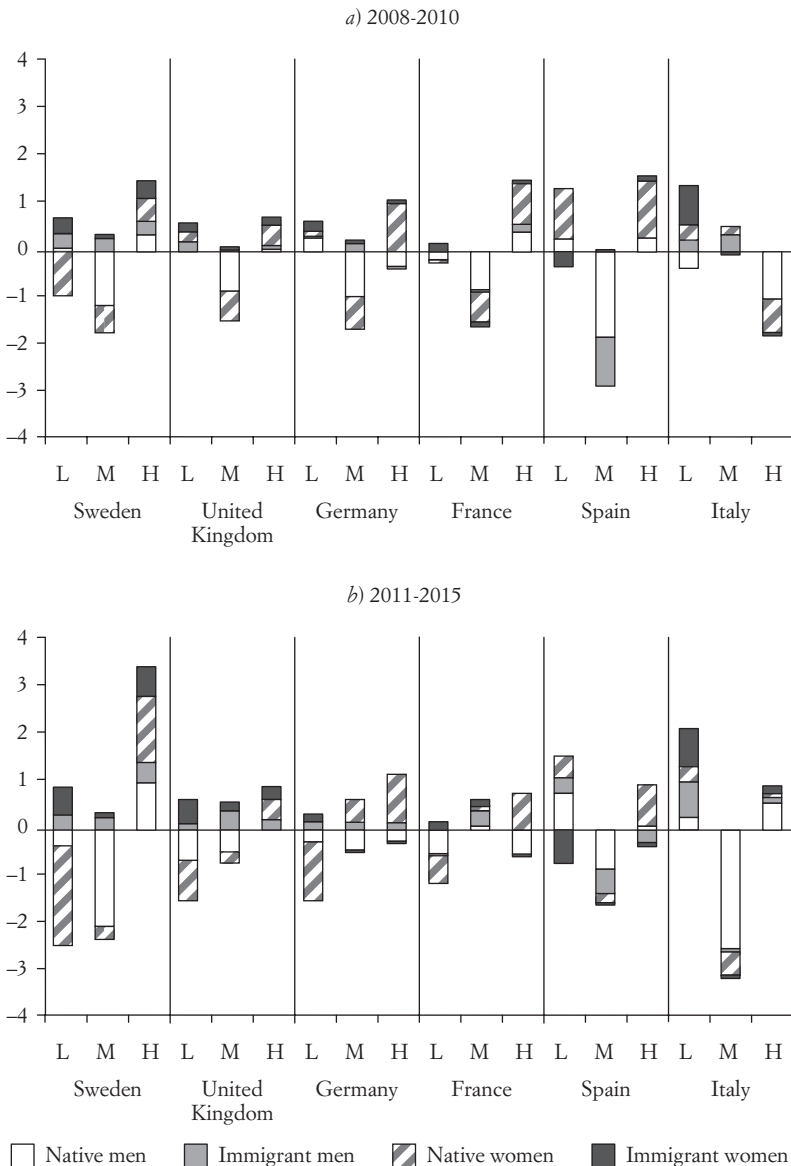


FIG. 6. Employment change in percentage points by skill level, country of origin, and gender.

Note: L = Low skill; M = Medium skill; H = High skill.

Source: Own elaboration on EULFS microdata.

an increase of 0.8 percentage points for immigrant women and 0.3 for immigrant men plus an increase of 0.3 points for native women and a decrease of 0.3 for native men. It is likely that during the crisis, many low-skilled native (male) workers lost their jobs in industry and construction, while new opportunities in the least-skilled and paid jobs in low-end services addressed the other components, above all immigrant women. Therefore, a substitution process among immigrants (women) and natives (men) in low-skilled jobs occurred. Regarding highly skilled jobs, the decrease of 1.6 percentage points only involved native men and women, with immigrants substantially absent from these jobs in Italy.

While in most countries a substitution process between immigrant and native workers in low-skilled jobs took place after the Great Recession (Figure 6*b*), in Italy, the significant growth of low-skilled jobs involved both the native and immigrant labour forces, although the latter to a much larger extent. The difficult phase for male native workers in Italy was furtherly worsened by the significant reduction in middle-skill occupations.

