

# Labor market and migratory flows in Italy during the current economic crisis

Sandro Rinauro

State University of Milan, Dipartimento di Studi Internazionali, Giuridici e Storico-Politici

## 1. The increase in foreign working population.

Some lights and many shadows characterize the labor market of immigrants in these years of crisis. Contrary to what could be expected, even during the crisis the resident foreign population has increased considerably, from 2,939,000 in 2007 to 5,026,000 in 2016, but the inflow stream declined year by year from 386,000 entries in 2011 to 280,000 in 2015 (-27%) and the stock increase is more and more due to growing numbers of new births. What has collapsed because of the crisis is the job as a cause of arrival. Between 2013 and 2014, in the case of non-EU immigrants, residence permits for work reasons fell by 32.5%: of the 100 new non-EU immigrants, 40.8% came for family reasons, 36.2% for other reasons and only 23% for work. In 2015, only 9.1% of non-EU workers came for work and 44.8% for family reasons. In 2010, work reasons covered nearly 60% of entries. Lastly, in these years of crisis, emigration of Italians to foreign countries and emigration of Italians of foreign origin have increased (44,696 and 23,000 respectively in 2015, but these are largely underestimated) (Istat, 2016, p. 4), (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, pp. 11-12), (Istat, 2016b, p. 2, p. 7).

Despite this, the growth of the foreign population has increased the stock of foreign workers, which went from 1,790,190 in 2009 to 2,359,065 in 2015, ie from 7.9% to 10.5% of total employment. If we consider that between 2008 and 2013, the number of indigenous workers decreased by 1,393,000 (-7.7%), the great contribution that foreign work has given to curbing the employment effects of the crisis and above all the aging of the Italian population is appreciated. 47% of the immigrant population is occupied (2015) against 37% of the indigenous population, this contrasts with the high structural dependence index of the total population (55.5%) (Fondazione Leone Moressa, 2016, pp. 45-47), (our elaborations by Istat, 2016c). In general, the increase in foreign employment and, as we shall see, its de-qualification, is not only the product of the need to replace the decline of the indigenous active population, not only of the increasing need for care staff, but also of the fact that the crisis has led to claim low-cost labor (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, p. 7).

## 2. Employment rate falls, unemployment is rising.

If the foreign working population is increased, however, the employment rate has fallen sharply by 2013 (67.1% in 2007, 64.3% in 2009, 58.3% in 2013). The year 2015, however, has been a turning point for both native and immigrant employment: the resumption of immigrant employment in 2014, 2015 and 2016 has led the employment rate to 58.5%, 58.9%, 60.5%, but it is far from recovering pre-crisis employment rates. Above all, until 2013, the unemployment rate of immigrants has risen from 11.2% in 2009 to the highest point in 2013 (17.2%), then to 16.9% (2014), to 16.2% (2015) and 15.5% (2016). In these same years, the rates of employment and unemployment of indigenous peoples have changed much less, and this means that the crisis has affected more the immigrant than the indigenous workers, although foreigners are more easily recruited because of the more flexible nature of the sectors in which they work (Fondazione Leone Moressa, 2016, pp. 49-51), (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, p. 31), (Direzione generale dell'immigrazione e delle politiche di integrazione, 2017, p. 28, p. 32), (Fondazione Leone Moressa, 2014, p. 46).

The unemployment situation of immigrants has, however, effects on the worst livelihood than for Italians, indeed immigrants are mostly employees (87.5% versus 74.2% of Italian workers) and have almost no income from capital and pensions. The average overall wealth of the immigrant family in 2014 amounted to 38,000 euros, that of the Italian family to 230,000 (Fondazione Leone Moressa, 2016, pp. 29-34). As a result, in 2015 it was found that 15.5% of households of EU immigrants and 14.1% of non-Community households had no income, compared to 7.6% of Italian households (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, p. 7). With regard to the role of family social cushion (often dispersed between country of origin and other third countries) it is far less effective than for Italians because, more often than indigenous, the immigrant's family consists of a single individual.

## 3. There is growing professional segregation and the precariousness of employment.

The most serious effects of the crisis on foreign workers are, however, the increase in their employment segregation, increased de-qualification of the job and increased flexibility and precarious employment. All this, in addition to curbing their social integration, decreases their standard of living and increases the cost of assistance to them by the community.

The economic downturn and the structural decline of Italy have hit mainly construction and manufacturing and, therefore, in these areas the foreign employment has decreased. It has increased, however, in agriculture, commerce, hotels and restaurants and especially in services, especially personal services (home care and care). In the tourism

sector the increase in immigrant employment is particularly the case for domestic workers, restaurant workers, cleaners and scavengers. The foundries, welders, tinsmiths, coppersmiths, construction craftsmen and skilled workers in the buildings have decreased. In short, the crisis has increased the number of foreigners in the less strategic, less productive, less technological sectors and, within, less skilled and more dangerous jobs. This has also occurred in the persistence of the greater incidence of accidents at work compared to indigenous workers.

Tab. 1. *Occupied Foreigners by Economic Employment Sector (over 15 years). Years 2007-2013 (percentages)* (Fondazione Leone Moressa, 2014, p. 51).

Economic sector	2013	2007	Diff. % 2007/2013
Agriculture, Forestry and Fishing	4,7	3,5	1,2
Industry in the strict sense	18,4	3,5	-4,9
Building	13,3	17,1	-3,8
Trade	8,5	9,1	-0,5
Hotels and restaurants	9,3	8,7	0,6
Transport and communication	5,1	4,1	0,9
Real estate and financial activities, business services	7,0	8,7	-1,7
Education, Health, Social Services, Public Administration	4,8	5,1	-0,3
Other collective and personal services	28,9	20,5	8,4
Totale	100,0	100,0	

Tab 2. *Foreigners employed (over 15 years) by employment sector* (Fondazione Leone Moressa, 2016, p. 53).

	Distr. 2015 (%)	Diff. 2015-2011 (%)
Agriculture	5,6	1,2
Industry	18,5	- 1,5
Building	10,1	- 4,4
Trade, hotels and restaurants	18,8	1,6
Services	47,0	3,2

The decline in employment in manufacturing and construction and the increase in services is also the reason why the employment rate between 2007 and 2013 has fallen especially for males (-15.4%) and much less for women (-2.0%). In short, the crisis has led many women to work to replace the salary lost by their husband, but this has resulted in greater employment segregation (Fondazione Leone Moressa, 2014, pp. 46-47). Moreover, although female employment has slightly fallen, it is still considerably lower than that of men and this is one of the major problems in the immigrant labor market, especially for non-Community female workers whose employment rate in 2015 was only 45.6%, against 57.8% of EU female immigrants (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, p. 25). The crisis has also dramatically reduced the already low presence of foreigners in qualified jobs and increased their inclusion in the unskilled ones.

Tab. 3. *Foreigners employed by type of profession (over 15 years). Years 2007-2015 (percentages)*, (Fondazione Leone Moressa, 2014, p. 55)<sup>1</sup>.

Economic sector	2013	2007	Diff. % 2013- 2007
High and qualified professions	6,1	9,9	-3,9
Executive work in office work	1,9	3,3	-1,4
Qualified professions in trade and services	24,1	15,4	8,7
Craftsmen, skilled workers and farmers	22,7	30,4	-7,7
Plant conductors, fixed and mobile machinery workers, and vehicle drivers	10,0	12,6	-2,6
Unqualified professions	35,3	28,5	6,8
Total	100,0	100,0	

<sup>1</sup> See also Centro di ricerca per i problemi del lavoro e dell'impresa (Creli), *Il ruolo degli immigrati nel mercato del lavoro italiano*, Cnel e Min. Lavoro e Polit. Sociali, 2012 ([http://bancadati.italialavoro.it/bdds/download?fileName=C\\_21\\_Strumento\\_8421\\_documenti\\_itemName\\_0\\_documento.pdf&uid=30926fbb-79f7-4a13-b1f9-a026c22e0c35](http://bancadati.italialavoro.it/bdds/download?fileName=C_21_Strumento_8421_documenti_itemName_0_documento.pdf&uid=30926fbb-79f7-4a13-b1f9-a026c22e0c35)); Bonifazi C. and Marini C. (eds.), *Il lavoro degli stranieri in Italia in tempo di crisi*, "Neodemos", 11 May 2011 (<http://www.neodemos.info/articoli/il-lavoro-degli-stranieri-in-tempo-di-crisi/>); Zanfrini L., 2013, *Il lavoro*, in Fondazione Ismu, *Diciannovesimo rapporto sulle migrazioni*, F. Angeli, Milano, pp. 87-104.

The process of ethnicizing some of the typical occupations of immigrants has intensified (Fondazione Leone Moressa, 2014, pp. 57-59). Filipinos, Ukrainians, Sri Lankans, Moldavians, Ecuadorans (especially women) are mostly absorbed by collective and personal services; Ghanaians, Indians, Pakistanis, Chinese and Moroccans are predominantly occupied in industry; Tunisians and Albanians especially in construction, Indians in agriculture, Egyptians, especially in hotels and restaurants, building and real estate activities, and so on (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, pp. 32-33). Professional segregation is only partially justified by the difference in education and qualification compared to Italian workers, since if the number of workers with only elementary license (8.6% versus 3.1%) is highest among foreigners, and if percentage of graduates is almost half that of indigenous workers (12.3% vs. 22.1%), however, the distribution of the lower secondary school (36.1% vs 27.2%) and of the upper secondary school (43% vs. 47.7%) is almost the same (Direzione generale dell'immigrazione e delle politiche di integrazione, 2016, p. 36). The rate of over-education among foreign workers is even 40.9% (Istat, 2016d, p. 116).