As shown in Figure 7, much more than in the other countries, the expansion of low-skilled jobs in Italy was driven by the demand for care and domestic workers from households directly hiring (foreign) workers (see §4). Figure 7 focuses on low-skilled jobs (column «L» in Figure 5) and highlights the contribution of different sectors. The trends are obviously country specific, but surprisingly, Italy is the only country where the growth of low-skilled jobs in both periods was only partly fuelled by firms in the production<sup>19</sup>, business and personal services sectors or by public or private organizations in social services (public administration, education, health and social services). Indeed, in Italy, the increase in the low-skilled group was to a very large extent driven by the «households-as-an employer» sector. Obviously, most of the care and domestic work is low skilled, but the extent to which direct hiring by households affected the employment change in Italy is impressive. The «households-as-an-employer» sector accounted for more than a half of the increase in the low-skilled group in 2008-2010 and for slightly less in the subsequent period. This trend was

<sup>19</sup> Agriculture, industry and construction.

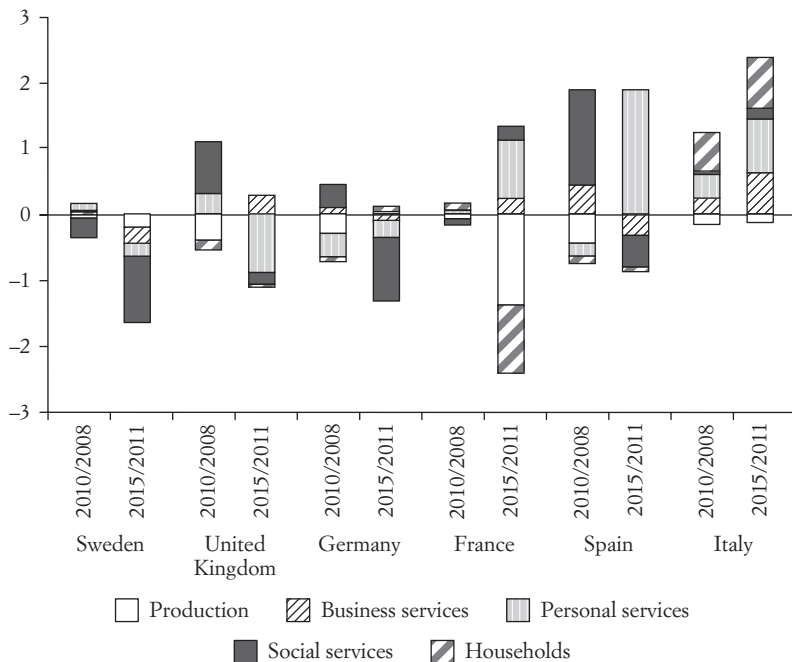


FIG. 7. Employment change in percentage points in low-skilled jobs (L) by economic sector.

Source: Own elaboration on EULFS microdata.

unique in the European scenario. In other countries, if an increase in low-skilled occupations occurred, it depended on an increase in social and «other personal services» (excluding those having households as employers). In Italy, in contrast, social services played a very minor role, while personal services explained part of the growth, together with business services.

Households played a significant role as direct employers, not only for the low-skilled group but also for the overall employment change, as shown in Figure 8, in which the employment change after 2011 is detailed by sector and workers' ethnic origin. The four sectors in which the employment change was positive are households as an employer, tourism (accommodations and food), administrative and support activities and health and social services. Other than touristic activities, both «households as an employer» and «health and social services» account for

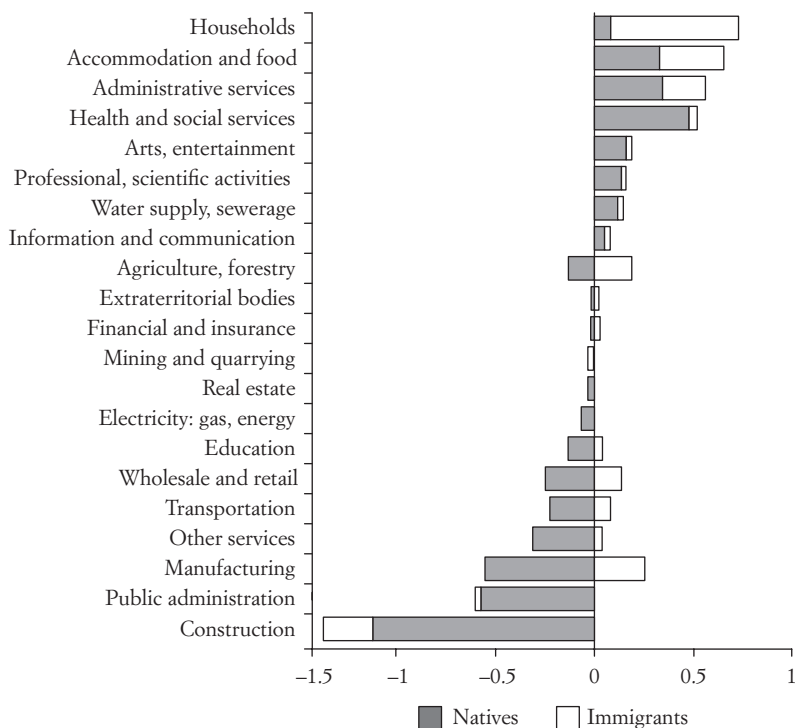


FIG. 8. Employment change in percentage points by ethnic origin within economic sectors, Italy, 2011-2005.