As regards the type and duration of foreign workers' contracts, several factors have led to greater employment precariousness. First of all, as we have seen, comparatively increased employment in seasonal sectors, such as agriculture, hotel and tourist services, home co-workers and waiters. In addition, the *Jobs Act* (2014-2015) has increased outgoing flexibility (easier layoffs), and inbound flexibility (making it no longer necessary to justify the use of term contracts and apprenticeships). The combination of higher seasonality of immigrant professions and the *Jobs Act* is that between 2014 and 2015 both the cessations and the activations of new contracts have increased both for indigenous and immigrants. For the latter, however, fixed-term contracts have been increased and those for indefinite periods have decreased, while for indigenous people the nature of their employment and the introduction of the contract for an indefinite period with increasing protection (with the incentive for the employer of resetting the contributions for three years) has increased these. The same set of measures has also increased the worker's functional flexibility by making it more possible than in the past professional deskilling. Finally, the extension of vouchers to all types of employment and not just occasional (Law 92, 2012, so-called "Fornero Reform") has greatly extended its use. As each worker can not receive more than 7,000 euros a year through vouchers, the employer is induced to use many "voucherists". This has increased the number of employees, but has also diminished the duration of their employment. In addition, it has worsened social assistance as "voucherists" do not have the right to unemployment benefit, maternity coverage, sickness, family allowances and severance indemnity (Fondazione Leone Moressa, 2014, pp. 56-68). The seasonality and occasionality of the commitments of many immigrants have made it an employment group very subject to vouchers and, therefore, to its recalled critical issues. Not to mention the "gray" work that you can extend by vouchers.

The wounds of the black labor of immigrants, which sometimes accompany, as a cause and effect, the lack of a residence permit, is even aggravated. In January 2016, Ismu estimated the presence of 435,000 irregular immigrants, or about 7.5% of the total immigrant population (Fondazione Ismu, 2017, p. 19). Those who have not stay permit can work only illegally, but obviously only a portion of the 435,000 irregulars are occupied, so the bulk of immigrants working illegally are not the clandestines. Much more common is the black and gray job of regular immigrants: for example, 2009, Ismu estimated that 32% of foreign workers were uneven about the contract (Ismu, Censis, Iprs, (2010), p. 17, p. 117). According to Istat in 2010-2012, 22.2% of Community immigrants were irregularly employed and 19.1% of non-EU nationals, who together accounted for 18.6% of all irregular workers (Istat, 2015a, p. 166), (Istat, 2015b, p. 9). In the following years the crisis has increased the rate of irregular workers in all sectors for both indigenous and foreigners (Istat, 2015a, p. 165). The decline in industrial production has caused among immigrants, in addition to redundancies, their deskilling and the increase in black labor, a flow of foreigners who were already heavily occupied in the North of Italy had moved to the South for more precarious, irregular and underdeveloped jobs, while the plague of black labor and "caporalato" in the countryside expanded (Pugliese, 2015, pp. 37-38), (Sacchetto and Vianello, 2013), (Pugliese, 2012). The highest frequency of irregular labor is recorded in domestic services where over half of irregular foreign workers are located and where in 2012 54.6% of all workers were uneven (Istat, 2010, p. 9), (Istat, 2015a, p. 165), in agriculture (Cristaldi, 2015, pp. 119-142), in restaurants and in building (Rinauro, 2014, pp. 133-146), (Rinauro, 2015, pp. 173-193).

#### **4. The lights: the tax contribution of immigrant workers and the growth of foreign entrepreneurship.**

Along with the growth in the employment rate and the decline in the unemployment rate of immigrants (triggered by the slight recovery of the Italian economy since 2014), their high tax contribution and therefore welfare support persists: in 2014, contributions to Inps by only non-EU immigrants amounted to € 8 billion, but they only absorbed little more than € 3 billion in social security and social assistance (the employment rate is high, given the young age, few people avail themselves of pensions and health needs are contained). So they offered about 4.5 billion euros to Italian welfare. On the other hand, rising and rising are the costs of contrasting, welcoming and assisting refugees and asylum seekers (Fondazione Leone Moressa, 2016, pp 111-163). About immigrant entrepreneurship, just here to remember that, on the one hand, it is growing strongly and effectively countering the fall of businesses and the entrepreneurial vocation of indigenous people; on the other hand immigrant entrepreneurship is growing in years of crisis because it is often more a mandatory choice than a vocation by those who lost their job and want to avoid the

loss of the residence permit. In addition, it consists mainly of small companies with scarce capital, little investment in research and innovation and spread in non-strategic productive segments for Italian international competitiveness. In addition, its management integration with indigenous people is also very scarce. On the other hand, its inclusion in the Italian system of production districts is quite high.

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