Source: Own elaboration on EULFS microdata.

the demand for care activities. It is worth stressing that in Italy, the need for care workers has played a crucial role in the employment dynamics in the years since the Great Recession. Immigrants' employment increase was driven by the demand from households (the sector «households as an employer» increased its share of total employment by 0.7 percentage points (corresponding to a net job creation of more than 160 thousand workers), 0.6 of which was accounted for by immigrant workers. With the risk of some overemphasis, one could argue that households as employers contributed to the employment change in Italy with a surprisingly prominent role, overcoming the usual leading contribution to employment dynamics of both the productive system and public and social services.

In contrast, the weight of the construction sector in total employment declined the most, with a remarkable decrease also for immigrant workers. Manufacturing also experienced a significant decrease, but it occurred within the framework of a substitution process between native and immigrant workers, as in agriculture.

## 6. Conclusions

This article has analysed the employment changes in recent years in Italy compared with other Western European countries, focusing on the contribution of immigrant workers. The analysis of the employment structure and change with a systematic distinction between the immigrant and native labour forces represented an opportunity to discuss and develop the theoretical connections between two fields of study – comparative political economy and migration research – that suffer from poor dialogue, but the cross-fertilization of which could be very promising (Devitt 2011; Afonso and Devitt 2016). On the one hand, institutional and structural factors significantly affect migration inflows and immigrants' job opportunities in Western European countries; on the other hand, immigrants' presence and patterns of economic incorporation intertwine and influence institutions and the socio-economic fabric. As the recent trend in employment change has shown, in some countries the increasing ethnicization of the labour supply and flexible labour market regulations have been preconditions for the outcome of polarization (Oesch 2015). Indeed, the growth of unskilled jobs can be eased by the availability of a labour supply willing to accept unqualified and low-paid jobs, and the lack of such a labour force can represent an incentive for innovation.

The Italian case has proved to be particularly significant among Western Europe countries due to a divergent downskilling pattern that emerged with the crisis. To a significant extent, the impressive growth of low-skilled jobs targeted immigrant workers, whose presence is especially relevant in low-productivity sectors (agriculture, construction, personal services) and whose weight in employment substantially doubled from 2005, despite the prolonged crisis. To explain this outcome, migration processes intertwined with both structural and institutional factors must be considered.

Regarding the *structural factors*, the high fragmentation into micro- and small-sized firms and family-run businesses and the low innovation capacity of Italy's productive system account for a labour demand skewed towards low-skilled jobs and a dramatic deficit of demand for highly skilled occupations. As recently noted by the OECD (2017b, p. 20), «Italy is currently trapped in a low-skill equilibrium», i.e., a situation in which firms do not invest in technology-enhancing productivity and do not demand a skilled labour force, while on the other hand, the labour supply also has low educational attainment. If the education level of the Italian population is one of the lowest among European countries, the rising over-education (Avola 2018) pushes to the fore the lack of skilled job opportunities. Moreover, migrant labour – which is more prone to taking on low-skilled, low-paid jobs under poor and demanding working conditions – is a strategic resource for the low-skill equilibrium that has been almost disregarded. As our analysis showed, during the crisis, a process of substitution occurred in low-skilled occupations, with native men especially disadvantaged. Moreover, in subsequent years, a substitution process in manufacturing, construction, transport, agriculture, wholesale and retail emerged. The dual structure of the Italian labour market acted as a mechanism allowing for further flexibilization in labour markets that demanded low-skilled labour. In agriculture, small firms in manufacturing, and in social and personal services, labour regulations are loose or not all enforced, and informal and irregular employment arrangements are widely accepted. The availability of immigrant labour did not incentivize firms towards innovation to increase low-skilled workers' productivity. However, immigrant workers, although far from being the cause of the poorly innovative productive fabric, contributed to perpetrating it within the frame of increasing segmentation along an ethnic divide.

Regarding the role of *institutional factors*, the increase in immigrant workers and the down-skilling process are prominently dependent on the welfare system's dramatic deficits in answering households' care needs. What the OECD's diagnosis and current debates over employment trends risk missing is that in Italy, the labour demand coming from households provided an essential contribution to the employment dynamics from the crisis onwards, while firms and public organizations were stagnating. Households produced substantial demand for

care and domestic work, which they satisfied with the direct recruitment of low-skilled immigrant (female) workers to such a relevant extent that, as shown, it accounted for a significant part of the low-skilled jobs increase and for a not negligible part of the overall employment growth. If the features of the Italian care regime are well established, the extent to which they contributed to employment creation and changes in recent years has not been fully considered. Prospectively, such demand for care work will keep expanding, given the ageing population, the increase in female participation<sup>20</sup> in the labour market and the sharp increase in the (female) retirement age.

Immigrants' economic incorporation affects, in turn, both structural and institutional factors. Indeed, foreign workers' availability for low-skilled jobs both in the productive system and in «informal welfare» contributed, on the one hand, to consolidating a poorly innovative productive system and, on the other, to consolidating and legitimizing a welfare system that charges families with the care burden. However, immigrant workers represent a structural component of employment and a privileged labour pool for those jobs, not only due to native workers being less and less available for them but also due to growing demographic imbalances that call for inflows of prime-age immigrants and their high-birth-rate families to manage an ageing and shrinking workforce in the near future. Wider awareness of the pivotal role played by the immigrant labour force is important, as the recent success of populist parties in most European countries has made evident (Pavolini 2018, Reyneri 2018c). As stressed by Massey (2009), «international migration and the interethnic relations it produces will be among the most important and potentially divisive topics of public debate in the next century».

The social consequences of the employment change path that Italy has undertaken are serious. Indeed, the substantial demand for low-skilled labour and the dramatic deficit in the demand for highly skilled occupations can fuel frustration and social tension among both immigrants and the native population. Although the characteristics of labour demand negatively

<sup>20</sup> On this concern, one could say that pre-modern work, such as domestic work, carried out mainly by immigrants who accepted low wages and poor working conditions, favoured social modernization, i.e., an increase of female participation in the extra-domestic labour market.



select immigrants, and Italy is the Western European country that attracts the most poorly educated non-Western immigrants, the huge segregation of *all* immigrants into low-skilled jobs envisages a relevant brain waste. If first-generation immigrant workers can tolerate the situation at arrival and in their first years of stay thanks to economic returns that are better than those they gained in their home country, when their migratory projects become long-term oriented from the perspective of permanent settlement, their blocked occupational and social mobility (Fellini and Guetto 2018) can turn into serious frustration, with possible consequences in terms of social conflict. However, employment change mostly driven by low-skilled labour demand dramatically fuels frustration and social tension among native workers as well. On the one hand, the serious deficit in the demand for highly skilled occupations makes educated youths' insertion into the labour market increasingly difficult, with increasing risks of over-education. On the other hand, many native low-educated (male) workers who lost their jobs during the crisis find it increasingly difficult to insert into low-skilled job opportunities in low-end sectors or households, which privilege female or immigrant labour.

The current public debate about labour market trends – focused on unemployment and precariousness – disregards the crucial issue of the poor quality of job creation, which is less easy to measure and, overall, very difficult to affect through policies. Promoting an increase of high skilled job opportunities would require expediting the «innovation turn» with private and public investments in research and development, human capital and technology-intensive activities, which could positively affect – mainly in the long term – the country's economic competitiveness (Pastore *et al.* 2013). For the reasons explained here, however, disregarding the problem of the poor quality of job creation would be – economically and socially – very myopic and risky.

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### **Employment Change, Institutions and Migrant Labour: The Italian Case in Comparative Perspective**

*Summary:* This article investigates how employment change has been intersecting and intertwining with the growth of immigrants among the labour forces in Italy under the hypothesis that migration inflows not only depend on but also affect the labour demand and employment changes in the receiving countries while also changing the composition of the labour supply. Employment changes and labour migrations are very often separately considered. The results from both of these broad literature

streams provide several pieces of evidence to highlight how employment structures and migration flows influence each other, mediated by the institutional context. Indeed, employment structures and employment changes are affected by the characteristics of the economic fabric, labour market regulation and the welfare system, which also influence natives' and immigrants' opportunities and choices.

This article adopts a macro-structural approach and focuses on the Italian case in comparison with seven European countries representing the European institutional variety: Denmark, Sweden, the Netherlands, the United Kingdom, Germany, France and Spain. The aim is to show how in Italy, the downgrading pattern builds both on the stagnation of skilled job creation by the productive fabric and the enormous demand for care services from families, intertwined with immigrant labour. The analyses build on European Labour Force Survey microdata that have provided information about respondents' country of birth since 2005, thus allowing for immigrants to be distinguished from natives.

JEL Classification: J21 - Labor Force and Employment, Size, and Structure; J61 - Immigrant Workers; J82 - Labor Force Composition; J42 - Segmented Labor Markets

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